



Electrolux
PROFESSIONAL

SEB January 2021

Alberto Zanata, President and CEO

Fabio Zarpellon, CFO

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



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



- One brand covering Food, Beverage and Laundry

- Broad customer base in an attractive market with leading position in the resilient laundry business

- Attractive financial profile with a solid track record

Electrolux Professional snapshot (before Covid-19)



Total net sales CAGR 2017-19 ⁽¹⁾ ~10%	2019	Net sales SEK 9.3 bn	EBITA SEK 1.1 bn	EBITA margin 11.4%	Employing ~3,600	Serving ~110 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).

Impact of Covid-19 until Q3 2020

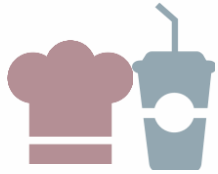


- Covid impacted heavily the Out of Home industry where Electrolux Professional operates, in particular during Q2 when lockdowns were imposed
- Laundry less affected than Food & Beverage
- EBITA in Q3, excluding items affecting comparability, was SEK 173m, corresponding to a margin of 9.9%

Operating in a resilient market driven by long-term positive underlying trends



Global market size of USD ~28 bn (2019)



USD ~25.5 bn
Growth 3-4%

Food and Beverage solutions



USD ~2.5 bn
Growth 2-3%

Laundry 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 – accelerated by the Covid pandemic



Sustainability and Hygiene

Growing focus on total cost of ownership vs. upfront investment cost, safe usage of the appliances and production outputs



Digitalization

Demand for technologically advanced equipment to increase uptime, support staff and remote monitoring/control of appliances



Flexibility

Demand for more flexible appliances to reduce footprint and to adapt to frequent changes of the menu and way of serving (delivery vs. in-house eating)



Trends

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

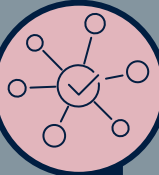
Strategic cornerstones



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



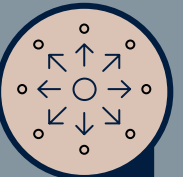
Expand in food service chains, especially in North America, beverage and emerging markets



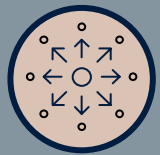
Boost customer care



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

Strengthening our beverage presence (Italy)

2017 Sales: EUR 29m

2019

Strengthening our beverage & coffee presence (France)

2018 Sales: EUR 20m

Strategic priorities

North America and chains

Emerging markets

Beverage

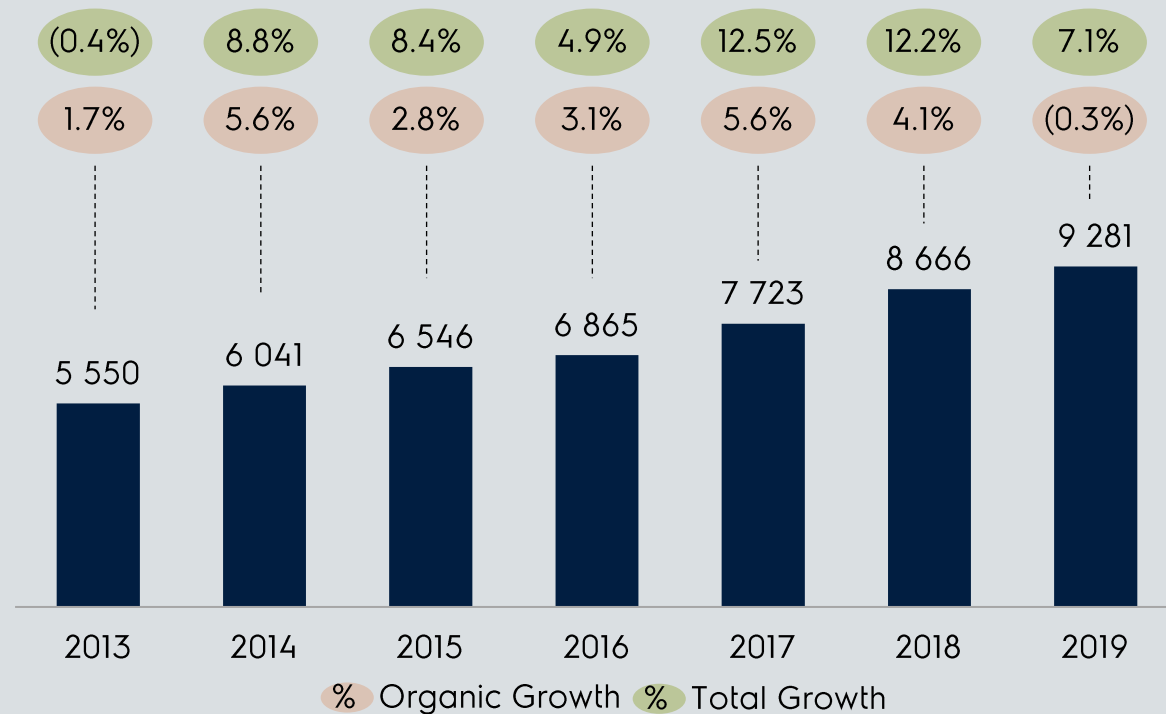
**Financial targets and
financial history**



Track record of delivering growth, solid profitability...

