



Q4 Results 2019 presentation



Business overview

Jonas Samuelson, President and CEO



New reporting structure



- Electrolux Board has decided to propose that an EGM is held to resolve on the distribution of Electrolux Professional
- Intention is to list Electrolux Professional on Nasdaq Stockholm on March 23, 2020
- The comments in this presentation refers to the consumer business, 'continuing operations', exclusive of Electrolux Professional, unless otherwise stated

Continuing operations	Discontinued operations
Business Area Europe	Business Area Professional Products
Business Area North America	
Business Area Latin America	
Business Area Asia-Pacific, Middle East and Africa	



Full year 2019 (continuing operations)

Intense year of transformation and innovation

- Product-mix improvements
 - Well-received new ranges under a sharpened Electrolux brand
- Lower volumes, mainly in North America
 - Lower private label sales and consolidation of refrigerators/freezer production
- Price increases

Lower earnings – mainly North America

- Lower volumes and manufacturing transition costs in North America
- Higher marketing investments, mainly in Europe and APAC MEA
- Price fully offset significant headwinds from raw material/tariffs/currency

Dividend proposal of SEK 2.4 bn, corresponding to DPS of SEK 8.50





Q4 Highlights (continuing operations)

Organic decline

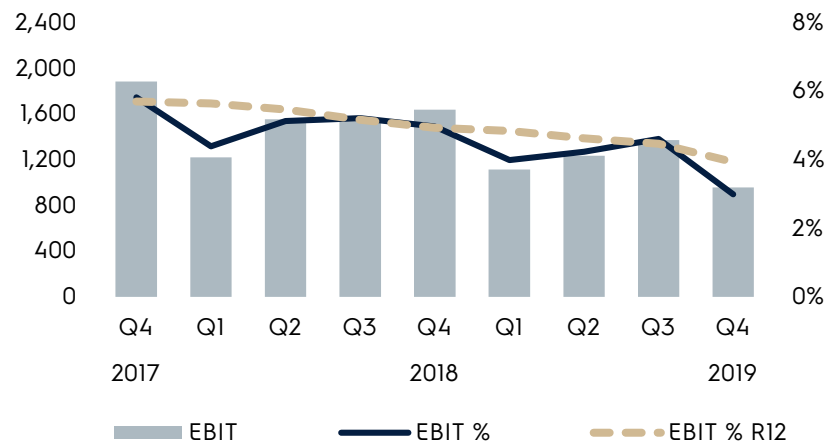
- Lower North America volumes, mainly manufacturing transition and weak market
- Positive price/mix
- Market growth across most regions

3 out of 4 BAs improved earnings

- Positive impact from price/mix improvements
- Negative impact from consolidation of manufacturing in North America, higher marketing cost and cost related to separation of Professional Products

SEKm	Q4 2019	Q4 2018	Change
Net sales	32,011	32,021	0.0%
Organic growth	-2.8%	2.6%	-5.4pts
Acquisitions	0.0%	0.1%	-0.1pts
Divestments	0.0%	-0.8%	0.8pts
Currency	3.2%	3.1%	0.1pts
EBIT	960	1,670	-42.5%
Margin	3.0%	5.2%	-2.2pts
EBIT excl. NRI	960	1,599	-40.0%
EBIT margin excl. NRI	3.0%	5.0%	-2.0pts

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted.



Innovation targeting outstanding consumer experience



Reducing harmful allergens and pollutants in the home

- Electrolux is growing profitably in the air purification category
- 3.5% CAGR estimated for global market for 2018-2024
- An installed base of air purifiers creates demand for filters throughout the product's lifetime

Leveraging global presence to drive profitable growth

- Electrolux has transformed its laundry offering by leveraging global modularized product architectures
- A profitable growth path in Asia-Pacific and North America is established and Europe has increased its contribution to operating margin by over 400%



Europe

Solid organic growth

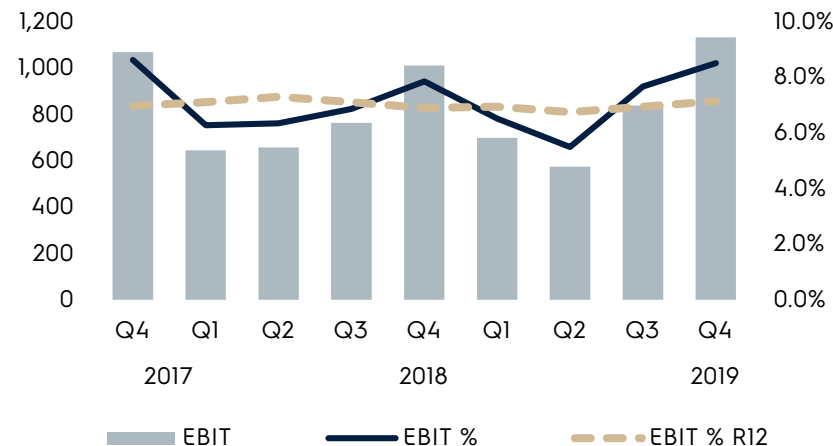
- Volume/mix improvements
- Slight price increase
- Overall market demand increased

