



**Electrolux**

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# Q3-16 Results

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

# Q3 Highlights

- **Continued performance improvement**

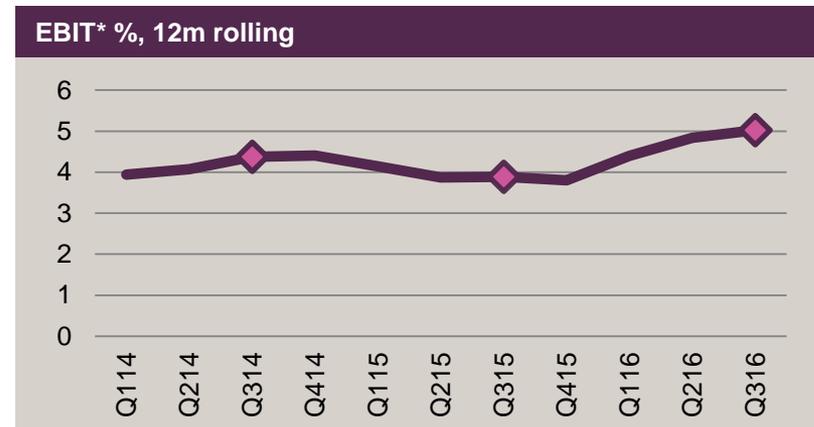
- Continued focus on active portfolio management across our businesses
- Stable volume development within major appliances despite weak Latin America

- **EBIT margin close to 6%**

- 4 out of 6 business areas above 7% EBIT margin
- Good earnings growth in EMEA, North America, Asia/Pacific and Professional
- Continued cost efficiency gains

- **Strong cash flow generation**

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	30,852	31,275	-1.4
Organic growth	-1.6%		
Acquired growth	0.0%		
Currency	0.2%		
EBIT	1,826	1,506	21.2
Margin %	5.9	4.8	
EPS	4.41	3.53	24.9



