



# Q1 Results 2021 presentation



# Business overview

Jonas Samuelson, President and CEO



# Q1 Highlights



## Delivering strong profitable growth

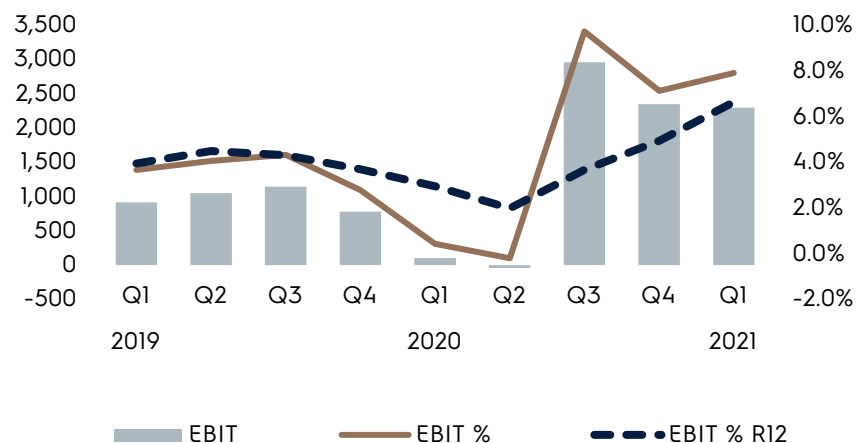
- Strong markets
- Double-digit organic growth across business areas
- Significant volume increase
- Positive price and mix development
- Increased aftermarket sales

## EBIT increased significantly

- Strong contribution from volume/price/mix
- Price exceeds cumulative headwinds from external factors
- Continuous cost improvements compensating increased costs for supply chain constraints
- Investments in innovation and marketing

SEKm	Q1 2021	Q1 2020	Change
Net sales	29,026	26,578	9.2%
Organic growth	22.8%	-5.1%	28.0pts
Acquisitions	0.2%	0.0%	0.2pts
Currency	-13.8%	2.1%	-15.9pts
EBIT	2,297	122	N/A
Margin	7.9%	0.5%	7.5pts

## EBIT and margin\*



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



# Driving sustainable consumer experience innovation



## North America drives water filter aftermarket sales

- ~50% increase in water filter sales in 2020, y-o-y
- Almost 60% improvement in gross profit
- ~4 billion plastic bottles avoided in 2020 by Electrolux water filters

## Frigidaire Professional Tall Twins help reduce food waste

- 5-star consumer rating
- Mix opportunity – produced in new Anderson factory, U.S.
- Keep produce fresh longer, eliminating food waste
- Interior fresh-water dispenser, minimizing single use plastic

## Successful relaunch of Continental brand in Latin America

- Dual brand strategy in Brazil
- Complete kitchen solution under the well-recognized Continental brand, targeting lower to average income consumer
- Multi-channel campaign with 90 million views in online media
- 1.2 pts increased market share YTD Feb. 2021 vs LY





Electrolux

How we create value

Our markets

Financial targets

Driving innovation

Increasing efficiency

Solid balance sheet

Case Stories

HOW WE CREATE VALUE

Key areas to drive profitable growth

Driving sustainable consumer experience innovation

Increasing efficiency through digitalization, automation and modularization

Solid balance sheet facilitates profitable growth

Strong focus on sustainable innovation and optimized modularized products are key drivers for a solid balance sheet

