



# Q1 2018 Results presentation



# Business overview

Jonas Samuelson, President and CEO





# Q1 Highlights

## Continued focus on profitable growth

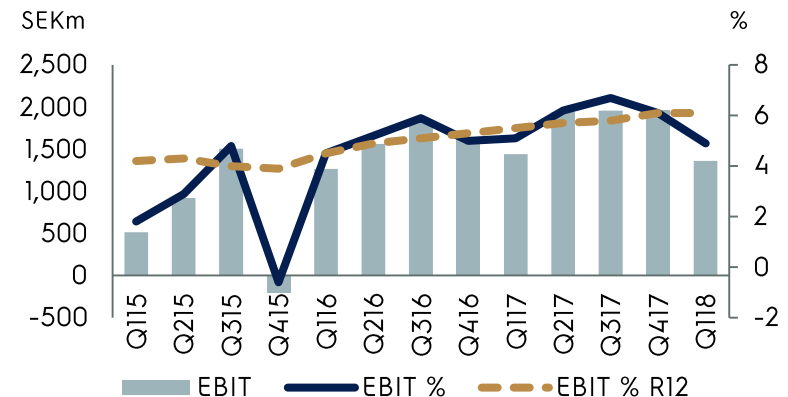
- Sales growth of 3.3%
- Strong growth in EMEA, Asia/Pacific and LA
- Market share gain in core brands
- Price increases under implementation

## Solid earnings

- Restructuring charge in North America
- Mix improvements and cost efficiency offset increased input costs and currency
- Good contribution from EMEA, Asia/Pacific, Professional Products and HC & SDA
- Focus on strategic portfolio and ongoing price increases

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	27,906	28,201	-1.0%
Organic growth	1.8%		
Acquisitions	1.5%		
Currency	-4.4%		
EBIT	764	1,442	-47.0%
Margin	2.7%	5.1%	-2.4pts
EBIT excl. NRI	1,360	1,442	-5.7%
Margin excl. NRI	4.9%	5.1%	-0.2pts
EPS	1.92	3.52	-45.4%

EBIT and EBIT margin\*



\*Figures excluding non-recurring items (NRI). The restructuring charge for North America in Q1 2018 amounted to SEK 596m.



# Market highlights

## **Market debut for the Electrolux connected steam oven with built-in camera**

- Innovation in connectivity enhancing consumer experience

## **US launch of the robotic vacuum Pure i9**

- Re-entering the category with the best robotic cleaner
- Leveraging the digital expertise and consumer-focused approach of the Anova team

## **Official launch of the AEG brand in China**

- Introducing the premium AEG brand through a JV
- Targeting the fast growing high-end retail market

## **Electrolux showcases best-in-class consumer experience at the EuroCucina fair in Milano**

- Putting consumer experience and the smart kitchen platform in focus to our consumers





# Major Appliances EMEA



## Growing profitably in premium

- Strong organic growth of 8%
- Overall positive market demand
- Continued gain of market shares in premium brands across regions

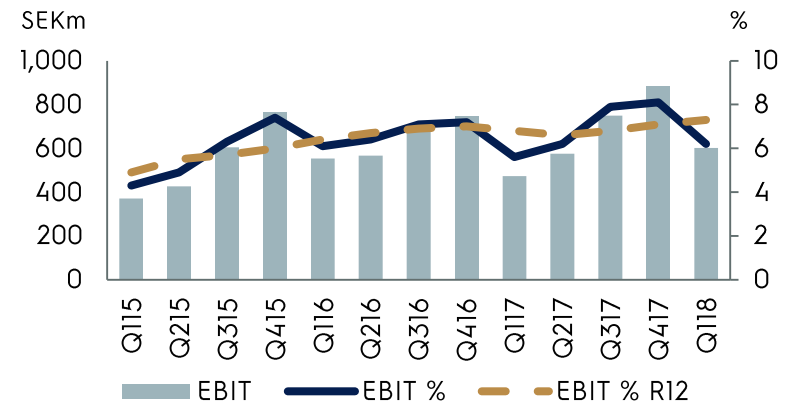
## Strong EBIT performance

- Earnings driven by volume growth and improved mix
- Negative impact from higher raw material costs offset by cost efficiency
- Continued currency headwinds

