



Electrolux
PROFESSIONAL

Investor presentation Danske Bank, May 2021

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



Operating in a resilient market driven by long-term positive underlying trends despite 2020-2021 crisis



Global market size of USD ~28 bn (2019) (Estimated to have declined by 20-25% in 2020)



Underlying trends

- Post-pandemic new normal
 - Population growth
- Increasing workforce participation
- Climate change and resource shortage
 - Urbanization
 - Digitalization
- Growing disposable household income

Estimated market size 2019 and historical annual growth

Source: Company estimates

Electrolux Professional snapshot 2020



Net sales SEK
7.3 bn

EBITA SEK
0.5 bn

EBITA margin
6.3%

Employing
~3,500

Serving
~110
countries

Net sales by segment

58%

Food & Beverage



42%

Laundry



2.1%
EBITA margin

15.2%
EBITA margin

Net sales by geography

~70%
Europe

~16%
APAC & MEA

~14%
Americas

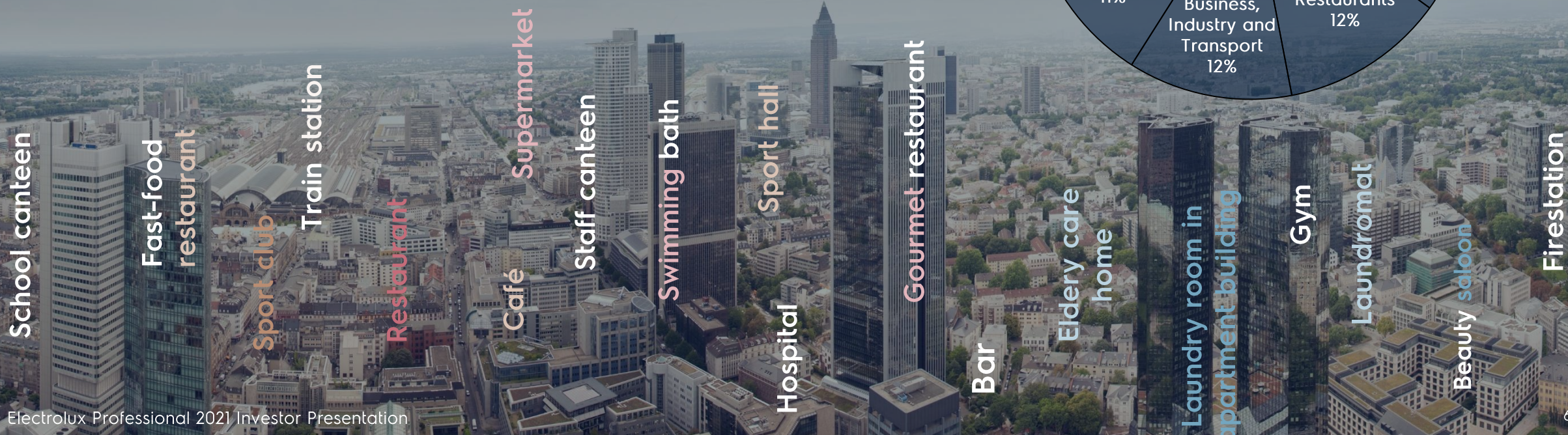
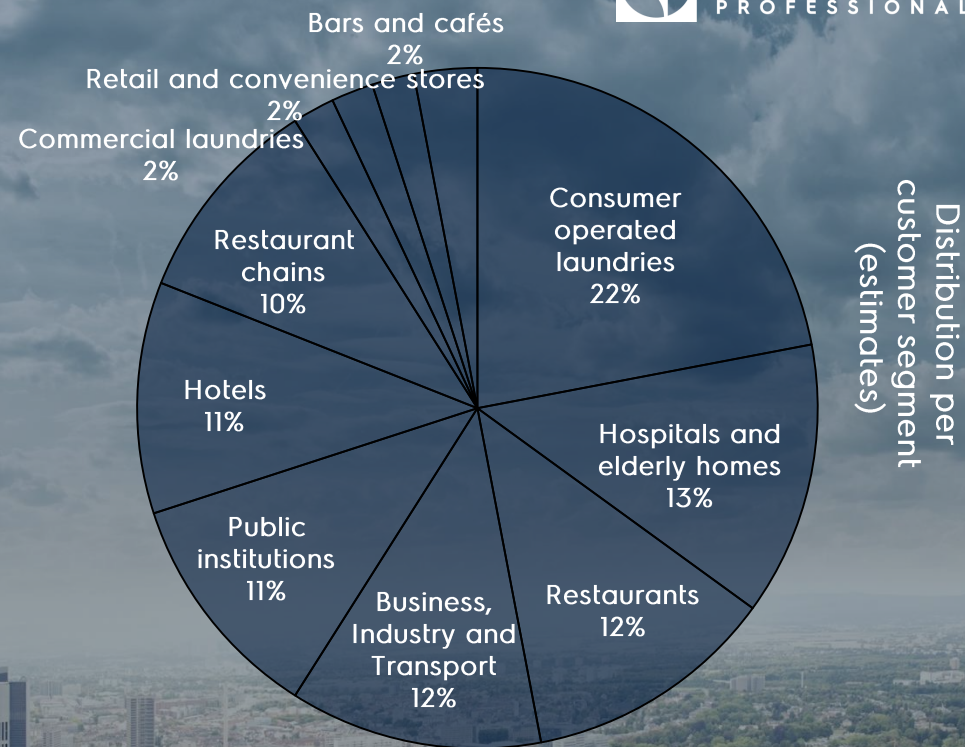
Industry-unique position with full-solutions offering under one brand



