

# Q4-13 Report January 31, 2014

Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO



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# 2013 Full Year Summary



- **Net sales SEK 109bn (110)**
  - Organic growth 4.5%, currency effects -5.3%
  - Second year in a row achieving growth target, including acquisitions +14% total growth in two years
- **EBIT SEK 4,055m (5,032), EBIT margin 3.7% (4.6%)**
  - Volume growth in North America and Asia Pacific
  - Mix improvements and continued product launches
  - Weak demand in Europe affecting 3 business areas
  - Substantial currency headwinds of SEK 1,460m
- **Investments in marketing, R&D and design**
- **On-going cost savings**
- **Proposed dividend SEK 6.50 (6.50) per share**

# Q4 Highlights



- **Continued good growth**

- 3.6% organic growth with North America, APAC, Small Appliances and Professional in continued good growth
- Latin America slowing down
- EMEA slightly positive

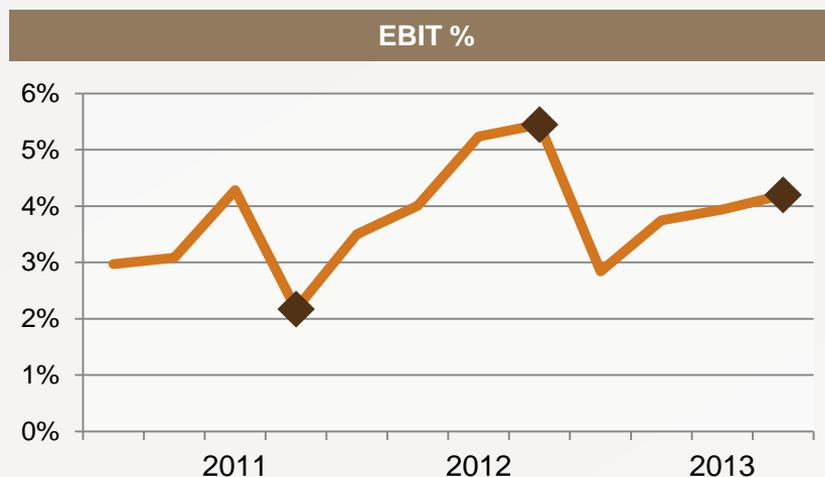
- **Stable earnings**

- Earnings stable in most businesses but still impacted by weak EMEA, negative currency and slowdown in Latin America
- Restructuring program ongoing, mainly EMEA

- **Solid operating cash flow**

| (SEKm)                  | Q4 2012     | Q4 2013       | Change % |
|-------------------------|-------------|---------------|----------|
| <b>Sales</b>            | 29,185      | <b>28,891</b> | -1,0%    |
| <i>Organic growth %</i> |             | 3.6%          |          |
| <i>Currency</i>         |             | -4.6%         |          |
| <b>EBIT*</b>            | 1,590       | <b>1,223</b>  | -23,1%   |
| <i>Currency</i>         |             | -442          |          |
| <b>Margin*</b>          | 5.4         | <b>4.2</b>    | -1.2%    |
| <b>EPS*</b>             | <b>3.94</b> | <b>3.80</b>   | -3.5%    |

\* Excluding items affecting comparability.  
Non-recurring items are excluded in all figures.



# Market Highlights



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- Electrolux Inspiration Range now launched in all markets in Europe



- Small Appliance Floor Care – completed the new generation of vacuum cleaner line-up



