

Q2 2023

Results presentation

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Sharpening the strategic focus on core portfolio



Preparations initiated to divest non-core assets

Potential value of SEK ~10bn

Non-core brands, incl. Zanussi*

Water heaters in Egypt and South Africa

Non-strategic real estate

- Increased focus on core brands and categories
- Complexity reduction
- Resources to execute strategy at speed and scale

Further structural simplification and complexity reductions evaluated

*Brands in-scope for divestment include primarily the major appliances brands Zanussi, Ideal, Faure, Zanker, Rosenlew, Elektro-Helios and Zoppas and the water heater brands Olympic Electric and Kwikot.

Q2 Highlights



Lower organic sales

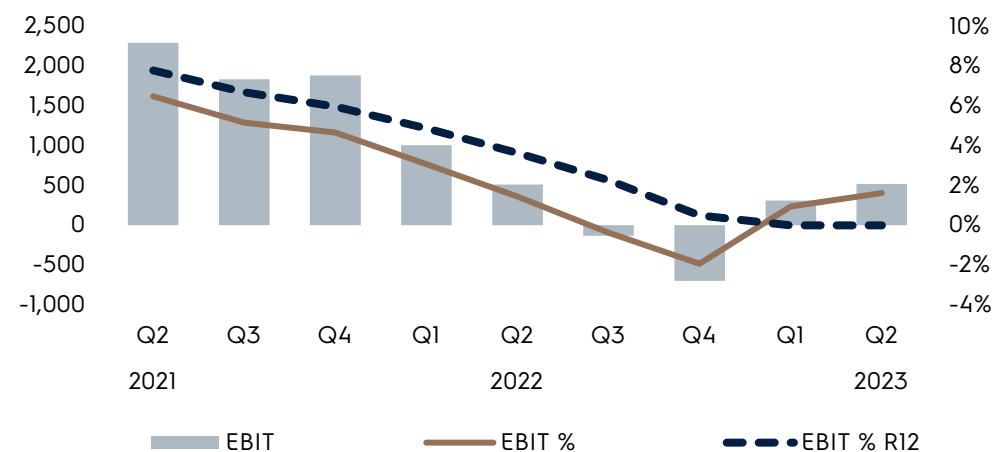
- Volume drop, demand-driven
- Somewhat positive price; list price increases tapering off while promotions increase.
- Flat mix in challenging markets, especially in key categories

Underlying EBIT in line with last year

- Lower volumes
- Group-wide cost reduction and North America turnaround program generating substantial sequential step-up in saving
- External factors headwind, to a significant extent offset by price
- NRI of SEK -643m, mainly related to a provision for a French antitrust case.

SEKm	Q2 2023	Q2 2022	Change
Net sales	32,653	33,749	-3.2%
Organic growth	-8.4%	0.3%	-8.6pts
Acquisitions	-	0.1%	-0.1pts
Divestments	-0.5%	-	-0.5pts
Currency	5.6%	11.0%	-5.4pts
EBIT	-124	560	N/A
Margin	-0.4%	1.7%	-2.0pts
EBIT excl. NRI	519	560	-7.3%
EBIT margin excl. NRI	1.6%	1.7%	-0.1pts

EBIT and margin*



*Excluding non-recurring items (NRI) and currency adjusted.

Sales and EBIT Bridge



SEKm	Q2 2022	Volume/ price/mix	Innovation/ marketing ¹	Cost efficiency ²	External factors ³	Acq/Divest. ⁴	Q2 2023
Net Sales	33,749	-2,993			2,051	-153	32,653
Growth %		-8.4%			5.6%	-0.4%	-3.2%
EBIT excl NRI ⁵	560	-820	213	1,356	-753	-37	519
EBIT excl NRI %	1.7%						1.6%
Accretion/ Dilution		-2.5 pts	0.7 pts	4.4 pts	-2.6 pts	-0.1 pts	

¹ Investments in consumer experience innovation and marketing, comprise of costs for R&D, marketing/brand, connectivity, CRM, aftermarket sales capability, etc.

