

# Consolidated Results 2014

Stockholm, January 28, 2015

## Highlights of the fourth quarter of 2014

Read more

- Net sales amounted to SEK 31,400m (28,891). 2
- Sales increased by 8.7%, of which 2.0% was organic growth, 0.2% acquisitions and 6.5% currencies. 2
- Strong improvement in operating income for Major Appliances EMEA, Latin America and Asia/Pacific. 4
- New energy requirements and ramp up of a new production facility impacted earnings negatively for Major Appliances North America. 4
- Operating income amounted to SEK 1,472m (1,223), corresponding to a margin of 4.7% (4.2). 2
- Strong cash flow of SEK 1,844m (1,484). 7
- Income for the period, including items affecting comparability, was SEK 970m (-987), and earnings per share was SEK 3.39 (-3.44). 13
- The Board proposes a dividend for 2014 of SEK 6.50 (6.50) per share. 9

## Financial overview

SEKm <sup>1)</sup>	2013	2014	Change, %	Q4 2013	Q4 2014	Change, %
Net sales	109,151	112,143	3	28,891	31,400	9
Organic growth, %	4.5	1.1		3.6	2.0	
Operating income	4,055	4,780	18	1,223	1,472	20
Margin, %	3.7	4.3		4.2	4.7	
Income after financial items	3,379	4,196	24	1,071	1,369	28
Income for the period	2,809	3,238	15	1,089	1,045	-4
Earnings per share, SEK <sup>2)</sup>	9.81	11.30		3.80	3.64	
Operating cash flow after investments <sup>3)</sup>	2,412	6,631	175	1,484	1,844	24

<sup>1)</sup> Figures are excluding items affecting comparability. Items affecting comparability amounted to SEK -77m (-2,393) for the fourth quarter of 2014 and SEK -1,199m (-2,475) for the full year of 2014, see page 13. Items affecting comparability includes costs for restructuring programs to make the Group's production competitive and other restructuring measures to reduce costs.

<sup>2)</sup> Basic, based on an average of 286.3 (286.2) million shares for the fourth quarter and 286.3 (286.2) million shares for the full year of 2014, excluding shares held by Electrolux.

<sup>3)</sup> See page 7.

For earnings per share after dilution, see page 13.

For definitions, see page 25.

## About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 50 million products to customers in more than 150 markets every year. The company makes thoughtfully designed, innovative solutions based on extensive consumer research, meeting the desires of today's consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, cookers, air-conditioners and small appliances such as vacuum cleaners, all sold under esteemed brands like Electrolux, AEG, Zanussi and Frigidaire. In 2014, Electrolux had sales of SEK 112 billion and about 60,000 employees. For more information, go to <http://electroluxgroup.com/>

AB Electrolux (publ) 556009-4178



# Market overview

## Market overview

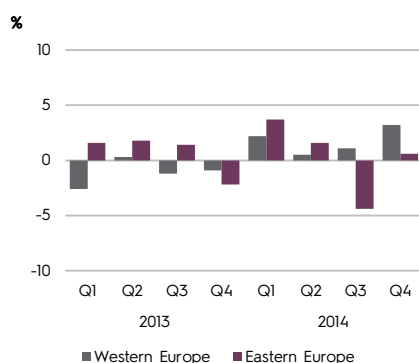
Market demand in Europe increased in the fourth quarter year-over-year. Western Europe increased by 3% and Eastern Europe by 1%. In total, the European market improved by 2%.

Market demand for core appliances in North America increased by 8%.

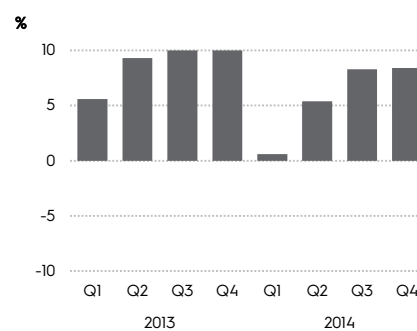
Market demand in Australia is estimated to have increased, while demand in Southeast Asia and China continued to decline.

Demand for appliances in Brazil continued to deteriorate and most other Latin American markets also declined.

Industry shipments of core appliances in Europe\*



Industry shipments of core appliances in the US\*



Sources: Europe: Electrolux estimates, North America: AHAM. For other markets there are no comprehensive market statistics.

## The fourth quarter in summary\*

- Sales increased organically by 2.0%, primarily due to higher sales in Latin America and North America. Acquisitions had a positive sales impact of 0.2% and currencies by 6.5%.
- Mix improvements across most business areas.
- Strong earnings recovery in EMEA.
- Major Appliances Latin America and Asia/Pacific finalized the year strongly.
- Solid development for Professional Products.
- Transition costs for new energy requirements and ramp up of a new production facility impacted earnings for Major Appliances North America.
- Price increases and mix improvements offset the negative impact on results from currency movements.

SEKm	2013	2014	Change, %	Q4 2013	Q4 2014	Change, %
<b>Net sales</b>	<b>109,151</b>	<b>112,143</b>	<b>2.7</b>	<b>28,891</b>	<b>31,400</b>	<b>8.7</b>
<b>Change in net sales, %, whereof</b>						
Organic growth	—	—	1.1	—	—	2.0
Acquisitions	—	—	0.0	—	—	0.2
Changes in exchange rates	—	—	1.6	—	—	6.5
<b>Operating income</b>						
Major Appliances Europe, Middle East and Africa	347	1,444	316	227	619	173
Major Appliances North America	2,136	1,714	-20	453	134	-70
Major Appliances Latin America	979	1,079	10	224	478	113
Major Appliances Asia/Pacific	467	448	-4	96	200	108
Small Appliances	391	200	-49	227	173	-24
Professional Products	510	671	32	172	189	10
Other, common group costs, etc.	-775	-776	0	-176	-321	-82
<b>Operating income, excluding items affecting comparability</b>	<b>4,055</b>	<b>4,780</b>	<b>18</b>	<b>1,223</b>	<b>1,472</b>	<b>20</b>
Margin, %	3.7	4.3		4.2	4.7	
Items affecting comparability	-2,475	-1,199		-2,393	-77	
<b>Operating income</b>	<b>1,580</b>	<b>3,581</b>	<b>127</b>	<b>-1,170</b>	<b>1,395</b>	<b>219</b>
Margin, %	1.4	3.2		-4.0	4.4	

\* All comments are excluding items affecting comparability. For items affecting comparability, see page 13.

Net sales for the Electrolux Group increased by 8.7% in the fourth quarter of 2014, of which 2.0% was organic growth 0.2% acquisitions and 6.5% currencies. The increase was mainly attributable to sales growth for Major Appliances Latin America and North America.

Operating income increased to SEK 1,472m (1,223), corresponding to a margin of 4.7% (4.2).

Operating income for Major Appliances EMEA improved significantly. Lower operational costs, increased efficiency and mix improvements contributed to the strong recovery in results.

Operating income for Major Appliances North America was negatively impacted by cost increases related to the transition of products to comply with new energy requirements and the ramp up of the new cooking plant in Memphis, Tennessee in the US.

Operations for Major Appliances Latin America and Asia/Pacific continued to perform favorably in soft markets.

Operating income for Small Appliances declined, primarily due to lower sales volumes in the US and Latin America.

Professional Products continued to report improvements in sales and earnings.

#### Effects of changes in exchange rates

Changes in exchange rates had a negative impact of SEK -128m on operating income year-over-year. The impact of transaction effects was SEK -255m. The negative impact refers mainly to a stronger US dollar against several local currencies in Latin America. This was to a large extent mitigated by price increases and mix improvements. Translation effects in the quarter amounted to SEK 127m. The strengthening of the US dollar against the Swedish krona had a positive impact on translation in the quarter.

#### Financial net

Net financial items for the fourth quarter of 2014 amounted to SEK -103m (-152).

#### Income for the period

Income for the period amounted to SEK 1,045m (1,089), corresponding to SEK 3.64 (3.80) in earnings per share.

#### Full year of 2014

Net sales for the Electrolux Group in the full year of 2014 amounted to SEK 112,143m (109,151). Net sales increased by 2.7%. Organic growth was 1.1%, while changes in exchange rates had a positive impact of 1.6%.

Operating income improved to SEK 4,780m (4,055), corresponding to a margin of 4.3% (3.7). Mix improvements across most business areas and increased efficiency as a result of measures to reduce overhead costs and improve competitiveness within manufacturing were the main contributors to the improvement in operating income. Major Appliances EMEA showed a strong recovery of the results for 2014.

Changes in exchange rates had a negative impact of SEK 1,306m on operating income, which to a large extent was mitigated by mix improvements and price increases.

Income for the period excluding items affecting comparability was SEK 3,238m (2,809), corresponding to SEK 11.30 (9.81) in earnings per share. For earnings per share including items affecting comparability, see page 13.

In 2014, Electrolux entered into an agreement to acquire the appliance business of General Electric ("GE Appliances"), one of the premier manufacturers of kitchen and laundry products in the United States, see page 11.

