



# Q2 Results 2019 presentation



# Business overview

Jonas Samuelson, President and CEO





# Q2 Highlights

## Good price momentum continued

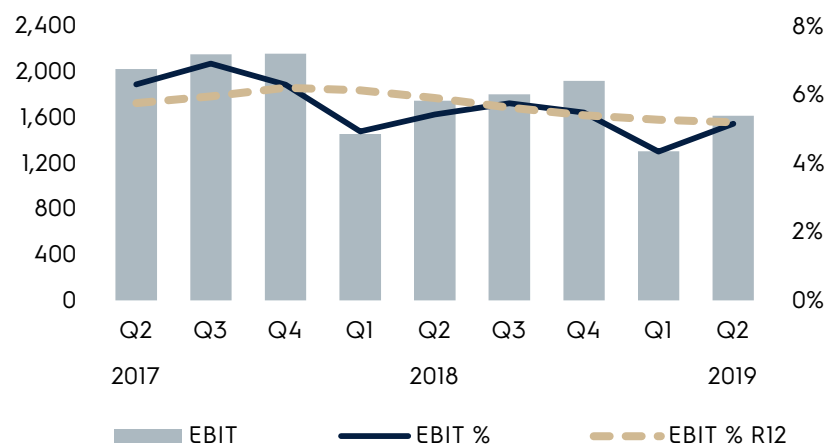
- Organic decline due to lower volumes
- Price/mix contribution
- Market growth across most regions

## Higher prices and focus on innovation

- Price increases offset headwinds from raw materials/trade tariffs/currency and lower volumes
- Mix improvement driven by innovation
- Increased investments in marketing

SEKm	Q2 2019	Q2 2018	Change
Net sales	31,687	31,354	1.1%
Organic growth	-2.6%	0.4%	-3.0pts
Acquisitions	0.4%	0.3%	0.1pts
Divestments	-0.5%	-	-0.5pts
Currency	3.8%	0.6%	3.2pts
EBIT	1,619	827	95.9%
Margin	5.1%	2.6%	2.5pts
EBIT excl. NRI	1,619	1,645	-1.5%
EBIT margin excl. NRI	5.1%	5.2%	-0.1pts
EPS, SEK	3.94	1.80	119.0%

## EBIT and margin



# Innovation targeting outstanding consumer experience



- **Electrolux first to bring built-in Air Fry Technology to the North American market**
  - Consumer-driven product innovation meeting family needs
  - Industry first with the Frigidaire Gallery® Air Fry cooker
- **Growing market shares with premium laundry in Europe**
  - Consumer-insight driven product innovation with a strong brand offering
  - AEG premium laundry added >30% EBIT improvement one year after its launch
  - Similar launch in Europe under the Electrolux brand 2018



# Europe

## Positive organic performance

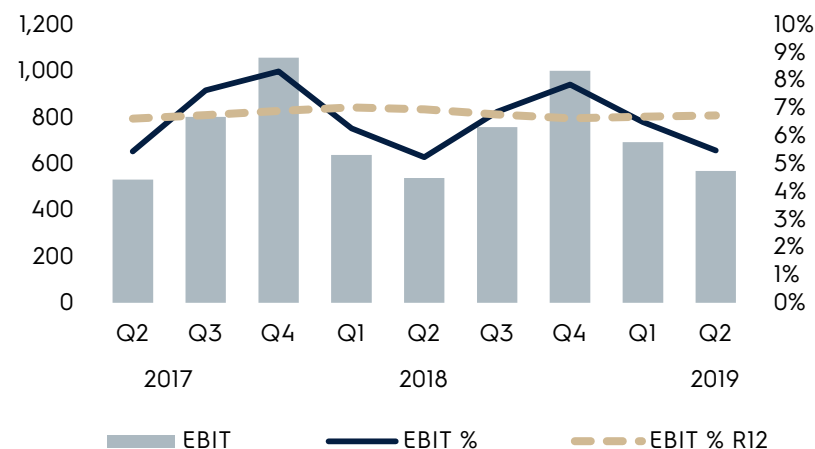
- Supportive market demand trend
- Positive price
- Product/brand mix development

## Solid earnings

- Good price/mix contribution
- Increased marketing investments for ongoing product launches
- Higher raw material costs

SEKm	Q2 2019	Q2 2018	Change
Net sales	10,479	10,138	3.4%
Organic growth	0.8%	4.1%	-3.3pts
Acquisitions	0.2%	1.0%	-0.8pts
Currency	2.3%	5.2%	-2.9pts
EBIT	576	-286	-301.8%
Margin	5.5%	-2.8%	0.1pts
EBIT excl. NRI	576	532	8.3%
EBIT margin excl. NRI	5.5%	5.3%	0.2pts

