



Thinking of you
Electrolux



Agenda Electrolux Capital Markets Day, November 14, 2012



SESSION 1

09:00 – 10:30

Keith McLoughlin, *President and CEO*

Tomas Eliasson, *CFO*

10:30 – 10:45

Break

SESSION 2

10:45 – 11:45

Jan Brockmann, *Chief Technology Officer*

Alberto Zanata, *Head of Professional Products*

SESSION 3

11:45 – 12:15

Q&A

12:15 – 13:00

Buffet lunch

SESSION 4

13:00 – 16:30

The Innovation Triangle

MaryKay Kopf, *Chief Marketing Officer*

Jan Brockmann, *Chief Technology Officer*

Stefano Marzano, *Chief Design Officer*

Electrolux Grand Cuisine

Carina Malmgren Heander, *SVP Electrolux Grand Cuisine and team*

Product Launches in Europe

Jonas Samuelson, *Head of Major Appliances Europe, Middle East and Africa and team*

SESSION 5

16:30 – 17:00

Q&A and Wrap-up

Key takeaways



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- In a difficult environment, we are delivering on all objectives that were communicated at last year's Capital Markets Day: top-line growth, launches of new products, leverage from the Innovation Triangle and operational excellence.
- In the afternoon workshops, you will get tangible evidence on how Electrolux has changed over the last years: how the Innovation Triangle operates, leverage from our Professional heritage through the launch of Grand Cuisine and discover the new range of high-end Electrolux products for the European market.

Walk the talk



Capital Markets Day

Stockholm, November 14, 2012

Keith McLoughlin, President and CEO

Tomas Eliasson, CFO



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Electrolux Group presentation



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- Business update
- Strategic review
- How to maximize and sustain our cash flow generation
 - 1 Growth
 - Organic*
 - Acquisitions*
 - 2 Gross margin
 - Product innovation*
 - Operational excellence*
 - 3 Asset velocity
 - Working capital improvement*
 - Capex*
 - 4 Tax and financial net
- Summary

Business update

This is what we said in the beginning of the year



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- Less headwind from commodities
- Price increases
- Product launches (mix)
- CTI + Olympic Group Full Year



- Volatility / Uncertainty
- Currency fluctuations
- Weak core markets

- Global Operations / Modularization
- Investing in profitable growth (CapEx)
- Investing in Marketing, Design and R&D
- Maintain Balance Sheet Strength

2012 so far (Jan-Sept)



Organic growth above our target: 4.6%

- Strong volume growth in Latin America and Asia
- Price increases in North America
- Negative organic growth in Europe

EBIT increased to SEK 3,554m

- 5 of 6 sectors $\geq 6\%$ margin in Q3
- Europe: Lower prices and negative country mix

Intensive launch period

- Europe: high-end appliances under the Electrolux brand
- Globally: launch of Electrolux Grand Cuisine in London

Solid cash flow

3,333
SEKm

Our six business areas



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North America



Europe



Asia/Pacific



Latin America



Professional Products



Small Appliances



Executing in a tough
environment

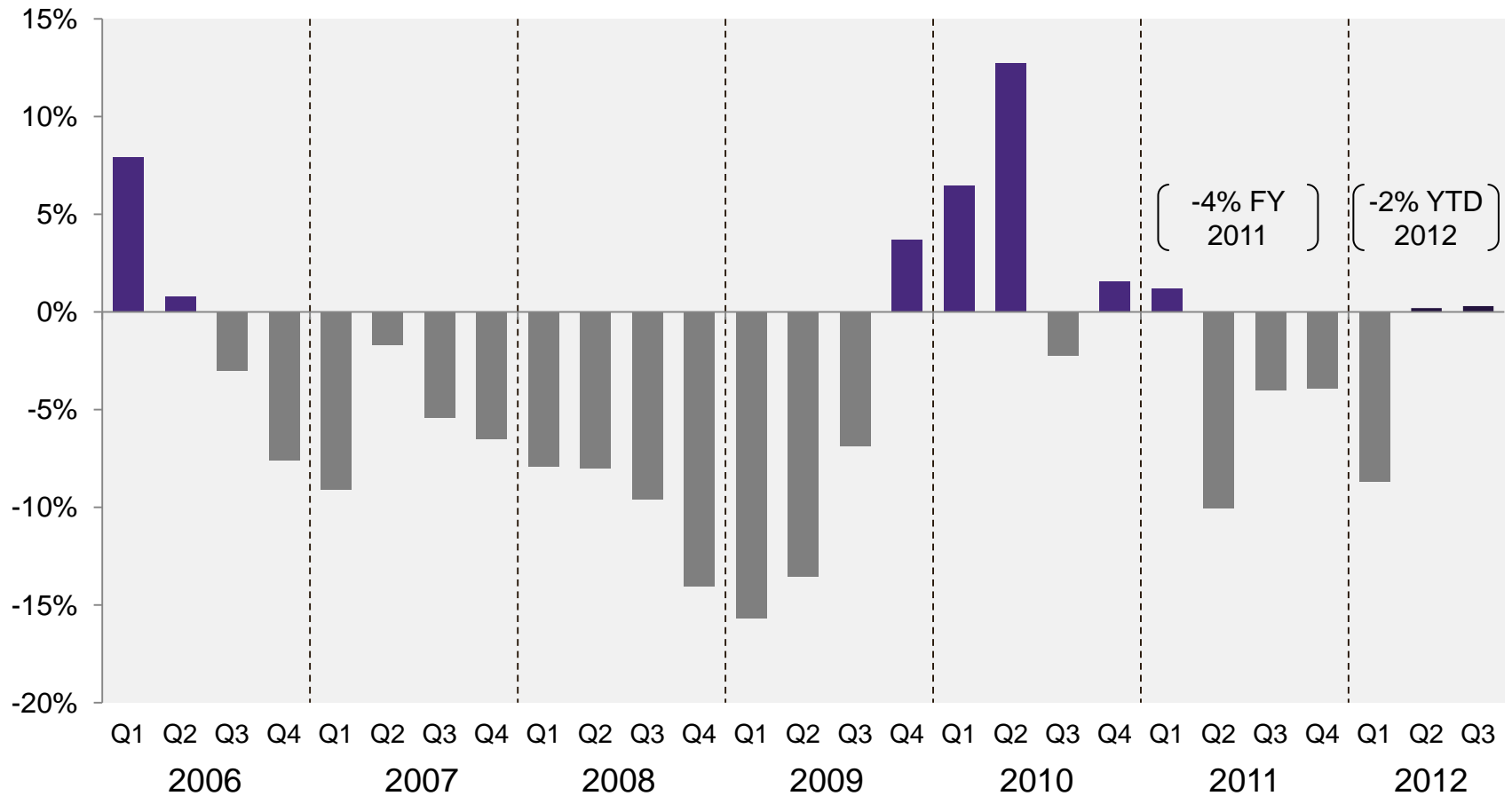
Weak demand in North America...

Full year expectation flat to down 1%



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US quarterly volume growth y-o-y



...but earnings improvement for Electrolux



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- Price
- Market share



- Currency
- Mix



- Commodities
- Transportation and sourced products



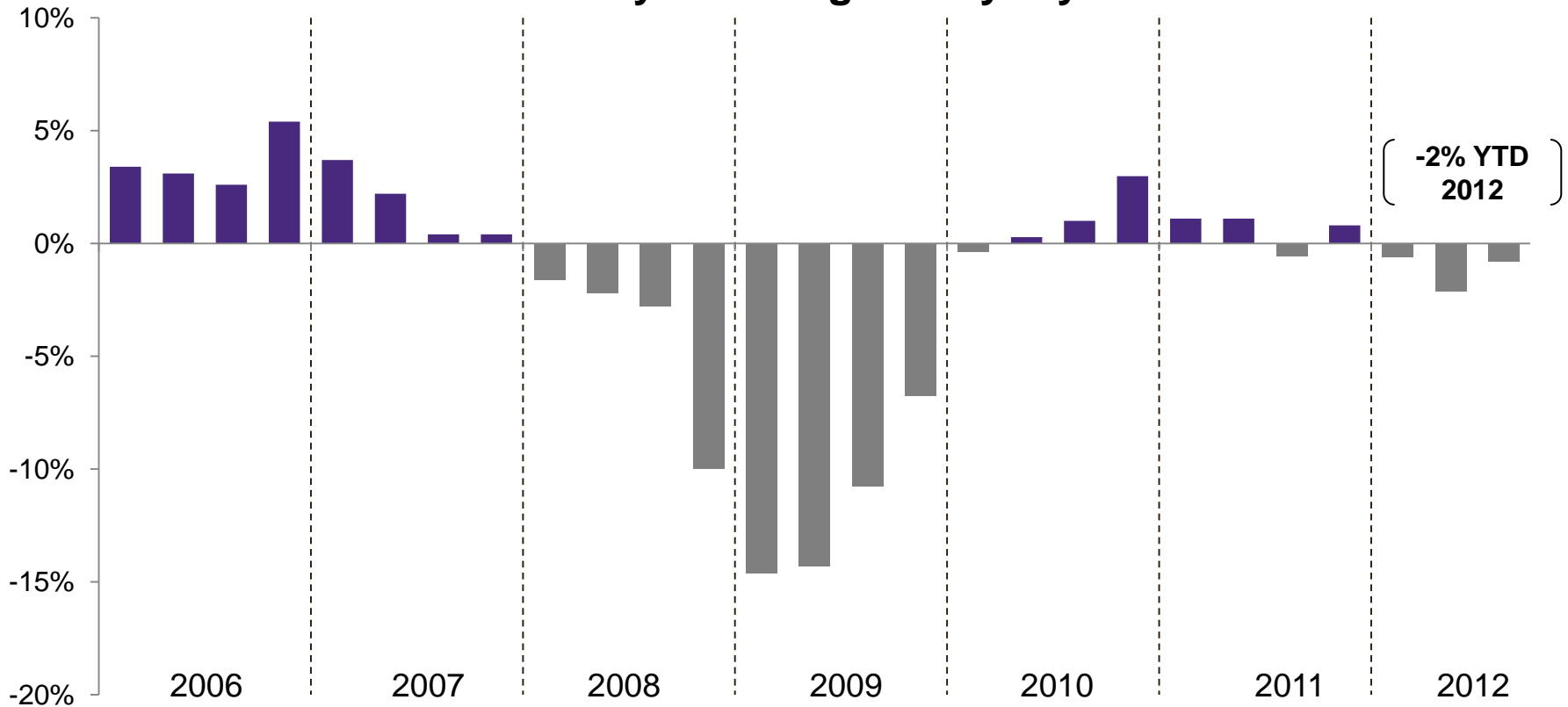
Negative demand in Europe...

Full year expectation of flat to down 2%



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Quarterly volume growth y-o-y



W. Eur.	+4	+1	+1	+5	+1	+1	-1	-5	-4	-4	-5	-8	-9	-9	-4	-2	+1	0	0	0	-2	-2	-3	-3	-2	-4	-2
E. Eur.	+1	+9	+6	+7	+14	+5	+5	+10	+6	+5	+4	-15	-31	-30	-26	-17	-7	+1	+5	+13	+13	+12	+7	+9	+5	+3	+2

...and price/mix is down for Electrolux



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- Operational Excellence
- Market share



- Volume



- Price/mix
- Commodities



Latin America

Strong organic growth of 20.4% YTD



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Strong development in Latin America with positive contribution from CTI acquisition

Business areas



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Professional Products

- Stable margin in a tough market

Asia/Pacific

- Continued strong growth in China and Southeast Asia
- Solid margins in Australia, soft demand

Small Appliances

- Weak start of the year
- Seasonally stronger in Q4

Strong momentum

- YTD +10% Top line
- YTD +40% Bottom line

Bridge of sales and EBIT

YTD 2012



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SEKm	Nine months 2011	Net organic development	Currency	Acquisitions/ Divestments	Sale of assets and other	Nine months 2012
Net sales	73,229	3,355	190	4,035		80,809
Net sales %		4.6	0.3	5.5		10.4
EBIT	2,539	969	-80	266	-140	3,554
EBIT %	3.5	28.9	-42.1	6.6		4.4
Dilution/ Accretion %		1.1	-0.1	0.1	-0.2	

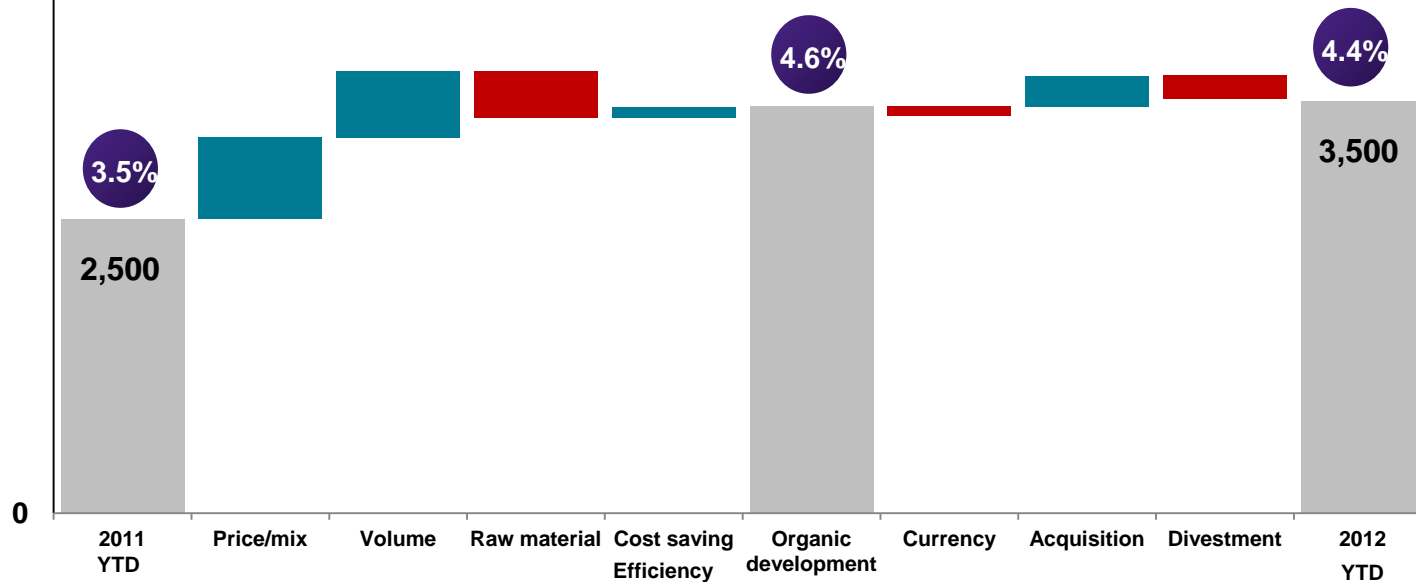
EBIT bridge 2012 YTD



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(SEKm)

5 000



Cash flow YTD



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SEKm	9 months 2011	9 months 2012
Operations	4,185	5,338
Change in operating assets and liabilities	653	1,257
Capital expenditure	-3,070	-3,262
Cash flow from operations	1,768	3,333

Will momentum continue
next year?

