

Interim Report

January – September 2015

Stockholm, October 23, 2015

Highlights of the third quarter of 2015

[Read more](#)

- Net sales increased to SEK 31,275m (28,784). 2
- Sales increased by 8.7%, of which 2.1% was organic sales growth, 0.3% acquisitions and 6.3% currency translation. 3
- Organic sales growth for Major Appliances EMEA and Major Appliances North America. 4
- Major Appliances EMEA continued to show strong improvement in earnings. 4
- Good development for Major Appliances North America and Professional Products. 4
- Operating income amounted to SEK 1,506m (1,392), corresponding to a margin of 4.8% (4.8). 3
- Income for the period was SEK 1,014m (933), and earnings per share was SEK 3.53 (3.26). 12
- Strong operating cash flow of SEK 3.2bn (1.6). 7

Financial overview¹⁾

SEKm	Nine months 2014	Nine months 2015	Change, %	Q3 2014	Q3 2015	Change, %
Net sales	80,743	91,717	14	28,784	31,275	9
Organic growth, %	0.7	2.9		1.6	2.1	
Acquired growth, %	–	0.1		–	0.3	
Changes in exchange rates, %	-0.1	10.6		4.0	6.3	
Operating income	2,186	2,943	35	1,392	1,506	8
Margin, %	2.7	3.2		4.8	4.8	
Income after financial items	1,705	2,626	54	1,250	1,361	9
Income for the period	1,272	1,961	54	933	1,014	9
Earnings per share, SEK ²⁾	4.44	6.83		3.26	3.53	
Operating cash flow after investments ³⁾	4,787	5,917	24	1,603	3,193	99
Restructuring costs included above ⁴⁾	-1,122	–	n.m.	–	–	–

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been presented separately in the income statement and excluded in operating income by business area and selective key ratios. For comparability purposes, the figures for 2014 have been restated to include restructuring costs. For a specification, see page 19 and the press release; Restated figures for Electrolux for 2014, March 30, 2015, on www.electroluxgroup.com

²⁾ Basic based on an average of 287.4 (286.3) million shares for the third quarter, excluding shares held by Electrolux.

³⁾ See page 7.

⁴⁾ Previously reported as items affecting comparability and not included in this financial overview.

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 www.electroluxgroup.com

AB Electrolux (publ) 556009-4178



Market overview

Market overview

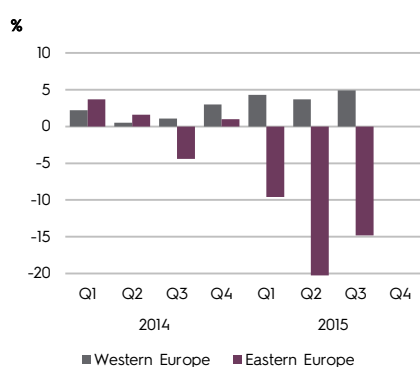
Market demand for core appliances in Western Europe increased by 5% in the third quarter. Demand in Eastern Europe declined by 15%. The market in Eastern Europe was impacted by continued decline in Russia. In total, the European market was unchanged but increased by 3% excluding Russia.

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

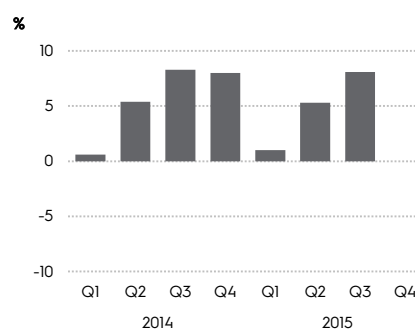
Market demand of core appliances in Australia increased, while demand in China and Southeast Asia declined.

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*



*Units, year-over-year, %.

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

The third quarter in summary

- Sales increased organically by 2.1%. Acquisitions had a positive sales impact of 0.3% and the impact from currency translation was 6.3%.
- Organic sales growth for Major Appliances EMEA and Major Appliances North America.
- Weakening markets in Brazil and China impacted Electrolux sales in these regions.
- Major Appliances EMEA continued to show a positive earnings trend.
- Earnings for Major Appliances North America improved sequentially and year-over-year.
- Good development for Professional Products.
- Negative currency development and weak demand impacted earnings for Major Appliances Latin America, Major Appliances Asia/Pacific and Small Appliances.

SEKm	Nine months 2014	Nine months 2015	Change, %	Q3 2014	Q3 2015	Change, %
Net sales	80,743	91,717	13.6	28,784	31,275	8.7
Change in net sales, %, whereof						
Organic growth	0.7	2.9		1.6	2.1	
Acquisitions	—	0.1		—	0.3	
Changes in exchange rates	-0.1	10.6		4.0	6.3	
Operating income						
Major Appliances Europe, Middle East and Africa	-275	1,402	n.m.	484	605	25
Major Appliances North America	1,580	1,087	-31	518	743	43
Major Appliances Latin America	591	394	-33	242	110	-55
Major Appliances Asia/Pacific	238	241	1	125	54	-57
Small Appliances	27	29	7	35	41	17
Professional Products	482	602	25	184	212	15
Other, Common Group costs, etc.	-457	-812	n.m.	-196	-259	n.m.
Operating income	2,186	2,943	35	1,392	1,506	8
Margin, %	2.7	3.2		4.8	4.8	
Restructuring costs included in operating income above ¹⁾	-1,122	—		—	—	—

¹⁾ Previously not included in operating income by business area and reported as items affecting comparability, see page 16.

Net sales for the Electrolux Group increased by 8.7% in the third quarter of 2015. The organic sales growth was 2.1%. Acquisitions and currency translation had a positive impact on sales of 0.3% and 6.3% respectively. Major Appliances North America and Major Appliances EMEA reported organic sales growth. Sales for Major Appliances Latin America and Major Appliances Asia/Pacific were impacted by weak market trends. Sales for Professional Products and Small Appliances were stable.

Operating income amounted to SEK 1,506m (1,392), corresponding to a margin of 4.8% (4.8).

Operating income for Major Appliances EMEA improved. Increased sales volumes, product mix improvements and increased efficiency contributed to the positive earnings trend.

Operating income for Major Appliances North America improved both sequentially and year-over-year. Increased sales volumes of core appliances contributed positively to the results.

Operating income for Major Appliances Latin America and Major Appliances Asia/Pacific declined in soft markets.

Operating income for Small Appliances improved slightly.

Professional Products continued to report a solid earnings trend.

Transaction costs for the quarter of SEK 128m relating to the pending acquisition of GE Appliances are included in Common Group costs.

Effects of changes in exchange rates

Changes in exchange rates had a negative impact of SEK 225m on operating income year-over-year. The impact of transaction effects was SEK -389m. The negative impact refers mainly to the strengthening of the US dollar against several currencies in Latin America. This was mitigated by price increases. Translation effects in the quarter amounted to SEK 164m. The positive impact on translation in the quarter was mainly due to the strengthening of the US dollar.

Financial net

Net financial items for the third quarter of 2015 amounted to SEK -145m (-142).

Income for the period

Income for the period amounted to SEK 1,014m (933), corresponding to SEK 3.53 (3.26) in earnings per share.

