

Half-yearly results 2004

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President and CEO

Industry shipments and estimated trends in demand, Q2 2004



North America

- Core appliances $+9\%$ ⁴⁾
- Vacuum cleaners $+1\%$
- Outdoor products¹⁾

Brazil

- Core Appliances $+28\%$ ³⁾

Europe

- Core appliances $+2\%$
- Vacuum cleaners $+10\%$
- Food-service
- Outdoor products¹⁾

Asia

- China $+27\%$ ³⁾
- India $+8\%$ ³⁾

Australia

- Core Appliances $+1\%$ ³⁾

- 1) Consumer Products
- 2) Professional Products, excl. Power Cutters and Diamond Tools
- 3) April/May
- 4) Preliminary

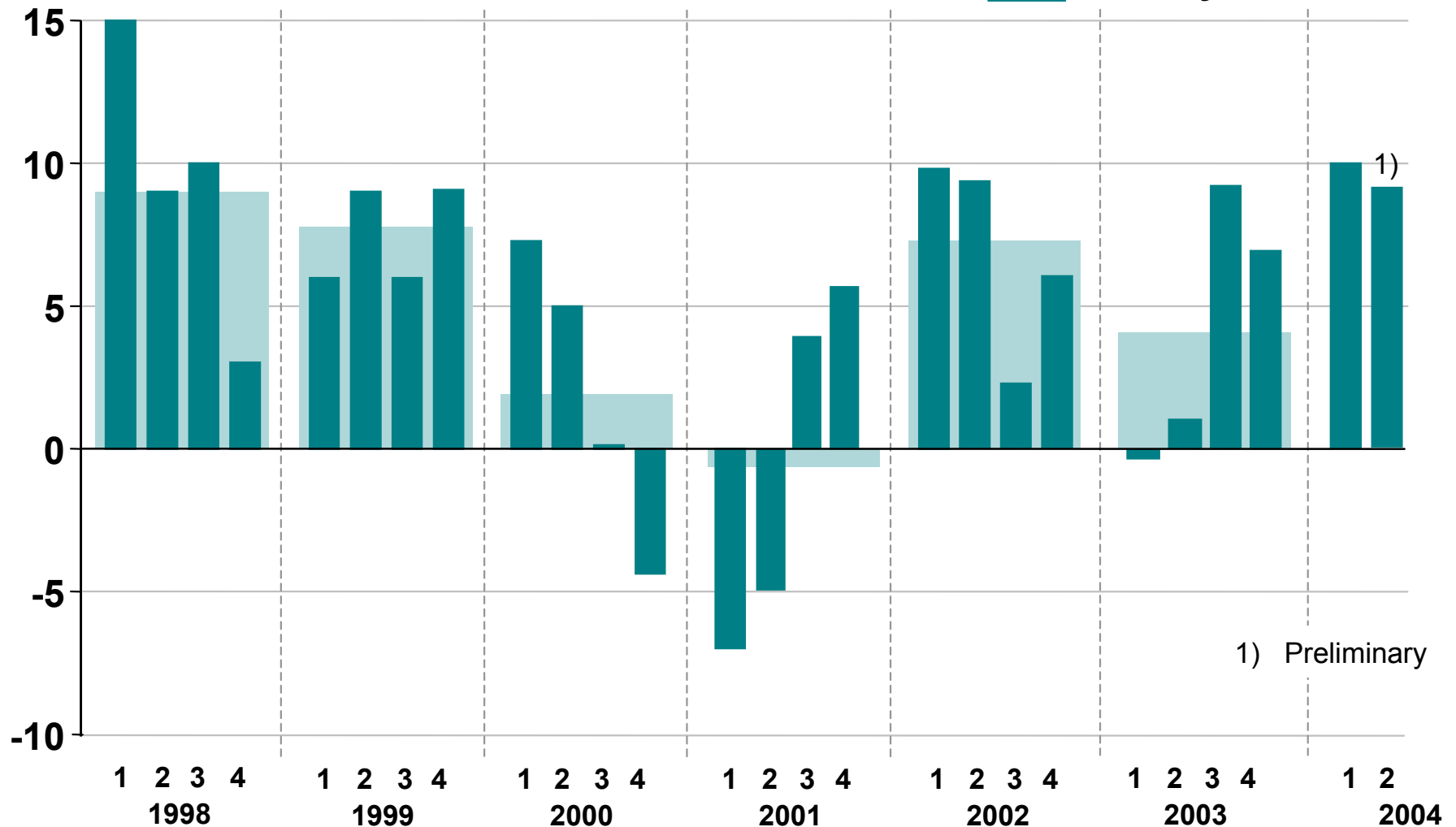
Core appliances, USA

Industry unit shipments



