

# Electrolux Professional Handelsbanken Mid-cap day June 8, 2022

Alberto Zanata, President and CEO

Jacob Broberg, SVP Investor Relations & Communications

# Electrolux Professional snapshot 2021 (2020)



Net sales SEK  
**7.9 bn**  
(7.3)

EBITA SEK  
**0.6 bn**  
(0.5)

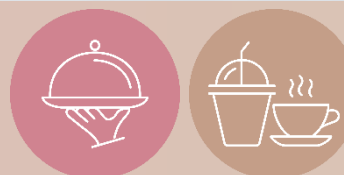
EBITA margin  
**8.4%**  
(6.3)

Employing  
**~4,000**

Serving  
**~110**  
countries

## Net sales by segment

**60%**  
Food & Beverage



**40%**  
Laundry



**6.4%** (2.1)  
EBITA margin

**15.6%** (15.2)  
EBITA margin

## Net sales by geography

**~69%**  
Europe



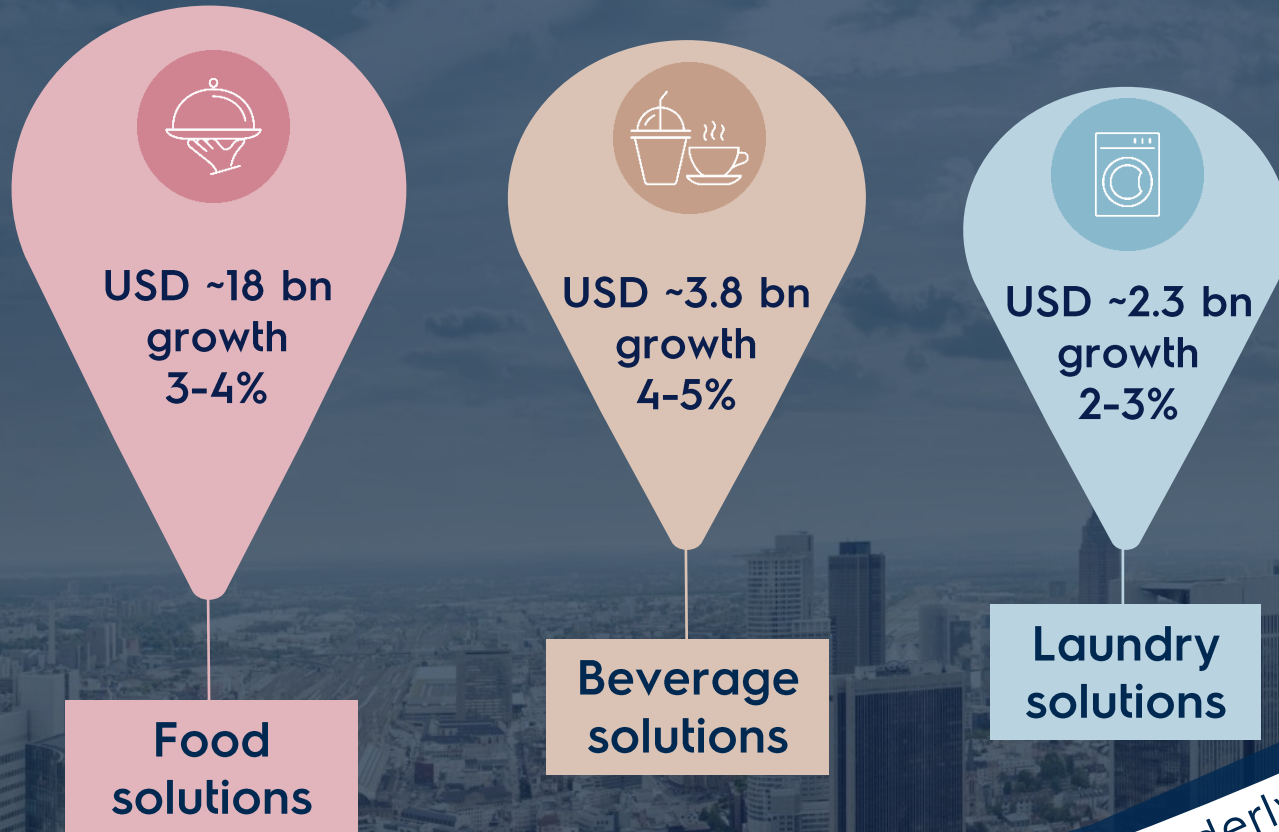
**~16%**  
Americas



**~15%**  
APAC & MEA



# A resilient market driven by long term positive trends despite the pandemic



Source: Company estimates for 2021.

- Underlying trends
- Post-pandemic new normal
    - Population growth
  - Increasing workforce participation
  - Climate change and resource shortage
    - Urbanization
    - Digitalization
  - Growing disposable household income
  - Climate change and effective use of resources

Electrolux Professional is one of the leading global providers of food service, beverage and laundry solutions for professional users with:

- Digital connectivity
- Global Customer care
- Project capabilities



Laundry Solutions



Food Solutions



Beverage Solutions



Customer Care

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

Our guiding principles:

- Be Customer obsessed
- Build Trust
- Be Bold
- Act Sustainably

# Strategic cornerstones



Grow the business through developing sustainable, low running cost solutions



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

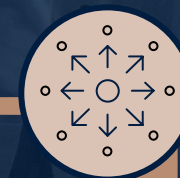


Boost customer care



The **OnE**

Leverage the OnE approach and drive digital transformation



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

# Unified Brands acquisition

- On December 1, 2021, Unified Brands, a leading manufacturer of food service solutions in the U.S., was acquired
- Significantly strengthens our presence in the US and support our focus on growth in food service chains.
- Unified Brands is a leading US based manufacturer of foodservice equipment
  - Production and R&D facilities in Michigan and Mississippi
  - Approximately 600 employees
  - 2021 net sales SEK 1,134m
  - Sales primarily to restaurants, schools, health care, institutions and hospitality



unified brands®



groen.



randell.



