



# Q2-14 Report

## July 18, 2014

Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO



*Thinking of you*  
**Electrolux**

# Q2 Highlights



- **Good performance in our major markets**

- Market recovery in Europe and North America
- Weak volumes in Latin America
- Organic growth in Asia/Pacific

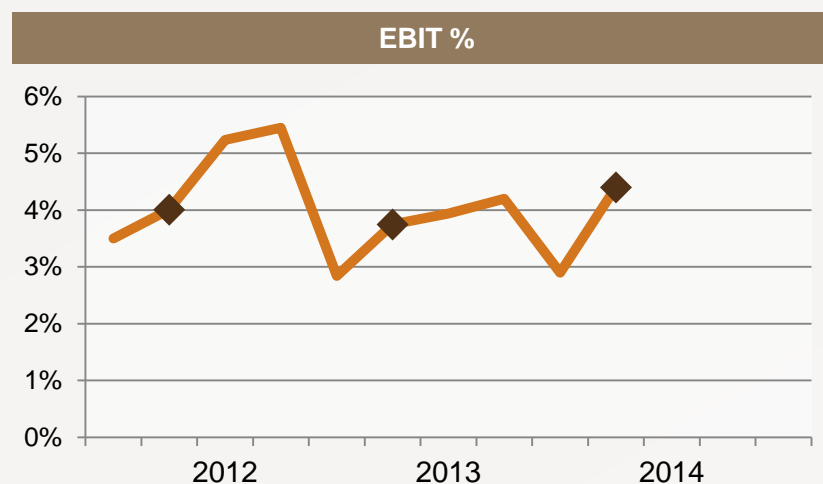
- **Improved earnings**

- Profit recovery in EMEA continues
- Positive impact from ongoing cost reduction program
- Higher earnings in North America
- Good performance despite weak market conditions in Latin America

- **Strong cash flow**

(SEKm)	Q2 2013	Q2 2014	Change %
<b>Sales</b>	27,674	<b>26,330</b>	-4.9%
Organic growth %		-3.8%	
Currency		-1.1%	
<b>EBIT*</b>	1,037	<b>1,167</b>	12.5%
Currency		-430	
<b>Margin*</b>	3.7	<b>4.4</b>	0.7%
<b>EPS*</b>	<b>2.24</b>	<b>2.85</b>	27.2%

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



# Market Highlights



Thinking of you  
Electrolux

- Driving better mix in core markets
  - Strong focus on “Big 12” in North America
  - Increased sales within built-in products in Europe



