



Q4-14 Report

January 28, 2015

Keith McLoughlin, President and CEO
Tomas Eliasson, CFO



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2014 Full Year Summary



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- **Net sales of SEK 112bn (109)**
 - Organic growth of 1.1% and currency effects of 1.6%
 - Sequential improvement during the year
 - Mix improvement across most business areas
- **EBIT SEK 4,780 (4,055), EBIT margin of 4.3% (3.7%)**
 - Operational recovery in several regions
 - Strong focus on profitability and cash generation
 - Active product portfolio management
- **Strong cash flow of SEK 6.6bn (2.4)**
- **Announced acquisition of GE Appliances**
- **Proposed dividend SEK 6.50 (6.50) per share**

Q4 Highlights



- **Positive organic growth**

- Improved price/mix
- Volume growth in Asia, Latin America and Professional Products
- Focus on high-end product categories

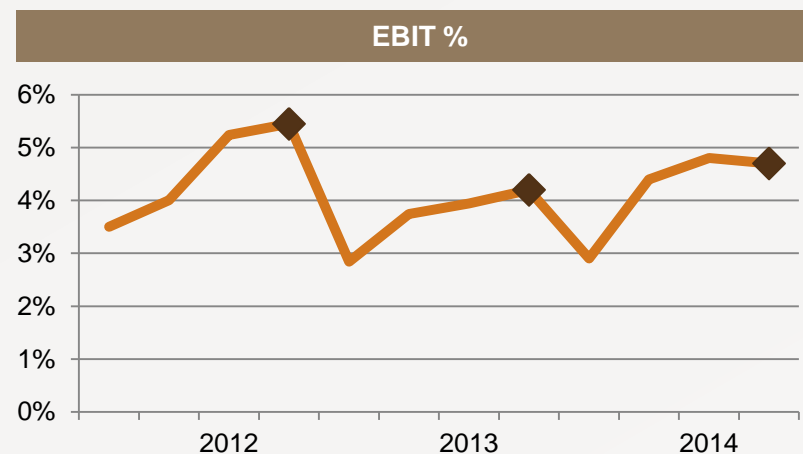
- **EBIT improvement**

- Operational recovery in EMEA
- Latin America and Asia/Pacific finalized the year strongly
- Earnings in North America impacted by transition costs and ramp-up of cooking plant

- **Solid cash flow**

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	28,891	31,400	8.7%
<i>Organic growth</i>		2.0%	
<i>Acquired growth</i>		0.2%	
<i>Currency</i>		6.5%	
EBIT*	1,223	1,472	20.4%
<i>Currency</i>		-128	
Margin*	4.2	4.7	

* Excluding items affecting comparability.



Market highlights



- Electrolux full steam ahead at IFA 2014
 - New high-end AEG connected appliances showcased



- Best of Year awards for Electrolux and Frigidaire
 - Best-in-class product awards from leading product reviewers



