



Electrolux

---

# Q1 2017 Results

---

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

# Q1 Highlights

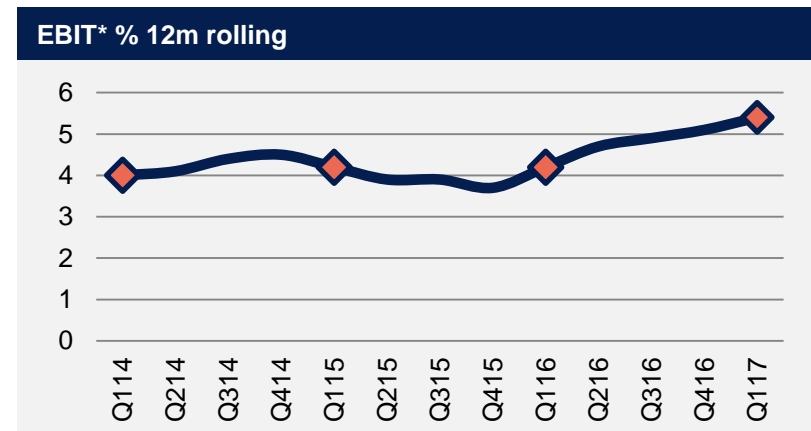
## • Favorable mix development

- Focus on the most profitable products across business areas
- Good mix in EMEA with flat European and weak MEA markets
- Volume decline in private labels and price pressure in North America continued
- Strong net sales development in Professional and Asia Pacific

## • Improved EBIT and margins

- Earnings increased in all business areas driven by productivity and cost efficiency
- Operational recovery in Latin America and HC & SDA based on execution of restructuring plans
- Strong profitable growth in Professional

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	28,883	28,114	2.7
Organic growth	-2.8%	1.8%	
Acquisitions	0.3%	0.1%	
Divestments	-0.7%		
Currency	5.9%	-5.2%	
EBIT	1,536	1,268	21.1
Margin %	5.3	4.5	0.8pts
EPS	3.77	3.04	24.0



\*EBIT excludes material profit and loss items for 2014 and costs for GE Appliances for 2014 and 2015. See page 22 in the interim report.

# Market Highlights

- **Electrolux completes the acquisition of Kwikot in South Africa**

- Leading water heater producer which broadens the Home Comfort product range for Africa growth



- **Electrolux acquires Grindmaster-Cecilware in the U.S.**

- Broadens offering in the professional food service business with beverage dispensing equipment



- **Electrolux completes the acquisition of Anova in the U.S**

- San Francisco based precision-cooker company



- **Launching the first connected High-Speed Professional Grill SpeedDelight**

- The connected high speed grill is strengthening the chains business offering



# Major Appliances EMEA



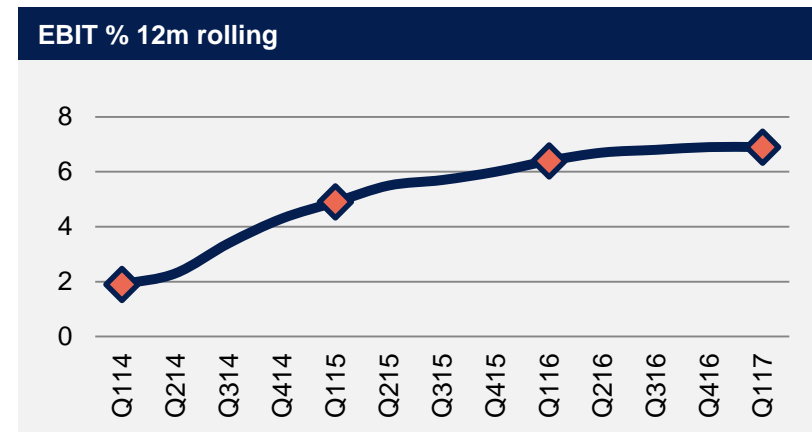
- Strong mix development**

- Demand for appliances stable in most market in Europe while UK was weak
- Sales down due to lower volumes in some European markets and MEA
- Positive mix supported by focus on product portfolio management

- Positive EBIT margin trend continues**

- Stable EBIT development mainly driven by profitable mix and cost efficiency
- Negative impact from currency due to the depreciation of EGP and GBP
- Kwikot consolidated as of March

