Electrolux

REPORT FOR THE FIRST NINE MONTHS OF 2000

- Net income per share rose by 19% -

Amounts in SEKm, unless otherwise stated	Nine months 2000	Nine months 1999[1)]	Change	Third quarter 2000	Third quarter 1999[1)]	Change
Net sales	**95,072**	91,144	4%	**29,644**	29,070	2%
Operating income	**6,333**	5,346	18%	**1,830**	1,539	19%
Margin, %	***6.7***	*5.9*		***6.2***	*5.3*	
Income after financial items	**5,575**	4,573	22%	**1,504**	1,354	11%
Margin, %	***5.9***	*5.0*		***5.1***	*4.7*	
Net income per share, SEK[2)]	**10.20**	8.55	19%	**2.85**	2.80	2%
Value creation[3)]	**2,137**	1,220	917	**406**	380	26
Return on equity, %	**19.2**	17.0				

1) Figures for 1999 include items affecting comparability in the amount of SEK -216m, se page 2.
2) Based on average no. of shares for the period after buy-backs.
3) See definition on page 4.

- **Growth in demand in Europe and US slowed in the third quarter**
- **Higher income for both Consumer Durables and Professional Products**
- **Good performance in North America for Indoor as well as Outdoor products**
- **Lower income for Consumer Durables in Europe in third quarter**
- **Value created increased by SEK 917m over last year**

AB ELECTROLUX

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Net sales and income

Net sales for Electrolux in the first nine months of 2000 amounted to SEK 95,072m, as against SEK 91,144m last year. This corresponds to an increase of 4.3%, of which -3.5% refers to changes in the Group's structure, +2.4% to changes in exchange rates, and +5.4% to price/mix/volume.

Operating income increased by 18% to SEK 6,333m (5,346), corresponding to 6.7% (5.9) of sales, and income after financial items rose by 22% to 5,575m (4,573), corresponding to 5.9% (5.0) of sales. Net income increased by 19% to SEK 3,716m (3,124), which corresponds to SEK 10.20 (8.55) per share.

The above income figures for 1999 include items affecting comparability in the amount of SEK -216m, comprising a provision of USD 225m (SEK 1,841m) for pension litigation in the US in the third quarter and a capital gain of approximately SEK 1,625m in the same quarter on the divestment of an operation in Professional Products. Excluding these items in 1999, operating income increased by 14%, income after financial items by 16% and net income by 18%.

Changes in exchange rates during the period, i.e. in terms of both transactions and translations, had a net positive effect of approximately SEK 475m on income after financial items. This effect is traceable largely to the strengthening of the dollar and the British pound. The weakening of the euro also had a positive impact in view of the Group's large production base within the EU.

In geographical terms, operating income increased in North America. An improvement was also achieved in Asia.

The comparative figures for last year include subsequently divested operations, net of acquisitions, that contributed approximately SEK 3,200m in net sales and approximately SEK 80m in operating income.

Third quarter

Sales in the third quarter of 2000 rose to SEK 29,644m, as against SEK 29,070m during the same period last year. This corresponds to an increase of 2%, of which -3.8% refers to changes in the Group's structure, +5.6% to changes in exchange rates, and +0.2% to price/mix/volume.

Operating income rose by 19% to SEK 1,830m (1,539), corresponding to 6.2% (5.3) of sales, and income after financial items increased by 11% to SEK 1,504m (1,354), which corresponds to 5.1% (4.7) of sales. Net income amounted to SEK 1,018m (1,024), corresponding to SEK 2.85 (2.80) per share.

The figures for 1999 include items affecting comparability in the amount of SEK -216m, as described above. Excluding these items operating income increased by 4% and income after financial items declined by 4%.

Net financial items declined in comparison with the third quarter of 1999, when an exceptionally strong trading result was reported. Higher interest rates also had a negative impact.

Cash flow

The cash flow after dividends and adjusted for exchange-rate effects amounted to SEK -963m (4,548). The decline is traceable mainly to an increase in working capital, which is in line with the growth of sales, as well as lower proceeds on divestments and repurchase of shares. The improvement in income made a positive contribution. (See page 9).

Equity and net debt/equity ratio

Equity as of September 30, 2000 increased to SEK 26,348m (24,769), corresponding to SEK 75.20 (67.60) per share.

The return on equity was 19.2% (17.0), and the return on net assets was 21.8% (17.9). Excluding items affecting comparability, the return on equity was 19.2% (17.2) and the return on net assets was 21.1% (18.2).

