

2012

Annual Report
**Operations
and strategy**

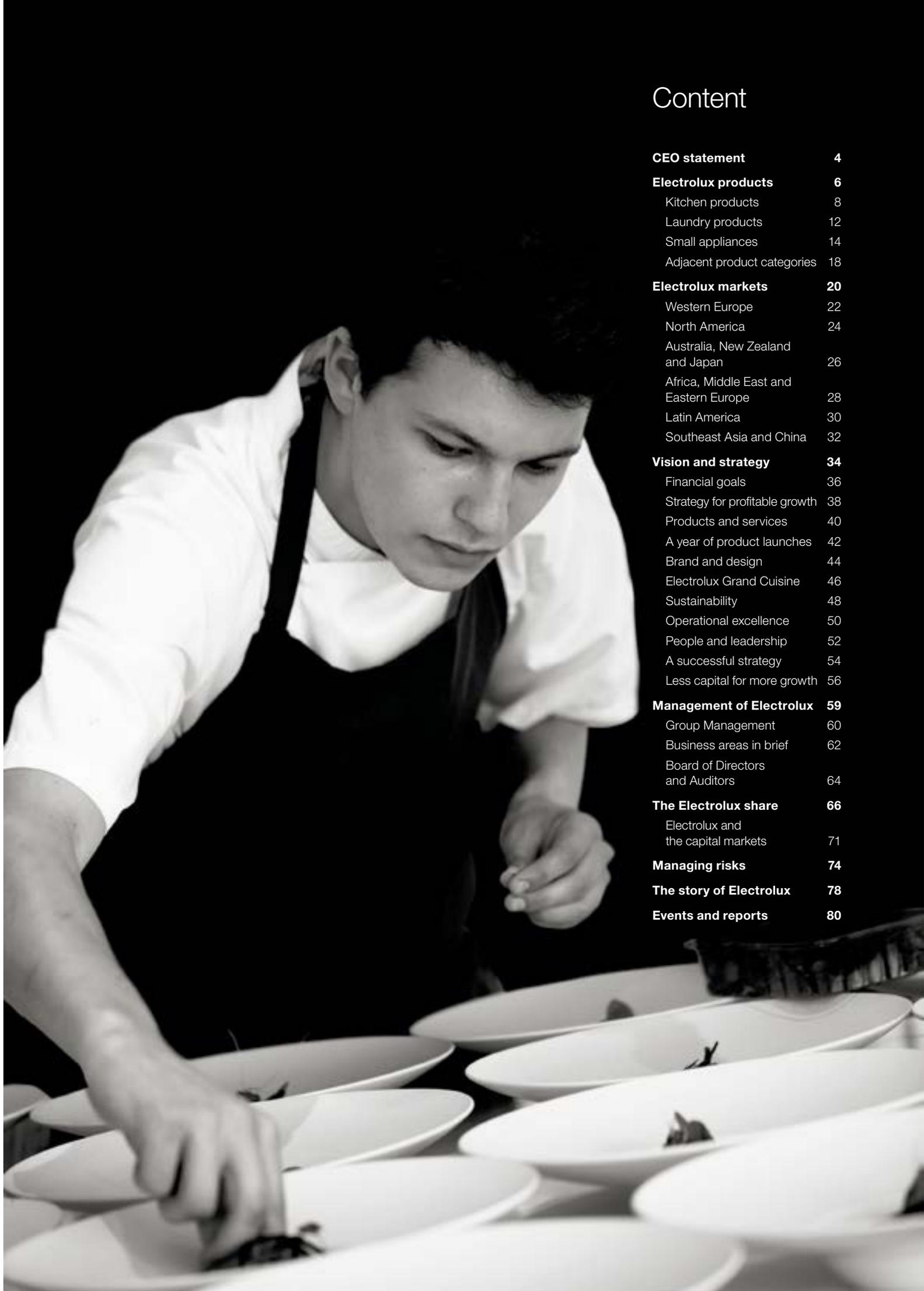
Profitable growth
Innovation
Operational excellence



Thinking of you
Electrolux

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Electrolux – a global leader with a customer focus

Electrolux has been doing business since 1919. Today, the company is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 markets every year. Electrolux focuses on innovations that are thoughtfully designed and based on extensive consumer insight to meet the real needs of consumers and professionals. In 2012, Electrolux had sales of SEK 110 billion and 61,000 employees.



Electrolux Grand Cuisine

Electrolux has collaborated with the world's top chefs for more than 90 years and more than half of all Michelin-star restaurants in Europe use Electrolux products for food preparation. Now, for the first time, Electrolux is introducing these professional cooking systems to the world's most exclusive homes under Electrolux Grand Cuisine.



Electrolux printed annual report consists of two parts; Operations and strategy and Results. There is also an online version including a comprehensive sustainability performance review according to GRI.

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2012 Summary

Strong growth, net sales increased by 8.3% of which 5.5% referred to organic growth.

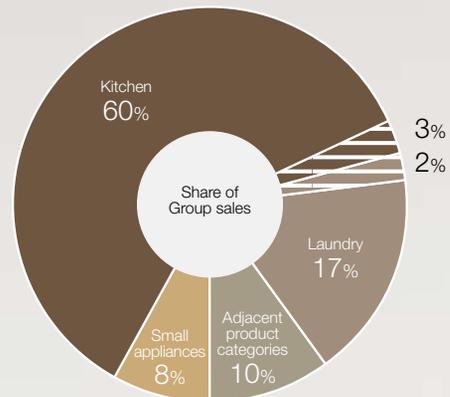
Operating income improved, mainly as a result of strong performance for appliances in North America and Latin America.

Weak market conditions in Europe adversely impacted results for Electrolux operations in the region.

A year of extensive product launches on most markets.

The Board proposes an unchanged dividend of SEK 6.50 per share.

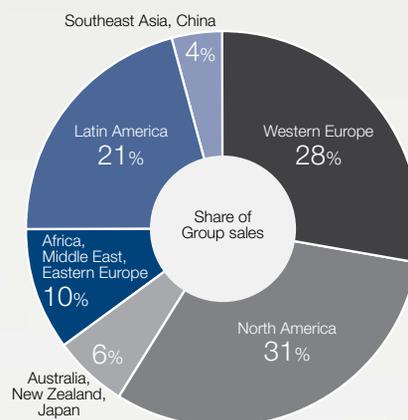
Our products



Electrolux is the only appliance manufacturer in the industry to offer complete solutions for professionals and consumers. The focus is on innovative and energy-efficient products in the premium segments. **►► 6**

 Professional food-service equipment
  Professional laundry equipment

Our markets



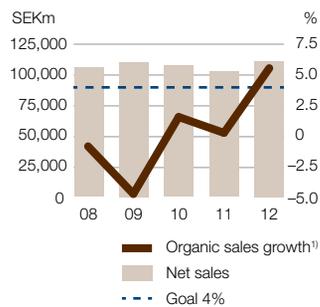
The Group's products are sold in more than 150 markets. The largest of these are in Europe and North America. In 2012, Electrolux expanded its presence in growth markets, such as Latin America, Africa, the Middle East and Asia. **►► 20**



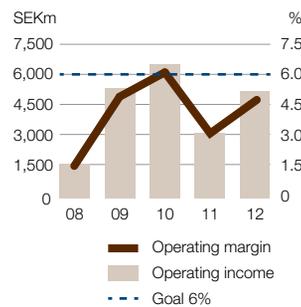
Performance in relation to Electrolux financial goals

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 return for Electrolux shareholders. The objective is growth with consistent profitability. ►► 38

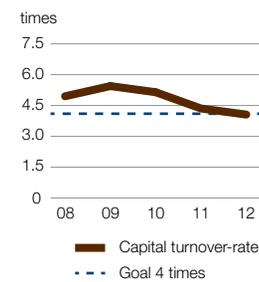
Sales growth of > 4% annually



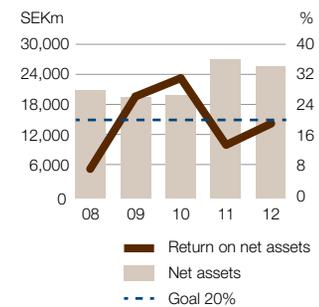
Operating margin of > 6%



Capital turnover-rate of > 4 times



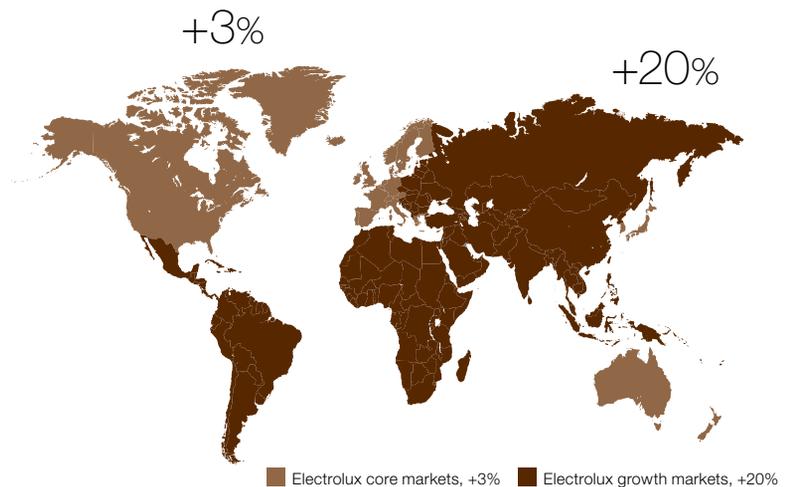
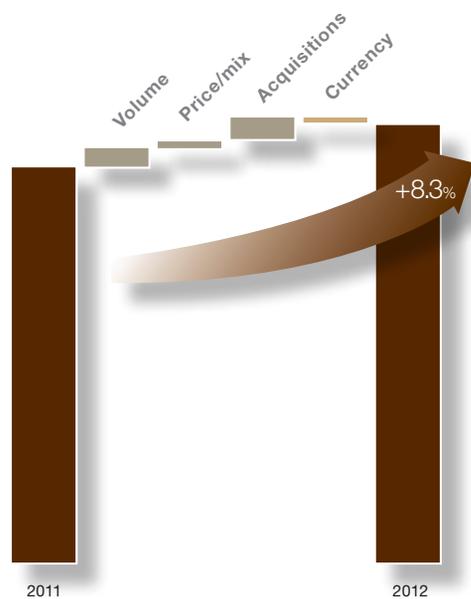
Return on net assets of > 20%



1) In comparable currencies.

Key ratios are excluding items affecting comparability.

Strong sales growth



Net sales

Net sales for the Electrolux Group in 2012 improved by 8.3%, of which 5.5% was organic growth, 3.9% acquisitions and -1.1% changes in exchange rates. Strong sales growth in North America, Latin America and Asia offset lower sales in core markets such as Europe and Australia. Product launches and price increases contributed to the positive trend as well as the acquired companies Olympic Group and CTI.

Operating income

Operating income for 2012, excluding items affecting comparability, improved to SEK 5,182m (3,155), corresponding to a margin of 4.7% (3.1). The performance of the operations in North America and Latin America were particularly strong. Market demand in Europe weakened throughout the year, particularly in Southern Europe. Price pressure and weak volumes in Europe had a negative impact on operating income. Cost savings and the ongoing global initiatives to reduce complexity and improve competitiveness within manufacturing contributed to operating income.

2012 – a year focused on profitable growth

We wrote history in 2012. Electrolux reported sales growth of 9.4% in comparable currencies with 5.5% being organic growth. This was the first time the Group, in its current structure, achieved such strong growth numbers. Behind this achievement lies a premeditated and structured approach to implementing our strategy for profitable growth, one we intend to continue going forward.



Our overarching objective of profitable growth will remain a focus area for Electrolux in the future. In the people of Electrolux, we have the knowledge, the dedication and the cultural spirit required to realize our ambition.

The successes of Electrolux in 2012 are the result of a determined strategic effort that has stretched back over many years. A comprehensive change of operations has been carried out, which was necessary to operate in a market exposed to intense competition and to be able to leverage the growth potential existing in the various product segments and geographic regions.

An important and necessary transformation

If we look back only five years, there were major differences in the operation. Back then, Europe accounted for nearly 50% of Electrolux sales. To develop our position as a global leader, we identified the need to diversify our exposure toward other parts of the world and, above all, increase our sales in growth markets. In 2008, we initiated our biggest product launch ever in North America under the Electrolux brand in the premium segment at the same time as we relaunched our largest brand in the region, Frigidaire. We intensified our initiatives in the rapidly growing markets in Latin America and Southeast Asia. We focused on the launch of new innovative products customized to the special needs of each region while utilizing our global economies of scale. At the end of 2011, Electrolux completed two key acquisitions. The purchase of Olympic Group and CTI gave Electrolux a leading position in new, attractive growth markets.

Becoming more global

We can see that the investments are generating results. Our share of sales in growth markets has increased from 20% to more than 35% in five years. And we are no longer primarily a European company. In 2012, almost 70% of sales were generated from other regions – in the North American market, where we now have a presence in all segments and our products are available in all major retailers, in Latin America, where we strengthened our leading position in a fast-growing market and in Asia, where we have delivered double-digit growth for the past 13 consecutive quarters.

High ethical and moral standards

As a global player that both manufactures and sells products in rapidly evolving markets, we also have an important social responsibility. Among other tasks, we must work even harder to introduce the rigorous environmental, ethical and moral standards we have at Electrolux in all of our operations. This is our duty as a leading, and the most global, company in the appliance industry.

We leverage on our professional operations

In 2012, we took an important next step in our development by bringing our consumer durables and professional operations even closer together. We launched an entirely new global brand, the ultra luxury Electrolux Grand Cuisine, thus for the first time making pro-

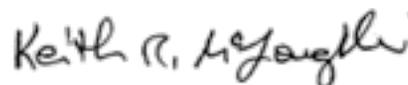
fessional cooking systems available for home use. In Europe, we conducted an extensive launch of new premium products under the Electrolux brand, products that were created on the basis of our expertise in developing innovative solutions for professional kitchens and laundries. This combination of a product portfolio comprising offerings for restaurants and end-consumers is one of the factors that makes Electrolux unique. It is something that none of our main competitors can do, and we will increasingly utilize this advantage in our positioning of Electrolux going forward.

High potential in all our markets

Looking ahead, I believe that the extensive change of the operation will continue. One of our goals is to increase the share of sales in growth markets to 50% within five years, primarily organically, although complementary acquisitions will also be necessary. However, it is not an aim in itself to achieve a certain level of sales in a specific region. What is most important is that the Group as a whole continues to develop profitably by taking advantage of our local market opportunities as a global manufacturer with operations in more than 150 countries. Growth in such regions as Southeast Asia and Latin America will probably remain at a high level over the next five years, but we should not underestimate the strength of a possible upturn in demand in our core markets. This applies in particular to the US, where we already noted some positive signals in 2012. Bearing in mind that industry volumes have declined by more than 25% since 2006 and are down at 1998 levels, there is potential for a robust recovery once an upturn begins.

Continued focus on profitable growth

I mentioned earlier that we operate in a highly competitive market. In the future, this competition will not have eased, but rather the opposite. In order to successfully meet this challenge and capture new business, we must focus on strong finances and manage capital in an efficient way. By reducing working capital and optimizing operations, among other activities, we release resources that can instead be invested in growth and innovation initiatives, which are necessary if we are to capitalize on the opportunities we see around the globe. Our overarching objective of profitable growth will remain a focus area for Electrolux in the future. In the people of Electrolux, we have the knowledge, the dedication and the cultural spirit required to realize our ambition.



Stockholm, February 2013

Keith McLoughlin

President and Chief Executive Officer

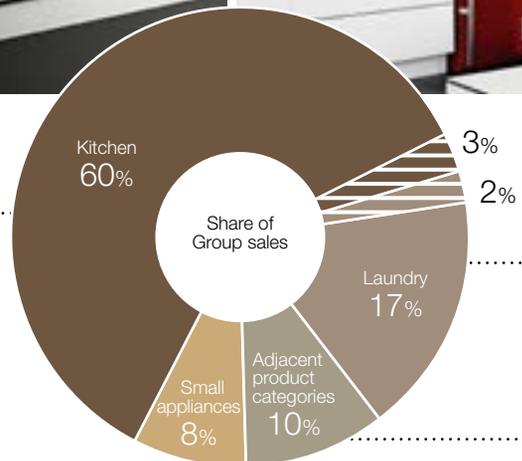
Electrolux products

Electrolux is the only appliance manufacturer in the world to offer complete solutions for both consumers and professional users. Focus is on developing innovative solutions that are thoughtfully designed, based on deep and extensive consumer insight, to meet the needs of consumers and professionals. In 2012, Electrolux sold more than 40 million products in over 150 markets under such strong brands as Electrolux, AEG, Frigidaire and Eureka.

 Kitchen



Electrolux sells cookers, hobs, ovens, hoods, microwave ovens, refrigerators, freezers and dishwashers for **households** and **professional kitchens** throughout the world. Electrolux is a leader in kitchen appliances and new functions are continuously developed that facilitate preparation, storage and dish washing. ▶▶ 8



-  Professional food-service equipment
-  Professional laundry equipment

■ ■ ■ Laundry



Washing machines and tumble-dryers are the core of the Electrolux product offering for **washing and garment care**. Innovations and a growing preference for higher capacity, user-friendliness and resource efficiency are driving demand for Electrolux laundry products. ▶▶12

■ ■ ■ Small appliances



■ ■ ■ Adjacent product categories



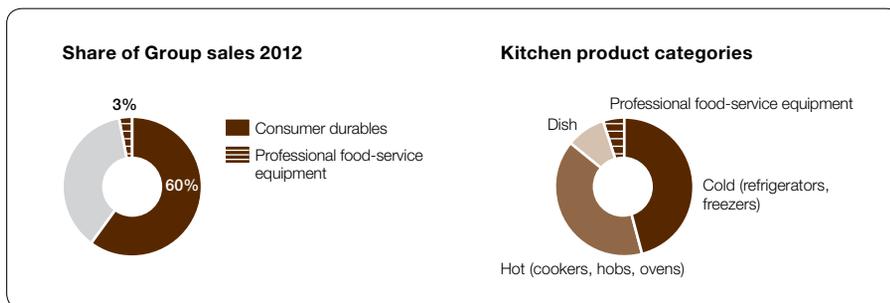
Electrolux **vacuum cleaners, small domestic appliances** and accessories are sold to consumers worldwide. A strong, global distribution network and an attractive product offering based on global product development represent key competitive advantages. ▶▶14

Adjacent product categories include the rapidly growing areas of **air-conditioning equipment, water heaters** and heat pumps, as well as **consumables, accessories** and service. ▶▶18

Kitchen products

A leader in food preparation

The Group's kitchen appliances command a significant global market share, with a particularly strong and profitable position in the cooker, oven and hob categories. Electrolux is the only manufacturer in the world to offer households, restaurants and industrial kitchens complete solutions for kitchen appliances.



Electrolux kitchen products account for almost two-thirds of the Group's sales and are well-represented among the most energy-efficient alternatives. The Group holds strong positions in all major categories of kitchen appliances and commands significant global market shares. The most rapid increase in sales is occurring in such growth regions as Latin America and Southeast Asia, where the Electrolux offering is primarily targeted to the fast-growing city-based middle class. For many years, Electrolux has been a recognized leader in cookers, hobs and ovens and has developed numerous new functions that simplify cooking for both households and professionals. Electrolux has strengthened its leading position in built-in appliances in recent years through extensive product launches and partnerships with kitchen manufacturers.

The Group provides restaurants and industrial kitchens with complete solutions for cookers, ovens, fridges, freezers and dishwashers. Products are largely sold as modules, allowing buyers to choose suitable functions for their demands. Electrolux conducts operations worldwide and has a global service network. The strongest position is held in Europe, where about half of all Michelin-starred restaurants use kitchen appliances from Electrolux.

Approximately half of the Group's kitchen products are sold under the Electrolux brand. Other important consumer brands include AEG and Zanussi in Europe and Frigidaire in North America.

Professional food-service equipment is sold mainly under the Electrolux brand, but also under the Zanussi brand, in addition to the exclusive cooker brand Molteni.

Trends

The rapid changes in lifestyle in many countries have led to demand for products that make life easier and that make cooking healthier and food storage safer. Interest in more advanced leisure and gourmet cooking is rising mainly in mature economies. More and more people want to emulate professionals and are looking for products and functions used by the very best chefs. Food must be prepared quickly, intuitively and with excellent results. Brands are important and the appearance of products should reflect the owner's personality and values and harmonize with other products in the kitchen and the rest of the home.

Buyers of professional food-service equipment have widely differing yet strict requirements, for example, regarding performance and technology, implying that manufacturers must be able to deliver flexible solutions. The significance of design is rising in pace with an increasing number of restaurant kitchens being open to view by guests. Both consumers and professionals want products with low water and energy consumption, which are manufactured from sustainable materials and can be easily recycled.

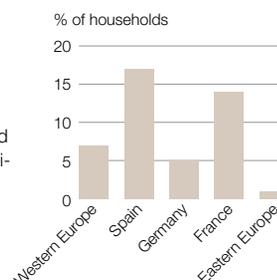
Growth potential

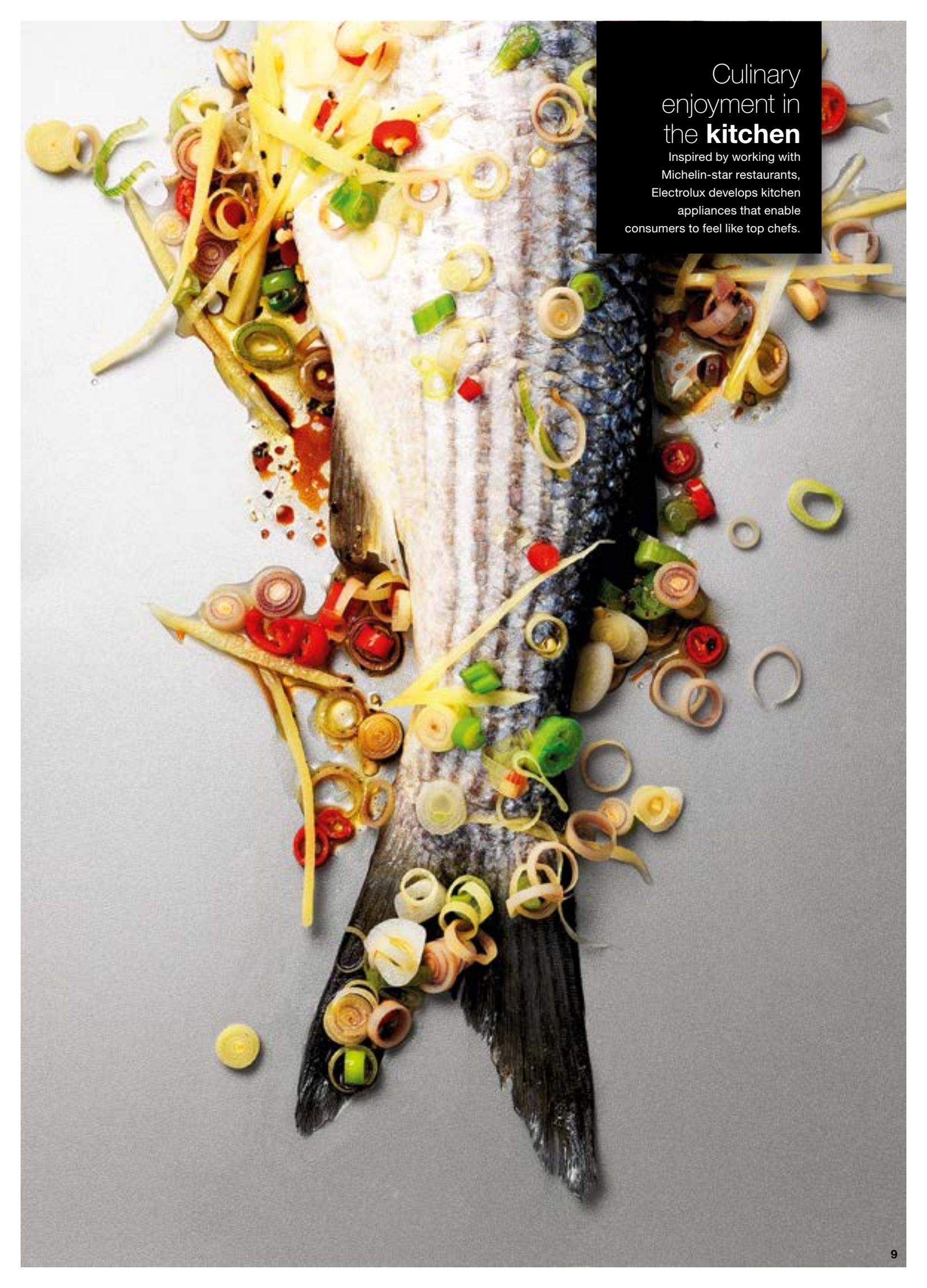


Effective induction hobs

Induction hobs comprise a segment that is growing rapidly, due primarily to their speed and energy efficiency. Electrolux holds a strong position in this category and was one of the first companies in the market.

Penetration for induction hobs





Culinary
enjoyment in
the **kitchen**

Inspired by working with
Michelin-star restaurants,
Electrolux develops kitchen
appliances that enable
consumers to feel like top chefs.

> Kitchen products

New kitchen appliances

Electrolux Inspiration Range and Zanussi Quadro comprise two comprehensive product series that were launched in Europe in 2012. Electrolux Inspiration Range includes innovative premium products developed by applying the Group's expertise in the manufacture of professional food-service equipment. The range encompasses both free-standing units and built-in appliances. The launch of the new Zanussi Quadro product range of built-in appliances is targeted to the large mass-market segment in Europe. The year also marked the global launch of professional products for the home under the ultra deluxe brand Electrolux Grand Cuisine. Additional successful product launches during the year include Zunyin, Ouxin and OuYu refrigerators in China, the free-standing cooker series Vulcan Cooker in Australia and the dishwasher Orbit Clean in North America. Electrolux launched several new kitchen appliances in different markets during the year, see page 42.

Innovative professional solutions

Electrolux Ecostore is a completely new range of refrigerators and freezers for professional users launched in 2012, and represents the leading edge in energy efficiency and innovative storage solutions. During the year, Ecostore received the highest ranking

from CEDED, the first energy-efficiency classification system for professional products.

With the XP cooker range, Electrolux satisfies professional users' high demands for design, performance, technology, energy efficiency and ergonomic solutions. The more than 200 different modules on offer provide the XP range with the flexibility to be adapted to various cooking processes, irrespective of where in the world these may be. The cooker range is the most sold product category in Electrolux Professional food-service equipment and is found in kitchens worldwide.

Growth opportunities

Alongside the growth generated by the greater purchasing power of households in growth markets, innovations are driving substantial growth in certain segments of the kitchen appliances market. Based on such factors as the Group's expertise of manufacturing professional food-service equipment, Electrolux has developed successful solutions that make cooking easier for consumers, such as combination steam ovens, induction hobs with preset cooking zones and refrigerators with advanced refrigeration technology.

Steam ovens for home use enjoyed immense success when launched in Europe, Australia and New Zealand. Steam ovens have long been used in the restaurant world for the simple reason that the food cooked in them tastes much better.

XP – flexible solutions for professional kitchens



The XP range is the most sold product category in Electrolux professional food-service equipment. The cooking range can be adapted to various cooking processes, containing more than 200 different modules.

In a number of regions, a majority of households still have no dishwasher, despite the volumes of water that can be saved by having a machine do the washing rather than washing dishes by hand. The development of new, water and energy-efficient dishwashers for both households and professional users has progressed rapidly at Electrolux.

The number of small-scale establishments that serve hot food is increasing at a high pace throughout the world and Electrolux envisages new opportunities in this segment. In recent years, Electrolux has established close relations with several international fast-food chains to capitalize on the growth potential in, for example, the US and growth markets.



