



Electrolux

How we create value

(September 2021)



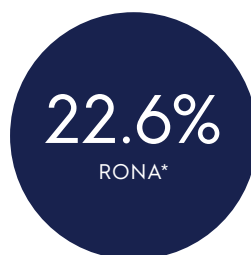
GLOBAL LEADER

Electrolux is a global leader in household appliances. We reinvent taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. We offer thoughtfully designed, innovative and sustainable solutions, under well-established brands including Electrolux, AEG and Frigidaire.

FOCUSED PROFITABLE GROWTH STRATEGY

We focus on consumer-relevant product innovations to drive profitable growth. Our global presence offers economies of scale, and we invest in modularized product architectures as well as automation and flexibility in production. Sustainability is a key business driver, and a solid balance sheet facilitates profitable growth.

Financial key figures 2020



*Return on net assets

Electrolux in 15 seconds

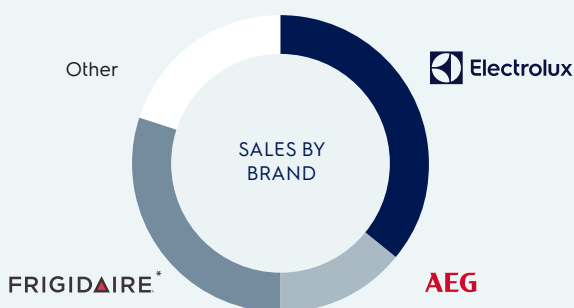
A global appliance company with a leading position in targeted areas

120
markets

60
million products
annually

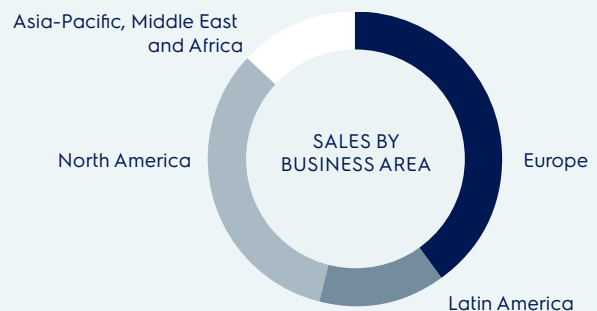
- Focused and innovative product portfolio with proven consumer benefits
- Sustainability a key business driver
- Global presence offers economies of scale
- Agile approach to continuously reduce costs
- Investing in globally modularized product architectures in automated production to further improve efficiency
- Solid balance sheet

Well-established brands with a strong innovation heritage



*Includes Frigidaire Gallery and Frigidaire Professional

Electrolux business areas



Electrolux has four regional business areas that draw on regional opportunities through deep local understanding.

Global industry trends

The global household appliance market is being transformed by five major trends: increased consumer power, digitalization, sustainability, global scale and the growing global middle class. While these changes place demands on investments and economies of scale, they also present major opportunities.



☆☆☆☆☆ Consumer power

Greater consumer awareness and access to information on prices, offers, product characteristics and consumer reviews online, via social media and through mobile access, increasingly empowers consumers. 93% of consumers say online reviews impact their purchase decisions¹ and 63% of consumers are willing to pay up to 15% more for a better experience². This makes developing products that offer outstanding consumer experiences more important than ever to allow premium pricing and greater competitiveness.

Spending more time at home due to the coronavirus pandemic has meant that people place even more value on high-quality appliances with relevant features and benefits. Another trend is that consumers are increasingly choosing brands with a purpose that they feel matches their own values.

Strategic focus: Electrolux experience innovation and brand/product focus are specifically tailored to appeal to targeted consumer segments and needs.



¹ Survata for Podium (2017). State of Online Reviews.
² Simon-Kucher & Partners (2019). The Trend Radar.

📶 Digitalization



Digitalization enhances consumer power, while enabling increasingly advanced products, and greater productivity and flexibility in industrial operations.

During the coronavirus pandemic, consumers have become more digital and online purchases have grown. At the start of the pandemic, consumer use of the internet to research consumer electronics and appliances increased by 24%, and online sales by 15%³. Consumers over the age of 60 played a key role in driving digitalization in consumer electronics and appliances during the pandemic.

Strategic focus: Electrolux has a strong focus on consumer experiences, with connectivity and productivity as key value drivers. R&D investments focus on digitalization.

³ Euromonitor International (2020). The Digital Consumer Journey: Who Is Behind The Crisis-Inspired E-Commerce Surge.



Sustainability



Sustainability is becoming more important for consumers, with two-thirds of global consumers willing to pay more for sustainable goods⁴. Authorities around the world are also putting increasing demands on manufacturers to develop and offer more sustainable products, such as product energy efficiency requirements.

Strategic focus: Electrolux is a sustainability leader in the appliance industry, demonstrated by numerous third-party recognitions, and has a clear strategic sustainability agenda.

⁴ Eco Ethical Report (2019).



Global scale

The industry is consolidating into a handful of global actors as global scale is required due to the increasing pace of innovation and investment requirements.

Strategic focus: Electrolux has the global scale, technology, competence and balance sheet to be one of the drivers of this consolidation.



