

Frequently asked questions by analysts

Analysts covering Electrolux participate in conference meetings held by the Group in connection with earnings results each quarter. In these telephone-based meetings opportunity is given to analysts to direct detailed questions to the management related to the performance of the company. Below are the most frequently asked question in 2012.

► **Describe the competitive landscape for Electrolux in 2012 and its impact on prices.**

Price pressure continued to be evident in some of the Group's major markets in 2012. Electrolux continued to improve its price-mix in North America. In the market in Europe, price hikes have been a challenge for the Group over the year.

► **How have demand and volumes developed in your core markets vs growth markets during the year?**

Volume growth in Electrolux core markets declined as a result of continued uncertain economic conditions mainly in Europe. Market demand for core appliances in Western Europe, as well as North America declined by 2%. Market demand in the Group's growth markets, such as Eastern Europe increased by 3% and demand in Latin America and Asia including China continued to show strong growth.

► **How did the prices of raw materials affect the Group in 2012?**

Electrolux purchased raw materials for SEK 20 billion in 2012. The single largest cost was for the procurement of steel, which accounted for almost half of the total cost. In addition to higher steel prices, the Group was affected by higher prices for plastics. Compared with 2011, costs for raw materials were about SEK 400 million higher in 2012. Raw-material prices affect the Group in the short term. In the long term, Electrolux offsets higher raw-material prices through long-term commodity contracts, cost savings, mix improvements and price increases.

► **How has Electrolux market shares developed in its core markets?**

Electrolux has been able to increase or defend its market shares in core markets through its strong position and investments in design, innovation and marketing, despite a very competitive market environment. Our high-end and private label products have been well received by customers, which has enabled the Group to strengthen its position and increase profitability in strategic markets. In growth markets, such as Latin America and Asia including China, the Group increased its market shares during the year.

► **How did the Electrolux mix develop over the year and what has been done to improve it?**

Improving our price-mix through diligent price and product management is central in our strategy. By increasing the sales share of premium and built-in appliances, the mix – and thus profitability – is improved. During the year, a new launch of Electrolux-branded premium products was carried out in the European markets together with the Zanussi brand for the mass-market segment, which had a positive impact on the product mix. However, since countries with high sales prices (such as Italy and Scandinavia) displayed very weak growth during the year, the country mix was not as positive as it has been in the past, offsetting the product mix.

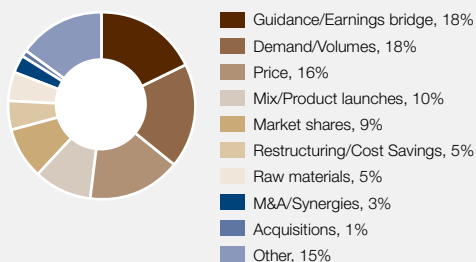
► **Can you provide us with an update regarding your restructuring program?**

In response to global competition, Electrolux has been implementing an extensive restructuring program since 2004. Plants have been closed in high-cost areas, including the US, Germany and Australia, and new plants have been built in Mexico, Eastern Europe and Thailand. 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 and total costs to approximately SEK 3.5 billion of which SEK 1 billion has been charged to operating income.

► **Will you continue to focus on new acquisitions going forward?**

Electrolux has communicated a growth strategy. However, greater focus has been given to increase the pipeline for potential acquisitions in strategic markets where Electrolux aims to strengthen its position and complement its offering within adjacent products, while supporting the overall growth of the Group. There will be more emphasis on opportunities in growth markets, where there are clear synergies for Electrolux.

Analysts' questions at 2012 quarterly telephone conferences



Analysts engage in questions related to the development of the appliance market and the demand in Electrolux core markets. Price and mix and future outlook are important topics which analysts focus on in order to gain better understanding of the operation for which they can base their longer term projections of Electrolux future performance.

The telephone conferences from previous quarters are available at www.electrolux.com/ir.