Electrolux

Press release, October 29, 1999

REPORT FOR THE FIRST NINE MONTHS OF 1999

- Continued strong improvement in income, higher margin

	Nine months			*Third quarter*		
	1999	*1998*	*Change, %*	***1999***	*1998*	*Change, %*
Net sales, SEKm	**91,144**	89,391	**2.0**	**29,070**	28,516	**1.9**
Operating income excl. items affecting comparability, SEKm	**5,562**	4,470	**24.4**	**1,755**	1,425	**23.2**
Margin, %	***6.1***	*5.0*		***6.0***	*5.0*	
Operating income, SEKm	5,346	5,275	1.3	1,539	1,675	-8.1
Income after financial items, SEKm	4,573	4,304	6.3	1,354	1,381	-2.0
Income before taxes excl. items affecting comparability, SEKm	**4,808**	3,537	**35.9**	**1,602**	1,149	**39.4**
Margin, %	***5.3***	*4.0*		***5.5***	*4.0*	
Income before taxes, SEKm	4,592	4,342	5.8	1,386	1,399	-0.9
Net income, SEKm	3,124	2,882	8.4	1,024	985	4.0
Net income per share, SEK	8.55	7.90		2.80	2.70	
Return on equity, %	**17.0**	18.7				

- **Income before taxes increased by 36%, excl. items affecting comparability**
- **Provision of USD 225m (SEK 1,841m) after decision in pension litigation in US. Amount based on estimate by plaintiff PBGC**
- **Higher operating income for all business areas**
- **Continued strong growth in sales and income in North America, improvement in Europe and Asia**
- **Divestment of operation in food and beverage vending machines, capital gain of SEK 1,625m**

AB ELECTROLUX (publ)
S:t Göransgatan 143
SE-105 45 STOCKHOLM, SWEDEN

INVESTOR RELATIONS
PHONE +46 8 738 60 03
FAX +46 8 738 70 90

WEBSITE AND E-MAIL
WWW.ELECTROLUX.COM

Net sales and income

Sales for Electrolux in the first nine months of 1999 amounted to SEK 91,144m as against SEK 89,391 for the corresponding period in 1998. This corresponds to an increase of 2%, of which -3.5% refers to changes in Group structure, +1.5% to changes in exchange rates, and +4.0% to price/mix/volume.

Including items affecting comparability, operating income amounted to SEK 5,346m (5,275), corresponding to 5.9% (5.9) of sales, and income before taxes to SEK 4,592m (4,342), corresponding to 5.0% (4.9) of sales. Net income rose to SEK 3,124m (2,882), which corresponds to SEK 8.55 (7.90) per share.

Items affecting comparability in 1999 include a provision of USD 225m (SEK 1,841m) in the third quarter referring to pension litigation in the US (see page 4), and a capital gain of approximately SEK 1,625m in the same quarter on divestment of the vending-machine operation. In 1998 these items comprised capital gains totalling SEK 805m on divestment of operations.

Exclusive of the above items, operating income rose by 24% to SEK 5,562m (4,470), corresponding to 6.1% (5.0) of sales, and income before taxes rose by 36% to SEK 4,808m (3,537), corresponding to 5.3% (4.0) of sales.

Net financial items improved as a result of increased cash flow, lower interest rates and a strong financial trading result in the third quarter.

Changes in exchange rates during the period, i.e. both transactions and translations, had a positive effect on income after financial items amounting to approximately SEK 240m, mainly resulting from translation of income statements in foreign subsidiaries.

In the second quarter of last year, operating income was charged with non-recurring costs totalling SEK 175m in Brazil and ASEAN. A charge was also taken in the second quarter this year, although in a considerably lower amount.

Operating income by business area and region

Excluding items affecting comparability, all three business areas reported higher operating income with improved margins for Household Appliances and Professional Appliances. See page 5.

In geographical terms, operating income rose particularly in North America, but Europe and Asia also showed improvement on the previous year.

