

# FIRST QUARTER REPORT, 2003

Stockholm,  
April 22, 2003  
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<i>Amounts in SEKm, unless otherwise stated</i>	<b>F i r s t q u a r t e r 2 0 0 3</b>	First quarter 2002	Change
<b>Net sales</b>	<b>32,062</b>	33,580	-4.5%
Operating income <sup>1)</sup>	1,798	3,791	-52.6%
<b>Operating income, excl. items affecting comparability</b>	<b>1,798</b>	1,906	-5.7%
<i>Margin, %</i>	<b>5.6</b>	5.7	
Income after financial items <sup>1)</sup>	1,798	3,682	-51.2%
<b>Income after financial items, excl. items affecting comparability</b>	<b>1,798</b>	1,797	+0.1%
<i>Margin, %</i>	<b>5.6</b>	5.4	
Net income per share, SEK <sup>2)</sup>	3.95	9.00	-56.1%
<b>Net income per share, excl. items affecting comparability, SEK <sup>1)2)</sup></b>	<b>3.95</b>	3.75	+5.3%
<b>Value creation, excluding items affecting comparability</b>	<b>731</b>	609	+122
Return on equity, %	17.8	39.6	
<b>Return on equity, excl. items affecting comparability, %</b>	<b>17.8</b>	16.4	

1) In 2002, income includes items affecting comparability in the amount of SEK 1,885m (see page 2).

2) Based on an average of 316.2 (329.6) million shares after buy-backs.

- **Higher operating income for Consumer Durables in Europe**
- **Continued positive trend in sales and income for appliances in North America in local currency**
- **Substantial downturn in income for Consumer Durables outside Europe and North America**
- **Revised outlook for full year**

AB ELECTROLUX (PUBL)

MAILING ADDRESS  
SE-105 45 STOCKHOLM  
SWEDEN

TELEPHONE  
+46 8 738 60 00

TELEFAX  
+46 8 738 70 90

INVESTOR RELATIONS  
+46 8 738 60 03

WEB SITE  
[www.electrolux.com.ir](http://www.electrolux.com.ir)

## **NET SALES AND INCOME**

Net sales for the Electrolux Group in the first quarter of 2003 amounted to SEK 32,062m, as against SEK 33,580m for the same period in the previous year. This corresponds to a decrease of 4.5%, of which -11.2% refers to changes in exchange rates, +0.1% to changes in Group's structure, and +6.6% to price/mix/volume.

Operating income declined to SEK 1,798m (3,791), corresponding to 5.6% (11.3) of sales, and income after financial items decreased to SEK 1,798m (3,682), which corresponds to 5.6% (11.0) of sales. Net income declined to SEK 1,246m (2,962), corresponding to SEK 3.95 (9.00) per share.

### **Items affecting comparability in 2002**

The above income figures for 2002 include items affecting comparability in the amount of SEK 1,885m. This amount refers to a capital gain of SEK 1,800m on the divestment of the remaining part of the leisure-appliances product line, and to a capital gain of SEK 85m on the divestment of the European home-comfort operation.

### **Income excluding items affecting comparability**

Excluding items affecting comparability, operating income decreased by 5.7% to SEK 1,798m (1,906), representing 5.6% (5.7) of net sales. Income after financial items was unchanged and amounted to SEK 1,798m (1,797), corresponding to 5.6% (5.4) of net sales. Net income increased by 1.5% to SEK 1,246m (1,228), corresponding to SEK 3.95 (3.75) per share.

### **Effects of changes in exchange rates**

Compared with the first quarter in 2002, changes in exchange rates, i.e. in terms of both transaction and translation effects, had a net negative impact on income after financial items of approximately SEK 190m. This refers mainly to the appreciation of the Swedish krona against the US dollar and the British pound.

### **Financial net**

Net financial items improved to SEK 0m (-109), mainly as a result of lower interest rates and substantially reduced net borrowings.

## **CASH FLOW**

Operating cash flow generated by business operations was SEK -3,845m as compared to SEK -3,396m in the previous year after adjustment for proceeds from divested operations in 2002. The decrease is mainly due to a higher increase in working capital than in the first quarter of 2002.

Cash flow is normally weak during the first half of the year as a result of a build-up of inventories and accounts receivable referring to a seasonal increase in sales of outdoor products, room air-conditioners, refrigerators and freezers.

SEKm	First quarter, 2003	First quarter, 2002
Cash flow from operations, excluding change in operating assets and liabilities	1,910	1,354
Change in operating assets and liabilities	-5,136	-4,146
Capital expenditures	-625	-746
Other	6	142
<b>Operating cash flow</b>	<b>-3,845</b>	<b>-3,396</b>

## FINANCIAL POSITION

### Equity

Equity as of March 31, 2003 amounted to SEK 28,453m (30,913), which corresponds to SEK 90.20 (93.80) per share.

