

# Third quarter Results 2006

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# Financial summary

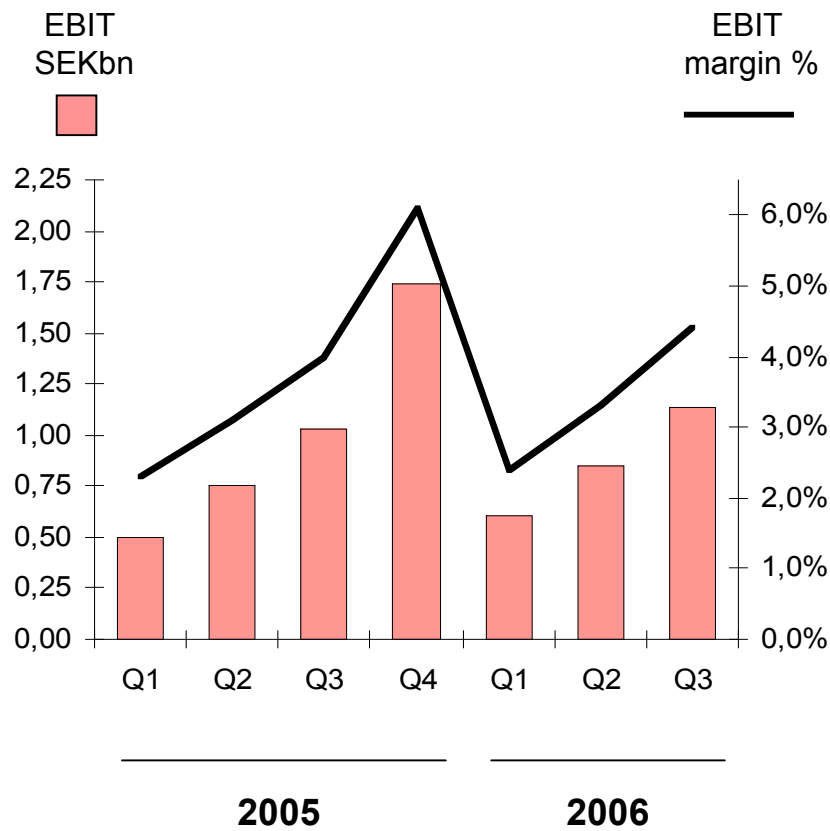
excluding items affecting comparability



	Q3 2006	% Change
<i>SEKm</i>		
Net sales	26,087	+0.5%
Operating income	1,136	+10.0%
Operating margin	4.4%	
<i>SEK per share</i>		
Earnings per share	2.81	+38%

# Financial highlights

## 2005-2006 Quarterly EBIT development



- European results slightly lower
- North American results up, but less than expected
- Floor care continues to improve
- Extraordinary growth in Latin America, profitable quarter in Asia Pacific
- Outlook maintained

# Additional highlights

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- New range of European products launched
- New floor care accessories distribution agreement
- Proposed share redemption of about 5.6 SEKb, in addition to buybacks and regular dividend

# Items affecting comparability

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## Taken in Q3 2006

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- 302 m SEK	Appliance plants in Adelaide, Australia
- 173 m SEK	Divestment of stake in Nordwaggon AB, Sweden
<u>+24 m SEK</u>	Reversal of restructuring provisions
-451 m SEK	Total items affecting comparability

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# Q3 2006 Cash flow



SEKbn	Q3 06	Q3 05
From operations, excluding change in operating assets and liabilities	1.6	1.3
Change in operating assets and liabilities	-0.9	0.1
Capital Expenditure	-0.8	-1.0
Other	-0.3	-0.5
Cash flow from operations and investments	-0.4	-0.1

# Outdoor adjustments to 2005 working capital



SEK m	Sep 30 2006	Sep 30 2005 Ex Husqvarna	Sep 30 2005
Inventories	12,392	13,591	18,350
Trade receivables	21,571	20,933	25,548
Accounts payable	-15,299	-14,126	-17,054
Provisions	-13,292	-13,692	-14,628
Prepaid and accrued income and expenses	-6,800	-7,166	-8,133
Tax and other assets and liabilities	-2,279	-996	-1,242
Working capital	-3,707	-1,456	2,841

