Half-yearly results 2004
Hans Stråberg,
President and CEO
Industry shipments and estimated trends in demand, Q2 2004

**North America**
- Core appliances: +9%\(^4\)
- Vacuum cleaners: +1%
- Outdoor products:\(^1\), \(^2\)

**Europe**
- Core appliances: +2%
- Vacuum cleaners: +10%
- Food-service
- Outdoor products:\(^1\), \(^2\)

**Asia**
- China: +27%\(^3\)
- India: +8%\(^3\)

**Brazil**
- Core Appliances: +28%\(^3\)

**Australia**
- Core Appliances: +1%\(^3\)

1) Consumer Products
2) Professional Products, excl. Power Cutters and Diamond Tools
3) April/May
4) Preliminary
Core appliances, Europe
Industry unit shipments

Change in % vs same period previous year

Western Europe

Total Europe

-6 -4 -2 0 2 4 6 8 10

= Full year

* YTD

+3.8% +1.8% +4.4% 0.0% +1.0% +3.9% +2.3%*

1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4
Core appliances, Europe
Industry unit shipments

Y-o-y change  | Q2 | FH
---|---|---
Western Europe | +0.7% | 1.1%
Eastern Europe* | +4.7% | 7.2%
Total Europe* | +1.5% | 2.3%

* Excluding Turkey
Key data, Q2 2004

- Sales increased 2%, adjusted for changes in exchange rates and in Group structure
- Operating income adversely affected by a charge of SEK -167m for closure of the Västervik vacuum cleaner plant, SEK –239m for settlement in a vacuum cleaner lawsuit
- Increased investment in brand-building and new product development led a SEK -425m increase in spending on advertising, marketing and R&D as planned
Net income per share and trend in working capital

- Net income per share, excluding items affecting comparability down –2.9%, to SEK 4.95 (5.10)
- Cash flow from operations and investments improved mainly due to:
  - significant decrease in working capital, particularly accounts receivable
  - lower spending in the restructuring programs
Consumer Durables, Europe

- Appliance operating income and margin in line with previous year despite increased investments in brand-building and product development

- Sales and operating income adversely impacted by divestment of 50% holding in Vestfrost A/S and lower deliveries for certain less profitable products

- Floor-care operating income and margin improved, new products helped price/mix

<table>
<thead>
<tr>
<th>Q2 2004*</th>
<th>SEKm</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>9,927</td>
<td>-5.1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>760</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Margin</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>In comparable currency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>-4.9%</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>+3.2%</td>
</tr>
</tbody>
</table>

* Excluding items affecting comparability
Consumer Durables, North America

- Higher sales for appliances in USD
- Appliance operating income largely unchanged in USD despite steel cost increases and higher investments in brand-building and product development
- Floor-care products sales declined substantially, operating income showed considerable downturn due to lower volumes, downward prices, higher costs for marketing and brand-building
- Room air-conditioner sales down substantially

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<tr>
<td>Sales</td>
<td>7,691</td>
<td>-8.7%</td>
</tr>
<tr>
<td>EBIT</td>
<td>335</td>
<td>-36.6%</td>
</tr>
<tr>
<td>Margin</td>
<td>4.4%</td>
<td></td>
</tr>
</tbody>
</table>

In comparable currency

| Sales    | -2.3% |
| EBIT     | -33.0% |

* Excluding items affecting comparability
New range of vacuum cleaners

Ergospace™

- nine meters of cord
- covers 200m2 more floor space
- compact and easy to store
- weighs only 5.4 kilograms

Ergorapido™ Cyclonic 2 in 1

- Cyclone system
- Easy to empty
- Two operating modes
New appliances at the Eurocucina trade fair

- Supported launch of Rex-Electrolux double-branded products
- Consolidated Electrolux leadership in the Italian built-in market
- Introduced the AEG Neue Klasse on the Italian market
Consumer Durables, Rest of the World

- Appliance sales in Brazil up on new products, strong retailer relationships
- Operating income for Brazilian operation improved and was positive
- Operating losses in India and China substantially reduced as a result of restructuring
- Australian operating income showed substantial downturn

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<tr>
<td>Sales</td>
<td>3,323</td>
<td>+8.8%</td>
</tr>
<tr>
<td>EBIT</td>
<td>2</td>
<td>104.0%</td>
</tr>
<tr>
<td>Margin</td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>

_In comparable currency_

| Sales    | +11.3% |
| EBIT     | +118.4% |

* Excluding items affecting comparability
Consumer Durables, Outdoor products

- European sales and income increased in a flat market, operating income improved over previous year
- North American sales growth good in USD in most product areas, margin remained at a high level

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<th>Change</th>
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<tr>
<td>Sales</td>
<td>6,676</td>
<td>+6.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>715</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Margin</td>
<td>10.7%</td>
<td></td>
</tr>
</tbody>
</table>

* Excluding items affecting comparability
Professional Indoor Products

- Lower sales and income mainly due to divestment of compressor operation
- Food service sales declined overall but showed good growth in Southern Europe
- Operating income for food-service operation unchanged despite US entry costs
- Sales for laundry equipment declined due to exchange rates and lower volumes, operating income and margin down

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<th>Change</th>
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<tr>
<td>Sales</td>
<td>1,693</td>
<td>-32.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>132</td>
<td>-31.3%</td>
</tr>
<tr>
<td>Margin</td>
<td>7.8%</td>
<td></td>
</tr>
<tr>
<td><strong>In comparable currency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>-31.7%</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>-31.1%</td>
</tr>
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* Excluding items affecting comparability
Professional Outdoor Products

- Market demand estimated to have shown some growth
- Strong volume growth for chainsaws, but mainly for lower-specified models
- Lower sales for lawn & garden
- Sales of diamond tools and power cutters unchanged in SEK
- Overall, operating income and margins unchanged, partly due to less favorable exchange rates

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<tr>
<td>Sales</td>
<td>2,624</td>
<td>+1.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>446</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Margin</td>
<td>17.0%</td>
<td></td>
</tr>
</tbody>
</table>

* Excluding items affecting comparability

In comparable currency:

| Sales    | +4.1% |
| EBIT     | +1.1% |
Summary of Q2, 2004

Negatives

- Restructuring charges for Greenville and Västervik
- Settlement in US vacuum cleaner lawsuit
- Unfavorable currency and steel price trends
- Substantial profit drops in US floor-care and Australian appliances

Positives

- Good performance for core appliances in Europe & US
- Recovery of Rest of World from large losses a year ago
- Major decisions to relocate manufacturing to low-cost countries
- Strong pipeline of new products being well received
Outlook for full year 2004

- Some growth in market demand in both Europe and North America
- Increased investment in R&D and brand building
- Negative currency movements
- New caution given that higher costs of steel could have increasingly negative impact on income
- 2004 operating income somewhat lower than 2003 excluding items affecting comparability
Factors affecting forward-looking statements

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