



Electrolux



# Q2 Results 2020 presentation



# Business overview

Jonas Samuelson, President and CEO



# Coronavirus impact Q2



	Market	Sales Q2	Production
<b>Europe</b>	<ul style="list-style-type: none"> <li>-13% sell-in (volume) Q2</li> <li>Most countries in lockdown in April; stores opening in May</li> <li>June growth; pent-up demand</li> </ul>	-14%	<ul style="list-style-type: none"> <li>Soft opening of factories from end of April</li> <li>Close to normal production in June</li> </ul>
<b>North America</b>	<ul style="list-style-type: none"> <li>-6% sell-in (volume) Q2; less decline June</li> <li>Stores open</li> <li>Supply constraints impacting</li> </ul>	-18%	<ul style="list-style-type: none"> <li>Production constraints                             <ul style="list-style-type: none"> <li>- Factories in Mexico closed large part of Q2</li> <li>- Availability of components from Mexico</li> <li>- Social distancing restrictions</li> </ul> </li> </ul>
<b>Latin America</b>	<ul style="list-style-type: none"> <li>Negative demand</li> <li>April - most countries in lockdown</li> <li>May/June - Softening of lockdown rules, retail gradually opening. Growth in Brazil in June</li> </ul>	-24%	<ul style="list-style-type: none"> <li>Factories to a large extent closed in April (mandated or demand driven)</li> <li>Gradual reopening in May; close to normal production in June</li> </ul>
<b>APAC MEA</b>	<ul style="list-style-type: none"> <li>Negative demand Q2</li> <li>Weaker market for countries with lockdown in April, incl. SEA, MEA</li> <li>Strong growth in Australia</li> </ul>	-11%	<ul style="list-style-type: none"> <li>Adjusted to reflect lower demand beginning Q1</li> <li>Close to normal production in June</li> </ul>
<b>Group</b>		-17%	

# Q2 Highlights

## Volumes severely impacted by the Corona pandemic

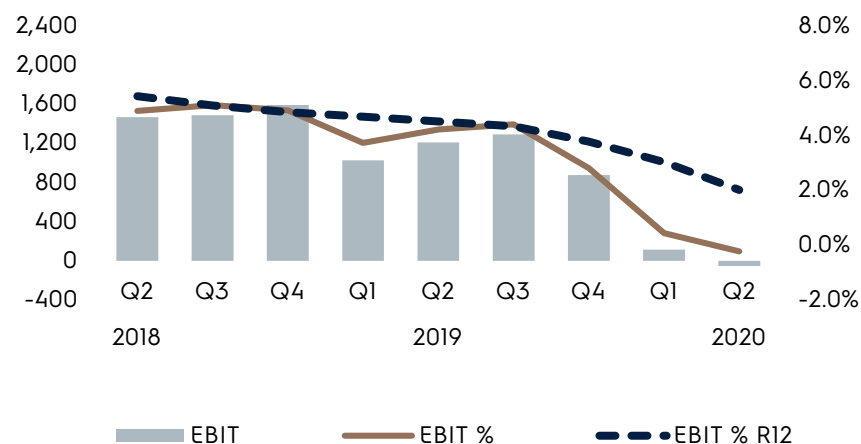
- Challenging market conditions; recovery in June
- Significant volume drop across all business areas

## Navigating through challenging market

- Strong cost-cutting measures
- Mix improvements and price increases
- Significant currency headwinds

SEKm	Q2 2020	Q2 2019	Change
Net sales	23,476	29,232	-19.7%
Organic growth	-16.6%	-3.1%	-13.5pts
Acquisitions	0.0%	0.1%	-0.1pts
Divestments	0.0%	-0.6%	0.6pts
Currency	-3.1%	3.8%	-6.9pts
EBIT	-62	1,219	N/A
Margin	-0.3%	4.2%	-4.4pts
EBIT excl. NRI	-62	1,219	N/A
EBIT margin excl. NRI	-0.3%	4.2%	-4.4pts

### EBIT and margin\*



\*Excluding non-recurring items (NRI) and currency adjusted.



