

Transcript of comments to outlook slides in Q3-2024 earnings call

Below follows a transcript from the Q3 2024 earnings call held on October 25, 2024, covering the two slides “Market outlook FY 2024 per region” and “Electrolux business outlook” presented by Jonas Samuelson (“JS”).

Market outlook FY 2024 per region



Electrolux estimates for industry shipments of core appliances, units year-over-year
Latin America includes the ABC countries, Asia-Pacific includes ANZ and SEA. In line with our new organizational structure, we have combined the outlook for Europe and Asia-Pacific from Q1 2024.
Note: Market outlook assumes no significant additional impact from the global geopolitical situation. Presented October 25, 2024.

AB ELECTROLUX – Q3 2024

JS: In the third quarter, housing construction and kitchen remodeling, in particular in Europe, remained at very subdued levels while replacement demand continued to be relatively stable, with high promotional intensity. Demand in North America has been stable year to date, supported by the aggressive pricing environment, despite weak housing markets.

Although somewhat later than anticipated, interest rates have started to come down, and disposable incomes are expected to improve further. Consumer confidence in Europe has improved throughout 2024 but remains below its long-term average. Lower interest rates are positive for remodeling and new construction, which are key drivers for appliance demand in mature markets like Europe and North America. However, there is always a lag before this shows in demand. Having said this, we are well positioned for a sustained recovery in construction and housing transactions in both Europe and North America.

In Latin America, the strength of the Brazilian market, where growth rates started to accelerate in the fourth quarter 2023, has continued during the third quarter. Consumer demand in most other markets in Latin America improved in the quarter.

On the back of this we maintain our previously communicated regional market outlook. Market demand for appliances in North America in 2024 full year compared to 2023 is expected to be relatively Neutral. For Latin America we have a positive outlook, driven by the strength in the Brazilian market. For Europe and Asia-Pacific the outlook remains negative as a consequence of the weak markets in Europe year to date.

Electrolux business outlook



Business Outlook ¹ y-o-y	FY 2024	Comments
Volume/price/mix ²	Negative	Driven by price, partly offset by growth in focus categories.
Investments in consumer experience innovation and marketing ³	Negative	Increased investments in Innovation & marketing to capitalize on the momentum of the attractive product offering.
Cost efficiency ⁴	Positive approx. SEK 4bn	Execution on cost-reduction activities with significant cost benefits expected to impact the fourth quarter. Targeted cost efficiency exclude investments in Innovation and marketing
External factors ⁵	Neutral	Lower raw material costs, offset by negative currency effects. Negative in the fourth quarter
Capex	Approx. SEK 5bn	Previous range SEK 5-6 bn

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

² Excludes currency related price increases in Argentina and Egypt, which is included in External factors.

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

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

⁵ Comprise raw material costs, energy costs, trade tariffs, direct and indirect currency impact and labor cost inflation >2% as well as the net effect of currency development including pricing adjustments in Argentina and Egypt.

Note: Business outlook in the above table excludes non-recurring items. Market and business outlook assume no significant additional impact from the global geopolitical situation

AB ELECTROLUX – Q3 2024

JS: We have made some minor adjustments to the business outlook for full-year 2024 provided in the second quarter 2024 interim report. Guidance on organic contribution from volume, price and mix combined for the Group is unchanged and is expected to be negative in 2024 full year driven by negative price.

As expected, price was negative during the first nine months of 2024 with price pressure in North America and high promotional activity in Europe. As previously communicated, we expect price to be negative for full year 2024, also impacting the fourth quarter negatively. The promotional intensity in North America has stabilized sequentially, year to date. In Latin America price was positive in the third quarter as a result of pricing actions to compensate for currency headwinds. In Europe we expect the replacement driven promotional intensity to continue.

For the full year, the negative price is anticipated to be partially offset by growth in our focus categories such as premium laundry and kitchen products under our main brands Electrolux, AEG and Frigidaire. The recent investments in new product architectures provide us with a great platform to drive growth in these focus categories going forward, even though the challenging macro environment remains a limiting factor. Our new products are very well received by consumers, and we have a favorable mix in the first nine months of 2024 even though disposable income has been under pressure. We anticipate continuing delivering a positive mix during the remainder of the year and to accelerate this further as consumer sentiment recovers and new housing and renovations take a larger share of sales.

We expect External factors to be relatively neutral for the full year 2024, a change from “positive” in previous guidance, with a negative contribution to earnings in the fourth quarter 2024. As communicated previously, headwinds from currencies have gradually increased throughout the year, driven by Latin America. Although the expected positive impact from raw materials remains relatively unchanged, we expect this to be offset mainly by currency headwinds for the full year 2024. We started to see a more material

reduction of raw material costs during the fourth quarter 2023 and consequently have lower raw material costs in the comparison base for the fourth quarter, 2024. It's important to emphasize that the geopolitical context gives rise to uncertainty on the impact from external factors and trade policy going forward.

We continue to execute well on the cost-reduction activities and have delivered cost savings of 1.2bn SEK in the third quarter, and 2bn SEK in the first 9 months. We reiterate our target to reach cost savings of approximately SEK4bn in full year 2024, excluding Investments in Innovation and marketing.

Investments to strengthen our competitiveness through innovation, digitalization, automation and modularization continue in 2024 and we estimate total capital expenditures to be around 5 billion SEK, a slight reduction versus previous guidance of 5-6 billion SEK.

Factors affecting forward-looking statements

This transcript contains "forward-looking" statements presented in the Q1 2024 interim report and earnings call held on April 26, 2024, 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.