

## Press release

Stockholm, February 6, 2008

### **President and CEO Hans Stråberg's comments on the 2007 results**

In 2007, we accelerated our on-going work of transforming Electrolux into a leading consumer-oriented company. We are implementing our strategy for developing innovative products, strengthening the Electrolux brand and cutting costs in the long term through restructuring.

During the year, we launched a record number of new products worldwide. We invested over SEK 2 billion in development of new products, an increase of 10% over 2006. Investment in brands also rose in 2007, and we are approaching our goal for this investment to correspond to 2% of Group sales. The Electrolux brand has been strengthened, particularly in Europe. Our research shows that many more consumers prefer the Electrolux brand than in last year. We also continued our work on making production more competitive by relocating to low-cost countries. We now have approximately 50% of our production in such countries, which means that we are quickly approaching our goal of 60% by 2010. In addition, we achieved organic growth of 4% in 2007, which is in line with our target.

Except for the result for appliances in Europe, I can report that all our other operations achieved higher income in 2007. In North America, sales rose by 2% while the market declined by almost 6%. This is a fantastic effort by our people in North America, which gives me great expectations for our launch under the Electrolux brand during 2008.

The global operation in floor-care equipment had a successful year, with greater market shares and improved profitability. This is a good example of the benefits generated by offering innovative products to consumers.

Our operation in Latin America reported the best performance ever, which is another example of what can be achieved through a strategy of a strong brand, exciting new products and low costs. In Australia, after a number of tough years we reinforced our market position and achieved considerably higher profitability. In addition, income was higher for our products for professional kitchens and laundries, despite rising prices for raw materials and a weaker dollar.

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However, the performance by Electrolux appliances in Europe was a disappointment. As our new products were well-received by the market, our average prices were higher in all product categories and virtually every country, and the Electrolux brand was strengthened considerably, we had expected a better financial outcome. The marketing campaign and the product launch were the most comprehensive in our history. In order to deliver our products to retailers according to plan, we were forced to prioritize time ahead of cost. This meant that costs for many products were higher than the original targets.

We are working on solving these problems, and we are striving to get costs down to the planned level during the second half of 2008. During the last two years, we have been working hard to reduce complexity in the European appliances operation. As a result, we are now, among other things, initiating a comprehensive program this spring to reduce the number of employees by about 400. This program will generate savings yearly of SEK 350-400 million, for a cost amounting to approximately SEK 400 million that will affect results in the first quarter of 2008. We are also going to implement a review of our refrigerator production in Italy in the interest of making it more competitive.

We see a great uncertainty about the global economic trend. It is very difficult to forecast Electrolux operating income for 2008. We face a number of major challenges. We have to cut costs for the products we sell in Europe. In North America, we are going to launch a completely new and very impressive product offering in the premium segment under the Electrolux brand. At the same time, we are expecting a tough start in 2008 as launch costs in the US of about SEK 100 million and the cost for the reduction of employees in Europe amounting to approximately SEK 400 million will impact the first quarter result negatively.

Provided that market demand for appliances in Europe shows a slow growth in 2008 and that market demand for appliances in North America shows a slightly negative development, our outlook for 2008 is that operating income is expected to be in-line with 2007, excluding items affecting comparability.

Stockholm, February 6, 2008

Hans Stråberg  
President and Chief Executive Officer

**Electrolux** is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Zanussi, Eureka and Frigidaire. In 2006, Electrolux had sales of SEK 104 billion and 56,000 employees. For more information, visit <http://www.electrolux.com/press>.

The information in this Interim Report is that which Electrolux is required to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. It was released for publication at 08.00 CET on February 6, 2008.