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	8,830	9,001	-1.9
Organic growth	-2.4%	7.1%	
Acquisitions	0.6%		
Currency	-0.1%		
EBIT	558	553	0.9
Margin %	6.3	6.1	0.2pts

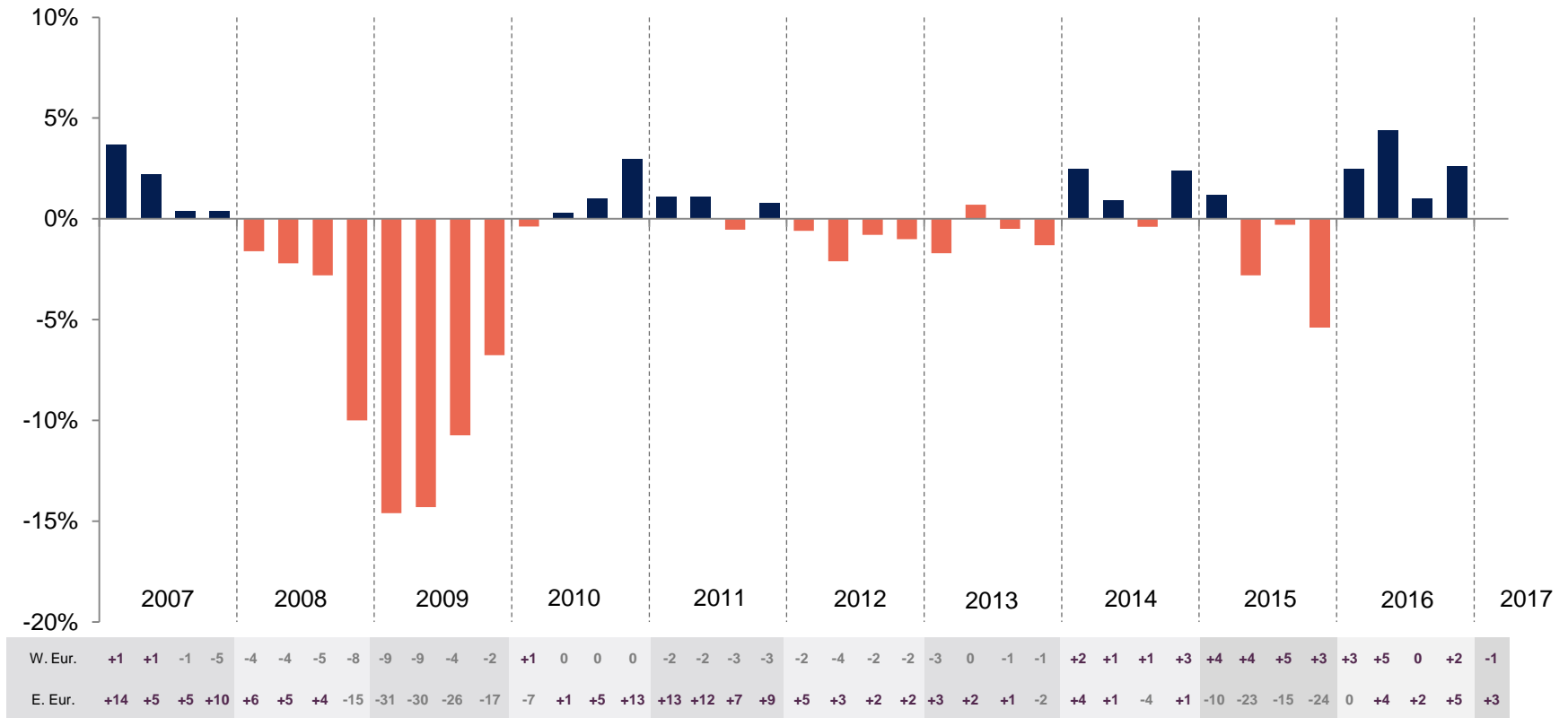


\*EBIT excludes material profit and loss items for 2014. See page 22 in the interim report.