² Efficiencies in variable costs (excl. raw material, energy, trade tariffs, and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).

³ Comprise of raw material costs, energy costs, trade tariffs, direct and indirect currency impact and labor cost inflation >2%. Currency translation amounted to SEK -34m on EBIT and 5.6% on net sales.

⁴ Relating to the exit from the Russian market

⁵ EBIT in Q2 2023 excludes a non-recurring item of SEK -643m.

Earnings contribution from price/mix

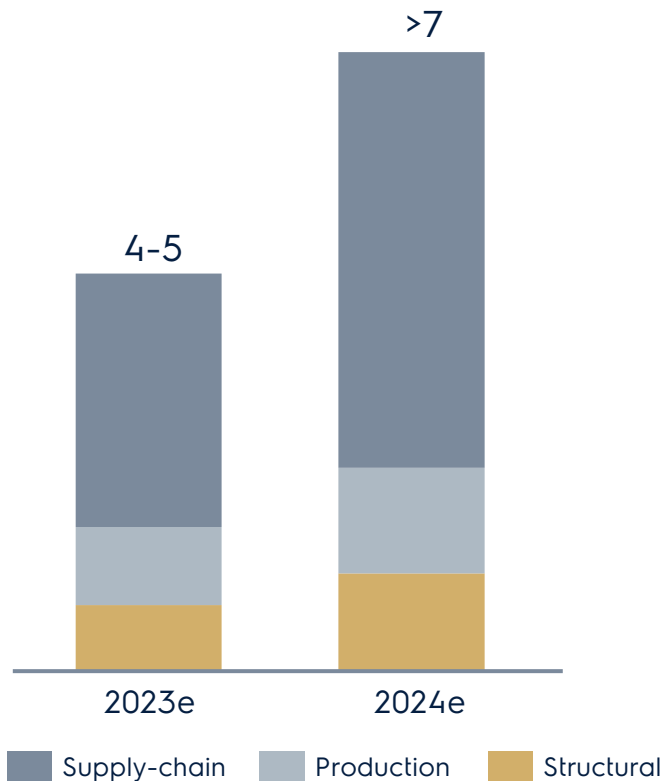


Business Area	Q2, y-o-y	Comments
Europe	Positive	Positive price. Slightly negative mix, impacted by market decline in built-in kitchen
North America	Negative	Deteriorating price due to significantly increased promotional activity. Flat mix
Latin America	Positive	Slightly positive price. Favorable mix supported by well-received laundry ranges and increased aftermarket sales
Asia-Pacific, Middle East and Africa	Positive	Positive price. Favorable mix with growth in multi-door refrigeration and built-in cooking
Group EBIT % accretion	2.2 pts	Somewhat positive price; list price increases tapering off while promotions increase. Flat mix



Group-wide cost reduction and North America turnaround program

Cost reductions versus 2022, SEKbn



Note: Supply-chain includes material and logistics costs.
1. Scales refer to 2023 savings status excluding impact of inventory consumption.

P&L impact
6M 2023, y-o-y¹

Key savings levers

Implementation status,
6M 2023

<p>Supply-chain:</p>	<ul style="list-style-type: none"> Reduce premium freight & spot buy of components Sourcing cost actions Optimize logistics execution Warehouse efficiencies 	<ul style="list-style-type: none"> Fully completed, impact will accumulate quarter by quarter Most negotiations complete. Implementation according to contract timings New rates fully implemented in Q2 and improved transportation efficiencies Gradual progress according to plan
<p>Production:</p>	<ul style="list-style-type: none"> Mainly North America stability and productivity Improve production line efficiency and output per shift Reduce maintenance costs and scrap rates Optimize factory organizational set-up 	<ul style="list-style-type: none"> Good progress on stability and productivity, particularly in Anderson. Headcount reductions on plan: 82% of blue-collar headcount reductions implemented Gradual progress according to plan Gradual progress according to plan. Springfield transition in late H2
<p>Structural:</p>	<ul style="list-style-type: none"> Leverage strengthened functional organization to drive efficiencies Optimize variable marketing spend & product development portfolio External services management in e.g., IT and R&D 	<ul style="list-style-type: none"> Progressing according to plan Optimization completed, impact will accumulate quarter by quarter Progressing according to plan

