



# Q1 Results 2019 presentation



# Business overview

Jonas Samuelson, President and CEO





# Q1 Highlights

## Organic growth in most business areas

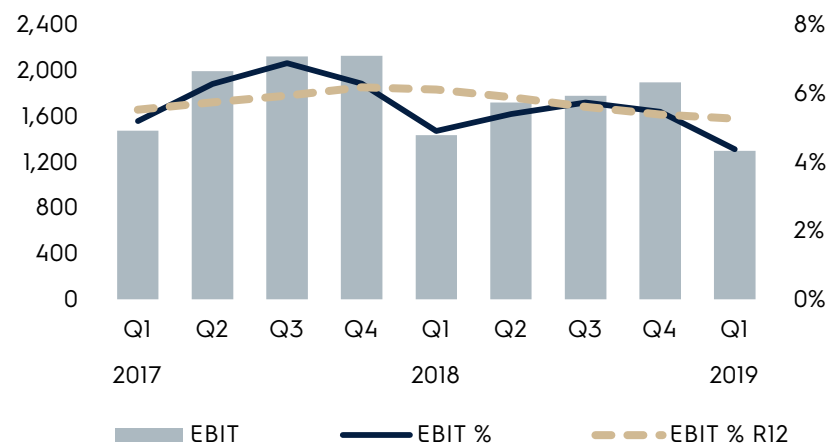
- Price increases and positive mix in all business areas
- Strong price execution in North America and Latin America
- Lower volumes, primarily private label in North America

## Price increases offsetting headwinds

- Contribution from price offsetting headwinds from raw material costs, trade tariffs and currency
- Investments in marketing and R&D supporting product launches
- Restructuring charges in North America and Latin America

SEKm	Q1 2019	Q1 2018	Change
Net sales	29,710	27,906	6.4%
Organic growth	1.9%	1.8%	
Acquisitions	0.4%	1.5%	
Divestments	-0.7%	0.0%	
Currency	4.8%	-4.4%	
EBIT	248	764	-67.5%
Margin	0.8%	2.7%	-1.9pts
EBIT excl. NRI	1,302	1,360	-4.2%
EBIT margin excl. NRI	4.4%	4.9%	-0.5pts
EPS, SEK	0.28	1.92	-85.6%

## EBIT and margin



# Innovation targeting consumer experience



- **Strengthened global offering of multidoor refrigerators**
  - An attractive and fast growing category
  - One common platform
  - Successful launch in Australia in 2018, driving strong growth
  - Launch in North and Latin America in Q1 2019
- **New kitchen range under a sharper Electrolux brand**
  - Focus on growing profitably in the premium segments
  - Connected features
  - New range rolled out in Europe during 2019



# Europe

## Strong performance

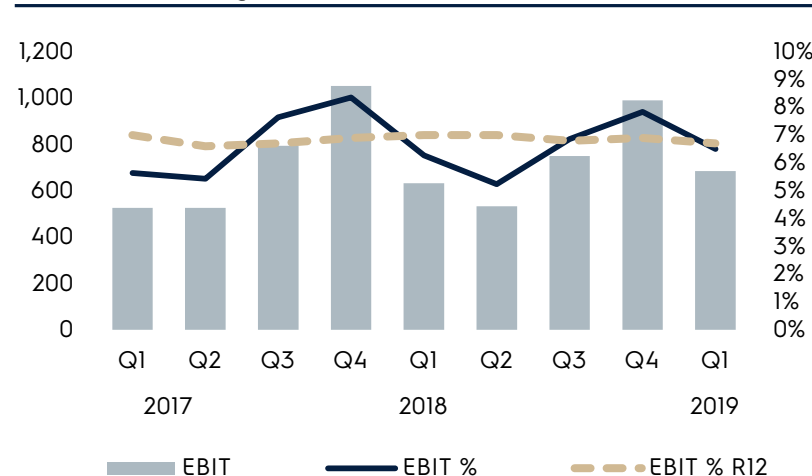
- Positive overall demand in Europe
- Improved sales volumes, product mix and slight price increases
- Continued market share gain in built-in-kitchen products

## Improved earnings and margins

- Strong organic contribution from volume/price/mix offset higher raw material costs and currency