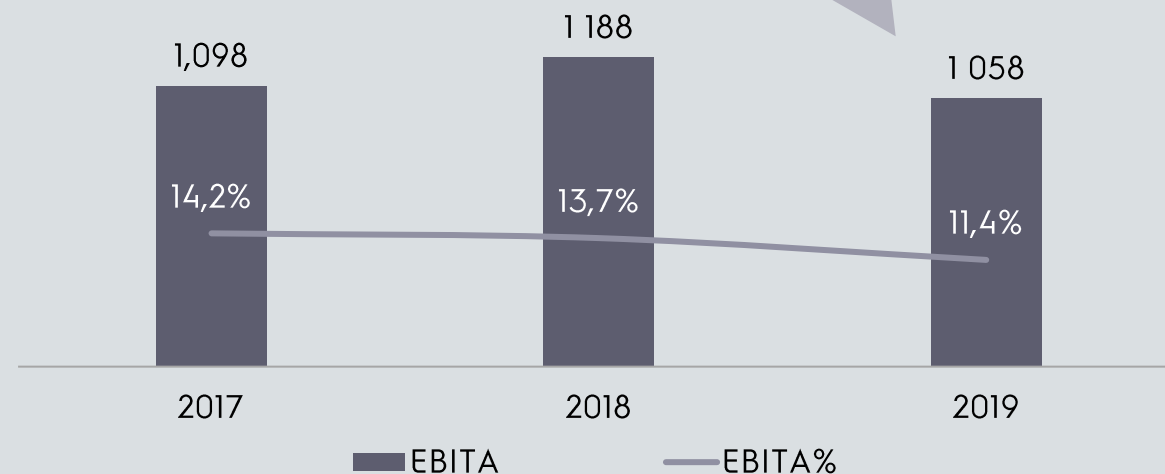
Net sales⁽¹⁾ | CAGR ~9%

SEKm



EBITA⁽¹⁾ | Average margin ~13%

SEKm



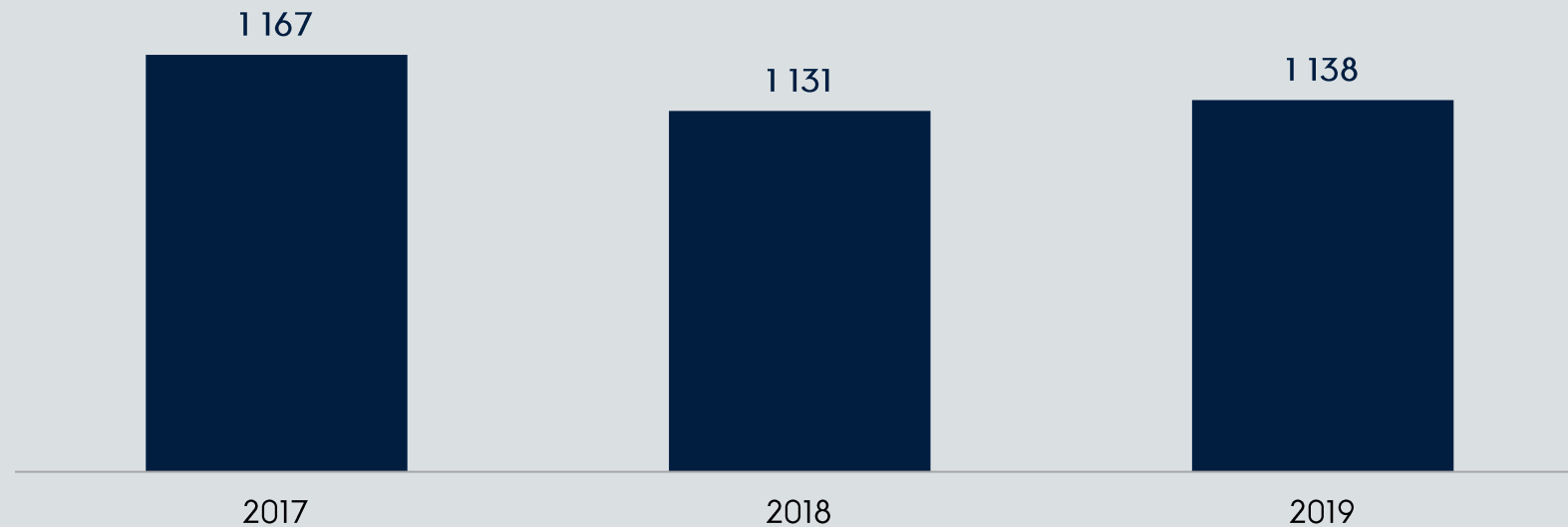
- 2019 decrease in EBITA was primarily driven by reduced sales and production volumes and the additional costs for the development and launch of new products
- Additional one-off separation activity costs and running cost to operate as a standalone company

Note: Electrolux Professional reported financials, CAGR at local currency rates

...and strong cash flow

Operating cash flow after investments⁽¹⁾

SEKm



- Electrolux 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

Benefits from restructuring plans in 2019 and 2020

	2019 Restructuring plan	2020 Restructuring plan
Status	Fully executed	In execution
Yearly savings full run rate	SEK 100m	SEK 130m
Full effect from	Q3 2020	Q2 2022
Impact in 2021	Full run rate	SEK 110m from Q2 2021

- 2019 program launched to adapt the organization and off-set cost as a stand-alone company
- 2020 program launched to adapt the organization to a new reality. One-off cost SEK 77m

Medium-term financial targets to drive shareholder value are confirmed



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⁽¹⁾



Dividend policy

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

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

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The OnE