



Q3 Results 2019 presentation



Business overview

Jonas Samuelson, President and CEO



Q3 Highlights

Improved price/mix

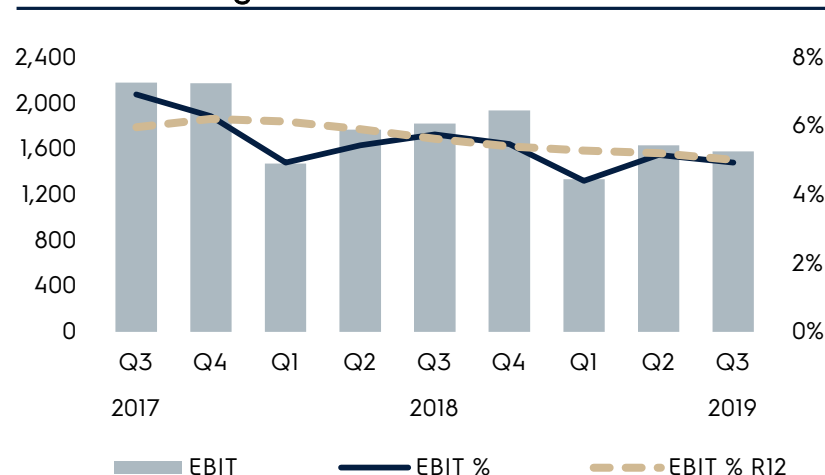
- Organic growth driven by price/mix
- Reduced volumes in lower price points and in U.S. private label sales
- Market growth across most regions

Focus on innovation and efficiency

- Price increases offset headwinds from raw materials/trade tariffs/currency
- Manufacturing transition costs in U.S. and higher marketing investments
- Mix improvements driven by innovation
- NRI across the Group

SEKm	Q3 2019	Q3 2018	Change
Net sales	32,520	30,444	6.8%
Organic growth	0.8%	0.8%	0.0pts
Acquisitions	0.4%	0.5%	-0.1pts
Divestments	-0.2%	-0.6%	0.4pts
Currency	5.8%	4.1%	1.7pts
EBIT	1,189	1,756	-32.3%
Margin	3.7%	5.8%	-2.1pts
EBIT excl. NRI	1,601	1,756	-8.8%
EBIT margin excl. NRI	4.9%	5.8%	-0.8pts
EPS, SEK	2.57	4.04	-36.5%

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q3 2019 amounted to SEK -412m and refers to restructuring charges for efficiency measures and outsourcing projects across all business areas and Group common costs in the total amount of SEK -1,618m, recovery of overpaid sales tax in Brazil of SEK 1,403m and a legal settlement in the U.S. of SEK -197m.



Innovation targeting outstanding consumer experience



- **Keeping leadership in a fast growing, attractive category in Latin America**

- Consumer-driven product innovation meeting consumer needs
- Electrolux is the largest player in high-capacity top load washing machines

- **Profitable growth through targeted innovation in steam cooking**

- Electrolux opened up significant market opportunities in Europe by creating an affordable steam range
- Since 2015, Electrolux has strengthened its leading position in steam ovens by 6 percentage points
- 140,000 units in 2015 to 530,000 in 2018 with a strong increase in profit



Europe

Growth in targeted categories

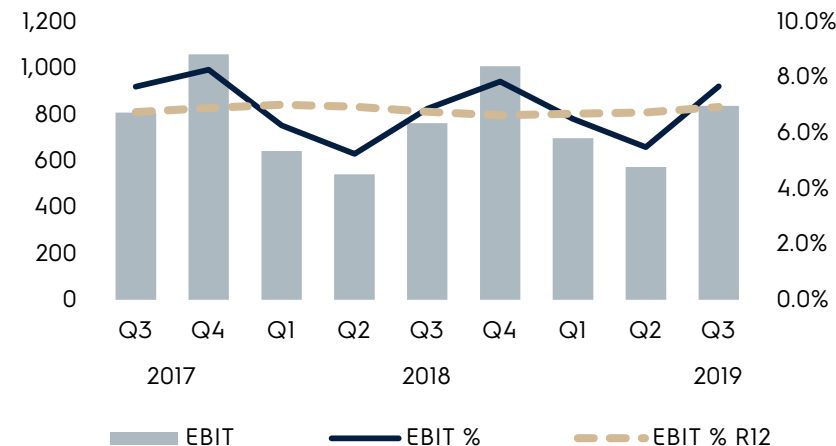
- Product/brand mix improvements
- Price continued to increase
- Market share gain in premium segments
- Reduced volumes in lower price points

