

Exchange-rate exposure at Electrolux

Exchange-rate exposure

The global presence of Electrolux, with manufacturing and sales in a number of countries, offsets exchange-rate effects to a certain degree. The principal exchange-rate effect arises from transaction flows; when purchasing and/or production are/is carried out in one currency and sales occur in another currency. The Group utilizes currency derivatives to hedge a portion of the currency exposure that arises. The business sectors within Electrolux usually have a hedging horizon of between three and eight months of forecast flows. Hedging horizons outside this period are subject to approval from Group Treasury. It is mainly sectors within growth markets that have a shorter hedging horizon. The business sectors are allowed to hedge forecast flows from 60% to 80%. The effect of currency hedging is usually that currency movements that occur today have, to a certain degree, a delayed effect. Electrolux is also affected by translation effects when the Group's sales and operating income are translated into SEK. The translation exposure is primarily related to currencies in those regions where the Group's most substantial operations exist, that is, EUR and USD.

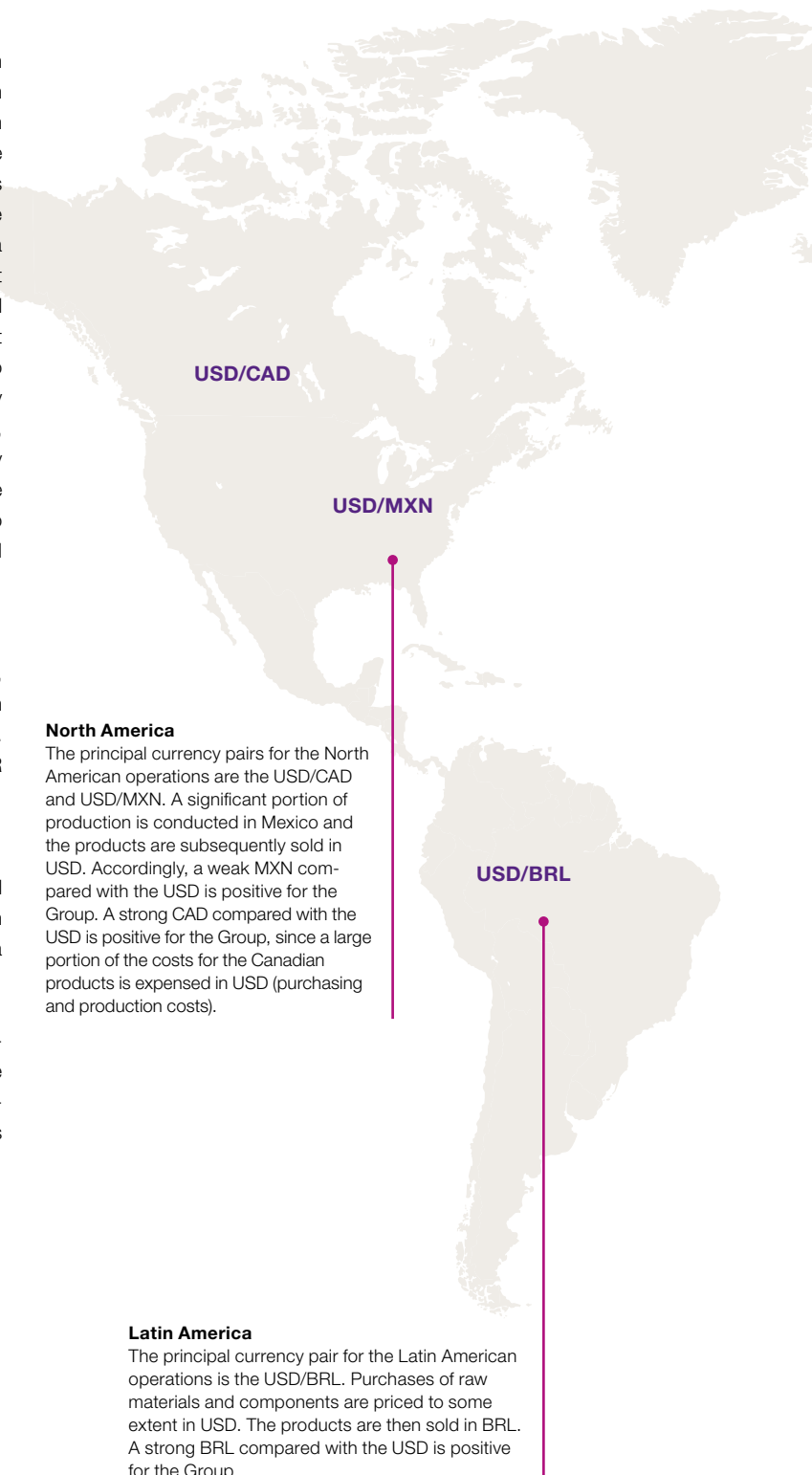
Sensitivity analysis of currencies

The major currencies for the Electrolux Group are the USD, EUR, BRL, RUB AUD and GBP. The key currency pairs are presented in the map together with an explanation of how they impact the Group. In general, income for Electrolux benefits from a weak USD and EUR and from a strong BRL, RUB, AUD and GBP.

Currency effects 2011

The total currency effect (translation effects, transaction effects and net hedges) amounted to approximately SEK 150m. The translation effect was a negative SEK 325m, which was principally due to a stronger SEK, on average, relative to the USD and EUR in 2011 compared with 2010.

The transaction effect was a positive SEK 400m, which was primarily due to a stronger BRL and AUD, on average, relative to the USD, and the weakness of the EUR in relation to a number of European currencies in 2011 compared with 2010. Net hedging effects amounted to a positive SEK 75m.



Main translation effects: USD/SEK, EUR/SEK