

FIRST QUARTER REPORT, 2001

Stockholm,
April 25, 2001
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-Operating income down 10% from strong first quarter last year, net income per share declines 5%-

<i>Amounts in SEKm, unless otherwise stated</i>	First quarter 2001	First quarter 2000	Change
Net sales	33,670	31,229	8%
Operating income¹⁾	1,852	2,050	-10%
<i>Margin, %</i>	5.5	6.6	
Income after financial items	1,499	1,786	-16%
<i>Margin, %</i>	4.5	5.7	
Net income per share, SEK²⁾	3.10	3.25	-5%
Value creation³⁾	290	691	-401
Return on equity, %	16.2	18.4	

1) Operating income for 2000 includes a capital gain of SEK 241m and a provision in the same amount for restructuring within Professional Indoor Products.

2) Based on an average of 341.1 million shares after buy-backs.

3) See definition on page 3.

- **Lower demand in US, continued market growth in Europe, Latin America and Asia**
- **Lower operating income for Consumer Durables and Professional Indoor Products**
- **Higher income for Professional Outdoor Products**
- **Previously announced structural changes and cost adjustments proceeding according to plan**
- **Acquisition of Email, Australia's largest appliance company, finalized in February**

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Net sales and income

Net sales for Electrolux in the first quarter of 2001 rose to SEK 33,670m, as against SEK 31,229m for the same period last year. This corresponds to an increase of 8%, of which 3% refers to changes in Group's structure, 8% to changes in exchange rates, and -3% to price/mix/volume.

Operating income declined by 10% to SEK 1,852m (2,050), corresponding to 5.5% (6.6) of sales, and income after financial items decreased by 16% to 1,499m (1,786), corresponding to 4.5% (5.7) of sales. Net income declined by 10% to SEK 1,066m (1,188), which corresponds to SEK 3.10 (3.25) per share.

The above income figures for 2000 include a capital gain of SEK 241m on the divestment of the operation in professional refrigeration, and a provision in the same amount for restructuring within Professional Indoor Products.

Changes in exchange rates during the period, i.e. in terms of both transactions and translations, had a slight positive effect on income after financial items.

Net financial items were unfavorably impacted by increased net borrowings referring to share buy-backs and the acquisition of Email, as well as by negative translation effects for interest costs on dollar loans, which account for a large proportion of Group debt.

Cash flow

The cash flow generated by operations amounted to SEK -899m (-2,543), after adjustment for exchange-rate effects. The improvement is traceable mainly to a change in working capital. Cash flow inclusive of investments declined as a result of the acquisition of Email, while the comparative figure for last year include the proceeds on divestment of the operation in professional refrigeration equipment.

Cash flow is normally weak during the first half of the year as a result of a build-up of inventories and accounts receivable referring to a seasonal increase in sales of outdoor products, room air-conditioners, refrigerators and freezers.

Equity and net debt/equity ratio

Equity as of March 31, 2001 amounted to SEK 28,417m (26,390), which corresponds to SEK 83.30 (72.10) per share. The return on equity was 16.2% (18.4).

Average net assets for the period increased to SEK 42,760m (37,510), mainly as a result of the consolidation of Email and exchange rate effects referring to translation of the financial statements into Swedish kronor. The return on net assets was 17.3% (21.9).

Net borrowings increased to SEK 22,797m (15,539), principally due to the acquisition of Email, and the share buy-back program that was started in June 2000. The net debt/equity ratio increased to 0.78 (0.57).

Liquid funds at the end of the period amounted to SEK 10,956m (8,552).

Value creation

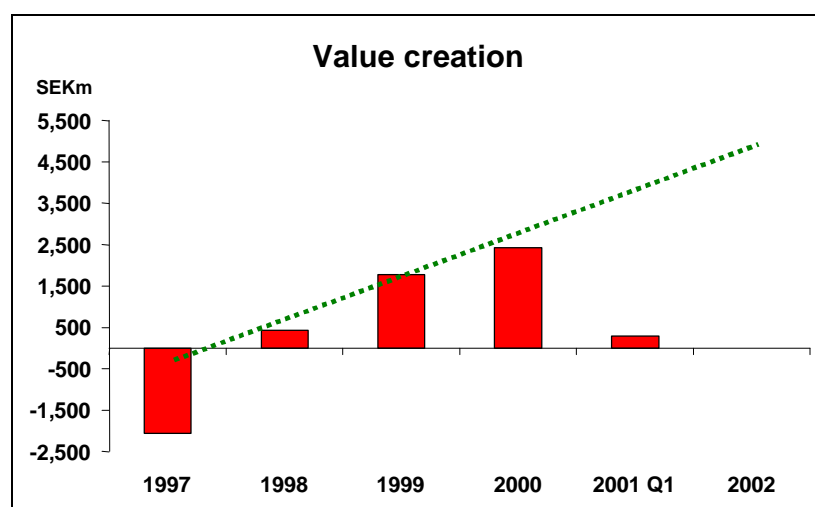
The total value created during the first quarter of 2001 amounted to SEK 290m (691), which was SEK 401m less than in the same period last year.

