

# Q1 2024

## Results presentation

Jonas Samuelson, President and CEO

Therese Friberg, CFO

Oscar Stjerngren, Investor Relations



# Q1 Highlights



## Organic sales decline

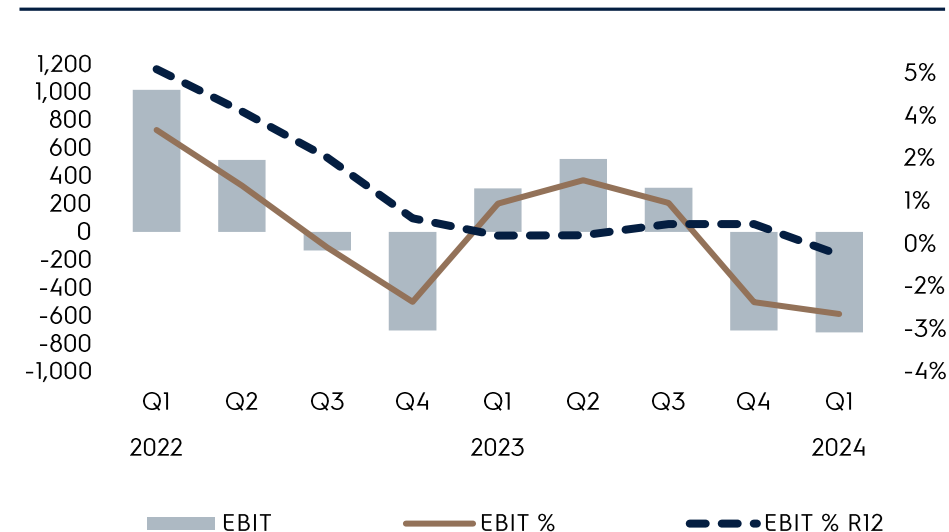
- Negative price, promotional activity remains high
- Lower volumes
- Positive mix despite challenging markets

## EBIT loss

- Loss in North America mainly driven by price pressure
- Unfavorable organic contribution due to price
- Latin America continued to perform well
- Positive contribution from cost-reduction activities

| SEKm                  | Q1 2024 | Q1 2023 | Change  |
|-----------------------|---------|---------|---------|
| Net sales             | 31,077  | 32,734  | -5.1%   |
| Organic growth        | -3.7%   | 2.2%    | -5.9pts |
| Divestments           | 0.0%    | -1.1%   | 1.1pts  |
| Currency              | -1.3%   | 7.6%    | -8.9pts |
| EBIT                  | -720    | -256    | N/A     |
| Margin                | -2.3%   | -0.8%   | -1.5pts |
| EBIT excl. NRI        | -720    | 305     | N/A     |
| EBIT margin excl. NRI | -2.3%   | 0.9%    | -3.2pts |

EBIT and margin\*



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

# Sales and EBIT Bridge



| SEKm                       | Q1 2023 | Volume/<br>price/mix <sup>1</sup> | Innovation/<br>marketing <sup>2</sup> | Cost<br>efficiency <sup>3</sup> | External<br>factors <sup>4</sup> | Q1 2024 |
|----------------------------|---------|-----------------------------------|---------------------------------------|---------------------------------|----------------------------------|---------|
| Net Sales                  | 32,734  | -1,386                            |                                       |                                 | -271                             | 31,077  |
| Growth %                   |         | -4.3%                             |                                       |                                 | -0.8%                            | -5.1%   |
| EBIT excl NRI <sup>5</sup> | 305     | -1,615                            | -129                                  | 629                             | 90                               | -720    |
| EBIT excl NRI %            | 0.9%    |                                   |                                       |                                 |                                  | -2.3%   |
| Accretion/<br>Dilution     |         | -5.1 pts                          | -0.4 pts                              | 2.0 pts                         | 0.3 pts                          |         |

<sup>1</sup> Excludes currency related price increases in Argentina and Egypt, which are included in External factors. The reported organic sales growth however includes price increases in Argentina and Egypt.

