



Electrolux  
Professional  
Group

# SEB Nordic Seminar, January 2023

Alberto Zanata, CEO  
Fabio Zarpellon, CFO  
Jacob Broberg, IRO

# Electrolux Professional snapshot

R12 until Sep 2022



Electrolux  
Professional  
Group

Net sales SEK  
**10.3 bn**

EBITA, SEK  
**0,985 bn**

EBITA  
margin\*  
**9.6%**

Employing  
**~4,000**

Serving  
**~110**  
countries

## Net sales by segment

**67%**  
Food & Beverage



**33%**  
Laundry



**8.5%**  
EBITA margin

**16.1%**  
EBITA margin

## Net sales by geography

**~58%**  
Europe



**~30%**  
Americas



**~12%**  
APAC & MEA



\* EBITA excl Items affecting comparability



Food  
Solutions



Laundry  
Solutions

**Our mission:**  
Making our customers'  
work-life easier, more  
profitable – and truly  
sustainable every day



Beverage  
Solutions



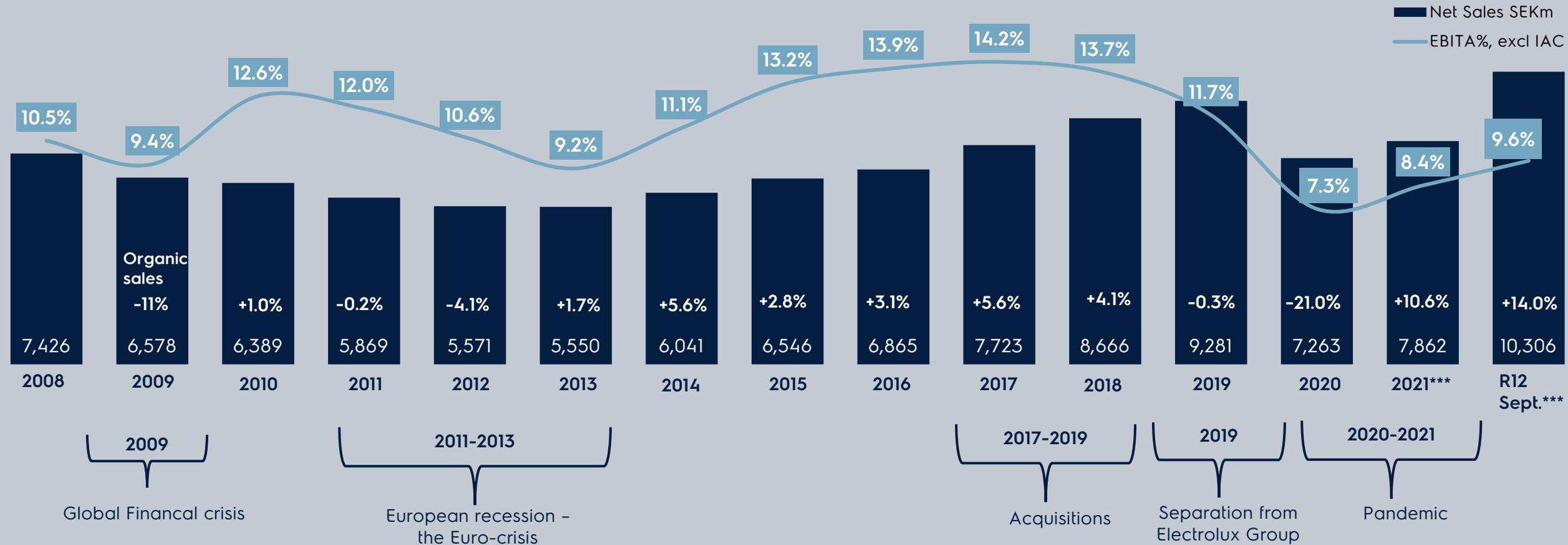
Customer  
Care

Delivered through 4 strategic pillars:

- 1 Develop sustainable, low running cost solutions
- 2 Expand in food service chains, especially in North America
- 3 Boost customer care
- 4 Leverage the OnE approach – Digital transformation

# Net sales\* and profitability\*\* development

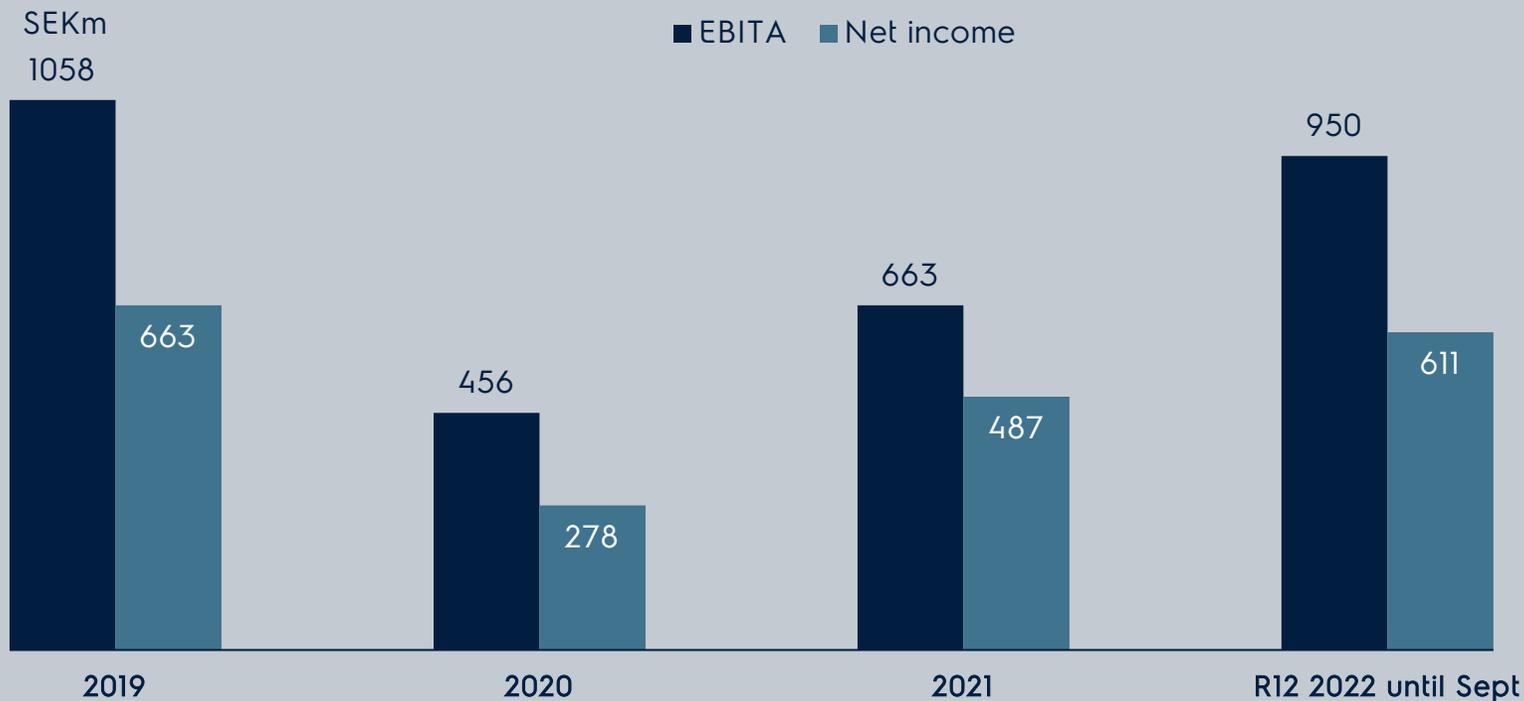
The Covid-pandemic had a x2 impact on sales vs Financial Crisis 2009



