

# Q4 Results 2007

February 6, 2008

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President and CEO

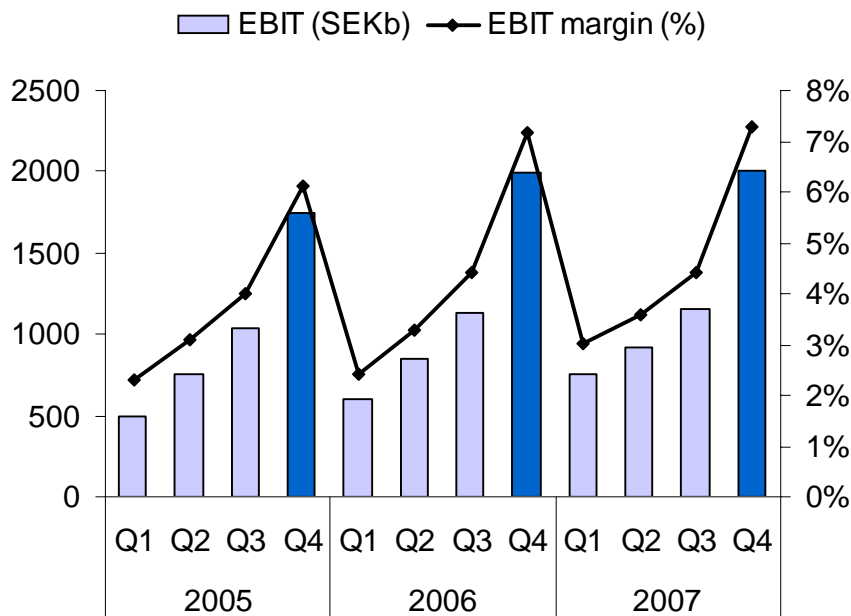
Fredrik Rystedt  
CFO

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# Q4 Highlights

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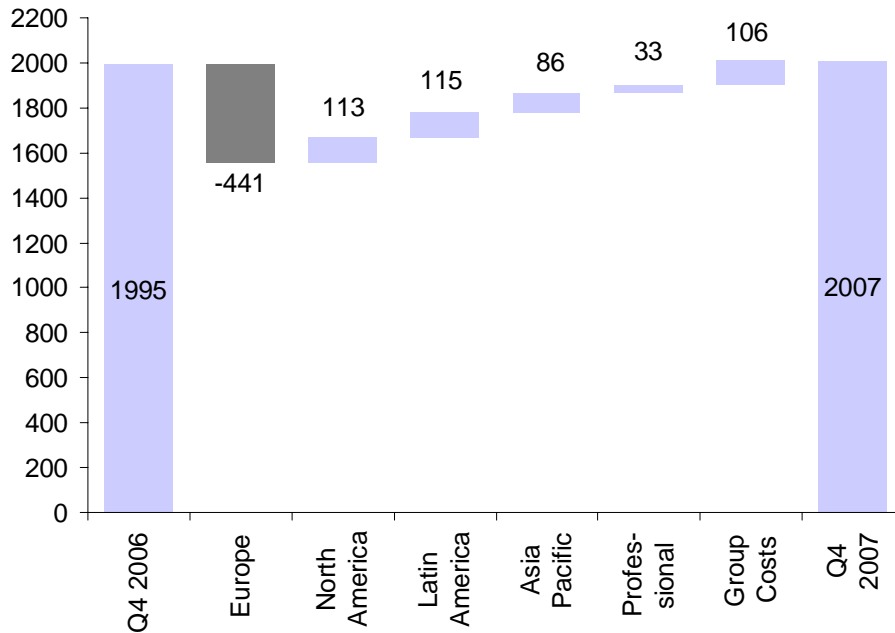
(SEKm)	<u>Q4 2006</u>	<u>Q4 2007</u>
Sales	27,886	27,643
EBIT	1,995	2,007
Margin	7.2%	7.3%

- Largest markets weakened
  - N America -7%
  - Europe -1%
- Group sales and operating income improved
- Improved market share
- Strong contribution from Latin America and Asia-Pacific
- Continuing cost pressures from raw materials
- New products in Europe still have extra costs

