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Half-yearly Report 2008

Stockholm, July 17, 2008

Highlights of the second quarter

- Net sales increased by 2.4% excluding changes in exchange rates
- Earnings per share amounted to SEK 0.36 (1.94)
- Operating income declined to SEK 793m (921), excluding items affecting comparability
- Underlying result in North America stable despite the weak market development
- Electrolux product launch in North America is proceeding better than expected
- Declining markets in Western Europe and currently high product costs had a negative impact on operating income for appliances in Europe
- Cost-out initiatives in Europe are proceeding according to plan
- Improved results for appliances in Latin America, Asia/Pacific and for Professional Products
- Stable margin and result for floor-care products
- New outlook: We expect an operating income for the full year of 2008 of SEK 3,300-3,900m provided that the market for appliances in Europe declines by 1-2% and the market in North America declines by 5-8%

SEKm	Q2 2008	Q2 2007	Change %	First half 2008	First half 2007	Change %
Net sales	25,587	25,785	-0.8	49,780	50,715	-1.8
Operating income ¹⁾	254	890	-71.5	249	1,647	-84.9
Operating income, excluding items affecting comparability	793	921	-13.9	754	1,678	-55.1
Margin, %	3.1	3.6		1.5	3.3	
Income after financial items	140	752	-81.4	-9	1,422	-100.6
Income after financial items, excluding items affecting comparability	679	783	-13.3	496	1,453	-65.9
Margin, %	2.7	3.0		1.0	2.9	
Income for the period	99	545	-81.8	-7	1,037	-100.7
Income for the period, excluding items affecting comparability	491	576	-14.8	351	1,068	-67.1
Earnings per share, SEK ²⁾	0.36	1.94		-0.02	3.70	
Return on net assets, %	-	-		2.5	16.3	
Return on net assets, excluding items affecting comparability, %	-	-		7.1	14.6	

1) Operating income of 2008 includes items affecting comparability in the amount of SEK -539m (-31) for the second quarter and SEK -505m (-31) for the first half of 2008.

2) Basic, based on an average of 283.5 (281.5) million shares after buy-backs for the second quarter and 282.7 (280.5) million shares for the first half of 2008. For earnings per share after dilution, see page 14.

For definitions, see page 22.

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NET SALES AND INCOME

Second quarter of 2008

Net sales for the Electrolux Group in the second quarter of 2008 declined to SEK 25,587m as against SEK 25,785m in the previous year. Sales were negatively impacted by changes in exchange rates while changes in volume/price/mix had a positive impact.

Changes in net sales	Q2
%	2008
Changes in Group structure	0.0
Changes in exchange rates	-3.2
Changes in volume/price/mix	2.4
Total	-0.8

Operating income

Operating income for the second quarter of 2008 decreased to SEK 254m (890) and income after financial items to SEK 140m (752). Income for the period decreased to SEK 99m (545), corresponding to SEK 0.36 (1.94) in earnings per share.

The new product launch under the Electrolux brand in North America had a negative impact on operating income in the second quarter in the amount of approximately SEK 230m, see page 9.

Operating income excluding items affecting comparability

Operating income for the second quarter of 2008 includes items affecting comparability in the amount of SEK -539m (-31) referring to costs for concentration of refrigeration production in Italy, as previously announced, see page 9. Excluding items affecting comparability, operating income for the second quarter of 2008 decreased to SEK 793m (921) and income after financial items to SEK 679m (783). Income for the period was SEK 491m (576), corresponding to SEK 1.74 (2.05) in earnings per share.

Effects of changes in exchange rates

Changes in exchange rates compared to the previous year, including both translation and transaction effects, had a negative impact of SEK 62m on operating income for the second quarter of 2008. Transaction effects net of hedging contracts amounted to SEK -22m. Translation of income statements in subsidiaries had an effect of SEK -40m.

The effect of changes in exchange rates on income after financial items amounted to SEK -62m.

Financial net

Net financial items for the second quarter of 2008 decreased to SEK -114m, compared to SEK -138m for the corresponding period in the previous year. The decrease is mainly due to lower average net borrowings.

First half of 2008

Net sales for the Electrolux Group in the first half of 2008 declined to SEK 49,780m as against SEK 50,715m in the previous year, due to changes in exchange rates.

Changes in net sales %	First half 2008
Changes in Group structure	0.0
Changes in exchange rates	-2.9
Changes in volume/price/mix	1.1
Total	-1.8

Operating income

Operating income for the first half of 2008 decreased to SEK 249m (1,647) and income after financial items to SEK -9m (1,422). Income for the period decreased to SEK -7m (1,037), corresponding to SEK -0.02 (3.70) in earnings per share.

