Electrolux Group

Q3 2024

Results presentation

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Q3 Highlights

Organic sales growth of 6%

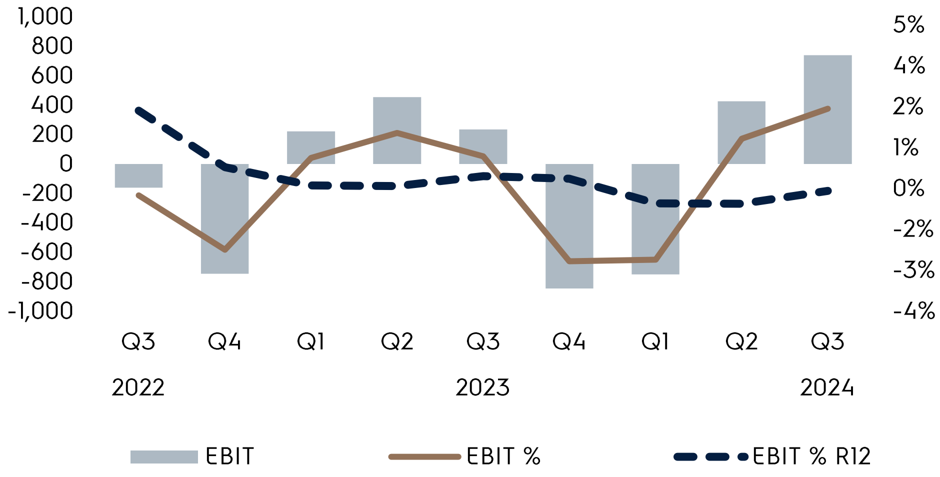
- Volume increase in all business areas
- Organic growth supported by the attractive product offering
- Negative price in challenging markets

Improved EBIT excl. NRI

- Improvements in all business areas, with significantly increased EBIT excl. NRI in Europe, Asia-Pacific, Middle East, and Africa
- Positive contribution from cost efficiency
- Negative effect from price mitigated by increased volumes
- Lower raw material cost partly offset currency headwinds and labor cost inflation
- NRI of SEK -368m related to divestment in South Africa
- Total potential divestment value of non-core assets currently expected to be below SEK 10bn. Zanussi assessed to be better monetized as part of Group's licensing business

SEKm	Q3 2024	Q3 2023	Change
Net sales	33,286	33,427	-0.4%
Organic growth	6.2%	-7.9%	14.2pts
Currency	-6.7%	2.8%	-9.4pts
EBIT	349	608	-42.6%
Margin	1.0%	1.8%	-0.8pts
EBIT excl. NRI	717	314	N/A
EBIT margin excl. NRI	2.2%	0.9%	1.2pts

EBIT and margin*



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

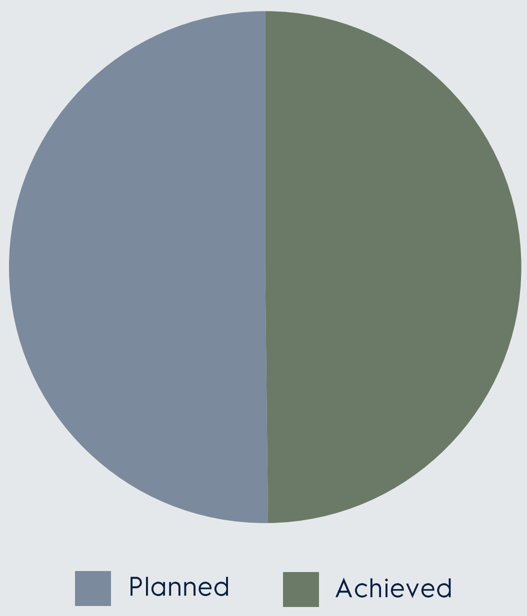
Sales and EBIT Bridge

SEKm	Q3 2023	Volume/ price/mix[1]	Innovation/ marketing[2]	Cost efficiency[3]	External factors[4]	Q3 2024
Net Sales	33,427	1,427			-1,568	33,286
Growth %	-5.2%	4.5%			-4.9%	-0.4%
EBIT excl NRI[5]	314	-373	-174	1,160	-209	717
EBIT excl NRI %	0.9%					2.2%
Accretion/ Dilution		-1.1 pts	-0.5 pts	3.3 pts	-0.5 pts	