Events during the third quarter of 2015

July 1. Electrolux contests the U.S. Department of Justice's opposition to the acquisition of GE Appliances

The U.S. Department of Justice ("DOJ") has announced that it will seek to stop Electrolux proposed acquisition of the appliances business of General Electric ("GE Appliances"). Electrolux contests vigorously this effort by the DOJ to oppose the transaction. The review of the proposed acquisition will now continue in a court procedure. For more information on the rationale behind the acquisition, see page 10 and visit www.electroluxgroup.com

September 10. Electrolux retains global industry leadership in Dow Jones Sustainability Index 2015

For the ninth consecutive year, Electrolux has been named Industry Leader in the Household Durables category in the prestigious Dow Jones Sustainability World Index (DJSI World). In this annual assessment, published by RobecoSAM, Electrolux demonstrated notably big improvements in the areas of product stewardship, corporate citizenship and human/labor rights.

September 24. Nomination Committee appointed for Electrolux Annual General Meeting 2016

The members of the Nomination Committee have been appointed based on the ownership structure as of August 31, 2015, read more on page 9.

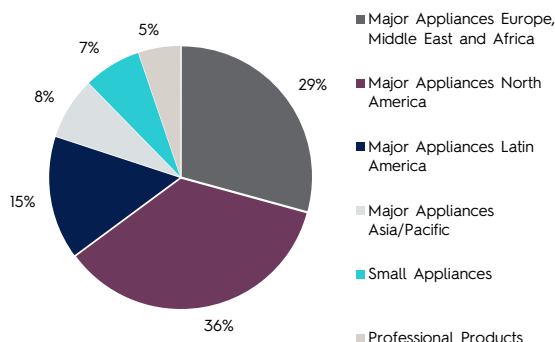
First nine months of 2015

Net sales for Electrolux in the first nine months of 2015 amounted to SEK 91,717m (80,743). Organic sales increased by 2.9%, acquisitions and currency translation had a positive impact on sales of 0.1% and 10.6% respectively.

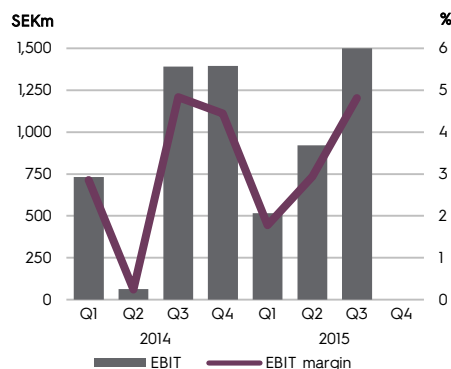
Operating income increased to SEK 2,943m (2,186), corresponding to a margin of 3.2% (2.7).

Income for the period amounted to SEK 1,961m (1,272), corresponding to SEK 6.83 (4.44) in earnings per share.

Share of sales by business area in Q3 2015



Operating income and margin



Business areas

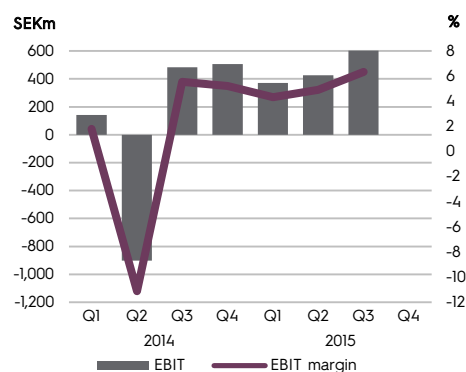
Major Appliances Europe, Middle East and Africa

The overall market demand for appliances in Europe was unchanged year-over-year in the third quarter of 2015. Western Europe increased by 5%, while Eastern Europe declined by 15%. Demand in Western Europe increased in all markets, with growth being particularly strong in Spain, Italy and the UK. The overall market demand in Eastern Europe was impacted by a continued sharp decline in Russia, while demand in other markets improved.

Electrolux operations in EMEA recorded an organic sales growth of 5.4% in the third quarter. This growth was mainly a result of increased sales volumes and an improved product mix, which more than offset continued price pressure. Sales increased particularly in Western Europe. Sales of products under premium brands, built-in kitchen products and laundry products increased during the quarter and the Group continued to gain market shares in these categories.

Strong focus on the most profitable product categories continued to improve the product mix. Operating income improved significantly as a result of product mix improvements, higher sales volumes and increased efficiency as a result of the ongoing restructuring program.

Operating income and margin



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

	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Western Europe	2	2	5	1	5
Eastern Europe (excluding Turkey)	0	0	-15	-4	-15
Total Europe	2	1	0	0	0
SEKm					
Net sales	34,438	24,713	26,847	8,741	9,540
Organic growth, %	-0.2	-0.8	3.7	-1.3	5.4
Operating income	232	-275	1,402	484	605
Operating margin, %	0.7	-1.1	5.2	5.5	6.3
Restructuring costs included in operating income ¹⁾	-1,212	-1,100	-	-	-

¹⁾ Previously not included in operating income by business area and reported as items affecting comparability.

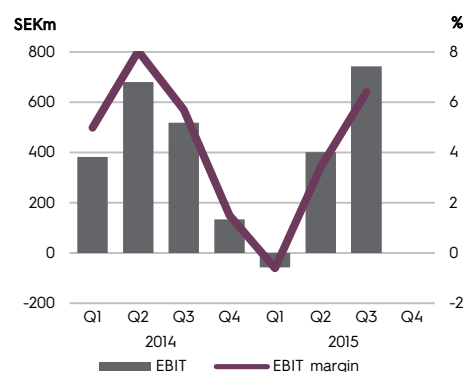
Major Appliances North America

In the third 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, rose by 10%.

Electrolux operations in North America reported an organic sales growth of 7% in the quarter. Sales of most product categories within core appliances increased. Sales of air-conditioners also improved.

Operating income for the third quarter improved both sequentially and year-over-year. Increased sales volumes of core appliances contributed to this trend. The profitability of food preservation is now being restored, following the negative impact on results related to the new energy requirements that were imposed in the third quarter of 2014. Actions to ramp up and improve efficiency within the new cooking plant in Memphis, Tennessee, continue.

Operating income and margin



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

	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Core appliances	6	5	6	8	8
Microwave ovens and home-comfort products	4	4	12	5	18
Total Major Appliances US	6	5	7	7	10
SEKm					
Net sales	34,141	25,217	32,640	9,089	11,610
Organic growth, %	2.2	2.0	5.2	5.0	7.1
Operating income	1,714	1,580	1,087	518	743
Operating margin, %	5.0	6.3	3.3	5.7	6.4
Restructuring costs included in operating income ¹⁾	-	-	-	-	-

¹⁾ Previously not included in operating income by business area and reported as items affecting comparability.

