

# Consolidated results 2005

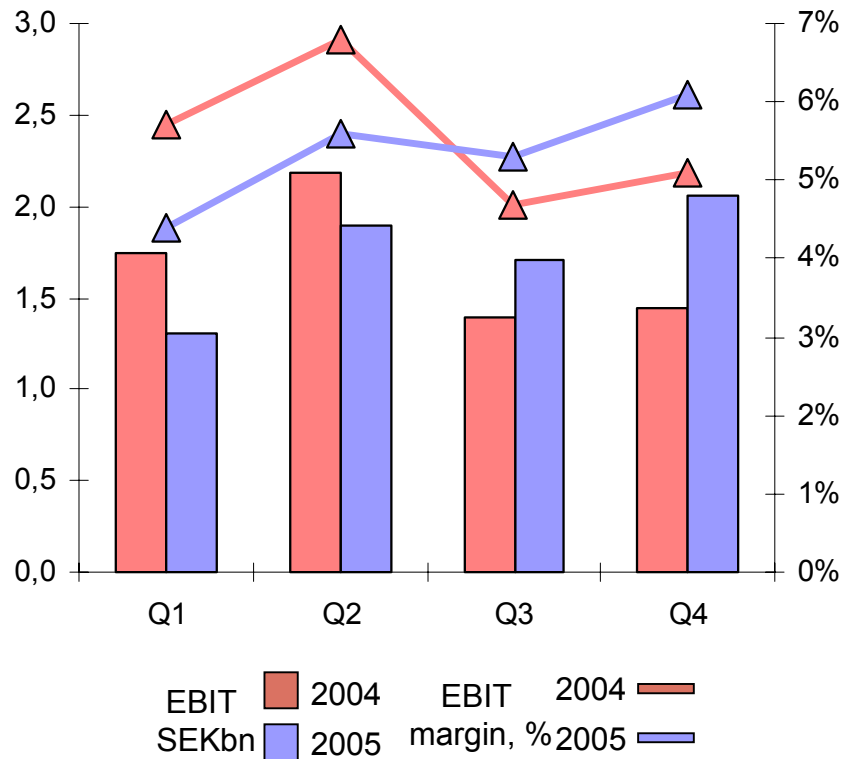
February 14, 2006

Hans Stråberg  
President and CEO

*Thinking of you*  
 **Electrolux**

# Highlights

2004-05 Quarterly development



- 2005 headwinds: material costs, weak price environment, restructuring
- Pricing successful in Americas
- Significant cost cutting
- Restructuring benefits in Europe, Americas, Asia
- New products driving margin improvement

