







Business areas in brief 2011

These are Electrolux business areas. Customer needs and functional preferences for products are becoming increasingly global. However, there are structural differences between the markets in which Electrolux operates. What distinguishes these markets, and what is driving growth? What does Electrolux focus on?

	Major Appliances			Small Appliances		Professional Products
	Europe, Middle East and Africa	North America	Latin America	Asia/Pacific		
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Average number of employees	20,847	11,174	11,537	3,296	2,572	2,581
Share of sales and share of operating income	<div>Share of sales: 33%</div> <div>Share of operating income: 22%</div>	<div>Share of sales: 27%</div> <div>Share of operating income: 8%</div>	<div>Share of sales: 18%</div> <div>Share of operating income: 26%</div>	<div>Share of sales: 8%</div> <div>Share of operating income: 23%</div>	<div>Share of sales: 8%</div> <div>Share of operating income: 17%</div>	<div>Share of sales: 6%</div> <div>Share of operating income: 27%</div>
Electrolux organic growth strategy	<ul style="list-style-type: none">Grow in specific product categories, e.g., built-in products.Grow in growth markets as Eastern Europe, Middle East and AfricaPromote water- and energy-efficient products.Expand product offering.	<ul style="list-style-type: none">Gain a strong, long-term position in the profitable premium segment.Channel expansion.Expand product offering.Promote water- and energy-efficient products.	<ul style="list-style-type: none">Grow in markets outside Brazil, such as Argentina and Mexico. Strengthen the position in Brazil.Expand product offering.	<ul style="list-style-type: none">Grow in the premium segment.Promote water- and energy-efficient products.Grow in Southeast Asia.Invest in new products adapted to the needs of Asian consumers and broaden the product offering.	<ul style="list-style-type: none">Capture the growth in emerging markets.Grow in small domestic appliances.Grow in the premium segment.Expand product offering.	<ul style="list-style-type: none">Investments in product development and concentration of product portfolio.Focus on Electrolux as a global premium brand.Development of a global service network.
Market growth	<ul style="list-style-type: none">Total demand for the European market was unchanged in 2011. Demand in Western Europe declined by 3%. Demand in Eastern Europe rose by 9%, mainly as a result of increased demand in Russia.	<ul style="list-style-type: none">Total demand declined by 4%. Room air-conditioners showed strong growth, rising by almost 20%.	<ul style="list-style-type: none">Strong growth across the whole region as a result of improved household purchasing power.	<ul style="list-style-type: none">Market demand for appliances in Australia increased somewhat. Market demand in Southeast Asia and China showed a considerable increase.	<ul style="list-style-type: none">Demand for vacuum cleaners declined in Europe and North America. Demand for small domestic appliances grew strongly in several markets, e.g., in Latin America.	<ul style="list-style-type: none">Global demand is estimated to have declined somewhat.
Electrolux market share	Core Appliances in Western Europe: 16% Core Appliances in Eastern Europe 14% Appliances in Egypt 30%	Major Appliances 21%	<ul style="list-style-type: none">Electrolux has a leading position in Brazil.Through the acquisition of CTI, The Group has the number one position in Chile and a leading position in Argentina.	Core appliances 41% in Australia. Small but growing market share in Southeast Asia.	Leading position in markets such as Latin America, Europe and North America.	Food service 9% in Western Europe. Laundry 22% in Western Europe.
Market characteristics, drivers and distribution channels	<p>Market characteristics</p> <ul style="list-style-type: none">Complex market with different brands in different countries with different consumer patterns.Low level of consolidation among manufacturers. <p>Drivers</p> <ul style="list-style-type: none">Replacement.New housing and renovations.Design.Energy- and water-efficient products. <p>Improved household purchasing power in Eastern Europe, Middle East and Africa.</p> <p>Distribution channels</p> <ul style="list-style-type: none">Many small, local and independent retailers.Growing share of sales through kitchen specialists.	<p>Market characteristics</p> <ul style="list-style-type: none">Similar consumer patterns across the market.High level of consolidation among producers and retailers. <p>Drivers</p> <ul style="list-style-type: none">Replacement.New housing and renovations.Design.Energy- and water-efficient products. <p>Distribution channels</p> <ul style="list-style-type: none">Kitchen specialists such as those in Europe account for only a small share of the market.The four largest retailers account for 70% of the market.	