# New consumer behaviors



Spending  
more time  
at home

Health and  
hygiene in  
focus

Consumers  
more  
digital

# Driving sustainable consumer experience innovation

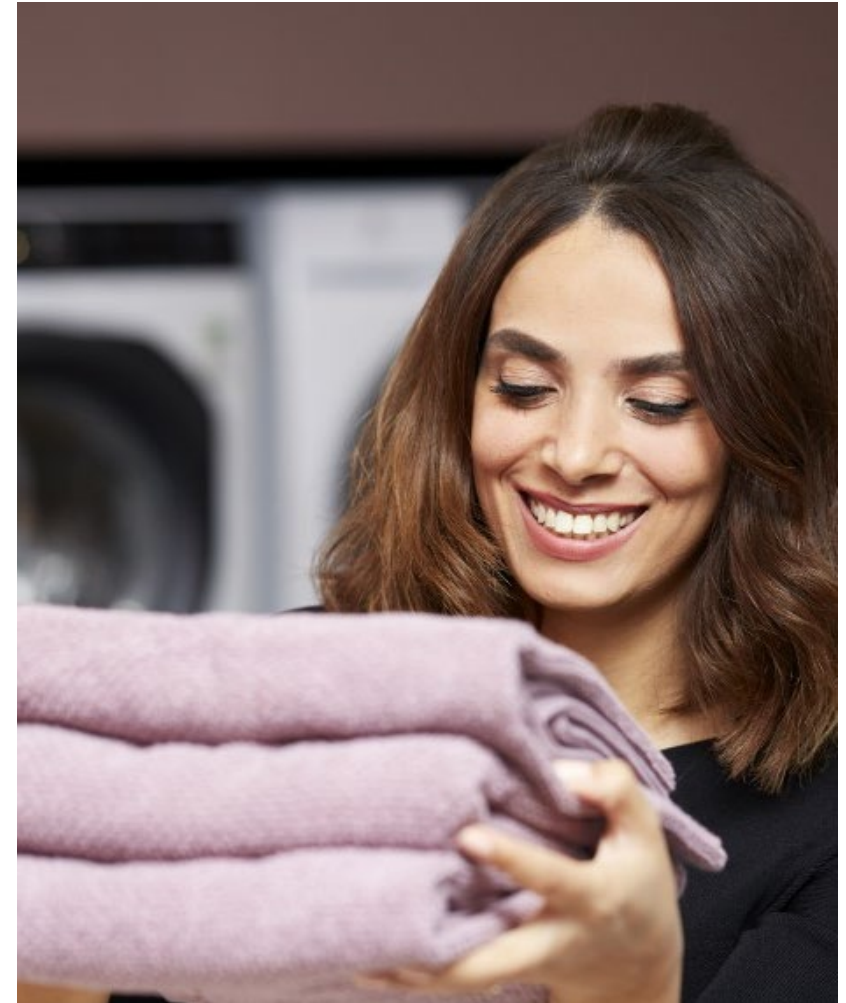


## Eco features in demand

- Electrolux dishwasher QuickSelect saves water and energy
- Achieved high consumer star rating 2019
- Gained value market share

## Entering Emerging Markets

- Rapid establishment in Morocco 2017
- Built on previous experience and market insights
- Double digit market share in Morocco, 2019



# Europe

## Sales decline due to lower volumes

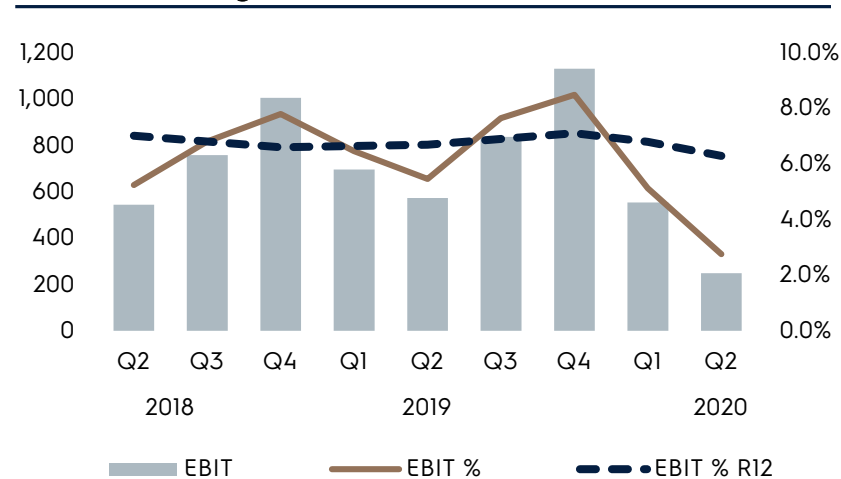
- Challenging April with restrictions
- Sales growth in June as markets picked up
- Mix improvements, premium brands gaining market share
- Impact from extended closure of kitchen retailers

