

# First quarter results 2006

April 24, 2006

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President and CEO

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 **Electrolux**

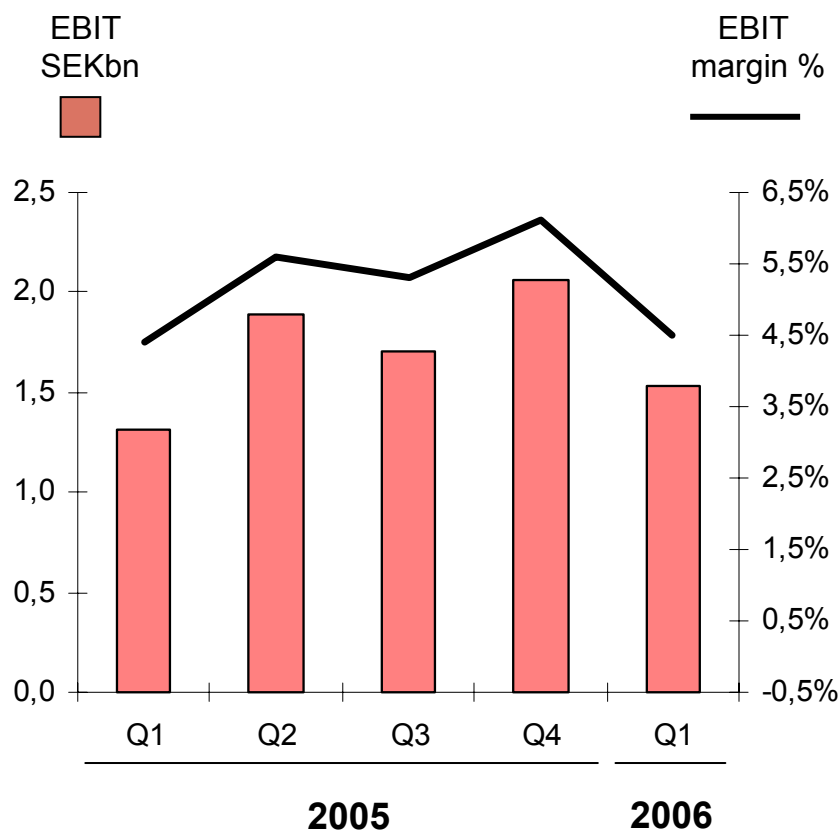
# Financial summary

excluding items affecting comparability



	Q1 2006	% Change
<i>SEKm</i>		
Net sales	33,891	+14.0%
Operating income	1,529	+16.9%
Operating margin	4.5%	
<i>SEK per share</i>		
Earnings per share	3.24	+10.6%

## 2005-2006 Quarterly EBIT development



- **Favorable market trends**
  - Markets up in Europe and the Americas
  - Limited materials price pressure in Q1
- **Strategy working**
  - More than a half billion SEK restructuring savings in 2006
  - Other cost cutting offsetting materials price increases
  - New products improving margins

# Summary of Nuremberg charges

SEKm	Items affecting comparability	Ordinary	Total
<b>Original restructuring charges</b>			
Q4 2005 restructuring charge	2,100	-	2,100
Other costs to be incurred	-	200	200
Total original	2,100	200	2,300
<b>Post-strike additions</b>			
Q1 2006 severance charge	145	-	145
Expected changes in other costs	-	(100)	(100)
<b>Total</b>	2,245	100	2,345
Q1 strike-related lost volume/mix	-	200	200

# Other items

- Greenville/Mexico double production costs of about 150 SEKm
- Results in constant currency
  - Indoor: sales +3%, operating income +13%
  - Outdoor: sales +8%, operating income +7%
- No significant impact from raw materials prices in Q1