Efficient refrigerators in China

Based on the theme "Limited space, more possibilities", the innovative OuYu, multi-door refrigerator in China was developed to meet the demand for well-designed and energy-efficient products. In 2012, it won Sina Digital Billboard's Best Home Appliance Award as voted by customers, journalists and industry opinion leaders.



Electrolux
Inspiration
Range

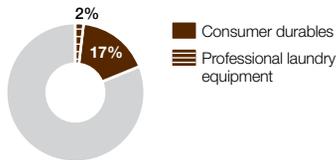
Inspired by professionals
— designed for consumers.

Laundry products

Global growth potential

Electrolux is a leading company in the world for front-load washing machines and energy and water-efficient products. Drawing on the Group's know-how of manufacturing professional laundry products, Electrolux has developed the corresponding technology for consumer products.

Share of Group sales 2012



Washing machines and tumble-dryers represent a product category with major growth potential, particularly as a result of increased water shortages around the world. Electrolux has a strong position in most regions and is working to produce high-performance water and energy-efficient solutions for both households and professional users. The largest global market share is in front-load washing machines, where the Group is a leading producer. For professional users, Electrolux sells advanced laundry solutions for different segments, such as laundry rooms in apartment buildings, hotels and hospitals as well as commercial laundries. A majority of laundry products in the professional market is generated in Europe, although the most rapid increase in sales is taking place in the US, Southeast Asia and Japan.

Within consumer products, laundry products are sold in Europe under the Electrolux, AEG and Zanussi brands. In North America, the Frigidaire brand is used in the mass-market segments. In Asia and Latin America, products are mainly sold under the Electrolux brand.

In the US, about half of the Group's professional laundry equipment is sold under the Wascomat brand via a distributor. Professional laundry products are sold under the Electrolux brand in the rest of the world.

Innovative solutions

Based on the Group's expertise of manufacturing professional laundry products, Electrolux develops innovative solutions for washing machines and tumble-dryers for households. A number of new washing machines launched in Europe during the

year under the Electrolux brand are equipped with a steam function to quickly refresh clothes. The Steam System washing machine and Cool Clean Woolmark tumble-dryer were tested and certified Woolmark Gold.

Electrolux professional washing machines and tumble-dryers are among the most energy and water-efficient in the market. Electrolux Lagoon is a wet-cleaning concept that uses only water and biodegradable detergent. Demand from commercial, hotel and aged-care laundries in both mature markets and growth markets is increasing for this concept.

Growth opportunities

Growing segments for Electrolux is professional laundry solutions for quickly washing and drying housekeeping materials and towels, for example, for hotels, care institutions and facility management. Electrolux launched a washing machine and tumble-dryer specially adapted for these segments in 2012.

Another growth area is energy-efficient tumble-dryers that offer gentle drying of laundry. Electrolux is a leader within this area and is continuously launching new, innovative and energy-efficient tumble-dryers, for consumers and professional users.

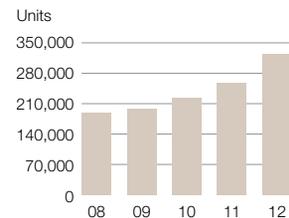


Growth potential

Front-load washing machines

Growth opportunities for front-load washing machines exist in markets such as North America, Southeast Asia and Australia, where top-load washing machines dominate. Front-load washing machines consume less water and energy during a wash cycle, have greater load capacity and give better wash results. Electrolux controls a considerable share of this market.

Market for front-load washing machines – a growing segment in Southeast Asia





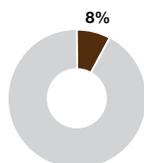
Perfect
laundry
results

Innovative solutions from
Electrolux for fabric care use the
latest technology with steam.

Small appliances Broadened offering

Electrolux is one of the largest manufacturers of vacuum cleaners and vacuum-cleaner accessories in the world and holds market-leading positions in most regions. In the small domestic appliance product category, including coffee-makers, mixers and irons, Electrolux currently has a small global market share, but is growing rapidly worldwide.

Share of Group sales 2012



should also be well-designed so that they can be left out, for instance, to meet the need for quick cleaning of small spaces in the home, such as the kitchen and hallway. Greater environmental awareness in many regions is driving demand for vacuum cleaners that use less energy and that are sustainably manufactured.

Floor-care products

As one of the few global manufacturers of vacuum cleaners, Electrolux can focus on global product development. A special focus lies on innovative and energy-efficient vacuum cleaners in the upper-price segments. Electrolux is also market-leading in the central-vacuum cleaner segment and holds a substantial market share in vacuum-cleaner accessories. The majority of sales is generated in Europe and North America, while Asia and Latin America account for the fastest growth. Based on consumer preferences, Electrolux sells mainly canister vacuum cleaners, but also has a strong offering in upright products in such markets as North America and the UK, where this category dominates.



In Asia and Latin America, most of the Group's vacuum cleaners are sold under the Electrolux brand. The Electrolux brand also dominates in Europe, complemented by AEG in central Europe. The Volta, Tornado, Progress and Zanussi brands are focused on the lower price segments. The Eureka brand accounts for the largest proportion of the Group's vacuum-cleaner sales in North America, while more exclusive vacuum cleaners are sold under the Electrolux brand.

Trends in floor-care products

Performance and function are still the most important factors for consumers worldwide. Consumers want vacuum cleaners that have high suction power and are ergonomic and user-friendly. Urbanization, with a growing number of small households across the world, has resulted in elevated demand for small, compact and efficient vacuum cleaners. They

Innovations for growth

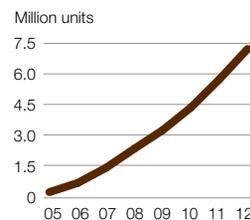
Electrolux continuously develops innovations and models with attractive designs that can be customized to a variety of segments and regional requirements. Electrolux holds a leading position in rechargeable, handheld vacuum cleaners in Europe and also has a strong position in other parts of the world where compact vacuum cleaners are in demand, such as Japan and South Korea. A new version of the segment's best seller, Electrolux Ergorapido, was launched in 2012. Additionally, a brand-new model in the segment, Electrolux Ultrapower, was launched during the year featuring longer battery life and higher performance than other similar models in the market. The Electrolux UltraOne Mini, a new canister vacuum-cleaner that is 30% smaller than the company's award-winning UltraOne vacuum cleaner while maintaining the same performance standard, was also launched. The product is aimed at small households in Europe.

Growth potential

Ergorapido for compact living

Electrolux holds a strong position in floor care in parts of the world where compact vacuum cleaners are in demand, such as Japan and South Korea. The rechargeable, handheld vacuum cleaner Ergorapido is the Group's most sold vacuum cleaner product, with about 1.5 million units sold in 2012.

Accumulated sales volumes of Electrolux Ergorapido





Floor care

for every-
day life

Electrolux has a wide range
of well-designed products
for cleaning.

> Small appliances

Small domestic appliances

In global terms, the market size for small domestic appliances product category is significantly larger than the vacuum-cleaner market and displays significantly higher growth. To capitalize on these opportunities, the Group's offering in this product category has increased substantially in recent years. The major launches are in the upper-price segments, where the focus lies on distinctive design. Sales are conducted across the globe with the largest share in Europe, closely followed by Latin America, while Asia is the fastest-growing market. The offering varies according to market but the primary focus of Electrolux is on five global product groups – coffee-makers, kettles, mixers, food-processors and irons. In 2012, the Group's sales of small domestic appliances rose by 27% and over a three-year period, sales have doubled.

The Group's small domestic appliances are largely sold under the Electrolux brand. The significantly increased presence in the segment has helped strengthen the brand. In North America, products are sold under the Frigidaire brand.

Strong product launches in Europe

In Europe, sales of coffee-makers is the fastest-growing subcategory within small domestic appliances, which in turn is growing faster than the total market for household appliances. The Favola coffee capsule machine from Electrolux, which is marketed in collaboration with Lavazza, has become a success across Europe and in parts of Africa and the Middle East. Other strong product launches include the UltramixPro stick mixer and the 5Safety premium iron.

Broadened offering in Latin America

Latin America accounts for the largest share of small domestic appliances of all regions and is growing rapidly as the purchasing power of households increases. By leveraging the Group's strong brand and far-reaching retailer network in the region, Electrolux sales increase at a higher rate than the market. Electrolux has a strong position in the irons, coffee-makers and mixers categories and is now strengthening its offering in other categories, such as juice extractors, pressure cookers and compact ovens. Several products are locally produced and proprietary production of irons started in Argentina in 2012.



The Favola coffee espresso machine was complemented with a milk frother in 2012. It has been launched in Europe, Africa and the Middle East.

Continued high growth in Asia

Asia is both the largest and fastest-growing market in the world for small domestic appliances. However, the needs of Asian households in terms of cooking and cleaning functions differ from most other markets. Electrolux focuses on launching strong offerings in four categories – rice cookers, mixers, compact ovens and irons – all of which hold potential for rapid growth in the region.

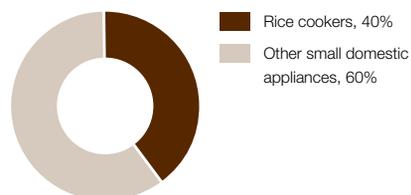


Growth potential

Rice cookers – a new product category

The Group's sales of small domestic appliances in Southeast Asia and China grew strongly in 2012. Rice cookers comprise about 40% of the small domestic appliance market in Asia/Pacific and 18% globally.

Rice cookers – share of the market for small domestic appliances in Asia/Pacific



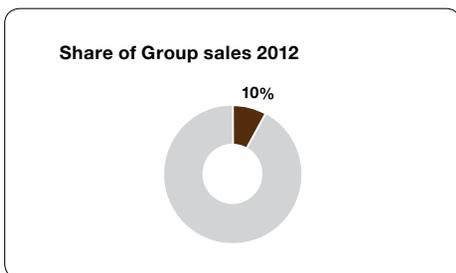


**Small
appliances**
providing
a great
experience

Coffee makers, irons and mixers
all make life easier
and more enjoyable.

Adjacent product categories New prioritized growth areas

By leveraging the Group's global strength in such areas as product development, distribution and marketing, Electrolux can generate profitable growth in adjacent product categories, such as air-conditioning equipment and water heaters.



Adjacent product categories encompasses several areas of operation and product categories for which Electrolux has identified opportunities for profitable growth. For example, Electrolux can take advantage of existing strong product ranges and develop the market's best service and strengthen the offering of spare parts and accessories. Meanwhile, there are adjacent product categories in which Electrolux sees growth opportunities. Air-conditioning equipment and water heaters are two such product categories.

Unrealized potential for accessories

Electrolux has identified consumables and accessories as an area with unrealized market potential. In certain industries, sales of accessories account for up to 30% of the sales value of the underlying product. For appliances, the correspond-

ing figure is just a few percent. Electrolux focuses on strengthening the offering in accessories. In 2013, a new product range will be launched in Europe with a new packaging design. The range comprises such products as oven trays, hob cleaners and food probes with digital thermometer.

Large and growing market

Although the global market for air-conditioners and water heaters is the same size as the market for refrigerators and freezers, it will probably expand at a faster growth rate moving forward, driven primarily by higher demand in growth markets. Electrolux adapts its offering on the basis of different regional and local needs and has identified growth opportunities in all regions of the world.

Strong air-care offering

For air-conditioning equipment, Electrolux already holds a strong position in Brazil, the US and Australia, where the brand is among the market leaders. Electrolux is well advanced in terms of low noise levels and has a strong offering in the areas of service and installation. Aside from households, products are sold to hotels and offices and, in such cases, often together with other Electrolux products. Investments in this product category are also

taking place in markets in Europe, Asia and in other parts of Latin America. In hotter parts of the world, airconditioners are usually one of the first household appliances purchased by households when their purchasing power increases.

First products in Europe

In Europe, Electrolux has started selling air-conditioners, dehumidifiers and heat pumps under the Electrolux brand in the premium segment and under the Zanussi brand in the mass-market segment. The acquisition of Olympic Group has also provided the Group with a position in water heaters, with sales and production in Egypt and nearby regions. Air-conditioning equipment is being manufactured in Egypt under the Zanussi brand.

New products capture market shares in Asia

In Australia and Asia, new air-care products launched with a focus on such aspects as high energy efficiency have captured market shares in the various markets. Sales of air-conditioning equipment have been a key factor in the positive trend for Electrolux in the region. 2012 also marked the launch of the first products in the new water-heater category in the region.

Product offering

Air care



Water heaters



Consumables and accessories





Adjacent product categories

— a growth area for Electrolux. Oven trays, hob cleaners, timers and other accessories complement Electrolux product offering.

Electrolux markets

The share of Electrolux sales in growth markets is increasing. In 2012, market demand in Europe and North America declined, while the market trend in such regions as Latin America and Southeast Asia was strong. Electrolux target is to strengthen the position in core markets and increase the share of sales in growth markets to at least 50% within a five-year period.

A slowdown in demand in core markets, combined with the rapid emergence of an affluent middle class in densely populated growth countries, has led to a gradual transformation of the market for household appliances. Adapting the business and offering to this new environment is necessary for Electrolux to continue growing profitably. In 2012, focus was directed to the successful integration of the previously acquired appliance manufacturers Egyptian Olympic Group and Chilean CTI. Furthermore, Electrolux launched a large number of products and solutions adapted to various customer segments and regional demands.

Rising market shares despite fiercer competition

There are fewer, larger and more international manufacturers and retailers in the market for household appliances. The five largest manufacturers of major appliances in the world – Whirlpool, Electrolux, Haier-Group, Bosch-Siemens and LG Electronics – account for almost half of global sales today. In recent years, manufacturers from Asia have increased their market shares in the European, North American and Australian markets. To maintain competitiveness in relation to rapidly expanding manufacturers from low-cost areas, Electrolux will continue to leverage its global and regional economies of scale. Focus is directed to developing innovative products based on consumer insight and under strong brands. Despite the increasingly intense competition, Electrolux captured market shares in North America, Latin America and Southeast Asia in 2012.



Electrolux core markets

- Western Europe
- North America
- Australia, New Zealand, Japan

Electrolux growth markets

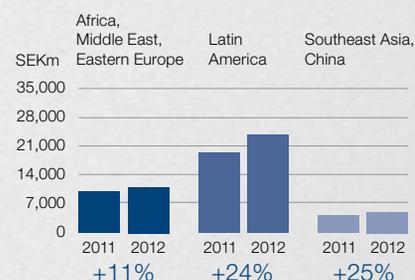
- Africa, Middle East, Eastern Europe
- Latin America
- Southeast Asia, China

👤 100 million people

Net sales in core markets



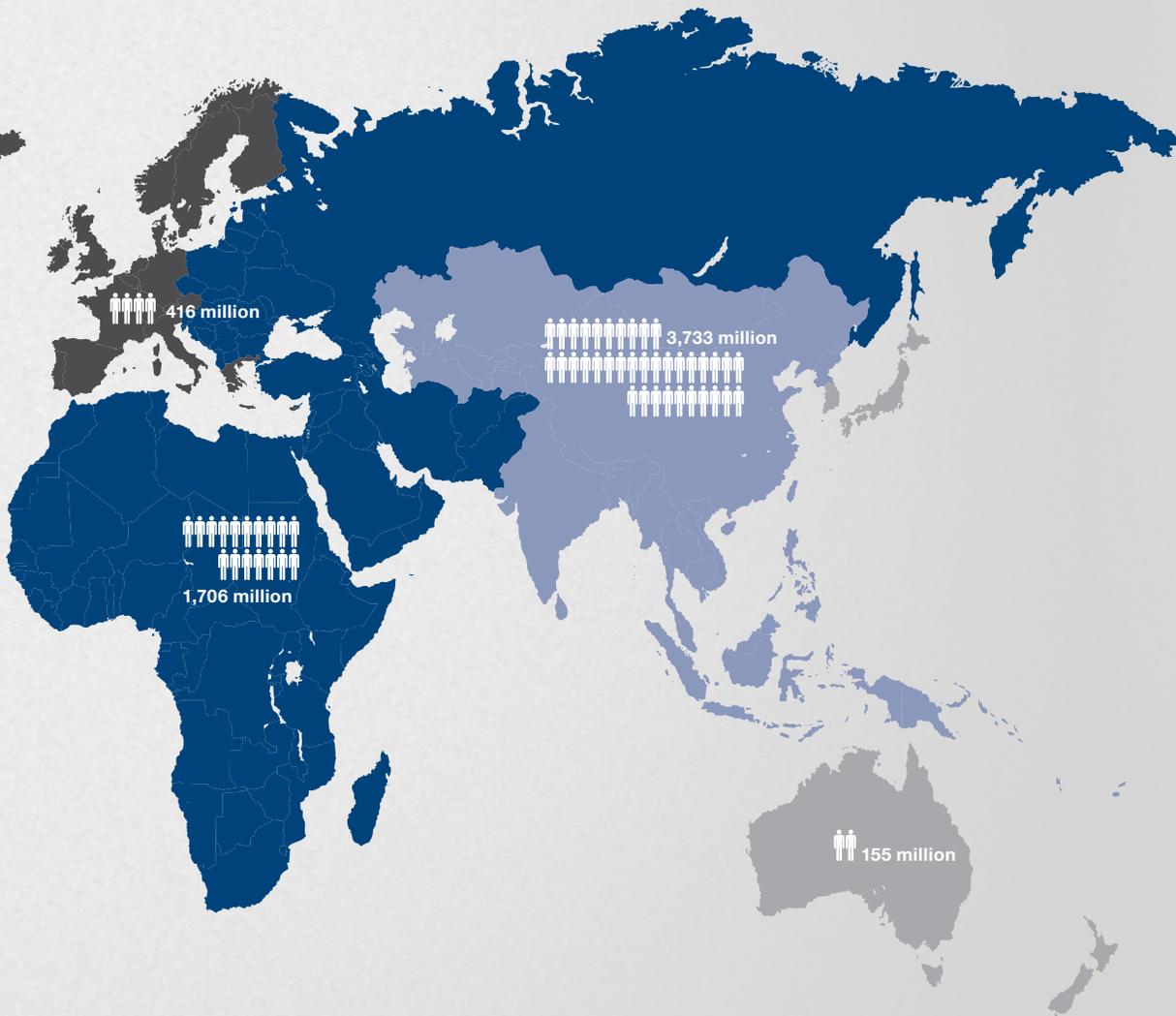
Net sales in growth markets



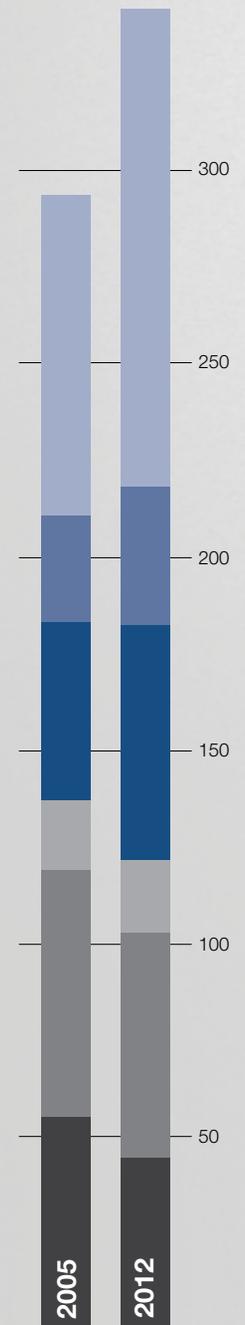
Quick facts

Population: 7 billion
 Average number of persons per household: 3.6
 Urban population: 52%
 GDP per capita 2011: USD 10,000
 Estimated real GDP growth 2012: 2.3%

Sources: World Bank and Electrolux estimates.



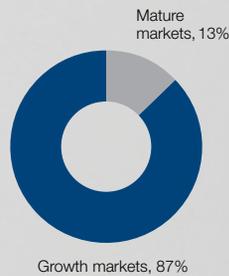
Growing demand for core appliances



Electrolux aims to increase its share of sales in growth markets over the next five years



Population, %



Between 2005 and 2012, the global demand for core appliances increased significantly, mainly due to strong growth in Asia. Demand for core appliances in core markets has simultaneously decreased. In 2012, the demand for core appliances in growth markets constituted 65% of the total market volume compared with 50% in 2005. Electrolux strategy is to capitalize on this increased demand in growth markets. To read more about the Electrolux strategy, see page 34.

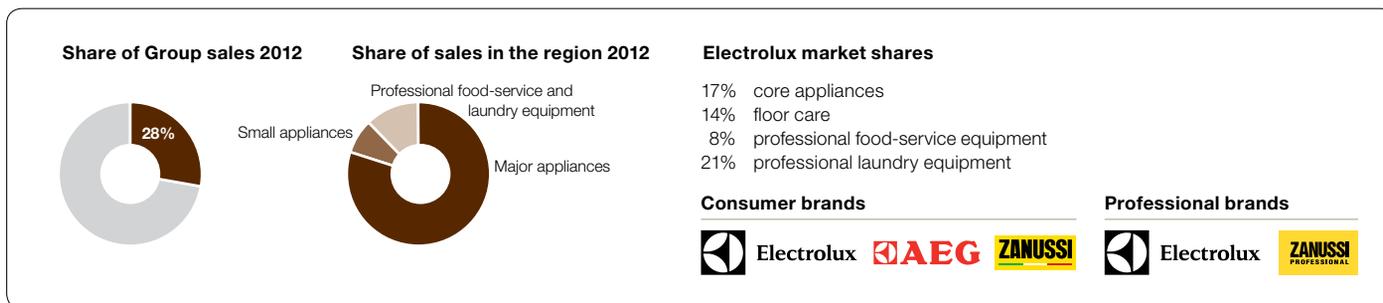
Source: Electrolux estimates.

Demand for core appliances, million units

Western Europe

Extensive product launches

Western Europe is the Group's largest market for consumer durables and products for professional users. In 2012, Electrolux implemented extensive launches of new, innovative appliances under strong brands in the premium and mass-market segments.



The Western European household appliance market is dominated by replacement products as a result of high penetration in most product categories and low or stagnated population growth. Meanwhile, an increase in the number of households due to a rising share of elderly people, combined with the small living spaces in most homes, has led to higher demand for compact and user-friendly products. Demand for appliances continued to decline in 2012 for the sixth consecutive year. The weak demand in primarily Southern Europe had a negative impact on development.

A fragmented market

Western Europe is made up of many countries and language areas, which has resulted in widely varying consumer patterns and the establishment of a large number of manufacturers, brands and retailers for appliances. The low degree of consolidation is one reason for overcapacity and

price pressure in the industry. The market for professional kitchens is characterized by the presence of many manufacturers who often specialize in only one product category. Conversely, the market for professional laundry equipment is served by fewer players able to supply a larger product portfolio.

New products

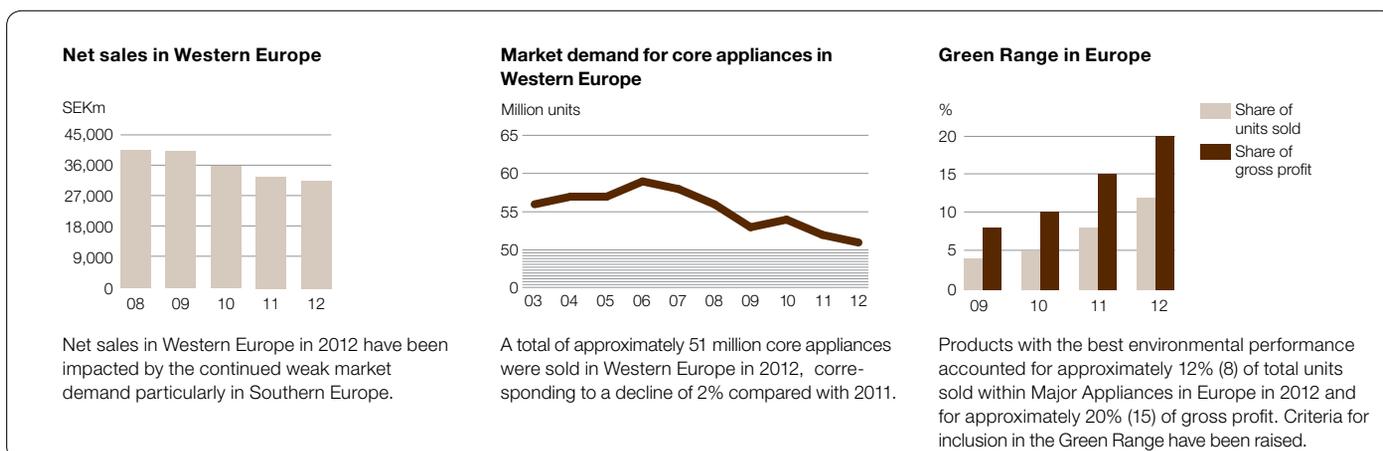
Electrolux has significant market shares in both appliances and vacuum cleaners in Western Europe, which is the Group's largest market. A well-reasoned strategy with several product launches in recent years has led to Electrolux further strengthening its position, for example, in the built-in segment. Two extensive product launches took place in 2012. The Inspiration Range, encompassing new, innovative kitchen appliances and laundry products was launched under the Electrolux brand in the premium segment. In addition, the Zanussi

Quadro built-in product range was launched, targeting to the mass-market segment in Europe.

Western Europe represents 30% of the Group's sales of vacuum cleaners, with best sellers including Ergorapido and Ultra Silencer. About 65% of sales of Professional Products takes place in Western Europe. The strongest position is found in restaurants, hospitals and commercial laundries.

Growth opportunities

Despite the weak macroeconomic trend, the market for built-in appliances is continuing to grow in the long term and Electrolux is capturing market shares. Attractively designed, rechargeable handheld vacuum cleaners are continuing to capture an increasingly large share of the vacuum-cleaner market. Electrolux is a leader in this category. In addition, the market for small domestic appliances is displaying fast-paced growth in certain categories.



Making way for climate-smart appliances



Electrolux is developing climate-smart appliances for the new city district Stockholm Royal Seaport in Stockholm, Sweden. The appliances are equipped with IT solutions that inform users about real-time energy usage and cost. The appliances can be defaulted to make the most of off-peak opportunities and save money. Smart appliances also offer new ways to deliver customer care and other after-sales services.

Quick facts Western Europe

Population: 416 million
Average number of persons per household: 2.3
Urban population: 77%

Significant market: Euro Area

GDP per capita 2011: USD 39,300
Estimated real GDP growth 2012: -0.4%

Sources: World Bank and Electrolux estimates.

Competitive product offering in all segments

The European launch of new appliances under the Electrolux brand is the largest of its kind since 2007. Together with AEG products and the launch of Zanussi products for the mass-market segment, Electrolux has a highly competitive product offering in all segments throughout the European market.



Grand slam for the Swedish Culinary Olympic Team

The Swedish Culinary Olympic Team, which has trained in "the Kitchen of Tomorrow" at the head office of Electrolux in Stockholm, Sweden, since 2008, won gold in all categories at the Culinary Olympics 2012 held in Erfurt, Germany. The leading position of Electrolux in food preparation is also confirmed by the fact that more than half of all European Michelin-starred restaurants use appliances from Electrolux.



Photo: Per Erik Berglund

The Swedish Culinary Olympic Team at The Cube by Electrolux in Stockholm, Sweden.

Electrolux markets and competitors

Core appliances

Major markets

- Germany
- France
- Italy
- Nordics

Major competitors

- Bosch-Siemens
- Indesit
- Whirlpool
- Samsung
- LG Electronics

Floor care

Major markets

- Germany
- France
- Nordics

Major competitors

- Dyson
- Miele
- Bosch-Siemens
- Samsung

Professional products

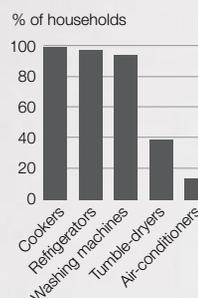
Major markets

- Italy
- Sweden
- France

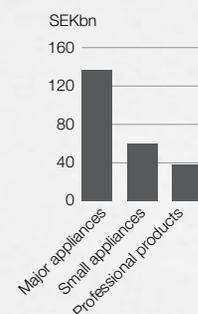
Major competitors

- Ali Group
- Rational
- Miele
- Primus

Product penetration in Western Europe



Market value

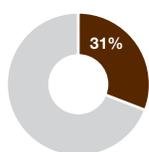


Source: Electrolux estimates.