Change in equity, SEKm	
Opening equity, January 1, 2003	27,629
Repurchase of shares	-373
Translation differences	-49
Net income	1,246
<b>Closing equity, March 31, 2003</b>	<b>28,453</b>

### Liquid funds and net debt/equity ratio

Net borrowings decreased to SEK 5,400m (11,835). Liquid funds at the end of the period amounted to SEK 11,324m (10,282). Interest-bearing liabilities declined to SEK 16,724m (22,117).

The net debt/equity ratio improved to 0.19 (0.37). The equity/assets ratio remained unchanged at 37.5% (37.1).

Net debt, SEKm	March 31, 2003	March 31, 2002
Interest-bearing liabilities	16,724	22,117
Liquid funds	-11,324	-10,282
<b>Net borrowings</b>	<b>5,400</b>	<b>11,835</b>
<i>Net debt/equity</i>	<i>0.19</i>	<i>0.37</i>
<i>Equity/assets ratio, %</i>	<i>37.5</i>	<i>37.1</i>

### Net assets

Net assets as of March 31, 2003 declined to SEK 32,646 m (40,000). Average net assets for the period declined to SEK 30,281m (38,581), mainly as a result of restructuring and changes in exchange rates. Average net assets after adjustment for items affecting comparability amounted to SEK 32,842m (39,923), corresponding to 25.6% (29.7) of net sales.

### Inventories and accounts receivables

Inventories declined to SEK 17,035m (18,545), and accounts receivable to SEK 27,455m (27,799), corresponding to 13.3% (14.0) and 21.4% (21.0) of annualized net sales, respectively.

**Return on equity and net assets**

The return on equity was 17.8% (39.6), and the return on net assets was 23.8% (39.3). Excluding items affecting comparability, the return on equity in 2002 was 16.4% and the return on net assets was 19.1%.

**OPERATIONS BY BUSINESS AREA****Consumer Durables**

Industry shipments of core appliances in Europe increased by almost 4% compared with the first quarter of 2002. The market in Western Europe grew by approximately 3% and Eastern Europe by approximately 8%. Group sales of appliances in Europe showed good growth, particularly in Eastern Europe. Operating income improved, mainly as a result of higher volumes and lower cost for materials.

In the US, industry shipments of core appliances were largely unchanged, compared with a strong first quarter in 2002. Shipments of major appliances, i.e. including room air-conditioners and microwave ovens, increased by approximately 6%. Group sales of core appliances in North America showed good growth in local currency, particularly in the refrigerator and cooker product areas. Operating income and margin improved. Sales of room air-conditioners increased over the previous year. Operating income for the home comfort product area improved and was slightly positive.

Demand for appliances in Brazil declined from the previous year. The Group's Brazilian operation reported somewhat higher sales in local currency. Operating income showed a strong improvement and reached break even, compared with a substantial loss in the first quarter of 2002. In India, Group sales decreased substantially as a result of ongoing restructuring and downsizing. Operating income for the Indian operation showed a substantial downturn, and a major loss was reported for the quarter. In China, Group sales decreased substantially, mainly due to ongoing consolidation and restructuring of operations, downward pressure on prices and a less favorable product mix. Operating income for the Chinese operation showed a considerable decline and was negative. The market for appliances in Australia increased in volume. Group sales for the Australian operation decreased, however. Operating income was largely unchanged as a result of synergies from the integration into the Electrolux Group.

Demand for floor-care products increased in Europe, while the US market showed a continued negative trend. Group sales decreased in both markets. Operating income and margin declined, mainly due to an unfavorable product mix and downward pressure on prices, particularly in the US.

Demand for outdoor products for the consumer market in Europe was largely unchanged. Group sales of garden equipment in Europe were in line with the previous year. Both operating income and margin showed a substantial improvement, as a result of implemented restructuring and higher internal efficiency. Demand for garden equipment in the US showed good growth due to favorable weather. Group sales increased in volume and operating income improved both in local currency and SEK.

Overall, sales for the Consumer Durables business area declined after translation into SEK. Operating income declined with a slightly lower margin.

**Professional Indoor Products**

Demand for food-service equipment was considerably weaker than in the previous year in most of the Group's markets. Sales for this product line declined and operating income showed a substantial downturn.

Group sales of laundry equipment were also lower than in 2002, particularly in North America and Japan. Operating income decreased, but with an unchanged margin.