# Income development

## Operating income Q4/Q4

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- Extra costs of new products launched in Europe
- North American performance was solid in a weak market
- Best results ever in Latin America
- Good growth in Asia/Pacific sales and margins
- Strong floor-care performance worldwide

# Items affecting comparability

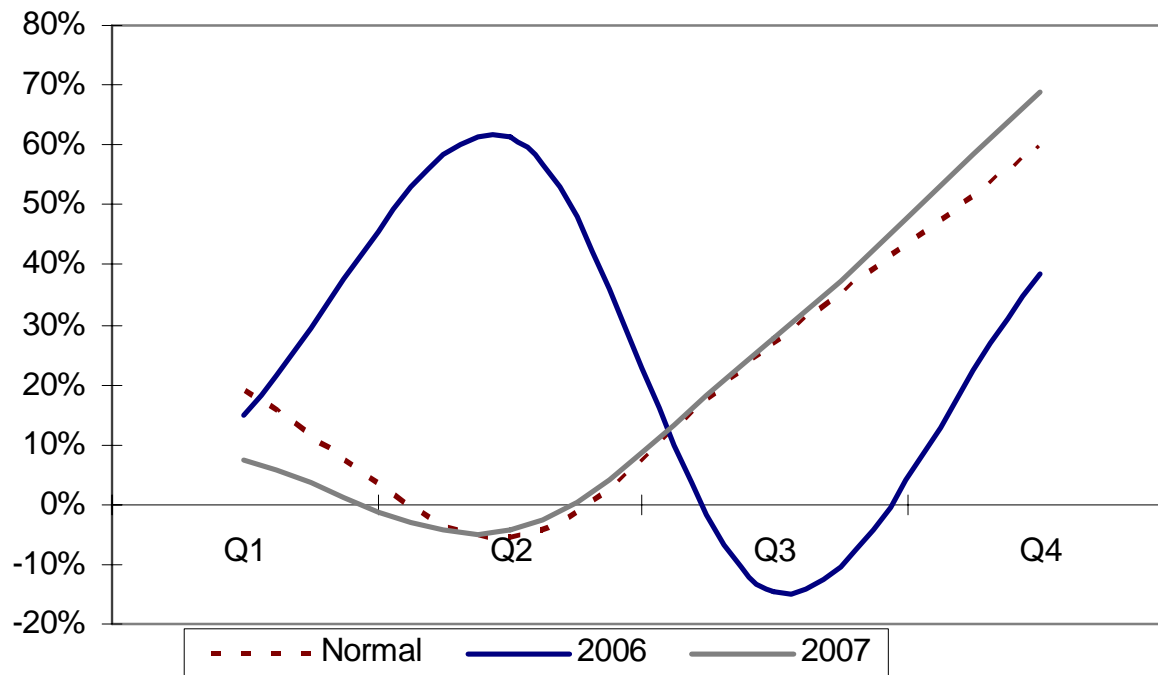
SEKm	Q4 07	Q4 06
Restructuring:		
UK cooker plant	-317	-
Denmark cooker plant	-14	-
Reversal of prior restructuring provisions	-	36
<b>Total</b>	<b>-331</b>	<b>36</b>

# Cash flow seasonality

2006 & 2007 versus Normal – percentage of cash flow made per quarter

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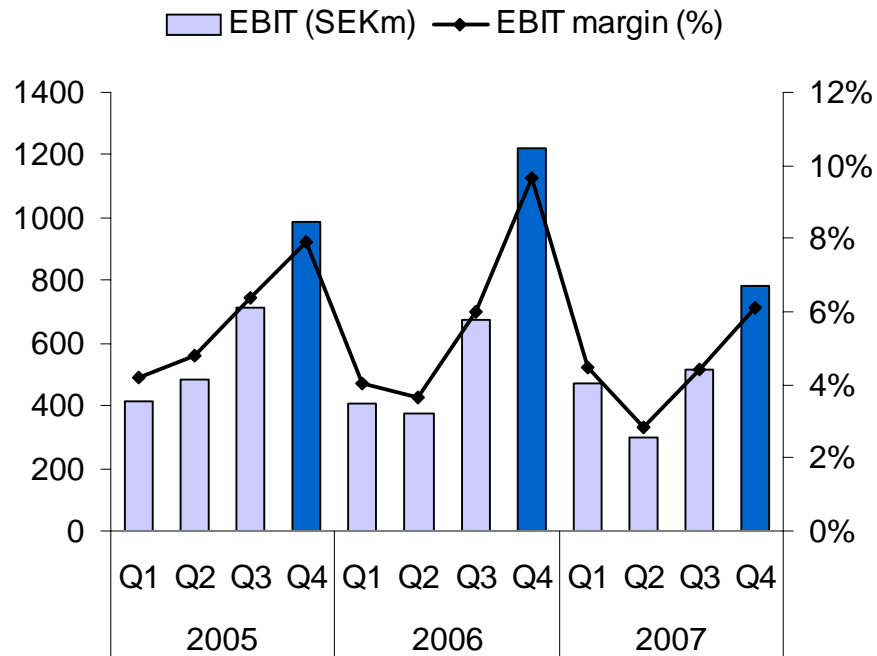
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- 2007 Cash Flow development in line with normal Electrolux seasonal pattern
- 2006 was abnormal