Average net assets for the period, adjusted for items affecting comparability, amounted to SEK 39,963m (40,674).

Net borrowings amounted to SEK 16,587m (13,152). The net debt/equity ratio increased to 0.61 (0.51).

Liquid funds at the end of the period amounted to SEK 10,854m (11,731).

Parent company, AB Electrolux

Net sales for the parent company for the first nine months of 2000 amounted to SEK 5,346m (4,794). Income after financial items was SEK 6,122m (1,524), including dividends from subsidiaries in the amount of SEK 6,364m (1,978).

Capital expenditure was SEK 123m (230). Liquid funds at the end of the period amounted to SEK 3,661m (3,608) as against SEK 3,731m at the start of the year.

The parent company’s share of the surplus pension funds distributed by the Swedish insurance company SPP amounts to SEK 264m. The refund has not been included in the accounts for the first nine months of 2000. (See also page 7).

Value creation

During the first nine months of 2000 the Group created total value of SEK 2,137m (1,220), which corresponds to an increase of SEK 917m over the same period last year.

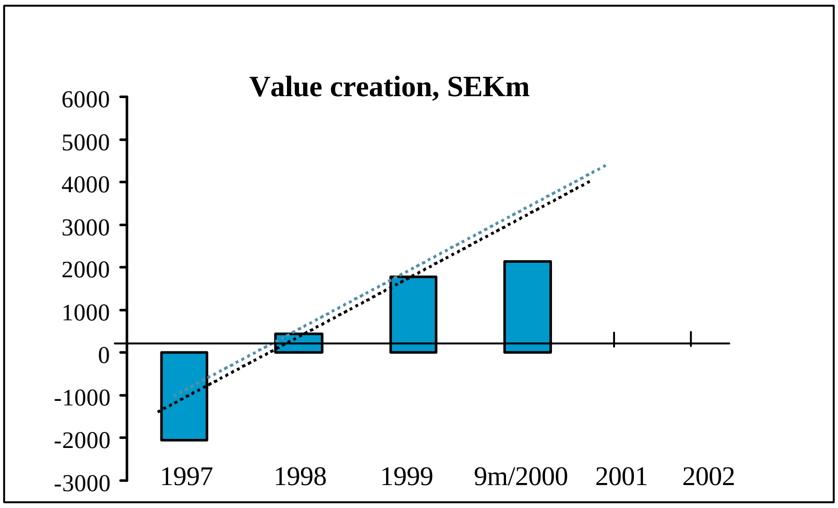
The key drivers of the growth in value created were an increase of 4.3% in sales, an increase in operating margin to 6.7% (6.1) and an improvement in capital turnover to 2.38 (2.24).

Value created in each business area is shown in the table below.

Value created, by business area

SEKm	**Nine months 2000**	Nine months 1999	Change	**Third quarter 2000**	Third quarter 1999	Change	Full year 1999
Consumer Durables							
Europe	**591**	597	*-6*	**212**	323	*-111*	1,224
North America	**1,508**	913	*595*	**338**	202	*136*	1,036
Rest of the world	**-908**	-1,013	*105*	**-309**	-310	*1*	-1,398
Total Consumer Durables	***1,191***	*497*	*694*	***241***	*215*	*26*	*862*
Professional Products							
Indoor	**771**	686	*85*	**97**	191	*-94*	896
Outdoor	**595**	469	*126*	**197**	131	*66*	663
Total Professional Products	***1,366***	*1,155*	*211*	***294***	*322*	*-28*	*1,559*
Common Group costs, etc.	**-420**	-432	*12*	**-129**	-157	*28*	-639

Value created is defined as operating income excluding items affecting comparability, less a weighted average cost of capital (WACC) on average net assets. The Group's WACC is calculated at 14% before tax.



The goal for the period 2000-2002 is to create average annual growth in value of at least SEK 1,000m.

Operations by business area during the first nine months

Consumer Durables
During the first nine months of 2000 the market for white goods in Western Europe increased in volume by almost 5% over the same period last year. In the third quarter, the market grew by about 1%. Group sales of white goods in Europe through Electrolux Home Products showed good growth in volume, particularly with large retailers, as well as in Eastern Europe. Operating income declined, however, due to downward pressure on prices and an unfavorable mix in terms of both products and markets. Costs referring to development of the new pan-European organization continued to have an adverse effect.

