

Cash flow

Operating cash flow

Cash flow from operations and investments in 2010 amounted to SEK 3,206m (5,330). Compared to the previous year, cash flow for 2010 reflects a more normal cash-flow pattern with increased production, build-up of inventories and investments in new products and new capacity. Cash flow in the previous year reflected a more restrained situation with cutbacks of production and inventory levels after a long period of very weak markets.

In addition, compared to the previous year, higher capital expenditure has adversely affected cash flow. Capital expenditure during 2010 increased from a low level in the previous year.

In the fourth quarter of 2009, SEK 3,935m was paid to the Group's pension funds. The payments have reduced the Group's pension net debt, limited risk exposure and volatility in pension liabilities.

Outlays for the ongoing restructuring and cost-cutting programs amounted to approximately SEK 770m in 2010.

Capital expenditure, by business area

SEKm	2010	2009
Consumer Durables		
Europe, Middle East and Africa	1,454	1,187
% of net sales	3.6	2.8
North America	742	470
% of net sales	2.2	1.3
Latin America	661	311
% of net sales	3.8	2.2
Asia/Pacific	208	131
% of net sales	2.4	1.3
Professional Products	96	107
% of net sales	1.5	1.5
Other	60	17
Total	3,221	2,223
% of net sales	3.0	2.0

- Solid cash flow, generated by operating income.
- Increased investments in new products.
- Capital expenditure increased to SEK 3,221m, as against SEK 2,223m in 2009.
- R&D costs increased to 1.9% (1.8) of net sales.

Capital expenditure

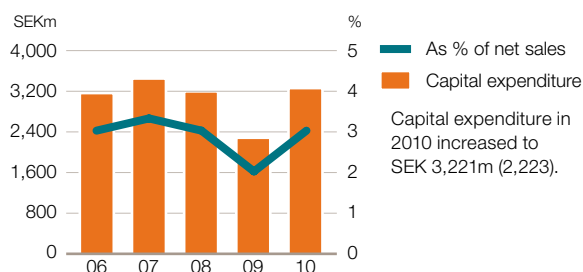
Capital expenditure in property, plant and equipment in 2010 increased to SEK 3,221m (2,223). Capital expenditure corresponded to 3.0% (2.0) of net sales. Investments during 2010 referred mainly to investments for new products in Europe and North America, reinvestment and capacity expansions within manufacturing in Brazil.

Costs for R&D

Costs for research and development in 2010, including capitalization of SEK 396m (370), amounted to SEK 1,993m (1,991), corresponding to 1.9% (1.8) of net sales. R&D projects during the year mainly referred to development of new products and design projects within appliances in Europe, North America and Latin America as well as within floor-care operations.

For definitions, see Note 30 on page 73.

Capital expenditure



Cash flow and change in net borrowings