\* Excluding divested businesses (Baring Industries, US (2010) and Heating element, Switzerland (2011)) \*\*Excluding Items affecting Comparability (IAC)

\*\*\*Includes Unified Brands from December 2021

# EBITA and net income on its way back to 2019 levels



- EBITA (R12) almost at 2019 level
- Dividend policy is 30% of net income

# A resilient foundation, well prepared for economic downturn



The resilient laundry business



Larger share in the US and in chains



Proven ability to manage cost in downturns

# Electrolux Professional heading into 2023

## Demand

- Demand has normalized to pre-pandemic levels (2019)
- Potential recession impact to be carefully monitored



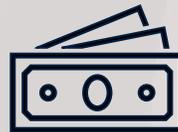
## Energy prices

- High energy prices not expected to have material impact on our profit



## Surcharges

- Surcharges transformed into price increases



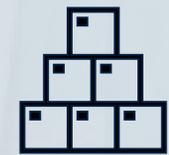
## Raw material prices

- Our Raw material prices for 2023 are expected to be same as average in 2022



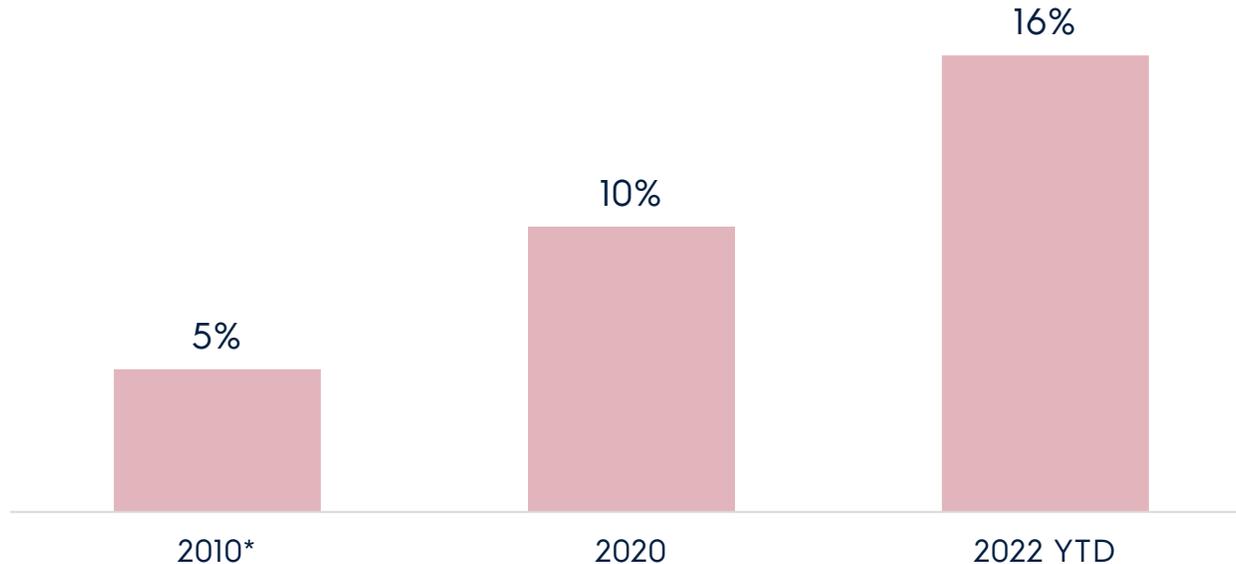
## Components

- Components availability is expected to further improve



# Good sales growth in restaurant chains

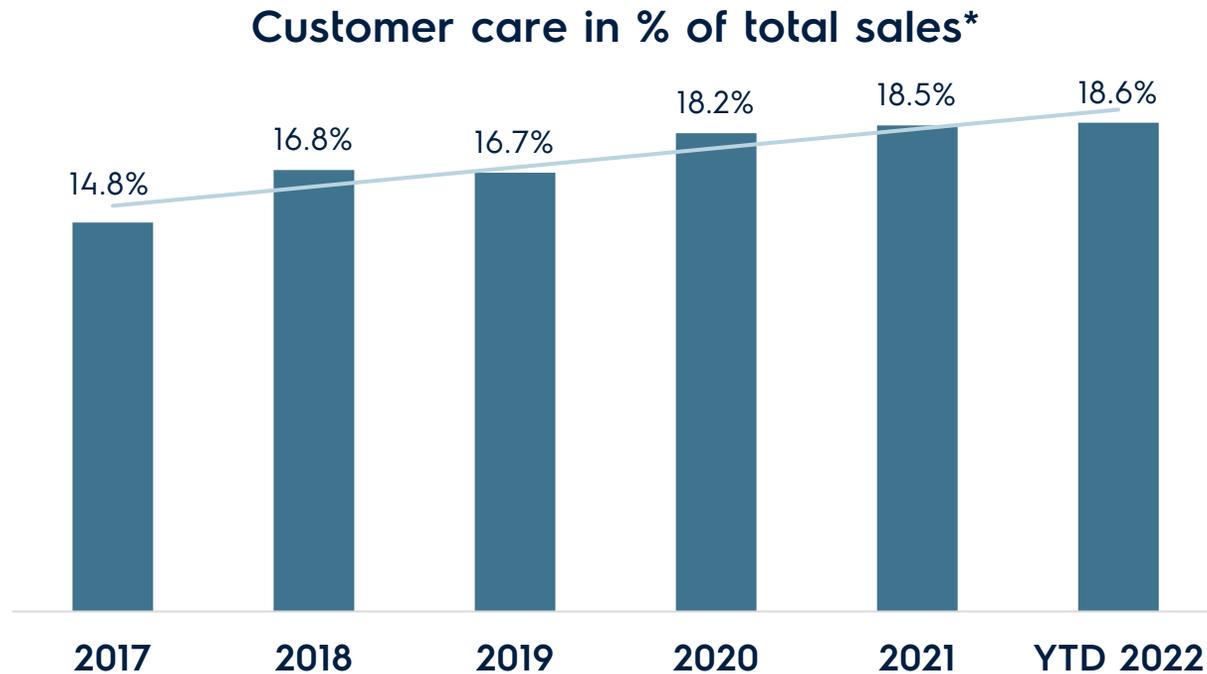
Chains sales in % of total sales



\*Rough estimate since no historical data available

- More focused approach has paid-off
- Increase in 2022 mainly related to the acquisition of Unified Brands

# Customer care sales are growing



- Despite very strong product sales growth in 2021 and 2022, customer care is growing

\* Excl Unified Brands

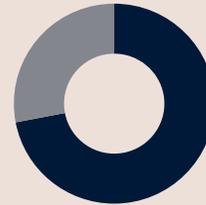
# The OnE digital platform

## Deployment

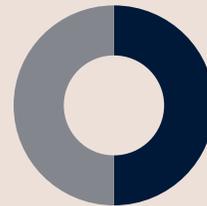
- Launched in several countries 2021-2022
- Continued roll-out in 2023-2024

