

Q1-14 Report

April 25, 2014

Keith McLoughlin, President and CEO
Tomas Eliasson, CFO



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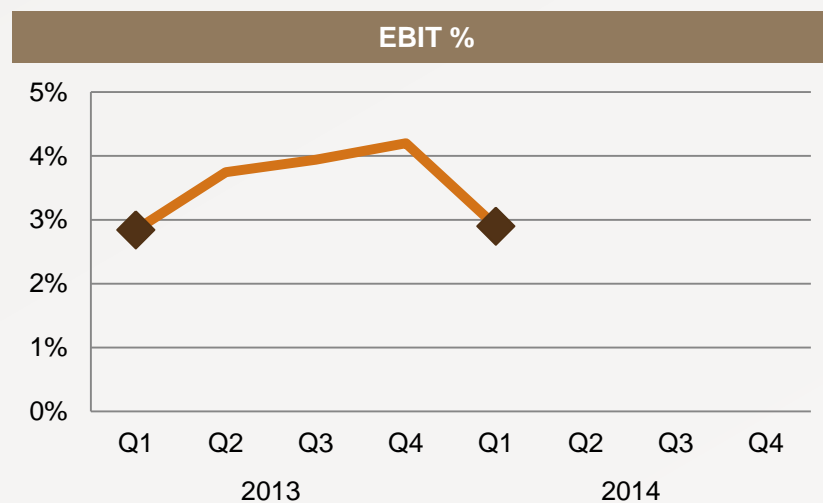
Q1 Highlights



- **Good top-line growth**
 - 4.5% organic growth
 - Organic growth in all Business Areas
 - Recovery in operations in Europe
 - Strong recovery in March after a slow start in North America
- **Stable earnings**
 - Earnings improved vs. last year
 - EBIT recovery in EMEA
 - Slowing economy in Brazil