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

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

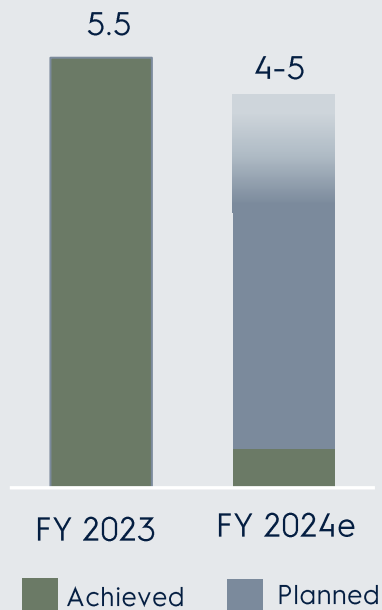
<sup>4</sup> Comprise raw material costs, energy costs, trade tariffs, direct and indirect currency impact and labor cost inflation >2% as well as the net effect of currency development including pricing adjustment in Argentina and Egypt in Q1 2024. Currency translation amounted to SEK -53m on EBIT and -1.3%, on net sales.

<sup>5</sup> EBIT in Q1 2023 excludes non-recurring items of SEK -561m, relating to the discontinuation of production at the Nyíregyháza factory in Hungary.



# Executing on cost reduction target

## Net cost reduction y-o-y, SEKbn



## 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

## Q1 2024 deliverables

- SEK 0.5bn savings delivered in Q1, where of SEK 0.6bn in cost efficiencies
- New organization successfully implemented
- Notification of staff affected by savings program proceeding according to plan
- Incremental savings from cost reduction activities are mainly weighted to H2 2024

## 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

\*Whereof ~800 not requiring restructuring charge and ~3,000 requiring and included in the Q4 2023 restructuring charge of SEK 2.5bn.

