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Fourth quarter results  
2003

**Hans Stråberg,  
President and CEO**

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# Sales and earnings 2003

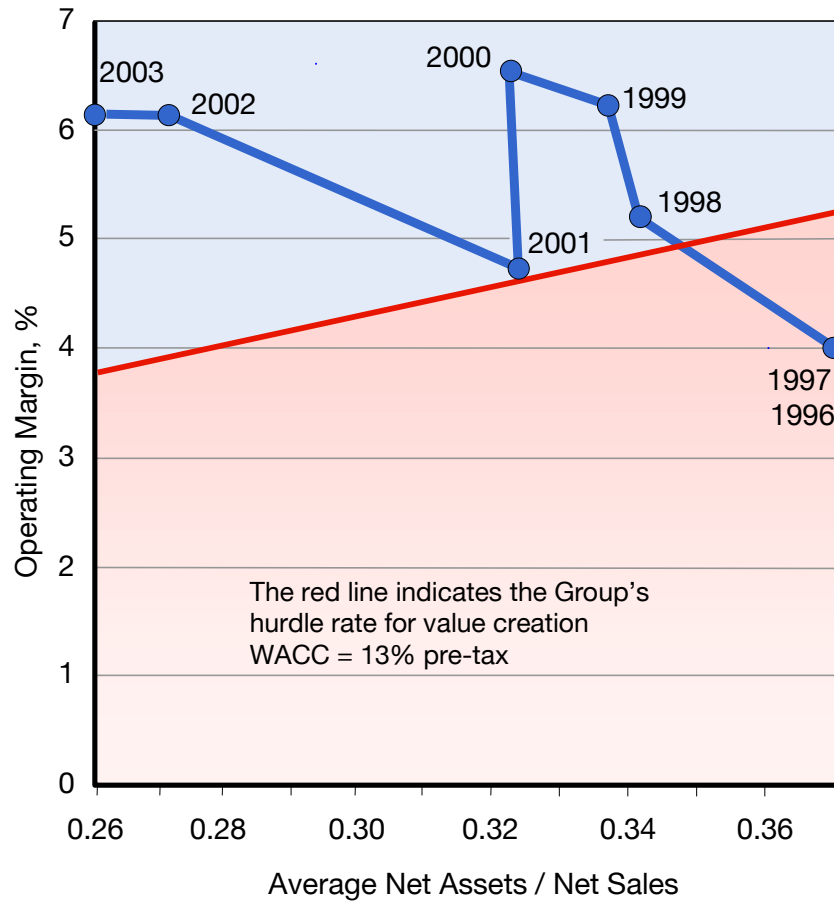
Excluding items affecting comparability

SEKm	2003	2002		Q4 2003	Q4 2002
<b>Net sales</b>	<b>124,077</b>	133,150	-6.8%	<b>28,315</b>	30,586
<b>Operating income</b>	<b>7,638</b>	8,165	-6.5%	1,733	1,781
<i>Margin, %</i>	<b>6.2</b>	6.1		6.1	5.8
<b>Income after financial items</b>	<b>7,469</b>	7,979	-6.4%	1,673	1,785
<i>Margin, %</i>	<b>6.0</b>	6.0		5.9	5.8
<b>Net income per share, SEK</b>	<b>16.75</b>	16.90	-0.9%	4.00	3.80

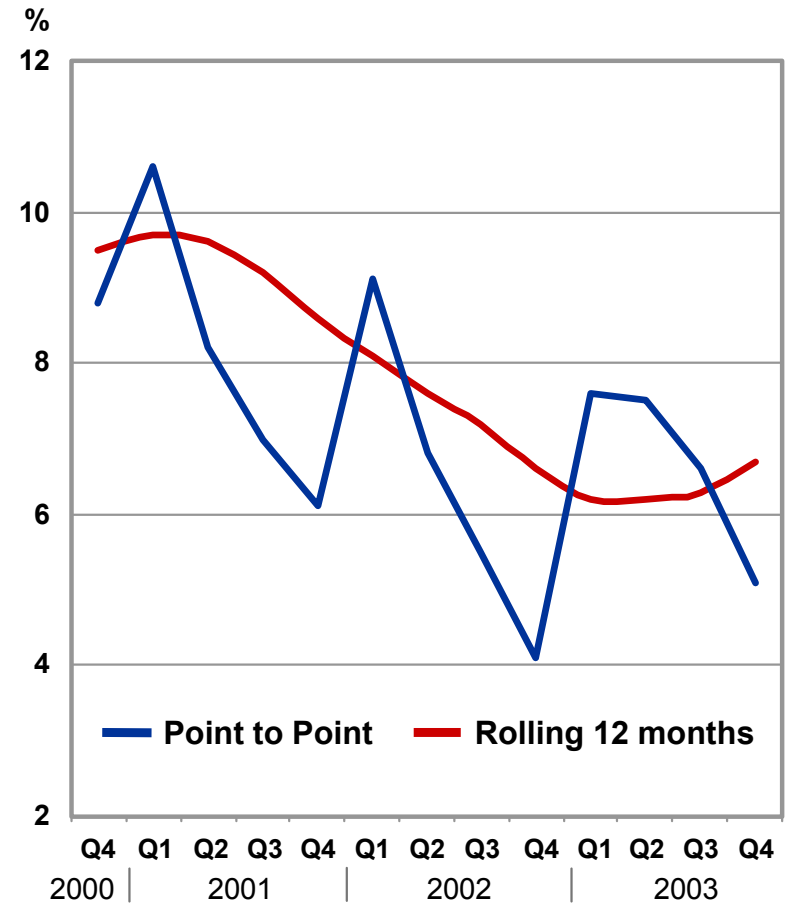
- Sales rose 3.3% for comparable units and adjusted for changes in exchange rates
- Operating income adversely affected by changes in exchange rates in the amount of SEK -930m
  - SEK -610 m translation
  - SEK -320 m transaction
- Return on equity improved to 18.9% (18.6)
- Return on net assets rose to 23.7% (22.6)

