

# Interim Report January - September 2016

Stockholm, October 28, 2016

## Highlights of the third quarter of 2016

- Net sales amounted to SEK 30,852m (31,275).
- Organic sales declined by 1.6%, while currency translation had a positive impact of 0.2% on net sales.
- Operating income increased to SEK 1,826m (1,506), corresponding to a margin of 5.9% (4.8).
- Four of six business areas achieved an operating margin above 7%.
- Improved operating results across business areas, although operations in Latin America continued to be impacted by weak market environment.
- Strong operating cash flow after investments of SEK 3.0bn (3.0).
- Income for the period was SEK 1,267m (1,014), and earnings per share was SEK 4.41 (3.53).

## Financial overview

SEKm	Q3 2016	Q3 2015	Change, %	Nine months 2016	Nine months 2015	Change, %
Net sales	30,852	31,275	-1	88,949	91,717	-3
Organic growth, %	-1.6	2.1		-0.4	2.9	
Acquired growth, %	0	0.3		0.1	0.1	
Changes in exchange rates, %	0.2	6.3		-2.7	10.6	
Operating income	1,826	1,506	21	4,658	2,943	58
Margin, %	5.9	4.8		5.2	3.2	
Income after financial items	1,725	1,361	27	4,336	2,626	65
Income for the period	1,267	1,014	25	3,221	1,961	64
Earnings per share, SEK <sup>1)</sup>	4.41	3.53		11.21	6.83	
Operating cash flow after investments	2,965	2,969	0	6,526	5,371	22
Return on net assets, %	-	-		28.7	15.3	

<sup>1)</sup> Basic, based on an average of 287.4 (287.4) million shares for the third quarter and 287.4 (287.1) million shares for the first nine months of 2016, excluding shares held by Electrolux.

For definitions, see page 22.

## About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 60 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 2015, Electrolux had sales of SEK 124 billion and about 58,000 employees. For more information, go to [www.electroluxgroup.com](http://www.electroluxgroup.com)

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## Market overview

### Market overview for the third quarter

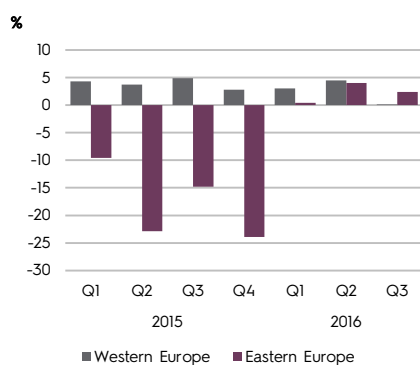
Market demand for core appliances in Europe increased by 1% in the third quarter. The overall demand in Western Europe was unchanged but demand increased in several markets. Demand in Eastern Europe increased by 2%.

Market demand for core appliances in North America was unchanged year-over-year.

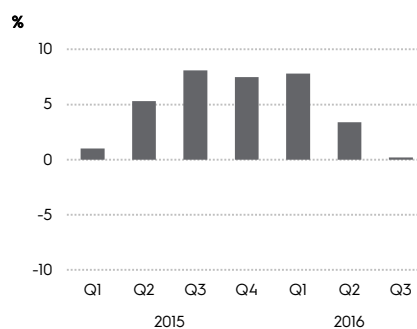
Market demand for core appliances in Australia increased. In China, market demand increased mainly as a result of a strong season for air-conditioners. The market in Southeast Asia also improved.

Demand for core appliances in Brazil continued to deteriorate. Demand in Argentina 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

- Organic sales growth for Major Appliances EMEA, Major Appliances Asia/Pacific and Professional Products.
- Major Appliances Asia/Pacific reported a strong organic growth of 11%, driven mainly by favorable trends in China and Southeast Asia.
- Major Appliances EMEA, North America and Asia/Pacific improved results and reported an operating margin of above 7%.
- Professional Products displayed a good earnings trend with an operating margin of more than 14%.
- Weak market environment in Latin America continued to impact sales and earnings in the region.
- Actions to improve profitability in Small Appliances continued.

SEKm	Q3 2016	Q3 2015	Change, %	Nine months 2016	Nine months 2015	Change, %
<b>Net sales</b>	<b>30,852</b>	<b>31,275</b>	<b>-1.4</b>	<b>88,949</b>	<b>91,717</b>	<b>-3.0</b>
<b>Change in net sales, %, whereof</b>						
Organic growth	-1.6	2.1		-0.4	2.9	
Acquisitions	0	0.3		0.1	0.1	
Changes in exchange rates	0.2	6.3		-2.7	10.6	
<b>Operating income</b>						
Major Appliances Europe, Middle East and Africa	680	605	12	1,800	1,402	28
Major Appliances North America	824	743	11	2,061	1,087	90
Major Appliances Latin America	19	110	-83	119	394	-70
Major Appliances Asia/Pacific	208	54	285	453	241	88
Small Appliances	34	41	-17	84	29	190
Professional Products	234	212	10	661	602	10
Other, Common Group costs, etc.	-173	-259	n.m.	-520	-812	n.m.
<b>Operating income</b>	<b>1,826</b>	<b>1,506</b>	<b>21</b>	<b>4,658</b>	<b>2,943</b>	<b>58</b>
Margin, %	5.9	4.8		5.2	3.2	

Net sales for the Electrolux Group decreased by 1.4% in the third quarter of 2016. Organic sales declined by 1.6%, while currency translation had a positive impact of 0.2%. Major Appliances EMEA, Major Appliances Asia/Pacific and Professional Products reported organic sales growth. Sales for Major Appliances North America were impacted by increased price pressure in the market and lower sales volumes of products under private labels. Weak markets continued to impact sales for Major Appliances Latin America. Sales for Small Appliances also declined, mainly as a result of active product portfolio management and exiting from unprofitable product categories.

Operating income increased to SEK 1,826m (1,506), corresponding to a margin of 5.9% (4.8).

Operating income for Major Appliances EMEA continued to improve. Increased sales volumes, higher cost efficiency and product-mix improvements contributed to the positive earnings trend.

Operating income for Major Appliances North America improved year-over-year, mainly as a result of increased cost efficiency and lower costs for raw materials.

The continued weak market situation in Latin America had a negative impact on earnings in the region.

Operating income for Major Appliances Asia/Pacific improved primarily due to a favorable mix trend and increased cost efficiency.

Operating income for Small Appliances was in line with the previous year. Activities to restore profitability are in progress.

Professional Products continued to report a positive earnings trend.

#### Effects of changes in exchange rates

Changes in exchange rates had a negative impact of SEK 120m on operating income year-over-year. The impact of transaction effects was SEK -88m. The negative impact refers mainly to the operations in Europe and, in particular, to the weakening of the British pound. Translation effects in the quarter amounted to SEK -32m.

#### Financial net

Net financial items for the third quarter amounted to SEK -101m (-145).

#### Income for the period

Income for the period amounted to SEK 1,267m (1,014), corresponding to SEK 4.41 (3.53) in earnings per share.

#### Events during the third quarter of 2016

##### August 15. Electrolux ideas Lab: Let's bring healthy home-cooked food to every dinner table

In a new global competition, Electrolux seeks innovative ideas to inspire healthier and more sustainable home cooking.

##### September 1. Electrolux unveiled new look and product ranges for AEG brand

Electrolux unveiled a new look for the AEG brand with the launch of two product ranges. The AEG Mastery Range of kitchen products, offering the world's first responsive kitchen experience, and a new laundry range. The AEG Mastery Range is a complete range of appliances with innovative features for preparing and chilling ingredients to clearing up the dishes. The new laundry range offers combinations of washing machines and dryers that work perfectly in tandem, promising to keep colors, textures and protecting the fibers in the clothes like never before.

##### September 9. Electrolux celebrates 10 consecutive years as industry leader in sustainability

Electrolux has been named Industry Leader of the Household Durables category in the prestigious Dow Jones Sustainability World Index (DJSI World), for the tenth consecutive year. This year's assessment, published by RobecoSAM, showed a notably big improvement for Electrolux in the area of corporate citizenship and philanthropy.

##### September 12. Electrolux takes action on sustainability and food, supporting UN Global Goals

Electrolux has set up Electrolux Food Foundation with an initial SEK 10 million investment. The Group has also entered a Feed the Planet partnership together with Worldchefs and AIESEC.

