



Electrolux

Q2-16 Results

Jonas Samuelson, President and CEO
Anna Ohlsson-Leijon, CFO

Q2 Highlights

- **Improvement in most business areas**

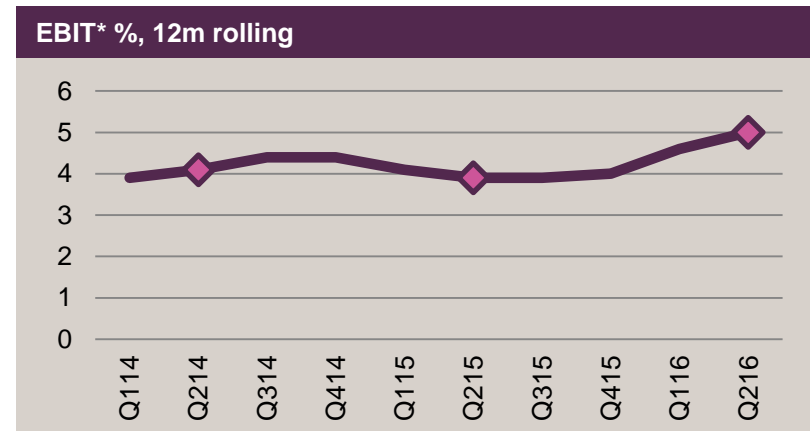
- Portfolio management and pricing contributed to higher margin
- Market share gain in Europe
- Latin America declined due to weak markets

- **EBIT increased to SEK 1,564m**

- 4 of 6 business areas at or above the 6% EBIT-margin target
- Price/mix contribution
- Material cost savings and efficiency gains

- **Strong cash flow generation**

(SEKm)	Q2 2016	Q2 2015	Change %
Sales	28,983	31,355	-4.4
Organic growth	-0.9%		
Acquired growth	0.1%		
Currency	-3.6%		
EBIT	1,564	921	69.8
Margin %	5.2	2.9	
EPS	3.75	2.12	76.9



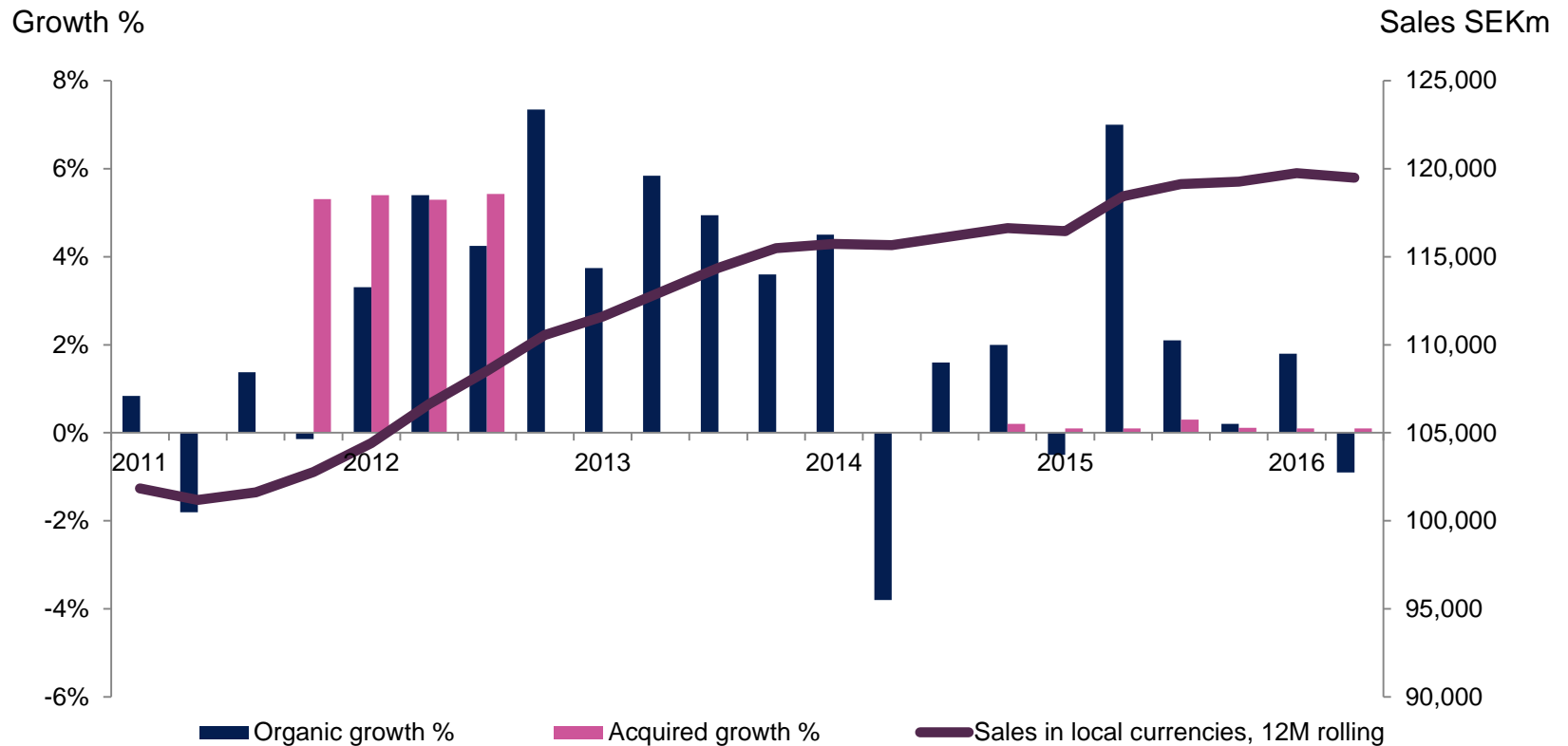
* EBIT excludes material profit and loss items and costs related to GE Appliances