# Operating margin and capital efficiency

## Operating margin and capital turnover



## Working capital / Annulized sales

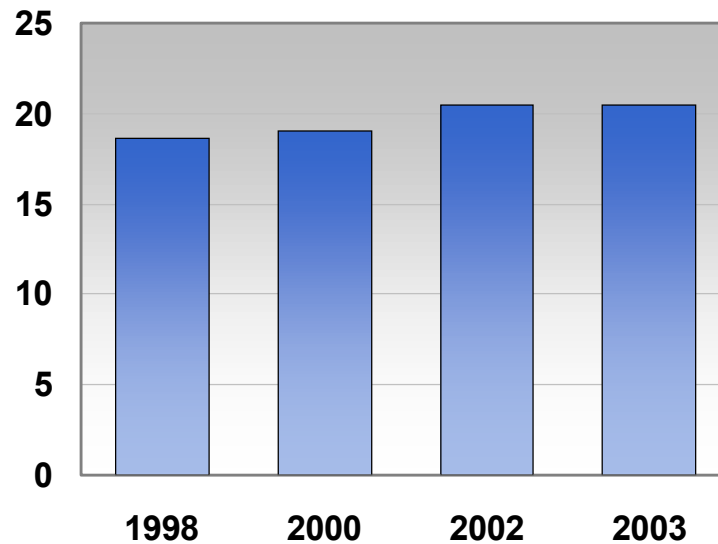


# Sales and income by business area

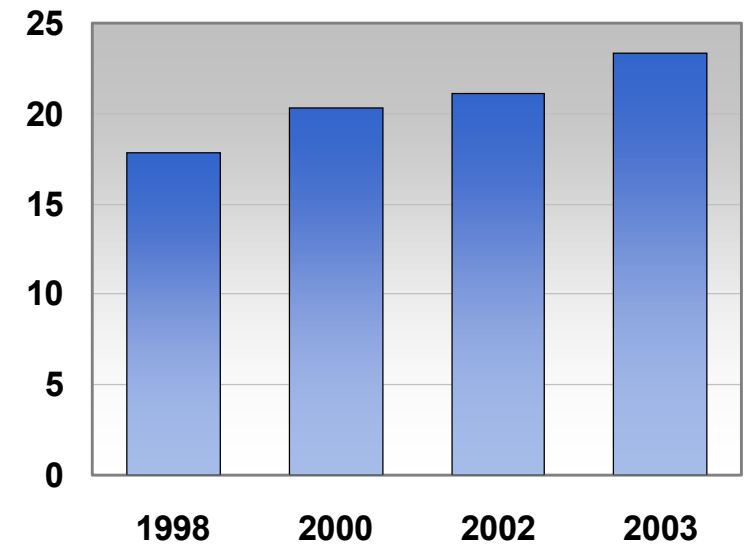
<b>Sales</b>			In comparable
<b>Consumer Durables</b>	<b>2003</b>	<b>Change</b>	<b>currency</b>
Europe	47,312	-1.9%	0.1%
North America	45,063	-7.0%	10.1%
Rest of the world	12,646	-14.7%	-1.5%
<b>Professional Products</b>			
Indoor	8,113	-25.5%	-23.4%
Outdoor	10,856	2.4%	10.8%
<b>Operating income</b>			
<b>Consumer Durables</b>	<b>2003</b>	<b>Change</b>	<b>In comparable</b>
			<b>currency</b>
Europe	3,382	3.6%	5.0%
North America	2,866	-12.4%	3.4%
Rest of the world	2	-95.8%	-106.2%
<b>Professional Products</b>			
Indoor	556	-26.2%	-24.4%
Outdoor	1,576	4.5%	9.3%

# Market shares

% Share, appliances,  
Europe



% Share, appliances,  
USA



- Gained market share in NA in all product categories
- Maintained market share in Western Europe, with some gains in Eastern Europe

# Summary of 2003

## Negatives

- Unfavorable currency trends
- Intense price competition across US and Europe
- Downturn in income for US floor-care
- Weak demand, lower income for food-service equipment

## Positives

- Unit volume and share growth across categories in US
- Good underlying performance for US appliances & consumer outdoor
- Higher income and margin for European appliance operation

# Outlook for 2004

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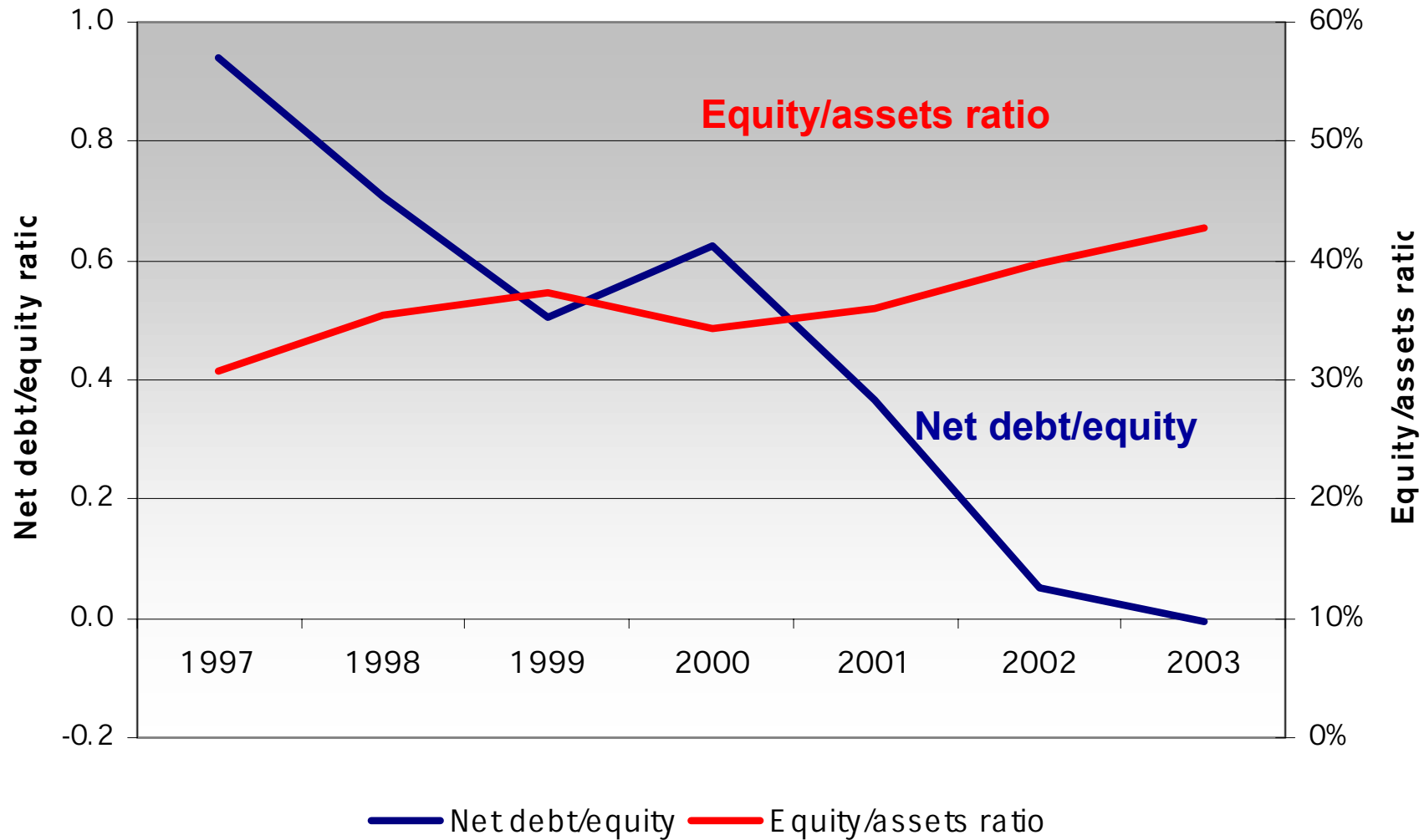
- Some growth in market demand in both Europe and North America
- Increased investment in R&D and brand building
- Negative currency movements
- 2004 operating income somewhat lower than 2003 excluding items affecting comparability

# Outlook for 2004 cash flow items

Capital expenditure	SEK 4-5 billion
Relocation expenses	About SEK 1 billion
Working capital	Similar % of sales as 2003
Tax rate	30%