In order to accelerate implementation of the new organization within Electrolux Home Products in Europe and reduce operating costs, a number of actions are being initiated. These include eliminating duplication of functions in various processes, accelerating the restructuring of logistics, sales and after-sales services, and improving efficiency in sourcing of materials and services.

The US market for core white goods showed an increase in volume of about 4% for the first nine months, with a marginal decline in the third quarter. Including room air-conditioners, dehumidifiers and microwave ovens, the market increased by about 6% for the period as a whole and declined by about 1% in the third quarter. The Group achieved good growth in volume for both core appliances and room air-conditioners. Operating income improved over last year.

Demand for white goods in Brazil showed an upturn, and the Group achieved strong growth in sales volume. Operating income was lower than last year, however, mainly as a result of higher costs for materials.

The market for floor-care products showed higher volume in Europe and the US, although growth in both markets slowed in the third quarter. Growth in demand referred mainly to the lower price segments. Sales increased for both the European and the US operations. Operating income for the floor-care product line increased considerably as a result of higher volume and improved productivity.

In outdoor products, demand for garden equipment in Europe was somewhat higher than last year. The Group’s European operation reported good sales growth. Operating income showed a marked improvement, although from a low level in the previous year.

In the US, demand for garden equipment and light-duty chainsaws increased over the previous year. The Group achieved strong growth in sales, and operating income improved considerably.

Total sales for Consumer Durables were higher than in the first nine months of 1999. Operating income improved, and margin was somewhat higher.

Professional Indoor Products
Demand for food-service equipment declined somewhat in most European markets over the first nine months of the year. Sales for this product line were lower than last year, primarily as a result of de-emphasis of turn-key projects and greater focus on more profitable market segments. Operating income improved over 1999.

Laundry equipment also reported a decline in sales as a result of lower volumes in Western Europe and Japan. Production delays related to the introduction of a new product range also had a negative impact. Operating income showed a marked decline from the high level of the previous year. Income was also adversely affected by lower results from the operation in heavy-duty equipment that was divested at the beginning of October.

Market demand for absorption refrigerators and other products for the recreational vehicle industry was higher than last year in both Europe and the US. Sales for the Group's leisure appliances product line increased over last year and operating income improved. The newly acquired Seitz operation contributed to the improvement in both sales and income.

Demand for compressors and motors increased in most markets during the first half of the year, but slowed in the third quarter. Sales for the component product line increased somewhat over last year, mainly for the operation in motors. Operating income improved for the period as a whole, but declined substantially in the third quarter.

Professional Outdoor Products
Demand for chainsaws showed an upturn in most major markets. The Group's operation in professional outdoor products reported strong sales growth for chainsaws as well as for all other product areas. Operating income showed a substantial improvement over the previous year. Income was favorably affected by the strong dollar, as the Husqvarna-operation exports significant volumes of chainsaws from Sweden to North America.

Major changes in the Group since June 30, 2000
As of September 1, 2000 the Group acquired Bluebird International, an operation in landscape maintenance equipment in the US with annual sales of approximately USD 18m (approx. SEK 180m).

As of October 5, the Group divested Washex in the US, an operation in heavy-duty laundry equipment within Professional Indoor Products. In 1999, Washex had sales of USD 36m (approx. SEK 300m) and 160 employees.

Major divestments since the third quarter in 1999 include operations in refrigeration equipment, food and beverage vending machines and direct sales.

Repurchase of own shares
Following authorization by the Annual General Meeting in April, 2000 for buy-back of own shares, as of September 30, 2000 the Group had repurchased a total of 15.8 million Electrolux shares, series B, for a total of SEK 1,998m. Electrolux thus holds 4.3% of the shares in the company, corresponding to a total par value of SEK 79m.

The authorization by the AGM covers buy-backs of up to 10% of the total number of shares during the period prior to the next Annual General Meeting. The buy-backs will be implemented with due consideration for the Group's target of a net debt/equity ratio not exceeding 0.80.

Allocation of SPP pension surplus

The Swedish insurance company SPP has allocated a portion of the surplus in its pension funds to participating companies. The Electrolux Group's share of this surplus amounts to SEK 435m, which is more than previously reported.

The refund has not been included in the accounts for the first nine months of 2000.

Outlook for the rest of the year

During the second and third quarters of 2000, market demand in Europe and the US flattened out, while market conditions in Asia and Latin America improved somewhat.