2013 over 2012

In accordance with forward-looking statements around Q3 earnings release and previous official statements



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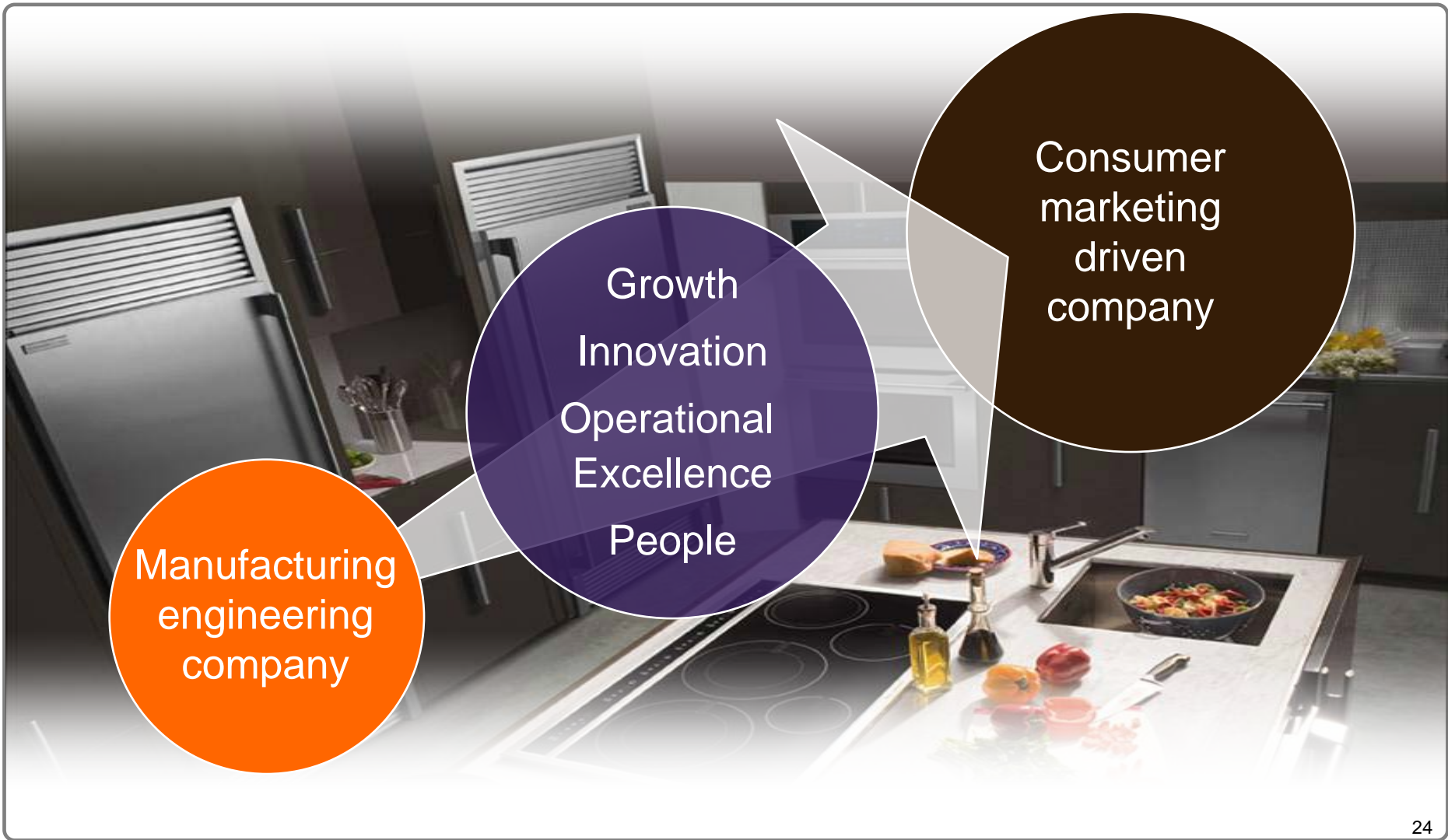
	2013	Comments
Market volumes	Positive	Growth in emerging markets and North America. Great uncertainty in Europe and Australia weak.
Price/Mix	Positive	Product launches in all business units.
Raw-material costs	Tailwind	Steel: Positive Plastics: Negative
R&D and marketing	Higher	Increased R&D spend Group-wide. Electrolux launches continue in Europe. Launches in China.
Cost savings	SEK >1bn	Global operations, manufacturing footprint and overhead reduction.
Transportation and logistics	Higher	Cost increases for logistics and transportation.

The core strategy
is the same...

A consumer marketing driven company



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Four strategic pillars



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Profitable
growth

Innovation

- Product
- Brand
- Design



Operational
excellence



People

Addressing drivers and trends in our offering is imperative



DRIVERS



Neo-urbanization



Changing lifestages



Growing middle class



Connectivity



Sustainability

TRENDS



The smart home



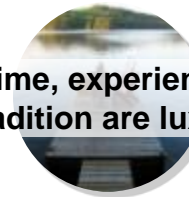
Professional consumers



Eco for the masses



Co-consumption



Time, experience, tradition are luxury



A new quality standard



Hyper-personalization

ELECTROLUX IMPLICATIONS

The modern consumer is tech-savvy, empowered, socially conscious, and consequently demanding. The companies that succeed in addressing the empowered lifestyle stand to set themselves apart from competition.

Capturing the prevailing trends in its product and service offerings will help make Electrolux a customer-centric company.

Electrolux competitive advantages



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Glocal presence

Consumer insight

Design

Professional legacy



Scandinavian heritage

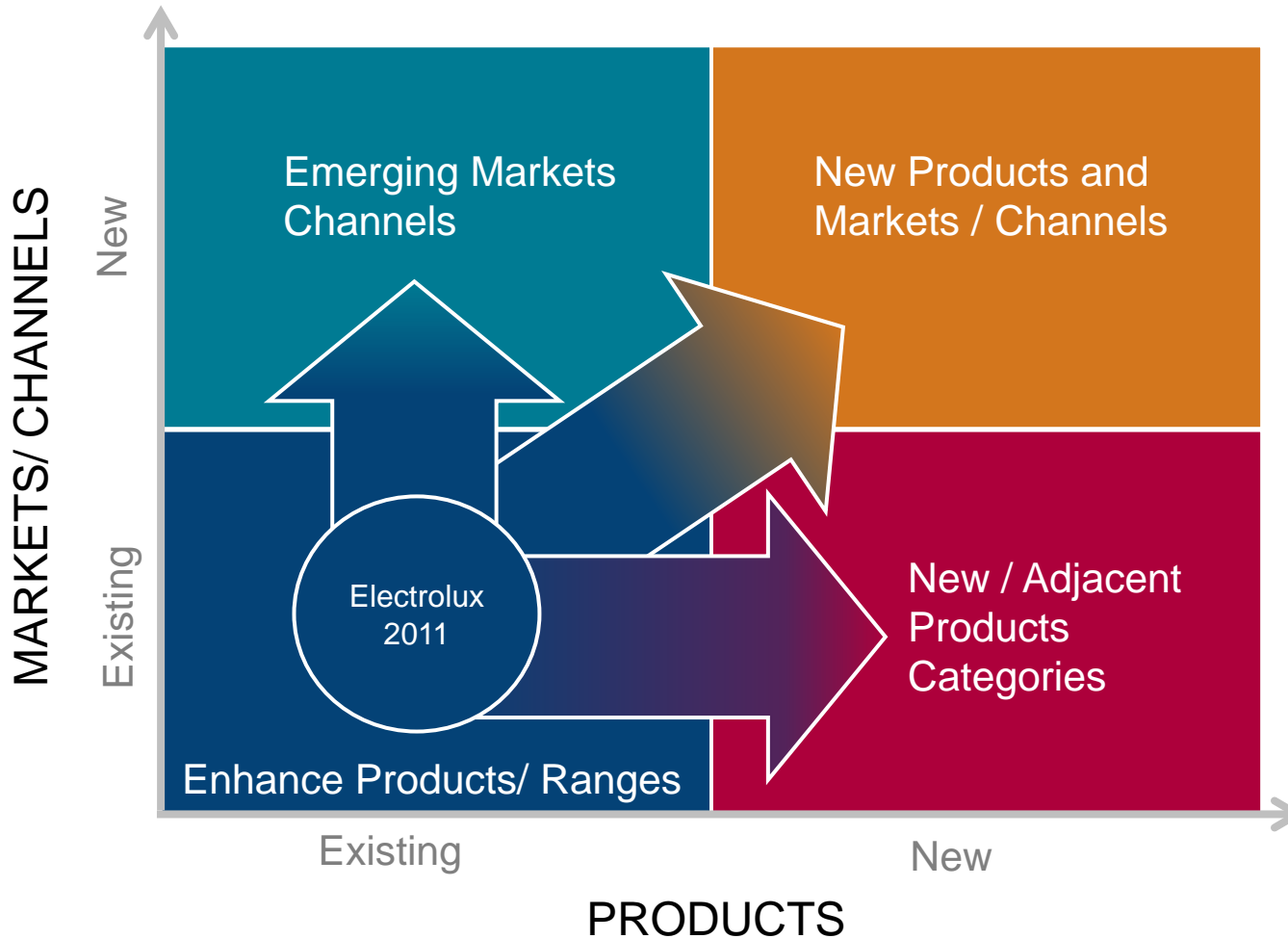
Wide product range

Sustainability leadership

People & culture



Growth will come from value share in core markets and expanding in emerging markets, new channels and adjacencies



Will pursue the alignment of our brand architecture, connecting business models to brand, product and distribution



	EU	NA	LA	AP
NICHE	 GRAND CUISINE BY ELECTROLUX PROFESSIONAL	 GRAND CUISINE BY ELECTROLUX PROFESSIONAL	 GRAND CUISINE BY ELECTROLUX PROFESSIONAL	 GRAND CUISINE BY ELECTROLUX PROFESSIONAL
PREMIUM	 			 Westinghouse (Australia)
MASS	 Tactical Brands		 (Brazil) FRIGIDAIRE	 (Australia)

Will pursue our dual business model while leveraging global scale and operational synergies



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Shared global strength

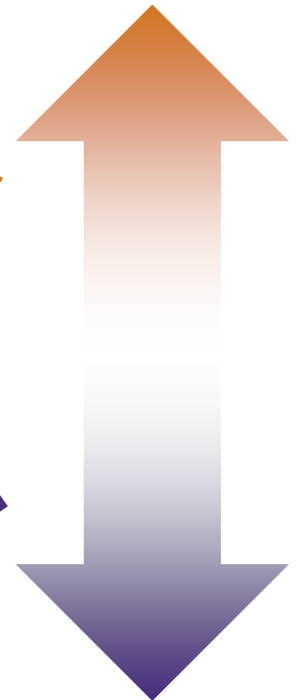
Sharp customer focus

Premium



Focus on differentiated branded product offer

Low cost, lean go-to-market
Market set price



Mass

Recognition of sustainability leadership



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Sustainability sector leader
in the world (2006–2012)



Component of the World's Most
Ethical Companies (2011–2012)

oekom r|e|s|e|a|r|c|h



FTSE4Good

Attracting, retaining and developing the best people is fundamental in realizing our strategic objectives



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Passion for Innovation



Drive for Results



Customer Obsession

Values

Passion for Innovation

Customer Obsession

Drive for Results

Foundation

Respect & Diversity

Ethics & Integrity

Safety & Sustainability

Four strategic pillars



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Profitable
growth

Innovation

- Product
- Brand
- Design



Operational
excellence



People

**How will Electrolux create
sustainable economic value?**

Value creation potential



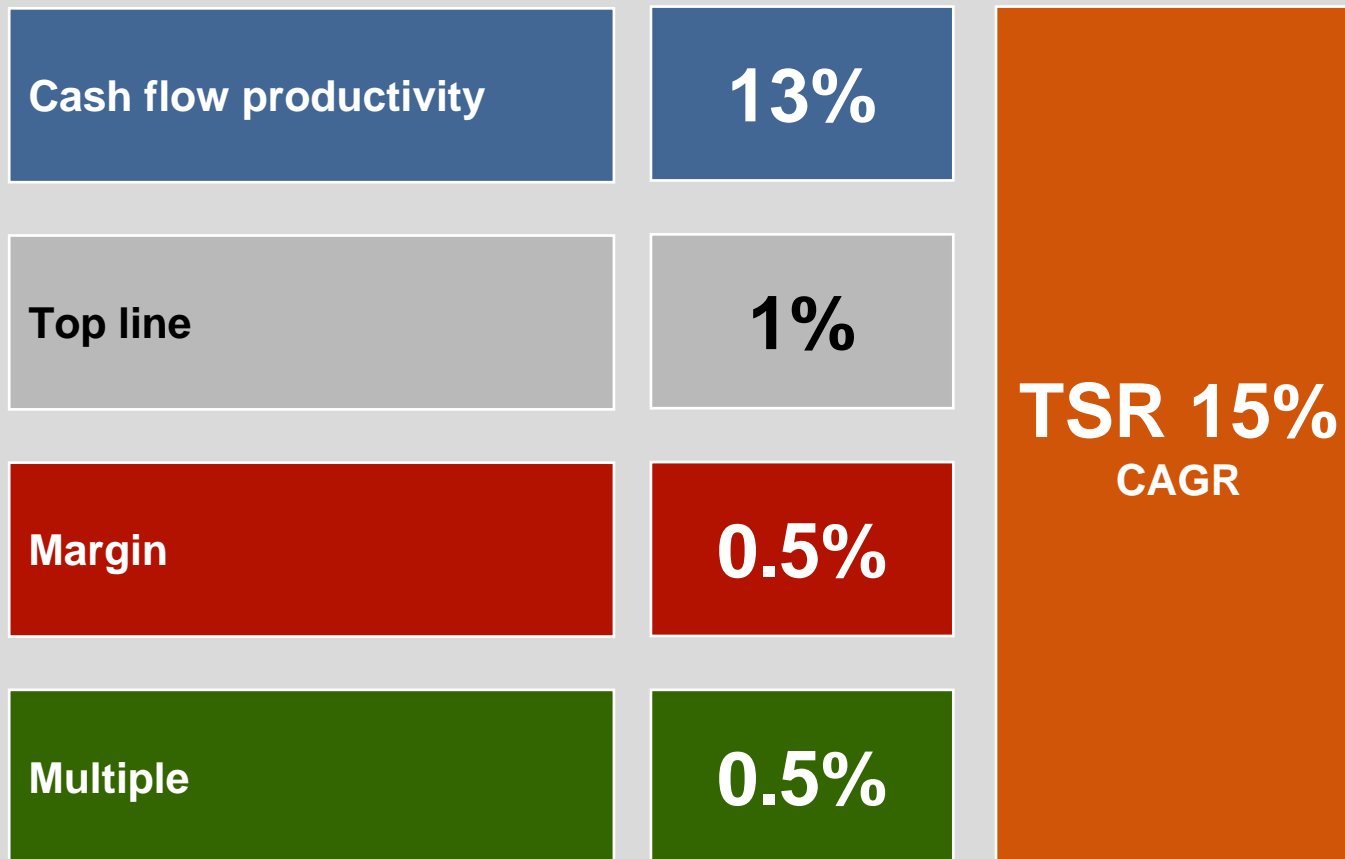
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1990-2011 Total shareholder return: 15%



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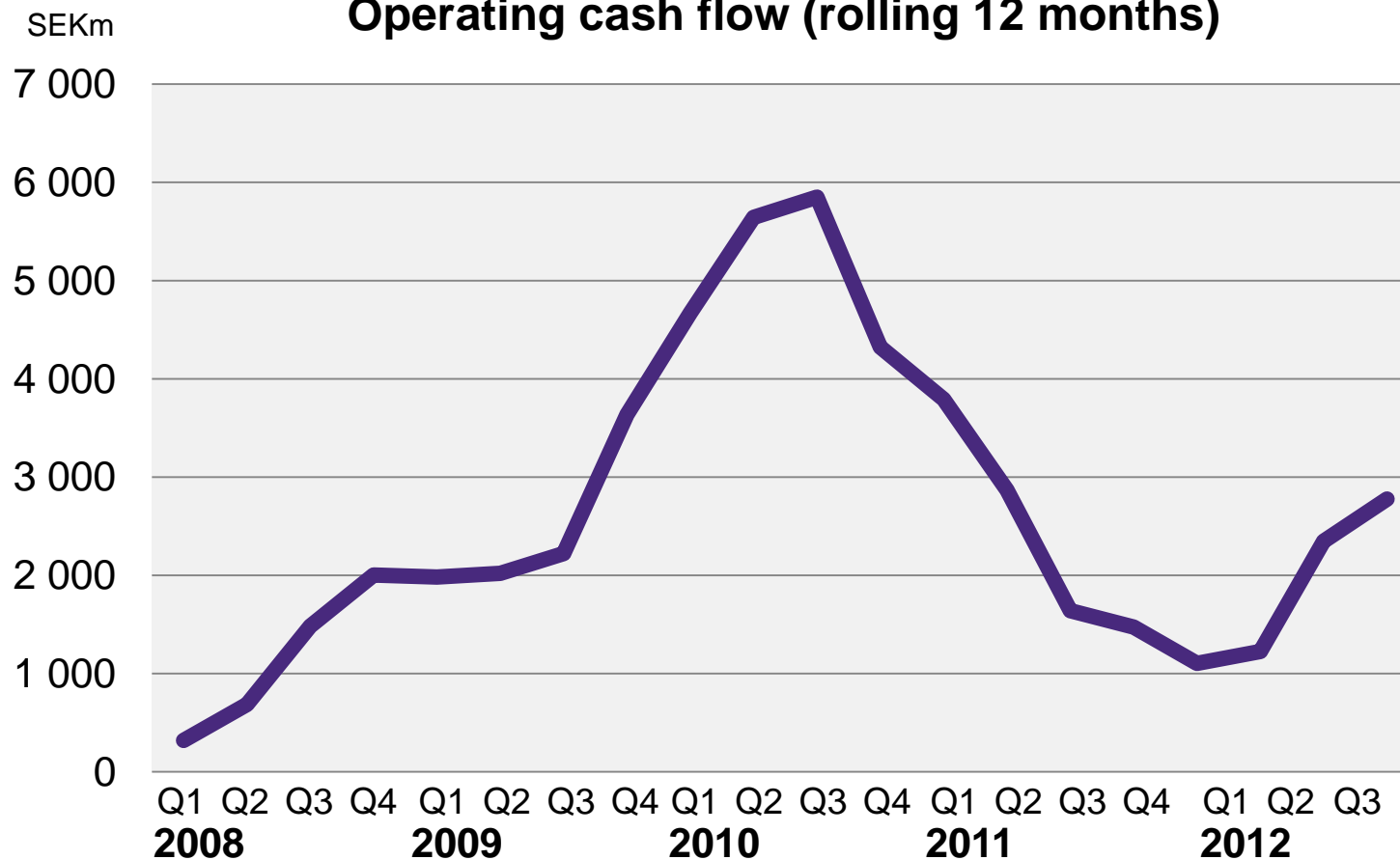


A strong track record in generating a solid cash flow



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Operating cash flow (rolling 12 months)



