

Supplier  
WH

RDC

Customer

Factory

FDC



**Electrolux**

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## **Electrolux Capital Markets Day**

Operational efficiency and  
innovation in a digital age

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**Jan Brockmann, COO**

February 24, 2016

Supplier  
WH

Factory

RDC

## New era of internal productivity

- Continued efficiency
- Best practice manufacturing standards
- Less Cash
- Less Risk

## Innovative products meet consumer needs

- Modularized products
- Customized benefit communication
- Global technology roadmap

## Consumer Experience focused

- Lifetime relationships
- Products, Accessories, Consumables and Services
- Flexible to consumer needs

The background of the slide features a network of white lines connecting various nodes on a light blue background. A hand is visible in the center, with a finger pointing towards the 'Digitalization' box. The nodes are labeled with terms such as 'Supplier WH', 'Customer', 'RDC', 'Factory', and 'Bon WH'.

**Operations**









Digitalization

Innovation

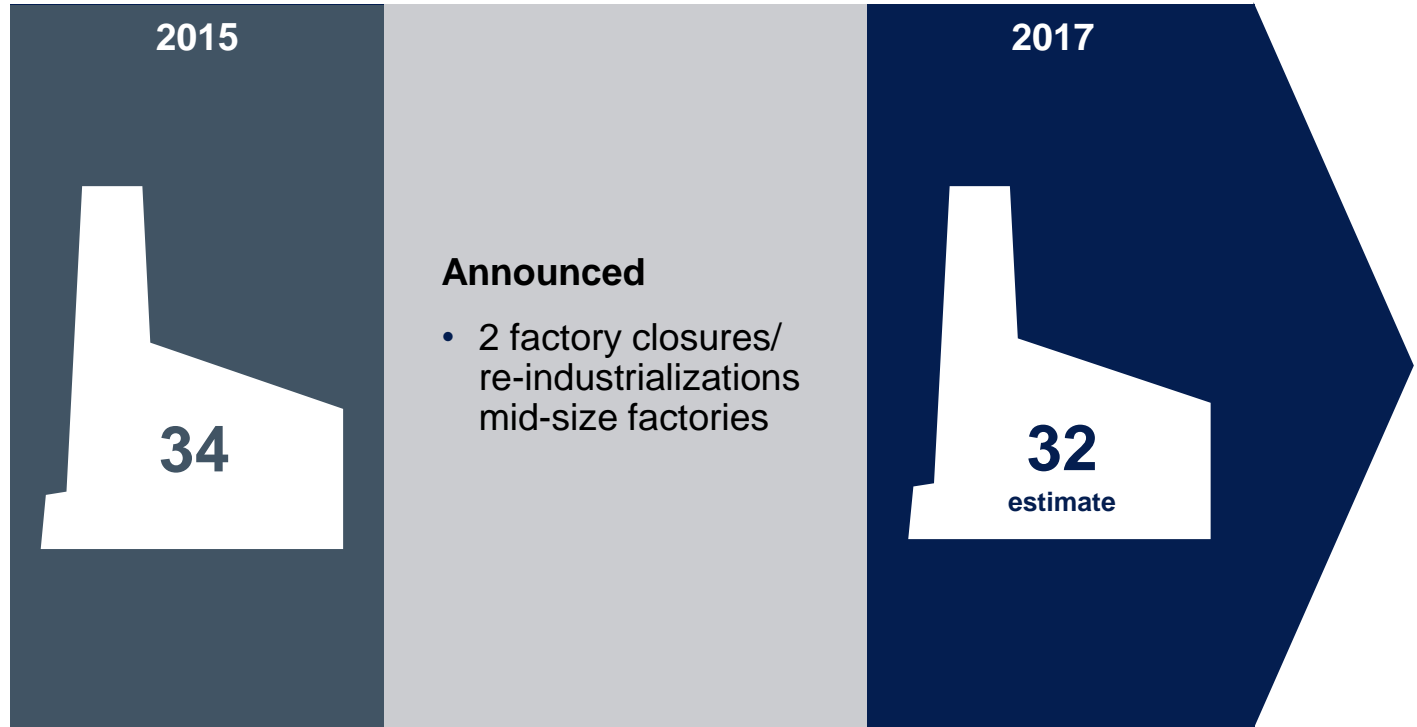
# The journey continues...