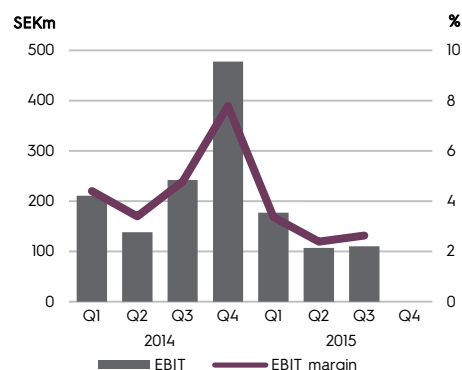
Major Appliances Latin America

In the third quarter of 2015, the weakened macro-economic environment impacted market demand for core appliances in Brazil, which declined significantly year-over-year. Demand in several other Latin American markets, such as Chile, also declined. However, market demand in Argentina increased in the period.

Electrolux operations in Latin America continued to be impacted by weakening market conditions and organic sales declined by 5% during the quarter.

Operating income deteriorated, mainly as a result of the sharp downturn in the Brazilian market. This was to some extent mitigated by improved financial performance in Chile and Argentina. Continued severe currency headwinds were offset by price increases and actions were taken to adjust the cost base to the lower demand.

Operating income and margin



SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	20,041	13,907	13,927	5,053	4,190
Organic growth, %	2.8	0.5	2.3	7.8	-5.1
Operating income	1,069	591	394	242	110
Operating margin, %	5.3	4.2	2.8	4.8	2.6
Restructuring costs included in operating income ¹⁾	-10	-10	-	-	-

1) Previously not included in operating income by business area and reported as items affecting comparability.

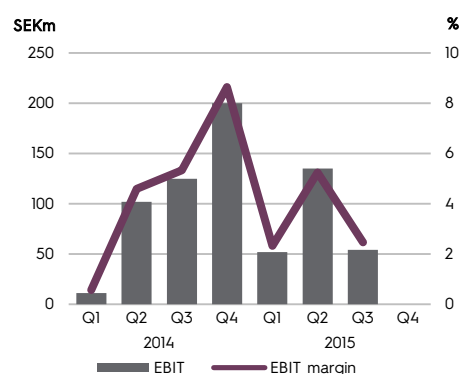
Major Appliances Asia/Pacific

In the third quarter of 2015, overall market demand for core appliances in Australia is estimated to have increased year-over-year. Demand in several markets in Southeast Asia and China declined compared with the year-earlier period.

Electrolux sales declined during the quarter. Sales in China were significantly lower due to reduced activity. Sales in Southeast Asia declined following weak market conditions in several markets. Operations in Australia and New Zealand reported organic sales growth and market shares increased. New product launches and previously implemented price increases contributed to the positive sales trend in these regions. The acquisition of the Australian-based barbecue business BeefEater in the fourth quarter of 2014 had a positive impact of 1.6% on sales.

Operating income declined year-over-year due to the negative trend in China. Lower sales volumes and an inventory write-down of approximately SEK 70m impacted earnings in the quarter. All other regions contributed positively to operating income.

Operating income and margin



SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	8,803	6,491	7,009	2,342	2,192
Organic growth, %	0.4	1.9	-5.0	-4.4	-13.0
Acquisitions, %	0.6	-	1.1	-	1.6
Operating income	438	238	241	125	54
Operating margin, %	5.0	3.7	3.4	5.3	2.5
Restructuring costs included in operating income ¹⁾	-10	-10	-	-	-

1) Previously not included in operating income by business area and reported as items affecting comparability.

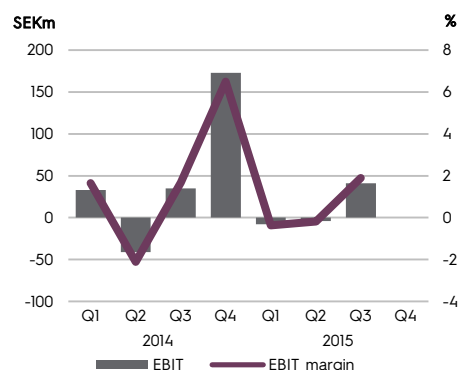
Small Appliances

In the third quarter of 2015, market demand for vacuum cleaners in Europe is estimated to have increased, while the market in North America is estimated to have declined year-over-year.

Electrolux organic sales declined slightly. Sales volumes of vacuum cleaners increased in Europe, while volumes of vacuum cleaners in the US and Brazil declined. Sales of small domestic appliances increased in several regions.

Operating income for the third quarter improved year-over-year. Product mix improvements and efficiency measures mitigated lower sales volumes and a continued negative currency trend. Active product portfolio management and focus on the most profitable product categories improved the product mix.

Operating income and margin



SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	8,678	6,014	6,506	2,075	2,169
Organic growth, %	-4.2	-3.4	-1.2	-5.5	-0.5
Operating income	200	27	29	35	41
Operating margin, %	2.3	0.4	0.4	1.7	1.9
Restructuring costs included in operating income ¹⁾	-	-	-	-	-

1) Previously not included in operating income by business area and reported as items affecting comparability.

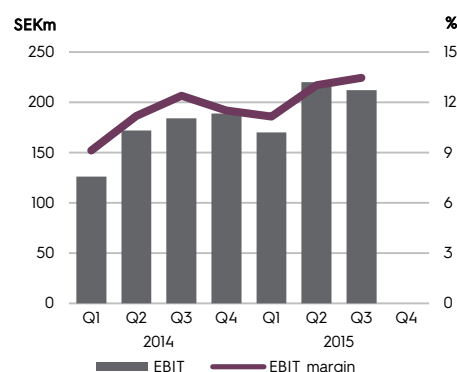
Professional Products

Overall market demand for professional food service and professional laundry equipment improved year-over-year in the third quarter. Market demand increased slightly in for Electrolux core markets in Western Europe. The US and emerging markets also displayed year-over-year growth.

Electrolux reported stable organic sales in the third quarter. Sales increased in several markets, particularly in Electrolux core markets in Western Europe. Sales in the US, the Middle East and Africa also displayed a positive trend, while sales declined in Eastern Europe and other emerging markets. The Group's strategic initiatives to grow in new markets and segments as well as new product launches contributed to the sales trend. The acquisition of the manufacturer of professional dishwashers in China, Veetsan Commercial Machinery Co. Ltd, had a positive impact of 2.2% on sales. The operations are consolidated in the Electrolux Group as of the third quarter.

Operating income and margin improved as a result of increased operational efficiency and higher prices.

Operating income and margin



SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	6,041	4,400	4,788	1,484	1,574
Organic growth, %	5.6	7.1	2.6	0.7	-0.4
Acquisitions, %	-	-	0.7	-	2.2
Operating income	671	482	602	184	212
Operating margin, %	11.1	11.0	12.6	12.4	13.5
Restructuring costs included in operating income ¹⁾	-	-	-	-	-

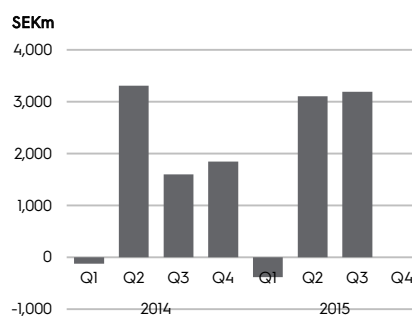
1) Previously not included in operating income by business area and reported as items affecting comparability.