Operating income for the first half of 2008 includes non-recurring items and costs for the North American launch in a net amount of approximately SEK 780m. The new product launch under the Electrolux brand had a negative effect on operating income for the first half of 2008 in the amount of approximately SEK 350m, see page 9.

The non-recurring items refer to appliances in Europe and North America and were charged against operating income in the first quarter of 2008. Costs related to the ongoing cost-cutting program in Europe in the amount of approximately SEK 360m as well as costs related to a component problem in a limited series of dishwashers amounting to approximately SEK 120m were charged against operating income for appliances in Europe. Income for appliances in Europe was 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 was charged against operating income for appliances in North America.

Operating income excluding items affecting comparability

Operating income for the first half of 2008 includes items affecting comparability in the amount of SEK -505m (-31), see table on page 14. Excluding items affecting comparability, operating income for the first half of 2008 decreased to SEK 754m (1,678) and income after financial items to SEK 496m (1,453). Income for the period was SEK 351m (1,068), corresponding to SEK 1.24 (3.81) in earnings per share.

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 13m on operating income for the first half of 2008. Transaction effects net of hedging contracts amounted to SEK 45m. Translation of income statements in subsidiaries had an effect of SEK -32m.

The effect of changes in exchange rates on income after financial items amounted to SEK -17m.

Financial net

Net financial items for the first half of 2008 increased to SEK -258m compared to SEK -225m for the corresponding period in the previous year.

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 increasing 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 decline by 1-2% in 2008 compared to 2007 and that market demand for appliances in North America will decline by 5-8%, we expect an operating income for the full year of 2008 of SEK 3,300-3,900m, excluding items affecting comparability.

**The outlook is changed from when it was reported in the interim report in April for the first quarter of 2008. See previous outlook on page 13.*

CASH FLOW

Cash flow from operations and investments amounted to SEK 1,126m for the second quarter of 2008.

The positive cash flow from operations was generated by income from operations as well as changes in operating assets and liabilities. Changes in trade receivables and inventories were traceable mainly to seasonally higher sales in the quarter as well as build-up of inventories for the normally stronger second half of the year. Accounts payable have been positively affected by payables for previously supplied air-conditioners in the US.

Cash flow from investments amounted to SEK -885m. Capital expenditure in the second quarter referred mainly to reinvestments and new products. Capital expenditure in the second quarter of 2007 included investments in new plants in Mexico and Poland.

In April, the dividend for 2007, authorized by the AGM, in the amount of SEK 4.25 per share totaling SEK 1,204m was paid to shareholders.

Cash flow	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
SEKm					
Cash flow from operations, excluding change in operating assets and liabilities	1,097	1,166	1,237	1,706	5,308
Change in operating assets and liabilities	914	-691	735	-966	-152
Cash flow from operations	2,011	475	1,972	740	5,156
Divestment of operations	-	-	-	-	-
Capital expenditure in tangible fixed assets	-779	-932	-1,276	-1,720	-3,430
Other	-106	-143	-59	-297	-449
Cash flow from investments	-885	-1,075	-1,335	-2,017	-3,879
Cash flow from operations and investments	1,126	-600	637	-1,277	1,277

FINANCIAL POSITION

Equity

Total equity as of June 30, 2008, amounted to SEK 14,357m (13,973), which corresponds to SEK 50.63 (49.63) per share. Return on equity was -0.1% (14.9). Excluding items affecting comparability, return on equity was 4.7% (15.4).

Net borrowings

Net borrowings decreased to SEK 5,217m (7,755) due to the positive cash flow from operations and investments. The net debt/equity ratio was 0.36 (0.55). The equity/assets ratio was 23.8% (22.6).

During the first half of 2008, SEK 2,832m of the long-term borrowings matured and SEK 4,174m of new long-term borrowings were raised, of which SEK 3,151m in the second quarter. The maturity profile of the Group's borrowings has improved. Long-term borrowings as of June 30, 2008, including long-term borrowings with maturities within 12 months, amounted to SEK 9,128m with average maturities of 4.6 years compared to SEK 7,801m and 2.3 years by the end of 2007.

Net borrowings SEKm	June 30, 2008	June 30, 2007	Dec. 31, 2007
Borrowings	11,641	11,460	11,163
Liquid funds	6,424	3,705	-6,460
Net borrowings	5,217	7,755	4,703
Net debt/equity ratio	0.36	0.55	0.29
Equity/assets ratio, %	23.8	22.6	26.9

Working capital

Working capital as of June 30, 2008, amounted to SEK -2,873m (-267), corresponding to -2.8% (-0.3) of annualized net sales. Inventories amounted to SEK 13,360m (14,164) and trade receivables to SEK 20,162m (21,152), corresponding to 13.0% (13.6) and 19.7% (20.3) of annualized net sales, respectively. Accounts payable amounted to SEK 16,191m (15,750), corresponding to 15.8% (15.2) of annualized net sales.