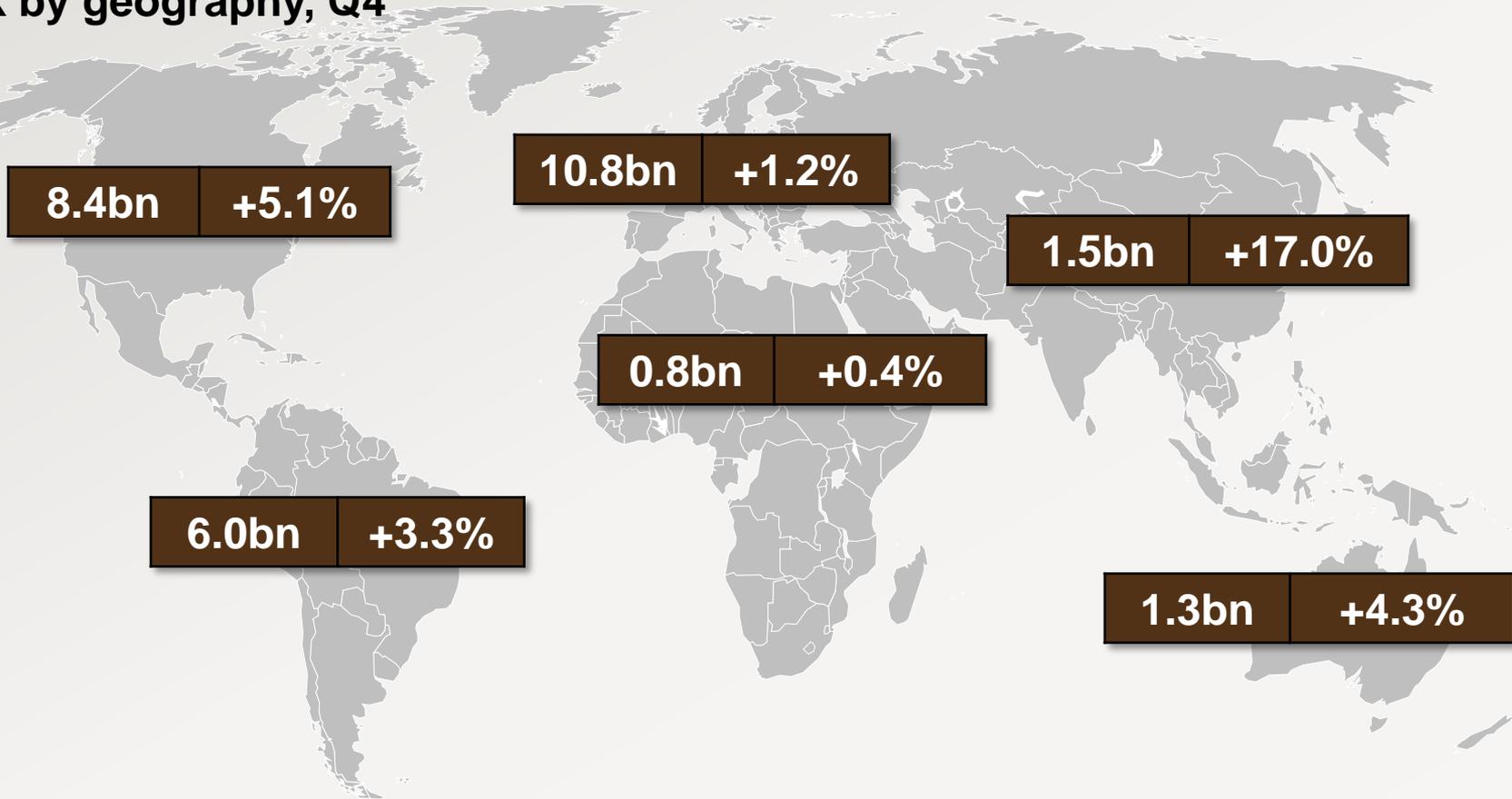
- Major China launch under way and progressing well