## EBIT and margin

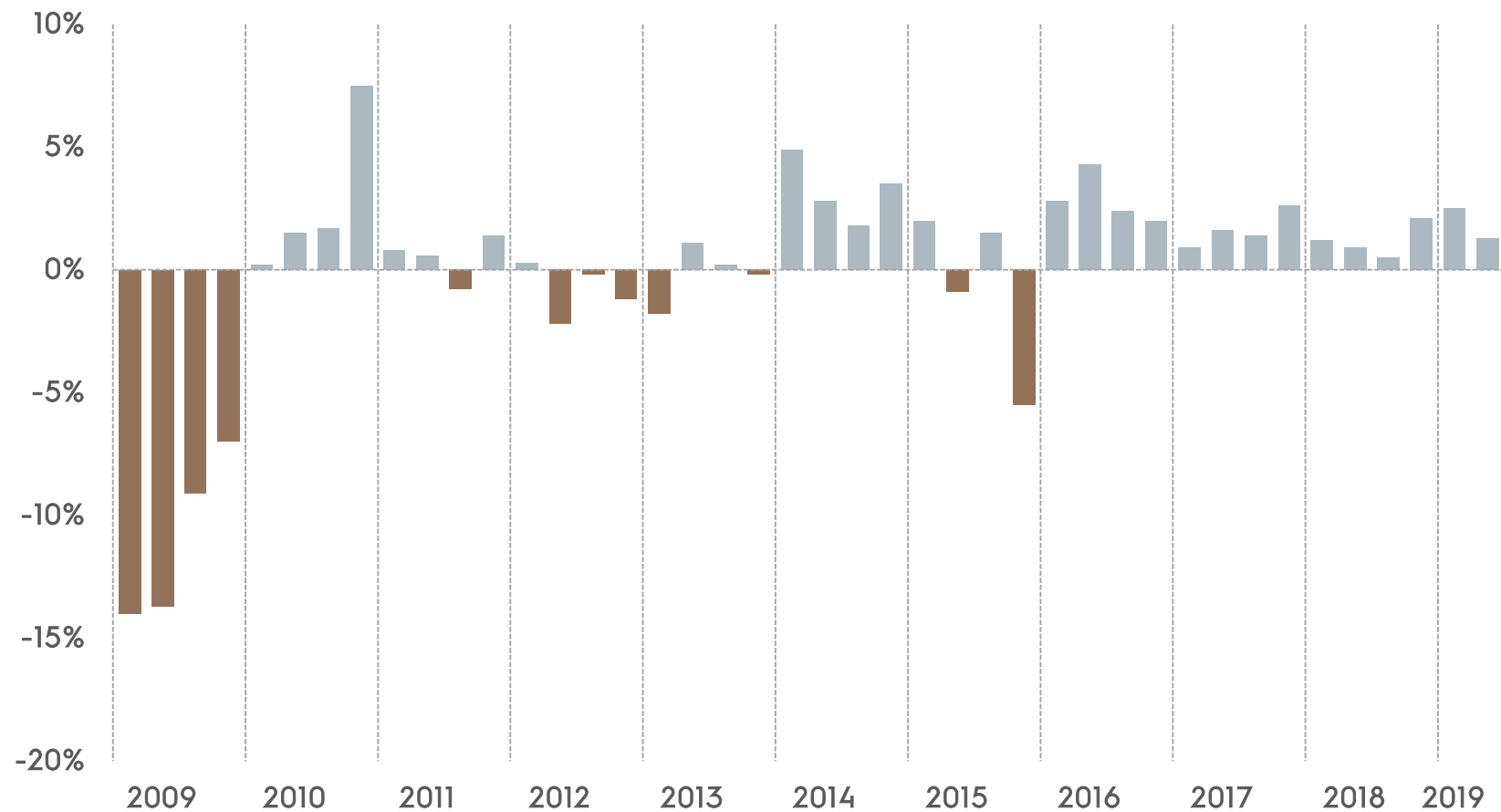


Note: Excluding non-recurring items (NRI). NRI in Q2 2018 includes provision of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavorable court ruling in France.