Solid earnings

- Good price/mix contribution
- Cost efficiency improved
- Increased marketing investments for ongoing product launches
- Currency headwind

SEKm	Q3 2019	Q3 2018	Change
Net sales	11,036	10,885	1.4%
Organic growth	-1.8%	4.8%	-6.6pts
Acquisitions	0.0%	0.4%	-0.4pts
Currency	3.2%	7.1%	-3.9pts
EBIT	93	749	-87.5%
Margin	0.8%	6.9%	-6.0pts
EBIT excl. NRI	845	749	12.8%
EBIT margin excl. NRI	7.7%	6.9%	0.8pts

EBIT and margin

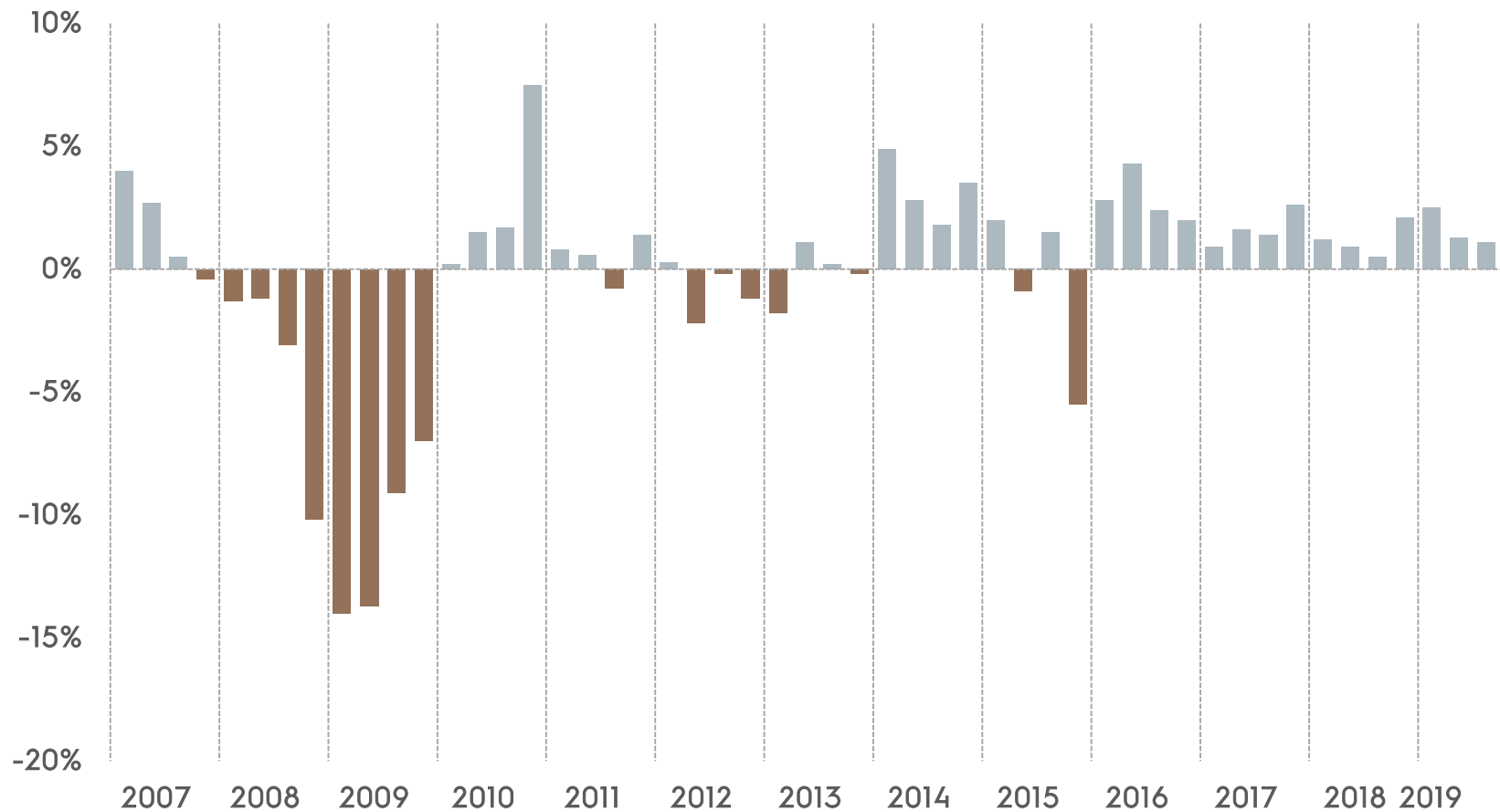


Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q3 2019 amounted to SEK -752m and relates to restructuring charges for efficiency measures and outsourcing projects.