# Strong balance sheet



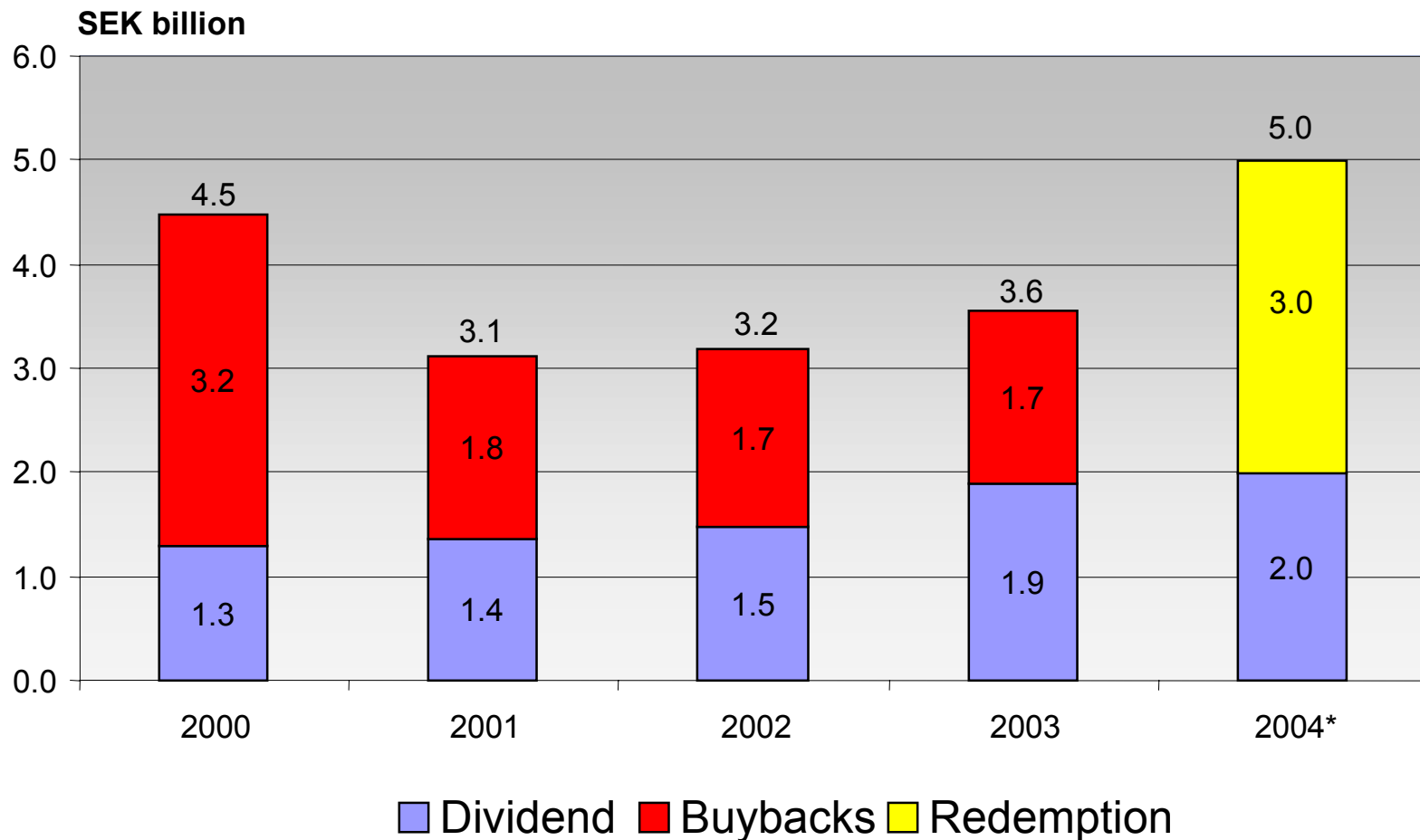
# Distribution of funds to shareholders

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## Board proposes:

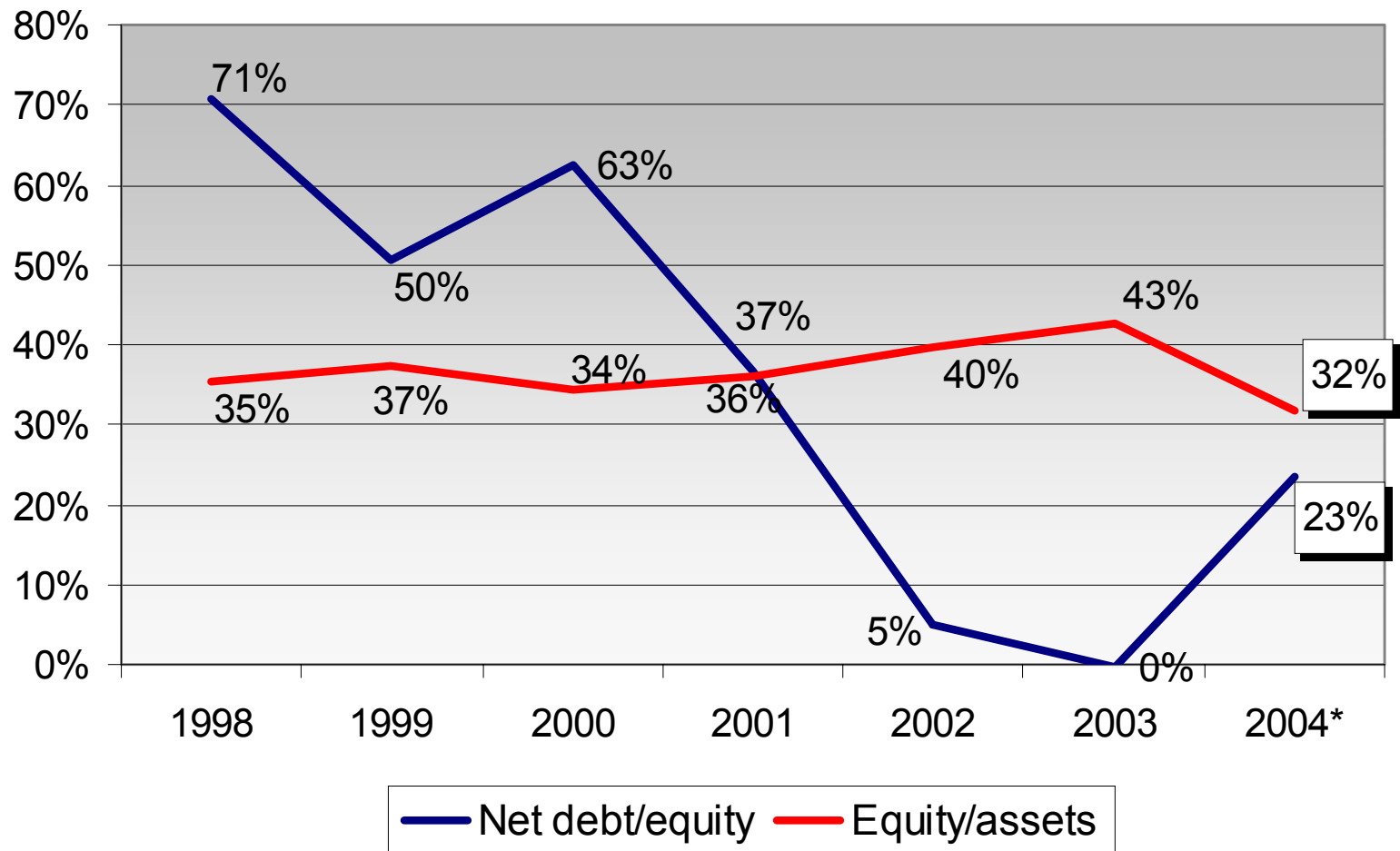
- Redemption of shares in a total amount of approx. SEK 3 billion
- Dividend increase of 8% to SEK 6.50, total amount of approx. SEK 2 billion
- Flexibility for share repurchases