# European Core Appliances Market

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



Source: Electrolux estimates

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# North America

## Good price/mix performance but volume decline

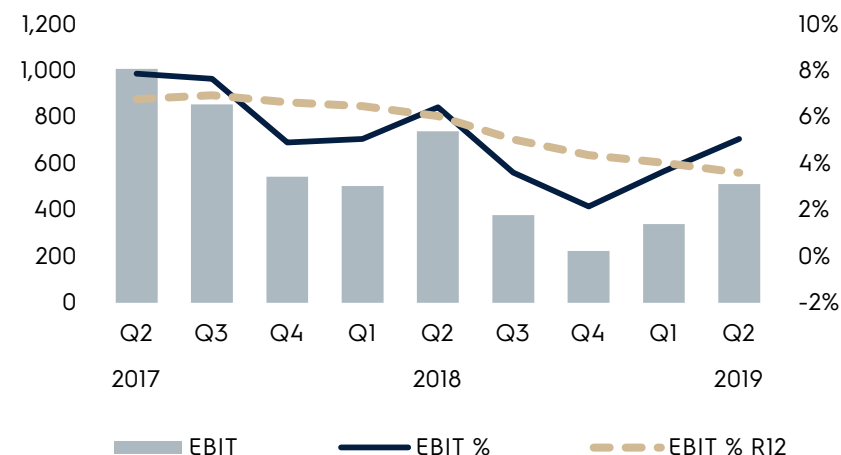
- Good price momentum and improved product mix
- Lower volumes due to private label and ERP system go live

## Higher prices offset costs

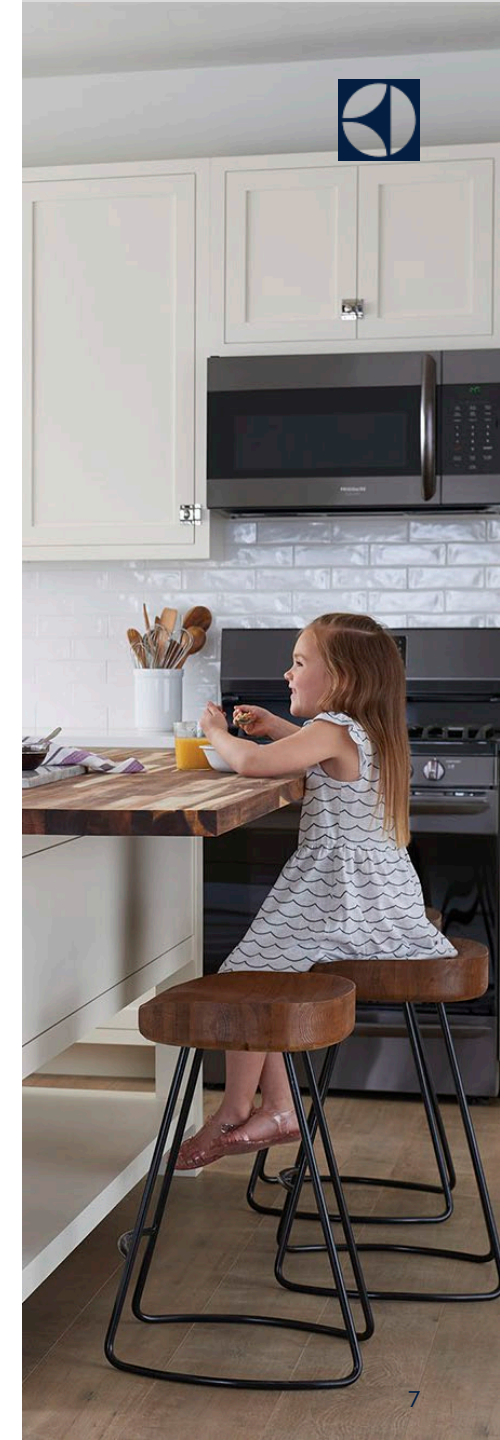
- Positive price/mix offset raw materials/tariffs but not fully volume decline
- Q2 18 positive Anova earn-out impact

SEKm	Q2 2019	Q2 2018	Change
Net sales	10,255	10,804	-5.1%
Organic growth	-10.8%	-10.2%	-0.6pts
Divestments	-1.5%	-	-1.5pts
Currency	7.2%	5.2%	-0.1pts
EBIT	504	670	-24.8%
Margin	4.9%	6.2%	-1.3pts
EBIT excl. NRI	504	670	-24.8%
EBIT margin excl. NRI	4.9%	6.2%	-1.3pts