# Financial summary

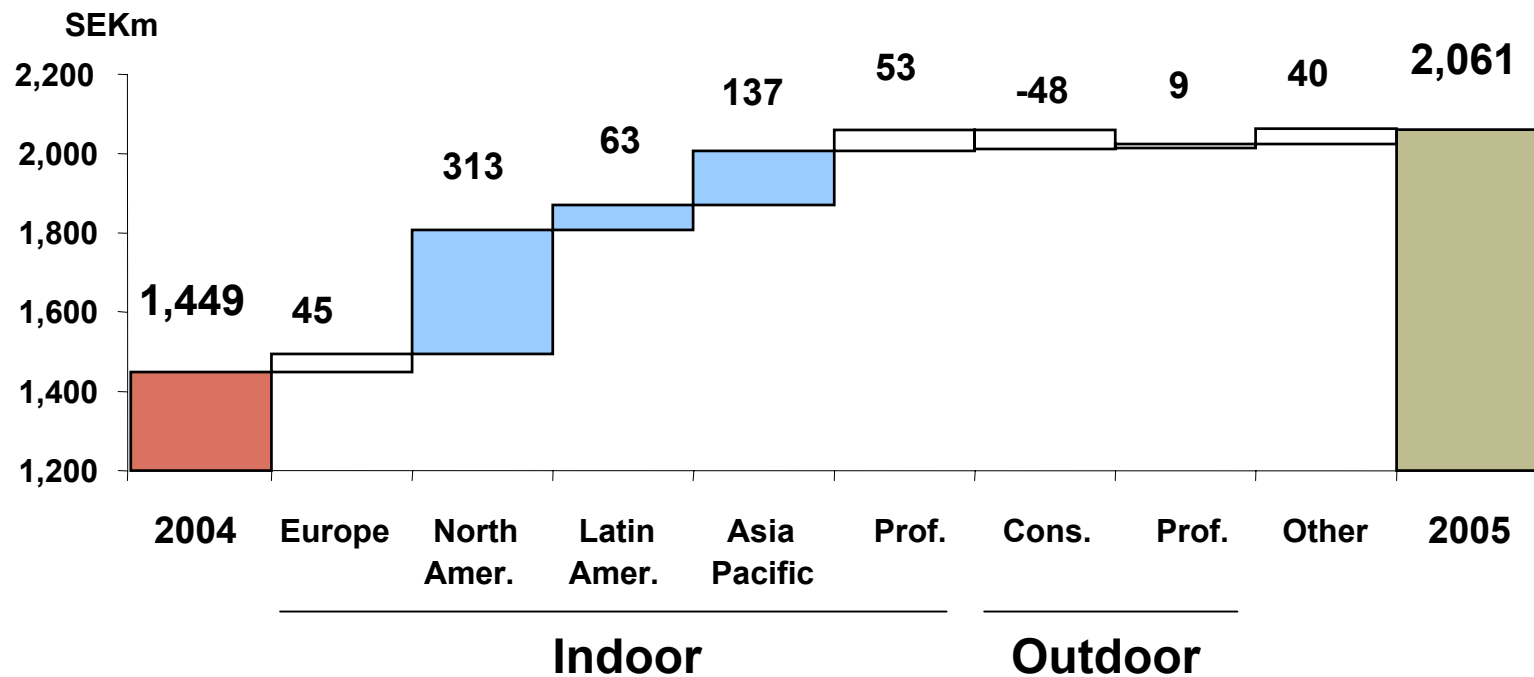
excluding items affecting comparability



	Q4 2005	% Change	Full year 2005	% Change
<i>SEKm</i>				
Net sales	33,651	17.6	129,469	7.3
Operating income	2,061	42.2	6,962	2.9
Pre-tax income	1,861	36.4	6,235	-2.8
<i>SEK per share</i>				
Earnings per share	5.22	58.2	15.82	3.8
Dividend			7.50	7.1