Improved operating income

- Increased value market shares in key areas and positive aftermarket sales
- Favorable currency effect
- Increased marketing investments related to launches

SEKm	Q4 2019	Q4 2018	Change
Net sales	13,352	12,539	6.5%
Organic growth	3.3%	3.6%	-0.3pts
Acquisitions	0.0%	0.3%	-0.3pts
Currency	3.2%	4.3%	-1.1pts
EBIT	1,138	1,055	7.8%
Margin	8.5%	8.4%	0.1pts
EBIT excl. NRI	1,138	984	15.7%
EBIT margin excl. NRI	8.5%	7.9%	0.6pts

EBIT and margin

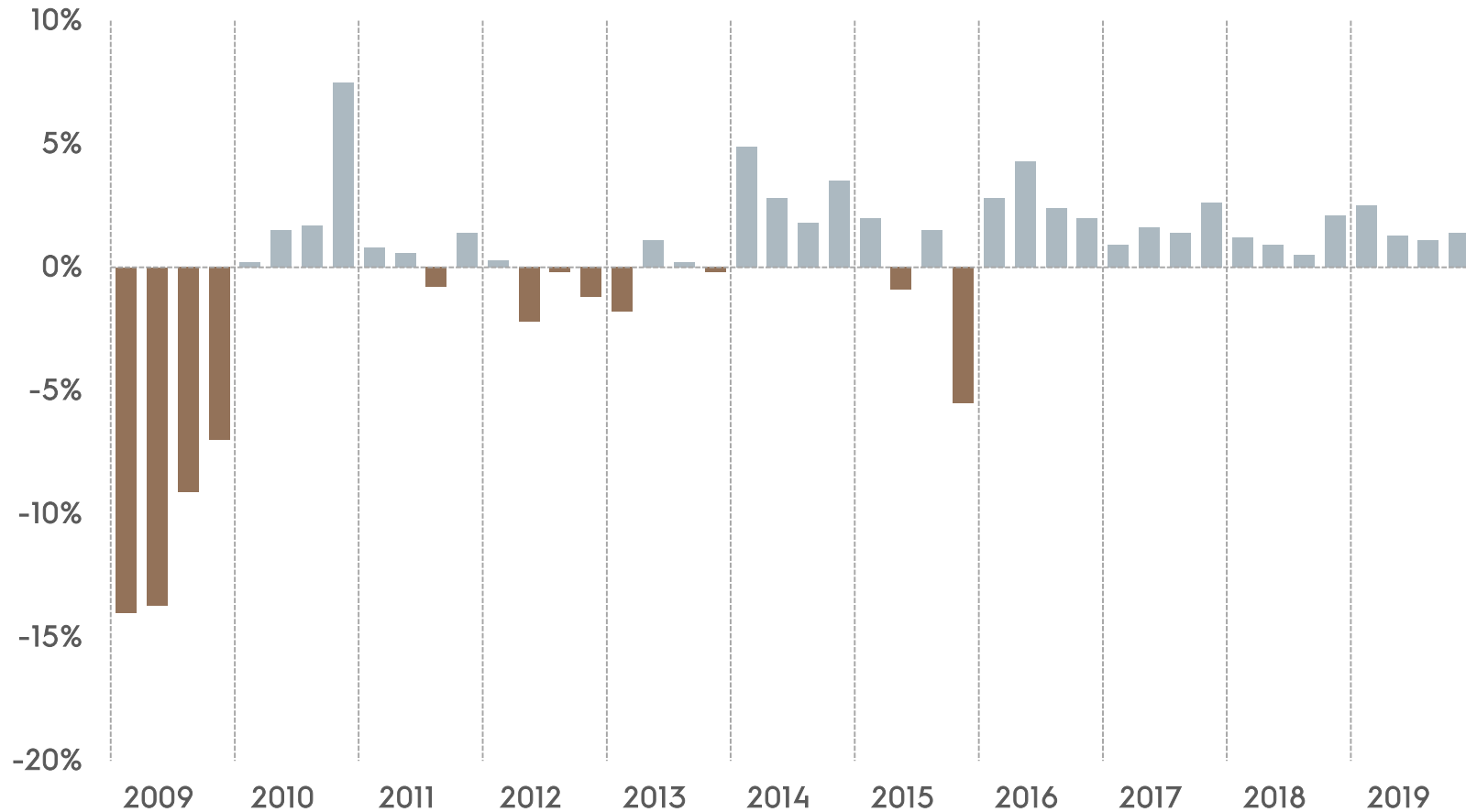


Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q4 2018 amounted to SEK +71m.