Change in % vs same period previous year

■ = Full year



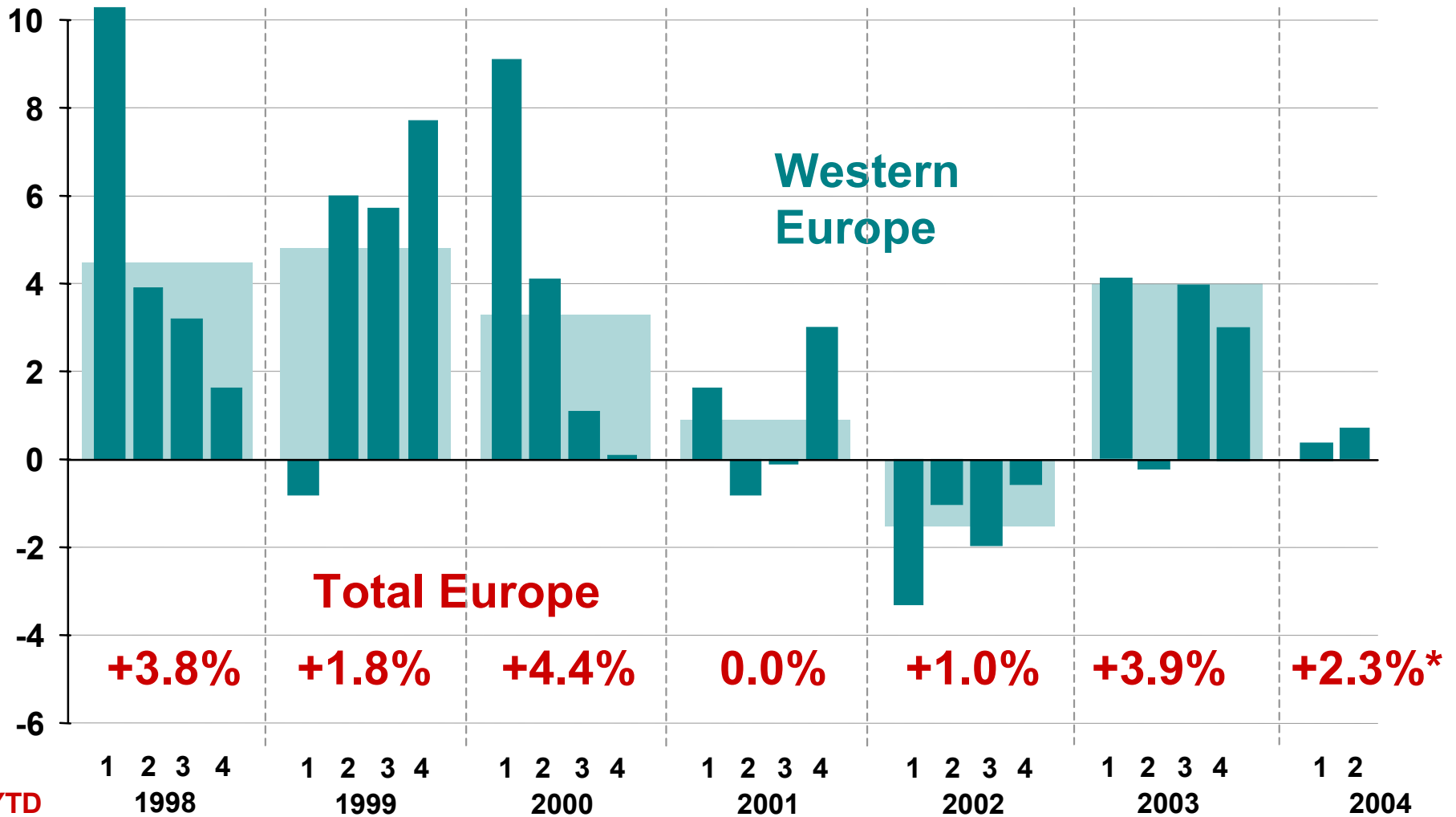
Core appliances, Europe

Industry unit shipments



Change in % vs same period previous year

■ = Full year



* YTD

Core appliances, Europe

Industry unit shipments



Y-o-y change

Q2

FH

Western Europe

+0.7%

1.1%

Eastern Europe*