The current trends for market demand, prices, mix and costs for materials are expected to continue in the fourth quarter. It will therefore be difficult for the Group in the fourth quarter to totally match the strong operating income reported for the fourth quarter last year, excluding items affecting comparability.

To offset the above external factors, Electrolux will accelerate action to continue driving down costs throughout the operation.

The Group's previously stated long-term target for value creation remains unchanged.

Stockholm, October 27, 2000

Michael Treschow
President and CEO

Factors affecting forward-looking statements

This report contains "forward-looking" statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals or targets of Electrolux for future periods and future business and financial plans. Actual results may differ materially from these goals and targets due to a variety of factors. These factors include, but may not be limited to the following; the success in developing new products and marketing initiatives, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates, and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals, competitive pressures to reduce prices, significant loss of business from major retailers, consumer demand, effects of currenct fluctuations and the effect of local economies on product demand.

Consolidated income statement, SEKm	Nine months		Third quarter		Full year
	2000	1999	**2000**	1999	1999
Net sales	**95,072**	91,144	**29,644**	29,070	119,550
Cost of goods sold	**-71,228**	-66,850	**-22,118**	-21,058	-87,288
Selling expense	**-12,950**	-13,940	**-4,358**	-4,699	-18,450
Administrative expense	**-4,435**	-4,738	**-1,244**	-1,534	-6,261
Other operating income/expense	**-126**	-54	**-94**	-24	-131
Items affecting comparability	**-**	-216	**-**	-216	-216
Operating income*	**6,333**	5,346	**1,830**	1,539	7,204
Margin, %	***6.7***	*5.9*	***6.2***	*5.3*	*6.0*
Financial items, net	**-758**	-773	**-326**	-185	-1,062
Income after financial items	**5,575**	4,573	**1,504**	1,354	6,142
Margin, %	***5.9***	*5.0*	***5.1***	*4.7*	*5.1*
Taxes	**-1,890**	-1,468	**-502**	-362	-2,005
Minority interests in net income	**31**	19	**16**	32	38
Net income	**3,716**	3,124	**1.018**	1,024	4,175
** Including depreciation in the amount of:*	***-2,792***	*-2,951*	***-919***	*-974*	*-3,905*

Consolidated balance sheet, SEKm	**September 30 2000**	September 30 1999	Full year 1999
Assets			
Fixed assets	**29,715**	26,973	28,051
Inventories, etc.	**16,545**	15,230	16,171
Accounts receivable	**25,458**	23,687	21,513
Other receivables	**6,277**	5,789	5,597
Liquid funds	**10,854**	11,731	10,312
Total assets	**88,849**	83,410	81,644
Equity and liabilities			
Shareholders' equity	**26,348**	24,769	25,781
Minority interests	**822**	821	825
Interest-bearing liabilities and provisions	**27,441**	24,883	23,735
Non-interest-bearing liabilities and provisions	**34,238**	32,937	31,303
Total equity and liabilities	**88,849**	83,410	81,644

Consolidated cash-flow statement, SEKm	**Nine months 2000**	Nine months 1999	Full year 1999
Operations			
Income after financial items	**5,575**	4,573	6,142
Depreciation according to plan charged against above income	**2,792**	2,951	3,905
Provisions and capital gains/losses	**-59**	-184	-286
Taxes paid	**-1,664**	-925	-2,166
Changes in operating assets and liabilities	**-2,179**	913	1,065
Cash flow from operations	**4,465**	7,328	8,660
Investments			
Investments in/divestments of operations and trade mark	**329**	1,798	1,702
Capital expenditure	**-3,095**	-3,267	-4,439
Other	**618**	-212	-400
Cash flow from investments	**-2,148**	-1,681	-3,137
Dividend and repurchase of shares	**-3,280**	-1,099	-1,099
Cash flow after dividends	**-963**	4,548	4,424
Change in interest-bearing liabilities	**1,326**	-3,680	-4,592
Total cash flow	**363**	868	-168
Liquid funds at beginning of year	**10,312**	11,387	11,387
Exchange-rate differences referring to liquid funds	**179**	-524	-907
Liquid funds at end of period	**10,854**	11,731	10,312
Change in net borrowings			
Total cash flow excl. change in loans	**-963**	4,548	4,646
Net borrowings at beginning of year	**-13,423**	-17,966	-17,966
Exchange-rate differences referring to net borrowings	**-2,201**	266	-103
Net borrowings at end of period	**-16,587**	-13,152	-13,423

