



# Q2 Report July 17, 2015

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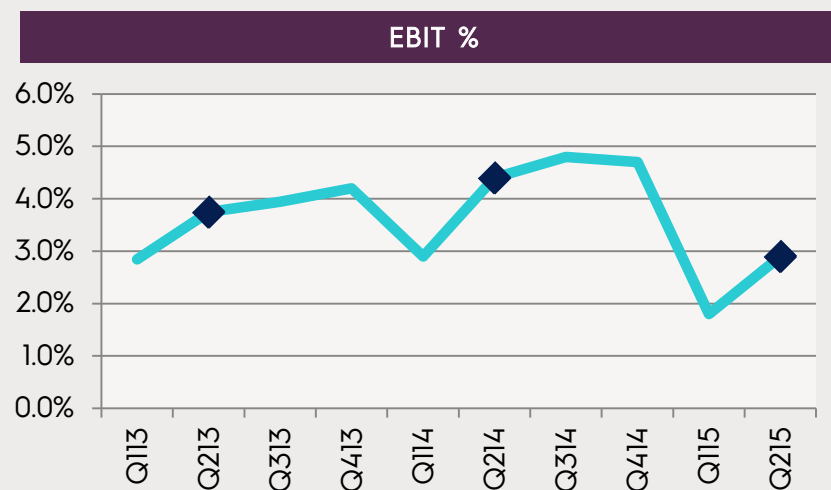
# Q2 Highlights



- Growth in all business areas
  - Organic growth of 7%
  - Good development in North America Latin America and Professional
  - Strong performance in EMEA
  - Positive currency translation
- EBIT of SEK 921m
  - Price/mix and cost improvements contributed positively
  - Earnings improvement in EMEA, Asia/Pacific, SA and Professional
  - Unfavourable currency transaction impact
- Strong cash flow generation

(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	26,330	<b>31,355</b>	+19.1%
<i>Organic growth</i>		7.0%	
<i>Acquired growth</i>		0.1%	
<i>Currency</i>		12.0%	
<b>EBIT</b>	63	<b>921</b>	<i>n.m.</i>
<b>Margin %</b>	0.2	<b>2.9</b>	2.7
<b>EPS</b>	<b>-0.32</b>	<b>2.12</b>	<i>n.m.</i>