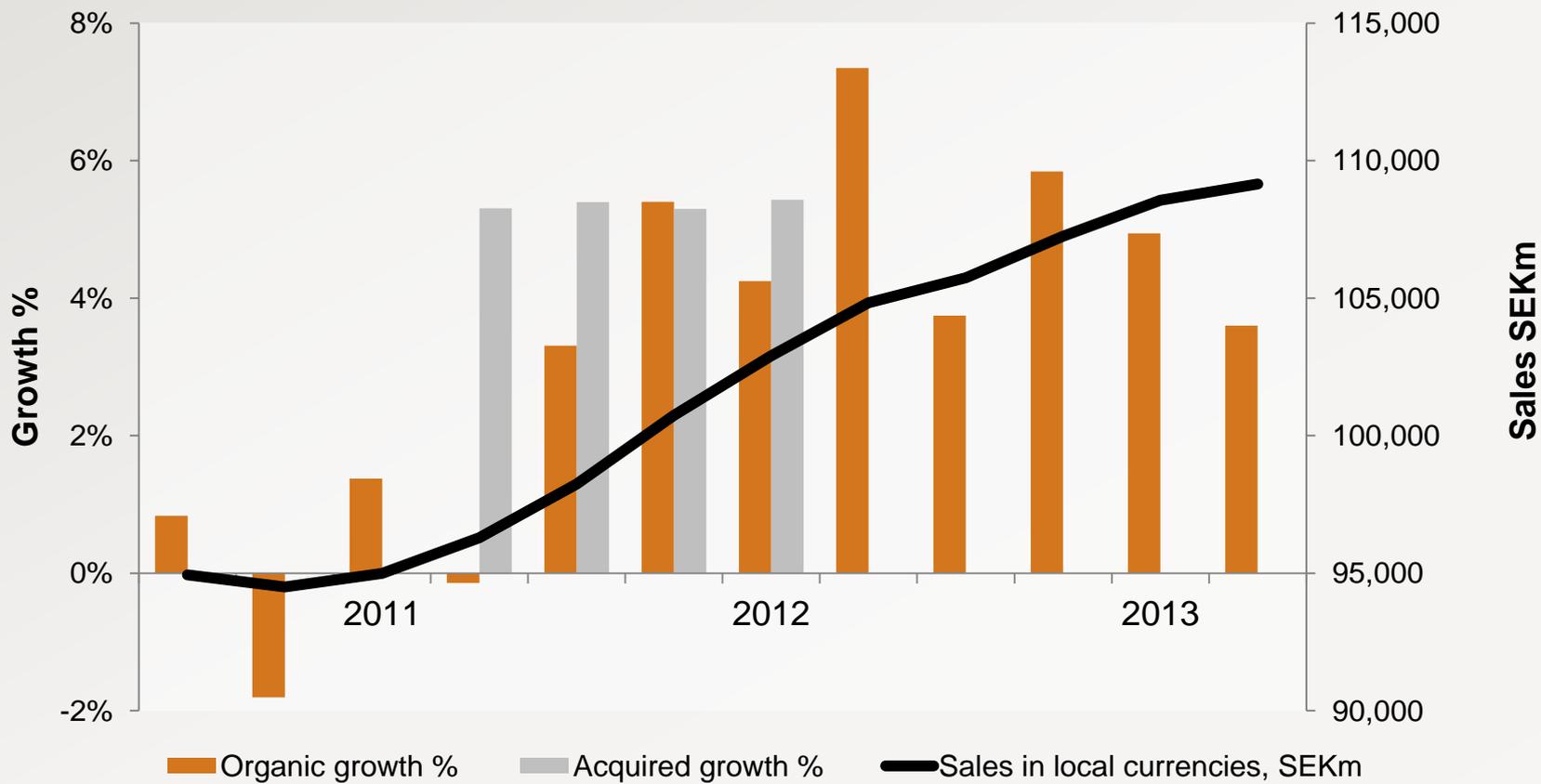
# Sales and Organic Growth Q4



## SEK by geography, Q4



# Sales in Local Currencies



# Major Appliances EMEA - Q4

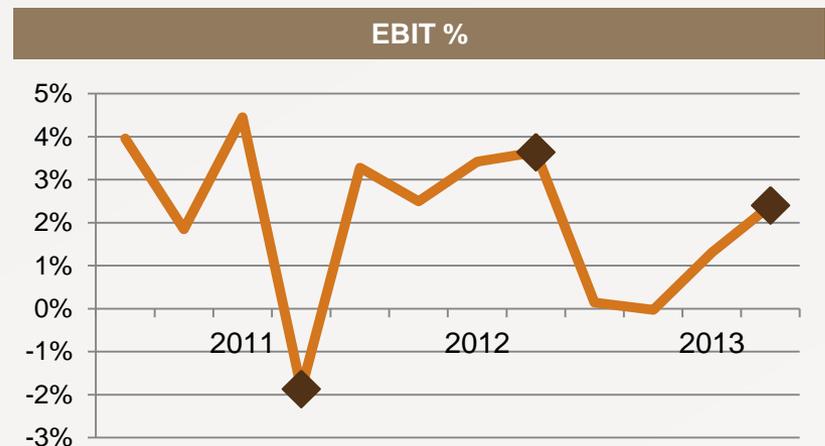


- **Uncertain market but not getting worse**

- Slightly positive organic growth in Q4
- Growth in the UK
- Flat in Nordics, France, Italy
- Decline in Spain
- Mix positive – successful launches of all main brands
- Currency and price pressure affect earnings
- Major cost reduction initiative initiated, restore profitability in the business area

| (SEKm)                  | Q4 2012 | Q4 2013      | Change % |
|-------------------------|---------|--------------|----------|
| <b>Sales</b>            | 9,216   | <b>9,281</b> | 0.7%     |
| <i>Organic growth %</i> |         | 1.1%         |          |
| <i>Currency</i>         |         | -0.4%        |          |
| <b>EBIT*</b>            | 335     | <b>227</b>   | -37.2%   |
| Currency effect         |         | -104         |          |
| <b>Margin*</b>          | 3.6     | <b>2.4</b>   | -1.2%    |

\* Excluding items affecting comparability.  
Non-recurring items are excluded in all figures.

