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## Interim Report January – March 2008

Stockholm, April 28, 2008

- **Net sales decreased by 3.0% to SEK 24,193m (24,930) and income for the period amounted to SEK -106m (492), or SEK -0.38 (1.76) per share**
- **Operating income declined to SEK -39m (757), excluding items affecting comparability. The decline is partly due to negative non-recurring items amounting to SEK 430m and costs relating to the US launch amounting to SEK 120m**
- **Lower sales volumes, due to the sharp decline in the US market, adversely affected operating income for appliances in North America**
- **Weak markets in Western Europe and increased product costs had a negative impact on operating income for appliances in Europe**
- **Strong results for appliances in Latin America, Asia/Pacific, floor-care products and Professional Products**
- **Outlook: Operating income in 2008 is expected to be in line with 2007**

SEKm	Q1 2008	Q1 2007	Change %
Net sales	24,193	24,930	-3.0
Operating income <sup>1)</sup>	-5	757	-100.7
<b>Operating income, excluding items affecting comparability</b>	<b>-39</b>	<b>757</b>	<b>-105.2</b>
Margin, %	-0.2	3.0	
Income after financial items	-149	670	-122.2
<b>Income after financial items, excluding items affecting comparability</b>	<b>-183</b>	<b>670</b>	<b>-127.3</b>
Margin, %	-0.8	2.7	
Income for the period	-106	492	-121.5
<b>Income for the period, excluding items affecting comparability</b>	<b>-140</b>	<b>492</b>	<b>-128.5</b>
Earnings per share, SEK <sup>2)</sup>	-0.38	1.76	
Return on net assets, %	-0.1	15.7	
<b>Return on net assets, excluding items affecting comparability, %</b>	<b>-0.7</b>	<b>13.5</b>	

1) Operating income for the first quarter of 2008 includes items affecting comparability in the amount of SEK 34m. There were no items affecting comparability in the first quarter of 2007, see page 11.

2) Basic, based on an average of 282.1 (279.7) million shares for the first quarter of 2008 after buy-backs. For earnings per share after dilution, see page 11.

For definitions, see page 19.

## NET SALES AND INCOME

### First quarter of 2008

Net sales for the Electrolux Group in the first quarter of 2008 declined to SEK 24,193m as against SEK 24,930 in the previous year, mainly due to changes in exchange rates.

Changes in net sales	Q1
%	2008
Changes in Group structure	0.0
Changes in exchange rates	-2.3
Changes in volume/price/mix	-0.7
<b>Total</b>	<b>-3.0</b>

Operating income for the first quarter of 2008 decreased to SEK -5m (757) and income after financial items to SEK -149m (670). Income for the period decreased to SEK -106m (492), corresponding to SEK -0.38 (1.76) in earnings per share.

Operating income for the first quarter of 2008 includes items affecting comparability in the amount of SEK 34m referring to reversal of unused restructuring provisions. There were no items affecting comparability in the first quarter of 2007. Excluding these items affecting comparability, operating income for the first quarter of 2008 decreased to SEK -39m (757) and income after financial items to SEK -183m (670). Income for the period was SEK -140m (492), corresponding to SEK -0.50 (1.76) in earnings per share.

Operating income for the first quarter of 2008 includes non-recurring items and costs for the US launch in a net amount of approximately SEK -550m. The non-recurring items refer to appliances in Europe and North America.

Non-recurring costs relating to the ongoing cost cutting program in the amount of approximately SEK 360m as well as costs related to a component problem in a series of dishwashers amounting to approximately SEK 120m has been charged against operating income for appliances in Europe. Income for appliances in Europe was also positively affected by a capital gain for the divestment of a real estate amounting to approximately SEK 130m.

A non-recurring cost amounting to approximately SEK 80m for litigation in the state of Arizona has been charged against operating income for appliances in North America. The costs for the new product launch under the Electrolux brand in the US amounted to approximately SEK 120m in the quarter.

#### *Effects of changes in exchange rates*

Changes in exchange rates compared to the previous year, including both translation and transaction effects, had a positive impact of SEK 75m on operating income for the first quarter of 2008. Transaction effects net of hedging contracts amounted to SEK 67m. Translation of income statements in subsidiaries had an effect of SEK 8m.

The effect of changes in exchange rates on income after financial items amounted to SEK 45m.

#### *Financial net*

Net financial items for the first quarter of 2008 increased to SEK -144m compared to SEK -87m for the corresponding period in the previous year. The increase is mainly due to higher average net borrowings and increased interest rates.

## OUTLOOK – FOR THE FULL YEAR 2008\*

In April 2008, the Group introduced Electrolux as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment. However, we expect the launch to have a negative impact on 2008 results as it initially includes a considerable investment in marketing.

Furthermore, the European appliance operations will be negatively impacted by higher than anticipated costs for the product launches and the ongoing cost reduction program.

The significant uncertainty in the overall global economy makes it continuously difficult to predict the development in 2008.

Provided that market demand for appliances in Europe will be unchanged in 2008 compared to 2007 and that market demand for appliances in North America shows a decline, our outlook for 2008 is that operating income is expected to be in-line with 2007, excluding items affecting comparability.

\* The outlook is changed from when it was first reported in February 2008. See previous version on page 10.

## CASH FLOW

Cash flow from operations and investments amounted to SEK -489m for the first quarter of 2008.

Cash flow from operations amounted to SEK -39m. Cash flow from operations has been affected by the decline in income during the first quarter as well as a non-recurring tax payment. Changes in operating assets and liabilities had a negative impact on cash flow. The positive changes in trade receivables were driven mainly by payments relating to seasonally high sales in the fourth quarter of the previous year. The negative cash flow from inventories is due to seasonal build-ups of inventories.