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	9,640	8,539	12.9%*
Organic growth	7.6%		
Acquisitions	2.6%		
Currency	2.8%		
EBIT	602	474	26.9%
Margin	6.2%	5.6%	0.6pts

\*Net sales change impacted by a -0.1% from transfer of business to Home Care & SDA

## EBIT and EBIT margin

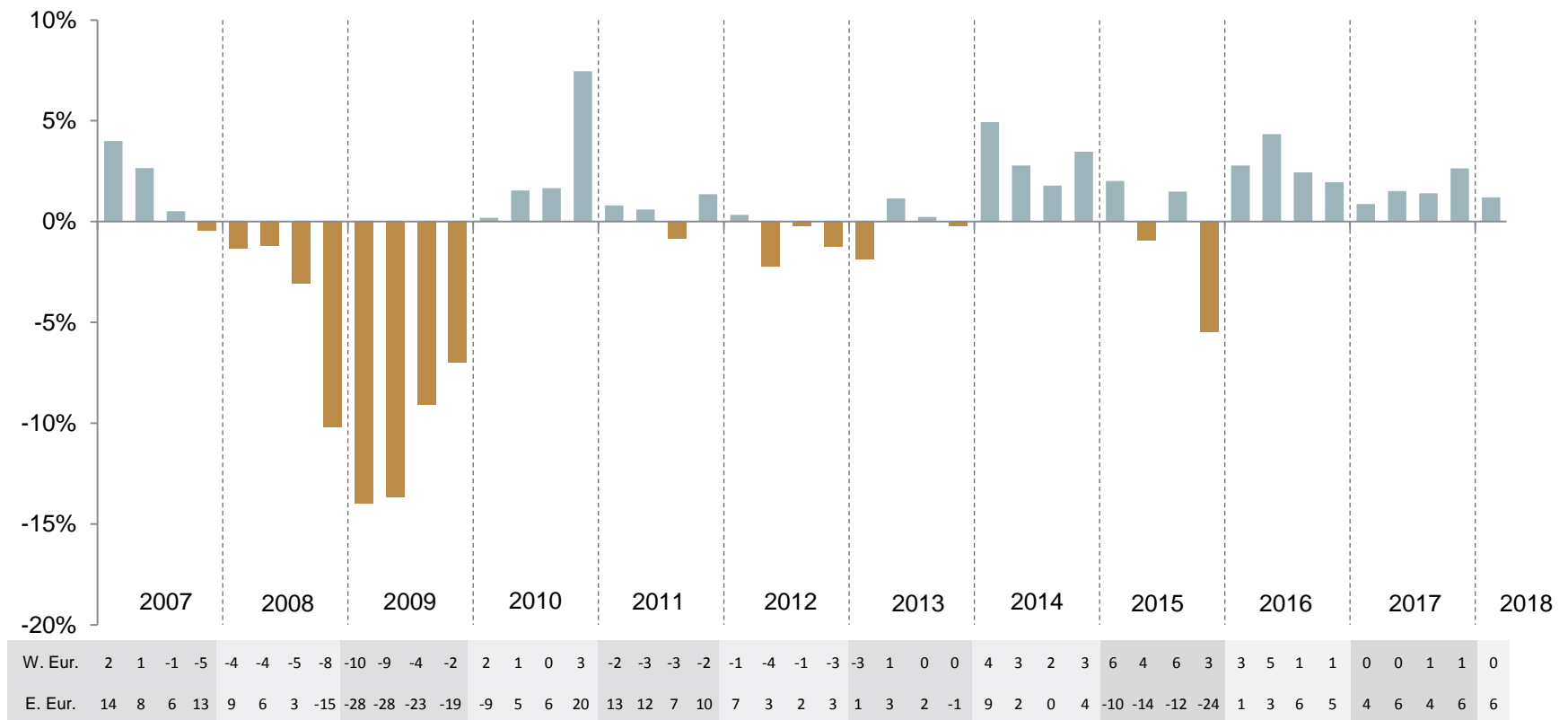




# European Core Appliances Market



Total European shipments, quarterly unit comparison y-o-y



Source: Electrolux estimates



# Major Appliances North America



## Positive development in core business offset by lower A/C and private label

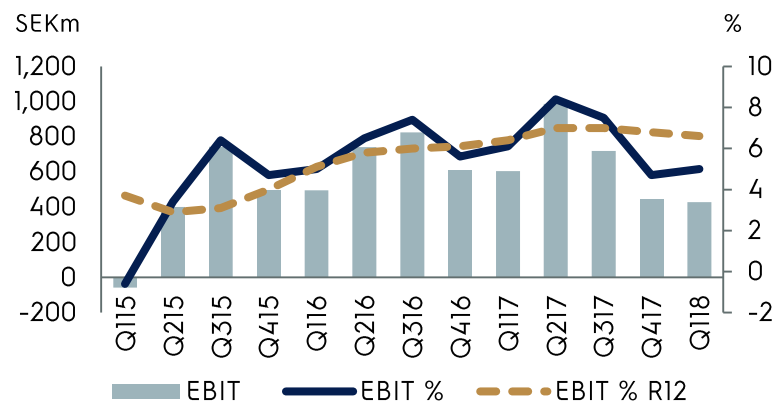
- Volume decline due to lower sales of air conditioners and private label
- Core branded sales significantly up resulting in market share gain