Note: EBIT figure for Q2 2014 includes SEK 1,104m of restructuring charges

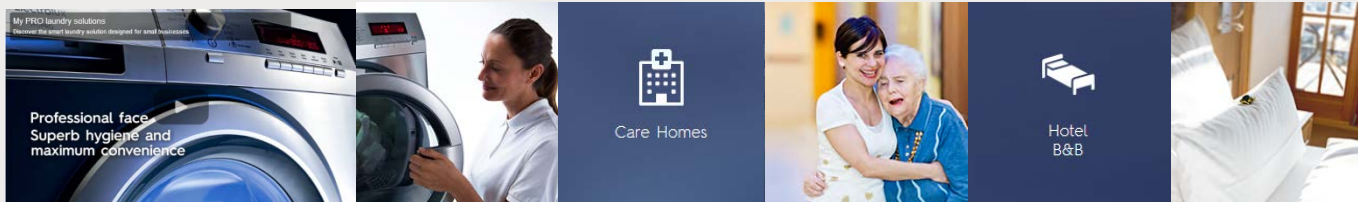


Note: EBIT margin excluding restructuring charges

# Market Highlights



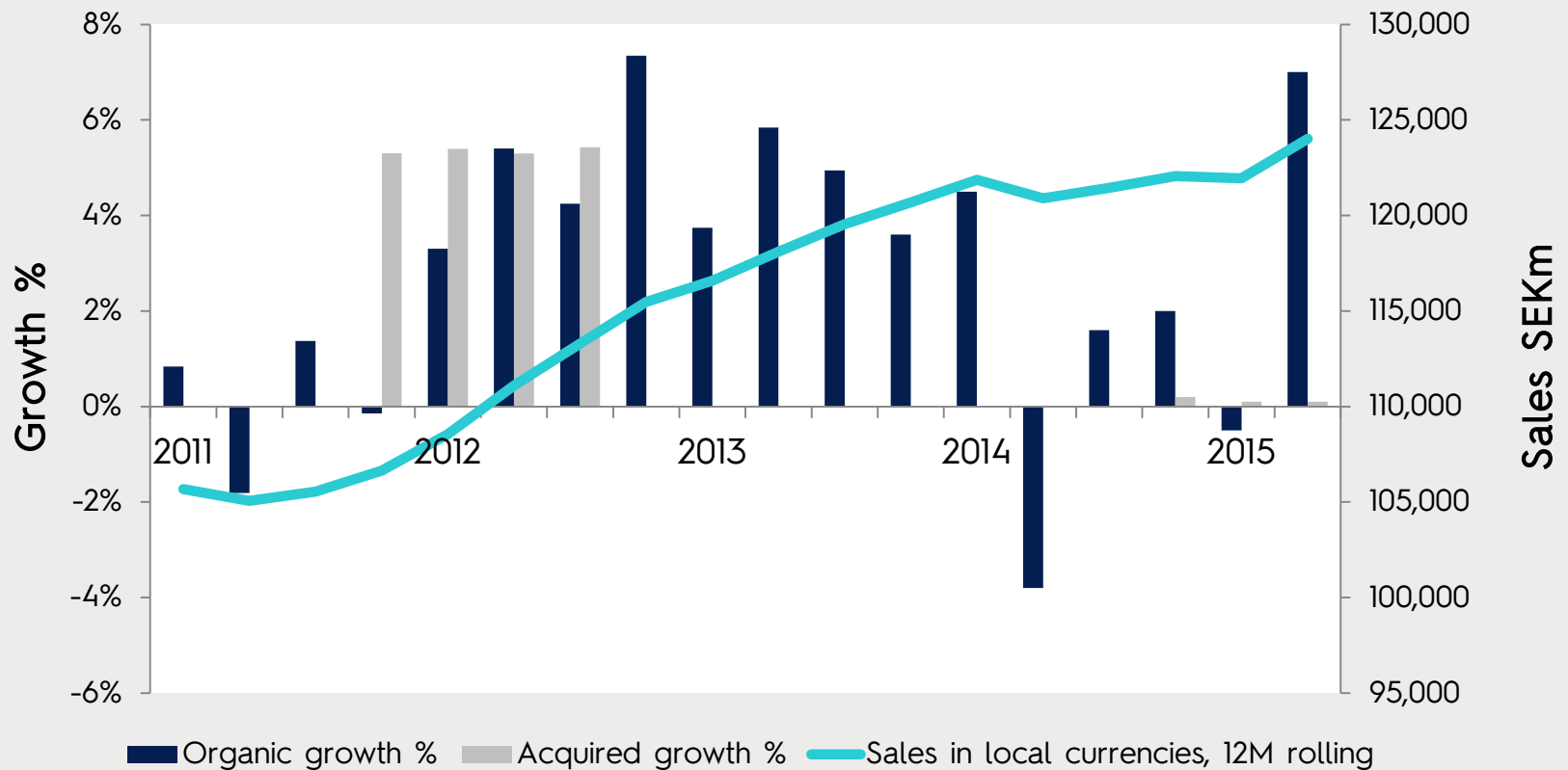
- Professional laundry bridging the gap in the professional market
  - New range creates a great opportunity in a completely new market segment
  - The **myPro** washer and dryer fills the gap between the professional and the small businesses, which includes small hotels, restaurants, hair salons and sport centers



- North America launches the company's first-ever connected appliance
  - The **Frigidaire Cool Connect** Air Conditioner entered the market in June
  - The appliance can be synced up to a smart phone and be controlled remotely through the "Frigidaire Smart Appliance App", downloadable for free on iTunes



