



Q4 2018 Results presentation





Three significant changes to accelerate profitable growth

Separating Electrolux Professional aiming to create substantial shareholder value*

- Different end markets, customers and success drivers
- Enabling focus on distinct opportunities to drive profitable growth

Transferring Home Care & SDA business area into four regional consumer business areas

- More unified consumer facing approach on each market

Creating a global function for Consumer Experiences

- Pulling together Marketing, Design, Product Lines, Digital Solutions and Ownership Experience to leverage Group expertise in achieving outstanding consumer experiences

* Electrolux Board of Directors on Jan 31, 2019, announced it has initiated work intending to propose a separation to shareholders





Electrolux Professional: creating shareholder value as a stand-alone company

The only supplier with a full and integrated hospitality industry offer under one brand

- Pursuing further market leadership through innovation and organic and M&A driven expansion into new segments

Global footprint in a resilient, steadily growing underlying end-market

Attractive financial profile with good growth and margin potential

- Increased agility to leverage market and M&A opportunities as a stand-alone company

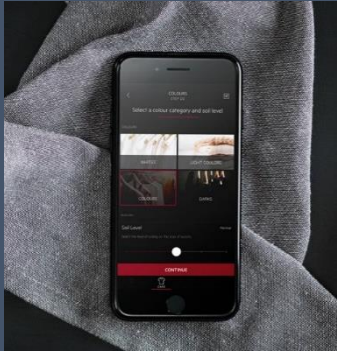
Intended next steps:

- Update from the Board of Directors in mid-year 2019
- Proposal to and decision by shareholders meeting
- Listing of Electrolux Professional on Nasdaq Stockholm in H1 2020





Taking the next step to make the consumer business sharper and more focused



New Business Area structure

- Unified approach with common branded platforms and interactions with consumers
- Leverage new business models, digital transformation and evolving routes to market
- Accelerate emerging markets consumer value proposition to drive growth



New Consumer Experience function

- Accelerate product and ownership innovation
- Translating experience innovation into brand storytelling and product design
- Drive connected ownership solutions for aftermarket growth

**Accelerating
profitable growth**

**Financial targets
unchanged**



Full year 2018 comments

Good execution in a challenging cost environment

- Sales growth of 1.7% and net sales of SEK 124bn (121)
- Organic growth driven by price execution and strong mix improvement
- Positive organic trend in EMEA, Latin America, Asia/Pacific and Professional
- Acquisitions contributed to growth

EBIT excl. NRI of SEK 6.7 bn (7.4)

- Significant headwinds of almost SEK 3bn from raw materials, tariffs and FX
- Price/mix contribution and cost efficiency partly offset the increased headwinds
- Several business areas showed earnings resilience, confirming Group strategy

Strong balance sheet and solid cash flow

- Proposal to pay dividend of SEK 2.4 billion, corresponding to DPS of SEK 8.50

Business overview

Jonas Samuelson, President and CEO





Q4 Highlights

Growth driven by price/mix

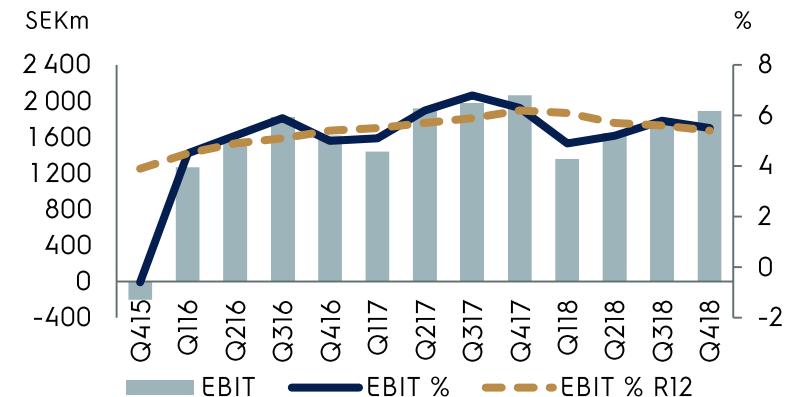
- Organic growth across most business areas
- Higher prices in all business areas
- Mix more than offset volume decline

Good progress in a challenging cost environment

- Strong organic contribution driven by price increases and good mix performance
- Higher cost inflation from raw materials and trade tariffs
- Continued headwinds from currency

SEKm	Q4 2018	Q4 2017	Change
Net sales	34,425	32,580	5.7%
Organic growth	2.7%		
Acq./div.	-0.2%		
Currency	3.1%		
EBIT	1,963	2,065	-4.9%
Margin	5.7%	6.3%	-0.6pts
EBIT excl. NRI	1,892	2,065	-8.4%
Margin excl. NRI	5.5%	6.3%	-0.8pts
EPS	5.48	6.97	-21.3%

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). Q4 2018: reversal of a provision of SEK 71m (EMEA).