##### September 19. Management change in AB Electrolux

Ruy Hirscheimer, Head of Major Appliances Latin America, has decided to resign from his position, effective October 1, 2016. A process to recruit a successor has been initiated.

##### September 21. Nomination Committee appointed for Electrolux Annual General Meeting 2017

The members of the Nomination Committee have been appointed based on the ownership structure as of August 31, 2016, see page 9.

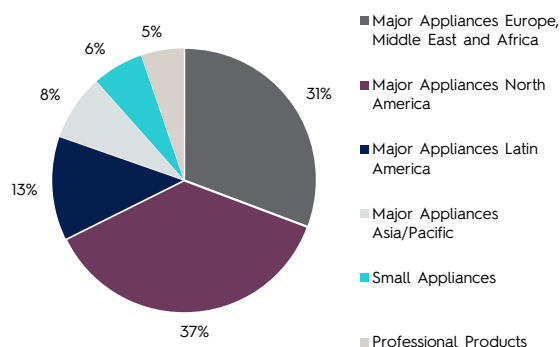
For more information, visit [www.electroluxgroup.com](http://www.electroluxgroup.com)

#### First nine months of 2016

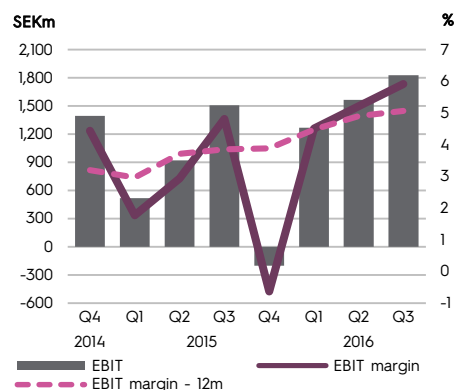
Net sales for Electrolux in the first nine months of 2016 amounted to SEK 88,949m (91,717). Organic sales declined by 0.4%, acquisitions had a positive impact on sales of 0.1% and currency translation had a negative impact of 2.7%.

Operating income increased to SEK 4,658m (2,943), corresponding to a margin of 5.2% (3.2). Income for the period amounted to SEK 3,221m (1,961), corresponding to SEK 11.21 (6.83) in earnings per share.

Share of sales by business area in the third quarter of 2016



Operating income and margin



The EBIT margin - 12m is excluding costs related to GE Appliances, see page 20.

# Business areas

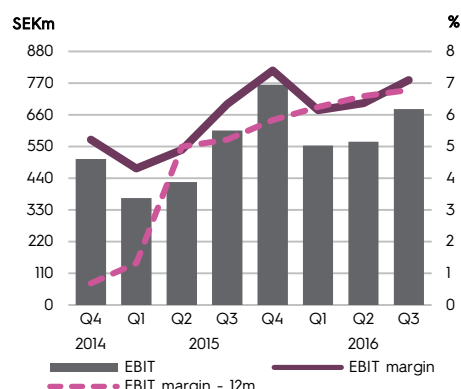
## Major Appliances Europe, Middle East and Africa

In the third quarter, demand in Western Europe slowed compared with previous quarters, although there was a slight increase year-over-year. Demand continued to improve in markets such as the Nordics, Benelux and Germany, while demand in the UK, France, Italy and Spain declined. Demand in Eastern Europe rose by 2% year-over-year. Overall, market demand in Europe increased by 1%.

Electrolux operations in EMEA reported organic sales growth of 2% in the third quarter. This growth was a result of higher sales volumes and an improved product mix. Sales volumes increased, particularly in Eastern Europe, but also in several important markets in Western Europe. The Group continued to gain market shares under premium brands.

Operating income and margin improved as a result of higher sales volumes, increased cost efficiency, particularly in manufacturing, and product-mix improvements. This positive trend in earnings more than offset continued price pressure and currency headwinds related mainly to the depreciation of the British pound.

### Operating income and margin



Industry shipments of core appliances in Europe, units, year-over-year, %	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Western Europe	0	5	3	5	5
Eastern Europe (excluding Turkey)	2	-15	3	-15	-17
Total Europe	1	0	3	0	-1
<b>SEKm</b>					
Net sales	9,579	9,540	27,477	26,847	37,179
Organic growth, %	2.1	5.4	4.7	3.7	4.4
Operating income	680	605	1,800	1,402	2,167
Operating margin, %	7.1	6.3	6.6	5.2	5.8

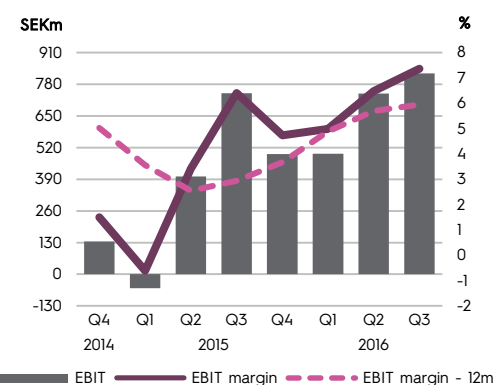
## Major Appliances North America

In the third quarter, market demand for core appliances in North America was unchanged year-over-year. Market demand for major appliances, including microwave ovens and home-comfort products, such as room air-conditioners was also unchanged.

Electrolux operations in North America reported an organic sales decline of 5% in the quarter, primarily driven by lower sales volumes under private labels. Sales volumes of core appliances under own brands grew, while price pressure in the market had a negative impact on sales. Sales of room air-conditioners and dehumidifiers increased.

Operating income in the third quarter increased, mainly as a result of improved efficiency in operations and lower costs for raw materials.

### Operating income and margin



Industry shipments of appliances in the US, units, year-over-year, %	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Core appliances	0	8	4	6	6
Microwave ovens and home-comfort products	-1	18	-3	12	14
Total Major Appliances US	0	10	2	7	8
<b>SEKm</b>					
Net sales	11,189	11,610	32,576	32,640	43,053
Organic growth, % <sup>1)</sup>	-4.6	7.1	-0.5	5.2	4.9
Operating income	824	743	2,061	1,087	1,580
Operating margin, %	7.4	6.4	6.3	3.3	3.7

<sup>1)</sup> The organic growth in the third quarter and the first nine months of 2016 was negatively impacted by 0.2% and 0.2%, respectively, related to the transfer of operations under the Kelvinator brand in North America to the business area Professional Products.

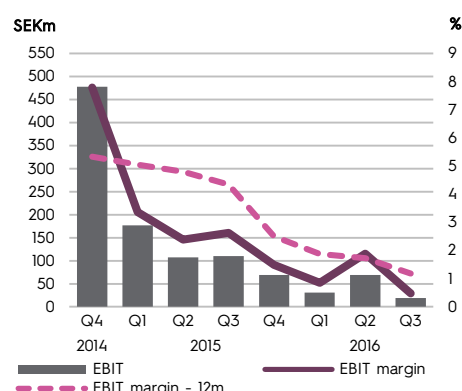
## Major Appliances Latin America

In the third quarter, the weak macro-economic environment in Brazil continued to impact market demand for core appliances, which declined significantly year-over-year. Market demand has deteriorated for seven consecutive quarters. Demand in Argentina also declined.

The weak market trend continued to impact Electrolux operations in Latin America and organic sales declined by 6% during the quarter. Lower volumes and a less favorable mix were somewhat offset by higher prices.

Operating income deteriorated. Measures to adapt to lower demand and to mitigate underabsorption of fixed costs in production are being undertaken. Price increases offset currency headwinds in the region.

### Operating income and margin



SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	3,968	4,190	11,270	13,927	18,546
Organic growth, %	-6.2	-5.1	-8.3	2.3	-1.5
Operating income	19	110	119	394	463
Operating margin, %	0.5	2.6	1.1	2.8	2.5

## Major Appliances Asia/Pacific

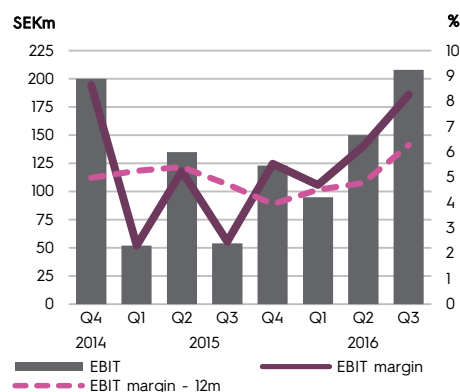
In the third quarter, overall market demand for core appliances in Australia is estimated to have increased somewhat year-over-year. Market demand in China increased significantly, mainly as a result of a strong season for air-conditioning equipment, and demand in Southeast Asia also increased in most markets.