European Core Appliances Market

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



Source: Electrolux estimates

ELECTROLUX Q3 2019 PRESENTATION



North America

Increasing sales under own brand

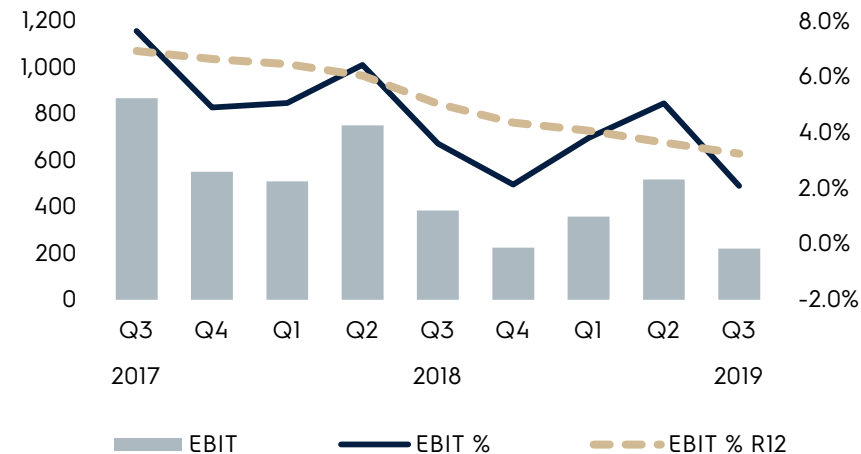
- Lower private label sales partly offset by own branded sales
- Continued price/mix improvements

Higher manufacturing costs

- Ramp-up costs for Anderson related to running three facilities in parallel
- Positive price offset raw materials/tariffs
- Lower private label sales

SEKm	Q3 2019	Q3 2018	Change
Net sales	10,880	10,072	8.0%
Organic growth	-0.2%	-4.6%	4.4pts
Divestments	-0.4%	-1.7%	1.3pts
Currency	8.7%	8.0%	0.7pts
EBIT	-20	358	N/A
Margin	-0.2%	3.6%	-3.7pts
EBIT excl. NRI	222	358	-38.0%
EBIT margin excl. NRI	2.0%	3.6%	-1.5pts

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q3 2019 amounted to SEK -242m, where of SEK -197m refers to a legal settlement and SEK -45m to restructuring charges for efficiency measures.



Starting up in Anderson



Moving into execution in Q3

- Transferring production
- Running 3 factories in parallel
- Manufacturing transition costs