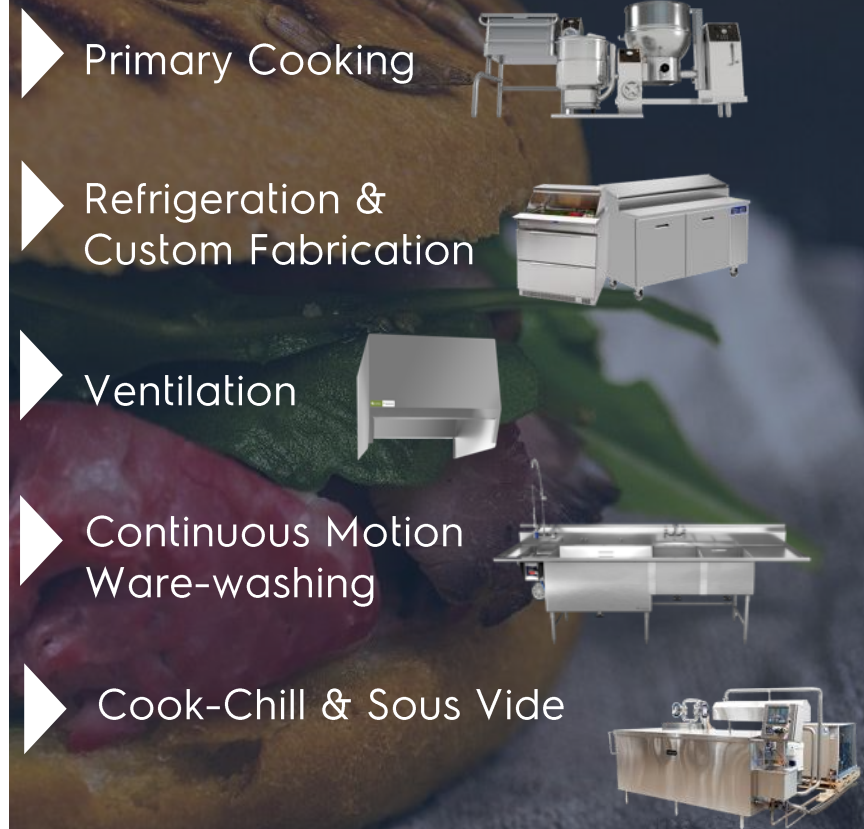
avtec.



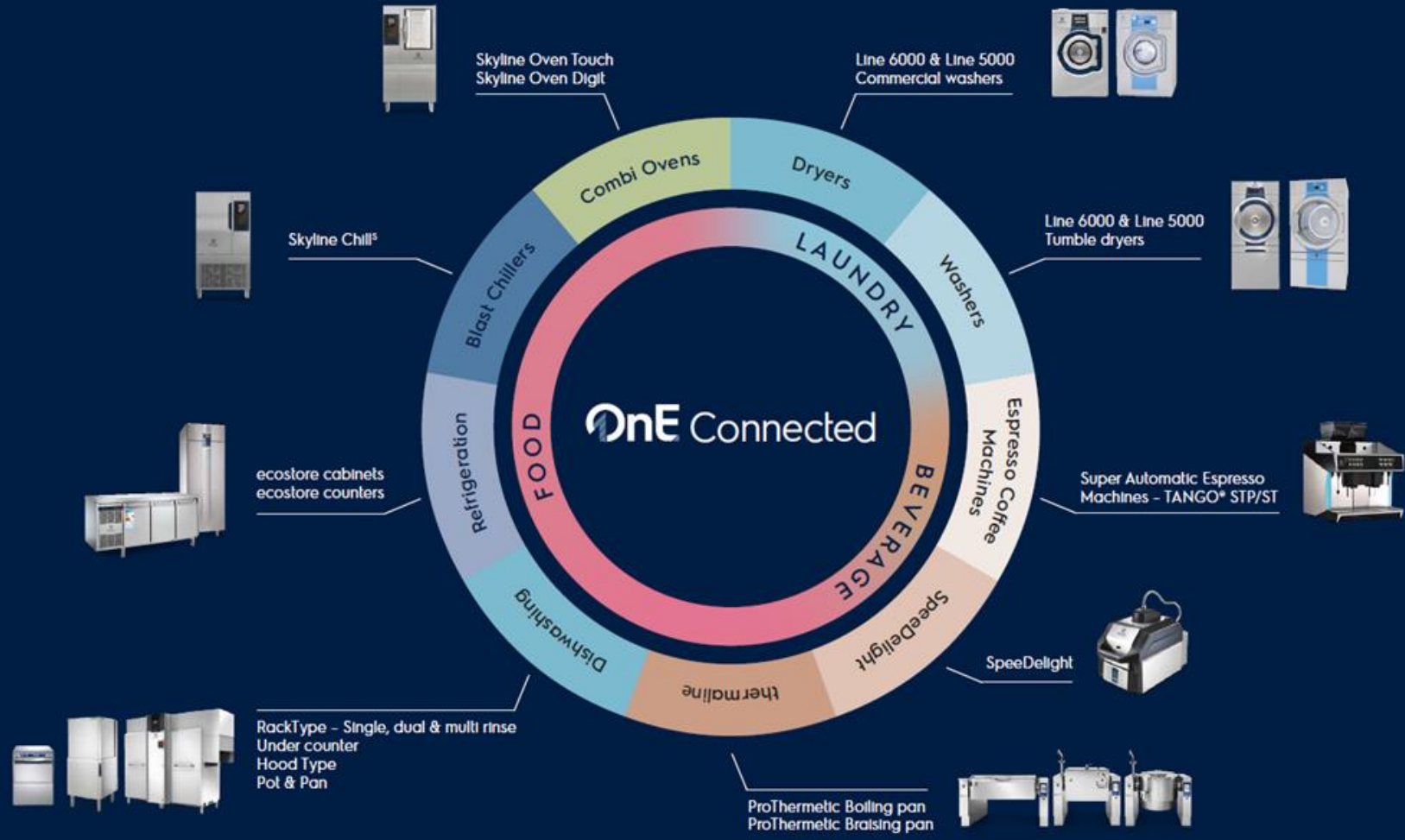
power soak.



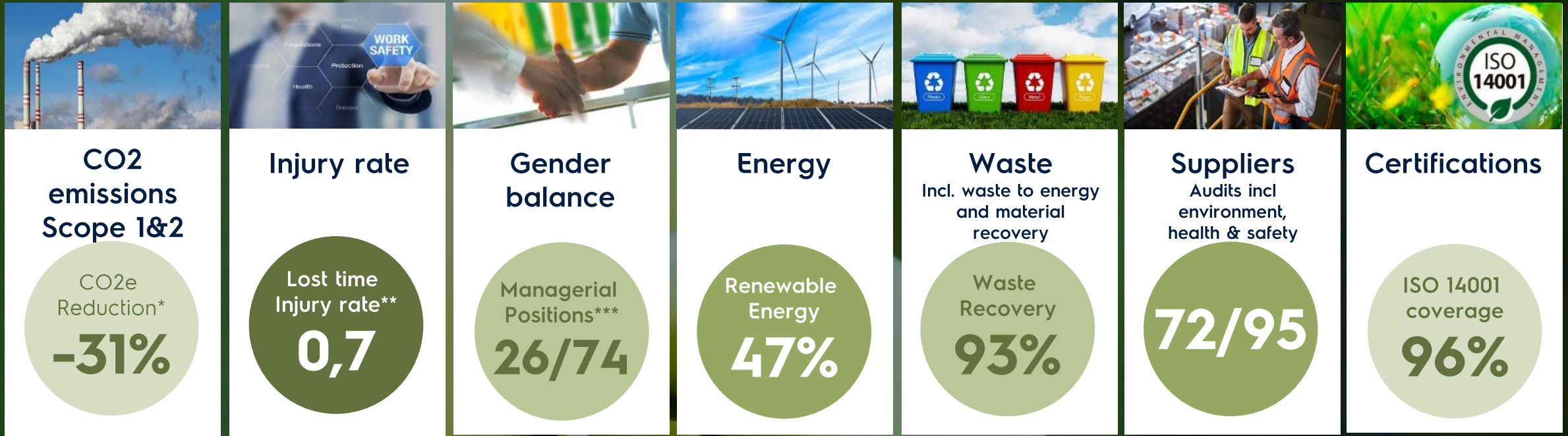
capkold.