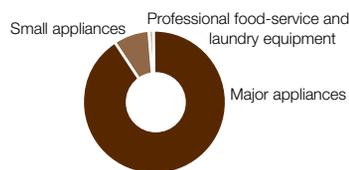
North America Stronger position

The market for appliances in the US declined during the year, although there were some signs of a recovery in the market following positive development in the housing market. Electrolux strengthened its position in the region and boosted sales through product launches, partnerships with new retailers and price management.

Share of Group sales 2012



Share of sales in the region 2012



Electrolux market shares

22% major appliances
16% floor care

Consumer brands



Professional brand



North America is a market with high penetration in most product categories. The average living space of households is above that of other regions, which means space is available for both many and large household appliances. The high degree of product penetration combined with relatively low population growth has resulted in replacement products dominating the market.

In 2012, deliveries of core appliances declined by 2%. The volumes remain at the same low level as in 1998 and are about 25% lower than the top levels in 2005 and 2006. Housing construction and sales of homes in the US increased somewhat during the year, which has raised expectations in the market of a turnaround in demand for appliances.

High degree of consolidation

The North American market is more uniform than most markets, which has led to a relatively high level of consolidation among producers and retailers. The three largest man-

ufacturers of appliances in the US account for a major part of the market and about 70% of appliances are sold via the four major retailers: Best Buy, Home Depot, Lowe's and Sears. The four largest manufacturers of vacuum cleaners represent more than 50% of the market. Vacuum cleaners are sold mainly through supermarkets, discount stores and department stores, such as Wal-Mart, Target and Sears. The degree of consolidation is also high among manufacturers and retailers of professional food-service and laundry equipment.

Higher market shares

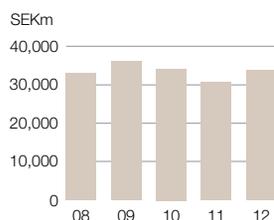
Electrolux commands a strong position in appliances and vacuum cleaners in the US and Canada. Despite a weak underlying market, Electrolux has implemented several price increases on appliances over the past two years. Underpinning these actions is a well-reasoned pricing strategy that involves the Group being more selective in relation to

its promotional activities. The Group's appliances are mainly sold under the Frigidaire brand in the mass-market segment and vacuum cleaners under the Eureka brand. The Electrolux brand is positioned in the premium segment for appliances and vacuum cleaners. The Group's professional kitchen business is still small but growing, both in traditional segments and large restaurant chains. Professional laundry equipment is sold via a distributor mainly under the Wascomat brand.

Growth opportunities

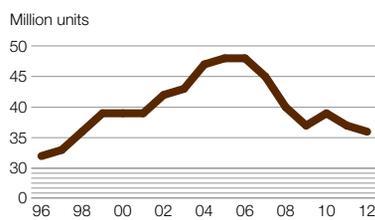
A lasting turnaround in the construction and housing sectors will result in a rise in demand for appliances. The number of small-scale establishments that serve hot food is increasing rapidly in the US. Electrolux has developed competitive solutions that meet the demands of food chains, such as efficient dishwashers and the High Speed Panini Grill.

Net sales in North America



Net sales in North America have been impacted by higher sales volumes and improvements in price/mix.

Market demand for core appliances in the US



A total of approximately 36 million core appliances were sold in the US in 2012, which corresponds to a decline of 2% compared with 2011.

New cooker center in North America

Electrolux is consolidating its North American cooker manufacturing and building a new manufacturing facility in Memphis, Tennessee in the US. Memphis offers an optimal geographical location in relation to customers and suppliers. Together with the existing cooking plant in Springfield, the facility in Memphis will establish Tennessee as a cooker production center for Electrolux in North America. The production plant is expected to be fully operational in the second half of 2013.

Quick facts North America

Population: 346 million
Average number of persons per household: 2.6
Urban population: 82%

Significant market: USA

GDP per capita 2011: USD 48,100
Estimated real GDP growth 2012: 2.2%

Sources: World Bank and Electrolux estimates.



Most effective TV campaign

Frigidaire's "History of Innovation" advertising campaign was named the most effective TV campaign during the third quarter of 2012 by the analysis company Ace Metrix. The film markets the new Orbit Clean dishwasher and Symmetry double oven.

Home Depot stores

Electrolux has entered an agreement with the world's largest do-it-yourself chain Home Depot to sell appliances under the Electrolux and Frigidaire brands in the chain's stores. Additionally, the retailer Sears presented Electrolux with its highest Supplier Award in 2012 for the company's product innovations and efficient goods handling.



SuctionSeal technology generates healthy growth

The SuctionSeal technology developed exclusively for Eureka concentrates the airflow in the vacuum cleaner for deep-cleaning suction power for all kinds of surfaces. The technology was launched for Eureka's Airspeed product platform in 2012.

Electrolux major retailers and competitors

Core appliances

Major retailers

- Sears
- Lowe's
- Home Depot
- Best Buy

Major competitors

- Whirlpool
- General Electric
- LG Electronics
- Samsung

Floor care

Major retailers

- Wal-Mart
- Target
- Sears

Major competitors

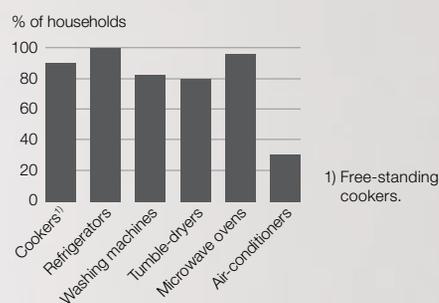
- Dyson
- TTI Group (Dirt Devil, Vax and Hoover)
- Bissel

Professional products

Major competitors

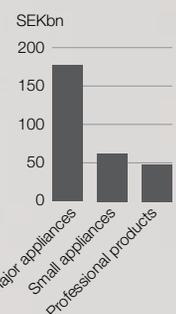
- ITW
- Manitowoc
- Alliance

Product penetration in North America



Source: Electrolux estimates.

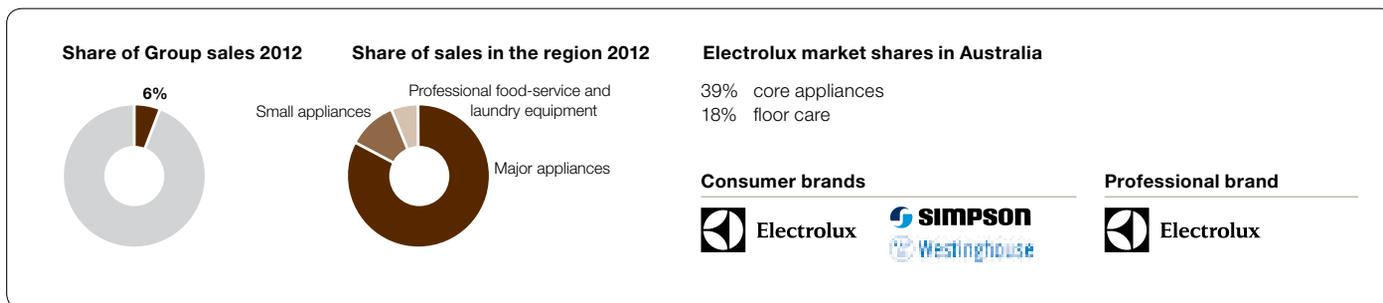
Market value



Source: Electrolux estimates.

Australia, New Zealand and Japan Innovative products drive sales

Electrolux is focusing on launching products adapted to the differing conditions of households in the region. In Australia, new, large cookers and refrigerators were launched during the year. In Japan and South Korea, sales successes are continuing for Electrolux Ergorapido rechargeable handheld vacuum cleaners.



The majority of Australians live on the East Coast and both the population and the number of households are on the rise. The degree of penetration is high in most product categories and demand is driven primarily by interest in design, innovation and the environment. In 2012, the market remained characterized by price pressure brought on by a strong Australian dollar, making imported products increasingly competitive. Japan is the world's third-largest single market for household appliances. Growth is driven by such factors as innovations developed for small living spaces.

Consolidated markets

In Australia, competition between manufacturers of appliances from Asia and Europe is intense. Electrolux is the largest company followed by Fischer & Paykel and South Korean companies Samsung and LG Electronics. The retailer market is dominated by five major chains representing 90% of the

market. Large, domestic manufacturers and retailers such as Hitachi and Panasonic dominate the Japanese appliance market.

Leading position in Australia

In Australia, the Electrolux brand holds a strong position in the premium price segment for appliances with a focus on innovation, water and energy efficiency, and design. In addition, the Group's Westinghouse and Simpson brands hold significant market shares in the mass-market segment. The Kelvinator brand holds a strong position in air-conditioners and water heaters, which is a new, rapidly growing product category in the Group. A large portion of the best restaurants in Australia is equipped with professional food-service equipment from Electrolux. In New Zealand, Electrolux has captured market shares in vacuum cleaners in recent years, for example, with its green range.

In Japan and South Korea, Electrolux is a relatively small player, but over the past num-

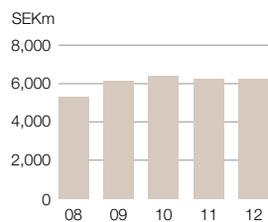
ber of years, it has started to establish a rapidly growing business in small, compact vacuum cleaners. Japan is a large and growing market for the Group's professional products particularly for laundry products.

Growth opportunities

Given the hot and dry climate in Australia, many households prefer to cook food outdoors. In recent years, Electrolux has successfully launched a series of outdoor products, such as the En:tice Barbecue.

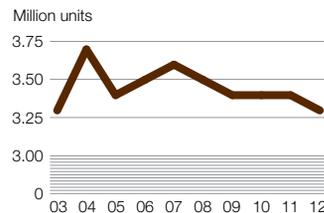
Demand in Japan and South Korea is growing for compact, user-friendly and quiet household appliances. Electrolux has positioned itself in the segment with an attractive and leading offering of vacuum cleaners in both countries. The Ergorapido rechargeable, handheld vacuum cleaner was first launched in Japan in 2010. It is now sold in a variety of versions in more than 2,100 stores in Japan.

Net sales in Australia, New Zealand and Japan



Australia is the Group's main market in the region. In Japan, Electrolux is a relatively small player but has, in recent years, started to establish a rapidly growing business in small, compact vacuum cleaners.

Market demand for core appliances in Australia



Market demand for core appliances in Australia has weakened in recent years.

Growth for energy-efficient products

Because of freshwater shortages in Australia both consumers and legislation demand energy-efficient products with low water consumption. Dishwashers and front-load washing machines are therefore fast-growing product categories, and Electrolux controls considerable shares of these markets.



Quick facts Australia, New Zealand and Japan

Population: 155 million
 Average number of persons per household: 2.5
 Urban population: 91%

Significant market: Japan
 GDP per capita 2011: USD 45,900
 Estimated real GDP growth 2012: 1,9%

Sources: World Bank and Electrolux estimates.

Premium products
 Ebony Kitchen in Australia

The Electrolux Ebony Kitchen premium range in Australia has been honored with several design awards. With a Scandinavian heritage, Electrolux combines the best global design trends with knowledge about the needs and preferences of Australian consumers.



Brushroll Clean winner in Japan and South Korea

The Ergorapido handheld vacuum cleaner with Brushroll Clean technology from Electrolux was launched in a number of markets in 2012. The Brushroll Clean model immediately took over as the best-seller in Japan and South Korea, and was one of the factors behind the significant sales growth in these two countries in 2012.

Water heaters
 – a new product category

For the first time in many years, Electrolux has ventured into an entirely new product category with major growth potential – water heaters. An extensive range of new water heaters was launched in Australia in 2012 under the Kelvinator brand. The products are adapted to the continent's variable climate and access to various energy sources. Moreover, they are cost efficient and save energy for households.

Electrolux competitors

Core appliances

- Major competitors
- Fischer & Paykel
 - Samsung
 - LG Electronics
 - Panasonic

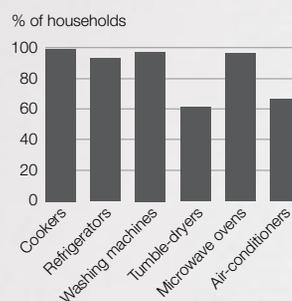
Floor care

- Major competitors
- Samsung
 - LG Electronics
 - Dyson

Professional products

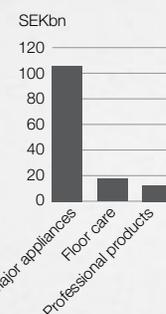
- Major competitors
- ITW
 - Hoshizaki
 - Alliance

Product penetration in Australia



Source: Electrolux estimates.

Market value

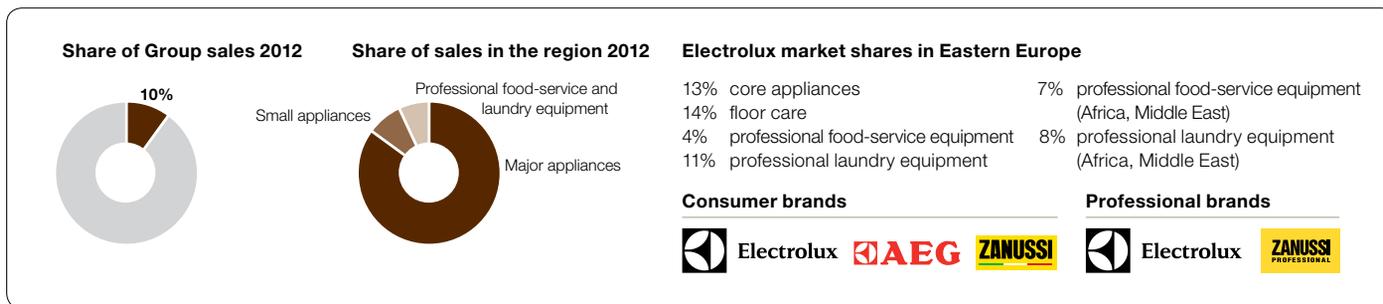


Source: Electrolux estimates.

Africa, Middle East and Eastern Europe

Diverse market with growth opportunities

The acquisition of the Egyptian Olympic Group has given Electrolux a leading position in appliances in the markets in North Africa and the Middle East. The prevailing uncertainty in the region has reduced demand in the short term, yet there is long-term potential in pace with the continued increase in purchasing power.



Africa and the Middle East comprise more than 70 countries with considerable variations in terms of wealth and degree of urbanization. The demand for appliances in Africa is growing because many people are of the age when it is time to move out and find their own homes. The degree of penetration is low in most product categories, but is displaying high growth due to the rapid rise in purchasing power of the households. In Eastern Europe, where Russia is the largest market, both average prosperity and penetration are higher. A large market for replacement products is emerging in several product categories. In Eastern Europe, Russia displayed the strongest trend in 2012.

Low degree of consolidation

With a wide geographical distribution and varying degrees of purchasing power and patterns, it is difficult for manufacturers and retailers to capture large market shares in Africa and the Middle East. Turkey has sev-

eral large domestic manufacturers, such as Arcelik and Vestel, that have strong positions also in nearby regions. The markets of Eastern Europe are dominated by Western manufacturers, such as Electrolux and Bosch-Siemens, while the retailer network is domestic.

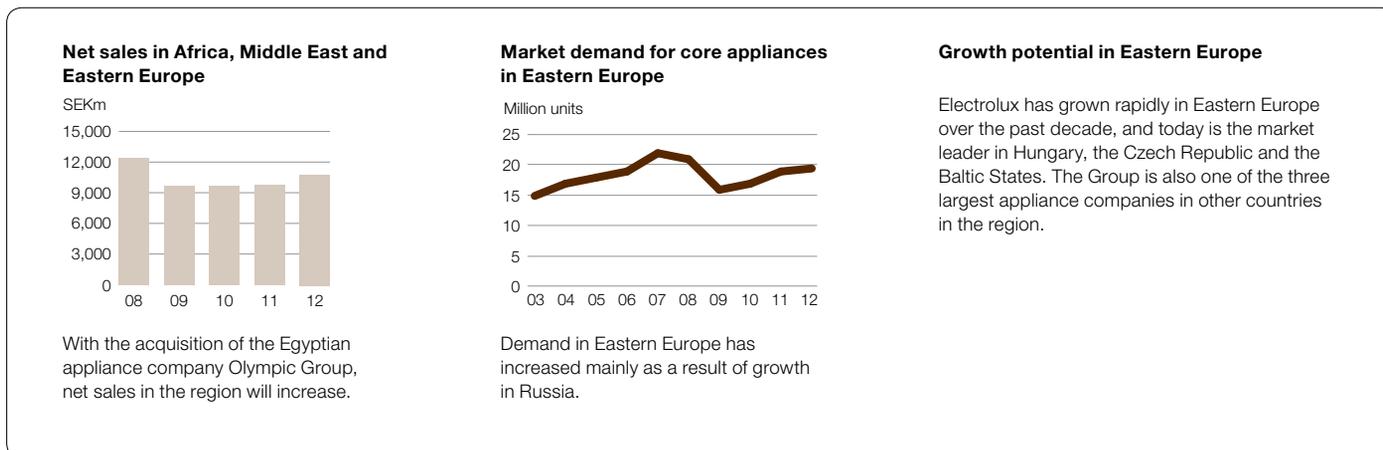
Proprietary manufacturing on location

With the acquisition of the Egyptian Olympic Group, Electrolux has established a leading position in appliances in North Africa and the Middle East. Through Olympic Group, Electrolux has proprietary manufacturing in the region for such items as refrigerators, cookers, water heaters and washing machines. The Group manufactures appliances in Ukraine, Rumania, Hungary and Poland and vacuum cleaners in Hungary. About 14% of the Group's total sales of professional food-service and laundry products are in the region and is growing significantly. Sales to commercial laun-

dries are rising in Eastern Europe and, in the Middle East, Electrolux has started delivering laundry equipment to facility management customers.

Growth opportunities

In Africa and the Middle East, all product categories are expanding at a high rate, primarily refrigerators, cookers, washing machines and air-conditioning equipment. The integration of Olympic Group, which is proceeding according to plan, is expanding opportunities for Electrolux to capitalize on the rapid pace of growth in the region. An example of an integration activity is the new air-conditioning products that were launched in Egypt under the Zanussi brand in 2012 and are manufactured at Olympic Group's plant. An increasing number of Eastern European households are starting to be able to afford to replace old appliances and even invest in new, more exclusive kitchen products.



Favola grows with the global coffee trend

The Favola coffee capsule machine is marketed in collaboration with the Italian coffee brand Lavazza. Sales grew substantially in 2012, not only in traditional coffee markets in Western Europe, but also in Eastern Europe and parts of Africa and the Middle East. It was particularly well received in Israel, and Favola captured a significant share of the coffee-maker sales in the country.



Quick facts Africa, Middle East and Eastern Europe

Population: 1,706 million
Average number of persons per household: 3.8
Urban population: 50%

Significant market: Middle East and Northern Africa

GDP per capita 2011: USD 7,800
Estimated real GDP growth 2012: 3.8%

Significant market: Russia

GDP per capita 2011: USD 13,100
Estimated real GDP growth 2012: 3.5%

Sources: World Bank and Electrolux estimates.

Successful integration of Olympic Group

The acquisition of the Egyptian appliance manufacturer Olympic Group ensures Electrolux a leading position in markets in North Africa and the Middle East, and strengthens the Group's competitiveness. In 2012, efforts to integrate the new operation progressed successfully in the form of joint initiatives in both manufacturing and the launch of new products, such as water heaters. The Electrolux Code of Conduct was introduced in the Olympic Group and the performance of the business is now measured using the same key ratios as those applied to the remainder of the Group.



New business for professional products in the Middle East

A focus on new customer categories has presented new business opportunities for Electrolux Professional laundry products. Considerable potential in facility management has been identified in the Middle East.



Electrolux markets and competitors

Core appliances

Major markets

- Russia
- Poland
- Egypt

Major competitors

- Bosch-Siemens
- Indesit
- Whirlpool
- Samsung
- LG Electronics

Floor care

Major markets

- Poland
- Russia
- Czech Republic
- South Africa

Major competitors

- LG Electronics
- Samsung
- Dyson
- Bosch-Siemens

Professional products

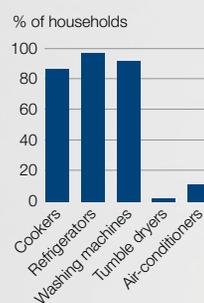
Major markets

- Turkey
- Russia
- Ukraine
- Middle East

Major competitors

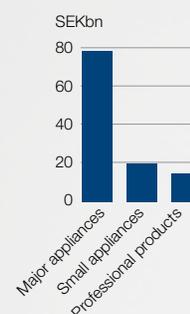
- Ali Group
- Rational
- Alliance
- Vyazama

Product penetration in Eastern Europe



Source: Electrolux estimates.

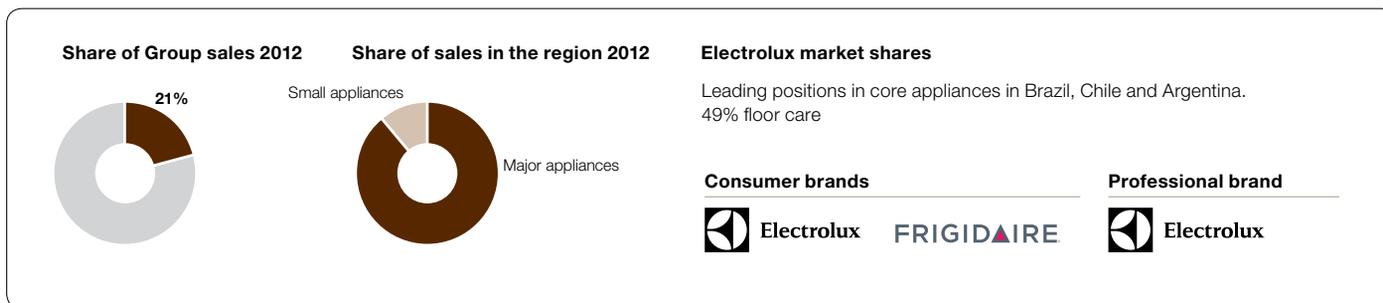
Market value



Source: Electrolux estimates.

Latin America Products for a rapidly growing middle class

Electrolux is continuing to expand in Latin America. The acquisition of the Chilean appliance producer CTI has given the Group a leading position in the market in key product categories in Chile and Argentina. Sales in Brazil were positively impacted by tax subsidies for purchasing new appliances.



Brazil represents about 50% of the total Latin American market for appliances. Other major markets include Mexico and Argentina. Latin America is a highly urbanized region for being a growth market. Growth is driven by rising purchasing power of households, which primarily demand more basic cookers, refrigerators and washing machines. Demand for products in the upper-price segments is also increasing among the rapidly emerging middle class in, for example, Brazil and Argentina. Despite the continued decline in the Brazilian economy in 2012, the sale of appliances rose sharply, mainly as a result of the government's extended tax-reduction program for the purchase of domestically manufactured appliances.

Consolidated market

The Latin American market is relatively consolidated. In Brazil, the three largest manufacturers, Electrolux, Whirlpool and Mabe, account for more than 70% of sales of appli-

ances. As a result of high import duties and logistical costs, the bulk of products sold in Latin America is produced domestically. The trend of consolidation is also strong among retailers in the region. Sales of household products are often conducted through campaigns and purchasing decisions are made in stores where it is important for manufacturers to have their own sales staff in place.

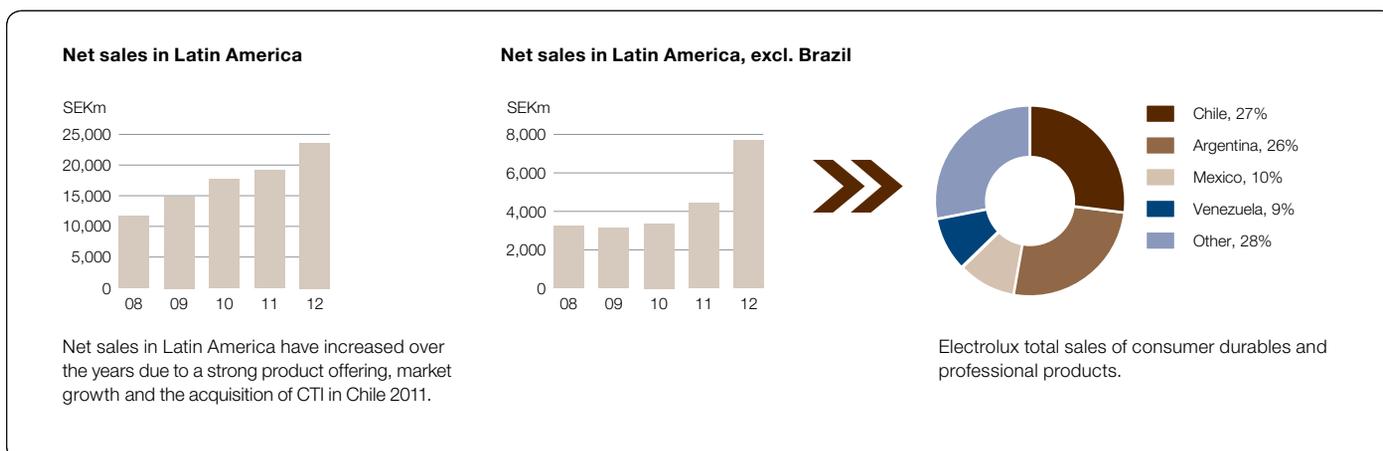
Growing shares throughout the region

The Group's operations in Latin America are growing rapidly and Electrolux is capturing market shares throughout the region. Brazil is the Group's largest individual market with about 70% of sales. The Electrolux brand holds a strong position in all segments in the country thanks to innovative products and close cooperation with the market-leading retail chains. With the acquisition of the Chilean appliance manufacturer CTI, Electrolux has become the largest manufacturer of appliances in Chile and the largest

manufacturer of refrigerators and freezers in Argentina. In the vacuum-cleaner segment, Electrolux has long held a leading position in the region. The Group has also established a fast-expanding business in the small-appliances category. Sales of professional food-service and laundry products remain modest but are growing across the categories.

Growth opportunities

Following the acquisition of CTI, Electrolux has established strong relationships with retailers in Chile and Argentina and has extensive distribution and an effective after-market business. By making further investments in production capacity and distribution, Electrolux can expand into other Latin American countries. The market for washing machines is demonstrating strong growth potential as purchasing power and demands for energy and water efficiency increase in the region. The market for small domestic appliances is large and growing rapidly.



Quick facts Latin America

Population: 595 million
Average number of persons per household: 3.7
Urban population: 79%

Significant market: Brazil

GDP per capita 2011: USD 12,600
Estimated real GDP growth 2012: 0.9%

Sources: World Bank and Electrolux estimates.



New innovative products

Electrolux launched nearly twice as many new products in the region during 2012 compared with 2011, demonstrating a particularly high pace ahead of the important fourth quarter and Christmas shopping period. The Brazilian operations have been pioneering within the Group in terms of developing products based on consumer insight.

An attractive mix of small domestic appliances

The sales trend for small domestic appliances in Latin America was positive in 2012. Latin America accounts for the largest share of sales of small domestic appliances of all regions. During the year, Electrolux launched several new products in the region, such as the Easyline household mixer.



Successful integration of CTI

With the acquisition of the Chilean appliance manufacturer CTI, Electrolux has become the largest manufacturer of appliances in Chile and the largest manufacturer of refrigerators and freezers in Argentina.

