

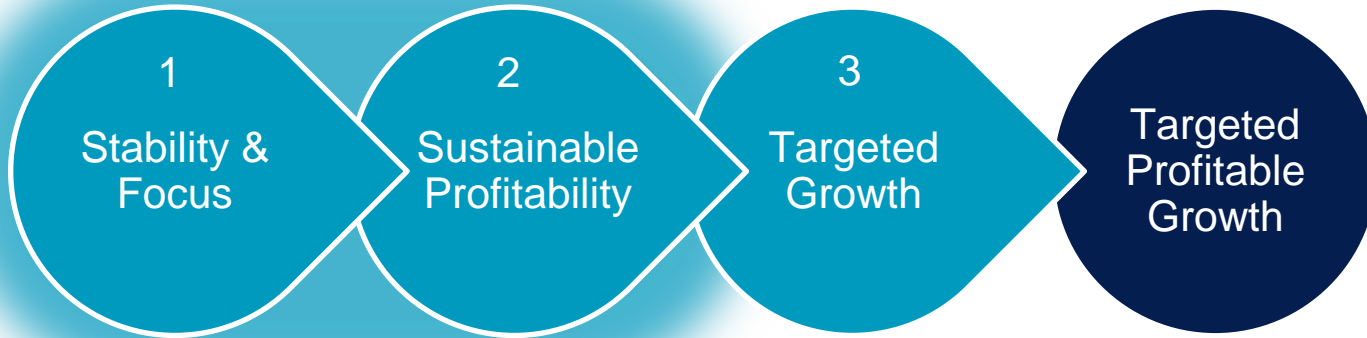
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**Electrolux**  
**Capital Markets Day**  
Major Appliances EMEA  
Turn-around to sustainable  
profitability and targeted growth

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**Dan Arler**  
Head of Major Appliances EMEA  
February 24, 2016