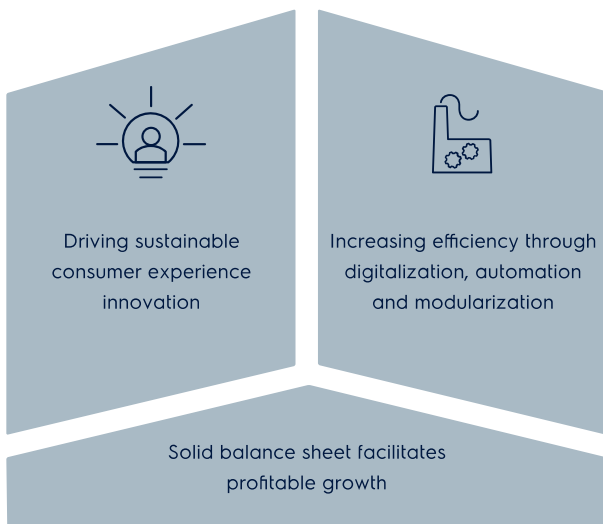
Growing global middle class



The expanding global middle class drives market growth in Africa, the Middle East, Eastern Europe, Latin America and Southeast Asia. Emerging markets represent a potential universe of over 6 billion consumers.

Strategic focus: Electrolux is a global business with a local presence. It has extensive consumer knowledge and brands targeting growing product categories in regions with a rapidly growing middle class.

Key areas to drive profitable growth



Strong focus on sustainable consumer experience innovation and operational efficiency through modularized products in automated production are key drivers for profitable growth, supported by a solid balance sheet.

Financial targets for profitable growth*



* Financial targets are over a business cycle

This document is an excerpt from Electrolux Investor Relations web "How we create value" available at electroluxgroup.com/ir/create-value

Driving innovation

Increasing efficiency

Solid balance sheet

Innovative product portfolio

Well-established brands with a strong innovation heritage

A sustainability leader

Strengthen our position in the high-margin aftermarket business

Clear road map to strengthen emerging market position

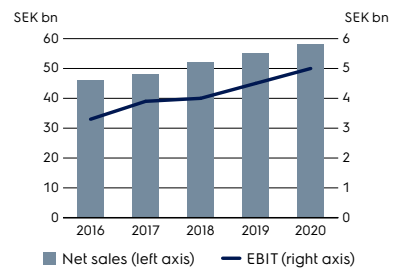


Driving sustainable consumer experience innovation

Innovation is key to drive margin expansion

- Product innovation, built on deep consumer insight in the specific consumer audiences for our three main brands, has resulted in products with enhanced consumer benefits. These products command a higher price and drive margin expansion – known as ‘mix improvement’.
- Mix improvements have significantly contributed to operating income in recent years, demonstrating that Electrolux product innovations are in demand.
 - During the past three years, mix improvements from innovation, brand and aftermarket sales growth have in total contributed more than SEK 3bn to operating income.
- Our most resource-efficient products also drive profitability – enjoying higher margins than other products on average since the 1990s.
- Streamlining of the product portfolio has resulted in fewer product variants – which has reduced cost and increased sales.
- Consistent push for innovation has resulted in leading segment and market positions.
 - Europe – strong position in premium segments for built-in kitchen and laundry.
 - Southeast Asia – strong position in front-load washing machines.
 - Latin America – leading position in innovation within core categories.

Innovation has resulted in growth and higher profit for the premium brands Electrolux and AEG

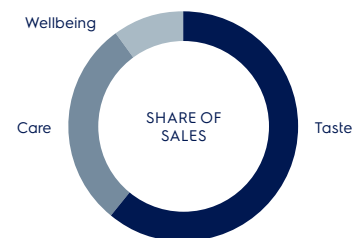


Note: data currency adjusted

Three clear innovation areas - Taste, Care & Wellbeing

- Targeted R&D gives us a competitive advantage – optimizing our offering and shortening the time to market.
- Electrolux focuses its R&D on features that allow a price premium i.e. products that provides great consumer experiences such as:
 - great tasting food with the right taste and texture, healthy, fresh and nutritious. Inspired by new culinary techniques while also reducing food waste.
 - care for clothes so they remain like new for longer, and ready to wear by holding their size and shape, while using minimal water and energy.
 - healthy wellbeing in the home by using appliances with a visual appeal while creating a healthy environment.
- On average, 3% of sales have been invested in focused R&D efforts over the last five years.
- Energy and resource efficient products drive consumer demand in a market increasingly interested in sustainability.
- At least one-third of product development is related to sustainability, including energy and water efficiency.

Targeted R&D - a competitive advantage



Taste: Cookers, hobs, ovens, hoods, microwave ovens, refrigerators and freezers.

Care: Washing machines, tumble dryers and dishwashers.

Wellbeing: Vacuum cleaners, air-conditioning equipment, water heaters, heat pumps, small domestic appliances and accessories.

<p>Innovative product portfolio</p>	<p>Driving innovation</p> <p>Well-established brands with a strong innovation heritage</p>	<p>Increasing efficiency</p> <p>A sustainability leader</p>	<p>Solid balance sheet</p> <p>Strengthen our position in the high-margin aftermarket business</p>	<p>Clear road map to strengthen emerging market position</p>
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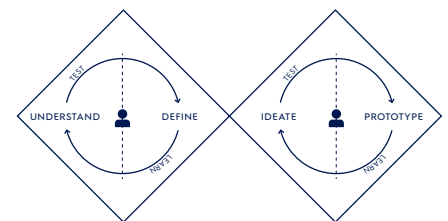
Deep consumer insight – a competitive advantage in an age of greater consumer awareness

- Deep consumer insight increases our success rate and return on investment.
 - The average consumer star rating for the Group was 4.55 in 2020.
- A consumer-centric innovation process is critical.
 - To understand real user needs, consumers are our starting point to define business opportunities.
 - Decisions are made based on consumer data.
 - Users are involved as co-creators.
- Our product R&D is based on a long history of consumer insight through surveys, consumer data, home visits and user experience labs.
 - Interacting with and observing consumers is critical to ensure winning products.
 - Daily monitoring through company own tools for gathering online consumer comments about Electrolux and competitor products – which are analyzed and fed into the design process.
 - Testing in user experience labs and through Virtual Reality tools allows us to test early concepts and expand testing to more countries.
 - User testing in a virtual world increases speed and lowers costs.