Cash flow from investments amounted to SEK -450m. Capital expenditure in the first quarter referred mainly to reinvestments and finalization of the plant for front-loaded washing machines in Juarez, Mexico. Capital expenditure in the first quarter of 2007 included investments in new plants in Mexico and Poland. Cash flow from investments was also affected by a capital gain in the amount of approximately SEK 130m on divestment of real estate in Fuenmayor, Spain.

Cash flow	Q1 2008	Q1 2007	Full year 2007
SEKm			
Cash flow from operations, excluding change in operating assets and liabilities	140	540	5,308
Change in operating assets and liabilities	-179	-275	-152
<b>Cash flow from operations</b>	<b>-39</b>	<b>265</b>	<b>5,156</b>
Divestment of operations	-	-	-
Capital expenditure in tangible fixed assets	-497	-788	-3,430
Other	47	-154	-449
<b>Cash flow from investments</b>	<b>-450</b>	<b>-942</b>	<b>-3,879</b>
<b>Cash flow from operations and investments</b>	<b>-489</b>	<b>-677</b>	<b>1,277</b>

## FINANCIAL POSITION

### Equity

Total equity as of March 31, 2008, amounted to SEK 14,826m (14,570), which corresponds to SEK 52.32 (51.78) per share. Return on equity was -2.7% (14.2). Excluding items affecting comparability, return on equity was -3.6% (14.2).

### Net borrowings

Net borrowings decreased somewhat to SEK 5,192m (5,958). The net debt/equity ratio was 0.35 (0.41). The equity/assets ratio was 25.7% (23.8).

Net borrowings SEKm	March 31, 2008	March 31, 2007	Dec. 31, 2007
Borrowings	10,473	10,557	11,163
Liquid funds	5,281	4,599	-6,460
<b>Net borrowings</b>	<b>5,192</b>	<b>5,958</b>	<b>4,703</b>
Net debt/equity ratio	0.35	0.41	0.29
Equity/assets ratio, %	25.7	23.8	26.9

### Working capital

Working capital as of March 31, 2008, amounted to SEK -1,651m (-1,242), corresponding to -1.8% (-1.2) of annualized net sales. Inventories amounted to SEK 12,603m (13,966) and trade receivables to SEK 19,210m (20,949), corresponding to 13.4% (13.8) and 20.4% (20.7) of annualized net sales, respectively. Accounts payable amounted to SEK 14,440m (15,969), corresponding to 15.3% (15.8) of annualized net sales.

### Net assets and return on net assets

Net assets as of March 31, 2008, amounted to SEK 20,018m (20,528). Average net assets for the period increased to SEK 20,381m (19,334).

Adjusted for items affecting comparability, average net assets amounted to SEK 21,875m (22,381), corresponding to 22.6% (22.4) of net sales. Items affecting comparability refers to restructuring provisions.

The return on net assets was -0.1% (15.7), and -0.7% (13.5), excluding items affecting comparability.

## VALUE CREATED

Value creation is the primary financial performance indicator for measuring and evaluating financial performance within the Group. The model links operating income and asset efficiency with the cost of the capital employed in operations. The model measures and evaluates profitability by region, business area, product line, or operation.

Total value created during the first quarter of 2008 decreased to SEK -695m as compared to SEK 86m in the previous year. Value created was affected by the negative operating income including non-recurring items and launch costs in the US amounting to SEK -550m. The WACC rate for 2008 is computed at 12% (12%). The capital-turnover rate was 4.43 (4.46).

## OPERATIONS BY BUSINESS AREA

Changes in net sales and operating income by business area in comparable currencies are given on page 15.

### Consumer Durables, Europe

Consumer Durables, Europe	Q1 2008	Q1 2007	Full year 2007
SEKm			
Net sales	10,525	10,554	45,472
Operating income	-192	470	2,067
Operating margin, %	-1.8	4.5	4.5

### Industry shipments of core appliances

in Europe	Q1 2008
Units, year-over-year, %	
Western Europe	-4.4
Eastern Europe (excluding Turkey)	5.4
<b>Total Europe</b>	<b>-2.2</b>

#### Core appliances

Industry shipments of core appliances in Europe declined during the first quarter of 2008 in comparison with the corresponding period of last year. Demand rose in Eastern Europe, but declined in Western Europe. Demand in several key markets as Spain, Italy, the UK and Germany continued to decrease.

Group sales of appliances in Europe were almost in line with the first quarter of the previous year. Lower sales volumes in Western Europe were partly offset by strong sales growth in Eastern Europe.

Operating income in the first quarter of 2008 was negative, partly due to non-recurring costs. Costs of approximately SEK 360m related to the previously announced program for staff reduction, as well as costs of approximately SEK 120m related to a component problem in a limited series of dishwashers, were charged to operating income in the quarter. A capital gain in the amount of approximately SEK 130m for the divestment of a real estate in Fuenmayor, Spain, also affected income in the quarter.

Operating income was also impacted by weak markets in Western Europe and costs related to the new products launched in 2007. The new products have supported sales prices, but extra costs for these products have continued to affect income.

#### Floor-care products

Demand for vacuum cleaners in Europe showed a slight increase in the first quarter in comparison with the corresponding period of last year. Group sales increased on the basis of continued strong growth, particularly in Western Europe. Both operating income and margin increased as a result of higher sales volumes and lower costs for outsourced as well as own-manufactured products.