Market Highlights

- **The new Electrolux laundry collection launched in North America**
 - First-ever Electrolux washer with SmartBoost™ technology
 - Innovations for best-in-class cleaning performance and clothes care
- **Launch of UltraSilencer Zen: world's most silent vacuum cleaner**
 - Excellent cleaning performance with minimum noise disturbance
 - Made from 55% recycled plastic
- **Acquisition of Vintec in Australia**
 - Leading wine cabinet company in Asia/Pacific
 - Strategic fit with strong synergies to the Group's core business



Sales in Local Currencies



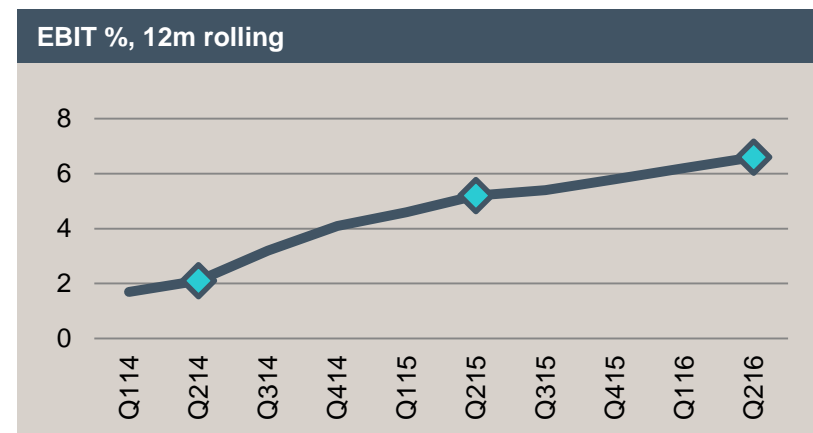
Major Appliances EMEA



- **Continued earnings improvement**

- Strong organic growth of 5.2%
- Positive demand for appliances in most European markets
- Gained market share
- Higher volumes and positive mix driven by both built-in kitchen and laundry
- EBIT margin above 6% in the quarter and the last 12 months, due to positive organic contribution and cost efficiency