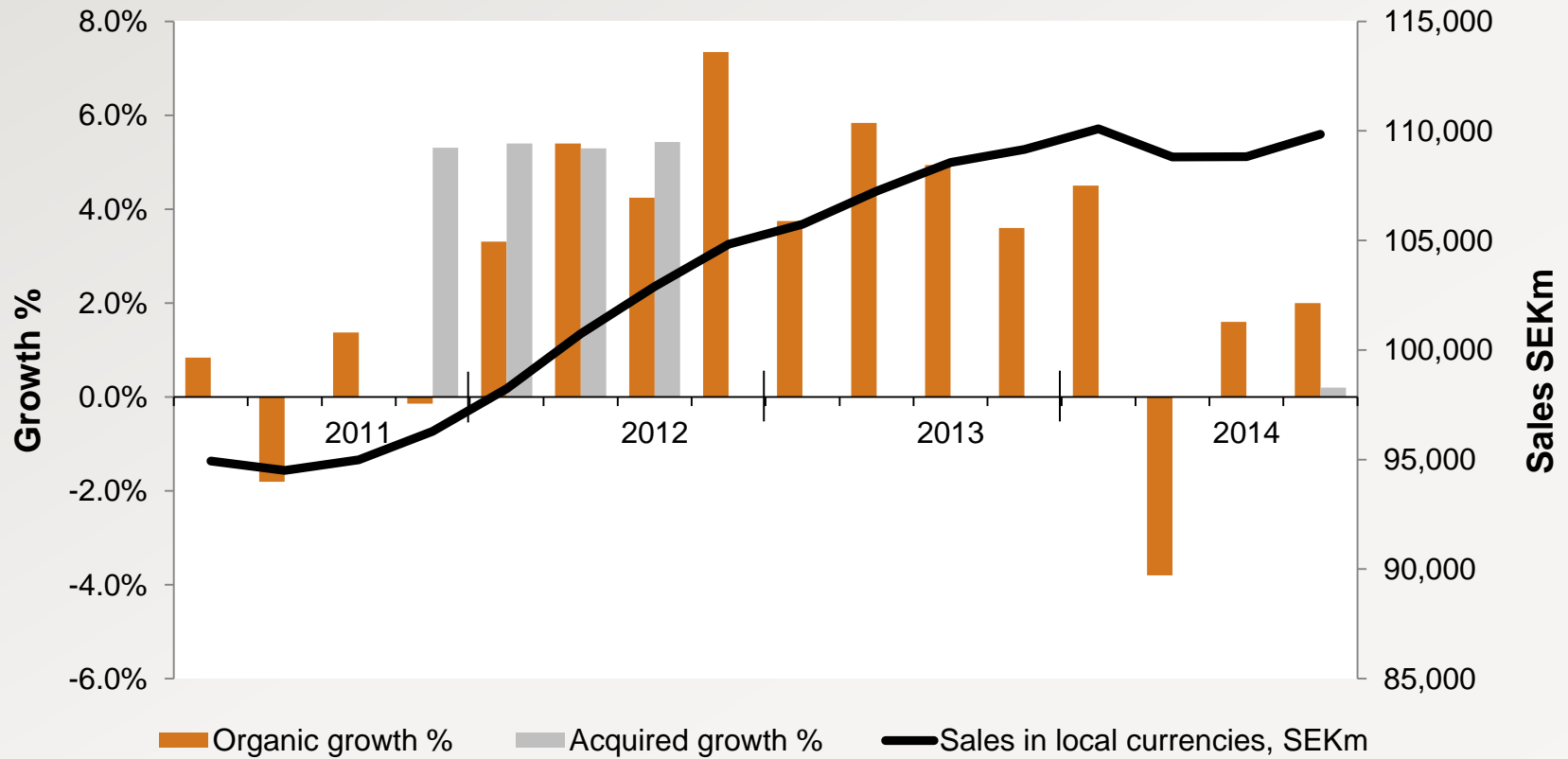
- Electrolux Sustainability Leader



- Launching the new Electrolux visual identity



Sales in Local Currencies



Major Appliances EMEA – Q4

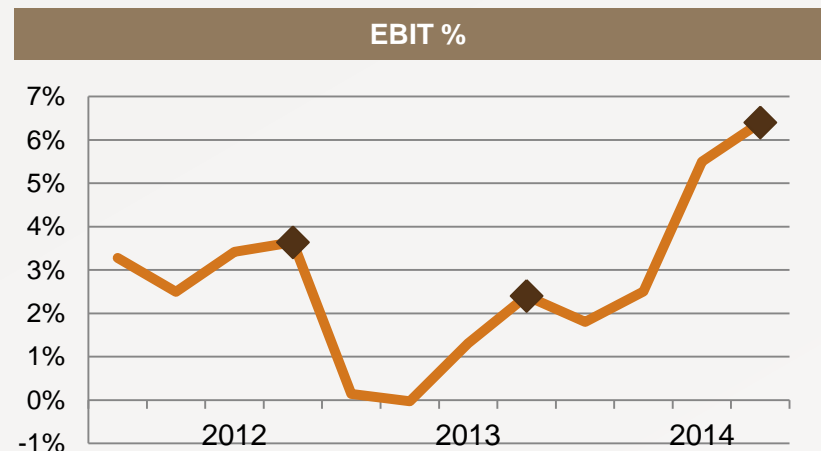


- **Strong margin development**

- Market demand improved in Q4
- Sales volumes increased in Sweden, Benelux and Spain
- Sales deteriorated in Eastern Europe following weakness in Russia
- Mix improvement driven by premium brands and built-in products
- Higher earnings mainly due to sustainable cost savings and efficiency

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	9,281	9,725	4.8%
<i>Organic growth</i>		1.3%	
<i>Currency</i>		3.5%	
EBIT*	227	619	173%
Currency effect		-1	
Margin*	2.4	6.4	

* Excluding items affecting comparability.

