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**FIRST QUARTER REPORT, 1999****- Continued positive trends for income and margin -**

<i>First quarter</i>	<i>1999</i>	<i>1998</i>	<i>Change, %</i>
<b>Net sales, SEKm</b>	<b>29,053</b>	28,567	1.7
<b>Operating income, SEKm</b>	<b>1,656</b>	1,376	20.3
<b>Margin, %</b>	<b>5.7</b>	4.8	
<b>Income after financial items, SEKm</b>	<b>1,384</b>	1,060	30.6
<b>Income before taxes, SEKm</b>	<b>1,392</b>	1,075	29.5
<b>Net income, SEKm</b>	<b>912</b>	667	36.7
<b>Net income per share, SEK <sup>1)</sup></b>	<b>2.50</b>	1.85	
<b>Return on equity, %</b>	<b>14.9</b>	13.0	

1) 5:1 stock split in June 1998. Figure for the first quarter of 1998 has been adjusted accordingly.

- **Higher sales and income in North America**
- **Improved income for all business areas**
- **Restructuring program on track**
- **Electrolux share to be listed in euro and kronor as of June 7**

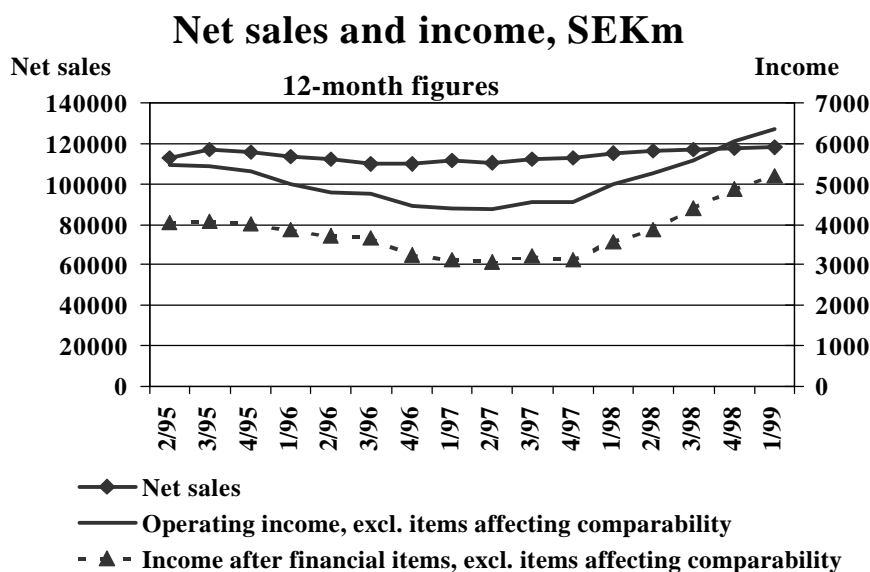
### Net sales and income

Sales for Electrolux in the first quarter of 1999 amounted to SEK 29,053m as against SEK 28,567m last year. This corresponds to an increase of 1.7%, of which -4.5% refers to divestments, +0.8% to changes in exchange rates, and +5.4% to price/mix/volume.

Operating income rose by 20% to SEK 1,656m (1,376), corresponding to 5.7% (4.8) of sales. Income before taxes rose by 30% to SEK 1,392m (1,075), corresponding to 4.8% (3.8) of sales, and net income rose by 37% to SEK 912m (667), corresponding to SEK 2.50 (1.85) per share.

Changes in exchange-rates during the period had only a marginal effect on income.

All business areas reported higher operating income, with improved margins for Household Appliances and Professional Appliances.



**Cash flow**

The cash flow generated by the Group's business operations after investments amounted to SEK -3,699m (-2,658), adjusted for exchange-rate effects. The decline is traceable mainly to higher sales volume and a resulting increase in the amount of capital tied up in accounts receivable.

The first and second quarters normally feature a weak cash flow resulting from higher inventories and accounts receivable prior to seasonal increases in sales of such products as room air-conditioners, refrigerators and freezers and outdoor products.

**Equity and net debt/equity ratio**

Equity including minority interests rose to SEK 24,864m (21,784), which corresponds to SEK 67.90 (59.50) per share.

Equity was lower than at year-end 1998 as a result of the devaluation of the Brazilian real and the strengthening of the Swedish krona, mainly against currencies in the euro block.

The return on equity after taxes was 14.9% (13.0), and the return on net assets was 16.0% (13.6).

The definition of net assets has been changed as of 1999, so that they now comprise only assets that generate operating income, i.e. interest-bearing financial receivables amounting to SEK 3,049m are excluded. The figure for the previous year has been adjusted accordingly.

Net borrowings declined to SEK 21,166m (22,894), and the net/debt equity ratio improved to 0.85 (1.05).

