

# First quarter results 2005

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 **Electrolux**

- Q1 Summary
- Market demand
- Financial summary
- Business areas
- Outlook

## Negatives

- Substantial impact on income from higher raw material prices
- Continued weak demand in Germany
- Cold spring impacted sales of consumer outdoor products
- Weak demand for professional indoor products

## Positives

- Improved price/mix
- Higher rate of new product launches
- Turnaround of floor care on plan
- Continued good performance for Outdoor products
- Balance sheet remained strong

# Accelerated consolidation and relocation of production



- Evaluation of:
  - potential closure of refrigerator plant in Fuenmayor, Spain
  - potential downsizing of refrigerator production at plants in Mariestad, Sweden and Florence, Italy
  - potential closure of plant for consumer outdoor products in Parabiago, Italy
- Closing of vacuum-cleaner plant in Västervik, Sweden and cooker plant in Reims, France finalized during Q1

# Industry shipments and estimated trends in demand, Q1 2005



## North America

- Core appliances -1%
- Vacuum cleaners +5%
- Outdoor products<sup>1)</sup> +0%
- Outdoor products<sup>2)</sup> +3%

## Brazil

- Core Appliances +9%

## Europe

- Core appliances +1%
- Vacuum cleaners +4%
- Food-service -2%
- Outdoor products<sup>1)</sup> +2%
- Outdoor products<sup>2)</sup> +2%