The third quarter

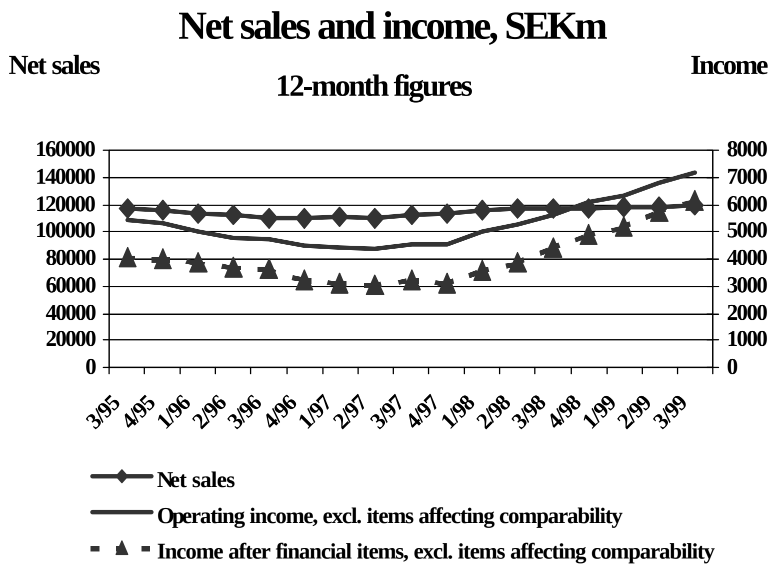
Group sales for the third quarter of 1999 amounted to SEK 29,070m, as against SEK 28,516m for the third quarter of 1998. This corresponds to an increase of 2%, of which -1.5% refers to changes in Group structure, -0.5% to changes in exchange rates, and +4.0% to price/mix/volume.

Including items affecting comparability, operating income amounted to SEK 1,539m (1,675) corresponding to 5.3% (5.9) of sales, and income before taxes to SEK 1,386m (1,399) corresponding to 4.8% (4.9) of sales. Net income for the quarter improved to SEK 1,024m (985), which corresponds to SEK 2.80 (2.70) per share.

As mentioned above, items affecting comparability in the third quarter comprised a provision of USD 225m (SEK 1,841m) for ongoing pension litigation in the US, and a capital gain of approximately SEK 1,625m on the divestment of the vending-machine operation. In the third quarter of 1998, items affecting comparability comprised a capital gain of SEK 250m on the divestment of the European operation in kitchen and bathroom cabinets.

Exclusive of the above items, operating income for the third quarter rose by 23% to 1,755m (1,425), corresponding to 6.0% (5.0) of sales. A strong improvement in net financial items contributed to a rise of 39% in income before taxes to SEK 1,602m (1,149), corresponding to 5.5% (4.0) of sales.

The improvement in operating income is traceable mainly to the Household Appliances business area, although Professional Appliances also reported higher operating income compared with last year. Operating income for Outdoor Products was somewhat lower than in the previous year.



Cash flow
The cash flow generated by the Group's business operations after investments and adjusted for exchange-rate effects improved to SEK 5,647m (3,709). The improvement is traceable mainly to reduced inventory levels and higher operating income, and by higher net proceeds on acquisitions and divestments than in the previous year.

Equity and net debt/equity ratio
Group equity as of September 30, 1999 including minority interests amounted to SEK 25,590m (23,664), which corresponds to SEK 69.90 (64.60) per share.

The return on equity after taxes was 17.0% (18.7), and the return on net assets was 17.9% (17.6). Excluding items affecting comparability, the return on equity rose to 17.2% (14.9), and the return on net assets to 18.2% (14.4).

Net borrowings declined to SEK 13,152m (17,611) and the net debt/equity ratio improved to 0.51 (0.74).

Liquid funds at the end of the period amounted to SEK 11,731m (10,077).

The above figures include items affecting comparability, unless otherwise indicated.

Provision for pension litigation in the US
At the end of July, 1999 a decision against the Electrolux US subsidiary White Consolidated Industries Inc. (WCI) was rendered by a district court in Pennsylvania, USA in litigation on pension commitments.

The decision holds WCI liable for the underfunding of pension plans relating to businesses it divested in 1985, the year before it was acquired by Electrolux. The litigation was filed in 1991 and the trial was completed in April 1997.