# Total distributions to shareholders 2000-2004



\* Proposed by the Board

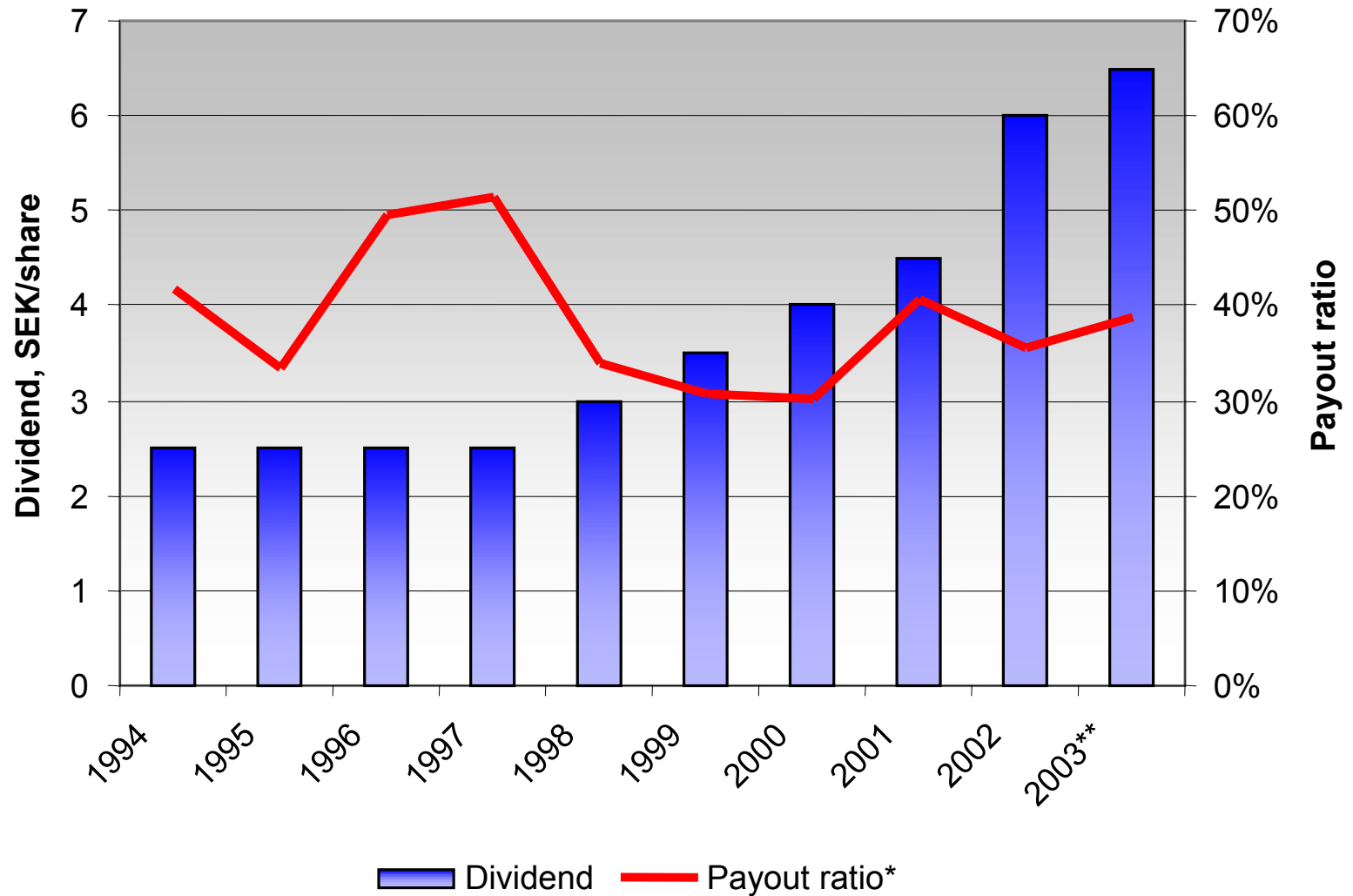
# Impact on financial structure\*



\*Proforma as if changes took place on Jan. 1, 2004

Proposed Redemption	3,000
Proposed Dividend	1,993
Pension Charge	1,600

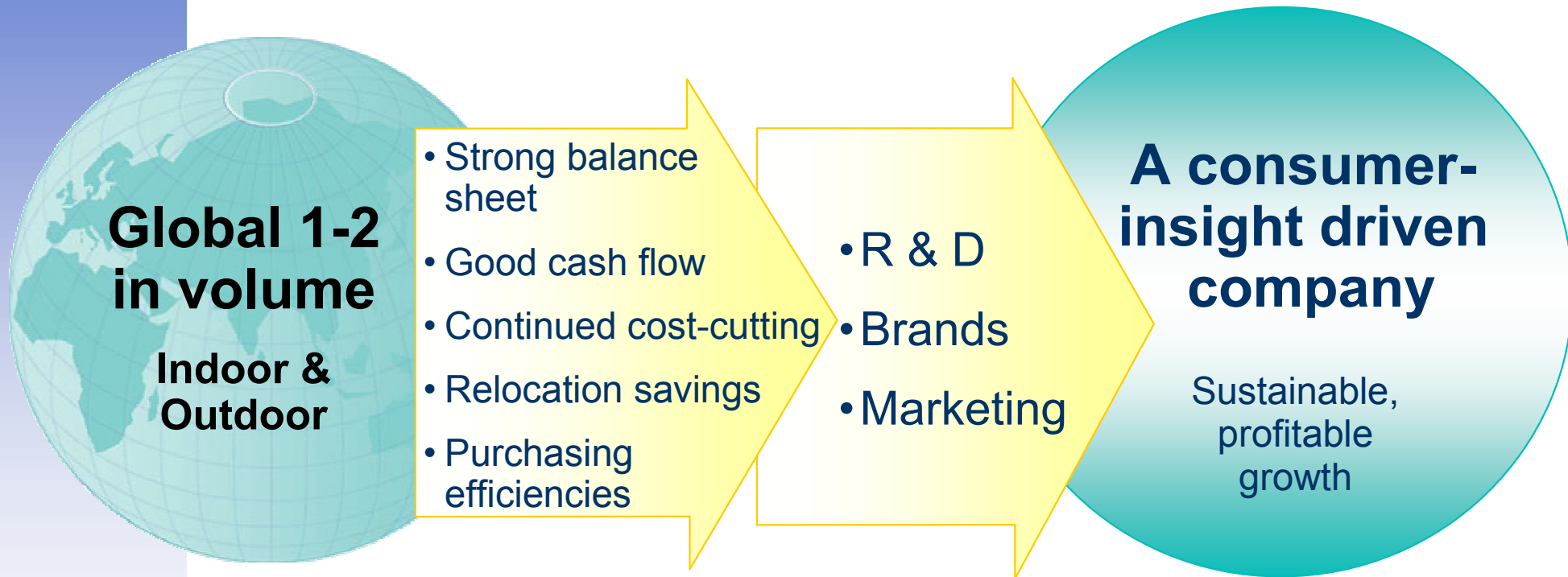
# Dividends 1994-2003



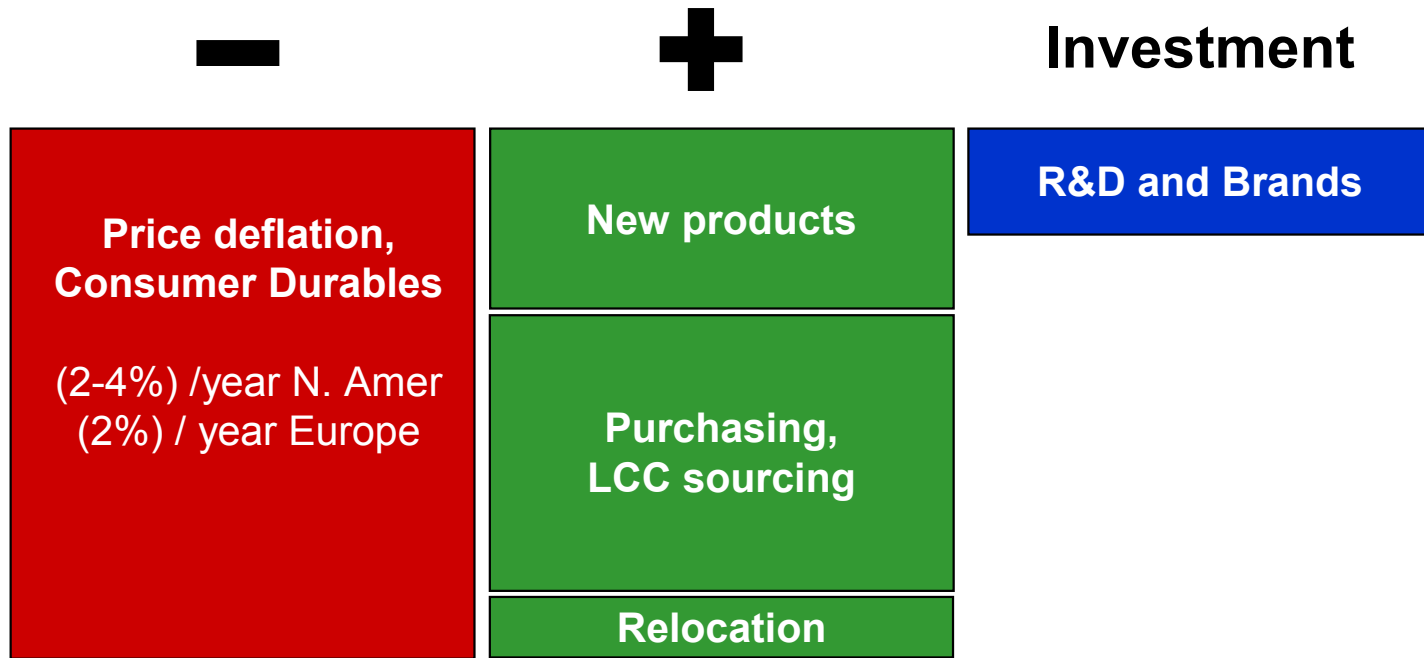
\*Payout ratio: Dividend / Net income per share excl. items affecting comparability

