



# **Q3 Report**

## **October 23, 2015**

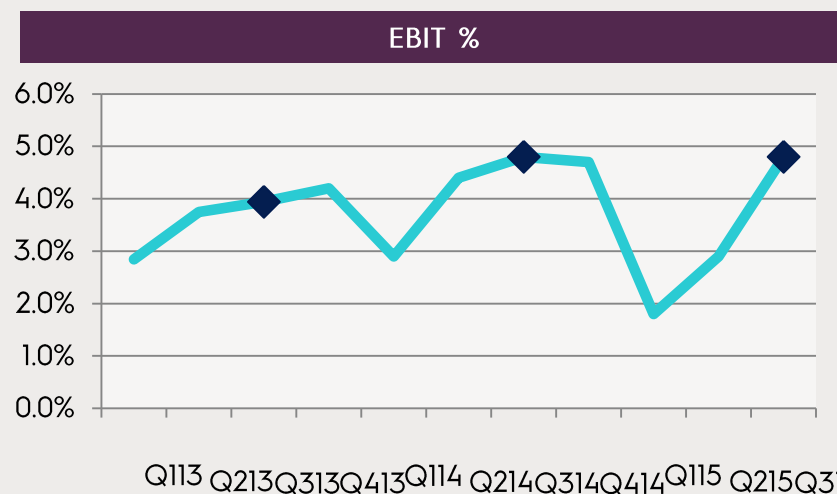
Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO

# Q3 Highlights



- **Positive organic growth**
  - Good growth in EMEA and North America
  - Latin America impacted by weak market conditions
  - Positive currency translation
- **Continued EBIT improvement**
  - Price/mix contributed positively
  - Cost savings and higher efficiency
  - Negative currency transaction impact
- **Strong cash flow generation**

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	28,784	<b>31,275</b>	8.7%
Organic growth		2.1%	
Acquired growth		0.3%	
Currency		6.3%	
<b>EBIT</b>	1,392	<b>1,506</b>	8.2%
<b>Margin %</b>	4.8	<b>4.8</b>	0.0
<b>EPS</b>	<b>3.26</b>	<b>3.53</b>	8.3%