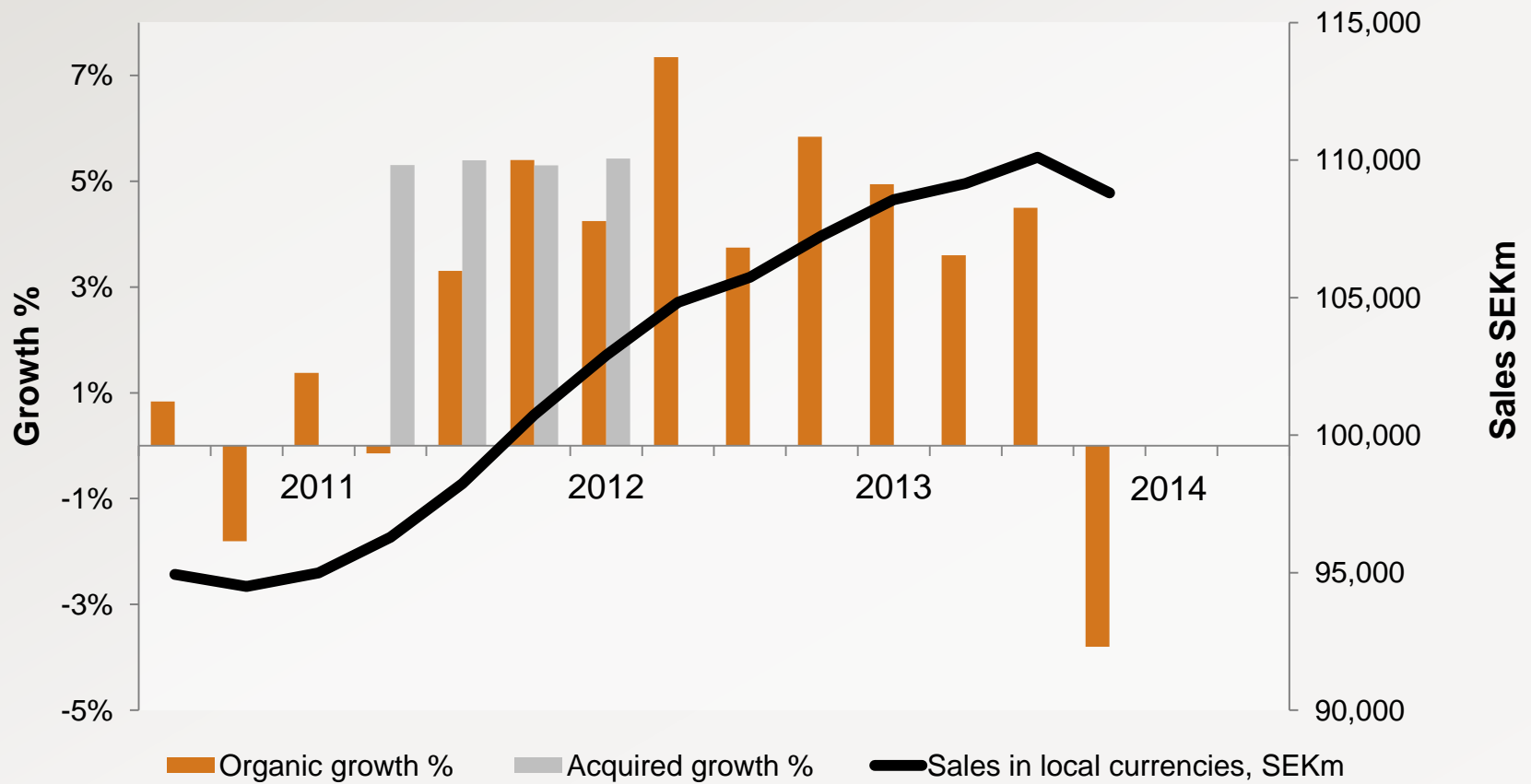
- Expanding the SDA range “The New Expressionist Collection”



- Driving growth in Electrolux Professional
  - Professional ovens and dishwashers at the World Cup
  - Design award for thermaline – high capacity kitchen
  - Successful global launch of the Line 5000



# Sales in Local Currencies





# Major Appliances EMEA – Q2

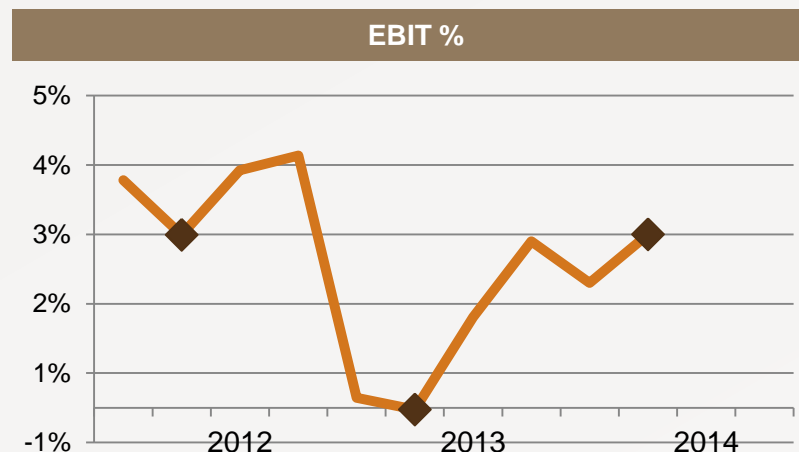


- **Improved profitability in Europe**

- Sales growth in Benelux, UK and recovery in Spain
- Volumes impacted by weak Eastern Europe and Middle East
- Lower costs due to ongoing cost reduction initiatives
- Improved mix driven by sales growth in premium and built-in segments
- Currency and price pressure affect earnings

(SEKm)	Q2 2013	Q2 2014	Change %
<b>Sales</b>	8,040	<b>8,107</b>	0.8%
Organic growth %		-2.2%	
Currency		+3.0%	
<b>EBIT*</b>	-2	<b>199</b>	nm
Currency effect		-130	
<b>Margin*</b>	0.0	<b>2.5</b>	2.5%