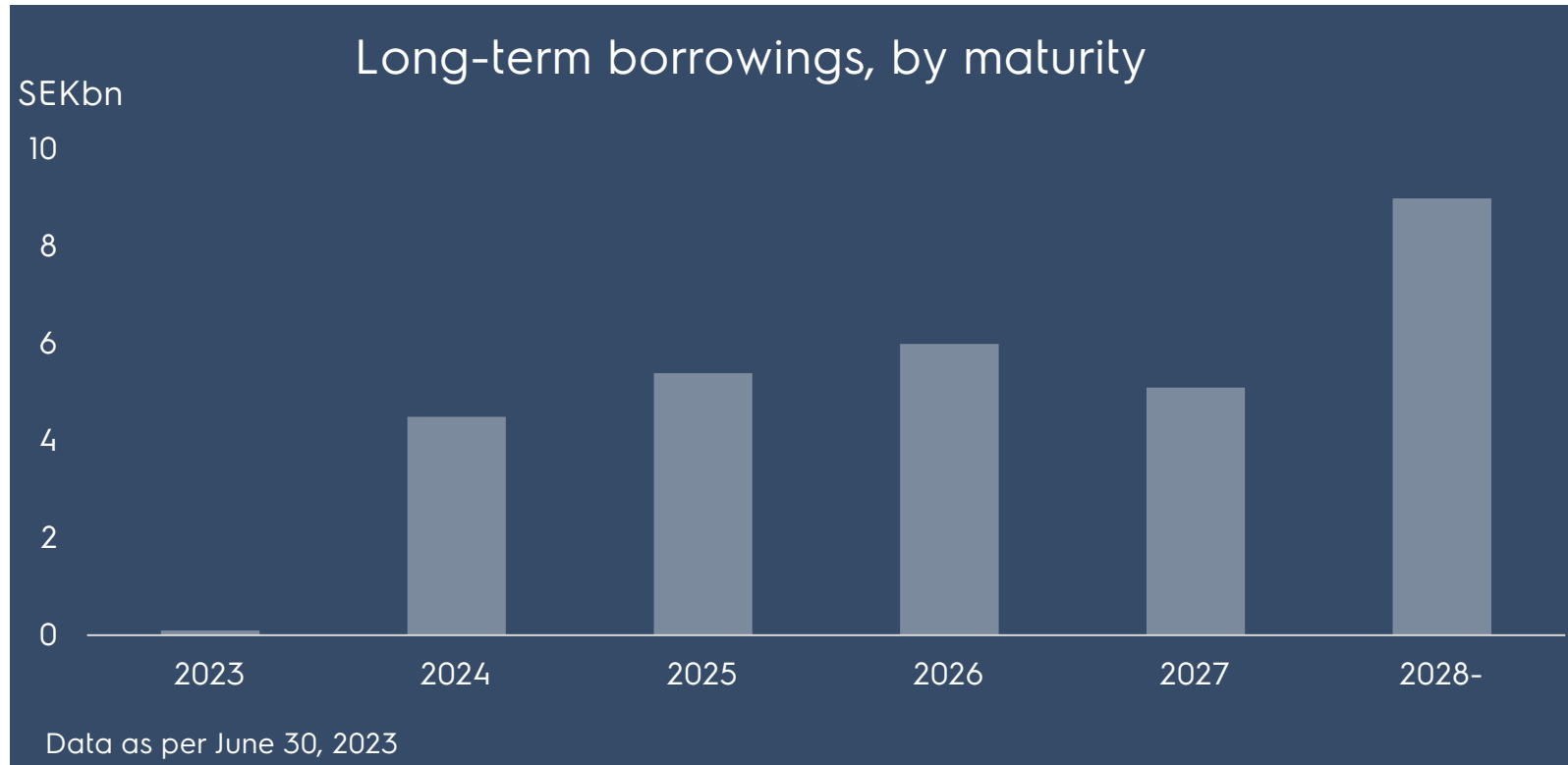
Operating Cash Flow



SEKm	Q2 2023	Q2 2022
EBIT	-124	560
D/A and other non-cash items	2,304	1,875
Change in operating assets and liabilities	2,255	-533
Investments in intangible and tangible assets	-1,265	-1,699
Changes in other investments	-33	200
Cash flow after investments*	3,137	402

*Before acquisitions and divestments

Solid liquidity and maturity profile



- SEK 30.2bn in liquidity incl. RCF as per June 30, 2023
- No financial covenants in any loan agreements
- Target to maintain a solid investment grade rating
 - S&P Global Ratings BBB+ with stable outlook

Europe



Organic sales decline

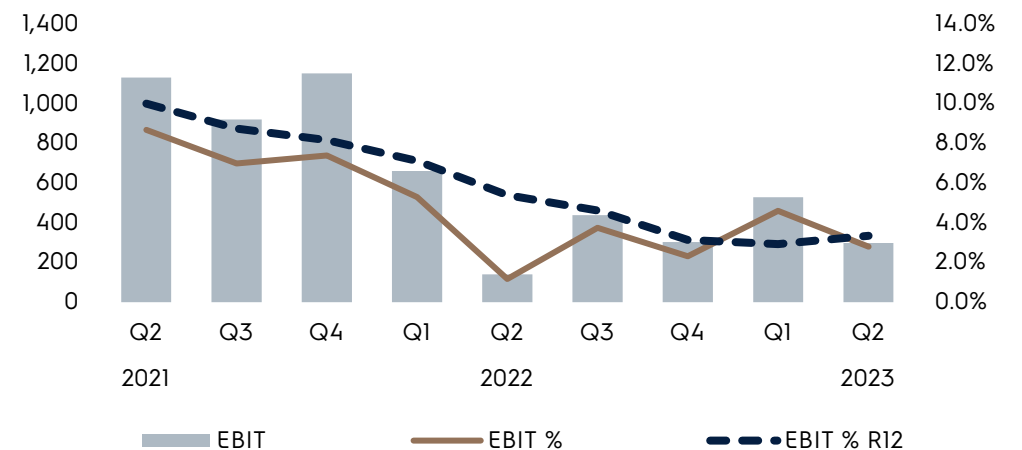
- Lower volumes across product categories, driven by weak consumer demand
- Built-in kitchen particularly impacted, affecting both volume and contributing to a slightly negative mix
- Positive price

Improved earnings despite volume drop

- Significant volume decline
- Positive contribution from Group-wide cost reduction program
- Price offset external factors headwind, driven by energy and labor cost inflation
- EBIT included a non-recurring item of SEK -643m mainly related to a provision for a French antitrust case

SEKm	Q2 2023	Q2 2022	Change
Net sales	10,791	11,345	-4.9%
Organic growth	-10.9%	-7.7%	-3.2pts
Acquisitions	-	0.3%	-0.3pts
Divestments	-1.4%	-	-1.4pts
Currency	7.4%	4.2%	3.2pts
EBIT	-346	142	N/A
Margin	-3.2%	1.2%	-4.5pts
EBIT excl. NRI	297	142	N/A
EBIT margin excl. NRI	2.8%	1.2%	1.5pts

