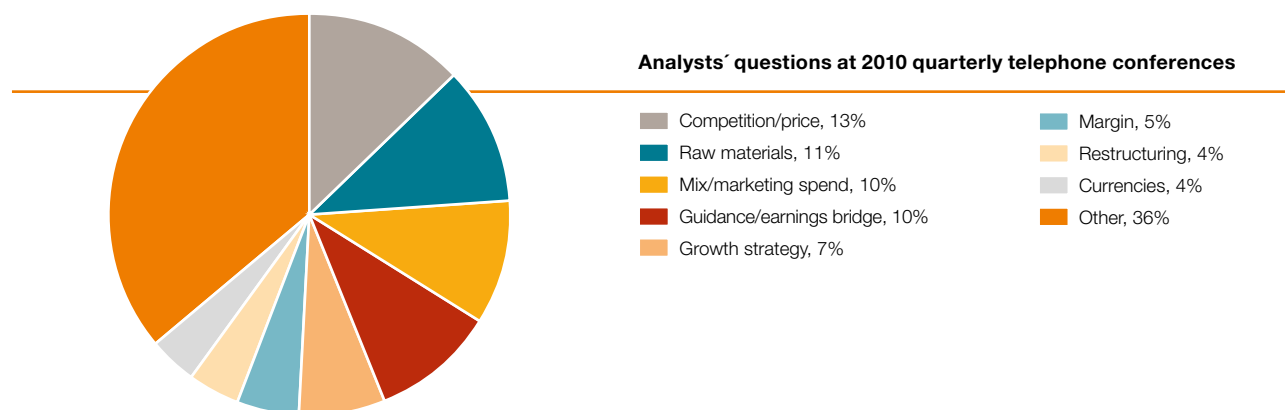


Frequently asked questions by analysts



► **Describe the competitive landscape for Electrolux in 2010 and its impact on prices.**

Following strict price discipline in 2008 and 2009, declining prices affected Electrolux negatively in 2010. In the second half of 2010, we saw temporary sales campaigns in North America. In Europe, the level of competition increased in the second half of the year. Price pressure was evident in Russia, Southern Europe and the Nordic region, partly due to currency-related fluctuations. Price pressure also prevailed in Australia.

► **How have the prices of raw materials affected the Group in 2010?**

Electrolux purchased raw materials for SEK 20 billion in 2010. The single largest cost was the procurement of steel, which amounted to almost half the total cost. In addition to higher steel prices, the Group was affected by higher prices for plastic and base metals. Compared with 2009, costs for raw materials were about SEK 1 billion higher in 2010. Raw-material prices affect the Group in the short-term. In the long term, Electrolux offsets higher raw-material prices through cost savings, mix improvements and price increases.

► **What can you say about the continued positive trend of the product mix?**

Improving our mix is central to our strategy. In recent years, despite weak markets, we have successfully launched new products at higher sales prices, which has also improved our results. In 2010, we relaunched the majority of our base offering in North America under the Frigidaire brand. Towards the end of the year, we commenced a very important launch of built-in products in Europe. In Latin America, we continued to launch new products at a rapid pace. The product mix had a positive effect on our results for 2010.

► **What is your strategy for growth?**

Since we have improved our operating margin in parallel with strengthening our balance sheet, we can now also focus on growth. Our prioritized areas of growth are primarily expanding in emerging markets and specific product areas. We aim to grow organically but will support this growth with acquisitions.

► **What are the future prospects for your operating and gross margins?**

Through new innovative products, we aim to improve our offering with products we can sell at higher prices. The higher prices will improve our gross margin. An improved gross margin will enable us to invest more in product development and marketing, which in turn will enhance the gross margin. This is a very long-term strategy that will provide ongoing effects over many years.

► **Can you provide us with an update regarding your extensive restructuring program?**

In response to global competition, Electrolux has been implementing an extensive restructuring program since 2004. Plants have been closed in high-cost areas, including the US, Germany and Australia, and new plants built in Mexico, Eastern Europe, Thailand etc. In total, the program will include costs of approximately SEK 8.5 billion and generate annual savings of approximately SEK 3.4 billion. During 2011, the final restructuring decisions in the program is expected to be taken.

► **How have currencies affected you in 2010?**

Normally, Electrolux is not particularly affected by currency movements since we have both sales and production globally. After the substantial fluctuations in 2009 and 2010, the currency effect became significant in 2010. Electrolux benefitted primarily from the advantageous exchange rates for the AUD, BRL, USD and EUR.