European Core Appliances Market

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



Source: Electrolux estimates

ELECTROLUX Q4 2019 PRESENTATION



North America

Significant sales decline

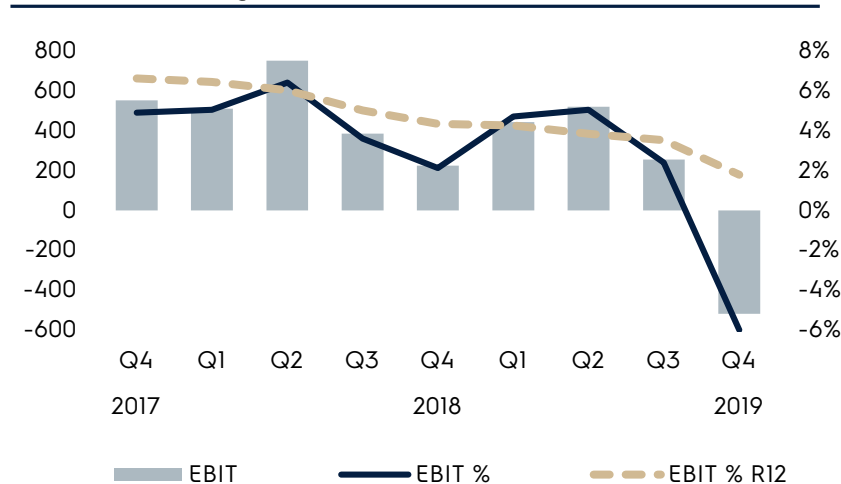
- Reduced volumes
 - Manufacturing transition in Anderson
 - Weak market and destocking at a key U.S. customer
 - Lower sales of private label products
- Slight price increases

Manufacturing transition

- Lower volumes
- Manufacturing transition costs relating to the consolidation
- Accounting adjustments from prior years

SEKm	Q4 2019	Q4 2018	Change
Net sales	8,719	10,143	-14.0%
Organic growth	-18.3%	-4.0%	-14.3pts
Divestments	0.0%	-2.4%	2.4pts
Currency	4.2%	7.9%	-3.7pts
EBIT	-519	223	N/A
Margin	-5.9%	2.2%	-8.1pts
EBIT excl. NRI	-519	223	N/A
EBIT margin excl. NRI	-5.9%	2.2%	-8.1pts