EBIT excl. NRI and margin excl. NRI

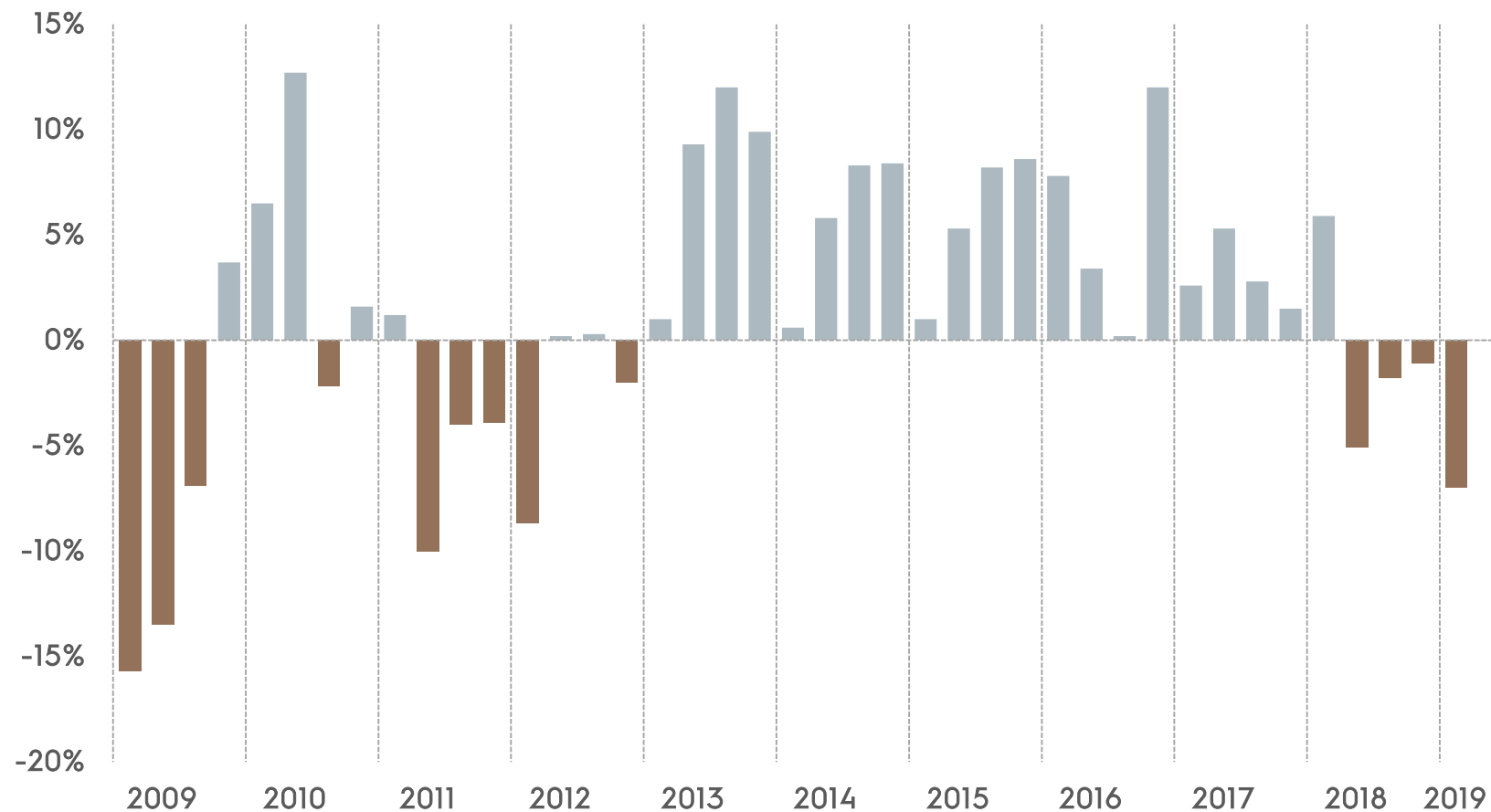


Note: Excluding non-recurring items. NRI in Q1 2018 includes SEK 596m, NRI in Q1 2019 includes restructuring charge of SEK 829m.