## Online sales

**72%**  
of all orders  
digital

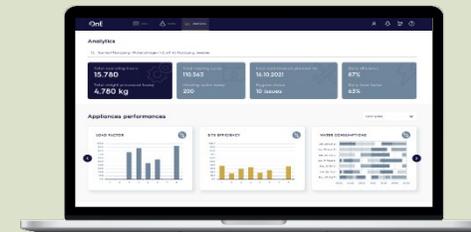


**50%**  
of sales value  
digital



## Service

**100%**  
of partners  
supported



# Target: 50% of future installed base connected by end of 2024

A new global platform partner in 2022

A true secure, scalable solution

OnE user interface across food, laundry and beverage segments

Valuable data storage and analyze features for our customers



# Sustainability strategy and targets

## Target to be climate neutral in 2030

- **Sustainable solutions** - Grow the business by developing sustainable, innovative low-running cost solutions
- **Sustainable operations** - Operational excellence and Electrolux Professional Production System drives sustainability performance
- **Ethics and relationship** - Ethical practices enabling business by providing trust

- **CO2 reduction aligned with Paris agreement**

Scope 1&2  
**-50%**  
2025

- **Lost time injury rate**

LTI rate  
**<0.3**  
2025

- **Diversity & inclusion**

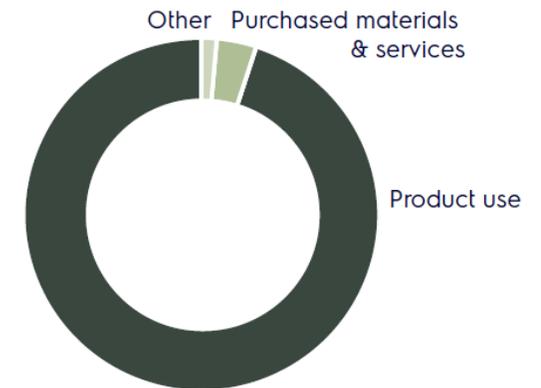
Gender  
balance  
**40/60**  
2030



# Scope 3 - emissions from product use is 95%

- During 2021 we reported the data from our greenhouse gas emissions within scope 3 (year 2019)
- Main climate impact occurs during the product use phase, **approximately 95%**
- The main contributor within the usage phase relates to the product's energy consumption
- A scope 3 reduction target connected to product use is being developed, preparing to commit to Science Based Targets

Distribution of our carbon footprint (Scope 1, 2, 3), %\*



\* Scope 3 emissions are estimated based on an inventory study for 2019.

# Electrolux Professional in the US

## Executing on strategic cornerstone of the Group



Electrolux  
Professional  
Group

US is an important and growing market for Food & Beverage

US is home to most large global food service chains

Deep Channel understanding, trusted brands and long-term customer relationships

A fragmented Food & Beverage equipment market

The acquisition of Unified Brands combined with Grindmaster, greatly accelerates the Group strategy

# Synergy opportunities



Electrolux  
Professional  
Group

- Unified Brands separation from Dover completed. Service Level Agreements closed
- Unified Brands and Electrolux Professional Americas organization now fully integrated
- Chain commercial teams up and running
- Full systems and process harmonization initiated

# Synergies improving EBITA

Revenue synergies

SEK 20-40m EBITA

Cost synergies

SEK 25-50m EBITA

**= SEK 45-90m EBITA**

- Synergies underway, ramping through 2024



Electrolux  
Professional  
Group

# Financials

# Medium-term financial targets to drive shareholder value are confirmed



## Net sales growth

Organic annual growth of more than 4% over time, complemented by accretive acquisitions



## Profitability

15% EBITA margin



## Assets efficiency

Operating working capital  
<15% of net sales



## Capital structure

Leverage ratio below  
2.5x Net debt/EBITDA<sup>(1)</sup>



## Dividend policy

Pay-out ratio of c. 30% of  
net income for the year<sup>(2)</sup>

**Note:**

1. Higher levels may be temporarily acceptable in case of acquisitions, provided a clear path to deleveraging
2. As proposed annually by the Board of Directors at its discretion, to correspond to c.30 % of the income for the year, out of funds legally available for that purpose. The Company aims to use capital efficiently to generate as much shareholder value as possible, including potential acquisitions. The timing, declaration and amount of future dividends will depend on the Company's financial condition, earnings, capital requirements and debt service obligations.

# Building blocks delivered improving profit

- Increased weight of Americas business from 17% to 30% of total sales

- Expansion of the business with customer care and chains:
  - Customer care from less than 15% in 2017, to 18%
  - Chains 16% of total sales

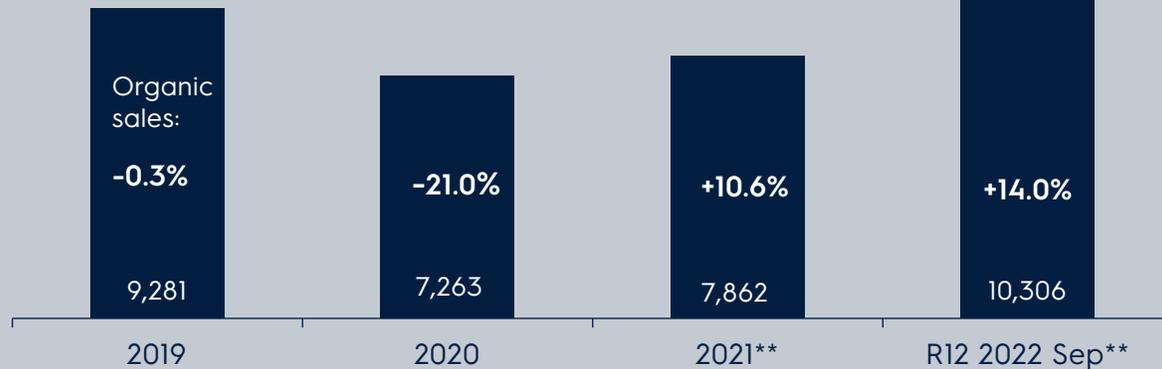
- The Louisville, US factory closed
- Consolidation of the operations in Thailand into a new global plant

- Started the roll-out of the OnE platform

# Net sales and profitability development

- 2020-2021 pandemic
- Recovery started Q3, 2021
- 2022 continued recovery, despite impact from raw material cost and component shortage