# Consumer Durables Europe

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(SEKm)	<u>Q4 2006</u>	<u>Q4 2007</u>
Sales	12,672	12,798
EBIT	1,225	784
Margin	9.7%	6.1%

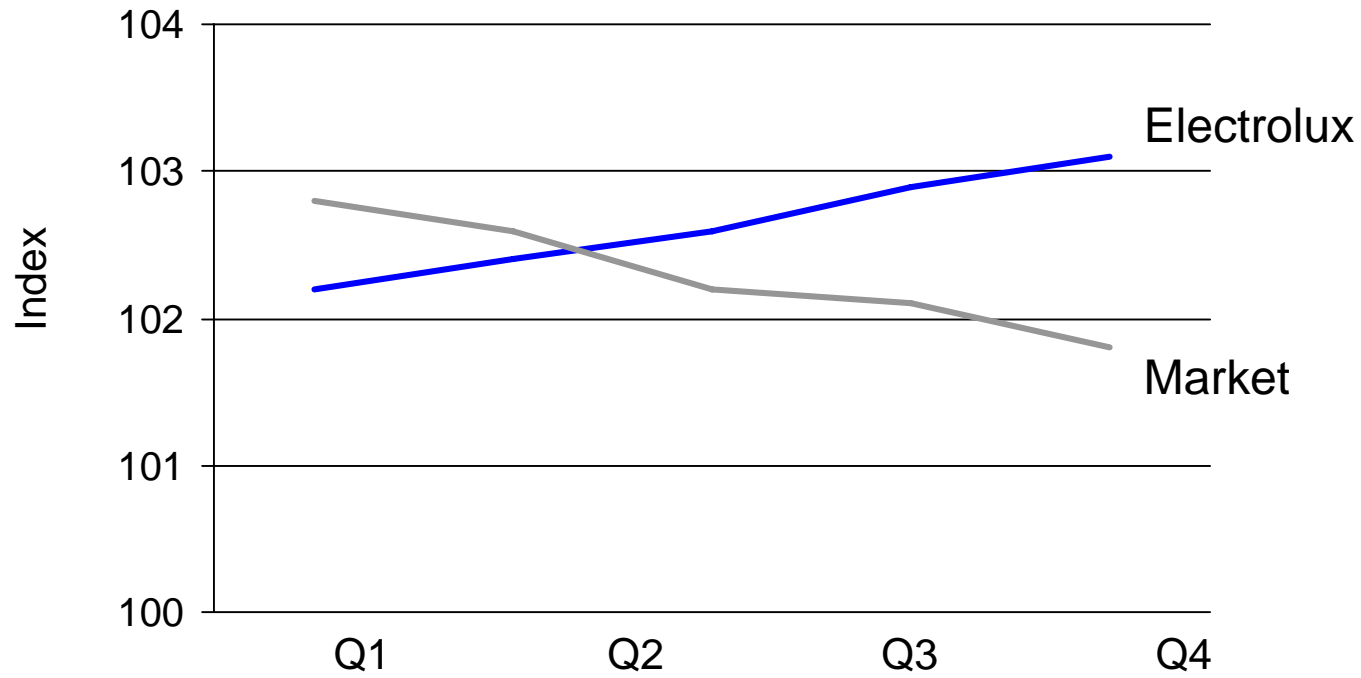
- Weakening demand
- Margin decline reflects:
  - Lower volumes
  - Costs of newly launched products
- Cost reductions underway
  - Lower product costs by second half
  - Lower staff costs by 350-400 million SEK annual run rate by year end
- Good market acceptance for Electrolux product launches