# European White Goods Market



## Total Europe, quarterly comparison y-o-y

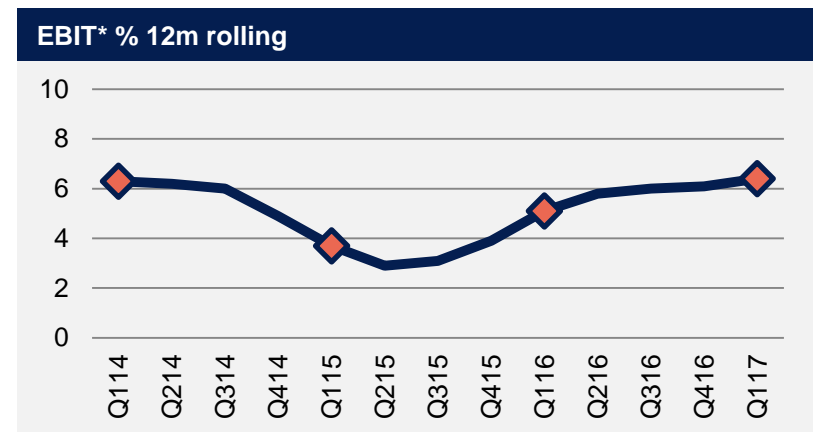


# Major Appliances North America



- **Sales impacted by private labels**
  - Volume decline in private labels continued to impact total sales
  - Price pressure continued
- **Operational improvements driving earnings growth**
  - Earnings and margins improvement driven by focus on profitability
  - Cost efficiency measures mitigated increased raw material costs

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	9,850	9,937	-0.9
Organic growth	-7.0%	5.7%	
Currency	6.1%		
EBIT	605	495	22.2
Margin %	6.1	5.0	1.1pts