## Asia

- China +11%
- India -2%

## Australia

- Core Appliances -2%

1) Consumer Products

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

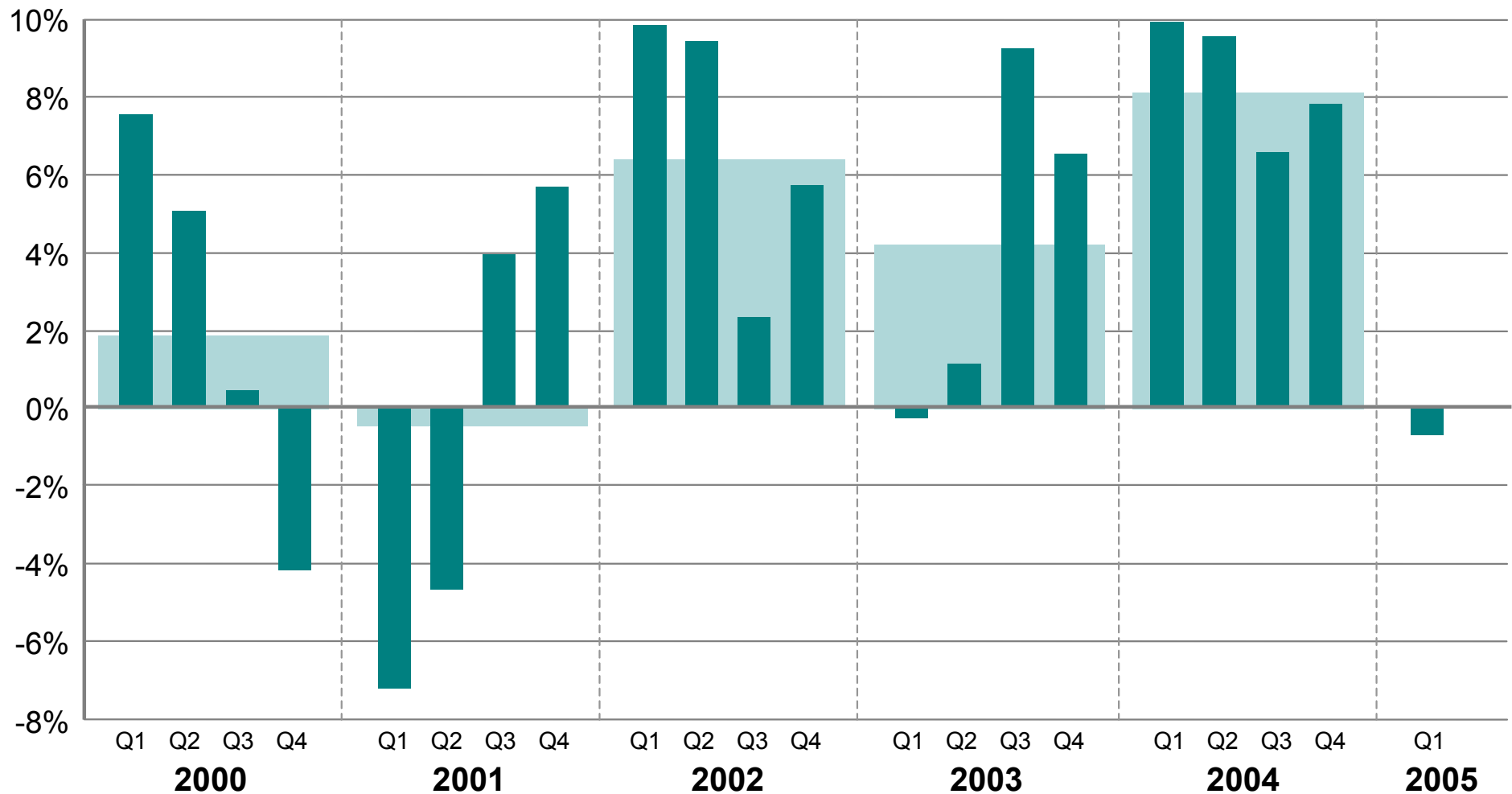
# Core appliances, USA

## Industry unit shipments



Change in % vs. same period previous year

■ = Full year



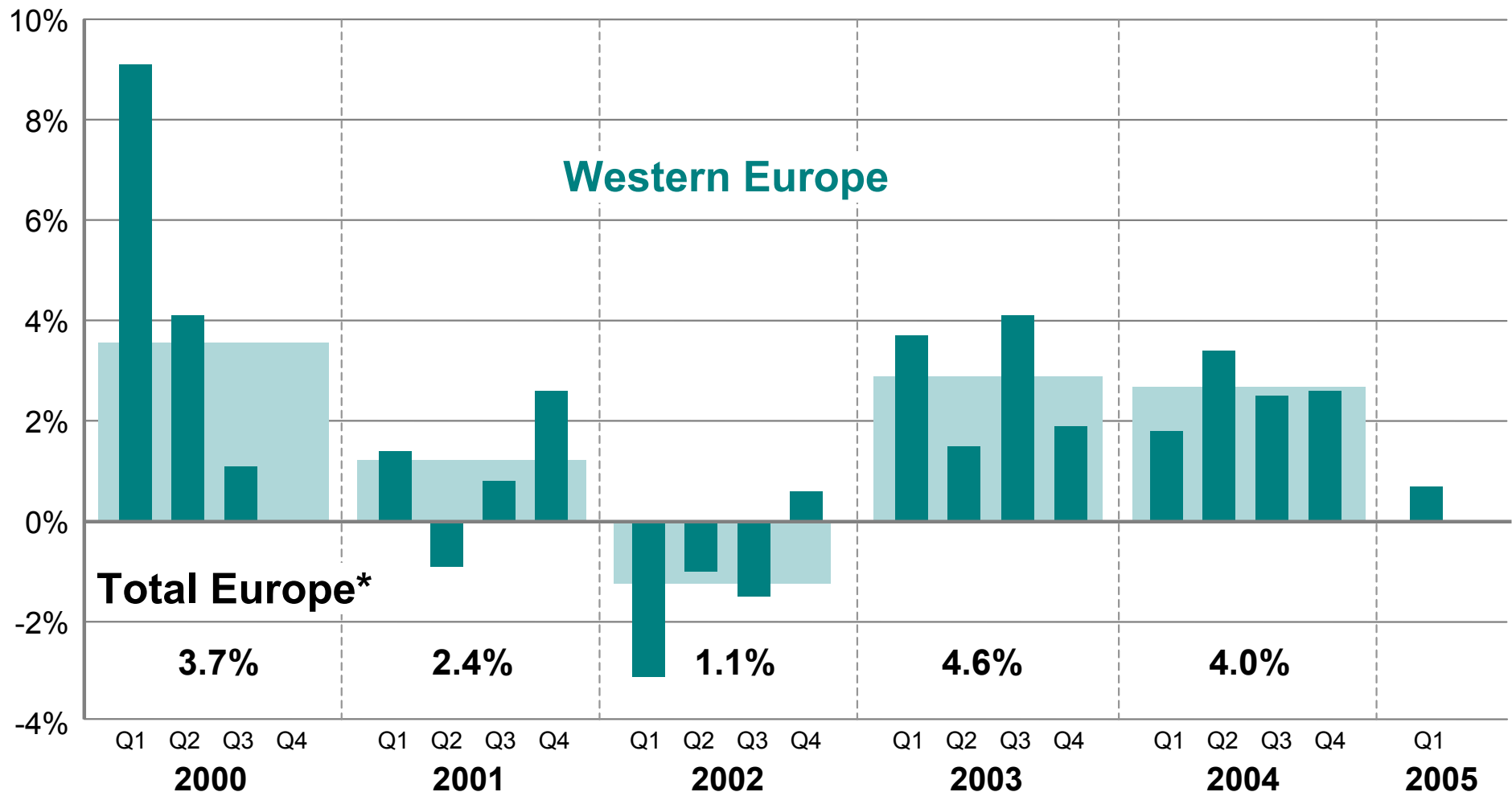