Net assets and return on net assets

Net assets as of June 30, 2008, amounted to SEK 19,574m (21,728). Average net assets for the period increased to SEK 20,088m (20,231). Adjusted for items affecting comparability, average net assets declined to SEK 21,231m (23,041), corresponding to 21.3% (22.7) of net sales. Items affecting comparability refers to restructuring provisions.

The return on net assets was 2.5% (16.3), and 7.1% (14.6), 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 half of 2008 decreased to SEK -520m as compared to SEK 296m in the previous year. Value created was affected by lower operating income, including the negative impact of the North American launch in the amount of SEK -350m. The WACC rate for 2008 is computed at 12% (12). The capital-turnover rate was 4.69 (4.40).

OPERATIONS BY BUSINESS AREA IN THE SECOND QUARTER

Changes in net sales and operating income by business area in comparable currencies are given on page 18.

Consumer Durables, Europe

Consumer Durables, Europe	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
SEKm					
Net sales	10,500	10,496	21,025	21,050	45,472
Operating income	294	299	102	769	2,067
Operating margin, %	2.8	2.8	0.5	3.7	4.5

Industry shipments of core appliances in Europe	Q2 2008	First half 2008
Units, year-over-year, %		
Western Europe	-3.7	-3.8
Eastern Europe (excluding Turkey)	2.5	4.3
Total Europe	-2.2	-1.9

Core appliances

Industry shipments of core appliances in Europe declined during the second quarter of 2008 in comparison with the corresponding period of last year. Demand continued to rise in Eastern Europe, but at a lower pace. Shipments in Western Europe declined and demand in several key markets such as Spain, Italy and the UK decreased. However, demand in France and Germany increased during the quarter.

In comparable currencies, Group sales of appliances in Europe were in line with the corresponding quarter of the previous year. Pressure on prices and lower sales volumes have been offset by an improved product mix. The new products launched in 2007 have supported Electrolux selling prices and sales volumes and the Group has gained market shares.

Operating income in the second quarter of 2008 was stable despite continuing weak market conditions, increased price pressure and the current product-costs issues. The comparable quarter in the previous year was, however, impacted by warranty costs in the amount of approximately SEK 80m related to a problem with a component for a limited series of dishwashers. The previously initiated cost-out initiatives are proceeding according to plan and the major impact of the program is expected to occur in the second half of 2008.

Floor-care products

Demand for vacuum cleaners in Europe showed an increase in the second quarter in comparison with the corresponding period of last year. Group sales increased somewhat mainly on the basis of an improved product mix. Both operating income and margin were in line with the previous year. Lower costs for sourced as well as own-manufactured products have compensated for somewhat increased pressure on prices.

Consumer Durables, North America

Consumer Durables, North America	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
SEKm					
Net sales	8,214	9,043	15,489	17,665	33,728
Operating income	113	422	-41	680	1,711
Operating margin, %	1.4	4.7	-0.3	3.8	5.1

Industry shipments of appliances in the US	Q2 2008	First half 2008
Units, year-over-year, %		
Core appliances	-8.2	-8.0
Major appliances	-7.8	-7.6

Major appliances

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

In comparable currencies, Group sales of appliances in North America improved somewhat in the quarter, mainly on the basis of price increases but also due to an improved product mix.

The launch of Electrolux as a brand for appliances in the premium segment on the North American market has had a negative impact on operating income for the second quarter in the amount of approximately SEK 230m. The new products, launched in mid-April, have received good market acceptance and are now available on more than 2,000 retailer floors, which exceeded expectations. By year-end, the products are expected to be on about 3,000 retailer floors.

Excluding the negative impact of the launch, operating income for the underlying business was in line with the second quarter of 2007. Selective price increases, an improved product mix and increased sales of air-conditioners supported the positive development.

Floor-care products

Market demand for vacuum cleaners in the US showed a considerable decline in the second quarter in comparison with the corresponding period last year. Sales for the Group's US operation decreased due to lower sales volumes. Operating income and margin decreased due to the lower volumes and increased costs for sourced products from China due to the strengthening of the Chinese renimbi against the US dollar.

Consumer Durables, Latin America

Consumer Durables, Latin America	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
SEKm					
Net sales	2,548	2,161	4,952	4,144	9,243
Operating income	133	103	289	185	514
Operating margin, %	5.2	4.8	5.8	4.5	5.6

Industry shipments of appliances in Brazil are estimated to have increased in the second quarter 2008 in comparison with the same period of last year. The Group's sales volumes showed a strong increase of almost 20% and market shares were strengthened in several product categories.