Note: EBIT margin excluding restructuring charges

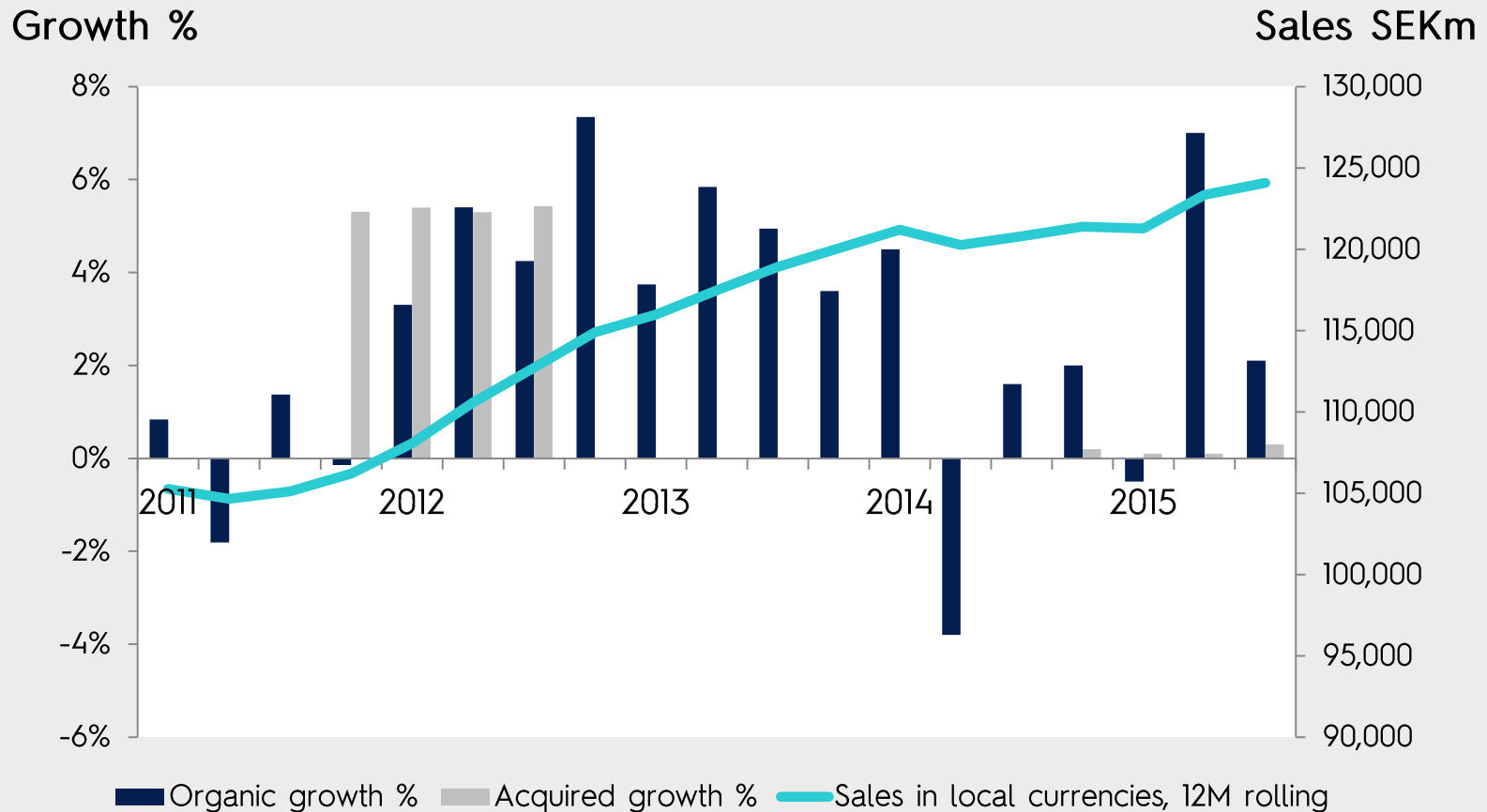
# Market Highlights



- **Electrolux showcase “My Smart Home” at IFA 2015**
  - Bringing the Connected Home to real life
  - Both Major and Small Appliances were present
- **The world’s first connected steam oven with camera**
  - Electrolux’s entrance into the connected appliances market
  - The AEG ProCombi Plus Smart oven – biggest launch in 2015
- **Electrolux Global sustainability leader in 2015**
  - Ninth consecutive year as No. 1 sustainability leader within the household durables category



# Sales in Local Currencies



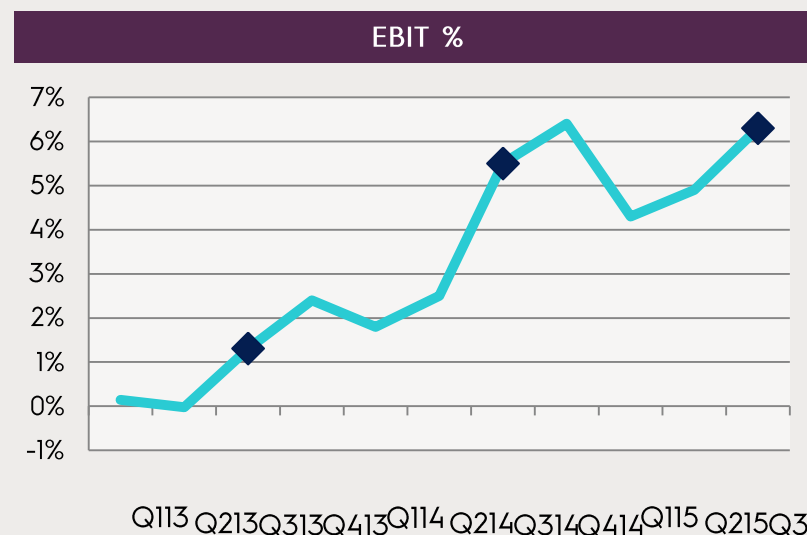
# Major Appliances EMEA



- Profitable growth and cost savings

- Good organic growth
- Demand for appliances improved in all Western European markets
- Russia and Ukraine remained weak
- Electrolux sales increased driven by higher volumes and improved mix, which offset price pressure
- EBIT improvement due to higher sales volumes, better product mix and ongoing cost-efficiency actions