 - Cost-reduction program ongoing
- **Strong cash flow improvement**

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|-------------|---------------|----------|
| Sales | 25,328 | 25,629 | +1.2% |
| <i>Organic growth %</i> | | 4.5% | |
| <i>Currency</i> | | -3.3% | |
| EBIT* | 720 | 749 | 4.0% |
| Margin* | 2.8 | 2.9 | 0.1% |
| EPS* | 1.48 | 1.55 | 4.7% |

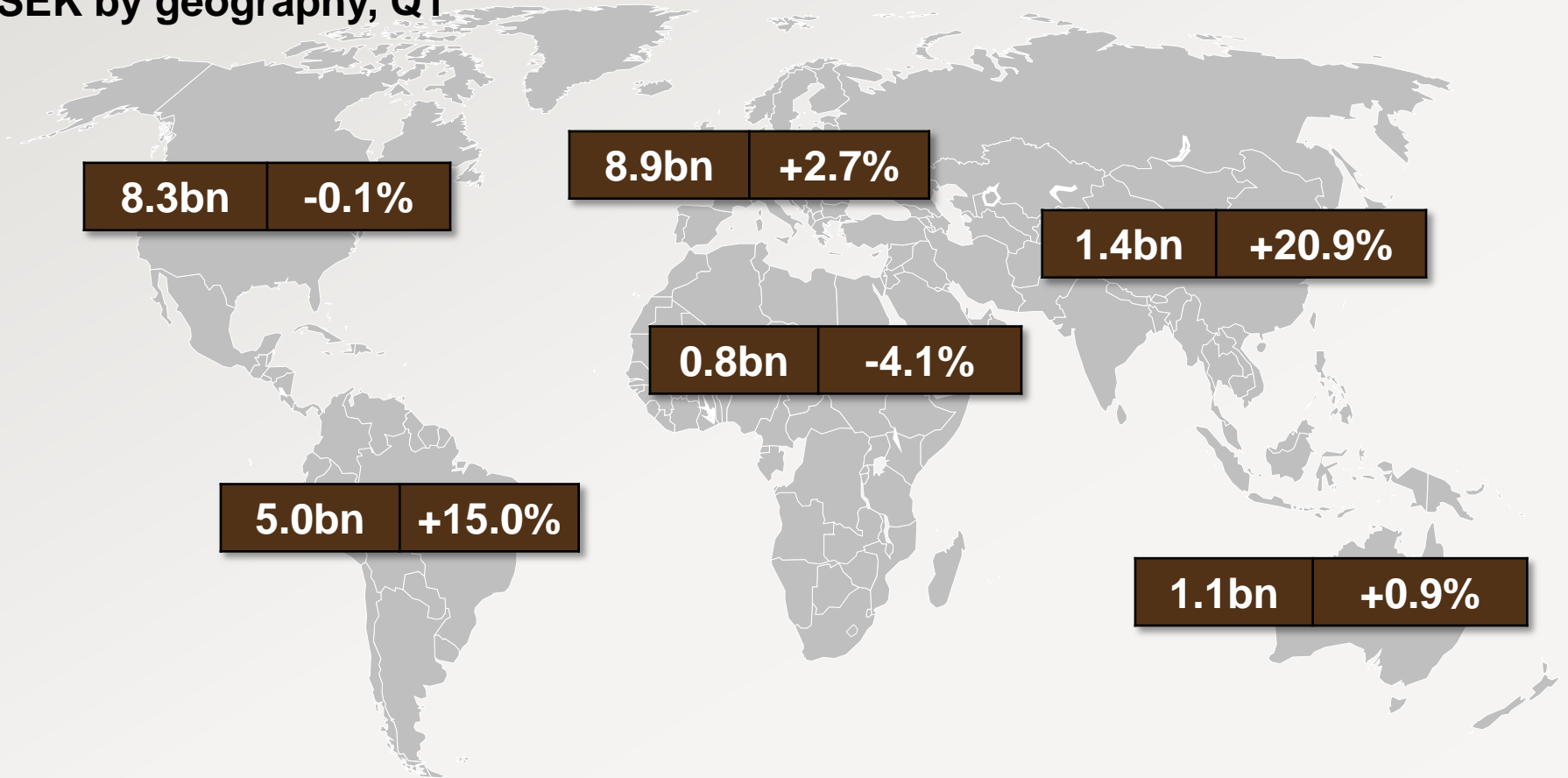
* Excluding items affecting comparability.
Non-recurring items are excluded in all figures.