EBIT and margin*

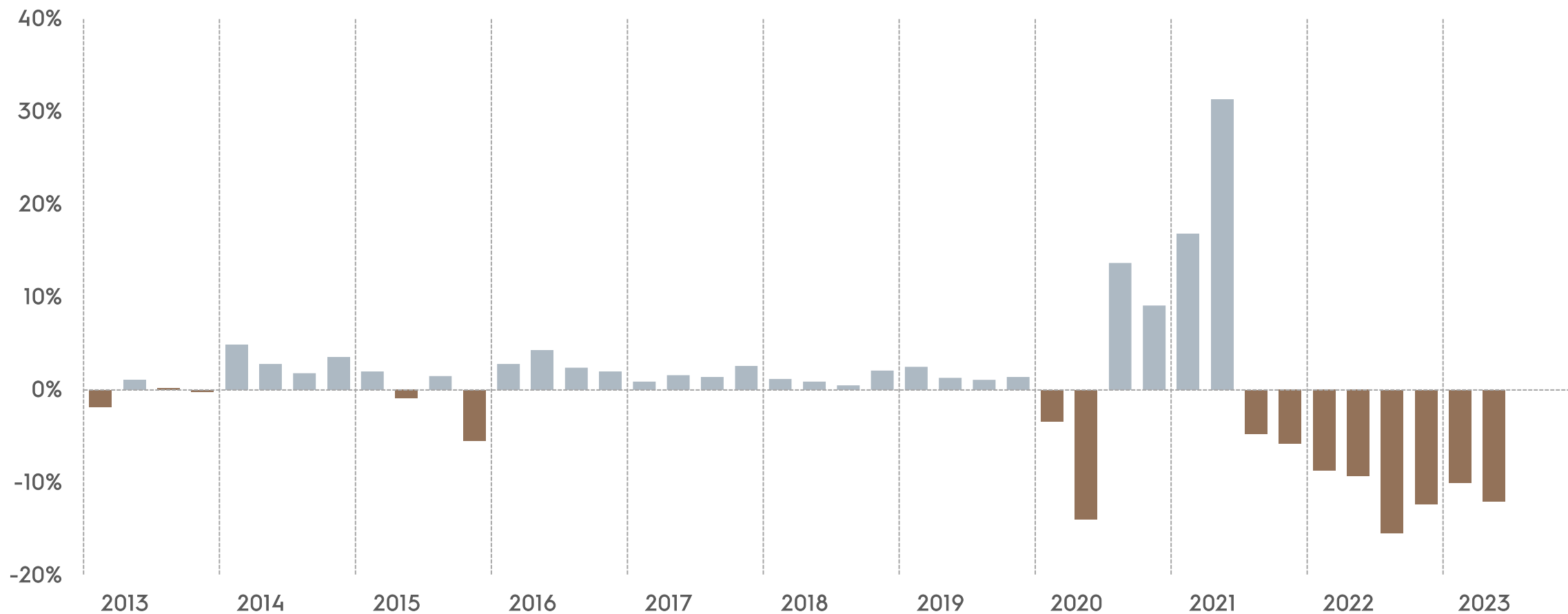


*Excluding non-recurring items (NRI) and currency adjusted.

European Core Appliances Market



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



Source: Electrolux estimates. As from Q1 2020, Russia is excluded.