## Consumer Durables, North America

Consumer Durables, North America	Q1 2008	Q1 2007	Full year 2007
SEKm			
Net sales	7,275	8,622	33,728
Operating income	-154	258	1,711
Operating margin, %	-2.1	3.0	5.1

Industry shipments of appliances in the US	Q1 2008
Units, year-over-year, %	
Core appliances	-7.9
Major appliances	-7.3

### Major appliances

Industry shipments of appliances in the US showed a strong decline in the first quarter in comparison with the same period of the previous year.

Group sales of appliances in North America declined in the quarter due to substantially lower sales volumes resulting from the weak market and increased competition.

Operating income showed a considerable decline, resulting mainly from the lower sales volumes. The decline in sales also involved lower capacity utilization in the Group's plants. Selective price increases were implemented to compensate for higher raw material costs. Costs for product launches relating to the introduction of the Electrolux brand for appliances in the premium segment amounting to approximately SEK 120m, as well as costs for litigation in the state of Arizona amounting to approximately SEK 80m, have been charged against income for the quarter.

The new product launch started in mid-April with a nationwide campaign. The products have received good market acceptance and are now available on more than 1,500 retail floors, which is more than expected.

### Floor-care products

Market demand for vacuum cleaners in the US showed a considerable decline by approximately 20% from the corresponding period of last year. Sales for the Group's US operation decreased due to lower sales volumes. Operating income and margin increased, however, on the basis of an improved product mix resulting partly from higher sales of Electrolux-branded vacuum cleaners.

## Consumer Durables, Latin America

Consumer Durables, Latin America	Q1 2008	Q1 2007	Full year 2007
SEKm			
Net sales	2,404	1,983	9,243
Operating income	156	82	514
Operating margin, %	6.5	4.1	5.6

Industry shipments of appliances in Brazil is estimated to have continued to increase, by approximately 11% in comparison with the same period of last year. The Group's sales volumes showed a strong increase of almost 20%.

Group sales in Latin America rose by approximately 20% during the first quarter. Both operating income and margin improved on the basis of higher sales volumes, particularly in Brazil, as well as a positive trend for the product mix and improved productivity in the Group's plants.

## Consumer Durables, Asia/Pacific and Rest of world

Consumer Durables, Asia/Pacific and Rest of world	Q1 2008	Q1 2007	Full year 2007
SEKm			
Net sales	2,228	2,076	9,167
Operating income	105	2	330
Operating margin, %	4.7	0.1	3.6

### *Australia and New Zealand*

Market demand for appliances in Australia was somewhat higher in the first quarter of 2008 in comparison with the same period of last year. Group sales rose in comparable currencies, mainly due to growth in the market for laundry products and air-conditioners. Operating income for the first quarter rose considerably on the basis of reduced costs due to previous restructuring as well as lower costs for outsourced products.

### *China and Southeast Asia*

Market statistics for deliveries of appliances in China indicate continued growth during the first quarter of 2008. However, the growth rate in the Chinese market has declined compared to the fourth quarter of 2007. Group sales in China rose on the basis of higher volumes and an improved product mix. The operation in China is still loss making but shows a positive trend.

The operation in Southeast Asia shows continued strong growth with good profitability.

## Professional Products

Professional Products	Q1 2008	Q1 2007	Full year 2007
SEKm			
Net sales	1,753	1,688	7,102
Operating income	183	103	584
Operating margin, %	10.4	6.1	8.2

### *Food-service equipment*

Group sales of food-service equipment increased in the first quarter as a result of higher sales prices as well as larger volumes. Sales of own-manufactured products increased. Operating income improved on the basis of price increases and improved product mix.

### *Laundry equipment*

Sales of laundry equipment declined during the first quarter in comparison with the same period of last year, mainly due to lower sales volumes in several major markets and a decline in deliveries in the US market. Operating income improved, however, on the basis of price increases and lower administrative costs.

## **LAUNCH OF PREMIUM PRODUCTS IN NORTH AMERICA**

In April 2008, Electrolux was introduced as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment, which shows considerably higher profitability than the mass market segment where the Group holds a strong position today. However, we expect the launch to have a negative impact on operating income for each quarter of 2008 as it initially includes a considerable investment in marketing. The launch cost is expected to have a negative impact on operating income of SEK 200-250m in the second quarter of 2008. The launch is expected to have a positive impact on the operating income in 2009.

## **DISTRIBUTION OF FUNDS TO SHAREHOLDERS**

### **Dividend**

In accordance with the proposal of the Board of Directors, the Annual General Meeting (AGM) of April 1, 2008 authorized a dividend for 2007 amounting to SEK 4.25 (4.00) per share, for a total dividend payment of SEK 1,204m (1,126). The cash dividend corresponds to 36.8% of income for the period 2007, excluding items affecting comparability.

The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability.

## **OTHER ITEMS**

### **New Board members**

The Annual General Meeting in April 2008 adopted the proposal of the Nomination Committee for Board members and Chairman of the Board. It was determined that the Board of Directors should consist of nine Directors without deputies.

Marcus Wallenberg, Peggy Bruzelius, John Lupo, Johan Molin, Hans Stråberg, Torben Ballegaard Sørensen, Caroline Sundewall and Barbara Milian Thoralfsson were re-elected to the Board. Hasse Johansson was elected as a new Board member. Marcus Wallenberg was re-elected as Chairman of the Board of Directors.

Three additional members, with deputies, are appointed by the Swedish employee organizations, in accordance with Swedish labor laws.

For information on Board members, visit [www.electrolux.com](http://www.electrolux.com).