Financial targets

EBIT  $\geq 6\%$

Electrolux

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Case Stories

HOW WE CREATE VALUE

Driving sustainable consumer experience innovation

Innovative product portfolio

Well-established brands with a strong innovation heritage

A sustainability leader

Strengthen our position in the high-margin aftermarket business

Clear road map to strengthen emerging market position

Three well-established brands with strong and focused brand propositions

- High brand awareness is built on 100-year track record of innovation.
- The three main brands – Electrolux, AEG and Frigidaire – represent ~80% of total Group gross profit and receive the vast majority of investments in marketing, design and R&D.
- The main brands have clear target consumer positions where they can grow profitably and with potential to attract a larger audience.
- Distinctive target consumers:
  - The typical Electrolux consumer is someone who actively drives change for the better and with a positive outlook on the future. They are open for new experiences and want progressive, sustainable premium brands that can help them evolve in their daily life.
  - For the AEG consumer, it is all about innovation, performance and premiumness, while acting responsibly. This consumer strives to improve and has very high expectations on brands to support their lifestyle.
  - The Frigidaire consumer represents middle American core families with

Three main brands with distinctive target consumers

PRICE INDEX

Premium (150 index)

Mass-premium (90-150 index)

Value (<90 index)

Conservative

Modern

Progressive

CONSUMER ORIENTATION

Sales by brand

Other

Electrolux

Electrolux

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Case Stories

HOW WE CREATE VALUE

Increasing efficiency through digitalization, automation and modularization

Automation and automation program

Global presence and deep local understanding

Digital integration

Effect from 2024

Executing on our global re-engineering investments

North America

Europe

Latin America

Refrigeration/freezers

Cooking

Automated and modularization strengthens competitiveness

Modularized products

Automated production

## ELECTROLUX FOR INVESTORS

Provides an in-depth overview of how Electrolux creates value through its profitable growth strategy.

[electroluxgroup.com/ir/for-investors](https://electroluxgroup.com/ir/for-investors)

# Europe

## Profitable growth

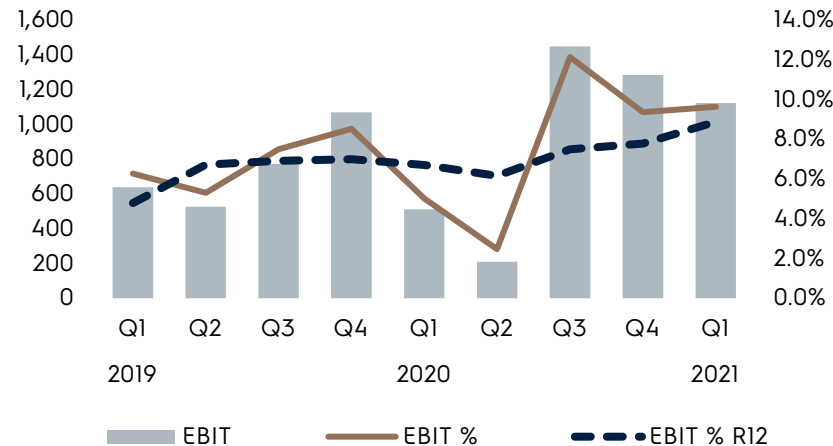
- Mix improvements in all innovation areas Taste/Care/Wellbeing
- Value market share gain, driven by premium brands
- Strong volume growth across markets
- Aftermarket sales growth

## Strong EBIT

- Strong volume/price/mix contribution
- Benefits from continuous cost improvements
- Investments in innovation and marketing
- Increased costs from external factors and logistics

SEKm	Q1 2021	Q1 2020	Change
Net sales	11,637	10,908	6.7%
Organic growth	14.1%	0.3%	13.8pts
Currency	-7.4%	3.1%	-10.5pts
EBIT	1,122	558	N/A
Margin	9.6%	5.1%	4.5pts