Innovation targeting consumer experience

Creating front-load leadership in Southeast Asia fueled by new product launches



Electrolux brand boost – revitalizing the brand for a clear brand and consumer proposition





Major Appliances EMEA



Market share gains and strong mix

- Positive market demand driven by Eastern Europe and stable Western Europe
- Improved mix and volume growth in laundry and kitchen under premium brands
- Slight price increase in the quarter

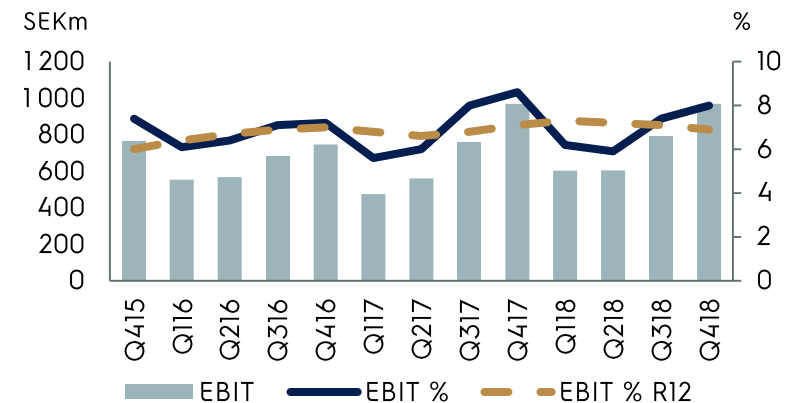
Underlying earnings on par with last year despite cost pressure

- Strong organic contribution (price/mix/volume)
- Continued raw material and FX headwinds
- Investments in innovation and marketing

SEKm	Q4 2018	Q4 2017	Change
Net sales	12,176	11,214	8.6%*
Organic growth	3.8%		
Acquisitions	0.4%		
Currency	4.4%		
EBIT	1,040	969	7.3%
Margin	8.5%	8.6%	-0.1pts
EBIT excl. NRI	969	969	
Margin excl. NRI	8.0%	8.6%	-0.6pts

*Net sales change impacted by a -0.1% from transfer of business to Home Care & SDA

EBIT and EBIT margin**



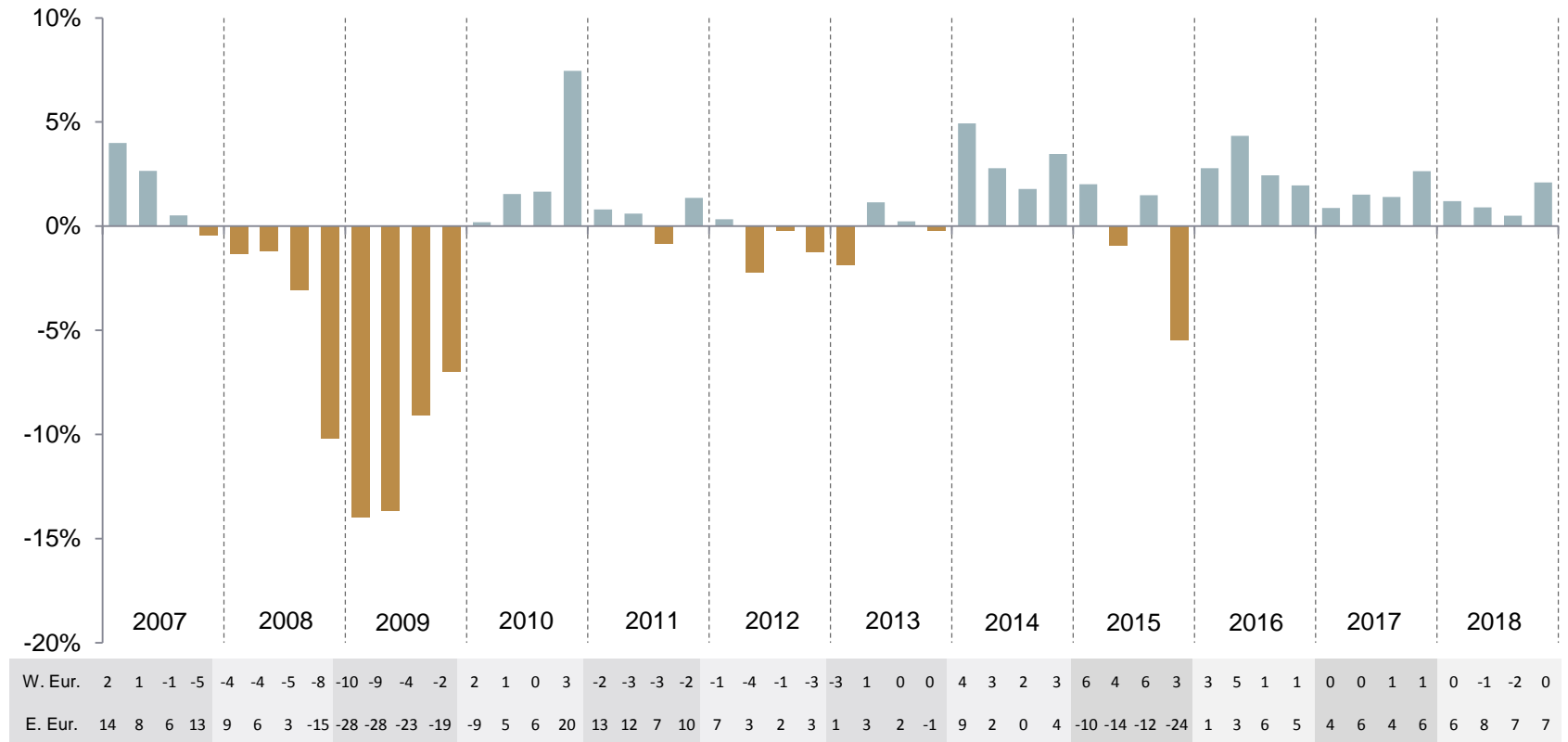
**Figures excluding non-recurring items (NRI). Q2 2018: provision of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavorable court ruling in France. Q4 2018: reversal of a provision of SEK 71m (EMEA).



