

Press Release

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Electrolux reinitiates U.S. manufacturing and product investment, announces manufacturing consolidation projects

Stockholm, Sweden, January 31, 2019

The Electrolux Group said today it is reinitiating an investment in Springfield, Tennessee, and consolidating all U.S. cooking manufacturing into that facility. Electrolux also said it will transfer refrigeration manufacturing from its Santiago, Chile facility to other locations. The measures will lead to restructuring charges in the first quarter 2019 of approximately SEK 1 billion, whereof approximately SEK 300 million will have a cash flow impact.

“We are committed to investing in U.S. manufacturing and launching new Frigidaire kitchen products. By appropriately right sizing our business for a changing market, we can invest in the growth areas and drive profitability,” said Alan Shaw, Head of Electrolux Major Appliances North America.

As previously announced, Electrolux is increasing its level of capital expenditure investments to drive targeted growth during the coming three to four years, particularly in North America and Latin America. Investments will be focused for product excellence, automation and innovation. As part of this plan, Electrolux in 2018 announced investments to modernize and expand its facilities in Springfield (cooking products) and Anderson, South Carolina (refrigeration products).

In light of changing market dynamics, increased raw material costs and current trade policy, the Springfield, Tennessee investment, estimated at USD 250 million, is now designed for product development, flexibility and competitiveness.

As Electrolux reinitiates the project and consolidates into Springfield, the company will also cease production at its Memphis, Tennessee facility. Production at the facility is expected to continue through 2020. The company will take a restructuring charge related to this of approximately SEK 800 million in the first quarter of 2019. This charge is not included in the estimated investment cost.

“We are very committed to supporting our Memphis teammates and are announcing these changes two years in advance to provide transition time,” said Shaw.

The Springfield, Tennessee expansion will be complete and production will begin during the fourth quarter 2020. The Anderson, South Carolina expansion will be complete and production will begin during 2019.

The increased global use of modular product platforms has also contributed to a decision to cease manufacturing of refrigerators at Electrolux factory in Santiago, Chile, to improve efficiency and sharpen the local product offering. The facility will continue to produce laundry and cooking products, which today make up the majority of its output. The company will take a restructuring charge related to the closure of the refrigeration production line of approximately SEK 225 million in the first quarter of 2019.

The charges will be reported as non-recurring items in the results for the first quarter of 2019, affecting the business areas Major Appliances North America and Major Appliances Latin America. The Q1 interim report will be published on April 26, 2019.

Electrolux anticipates annual savings of approximately SEK 1 billion with full effect from 2022 as a result of the measures announced today.

This is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1800 CET on January 31, 2019.

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.