

# Q2

## 2019



## Good price momentum and focus on innovation

- Net sales amounted to SEK 31,687m (31,354). Sales decline of 2.7%, driven by lower volumes.
- Operating income amounted to SEK 1,619m (827), corresponding to a margin of 5.1% (2.6). The comparison period included non-recurring items of SEK -818m.
- Price increases fully offset the headwinds from higher raw material costs, trade tariffs and currency as well as lower volumes. Mix improvements mitigated higher investments in marketing and R&D.
- Operating cash flow after investments amounted to SEK 384m (1,805).
- Income for the period increased to SEK 1,132m (517), and earnings per share was SEK 3.94 (1.80).
- The Board has reconfirmed its plan to propose to the shareholders that the Professional Products business area is distributed to the shareholders with the aim to achieve listing on the Nasdaq Stockholm during the first quarter of 2020 or, at the latest, the second quarter of 2020.

## Financial overview

SEKM	Q2 2019	Q2 2018	Change, %	Six months 2019	Six months 2018	Change, %
Net sales	31,687	31,354	1	61,396	59,259	4
Sales growth, % <sup>1</sup>	-2.7	0.7		-0.7	1.9	
Organic growth, %	-2.6	0.4		-0.5	1.0	
Acquisitions, %	0.4	0.3		0.4	0.9	
Divestments, %	-0.5	-		-0.6	-	
Changes in exchange rates, %	3.8	0.6		4.3	-1.7	
Operating income <sup>2</sup>	1,619	827	96	1,868	1,591	17
Operating margin, %	5.1	2.6		3.0	2.7	
Income after financial items	1,441	748	93	1,531	1,420	8
Income for the period	1,132	517	119	1,211	1,068	13
Earnings per share, SEK <sup>3</sup>	3.94	1.80		4.22	3.72	
Operating cash flow after investments	384	1,805		-2,386	-866	
Return on net assets, %	-	-		12.7	13.7	

<sup>1</sup> Change in net sales adjusted for currency translation effects.

<sup>2</sup> In the second quarter of 2018, operating income included non-recurring items of SEK -818m. Excluding these items, operating income amounted to SEK 1,645m, corresponding to a margin of 5.2%. In the first half of 2019, non-recurring items amounted to SEK -1,054m (-1,414). Excluding these non-recurring items, operating income amounted to SEK 2,922m (3,005) corresponding to a margin of 4.8% (5.1), see page 21.

<sup>3</sup> Basic.

For definitions, see pages 29-30.

## President and CEO Jonas Samuelson's comment

A strong focus on innovation to improve consumer experiences is our guiding compass and a key driver for profitable growth. It is therefore encouraging to see that we once again have a favorable earnings impact from improved mix by selling more high-margin products and we continue to invest in marketing to support the major launches we have this year. Concurrently, price increases continued to offset strong headwinds from higher raw material costs, trade tariffs and currency, and in this quarter also from volume decline. The lower volume was mainly caused by the U.S. private label sales drop. Underlying operating income was in line with last year.

The earnings for our operations in Europe and Professional Products were once again solid and operating income in Latin America increased significantly. In North America, positive price and mix offset higher costs from raw materials and trade tariffs but not fully the volume decline. The business area Asia-Pacific, Middle East and Africa was impacted by currency headwind and weak sales in Australia.

We re-confirm our market view for 2019 with the exception of Southeast Asia where we now estimate the demand in the region to be slightly positive.

Based on current trade tariff levels, we estimate the negative year-over-year impact from raw materials, trade tariffs and currency to be approximately SEK 1.4-1.6bn in 2019, compared to the previous estimate of approximately SEK 1.7-1.9bn. In the first half of 2019, price has fully offset this headwind and we expect that to be the case also for 2019 as a whole. The uncertainty on trade tariffs continues to impact our visibility.



The preparations for the intended separation and subsequent listing of the Professional Products business area are proceeding according to plan. As the previously announced reasons for the separation are still considered valid the Board has reconfirmed its plan to propose to the shareholders that the Professional Products business area is distributed to the shareholders with the aim to achieve listing on the Nasdaq Stockholm during the first quarter of 2020 or, at the latest, the second quarter of 2020.

Electrolux 100<sup>th</sup> year is a product launch intensive year and I believe our innovation power will continue to strengthen our competitiveness. In addition to significant kitchen range launches in Europe and Asia-Pacific, we have sharpened our offering by being the first to bring Air Fry technology built in to the cooker to the North American market. Looking ahead, I am confident that we are well positioned to create value through our profitable growth strategy.

## Outlook 2019

Market outlook, units year-over-year <sup>1</sup>	FY 2019	Previous outlook for FY 2019 <sup>5</sup>	Market outlook, units year-over-year <sup>1</sup>	FY 2019	Previous outlook for FY 2019 <sup>5</sup>
Europe	Slightly positive	Slightly positive	Southeast Asia	Slightly positive	Positive
North America	Slightly negative	Slightly negative	Australia	Slightly negative	Slightly negative
Latin America	Slightly positive	Slightly positive			

Business outlook <sup>2</sup> , year-over-year	Q3 2019	FY 2019	Previous outlook for the FY 2019 <sup>5</sup>
Volume/price/mix	Favorable	Favorable	Favorable
Raw material costs and trade tariffs	Increase of SEK -0.3bn	Increase of SEK 1.2-1.4bn	Increase of SEK 1.4-1.6bn
Net cost efficiency <sup>3</sup>	Unfavorable	Unfavorable	Unfavorable
Currency effect <sup>4</sup>	SEK 100m	SEK -200m	SEK -300m
Capital expenditure	Increase	SEK -7bn	SEK -7bn

<sup>1</sup> Electrolux estimates for industry shipments of core appliances.

<sup>2</sup> Business outlook range: Favorable - Neutral - Unfavorable.

<sup>3</sup> Efficiencies in variable costs (excl. raw materials and trade tariffs) and structural costs.

<sup>4</sup> Impact on operating income for the full year 2019, whereof currency transaction effects of SEK -400m and currency translation effects of SEK 200m. The calculation is based on currency rates as per July 11, 2019.

<sup>5</sup> Published on April 26, 2019.

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



# Summary of the second quarter

SEKM	Q2 2019	Q2 2018	Change, %	Six months 2019	Six months 2018	Change, %	Full year 2018
Net sales	31,687	31,354	1	61,396	59,259	4	124,129
Operating income							
Europe	576	-286	n.m.	1,262	324	289	2,128
North America	504	670	-25	22	522	-96	1,104
Latin America	164	-38	n.m.	-59	-3	n.m.	492
Asia-Pacific, Middle East and Africa	171	243	-29	282	406	-31	979
Professional Products	401	324	24	702	561	25	1,134
Other, Group common costs, etc.	-197	-86	-130	-341	-219	-55	-527
<b>Total Group</b>	<b>1,619</b>	<b>827</b>	<b>96</b>	<b>1,868</b>	<b>1,591</b>	<b>17</b>	<b>5,310</b>
Operating margin, %	5.1	2.6		3.0	2.7		4.3
Operating margin excl. non-recurring items, % <sup>1</sup>	5.1	5.2		4.8	5.1		5.4

<sup>1</sup> For information on non-recurring items, see page 21.

Note: n.m. (not meaningful) is used when the calculated number is considered not relevant.

## Net sales

Sales for the Electrolux Group decreased by 2.7% in the quarter, excluding currency translation effects. The organic decline was 2.6%, driven by lower volumes, partly offset by positive price/mix. Acquisitions and divestments had an impact of 0.4% and -0.5%, respectively.

Sales in Europe and Latin America increased due to price increases and mix improvements, while strong sales growth in the beverage area was the key driver for Professional Products.

In North America as well as in Asia-Pacific, Middle East and Africa sales declined due to lower sales volumes.

## Operating income

Operating income improved to SEK 1,619m (827), corresponding to a margin of 5.1 % (2.6). The comparison period included non-recurring items of SEK -818m in Europe.

Price increases fully offset headwinds from higher raw material costs, trade tariffs and currency as well as lower volumes. Mix improvements contributed positively, while higher marketing and R&D investments as well as costs related to the preparation of the separation of Professional Products impacted earnings negatively.

Operating income for Europe, excluding non-recurring items, improved mainly as a result of good price/mix contribution. The significant earnings increase in Latin America was partly related to last year's truck-driver strike.

The performance of Professional Products remained solid.

However, earnings were positively impacted by a pension plan settlement relating to the preparation of the separation.

Operating income declined for North America due to lower volumes of private label products and a positive earnings impact last year from a release of a deferred consideration. Asia-Pacific, Middle East and Africa's earnings also declined, primarily due to currency headwind and weak sales in Australia.

## Effects of changes in exchange rates

Changes in exchange rates had a year-over-year impact of SEK -33m. The impact of transaction effects was SEK -138m, relating to Latin America and to operations in Australia. Translation effects amounted to SEK 105m.

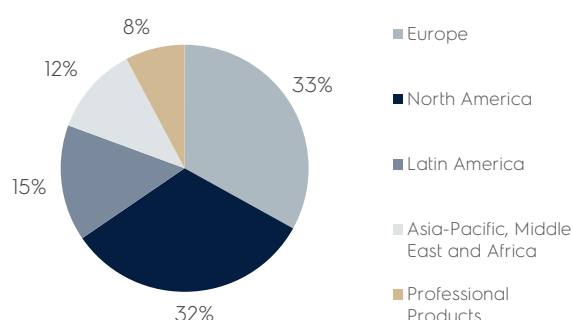
## Financial net

Net financial items amounted to SEK -179m (-79). The change was mainly due to interest expense on lease liabilities following the implementation of IFRS 16 as well as a general increase in interest net.

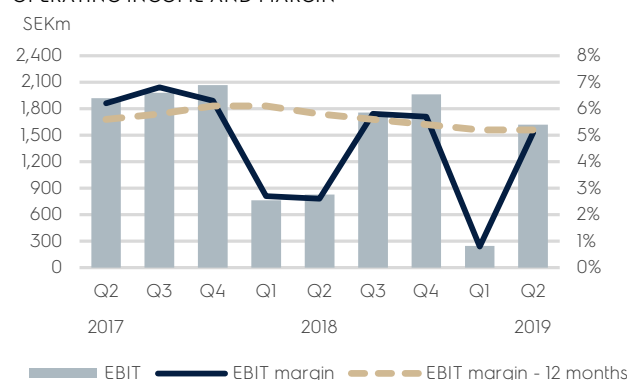
## Income for the period

Income for the period amounted to SEK 1,132m (517), corresponding to SEK 3.94 (1.80) in earnings per share.