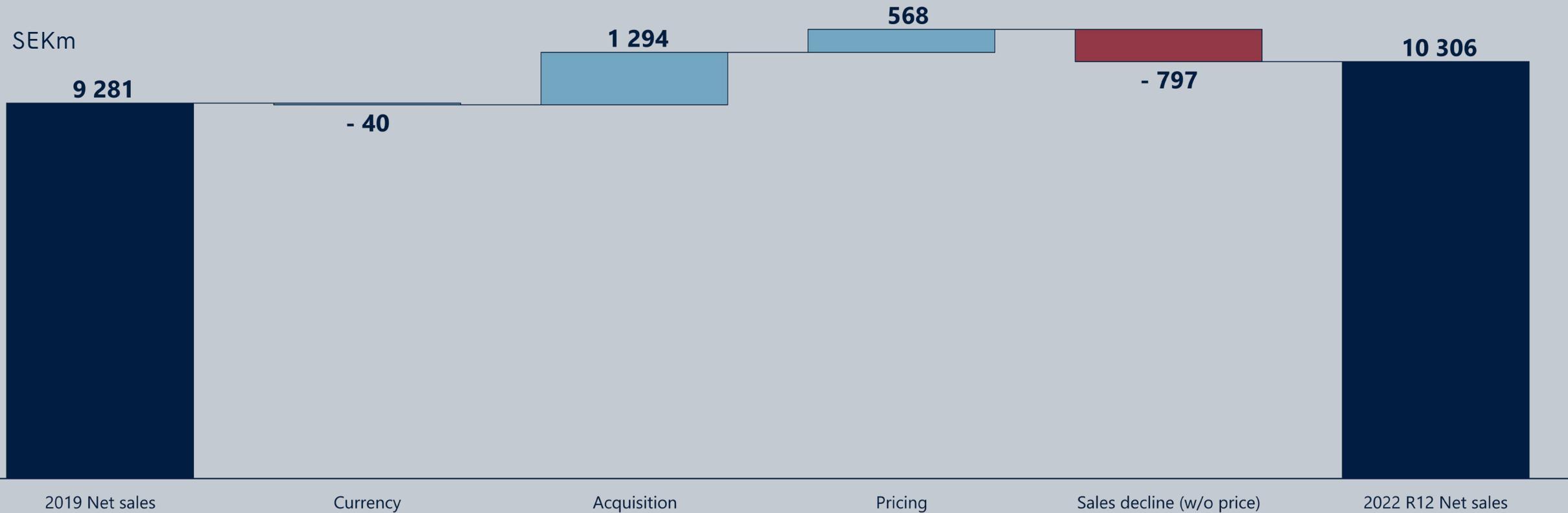
Net Sales SEKm



\*\*Includes Unified Brands from December 2021



# Net sales growth building blocks



# EBITA quarterly progression

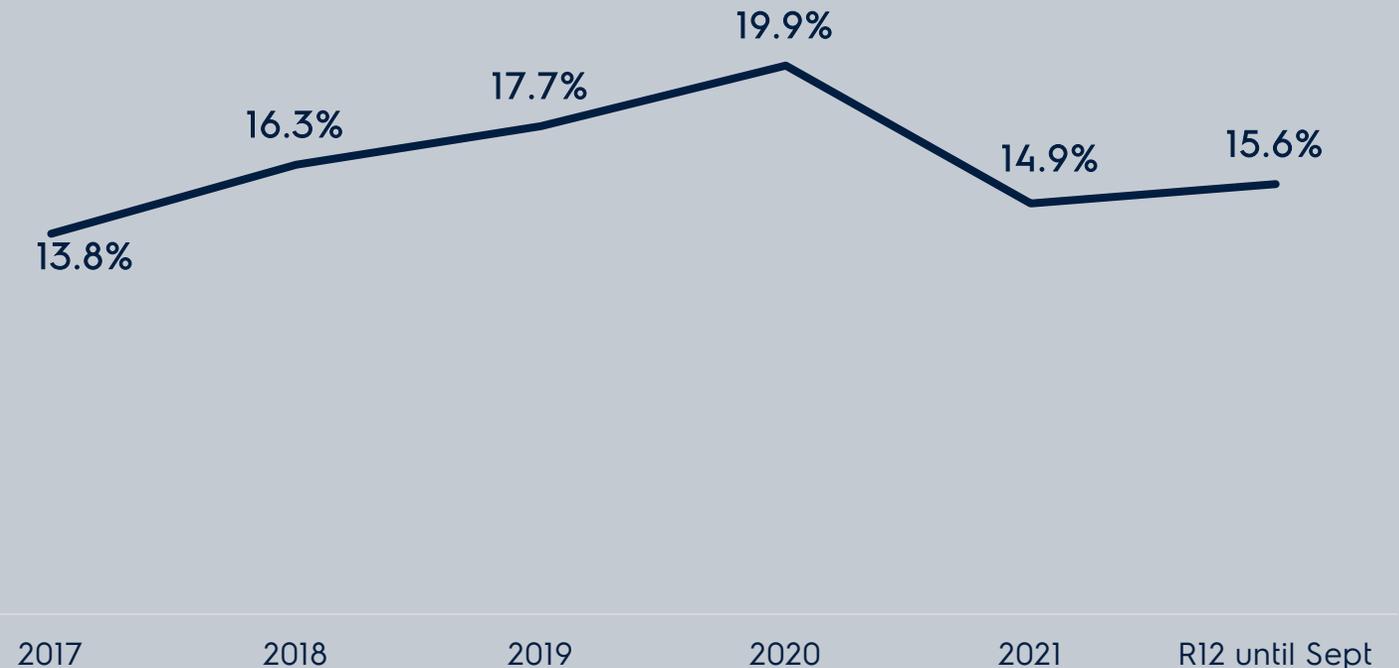
EBITA excl IAC, SEKm  
Change, %



# Operating Working Capital (OWC)

- Business model with low OWC
- 2018-2019 burdened by acquisitions and large phase in/out of products
- Despite higher safety stock of components and higher stock to create product availability, OWC on sales remains on a relatively low level
- Quality of receivables are good

Operating working capital as % of net sales



# Disciplined capital expenditures

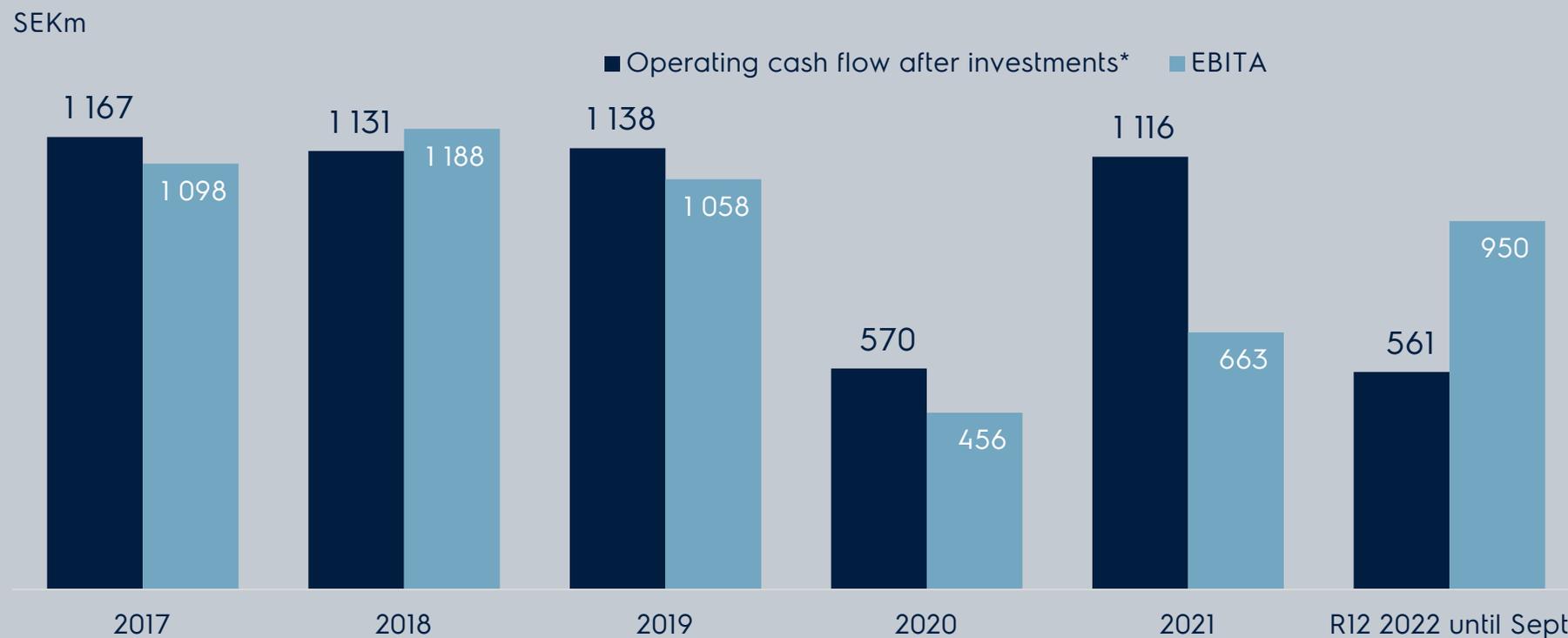
- Business managed with low requirements in terms of new capex
- Capital expenditure level increased in 2019-2020 related to new factory in Thailand
- Capital expenditure requirements expected to remain around 2% going forward