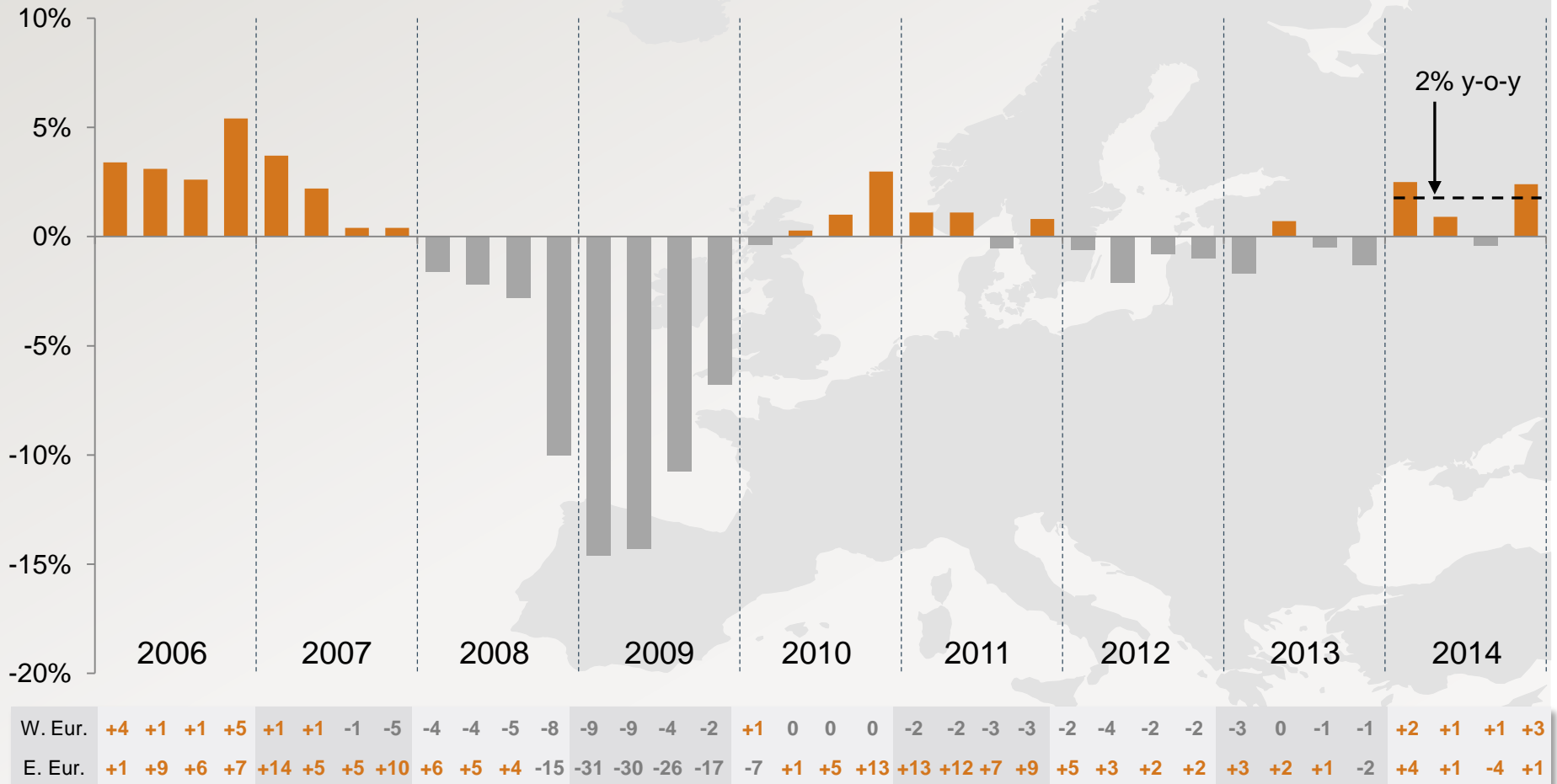


European White Goods Market



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Quarterly comparison y-o-y



Core White market development %

Major Appliances North America – Q4

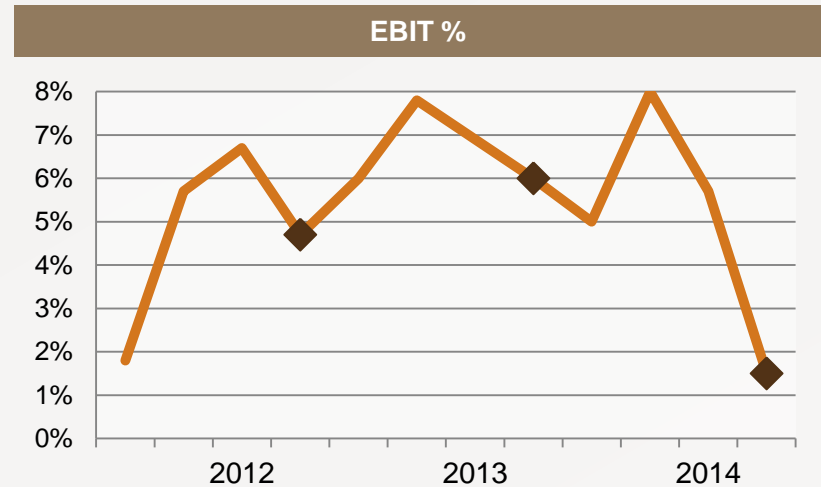


• Continued organic growth

- Organic sales growth of +3%
- Improved product mix compensated for lower volumes in cold categories
