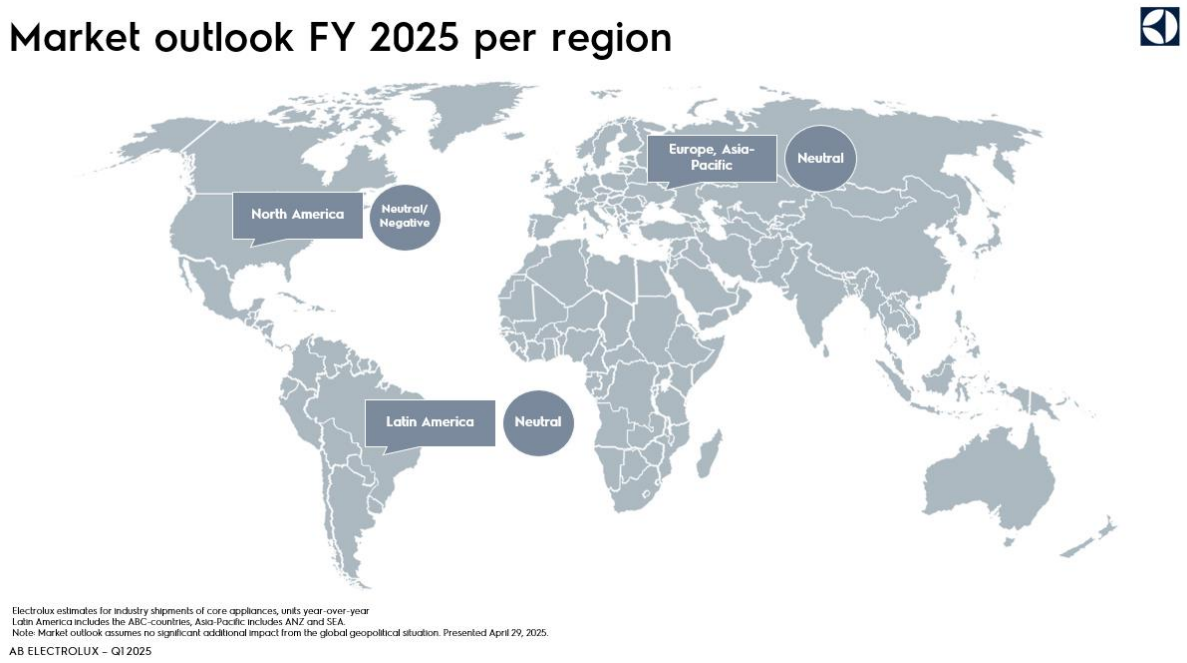
Transcript of comments to outlook slides in Q1 2025 earnings call

Below follows a transcript from the Q1 2025 earnings call held on April 29, 2025, covering the two slides "Market outlook FY 2025 per region" and "Electrolux business outlook" presented by Yannick Fierling ("YF").



YF: In the first quarter, demand for home appliances in Europe continued to be predominantly replacement driven and was relatively stable with high promotional intensity. Housing construction and kitchen remodeling remained subdued, and the built-in kitchen market in Europe was weak but stable on a low level.

The increased economic uncertainty in North America weighed on consumer confidence but the market in North America was largely unchanged in the first quarter.

In Latin America, consumer demand in the main markets is estimated to have increased in the quarter, with slowing growth rates in Brazil. Price was positive, supported by price increases to compensate for currency driven cost inflation.

The geopolitical and economic uncertainty has increased with consumer confidence deteriorating in North America and Europe as the quarter progressed, driven by concerns around US trade policy developments.

For North America, the demand outlook for full year 2025 is increasingly uncertain. Market price increases and general inflation due to tariffs risks having a dampening effect on consumer demand. Consequently, we have revised our market outlook for core appliances in North America from "Neutral" to "Neutral to Negative".

The European market is on a 10 year low and demand is predominantly replacement driven. The increased uncertainty risks delaying a recovery of discretionary purchases in the important built-in kitchen segment. For full year 2025 we reiterate however our "Neutral" market outlook for core appliances in Europe.

In Latin America and Brazil, growth has slowed as we expected, and we reiterate our outlook of "Neutral" market demand for core appliances in full year 2025.

Electrolux business outlook

Business Outlook[1] y-o-y	FY 2025	Comments
Volume/price/mix[2]	Positive	Positive, primarily due to price actions with the ambition to offset headwinds from tariffs and FX
Investments in consumer experience innovation and marketing[3]	Negative	Increased investments in marketing to capitalize on product offering, support brand-building and create long-term value
Cost efficiency[4]	Positive SEK 3.5-4.0bn	Reduced product cost the main driver
External factors[5]	Significantly negative	Significant headwinds from tariffs in North America and currencies. Impact from raw material costs essentially neutral.
Capex	SEK 4-5bn	

1 Business outlook range: Positive – Neutral - Negative, in terms of impact on earnings
2 This outlook changed to "positive" as a results of the ambition to increase price to offset impacts from changes in US trade policies. It is based on the US trade policies situation as of 28th April, 2025
3 Comprise of costs of R&D, marketing/brand, connectivity, CRM and aftermarket sales capability, etc.
4 Efficiencies in variable costs (excl. raw materials, energy, trade tariffs, and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).
5 Comprise raw material costs, energy costs, trade tariffs, direct and indirect currency impact and labor cost inflation >2%. Outlook of "Significantly negative" earnings impact FY 2025 from External factors was changed due to changes in US trade polic d is based on US trade policies situation as of 28th April, 2025.
Note: Business outlook in the above table excludes non-recurring items. Market and business outlook assume no significant additional impact from the global geopolitical situation

YF: Electrolux Group has a mainly North American manufacturing footprint for sales in the region. Assuming current levels of imposed tariffs on imports to the US however, we are implementing price increases with the ambition to offset the impact from higher costs due to tariffs. Also, in Latin America our ambition is to offset currency headwinds with price.

We now expect organic contribution to EBIT from volume, price and mix combined for the group in full year 2025 to be positive, primarily due to price increases. This marks an increase from the previous "Neutral" outlook.

The cost inflation related to increased tariffs is included in "External factors" in our EBIT bridge. On back of the currently imposed increase in tariffs, we have altered the outlook for earnings contribution from External factors from "Negative" to "Significantly negative". Currency remains a material headwind while the impact from raw material costs is expected to be relatively neutral.

The recent investments in new products provide us with a great platform to continue driving growth in our focus categories. We are getting good traction from the increased marketing spend and reiterate that we expect investments in Innovation and marketing to increase in full year 2025 compared to 2024. The intent is to capitalize on the product and service leadership, supported by brand-building, to create value long term for our consumers.

We have a high focus on reducing product costs across the value chain, while maintaining consumer preferences. With this as the main driver, we reiterate the outlook of SEK 3.5-4.0 billion in earnings contribution from Cost efficiency in full year 2025.

Investments to strengthen our competitiveness through innovation, automation and manufacturing efficiency will continue in 2025 and total capital expenditures are estimated to be 4-5 billion SEK.

Factors affecting forward-looking statements

This transcript contains "forward-looking" statements presented in the Q1 2025 interim report and earnings call held on April 29, 2025, 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, supply and production constraints, 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 considering new information or future events.