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	8,741	<b>9,540</b>	9.1%
<i>Organic growth</i>		5.4%	
<i>Currency</i>		3.7%	
<b>EBIT</b>	484	<b>605</b>	25.0%
<b>Margin %</b>	5.5	<b>6.3</b>	0.8

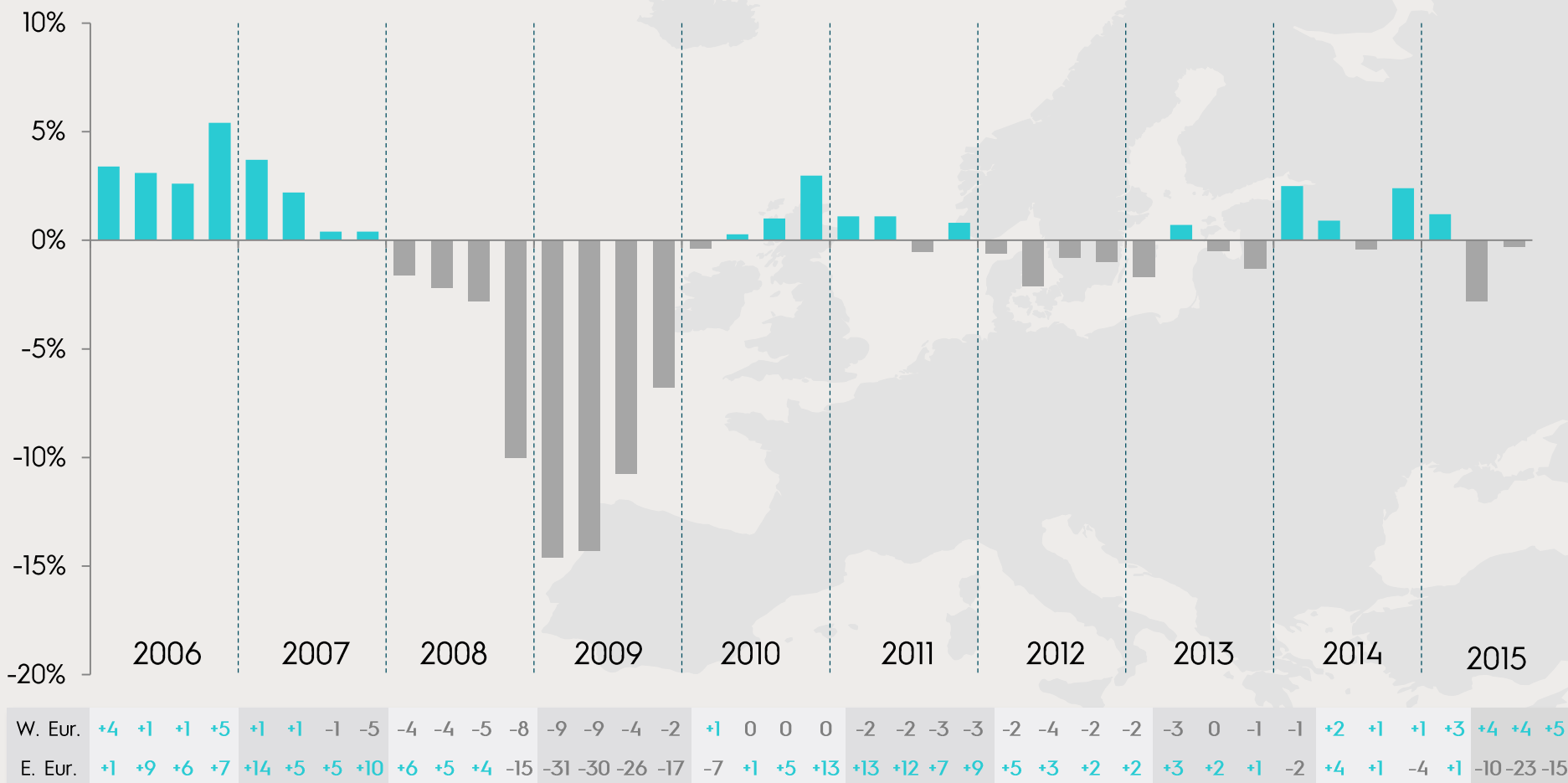


Note: EBIT margin excluding restructuring charges

# European White Goods Market



Total Europe, 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	+2	+1	+1	+3	+4	+4	+5
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	+4	+1	-4	+1	-10	-23	-15