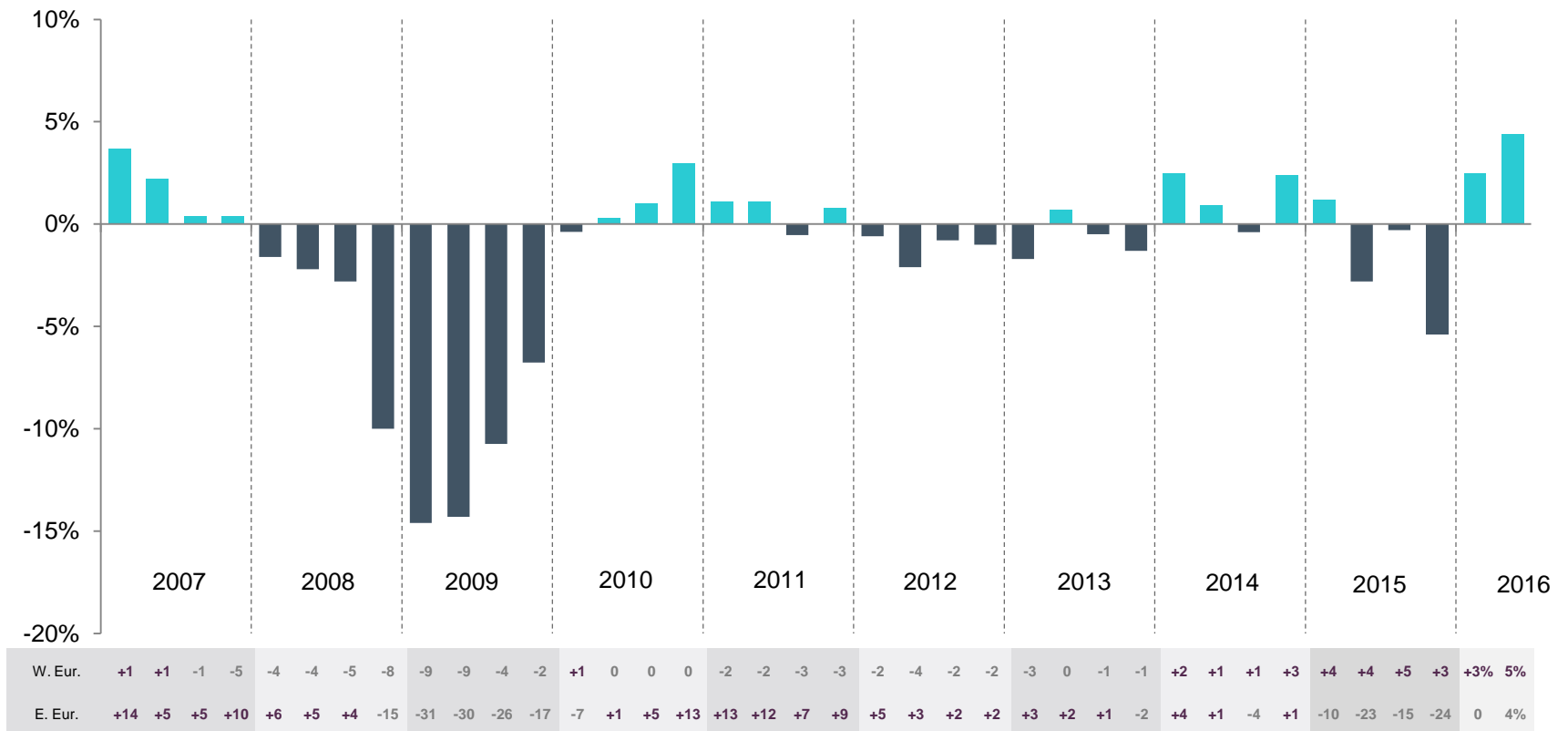
(SEKm)	Q2 2016	Q2 2015	Change %
Sales	8,897	8,699	2.3
Organic growth	5.2%		
Currency	-2.9%		
EBIT	567	426	33.1
Margin %	6.4	4.9	1.5