#### Events during the fourth quarter of 2014

##### October 7. Electrolux acquired BeefEater in Australia

Electrolux acquired the Australian-based international barbecue business BeefEater, as part of the strategy to grow in this market segment, see page 5 and [www.electroluxgroup.com](http://www.electroluxgroup.com)

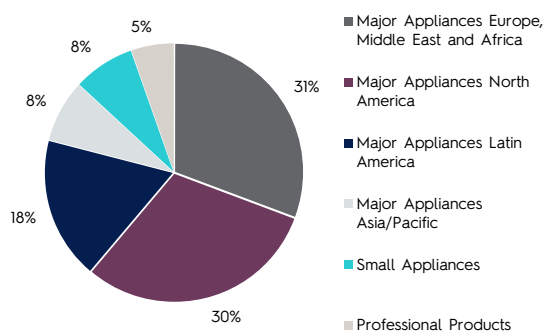
##### October 20. Restructuring measures in Europe

The global manufacturing footprint program initiated in 2004 for increased competitiveness is now in its final stages. Consultations are initiated with employee representatives regarding the production in Mariestad, Sweden, and Schwanden, Switzerland, see page 8.

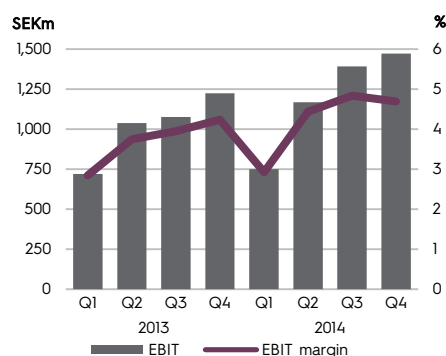
##### November 20. Electrolux Capital Markets Day

At Electrolux capital markets day in Charlotte, North Carolina in the US, a status update on the Group's strategy as well as an overview of the current business environment and expectations for the next year were presented. For more information, visit [www.electroluxgroup.com](http://www.electroluxgroup.com)

Share of sales by business area in Q4 2014



Operating income and margin\*



\* Excluding items affecting comparability.

# Business areas

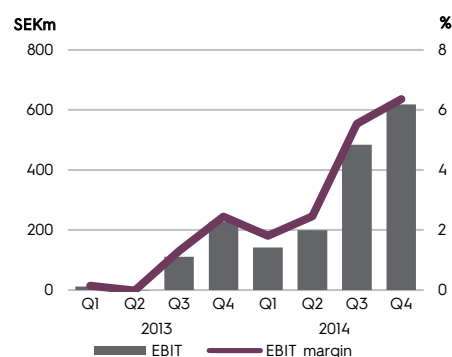
## Major Appliances Europe, Middle East and Africa

The overall market demand for appliances in Europe increased by 2% in the fourth quarter of 2014 year-over-year. Western Europe rose by 3% and Eastern Europe by 1%. Demand in Western Europe increased in most regions, with growth being particularly strong in the Iberian and Benelux countries. Germany, the UK and Italy posted improvements while France and the Nordics remained soft. Market demand in Russia was impacted by the depreciation of the rouble, which led to higher demand in the quarter as customers purchased appliances ahead of expected price increases.

Electrolux showed organic sales growth in the fourth quarter. The growth was a result of an improved product mix in Europe, which compensated for lower sales volumes in the Middle East and Africa and continued price pressure. Active product portfolio management and a strong focus on the most profitable product categories improved the product mix. Sales of products under premium brands, built-in kitchen products and laundry products increased in the quarter.

Operating income improved significantly as a result of the ongoing structural actions to reduce costs and enhance efficiency as well as product mix improvements.

### Operating income and margin



Industry shipments of core appliances in Europe, units, year-over-year, %

	2013	2014	Q4 2013	Q4 2014
Western Europe	-1	2	-1	3
Eastern Europe (excluding Turkey)	0	0	-2	1
<b>Total Europe</b>	<b>-1</b>	<b>2</b>	<b>-1</b>	<b>2</b>
SEKm				
Net sales	33,436	34,438	9,281	9,725
Organic growth, %	-0.2	-0.2	1.1	1.3
Operating income	347	1,444	227	619
Operating margin, %	1.0	4.2	2.4	6.4

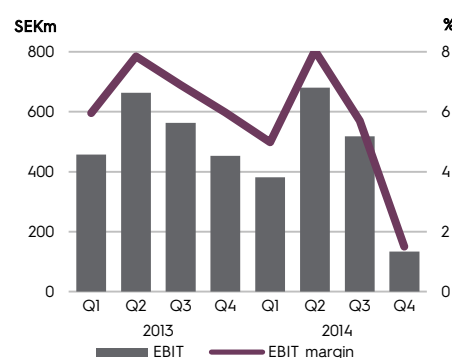
## Major Appliances North America

In the fourth quarter, market demand for core appliances in North America increased by 8% year-over-year. Market demand for major appliances, including microwave ovens and home comfort products, such as room air-conditioners, increased by 7%.

Electrolux organic sales growth in North America was 3% during the fourth quarter. An improved product mix compensated for lower sales volumes and some price pressure. Sales volumes of categories within core appliances such as freezers declined. Sales of air-conditioning equipment remained weak.

Earnings continue to be impacted by the comprehensive transition of refrigerators and freezers as a result of the new energy requirements in the US. In addition, the new cooking facility in Memphis, Tennessee, is still being ramped up which also impacted operating income.

### Operating income and margin



Industry shipments of appliances in the US, units, year-over-year, %

	2013	2014	Q4 2013	Q4 2014
Core appliances	9	6	10	8
Microwave ovens and home comfort products	-6	4	-3	3
<b>Total Major Appliances</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>7</b>
SEKm				
Net sales	31,864	34,141	7,573	8,924
Organic growth, %	7.6	2.2	7.6	3.0
Operating income	2,136	1,714	453	134
Operating margin, %	6.7	5.0	6.0	1.5

## Major Appliances Latin America

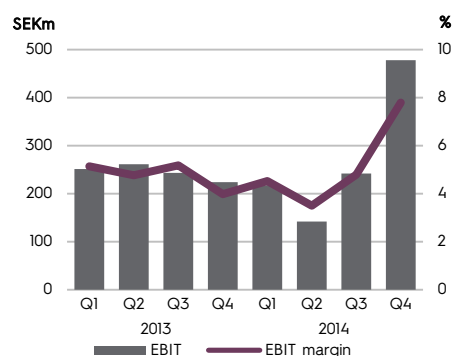
In the fourth quarter of 2014, market demand declined for core appliances in Brazil and several other Latin American markets year-over-year.

Latin America showed an organic sales growth of 8% in the quarter driven by higher sales prices and mix improvements. Sales volumes increased in Brazil, and Electrolux gained market share, while sales volumes in several other Latin American markets declined due to continued weak market conditions.

Operating income improved year-over-year. Price increases have offset continued currency headwinds and a high rate of inflation. Measures have been taken to adjust the cost base to lower demand.

The fourth quarter of 2013 was negatively impacted by a fire at Electrolux warehouse for refrigerators and freezers in Curitiba, Brazil.

### Operating income and margin



SEKm	2013	2014	Q4 2013	Q4 2014
Net sales	20,695	20,041	5,639	6,134
Organic growth, %	6.1	2.8	0.4	8.2
Operating income	979	1,079	224	478
Operating margin, %	4.7	5.4	4.0	7.8

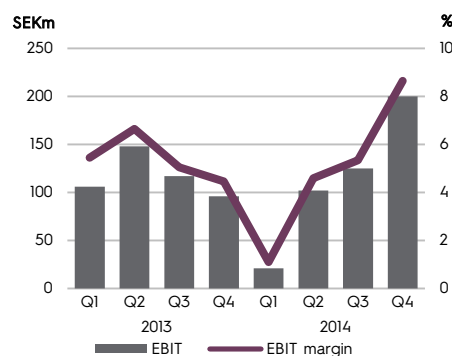
## Major Appliances Asia/Pacific

In the fourth quarter of 2014, market demand in Australia stabilized and demonstrated some improvement year-over-year, mainly driven by increased demand for air-conditioners. Demand in China and in several markets in Southeast Asia continued to decline.

Electrolux organic sales declined in the fourth quarter, mainly due to a negative customer mix in China and increased price pressure in Australia. However, sales volumes posted a positive trend in all regions, particularly in Southeast Asia. The acquisition in the fourth quarter of the Australian-based international barbecue business BeefEater had a positive impact of 2.0% on sales.

Operating income showed a strong improvement year-over-year. An improved cost structure and lower marketing spend had a favorable impact on results.

### Operating income and margin



SEKm	2013	2014	Q4 2013	Q4 2014
Net sales	8,653	8,803	2,157	2,312
Organic growth, %	10.8	0.4	4.3	-4.0
Acquisitions, %	-	0.6	-	2.0
Operating income	467	448	96	200
Operating margin, %	5.4	5.1	4.5	8.7

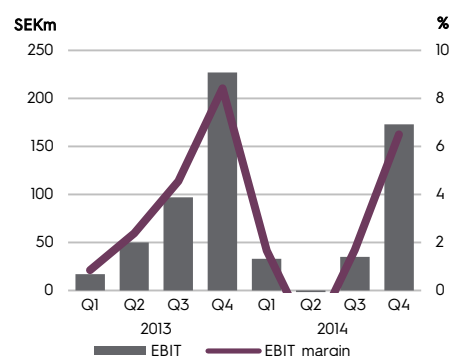
## Small Appliances

In the fourth quarter of 2014, market demand for vacuum cleaners in Europe and North America is estimated to have declined slightly.