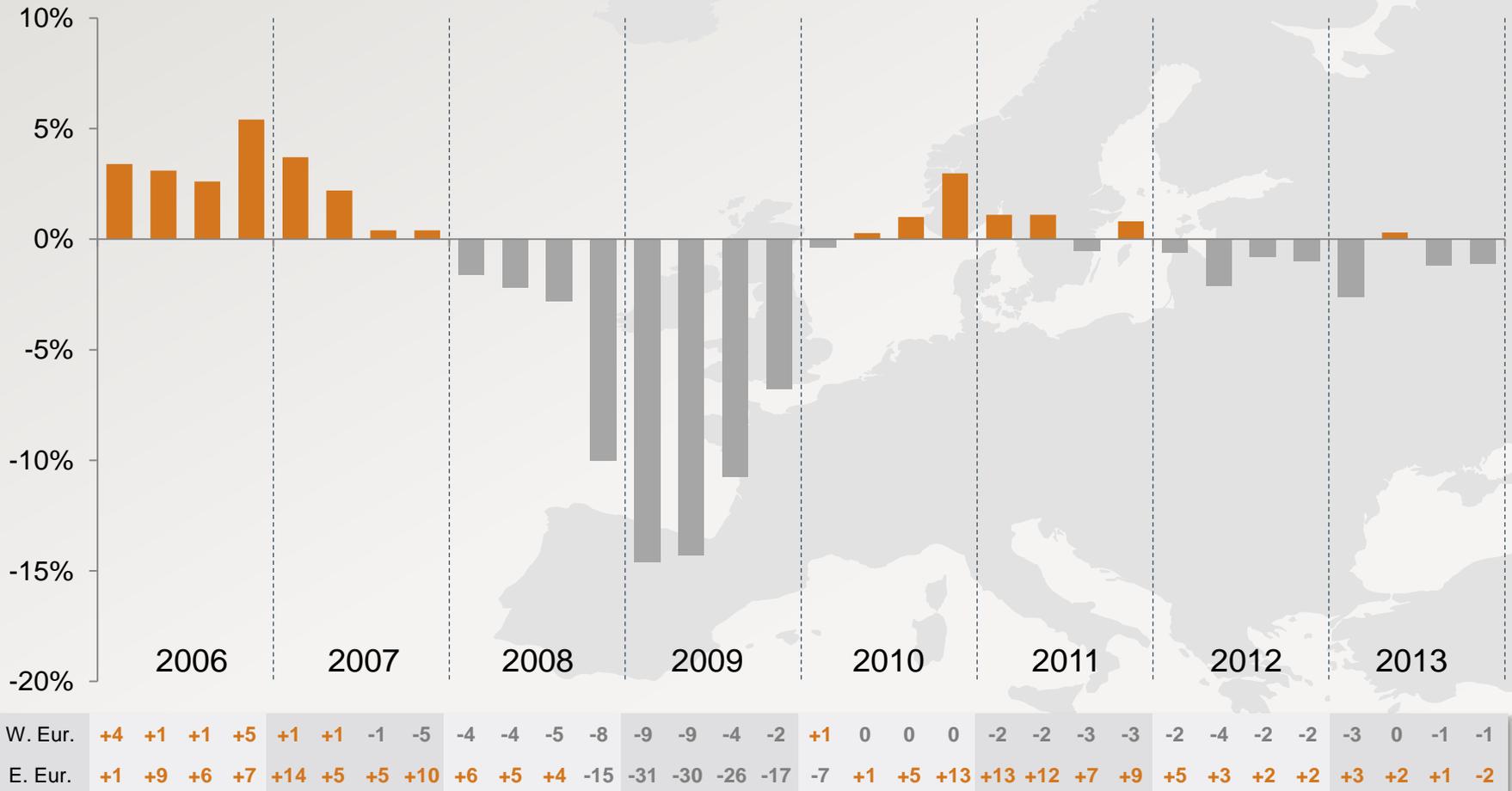


# European White Goods Market



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## Quarterly comparison y-o-y



|         |    |    |    |    |     |    |    |     |    |    |    |     |     |     |     |     |    |    |    |     |     |     |    |    |    |    |    |    |    |    |    |    |
|---------|----|----|----|----|-----|----|----|-----|----|----|----|-----|-----|-----|-----|-----|----|----|----|-----|-----|-----|----|----|----|----|----|----|----|----|----|----|
| W. Eur. | +4 | +1 | +1 | +5 | +1  | +1 | -1 | -5  | -4 | -4 | -5 | -8  | -9  | -9  | -4  | -2  | +1 | 0  | 0  | 0   | -2  | -2  | -3 | -3 | -2 | -4 | -2 | -2 | -3 | 0  | -1 | -1 |
| E. Eur. | +1 | +9 | +6 | +7 | +14 | +5 | +5 | +10 | +6 | +5 | +4 | -15 | -31 | -30 | -26 | -17 | -7 | +1 | +5 | +13 | +13 | +12 | +7 | +9 | +5 | +3 | +2 | +2 | +3 | +2 | +1 | -2 |