Liquid funds as of March 31, 1999 amounted to SEK 8,872m (9,729).

**Major changes in the Group***Current restructuring program*

The ongoing restructuring program that was launched in June 1997 has proceeded according to plan. The program will be largely completed during the first half of this year.

Between June 1997 and March 31, 1999 a total of 9,974 people have left the Group, of whom about 774 during the first quarter of 1999.

A total of SEK 2,010m has been utilized of the provision of SEK 2,500m that was made for the program during the second quarter of 1997. SEK 190m was utilized during the first quarter of 1999.

A total of 19 plants have been shut down or divested, of which one during the first quarter of 1999. Negotiations regarding shutdowns have been initiated or completed for another two units. A total of 32 warehouses have been shut down, of which two during the first quarter. Decisions have been made regarding the shutdown of an additional six warehouses.

#### *Acquisitions and divestments*

At the end of March 1999 the Group acquired the European operation in the American company McCulloch, which produces light-duty chain saws, trimmers, hedge trimmers and leaf blowers. In 1998 this operation reported sales of USD 81 million (approximately SEK 650m), and had 250 employees. The acquisition gives the Group the right to use the McCulloch brand outside North America. McCulloch's consumer products complement the Group's Husqvarna product range. Substantial synergies can be achieved in both sales and production.

The divestment of AB Lux, the Group's direct-sales operation, has not been completed since the purchaser's financing has not been finalized.

#### **Listing in euro and kronor**

In order to facilitate trading and distribution of Electrolux shares, the Board decided in February to apply for a listing in both euro and kronor on the Stockholm Stock Exchange. This was the first such application by a Swedish company, and the listing will be effective as of June 7, 1999.

#### **Operations by business area**

##### *Household Appliances*

The market for white goods in Western Europe declined somewhat in comparison with the first quarter of 1998. The decrease refers largely to Germany and the UK. The Group's white-goods operation in Europe achieved higher sales volume and improved operating income. Considerably lower deliveries to Russia had an adverse effect on income.

Demand in the US white-goods market was higher than in the same period last year. The Group's American white-goods operation reported continued good sales growth, as well as improved operating income.

The market for white goods in Brazil continued to decline sharply. Group sales were lower and operating income declined.

Overall, operating income and margin for white goods improved in comparison with the first quarter of 1998.

In terms of other operations in Household Appliances, demand for floor care products increased somewhat in Europe and was unchanged in the US. Sales for this product

line were somewhat higher than in the corresponding period last year. Operating income and margin improved considerably on the basis of good performances by both the US and the European operations. Increased demand also led to higher sales volume and improved income for leisure appliances. Sales for the component product line were lower than in the first quarter of 1998, however, and operating income declined.

Total sales for the Household Appliances business area were largely unchanged from the first quarter of 1998. Operating income and margin improved.

#### *Professional Appliances*

Market conditions for food-service equipment improved in comparison with the same period last year. The Group achieved higher sales volume as well as a considerable improvement in operating income. Good growth in sales and income was also reported for food and beverage vending machines.

Sales of laundry equipment declined in comparison with the first quarter of 1998 as a result of lower volume for heavy-duty laundry equipment in the US and the divestment of Senkingwerk. Operating income for this product line was lower, but margin improved. Sales also declined for refrigeration equipment, as a result of a less favorable product mix and lower sales volumes in the ASEAN countries and South America. This product line reported lower operating income.

Sales for Professional Appliances as a whole declined in comparison with the same period last year, while operating income and margin improved.

#### *Outdoor Products*

Demand for professional chain saws was lower, particularly in Europe and Latin America. Husqvarna reported lower sales than in the first quarter of 1998 and operating income declined, although from a high level.

Within garden equipment in Europe, the Group achieved higher sales volume and improved operating income.

Sales of outdoor products in North America rose in comparison with the same period last year. Operating income for the Group's American operation showed a considerable improvement.

Total sales and operating income for Outdoor Products were higher than in the first quarter of 1998, although margin was somewhat lower.