Group sales declined in the fourth quarter mainly due to lower sales volumes of vacuum cleaners, primarily in the US, Latin America and Japan. This was to some extent mitigated by product mix improvements as a result of launches of new vacuum cleaners and small domestic appliances in the premium segment in Europe and Asia/Pacific.

Operating income for the fourth quarter declined year-over-year, primarily due to lower volumes. In addition, negative currency trends mainly related to Latin America and price pressure had an adverse impact on results. This was to some extent mitigated by product mix improvements.

### Operating income and margin



SEKm	2013	2014	Q4 2013	Q4 2014
Net sales	8,952	8,678	2,697	2,664
Organic growth, %	4.4	-4.2	4.8	-6.0
Operating income	391	200	227	173
Operating margin, %	4.4	2.3	8.4	6.5

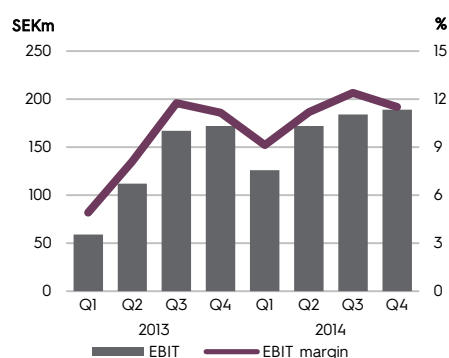
## Professional Products

Year-over-year, overall market demand for professional food-service and professional laundry equipment improved somewhat during the fourth quarter. Market demand increased in the Nordic countries and the UK, where Electrolux holds a strong position, but slowed down in several other regions in Western Europe. Demand in Eastern Europe declined. Demand in the US and emerging markets displayed growth year-over-year.

Electrolux reported organic growth in the fourth quarter and the Group continued to gain market shares. Sales growth in Western Europe, which accounts for more than 60% of sales, and growth in Africa and the Middle East were the main contributors to this development. The sales growth in emerging markets was primarily the result of the Group's strategic initiatives to grow in new markets and segments, as well as the launches of new products.

Operating income and margin improved as a result of higher sales volumes and increased efficiency within operations.

### Operating income and margin



SEKm	2013	2014	Q4 2013	Q4 2014
Net sales	5,550	6,041	1,544	1,641
Organic growth, %	1.7	5.6	10.6	1.9
Operating income	510	671	172	189
Operating margin, %	9.2	11.1	11.1	11.5

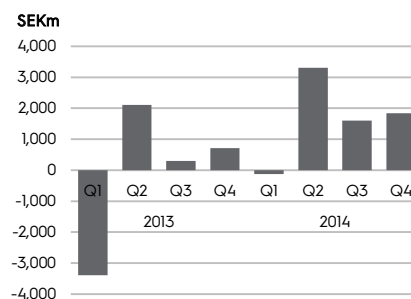
# Cash flow

Operating cash flow after investments for the fourth quarter of 2014 improved compared with the preceding year and amounted to SEK 1,844m (1,484). The improvement refers mainly to higher earnings. The trend for the cash flow and the working capital in the fourth quarter of 2014 reflects a normal seasonal pattern with increased sales and declining inventories.

Payments for the ongoing restructuring and cost-cutting programs amounted to SEK 315m in the quarter.

Cash flow for the full year of 2014 far exceeded the level in the preceding year. Higher earnings, a significant improvement of the cash flow from working capital and lower capital expenditure were the main contributors to the strong cash flow for 2014. The Group's on-going activities to operationally and structurally reduce working capital contributed to the favorable development of operating cash flow.

Operating cash flow after investments



SEKm	2013	2014	Q4 2013	Q4 2014
EBITDA <sup>1)</sup>	7,616	8,544	2,043	2,358
Change in operating assets and liabilities	-675	1,777	837	858
<b>Operating cash flow</b>	<b>6,941</b>	<b>10,321</b>	<b>2,880</b>	<b>3,216</b>
Investments in fixed assets <sup>2)</sup>	-4,529	-3,690	-1,396	-1,372
<b>Operating cash flow after investments</b>	<b>2,412</b>	<b>6,631</b>	<b>1,484</b>	<b>1,844</b>
Restructuring payments	-603	-1,026	-242	-315
Acquisitions and divestments of operations	-205	-69	-3	-1
<b>Operating cash flow after structural changes</b>	<b>1,604</b>	<b>5,536</b>	<b>1,239</b>	<b>1,528</b>
Financial items paid, net	-540	-488	-122	-68
Taxes paid	-1,343	-985	-405	-384
<b>Free cash flow<sup>3)</sup></b>	<b>-279</b>	<b>4,063</b>	<b>712</b>	<b>1,076</b>
Dividend	-1,860	-1,861	-	-
<b>Total cash flow, excluding change in loans and short-term investments</b>	<b>-2,139</b>	<b>2,202</b>	<b>712</b>	<b>1,076</b>

<sup>1)</sup> Operating income excluding items affecting comparability plus depreciation and amortization plus other non-cash items.

<sup>2)</sup> Investments excluding acquisitions and divestments of operations.

<sup>3)</sup> Cash flow from operations and investments.

## Financial position

The financial net debt decreased by SEK 1,157m during the fourth quarter of 2014 as a result of the strong operating cash flow after investments. Net provision for post-employment benefits increased by SEK 1,193m. In total, net debt increased by SEK 36m during the fourth quarter.

Long-term borrowings as of December 31, 2014, including long-term borrowings with maturities within 12 months, amounted to SEK 12,123m with average maturity of 2.8 years, compared to SEK 12,207m and 3.3 years at the end of 2013. During 2015, long-term borrowings in the amount of SEK 2,594m will mature.

Liquid funds as of December 31, 2014, amounted to SEK 9,835m (7,232), excluding short-term back-up facilities.

### Net assets and working capital

Average net assets for the period amounted to SEK 25,166m (27,148). Net assets as of December 31, 2014, amounted to SEK 26,099m (24,961). Adjusted for items affecting comparability, i.e., restructuring provisions, average net assets amounted to SEK 27,941m (28,915), corresponding to 24.9% (26.5) of net sales.

Working capital as of December 31, 2014, amounted to SEK -8,377m (-5,800), corresponding to -6.6% (-5.1) of annualized net sales. The return on net assets was 14.2% (5.8), and 17.1% (14.0), excluding items affecting comparability.

### Net debt

SEKm	Dec. 31, 2013	Dec. 31, 2014
Borrowings	14,905	14,703
Liquid funds <sup>1)</sup>	7,232	9,835
Financial net debt	7,673	4,868
Net provisions for post-employment benefits	2,980	4,763
Net debt	10,653	9,631
Net debt/equity ratio	0.74	0.58
Equity	14,308	16,468
Equity per share, SEK	49.99	57.52
Return on equity, %	4.4	15.7
Equity/assets ratio, %	20.8	21.7

<sup>1)</sup> Electrolux has two unused committed back-up facilities. One credit facility of SEK 3,400m maturing in 2017 and one EUR 500m multi-currency revolving credit facility, approximately SEK 4,730m, maturing in 2018.

## Structural changes

In 2013, Electrolux communicated actions to reduce annual costs by SEK 1.8bn for a charge of SEK 3.4bn. Cost savings will be achieved through manufacturing footprint restructuring as well as through overhead-cost reductions. These actions relate mainly to Major Appliances Europe, Middle East and Africa, but also to other business areas and Group staff.

In the fourth quarter of 2014, consultations were initiated with employee representatives regarding the production in Mariestad, Sweden, and Schwanden, Switzerland. These processes also include reviews of potential alternative solutions for the plants. In the quarter, a decision was taken to cease Electrolux production at the plant in Schwanden. Restructuring costs are expected to approximately SEK 336m for both projects.

However, in the quarter there were also reversals of previous restructuring provisions not utilized, as well as some granted external funding for the above mentioned projects. The reversals of unused restructuring provisions relate primarily to the production facility in Revin, France, in the amount of SEK 160m and other projects including IT restructuring. In total, the charge within operating income was therefore reduced to SEK 77m, see page 13.

In total, restructuring costs amounting to SEK 2.8bn of the SEK 3.4bn plan have been charged to operating income within items affecting comparability. This restructuring program has now come to an end. As previously communicated, Electrolux will eliminate the accounting practice of "items affecting comparability". As of 2015, any potential future restructuring charges will be taken directly to earnings.



# Annual General Meeting

The Annual General Meeting of AB Electrolux will be held on March 26, 2015, at The Brewery Conference Centre (Münchenbryggeriet), situated at Torkel Knutssonsgatan 2 in Stockholm, Sweden.