## ... after an era of massive footprint optimization...

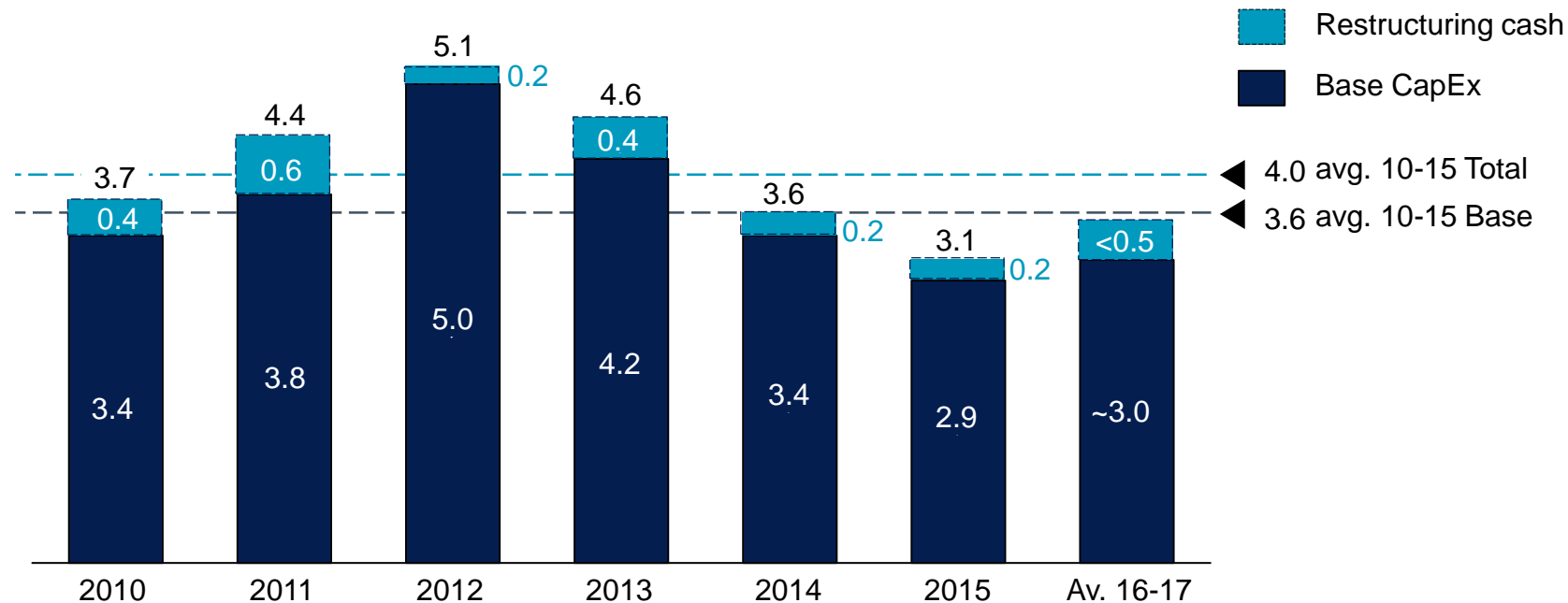
	2004		2015
Plants	 <b>35</b>	<ul style="list-style-type: none"> <li>• 20 closures</li> <li>• 6 factories downsized</li> <li>• 10 new factories</li> <li>• 9 acquired factories</li> </ul>	 <b>34</b>
Total capacity	 <b>46.2</b> M units		 <b>51.3</b> M units
Share of LCC capacity	 <b>28%</b>	<ul style="list-style-type: none"> <li>• Approximately 35% of production moved</li> </ul>	 <b>64%</b>
Capacity utilization	 <b>77%</b>	<ul style="list-style-type: none"> <li>• 10,000 employee reduction</li> <li>• 7,000 new employees hired</li> </ul>	 <b>66%</b>