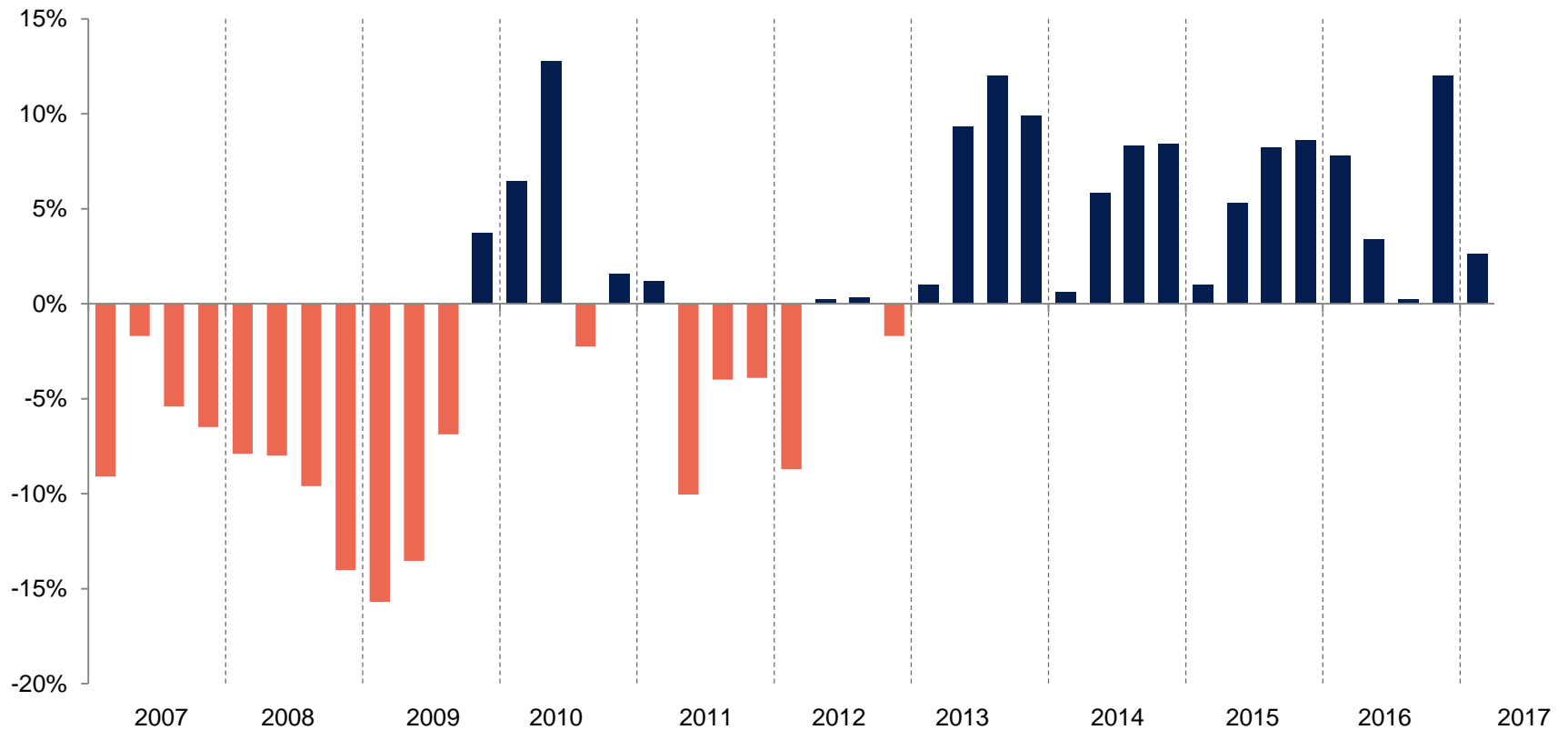


\*EBIT excludes costs for GE Appliances for 2014 and 2015. See page 22 in the interim report.

# North American White Goods Market



## Quarterly comparison y-o-y

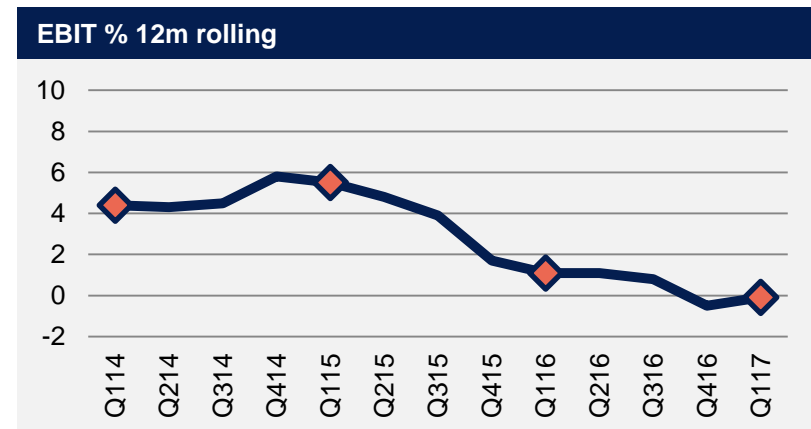


# Major Appliances Latin America



- **Slow recovery in the region**
  - Demand for appliances remained weak in Brazil, but grew in Argentina and Chile
  - Electrolux sales volumes increased in several markets
- **Earnings recovery underway**
  - Earnings improvement driven mainly by cost saving initiatives
  - Ongoing execution of business restructuring
  - Favorable currency trend

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	4,301	3,643	18.1
Organic growth	-2.5%	-11.3%	
Currency	20.6%		
EBIT	101	31	225.8
Margin %	2.3	0.9	1.4pts





# Major Appliances Asia/Pacific



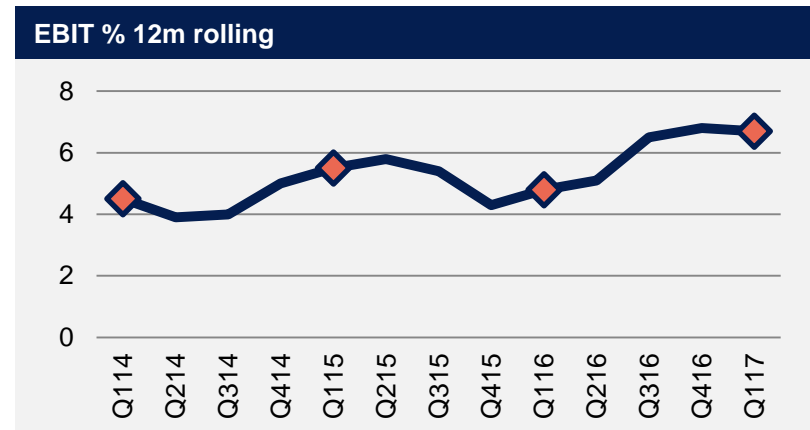
- **Strong organic growth**

- Market growth in Australia and China
- Positive sales volumes in East Asia and strong growth in China
- Positive contribution from Vintec

- **Stable EBIT performance**

- Earnings remained stable supported by volume growth and cost control
- Agreement to enter JV with Midea to establish the AEG premium brand in China

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	2,374	2,022	17.4
Organic growth	8.1%	-5.4%	
Acquisitions	1.3%		
Currency	8.0%		
EBIT	112	95	17.9
Margin	4.7	4.7	0.0pts