# Q1 2006 Cash flow

SEKbn	Q1 06	Q1 05
From operations, excluding change in operating assets and liabilities	1.8	1.7
Change in operating assets and liabilities	-5.2	-5.5
Capital Expenditure	-0.8	-0.9
Acquisition/divestment	-0.2	-
Other	-0.2	-0.1
<hr/> Cash flow from operations and investments	<hr/> -4.6	<hr/> -4.8

## ■ **Process on schedule**

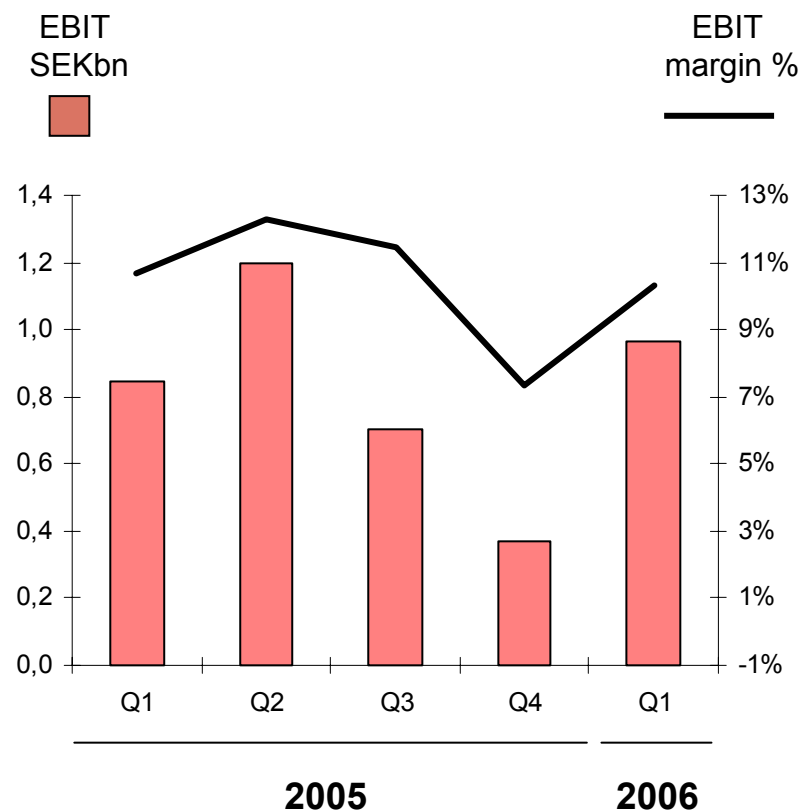
- Information brochure was sent to shareholders and the prospectus was made available
- April 24 – proposal to AGM
- Late May/early June – road show
- Mid-June – expected listing on Stockholm stock exchange