European White Goods Market



Total Europe, quarterly comparison y-o-y



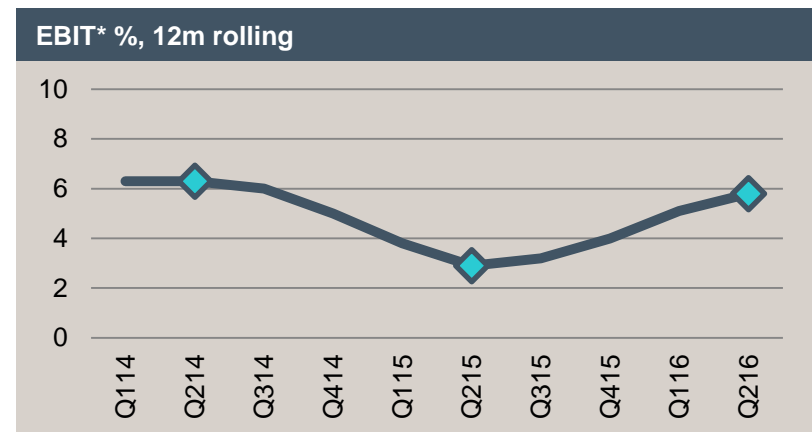
Major Appliances North America



- **Focus on profitability**

- Sales growth in our branded business
- Price pressure in some segments
- Cooking plant in Memphis stabilizing with efficiency gains underway
- Positive earnings trend driven by focus on price/promotion management, product cost and efficiency

(SEKm)	Q2 2016	Q2 2015	Change %
Sales	11,450	11,717	-2.3
Organic growth	-1.5%		
Currency	-0.8%		
EBIT	742	401	85.0
Margin %	6.5	3.4	3.1