SEKm	Q1 2019	Q1 2018	Change
Net sales	10,553	9,760	8.1%
Organic growth	4.4%	6.8%	
Acquisitions	0.3%	1.1%	
Currency	3.5%	3.3%	
EBIT	686	610	12.4%
Margin	6.5%	6.2%	0.2pts

EBIT and margin



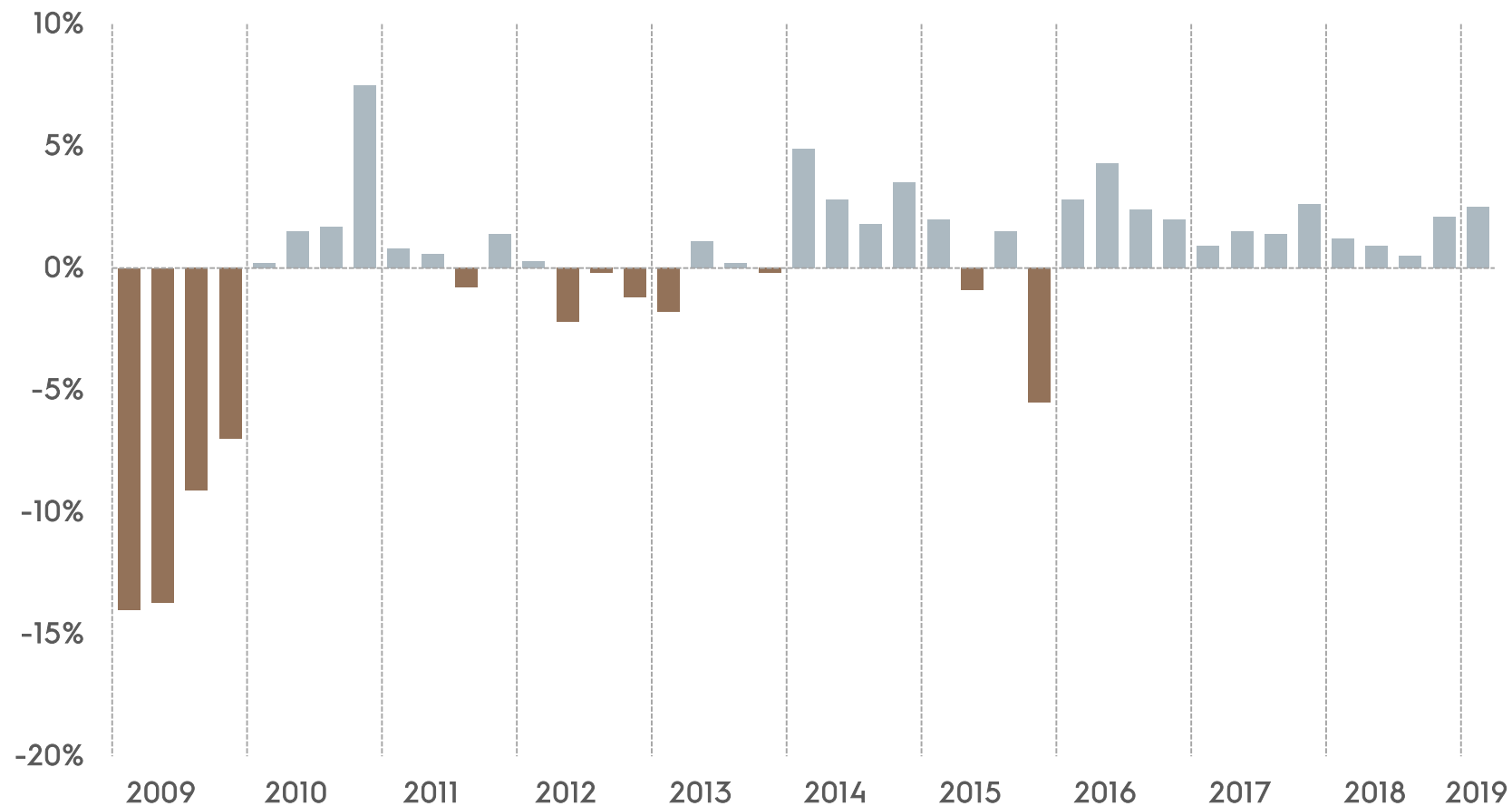
Note: Excluding non-recurring items. NRI in Q2 2018 includes provision of SEK 564m relating to French competition authority investigation and SEK 254m to the unfavourable court ruling in France. NRI in Q4 2018 includes reversal of a provision of SEK 71m