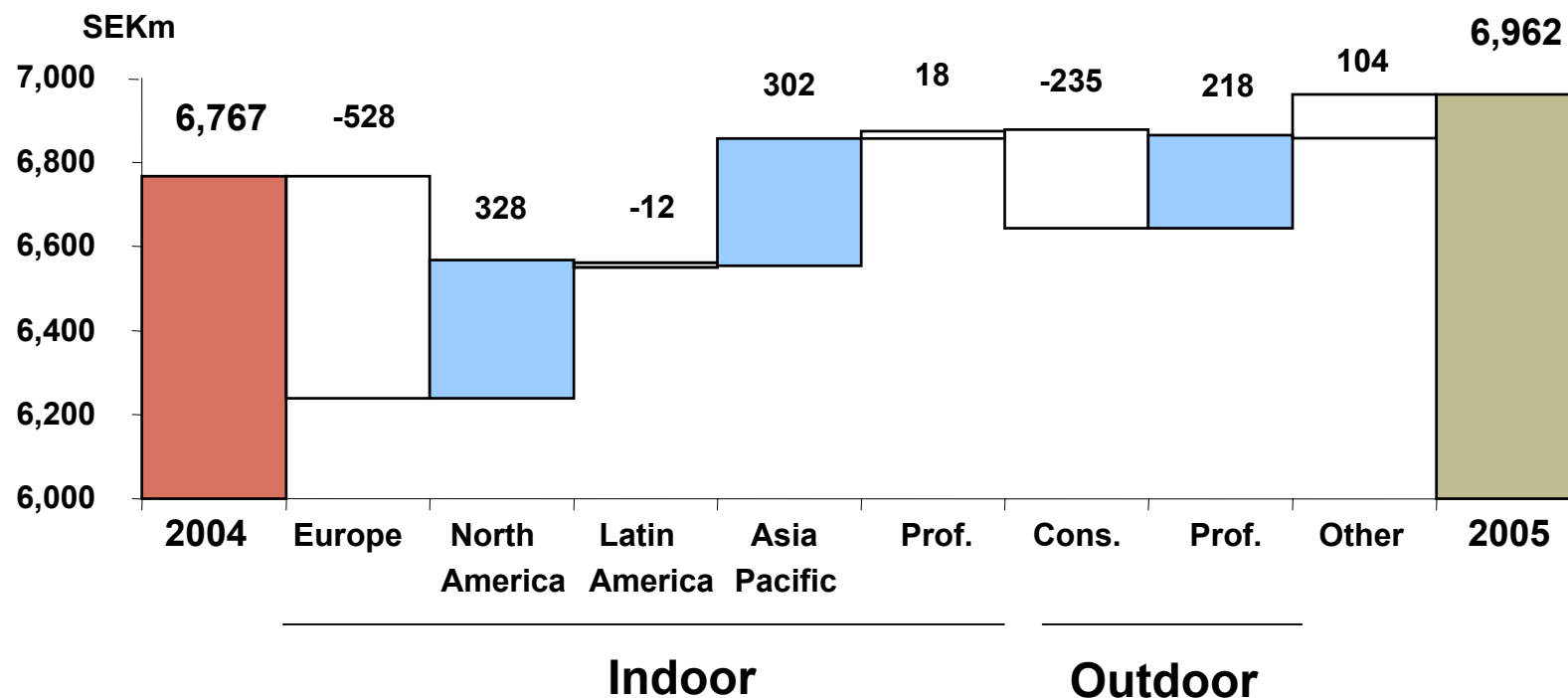
# Group development – Q4/Q4

## Operating Profit



# Group development – 2005/2004

## Operating Profit



# Financial review

Fredrik Rystedt  
Chief Financial Officer

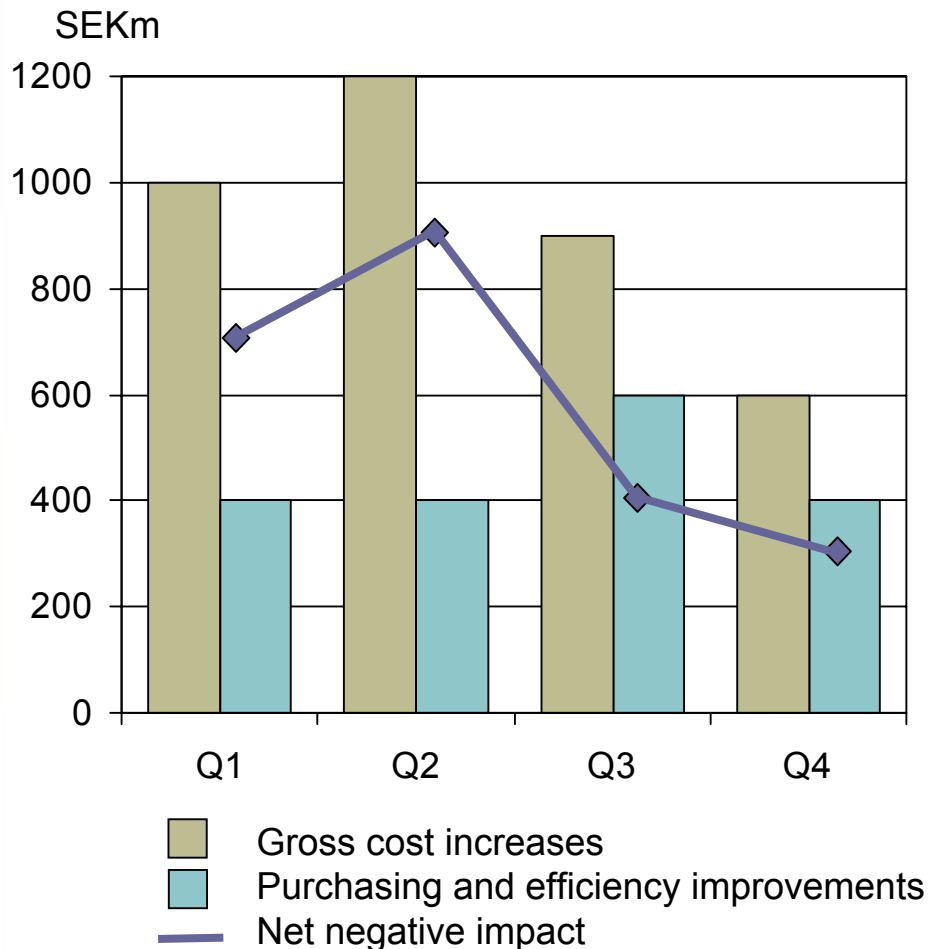
# 2005 Cash flow

SEKbn	2005	2004
From operations, excluding change in operating assets and liabilities	8.4	7.1
Change in operating assets and liabilities	-1.9	1.4
Capital Expenditure	-4.8	-4.5
Divestment of Indian operation	-0.4	-
Other	-0.7	-0.8
<b>Cash flow from operations and investments</b>	<b>0.7</b>	<b>3.2</b>

- Inventories and accounts receivable stable as % of sales
- Higher capital spending
  - Appliance factories in Mexico, Poland, Hungary, Russia, Thailand
  - 35% of total capex for new products