Stockholm, April 27, 1999

Michael Treschow  
President and CEO

<b>Consolidated income statement, SEKm</b>	<b>First quarter, 1999</b>	<b>First quarter, 1998</b>	<b>Full year, 1998</b>
<b>Net sales</b>	<b>29,053</b>	28,567	117,524
Cost of goods sold	<b>-21,559</b>	-21,221	-86,899
Selling expense	<b>-4,314</b>	-4,424	-18,058
Administrative expense	<b>-1,545</b>	-1,507	-6,336
Other operating income/expense	<b>21</b>	-39	-167
Items affecting comparability	<b>-</b>	-	964
<b>Operating income*</b>	<b>1,656</b>	1,376	7,028
<i>Margin, %</i>	<i>5.7</i>	<i>4.8</i>	<i>6.0</i>
Financial items, net	<b>-272</b>	-316	-1,178
<b>Income after financial items</b>	<b>1,384</b>	1,060	5,850
<i>Margin, %</i>	<i>4.8</i>	<i>3.7</i>	<i>5.0</i>
Minority interests in income before taxes	<b>8</b>	15	76
<b>Income before taxes</b>	<b>1,392</b>	1,075	5,926
<i>Margin, %</i>	<i>4.8</i>	<i>3.8</i>	<i>5.0</i>
Taxes	<b>-480</b>	-408	-1,951
<b>Net income</b>	<b>912</b>	667	3,975
<i>* Including depreciation in the amount of</i>	<i>-985</i>	<i>-1,058</i>	<i>-4,125</i>

### **Consolidated balance sheet, SEKm**

	<b>March 31, 1999</b>	<b>March 31, 1998</b>	<b>Full year, 1998</b>
Fixed assets	<b>26,474</b>	27,285	27,885
Inventories, etc.	<b>17,656</b>	18,738	16,957
Accounts receivable	<b>24,749</b>	23,904	21,859
Other receivables	<b>5,175</b>	5,374	5,201
Liquid funds	<b>8,872</b>	9,729	11,387
<b>Total assets</b>	<b>82,926</b>	85,030	83,289
Shareholders' equity	<b>23,991</b>	20,930	24,480
Minority interests	<b>873</b>	854	953
Interest-bearing liabilities and provisions	<b>30,038</b>	32,623	29,353
Non-interest-bearing liabilities and provisions	<b>28,024</b>	30,623	28,503
<b>Total equity and liabilities</b>	<b>82,926</b>	85,030	83,289

**Statement of changes in financial position, SEKm**

	First quarter, 1999	First quarter, 1998	Full year, 1998
Income after financial items	1,384	1,060	5,850
Depreciation according to plan	985	1,058	4,125
Capital gain/loss included in operating income	-	-	-964
Provision for restructuring, not affecting liquidity	-197	-316	-1,122
Taxes paid	-24	-48	-2,135
Changes in operating assets and liabilities	-4,619	-3,703	-1,056
<b>Cash flow from operations</b>	<b>-2,471</b>	<b>-1,949</b>	<b>4,698</b>
Investments/divestments in operations	-322		2,105
Capital expenditure	-756	-711	-3,756
Other	-150	2	875
<b>Cash flow from operations and investments</b>	<b>-3,699</b>	<b>-2,658</b>	<b>3,922</b>
Change in short-term loans	7	4,904	954
Change in long-term loans	1,525	-2,232	-2,988
Dividend payment	-	-	-915
Change in minority interest	-	-	6
<b>Total cash flow</b>	<b>-2,167</b>	<b>14</b>	<b>979</b>
<b>Liquid funds at beginning of year</b>	<b>11,387</b>	<b>9,834</b>	<b>9,834</b>
<b>Exchange-rate differences referring to liquid funds</b>	<b>-348</b>	<b>-119</b>	<b>574</b>
<b>Liquid funds on March 31</b>	<b>8,872</b>	<b>9,729</b>	<b>11,387</b>
<b>Total cash flow excl. change in short- term loans</b>	<b>-2,174</b>	<b>-4,890</b>	<b>25</b>
<b>Net liquid funds at beginning of year</b>	<b>112</b>	<b>46</b>	<b>46</b>
<b>Exchange-rate differences referring to net liquidity</b>	<b>-171</b>	<b>-44</b>	<b>41</b>
<b>Net liquid funds on March 31</b>	<b>-2,233</b>	<b>-4,888</b>	<b>112</b>

<b>Net sales by business area, SEKm</b>	<b>First quarter, 1999</b>	First quarter, 1998	Full year, 1998
Household Appliances	<b>20,266</b>	20,140	84,581
Professional Appliances	<b>2,563</b>	2,722	11,574
Outdoor Products	<b>6,155</b>	5,157	19,295

<b>Operating income by business area, SEKm</b>	<b>First quarter, 1999</b>	First quarter, 1998	Full year, 1998
Household Appliances	<b>1,071</b>	879	4,065
<i>Margin, %</i>	<b>5.3</b>	4.4	4.8
Professional Appliances	<b>129</b>	103	723
<i>Margin, %</i>	<b>5.0</b>	3.8	6.2
Outdoor Products	<b>574</b>	488	1,788
<i>Margin, %</i>	<b>9.3</b>	9.5	9.3
Common Group costs	<b>-109</b>	-95	-436

<b>Key ratios</b>	<b>First quarter, 1999</b>	First quarter, 1998	Full year, 1998
Net income per share, SEK <sup>1)</sup>	<b>2.50</b>	1.85	10.85
Return on equity, % <sup>2)</sup>	<b>14.9</b>	13.0	19.3
Return on net assets, % <sup>3)</sup>	<b>16.0</b>	13.6	17.6
Net debt/equity ratio <sup>4)</sup>	<b>0.85</b>	1.05	0.71
Capital expenditure, SEKm	<b>756</b>	711	3,756
Average number of employees	<b>93,900</b>	101,800	99,322

1) After a stock split of 5:1 in June 1998, the number of shares amounts to 366.2 million.

