



Q2 2018 Results presentation

Business overview

Jonas Samuelson, President and CEO





Q2 Highlights

Growth across most business areas

- Sales growth of 0.7%
- Market-share gains in all key regions
- Price increases implemented

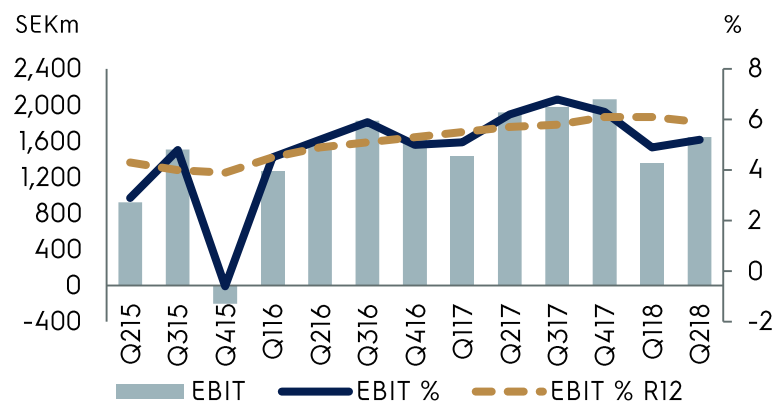
Executing in tough cost environment

- EBIT of SEK 1,645m excluding NRI in EMEA
- Positive price/mix contribution
- Higher input costs
- Unfavorable currency impact mitigated by cost actions

Solid cash flow

SEKm	Q2 2018	Q2 2017	Change
Net sales	31,354	30,948	1.3%
Organic growth	0.4%		
Acquisitions	0.3%		
Currency	0.6%		
EBIT	827	1,919	-56.9%
Margin	2.6%	6.2%	-3.6pts
EBIT excl. NRI	1,645	1,919	-14.3%
Margin excl. NRI	5.2%	6.2%	-1.0pts
EPS	1.80	4.49	-59.9%

EBIT and EBIT margin*



*Figures excluding non-recurring items (NRI). Q1 2018: restructuring charge of SEK 596m (North America). Q2 2018: charge of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavorable court ruling in France (EMEA).



Innovation driving mix improvements

North America



Design and innovation targeting the Frigidaire consumer
Market first affordable induction and black stainless

CELEBRATING
100 YEARS
OF innovation.



FRIGIDAIRE
GALLERY.
FRIGIDAIRE

Core branded market share increases in H1 2018

Latin America



Strengthening our positions in core market sweet spots through product and manufacturing reengineering in refrigeration and food preparation

Europe

Profitable growth in Premium Laundry through focus on clothes care, leveraging innovation and connectivity solutions



Assisted cooking through computer vision for greater consumer taste experience



Asia/Pacific



New global range of connected multi-door refrigerators initially launched in Australia. Market leading innovations in taste and texture preservation for produce, meat and fish



Major Appliances EMEA



Positive growth trend continues

- Organic growth of 4.2%
- Strong demand in Eastern Europe
- Share gains and positive mix driven by premium brands and built-in kitchen

Higher underlying EBIT despite headwinds

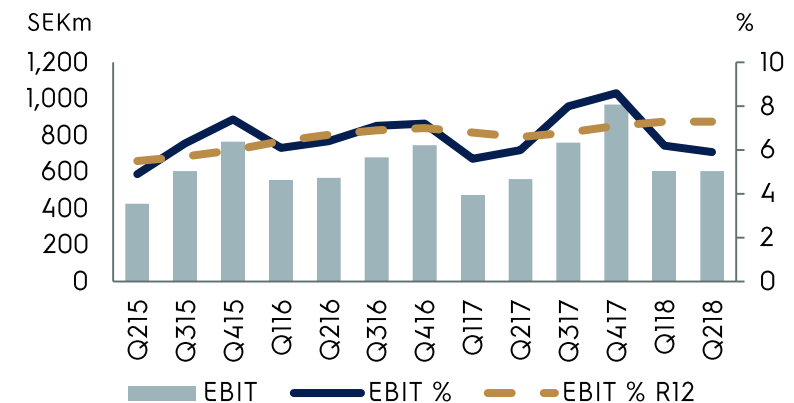
- Good contribution from volume growth in built-in kitchen and improved mix
- Continued cost efficiency focus
- Negative impact from raw material costs and currency

Non-recurring items related to French competition authority and unfavorable court ruling