## Strong cost-cutting execution

- Lower marketing investments/ use of furloughs
- Raw material impacted positively
- Currency headwind

SEKm	Q2 2020	Q2 2019	Change
Net sales	8,888	10,479	-15.2%
Organic growth	-14.2%	0.8%	-15.0pts
Acquisitions	0.0%	0.2%	-0.2pts
Currency	-1.0%	2.3%	-3.3pts
EBIT	244	576	-57.6%
Margin	2.8%	5.5%	-2.7pts
EBIT excl. NRI	244	576	-57.6%
EBIT margin excl. NRI	2.8%	5.5%	-2.7pts

## EBIT and margin\*

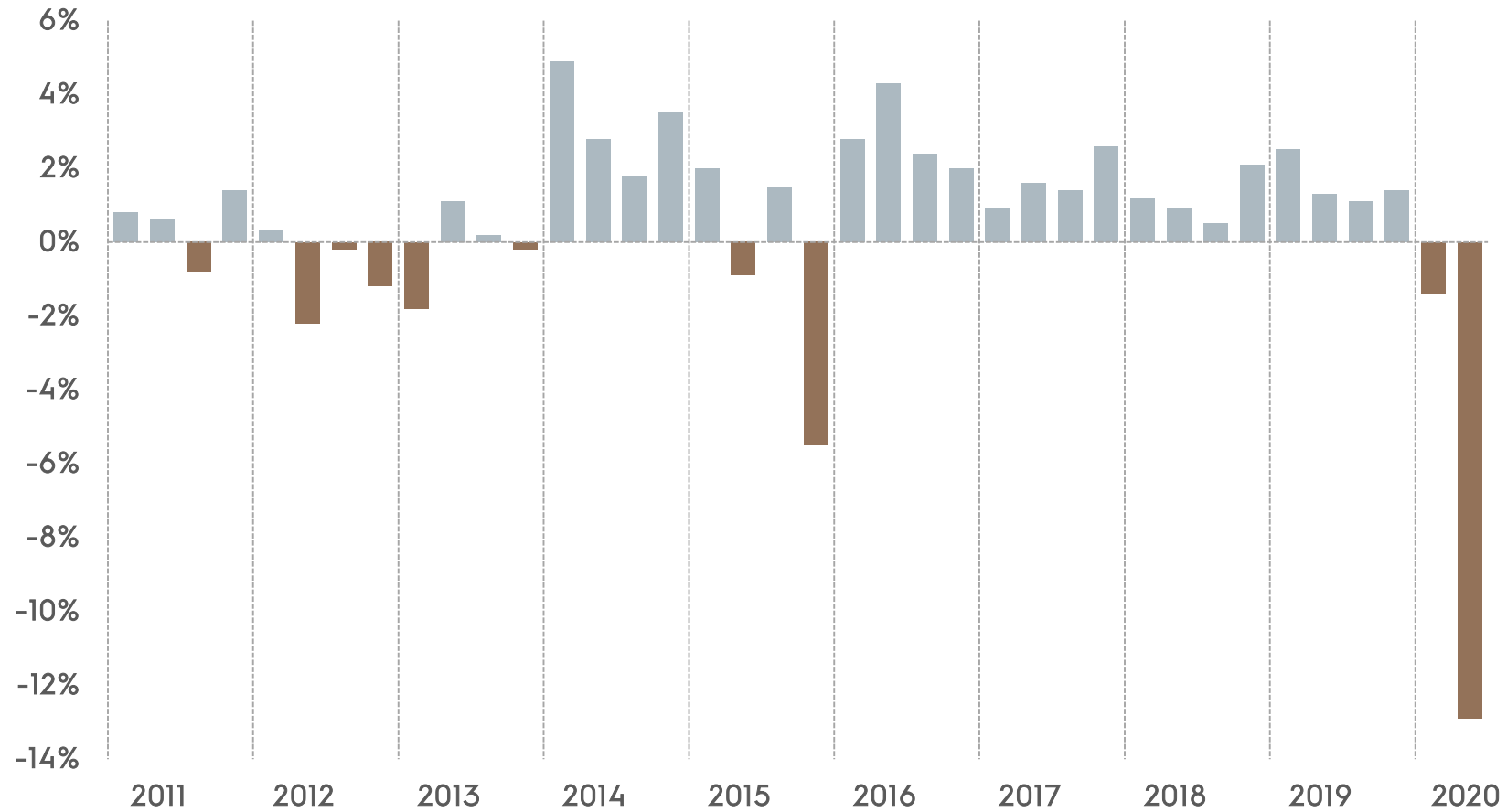


\*Excluding non-recurring items (NRI) and currency adjusted.