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

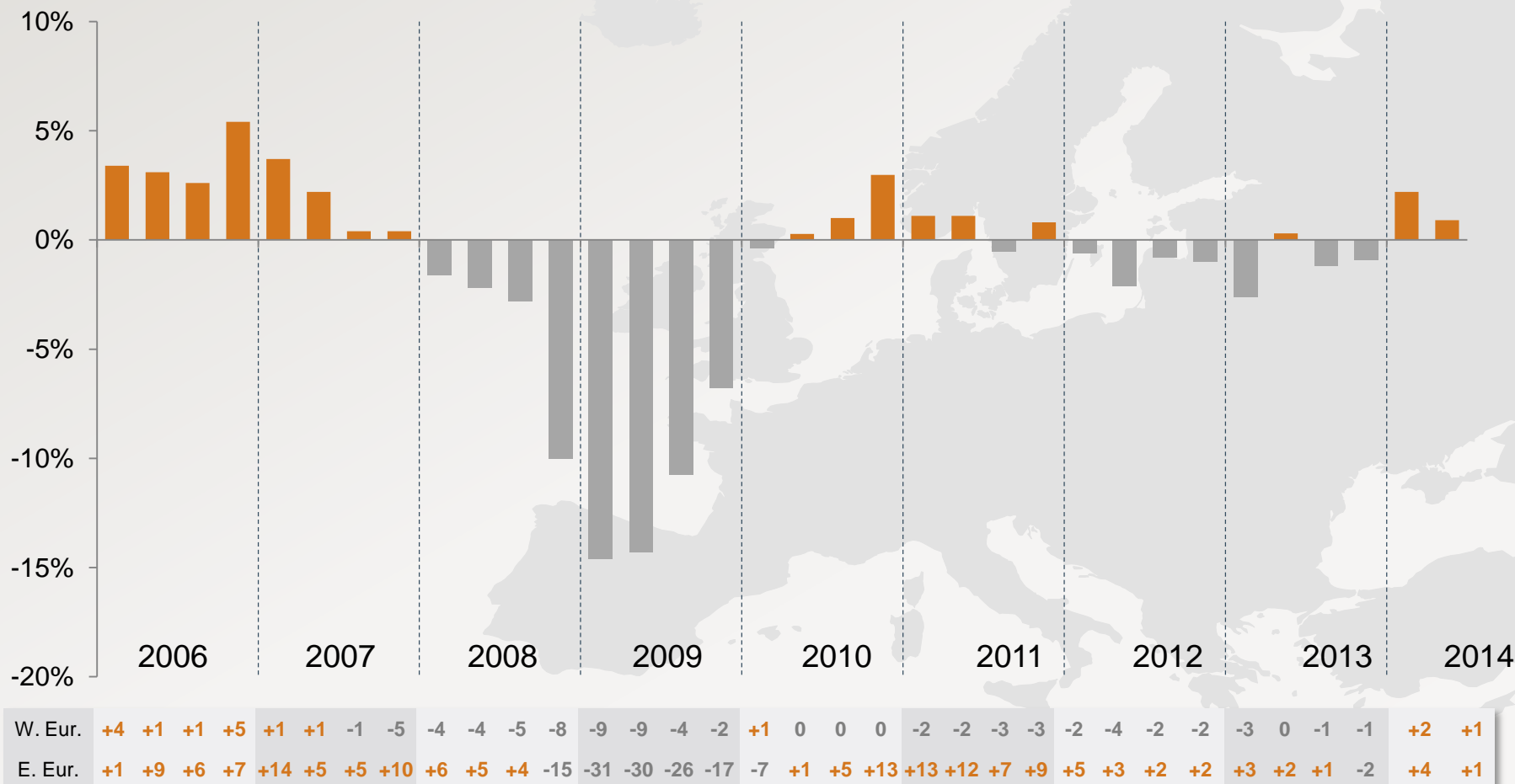


# European White Goods Market



Thinking of you  
Electrolux

Quarterly comparison y-o-y



Core White market development %

# Major Appliances North America – Q2

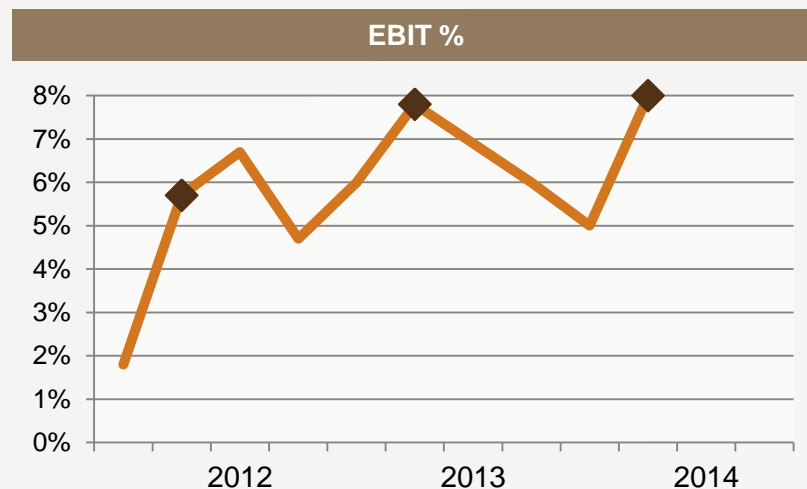


- **Continued growth in core appliances**

- Higher sales in core appliances offset by lower room air-conditioners
- Improved results driven by strong mix development
- Expansion in new distribution channels and segments continues
- Consolidation of the cooking plant at its final stage – closure in July 2014
- Refrigeration and laundry affected by fire

(SEKm)	Q2 2013	Q2 2014	Change %
<b>Sales</b>	8,448	<b>8,464</b>	0.2%
Organic growth %		0.5%	
Currency		-0.3%	
<b>EBIT*</b>	663	<b>680</b>	2.6%
Currency effect		-85	
<b>Margin*</b>	7.8	<b>8.0</b>	0.2%