Organic sales for Electrolux increased by 11% during the third quarter. Higher sales of air-conditioners in China contributed to this positive sales trend. Sales in Southeast Asia also increased significantly as a result of higher sales volumes across all product categories. Sales in Australia and New Zealand were stable. The acquisition of the wine cabinet company Vintec had a positive impact of 0.7% on sales.

Operating income and margin improved year-over-year, primarily due to a favorable mix development and increased cost efficiency in Australia and New Zealand. The favorable sales growth in Southeast Asia and China also contributed to earnings. Appliances under the AEG brand were introduced in the Chinese market during the quarter.

Operating income for the third quarter of the preceding year was impacted by an inventory write-down of approximately SEK 70m.

### Operating income and margin



SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	2,515	2,192	6,944	7,009	9,229
Organic growth, %	10.7	-13.0	1.1	-5.0	-5.1
Acquisitions, %	0.7	1.6	0.2	1.1	0.8
Operating income	208	54	453	241	364
Operating margin, %	8.3	2.5	6.5	3.4	3.9

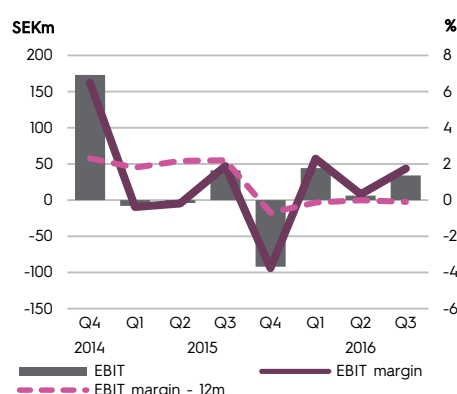
## Small Appliances

In the third quarter, market demand for corded vacuum cleaners in Europe, North America and Asia Pacific, is estimated to have declined year-over-year. Demand for cordless hand-held vacuum cleaners in Europe increased significantly.

Electrolux organic sales declined by 10% in the quarter. Active product portfolio management and exiting unprofitable product categories and markets continued in the quarter and impacted sales negatively. Weak market development in several regions also had an impact on sales. Asia Pacific and Europe displayed sales growth, while other regions declined.

Operating income was in line with the previous year and included ongoing cost-reduction activities. The program to restore profitability continued. A positive price/mix trend impacted earnings in the quarter, mainly due to a continued favorable sales trend in the premium segment in Europe.

### Operating income and margin



SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	1,960	2,169	5,745	6,506	8,958
Organic growth, %	-10.3	-0.5	-9.6	-1.2	-3.8
Operating income	34	41	84	29	-63
Operating margin, %	1.7	1.9	1.5	0.4	-0.7

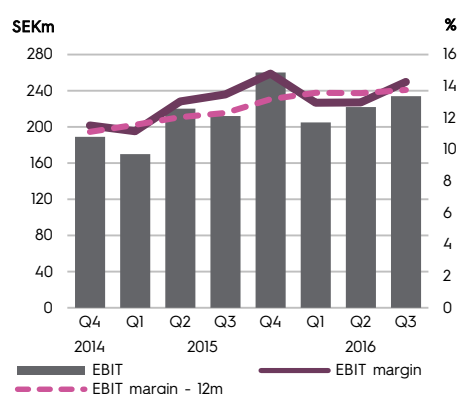
## Professional Products

Overall market demand in the third quarter for professional food-service and professional laundry equipment improved year-over-year. Demand in Electrolux core markets in Western Europe was stable. The US and emerging markets posted year-over-year growth.

Electrolux organic growth was 4%, or 2.6% excluding the impact of the internal transfer of the Kelvinator brand in North America. Sales of both laundry equipment and food-service equipment increased. Sales grew in several markets and were particularly strong in Western Europe, the US and Japan. A strong product offering in both food-service and laundry equipment contributed to the positive sales trend in most markets.

Operating income and margin continued to improve year-over-year. Higher sales volumes and increased prices had a positive impact on operating income. Investments in product development to strengthen the positions in new segments and markets continued.

### Operating income and margin



SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	1,641	1,574	4,937	4,788	6,546
Organic growth, % <sup>1)</sup>	4.0	-0.4	3.1	2.6	2.8
Acquisitions, %	—	2.2	1.0	0.7	1.2
Operating income	234	212	661	602	862
Operating margin, %	14.3	13.5	13.4	12.6	13.2

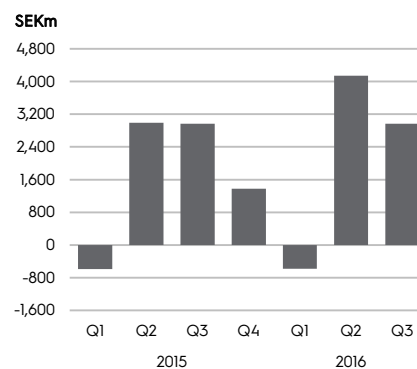
<sup>1)</sup> The organic growth in the third quarter and the first nine months of 2016 was positively impacted by 1.4% and 1.3%, respectively, related to the transfer of operations under the Kelvinator brand in North America from the business area Major Appliances North America.

# Cash flow

Operating cash flow after investments in the third quarter of 2016 was in line with the previous year and amounted to SEK 2,965m (2,969). The main contributor to this strong cash flow is the earnings development and a positive cash flow from operating assets and liabilities.

Operating cash flow after investments for the first nine months of 2016 exceeded the level in the previous year and amounted to SEK 6,526m (5,371).

Operating cash flow after investments



SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Operating income adjusted for non-cash items <sup>1)</sup>	2,866	2,626	7,893	6,234	7,235
Change in operating assets and liabilities	848	1,171	332	1,720	2,822
<b>Operating cash flow</b>	<b>3,714</b>	<b>3,797</b>	<b>8,225</b>	<b>7,954</b>	<b>10,057</b>
Investments in tangible and intangible assets	-799	-747	-2,113	-2,389	-3,640
Changes in other investments	50	-81	414	-194	328
<b>Operating cash flow after investments</b>	<b>2,965</b>	<b>2,969</b>	<b>6,526</b>	<b>5,371</b>	<b>6,745</b>
Acquisitions and divestments of operations	-134	-13	-137	-91	-91
<b>Operating cash flow after structural changes</b>	<b>2,831</b>	<b>2,956</b>	<b>6,389</b>	<b>5,280</b>	<b>6,654</b>
Financial items paid, net <sup>2)</sup>	-52	-101	-230	-224	-513
Taxes paid	-224	-157	-855	-858	-1,277
<b>Cash flow from operations and investments</b>	<b>2,555</b>	<b>2,698</b>	<b>5,304</b>	<b>4,198</b>	<b>4,864</b>
Dividend	-	-	-1,868	-1,868	-1,870
Share-based payments	-	-	-57	-	-
<b>Total cash flow, excluding changes in loans and short-term investments</b>	<b>2,555</b>	<b>2,698</b>	<b>3,379</b>	<b>2,330</b>	<b>2,994</b>

<sup>1)</sup> Operating income adjusted for depreciation, amortization and other non-cash items.

<sup>2)</sup> For the period January 1 to September 30, 2016. Interests and similar items received SEK 90m (105), interests and similar items paid SEK -244m (-258) and other financial items paid SEK -75m (-71).

# Financial position

## Net debt

The financial net debt as of September 30, 2016, of SEK -1,471m declined by SEK 3,369m compared to SEK 1,898m as of December 31, 2015. This is a result of the strong cash flow in the first nine months of 2016.

Net provisions for post-employment benefits increased to SEK 6,317m. In total, net debt declined by SEK 1,561m in the first nine months of 2016.

Long-term borrowings and short-term part of long-term loans as of September 30, 2016, amounted to SEK 8,444m with average maturity of 2.9 years, compared to SEK 11,000m and 2.8 years at the end of 2015.

There are no remaining maturities of long-term borrowings in 2016.

Liquid funds as of September 30, 2016, amounted to SEK 11,634m, an increase of SEK 435m compared to SEK 11,199m as of December 31, 2015.

## Net assets and working capital

Average net assets for the first nine months of 2016 amounted to SEK 21,672m (25,707), corresponding to 18.3% (21.0) of annualized net sales. Net assets as of September 30, 2016, amounted to SEK 20,590m (22,824).