## EBIT and margin\*

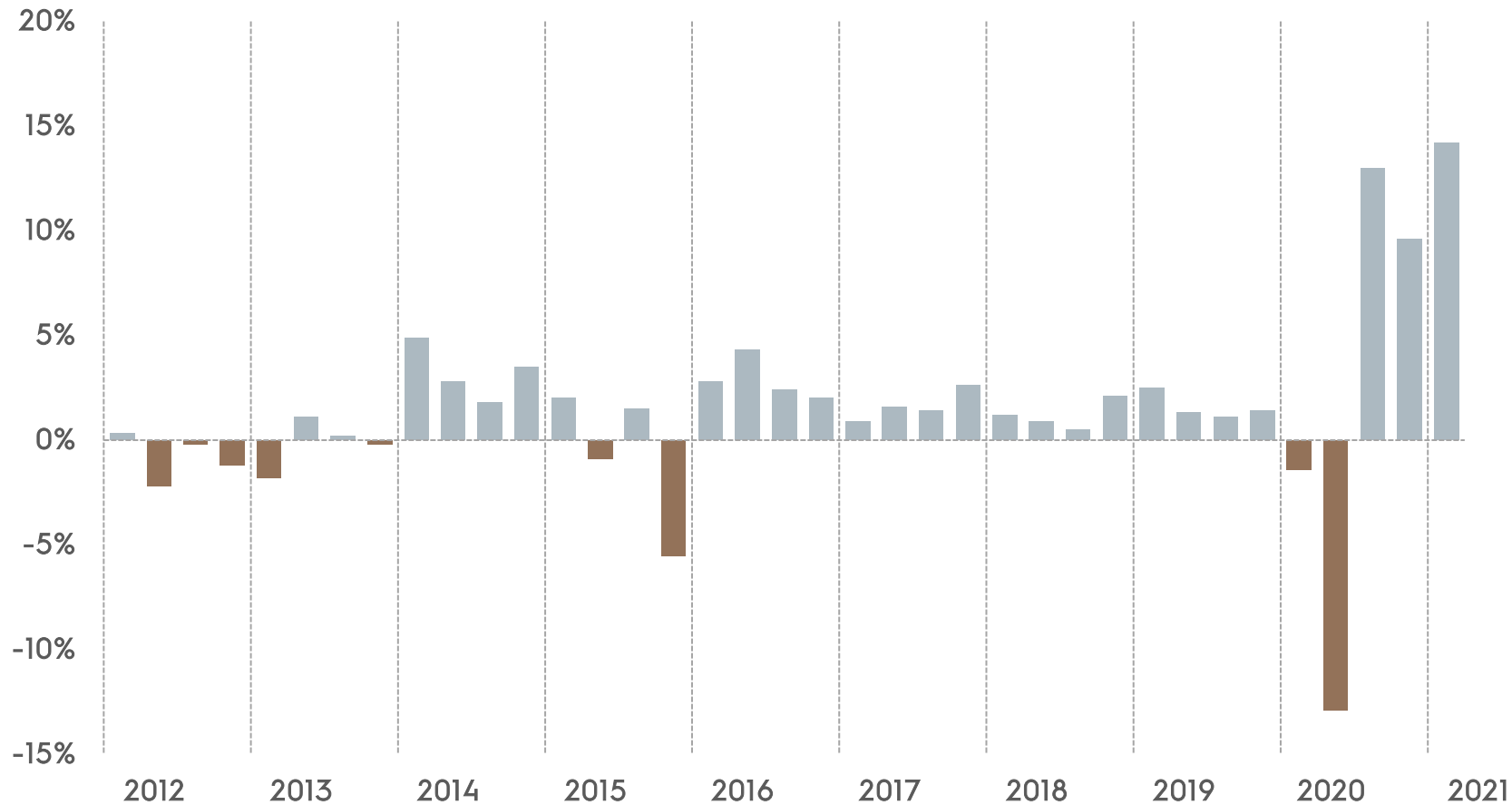


\*Excluding non-recurring items (NRI) and currency adjusted.