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

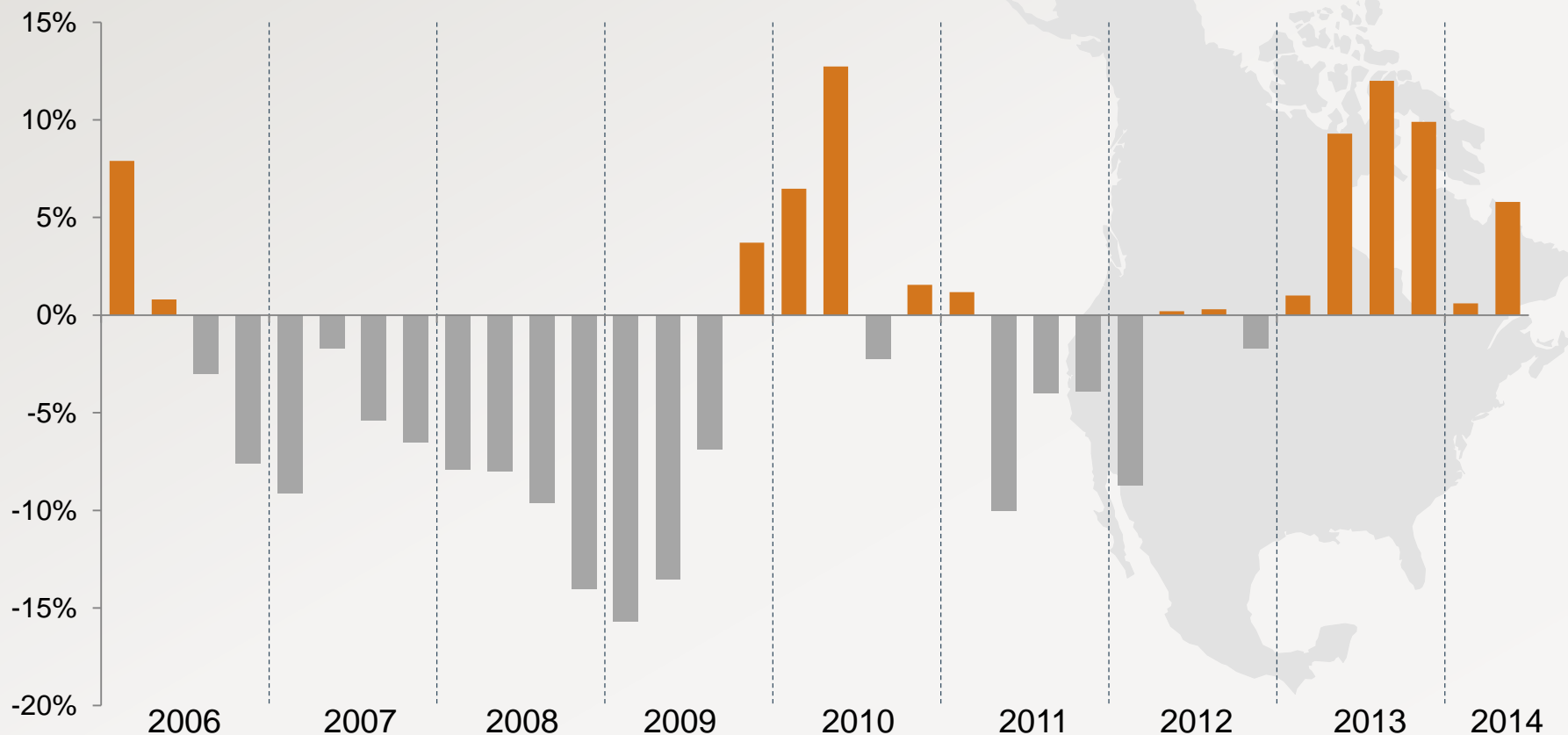


# North American White Goods Market



*Thinking of you*  
**Electrolux**

Quarterly comparison y-o-y





# Major Appliances Latin America – Q2

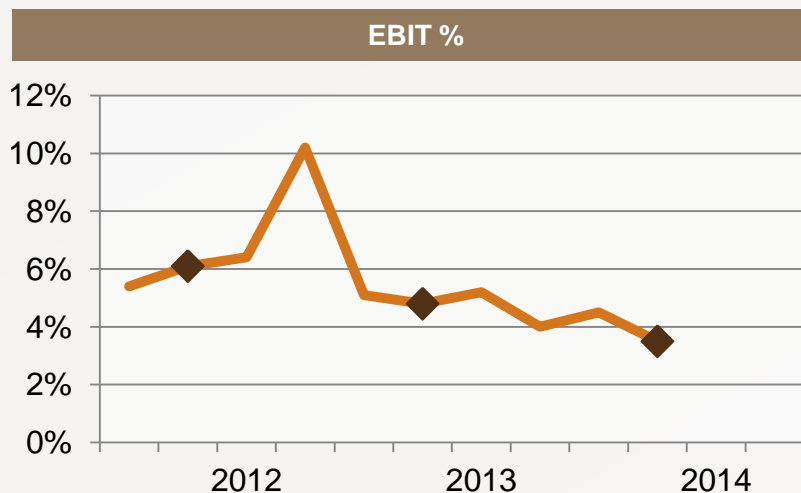


- **Good performance in a weak market**

- Lower sales growth due to weak demand in Brazil and Argentina
- Volumes adversely affected by the FIFA World Cup
- Actions to reduce total costs
- Price increases continued to offset currency headwinds
- Inflationary pressures

(SEKm)	Q2 2013	Q2 2014	Change %
<b>Sales</b>	5,472	<b>4,064</b>	-25.7%
Organic growth %		-19.0%	
Currency		-6.7%	
<b>EBIT*</b>	261	<b>142</b>	-45.6%
Currency effect		-130	
<b>Margin*</b>	4.8	<b>3.5</b>	-1.3%