# Raw material impact

## Quarterly development 2005



- Materials cost pressures easing
- Cost cutting programs continue
- Negative full-year impact of SEK 1,900m



# Structural changes

- **Proceeded with closing 5 US and Western European facilities in 2005**
  - announced and charged in 2004
- **Announced closing/down-sizings of 5 facilities and Indian divestment**
  - SEK 3020 m charges in 2005
- **February 2006, announced down-sizing of US washer/dryer facility**
  - Investing SEK 1090 m in Mexico
- **Investigating compact appliance factory in Sweden**
- **Western European production shifting to facilities in Eastern Europe**
- **US production shifting to new facilities in Mexico**



# Spin-off Outdoor

## ■ **Process**

- early April Prospectus and information brochure sent to shareholders
- April 24 Proposal to AGM
- May/June Road show
- mid-June Listing on Stockholm exchange

## ■ **Structured as a dividend to Electrolux shareholders**

- All shares in wholly-owned subsidiary named Husqvarna AB
- 1 Husqvarna A-share : 1 Electrolux A-share
- 1 Husqvarna B-share : 1 Electrolux B-share



# Spin-off Outdoor

## ■ Preliminary pro forma 2005 results

- Including estimated group common cost\*

	<u>SEKbn</u>
Sales	28.8
EBITDA	3.7*
EBIT	2.9*

## ■ Financial structure

- Pro forma, Jan. 1, 2006

Net borrowings	5.3
Share capital	4.7

\*) SEK 0.2bn estimated group common costs



# Operational review

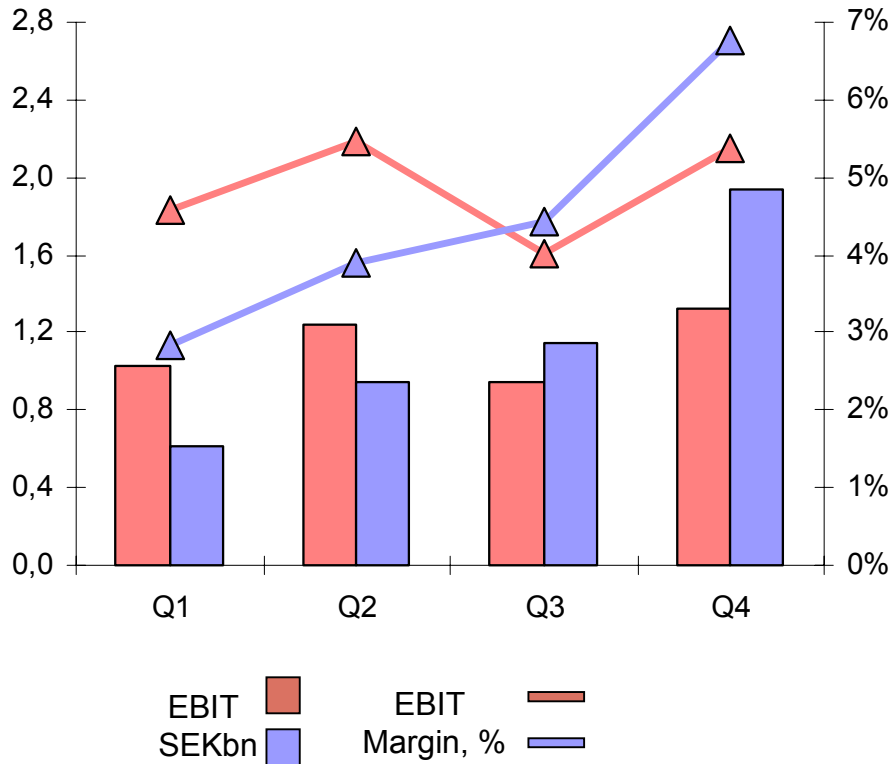
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 **Electrolux**