Even in a tough environment we are able to sustain a strong cash flow



Rolling 12 month cash flow statement (SEKbn)

Sales	109
EBITDA	8.3
Change in working capital	1.7
Other	0
CASH FLOW FROM OPERATIONS (CFO)	10.0
Capex	-4.7
Financial net and tax	-2.2
CFO AND INVESTMENTS	3.1

① Growth; organic and acquisition

② Gross margin: Product innovation and operational excellence

③ Asset velocity: Further potential to improve WC and capex

④ Optimizing our tax position and leveraging from being a BBB+ company

1

Growth strategy

Organic growth

- Emerging markets
- Core markets
- Product launches

Acquired growth

Electrolux strategic growth initiatives



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		EMEA	NA	LA	APAC	Prof.	SA
Growth	Geographic expansions	●		●	●		
	Segments/channels	○	○	○	○	○	○
	Product expansion	●	●	●	●	●	●
	M&A	●		●	●	●	●

Organic growth

Emerging markets

Core markets

Growth history



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Net organic sales growth
(in comparable currencies)



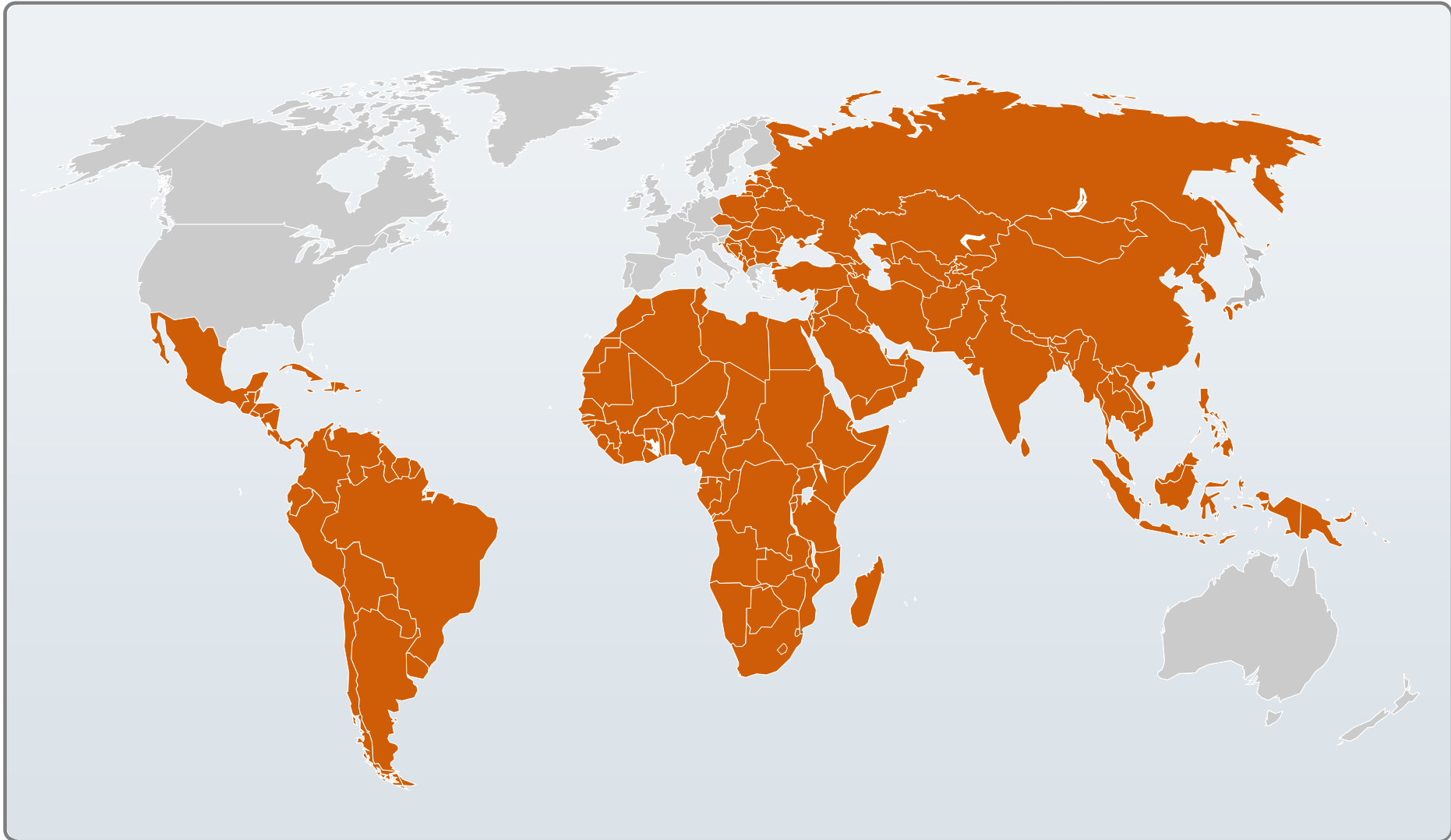
4% Target

Emerging markets

Growth in emerging markets



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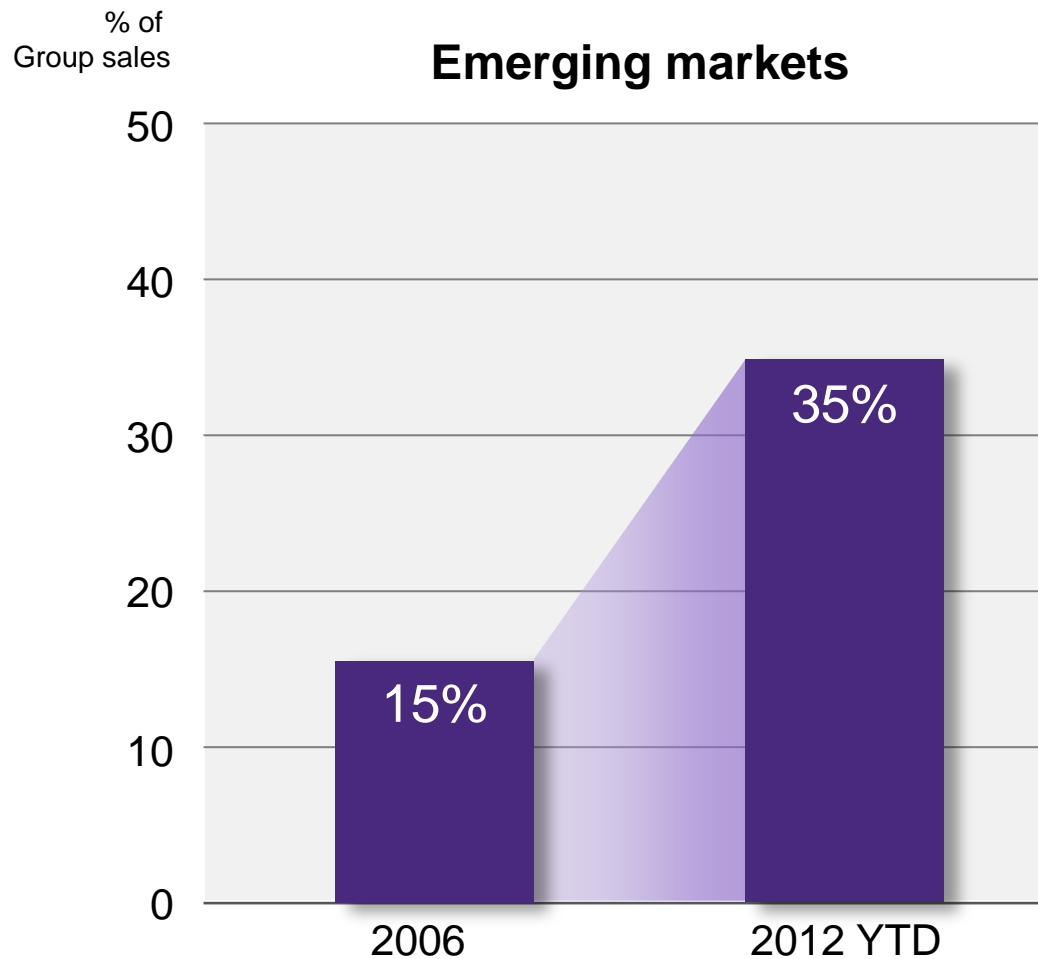


Profitable growth

Electrolux exposure to emerging markets



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Electrolux growth in Brazil

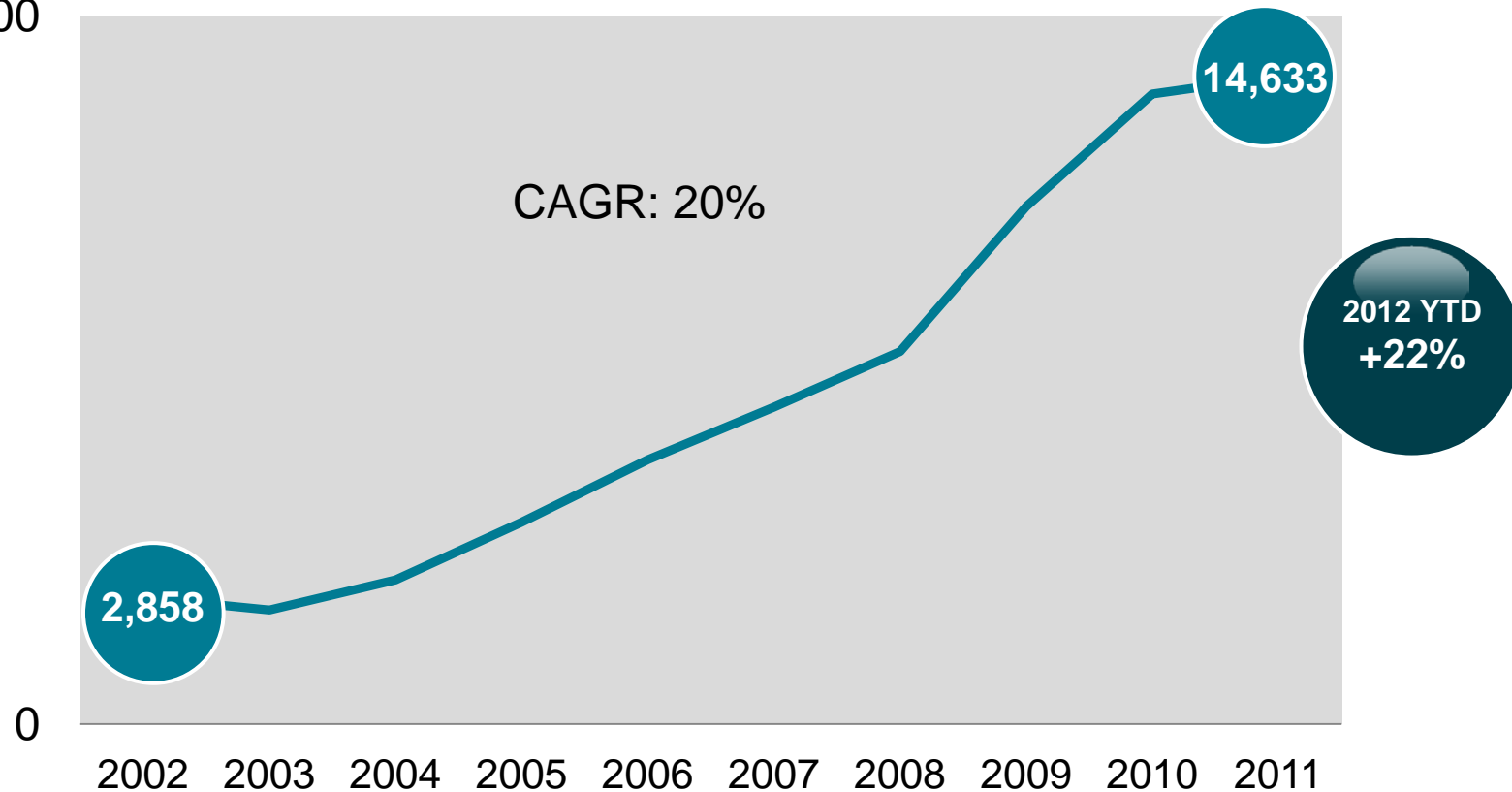


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Electrolux Net sales in Brazil

(SEKm)

16 000

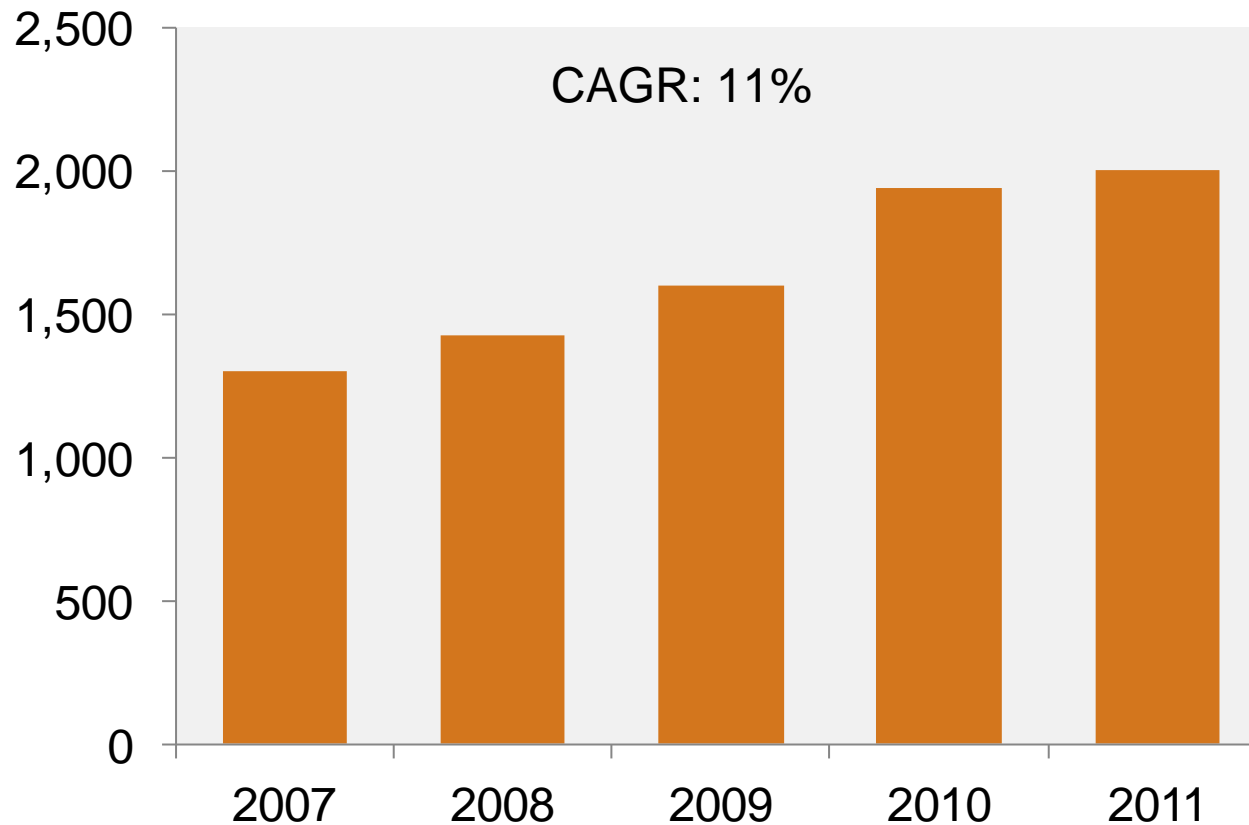


Electrolux growth in Southeast Asia



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Electrolux Net Sales Southeast Asia
(SEKm)