Working capital as of September 30, 2016, amounted to SEK -13,184m (-10,954), corresponding to -10.6% (-8.9) of annualized net sales.

Return on net assets was 28.7% (15.3), and return on equity was 29.3% (8.5).

## Net debt

SEKm	Sep. 30, 2016	Sep. 30, 2015	Dec. 31, 2015
Short-term loans	1,191	1,658	1,499
Short-term part of long-term loans	—	2,682	2,677
Trade receivables with recourse	426	208	328
<b>Short-term borrowings</b>	<b>1,617</b>	<b>4,548</b>	<b>4,504</b>
Financial derivative liabilities	68	142	215
Accrued interest expenses and prepaid interest income	34	52	55
<b>Total short-term borrowings</b>	<b>1,719</b>	<b>4,742</b>	<b>4,774</b>
Long-term borrowings	8,444	8,471	8,323
<b>Total borrowings<sup>1)</sup></b>	<b>10,163</b>	<b>13,213</b>	<b>13,097</b>
Cash and cash equivalents	11,236	10,414	10,696
Short-term investments	3	108	108
Financial derivative assets	138	304	141
Prepaid interest expenses and accrued interest income	257	261	254
<b>Liquid funds<sup>2)</sup></b>	<b>11,634</b>	<b>11,087</b>	<b>11,199</b>
<b>Financial net debt</b>	<b>-1,471</b>	<b>2,126</b>	<b>1,898</b>
Net provisions for post-employment benefits	6,317	4,821	4,509
<b>Net debt</b>	<b>4,846</b>	<b>6,947</b>	<b>6,407</b>
Net debt/equity ratio	0.31	0.44	0.43
Equity	15,744	15,877	15,005
Equity per share, SEK	54.78	55.24	52.21
Return on equity, %	29.3	8.5	9.9
Equity/assets ratio, %	21.4	21.3	20.8

<sup>1)</sup> Whereof interest-bearing liabilities in the amount of SEK 9,740m as of September 30, 2016, SEK 12,810m as of September 30, 2015, and SEK 12,499m as of December 31, 2015.

<sup>2)</sup> Electrolux has one unused committed back-up multicurrency revolving credit facility of EUR 1,000m, approximately SEK 9,600m, expiring in 2021 with two extension options of one year each. Electrolux also has two unused committed credit facilities, one of USD 300m, approximately SEK 2,600m, maturing in 2018 and one of USD 150m, approximately SEK 1,300m, maturing in 2016.



## Other items

### Nomination Committee for Electrolux AGM 2017

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 31, 2016. Johan Forssell, Investor AB, is the Chairman of the committee. The other owner representatives are Marianne Nilsson, Swedbank Robur funds, Kaj Thorén, Alecta, and John Hernander, Nordea Investment Funds. The committee will also include Ronnie Leten and Fredrik Persson, Chairman and Director, respectively, of Electrolux.

The Nomination Committee will prepare proposals for the Annual General Meeting in 2017 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.

The Annual General Meeting will be held on March 23, 2017, 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](mailto: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, 2016, the Group had a total of 3,251 (3,311) cases pending, representing approximately 3,314 (approximately 3,370) plaintiffs. During the third quarter of 2016, 304 new cases with 304 plaintiffs were filed and 271 pending cases with approximately 272 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 2015 Annual Report on page 70. 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 2015 Annual Report, [www.electrolux.com/annualreport2015](http://www.electrolux.com/annualreport2015)

### Press releases 2016

January 5	Electrolux remains in the forefront of connected appliances
January 11	Keith McLoughlin to retire from Electrolux and will be succeeded by Jonas Samuelson as President and CEO
January 20	Electrolux tops industry for the 5th year in global sustainability ranking
January 22	Tomas Eliasson, Chief Financial Officer of AB Electrolux, has decided to resign
January 28	Consolidated Results 2015 and CEO Keith McLoughlin's comments
January 28	New heads of Major Appliances EMEA and Major Appliances North America
February 15	Changes to the Board of AB Electrolux
February 23	Management changes in AB Electrolux, new Group CFO and new Head of Small Appliances
February 24	Electrolux Capital Markets Day 2016
February 26	Notice convening the AGM of AB Electrolux
March 2	Electrolux Annual Report 2015 is published
March 21	Electrolux presents initiative For the Better in 2015 Sustainability Report

April 7	Bulletin from Electrolux AGM 2016
April 11	Electrolux unveils blast chiller for households and other innovations in taste at Eurocucina 2016
April 28	Electrolux interim report January-March 2016 and CEO Jonas Samuelson's comments
June 28	Electrolux acquires wine cabinet company in Asia Pacific
July 20	Electrolux interim report January-June 2016 and CEO Jonas Samuelson's comments
August 15	Electrolux ideas Lab: Let's bring healthy home-cooked food to every dinner table
September 1	Electrolux unveils new look and product ranges for AEG brand
September 9	Electrolux celebrates 10 consecutive years as industry leader in sustainability
September 12	Electrolux takes action on sustainability and food, supporting UN Global Goals
September 19	Management change in AB Electrolux Ruy Hirschheimer, Head of Major Appliances Latin America, has decided to resign
September 21	Nomination Committee appointed for Electrolux Annual General Meeting 2017

# 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 2016 amounted to SEK 24,414m (23,855) of which SEK 19,783m (19,203) referred to sales to Group companies and SEK 4,631m (4,652) to external customers. Income after financial items was SEK 2,624m (2,655), including dividends from subsidiaries in the amount of SEK 2,011m (3,104). Income for the period amounted to SEK 2,552m (2,790).

Capital expenditure in tangible and intangible assets was SEK 166m (156). Liquid funds at the end of the period amounted to SEK 7,470m, as against SEK 7,346m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 13,748m, as against SEK 13,176m at the start of the year. Dividend payment to shareholders for 2015 amounted to SEK 1,868m.

The income statement and balance sheet for the Parent Company are presented on page 18.

Stockholm, October 28, 2016

AB Electrolux (publ)  
556009-4178

Jonas Samuelson  
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 September 30, 2016, 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 28, 2016

PricewaterhouseCoopers AB

Peter Nyllinge  
Authorized Public Accountant  
Lead partner

Anna Rosendal  
Authorized Public Accountant

# Consolidated income statement

SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
<b>Net sales</b>	<b>30,852</b>	<b>31,275</b>	<b>88,949</b>	<b>91,717</b>	<b>123,511</b>
Cost of goods sold	-24,252	-25,126	-70,232	-74,550	-99,913
<b>Gross operating income</b>	<b>6,600</b>	<b>6,149</b>	<b>18,717</b>	<b>17,167</b>	<b>23,598</b>
Selling expenses	-3,350	-3,103	-9,622	-9,370	-12,719
Administrative expenses	-1,398	-1,481	-4,220	-4,454	-6,019
Other operating income/expenses	-26	-59	-217	-400	-2,119
<b>Operating income</b>	<b>1,826</b>	<b>1,506</b>	<b>4,658</b>	<b>2,943</b>	<b>2,741</b>
Margin, %	5.9	4.8	5.2	3.2	2.2
Financial items, net	-101	-145	-322	-317	-640
<b>Income after financial items</b>	<b>1,725</b>	<b>1,361</b>	<b>4,336</b>	<b>2,626</b>	<b>2,101</b>
Margin, %	5.6	4.4	4.9	2.9	1.7
Taxes	-458	-347	-1,115	-665	-533
<b>Income for the period</b>	<b>1,267</b>	<b>1,014</b>	<b>3,221</b>	<b>1,961</b>	<b>1,568</b>
Items that will not be reclassified to income for the period:					
Remeasurement of provisions for post-employment benefits	123	-696	-1,836	60	343
Income tax relating to items that will not be reclassified	-45	221	496	4	-114
	<b>78</b>	<b>-475</b>	<b>-1,340</b>	<b>64</b>	<b>229</b>
Items that may be reclassified subsequently to income for the period:					
Available-for-sale instruments	6	-24	-18	-19	-39
Cash flow hedges	1	83	-28	34	-28
Exchange-rate differences on translation of foreign operations	449	-830	798	-850	-1,454
Income tax relating to items that may be reclassified	-7	3	-23	13	29
	<b>449</b>	<b>-768</b>	<b>729</b>	<b>-822</b>	<b>-1,492</b>
<b>Other comprehensive income, net of tax</b>	<b>527</b>	<b>-1,243</b>	<b>-611</b>	<b>-758</b>	<b>-1,263</b>
<b>Total comprehensive income for the period</b>	<b>1,794</b>	<b>-229</b>	<b>2,610</b>	<b>1,203</b>	<b>305</b>
Income for the period attributable to:					
Equity holders of the Parent Company	1,267	1,013	3,221	1,960	1,566
Non-controlling interests	0	1	0	1	2
<b>Total</b>	<b>1,267</b>	<b>1,014</b>	<b>3,221</b>	<b>1,961</b>	<b>1,568</b>
Total comprehensive income for the period attributable to:					
Equity holders of the Parent Company	1,794	-229	2,610	1,202	307
Non-controlling interests	0	0	0	1	-2
<b>Total</b>	<b>1,794</b>	<b>-229</b>	<b>2,610</b>	<b>1,203</b>	<b>305</b>
<b>Earnings per share</b>					
Basic, SEK	4.41	3.53	11.21	6.83	5.45
Diluted, SEK	4.38	3.51	11.15	6.79	5.42
<b>Average number of shares<sup>1)</sup></b>					
Basic, million	287.4	287.4	287.4	287.1	287.1
Diluted, million	289.1	289.1	288.9	288.8	288.9