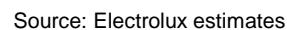
SEKm	Q2 2018	Q2 2017	Change
Net sales	10,167	9,304	9.3%*
Organic growth	4.2%		
Acquisitions	1.0%		
Currency	4.9%		
EBIT	-214	561	n.m.
Margin	-2.1%	6.0%	-8.1pts
EBIT excl. NRI	604	561	7.7%
Margin excl. NRI	5.9%	6.0%	-0.1pts

*Net sales change impacted by a -0.8% from transfer of business to Home Care & SDA

EBIT and EBIT margin*



*Figures excluding non-recurring items (NRI). Q2 2018: provision of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavorable court ruling in France.





Major Appliances North America



Sales impacted by lower A/C volumes and weaker demand

- Lower volumes of air-conditioners and private label
- Market share gains in core branded
- Price improvement partly offset by Frigidaire 100 year promotions

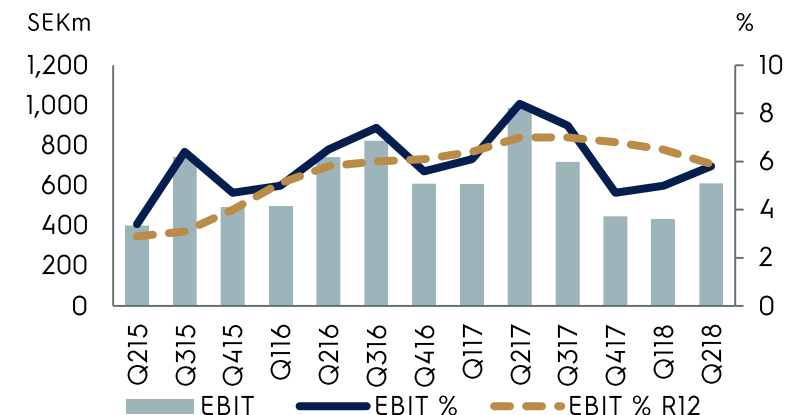
Solid results despite headwinds

- Lower A/C volumes vs strong Q2 2017
- Increased costs for raw materials and logistics
- Price increases and cost efficiencies

Further price increases announced

SEKm	Q2 2018	Q2 2017	Change
Net sales	10,549	11,699	-9.8%
Organic growth	-9.7%		
Currency	-0.1%		
EBIT	612	987	-38.0%
Margin	5.8%	8.4%	-2.6pts

EBIT and EBIT margin*



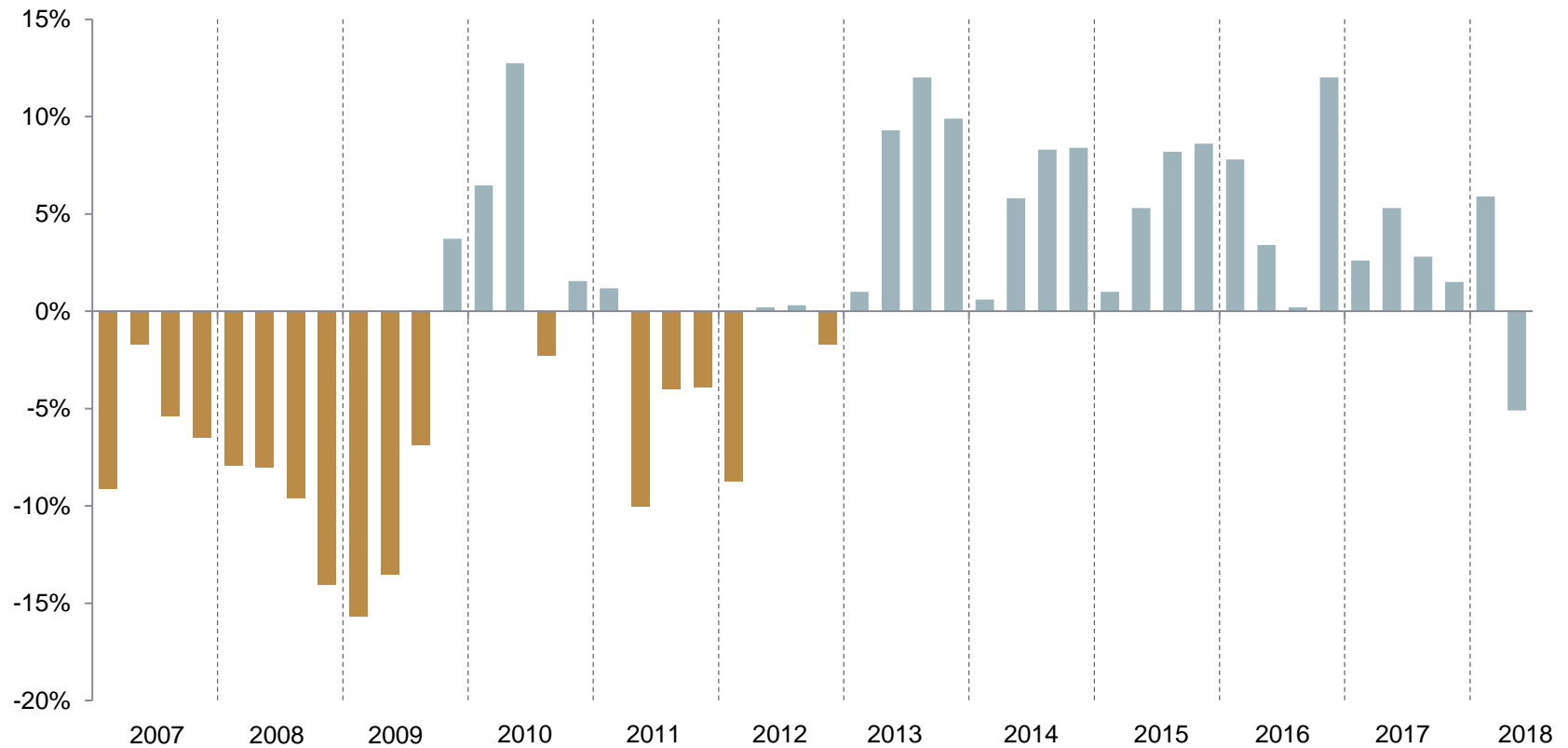
*Figures excluding non-recurring items (NR). Q1 2018: restructuring charge of SEK 596m (North America).