1 Excludes currency related price increases in Argentina and Egypt, which are included in External factors. The reported organic sales growth however includes price increases in Argentina and Egypt.
2 Investments in consumer experience innovation and marketing, comprise of costs for R&D, marketing/brand, connectivity, CRM, aftermarket sales capability, etc.
3 Efficiency in variable costs (excl. raw material, energy, trade tariffs, and labor cost inflation >2%) and structural costs (excl. consumer experience innovation and marketing).
4 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 adjustment in Argentina and Egypt in Q3 2024. Currency translation amounted to SEK -102m on EBIT and -6.7%, on net sales.
5 EBIT in Q3 2023 excludes non-recurring item of SEK 294m, referring to the gain from the divestment of the Nyíregyháza factory in Hungary. EBIT in Q3 2024 excludes non-recurring item of SEK -368m, referring to the announced divestment of the water heater business in South Africa.

Executing on cost reduction target

Cost reduction[1] y-o-y, FY 2024e



Cost reduction target[2] approx. SEK 4bn in 2024 vs 2023

- Organizational simplification. Headcount reductions of approx. 3,800[3]
- Springfield ramp-up
- Increase sourcing from low-cost countries
- Continued consolidation of supplier base and number of components

YTD 2024 deliverables

- SEK 2bn in cost efficiency delivered YTD 2024, and SEK 1.2bn in Q3 2024
- New organization successfully implemented
- Notification of staff affected by savings program proceeding according to plan
- Acceleration of structured product cost reduction initiatives

Annual product cost reduction mid-term at a similar rate as in 2023-2024

- Low-cost sourcing and supplier consolidation a continuous process
- Step-up cost engineering initiatives, i.e. material and component reviews on existing products
- Further accelerate modularization and reduce complexity to leverage scale

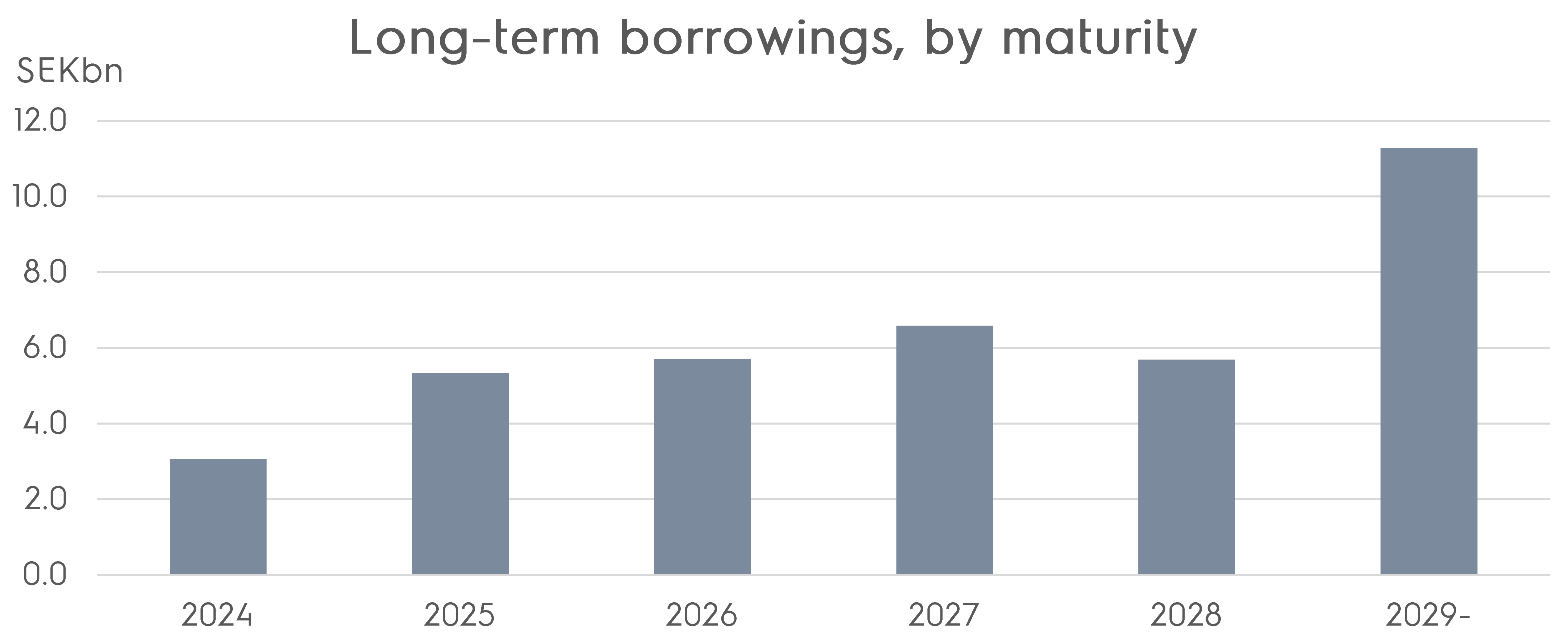
1 Cost reductions excluding investments in Innovation & marketing.
2 Cost reduction target excludes investments in Innovation & marketing
3 Whereof ~800 not requiring restructuring charge and ~3,000 requiring and are included in the Q4 2023 restructuring charge of SEK 2.5bn.