Sales and Organic Growth Q1



SEK by geography, Q1



New products drive mix



- Increased sales within built-in kitchens in Europe



- Successful launch of the Ergorapido “Nova”



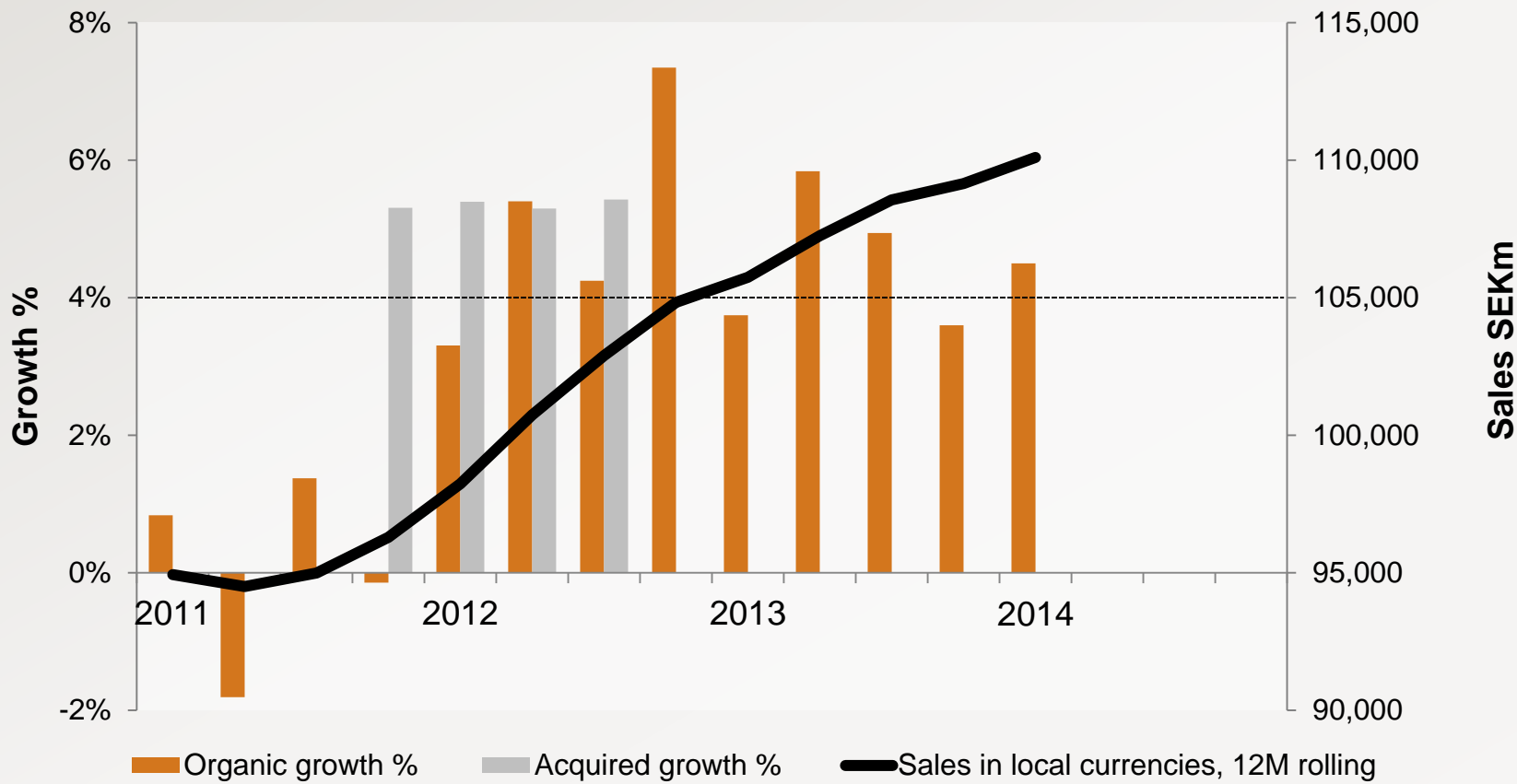
- Major China launch under way



- Professional Products gaining market share



Sales in Local Currencies



Major Appliances EMEA – Q1

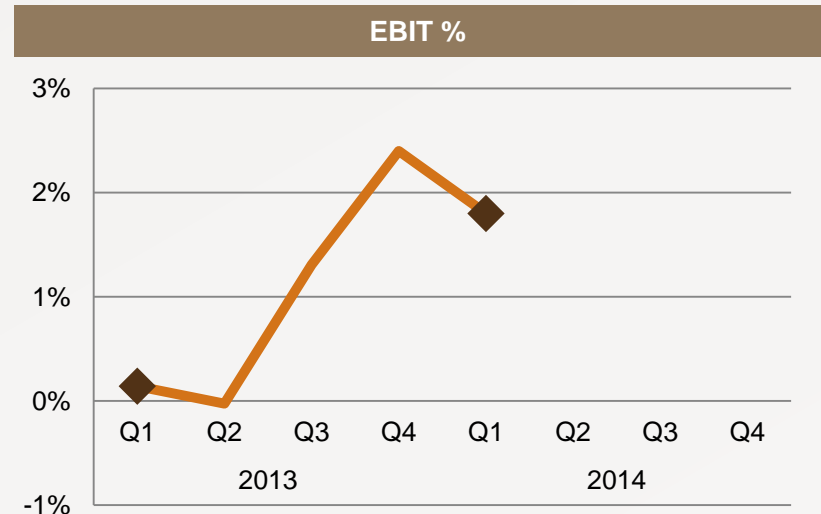


• Improved earnings

- Positive organic growth in Q1
- Volume growth in the Nordics, Eastern Europe and recovery in France and Spain
- Mix improvement – increased sales in built-in segments
- Ongoing cost reduction initiatives are gradually showing effect
- Currency and price pressure affect earnings

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|---------|--------------|-------------|
| Sales | 7,595 | 7,865 | 3.6% |
| <i>Organic growth %</i> | | 1.3% | |
| <i>Currency</i> | | 2.3% | |
| EBIT* | 11 | 142 | <i>n.m.</i> |
| Margin* | 0.1 | 1.8 | 1.7% |