EBIT and margin

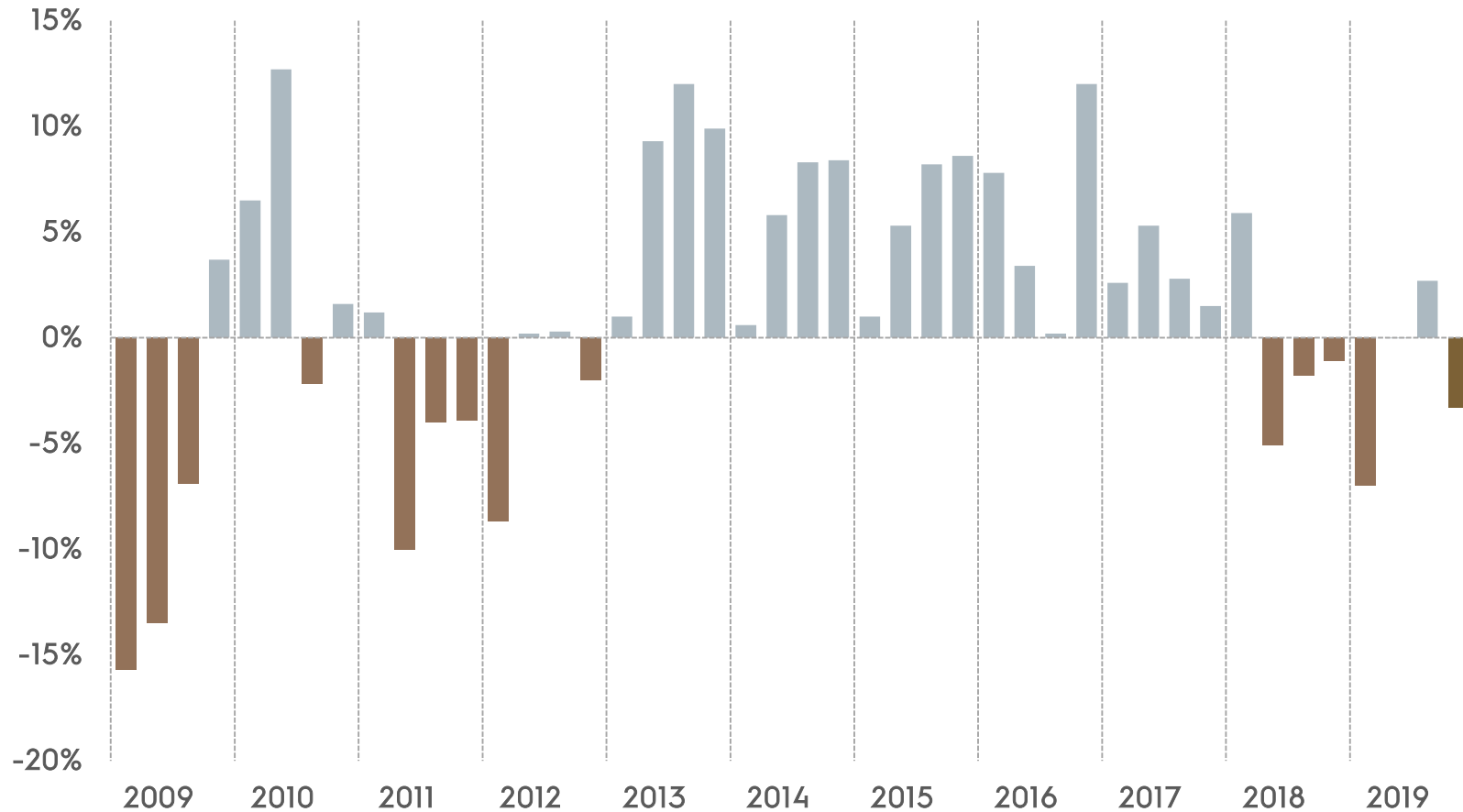


Note: Excluding non-recurring items (NRI) and currency adjusted.



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/Cookers and Ovens) and Cooktops.



Latin America

Continued strong organic growth

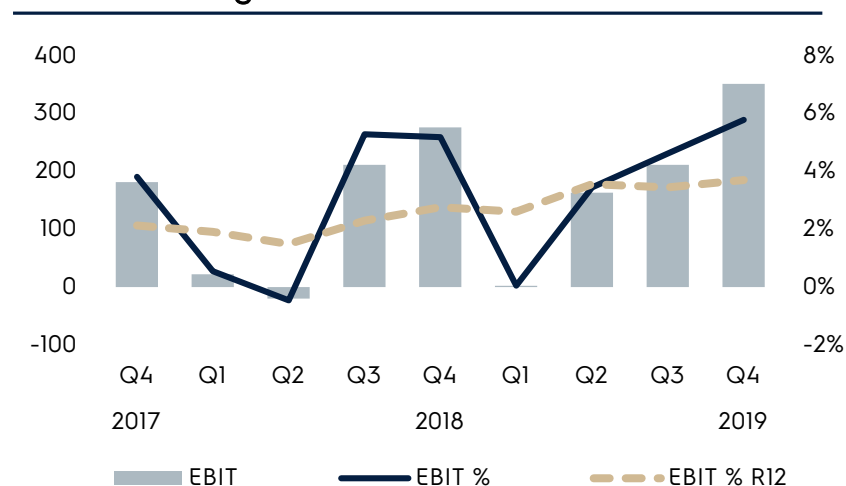
- Growth in Brazil, Argentina recovered slightly from low levels, while Chile declined due to unstable political situation
- Higher volumes and improved mix in Brazil
- Sales decline in Chile and Northern Latin America due to weak market
- Price increases

Solid execution in a volatile market

- Strong organic contribution
- Continued headwind from raw material and accelerated currency headwind
- Positive impact related to operational taxes in Brazil

SEKm	Q4 2019	Q4 2018	Change
Net sales	5,913	5,353	10.5%
Organic growth	13.9%	11.8%	2.1pts
Currency	-3.3%	-10.5%	7.2pts
EBIT	340	290	17.2%
Margin	5.8%	5.4%	0.3pts
EBIT excl. NRI	340	290	17.2%
EBIT margin excl. NRI	5.8%	5.4%	0.3pts

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted.



Asia-Pacific, Middle East and Africa

Softer markets

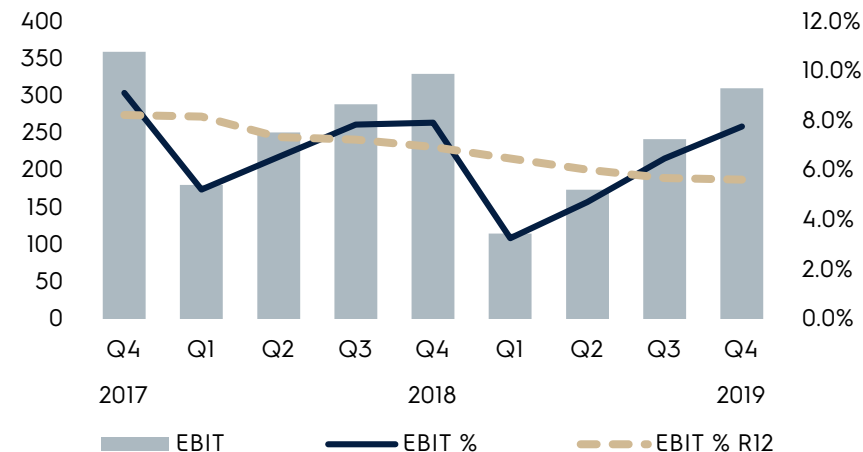
- Australia continued to decline, Southeast Asia showed growth and Middle East and Africa slightly up
- Australia - lower volumes, improved mix
- SEA - price pressure
- Weakness in Middle East

