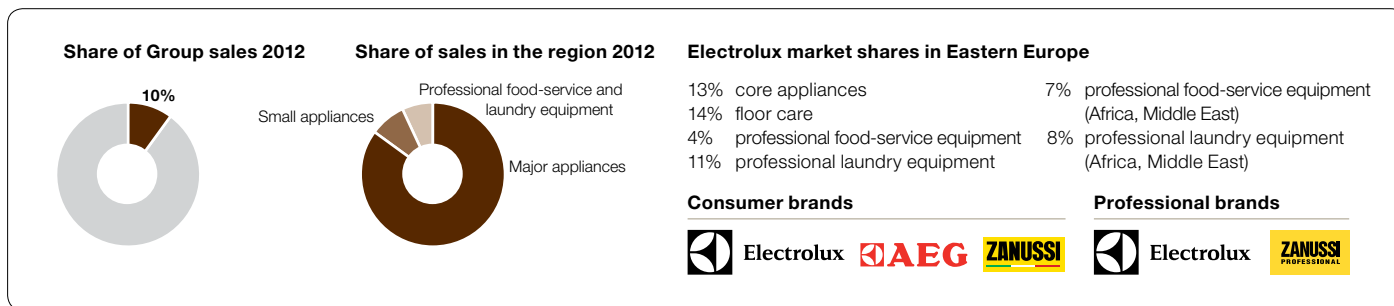


Africa, Middle East and Eastern Europe

Diverse market with growth opportunities

The acquisition of the Egyptian Olympic Group has given Electrolux a leading position in appliances in the markets in North Africa and the Middle East. The prevailing uncertainty in the region has reduced demand in the short term, yet there is long-term potential in pace with the continued increase in purchasing power.



Africa and the Middle East comprise more than 70 countries with considerable variations in terms of wealth and degree of urbanization. The demand for appliances in Africa is growing because many people are of the age when it is time to move out and find their own homes. The degree of penetration is low in most product categories, but is displaying high growth due to the rapid rise in purchasing power of the households. In Eastern Europe, where Russia is the largest market, both average prosperity and penetration are higher. A large market for replacement products is emerging in several product categories. In Eastern Europe, Russia displayed the strongest trend in 2012.

Low degree of consolidation

With a wide geographical distribution and varying degrees of purchasing power and patterns, it is difficult for manufacturers and retailers to capture large market shares in Africa and the Middle East. Turkey has sev-

eral large domestic manufacturers, such as Arcelik and Vestel, that have strong positions also in nearby regions. The markets of Eastern Europe are dominated by Western manufacturers, such as Electrolux and Bosch-Siemens, while the retailer network is domestic.