Electrolux markets and competitors

Core appliances

Major markets

- Brazil
- Chile
- Argentina
- Mexico

Major competitors

- Whirlpool
- Mabe
- LG Electronics
- Samsung
- Daewoo

Floor care

Major markets

- Brazil
- Chile
- Argentina
- Venezuela

Major competitors

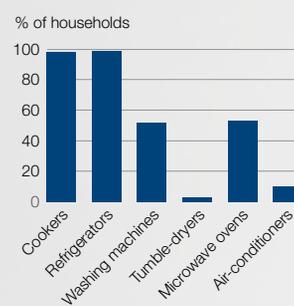
- SEB Group
- Whirlpool
- Black & Decker
- Philips

Professional products

Major competitors

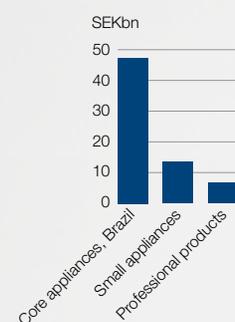
- ITW
- Fagor
- Girbau
- Alliance

Product penetration in Brazil



Source: Electrolux estimates.

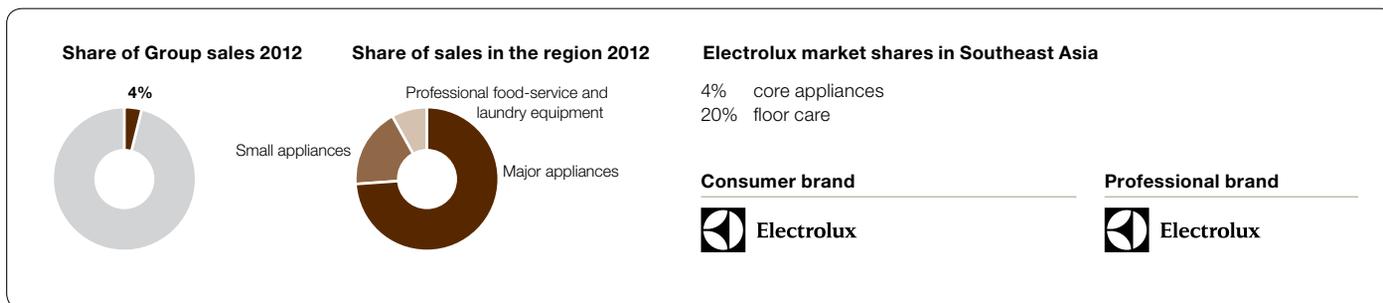
Market value



Source: Electrolux estimates.

Southeast Asia and China Continued major growth potential

With a growing range of innovative products adapted to the specific needs of households, Electrolux sales are continuing to display a strong trend in Southeast Asia and China. Focus is directed to appliances and vacuum cleaners in the premium segment under the Electrolux brand.



China is the largest market for household appliances in the world, measured by volume. Demand for appliances and vacuum cleaners has been driven by high growth in the country combined with fast-paced urbanization, with a rapidly emerging middle class demanding premium products. Households are often small with limited space to accommodate appliances. Small living spaces also dominate in Southeast Asia, a region undergoing rapid urbanization and population growth. Many households are not equipped with a cooker, but use other alternatives to cook food, such as rice cookers and gas burners. Similar to other growth markets, consumers prioritize refrigerators, washing machines and air-conditioning equipment as prosperity rises. In 2012, demand for appliances continued to rise sharply in Southeast Asia, while it declined slightly in China.

Major players in China

Domestic appliance manufacturers Haier Group and Midea dominate in China, par-

ticularly in the lower-price segments. Foreign manufacturers hold only small market shares, although they are growing fast in the premium segment. There is no clear market leader in the Southeast Asian countries, but similar to China, many consumers choose European brands in the upper-price segments. The retailer network in China has undergone significant consolidation. Domestic retail chains Gome and Suning account for a substantial portion of sales of household appliances. Asian consumers often make purchasing decisions in stores. Accordingly, it is essential to have an effective sales and marketing organization that ensures that consumers receive correct advice and a high level of service in stores.

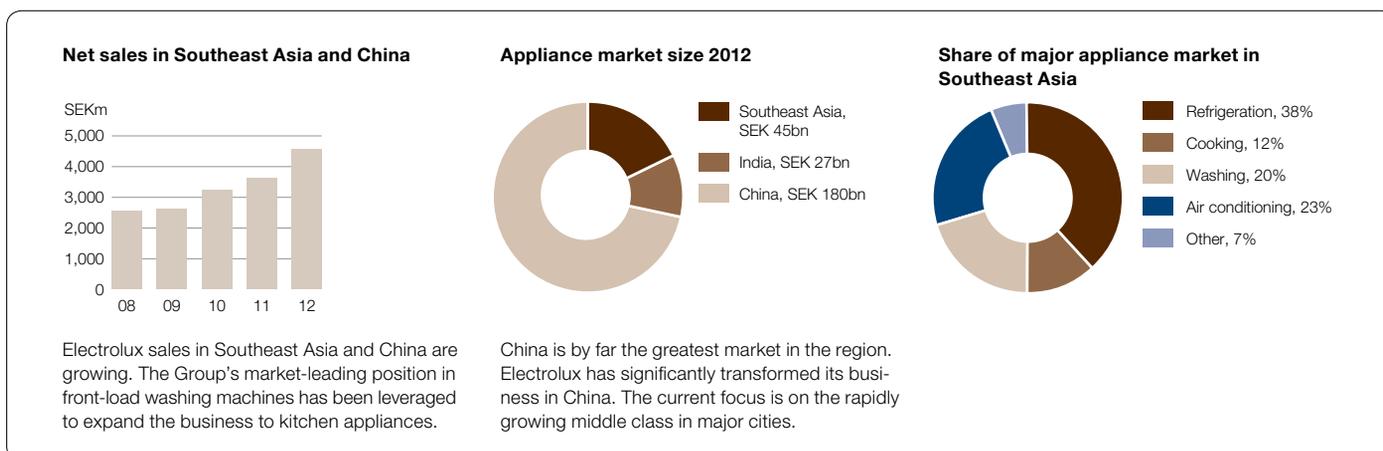
A priority area for growth

Electrolux is a reputable brand in Southeast Asia and commands a strong position in the upper-price segments. The Group is a market leader in front-load washing machines

and is rapidly expanding the offering in products for the kitchen. In China, Electrolux is focusing on the rapidly growing middle class in major cities. Products are sold through the largest retailers. Sales rose by more than 30% in 2012, as a result of such factors as successful product launches. A strong service network and proprietary manufacturing in the region have contributed to the rapid increase in sales of the Group's professional food-service and laundry products in Southeast Asia.

Growth opportunities

Growing awareness among consumers in the region regarding various environmental challenges is contributing to higher demand for energy and water-efficient products, such as compact and resource-efficient front-load washing machines. In Southeast Asia, the market for small, compact vacuum cleaners and small domestic appliances is also growing very quickly.



Quick facts Southeast Asia and China

Population: 3,733 million
 Average number of persons per household: 3.9
 Urban population: 42%

Significant market: China

GDP per capita 2011: USD 5,400
 Estimated real GDP growth 2012: 7.9%

Sources: World Bank and Electrolux estimates.



New production unit in Thailand

Most appliances sold by Electrolux in Asia are produced at the Group's modern and efficient facilities in Rayong, Thailand. A completely new plant for refrigerators and freezers in Rayong was completed in 2012 to satisfy the growing demand. The new cost-efficient and differentiated products manufactured in the facility will help increase market penetration for refrigerators and freezers in the region.



Small appliances show growth in Asia

Sales of small domestic appliances in Southeast Asia and China grew strongly in 2012. Essentially all product groups in the segment contributed to the growth. Electrolux entered the rice-cooker category with six new models, and more will follow in 2013. Rice cookers are unchallenged as the largest product category in small domestic appliances in Asia, which is also the largest market in the world for small domestic appliances.

13 consecutive quarters with double-digit growth

The success of Electrolux in Asia is continuing. Sales have during 13 consecutive quarters shown growth of more than 10%. Underlying this trend is a growing offering of innovative products adapted to the specific needs of households.

Electrolux markets and competitors

Core appliances

Major markets
 • Thailand
 • Vietnam
 • Indonesia
 • China

Major competitors
 • LG Electronics
 • Panasonic
 • Haier Group
 • Sanyo
 • Midea

Floor care

Major markets
 • China
 • Thailand
 • Malaysia

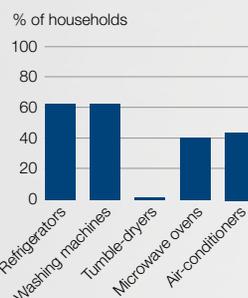
Major competitors
 • Samsung
 • LG Electronics
 • Dyson

Professional products

Major markets
 • China
 • South Korea
 • Thailand
 • Malaysia
 • Singapore

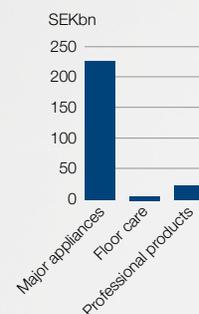
Major competitors
 • Manitowoc
 • ITW
 • Sailstar
 • Image

Product penetration in China



Source: Electrolux estimates.

Market value



Source: Electrolux estimates.

Vision and strategy

Electrolux is a leading, global manufacturer in the appliance industry, commanding strong positions in all regions, and is the only player that offers complete solutions for both consumers and professional users. The Group's vision is to become the best appliance company as measured by customers, employees, and shareholders.



Electrolux is a leading, global manufacturer in the appliance sector, commanding strong positions in all regions, and the only company to offer complete solutions for both consumers and professional users. But this is not enough. The vision of Electrolux is to become the best appliance company in the world as measured by customers, employees and shareholders.

Customers' perception of Electrolux is based on the products the Group sells and the service it provides. The pace of innovation and the number of product launches have increased in recent years while the demands placed on products have become more rigorous. A new product may only be launched if at least 70% of the consumers

in a test group have expressed a preference for it above similar alternatives in the market.

Electrolux aims to be perceived as the best appliance company in the world by its employees. One of the Group's key tools to measure this is the Employee Engagement Survey (EES), which gauges such factors as motivation and engagement among employees.

The financial goals of Electrolux are intended, for example, to enable the creation of shareholder value. Through the combination of continuous growth, high profitability and a small but efficient capital base, Electrolux shareholders are to receive a high total return. In 2012, the total return on the Electrolux share was 63%.

Electrolux vision

We will be the best appliance company in the world, as measured by our customers, employees and shareholders.

Financial goals over a business cycle

Average growth of at least 4% annually

Operating margin of at least 6%

Capital turnover rate of at least four times

Return on net assets of at least 20%

Strategy

Profitable growth

Innovation

- Products and services
- Brand and design
- Sustainability

Operational excellence

People and Leadership

Values

Core values

Passion for Innovation

Customer Obsession

Drive for Results

Foundation

Respect and Diversity

Ethics and Integrity

Safety and Sustainability

Vision

The vision of Electrolux is to become the best appliance company in the world as measured by customers, employees and shareholders.

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 return for Electrolux shareholders. ▶▶36

Strategy

With innovative products under strong brands and by leveraging the Group's global strength and scope, Electrolux aims to create a platform for profitable growth. Dedicated employees with diverse backgrounds and a leadership in sustainability are necessary for Electrolux to achieve its vision. ▶▶38-57

Values

The Electrolux foundation of guiding business principles in combination with a strong set of values forms the core of the Group's operations. Read more on pages ▶▶48-49 and 52-53.

The Corporate Governance report and Sustainability report also cover this area.

Financial goals

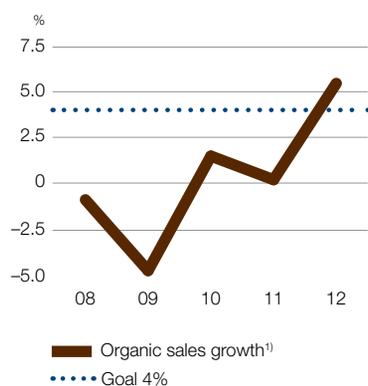
Goals over a business cycle

In addition to maintaining and strengthening the Group's leading, global position in the industry, achieving the financial goals will contribute to generating a healthy total return for Electrolux shareholders. In 2012, two of four goals were achieved, of which the goal of at least 4% growth was far exceeded with an organic growth of 5.5%.

Average growth of at least 4% annually

In order to achieve higher growth than the market average, the Group continues to strengthen its positions in the premium segment, expand in profitable high-growth product categories, increase sales in growth regions and develop service and aftermarket operations. In addition to organic growth, opportunities exist for implementing the Group's growth strategy more rapidly through acquisitions. Growth for Electrolux improved to 8.3% in 2012, of which 5.5% was organic growth, 3.9% acquisitions and -1.1% changes in exchange rates. This surpassed the goal and was the highest rate of growth in the company in its current structure.

Sales growth



1) In comparable currencies.

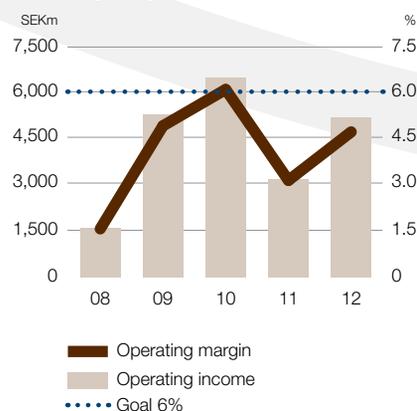
5.5%²⁰¹²

Operating margin of at least 6%

By maintaining its focus on innovative products, strong brands and improved operational excellence, Electrolux can achieve a high level of profitability despite weak core markets. In 2012, Electrolux achieved an operating margin of 4.7%, excluding items affecting comparability.

Three of the Group's six business areas achieved an operating margin of more than 6%. The operating margin will continue to fluctuate due to changes in general economic conditions and trends in the household appliance market.

Operating margin

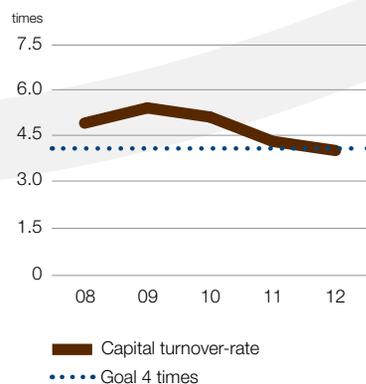


4.7%²⁰¹²

Capital turnover-rate of at least 4 times

Electrolux strives for an optimal capital structure in relation to the Group's goals for profitability and growth. In recent years, work on reducing working capital has been intensified. It has resulted in a lower level of structural working capital as well as a stronger cash flow. When demand and sales accelerate again, even greater focus will be required to limit the degree of capital intensity. Reducing the amount of capital tied up in operations creates opportunities for rapid and profitable growth. The capital turnover-rate decreased to 4.0 times in 2012.

Capital turnover-rate

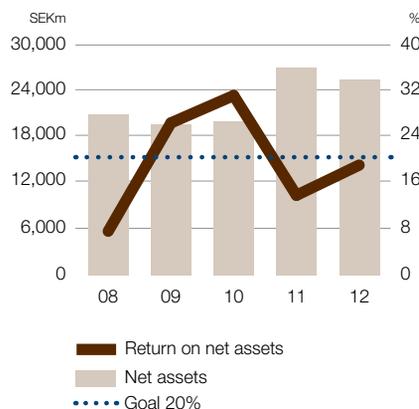


4²⁰¹²
times

Return on net assets of at least 20%

Focusing on growth with sustained profitability and a small but effective capital base enables Electrolux to achieve a high long-term return on capital. With an operating margin in excess of 6% and a capital turnover-rate of at least four times, Electrolux would achieve a return on net assets (RONA) of at least 20%. The figure reported for 2012 was 18.8%.

Return on net assets



18.8²⁰¹²
%

Key ratios are excluding items affecting comparability.

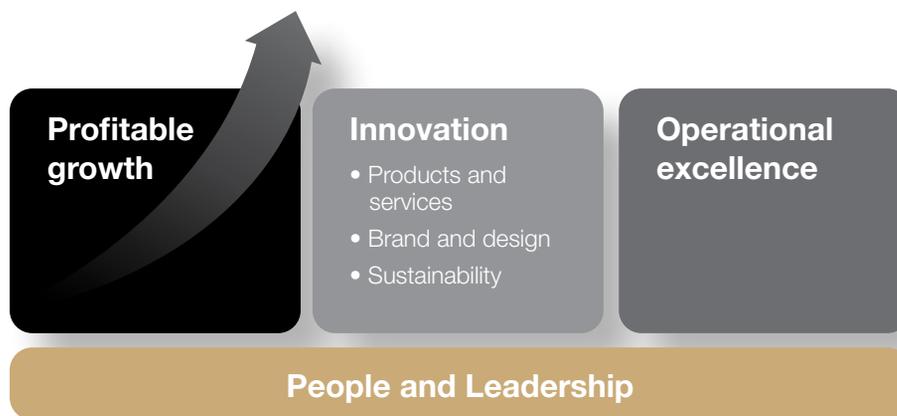
Electrolux strategy

Strategy for profitable growth

The Electrolux strategy remains intact. With innovative products under strong brands and by leveraging the Group's global strength and scope, Electrolux creates the conditions for profitable growth.

The development that took place in 2012 is an excellent example of the effectiveness of the Electrolux strategy. The successful integration of the acquired appliance manufacturers in Egypt and Chile, combined with extensive product launches and accelerated measures to leverage the Group's global strength and breadth, yielded profitable growth and higher market shares. The R&D, marketing and design functions currently enjoy close cooperation throughout the product development process in all sectors, but with even

greater focus on customers and sustainable innovations. The goal to develop products faster, more efficiently and that more consumers will prefer is on the verge of being realized. Furthermore, efforts are continuing in all parts of the Group to improve working capital and release resources for further investments in growth activities. The success of work to realize the strategy is attributable to all of the strong and dedicated managers and employees.



To outperform market growth and simultaneously enhance profitability in the Group, a number of strategic initiatives are under way. The focus is primarily on increasing the share of sales in growth regions, strengthening the position in Electrolux core markets and in the global premium segment, expanding in rapidly growing prod-

uct categories, developing service and aftermarket operations and reducing complexity and costs in manufacturing. In addition to organic growth, Electrolux also sees the potential to increase the pace of implementation of the growth strategy by way of acquisitions.



Exchange products/ranges

Electrolux is speeding up product innovation and increasing the speed to market for new products to expand market shares. In 2012, a wide range of new products were launched across Electrolux markets.

Growth markets/new channels

Entering new channels with a competitive product offering is a key priority. Electrolux also aims to increase market shares and capture growth when prosperity rises in growth regions such as Southeast Asia, Latin America and China.

New products and markets/channels

Electrolux is continuously expanding its product offering. Now, for the first time, Electrolux is introducing professional cooking systems to the world's most exclusive homes under the Electrolux Grand Cuisine brand. ▶▶ 46

New/adjacent product categories

Adjacent product categories, such as air care, water heaters, accessories and small domestic appliances, are growth areas with great potential. To capitalize on these opportunities, the Group's offerings in these product categories have increased substantially in recent years.

Electrolux growth initiatives within different product categories and markets are also described under Electrolux products and markets on pages 6 to 33.

Innovation Products and services

Electrolux has increased its rate of product development and introduced a consumer-preference rating system for new products. Moreover, Electrolux will create the market's best service experience and increase sales of consumables and accessories.

Main goals 2015

Changes in Electrolux process for consumer-driven product development, combined with the expanded cooperation between the Group's marketing, R&D and design functions will enable products to be developed faster and will ensure that these will be preferred by more consumers. The main goals are:



All product development at Electrolux is based on in-depth insight into the consumers who will use the new products and utilize the services. By performing countless interviews and home visits, Electrolux gains knowledge of consumer behavior in the use of various household appliances and the needs that exist. Based on this information and by examining trends and new technologies, Electrolux can develop solutions that facilitate the everyday lives of consumers. Electrolux has also leveraged the Group's expertise across the culinary experience to improve food preparation, food preservation and cleaning innovations by combining the know-how from the Group's professional business with the consumer business.

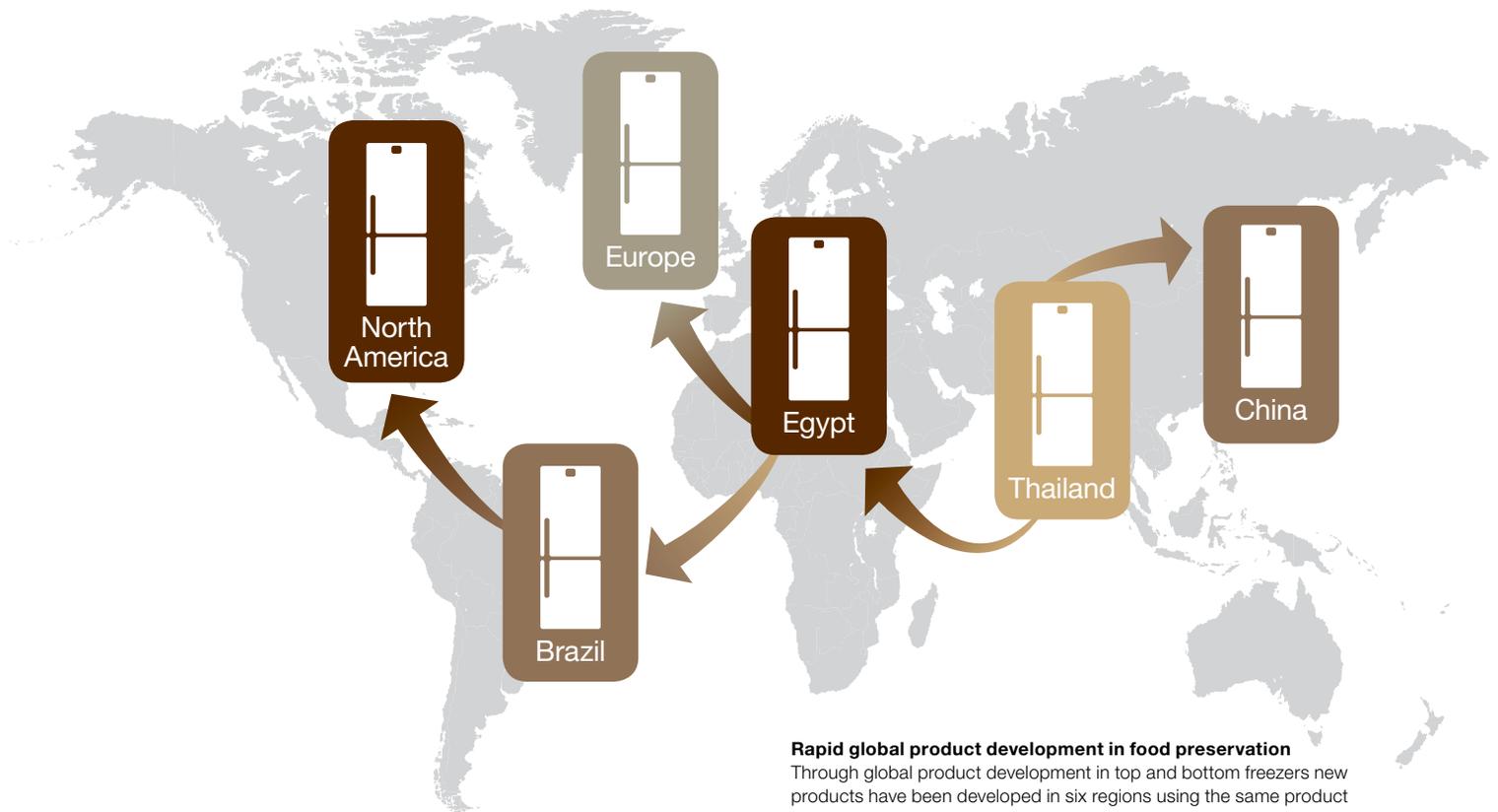
More rapid process for new products

The Group's process for consumer-driven product development is used in all new products. In recent years, improvements have been made to the process to accelerate innovation and to deliver more value to consumers. Consumer insight and market knowledge is enhanced by expanding cooperation between the Group's marketing, R&D and design functions, enabling products to reach the market quicker and ensuring that these products are preferred by more

consumers. Various teams within these functions currently exist in each sector in the Group. The process also facilitates sales via new channels, in new markets and in ventures into entirely new product categories. In order for a new product to be launched, at least 70% of the consumers in a test group must have expressed a preference for it over similar alternatives in the market. If this requirement is not met, the product is sent back to the product development team to be reworked. To measure consumer preference, Electrolux has built up a regional network connected to the Group's production units.

Strong global positions

Electrolux aims to develop winning products in different categories and regions by focusing on innovation and cost efficiency. The strongest global position currently held is for cookers, enabling, for example, Electrolux cooking solutions for the world's best chefs and restaurants to be leveraged when developing consumer appliances. Electrolux also commands a strong, global position in vacuum cleaners and is growing rapidly in the area of small appliances by utilizing global economies of scale. Other strong positions held by the Group include the market for front-load washing machines and



Rapid global product development in food preservation

Through global product development in top and bottom freezers new products have been developed in six regions using the same product architecture and manufacturing principles but with differentiated design, dimensions and offerings.

dishwashers, which are segments with low penetration in most markets. Among adjacent product categories, Electrolux identifies major global potential for air-conditioning equipment and water heaters.

Products for different segments

The global product development units in the respective product areas that have been established in recent years contribute to increasing the pace of innovation. The share of product development that encompasses global projects is expected to rise from 10% in 2010 to 35% in 2013. The objective is to further increase the level of differentiation for new launches in the premium segment and concurrently be able to profitably compete in the mass-market segments. Brand differentiation, rapid product development and efficient production are required to reach consumers with products in the mass-market segments. The Group's global manufacturing platforms facilitate the spread of successful launches from one market to another, with adaptations to local preferences.

Electrolux also has a number of development centers for household appliances throughout the world, focusing on such rapidly

growing areas as induction and steam. Electrolux is increasing its investments in new technology to be able to offer consumers more innovative products at a faster pace. The focus is currently on the development of intuitive and user-friendly control panels and solutions for reducing the environmental impact.

Increased share of service and aftermarket

Electrolux also has an important role to play after a product has been sold, for example, by offering efficient service, rapid upgrades and a strong range of accessories and consumables. At Electrolux, a comprehensive project is under way to further raise awareness of the importance of the service element in contacts with consumers and retailers. The objective of the program is to strengthen the brand by raising consumer satisfaction at the same time as further developing a profitable aftermarket business. Electrolux has a long-term ambition that the share of a product's sales value comprising service and sales of accessories is to increase to a minimum of 10%.

A year of product launches

2012 was a year with extensive product launches across all markets. Below is a selection of the products launched.



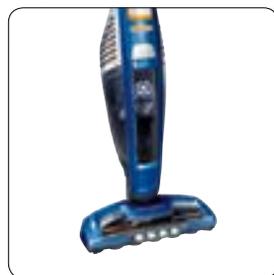
Zanussi Quadro Range
(Europe, Middle East and Africa)

Clean lines and easy to use are the hallmarks of the new full built-in range, Zanussi Quadro, which is for users looking for flexibility and low maintenance.



Electrolux Grand Cuisine Range
(Global)

The Electrolux Grand Cuisine cooking system puts the tools of the professional restaurant within reach of the home chef. Read more on page 46.



Electrolux Ultra Power Vacuum Cleaner
(Europe, Middle East and Africa)

Ultra Power is the most powerful vacuum cleaner in the Electrolux cordless range. Its unique combination of high performance and very long run time, makes it great for both quicker cleaning jobs and longer, tougher ones.



Electrolux Ecologic 12 kg top-load washing machine
(Latin America)

This washing machine has a capacity of 12 kg and is the most water-efficient and economic washing machine in the market.



Electrolux Precision Brushroll Clean Upright Vacuum
(North America)

Electrolux Precision Brushroll Clean is a lightweight vacuum cleaner with cyclonic technology. The Brushroll Clean Technology helps remove hair from the brushroll with the touch of a button.