# European Core Appliances Market

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



Source: Electrolux estimates

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# North America

## Supply constraints

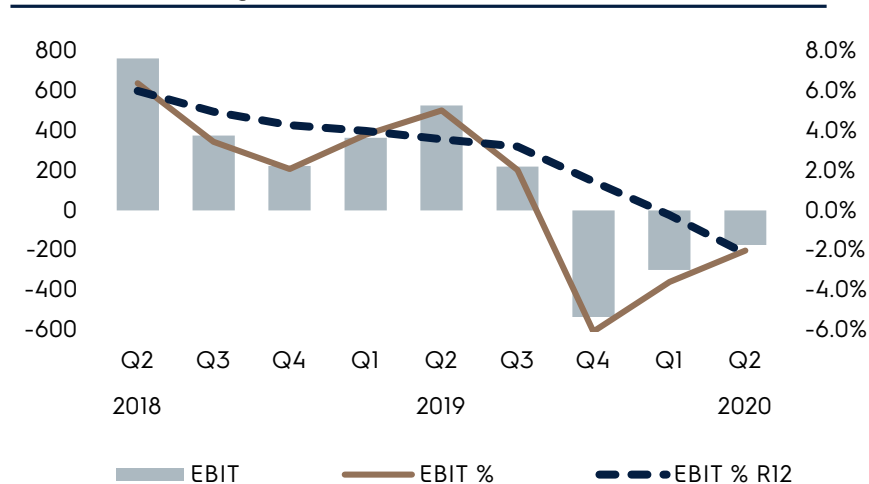
- Market volumes impacted by supply constraints
- Production and sales impacted by Mexico restrictions

## Lower availability and higher production costs impacting EBIT

- Increased costs related to manufacturing consolidation
- Cost efficiency actions and slight price increases

SEKm	Q2 2020	Q2 2019	Change
Net sales	8,537	10,255	-16.8%
Organic growth	-17.9%	-10.8%	-7.1pts
Divestments	0.0%	-1.5%	1.5pts
Currency	1.2%	7.2%	-6.0pts
EBIT	-173	504	N/A
Margin	-2.0%	4.9%	-6.9pts
EBIT excl. NRI	-173	504	N/A
EBIT margin excl. NRI	-2.0%	4.9%	-6.9pts