Major step in automation

- ~35% automation level vs <10%

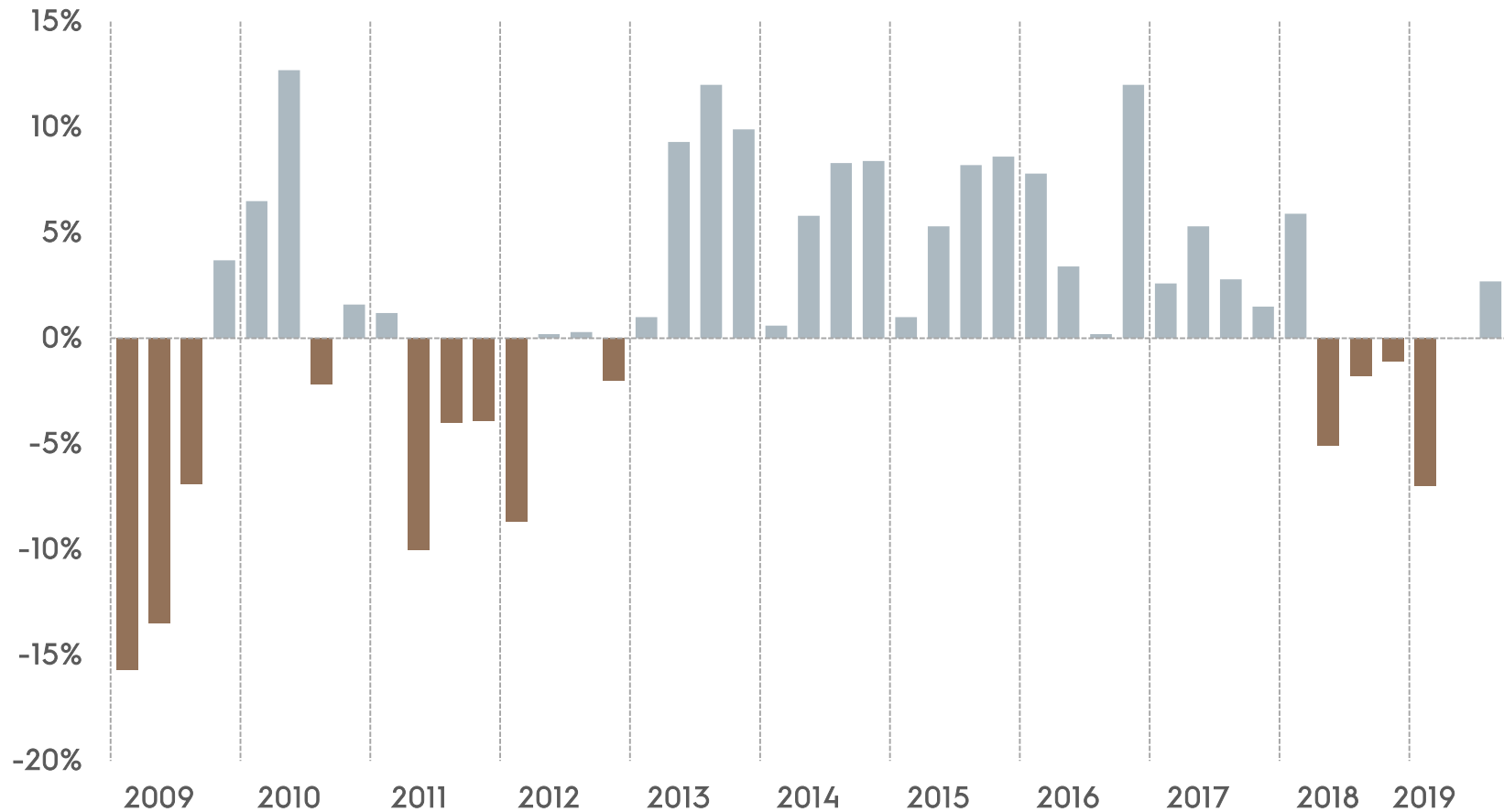
Ramp-up continues in Q4 and H1 2020

- Expected approx. USD -25m in EBIT impact in Q4



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.

ELECTROLUX Q3 2019 PRESENTATION



Latin America

Strong organic growth

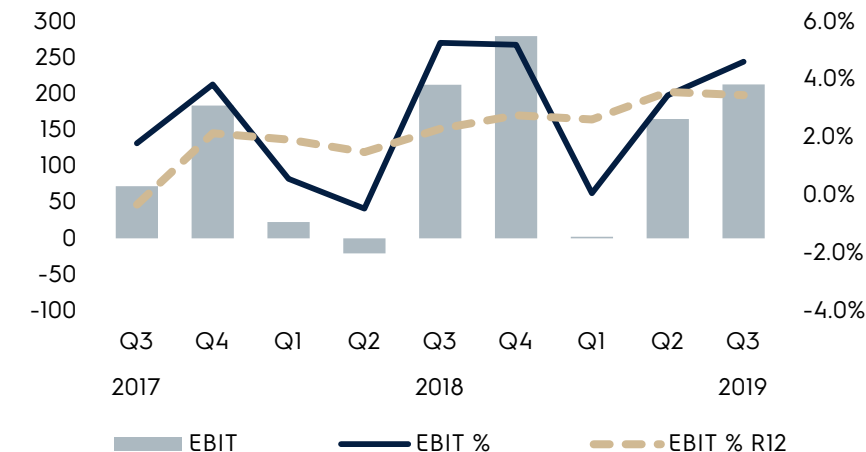
- Market growth in Brazil, Argentina recovered slightly while Chile declined further
- Strong sales growth in Brazil
- Positive pricing

Solid execution in a volatile market

- Strong volume/price/mix contribution
- Price offset higher raw material costs but not fully the increased currency headwind
- Provision reversals positively impacting Q3 2019 and Q3 2018

SEKm	Q3 2019	Q3 2018	Change
Net sales	4,613	3,845	20.0%
Organic growth	14.2%	0.4%	13.8pts
Currency	5.7%	-12.3%	18.0pts
EBIT	1,539	205	N/A
Margin	33.4%	5.3%	28.0pts
EBIT excl. NRI	213	205	3.9%
EBIT margin excl. NRI	4.6%	5.3%	-0.7pts

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q3 2019 amounted to SEK 1,326m, where of SEK 1,403m refers to recovery of overpaid sales tax in Brazil and SEK -77m to restructuring charges for efficiency measures.