# Core appliances, Europe

## Industry unit shipments



Change in % vs. same period previous year

= Full year



\*) Excluding Turkey

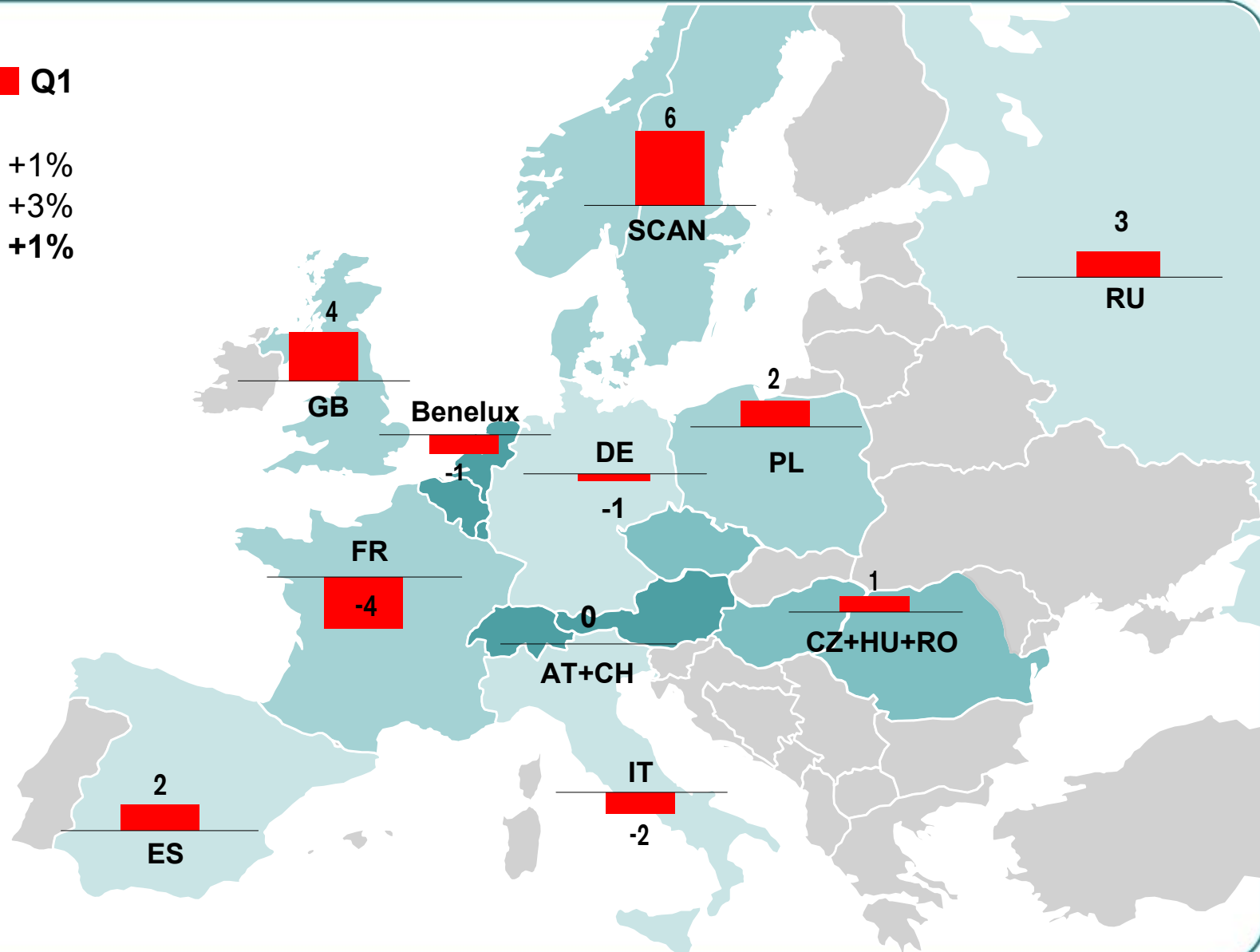
# Core appliances, Europe

## Industry unit shipments



Y-o-y change ■ Q1

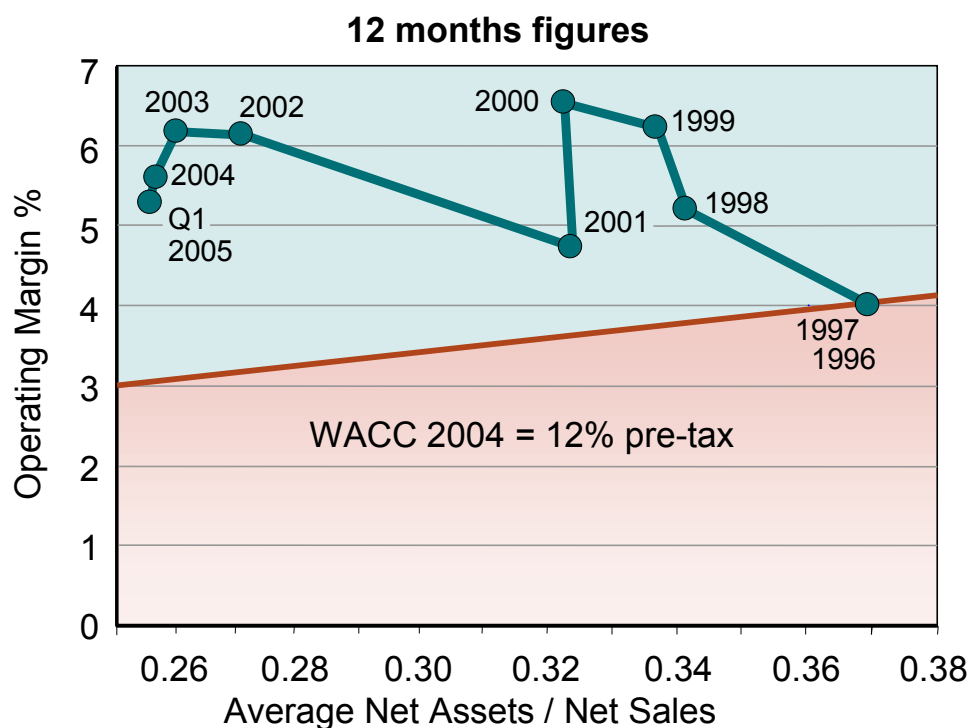
Western Europe +1%  
Eastern Europe\*) +3%  