SHARE OF SALES BY BUSINESS AREA IN THE SECOND QUARTER OF 2019



OPERATING INCOME AND MARGIN



EBIT margin - 12 months is excluding non-recurring items, see pages 21 and 28.



## First half of 2019

Sales growth for the Electrolux Group was -0.7% in the first half, excluding currency translation effects. Organic growth was -0.5%. Acquisitions and divestments had an impact of 0.4% and -0.6%, respectively.

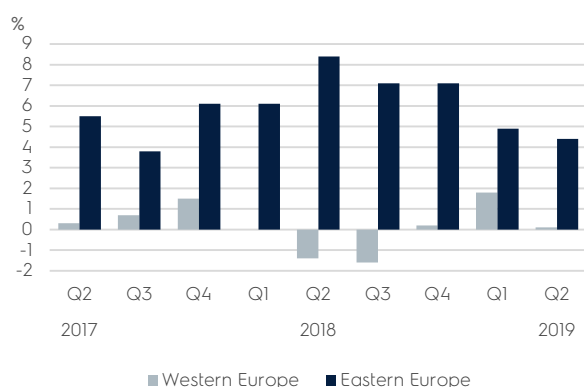
Operating income amounted to SEK 1,868m (1,591), corresponding to a margin of 3.0% (2.7). In the first half non-recurring items amounted to SEK -1,054m (-1,414), see page 21. Excluding these non-recurring items, operating income amounted to SEK 2,922m (3,005) corresponding to a margin of 4.8% (5.1).

Income for the period amounted to SEK 1,211m (1,068), corresponding to SEK 4.22 (3.72) in earnings per share.

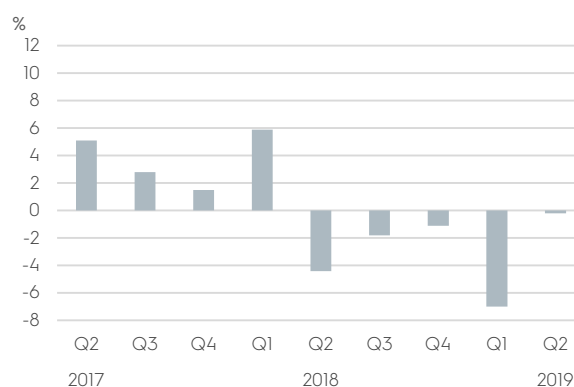
## Market overview

In the second quarter, the market in Europe increased year-over-year, driven by Eastern Europe. In the U.S., the market demand for core appliances was stable. For more information about the markets, please see the Business areas section.

INDUSTRY SHIPMENTS OF CORE APPLIANCES IN EUROPE\*



INDUSTRY SHIPMENTS OF CORE APPLIANCES IN THE U.S.\*



\*Units year-over-year, %

Sources: Europe: Electrolux estimate, US: AHAM. For definitions see below. For other markets, there are no comprehensive market statistics.

## Industry shipment of appliances

Europe, units, year-over-year, %*	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Western Europe	0	-1	1	-1	-1
Eastern Europe (excluding Turkey)	4	8	4	8	7
Total Europe	1	1	2	1	1

\*Source: Electrolux estimates for core appliances. Core appliances include: Refrigerators, Freezers, Washing machines, Tumble dryers, Free-standing Cookers, Built-in Ovens, Built-in Hobs, Hoods and Dishwashers.

U.S., units, year-over-year, %*	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Core appliances	0	-4	-3	0	-1
Microwave ovens and home-comfort products	-20	4	-10	-3	2
Total major appliances	-8	-1	-6	-1	0

\*Source: AHAM. Core appliances includes AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges and Ovens) and Cooktops.



# Business areas

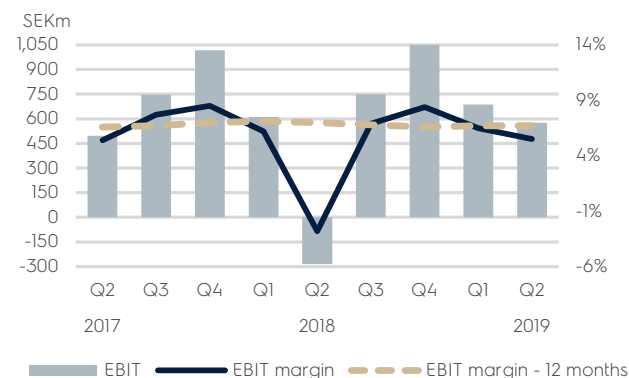
## Europe

In the second quarter, overall market demand in Europe increased by 1% year-over-year. This was driven by strong growth of 4% in Eastern Europe, while demand in Western Europe was stable.

Electrolux operations in Europe reported organic sales growth of 0.8% for the quarter. This was a result of improvements in product and brand mix as well as price increases. Growth in the cordless vacuum cleaner area continued.

Operating income excluding non-recurring items improved, year-over-year, mainly as a result of good price/mix contribution with strong performance in built-in kitchen products and laundry products. Currency contributed positively, while increased marketing investments for ongoing product launches and higher raw material costs impacted earnings negatively.

### OPERATING INCOME AND MARGIN



EBIT margin - 12 months is excluding non-recurring items, see pages 21 and 28.

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Net sales	10,479	10,138	21,032	19,898	43,321
Organic growth, %	0.8	4.1	2.6	5.4	3.7
Acquisitions, %	0.2	1.0	0.3	1.1	0.7
Operating income	576	-286	1,262	324	2,128
Operating margin, %	5.5	-2.8	6.0	1.6	4.9
Operating margin excl. non-recurring items, % <sup>1</sup>	5.5	5.3	6.0	5.7	6.6

<sup>1</sup> For information on non-recurring items, see page 21.

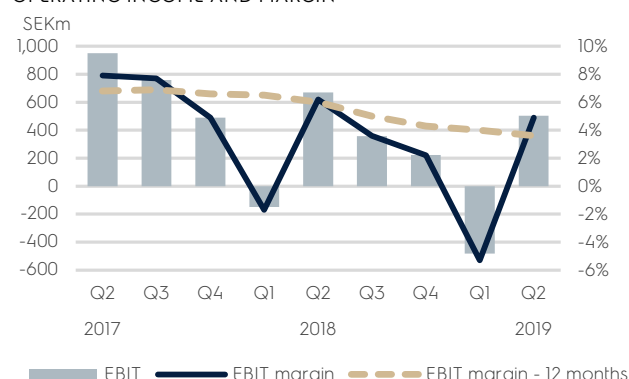
## North America

During the quarter, market demand for core appliances in the U.S. was stable year-over-year. Market demand for all major appliances, including microwave ovens and home-comfort products, declined by 8%.

Electrolux operations in North America reported an organic sales decline of 10.8% for the quarter. This was primarily explained by lower sales of products under private label but also by an ERP system go-live that negatively impacted volumes. Cost-based price increases and mix improvements contributed positively to sales.

Operating income declined year-over-year. Price increases and mix improvements offset higher costs from raw materials and tariffs but not fully the volume decline. Last year's earnings were positively impacted by a release of a deferred consideration of approximately SEK 100m related to an acquisition.

### OPERATING INCOME AND MARGIN



EBIT margin - 12 months is excluding non-recurring items, see pages 21 and 28.

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Net sales	10,255	10,804	19,354	19,589	39,804
Organic growth, %	-10.8	-10.2	-8.1	-8.3	-6.3
Divestments, %	-1.5	-	-1.7	-	-1.0
Operating income	504	670	22	522	1,104
Operating margin, %	4.9	6.2	0.1	2.7	2.8
Operating margin excl. non-recurring items, % <sup>1</sup>	4.9	6.2	4.4	5.7	4.3

<sup>1</sup> For information on non-recurring items, see page 21.



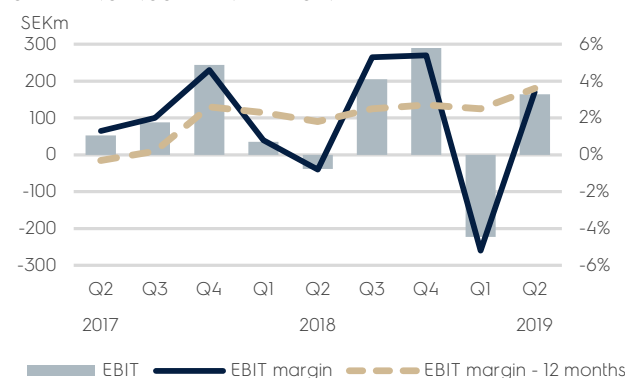
## Latin America

In the second quarter, consumer demand for core appliances in Brazil is estimated to have shown strong growth year-over-year, while demand in Argentina declined significantly after currency devaluation. Consumer demand in Chile declined slightly.

Electrolux operations in Latin America had organic sales growth of 8.3% as a result of mix improvements and price increases.

Operating income increased significantly year-over-year, partly explained by the nation-wide truck driver strike in Brazil that impacted last year's earnings negatively. Good execution on cost-efficiency measures and improved mix also impacted earnings positively. Price increases compensated for currency headwinds and increased raw material costs.

### OPERATING INCOME AND MARGIN



EBIT margin - 12 months is excluding non-recurring items, see pages 21 and 28.

SEKm	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Net sales	4,816	4,518	9,127	8,765	17,963
Organic growth, %	8.3	19.5	7.6	12.5	9.3
Operating income	164	-38	-59	-3	492
Operating margin, %	3.4	-0.8	-0.6	-0.0	2.7
Operating margin excl. non-recurring items, % <sup>1</sup>	3.4	-0.8	1.8	-0.0	2.7

<sup>1</sup> For information on non-recurring items see page 21.