Operating Cash Flow

SEKm	Q3 2024	Q3 2023
EBIT	349	608
D/A and other non-cash items	1,992	1,265
Change in operating assets and liabilities	25	-61
Investments in intangible and tangible assets	-1,005	-1,304
Changes in other investments	-308	640
Cash flow after investments*	**1,053**	**1,147**

*Before acquisitions and divestments

Solid liquidity and maturity profile



Data as per September 30, 2024

- SEK 33.9bn in liquidity incl. RCF as per September 30, 2024
- No financial covenants in any loan agreements
- New sustainability-linked loan from Svensk Exportkredit of USD 100m
- Target to maintain a solid investment grade rating
  - S&P Global Ratings BBB with negative outlook

Europe, Asia-Pacific, Middle East, and Africa

Organic sales growth

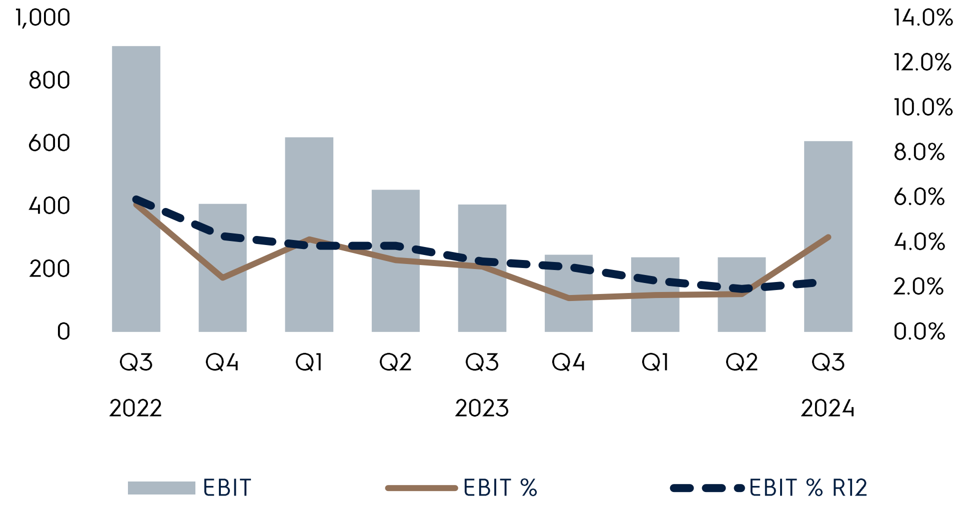
- Volume growth, outperformed weak market
- Positive mix
- Negative price
- Low residential construction and remodeling activity, impacting the built-in kitchen category

EBIT margin excl. NRI at 4.2%

- Volume growth and favorable mix partly offset the effect from negative price
- Positive impact from cost efficiency
- Positive external factors driven by lower raw material cost
- NRI of SEK -368m related to the divestment of the water heater business in South Africa

SEKm	Q3 2024	Q3 2023	Change
Net sales	14,363	14,338	0.2%
Organic growth	2.9%	-12.9%	15.8pts
Currency	-2.7%	3.6%	-6.3pts
EBIT	242	728	-66.8%
Margin	1.7%	5.1%	-3.4pts
EBIT excl. NRI	610	434	40.5%
EBIT margin excl. NRI	4.2%	3.0%	1.2pts