European Core Appliances Market



Total European shipments, quarterly unit comparison y-o-y



Source: Electrolux estimates, Core Appliances include: Refrigeration, Freezers, Washing machines, Tumble dryers, FS Cookers, BI Ovens, BI Hobs, Hoods, Dishwashers



Major Appliances North America



Sales impacted by lower volumes

- Market volumes lower due to higher industry prices and retailer under Chapter 11
- Good price traction from price increases

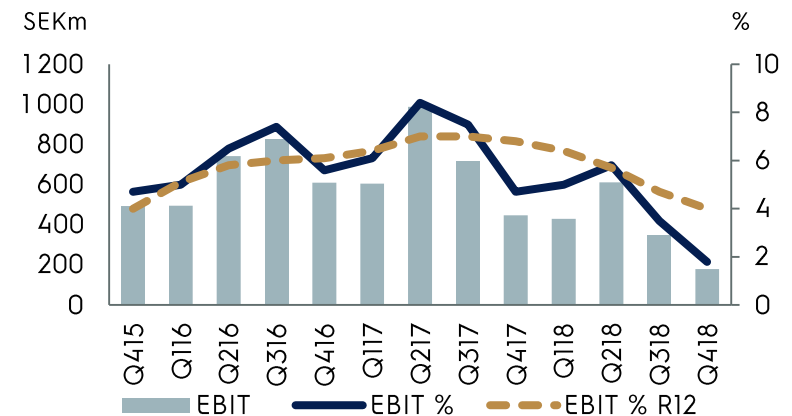
Significant decline in earnings due to volumes and large cost headwinds

- Negative volume impact mainly from decline in private label
- Higher costs for raw materials and tariffs
- Improved earnings contribution from price

Q1 price increases being implemented

SEKm	Q4 2018	Q4 2017	Change
Net sales	9,812	9,563	2.6%
Organic growth	-5.3%		
Currency	7.9%		
EBIT	180	447	-59.7%
Margin	1.8%	4.7%	-2.9pts

EBIT and EBIT margin*



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



Taking active measures to strengthen competitiveness in North America

Competitive manufacturing footprint



Reinitiating investment in Springfield

- Consolidating into one cooking facility
- Expected savings of SEK ~1 bn/y from 2022

Anderson on track to start production in mid 2019

Simplified product offering – 50% reduction in SKUs

Sharpening our Frigidaire offering

- Strengthened Frigidaire position in 2018 and well-received product launches
- Investments in Springfield and Anderson enabling innovation and new product ranges based on global architectures