- **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

Addressing customer needs

- Simplification, speed and flexibility in operations
- Improved quality of the food, beverage and laundry service
- Reduced energy consumption and carbon footprint
- Lower total cost throughout the lifecycle of the equipment
- Reliability of the equipment system
- Ergonomic and human centric design
- Enhanced hygiene demands



A changing consumer and customer behaviour – accelerated by the 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)



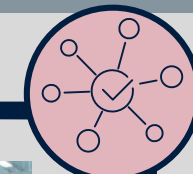
Trends

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

Strategic cornerstones



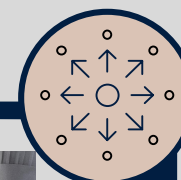
Grow the business through developing sustainable, innovative low-running cost solutions



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



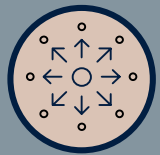
Boost customer care



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

2019

Strengthening our beverage & coffee presence (France)

2018 Sales: EUR 20m

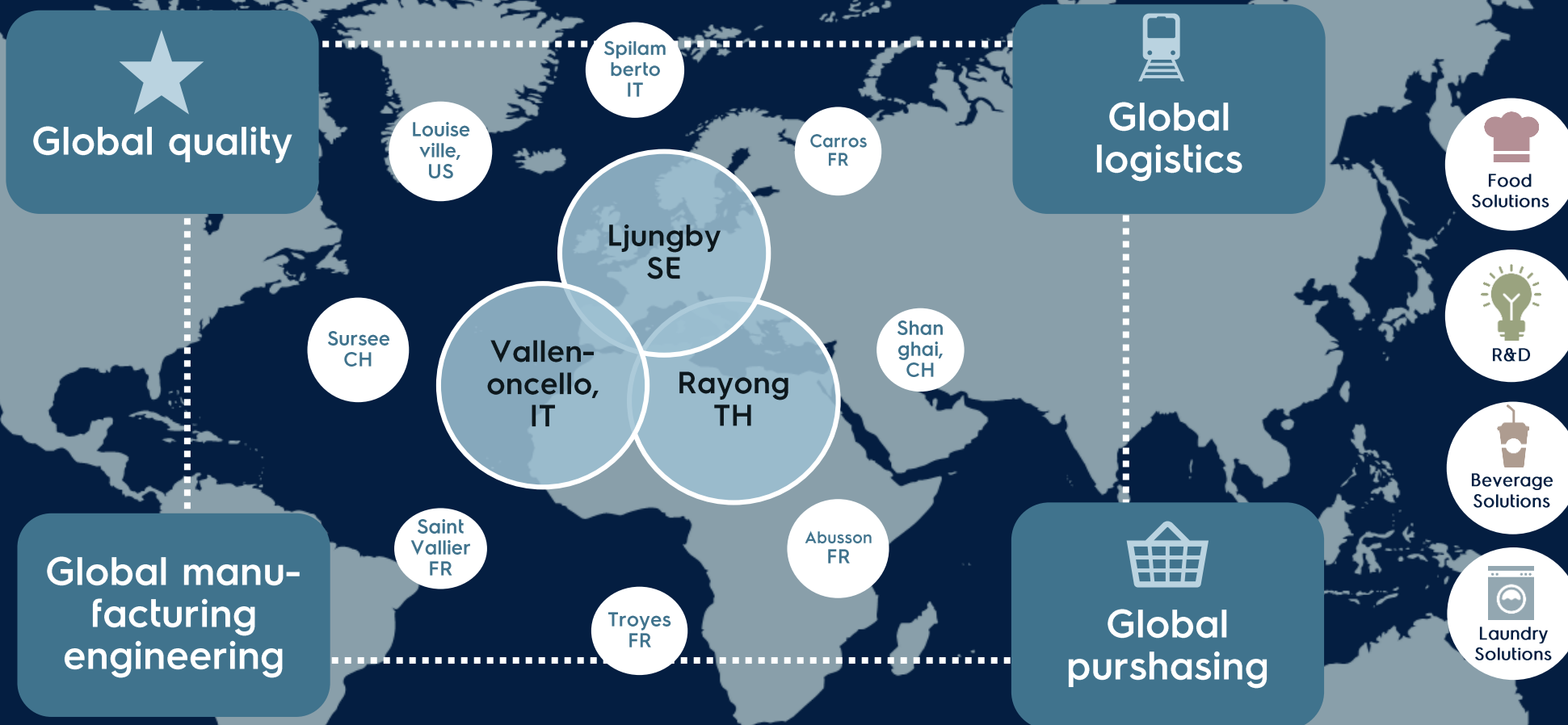
Strategic priorities


North America and chains

Emerging markets

Beverage

A Global industrial footprint to serve customers expanding globally



- **3 large units/hubs**
 - **8 small units**
 - **Local customer proximity**
 - **Global functions including R&D**
- 