<p>Market characteristics</p> <ul style="list-style-type: none">Majority of production is domestic due to high import tariffs and logistic costs.Relatively high level of consolidation among producers. <p>Drivers</p> <ul style="list-style-type: none">Improved household purchasing power.Growing middle class. <p>Distribution channels</p> <ul style="list-style-type: none">High level of consolidation among retailers, especially in Brazil.	<p>Market characteristics</p> <ul style="list-style-type: none">No clear market leader in the region as a whole. Relatively high level of consolidation in Australia and China.Southeast Asian consumers find European brands appealing, but their market shares are still small. <p>Drivers</p> <ul style="list-style-type: none">Improved household purchasing power.Growing middle class.Replacement, new housing and renovations. Design. Water-efficient products. <p>Distribution channels</p> <ul style="list-style-type: none">Majority of sales through small, local stores. In urban areas, a large proportion of appliances is sold through department stores, superstores and retail chains. In China, two major retailers dominates the market.Australia Five large retail chains account for approximately 90% of the market.	<p>Market characteristics</p> <ul style="list-style-type: none">Globalized industry. The majority of production occurs in low-cost areas. <p>Drivers</p> <ul style="list-style-type: none">Growth markets: Rising income levels and increased demands on hygiene.Mature markets: Replacement, design and innovations. Need of compact products due to growing number of small households. <p>Distribution channels</p> <ul style="list-style-type: none">Majority of sales at department stores, superstores or through retail chains.	<p>Market characteristics</p> <ul style="list-style-type: none">Food service Half of all equipment is sold in North America. European market is dominated by many small independent restaurants.Laundry Five largest producers represent approximately 55% of the global market. <p>Drivers</p> <ul style="list-style-type: none">Energy- and water-efficient products. US restaurant chains expanding. Replacement. Growing population. <p>Distribution channels</p> <ul style="list-style-type: none">Food service High consolidation of dealers in North America. Fragmented market in Europe.Laundry Great proportion of direct sales although trend is towards a growing share of sales through dealers.
Major competitors	Bosch-Siemens, Indesit, Whirlpool.	Whirlpool, General Electric, LG, Samsung.	Whirlpool, Mabe.	Fischer & Paykel, Samsung, LG, Haier, Panasonic, Midea.	Dyson, Miele, Bosch-Siemens, Samsung, LG, SEB Group, Whirlpool, Black & Decker, Philips, TTI Group (Dirt Devil, Vax and Hoover), Bissel.	Ali Group, Rational, Primus, ITW, Alliance.
2011 in brief	<ul style="list-style-type: none">Olympic Group was acquired. Operating income declined mainly because of lower sales prices and a negative country mix due to higher sales in Eastern Europe and lower sales in Western Europe. Product mix improved as a result of the successful launch of new premium products. Higher costs for raw materials and reduction of staffing levels had an adverse impact on operating income.	<ul style="list-style-type: none">Sales decreased due to lower sales volumes. Operating income declined mainly due to lower sales volumes and reduced capacity utilization in production. Increased costs for raw materials, sourced products and transportation had a negative impact on operating income.	<ul style="list-style-type: none">Sales rose as a result of higher sales volumes and Electrolux continued to capture market shares in Brazil and in other Latin American markets. Sales have been positively impacted by the acquisition of CTI. Operating income declined due to a weaker customer mix and increased costs for raw materials.	<ul style="list-style-type: none">Sales declined in Australia, primarily as a result of price pressure in the market. Sales in Southeast Asia and China continued to display strong growth and Electrolux market shares are estimated to have grown. The operations in Southeast Asia continued to demonstrate favorable profitability throughout 2011.	<ul style="list-style-type: none">Increased sales of premium vacuum cleaners in Europe and the Airspeed product range in North America as well as strong sales growth for cordless handheld vacuum cleaners in most regions had a positive impact on the product mix. Operating income declined due to lower sales prices and increased costs for sourced products.	<ul style="list-style-type: none">Operating income for food-service equipment deteriorated due to lower sales volumes primarily in Southern Europe, where Electrolux commands a strong position. Operating income for laundry equipment improved as a result of price increases and higher sales volumes. Operating income for the whole business area improved.
Net sales and operating margin	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>