Asia-Pacific, Middle East and Africa

Good sales execution in Australia

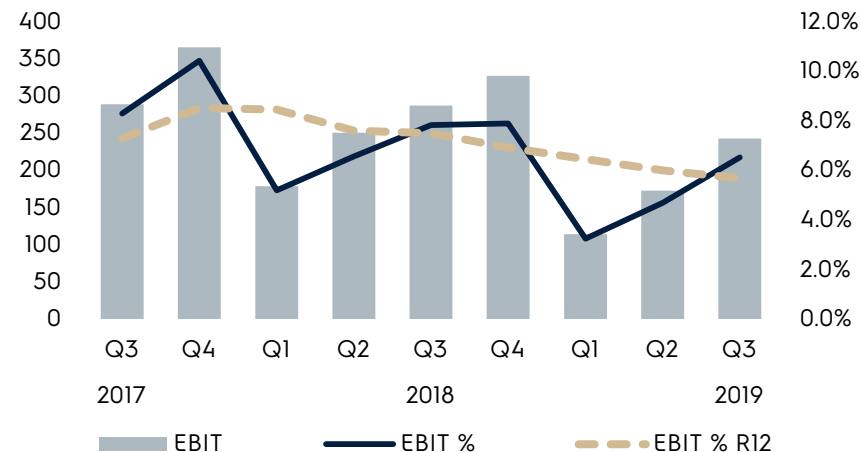
- Market growth in Southeast Asia, while Middle East and Africa was flat and Australia remained soft
- Higher sales volumes in Australia
- Product launches fueling mix

Building position through new launches

- Increased marketing investments in major product launches
- Currency headwinds, mainly AUD
- Volume/mix contribution

SEKm	Q3 2019	Q3 2018	Change
Net sales	3,801	3,507	8.4%
Organic growth	1.5%	5.1%	-3.6pts
Acquisitions	0.2%	-	0.2pts
Currency	6.8%	5.2%	1.6pts
EBIT	-150	270	N/A
Margin	-4.0%	7.7%	-11.7pts
EBIT excl. NRI	248	270	-8.1%
EBIT margin excl. NRI	6.5%	7.7%	-1.2pts

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q3 2019 amounted to SEK -398m and relates to restructuring charges for efficiency measures and outsourcing projects.



Professional Products

Volume decline partly offset by price

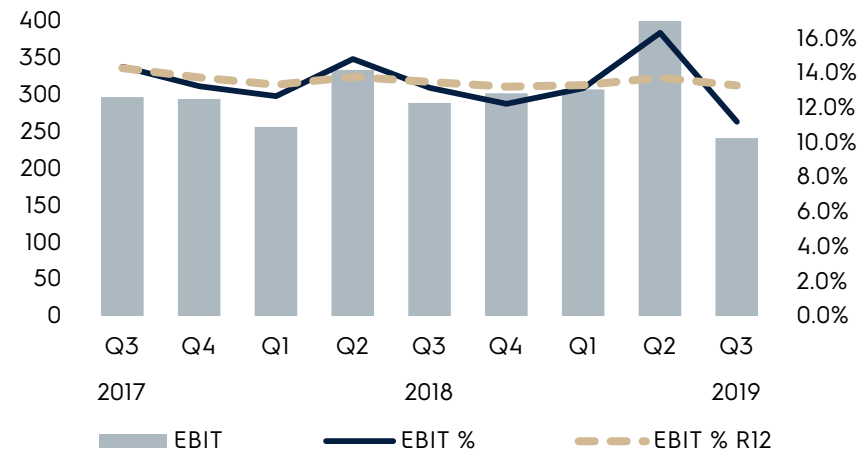
- Weaker markets across most regions
- Lower U.S. Beverage sales and volumes down in MEA
- Price increases
- Higher aftermarket sales