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

- 4,2 % of sales invested in R&D
- Product Testing
- Internal PhD Academy
- Partnering with Universities on research projects



**The
Research Hub**

By ELECTROLUX PROFESSIONAL

A strong Customer care offering

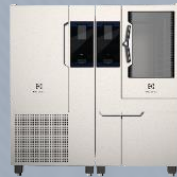


Consumables



Complete range
of product
families

Chemicals for
appliances



Spare Parts



"Parts kits"
pricelists &
packages



Service & Repair



Service
product 3.0
"world wide"

Digitalized services
connected network



Boosting our Customer care

Being an integral part of the full solution delivery



**Teamed to serve you.
Anytime, anywhere**

To make our customers' work-life easier and more profitable

Despite the pandemic we continued to invest

Develop innovative
and sustainable
solutions



Accelerate
digitalization



Improve efficiency



Sustainability strategy and targets

- **Target set to be climate neutral by 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**



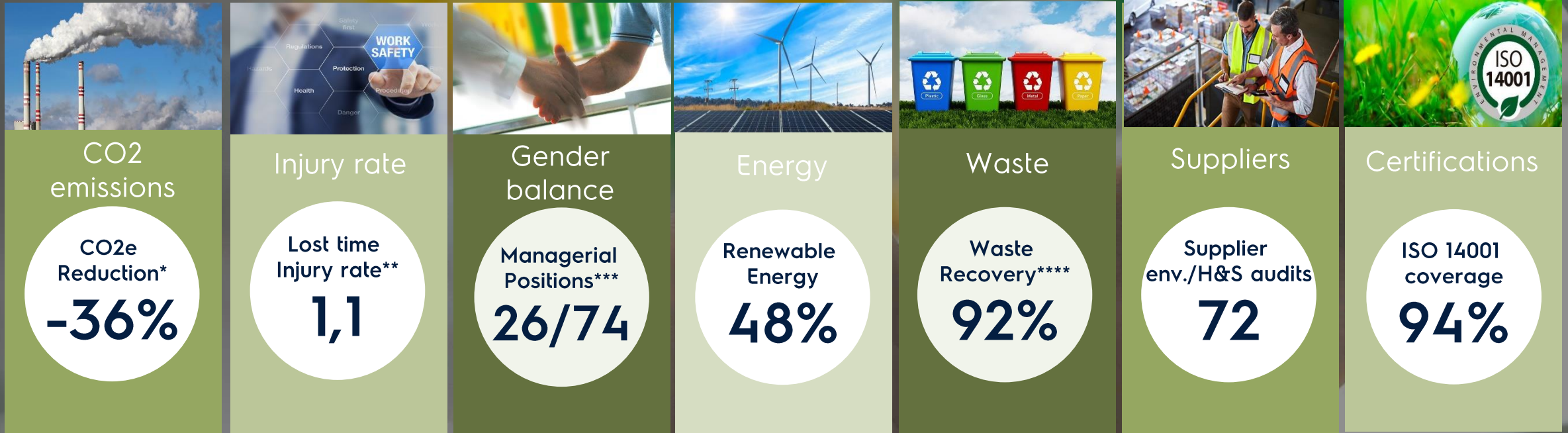
- **Lost time injury rate**



- **Diversity & inclusion**



2020 sustainability performance and highlights



* Target -50% by 2025 compared to 2015. Including new acquisitions (5/12 new plants included since base year). Comparable baseline -60%.

** Target below 0.3 by 2025

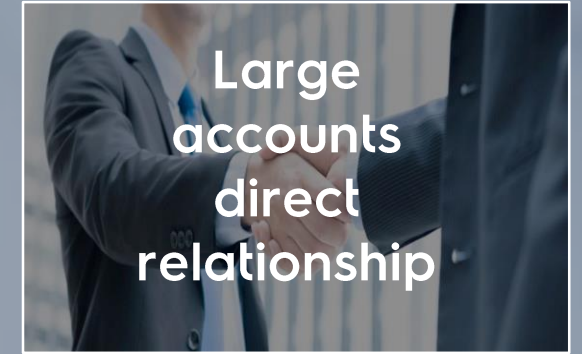
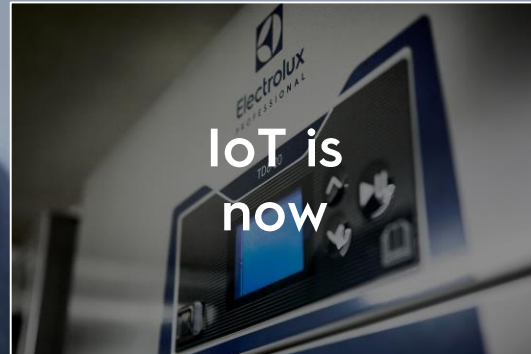
*** Target 40/60 by 2030.

**** Including waste to energy and material recovery. Water efficiency baseline only include 2015 plants excluding St Vallier.



Signatory of the UN Global Compact and first corporate ESG rating

Digital is shaping the Professional industry



Our digital vision 2024

Connected appliance of future installed base

50%

Distribution - on line sales

65%

Digital acceleration program launched in 2020

Automation

Further roll-out of new management system and supplier portal.