# European Core Appliances Market

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



Source: Electrolux estimates



# North America

## High growth in a very favorable market

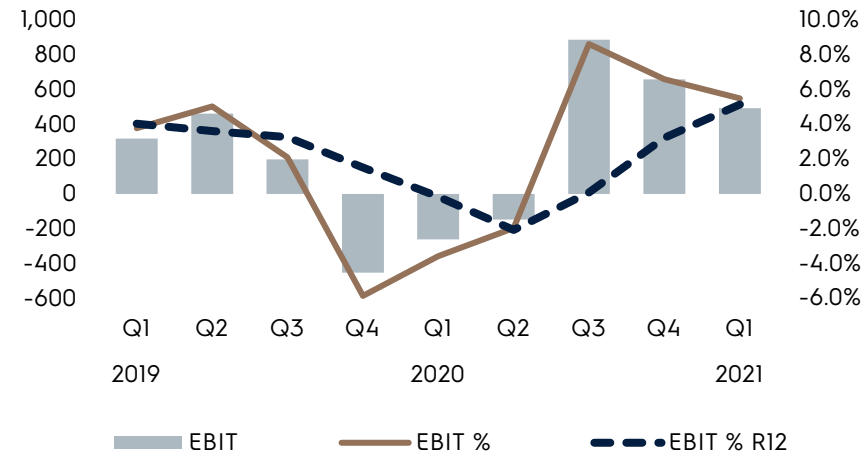
- Volume growth across product categories
- Strong price development
- Continued high aftermarket sales growth

## EBIT improved significantly

- Strong organic contribution
- Price increases compensated cumulative headwinds from raw material/tariffs
- Production efficiencies offset by higher costs related to logistics and weather disruptions
- Prolonged production in legacy Anderson factory given strong market

SEKm	Q1 2021	Q1 2020	Change
Net sales	9,002	8,409	7.1%
Organic growth	22.9%	-13.1%	36.0pts
Currency	-15.9%	5.6%	-21.5pts
EBIT	493	-299	N/A
Margin	5.5%	-3.6%	9.0pts