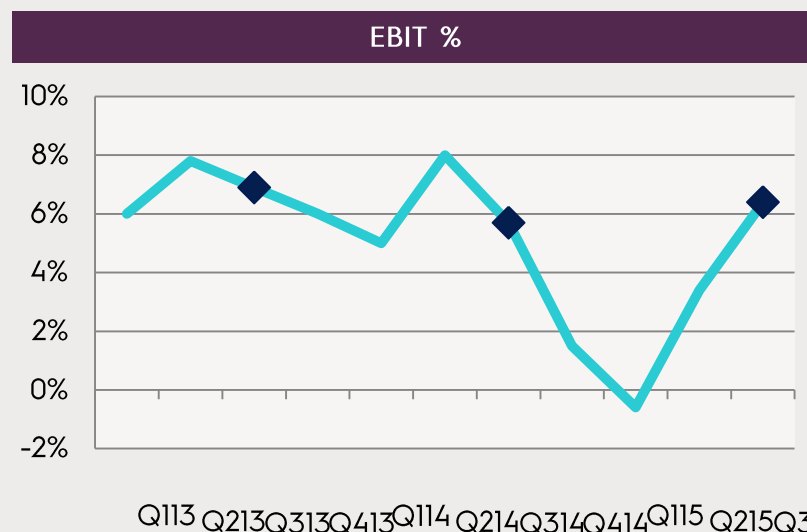
# Major Appliances North America



- Continued recovery

- Volumes increased in most core appliances categories
- Price/mix improved
- Profitability within food preservation is being restored
- Actions to ramp-up the cooking plant in Memphis continued
- Earnings recovery driven by positive volume contribution and improved cost efficiency

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	9,089	<b>11,610</b>	27.7%
<i>Organic growth</i>		7.1%	
<i>Currency</i>		20.6%	
<b>EBIT</b>	518	<b>743</b>	43.4%
<b>Margin %</b>	5.7	<b>6.4</b>	0.7