Common IT system for all factories.

Customer experience

One single platform:

- e-commerce
- Customer care
- IoT
- Connected one-stop-shop

Maximizes uptime, improves service and reduces consumption of energy, water, and consumables.

Employee experience

Develop the capabilities of the organization.

Digital ambassador community launched.


Digital vision 2024

Connected appliance of future installed base

50%

Distribution - on line sales

65%

A close-up photograph of a person's hands and forearms. The person is wearing a white, long-sleeved button-down shirt. On their left wrist, they are wearing a silver-toned metal link watch with a dark blue dial and white hour markers. The person's hands are clasped together in front of them. The background is a soft, out-of-focus light blue-grey.

Financial targets and financial history

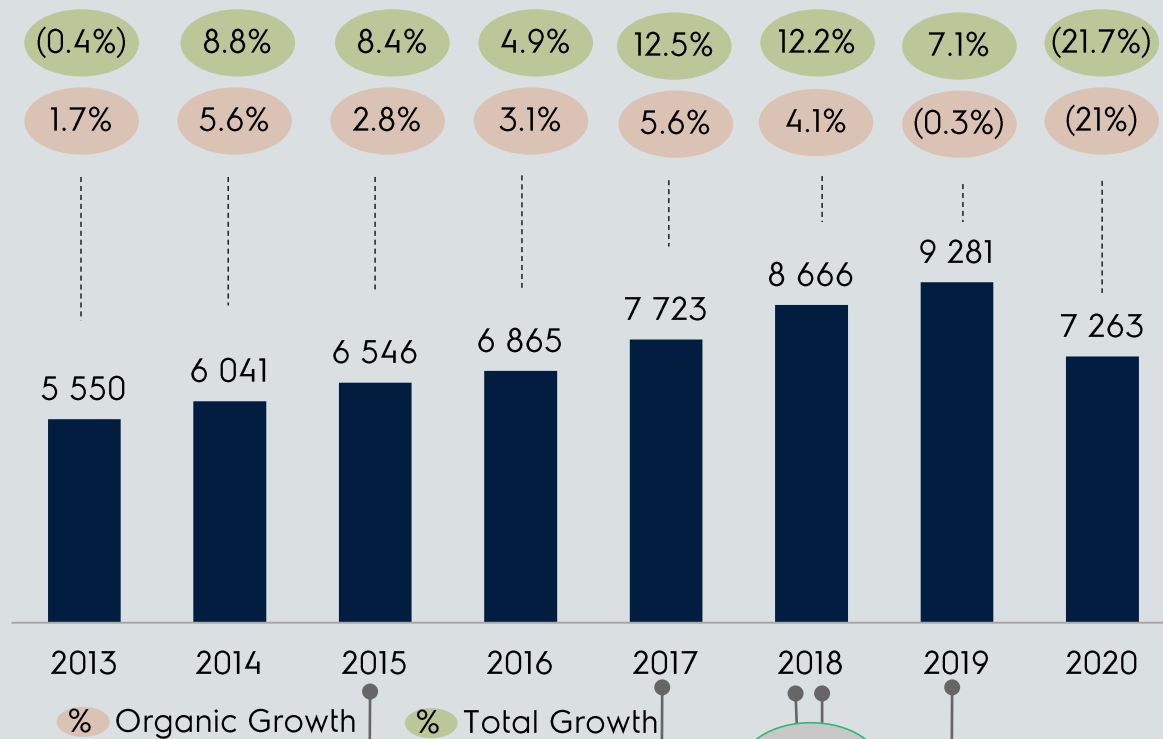