# 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/Cookers and Ovens) and Cooktops

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# Latin America

## Good sales execution

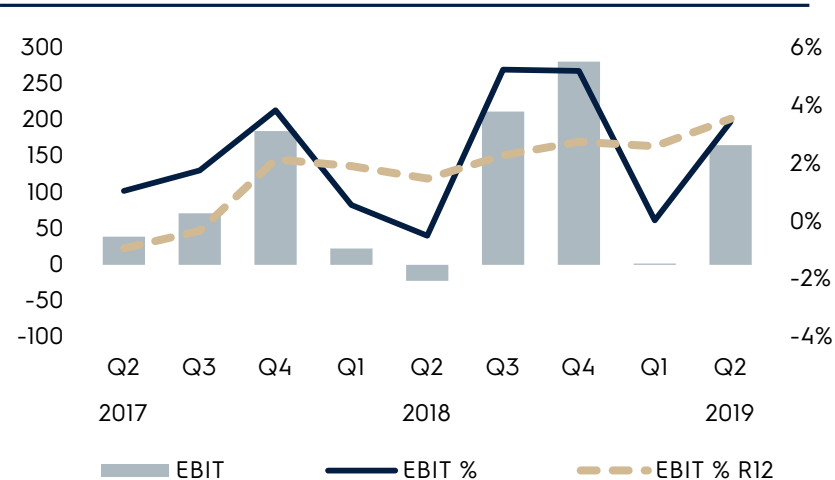
- Strong market growth in Brazil, while Argentina declined significantly and Chile slightly
- Price/mix drive strong organic growth

## Strong margin improvement

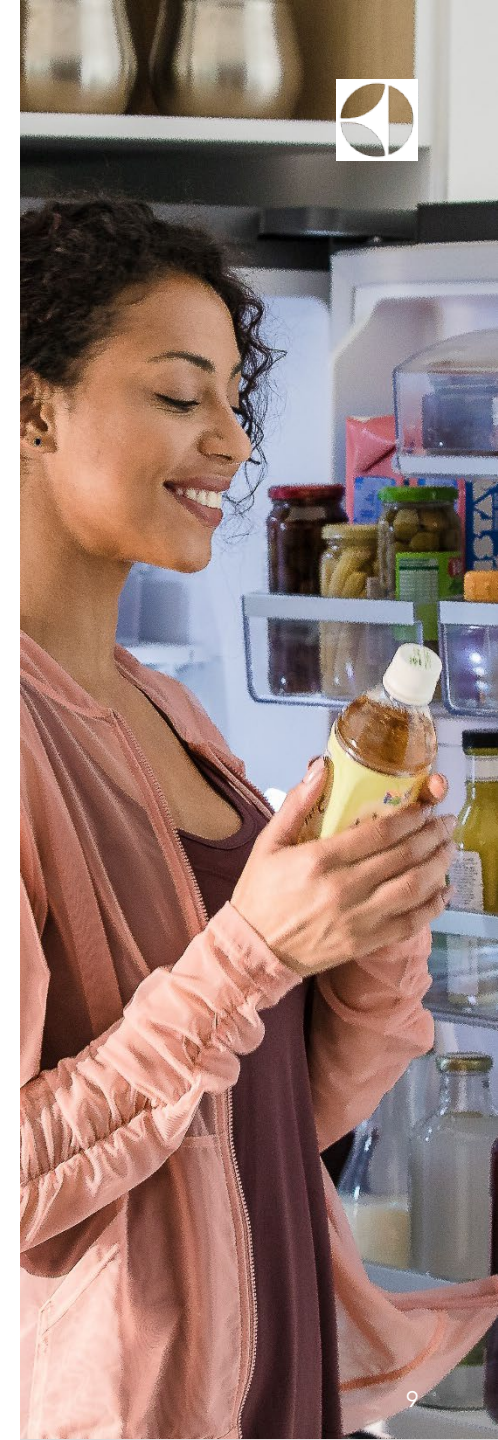
- Q2 18 negative impact from truck-driver strike
- Increased prices offset headwinds from currency and raw material costs
- Mix improvements

SEKm	Q2 2019	Q2 2018	Change
Net sales	4,816	4,518	6.6%
Organic growth	8.3%	19.5%	-11.2pts
Currency	-1.8%	-9.8%	8.0pts
EBIT	164	-38	n.m.
Margin	3.4%	-0.8%	4.3pts

EBIT excl. NRI and margin excl. NRI



Note: Excluding non-recurring items (NRI). NRI in Q1 2019 includes restructuring charge of SEK 225m.