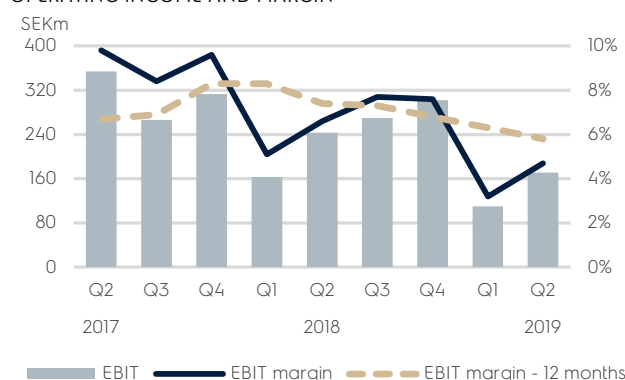
## Asia-Pacific, Middle East and Africa

During the second quarter, the markets in Southeast Asia as well as in Middle East and Africa are estimated to have grown year-over-year. In Australia, market demand declined, mainly related to a slower property market and a weaker Australian dollar.

Electrolux reported an organic sales decline of 4.0%. Sales volumes in Australia continued to decline, partly as a result of the price increases implemented to mitigate increased costs related to currency headwinds. Mix contributed positively, primarily driven by growth in refrigeration and cooking, as well as in the cordless vacuum cleaner area.

Operating income declined year-over-year, mainly as a result of currency headwind. Mix improvements contributed positively, while lower volumes and investments in major product launches impacted negatively.

### OPERATING INCOME AND MARGIN



SEKm	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Net sales	3,682	3,685	7,126	6,882	14,375
Organic growth, %	-4.0	1.0	-1.0	3.2	7.5
Acquisitions, %	0.1	-	0.1	1.9	0.9
Operating income	171	243	282	406	979
Operating margin, %	4.7	6.6	4.0	5.9	6.8



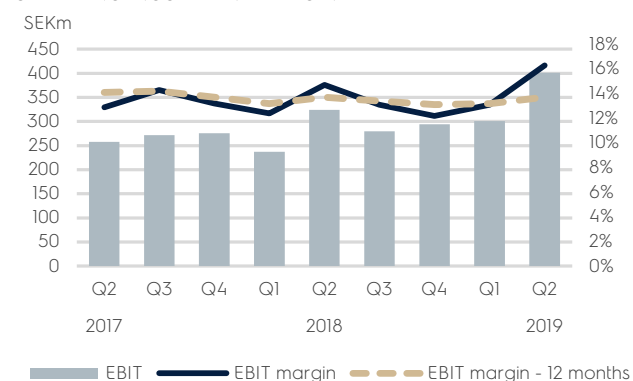
## Professional Products

In the second quarter, overall market demand for professional food-service and laundry equipment was slightly down across most regions, year-over-year.

Organic growth was 3.7%, primarily as a result of strong growth in the beverage area, supported by a roll-out for a chain customer in North America. Price increases also contributed to the organic growth.

Operating income increased and the business area reached an operating margin of 16.3%. This was partly related to price increases as well as good contribution from the beverage area. Another earnings contributor was a positive effect from a pension plan settlement in Sweden relating to the preparation work for the separation of Professional Products. Investments in marketing and innovation for product launches continued.

### OPERATING INCOME AND MARGIN



SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Net sales	2,455	2,209	4,757	4,126	8,666
Organic growth, %	3.7	6.7	7.6	3.9	3.5
Acquisitions,%	5.0	-	4.5	3.7	4.7
Operating income	401	324	702	561	1,134
Operating margin, %	16.3	14.7	14.7	13.6	13.1





## Cash flow

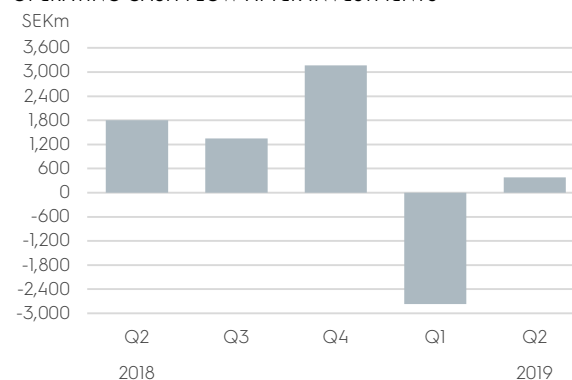
Operating cash flow after investments amounted to SEK 384m (1,805) in the quarter. The year-over-year decline is mainly an effect of a negative contribution from working capital due to timing effects, primarily related to an ERP system go-live in North America. Higher capital expenditure also explains the decline.

The first of two installments for the 2018 dividend payment of SEK 8.50 per share was distributed to shareholders during the quarter and the cash flow was impacted by SEK -1,221m.

Acquisitions of operations had a negative impact of SEK 406m on the cash flow in the second quarter and refers to UNIC S.A.S., see page 27.

Operating cash flow after investments in the first half of 2019 amounted to SEK -2,386m (-866).

### OPERATING CASH FLOW AFTER INVESTMENTS



SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Operating income adjusted for non-cash items <sup>1</sup>	2,855	2,550	5,427	4,973	10,547
Change in operating assets and liabilities	-1,039	523	-5,111	-3,848	-1,000
<b>Operating cash flow</b>	<b>1,816</b>	<b>3,073</b>	<b>316</b>	<b>1,125</b>	<b>9,547</b>
Investments in tangible and intangible assets	-1,331	-1,023	-2,433	-1,823	-5,629
Changes in other investments	-102	-244	-270	-167	-269
<b>Operating cash flow after investments</b>	<b>384</b>	<b>1,805</b>	<b>-2,386</b>	<b>-866</b>	<b>3,649</b>
Acquisitions and divestments of operations	-406	-1	-467	-430	-609
<b>Operating cash flow after structural changes</b>	<b>-23</b>	<b>1,804</b>	<b>-2,853</b>	<b>-1,296</b>	<b>3,041</b>
Financial items paid, net <sup>2</sup>	-166	18	-290	-69	-361
Taxes paid	-228	-304	-740	-515	-1,140
<b>Cash flow from operations and investments</b>	<b>-416</b>	<b>1,519</b>	<b>-3,884</b>	<b>-1,880</b>	<b>1,540</b>
Payment of lease liabilities	-203	-	-450	-	-
Dividend	-1,221	-1,193	-1,221	-1,193	-2,385
Share-based payments	5	8	5	-218	-210
<b>Total cash flow, excluding changes in loans and short-term investments</b>	<b>-1,837</b>	<b>334</b>	<b>-5,551</b>	<b>-3,291</b>	<b>-1,056</b>

<sup>1</sup> Operating income adjusted for depreciation, amortization and other non-cash items.

<sup>2</sup> For the period January 1 to June 30: interest and similar items received SEK 57m (71), interest and similar items paid SEK -248m (-115) and other financial items received/paid SEK -33m (-25). Interest paid for lease liabilities SEK -66m (-).





# Financial position

## Net debt

As of June 30, 2019, Electrolux had a financial net debt position (excluding lease liabilities and post-employment provisions) of SEK 3,463m, compared to the financial net cash position of SEK 1,989m as of December 31, 2018. Net provisions for post-employment benefits increased to SEK 4,099m. Lease liabilities amounted to SEK 3,465m as of June 30, 2019 and is an effect of the application of IFRS 16 as from January 1, 2019. In total, net debt amounted to SEK 11,027m, an increase by SEK 9,202m compared to SEK 1,825m per December 31, 2018.

Long-term borrowings and long-term borrowings with maturities within 12 months amounted to a total of SEK 9,832m as of June 30, 2019 with average maturity of 2.8 years, compared to SEK 8,553m and 2.6 years at the end of 2018.

In the second quarter, a new long-term bond loan of SEK 1.25bn was raised to refinance a SEK 1bn maturity and long-term bilateral borrowings in the amount of SEK 77m were amortized. During the remaining part of 2019, long-term borrowings amounting to approximately SEK 1.2bn will mature.

Liquid funds as of June 30, 2019, amounted to SEK 8,217m, a decrease of SEK 4,032m compared to SEK 12,249m as of December 31, 2018.

## Working capital and net assets

Working capital as of June 30, 2019, amounted to SEK -12,374m (-14,167), corresponding to -10.0% (-11.7) of annualized net sales. Operating working capital amounted to SEK 7,133m (5,619), corresponding to 5.8% (4.6) of annualized net sales, see page 23.

Average net assets for the first half of 2019 amounted to SEK 29,376m (23,284), corresponding to 23.9% (19.6) of annualized net sales. Net assets as of June 30, 2019, amounted to SEK 33,367m (24,027).

Return on net assets was 12.7% (13.7), and return on equity was 11.1% (10.3).

## Net debt

SEKM	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018
Short-term loans	1,560	928	1,429
Short-term part of long-term loans	2,440	1,582	2,355
Trade receivables with recourse	139	248	168
<b>Short-term borrowings</b>	<b>4,140</b>	<b>2,758</b>	<b>3,952</b>
Financial derivative liabilities	108	60	81
Accrued interest expenses and prepaid interest income	40	108	28
<b>Total short-term borrowings</b>	<b>4,287</b>	<b>2,926</b>	<b>4,062</b>
<b>Long-term borrowings</b>	<b>7,392</b>	<b>7,436</b>	<b>6,198</b>
<b>Total borrowings<sup>1</sup></b>	<b>11,679</b>	<b>10,362</b>	<b>10,260</b>
Cash and cash equivalents	7,702	9,207	11,697
Short-term investments	180	116	176
Financial derivative assets	96	396	132
Prepaid interest expenses and accrued interest income	239	249	243
<b>Liquid funds<sup>2</sup></b>	<b>8,217</b>	<b>9,969</b>	<b>12,249</b>
<b>Financial net debt</b>	<b>3,463</b>	<b>393</b>	<b>-1,989</b>
Lease liabilities	3,465	-	-
Net provisions for post-employment benefits	4,099	2,352	3,814
<b>Net debt</b>	<b>11,027</b>	<b>2,745</b>	<b>1,825</b>
Net debt/equity ratio	0.52	0.14	0.08
Total equity	21,118	20,090	21,749
Equity per share, SEK	73.48	69.90	75.67
Return on equity, %	11.1	10.3	18.2
Equity/assets ratio, %	22.5	24.4	25.6

<sup>1</sup> Whereof interest-bearing liabilities amounting to SEK 11,392m as of June 30, 2019 and SEK 9,946m as of June 30, 2018 and SEK 9,982m as of December 31, 2018.

<sup>2</sup> Electrolux has one unused committed back-up multicurrency revolving credit facility of EUR 1,000m, approximately SEK 10,600m, expiring in 2023.