Fabio Zarpellon, CFO

Track record of delivering growth

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

Net sales 2013-2020

SEKm



EBITA 2017-2020

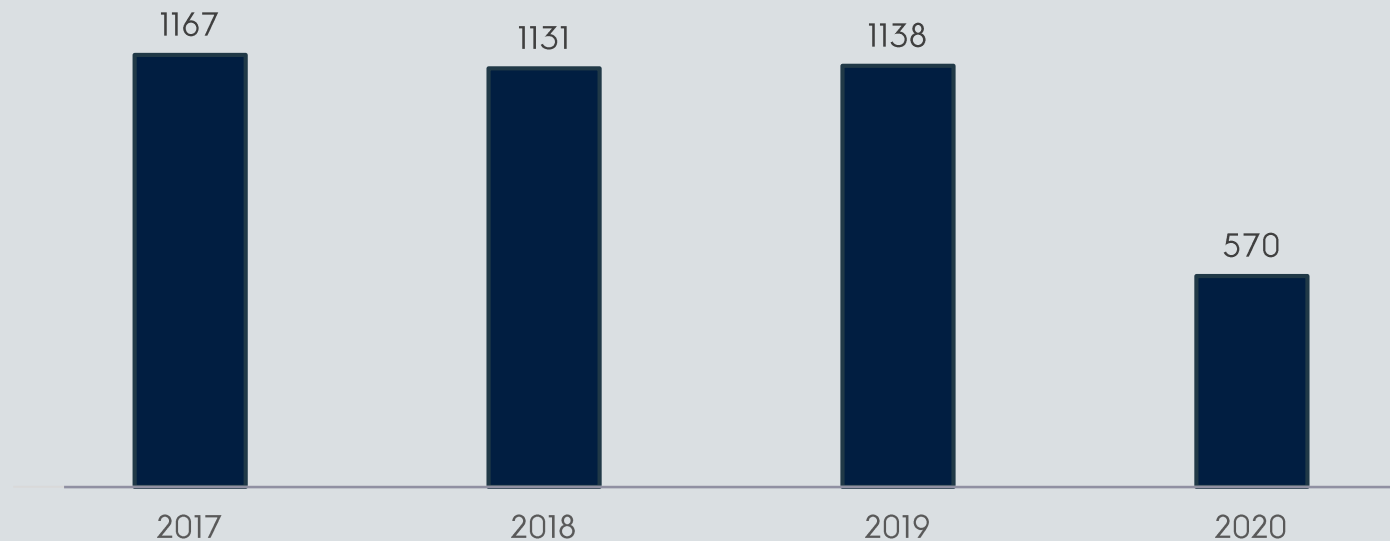
SEKm



...and strong cash flow

Operating cash flow after investments⁽¹⁾

SEKm



- Electrolux Professional has delivered strong cash flow historically
- Solid balance sheet with the same net debt/EBITDA ratio as before the pandemic
- Debt reduced by half during 2020

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%**



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
- Electrolux Professional 2021 Investor Presentation



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

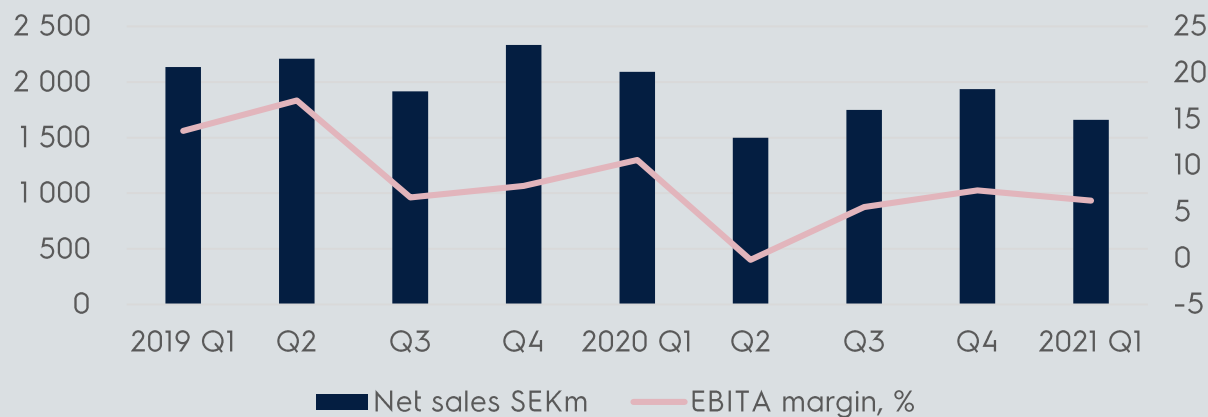


The OnE

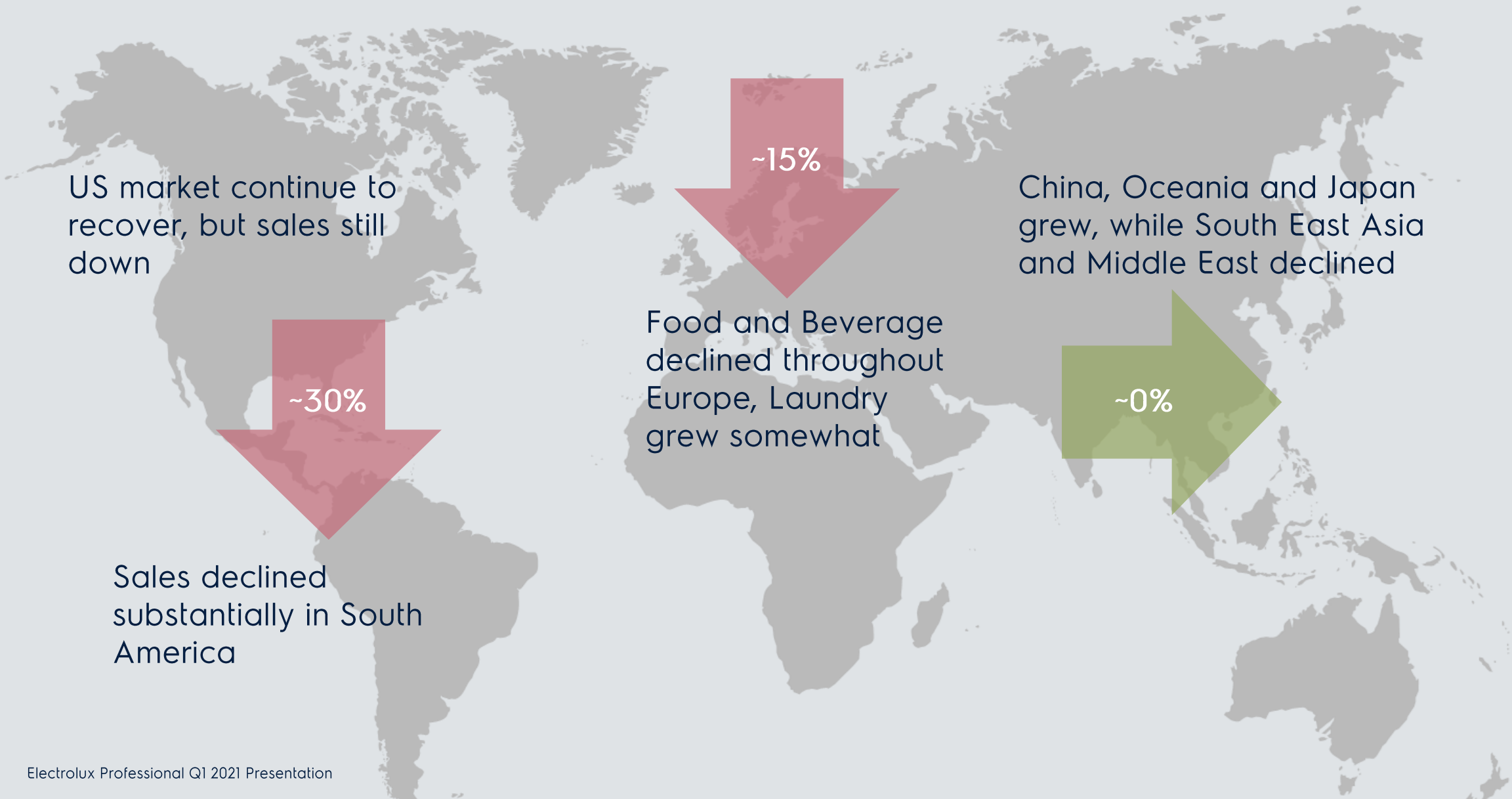
Still strongly impacted by the pandemic, but signs of recovery