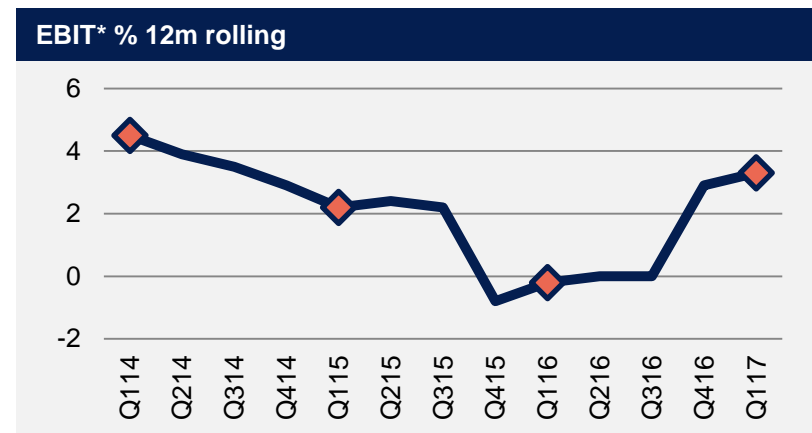


# Home Care & SDA



- **Good execution in mixed markets**
  - Fast growth of cordless categories in Europe and Asia
  - Sales lower due to active portfolio management
  - Price/mix development was favorable
- **Recovery in profitability**
  - Operating income and margins higher
  - Program to restore profitability is contributing positively
  - Acquisition of Anova in the US completed in April

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	1,786	1,927	-7.3
Organic growth	-3.3%	-6.1%	
Divestments	-9.2%		
Currency	5.2%		
EBIT	70	44	59.1
Margin %	3.9	2.3	1.6pts

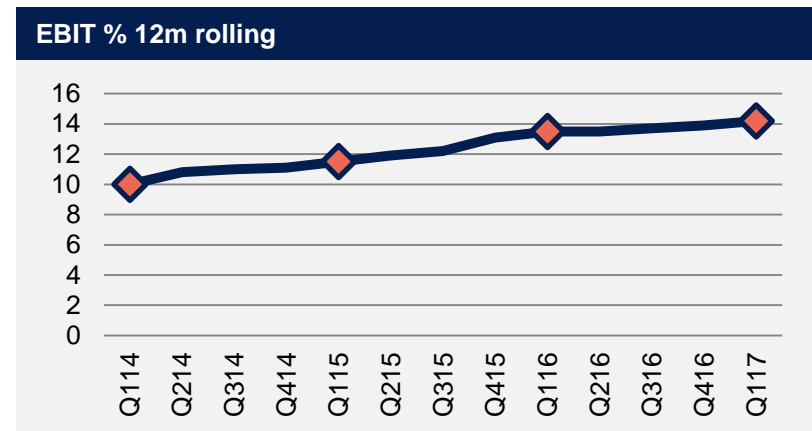


# Professional Products



- **Sales momentum on track**
  - Organic growth of 8%
  - Positive market demand in several regions
  - Growth in both food-service and laundry equipment and across all regions
  
- **Strong profitable growth performance**
  - Improved EBIT margin driven by higher volumes and favorable price/mix
  - Continuation of investments in new products and channels
  - Acquisition of US based Grindmaster-Cecilware completed

(SEKm)	Q1 2017	Q1 2016	Change %
Sales	1,742	1,584	10.0
Organic growth	8.0%	4.3%	
Acquisitions		1.4%	
Currency	2.0%		
EBIT	249	205	21.5
Margin %	14.3	12.9	1.4pts





# Financials Q1 2017

Anna Ohlsson-Leijon, CFO

# Financial summary

SEKm	Q1 2017	Q1 2016	Change
Net Sales	28,883	28,114	2.7%
<i>Organic</i>	-2.8%	1.8%	
Gross operating income	6,003	5,770	4.0%
Gross operating margin, %	20.8	20.5	0.3pts
EBIT	1,536	1,268	21.1%
EBIT margin, %	5.3	4.5	0.8pts
Op. cash flow after investments	-958	-580	n.m
EPS	3.77	3.04	24.0

# Sales and EBIT Bridge Q1

SEKm	Q1 2016	Volume/Price/ Mix	Raw materials	Net Cost Efficiency	Currency*	Acq/** Divest.	Other	Q1 2017
Net Sales	28,114	-829			1,709	-111	0	28,883
Growth		-2.8%			5.9%	-0.4%		2.7%
EBIT	1,268	-359	-200	803	10	14	0	1,536
EBIT %	4.5%							5.3%
Accretion		-1.2%	-0.7%	2.9%	-0.3%	0.1%	0.0%	

\*Currency includes SEK 21m of currency translation and -11m of transaction effect on EBIT.\*\*Acquisitions/divestments includes the acquisition of Kwikot, Vintec and the sale of Eureka.