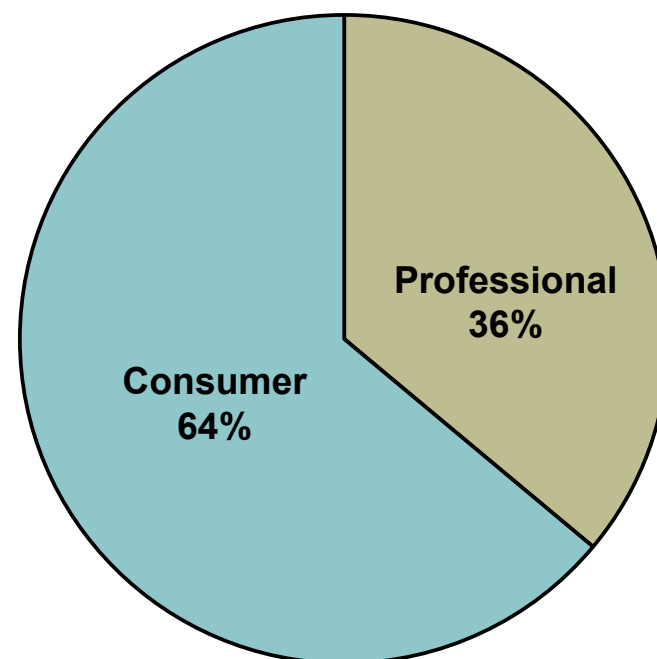
# Outdoor Products

excluding group common costs

**2005-2006 Quarterly EBIT development**



**2005 Annual sales mix**  
 SEK 28.8bn



2005 EBIT-margin: 10.8% (11.5)



# Outdoor Consumer

Q1 2006	SEKm	Change
Sales	6,540	+20.7%
EBIT	506	+20.2%
<i>Margin</i>	<i>7.7%</i>	
<i>In comparable currency</i>		
Sales		+9.1%
EBIT		+9.3%

- Strong sell-in ahead of spring outdoor season
- Growing listings with retailers in both North America and Europe
- Higher operating income

# Outdoor Professional

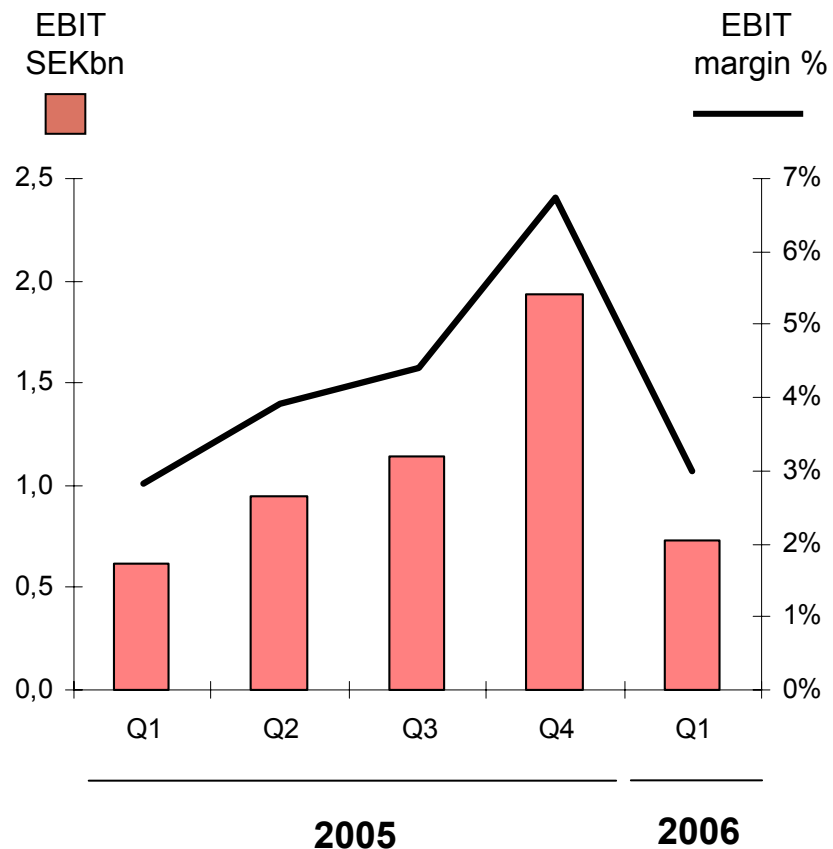
Q1 2006	SEKm	Change
Sales	2,798	+13.6%
EBIT	459	+8.8%
<i>Margin</i>	<i>16.4%</i>	
<i>In comparable currency</i>		
Sales		+6.3%
EBIT		+4.8%

- Q1 2005: storm-related high-margin mix
- Q1 2006: back to normal mix
- 2006 EBIT margin: 16.4%

