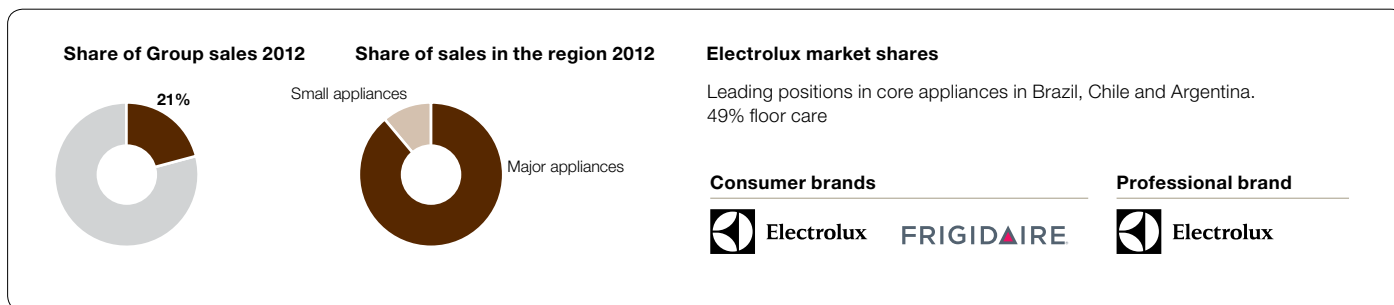


# Latin America Products for a rapidly growing middle class

*Electrolux is continuing to expand in Latin America. The acquisition of the Chilean appliance producer CTI has given the Group a leading position in the market in key product categories in Chile and Argentina. Sales in Brazil were positively impacted by tax subsidies for purchasing new appliances.*



Brazil represents about 50% of the total Latin American market for appliances. Other major markets include Mexico and Argentina. Latin America is a highly urbanized region for being a growth market. Growth is driven by rising purchasing power of households, which primarily demand more basic cookers, refrigerators and washing machines. Demand for products in the upper-price segments is also increasing among the rapidly emerging middle class in, for example, Brazil and Argentina. Despite the continued decline in the Brazilian economy in 2012, the sale of appliances rose sharply, mainly as a result of the government's extended tax-reduction program for the purchase of domestically manufactured appliances.

**Consolidated market**

The Latin American market is relatively consolidated. In Brazil, the three largest manufacturers, Electrolux, Whirlpool and Mabe, account for more than 70% of sales of appli-

ances. As a result of high import duties and logistical costs, the bulk of products sold in Latin America is produced domestically. The trend of consolidation is also strong among retailers in the region. Sales of household products are often conducted through campaigns and purchasing decisions are made in stores where it is important for manufacturers to have their own sales staff in place.

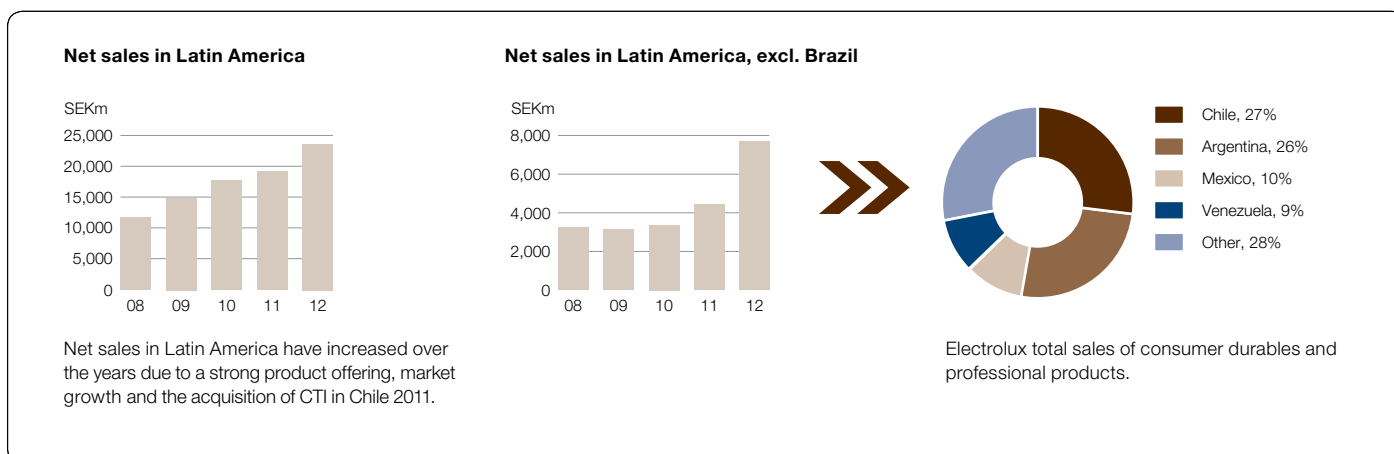
**Growing shares throughout the region**