\*\* Proposed by the Board

# Unique competitive opportunity

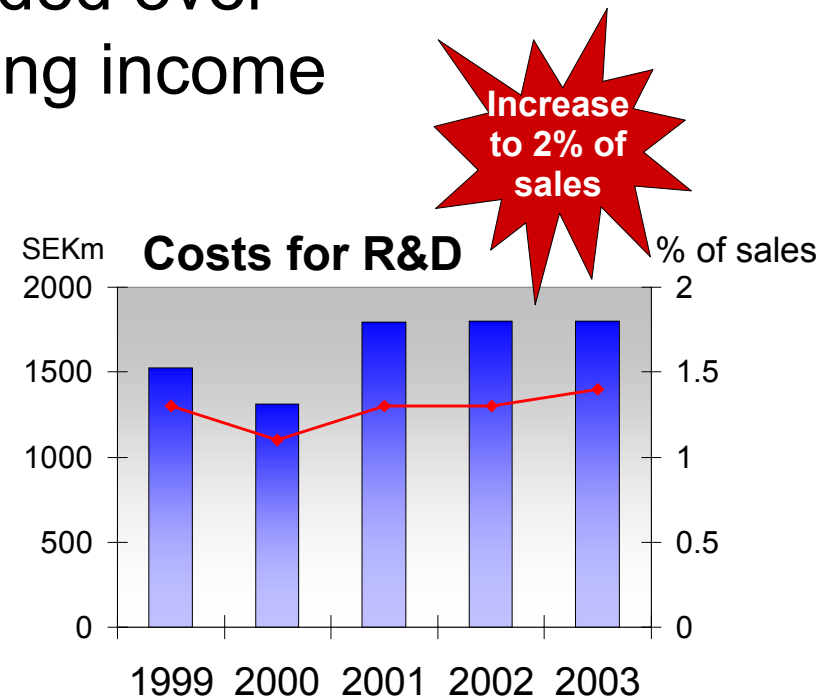


# Margin drivers 2004-06



# Investing in new products

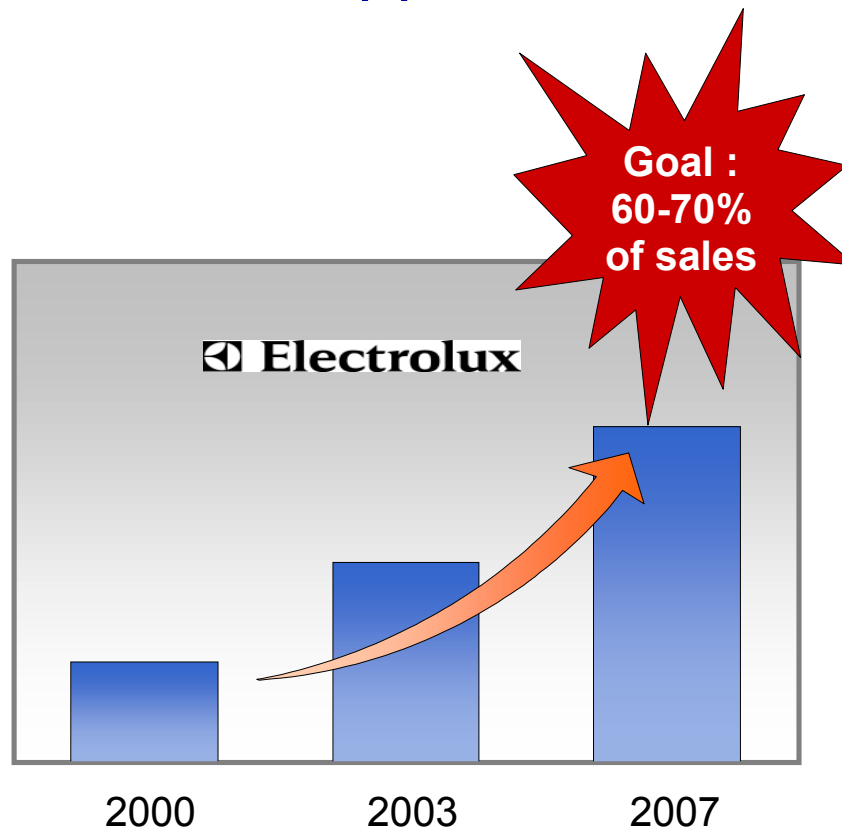
- R&D to gradually increase from 1.3% of sales to approx. 2.0% in next few years
- Investments based on consumer insight
- Accelerate product life-cycle
- Improved product mix added over SEK 1 bn to 2003 operating income





