

## Structural changes

### Optimizing manufacturing foot-print

Since 2004, Electrolux has initiated restructuring measures to make the Group's production competitive in the long term. Electrolux has established new production centers to support strategic growth areas in Asia, Mexico, Latin America, Eastern Europe and North Africa. About 35% of production has been moved. 19 factories have been closed and nine new factories have been built. Through the acquisitions of Olympic Group and CTI, manufacturing units have been added in Egypt and Latin America. At the same time as these units were integrated into the other operations, new measures were taken in the Group during 2012 in the area of manufacturing, see below.

In Memphis, Tennessee, USA, a new cooking plant is being built and production is being relocated from other plants in the region. The new refrigerator plant in Rayong, Thailand, which will satisfy the growing demand in Southeast Asia and China, was completed at the end of 2012.

### Adapting manufacturing foot-print in Europe

In 2012, Electrolux continued the work to increase production competitiveness by optimizing its industrial production system, as communicated at the Capital Markets Day in November 2011.

Several activities were initiated within the business area Major Appliances Europe, Middle East and Africa. Total costs are estimated to approximately SEK 927m, which were charged against operating income within items affecting comparability in the fourth quarter of 2012.

Additional costs of SEK 105m for pensions related to the closure of the cooker plant in L'Assomption, Canada, were charged to operating income within items affecting comparability in the fourth quarter of 2012. The decision to discontinue production in L'Assomption was made in the fourth quarter of 2010 and costs were charged as items affecting comparability, see table below.

### Items affecting comparability

| SEKm  | 2012          | 2011        |
|---|---------------|-------------|
| <b>Restructuring provisions and write-downs</b>                                   |               |             |
| Major Appliances Europe, Middle East and Africa, adapting manufacturing footprint | -927          | —           |
| Additional pension costs. Appliance plant in L'Assomption, Canada                 | -105          | —           |
| Appliance plant in Kinston, USA   | —             | -104        |
| Reduced workforce in Major Appliances, Europe                                     | —             | -54         |
| Reversal of unused restructuring provisions                                       | —             | 20          |
| <b>Total</b>  | <b>-1,032</b> | <b>-138</b> |

### Non-recurring items in 2011

As a result of the weak market conditions in Electrolux core markets in 2011, the Group took actions to improve cost efficiency, and a number of cost-savings activities were implemented. Activities to reduce staffing levels in all regions were initiated in the fourth quarter of 2011 and continued in 2012.

Non-recurring costs for these activities were charged to operating income in 2011 in the amount of SEK 635m. In addition, non-recurring historical WEEE<sup>1)</sup> related costs in Hungary for the period 2005 to 2007 amounting to SEK 190m were charged to operating income, see table below.

### Non recurring costs

| SEKm   | 2011       |
|--|------------|
| Reduction of staffing levels, Europe           | 500        |
| WEEE related costs in Europe                   | 190        |
| Reduction of staffing levels, North America    | 15         |
| Reduction of staffing levels, Asia/Pacific     | 20         |
| Reduction of staffing levels, Small Appliances | 45         |
| Reduction of staffing levels, Group functions  | 55         |
| <b>Total</b>                                   | <b>825</b> |

1) Producer responsibility related to Waste Electrical and Electronic Equipment (WEEE).

### Relocation of production, items affecting comparability, restructuring measures 2007–2013

| Plant closures and cutbacks |           |  | Closed  |
|-----------------------------|-----------|--|---------|
| Torsvik                     | Sweden    | Compact appliances                       | Q1 2007 |
| Nuremberg                   | Germany   | Dishwashers, washing machines and dryers | Q1 2007 |
| Adelaide                    | Australia | Dishwashers                              | Q2 2007 |
| Fredericia                  | Denmark   | Cookers                                  | Q4 2007 |
| Adelaide                    | Australia | Washing machines                         | Q1 2008 |
| Spennymoor                  | UK        | Cookers                                  | Q4 2008 |
| Changsha                    | China     | Refrigerators                            | Q1 2009 |
| Scandicci                   | Italy     | Refrigerators                            | Q2 2009 |
| St. Petersburg              | Russia    | Washing machines                         | Q2 2010 |
| Motala                      | Sweden    | Cookers                                  | Q1 2011 |
| Webster City                | USA       | Washing machines                         | Q1 2011 |
| Alcalá                      | Spain     | Washing machines                         | Q1 2011 |

| Authorized closures |        |                  | Estimated closure |
|---------------------|--------|------------------|-------------------|
| L'Assomption        | Canada | Cookers          | Q4 2013           |
| Investments         |        |                  | Start             |
| Porcia              | Italy  | Washing machines | Q4 2010           |
| Memphis             | USA    | Cookers          | Q2 2012           |

In 2004, Electrolux initiated a restructuring program to make the Group's production competitive in the long term. This program is in its final phase and has so far yielded annual savings of about SEK 3.2 billion. In 2011, additional measures were presented to further adapt capacity in mature markets to lower demand and savings were estimated to approximately SEK 1.6 billion as of 2016. Total costs for all measures are approximately SEK 12 billion, of which approximately SEK 9 billion has been charged to operating income. Restructuring provisions and write-downs are reported as items affecting comparability within operating income.