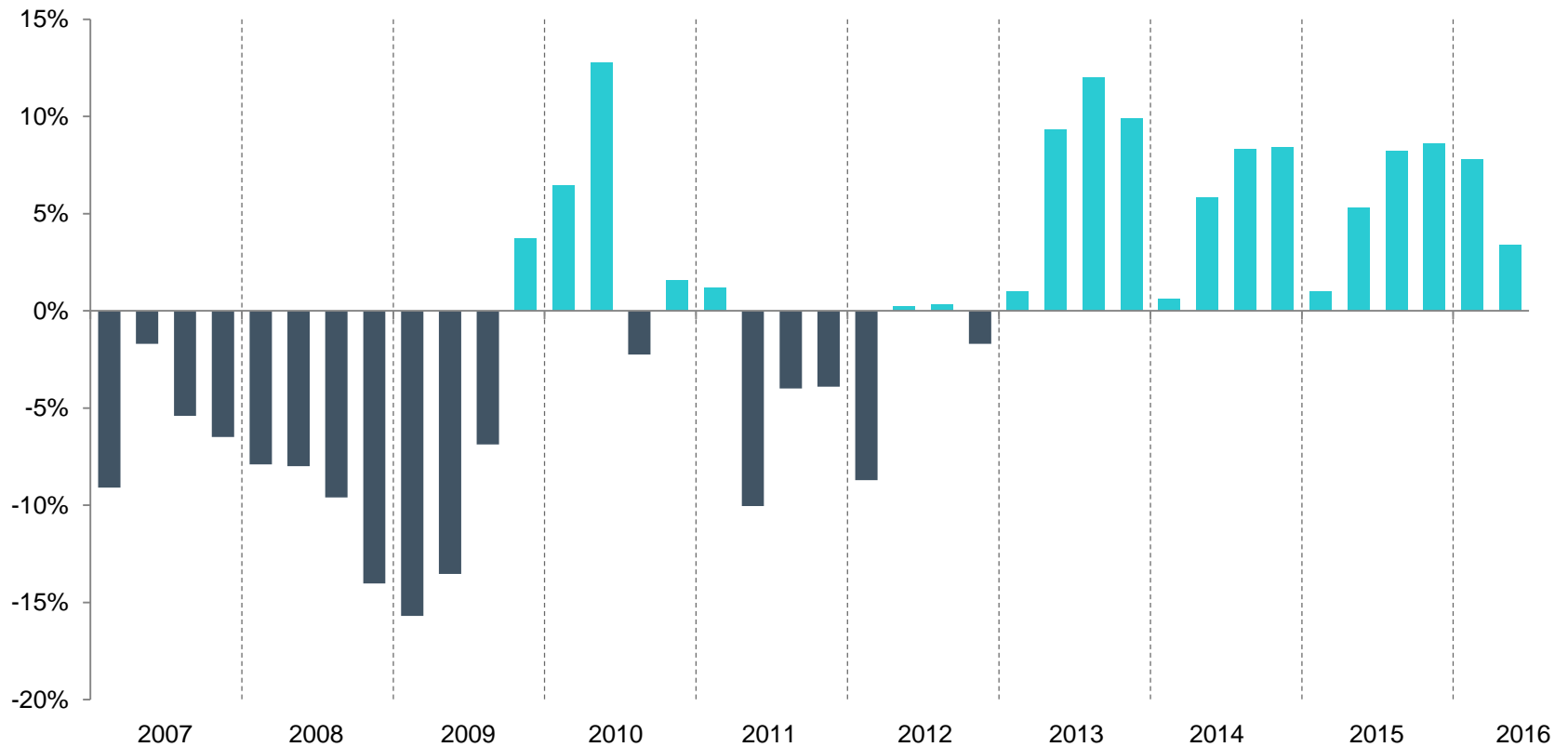


* EBIT excludes costs related to GE Appliances

North American White Goods Market



Quarterly comparison y-o-y



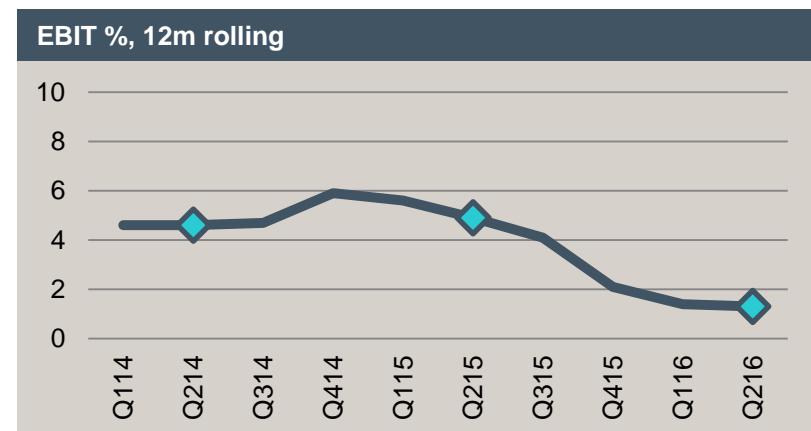
Major Appliances Latin America



- **Weakening markets in the region**

- Weak macroeconomic situation in Brazil and in other Latin American countries
- Demand for appliances declined in Brazil, Argentina and Chile
- Negative impact from currency continued
- Challenging earnings situation partly offset by cost actions and price increases
- Actions to further mitigate the significant fall in volumes were taken

(SEKm)	Q2 2016	Q2 2015	Change %
Sales	3,659	4,476	-18.3
Organic growth	-6.7%		
Currency	-11.6%		
EBIT	69	107	-35.5
Margin %	1.9	2.4	-0.5



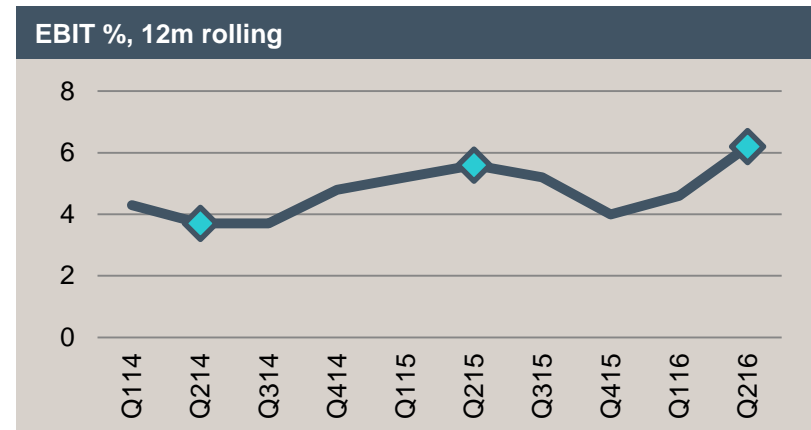
Major Appliances Asia/Pacific



- **Positive earnings trend**

- Positive sales growth in Australia, New Zealand and East Asia
- China volumes continued to be negative due to exit from unprofitable segments
- EBIT and margins increased as a result of positive mix and cost efficiencies
- Transition to the new refrigeration factory in Thailand is now completed
- New products are being launched in several markets in the region

