



# Q3 2018 Results presentation



# Management team changes

- Therese Friberg, new Group CFO, previously CFO of MA EMEA
- Anna Olsson-Leijon, appointed new head of MA Europe, previously Group CFO
- Dan Arler, new head of MA Asia/Pacific and MEA, previously head of EMEA
- Effective as from October 1, 2018



# Business overview

Jonas Samuelson, President and CEO







# Q3 Highlights

## Focus on pricing and targeted growth

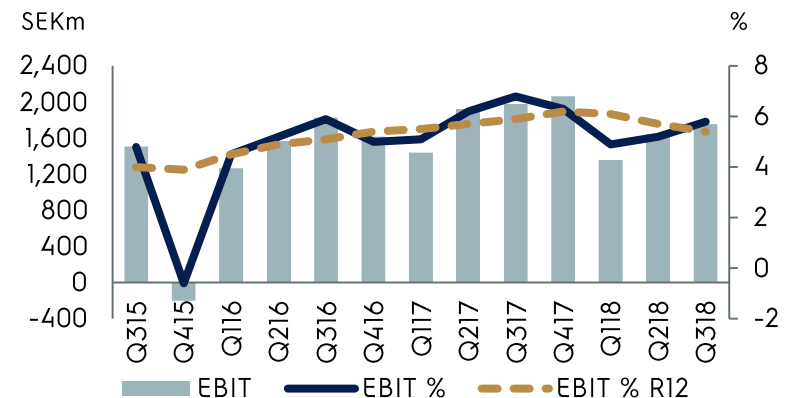
- Cost-based price increases in North America & Latin America
- Volume decline in key markets as a result of higher prices
- Good growth in EMEA, Asia/Pacific and Professional Products

## Good performance despite headwinds

- Strong organic contribution driven by price increases and good mix performance
- Higher cost inflation from raw materials, trade tariffs and logistics
- Accelerating currency headwind

SEKm	Q3 2018	Q3 2017	Change
Net sales	30,444	29,042	4.8%
Organic growth	0.8%		
Acquisitions	0.5%		
Divestment	-0.6%		
Currency	4.1%		
EBIT	1,756	1,981	-11.4%
Margin	5.8%	6.8%	-1.0pts
EPS	4.04	5.01	-19.4%

EBIT and EBIT margin\*



\*Figures excluding non-recurring items (NRI). Q1 2018: restructuring charge of SEK 596m (North America). Q2 2018: charge of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavorable court ruling in France (EMEA).



# Innovation targeting consumer experience

Creating a new segment and strengthening our position in cordless vacuum cleaners



Electrolux Pure F9

Induction hobs a strategic profitable growth area



New AEG induction hob at IFA

Launch of the next generation professional washers and dryers



Electrolux Line 6000



# Major Appliances EMEA



## Strong performance continues

- Strong demand in Eastern Europe
- Organic growth of 6%
- Gained market share under premium brands and improved product mix

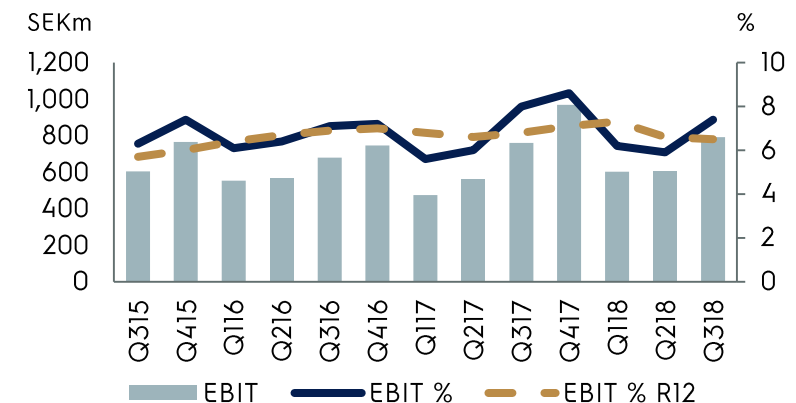
## Increased operating income despite raw material headwind

- Good contribution from volume growth and improved product and brand mix
- Continued raw material headwinds
- Higher R&D spend