# Uniquely positioned through OnE concept to deliver customer value by connecting the whole operation



# 2021 sustainability performance and highlights



\* Scope 1 and 2 - emissions from own operations. Target -50% by 2025 compared to 2015.

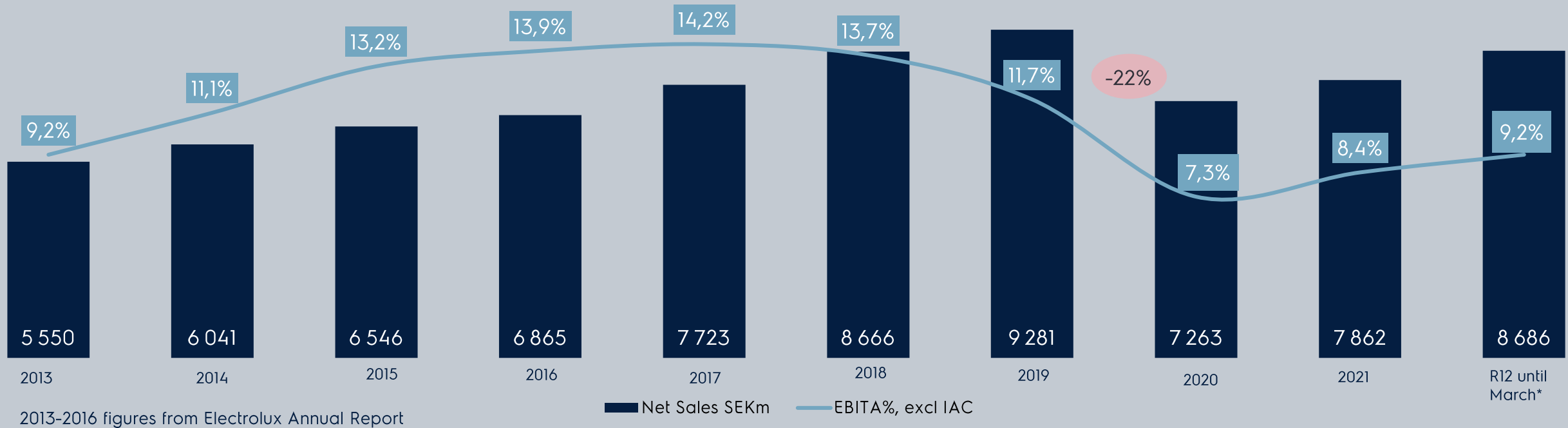
\*\* Target below 0.3 by 2025

\*\*\* 26% women, 74% men. Target is 40/60 gender balance by 2030.





# Net sales and profitability development



- Track record of growth and profitability improvement (2013-2018)
- 2020-2021 impacted by pandemic

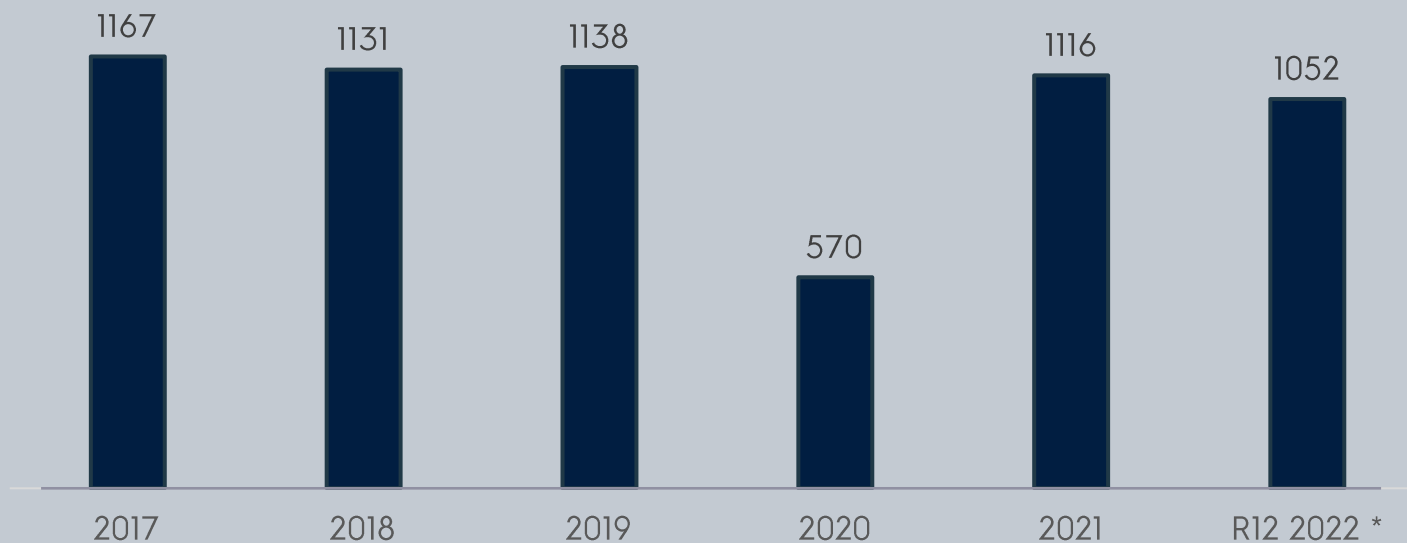
\* includes Unified Brands Dec 2021 – Mar 2022

# Good cash flow while investments have continued



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

SEKm



- Proven good cash flow generation over the years

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

\*R12 includes Unified Brands Dec 2021 - Mar 2022

# 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 to reach 15% EBITA margin in place

## Operational Excellence

Continuously reduce operational costs through rationalization and digitalization of operations

## Develop Customer Care

Increase the Customer Care business through sales of PA&C and service contracts

## Chain Business

Grow sales in the Chain Segment

## Innovative Products and OnE offer

New products to the market with competitive advantages and higher than average margin