## Proposed dividend

The Board of Directors proposes a dividend for 2014 of SEK 6.50 (6.50) per share, for a total dividend payment of approximately SEK 1,861m (1,861). The proposed dividend corresponds to approximately 57% (66) of income for the period, excluding items affecting comparability. Monday, March 30, 2015, is proposed as record date for the dividend. The estimated date for payment of dividends is Thursday, April 2, 2015.

The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability.

Historically, Electrolux dividend rate has been considerably higher than 30%. Electrolux has a long tradition of high total distribution to shareholders that includes repurchases and redemptions of shares as well as dividends.

## Proposal for resolution on acquisition of own shares

Electrolux has previously, on the basis of authorizations by the Annual General Meetings, acquired own shares. The purpose of the repurchase programs has been to adapt the Group's capital structure, thus contributing to increased shareholder value and to use these shares to finance potential company acquisitions and as a hedge for the company's share-related incentive programs.

The Board of Directors makes the assessment that it continues to be advantageous for the company to be able to adapt the company's capital structure, thereby contributing to increased shareholder value, and to continue to be able to use repurchased shares on account of potential company acquisitions and the company's share-related incentive programs.

The Board of Directors proposes the Annual General Meeting 2015 to authorize the Board of Directors, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many B shares that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

As of December 31, 2014, Electrolux holds 22,599,884 B shares in Electrolux, corresponding to approximately 7.3% of the total number of shares in the company.

## Nomination Committee for the AGM 2015

In accordance with decision by the Annual General Meeting, Electrolux Nomination Committee shall consist of six members. The members should be one representative of each of the four largest shareholders in terms of voting rights that wish to participate in the committee, together with the Chairman of the Electrolux Board and one additional Board member.

The members of the Nomination Committee have been appointed based on the ownership structure as of August 29, 2014. Börje Ekholm, Investor AB, is the Chairman of the committee. The other owner representatives are Kaj Thorén, Alecta, Mathias Leijon, Nordea Investment Management, and Marianne Nilsson, Swedbank Robur funds. The committee also includes Ronnie Leten and Torben Ballegaard Sørensen, Chairman and Director, respectively, of Electrolux.

The Nomination Committee will prepare proposals for the Annual General Meeting in 2015 regarding Chairman of the Annual General Meeting, Board members, Chairman of the Board, remuneration for Board members and, to the extent deemed necessary, proposal regarding amendments of the current instruction for the Nomination Committee.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to [nominationcommittee@electrolux.com](mailto:nominationcommittee@electrolux.com)

## Other items

### Asbestos litigation in the US

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2014, the Group had a total of 3,070 (2,980) cases pending, representing approximately 3,129 (approximately 3,040) plaintiffs. During the fourth quarter of 2014, 315 new cases with 315 plaintiffs were filed and 419 pending cases with approximately 428 plaintiffs were resolved.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits.

In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

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## Risks and uncertainty factors

As an international group with a wide geographic spread, Electrolux is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit and financial instruments.

Risk management in Electrolux aims to identify, control and reduce risks. This work begins with the description of risks and

risk management, see the 2013 Annual Report on page 76. No significant risks other than the risks described there are judged to have occurred.

Risks, risk management and risk exposure are described in more detail in the Annual Report 2013, [www.electrolux.com/annualreport2013](http://www.electrolux.com/annualreport2013)

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### Press releases 2014

<b>January 22</b>	Electrolux named Industry Leader in RobecoSAM annual rating
<b>January 31</b>	Consolidated results 2013 and CEO Keith McLoughlin's comments
<b>February 21</b>	Notice convening the Annual General Meeting of AB Electrolux
<b>February 21</b>	Changes to the Board of AB Electrolux
<b>February 21</b>	Electrolux Annual Report 2013 is published
<b>March 6</b>	Electrolux Capital Markets Day in Charlotte, USA, November 20, 2014
<b>March 26</b>	Electrolux unveils new climate impact target in 2013 Sustainability Report
<b>March 27</b>	Bulletin from AB Electrolux Annual General Meeting 2014
<b>April 25</b>	Interim Report January-March 2014 and CEO Keith McLoughlin's comments
<b>May 7</b>	Electrolux Design Lab Top 100+ are online

<b>May 28</b>	Electrolux issues Bond Loan
<b>July 18</b>	Interim Report January-June 2014 and CEO Keith McLoughlin's comments
<b>August 27</b>	Electrolux joins AllSeen Alliance to enable seamlessly connected appliances
<b>September 8</b>	Electrolux to acquire GE Appliances
<b>September 11</b>	Electrolux leads Household Durables in Dow Jones Sustainability Indices
<b>September 12</b>	Electrolux Ergorapido turns 10 and 10 million sold
<b>September 25</b>	Nomination Committee appointed for Electrolux Annual General Meeting 2015
<b>October 7</b>	Electrolux acquires Australian BBQ business
<b>November 20</b>	Electrolux Capital Markets Day

# Acquisition of GE Appliances

On September 8, 2014, Electrolux announced it has entered into an agreement to acquire the appliance business of General Electric ("GE Appliances"), one of the premier manufacturers of kitchen and laundry products in the United States, for a cash consideration of USD 3.3 billion. The acquisition enhances Electrolux position as a global player in home appliances, offering an unparalleled opportunity to invest in innovation and growth, which will benefit consumers, retailers, employees and shareholders.

## Highlights

- Attractive strategic fit in North America.
- Significant synergies, primarily in sourcing and operations.
- Cash consideration of USD 3.3 billion.
- Transaction expected to be EPS accretive from year one.
- Financing is provided by a committed bridge facility and the transaction is not subject to any financing conditions. A rights issue corresponding to approximately 25% of the consideration is planned following completion of the acquisition.
- Completion of the acquisition is mainly subject to regulatory approvals.

## Transaction rationale and synergies

The acquisition of GE Appliances is an important step for Electrolux towards realizing the Group's vision: to be the best appliance company in the world as measured by customers, employees and shareholders.

The scale and efficiencies from combining the businesses create a solid financial foundation from which to drive growth in the increasingly global and competitive appliance industry. The Electrolux Group will further strengthen its capacity to invest in innovation and growth. Electrolux has secured the right to the GE Appliances' brands through a long term license agreement with GE.

The transaction is expected to generate annual cost synergies of approximately USD 300 million. One-off implementation costs and capital expenditures are estimated to USD 300 million and USD 50-70 million, respectively. The largest parts of the synergies are expected in sourcing, operations, logistics and brands.

## Description of GE Appliances

GE Appliances is headquartered in Louisville, Kentucky, and generates more than 90% of its revenue in North America. GE Appliances' product portfolio includes refrigerators, freezers, cooking products, dishwashers, washers, dryers, air-conditioners, water-filtration systems and water heaters. Its revenue split by major product category is approximately 35% cooking, 25% refrigeration, 20% laundry, 10% dishwashers and 10% home comfort (A/C). The company operates its own distribution and logistics network and has nine well-invested manufacturing facilities with 12,000 employees.

The acquisition includes a 48.4% shareholding in the Mexican appliance company Mabe. For nearly 30 years, GE Appliances has had a joint venture with Mabe in Mexico where Mabe develops and manufactures portions of GE Appliances' product offering.

In 2013, GE Appliances had sales of USD 5.7 billion (SEK 37 billion) and an EBITDA of USD 390 million (SEK 2.5 billion) including share of income from Mabe.

## Transaction terms and timing

Electrolux will acquire GE Appliances for a cash consideration of USD 3.3 billion. The deal is structured primarily as an asset transaction.

Completion of the transaction is mainly subject to regulatory approvals. The acquisition is expected to close during 2015.

As is customary in the United States in certain types of transactions, Electrolux has agreed to pay a termination fee of USD 175 million in certain circumstances involving the failure to obtain regulatory approvals.

## Proforma financials 2013, before synergies

USD billion <sup>1)</sup>	Electrolux	GE Appliances incl. 48.4% of Mabe <sup>2)</sup>	Combined
Sales	16.8	5.7	22.5
EBITDA	1.1	0.4	1.5
EBITDA margin, %	6.8	6.8	6.8

<sup>1)</sup> Figures in SEK have been converted to USD at an exchange rate of SEK/USD 6.515, the average exchange rate in 2013.

The above figures are for illustrative purposes and do not include any impact from synergies, implementation costs and amortization of surplus values resulting from the purchase-price allocation.

The effect of the transaction on Electrolux earnings per share is expected to be accretive from year one. The EBITDA multiple for the full year 2014 is expected to be in the range of 7.0-7.3x.

The transaction is expected to contribute positively to cash flow. The financial position of Electrolux, after completion of the planned rights issue, is expected to be consistent with a financial policy to retain an investment grade credit rating.

For more information on the rationale behind the acquisition, as well as financing, please read the full press release and listen to the investor and press telephone conference held on September 8 at <http://www.electrolux.com/ir>

Extract from the press release, Electrolux to acquire GE Appliances, of September 8, 2014.