Core White market development %

# Major Appliances North America – Q4

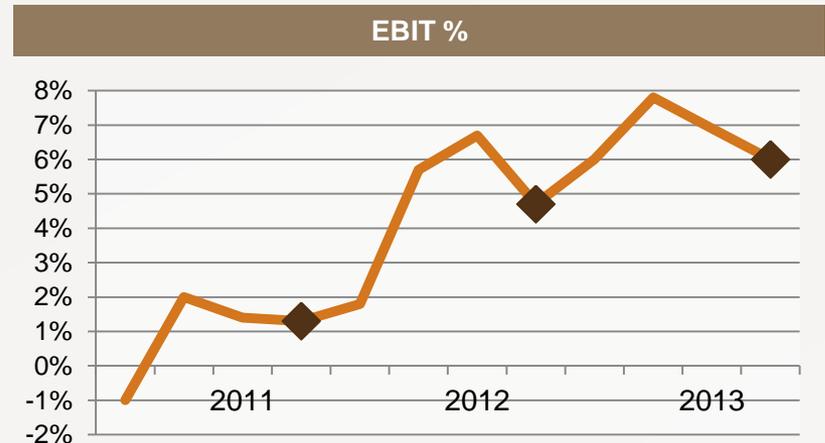


- **Strong sales growth**

- Strong organic sales growth +7.6%
- Continued costs for cooking production at two sites
- Consolidation of the cooking plants follows plan – fully in place in latter part of 2014
- Expansion in new distribution channels and segments continues
- Inventory reduction during the quarter impacted earnings negatively (under absorption)
- Favorable pension adjustment

| (SEKm)                  | Q4 2012 | Q4 2013      | Change % |
|-------------------------|---------|--------------|----------|
| <b>Sales</b>            | 7,207   | <b>7,573</b> | 5.1%     |
| <i>Organic growth %</i> |         | 7.6%         |          |
| <i>Currency</i>         |         | -2.5%        |          |
| <b>EBIT*</b>            | 337     | <b>453</b>   | 34.4%    |
| Currency effect         |         | +7           |          |
| <b>Margin*</b>          | 4.7     | <b>6.0</b>   | 1.3%     |

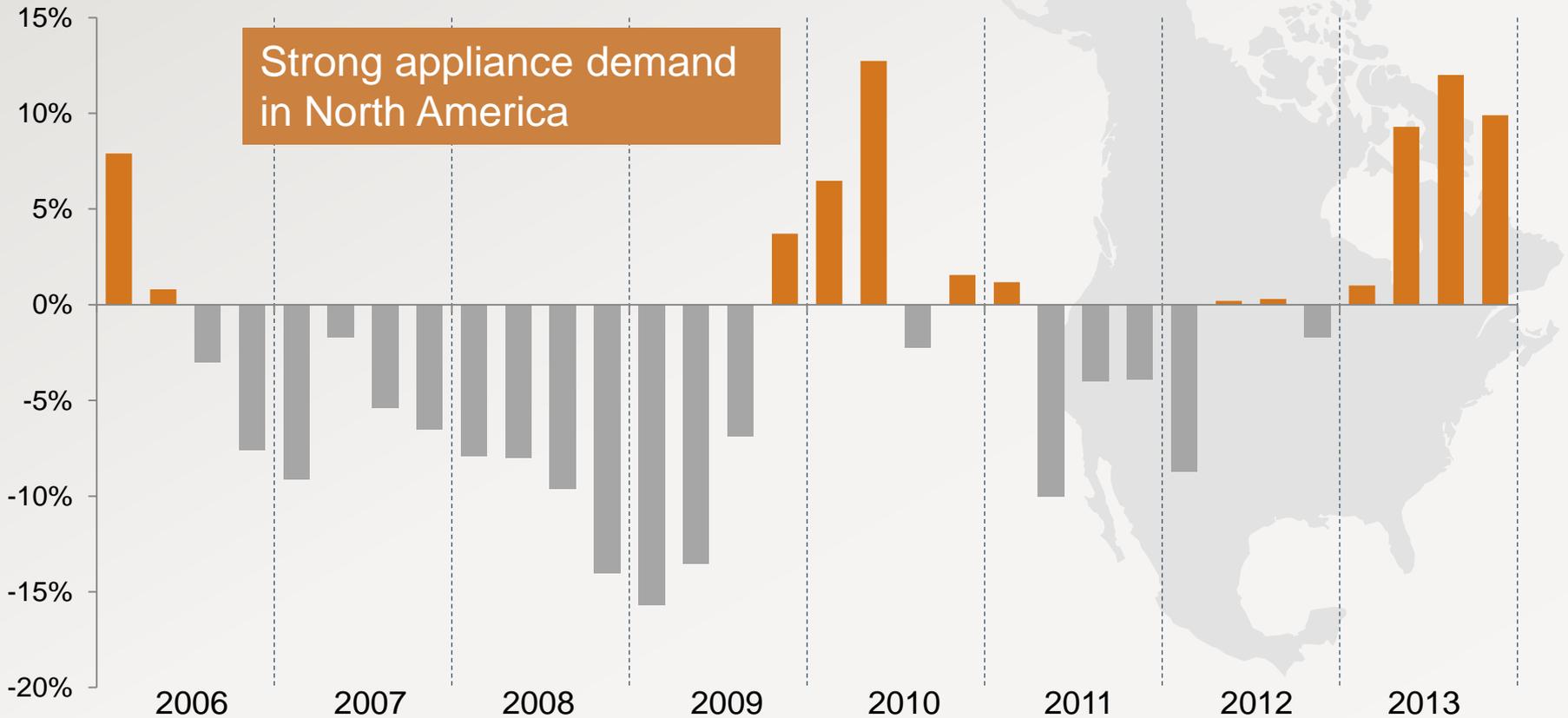
\* Excluding items affecting comparability.  
Non-recurring items are excluded in all figures.