2020

Plan in place – delivering 15% EBITA margin

# Key take aways

Attractive industry with strong profitability



Track record of delivering solid EBITA and cash flow also in difficult times



Market with stable growth that has recovered quickly after the pandemic



Focused plan to generate margin expansion

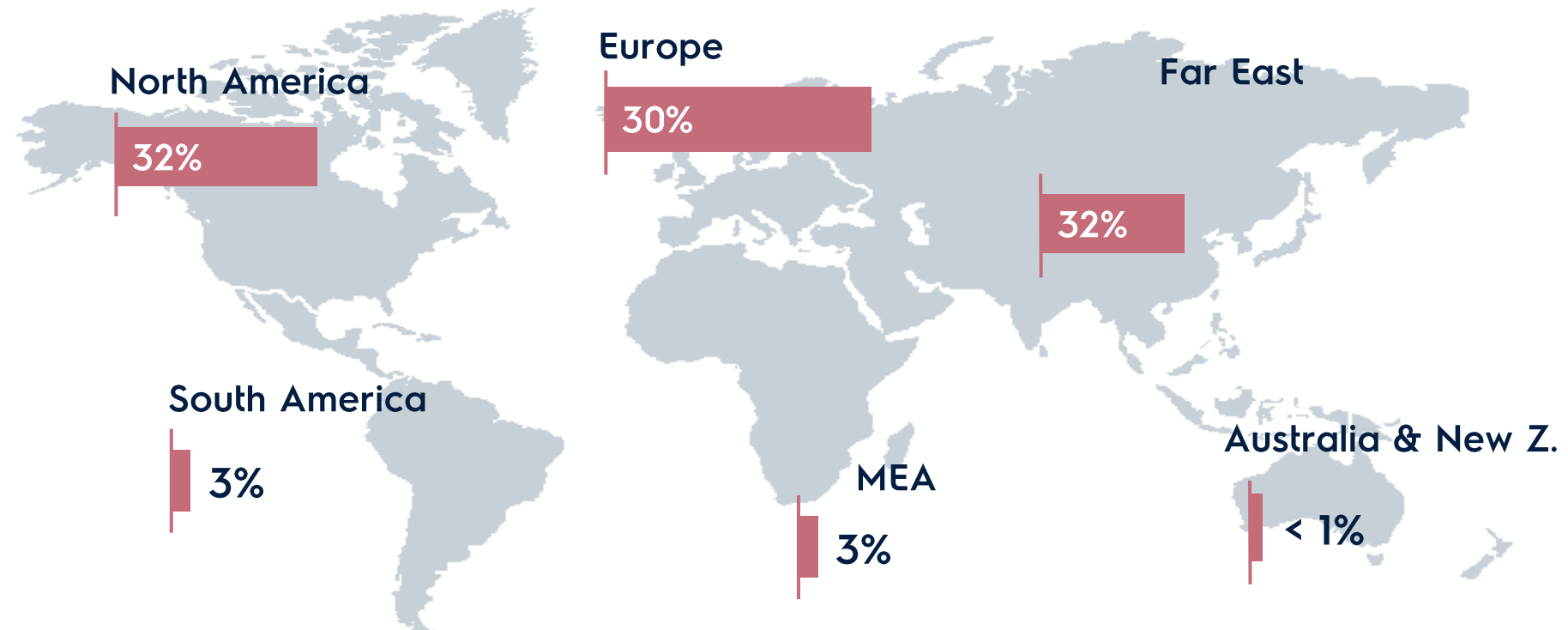


# Appendix

# Professional Food & Beverage market

% of Global Food & Beverage market

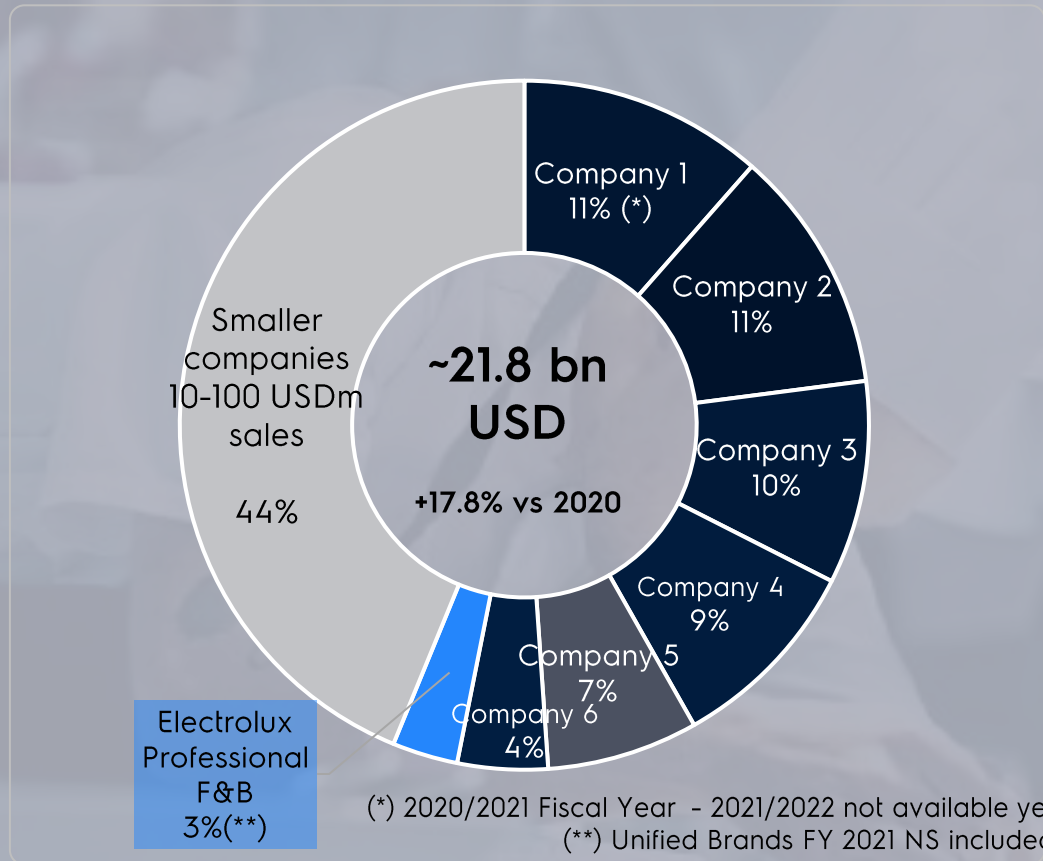
Professional Food & Beverage market  
USD 21.8 bn (18.5)  
in 2021 (2020)