Net sales by business area, SEKm

	Nine months		Third quarter		Full year
	2000	1999	**2000**	1999	1999
Consumer Durables					
Europe	**31,266**	31,477	**10,832**	10,780	42,640
North America	**37,475**	33,019	**10,484**	9,725	41,452
Rest of the world	**6,486**	5,605	**2,276**	1,925	7,597
Total Consumer Durables	**75,227**	70,101	**23,592**	22,430	91,689
Professional Products					
Indoor	**13,380**	15,590	**4,092**	5,006	20,450
Outdoor	**6,177**	5,224	**1,846**	1,547	7,100
Total Professional Products	**19,557**	20,814	**5,938**	6,553	27,550
Other	**288**	229	**114**	87	311
Total	**95,072**	91,144	**29,644**	29,070	119,550

Operating income by business area, SEKm

	Nine months		Third quarter		Full year
	2000	1999	**2000**	1999	1999
Consumer Durables					
Europe	**1,488**	1,541	**504**	635	2,444
Margin, %	***4.8***	*4.9*	***4.7***	*5.9*	*5.7*
North America	**2,937**	2,386	**812**	678	2,895
Margin, %	***7.8***	*7.2*	***7.7***	*7.0*	*7.0*
Rest of the world	**-113**	-207	**-31**	-47	-342
Margin, %	***-1.7***	*-3.7*	***-1.4***	*-2.4*	*-4.5*
Total Consumer Durables	**4,312**	3,720	**1,285**	1,266	4,997
Margin, %	***5.7***	*5.3*	***5.4***	*5.6*	*5.4*
Professional Products					
Indoor	**1,409**	1,453	**313**	439	1,902
Margin, %	***10.5***	*9.3*	***7.6***	*8.8*	*9.3*
Outdoor	**893**	713	**289**	208	983
Margin, %	***14.5***	*13.6*	***15.7***	*13.4*	*13.8*
Total Professional Products	**2,302**	2,166	**602**	647	2,885
Margin, %	***11.8***	*10.4*	***10.1***	*9.9*	*10.5*
Common Group costs, etc.	**-281**	-324	**-57**	-158	-462
Items affecting comparability	**-**	-216	**-**	-216	-216
Total	**6,333**	5,346	**1,830**	1,539	7,204

Value creation, SEKm

	Nine months		Third quarter		Full year
	2000	1999	**2000**	1999	1999
Consumer Durables					
Europe	**591**	597	**212**	323	1,224
North America	**1,508**	913	**338**	202	1,036
Rest of the world	**-908**	-1,013	**-309**	-310	-1,398
Total Consumer Durables	**1,191**	497	**241**	215	862
Professional Products					
Indoor	**771**	686	**97**	191	896
Outdoor	**595**	469	**197**	131	663
Total Professional Products	**1,366**	1,155	**294**	322	1,559
Common Group costs, etc.	**-420**	-432	**-129**	-157	-639
Total	**2,137**	1,220	**406**	380	1,782

Key ratios

	Nine months		Third quarter		Full year
	2000	1999	**2000**	1999	1999
Net income per share, SEK[1)]	**10.20**	8.55	**2.85**	2.80	11.40
Return on equity, %[2)]	**19.2**	17.0			17.1
Return on net assets, %[3)]	**21.8**	17.9			18.3
Net debt/equity ratio[4)]	**0.61**	0.51			0.50
Capital expenditure, SEKm	**3,095**	3,267	**1,103**	1,283	4,439
Average number of employees	**87,900**	94,100	**88,300**	94,500	92,916

1) For 2000 based on average no. of shares for the period after buy-backs, i.e. 363.3 million for the nine-months period and 358.4 million for the third quarter. No. of shares in 1999 was 366.2 million
2) Annualized net income for the year, expressed as a percentage of opening equity.
3) Annualized operating income, expressed as a percentage of average net assets.
4) Net borrowings, i.e. interest-bearing liabilities less liquid funds, in relation to adjusted equity. The latter is defined as equity including minority interests.

