

Press release

Stockholm, October 27, 2008

President and CEO Hans Stråberg's comments on the third quarter 2008

The financial crisis has without a doubt affected the consumption levels of appliances. Many consumers are postponing their purchases or choosing less expensive products. And there's no evidence that the weak market developments will turn around in the near future.

In spite of this headwind, we are largely pleased with how we have performed in the third quarter. If we look beyond our non-recurring costs and the cost for the launch in North America, the Group's result for the first three quarters was at the same level as last year. We are launching products in the US with great success. In Europe, we are starting to see the results of all the savings measures we're taking. The other operations within Electrolux continue to deliver very strong results, and we have a strong cash flow. But we still have more to do.

We have now seen nine consecutive quarters of decline in the North American market, which is a dramatic decline. We are approaching the consumption level of appliances for 2001. Still, we are very satisfied with the fact that we with our base business—under the Frigidaire brand—have taken market shares in the third quarter and delivered a result on a par with last year. We have implemented our third price increase in the space of one year to compensate for the rising costs for raw materials.

The launch of Electrolux as a major appliances brand on the North American market continues to exceed our expectations. Our products are today sold in more than 3,000 retail outlets all across North America. In September, we began the launch of laundry products under the Electrolux brand, with a grand customer event in Las Vegas. The products' design, quality and innovative functions were highly praised by the customers who participated. The first weeks of sales show that consumers are of the same mind.

After the very comprehensive launch of new products in Europe last year, we have now further increased our focus on cutting costs within the operations, through the transfer of production to low-cost countries, a decrease in the number of employees and lower product costs. We are beginning to see results of these measures, while also recognizing that there is further potential to reduce costs within our European operations. Moreover, we must

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further increase our prices in Europe to compensate for rising raw material costs, just as we've done in the US.

While keeping in mind that the appliances operations in Europe and North America are important for the Group's profitability, we are very pleased about the improvements in Latin America and Asia/Pacific, and for professional and floor-care products. In spite of negative trends in demand, our strategy—investments in innovative products, a strong Electrolux brand, and low costs—are working.

As stated, we are in the midst of a very uncertain period, where the developments on our main markets—Europe and North America—are not likely to improve in the near future. This means that we are refraining from giving an outlook regarding the developments of market demand. In light of what we know today, we still believe that we will deliver an operating income for the full-year 2008 of SEK 3,300 – 3,900m, excluding items affecting comparability.

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Hans Stråberg
President and Chief Executive Officer

Electrolux is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The company focuses on innovations that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire. In 2007, Electrolux had sales of SEK 105 billion and 57,000 employees. For more information, visit <http://www.electrolux.com/press>

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