Cash flow

Operating cash flow after investments for the third quarter of 2015 was strong and amounted to SEK 3,193m (1,603). The strong cash flow improvement from working capital was the main contributor to this positive development. Higher earnings and lower capital expenditure also impacted cash flow positively in the quarter compared with the same quarter in the preceding year.

Cash flow for the first nine months exceeded the level in the preceding year.

Operating cash flow after investments



SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
EBITDA after reversal of restructuring provisions ¹⁾	8,544	6,186	6,234	2,366	2,626
Change in operating assets and liabilities	1,777	919	2,266	122	1,395
Operating cash flow	10,321	7,105	8,500	2,488	4,021
Investments in fixed assets ²⁾	-3,690	-2,318	-2,583	-885	-828
Operating cash flow after investments	6,631	4,787	5,917	1,603	3,193
Restructuring payments	-1,026	-711	-546	-240	-224
Acquisitions and divestments of operations	-69	-68	-91	-67	-13
Operating cash flow after structural changes	5,536	4,008	5,280	1,296	2,956
Financial items paid, net	-488	-420	-224	-104	-101
Taxes paid	-985	-601	-858	-99	-157
Free cash flow³⁾	4,063	2,987	4,198	1,093	2,698
Dividend	-1,861	-1,861	-1,868	-	-
Total cash flow, excluding changes in loans and short-term investments	2,202	1,126	2,330	1,093	2,698

¹⁾ Operating income plus depreciation and amortization, restructuring provisions and other non-cash items.

²⁾ Investments excluding acquisitions and divestments of operations.

³⁾ Cash flow from operations and investments.

Financial position

The financial net debt as of September 30, 2015, of SEK 2,126m, declined by SEK 3,022m compared to SEK 5,148m as of June 30, 2015, as a result of strong cash flow generation. Net provisions for post-employment benefits increased by SEK 761m. In total, net debt declined by SEK 2,261m in the third quarter.

Long-term borrowings as of September 30, 2015, including long-term borrowings with maturities within 12 months, amounted to SEK 11,152m with average maturity of 3.1 years, compared to SEK 12,123m and 2.8 years at the end of 2014. In the third quarter, SEK 714m in long-term borrowings were amortized. There are no more maturities of long term-borrowings in 2015. In 2016, long-term borrowings in the amount of SEK 2,675m will mature.

Liquid funds as of September 30, 2015, amounted to SEK 11,087m (8,257), excluding short-term back-up facilities.

Net assets and working capital

Average net assets for the period amounted to SEK 25,707m (24,933), corresponding to 21.0% (23.2) of annualized net sales. Net assets as of September 30, 2015, amounted to SEK 22,824m (24,900).

Working capital as of September 30, 2015, amounted to SEK -10,954m (-7,618), corresponding to -8.9% (-6.5) of annualized net sales.

The return on net assets was 15.3% (11.7), and the return on equity was 8.5% (12.3).

Net debt

SEKm	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015
Borrowings	14,703	14,282	13,213
Liquid funds ¹⁾	9,835	8,257	11,087
Financial net debt	4,868	6,025	2,126
Net provisions for post-employment benefits	4,763	3,570	4,821
Net debt	9,631	9,595	6,947
Net debt/equity ratio	0.58	0.63	0.44
Equity	16,468	15,305	15,877
Equity per share, SEK	57.52	53.45	55.24
Return on equity, %	15.7	12.3	8.5
Equity/assets ratio, %	21.7	21.0	21.3

¹⁾ 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 4,700m, maturing in 2018.

Other items

Nomination Committee for Electrolux Annual General Meeting 2016

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 now been appointed based on the ownership structure as of August 31, 2015. Johan Forssell, Investor AB, is the Chairman of the committee. The other owner representatives are Mathias Leijon, Nordea Investment Funds, Kaj Thorén, Alecta, 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 2016 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.

Electrolux Annual General Meeting will be held on April 6, 2016 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm, Sweden.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to nominationcommittee@electrolux.com.

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 September 30, 2015, the Group had a total of 3,311 (3,174) cases pending, representing approximately 3,370 (approximately 3,242) plaintiffs. During the third quarter of 2015, 358 new cases with 358 plaintiffs were filed and 248 pending cases with approximately 248 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.

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 2014 Annual Report on page 66. 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 2014, www.electrolux.com/annualreport2014

Press releases 2015

January 14	Electrolux boosts brand with new visual identity
January 20	Electrolux named Industry Leader in RobecoSAM sustainability rating
January 28	Consolidated results 2014 and CEO Keith McLoughlin's comments
February 5	Electrolux acquires leading professional dishwasher manufacturer in China
February 25	Electrolux Annual Report 2014 is published
March 2	Management change in AB Electrolux
March 16	Electrolux Sustainability Report highlights new focus on strategic themes
March 27	Bulletin from AB Electrolux Annual General Meeting 2015
March 30	Restated figures for 2014 following the elimination of items affecting comparability
April 8	Update on Electrolux operations in North America
April 8	Management change in AB Electrolux
April 24	Electrolux interim report January-March 2015 and CEO Keith McLoughlin's comments

June 25	Comment to articles in Swedish media about Electrolux President & CEO
July 1	Electrolux contests the U.S. Department of Justice's opposition to the acquisition of GE Appliances
September 10	Electrolux retains global industry leadership in Dow Jones Sustainability Index 2015
September 24	Nomination Committee appointed for Electrolux Annual General Meeting 2016

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.

On July 1, 2015, the U.S. Department of Justice ("DOJ") announced that it will seek to stop Electrolux proposed acquisition of the appliances business of GE Appliances. Electrolux contests vigorously this effort by the DOJ to oppose the transaction. The review of the proposed acquisition will continue in a court procedure. The trial is scheduled to begin on November 9, 2015. Electrolux remains confident in its assessment of the competitive merits of this transaction and its favorable impact on consumers and Electrolux, therefore, still has the ambition to close the transaction in 2015.

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.

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.

The transaction is expected to generate annual cost synergies of approximately USD 350 million. One-off implementation costs and capital expenditure 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.

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. As stated above, the U.S. Department of Justice has announced that it will seek to stop Electrolux proposed acquisition. The review of the proposed acquisition will continue in a court procedure. The trial is scheduled to begin on November 9, 2015. Electrolux contests vigorously this effort by the DOJ to oppose the transaction. Electrolux has already obtained regulatory approvals in Brazil, Canada, Ecuador, Colombia and Chile. The transaction is subject to filing requirements in a few more countries in Latin America.

Electrolux still has the ambition to close the transaction in 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, before synergies

USD billion ¹⁾	Electrolux 2013	GE Appliances incl. 48.4% of Mabe 2013	Combined 2013
Sales	16.8	5.7	22.5
EBITDA	1.1	0.4	1.5
EBITDA margin, %	6.8	6.8	6.8

¹⁾ 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 related to the acquisition, visit www.electroluxgroup.com

Extract from the press release, Electrolux to acquire GE Appliances, of September 8, 2014. The expected synergies above of approximately USD 350m were updated on April 8, 2015, from the previously communicated USD 300m on September 8, 2014.