The decline refers mainly to a decrease in operating margin to 5.5% (6.6) due to lower sales in the US, downward pressure on prices, and higher costs for materials. A substantial downturn in income for the components product line also had a negative impact. The capital turnover rate decreased to 3.02 from 3.22 in the previous year.

The table below shows value creation by business area.

SEKm	First quarter 2001	First quarter 2000	Change
<i>Consumer Durables</i>			
Europe	133	273	-140
North America	266	466	-200
Rest of the world	-256	-327	71
<i>Total Consumer Durables</i>	143	412	-269
<i>Professional Products</i>			
Indoor	108	205	-97
Outdoor	230	212	18
<i>Total Professional Products</i>	338	417	-79
Common group costs, etc.	-191	-138	-53
Total	290	691	-401

Value created is defined as operating income excluding items affecting comparability, less a weighted average cost of capital (WACC) on average net assets. The Group's WACC is calculated at 14% before tax.



The goal for the period 2000-2002 is to create average annual growth in value of at least SEK 1,000m.

Operations by business area

Consumer Durables

The market for core appliances¹ in Western Europe increased in volume during the first quarter by about 1% compared with the same period last year. The Group's European operation within Electrolux Home Products reported good growth in volume, particularly with large key accounts. Operating income was lower than last year, however, mainly as a result of higher costs for materials. The devaluation of the Turkish lira also had an adverse effect on income as compared with last year.

The US market declined in volume by about 7% for core appliances¹, and about 8% for major appliances². Sales of appliances for Electrolux Home Products, North America were lower than last year and operating income declined considerably.

Demand for core appliances in Brazil showed an upturn, and the Group achieved strong growth in sales volume. Operating income improved substantially over last year and was positive. The Group also achieved good sales growth for core appliances in China and ASEAN countries, while sales in India were lower than last year. Overall, operating income for appliance operations outside Europe and North America improved substantially but was still negative excluding the newly acquired Email operation which was consolidated as of February 1.

The market for floor-care products declined somewhat in volume in both Europe and US. The Group achieved higher sales volume in Europe, while sales for the US operation were lower than last year. Overall, operating income for the floor-care product line was unchanged with a somewhat lower margin due to an unfavorable product mix.

In outdoor products for the consumer market, the season started late due to cold weather in both Europe and the US. Sales for the Group's European operation declined and operating income showed a marked downturn.

In the US, Group sales of outdoor products increased over the previous year and operating income improved.

Total sales for the Consumer Durables business area were higher than in the first quarter of last year. Operating income and margin declined, however.

Professional Indoor Products

Demand for food-service equipment in Europe was more or less unchanged. Group sales increased in several product areas, but declined for baking equipment. Operating income was somewhat lower than last year.

¹ Core appliances include refrigerators, freezers, cookers, dishwashers, washers and dryers

² Major appliances include core appliances plus room air-conditioners, dehumidifiers and microwave ovens

Laundry equipment reported somewhat higher sales for comparable units. Operating income improved, mainly as a result of the divestment of a loss making operation in the second half of 2000.

Demand for absorption refrigerators and other equipment for the recreational vehicle industry increased in Europe but declined in North America. Total sales for the Group's leisure-appliances product line increased over last year, and operating income improved.

Demand for compressors was lower than last year, particularly in the US. Overall, the Group achieved somewhat higher sales volume. Operating income showed a marked decline as production volumes were adjusted in order to reduce inventories.

Total sales for Professional Indoor Products increased over 2000. Operating income and margin decreased, however.

Professional Outdoor Products

Demand for professional chainsaws showed an upturn in the US, but declined considerably in Europe. In 2000 the European market showed strong growth following storms at the beginning of the year. Total sales of chainsaws for the Group were lower than last year.

In lawn and garden equipment pre-seasonal deliveries for the Group were higher than in 2000. Sales of power cutters and diamond tools declined in the US, but rose in other markets.

Overall, sales for Professional Outdoor Products showed good growth over last year. Operating income improved, but with a lower margin due to a change in the sales mix with lower volumes of chainsaws.