Improved cost efficiency

- High traction on cost efficiency
- Favorable currency impact
- Investments in major product launches continued
- Lower organic contribution

SEKm	Q4 2019	Q4 2018	Change
Net sales	4,027	3,986	1.0%
Organic growth	-4.2%	5.3%	-9.5pts
Acquisitions	0.1%	-	0.1pts
Currency	5.1%	4.2%	0.9pts
EBIT	315	302	4.1%
Margin	7.8%	7.6%	0.2pts
EBIT excl. NRI	315	302	4.3%
EBIT margin excl. NRI	7.8%	7.6%	0.2pts

EBIT and margin



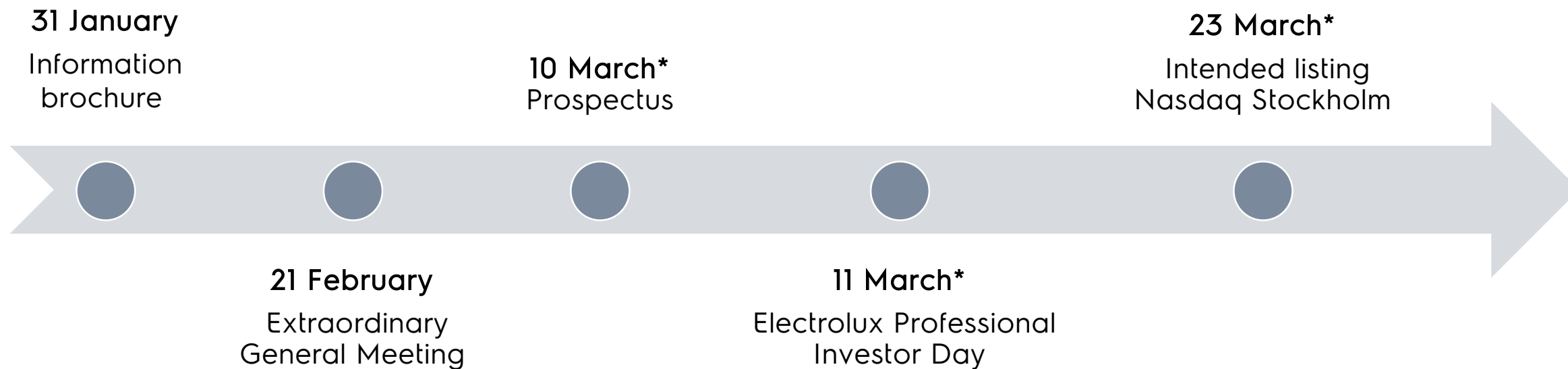
Note: Excluding non-recurring items (NRI) and currency adjusted.



Update Electrolux Professional



- Electrolux Board has proposed distribution of Electrolux Professional AB
- Information brochure published today



Discontinued operations (Electrolux Professional)

Softer market and separation impact

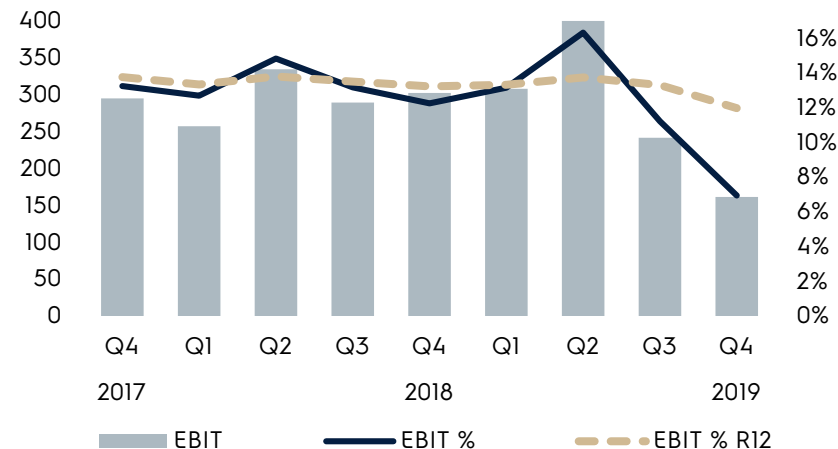
- Market growth, but at a slower pace
- Lower volumes due to
 - Less chain roll-outs in the U.S. and lower sales in APAC
 - Postponement of investment decision
 - Heavy workload relating to separation
- Price increases contributed positively