Group sales in Latin America rose by more than 15% in the second quarter. Both operating income and margin improved on the basis of higher sales volumes and an improved product mix, particularly in Brazil, as well as improved productivity in the Group's plants. Operating income was the highest ever for a second quarter.

Consumer Durables, Asia/Pacific and Rest of world

Consumer Durables, Asia/Pacific and Rest of world	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
SEKm					
Net sales	2,369	2,314	4,597	4,390	9,167
Operating income	147	47	252	49	330
Operating margin, %	6.2	2.0	5.5	1.1	3.6

Australia and New Zealand

Market demand for appliances is estimated to have increased somewhat during the second quarter of 2008, compared to the same period of last year. In comparable currencies, Group sales increased due to increased sales volumes for all product categories, particularly for refrigerators and freezers. Operating income improved significantly in the second quarter on the basis of lower costs due to increased efficiency in production and relocation of production to low cost countries.

China and Southeast Asia

Market statistics for shipments of major appliances in China indicate continued growth in the second quarter compared to the same period last year, driven by growth in the premium segment. Group sales in China declined as a result of lower sales volumes in the low-price segment. The operation in China is still loss-making, but showed a continuing positive development in the quarter, mainly due to an improved product mix.

The operation in Southeast Asia continued to show strong growth in all markets. Electrolux operations in the region are continuing to show good profitability.

Professional Products

Professional Products	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
SEKm					
Net sales	1,944	1,767	3,697	3,455	7,102
Operating income	225	140	408	243	584
Operating margin, %	11.6	7.9	11.0	7.0	8.2

Food-service equipment

Group sales of food-service equipment increased in the second quarter in comparison with the same period of last year. Operating income improved as a result of higher sales volumes and previous price increases. Electrolux continues to outperform the market in several key markets and is consequently gaining market shares.

Laundry equipment

Group sales of laundry equipment increased in the second quarter in comparison with the same period of last year. Operating income improved mainly as a result of previous price increases and higher sales volumes. Operating income was, however, negatively impacted by changes in exchange rates, mainly due to the weakening of the US dollar.

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. 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 negative impact of the launch amounted to SEK 120m in the first quarter and SEK 230m in the second quarter. The launch is expected to have a negative impact on operating income of approximately SEK 100m in the third quarter of 2008. The launch is expected to have a positive impact on the operating income in 2009.

STRUCTURAL CHANGES

Production of refrigerators in Italy to be concentrated

As previously announced, the Board has decided to concentrate production of refrigerators in Italy to the Group's factory in Susegana while ceasing production in Scandicci. Additional investments will be made in the Susegana factory to increase efficiency, productivity and competitiveness for a sustainable future. A total of approximately 450 employees will be affected at the Scandicci plant and approximately 300 in Susegana.

The changes of the refrigerator production in Italy are expected to be completed in the second half of 2009. The restructuring incurs a total cost of approximately SEK 600m, of which SEK 539m was taken as a charge against operating income in the second quarter of 2008 within items affecting comparability.

OTHER ITEMS

New head of Major Appliances Europe

Anderson Guimaraes has been appointed new head of Major Appliances Europe. He succeeds Magnus Yngen, who has been appointed President and CEO of Husqvarna AB. Guimaraes will be a member of Group Management and report to the President and CEO Hans Stråberg.

Anderson Guimaraes is currently Senior Vice President Product and Branding within Major Appliances Europe. Before joining Electrolux, he held various management positions in the home appliances and consumer industry with leading global corporations as Philips, Hewlett Packard and Procter & Gamble.

Guimaraes will assume his new position on October 1, 2008. He will be based in Brussels, Belgium.

Repurchase and transfer of own shares

For several 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 second quarter of 2008, senior managers purchased 177,325 B-shares from Electrolux under the terms of the employee stock-option programs. As of June 30, 2008, Electrolux held 25,349,346 B-shares, corresponding to 8.2% of the total number of outstanding shares. See table on page 17.

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 June 30, 2008, the Group had a total of 2,288 (1,707) cases pending, representing approximately 2,870 (approximately 2,620) plaintiffs. During the second quarter 2008, 330 new cases with approximately 330 plaintiffs were filed and 172 pending cases with approximately 200 plaintiffs were resolved. Approximately 270 of the plaintiffs relate to cases pending in the state of Mississippi.

Additional lawsuits may be filed against Electrolux in the future. It is not possible to predict either the number of future claims or the number of plaintiffs that any future claims may represent. In addition, the outcome of asbestos claims is inherently uncertain and always difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of claims will not have a material adverse effect on its business or on results of operations in the future.