Electrolux Professional Ecostore Refrigerators
(Global)

Electrolux Professional Ecostore refrigerators are energy-efficient and robust and provide 50 liters more space than equivalent cabinets. Electrolux created Ecostore in response to customer feedback.



Westinghouse Vulcan Cooker
(Australia)

The Vulcan cooker is made with market-leading features and statement design, including large oven capacity, twin fans, full touch controls and new generation cool door.



Electrolux UltraMix Pro Stick Mixer
(Global)

For UltraMix Pro, Electrolux has taken the best features of the professional stick mixer to bring this knowledge to consumers' homes.

Design Lab 2012

Electrolux Design Lab is an annual global design competition open to design students world-wide. The theme for 2012 was "Design Experience". Aeroball by Jan Ankiersztajn from Poland was awarded first prize for his concept Aeroball in 2012. Aeroball is a collection of luminescent, hovering balls that can filter and fragrance the air in a room.

▶▶ www.electrolux.com/designlab



Design awards

In 2012, Electrolux products received several design awards for combining cutting-edge design with functionality.

Electrolux Inspiration Range

(Europe, Middle East and Africa)

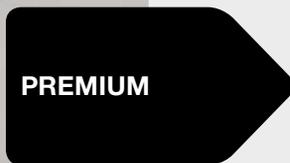
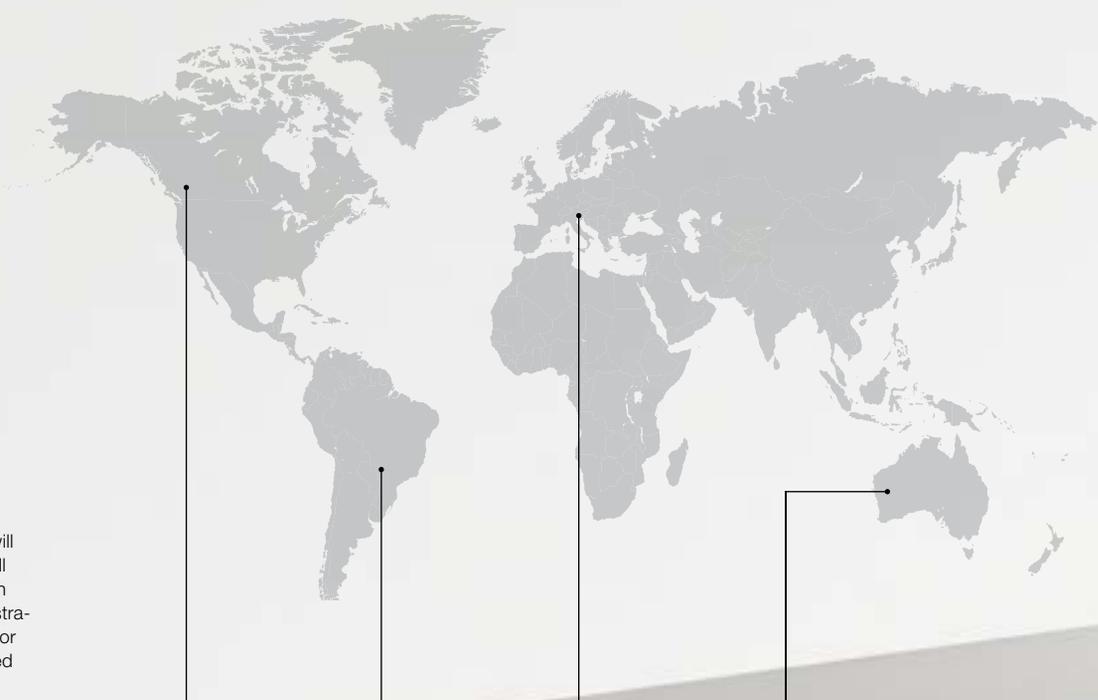
The new Electrolux Inspiration Range is a full offering in all categories. It carries a modern, premium and differentiated design, combined with features derived from Electrolux professional heritage and capabilities.

Innovation Brand and design

A rapidly emerging global middle class is demanding ever-more products with innovative design under well-known, global brands. As a global producer of household appliances, Electrolux has a clear competitive edge. With a strong link to the Group's professional operations, new, innovative consumer products are being launched in the premium segment across the world.

**Global and strategic brands,
Major Appliances**

To increase value, investments will be made in premium brands in all markets. Electrolux aims to reach more consumer segments with strategic brands and with products for which consumers have expressed a preference.



 GRAND CUISINE <small>BY ELECTROLUX PROFESSIONAL</small>			
 Electrolux	 Electrolux	 Electrolux AEG	 Electrolux
FRIGIDAIRE	 Electrolux FRIGIDAIRE	ZANUSSI Regional brands	 Westinghouse Regional brands



The comprehensive launches of new, innovative appliances and vacuum cleaners that took place during the year strengthened the Group's position in the global premium segment. The launch of a full range of appliances under the Electrolux brand, the Inspiration Range, was one of the Group's largest launches in Europe ever and encompassed more than 2,200 models. The products feature functions and solutions developed by Electrolux for professional users.

Electrolux is also focusing on a number of regional and strategically robust brands, such as AEG and Frigidaire. Its history stretching back 125 years and a strong focus on design and quality has ensured AEG a leading position in appliances in Germany, Austria and the Benelux countries. In North America, Frigidaire is the Group's brand for appliances in the mass-market segment. Frigidaire's 90th anniversary in 2012 was marked by the launch of a range of successful products and an increase in market shares. In the European mass-market segment, the Group carried out a comprehensive launch of new appliances under the Zanussi brand during the year.

All-round experience sought

Consumer decisions regarding the purchase of household appliances are more frequently based on visits to various websites, blogs and participation in social media. Therefore, Electrolux is increasingly focusing on smart and cost-efficient solutions that follow and support consumers throughout the purchasing process. The aim is to provide an all-round experience of the brand by creating an intimate dialog with the consumers before the purchase, in conjunction with the purchase and after the purchase has been completed. The majority of the customers who buy Electrolux products visits the Group's websites during the purchasing process, thus making these some of the most important tools for convincing customers.

Ever-clearer connection to professional cooking

The lessons learned by Electrolux when developing innovative and efficient solutions for professional kitchens and laundries are used to improve the technology and performance of consumer appliances. In 2012, this connection was made even clearer. The consumer appliances launched in Europe under the Electrolux brand have drawn inspiration from the Group's professional operations and, under the new, ultra-luxury Electrolux Grand Cuisine brand, professional kitchen appliances for consumer homes were launched. Maintaining a continuous dialog with the best chefs and supplying restaurants and hotels across the globe with new products and solutions has not only provided Electrolux with valuable insight that has been conveyed to other parts of the Group, it has also reinforced the Electrolux brand. Combined with a distinct Scandinavian heritage, this plays a key role in shaping the design and in the development of new and sustainable appliances. Electrolux continuously carries out various projects and public relations campaigns to strengthen the Group's leading position in food preparation by demonstrating the clear link to professional cooking. These activities include the mobile restaurant The Cube and the Electrolux Pavilion at the Cannes Film Festival. Read more at www.electrolux.com.



Electrolux Grand Cuisine

Electrolux Grand Cuisine was launched in London in September 2012. The launch received extensive media coverage across 17 countries with articles being published in The Times, Wall Street Journal, Financial Times and Wallpaper among others and prime time television slots on CNN, Sky News and CNBC.

Read more on page. ►► 46-47



GRAND CUISINE

BY ELECTROLUX PROFESSIONAL

Michelin star cooking at home

For more than 90 years, Electrolux has collaborated with the world's top chefs and more than half of all Michelin-star restaurants in Europe currently use Electrolux professional products.

For the first time, Electrolux is introducing these professional cooking products to the world's most exclusive homes. The ultra-luxury kitchen range Electrolux Grand Cuisine is the first home cooking system that gives the ultimate cooking performance its right name.

Electrolux Grand Cuisine cooking system comprises a range of eight cooking products. The system features a combination oven, blast chiller, gas, sear and induction hobs, customized ventilation and a stand mixer. It encompasses all available know-how and functions developed by the world-leading chefs together with Electrolux.

Electrolux Grand Cuisine is delivered, installed and experienced with five-star service including a star chef introduction dinner at home.

Electrolux Grand Cuisine was launched in London in September 2012. The range will gradually be launched in other major cities across the globe. The products, which are sold via consultants and architects, are tailored and adapted to individual needs and are designed to complement both ultra-modern and classically furnished exclusive homes.

The market for this exclusive cooking system is estimated at about 50,000 kitchens per year. In addition to enabling the company to grow in a new exclusive segment, the launch also aims to strengthen the position of the Electrolux brand in the global premium segment.

► www.grandcuisine.com



Innovation

Innovating for sustainable growth

Sustainability is central to the Group's business strategy. It is part of great business leadership to deliver business growth that is high-integrity, low-environmental impact and of high value to society.

The Electrolux sustainability strategy is to develop smarter, more accessible, resource-efficient solutions that meet people's needs and improve their lives. As a result of strong top-management commitment, integration of the sustainability strategy across the organization has been a main focus area. The strategy is now in its third year and targets three main areas:

- **Products, services and markets** – to sustainably provide resource-efficient products and services that are accessible to more people around the world.
- **People and operations** – to engage employees in continually improving operations for the safety of people and the good of the environment.
- **Stakeholders and society** – to build trust and connect with stakeholders across the value chain to achieve successful sustainability outcomes.

Sustainability leadership requires clear vision, strong organizational alignment and global commitment. In 2012 and for the sixth consecutive year, Electrolux was recognized as leader of its industry sector in the prestigious Dow Jones Sustainability World Index (DJSI). This positions the Group within the top 10% of the 2,500 largest companies for social and environmental performance.

Products, services and markets

The Group's most significant environmental impact is carbon dioxide emitted by consumers during product use. Improved product efficiency is therefore a core focus area. Sustainable innovation is among the top four priorities of the R&D program. From 2012, at least one-third of the product-development spend is sustainability-related – the majority invested in energy and water efficiency and design-for-recycling. Energy, water and chemicals reduction goals

have been set for all major product categories. To build consumer awareness of the value of efficient appliances, Electrolux will increase the focus on efficiency and other sustainability benefits in marketing messages globally.

Each business sector offers a green range of the most efficient products, and criteria are raised annually. The Group's ambition is for its products to occupy the number one or two position for fleet average efficiency in all consumer segments globally, with efficient products available to all consumers in all markets. In 2012, the Green Range represented 10% of products sold and 18% of gross profit.

A key challenge is to provide emerging middle classes with energy and cost-efficient appliances by scaling innovation more rapidly from premium to mass markets.

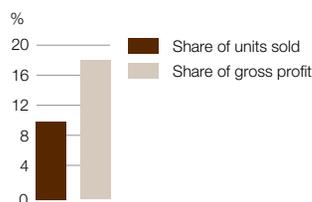
People and operations

The Group's guiding principles are expressed in the Electrolux Foundation: Respect and diversity, ethics and integrity, and safety and sustainability. Code of Conduct audits are conducted to verify that operations are managed accordingly. In 2013, Electrolux will update the Code of Conduct and launch a group-wide certification program for quality, environment and health and safety.

Electrolux is introducing the Purpose, a program to engage employees in sustainability objectives. It aims to build an understanding of the value Electrolux creates beyond financial and market objectives.

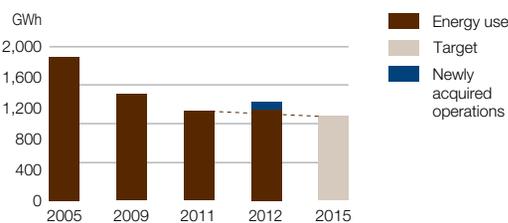
The focus on energy use continued. The Group achieved a six percent relative improvement in efficiency. In absolute terms, the result was a marginal increase in energy use, due to a rise in production volumes. A 2015, 15% relative reduction target was also defined. Completion of a human rights assessment that is in accordance with the UN Guiding Principles, has laid the groundwork for better

Global Green Range



Consumer products with the best environmental performance accounted for 10% of total units sold and 18% of gross profit.

Energy savings target 2015



In line with the 2015, 15% energy reduction target, Electrolux realized a 6% relative improvement in use, excluding newly-acquired operations.



understanding of the Group's human rights risk areas. Improvements were made in health and safety in the majority of Group factories.

In 2012, the Ethics Program, including training and a helpline operated by a third party, rolled out in seven European countries, and approximately 75% of Group employees now have access to confidential reporting helplines throughout Europe, North and Latin America. The helpline allows employees to report anonymously, without fear of exposure or retaliation.

Stakeholders and society

Electrolux endeavors to be a responsible, open and honest societal partner and build trust, partnership and engagement with stakeholders along the value chain. The company keeps track of trends and actively monitors issues of relevance to its industry and markets.

In 2012, to deepen its understanding of stakeholder expectations on human rights, Electrolux hosted a seminar on how to implement the UN Guiding Principles. Dialog will continue through involvement with UNICEF's network on children's rights and business principles, and the Swedish Network for Business and Human Rights. Learnings are to be shared and applied across the company.

As part of the company's responsible sourcing initiatives, a summit was held in Thailand to engage suppliers in the Group's sustainability strategy.

The new tumble-dryer Eco Care from Electrolux Inspiration Range is included as a Green Range product. The tumble-dryer reuses heat for maximum effect and stops automatically when clothes are dry, which is both more gentle on clothes and energy-smart.



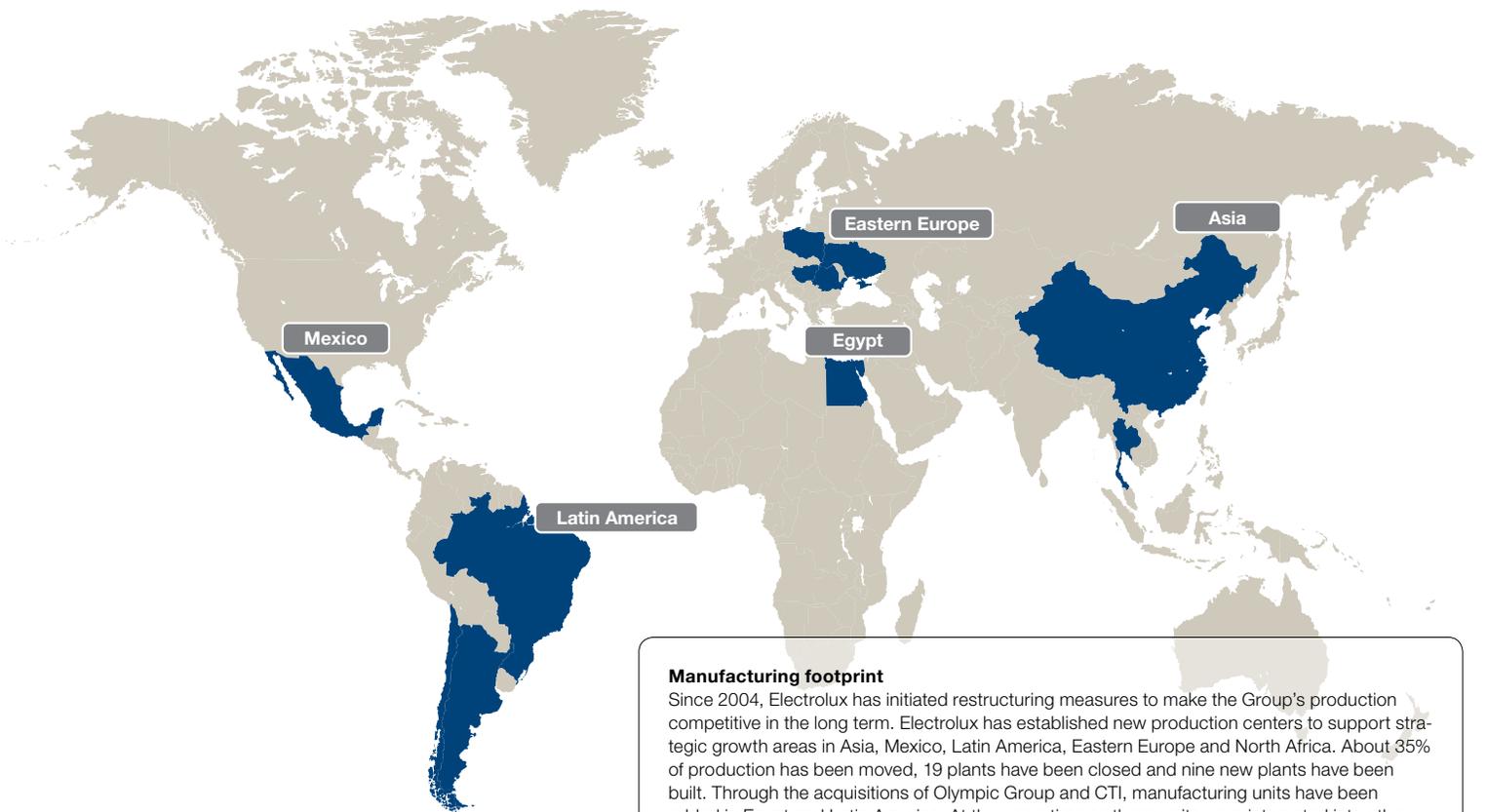
**Dow Jones
Sustainability Indexes**
Member 2012/13

For the sixth consecutive year, Electrolux was recognized as leader of its industry sector in the prestigious Dow Jones Sustainability World Index (DJSI). This positions the Group within the top 10% of the 2,500 largest companies for social and environmental performance.

Operational excellence

Efficient operations

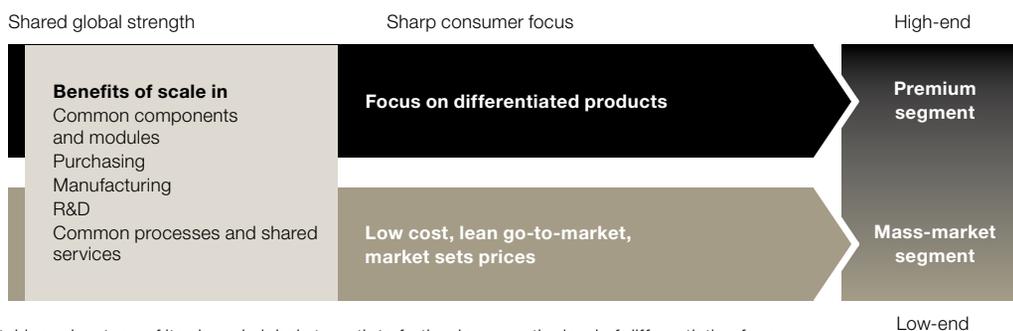
The Group's manufacturing footprint is continuously adapted and the operations are streamlined. Focus lies on the global optimization of production to release resources for investment in new product development, design and marketing. Reducing the amount of capital tied up in operations creates opportunities for rapid and profitable growth.



Manufacturing footprint

Since 2004, Electrolux has initiated restructuring measures to make the Group's production competitive in the long term. Electrolux has established new production centers to support strategic growth areas in Asia, Mexico, Latin America, Eastern Europe and North Africa. About 35% of production has been moved, 19 plants have been closed and nine new plants have been built. Through the acquisitions of Olympic Group and CTI, manufacturing units have been added in Egypt and Latin America. At the same time as these units were integrated into other operations, new measures were taken in the Group during the year in the area of manufacturing. In Europe, further measures were initiated to adapt the manufacturing footprint. In Memphis, Tennessee in the US, a new cooker plant is being built and production is being relocated from other plants in the region. The new refrigerator plant in Rayong, Thailand, which will satisfy the growing demand in Southeast Asia and China, was completed at the end of 2012.

Profitable growth in all segments



Electrolux is taking advantage of its shared global strength to further increase the level of differentiation for new launches in the premium segment and concurrently be able to profitably compete in the low-price segments.

Electrolux is continuing to improve operational excellence by adapting manufacturing capacity, reducing overhead costs and accelerating efforts to capitalize on the Group's global strength and scope. This will generate annual savings of at least SEK 5.3 billion, with full effect from 2016, of which SEK 1.6 billion refers to the manufacturing footprint program, SEK 0.7 billion to a reduction in overhead costs and SEK 3.0 billion to Global Operations. The total cost of the programs is estimated at SEK 5.1 billion, of which approximately SEK 2.5 billion has been charged to operating income. The resources that are no longer tied up in the programs will primarily be invested in the development of new products and increased marketing activities.

Global optimization

Of Electrolux manufacturing in high-cost areas (HCA), about 35% has been discontinued or moved since 2004, meaning that more than 60% of the Group's household appliances are currently manufactured in low-cost areas (LCA), a move that has both strengthened the competitiveness of Electrolux and increased its proximity to strategic growth areas. Production has been relocated primarily from Western Europe and the US to existing or new units in such countries as Thailand, Hungary, Poland and Mexico. Within a few years, more than 70% of manufacturing will take place in low-cost areas. The aim is to increase capacity utilization and optimize manufacturing throughout the world for the respective product categories. In addition to vacuum cleaners and small domestic appliances, conditions exist for global manufacturing of such products as small refrigerators, hoods, hobs, dishwashers and air-conditioning equipment.

Reduced complexity

Aside from continued adaptation of manufacturing, measures are being conducted to support the strategic growth by reducing product costs and lowering capital intensity. Activities are conducted to leverage the Group's global strength and breadth and, at an ever-increasing pace, utilize synergies, reduce complexity and optimize purchasing.

The initiative includes:

- Lower product costs by manufacturing fewer varieties, known as modularization.
- Greater share of procurement from low-cost areas.

- Reduced capital intensity through the introduction of shared systems and standards that enhance efficiency.
- Higher productivity through such activities as closer cooperation with sub-suppliers.
- Faster and more efficient processes for product development through global, cross-border units for product development, design and marketing.

In 2012, the initiatives continued to yield clear results. Modularization in various product groups accelerated and now covers 85% of all direct material costs for manufacturing of the Group's products. Furthermore, the lower degree of complexity in manufacturing facilitates a more rapid product-development process. Developing products based on global needs leads to greater efficiency not only in product development and marketing, but also in production, since fewer product platforms are required.

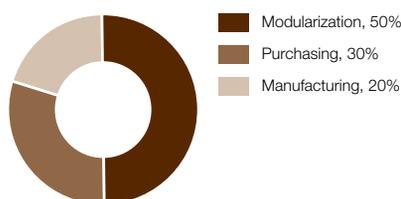
Continuous improvements

The Group already conducts several programs aimed at enhancing production efficiency. Since 2005, the Electrolux Manufacturing System (EMS) has been implemented with great success and encompasses all production units. The program focuses on continuous improvements in terms of product quality, costs, inventory reduction, employee safety and environmental impact.

Integrated acquisitions

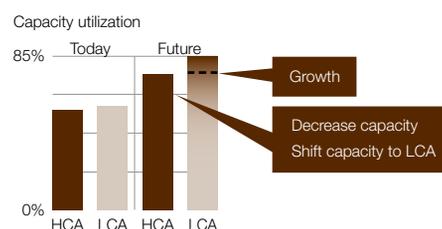
The appliance manufacturers Olympic Group and CTI, which were acquired in 2011, were successfully integrated into the Group and shared control systems and processes were introduced in production. During the year, Electrolux commenced production of new air-conditioning equipment under the Zanussi brand at one of Olympic Group's facilities in Egypt. CTI manufactures appliances and small domestic appliances in Chile and Argentina, and Electrolux intends to invest to increase production and distribution to continue the expansion of operations in Latin America.

Savings from Global Operations



Total savings from global operations within modularization, manufacturing and purchasing are expected at SEK 3 billion.

Need to increase capacity utilization



Electrolux aims to increase capacity utilization within manufacturing and move capacity to growth regions.

HCA = High cost areas
LCA = Low cost areas

People and leadership

Dedicated employees with an important purpose

Dedicated employees with diverse backgrounds play a crucial role in creating the innovative corporate culture necessary for Electrolux to achieve its vision. The introduction of a new leadership model puts Electrolux on the path to doing so by acknowledging that growth, innovation and operational excellence begin with people.

Electrolux has been infused with the spirit of innovation since its very start. The success of its founder Axel Wenner-Gren was built upon proximity to customers and the ability to identify new business opportunities before others. These success factors, combined with a strong set of values, form the core of the Group's operations today. Employee passion for innovation, consumer obsession and motivation to achieve results is what further sets Electrolux apart.

An important purpose

An innovative corporate culture, combined with dedicated employees from diverse backgrounds, provides Electrolux with the right foundation to develop successful products for consumers across the globe. The purpose of doing so is to make a positive, everyday difference in people's lives and for our planet. At the same time, it is also important to contribute to sustainable development for current and future generations in a world that is evolving at an increasingly rapid pace.

Managers with a business and people focus

Committed and strong managers play a decisive role in the successful execution of the Electrolux strategy. 2012 marked the implementation of a new leadership model that clearly states that leaders at Electrolux have the responsibility to be both business and people leaders. The model's elements are the basis by which leaders are evaluated and future leadership capabilities are grown. It has also been built in such a way that non-managers are able to incorporate the elements into their own ways of working.

The best appliance company in the world

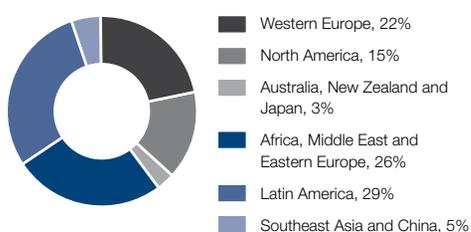
The Electrolux vision is to be the best appliance company in the world as measured by customers, employees and shareholders. One of the Group's key tools to gauge employee perception of the company is the Employee Engagement Survey (EES). The survey measures various aspects of leadership, teams, employee engagement and corporate culture. Results from the most recent survey in 2012 showed improvements in all areas compared with earlier surveys, particularly within leadership and team efficiency. Furthermore, a high number of employees continue to affirm they would recommend Electrolux to others as a place to work. Electrolux offers opportunities to pursue a career in a global company with a strong focus on quality, innovation, design and sustainability.

Strong values for sustainable operations

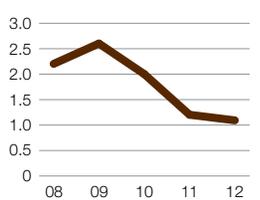
Wherever Electrolux operates in the world, the company applies the same high standards and principles of conduct. Respect, diversity, integrity, ethics, safety and sustainability – the elements that make up the Electrolux foundation – are taken into account by employees during their meetings with customers and colleagues around the globe. During 2012, an ethics-training program and the implementation of a whistleblowing system – the Electrolux Ethics Helpline – continued. The ethics-training program and the implementation of the whistleblowing system will continue throughout the Group during 2013.

Read more about working at Electrolux www.electrolux.com/careers.

Employees by geographic area 2012

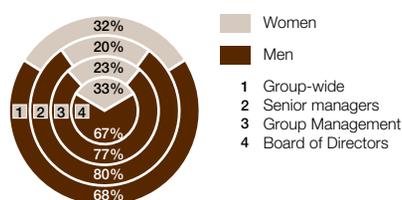


Injury rate¹⁾



1) Per 200,000 working hours.

Gender distribution 2012



An innovative corporate culture



iJam – unleashing the innovative force of employees

iJam, or Innovation Jam, a 72-hour online brainstorming session open to all Electrolux employees across the globe, was arranged in October 2012. The ambition was to identify new ideas that could help enhance the culinary experience when shopping for food, cooking, eating or entertaining, regardless of whether it is at home, when traveling or at a restaurant visit. The interest shown by employees

in the initiative was considerable. Over 7,000 employees participated and more than 3,500 ideas were submitted. The ten best entries, as voted for by employees, were subsequently evaluated by a jury comprising Electrolux CEO Keith McLoughlin, the heads of the Innovation Triangle and the heads of the business areas. The jury selected three of the ten ideas to advance to further development.