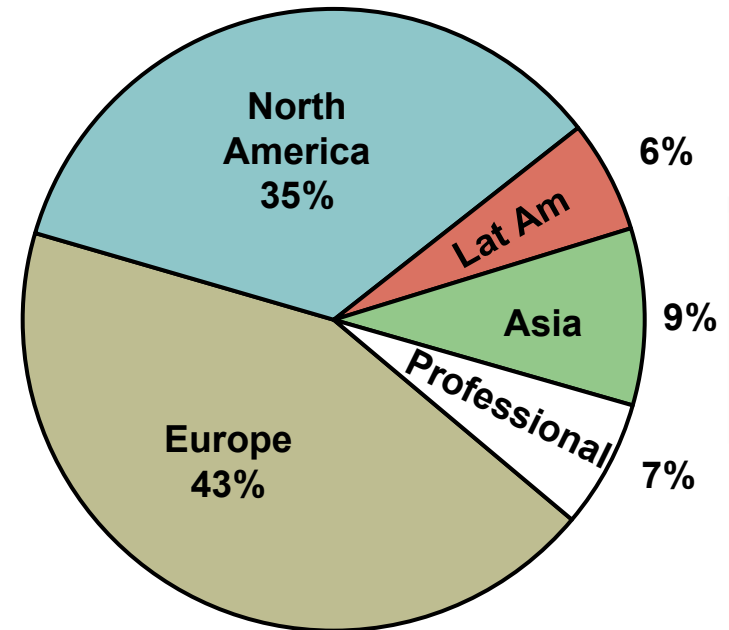
# Indoor Products

excluding group common costs

**2004-05 Quarterly development**



**2005 Sales**  
 SEK 100.7bn



2005 EBIT-margin 4.6% (4.9)

# Indoor Europe

Q4 2005*	SEKm	Change
Sales	12,502	+7.8%
EBIT	986	+4.8%
<i>Margin</i>	<i>7.9%</i>	
<i>In comparable currency</i>		
Sales		+2.5%
EBIT		-2.5%

\* Excluding items affecting comparability

- 1-2% price erosion, materials cost increases
- Steady profit improvement during year
- Major relocation benefits
- Cost cutting
- New products driving margin improvement

# Twin Clean

“Cleans its own filter, so you don't have to”

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**Electrolux**

- Customers preferring a bagless vacuum cleaner find it frustrating to clean or change the filter
- Electrolux developed a vacuum cleaner that could clean its own filter
- Launched in 2005
  - First a European launch
  - Second a global launch



# 2005 new product launches

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Electrolux Icon Professional  
Dual-fuel freestanding ranges



Electrolux Icon Professional  
Wall ovens



Electrolux Icon Professional  
Under-counter wine cooler



Electrolux Insight  
Cookers



Electrolux Source & Glacier  
Fridge



Electrolux Screenfridge  
Fridge



# Indoor North America

Q4 2005*	SEKm	Change
Sales	9,930	+29.3%
EBIT	636	+96.9%
<i>Margin</i>	<i>6.4%</i>	
<i>In comparable currency</i>		
Sales		+11.5%
EBIT		+72.6%

\* Excluding items affecting comparability

- Price increases holding
- Cost cutting offset materials increases
- New cooking products led margin improvement in Q4
- New laundry launches in 2006
- Relocation benefits in H2 2006

# Indoor Latin America

Q4 2005*	SEKm	Change
Sales	1,817	+35.6%
EBIT	112	n/a
<i>Margin</i>	<i>6.2%</i>	
<i>In comparable currency</i>		
Sales		+9.4%
EBIT		+203.3%

\* Excluding items affecting comparability

- New round of price increases in Q4
- New cooking products sold well
- Remains a volatile market

# Revolux

A new cooker for the Brazilian market

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**Electrolux**

- No cooker that suited the Brazilian consumers' need
  - Safety
  - Design
  - Time saving
  - Easy to clean
- Satisfied the customers need
- 20% market share in the premium segment



# Indoor Asia/Pacific

Q4 2005*	SEKm	Change
Sales	2,442	+3.5%
EBIT	42	n/a
<i>Margin</i>	<i>1.7%</i>	
<i>In comparable currency</i>		
Sales		-7.7%
EBIT		n/a

\* Excluding items affecting comparability

- India: new business model cuts major losses
- China: continuing shift from commodities to higher-end
- Australia: restructuring benefits, mix improvement

# Indoor Professional

Q4 2005*	SEKm	Change
Sales	1,953	+16.8%
EBIT	158	+50.5%
<i>Margin</i>	<i>8.1%</i>	
<i>In comparable currency</i>		
Sales		+11.3%
EBIT		+47.2%