Increasing return through consumer experience design



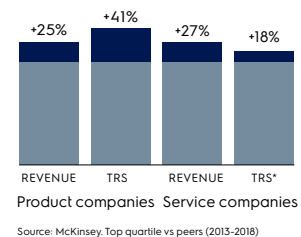
Listen to Simon Bradford, Design VP, Business area Europe, at Electrolux Capital Markets Update in November 2020 on how we are increasing return through consumer experience design.



Increased consumer experience focus strengthens our offering

- Combining functions for R&D, marketing, design, digital consumer solutions and sustainability ensures a consumer experience focus throughout the entire product development phase.
- Leveraging our consumer experience expertise to:
 - Accelerate product innovation and aftermarket services.
 - Translate experience innovation into brand storytelling and product design.
 - Strengthen consumer relationships through repeat purchases and aftermarket sales.

Consumer understanding leads to higher revenue and value creation to shareholders



*TRS = Total return to shareholders

Driving innovation	Increasing efficiency	Solid balance sheet
<p>Innovative product portfolio</p> <p>Well-established brands with a strong innovation heritage</p>	<p>A sustainability leader</p>	<p>Strengthen our position in the high-margin aftermarket business</p>

<p>Clear road map to strengthen emerging market position</p>
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Digitalization creates opportunities and new routes to market

- Consumers use digital tools to research and purchase appliances at accelerating rates, which gives Electrolux better opportunity to tailor offers to consumers’ real needs and desires through better use of data analytics and digital marketing.
- Our strong focus on consumer experience innovation improves consumers’ star ratings of our products, which in turn drives higher consideration for our more innovative products.
- B2B e-commerce allow us to a larger extent interact directly with the consumers and tell our story.
 - Targeted investment in marketing and brand building to drive sales.
 - Provide strong, differentiated ranges with clear consumer benefits to help consumers to navigate and find the right product.
- D2C e-commerce targeting our most loyal consumers with a differentiated offering.
 - A complement to existing B2B sales.
 - Currently a small part of total sales.
 - Differentiated value proposition to leverage bundling - which includes services as well as products.
 - Active in more than ten countries in 2020, mainly in Latin America and Europe. Continue roll-out in 2021 in several markets in Europe and Asia-Pacific.
- We are continuing to expand our range of connected products to deliver great consumer experiences based on a scalable global IoT platform and with strong partnerships.

Digitalization enables new opportunities for direct consumer engagement



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Strong brands drive profitable growth

- Strong brands grow faster, are more profitable and more resilient during crisis.
 - 75% of a brand’s value share performance can be explained by being one of the top 3 brands in the minds of the consumers¹.
 - 1.3X higher growth rate of most relevant brands vs. S&P 500 average².
 - 9X faster recovery for strong brands vs. global average during the 2008-09 financial crisis³.
- Innovation has resulted in growth and higher profit for our premium brands Electrolux and AEG.

¹ Value market share regressed against top 3 and Spontaneous Awareness (Brand Scorecard 2014 & GfK sell-out data 2014. Countries included Frigidaire (NA), AEG (BE, DE, ES, UK), Electrolux (FR, IT, PL, RU, SE).
² Prophet Brand Relevance Index 2017 - 10 years CAGR of most relevant brands vs. S&P 500 average.
³ Kantar Research (2019).

Building stronger brands to accelerate profitable growth

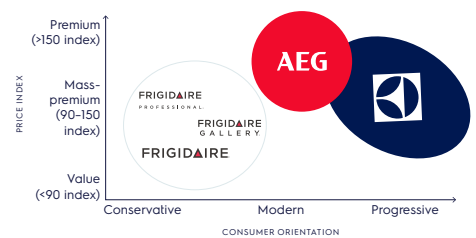


Listen to Thorsten Brandt, SVP Marketing Business area Europe, at Electrolux Capital Markets Update in November 2020 on how we are building stronger brands to accelerate profitable growth.

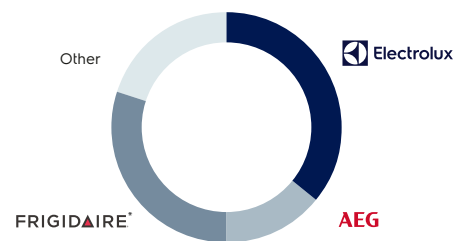
Three well-established brands with strong and focused brand propositions

- High brand awareness is built on 100-year track record of innovation.
- The three main brands – Electrolux, AEG and Frigidaire – represent ~80% of total Group gross profit and receive the vast majority of investments in marketing, design and R&D.
- The main brands have clear target consumer positions where they can grow profitably and with potential to attract a larger audience.
- Distinctive target consumers:
 - The typical Electrolux consumer is someone who actively drives change for the better and with a positive outlook on the future. They are open for new experiences and want progressive, sustainable premium brands that can help them evolve in their daily life.
 - For the AEG consumer, it is all about innovation, performance and premiumness, while acting responsibly. This consumer strives to improve and has very high expectations on brands to support their lifestyle.
 - The Frigidaire consumer represents middle American core families with family life and friends in focus. The consumer seeks practical solutions and wants to improve their local community.
- In 2020, the sharpening of brands has resulted in an increased/maintained brand preference (top 3) in the vast majority of Electrolux markets.