(SEKm)	Q2 2016	Q2 2015	Change %
Sales	2,407	2,576	-6.6
Organic growth	-2.0%		
Acquired growth	0.0%		
Currency	-4.6%		
EBIT	150	135	11.1
Margin	6.2	5.2	1.0



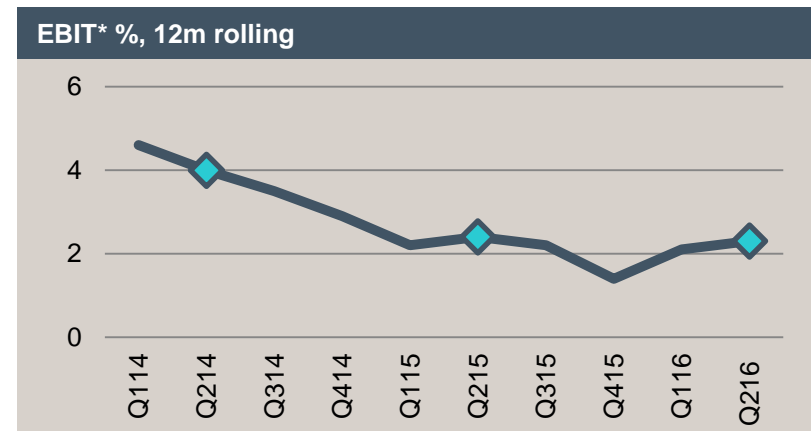
Small Appliances



- **Repositioning of operations**

- Organic growth declined, primarily driven by repositioning in North America and China
- Weak demand in Latin America
- Positive price/mix development offset partly negative currency
- Cost reduction program in progress and focus is on product portfolio management
- EBIT higher versus last year due to positive regional mix and cost savings

(SEKm)	Q2 2016	Q2 2015	Change %
Sales	1,858	2,198	-15.5
Organic growth	-12.3%		
Currency	-3.2%		
EBIT	6	-4	n.m.
Margin %	0.3	-0.2	0.5



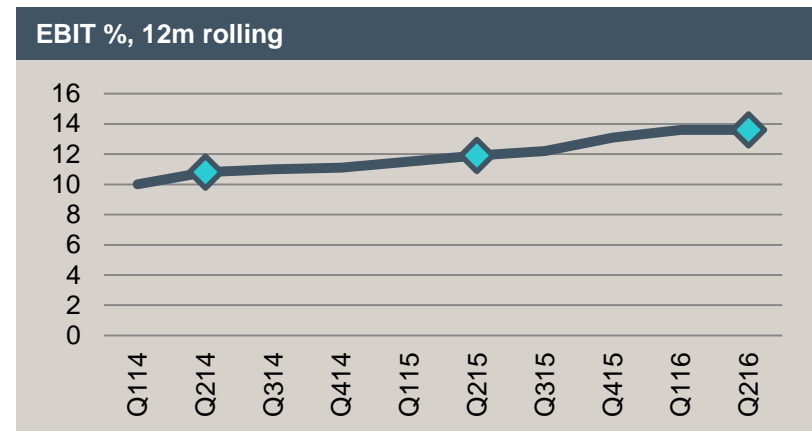
* EBIT excludes material profit and loss items