# Our plan to win journey



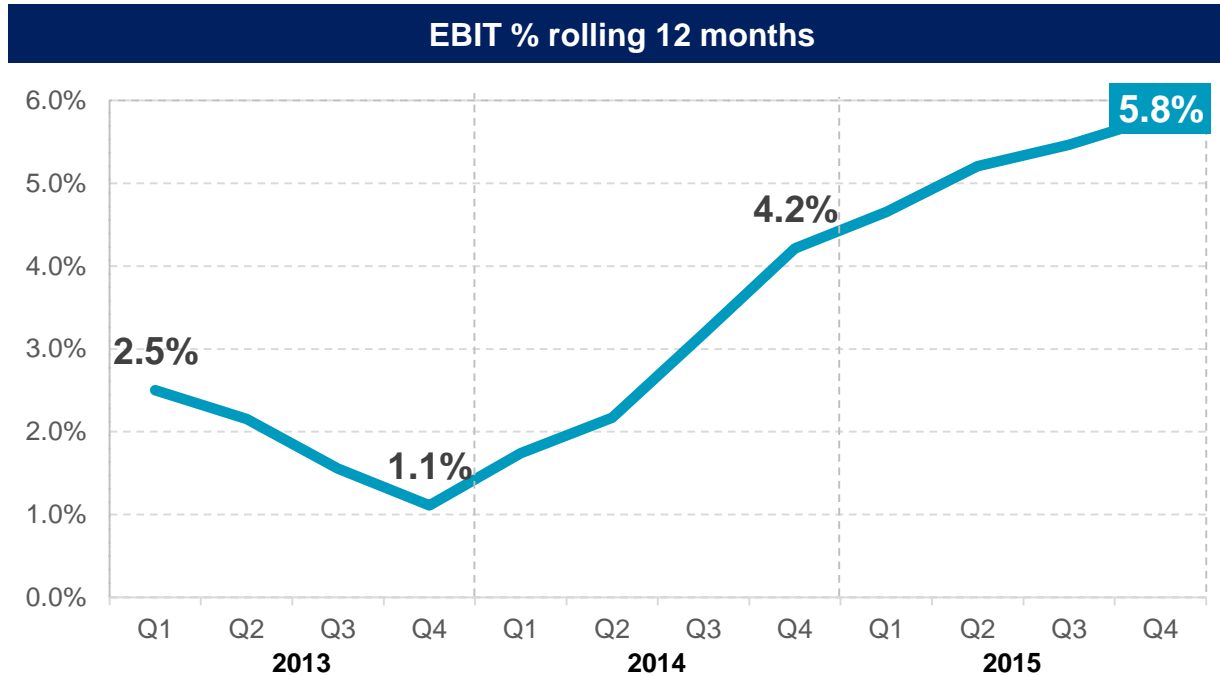
## Stage 1

2012 Simplified organization  
2013 Refocused choices  
Cost out of SEK 2bn

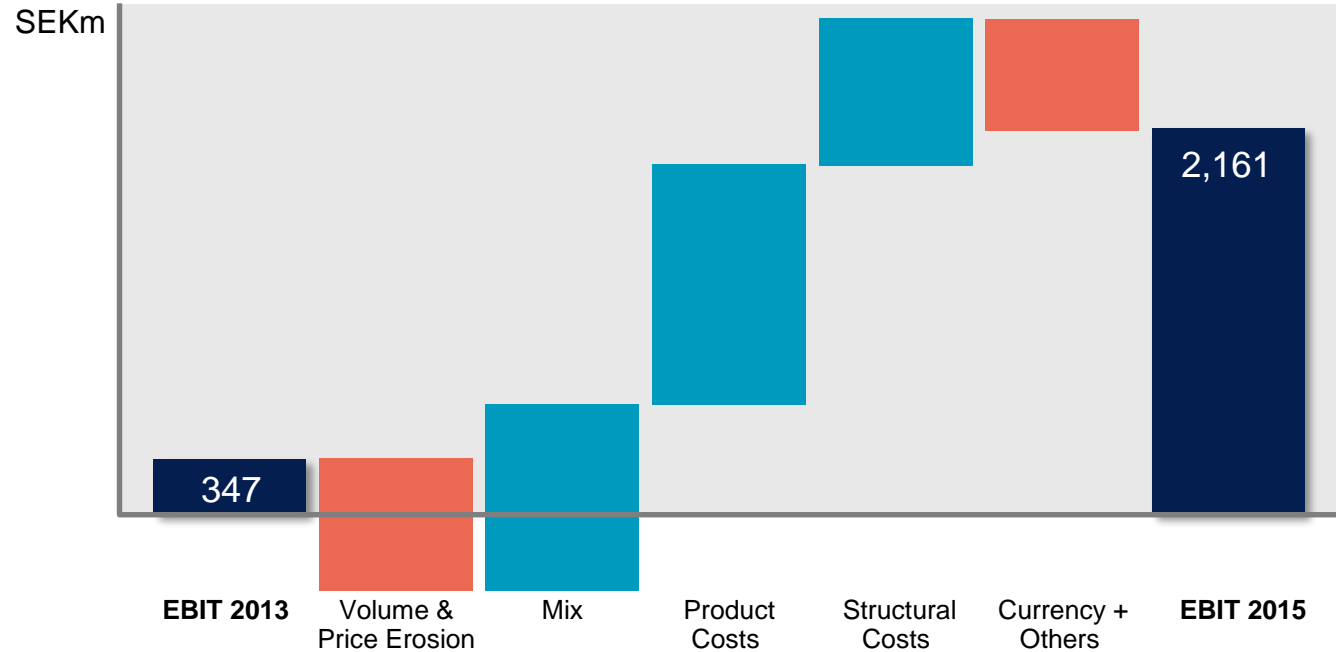
## Stage 2

2014 Aligned execution  
2015 Sustainable business model  
Growth in selected product groups,  
brands and geographies

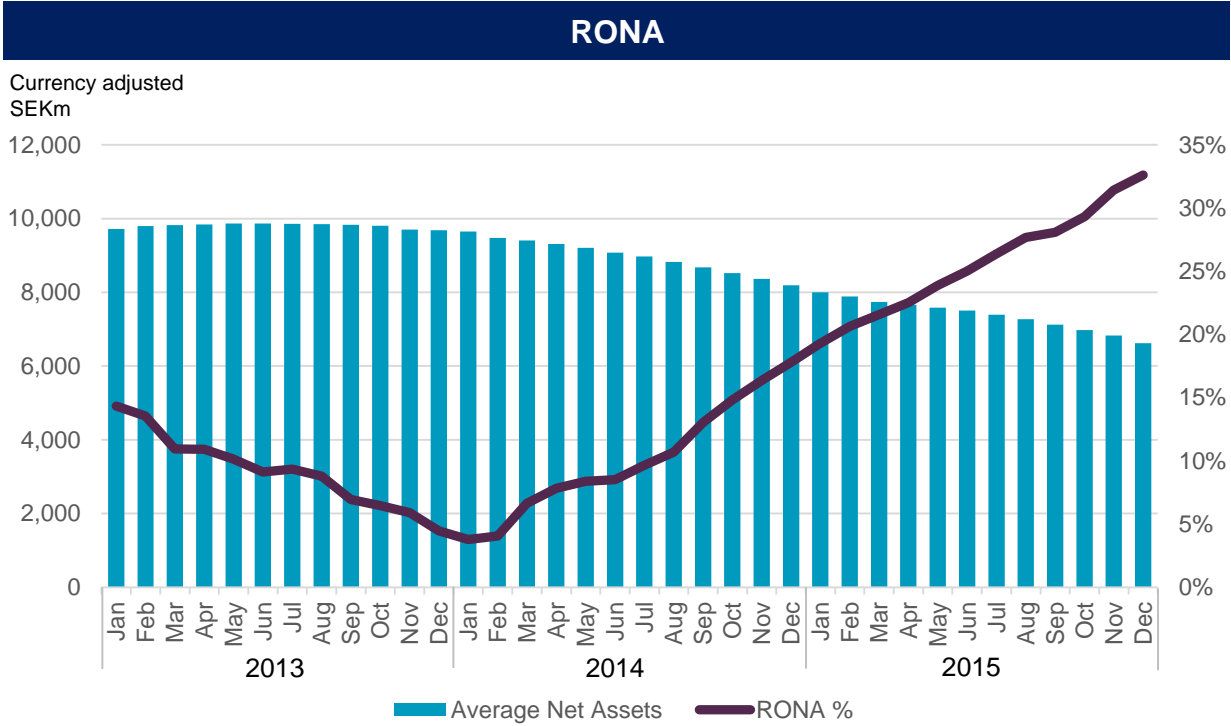
# We have delivered significant profitability improvement



# We have achieved this through mix improvement and significant cost efficiencies



# Delivering significant RONA improvement



Excluding items affecting comparability