## Other items

### Asbestos litigation in the U.S.

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of June 30, 2019, the Group had a total of 3,694 (3,359) cases pending, representing approximately 3,729 (approximately 3,401) plaintiffs. During the second quarter of

2019, 408 new cases with 408 plaintiffs were filed and 266 pending cases with approximately 266 plaintiffs were resolved.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits. In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

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## Risks and uncertainty factors

As an international group with a wide geographic spread, Electrolux is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit and financial instruments.

Risk management in Electrolux aims to identify, control and reduce risks. Risks, risk management and risk exposure are described in more detail in the 2018 Annual Report: [www.electrolux.com/annualreport2018](http://www.electrolux.com/annualreport2018)



# Innovation targeting outstanding consumer experiences

Electrolux focuses on bringing innovations to consumers that enhance experiences in the areas of great tasting food, perfect care for clothes, and healthy wellbeing in their homes. This is done with a strong focus on sustainability. Innovation is the key driver for long term profitable growth and margin improvement.



## Consumer-driven product innovation meets family needs

Guided by consumer insights, Electrolux is the first to bring Air Fry technology built in to the cooker to the North American market.

A recent consumer study showed that the majority of consumers stated that Air Fry was a critical or important factor in their purchase decision of cooking appliances. Yet, a stand-alone Air Fryer consumes a lot of space on the kitchen countertop. Electrolux therefore equipped the Frigidaire Gallery® front control cooker with the industry-first built-in Air Fry. This means consumers can now make healthy, crispy and delicious meals for the entire family at the same time using the hottest trend in cooking, while eliminating the need for an expensive, bulky countertop appliance.

The new product will be available to the market in the third quarter this year.

## How premium laundry added >30% EBIT improvement

Electrolux identified a potential to grow profitably in the premium laundry category in Europe under the AEG brand, with the help of a sharpened brand and product offering. The revitalization of the AEG brand in 2016 shifted business from an underutilized brand into a distinct laundry offer, focusing on care of clothes.

Marketing focused on online content which significantly boosted click-rates, as well as increased social media efforts and knowledge about care benefits with messages like – the wool sweater guardian and the delicate shirt defender. This resulted in larger target reach and opportunity to become preferred trade partner with customers.

Consumer insight has for many years been the focus of product development, and a clear understanding of consumer relevance inherent in the development process resulted in outstanding consumer experience ratings across Europe.

The effects on AEG laundry business in Europe one year after the launch were significant, resulting in 0.5% value market share increase, 9% net sales increase, >30% operating income (EBIT) improvement and 7.5 percentage points increase in price index.

## Examples of innovations during 2019

January 18	Strengthening partnerships at Consumer Electronics Show in Las Vegas. Electrolux has launched Google voice integration with its smart ovens in early 2019.
February 21	Frigidaire products launched at the 2019 Kitchen and Bath Industry Show, include the market's first oven with integrated Air Fry technology.
March 20	Electrolux to launch a new intuitive kitchen range across Europe.

May 15	Electrolux is partnering with Mila, a US/Chinese start-up that offers connected air purifiers via a subscription-based model direct to consumers.
June 27	Electrolux is joining forces with Stena Recycling for the new Circular Initiative to build understanding of what needs to be done to pave the way towards a more circular society.

For more information, see [www.electroluxgroup.com](http://www.electroluxgroup.com)



## Events during and after the quarter

### Events during the second quarter of 2019

#### **April 10. Annual General Meeting 2019**

Staffan Bohman, Petra Hedengran, Hasse Johansson, Ulla Litzén, Fredrik Persson, David Porter, Jonas Samuelson, Ulrika Saxon and Kai Wörn were re-elected to the Board of Directors. Staffan Bohman was also elected Chairman of the Board.

The proposed dividend of SEK 8.50 per share was adopted.

#### **April 25. Electrolux strengthens its professional beverage offering by acquiring UNIC in France**

Electrolux business area Professional Products announced it has acquired UNIC S.A.S., a French manufacturer of professional espresso machines. The acquisition complements Electrolux offering of products for beverage service and further develops its position as a leader in complete solutions for the hospitality industry. The acquired company had combined net sales of approximately EUR 20m in 2018, and 130 employees.

#### **June 17. Electrolux issued a SEK 1.25 billion bond loan under its EMTN (Euro Medium Term Note) program**

The bond loan is issued on June 17, 2019 with a maturity on June 17, 2022. The loan has a floating interest rate and is listed on the Luxembourg Stock Exchange. The proceeds of the offering will be used for general corporate purposes.

### Events after the second quarter of 2019

#### **July 3. Electrolux to invest EUR 130 million in Italian refrigeration facility**

The Electrolux Group will invest approximately EUR 130m in automation, digitalization and innovation at its manufacturing facility in Susegana, Italy. The investment is part of Electrolux previously communicated manufacturing investment program (announced at the Capital Markets Day in 2017), totaling SEK 8bn over 4-5 years as from 2018. The program is expected to generate annual cost savings of approximately SEK 3bn with full effect from 2024.

For more information, visit [www.electroluxgroup.com](http://www.electroluxgroup.com)



## Parent Company AB Electrolux

The Parent Company comprises the functions of the Group's head office, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company, AB Electrolux, for the first half 2019 amounted to SEK 19,045m (18,168) of which SEK 15,468m (14,742) referred to sales to Group companies and SEK 3,577m (3,426) to external customers. Income after financial items was SEK 1,748m (632), including dividends from subsidiaries in the amount of SEK 1,451m (869). Income for the period amounted to SEK 935m (-997).

Capital expenditure in tangible and intangible assets was SEK 303m (316). Liquid funds at the end of the period amounted to SEK 2,615m, as against SEK 7,244m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 20,442m, as against SEK 22,078m at the start of the year. Dividend payment to shareholders for 2018 amounted to SEK 2,443m, whereof SEK 1,221m has been paid during the second quarter 2019 and SEK 1,221m has been reported as a current liability.

The income statement and balance sheet for the Parent Company are presented on page 24.



The Board of Directors and the President and CEO certify that the Interim Report for the period January – June 2019 gives a true and fair overview of the Parent Company AB Electrolux and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 17, 2019

AB Electrolux (publ)  
556009-4178

**Staffan Bohman**  
Chairman of the Board of Directors

**Petra Hedengran**  
Board member

**Hasse Johansson**  
Board member

**Ulla Litzén**  
Board member

**Fredrik Persson**  
Board member

**David Porter**  
Board member

**Jonas Samuelson**  
Board member,  
President and CEO

**Ulrika Saxon**  
Board member

**Kai Wörn**  
Board member

**Viveca Brinkenfeldt-Lever**  
Board member,  
employee representative

**Ulf Carlsson**  
Board member,  
employee representative

**Peter Ferm**  
Board member,  
employee representative



# Review Report

## Introduction

We have reviewed the interim report for AB Electrolux (publ) for the period January 1 - June 30, 2019. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, July 17, 2019  
Deloitte AB

Jan Berntsson  
Authorized Public Accountant





# Consolidated statement of comprehensive income

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
<b>Net sales</b>	<b>31,687</b>	<b>31,354</b>	<b>61,396</b>	<b>59,259</b>	<b>124,129</b>
Cost of goods sold	-25,318	-25,424	-50,224	-48,439	-100,908
<b>Gross operating income</b>	<b>6,368</b>	<b>5,930</b>	<b>11,173</b>	<b>10,820</b>	<b>23,221</b>
Selling expenses	-3,422	-3,276	-6,587	-6,198	-12,986
Administrative expenses	-1,192	-1,283	-2,601	-2,632	-5,101
Other operating income/expenses	-135	-544	-117	-400	177
<b>Operating income</b>	<b>1,619</b>	<b>827</b>	<b>1,868</b>	<b>1,591</b>	<b>5,310</b>
Financial items, net	-179	-79	-337	-171	-423
<b>Income after financial items</b>	<b>1,441</b>	<b>748</b>	<b>1,531</b>	<b>1,420</b>	<b>4,887</b>
Taxes	-309	-231	-320	-352	-1,081
<b>Income for the period</b>	<b>1,132</b>	<b>517</b>	<b>1,211</b>	<b>1,068</b>	<b>3,805</b>
<b>Items that will not be reclassified to income for the period:</b>					
Remeasurement of provisions for post-employment benefits	-998	33	-412	300	-448
Income tax relating to items that will not be reclassified	219	-16	88	-71	128
	<b>-779</b>	<b>17</b>	<b>-323</b>	<b>228</b>	<b>-319</b>
<b>Items that may be reclassified subsequently to income for the period:</b>					
Cash flow hedges	24	-5	1	-16	-2
Exchange-rate differences on translation of foreign operations	380	137	1,142	867	203
Income tax relating to items that may be reclassified	-1	5	-6	-5	23
	<b>402</b>	<b>137</b>	<b>1,136</b>	<b>846</b>	<b>224</b>
<b>Other comprehensive income, net of tax</b>	<b>-377</b>	<b>153</b>	<b>813</b>	<b>1,074</b>	<b>-95</b>
<b>Total comprehensive income for the period</b>	<b>755</b>	<b>670</b>	<b>2,024</b>	<b>2,143</b>	<b>3,710</b>
<b>Income for the period attributable to:</b>					
Equity holders of the Parent Company	1,132	517	1,212	1,068	3,805
Non-controlling interests	-0	0	-0	1	-0
<b>Total</b>	<b>1,132</b>	<b>517</b>	<b>1,211</b>	<b>1,068</b>	<b>3,805</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the Parent Company	755	670	2,024	2,142	3,710
Non-controlling interest	0	1	0	1	-0
<b>Total</b>	<b>755</b>	<b>670</b>	<b>2,024</b>	<b>2,143</b>	<b>3,710</b>
<b>Earnings per share, SEK</b>					
Basic, SEK	3.94	1.80	4.22	3.72	13.24
Diluted, SEK	3.92	1.78	4.19	3.69	13.14
<b>Average number of shares<sup>1</sup></b>					
Basic, million	287.4	287.4	287.4	287.4	287.4
Diluted, million	288.9	289.7	288.9	289.5	289.5

<sup>1</sup> Average numbers of shares excluding shares held by Electrolux.