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.

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 half of 2008 amounted to SEK 2,729m (2,832) of which SEK 1,369m (1,413) referred to sales to Group companies and SEK 1,360m (1,419) to external customers. Income after financial items was SEK 355m (466), including dividends from subsidiaries in the amount of SEK 772m (431). Income for the period amounted to SEK 389m (489).

Capital expenditure in tangible and intangible assets was SEK 136m (44). Liquid funds at the end of the period amounted to SEK 2,536m (552) 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 8,884m, as against SEK 9,546m at the start of the year. Dividend payment to shareholders in 2007 amounted to SEK 1,204m.

The income statement and balance sheet for the Parent Company are presented on page 21.

The Board of Directors and the President and CEO certify that the half-yearly report gives a true and fair overview of the Parent Company AB Electrolux and the Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 16, 2008

Marcus Wallenberg
Chairman of the Board of Directors

Peggy Bruzelius
Vice Chairman of the Board of Directors

Torben Ballegaard Sørensen
Board member

Hasse Johansson
Board member

John Lupo
Board member

Johan Molin
Board member

Caroline Sundewall
Board member

Barbara Milian Thoralfsson
Board member

Hans Stråberg
Board member, President and CEO

Ola Bertilsson
*Board member,
union representative*

Gunilla Brandt
*Board member,
union representative*

Ulf Carlsson
*Board member,
union representative*

Previous outlook reported in April 2008:

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.

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	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Net sales	25,587	25,785	49,780	50,715	104,732
Cost of goods sold	-20,838	-21,201	-41,173	-41,754	-85,466
Gross operating income	4,749	4,584	8,607	8,961	19,266
Selling expenses	-2,911	-2,617	-5,751	-5,136	-10,219
Administrative expenses	-1,042	-1,052	-2,268	-2,155	-4,417
Other operating income/expenses	-3	6	166	8	207
Items affecting comparability	-539	-31	-505	-31	-362
Operating income*	254	890	249	1,647	4,475
Margin, %	1.0	3.5	0.5	3.2	4.3
Financial items, net	-114	-138	-258	-225	-440
Income after financial items	140	752	-9	1,422	4,035
Margin, %	0.5	2.9	0.0	2.8	3.9
Taxes	-41	-207	2	-385	-1,110
Income for the period	99	545	-7	1,037	2,925
Attributable to:					
Equity holders of the Parent Company	99	545	-7	1,037	2,925
Minority interest in income for the period	-	-	-	-	-
	99	545	-7	1,037	2,925
* Operating income includes:					
Depreciation and amortization	-695	-692	-1,384	-1,384	-2,738
Earnings per share, SEK	0.36	1.94	-0.02	3.70	10.41
Diluted, SEK	0.36	1.93	-0.02	3.69	10.33
Number of shares after buy-backs, million	283.6	281.5	283.6	281.5	281.6
Average number of shares after buybacks, million	283.5	281.5	282.7	280.5	281.0
Diluted, million	283.6	282.0	282.9	281.0	283.3

ITEMS AFFECTING COMPARABILITY

SEKm	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Restructuring provisions and write-downs					
Appliances plants in Scandicci and Susegana, Italy	-539	0	-539	0	0
Appliances plant in Spennymoor, UK	0	0	0	0	-317
Appliances plant in Fredericia, Denmark	0	-31	0	-31	-45
Reversal of unused restructuring provisions	0	0	34	0	0
Total	-539	-31	-505	-31	-362

CONSOLIDATED BALANCE SHEET

SEKm	June 30, 2008	June 30, 2007	Dec. 31, 2007
Assets			
Property, plant and equipment	15,026	15,094	15,205
Goodwill	2,026	2,078	2,024
Other intangible assets	2,262	1,833	2,121
Investments in associates	26	83	32
Deferred tax assets	2,111	2,256	2,141
Financial assets	1,878	1,876	2,284
Total non-current assets	23,329	23,220	23,807
Inventories	13,360	14,164	12,398
Trade receivables	20,162	21,152	20,379
Tax assets	511	556	391
Derivatives	448	181	411
Other current assets	3,304	3,100	2,992
Short-term investments	98	470	165
Cash and cash equivalents	5,558	2,720	5,546
Total current assets	43,441	42,343	42,282
Total assets	66,770	65,563	66,089
Equity and liabilities			
Equity attributable to equity holders of the Parent Company			
Share capital	1,545	1,545	1,545
Other paid-in capital	2,905	2,905	2,905
Other reserves	384	704	837
Retained earnings	9,522	8,818	10,752
	14,356	13,972	16,039
Minority interests	1	1	1
Total equity	14,357	13,973	16,040
Long-term borrowings	8,543	3,732	4,887
Derivatives	0	2	0
Deferred tax liabilities	882	1,225	935
Provisions for post-employment benefits	5,928	6,441	6,266
Other provisions	4,183	3,963	3,813
Total non-current liabilities	19,536	15,363	15,901
Accounts payable	16,191	15,750	14,788
Tax liabilities	1,676	1,678	2,027
Short-term liabilities	10,344	10,047	10,049
Short-term borrowings	2,539	7,162	5,701
Derivatives	426	412	280
Other provisions	1,701	1,178	1,303
Total current liabilities	32,877	36,227	34,148
Total equity and liabilities	66,770	65,563	66,089
Contingent liabilities	1,187	1,276	1,016