Investing in innovation

- Higher initial product costs for new launches
- Increased investments in marketing/R&D
- Q3 initiated efficiency activities will more than offset ongoing separation costs

SEKm	Q3 2019	Q3 2018	Change
Net sales	2,190	2,135	2.6%
Organic growth	-7.1%	1.9%	-9.0pts
Acquisitions	5.2%	4.8%	0.4pts
Currency	4.5%	5.8%	-1.3pts
EBIT	125	280	-55.1%
Margin	5.7%	13.1%	-7.4pts
EBIT excl. NRI	247	280	-11.8%
EBIT margin excl. NRI	11.3%	13.1%	-1.8pts

EBIT and margin



Note: Excluding non-recurring items (NRI) and currency adjusted. Non-recurring items in Q3 2019 amounted to SEK -122m and relates to restructuring charges for efficiency measures.





Financial overview

Therese Friberg, CFO

Financial overview



SEKm	Q3 2019	Q3 2018	Change
Net sales	32,520	30,444	6.8%
Organic growth	0.8%	0.8%	0.0pts
Acquisitions/divestments	0.2%	-0.1%	0.3pts
Currency	5.8%	4.1%	1.7pts
Gross operating income	5,340	5,811	-8.1%
Gross operating margin	16.4%	19.1%	-2.7pts
EBIT	1,189	1,756	-32.3%
Margin	3.7%	5.8%	-2.1pts
Non-recurring items	-412	-	
EBIT excl. NRI	1,601	1,756	-8.8%
Margin excl NRI	4.9%	5.8%	-0.8pts
EPS, SEK	2.57	4.04	-36.5%
Op. cash flow after investments	2,594	1,352	91.9%

Sales and EBIT Bridge



SEKm	Q3 2018 excl. NRI*	Volume/ Price/Mix	Raw material & Tariffs	Currency**	Net Cost Efficiency	Acq/***/ Divest.	Q3 2019 excl. NRI*	NRI*	Q3 2019
Net Sales	30,444	250		1,752		74	32,520		32,520
Growth %		0.8%		5.8%		0.2%	6.8%		6.8%
EBIT	1,756	327	-240	-46	-176	-20	1,601	-412	1,189
EBIT %	5.8%						4.9%		3.7%
<i>Accretion/ Dilution</i>		1.0%	-0.8%	-0.4%	-0.6%	-0.1%			

*Non-recurring items (NRI) in Q3 2019 amounted to SEK -412m relating to restructuring charges for efficiency measures and outsourcing projects of SEK -1,618m across the Group, recovery of overpaid sales tax in Brazil of SEK 1,403m and a legal settlement in the U.S. of SEK -197m.

**Currency includes SEK 94m of currency translation effects and -139m of transaction effects on EBIT.

**Acquisitions/divestments include the divestment of the U.S.-based floor care business BEAM and Sanitaire in North America and the acquisition of SPM Drinks System and UNIC In Professional Products.

Earnings contribution from price/mix



Business Area	Price/Mix	Comments for Q3
Europe	Positive	Positive mix driven by premium products and brands Positive prices
North America	Positive	Positive price/mix
Latin America	Positive	Positive price/mix
Asia-Pacific, Middle East and Africa	Negative	Improved mix, price decline
Professional Products	Positive	Positive price
Group EBIT % accretion	+1.6%	

Non-recurring items in Q3 2019



SEKm	Efficiency & outsourcing	Sales tax claim & Legal settlement	Total
Europe	-752		-752
North America	-45	-197*	-242
Latin America	-77	1,403**	1,326
Asia-Pacific, Middle East and Africa	-398		-398
Professional Products	-122		-122
Other, Group common costs, etc.	-224		-224
Total Group	-1,618	1,206	-412

* Legal settlement

** Sales tax claim

Operating Cash Flow



SEKm	Q3 2019	Q3 2018
EBIT	1,189	1,756
D/A and other non-cash items	2,057	865
Change in operating assets and liabilities	1,280	331
Investments in intangible and tangible assets	-1,717	-1,384
Changes in other investments	-214	-216
Cash flow after investments*	2,594	1,352