## Capital expenditure

SEKm



# Cash flow



- Proven good cash flow generation over the years
- In 2022, cash flow impacted by increase of OWC

\* Cash flow defined as cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations

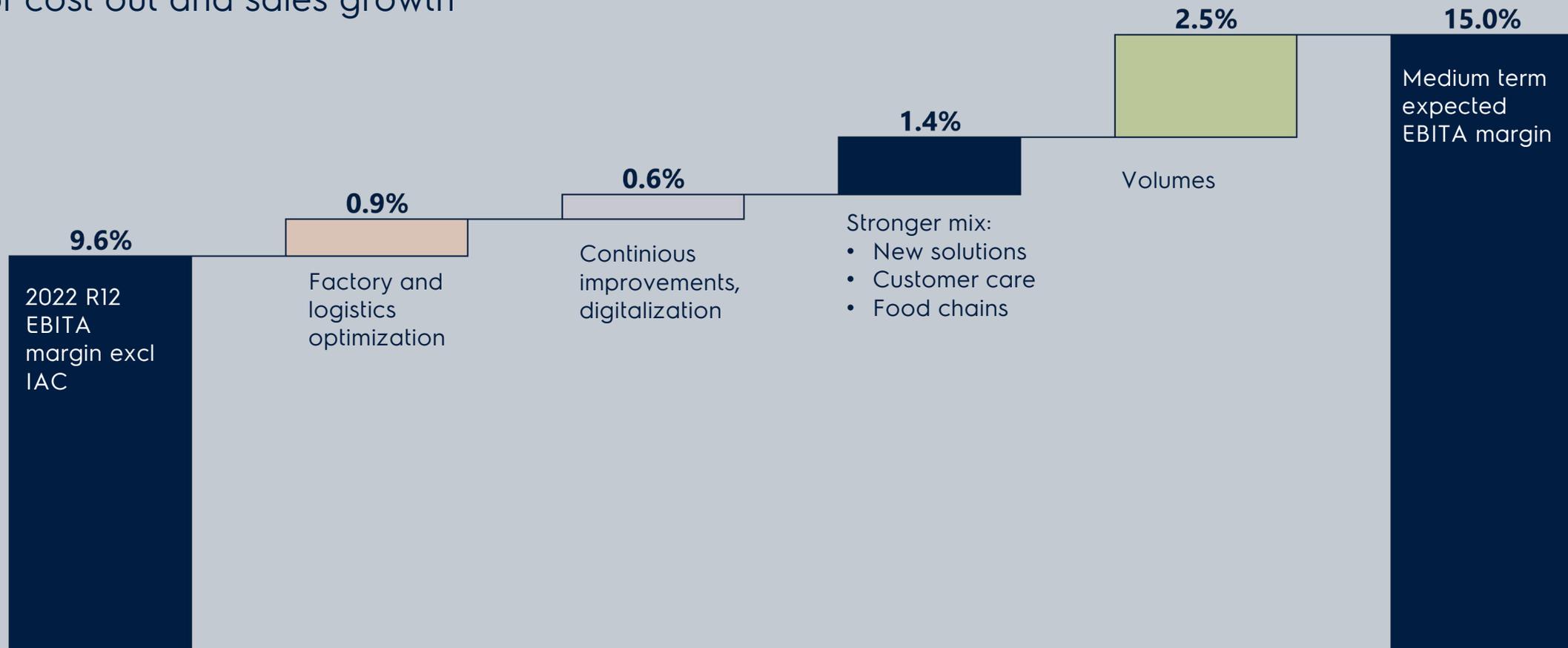
# Net debt

- Zero net debt prior to Unified Brands acquisition
- 2022 Net debt ratio further increased but within targets
- Provision for Swiss pension fund increased Net debt by SEK 256m. No impact on Financial net debt
- Change of trend expected already in Q4



# Building blocks to reach 15% EBITA

- Margin expansion will come from combination of cost out and sales growth



# A solid Group with large potential



Track record of delivering solid EBITA,  
cash flow and cash conversion

Solid balance sheet

Positioned to benefit from an attractive  
Americas business

Profitable growth journey

Focused plan to generate  
margin expansion

# Appendix



# Our markets



**Food  
solutions**

Source: Company estimates for 2021.



**Beverage  
solutions**



**Laundry  
solutions**

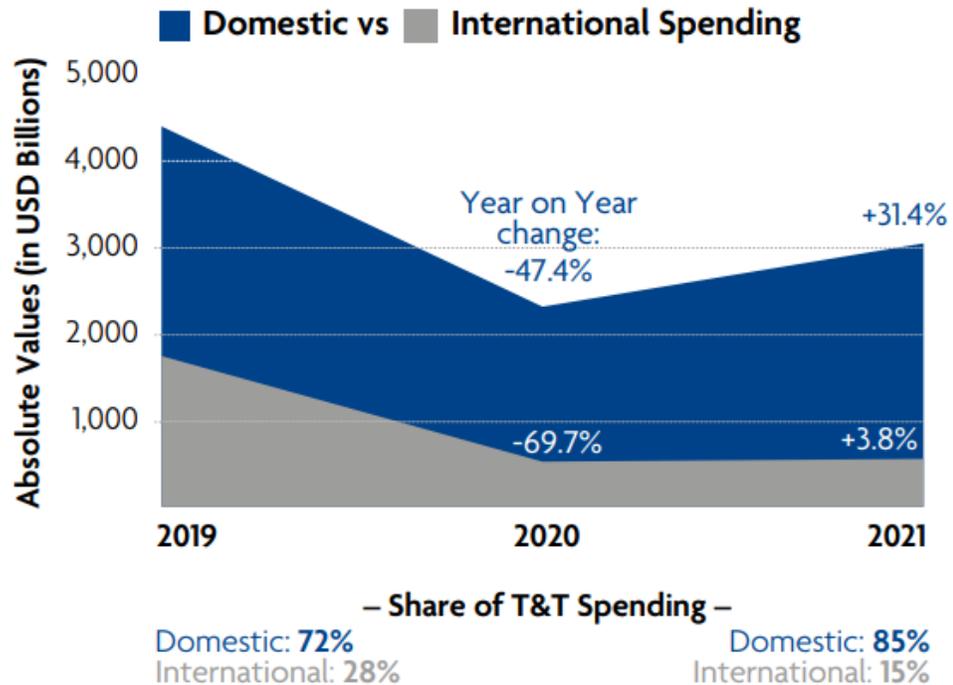
**Underlying trends**

- Post-pandemic new normal
- Climate change and resource shortage
- Growing disposable household income
  - Urbanization
  - Digitalization

