

**Electrolux**  
PROFESSIONAL

Well positioned to create value  
Handelsbanken Mid Cap Seminar June 4 2020



A close-up photograph of a female chef wearing a white toque and uniform. She is looking down at a dessert on a white plate, which appears to be a stack of bread or cake topped with cream, strawberries, and a mint leaf. She is holding a small green leaf with her right hand. The background is blurred, showing a kitchen setting. The text is overlaid on the left side of the image.

Capturing the growth potential of Electrolux Professional  
through its industry-unique position

Alberto Zanata, President and CEO

# Positioned for profitable growth in an attractive industry



Strong position in  
attractive markets



Well positioned to meet  
customer needs



Solid financial profile with  
further upside



Experienced management team to deliver on the plan

# Electrolux Professional snapshot



Total net sales CAGR 2017-19 <sup>(1)</sup> <b>~10%</b>	<b>2019</b>	Net sales SEK <b>9.3 bn</b>	EBITA SEK <b>1.1 bn</b>	EBITA margin <b>11.4%</b>	Employing <b>~3,600</b>	Serving <b>~110</b> countries
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## Net sales by segment

**64%**  
Food & Beverage



**36%**  
Laundry



**9.6%**  
EBITA margin

**15.0%**  
EBITA margin

## Net sales by geography

**~66%**  
Europe

**~17%**  
Americas

**~16%**  
APAC & MEA

Note:

1. Organic growth of ~3% (i.e. excluding acquisition and currency impact).

# Industry-unique position with full-solutions offering under one brand



One brand covering Food, Beverage and Laundry

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Broad customer base in an attractive market

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Attractive financial profile with a solid track record



# Our mission

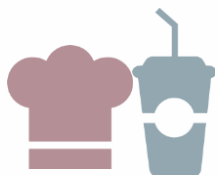


“Making our customers’ work life easier, more profitable and truly sustainable every day.”



# Operating in a growing and resilient market

Global market size of USD ~28 bn



USD ~25.5 bn  
Growth 3-4%



USD ~2.5 bn  
Growth 2-3%

Laundry  
solutions

Food and Beverage  
solutions

Underlying trends

- Population growth
- Urbanization
- Increasing workforce participation
- Growing disposable household income
- Changes to customer and consumer behavior (such as increased eating on-the-go and eating out-of-home)

Estimated market size 2019 and historical annual growth



# A changing consumer and customer behaviour



## Sustainability

*Growing focus on total cost of ownership vs. upfront investment cost*



## Digitalization

*Demand for technologically advanced equipment to increase uptime & support staff*



## Flexibility

*Demand for more flexible appliances to reduce footprint*



## Trends

*Changing consumer habits and customer preferences (mainly food & beverage trends)*



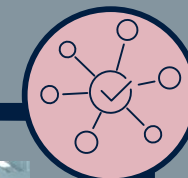
# Strategic cornerstones



Grow the business  
through developing  
sustainable, innovative  
low-running cost solutions



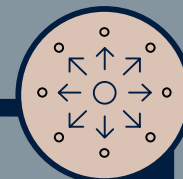
Expand in food service  
chains, especially in North  
America, beverage and  
emerging markets



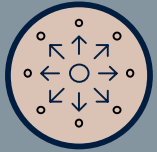
Boost customer care



Leverage the  
OnE approach



Built on a foundation of operational excellence to  
improve sales productivity and cost efficiency within the supply chain



# ...with M&A acting as a further accelerator



Food  
solutions



2015

Professional  
dishwashing,  
strong service  
network (China)

2014 Sales: RMB 86m



Beverage  
solutions



2017

Expanding into beverage  
(US and Thailand)

2016 Sales: USD 64m



Laundry  
solutions



2018

Fast-growing  
laundry rental  
business (Germany)

2017 Sales: EUR 18m



Beverage  
solutions



Strengthening our  
beverage presence  
(Italy)

2017 Sales: EUR 29m



Beverage  
solutions



2019

Strengthening our  
beverage & coffee  
presence  
(France)

2018 Sales: EUR 20m

## Strategic priorities

North America and chains


Emerging markets

Beverage

### Note:

In 2016 asset transfer of Kelvinator brand and stock into business area professional perimeter