Extract from the press release, Electrolux contests the U.S. Department of Justice's opposition to the acquisition of GE Appliances, of July 1, 2015.

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 in the first nine months of 2015 amounted to SEK 23,855m (21,053) of which SEK 19,203m (16,919) referred to sales to Group companies and SEK 4,652m (4,134) to external customers. Income after financial items was SEK 2,655m (142), including dividends from subsidiaries in the amount of SEK 3,104m (813). Income for the period amounted to SEK 2,790m (376).

Capital expenditure in tangible and intangible assets was SEK 156m (179). Liquid funds at the end of the period amounted to SEK 7,053m, as against SEK 4,601m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 13,590m, as against SEK 12,617m at the start of the year. Dividend payment to shareholders for 2014 amounted to SEK 1,868m.

The income statement and balance sheet for the Parent Company are presented on page 21.

Stockholm, October 23, 2015

Keith McLoughlin
President and CEO

Report of Review of Interim Financial Information report

Introduction

We have reviewed the condensed interim financial information (interim report) of AB Electrolux (publ) as of 30 September 2015 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 23, 2015

PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant
Lead partner

Anna Rosendal
Authorized Public Accountant

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 2014.

Consolidated income statement

SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	112,143	80,743	91,717	28,784	31,275
Cost of goods sold ¹⁾	-91,564	-66,094	-74,550	-23,109	-25,126
Gross operating income¹⁾	20,579	14,649	17,167	5,675	6,149
Selling expenses ¹⁾	-11,647	-8,507	-9,370	-2,919	-3,103
Administrative expenses ¹⁾	-5,454	-4,002	-4,454	-1,352	-1,481
Other operating income/expenses	103	46	-400	-12	-59
Operating income	3,581	2,186	2,943	1,392	1,506
Margin, %	3.2	2.7	3.2	4.8	4.8
Financial items, net	-584	-481	-317	-142	-145
Income after financial items	2,997	1,705	2,626	1,250	1,361
Margin, %	2.7	2.1	2.9	4.3	4.4
Taxes	-755	-433	-665	-317	-347
Income for the period	2,242	1,272	1,961	933	1,014
Items that will not be reclassified to income for the period:					
Remeasurement of provisions for post-employment benefits	-1,534	-544	60	-154	-696
Income tax relating to items that will not be reclassified	808	465	4	431	221
	-726	-79	64	277	-475
Items that may be reclassified subsequently to income for the period:					
Available for sale instruments	19	19	-19	-4	-24
Cash flow hedges	-30	4	34	92	83
Exchange-rate differences on translation of foreign operations	2,428	1,561	-850	837	-830
Income tax relating to items that may be reclassified	-10	-	13	-19	3
	2,407	1,584	-822	906	-768
Other comprehensive income, net of tax	1,681	1,505	-758	1,183	-1,243
Total comprehensive income for the period	3,923	2,777	1,203	2,116	-229
Income for the period attributable to:					
Equity holders of the Parent Company	2,241	1,272	1,960	933	1,013
Non-controlling interests	1	0	1	0	1
Total	2,242	1,272	1,961	933	1,014
Total comprehensive income for the period attributable to:					
Equity holders of the Parent Company	3,922	2,778	1,202	2,116	-229
Non-controlling interests	1	-1	1	0	0
Total	3,923	2,777	1,203	2,116	-229
Earnings per share, SEK	7.83	4.44	6.83	3.26	3.53
Diluted, SEK	7.78	4.42	6.79	3.24	3.51
Number of shares after buy-backs, million	286.3	286.3	287.4	286.3	287.4
Average number of shares after buy-backs, million	286.3	286.3	287.1	286.3	287.4
Diluted, million	288.2	288.1	288.8	288.5	289.1

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been presented on a separate line in the income statement. For comparability purposes, the figures for 2014 have been restated. While this change in accounting practice has no impact on the Group's operating income, the restated gross operating income for 2014 has been reduced. Costs previously recognized as items affecting comparability as a separate item in the amount of SEK 1,199m have been allocated to costs of goods sold in the amount of SEK 1,076m to selling expenses in the amount of SEK 47m and administrative expenses in the amount of SEK 76m. For a specification of restructuring cost included in operating income for 2014, see page 16 and the press release; Restated figures for Electrolux for 2014, March 30, 2015.

Consolidated balance sheet

SEKm	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015
Assets			
Property, plant and equipment	18,934	17,844	18,409
Goodwill	5,350	5,103	5,309
Other intangible assets	3,878	3,806	3,510
Investments in associates	228	224	207
Deferred tax assets	5,351	4,908	5,372
Financial assets	312	308	303
Pension plan assets	399	522	491
Other non-current assets	1,110	1,040	1,312
Total non-current assets	35,562	33,755	34,913
Inventories	14,324	15,463	15,629
Trade receivables	20,663	18,529	18,382
Tax assets	784	564	728
Derivatives	375	298	329
Other current assets	4,774	4,824	5,007
Short-term investments	99	99	108
Cash and cash equivalents	9,107	7,616	10,414
Total current assets	50,126	47,393	50,597
Total assets	85,688	81,148	85,510
Equity and liabilities			
Equity attributable to equity holders of the Parent Company			
Share capital	1,545	1,545	1,545
Other paid-in capital	2,905	2,905	2,905
Other reserves	-251	-1,072	-1,072
Retained earnings	12,235	11,896	12,467
	16,434	15,274	15,845
Non-controlling interests	34	31	32
Total equity	16,468	15,305	15,877
Long-term borrowings	9,529	9,524	8,471
Deferred tax liabilities	687	715	644
Provisions for post-employment benefits	5,162	4,092	5,312
Other provisions	5,665	5,213	5,495
Total non-current liabilities	21,043	19,544	19,922
Accounts payable	25,705	24,198	27,139
Tax liabilities	1,042	1,180	839
Short-term liabilities	13,531	13,085	14,437
Short-term borrowings	4,960	4,600	4,548
Derivatives	156	104	144
Other provisions	2,783	3,132	2,604
Total current liabilities	48,177	46,299	49,711
Total equity and liabilities	85,688	81,148	85,510
Contingent liabilities	3,739	2,974	3,084

Change in consolidated equity

SEKm	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015
Opening balance	14,308	14,308	16,468
Total comprehensive income for the period	3,923	2,777	1,203
Share-based payment	99	82	74
Dividend	-1,862	-1,861	-1,868
Acquisition of operations	-	-1	-
Total transactions with equity holders	-1,763	-1,780	-1,794
Closing balance	16,468	15,305	15,877

