

Q4 2023

Results presentation

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Full year 2023



Challenging market conditions pressuring profitability

- Organic sales decline driven by lower volumes
- Slightly positive price although pressured by increase in promotional market activity as the year progressed
- Favorable mix through attractive product offering, despite weak market conditions
- Group-wide cost reduction and North America turnaround program generated SEK 5.5bn in savings
- Negative impact from external factors, primarily currency headwinds
- Step-up in cost reduction measures initiated, including sharpened focus and simplified organization.

SEKm	FY 2023	FY 2022	Change
Net sales	134,451	134,880	-0.3%
Organic growth	-4.0%	-2.8%	
Divestments	-0.3%	-0.8%	
Currency	4.0%	10.9%	
EBIT	-2,988	-215	
Margin	-2.2%	-0.2%	
EBIT excl. NRI	414	831	-50.2%
Margin excl. NRI	0.3%	0.6%	
EPS, SEK	-19.36	-4.81	
Operating cash flow	3,064	-6,118	
DPS*, SEK	-	-	

The Board proposes no dividend payment for 2023

Q4 Highlights



Slight organic sales decline

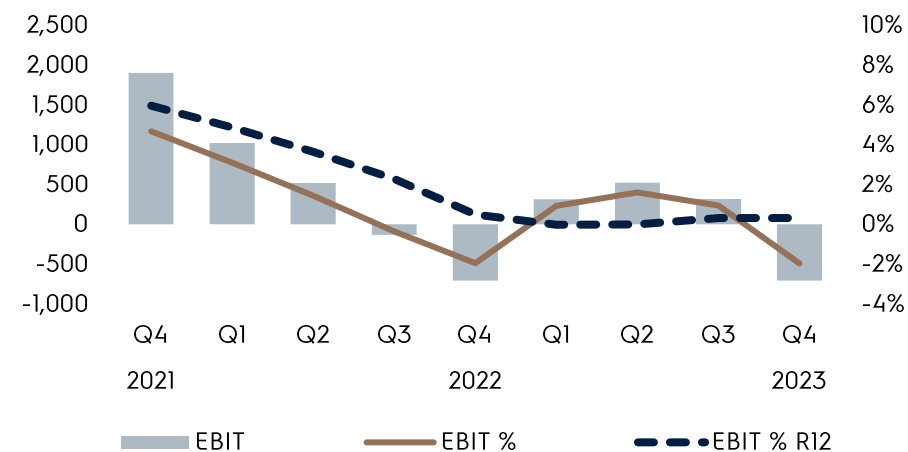
- Negative price; promotional activity remains high
- Slightly lower volumes
- Positive mix despite challenging markets

EBIT loss

- Loss in North America mainly driven by price pressure
- Unfavorable organic contribution due to price
- Positive contribution from Group-wide cost reduction and North America turnaround program
- NRI of SEK -2,491m, mainly related to the restructuring charge for the expanded Group-wide cost reduction and North America turnaround program.

SEKm	Q4 2023	Q4 2022	Change
Net sales	35,636	35,769	-0.4%
Organic growth	-0.8%	-8.4%	7.6pts
Divestments	-	-2.1%	2.1pts
Currency	0.5%	11.7%	-11.3pts
EBIT	-3,215	-1,964	63.7%
Margin	-9.0%	-5.5%	-3.5pts
EBIT excl. NRI	-724	-612	18.2%
EBIT margin excl. NRI	-2.0%	-1.7%	-0.3pts

EBIT and margin*



Non-recurring items in Q4



SEKm	Expanded Group-wide cost reduction and NA turnaround program	Divestment of factory in Memphis	Impairment of assets	Total
Europe	-1,590		-205	-1,795
North America	-114	262		148
Latin America	-51			-51
Asia-Pacific, Middle East and Africa	-323			-323
Group common costs	-470			-470
Total	-2,548	262	-205	-2,491

Sales and EBIT Bridge



SEKm	Q4 2022	Volume/ price/mix ¹	Innovation/ marketing ²	Cost efficiency ³	External factors ⁴	Q4 2023
Net Sales	35,769	-1,023			890	35,636
Growth %		-2.8%			2.4%	-0.4%
EBIT excl NRI ⁵	-612	-1,731	124	950	544	-724
EBIT excl NRI %	-1.7%					-2.0%
Accretion/ Dilution		-5.0 pts	0.4 pts	2.7 pts	1.6 pts	

¹ Excludes currency related price increases in Argentina, which are included in External factors. The reported organic sales growth however includes price increases in Argentina.