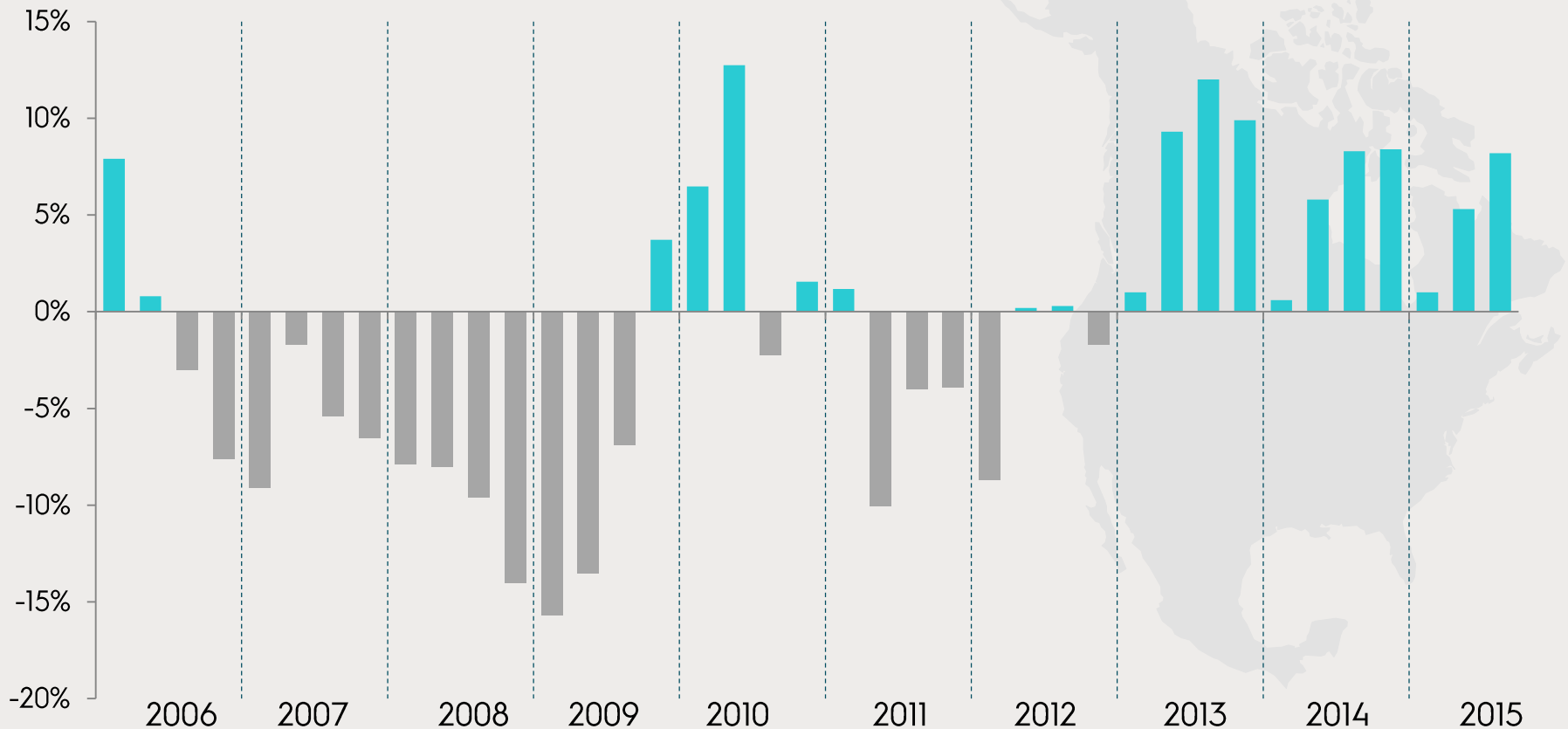




# North American White Goods Market



Quarterly comparison y-o-y



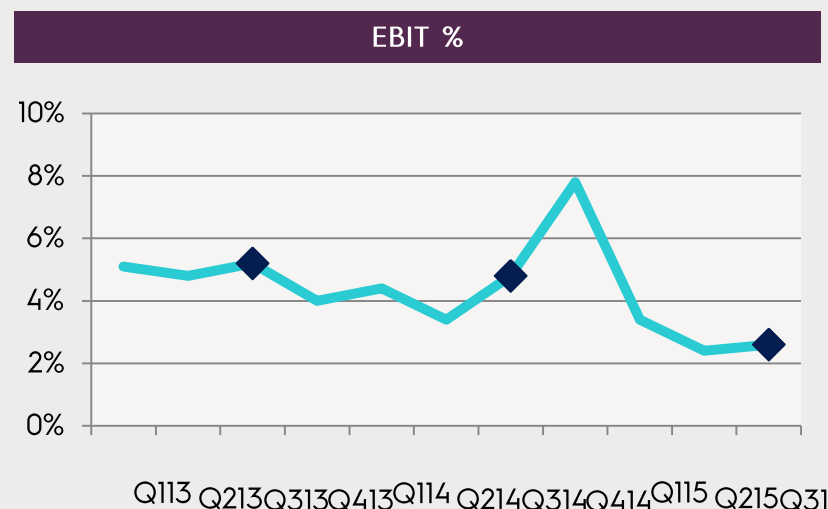


# Major Appliances Latin America



- Weak demand in tough markets
  - Weak macro-economic outlook in the region
  - Market demand for appliances continued to decline sharply in Brazil
  - Cost measures mitigated to some extent the negative development
  - Weakening EBIT trend in Brazil was partly offset by improved performance in Chile and Argentina
  - Price increases mitigated currency headwinds for total Latin America

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	5,053	<b>4,190</b>	-17.1%
<i>Organic growth</i>		-5.1%	
<i>Currency</i>		-12.0%	
<b>EBIT</b>	242	<b>110</b>	-54.5%
<b>Margin %</b>	4.8	<b>2.6</b>	-2.2



