Q3 2005 results and strategic update
October 25, 2005

Hans Stråberg
President and CEO
## Electrolux Third Quarter Presentations

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.00</td>
<td>Strategic update and Q3 results</td>
<td>Hans Stråberg, CEO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fredrik Rystedt, CFO</td>
</tr>
<tr>
<td>15.00</td>
<td>Major Appliances Europe and Asia Pacific</td>
<td>Johan Bygge</td>
</tr>
<tr>
<td>16.15</td>
<td>Major Appliances North &amp; Latin America</td>
<td>Keith McLoughlin</td>
</tr>
<tr>
<td>17.15</td>
<td>Outdoor Products</td>
<td>Bengt Andersson</td>
</tr>
<tr>
<td>18.15</td>
<td>Buffet dinner</td>
<td></td>
</tr>
</tbody>
</table>
Strategic priorities

Cost
- Underperformers
- Manufacturing relocation
- Purchasing

Product
- Consumer insight
- Innovation precision
- Increase investment

Brand
- Focus on Electrolux
- Branding precision
- Clear brand message

Execution
- On time
- On budget
- No disruptions, surprises

Delivering Results
- Restructuring savings
- Purchasing savings
- Improved volumes, share and mix
Q3 2005 results highlights

- Net sales up 8.5% to SEK 32,109m
- Sales up in every business area
- Operating income up 22.6% to SEK 1,703m*
- Operating margin up 60 bp to 5.3%*
- Purchasing offset about 2/3 of materials price increases
- Restructuring savings flowing through
- New products driving price/mix improvement

*) Before items affecting comparability
Global purchasing initiatives

Example of savings opportunities

Global Sourcing Board
- use global scale within and across product lines

New initiatives
- 2,500 + variations of float glass to be cut by over 60%
- 70+ suppliers to be cut to 7

Project 21
- impressive response from many suppliers

Logistics
- lower global freight rates

Electrolux Manufacturing System
- waste reduction, process improvements
We are building a lowest cost manufacturing base
On time, on costs with relocations
Globalizing product development and design

Number of global projects

- Food Preservation: 12
- Food Preparation: 8
- Dish Care: 9
- Fabric Care: 25

- Common themes
- Common platforms
Higher rate of product launches

R&D % of sales

- 2000: 1.0
- 2004: 1.5
- 2005E: 2.0
- Goal: 2.0

Major product launches in appliances

- 2002: 150
- 2003: 200
- 2004: 300
- 2005E: 400
A selection of new products 2005

"Dragon": 3-in-1 Chinese fridge, frost free freezer and drink cooler

Semi-professional oven

Semi-professional range

Five burner cooker

First real energy efficient dryer
A selection of new products 2005

- Cyclone XL
- Healthcare trolley
- Air Max
- Libero Line for shopping malls & snack corners
A selection of new products 2005

- Twin Clean
- Oxy³ Upright
- Rex Electrolux 4-doors fridge
A selection of new products 2005

AEG Electrolux: New compact range

Rex Electrolux: Puzzle range and custom made products
A selection of new products 2005

AEG Electrolux built-in line

SpeedClean dishwasher

Frost-free chest freezer

90 cm horizontal dishwasher
A selection of new products 2005

- Large Capacity Washing Machine
- Viva Compact dish washer
- Side-by-side refrigerator and freezer
- Frigidaire laundry line
- Visi, see-through dishwasher
A selection of new products 2005

- Ophir Large Capacity Frost Free Freezer
- Touch Panel Gas Cook Tops
- Electrolux Insight Cookers
- Electrolux Icon Professional Dual-fuel freestanding ranges
- Electrolux Icon Professional Wall ovens
- Electrolux Icon Professional Under-counter wine cooler
Focusing product development on relevant themes and segments

- Sophisticated segmentation of consumers
- Driven by consumer insight
- Road map for allocating development resources to highest returns
- Every new product addresses a targeted box
Higher % of sales under the global ‘Electrolux-Brand’

‘Electrolux-Brand’
% of Total Brand Spending

European Major Appliances

‘Electrolux-Brand’
% of Total Sales

Electrolux Group

‘Electrolux-Brand’ includes products solely branded or double-branded with ‘Electrolux’
Third quarter financial review
October 25, 2005

Fredrik Rystedt
CFO
Industry shipments and estimated trends in demand, Q3 2005

**North America**
- Core appliances: +4%
- Vacuum cleaners: +4% 3)
- Outdoor products: 1)
  - 2)

**Europe**
- Core appliances: +1%
- Vacuum cleaners: +3% 3)
- Food service: +2%
- Outdoor products: 1)
  - 2)

**Asia**
- China: -6% 3)

**Brazil**
- Core appliances: -14%

**Australia**
- Core appliances: -4% 3)

---

1) Consumer Products
2) Professional Products, excl. power cutters and diamond tools
3) June to August
### Key data, Q3 2005

#### 12 months figures

- **Operating Margin %**
- **Average Net Assets / Net Sales**
- **WACC 2004 = 12% pre-tax**

#### Q3 2005

<table>
<thead>
<tr>
<th></th>
<th>SEKm</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>32,109</td>
<td>8.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>781</td>
<td>-29.8%</td>
</tr>
<tr>
<td>EBIT excl. items a.c.</td>
<td>1,703</td>
<td>22.6%</td>
</tr>
<tr>
<td>Margin</td>
<td>5.3%</td>
<td>+60 b.p.</td>
</tr>
</tbody>
</table>