# Proposed share redemption Background



- 5.6 SEKb cash distribution to shareholders
- Creates efficient capital structure
- Leaves flexibility to implement strategy
  - Restructuring plans through 2009
  - Investment in product development and brand building
  - Maintains flexibility for business risks and growth opportunities
- Mandatory redemption is preferred
  - Equal treatment of all shareholders
  - Uncomplicated and speedy



# Proposed share redemption Process



- **Mandatory redemption process**
  - Each A or B share split into an ordinary share and a redemption share
  - Trading in redemption shares after the split
  - Redemption share then redeems at 20 SEK per share
  
- **Timeline**
  - Detailed circular to shareholders soon
  - EGM December 2006
  - Expected cash distribution January 2007

# Proposed share redemption

## Impact on financial position



Pro forma impact of a 5.6 SEKb cash distribution  
on the September 30, 2006, financial position

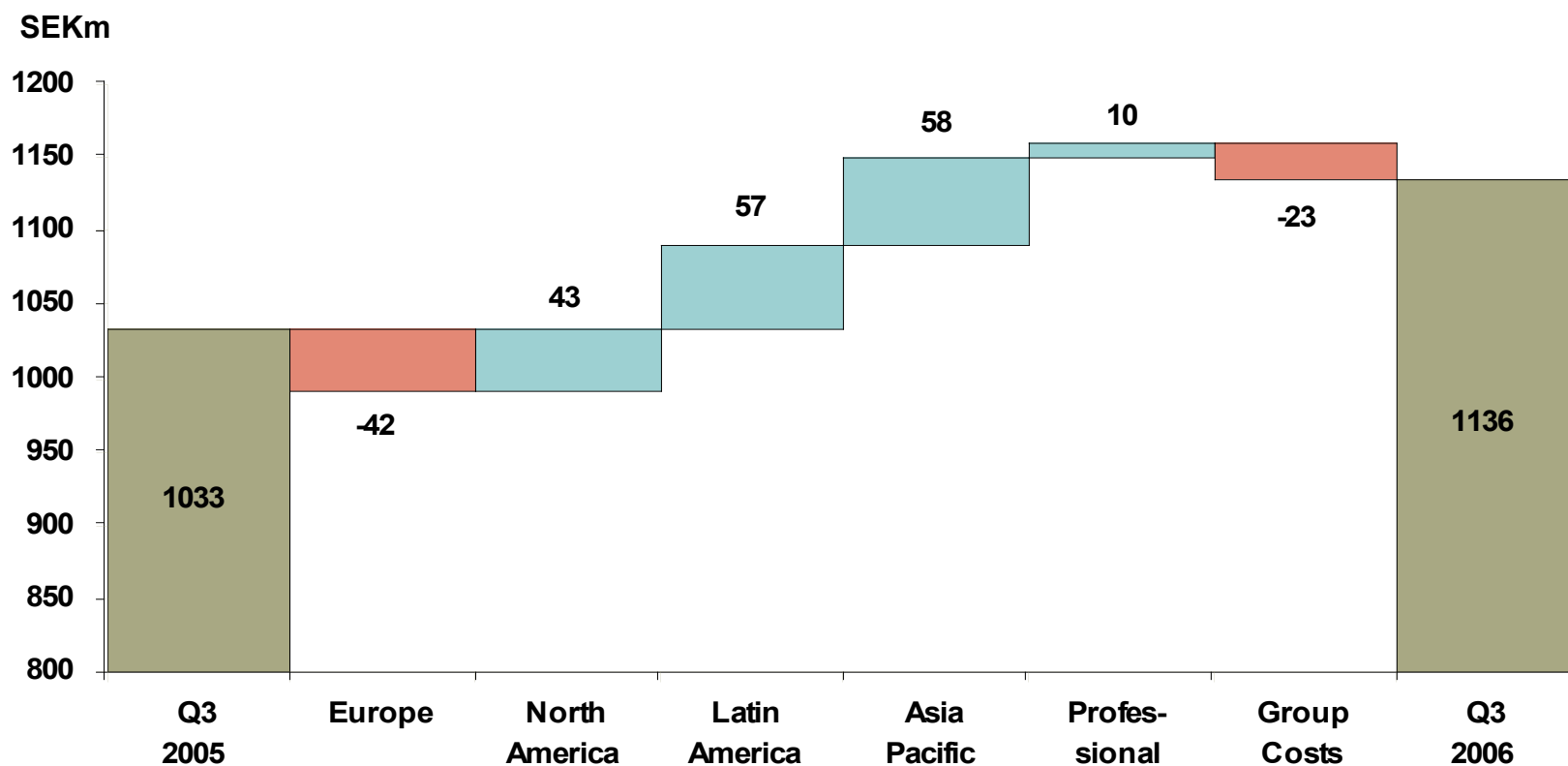
	Before	After
Net debt/equity	3%	40%
Adj net debt*/equity	46%	110%
Equity/assets	31%	21%
Adj net debt*/EBITDAR	1.0	1.7