SEKm	Q3 2018	Q3 2017	Change
Net sales	10,749	9,465	13.6%*
Organic growth	6.2%		
Acquisitions	0.4%		
Currency	7.2%		
EBIT	792	761	4.1%
Margin	7.4%	8.0%	-0.6pts

\*Net sales change impacted by a -0.3% from transfer of business to Home Care & SDA

### EBIT and EBIT margin\*\*



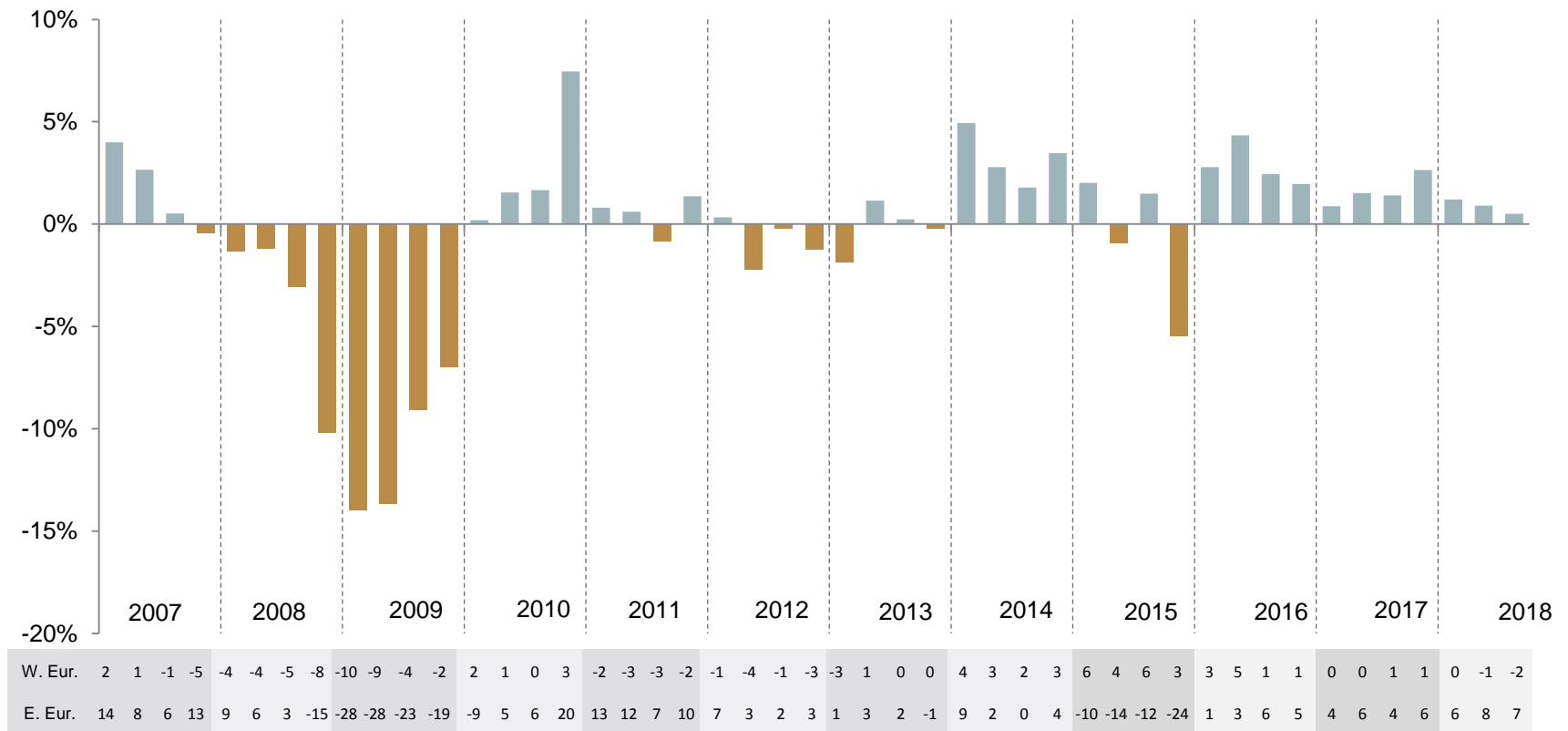
\*\*Figures excluding non-recurring items (NRI). Q2 2018: provision of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavorable court ruling in France.