Three main brands with distinctive target consumers



Sales by brand



*Includes Frigidaire Gallery and Frigidaire Professional

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A sustainability leader - a competitive advantage for growth

- Consumers, retailers and authorities increasingly prioritize sustainability.
 - ~2/3 of global consumers are willing to pay more for sustainable goods¹.
 - ~3/4 of global consumers believe sustainability is more important than before the coronavirus pandemic².
- We have first mover advantage, with a clear aim to continue to be the industry sustainability pioneer.
 - In the 1990s, we were the first appliance company to focus on sustainability - which has been at the heart of our strategy ever since.
 - The Group has received several recognitions for its sustainability work and was also in 2020 included in the Dow Jones Sustainability World Index (DJSI World).
- Sustainability is a key brand attribute for the Electrolux brand.
- Our program for Better Living includes sustainability promises in key areas where Electrolux can make a difference for the better. They cover all the stages in our value chain - from R&D and suppliers, through our own operations and consumer use, to the end of life of our products - where we have an impact. [Read more about Electrolux key sustainability promises, www.electroluxgroup.com](http://www.electroluxgroup.com).

¹ Eco Ethical Report (June 6, 2019).

² Global WebIndex (GWI), Coronavirus research (July 2020).

Sustainability is a key business driver



Our leading position in sustainability is growing sales, lowering costs and building trust. Strong stakeholder support can only be achieved with a strong sustainability reputation. Over 40% of corporate reputation is built on CSR dimensions³.

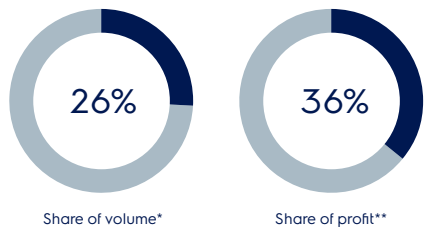
³ Source: Rep Track Pulse, the largest reputation study with over 30,000 ratings measuring over 200 companies.

Sustainable products are in demand and more profitable

- Electrolux most energy and water efficient products accounted for 26% of total units sold and 36% of gross profit in 2020. The most resource-efficient products have consistently had a higher margin in recent years.
- More sustainable products, with lower energy and water use, offer greater consumer benefit and consumers are willing to pay a higher price.
- Sales of the top three energy label classes of home appliances have tripled in the past ten years in Europe. Top-rated washing machines have the most significant increase, from 2% to 68% of all purchases¹.
- Resource-efficient products are essential for sales growth in emerging markets, e.g. in water and energy scarce regions.

¹ Source: FinancialTimes, (November 7, 2019).

Our most resource-efficient products have a higher margin



*Percent from total volume in 2020 for Electrolux Group.

**Percent from gross profit in 2020 for Electrolux Group.

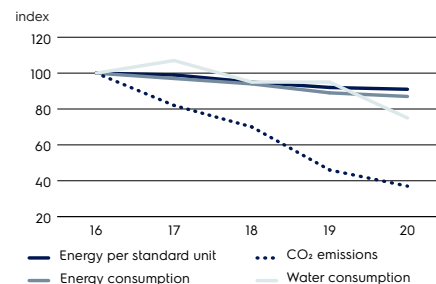
Note: Resource efficient products that meet strictly defined technical specifications and conform to local standards for high efficiency.

Driving innovation	Increasing efficiency	Solid balance sheet
Innovative product portfolio Well-established brands with a strong innovation heritage	A sustainability leader	Strengthen our position in the high-margin aftermarket business Clear road map to strengthen emerging market position

Greater resource efficiency is a priority to further strengthen competitiveness

- In products – to strengthen our offering.
 - 12% more recycled plastic used in products 2020 vs. 2015.
- In operations – to reduce operational and manufacturing costs and risk exposure.
 - SEK 700m reduced annual energy costs 2020 vs. 2005.
 - 80% less absolute CO₂ emissions in operations vs. 2005.
 - 45% less energy used per manufactured product 2020 vs. 2005.
 - 52% of the total energy use in Group operations came from renewable sources in 2020.
 - 42% improved water efficiency in operations 2020 vs. 2015.

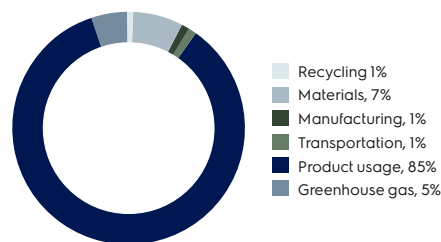
Greater resource efficiency reduces costs



Electrolux Climate Neutrality Roadmap 2050

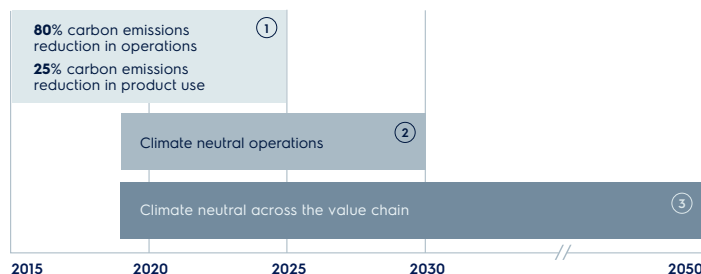
- The overall target is a climate neutral value chain by 2050.
- Electrolux has set science-based climate targets (SBT) aligned with the 2015 Paris Climate Agreement to keep the global temperature rise below 1.5 °C¹.
- Targets for CO₂ impact from operations:
 - -80% CO₂ reduction by 2025 vs. 2015.
 - Climate neutral operations by 2030.
- Targets for CO₂ impact from product use:
 - -25% CO₂ reduction by 2025 vs. 2015.
 - Product usage accounts for ~85% of the CO₂ climate impact of an appliance*. Therefore, product efficiency is where Electrolux can make the greatest contribution to tackling climate change.
- Read more about the progress of these targets, www.electroluxgroup.com
- The global re-engineering investments contribute to more efficient operations and products.
- The long-term incentive program for senior managers launched in 2020 includes a substantial climate impact reduction element

Product usage accounts for ~85% of the CO₂ climate impact of an appliance*



*Calculated as the average of eleven different appliances.