- Weak sell-in of air-conditioners
- Earnings impacted by product transition due to new energy requirements
- Ramp-up costs of cooking facility in Memphis

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	7,573	8,924	17.8%
<i>Organic growth</i>		3.0%	
<i>Currency</i>		14.8%	
EBIT*	453	134	-70.4%
Currency effect		67	
Margin*	6.0	1.5	

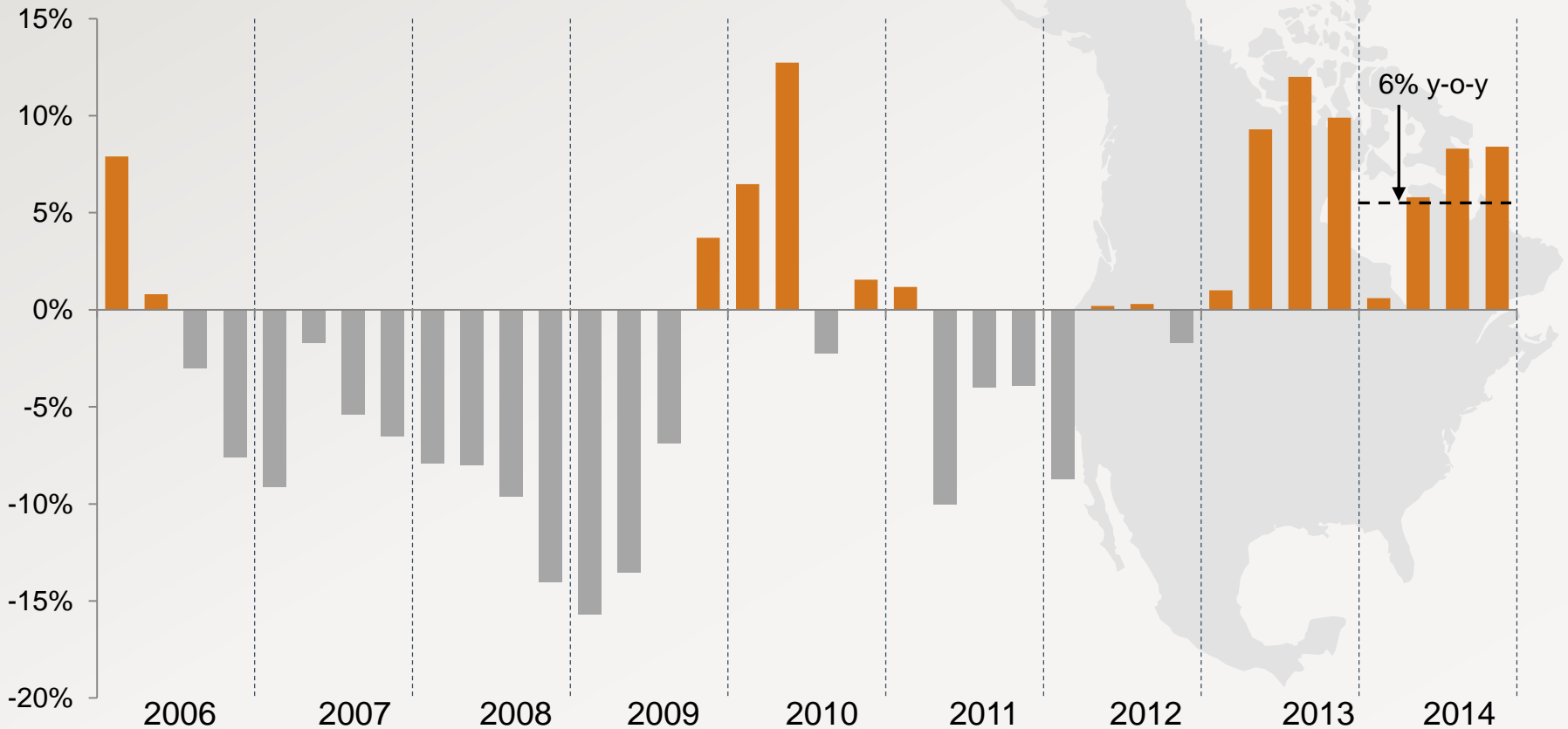
* Excluding items affecting comparability.