# Global Travel & Tourism's recovery

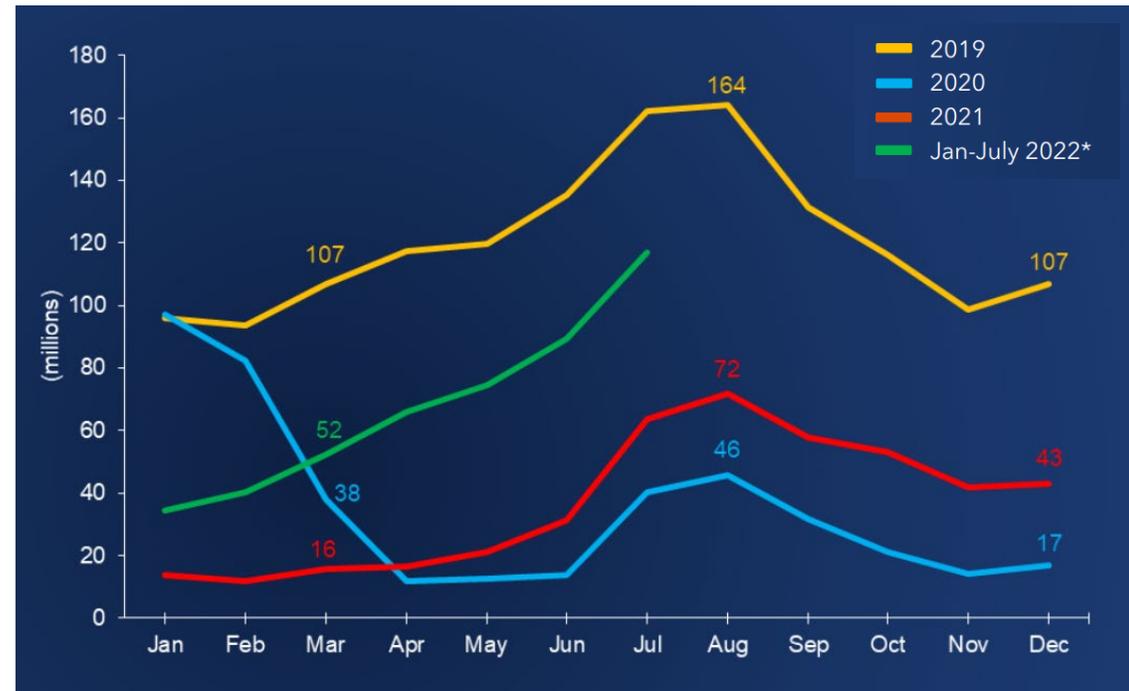
Domestic Spending increasing share vs International

## Global Travel & Tourism's spending



Source: World Travel & Tourism Council "Travel & Tourism Economic Impact 2022"

## International Tourist Arrivals



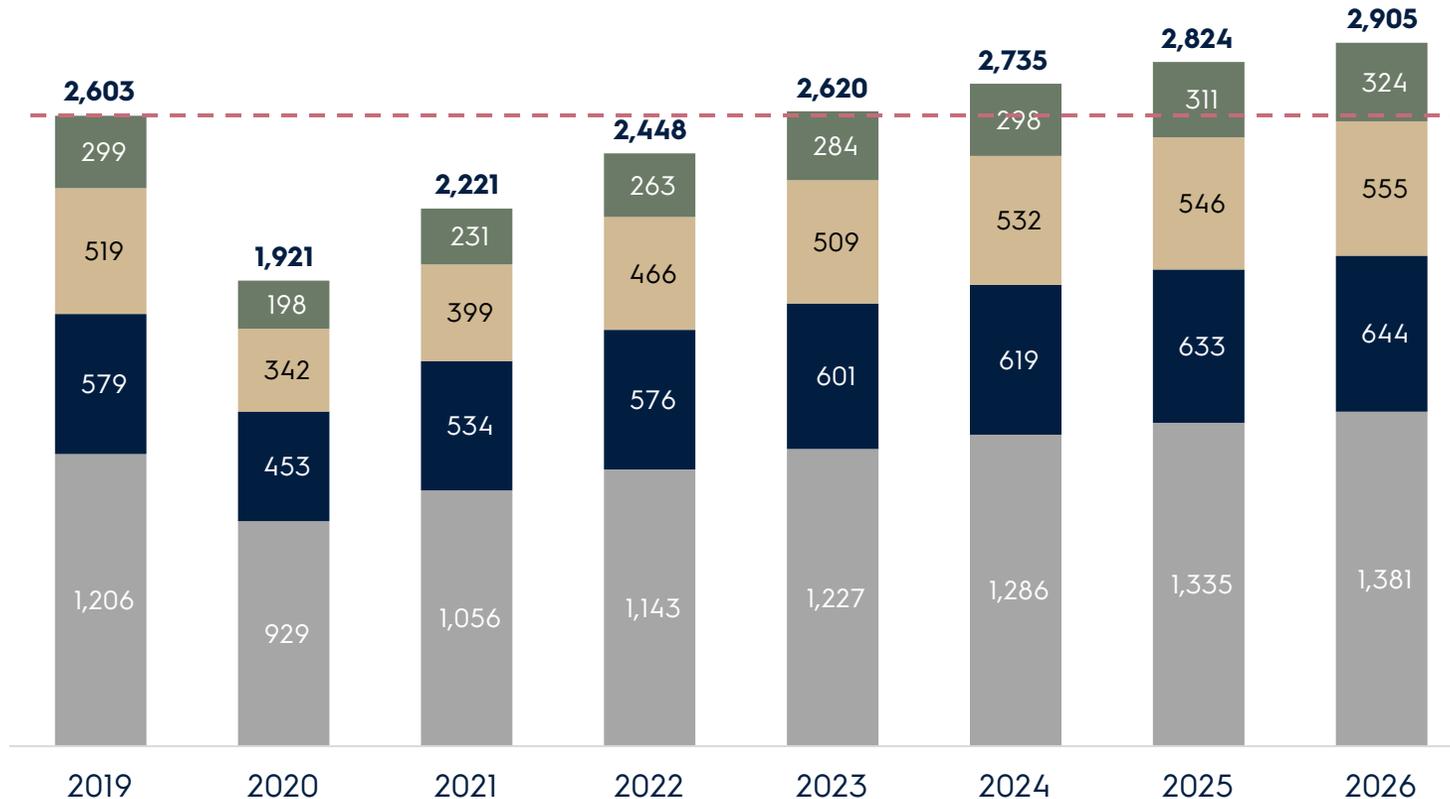
Source: UNWTO World Tourism Barometer – September 2022

# Global Foodservice recovery 2019-2026

North America already on par with 2019 in 2022



Global Foodservice Out of Home (OOH) Spending (billion €)



|               | CAGR% 19-21  | CAGR% 21-26  |
|---------------|--------------|--------------|
| ROW           | -12.0%       | <b>+7.0%</b> |
| Europe        | -12.3%       | <b>+6.8%</b> |
| North America | <b>-3.9%</b> | +3.8%        |
| APAC          | <b>-6.4%</b> | +5.5%        |

- North America to return to pre-pandemic levels in 2022
- APAC and Europe in 2023
- ROW should recover in 2024.
- Europe and ROW were the most impacted regions by COVID-19, but are expected to be the most dynamic regions after Pandemic.