### **Repurchase and transfer of own shares**

For the last few years, Electrolux has on the basis of authorizations by the AGM acquired and transferred own shares. The purpose of the share-repurchase program is to enable adapting the capital structure of the Group and thereby to contribute to increased shareholder value, or to use the repurchased shares in conjunction with the financing of potential acquisitions and the Group's share-related incentive programs.

In accordance with the proposal by the Board of Directors, the AGM in 2008 decided to authorize the Board to repurchase and transfer own B-shares. The company may acquire B-shares that following each acquisition the company holds at a maximum 10% of all shares issued by the company.

In the first quarter of 2008, senior managers purchased 32,550 B-shares from Electrolux under the terms of the employee stock-option programs, and 1,722,670 B-shares were allotted under the terms of the Performance Share Program 2005. As of March 31, 2008, Electrolux held 25,526,671 B-shares, corresponding to 8.3% of the total number of outstanding shares. See table on page 14.



### **Asbestos litigation in the US**

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. Some of the cases involve multiple plaintiffs who have made identical allegations against many other defendants who are not part of the Electrolux Group.

As of March 31, 2008, the Group had a total of 2,130 (1,701) cases pending, representing approximately 2,740 (approximately 2,670) plaintiffs. During the first quarter 2008, 328 new cases with approximately 330 plaintiffs were filed and 196 pending cases with approximately 200 plaintiffs were resolved. Approximately 280 of the plaintiffs relate to cases pending in the state of Mississippi.

### **RISK MANAGEMENT**

Risks in connection with the Group's operations can, in general, be divided into operational risks related to business operations and those related to financial operations. Operational risks are normally managed by the operating units within the Group, and financial risks by the Group's treasury department.

#### *Operational risks*

Electrolux is currently exposed to risks in connection with its business operations. Electrolux operates in competitive markets, most of which are relatively mature. Demand for appliances can vary with overall economic conditions and price competition is strong in most product categories. The Group's ability to improve profitability and increase shareholder value is largely dependent on success in development of innovative products and in maintaining cost-efficient production. Managing fluctuations in the prices of raw materials and components and restructuring are vital for maintaining and increasing the Group's competitiveness.

#### *Financial risk management*

Furthermore, the Group is exposed to a number of risks related to, for example, liquid funds, trade receivables, customer financing receivables, payables, borrowings, commodities and derivative instruments. The risks are, primarily:

- Interest-rate risks on liquid funds and borrowings
- Financing risks related to the Group's capital requirements
- Foreign-exchange risks on earnings and net investments in foreign subsidiaries
- Commodity-price risks affecting expenditure on raw materials and components to be used in production
- Credit risks related to financial and commercial activities

Risks, risk management and risk exposures are described in the Annual Report of 2007, [www.electrolux.com/annualreport2007](http://www.electrolux.com/annualreport2007).

### **PARENT COMPANY AB ELECTROLUX**

The Parent Company comprises the functions of the Group's head office, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company, AB Electrolux, for the first quarter of 2008 amounted to SEK 1,377m (1,402) of which SEK 698m (693) referred to sales to Group companies and SEK 679m (709) to external customers. Income after financial items was SEK -242m (189), including dividends from subsidiaries in the amount of SEK 1m (197). Income for the period amounted to SEK -225m (199).

Capital expenditure in tangible and intangible assets was SEK 55m (20). Liquid funds at the end of the period amounted to SEK 1,652m (1,472) as against SEK 2,880m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 9,341m, as against SEK 9,846m at the start of the year.

The income statement and balance sheet for the Parent Company are presented on page 18.

Stockholm, April 28, 2008

Hans Stråberg  
President and Chief Executive Officer

*Previous outlook reported in February 2008:*

**OUTLOOK – FOR THE FULL YEAR 2008**

In 2008, the Group will introduce Electrolux as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment. However, we expect the launch to have a negative impact on 2008 results as it initially includes a considerable investment in marketing.

Furthermore, the European appliance operations will be negatively impacted by higher than anticipated costs for the product launches and the planned cost reduction program.

The significant uncertainty in the overall global economy makes it difficult to predict the development in 2008.

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.

*This report has not been audited.*

**Accounting and valuation principles**

Electrolux applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and ÅRL, the Swedish Annual Accounts Act and recommendation RFR 2.1 Accounting for legal entities, issued by the Swedish Financial Reporting Board. There are no changes in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2007.

## CONSOLIDATED INCOME STATEMENT

SEKm	Q1 2008	Q1 2007	Full year 2007
<b>Net sales</b>	<b>24,193</b>	<b>24,930</b>	<b>104,732</b>
Cost of goods sold	-20,335	-20,553	-85,466
<b>Gross operating income</b>	<b>3,858</b>	<b>4,377</b>	<b>19,266</b>
Selling expenses	-2,840	-2,519	-10,219
Administrative expenses	-1,226	-1,103	-4,417
Other operating income/expenses	169	2	207
Items affecting comparability	34	0	-362
<b>Operating income*</b>	<b>-5</b>	<b>757</b>	<b>4,475</b>
Margin, %	0.0	3.0	4.3
Financial items, net	-144	-87	-440
<b>Income after financial items</b>	<b>-149</b>	<b>670</b>	<b>4,035</b>
Margin, %	-0.6	2.7	3.9
Taxes	43	-178	-1,110
<b>Income for the period</b>	<b>-106</b>	<b>492</b>	<b>2,925</b>
Attributable to:			
Equity holders of the Parent Company	-106	492	2,925
Minority interest in income for the period	-	-	-
	<b>-106</b>	<b>492</b>	<b>2,925</b>
* Operating income includes:			
Depreciation and amortization	-689	-692	-2,738
Earnings per share, SEK	-0.38	1.76	10.41
Diluted, SEK	-0.38	1.76	10.33
Number of shares after buy-backs, million	283.4	281.4	281.6
Average number of shares after buybacks, million	282.1	279.7	281.0
Diluted, million	282.3	280.2	283.3