# North American White Goods Market



Quarterly comparison y-o-y



# Major Appliances Latin America – Q4

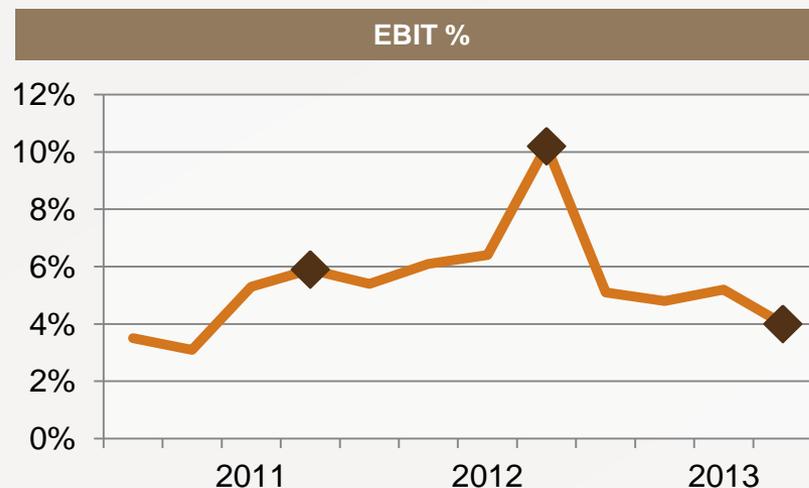


- **Softening market during H2**

- Slower sales growth +0.4%
  - Slowdown in Brazilian economy
  - Government incentive for white goods program ended
- Price/mix contributes positively
- Warehouse fire affects earnings
- Large effects from negative currency in Brazil, Venezuela and Argentina

| (SEKm)                  | Q4 2012 | Q4 2013      | Change % |
|-------------------------|---------|--------------|----------|
| <b>Sales</b>            | 6,411   | <b>5,639</b> | -12.0%   |
| <i>Organic growth %</i> |         | 0.4%         |          |
| <i>Currency</i>         |         | -12.4%       |          |
| <b>EBIT*</b>            | 657     | <b>224</b>   | -65.9%   |
| Currency effect         |         | -132         |          |
| <b>Margin*</b>          | 10.2    | <b>4.0</b>   | -6.2%    |

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# Major Appliances Asia Pacific – Q4

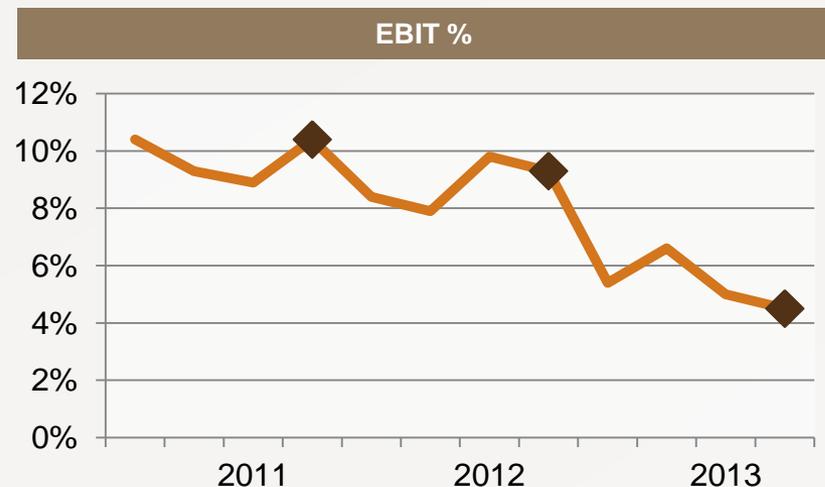


## • Continued growth in Asia

- Organic growth of +4.3%
- Australian sales recovery driven mainly by price/mix but also volume
- Strong growth development in South East Asia
- Lower volumes but better product mix in China
- Launch costs in China and plant ramp up costs in Thailand affected EBIT
- Negative impact from currency movements

| (SEKm)                  | Q4 2012 | Q4 2013      | Change % |
|-------------------------|---------|--------------|----------|
| <b>Sales</b>            | 2,259   | <b>2,157</b> | -4.5%    |
| <i>Organic growth %</i> |         | 4.3%         |          |
| <i>Currency</i>         |         | -8.8%        |          |
| <b>EBIT*</b>            | 211     | <b>96</b>    | -54.5%   |
| Currency effect         |         | -60          |          |
| <b>Margin*</b>          | 9.3     | <b>4.5</b>   | -4.8%    |