# European Core Appliances Market

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



Source: Electrolux estimates

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# North America

## Good performance in core business offset by lower private label business

- Market decline vs strong growth last year
- Good price traction and mix improvement
- Lower volumes due to private label
- Share gains in core branded products

## Higher prices offset cost headwinds

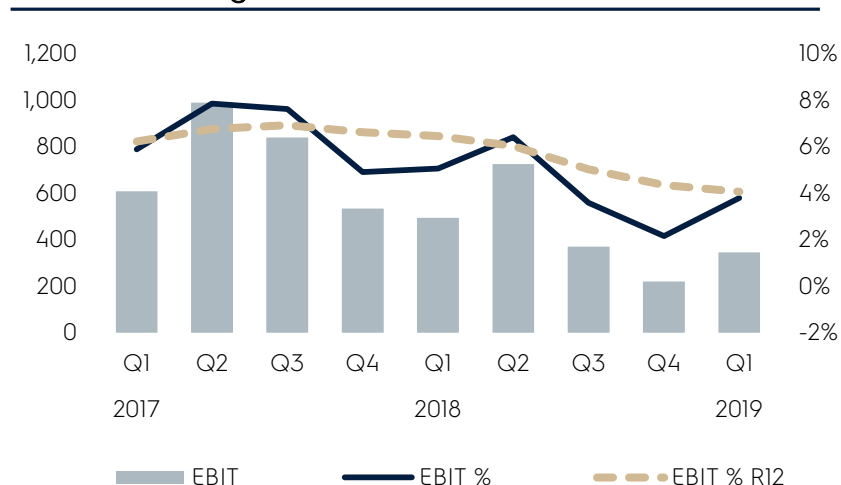
- Price increases and mix partly offset lower volumes, higher costs from raw materials and trade tariffs

## Active measures taken to strengthen competitiveness

- Consolidation of cooking production
- Restructuring charge in Q1

SEKm	Q1 2019	Q1 2018	Change
Net sales	9,099	8,785	3.6%
Organic growth	-5.0%	-5.9%	
Acquisitions	0.0%	0.5%	
Divestments	-2.0%	0.0%	
Currency	10.5%	-7.9%	
EBIT	-482	-148	n.m.
Margin	-5.3%	-1.7%	-3.6pts
EBIT excl. NRI	347	448	-22.5%
Margin excl. NRI	3.8%	5.1%	-1.3pts