# Refocused strategy stage 1 – completed 2013



## 1. Stability & Focus

- Improved business stability and predictability
- Reassessed strengths and weaknesses
- Made choices and focus!

# Focused commercial strategy



# Refocused strategy stage 2 – good progress



## 2. Profitability

### **Complexity**

-50% 2014-2015

### **Price & Mix**

Optimize to more than offset market price/margin erosion

### **Structural cost**

SEK-2bn by 2017

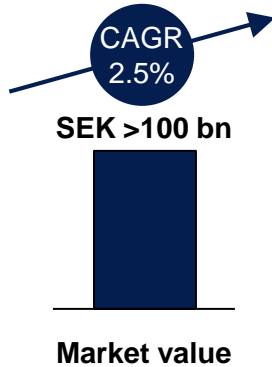
### **NOWC**

SEK -2.8bn 2014-2015



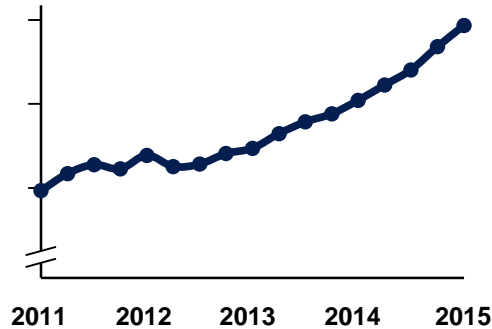
# We are successfully growing within built-in kitchen