# European Core Appliances Market



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



Source: Electrolux estimates, Core Appliances include: Refrigeration, Freezers, Washing machines, Tumble dryers, FS Cookers, BI Ovens, BI Hobs, Hoods, Dishwashers



# Major Appliances North America



## Demand impacted by higher prices

- Market demand slightly weaker, partly due to higher industry prices
- Cost-based price increases implemented
- Lower sales volume, mainly due to private label decline but also price increases

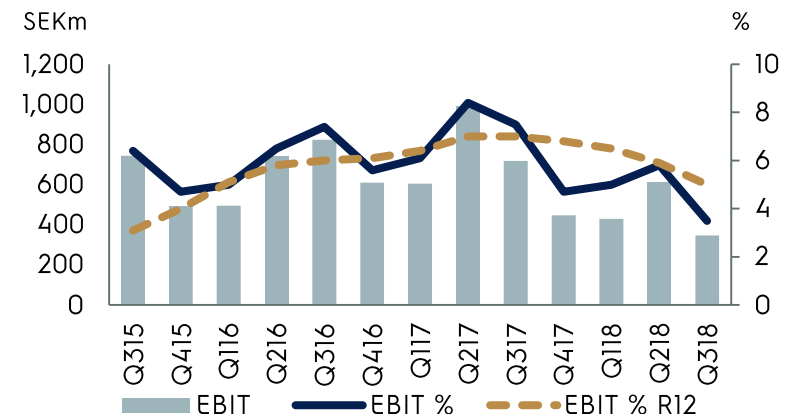
## Earnings decline due to headwinds

- Negative impact from private label business
- Higher costs due to headwinds from steel, plastics, tariffs and logistics, vs strong cost efficiency contribution in Q3 2017
- Positive price and mix contribution

## Further price actions taken in Q3

SEKm	Q3 2018	Q3 2017	Change
Net sales	9,949	9,544	4.2%
Organic growth	-3.9%		
Currency	8.2%		
EBIT	347	719	-51.7%
Margin	3.5%	7.5%	-4.0pts

EBIT and EBIT margin\*



\*Figures excluding non-recurring items (NRI). Q1 2018: restructuring charge of SEK 596m (North America).