² Investments in consumer experience innovation and marketing, comprise of costs for R&D, marketing/brand, connectivity, CRM, aftermarket sales capability, etc.

³ Efficiencies in variable costs (excl. raw material, 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, direct and indirect currency impact and labor cost inflation >2% as well as the net effect of currency development including pricing adjustment in Argentina in Q4 2023. Currency translation amounted to SEK -101m on EBIT and SEK 172m, or 0.5%, on net sales. Price increases in Argentina amounted to SEK 718m, or 2.0%, on sales.

⁵ EBIT in Q4 2023 excludes non-recurring items of SEK 2,491m, mainly relating to restructuring charge for the Group-wide cost reduction program and impairment. EBIT in Q4 2022 excludes non-recurring items of SEK -1,350m, relating to the group-wide cost reduction and North America turnaround program and capital gain on real estate divestment.

Sales and EBIT Bridge Full Year



SEKm	2022	Volume/ price/mix ¹	Innovation/ marketing ²	Cost efficiency ³	External factors ⁴	2023
Net Sales	134,880	-6,172			6,267	134,451
Growth %		-4.4%			4.4%	-0.3%
EBIT excl NRI ⁵	831	-2,789	757	4,712	-3,097	414
EBIT excl NRI %	0.6%					0.3%
Accretion/ Dilution		-2.1 pts	0.6 pts	3.7 pts	-2.4 pts	

¹ Excludes currency related price increases in Argentina as of Q4 2023, which are included in External factors. The reported organic sales growth however includes price increases in Argentina.

² Investments in consumer experience innovation and marketing, comprise of costs for R&D, marketing/brand, connectivity, CRM, aftermarket sales capability, etc.

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

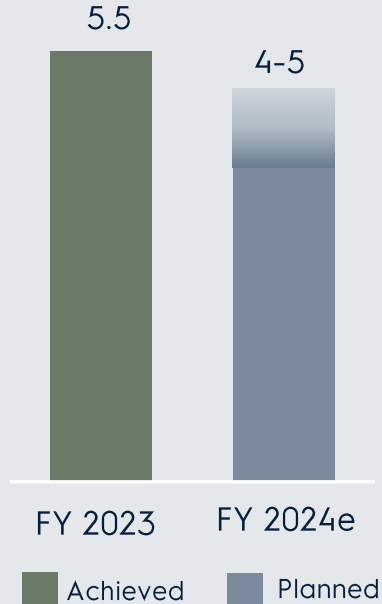
⁴ Comprise of raw material costs, energy costs, trade tariffs, direct and indirect currency impact and labor cost inflation >2% as well as the net effect of currency development including pricing adjustment in Argentina in Q4 2023. Currency translation amounted to SEK -142m on EBIT and SEK 5,549m, or 4.0%, on net sales. Price increases in Argentina amounted to SEK 718m in Q423, or 0.5%, on full year 2023 sales. .

⁵ EBIT 2023 excludes non-recurring items of SEK -3,401m, relating to the divestment of the manufacturing facility in Nyíregyháza, Hungary, restructuring charge for the Group-wide cost reduction program, antitrust charges and impairment. EBIT 2022 excludes non-recurring items of SEK -1,046m, mainly relating to the group-wide cost reduction and North America turnaround program.



Executing on cost reduction target

Net cost reduction y-o-y, SEKbn



SEK 5.5bn savings delivered in 2023

- **Key levers executed 2023**

Product cost

- Reduced premium freight & spot buy of components
- Negotiated new logistic rates
- Improved production line efficiency
- Blue-collar reductions of c. 7k*

Structural costs

- Streamlined factory organizational setup, maintenance costs, and scrap rates
- Optimized marketing spending
- Further efficiency in all SG&A functions
- White-collar reductions of c. 2k*

Cost reduction target

- **SEK 4-5bn in 2024 vs 2023**

- Organizational simplification and overhead efficiency resulting in headcount reductions of approx. 3,800**
- Finalization of Springfield ramp-up
- Increase sourcing from low-cost countries
- Continue consolidation of supplier base and number of components, further leveraging modularized product platforms

- **Annual product cost reduction mid-term at a similar rate as in 2023-2024**

- Low-cost sourcing and supplier consolidation a continuous process
- Step-up cost engineering initiatives, i.e. material and component reviews on existing products
- Further accelerate modularization and reduce complexity to leverage scale

*Reduction compared to June 30, 2022

** Whereof ~800 not requiring restructuring charge and ~3,000 requiring and being included in the Q4 2023 restructuring charge.