Consolidated cash flow statement

SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Operations					
Operating income	3,581	2,186	2,943	1,392	1,506
Depreciation and amortization	3,671	2,728	2,956	947	980
Restructuring provisions	173	411	-546	-240	-224
Other non-cash items	93	150	335	27	140
Financial items paid, net	-488	-420	-224	-104	-101
Taxes paid	-985	-601	-858	-99	-157
Cash flow from operations, excluding change in operating assets and liabilities	6,045	4,454	4,606	1,923	2,144
Change in operating assets and liabilities					
Change in inventories	-929	-2,449	-1,688	-573	-746
Change in trade receivables	195	1,916	1,544	-735	-384
Change in accounts payable	3,160	2,303	2,040	993	1,202
Change in other operating assets, liabilities and provisions	-649	-851	370	437	1,323
Cash flow from change in operating assets and liabilities	1,777	919	2,266	122	1,395
Cash flow from operations	7,822	5,373	6,872	2,045	3,539
Investments					
Acquisition of operations	-69	-68	-91	-67	-13
Capital expenditure in property, plant and equipment	-3,006	-1,854	-1,945	-734	-618
Capital expenditure in product development	-355	-267	-247	-114	-73
Capital expenditure in software	-290	-199	-197	-49	-56
Other	-39	2	-194	12	-81
Cash flow from investments	-3,759	-2,386	-2,674	-952	-841
Cash flow from operations and investments	4,063	2,987	4,198	1,093	2,698
Financing					
Change in short-term investments	49	49	-9	-21	-30
Change in short-term borrowings	367	-82	1,801	-50	344
New long-term borrowings	1,952	1,022	-	16	-
Amortization of long-term borrowings	-2,254	-1,249	-2,628	-5	-714
Dividend	-1,861	-1,861	-1,868	-	-
Cash flow from financing	-1,747	-2,121	-2,704	-60	-400
Total cash flow	2,316	866	1,494	1,033	2,298
Cash and cash equivalents at beginning of period	6,607	6,607	9,107	6,522	8,258
Exchange-rate differences referring to cash and cash equivalents	184	143	-187	61	-142
Cash and cash equivalents at end of period	9,107	7,616	10,414	7,616	10,414

Key ratios

SEKm unless otherwise stated	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	112,143	80,743	91,717	28,784	31,275
Organic growth, %	1.1	0.7	2.9	1.6	2.1
Operating income	3,581	2,186	2,943	1,392	1,506
Margin, %	3.2	2.7	3.2	4.8	4.8
Income after financial items	2,997	1,705	2,626	1,250	1,361
Income for the period	2,242	1,272	1,961	933	1,014
Restructuring cost included in operating income	-1,199	-1,122	–	–	–
Capital expenditure, property, plant and equipment	-3,006	-1,854	-1,945	-734	-618
Operating cash flow after investments	6,631	4,787	5,917	1,603	3,193
Earnings per share, SEK ¹⁾	7.83	4.44	6.83	3.26	3.53
Equity per share, SEK	57.52	53.45	55.24	53.45	55.24
Capital-turnover rate, times/year	4.5	4.3	4.8	–	–
Return on net assets, %	14.2	11.7	15.3	–	–
Return on equity, %	15.7	12.3	8.5	–	–
Net debt	9,631	9,595	6,947	9,595	6,947
Net debt/equity ratio	0.58	0.63	0.44	0.63	0.44
Average number of shares excluding shares owned by Electrolux, million	286.3	286.3	287.1	286.3	287.4
Average number of employees	60,038	59,839	58,279	58,343	57,281

¹⁾ Basic, based on average number of shares, excluding shares owned by Electrolux.
For definitions, see page 24.

Shares

Number of 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, 2015	8,192,539	300,727,769	308,920,308	22,599,884	286,320,424
Shares allotted to senior managers under the Performance Share Program	–	–	–	-1,077,026	1,077,026
Number of shares as of September 30, 2015	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
As % of total number of shares				7.0%	

Exchange rates

SEK	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015
AUD, average	6.17	6.11	6.35
AUD, end of period	6.37	6.33	5.90
BRL, average	2.92	2.91	2.67
BRL, end of period	2.93	2.96	2.11
CAD, average	6.23	6.12	6.64
CAD, end of period	6.70	6.49	6.26
EUR, average	9.11	9.04	9.37
EUR, end of period	9.47	9.14	9.41
GBP, average	11.31	11.15	12.82
GBP, end of period	12.11	11.75	12.74
HUF, average	0.0295	0.0293	0.0303
HUF, end of period	0.0301	0.0295	0.0300
USD, average	6.89	6.70	8.36
USD, end of period	7.79	7.25	8.40

Net sales by business area

SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Major Appliances Europe, Middle East and Africa	34,438	24,713	26,847	8,741	9,540
Major Appliances North America	34,141	25,217	32,640	9,089	11,610
Major Appliances Latin America	20,041	13,907	13,927	5,053	4,190
Major Appliances Asia/Pacific	8,803	6,491	7,009	2,342	2,192
Small Appliances	8,678	6,014	6,506	2,075	2,169
Professional Products	6,041	4,400	4,788	1,484	1,574
Other	1	1	–	–	–
Total	112,143	80,743	91,717	28,784	31,275

Operating income by business area

SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Major Appliances Europe, Middle East and Africa ¹⁾	232	-275	1,402	484	605
Margin, %	0.7	-1.1	5.2	5.5	6.3
Major Appliances North America	1,714	1,580	1,087	518	743
Margin, %	5.0	6.3	3.3	5.7	6.4
Major Appliances Latin America ¹⁾	1,069	591	394	242	110
Margin, %	5.3	4.2	2.8	4.8	2.6
Major Appliances Asia/Pacific ¹⁾	438	238	241	125	54
Margin, %	5.0	3.7	3.4	5.3	2.5
Small Appliances	200	27	29	35	41
Margin, %	2.3	0.4	0.4	1.7	1.9
Professional Products	671	482	602	184	212
Margin, %	11.1	11.0	12.6	12.4	13.5
Common Group costs, etc. ¹⁾	-743	-457	-812	-196	-259
Operating income	3,581	2,186	2,943	1,392	1,506
Margin, %	3.2	2.7	3.2	4.8	4.8

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been excluded in operating income by business area. For comparability purposes, the figures for 2014 have been restated to include restructuring costs, for a specification, see below and the press release; Restated figures for Electrolux for 2014, March 30, 2015.

Restructuring costs included in operating income¹⁾

SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Major Appliances Europe, Middle East and Africa	-1,212	-1,100	–	–	–
Major Appliances North America	–	–	–	–	–
Major Appliances Latin America	-10	-10	–	–	–
Major Appliances Asia/Pacific	-10	-10	–	–	–
Small Appliances	–	–	–	–	–
Professional Products	–	–	–	–	–
Other	33	-2	–	–	–
Total	-1,199	-1,122	–	–	–

¹⁾ Previously not included in operating income by business area and reported as "Items affecting comparability" in the income statement

Change in net sales by business area

Year-over-year, %	Nine months 2015		Q3 2015	
	Nine months 2015	Nine months 2015 in local currencies	Q3 2015	Q3 2015 in local currencies
Major Appliances Europe, Middle East and Africa	8.6	3.7	9.1	5.4
Major Appliances North America	29.4	5.2	27.7	7.1
Major Appliances Latin America	0.1	2.3	-17.1	-5.1
Major Appliances Asia/Pacific	8.0	-3.9	-6.4	-11.4
Small Appliances	8.2	-1.2	4.5	-0.5
Professional Products	8.8	3.3	6.1	1.8
Total change	13.6	3.0	8.7	2.4