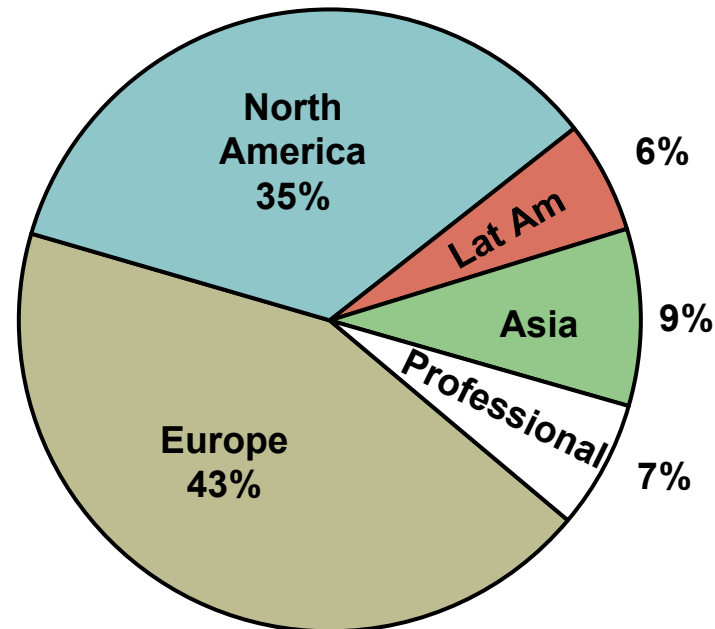
# Indoor Products

excluding group common costs

**2005-2006 Quarterly EBIT development**



**2005 Annual sales mix**  
 SEK 100.7bn

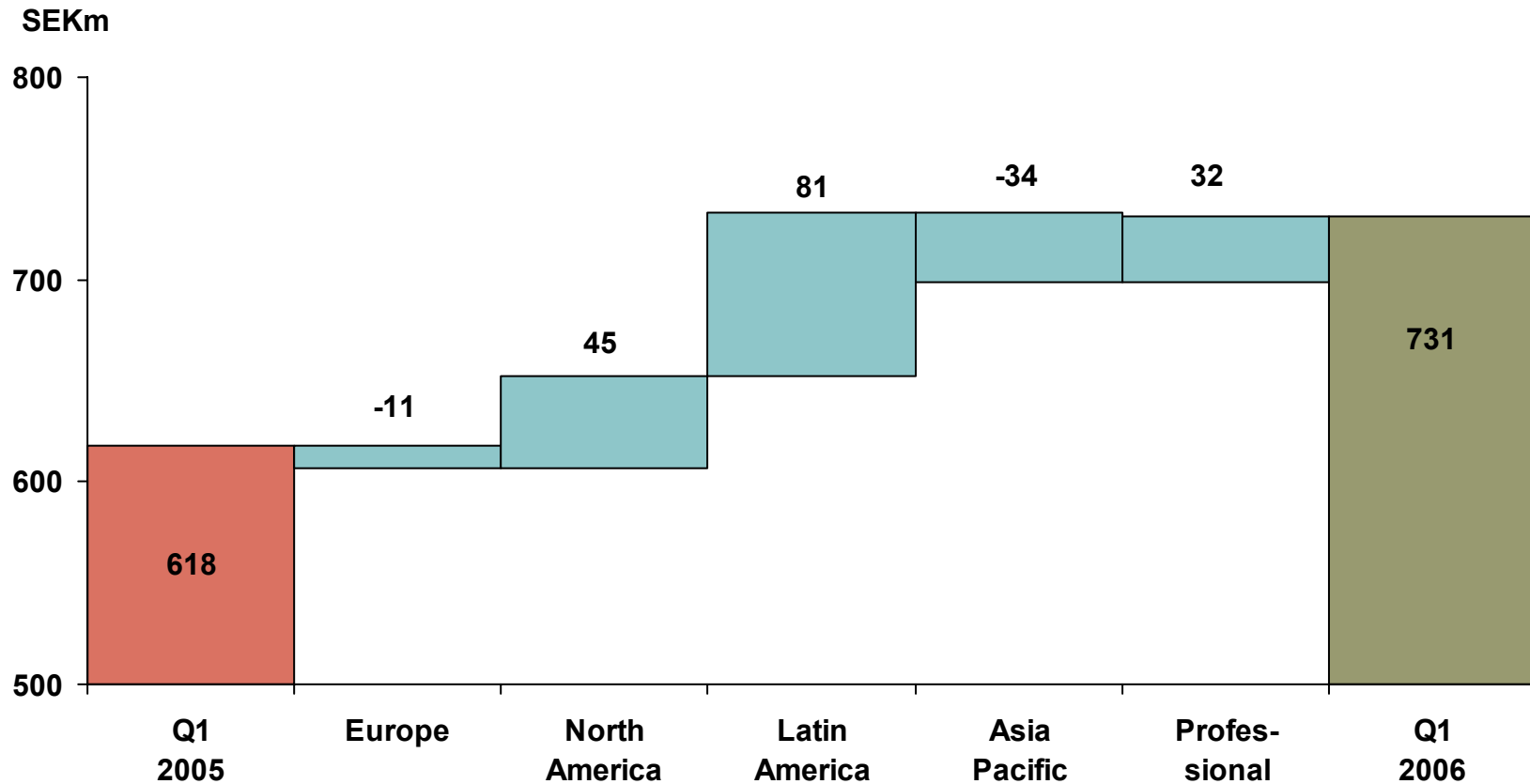


2005 EBIT-margin: 4.6% (4.9)

# Indoor development – Q1/Q1

## Operating Income

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# Indoor Europe

Q1 2006	SEKm	Change
Sales	9,999	+0.7%
EBIT	405	-2.6%
Margin	4.1%	
<i>In comparable currency</i>		
Sales		-2.8%
EBIT		-4.3%

- Market volume +3%
- Market recovery in Germany
- Electrolux sales down in Germany due to strike
- Electrolux sales up in southern and eastern Europe
- No significant impact from raw materials prices
- Savings from organizational streamlining, relocations

# Indoor North America



Q1 2006	SEKm	Change
Sales	9,097	+26.8%
EBIT	213	+26.8%
Margin	2.3%	
<i>In comparable currency</i>		
Sales		+10.7%
EBIT		+3.9%

- Market volume +8%
- Greenville relocation completed in early March
- No significant impact from raw material prices
- New products driving margin
- Gained listings at retailers

# Indoor Latin America

Q1 2006	SEKm	Change
Sales	1,769	+47.7%
EBIT	77	n/a
<i>Margin</i>	4.4%	
<i>In comparable currency</i>		