- Price increases under implementation

## Lower operating income

- Restructuring charge for the consolidation of the freezer production, SEK 596m
- Volume decline more than offset mix
- Increased raw material and logistics costs
- Continued strong cost efficiency focus

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	8,564	9,850	-13.1%
Organic growth	-5.1%		
Currency	-8.0%		
EBIT	-167	605	n.m.
Margin	-1.9%	6.1%	-8.1pts
EBIT excl. NRI	429	605	-29.1%
Margin excl. NRI	5.0%	6.1%	-1.1pts

EBIT and EBIT margin\*



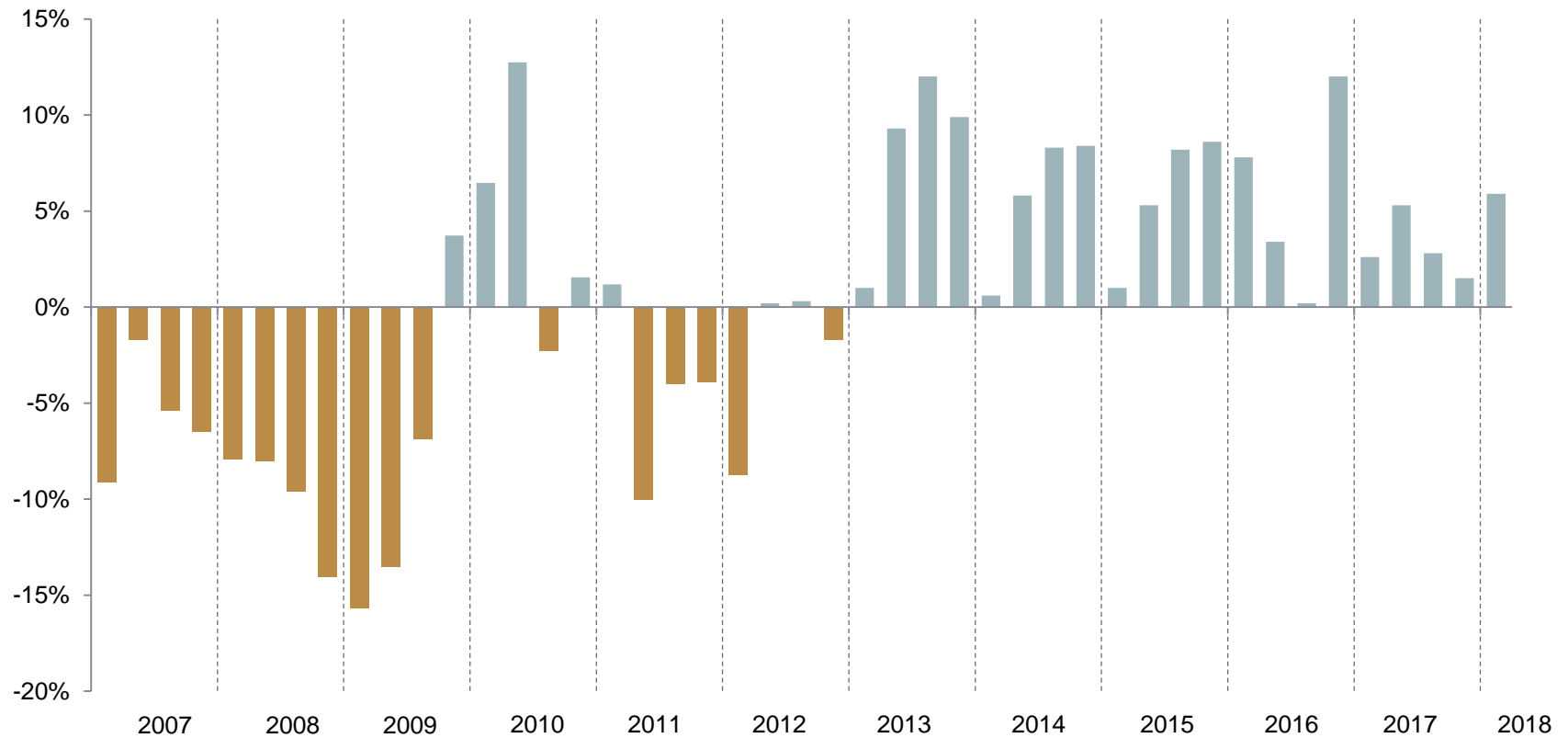
\*Figures excluding non-recurring items (NRI). The restructuring charge for the consolidation of the freezer production in Q1 2018 amounted to SEK 596m.