## ITEMS AFFECTING COMPARABILITY

SEKm	Q1 2008	Q1 2007	Full year 2007
<b>Restructuring provisions and write-downs</b>			
Appliances plant in Spennymoor, UK	0	0	-317
Appliances plant in Fredericia, Denmark	0	0	-45
Reversal of unused restructuring provisions	34	0	0
<b>Total</b>	<b>34</b>	<b>0</b>	<b>-362</b>

## CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>Assets</b>			
Property, plant and equipment	14,546	14,823	15,205
Goodwill	1,945	2,054	2,024
Other intangible assets	2,162	1,824	2,121
Investments in associates	30	83	32
Deferred tax assets	1,983	2,409	2,141
Financial assets	1,893	1,806	2,284
<b>Total non-current assets</b>	<b>22,559</b>	<b>22,999</b>	<b>23,807</b>
Inventories	12,603	13,966	12,398
Trade receivables	19,210	20,949	20,379
Tax assets	577	530	391
Derivatives	416	267	411
Other current assets	3,004	3,133	2,992
Short-term investments	38	532	165
Cash and cash equivalents	4,501	3,460	5,546
<b>Total current assets</b>	<b>40,349</b>	<b>42,837</b>	<b>42,282</b>
<b>Total assets</b>	<b>62,908</b>	<b>65,836</b>	<b>66,089</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	1,545	1,545	1,545
Other paid-in capital	2,905	2,905	2,905
Other reserves	-275	747	837
Retained earnings	10,650	9,372	10,752
	<b>14,825</b>	<b>14,569</b>	<b>16,039</b>
Minority interests	1	1	1
<b>Total equity</b>	<b>14,826</b>	<b>14,570</b>	<b>16,040</b>
Long-term borrowings	5,410	3,809	4,887
Derivatives	0	2	0
Deferred tax liabilities	890	1,229	935
Provisions for post-employment benefits	5,956	6,642	6,266
Other provisions	3,749	4,009	3,813
<b>Total non-current liabilities</b>	<b>16,005</b>	<b>15,691</b>	<b>15,901</b>
Accounts payable	14,440	15,969	14,788
Tax liabilities	1,804	1,867	2,027
Short-term liabilities	9,296	9,736	10,049
Short-term borrowings	4,670	6,405	5,701
Derivatives	278	251	280
Other provisions	1,589	1,347	1,303
<b>Total current liabilities</b>	<b>32,077</b>	<b>35,575</b>	<b>34,148</b>
<b>Total equity and liabilities</b>	<b>62,908</b>	<b>65,836</b>	<b>66,089</b>
<b>Contingent liabilities</b>	<b>814</b>	<b>1,214</b>	<b>1,016</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEKm	Q1 2008	Q1 2007	Full year 2007
<b>Operations</b>			
Operating income	-5	757	4,475
Depreciation and amortization	689	692	2,738
Capital gain/loss included in operating income	-167	0	-190
Restructuring provisions	241	-683	-701
Share-based compensation	1	20	72
Financial items paid	-311	-128	-271
Taxes paid	-308	-118	-815
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>140</b>	<b>540</b>	<b>5,308</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	-697	-1,545	-206
Change in trade receivables	782	1,108	993
Change in other current assets	-96	-71	40
Change in accounts payable	101	194	-885
Change in other operating liabilities and provisions	-269	39	-94
<b>Cash flow from change in operating assets and liabilities</b>	<b>-179</b>	<b>-275</b>	<b>-152</b>
<b>Cash flow from operations</b>	<b>-39</b>	<b>265</b>	<b>5,156</b>
<b>Investments</b>			
Capital expenditure in property, plant and equipment	-497	-788	-3,430
Capitalization of product development	-146	-110	-520
Other	193	-44	71
<b>Cash flow from investments</b>	<b>-450</b>	<b>-942</b>	<b>-3,879</b>
<b>Cash flow from operations and investments</b>	<b>-489</b>	<b>-677</b>	<b>1,277</b>
<b>Financing</b>			
Change in short-term investments	123	1,185	1,463
Change in short-term borrowings	1,278	971	670
New long-term borrowings	1,023	2,014	3,257
Amortization of long-term borrowings	-2,832	-8	0
Dividend	0	0	-1,126
Redemption of shares	-	-5,582	-5,582
Repurchase and sale of shares	3	106	127
<b>Cash flow from financing</b>	<b>-405</b>	<b>-1,314</b>	<b>-1,191</b>
Total cash flow	-894	-1,991	86
Cash and cash equivalents at beginning of period	5,546	5,475	5,475
Exchange-rate differences	-151	-24	-15
Cash and cash equivalents at end of period	4,501	3,460	5,546
<b>Change in net borrowings</b>			
<b>Total cash flow, excluding change in loans and short-term investments</b>	<b>-486</b>	<b>-6,153</b>	<b>-5,304</b>
<b>Net borrowings at beginning of period</b>	<b>-4,703</b>	<b>304</b>	<b>304</b>
<b>Exchange-rate differences referring to net borrowings</b>	<b>-3</b>	<b>-109</b>	<b>297</b>
<b>Net borrowings at end of period</b>	<b>-5,192</b>	<b>-5,958</b>	<b>-4,703</b>