# Sales in Local Currencies



# Major Appliances EMEA

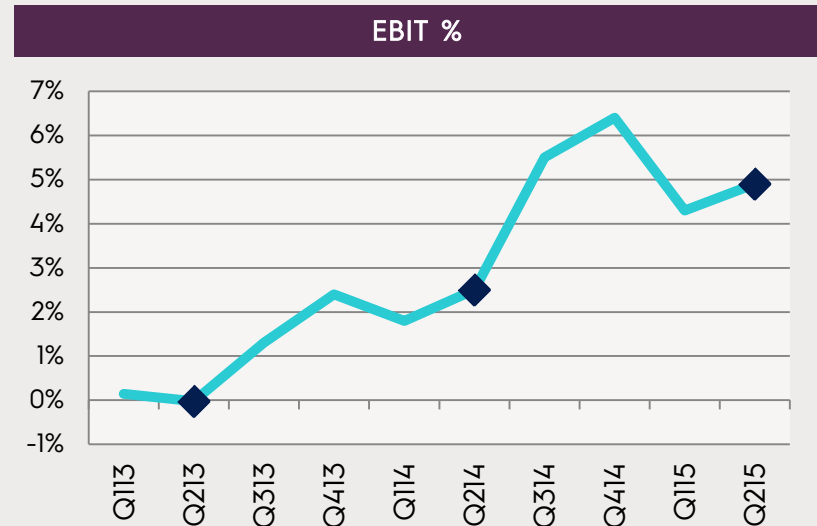


- Continued strong performance

- Continued positive organic growth
- Market demand improved in most European markets, while demand in Russia and Ukraine fell sharply
- Electrolux sales volumes increased in Western Europe
- Positive mix mitigated continued price pressure
- Underlying EBIT more than doubled as a result of improved product mix and ongoing cost efficiency program

(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	8,107	<b>8,699</b>	7.3%
<i>Organic growth</i>		2.7%	
<i>Currency</i>		4.6%	
<b>EBIT</b>	-901	<b>426</b>	<i>n.m.</i>
<b>Margin %</b>	-11.1	<b>4.9</b>	16.0

Note: EBIT figure for Q2 2014 includes SEK 1,100m of restructuring charges

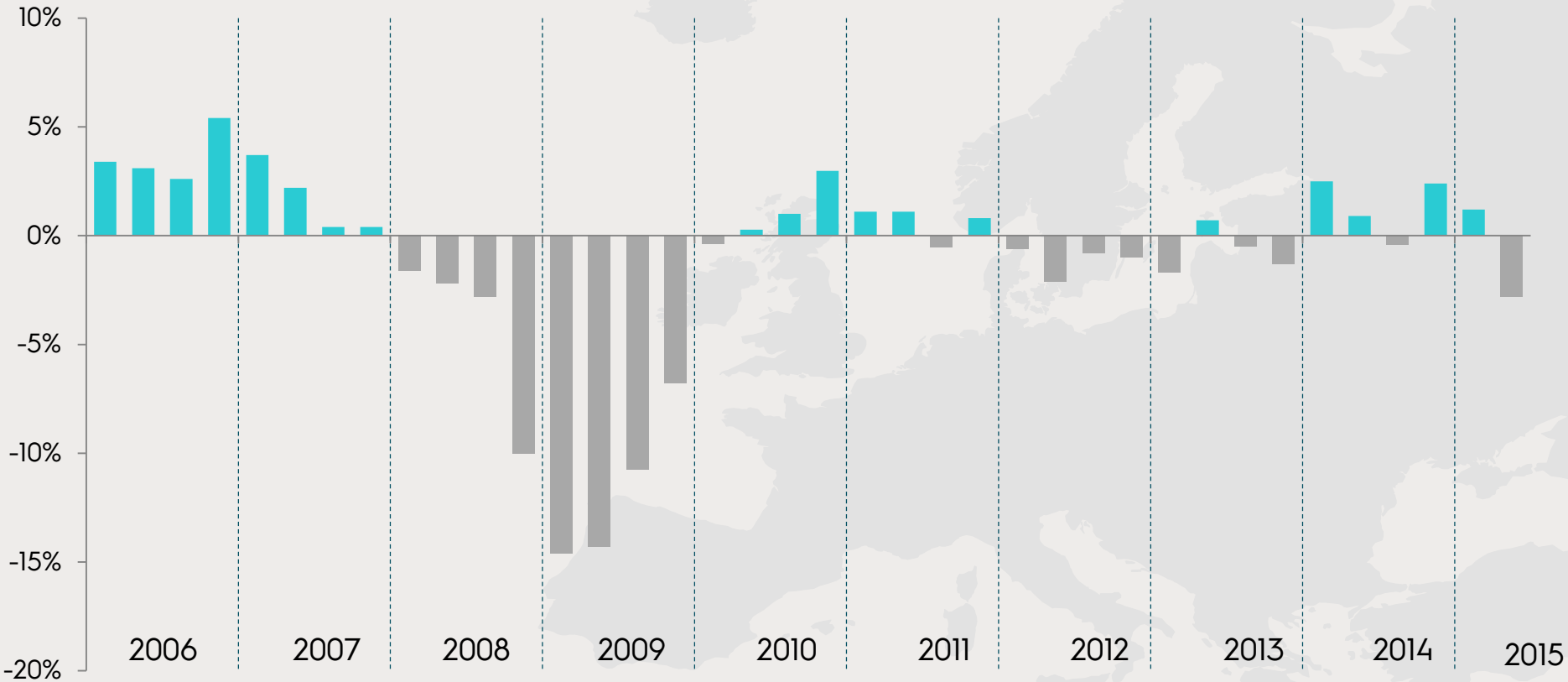


Note: EBIT margin excluding restructuring charges

# 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	+1	+1	+3	+4	+4
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	+1	-4	+1	-10	-23