# U.S. Core Appliances Market



## U.S. shipments, quarterly unit comparison y-o-y



Source: AHAM



# Major Appliances Latin America



## Consumer demand recovering

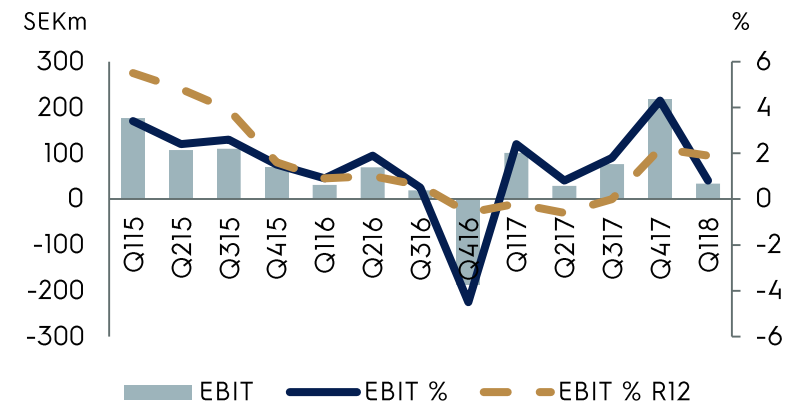
- Positive organic growth trend
- Market share gain in Brazil
- Implementation of price increases

## Earnings declined

- Negative impact from higher inflation and raw material costs
- Currency headwinds continued
- Support from volume growth and price increases in March but slightly negative mix due to sales in lower margin segments

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	4,064	4,301	-5.5%
Organic growth	6.4%		
Currency	-11.9%		
EBIT	34	101	-66.6%
Margin	0.8%	2.3%	-1.5pts

EBIT and EBIT margin





# Major Appliances Asia/Pacific



## Continued strong sales growth

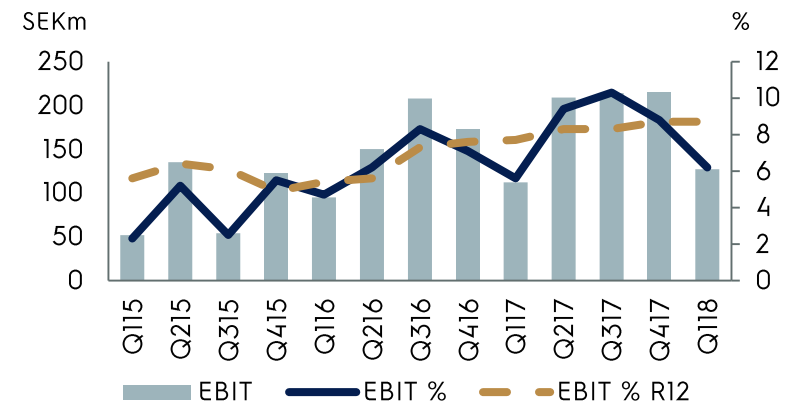
- Market demand positive across regions
- Strong volume growth with growth in most product categories
- Market share gains