## EBIT and margin\*



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

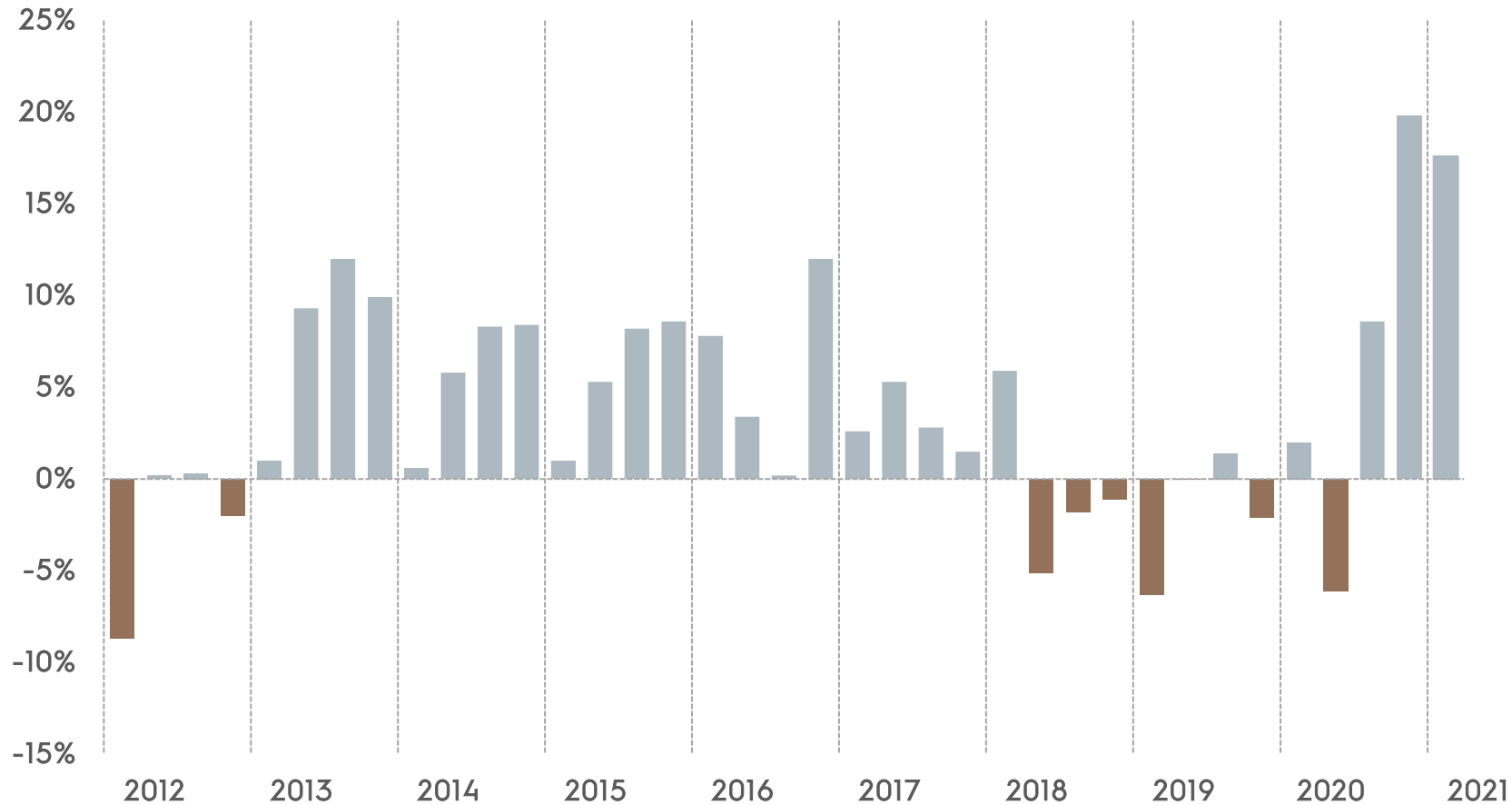




# U.S. Core Appliances Market



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



\*Source: Based on the AHAM Factory Shipment Report. Q1 2021 is comparison of weeks between January 1 - April 3, 2021, vs January 1 - April 4 2020. Consistent to historical methodology. Core appliances includes AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges and Ovens) and Cooktops..



# Latin America

## Strong profitable growth

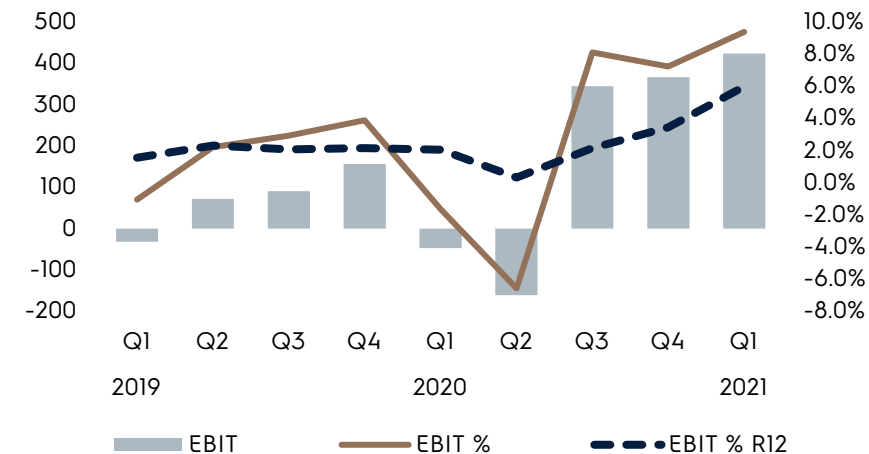
- Higher volumes across regions
- Increased net price and positive mix
- Continued aftermarket sales growth
- Increased market uncertainty going forward

## Significant EBIT improvement

- Strong organic contribution
- Price fully offset substantial external headwinds and increased logistic costs
- Innovation and brand investments