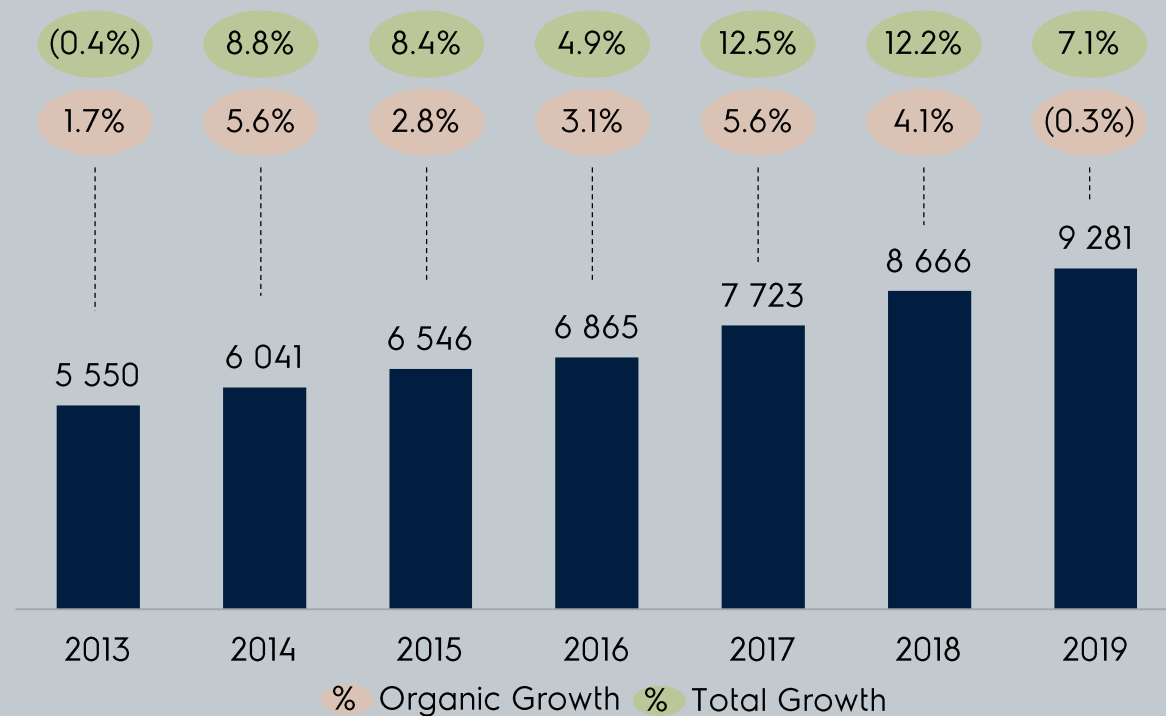
# Financial strategy

Fabio Zarpellon, CFO

# Track record of delivering growth...

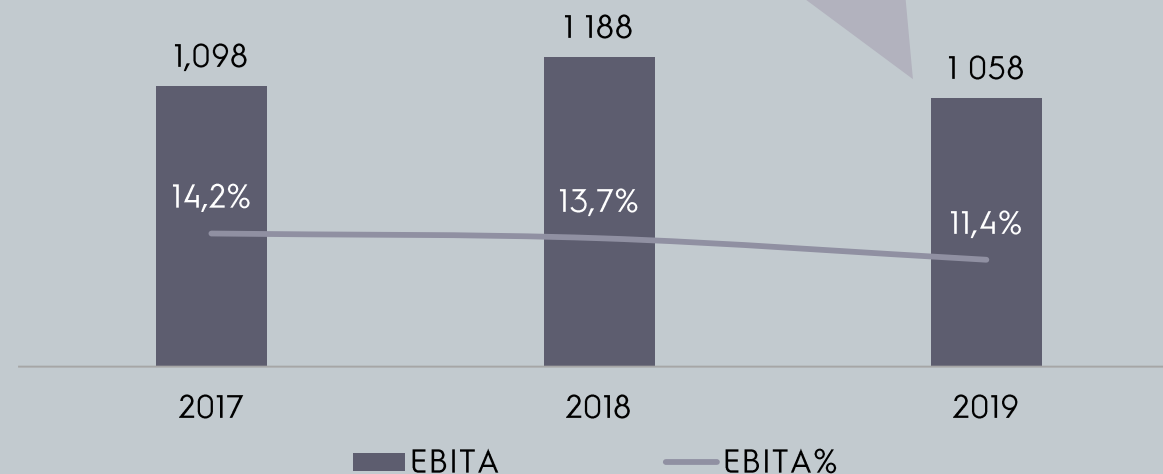
## Net sales<sup>(1)</sup> | CAGR ~9%

SEKm



## EBITA<sup>(1)</sup> | Average margin ~13%

SEKm



- 2019 decrease in EBITA was primarily driven by reduced sales and production volumes and the additional costs for the development and launch of new products
- Additional one-off separation activity costs and running cost to operate as a standalone company