## Earnings and margin improvement

- Earnings driven by strong volume contribution in Australia/New Zealand and East Asia
- Improved cost efficiency
- Ramp up costs for JV in China

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	2,055	2,010	2.3%
Organic growth	7.6%		
Currency	-5.3%		
EBIT	127	112	14.2%
Margin	6.2%	5.6%	0.6pts

EBIT and EBIT margin





## Unfavorable volume development

- Lower sales volumes of vacuum cleaners in Europe and Latin America
- Focus on strengthening product offering and portfolio management
- Positive contribution of 3% from Anova

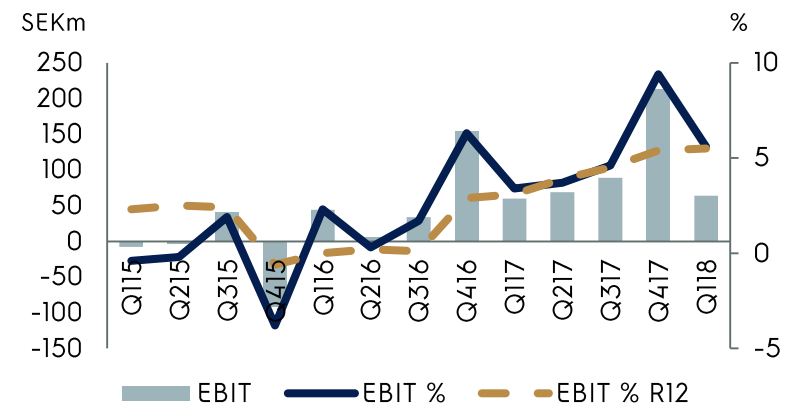
## Stable earnings despite lower volumes

- Positive contribution from sales mix and currency
- Higher structural innovation investments for upcoming product launches

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	1,665	1,759	-5.3%*
Organic growth	-7.2%		
Acquisitions	2.8%		
Currency	-1.5%		
EBIT	64	60	5.9%
Margin	3.8%	3.4%	0.4pts

\*Net sales change impacted by a 0.6% from transfer of business from MA EMEA

EBIT and EBIT margin





# Professional Products



## Continued profitable growth

- Sales increased in several regions, particularly in Food service
- Focus on strengthening position in the U.S.

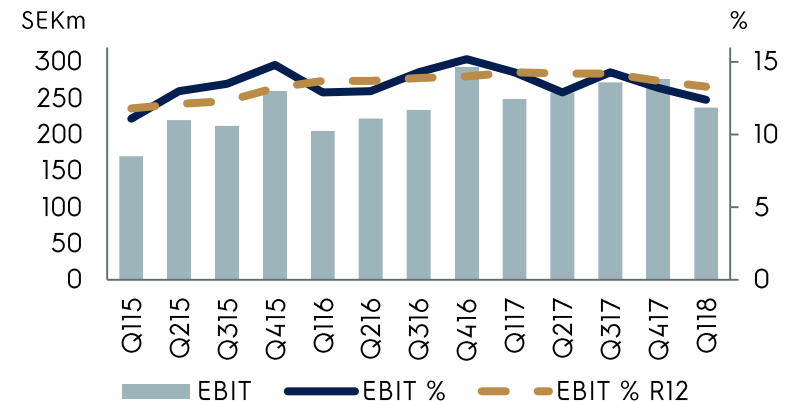
## Solid earnings

- Positive organic contribution from volume/price/mix
- Pressure from raw materials and currency
- Dilutive impact from the Grindmaster-Cecilware acquisition
- Investments for new product launches

## Acquisition of Schneidereit completed

SEKm	Q1 2018	Q1 2017	Change, %
Net sales	1,917	1,742	10.1%
Organic growth	0.7%		
Acquisitions	7.8%		
Currency	1.6%		
EBIT	237	249	-4.5%
Margin	12.4%	14.3%	-1.9pts