The figure for the first quarter 1998 has been adjusted accordingly.

2) Annualized net income for the year, expressed as a percentage of opening equity.

3) Annualized operating income, expressed as a percentage of average net assets. The definition of net assets has been changed as of 1999, so that they now comprise only assets that generate operating income, i.e. interest-bearing financial receivables amounting to SEK 3,049m are excluded. The figures for the previous year have been adjusted accordingly.

4) Net borrowings, i.e. interest-bearing liabilities less liquid funds, in relation to adjusted equity.

The latter is defined as equity including minority interests.



## Quarterly figures

<b>Net sales and income, per quarter</b>		1 <sup>st</sup> qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Full year
Net sales, SEKm	<b>1999</b>	<b>29,053</b>				
	1998	28,567	32,308	28,516	28,133	117,524
Operating income, SEKm	<b>1999</b>	<b>1,656</b>				
	<i>Margin, %</i>	<b>5.7</b>				
	1998	1,376	2,224	1,675	1,753	7,028
	<i>Margin, %</i>	4.8	6.9	5.9	6.2	6.0
	1998 <sup>1)</sup>	1,376	1,669	1,425	1,594	6,064
	<i>Margin, %</i>	4.8	5.2	5.0	5.7	5.2
Income after financial items, SEKm	<b>1999</b>	<b>1,384</b>				
	<i>Margin, %</i>	<b>4.8</b>				
	1998	1,060	1,863	1,381	1,546	5,850
	<i>Margin, %</i>	3.7	5.8	4.8	5.5	5.0
	1998 <sup>1)</sup>	1,060	1,308	1,131	1,387	4,886
	<i>Margin, %</i>	3.7	4.0	4.0	4.9	4.2
Income before taxes, SEKm	<b>1999</b>	<b>1,392</b>				
	1998	1,075	1,868	1,399	1,584	5,926
	1998 <sup>1)</sup>	1,075	1,313	1,149	1,425	4,962
Net income, SEKm	<b>1999</b>	<b>912</b>				
	1998	667	1,230	985	1,093	3,975
	1998 <sup>1)</sup>	667	862	766	940	3,235
Net income per share, SEK	<b>1999</b>	<b>2.50</b>				
	1998	1.85	3.35	2.70	2.95	10.85
	1998 <sup>1)</sup>	1.85	2.35	2.10	2.55	8.85

1) Exclusive of items affecting comparability, which in 1998 comprised a total net capital gain of SEK 964m, of which SEK 555m in the second quarter, SEK 250m in the third quarter and SEK 159m in the fourth quarter.

**Net sales by business area, per quarter, SEKm**

		1 <sup>st</sup> qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Full year
Household Appliances	<b>1999</b>	<b>20,266</b>				
	1998	20,140	21,512	21,345	21,584	84,581
Professional Appliances	<b>1999</b>	<b>2,563</b>				
	1998	2,722	2,999	2,760	3,093	11,574
Outdoor Products	<b>1999</b>	<b>6,155</b>				
	1998	5,157	7,246	3,790	3,102	19,295

**Operating income by business area, per quarter, SEKm**

		1 <sup>st</sup> qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Full year
Household Appliances	<b>1999</b>	<b>1,071</b>				
	<i>Margin,%</i>	<b>5.3</b>				
	1998	879	813 <sup>1)</sup>	1,057	1,316	4,065
	<i>Margin,%</i>	4.4	3.8	5.0	6.1	4.8
Professional Appliances	<b>1999</b>	<b>129</b>				
	<i>Margin,%</i>	<b>5.0</b>				
	1998	103	223	177	220	723
	<i>Margin,%</i>	3.8	7.4	6.4	7.1	6.2
Outdoor Products	<b>1999</b>	<b>574</b>				
	<i>Margin,%</i>	<b>9.3</b>				
	1998	488	751	348	201	1,788
	<i>Margin,%</i>	9.5	10.4	9.2	6.5	9.3
Common Group costs	<b>1999</b>	<b>-109</b>				
	1998	-95	-93	-122	-126	-436

1) Including a charge of SEK 175m in 1998 referring to Brazil and Asia.