

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

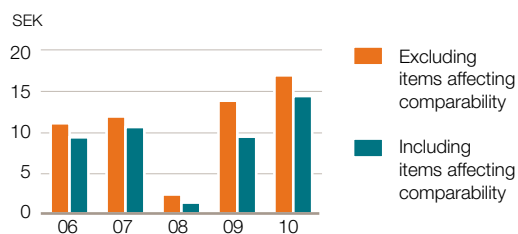
Electrolux consolidates cooking manufacturing in North America

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 Alcalá, 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.

Electrolux to reduce workforce in Europe

In Europe, Electrolux will reduce its workforce within manufacturing of appliances by approximately 800 employees in 2011 and 2012. No factory will be closed. Changes will be implemented gradually, and fully finalized in the fourth quarter of 2012. The redundancies will incur a total cost of approximately SEK 360m, which was taken as a charge against operating income in the fourth quarter of 2010, within items affecting comparability.

October 2010

Electrolux intends to acquire Olympic Group in Egypt

As part of Electrolux strategy to grow in emerging markets, Electrolux last October announced its intention to acquire Olympic Group for Financial Investments S.A.E. Olympic Group is the largest manufacturer of household appliances in the fast-growing Middle East and North Africa regions.

Olympic Group, listed on the Egyptian Stock Exchange, has 7,300 employees and manufactures washing machines, refrigerators, cookers and water heaters. In 2009, net sales amounted to 2.1 billion Egyptian pounds (EGP), approximately SEK 2.5 billion. Olympic Group's estimated volume market share of appliances in Egypt is approximately 30%.

In October, Electrolux signed a Memorandum of Understanding with Paradise Capital to acquire Paradise Capital's 52% controlling interest in Olympic Group. Electrolux intends to launch a Mandatory Tender Offer for the remaining shares in the company. Upon completion of the transaction, the ownership in the associated companies Namaa and B-Tech will be acquired by Paradise Capital.

The estimated enterprise value of Olympic Group, excluding the above mentioned associated companies, is approximately EGP 2.7 billion or SEK 3.2 billion. The acquisition is subject to satisfactory completion of the due diligence process that has been initiated, regulatory clearances and agreements on customary transaction documentation. Upon completion of the acquisition, Olympic Group will against a management fee enter into a management agreement with Electrolux and Paradise Capital for continued technical and management support.

Given recent turmoil in Egypt, Electrolux is assessing the situation.

August 2010

Electrolux acquires washer plant in Ukraine

Electrolux has signed an agreement to acquire a washing-machine factory in Ivano-Frankivsk, Ukraine, with approximately 150 employees.

The acquisition strengthens Electrolux presence and manufacturing base in Central and Eastern Europe. Ukraine participates in the free trade framework within the Commonwealth of Independent States (CIS), which includes Russia, Kazakhstan, Armenia, Azerbaijan and other countries.

The washer factory is acquired from Antonio Merloni S.p.A. and the purchase price is EUR 19m. Closing of the deal is expected to take place in the first quarter of 2011, and is subject to approval by competition authorities.

April 2010

Improving efficiency in appliances plants in Italy and France

Electrolux is continuing its restructuring work in Europe. In the second quarter of 2010, work was initiated on how efficiency at the washing-machine plant in Revin, France, and at the cooker plant in Forlì, Italy, can be improved. The costs are estimated at approximately SEK 210m, which were charged against operating income, within items affecting comparability, in the second quarter of 2010.

January 2010

Production of cookers in Sweden to be phased out

It has been decided to discontinue the Group's production of cookers in Motala, Sweden. In the first quarter of 2011, the greater part will be phased out and an external part will take over production of large cookers and compact-kitchens. Approximately 240 people are employed at the plant. Costs for the discontinuation, SEK 100m, were charged against operating income, within items affecting comparability in the first quarter of 2010.

Relocation of production, items affecting comparability, restructuring measures 2007–2013

Plant closures and cutbacks			Closed
Nuremberg	Germany	Dishwashers, washing machines and dryers	(Q1 2007)
Torsvik	Sweden	Compact appliances	(Q1 2007)
Adelaide	Australia	Dishwashers	(Q2 2007)
Fredericia	Denmark	Cookers	(Q4 2007)
Adelaide	Australia	Washing machines	(Q1 2008)
Spennymoor	UK	Cookers	(Q4 2008)
Changsha	China	Refrigerators	(Q1 2009)
Scandicci	Italy	Refrigerators	(Q2 2009)
St. Petersburg	Russia	Washing machines	(Q2 2010)

Authorized closures			Estimated closure
Motala	Sweden	Cookers	(Q1 2011)
Webster City	USA	Washing machines	(Q1 2011)
Alcalá	Spain	Washing machines	(Q1 2011)
L'Assomption	Canada	Cookers	(Q4 2013)
Investment			Effectuated
Porcia	Italy	Washing machines	(Q4 2010)
Memphis	USA	Cookers	(Q2 2012)

In 2004, Electrolux initiated a restructuring program to make the Group's production competitive in the long term. When it is implemented in 2011, 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 savings will amount to approximately SEK 3.4 billion annually as of 2013. Restructuring provisions and write-downs are reported as items affecting comparability within operating income. For information on provisions in 2010, see table on page 8.