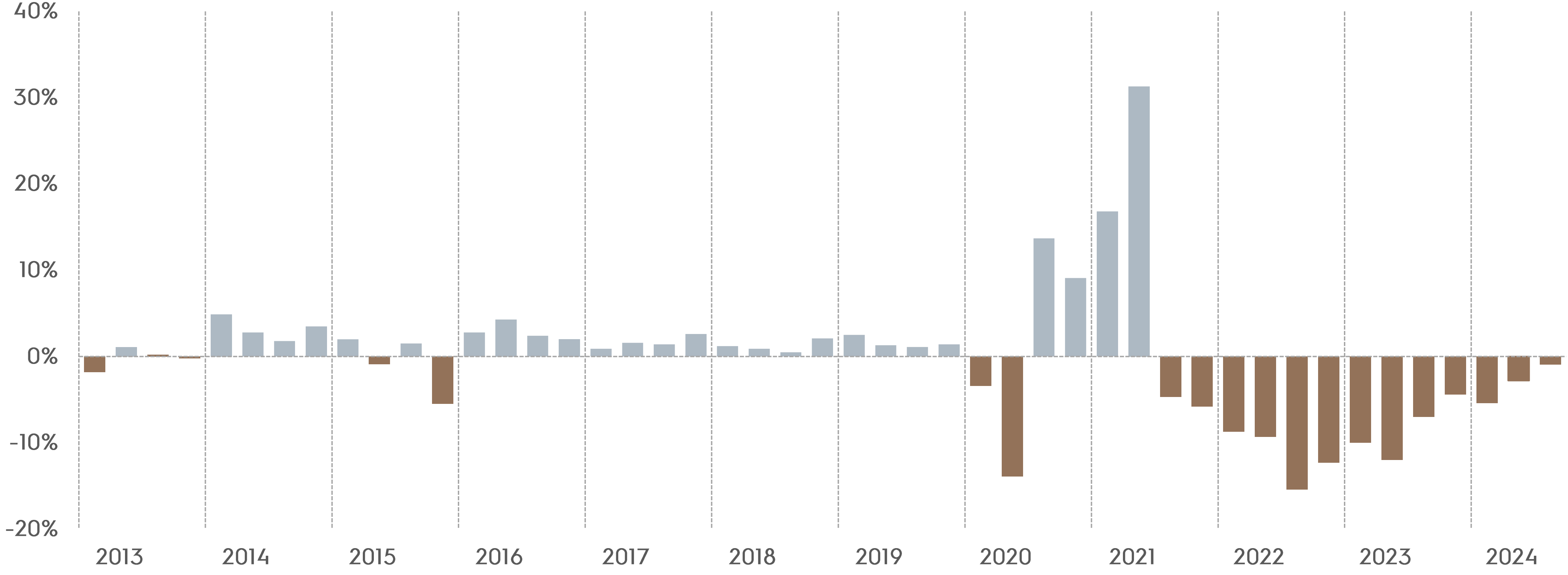
EBIT and margin*



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

European Core Appliances Market

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



Source: Electrolux estimates. As from Q1 2020, Russia is excluded.

North America

Slight organic sales decline

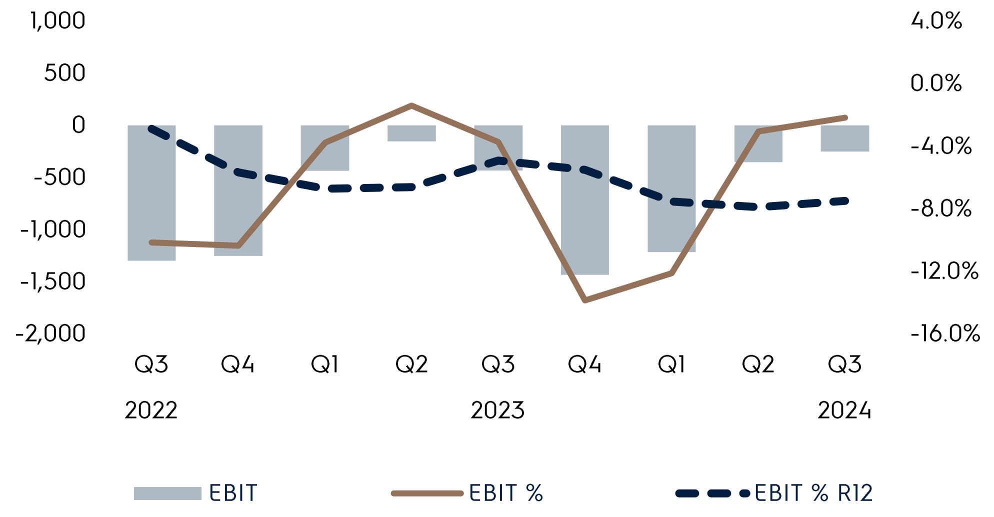
- Slightly higher volumes, supported by the attractive product offering
- Negative price, promotional activity remains high
- Record high consumer star rating at 4.6 on a 5-point scale