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

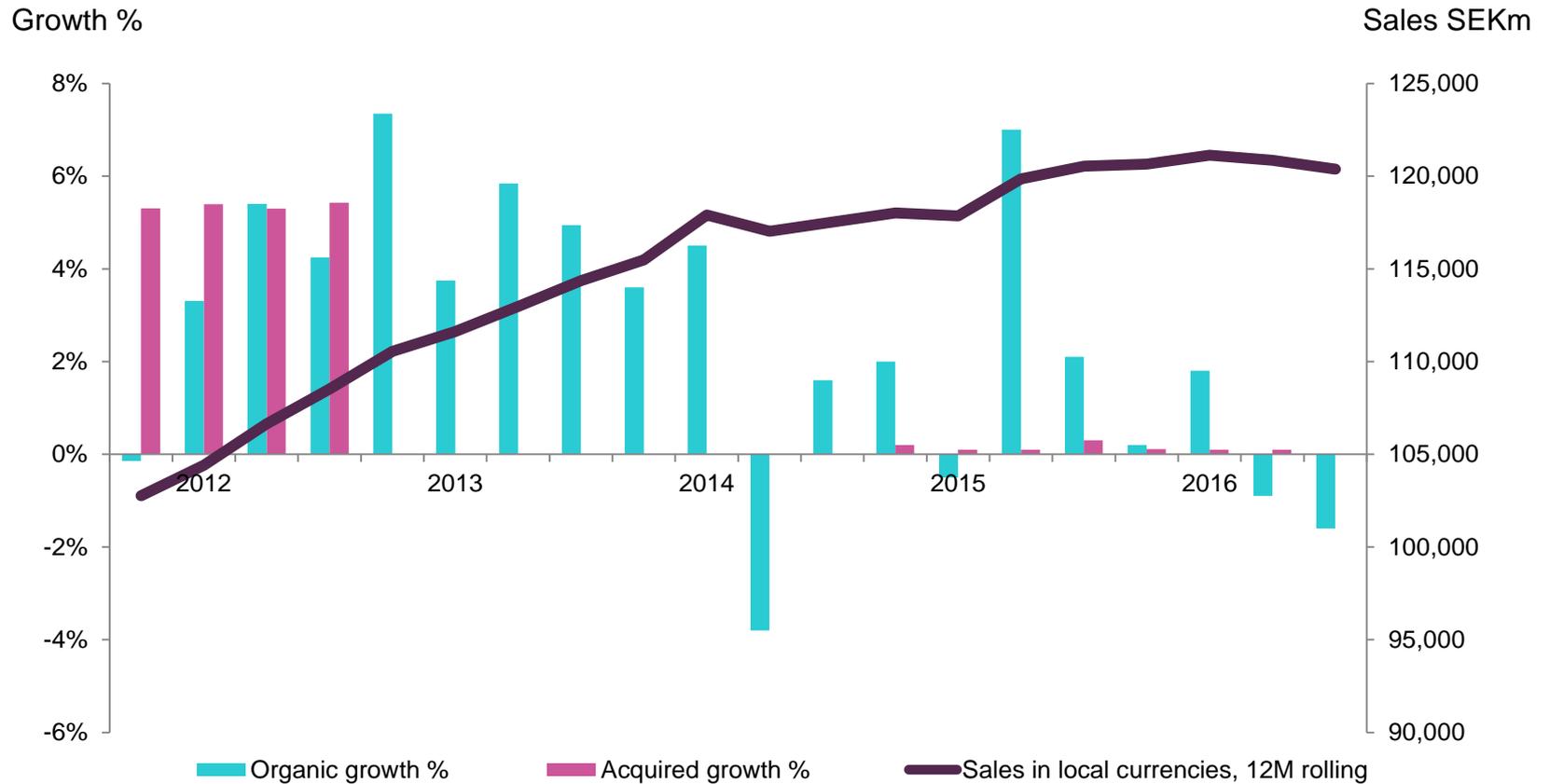
# Market Highlights

- **New launch of the AEG brand at IFA**
  - The redesigned AEG visual identity unveiled at the IFA appliance fair in Berlin
  - Premium AEG products within kitchen and laundry introduced in Europe and Asia
  - Focus on Consumer Benefits and Taste & Care
  
- **New premium Frigidaire dish models introduced in North America**
  - Refresh of two of the best-selling dish products in the market
  - The line-up allows us to gain market share with Frigidaire and drive mix with Frigidaire Gallery

# AEG



# Sales in Local Currencies



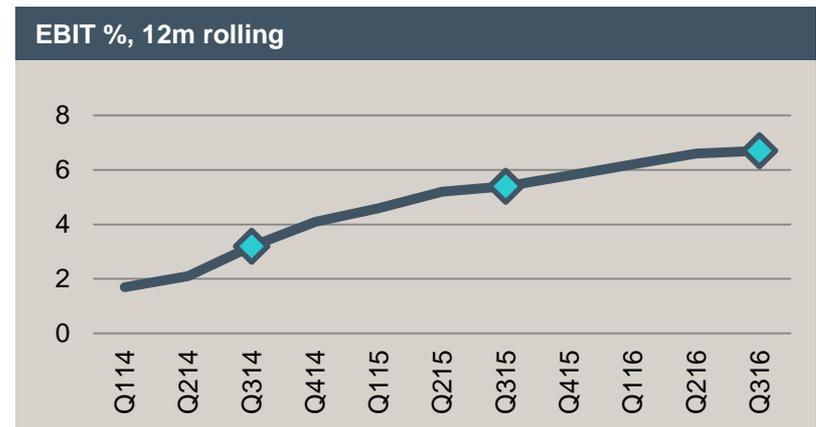


# Major Appliances EMEA

- **Profitable growth, higher margins**

- Positive market demand in the Nordics, Germany, Eastern Europe and Benelux partly offset by weak UK, Italy and Spain
- Organic growth driven by volume growth and positive mix
- Built-in kitchen and laundry continue to perform well
- EBIT margin of 7% in the quarter and above 6.7% in the last 12 months, due to organic contribution and cost efficiency
- New AEG kitchen and laundry range launched in Germany and adjacent markets

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	9,579	9,540	0.4
Organic growth	2.1%		
Currency	-1.7%		
EBIT	680	605	12.4
Margin %	7.1	6.3	0.8