Demand for compressors was in line with the previous year. Group sales in this product category were largely unchanged for comparable units. Operating income showed a substantial improvement, although from a low level, as a result of implemented restructuring and write-downs of assets, as well as higher volumes of new products.

Overall, sales and operating income for Professional Indoor Products were lower than in the previous year. Operating margin improved slightly, however.

**Professional Outdoor Products**

Demand for chainsaws showed an upturn in both Europe and the US, particularly in the light-duty segments. Group sales of chainsaws increased in volume, partly on the basis of new distribution channels in North America.

Pre-seasonal sales of lawn and garden products showed strong growth, also to a large extent a result of new distribution channels. Sales of diamond tools and power cutters declined for comparable units as a result of weak demand from the construction market. Total sales in this product category increased, however, due to the acquisition of Diamant Boart as of July 1, 2002.

Overall, sales and operating income for Professional Outdoor Products were higher than in the previous year. Operating margin was largely unchanged.

**RESTRUCTURING PROGRAMS****Restructuring program in 2002**

The restructuring measures announced in December 2002 refer mainly to appliances in North America, India and China, as well as to compressors. Measures are aimed at improving productivity and adjusting the cost structure. See table below for total cost and estimated savings.

Of the total charge of SEK 1,338m in the fourth quarter of 2002, approximately SEK 648m had been utilized as of March 31, 2003. Savings in the first quarter of 2003 amounted to approximately SEK 29m. Changes implemented to date have involved personnel cutbacks of approximately 1,120.

Restructuring program in 2002, SEKm	Total cost	Utilized as	Savings in	Estimated
		of Mar. 31, 2003	1 <sup>st</sup> quarter 2003	savings 2003
Major appliances, Rest of the world	613	406	18	106
Major appliances, North America	396	146	0	94
Major appliances, Europe	177	53	5	40
<b>Total major appliances</b>	<b>1,186</b>	<b>605</b>	<b>23</b>	<b>240</b>
Compressors	152	43	6	43
<b>Total</b>	<b>1,338*</b>	<b>648</b>	<b>29</b>	<b>283</b>

\* Approximately SEK 567m of the total cost referred to write-downs of assets.

### Restructuring program in 2001

The restructuring measures announced in 2001 are proceeding according to plan. Of the total charge of SEK 3,261m in 2001, approximately SEK 2,834m had been utilized as of March 31, 2003. Savings in the first quarter of 2003 amounted to approximately SEK 142m compared to the first quarter of 2002. Changes implemented to date have involved personnel cutbacks of approximately 4,200. Savings in 2003 are estimated at SEK 398m compared to 2002.

Measures during the first quarter of 2003 include the closure of a plant for hobs in Germany.

Restructuring program in 2001, SEKm	Total cost	Utilized as of March 31, 2003	Accumulated savings Jan. 1, 2002 - March 31, 2003	Savings in Q1, 2003 compared to Q1,2002	Estimated	Estimated
					savings in 2003 compared to 2002	accumulated savings Jan. 1, 2002 - Dec. 31 2003
Major appliances, Europe	997	667	383	104	316	573
Floor care, Europe	19	19	8	4	13	17
Garden products, Europe	157	124	91	10	17	86
Major appliances, North America	114	107	145	5	0	116
Major appliances, Rest of the world	40	36	53	6	-1	42
<b>Total Consumer Durables</b>	<b>1,327</b>	<b>953</b>	<b>680</b>	<b>129</b>	<b>345</b>	<b>834</b>
Food-service equipment	168	167	134	30	5	89
Components	1,710	1,673	343	-18*	43	334
Other	56	41	41	1	5	38
<b>Total</b>	<b>3,261</b>	<b>2,834</b>	<b>1,198</b>	<b>142</b>	<b>398</b>	<b>1,295</b>

\* The negative amount is due to changes in exchange rates. Most of the measures implemented were in North America.

### Value created

The total value created during the first quarter of 2003 amounted to SEK 731m, as compared with SEK 609m in the first quarter of the previous year.

The overall decline in sales and operating margin during the quarter was compensated for by higher capital utilization. The capital turnover rate increased to 3.90, as compared with 3.36 in the previous year.

The table below shows value created by business area.

Value created by business area, SEKm	First quarter 2003	First quarter 2002	Change
<b>Consumer Durables</b>			
Europe	435	374	61
North America	326	307	19
Rest of the world	-333	-346	13
<b>Total Consumer Durables</b>	<b>428</b>	<b>335</b>	<b>93</b>
<b>Professional Products</b>			
Indoor	81	31	50
Outdoor	297	288	9
<b>Total Professional Products</b>	<b>378</b>	<b>319</b>	<b>59</b>
Common group costs, etc.	-75	-45	-30
<b>Total</b>	<b>731</b>	<b>609</b>	<b>122</b>

*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 estimated at 13% before tax.*

### **Asbestos litigation in the US**

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

As of March 31, 2003 the Group had a total of 301 lawsuits pending, representing approximately 18,000 plaintiffs. A total of 96 new cases were filed during the first quarter of 2003 and 13 were resolved. Approximately 17,900 of the plaintiffs refer to cases pending in the state of Mississippi.