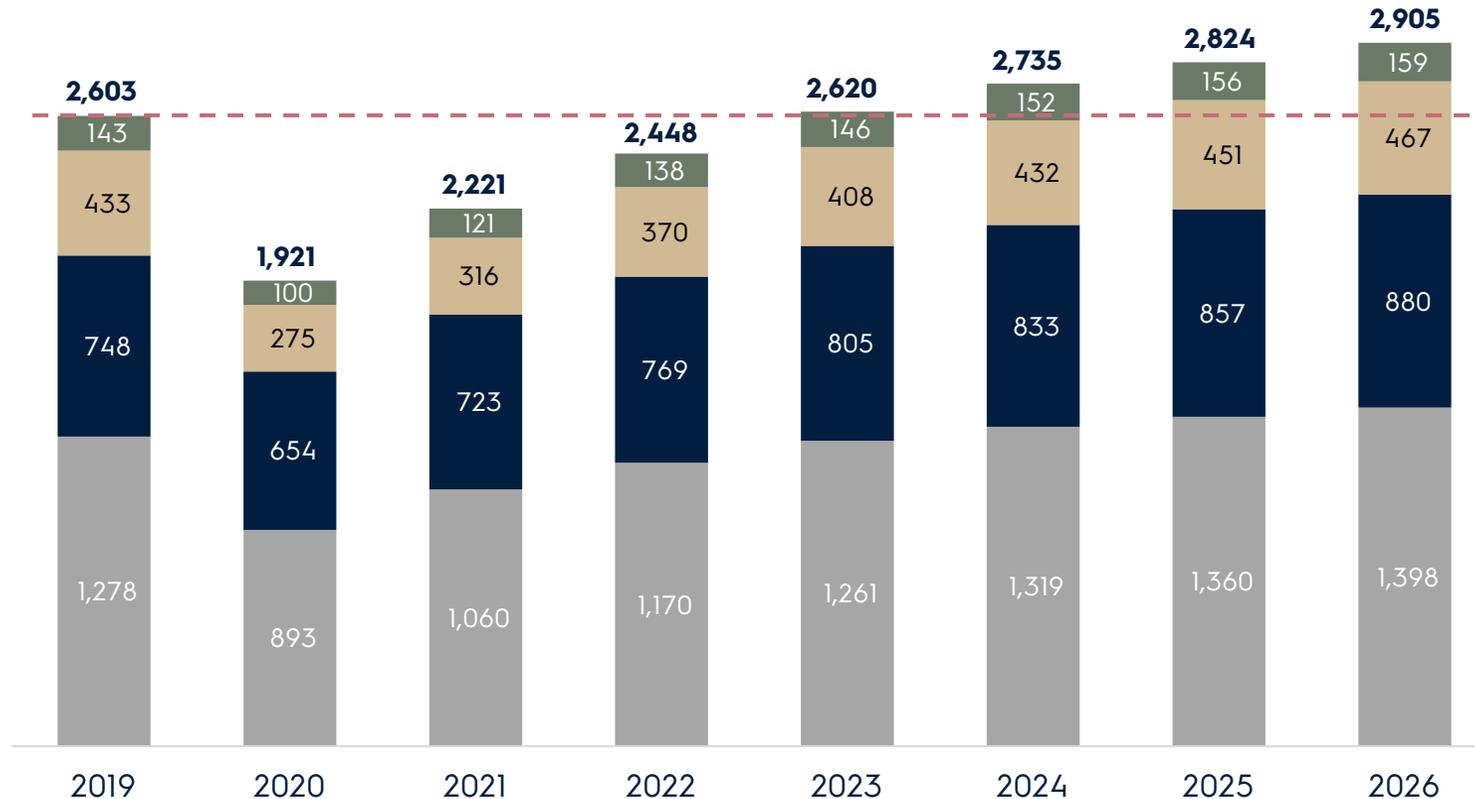
Source: Deloitte "Foodservice Market Monitor 2022" (elaboration of secondary data sources: Euromonitor, Allied Market Research, Statista)

# Global Foodservice recovery 2019-2026

QSR leading recovery and already above 2019 level



Global Foodservice OOH Spending (billion €)