\* EBIT excludes material profit and loss items



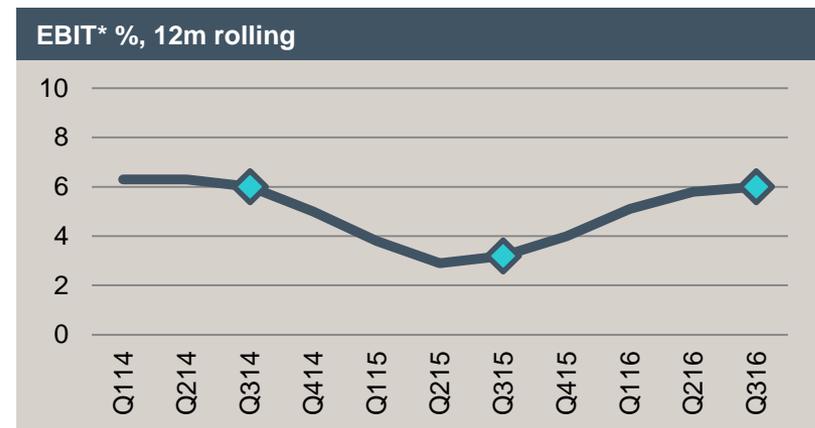
# Major Appliances North America



- **Continued focus on profitability**

- Branded sales growth in overall flat market
- Sales declined mainly due to lower volumes under private labels
- Sales of air-conditioners up
- Price pressure in the market, driven by increased promotional activity
- Earnings growth driven by focus on margins, improved efficiency and lower raw material costs

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	11,189	11,610	-3.6
Organic growth	-4.6%		
Currency	1.0%		
EBIT	824	743	10.9
Margin %	7.4	6.4	1.0



\* EBIT excludes costs related to GE Appliances

# North American White Goods Market



## Quarterly comparison y-o-y



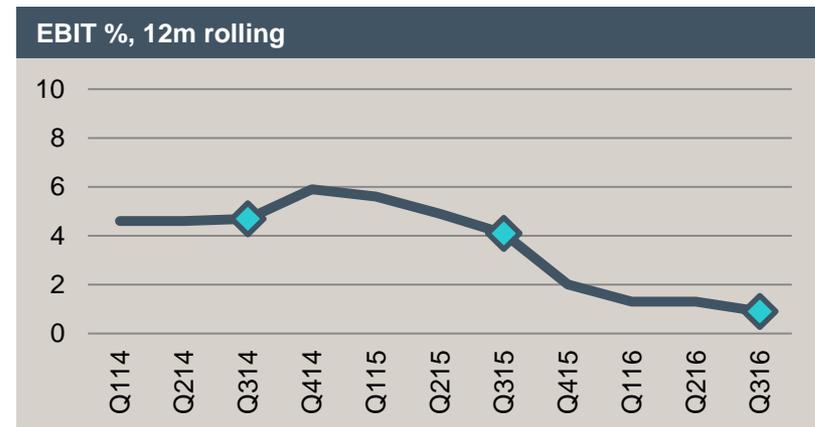
# Major Appliances Latin America



- **Continued weak markets**

- Weak macro-economic situation in Brazil and Argentina
- Volumes declined in Brazil and Argentina
- Higher prices and cost reductions partly offset the weak sales development
- Reinforced structural measures to adapt to lower volumes and mitigate underabsorption of fixed cost in operations

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	3,968	4,190	-5.3
Organic growth	-6.2%		
Currency	0.9%		
EBIT	19	110	-82.7
Margin %	0.5	2.6	-2.1



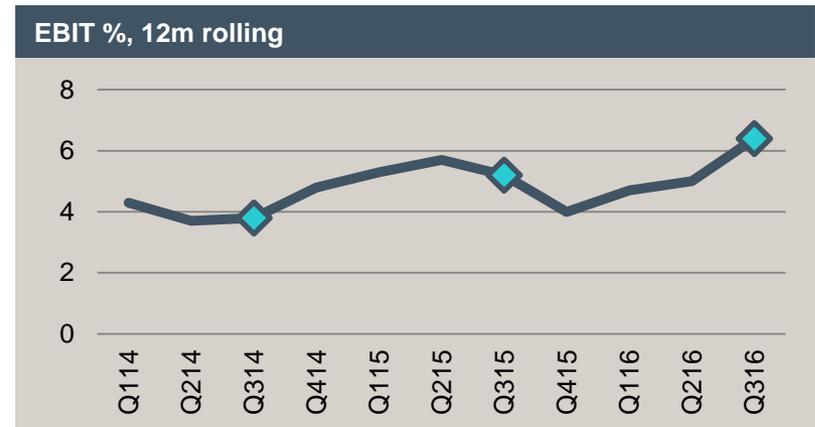
# Major Appliances Asia/Pacific



- **Strong improvement**

- Strong sales volumes in Southeast Asia and China and stable growth in Australia
- Volumes in China increased due to weather driven demand for air-conditioners
- EBIT and margins increased as a result of higher volumes and lower costs
- New products are being launched in several markets in the region