### **Parent company**

Net sales for the parent company, AB Electrolux, for the first quarter of 2003 amounted to SEK 1,587m (1,730). Income after financial items was SEK 2,136m (1,676), including dividends from subsidiaries in the amount of SEK 1,673m (1,658). Capital expenditure was SEK 9m (30). Liquid funds at the end of the period amounted to SEK 6,541m (2,941) as against SEK 8,090m at the start of the year.

### **Proposed dividend**

The Board of Directors proposes an increase of the dividend for 2002 to SEK 6.00 (4.50) per share, for a total dividend payment of SEK 1,894m (1,483). The proposed dividend corresponds to 34% (41) of net income per share for 2002, excluding items affecting comparability. The Group's goal is to ensure that the dividend corresponds to 30–50% of net income for the year.



## **Proposals by the Board to the Annual General Meeting on April 22, 2003**

### *New employee stock-option program in 2003*

The Board has presented a proposal to the Annual General Meeting to introduce a new employee stock option program in 2003. It is proposed that a maximum of 3,000,000 options will be allotted to less than 200 senior managers and that the 2003 program will be based on the same parameters as the 2001 and 2002 programs, including the number of options per lot.

The Board also proposes to the Annual General Meeting that the company's obligations under the proposed program, including estimated employer contributions, will be secured by repurchased shares. With reference to the 2003 and previous employee stock-option programs, the Board proposes that the Annual General Meeting resolves that the Company may, until the next Annual General Meeting, transfer a maximum of 1,447,572 B-shares to cover costs, mainly employer contributions, which may arise due to the 1998-2003 option programs. Transfer shall be made at the Stockholm Stock Exchange at a price at each time within the registered price interval for the share.

Assuming that all stock options allotted under the 2003 program are exercised, the sale of previously repurchased shares under this program would result in a dilution of 1.1%. This figure includes the sale of shares for hedging of employer contributions in connection with the exercise of the options. The financing cost for these shares for hedging purposes is estimated at SEK 20m for 2003.

More information on the proposed option program for 2003 can be found in the Group's annual report, and has also been displayed in the AGM section of the Group's web site at [www.electrolux.com/ir](http://www.electrolux.com/ir) since April 8, 2003.

### *New share repurchase program and cancellation of shares*

In order to allow for further repurchase of shares, the Board proposes to the Annual General Meeting that the number of B-shares that are not required for the hedging of the stock option programs, be eliminated through a process of cancellation.

The proposal means that the Annual General Meeting would resolve to reduce the share capital by SEK 73,062,900 through cancellation of 14,612,580 own B-shares. Shares required to meet obligations under the Company's personnel stock-option programs (8,508,172) are excluded from cancellation. Today Electrolux share capital amounts to SEK 1,693,562,900 and will, following the execution of the reduction, amount to SEK 1,620,500,000.

The Board also proposes that the Annual General Meeting approve a new program for the repurchase up to a maximum of 10% of the total number of shares. This authorization would cover the period up to the Annual General Meeting in 2004.

The purpose of the share repurchase program is to ensure the possibility to adapt the capital structure of the Group and, thereby, contribute to increased shareholder value, or to use the repurchased shares in conjunction with the financing of potential acquisitions and the Group's option programs.

More information on the proposed cancellation of shares and new repurchase program has been displayed in the AGM section of the Group's web site at [www.electrolux.com/ir](http://www.electrolux.com/ir) since April 8, 2003.

### Repurchase of shares during the first quarter of 2003

During the first quarter of 2003, Electrolux repurchased 2,726,700 own B-shares for a total of SEK 373m, corresponding to an average price of SEK 137 per share. As of March 31, 2003, the Company owned a total of 23,120,752 B-shares, equivalent to 6.8% of the total number of outstanding shares.

Repurchase of shares	Total number of outstanding A- and B-shares	No. of shares held by Electrolux	No. of shares held by other shareholders
As of January 1, 2003	338,712,580	20,394,052	318,318,528
Repurchase of shares in first quarter of 2003	--	2,726,700	--
Number of shares as of March 31, 2003	338,712,580	23,120,752	315,591,828

### De-listing of shares in Paris and Zurich

In December 2002, the Board of Directors decided to de-list the Electrolux share from the stock exchanges in Paris and Zurich. The last day for trading Electrolux shares on the Zurich Exchange is April 30, 2003. De-listing in Paris is expected to be implemented during the first half of 2003.

