Frequently asked questions by analysts

Describe the competitive landscape for Electrolux in 2011 and its impact on prices.

Price pressure was evident in the Group's major markets in 2011. Promotions continued in North America at the same time as prices declined steadily during the year in Europe. To offset the intense price pressure, Electrolux carried out two price increases in North America in 2011. Further price hikes have been announced in North America and Europe for early 2012.

How did the prices of raw materials affect the Group in 2011?

Electrolux purchased raw materials for SEK 20 billion in 2011. The single largest cost was for the procurement of steel, which accounted for almost half the total cost. In addition to higher steel prices, the Group was affected by higher prices for plastics and base metals. Compared with 2010, costs for raw materials were about SEK 2 billion higher in 2011. 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.

Can you provide us with an update regarding your 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 and Thailand, among other countries. In total, the program will result in costs of approximately SEK 11.7 billion and generate annual savings of approximately SEK 4.6 billion compared with the base year 2004.

How will your newly acquired assets generate value for Electrolux shareholders?

Electrolux carried out two acquisitions in 2011. In Egypt, the Group acquired Olympic Group, which is the market leader in the country and is also exposed to North Africa and the Middle East. The second acquisition is related to the South American company CTI, which is a market leader in Chile and holds a strong position in Argentina. Both of these acquisitions are a good match for the Group's growth strategy, whose aim is that growth markets will account for 50% of sales within a five-year period. Both Olympic and CTI have high underlying profitability and by growing these assets, Electrolux will generate value for its shareholders.

How did the Electrolux mix develop over the year and what has been done to improve it?

Improving our mix is central to our strategy. By selling a higher share of premium and built-in appliances, the mix – and thus profitability – is improved. During the year, a major launch of AEG products was carried out in the built-in segment, which had a positive impact on the mix. However, since countries with high sales prices (such as Italy) displayed very weak growth during the year, the mix trend was not as positive as it has been in the past.

How did the principal drivers behind the Group's income develop during the year and what can be said about the company's seasonal patterns?

Key external factors that benefited Electrolux during parts of 2009 and 2010 had a negative impact in 2011. Raw-material costs rose by SEK 2 billion. Price pressure was intense and demand was weak in the Group's major markets. In 2011, Electrolux demonstrated a seasonal pattern that has been relatively clear in recent years, with higher profitability in the second half of the year than in the first. Seasonal variations eased somewhat as the share of replacement volumes increased. Nevertheless, Electrolux reported higher profit in the second half of the year compared with the first.

How did the market shares of Electrolux develop in the largest markets during the year?

Electrolux gained market shares during the second half of the year in Europe. Although market shares were still lower than in the preceding year, they were higher than in the first half of the year as a result of the launch of new AEG appliances. In North America, the market share of Electrolux was in line with the preceding year.

Analysts' questions at 2011 quarterly telephone conferences