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	2,515	2,192	14.7
Organic growth	10.7%		
Acquired growth	0.7%		
Currency	3.3%		
EBIT	208	54	285.2
Margin	8.3	2.5	5.8



\* EBIT excludes material profit and loss items

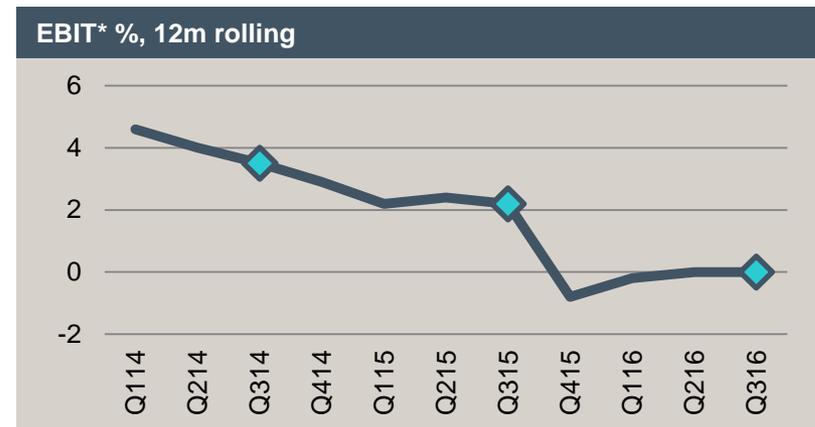
# Small Appliances



- **Profitability actions on track**

- Demand in EMEA grew while North America and Latin America still challenging
- Lower sales due to portfolio management and exit of unprofitable product categories
- Price/mix development was favourable
- Operating income in line with previous year despite costs related to refocusing activities
- Program to restore profitability in progress according to plan

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	1,960	2,169	-9.6
Organic growth	-10.3%		
Currency	0.7%		
EBIT	34	41	-17.1
Margin %	1.7	1.9	-0.2