North American White Goods Market



Quarterly comparison y-o-y



Major Appliances Latin America – Q4

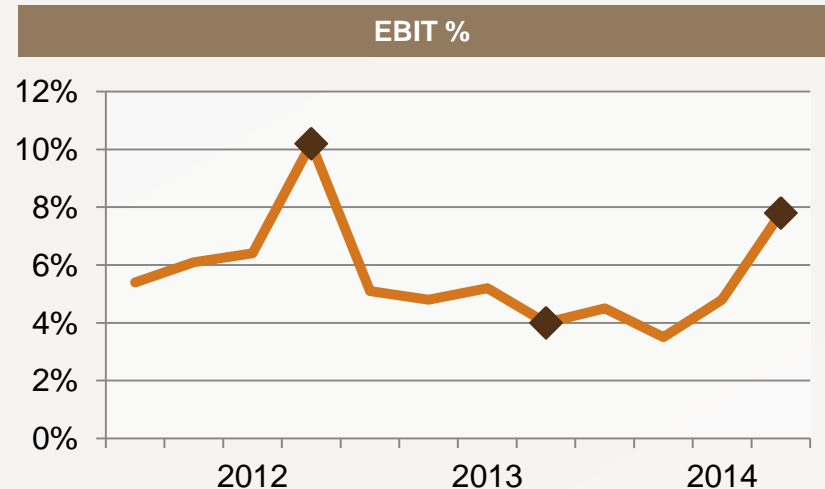


- **Good performance in Q4**

- Market demand in Latin America remain weak
- Organic growth of +8%
 - Increased volumes in Brazil
 - Strong price/mix development
- Cost control and productivity is showing positive impact
- Price increases compensate for currency headwinds

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	5,639	6,134	8.8%
<i>Organic growth</i>		8.2%	
<i>Currency</i>		0.6%	
EBIT*	224	478	113%
Currency effect		-196	
Margin*	4.0	7.8	

* Excluding items affecting comparability.