EBIT and margin\*

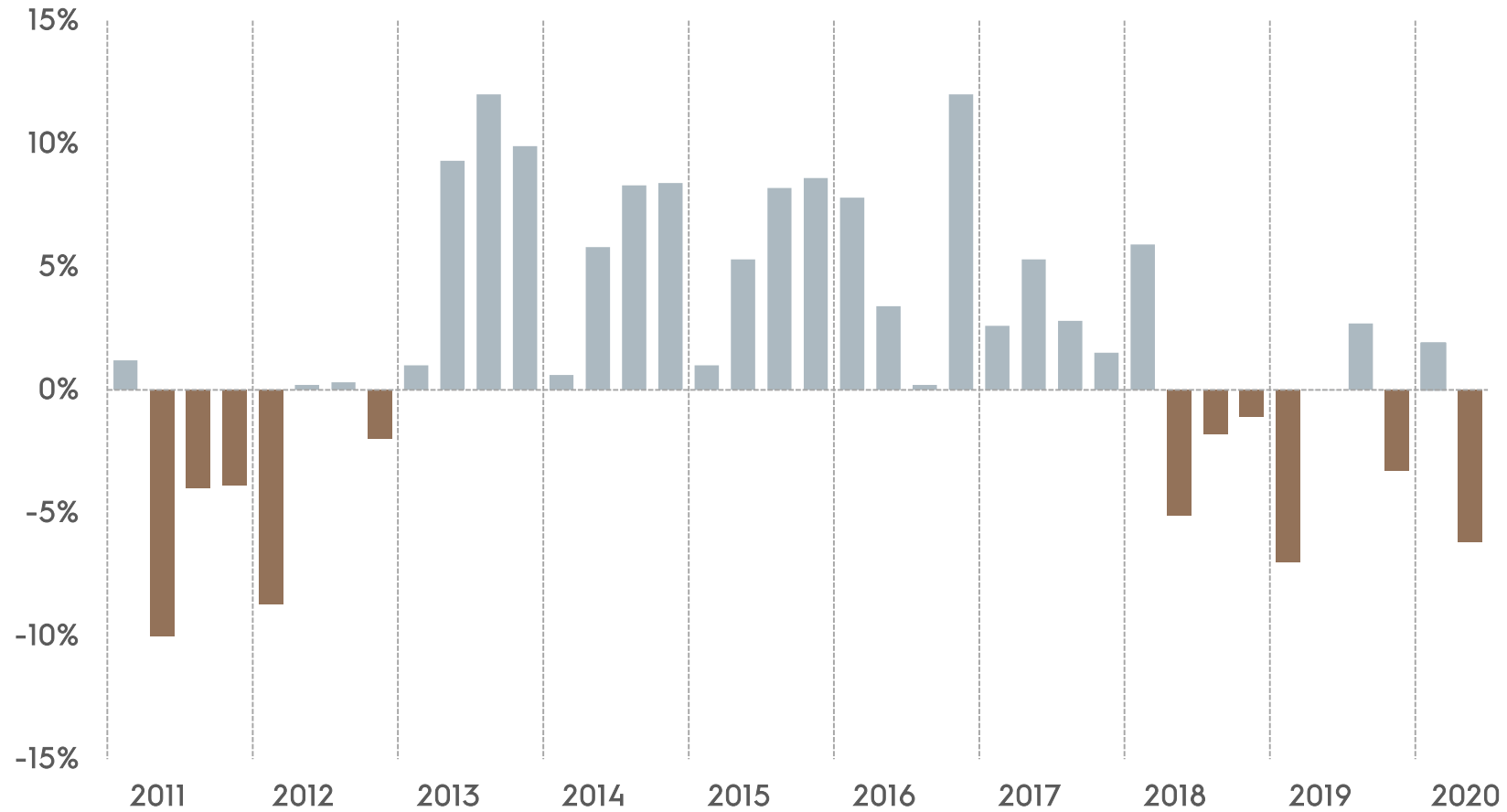


\*Excluding non-recurring items (NRI) and currency adjusted.



# 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.

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# Latin America

## Volumes severely impacted by the pandemic

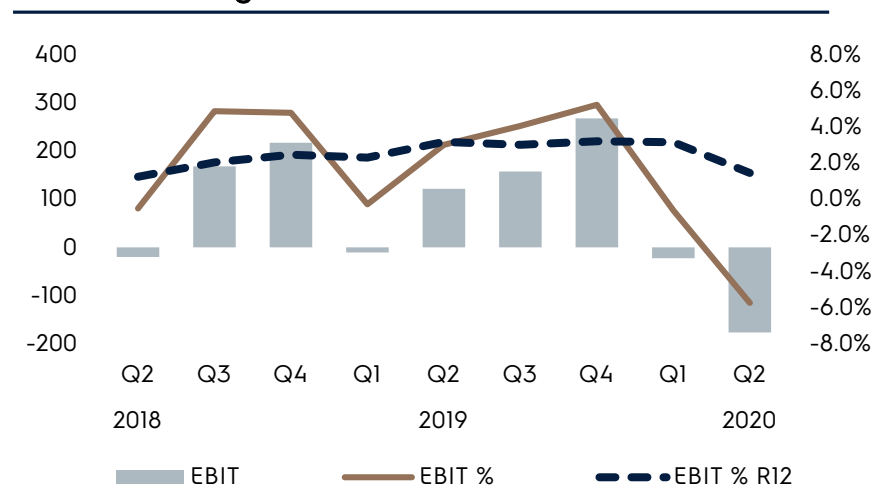
- Consumer demand declined due to lockdowns and restrictions
- Demand picked up in June
- Lower volumes partly offset by price/mix

## Lower volumes, strong FX headwind

- Price increases to mitigate significant currency headwind
- Cost-cutting measures
- Positive contribution from mix

SEKm	Q2 2020	Q2 2019	Change
Net sales	2,822	4,816	-41.4%
Organic growth	-24.2%	8.3%	-32.5pts
Currency	-17.2%	-1.8%	-15.4pts
EBIT	-183	164	N/A
Margin	-6.5%	3.4%	-9.9pts
EBIT excl. NRI	-183	164	N/A
EBIT margin excl. NRI	-6.5%	3.4%	-9.9pts

## EBIT and margin\*



\*Excluding non-recurring items (NRI) and currency adjusted.