Quarterly figures

Net sales and income, per quarter

		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Net sales, SEKm	**2000**	**31,229**	**34,199**	**29,644**		
	1999	29,053	33,021	29,070	28,406	119,550
Operating income, SEKm	**2000**	**2,050**	**2,453**	**1,830**		
	Margin,%	***6.6***	***7.2***	***6.2***		
	1999	1,656	2,151	1,539	1,858	7,204
	Margin,%	*5.7*	*6.5*	*5.3*	*6.5*	*6.0*
	1999[1)]	1,656	2,151	1,755	1,858	7,420
	Margin,%	*5.7*	*6.5*	*6.0*	*6.5*	*6.2*
Income after financial items, SEKm	**2000**	**1,786**	**2,285**	**1,504**		
	Margin,%	***5.7***	***6.7***	***5.1***		
	1999	1,384	1,835	1,354	1,569	6,142
	Margin,%	*4.8*	*5.6*	*4.7*	*5.5*	*5.1*
	1999[1)]	1,384	1,835	1,570	1,569	6,358
	Margin,%	*4.8*	*5.6*	*5.4*	*5.5*	*5.3*
Net income, SEKm	**2000**	**1,188**	**1,510**	**1,018**		
	1999	912	1,188	1,024	1,051	4,175
	1999[1)]	912	1,188	1,049	1,051	4,200
Net income per share, SEK	**2000**	**3.25**	**4.10**	**2.85**		
	1999	2.50	3.25	2.80	2.85	11.40
	1999[1)]	2.50	3.25	2.85	2.85	11.45
Value creation, SEKm	**2000**	**691**	**1,040**	**406**		
	1999	183	657	380	562	1,782

1) Exclusive of items affecting comparability, which in 1999 comprised a provision of USD 225m (SEK 1,841m) and a capital gain of SEK 1,625m, both in the third quarter.

Net sales by business area, per quarter, SEKm

Consumer Durables		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Europe	**2000**	**10,308**	**10,126**	**10,832**		
	1999	10,182	10,515	10,780	11,163	42,640
North America	**2000**	**12,351**	**14,640**	**10,484**		
	1999	10,545	12,749	9,725	8,433	41,452
Rest of the world	**2000**	**1,951**	**2,259**	**2,276**		
	1999	1,717	1,963	1,925	1,992	7,597
Total Consumer Durables	**2000**	**24,610**	**27,025**	**23,592**		
	1999	22,444	25,227	22,430	21,588	91,689
Professional Products, Indoor	**2000**	**4,398**	**4,890**	**4,092**		
	1999	4,910	5,674	5,006	4,860	20,450
Professional Products, Outdoor	**2000**	**2,140**	**2,191**	**1,846**		
	1999	1,629	2,048	1,547	1,876	7,100
Total Professional Products	**2000**	**6,538**	**7,081**	**5,938**		
	1999	6,539	7,722	6,553	6,736	27,550

Operating income by business area, per quarter, SEKm

Consumer Durables		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Europe	**2000**	**566**	**418**	**504**		
	Margin,%	***5.5***	***4.1***	***4.7***		
	1999	506	400	635	903	2,444
	Margin,%	*5.0*	*3.8*	*5.9*	*8.1*	*5.7*
North America	**2000**	**928**	**1,197**	**812**		
	Margin,%	***7.5***	***8.2***	***7.7***		
	1999	719	989	678	509	2,895
	Margin,%	*6.8*	*7.8*	*7.0*	*6.0*	*7.0*
Rest of the world	**2000**	**-71**	**-11**	**-31**		
	Margin,%	***-3.6***	***-0.5***	***-1.4***		
	1999	-82	-78	-47	-135	-342
	Margin,%	*-4.8*	*-4.0*	*-2.4*	*-6.8*	*-4.5*
Professional Products, Indoor	**2000**	**423**	**673**	**313**		
	Margin,%	***9.6***	***13.8***	***7.6***		
	1999	380	634	439	449	1,902
	Margin,%	*7.7*	*11.2*	*8.8*	*9.2*	*9.3*
Professional Products, Outdoor	**2000**	**309**	**295**	**289**		
	Margin,%	***14.4***	***13.5***	***15.7***		
	1999	228	277	208	270	983
	Margin,%	*14.0*	*13.5*	*13.4*	*14.4*	*13.8*
Common Group costs, etc.	**2000**	**-105**	**-119**	**-57**		
	1999	-95	-71	-158	-138	-462
Items affecting comparability	**2000**					
	1999			-216		-216

This report has not been audited.

The year-end results for 2000 will be published on February 9, 2001.

Financial information from Electrolux is also available on www.electrolux.com