Financial goals over a business cycle

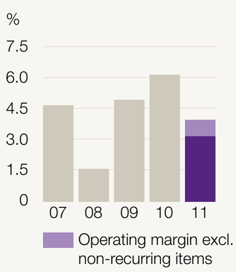
The financial goals of Electrolux are intended to enable the generation of shareholder value. In addition to maintaining and strengthening the Group's leading global position in the industry, achieving these goals contributes to generating a healthy total return for Electrolux shareholders. The weak demand trend in the Group's major markets resulted in the achievement of only one of the four goals in 2011.

Operating margin of at least 6%

In 2011, Electrolux achieved an operating margin of 3.9%, excluding items affecting comparability and non-recurring costs. The lower operating margin compared with the preceding year was due to weaker demand in mature markets, price pressure, higher costs for raw materials and non-recurring costs. Electrolux aims to improve its profitability by maintaining its focus on innovative products, strong brands, operational excellence and higher sales in profitable product categories and rapidly growing markets. The Group's operating margin will continue to fluctuate due to changes in general economic conditions and trends in the household-appliances market. Electrolux specifies an average goal for its operating margin measured over a business cycle.

>6%

Operating margin



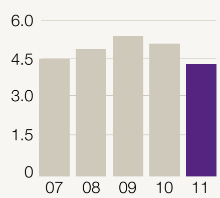
Operating margin, excluding items affecting comparability and non-recurring costs, amounted to 3.9% (6.1). Weak demand in mature markets, price pressure and increased costs for raw materials had a negative impact.

>4

Capital-turnover rate of at least four

Electrolux strives for an optimal capital structure in relation to the Group's goals for profitability and growth. Extensive investment has been made in new, modern production facilities in low-cost areas, and production has been discontinued in high-cost areas. In recent years, efforts to reduce working capital have been intensified. This has involved reviewing all aspects, from supplier contracts and inventory management to invoicing of customers. It has resulted in a lower level of structural working capital in the Group, meaning the share of capital that is not affected by changes in business conditions, and a stronger cash flow. Reducing the amount of capital tied up in operations creates opportunities for rapid and profitable growth. The capital-turnover rate amounted to 4.3 in 2011, which surpassed the goal.

Capital-turnover rate



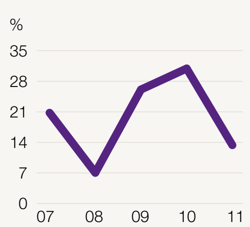
The capital-turnover rate was 4.3 (5.1) and was above target. The decline in capital-turnover for 2010 relates to extra pension contributions of SEK 4 billion. Capital-turnover rates for 2011 have been impacted by the acquisitions of Olympic Group and CTI in 2011.

Return on net assets of at least 25%

Focusing on growth with sustained profitability and a small but effective capital base enables Electrolux to achieve a high long-term return on capital. With an operating margin in excess of 6% and a capital-turnover rate of at least 4, Electrolux would achieve a return on net assets (RONA) of at least 25%. The figure reported for 2011 was 13.5%, which was lower than the goal. Net assets have been impacted by the acquisitions of CTI and Olympic Group.

>25%

Return on net assets



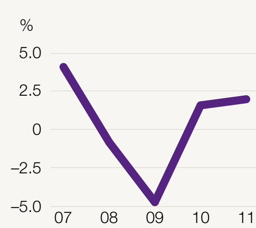
The return on net assets was 13.5% (31,0) excluding items affecting comparability. Net assets have been impacted by the acquisitions of Olympic Group and CTI and non-recurring items.

>4%

Average growth of at least 4% annually

Net sales growth including acquisitions amounted to 1.9% measured in comparable currencies. The weak demand trend in the Group's largest markets, Europe and the US, impacted sales negatively. In order to achieve higher growth than the market, Electrolux continues to strengthen its positions in the premium segment, expand in profitable high-growth product categories, increase sales in growth areas and develop service and aftermarket operations. In addition to organic growth, opportunities exist for implementing the Group's growth strategy more rapidly, through acquisitions or the establishment of business partnerships. In 2011, the Group implemented two strategically important acquisitions in rapidly growing markets that will ultimately contribute to higher organic growth. Through the acquisition of the Egyptian appliances manufacturer Olympic Group, Electrolux gains a market-leading position in North Africa and the Middle East. The acquisition of the Chilean appliances manufacturer CTI further improves the Group's leading position in Latin America.

Sales growth



Net sales increased by 1.9% in comparable currencies. Acquisitions had an impact on net sales by 1.7%.

Key ratios are excluding items affecting comparability.