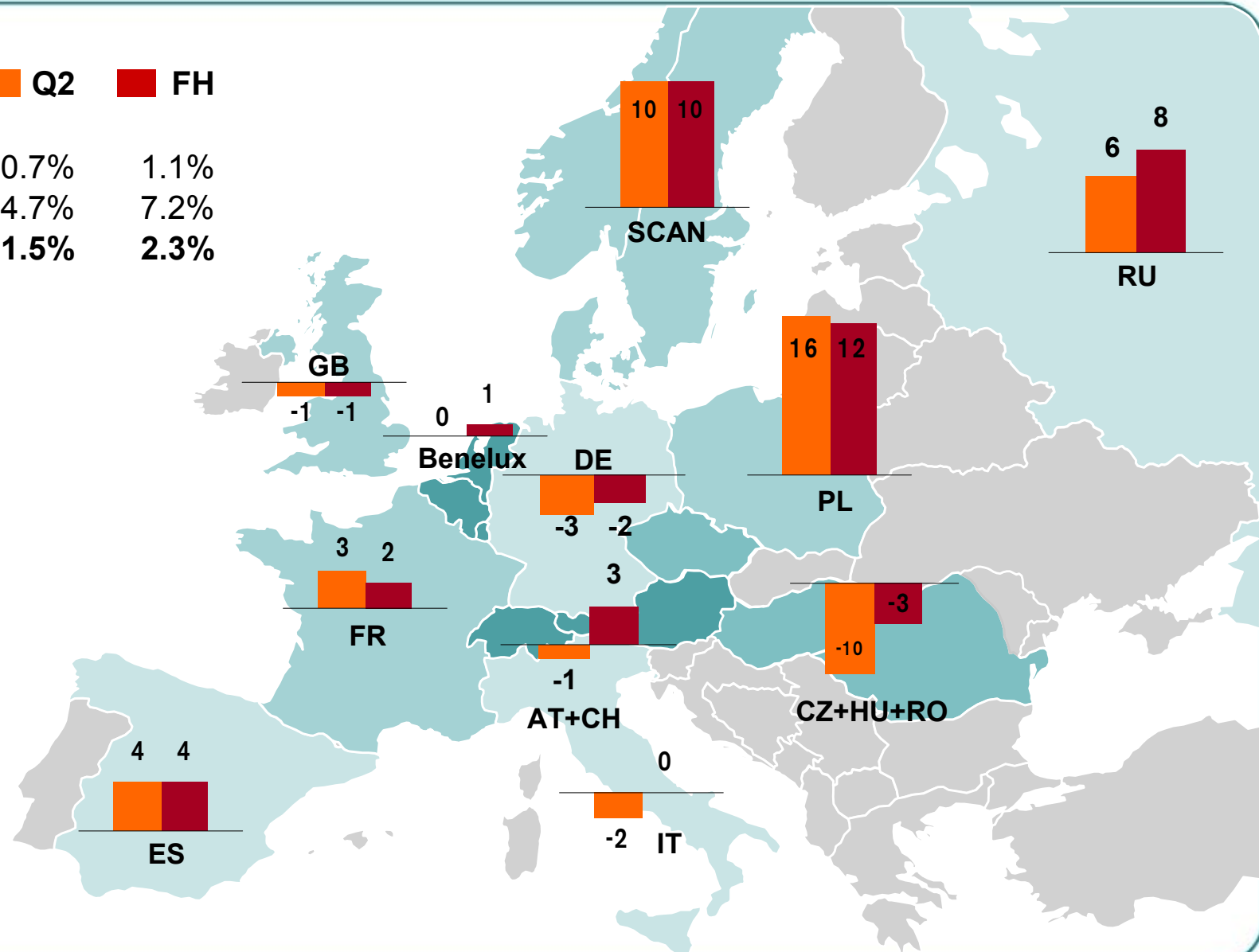
+4.7%

7.2%

Total Europe*

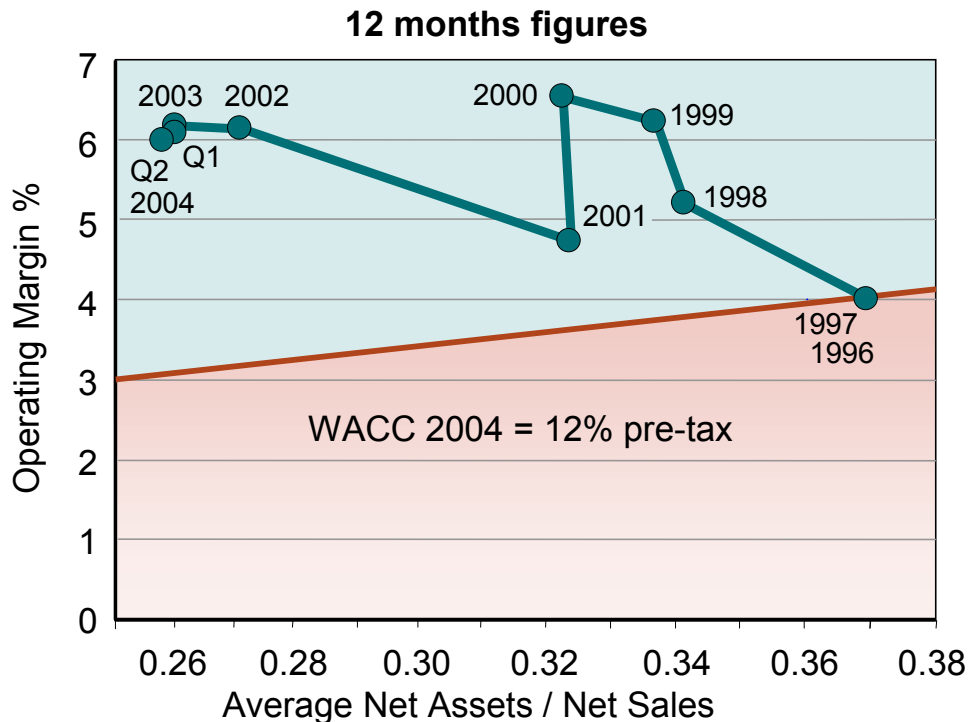
+1.5%

2.3%



* Excluding Turkey

Key data, Q2 2004



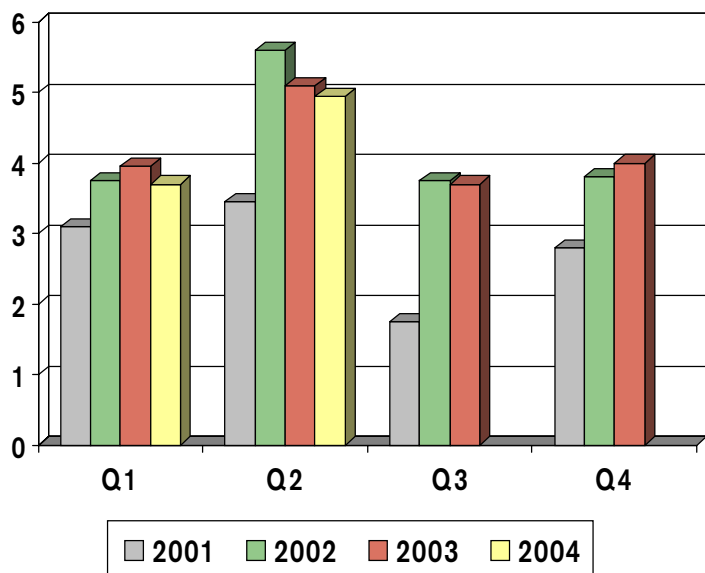
Q2 2004*	SEKm	Change
Sales	31,950	-4.1%
EBIT	2,165	-10.1%
Value creation	1,177	-102
<i>In comparable currency</i>		
Sales		-0.8%
EBIT		-6,5%