## Consolidated balance sheet

SEKM	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018
<b>Assets</b>			
Property, plant and equipment, owned	21,394	19,701	21,088
Property, plant and equipment, right-of-use	3,161	-	-
Goodwill	8,968	8,172	8,239
Other intangible assets	4,264	3,821	3,919
Investments in associates	424	363	397
Deferred tax assets	6,709	6,000	6,448
Financial assets	264	223	246
Pension plan assets	455	483	532
Other non-current assets	1,313	643	952
<b>Total non-current assets</b>	<b>46,954</b>	<b>39,405</b>	<b>41,822</b>
Inventories	19,194	17,679	16,750
Trade receivables	22,216	20,305	21,482
Tax assets	826	718	738
Derivatives	97	455	139
Other current assets	4,757	4,266	4,507
Short-term investments	180	116	176
Cash and cash equivalents	7,702	9,207	11,697
<b>Total current assets</b>	<b>54,972</b>	<b>52,746</b>	<b>55,490</b>
<b>Total assets</b>	<b>101,926</b>	<b>92,151</b>	<b>97,312</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	1,545	1,545	1,545
Other paid-in capital	2,905	2,905	2,905
Other reserves	-1,259	-1,769	-2,394
Retained earnings	17,918	17,396	19,683
<b>Equity attributable to equity holders of the Parent Company</b>	<b>21,109</b>	<b>20,077</b>	<b>21,738</b>
Non-controlling interests	10	13	11
<b>Total equity</b>	<b>21,118</b>	<b>20,090</b>	<b>21,749</b>
Long-term borrowings	7,392	7,436	6,198
Long-term lease liabilities	2,521	-	-
Deferred tax liabilities	758	728	868
Provisions for post-employment benefits	4,554	2,835	4,346
Other provisions	6,254	5,754	5,281
<b>Total non-current liabilities</b>	<b>21,478</b>	<b>16,753</b>	<b>16,693</b>
Accounts payable	34,277	32,365	34,443
Tax liabilities	520	686	984
Dividend payable	1,221	1,193	-
Other liabilities	15,834	15,151	17,105
Short-term borrowings	4,140	2,758	3,952
Short-term lease liabilities	945	-	-
Derivatives	134	60	102
Other provisions	2,258	3,097	2,284
<b>Total current liabilities</b>	<b>59,329</b>	<b>55,309</b>	<b>58,870</b>
<b>Total equity and liabilities</b>	<b>101,926</b>	<b>92,151</b>	<b>97,312</b>

## Change in consolidated equity

SEKM	Six months 2019	Six months 2018	Full year 2018
Opening balance	21,749	20,480	20,480
Change in accounting principles	-235	-18	-18
<b>Total comprehensive income for the period</b>	<b>2,024</b>	<b>2,143</b>	<b>3,710</b>
Share-based payments	25	-129	-35
Dividend to equity holders of the Parent Company	-2,443	-2,385	-2,385
Dividend to non-controlling interests	-0	-0	-0
Acquisition of non-controlling interests	-1	-2	-3
<b>Total transactions with equity holders</b>	<b>-2,419</b>	<b>-2,516</b>	<b>-2,424</b>
<b>Closing balance</b>	<b>21,118</b>	<b>20,090</b>	<b>21,749</b>



# Consolidated cash flow statement

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
<b>Operations</b>					
Operating income	1,619	827	1,868	1,591	5,310
Depreciation and amortization <sup>1</sup>	1,236	1,052	2,461	2,058	4,150
Other non-cash items	-0	672	1,099	1,324	1,088
Financial items paid, net <sup>2</sup>	-166	18	-290	-69	-361
Taxes paid	-228	-304	-740	-515	-1,140
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>2,461</b>	<b>2,265</b>	<b>4,396</b>	<b>4,388</b>	<b>9,046</b>
<b>Change in operating assets and liabilities</b>					
Change in inventories	76	-558	-1,781	-2,264	-1,619
Change in trade receivables	-468	-41	86	1,074	-582
Change in accounts payable	-752	1,013	-1,423	-35	2,317
Change in other operating assets, liabilities and provisions	105	109	-1,992	-2,623	-1,116
<b>Cash flow from change in operating assets and liabilities</b>	<b>-1,039</b>	<b>523</b>	<b>-5,111</b>	<b>-3,848</b>	<b>-1,000</b>
<b>Cash flow from operations</b>	<b>1,422</b>	<b>2,787</b>	<b>-714</b>	<b>540</b>	<b>8,046</b>
<b>Investments</b>					
Acquisition of operations	-406	-1	-467	-430	-902
Divestment of operations	-	-	-	-	293
Capital expenditure in property, plant and equipment	-901	-794	-1,707	-1,409	-4,650
Capital expenditure in product development	-301	-97	-459	-185	-416
Capital expenditure in software and other intangibles	-129	-132	-267	-229	-563
Other	-102	-244	-270	-167	-269
<b>Cash flow from investments</b>	<b>-1,839</b>	<b>-1,269</b>	<b>-3,169</b>	<b>-2,421</b>	<b>-6,506</b>
<b>Cash flow from operations and investments</b>	<b>-416</b>	<b>1,519</b>	<b>-3,884</b>	<b>-1,880</b>	<b>1,540</b>
<b>Financing</b>					
Change in short-term investments	353	54	-3	248	193
Change in short-term borrowings	139	-104	201	116	951
New long-term borrowings	1,295	652	2,317	1,660	1,736
Amortization of long-term borrowings	-1,081	-77	-1,159	-1,073	-1,531
Payment of lease liabilities	-203	-	-450	-	-
Dividend	-1,221	-1,193	-1,221	-1,193	-2,385
Share-based payments	5	8	5	-218	-210
<b>Cash flow from financing</b>	<b>-714</b>	<b>-660</b>	<b>-312</b>	<b>-460</b>	<b>-1,245</b>
<b>Total cash flow</b>	<b>-1,131</b>	<b>859</b>	<b>-4,195</b>	<b>-2,341</b>	<b>295</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,773</b>	<b>8,272</b>	<b>11,697</b>	<b>11,289</b>	<b>11,289</b>
Exchange-rate differences referring to cash and cash equivalents	60	76	200	259	113
<b>Cash and cash equivalents at end of period</b>	<b>7,702</b>	<b>9,207</b>	<b>7,702</b>	<b>9,207</b>	<b>11,697</b>

<sup>1</sup> For the period January 1 to June 30: depreciation related to right-of-use assets amounted to SEK 421m (-).

<sup>2</sup> For the period January 1 to June 30: interest and similar items received SEK 57m (71), interest and similar items paid SEK -248m (-115) and other financial items received/paid SEK -33m (-25). Interest paid related to lease liabilities SEK -66m (-).



## Key ratios

SEKM unless otherwise stated	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Net sales	31,687	31,354	61,396	59,259	124,129
Organic growth, %	-2.6	0.4	-0.5	1.0	1.3
EBITA	1,851	1,075	2,311	2,086	6,282
EBITA margin, %	5.8	3.4	3.8	3.5	5.1
Operating income	1,619	827	1,868	1,591	5,310
Operating margin, %	5.1	2.6	3.0	2.7	4.3
Operating margin excl. non-recurring items, % <sup>1</sup>	5.1	5.2	4.8	5.1	5.4
Income after financial items	1,441	748	1,531	1,420	4,887
Income for the period	1,132	517	1,211	1,068	3,805
Capital expenditure property, plant and equipment	-901	-794	-1,707	-1,409	-4,650
Operating cash flow after investments	384	1,805	-2,386	-866	3,649
Earnings per share, SEK <sup>2</sup>	3.94	1.80	4.22	3.72	13.24
Equity per share, SEK	73.48	69.90	73.48	69.90	75.67
Capital turnover rate, times/year	-	-	4.2	5.1	5.3
Return on net assets, %	-	-	12.7	13.7	22.7
Return on equity, %	-	-	11.1	10.3	18.2
Net debt	11,027	2,745	11,027	2,745	1,825
Net debt/equity ratio	0.52	0.14	0.52	0.14	0.08
Average number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4	287.4	287.4
Average number of employees	52,505	54,415	52,280	54,972	54,419

<sup>1</sup> Non-recurring items of SEK -1,054 in the first six months of 2019 refers to business area North America and Latin America in the first quarter. Non-recurring items of SEK -1,414m in the first six months of 2018 include SEK -596m in business area North America in the first quarter and SEK -818m in business area Europe in the second quarter. For information on non-recurring items, see page 21.

<sup>2</sup>Basic.

For definitions, see pages 29-30.

## Shares

Number of shares	A-shares	B-shares	Shares total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2019	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
Number of shares as of June 30, 2019	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
As % of total number of shares				7.0%	

## Exchange rates

SEK	Jun. 30, 2019		Jun. 30, 2018		Dec. 31, 2018	
Exchange rate	Average	End of period	Average	End of period	Average	End of period
ARS	0.2258	0.2187	0.3971	0.3107	0.3087	0.2373
AUD	6.55	6.50	6.50	6.62	6.50	6.34
BRL	2.41	2.42	2.46	2.33	2.39	2.32
CAD	6.94	7.09	6.60	6.77	6.71	6.59
CHF	9.31	9.51	8.72	9.04	8.91	9.15
CLP	0.0137	0.0137	0.0137	0.0138	0.0136	0.0129
CNY	1.37	1.35	1.32	1.35	1.31	1.30
EUR	10.49	10.56	10.17	10.45	10.26	10.28
GBP	11.96	11.78	11.55	11.80	11.57	11.38
HUF	0.0327	0.0327	0.0322	0.0317	0.0321	0.0320
MXN	0.4804	0.4841	0.4423	0.4568	0.4517	0.4556
RUB	0.1416	0.1475	0.1422	0.1429	0.1392	0.1292
THB	0.2928	0.3027	0.2646	0.2710	0.2691	0.2754
USD	9.26	9.28	8.44	8.97	8.70	8.97