# Asia-Pacific, Middle East and Africa

## Sales impacted by pandemic

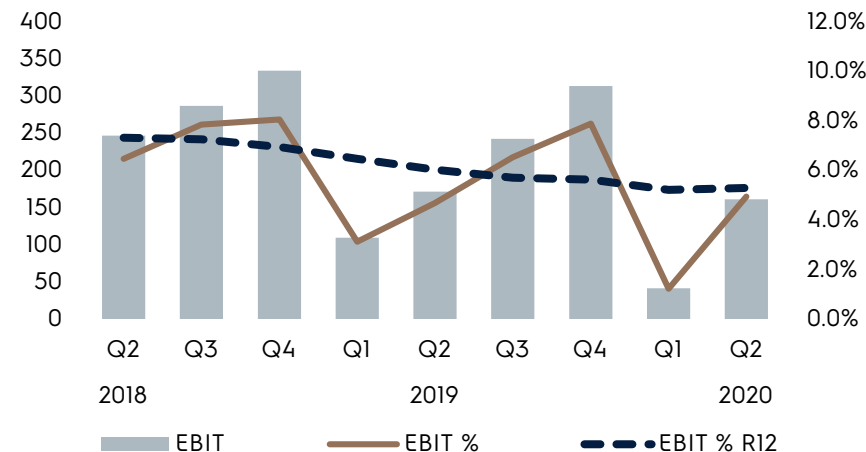
- Consumer demand declined in most markets, except Australia
- Sales growth in Australia
- Lower sales volumes in SEA and MEA
- Mix improvements and price increases

## Lower volumes impacted earnings

- Strong cost-savings execution
- Good traction from product launches in Australia
- Continued currency headwind

SEKm	Q2 2020	Q2 2019	Change
Net sales	3,230	3,682	-12.3%
Organic growth	-10.9%	-4.0%	-6.9pts
Acquisitions	0.0%	0.1%	-0.1pts
Currency	-1.3%	3.7%	-5.0pts
EBIT	159	171	-7.4%
Margin	4.9%	4.7%	0.3pts
EBIT excl. NRI	159	171	-7.4%
EBIT margin excl. NRI	4.9%	4.7%	0.3pts

## EBIT and margin\*



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





Electrolux

# Financial overview

Therese Friberg, CFO



# Financial overview



SEKm	Q2 2020	Q2 2019	Change
Net sales	23,476	29,232	-19.7%
Organic growth	-16.6%	-3.1%	-13.5pts
Acquisitions/divestments	0.0%	-0.5%	0.5pts
Currency	-3.1%	3.8%	-6.9pts
Gross operating income	3,351	5,492	-39.0%
Gross operating margin	14.3%	18.8%	-4.5pts
EBIT	-62	1,219	N/A
Margin	-0.3%	4.2%	-4.4pts
Non-recurring items	-	-	
EBIT excl. NRI	-62	1,219	N/A
Margin excl NRI	-0.3%	4.2%	-4.4pts
Op. cash flow after investments	122	-25	N/A

# Sales and EBIT Bridge



SEKm	Q2 2019 excl. NRI*	Volume/ Price/Mix	Raw material & Tariffs	Currency**	Net Cost Efficiency	Acq/ Divest.	Q2 2020 excl. NRI*	NRI*	Q2 2020
Net Sales	29,232	-4,666		-1,090			23,476		23,476
Growth %	-3.5%	-16.6%		-3.1%		0.0%	-19.7%		-19.7%
EBIT	1,219	-1,470	33	-364	520		-62	-	-62
EBIT %	4.2%						-0.3%		-0.3%
<i>Accretion/ Dilution</i>		-5.2%	0.1%	-1.5%	2.1%				

\*Currency includes SEK -16m of currency translation effects and -349m of transaction effects on EBIT.