SEKm	Q3 2024	Q3 2023	Change
Net sales	11,434	11,896	-3.9%
Organic growth	-0.3%	-9.6%	9.3pts
Currency	-3.6%	1.7%	-5.3pts
EBIT	-249	-440	43.4%
Margin	-2.2%	-3.7%	1.5pts
EBIT excl. NRI	-249	-440	43.4%
EBIT margin excl. NRI	-2.2%	-3.7%	1.5pts

Operating loss reduced

- Negative organic contribution from price
- Positive impact from cost efficiency, mitigated by increased logistics costs
- Negative external factors
- Productivity in the Springfield factory is gradually improving

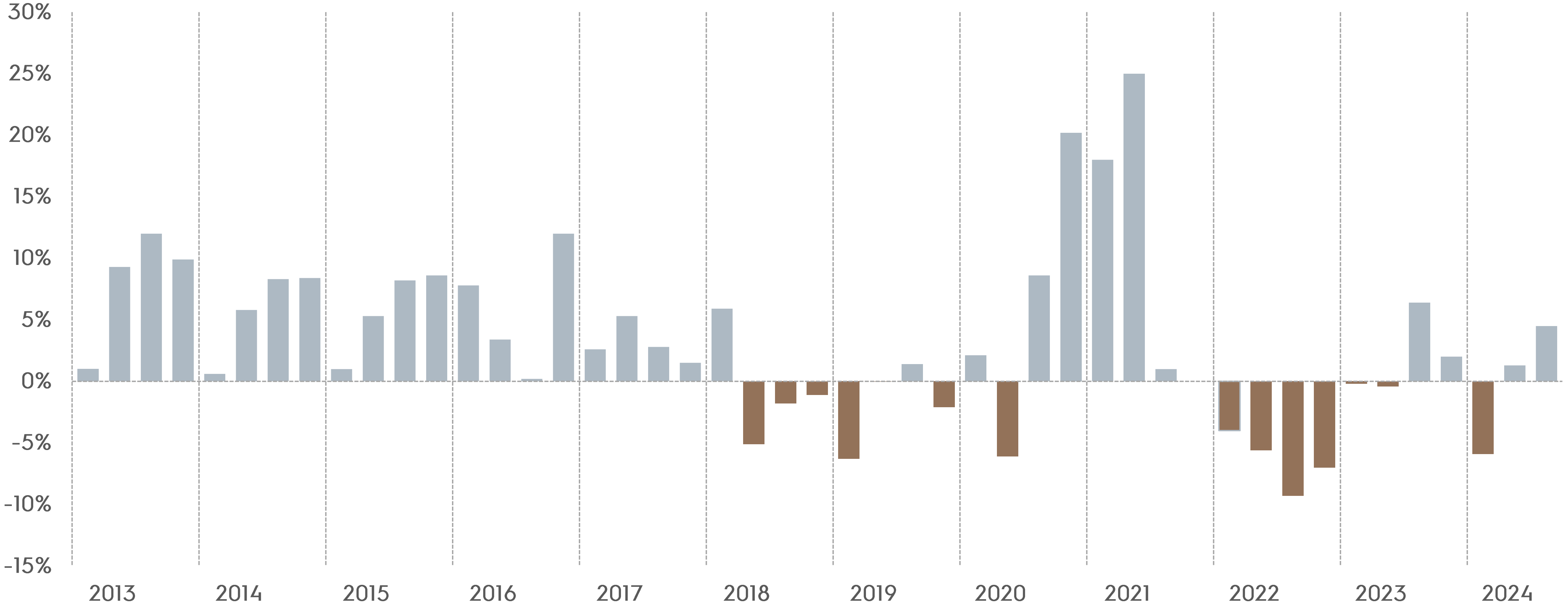
EBIT and margin*



*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. Q3 2024 is a comparison of weeks between June 30, 2024 – September 28, 2024 vs July 2, 2023 – September 30, 2023. Core appliances include AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges, and Ovens) and Cooktops. AHAM data is subject for restatement.

