Press Release

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Electrolux announces global streamlining measures and Hungarian manufacturing investment

Stockholm, Sweden, September 10, 2019

Following a strategic overview started earlier this year, Electrolux today decided to initiate a plan to improve efficiency throughout the Group. The company today also announced a plan to outsource parts of its current manufacturing in Hungary and invest in its Nyíregyháza refrigerator plant. The efficiency measures and redundancies related to the outsourcing will lead to restructuring charges in the third quarter 2019 of approximately SEK 1.6 billion. The net impact of non-recurring items in the third quarter is anticipated to be negative with approximately SEK 400 million; see separate press release for more details.

Electrolux on January 31 announced an intention to spin off its Professional Products business area as a separate company. The company also communicated a plan to sharpen the consumer organization and accelerate profitable growth by creating four regionally focused business areas and reorganizing key global functions. As the strategic overview related to these activities has progressed, Electrolux has now identified opportunities to improve efficiency in both the consumer and professional organizations. The resulting redundancies are anticipated to impact approximately 875 non-production positions globally, and relevant union consultations will take place. The activities will more than offset increased ongoing costs related to the separation of Professional Products and result in a more streamlined setup for the consumer business.

As previously communicated, Electrolux is also currently carrying out a manufacturing investment program, totaling SEK 8 billion during 4-5 years as from 2018, to strengthen competitiveness and drive profitable growth. As part of this, the company has decided to invest approx. EUR 100 million in automation, digitalization and innovation capabilities in its production of high-end refrigerators in Nyíregyháza, Hungary. Furthermore, in the review of the overall competitiveness of the manufacturing operations in Hungary, Electrolux has decided to outsource production of vacuum cleaners from its Jászberény facility, and a significant part of the freestanding refrigerators currently produced there. This is anticipated to impact approximately 800 production employees, and relevant union consultations will take place.

The measures announced today are anticipated to generate additional annual savings of about SEK 500 million, with full effect as from 2022. This means that the total annual costs savings from ongoing efficiency activities and investments are now expected to be approximately SEK 3.5 billion, with full effect from 2024.

The restructuring charges of approximately SEK 1.6 billion will be reported as non-recurring items in the results for the third quarter of 2019. This will impact all business areas as well as Group common costs.

This is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1100 CET on September 10, 2019.
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