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



# Major Appliances Asia Pacific – Q2

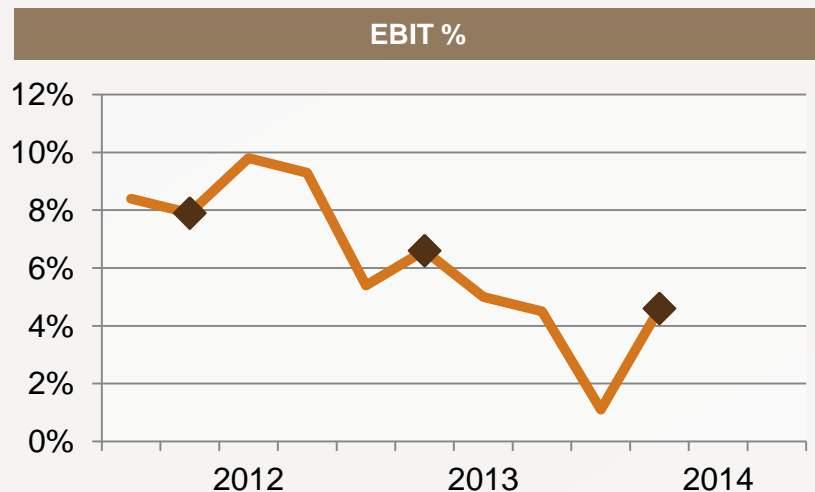


- **Volume growth in Asia**

- Organic growth of +3.3%
- Volume growth in China and Southeast Asia
- Improved prices offset lower volumes in Australia
- Launch investments in China and plant ramp up costs in Thailand continued to impact earnings

(SEKm)	Q2 2013	Q2 2014	Change %
<b>Sales</b>	2,227	<b>2,221</b>	-0.3%
Organic growth %		3.3%	
Currency		-3.6%	
<b>EBIT*</b>	148	<b>102</b>	-31.1%
Currency effect		-49	
<b>Margin*</b>	6.6	<b>4.6</b>	-2.0%

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



# Small Appliances – Q2

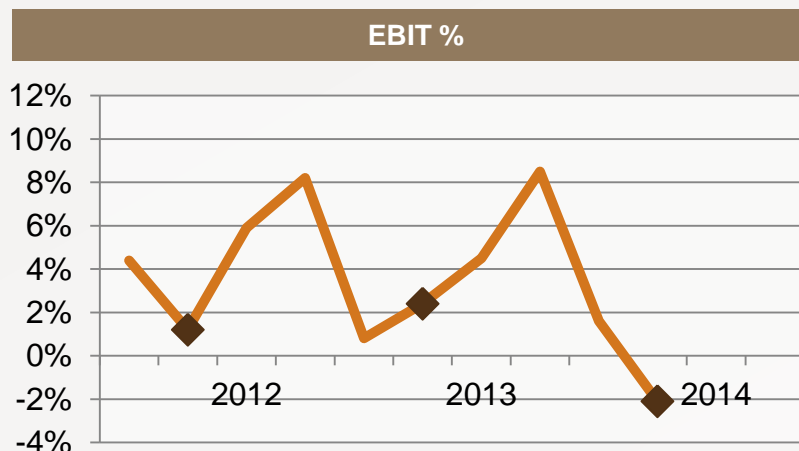


- **Weak seasonal performance**

- Lower growth driven by sales shortfall in North America and Latin America
- Positive volume growth in Asia
- Small domestic appliances (= non floor care) continued growth
- Lower operating income due to negative price and lower volumes
- Headwinds from emerging market currencies

(SEKm)'	Q2 2013	Q2 2014	Change %
<b>Sales</b>	2,104	<b>1,938</b>	-7.9%
Organic growth %		-6.6%	
Currency		-1.3%	
<b>EBIT*</b>	50	<b>-41</b>	-182.0%
Currency effect		4.8	
<b>Margin*</b>	2.4	<b>-2.1</b>	-2.3%