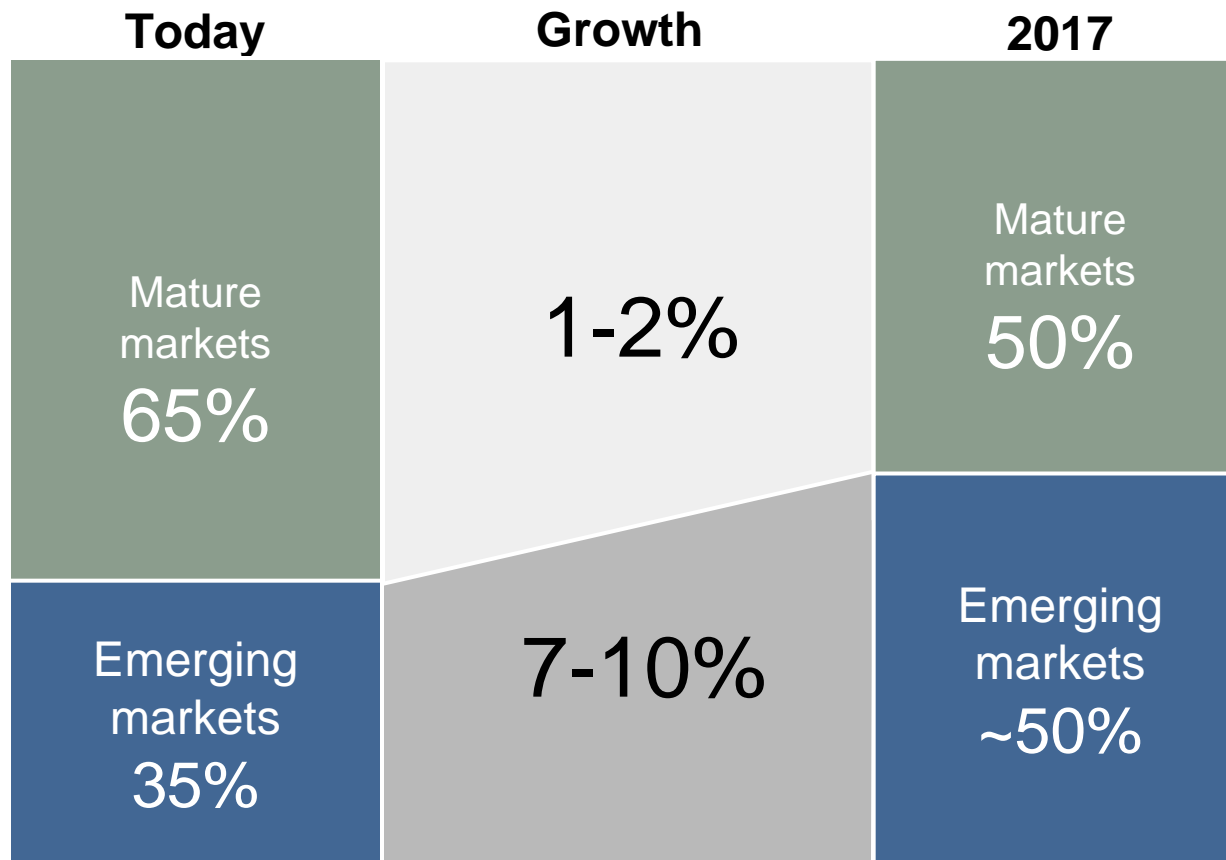


**2012 YTD
+21%**

Fully utilizing organic growth opportunity – more than half of our sales could be in emerging markets by 2017



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Note: Estimated figures

Core markets

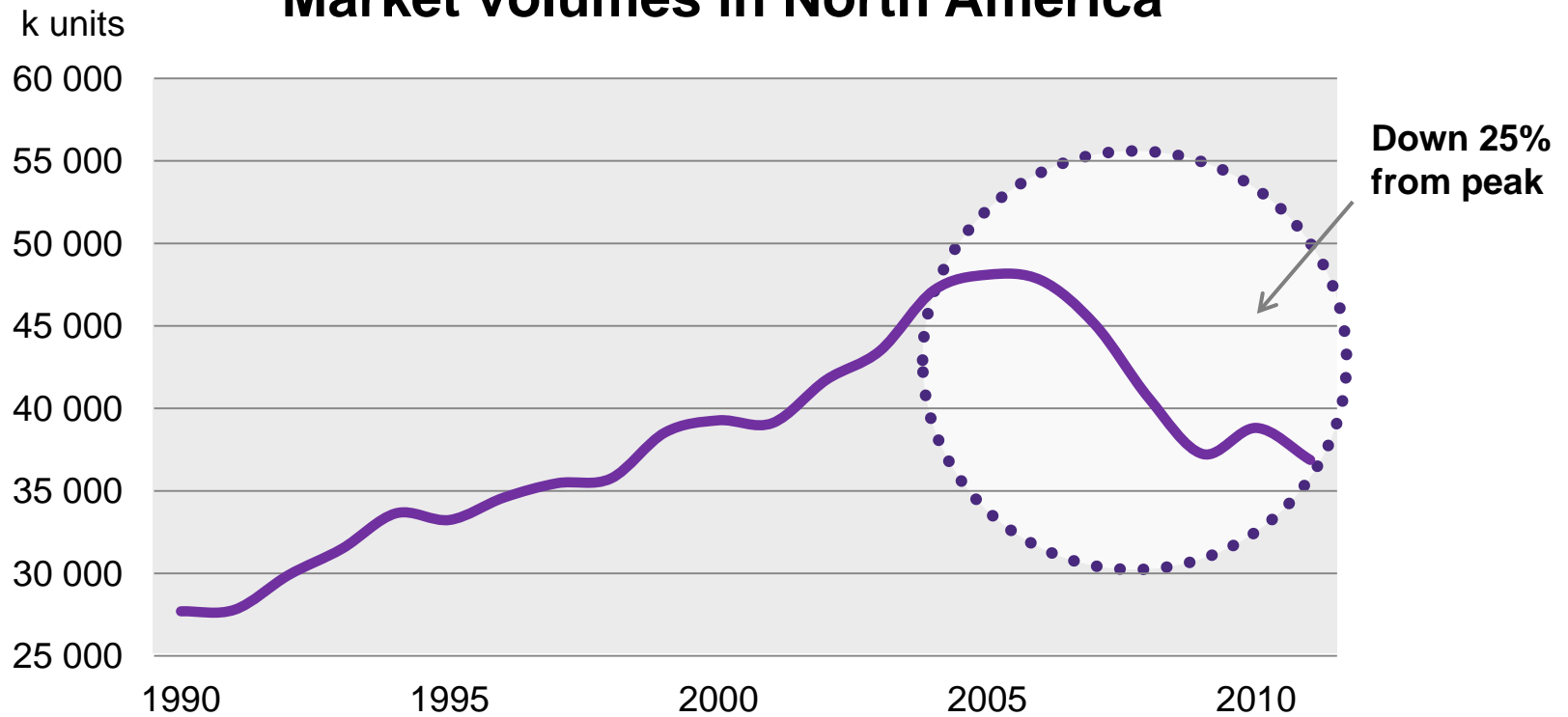
US recovery?

Recovery in North America



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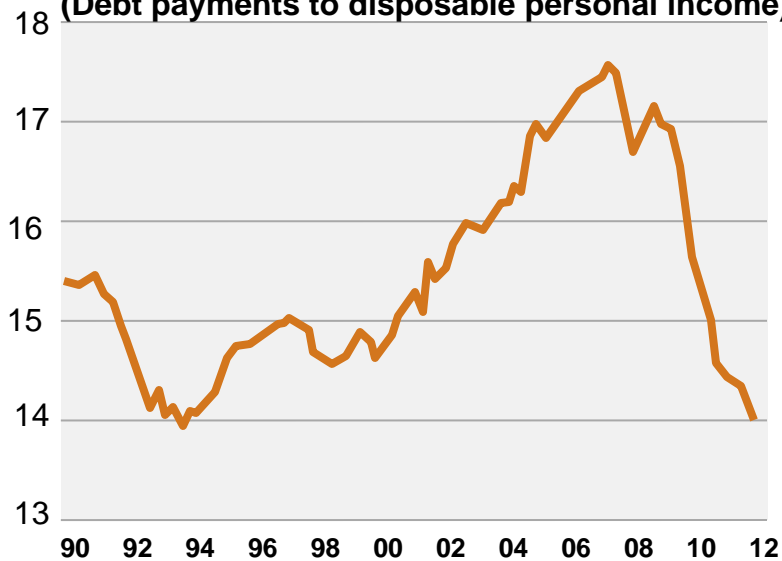
Market volumes in North America



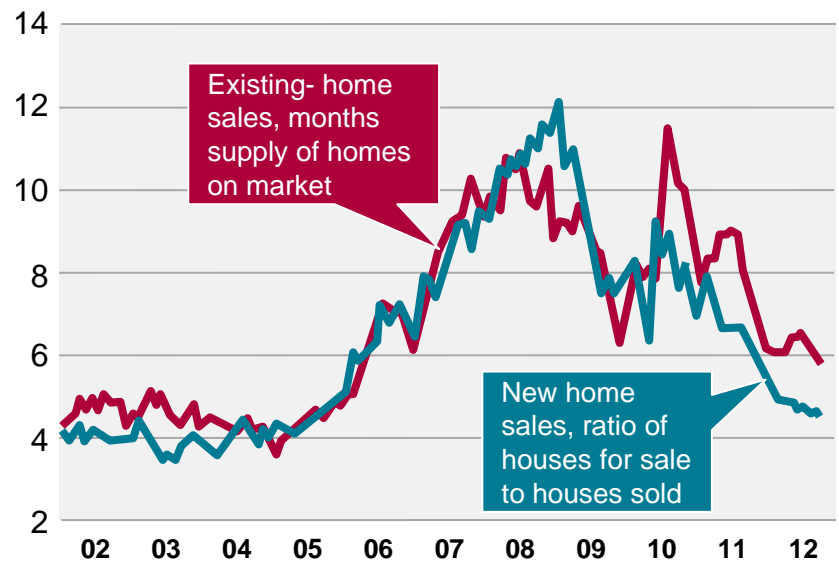
USA: Financial obligations and inventory of unsold homes



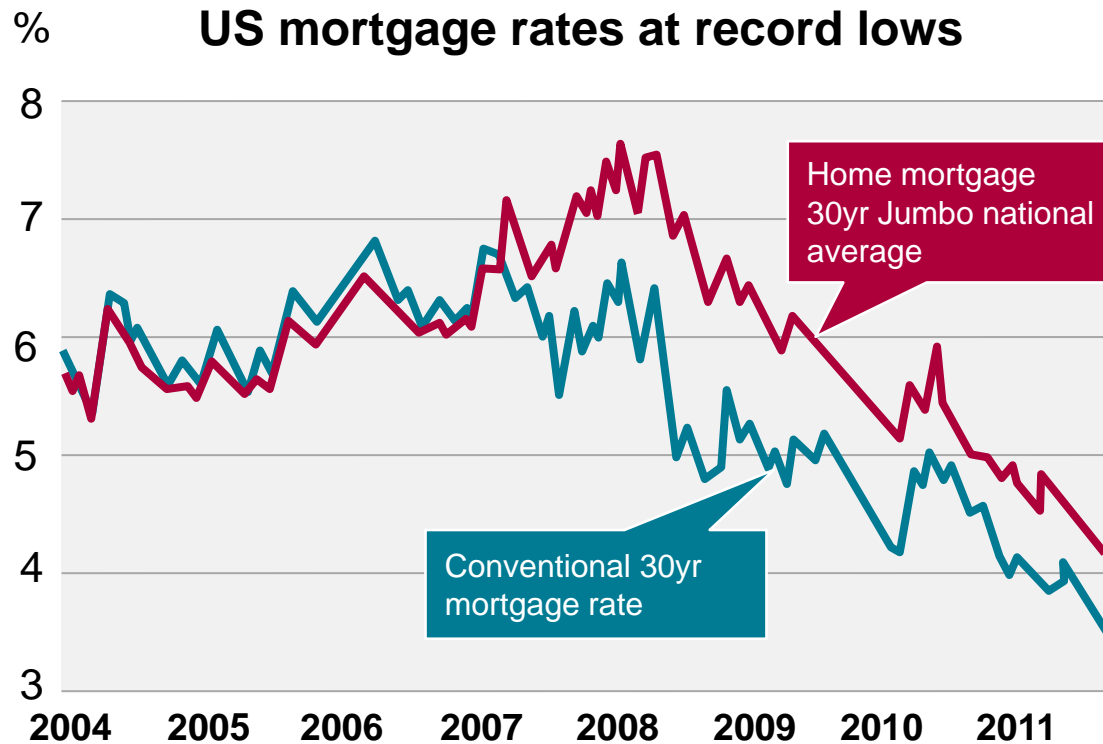
% Household financial obligations ratio
(Debt payments to disposable personal income)



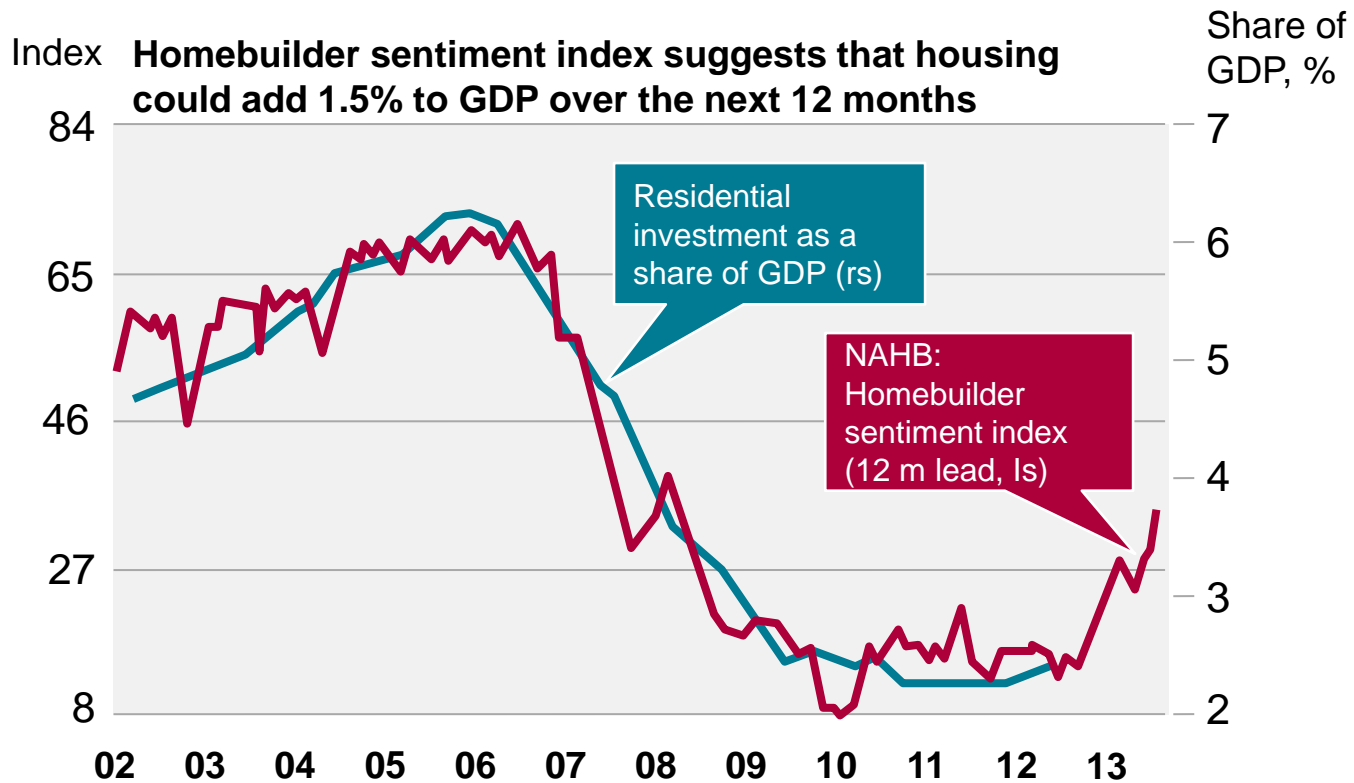
months United States, Inventory of unsold homes