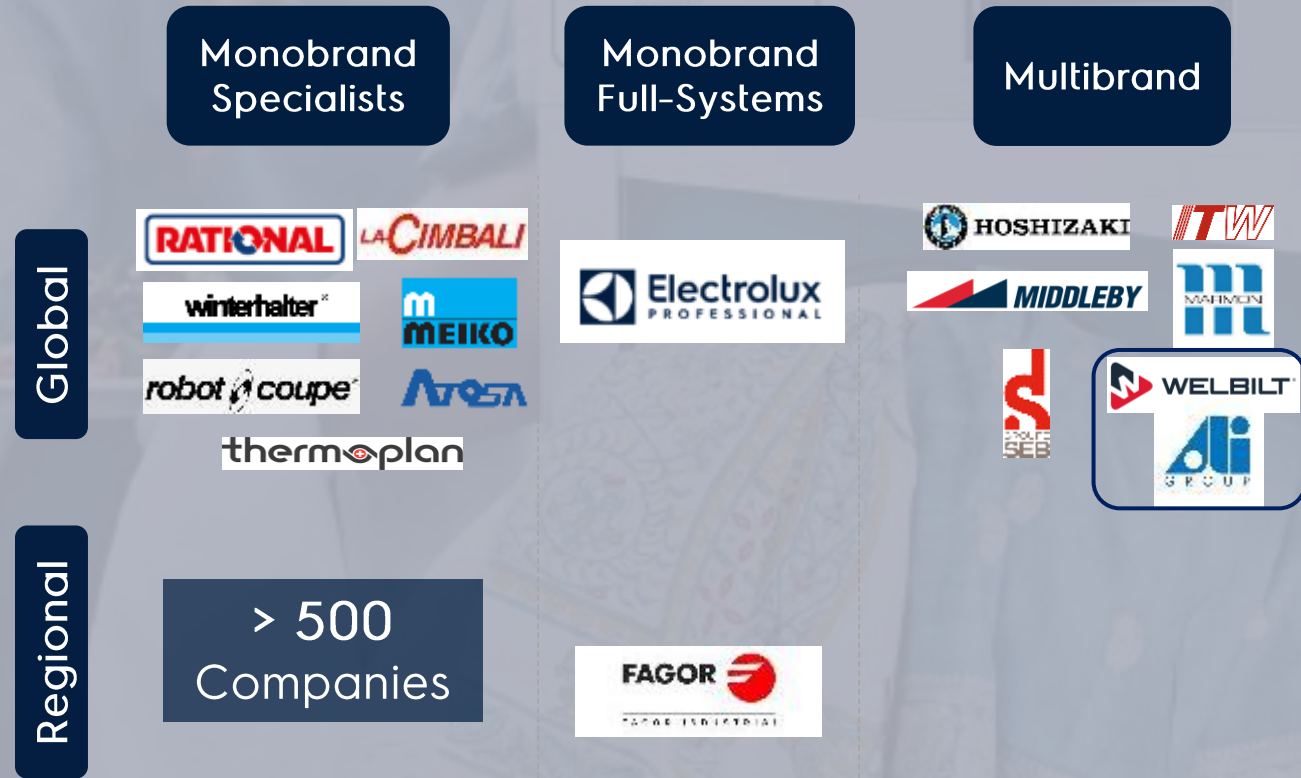
Source: Euromonitor Passport Database - Consumer Foodservice 2021. FY 2021 Results Major FS&Bev Competitors (available at the moment of the analysis - May 2022). MAFSI Market Forecast 2021. Technomic projections - State of the Industry 2021. Deloitte - Foodservice Market Monitor 2021.

# Food & Beverage equipment market

## Food & Beverage Key market players



Market size and (excluding domestic appliances) market shares: Source company internal estimates on the basis of publicly available information