Distribution capability to 95% of market

FRIGIDAIRE

FRIGIDAIRE
GALLERY

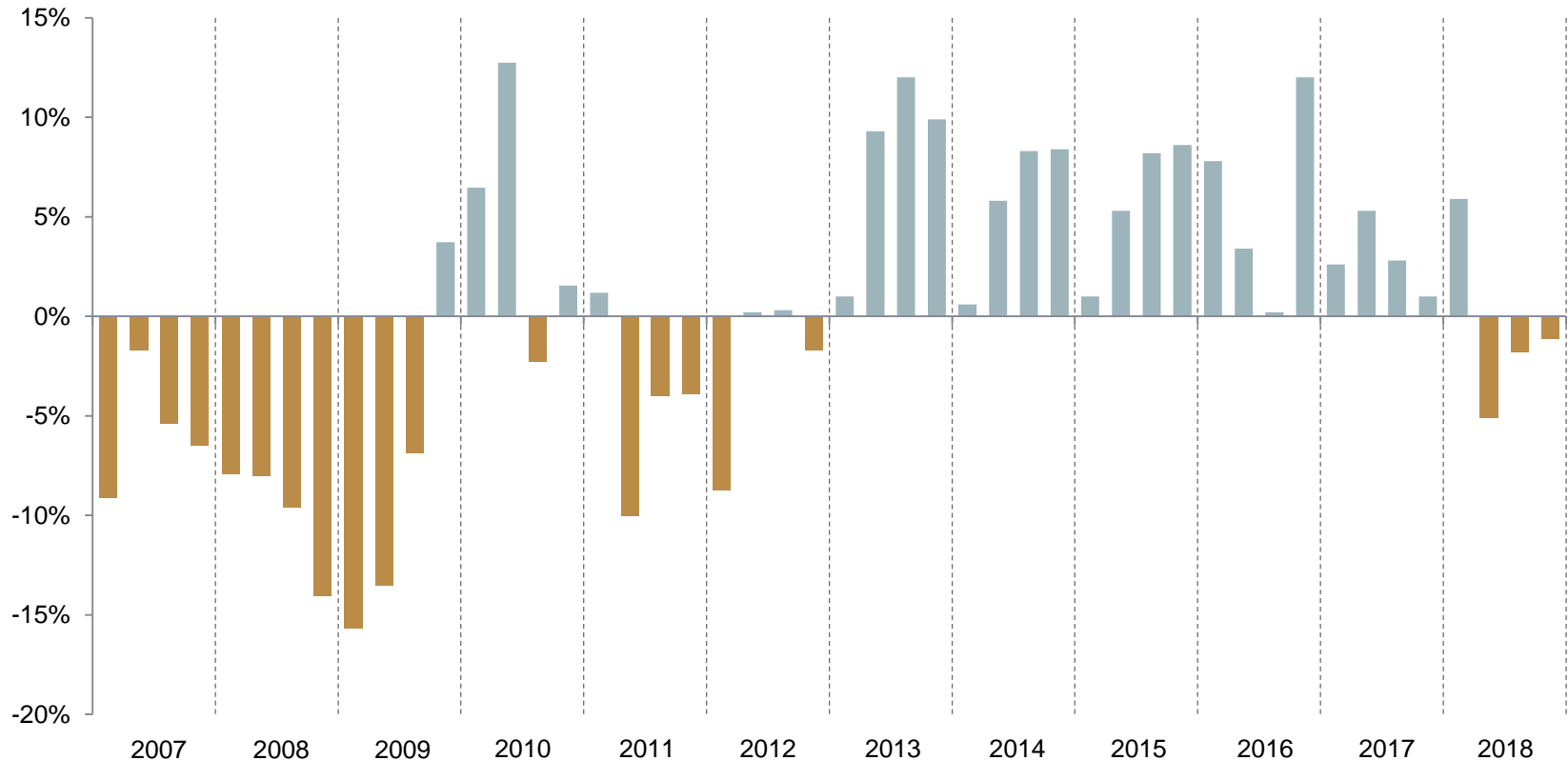
FRIGIDAIRE
PROFESSIONAL



U.S. Core Appliances Market



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



Source: US Core white includes: AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges and Ovens) + Cooktops



Major Appliances Latin America



Good performance in uncertain markets

- Market demand declined due to macro uncertainty and price increases
- High organic growth driven by price increases and mix improvements, more than offsetting weaker volumes

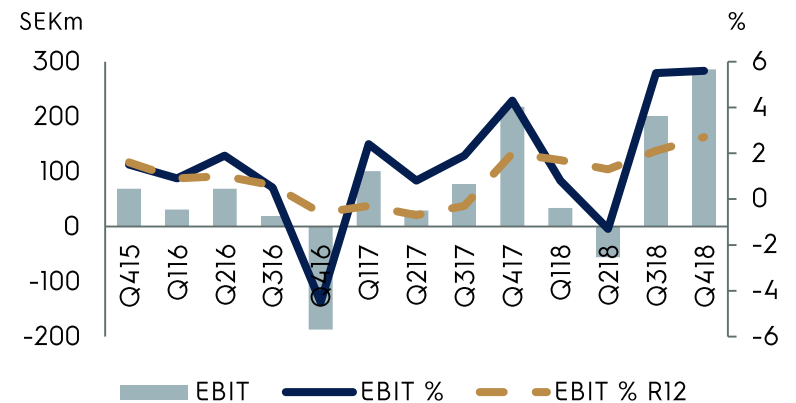
Margin improvement despite headwinds

- Strong contribution from price and mix mitigated raw materials and FX
- Focus on cost efficiency supported results