...that is ongoing, but fading out



# The footprint optimization has had a high cash requirement

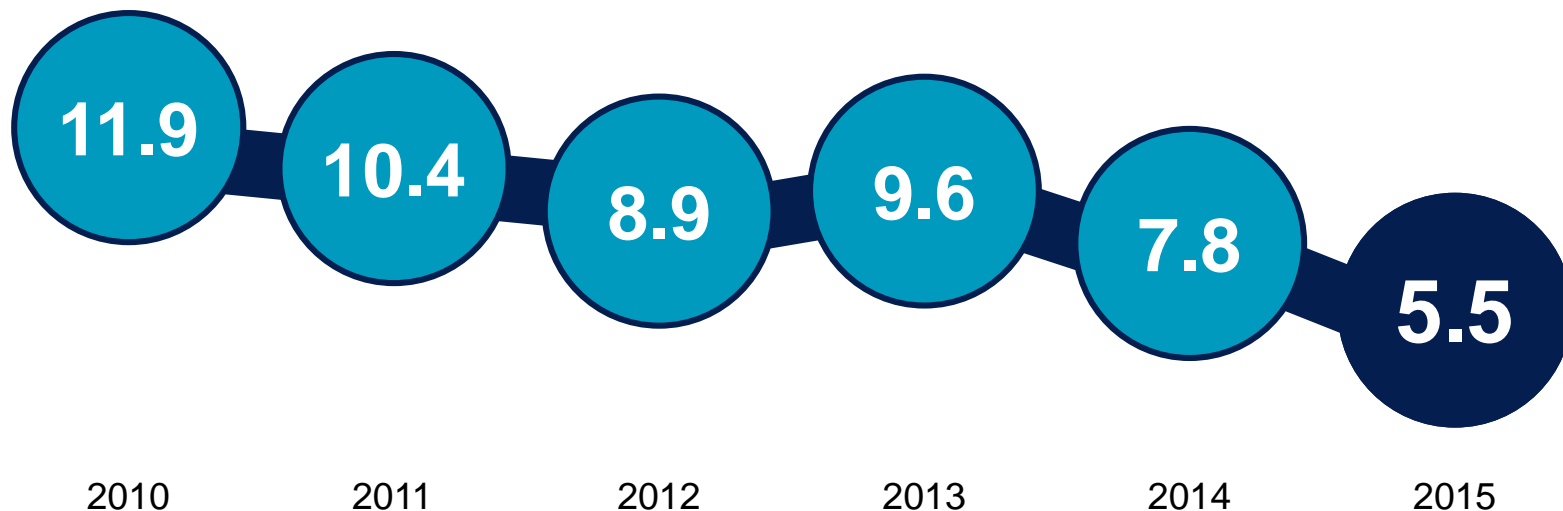
## Capex as % of NS in Major Appliances



NOTE: EXCLUDING RESTRUCTURING COSTS IN SG&A

## Continuously improved NOWC

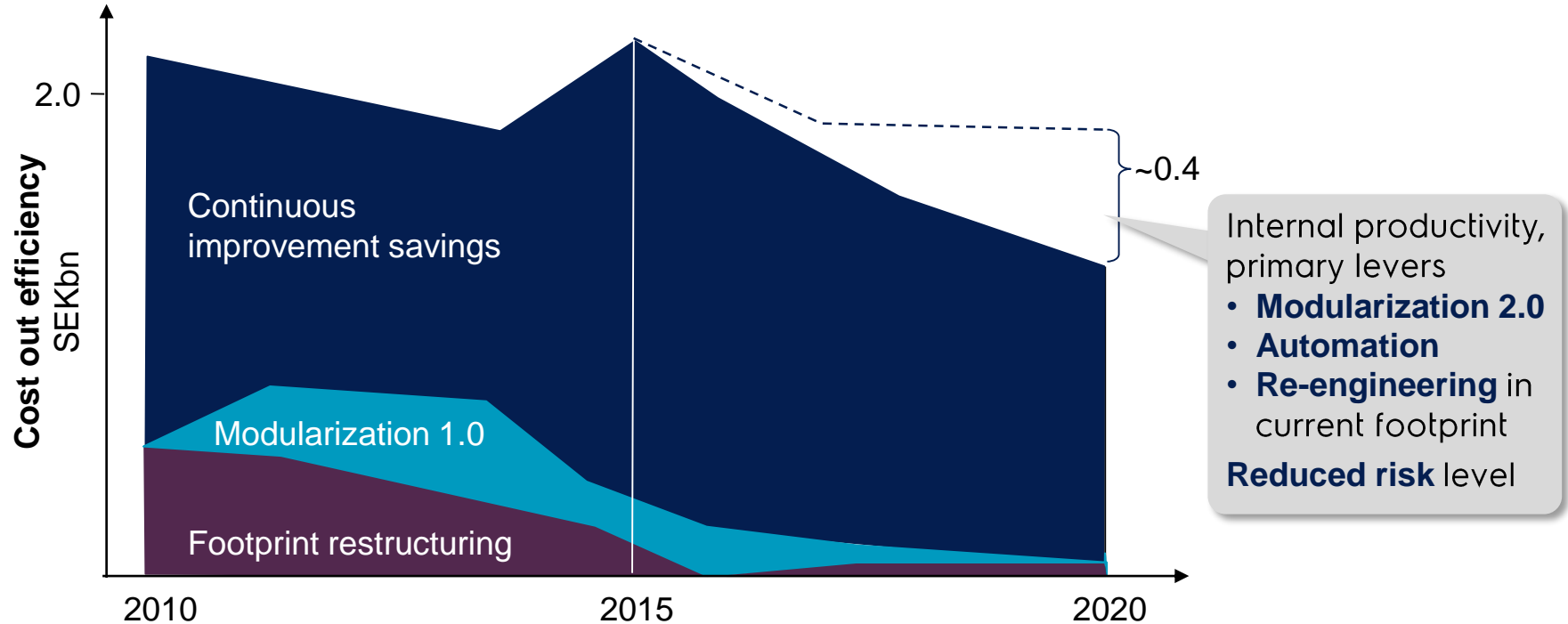
Major Appliances NOWC / NS [avg L12 / R12]  
Percent