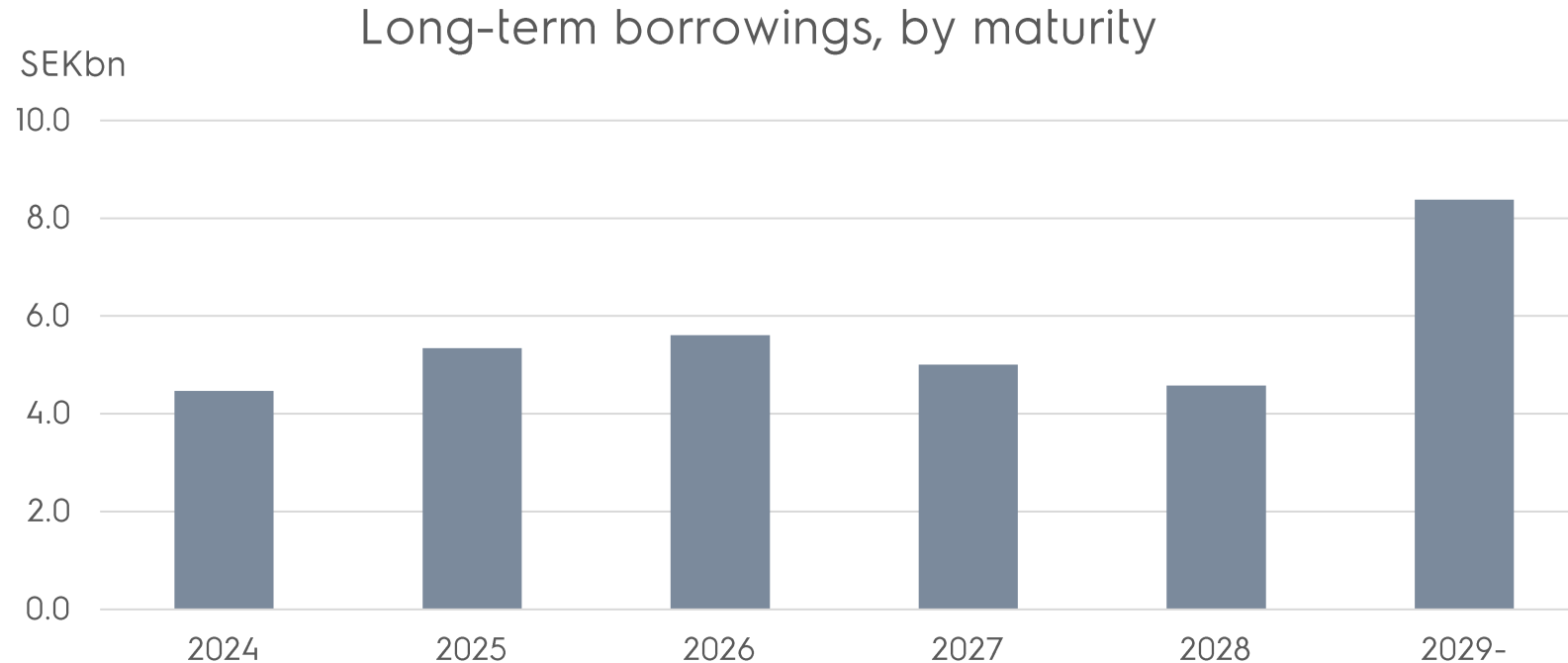
Operating Cash Flow



SEKm	Q4 2023	Q4 2022	FY 2023	FY 2022
EBIT	-3,215	-1,964	-2,988	-215
D/A and other non-cash items	4,177	2,724	9,812	7,060
Change in operating assets and liabilities	4,202	1,472	597	-6,367
Investments in intangible and tangible assets	-1,999	-2,446	-5,699	-7,389
Changes in other investments	706	457	1,341	793
Cash flow after investments*	3,871	242	3,064	-6,118

*Before acquisitions and divestments

Solid liquidity and maturity profile



Data as per December 31, 2023

- SEK 32.8bn in liquidity incl. RCF as per December 31, 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