## Net sales and operating income by business area

SEKM	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Full year 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
<b>Europe</b>										
Net sales	10,553	10,479				9,760	10,138	10,885	12,539	43,321
Sales growth, %	4.6	1.0				8.0	5.1	5.2	0.5	4.4
EBITA	730	631				687	-215	806	1,114	2,392
EBITA margin, %	6.9	6.0				7.0	-2.1	7.4	8.9	5.5
Operating income	686	576				610	-286	749	1,055	2,128
Operating margin, %	6.5	5.5				6.2	-2.8	6.9	8.4	4.9
<b>North America</b>										
Net sales	9,099	10,255				8,785	10,804	10,072	10,143	39,804
Sales growth, %	-6.8	-12.1				-5.4	-10.2	-6.3	-6.3	-7.2
EBITA	-450	555				-118	703	392	261	1,238
EBITA margin, %	-4.9	5.4				-1.3	6.5	3.9	2.6	3.1
Operating income	-482	504				-148	670	358	223	1,104
Operating margin, %	-5.3	4.9				-1.7	6.2	3.6	2.2	2.8
<b>Latin America</b>										
Net sales	4,312	4,816				4,247	4,518	3,845	5,353	17,963
Sales growth, %	6.9	8.3				5.9	19.5	0.4	11.8	9.3
EBITA	-165	217				97	22	260	342	721
EBITA margin, %	-3.8	4.5				2.3	0.5	6.8	6.4	4.0
Operating income	-223	164				35	-38	205	290	492
Operating margin, %	-5.2	3.4				0.8	-0.8	5.3	5.4	2.7
<b>Asia-Pacific, Middle East and Africa</b>										
Net sales	3,445	3,682				3,197	3,685	3,507	3,986	14,375
Sales growth, %	2.3	-3.8				10.1	1.0	5.1	18.3	8.4
EBITA	141	204				191	273	301	331	1,096
EBITA margin, %	4.1	5.5				6.0	7.4	8.6	8.3	7.6
Operating income	110	171				163	243	270	302	979
Operating margin, %	3.2	4.7				5.1	6.6	7.7	7.6	6.8
<b>Professional Products</b>										
Net sales	2,302	2,455				1,917	2,209	2,135	2,405	8,666
Sales growth, %	15.6	8.8				8.5	6.7	6.7	11.0	8.2
EBITA	316	417				245	331	293	310	1,179
EBITA margin, %	13.7	17.0				12.8	15.0	13.7	12.9	13.6
Operating income	301	401				237	324	280	294	1,134
Operating margin, %	13.1	16.3				12.4	14.7	13.1	12.2	13.1
Group common costs, etc.	-143	-197				-133	-86	-107	-201	-527
<b>Total Group</b>										
Net sales	29,710	31,687				27,906	31,354	30,444	34,425	124,129
Sales growth, %	1.6	-2.7				3.3	0.7	0.7	2.5	1.7
EBITA	460	1,851				1,011	1,075	1,991	2,205	6,282
EBITA margin, %	1.5	5.8				3.6	3.4	6.5	6.4	5.1
Operating income	248	1,619				764	827	1,756	1,963	5,310
Operating margin, %	0.8	5.1				2.7	2.6	5.8	5.7	4.3
Income after financial items	90	1,441				672	748	1,634	1,832	4,887
Income for the period	79	1,132				551	517	1,162	1,575	3,805
Earnings per share, SEK <sup>1</sup>	0.28	3.94				1.92	1.80	4.04	5.48	13.24

<sup>1</sup> Basic.



## Non-recurring items by business area

SEKM	Q1 2019 <sup>1</sup>	Q2 2019	Q3 2019	Q4 2019	Full year 2019	Q1 2018 <sup>2</sup>	Q2 2018 <sup>3</sup>	Q3 2018	Q4 2018 <sup>4</sup>	Full year 2018
Europe	-	-	-	-	-	-	-818	-	71	-747
North America	-829	-	-	-	-	-596	-	-	-	-596
Latin America	-225	-	-	-	-	-	-	-	-	-
Asia-Pacific, Middle East and Africa	-	-	-	-	-	-	-	-	-	-
Professional Products	-	-	-	-	-	-	-	-	-	-
Group common costs, etc.	-	-	-	-	-	-	-	-	-	-
<b>Total Group</b>	<b>-1,054</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-596</b>	<b>-818</b>	<b>-</b>	<b>71</b>	<b>-1,343</b>

<sup>1</sup> The non-recurring item of SEK -829m relates to the consolidation of U.S. cooking production and SEK -225m to the closure of a refrigeration production line in Latin America. The costs are included in Cost of goods sold and consists of write down of fixed assets, provision for severance cost and other cost related to the projects.

<sup>2</sup> The non-recurring item of SEK -596m refers to the consolidation of freezer production in North America. The cost is included in Cost of goods sold and consists of write down of fixed assets, provision for severance cost and other cost related to the project.

<sup>3</sup> The non-recurring items of SEK -818m refer to business area Europe. These include a provision of SEK -564m for a fine relating to an investigation by the French Competition Authority and a provision of SEK -254m relating to an unfavorable court ruling in France. These costs are included in other operating income/expenses.

<sup>4</sup> The non-recurring item of SEK 71m refers to business area Europe and relates to the French Competition Authority investigation that was concluded in the quarter and is the difference between the actual fine and the provision set in the second quarter. This income is included in other operating income/expenses.

## Operating income excluding non-recurring items

SEKM	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Full year 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full year 2018
<b>Europe</b>										
Operating income excl. non-recurring items	686	576				610	532	749	984	2,875
Operating margin excl. non-recurring items, %	6.5	5.5				6.2	5.3	6.9	7.9	6.6
<b>North America</b>										
Operating income excl. non-recurring items	347	504				448	670	358	223	1,700
Operating margin excl. non-recurring items, %	3.8	4.9				5.1	6.2	3.6	2.2	4.3
<b>Latin America</b>										
Operating income excl. non-recurring items	2	164				35	-38	205	290	492
Operating margin excl. non-recurring items, %	0.1	3.4				0.8	-0.8	5.3	5.4	2.7
<b>Total Group</b>										
Operating income excl. non-recurring items	1,302	1,619				1,360	1,645	1,756	1,892	6,653
Operating margin excl. non-recurring items, %	4.4	5.1				4.9	5.2	5.8	5.5	5.4



## Net sales by business area

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Europe	10,479	10,138	21,032	19,898	43,321
North America	10,255	10,804	19,354	19,589	39,804
Latin America	4,816	4,518	9,127	8,765	17,963
Asia-Pacific, Middle East and Africa	3,682	3,685	7,126	6,882	14,375
Professional Products	2,455	2,209	4,757	4,126	8,666
<b>Total</b>	<b>31,687</b>	<b>31,354</b>	<b>61,396</b>	<b>59,259</b>	<b>124,129</b>

## Change in net sales by business area

Year-over-year, %	Q2 2019	Q2 2019 in local currencies	Six months 2019	Six months 2019 in local currencies
Europe	3	1	6	3
North America	-5	-12	-1	-10
Latin America	7	8	4	8
Asia-Pacific, Middle East and Africa	-0	-4	4	-1
Professional Products	11	9	15	12
<b>Total change</b>	<b>1</b>	<b>-3</b>	<b>4</b>	<b>-1</b>

## Operating income by business area

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
Europe	576	-286	1,262	324	2,128
Margin, %	5.5	-2.8	6.0	1.6	4.9
North America	504	670	22	522	1,104
Margin, %	4.9	6.2	0.1	2.7	2.8
Latin America	164	-38	-59	-3	492
Margin, %	3.4	-0.8	-0.6	-0.0	2.7
Asia-Pacific, Middle East and Africa	171	243	282	406	979
Margin, %	4.7	6.6	4.0	5.9	6.8
Professional Products	401	324	702	561	1,134
Margin, %	16.3	14.7	14.7	13.6	13.1
Group common costs, etc.	-197	-86	-341	-219	-527
<b>Operating income</b>	<b>1,619</b>	<b>827</b>	<b>1,868</b>	<b>1,591</b>	<b>5,310</b>
<b>Margin, %</b>	<b>5.1</b>	<b>2.6</b>	<b>3.0</b>	<b>2.7</b>	<b>4.3</b>

## Change in operating income by business area

Year-over-year, %	Q2 2019	Q2 2019 in local currencies	Six months 2019	Six months 2019 in local currencies
Europe	n.m.	n.m.	289	260
North America	-25	-31	-96	-96
Latin America	n.m.	n.m.	n.m.	n.m.
Asia-Pacific, Middle East and Africa	-29	-32	-31	-34
Professional Products	24	20	25	20
<b>Total change</b>	<b>96</b>	<b>75</b>	<b>17</b>	<b>10</b>





## Working capital and net assets

SEKM	Jun. 30, 2019	% of annualized net sales	Jun. 30, 2018	% of annualized net sales	Dec. 31, 2018	% of annualized net sales
Inventories	19,194	15.6	17,679	14.5	16,750	13.5
Trade receivables	22,216	18.0	20,305	16.7	21,482	17.3
Accounts payable	-34,277	-27.8	-32,365	-26.6	-34,443	-27.7
<b>Operating working capital</b>	<b>7,133</b>	<b>5.8</b>	<b>5,619</b>	<b>4.6</b>	<b>3,789</b>	<b>3.0</b>
Provisions	-8,512		-8,850		-7,565	
Prepaid and accrued income and expenses	-10,842		-10,456		-11,745	
Taxes and other assets and liabilities	-153		-479		-1,327	
<b>Working capital</b>	<b>-12,374</b>	<b>-10.0</b>	<b>-14,167</b>	<b>-11.7</b>	<b>-16,848</b>	<b>-13.5</b>
Property, plant and equipment, owned	21,394		19,701		21,088	
Property, plant and equipment, right-of-use	3,161		-		-	
Goodwill	8,968		8,172		8,239	
Other non-current assets	6,266		5,049		5,516	
Deferred tax assets and liabilities	5,951		5,272		5,580	
<b>Net assets</b>	<b>33,367</b>	<b>27.0</b>	<b>24,027</b>	<b>19.8</b>	<b>23,574</b>	<b>19.0</b>
Annualized net sales, calculated at end of period exchange rates	123,374		121,547		124,399	
<b>Average net assets</b>	<b>29,376</b>	<b>23.9</b>	<b>23,284</b>	<b>19.6</b>	<b>23,381</b>	<b>18.8</b>
Annualized net sales, calculated at average exchange rates	122,793		118,518		124,129	

## Net assets by business area

SEKM	Assets			Equity and liabilities			Net assets		
	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018
Europe	26,403	24,861	26,276	22,607	23,268	25,766	3,796	1,594	510
North America	24,685	19,507	19,124	16,996	15,603	15,322	7,688	3,904	3,802
Latin America	13,321	12,544	13,092	6,946	6,491	6,906	6,375	6,053	6,186
Asia-Pacific, Middle East and Africa	12,428	10,785	10,826	6,072	5,659	5,603	6,357	5,126	5,223
Professional Products	6,975	5,768	6,101	3,251	3,084	3,144	3,724	2,684	2,957
Other <sup>1</sup>	9,443	8,233	9,112	4,015	3,566	4,217	5,427	4,667	4,895
<b>Total operating assets and liabilities</b>	<b>93,255</b>	<b>81,699</b>	<b>84,531</b>	<b>59,888</b>	<b>57,672</b>	<b>60,958</b>	<b>33,367</b>	<b>24,027</b>	<b>23,574</b>
Liquid funds	8,217	9,969	12,249	-	-	-	-	-	-
Total borrowings	-	-	-	11,679	10,362	10,260	-	-	-
Lease liabilities	-	-	-	3,465	-	-	-	-	-
Pension assets and liabilities	455	483	532	4,554	2,835	4,346	-	-	-
Dividend payable	-	-	-	1,221	1,193	-	-	-	-
Total equity	-	-	-	21,118	20,090	21,749	-	-	-
<b>Total</b>	<b>101,926</b>	<b>92,151</b>	<b>97,312</b>	<b>101,926</b>	<b>92,151</b>	<b>97,312</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup>Includes common functions and tax items.



