

Press release

Stockholm, February 3, 2010

President and CEO Hans Stråberg's comments on the fourth quarter results of 2009

Strong results for 2009 demonstrate our strategy is working

Today, I am presenting a very strong result for the fourth quarter and for the full year 2009, one of the best ever for Electrolux. I am very pleased that all our operations have improved their earnings and maintained their sales at the same time as demand has dramatically declined.

A strong product offering has improved the mix. Stable prices and significant cost reductions have also been key for the improved results. At the same time, cyclically low raw-material prices gave us a tail-wind.

Our results show we have the right strategy. Innovative products, investments in the Electrolux brand and cost efficiencies have paid off. Our strong balance sheet provides us with good growth opportunities.

When Electrolux presented the full-year 2008 report, we had completed a very tough year and expected a continued challenging 2009. We had just taken comprehensive measures to adapt our costs to the weak market demand through decisions to decrease the number of employees. The difficult market was also the reason the AGM decided not to distribute any dividend for 2008 to our shareholders.

Today, one year later, we are presenting a result for 2009 that is one of the best ever for Electrolux. How could we do so well in an environment that can be described as very challenging? The North American market for core appliances declined in 2009 by 10% and the European market declined by 7%, which was worse than we thought one year ago. The North American market has lost a quarter of its size since its peak in 2006 and Europe is down 15% since 2007.

The primary explanation for the strong development in 2009 is that we succeeded in areas that are strategically important for Electrolux: new products, strong brands and cost efficiencies. This confirms how well our strategy is implemented. At the same time, we were helped by some external factors.

Absolutely most important is the improvement in mix. We sell more advanced and expensive products. Even in the declining market, we have continued to launch and market new products. In North America, we implemented, following a very successful launch of the Electrolux brand in the premium appliances segment, a re-launch of the Frigidaire brand in the mid-price segment. In Europe, we have succeeded in taking market shares within the profitable built-in segment, primarily by strengthening our position in the important German market. Another successful launch is the new UltraOne premium vacuum cleaner, which has clearly contributed to the improvement within our floor-care operations. Our success with another record year in Latin America was due to our product launches and a strong growth in the market in 2009. In the Asia/Pacific region and within the Professional Products sector, we continued to launch products in 2009, which generated an improvement in earnings. This is the fourth consecutive year that Electrolux has improved its mix.

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After many years of continuously declining prices, we managed to increase prices in Europe at the beginning of 2009, at the same time as we maintained our price position in the American market. There are many factors, both coincidental and structural, that have contributed to this positive development, but it is fundamentally crucial to have a strong brand to successfully implement price increases.

We have also succeeded in adjusting our cost base to the existing market. Notwithstanding a capacity utilization of only 60% compared with a normal above 85%, we have succeeded in delivering an EBIT margin close to 5%. We have had to make many difficult decisions. However, we are continuing our work to build a competitive manufacturing structure and reduce costs by utilizing our global strength and scope.

After increases in raw-material costs totaling SEK 9 billion from the period 2004 until 2008, our costs decreased by SEK 1 billion in 2009. We see now that prices of many raw materials have begun to rise again, and as the global economy recovers, we anticipate that the costs of our most important raw materials will increase further.

The result for 2009 is a proof that our strategy to increase the pace of new product offers, invest in marketing and implement efficiencies in our production is working even in an economic downturn. In 2010, we will further strengthen the Electrolux brand position, which will lead to increased marketing investments. We will continue to develop innovative products that consumers prefer and are willing to pay higher prices for.

We still have more to do before we reach our target of an average operating margin of 6% over one business cycle, and the very strong cash flow for 2009 has provided us with a balance sheet that gives us opportunities to utilize future business opportunities.

Stockholm, February 3, 2010

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 February 3, 2010.

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