SEKm	Q1 2021	Q1 2020	Change
Net sales	4,516	3,826	18.0%
Organic growth	58.3%	-1.9%	60.2pts
Currency	-40.3%	-9.3%	-31.0pts
EBIT	423	-15	N/A
Margin	9.4%	-0.4%	9.8pts

## EBIT and margin\*



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



# Asia-Pacific, Middle East and Africa

## Organic growth across all regions

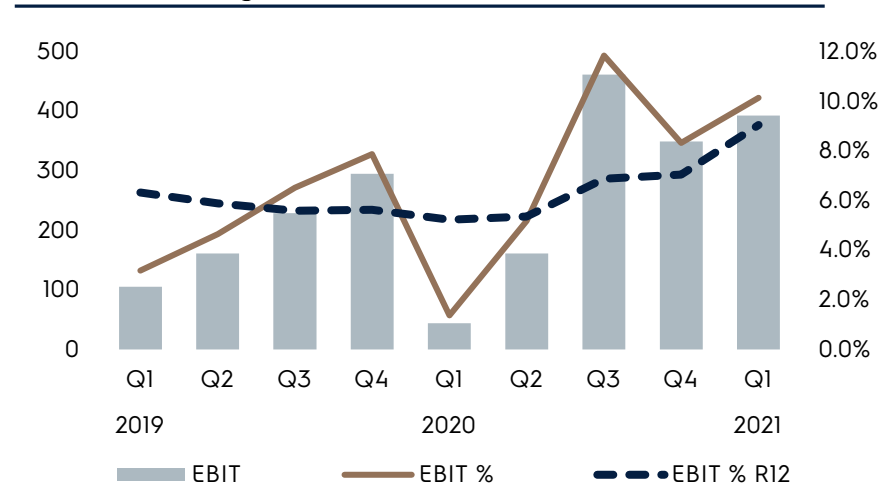
- Overall consumer demand increased with some recovery in Southeast Asia
- Positive volume/price/mix
- Continued aftermarket sales growth

## Improved EBIT

- Strong organic contribution, especially from Australia
- Tailwind from external factors driven by favorable currency
- Continuous cost improvements compensating higher logistics cost
- Investments in brand and marketing

SEKm	Q1 2021	Q1 2020	Change
Net sales	3,871	3,434	12.7%
Organic growth	18.9%	-3.2%	22.1pts
Acquisitions	1.2%	0.0%	1.2pts
Currency	-7.4%	2.9%	-10.3pts
EBIT	393	44	N/A
Margin	10.1%	1.3%	8.9pts

## EBIT and margin\*



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





# Financial overview

Therese Friberg, CFO



# Financial overview



SEKm	Q1 2021	Q1 2020	Change
Net sales	29,026	26,578	9.2%
Organic growth	22.8%	-5.1%	28.0pts
Acquisitions/divestments	0.2%	0.0%	0.2pts
Currency	-13.8%	2.1%	-15.9pts
Gross operating income	6,174	3,977	55.2%
Gross operating margin	21.3%	15.0%	6.3pts
EBIT	2,297	122	N/A
Margin	7.9%	0.5%	7.5pts
Op. cash flow after investments	-161	-2,938	-94.5%

# Sales and EBIT Bridge



SEKm	Q1 2020	Volume/ price/mix	Investments in consumer experience innovation and marketing <sup>1</sup>	Cost efficiency <sup>2</sup>	External factors <sup>3</sup>	Acq/Divest.	Q1 2021
Net Sales	26,578	5,391			-2,981	39	29,026
Growth %		22.8%			-13.8%	0.2%	9.3%
EBIT	122	2,562	-119	67	-328	-6	2,297
EBIT %	0.5%						7.9%
<i>Accretion/ Dilution</i>		7.9%	-0.4%	0.2%	-0.3%	0.0%	

<sup>1</sup> Comprise of costs for R&D, marketing/brand, connectivity, CRM, aftermarket sales capability etc.