### OUTLOOK FOR 2003\*

Although there is still uncertainty regarding market conditions during the rest of the year, the Group expects demand for appliances to be generally flat in both Europe and North America.

As a result of the negative trend in income for the appliance operations in India and China, continued downward pressure on prices for floor-care products in North America and weaker demand for Professional Indoor Products, the Group's operating income for the full year is expected to be somewhat lower than in 2002.

Stockholm, April 22, 2003

Hans Stråberg  
President and CEO

\*This represents a change from the previous outlook published in February 2003, which stated: "There is uncertainty regarding market conditions in 2003. At present, the Group expects demand to be generally flat during the year in both Europe and the US. In light of the above expectations for flat demand, and on the basis of internal restructuring and cost adjustments, the Group should achieve some improvement in operating income and value created for the full year 2003."

**Slide presentation**

A slide presentation of the Group's 2003 first quarter results is available on the Electrolux website at the following address: [www.electrolux.com/webcast1](http://www.electrolux.com/webcast1)

**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 and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, 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.

**Consolidated income statement, SEKm**

	<b>First quarter 2003</b>	First quarter 2002	Full year 2002
<b>Net sales</b>	<b>32,062</b>	33,580	133,150
Cost of goods sold	<b>-24,512</b>	-25,948	-101,705
Selling expense	<b>-4,217</b>	-4,204	-17,738
Administrative expense	<b>-1,478</b>	-1,451	-5,405
Other operating income/expense	<b>-57</b>	-71	-137
Items affecting comparability	<b>-</b>	1,885	-434
<b>Operating income*</b>	<b>1,798</b>	3,791	7,731
<i>Margin, %</i>	<i>5.6</i>	<i>11.3</i>	<i>5.8</i>
Financial items, net	<b>0</b>	-109	-186
<b>Income after financial items</b>	<b>1,798</b>	3,682	7,545
<i>Margin, %</i>	<i>5.6</i>	<i>11.0</i>	<i>5.7</i>
Taxes	<b>-556</b>	-726	-2,459
Minority interests in net income	<b>4</b>	6	9
<b>Net income</b>	<b>1,246</b>	2,962	5,095
<i>* Including depreciation and amortization in the amount of:</i>	<i>-854</i>	<i>-1,006</i>	<i>-3,854</i>
Net income per share basic and diluted, SEK	<b>3.95</b>	9.00	15.60
Number of shares after buy backs, million	<b>315.6</b>	329.6	318.3
Average number of shares after buy backs, million	<b>316.2</b>	329.6	327.1

**Consolidated balance sheet, SEKm**

	<b>March 31 2003</b>	March 31 2002	Full year 2002
<b>Assets</b>			
Fixed assets	<b>27,418</b>	30,925	27,698
Inventories, etc	<b>16,731</b>	18,258	15,614
Accounts receivable	<b>27,455</b>	27,799	22,484
Other receivables	<b>5,891</b>	8,115	5,328
Liquid funds	<b>11,324</b>	10,282	14,300
<b>Total assets</b>	<b>88,819</b>	95,379	85,424
<b>Equity and liabilities</b>			
Shareholders' equity	<b>28,453</b>	30,913	27,629
Minority interests	<b>572</b>	671	592
Interest-bearing liabilities and provisions	<b>16,724</b>	22,117	15,698
Non-interest-bearing liabilities and provisions	<b>43,070</b>	41,678	41,505
<b>Total equity and liabilities</b>	<b>88,819</b>	95,379	85,424
Contingent liabilities	<b>1,117</b>	1,462	949

<b>Change in equity, SEKm</b>	<b>First quarter 2003</b>	<b>First quarter 2002</b>	<b>Full year 2002</b>
Opening balance	27,629	28,864	28,864
Dividend payment	-	-	-1,483
Repurchase of shares	-373	-	-1,703
Minimum liability US pensions	-	-	-1,335
Translation differences etc.	-49	-913	-1,809
Net income	1,246	2,962	5,095
Closing balance	28,453	30,913	27,629

  