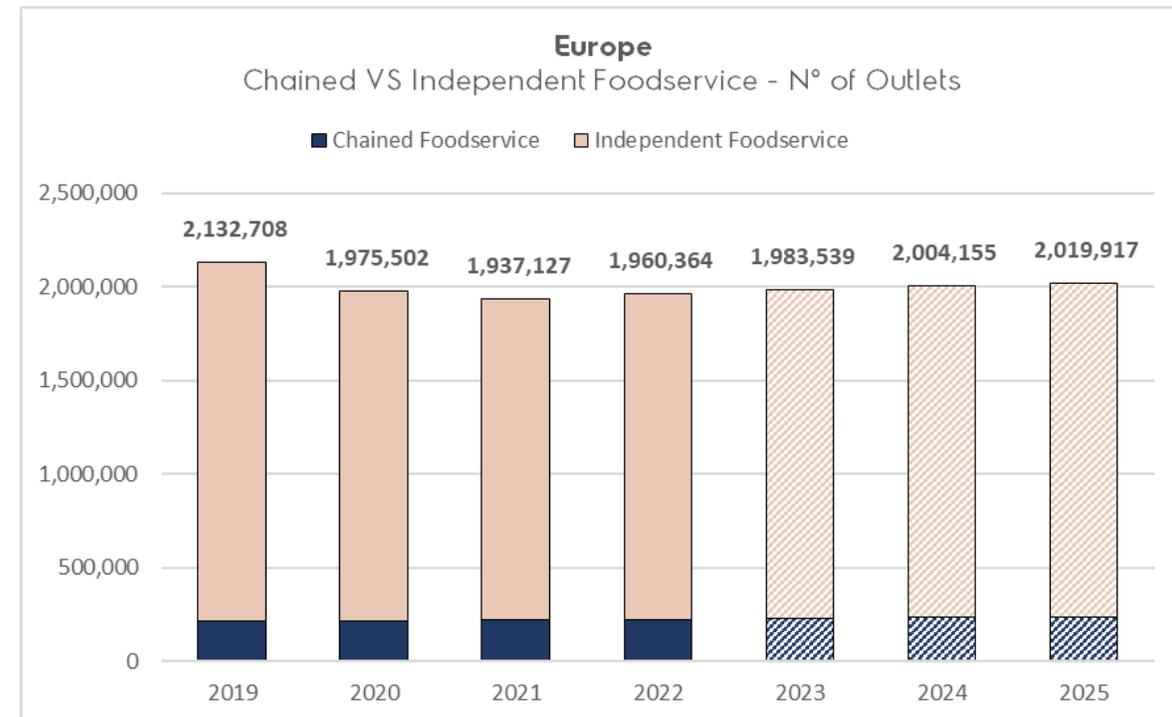
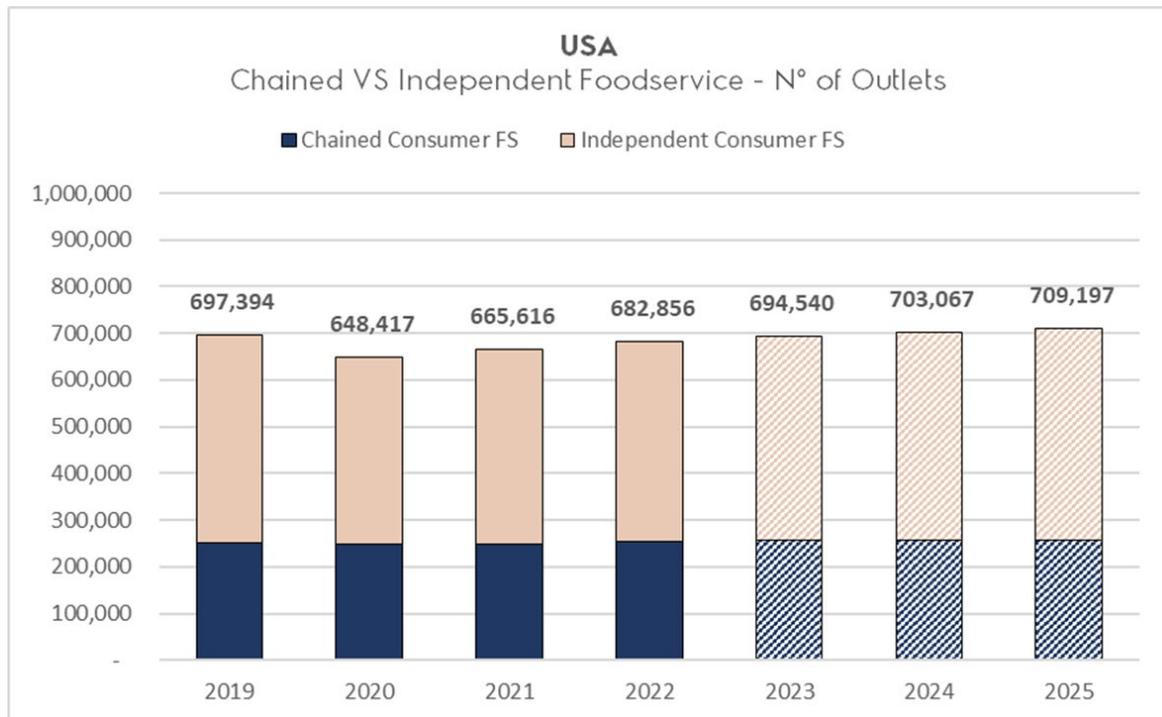
|                           | CAGR% 19-21   | CAGR% 21-26  |
|---------------------------|---------------|--------------|
| Street food               | -7.9%         | +5.6%        |
| Cafés and bars            | <b>-14.6%</b> | <b>+8.1%</b> |
| Quick-Service Restaurants | -1.7%         | +4.0%        |
| Full-Service Restaurants  | <b>-8.9%</b>  | <b>+5.7%</b> |

- Quick service restaurants (QAR) to pre-pandemic levels in 2022
- Full-Service Restaurants and Street food in 2023
- Cafés and bars will recover in 2024

Source: Deloitte "Foodservice Market Monitor 2022" (elaboration of secondary data sources: Euromonitor, Allied Market Research, Statista)

# Number of outlets expected to grow

## QSR already above 2019



Source: Euromonitor Passport – Consumer Foodservice 2022  
Cafés/Bars: Bars/Pubs, Cafés, Juice/Smoothie Bars, Specialist Coffee and Tea Shops

# A fragmented foodservice equipment market

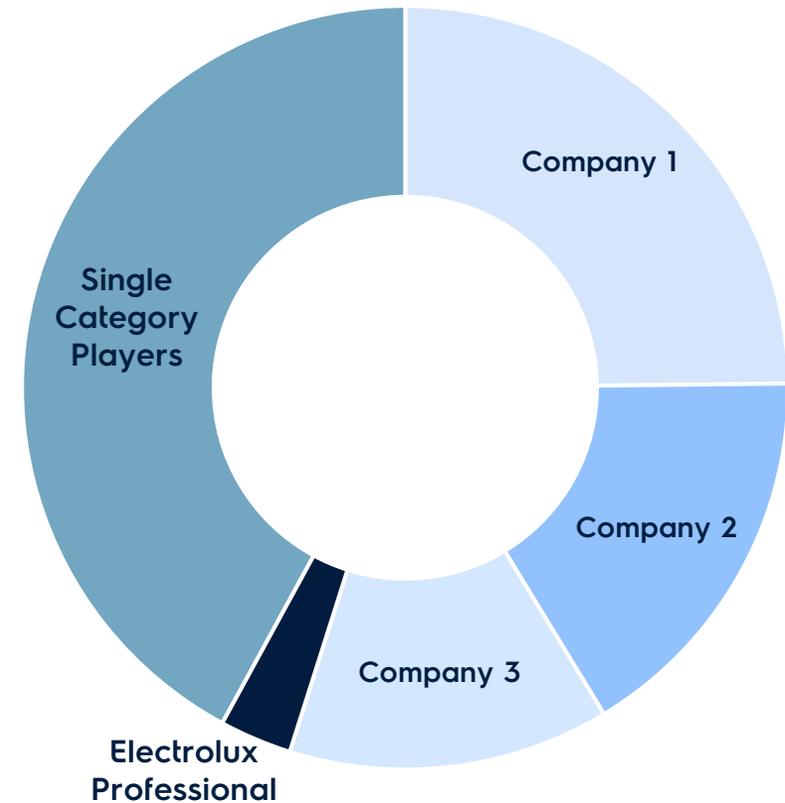
A handful of large multi-brand players and many medium/small single-brand players

## North America category players

### Multi category players



### Examples of single category players



# Chain Relationships - examples

Deep consultative relationships provide access for global products



## Leading Sandwich Chain

- Custom prep table
- Supports new hot sandwich offering
- Improves efficiency & product quality



## Leading Pizza Chain

- Custom prep table
- Centerpiece of product prep
- Catch rail reduces cheese waste
- Superior temp control



## High Growth Burger & Fry Chain

- Custom fry soak solution
- Efficiently removes starch from cut potatoes before frying
- Supports differentiated fry taste



Provides strong base to:

Bring differentiated Electrolux Professional Solutions to US Chains

Pull through high quality standard use products



**Electrolux**  
**Professional**  
**Group**