Major Appliances Asia Pacific – Q4

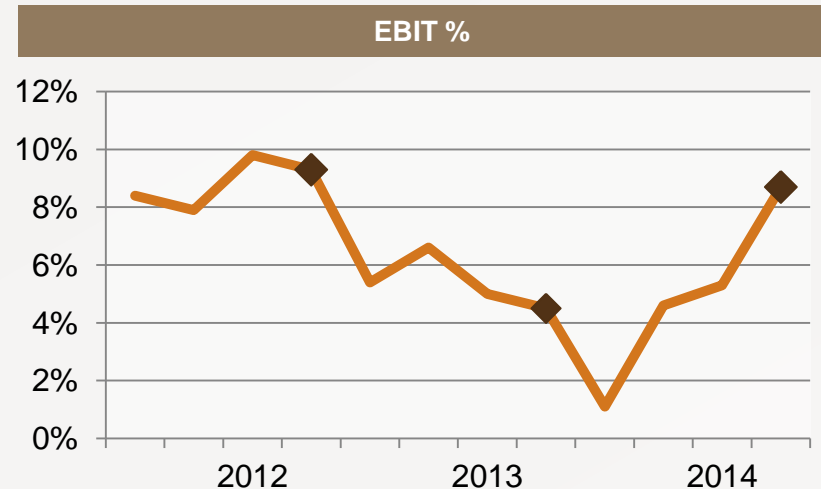


- **Earnings recovery in soft markets**

- Improved market demand in Australia driven by air-conditioners
- Continued soft demand in China and SEA
- Increased sales volumes, however negative mix and price pressure
- Structural cost actions ongoing
- Continued transition of production from Australia to Rayong in Thailand

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	2,157	2,312	7.2%
<i>Organic growth</i>		-4.0%	
<i>Acquired growth</i>		2.0%	
<i>Currency</i>		9.2%	
EBIT*	96	200	108%
Currency effect		10	
Margin*	4.5	8.7	

* Excluding items affecting comparability.



Small Appliances – Q4

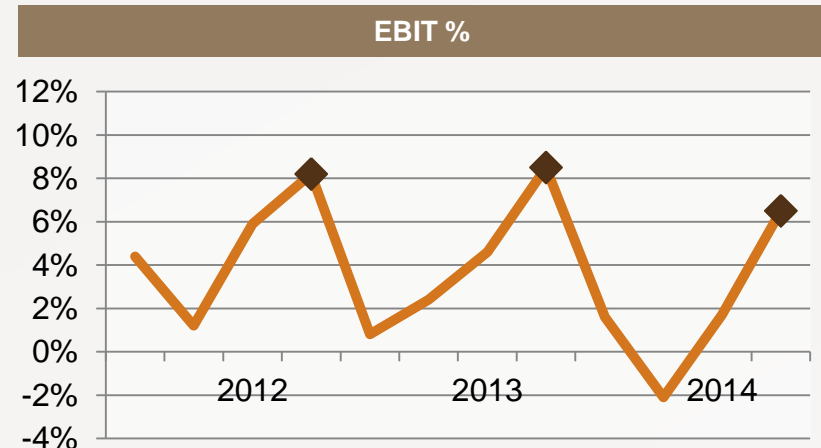


- **Product mix improvements**

- Sales impacted by lower volumes in the US, Latin America and Japan
- Product mix improved as a result of the launch of new vacuum cleaners
- Growth in the SDA business driven by premium launches
- Currencies had a negative impact
- Cost reduction activities ongoing

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	2,697	2,664	-1.2%
<i>Organic growth</i>		-6.0%	
<i>Currency</i>		4.8%	
EBIT*	227	173	-23.8%
Currency effect		-27	
Margin*	8.4	6.5	

* Excluding items affecting comparability.



Professional Products – Q4

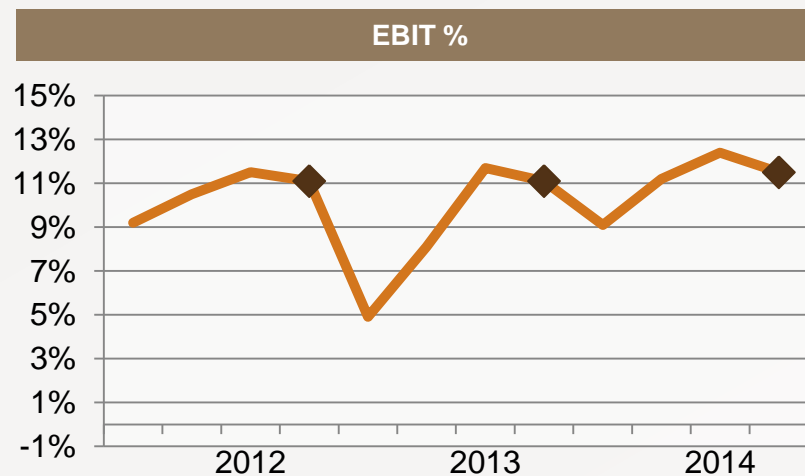


- **Continued solid performance**

- Positive underlying growth
- Increased sales in Europe, Middle East, Africa and Asia
- Demand in Eastern Europe weakened
- Focus on growing the chains business and in emerging markets
- Higher margins driven by increased volumes and improved efficiency

(SEKm)	Q4 2013	Q4 2014	Change %
Sales	1,544	1,641	6.3%
<i>Organic growth</i>		1.9%	
<i>Currency</i>		4.4%	
EBIT*	172	189	9.9%
Currency effect		-7	
Margin*	11.1	11.5	

* Excluding items affecting comparability.