Lower volumes and higher initial costs

- Lower volumes
- High initial costs for new product launches and for start up as a standalone company
- Efficiency plan announced in Q319 is expected to have full impact in H2 2020

SEKm	Q4 2019	Q4 2018	Change
Net sales	2,334	2,405	-2.9%
Organic growth	-7.9%	4.7%	-12.6pts
Acquisitions	2.1%	6.2%	-4.1pts
Currency	2.6%	4.4%	-1.8pts
EBIT	164	294	-44.3%
Margin	7.0%	12.2%	-5.2pts
EBIT excl. NRI	164	294	-44.2%
EBIT margin excl. NRI	7.0%	12.2%	-5.2%

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted.





Financial overview

Therese Friberg, CFO

Financial overview (continuing operations)



SEKm	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Net sales	32,011	32,021	0.0%	118,981	115,463	3.0%
Organic growth	-2.8%	2.6%	-5.4pts	-1.0%	1.2%	-2.2pts
Acquisitions/divestments	0.0%	-0.7%	0.7pts	-0.3%	0.4%	-0.7pts
Currency	2.8%	3.1%	-0.3pts	4.3%	0.9%	3.4pts
Gross operating income	5,756	5,718	0.7%	19,799	20,001	-1.0%
Gross operating margin	18.0%	17.9%	0.1pts	16.6%	17.3%	-0.7pts
EBIT	960	1,670	-42.5%	3,189	4,176	-23.6%
EBIT margin	3.0%	5.2%	-2.2pts	2.7%	3.6%	-0.9pts
Non-recurring items	-	71	N/A	-1,344	-1,343	0.1%
EBIT excl. NRI	960	1,599	-40.0%	4,533	5,519	-17.9%
EBIT margin excl. NRI	3.0%	5.0%	-2.0pts	3.8%	4.8%	-1.0pts
Op. cash flow after investments	2,822	2,656	6.3%	2,280	2,646	-13.8%

Sales and EBIT Bridge (continuing operations)



SEKm	Q4 2018 excl. NRI*	Volume/ Price/Mix	Raw material & Tariffs	Currency**	Net Cost Efficiency	Acq/***/ Divest.	Q4 2019 excl. NRI*	NRI*	Q4 2019
Net Sales	32,021	-969		955		5	32,011		32,011
Growth %		-2.8%		2.8%		0.0%	0.0%		0.0%
EBIT	1,599	-189	-14	-33	-403	-	960	-	960
EBIT %	5.0%						3.0%		3.0%
<i>Accretion/ Dilution</i>		-0.5%	0.0%	-0.2%	-1.3%	0,0			

*Non-recurring items (NRI) in Q4 2018 amounted to SEK +71m.

**Currency includes SEK 50m of currency translation effects and -83m of transaction effects on EBIT.

***Acquisitions/divestments include the acquisition of an appliance installation and repair service operations in Australia.

Earnings contribution from price/mix



Business Area	Price/Mix	Comments for Q4
Europe	Positive	Positive mix driven by premium products and brands Positive prices
North America	Positive	Positive price, mix declined
Latin America	Positive	Positive price/mix
Asia-Pacific, Middle East and Africa	Negative	Price decline
Group EBIT % accretion	+0.7%	

Sales and EBIT Bridge full year (continuing operations)



SEKm	FY 2018 excl. NRI*	Volume/ Price/Mix	Raw material & Tariffs	Currency**	Net Cost Efficiency	Acq/***/ Divest.	FY 2019 excl. NRI*	NRI*	FY 2019
Net Sales	115,463	-1,204		5,062		-340	118,981		118,981
Growth %		-1,0%		4,3%		-0,3%	3,0%		3,0%
EBIT	5,519	1,562	-1,035	-476	-1,043	6	4,533	-1,344	3,189
EBIT %	4.8%						3.8%		2.7%
<i>Accretion/ Dilution</i>		1.4%	-0.9%	-0.6%	-0.9%	0.0%			

*Non-recurring items (NRI) in 2018: SEK -596m refers to the consolidation of freezer production in North America, SEK -747m refers to business area Europe and includes a fine of SEK -493m, relating to an investigation by the French Competition Authority, and a cost of SEK -254m relating to an unfavorable court ruling in France. NRI in 2019: SEK -829m relates to the consolidation of U.S. cooking production, SEK -225m to the closure of a refrigeration production line in Latin America, SEK 1,403m relates to recovery of overpaid sales tax in Brazil, SEK -197m relates to a legal settlement in the U.S. and SEK -1,496m relates to restructuring charges for efficiency measures and outsourcing projects across business areas and Group common costs.