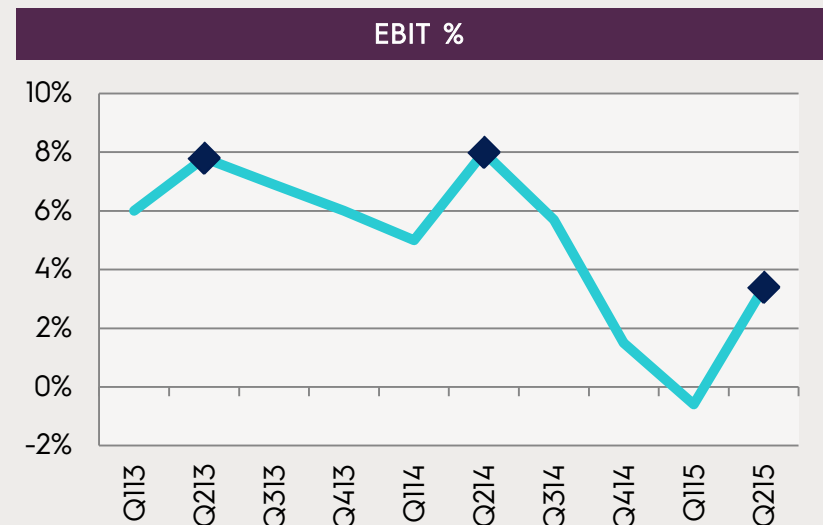
# Major Appliances North America



- Sequential improvement of results

- Strong organic growth driven by significant sales increase in air-conditioning
- Several categories in core white also increased
- Earnings continued to be impacted by the DoE transition within cold products
- Continued ramp-up costs and inefficiencies within the new cooking plant in Memphis
- Actions underway to restore profitability