<sup>1)</sup> Average number of shares excluding shares held by Electrolux.

# Consolidated balance sheet

SEKm	Sep. 30, 2016	Sep. 30, 2015	Dec. 31, 2015
<b>Assets</b>			
Property, plant and equipment	18,666	18,409	18,450
Goodwill	5,345	5,309	5,200
Other intangible assets	3,155	3,510	3,401
Investments in associates	208	207	209
Deferred tax assets	6,154	5,372	5,889
Financial assets	284	303	284
Pension plan assets	307	491	397
Other non-current assets	554	1,312	858
<b>Total non-current assets</b>	<b>34,673</b>	<b>34,913</b>	<b>34,688</b>
Inventories	15,279	15,629	14,179
Trade receivables	18,452	18,382	17,745
Tax assets	629	728	730
Derivatives	138	329	149
Other current assets	4,814	5,007	5,176
Short-term investments	3	108	108
Cash and cash equivalents	11,236	10,414	10,696
<b>Total current assets</b>	<b>50,551</b>	<b>50,597</b>	<b>48,783</b>
<b>Total assets</b>	<b>85,224</b>	<b>85,510</b>	<b>83,471</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	1,545	1,545	1,545
Other paid-in capital	2,905	2,905	2,905
Other reserves	-1,010	-1,072	-1,739
Retained earnings	12,274	12,467	12,264
<b>Equity attributable to equity holders of the Parent Company</b>	<b>15,714</b>	<b>15,845</b>	<b>14,975</b>
Non-controlling interests	30	32	30
<b>Total equity</b>	<b>15,744</b>	<b>15,877</b>	<b>15,005</b>
Long-term borrowings	8,444	8,471	8,323
Deferred tax liabilities	592	644	645
Provisions for post-employment benefits	6,624	5,312	4,906
Other provisions	5,825	5,495	5,649
<b>Total non-current liabilities</b>	<b>21,485</b>	<b>19,922</b>	<b>19,523</b>
Accounts payable	27,702	27,139	26,467
Tax liabilities	657	839	813
Other liabilities	15,638	14,437	14,529
Short-term borrowings	1,617	4,548	4,504
Derivatives	78	144	222
Other provisions	2,303	2,604	2,408
<b>Total current liabilities</b>	<b>47,995</b>	<b>49,711</b>	<b>48,943</b>
<b>Total equity and liabilities</b>	<b>85,224</b>	<b>85,510</b>	<b>83,471</b>

# Change in consolidated equity

SEKm	Nine months 2016	Nine months 2015	Full year, 2015
Opening balance	15,005	16,468	16,468
<b>Total comprehensive income for the period</b>	<b>2,610</b>	<b>1,203</b>	<b>305</b>
Share-based payments	-3	74	102
Dividend to equity holders of the Parent Company	-1,868	-1,868	-1,868
Dividend to non-controlling interests	0	0	-2
<b>Total transactions with equity holders</b>	<b>-1,871</b>	<b>-1,794</b>	<b>-1,768</b>
<b>Closing balance</b>	<b>15,744</b>	<b>15,877</b>	<b>15,005</b>

# Consolidated cash flow statement

SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
<b>Operations</b>					
Operating income	1,826	1,506	4,658	2,943	2,741
Depreciation and amortization	1,002	980	2,889	2,956	3,936
Other non-cash items	38	140	346	335	558
Financial items paid, net <sup>1)</sup>	-52	-101	-230	-224	-513
Taxes paid	-224	-157	-855	-858	-1,277
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>2,590</b>	<b>2,368</b>	<b>6,808</b>	<b>5,152</b>	<b>5,445</b>
<b>Change in operating assets and liabilities</b>					
Change in inventories	1,062	-746	-331	-1,688	-306
Change in trade receivables	-527	-384	236	1,544	1,672
Change in accounts payable	-768	1,202	-177	2,040	1,798
Change in other operating assets, liabilities and provisions	1,081	1,099	604	-176	-342
<b>Cash flow from change in operating assets and liabilities</b>	<b>848</b>	<b>1,171</b>	<b>332</b>	<b>1,720</b>	<b>2,822</b>
<b>Cash flow from operations</b>	<b>3,438</b>	<b>3,539</b>	<b>7,140</b>	<b>6,872</b>	<b>8,267</b>
<b>Investments</b>					
Acquisition of operations	-134	-13	-137	-91	-91
Capital expenditure in property, plant and equipment	-666	-618	-1,759	-1,945	-3,027
Capital expenditure in product development	-79	-73	-187	-247	-359
Capital expenditure in software	-54	-56	-167	-197	-254
Other	50	-81	414	-194	328
<b>Cash flow from investments</b>	<b>-883</b>	<b>-841</b>	<b>-1,836</b>	<b>-2,674</b>	<b>-3,403</b>
<b>Cash flow from operations and investments</b>	<b>2,555</b>	<b>2,698</b>	<b>5,304</b>	<b>4,198</b>	<b>4,864</b>
<b>Financing</b>					
Change in short-term investments	–	-30	105	-9	-9
Change in short-term borrowings	95	349	-377	354	84
New long-term borrowings	–	–	–	1,447	1,447
Amortization of long-term borrowings	-4	-719	-2,664	-2,628	-2,632
Dividend	–	–	-1,868	-1,868	-1,870
Share-based payments	–	–	-57	–	–
<b>Cash flow from financing</b>	<b>91</b>	<b>-400</b>	<b>-4,861</b>	<b>-2,704</b>	<b>-2,980</b>
<b>Total cash flow</b>	<b>2,646</b>	<b>2,298</b>	<b>443</b>	<b>1,494</b>	<b>1,884</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,538</b>	<b>8,258</b>	<b>10,696</b>	<b>9,107</b>	<b>9,107</b>
Exchange-rate differences referring to cash and cash equivalents	52	-142	97	-187	-295
<b>Cash and cash equivalents at end of period</b>	<b>11,236</b>	<b>10,414</b>	<b>11,236</b>	<b>10,414</b>	<b>10,696</b>

<sup>1)</sup> For the period January 1 to September 30, 2016. Interests and similar items received SEK 90m (105), interests and similar items paid SEK -244m (-258) and other financial items paid SEK -75m (-71).

## Key ratios

SEKm unless otherwise stated	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Net sales	30,852	31,275	88,949	91,717	123,511
Organic growth, %	-1.6	2.1	-0.4	2.9	2.2
Operating income	1,826	1,506	4,658	2,943	2,741
Margin, %	5.9	4.8	5.2	3.2	2.2
Income after financial items	1,725	1,361	4,336	2,626	2,101
Income for the period	1,267	1,014	3,221	1,961	1,568
Capital expenditure, property, plant and equipment	-666	-618	-1,759	-1,945	-3,027
Operating cash flow after investments	2,965	2,969	6,526	5,371	6,745
Earnings per share, SEK <sup>1)</sup>	4.41	3.53	11.21	6.83	5.45
Equity per share, SEK	54.78	55.24	54.78	55.24	52.21
Capital-turnover rate, times/year	—	—	5.5	4.8	5.0
Return on net assets, %	—	—	28.7	15.3	11.0
Return on equity, %	—	—	29.3	8.5	9.9
Net debt	4,846	6,947	4,846	6,947	6,407
Net debt/equity ratio	0.31	0.44	0.31	0.44	0.43
Average number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4	287.1	287.1
Average number of employees	55,290	57,281	55,605	58,279	58,265

<sup>1)</sup> Basic, based on average number of shares excluding shares held by Electrolux.  
For definitions, see page 22.