Change in operating income by business area

Year-over-year, %	Nine months 2015		Q3 2015	
	Nine months 2015	Nine months 2015 in local currencies	Q3 2015	Q3 2015 in local currencies
Major Appliances Europe, Middle East and Africa	609.8	603.4	25.0	25.1
Major Appliances North America	-31.2	-43.1	43.4	16.2
Major Appliances Latin America	-33.3	-43.1	-54.5	-59.7
Major Appliances Asia/Pacific	1.3	12.1	-56.8	-49.3
Small Appliances	7.4	-63.3	17.1	-29.8
Professional Products	24.9	17.7	15.2	12.2
Total change	34.6	23.1	8.2	-3.3

Working capital and net assets

SEKm	Dec. 31, 2014	% of annualized net sales	Sept 30, 2014	% of annualized net sales	Sept. 30, 2015	% of annualized net sales
Inventories	14,324	11.2	15,463	13.2	15,629	12.8
Trade receivables	20,663	16.2	18,529	15.9	18,382	15.0
Accounts payable	-25,705	-20.1	-24,198	-20.7	-27,139	-22.1
Provisions	-8,448		-8,345		-8,099	
Prepaid and accrued income and expenses	-8,495		-7,930		-9,239	
Taxes and other assets and liabilities	-716		-1,137		-488	
Working capital	-8,377	-6.6	-7,618	-6.5	-10,954	-8.9
Property, plant and equipment	18,934		17,844		18,409	
Goodwill	5,350		5,103		5,309	
Other non-current assets	5,528		5,378		5,332	
Deferred tax assets and liabilities	4,664		4,193		4,728	
Net assets	26,099	20.4	24,900	21.3	22,824	18.6
Average net assets	25,166	22.4	24,933	23.2	25,707	21.0

Net assets by business area

SEKm	Assets			Equity and liabilities			Net assets		
	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015
Major Appliances Europe, Middle East and Africa	22,197	22,348	22,494	17,857	17,234	18,473	4,340	5,114	4,021
Major Appliances North America	16,450	16,089	17,573	10,234	11,085	13,558	6,216	5,004	4,015
Major Appliances Latin America	14,574	13,171	12,089	7,661	6,687	5,781	6,913	6,484	6,308
Major Appliances Asia/Pacific	5,614	5,370	5,261	3,519	3,335	3,550	2,095	2,035	1,711
Small Appliances	5,144	4,793	4,812	3,680	3,070	3,394	1,464	1,723	1,418
Professional Products	2,931	2,915	3,165	2,012	1,974	2,182	919	941	983
Other ¹⁾	8,544	7,683	8,538	4,392	4,084	4,170	4,152	3,599	4,368
Total operating assets and liabilities	75,454	72,369	73,932	49,355	47,469	51,108	26,099	24,900	22,824
Liquid funds	9,835	8,257	11,087	–	–	–	–	–	–
Interest-bearing receivables	–	–	–	–	–	–	–	–	–
Interest-bearing liabilities	–	–	–	14,703	14,282	13,213	–	–	–
Pension assets and liabilities	399	522	491	5,162	4,092	5,312	–	–	–
Dividend payable	–	–	–	–	–	–	–	–	–
Equity	–	–	–	16,468	15,305	15,877	–	–	–
Total	85,688	81,148	85,510	85,688	81,148	85,510	–	–	–

¹⁾ Includes common functions and tax items. As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been excluded in net assets by business area and reported under Other. Going forward, any potential restructuring charges will be reported in net assets by business area. For comparability purposes, the figures for 2014 have been restated.

Net sales and income per quarter

SEKm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Net sales	25,629	26,330	28,784	31,400	112,143	29,087	31,355	31,275		
Operating income	731	63	1,392	1,395	3,581	516	921	1,506		
Margin, %	2.9	0.2	4.8	4.4	3.2	1.8	2.9	4.8		
Income after financial items	575	-120	1,250	1,292	2,997	450	815	1,361		
Income for the period	431	-92	933	970	2,242	339	608	1,014		
Earnings per share, SEK ¹⁾	1.50	-0.32	3.26	3.39	7.83	1.18	2.12	3.53		
Restructuring cost included in operating income	-18	-1,104	–	-77	-1,199	–	–	–		
Number of shares after buy-backs, million	286.2	286.3	286.3	286.3	286.3	287.4	287.4	287.4		
Average number of shares after buy-backs, million	286.2	286.3	286.3	286.3	286.3	286.6	287.4	287.4		

¹⁾ Basic, based on average number of shares, excluding shares owned by Electrolux.

Net sales and operating income by business area per quarter

SEKm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Major Appliances Europe, Middle East and Africa										
Net sales	7,865	8,107	8,741	9,725	34,438	8,608	8,699	9,540		
Operating income ¹⁾	142	-901	484	507	232	371	426	605		
Margin, %	1.8	-11.1	5.5	5.2	0.7	4.3	4.9	6.3		
Major Appliances North America										
Net sales	7,664	8,464	9,089	8,924	34,141	9,313	11,717	11,610		
Operating income	382	680	518	134	1,714	-57	401	743		
Margin, %	5.0	8.0	5.7	1.5	5.0	-0.6	3.4	6.4		
Major Appliances Latin America										
Net sales	4,790	4,064	5,053	6,134	20,041	5,261	4,476	4,190		
Operating income ¹⁾	211	138	242	478	1,069	177	107	110		
Margin, %	4.4	3.4	4.8	7.8	5.3	3.4	2.4	2.6		
Major Appliances Asia/Pacific										
Net sales	1,928	2,221	2,342	2,312	8,803	2,241	2,576	2,192		
Operating income ¹⁾	11	102	125	200	438	52	135	54		
Margin, %	0.6	4.6	5.3	8.7	5.0	2.3	5.2	2.5		
Small Appliances										
Net sales	2,001	1,938	2,075	2,664	8,678	2,139	2,198	2,169		
Operating income	33	-41	35	173	200	-8	-4	41		
Margin, %	1.6	-2.1	1.7	6.5	2.3	-0.4	-0.2	1.9		
Professional Products										
Net sales	1,380	1,536	1,484	1,641	6,041	1,525	1,689	1,574		
Operating income	126	172	184	189	671	170	220	212		
Margin, %	9.1	11.2	12.4	11.5	11.1	11.1	13.0	13.5		
Other										
Net sales	1	-	-	-	1	-	-	-		
Operating income, common group costs, etc. ¹⁾	-174	-87	-196	-286	-743	-189	-364	-259		
Total Group										
Net sales	25,629	26,330	28,784	31,400	112,143	29,087	31,355	31,275		
Operating income	731	63	1,392	1,395	3,581	516	921	1,506		
Margin, %	2.9	0.2	4.8	4.4	3.2	1.8	2.9	4.8		

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been excluded in operating income by business area. For comparability purposes, the figures for 2014 have been restated to include restructuring costs. For a specification, see below and the press release; Restated figures for Electrolux for 2014, March 30, 2015.