<b>Consolidated cash-flow statement, SEKm</b>	<b>First quarter 2003</b>	<b>First quarter 2002</b>	<b>Full year 2002</b>
<b>Operations</b>			
Income after financial items	1,798	3,682	7,545
Depreciation and amortization	854	1,006	3,854
Provisions and capital gains/losses	-528	-3,114	-1,272
Taxes paid	-214	-220	-1,027
Changes in operating assets and liabilities			
Change in inventories	-1,202	-1,901	-706
Change in accounts receivable	-5,073	-4,562	28
Change in other current assets	-621	-99	832
Change in current liabilities and provisions	1,760	2,416	1,651
<b>Cash flow from operations</b>	<b>-3,226</b>	<b>-2,792</b>	<b>10,905</b>
<b>Investments</b>			
Acquisition and divestment of operations	-	2,397	2,229
Capital expenditure in tangible fixed assets	-625	-746	-3,335
Capitalization of product development and software	-50	-80	-195
Other	56	222	290
<b>Cash flow from investments</b>	<b>-619</b>	<b>1,793</b>	<b>-1,011</b>
Dividend	-	-	-1,483
Repurchase of shares	-373	-	-1,703
<b>Cash flow after dividends</b>	<b>-4,218</b>	<b>-999</b>	<b>6,708</b>
Change in interest-bearing liabilities	1,301	-849	-4,157
<b>Total cash flow</b>	<b>-2,917</b>	<b>-1,848</b>	<b>2,551</b>
<b>Liquid funds at beginning of year</b>	<b>14,300</b>	<b>12,374</b>	<b>12,374</b>
<b>Exchange-rate differences referring to liquid funds</b>	<b>-59</b>	<b>-244</b>	<b>-625</b>
<b>Liquid funds at end of period</b>	<b>11,324</b>	<b>10,282</b>	<b>14,300</b>
<b>Change in net borrowings</b>			
<b>Total cash flow excl. change in loans</b>	<b>-4,218</b>	<b>-999</b>	<b>6,708</b>
<b>Net borrowings at beginning of year</b>	<b>-1,398</b>	<b>-10,809</b>	<b>-10,809</b>
<b>Exchange-rate differences referring to net borrowings</b>	<b>216</b>	<b>-27</b>	<b>2,703</b>
<b>Net borrowings at end of period</b>	<b>-5,400</b>	<b>-11,835</b>	<b>-1,398</b>

<b>Net sales by business area, SEKm</b>	<b>First quarter 2003</b>	First quarter 2002	Full year 2002
<b>Consumer Durables</b>			
Europe	<b>11,987</b>	11,241	48,250
North America	<b>12,028</b>	13,284	48,450
Rest of the world	<b>2,908</b>	3,437	14,820
<b>Total Consumer Durables</b>	<b>26,923</b>	27,962	111,520
<b>Professional Products</b>			
Indoor	<b>2,165</b>	3,029	10,887
Outdoor	<b>2,950</b>	2,547	10,597
<b>Total Professional Products</b>	<b>5,115</b>	5,576	21,484
Other	<b>24</b>	42	146
<b>Total</b>	<b>32,062</b>	33,580	133,150

<b>Operating income by business area, SEKm</b>	<b>First quarter 2003</b>	First quarter 2002	Full year 2002
<b>Consumer Durables</b>			
Europe	<b>710</b>	676	3,265
<i>Margin, %</i>	<b>5.9</b>	6.0	6.8
North America	<b>798</b>	876	3,271
<i>Margin, %</i>	<b>6.6</b>	6.6	6.8
Rest of the world	<b>-120</b>	-22	51
<i>Margin, %</i>	<b>-4.1</b>	-0.6	0.3
<b>Total Consumer Durables</b>	<b>1,388</b>	1,530	6,587
<i>Margin, %</i>	<b>5.2</b>	5.5	5.9
<b>Professional Products</b>			
Indoor	<b>138</b>	183	753
<i>Margin, %</i>	<b>6.4</b>	6.0	6.9
Outdoor	<b>442</b>	386	1,508
<i>Margin, %</i>	<b>15.0</b>	15.2	14.2
<b>Total Professional Products</b>	<b>580</b>	569	2,261
<i>Margin, %</i>	<b>11.3</b>	10.2	10.5
Common Group costs, etc.	<b>-170</b>	-193	-683
Items affecting comparability	-	1,885	-434
<b>Total</b>	<b>1,798</b>	3,791	7,731

<b>Value creation, SEKm</b>	<b>First quarter 2003</b>	First quarter 2002	Full year 2002
<b>Consumer Durables</b>			
Europe	<b>435</b>	374	2,099
North America	<b>326</b>	307	1,170
Rest of the world	<b>-333</b>	-346	-1,011
<b>Total Consumer Durables</b>	<b>428</b>	335	2,258
<b>Professional Products</b>			
Indoor	<b>81</b>	31	291
Outdoor	<b>297</b>	288	1,090
<b>Total Professional Products</b>	<b>378</b>	319	1,381
Common Group costs, etc.	<b>-75</b>	-45	-178
<b>Total</b>	<b>731</b>	609	3,461