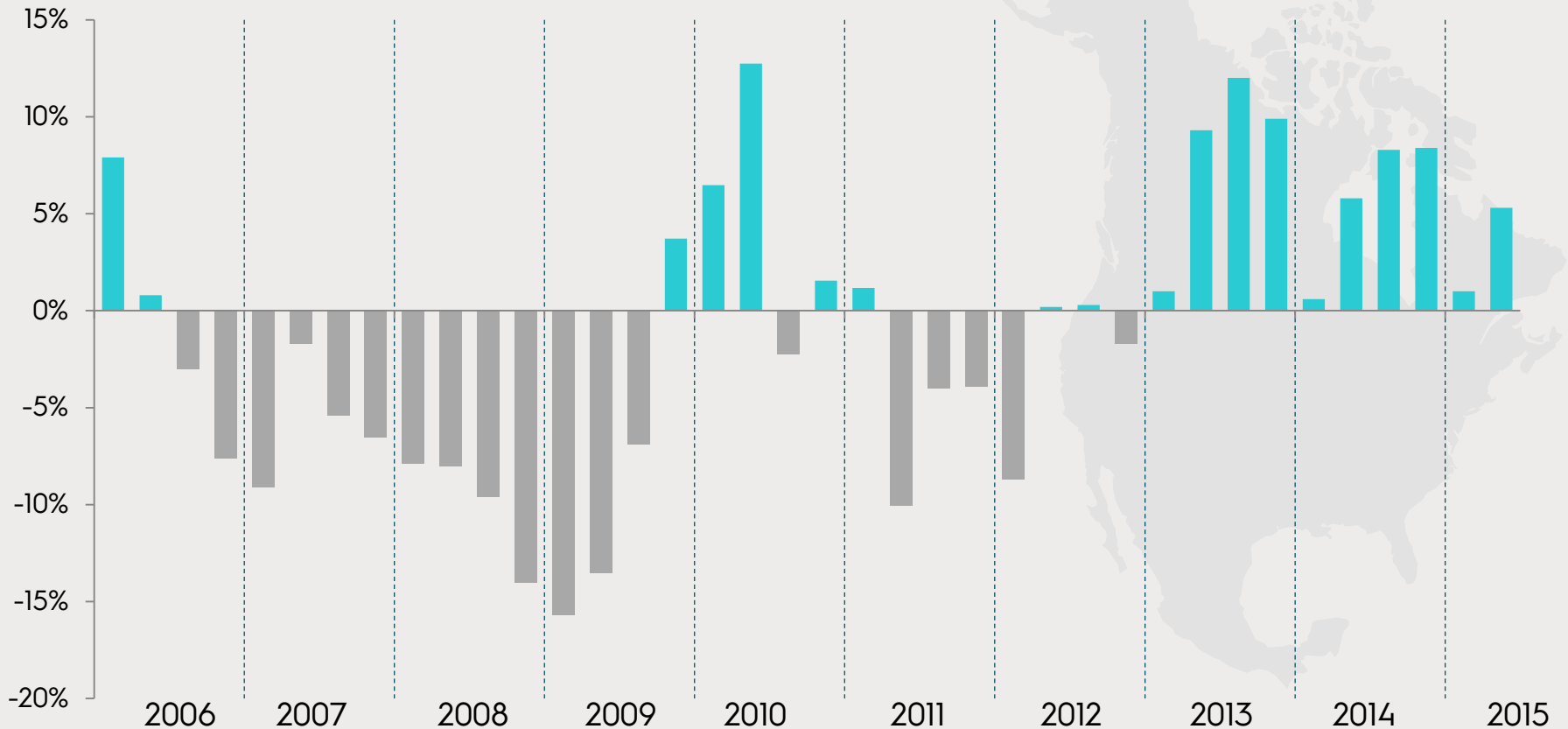
(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	8,464	<b>11,717</b>	<b>38.4%</b>
<i>Organic growth</i>		11.4%	
<i>Currency</i>		27.0%	
<b>EBIT</b>	680	<b>401</b>	<b>-41.0%</b>
<b>Margin %</b>	8.0	<b>3.4</b>	<b>-4.6</b>



# North American White Goods Market



Quarterly comparison y-o-y



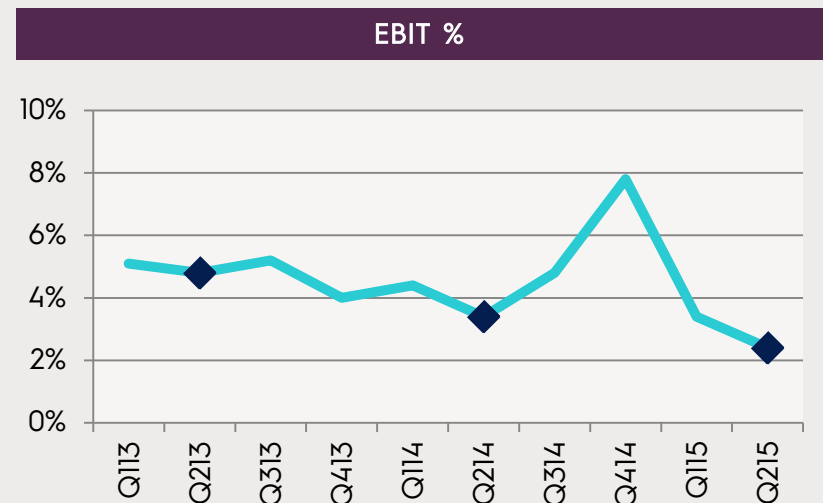


# Major Appliances Latin America



- Good execution in tough markets
  - Strong organic growth of 11.4%
  - Market demand for appliances continued to decline in Brazil
  - Price increases mitigated to a large extent currency headwinds
  - Further actions taken to adapt the cost base
  - Uncertain macro-economic outlook

(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	4,064	<b>4,476</b>	10.1%
<i>Organic growth</i>		11.4%	
<i>Currency</i>		-1.3%	
<b>EBIT</b>	138	<b>107</b>	-22.5%
<b>Margin %</b>	3.4	<b>2.4</b>	-1.0