# Net cost efficiency Q1 2017

		Key efficiency drivers	SEKm
<b>NET COST EFFICIENCY</b>	<b>Variable cost</b>	Purchasing savings (excluding raw materials)	<b>~550</b>
		Production efficiency	
		Logistics/Warranty	
	<b>Structural cost</b>	Structural cost (net of investments)	<b>~250</b>
<b>TOTAL</b>			<b>~800</b>

# Cash Flow

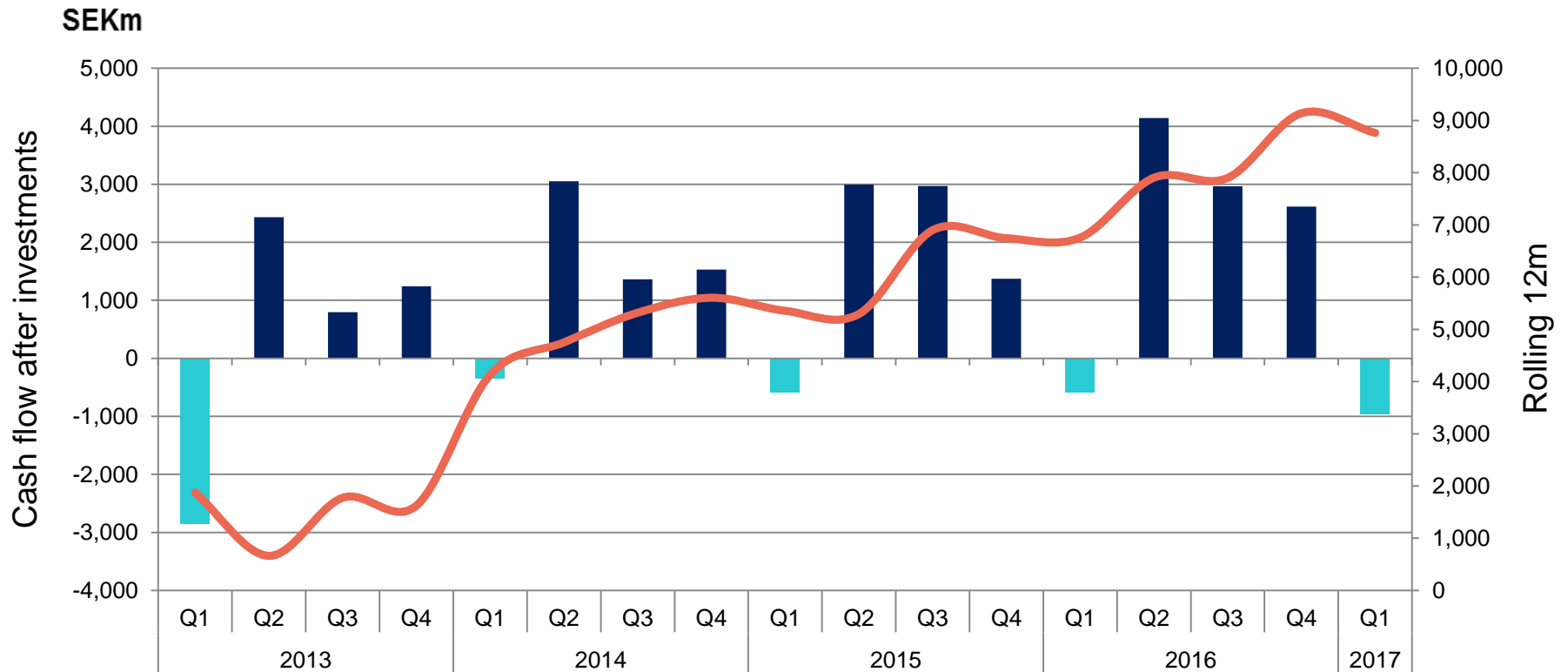
SEKm	2017 Q1	2016 Q1
EBIT	1,536	1,268
D/A and other non-cash items	915	1,052
Change in operating assets and liabilities	-2,742	-2,371
Investments in intangible and tangible assets	-732	-636
Other investments	65	107
<b>Cash flow after investments*</b>	<b>-958</b>	<b>-580</b>