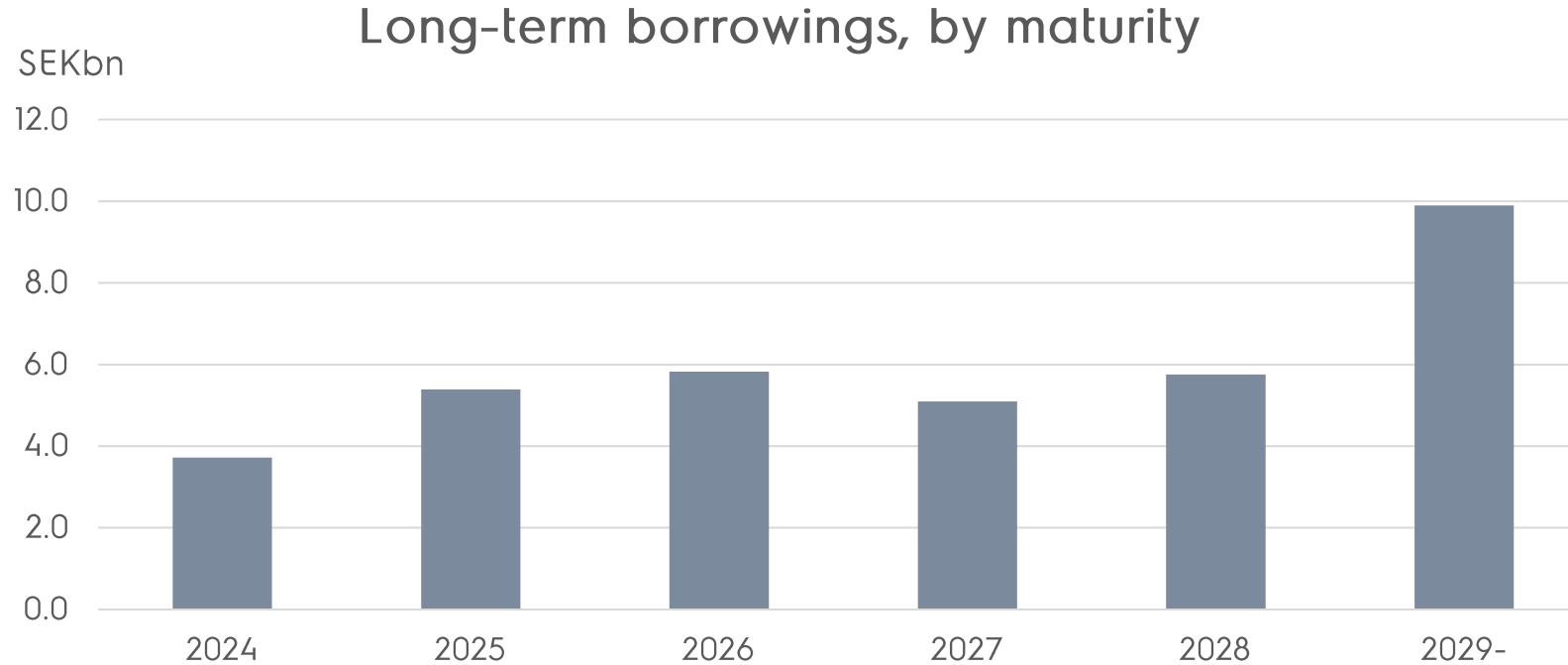
# Operating Cash Flow



| SEKm  | Q1 2024       | Q1 2023       |
|---|---------------|---------------|
| EBIT  | -720          | -256          |
| D/A and other non-cash items                  | 1,628         | 2,066         |
| Change in operating assets and liabilities    | -2,535        | -5,799        |
| Investments in intangible and tangible assets | -992          | -1,131        |
| Changes in other investments                  | -67           | 28            |
| <b>Cash flow after investments*</b>           | <b>-2,686</b> | <b>-5,092</b> |

\*Before acquisitions and divestments

# Solid liquidity and maturity profile



Data as per March 31, 2024

- SEK 31.9bn in liquidity incl. RCF as per March 31, 2024
- No financial covenants in any loan agreements and reduced financial net debt vs. March 31, 2023
- Target to maintain a solid investment grade rating
  - S&P Global Ratings BBB with negative outlook

# Europe, Asia-Pacific, Middle East, and Africa



## Organic sales decline

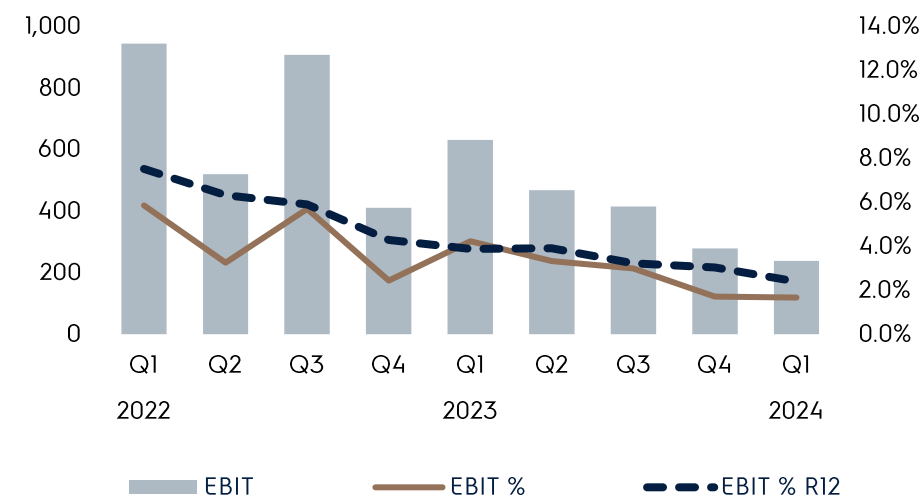
- Lower volumes driven by weak purchasing power
- Low residential construction and remodeling activity, impacting the built-in kitchen category
- Negative price; high promotional activity
- Favorable mix

## EBIT excl. NRI decrease vs. LY

- Negative impact from price and volume
- Savings from cost-reduction activities
- Lower raw material costs offset labor cost inflation
- Proactive price management in Egypt partly offset significant currency headwinds

| SEKm                  | Q1 2024 | Q1 2023 | Change  |
|-----------------------|---------|---------|---------|
| Net sales             | 14,359  | 15,035  | -4.5%   |
| Organic growth        | -3.9%   | -5.1%   | 1.1pts  |
| Divestments           | 0.0%    | -2.3%   | 2.3pts  |
| Currency              | -0.6%   | 4.9%    | -5.4pts |
| EBIT                  | 238     | 82      | N/A     |
| Margin                | 1.7%    | 0.5%    | 1.1pts  |
| EBIT excl. NRI        | 238     | 643     | -63.0%  |
| EBIT margin excl. NRI | 1.7%    | 4.3%    | -2.6pts |