\* EBIT excludes material profit and loss items

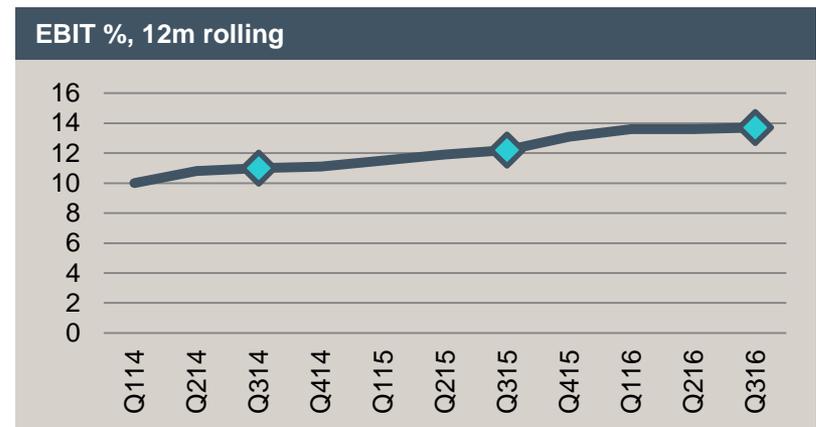
# Professional Products

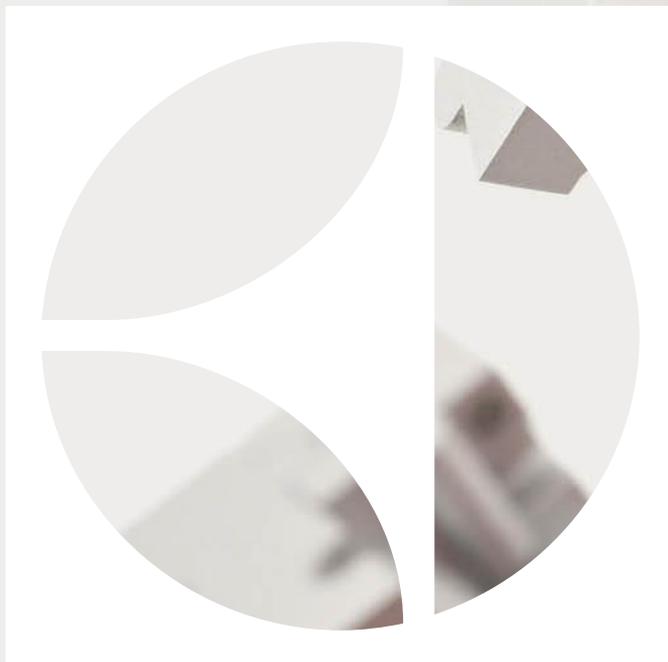


- **Solid growth and profitability**

- Good organic growth development
- Volumes increased in Western Europe, the US and Japan
- Continued good performance in both food-services and laundry equipment
- EBIT and margins improved due to higher sales volumes and efficiency
- Continued investments in new products and segments

(SEKm)	Q3 2016	Q3 2015	Change %
Sales	1,641	1,574	4.3
Organic growth	4.0%		
Acquired growth	0.0%		
Currency	0.3%		
EBIT	234	212	10.4
Margin %	14.3	13.5	0.8





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# Financials Q3-16

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Anna Ohlsson-Leijon, CFO

# Financials

SEKm	Q3 2016	Q3 2015	Change
Net Sales	30,852	31,275	-1%
<i>Organic</i>	-1.6%	2.1%	-
Gross operating income	6,600	6,149	7%
Gross operating margin, %	21.4	19.6	-
EBIT	1,826	1,506	21%
EBIT margin, %	5.9	4.8	-
Op. cash flow after investments	2,965	2,969	0%
EPS	4.41	3.53	25%

# Sales and EBIT Bridge

SEKm	Q3 2015	Volume/Price/Mix	Net Cost Efficiency	Currency*	Acq	Other**	Q3 2016
Net Sales	31,275	-517		78	15		30,852
Growth		-1.6%		0.2%	0.0%		-1.4%
EBIT	1,506	-211	439	-120	0	213	1,826
EBIT %	4.8%	-40.8%			-2.7%		5.9%
Accretion		-0.6%	1.4%	-0.4%	0.0%	0.7%	

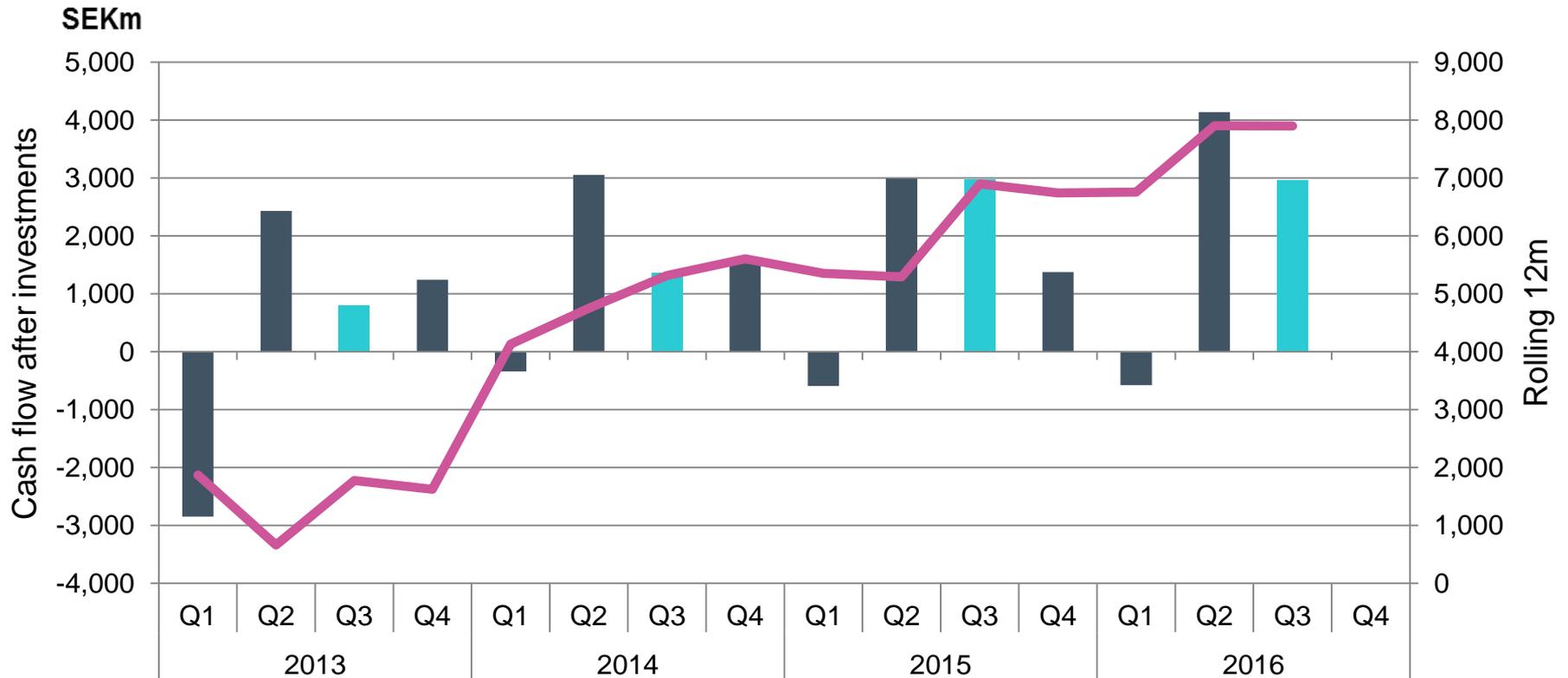
\* Currency includes SEK -32m of currency translation effect on EBIT. \*\* Other includes GE transaction + integration costs and China inventory write-down in Q3 2015