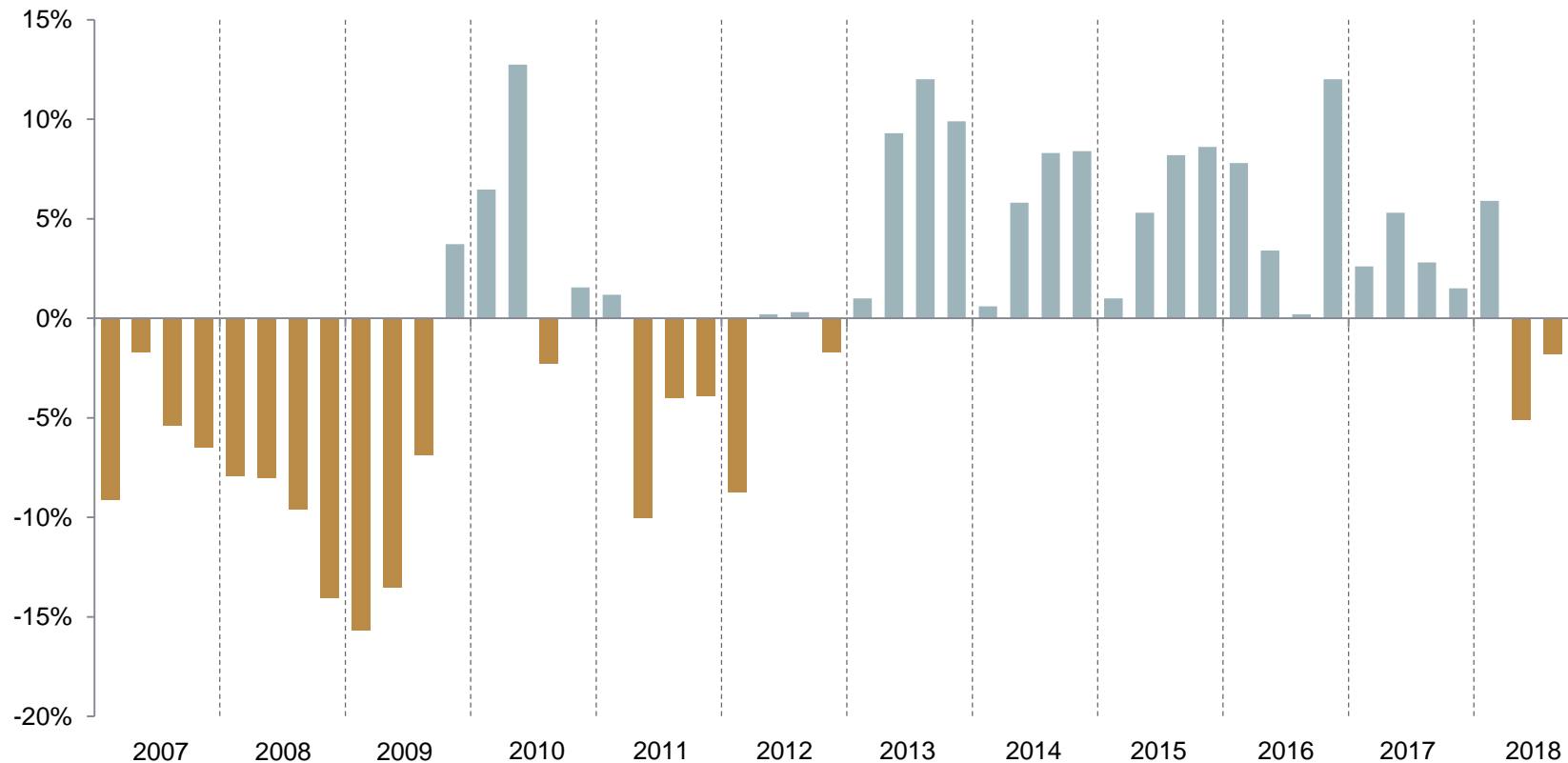




# U.S. Core Appliances Market



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



Source: US Core white includes: AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges and Ovens) + Cooktops



# Major Appliances Latin America



## Strong focus on implementing price increases in uncertain markets

- Weaker market demand partly due to price increases but also macro uncertainty
- Double digit price increases together with mix improvements offset volume decline

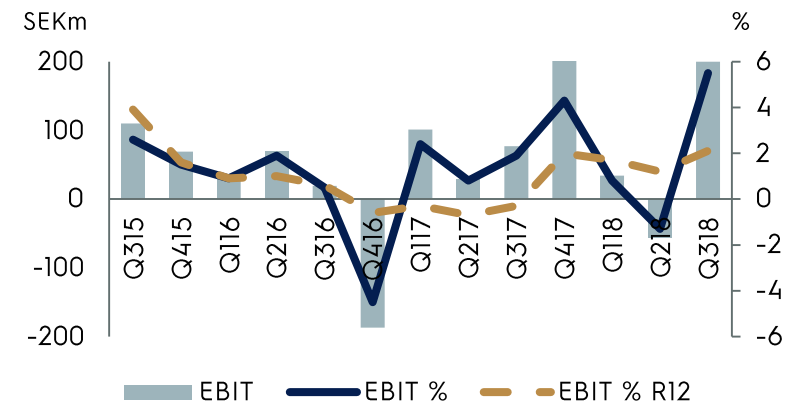
## EBIT improvement

- Strong contribution from higher prices
- Positive impact from reversal of provision
- Negative impact from raw material costs and accelerating currency headwinds

## Price actions taken in Q3 for selective markets

SEKm	Q3 2018	Q3 2017	Change
Net sales	3,640	4,132	-11.9%
Organic growth	0.5%		
Currency	-12.4%		
EBIT	200	77	n.m.
Margin	5.5%	1.9%	3.6pts