Market value  
SEKbn – FY 2015



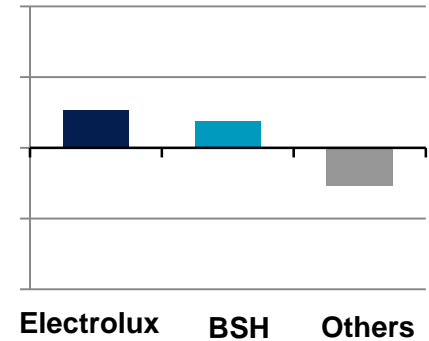
- Large market with strong growth
- Above average profitability for major appliances

Electrolux built-in  
net sales in EMEA



- Clear winning business model
- 15 out of 16 last quarters have grown

Relative market share  
change 2015 vs. 2013



- We are holding our goal of CAGR above market growth

# Refocused choices in built-in kitchen

Take our most profitable products...



...add impactful in-store and on-line execution...



Taste comparisons & animations

Accessories

Point of Sales

Special placement

...mix for great results

All Kitchen Net sales **+3.6%**

Stars Net sales **+15%**

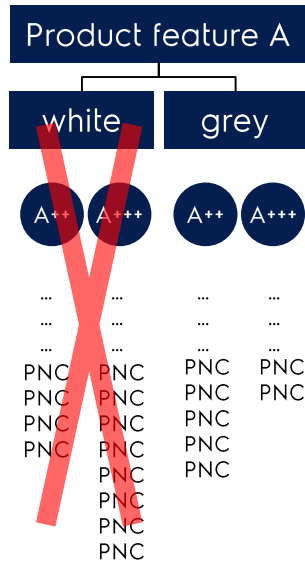
**+1.5%pts**  
Total Gross Margin

# Refocused choices in free-standing kitchen

Cutting complexity drivers  
and not SKUs...

...simplifies the business...

...and drives results in the  
whole value chain.



**-53%**  
Cabinets

**-55%**  
Doors

**-54%**  
SKUs

- +5%pts planning accuracy
- -5days mfg inventory
- -40% changeover time
- +9% efficiency gain
- +25% sales / SKU

**+3.4 %pts**  
Gross margin

# Refocused choices in laundry

Aggressively address costs...



...and focus on our strongest products...