**Currency includes SEK 220m of currency translation effects and -696m of transaction effects on EBIT.

**Acquisitions/divestments include mainly the divestment of the U.S.-based floor care business BEAM and Sanitaire in North America.

Operating Cash Flow (Group)



SEKm	Q4 2019	Q4 2018	FY 2019	FY 2018
EBIT	960	1,670	3,189	4,176
D/A and other non-cash items	1,161	941	6,557	5,069
Change in operating assets and liabilities	3,150	2,400	-499	-780
Investments in intangible and tangible assets	-2,649	-2,373	-6,674	-5,460
Changes in other investments	200	19	-294	-359
Cash flow after investments*, Electrolux	2,822	2,656	2,280	2,646
Cash flow after investments*, Electrolux Professional	403	508	1,153	1,004
Cash flow after investments*	3,226	3,163	3,433	3,650

*Before acquisitions and divestments

Note: Electrolux = continuing operations

Group key ratios full year



Full year 2019	Group	Electrolux*	Electrolux Professional
Net income, SEKm	2,509	1,820	688
Earnings per share, SEK	8.73	6.33	2.40
Dividends per share, SEK	8.50	-	-
Payout ratio, %	97%	-	-

* Continuing operations



Illustrative capital structure

(If separation of Electrolux Professional took place Dec 31, 2019)

31 December 2019	Electrolux*	Electrolux Professional
Financial net debt ¹	-0.6	0.6
Lease liabilities	3.2	0.2
Net provisions for post-employee benefits	3.9	0.2
Net debt	6.5	1.0
Equity	19.9	2.7
Net debt/equity ratio	32.5%	37.8%
Net debt/EBITDA	0.7	0.8

* Continuing operations

¹ Electrolux Professional was primarily financed through SEK 1.2bn of intra-group loans as of December 31st 2019. In the above table these loans have been included in Electrolux Professional financial net debt since they will be repaid to AB Electrolux in connection to the planned listing and replaced by external financing. As a consequence the table also shows a reduction of AB Electrolux's financial net debt of the corresponding amount