**Total Europe\*) +1%**



\*) Excluding Turkey



# Key data, Q1 2005



Q1 2005*)	SEKm	Change
Sales	29,740	-2.5%
EBIT	1,308	71.7%
Value creation	388	-422
<i>On comparable basis</i>		
Sales*)		+1.0%
EBIT*)**)		-23.6%

\*) In comparable currency

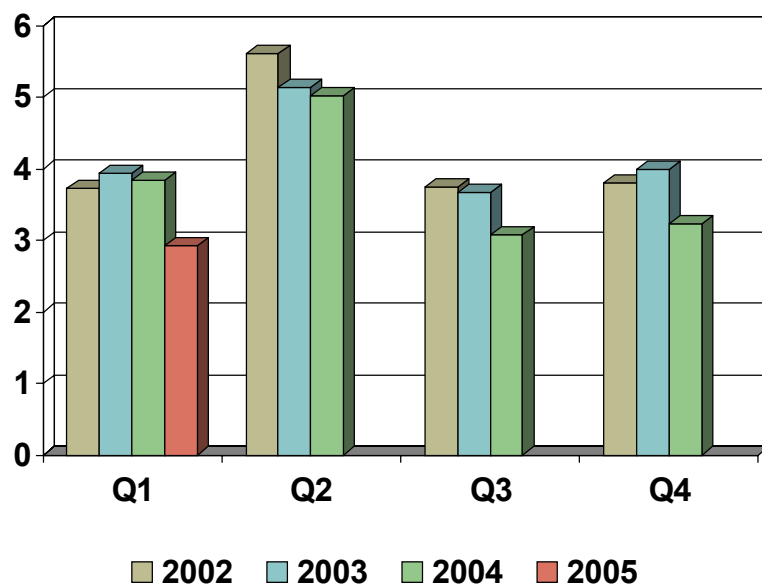
\*\*\*) Excluding items affecting comparability