EBIT and margin

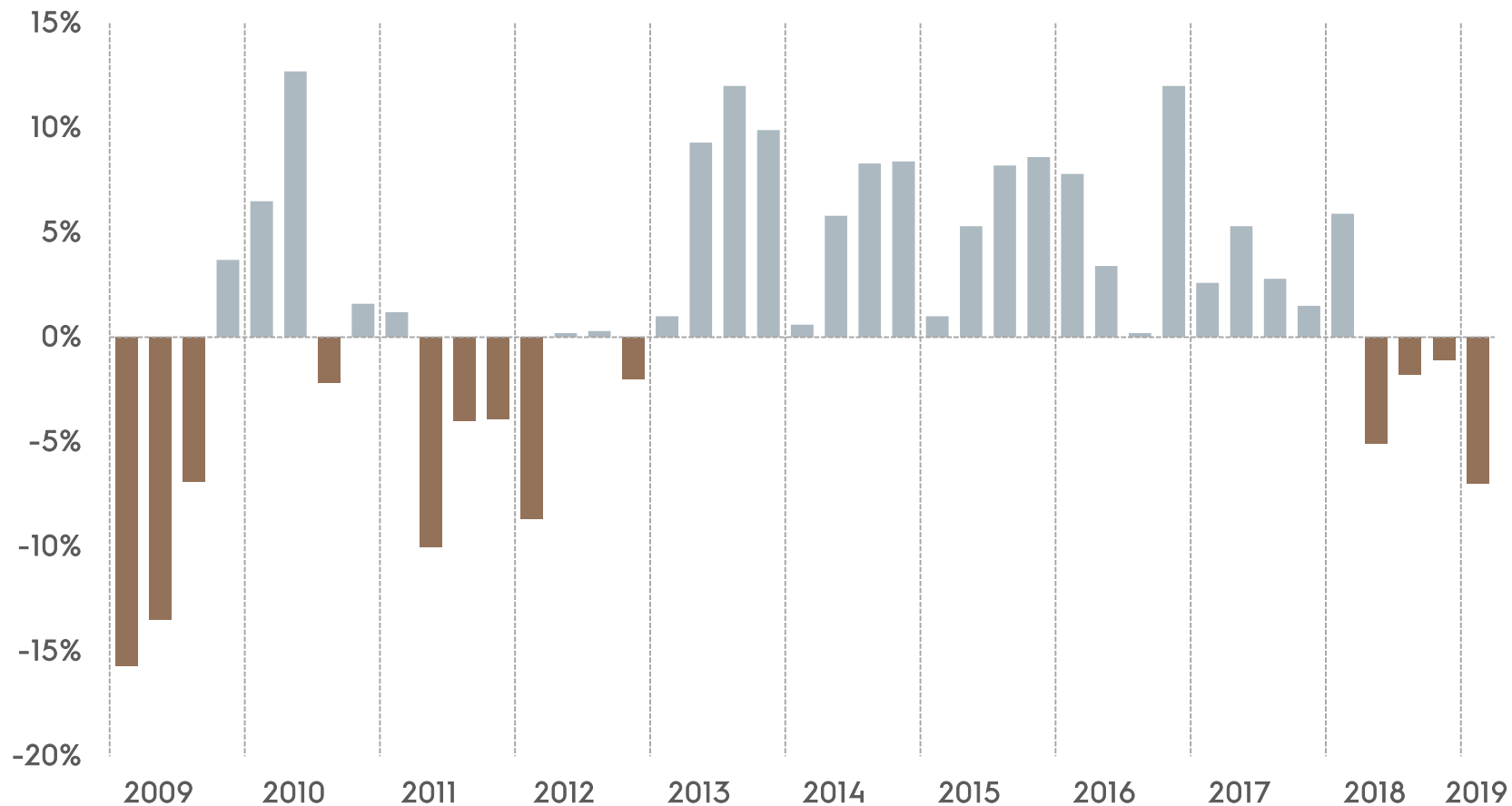


Note: Excluding non-recurring items. NRI in Q1 2018 includes SEK 596m, NRI in Q1 2019 includes restructuring charge of SEK 829m.



# U.S. Core Appliances Market

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



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

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# Latin America

## Recovery in the Latin American market

- Positive demand in Brazil and Chile while Argentina continued to decline
- Organic growth driven by price increases and mix improvement
- Higher prices impacted sales volumes

## Underlying earnings in line vs last year

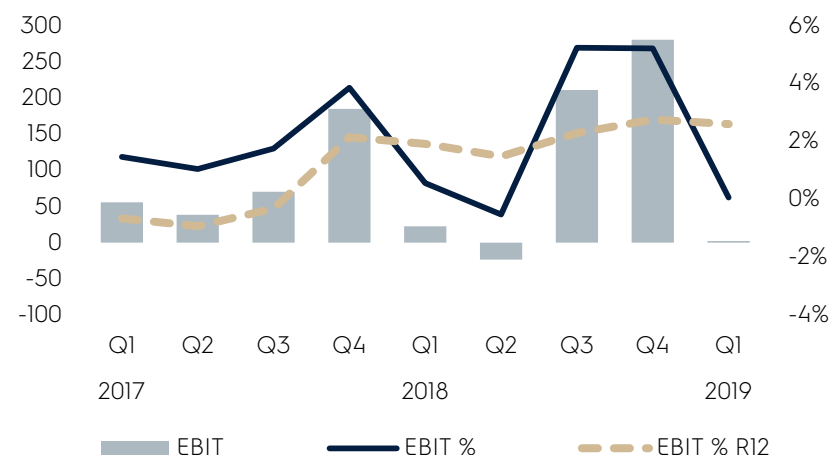
- Increased prices fully offset negative headwinds from currency and raw material costs

## Consolidation of refrigeration manufacturing

- Restructuring costs for closure of production line in Chile

SEKm	Q1 2019	Q1 2018	Change
Net sales	4,312	4,247	1.5%
Organic growth	6.9%	5.9%	
Currency	-5.4%	-11.8%	
EBIT	-223	35	n.m.
Margin	-5.2%	0.8%	-6.0pts
EBIT excl. NRI	2	35	-94.2%
Margin excl. NRI	0.1%	0.8%	-0.7pts

EBIT and margin



Note: Excluding non-recurring items. NRI in Q1 2019 includes restructuring charge of SEK 225m.