EBIT and EBIT margin





# Major Appliances Asia/Pacific



## Solid organic growth in softer markets

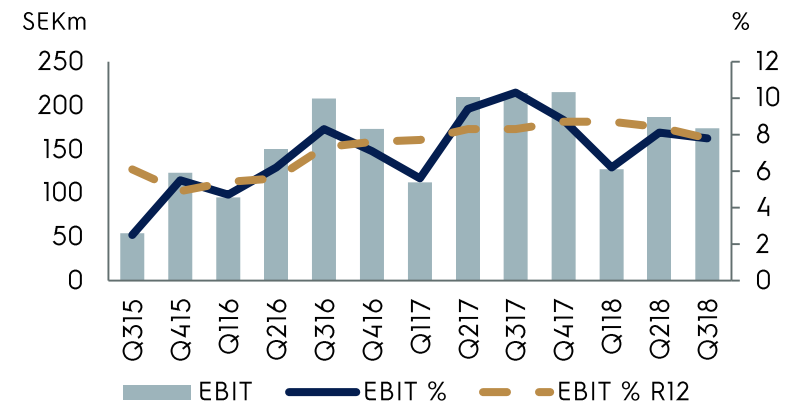
- Softening market in Australia continued, demand in South East Asia remained good
- Strong sales growth in South East Asia, driven by laundry & cooking
- Lower volumes in Australia following implementation of price increases

## EBIT impacted by strong FX headwind

- Earnings contribution from higher prices and positive mix
- Accelerating currency headwinds and negative impact from raw materials costs

SEKm	Q3 2018	Q3 2017	Change
Net sales	2,238	2,081	7.6%
Organic growth	3.8%		
Currency	3.8%		
EBIT	174	214	-18.8%
Margin	7.8%	10.3%	-2.5pts

EBIT and EBIT margin





## Market shift continue to impact sales

- Accelerating market trend shift to cordless
- Rapid market shift impacted sales volumes negatively in traditional vacuum business
- Mix improved due to higher cordless sales in Europe
- Divestment of U.S. floor care business

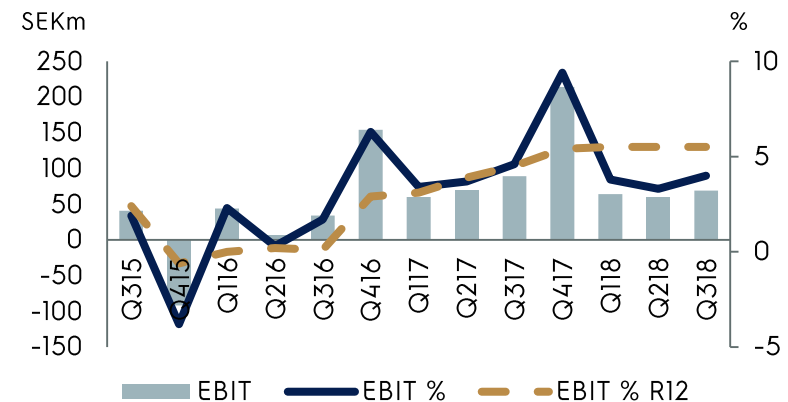
## Operations in transition phase

- Earnings declined due to the core product transition with lower volumes as an effect
- Negative impact from Anova launch delays and increased investment costs offset by positive net impact from divestment
- Currency headwinds accelerated

SEKm	Q3 2018	Q3 2017	Change
Net sales	1,733	1,922	-9.8%*
Organic growth	-6.4%		
Acquisitions	0.0%		
Divestment	-9.0%		
Currency	4.2%		
EBIT	69	89	-22.3%
Margin	4.0%	4.6%	-0.6pts

\*Net sales change impacted by a 1.4% from transfer of business from MA EMEA

## EBIT and EBIT margin





# Professional Products



## Continued profitable growth

- Good sales growth in all three segments
- Positive price/mix trend continued
- Schneidereit acquisition boosted sales growth

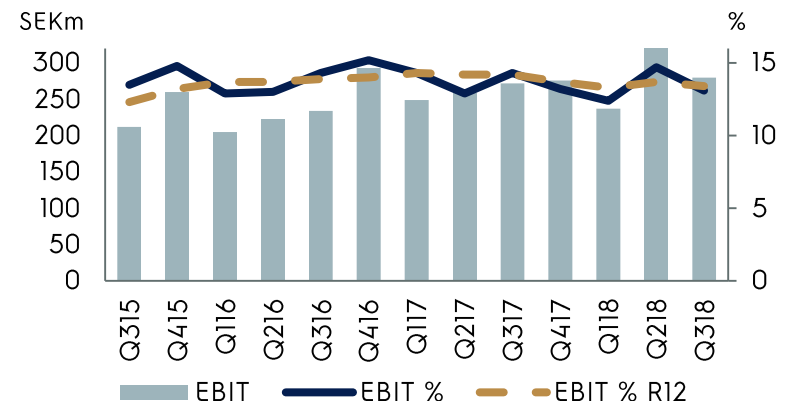
## Solid earnings performance

- Positive contribution from volume/price/mix
- Investments in marketing and R&D to support new product generations and the customer care business