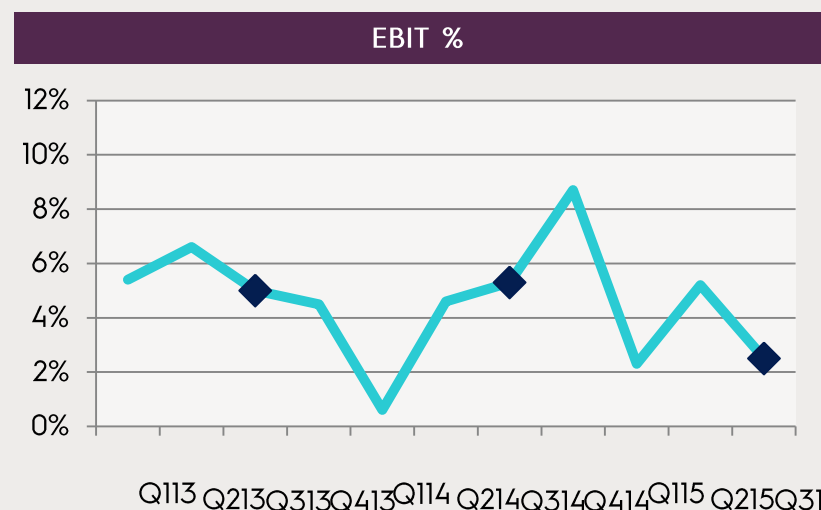
# Major Appliances Asia/Pacific



- Mixed performance

- Positive organic growth in Australia
- Reduced business activity in China affected sales
- Product launches and previous price increases contributed positively
- Weak earnings in China, while Australia and Southeast Asia continued to perform
- Write-down of inventories impacted EBIT negatively

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	2,342	<b>2,192</b>	-6.4%
<i>Organic growth</i>		-13.0%	
<i>Acquired growth</i>		1.6%	
<i>Currency</i>		5.0%	
<b>EBIT</b>	125	<b>54</b>	-56.8%
<b>Margin</b>	5.3	<b>2.5</b>	-2.9



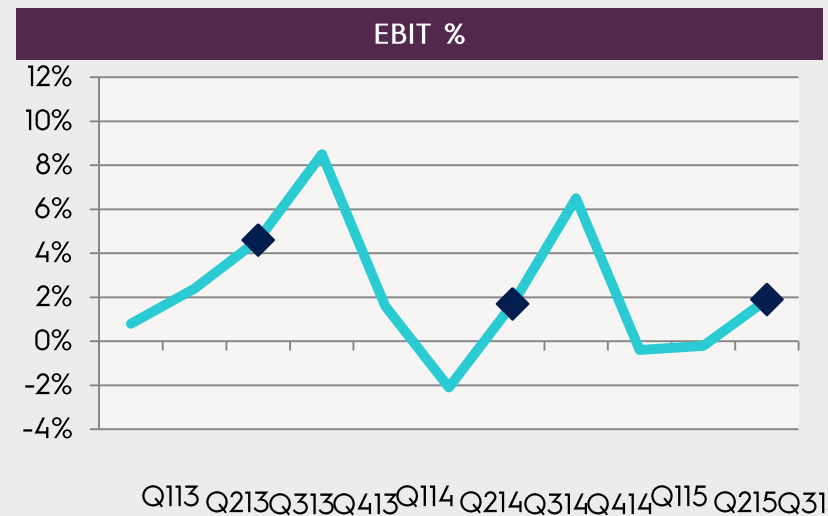
# Small Appliances



- Focus on cost actions

- Organic growth declined slightly as a result of weak demand in Brazil and lower volumes in North America
- Positive mix contribution driven by profitable products in Europe
- Price increases in some markets but currency headwinds continued
- Measures are being taken to reduce costs

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	2,075	<b>2,169</b>	4.5%
<i>Organic growth</i>		-0.5%	
<i>Currency</i>		5.0%	
<b>EBIT</b>	35	<b>41</b>	17.1%
<b>Margin %</b>	1.7	<b>1.9</b>	0.2

