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## Press release

Stockholm, September 8, 2014

# Electrolux to acquire GE Appliances

**AB Electrolux today announced it has entered into an agreement to acquire the appliances business of General Electric (“GE Appliances”), one of the premier manufacturers of kitchen and laundry products in the United States, for a cash consideration of USD 3.3 billion. The acquisition enhances Electrolux’s position as a global player in home appliances, offering an unparalleled opportunity to invest in innovation and growth, which will benefit consumers, retailers, employees and shareholders.**

### Highlights

- Attractive strategic fit in North America.
- Significant synergies, primarily in sourcing and operations.
- Cash consideration of USD 3.3 billion.
- Transaction expected to be EPS accretive from year one.
- Financing is provided by a committed bridge facility and the transaction is not subject to any financing conditions. A rights issue corresponding to approximately 25% of the consideration is planned following completion of the acquisition.
- Completion of the acquisition is mainly subject to regulatory approvals.

“This is an historic moment and important strategic move for the Electrolux Group, which takes our company to a new level in terms of global reach and market coverage. GE’s premium, high-quality appliances complement our own iconic brands and will enhance our presence in North America” said Keith McLoughlin, President and CEO of Electrolux. “The acquisition, which is our largest ever, strengthens our commitment to the appliance business and also provides Electrolux with the scale and opportunity to accelerate our investments in innovation and global growth.”

Jeff Immelt, Chairman and CEO of GE, said, “Electrolux is the right global business for our customers, consumers and employees. GE Appliances’ people, valuable home appliances brand, products, distribution, and service capabilities make it a perfect fit with Electrolux and its goal of accelerating growth in the U.S.”

### Description of GE Appliances

GE Appliances is headquartered in Louisville, Kentucky, and generates more than 90% of its revenue in North America. GE Appliances’ product portfolio includes refrigerators, freezers, cooking products, dishwashers, washers, dryers, air conditioners, water filtration systems and water heaters. Its revenue split by major product category is approximately 35% cooking, 25% refrigeration, 20% laundry, 10% dishwashers and 10% home comfort (A/C). The company operates its own distribution and logistics network and has nine well-invested manufacturing facilities with 12,000 employees.

The acquisition includes a 48.4% shareholding in the Mexican appliance company Mabe. For nearly 30 years, GE Appliances has had a joint venture with Mabe in Mexico where Mabe develops and manufactures portions of GE Appliances’ product offering.

In 2013, GE Appliances had sales of USD 5.7 billion (SEK 37 billion) and an EBITDA of USD 390 million (SEK 2.5 billion) including share of income from Mabe.



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### Transaction rationale and synergies

The acquisition of GE Appliances is an important step for Electrolux towards realizing the Group's vision: to be the best appliance company in the world as measured by customers, employees and shareholders.

The scale and efficiencies from combining the businesses create a solid financial foundation from which to drive growth in the increasingly global and competitive appliance industry. The Electrolux Group will further strengthen its capacity to invest in innovation and growth.

The fit between Electrolux and GE Appliances creates a strong platform for growth in the North American appliance market and enables the combined business to better serve North American consumers. GE Appliances has a strong offering to consumers complementing Electrolux's current brands in the United States. Electrolux has secured the right to the GE Appliances brands through a long term license agreement with GE. GE Appliances' nationwide distribution and logistics network also provides an opportunity to offer an even wider range of products to a broader consumer base.

"GE Appliances is a well-run operation with strong capabilities in key areas such as R&D, engineering, supply chain and customer service, and we look forward to joining forces with their team of talented and competent people," Keith McLoughlin said.

The transaction is expected to generate annual cost synergies of approximately USD 300 million. One-off implementation costs and capital expenditures are estimated to USD 300 million and USD 50-70 million respectively. The largest parts of the synergies are expected in sourcing, operations, logistics and brands.

### Proforma financials

The proforma combined 2013 sales figure for Electrolux and GE Appliances is USD 22.5 billion (SEK 147 billion) and EBITDA is USD 1.5 billion (SEK 9.7 billion). Electrolux and GE Appliances together have 73,000 employees.

Key financials 2013 (before synergies):

USD billion	Electrolux	GE Appliances incl. 48.4 % of Mabe	Combined
Sales	16.8	5.7	22.5
EBITDA	1.1	0.4	1.5
EBITDA margin, %	6.8	6.8	6.8

Note: Figures in SEK have been converted to USD at an exchange rate of SEK/USD 6.515, the average exchange rate in 2013

The above figures are for illustrative purposes and do not include any impact from synergies, implementation costs and amortization of surplus values resulting from the purchase price allocation.

The effect of the transaction on Electrolux's earnings per share is expected to be accretive from year one. The EBITDA multiple for the full year 2014 is expected to be in the range of 7.0-7.3x.

The transaction is expected to contribute positively to cash flow. The financial position of Electrolux, after completion of the planned rights issue, is expected to be consistent with a financial policy to retain an investment grade credit rating.

### Transaction terms and timing

Electrolux will acquire GE Appliances for a cash consideration of USD 3.3 billion. The deal is structured primarily as an asset transaction.

Completion of the transaction is mainly subject to regulatory approvals. The acquisition is expected to close during 2015.



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As is customary in the United States in certain types of transactions, Electrolux has agreed to pay a termination fee of USD 175 million in certain circumstances involving the failure to obtain regulatory approvals.

### **Financing**

The acquisition of GE Appliances will be funded by a committed bridge facility arranged by Deutsche Bank AG and Skandinaviska Enskilda Banken AB (publ). The bridge facility is planned to gradually be replaced by capital market and bank financing (approximately 75%) and a rights issue (approximately 25%). The Board of Directors of Electrolux will invite the shareholders to a general meeting and make a proposal on the rights issue. The rights issue is intended to be completed following completion of the transaction.

### **Advisors**

Deutsche Bank and SEB Corporate Finance are acting as financial advisors to Electrolux. Davis Polk & Wardwell is acting as lead legal advisor to Electrolux.

### **Investor and press telephone conference today**

The telephone conference will begin at 08.30 CET (02.30 ET). The conference will be chaired by Keith McLoughlin, President and CEO of Electrolux. Mr. McLoughlin will be accompanied by Tomas Eliasson, CFO.

Details for the call are as follows:

Participants in Sweden should call + 46 8 505 564 74

Participants in the UK/Europe should call +44 203 364 5374

Participants in the U.S. should call +1 855 753 2230

The call will be broadcasted live at <http://www.electrolux.com/ir>, where a slide presentation also will be available.

### **Contacts for further information**

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Alternatively, please contact Electrolux Press Hotline, +46 8 657 65 07

Electrolux is a global leader in home appliances, based on deep consumer insight and developed in close collaboration with professional users. We offer thoughtfully designed, innovative solutions for households and businesses, with products such as refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air conditioners and small domestic appliances. Under esteemed brands including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine, the Group sells more than 50 million products to customers in more than 150 markets every year. In 2013 Electrolux had sales of SEK 109 billion and 61,000 employees. For more information go to <http://group.electrolux.com>.

Electrolux discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 07.30 CET on September 8, 2014.