Electrolux climate neutrality roadmap



¹ Science Based Target (SBT) Scope 1 & Scope 2 – 80% reduction and Scope 3 – 25% reduction by 2025
² Company target, Climate neutral operations (Scope 1 + Scope 2 = 0) by 2030
³ United Nations Global Compact Business ambition for 1.5 °C – climate neutral value chain by 2050

Driving corporate climate action through Science Based Targets

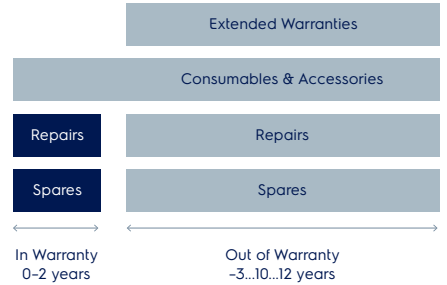


<p>Driving innovation</p> <p>Innovative product portfolio</p> <p>Well-established brands with a strong innovation heritage</p>	<p>Increasing efficiency</p> <p>A sustainability leader</p>	<p>Solid balance sheet</p> <p>Strengthen our position in the high-margin aftermarket business</p>	<p>Clear road map to strengthen emerging market position</p>
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Potential to capture largely untapped aftermarket business

- The aim is to increase the proportion of Group sales in the high-margin aftermarket segment to ~10% by 2025. In 2020 aftermarket sales increased to ~7% of sales.
- The aftermarket for consumer products is large and highly fragmented, and manufacturers have limited direct access to consumers.
- We are strengthening our service product offering through extended warranties, fixed price repair model and by establishing an in-house, digitally supported sales force.
- We are increasing direct consumer contact and promoting consumer loyalty – by establishing a digital consumer service interface, consumer relationship management systems and connected products.
- In North America, Electrolux has significantly increased its water filter aftermarket sales and in Europe services such as fixed price repair have been launched.

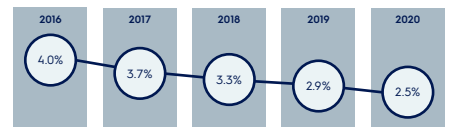
Aftermarket services



Large installed base and strong quality focus are key strengths

- ~400 million products served by Electrolux, provides huge aftermarket sales potential.
- Product reliability is important when buying appliances, with the Service Call Rate at a record low level – 2.5% in 2020 vs 5.1% in 2015.

Service Call Rate at record low level

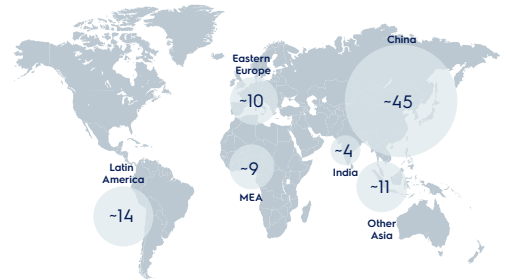


Driving innovation	Increasing efficiency	Solid balance sheet	
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Emerging markets represent a potential universe of >6 billion consumers

- The growing global middle class has increasing purchasing power and is spending more on higher quality products for their homes.
- Consumers in emerging markets share similar needs to Western consumers as they become more affluent and move to more urban living spaces.
- Potential to create new channels and urban distribution as well as increase online sales.

Market size emerging markets



Source: Euromonitor. Market size, USD bn.

Strengthening existing emerging markets and entering selected new markets

- Capturing further growth in emerging markets is key to positioning Electrolux for future success.
- Differentiated approaches for entering various sub-regions in emerging markets.

Specific roadmaps for each region

Specific roadmap for each region	Seed	Nurture	Grow	Accelerate
	Markets with minimal presence	Markets with active sales and emerging brand position	Markets with direct presence and established brands	Markets with direct presence and a faster growth plan
Markets	China and India	MEA Latin America outside ABC	Argentina, Brazil and Chile (ABC)	Eastern Europe Southeast Asia

Leveraging global scale, local knowledge and the Electrolux brand to capture the emerging mass-premium market

- We are increasingly leveraging our global scale to support our local market knowledge.
 - We have established global product architectures/platforms for refrigeration, laundry, dish care and surface cooking. This increases the pace and agility of R&D, lowers product cost and delivers economies of scale.
 - The 'Asia-Pacific, Middle East and Africa' and 'Latin America' business areas are developing specific emerging market product offerings as well as innovation for taste, care and wellbeing experiences.
 - We are strengthening our direct to consumers offering in Latin America and Southeast Asia.
 - Being both global and local ensures that our emerging market offering is better adapted to changing consumer demands.
 - Centralizing manufacturing around the Electrolux facility in Rayong, Thailand, as a manufacturing hub for emerging markets.
- Primarily building on the well-established Electrolux brand that is closely associated with sustainability and Swedish values.
 - Resource-efficient products are key for sales growth in emerging markets, e.g. in water and energy scarce regions.

Capturing the emerging mass-premium market



Strong track-record of delivering cost reductions

Modularization and automation program

Global presence and deep local understanding

Digital integration

Increasing efficiency through digitalization, automation and modularization

Reduced costs by SEK ~5bn since 2015

- Modularization, automation and strategic sourcing are key to drive profitable growth through cost competitive products with best-in-class product design and quality.
- We aim to annually drive down the variable product cost by 3% on like-for-like products, net of normal inflation ≤2% (excluding raw material price impact).
- The re-engineering investment program is an ongoing initiative to deliver on variable product cost target.
- In addition, continuous cost improvements are an important part of our strategy - achieved by improving cost structures and developing methods, processes and skills.
- Electrolux manages working capital to release resources that can be invested in growth activities.