* Excluding items affecting comparability

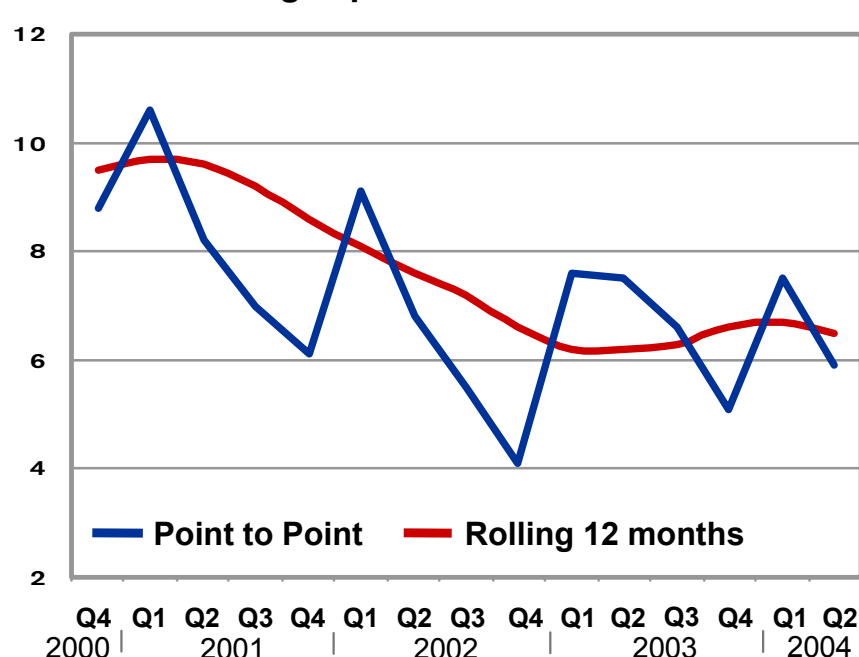
- Sales increased 2%, adjusted for changes in exchange rates and in Group structure
- Operating income adversely affected by a charge of SEK -167m for closure of the Västervik vacuum cleaner plant, SEK -239m for settlement in a vacuum cleaner lawsuit
- Increased investment in brand-building and new product 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, SEK
excl items affecting comparability



Working capital / Annualized sales



- 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

Q2 2004*	SEKm	Change
Sales	9,927	-5.1%
EBIT	760	+3.1%
<i>Margin</i>	<i>7.7%</i>	
<i>In comparable currency</i>		
Sales		-4.9%
EBIT		+3.2%

* 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

Q2 2004*	SEKm	Change
Sales	7,691	-8.7%
EBIT	335	-36.6%
<i>Margin</i>	<i>4.4%</i>	
<i>In comparable currency</i>		
Sales		-2.3%
EBIT		-33.0%

* Excluding items affecting comparability



New range of vacuum cleaners

 **Electrolux**



Ergorapido™ Cyclonic 2 in 1

- Cyclone system
- Easy to empty
- Two operating modes



Ergospace™

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



New appliances at the Eurocucina trade fair

 **Electrolux**



- 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

Q2 2004*	SEKm	Change
Sales	3,323	+8.8%
EBIT	2	104.0%
<i>Margin</i>	<i>0.1%</i>	
<i>In comparable currency</i>		
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

Q2 2004*	SEKm	Change
Sales	6,676	+6.5%
EBIT	715	-0.6%
<i>Margin</i>	<i>10.7%</i>	
<i>In comparable currency</i>		
Sales		+12.2%
EBIT		+5.3%

* 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

Q2 2004*	SEKm	Change
Sales	1,693	-32.2%
EBIT	132	-31.3%
<i>Margin</i>	<i>7.8%</i>	
<i>In comparable currency</i>		
Sales		-31.7%
EBIT		-31.1%

* 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

Q2 2004*	SEKm	Change
Sales	2,624	+1.2%
EBIT	446	-0.5%
<i>Margin</i>	<i>17.0%</i>	
<i>In comparable currency</i>		
Sales		+4.1%
EBIT		+1.1%

* Excluding items affecting comparability



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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