U.S. Core Appliances Market



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



Source: AHAM



Major Appliances Latin America



Strong organic growth

- Consumer demand shifted to slowdown towards end Q2
- Market share gains
- Increased volumes mainly in Brazil
- Higher prices in place

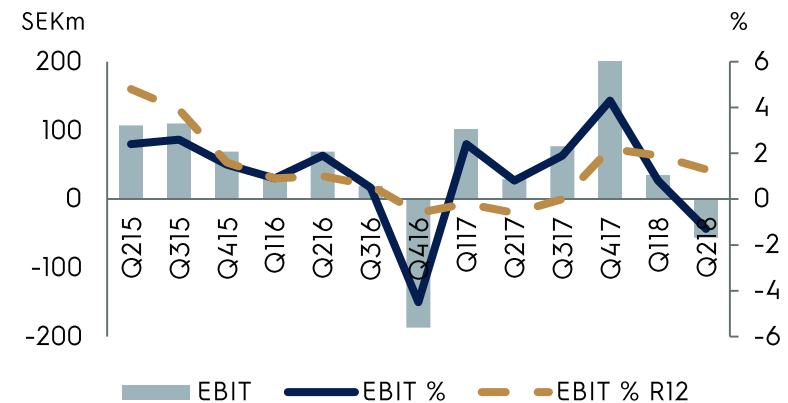
Earnings impacted by truck strike

- Volume growth and price increases
- Increased raw-material costs and currency
- Negative cost absorption from lower production due to Brazil truck driver strike

Further price increases announced

SEKm	Q2 2018	Q2 2017	Change
Net sales	4,274	3,857	-10.8%
Organic growth	20.7%		
Currency	-9.9%		
EBIT	-56	29	n.m.
Margin	-1.3%	0.8%	-2.1pts

EBIT and EBIT margin





Major Appliances Asia/Pacific



Growth in a competitive market

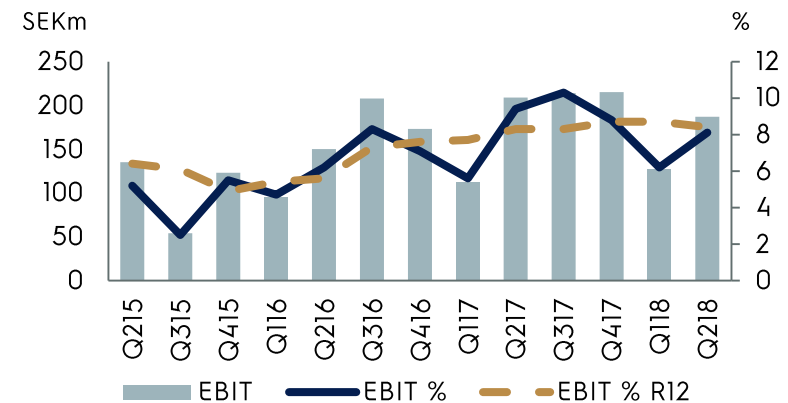
- Market demand growth, driven by East Asia
- Market share gains
- Higher sales volumes in laundry