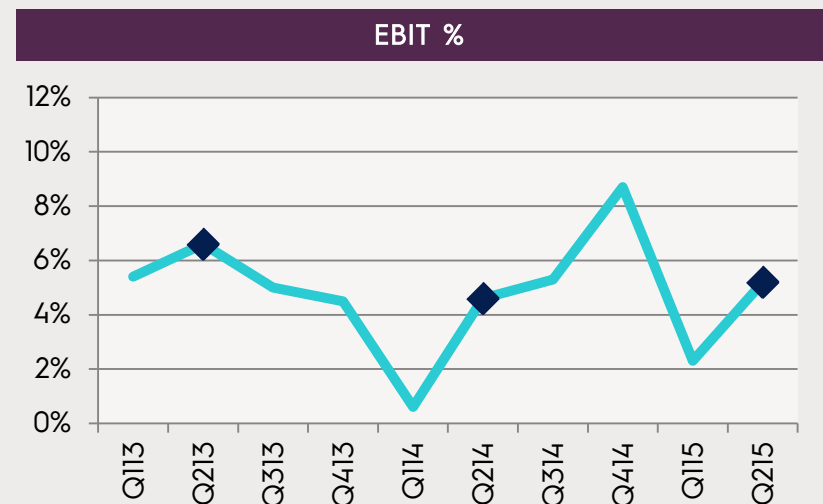


# Major Appliances Asia/Pacific



- Solid earnings performance
  - Strong sales growth in Australia while sales in Southeast Asia and China declined
  - Volumes in Australia grew in all categories, except air-con
  - Positive impact from higher prices offsets negative currency
  - Lower warranty and transportation costs had a positive impact on earnings

(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	2,221	<b>2,576</b>	16.0%
<i>Organic growth</i>		0.7%	
<i>Acquired growth</i>		0.8%	
<i>Currency</i>		14.5%	
<b>EBIT</b>	102	<b>135</b>	32.4%
<b>Margin</b>	4.6	<b>5.2</b>	0.6



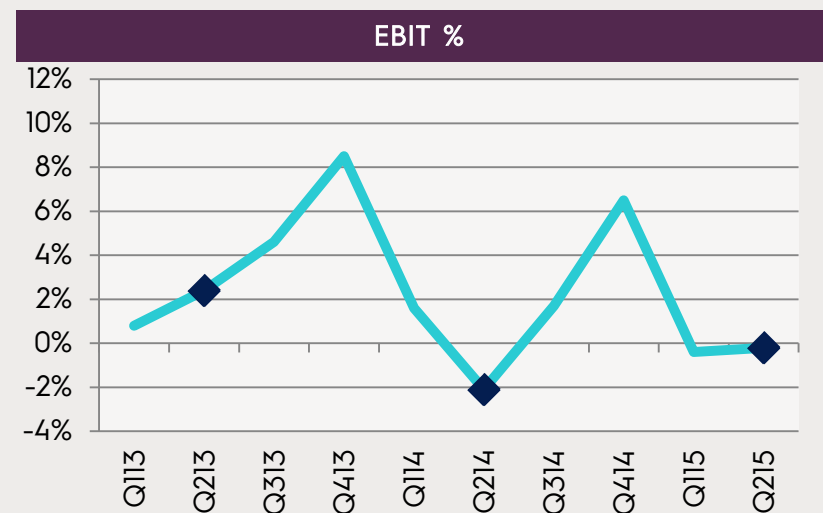
# Small Appliances



- Cost actions taken

- Organic growth of 3%
- Volumes declined as a result of lower sales volumes in North America and Latin America
- Positive mix contribution due to focus on more profitable products
- Price increases in some markets but currency continues to have a negative net effect
- Cost reduction measures taken during the quarter, mainly in North America

(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	1,938	<b>2,198</b>	13.4%
<i>Organic growth</i>		2.6%	
<i>Currency</i>		10.8%	
<b>EBIT</b>	-41	<b>-4</b>	<i>n.m.</i>
<b>Margin %</b>	-2.1	<b>-0.2</b>	1.9