## Shares

Number of shares	A-shares	B-shares	Shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2016	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
<b>Number of shares as of September 30, 2016</b>	<b>8,192,539</b>	<b>300,727,769</b>	<b>308,920,308</b>	<b>21,522,858</b>	<b>287,397,450</b>
As % of total number of shares				7.0%	

## Exchange rates

SEK	Sep. 30, 2016		Sep. 30, 2015		Dec. 31, 2015	
Exchange rate	Average	End of period	Average	End of period	Average	End of period
ARS	0.5812	0.5648	0.9334	0.8916	0.9059	0.6481
AUD	6.25	6.56	6.35	5.90	6.31	6.13
BRL	2.39	2.66	2.67	2.11	2.57	2.15
CAD	6.37	6.55	6.64	6.26	6.57	6.06
CHF	8.57	8.85	8.76	8.62	8.71	8.50
CLP	0.0124	0.0131	0.0131	0.0120	0.0129	0.0119
CNY	1.28	1.29	1.34	1.32	1.34	1.30
EUR	9.37	9.62	9.37	9.41	9.35	9.19
GBP	11.73	11.17	12.82	12.74	12.84	12.45
HUF	0.0300	0.0311	0.0303	0.0300	0.0302	0.0293
MXN	0.4626	0.4426	0.5359	0.4958	0.5298	0.4865
RUB	0.1241	0.1364	0.1407	0.1285	0.1375	0.1152
THB	0.2392	0.2486	0.2473	0.2311	0.2454	0.2336
USD	8.43	8.62	8.36	8.40	8.40	8.41

## Net sales by business area

SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Major Appliances Europe, Middle East and Africa	9,579	9,540	27,477	26,847	37,179
Major Appliances North America	11,189	11,610	32,576	32,640	43,053
Major Appliances Latin America	3,968	4,190	11,270	13,927	18,546
Major Appliances Asia/Pacific	2,515	2,192	6,944	7,009	9,229
Small Appliances	1,960	2,169	5,745	6,506	8,958
Professional Products	1,641	1,574	4,937	4,788	6,546
<b>Total</b>	<b>30,852</b>	<b>31,275</b>	<b>88,949</b>	<b>91,717</b>	<b>123,511</b>

## Change in net sales by business area

Year-over-year, %	Q3 2016	Q3 2016 i In local currencies	Nine months 2016	Nine months 2016 in local currencies
Major Appliances Europe, Middle East and Africa	0.4	2.1	2.3	4.7
Major Appliances North America	-3.6	-4.6	-0.2	-0.5
Major Appliances Latin America	-5.3	-6.2	-19.1	-8.3
Major Appliances Asia/Pacific	14.7	11.4	-0.9	1.3
Small Appliances	-9.6	-10.3	-11.7	-9.6
Professional Products	4.3	4.0	3.1	4.1
<b>Total change</b>	<b>-1.4</b>	<b>-1.6</b>	<b>-3.0</b>	<b>-0.3</b>

## Operating income by business area

SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
Major Appliances Europe, Middle East and Africa	680	605	1,800	1,402	2,167
Margin, %	7.1	6.3	6.6	5.2	5.8
Major Appliances North America	824	743	2,061	1,087	1,580
Margin, %	7.4	6.4	6.3	3.3	3.7
Major Appliances Latin America	19	110	119	394	463
Margin, %	0.5	2.6	1.1	2.8	2.5
Major Appliances Asia/Pacific	208	54	453	241	364
Margin, %	8.3	2.5	6.5	3.4	3.9
Small Appliances	34	41	84	29	-63
Margin, %	1.7	1.9	1.5	0.4	-0.7
Professional Products	234	212	661	602	862
Margin, %	14.3	13.5	13.4	12.6	13.2
Common Group costs, etc.	-173	-259	-520	-812	-2,632
<b>Operating income</b>	<b>1,826</b>	<b>1,506</b>	<b>4,658</b>	<b>2,943</b>	<b>2,741</b>
<b>Margin, %</b>	<b>5.9</b>	<b>4.8</b>	<b>5.2</b>	<b>3.2</b>	<b>2.2</b>

## Change in operating income by business area

Year-over-year, %	Q3 2016	Q3 2016 in local currencies	Nine months 2016	Nine months 2016 in local currencies
Major Appliances Europe, Middle East and Africa	12.4	13.1	28.4	31.2
Major Appliances North America	10.9	9.8	89.6	92.2
Major Appliances Latin America	-82.7	-78.8	-69.8	-61.6
Major Appliances Asia/Pacific	285.2	236.0	88.0	93.1
Small Appliances	-17.1	-7.2	189.7	475.9
Professional Products	10.4	9.5	9.8	11.3
<b>Total change</b>	<b>21.2</b>	<b>23.4</b>	<b>58.3</b>	<b>66.6</b>

## Working capital and net assets

SEKm	Sep. 30, 2016		Sep. 30, 2015		Dec. 31, 2015	
	SEKm	% of annualized net sales	SEKm	% of annualized net sales	SEKm	% of annualized net sales
Inventories	15,279	12.3	15,629	12.8	14,179	11.5
Trade receivables	18,452	14.8	18,382	15.0	17,745	14.3
Accounts payable	-27,702	-22.3	-27,139	-22.1	-26,467	-21.4
Provisions	-8,128		-8,099		-8,057	
Prepaid and accrued income and expenses	-10,658		-9,239		-9,406	
Taxes and other assets and liabilities	-427		-488		-228	
<b>Working capital</b>	<b>-13,184</b>	<b>-10.6</b>	<b>-10,954</b>	<b>-8.9</b>	<b>-12,234</b>	<b>-9.9</b>
Property, plant and equipment	18,666		18,409		18,450	
Goodwill	5,345		5,309		5,200	
Other non-current assets	4,201		5,332		4,752	
Deferred tax assets and liabilities	5,562		4,728		5,244	
<b>Net assets</b>	<b>20,590</b>	<b>16.6</b>	<b>22,824</b>	<b>18.6</b>	<b>21,412</b>	<b>17.3</b>
Annualized net sales, calculated at end of period exchange rates	124,343		122,539		123,772	
<b>Average net assets</b>	<b>21,672</b>	<b>18.3</b>	<b>25,707</b>	<b>21.0</b>	<b>24,848</b>	<b>20.1</b>
Annualized net sales, calculated at average exchange rates	118,596		122,286		123,511	

## Net assets by business area

SEKm	Assets			Equity and liabilities			Net assets		
	Sep. 30, 2016	Sep. 30, 2015	Dec. 31, 2015	Sep. 30, 2016	Sep. 30, 2015	Dec. 31, 2015	Sep. 30, 2016	Sep. 30, 2015	Dec. 31, 2015
Major Appliances Europe, Middle East and Africa	22,814	22,494	21,746	19,751	18,473	19,326	3,063	4,021	2,420
Major Appliances North America	15,650	17,573	16,601	13,350	13,558	11,747	2,300	4,015	4,854
Major Appliances Latin America	12,348	12,089	11,692	6,077	5,781	5,893	6,271	6,308	5,799
Major Appliances Asia/Pacific	5,730	5,261	5,422	3,852	3,550	3,822	1,878	1,711	1,600
Small Appliances	4,517	4,812	4,551	2,990	3,394	3,251	1,527	1,418	1,300
Professional Products	3,334	3,165	3,070	2,472	2,182	2,188	862	983	882
Other <sup>1)</sup>	8,890	8,538	8,793	4,201	4,170	4,236	4,689	4,368	4,557
<b>Total operating assets and liabilities</b>	<b>73,283</b>	<b>73,932</b>	<b>71,875</b>	<b>52,693</b>	<b>51,108</b>	<b>50,463</b>	<b>20,590</b>	<b>22,824</b>	<b>21,412</b>
Liquid funds	11,634	11,087	11,199	—	—	—	—	—	—
Total borrowings	—	—	—	10,163	13,213	13,097	—	—	—
Pension assets and liabilities	307	491	397	6,624	5,312	4,906	—	—	—
Equity	—	—	—	15,744	15,877	15,005	—	—	—
<b>Total</b>	<b>85,224</b>	<b>85,510</b>	<b>83,471</b>	<b>85,224</b>	<b>85,510</b>	<b>83,471</b>	<b>—</b>	<b>—</b>	<b>—</b>