Major changes in the Group

The acquisition of the household appliance division of Email Ltd. in Australia was finalized as of February 19, 2001. Email is Australia's largest producer of major appliances, with annual sales of approximately SEK 4,700m and about 4,500 employees. The company has a market share of almost 60% in Australia and close to 30% in New Zealand. The final purchase price was approximately AUD 440m (approx. SEK 2,270m).

Email was consolidated as of February 1 and is included in sales for the first quarter 2001 in the amount of SEK 780m, SEK 51m in operating income and SEK 2,166m in net assets.

At the end of March 2001, the Group signed an agreement to sell 90% of the shares in its Italian finance company Veneta Factoring S.p.A., which will reduce net borrowings by approximately SEK 2,700m.

Ongoing structural changes and cost adjustments

The structural changes and cost adjustments announced previously this year are proceeding according to plan. They refer mainly to an alignment of the organization for major appliances in both Europe and North America, consolidation of the production system for floor-care products in Europe, and rationalization of the Group's IT structure.

Of the provision of SEK 883m that was made during the fourth quarter of 2000, approximately SEK 230m had been utilized as of March 31, 2001. The implemented changes refer primarily to major appliances in Europe and North America, and have involved employee cutbacks of approximately 800. These changes have generated savings of approximately SEK 60m.

Parent company

Net sales for the parent company, AB Electrolux, for the first quarter of 2001 amounted to SEK 1,808m (1,768). Income after financial items was SEK -81m (2,324), including dividends from subsidiaries in the amount of SEK 400m (2,592).

Capital expenditure was SEK 32m (41). Liquid funds at the end of the period amounted to SEK 4,500m (2,111) as against SEK 2,701m at the start of the year.

Dividend

On April 24, 2001 the Annual General Meeting of AB Electrolux authorized an increase in the dividend for 2000 to SEK 4.00 (3.50) per share, for a total dividend payment of SEK 1,365m (1,282).

Repurchase of own shares

The Annual General Meeting in 2000 authorized a program for repurchase of up to 10% of the total number of shares during the period prior to the next AGM in 2001. As of December 31, 2000 the Group had repurchased 25,035,000 B-shares for a total of SEK 3,190m, corresponding to an average price per share of SEK 127.40.

No shares were repurchased in the first quarter of 2001. The Group thus still owns 6.84% of the total number of shares, with a total par value of SEK 125m. The Group has no voting rights for these shares. The total number of shares in the Company amounts to 366,169,580.

On April 24, 2001 the AGM renewed authorization for the Board to buy and sell own A- and/or B-shares up to 10% of the total number of shares, i.e. 3.16% of the total may be repurchased. The authorization covers the period up to the next AGM. The buy-backs will be implemented with due consideration for the Group's target of a net debt/equity ratio not exceeding 0.80.

Outlook for the rest of the year

The outlook for the year remains unchanged, which means that the Group should achieve an improvement in operating income, exclusive of items affecting comparability, and in value created for the full year 2001.

Stockholm, April 25, 2001

Michael Treschow
President and CEO

Factors affecting forward-looking statements

This report contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals or targets of Electrolux for future periods and future business and financial plans. Actual results may differ materially from these goals and targets due to a variety of factors. These factors include, but may not be limited to the following; the success in developing new products and marketing initiatives, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates, and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals, competitive pressures to reduce prices, significant loss of business from major retailers, consumer demand, effects of current fluctuations and the effect of local economies on product demand.

Consolidated income statement, SEKm

	First quarter 2001	First quarter 2000	Full year 2000
Net sales	33,670	31,229	124,493
Cost of goods sold	-25,895	-23,400	-93,549
Selling expense	-4,333	-4,247	-17,092
Administrative expense	-1,536	-1,537	-5,585
Other operating income/expense	-54	5	-217
Items affecting comparability	-	-	-448
Operating income*	1,852	2,050	7,602
<i>Margin, %</i>	5.5	6.6	6.1
Financial items, net	-353	-264	-1,072
Income after financial items	1,499	1,786	6,530
<i>Margin, %</i>	4.5	5.7	5.2
Taxes	-487	-620	-2,121
Minority interests in net income	54	22	48
Net income	1,066	1,188	4,457
<i>* Including depreciation in the amount of:</i>	-985	-923	-3,810
Net income per share, SEK	3.10	3.25	12.40
Number of shares after buy backs, million	341.1	366.2	341.1
Average number of shares after buy backs, million	341.1	366.2	359.1