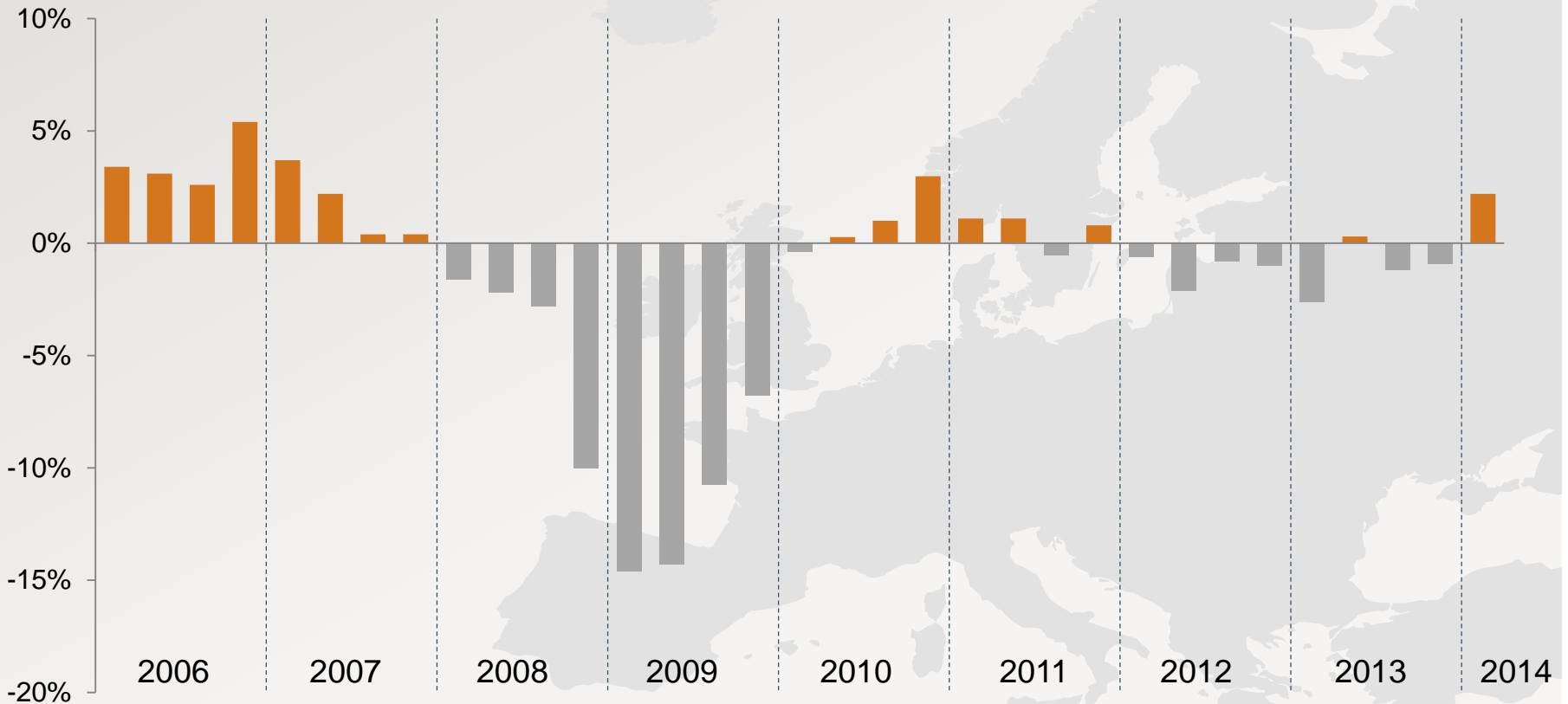
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European White Goods Market



Quarterly comparison 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 | -2 | -3 | 0 | -1 | -1 | +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 | +2 | +3 | +2 | +1 | -2 | +4 |

Core White market development %

Major Appliances North America – Q1

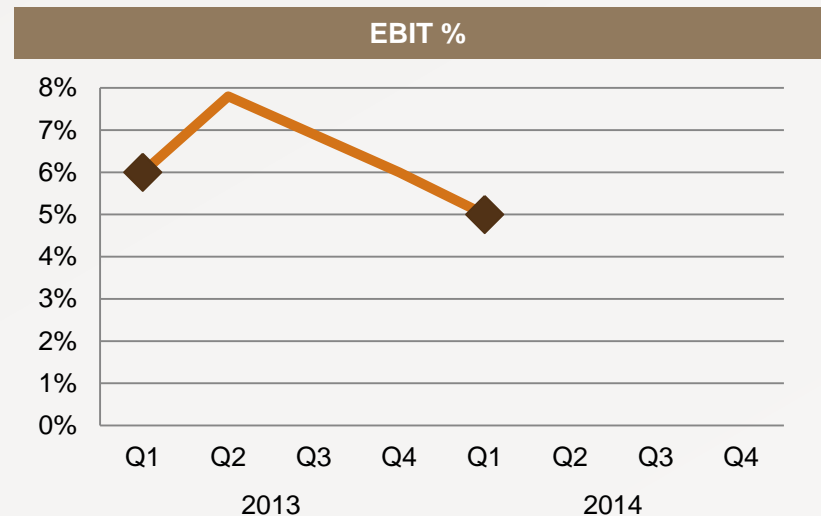


- **Solid underlying market**

- Strong price/mix improvement
- Sales volumes impacted by severe weather conditions in January and February
- Strategic focus and expansion in new distribution channels and segments continues
- Consolidation of the cooking plant at its final stage – closure in July 2014

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|---------|--------------|----------|
| Sales | 7,678 | 7,664 | -0.0% |
| <i>Organic growth %</i> | | 0.4% | |
| <i>Currency</i> | | -0.4% | |
| EBIT* | 457 | 382 | -16.4% |
| Margin* | 6.0 | 5.0 | -1.0% |