# Cash Flow

SEKm	2016 Q3	2015 Q3
EBIT	1,826	1,506
D/A and other non-cash items	1,040	1,120
Change in operating assets and liabilities	848	1,171
Investments (excl. acquisitions)	-749	-828
<b>Cash flow after investments</b>	<b>2,965</b>	<b>2,969</b>

# Cash Flow, 2013-2016

## Cash flow after investments by quarter





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# Outlook and Summary

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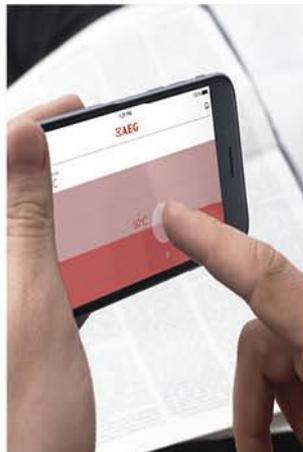
# Market outlook per region

Region	Q4 2016	FY 2016	Comments
Western Europe	Slightly Positive	+2-4%	Positive demand but with uncertainty around southern Europe and Brexit
Eastern Europe	Positive	+2-3%	Growth in most markets Russia and Ukraine stabilizing
North America	Slightly Positive	+3-4%	Stable market
Latin America	Negative	Negative	Weak demand in Brazil and Argentina
East Asia	Positive	Positive	East Asia in general positive
Australia	Flat	Flat	Market is estimated to be flat/slightly negative

# Business outlook

Electrolux	Q4 2016	FY 2016	Comments
Volume/Price/Mix	Slightly positive	Slightly positive	EMEA: positive mix, negative price NA: stable market, some price pressure LA: negative volume and mix Asia/Pacific: positive volume and mix
Net cost efficiency incl. raw materials	Positive	Positive	Continued efficiency gains Raw materials FY 2016: SEK 900m
Currency*	SEK +120m	SEK -1.1bn	Improvement continues in Latin America Brexit gives headwind in GBP
Capex	Stable	Stable	FY: ≤ SEK 4bn

\* Currency rates as per September 30, 2016



# Summary Q3

- Strong operational improvement across business areas
- Four of six business areas achieved an operating margin above 7%
- Good earnings growth in EMEA, North America, Asia/Pacific and Professional
- Declining markets in Latin America continued to impact earnings negatively
- Ongoing activities in Small Appliances making progress
- Strong cash flow generation



# Factors affecting forward-looking statements

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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.