

Press Release

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President and CEO Jonas Samuelson's comments on the results
for the second quarter 2017

Significant earnings improvement across the Group

During the second quarter Electrolux improved its operating income by close to 25%, achieving an operating margin of 6.2%. Profitability increased in most of our business areas. This was driven by continued focus on improving product mix through active portfolio management, and increased cost efficiency within our operations. Cash flow continued to be strong, further strengthening our balance sheet.

In EMEA, our premium brands continued to gain market share driven by the built-in kitchen segment. The launch of the new AEG products is ongoing, with strong market impact. We are very pleased that operating margins continue at a high sustained level, reaching 6.2% in the quarter.

The European appliance market remains solid, with demand growth in several markets in Western and Eastern Europe, while the UK and the Middle East and Africa continue to be weak. We expect the total European market to be positive and confirm our outlook of around 1% growth in 2017.

In our operations in North America, we continued the strong operational performance, improving the mix by focusing on our most competitive products and increasing productivity and cost efficiency. This contributed to achieving an operating margin of 8.4% despite continued price pressure and lower sales volumes under private labels. With a good trend during the first half of the year, the market for appliances in North America remains strong and we see the favorable macro environment continuing to support demand. We therefore increase our outlook for the North American market and now expect the market to grow by 3-4% in 2017.

The operations in Latin America faced another quarter with tough market conditions although there were signs of a slow recovery. Market volumes in Brazil, Argentina and Chile improved slightly but the macro and political uncertainty in Brazil remains. Actions to improve the profitability of our business are progressing according to plan. The operations in Asia Pacific, Home Care & SDA and Professional Products all showed strong improvement in earnings compared to the second quarter 2016.

We expect the organic sales contribution from volume, price and mix for the full year to be slightly positive, as a result of the supportive market environment, strong mix performance and successful product launches, offsetting continued price pressure. Our efforts to drive cost efficiency continue and we now expect to deliver a net cost efficiency of SEK 2.3bn for the full year of 2017. Price developments in the commodity markets have been neutral on balance, and we confirm our expected negative impact from raw-material costs of SEK 1.4bn for the full year.

In early July we announced the agreement to acquire Best, a European manufacturer of innovative and well-designed kitchen hoods. The acquisition enables Electrolux to further drive long-term profitable growth in the built-in-kitchen segment in EMEA. The deal is expected to close within the next quarter and will be our fourth this year, highlighting our ambition to broaden Electrolux product offering and expand in new profitable markets and segments.

During the quarter we have also updated our strategic framework, connecting our business model and path to profitable growth to a clear and revised company Purpose – Shape living for the better. We will achieve this by reinventing taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. This will set the direction for Electrolux for years to come.

Stockholm, July 19, 2017
Jonas Samuelson
President and CEO

This is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 0800 CET on July 19, 2017.

Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences, making life more enjoyable and sustainable for millions of people. As a leading global appliance company, we place the consumer at the heart of everything we do. Through our brands, including Electrolux, AEG, Anova, Frigidaire, Westinghouse and Zanussi, we sell more than 60 million household and professional products in more than 150 markets every year. In 2016 Electrolux had sales of SEK 121 billion and employed 55,000 people around the world. For more information go to www.electroluxgroup.com.