Restructuring costs included in operating income by business area above ¹⁾

Major Appliances Europe, Middle East and Africa	-	-1,100	-	-112	-1,212
Major Appliances North America	-	-	-	-	-
Major Appliances Latin America	-6	-4	-	-	-10
Major Appliances Asia/Pacific	-10	-	-	-	-10
Small Appliances	-	-	-	-	-
Professional Products	-	-	-	-	-
Common Group cost	-2	-	-	35	33
Total Group	-18	-1,104	-	-77	-1,199

¹⁾ Previously not included in operating income by business area and reported as "Items affecting comparability" in the income statement.

Fair value and carrying amount on financial assets and liabilities

SEKm	Full year 2014		Sept 30, 2014		Sept. 30, 2015	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Per category						
Financial assets at fair value through profit and loss	2,971	2,971	2,168	2,168	3,248	3,248
Available for sale	177	177	177	177	157	157
Loans and receivables	22,124	22,124	20,359	20,359	19,340	19,340
Cash	5,289	5,289	4,145	4,145	6,791	6,791
Total financial assets	30,561	30,561	26,849	26,849	29,536	29,536
Financial liabilities at fair value through profit and loss	157	157	104	104	143	143
Financial liabilities measured at amortized cost	39,415	39,247	37,786	37,636	40,150	39,950
Total financial liabilities	39,572	39,404	37,890	37,740	40,293	40,093

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 2014			Sept 30, 2014			Sept. 30, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets	312	–	312	308	–	308	303	–	303
Financial assets at fair value through profit and loss	135	–	135	131	–	131	146	–	146
Available for sale	177	–	177	177	–	177	157	–	157
Derivatives	–	375	375	–	297	297	–	329	329
Derivatives for which hedge accounting is not applied, i.e., held for trading	–	194	194	–	181	181	–	134	134
Derivatives for which hedge accounting is applied	–	181	181	–	116	116	–	195	195
Short-term investments and cash equivalents	2,456	–	2,456	1,740	–	1,740	2,773	–	2,773
Financial assets at fair value through profit and loss	2,456	–	2,456	1,740	–	1,740	2,773	–	2,773
Total financial assets	2,768	375	3,143	2,048	297	2,345	3,076	329	3,405
Financial liabilities									
Derivatives	–	157	157	–	104	104	–	143	143
Derivatives for which hedge accounting is not applied, i.e., held for trading	–	89	89	–	69	69	–	87	87
Derivatives for which hedge accounting is applied	–	68	68	–	35	35	–	56	56
Total financial liabilities	–	157	157	–	104	104	–	143	143

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.

Parent Company income statement

SEKm	Full year 2014	Nine months 2014	Nine months 2015	Q3 2014	Q3 2015
Net sales	29,508	21,053	23,855	7,449	8,535
Cost of goods sold	-25,477	-18,223	-20,132	-6,330	-7,204
Gross operating income	4,031	2,830	3,723	1,119	1,331
Selling expenses	-3,430	-2,427	-2,796	-835	-977
Administrative expenses	-1,208	-961	-1,028	-255	-294
Other operating income	–	–	–	-2	–
Other operating expenses	-645	-172	-282	2	–
Operating income	-1,252	-730	-383	29	60
Financial income	3,105	1,094	3,482	126	1,507
Financial expenses	-455	-222	-444	-91	-312
Financial items, net	2,650	872	3,038	35	1,195
Income after financial items	1,398	142	2,655	64	1,255
Appropriations	355	159	176	71	65
Income before taxes	1,753	301	2,831	135	1,320
Taxes	77	75	-41	-49	-6
Income for the period	1,830	376	2,790	86	1,314

Parent Company balance sheet

SEKm	Dec. 31, 2014	Sept 30, 2014	Sept. 30, 2015
Assets			
Non-current assets	35,074	33,499	35,001
Current assets	21,021	20,584	19,436
Total assets	56,095	54,083	54,437
Equity and liabilities			
Restricted equity	4,562	4,562	4,562
Non-restricted equity	12,617	11,145	13,590
Total equity	17,179	15,707	18,152
Untaxed reserves	396	516	374
Provisions	1,624	1,714	1,505
Non-current liabilities	9,071	9,075	7,858
Current liabilities	27,825	27,071	26,548
Total equity and liabilities	56,095	54,083	54,437
Pledged assets	–	–	–
Contingent liabilities	3,743	3,417	3,121

Operations by business area yearly

SEKm ^{1) 2)}	2010	2011	2012	2013	2014
Major Appliances Europe, Middle East and Africa					
Net sales	36,596	34,029	34,278	33,436	34,438
Operating income	1,639	675	178	-481	232
Margin, %	4.5	2.0	0.5	-1.4	0.7
Major Appliances North America					
Net sales	30,969	27,665	30,684	31,864	34,141
Operating income	1,036	146	1,347	2,136	1,714
Margin, %	3.3	0.5	4.4	6.7	5.0
Major Appliances Latin America					
Net sales	16,260	17,810	22,044	20,695	20,041
Operating income	951	820	1,590	979	1,069
Margin, %	5.8	4.6	7.2	4.7	5.3
Major Appliances Asia/Pacific					
Net sales	7,679	7,852	8,405	8,653	8,803
Operating income	793	736	746	116	438
Margin, %	10.3	9.4	8.9	1.3	5.0
Small Appliances					
Net sales	8,422	8,359	9,011	8,952	8,678
Operating income	802	543	461	309	200
Margin, %	9.5	6.5	5.1	3.5	2.3
Professional Products					
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
Other					
Net sales	11	1	1	1	1
Operating income, common Group costs, etc.	-534	-744	-910	-1,989	-743
Total Group					
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

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been excluded in operating income by business area. For comparability purposes, the figures for 2014 have been restated to include restructuring costs, see the press release; Restated figures for Electrolux for 2014, March 30, 2015. For information purposes, yearly operating income by business area 2010-2013 are presented including restructuring costs in the table above. For a specification see below.

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.

Restructuring costs included in operating income by business area above¹⁾

Major Appliances Europe, Middle East and Africa	-658	-34	-927	-828	-1,212
Major Appliances North America	-406	-104	-105	—	—
Major Appliances Latin America	—	—	—	—	-10
Major Appliances Asia/Pacific	—	—	—	-351	-10
Small Appliances	—	—	—	-82	—
Professional Products	—	—	—	—	—
Common Group cost	—	—	—	-1,214	33
Total Group	-1,064	-138	-1,032	-2,475	-1,199

¹⁾ Previously not included in operating income by business area and reported as "Items affecting comparability" in the income statement

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
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
Restructuring cost included in operating income	-1,064	-138	-1,032	-2,475	-1,199
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
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

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.

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 third-quarter results 2015

Today's press release is available on the Electrolux website www.electroluxgroup.com/ir

Telephone conference 09.00 CET

A telephone conference is held at 09.00 CET today, October 23. 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:
www.electroluxgroup.com/ir

Link to webcast:
www.electroluxgroup.com/q3-2015

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Calendar 2016

The announced Capital Markets day in November 2015 has been postponed to 2016. More information will follow.

Consolidated results for 2015	January 28
Annual Report 2015	Week 10
Annual General Meeting	April 6
Interim report January - March	April 28
Interim report January - June	July 20
Interim report January - September	October 28

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