Consolidated balance sheet, SEKm

	March 31 2001	March 31 2000	Full year 2000
Assets			
Fixed assets	33,228	27,095	29,680
Inventories, etc	20,697	16,940	16,880
Accounts receivable	28,486	26,083	23,214
Other receivables	9,104	5,903	9,093
Liquid funds	10,956	8,552	8,422
Total assets	102,471	84,573	87,289
Equity and liabilities			
Shareholders' equity	28,417	26,390	26,324
Minority interests	747	813	810
Interest-bearing liabilities and provisions	33,753	24,091	25,398
Non-interest-bearing liabilities and provisions	39,554	33,279	34,757
Total equity and liabilities	102,471	84,573	87,289
Contingent liabilities	1,305	-	1,325

Change in equity, SEKm	First quarter 2001	First quarter 2000	Full year 2000
Opening balance	26,324	25,781	25,781
Dividend payment	-	-	-1,282
Repurchase of shares	-	-	-3,193
Translation differences	1,027	-579	561
Net income	1,066	1,188	4,457
Closing balance	28,417	26,390	26,324

Consolidated cash-flow statement, SEKm	First quarter 2001	First quarter 2000	Full year 2000
Operations			
Income after financial items	1,499	1,786	6,530
Depreciation according to plan charged against above income	985	923	3,810
Provisions and capital gains/losses	-232	-21	628
Taxes paid	-405	-151	-2,329
Changes in operating assets and liabilities	-2,746	-5,080	-2,540
Cash flow from operations	-899	-2,543	6,099
Investments			
Investments in/divestments of operations and trade mark	-2,274	1,170	180
Capital expenditure	-1,053	-924	-4,423
Other	143	327	876
Cash flow from investments	-3,184	573	-3,367
Dividend	-	-	-1,282
Repurchase of shares	-	-	-3,193
Cash flow after dividends	-4,083	-1,970	-1,743
Change in interest-bearing liabilities	6,728	351	-422
Total cash flow	2,645	-1,619	-2,165
Liquid funds at beginning of year	8,422	10,312	10,312
Exchange-rate differences referring to liquid funds	-111	-141	275
Liquid funds at end of period	10,956	8,552	8,422
Change in net borrowings			
Total cash flow excl. change in loans	-4,083	-1,970	-1,743
Net borrowings at beginning of year	-16,976	-13,423	-13,423
Exchange-rate differences referring to net borrowings	-1,738	-146	-1,810
Net borrowings at end of period	-22,797	-15,539	-16,976

Net sales by business area, SEKm	First quarter 2001	First quarter 2000	Full year 2000
Consumer Durables			
Europe	10,901	10,308	42,704
North America	12,308	12,351	46,581
Rest of the world	3,233	1,951	9,203
Total Consumer Durables	26,442	24,610	98,488
Professional Products			
Indoor	4,584	4,398	17,561
Outdoor	2,525	2,140	8,039
Total Professional Products	7,109	6,538	25,600
Other	119	81	405
Total	33,670	31,229	124,493

Operating income by business area, SEKm	First quarter 2001	First quarter 2000	Full year 2000
Consumer Durables			
Europe	447	566	2,179
<i>Margin, %</i>	4.1	5.5	5.1
North America	807	928	3,577
<i>Margin, %</i>	6.6	7.5	7.7
Rest of the world	45	-71	23
<i>Margin, %</i>	1.4	-3.6	0.2
Total Consumer Durables	1,299	1,423	5,779
<i>Margin, %</i>	4.9	5.8	5.9
Professional Products			
Indoor	328	423	1,577
<i>Margin, %</i>	7.2	9.6	9.0
Outdoor	331	309	1,153
<i>Margin, %</i>	13.1	14.4	14.3
Total Professional Products	659	732	2,730
<i>Margin, %</i>	9.3	11.2	10.7
Common Group costs, etc.	-106	-105	-459
Items affecting comparability	-	-	-448
Total	1,852	2,050	7,602

Value creation, SEKm	First quarter 2001	First quarter 2000	Full year 2000
Consumer Durables			
Europe	133	273	986
North America	266	466	1,669
Rest of the world	-256	-327	-1,056
Total Consumer Durables	143	412	1,599
Professional Products			
Indoor	108	205	713
Outdoor	230	212	756
Total Professional Products	338	417	1,469
Common Group costs, etc.	-191	-138	-645
Total	290	691	2,423

Key ratios	First quarter 2001	First quarter 2000	Full year 2000
Net income per share, SEK ¹⁾	3.10	3.25	12.40
Return on equity, % ²⁾	16.2	18.4	17.3
Return on net assets, % ³⁾	17.3	21.9	19.6
Net debt/equity ratio ⁴⁾	0.78	0.57	0.63
Capital expenditure, SEKm	1,053	924	4,423
Average number of employees	87,800	88,700	87,128

1) Average number of shares for the period after buy-backs is 341.1 million.