Financials Q4-14

Tomas Eliasson, CFO



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Financials



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SEKm	Q4 2013	Q4 2014	Change	FY 2013	FY 2014	Change
Sales	28,891	31,400	+8.7%	109,151	112,143	+2.7%
<i>Organic</i>			+2.0%			+1.1%
<i>Acquired</i>			+0.2%			0.0%
<i>Currency</i>	1,223	697	+6.5%	-5,830	1,752	+1.6%
EBIT	1,223	1,472	+20%	4,055	4,780	+18%
EBIT margin %	4.2	4.7	-	3.7	4.3	-
Op cash flow	1,484	1,844	+24%	2,412	6,631	175%
EPS	3.80	3.64	-4.2%	9.81	11.30	15.1%

Figures are excluding items affecting comparability.

Q4 sales and EBIT bridge



SEKm	Q4 2013	Volume Organic	Price/Mix	Currency Translation	Currency Transaction	Acq	Other*	Q4 2014
Net sales	28,891	-544	1,137	1,870	-	46	-	31,400
Growth	-	-1.7%	+3.7%	+6.5%	-	+0.2%	-	8.7%
EBIT	1,223	35	394	127	-255	8	-60	1,472
EBIT	4.2%	-6.4%	34.7%	6.8%	-	16.6%	-	4.7%
Accretion		1.4 %		0.1%	-0.8%	-	-0.2%	

*Other includes 60m costs related to the GE transaction booked in Group common cost

Currency Effects



Major transaction effects, SEKm	Q1	Q2	Q3	Q4	2014
BRL	-200	-80	-15	-85	-380
ARS, CLP, VEF, COP	-130	-50	-50	-70	-300
CNY	-1	-70	-45	-14	-130
AUD	-75	-35	-20	-50	-180
RUB	-15	-25	-5	0	-45
Total	-565	-420	-160	-255	-1,400
Translation effects, SEKm	Q1	Q2	Q3	Q4	2014
Total	-55	-10	+40	+130	+100
Total currency effects, SEKm	-620	-430	-120	-130	-1,300
Price and mix effects, SEKm	900	740	450	390	2,480

Restructuring



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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
Charged 2014	1.2	-	1.2
Total	2.8	0.9	3.7

Pre-closure transaction costs GEA



		Total	2014	2015
Transaction (EBIT Group)	M&A advisory, lawyers, auditors	~260m	110m	150m
Integration (EBIT EMA NA)	Integration team and external consultants	~180m	50m	130m
Funding *) (finance net)	Bridge facility	~240m	-	240m
Total estimated cost		~680m **)	160m	520m