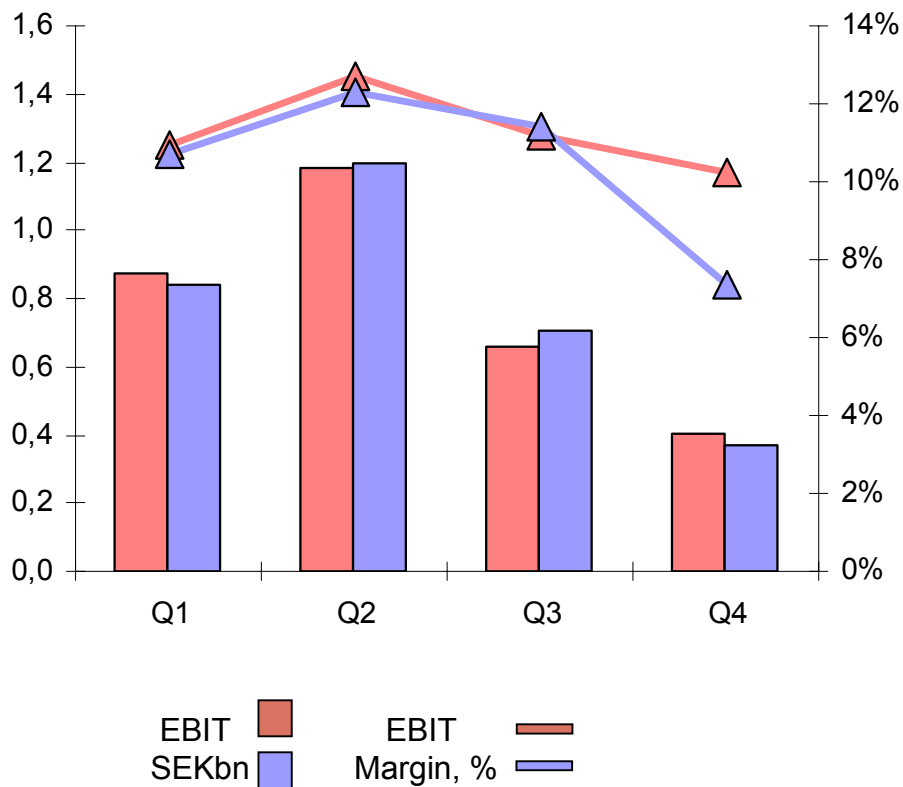
\* Excluding items affecting comparability

- European food service market up
- Laundry equipment sales up, but income down on restructuring charges

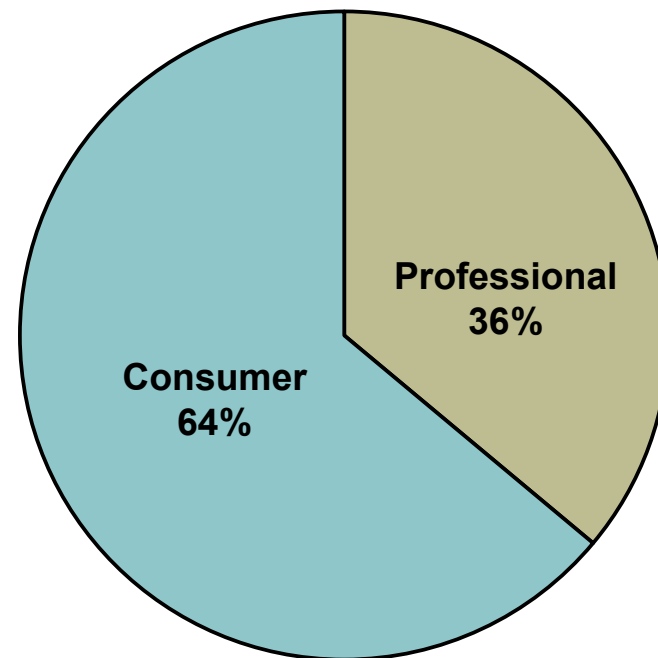
# Outdoor Products

excluding group common costs

**2004-05 Quarterly development**



**2005 Sales**  
 SEK 28.8bn



2005 EBIT-margin: 10.8% (11.5)

# Outdoor Consumer

Q4 2005*	SEKm	Change
Sales	2,519	+44.3%
EBIT	34	-58.5%
<i>Margin</i>	<i>1.3%</i>	
<i>In comparable currency</i>		
Sales		+9.4%
EBIT		-90.7%

\* Excluding items affecting comparability

- European sales and profit up on higher volume and improved mix
- North America sales flat and profit down on less favorable mix, higher materials costs, inventory reduction
- 2005 EBIT margin 7.5%

# Outdoor Professional

Q4 2005*	SEKm	Change
Sales	2,481	+12.0%
EBIT	333	+2.8%
<i>Margin</i>	<i>13.4%</i>	
<i>In comparable currency</i>		
Sales		+2.1%
EBIT		-1.8%

\* Excluding items affecting comparability

- Strong chainsaw sales
- Professional garden up
- Diamond tools and power cutters up, with higher North American demand
- 2005 EBIT margin 16.7%



# 2006 Outlook



- Market demand for appliances in 2006 is expected to show some growth in both Europe and North America as compared to 2005.
- Efforts to strengthen the Group's competitive position through investments in product development and in building the Electrolux brand will continue.