# Asia-Pacific, Middle East and Africa

## Continued growth in the region

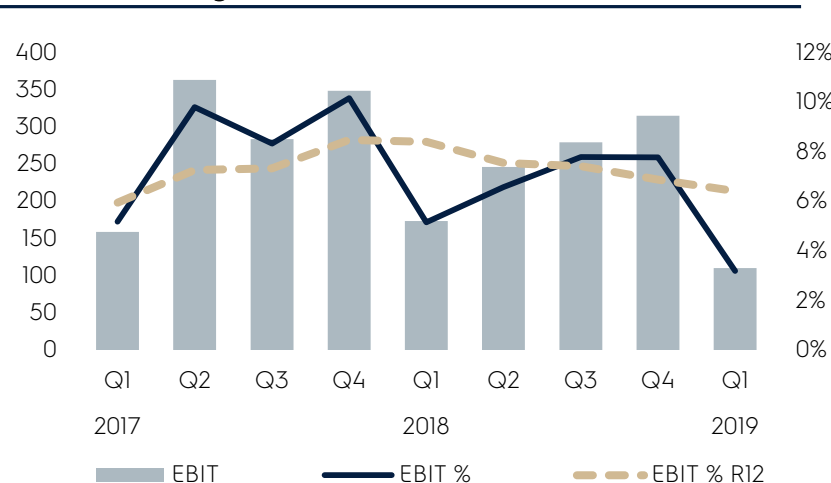
- Demand growth in Southeast Asia and MEA while Australia remained softer
- Sales growth in both Southeast Asia and MEA, driven by higher volumes and mix
- Lower volumes in Australia following price increases

## EBIT impacted by continued FX headwind

- Positive contribution from higher prices and mix could not offset the currency headwind and lower volumes
- Ongoing investments in major product launches impacted earnings negatively

SEKm	Q1 2019	Q1 2018	Change
Net sales	3,445	3,197	7.8%
Organic growth	2.2%	5.8%	
Acquisitions	0.1%	4.2%	
Currency	5.5%	-5.0%	
EBIT	110	163	-32.5%
Margin	3.2%	5.1%	-1.9pts

EBIT and margin





# Professional Products

## Solid performance with high organic growth

- Sales increase in food, laundry and beverage
- Solid growth in the aftermarket business

## Increased earnings and margins

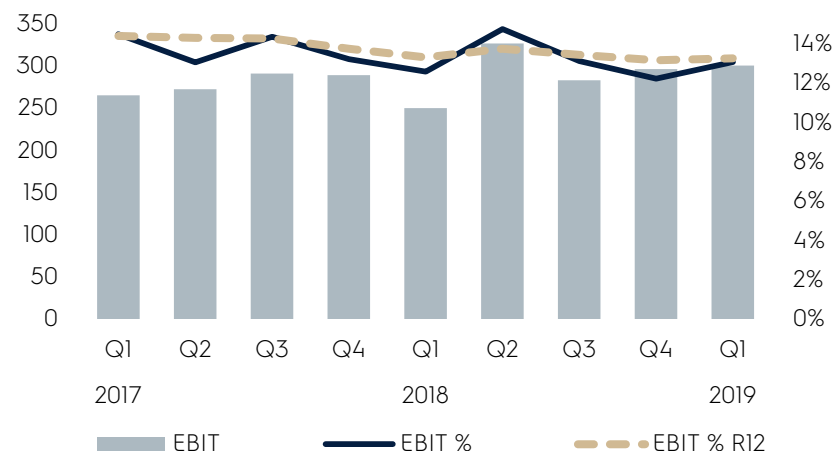
- Contribution from price/mix/volume
- Higher costs for R&D and marketing for new product launches

## Acquisition of the espresso machines manufacturer Unic in France

- Strengthening the beverage offering

SEKm	Q1 2019	Q1 2018	Change
Net sales	2,302	1,917	20.1%
Organic growth	11.8%	0.7%	
Acquisitions	3.8%	7.8%	
Currency	4.4%	1.6%	
EBIT	301	237	26.8%
Margin	13.1%	12.4%	0.7pts