\*Before acquisitions and divestments



# Cash Flow, 2013-2017

## Cash flow after investments\* by quarter



\*Before acquisitions and divestments



---

# Outlook and Summary

---

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

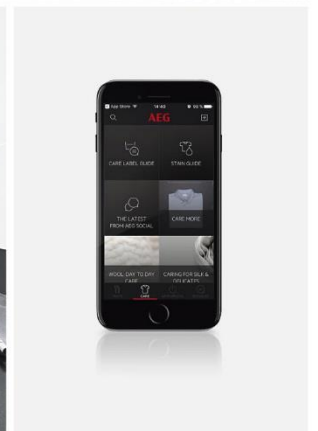
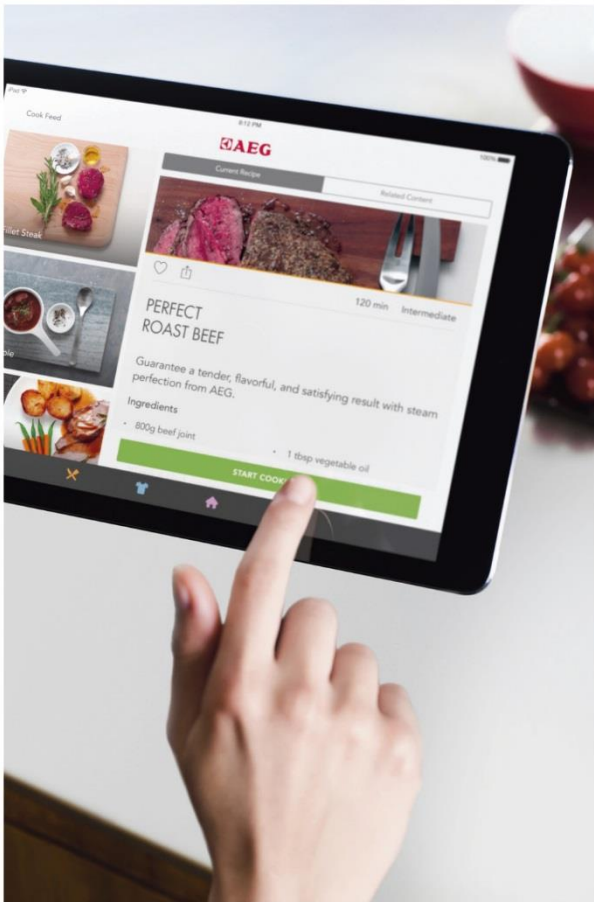
# Market outlook per region

Region	Q2 2017	FY 2017	Comments
Europe	Stable	~1%	Stable demand trend, uncertainty around Brexit and political environment
North America	Slightly Positive	+2-3%	Slight market growth
Latin America	Slightly Negative	Slightly Negative	Slow market recovery in the region Expect stabilization in late 2017
East Asia	Slightly Positive	Positive	East Asia in general positive
Australia	Slightly Positive	Slightly Positive	Market is estimated to be slightly positive

# Business outlook

Electrolux	Q2 2017	FY 2017	Comments
Volume/price/mix	Slightly Negative	Flat	Continued price pressure in several markets partly offset by mix
Raw materials	Negative	Negative	FY 2017: Raw materials ≈ SEK -1.4bn
Net cost efficiency	Positive	Positive	FY 2017: Net cost efficiency ≈ SEK 2.2bn
Currency transactional effect*	SEK -105m	SEK 0m	Favourable trend in Latin America but EGP and GBP give further headwind
Currency translational effect*	SEK +90m	SEK +125m	
Capex	Slightly up	Slightly up	FY 2017: ≈ SEK 4bn

\* Currency rates as per April 10, 2017



# Summary of key highlights

- Continued focus on operational improvement and profitability
- Earnings growth in all business areas
- Strong contribution from cost efficiency
- Profitable growth in Professional
- Earnings recovery in Latin America
- Activities in Home Care & SDA making progress
- Closed 3 acquisitions in strategic areas for future growth

# 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.