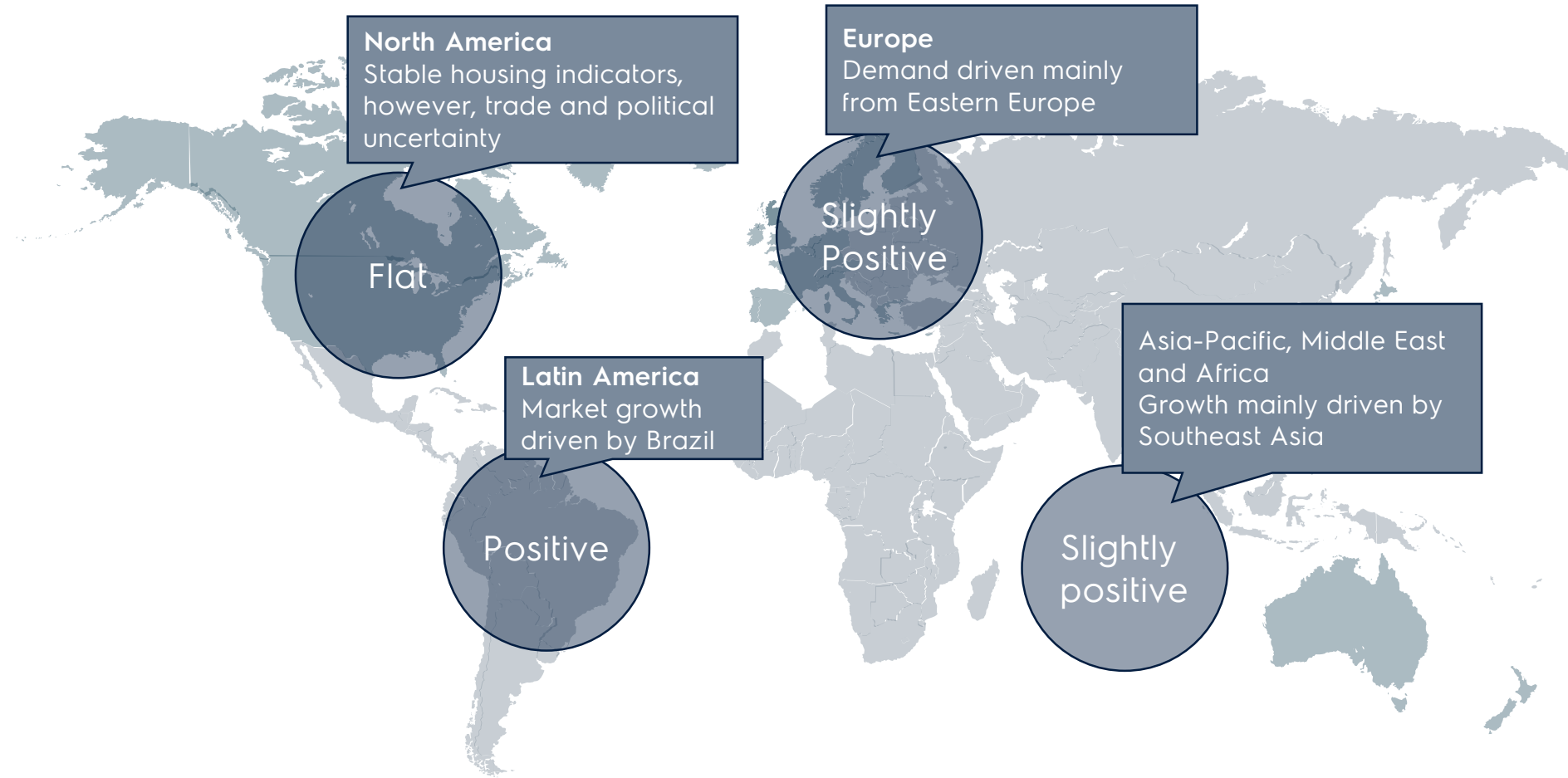


Outlook and summary

Jonas Samuelson, President and CEO

Therese Friberg, CFO

Market outlook FY 2020 per region



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

Update on re-engineering and streamlining programs



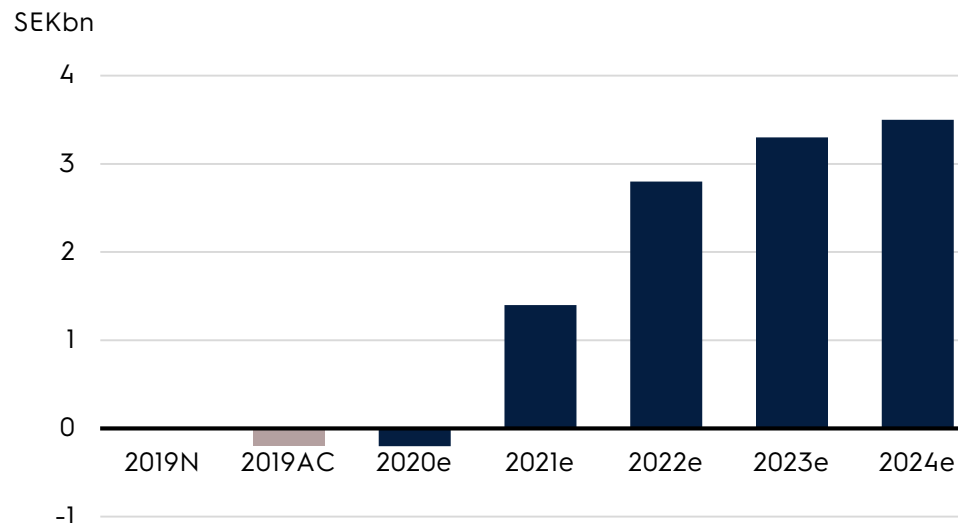
Update cost savings

- Annual cost savings SEK ~3.5 bn with full effect from 2024
- Savings from Anderson and Springfield pushed one year to decrease capacity risk
- Other activities according to plan

Anderson update

- Loss Q1 2020 BA North America
 - Lower volumes and higher costs
- Capacity constraints expected to be gradually resolved during H1 2020
- Transition costs Q1 – Q3 2020

Cost savings from re-engineering investments and streamlining measures



Note: Baseline 2019 normalized.
Cost savings are net of expected transition costs.

- Cost savings (re-engineering and streamlining) vs. normalized 2019
- Additional transition costs not incl. in normalized 2019

Electrolux business outlook



Business outlook*, y-o-y	Q1 2020	FY 2020	Comments for the full year 2020
Volume/price/mix	Unfavorable	Favorable	Mix improvements combined with targeted volume growth
Raw material costs & trade tariffs	SEK ~0bn	Decrease of SEK 0-0.5bn	Raw material tailwind partly offset by tariffs
Net cost efficiency**	Unfavorable	Unfavorable	Higher innovation/marketing investments and manufacturing transition costs, partly offset by cost-efficiencies
Currency effect***	SEK -150m	SEK -150m	
Capex	Increase	SEK ~7bn	

*Business outlook range: Favorable - Neutral - Unfavorable.

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

***Impact on operating income for the full year 2020, whereof currency transaction effects of SEK -150m and currency translation effects of SEK 0m. The calculation is based on currency rates as per January 22, 2020.

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

Path to profitable growth continuing



Strategic drivers executed in Q4:

- 3 of 4 business areas improved earnings
- Consolidating U.S. fridge/freezer production
- Board propose that an EGM is held to resolve on distribution of Electrolux Professional
- Value creation: solid cash flow and dividend proposal of SEK 8.50 (8.50)

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



Path to profitable growth continuing



Strategic drivers executed in Q4:

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Electrolux