- The Covid-19 pandemic continued to impact the hospitality industry.
 - Organically sales declined by 15.3% in the quarter
 - However, March positive year-over-year
- EBITA was SEK 103m (221), corresponding to a margin of 6.2%
- Operating cash flow after investments amounted to SEK 23m (16)
- Continued short-term savings

SEKm	Jan - Mar 2021	Jan -Mar 2020	Change, %
Net sales	1,661	2,091	-20.6
EBITA	103	221	-53.2
EBITA margin, %	6.2	10.6	
Operating cash flow after investments	23	16	44



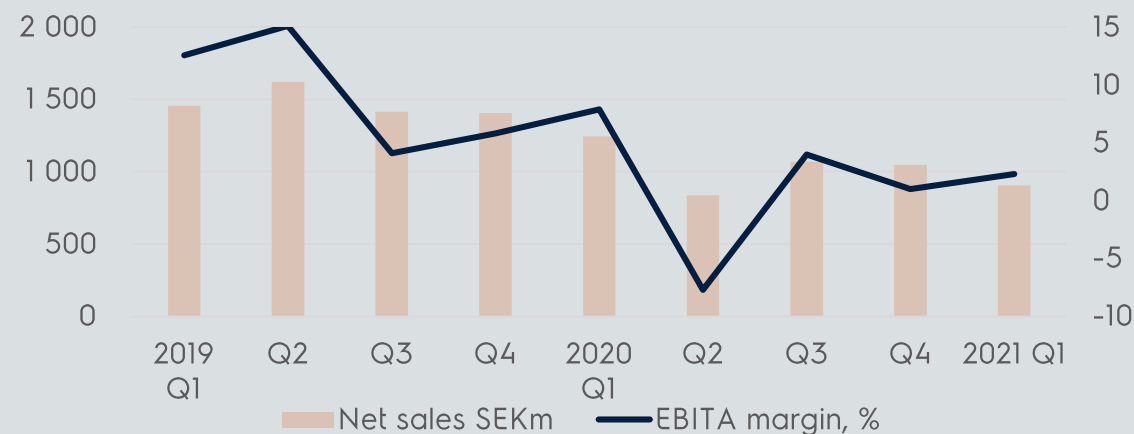
Q1 net sales development per region organic



Sales continued to be heavily impacted by the pandemic

- Sales declined organically 21.1%
- Sales declined by 25% in Europe, by 15% in North America while it grew by 4% in Asia Pacific, Middle East and Africa
- Sales increased in March
- EBITA declined due to the low volumes