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



# Professional Products – Q2

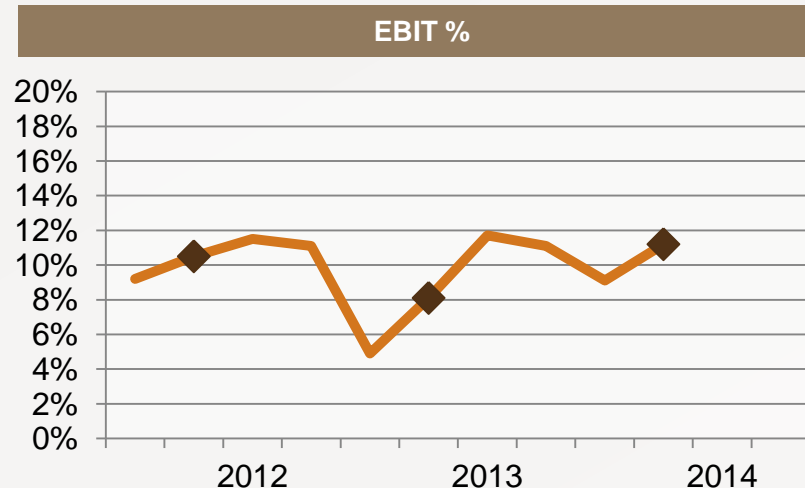


- **Positive earnings momentum**

- Strong organic growth of 8%
- Increased sales in Europe and strong recovery in growth markets
- Continued focus on growth in new markets and segments
- Improved margins due to higher volumes and lower cost structure

(SEKm)	Q2 2013	Q2 2014	Change %
<b>Sales</b>	1,383	<b>1,536</b>	11.1%
Organic growth %		8.0%	
Currency		3.1%	
<b>EBIT*</b>	112	<b>172</b>	53%
Currency effect		-7	
<b>Margin*</b>	8.1	<b>11.2</b>	3.1%

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





# Financials Q2-14

Tomas Eliasson, CFO



*Thinking of you*  
**Electrolux**



# Financials



Thinking of you  
Electrolux

SEKm	Q2 2013	Q2 2014	Change
Sales	27,674	26,330	-4.9%
<i>Organic</i>			-3.8%
<i>Acquired</i>			-
<i>Currency</i>	-1,634	-327	-1.1%
EBIT (excl. IAC)	1,037	1,167	+12.5%
EBIT margin %	3.7	4.4	-
Op cash flow after investments	2,599	3,307	+27%
EPS (excl. IAC)	2.24	2.85	+27%

# Sales and EBIT bridge



Thinking of you  
Electrolux

SEKm	Q2 2013	Volume Organic	Price/Mix	Currency translation	Currency transaction	Other	Q2 2014
Net sales	27,674	-2,215	1,198	-327	-	-	26,330
Growth %	-	-8.2%	+4.4%	-1.1%	-	-	-4.9%
EBIT	1,037	-263	743	-10	-420	80	1,167
EBIT %	3.7%	-11.9%	62.0%		-	-	4.4%
Accretion %		1.9%		0.0%	-1.5%	0.3%	

# Currency Effects



Major transaction effects by, SEKm	Q1	Q2	Q3	Q4
BRL	-200	-80		
ARS, CLP, VEF, COP	-130	-50		
CNY	-1	-70		
AUD	-75	-35		
RUB	-15	-25		
<b>Total</b>	<b>-565</b>	<b>-420</b>		
Translation effects, SEKm	Q1	Q2	Q3	Q4
Total	-55	-10		
<b>Total currency effects, SEKm</b>	<b>-620</b>	<b>-430</b>		

# Restructuring update



Charges SEKbn	Announced Q3 2013	Booked Q4 2013	Booked H1 2014	Total booked as IAC
Manufacturing	2.2	0.5	0.9	1.4
Overhead	1.2	1.0	0.2	1.2
Total (I)	<b>3.4</b>	<b>1.5</b>	<b>1.1</b>	<b>2.6</b>
Impairment	1.0	0.9	-	0.9
Total (II)	<b>4.4</b>	<b>2.4</b>	<b>1.1</b>	<b>3.5</b>
Savings	<b>1.8</b>	-	-	<b>1.4</b>