Focus areas to increase efficiency and drive profitable growth

		Growth	Cost
Modularization	PREMIUM	■	■
	MASS	■	■
Strategic sourcing	FINISHED GOODS	■	■
	PARTS		■
Automation and digitalization of operations			■
Continuous improvement			■
Quality		■	■

Competitive cost structure

- High share of variable costs - about 70% of the Group's total cost base.
 - Enables high flexibility and fast adaption to external factors such as fluctuations in market demand or commodity prices.
- Several cross-functional cost-excellence programs have been implemented to reduce variable product costs, e.g. the Electrolux Manufacturing System, modularization, digital manufacturing and an integrated digital supply chain.
- The continuous improvement program aims to reduce structural costs through improved ways of working, greater resource efficiency and the increased use of digital tools and processes.
- Reduced energy, waste and water use supports a more competitive cost structure.

High degree of variable costs

SEKbn	2020
Net sales	116
Direct material	-43
Sourced products	-17
Other variable costs	-19
Operational structural cost	-24
Innovation and marketing structural cost	-8
EBIT	5.8
Variable cost	-70%
Structural cost	-30%

Variable costs: Direct material incl. raw material and components. Sourced products incl. small appliances, vacuum cleaners, air conditioners, microwaves, etc. Other variable costs incl. direct labor and other variable production costs as well as costs for warranty and logistics.

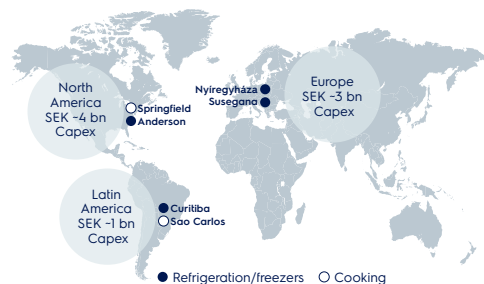
Structural costs: Operational structural costs incl. all fixed factory and warehousing costs, depreciation and administration. Innovation & marketing structural costs.

Driving innovation	Increasing efficiency	Solid balance sheet
Strong track-record of delivering cost reductions	Modularization and automation program	Global presence and deep local understanding
		Digital integration

SEK ~3.5bn cost savings with full effect from 2024

- SEK 8bn of investments committed to an extensive re-engineering program, which is fully underway.
- Investments in modularization and automation in the Americas and Europe will further strengthen cost competitiveness and are vital to drive profitable growth.
 - The re-engineering program drives efficiency, strengthens production cost competitiveness, increases flexibility and product speed to market as well as a sharpened product offering through design and quality.
 - Modularization will continue to be key once the re-engineering program is complete.
- SEK ~3.5bn annual cost savings, full effect from 2024, from the re-engineering program and streamlining measures.
 - Main cost efficiency impact will be in North America related to the investment in Anderson and Springfield.
 - Direct material savings and improved labor productivity are the main drivers.
 - Global streamlining measures involved the creation of four regionally focused business areas in 2019 and the re-organization of key global functions.
- Re-engineering investments will also realize significant sustainability benefit such as improved energy efficiency and safer working environment.

Executing on our global re-engineering investments



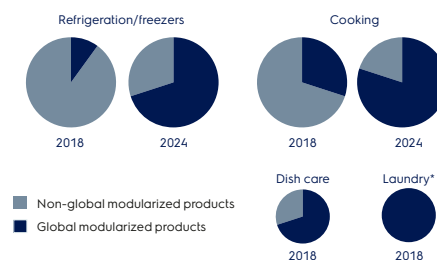
Automation and modularization strengthens competitiveness

Modularized products <ul style="list-style-type: none"> • Improve product cost • Improve product design and quality • Increase innovation speed 	Automated production <ul style="list-style-type: none"> • Increase productivity, faster and leaner execution • Continue cost efficiencies • Improve quality and safety
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Modularization and automation are key to drive profitable growth

- Cost competitive, high quality products are vital to drive profitable growth.
- Re-engineering program significantly increases the use of global modularized products for refrigerators/freezers and cooking products.
- Benefits from modularized products in automated production:
 - Sharpened offering with more relevant features at lower costs.
 - Leveraging and accelerating global technologies increases the speed of innovation.
 - Product design improvements – using modularized bases makes it easier and more efficient to apply updated designs.
 - Best-in-class product design and quality.

Significantly leverage our global scale and technology deployment through global modularized products



Note: graphs show % of volume using global modules over total in-house production volume. Global modularized products are used in more than one product and in more than one region.
*Front-load laundry

Strong track-record of delivering cost reductions

Modularization and automation program

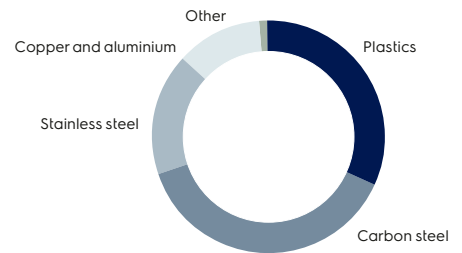
Global presence and deep local understanding

Digital integration

Leveraging global scale in strategic sourcing

- Strategic sourcing is the single most important initiative to reduce product costs.
- In 2020, Electrolux purchased raw materials and components for SEK ~43bn.
- The global purchasing function coordinates and administers ~95% of all direct material purchasing.
- By increasingly introducing modularized products, the Group’s global scale can be leveraged in terms of procurement and R&D.
 - Enables both fixed and variable cost reductions.
 - Increases flexibility by allowing the customization of products using a limited number of standardized modules.
 - Increases economies of scale in the sourcing of components.
- The Electrolux Responsible Sourcing program supports a global effort to make the right decisions on suppliers and promote the sustainability performance of the supply base.
- A global credit insurance program is in place for many countries to reduce credit risk. Electrolux offers its suppliers the opportunity to utilize supplier finance.