North America



Organic sales decline

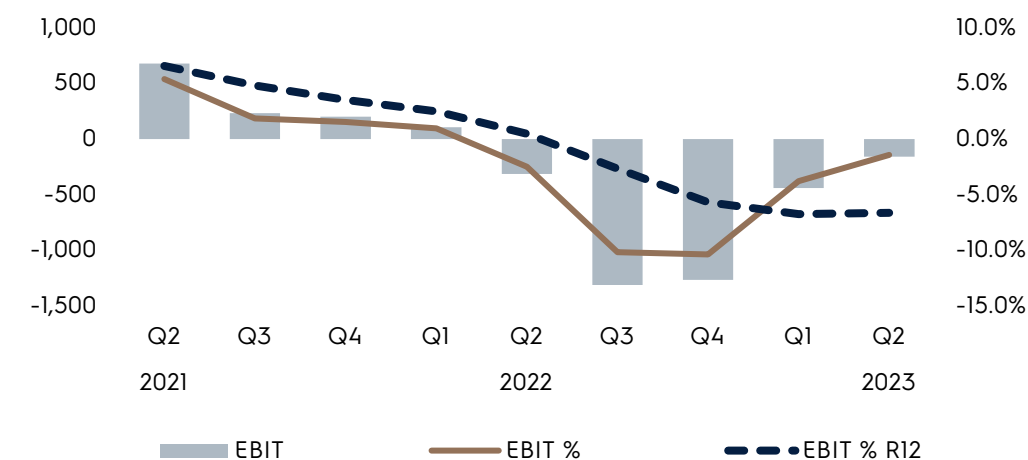
- Deteriorating price due to significantly higher promotional levels
- Positive timing effects in Q1 impacted Q2 volumes negatively
- Ongoing cooking manufacturing consolidation partly limited ability to capture market demand

Operating loss – improvement vs Q2 22 and Q1 23

- Turnaround program continued to progress well, substantial sequential step-up in savings
- Negative volume and price impact
- Flat mix
- Currency headwind

SEKm	Q2 2023	Q2 2022	Change
Net sales	11,238	11,905	-5.6%
Organic growth	-12.3%	0.7%	-13.0pts
Currency	6.7%	16.8%	-10.1pts
EBIT	-160	-270	N/A
Margin	-1.4%	-2.3%	0.8pts