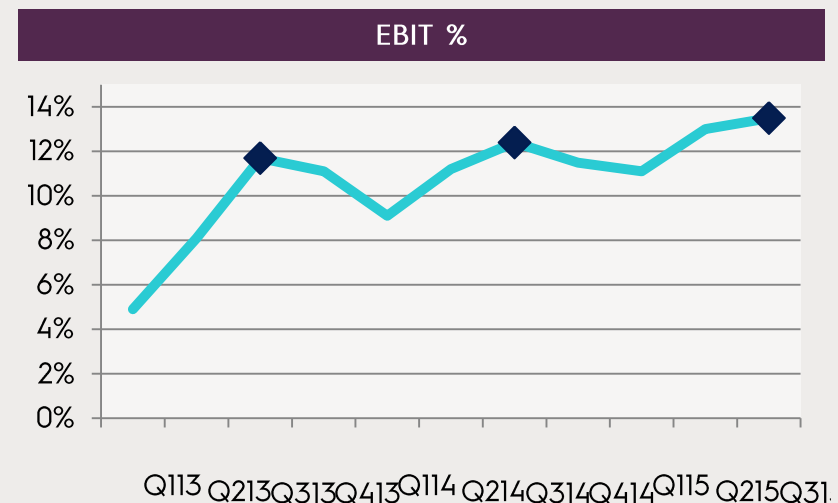


# Professional Products



- A quarter with record margins
  - Stable sales and acquired growth of 2.2%
  - Volume growth in Western Europe, North America and MEA
  - Sales in Russia and China declined
  - Record EBIT margin driven by higher prices and operational efficiency
  - Veetsan consolidated and contributed positively in the quarter

(SEKm)	Q3 2014	Q3 2015	Change
<b>Sales</b>	1,484	<b>1,574</b>	6.1%
Organic growth		-0.4%	
Acquired growth		2.2%	
Currency		4.3%	
<b>EBIT</b>	184	<b>212</b>	15.2%
<b>Margin %</b>	12.4	<b>13.5</b>	1.1





# Financials

## Q3-15

Tomas Eliasson, CFO

# Financials



SEKm	Q3 2014	Q3 2015	Change
Sales	28,784	31,275	8.7%
<i>Organic</i>	<i>1.6%</i>	<i>2.1%</i>	
<i>Acquired</i>	<i>-</i>	<i>0.3%</i>	
<i>Currency</i>	<i>4.0%</i>	<i>6.3%</i>	
EBIT	1,392	1,506	8.2%
EBIT margin %	4.8	4.8	0.0%
Op cash flow after investments	1,603	3,193	99.2%
EPS	3.26	3.53	8.2%

# Q3 Sales and EBIT Bridge



SEKm	Q3 2014	Volume	Price/Mix Organic	Currency Translation	Currency Transaction	Acq	Other*	Q3 2015
Net sales	28,784	-861	1,519	1,759	-	74	-	31,275
Growth	-	-2.8%	+4.9%	+6.3%	-	+0.3%	-	8.7%
EBIT	1,392	+105	+445	164	-389	12	-222	1,506
EBIT	4.8%	-12.2%	29.3%	9.3%	-	16.5%	-	4.8%
Accretion		1.8 %		0.3%	-1.4%	0.0%	-0.8%	

\*Other includes SEK 126m costs related to the GE transaction booked in Group common cost, SEK 16m costs related to the GE integration cost booked in North America and SEK 70m for inventory write-off in Asia