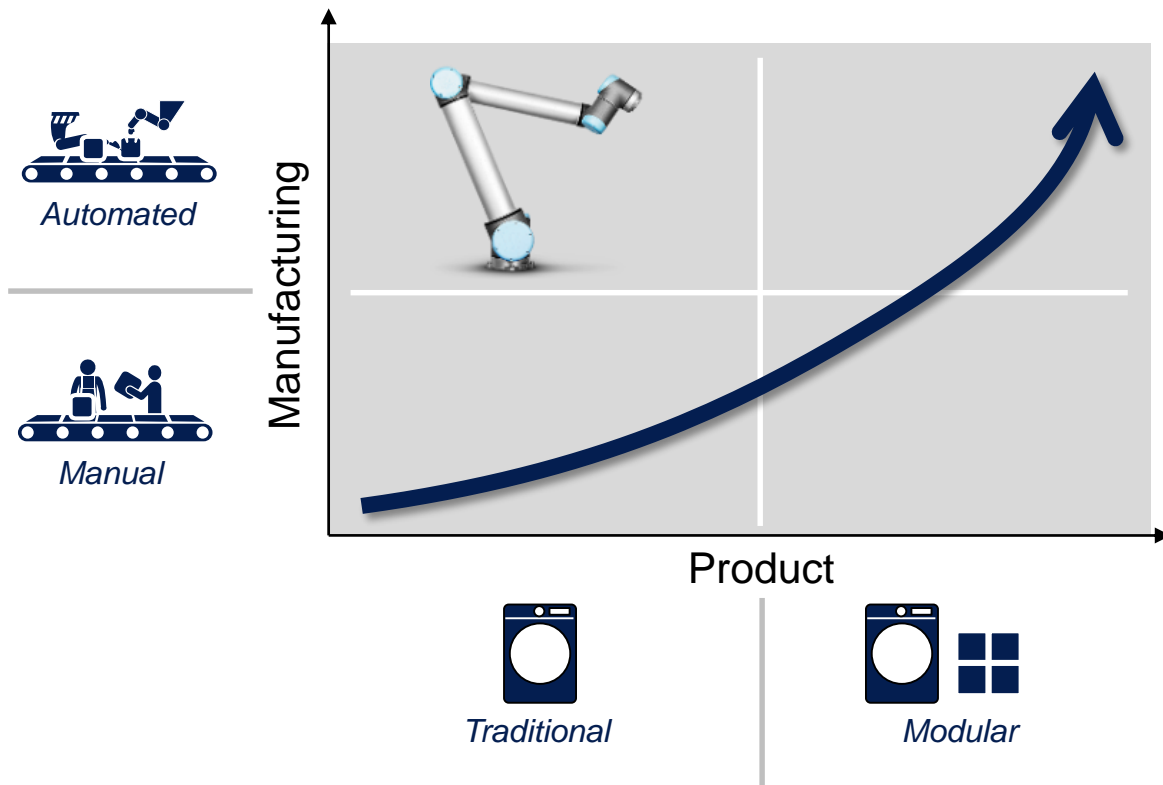


# Internal productivity focus will deliver efficiency with lower risk and cash need

## Major Appliances



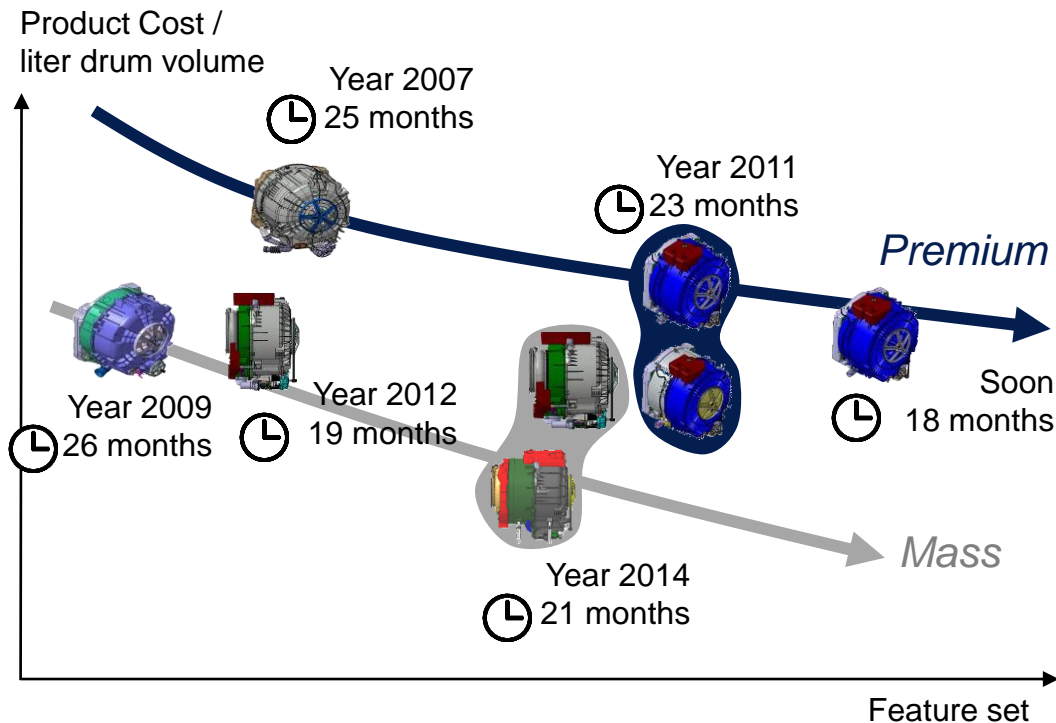
# Modularization 2.0 and Automation are key priorities for productivity



- Short-term push on smart **automation**
- Long-term reduction in **number of architectures**
- Increased consumer choice

# Benefits of the modular approach

Example of washing machine wash group



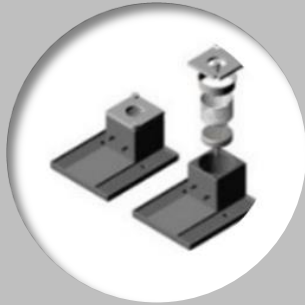
## Benefits achieved

- + Performance flexibility  
Standardization quality
- Development time & cost  
Capex  
Complexity

⌚ Development time

# Internal productivity benefits – consumer oriented flexibility

**Product Cost** savings on  
Direct Material and Labor  
through **design for  
assembly**



**Modularized products**  
allow optimized manu-  
facturing setup with  
more **automation** and  
**innovation** enhancement