Note:

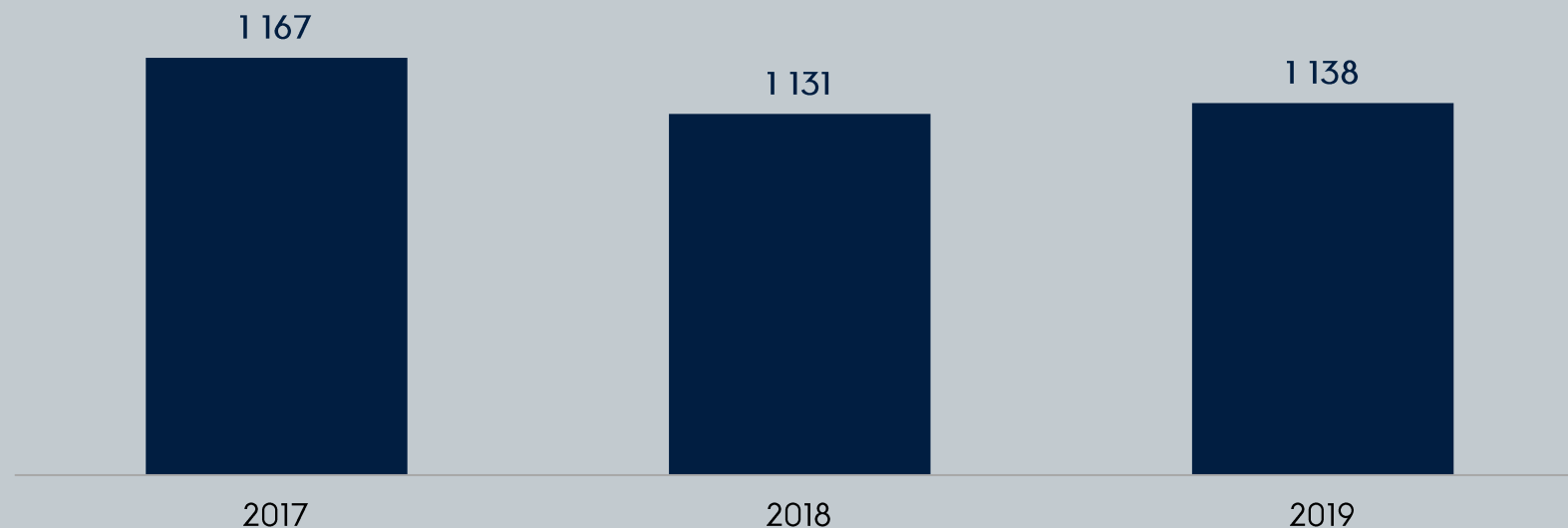
1. Electrolux Professional reported financials, CAGR at local currency rates



# ...resulting in strong cash flow

## Operating cash flow after investments<sup>(1)</sup>

SEKm



## Comment

- Professional has delivered strong cash flow historically
- Even in 2019, when profitability was below average, cash flow remained strong thanks to a reduction of operating assets and liabilities

### Note:

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

# Medium-term financial targets to drive shareholder value



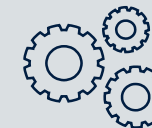
## **NET SALES GROWTH:**

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



## Consequences and actions

- Safety for employees and customers top priority
- Crisis and business continuity teams in place since end of February
- All factories are operational, but some with reduced production
- Regional and global warehouses increased stock

## Sales development and outlook

- Jan – Feb sales only partly impacted, but March sales decreased by approximately 25%
- The general market uncertainty is significant
- Not possible to make a forecast for the financial development since the extend of the pandemic cannot be predicted
- Customer segments served with Laundry so far less affected

# Q1 summary

- Lower sales primarily in the end of the quarter related to coronavirus
- Laundry stable with increased margins
- Strict cost and cash control
- General market uncertainty is significant. Not possible to make a financial forecast
- Strong financial position – can handle a longer period of downturn



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