## CHANGE IN TOTAL EQUITY

SEKm	Q1 2008	Q1 2007	Full year 2007
<b>Opening balance</b>	<b>16,040</b>	<b>13,194</b>	<b>13,194</b>
Available for sale instruments	-324	21	248
Change in revaluation and hedge reserve	-47	-40	31
Translation differences	-741	777	569
<b>Income for the period recognized directly in equity</b>	<b>-1,112</b>	<b>758</b>	<b>848</b>
<b>Income for the period</b>	<b>-106</b>	<b>492</b>	<b>2,925</b>
<b>Total recognized income and expenses for the period</b>	<b>-1,218</b>	<b>1,250</b>	<b>3,773</b>
Share-based payment	1	20	72
Repurchase and sale of shares	3	106	127
Dividend	-	-	-1,126
Redemption of shares	-	-	0
<b>Total transactions with equity holders</b>	<b>4</b>	<b>126</b>	<b>-927</b>
<b>Closing balance</b>	<b>14,826</b>	<b>14,570</b>	<b>16,040</b>

## KEY RATIOS<sup>1)</sup>

SEKm	Q1 2008	Q1 2007	Full year 2007
Earnings per share, SEK <sup>2)</sup>	-0.38	1.76	10.41
<b>Excluding items affecting comparability, SEK</b>	<b>-0.50</b>	<b>1.76</b>	<b>11.66</b>
Return on net assets, %	-0.1	15.7	21.7
<b>Excluding items affecting comparability, %</b>	<b>-0.7</b>	<b>13.5</b>	<b>20.9</b>
Return on equity, %	-2.7	14.2	20.3
<b>Excluding items affecting comparability, %</b>	<b>-3.6</b>	<b>14.2</b>	<b>22.7</b>
Capital expenditure, SEKm	497	788	3,430
Average number of employees	55,753	56,280	56,898
Net debt/equity ratio	0.35	0.41	0.29

1) For definitions, see page 19.

2) Basic, on average number of shares after buy-backs, see page 11.

## SHARES

Number of shares	Outstanding	Outstanding	Shares held	Shares held
	A-shares	B-shares	by Electrolux	by other shareholders
Number of shares as of January 1, 2008	9,502,275	299,418,033	27,281,891	281,638,417
Shares sold to senior managers under the stock option programs				
First quarter			-32,550	32,550
Shares allotted to senior managers under the Performance Share Program 2005			-1,722,670	1,722,670
<b>Number of shares as of March 31, 2008</b>	<b>9,502,275</b>	<b>299,418,033</b>	<b>25,526,671</b>	<b>283,393,637</b>
As % of total number of shares			8.3%	

## NET SALES BY BUSINESS AREA

SEKm	Q1 2008	Q1 2007	Full year 2007
Consumer Durables, Europe	10,525	10,554	45,472
Consumer Durables, North America	7,275	8,622	33,728
Consumer Durables, Latin America	2,404	1,983	9,243
Consumer Durables, Asia/Pacific and Rest of world	2,228	2,076	9,167
Professional Products	1,753	1,688	7,102
Other	8	7	20
<b>Total</b>	<b>24,193</b>	<b>24,930</b>	<b>104,732</b>

## OPERATING INCOME BY BUSINESS AREA

SEKm	Q1 2008	Q1 2007	Full year 2007
Consumer Durables, Europe	-192	470	2,067
Margin, %	-1.8	4.5	4.5
Consumer Durables, North America	-154	258	1,711
Margin, %	-2.1	3.0	5.1
Consumer Durables, Latin America	156	82	514
Margin, %	6.5	4.1	5.6
Consumer Durables, Asia/Pacific and Rest of world	105	2	330
Margin, %	4.7	0.1	3.6
Professional Products	183	103	584
Margin, %	10.4	6.1	8.2
<b>Total business areas</b>	<b>98</b>	<b>915</b>	<b>5,206</b>
<b>Margin, %</b>	<b>0.4</b>	<b>3.7</b>	<b>5.0</b>
Common Group costs, etc.	-137	-158	-369
Items affecting comparability	34	0	-362
<b>Operating income</b>	<b>-5</b>	<b>757</b>	<b>4,475</b>

## CHANGE IN NET SALES BY BUSINESS AREA

Year-over-year, %	Q1 2008	Q1 2008 in comparable currencies
Consumer Durables, Europe	-0.3	-1.7
Consumer Durables, North America	-15.6	-7.1
Consumer Durables, Latin America	21.2	16.4
Consumer Durables, Asia/Pacific and Rest of world	7.3	8.3
Professional Products	3.9	3.4
<b>Total change</b>	<b>-3.0</b>	<b>-0.7</b>

## CHANGE IN OPERATING INCOME BY BUSINESS AREA

Year-over-year, %	Q1 2008	Q1 2008 in comparable currencies
Consumer Durables, Europe	-140.9	-141.6
Consumer Durables, North America	-159.7	-163.4
Consumer Durables, Latin America	90.2	88.0
Consumer Durables, Asia/Pacific and Rest of world	5150.0	1,212.5
Professional Products	77.7	72.6
<b>Total change, excluding items affecting comparability</b>	<b>-105.2</b>	<b>-105.2</b>

## EXCHANGE RATES

SEK	March 31, 2008	March 31, 2007	Full year 2007
USD, average	6.22	6.98	6.74
USD, end of period	5.94	7.02	6.43
EUR, average	9.42	9.18	9.25
EUR, end of period	9.39	9.34	9.45
GBP, average	12.39	13.67	13.48
GBP, end of period	11.81	13.75	12.86