The Electrolux Awards – rewards for extraordinary performance

Through the Electrolux Awards, the Group aims to highlight and reward outstanding performances from employees who drive changes and achieve results in line with the Group's strategy and goals. A number of finalists are selected in each category who are given the opportunity to travel to the head office in Stockholm, Sweden, to participate in The Electrolux Award Day – a gala prize ceremony in which the winners receive their awards. The following

awards are presented at The Electrolux Award Day: Sustainability Award, Digital Marketing Excellence Award, 360 Marketing Excellence Award, Industrial Design Award, EMS Best Practice Award, Product Award, Invention Award, Customer Care Award and People Leadership Award.



Group policies

- Code of Ethics
- Workplace Code of Conduct
- Policy on Countering Corruption and Bribery
- Environmental Policy

Whistleblowing system

- Electrolux Ethics Helpline



Passion for Innovation Innovation is key to our success. We are constantly looking for new opportunities and new ways to go forward. We are always open to better ways of doing things. We are not afraid of taking risks. An innovation may be anything new and different that improves the customer experience or otherwise benefits the customer.



Customer Obsession The wants, wishes and views of our customers guide our every action. We are curious about our customers and continuously aim to learn more about them and their needs. We keep our promises to our customers and we capture insights about and anticipate our customers' future needs. We strive to create added value for customers in all aspects of our work, ultimately aiming to deliver the best customer experience.



Drive for Results We strive for a visible, measurable benefit from everything we do. We do not confuse effort with results, and value matters more to us than mere volume. We focus on the essential and aim at simple, informal, lean and direct ways of doing things.



A successful strategy Success stories

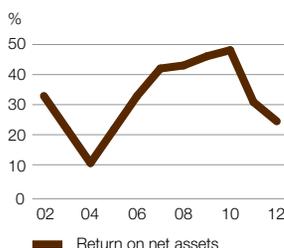
Electrolux has made a dynamic transformation into an innovative consumer-focused company and changed its operations around the world as described in the annual reports between 2006 and 2011. An important part of Electrolux strategy is to reduce tied up capital to free up resources for investments in new products. Read more about Electrolux working capital program on page 56–57.

2006

We have transformed the floor-care business

The market for floor-care products underwent rapid changes at the end of the 1990s. Severe competition and low profitability generated intensive pressure for change. This led to a vigorous transformation of the Group's operations, which thereafter have demonstrated highly favorable development. The return on net assets has been affected by the acquired company CTI 2011.

Return on net assets, Small Appliances

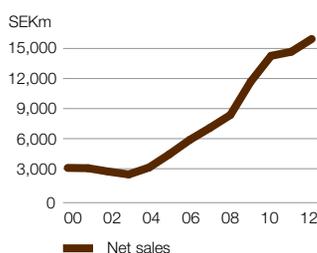


2007

Turnaround of the Brazilian operation

Electrolux entered the Brazilian appliances market in 1996 by acquiring Refripar, one of the largest appliance producers in the country. Refripar's products were positioned in the low-price segment, and the company had high production costs. Today, Electrolux is one of the leading appliance brands in Brazil, with a high rate of growth and favorable profitability.

Rapid growth in Brazil

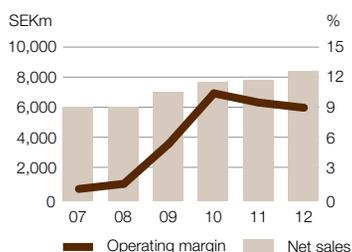


2008

Success in Australia

In Australia, the Group has turned around an unprofitable appliance business acquired in 2001 by focusing on new products in the high-price segments, building the Electrolux brand and by restructuring and improving production efficiency.

Net sales and operating margin, Major Appliances Asia/Pacific

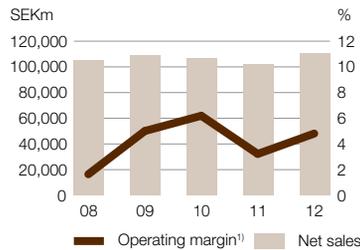


2009

On the right track through the recession

The performance of Electrolux during the recession proves the effectiveness of the strategy. Innovative products, investment in the Electrolux brand and a focus on strong cash flow and greater cost efficiency have paid off. Electrolux emerged stronger than ever from the recession.

Net sales and operating margin



1) Excluding items affecting comparability.

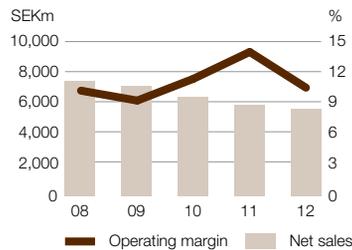


2010

Transformation of Professional Products

A high pace of innovation and improved cost efficiency, combined with a global premium brand and a global service network, generated a record-high operating margin for Professional Products.

Net sales and operating margin, Professional Products

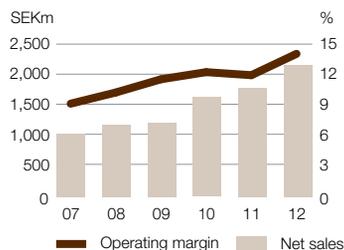


2011

Profitable and fast-growing operations in Southeast Asia

With a strong brand, products adapted to the specific needs of the region and effective marketing and distribution, Electrolux has grown rapidly with high profitability in Southeast Asia.

Net sales and operating margin, Southeast Asia



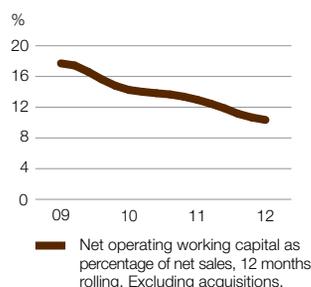
2012

Less capital for more growth

For several years, Electrolux has been working intensively to reduce tied-up capital in the Group. Read more on the next page.

►► 56–57

Net operating working capital



A successful strategy

Less capital for more growth

In recent years, Electrolux has worked intensively to reduce tied-up capital in the Group. In addition to Group-wide measures to streamline and optimize manufacturing, each business area is focusing on improving working capital to free up resources that can instead be invested in growth activities.

The Electrolux working capital program ...

Improving working capital is a prioritized area at Electrolux. The work is conducted in the form of a Group-wide program with a dedicated organization. Activities are ongoing in all parts of the Group to improve working capital in such areas as sales, marketing, procurement, manufacturing and administration. Furthermore, the Group's remuneration model for managers has clear targets linked to capital efficiency. The program to improve working capital focuses on efficiency-enhancement measures in primarily four areas:

- Trade receivables – invoicing process, payment terms and handling of overdue receivables
- Accounts payable – payment terms, invoice processing and payment routines
- Inventory – optimization of inventory levels, review of product range, process improvements within operations and sales organization
- Procurement – enhance synergies and coordination between units

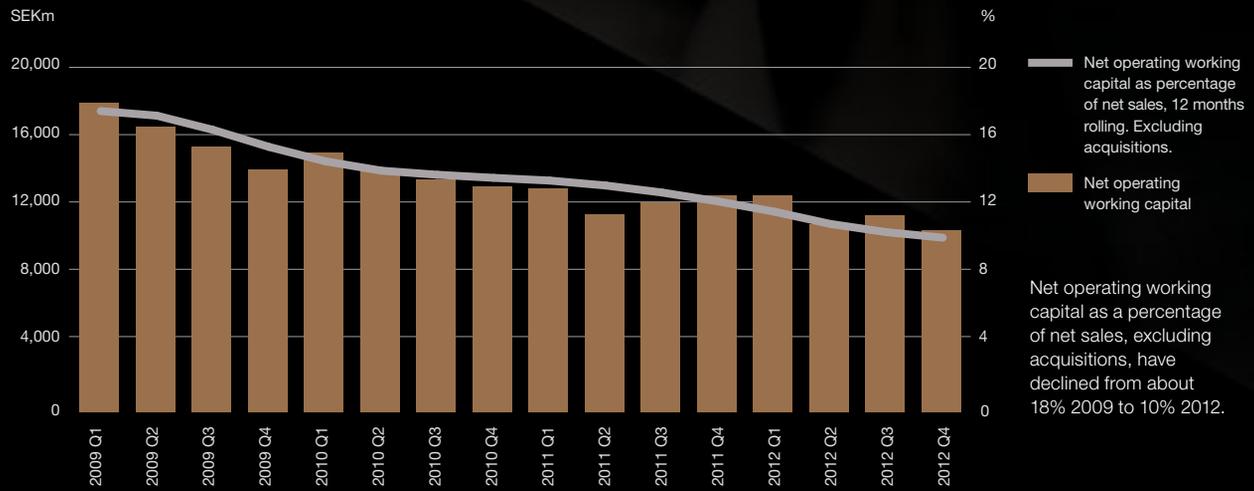
... has yielded clear results ...

The working capital program has generated increased profitability through higher efficiency and reduced complexity in operations. Inventory levels have been optimized and processes for administration of invoices and accounts payable ledger have been improved. The program has also yielded an increase in the capital turnover rate excluding acquisitions, and increased the employees' understanding of the business, resulting in more reliable sales forecasts and an improvement in the service level to retailers.

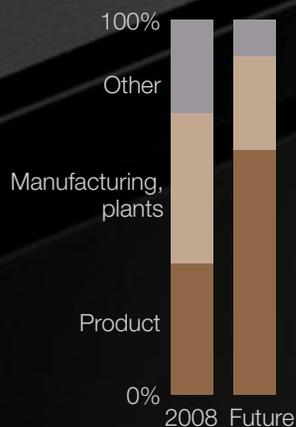
... and freed up resources for investments in new products ...

A reduction in the structural working capital – the portion that is not impacted by the global economy – combined with higher margins has strengthened cash flow and thus also the balance sheet. This has created more resources for investments in growth-promoting activities. In 2012, Electrolux investments in product development and marketing accounted for 1.9% and 1.7%, respectively, of sales. It will be possible to increase this share further in the years ahead.

Net operating working capital



Structural change of capital expenditure



Going forward, capital expenditure will structurally change and be more related to development of new products.

... but continued discipline will be required in better times.

As sales increase, it will be necessary to have an even stronger focus on limiting the capital intensity. The global initiatives taken by Electrolux to enhance synergies and leverage economies of scale will facilitate this work.



Management of Electrolux

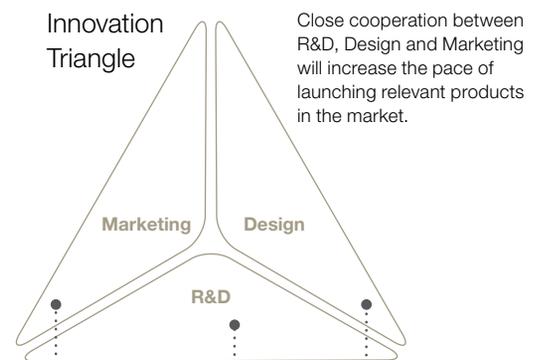
Electrolux Group Management, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group's strategy.

Electrolux Group Management represents six different nationalities and ten of its thirteen members have worked on at least two continents. Furthermore, all have previous experience of predominantly multinational consumer goods companies in various sectors. A dynamic management team with in-depth knowledge of the conditions in the various markets is crucial to drive profitable growth.

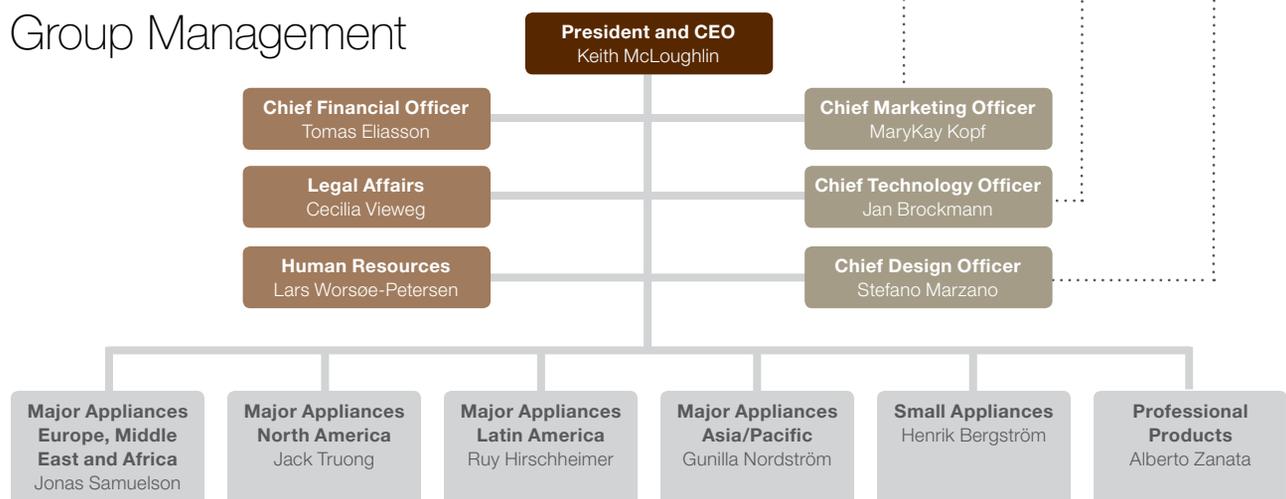
In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize

purchasing. In 2011, Group Management was reinforced through the introduction of the Innovation Triangle – a formal structure for collaboration throughout the product-development process between the R&D, design and marketing functions.

Dedicated employees who work together play a crucial role in creating the corporate culture necessary for Electrolux to achieve its vision of becoming the best appliance company in the world as measured by customers, employees and shareholders. Leadership at Electrolux in all markets is distinguished by Passion for Innovation, Customer Obsession and Drive for Results. Read more about Electrolux values on page 52.



Group Management



Group Management



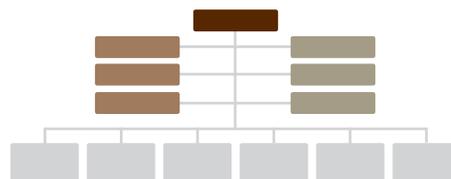
Keith McLoughlin

 **President and Chief Executive Officer**

Born 1956. B.S. Eng. In Group Management since 2003. Senior management positions within DuPont in USA, 1981–2003. Vice President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Head of Electrolux Major Appliances North America and Executive Vice President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004–2007. Chief Operations Officer Major Appliances, 2009–2010. President and Chief Executive Officer of AB Electrolux, 2011.

Board member of Briggs & Stratton Corporation.

Holdings in AB Electrolux: 90,958 B-shares.



Tomas Eliasson

 **Chief Financial Officer, Senior Vice President**

Born 1962. B. Sc. in Business Administration and Economics. In Group Management since 2012. Management positions within ABB Group, 1987–2002. Chief Financial Officer of Seco Tools AB, 2002–2006. Chief Financial Officer of ASSA

ABLOY AB, 2006–2012. Chief Financial Officer of AB Electrolux, 2012.

Holdings in AB Electrolux: 1,565 B-shares.

MaryKay Kopf

 **Chief Marketing Officer, Senior Vice President**

Born 1965. B.S. Finance, M.B.A. In Group Management since 2011. Senior management positions within DuPont in North America, Europe, Middle East and Africa, and globally, 1991–2003. Vice President Brand Marketing, Electrolux Major Appliances North America, 2003. Group Chief Marketing Officer, 2011.

Holdings in AB Electrolux: 11,706 B-shares.



Cecilia Vieweg

 **General Counsel, Senior Vice President**

Born 1955. B. of Law. In Group Management since 1999. Attorney of Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner of

Wahlin Advokatbyrå, 1998. Senior Vice President and General Counsel of AB Electrolux, 1999, with the responsibility for legal, intellectual property, risk management and security matters.

Board Member of Vattenfall AB, The Association of Swedish Engineering Industries and member of the Swedish Securities Council.

Holdings in AB Electrolux: 24,912 B-shares.

Jan Brockmann

 **Chief Technology Officer, Senior Vice President**

Born 1966. M. Sc. in Mechanical Engineering, M.B.A. In Group Management since 2011. Management positions within Valeo Group, 1994–1999. Project Manager in Roland Berger Strategy Consultants GmbH, 2000–2001. Senior management positions within Volkswagen Group, 2001–2010. Head of R&D, Electrolux Major Appliances, 2010. Group Chief Technology Officer, 2011.

Holdings in AB Electrolux: 2,437 B-shares.



Lars Worsø-Petersen

 **Head of Human Resources and Organizational Development, Senior Vice President**

Born 1958. M.Econ. In Group Management since 2011. Head of Human Resources Electrolux in Denmark, 1994. Vice President Human Resources within Electrolux Major Appliances Europe, 1999–2000. Head of Electrolux Holding A/S in Denmark, 2000–2002. Head of Human Resources for Electrolux Major Appliances North America, 2002–2005. Head of Group Staff Human Resources at Husqvarna AB, 2005–2011. Rejoined Electrolux as Head of Group Staff Human Resources and Organizational Development, 2011.

Holdings in AB Electrolux: 1,565 B-shares.

Stefano Marzano

 **Chief Design Officer, Senior Vice President**

Born 1950. Doctorate in architecture. In Group Management since 2012. Senior management positions within design within Philips, 1978–1991. Executive Vice President and Chief Design Officer, Philips, 1991–2011. Group Chief Design Officer of AB Electrolux, 2012. Honorary doctorates in design from the University of Roma – La Sapienza and the Hong Kong Polytechnic University. Founding Dean of THINK at The Amsterdam School of Creative Leadership, 2011. Various academic positions within design, 1982–2011.

Holdings in AB Electrolux: 1,565 B-shares.



Heads of Business Areas



Jonas Samuelson

 **Head of Major Appliances Europe, Middle East and Africa, Executive Vice President**

Born 1968. M. Sc. in Business Administration and Economics. In Group Management since 2008. Business development and finance positions within General Motors in USA, 1996–1999. Treasurer

and Director of Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Chief Financial Officer of AB Electrolux, 2008–2011 as well as Chief Operations Officer and Head of Global Operations Major Appliances during 2011. Head of Major Appliances Europe, Middle East and Africa and Executive Vice President of AB Electrolux, 2011.

Board member of Polygon AB.

Holdings in AB Electrolux: 12,057 B-shares.

Jack Truong

 **Head of Major Appliances North America, Executive Vice President**

Born 1962. Ph.D. Chem. Eng. In Group Management since 2011. Research & Development and Business Management positions within 3M in USA, 1989–1997. Managing Director, 3M Home Care Business, Europe, Middle East and North

Africa, 1997–2001. Managing Director of 3M Thailand Ltd., 2001–2003. Vice President and General Manager of 3M Global Office Supplies Division, 2003–2009. Vice President and General Manager of 3M Global Construction and Home Improvement Division, 2009–2011. Head of Electrolux Major Appliances North America and Executive Vice President of AB Electrolux, 2011.

Holdings in AB Electrolux: 1,417 B-shares.



Ruy Hirschheimer

 **Head of Major Appliances Latin America, Executive Vice President**

Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008. Executive Vice President of Alcoa Aluminum in Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge

Foods, 1994–1997. Senior Vice President of Bunge International Ltd. in USA, 1997–1998. Head of Electrolux Brazilian Major Appliances operations, 1998. Head of Electrolux Major Appliances Latin America, 2002. Executive Vice President of AB Electrolux, 2008.

Holdings in AB Electrolux: 51,507 B-shares.

Gunilla Nordström

 **Head of Major Appliances Asia/Pacific, Executive Vice President**

Born 1959. M. Sc. In Group Management since 2007. Senior management positions within Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice President of Sony Ericsson Mobile Communications AB, 2005–2007. Head of Electrolux Major Appliances Asia/Pacific and Executive Vice President of AB Electrolux, 2007.

Board member of Atlas Copco AB and Wärtsilä Corporation.

Holdings in AB Electrolux: 27,953 B-shares.



Henrik Bergström

 **Head of Small Appliances, Executive Vice President**

Born 1972. M. Sc. in Business Administration and Economics. In Group Management since 2010. Business Development and General Management positions within Electrolux Major Appliances Latin America, 1997–2002. Managing Director of

Electrolux in Latin America and Caribbean, 2002–2008. Vice President and General Manager of three business areas in Electrolux Major Appliances North America, 2008–2010. Head of Electrolux Asia Sourcing Operations, 2009–2010. Head of Small Appliances and Executive Vice President of AB Electrolux, 2010.

Holdings in AB Electrolux: 8,093 B-shares.

Alberto Zanata

 **Head of Professional Products, Executive Vice President**

Born 1960. University degree in Electrical Engineering with Business Administration. In Group Management since 2009. Senior management positions in Electrolux Professional Products within factory management, marketing, product management and business development, 1989–2002. Head of Professional Products in North America, 2003–2008. Head of Professional Products and Executive Vice President of AB Electrolux, 2009.

Holdings in AB Electrolux: 23,612 B-shares.



New members in Group Management

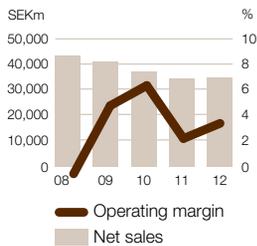
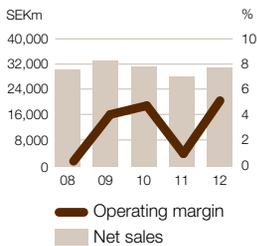
Tomas Eliasson joined Electrolux in February 2012 as Chief Financial Officer.

Stefano Marzano joined Electrolux as Chief Design Officer in January 2012.

Holdings in AB Electrolux as of December 31, 2012. The information is regularly updated at www.electrolux.com/group-management

Business areas in brief

The business areas of Electrolux are presented on the following pages. Read more about Electrolux achievements during 2012 and the business area heads' top priorities in their markets going forward.

<p>Major Appliances Europe, Middle East and Africa</p>  <p>Jonas Samuelson Head of Major Appliances Europe, Middle East and Africa</p> <p>Key achievements 2012</p> <ul style="list-style-type: none"> • Comprehensive launches of new products • Regained market shares • Improved efficiency, established Stockholm as the new headquarters <p>Top priorities going forward</p> <ul style="list-style-type: none"> • Improve product mix and price management • Grow value market shares • Increase production competitiveness 	<p>Major Appliances North America</p>  <p>Jack Truong Head of Major Appliances North America</p> <p>Key achievements 2012</p> <ul style="list-style-type: none"> • Increased sales via effective promotional and marketing programs • Positive price and mix development • Gained Home Depot as a new customer <p>Top priorities going forward</p> <ul style="list-style-type: none"> • Mix improvements • Continue to increase consumer demand via effective promotional and marketing programs • Start up the new cooker plant in Memphis, Tennessee in the US
<p>Electrolux markets, market share and average number of employees 2012</p>  <p>👤 24,479</p> <p>Market share: Core Appliances 17% in Western Europe Core Appliances 13% in Eastern Europe A leading position in markets in North Africa and the Middle East</p>	 <p>👤 11,319</p> <p>Market share: Major Appliances 22%</p>
<p>Market demand for 2012 compared to 2011</p> <p>Core Appliances: Western Europe ↘ Eastern Europe ↗ Egypt ↘</p>	<p>Core Appliances: North America ↘</p>
<p>Share of net sales and share of operating income 2012</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Share of sales</p>  <p>31%</p> </div> <div style="text-align: center;"> <p>Share of operating income</p>  <p>22%</p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Share of sales</p>  <p>28%</p> </div> <div style="text-align: center;"> <p>Share of operating income</p>  <p>30%</p> </div> </div>
<p>Net sales and operating margin</p> 	

Major Appliances
Latin America



Ruy Hirschheimer
Head of Major Appliances
Latin America

Key achievements 2012

- New product launches
- Growth in Brazil and other markets, such as Argentina, Chile and Mexico
- Integration of the acquired company CTI in Chile

Top priorities going forward

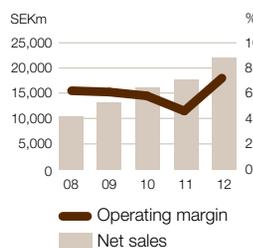
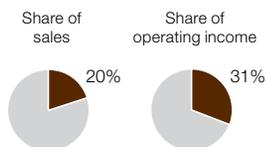
- Expand product offering
- Continue to grow in Brazil
- Strengthen the position in other markets in Latin America



13,812

Electrolux has a leading position in Brazil and the number one position in Chile and a leading position in Argentina

Core Appliances:
Latin America 🚩



Major Appliances
Asia/Pacific



Gunilla Nordström
Head of Major Appliances
Asia/Pacific

Key achievements 2012

- Good growth in Southeast Asia and China with increased profitability
- Built a new plant for refrigerators in Thailand and developed a new range of refrigerators
- Defended the leading positions in Australia and New Zealand in a weak market

Top priorities going forward

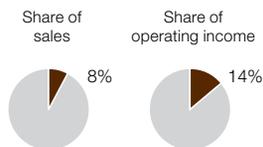
- Accelerate profitable growth in Asia
- Strengthen our leadership position in Australia
- Successful launches of new innovative products in China



3,313

Market share:
Core appliances **39%** in Australia. Small but growing market share in Southeast Asia

Major Appliances:
Australia 🇺🇸
Southeast Asia 🚩



Small Appliances



Henrik Bergström
Head of Small Appliances

Key achievements 2012

- Strong growth for small domestic appliances and instant clean business
- Strong growth in growth markets
- Significant cash-flow improvement

Top priorities going forward

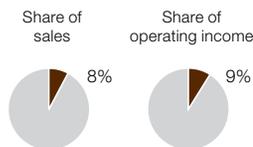
- New floor-care product launches to strengthen business in Europe and North America
- Expand in growth markets
- Grow in small domestic appliances



2,737

Leading position in markets such as Latin America, Europe and North America

Vacuum cleaners:
North America 🇺🇸
Europe 🚩



Professional Products



Alberto Zanata
Head of Professional Products

Key achievements 2012

- Effective price management in weak markets
- Launch of Electrolux Grand Cuisine, an ultra-luxury kitchen range for home use
- New businesses in restaurant chains

Top priorities going forward

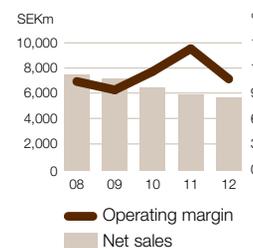
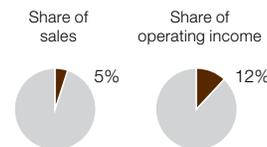
- Grow in growth markets and in new segments
- Expand in the restaurant chain business
- Invest in product innovation



2,581

Market share:
Food service **8%** in Western Europe
Laundry **21%** in Western Europe

Professional Products:
Europe 🇺🇸



Board of Directors and Auditors



Marcus Wallenberg

 **Chairman**
Born 1956. B. Sc. of Foreign Service. Elected 2005. Member of the Electrolux Remuneration Committee.

Board Chairman of LKAB, SEB (Skandinaviska Enskilda Banken AB) and Saab AB. Board member of Investor AB, AstraZeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. **Previous positions:** President and CEO of Investor AB, 1999–2005. Executive Vice President of Investor AB, 1993–1999. **Holdings** in AB Electrolux: 5,000 B-shares. Through company: 50,000 B-shares. Related party: 500 B-shares, 11,777 synthetic shares¹⁾.



Ronnie Leten

 **Deputy Chairman**
Born 1956. M.Sc. Applied Econ. Elected 2012. President and CEO of Atlas Copco AB since 2009.

Previous positions: Various leading positions within the Atlas Copco Group, 1997–2009 and 1985–1995. Plant Manager of Tenneco Automotive Inc, Belgium, 1995–1997. Various positions within General Biscuits, 1979–1985. **Holdings** in AB Electrolux: 3,000 B-shares.



