

Press Release

For further information,
please contact:

Daniel Frykholm
Electrolux Press Hotline
+46 8 657 65 07

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

Operating margin target achieved for 2017

Electrolux reached an operating margin of 6.1% during 2017, an improvement of close to 20%. This was an important step on the journey towards profitable growth, supported by a strong focus on product portfolio management and cost efficiencies. The year ended with a strong fourth quarter delivering an organic growth of 4% and a margin of 6.1%.

In 2017, we had a consistent focus on driving sustainable profitability through portfolio management and cost efficiencies. As a result, we improved earnings across all our business areas and generated a margin of more than 6%. I am very pleased with the performance in 2017 and especially that we in the fourth quarter managed to grow our business in a profitable way, with an organic growth of 4%. With that we took an important next step on our journey towards profitable growth.

Most business areas reported organic sales growth in the quarter and growth was particularly strong in Latin America, where organic sales grew by 30%. I am also very pleased that our strong focus in EMEA on new innovative products is paying off and that our premium brands continued to gain market share, contributing to an organic sales growth of 4%. In North America, sales under our own brands increased but could not offset the decline in volumes under private labels.

In the quarter an operating margin above 8% was achieved by four business areas, which was a result of volume growth and strong mix improvements. The positive earnings trend for our operations in EMEA, Asia Pacific and Home Care & SDA continued. Performance for Professional Products remained solid.

During 2017, all business areas delivered strong performance improvements. EMEA continued its favorable profitability trend and delivered a margin of 7.2%. Our operations in North America reached a record margin of 6.8%, while Asia Pacific delivered a high margin of 7.5%. We saw a solid turn-around in Latin America, and continued strong traction in Home Care & SDA with a 5.5% margin. Finally, Professional Products continued its profitable growth journey, improving the operating income to over 1 billion SEK for the first time.

We continued to strengthen our product offering through acquisitions, driving growth in new markets and segments. During the quarter, we completed the acquisition of the Continental brand in Brazil. In January, we agreed to acquire the German professional laundry company Schneidereit, helping expand our offering into functional sales and rental solutions.

The overall positive demand trend across most markets in 2017 is expected to continue in 2018. We anticipate market demand for appliances in Europe to grow by 1-2% and in North America by 2-3% in 2018. In Latin America we expect market recovery to continue in 2018 with a growth rate of 3-5%.

We have seen an increase in raw material prices and therefore, we now forecast the negative impact from raw-material costs in 2018 to be approximately SEK 1.2 billion with up to SEK 200 million risk. We will continue our efficiency measures to offset this

headwind and also implement previously announced price increases. Changes in currencies will at current rates have a slightly negative impact for the Group.

Our focus in 2018 will be to enter the next step in our journey towards targeted profitable growth. We will continue our focus on launching new innovative products to create best in class consumer experiences. We are stepping up investments focusing on product innovations and automation to support further profitable growth to SEK 6 billion in 2018. A key part of this is the significant investment announced in our North American operation that will provide a competitive new range of innovative kitchen products under our Frigidaire brand. Our ambition to shape living for the better by reinventing taste, care and wellbeing experiences continues.

Stockholm, January 31, 2018
Jonas Samuelson
President and CEO

Denna information är sådan som AB Electrolux är skyldigt att offentliggöra enligt EU:s marknadsmissbruksförordning. Informationen lämnades, genom ovanstående kontaktpersons försorg, för offentliggörande den 31 januari kl. 0800 CET.

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 2017 Electrolux had sales of SEK 122 billion and employed 56,000 people around the world. For more information go to www.electroluxgroup.com.