Solid margins

- Strong support from volume growth and positive mix
- Unfavorable raw-material costs and FX
- Ramp up costs for JV in China

SEKm	Q2 2018	Q2 2017	Change
Net sales	2,317	2,232	3.8%
Organic growth	2.8%		
Currency	1.0%		
EBIT	187	209	-10.6%
Margin	8.1%	9.4%	-1.3pts

EBIT and EBIT margin





Market shift impacting sales

- Lower sales of corded vacuum cleaners in Europe and Asia
- Focus on strengthening product offering

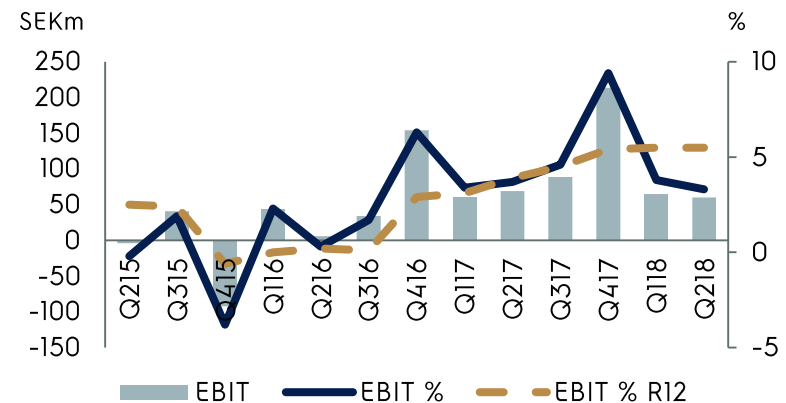
Preparing for launches in Q3

- Higher costs for R&D and marketing investments for upcoming product launches in the cordless category
- Negative currency effect
- Unfavorable impact from investments and product launch delays for Anova, more than offset by earn-out adjustment

SEKm	Q2 2018	Q2 2017	Change
Net sales	1,838	1,857	-1.0%*
Organic growth	-6.5%		
Currency	1.6%		
EBIT	60	69	-12.8%
Margin	3.3%	3.7%	-0.4pts

*Net sales change impacted by a 3.9% from transfer of business from MA EMEA

EBIT and EBIT margin





Professional Products



Delivering on targeted growth strategy

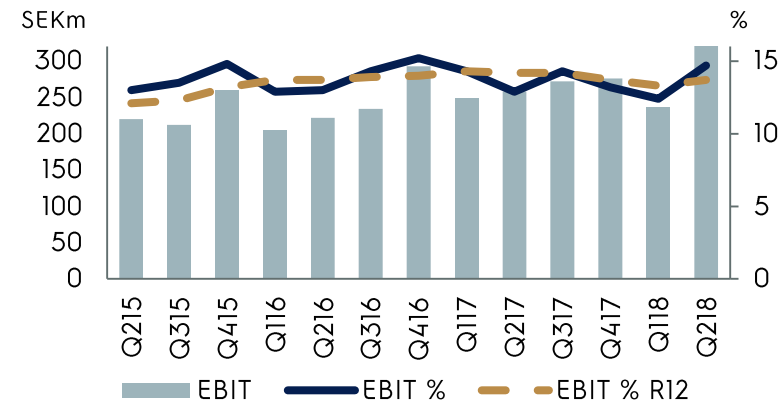
- Sales growth across several regions
- Strong growth in Laundry segment
- Positive price/mix momentum

Strong EBIT performance

- Positive contribution from volume/price/mix
- Investments in R&D and new products

SEKm	Q2 2018	Q2 2017	Change
Net sales	2,209	1,999	10.5%
Organic growth	6.7%		
Currency	3.8%		
EBIT	324	258	25.2%
Margin	14.7%	12.9%	1.8pts

