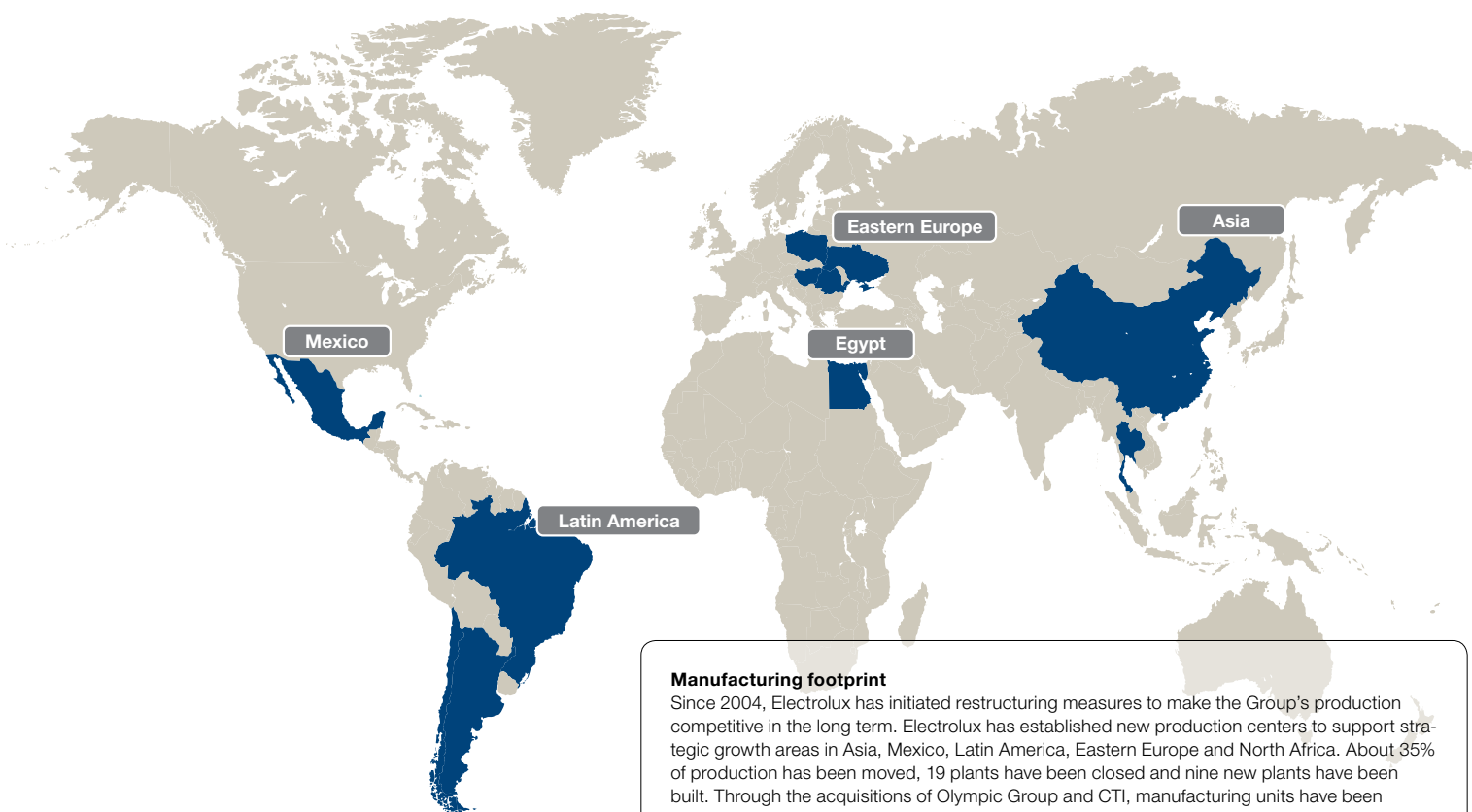


Operational excellence

Efficient operations

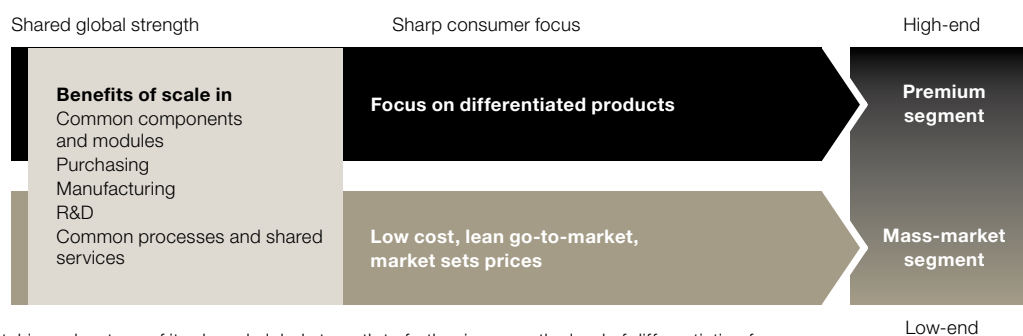
The Group's manufacturing footprint is continuously adapted and the operations are streamlined. Focus lies on the global optimization of production to release resources for investment in new product development, design and marketing. Reducing the amount of capital tied up in operations creates opportunities for rapid and profitable growth.