# Europe: 2007 price development

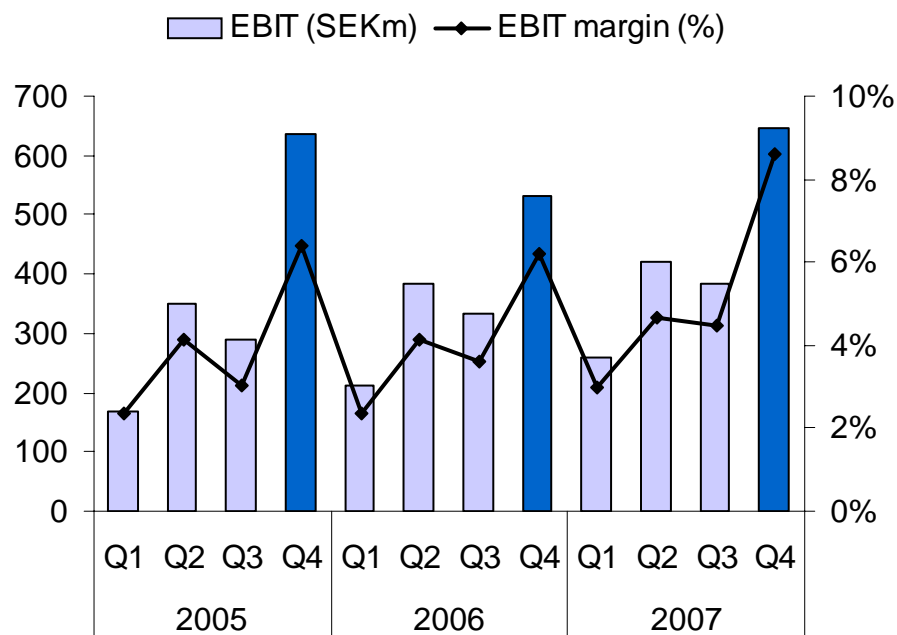
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Average selling price trend in 2007, Western Europe White Goods  
Change 2007 vs 2006 (YTD vs YTD prior year)



# Consumer Durables North America

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- Q4 appliance market volume down 6.5%
- Electrolux underlying margins increased
  - Improved price/mix
  - Cost efficiencies
  - Positive one-offs
- Floor-care operating income down in Q4, but up for full year

(SEKm)	<u>Q4 2006</u>	<u>Q4 2007</u>
Sales	8,571	7,474
EBIT	533	646
Margin	6.2%	8.6%





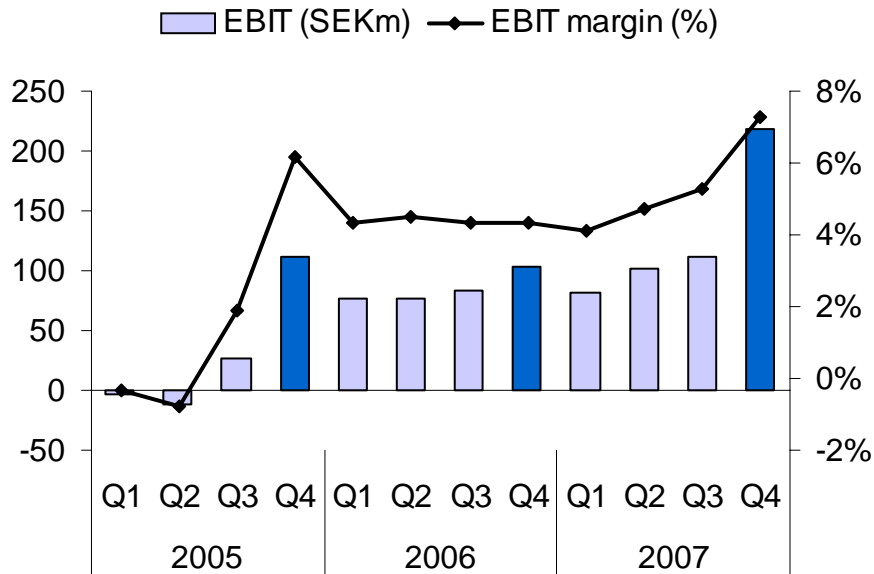
# US Electrolux brand launch



- Positive contribution in 2009
  - 100 Msek of brand spend in the first quarter with limited positive contribution
  - Negative impact each quarter in 2008
- Long-term investment, despite cyclical weakness
- Supported by retailers
- Strong product offering
- Increased leverage when market improves

