

**Electrolux**  
PROFESSIONAL

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





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



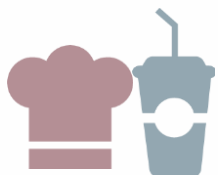
# Our mission





# 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)*



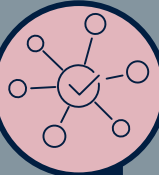
# Strategic cornerstones



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



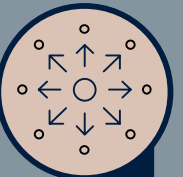
Expand in food service chains, especially in North America, beverage and emerging markets



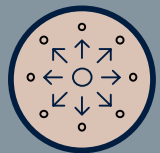
Boost customer care



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



Beverage solutions



Laundry solutions



Beverage solutions



Beverage solutions



2015

Professional dishwashing, strong service network (China)

2014 Sales: RMB 86m

2017

Expanding into beverage (US and Thailand)

2016 Sales: USD 64m

2018

Fast-growing laundry rental business (Germany)

2017 Sales: EUR 18m

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





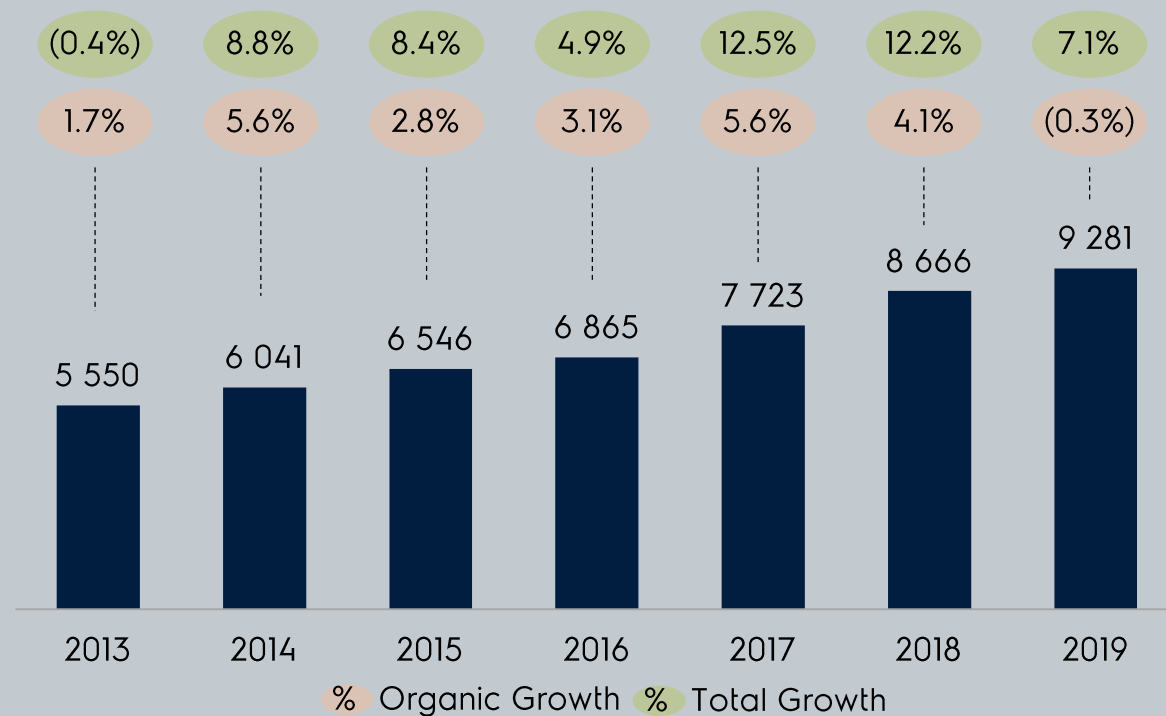
# Financial strategy

Fabio Zarpellon, CFO

# Track record of delivering growth...

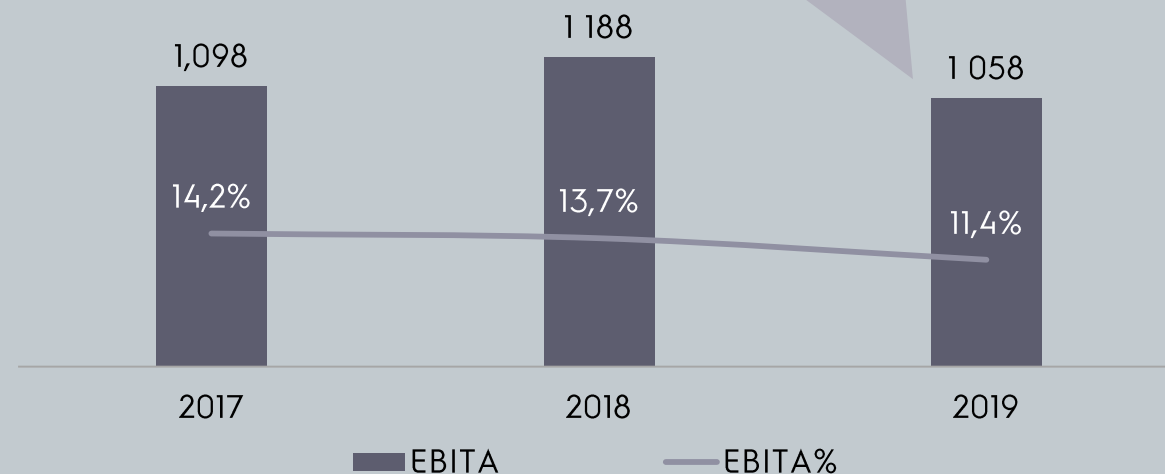
## Net sales<sup>(1)</sup> | CAGR ~9%

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:

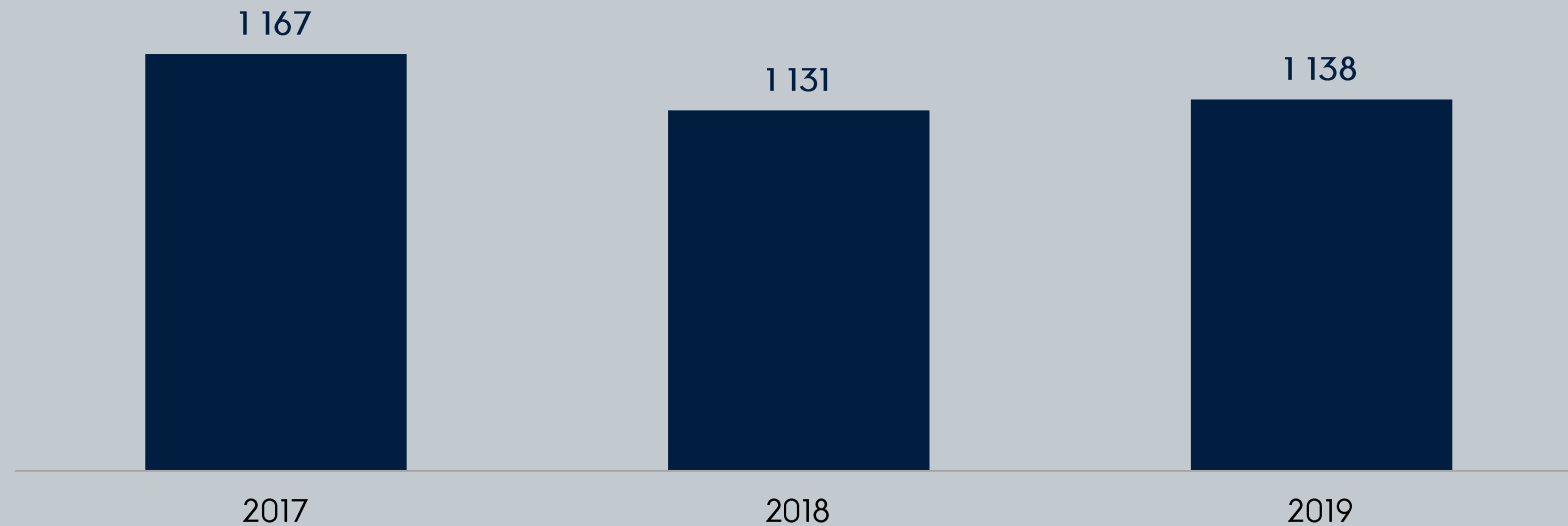
1. Electrolux Professional reported financials, CAGR at local currency rates



# ...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



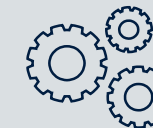
## **NET SALES GROWTH:**

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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