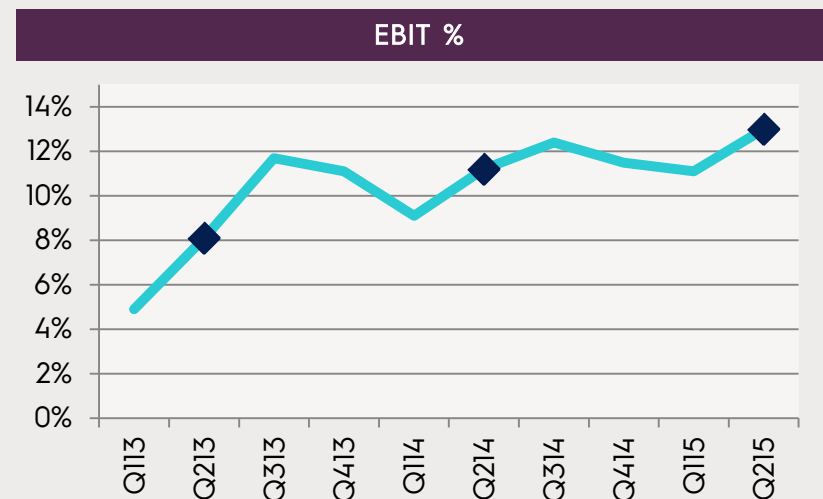
# Professional Products



- **Steady margin development**

- Organic growth of +5.1%
- Higher sales volumes driven by both laundry and food business
- Sales increased in Western Europe, NA and Middle East & Africa
- Initiatives in new markets and segments are getting traction
- Improved EBIT as a result of higher sales volumes and efficiency gains
- Closed acquisition of Veetsan

(SEKm)	Q2 2014	Q2 2015	Change
<b>Sales</b>	1,536	<b>1,689</b>	10.0%
<i>Organic growth</i>		5.1%	
<i>Currency</i>		4.9%	
<b>EBIT</b>	172	<b>220</b>	27.9%
<b>Margin %</b>	11.2	<b>13.0</b>	1.8





# Financials

## Q2-15

Tomas Eliasson, CFO

# Financials



SEKm	Q2 2014	Q2 2015	Change
Sales	26,330	31,355	+19.1%
<i>Organic</i>	-3.8%	7.0%	
<i>Acquired</i>	-	0.1%	
<i>Currency</i>	-1.1%	12.0%	
EBIT	63	921	n.m.
EBIT margin %	0.2	2.9	2.7
Op cash flow after investments	3,307	3,107	-6.0%
EPS	-0.32	2.12	n.m.

# Q2 Sales and EBIT Bridge



SEKm	Q2 2014	Volume Organic	Price/Mix	Currency Translation	Currency Transaction	Acq	Other*	Q2 2015
Net sales	26,330	1,360	704	2,952	-	19	-	31,355
Growth	-	+4.6%	+2.4%	+12.0%	-	+0.1%	-	19.1%
EBIT	1,167	-120	205	184	-330	10	-195	921
EBIT	4.4%	-8.8%	29.1%	6.2%	-	-	-	2.9%
Accretion		0.0 %		0.2%	-1.1%	0.0%	-0.7%	

# Currency Effects



Major transaction effects by, SEKm	Q1	Q2	Q3	Q4
Latin America	-140	-300		
RUB	-80	-35		
AUD, CAD	-45	-125		
GBP, CHF	-40	+130		
<b>Total</b>	<b>-422</b>	<b>-330</b>		
Translation effects, SEKm	Q1	Q2	Q3	Q4
Total	144	184		
<b>Total currency effects, SEKm</b>	<b>-278</b>	<b>-146</b>		
<b>Price/mix effect, SEKm</b>	<b>297</b>	<b>205</b>		



# Pre-Closure Transaction Cost GEA



SEKm		Total	2014	H1 2015	H2 2015	At closing
Transaction (EBIT Group)	M&A advisory, lawyers, auditors	395	110	140	145	0
Integration (EBIT EMA NA)	Integration team and external consultants	230	50	120	60	0
Funding (finance net) *)	Bridge facility	295	-	-	-	295
<b>Total estimated cost</b>		<b>920</b>	<b>160</b>	<b>260</b>	<b>205</b>	<b>295</b>