# Parent Company AB Electrolux

The Parent Company comprises the functions of the Group's head office, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company AB Electrolux for the full year of 2014 amounted to SEK 29,508m (28,856) of which SEK 23,757m (23,484) referred to sales to Group companies and SEK 5,751m (5,372) to external customers. Income after financial items was SEK 1,398m (-1,861), including dividends from subsidiaries in the amount of SEK 2,616m (2,004). Income for the period amounted to SEK 1,830m (-909).

Capital expenditure in tangible and intangible assets was SEK 255m (524). Liquid funds at the end of the period amounted to SEK 4,601m, as against SEK 2,795m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 12,617m, as against SEK 12,531m at the start of the year. Dividend payment to shareholders for 2013 amounted to SEK 1,861m.

The income statement and balance sheet for the Parent Company are presented on page 22.

Stockholm, January 28, 2015

Keith McLoughlin  
President and CEO

## Accounting and valuation principles

Electrolux applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and ÅRL, the Swedish Annual Accounts Act and recommendation RFR 2, Accounting for legal entities, issued by the Swedish Financial Reporting Board. There are no changes in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2013.

This report has not been audited.

# Consolidated income statement

SEKm	2013	2014	Q4 2013	Q4 2014
<b>Net sales</b>	<b>109,151</b>	<b>112,143</b>	<b>28,891</b>	<b>31,400</b>
Cost of goods sold	-87,892	-90,488	-23,187	-25,358
<b>Gross operating income<sup>1)</sup></b>	<b>21,259</b>	<b>21,655</b>	<b>5,704</b>	<b>6,042</b>
Selling expenses	-11,564	-11,600	-3,149	-3,140
Administrative expenses	-5,646	-5,378	-1,350	-1,487
Other operating income/expenses	6	103	18	57
Items affecting comparability	-2,475	-1,199	-2,393	-77
<b>Operating income</b>	<b>1,580</b>	<b>3,581</b>	<b>-1,170</b>	<b>1,395</b>
Margin, %	1.4	3.2	-4.0	4.4
Financial items, net	-676	-584	-152	-103
<b>Income after financial items</b>	<b>904</b>	<b>2,997</b>	<b>-1,322</b>	<b>1,292</b>
Margin, %	0.8	2.7	-4.6	4.1
Taxes	-232	-755	335	-322
<b>Income for the period</b>	<b>672</b>	<b>2,242</b>	<b>-987</b>	<b>970</b>
Items that will not be reclassified to income for the period:				
Remeasurement of provisions for post-employment benefits	1,851	-1,534	182	-990
Income tax relating to items that will not be reclassified	-636	808	-160	343
	1,215	-726	22	-647
Items that may be reclassified subsequently to income for the period:				
Available for sale instruments	-69	19	-1	-
Cash flow hedges	41	-30	92	-34
Exchange-rate differences on translation of foreign operations	-1,518	2,428	-109	867
Income tax relating to items that may be reclassified	29	-10	-4	-10
	-1,517	2,407	-22	823
<b>Other comprehensive income, net of tax</b>	<b>-302</b>	<b>1,681</b>	<b>-</b>	<b>176</b>
<b>Total comprehensive income for the period</b>	<b>370</b>	<b>3,923</b>	<b>-987</b>	<b>1,146</b>
Income for the period attributable to:				
Equity holders of the Parent Company	671	2,241	-987	969
Non-controlling interests	1	1	-	1
<b>Total</b>	<b>672</b>	<b>2,242</b>	<b>-987</b>	<b>970</b>
Total comprehensive income for the period attributable to:				
Equity holders of the Parent Company	374	3,922	-986	1,144
Non-controlling interests	-4	1	-1	2
<b>Total</b>	<b>370</b>	<b>3,923</b>	<b>-987</b>	<b>1,146</b>
Earnings per share, SEK	2.35	7.83	-3.44	3.39
Diluted, SEK	2.34	7.78	-3.43	3.36
Number of shares after buy-backs, million	286.2	286.3	286.2	286.3
Average number of shares after buy-backs, million	286.2	286.3	286.2	286.3
Diluted, million	287.3	288.2	287.7	288.7

<sup>1)</sup> As of 2014, selling and administrative costs in the factories are included in cost of goods sold. This reporting change reduces the reported gross operating income annually by approximately SEK 450m with the corresponding reductions in the line items selling and administrative expenses. The change in calculation has no impact on operating income and previous periods have not been restated.

## Items affecting comparability

SEKm	2013	2014	Q4 2013	Q4 2014
Restructuring provisions and write-downs				
Manufacturing footprint restructuring	-594	-1,173	-512	-250
Program for reduction of overhead costs	-975	-199	-975	-
Impairment of ERP system	-906	-	-906	-
Reversal of unused restructuring provisions	0	173	-	173
<b>Total</b>	<b>-2,475</b>	<b>-1,199</b>	<b>-2,393</b>	<b>-77</b>

## Consolidated balance sheet

SEKm	Dec. 31, 2013	Dec. 31, 2014
<b>Assets</b>		
Property, plant and equipment	17,264	18,934
Goodwill	4,875	5,350
Other intangible assets	4,011	3,878
Investments in associates	221	228
Deferred tax assets	4,385	5,351
Financial assets	279	312
Pension plan assets	445	399
Other non-current assets	752	1,110
<b>Total non-current assets</b>	<b>32,232</b>	<b>35,562</b>
Inventories	12,154	14,324
Trade receivables	19,441	20,663
Tax assets	746	784
Derivatives	268	375
Other current assets	4,405	4,774
Short-term investments	148	99
Cash and cash equivalents	6,607	9,107
<b>Total current assets</b>	<b>43,769</b>	<b>50,126</b>
<b>Total assets</b>	<b>76,001</b>	<b>85,688</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Parent Company</b>		
Share capital	1,545	1,545
Other paid-in capital	2,905	2,905
Other reserves	-2,658	-251
Retained earnings	12,482	12,235
	<b>14,274</b>	<b>16,434</b>
Non-controlling interests	34	34
<b>Total equity</b>	<b>14,308</b>	<b>16,468</b>
Long-term borrowings	11,935	9,529
Deferred tax liabilities	1,026	687
Provisions for post-employment benefits	3,425	5,162
Other provisions	4,522	5,665
<b>Total non-current liabilities</b>	<b>20,908</b>	<b>21,043</b>
Accounts payable	20,607	25,705
Tax liabilities	1,331	1,042
Short-term liabilities	12,886	13,531
Short-term borrowings	2,733	4,960
Derivatives	194	156
Other provisions	3,034	2,783
<b>Total current liabilities</b>	<b>40,785</b>	<b>48,177</b>
<b>Total equity and liabilities</b>	<b>76,001</b>	<b>85,688</b>
Contingent liabilities	1,458	3,739

## Change in consolidated equity

SEKm	Dec. 31, 2013	Dec. 31, 2014
Opening balance	15,726	14,308
<b>Total comprehensive income for the period</b>	<b>370</b>	<b>3,923</b>
Share-based payment	77	99
Dividend	-1,860	-1,862
Acquisition of operations	-5	-
<b>Total transactions with equity holders</b>	<b>-1,788</b>	<b>-1,763</b>
<b>Closing balance</b>	<b>14,308</b>	<b>16,468</b>

# Consolidated cash flow statement

SEKm	2013	2014	Q4 2013	Q4 2014
<b>Operations</b>				
Operating income	1,580	3,581	-1,170	1,395
Depreciation and amortization	3,356	3,671	876	943
Restructuring provisions	1,855	173	2,141	-238
Other non-cash items	222	93	-46	-57
Financial items paid, net	-540	-488	-122	-68
Taxes paid	-1,343	-985	-405	-384
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>5,130</b>	<b>6,045</b>	<b>1,274</b>	<b>1,591</b>
<b>Change in operating assets and liabilities</b>				
Change in inventories	165	-929	1,306	1,520
Change in trade receivables	-1,932	195	-974	-1,721
Change in accounts payable	609	3,160	-217	857
Change in other operating assets, liabilities and provisions	483	-649	722	202
<b>Cash flow from change in operating assets and liabilities</b>	<b>-675</b>	<b>1,777</b>	<b>837</b>	<b>858</b>
<b>Cash flow from operations</b>	<b>4,455</b>	<b>7,822</b>	<b>2,111</b>	<b>2,449</b>
<b>Investments</b>				
Acquisition of operations <sup>1)</sup>	-205	-69	-3	-1
Capital expenditure in property, plant and equipment	-3,535	-3,006	-1,189	-1,152
Capital expenditure in product development	-442	-355	-95	-88
Capital expenditure in software	-514	-290	-61	-91
Other <sup>2)</sup>	-38	-39	-51	-41
<b>Cash flow from investments</b>	<b>-4,734</b>	<b>-3,759</b>	<b>-1,399</b>	<b>-1,373</b>
<b>Cash flow from operations and investments</b>	<b>-279</b>	<b>4,063</b>	<b>712</b>	<b>1,076</b>
<b>Financing</b>				
Change in short-term investments	-25	49	9	-
Change in short-term borrowings	1,151	367	1,065	449
New long-term borrowings	3,039	1,952	-	930
Amortization of long-term borrowings	-1,851	-2,254	-5	-1,005
Dividend	-1,860	-1,861	-	-
<b>Cash flow from financing</b>	<b>454</b>	<b>-1,747</b>	<b>1,069</b>	<b>374</b>
<b>Total cash flow</b>	<b>175</b>	<b>2,316</b>	<b>1,781</b>	<b>1,450</b>
Cash and cash equivalents at beginning of period	6,835	6,607	4,971	7,616
Exchange-rate differences referring to cash and cash equivalents	-403	184	-145	41
Cash and cash equivalents at end of period	6,607	9,107	6,607	9,107

<sup>1)</sup> Includes the purchase and subsequent divestment of the Electrolux head-office building in 2013. Electrolux remaining investment in the real estate company is SEK 200m.