EBIT and EBIT margin



# Financial overview

Anna Ohlsson-Leijon, CFO





# Financial overview

SEKm	Q1 2018	Q1 2017	Change, %
Net Sales	27,906	28,201	-1.0
Organic growth %	1.8	-2.8	
Acquisitions/divestments %	1.5	0.3	
Currency %	-4.4	5.9	
Gross operating income	4,891	5,909	-17.2
Gross operating margin %	17.5	21.0	-3.4pts
EBIT	764	1,442	-47.0
EBIT margin %	2.7	5.1	-2.4pts
Non-recurring items	-596		
EBIT excl. non-recurring items	1,360	1,442	-5.7
EBIT margin excl. non-recurring items %	4.9	5.1	-0.2pts
EPS	1.92	3.52	-45.4
Op. cash flow after investments	-2,671	-958	n.m.
Return on net assets %	13.3	28.1	-14.8pts



# Sales and EBIT Bridge Q1

SEKm	Q1 2017	Volume/ Price/Mix	Raw material	Net Cost Efficiency	Currency*	Acq/** Divest.	Other	Q1 2018 excl. NRI	NRI***	Q1 2018
Net Sales	28,201	486			-1,192	411	0	27,906		27,906
Growth %		1.8%			-4.4%	1.5%		-1.0%		-1.0%
EBIT	1,442	21	-392	432	-107	-36	0	1,360	-596	764
EBIT %	5.1%							4.9%		2.7%
Accretion /Dilution		0.0%	-1.4%	1.5%	-0.1%	-0.2%	0.0%		-2.1%	

\*Currency includes SEK -54m of currency translation and -53m of transaction effect on EBIT.

\*\*Acquisitions/divestments includes the acquisition of Kwikot, Best, Anova and Grindmaster-Cecilware.

\*\*\*Non-recurring items of SEK 596m in the first quarter of 2018 referred to Major Appliances North America.



# Earnings contribution from price/mix in Q1

Business Area	Price/Mix	Comments for Q1
MA EMEA	Positive	Strong mix driven by premium brands/built-in kitchen Price erosion at a lower pace
MA North America	Positive	Mix benefits realized Price increases implemented mid March
MA Latin America	Positive	Sales in lower margin segments resulted in slightly negative mix Price increases implemented towards end of Q1
MA Asia/Pacific	Negative	Positive mix offset by negative price
Home Care & SDA	Positive	Strong mix and slightly positive price
Professional Products	Positive	Positive price/mix development
<b>Group EBIT % accretion</b>	<b>+0.6%</b>	



# Cash Flow

SEKm	Q1 2018	Q1 2017
EBIT	764	1,442
D/A and other non-cash items	1,658	1,009
Change in operating assets and liabilities	-4,370	-2,742
Investments in intangible and tangible assets*	-800	-732
Other investments	77	65
<b>Cash flow after investments**</b>	<b>-2,671</b>	<b>-958</b>

\*Before acquisitions and divestments.