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Operations					
Operating income	254	890	249	1,647	4,475
Depreciation and amortization	695	692	1,384	1,384	2,738
Capital gain/loss included in operating income	0	0	-167	0	-190
Restructuring provisions	466	-81	707	-764	-701
Share-based compensation	-37	15	-36	35	72
Financial items paid	-72	-70	-383	-198	-271
Taxes paid	-209	-280	-517	-398	-815
Cash flow from operations, excluding change in operating assets and liabilities	1,097	1,166	1,237	1,706	5,308
Change in operating assets and liabilities					
Change in inventories	-479	-246	-1,176	-1,791	-206
Change in trade receivables	-579	-405	203	703	993
Change in other current assets	-265	12	-361	-59	40
Change in accounts payable	1,397	-118	1,498	76	-885
Change in other operating liabilities and provisions	840	66	571	105	-94
Cash flow from change in operating assets and liabilities	914	-691	735	-966	-152
Cash flow from operations	2,011	475	1,972	740	5,156
Investments					
Capital expenditure in property, plant and equipment	-779	-932	-1,276	-1,720	-3,430
Capitalization of product development	-129	-118	-275	-228	-520
Other	23	-25	216	-69	71
Cash flow from investments	-885	-1,075	-1,335	-2,017	-3,879
Cash flow from operations and investments	1,126	-600	637	-1,277	1,277
Financing					
Change in short-term investments	-63	-188	60	997	1,463
Change in short-term borrowings	-2,049	3,066	-771	4,037	670
New long-term borrowings	3,151	-2,014	4,174		3,257
Amortization of long-term borrowings	0	8	-2,832		0
Dividend	-1,204	-1,126	-1,204	-1,126	-1,126
Redemption of shares	0	0	0	-5,582	-5,582
Repurchase and sale of shares	14	12	17	118	127
Cash flow from financing	-151	-242	-556	-1,556	-1,191
Total cash flow	975	-842	81	-2,833	86
Cash and cash equivalents at beginning of period	4,501	3,460	5,546	5,475	5,475
Exchange-rate differences	82	102	-69	78	-15
Cash and cash equivalents at end of period	5,558	2,720	5,558	2,720	5,546
Change in net borrowings					
Total cash flow, excluding change in loans and short-term investments	-64	-1,714	-550	-7,867	-5,304
Net borrowings at beginning of period	-5,192	-5,958	-4,703	304	304
Exchange-rate differences referring to net borrowings	39	-83	36	-192	297
Net borrowings at end of period	-5,217	-7,755	-5,217	-7,755	-4,703

CHANGE IN TOTAL EQUITY

SEKm	First half 2008	First half 2007	Full year 2007
Opening balance	16,040	13,194	13,194
Available for sale instruments	-357	38	248
Change in revaluation and hedge reserve	-70	-57	31
Translation differences	-26	734	569
Income for the period recognized directly in equity	-453	715	848
Income for the period	-7	1,037	2,925
Total recognized income and expenses for the period	-460	1,752	3,773
Share-based payment	-36	35	72
Repurchase and sale of shares	17	118	127
Dividend	-1,204	-1,126	-1,126
Total transactions with equity holders	-1,223	-973	-927
Closing balance	14,357	13,973	16,040

KEY RATIOS¹⁾

SEKm	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Earnings per share, SEK ²⁾	0.36	1.94	-0.02	3.70	10.41
Excluding items affecting comparability, SEK	1.74	2.05	1.24	3.81	11.66
Return on net assets, %	-	-	2.5	16.3	21.7
Excluding items affecting comparability, %	-	-	7.1	14.6	20.9
Return on equity, %	-	-	-0.1	14.9	20.3
Excluding items affecting comparability, %	-	-	4.7	15.4	22.7
Capital expenditure, SEKm	779	932	1,276	1,720	3,430
Average number of employees	55,212	55,822	55,934	56,315	56,898
Net debt/equity ratio	-	-	0.36	0.55	0.29

1) For definitions, see page 22.