Manufacturing footprint

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 plants have been closed and nine new plants 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 other operations, new measures were taken in the Group during the year in the area of manufacturing. In Europe, further measures were initiated to adapt the manufacturing footprint. In Memphis, Tennessee in the US, a new cooker 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.

Profitable growth in all segments



Electrolux is taking advantage of its shared global strength to further increase the level of differentiation for new launches in the premium segment and concurrently be able to profitably compete in the low-price segments.

Electrolux is continuing to improve operational excellence by adapting manufacturing capacity, reducing overhead costs and accelerating efforts to capitalize on the Group's global strength and scope. This will generate annual savings of at least SEK 5.3 billion, with full effect from 2016, of which SEK 1.6 billion refers to the manufacturing footprint program, SEK 0.7 billion to a reduction in overhead costs and SEK 3.0 billion to Global Operations. The total cost of the programs is estimated at SEK 5.1 billion, of which approximately SEK 2.5 billion has been charged to operating income. The resources that are no longer tied up in the programs will primarily be invested in the development of new products and increased marketing activities.

Global optimization

Of Electrolux manufacturing in high-cost areas (HCA), about 35% has been discontinued or moved since 2004, meaning that more than 60% of the Group's household appliances are currently manufactured in low-cost areas (LCA), a move that has both strengthened the competitiveness of Electrolux and increased its proximity to strategic growth areas. Production has been relocated primarily from Western Europe and the US to existing or new units in such countries as Thailand, Hungary, Poland and Mexico. Within a few years, more than 70% of manufacturing will take place in low-cost areas. The aim is to increase capacity utilization and optimize manufacturing throughout the world for the respective product categories. In addition to vacuum cleaners and small domestic appliances, conditions exist for global manufacturing of such products as small refrigerators, hoods, hobs, dishwashers and air-conditioning equipment.

Reduced complexity

Aside from continued adaptation of manufacturing, measures are being conducted to support the strategic growth by reducing product costs and lowering capital intensity. Activities are conducted to leverage the Group's global strength and breadth and, at an ever-increasing pace, utilize synergies, reduce complexity and optimize purchasing.

The initiative includes:

- Lower product costs by manufacturing fewer varieties, known as modularization.
- Greater share of procurement from low-cost areas.

- Reduced capital intensity through the introduction of shared systems and standards that enhance efficiency.
- Higher productivity through such activities as closer cooperation with sub-suppliers.
- Faster and more efficient processes for product development through global, cross-border units for product development, design and marketing.

In 2012, the initiatives continued to yield clear results. Modularization in various product groups accelerated and now covers 85% of all direct material costs for manufacturing of the Group's products. Furthermore, the lower degree of complexity in manufacturing facilitates a more rapid product-development process. Developing products based on global needs leads to greater efficiency not only in product development and marketing, but also in production, since fewer product platforms are required.

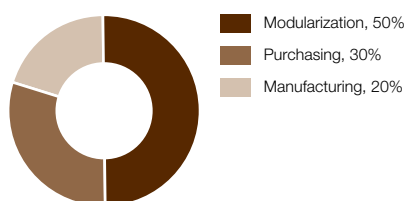
Continuous improvements

The Group already conducts several programs aimed at enhancing production efficiency. Since 2005, the Electrolux Manufacturing System (EMS) has been implemented with great success and encompasses all production units. The program focuses on continuous improvements in terms of product quality, costs, inventory reduction, employee safety and environmental impact.

Integrated acquisitions

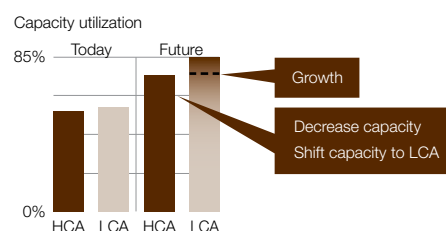
The appliance manufacturers Olympic Group and CTI, which were acquired in 2011, were successfully integrated into the Group and shared control systems and processes were introduced in production. During the year, Electrolux commenced production of new air-conditioning equipment under the Zanussi brand at one of Olympic Group's facilities in Egypt. CTI manufactures appliances and small domestic appliances in Chile and Argentina, and Electrolux intends to invest to increase production and distribution to continue the expansion of operations in Latin America.

Savings from Global Operations



Total savings from global operations within modularization, manufacturing and purchasing are expected at SEK 3 billion.

Need to increase capacity utilization



Electrolux aims to increase capacity utilization within manufacturing and move capacity to growth regions.

HCA = High cost areas
LCA = Low cost areas