EBIT and margin\*

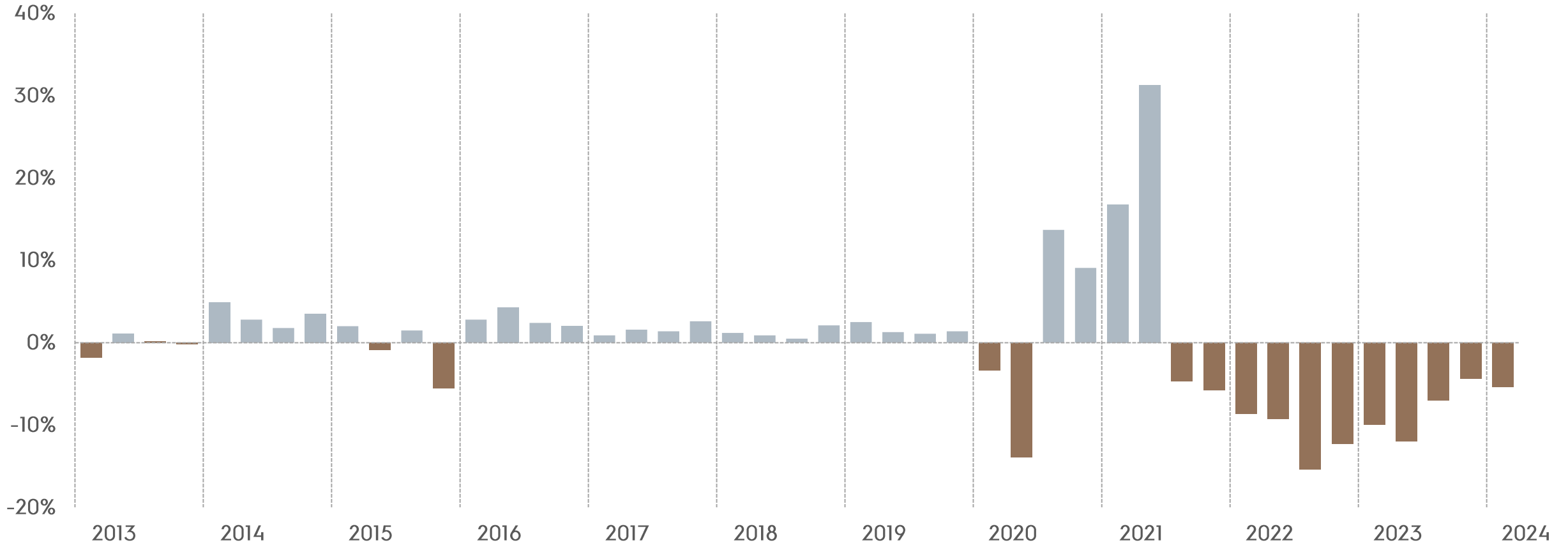


\*Excluding non-recurring items (NRI) and currency adjusted.

# 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

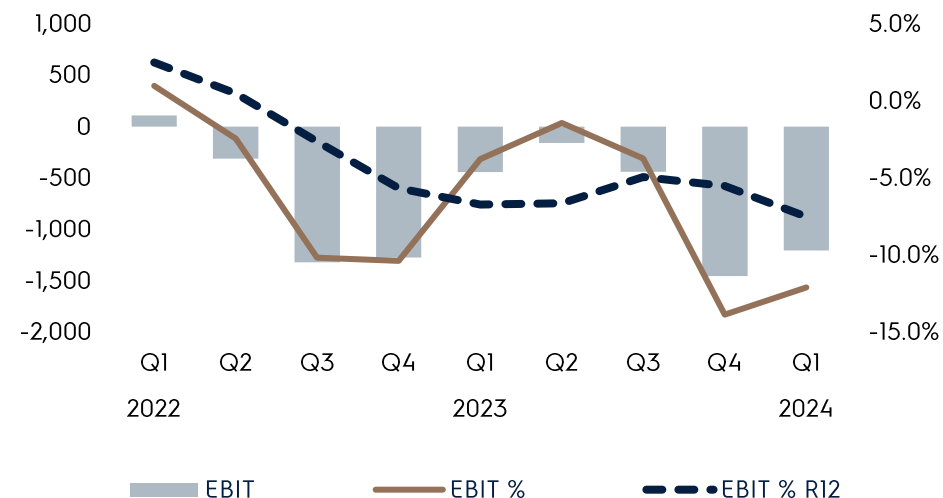
- Lower volumes driven by weak market in the start of the year and negative price due to high price pressure
- Ramp-up of cooking facility partly limited ability to capture market demand
- Favorable mix