*Before acquisitions and divestments

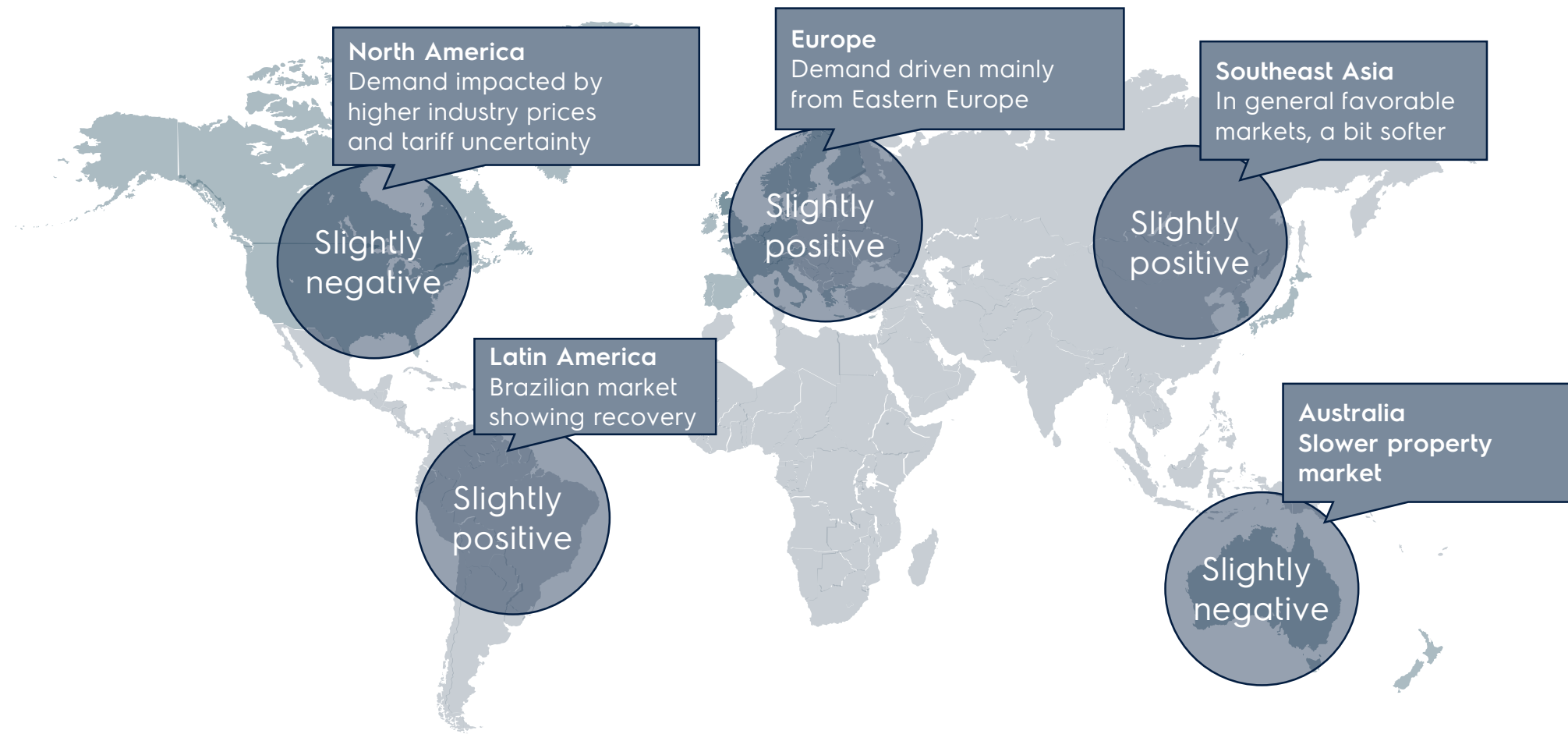


Outlook and summary

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	Q4 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 ~0.1bn	Increase of SEK ~1.1bn	Higher costs for steel, chemicals, and tariffs
Net cost efficiency**	Unfavorable	Unfavorable	Higher innovation/marketing investments, manufacturing transition costs and inflation, partly offset by cost-efficiencies
Currency effect***	SEK -100m	SEK -500m	
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 2019, whereof currency transaction effects of SEK -700m and currency translation effects of SEK 200m. The calculation is based on currency rates as per October 15, 2019.

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

Path to profitable growth continuing



Strategic drivers executed in Q3:

- Price execution fully offsetting headwinds
- Mix improvements across business areas
- Starting production in Anderson, U.S.



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 Q3:

- Price execution fully offsetting headwinds
- Mix improvements across business areas
- Starting production in Anderson, U.S.





Electrolux