# Investing in Electrolux brand globally, across categories

Plan to increase brand spend from approx. 1% of sales to approx. 2%

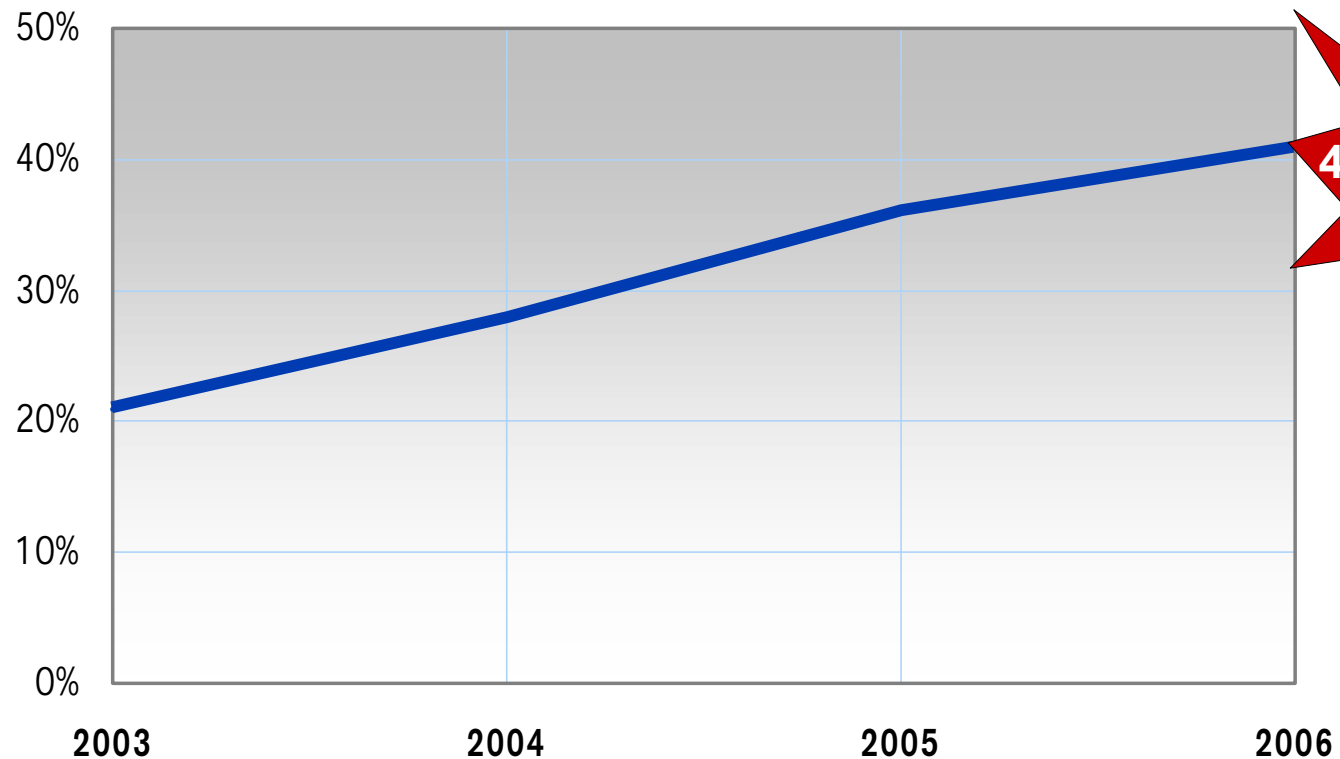


% of global sales from Electrolux brand, including double branding

- Launch of Electrolux floor-care products in 2003, appliances in 2004
- Double-branding in European main markets well received
- Brand building tied to management incentive systems

# Increased LCC sourcing

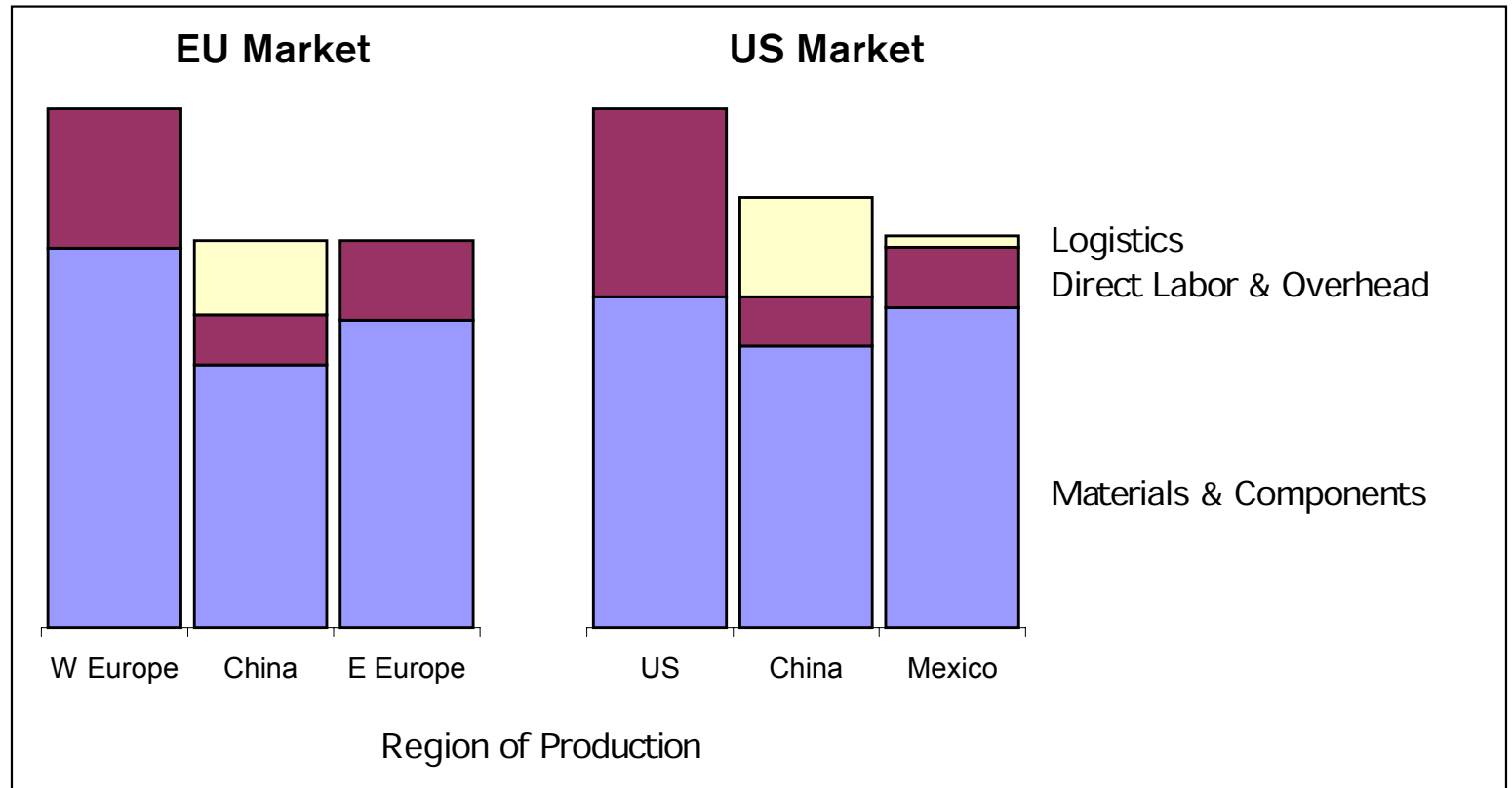
Low cost country (LCC) sourcing  
in % of total spend on direct material