Consolidation of refrigeration manufacturing

SEKm	Q4 2018	Q4 2017	Change
Net sales	5,098	5,012	1.7%
Organic growth	12.3%		
Currency	-10.6%		
EBIT	286	218	31.2%
Margin	5.6%	4.3%	1.2pts

EBIT and EBIT margin





Major Appliances Asia/Pacific



Growing in Southeast Asia

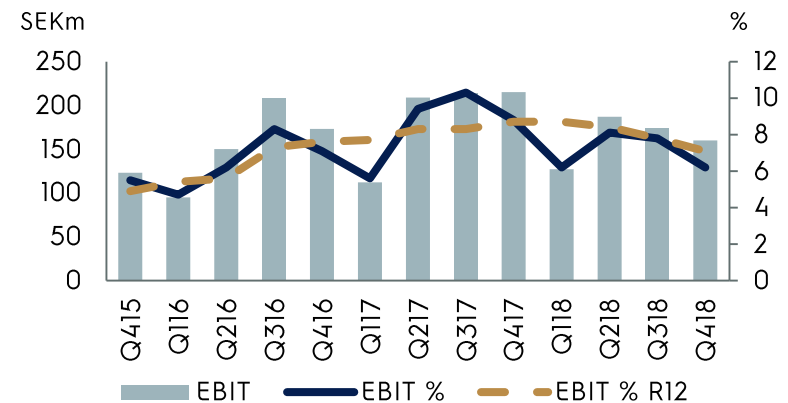
- Softer market in Australia continued while demand in Southeast Asia increased
- Strong growth in Southeast Asia driven by volume and mix
- Lower volumes in Australia following price increases and market slowdown

EBIT impacted by currency headwinds

- Contribution from price increases and mix improvement could not fully offset FX headwinds and the lower volumes
- Higher raw material costs continued to impact earnings negatively

SEKm	Q4 2018	Q4 2017	Change
Net sales	2,555	2,437	4.8%
Organic growth	1.5%		
Currency	3.3%		
EBIT	160	215	-25.9%
Margin	6.2%	8.8%	-2.6pts

EBIT and EBIT margin





Strong growth in cordless continues

- Market growth driven by shift to cordless
- Mix improved due to higher cordless sales and gaining share in corded in Europe
- Divestment of U.S. floor care business

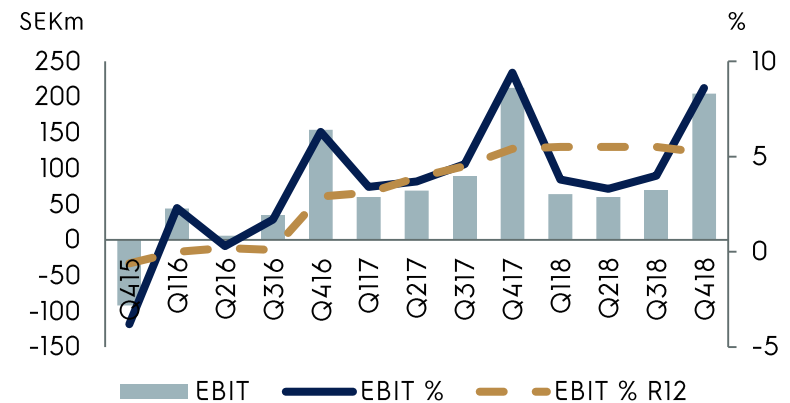
Good execution in product transition phase

- Earnings in line with last year supported by positive mix fueled by new products
- Currency headwinds and raw materials impacting results negatively
- Higher investment costs in product launches

SEKm	Q4 2018	Q4 2017	Change
Net sales	2,380	2,269	4.8%*
Organic growth	13.9%		
Acquisitions	0.0%		
Divestment	-10.7%		
Currency	1.2%		
EBIT	205	213	-3.8%
Margin	8.6%	9.4%	-0.8pts