## Acquisition of the beverage company SPM Drinks in Italy

SEKm	Q3 2018	Q3 2017	Change
Net sales	2,135	1,897	12.5%
Organic growth	1.9%		
Acquisitions	4.8%		
Currency	5.8%		
EBIT	280	272	2.9%
Margin	13.1%	14.3%	-1.2pts

EBIT and EBIT margin





# Financial overview

Therese Friberg, CFO





# Financial overview

SEKm	Q3 2018	Q3 2017	Change
Net Sales	30,444	29,042	4.8%
Organic growth %	0.8	-3.2	
Acquisitions/divestments %	-0.1	1.4	
Currency %	4.1	-3.2	
Gross operating income	5,811	6,130	-5.2%
Gross operating margin %	19.1	21.1	-2.0pts
EBIT	1,756	1,981	-11.4%
EBIT margin %	5.8	6.8	-1.0pts
Non-recurring items	-	-	
EPS	4.04	5.01	-19.4%
Op. cash flow after investments	1,352	2,287	-40.9%



# Sales and EBIT Bridge

SEKm	Q3 2017	Volume/ Price/Mix	Raw material & Tariffs	Net Cost Efficiency	Currency*	Acq/** Divest.	Q3 2018 excl. NRI	NRI***	Q3 2018
Net Sales	29,042	241			1,205	-44	30,444		30,444
Growth %		0.8%			4.1%	-0.1%	4.8%		4.8%
EBIT	1,981	605	-549	5	-252	-34	1,756		1,756
EBIT %	6.8%						5.8%		5.8%
Accretion /Dilution		2.0%	-1.9%	0.0%	-1.1%	-0.1%			

\*Currency includes SEK 102m of currency translation effects and -353m of transaction effects on EBIT.

\*\*Acquisitions/divestments include the divestment of the U.S.-based floor care business BEAM and Sanitaire in North America and the acquisition of Best and Schneidereit.

\*\*\*Non-recurring items.



# Currency effects 2018

Major transaction effects, SEKm	Q1	Q2	Q3	Q4e	FY 2018e
ARS, BRL	-70	-120	-290		-620
Europe - USD import*	+20	-60	+20		-80
RUB	-20	-30	-30		-110
AUD, CAD	+20	-20	-80		-130
GBP, CHF	-50	-50	0		-90
Other	+47	+15	+30		+80
<b>Total transaction effects, SEKm</b>	<b>-53</b>	<b>-265</b>	<b>-353</b>	<b>-250</b>	<b>-950</b>
<b>Total translational effects, SEKm</b>	<b>-54</b>	<b>+18</b>	<b>+102</b>	<b>0</b>	<b>+100</b>
<b>Total currency effects, SEKm</b>	<b>-107</b>	<b>-247</b>	<b>-252</b>	<b>-250</b>	<b>-850</b>

Note: The calculation for Q4e and FY 2018e is based on currency rates as per 17 October 2018. Numbers are rounded.

\*Revaluation of on-balance flows and hedges might generate net FX results. On a YoY basis, the reversal of the last year result is added to the current year calculation



# Earnings contribution from price/mix

Business Area	Price/Mix	Comments for Q3
MA EMEA	Positive	Good mix driven by premium brands/products Fairly flat prices, selective price increases
MA North America	Positive	Positive net price impact as a result of cost-based price implementations in Q3 Improved product mix, mainly laundry
MA Latin America	Positive	Strong price contribution, mainly from implementing price increases announced in Q2
MA Asia/Pacific	Positive	Improved price/mix
Home Care & SDA	Positive	Improved mix and slight price increase
Professional Products	Positive	Positive price and mix contribution continued
<b>Group EBIT % accretion</b>	<b>+2.9%</b>	





# Cash Flow

SEKm	Q3 2018	Q3 2017
EBIT	1,756	1,981
D/A and other non-cash items	865	922
Change in operating assets and liabilities	331	584
Investments in intangible and tangible assets	-1,384	-1,135
Other investments	-216	-64
<b>Cash flow after investments*</b>	<b>1,352</b>	<b>2,287</b>

\*Before acquisitions and divestments.