**Late customization**  
allows more manufacturing  
**flexibility, faster  
delivery** to customer



# Global Operations



**Cost out and cash  
efficiency**



**Stable operations  
and low risk taking**



**Meet new  
customer and  
consumer needs**



**People and  
Capabilities**

A hand is pointing at a digital screen. The background of the screen is a light blue-grey color with a network of white lines and dots. Faint text labels are scattered across the background: 'Supplier WH' in the top left, 'Customer' in the top center, 'RDC' in the top right, 'C' on the left side, 'Bon WH' on the right side, 'er' on the far right, and 'Factory' in the bottom right. In the bottom left corner, the number '14' is visible. Three rounded rectangular boxes are arranged horizontally in the center of the screen. The middle box is blue with a white border and contains the word 'Digitalization' in white. The two side boxes are white with grey borders and contain the words 'Operations' and 'Innovation' respectively in grey. All three boxes have a reflection effect below them.

Operations

**Digitalization**

Innovation

# Business transformation through digital transformation



## Digital 360° Consumer Experience

- Leverage digital to create best-in-class consumer experience pre- during- & post purchase
- Personalize the consumer relationship
- Leverage big & small data to improve relevance



## Connected Appliances

- Personalize consumer experience and product benefit realization
- Realize revenue opportunities across the product lifecycle
- Strategic partnerships that deliver real value to consumers



## Digital Productivity Tools

- Digital interaction with customers & consumers
- Improved business management
- Reduced cost and improved experience
- Improved internal productivity



## Modularization & Digital Manufacturing

- Modular product architectures increasing speed and consumer choice, while leveraging scale
- Digitization and smart automation driving cost, quality and flexibility

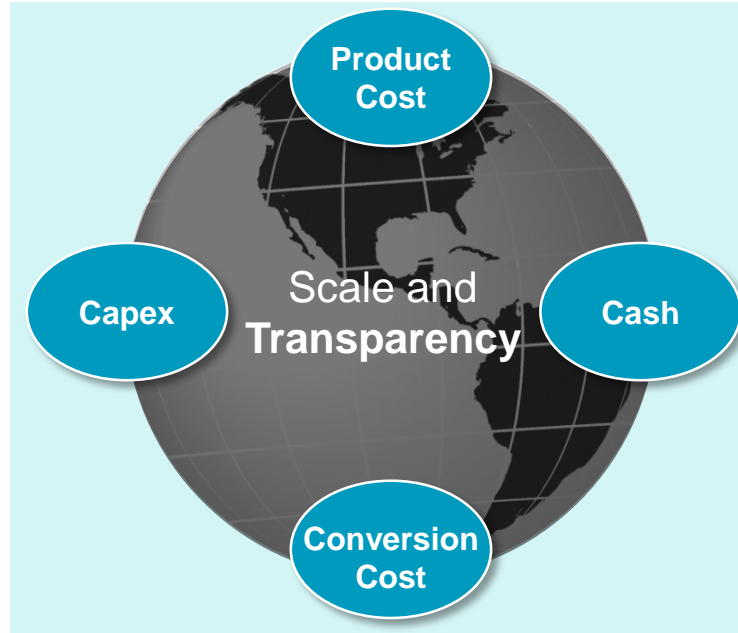


## Digital Supply Chain

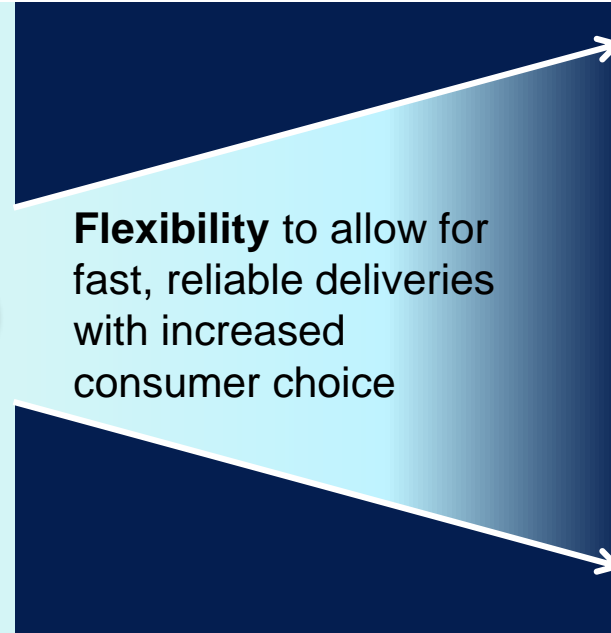
- Improved connectivity across supply chain to
- Reduce lead times
- Increase flexibility & productivity
- Improve service levels