Sales		+13.5%
EBIT		n/a

- Market volume +9%
- Reduced exposure to low-margin commodity products
- New products improved mix
- Higher-margin customer mix

# Indoor Asia/Pacific

Q1 2006	SEKm	Change
Sales	2,094	-1.2%
EBIT	-47	n/a
<i>Margin</i>	<i>-2.2%</i>	
<i>In comparable currency</i>		
Sales		-9.5%
EBIT		n/a

- China: repositioning business
  - Raising prices on unprofitable products
  - Consolidating to more profitable regions
- Australia: tough competition
  - Cutting manufacturing costs
  - Improving mix with new products



# Indoor Professional

Q1 2006	SEKm	Change
Sales	1,588	+11.0%
EBIT	83	+62.7%
<i>Margin</i>	<i>5.2%</i>	
<i>In comparable currency</i>		
Sales		+7.0%
EBIT		+62.7%

- Growing faster than the market
- Volume driving income growth
- Prices and material costs relatively flat
- Increased investment in R&D
- Relocating production to Thailand

# 2006 Outlook



- Market demand for appliances in 2006 is expected to show some growth in both Europe and North America as compared to 2005.
- 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 Electrolux Indoor operations in 2006 is expected to be somewhat higher than in 2005 excluding items affecting comparability.