- Sales increased 1.0%, adjusted for changes in exchange rates and in Group structure
- Positive trend in price/mix
- Operating income adversely affected by substantially higher costs for raw materials
- Operating income includes costs of SEK 170m referring to turnaround of underperformers

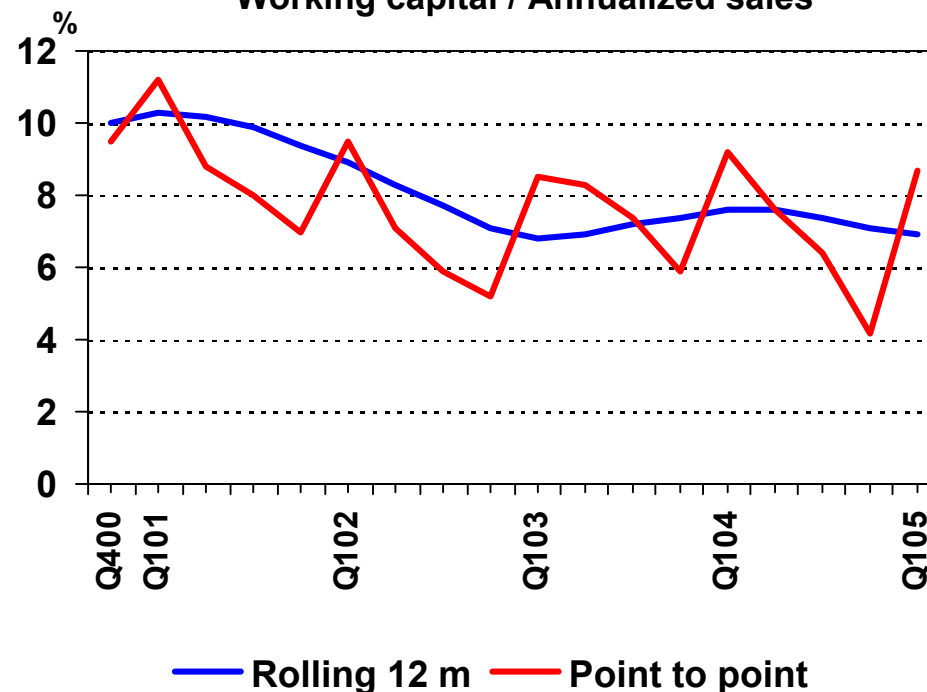
# Net income per share and trend in working capital



Net income per share, SEK  
excl items affecting comparability



Working capital / Annualized sales



- Net income per share, excluding items affecting comparability down 23.7%, to SEK 2.93 (3.84)
- Cash flow from operations and investments declined due to
  - Increased inventories, mainly related to a later pre-seasonal sales of consumer outdoor products in NA
  - Change in accounts payable

# Consumer Durables, Europe



- Western Europe industry shipments up 1%, Eastern Europe shipments up 3% in the first quarter of 2005
- Sales of appliances decreased somewhat as a result of lower volumes, particularly in Germany
- Operating income substantially down due to higher costs for materials, costs for restructuring and lower volumes
- Operating income for floor care improved despite lower sales compared to 2004

Q1 2005*)	SEKm	Change
Sales	9,931	-4.4%
EBIT	416	-35.6%
<i>Margin</i>	4.2%	
<i>In comparable currency</i>		
Sales		-3.8%
EBIT		-35.6%

\*) Excluding items affecting comparability



# Product launches in Europe H1



- Several new product lines
  - AEG-Electrolux Nexxt built-in ovens
  - Exclusive range of built-in gas, grill and induction hobs
  - Complete range of modular built-in products for compact kitchens
- Ophir, large capacity frost-free freezer
- Electrolux Barbeque Outdoor Grill
- 7kg version of easy access washer
- The prestigious Red Dot Design Award for five products
  - 90cm dishwasher, Espresso Machine, Wine Keeper and the Oxy3system and Ergorapido vacuum cleaners