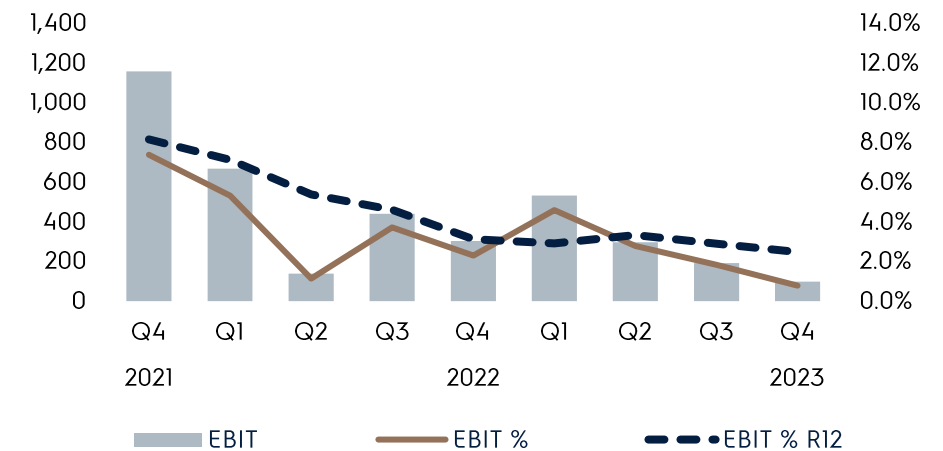
- Lower volumes driven by weak consumer demand
- Focus area built-in kitchen particularly impacted
- Price turned negative; high promotional activity
- Favorable mix

EBIT decreased vs. LY

- Negative impact from volume and price
- Savings from Group-wide cost reduction program
- Slightly positive external factors; favorable raw material offset cost inflation from energy and labor

SEKm	Q4 2023	Q4 2022	Change
Net sales	12,601	12,586	0.1%
Organic growth	-4.2%	-11.8%	7.6pts
Divestments	-	-5.9%	5.9pts
Currency	4.4%	6.8%	-2.4pts
EBIT	-1,697	-135	N/A
Margin	-13.5%	-1.1%	-12.4pts
EBIT excl. NRI	98	289	-66.2%
EBIT margin excl. NRI	0.8%	2.3%	-1.5pts

EBIT and margin*

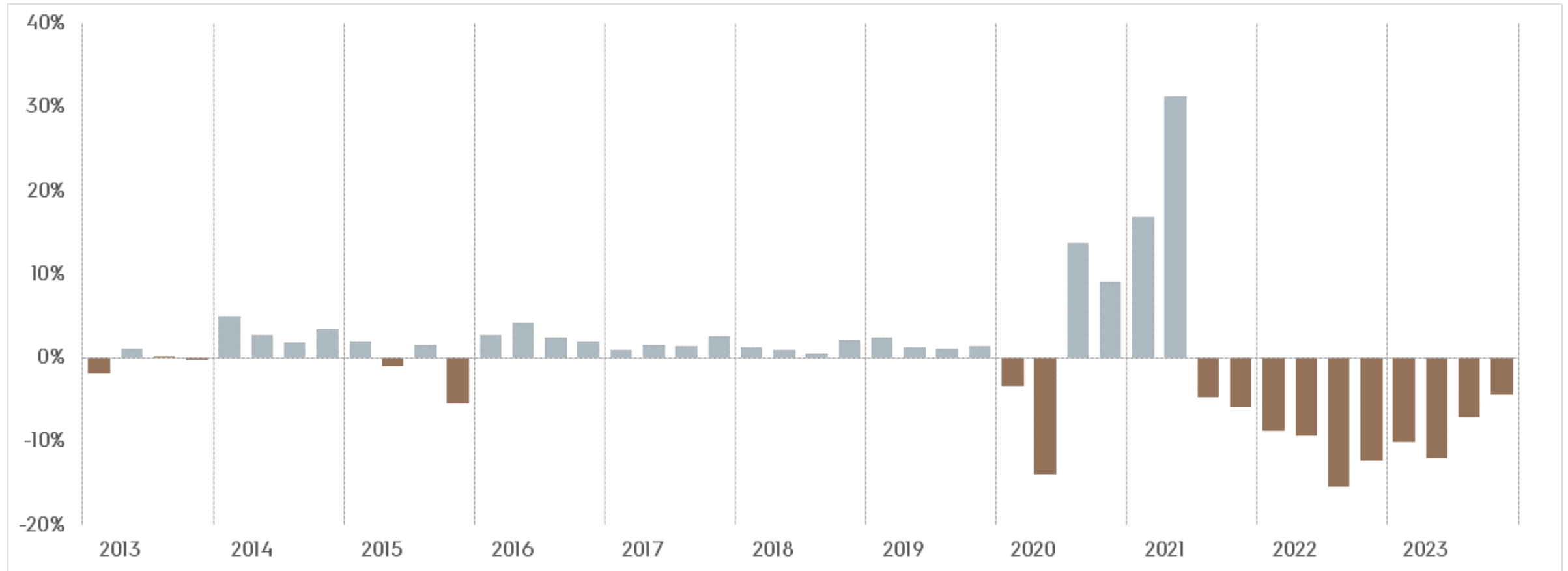


*Excluding non-recurring items (NRI) and currency adjusted.

