

Press Release

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President and CEO Jonas Samuelson's comments on the results
for the second quarter 2016

Significant earnings improvement

Electrolux operating income for the second quarter increased significantly compared to the same period previous year and amounted to SEK 1,564m. Of the Group's six business areas, four achieved an operating margin of above 6%. The improvement was particularly strong in Major Appliances EMEA and Major Appliances North America. Major Appliances Asia/Pacific and Professional Products showed a stable development in earnings. Measures to restore profitability within Small Appliances continued. A continued weak market environment in Latin America impacted the performance in the region negatively. Cash flow in the second quarter was at historically high levels and amounted to SEK 4.1bn.

Earnings continued to improve within Major Appliances EMEA, driven by higher sales volumes, positive contribution from product portfolio management and cost efficiency measures. Electrolux continued to gain market share in our focus categories and premium brands. The operating margin amounted to 6.4% in the quarter. Market demand for appliances in Europe continued to grow, increasing by 4%. We now expect the European market demand to grow by 2-4% in 2016. Following the Brexit referendum, the outlook for UK demand and the British Pound is uncertain.

Positive contribution from the product mix and improved cost efficiency led to a strong recovery in our North American operations, and our work to enhance efficiencies in the production system is making progress. The operating margin was 6.5% in the quarter. Market demand for core appliances increased by 3% in the second quarter and 5% year-to-date. Sales of core appliances declined somewhat, driven by products under private labels, while sales of products under own brands increased. We expect market demand for appliances in North America to grow by 4-5% in 2016.

Market demand for appliances in Latin America remained weak. Demand continued to deteriorate in Brazil, and also Chile and Argentina contracted in the quarter. Lower sales volumes and a deterioration of the mix impacted results negatively, while price increases and cost reductions partly compensated for continued currency headwinds. At current currency rates, the headwind is forecast to be less significant in the second half of the year compared with the first half. However, we expect the Latin American market to remain weak also in the second half of 2016.

Earnings in Asia/Pacific improved 11% year-over-year. Growth continued at a strong pace in Southeast Asia, partially offsetting the planned contraction in China. This development contributed positively to the operating margin. In the quarter, we announced the acquisition of Vintec, an Australia and Singapore-based company which supplies a wide range of climate-controlled wine cabinets throughout the region. Vintec has a good strategic fit with our major appliances business and complements the product offering.

In Small Appliances, the work to restore profitability continued. Actions to reposition operations and to exit unprofitable categories and markets continued at a high pace. These measures will continue in the second half of the year. Professional Products continued to generate stable operating results and margin.

The focus to achieve stability in all operations globally and to increase the operating margin continues. These efforts will, together with the development of innovative products delivering best-in-class consumer experiences, support cash generation and shareholder value.

Stockholm, July 20, 2016
Jonas Samuelson
President and CEO

This information is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 0800 CET on July 20, 2016.

Electrolux is a global leader in home appliances and appliances for professional use, based on deep consumer insight. We offer thoughtfully designed, innovative and sustainable solutions, developed in close collaboration with professional users. The products include refrigerators, ovens, cookers, hobs, dishwashers, washing machines, vacuum cleaners, air conditioners and small domestic appliances. Under esteemed brands including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine, the Group sells more than 60 million products to customers in more than 150 markets every year. In 2015 Electrolux had sales of SEK 124 billion and 58,000 employees. For more information go to www.electroluxgroup.com