*Net sales change impacted by a 0.4% from transfer of business from MA EMEA

EBIT and EBIT margin





Professional Products



Continued solid performance

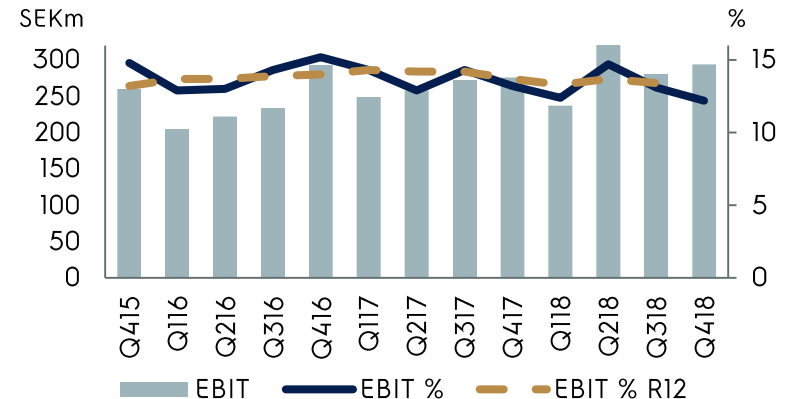
- Growth in laundry and beverage segments
- Price and customer care sales contributed positively
- Positive sales contribution from Schneidereit and SPM Drink Systems acquisitions

Slight increase in operating income

- Price/mix offset costs for raw materials
- Higher investments costs for customer care business and R&D
- Dilutive impact from acquisitions in 2018

SEKm	Q4 2018	Q4 2017	Change
Net sales	2,405	2,085	15.3%
Organic growth	4.7%		
Acquisitions	6.2%		
Currency	4.4%		
EBIT	294	276	6.6%
Margin	12.2%	13.2%	-1.0pts

EBIT and EBIT margin



Electrolux Capital Markets Day

Update on strategic execution & deep dive in Professional Products
Pordenone, Italy - March 27, 2019

More information available www.electroluxgroup.com/ir

Programme

Tuesday 26 March 2019

- Dinner with management

Wednesday 27 March 2019

- Presentations by Group management, including CEO, CFO and Head of Business Area Professional Products
- In-depth review of Professional Products, including plant and R&D lab visit
- Break-out sessions focusing on latest innovations in Food, Laundry and Beverage and how to grow in the after sales business

Financial overview

Therese Friberg, CFO





Financial overview

SEKm	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Net Sales	34,425	32,580	5.7%	124,129	120,771	2.8%
Organic growth %	2.7	4.0		1.3	-0.4	
Acquisitions/divestments %	-0.2	1.4		0.4	1.0	
Currency %	3.1	-4.7		1.1	0.2	
Gross operating income	6,589	6,752	-2.4%	23,221	25,549	-9.1%
Gross operating margin %	19.1	20.7	-2.0pts	18.7	21.2	-2.5pts
EBIT	1,963	2,065	-4.9%	5,310	7,407	-28.3%
EBIT margin %	5.7	6.3	-0.6pts	4.3	6.1	-1.8pts
Non-recurring items	71	-		-1,343		
EBIT excl. NRI	1,892	2,065	-8.3%	6,653	7,407	-10.2%
EBIT margin excl. NRI %	5.5	6.3	-0.8pts	5.4%	6.1	-0.7pts
EPS	5.48	6.97	-21.3%	13.24	19.99	-33.8%
Op. cash flow after investments	3,163	2,078	52.2%	3,649	6,877	46.9%



Sales and EBIT Bridge

SEKm	Q4 2017	Volume/ Price/Mix	Raw material & Tariffs	Net Cost Efficiency	Currency*	Acq/** Divest.	Q4 2018 excl. NRI	NRI***	Q4 2018
Net Sales	32,580	921			997	-73	34,425		34,425
Growth %		2.7%			3.1%	-0.2%	5.7%		5.7%
EBIT	2,065	730	-602	32	-290	-42	1,892	71	1,963
EBIT %	6.3%						5.5%		5.7%
Accretion /Dilution		2.0%	-1.8%	0.1%	-1.0%	-0.1%		0.2%	

*Includes SEK 62m of currency translation effects and -352m of transaction effects on EBIT.

**includes the acquisition of Schneidereit, SPM Drink Systems and the divestment of the U.S.-based floor care business BEAM and Sanitaire in North America.

***Non-recurring items.



Sales and EBIT Bridge

SEKm	FY 2017	Volume/ Price/Mix	Raw material & Tariffs	Net Cost Efficiency	Currency*	Acq/** Divest.	FY 2018 excl. NRI	NRI***	FY 2018
Net Sales	120,771	1,763			1,199	395	124,129		124,129
Growth %		1.3%			1.1%	0.4%	2.8%		2.8%
EBIT	7,407	1,466	-1,981	776	-896	-115	6,653	-1,343	5,310
EBIT %	6.1%						5.4%		4.3%
Accretion /Dilution		1.1%	-1.6%	0.6%	-0.8%	-0.1%			

*Includes SEK 128m of currency translation effects and -1,024m of transaction effects on EBIT.

