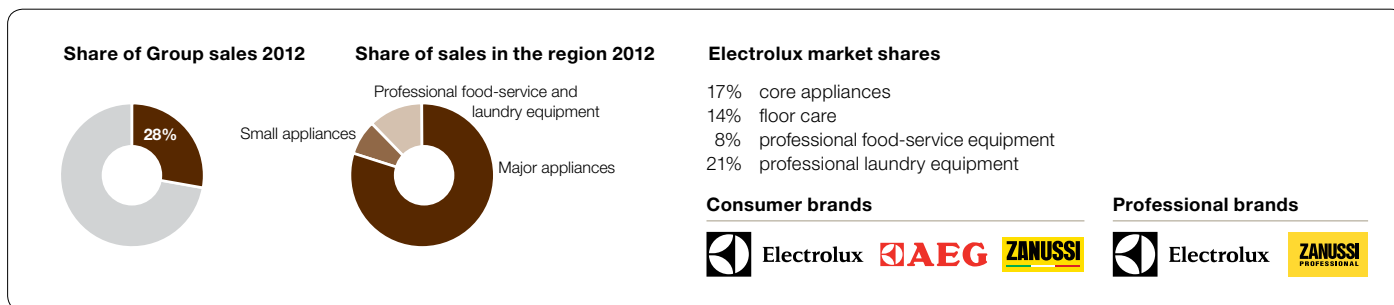


Western Europe

Extensive product launches

Western Europe is the Group's largest market for consumer durables and products for professional users. In 2012, Electrolux implemented extensive launches of new, innovative appliances under strong brands in the premium and mass-market segments.



The Western European household appliance market is dominated by replacement products as a result of high penetration in most product categories and low or stagnated population growth. Meanwhile, an increase in the number of households due to a rising share of elderly people, combined with the small living spaces in most homes, has led to higher demand for compact and user-friendly products. Demand for appliances continued to decline in 2012 for the sixth consecutive year. The weak demand in primarily Southern Europe had a negative impact on development.

A fragmented market

Western Europe is made up of many countries and language areas, which has resulted in widely varying consumer patterns and the establishment of a large number of manufacturers, brands and retailers for appliances. The low degree of consolidation is one reason for overcapacity and

price pressure in the industry. The market for professional kitchens is characterized by the presence of many manufacturers who often specialize in only one product category. Conversely, the market for professional laundry equipment is served by fewer players able to supply a larger product portfolio.

New products

Electrolux has significant market shares in both appliances and vacuum cleaners in Western Europe, which is the Group's largest market. A well-reasoned strategy with several product launches in recent years has led to Electrolux further strengthening its position, for example, in the built-in segment. Two extensive product launches took place in 2012. The Inspiration Range, encompassing new, innovative kitchen appliances and laundry products was launched under the Electrolux brand in the premium segment. In addition, the Zanussi

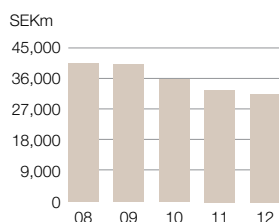
Quadro built-in product range was launched, targeting to the mass-market segment in Europe.

Western Europe represents 30% of the Group's sales of vacuum cleaners, with best sellers including Ergorapido and Ultra Silencer. About 65% of sales of Professional Products takes place in Western Europe. The strongest position is found in restaurants, hospitals and commercial laundries.

Growth opportunities

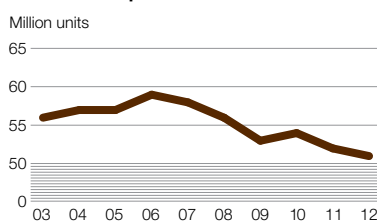
Despite the weak macroeconomic trend, the market for built-in appliances is continuing to grow in the long term and Electrolux is capturing market shares. Attractively designed, rechargeable handheld vacuum cleaners are continuing to capture an increasingly large share of the vacuum-cleaner market. Electrolux is a leader in this category. In addition, the market for small domestic appliances is displaying fast-paced growth in certain categories.

Net sales in Western Europe



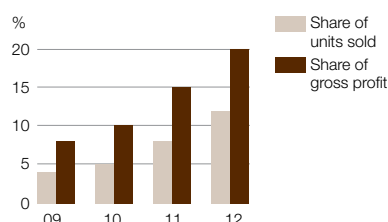
Net sales in Western Europe in 2012 have been impacted by the continued weak market demand particularly in Southern Europe.

Market demand for core appliances in Western Europe



A total of approximately 51 million core appliances were sold in Western Europe in 2012, corresponding to a decline of 2% compared with 2011.

Green Range in Europe



Products with the best environmental performance accounted for approximately 12% (8) of total units sold within Major Appliances in Europe in 2012 and for approximately 20% (15) of gross profit. Criteria for inclusion in the Green Range have been raised.

Making way for climate-smart appliances



Electrolux is developing climate-smart appliances for the new city district Stockholm Royal Seaport in Stockholm, Sweden. The appliances are equipped with IT solutions that inform users about real-time energy usage and cost. The appliances can be defaulted to make the most of off-peak opportunities and save money. Smart appliances also offer new ways to deliver customer care and other after-sales services.

Quick facts Western Europe

Population: 416 million
Average number of persons per household: 2.3
Urban population: 77%

Significant market: Euro Area

GDP per capita 2011: USD 39,300
Estimated real GDP growth 2012: -0.4%

Sources: World Bank and Electrolux estimates.

Competitive product offering in all segments

The European launch of new appliances under the Electrolux brand is the largest of its kind since 2007. Together with AEG products and the launch of Zanussi products for the mass-market segment, Electrolux has a highly competitive product offering in all segments throughout the European market.



Grand slam for the Swedish Culinary Olympic Team

The Swedish Culinary Olympic Team, which has trained in "the Kitchen of Tomorrow" at the head office of Electrolux in Stockholm, Sweden, since 2008, won gold in all categories at the Culinary Olympics 2012 held in Erfurt, Germany. The leading position of Electrolux in food preparation is also confirmed by the fact that more than half of all European Michelin-starred restaurants use appliances from Electrolux.



Photo: Per Erik Berglund

The Swedish Culinary Olympic Team at The Cube by Electrolux in Stockholm, Sweden.

Electrolux markets and competitors

Core appliances

Major markets

- Germany
- France
- Italy
- Nordics

Major competitors

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

Floor care

Major markets

- Germany
- France
- Nordics

Major competitors

- Dyson
- Miele
- Bosch-Siemens
- Samsung

Professional products

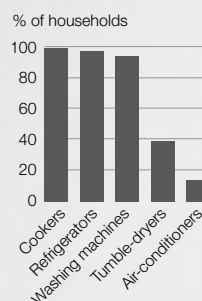
Major markets

- Italy
- Sweden
- France

Major competitors

- Ali Group
- Rational
- Miele
- Primus

Product penetration in Western Europe



Market value



Source: Electrolux estimates.