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

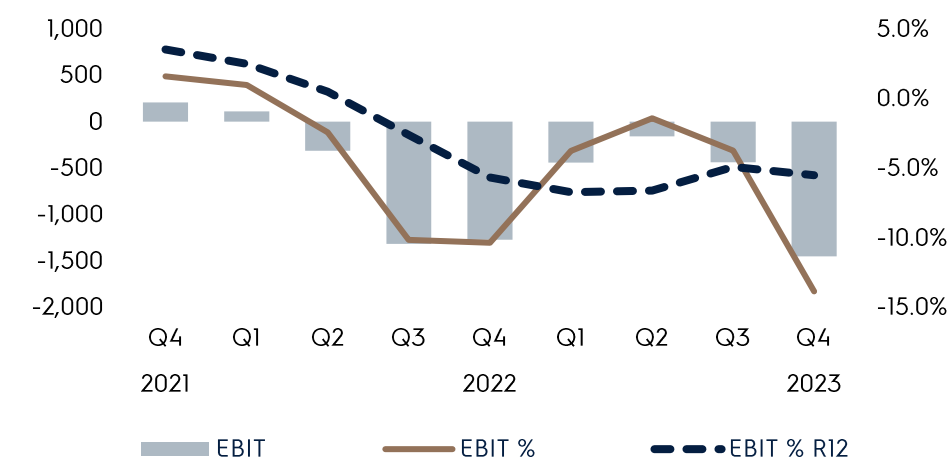
- Negative price and lower volumes due to high price pressure in the market
- Final cooking manufacturing consolidation partly limited ability to capture market demand

Operating loss

- Negative organic contribution, primarily price
- Higher cost level due to Springfield manufacturing transition, including cost for closure of legacy factory. Ramp up expected to be finalized by end of 2024.
- Turnaround program continued to generate significant savings. Benefits in 2024 mainly weighted to H2.
- Growth in high-value products drove positive mix

SEKm	Q4 2023	Q4 2022	Change
Net sales	10,434	12,266	-14.9%
Organic growth	-14.5%	-6.1%	-8.4pts
Currency	-0.5%	18.0%	-18.5pts
EBIT	-1,302	-1,649	-21.1%
Margin	-12.5%	-13.4%	1.0pts
EBIT excl. NRI	-1,450	-1,234	17.5%
EBIT margin excl. NRI	-13.9%	-10.1%	-3.8pts