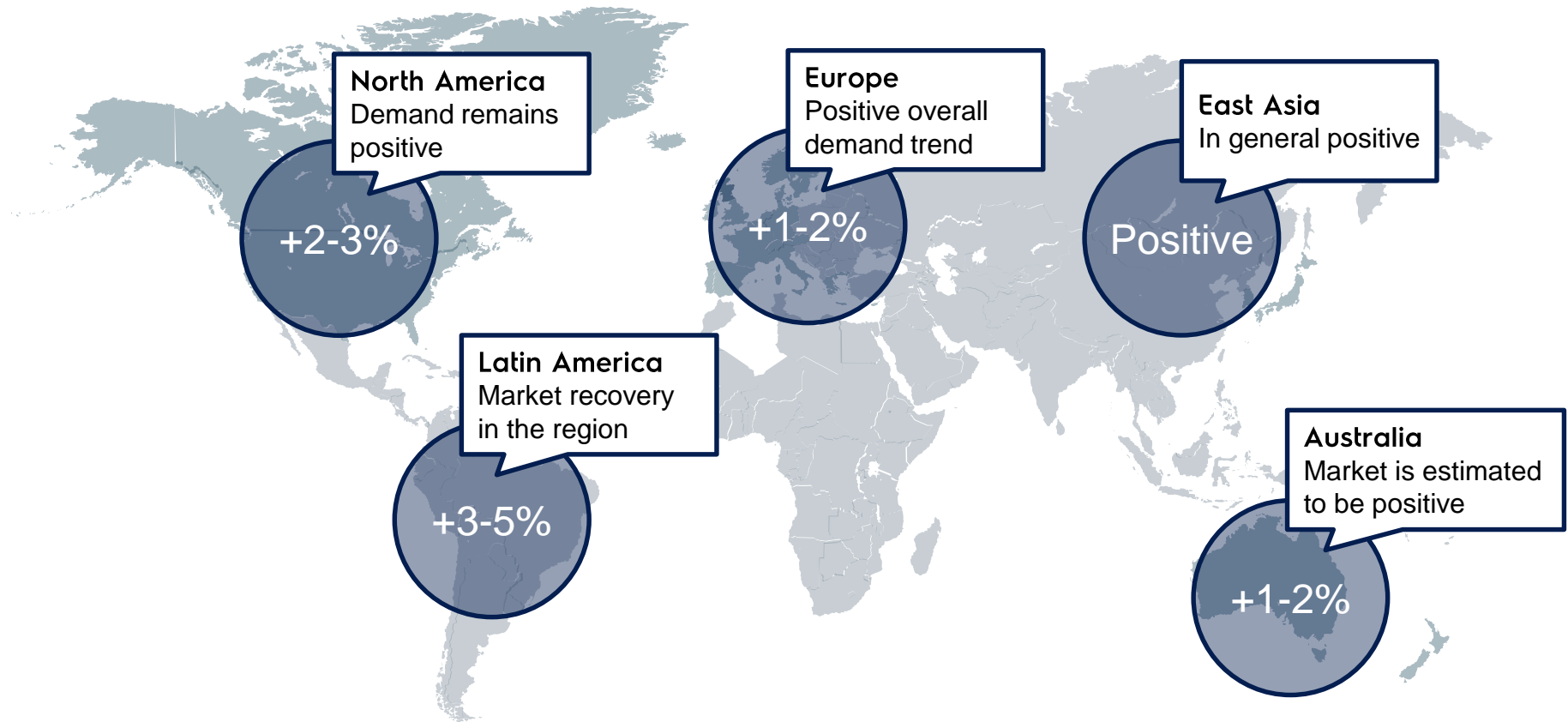
# Outlook and summary

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





# Market outlook FY 2018 per region



\* Electrolux estimates for industry shipments of core appliances, units year-over-year



# Electrolux business outlook

Business outlook*, y-o-y	Q2 2018	FY 2018	Comments for the full year 2018
Volume/price/mix	Positive	Positive	Positive volume and mix. Continued price increases in most key markets
Raw material costs	Increase of SEK ~0.4bn	Increase of SEK 1.6-1.8bn	Higher costs for steel, chemicals and indirect raw materials
Net cost efficiency**	Neutral	Positive	Continuous cost improvements partly offset by increased marketing and R&D
Currency effect***	SEK -100	SEK -400m	
- Currency transactional	SEK -40	SEK -300m	
- Currency translational	SEK -60	SEK -100m	
Capex	Increase	SEK ~6bn	

\*Business outlook range: Positive - Neutral - Negative.

\*\* Efficiencies in variable costs (excl. raw materials) and structural costs.

\*\*\* Currency rates as per April 24, 2018.

Note: Business outlook in the above table excludes non-recurring items including the restructuring charge related to consolidation of production in North America in Q1 2018.



## Factors affecting forward-looking statements

This presentation contains “forward-looking” statements that reflect the company’s current expectations. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to have been correct as they are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, the company undertakes no obligation to update any of them in light of new information or future events.

A photograph of a man and a young child in a forest setting. The man, on the right, is sitting and wearing a red jacket, a grey scarf, and brown pants. He is holding a dark green cup. The child, on the left, is standing and wearing a grey beanie, a grey vest over a red sweater, and tan pants. The child is also holding a dark green cup. The background shows a dense forest of trees. The text "Q&A" is overlaid in the center of the image.

Q&A



## Q1 summary: Growth and solid earnings

- Delivering sales growth of 3.3%
- Strong profitable growth in EMEA, Asia/Pacific and Professional
- Market share gains in core brands
- Growth in core brands offset by lower A/C and private labels in North America
- Recovery in Latin America impacted by higher raw material costs and currency
- Underlying margins stable despite lower volumes and increased costs for raw materials



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