# Consumer Durables Latin America

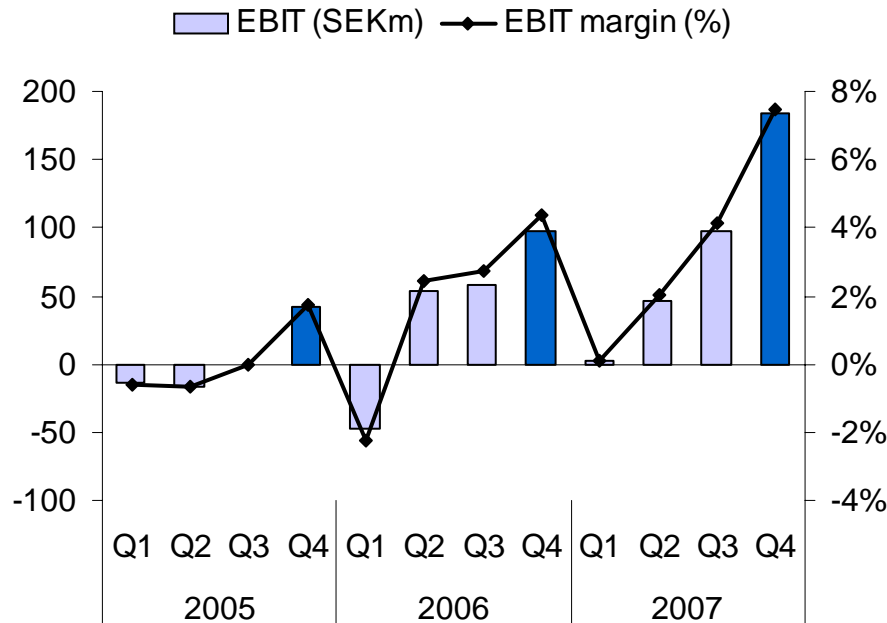
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- Market volume up 17% in Q4
- Electrolux volumes up 30%
- Increased share in most categories
- Operating income doubled to a new record

(SEKm)	<u>Q4 2006</u>	<u>Q4 2007</u>
Sales	2,387	2,992
EBIT	103	218
Margin	4.3%	7.3%

# Consumer Durables Asia/Pacific & Rest of world



(SEKm)	<u>Q4 2006</u>	<u>Q4 2007</u>
Sales	2,245	2,445
EBIT	98	184
Margin	4.4%	7.5%

- Sales up 9% in comparable currencies and operating income doubled
- Australia/New Zealand operating income up
  - Market up
  - Sales and volumes up
- China sales somewhat improved, but still unprofitable
- Sales and operating income up throughout southeast Asia