* Excluding items affecting comparability.
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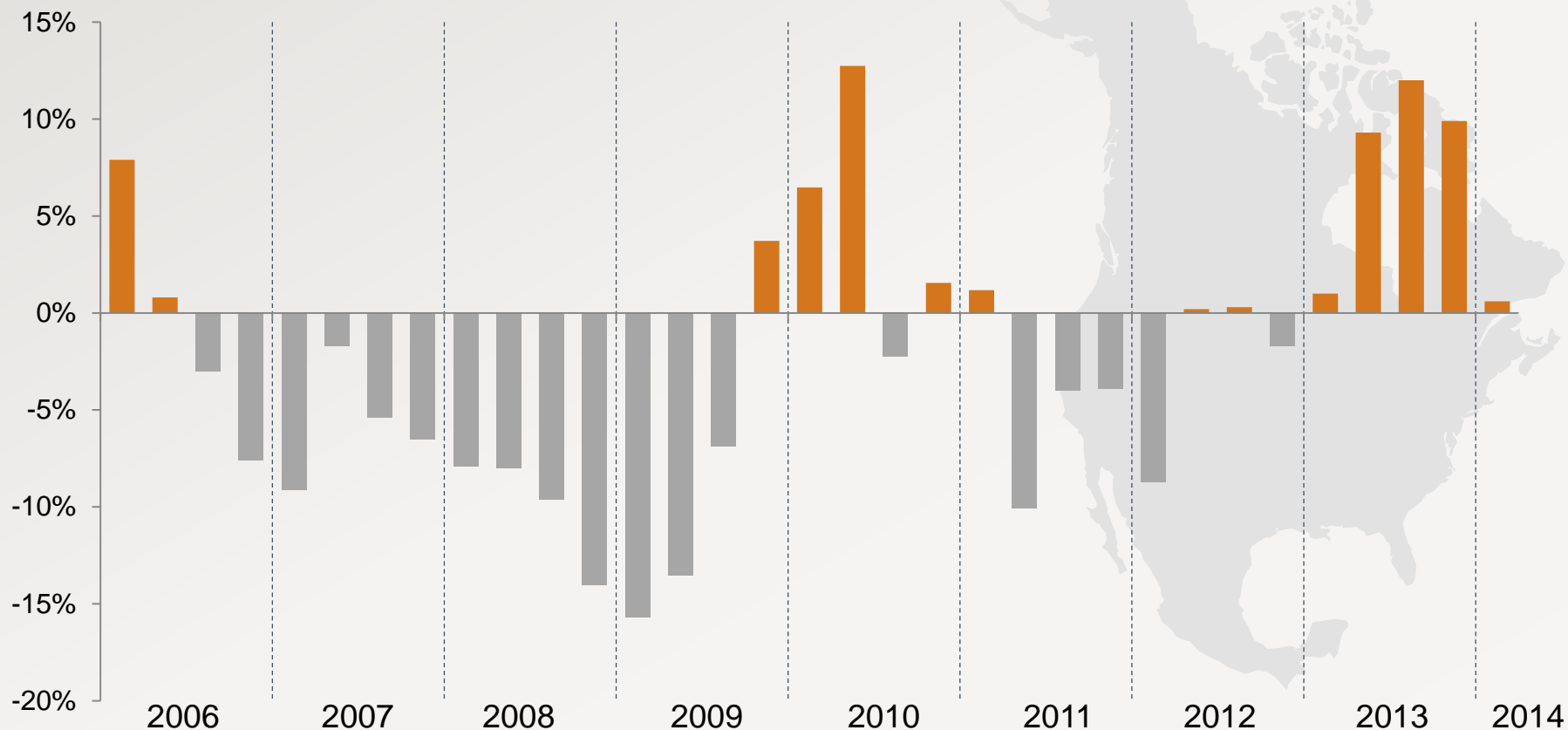


North American White Goods Market



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Quarterly comparison y-o-y



Major Appliances Latin America – Q1

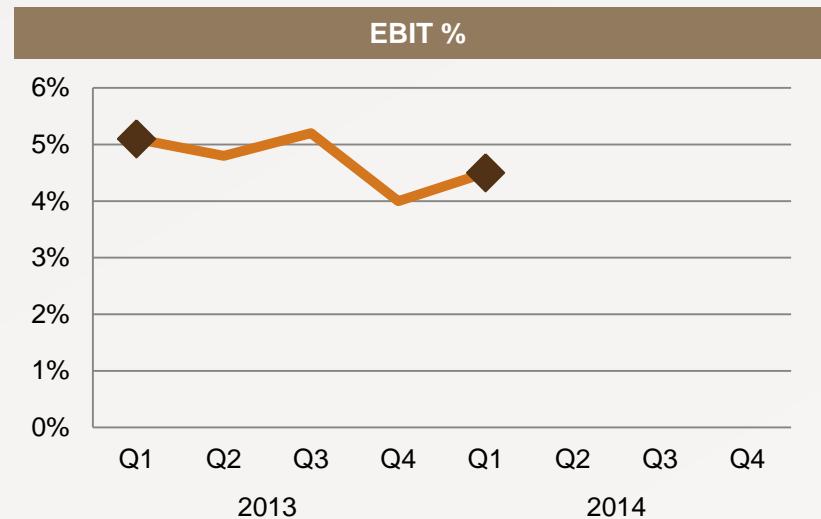


- **Strong growth in a soft market**

- Price increases mitigated to a large extent negative currency effects
- Product mix contributed positively
- Weak volume growth due to slowdown in Brazil
- Inflationary pressures