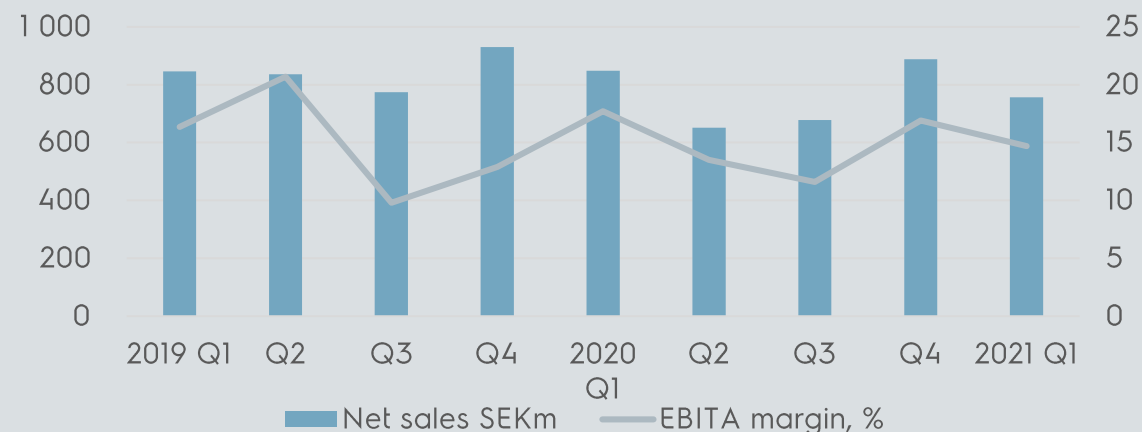
SEKm	Jan – Mar 2021	Jan – Mar 2020	Change, %
Net sales	905	1,243	-27.2
Organic growth, %	-21.1	-20.4	
Acquisitions, %	-	2.7	
Currency, %	-6.0	3.1	
EBITA	21	99	-79.0
EBTIA margin, %	2.3	7.9	



EBITA declined, mainly due to one off cost and currency

- Only small sales variations relative last year in Europe, Asia-Pacific, Middle East and Africa
- In Americas sales declined 45% compared to the same quarter last year
- EBITA was negatively affected by SEK 30m related to transfer of production to a new factory in Thailand and transactional currency effects

SEKm	Jan - Mar 2021	Jan - Mar 2020	Change, %
Net sales	756	848	-10.9
Organic growth, %	-7.1	-2.1	
Currency, %	-3.8	2.4	
EBITA	111	150	-26.2
EBITA margin, %	14.7	17.7	



SEKm	Jan – Mar 2021	Jan – Mar 2020	Change, %
Net sales	1,661	2,091	-20.6
Gross operating income	551	769	
Gross operating margin, %	33.2	36.8	
Operating income	88	205	
Operating margin, %	5.3	9.8	
EBITA	103	221	-53.2
EBITA margin, %	6.2	10.6	

EBITA development

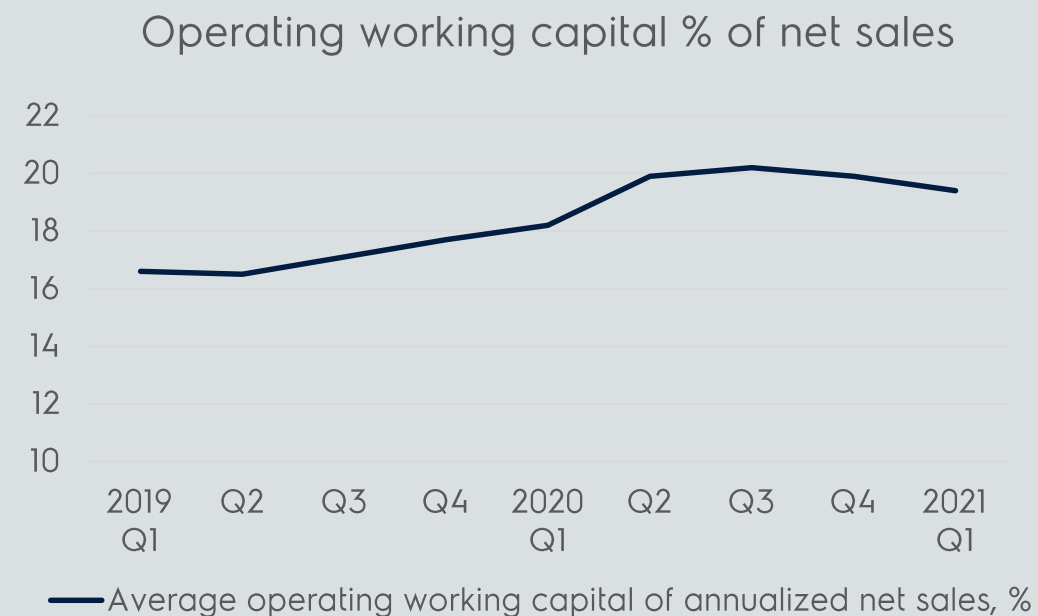
- Decline in EBITA mainly due to lower volumes and negative currency impact
- Gross margin declined due to lower volumes and negative currency transaction
- Short-term cost activities and structural cost savings contributed positively with approximately SEK 60m

Benefits from restructuring plans and short term cost activities

SEKm	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Cost increase as listed company	-35	-10	-35	-20	
Structural savings	15	20	35	30	30
Short term cost savings	80	190	75	80	30
Total	60	200	75	90	60