EBIT and margin*

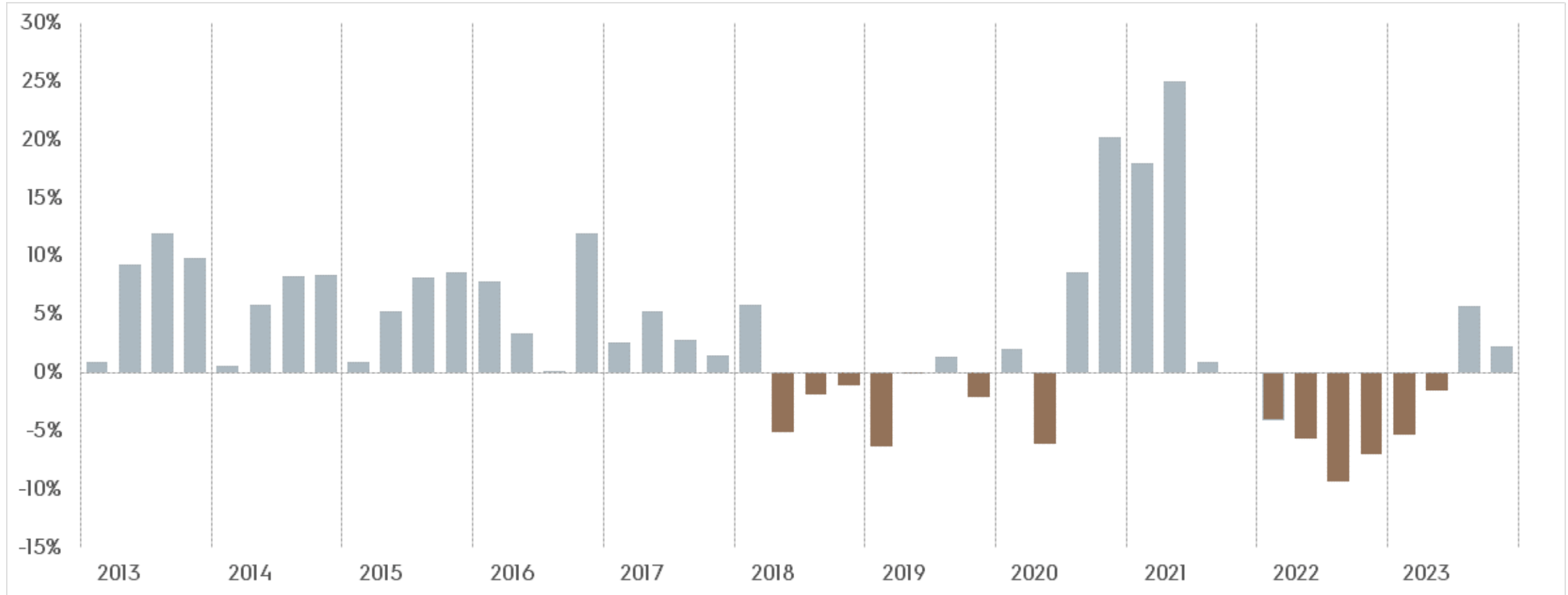


*Excluding non-recurring items (NRI) and currency adjusted.

U.S. Core Appliances Market



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



*Source: Based on the AHAM Factory Shipment Report. Q4 2023 is a comparison of weeks between October 2 – December 31, 2023, vs October 1 – December 31, 2022. Core appliances include AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges, and Ovens) and Cooktops.

Latin America



Significant organic sales growth

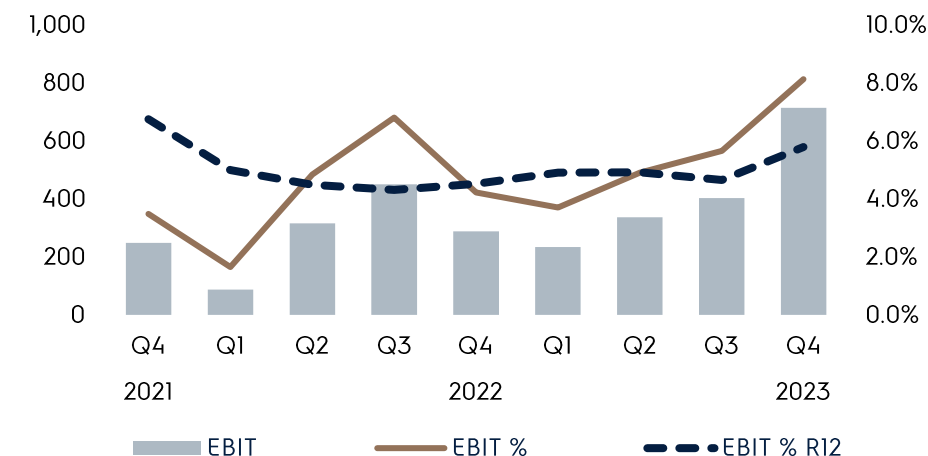
- Increased consumer demand, driven by Brazil and Chile
- High promotional activity in markets outside Argentina
- Slightly favorable mix
- Strong aftermarket sales

Significant EBIT increase

- Proactive price management in Argentina offset significant currency headwinds
- Strong seasonal organic sales performance
- Positive contribution from Group-wide cost reduction program

SEKm	Q4 2023	Q4 2022	Change
Net sales	8,616	6,755	27.6%
Organic growth	29.4%	-1.6%	31.0pts
Currency	-1.9%	19.1%	-21.0pts
EBIT	649	229	183.0%
Margin	7.5%	3.4%	4.1pts
EBIT excl. NRI	700	309	126.5%
EBIT margin excl. NRI	8.1%	4.6%	3.5pts