Lorna Davis

 Born 1959. Bachelor of Social Science and Psychology. Elected 2010. Member of the Electrolux Remuneration Committee. Senior Vice Presi-

dent and Global Biscuits Category Head within Mondelez International (previously part of Kraft Foods) since 2011. **Previous positions:** President of Kraft Foods China, 2007–2011. Senior positions within Danone in China, the UK and New Zealand, 1997–2007. Various positions in consumer goods in Australia and South Africa. **Holdings** in AB Electrolux: 2,000 B-shares, 1,392 synthetic shares¹⁾.



Hasse Johansson

 Born 1949. M. Sc. in Electrical Engineering. Elected 2008. Member of the Electrolux Audit Committee.

Board Chairman of Dynamate Industrial Services AB, Lindholmen Science Park AB, Alelion Batteries AB and VINNOVA (Swedish Governmental Agency for Innovation Systems). Board member of Fouriertransform AB, Skyllbergs Bruk AB, Calix Group AB, Klippan Group AB and LeanNova AB. **Previous positions:** Executive Vice President and Head of R&D of Scania CV AB, 2001–2009. Founder of Mecel AB (part of Delphi Corporation). Senior management positions within Delphi Corporation, 1990–2001. **Holdings** in AB Electrolux: 4,000 B-shares, 6,992 synthetic shares¹⁾.



Keith McLoughlin

 Born 1956. B.S. Eng. Elected 2011. President and CEO of AB Electrolux.

Board member of Briggs & Stratton Corporation. **Previous positions:** Senior positions within Electrolux: Head of Major Appliances North America and Executive Vice President of AB Electrolux, 2003, also Head of Major Appliances Latin America, 2004–2007, and Chief Operations Officer Major Appliances, 2009–2010. Senior management positions within DuPont, USA, 1981–2003. **Holdings** in AB Electrolux: 90,958 B-shares.



Fredrik Persson

 Born 1968. M.Sc. Econ. Elected 2012. Member of the Electrolux Audit Committee. President and CEO of Axel Johnson AB since 2007.

Board Chairman of Axfood AB, Svensk Bevakningstjänst AB, Axstores AB and Mekonomen AB. Deputy Chairman of Martin & Servera AB and the Swedish Trade Federation. Board member of several companies within the Axel Johnson Group, the Confederation of Swedish Enterprise and Lancelot Holding AB. **Previous positions:** Executive Vice President and Chief Financial Officer of Axel Johnson AB, 2000–2007. Head of Research of Aros Securities AB, 1998–2000. Various positions within ABB Financial Services AB, 1992–1998. **Holdings** in AB Electrolux: 2,000 B-shares.



Ulrika Saxon

 Born 1966. Studies in Economics at the Stockholm School of Economics. Elected 2011. CEO and President of Bonnier Growth Media

since 2012 and member of Bonnier AB group management. **Board Chairman** of Bonnier Tidskrifter, Svensk Filmindustri, SF Bio, Bonnier Publications in Denmark, Bonnier International Magazines and Mag+. Board member of several companies within the Bonnier Group, among others, Dagens Nyheter, TV4 and MTV Media in Finland. **Previous positions:** Senior positions in various companies within the Bonnier Group since 1998, CEO of Bonnier Tidskrifter 2005–2012, Executive Vice President in Matsgård Media 1991–1998. **Holdings** in AB Electrolux: 1,000 B-shares.



Torben Ballegaard Sørensen

 Born 1951. M.B.A. Elected 2007. Chairman of the Electrolux Audit Committee. **Board member** of

Egmont Fonden, LEGO A/S, Pandora Holding A/S, Systematic Software Engineering A/S, Tajco A/S, AS3-Companies A/S, CAT Science Park A/S and Liquid Vanity ApS. **Previous positions:** President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice President of LEGO A/S, 1996–2001. President of Computer Composition International, CCI-Europe, 1988–1996. Chief Financial Officer of Aarhus Stiftsbogtrykkerie, 1981–1988. **Holdings** in AB Electrolux: 5,000 B-shares, 2,800 synthetic shares¹⁾.



Barbara Milian Thoralfsson

 Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee. Director of Fleming

Invest AS, Norway, since 2005. **Board member** of SCA AB, Telenor ASA, Orkla ASA, Fleming Invest AS and related companies. **Previous positions:** President and CEO of TeliaSonera Norway, 2001–2005. President and CEO of Midelfart & Co, 1995–2001. Senior positions within marketing and sales, 1988–1995. **Holdings** in AB Electrolux: 0 shares.

Committees of the Board of Directors

The Remuneration Committee

The Remuneration Committee comprises three Board members: Barbara Milian Thoralfsson (Chairman), Marcus Wallenberg and Lorna Davis.

The Audit Committee

The Audit Committee is comprised of three Board members: Torben Ballegaard Sørensen (Chairman), Fredrik Persson and Hasse Johansson.

Employee representatives

Members



Ola Bertilsson

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006. **Holdings** in AB Electrolux: 0 shares.



Gunilla Brandt

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006. **Holdings** in AB Electrolux: 0 shares.



Ulf Carlsson

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001. **Holdings** in AB Electrolux: 0 shares.

Deputy members



Gerd Almlöf

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007. **Holdings** in AB Electrolux: 0 shares.



Bo Rothzén

Born 1963. Representative of the Swedish Confederation of Trade Unions. Elected 2012. **Holdings** in AB Electrolux: 0 shares.



Viveca Brinkenfeldt Lever

Born 1960. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2010. **Holdings** in AB Electrolux: 0 shares.

Secretary of the Board

Cecilia Vieweg

Born 1955. B. of Law. General Counsel of AB Electrolux. Secretary of the Electrolux Board since 1999. **Holdings** in AB Electrolux: 24,912 B-shares.

Auditors

Anders Lundin

PricewaterhouseCoopers AB
Born 1956. Authorized Public Accountant. Partner in Charge. **Other audit assignments:** AarhusKarlshamn AB, Husqvarna AB, Melker Schör-ling AB, SCA AB and TeliaSonera AB. **Holdings** in AB Electrolux: 0 shares.

Björn Irlé

PricewaterhouseCoopers AB
Born 1965. Authorized Public Accountant. **Holdings** in AB Electrolux: 0 shares.

At the Annual General Meeting in 2010, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2014.

1) The AGM in 2008, 2009 and 2010 decided that a part of the fees to the Board of Directors should be payable in synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the stock-market value of a Class B-share in Electrolux at the time of payment. For additional information regarding synthetic shares, see Note 27.

Changes in Board of Directors

Peggy Bruzelius and John S. Lupo declined re-election to the Board and Ronnie Leten and Fredrik Persson were appointed new Board members at the AGM in March 2012.

Holdings in AB Electrolux as of December 31, 2012. The information is regularly updated at www.electrolux.com/board-of-directors.

The Electrolux share

The performance of the Electrolux share price was strong in 2012 while expectations were high. Strong organic growth and a healthy operating income despite challenging market conditions resulted in strong share-price appreciation during the year, generating a total return of 63%.

2012 was a strong year for the Electrolux share resulting in a share-price increase of 55%, while the broader Swedish market index, Affärsvärlden General Index, increased by 12% over the same period. The strong price performance was closely linked to consecutive quarters with healthy earnings that met the market expectations of continued growth, profitability and cash-flow generation.

In the second quarter of 2012, Electrolux posted organic growth of 5.8% and gained market share. In the third quarter, the Group was able to maintain growth above its communicated target and deliver an operating margin of 5.4% as a result of improved prices

and product launches. These factors contributed to the momentum of the share. The relative performance of Electrolux to the Swedish market index was strong during the year.

Total return

The opening price for the Electrolux B shares in 2012 was SEK 109.70. The lowest closing price was SEK 111.50 on January 9. The highest closing price was SEK 179.00 on December 18. The closing price for the B share at year-end 2012 was SEK 170.50, which was 55% higher than at year-end 2011.

Total shareholder return during the year was 62.7%. Over the past ten years, the average total return on an investment in Electrolux shares has been 15.1% annually. The corresponding figure for the SIX Return Index was 12.6%.

Share volatility

Over the past three years, the Electrolux share has shown a volatility of 35.7% (daily values), compared with an average volatility of 22.5% for Nasdaq OMX Stockholm. The beta value of the Electrolux B shares over the past five years is 1.16. A beta value of more than 1 indicates that the share's sensitivity to market fluctuations is above average.

Data per share

	2012	2011	2010	2009	2008	2007 ⁹⁾	2006 ⁹⁾	2005	2004	2003
Year-end trading price, B shares, SEK ¹⁾	170.50	109.70	191.00	167.50	66.75	108.50	116.90	89.50	65.90	67.60
Year-end trading price, B shares, SEK	170.50	109.70	191.00	167.50	66.75	108.50	137.00	206.50	152.00	158.00
Highest trading price, B shares, SEK	179.00	195.60	194.70	184.10	106.00	190.00	119.00	90.50	174.50	191.00
Lowest trading price, B shares, SEK	111.50	95.30	142.50	57.50	53.50	102.00	78.50	62.00	125.50	125.50
Change in price during the year, %	55	-43	14	151	-38	-7	31 ⁹⁾	36	-4	15
Equity per share, SEK	69	73	72	66	58	57	47	88	81	89
Trading price/equity, %	246	151	264	253	116	191	247 ¹⁾	234	187	178
Dividend, SEK	6.50 ²⁾	6.50	6.50	4.00	0	4.25	4.00	7.50	7.00	6.50
Dividend as % of net income ^{3) 4)}	53	86	39	29	0	36	37	47	46	39
Dividend yield, % ⁵⁾	3.8	5.9	3.4	2.4	0	3.9	3.4 ¹⁾	3.6	4.6	4.1
Earnings per share, SEK	9.08	7.25	14.04	9.18	1.29	10.41	9.17	6.05	10.92	15.25
Earnings per share, SEK ⁴⁾	12.18	7.55	16.65	13.56	2.32	11.66	10.89	15.82	15.24	16.73
Cash flow, SEK ⁶⁾	25.01	18.97	26.98	29.16	4.22	4.54	7.53	2.45	10.81	9.15
EBIT multiple ⁷⁾	14.1	13.4	10.8	12.8	19.8	7.9	8.0 ¹⁾	16.1	9.5	6.8
EBIT multiple ^{8) 7)}	11.3	12.8	9.1	9.1	15.2	7.3	7.1 ¹⁾	9.1	6.7	6.3
P/E ratio ⁸⁾	18.8	15.1	13.6	18.2	51.7	10.4	12.7 ¹⁾	34.1	13.9	10.4
P/E ratio ^{4) 8)}	14.0	14.5	11.5	12.4	28.8	9.3	10.7 ¹⁾	13.1	10.0	9.4
Number of shareholders	51,800	58,800	57,200	52,000	52,600	52,700	59,500	60,900	63,800	60,400

1) Adjusted for distribution of Husqvarna in June 2006, and for redemption in January 2007.

2) Proposed by the Board.

3) Dividend as percentage of income for the period.

4) Excluding items affecting comparability.

5) Dividend per share divided by trading price at year-end.

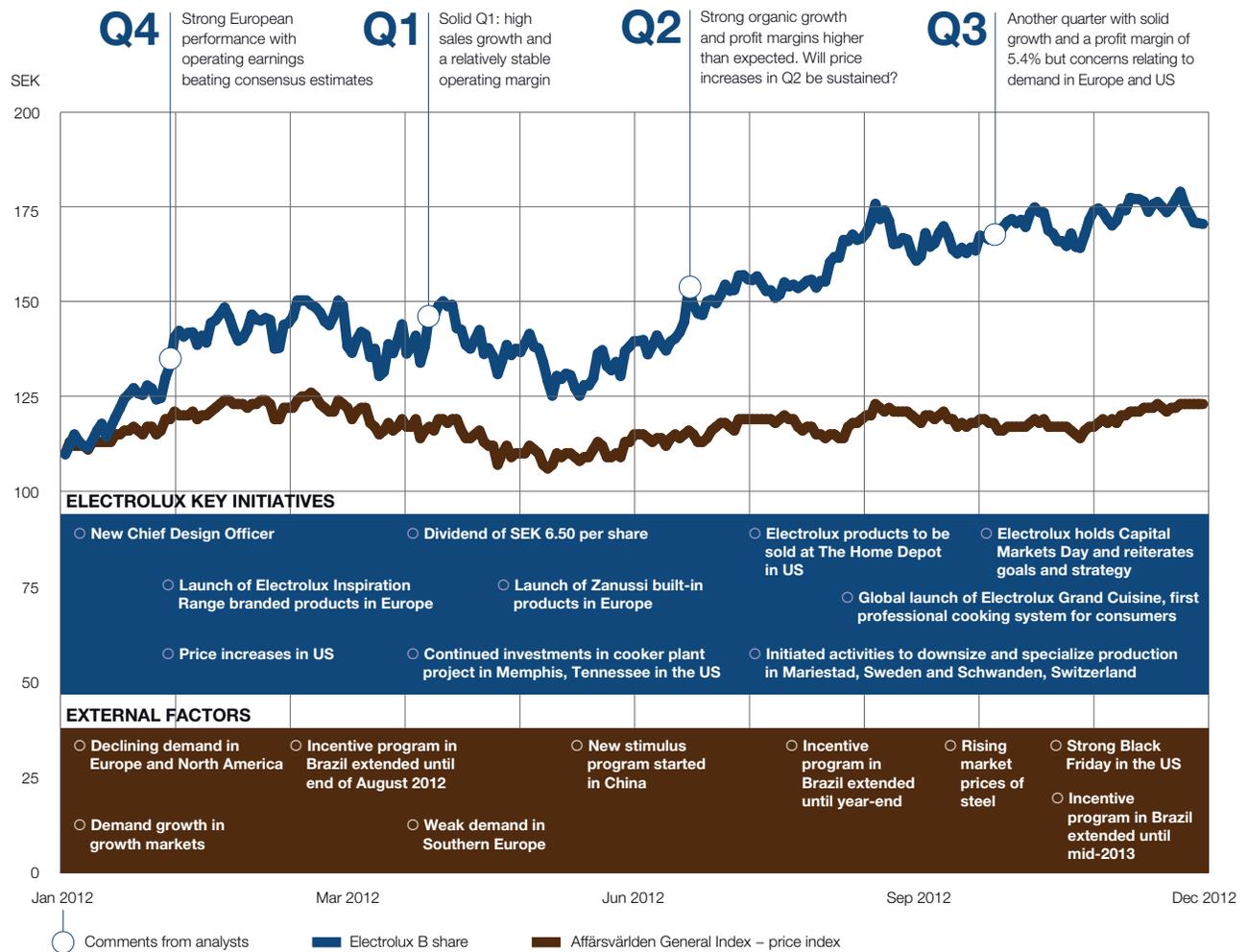
6) Cash flow from operations less capital expenditures, divided by the average number of shares after buy-backs.

7) Market capitalization, plus net borrowings and non-controlling interests, divided by operating income.

8) Trading price in relation to earnings per share.

9) Continuing operations.

Performance of the Electrolux share during the year



Recommendations from analysts

	After Q4 2011	After Q1 2012	After Q2 2012	After Q3 2012
Buy	40%	38%	42%	24%
Hold	50%	50%	42%	62%
Sell	10%	12%	17%	14%

The performance of the Electrolux share price was strong in 2012 and expectations were high. High organic growth, solid earnings and cash-flow generation despite uncertain market development resulted in significant increase in the share price relative the Swedish market index during the year.

> The Electrolux share

The Electrolux share is listed on Nasdaq OMX Stockholm. The market capitalization of Electrolux at year-end 2012 was approximately SEK 53 billion (34), which corresponded to 1.4% (1.0) of the total value of Nasdaq OMX Stockholm. The company's outstanding shares are divided into A shares and B shares. A shares entitle the holder to one vote while B shares entitle the holder to 1/10 of a vote.

Dividend

The Board of Directors proposes a dividend for 2012 of SEK 6.50 per share, equivalent to a total dividend payment of approximately SEK 1,860m. The proposed dividend corresponds to approximately 55% of income for the period, excluding items affecting comparability. Based on the share price of Electrolux B shares at the end of 2012, the dividend yield for 2012 amounted to 3.8%.

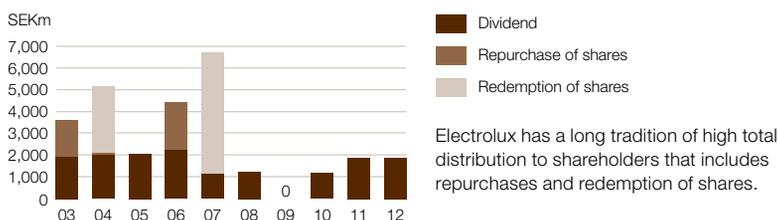
The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability. For a number of years, the dividend level has been considerably higher than 30%.

Share data

Share listing ¹⁾	Stockholm
Number of shares	308,920,308
of which A shares ²⁾	8,212,725
of which B shares ²⁾	300,707,583
Number of votes	38,283,483
Number of shares after repurchase	286,134,818
Quota value	SEK 5
Market capitalization at December 31, 2012	SEK 53 billion
GICS code ³⁾	25201040
Ticker codes	Reuters ELUXb.ST Bloomberg ELUXB SS

- 1) Trading in Electrolux ADRs was transferred from Nasdaq to the US Over-the-Counter market as of March 31, 2005. One ADR corresponds to two B shares.
- 2) In 2012, no shareholder has requested conversion of shares.
- 3) MSCI's Global Industry Classification Standard (used for securities).

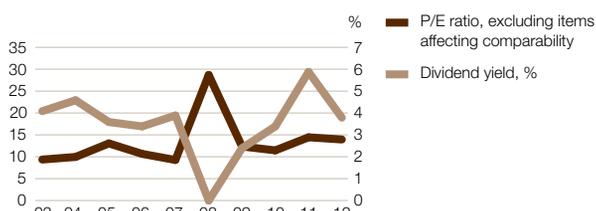
Total distribution to shareholders



Total return of Electrolux B shares and trading volume on Nasdaq OMX Stockholm, 2008–2012



P/E ratio and dividend yield



At year-end 2012, the P/E ratio for Electrolux B shares was 14.0 excluding items affecting comparability. The dividend yield was 3.8% based on the Board's proposal for a dividend of SEK 6.50 per share for 2012.

Ownership structure

The majority of the total share capital as of December 31, 2012, was owned by Swedish institutions, mutual funds and private investors amounting to 59%. During the year, the proportion of the capital held by foreign owners increased and amounted to approximately 41% (24%) at the end of the year. The volume of shares traded by foreign owners has a significant effect on share liquidity. Foreign investors are not always recorded in the share register as foreign banks and other custodians may be registered for one or several customers' shares, why the actual owners are then usually not displayed in the register.

Share-based incentive programs

Electrolux maintains a number of long-term incentive programs for senior management. Since 2004, the Group has three-year performance-based share programs.

At year-end 2012, the incentive programs had an immaterial effect on dilution of the total number of shares.

Conversion of shares

In accordance with the Articles of Association of AB Electrolux, owners of A shares have the right to have such shares converted to B shares. Conversion reduces the total number of votes in the company. In 2012, no shareholder has requested conversion of shares. The total number of registered shares in the company amounts to 308,920,308 shares, of which 8,212,725 are A shares and 300,707,583 are B shares. The total number of votes amounts to 38,283,483.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
Alecta Pension Insurance	5.5	5.6
Swedbank Robur funds	4.6	3.7
Norges Bank Investment Management	2.3	1.9
SEB funds	1.8	1.5
AMF Insurance & Funds	1.7	1.4
SHB Funds	1.5	1.2
Second Swedish National Pension Fund	1.1	0.9
Unionen	1.0	0.8
Fourth Swedish National Pension Fund	0.9	0.7
Government of Kuwait	0.9	0.7
Other shareholders	55.8	51.7
External shareholders	92.6	100.0
AB Electrolux	7.4	0.0
Total	100.0	100.0

Source: SIS Ägarservice and Electrolux as of December 31, 2012.

The figures are rounded off. Information regarding ownership structure is updated quarterly on www.electrolux.com/ownership-structure.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1–1,000	3.7	45,827	88.5
1,001–10,000	4.4	5,163	10.0
10,001–20,000	1.2	251	0.5
20,001–	90.7	536	1.0
Total	100.0	51,777	100.0

Source: SIS Ägarservice as of December 31, 2012.

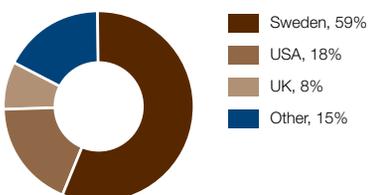
DJSI World Index

The Group's sustainability performance and strategy help attract and strengthen relations with investors. In 2012 and for the sixth consecutive year, Electrolux was recognized as a leader in the consumer durables industry sector in the prestigious Dow Jones Sustainability Index (DJSI).

Electrolux thereby ranks among the top 10% of the world's 2,500 largest companies for social and environmental performance. The DJSI index family has approximately 6 billion USD in assets under management. Approximately 55 products are based on the indexes in 15 countries.



Shareholders by country



As of December 31, 2012, approximately 41% of the total share capital was owned by foreign investors.

Source: SIS Ägarservice as of December 31, 2012.

> The Electrolux share

Trading volume

Recently, there has been a clear trend toward new trading venues for shares. During 2012, 54% of Electrolux B shares were traded outside Nasdaq OMX Stockholm, compared with 46% during 2011. In 2012, the Electrolux share accounted for 2.8% (2.5) of the shares traded on Nasdaq OMX Stockholm, of a total trading volume of SEK 2,769 billion (3,684).

Average daily trading value of Electrolux shares on Nasdaq OMX Stockholm

SEK thousand	2012	2011	2010	2009	2008
A shares	93	109	148	228	425
B shares	310,501	357,075	435,958	358,962	364,000

In 2012, an average of 2.1 million Electrolux shares were traded daily on Nasdaq OMX Stockholm.

Trading in Electrolux B shares

	2012	2011
Number of traded shares, million	528.3	667.7
Value of traded shares, SEKbn	77.6	90.3
Average daily trading volume, million	2.1	2.6
Average daily trading volume (value), SEKm	311	357
Number of issued/cancelled ADRs	476,999	374,712
Number of ADRs outstanding	423,420	441,659

Source: Nasdaq OMX.

Analysts who cover Electrolux

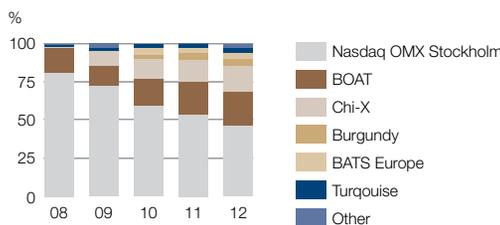
Company	Analyst
ABG Sundal Collier	Andreas Lundberg
Bank of America Merrill Lynch	Ben Maslen
Barclays Capital	Allan Smylie, David Vos
Carnegie	Kenneth Toll Johansson
Cheuvreux	Johan Eliason
Citigroup	Natalia Mamaeva
Credit Suisse	Andre Kukhnin
Danske Bank	Björn Enarson
Deutsche Bank	Martin Wilkie
DnB NOR Markets	Christer Magnergård
Equita	Domenico Ghilotti
Erik Penser	Johan Dahl
Exane BNP Paribas	Jonathan Mounsey
Execution Limited	Rob Virdee
Goldman Sachs	Aaron Ibbottson
Handelsbanken Capital Markets	Rasmus Engberg
JP Morgan	Andreas Willi
Longbow Research	David MacGregor
Nomura	Daniel Cunliffe
Nordea	Stefan Stjernholm
Pareto Securities	David Jacobsson
Redburn Partners	James Moore
SEB Enskilda	Anders Trapp, Stefan Cederberg
Swedbank	Fredrik Nilhov
UBS	David Halldén

Market share

	2012	2011
Nasdaq OMX Stockholm, %	46.0	53.7
BOAT, %	22.5	21.3
Chi-X, %	17.0	14.1
Burgundy, %	4.3	5.2
BATS Europe, %	4.3	3.2
Turquoise, %	2.9	2.4
Other, %	3.0	0.1
Total	100.0	100.0

Source: Fidessa.

Trading platforms for the Electrolux share



An increasingly larger portion of Electrolux shares are traded on new trading platforms. Approximately 46% of total trading volume of Electrolux is handled through the Nasdaq OMX Stockholm. BOAT was the second most traded platform with 22% of total trades.

The Electrolux share

Electrolux and the capital markets

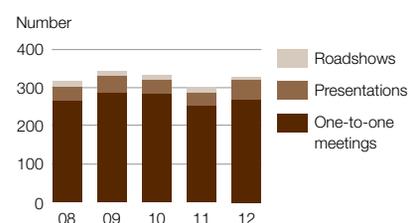
In its communication with the capital markets, Electrolux aims to supply relevant, reliable, accurate and updated information about the Group's development and financial position.

Financial information is supplied continuously in annual and interim reports. Telephone conferences are arranged in connection with the publication of interim reports, at which Group Management presents results followed by a question and answer (Q&A) session, which is simultaneously webcasted on the Group's website.

Electrolux Investor Relations department arranges approximately 300 meetings annually for investors and analysts. Meetings with investors are held at the Group's head

office in Stockholm, Sweden, as well as in the form of roadshows, primarily in major financial markets in Europe and the US. Electrolux also interacts daily with the capital markets. Furthermore, Electrolux arranges Capital Markets Days and the Annual General Meeting, providing shareholders and investors with the opportunity to attend presentations and interact with the company. For additional information, please visit the Group's website www.electrolux.com/ir.

IR activities

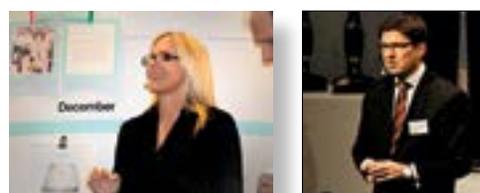


Capital Markets Day in Stockholm 2012

On November 14, Electrolux arranged a Capital Markets Day in Stockholm to provide the market with more in-depth information regarding its development. The main messages were:

- ▶ Electrolux re-enforced its core strategy and will continue to focus on profitable growth and support the creation of sustainable economic value.
- ▶ Electrolux will continue to improve its operational excellence by adapting manufacturing capacity to demand and accelerating its efforts to leverage the company's global strength and scope.
- ▶ Electrolux will step up its investments in product development, design and marketing to support future growth through product launches.
- ▶ The Group will increase focus on building an acquisition pipeline to support organic growth while utilizing the synergies from the integration of CTI and Olympic Group.
- ▶ Continued improvements in capital efficiency through working-capital reduction and stronger cash-flow generation.

- ▶ The Group reiterated its financial goals over a business cycle and expects an operating margin of at least 6%, a capital turnover-rate of at least 4 times, return on net assets of at least 20% and average sales growth of at least 4%.



At the Capital Markets Day held in Stockholm in November 2012 the attendees saw presentations by Chief Marketing Officer, MaryKay Kopf, and Chief Financial Officer, Tomas Eliasson, amongst others.