## Parent Company income statement

SEKM	Q2 2019	Q2 2018	Six months 2019	Six months 2018	Full year 2018
<b>Net sales</b>	<b>9,304</b>	<b>9,270</b>	<b>19,045</b>	<b>18,168</b>	<b>38,911</b>
Cost of goods sold	-8,047	-7,959	-16,359	-15,458	-33,560
<b>Gross operating income</b>	<b>1,257</b>	<b>1,311</b>	<b>2,686</b>	<b>2,710</b>	<b>5,351</b>
Selling expenses	-760	-738	-1,550	-1,479	-3,247
Administrative expenses	-522	-517	-1,050	-945	-1,410
Other operating expenses	-	-565	-	-565	-804
<b>Operating income</b>	<b>-25</b>	<b>-509</b>	<b>86</b>	<b>-279</b>	<b>-110</b>
Financial income	1,715	1,065	1,971	1,242	7,967
Financial expenses	-190	-104	-309	-331	-695
<b>Financial items, net</b>	<b>1,525</b>	<b>961</b>	<b>1,662</b>	<b>911</b>	<b>7,272</b>
<b>Income after financial items</b>	<b>1,500</b>	<b>452</b>	<b>1,748</b>	<b>632</b>	<b>7,162</b>
Appropriations	-931	-1,835	-889	-1,883	-1,743
<b>Income before taxes</b>	<b>569</b>	<b>-1,383</b>	<b>859</b>	<b>-1,251</b>	<b>5,419</b>
Taxes	148	295	76	254	69
<b>Income for the period</b>	<b>717</b>	<b>-1,088</b>	<b>935</b>	<b>-997</b>	<b>5,488</b>

## Parent Company balance sheet

SEKM	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018
<b>Assets</b>			
Non-current assets	38,675	36,845	38,254
Current assets	32,093	27,473	33,157
<b>Total assets</b>	<b>70,768</b>	<b>64,318</b>	<b>71,411</b>
<b>Equity and liabilities</b>			
Restricted equity	5,623	5,258	5,437
Non-restricted equity	20,442	15,697	22,078
<b>Total equity</b>	<b>26,065</b>	<b>20,955</b>	<b>27,515</b>
Untaxed reserves	457	446	442
Provisions	1,075	1,783	1,133
Non-current liabilities	6,891	6,935	5,735
Current liabilities	36,280	34,199	36,586
<b>Total equity and liabilities</b>	<b>70,768</b>	<b>64,318</b>	<b>71,411</b>



# Notes

## Note 1 Accounting principles

Electrolux applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 2 'Accounting for legal entities' issued by the Swedish Financial Reporting Board.

Electrolux interim reports contain a condensed set of financial statements. For the Group this chiefly means that the disclosures are limited compared to the consolidated financial statements presented in the annual report. For the Parent Company this means that the financial statements in general are presented in condensed versions and with limited disclosures compared to the annual report.

The accounting policies adopted are consistent with those followed in the preparation of the Group's Annual Report 2018, except for the adoption of new standards effective as of January 1, 2019. The Group's accounting principles are described in Note 1 in the Annual Report 2018, including transition effects and accounting principles related to IFRS 16 Leases which is applied by Electrolux from January 1, 2019. The transition to IFRS 16 has resulted in the following opening balance adjustment:

Assets		Equity and Liabilities	
Right-of-use assets	3,160	Lease liabilities	3,453
Deferred tax assets	88	Retained earnings	-235
Prepaid lease fees	-35	Accrued lease fees	-4
<b>Total</b>	<b>3,214</b>	<b>Total</b>	<b>3,214</b>

### Reportable segments – Business areas

As from 2019 Electrolux has revised its consumer business area structure. The former business area Home Care & SDA has been combined with the former major appliances business areas, creating four consumer-focused regional business areas: Europe, North America, Latin America, and Asia-Pacific, Middle East and Africa. These, together with business area Professional Products, represent the Group's reportable segments. Comparatives have been restated accordingly. For more information, please see press release 'Restated figures for 2018 in line with Electrolux new business area structure' published on April 5, 2019.

## Note 2 Disaggregation of revenue

Electrolux manufactures and sells appliances mainly in the wholesale market to customers being retailers. Electrolux products include refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air conditioners and small domestic appliances. The four regional Consumer Products business areas focus on the consumer market and business area Professional Products focuses on professional users.

Sales of products are revenue recognized at a point in time, when control of the products has transferred. Revenue from services related to installation of products, repairs or maintenance service is recognized when control is transferred being over the time the service is provided. Sales of services are not material in relation to Electrolux total net sales.

Product and geography are considered important attributes when disaggregating Electrolux revenue. Therefore, the table below presents net sales related to Consumer Products and Professional Products per geographical region based on the location of each selling company.

SEKM	Six months 2019			Six months 2018		
	Consumer Products	Professional Products	Total	Consumer Products	Professional Products	Total
<b>Geographical region</b>						
Europe	21,032	3,771	24,803	19,898	3,336	23,234
North America	19,354	574	19,928	19,589	399	19,988
Latin America	9,127	-	9,127	8,765	-	8,765
Asia-Pacific, Middle East and Africa	7,126	412	7,538	6,882	391	7,273
<b>Total</b>	<b>56,640</b>	<b>4,757</b>	<b>61,396</b>	<b>55,133</b>	<b>4,126</b>	<b>59,259</b>



### Note 3 Fair values and carrying amounts of financial assets and liabilities

SEKM	Jun. 30, 2019		Jun. 30, 2018		Dec. 31, 2018	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
<b>Per category</b>						
Financial assets at fair value through profit and loss	264	264	222	222	246	246
Financial assets measured at amortized cost	30,098	30,098	29,629	29,629	33,355	33,355
Derivatives, financial assets at fair value through profit and loss	96	96	396	396	120	120
Derivatives in hedge accounting	1	1	-	-	19	19
<b>Total financial assets</b>	<b>30,459</b>	<b>30,459</b>	<b>30,247</b>	<b>30,247</b>	<b>33,740</b>	<b>33,740</b>
Financial liabilities measured at amortized cost	45,866	45,809	42,375	42,311	44,650	44,593
Derivatives, financial liabilities at fair value through profit and loss	132	132	21	21	100	100
Derivatives in hedge accounting	2	2	39	39	2	2
<b>Total financial liabilities</b>	<b>46,000</b>	<b>45,943</b>	<b>42,435</b>	<b>42,371</b>	<b>44,752</b>	<b>44,695</b>

The Group strives for arranging master-netting agreements (ISDA) with the counterparts for derivative transactions and has established such agreements with the majority of the counterparties, i.e., if a counterparty will default, assets and liabilities will be netted. Derivatives are presented gross in the balance sheet.

#### Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g., the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into SEK. For instruments where no reliable price is available on the market, cash-flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash-flow schedule is available, e.g., as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes.

To the extent option instruments are used, the valuation is based on the Black & Scholes' formula. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market-interest rate for similar financial instruments. The Group's financial assets and liabilities are measured according to the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities. At June 30, 2019, the fair value for Level 1 financial assets was SEK 180m (116) and for financial liabilities SEK 0m (0).

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities either directly or indirectly. At June 30, 2019, the fair value of Level 2 financial assets was SEK 22,313m (20,701) and financial liabilities SEK 134m (60).

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data. At June 30, 2019, the fair value of Level 3 financial assets was SEK 264m (222) and financial liabilities SEK 0m (0).

### Note 4 Pledged assets and contingent assets and liabilities

SEKM	Jun. 30, 2019	Jun. 30, 2018	Dec. 31, 2018
<b>Group</b>			
Pledged assets	6	6	6
Guarantees and other commitments	1,197	1,338	1,015
<b>Parent Company</b>			
Pledged assets	-	-	-
Guarantees and other commitments	1,579	1,572	1,534

For more information on contingent assets and liabilities, see Note 25 in the Annual Report 2018.



## Note 5 Acquisitions of operations

### Acquisitions in the first quarter of 2019

During the first quarter of 2019, Electrolux completed an acquisition of an appliance installation and repair service operations in Australia with an upfront payment of AUD 3.9m (approximately SEK 26m).

The operations are included in business area Asia-Pacific, Middle East and Africa.

### Acquisitions in the second quarter of 2019

#### UNIC S.A.S.

On April 24, 2019, Electrolux completed the acquisition of UNIC S.A.S., a French manufacturer of professional espresso machines. The company's headquarters and main manufacturing facility are located in southern France, with subsidiaries in the U.S. and Japan. The acquired business had combined net sales of approximately EUR 20m in 2018, and 130 employees.

The consideration consists of a cash payment of EUR 39m with a preliminary net debt assumed of EUR 6.6m. The cash payment is equivalent to SEK 410m and a cash flow effect of SEK -406m, excluding acquired cash and cash equivalents.

Net sales and operating income in the acquired business during the period January 1, 2019, up until the date the acquisition was completed amounted to EUR 6m and EUR 0m respectively, approximately SEK 63m and SEK 0m respectively.

The acquired business is included in Electrolux consolidated accounts per June 30 based on the acquired balance sheet and a preliminary purchase price allocation. Goodwill recognized amounts to SEK 334m and is not expected to be deductible for income tax purposes.

The operations are included in business area Professional Products.