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|---------|--------------|----------|
| Sales | 4,885 | 4,790 | -1.9% |
| <i>Organic growth %</i> | | 14.8% | |
| <i>Currency</i> | | -16.7% | |
| EBIT* | 251 | 217 | -13.5% |
| Margin* | 5.1 | 4.5 | -0.6% |

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Non-recurring items are excluded in all figures.



Major Appliances Asia Pacific – Q1

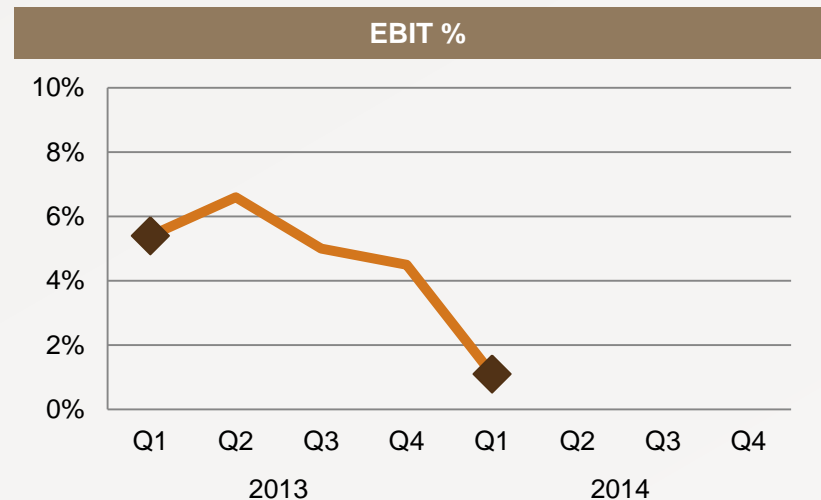


- **Continued growth in Asia**

- Good organic growth of +8.4%
- Australian sales driven by price/mix
- Strong growth development in South East Asia
- China growth across all categories
- Launch investments in China and plant ramp up costs in Thailand affected EBIT

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|---------|--------------|----------|
| Sales | 1,948 | 1,928 | -1.0% |
| <i>Organic growth %</i> | | 8.4% | |
| <i>Currency</i> | | -9.4% | |
| EBIT* | 106 | 21 | -80.2% |
| Margin* | 5.4 | 1.1 | -4.3% |

* Excluding items affecting comparability.
Non-recurring items are excluded in all figures.



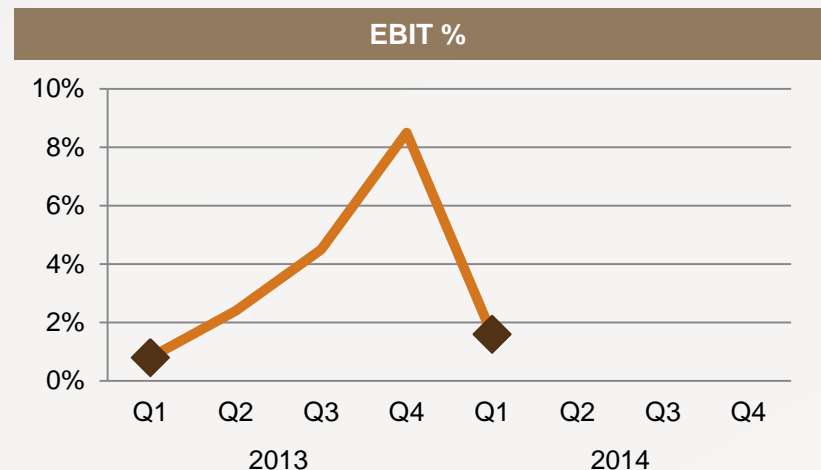
Small Appliances – Q1



- **Good growth in emerging markets**
 - Organic growth +2.0%
 - Strong volume growth in Asia
 - Mix improvement in the Nordics and Eastern Europe
 - Sales in North America affected by severe weather conditions
 - Small domestic appliances (= non floor care) continued growth
 - Price increases and better product mix mitigating difficult currency environment
 - Increased marketing costs in North America and Asia

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|---------|--------------|----------|
| Sales | 2,020 | 2,001 | -0.9% |
| <i>Organic growth %</i> | | 2.0% | |
| <i>Currency</i> | | -2.9% | |
| EBIT* | 17 | 33 | 94.1% |
| Margin* | 0.8 | 1.6 | 0.8% |

* Excluding items affecting comparability.
Non-recurring items are excluded in all figures.