# Earnings contribution from price/mix



Business Area	Price/Mix	Comments for Q2
Europe	Positive	Positive mix driven by premium brands, slight price erosion
North America	Negative	Slight price increase, negative mix due to supply constraints
Latin America	Positive	Price increases and mix improvements
Asia-Pacific, Middle East and Africa	Positive	Mix improvements and price increases
<b>Group EBIT % accretion</b>	<b>+1.3%</b>	



# Currency effects



Business Area, in SEKm	Q2 2020	Q3 2020e	FY 2020e
Europe	-73	0	-300
North America	67	0	50
Latin America	-317	-200	-900
Asia-Pacific, Middle East and Africa	-46	0	-250
Other	5	0	0
<b>Total Group</b>	<b>-364</b>	<b>-200</b>	<b>-1,400</b>

\*Note: The calculation for Q2 2020e and FY 2020e are based on currency rates as per July 10, 2020.

# Operating Cash Flow



SEKm	Q2 2020	Q2 2019
EBIT	-62	1,219
D/A and other non-cash items	1,258	1,262
Change in operating assets and liabilities	-51	-1,096
Investments in intangible and tangible assets	-1,080	-1,305
Changes in other investments	57	-105
<b>Cash flow after investments*</b>	<b>122</b>	<b>-25</b>

\*Before acquisitions and divestments

# Financing



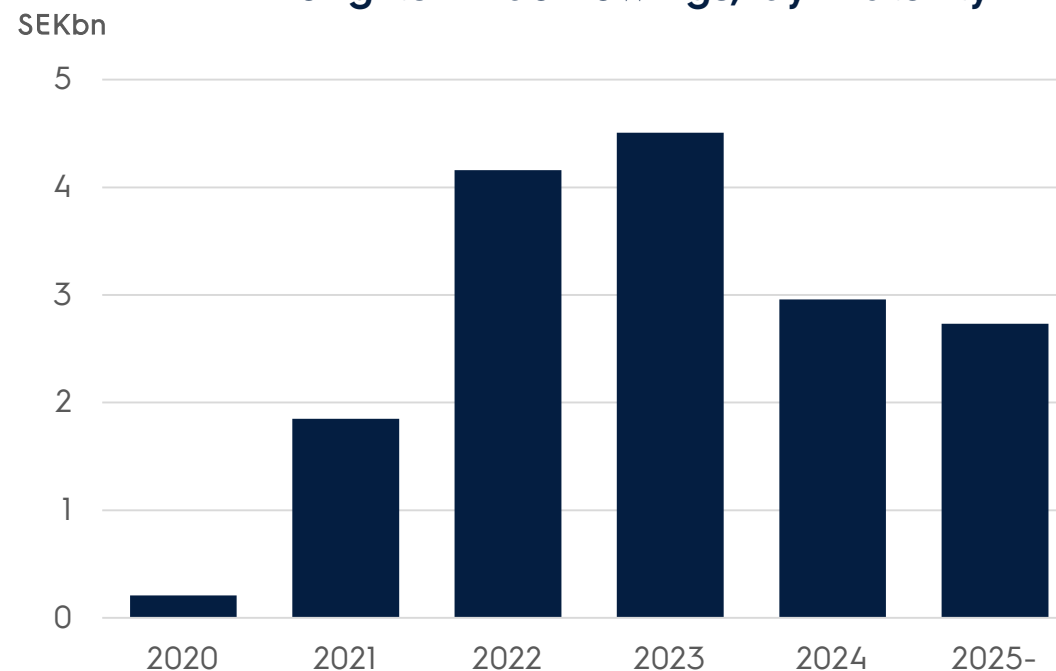
## Q2

- Two bond loans totaling SEK 3.4bn, maturity 2023
- 5-year private placement NOK 500m
- 7-year private placement of USD 150m
- Credit facility of SEK 3bn, maturity 2021