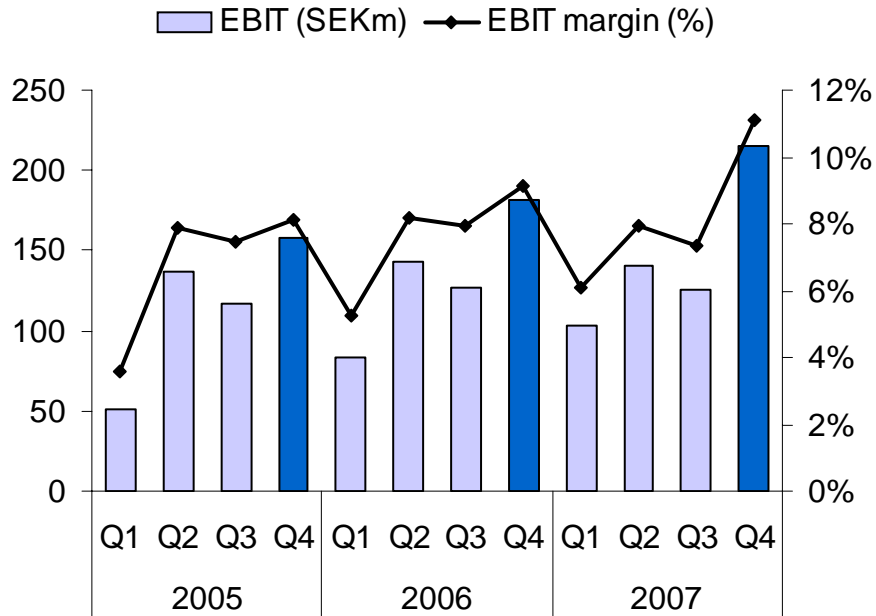
## Electrolux Design Centre in Shanghai

# Electrolux Illuminated Induction Cooktop





# Professional Products



- Sales and volumes down somewhat, but operating income and margin up
- Price increases offset materials costs
- Improved manufacturing efficiency

(SEKm)	<u>Q4 2006</u>	<u>Q4 2007</u>
Sales	1,999	1,930
EBIT	182	215
Margin	9.1%	11.1%

# Outlook 2008: In line



In 2008, the Group will introduce Electrolux as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment. However, we expect the launch to have a negative impact on 2008 results as it initially includes a considerable investment in marketing.

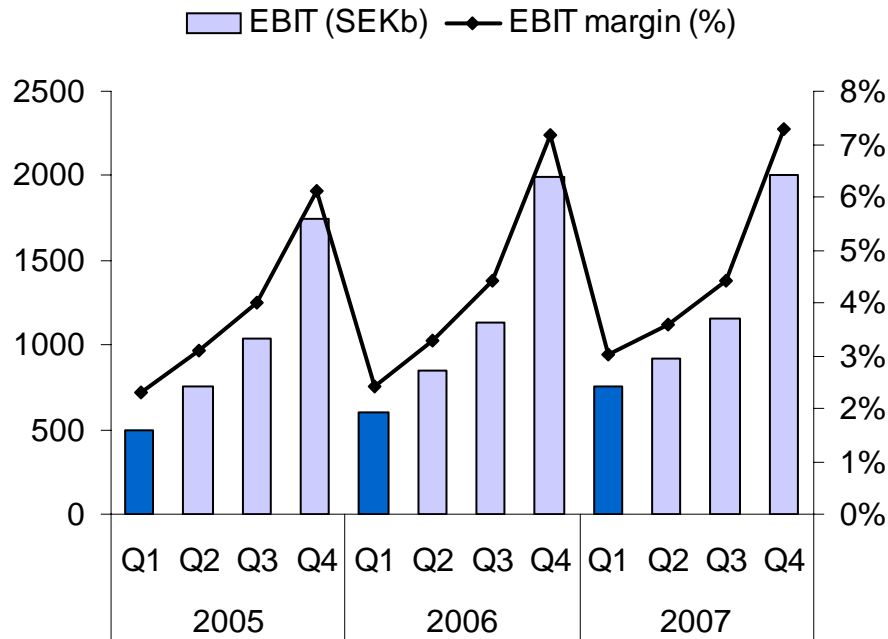
Furthermore, the European appliance operations will be negatively impacted by higher than anticipated cost for the product launches and the planned cost reduction program.

The significant uncertainty in the overall global economy makes it extremely difficult to predict the development in 2008.

**Provided that market demand for appliances in Europe shows a slow growth in 2008 and that market demand for appliances in North America shows a slightly negative development, our outlook for 2008 is that operating income is expected to be in-line with 2007, excluding items affecting comparability.**

# First quarter update

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- Q1 seasonally the weakest: normally 10-15% of full year operating income
- Extra cost in Q1 2008
  - 100 Msek in US launch cost
  - Approximately 400 Msek charge for European staff reduction
  - Extra European launch cost

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# Factors affecting forward-looking statements

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## **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

European industry appliance shipments, % change from prior year period

	Q1	Q2	Q3	Q4	FY
Germany/Austria	-2.8	+0.9	-2.8	-7.9	-3.4
UK/Ireland	+1.2	-0.8	-2.9	-3.8	-1.6
Nordic	+2.4	+3.7	+3.7	-1.9	+1.8
Italy	+3.5	+3.8	+1.7	-0.3	+2.1
CEE	+18.2	+7.9	+3.9	+13.3	+10.4