2) Annualized net income, expressed as a percentage of opening equity.

3) Annualized operating income, expressed as a percentage of average net assets.

4) Net borrowings, i.e. interest-bearing liabilities less liquid funds, in relation to adjusted equity.

The latter is defined as equity including minority interests.

Quarterly figures

Net sales and income, per quarter

		1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Full year
Net sales, SEKm	2001	33,670				
	2000	31,229	34,199	29,644	29,421	124,493
Operating income, SEKm	2001	1,852				
	<i>Margin, %</i>	5.5				
	2000	2,050	2,453	1,830	1,269	7,602
	<i>Margin, %</i>	6.6	7.2	6.2	4.3	6.1
	2000 ¹⁾	2,050	2,453	1,830	1,717	8,050
	<i>Margin, %</i>	6.6	7.2	6.2	5.8	6.5
Income after financial items, SEKm	2001	1,499				
	<i>Margin, %</i>	4.5				
	2000	1,786	2,285	1,504	955	6,530
	<i>Margin, %</i>	5.7	6.7	5.1	3.2	5.2
	2000 ¹⁾	1,786	2,285	1,504	1,403	6,978
	<i>Margin, %</i>	5.7	6.7	5.1	4.8	5.6
Net income, SEKm	2001	1,066				
	2000	1,188	1,510	1,018	741	4,457
	2000 ¹⁾	1,188	1,510	1,018	1,046	4,762
Net income per share, SEK	2001	3.10				
	2000	3.25	4.10	2.85	2.20	12.40
	2000 ¹⁾	3.25	4.10	2.85	3.05	13.25
Value creation, SEKm	2001	290				
	2000	691	1,040	406	286	2,423

1) Exclusive of items affecting comparability, which in 2000 amounted to SEK -448m.

Net sales by business area, per quarter, SEKm

<i>Consumer Durables</i>		1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Full year
Europe	2001	10,901				
	2000	10,308	10,126	10,832	11,438	42,704
North America	2001	12,308				
	2000	12,351	14,640	10,484	9,106	46,581
Rest of the world	2001	3,233				
	2000	1,951	2,259	2,276	2,717	9,203
Total Consumer Durables	2001	26,442				
	2000	24,610	27,025	23,592	23,261	98,488
<i>Professional Products, Indoor</i>	2001	4,584				
	2000	4,398	4,890	4,092	4,181	17,561
<i>Professional Products, Outdoor</i>	2001	2,525				
	2000	2,140	2,191	1,846	1,862	8,039
Total Professional Products	2001	7,109				
	2000	6,538	7,081	5,938	6,043	25,600

Operating income by business area, per quarter, SEKm

<i>Consumer Durables</i>		1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Full year
Europe	2001	447				
	<i>Margin,%</i>	4.1				
	2000	566	418	504	691	2,179
	<i>Margin,%</i>	5.5	4.1	4.7	6.0	5.1
North America	2001	807				
	<i>Margin,%</i>	6.6				
	2000	928	1,197	812	640	3,577
	<i>Margin,%</i>	7.5	8.2	7.7	7.0	7.7
Rest of the world	2001	45				
	<i>Margin,%</i>	1.4				
	2000	-71	-11	-31	136	23
	<i>Margin,%</i>	-3.6	-0.5	-1.4	5.0	0.2
<i>Professional Products, Indoor</i>	2001	328				
	<i>Margin,%</i>	7.2				
	2000	423	673	313	168	1,577
	<i>Margin,%</i>	9.6	13.8	7.6	4.0	9.0
<i>Professional Products, Outdoor</i>	2001	331				
	<i>Margin,%</i>	13.1				
	2000	309	295	289	260	1,153
	<i>Margin,%</i>	14.4	13.5	15.7	14.0	14.3
Common Group costs, etc.	2001	-106				
	2000	-105	-119	-57	-178	-459
Items affecting comparability	2001	-				
	2000	-	-	-	-448	-448

This report has not been audited.

A number of new accounting standards went into effect in Sweden as of January 1, 2001. The implementation of the new standards has not had any material effect on the Group's accounts.

Financial reports in 2001

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Financial information from Electrolux is also available on www.electrolux.com