Raw material exposure 2020



Sensitivity analysis, year-end 2020

Raw materials	Change +/-	Pre-tax earnings impact +/-, SEK M
Stainless steel	10%	200
Carbon steel	10%	400
Plastics	10%	350

Changes in raw materials refer to Electrolux prices and contracts, which may differ from market prices. The figures in the sensitivity table are rounded.

Capturing regional opportunities through deep local understanding

- Being global with a local presence and knowledge of each regional market means better adapting to changing consumer demands and sustainability related requirements.
- Three well-established brands – AEG, Electrolux and Frigidaire – serve different regions and market segments

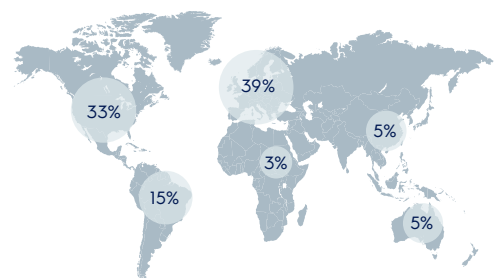
The Frigidaire consumer represents middle American core families with family life and friends in focus



Improving stability and mitigating against financial fluctuations

- Global presence makes Electrolux less sensitive to macroeconomics in specific market regions. This helps to smooth out seasonality and fluctuations in economic cycles - to mitigate against financial performance fluctuations.
- The Group’s global presence, with manufacturing and sales in a number of countries, offsets exchange rate effects to a certain degree.
 - The principal exchange rate effect arises from transaction flows - when purchasing and/or production is carried out in one currency and sales occur in another currency.
 - The major currencies for the Electrolux Group are the USD, EUR, CNY, BRL, AUD, GBP, CAD, CHF, CZK, RUB and VND.
 - Read more about Electrolux currency exposure www.electroluxgroup.com/en/currency-exposure/

Sales by region, 2020



Driving innovation

Increasing efficiency

Solid balance sheet

Strong track-record of delivering cost reductions

Modularization and automation program

Global presence and deep local understanding

Digital integration

Digitally integrated supply chain and manufacturing

- Digitalization helps drive improved productivity and flexibility in Electrolux operations through:
 - Improved visibility and planning.
 - Installing a digitally managed environment within factories that monitors operational information in real-time.
- Speed and accuracy are what customers’ and consumers’ expect, and are even more important as online sales grow.
- Electrolux is transforming from a traditional manufacturing efficiency & push approach to demand & service driven supply chain model.
 - Control tower concept improves the visibility of the supply chain, to connect the front and back end.
 - Digital tools allow faster and better steering of the supply chain, including real-time track & trace in transportation as well as real-time production control.
 - Agile working - squad teams run the supply chain.

Digitalization optimizes supply chain including managing inventory levels

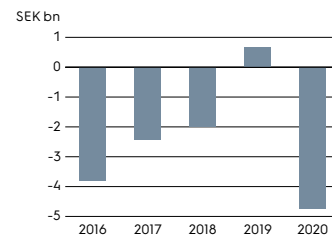


Solid balance sheet facilitates profitable growth

Solid balance sheet and financial strength

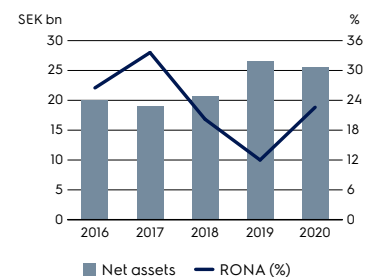
- A solid balance sheet helps us to execute our profitable growth driven strategy through:
 - Organic growth investments:
 - Capex to drive product innovation.
 - Capex for digitalization and automation to improve competitiveness.
 - Selective acquisition strategy:
 - Bolt-on acquisitions.
 - Strengthen growth in emerging markets and aftermarket.
 - Contribute to increasing consumer interaction and business model transformation.
- Solid financial position
 - Investment-grade rating from S&P Global Ratings of A- with stable outlook.
 - Balanced maturity profile for long-term borrowings.
 - Unused committed revolving credit facilities amounting to SEK 23bn as per December 2020.
- Sustainable financing
 - First green bond issued in 2019 – SEK 1bn.
 - Focusing on industrial and R&D projects, which have significant potential to enable Electrolux to reduce its climate impact.
- High return on net assets fueled by capital turnover
 - Focusing on growth with sustained profitability and a small, efficient capital base enables Electrolux to achieve a high long-term return on capital.
 - Strong track record on reducing working capital over the last ten-year period. The objective is to maintain working capital at healthy levels going forward.

Net Debt



As of December 31, 2020, Electrolux had a financial net cash position of SEK 4.7bn. Net debt, including lease liabilities and post-employment provisions, amounted to SEK 1.6bn.