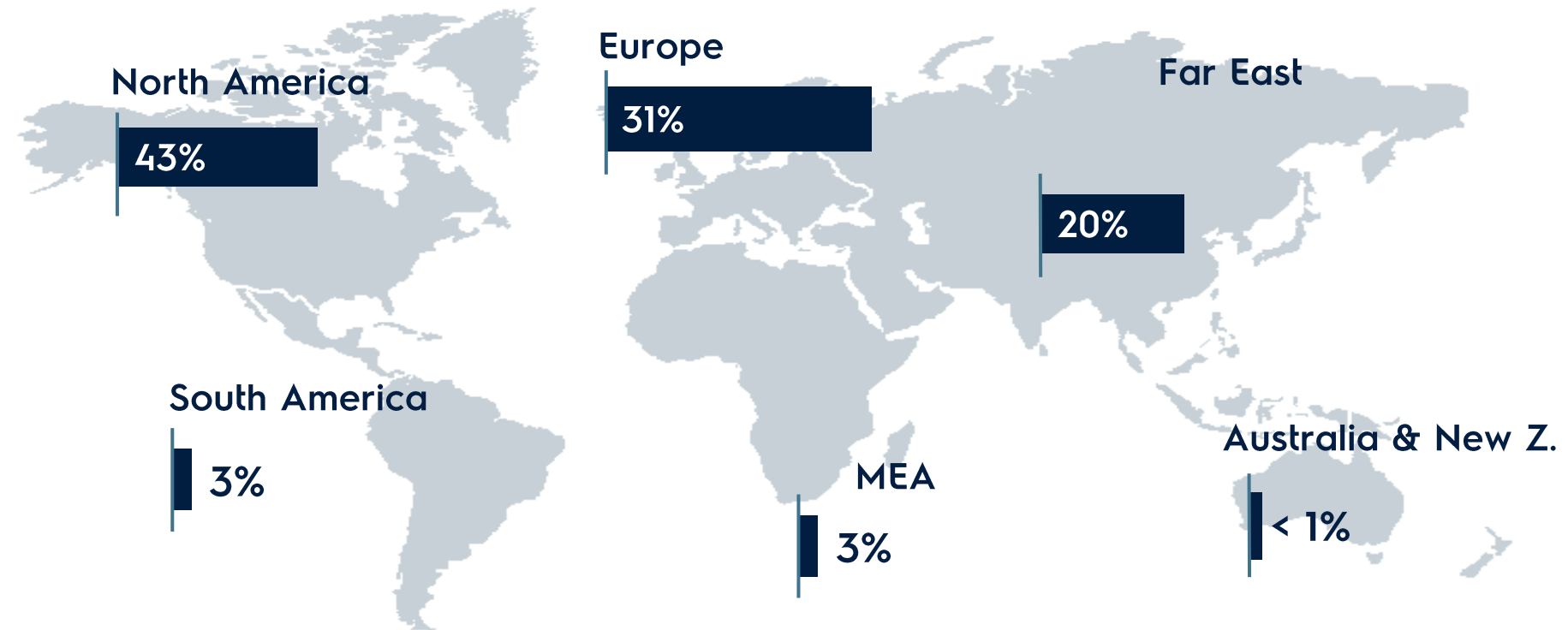




# Professional Laundry market

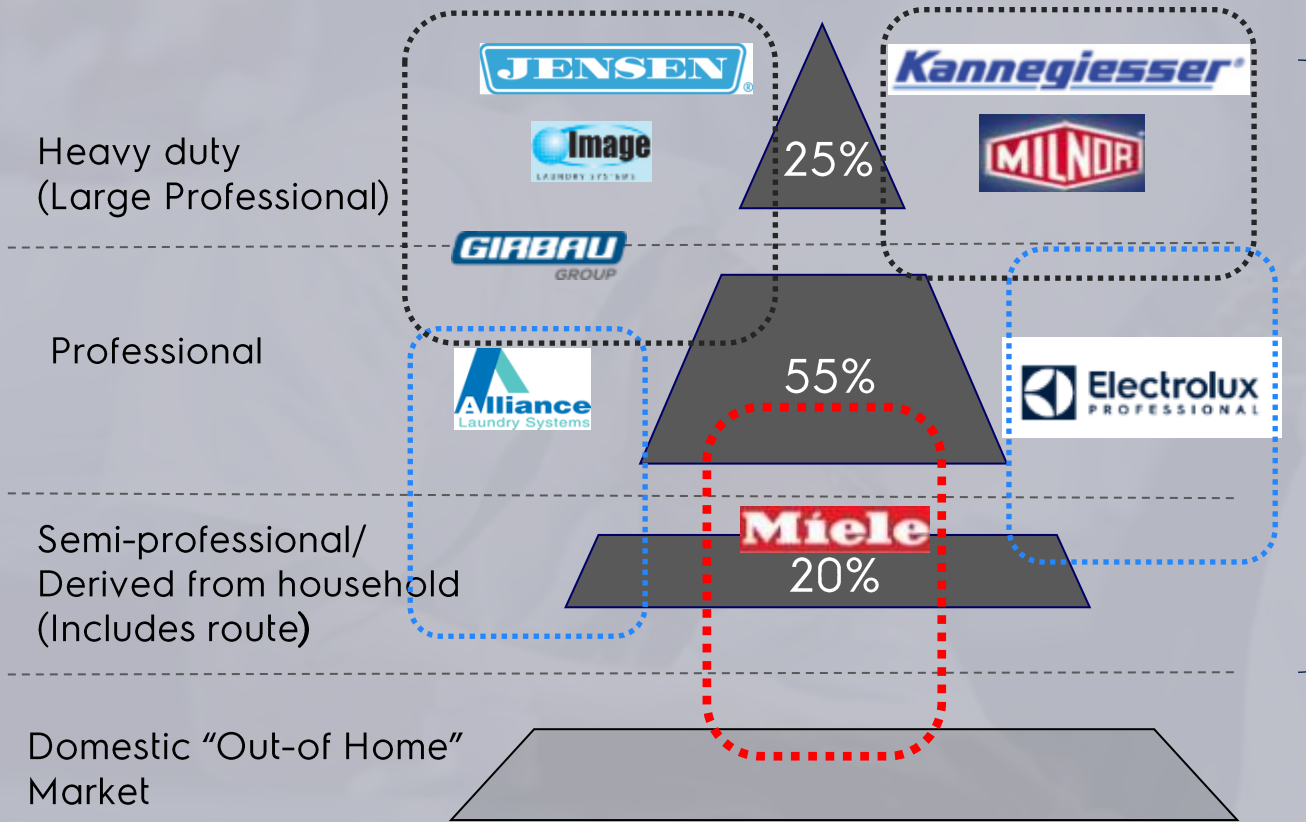
% of Global Laundry

Professional Laundry market USD 2.3 bn (2.2) in 2021 (2020)

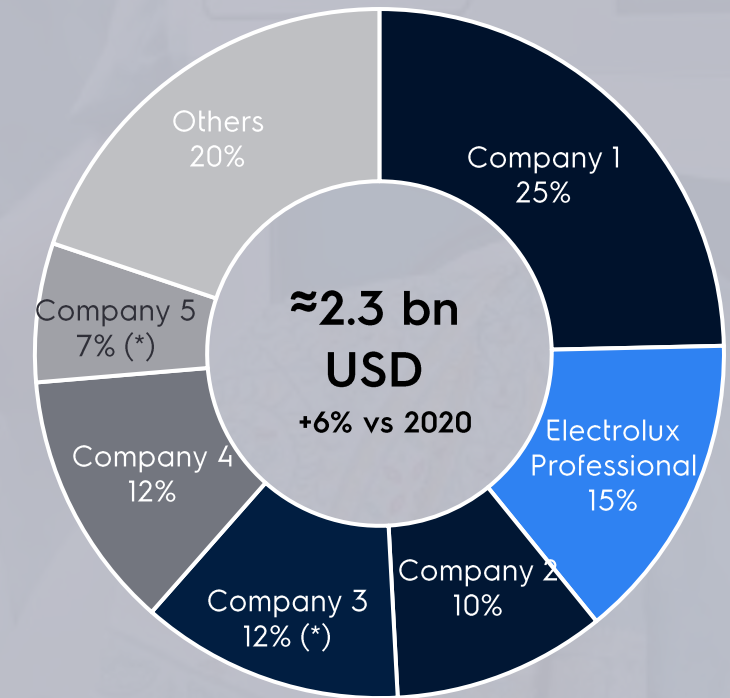


Source: Euromonitor Passport Database - Laundering and (Dry)Cleaning Services 2021  
FY 2021 Results Major LS Competitors (available at the moment of the analysis - May 2022)