Professional Products – Q1

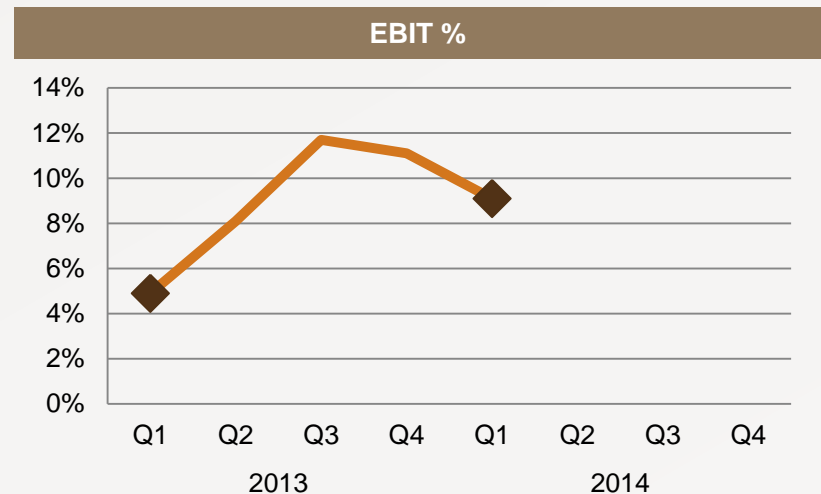


- **Positive sales trend continues**

- Strong organic growth of +13.3%
- Increased sales in North America and emerging markets but also in Western Europe
- Higher margins due to positive price and improved cost structure
- Focus to grow in new markets and segments

| (SEKm) | Q1 2013 | Q1 2014 | Change % |
|-------------------------|---------|--------------|----------|
| Sales | 1,201 | 1,380 | 14.9% |
| <i>Organic growth %</i> | | 13.3% | |
| <i>Currency</i> | | 1.6% | |
| EBIT* | 59 | 126 | 113% |
| Margin* | 4.9 | 9.1 | 4.2% |

* Excluding items affecting comparability.
Non-recurring items are excluded in all figures.





Financials Q1-14

Tomas Eliasson, CFO



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Financials



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| SEKm | Q1 2013 | Q1 2014 | Change |
|--------------------------------|---------|---------|--------|
| Sales | 25,328 | 25,629 | +1.2% |
| Organic | | | +4.5% |
| Acquired | | | - |
| Currency | | | -3.3% |
| EBIT (excl. IAC) | 720 | 749 | +4.0% |
| EBIT margin % | 2.8 | 2.9 | - |
| Op cash flow after investments | -2,707 | -123 | n.m. |
| EPS (excl. IAC) | 1.48 | 1.55 | +4.7% |

Sales and EBIT bridge



| SEKm | Q1 2013 | Organic | Currency translation | Currency transaction | Acquisitions | Q1 2014 |
|-------------|---------|---------|----------------------|----------------------|--------------|---------|
| Net sales | 25,328 | 1,104 | -803 | - | - | 25,629 |
| Growth % | - | 4.5% | -3.3% | - | - | 1.2% |
| EBIT | 720 | 646 | -52 | -565 | - | 749 |
| EBIT % | 2.8% | 58.5% | - | - | - | 2.9% |
| Accretion % | | 2.3% | 0.0% | -2.2% | 0.0% | |

Currency Effects



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| Major transaction effects by, SEKm | Q1 | Q2 | Q3 | Q4 |
|-------------------------------------|-------------|----|----|----|
| BRL | -200 | | | |
| ARS, CLP, VEF, COP | -130 | | | |
| HUF | -10 | | | |
| AUD | -75 | | | |
| RUB | -15 | | | |
| Total | -565 | | | |
| Translation effects, SEKm | Q1 | Q2 | Q3 | Q4 |
| Total | -50 | | | |
| Total currency effects, SEKm | -620 | | | |