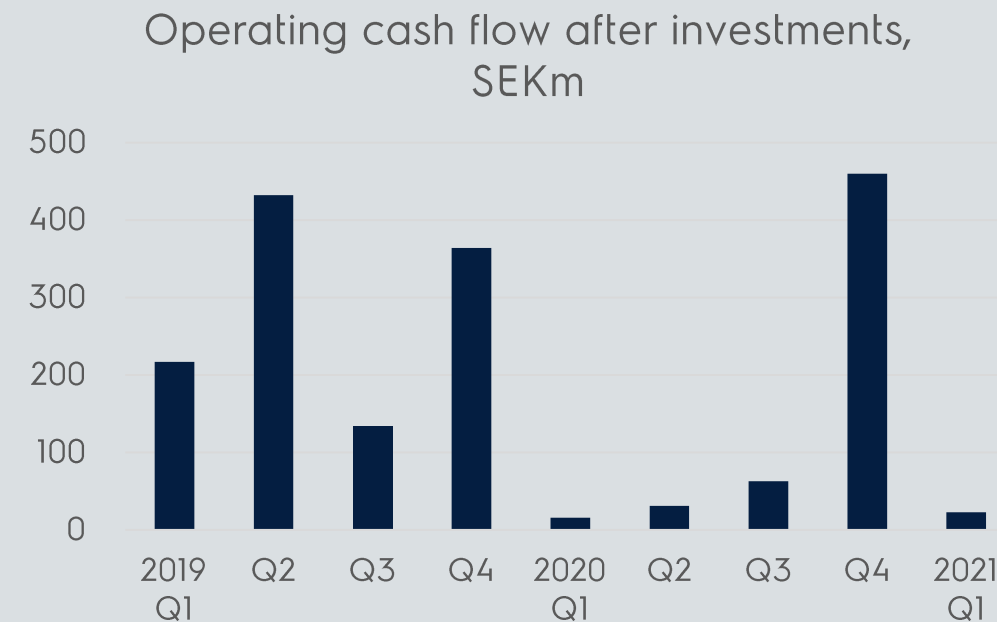
Operating working capital and Financial position

SEKm	31 March 2021	31 March 2020	31 Dec 2020
Inventories	1,153	1,457	1,086
Trade receivables	1,293	1,774	1,265
Trade payables	1,265	1,627	1,289
Operating working capital	1,181	1,604	1,062
Operating working capital of annualized net sales, %	19.4	18.2	19.9
Interest-bearing liabilities	857	1,267	1,004
Net provisions for post-employment benefits	83	221	131
Lease liabilities	228	230	216
Other liabilities	8	13	8
Liquid funds	630	643	810
Net debt	546	1,088	549
Net debt/EBITDA	1.0	0.9	0.8



Operating cash flow

SEKm	Jan – Mars 2021	Jan – Mars 2020
EBIT	88	205
Depreciation, amortization and other non-cash items	74	76
Change in operating assets and liabilities	-105	-168
Investments in intangible and tangible assets	-34	-104
Changes in other investments	0	7
Operating cash flow after investments	23	16





Laundry solutions Line 6000 washers & dryers

- Range completion
- New design, updated aesthetics
- One family feeling
- Cost reduction
- ErgoCert certification
- Connectivity for remote monitoring



Beverage solutions SP Ultra Frozen Beverage Dispenser

- Hygiene and quality – UV light for sanitization
- PATENTED Hybrid Texture Control – maintains constant temperature and thickness

The new production facility in Rayong, Thailand



- Brings the laundry and the beverage production facilities in Thailand under one roof
- All laundry production lines have been transferred, and will soon be followed by the beverage line
- The first laundry product rolled off the line on February 23
- The grand opening is set for the first week in June



Physical hospitality and trade shows are back



- Gulfood in Dubai took place in February
- China's biggest hospitality expo Hotelex took place physically in Shanghai in March.
- 1,500 visitors at Electrolux Professional's exhibition boot at Hotelex
- The NAFEM show, North America's huge foodservice exhibition, is confirmed to take place in August
- Several of Electrolux Professional's Centers of Excellences' have once again visitors



Summary

- Still impacted by the pandemic – short term the hospitality industry is likely to continue to be affected
- Signs of recovery – positive development in China, Oceania and the US. Physical trade shows are back
- Sales declined in the quarter, but grew in March – still behind 2019 levels
- Cost savings contributed positively to EBITA
- Live Capital Market Day planned for September 15 in Ljungby, Sweden – subject to the development of the pandemic. Save the date, final confirmation expected in July

Back-up slides

Complete offering in foodservice



Horizontal cooking



Cook & chill



Dishwashing



Refrigeration



Dynamic preparation



Static preparation,
ventilation & serving

Complete offering in beverage



Hot beverages



Chilled drinks



Slush/frozen beverages



Drip coffee



Espresso coffee



Soft serve

Complete offering in laundry



Semi-Pro



Front-loader washer



Dryer



Ironer & finisher



Barrier washer



Wet cleaning solution

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)



"hygiene&clean" dishwashers keep customers safe
In 2020, the unprecedented challenges of the global pandemic led to the creation of the first dishwashing range with third-party certified disinfection performance.

1995

2012

2014

2016

2018

2020

1995 First Env. cert.



2011 First OHS cert.



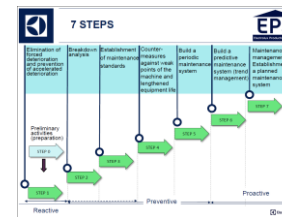
2014 First energy cert.



2015 Electrolux for the better program



2016 EPS introduction



2018 First Green Spirit audits and platina plant



New framework and commitment "OnE Sustainable Partner"

2020 Signing the UN Global Compact and first rating