EBIT and margin*



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

Asia-Pacific, Middle East and Africa



Organic sales growth

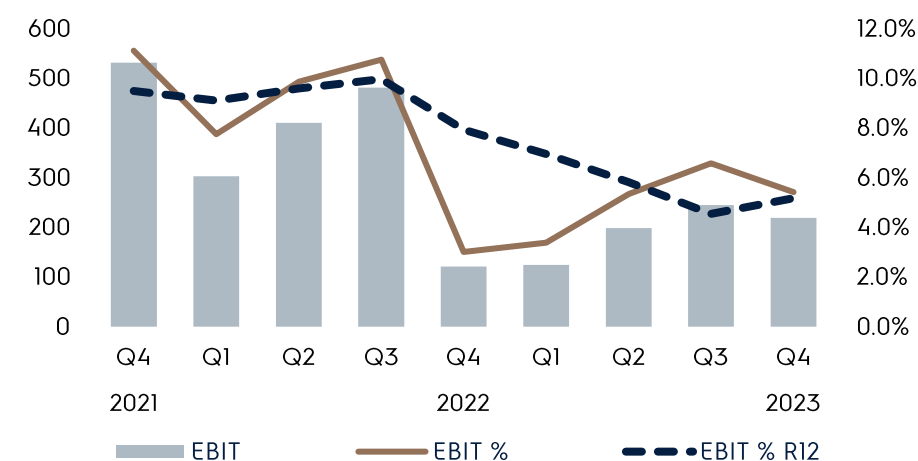
- Continued low consumer confidence
- Favorable price; price increases in high-inflationary countries offset increased promotional activity
- Market-driven volume decline

Increased EBIT excl NRI

- Savings from Group-wide cost reduction program
- Positive price
- Negative currency impact

SEKm	Q4 2023	Q4 2022	Change
Net sales	3,985	4,162	-4.2%
Organic growth	0.7%	-14.1%	14.8pts
Currency	-5.0%	5.6%	-10.6pts
EBIT	-108	88	N/A
Margin	-2.7%	2.1%	-4.8pts
EBIT excl. NRI	215	154	40.0%
EBIT margin excl. NRI	5.4%	3.7%	1.7pts

EBIT and margin*



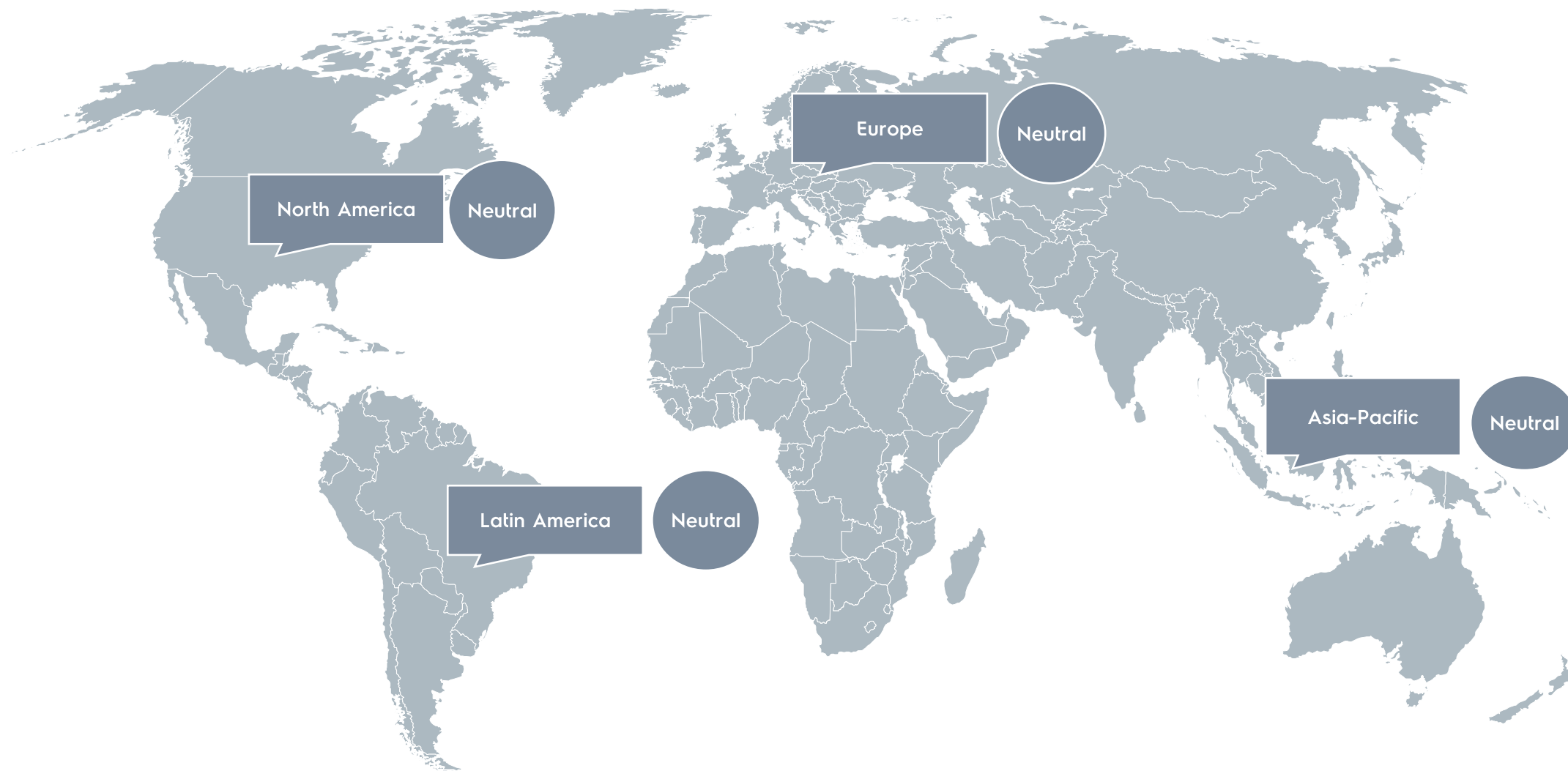
*Excluding non-recurring items (NRI) and currency adjusted.