<b>Key ratios</b>	<b>First quarter 2003</b>	First quarter 2002	<b>First quarter 2002, excl. items affecting comparability</b>	Full year 2002
Net income per share, SEK <sup>1)</sup>	<b>3.95</b>	9.00	<b>3.75</b>	15.60
Return on equity, % <sup>2)</sup>	<b>17.8</b>	39.6	<b>16.4</b>	17.2
Return on net assets, % <sup>3)</sup>	<b>23.8</b>	39.3	<b>19.1</b>	22.1
Net debt/equity ratio <sup>4)</sup>	<b>0.19</b>	0.37	<b>0.37</b>	0.05
Capital expenditure, SEKm	<b>625</b>	746	<b>746</b>	3,335
Average number of employees	<b>80,329</b>	84,474	<b>84,474</b>	81,971

1) Average number of shares for the first quarter after buy-backs is 316.2 (329.6) million.

2) Annualized net income, expressed as a percentage of average 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.

<b>Exchange rates in SEK</b>	<b>First quarter 2003</b>	First quarter 2002	Full year 2002
USD, average	<b>8.57</b>	10.51	9.72
USD, end of period	<b>8.51</b>	10.35	8.78
EUR, average	<b>9.19</b>	9.16	9.15
EUR, end of period	<b>9.28</b>	9.03	9.16
GBP, average	<b>13.76</b>	14.98	14.58
GBP, end of period	<b>13.45</b>	14.74	14.09

## Quarterly figures

### Net sales and income, per quarter

		1 <sup>st</sup> qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Full year
Net sales, SEKm	<b>2003</b>	<b>32,062</b>				
	2002	33,580	37,224	31,760	30,586	133,150
Operating income, SEKm	<b>2003</b>	<b>1,798</b>				
	<i>Margin, %</i>	<b>5.6</b>				
	2002	3,791	2,722	1,781	-563	7,731
	<i>Margin, %</i>	11.3	7.3	5.6	-1.8	5.8
	2002 <sup>1)</sup>	1,906	2,722	1,756	1,781	8,165
	<i>Margin, %</i>	5.7	7.3	5.5	5.8	6.1
Income after financial items, SEKm	<b>2003</b>	<b>1,798</b>				
	<i>Margin, %</i>	<b>5.6</b>				
	2002	3,682	2,694	1,728	-559	7,545
	<i>Margin, %</i>	11.0	7.2	5.4	-1.8	5.7
	2002 <sup>1)</sup>	1,797	2,694	1,703	1,785	7,979
	<i>Margin, %</i>	5.4	7.2	5.4	5.8	6.0
Net income, SEKm	<b>2003</b>	<b>1,246</b>				
	2002	2,962	1,850	1,239	-956	5,095
	2002 <sup>1)</sup>	1,228	1,850	1,222	1,221	5,521
Net income per share, SEK	<b>2003</b>	<b>3.95</b>				
	2002	9.00	5.60	3.80	-2.80	15.60
	2002 <sup>1)</sup>	3.75	5.60	3.75	3.80	16.90
Value creation, SEKm	<b>2003</b>	<b>731</b>				
	2002	609	1,475	636	741	3,461

1) Excluding items affecting comparability, which in 2002 amounted to SEK -434m.

### Net sales by business area, per quarter, SEKm

Consumer Durables		1 <sup>st</sup> qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Full year
Europe	<b>2003</b>	<b>11,987</b>				
	2002	11,241	11,896	12,605	12,508	48,250
North America	<b>2003</b>	<b>12,028</b>				
	2002	13,284	15,090	10,876	9,200	48,450
Rest of the world	<b>2003</b>	<b>2,908</b>				
	2002	3,437	4,257	3,332	3,794	14,820
<b>Total Consumer Durables</b>	<b>2003</b>	<b>26,923</b>				
	2002	27,962	31,243	26,813	25,502	111,520
Professional Products, Indoor	<b>2003</b>	<b>2,165</b>				
	2002	3,029	3,032	2,192	2,634	10,887
Professional Products, Outdoor	<b>2003</b>	<b>2,950</b>				
	2002	2,547	2,907	2,720	2,423	10,597
<b>Total Professional Products</b>	<b>2003</b>	<b>5,115</b>				
	2002	5,576	5,939	4,912	5,057	21,484