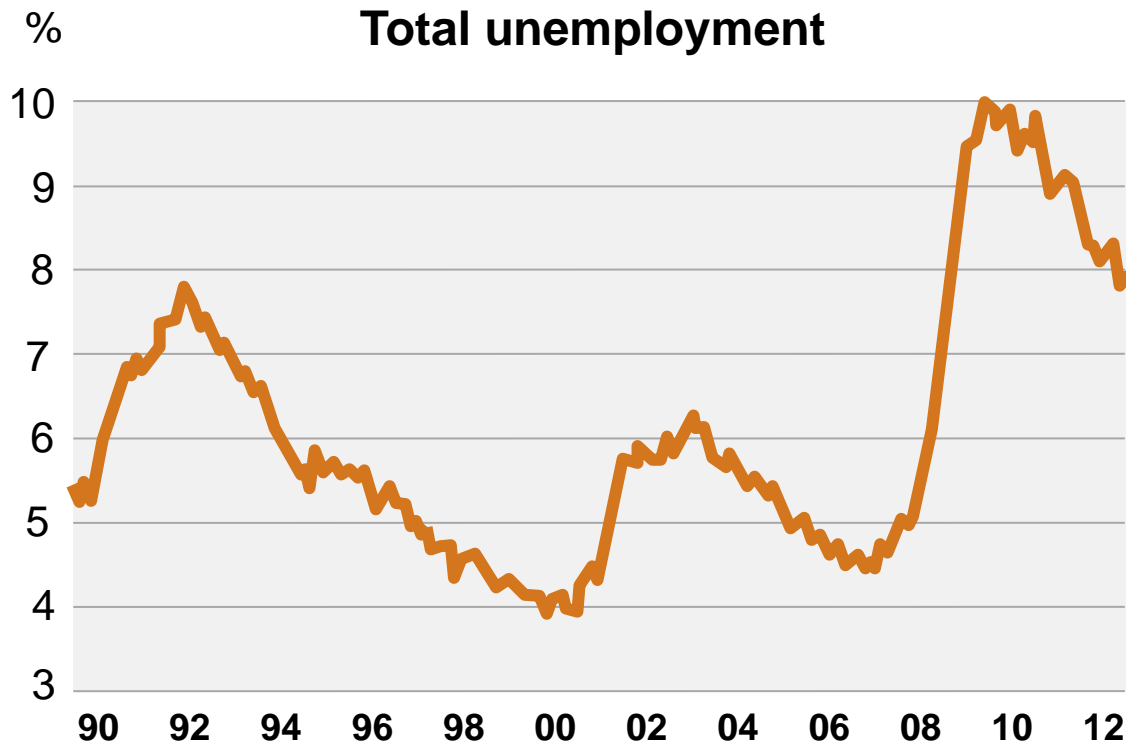
USA: Low interest rates



USA: Homebuilder sentiment



USA: Unemployment

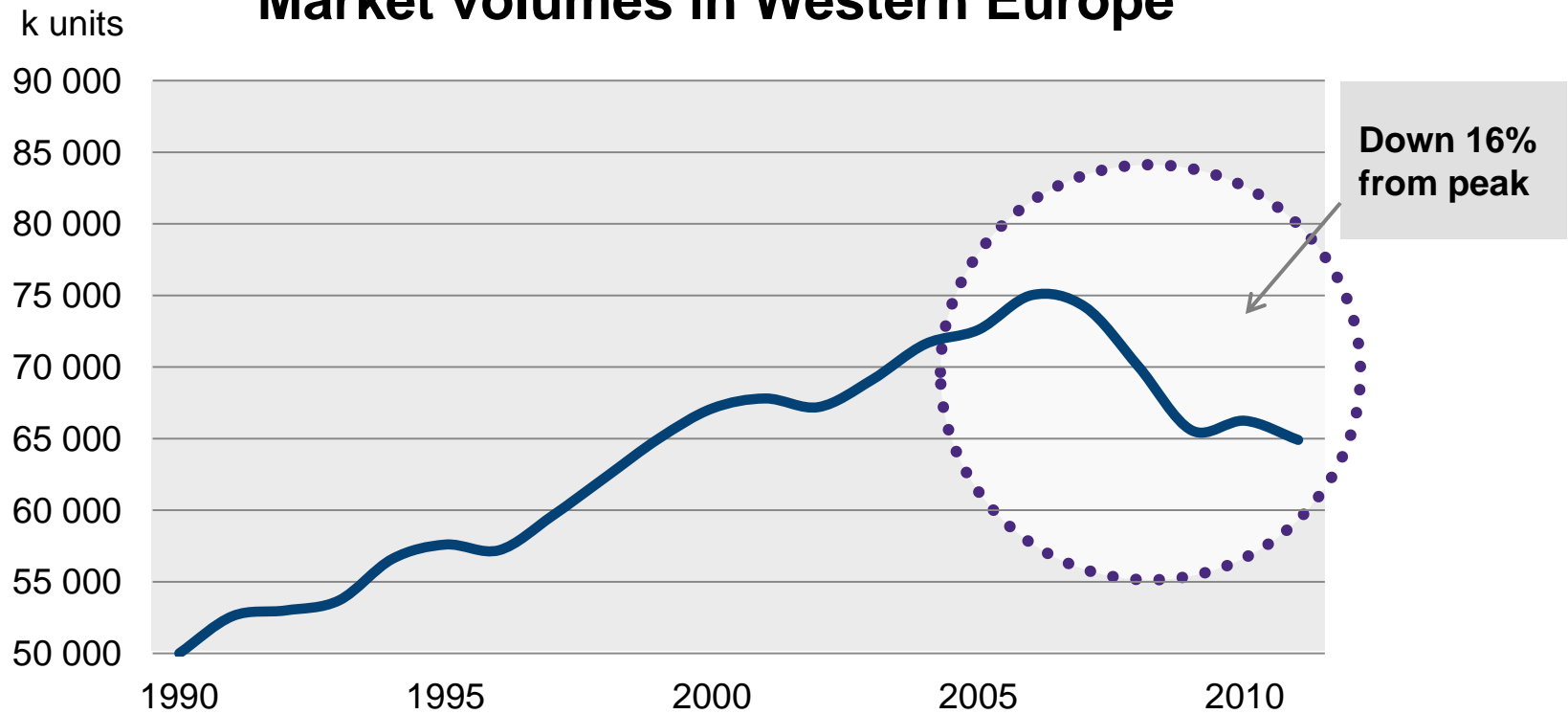


Recovery in Europe?



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Market volumes in Western Europe

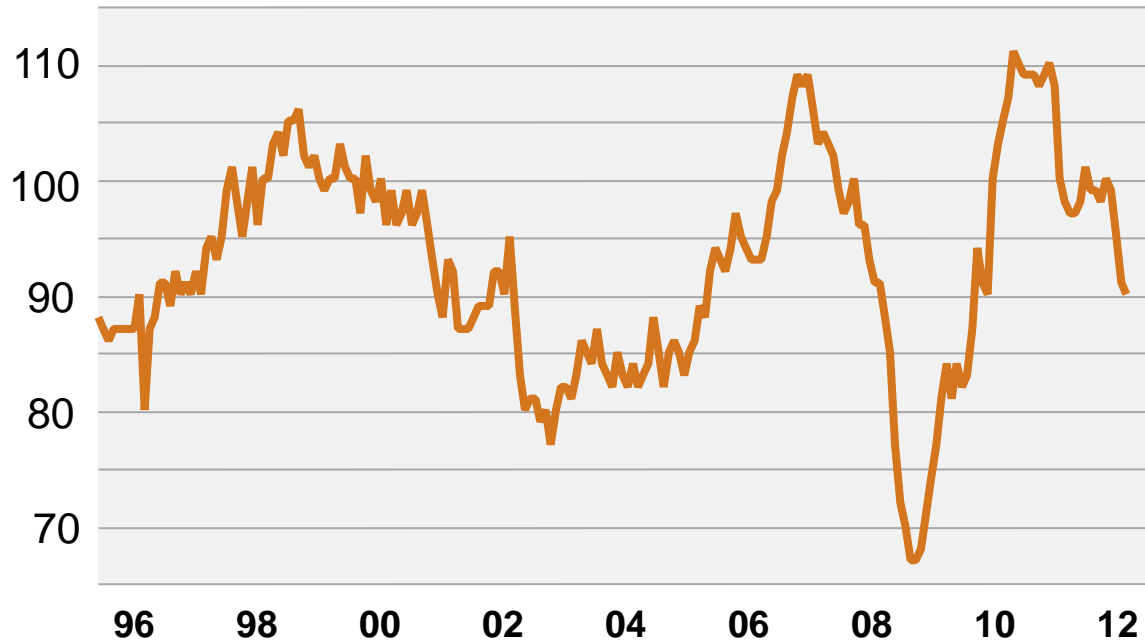


Germany: Consumer confidence



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Index **Germany, consumer surveys, ICON consumer confidence index, SA, Index 90**

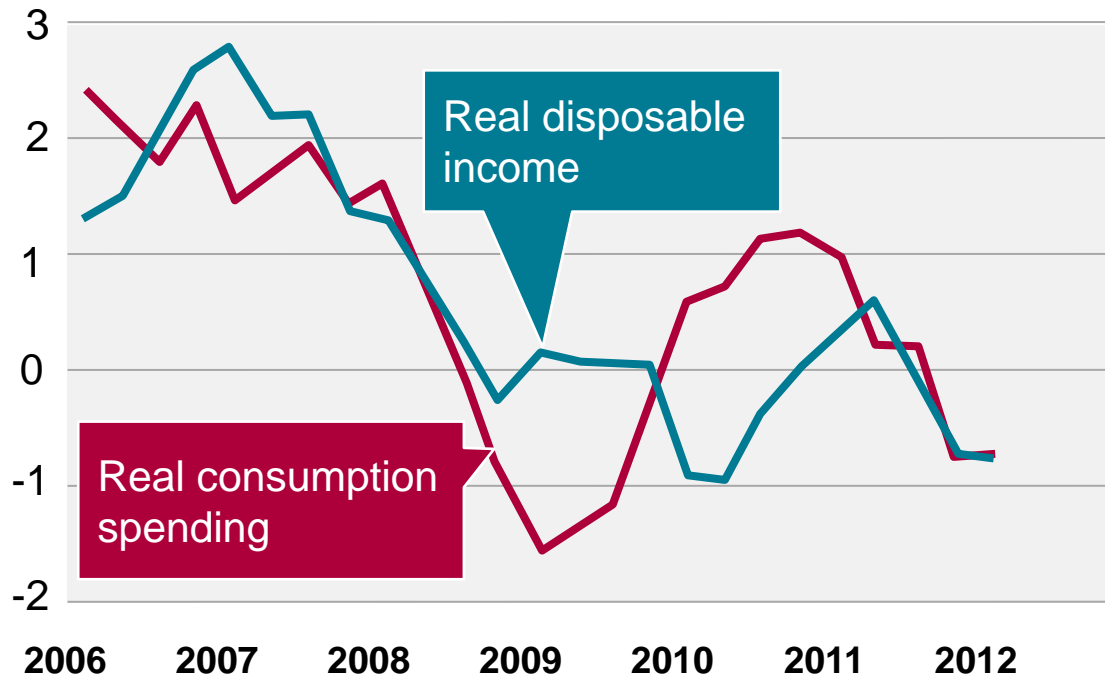


Euro area: No growth in disposable income



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%, yoy **Euro area real household income and spending**



Launching
new products

Electrolux Inspiration Range



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Electrolux Inspiration Range



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Zanussi Quadro



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AEG Neue Kollektion



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Frigidaire



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UltraPower



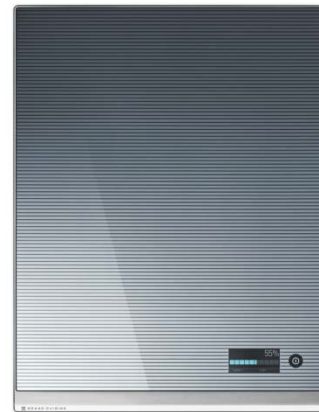
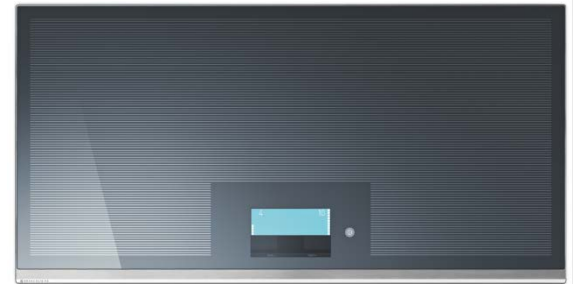
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Electrolux Grand Cuisine launch



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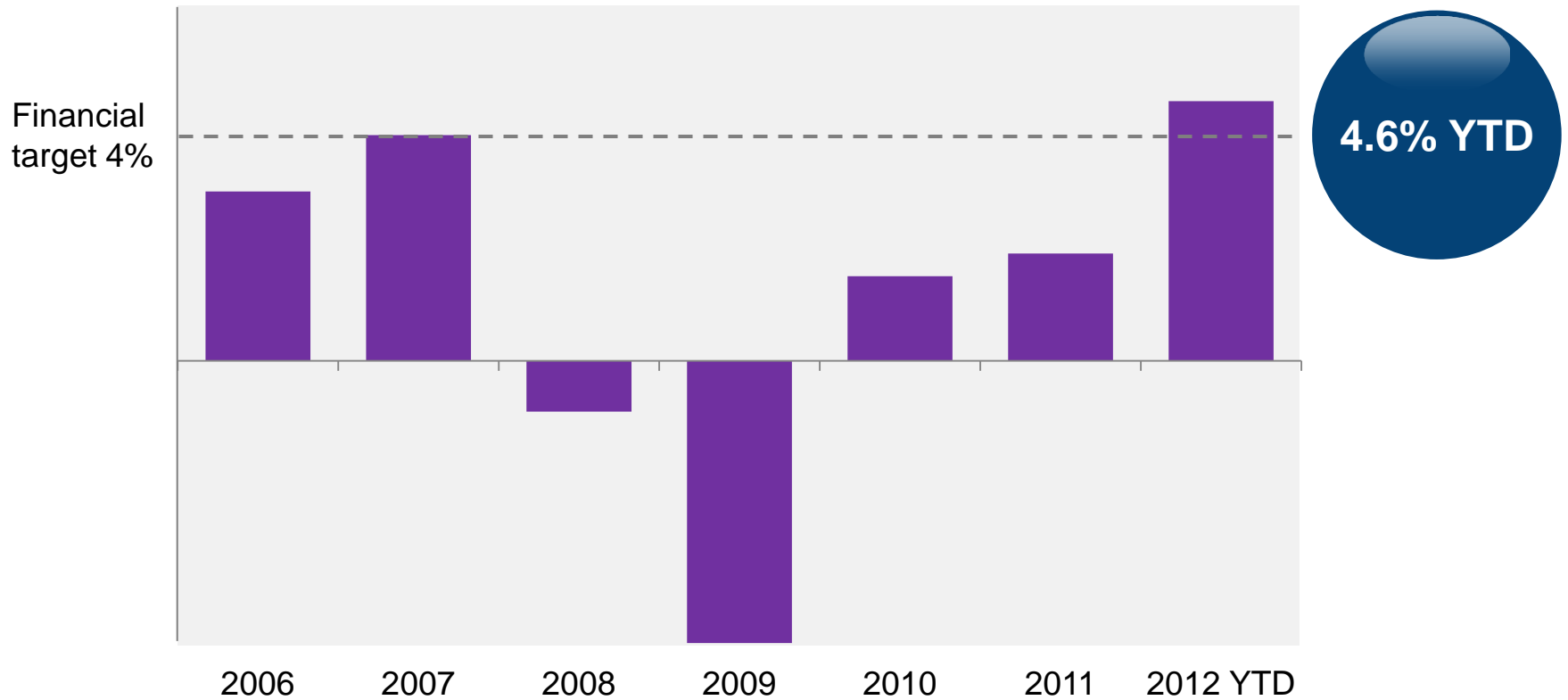


Above the target in 2012



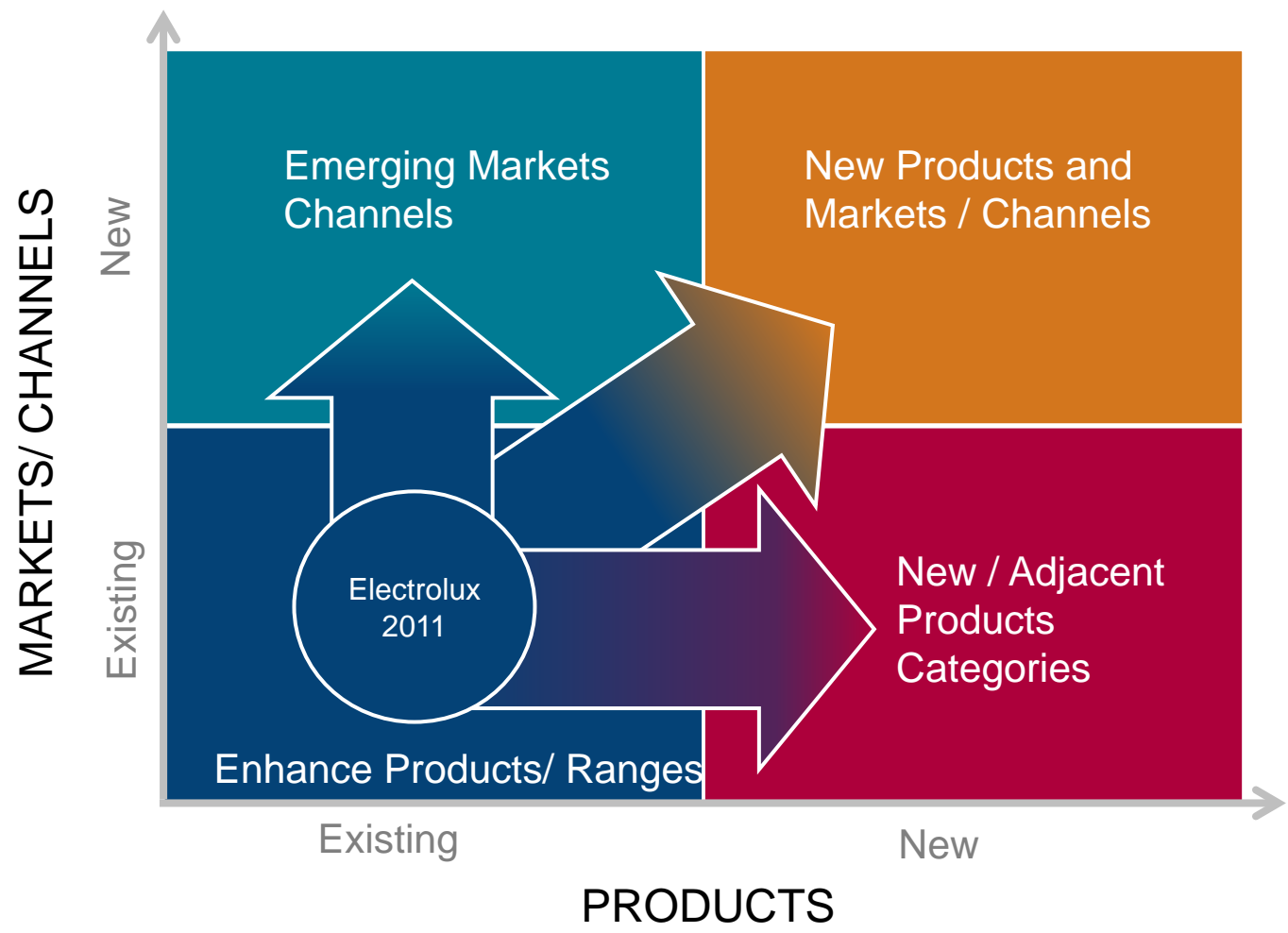
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Net organic sales growth
(in comparable currencies)