## Operating loss

- Negative organic contribution, primarily price
- Continued production inefficiencies in the Springfield cooking facility. Ramp-up expected to be finalized by end of 2024.
- Positive external factors, driven by lower raw material cost
- Savings from cost-reduction activities. Benefits in 2024 mainly weighted to H2.

| SEKm                  | Q1 2024 | Q1 2023 | Change   |
|-----------------------|---------|---------|----------|
| Net sales             | 9,950   | 11,504  | -13.5%   |
| Organic growth        | -13.0%  | 4.0%    | -17.0pts |
| Currency              | -0.5%   | 11.7%   | -12.2pts |
| EBIT                  | -1,204  | -439    | N/A      |
| Margin                | -12.1%  | -3.8%   | -8.3pts  |
| EBIT excl. NRI        | -1,204  | -439    | N/A      |
| EBIT margin excl. NRI | -12.1%  | -3.8%   | -8.3pts  |

EBIT and margin\*

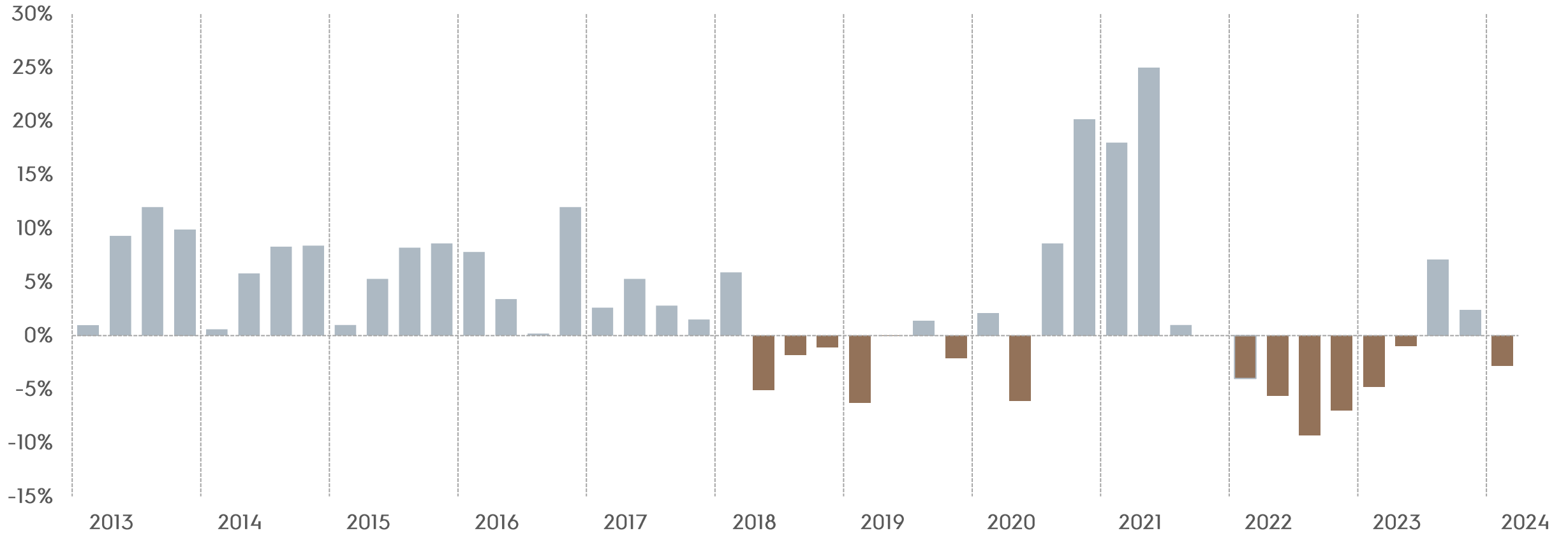


\*Excluding non-recurring items (NRI) and currency adjusted.

# U.S. Core Appliances Market



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



\*Source: Based on the AHAM Factory Shipment Report. Q1 2024 is a comparison of weeks between January 1 – March 30, 2024, vs January 1 – April 1, 2023. Core appliances include AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges, and Ovens) and Cooktops. AHAM data may be subject to revision.