Premium Washing machines



HP Tumble Dryers



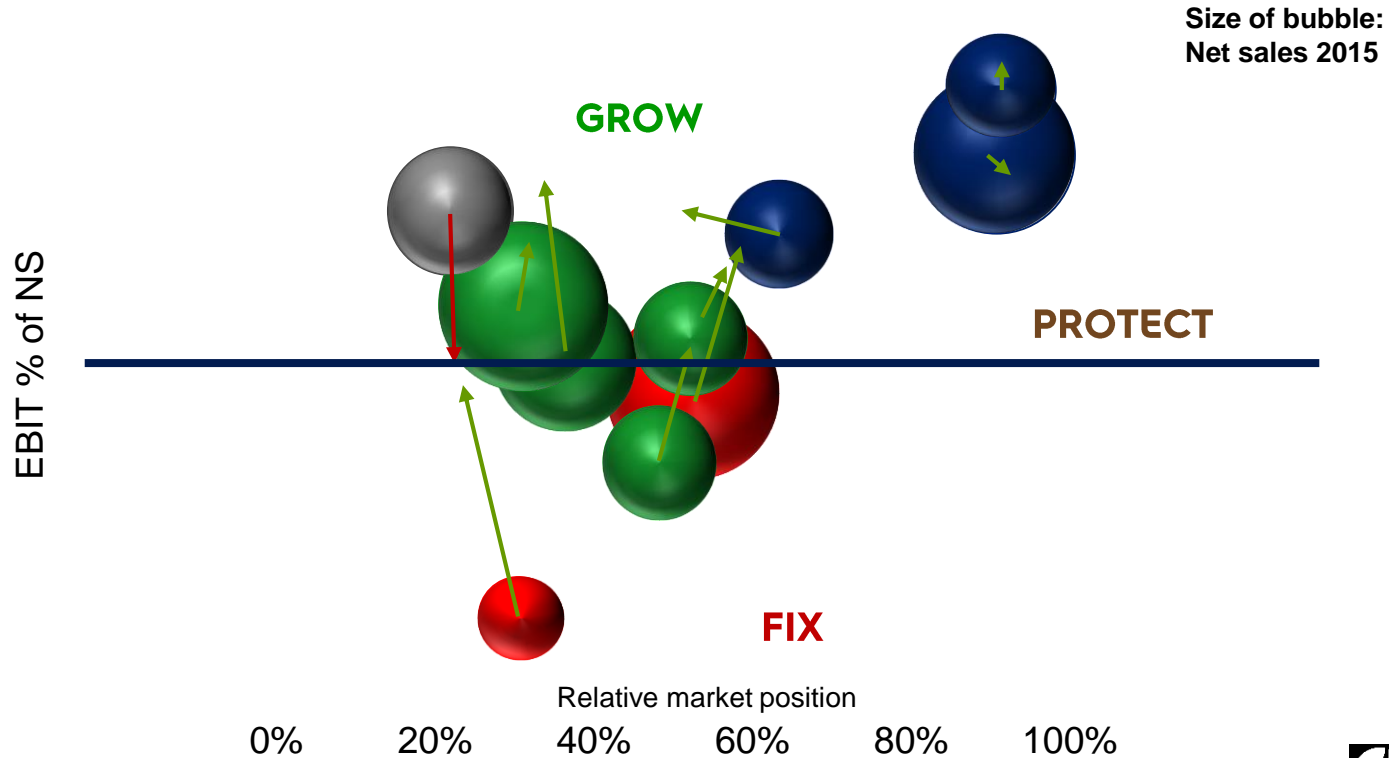
Premium Washer Dryers

...drove a good turnaround...

**+4.4 pts**  
Gross margin

# Journey to sustainable profitability

## Cluster performance 2013–2015



Note: Relative value market share (based on the main competitors)

# Achieved cost reduction

## Key initiatives

## Targets (SEKm)

Focus Brand	<ul style="list-style-type: none"><li>• Simplify processes</li><li>• Fewer touch points (on-line/in-store)</li></ul>	100
Focus Sales	<ul style="list-style-type: none"><li>• Sales effectiveness and focus</li><li>• Cost-to-serve/secondary transport</li></ul>	400
Focus Product	<ul style="list-style-type: none"><li>• R&amp;D focus and effectiveness</li></ul>	150
Other	<ul style="list-style-type: none"><li>• Administration/IT</li></ul>	350
Focus Manufacturing/ Logistics	<ul style="list-style-type: none"><li>• Manufacturing footprint</li><li>• Supply chain operations</li></ul>	1,000
		<b>2,000</b>



✓ On track to be achieved in 2017

# Growth based on profitable platform – started 2015





## 3. Growth

- Best-in-Class Consumer Experience in Taste & Care
- Best-in-Class Products – Great Messaging – Fast and Focused Innovation
- Strong Focused Brands Online and In-Store
- Preferred partners to our customers



# Accelerating share gain

Sell-in major appliances\* excl. Turkey



## Total Europe

Market	FY2015	-1.1 %pts	
	Q4	-5.4 %pts	
Electrolux market share			
FY2015	+0.8 %pts		
Q4	+1.6 %pts		

## Eastern Europe

Market	FY2015	-16.2 %pts	
	Q4	-24.5 %pts	
Electrolux market share			
FY2015	+1.9 %pts		
Q4	+3.5 %pts		

## Western Europe

Market	FY2015	+4.3 %pts	
	Q4	+2.9 %pts	
Electrolux market share			
FY2015	+0.3 %pts		
Q4	+0.6 %pts		

