

Exchange-rate exposure at Electrolux

Exchange-rate exposure

The global presence of Electrolux, with manufacturing and sales in a number of countries, offsets exchange-rate effects to a certain degree. The principal exchange-rate effect arises from transaction flows; when purchasing and/or production are/is carried out in one currency and sales occur in another currency. The Group utilizes currency derivatives to hedge a portion of the currency exposure that arises. The business sectors within Electrolux usually have a hedging horizon of between three and eight months of forecast flows. Hedging horizons outside this period are subject to approval from Group Treasury. It is mainly sectors within growth markets that have a shorter hedging horizon. The business sectors are permitted to hedge forecast flows from 60% to 80%. The usual effect of currency hedging is that currency movements that occur today have, to a certain degree, a delayed effect. Electrolux is also affected by translation effects when the Group's sales and operating income are translated into SEK. The translation exposure is primarily related to currencies in those regions where the Group's most substantial operations exist, that is, EUR and USD.

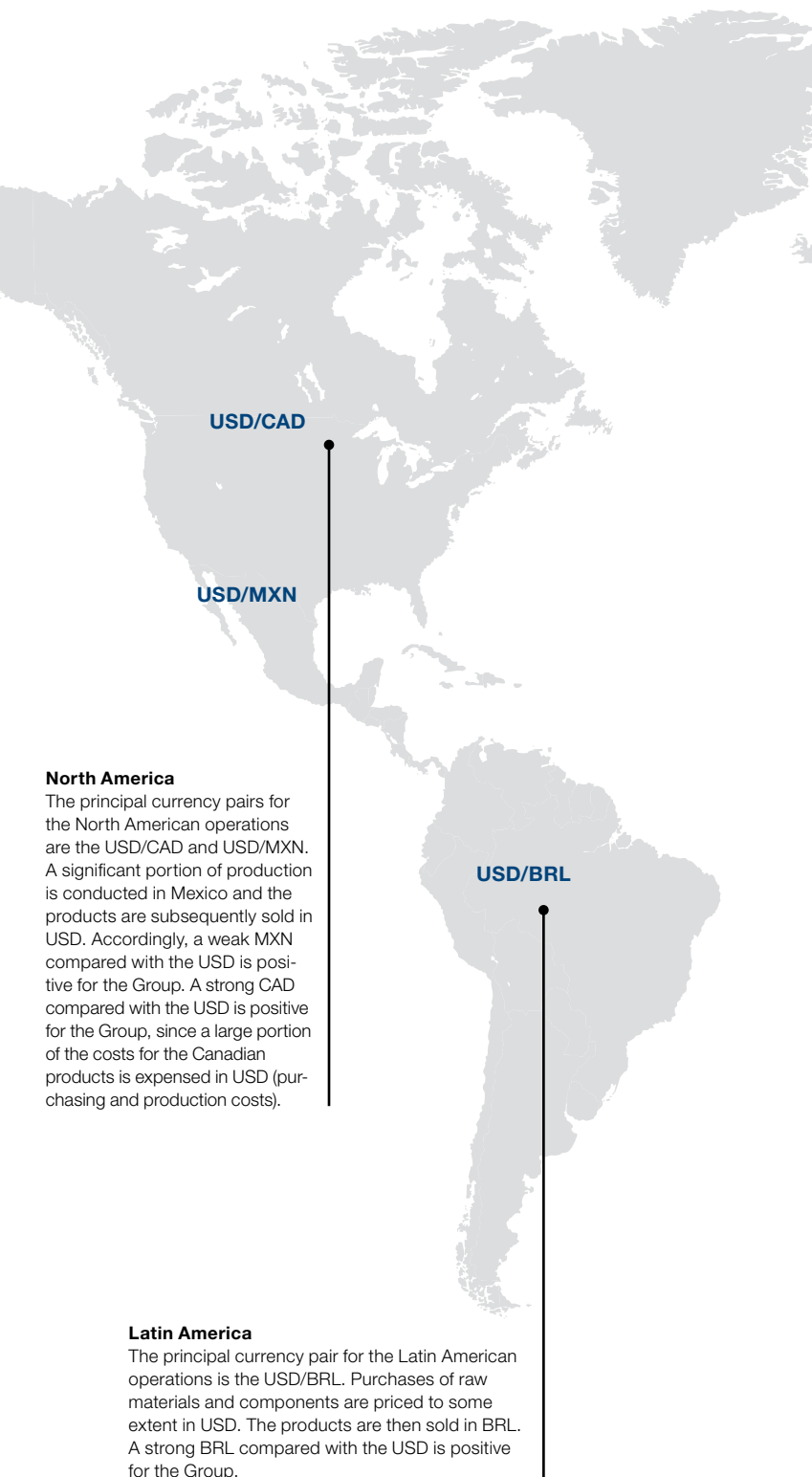
Sensitivity analysis of currencies

The major currencies for the Electrolux Group are the USD, EUR, BRL, RUB, AUD and GBP. The key currency pairs are presented in the map together with an explanation of how they impact the Group. In general, income for Electrolux benefits from a weak USD and EUR and from a strong BRL, RUB, AUD and GBP.

Currency effects 2012

Compared with the previous year, changes in exchange rates for full-year 2012 had a negative impact on operating income. The total currency effect (translation effects, transaction effects and net hedges) amounted to approximately SEK -120m. The effects of changes referred mainly to the operations in Latin America. The transaction effect was SEK -460m, results from hedging operations SEK 350m and translation effects SEK -10m.

The impact from transaction and hedging operations was mainly attributable to the operations in Latin America and the strengthening of the USD against the BRL.



Main translation effects: USD/SEK, EUR/SEK

Principal currency pairs Electrolux (transaction effects)

Europe

The principal currency in Europe is the EUR.
A weak EUR has a positive net effect on Group income, because European operations have greater expenses in EUR than sales in EUR.
A majority of the purchases of raw materials and components is denominated in EUR, as are significant production costs.

EUR/SEK
EUR/RUB
EUR/PLN
EUR/GPB
EUR/CHF
EUR/HUF
EUR/USD

USD/CNY

Asia/Pacific

The principal currency pairs for the business in the Asia/Pacific region is the USD/AUD and USD/CNY.
Purchases of raw materials and components are to a certain extent priced in USD and the products are subsequently sold in AUD. A strong AUD compared with the USD is positive for the Group.
Some purchases from China are denominated in CNY and sold in USD. Accordingly, a weak CNY vs USD has a positive effect on the Group.

USD/AUD

Foreign-exchange transaction exposure, forecast 2013