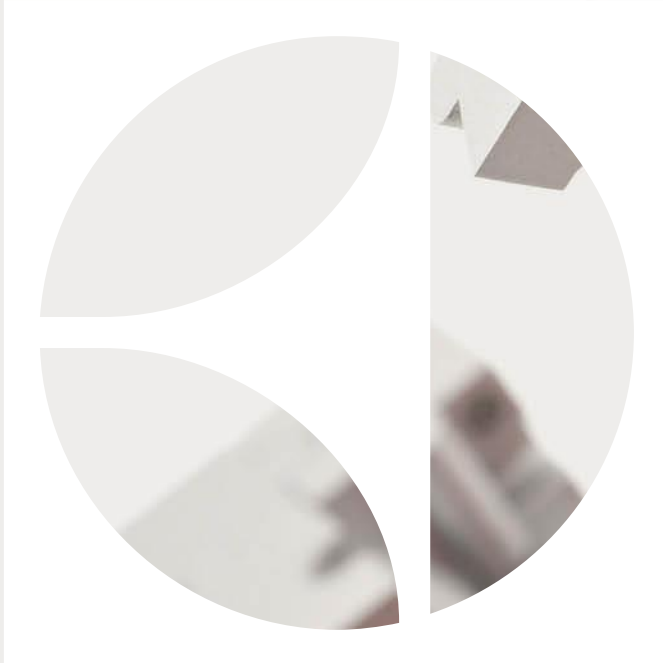
Professional Products



- **Stable earnings and margins**
 - Positive organic and acquired growth
 - Volume growth in Western Europe, North America and Japan
 - Good performance in both Laundry and Food services
 - EBIT stable due to sales volumes and efficiency, including investments in new products and segments

(SEKm)	Q2 2016	Q2 2015	Change %
Sales	1,712	1,689	1.4
Organic growth	1.1%		
Acquired growth	1.4%		
Currency	-1.1%		
EBIT	222	220	0.9
Margin %	13.0	13.0	0.0





Financials Q2-16

Anna Ohlsson-Leijon, CFO

Financials

SEKm	Q2 2016	Q2 2015	Change
Net Sales	29,983	31,355	-4%
<i>Organic</i>	<i>-0.9%</i>	<i>7.0%</i>	-
Gross operating income	6,347	5,878	8%
Gross operating margin, %	21.2	18.7	-
EBIT	1,564	921	70%
EBIT margin, %	5.2	2.9	-
Op. cash flow after investments	4,141	2,993	38%
EPS	3.75	2.12	77%

Sales and EBIT Bridge

SEKm	Q2 2015	Volume/Price/Mix	Net Cost Efficiency	Currency*	Acq	Other**	Q2 2016
Net Sales	31,355	-282		-1,114	24		29,983
Growth		-0.9%		-3.6%	0.1%		-4.4%
EBIT	921	176	761	-478	2	182	1,564
EBIT %	2.9%	-62.4%			2.5%		5.2%
Accretion		0.6%	2.5%	-1.4%	0.0%	0.6%	

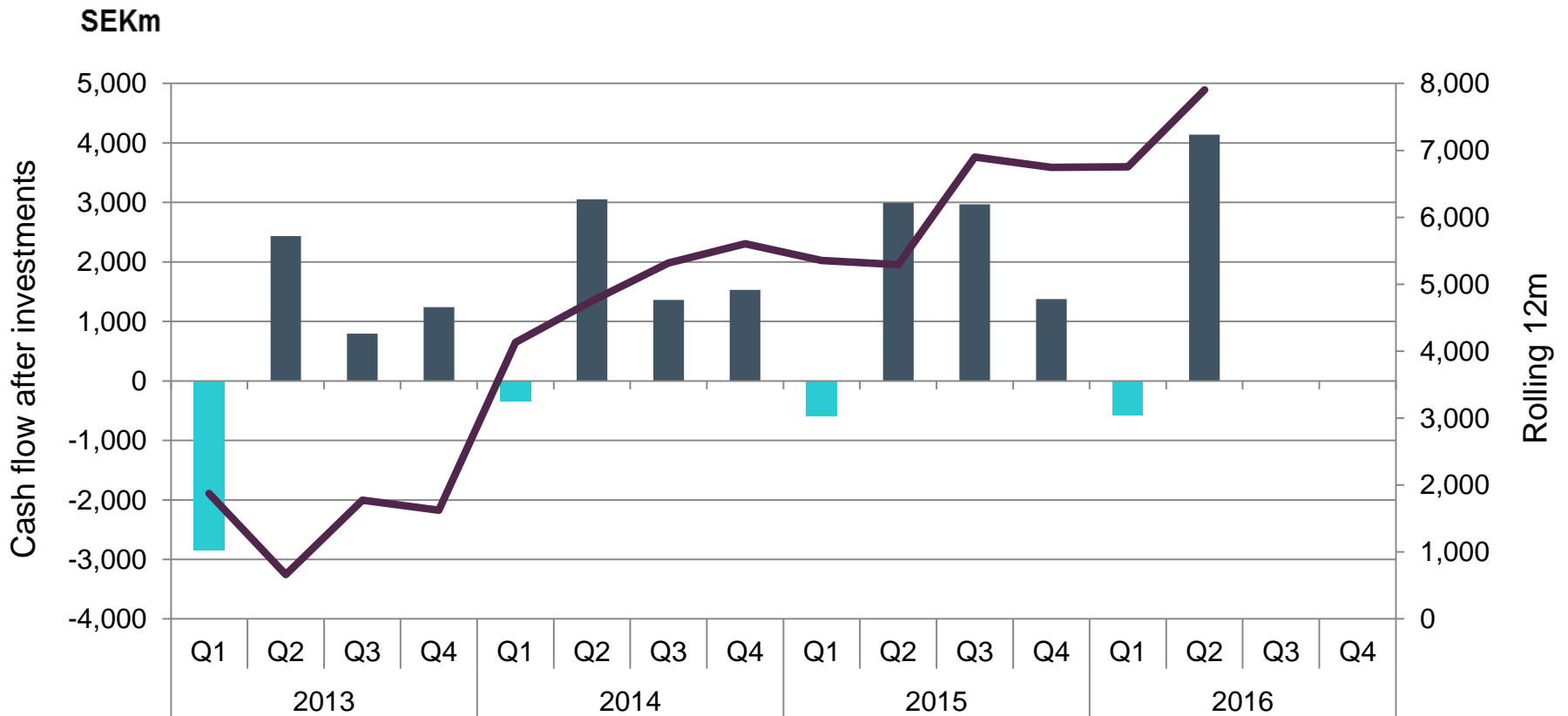
* Currency includes SEK -53m of currency translation effect on EBIT. ** Other includes GE transaction costs + integration costs in Q2 2015