\*) Incurred finance cost capitalized, depreciates as from closing

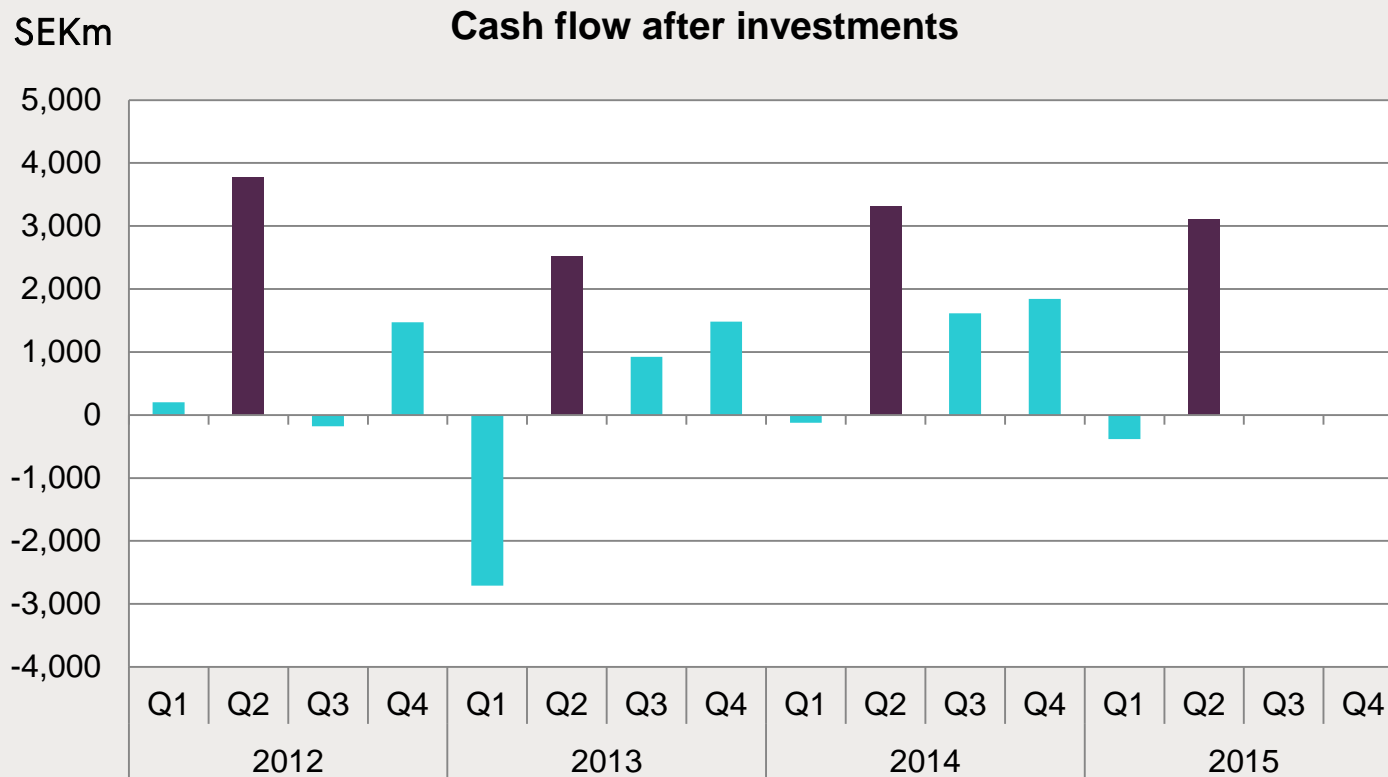
# Q2 Cash Flow



SEKm	2014 Q2	2015 Q2
Operations	2,114	2,042
Net operating working capital	1,496	1,560
Other operating assets and liabilities	461	465
Investments	-764	-960
<b>Cash flow after investments</b>	<b>3,307</b>	<b>3,107</b>

\*Operating cash flow after investments

# Cash Flow, 2012-2015



# Outlook and summary

Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO

# Outlook



	Q3 2015	FY 2015	Comments
Market volumes	Slightly positive	Slightly Positive	Positive growth in NA and Europe Latin America negative
Price/Mix	Slightly Positive	Slightly Positive	Latin America, North America and Asia/Pacific: positive Europe: positive product mix
Raw-material costs	Positive	Positive	FY: ~SEK 700m
Cost savings	SEK 250-300m	SEK 1.0 - 1.2bn	Efficiencies from global operations, manufacturing footprint and modularization
Capex	Stable	Stable	FY: ≤ SEK 4bn



# Summary Q2



- Positive organic growth in all business areas driven mainly by mix improvements
- Operating income in EMEA, Asia/Pacific, Small Appliances and Professional improved
- Sequential recovery in North America, but operations continued to be impacted by transition costs and the ramp-up of new cooking plant
- Good cost execution and price increases in Latin America partly mitigated a weak market and currency headwinds
- Strong cash flow generation and cash conversion in the quarter

# Factors affecting forward-looking statements



## 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.