# Consumer Durables, North America



- Industry shipments of core appliances were down 0.5% in the quarter
- Sales of appliances showed good growth in USD
- Operating income down substantially mainly due to increased material cost
- Income was also negatively impacted by costs referring to ongoing transfer of production to Mexico
- Floor Care operating margin improved as a result of cost cutting measures

Q1 2005*)	SEKm	Change
Sales	7,173	-2.6%
EBIT	168	-40.4%
<i>Margin</i>	2.3%	
<i>In comparable currency</i>		
Sales		+4.2%
EBIT		-39.4%

\*) Excluding items affecting comparability



# Product launches in NA H1



- New Frigidaire Laundry Range
- ICON Double wall oven
- ICON Professional Series, consumer range with semi-professional design
- Nine supplier awards from Sears for major appliances and outdoor products, including most prestigious Hardline Supplier of the Year



# Consumer Durables, Latin America



- Sales for the Group's Brazilian operation increased substantially
- Operating income decreased, due to higher costs for materials

Q1 2005*)	SEKm	Change
Sales	1,198	+29.5%
EBIT	-4	n/a
<i>Margin</i>	<i>-0.3%</i>	
<i>In comparable currency</i>		
Sales		+29.8%
EBIT		n/a

\*) Excluding items affecting comparability



# Consumer Durables, Asia Pacific



- Sales of appliances in Australia declined substantially. Operating income decreased mainly as a result of costs for restructuring of production
- Sales of appliances in China decreased and operating income declined largely due to an unfavorable product mix and continued downward pressure on prices
- Sales for the Group's Indian operation were unchanged. Operating income improved but was still negative

Q1 2005*)	SEKm	Change
Sales	2,119	-4.6%
EBIT	-13	n/a
<i>Margin</i>	<i>-0.6%</i>	
<i>In comparable currency</i>		
Sales		+0.0%
EBIT		n/a

\*) Excluding items affecting comparability



# Professional Indoor Products



- Sales of food service equipment decreased largely as a result of lower volumes in some key markets
- Operating income declined due to lower volumes and higher material costs
- Sales of laundry equipment were largely unchanged in local currencies
- Operating income declined due to changes in exchange rates and higher costs for materials

Q1 2005*)	SEKm	Change
Sales	1,431	-8.2%
EBIT	51	-46.9%
<i>Margin</i>	3.6%	
<i>In comparable currency</i>		
Sales		-6.7%
EBIT		-46.9%

\*) Excluding items affecting comparability



# Consumer Outdoor Products



- Group sales in Europe showed good growth over previous year
- Operating income improved significantly due to a favorable product mix and higher sales of products imported from the Group's US operations
- Sales in North America increased in USD
- Sell-in to the trade declined significantly in March as a result of cold weather
- Operating income declined substantially due to lower sales in March and higher costs for materials

Q1 2005*)	SEKm	Change
Sales	5,417	-3.5%
EBIT	421	-19.3%
<i>Margin</i>	<i>7.8.%</i>	
<i>In comparable currency</i>		
Sales		+1.8%
EBIT		-15.3%

\*) Excluding items affecting comparability



# Professional Outdoor Products



- Group sales of chainsaws showed good growth over the previous year
- Sales of professional lawn and garden were unchanged
- Diamond tools and power cutters were unchanged in local currency with an increase in North America and a decrease in Europe
- Operating income for professional outdoor products improved substantially due to favorable product and country mixes

Q1 2005*)	SEKm	Change
Sales	2,463	+2.2%
EBIT	422	19.2%
<i>Margin</i>	<i>17.1%</i>	
<i>In comparable currency</i>		
Sales		+4.9%
EBIT		+20.4%

\*) Excluding items affecting comparability



- “Demand for appliances in 2005 is expected to show some growth in both Europe and the US as compared to 2004.
- Higher costs for materials and components will have an adverse effect on the Group’s operating income.
- Efforts to strengthen the Group’s competitive position through investments in product development and in building the Electrolux brand will continue.
- Operating income for the full year of 2005, exclusive of items affecting comparability, is expected to be somewhat lower than in 2004.”

# Factors affecting forward-looking statements



## **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.