# Latin America



## Organic sales growth

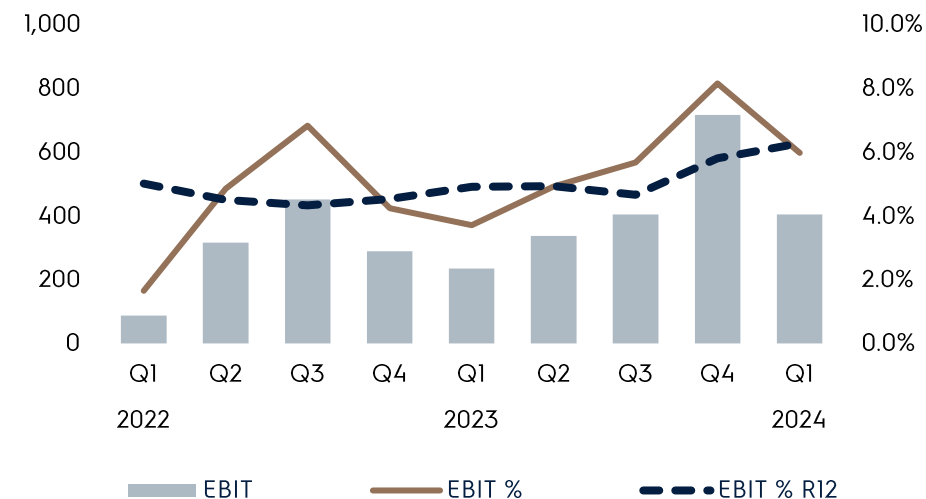
- Volume growth, driven by increased consumer demand and warm weather in Brazil
- Strong aftermarket sales
- Negative price and mix

## EBIT increase vs. last year

- Strong organic sales performance, driven by Brazil
- Slightly positive external factors, driven by lower raw material cost
- Positive contribution from cost-reduction activities
- Rolling 12m EBIT >6%

| SEKm                  | Q1 2024 | Q1 2023 | Change   |
|-----------------------|---------|---------|----------|
| Net sales             | 6,768   | 6,196   | 9.2%     |
| Organic growth        | 14.8%   | 20.9%   | -6.1pts  |
| Currency              | -5.6%   | 9.2%    | -14.8pts |
| EBIT                  | 404     | 236     | 71.1%    |
| Margin                | 6.0%    | 3.8%    | 2.2pts   |
| EBIT excl. NRI        | 404     | 236     | 71.1%    |
| EBIT margin excl. NRI | 6.0%    | 3.8%    | 2.2pts   |

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. In line with our new organizational structure, we have combined the outlook for Europe and Asia-Pacific from Q1 2024

Note: Market outlook assumes no significant additional impact from the global geopolitical situation. Presented April 26, 2024.

# Electrolux business outlook



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

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

<sup>2</sup> Excludes currency related price increases in Argentina and Egypt, which is included in External factors.

<sup>3</sup> Comprise of costs of R&D, marketing/brand, connectivity, CRM and aftermarket sales capability, etc.

<sup>4</sup> Efficiencies in variable costs (excl. raw materials, energy, trade tariffs, and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).

<sup>5</sup> Comprise 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 and Egypt.

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

# 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 Q1:

- Positive mix in a challenging market
- Continued contribution from cost-reduction activities
- Implementation of a leaner organization
- Finalizing the significant investment program for modularized products

# 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

**≥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.



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# Appendix

# Earnings contribution from price/mix



| Business Area                                | Q1, y-o-y | Comments on Q1 y-o-y  |
|--|-----------|---|
| Europe, Asia-Pacific, Middle East and Africa | Negative  | Price negative due to high promotional activity. Excludes currency related price increases in Egypt, which is included in external factors<br>Positive mix driven by premium brands.  |
| North America                                | Negative  | Negative price due to high price pressure. Growth in targeted high-value products generated a positive mix.   |
| Latin America                                | Negative  | Excludes currency related price increases in Argentina, which is included in external factors. High promotional activity in other markets. Negative mix due to high growth of air care.                                     |
| Group EBIT % accretion                       | -4.7 pts  | Negative price; Price pressure in North America and continued high promotional activity across major markets. Excludes currency related price increases in Argentina and Egypt.<br>Favorable mix despite challenging market |



**Electrolux**  
**Group**