Acquired growth

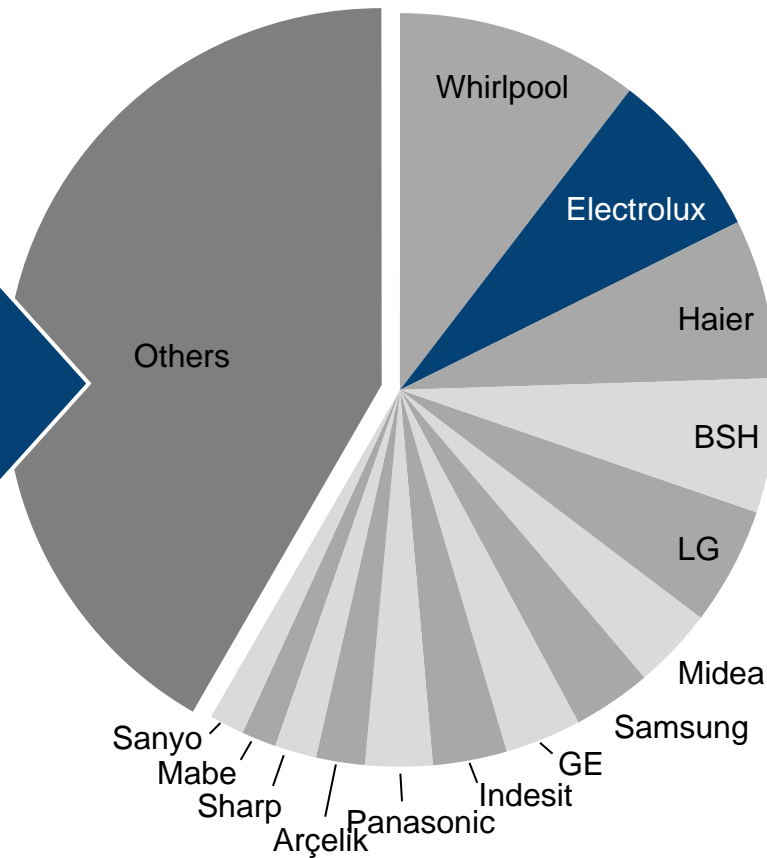
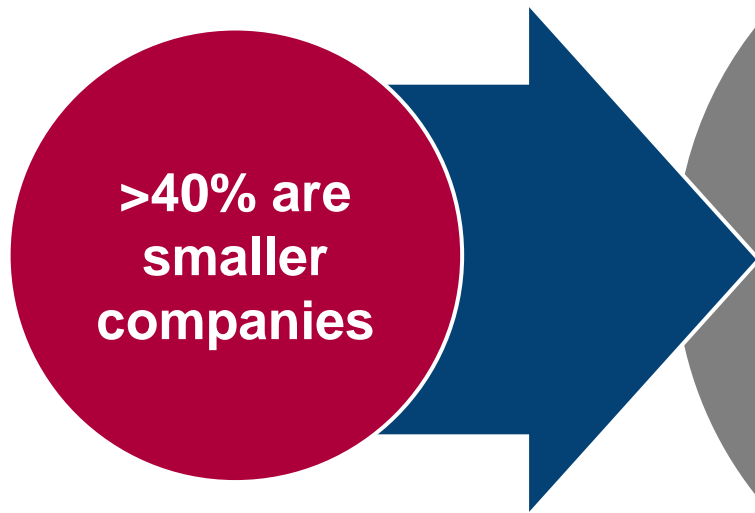
Acquisitions = integrated part of the growth strategy



Global major appliance market still very fragmented



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Key success factors



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Deal flow

- Short term you can slow down if there are too many – but short term it is difficult to accelerate if there are too few...

In house M&A key competencies

- Be in control

Ownership

- Don't mix up corporate expertise in M&A processes with future ownership of acquired companies

What to pay

- Up-front, earnout, firepower

Acquisitions of CTI and Olympic Group

Acquisition of Olympic Group – Egypt

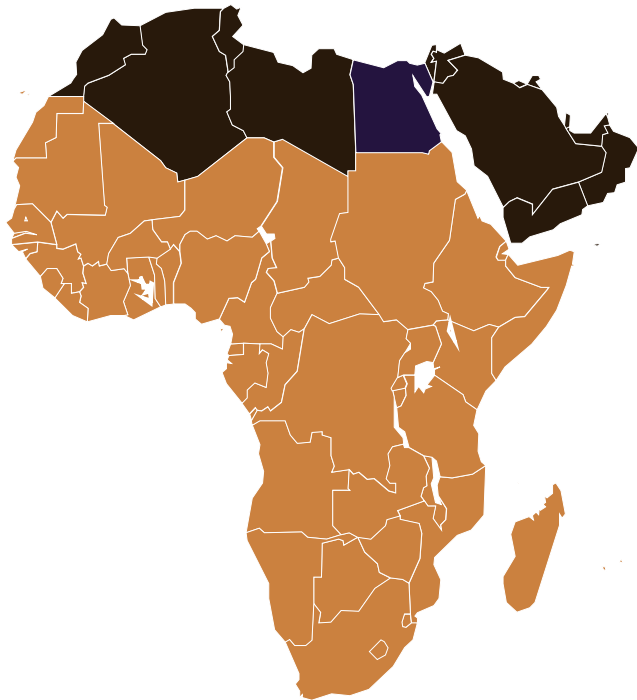


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OLYMPIC
ELECTRIC



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Olympic Group's position

- Normalized sales of around SEK 2.5bn
- Leading in Egypt, North Africa and Middle East
- Complementary product portfolios and strong position in water heaters
- 30 years of cooperation with Electrolux
- 7,000 employees
- Strategic fit
- Financial fit

Acquisition of CTI – Chile and Argentina



Snapshot of Combined Business

- Combined Electrolux sales in Latin America of SEK 20bn
- Leading in Brazil and Southern Latin America
- Strong brands and complementary product portfolios
- Seven manufacturing facilities
- >12,000 employees
- Strategic fit
- Financial fit

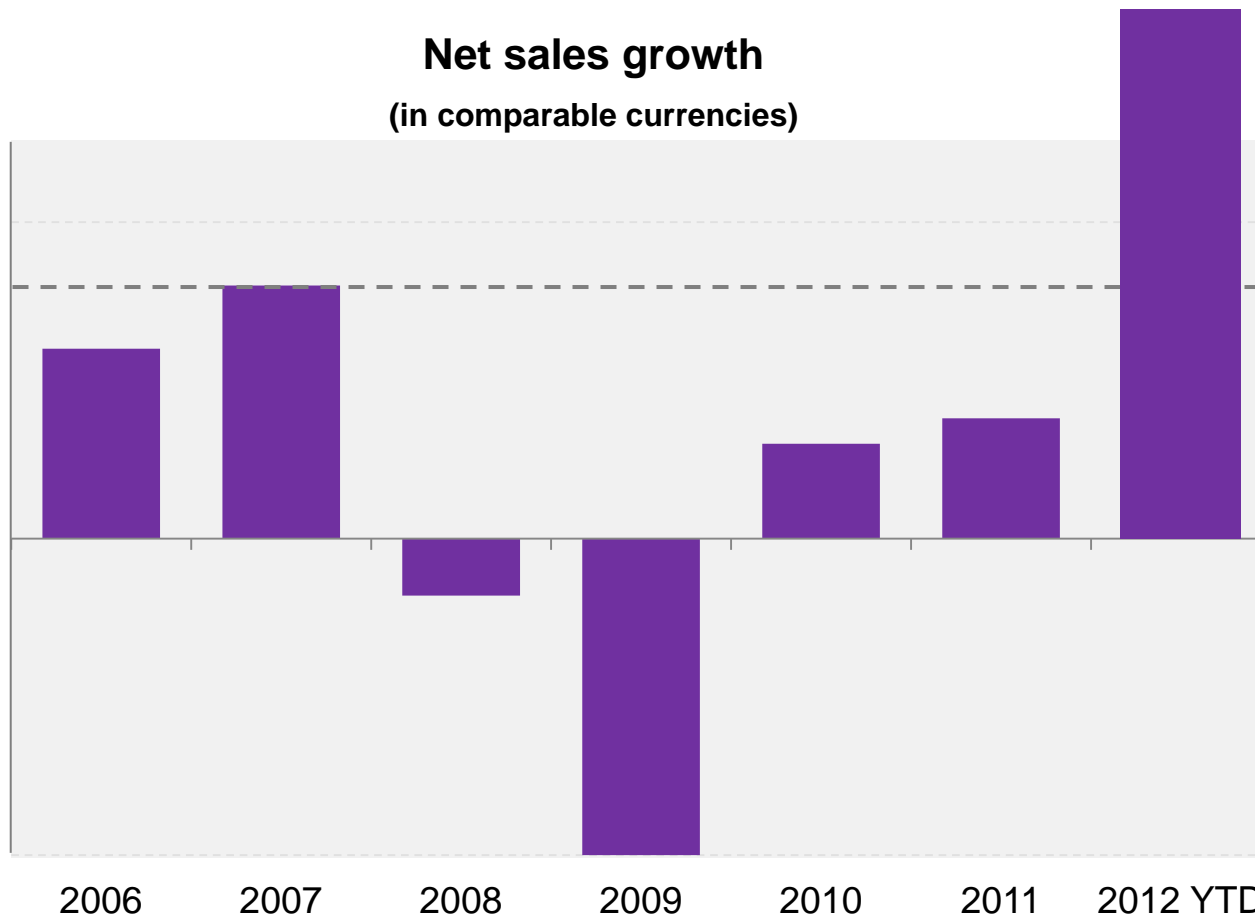
Total growth YTD 2012



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Net sales growth
(in comparable currencies)

Financial
target 4%



**Total 10%
YTD**

2

Gross margin

Product innovation

Operational excellence

Product innovation

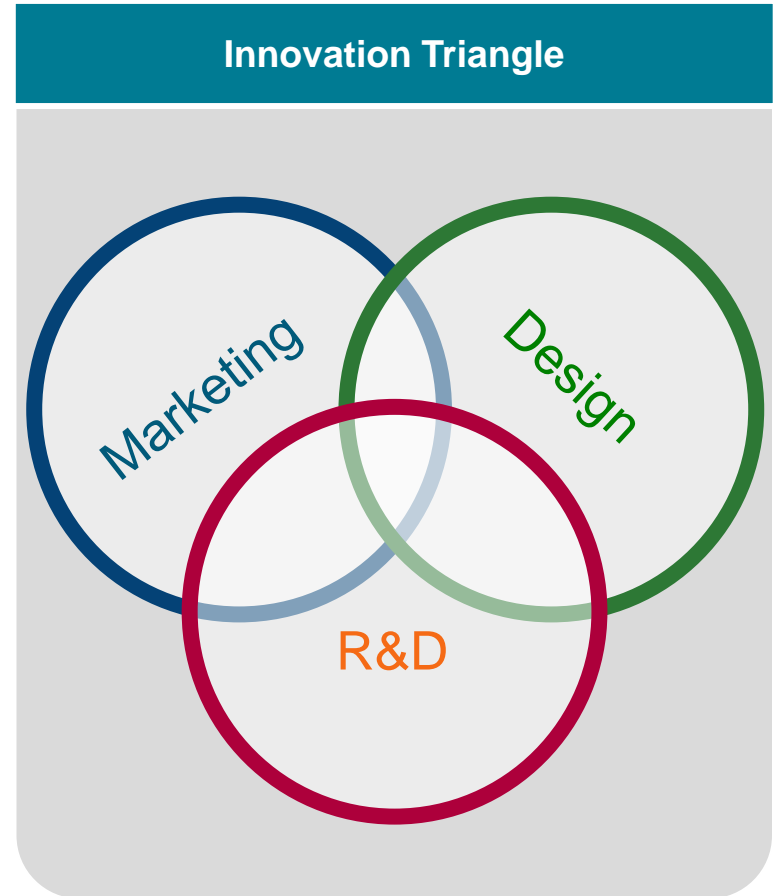
Accelerate innovation and time to market



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Increased focus on the Innovation Triangle, new members of Group Management

1. Develop best-in-class products
2. Speed up product innovation
3. Continue investing in premium brands



Develop best-in-class products



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- Identify consumer needs and segments
- Develop products with innovative design and relevant functionality
- 70% preference rule

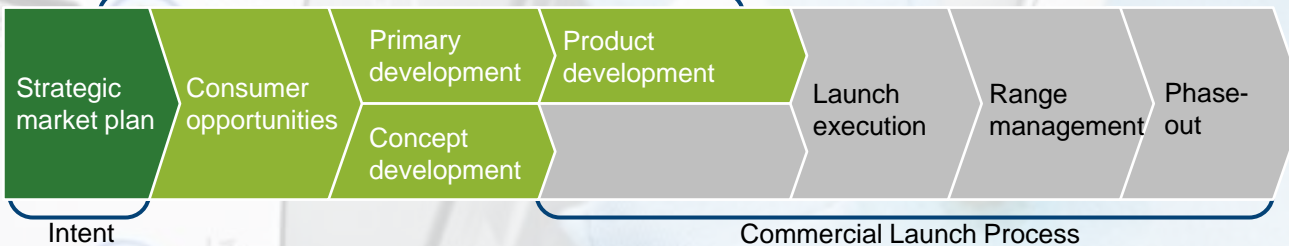


Speed up product innovation



- Accelerate consumer insight-driven differentiation
- Front-end loading and parallel development
- Modularization

Product Creation Process



70%
consumer
preference

Investments in premium brands



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- Align Electrolux brand architecture and position globally
- Invest in premium brands across all markets
- Leverage our expertise in the professional business

Operational excellence

Operational excellence

Presented November 2011



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Total annual savings: SEK 5.3bn

One-time costs: SEK 5.1bn

Savings from
**Manufacturing
footprint**

1.6

Savings from
**Global
Operations**

3.0

Savings from
**Overhead
costs**

0.7

Full effect 2016

Manufacturing footprint



Current status

- Total costs: SEK 9.1bn
 - Booked as items affecting comparability
 - Cash out: SEK 6.1bn
 - Write downs: SEK 3.0bn
- Annual savings of SEK 3.2bn (since 2004)
- 65% of capacity in low cost areas

Electrolux journey since 2004

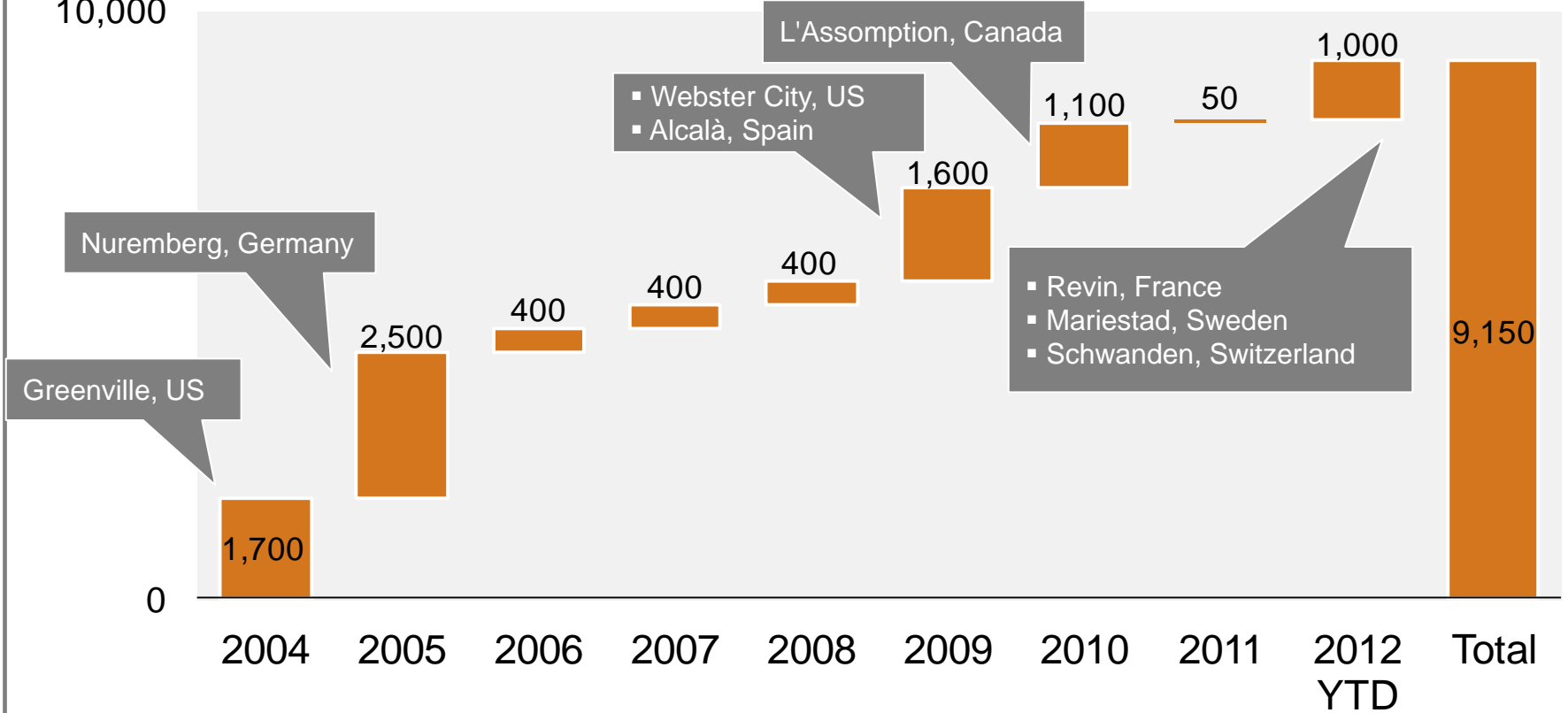
- 19 factories closed
- 5 factories downsized
- 9 new factories
- Approximately 35% of production moved
- 10,000 employees has left
- 7,000 new employees hired