**On a comparable basis**

- **Sales**) | 4.6% |
- **EBIT**)**) | 18.3% |

*) In constant currency
**) Excluding items affecting comparability

- **SEK 900m gross negative impact from higher materials costs**
- **SEK 50m in costs for parallel production in US**
- **Items affecting comparability: SEK 922m**
  - SEK 503m for previously announced plant closures
  - SEK 419m for divestment of Indian operation
- **Positive price, mix, volume**
- **Savings from previous restructuring**
- **Higher income for Indoor Products**
  - Appliances North America and ROW
- **Strong quarter for Professional Outdoor**
## Raw Material impact 2005

<table>
<thead>
<tr>
<th>SEKm, Change y/y</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Ex 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased cost for materials</td>
<td>-1,000</td>
<td>-1,300</td>
<td>-900</td>
<td>-4,000</td>
</tr>
<tr>
<td>Net impact on EBIT</td>
<td>-600</td>
<td>-800</td>
<td>-300</td>
<td>-2,000</td>
</tr>
</tbody>
</table>
### Key ratios

<table>
<thead>
<tr>
<th>Excl. items affecting comparability</th>
<th>Q3 2005</th>
<th>Q3 2004</th>
<th>9m 2005</th>
<th>9m 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share, SEK</td>
<td>3.56</td>
<td>3.08</td>
<td>10.60</td>
<td>11.94</td>
</tr>
<tr>
<td>Return on equity, %</td>
<td></td>
<td></td>
<td>16.5</td>
<td>19.0</td>
</tr>
<tr>
<td>Return on net assets, %</td>
<td></td>
<td></td>
<td>19.4</td>
<td>22.4</td>
</tr>
<tr>
<td>Net debt/equity ratio</td>
<td>0.23</td>
<td>0.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure, SEKm</td>
<td>1,293</td>
<td>1,145</td>
<td>3,364</td>
<td>2,952</td>
</tr>
</tbody>
</table>
Cash flow and working capital

### Cash flow

<table>
<thead>
<tr>
<th>Cash flow</th>
<th>Third quarter 2005</th>
<th>Third quarter 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEKm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operations, excluding change in operating assets and liabilities</td>
<td>2 136</td>
<td>1 786</td>
</tr>
<tr>
<td>Change in operating assets and liabilities</td>
<td>1 968</td>
<td>2 204</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>4 104</td>
<td>3 990</td>
</tr>
<tr>
<td>Divestment of the Indian operation</td>
<td>-359</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditure in tangible fixed assets</td>
<td>-1 293</td>
<td>-1 145</td>
</tr>
<tr>
<td>Other</td>
<td>-195</td>
<td>-107</td>
</tr>
<tr>
<td>Cash flow from investments</td>
<td>-1 847</td>
<td>-1 252</td>
</tr>
<tr>
<td>Cash flow from operations and investments</td>
<td>2 257</td>
<td>2 738</td>
</tr>
</tbody>
</table>

### Working capital / Annualized sales

- **Lower cash flow from operations and investments**
  - Increased accounts receivable
  - Divestment of Indian operation
  - Higher capital expenditure

- **Net borrowings increased to SEK 6,024m (3,651)**
## Net sales and EBIT by business areas

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Net sales</th>
<th>EBIT</th>
<th>Margin, %</th>
<th>Net sales</th>
<th>EBIT</th>
<th>Margin, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indoor Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>11,206</td>
<td>714</td>
<td>6.4</td>
<td>10,793</td>
<td>781</td>
<td>7.2</td>
</tr>
<tr>
<td>North America</td>
<td>9,553</td>
<td>290</td>
<td>3.0</td>
<td>8,034</td>
<td>174</td>
<td>2.2</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,381</td>
<td>26</td>
<td>1.9</td>
<td>1,125</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>2,240</td>
<td>0</td>
<td>0.0</td>
<td>2,185</td>
<td>-118</td>
<td>-5.4</td>
</tr>
<tr>
<td>Professional Products</td>
<td>1,563</td>
<td>117</td>
<td>7.5</td>
<td>1,517</td>
<td>111</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>Total Indoor Products</strong></td>
<td>25,943</td>
<td>1,147</td>
<td>4.4</td>
<td>23,654</td>
<td>948</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Outdoor Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Products</td>
<td>3,583</td>
<td>230</td>
<td>6.4</td>
<td>3,546</td>
<td>275</td>
<td>7.8</td>
</tr>
<tr>
<td>Professional Products</td>
<td>2,575</td>
<td>474</td>
<td>18.4</td>
<td>2,374</td>
<td>387</td>
<td>16.3</td>
</tr>
<tr>
<td><strong>Total Outdoor Products</strong></td>
<td>6,158</td>
<td>704</td>
<td>11.4</td>
<td>5,920</td>
<td>662</td>
<td>11.2</td>
</tr>
</tbody>
</table>
Unchanged outlook for full year 2005

- Demand for appliances in 2005 expected to show some growth in both Europe and US as compared to 2004.

- Higher costs for materials and components will have an adverse effect on Group’s operating income.

- Efforts to strengthen Group’s competitive position through investments in product development and in building the Electrolux brand will continue.

- Operating income for full year 2005, excluding items affecting comparability, is expected to be somewhat lower than in 2004.
Factors affecting forward-looking statements

This presentation 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 and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following; consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, 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.