**Goal:  
40% of total  
spend in  
2006**

# Regional production costs

Landed cost, typical large appliance



- Relocation to Eastern Europe competitive with China/Korea in serving EU markets
- Relocation to Mexico competitive with China/Korea in serving US market

# Decision to close US refrigerator plant (Greenville, Michigan)

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- **Annual production:**  
Approx. 1,600 000 refrigerators  
(~ 40% side by sides)
- **No. of employees:**  
2,700
- **Estimated cost for closure:**
  - USD 170m (approx. SEK 1,100m)
  - Approx. 50% cash costs
  - Provision to be made in Q1 2004
- **Annual savings:**  
USD 70-80m

# Low-cost country manufacturing expansion

	Americas	Eastern Europe		Asia	
	Mexico	Hungary	Russia	Poland	Thailand
<b>Project</b>	New Plant	New Plant	New Plant	Capacity Expansion	New Plant
<b>Product</b>	Refrigerators	Refrigerators/ Freezers	Washing Machines	Spin Driers	Washing Machines
<b>Investment</b>	SEK 1,200m	SEK 600m	SEK 80m	SEK 270m	SEK 80m
<b>Start-up</b>	2005	2005	2004	2006	2003

# Appendix

## Market data

# Industry shipments and estimated trends in demand, Q4 2003

## North America

- Core appliances → +7%
- Vacuum cleaners → +3%
- Outdoor products 1) → +1%  
2) → +2%

## Europe

- Core appliances → +3%
- Vacuum cleaners → +8%
- Food-service → -7%
- Outdoor products 1) → +10%  
2) → +2%