# Factors affecting forward-looking statements

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

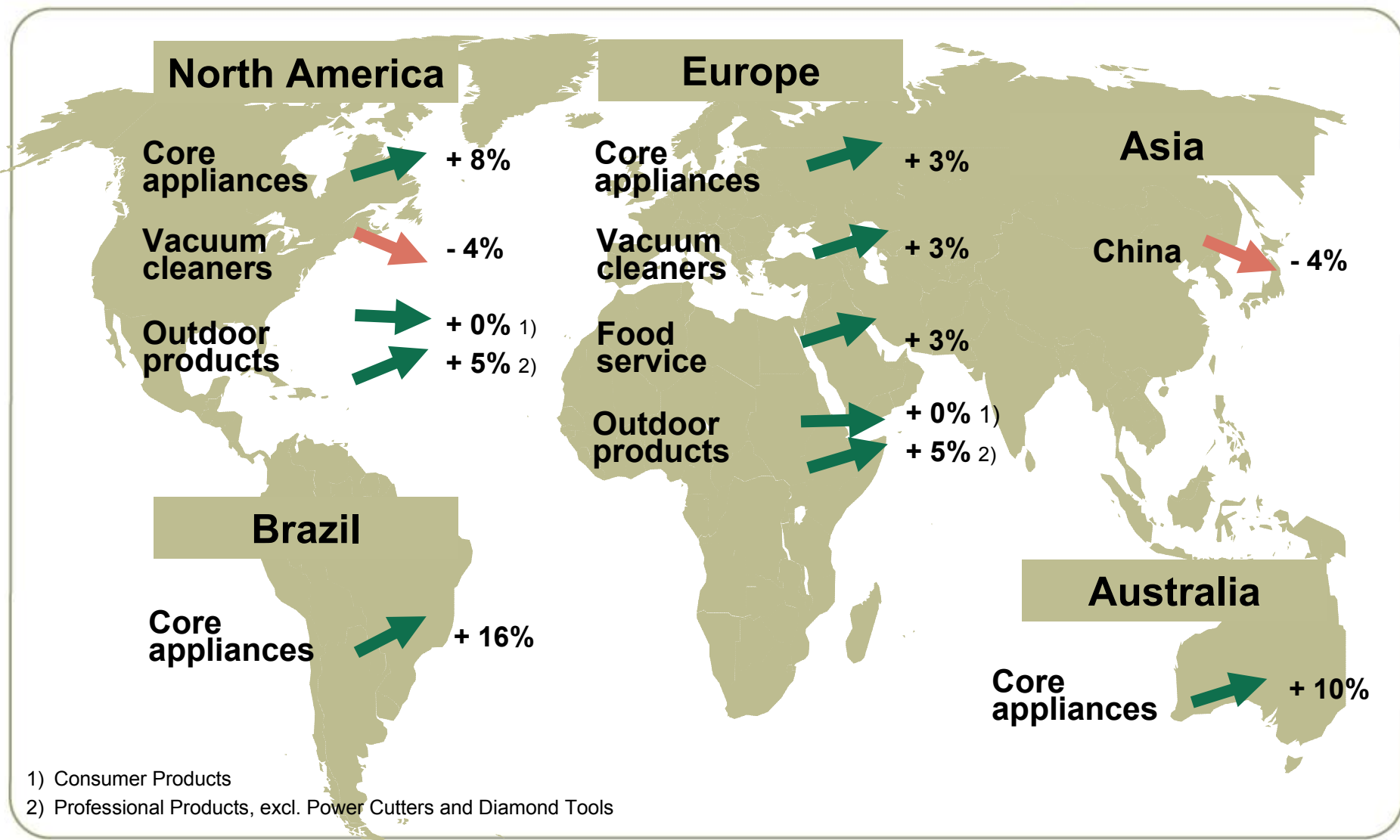
This presentation contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are 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.

# Appendix

# Industry shipments

Q1 2006 versus Q1 2005

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1) Consumer Products

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