**includes the acquisition of Kwikot, Best, Anova, Schneidereit, Grindmaster-Cecilware, SPM Drink Systems and the divestment of the U.S.-based floor care business.

***Non-recurring items.



Currency effects 2018

Major transaction effects, SEKm	Q1	Q2	Q3	Q4	FY 2018
ARS, BRL	-70	-120	-290	-150	-630
Europe - USD import*	+20	-60	+20	-90	-110
RUB	-20	-30	-30	-40	-120
AUD, CAD	+20	-20	-80	-80	-160
GBP, CHF	-50	-50	0	10	-90
Total transaction effects, SEKm	-53	-265	-353	-352	-1024
Total translational effects, SEKm	-54	+18	+102	62	128
Total currency effects, SEKm	-107	-247	-252	-290	-896

Note: Numbers are rounded. *Revaluation of on-balance flows and hedges might generate net FX results. On a YoY basis, the reversal of the last year result is added to the current year calculation



Earnings contribution from price/mix

Business Area	Price/Mix	Comments for Q4
MA EMEA	Positive	Strong mix driven by premium brands & products Slightly positive prices due to selective price increases
MA North America	Positive	Improved traction in net price contribution from cost-based price increases
MA Latin America	Positive	Higher prices and positive mix
MA Asia/Pacific	Positive	Positive price/mix
Home Care & SDA	Positive	Improved mix and slight price increase
Professional Products	Positive	Positive price and mix trend continued
Group EBIT % accretion	+2.7%	



Cash Flow

SEKm	Q4 2018	Q4 2017	FY 2018	FY 2017
EBIT	1,963	2,065	5,310	7,407
D/A and other non-cash items	991	956	5,238	3,998
Change in operating assets and liabilities	2,516	1,156	-1,000	267
Investments in intangible and tangible assets	-2,422	-2,158	-5,629	-4,857
Changes in other investments	115	59	-269	62
Cash flow after investments*	3,163	2,078	3,649	6,877

*Before acquisitions and divestments.