## Asia

- China → +5-10%
- India → +5%

## Brazil

- Core Appliances → +1%

## Australia

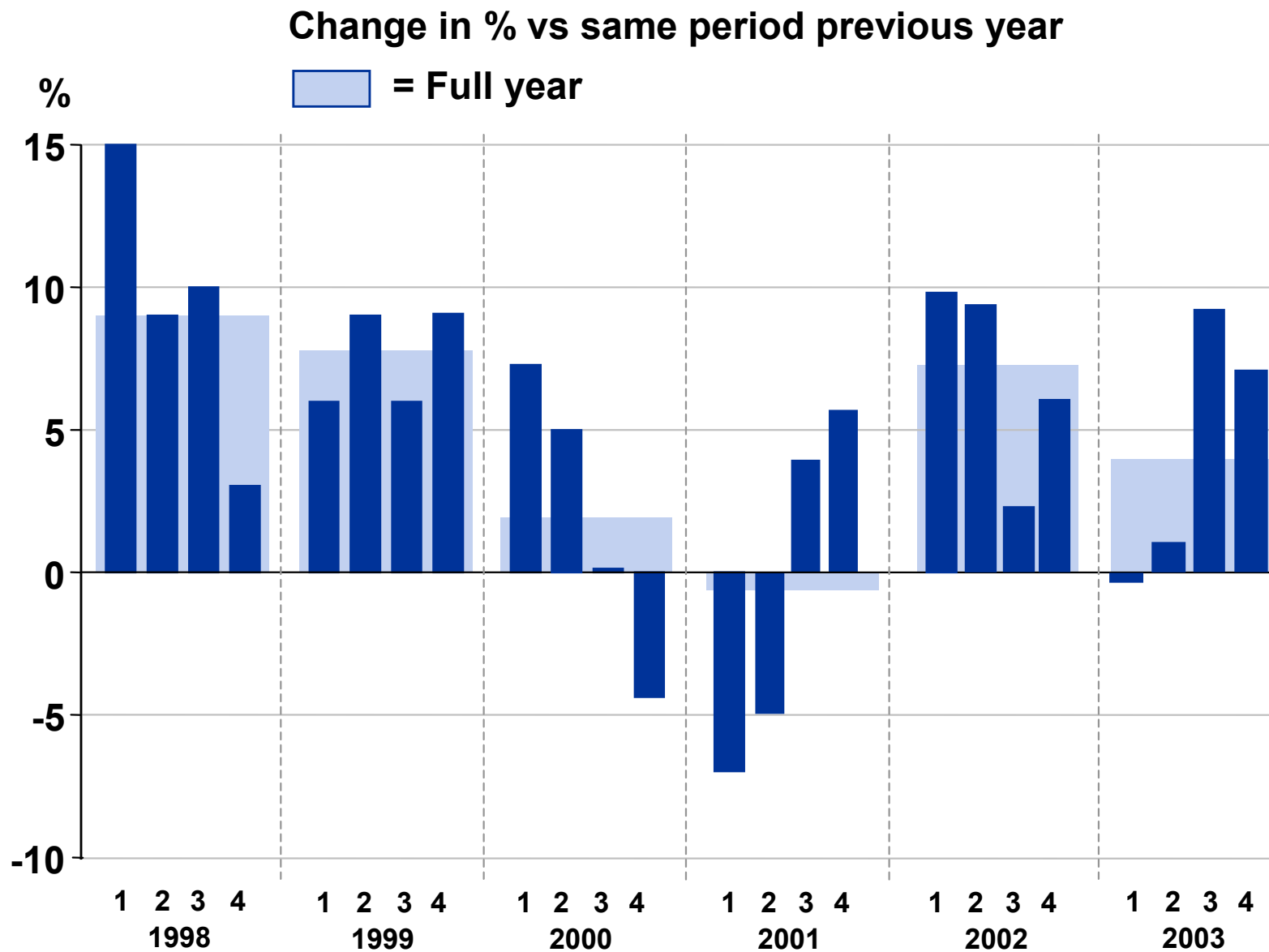
- Core Appliances → +2%

1) Consumer Products

2) Professional Products, excl. Power Cutters and Diamond Tools

# Core appliances, USA

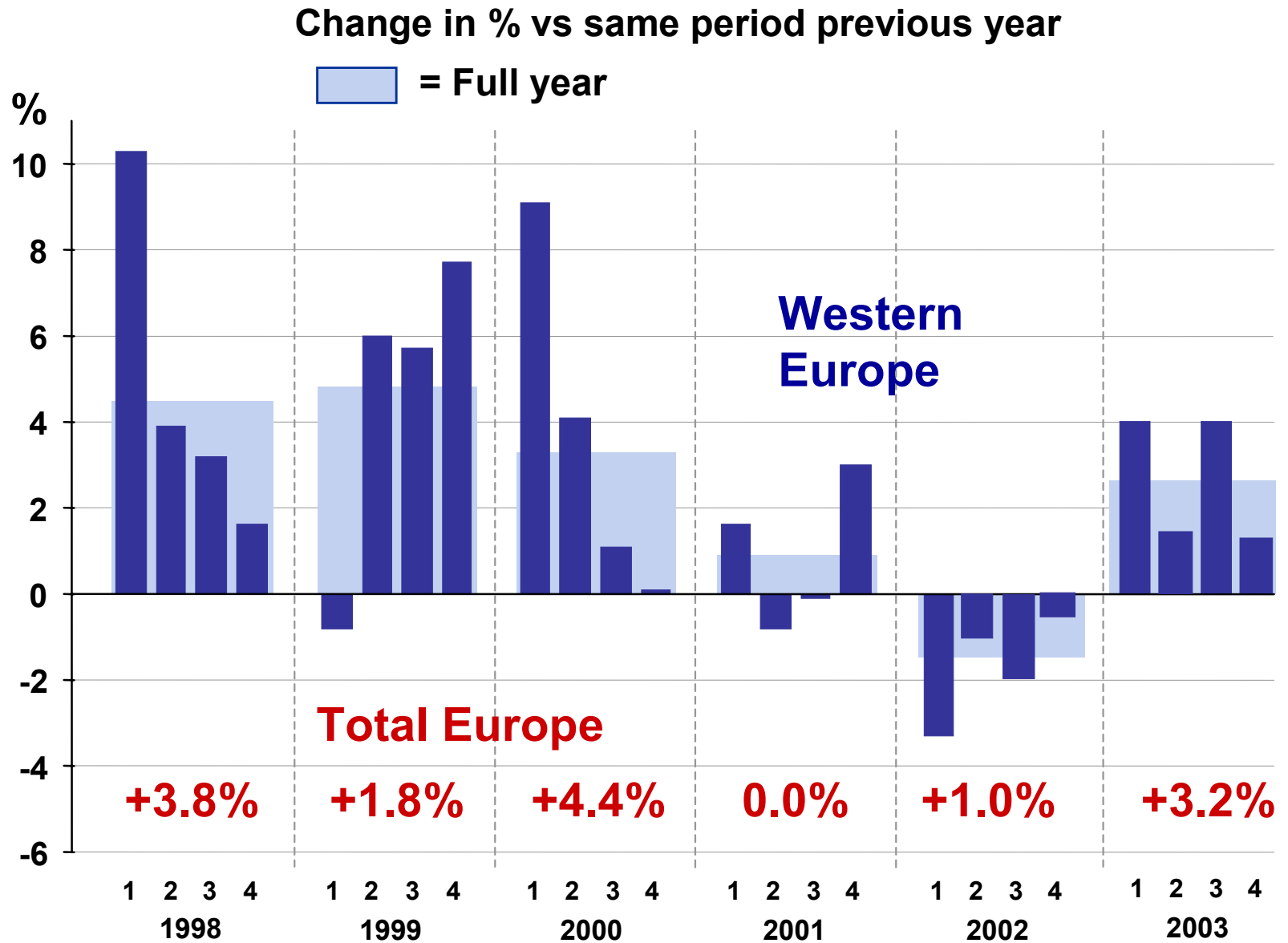
## Industry unit shipments





# Core appliances, Europe

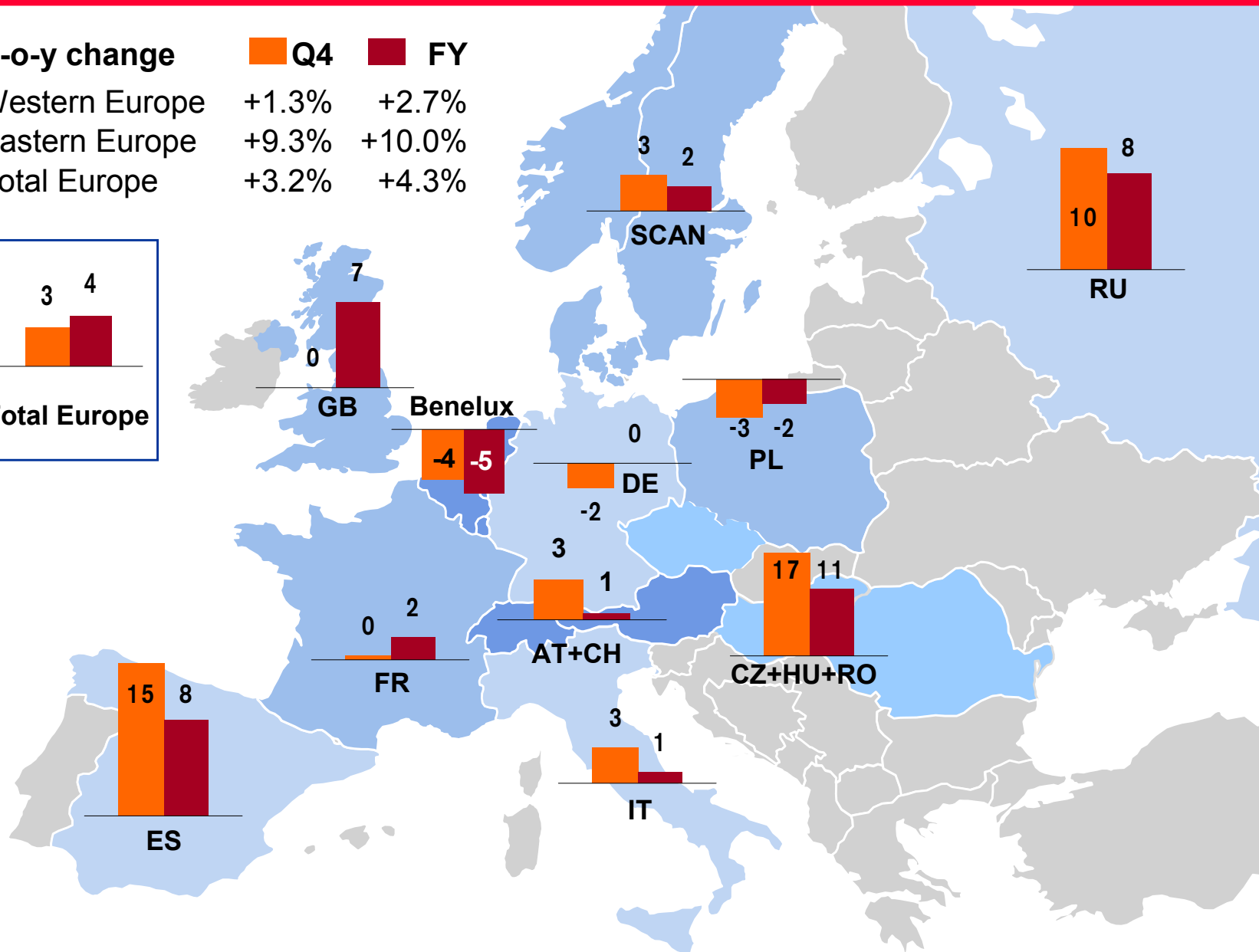
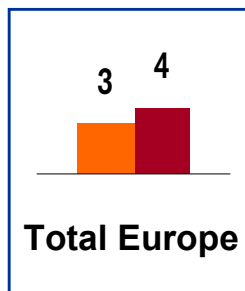
## Industry unit shipments



# Core appliances, Europe

## Industry unit shipments

Y-o-y change	Q4	FY
Western Europe	+1.3%	+2.7%
Eastern Europe	+9.3%	+10.0%
Total Europe	+3.2%	+4.3%



# Factors affecting forward-looking statements

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## **Factors affecting forward-looking statements**

This presentation 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.