2) Basic, on average number of shares after buy-backs, see page 14.

SHARES

Number of shares	Outstanding		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
Second quarter			-177,325	177,325
Shares allotted to senior managers under the Performance Share Program 2005			-1,722,670	1,722,670
Number of shares as of June 30, 2008	9,502,275	299,418,033	25,349,346	283,570,962
As % of total number of shares			8.2%	

NET SALES BY BUSINESS AREA

SEKm	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Consumer Durables, Europe	10,500	10,496	21,025	21,050	45,472
Consumer Durables, North America	8,214	9,043	15,489	17,665	33,728
Consumer Durables, Latin America	2,548	2,161	4,952	4,144	9,243
Consumer Durables, Asia/Pacific and Rest of world	2,369	2,314	4,597	4,390	9,167
Professional Products	1,944	1,767	3,697	3,455	7,102
Other	12	4	20	11	20
Total	25,587	25,785	49,780	50,715	104,732

OPERATING INCOME BY BUSINESS AREA

SEKm	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Consumer Durables, Europe	294	299	102	769	2,067
Margin, %	2.8	2.8	0.5	3.7	4.5
Consumer Durables, North America	113	422	-41	680	1,711
Margin, %	1.4	4.7	-0.3	3.8	5.1
Consumer Durables, Latin America	133	103	289	185	514
Margin, %	5.2	4.8	5.8	4.5	5.6
Consumer Durables, Asia/Pacific and Rest of world	147	47	252	49	330
Margin, %	6.2	2.0	5.5	1.1	3.6
Professional Products	225	140	408	243	584
Margin, %	11.6	7.9	11.0	7.0	8.2
Total business areas	912	1,011	1,010	1,926	5,206
Margin, %	3.6	3.9	2.0	3.8	5.0
Common Group costs, etc.	-119	-90	-256	-248	-369
Items affecting comparability	-539	-31	-505	-31	-362
Operating income	254	890	249	1,647	4,475

CHANGE IN NET SALES BY BUSINESS AREA

	Q2 2008	Q2 2008 in comparable currencies	First half 2008	First half 2008 in comparable currencies
Year-over-year, %				
Consumer Durables, Europe	0.0	-0.9	-0.1	-1.2
Consumer Durables, North America	-9.2	0.3	-12.3	-2.6
Consumer Durables, Latin America	17.9	16.6	19.5	16.1
Consumer Durables, Asia/Pacific and Rest of world	2.4	5.4	4.7	6.9
Professional Products	10.0	10.4	7.0	7.1
Total change	-0.8	2.4	-1.8	1.1

CHANGE IN OPERATING INCOME BY BUSINESS AREA

	Q2 2008	Q2 2008 in comparable currencies	First half 2008	First half 2008 in comparable currencies
Year-over-year, %				
Consumer Durables, Europe	-1.7	-4.5	-86.7	-86.8
Consumer Durables, North America	-73.2	-70.2	-106.0	-106.6
Consumer Durables, Latin America	29.1	34.3	56.2	57.1
Consumer Durables, Asia/Pacific and Rest of world	212.8	289.5	414.3	342.1
Professional Products	60.7	57.3	67.9	63.9
Total change, excluding items affecting comparability	-13.9	-10.1	-55.1	-54.2

EXCHANGE RATES

SEK	June 30, 2008	June 30, 2007	Full year 2007
USD, average	6.13	6.92	6.74
USD, end of period	5.98	6.86	6.43
EUR, average	9.40	9.20	9.25
EUR, end of period	9.45	9.25	9.45
GBP, average	12.18	13.64	13.48
GBP, end of period	11.93	13.74	12.86

NET SALES AND INCOME PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	2008	24,193	25,587			
	2007	24,930	25,785	26,374	27,643	104,732
Operating income	2008	-5	254			
	Margin, %	0.0	1.0			
	2008 ¹⁾	-39	793			
	Margin, %	-0.2	3.1			
	2007	757	890	1,152	1,676	4,475
	Margin, %	3.0	3.5	4.4	6.1	4.3
	2007 ¹⁾	757	921	1,152	2,007	4,837
	Margin, %	3.0	3.6	4.4	7.3	4.6
Income after financial items	2008	-149	140			
	Margin, %	-0.6	0.5			
	2008 ¹⁾	-183	679			
	Margin, %	-0.8	2.7			
	2007	670	752	1,037	1,576	4,035
	Margin, %	2.7	2.9	3.9	5.7	3.9
	2007 ¹⁾	670	783	1,037	1,907	4,397
	Margin, %	2.7	3.0	3.9	6.9	4.2
Income for the period	2008	-106	99			
	2007	492	545	762	1,126	2,925
Earnings per share, SEK ²⁾	2008	-0.38	0.36			
	2008 ¹⁾	-0.50	1.74			
	2007	1.76	1.94	2.71	4.00	10.41
	2007 ¹⁾	1.76	2.05	2.71	5.14	11.66
Value creation, continuing operations	2008	-695	175			
	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	2008	283.4	283.6			
	2007	281.4	281.5	281.6	281.6	281.6
Average number of shares after buy-backs, million	2008	282.1	283.5			
	2007	279.7	281.5	280.9	281.6	281.0