### Operating income by business area, per quarter, SEKm

Consumer Durables		1 <sup>st</sup> qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Full year
Europe	<b>2003</b>	<b>710</b>				
	<i>Margin, %</i>	<b>5.9</b>				
	2002	676	819	828	942	3,265
	<i>Margin, %</i>	6.0	6.9	6.6	7.5	6.8
North America	<b>2003</b>	<b>798</b>				
	<i>Margin, %</i>	<b>6.6</b>				
	2002	876	1,338	577	480	3,271
	<i>Margin, %</i>	6.6	8.9	5.3	5.2	6.8
Rest of the world	<b>2003</b>	<b>-120</b>				
	<i>Margin, %</i>	<b>-4.1</b>				
	2002	-22	98	-41	16	51
	<i>Margin, %</i>	-0.6	2.3	-1.2	0.4	0.3
<b>Professional Products, Indoor</b>	<b>2003</b>	<b>138</b>				
	<i>Margin, %</i>	<b>6.4</b>				
	2002	183	214	197	159	753
	<i>Margin, %</i>	6.0	7.1	9.0	6.0	6.9
<b>Professional Products, Outdoor</b>	<b>2003</b>	<b>442</b>				
	<i>Margin, %</i>	<b>15.0</b>				
	2002	386	435	356	331	1,508
	<i>Margin, %</i>	15.2	15.0	13.1	13.7	14.2
Common Group costs, etc.	<b>2003</b>	<b>-170</b>				
	2002	-193	-182	-161	-147	-683
Items affecting comparability	<b>2003</b>	-				
	2002	1,885	-	25	-2,344	-434

## Five-year review

Amounts in SEKm, unless otherwise stated	2002	2001	2000	1999	1998
Net sales	<b>133,150</b>	135,803	124,493	119,550	117,524
Operating income	<b>7,731</b>	6,281	7,602	7,204	7,028
<i>Margin, %</i>	<b>5.8</b>	4.6	6.1	6.0	6.0
<i>Margin, excluding items affecting comparability, %</i>	<b>6.1</b>	4.7	6.5	6.2	5.2
Income after financial items	<b>7,545</b>	5,215	6,530	6,142	5,850
<i>Margin, %</i>	<b>5.7</b>	3.8	5.2	5.1	5.0
<i>Margin, excluding items affecting comparability, %</i>	<b>6.0</b>	3.9	5.6	5.3	4.2
Net income	<b>5,095</b>	3,870	4,457	4,175	3,975
Net income per share, SEK	<b>15.60</b>	11.35	12.40	11.40	10.85
Average number of shares after buy-backs, million	<b>327.1</b>	340.1	359.1	366.2	366.2
Dividend, adjusted for share issues	<b>6.00<sup>1)</sup></b>	4.50	4.00	3.50	3.00
Value creation	<b>3,461</b>	262	2,423	1,782	437
Return on equity, %	<b>17.2</b>	13.2	17.0	17.1	18.2
Return on net assets, %	<b>22.1</b>	15.0	19.6	18.3	17.5
Net debt/equity ratio	<b>0.05</b>	0.37	0.63	0.50	0.71
Capital expenditure	<b>3,335</b>	4,195	4,423	4,439	3,756
Average number of employees	<b>81,971</b>	87,139	87,128	92,916	99,322

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

## Definitions

### Capital indicators

Annualized sales	In computation of key ratios where capital is related to net sales, the latter are annualized and converted at year-end exchange rates and adjusted for acquired and divested operations.
Net assets	Total assets, excluding liquid funds, interest-bearing financial receivables, as well as non-interest-bearing liabilities and provisions.
Adjusted equity	Equity, including minority interests.
Working capital	Net assets less fixed assets and deferred tax assets/liabilities.
Net borrowings	Total interest-bearing liabilities less liquid funds.
Net debt/equity ratio	Net borrowings in relation to adjusted equity.
Equity/assets ratio	Adjusted equity as a percentage of total assets less liquid funds.

### Other key ratios

Net income per share	Net income divided by the average number of shares after buy-backs.
Operating cash flow	Total cash flow from operations and investments, excluding acquisition and divestment of operations.
Operating margin	Operating income expressed as a percentage of net sales.
Value creation	Operating income excluding items affecting comparability less the weighted average cost of capital (WACC) on average net assets excluding items affecting comparability. [(Net sales - operating costs = operating income) - (WACC x Average net assets)]. The WACC for 2003 and 2002 was 13% before tax. The WACC for previous periods was 14% before tax.
Return on equity	Net income expressed as a percentage of average equity.
Return on net assets	Operating income expressed as a percentage of average net assets.

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*This report has not been audited.*

### Financial reports in 2003

Quarterly report, 2<sup>nd</sup> quarter  
 Quarterly report, 3<sup>rd</sup> quarter

July 17  
 October 21

Financial information from Electrolux is also available on [www.electrolux.com/ir](http://www.electrolux.com/ir)