<sup>2)</sup> Includes grants related to investments of SEK 222m for the full year of 2013.

## Key ratios

SEKm unless otherwise stated	2013	2014	Q4 2013	Q4 2014
Net sales	109,151	112,143	28,891	31,400
Organic growth, %	4.5	1.1	3.6	2.0
Items affecting comparability	-2,475	-1,199	-2,393	-77
Operating income	1,580	3,581	-1,170	1,395
Margin, %	1.4	3.2	-4.0	4.4
Income after financial items	904	2,997	-1,322	1,292
Income for the period	672	2,242	-987	970
Capital expenditure, property, plant and equipment	-3,535	-3,006	-1,189	-1,152
Operating cash flow after investments	2,412	6,631	1,484	1,844
Earnings per share, SEK <sup>1)</sup>	2.35	7.83	-3.44	3.39
Equity per share, SEK	49.99	57.52	49.99	57.52
Capital-turnover rate, times/year	4.0	4.5	-	-
Return on net assets, %	5.8	14.2	-	-
Return on equity, %	4.4	15.7	-	-
Net debt	10,653	9,631	10,653	9,631
Net debt/equity ratio	0.74	0.58	-	-
Average number of shares excluding shares owned by Electrolux, million	286.2	286.3	286.2	286.3
Average number of employees	60,754	60,038	61,228	60,695
<b>Excluding items affecting comparability</b>				
Operating income	4,055	4,780	1,223	1,472
Margin, %	3.7	4.3	4.2	4.7
Earnings per share, SEK <sup>1)</sup>	9.81	11.30	3.80	3.64
Capital-turnover rate, times/year	3.8	4.0	-	-
Return on net assets, %	14.0	17.1	-	-

<sup>1)</sup> Basic, based on average number of shares, excluding shares owned by Electrolux.  
For definitions, see page 25.

## Shares

	Outstanding A-shares	Outstanding B-shares	Outstanding shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2014	8,192,539	300,727,769	308,920,308	22,708,321	286,211,987
Conversion of A-shares into B-shares	-	-	-	-	-
Sale of shares	-	-	-	-	-
Shares allotted to senior managers under the Performance Share Program	-	-	-	-108,437	108,437
<b>Number of shares as of December 31, 2014</b>	<b>8,192,539</b>	<b>300,727,769</b>	<b>308,920,308</b>	<b>22,599,884</b>	<b>286,320,424</b>
As % of total number of shares					7.3%

## Exchange rates

SEK	Dec. 31, 2013	Dec. 31, 2014
AUD, average	6.29	6.17
AUD, end of period	5.75	6.37
BRL, average	3.03	2.92
BRL, end of period	2.76	2.93
CAD, average	6.32	6.23
CAD, end of period	6.04	6.70
EUR, average	8.67	9.11
EUR, end of period	8.91	9.47
GBP, average	10.23	11.31
GBP, end of period	10.67	12.11
HUF, average	0.0292	0.0295
HUF, end of period	0.0300	0.0301
USD, average	6.52	6.89
USD, end of period	6.47	7.79



## Net sales by business area

SEKm	2013	2014	Q4 2013	Q4 2014
Major Appliances Europe, Middle East and Africa	33,436	34,438	9,281	9,725
Major Appliances North America	31,864	34,141	7,573	8,924
Major Appliances Latin America	20,695	20,041	5,639	6,134
Major Appliances Asia/Pacific	8,653	8,803	2,157	2,312
Small Appliances	8,952	8,678	2,697	2,664
Professional Products	5,550	6,041	1,544	1,641
Other	1	1	–	–
<b>Total</b>	<b>109,151</b>	<b>112,143</b>	<b>28,891</b>	<b>31,400</b>

## Operating income by business area

SEKm	2013	2014	Q4 2013	Q4 2014
Major Appliances Europe, Middle East and Africa	347	1,444	227	619
Margin, %	1.0	4.2	2.4	6.4
Major Appliances North America	2,136	1,714	453	134
Margin, %	6.7	5.0	6.0	1.5
Major Appliances Latin America	979	1,079	224	478
Margin, %	4.7	5.4	4.0	7.8
Major Appliances Asia/Pacific	467	448	96	200
Margin, %	5.4	5.1	4.5	8.7
Small Appliances	391	200	227	173
Margin, %	4.4	2.3	8.4	6.5
Professional Products	510	671	172	189
Margin, %	9.2	11.1	11.1	11.5
Common group costs, etc.	-775	-776	-176	-321
<b>Total Group, excluding items affecting comparability</b>	<b>4,055</b>	<b>4,780</b>	<b>1,223</b>	<b>1,472</b>
<b>Margin, %</b>	<b>3.7</b>	<b>4.3</b>	<b>4.2</b>	<b>4.7</b>
Items affecting comparability	-2,475	-1,199	-2,393	-77
<b>Operating income</b>	<b>1,580</b>	<b>3,581</b>	<b>-1,170</b>	<b>1,395</b>
<b>Margin, %</b>	<b>1.4</b>	<b>3.2</b>	<b>-4.0</b>	<b>4.4</b>

## Change in net sales by business area

Year-over-year, %	2014	2014 in local currencies	Q4 2014	Q4 2014 in local currencies
Major Appliances Europe, Middle East and Africa	3.0	-0.2	4.8	1.3
Major Appliances North America	7.1	2.2	17.8	3.0
Major Appliances Latin America	-3.2	2.8	8.8	8.2
Major Appliances Asia/Pacific	1.7	1.0	7.2	-2.0
Small Appliances	-3.1	-4.2	-1.2	-6.0
Professional Products	8.8	5.6	6.3	1.9
<b>Total change</b>	<b>2.7</b>	<b>1.1</b>	<b>8.7</b>	<b>2.2</b>

## Change in operating income by business area

Year-over-year, %	2014	2014 in local currencies	Q4 2014	Q4 2014 in local currencies
Major Appliances Europe, Middle East and Africa	316.1	287.4	172.7	145.6
Major Appliances North America	-19.8	-23.3	-70.4	-80.6
Major Appliances Latin America	10.2	21.0	113.4	123.7
Major Appliances Asia/Pacific	-4.1	-4.4	108.3	76.3
Small Appliances	-48.8	-48.7	-23.8	-28.4
Professional Products	31.6	29.0	9.9	5.5
<b>Total change, excluding items affecting comparability</b>	<b>17.9</b>	<b>15.1</b>	<b>20.4</b>	<b>8.9</b>

## Working capital and net assets

SEKm	Dec. 31, 2013	% of annualized net sales	Dec. 31, 2014	% of annualized net sales
Inventories	12,154	10.6	14,324	11.2
Trade receivables	19,441	17.0	20,663	16.2
Accounts payable	-20,607	-18.0	-25,705	-20.1
Provisions	-7,556		-8,448	
Prepaid and accrued income and expenses	-7,933		-8,495	
Taxes and other assets and liabilities	-1,299		-716	
<b>Working capital</b>	<b>-5,800</b>	<b>-5.1</b>	<b>-8,377</b>	<b>-6.6</b>
Property, plant and equipment	17,264		18,934	
Goodwill	4,875		5,350	
Other non-current assets	5,263		5,528	
Deferred tax assets and liabilities	3,359		4,664	
<b>Net assets</b>	<b>24,961</b>	<b>21.8</b>	<b>26,099</b>	<b>20.4</b>
Average net assets	27,148	24.9	25,166	22.4
Average net assets, excluding items affecting comparability	28,915	26.5	27,941	24.9

## Net assets by business area

SEKm	Assets		Equity and liabilities		Net assets	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
Major Appliances Europe, Middle East and Africa	22,936	22,484	14,408	15,650	8,528	6,834
Major Appliances North America	12,886	16,555	7,606	9,968	5,280	6,587
Major Appliances Latin America	12,875	14,574	6,321	7,661	6,554	6,913
Major Appliances Asia/Pacific	4,866	5,713	2,852	3,250	2,014	2,463
Small Appliances	4,756	5,144	3,202	3,676	1,554	1,468
Professional Products	2,720	2,931	1,760	2,012	960	919
Other <sup>1)</sup>	7,285	8,053	7,214	7,138	71	915
<b>Total operating assets and liabilities</b>	<b>68,324</b>	<b>75,454</b>	<b>43,363</b>	<b>49,355</b>	<b>24,961</b>	<b>26,099</b>
Liquid funds	7,232	9,835	–	–	–	–
Interest-bearing receivables	–	–	–	–	–	–
Interest-bearing liabilities	–	–	14,905	14,703	–	–
Pension assets and liabilities	445	399	3,425	5,162	–	–
Equity	–	–	14,308	16,468	–	–
<b>Total</b>	<b>76,001</b>	<b>85,688</b>	<b>76,001</b>	<b>85,688</b>	<b>–</b>	<b>–</b>

<sup>1)</sup> Includes common functions, tax items and restructuring provisions.