EBIT and margin







# Financial overview

Therese Friberg, CFO

# Financial overview



SEKm	Q1 2019	Q1 2018	Change
Net sales	29,710	27,906	6.4%
Organic growth	1.9%	1.8%	
Acquisitions/divestments	-0.3%	1.5%	
Currency	4.8%	-4.4%	
Gross operating income	4,804	4,891	-1.8%
Gross operating margin	16.2%	17.5%	-1.4pts
EBIT	248	764	-67.5%
Margin	0.8%	2.7%	-1.9pts
Non-recurring items	-1,054	-596	
EBIT excl. NRI	1,302	1,360	-4.2%
Margin excl NRI	4.4%	4.9%	-0.5pts
EPS, SEK	0.28	1.92	-85.6%
Op. cash flow after investments	-2,770	-2,671	3.7%
Return on net assets	3.6%	13.3%	-9.7pts

# Sales and EBIT Bridge



SEKm	Q1 2018 excl. NRI*	Volume/ Price/Mix	Raw material & Tariffs	Currency**	Net Cost Efficiency	Acq/**/ Divest.	Q1 2019 excl. NRI*
Net Sales	27,906	559		1,332		-87	29,710
Growth %		1.9%		4.9%		-0.3%	6.4%
EBIT	1,360	828	-436	-323	-144	17	1,302
EBIT %	4.9%						4.4%
<i>Accretion/ Dilution</i>		2.8%	-1.5%	-1.3%	-0.5%	0.1%	

\* Non-recurring items in Q1 2018 of SEK 596m related to the restructuring charge for the consolidation of freezer production and Q1 2019 of SEK 829m related to the consolidation of cooking production in North America.

NRI in Q1 2019 also includes restructuring charge for the consolidation of refrigeration manufacturing in Latin America of SEK 225m.

\*\* Includes SEK 10m of currency translation effects and -333m of transaction effects on EBIT.

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



# Earnings contribution from price/mix



Business Area	Price/Mix	Comments for Q1
Europe	Positive	Positive mix driven by premium products and slightly positive price
North America	Positive	Improved traction in net price contribution from cost-based price increases and improved mix
Latin America	Positive	Higher prices and positive mix
Asia-Pacific, Middle East and Africa	Positive	Positive price and mix
Professional Products	Positive	Positive price and mix
<b>Group EBIT % accretion</b>	<b>+3.5%</b>	

# Cash Flow



SEKm	Q1 2019	Q1 2018
EBIT	248	764
D/A and other non-cash items	2,324	1,658
Change in operating assets and liabilities	-4,072	-4,370
Investments in intangible and tangible assets	-1,102	-800
Changes in other investments	-168	77
<b>Cash flow after investments*</b>	<b>-2,770</b>	<b>-2,671</b>

\*Before acquisitions and divestments.



# Pioneering green bond financing focused on industrial and R&D investments

## 1<sup>st</sup> green bond issued SEK 1 bn

- Earmarked for investments contributing to reduced environmental impacts from the company's products and operations
- Strengthening our financial position given future capex plans

## Act sustainably

- Supports our purpose and integrates sustainability in to our financing strategy
- Enable investors to allocate funds specifically to industrial projects with an environmental profile

## Medium Green rating – second highest grade

- Second opinion from Cicero on Electrolux green bond framework

\*Cicero's second opinion and the green bond framework is available on the Group website <https://www.electroluxgroup.com/greenbond/>





