

# Press release

Stockholm, July 16, 2009

## President and CEO Hans Stråberg's comments on the second quarter results

### **Electrolux delivers strong results in a very tough market**

**We have succeeded in reaching a better result than last year for the second quarter of 2009. Our cost reduction efforts and strong product offering are showing results, and our strong cash flow in the quarter puts us in a good financial position. The market development continues to be very weak and, unfortunately, we do not see any improvement in the near future.**

In the second quarter, Electrolux showed its strength by delivering good results within all business areas in very tough markets. We are now seeing the results of our work to reduce costs. We have for a long time been moving production to low-cost countries and reducing our personnel. Efficiency in production has increased and we have reduced our purchasing and product costs. At the same time, we have carried out extensive new product launches. We are now seeing the results of these efforts.

Another piece of good news is the very strong cash flow. This is also a result of our long-term efforts. We run our operations with a strong focus on working capital by adapting production to current demand. We have been able to secure our deliveries despite the fact that inventories are at record low levels – both our own and those of our customer.

Market development continues to be weak, although in North America we see certain early signs that we are beginning to reach the bottom. The volumes in North America have declined for 12 consecutive quarters and in Europe for six consecutive quarters. We will continue to adapt to lower volumes in the coming quarters.

Through continued successful execution of our global purchasing, we have experienced lower costs for raw materials and components compared to our previous estimates.

In Europe, we raised our prices during the first quarter of 2009 and in the US at the end of 2008. In a continuing very difficult market situation, we succeeded in defending previous price increases in the second quarter. In spite of declining raw-material prices and price increases, we have a long way to go before we have compensated for the approximately SEK 9 billion from the increased raw-material costs between 2004 and 2009.

After a successful launch of Electrolux premium products in North America, in the second quarter 2009 we relaunched the Frigidaire brand our largest brand in that region. The new products are designed through our product-development process based on extensive consumer-insight. The products offer greater freedom of choice, such as shorter operating times, greater capacity, increased user-friendliness and better performance. The new Frigidaire products and the launch of Electrolux premium products have strengthened our market position in North America.

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There is, however, continued great uncertainty within a number of important areas in the near future. Traditionally, the fall has been a period with an improved product mix, mainly due to a strong season of cookers and ovens, which have high profitability. That pattern has weakened in the last two years. There is a great risk that this trend will continue this year as well.

The raw-material market is very uncertain. Notwithstanding the lower steel prices, we are beginning to see rising costs for other raw materials, such as copper and plastic. The challenge for us right now is to find the right balance between the accelerator and the brake. After summer, we will need to build up our inventories from the very low levels we have today to handle the increased demand that occurs during the second half of the year.

I am very satisfied with the cost reductions we have achieved but there is still more we can do. We see further possibilities to take full advantage of the Group's global reach and economies of scale. Starting this fall, we will implement a new organizational structure to fully realize synergies between business sectors in product development, manufacturing and purchasing.

Finally, I want to underline that I am very thankful to our team members and very satisfied to be able to present a strong cash flow in these tough times. Our strong balance sheet gives us good possibilities to take advantage of future business opportunities.

Stockholm, July 16, 2009

Hans Stråberg  
President and Chief Executive Officer

Electrolux discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 CET on July 16, 2009.

## About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets 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 2008 Electrolux had sales of SEK 105 billion and 55,000 employees. For more information go to [www.electrolux.com/press](http://www.electrolux.com/press)