### Transaction costs

Transaction costs related to the acquisitions described above amount to SEK 3.2m and have been expensed as incurred during the acquisition processes, whereof SEK 2.6m expensed in 2019. The costs have been reported in the operating income of the respective business area.

### Cash flow related to acquisitions of operations

Total cash flow related to acquisitions of operations amounts to SEK -467m and includes payments for the acquisitions completed in the first and second quarters, totaling SEK 432m, excluding acquired cash and cash equivalents, and a deferred consideration payment in the first quarter of SEK 35m regarding the Schneidereit acquisition in 2018.



# Operations by business area yearly

SEKM	2015	2016	2017 <sup>1</sup>	2018
<b>Europe</b>				
Net sales	38,224	39,097	39,618	43,321
Operating income	2,290	2,794	2,765	2,128
Margin, %	6.0	7.1	7.0	4.9
<b>North America</b>				
Net sales	45,276	44,914	42,083	39,804
Operating income	1,454	2,657	2,796	1,104
Margin, %	3.2	5.9	6.6	2.8
<b>Latin America</b>				
Net sales	19,679	16,384	18,277	17,963
Operating income	459	-111	483	492
Margin, %	2.3	-0.7	2.6	2.7
<b>Asia-Pacific, Middle East and Africa</b>				
Net sales	13,787	13,833	13,071	14,375
Operating income	308	673	1,084	979
Margin, %	2.2	4.9	8.3	6.8
<b>Professional Products</b>				
Net sales	6,546	6,865	7,723	8,666
Operating income	862	954	1,054	1,134
Margin, %	13.2	13.9	13.7	13.1
<b>Other</b>				
Group common cost, etc.	-2,631	-693	-775	-527
<b>Total Group</b>				
Net sales	123,511	121,093	120,771	124,129
Operating income	2,741	6,274	7,407	5,310
Margin, %	2.2	5.2	6.1	4.3
<b>Non-recurring items in operating income<sup>2</sup></b>	<b>2015<sup>3</sup></b>	<b>2016</b>	<b>2017</b>	<b>2018<sup>4</sup></b>
Europe	-40	-	-	-747
North America	-207	-	-	-596
Latin America	-11	-	-	-
Asia-Pacific, Middle East and Africa	-90	-	-	-
Professional Products	-	-	-	-
Group common cost	-1,901	-	-	-
<b>Total Group</b>	<b>-2,249</b>	<b>-</b>	<b>-</b>	<b>-1,343</b>

<sup>1</sup> 2017 has been restated due to IFRS 15.

<sup>2</sup> For more information, see Note 7 in the annual reports.

<sup>3</sup> Refers to costs related to the not completed acquisition of GE Appliances of SEK -2,059m and restructuring costs within HC&SDA of SEK -190m.

<sup>4</sup> Non-recurring items 2018: SEK -596m refers to the consolidation of freezer production in North America, SEK -747m refers to business area Europe and includes a fine of SEK -493m, relating to an investigation by the French Competition Authority, and a cost of SEK -254m relating to an unfavorable court ruling in France.



## Five-year review

SEKM unless otherwise stated	2014	2015	2016	2017 <sup>1</sup>	2018
<b>Net sales</b>	<b>112,143</b>	<b>123,511</b>	<b>121,093</b>	<b>120,771</b>	<b>124,129</b>
Organic growth, %	1.1	2.2	-1.1	-0.4	1.3
Operating income	3,581	2,741	6,274	7,407	5,310
Operating margin, %	3.2	2.2	5.2	6.1	4.3
Income after financial items	2,997	2,101	5,581	6,966	4,887
<b>Income for the period</b>	<b>2,242</b>	<b>1,568</b>	<b>4,493</b>	<b>5,745</b>	<b>3,805</b>
Non-recurring items in operating income <sup>2</sup>	-1,348	-2,249	-	-	-1,343
Capital expenditure, property, plant and equipment	-3,006	-3,027	-2,830	-3,892	-4,650
Operating cash flow after investments	6,631	6,745	9,140	6,877	3,649
Earnings per share, SEK <sup>3</sup>	7.83	5.45	15.64	19.99	13.24
<b>Equity per share, SEK</b>	<b>57.52</b>	<b>52.21</b>	<b>61.72</b>	<b>71.26</b>	<b>75.67</b>
Dividend per share, SEK	6.50	6.50	7.50	8.30	8.50
Capital-turnover rate, times/year	4.5	5.0	5.8	5.9	5.3
Return on net assets, %	14.2	11.0	29.9	36.0	22.7
Return on equity, %	15.7	9.9	29.4	31.9	18.2
<b>Net debt</b>	<b>9,631</b>	<b>6,407</b>	<b>360</b>	<b>197</b>	<b>1,825</b>
Net debt/equity ratio	0.58	0.43	0.02	0.01	0.08
Average number of shares excluding shares owned by Electrolux, million	286.3	287.1	287.4	287.4	287.4
<b>Average number of employees</b>	<b>60,038</b>	<b>58,265</b>	<b>55,400</b>	<b>55,692</b>	<b>54,419</b>

<sup>1</sup> 2017 is restated due to IFRS 15.

<sup>2</sup> For more information, see table on pages 21 and 28 and Note 7 in the annual reports.

<sup>3</sup> Basic.

### Financial goals over a business cycle

The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and to assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with consistent profitability.

### Financial goals

- Operating margin of at least 6%
- Capital turnover-rate of at least 4 times
- Return on net assets >20%
- Average annual sales growth of at least 4%

## Definitions

This report includes financial measures as required by the financial reporting framework applicable to Electrolux, which is based on IFRS. In addition, there are other measures and indicators that are used to follow-up, analyze and manage the business and to provide Electrolux stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. On the following page is a list of definitions of all measures and indicators used, referred to and presented in this report.

### Computation of average amounts and annualized income statement measures

In computation of key ratios where averages of capital balances are related to income statement measures, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, and the income statement measures are annualized, translated at average rates for the period. In computation of key ratios where end-of-period capital balances are related to income statement measures, the latter are annualized, translated at end-of-period exchange rates. Adjustments are made for acquired and divested operations.





## Definitions (continued)

### Growth measures

#### Change in net sales

Current year net sales for the period less previous year net sales for the period as a percentage of previous year net sales for the period.

#### Sales growth

Change in net sales adjusted for currency translation effects.

#### Organic growth

Change in net sales, adjusted for changes in exchange rates, acquisitions and divestments.

#### Acquisitions

Change in net sales, adjusted for organic growth, changes in exchange rates and divestments. The impact from acquisitions relates to net sales reported by acquired operations within 12 months after the acquisition date.

#### Divestments

Change in net sales, adjusted for organic growth, changes in exchange rates and acquisitions. The impact from divestments relates to net sales reported by the divested operations within 12 months before the divestment date.

### Profitability measures

#### EBITA

Operating income excluding amortization of intangible assets.

#### EBITA margin

EBITA expressed as a percentage of net sales.

#### Operating margin (EBIT margin)

Operating income (EBIT) expressed as a percentage of net sales.

#### Operating margin (EBIT margin) excluding non-recurring items

Operating income (EBIT) excluding non-recurring items, expressed as a percentage of net sales.

#### Return on net assets

Operating income (annualized) expressed as a percentage of average net assets.

#### Return on equity

Income for the period (annualized) expressed as a percentage of average total equity.

### Capital measures

#### Net debt/equity ratio

Net debt in relation to total equity.

#### Equity/assets ratio

Total equity as a percentage of total assets less liquid funds.

#### Capital turnover-rate

Net sales (annualized) divided by average net assets.

### Share-based measures

#### Earnings per share, Basic

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.

#### Earnings per share, Diluted

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares after dilution, excluding shares held by Electrolux.

#### Equity per share

Total equity divided by total number of shares excluding shares held by Electrolux.

### Capital indicators

#### Liquid funds

Cash and cash equivalents, short-term investments, financial derivative assets<sup>1</sup> and prepaid interest expenses and accrued interest income<sup>1</sup>.

#### Operating working capital

Inventories and trade receivables less accounts payable.

#### Working capital

Total current assets exclusive of liquid funds, less non-current other provisions and total current liabilities exclusive of total short-term borrowings.

#### Net assets

Total assets exclusive of liquid funds and pension plan assets, less deferred tax liabilities, non-current other provisions and total current liabilities exclusive of total short-term borrowings.

#### Total borrowings

Long-term borrowings and short-term borrowings, financial derivative liabilities<sup>1</sup>, accrued interest expenses and prepaid interest income<sup>1</sup>.

#### Total short-term borrowings

Short-term borrowings, financial derivative liabilities<sup>1</sup>, accrued interest expenses and prepaid interest income<sup>1</sup>.

#### Interest-bearing liabilities

Long-term borrowings and short-term borrowings exclusive of liabilities related to trade receivables with recourse<sup>1</sup>.

#### Financial net debt

Total borrowings less liquid funds.

#### Net provision for post-employment benefits

Provisions for post-employment benefits less pension plan assets.

#### Net debt

Financial net debt, lease liabilities and net provision for post-employment benefits.

### Other measures

#### Operating cash flow after investments

Cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations.

#### Non-recurring items

Material profit or loss items in operating income which are relevant for understanding the financial performance when comparing income for the current period with previous periods.

<sup>1</sup> See table Net debt on page 9.



## Shareholders' information

President and CEO Jonas Samuelson's comments on the second quarter results 2019

Today's press release is available on the Electrolux website [www.electroluxgroup.com/ir](http://www.electroluxgroup.com/ir)

### Telephone conference 09.00 CET

A telephone conference is held at 09.00 CET today, July 18. Jonas Samuelson, President and CEO and Therese Friberg, CFO will comment on the report.

Details for participation by telephone are as follows:

Participants in Sweden: +46 8 566 426 51

Participants in UK/Europe: +44 3333 000 804

Participants in US: +1 631 9131 422

Pin code: 86381780#

Slide presentation for download:

[www.electroluxgroup.com/ir](http://www.electroluxgroup.com/ir)

Link to webcast:

<https://edge.media-server.com/m6/p/ibk4cpkt>

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### Calendar 2019

Interim report January – September

October 25

This report 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.

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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, and Frigidaire, we sell more than 60 million household and professional products in more than 150 markets every year. In 2018, Electrolux had sales of SEK 124 billion and employed 54,000 people around the world. For more information, go to [www.electroluxgroup.com](http://www.electroluxgroup.com).



**Electrolux**