Outlook and summary



Market outlook FY 2024 per region



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

Latin America includes the ABC-countries, Asia-Pacific includes, ANZ and SEA.

Note: Market outlook assumes no significant additional impact from the global geopolitical situation. Presented Feb 2, 2024.

Electrolux business outlook



Business Outlook ¹ y-o-y	FY 2024	Comments
Volume/price/mix ²	Negative	Driven by price, partly offset by growth in focus categories.
Investments in consumer experience innovation and marketing ³	Positive SEK 4-5bn, combined	Benefits from the expanded Group-wide cost reduction and North America turnaround program. Benefits weighted towards second half of 2024
Cost efficiency ⁴		
External factors ⁵	Positive	Primarily driven by lower raw material costs.
Capex	SEK 5-6bn	

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

² Excludes currency related price increases in Argentina, which is included in External factors.

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 of raw material costs, energy costs, trade tariffs, direct and indirect currency impact and labor cost inflation >2% as well as the net effect of currency development including pricing adjustments in Argentina.

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

Organizational structure 2024



The Group has reorganized into three regional business areas and two global product lines.

- Leveraging the Group's global scale with fewer layers, resulting in increased focus and reduced costs.

The new business area structure is effective as of January 1, 2024.

- Electrolux Group will report on the new business area structure in the interim report for the first quarter of 2024
- Proforma figures showing the performance of the merged business area Europe-APACMEA will be made available through a press release prior to the quarterly report.

Business Areas 2023



Business Areas 2024



Strategy for profitable growth

Financial targets

Operating
margin

≥6%

Return on net
assets

>20%

Sales
growth

≥4%

The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle.



Driving sustainable
consumer experience
innovation



Increasing efficiency
through digitalization,
automation and
modularization

Solid balance sheet facilitates
profitable growth

Strategic drivers executed in Q4:

- Positive mix in a challenging market
- Continued good contribution from Group-wide cost reduction and North America turnaround program
- Expanded cost reduction program
- Second science-based climate target

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

Strategy for profitable growth

Financial targets

Operating margin	Return on net assets	Sales growth
≥6%	>20%	≥4%

The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle.



Driving sustainable consumer experience innovation



Increasing efficiency through digitalization, automation and modularization

Solid balance sheet facilitates profitable growth

Strategic drivers executed in 2023:

- Positive mix through strong product offering despite challenging market
- Group-wide cost reduction and North America turnaround program delivering substantial savings
- Step-up in cost reduction measures initiated, including sharpened focus and simplified organization



Appendix

Earnings contribution from price/mix



Business Area	Q4, y-o-y	FY, y-o-y	Comments on Q4 y-o-y
Europe	Negative	Positive	Price turned negative as effects from previous increases tapered off and promotional activity increased significantly. Positive mix driven by premium brands.
North America	Negative	Negative	Negative price due to high price pressure. Growth in targeted high-value products generated slightly positive mix.
Latin America	Negative	Positive	Excludes currency related price increases in Argentina, which is included in external factors. High promotional activity in other markets. Favorable mix.
Asia-Pacific, Middle East and Africa	Positive	Positive	Favorable price. Slightly negative mix
Group EBIT % accretion	-4.4 pts	1.2 pts	Negative price; Price pressure in North America and continued high promotional activity across major markets. Excludes currency related price increases in Argentina as of Q4 2023. Favorable mix despite challenging market



Electrolux
Group