\* Including pension, lease and contingent liabilities

EBITDAR: past 12-months earnings before interest, taxes, depreciation,  
amortization, restructuring charges and pension and lease costs

# Income development – Q3/Q3

## Operating Income



# Consumer Durables Europe



Q3 2006	SEKm	Change
Sales	11,226	+0.2%
EBIT	672	-5.9%
Margin	6.0%	
<i>In comparable currency</i>		
Sales		+1.3%
EBIT		-4.0%

- Market volume +3% in Q3
- Strike-related volume loss in high-value segment
- Strong development for floor care products
- Increased cost for raw material compared to earlier this year
- Increased investment in brand building
- Purchasing and SG&A savings

## Ironaid dryer

We were thinking,  
why not let the dryer help  
with the ironing?



**The Iron Aid dryer.** Iron Aid uses steam to de-wrinkle shirts and lighten your ironing work. Its refresh cycle enables you to quickly freshen up clothes anytime, removing odours and creases in sweaters, wool jackets, as well as "Dry clean only" and delicate garments. And while Iron Aid helps with the ironing, it's also an exceptional dryer, with special gentle programmes for wool and silk.

[www.electrolux.com](http://www.electrolux.com)

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## Insight cooker

We were thinking of  
people who don't want to  
miss the best parts.



**The Insight Cooker with extra large window.**  
Gives you an unimpeded view into the oven without bending  
over – for better control of your cooking results.

[www.electrolux.com](http://www.electrolux.com)

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# Time manager

We were thinking,  
you should set the time your  
wash takes, not the machine.



**The Time Manager washing machine treats your time as valuably as you do.** You decide how much time you can spare for washing clothes, by setting the length of the wash cycle to the minute. You've got the freedom to decide for yourself just how long laundry day will be. Now there's an idea that's worth your time.

[www.electrolux.com](http://www.electrolux.com)

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# Kaleido dishwasher





# Consumer Durables North America



Q3 2006	SEKm	Change
Sales	9,216	-3.5%
EBIT	333	+14.8%
Margin	3.6%	
<i>In comparable currency</i>		
Sales		-0.3%
EBIT		+16.5%

- Market volume -3%, retailers cutting inventories
- Juarez labor cost savings on track, but temporarily offset by low volume ramp up
- Materials costs increasing
- Selective and small price increases

## Electrolux ICON induction cooktops in North America



# Consumer Durables Latin America



Q3 2006	SEKm	Change
Sales	1,913	+38.5%
EBIT	83	+219%
Margin	4.3%	
<i>In comparable currency</i>		
Sales		+37.4%
EBIT		+156%

- Market volume +34% in Q3
- Electrolux sales up significantly on low 2005 comparison
- EBIT tripled on back of higher volumes and improved product and customer mix
- Higher raw material prices offset by price increases

## ECOTURBO washer and dryer for Latin America



# Consumer Durables Asia/Pacific



Q3 2006	SEKm	Change
Sales	2,101	-6.2%
EBIT	58	n/a
Margin	2.8%	
<i>In comparable currency</i>		
Sales		-1.2%
EBIT		n/a

- EBIT improved significantly from breakeven last year
- China: Repositioning continues
  - Reducing number of unprofitable retailers
  - Increased brand investment
- Strong EBIT improvement in Australia
  - Successful product launches
  - Restructuring savings

## E:line launched in Australia



# Professional Products



Q3 2006	SEKm	Change
Sales	1,605	+2.7%
EBIT	127	+8.5%
Margin	7.9%	
<i>In comparable currency</i>		
Sales		+4.0%
EBIT		+11.2%

- Food service EBIT improved
  - Higher volumes, partly offset by lower price mix
  - Higher raw material cost offset by increased prices
  - Higher share of own manufactured products
- Transfer of laundry production to Thailand completed

## 2006 Outlook maintained



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

Q3 2006 versus Q3 2005

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