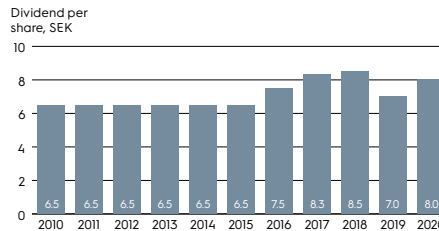
High return on net assets fuelled by capital turnover



Shareholder-friendly capital allocation

- The Group’s goal is for the dividend to correspond to approximately 50% of the annual income.
- Following a review of the Group’s capital structure, the Board decided in July 2021 to distribute a larger part of the value created to the shareholders while still maintaining a high level of capacity for value creating investments. Read more on www.electroluxgroup.com/PR_capital_structure
- The EGM has resolved on an automatic share redemption procedure in the second half of 2021.
- Electrolux has a long history of successful spin-offs, e.g. Autoliv, Husqvarna, and Electrolux Professional, by distributing the shares to Electrolux shareholders and listing them on the stock exchange.
- Total return and long-term value creation.
 - Average annual total return over ten-years has been 6%.
 - Strong focus on consumer experience innovation and efficiency provides a solid platform for long-term value creation.

Dividend per share



As from 2019, the dividend relates to the consumer business fo Electrolux, exclusive of Electrolux Professional that was listed as a separate company on Nasdaq Stockholm on March 23, 2020.

Note: 2020 dividend proposed by the Board.

Financials 2020

Business overview

The year was highly volatile with a challenging first half followed by a strong recovery during the second half. This resulted in a significant financial performance improvement for the year, with an operating margin of 5.0% compared to 3.8% last year, excluding non-recurring items. Electrolux organic sales increased 3.2%, although more than offset by currency translation relating to the stronger Swedish Krona, resulting in a small reported net sales decline.

The organic sales growth was driven by improved mix through selling more innovative premium products as well as higher net prices, while sales of lower-end products were decreased. Aftermarket sales, which is one of the Group's strategic focus areas, increased significantly, accounting for 7% of sales.

In **Europe**, market demand was positive, both in Eastern Europe and in Western Europe. For Electrolux operations, brand and product mix contributed strongly to sales and earnings, while volumes of lower-end products declined, resulting in higher sales and operating margin. The premium brands Electrolux and AEG performed well and gained value market share. Currency headwinds impacted earnings negatively, while costs for raw material were lower.

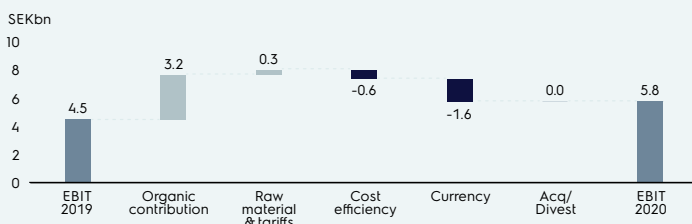
In **North America**, market demand increased during the year. For Electrolux operations, both price and mix improved while volumes

were lower. The proactive price and mix management, as well as high growth in aftermarket sales, resulted in a significant earnings improvement for the year. The improvement was limited, however, by lower production volumes as a result of capacity constraints. Those were mostly due to the coronavirus situation affecting the industry as a whole, but also a result of inefficiencies in the ongoing manufacturing consolidation of the U.S. freezer/fridge production into a new, highly automated facility in Anderson.

In **Latin America** consumer demand is estimated to have increased, driven by the Brazilian market. Electrolux operations had a positive mix development, partly from increased sales of high-end products. All main markets had strong growth in online sales. Significant price increases outweighed large currency headwinds.

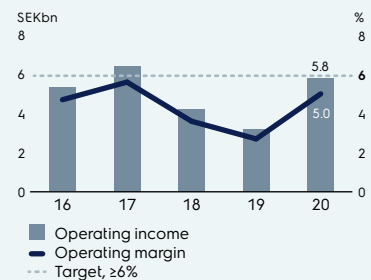
In **Asia-Pacific, Middle East and Africa**, the Australian market grew strongly, while markets in Southeast Asia declined due to lockdowns and recession. For Electrolux operations, both price and mix developed favorably, while volumes declined slightly. Electrolux in Australia had a significant organic growth with price increases and successful product launches. Operational efficiencies and lower costs for raw material impacted earnings positively. Operating income and margin improved significantly.

OPERATING INCOME BRIDGE¹⁾

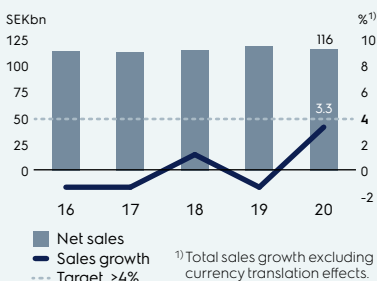


Our focus on consumer driven innovation continued to impact operating income (EBIT) positively. Also in 2020, we strengthened our platform for future profitable growth through additional efficiency measures and extensive re-engineering investments in automated and modularized manufacturing.

OPERATING MARGIN



SALES GROWTH



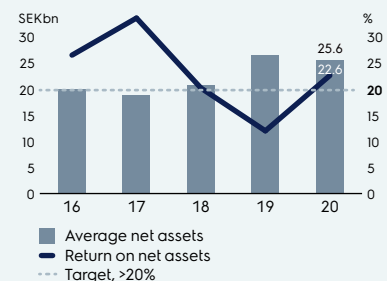
To reach the growth target, we are continuing to strengthen our positions in core markets, new markets and segments.

CAPITAL TURNOVER-RATE



Reducing the amount of capital tied up in operations creates opportunities for profitable growth.

RETURN ON NET ASSETS



Sustained profitability and a small, efficient capital base enable us to achieve a high long-term return on capital.

¹⁾ Excluding non-recurring items
Note: Targets are over a business cycle. All figures in the graphs above exclude the discontinued business area Professional Products.



AB ELECTROLUX (PUBL), 556009-4178

Mailing address: SE-105 45 Stockholm, Sweden | **Visiting address:** S:t Göransgatan 143, Stockholm
Telephone: +46 8 738 60 00 | **Website:** www.electroluxgroup.com

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