Restructuring timeline – Costs



SEKm

10,000



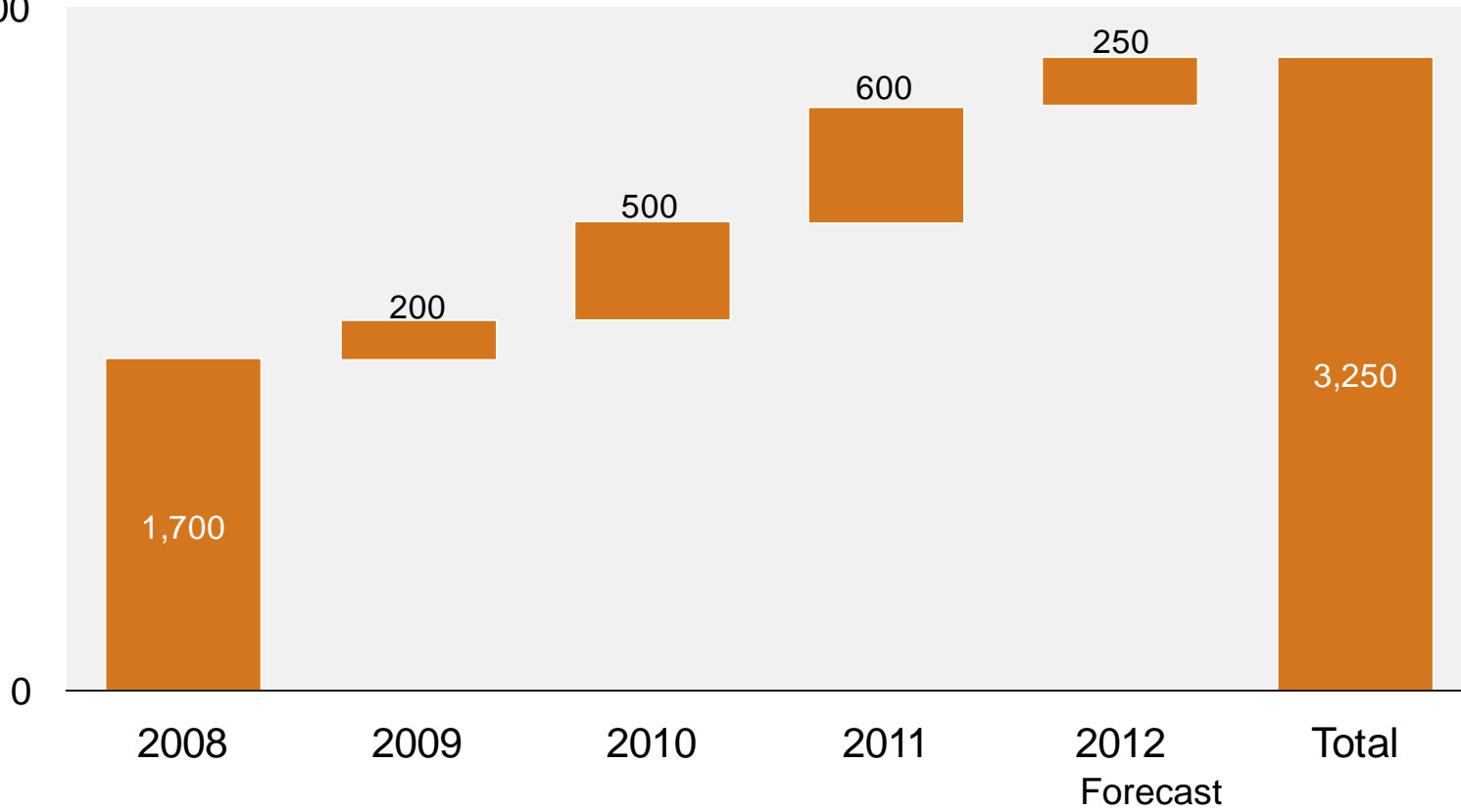
Restructuring timeline – Savings



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SEKm

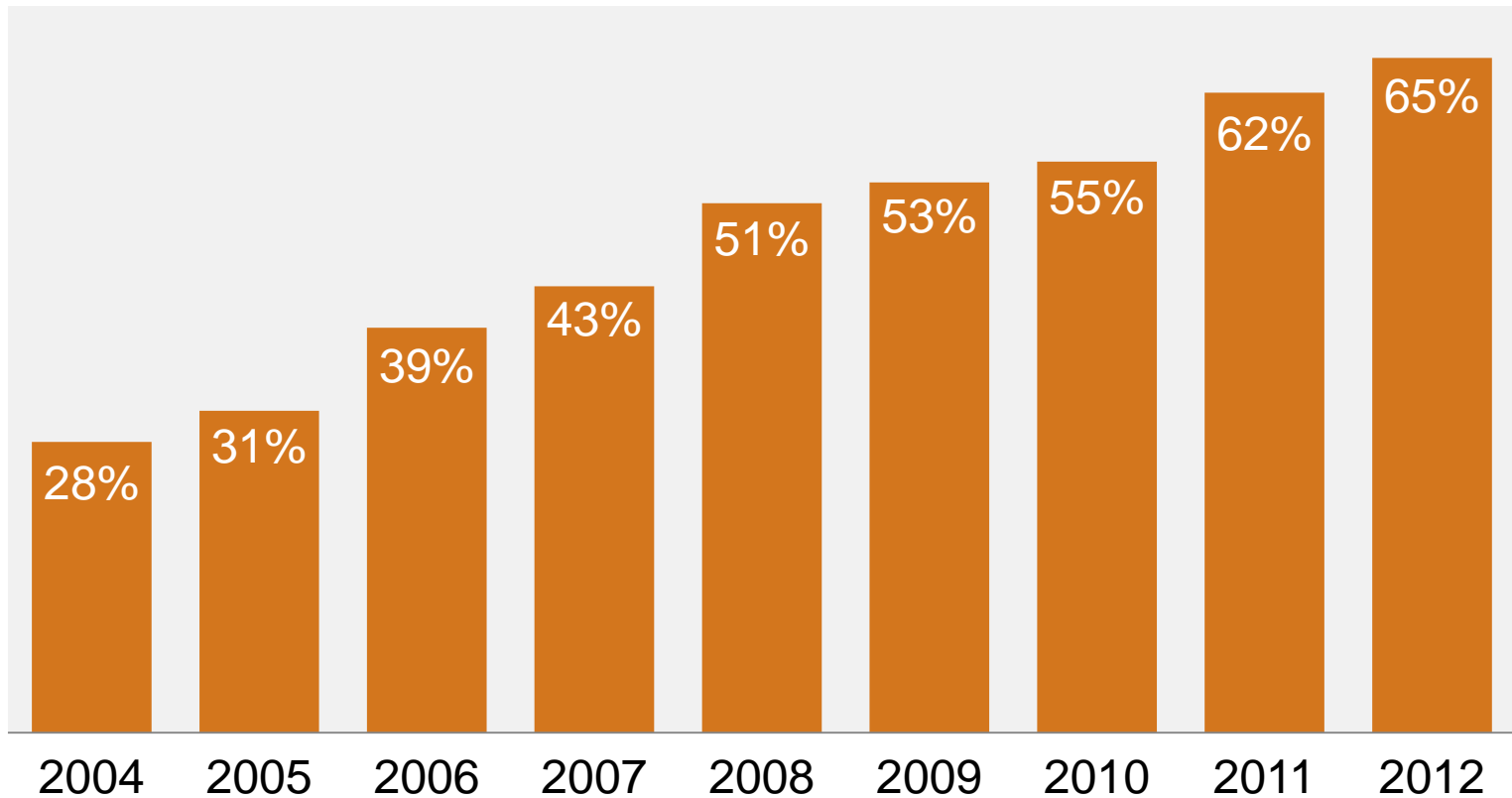
3,500



Restructuring timeline – Manufacturing in low cost areas



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New production centers



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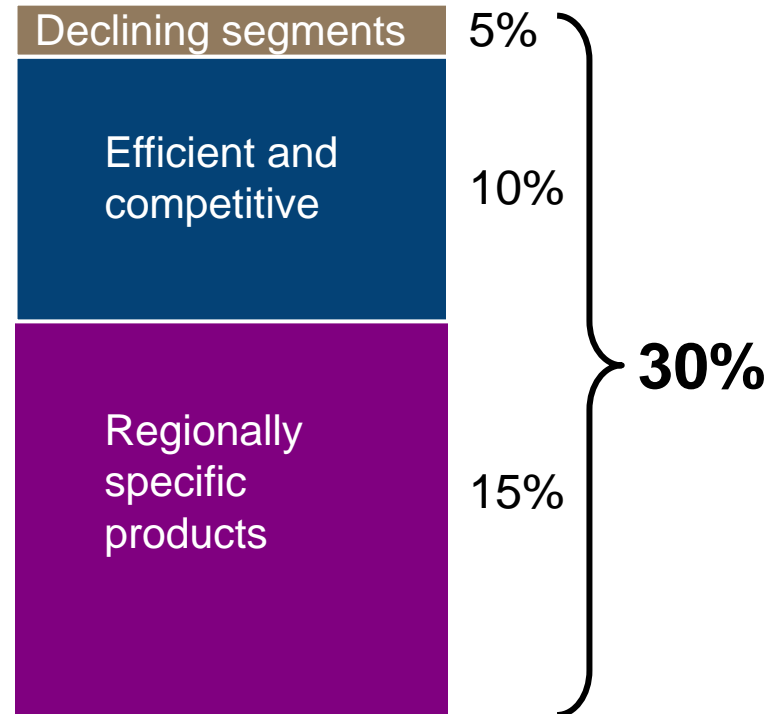
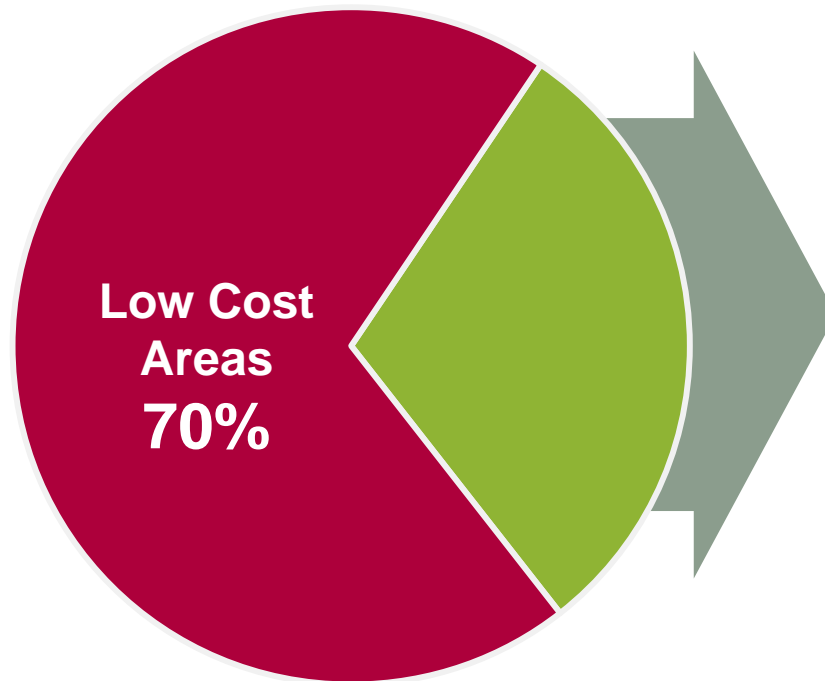


Manufacturing footprint by 2015



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Manufacturing footprint High Cost Areas

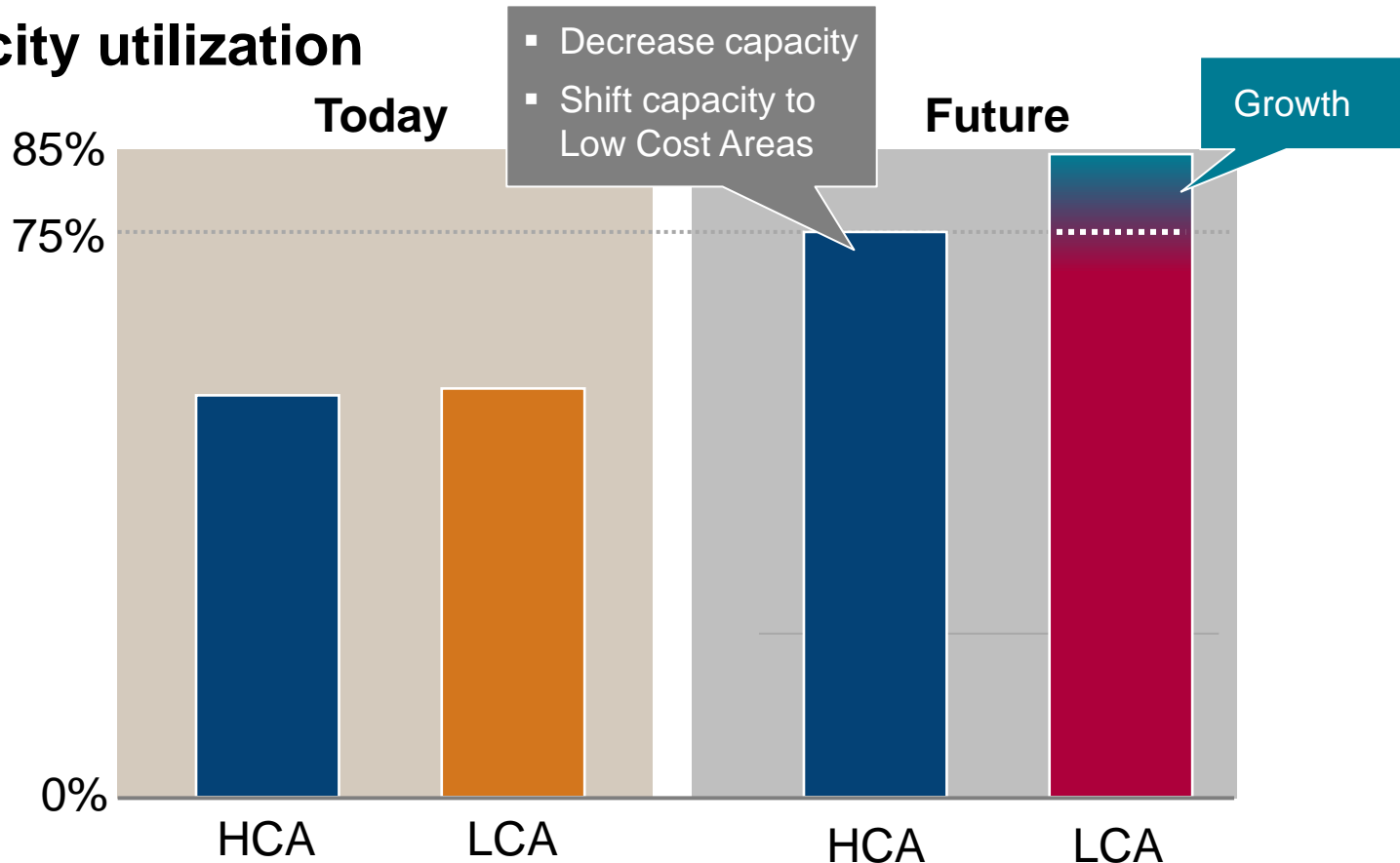


Need to increase current capacity utilization



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Capacity utilization



Global Operations – an update

Stick to our plan



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- Rigorous plan - confident in delivery
- Visible results, now
 - Bottom-line impact from purchasing
 - Roll-out of modularization accelerated
 - Globalized governance in R&D