## Net sales and income per quarter

SEKm	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014
Net sales	25,328	27,674	27,258	28,891	109,151	25,629	26,330	28,784	31,400	112,143
Operating income	638	1,037	1,075	-1,170	1,580	731	63	1,392	1,395	3,581
Margin, %	2.5	3.7	3.9	-4.0	1.4	2.9	0.2	4.8	4.4	3.2
Operating income, excluding items affecting comparability	720	1,037	1,075	1,223	4,055	749	1,167	1,392	1,472	4,780
Margin, %	2.8	3.7	3.9	4.2	3.7	2.9	4.4	4.8	4.7	4.3
Income after financial items	483	859	884	-1,322	904	575	-120	1,250	1,292	2,997
Income after financial items, excluding items affecting comparability	565	859	884	1,071	3,379	593	984	1,250	1,369	4,196
Income for the period	361	642	656	-987	672	431	-92	933	970	2,242
Earnings per share, SEK <sup>1)</sup>	1.26	2.24	2.29	-3.44	2.35	1.50	-0.32	3.26	3.39	7.83
Earnings per share, SEK, excluding items affecting comparability <sup>1)</sup>	1.48	2.24	2.29	3.80	9.81	1.55	2.85	3.26	3.64	11.30
Items affecting comparability <sup>2)</sup>	-82	–	–	-2,393	-2,475	-18	-1,104	–	-77	-1,199
Number of shares after buy-backs, million	286.2	286.2	286.2	286.2	286.2	286.2	286.3	286.3	286.3	286.3
Average number of shares after buy-backs, million	286.2	286.2	286.2	286.2	286.2	286.2	286.3	286.3	286.3	286.3

<sup>1)</sup> Basic, based on average number of shares, excluding shares owned by Electrolux.

<sup>2)</sup> Restructuring provisions and write-downs.

## Net sales and operating income by business area per quarter

SEKm	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014
Major Appliances Europe, Middle East and Africa										
Net sales	7,595	8,040	8,520	9,281	33,436	7,865	8,107	8,741	9,725	34,438
Operating income	11	-2	111	227	347	142	199	484	619	1,444
Margin, %	0.1	0.0	1.3	2.4	1.0	1.8	2.5	5.5	6.4	4.2
Major Appliances North America										
Net sales	7,678	8,448	8,165	7,573	31,864	7,664	8,464	9,089	8,924	34,141
Operating income	457	663	563	453	2,136	382	680	518	134	1,714
Margin, %	6.0	7.8	6.9	6.0	6.7	5.0	8.0	5.7	1.5	5.0
Major Appliances Latin America										
Net sales	4,885	5,472	4,699	5,639	20,695	4,790	4,064	5,053	6,134	20,041
Operating income	251	261	243	224	979	217	142	242	478	1,079
Margin, %	5.1	4.8	5.2	4.0	4.7	4.5	3.5	4.8	7.8	5.4
Major Appliances Asia/Pacific										
Net sales	1,948	2,227	2,321	2,157	8,653	1,928	2,221	2,342	2,312	8,803
Operating income	106	148	117	96	467	21	102	125	200	448
Margin, %	5.4	6.6	5.0	4.5	5.4	1.1	4.6	5.3	8.7	5.1
Small Appliances										
Net sales	2,020	2,104	2,131	2,697	8,952	2,001	1,938	2,075	2,664	8,678
Operating income	17	50	97	227	391	33	-41	35	173	200
Margin, %	0.8	2.4	4.6	8.4	4.4	1.6	-2.1	1.7	6.5	2.3
Professional Products										
Net sales	1,201	1,383	1,422	1,544	5,550	1,380	1,536	1,484	1,641	6,041
Operating income	59	112	167	172	510	126	172	184	189	671
Margin, %	4.9	8.1	11.7	11.1	9.2	9.1	11.2	12.4	11.5	11.1
Other										
Net sales	1	-	-	-	1	1	-	-	-	1
Operating income, common group costs, etc.	-181	-195	-223	-176	-775	-172	-87	-196	-321	-776
Total Group, excluding items affecting comparability										
Net sales	25,328	27,674	27,258	28,891	109,151	25,629	26,330	28,784	31,400	112,143
Operating income	720	1,037	1,075	1,223	4,055	749	1,167	1,392	1,472	4,780
Margin, %	2.8	3.7	3.9	4.2	3.7	2.9	4.4	4.8	4.7	4.3
<b>Items affecting comparability</b>	<b>-82</b>	<b>-</b>	<b>-</b>	<b>-2,393</b>	<b>-2,475</b>	<b>-18</b>	<b>-1,104</b>	<b>-</b>	<b>-77</b>	<b>-1,199</b>
<b>Total Group</b>										
Net sales	25,328	27,674	27,258	28,891	109,151	25,629	26,330	28,784	31,400	112,143
Operating income	638	1,037	1,075	-1,170	1,580	731	63	1,392	1,395	3,581
Margin, %	2.5	3.7	3.9	-4.0	1.4	2.9	0.2	4.8	4.4	3.2

# Fair value and carrying amount on financial assets and liabilities

SEKm	Full year 2013		Q4 2013		Q4 2014	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Per category						
Financial assets at fair value through profit and loss	2,021	2,021	2,021	2,021	2,971	2,971
Available for sale	160	160	160	160	177	177
Loans and receivables	20,664	20,664	20,664	20,664	22,124	22,124
Cash	3,871	3,871	3,871	3,871	5,289	5,289
<b>Total financial assets</b>	<b>26,716</b>	<b>26,716</b>	<b>26,716</b>	<b>26,716</b>	<b>30,561</b>	<b>30,561</b>
Financial liabilities at fair value through profit and loss	171	171	171	171	157	157
Financial liabilities measured at amortized cost	35,405	35,275	35,405	35,275	39,415	39,247
<b>Total financial liabilities</b>	<b>35,576</b>	<b>35,446</b>	<b>35,576</b>	<b>35,446</b>	<b>39,572</b>	<b>39,404</b>

## Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g., the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into SEK. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash flow schedule is available, e.g., as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes.

To the extent option instruments are used, the valuation is based on the Black & Scholes' formula. The carrying value less impairment provision of trade receivables and payables

are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market-interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities are measured according to the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data.

## Fair value measurement hierarchy

Financial assets, SEKm	Full year 2013			Q4 2013			Q4 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets</b>	<b>279</b>	<b>–</b>	<b>279</b>	<b>279</b>	<b>–</b>	<b>279</b>	<b>312</b>	<b>–</b>	<b>312</b>
Financial assets at fair value through profit and loss	119	–	119	119	–	119	135	–	135
Available for sale	160	–	160	160	–	160	177	–	177
<b>Derivatives</b>	<b>–</b>	<b>241</b>	<b>241</b>	<b>–</b>	<b>241</b>	<b>241</b>	<b>–</b>	<b>375</b>	<b>375</b>
Derivatives for which hedge accounting is not applied, i.e., held for trading	–	93	93	–	93	93	–	194	194
Derivatives for which hedge accounting is applied	–	148	148	–	148	148	–	181	181
<b>Short-term investments and cash equivalents</b>	<b>1,661</b>	<b>–</b>	<b>1,661</b>	<b>1,661</b>	<b>–</b>	<b>1,661</b>	<b>2,456</b>	<b>–</b>	<b>2,456</b>
Financial assets at fair value through profit and loss	1,661	–	1,661	1,661	–	1,661	2,456	–	2,456
<b>Total financial assets</b>	<b>1,940</b>	<b>241</b>	<b>2,181</b>	<b>1,940</b>	<b>241</b>	<b>2,181</b>	<b>2,768</b>	<b>375</b>	<b>3,143</b>
Financial liabilities									
<b>Derivatives</b>	<b>–</b>	<b>171</b>	<b>171</b>	<b>–</b>	<b>171</b>	<b>171</b>	<b>–</b>	<b>157</b>	<b>157</b>
Derivatives for which hedge accounting is not applied, i.e., held for trading	–	78	78	–	78	78	–	89	89
Derivatives for which hedge accounting is applied	–	93	93	–	93	93	–	68	68
<b>Total financial liabilities</b>	<b>–</b>	<b>171</b>	<b>171</b>	<b>–</b>	<b>171</b>	<b>171</b>	<b>–</b>	<b>157</b>	<b>157</b>

The Group strives for arranging master-netting agreements (ISDA) with the counterparts for derivative transactions and has established such agreements with the majority of the counterparts, i.e., if a counterparty will default, assets and liabilities will be netted. Derivatives are presented gross in the balance sheet.

The disclosure of this information in the interim report is a consequence of updated disclosure requirements in IAS 34 Interim Financial Reporting. The information was earlier provided yearly in the notes to the financial statements in the Annual Report.