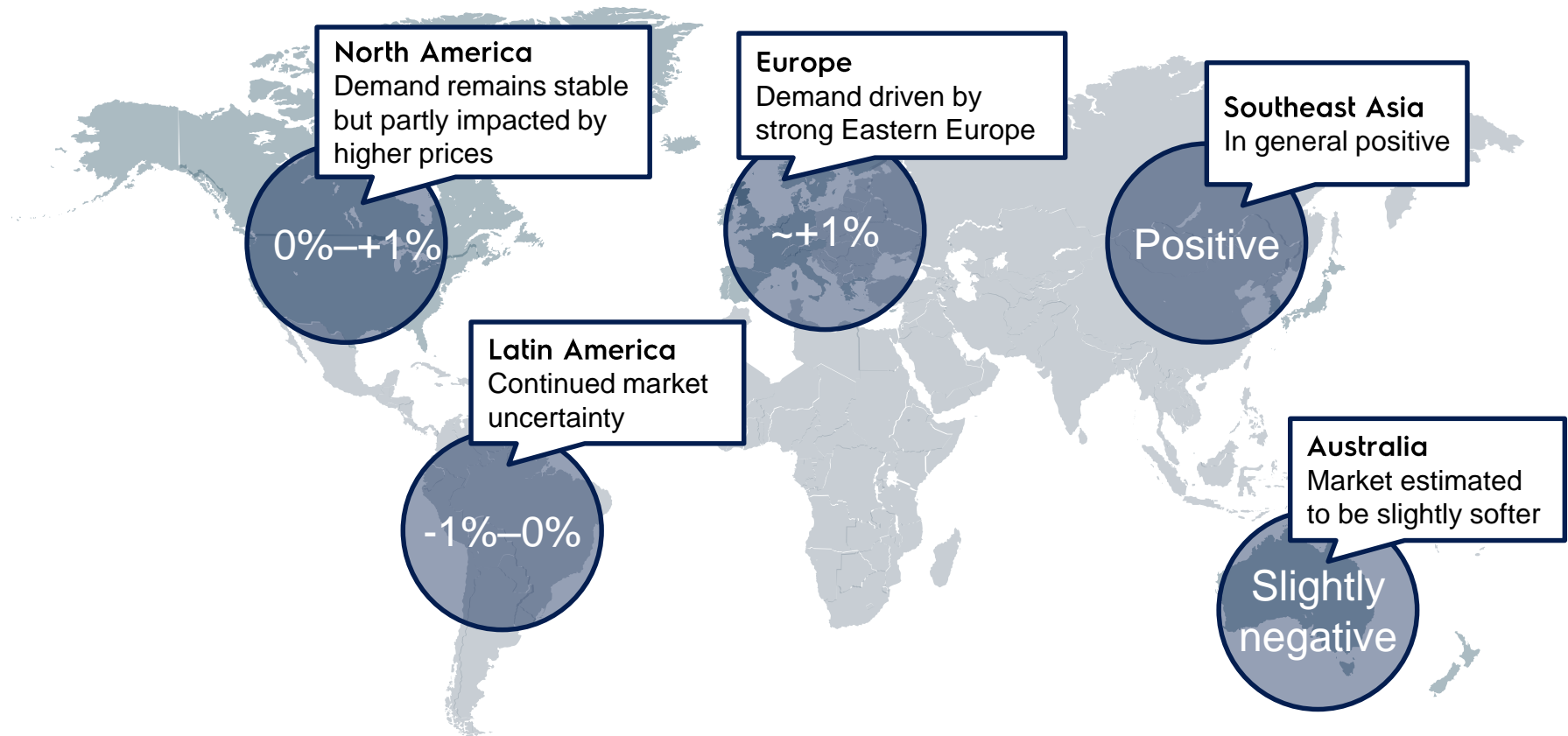
# Outlook and summary

Jonas Samuelson, President and CEO  
Therese Friberg, 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	Q4 2018	FY 2018	Comments for the full year 2018
Volume/price/mix	Positive	Positive	Positive contribution, mainly from price but also mix. Volume decline.
Raw material costs & trade tariffs	Increase of SEK ~0.7bn	Increase of SEK ~2.1bn	Higher costs for steel, chemicals, indirect raw material and trade tariffs
Net cost efficiency**	Neutral	Positive	Continued cost productivity focus. Partly offset by increased investments in innovation, marketing and R&D
Currency effect***	SEK -250m	SEK -850m	
- Currency transactional	SEK -250m	SEK -950m	
- Currency translational	SEK 0	SEK +100m	
Capex	Increase	SEK ~6bn	

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

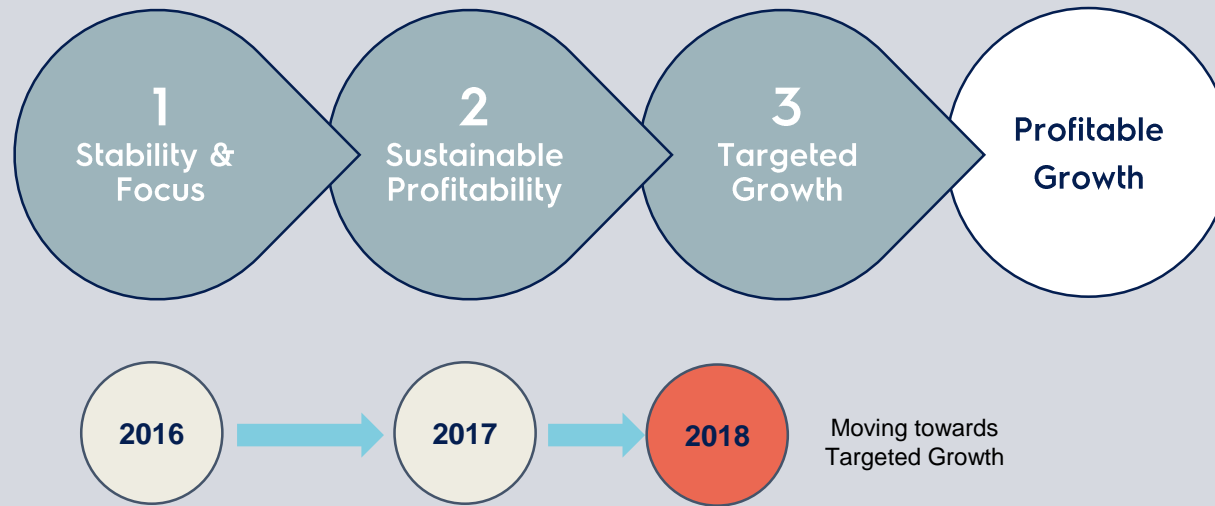
\*\*Efficiencies in variable costs (excl. raw materials) and structural costs.

\*\*\*Currency rates calculated as per October 17, 2018.

Note: Business outlook in the above table excludes non-recurring items.



# Path to profitable growth continuing



## Strategic drivers executed in Q3:

- Cost-based price increase execution
- Improved product mix driven by premium brands and new product launches
- Continued investments in innovation and R&D, supporting new generation of products
- Increased pace in M&A, expanding the beverage business in Professional Products
- Solid balance sheet
- Sustainability leadership





# Save-the-date Electrolux Capital Markets Day

Update on strategic execution & deep dive in Professional Products  
Pordenone, Italy - March 27, 2019

More information will be available [www.electroluxgroup.com/ir](http://www.electroluxgroup.com/ir)



## 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.

# Q & A





# Path to profitable growth continuing



## Strategic drivers executed in Q3:

- Cost-based price increase execution
- Improved product mix driven by premium brands and new product launches
- Continued investments in innovation and R&D, supporting new generation of products
- Increased pace in M&A, expanding the beverage business in Professional Products
- Solid balance sheet
- Sustainability leadership



# Shape living for the better

We reinvent taste, care and wellbeing experiences for more enjoyable and sustainable living around the world