*) Incurred finance cost capitalized, recognised at closing

**) Around SEK 80m increase due to currency moves

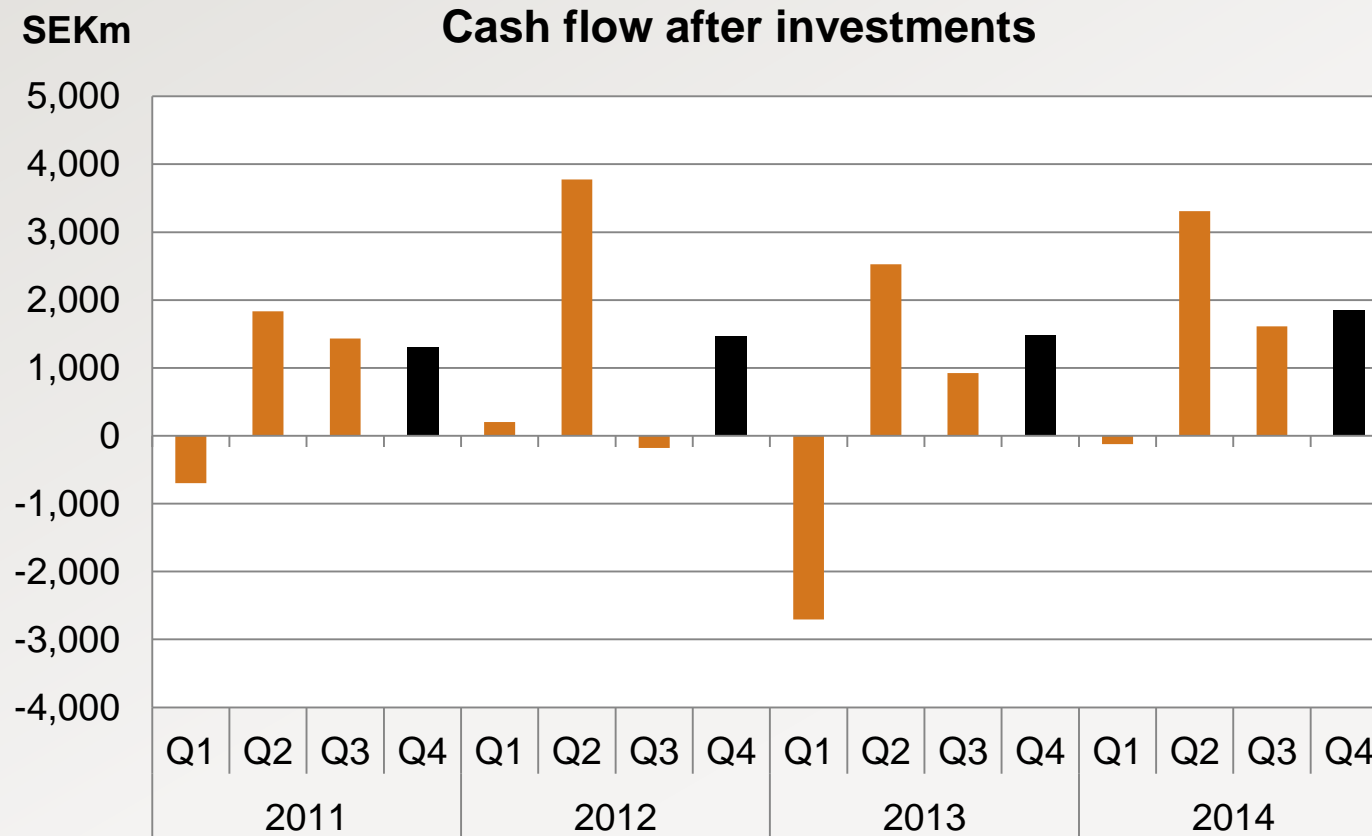
Cash Flow



SEKm	2013 Q4	2014 Q4	2013	2014
Operations	2,043	2,358	7,616	8,544
Net operating working capital	115	656	-1,158	2,426
Other operating assets and liabilities	483	-649	722	202
Capital expenditure	-1,396	-1,372	-4,529	-3,690
Operating cash flow*	1,484	1,844	2,412	6,631

*Operating cash flow after investments

Cash flow, 2011-2014



Outlook and summary

Keith McLoughlin, President and CEO
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Outlook



	Q1 2015	FY 2015	Comments
Market volumes	Slightly Positive	Slightly Positive	Growth in North America Europe slightly positive Flattening out in emerging markets
Price/Mix	Slightly Positive	Slightly Positive	Positive in Latin America and North America Europe: positive product mix, negative price Asia/Pacific: negative country mix
Raw material costs	Positive	Positive	FY: \geq SEK 500m
Cost savings	SEK 250-300m	SEK 1.0 – 1.2bn	Efficiencies from global operations, manufacturing footprint and modularization
Capex	Stable	Stable	FY: \leq SEK 4bn



Q&A

Summary Q4



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- Continued operational recovery in Europe and sustainable cost savings
- Mix improvements across most business areas - active product portfolio management
- Strong finish of the year in Latin America and Asia/Pacific
- Earnings in North America impacted by transition costs and ramp-up of cooking plant
- Solid performance in Professional Products
- Higher earnings and strong cash flow development

Factors affecting forward-looking statements



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Factors affecting forward-looking statements

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