## Parent Company income statement

SEKm	2013	2014	Q4 2013	Q4 2014
<b>Net sales</b>	<b>28,856</b>	<b>29,508</b>	<b>7,899</b>	<b>8,455</b>
Cost of goods sold	-25,382	-25,477	-7,197	-7,254
<b>Gross operating income</b>	<b>3,474</b>	<b>4,031</b>	<b>702</b>	<b>1,201</b>
Selling expenses	-3,783	-3,430	-1,170	-1,003
Administrative expenses	-1,196	-1,208	-71	-247
Other operating income	9	–	–	–
Other operating expenses	-1,874	-645	-1,865	-473
<b>Operating income</b>	<b>-3,370</b>	<b>-1,252</b>	<b>-2,404</b>	<b>-522</b>
Financial income	2,335	3,105	399	2,011
Financial expenses	-826	-455	-265	-233
<b>Financial items, net</b>	<b>1,509</b>	<b>2,650</b>	<b>134</b>	<b>1,778</b>
<b>Income after financial items</b>	<b>-1,861</b>	<b>1,398</b>	<b>-2,270</b>	<b>1,256</b>
Appropriations	187	355	105	196
<b>Income before taxes</b>	<b>-1,674</b>	<b>1,753</b>	<b>-2,165</b>	<b>1,452</b>
Taxes	765	77	813	2
<b>Income for the period</b>	<b>-909</b>	<b>1,830</b>	<b>-1,352</b>	<b>1,454</b>

## Parent Company balance sheet

SEKm	Dec. 31, 2013	Dec. 31, 2014
<b>Assets</b>		
Non-current assets	33,001	35,074
Current assets	22,027	21,021
<b>Total assets</b>	<b>55,028</b>	<b>56,095</b>
<b>Equity and liabilities</b>		
Restricted equity	4,562	4,562
Non-restricted equity	12,531	12,617
<b>Total equity</b>	<b>17,093</b>	<b>17,179</b>
Untaxed reserves	558	396
Provisions	1,843	1,624
Non-current liabilities	11,472	9,071
Current liabilities	24,062	27,825
<b>Total equity and liabilities</b>	<b>55,028</b>	<b>56,095</b>
<b>Pledged assets</b>	<b>–</b>	<b>–</b>
<b>Contingent liabilities</b>	<b>1,815</b>	<b>3,743</b>

# Operations by business area yearly

SEKm	2010	2011	2012	2013	2014
<b>Major Appliances Europe, Middle East and Africa</b>					
Net sales	36,596	34,029	34,278	33,436	34,438
Operating income	2,297	709	1,105	347	1,444
Margin, %	6.3	2.1	3.2	1.0	4.2
<b>Major Appliances North America</b>					
Net sales	30,969	27,665	30,684	31,864	34,141
Operating income	1,442	250	1,452	2,136	1,714
Margin, %	4.7	0.9	4.7	6.7	5.0
<b>Major Appliances Latin America</b>					
Net sales	16,260	17,810	22,044	20,695	20,041
Operating income	951	820	1,590	979	1,079
Margin, %	5.8	4.6	7.2	4.7	5.4
<b>Major Appliances Asia/Pacific</b>					
Net sales	7,679	7,852	8,405	8,653	8,803
Operating income	793	736	746	467	448
Margin, %	10.3	9.4	8.9	5.4	5.1
<b>Small Appliances</b>					
Net sales	8,422	8,359	9,011	8,952	8,678
Operating income	802	543	461	391	200
Margin, %	9.5	6.5	5.1	4.4	2.3
<b>Professional Products</b>					
Net sales	6,389	5,882	5,571	5,550	6,041
Operating income	743	841	588	510	671
Margin, %	11.6	14.3	10.6	9.2	11.1
<b>Other</b>					
Net sales	11	1	1	1	1
Operating income, common Group costs, etc.	-534	-744	-910	-775	-776
<b>Total Group, excluding items affecting comparability</b>					
Net sales	106,326	101,598	109,994	109,151	112,143
Operating income	6,494	3,155	5,032	4,055	4,780
Margin, %	6.1	3.1	4.6	3.7	4.3
Items affecting comparability	-1,064	-138	-1,032	-2,475	-1,199
<b>Total Group, including items affecting comparability</b>					
Net sales	106,326	101,598	109,994	109,151	112,143
Operating income	5,430	3,017	4,000	1,580	3,581
Margin, %	5.1	3.0	3.6	1.4	3.2

Electrolux applies the amended standard for pension accounting, IAS 19 Employee Benefits, as of January 1, 2013. Reported figures for 2012 have been restated to enable comparison. Reported figures for previous years have not been restated.

## Five-year review

SEKm unless otherwise stated	2010	2011	2012	2013	2014
Net sales	106,326	101,598	109,994	109,151	112,143
Organic growth, %	1.5	0.2	5.5	4.5	1.1
Items affecting comparability	-1,064	-138	-1,032	-2,475	-1,199
Operating income	5,430	3,017	4,000	1,580	3,581
Margin, %	5.1	3.0	3.6	1.4	3.2
Income after financial items	5,306	2,780	3,154	904	2,997
Income for the period	3,997	2,064	2,365	672	2,242
Capital expenditure, property, plant and equipment	3,221	3,163	4,090	-3,535	-3,006
Operating cash flow after investments	5,357	3,407	5,273	2,412	6,631
Earnings per share, SEK	14.04	7.25	8.26	2.35	7.83
Equity per share, SEK	72.40	72.51	54.96	49.99	57.52
Dividend per share, SEK	6.50	6.50	6.50	6.50	6.50 <sup>1)</sup>
Capital-turnover rate, times/year	5.4	4.6	4.1	4.0	4.5
Return on net assets, %	27.8	13.7	14.8	5.8	14.2
Return on equity, %	20.6	10.4	14.4	4.4	15.7
Net debt	-709	6,367	10,164	10,653	9,631
Net debt/equity ratio	-0.03	0.31	0.65	0.74	0.58
Average number of shares excluding shares owned by Electrolux, million	284.6	284.7	285.9	286.2	286.3
Average number of employees	51,544	52,916	59,478	60,754	60,038
<b>Excluding items affecting comparability</b>					
Operating income	6,494	3,155	5,032	4,055	4,780
Margin, %	6.1	3.1	4.6	3.7	4.3
Earnings per share, SEK	16.65	7.55	11.36	9.81	11.30
Capital-turnover rate, times/year	5.1	4.3	3.9	3.8	4.0
Return on net assets, %	31.0	13.5	17.9	14.0	17.1

<sup>1)</sup> Proposed by the Board.

### Financial goals over a business cycle

The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with consistent profitability. The key ratios exclude items affecting comparability.

### Financial goals

- Operating margin of >6%
- Capital-turnover rate >4 times
- Return on net assets >20%
- Average annual growth >4%



# Definitions

## Capital indicators

### Annualized sales

In computation of key ratios where capital is related to net sales, the latter are annualized and converted at year-end-exchange rates and adjusted for acquired and divested operations.

### Net assets

Total assets exclusive of liquid funds, pension plan assets and interest-bearing financial receivables less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

### Working capital

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

### Total borrowings

Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

### Net debt

Total borrowings less liquid funds.

### Net debt/equity ratio

Net borrowings in relation to equity.

### Equity/assets ratio

Equity as a percentage of total assets less liquid funds.

## Other key ratios

### Organic growth

Sales growth, adjusted for acquisitions, divestments and changes in exchange rates.

### Operating cash flow after investments

Cash flow from operations and investments excluding financial items paid, taxes paid, restructuring payments and acquisitions and divestment of operations.

### Earnings per share

Income for the period divided by the average number of shares after buy-backs.

### Operating margin

Operating income expressed as a percentage of net sales.

### Return on equity

Income for the period expressed as a percentage of average equity.

### Return on net assets

Operating income expressed as a percentage of average net assets.

### Capital-turnover rate

Net sales in relation to average net assets.

# Shareholders' information

## President and CEO Keith McLoughlin's comments on the fourth-quarter results 2014

Today's press release is available on the Electrolux website <http://www.electrolux.com/ir>

## Telephone conference 09.00 CET

A telephone conference is held at 09.00 CET today, January 28. The conference will be chaired by Keith McLoughlin, President and CEO of Electrolux. Mr. McLoughlin will be accompanied by Tomas Eliasson, CFO.

Details for participation by telephone are as follows:

Participants in Sweden should call +46 8 505 564 74

Participants in UK/Europe should call +44 203 364 5374

Participants in US should call +1 855 753 2230

Slide presentation for download:

<http://www.electrolux.com/ir>

Link to webcast:

<http://www.electrolux.com/interim-report-webcast>

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## Calendar 2015

Annual General Meeting	March 26
Interim report January - March	April 24
Interim report January - June	July 17
Interim report January - September	October 23

## Annual Report 2014

Available at the Group's website Week 10

## Annual General Meeting 2015

Electrolux Annual General Meeting 2015 will be held on March 26 at The Brewery Conference Centre (Münchenbryggeriet), situated at Torkel Knutssonsgatan 2 in Stockholm, Sweden.

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