Operating income for the Electrolux Indoor operations in 2006 is expected to be somewhat higher than in 2005 excluding items affecting comparability.

# Summary

- Improved results for indoor across all regions
- Restructuring on track, benefits flowing
- New products driving margin improvement
- Strong financial position
- Outdoor spin-off unlocking value

In 2006 we will continue our work to strengthen our brand, launch new products and reduce cost in production and purchasing

# Q & A session

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 **Electrolux**

# Factors affecting forward-looking statements

## **Factors affecting forward-looking statements**

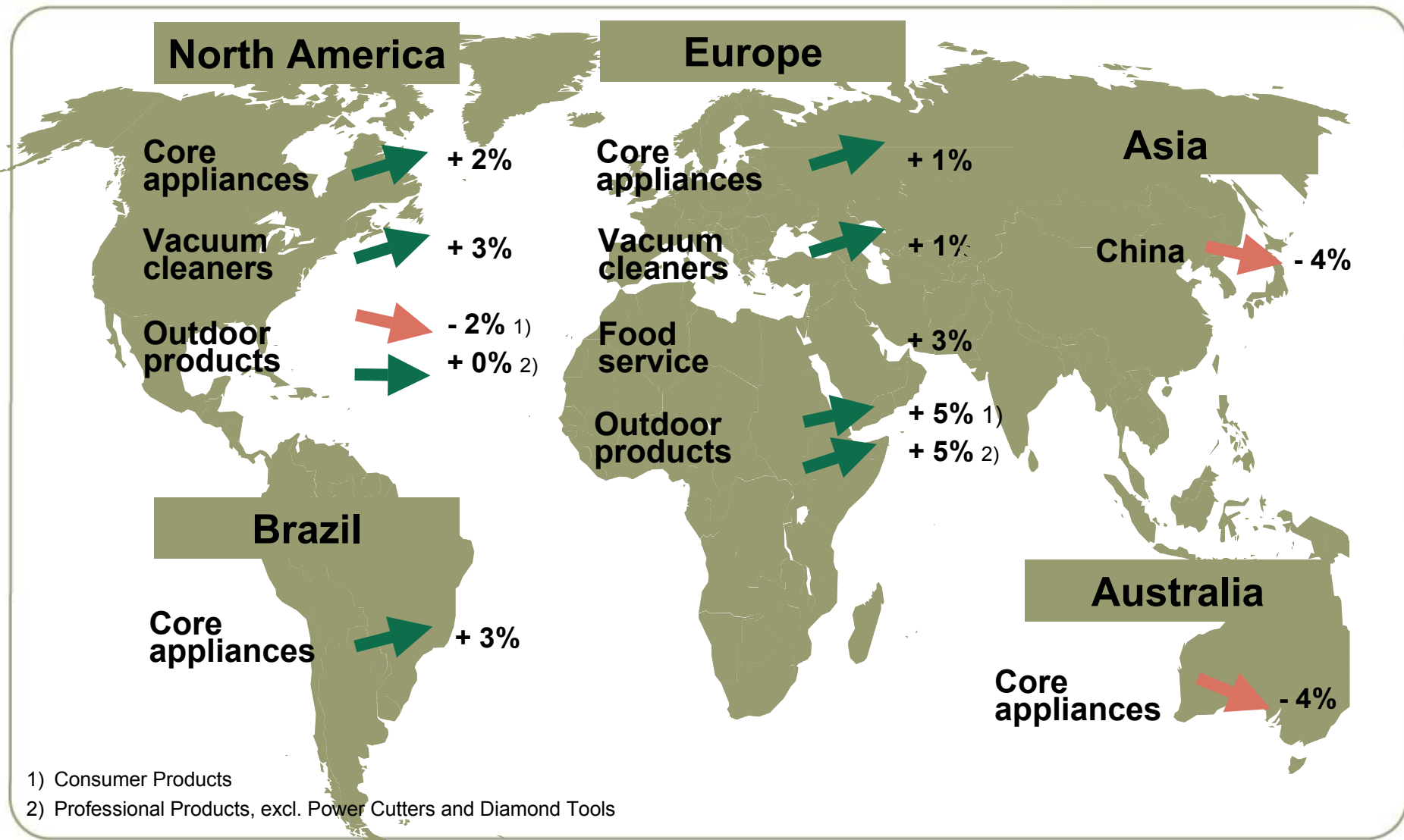
This presentation contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are 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.