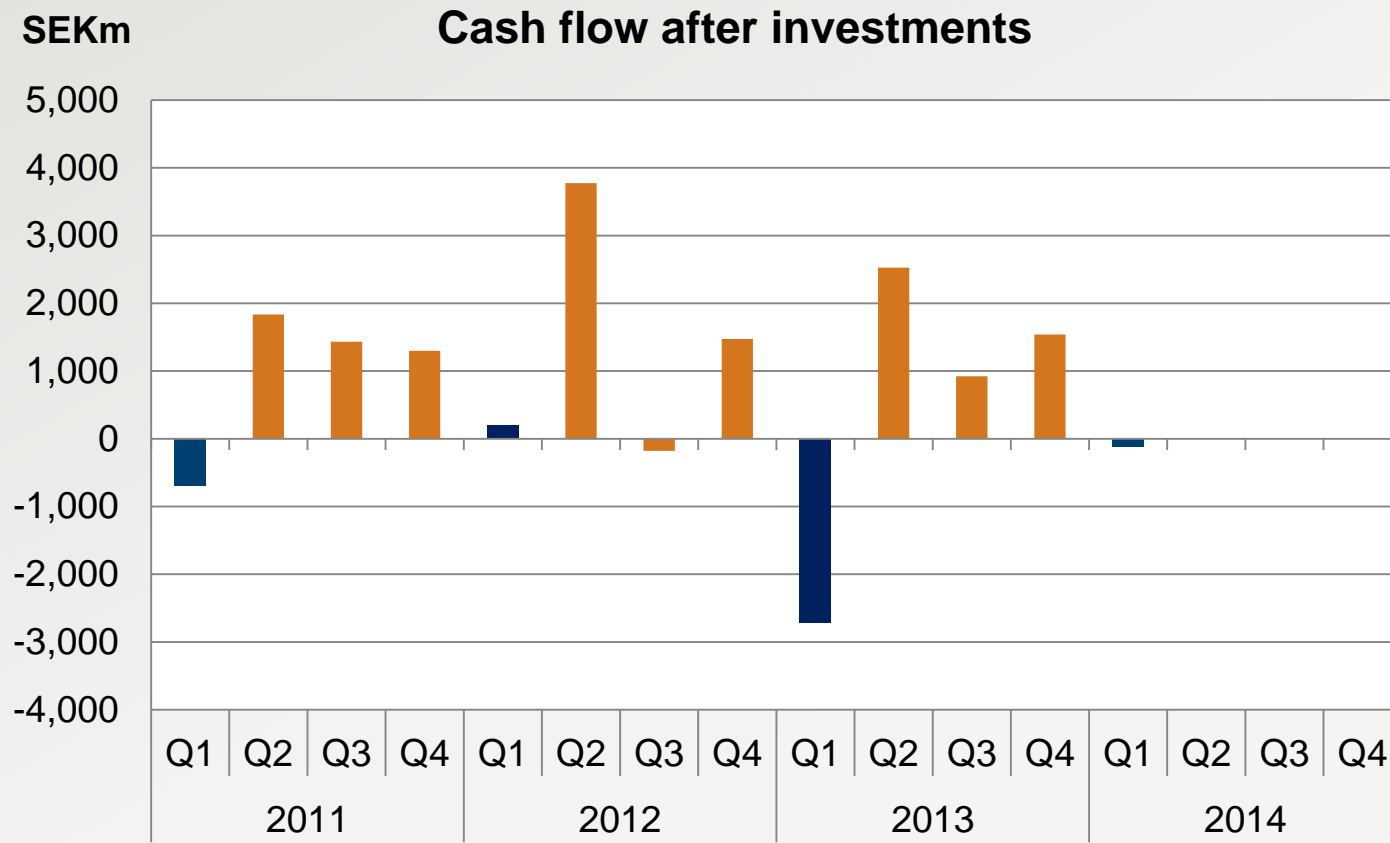
Q1 Cash Flow



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| SEKm | 2013 Q1 | 2014 Q1 |
|--|---------------|-------------|
| EBITDA | 1,618 | 1,706 |
| Change in operating assets and liabilities | -3,444 | -1,160 |
| Investments | -881 | -669 |
| Operating cash flow after investments | -2,707 | -123 |

Cash flow, 2011-2014



Outlook and summary

Keith McLoughlin, President and CEO
Tomas Eliasson, CFO



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Outlook



| | Q2 2014 | FY 2014 | Comments |
|--------------------|-------------------|-------------------|--|
| Market volumes | Slightly Positive | Slightly Positive | Growth in NA and emerging markets, Europe recovery, Brazil slowing |
| Price/Mix | Slightly Positive | Slightly Positive | Latin America and North America positive, Europe: negative price, positive product mix Asia/Pacific: negative country mix |
| Raw-material costs | Flat | Flat | Range SEK -100m/+100m |
| R&D and Marketing | Higher | Higher | Higher marketing spend in North America and Asia, higher global R&D |
| Cost savings | ~SEK 250m | ~ SEK 1bn | Includes global operations, overhead reduction and manufacturing footprint. |

Summary Q1



- Organic growth in all Business Areas
- Market recovery and improved profitability in EMEA
- Slow start for North America – strong rebound in March
- Good performance for Professional Products and Small Appliances
- Slowing macro affecting sales volumes in Latin America
- Price increases mitigated currency headwinds





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Factors affecting forward-looking statements



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Factors affecting forward-looking statements

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