Latin America

High organic growth

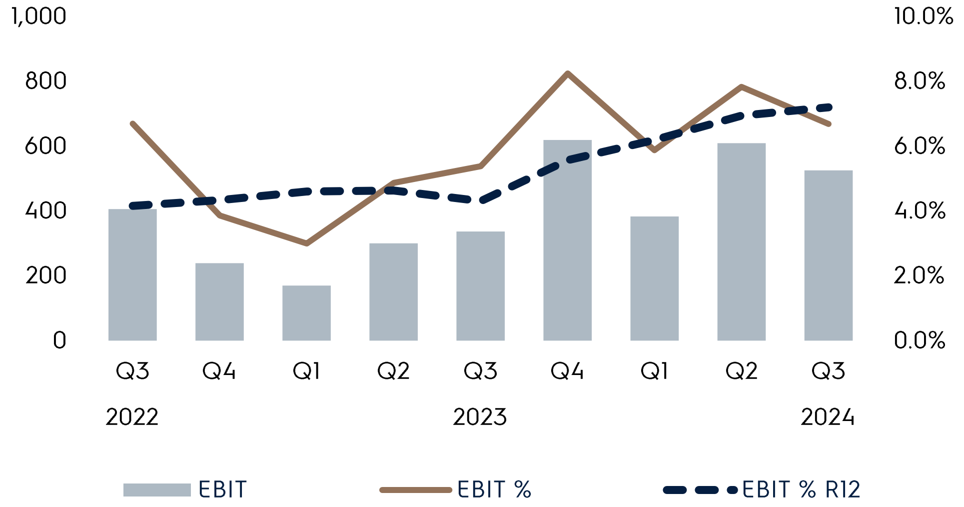
- Volume growth, driven by increased consumer demand and warm weather in Brazil
- Positive price
- Strong aftermarket sales growth

Significant increase in EBIT

- Strong organic growth, mainly driven by Brazil
- Positive contribution from cost efficiency
- Negative impact from currency, partly mitigated by lower raw material cost
- Increased investments in brand building activities and consumer direct capabilities

SEKm	Q3 2024	Q3 2023	Change
Net sales	7,489	7,193	4.1%
Organic growth	25.8%	7.6%	18.2pts
Currency	-21.7%	2.8%	-24.4pts
EBIT	490	405	20.8%
Margin	6.5%	5.6%	0.9pts
EBIT excl. NRI	490	405	20.8%
EBIT margin excl. NRI	6.5%	5.6%	0.9pts