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# Small Appliances – Q4

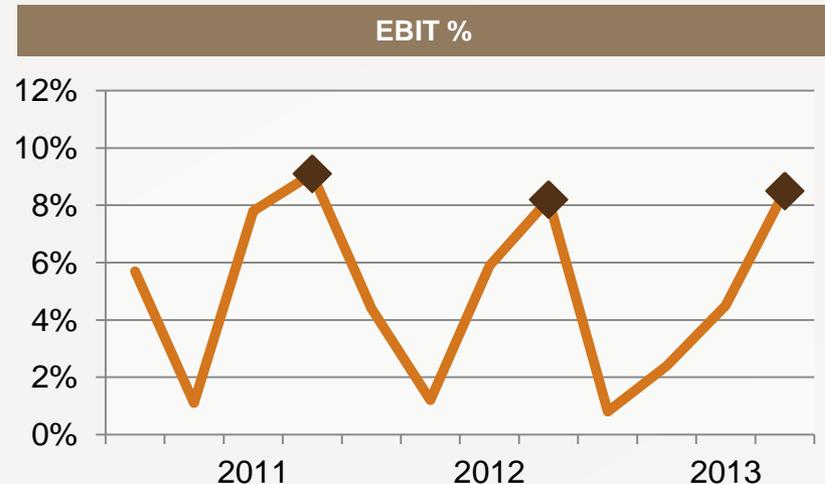


- **Good volume growth**

- Good organic growth +4.8%
- Small domestic appliances (= non floor care) picking up in Asia Pacific
- Mitigating difficult currency environment with pricing actions in Latin America with positive outcome
- In total earnings were impacted negatively by currency
- Increased marketing costs in North America and Asia

| (SEKm)                  | Q4 2012 | Q4 2013      | Change % |
|-------------------------|---------|--------------|----------|
| <b>Sales</b>            | 2,689   | <b>2,697</b> | 0.3%     |
| <i>Organic growth %</i> |         | 4.8%         |          |
| <i>Currency</i>         |         | -4.5%        |          |
| <b>EBIT*</b>            | 219     | <b>227</b>   | 3.7%     |
| Currency effect         |         | -22          |          |
| <b>Margin*</b>          | 8.1     | <b>8.4</b>   | 0.3%     |

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Non-recurring items are excluded in all figures.



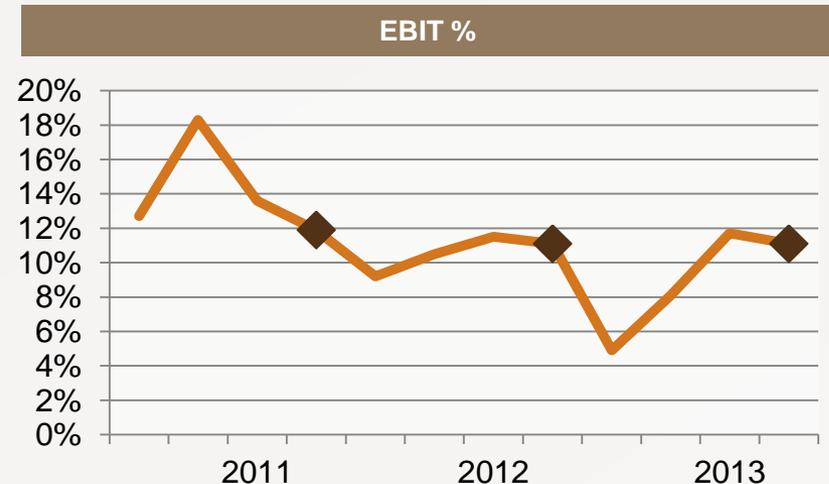
# Professional Products – Q4



- **Strong turnaround in H2 after weak H1**
  - Strong organic growth, +10.6%
  - Sales in North America and in emerging markets very positive
  - Europe still weak – especially Italy
  - Back to double-digit EBIT margins

| (SEKm)                  | Q4 2012 | Q4 2013      | Change % |
|-------------------------|---------|--------------|----------|
| <b>Sales</b>            | 1,402   | <b>1,544</b> | 10.1%    |
| <i>Organic growth %</i> |         | 10.6%        |          |
| <i>Currency</i>         |         | -0.5%        |          |
| <b>EBIT*</b>            | 155     | <b>172</b>   | 11.0%    |
| Currency effect         |         | -14          |          |
| <b>Margin*</b>          | 11.1    | <b>11.1</b>  | 0.0%     |

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Non-recurring items are excluded in all figures.





