

**Press Release**

For further information,  
please contact:

Daniel Frykholm  
Electrolux Press Hotline  
+46 8 657 65 07

Catarina Ihre  
Vice President  
Investor Relations  
+46 8 738 60 87

President and CEO Jonas Samuelson's comments on the results  
for the fourth quarter 2016

## Good earnings trend in the quarter

**Electrolux operating income for the fourth quarter improved to SEK 1.6 billion, corresponding to a margin of 5.0% (4.6% in 2015, excluding costs for GE Appliances). The development was positive across most business areas. EMEA achieved a strong operating margin of above 7%, and operations in North America showed a solid improvement. Operations in Latin America continued to be impacted by a weakening market environment. The Group's cash flow was strong and amounted to SEK 2.6 billion.**

In Major Appliances EMEA, product mix improvements and cost efficiency gains contributed to an operating margin of 7.2%. This strong margin was achieved despite negative impact from the depreciation of the Egyptian Pound and the weakened British Pound. Market demand in Europe grew by almost 3%, and was particularly strong in the Nordics, Iberia and throughout Eastern Europe. We confirm our outlook and expect the European market to grow by approximately 1% in 2017. In the quarter, Electrolux announced an agreement to acquire Kwikot, a leading water heater company in South Africa. This acquisition fits well with the strategy to broaden Electrolux offering and expertise within home comfort and strengthens our market reach in Southern Africa.

In North America, operating income in the fourth quarter increased as a result of positive contribution from volumes, improved net cost efficiency and lower raw material costs. Sales of products under own brands grew, while sales of products under private label declined. As a result of significant promotional activities in the market, prices were under pressure. Market demand for core appliances in the final quarter of 2016 was strong and grew by 12%. We expect market demand for appliances in North America to grow by 2-3% in 2017.

The favorable earnings trend in Asia/Pacific continued in the quarter and operating income increased significantly. Performance benefitted mainly from increased profitability in Australia and a healthy sales trend in Southeast Asia. Our operations in Latin America continued to be negatively affected by weak markets. Electrolux is taking actions to reduce structural costs in the business area and these actions have impacted results negatively in the short term. There have recently been some signs of market stabilization in the region.

Operations within Professional Products continued to improve in the period following several quarters of good performance. The organic growth for the quarter was above 7% with a strong operating margin above 15%, driven by a competitive product offering in key markets.

The work to restore profitability in Small Appliances is making good progress. An active portfolio management is a key driver for the improved performance. As part of this work, Electrolux has divested the Eureka brand in North America. Further, Small Appliances will, as of 2017, have the operational responsibility for developing our global offering for 'healthy well-being within the home'. Consequently, we have decided to change the name of the business area to Home Care and Small Domestic Appliances.

Electrolux strategy is to drive profitable growth by creating best- in-class consumer experiences supported by innovation and operational excellence. We aim at achieving sustainable profitability in all operations and achieved an operating margin of 5.2% in

2016 with 4 business areas above 6%. Our strong balance sheet and cash flow supports the strategy. The Board's proposal to increase the dividend for 2016 to SEK 7.50 per share also reflects the focus on shareholder value creation.

Stockholm, February 1, 2017  
Jonas Samuelson  
President and CEO

*This information is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 0800 CET on February 1, 2017.*

Electrolux is a global leader in home appliances and appliances for professional use, based on deep consumer insight. We offer thoughtfully designed, innovative and sustainable solutions, developed in close collaboration with professional users. The products include refrigerators, ovens, cookers, hobs, dishwashers, washing machines, vacuum cleaners, air conditioners and small domestic appliances. Under esteemed brands including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine, the Group sells more than 60 million products to customers in more than 150 markets every year. In 2016 Electrolux had sales of SEK 121 billion and 55,000 employees. For more information go to [www.electroluxgroup.com](http://www.electroluxgroup.com)