# Digital Operations will allow for transparency and flexibility

Shared global strength



Sharp customer focus

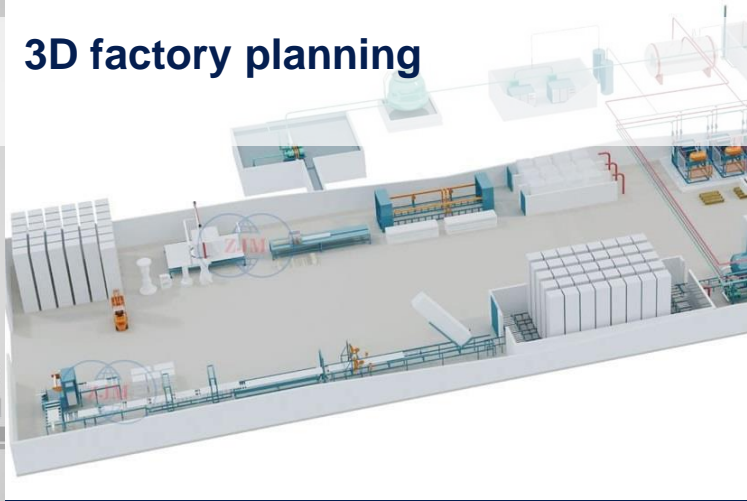




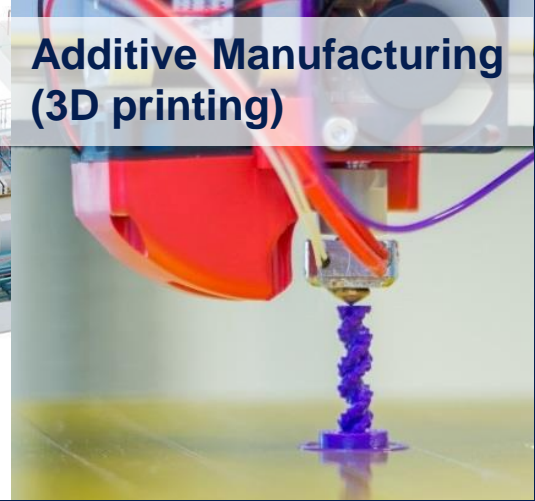
## Manufacturing Execution System



## 3D factory planning



## Additive Manufacturing (3D printing)



## Multi-level stock optimization



## Virtual Manufacturing



## Collaborative Robots (Cobots)




A hand is pointing at a digital interface. The background is a light blue-grey with a network of white lines and dots. Faint text labels like 'Supplier WH', 'Customer', 'RDC', 'Bone WH', and 'Factory' are visible. Three rounded rectangular boxes are in the center: 'Operations' (white), 'Digitalization' (white), and 'Innovation' (blue with white text).