# Financials Q4-13 and FY 2013

Tomas Eliasson, CFO



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# Financials



| SEKm             | Q4 2012 | Q4 2013 | Change | FY 2012 | FY 2013 | Change |
|------------------|---------|---------|--------|---------|---------|--------|
| Sales            | 29,185  | 28,891  | -1.0%  | 109,994 | 109,151 | -0.8%  |
| Organic          |         |         | +3.6%  |         |         | +4.5%  |
| Acquired         |         |         | -      |         |         | -      |
| Currency         |         | -1,343  | -4.6%  |         | -5,830  | -5.3%  |
| EBIT (excl. IAC) | 1,590   | 1,223   | -23.1% | 5,032   | 4,055   | -19.4% |
| EBIT margin %    | 5.4     | 4.2     | -      | 4.6     | 3.7     | -      |
| Op cash flow     | 1,446   | 1,242   | -14.1% | 4,779   | 1,809   | -62.1% |
| EPS (excl. IAC)  | 3.94    | 3.80    | -3.5%  | 11.36   | 9.81    | -13.6% |

# Sales and EBIT bridge



| SEKm        | Q4 2012 | Organic | Currency translation | Currency transaction | Acquisitions | Q4 2013 |
|-------------|---------|---------|----------------------|----------------------|--------------|---------|
| Net sales   | 29,185  | 1,050   | -1,343               | -                    | -            | 28,891  |
| Growth %    | -       | 3.6%    | -4.6%                | -                    | -            | -1.0%   |
| EBIT        | 1,590   | 75      | -117                 | -325                 | -            | 1,223   |
| EBIT %      | 5.4%    | 7.1%    | -                    | -                    | -            | 4.2%    |
| Accretion % |         | 0.1%    | -0.2%                | -1.1%                | 0.0%         |         |

# Currency Effects



| Major transaction effects by, SEKm  | Q1          | Q2          | Q3          | Q4          | 2013          |
|-------------------------------------|-------------|-------------|-------------|-------------|---------------|
| BRL                                 | -124        | -28         | -164        | -67         | -383          |
| ARS, VEF, COP                       | -30         | -37         | -71         | -44         | -181          |
| HUF                                 | -60         | +22         | -84         | +10         | -132          |
| AUD                                 | +2          | -1          | -36         | -44         | -79           |
| EGP                                 | 0           | -20         | -27         | -24         | -71           |
| <b>Total</b>                        | <b>-267</b> | <b>-124</b> | <b>-448</b> | <b>-325</b> | <b>-1,164</b> |
| Translation effects, SEKm           | Q1          | Q2          | Q3          | Q4          | 2013          |
| Total                               | -51         | -56         | -71         | -117        | -295          |
| <b>Total currency effects, SEKm</b> | <b>-318</b> | <b>-181</b> | <b>-519</b> | <b>-442</b> | <b>-1,460</b> |

# Restructuring and Impairment



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| Charges SEKbn      | Restructuring | Impairment | Total |
|--------------------|---------------|------------|-------|
| Announced          | 3.4           | 1.0        | 4.4   |
| Charged Q4 2013    | 1.5           | 0.9        | 2.4   |
| To be charged 2014 | 2.0           | -          | 2.0   |
| Total              | 3.5           | 0.9        | 4.4   |

# Cash Flow



| SEKm                                       | 2012 Q4      | 2013 Q4      | 2012         | 2013         |
|--|--------------|--------------|--------------|--------------|
| Operations                                 | 2,359        | 1,801        | 7,789        | 7,013        |
| Change in operating assets and liabilities | 437          | 837          | 1,528        | -675         |
| Capital expenditure                        | -1,350       | -1,396       | -4,538       | -4,529       |
| <b>Operating cash flow</b>                 | <b>1,446</b> | <b>1,242</b> | <b>4,779</b> | <b>1,809</b> |

# Outlook and summary

Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO



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# Outlook



|                    | Q1 2014           | FY 2014           | Comments   |
|--------------------|-------------------|-------------------|--|
| Market volumes     | Slightly Positive | Slightly Positive | Growth in NA and emerging markets, Europe sideways, Brazil slowing                                     |
| Price/Mix          | Slightly Positive | Slightly Positive | Latin America and North America positive, Europe: negative price<br>Asia/Pacific: negative country mix |
| Raw-material costs | Flat              | Flat              | Range SEK -100m/+100m  |
| R&D and Marketing  | Higher            | Higher            | Higher marketing spend in North America and Asia, higher global R&D                                    |
| Cost savings       | ~SEK 250m         | ~ SEK 1bn         | Includes global operations, overhead reduction and manufacturing footprint.                            |

# Summary Q4



- Organic growth in all Business Areas in Q4 – delivering on strategy
- Strong growth in North America and earnings on a high level
- Strong growth and profit development in Small Appliances and Professional
- Slowing macro affecting sales volumes in Latin America
- Continued headwinds from currency movements
- Strong focus 2014 on restored profitability in EMEA





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# Factors affecting forward-looking statements



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## **Factors affecting forward-looking statements**

This presentation contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.