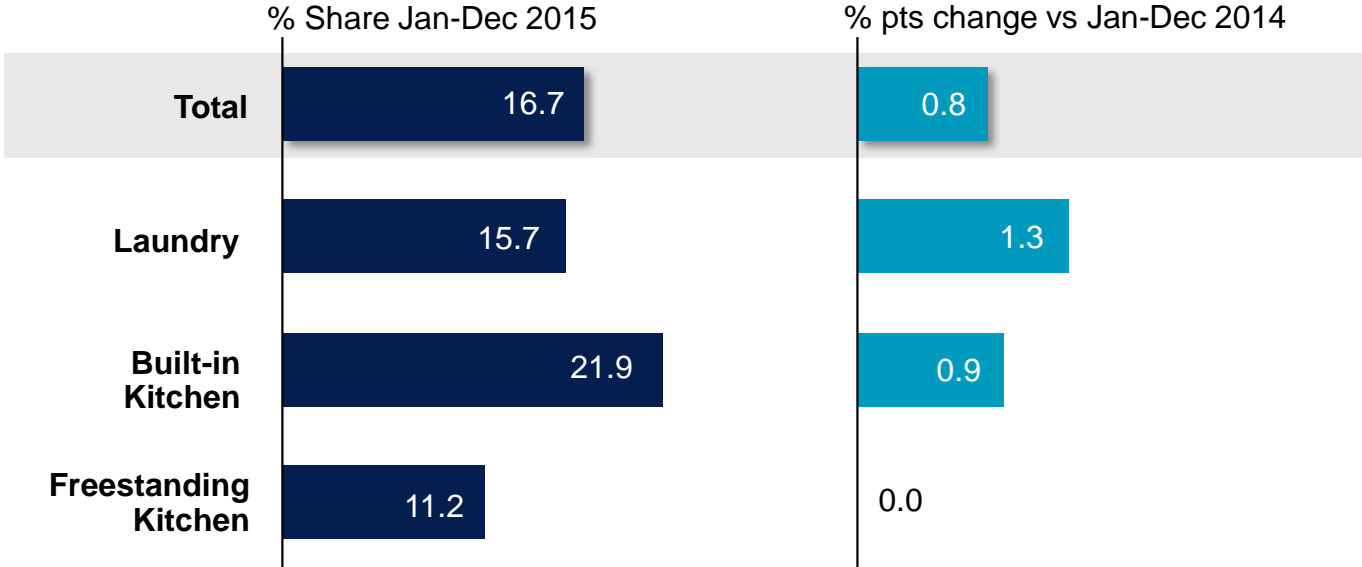
\* Microwaves excluded

Source: EMA Europe Business Intelligence estimations



# Market share improving in key battlegrounds

## Electrolux market shares - Total Europe Value @ sell-in- major appliances



# Best-in-class consumer experience

by making it possible ...

- ... to make **great tasting food** through our professional expertise
- ...to **care** for your clothes like you care for yourself
- ... to achieve **wellbeing** by creating a sanctuary at home



# Consumer focused innovation to extend leadership in great tasting food and clothes care

## Consumer Experience Innovation

Consumer experience focus in innovation and marketing

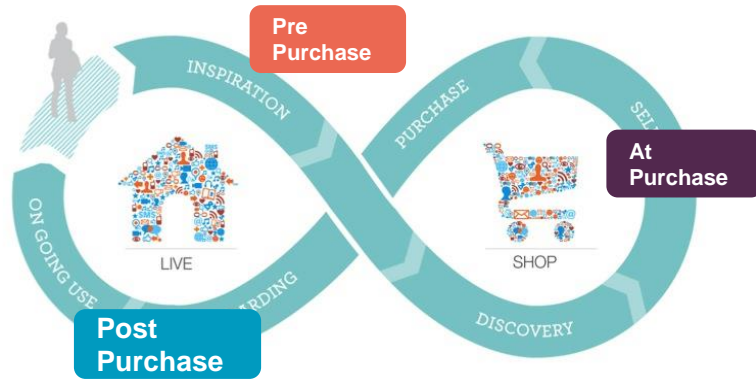
Best-in-class in Taste & Care

Lead in user interface/experience and connectivity

Best in class performance – 70% consumer test

Focus on consumer quality experience

# Best-in-class consumer experience – ownership



- Ownership solutions focused on key moments of truth
- Leveraging connected appliances
- Develop best-in-class branded ownership experience
- Significantly increase aftermarket sales