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



## Net sales and income per quarter

SEKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Net sales	28,114	29,983	30,852			29,087	31,355	31,275	31,794	123,511
Operating income	1,268	1,564	1,826			516	921	1,506	-202	2,741
Margin, %	4.5	5.2	5.9			1.8	2.9	4.8	-0.6	2.2
Income after financial items	1,163	1,448	1,725			450	815	1,361	-525	2,101
Income for the period	875	1,079	1,267			339	608	1,014	-393	1,568
Earnings per share, SEK <sup>1)</sup>	3.04	3.75	4.41			1.18	2.12	3.53	-1.38	5.45
Number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4			287.4	287.4	287.4	287.4	287.4
Average number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4			286.6	287.4	287.4	287.4	287.1

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

## Net sales and operating income by business area

SEKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
<b>Major Appliances Europe, Middle East and Africa</b>										
Net sales	9,001	8,897	9,579			8,608	8,699	9,540	10,332	37,179
Operating income	553	567	680			371	426	605	765	2,167
Margin, %	6.1	6.4	7.1			4.3	4.9	6.3	7.4	5.8
<b>Major Appliances North America</b>										
Net sales	9,937	11,450	11,189			9,313	11,717	11,610	10,413	43,053
Operating income	495	742	824			-57	401	743	493	1,580
Margin, %	5.0	6.5	7.4			-0.6	3.4	6.4	4.7	3.7
<b>Major Appliances Latin America</b>										
Net sales	3,643	3,659	3,968			5,261	4,476	4,190	4,619	18,546
Operating income	31	69	19			177	107	110	69	463
Margin, %	0.9	1.9	0.5			3.4	2.4	2.6	1.5	2.5
<b>Major Appliances Asia/Pacific</b>										
Net sales	2,022	2,407	2,515			2,241	2,576	2,192	2,220	9,229
Operating income	95	150	208			52	135	54	123	364
Margin, %	4.7	6.2	8.3			2.3	5.2	2.5	5.5	3.9
<b>Small Appliances</b>										
Net sales	1,927	1,858	1,960			2,139	2,198	2,169	2,452	8,958
Operating income	44	6	34			-8	-4	41	-92	-63
Margin, %	2.3	0.3	1.7			-0.4	-0.2	1.9	-3.8	-0.7
<b>Professional Products</b>										
Net sales	1,584	1,712	1,641			1,525	1,689	1,574	1,758	6,546
Operating income	205	222	234			170	220	212	260	862
Margin, %	12.9	13.0	14.3			11.1	13.0	13.5	14.8	13.2
<b>Other</b>										
Operating income, Common Group costs, etc.	-155	-192	-173			-189	-364	-259	-1,820	-2,632
<b>Total Group</b>										
Net sales	28,114	29,983	30,852			29,087	31,355	31,275	31,794	123,511
Operating income	1,268	1,564	1,826			516	921	1,506	-202	2,741
Margin, %	4.5	5.2	5.9			1.8	2.9	4.8	-0.6	2.2

## Parent Company income statement

SEKm	Q3 2016	Q3 2015	Nine months 2016	Nine months 2015	Full year 2015
<b>Net sales</b>	<b>8,467</b>	<b>8,535</b>	<b>24,414</b>	<b>23,855</b>	<b>33,179</b>
Cost of goods sold	-7,143	-7,204	-20,198	-20,132	-28,005
<b>Gross operating income</b>	<b>1,324</b>	<b>1,331</b>	<b>4,216</b>	<b>3,723</b>	<b>5,174</b>
Selling expenses	-1,050	-977	-2,783	-2,796	-3,855
Administrative expenses	-488	-294	-1,194	-1,028	-1,789
Other operating income	0	0	1	0	0
Other operating expenses	-2	0	-2	-282	-519
<b>Operating income</b>	<b>-216</b>	<b>60</b>	<b>238</b>	<b>-383</b>	<b>-989</b>
Financial income	703	1,507	2,417	3,482	3,830
Financial expenses	-28	-312	-31	-444	-702
<b>Financial items, net</b>	<b>675</b>	<b>1,195</b>	<b>2,386</b>	<b>3,038</b>	<b>3,128</b>
<b>Income after financial items</b>	<b>459</b>	<b>1,255</b>	<b>2,624</b>	<b>2,655</b>	<b>2,139</b>
Appropriations	58	65	181	176	156
<b>Income before taxes</b>	<b>517</b>	<b>1,320</b>	<b>2,805</b>	<b>2,831</b>	<b>2,295</b>
Taxes	-1	-6	-253	-41	103
<b>Income for the period</b>	<b>516</b>	<b>1,314</b>	<b>2,552</b>	<b>2,790</b>	<b>2,398</b>

## Parent Company balance sheet

SEKm	Sep. 30, 2016	Sep. 30, 2015	Dec. 31, 2015
<b>Assets</b>			
Non-current assets	35,317	35,001	35,214
Current assets	22,338	19,436	24,559
<b>Total assets</b>	<b>57,655</b>	<b>54,437</b>	<b>59,773</b>
<b>Equity and liabilities</b>			
Restricted equity	4,704	4,562	4,562
Non-restricted equity	13,748	13,590	13,176
<b>Total equity</b>	<b>18,452</b>	<b>18,152</b>	<b>17,738</b>
Untaxed reserves	424	374	450
Provisions	1,391	1,505	1,446
Non-current liabilities	7,919	7,858	7,843
Current liabilities	29,469	26,548	32,296
<b>Total equity and liabilities</b>	<b>57,655</b>	<b>54,437</b>	<b>59,773</b>

# Notes

## Note 1 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 2015 Annual Report.

## Note 2 Fair values and carrying amounts of financial assets and liabilities

SEKm	Sep. 30, 2016		Sep. 30, 2015	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Per category</b>				
Financial assets at fair value through profit and loss	4,863	4,863	3,248	3,248
Available for sale	119	119	157	157
Loans and receivables	19,954	19,954	19,340	19,340
Cash	5,177	5,177	6,791	6,791
<b>Total financial assets</b>	<b>30,113</b>	<b>30,113</b>	<b>29,536</b>	<b>29,536</b>
Financial liabilities at fair value through profit and loss	78	78	143	143
Financial liabilities measured at amortized cost	37,476	37,337	40,150	39,950
<b>Total financial liabilities</b>	<b>37,554</b>	<b>37,415</b>	<b>40,293</b>	<b>40,093</b>

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

### 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. At September 30, 2016, the fair value for Level 1 financial assets was SEK 4,844m (3,076) and for financial liabilities SEK 0m (0).

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities either directly or indirectly. At September 30, 2016, the fair value of Level 2 financial assets was SEK 138m (329) and financial liabilities SEK 78m (143).

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data. Electrolux has no financial assets or liabilities qualifying for Level 3.

## Note 3 Pledged assets and contingent liabilities

SEKm	Sep. 30, 2016	Sep. 30, 2015	Dec.31, 2015
<b>Group</b>			
Pledged assets	6	27	27
Contingent liabilities	1,474	3,084	1,312
<b>Parent Company</b>			
Pledged assets	–	–	–
Contingent liabilities	1,621	3,121	1,615

# Operations by business area yearly

SEKm	2015	2014	2013	2012 <sup>1)</sup>	2011
<b>Major Appliances Europe, Middle East and Africa</b>					
Net sales	37,179	34,438	33,436	34,278	34,029
Operating income	2,167	232	-481	178	675
Margin, %	5.8	0.7	-1.4	0.5	2.0
<b>Major Appliances North America</b>					
Net sales	43,053	34,141	31,864	30,684	27,665
Operating income	1,580	1,714	2,136	1,347	146
Margin, %	3.7	5.0	6.7	4.4	0.5
<b>Major Appliances Latin America</b>					
Net sales	18,546	20,041	20,695	22,044	17,810
Operating income	463	1,069	979	1,590	820
Margin, %	2.5	5.3	4.7	7.2	4.6
<b>Major Appliances Asia/Pacific</b>					
Net sales	9,229	8,803	8,653	8,405	7,852
Operating income	364	438	116	746	736
Margin, %	3.9	5.0	1.3	8.9	9.4
<b>Small Appliances</b>					
Net sales	8,958	8,678	8,952	9,011	8,359
Operating income	-63	200	309	461	543
Margin, %	-0.7	2.3	3.5	5.1	6.5
<b>Professional Products</b>					
Net sales	6,546	6,041	5,550	5,571	5,882
Operating income	862	671	510	588	841
Margin, %	13.2	11.1	9.2	10.6	14.3
<b>Other</b>					
Net sales	–	1	1	1	1
Operating income, common Group costs, etc.	-2,632	-743	-1,989	-910	-744
<b>Total Group</b>					
Net sales	123,511	112,143	109,151	109,994	101,598
Operating income	2,741	3,581	1,580	4,000	3,017
Margin, %	2.2	3.2	1.4	3.6	3.0

<sup>1)</sup> 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.

