

Net sales and income

Net sales

Net sales for the Electrolux Group in 2010 amounted to SEK 106,326m, as against SEK 109,132m in the previous year. Changes in exchange rates had a negative impact on net sales. Net sales increased by 1.5% in comparable currencies. Strong sales growth in Latin America and Asia/Pacific offset lower sales volumes in Europe and North America.

Change in net sales

%	2010
Changes in Group structure	0.0
Changes in exchange rates	-4.1
Changes in volume/price/mix	1.5
Total	-2.6

Operating income

Operating income for 2010 increased to SEK 5,430m (3,761), corresponding to 5.1% (3.4) of net sales.

All operations showed improvements. Improvements in mix, cost savings and changes in exchange rates had a positive impact on income, compared to 2009.

Items affecting comparability

Operating income for 2010 includes costs for the restructuring program initiated in 2004, see page 8. These costs, amounting to SEK -1,064m (-1,561), are reported as items affecting comparability. Excluding items affecting comparability, operating income amounted to SEK 6,494m (5,322) and operating margin to 6.1% (4.9). In 2010, Electrolux achieved its operating margin target of 6% for a full year for the first time.

Depreciation and amortization

Depreciation and amortization in 2010 amounted to SEK 3,328m (3,442).

Financial net

Net financial items improved to SEK -124m (-277). The improvement is mainly due to lower interest rates on borrowings and lower net borrowings.

- Net sales for 2010 increased by 1.5% in comparable currencies.
- Strong growth in Asia/Pacific and Latin America offset lower sales volumes in Europe and North America.
- Operating income increased to SEK 5,430m (3,761).
- Electrolux achieved its operating margin target of 6%, excluding items affecting comparability.
- Operating income improved on the basis of an improved product mix and cost savings.
- Income for the period was SEK 3,997m (2,607).
- Earnings per share amounted to SEK 14.04 (9.18).

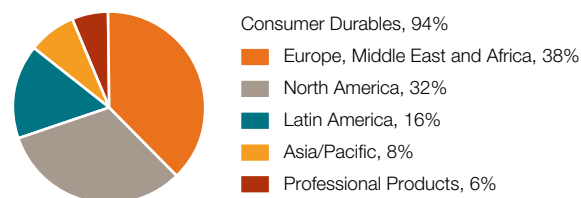
Income after financial items

Income after financial items increased to SEK 5,306m (3,484), corresponding to 5.0% (3.2) of net sales.

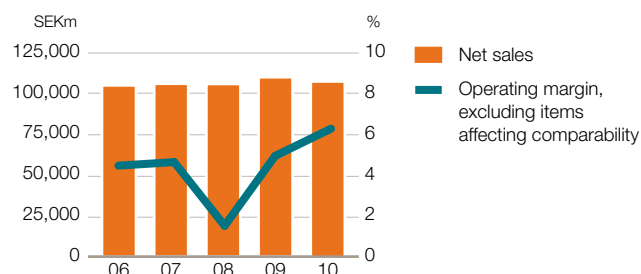
Taxes

Total taxes in 2010 amounted to SEK -1,309m (-877), corresponding to 24.7% (25.2) of income after financial items.

Share of sales by business area



Net sales and operating margin



Income for the period and earnings per share

Income for the period amounted to SEK 3,997m (2,607), corresponding to SEK 14.04 (9.18) in earnings per share before dilution.

Effects of changes in exchange rates

Changes in exchange rates compared to the previous year, including translation, transaction effects and hedging contracts, had a positive impact of approximately SEK 660m on operating income for 2010. The effects of changes in exchange rates referred mainly to the operations in Europe, Asia/Pacific and Latin America. The weakening of the euro against several other currencies and the strengthening of the Australian dollar and the Brazilian real against the US dollar positively affected operating income.

The transaction effects amounted to approximately SEK 740m and the translation of income statements in subsidiaries to approximately SEK -130m. In addition, results from hedging contracts had a positive effect of approximately SEK 50m on operating income.

For additional information on effects of changes in exchange rates, see section on foreign exchange risk in Note 2 on page 40.

Market overview

Demand in the North American market increased by 5% over the previous year. The growth derives from a very low level after more than three years of decline. One contributing factor to the growth in 2010 was the state-sponsored rebate program for energy-efficient products in the second quarter.

Total demand in the European market stabilized in 2010 and increased by 2%, after more than two years of decline, primarily due to growth in Eastern Europe, where demand increased by 6%. Demand in Western Europe stabilized. The market in Brazil increased in 2010 in comparison with the previous year. Most other markets in Latin America also improved.

Market demand for appliances in Europe and North America is expected to show a modest growth in 2011. Demand in Europe is expected to increase by approximately 2% and demand in North America by approximately 3% in 2011.

Structural changes

Electrolux initiated a restructuring program in 2004 to make the Group's production competitive in the long term. It will be completed in 2011 and more than half of production of appliances will be located in low-cost areas. The total cost of the program will be approximately SEK 8.5 billion, and the program is expected to generate annual cost savings of SEK 3.4 billion with full effect as of 2013. Restructuring provisions and write-downs are reported as items affecting comparability within operating income.

Throughout 2010, Electrolux introduced restructuring activities and acquisitions. These activities are described below.

December 2010

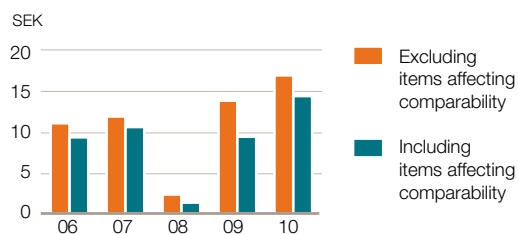
Electrolux consolidates cooking manufacturing in North America

Electrolux is to consolidate its North American cooking manufacturing to Tennessee, USA, by building a new plant in Memphis. This site offers an optimal geographical location towards customers and suppliers. Electrolux currently operates a factory in Springfield. The new factory will together with the existing cooker factory in Springfield establish Tennessee as a cooking production centre for Electrolux in North America, enabling Electrolux to realize synergies in manufacturing, R&D, purchasing, etc.

Production in Memphis is expected to start in mid-2012, and the factory is expected to be fully operational in 2013. The new manufacturing site, which represents an investment of USD 190m, corresponding to approximately SEK 1,300m, will receive investment support from state, county and city governing bodies, which is pending their final approval.

Production at Electrolux cooking facility in L'Assomption, Quebec, Canada, will be transferred to the new facility in Memphis. Transfer of production from the factory in L'Assomption will begin in mid-2012, and the factory will close in the fourth quarter of 2013. The factory has approximately 1,300 employees. The closure will incur a total cost of approximately SEK 430m, which was taken as a charge against operating income in the fourth quarter of 2010, within items affecting comparability.

Earnings per share



Items affecting comparability

Restructuring provisions and write-downs ¹⁾	2010	2009
SEKm		
Appliances, workforce reduction within manufacturing, Europe	-356	-
Appliances plant in L'Assomption, Quebec, Canada	-426	-
Appliances plant in Revin, France	-71	-
Appliances plant in Forlì, Italy	-136	-
Appliances plant in Motala, Sweden	-95	-
Appliances plant in Alcalà, Spain	-	-440
Appliances plants in Webster City and Jefferson, USA	-	-560
Office consolidation in USA	-	-218
Appliances plant in Changsha, China	-	-162
Appliances plant in Porcia, Italy	-	-132
Appliances plant in St. Petersburg, Russia	-	-105
Reversal of unused restructuring provisions	20	56
Total	-1,064	-1,561

1) Deducted from cost of goods sold.