# Asia-Pacific, Middle East and Africa

## Improved mix partly offset volume decline

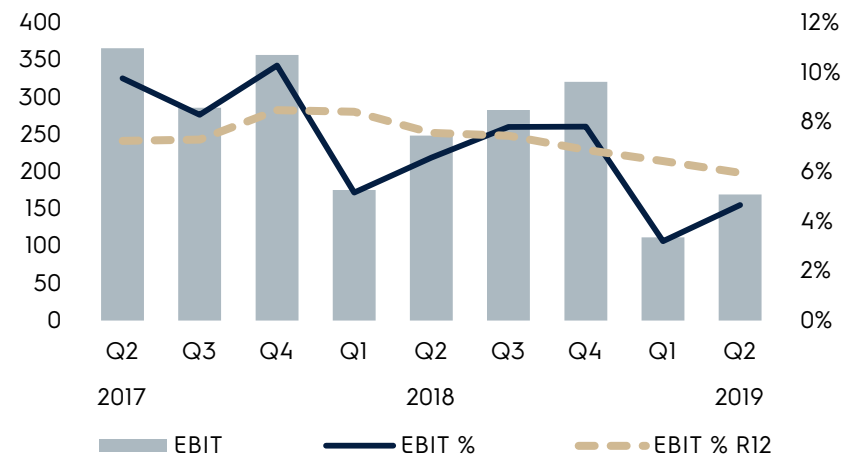
- Demand growth in Southeast Asia and MEA while Australia remained soft
- Weak sales in Australia
- Mix improvements driven by refrigeration, cooking and cordless vacuum cleaners

## EBIT impacted by currency

- Strong currency headwinds, mainly AUD
- Increased marketing investments in major product launches

SEKm	Q2 2019	Q2 2018	Change
Net sales	3,682	3,685	-0.1%
Organic growth	-4.0%	1.0%	-5.0pts
Acquisitions	0.1%	-	0.1pts
Currency	3.7%	-9.8%	13.5pts
EBIT	171	243	-29.4%
Margin	4.7%	6.6%	-1.9pts

EBIT and margin



# Professional Products

## Good organic performance

- Slightly softer markets
- Strong growth in beverage area
- Price increases

## Very strong margin

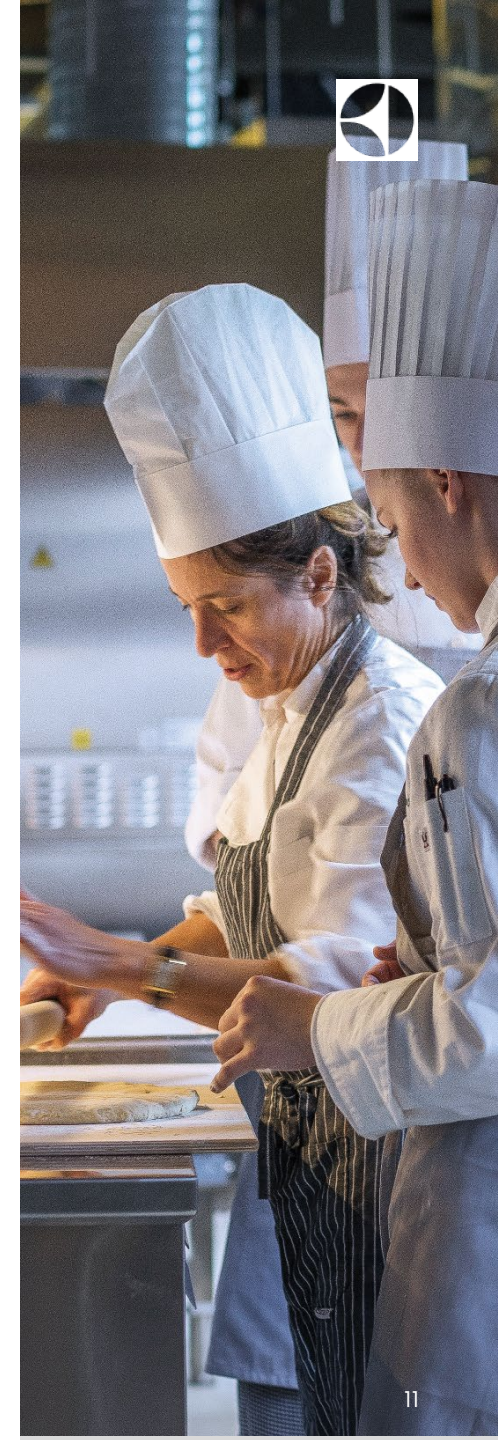
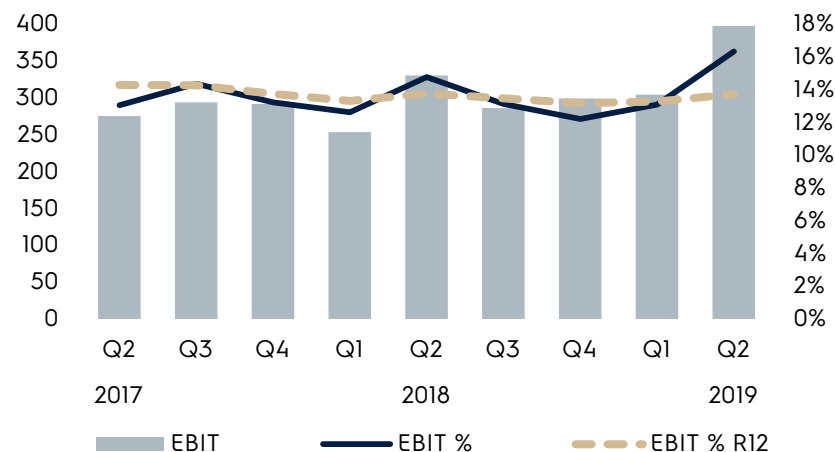
- Good contribution from beverage and price
- Positive pension plan settlement impact
- Increased investments in product launches