EBIT and EBIT margin



Financial overview

Anna Ohlsson-Leijon, CFO





Financial overview

SEKm	Q2 2018	Q2 2017	Change
Net Sales	31,354	30,948	1.3%
Organic growth %	0.4	0.0	
Acquisitions/divestments %	0.3	1.2	
Currency %	0.6	3.9	
Gross operating income	5,930	6,758	-12.3%
Gross operating margin %	18.9	21.8	-2.9pts
EBIT	827	1,919	-56.9%
EBIT margin %	2.6	6.2	-3.6pts
Non-recurring items	-818	-	
EBIT excl. non-recurring items	1,645	1,919	-14.3%
EBIT margin excl. non-recurring items %	5.2	6.2	-1.0pts
EPS	1.80	4.49	-59.9%
Op. cash flow after investments	1,805	3,470	-47.9%



Sales and EBIT Bridge

SEKm	Q2 2017	Volume/ Price/Mix	Raw material	Net Cost Efficiency	Currency*	Acq/** Divest.	Q2 2018 excl. NRI	NRI***	Q2 2018
Net Sales	30,948	117			188	101	31,354		31,354
Growth %		0.4%			0.6%	0.3%	1.3%		1.3%
EBIT	1,919	110	-434	299	-247	-2	1,645	-818	827
EBIT %	6.2%						5.2%		2.6%
Accretion /Dilution		0.3%	-1.4%	1.0%	-0.8%	0.0%		-2.6%	

*Currency includes SEK 18m of currency translation and -265m of transaction effect on EBIT.

**Acquisitions/divestments include the acquisition of Best.

***Non-recurring items of a total of SEK 818m in the second quarter refers to EMEA.



Currency effects 2018

Major transaction effects, SEKm	Q1	Q2	Q3e	FY 2018e
ARS, BRL	-70	-120	-160	-490
Europe - USD import	+20	-60	0	-90
RUB	-20	-30	-10	-70
GBP, CHF	-50	-50	0	-110
AUD, CAD	+20	-20	-70	-110
Other	+47	+15	+40	+70
Total transaction effects, SEKm	-53	-265	-200	-800
Total translational effects, SEKm	-54	+18	+50	+50
Total currency effects, SEKm	-107	-247	-150	-750

Note: The calculation is based on currency rates as per 13 July 2018.



Earnings contribution from price/mix

Business Area	Price/Mix	Comments for Q2
MA EMEA	Positive	Favorable mix driven by premium brands and segments Price erosion at a lower level
MA North America	Positive	Positive price effect partly offset by promotions Slightly unfavorable product mix
MA Latin America	Positive	Price increases implemented
MA Asia/Pacific	Positive	Positive price/mix contribution
Home Care & SDA	Positive	Slightly improved mix and pricing
Professional Products	Positive	Positive trend with price increases implemented
Group EBIT % accretion	+0.7%	



Cash Flow

SEKm	Q2 2018	Q2 2017
EBIT	827	1,919
D/A and other non-cash items	1,724	1,112
Change in operating assets and liabilities	523	1,269
Investments in intangible and tangible assets	-1,023	-832
Other investments	-244	2
Cash flow after investments*	1,805	3,470

*Before acquisitions and divestments.