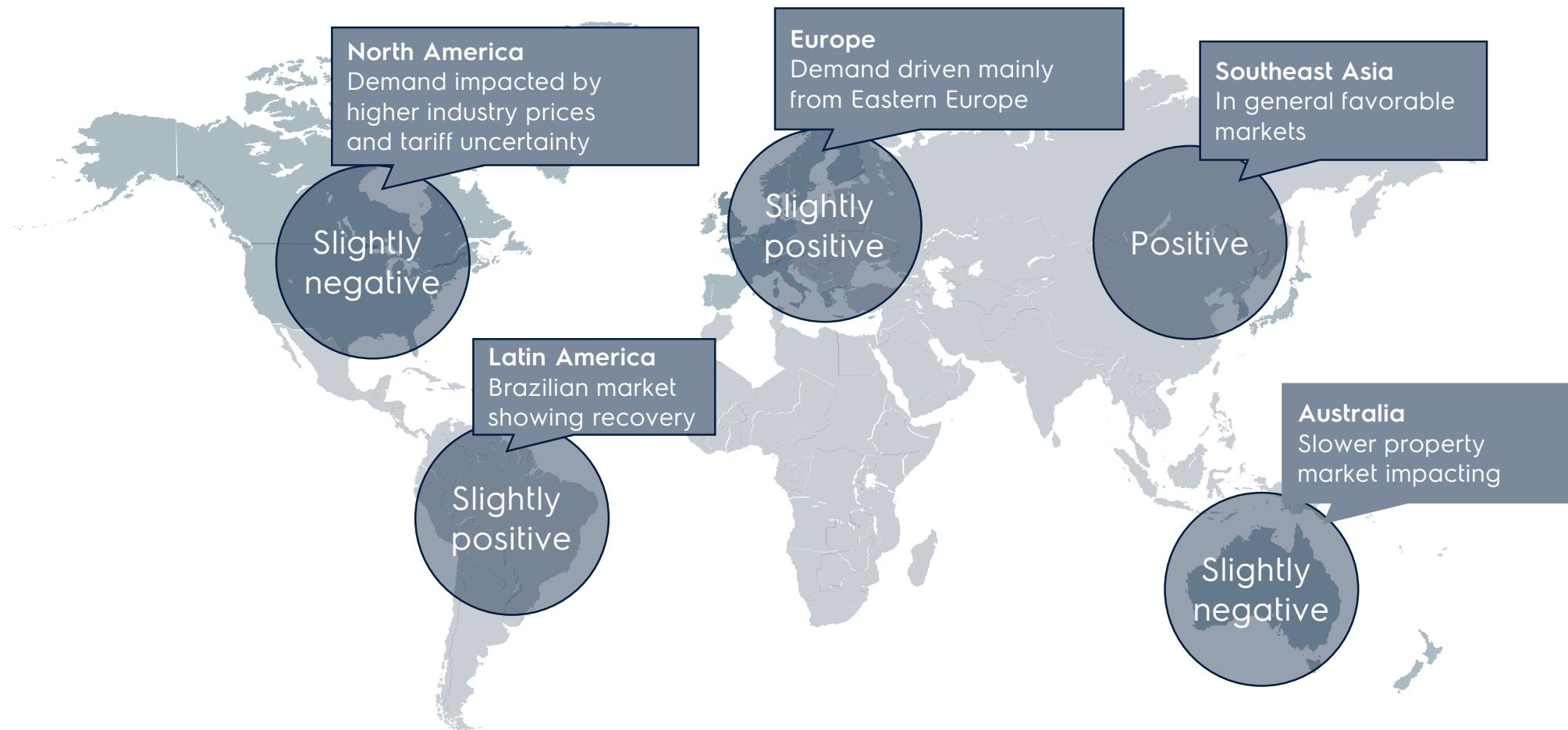


# Outlook and summary

Jonas Samuelson, President and CEO  
Therese Friberg, CFO



# Market outlook FY 2019 per region



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

# Electrolux business outlook



Business outlook*, y-o-y	Q2 2019	FY 2019	Comments for the full year 2019
Volume/price/mix	Favorable	Favorable	Positive contribution from price and mix combined with targeted volume growth
Raw material costs & trade tariffs	Increase of SEK ~0.4bn	Increase of SEK 1.4-1.6bn	Higher costs for steel, chemicals, and tariffs
Net cost efficiency**	Unfavorable	Unfavorable	Continued cost productivity focus, offset by investments and inflation
Currency effect***	SEK 0m	SEK -300m	
Capex	Increase	SEK ~7bn	

\*Business outlook range: Favorable - Neutral - Unfavorable.

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

\*\*\*Impact on operating income for the full year 2019, whereof currency transaction effects of SEK -400m and currency translation effects of SEK 100m. The calculation is based on currency rates as per April 24, 2019.

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



# Path to profitable growth continuing



## Strategic drivers executed in Q1:

- Price execution fully offsetting headwinds
- Product mix improvement
- Strengthening the Professional business through acquisition
- Re-engineering programs progressing according to plan

# 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





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