Material profit or loss items in operating income <sup>1)</sup>	2015	2014	2013	2012	2011
Major Appliances Europe, Middle East and Africa	–	-1,212	-828	-927	-34
Major Appliances North America	-158 <sup>2)</sup>	-39 <sup>2)</sup>	–	-105	-104
Major Appliances Latin America	–	-10	–	–	–
Major Appliances Asia/Pacific	–	-10	-351	–	–
Small Appliances	-190	–	-82	–	–
Professional Products	–	–	–	–	–
Common Group cost	-1,901 <sup>2)</sup>	-77 <sup>2)</sup>	-1,214	–	–
<b>Total Group</b>	<b>-2,249</b>	<b>-1,348</b>	<b>-2,475</b>	<b>-1,032</b>	<b>-138</b>

<sup>1)</sup> For more information, see Note 7 in the 2015 Annual Report.

<sup>2)</sup> Refers to costs related to the not completed acquisition of GE Appliances. Costs for preparatory integration work of SEK 39m for 2014 and SEK 158m for 2015 have been charged to operating income for Major Appliances North America. Common Group cost includes transaction costs of SEK 110m for 2014 and SEK 408m for 2015 and a termination fee paid to General Electric in December 2015 of USD 175m, corresponding to SEK 1,493m. In total, costs of SEK 2,059m related to GE Appliances were charged to operating income in 2015 of which SEK 63m in the first quarter, SEK 195m in the second quarter, SEK 142m in the third quarter and SEK 1,659m in the fourth quarter.

## Five-year review

SEKm unless otherwise stated	2015	2014	2013	2012 <sup>1)</sup>	2011
Net sales	123,511	112,143	109,151	109,994	101,598
Organic growth, %	2.2	1.1	4.5	5.5	0.2
Operating income	2,741	3,581	1,580	4,000	3,017
Margin, %	2.2	3.2	1.4	3.6	3.0
Income after financial items	2,101	2,997	904	3,154	2,780
Income for the period	1,568	2,242	672	2,365	2,064
Material profit or loss items in operating income <sup>2)</sup>	-2,249	-1,348	-2,475	-1,032	-138
Capital expenditure, property, plant and equipment	-3,027	-3,006	-3,535	4,090	3,163
Operating cash flow after investments	6,745	6,631	2,412	5,273	3,407
Earnings per share, SEK	5.45	7.83	2.35	8.26	7.25
Equity per share, SEK	52.21	57.52	49.99	54.96	72.51
Dividend per share, SEK	6.50	6.50	6.50	6.50	6.50
Capital-turnover rate, times/year	5.0	4.5	4.0	4.1	4.6
Return on net assets, %	11.0	14.2	5.8	14.8	13.7
Return on equity, %	9.9	15.7	4.4	14.4	10.4
Net debt	6,407	9,631	10,653	10,164	6,367
Net debt/equity ratio	0.43	0.58	0.74	0.65	0.31
Average number of shares excluding shares owned by Electrolux, million	287.1	286.3	286.2	285.9	284.7
Average number of employees	58,265	60,038	60,754	59,478	52,916

<sup>1)</sup> 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.

<sup>2)</sup> For more information, see table on page 20 and Note 7 in the 2015 Annual Report..

### 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 organic growth >4%

# Definitions

This report includes financial measures as required by the financial reporting framework applicable to Electrolux, which is based on IFRS. In addition, there are other measures and indicators that are used to follow-up, analyze and manage the business and to provide Electrolux stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. These other measures and indicators are considered essential in supporting the Group's financial goals to achieve a combination of continuous growth, high profitability, a stable cash flow, and an optimal capital base to generate a high total return for Electrolux shareholders. Thus, there are measures related to growth, profitability and capital, share-based measures and capital indicators which are considered relevant to present on a continuous basis. Below is a list of definitions of all measures and indicators used, referred to and presented in this report

## Computation of average amounts and annualized income statement measures

In computation of key ratios where averages of capital balances are related to income statement measures, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, and the income statement measures are annualized, translated at average rates for the period. In computation of key ratios where end-of-period capital balances are related to income statement measures, the latter are annualized, translated at end of-period exchange rates. Adjustments are made for acquired and divested operations

### Growth measures

#### Change in net sales

Current year net sales for the period less previous year net sales for the period as a percentage of previous year net sales for the period.

#### Organic growth

Change in net sales, adjusted for acquisitions, divestments and changes in exchange rates.

#### Acquired growth

Change in net sales less organic growth. Acquired growth relates to net sales reported by acquired operations within 12 months after the acquisition date.

### Profitability measures

#### Operating margin (EBIT margin)

Operating income (EBIT) expressed as a percentage of net sales.

#### Return on net assets

Operating income (annualized) expressed as a percentage of average net assets.

#### Return on equity

Income for the period (annualized) expressed as a percentage of average total equity.

### Capital measures

#### Net debt/equity ratio

Net debt in relation to total equity.

#### Equity/assets ratio

Total equity as a percentage of total assets less liquid funds.

#### Capital turnover-rate

Net sales (annualized) divided by average net assets.

### Share-based measures

#### Earnings per share

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.

#### Equity per share

Total equity divided by total number of shares excluding shares held by Electrolux.

### Capital indicators

#### Liquid funds

Cash and cash equivalents, short-term investments, financial derivative assets<sup>1)</sup> and prepaid interest expenses and accrued interest income<sup>1)</sup>.

#### Working capital

Total current assets exclusive of liquid funds, less non-current other provisions and total current liabilities exclusive of total short-term borrowings.

#### Net assets

Total assets exclusive of liquid funds and pension plan assets, less deferred tax liabilities, non-current other provisions and total current liabilities exclusive of total short-term borrowings.

#### Total borrowings

Long-term borrowings and short-term borrowings, financial derivative liabilities<sup>1)</sup>, accrued interest expenses and prepaid interest income<sup>1)</sup>.

#### Total short-term borrowings

Short-term borrowings, financial derivative liabilities<sup>1)</sup>, accrued interest expenses and prepaid interest income<sup>1)</sup>.

#### Interest-bearing liabilities

Long-term borrowings and short-term borrowings exclusive of liabilities related to trade receivables with recourse<sup>1)</sup>.

#### Financial net debt

Total borrowings less liquid funds.

#### Net provision for post-employment benefits

Provisions for post-employment benefits less pension plan assets.

#### Net debt

Financial net debt and net provision for post-employment benefits.

### Other measures

#### Operating cash flow after investments

Cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations.

<sup>1)</sup> See table Net debt on page 8.

# Shareholders' information

## President and CEO Jonas Samuelson's comments on the third quarter results 2016

Today's press release is available on the Electrolux website [www.electroluxgroup.com/ir](http://www.electroluxgroup.com/ir)

## Telephone conference 09.00 CET

A telephone conference is held at 09.00 CET today, October 28. The conference will be chaired by Jonas Samuelson, President and CEO of Electrolux. Mr. Samuelson will be accompanied by Anna Ohlsson-Leijon, 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](http://www.electroluxgroup.com/ir)

Link to webcast:  
[www.electroluxgroup.com/q3-2016](http://www.electroluxgroup.com/q3-2016)

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## Calendar 2017

Consolidated results for 2016	February 1
Interim report January - March	April 28
Interim report January - June	July 19
Interim report January - September	October 27
Annual General Meeting	March 23

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