## July

- Credit facility of SEK 10bn, expiring 2025

### Long-term borrowings, by maturity



#### Unused credit facilities

- EUR 1bn, expiring 2023
- SEK 3bn, expiring 2021
- SEK 10bn, expiring 2025



## Outlook and summary

Jonas Samuelson, President and CEO  
Therese Friberg, CFO

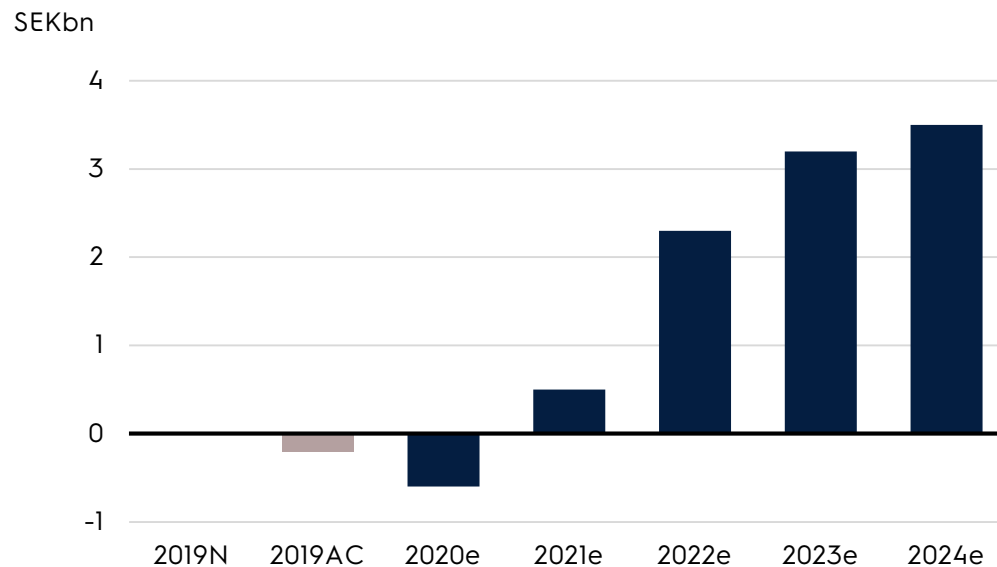


# Update on re-engineering and streamlining programs



- Annual cost savings SEK ~3.5 bn, full effect from 2024
- Corona pandemic delays savings near term
- Springfield, the U.S.
  - Delayed up to ½ year; equipment related
- Anderson, the U.S.
  - Ramp-up impacted by absenteeism and Covid-19
  - Keep legacy Anderson until mid-2021 to avoid capacity constraints
  - Previous technical bottle necks worked through
- Slight delays in other re-engineering projects
- Streamlining activities progressing well

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

# Market outlook FY 2020 per region



- Weak H1 2020
- Near-term good demand in several markets
- Uncertainty in Q4

• Electrolux estimates for industry shipments of core appliances, units year-over-year  
• Latin America includes the ABC-countries, Asia-Pacific, Middle East and Africa includes, ANZ, SEA and MEA.

# Electrolux business outlook



Business outlook*, y-o-y	Q3 2020	FY 2020	Comments for the full year 2020
Volume/price/mix	Favorable	Unfavorable	Volume decline driven by the coronavirus pandemic, partly offset by price/mix
Raw material costs & trade tariffs	Decrease of SEK ~150m	Decrease of SEK 0.3-0.6bn	Raw material tailwind partly offset by tariffs
Net cost efficiency**	Favorable	Favorable	Comprehensive actions incl. significantly reduced discretionary spending and furloughs
Currency effect***	SEK -200m	SEK -1,400m	
Capex	Decrease	SEK ~5bn	

\*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 -1,400m and currency translation effects of SEK 0m. The calculation is based on currency rates as per July 10, 2020.

Note: Business outlook in the above table excludes non-recurring items and assumes no additional major restrictions due to the coronavirus pandemic.

# Well positioned to create value

OPERATING  
MARGIN

≥ 6%

SALES  
GROWTH

≥ 4%

RONA\*\*

> 20%

Financial targets for  
profitable growth\*

## Strategic drivers executed in Q2:

- Mix improvements driven by launches/premium brands
- Consolidating U.S. fridge/freezer production
- Agile and flexible short term while keeping focus on long-term value creation



Driving sustainable  
consumer experience  
innovation



Increase efficiency  
through digitalization,  
automatization and  
modularization

Solid balance sheet facilitates profitable growth

\*Financial targets are over a business cycle



A man in a dark sweater is pointing towards a large screen in a modern office. The background shows a bright window with greenery and a white wall with framed pictures.

## Hold the date for Capital Markets Update November 17, 2020

Electrolux has the pleasure of inviting investors and financial analysts to an on-line Capital Markets Update  
17 November, 2020

The event will be hosted by Jonas Samuelson, CEO and President and Anna Ohlsson-Leijon, head of Business Area Europe

More information will follow

# 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



# Well positioned to create value

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GROWTH

≥ 4%

RONA\*\*

> 20%

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**Electrolux**