## Board reconfirmed plan to propose spin-off

- Aim listing Q1 2020, at the latest Q2 2020

SEKm	Q2 2019	Q2 2018	Change
Net sales	2,455	2,209	11.2%
Organic growth	3.7%	6.7%	-3.0pts
Acquisitions	5.0%	-	5.0pts
Currency	2.4%	3.8%	-1.4pts
EBIT	401	324	23.8%
Margin	16.3%	14.7%	1.7pts

EBIT and margin







# Financial overview

Therese Friberg, CFO

# Financial overview



SEKm	Q2 2019	Q2 2018	Change
Net sales	31,687	31,354	1.1%
Organic growth	-2.6%	0.4%	-3.0pts
Acquisitions/divestments	-0.1%	0.3%	-0.4pts
Currency	3.8%	0.6%	3.2
Gross operating income	6,368	5,930	7.4%
Gross operating margin	20.1%	18.9%	1.2pts
EBIT	1,619	827	95.9%
Margin	5.1%	2.6%	2.5pts
Non-recurring items	-	-818	
EBIT excl. NRI	1,619	1,645	-1.5%
Margin excl NRI	5.1%	5.2%	-0.1pts
EPS, SEK	3.94	1.80	119.0%
Op. cash flow after investments	384	1,805	-78.7%

# Sales and EBIT Bridge



SEKm	Q2 2018 excl. NRI*	Volume/ Price/Mix	Raw material & Tariffs	Currency**	Net Cost Efficiency	Acq/***/ Divest.	Q2 2019 excl. NRI*	NRI***	Q2 2019
Net Sales	31,354	-844		1,208		-31	31,687		31,687
Growth %		-2.6%		3.8%		-0.1%	1.1%		1.1%
EBIT	1,645	572	-328	-33	-265	29	1,619		1,619
EBIT %	5.2%						5.1%		5.1%
<i>Accretion/ Dilution</i>		2.0%	-1.1%	-0.3%	-0.9%	0.1%			

\*Currency includes SEK 105m of currency translation effects and -138m 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 SPM Drinks System In Professional Products.

\*\*\*Non-recurring items.



# Earnings contribution from price/mix



Business Area	Price/Mix	Comments for Q2
Europe	Positive	Positive mix driven by premium products and brands Positive prices
North America	Positive	Positive price momentum Improved mix
Latin America	Positive	Higher prices and positive mix
Asia-Pacific, Middle East and Africa	Positive	Positive mix and stable price
Professional Products	Positive	Positive price
<b>Group EBIT % accretion</b>	<b>+3.5%</b>	

# Cash Flow



SEKm	Q2 2019	Q2 2018
EBIT	1,619	827
D/A and other non-cash items	1,236	1,724
Change in operating assets and liabilities	-1,039	523
Investments in intangible and tangible assets	-1,331	-1,023
Changes in other investments	-102	-244
<b>Cash flow after investments*</b>	<b>384</b>	<b>1,805</b>