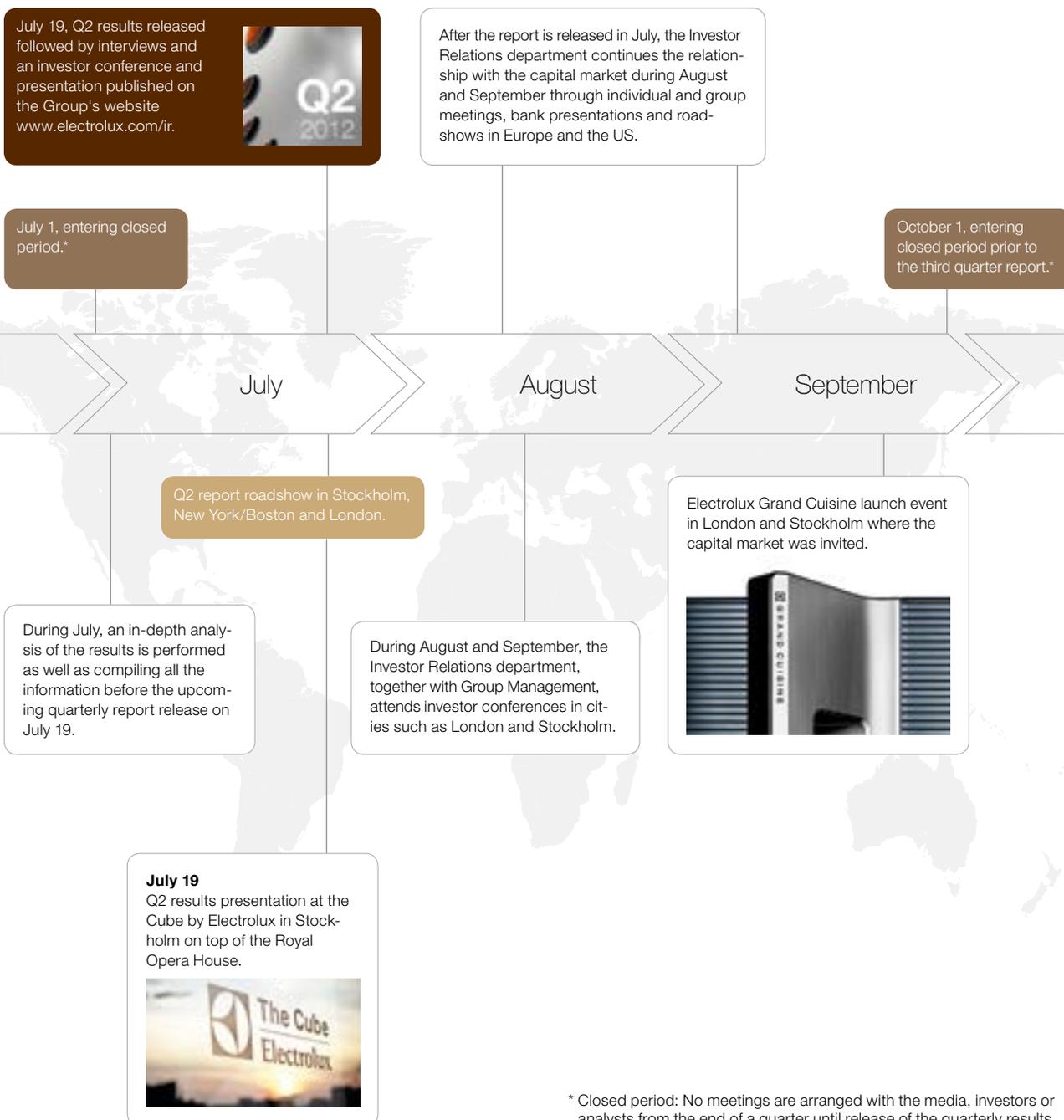
An example of a reporting quarter, Q3 2012

Electrolux interacts closely with the capital market during the year, the Investor Relations department plays an important role in communicating and coordinating events with media, investors and analysts on a daily basis. Out of a total of approximately

300 investor meetings per year, the CEO and/or CFO attends about one-third of the meetings. An example of the capital-market activities and how Investor Relations department works throughout a quarter is presented below.

Please visit www.electrolux.com/ir to read about upcoming events.

Q3 2012 – An example of a reporting quarter



* Closed period: No meetings are arranged with the media, investors or analysts from the end of a quarter until release of the quarterly results.

Frequently asked questions by analysts

Analysts covering Electrolux participate in conference meetings held by the Group in connection with earnings results each quarter. In these telephone-based meetings opportunity is given to analysts to direct detailed questions to the management related to the performance of the company. Below are the most frequently asked question in 2012.

► **Describe the competitive landscape for Electrolux in 2012 and its impact on prices.**

Price pressure continued to be evident in some of the Group's major markets in 2012. Electrolux continued to improve its price-mix in North America. In the market in Europe, price hikes have been a challenge for the Group over the year.

► **How have demand and volumes developed in your core markets vs growth markets during the year?**

Volume growth in Electrolux core markets declined as a result of continued uncertain economic conditions mainly in Europe. Market demand for core appliances in Western Europe, as well as North America declined by 2%. Market demand in the Group's growth markets, such as Eastern Europe increased by 3% and demand in Latin America and Asia including China continued to show strong growth.

► **How did the prices of raw materials affect the Group in 2012?**

Electrolux purchased raw materials for SEK 20 billion in 2012. The single largest cost was for the procurement of steel, which accounted for almost half of the total cost. In addition to higher steel prices, the Group was affected by higher prices for plastics. Compared with 2011, costs for raw materials were about SEK 400 million higher in 2012. Raw-material prices affect the Group in the short term. In the long term, Electrolux offsets higher raw-material prices through long-term commodity contracts, cost savings, mix improvements and price increases.

► **How has Electrolux market shares developed in its core markets?**

Electrolux has been able to increase or defend its market shares in core markets through its strong position and investments in design, innovation and marketing, despite a very competitive market environment. Our high-end and private label products have been well received by customers, which has enabled the Group to strengthen its position and increase profitability in strategic markets. In growth markets, such as Latin America and Asia including China, the Group increased its market shares during the year.

► **How did the Electrolux mix develop over the year and what has been done to improve it?**

Improving our price-mix through diligent price and product management is central in our strategy. By increasing the sales share of premium and built-in appliances, the mix – and thus profitability – is improved. During the year, a new launch of Electrolux-branded premium products was carried out in the European markets together with the Zanussi brand for the mass-market segment, which had a positive impact on the product mix. However, since countries with high sales prices (such as Italy and Scandinavia) displayed very weak growth during the year, the country mix was not as positive as it has been in the past, offsetting the product mix.

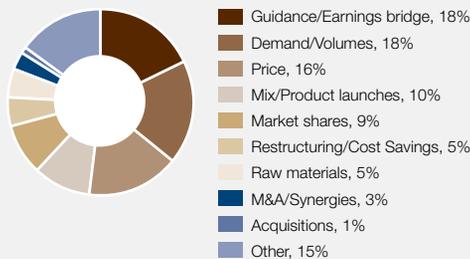
► **Can you provide us with an update regarding your restructuring program?**

In response to global competition, Electrolux has been implementing an extensive restructuring program since 2004. Plants have been closed in high-cost areas, including the US, Germany and Australia, and new plants have been built in Mexico, Eastern Europe and Thailand. In 2011, additional measures were presented to further adapt capacity in mature markets to lower demand and savings were estimated to approximately SEK 1.6 billion as of 2016 and total costs to approximately SEK 3.5 billion of which SEK 1 billion has been charged to operating income.

► **Will you continue to focus on new acquisitions going forward?**

Electrolux has communicated a growth strategy. However, greater focus has been given to increase the pipeline for potential acquisitions in strategic markets where Electrolux aims to strengthen its position and complement its offering within adjacent products, while supporting the overall growth of the Group. There will be more emphasis on opportunities in growth markets, where there are clear synergies for Electrolux.

Analysts' questions at 2012 quarterly telephone conferences

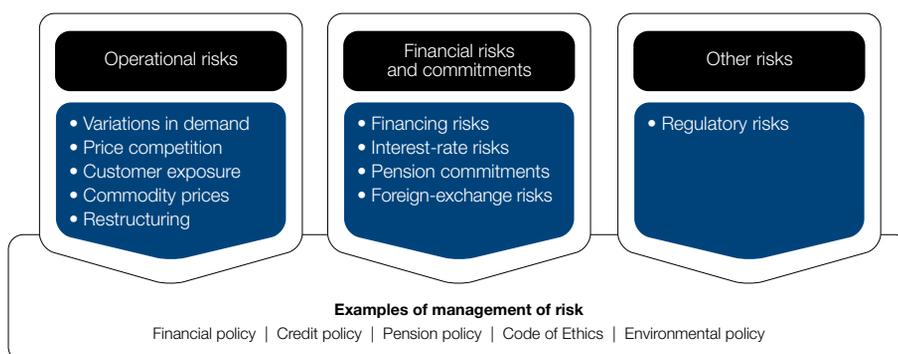


Analysts engage in questions related to the development of the appliance market and the demand in Electrolux core markets. Price and mix and future outlook are important topics which analysts focus on in order to gain better understanding of the operation for which they can base their longer term projections of Electrolux future performance.

The telephone conferences from previous quarters are available at www.electrolux.com/ir.

Managing risks

2012 was characterized by yet another year of uncertainty in the market with continued price pressure and fluctuations in currencies and raw-material prices. Electrolux monitors and manages its exposure to various types of risks in a structured and proactive manner.



In general, there are three types of risks: Operational risks, which are normally managed by the Group's operational units; Financial risks, which are managed by Group Treasury; and Other risks.

Electrolux monitors and minimizes key risks in a structured and proactive manner. Capacity has been adjusted in response to weak demand, working capital has undergone structural improvements, the focus on price has intensified and the purchasing process for raw materials has been further streamlined. The major risks and the Group's response in order to manage and minimize them are described below.

Operational risks

The Group's ability to improve profitability and increase shareholder return is based on three elements: innovative products, strong brands and cost-efficient operations. Realizing this potential requires effective and controlled risk management.

Fluctuation in demand

In 2012, demand for appliances declined in the major markets of Electrolux. The North American market contracted by 2% during the year. In Europe, demand in the West declined by 2%, while it grew by 3% in the East. In Latin America, growth remained strong in Brazil throughout the year. In the Asia/Pacific region, demand

in Australia was weak, while the Asian markets continued to grow healthily.

Weak demand in earlier years resulted in Electrolux operations being run at an average of 60% capacity. Decisive actions and savings packages throughout the Group have proven that Electrolux can quickly adjust its cost structure when demand for the Group's products declines.

Price competition

A number of the markets served by Electrolux are experiencing strong price competition. This is particularly severe in the low-price segments and in product categories with a great deal of overcapacity. In 2012, pressure on prices continued to be evident in some of the Group's major markets. Sales promotions continued in the North American market albeit to a lesser extent than in previous years, at the same time as prices declined continuously in Europe during the year. To offset the price pressure, Electrolux carried out price increases in North America and Latin America in 2012. Price pressure continued to impact the soft market in Australia.

Sensitivity analysis year-end 2012

Risk	Change	Pre-tax earnings impact, SEKm
Raw materials		
Steel	10%	+/- 800
Plastics	10%	+/- 600
Currencies¹⁾ and interest rates		
USD/SEK	-10%	+650
EUR/SEK	-10%	+590
BRL/SEK	-10%	-380
AUD/SEK	-10%	-220
GBP/SEK	-10%	-180
Interest rate	1 percentage point	+/- 50

1) Includes translation and transaction effects.

Cost structure 2012

Cost item	% of total cost
Personnel	16
Depreciation	3
Fixed costs	19
Raw materials and components	43
Sourced products	17
Logistics	7
Product development	2
Brand investments	2
Other ¹⁾	10
Variable costs	81
Total	100

1) Marketing, IT, energy costs, consultant costs, etc.

Exposure to customers and suppliers

The weak trend in Electrolux major markets in 2012 impacted the Group's customers, who experienced difficult trading conditions, but this did not result in any major increases in credit losses for Electrolux.

Electrolux has a comprehensive process for evaluating credits and monitoring the financial situation of customers. Authority for approving and responsibility to manage credit limits are regulated by the Group's credit policy. A global credit insurance program is in place for many countries to reduce credit risk.

Raw materials and components represent the largest cost item

Materials account for a large share of the Group's costs. In 2012, Electrolux purchased raw materials and components for approximately SEK 44 billion, of which approximately SEK 20 billion referred to the former. The Group's exposure to raw materials comprises mainly steel, plastics, copper and aluminum.

Following stable raw-material prices in the first half of 2012, market prices increased towards the end of the year. Electrolux utilizes bilateral contracts to manage risks related to steel prices. Some raw materials are purchased at market prices. The total cost of raw materials in 2012 was approximately SEK 400 million higher than in 2011.

Restructuring for competitive production

A large share of the Group's production has been moved from high-cost to low-cost areas. Restructuring is a complex process that requires managing a number of different activities and risks. Increased costs related to relocation of production can affect income in specific quarters. When relocating, Electrolux is also dependent on the capacity of suppliers for cost-efficient delivery of components and semi-finished goods.

In 2011, additional measures were presented to further adapt capacity in mature markets to lower demand and annual savings were estimated to approximately SEK 1.6 billion as of 2016.

Financial risks and commitments

The Group's financial risks are regulated in accordance with the financial policy that has been adopted by the Electrolux Board of Directors. Management of these risks is centralized to Group Treasury and is mainly based on financial instruments. Additional details regarding accounting principles, risk management and risk exposure are given in Notes 1, 2 and 18.

Financing risk

For long-term borrowings, the Group's goal is to have an average maturity of at least two years, an even spread of maturities and an average fixed-interest period of one year. At year-end 2012, Group borrowings amounted to SEK 13,088m, of which SEK 11,005m referred to long-term loans with an average maturity of 3.1 years. Loans are raised primarily in EUR and SEK. The average interest rate at year-end for the total borrowings was 3.9%. At year-end 2012, the average fixed-interest period for long-term borrowings was 1.4 years. Long-term loans totaling approximately SEK 2,200m will mature in 2013 and 2014. Liquid funds on December 31, 2012, amounted to SEK 7,403m.

In addition, the Group has two unutilized credit facilities. Since 2010, Electrolux has an unused committed multicurrency revolving credit facility of SEK 3,400m maturing in 2017 as well as an unused multicurrency revolving credit facility of EUR 500m maturing in 2016 with an extension option for up to two more years, whereof a one more year extension until 2017 has already been utilized.

On the basis of the volume of loans and the interest-rate periods in 2012, a change of 1 percentage point in interest rates would affect Group income in the amount of +/- SEK 50m. For additional information on loans, see Notes 2 and 18.

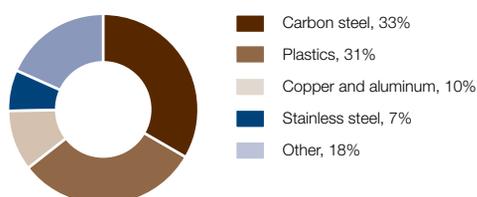
Pension commitments

At year-end 2012, Electrolux had commitments for pensions and benefits that amounted to approximately SEK 25 billion. Through pension funds, the Group manages pension assets of approximately SEK 20 billion. At year-end, approximately 38% of these assets were invested in equities, 44% in bonds, and 18% in other assets. Net provisions for post-employment benefits amounted to SEK -139m.

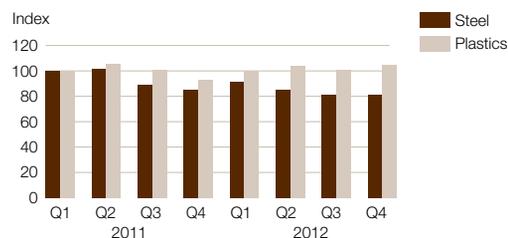
Yearly changes in the value of assets and commitments depend primarily on developments in the interest-rate market and on stock exchanges. Other factors that affect pension commitments include revised assumptions regarding average life expectancy and health-care costs.

Costs for pensions and benefits are recognized in the income statement for 2012 in the amount of SEK 527m. In the interest of accurate control and cost-effective management, the Group's pension commitments are managed centrally by Group Treasury. Electrolux uses interest-rate derivatives to hedge parts of the risks related to pensions. For additional information, see Note 22.

Raw material exposure 2012



Trend for steel and plastics prices, weighted market prices indexed



Exchange-rate exposure at Electrolux

Exchange-rate exposure

The global presence of Electrolux, with manufacturing and sales in a number of countries, offsets exchange-rate effects to a certain degree. The principal exchange-rate effect arises from transaction flows; when purchasing and/or production are/is carried out in one currency and sales occur in another currency. The Group utilizes currency derivatives to hedge a portion of the currency exposure that arises. The business sectors within Electrolux usually have a hedging horizon of between three and eight months of forecast flows. Hedging horizons outside this period are subject to approval from Group Treasury. It is mainly sectors within growth markets that have a shorter hedging horizon. The business sectors are permitted to hedge forecast flows from 60% to 80%. The usual effect of currency hedging is that currency movements that occur today have, to a certain degree, a delayed effect. Electrolux is also affected by translation effects when the Group's sales and operating income are translated into SEK. The translation exposure is primarily related to currencies in those regions where the Group's most substantial operations exist, that is, EUR and USD.

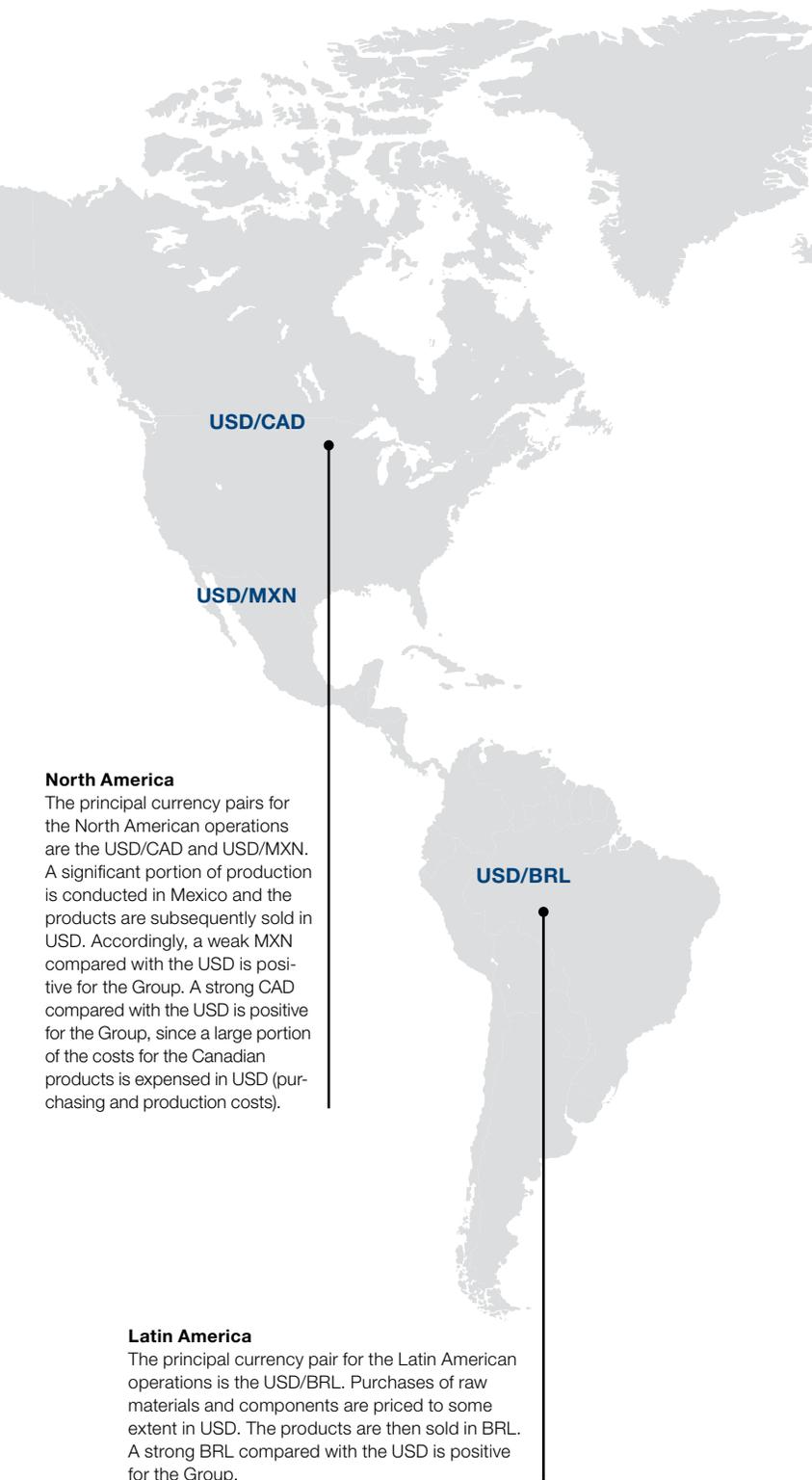
Sensitivity analysis of currencies

The major currencies for the Electrolux Group are the USD, EUR, BRL, RUB, AUD and GBP. The key currency pairs are presented in the map together with an explanation of how they impact the Group. In general, income for Electrolux benefits from a weak USD and EUR and from a strong BRL, RUB, AUD and GBP.

Currency effects 2012

Compared with the previous year, changes in exchange rates for full-year 2012 had a negative impact on operating income. The total currency effect (translation effects, transaction effects and net hedges) amounted to approximately SEK -120m. The effects of changes referred mainly to the operations in Latin America. The transaction effect was SEK -460m, results from hedging operations SEK 350m and translation effects SEK -10m.

The impact from transaction and hedging operations was mainly attributable to the operations in Latin America and the strengthening of the USD against the BRL.



Main translation effects: USD/SEK, EUR/SEK

Principal currency pairs Electrolux (transaction effects)

Europe

The principal currency in Europe is the EUR.
A weak EUR has a positive net effect on Group income, because European operations have greater expenses in EUR than sales in EUR.
A majority of the purchases of raw materials and components is denominated in EUR, as are significant production costs.

EUR/SEK
EUR/RUB
EUR/PLN
EUR/GPB
EUR/CHF
EUR/HUF
EUR/USD

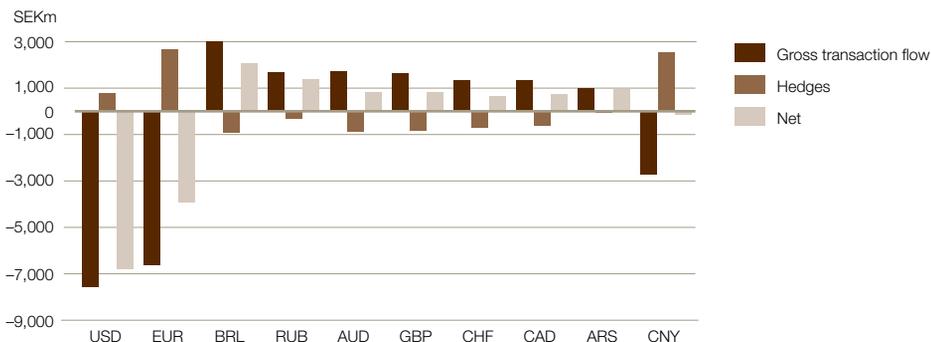
USD/CNY

Asia/Pacific

The principal currency pairs for the business in the Asia/Pacific region is the USD/AUD and USD/CNY.
Purchases of raw materials and components are to a certain extent priced in USD and the products are subsequently sold in AUD. A strong AUD compared with the USD is positive for the Group.
Some purchases from China are denominated in CNY and sold in USD. Accordingly, a weak CNY vs USD has a positive effect on the Group.

USD/AUD

Foreign-exchange transaction exposure, forecast 2013





The founder of Electrolux, Axel Wenner-Gren, was a visionary who understood how to develop products for the future. He underlined Passion for Innovation, Customer Obsession, and Drive for Results, and these comprise the core values of Electrolux operations.

100 years of innovation



Innovation will always be the driving force behind development at Electrolux. The new appliances launched in Europe in 2012 have a clear connection to the Group's professional operations. These products feature innovative functions and solutions developed by the Group for the best professional kitchens and laundries.

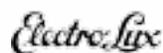
In 1912, Electrolux launched its first vacuum cleaner – Lux I. Over the 100 years since then, Electrolux has launched some of the most innovative vacuum cleaners and appliances in the market. These products have helped make life easier for consumers all over the world and have made Electrolux a leading global manufacturer of household appliances.



1901
AB Lux was founded.



1912
Cooperation between AB Lux and Axel Wenner-Gren begins. The Lux I vacuum cleaner is launched.



1919
AB Electrolux was formed following the merger of AB Lux and Elektromagnetiska AB. Electrolux leads development of the modern, canister vacuum cleaner and the absorption refrigerator.



1928
Electrolux is listed on the London Stock Exchange in 1928 and on the Stockholm Stock Exchange in 1930.



1957
The spelling of the Group's name is changed throughout the world from Elektrolux to Electrolux.



Passion for Innovation

“This task is not an easy one, but one that will transform homes around the world.” Next to Wenner-Gren and his team was a basic prototype of an absorption refrigerator created by two young engineers, Baltzar von Platen and Carl Munters. Wenner-Gren believed that absorption refrigeration technology, creating cold through heat using water, had immense potential but needed to be developed further.



“But the problem is that not all households have running water but every home from China to America will need a refrigeration machine.” Wenner-Gren paused, and looked at each member of the team. “That is why we are going to cool with air, because we all have access to that.”

In 2012, Electrolux launched new refrigerators featuring the best professional technology to create optimal air humidity and preserve fresh food for longer.

Importance of Design

The atmosphere in the showroom was different. The crowd was still and gathered around the latest addition to the Electrolux collection: the Modell xxx vacuum cleaner. The model shaped by the internationally renowned industrial designer Lurelle Guild, was one of the first vacuum cleaners in history to be created with aesthetic appeal in mind. As cars and trains had become streamlined, Wenner-Gren saw the value in bringing a similar sleek elegance to home appliances. In fact, he had personally tracked down the foremost industrial designers, so that life for Electrolux customers would not only be cleaner and easier, but also more attractive. Looking at the Modell xxx vacuum cleaner, Wenner-Gren said to Guild: “You have given Electrolux products attractive design and perfect form.”



In the Electrolux Inspiration Range, launched in Europe in 2012, materials, lines and colors integrate in an innovative, new way in the kitchen. The design of the entire range is characterized by elegant, Scandinavian lines.



1984
Italian appliance manufacturer Zanussi is acquired, making Electrolux the leader in household appliances for consumers and professionals.

1986
Electrolux acquires the third largest appliance company in the US, White Consolidated, with brands such as Frigidaire, Kelvinator and Westinghouse.

1994
Appliance manufacturer AEG is acquired.

2001
The household appliance division of Australian company Email is acquired.

2011
Appliance manufacturers Olympic Group in Egypt, and CTI in Chile, are acquired. The share of the Group's sales in growth markets increases rapidly.

Events and reports

The Electrolux website www.electrolux.com/ir contains additional and updated information about such items as the Electrolux share and corporate governance as well as a platform for financial statistics. The platform allows visitors to view graphic detailing of Electrolux development on an annual or quarterly basis.



Electrolux Annual Report 2012 consists of:

- Operations and strategy
- Results

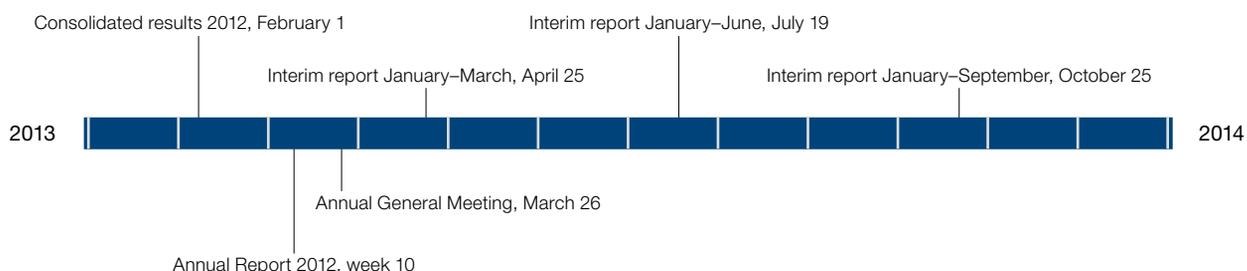
Electrolux annual report is available at www.electrolux.com/annualreport2012

Electrolux sustainability reports (GRI) are available at www.electrolux.com/sustainability

Electrolux interim reports are available at www.electrolux.com/ir



Financial reports and major events in 2013



Electrolux subscription service can be accessed at www.electrolux.com/subscribe.

2012

Annual Report
Results

Performance
Governance
Sustainability

If you miss the financial review of the annual report, please
contact Electrolux IR department at ir@electrolux.se



Thinking of you
Electrolux



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