<sup>2</sup> Efficiencies in variable costs (excl. raw material, trade tariffs and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).

<sup>3</sup> Comprise of raw material costs, trade tariffs as well as direct and indirect currency impact and labor cost inflation >2%. Currency translation amounted to SEK -22m on EBIT and -13,8% on net sales..

# Earnings contribution from price/mix



Business Area	Price/mix	Comments for Q1
Europe	Positive	Positive product/brand mix, slightly positive price
North America	Positive	Significant positive price impact, mix slightly negative
Latin America	Positive	Positive price and mix
Asia-Pacific, Middle East and Africa	Positive	Price/mix improvement
<b>Group EBIT % accretion</b>	<b>4.8%</b>	

# Operating Cash Flow



SEKm	Q1 2021	Q1 2020
EBIT	2,297	122
D/A and other non-cash items	1,189	1,412
Change in operating assets and liabilities	-2,925	-3,358
Investments in intangible and tangible assets	-816	-1,154
Changes in other investments	94	40
<b>Cash flow after investments*</b>	<b>-161</b>	<b>-2,938</b>

\*Before acquisitions and divestments



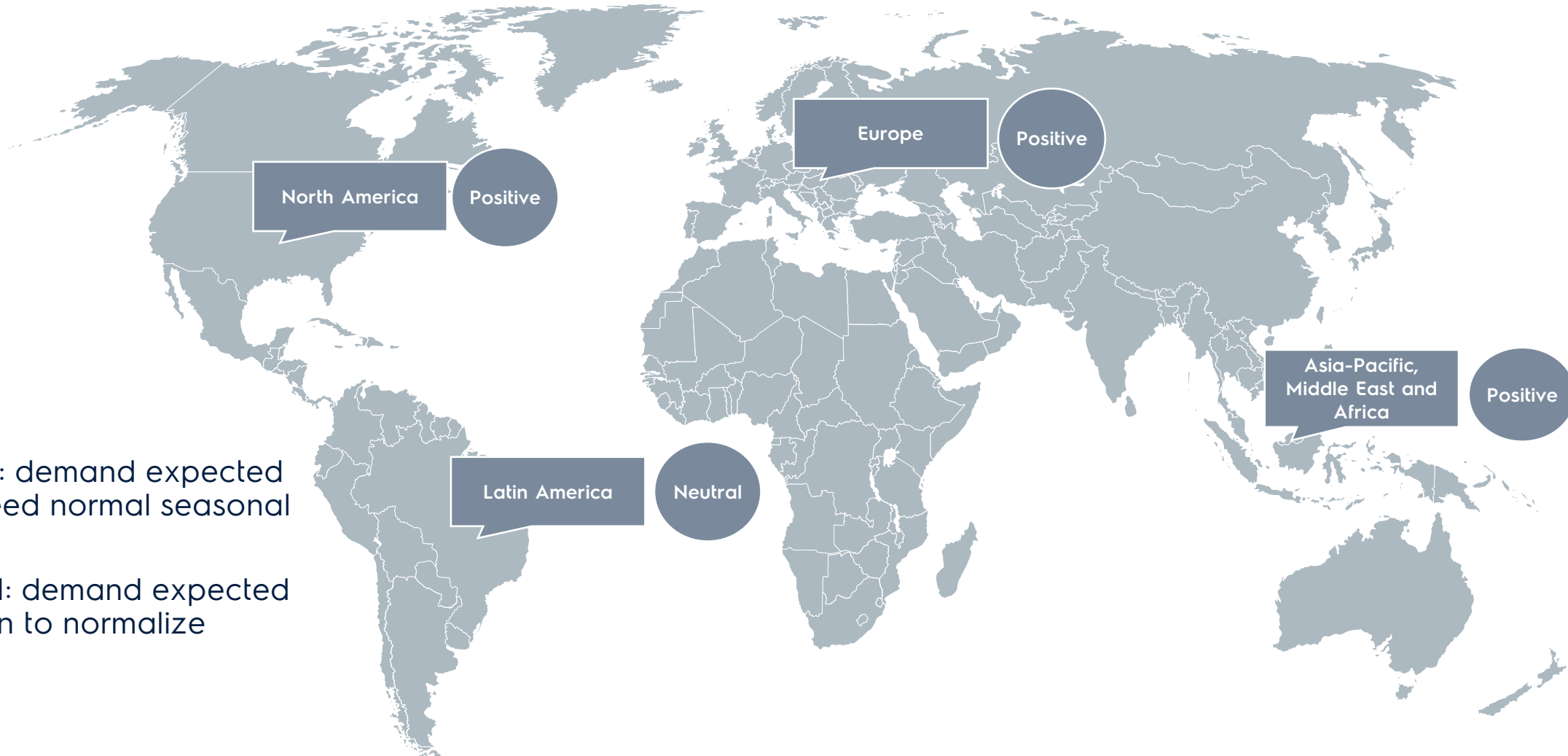


# Outlook and summary

Jonas Samuelson, President and CEO

Therese Friberg, CFO

# Market outlook FY 2021 per region



- H1 2021: demand expected to exceed normal seasonal levels
- H2 2021: demand expected to begin to normalize

- 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.
- Note: Market outlook assumes no additional major restrictions due to the coronavirus pandemic.

# Electrolux business outlook



Business Outlook <sup>1</sup> y-o-y	FY 2021	Comments
Volume/price/mix	Positive	Driven by all three components
Net cost <sup>2</sup>	Negative	
Investments in consumer experience innovation and marketing <sup>3</sup>	Negative	Higher investments in innovation, marketing and digitalization of consumer interaction. Low level in 2020 due to pandemic
Cost efficiency <sup>4</sup>	Positive	Continuous cost improvements and execution of re-engineering program, partly offset by higher logistics and sourcing costs as well as ramp-up transition cost