## NET SALES AND INCOME PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	<b>2008</b>	<b>24,193</b>				<b>24,193</b>
	2007	24,930	25,785	26,374	27,643	104,732
Operating income	<b>2008</b>	<b>-5</b>				<b>-5</b>
	<b>Margin, %</b>	<b>0.0</b>				<b>0.0</b>
	<b>2008 <sup>1)</sup></b>	<b>-39</b>				<b>-39</b>
	<b>Margin, %</b>	<b>-0.2</b>				<b>-0.2</b>
	2007	757	890	1,152	1,676	4,475
	Margin, %	3.0	3.5	4.4	6.1	4.3
	2007 <sup>1)</sup>	757	921	1,152	2,007	4,837
	Margin, %	3.0	3.6	4.4	7.3	4.6
Income after financial items	<b>2008</b>	<b>-149</b>				<b>-149</b>
	<b>Margin, %</b>	<b>-0.6</b>				<b>-0.6</b>
	<b>2008 <sup>1)</sup></b>	<b>-183</b>				<b>-183</b>
	<b>Margin, %</b>	<b>-0.8</b>				<b>-0.8</b>
	2007	670	752	1,037	1,576	4,035
	Margin, %	2.7	2.9	3.9	5.7	3.9
	2007 <sup>1)</sup>	670	783	1,037	1,907	4,397
	Margin, %	2.7	3.0	3.9	6.9	4.2
Income for the period	<b>2008</b>	<b>-106</b>				<b>-106</b>
	2007	492	545	762	1,126	2,925
Earnings per share, SEK <sup>2)</sup>	<b>2008</b>	<b>-0.38</b>				<b>-0.38</b>
	<b>2008 <sup>1)</sup></b>	<b>-0.50</b>				<b>-0.50</b>
	2007	1.76	1.94	2.71	4.00	10.41
	2007 <sup>1)</sup>	1.76	2.05	2.71	5.14	11.66
Value creation, continuing operations	<b>2008</b>	<b>-695</b>				<b>-695</b>
	2007	86	210	443	1,314	2,053

1) Excluding items affecting comparability.

2) Basic, based on average number of shares after buy-backs.

### Number of shares, basic

Number of shares after buy-backs, million	<b>2008</b>	<b>283.4</b>				<b>0.0</b>
	2007	281.4	281.5	281.6	281.6	281.6
Average number of shares after buy-backs, million	<b>2008</b>	<b>282.1</b>				<b>0.0</b>
	2007	279.7	281.5	280.9	281.6	281.0

### Items affecting comparability

Restructuring provisions, write-downs and capital loss on divestment, SEKm	<b>2008</b>	<b>34</b>				<b>34</b>
	2007	-	-31	-	-331	-362



### NET SALES BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables, Europe	<b>2008</b>	<b>10,525</b>				<b>10,525</b>
	2007	10,554	10,496	11,624	12,798	45,472
Consumer Durables, North America	<b>2008</b>	<b>7,275</b>				<b>7,275</b>
	2007	8,622	9,043	8,589	7,474	33,728
Consumer Durables, Latin America	<b>2008</b>	<b>2,404</b>				<b>2,404</b>
	2007	1,983	2,161	2,107	2,992	9,243
Consumer Durables, Asia/Pacific and Rest of world	<b>2008</b>	<b>2,228</b>				<b>2,228</b>
	2007	2,076	2,314	2,332	2,445	9,167
Professional Products	<b>2008</b>	<b>1,753</b>				<b>1,753</b>
	2007	1,688	1,767	1,717	1,930	7,102

### OPERATING INCOME BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables, Europe	<b>2008</b>	<b>-192</b>				<b>-192</b>
	<b>Margin, %</b>	<b>-1.8</b>				<b>-1.8</b>
	2007	470	299	514	784	2,067
	Margin, %	4.5	2.8	4.4	6.1	4.5
Consumer Durables, North America	<b>2008</b>	<b>-154</b>				<b>-154</b>
	<b>Margin, %</b>	<b>-2.1</b>				<b>-2.1</b>
	2007	258	422	385	646	1,711
	Margin, %	3.0	4.7	4.5	8.6	5.1
Consumer Durables, Latin America	<b>2008</b>	<b>156</b>				<b>156</b>
	<b>Margin, %</b>	<b>6.5</b>				<b>6.5</b>
	2007	82	103	111	218	514
	Margin, %	4.1	4.8	5.3	7.3	5.6
Consumer Durables, Asia/Pacific and Rest of world	<b>2008</b>	<b>105</b>				<b>105</b>
	<b>Margin, %</b>	<b>4.7</b>				<b>4.7</b>
	2007	2	47	97	184	330
	Margin, %	0.1	2.0	4.2	7.5	3.6
Professional Products	<b>2008</b>	<b>183</b>				<b>183</b>
	<b>Margin, %</b>	<b>10.4</b>				<b>10.4</b>
	2007	103	140	126	215	584
	Margin, %	6.1	7.9	7.3	11.1	8.2
Common Group costs, etc.	<b>2008</b>	<b>-137</b>				<b>-137</b>
	2007	-158	-90	-81	-40	-369
Items affecting comparability	<b>2008</b>	<b>34</b>				<b>34</b>
	2007	-	-31	-	-331	-362