Cash Flow

SEKm	2016 Q2	2015 Q2
EBIT	1,564	921
D/A and other non-cash items	1,143	1,122
Change in operating assets and liabilities	1,855	1,910
Investments (excl. acquisitions)	-421	-960
Cash flow after investments	4,141	2,993

Cash Flow, 2013-2016

Cash flow after investments by quarter





Outlook and Summary

Jonas Samuelson, President and CEO
Anna Ohlsson-Leijon, CFO

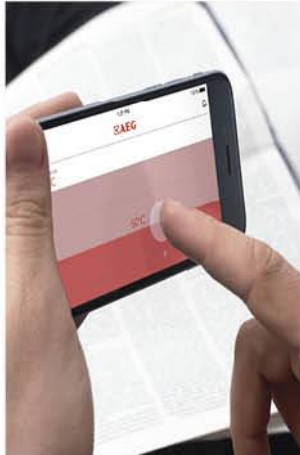
Market outlook per region

Region	Q3 2016	FY 2016	Comments
Western Europe	Positive	+2-4%	Positive demand growth but with Brexit uncertainty
Eastern Europe	Slightly Positive	+2-3%	Growth in most markets Russia and Ukraine are stabilizing
North America	Positive	+4-5%	Continued favorable market
Latin America	Negative	Negative	Weak demand in Brazil, Argentina and Chile
East Asia	Positive	Positive	East Asia in general positive
Australia	Flat	Flat	Market is estimated to be flat/slightly negative

Business outlook

Electrolux	Q3 2016	FY 2016	Comments
Volume/Price/Mix	Slightly positive	Slightly positive	EMEA: positive mix, negative price NA: Growing market, some price pressure Latam: positive price, negative volume and mix Asia/Pacific: positive price/mix
Net cost efficiency incl. raw materials	Positive	Positive	Continued efficiency gains Raw materials FY: SEK 750m, but impact slowing in Q4
Currency*	SEK -125m	SEK -1.1bn	Slightly less negative impact in Latin America due to stronger Brazilian Real
Capex	Stable	Stable	FY: ≤ SEK 4bn

* Currency rates as per July 11, 2016



Summary Q2

- Four of six business areas achieved an operating margin above 6%
- Strong earnings in EMEA and in North America
- Earnings in Latin America affected by deteriorating markets
- Repositioning of operations in Small Appliances
- Continued efficiency and cost savings
- Strong cash flow generation



Factors affecting forward-looking statements

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