External factors <sup>5</sup>	Negative SEK 2.4-2.8bn	Primarily from raw material costs, but also from translation currency
Capex	SEK ~7bn	

<sup>1</sup> Business outlook range: Positive – Neutral – Negative, in terms of impact on earnings

<sup>2</sup> Net cost is the sum of “Investments in consumer experience innovation and marketing” and “Cost efficiency”.

<sup>3</sup> Comprise of costs of R&D, marketing/brand, connectivity, CRM and aftermarket sales capability etc.

<sup>4</sup> Efficiencies in variable costs (excl. raw materials, trade tariffs and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).

<sup>5</sup> Comprise of raw material costs, trade tariffs as well as direct and indirect currency impact and labor cost inflation >2%. Currency translation effects are estimated to impact 2021 net sales by -6% and operating income by SEK -400m.

Note: Business outlook in the above table excludes non-recurring items and assumes no significant additional impact from the coronavirus pandemic.

# Well positioned to create value

Financial targets for profitable growth\*

OPERATING  
MARGIN

≥6%

RONA\*\*

>20%

SALES  
GROWTH

≥4%



Driving sustainable  
consumer experience  
innovation



Increasing efficiency  
through digitalization,  
automation and  
modularization

Solid balance sheet facilitates  
profitable growth

## Strategic drivers executed in Q1:

- Mix improvements driven by product innovations/premium brands
- Strong execution on price
- Significant aftermarket sales growth
- Agile way of working to minimize impact from strained supply chain

\* Financial targets are over a business cycle

\*\* Return on net assets

# 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, supply and production constraints, 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

Financial targets for profitable growth\*

OPERATING  
MARGIN

≥6%

RONA\*\*

>20%

SALES  
GROWTH

≥4%



Driving sustainable  
consumer experience  
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Increasing efficiency  
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Solid balance sheet facilitates  
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**Electrolux**