\*Before acquisitions and divestments





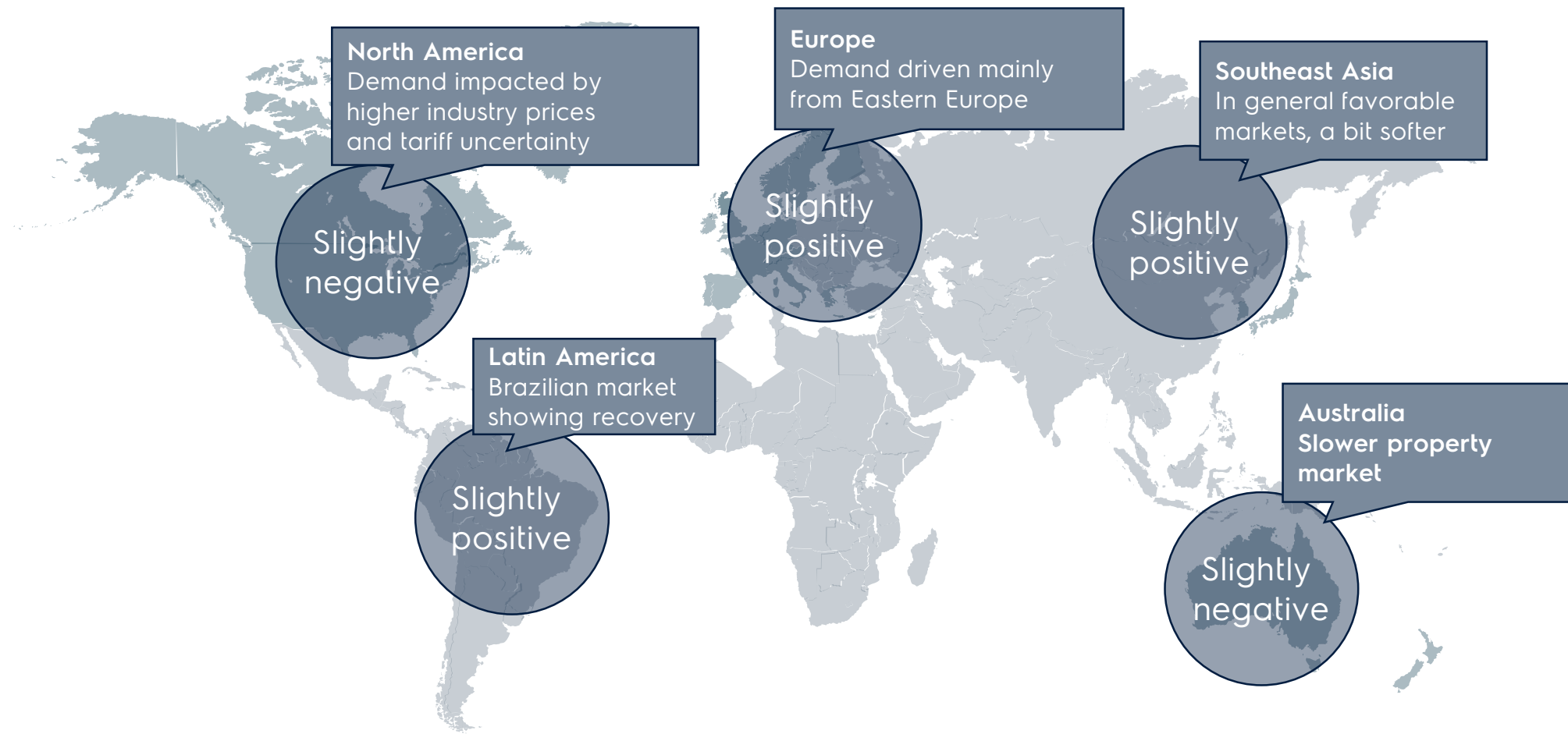
# Outlook and summary

Jonas Samuelson, President and CEO

Therese Friberg, CFO



# Market outlook FY 2019 per region



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

# Electrolux business outlook



Business outlook*, y-o-y	Q3 2019	FY 2019	Comments for the full year 2019
Volume/price/mix	Favorable	Favorable	Positive contribution from price and mix combined with targeted volume growth
Raw material costs & trade tariffs	Increase of SEK ~0.3bn	Increase of SEK 1.2-1.4bn	Higher costs for steel, chemicals, and tariffs
Net cost efficiency**	Unfavorable	Unfavorable	Higher innovation/marketing investments, manufacturing transition costs and inflation, partly offset by cost-efficiencies
Currency effect***	SEK 100m	SEK -200m	
Capex	Increase	SEK ~7bn	

\*Business outlook range: Favorable - Neutral - Unfavorable.

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

\*\*\*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.

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

# Path to profitable growth continuing



## Strategic drivers executed in Q2:

- Continued price momentum across most Business Areas
- Improved product/brand mix
- Continued investments in innovation and marketing
- Healthy balance sheet



# 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





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