Operations

Digitalization

**Innovation**

# Low-cost architecture reducing complexity while addressing local consumer needs

 Modularization effect on number of architectures

## NA

Segment: Mass/premium FL  
Brand: Electrolux



+8p.p.  
Gross  
margin\*

### Key benefits:

Superior cleaning  
Speed  
Large capacity

## EMEA

Segment: mass FL  
Brand: Electrolux, AEG, Zanussi



+5p.p.  
Gross  
margin\*

### Key benefits:

Convenience  
Ease of use  
Time  
Capacity / Large  
Door

## APAC

Segment: mass FL  
Brand: Electrolux, Simpson



+1p.p.  
Gross  
margin\*

### Key benefits:

Superior cleaning  
with minimum effort  
Durability

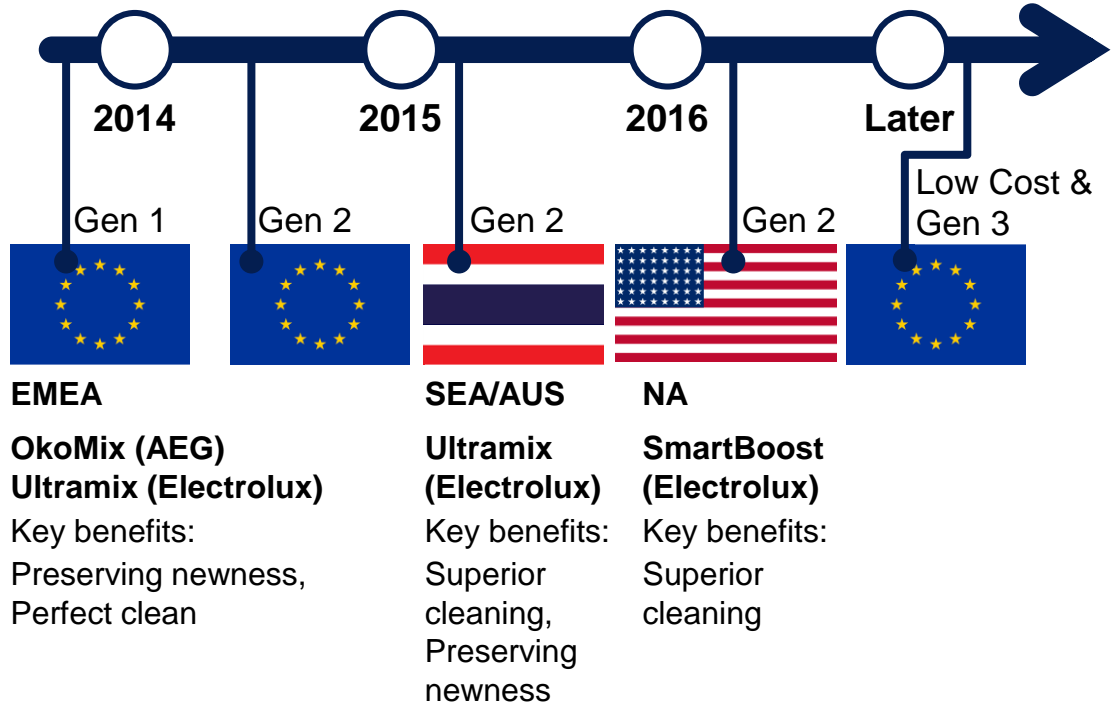
\* GROSS MARGIN INCREASE IN PERCENTAGE POINTS VERSUS REPLACED RANGE

# Electrolux LuxCare range launched at the 2016 Kitchen and Bath Show in North America



The Electrolux Perfect Steam™ Washer with **SmartBoost™ technology** was recognized as **Best in Show** amongst all products and competitors

# Premixing as core technology to enable ownership of Care and Clean story globally



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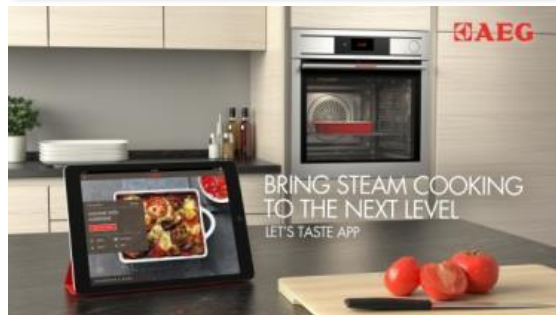
## Consumer Experience focused

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# Connected products and guiding apps are one element of the consumer experience

## Taste



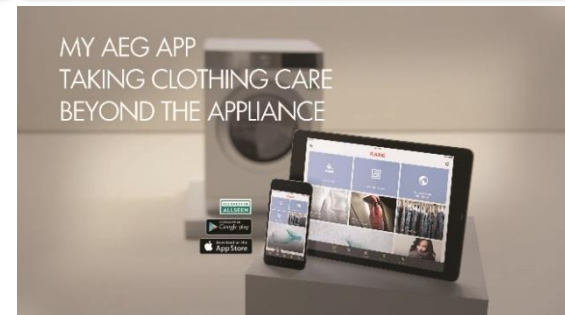
AEG ProCombi® Plus SousVide oven with MyAEG App

## Well-being



Frigidaire room air conditioner

## Care



MyAEG laundry app

The background of the slide features a network diagram with glowing blue nodes and connecting lines. A hand is pointing at a central node labeled 'Customer'. Other nodes are labeled 'Supplier WH', 'RDC', 'Factory', 'FDC', and 'Bottling WH'.

# THANK YOU



Factory  
**Electrolux**