EBIT and margin*



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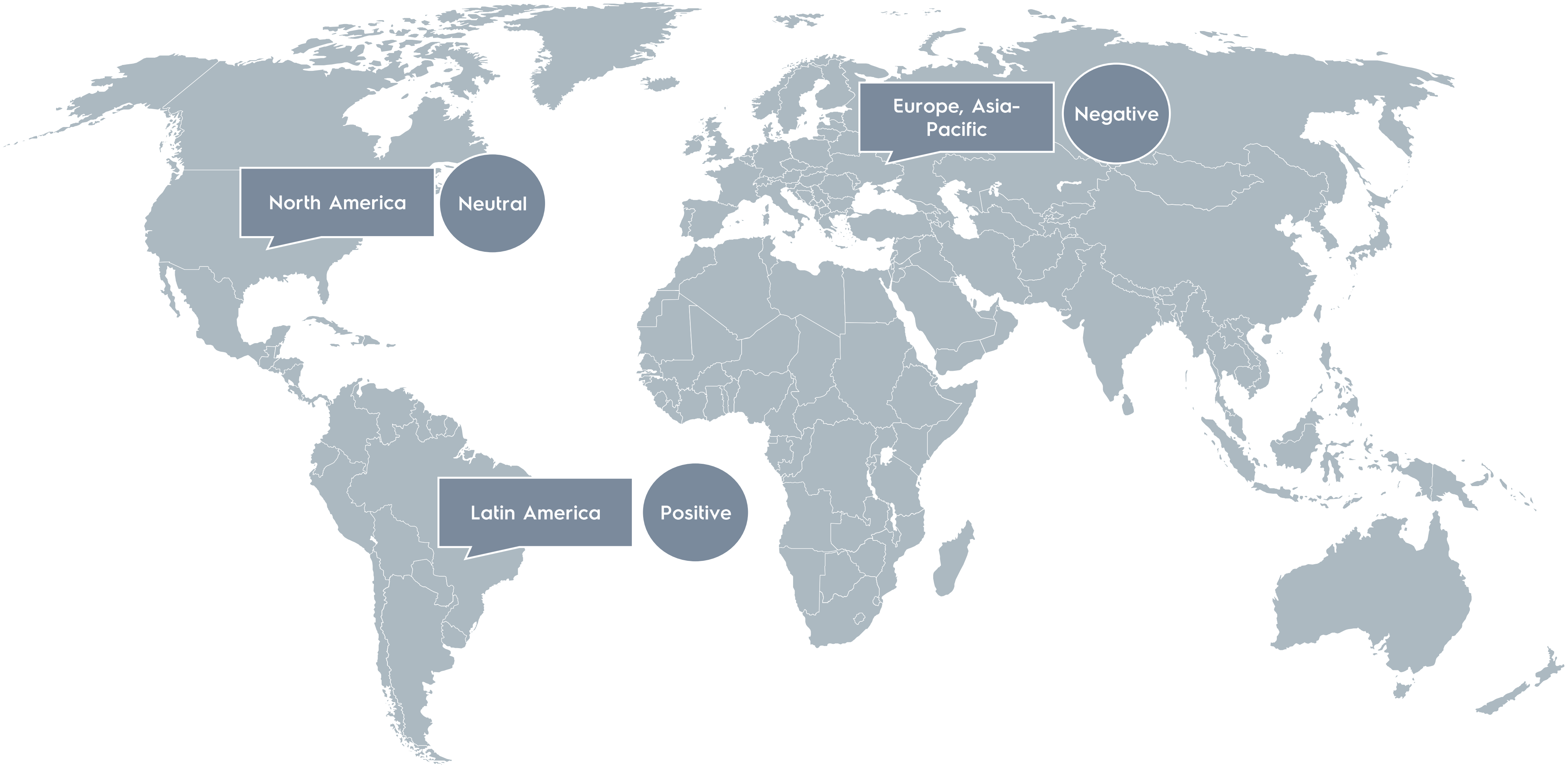
Outlook and summary

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.

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

Strategy for profitable growth

Financial targets

Operating margin	Return on net assets	Sales growth
≥6%	>20%	≥4%

The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle.

Driving sustainable consumer experience innovation

Increasing efficiency through digitalization, automation and modularization

Solid balance sheet facilitates profitable growth

Strategic drivers executed in Q3:

- Volume growth in challenging markets
- Improvements in all business areas, with significantly increased EBIT excl. NRI in Europe, Asia-Pacific, Middle East, and Africa
- Good traction of our products and launch of a new premium kitchen range from AEG
- Cost-reduction efforts are yielding increasing benefits across all business areas

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

Strategy for profitable growth

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Electrolux
Group

Appendix

Earnings contribution from price/mix

Business Area	Q3, y-o-y	Comments on Q3 y-o-y
Europe, Asia-Pacific, Middle East and Africa	Negative	Increased promotions and negative price, partly offset by positive mix. Excludes currency related price increases in Egypt, which is included in external factors.
North America	Negative	Negative price due to high price pressure. Slightly negative mix, affected by hurricane related supply constraints in aftermarket.
Latin America	Positive	Excludes currency related price increases in Argentina, which is included in external factors. Price slightly positive in other markets. Mix essentially flat.
Group EBIT % accretion	**-2.7 pts**	**Negative price in all business areas except Latin America. Excludes currency related price increases in Argentina and Egypt. Mix slightly negative, related to North America.**

Electrolux Group