**PARENT COMPANY, INCOME STATEMENT**

SEKm	Q1 2008	Q1 2007	Full year 2007
<b>Net sales</b>	<b>1,377</b>	<b>1,402</b>	<b>6,092</b>
Cost of goods sold	-1,259	-1,223	-5,207
<b>Gross operating income</b>	<b>118</b>	<b>179</b>	<b>885</b>
Selling expenses	-151	-164	-608
Administrative expenses	-188	-141	-441
Other operating income	50	9	57
Other operating expenses	-3	-	-519
<b>Operating income</b>	<b>-174</b>	<b>-117</b>	<b>-626</b>
Financial income	252	587	3,201
Financial expenses	-320	-281	-939
<b>Financial items, net</b>	<b>-68</b>	<b>306</b>	<b>2,262</b>
<b>Income after financial items</b>	<b>-242</b>	<b>189</b>	<b>1,636</b>
Appropriations	4	5	18
<b>Income before taxes</b>	<b>-238</b>	<b>194</b>	<b>1,654</b>
Taxes	13	5	28
<b>Income for the period</b>	<b>-225</b>	<b>199</b>	<b>1,682</b>

**PARENT COMPANY, BALANCE SHEET**

SEKm	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>Assets</b>			
Non-current assets	25,490	24,742	26,025
Current assets	14,005	10,854	15,945
<b>Total assets</b>	<b>39,495</b>	<b>35,596</b>	<b>41,970</b>
<b>Equity and liabilities</b>			
Restricted equity	4,562	4,562	4,562
Non-restricted equity	9,341	9,013	9,846
<b>Total equity</b>	<b>13,903</b>	<b>13,575</b>	<b>14,408</b>
Untaxed reserves	721	736	724
Provisions	527	609	521
Non-current liabilities	4,956	3,784	4,807
Current liabilities	19,388	16,892	21,510
<b>Total equity and liabilities</b>	<b>39,495</b>	<b>35,596</b>	<b>41,970</b>
<b>Pledged assets</b>	<b>13</b>	<b>-</b>	<b>8</b>
<b>Contingent liabilities</b>	<b>1,318</b>	<b>1,387</b>	<b>1,365</b>

## FIVE-YEAR REVIEW

	Including Husqvarna					
	2007	2006	2005	2005	2004 <sup>1)</sup>	2003 <sup>2)</sup>
Net sales, SEKm	104,732	103,848	100,701	129,469	120,651	124,077
Operating income, SEKm	4,475	4,033	1,044	3,942	4,807	7,175
Margin, %	4.3	3.9	1.0	3.0	4.0	5.8
Margin, excluding items affecting comparability, %	4.6	4.4	4.0	5.4	5.6	6.2
Income after financial items, SEKm	4,035	3,825	494	3,215	4,452	7,006
Margin, %	3.9	3.7	0.5	2.5	3.7	5.6
Margin, excluding items affecting comparability, %	4.2	4.2	3.4	4.8	5.3	6.0
Income for the period, SEKm	2,925	2,648	-142	1,763	3,259	4,778
Earnings per share, SEK	10.41	9.17	-0.49	6.05	10.92	15.25
Average number of shares after buy-backs, million	281.0	288.8	291.4	291.4	298.3	313.3
Dividend, SEK	4.25	4.00	7.50	7.50	7.00	6.50
Value creation, SEKm	2,053	2,202	1,305	2,913	3,054	3,449
Return on equity, %	20.3	18.7	-	7.0	13.1	17.3
Return on net assets, %	21.7	23.2	5.4	13.0	17.5	23.9
Net debt/equity ratio	0.29	-0.02	-	0.11	0.05	0.00
Capital expenditure, SEKm	3,430	3,152	3,654	4,765	4,515	3,463
Average number of employees	56,898	55,471	57,842	69,523	72,382	77,140

1) Restated to comply with IFRS, except for IAS 39. If IAS 39 had been applied in 2004, the volatility in income, net borrowings and equity would most probably have been higher.

2) Comparative figures for 2003 have not been restated to comply with IFRS. A restatement of those years would follow the same pattern as the restatement of 2004, i.e., the effects on income and equity would be limited.

## DEFINITIONS

### Capital indicators

**Annualized sales** In computation of key ratios where capital is related to net sales, the latter are annualized and converted at year-end exchange rates and adjusted for acquired and divested operations.

**Net assets** Total assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

**Working capital** Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

**Net borrowings** Total borrowings less liquid funds.

**Net debt/equity ratio** Net borrowings in relation to equity.

**Equity/assets ratio** Equity as a percentage of total assets less liquid funds.

### Other key ratios

**Earnings per share** Income for the period divided by the average number of shares after buy-backs.

**Operating margin** Operating income expressed as a percentage of net sales.

**Value creation** Operating income excluding items affecting comparability less the weighted average cost of capital (WACC) on average net assets excluding items affecting comparability: [(Net sales - operating costs = operating income) - (WACC x average net assets)]. The WACC rate before tax for 2008 and 2007 is calculated at 12% compared to 11% for 2006, 12% for 2005 and 2004 and 13% for 2003.

**Return on equity** Income for the period expressed as a percentage of average equity.

**Return on net assets** Operating income expressed as a percentage of average net assets.

### Telephone conference

A telephone conference will be held at 15.30 CET on April 28, 2008. The telephone conference will be chaired by Hans Stråberg, President and CEO of Electrolux. Mr Stråberg will be accompanied by Fredrik Rystedt, CFO.

A slide presentation for the first quarter of 2008 will be available on the Electrolux website [www.electrolux.com/ir](http://www.electrolux.com/ir)

### Financial reports in 2008

Interim report April – June	July 17
Interim report July – September	October 27

### For more information

Peter Nyquist, Vice President, Investor Relations and Financial Information: +46 8 738 60 03  
Financial information from Electrolux is also available at [www.electrolux.com/ir](http://www.electrolux.com/ir)

*The information in this report is that which Electrolux is required to disclose under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. It was released for publication at 08.00 CET on April 28, 2008.*

### Factors affecting forward-looking statements

*This report 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.*