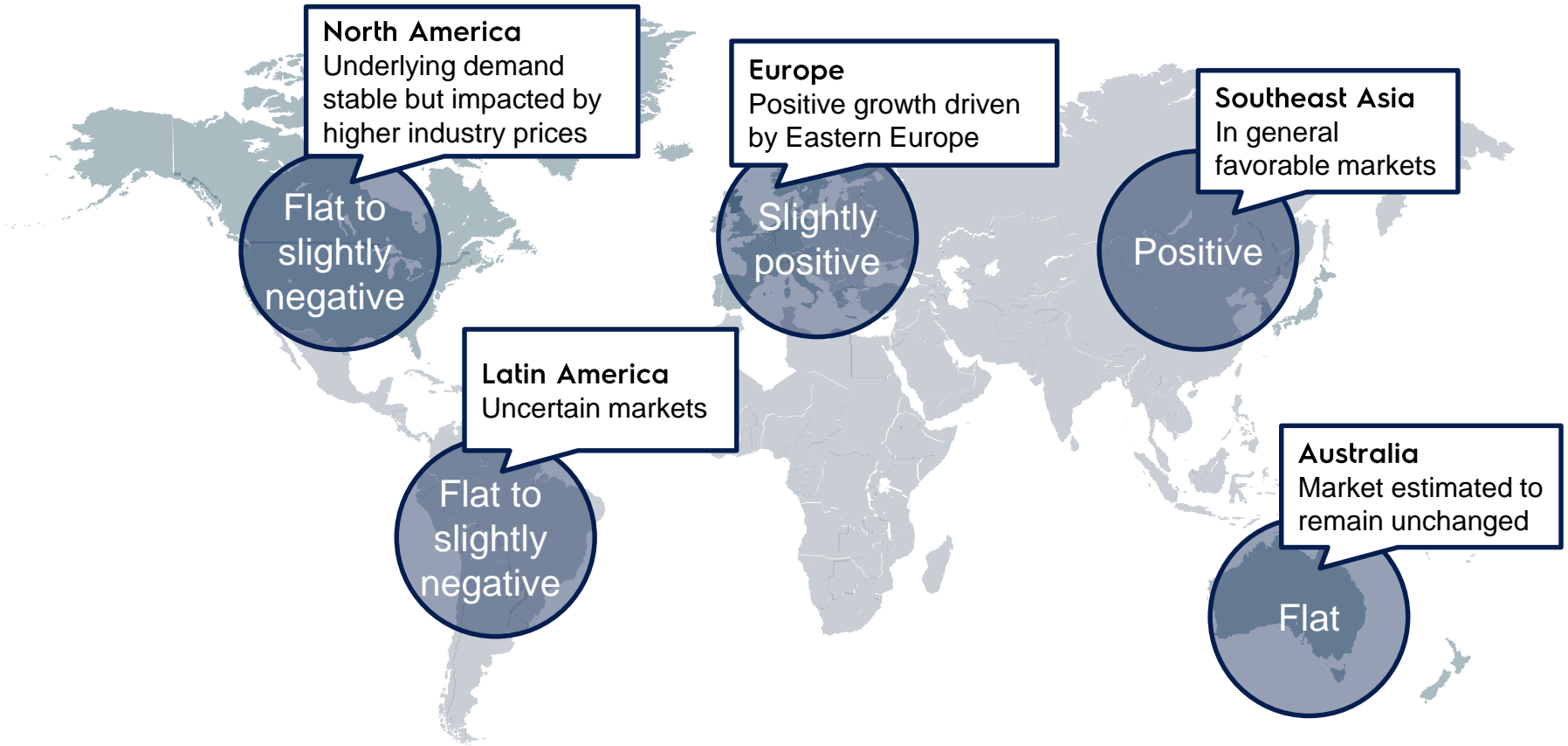
Outlook and summary

Jonas Samuelson, President and CEO
Therese Friberg, CFO





Market outlook FY 2019



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



Electrolux business outlook

Business outlook*, y-o-y	Q1 2019	FY 2019	Comments for the full year 2019
Volume/price/mix	Favorable	Favorable	Expect positive contribution from price and mix combined with volume growth
Raw material costs & trade tariffs	Increase of SEK 0.5-0.6bn	Increase of SEK 1.7-2.1bn	Higher costs for steel, chemicals, and tariffs
Net cost efficiency**	Unfavorable	Unfavorable	Continued cost productivity focus, offset by investments and inflation
Currency effect***	SEK -350m	SEK -300m	
- Currency transactional	SEK -350m	SEK -300m	
- Currency translational	SEK 0	SEK 0m	
Capex	Increase	SEK ~7bn	

*Business outlook range: Favorable - Neutral - Unfavorable.

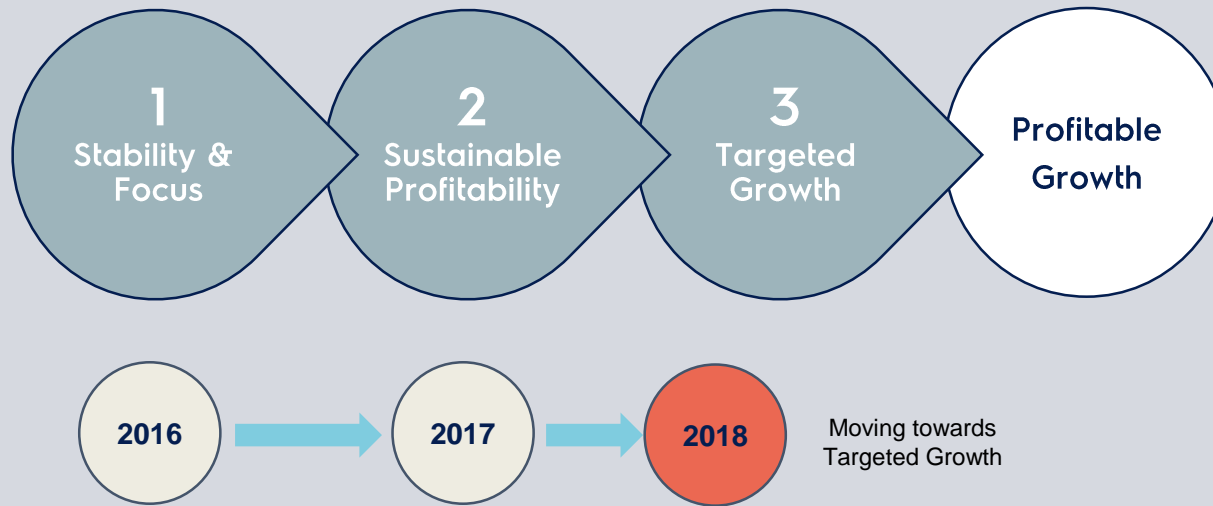
**Efficiencies in variable costs (excl. raw materials) and structural costs.

***Currency rates calculated as per January 22, 2019.

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



Path to profitable growth continuing



Strategic drivers executed in Q4:

- Higher prices across all business areas
- Improved product mix, supported by new products & premium brands
- Continued investments in R&D for new product launches
- Value creation: strong cash flow generation and dividend proposal of SEK 8.50 (8.30)



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.

Q & A



Shape living for the better

We reinvent taste, care and wellbeing experiences for more enjoyable and sustainable living around the world