# Laundry equipment market



## Laundry key market players



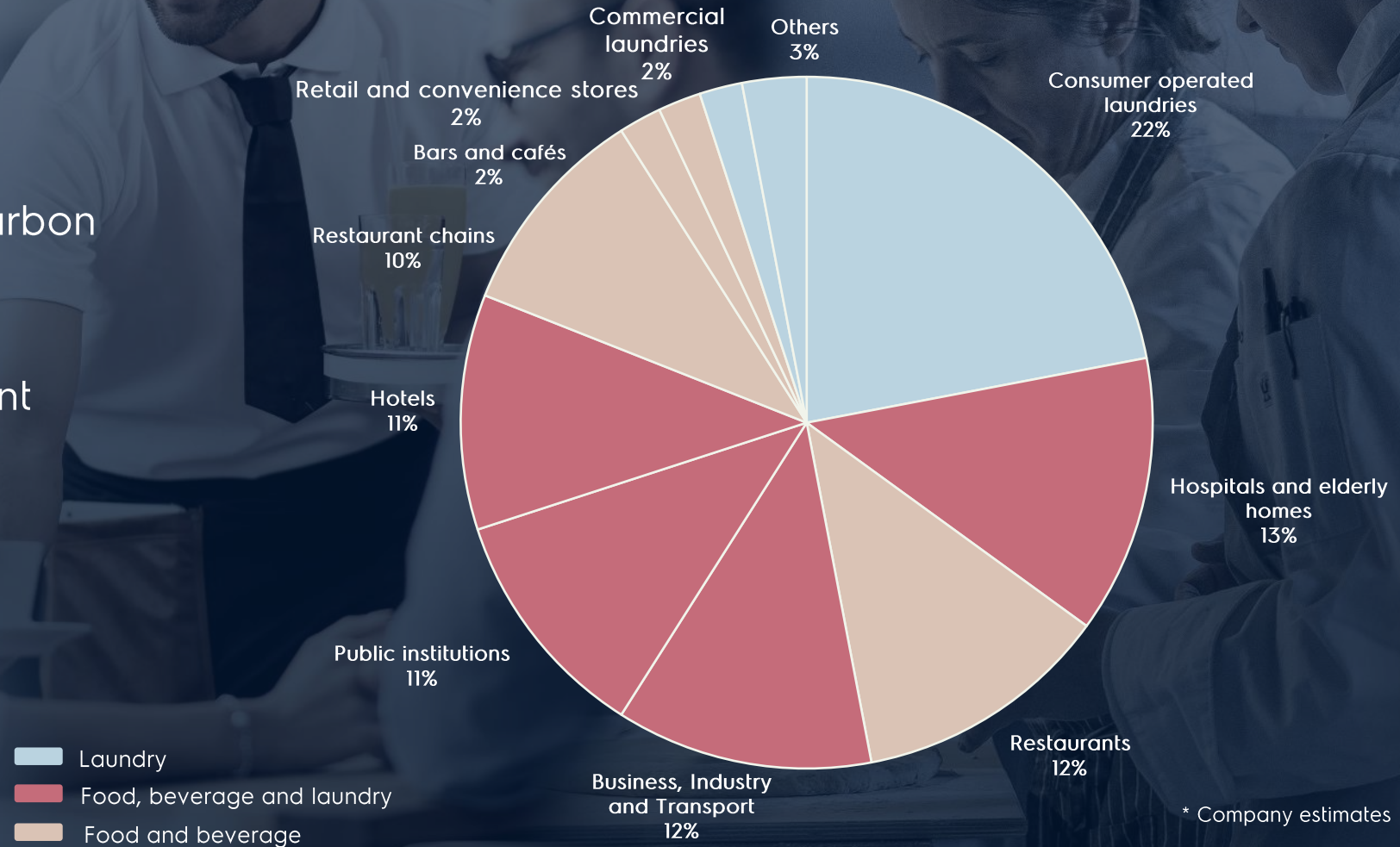
(\*) 2020 Financials (2021 not available yet)

Market size (excluding domestic appliances) and market shares: Source company internal estimates on the basis of publicly available information

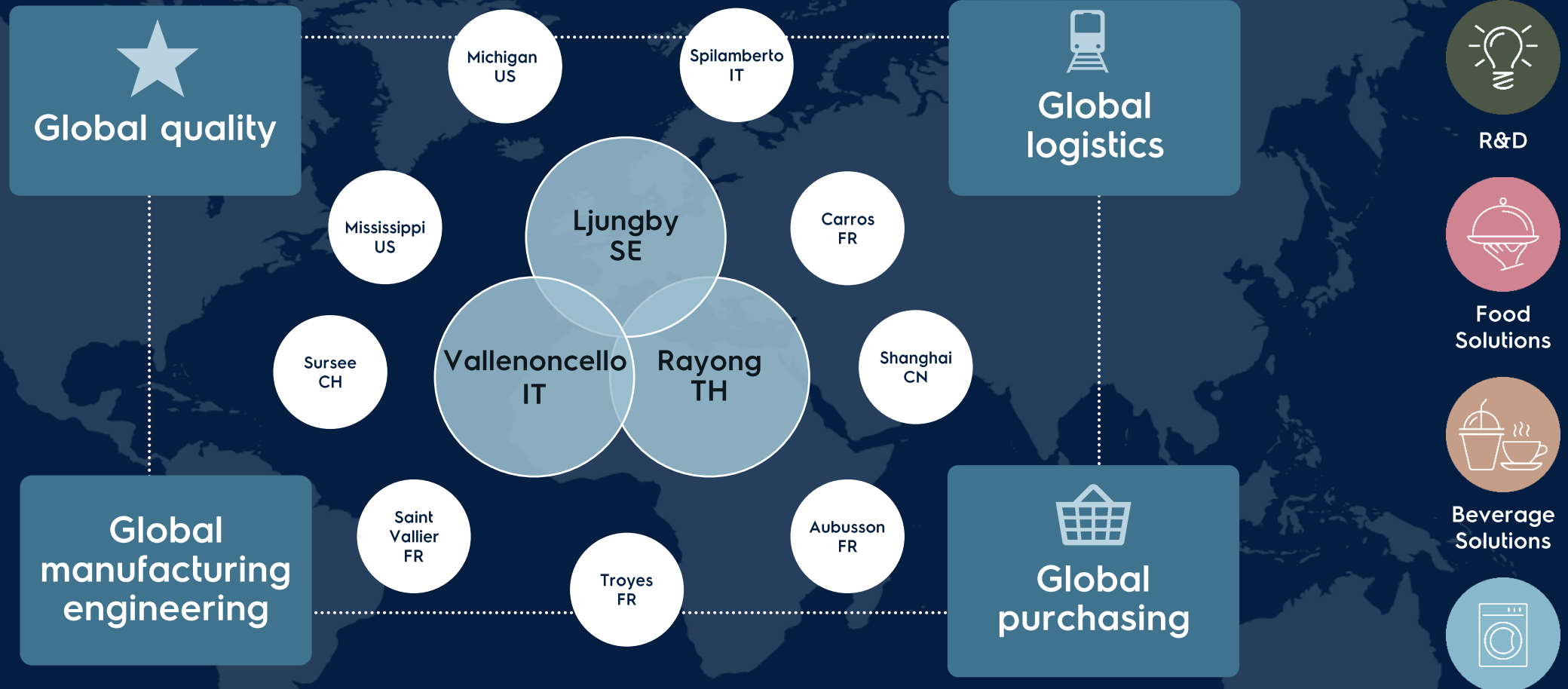
# Multiple customer segments having different needs but with commonalities

- Simplification, speed and flexibility
- Reduced energy consumption and carbon footprint
- Lower total lifetime costs
- Reliability and quality of the equipment
- Ergonomic and human centric design
- Enhanced hygiene demands