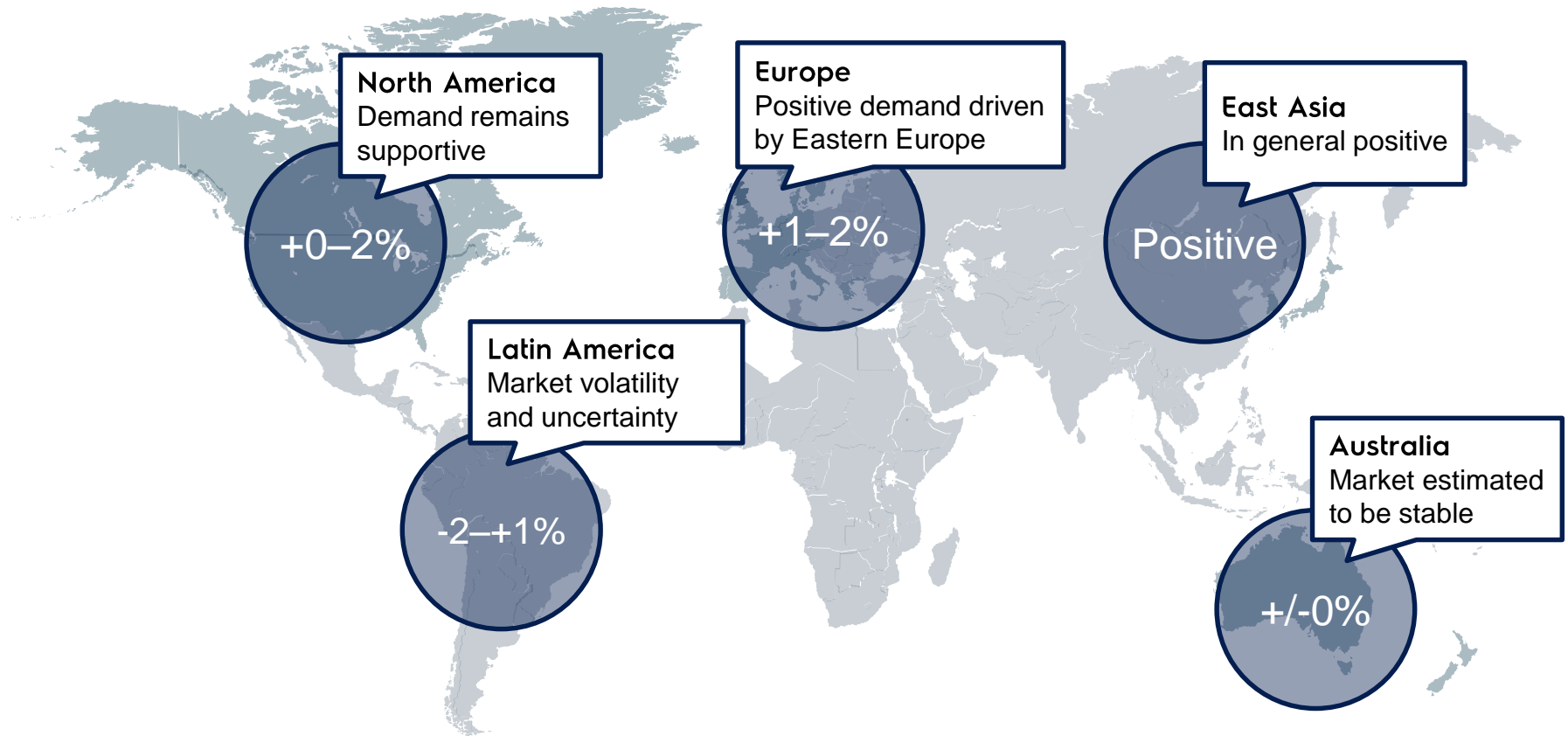
Outlook and summary

Jonas Samuelson, President and CEO
Anna Ohlsson-Leijon, CFO





Market outlook FY 2018 per region



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



Electrolux business outlook

Business outlook*, y-o-y	Q3 2018	FY 2018	Comments for the full year 2018
Volume/price/mix	Positive	Positive	Positive volume and mix. Continued price increases in most key markets
Raw material costs	Increase of SEK ~0.5bn	Increase of SEK ~1.8bn	Higher costs for steel, chemicals and indirect raw materials and section 232
Net cost efficiency**	Neutral	Positive	Cost improvements partly offset by cost inflation and marketing / R&D
Currency effect***	SEK -150	SEK -750m	
- Currency transactional	SEK -200	SEK -800m	
- Currency translational	SEK +50	SEK +50m	
Capex	Increase	SEK ~6bn	

*Business outlook range: Positive - Neutral - Negative.

** Efficiencies in variable costs (excl. raw materials) and structural costs.

*** Currency rates calculated as per July 13, 2018.

Note: Business outlook in the above table excludes non-recurring items.



Path to profitable growth on track



Strategic drivers executed in Q2:

- Branded market share gains in all key regions
- Positive pricing in NA and Latam with further price increases in H2
- Strong cost focus
- Investments in brand/innovation and planned product launches: EMEA, HC&SDA and Professional
- Improved product mix driven by branded products and new launches
- Solid cash flow



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, 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.

A woman with long brown hair is sitting on a light-colored sofa in a modern, minimalist living room. She is wearing a thick, brown knit sweater and blue jeans. She is holding a black smartphone in her right hand and looking down at it. Her left hand is resting on her head, with her fingers running through her hair. She is wearing a thin bracelet on her left wrist. The room has a concrete wall, a large white lamp, and a stack of firewood in the background. The text "Q&A" is overlaid in the center of the image.

Q&A



Path to profitable growth on track



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