Global Operations



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Total savings

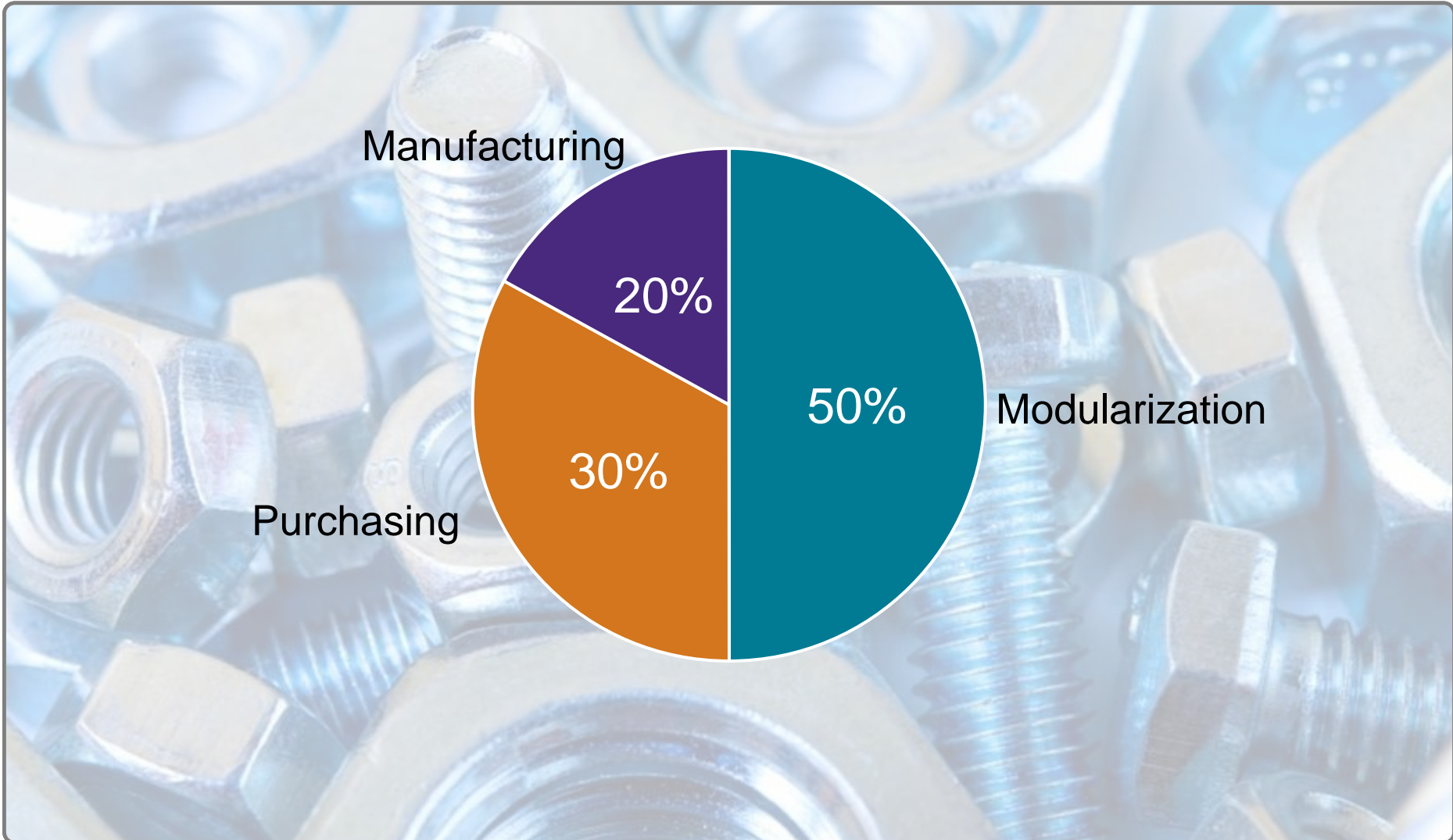
3
SEKbn



Savings from Global Operations



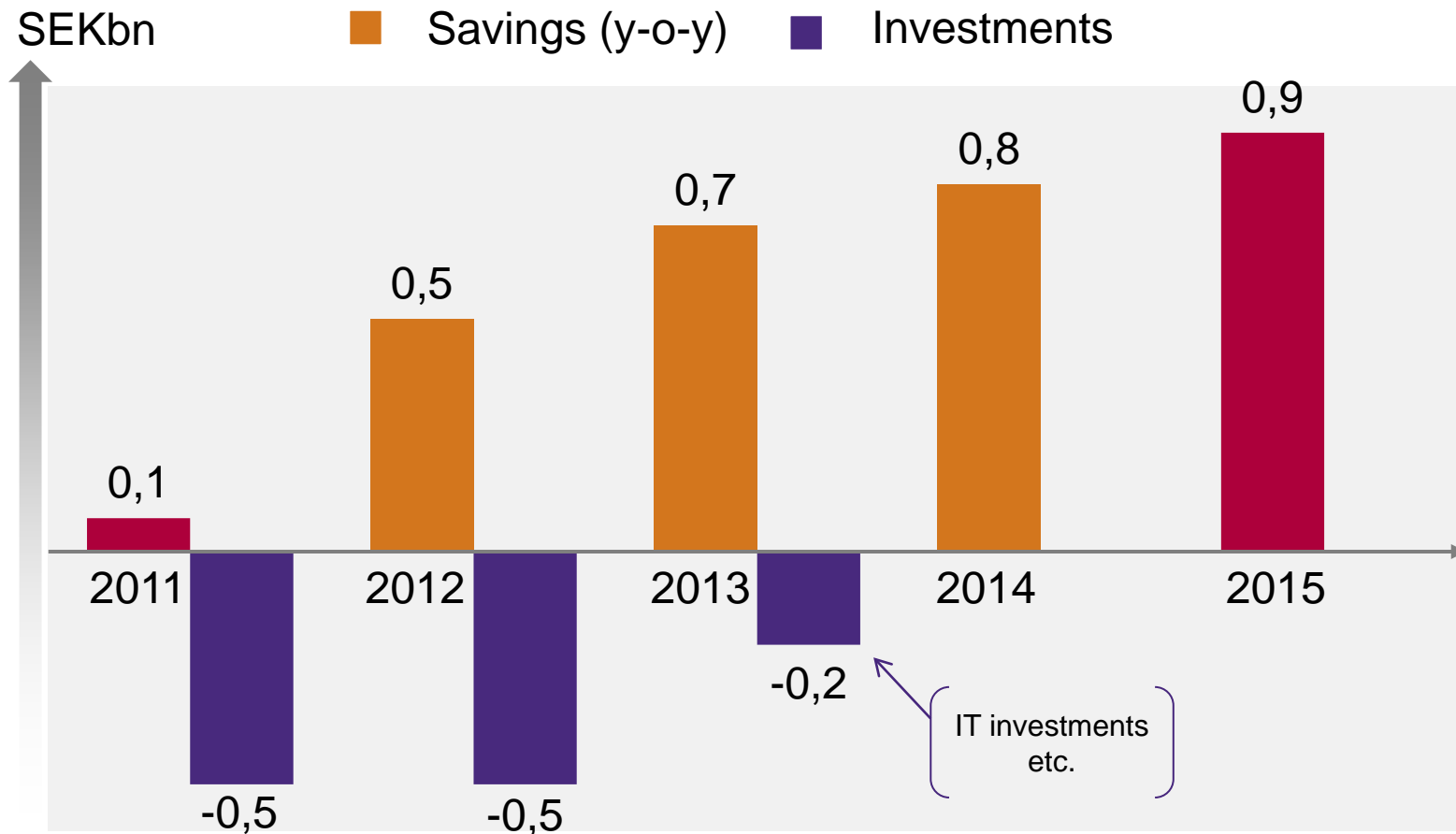
Thinking of you
Electrolux



Savings from Global Operations



Thinking of you
Electrolux



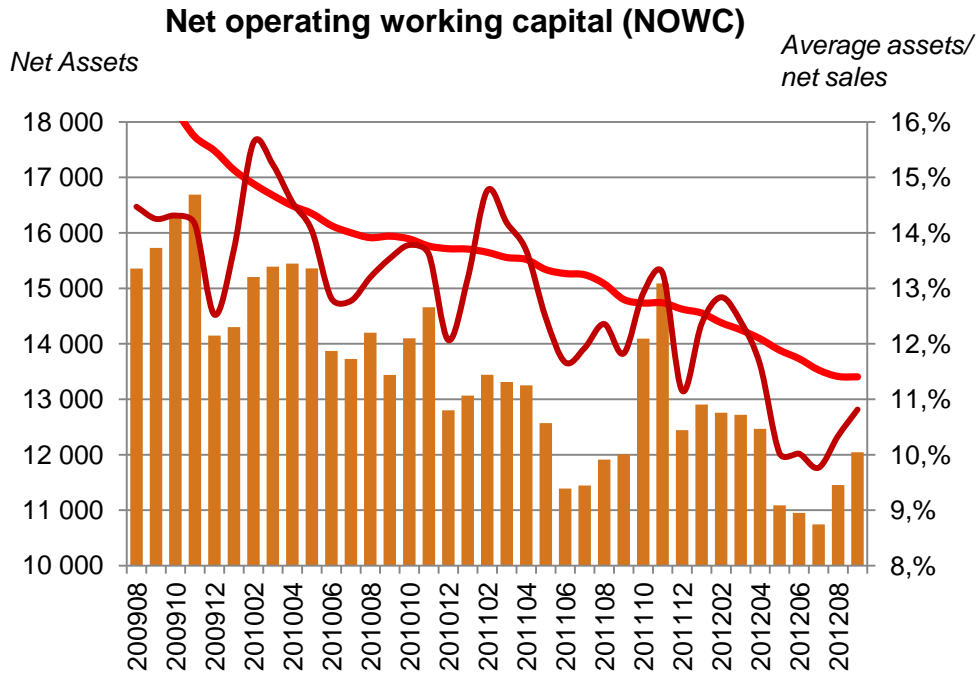
3

Asset velocity

Working capital

Capital expenditure

Working capital



Accounts receivable

- Terms and conditions
- Thorough credit risk control

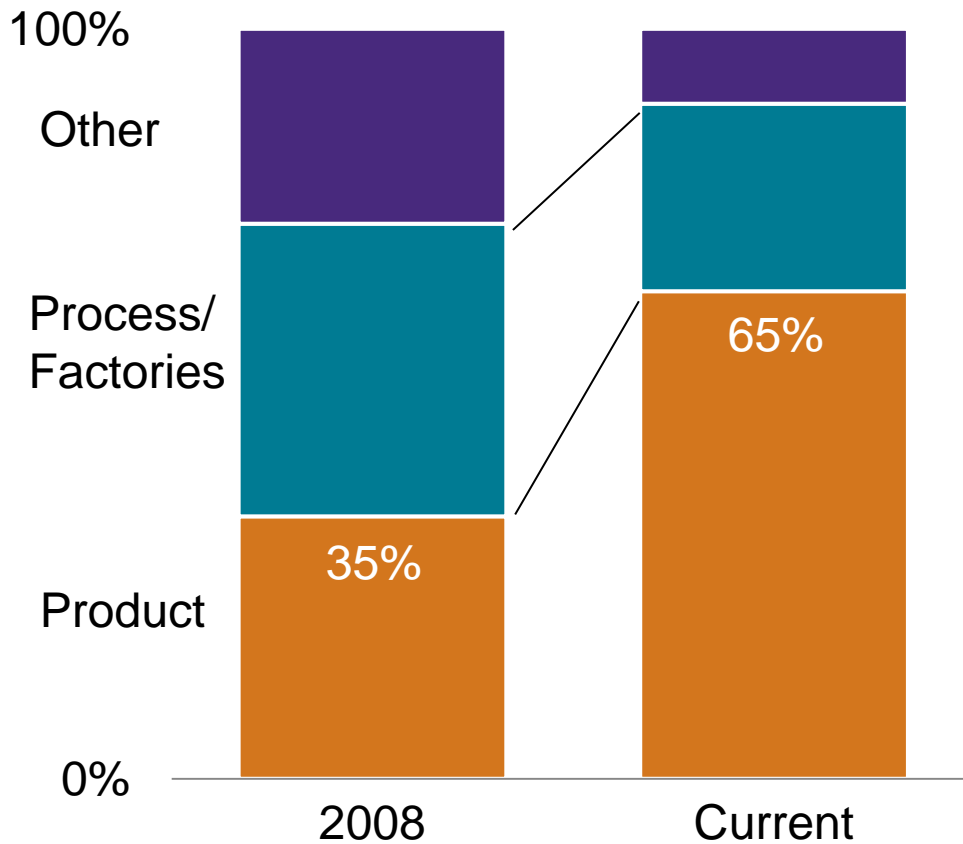
Accounts payable

- Terms and conditions

Inventory

- Supply chain efficiency
- Product range optimization

Structural change of capex



- Going forward, capital expenditure will structurally change
- Capital expenditure will be more related to launching new products

4

Optimizing our financial
cost and tax rate

Financial net
(SEKm)



~650

Tax rate



~25%

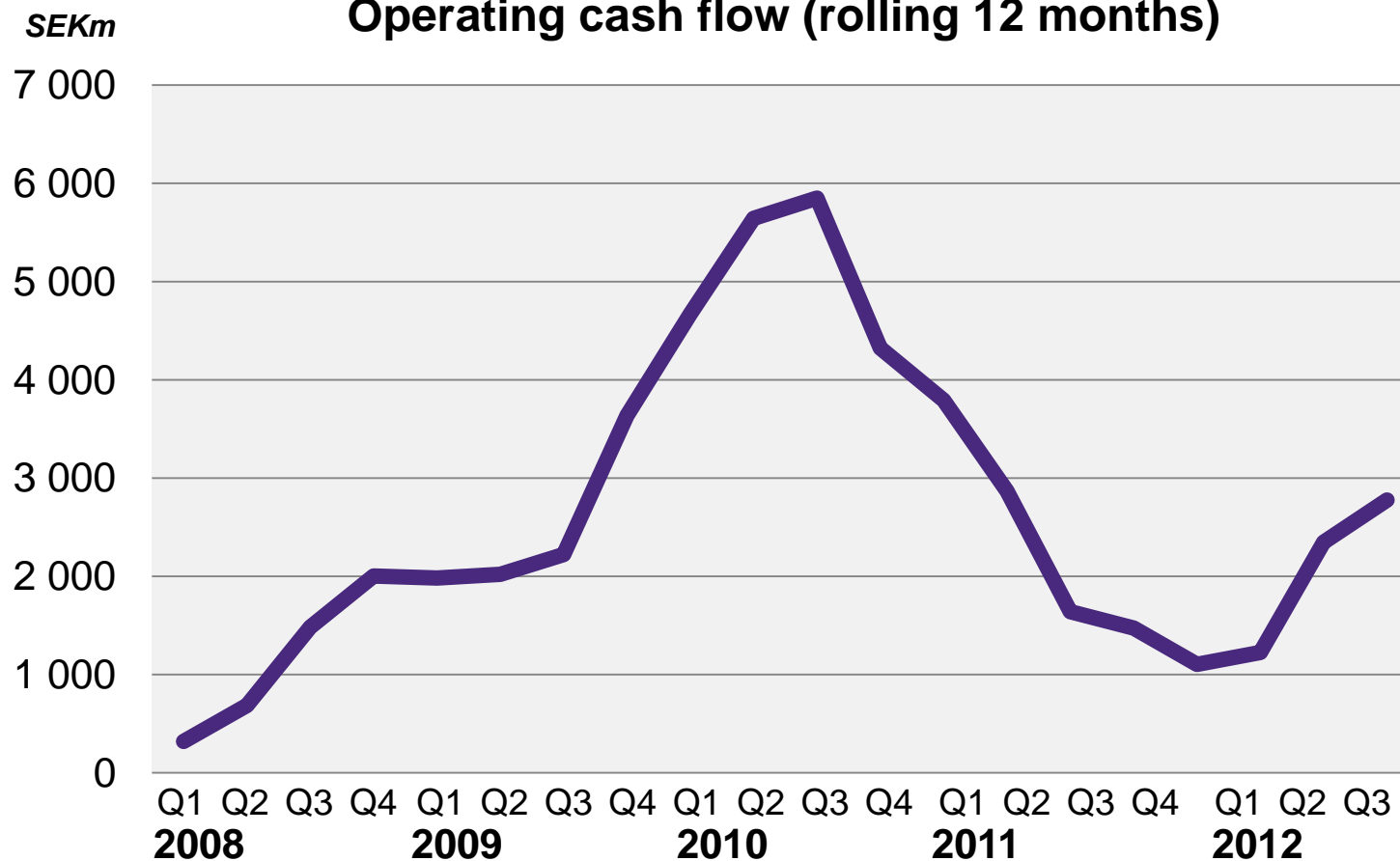
Strong track record in
generating a solid cash
flow...

Historical cash flow development



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Operating cash flow (rolling 12 months)



...and there is opportunity
for further expansion

Cash flow statement
Sales
EBITDA
Change in working capital
Other
CASH FLOW FROM OPERATIONS (CFO)
Capex
Financial net and tax
CFO AND INVESTMENTS

Grow organically by more than **4%** and carry out additional profitable acquisitions

Expand EBIT margin by more than **6%** through launching new innovative products and continue to deliver on operational excellence

Continue to improve working capital to keep capital turn-over rate above

Turn investment more towards launching new products and create top-line growth and gross margin expansion **4x**



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