# Currency Effects



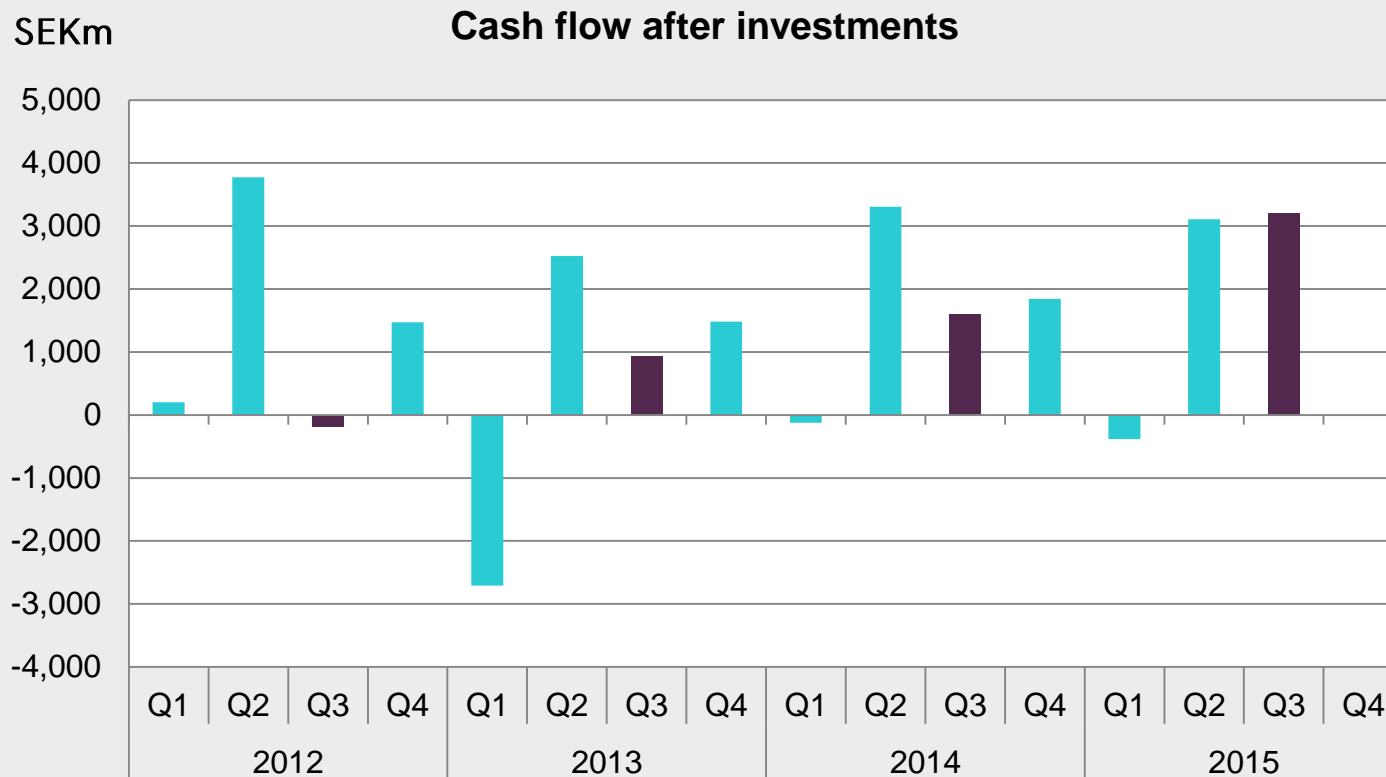
Major transaction effects by, SEKm	Q1	Q2	Q3	Q4
Latin America	-140	-300	-390	
RUB	-80	-35	-90	
AUD, CAD	-45	-125	-75	
GBP, CHF	-40	+130	+185	
Total	-422	-330	-389	
Translation effects, SEKm	Q1	Q2	Q3	Q4
Total	144	184	164	
Total currency effects, SEKm	-278	-146	-225	
Price/mix effect, SEKm	297	205	445	

# Q3 Cash Flow



SEKm	2014 Q3	2015 Q3
Operations	2,366	2,626
Change in operating assets and liabilities	122	1,395
Investments	-885	-828
Cash flow after investments	1,603	3,193

# Cash Flow, 2012-2015





# Outlook and summary

Keith McLoughlin, President and CEO  
Tomas Eliasson, CFO

# Outlook



	Q4 2015	FY 2015	Comments
Market volumes	Slightly positive	Slightly Positive	Positive growth in NA and Europe Latin America and China negative
Price/Mix	Slightly Positive	Slightly Positive	North America and Asia/Pacific: positive Latin America: positive price Europe: positive product mix
Raw-material costs	Positive	Positive	FY: ~SEK 700m
Cost savings	SEK 250-300m	SEK 1.0 – 1.2bn	Efficiencies from global operations, manufacturing footprint and modularization
Capex	Stable	Stable	FY: ≤ SEK 4bn





# Summary Q3



- Positive organic growth driven by good sales development in EMEA and North America
- Strong earnings and margin improvement in EMEA due to good volumes, product mix and increased efficiency
- Recovery in North America, profitability within food preservation being restored
- Good cost execution and price increases in Latin America partly mitigated deteriorating markets and negative currency
- Cash flow generation was strong in Q3



# Factors affecting forward-looking statements



## 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.