Items affecting comparability

Restructuring provisions, write-downs and capital loss on divestment, SEKm	2008	34	-539			
	2007	-	-31	-	-331	-362

NET SALES BY BUSINESS AREA PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables, Europe	2008	10,525	10,500			
	2007	10,554	10,496	11,624	12,798	45,472
Consumer Durables, North America	2008	7,275	8,214			
	2007	8,622	9,043	8,589	7,474	33,728
Consumer Durables, Latin America	2008	2,404	2,548			
	2007	1,983	2,161	2,107	2,992	9,243
Consumer Durables, Asia/Pacific and Rest of world	2008	2,228	2,369			
	2007	2,076	2,314	2,332	2,445	9,167
Professional Products	2008	1,753	1,944			
	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	2008	-192	294			
	Margin, %	-1.8	2.8			
	2007	470	299	514	784	2,067
	Margin, %	4.5	2.8	4.4	6.1	4.5
Consumer Durables, North America	2008	-154	113			
	Margin, %	-2.1	1.4			
	2007	258	422	385	646	1,711
	Margin, %	3.0	4.7	4.5	8.6	5.1
Consumer Durables, Latin America	2008	156	133			
	Margin, %	6.5	5.2			
	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	2008	105	147			
	Margin, %	4.7	6.2			
	2007	2	47	97	184	330
	Margin, %	0.1	2.0	4.2	7.5	3.6
Professional Products	2008	183	225			
	Margin, %	10.4	11.6			
	2007	103	140	126	215	584
	Margin, %	6.1	7.9	7.3	11.1	8.2
Common Group costs, etc.	2008	-137	-119			
	2007	-158	-90	-81	-40	-369
Items affecting comparability	2008	34	-539			
	2007	-	-31	-	-331	-362

PARENT COMPANY, INCOME STATEMENT

SEKm	Q2 2008	Q2 2007	First half 2008	First half 2007	Full year 2007
Net sales	1,352	1,430	2,729	2,832	6,092
Cost of goods sold	-1,276	-1,265	-2,535	-2,488	-5,207
Gross operating income	76	165	194	344	885
Selling expenses	-172	-156	-323	-320	-608
Administrative expenses	-57	-116	-245	-257	-441
Other operating income	20	10	70	19	57
Other operating expenses	-6	-2	-9	-2	-519
Operating income	-139	-99	-313	-216	-626
Financial income	901	532	1,153	1,119	3,201
Financial expenses	-165	-156	-485	-437	-939
Financial items, net	736	376	668	682	2,262
Income after financial items	597	277	355	466	1,636
Appropriations	3	5	7	10	18
Income before taxes	600	282	362	476	1,654
Taxes	14	8	27	13	28
Income for the period	614	290	389	489	1,682

PARENT COMPANY, BALANCE SHEET

SEKm	June 30, 2008	June 30, 2007	Dec. 31, 2007
Assets			
Non-current assets	25,604	24,732	26,025
Current assets	15,452	14,119	15,945
Total assets	41,056	38,851	41,970
Equity and liabilities			
Restricted equity	4,562	4,562	4,562
Non-restricted equity	8,884	8,368	9,846
Total equity	13,446	12,930	14,408
Untaxed reserves	717	732	724
Provisions	535	551	521
Non-current liabilities	8,077	3,592	4,807
Current liabilities	18,281	21,046	21,510
Total equity and liabilities	41,056	38,851	41,970
Pledged assets	14	5	8
Contingent liabilities	1,357	1,356	1,365

FIVE-YEAR REVIEW

	Including Husqvarna					
	2007	2006	2005	2005	2004 ¹⁾	2003 ²⁾
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 2003 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 15.00 CET on July 17, 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 second quarter of 2008 will be available on the Electrolux website www.electrolux.com/ir

Financial reports in 2008

Interim report July – September October 27

For more information

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Financial information from Electrolux is also available at www.electrolux.com/ir

<p><i>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 July 17, 2008</i></p>

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.