# Q2 Cash Flow

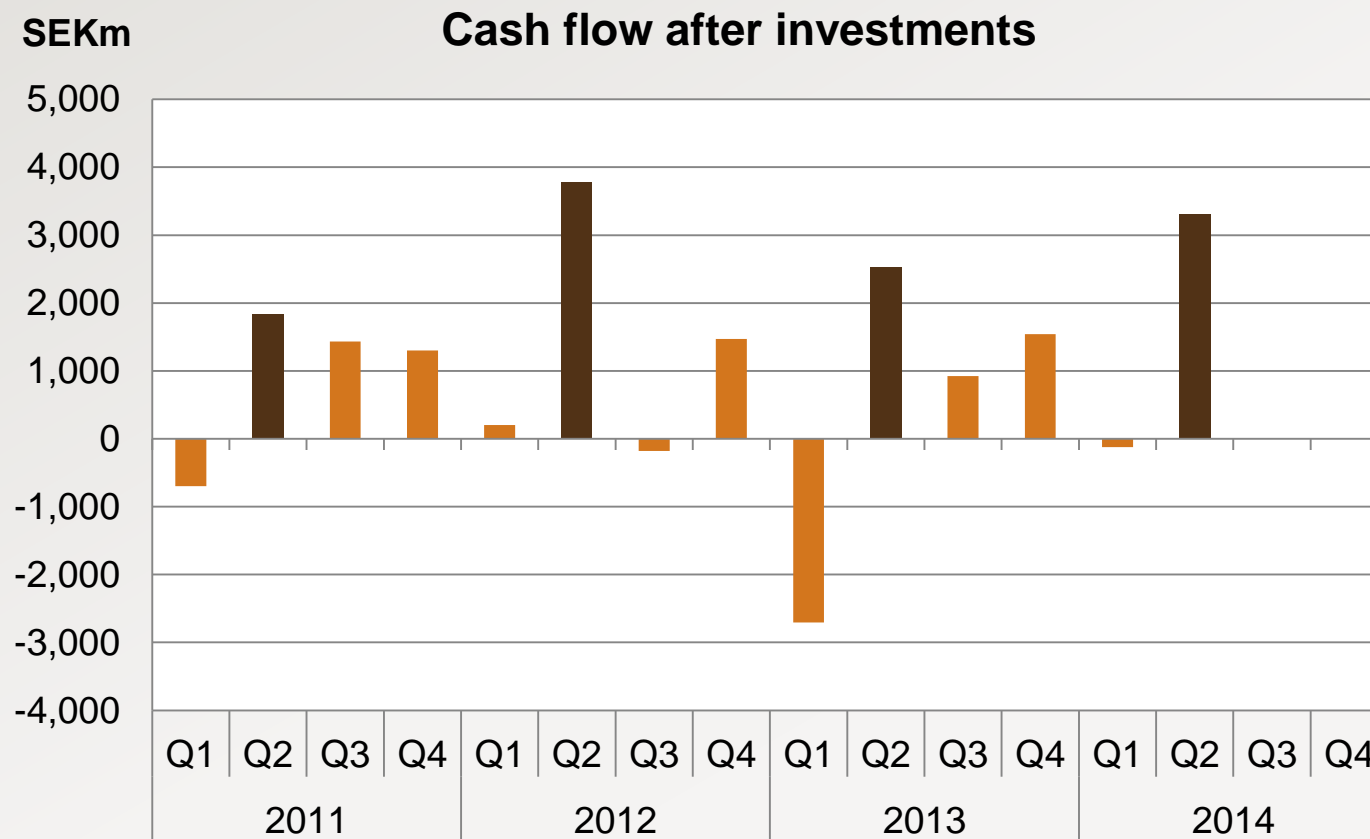


*Thinking of you*  
**Electrolux**

SEKm	2013 Q2	2014 Q2
EBITDA	1,919	2,114
Change in operating assets and liabilities	1,764	1,957
Investments	-1,084	-764
<b>Operating cash flow after investments</b>	<b>2,599</b>	<b>3,307</b>



# Cash flow, 2011-2014



# Outlook and summary

Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO



*Thinking of you*  
**Electrolux**

# Outlook



*Thinking of you*  
**Electrolux**

	Q3 2014	FY 2014	Comments
Market volumes	Slightly Positive	Slightly Positive	Growth in NA and emerging markets, Europe recovery, Brazil deteriorating
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 250-300m	SEK 1bn-1.2bn	Includes global operations, overhead reduction and manufacturing footprint

# Summary Q2



*Thinking of you*  
**Electrolux**

- Continued recovery in our core markets with a strong cash flow
- Price and mix improvement offset lower volume growth
- Profitability in EMEA is being restored
- Solid performance in North America driven by strong mix
- Given the weak market in Latin America performance was good
- Good growth in Asia and Professional Products





*Thinking of you*  
**Electrolux**



# Factors affecting forward-looking statements



*Thinking of you*  
**Electrolux**

## **Factors affecting forward-looking statements**

This presentation contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.