

Press Release

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Electrolux provides update on developments related to the coronavirus

Stockholm, Sweden, March 15, 2020

Electrolux today provided an update on potential effects and measures taken related to the global spread of the novel coronavirus. The company believes there is a considerable risk of a material financial impact during the first half of 2020.

In the fourth quarter interim report 2019, published on January 31, 2020, Electrolux communicated that an extended period of supply chain disruptions in China related to the spread of the coronavirus could potentially have a material financial impact on Electrolux.

Now, given the rapid spread of the coronavirus, impacting markets where Electrolux has a significant presence in terms of production and sales, the company believes the risks related to this have increased materially. These risks are related to supply chain disruptions, government countermeasures and changing consumer behavior. Given the fluid situation, it is not at this point possible to predict the duration or scope of the health crisis, and therefore the full potential impact.

“The world is facing an unprecedented health challenge where businesses, authorities and private citizens all have to contribute to reduce the impact on society from the spread of the novel coronavirus. We’re stepping up our efforts to encourage more employees to work remotely and we’re reshaping the way we work at manufacturing sites in highly impacted areas to ensure the health and safety of our people. At the same time, we of course want to safeguard the needs of our consumers and trade partners,” said Jonas Samuelson, President and CEO of Electrolux.

The initial outbreak in China, where Electrolux sources significant volumes of finished products and components for all its business areas, has caused delays in deliveries, higher logistics costs and somewhat lower demand in East Asia in the first quarter 2020. However, Electrolux has worked extensively to mitigate the impact and the situation among Chinese suppliers is now steadily improving. Based on these developments, Electrolux does not currently expect material effects from this alone going forward.

The coronavirus outbreak in northern Italy is also impacting the Electrolux Group. Electrolux consumer business has five manufacturing sites in Italy, accounting for around one quarter of its European production volume and approximately 10% of global volumes. Furthermore, Electrolux purchases components for sites across Europe, but also other parts of the world from suppliers in northern Italy. This means there may be supply chain disturbances because of temporarily reduced industrial activity in the region.

Electrolux has from the beginning taken extensive measures in Italy to ensure the health and safety of its employees, and the spread of the coronavirus has not yet caused major disruptions to its operations in the country. The situation is however developing rapidly, and the company is now implementing additional measures and preparing to adapt manufacturing in Italy to a reduced production pace, as from next week.

The reduced pace will also adapt the output of products to be more in line with expected sales volumes in the near future. Considering the restrictions currently being imposed on movement and business in several countries, including retail shops being temporarily closed in for example Italy, France and Spain, there is a high probability that the global spread of the coronavirus will have negative effects on the demand side. Electrolux will continuously assess further needs for production adjustments and mitigating activities.

Electrolux will in its first quarter interim report, to be published on May 7, 2020, provide an updated business and market outlook for the full year 2020. The uncertainty relating to the outbreak of the coronavirus means that the previously provided outlook is no longer valid.

Impact on Electrolux Professional

Electrolux currently believes that there is a considerable risk that the outbreak of the coronavirus will have a material financial impact during the first half of 2020 also on Electrolux Professional, which is to be listed as a separate company on Nasdaq Stockholm later this month. Electrolux Professional is therefore separately issuing a press release about this matter. See <https://www.electroluxprofessional.com/corporate/press-releases-and-news/> for more information.

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 18.00 CET on March 15, 2020.

Electrolux is a leading global appliance company that has shaped living for the better for more than 100 years. We reinvent taste, care and wellbeing experiences for millions of people, always striving to be at the forefront of sustainability in society through our solutions and operations. Under our brands, including Electrolux, AEG and Frigidaire, we sell approximately 60 million household products in approximately 120 markets every year. In 2019 Electrolux had sales of SEK 119 billion and employed 49,000 people around the world. For more information go to www.electroluxgroup.com.