# Appendix

# Industry shipments

2005 versus 2004

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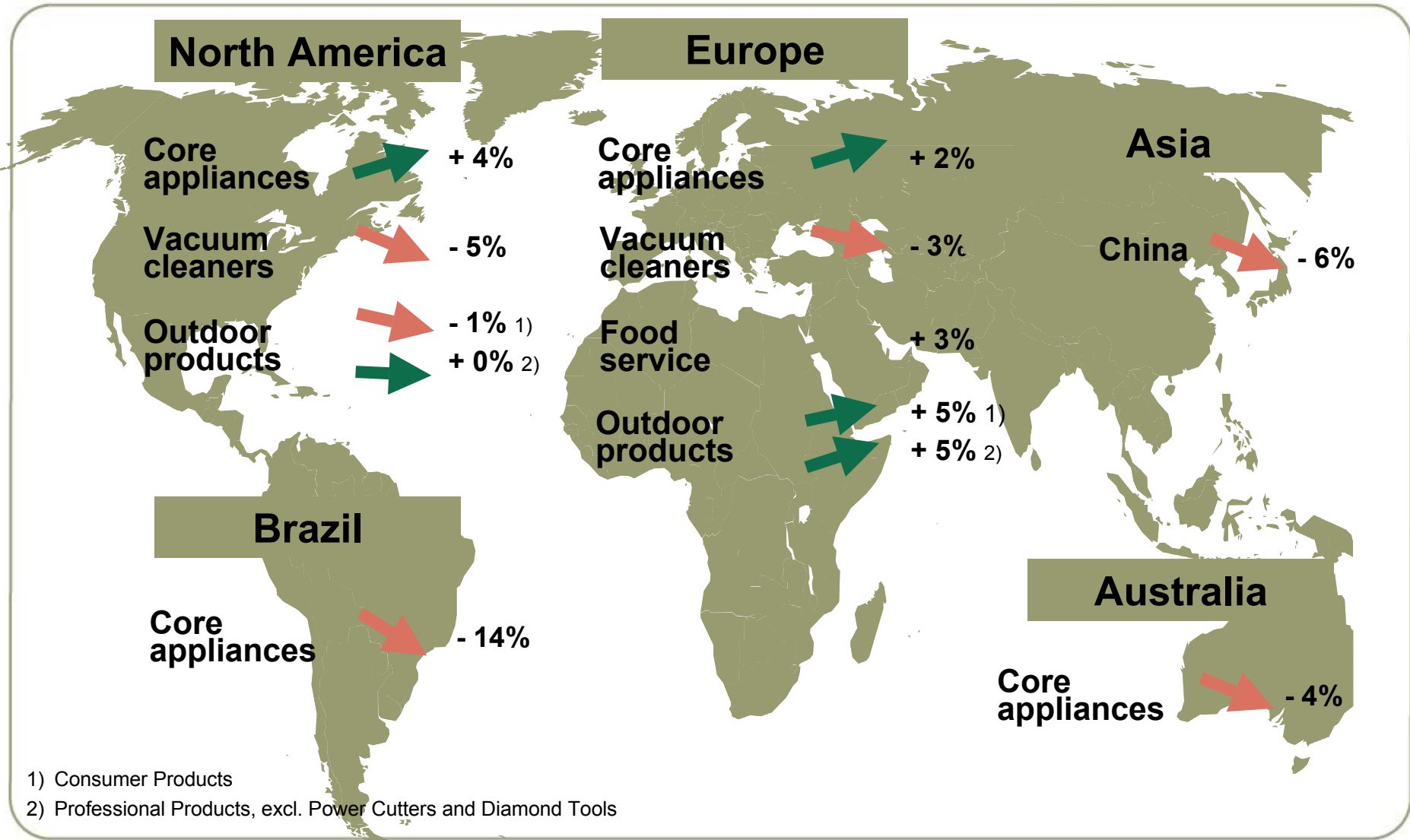
1) Consumer Products

2) Professional Products, excl. Power Cutters and Diamond Tools

# Industry shipments

Q4 2005 versus Q4 2004

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# Raw material impact

SEKm	Q1	Q2	Q3	Q4	Year
Gross materials cost increase	-1000	-1200	-900	-600	-3700
Purchasing and productivity savings	+400	+400	+600	+400	+1800
Net materials impact	-600	-800	-300	-200	-1900