Electrolux Professional distribution per customer segment \*



# A Global industrial footprint to serve customers expanding globally



- 3 large units/hubs
- 9 small units



- Local customer proximity
- Global functions including R&D

# 2020 and first part of 2021 impacted by the pandemic - but is now recovering

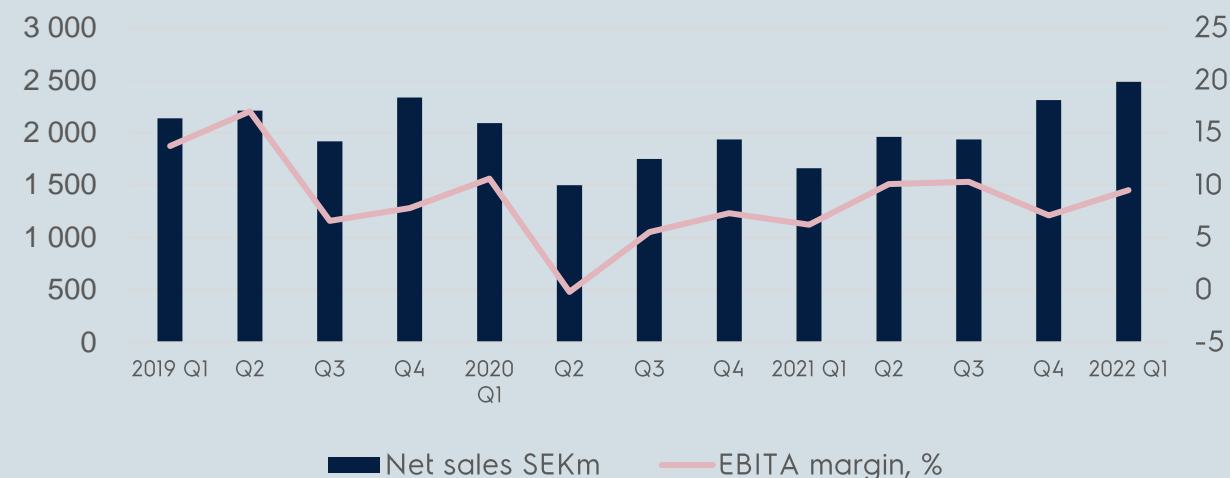
- From the second quarter 2021 the market started to recover
- From the third quarter of 2021 continued and broadened market recovery
- Continued strong sales recovery in the first quarter of 2022 - fourth consecutive quarter growth



# Q1: highlights

- Continued strong sales recovery for the fourth consecutive quarter
- Organic sales increase of 25.5%
- Unified Brands contributed with a strong sales growth, and underlying EBITA margin of 11.0%
- The impact of executed price increases continue to lag behind cost increases
- Cost increase is primarily from raw material and components
- EBITA was SEK 236m (103), corresponding to a margin of 9.5%, including Unified Brands integration costs of SEK -15m. Underlying EBITA-margin 10.1%
- Operating cash flow after investments amounted to SEK -42m (23)

SEKm	Jan – Mar 2022	Jan – Mar 2021	Change, %
Net sales	2,484	1,661	49.6
EBITA	236	103	
EBITA margin, %	9.5	6.2	
Operating cash flow after investments	-42	23	



# Q1 Summary

- Continued strong sales recovery
- Unified Brands delivered strong sales in the quarter
- Price have not yet fully mitigated raw material cost increases
- Availability of raw material, component and transportation continue to be a challenge
- Additional price increases or surcharges will be implemented
- Simplified organization with business areas to drive strategic priorities and be closer to customers
- Strong order trend continues with a solid order stock – gives confidence for the second quarter

# Food Service offering - examples

## Ranges and Primary Cooking



## Combi ovens & Blast Chillers



## Refrigeration and Servery



## Food Preparation



## Warewashing



## High-speed Cooking





# Beverage offering - examples

## Hot Beverages



## Chilled Drinks



## Slush/Frozen Beverages



## Coffee



## Frozen Creams



## Soft Serve



# Laundry system offering - examples

## Front loaded washer extractors



## Tumble dryers



## Barrier washers and Ironers



## myPRO semi-professional washers, dryers and ironers



# Digital is shaping the Professional industry



Traditional  
dealership  
changing



E-commerce  
increasingly  
important



IoT is  
now



Large  
accounts  
direct  
relationship

## Digital ambition 2024

Connected appliance  
of future installed  
base

**50%**

On-line sales  
distribution

**65%**

# Cutting edge innovation – R&D to differentiate the offer by adding value solutions

Cater to customers' needs and increase customer productivity and efficiency

- › digitalization of appliances
- › appliance connectivity
- › appliance agility
- › minimizing environmental impact
- › more energy-efficient and resource-efficient solutions



- 4% of sales invested in R&D - highest in the industry
- Product Testing
- Internal PhD Academy
- Partnering with Universities on research projects



**The Research Hub**  
By ELECTROLUX PROFESSIONAL



reddot award  
product design



INNOVATIVE  
MARQUE  
DES ANNEES  
2016



GOOD DESIGN  
AWARD 2017





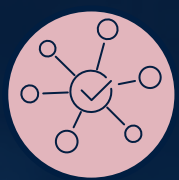
Strategic cornerstones - GROW



# Cutting edge innovation will differentiate the offer by adding value solutions

- Annual spend R&D / net sales average 2017-2020: 4%
- 50% of sales from products introduced last 3 years
- Cater to customers' needs and increase customer productivity and efficiency
  - digitalization of appliances
  - appliance connectivity
  - appliance agility
  - minimizing environmental impact
  - more energy-efficient and resource-efficient solutions





# Strategic cornerstones - CHAINS

## Expand in commercial restaurant chains

- Grow organically and through M&A
- Focus on North America food service chains
- Chains to be addressed through product champions and further penetrated with additional solutions





# Strategic cornerstones - CUSTOMER CARE

## Grow Customer care

- 15% of sales in 2021 but growing
- Ambition to grow faster than product sales
- Long term ambition to be in line with industry peers

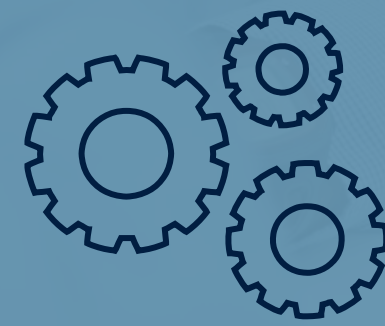


### Consumables



Complete range of product families

Chemicals for appliances



### Spare Parts



Parts kits



### Service & Repair



Service product 3.0 "world wide"

Digitalized services connected network



# Product milestones and sustainability achievements



Automatic Saving System

Barrier washer for Risk Analysis Biocontamination Control (RABC)

Heat Pump Dryer (Energy efficiency)



"Green and clean rack type" (One Glass of Water + C2 as refrigerant)

Line 6000 Heat Pump Dryer (Productivity, Sustainability, Insourced HP manufacturing)



1995

2012

2014

2016

2018

2020

1995 First Env. cert.



2012 First plant with solar panels

2011 First OHS cert.



2014 First energy cert.

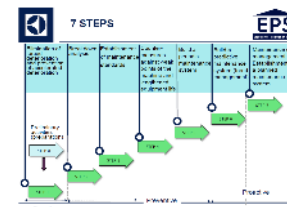


2015 Electrolux for the better program



2017 First plant with Zero CO2 emissions (scope 1 +2)

2016 EPS introduction



2018 "Milk run" truck on renewable energy

2018 First Green Spirit audits and platina plant



New framework and commitment "OnE Sustainable Partner"

2020 Signing the UN Global Compact and first rating







**Electrolux**  
P R O F E S S I O N A L