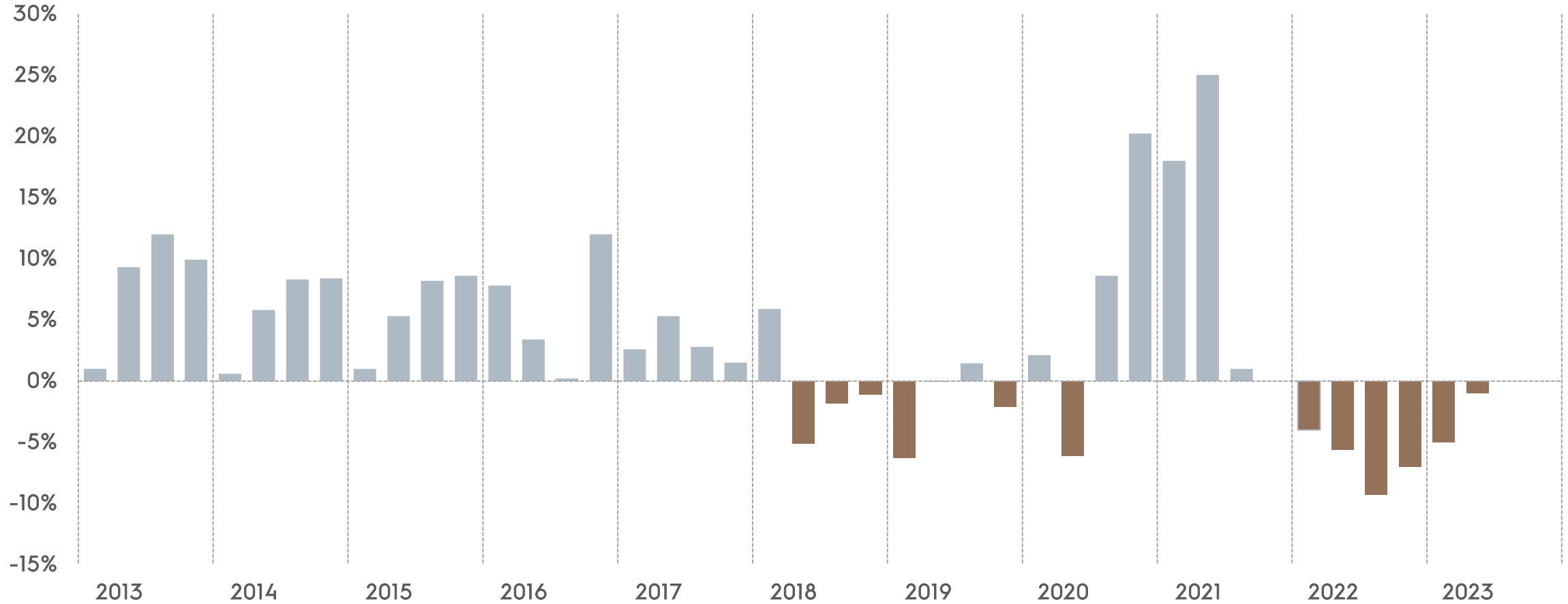
EBIT and margin*



U.S. Core Appliances Market



U.S. shipments, quarterly unit comparison y-o-y



*Source: Based on the AHAM Factory Shipment Report. Q1 2023 is a comparison of weeks between April 2 - July 1, 2023, vs April 3 - July 2, 2022. Core appliances include AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges, and Ovens) and Cooktops.

Latin America



Organic sales growth driven by Brazil

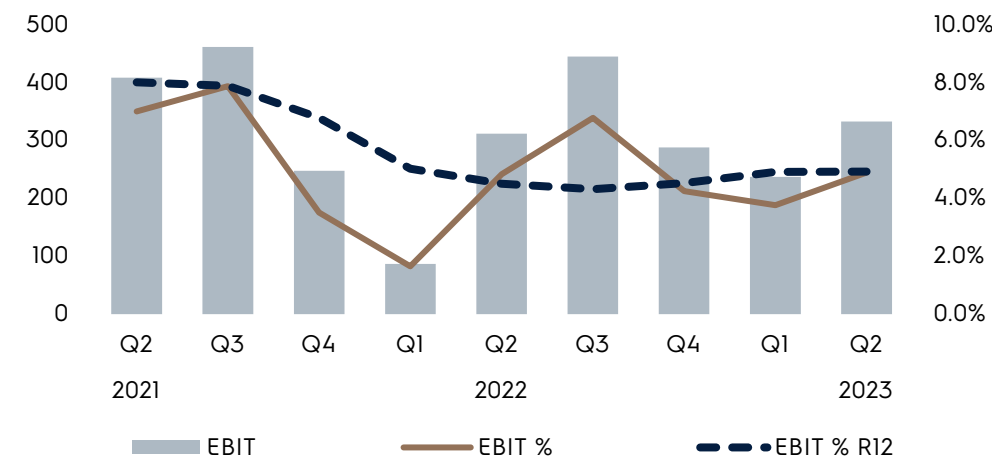
- Decreased consumer demand in Brazil and Chile, while up in Argentina
- Favorable mix, supported by well-received laundry ranges
- Strong aftermarket sales
- Slightly positive price

EBIT in line with last year

- Organic sales growth
- Positive contribution from Group-wide cost reduction program
- External factors headwind, driven by currency and labor cost inflation

SEKm	Q2 2023	Q2 2022	Change
Net sales	6,915	6,268	10.3%
Organic growth	5.6%	12.9%	-7.3pts
Currency	4.7%	18.2%	-13.5pts
EBIT	333	303	10.0%
Margin	4.8%	4.8%	-0.0pts

EBIT and margin*



*Excluding non-recurring items (NRI) and currency adjusted.