The Group's operations in Latin America are growing rapidly and Electrolux is capturing market shares throughout the region. Brazil is the Group's largest individual market with about 70% of sales. The Electrolux brand holds a strong position in all segments in the country thanks to innovative products and close cooperation with the market-leading retail chains. With the acquisition of the Chilean appliance manufacturer CTI, Electrolux has become the largest manufacturer of appliances in Chile and the largest

manufacturer of refrigerators and freezers in Argentina. In the vacuum-cleaner segment, Electrolux has long held a leading position in the region. The Group has also established a fast-expanding business in the small-appliances category. Sales of professional food-service and laundry products remain modest but are growing across the categories.

**Growth opportunities**

Following the acquisition of CTI, Electrolux has established strong relationships with retailers in Chile and Argentina and has extensive distribution and an effective after-market business. By making further investments in production capacity and distribution, Electrolux can expand into other Latin American countries. The market for washing machines is demonstrating strong growth potential as purchasing power and demands for energy and water efficiency increase in the region. The market for small domestic appliances is large and growing rapidly.



### Quick facts Latin America

Population: 595 million  
Average number of persons per household: 3.7  
Urban population: 79%

### Significant market: Brazil

GDP per capita 2011: USD 12,600  
Estimated real GDP growth 2012: 0.9%

Sources: World Bank and Electrolux estimates.



## New innovative products

Electrolux launched nearly twice as many new products in the region during 2012 compared with 2011, demonstrating a particularly high pace ahead of the important fourth quarter and Christmas shopping period. The Brazilian operations have been pioneering within the Group in terms of developing products based on consumer insight.

## An attractive mix of small domestic appliances

The sales trend for small domestic appliances in Latin America was positive in 2012. Latin America accounts for the largest share of sales of small domestic appliances of all regions. During the year, Electrolux launched several new products in the region, such as the Easyline household mixer.



## Successful integration of CTI

With the acquisition of the Chilean appliance manufacturer CTI, Electrolux has become the largest manufacturer of appliances in Chile and the largest manufacturer of refrigerators and freezers in Argentina.

### Electrolux markets and competitors

#### Core appliances

Major markets

- Brazil
- Chile
- Argentina
- Mexico

#### Major competitors

- Whirlpool
- Mabe
- LG Electronics
- Samsung
- Daewoo

#### Floor care

Major markets

- Brazil
- Chile
- Argentina
- Venezuela

#### Major competitors

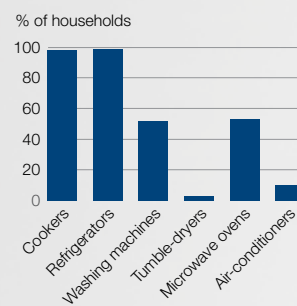
- SEB Group
- Whirlpool
- Black & Decker
- Philips

#### Professional products

Major competitors

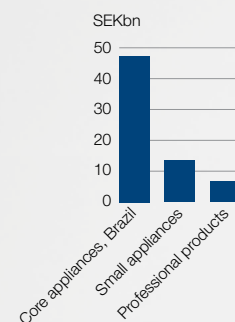
- ITW
- Fagor
- Girbau
- Alliance

### Product penetration in Brazil



Source: Electrolux estimates.

### Market value



Source: Electrolux estimates.