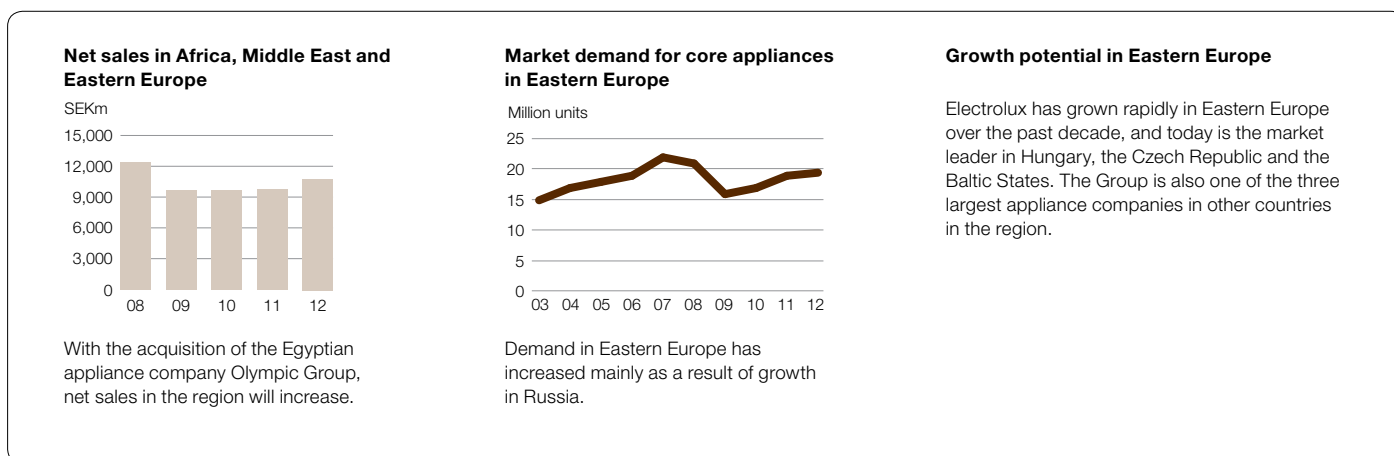
Proprietary manufacturing on location

With the acquisition of the Egyptian Olympic Group, Electrolux has established a leading position in appliances in North Africa and the Middle East. Through Olympic Group, Electrolux has proprietary manufacturing in the region for such items as refrigerators, cookers, water heaters and washing machines. The Group manufactures appliances in Ukraine, Rumania, Hungary and Poland and vacuum cleaners in Hungary. About 14% of the Group's total sales of professional food-service and laundry products are in the region and is growing significantly. Sales to commercial laun-

dries are rising in Eastern Europe and, in the Middle East, Electrolux has started delivering laundry equipment to facility management customers.

Growth opportunities

In Africa and the Middle East, all product categories are expanding at a high rate, primarily refrigerators, cookers, washing machines and air-conditioning equipment. The integration of Olympic Group, which is proceeding according to plan, is expanding opportunities for Electrolux to capitalize on the rapid pace of growth in the region. An example of an integration activity is the new air-conditioning products that were launched in Egypt under the Zanussi brand in 2012 and are manufactured at Olympic Group's plant. An increasing number of Eastern European households are starting to be able to afford to replace old appliances and even invest in new, more exclusive kitchen products.



Favola grows with the global coffee trend

The Favola coffee capsule machine is marketed in collaboration with the Italian coffee brand Lavazza. Sales grew substantially in 2012, not only in traditional coffee markets in Western Europe, but also in Eastern Europe and parts of Africa and the Middle East. It was particularly well received in Israel, and Favola captured a significant share of the coffee-maker sales in the country.



Quick facts Africa, Middle East and Eastern Europe

Population: 1,706 million
Average number of persons per household: 3.8
Urban population: 50%

Significant market: Middle East and Northern Africa

GDP per capita 2011: USD 7,800
Estimated real GDP growth 2012: 3.8%

Significant market: Russia

GDP per capita 2011: USD 13,100
Estimated real GDP growth 2012: 3.5%

Sources: World Bank and Electrolux estimates.

Successful integration of Olympic Group

The acquisition of the Egyptian appliance manufacturer Olympic Group ensures Electrolux a leading position in markets in North Africa and the Middle East, and strengthens the Group's competitiveness. In 2012, efforts to integrate the new operation progressed successfully in the form of joint initiatives in both manufacturing and the launch of new products, such as water heaters. The Electrolux Code of Conduct was introduced in the Olympic Group and the performance of the business is now measured using the same key ratios as those applied to the remainder of the Group.



New business for professional products in the Middle East

A focus on new customer categories has presented new business opportunities for Electrolux Professional laundry products. Considerable potential in facility management has been identified in the Middle East.



Electrolux markets and competitors

Core appliances

Major markets

- Russia
- Poland
- Egypt

Major competitors

- Bosch-Siemens
- Indesit
- Whirlpool
- Samsung
- LG Electronics

Floor care

Major markets

- Poland
- Russia
- Czech Republic
- South Africa

Major competitors

- LG Electronics
- Samsung
- Dyson
- Bosch-Siemens

Professional products

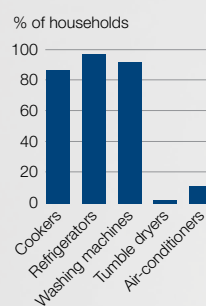
Major markets

- Turkey
- Russia
- Ukraine
- Middle East

Major competitors

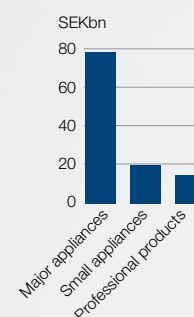
- Ali Group
- Rational
- Alliance
- Vyazama

Product penetration in Eastern Europe



Source: Electrolux estimates.

Market value



Source: Electrolux estimates.