Asia-Pacific, Middle East and Africa



Organic sales decline

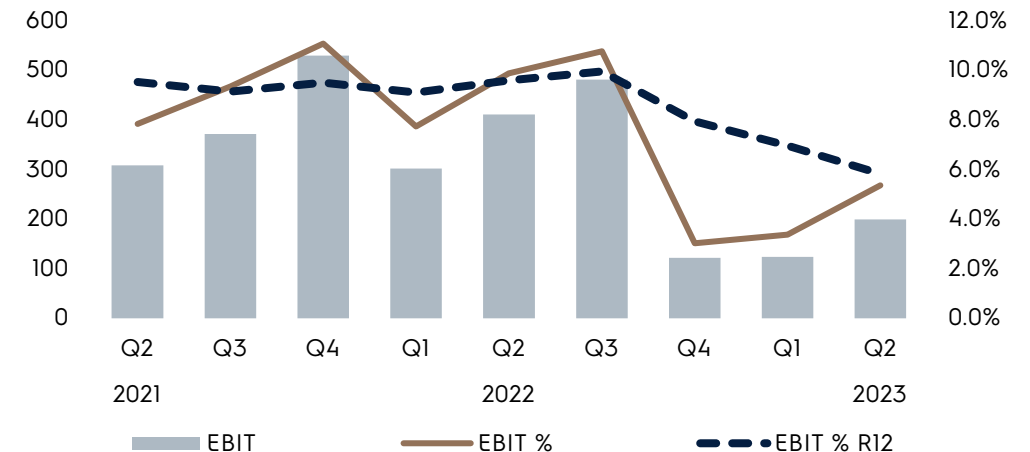
- Notably decreased consumer demand
- Market-driven volume drop
- Positive price
- Favorable mix with growth in multi-door refrigeration and built-in cooking

Volume-driven EBIT decline

- Lower volumes
- Price offset deteriorating currency impact
- Positive contribution from Group-wide cost reduction program
- Negative impact from products carrying last year's higher cost levels

SEKm	Q2 2023	Q2 2022	Change
Net sales	3,709	4,231	-12.3%
Organic growth	-10.7%	6.4%	-17.1pts
Currency	-1.6%	9.0%	-10.6pts
EBIT	200	426	-53.1%
Margin	5.4%	10.1%	-4.7pts

EBIT and margin*





Outlook and summary



Market outlook FY 2023 per region



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

Latin America includes the ABC-countries, Asia-Pacific, Middle East and Africa includes, ANZ, SEA and MEA.

Note: Market outlook assumes no additional significant additional impact from the coronavirus pandemic or the global geopolitical situation.

Electrolux business outlook



Business Outlook ¹ y-o-y	FY 2023	Comments
Volume/price/mix	Volume/mix - negative	Fully driven by volume, partly mitigated by earnings contribution from mix
	Price – partly offsetting external factors	Positive net price in H1 2023 and expected to turn negative from Q3 2023
Investments in consumer experience innovation and marketing ²	Positive at least SEK 5bn, combined	Accelerating benefits from the Group-wide cost reduction and North America turnaround program
Cost efficiency ³		
External factors ⁴	Negative	Primarily from inflation in energy and labor cost and currency headwinds
Capex	SEK ~6bn	

¹ Business outlook range: Positive – Neutral – Negative, in terms of impact on earnings

² Comprise of costs of R&D, marketing/brand, connectivity, CRM and aftermarket sales capability, etc.

³ Efficiencies in variable costs (excl. raw materials, energy, trade tariffs, and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).

⁴ Comprise of raw material costs, energy costs, trade tariffs as well as direct and indirect currency impact and labor cost inflation >2%.

Note: Business outlook in the above table excludes non-recurring items and assumes no significant additional impact from the coronavirus pandemic or the global geopolitical situation.

Well positioned to create value



Strategic drivers executed in Q2:

- Group-wide cost reduction and North America turnaround program progressing well
- Flat mix in a challenging market
- Continuous focus on strategic portfolio management

Financial targets for profitable growth*



Driving sustainable consumer experience innovation



Increasing efficiency through digitalization, automation and modularization

Solid balance sheet facilitates profitable growth

* Financial targets are over a business cycle
** Return on net assets

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, 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 in light of new information or future events.



Q & A

Well positioned to create value



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Electrolux
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