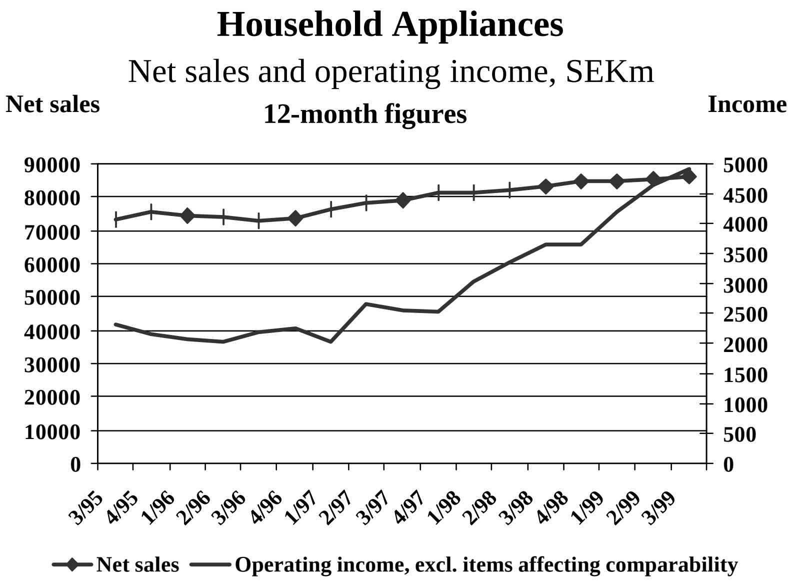
Electrolux appealed the decision on August 18, 1999. The amount of the liability is the subject of a separate administrative proceeding that is still in progress. The plaintiff is a government agency, the Pension Benefit Guaranty Corporation (PBGC), which is responsible for the payment of defaulting pension obligations. PBGC has calculated the unfunded amount at USD 120 million, which including interest to the end of 1999 could be estimated at USD 225 million.

In accordance with applicable accounting standards, Electrolux has made a non-cash pretax provision of USD 225million (SEK 1,841m) in the third quarter. The amount of the provision is based on PBGC's estimate of the liability. The aftertax charge is USD 140 million (SEK 1,141 m).

Management intends to pursue all available courses of action, including the appeal mentioned above, in an attempt to mitigate the effect of this issue on the Group's financial results.

Operations by business area

Household Appliances



During the first nine months of 1999 the market for white goods in Western Europe increased in volume by about 3% in comparison with the corresponding period in 1998. In the third quarter, the market grew by about 4%. In geographical terms, the increase is traceable mainly to the UK and markets in Southern Europe.

Electrolux sales of white goods in Europe increased over last year. Operating income for the European white-goods operation improved on the basis of higher volumes and greater internal efficiency. The improvement in income was achieved despite the negative impact of a fire at a central warehouse in the UK in the second quarter, with accompanying disruptions in deliveries, and by costs referring to the integration of the European white-goods operation into a new pan-european organization, Electrolux Home Products. Deliveries to Russia during the period were considerably lower than last year, although there was some improvement during the latter part of the third quarter.

The white-goods market in the US increased in volume by approximately 7%, compared to the first nine months of 1998. In the third quarter the market showed an upturn of almost 6%. The white-goods operation within Frigidaire Home Products achieved continued strong growth in volume, as well as a substantial improvement in both operating income and margin.

Demand for room air-conditioners in the US market increased substantially. The Group achieved higher sales volume, and operating income and margin showed a marked improvement.

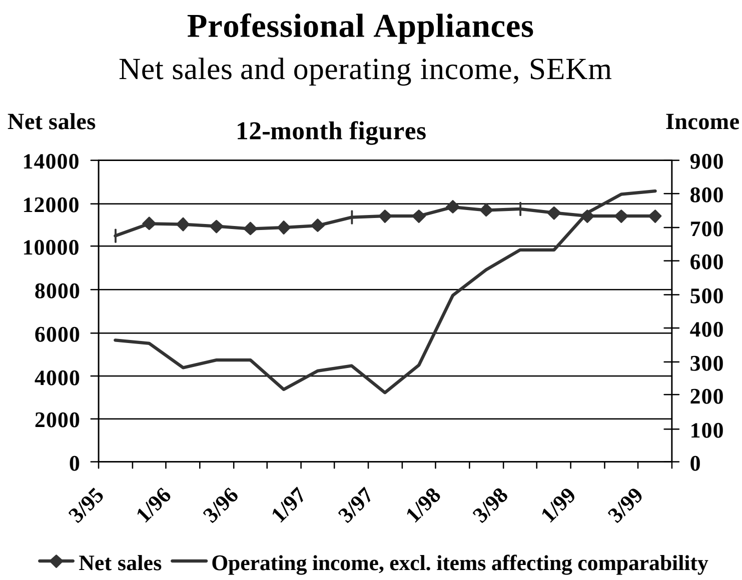
The total market for white goods in Brazil was largely unchanged for the period as a whole, although there was a decline in the product areas that account for the majority of Group sales. The Brazilian white-goods operation reported lower sales and operating income remained negative. An improvement in income was achieved over last year, however.

Overall, operating income for the white-goods operation was considerably higher for the period as a whole as well as in the third quarter.

Demand for floor-care products increased in both the European and the American markets. Group sales were higher than in 1998. Operating income and margin showed a considerable improvement as a result of higher volumes, a better product mix and improved internal efficiency. Strong growth in sales and operating income was also reported for the leisure appliances product line on the basis of good demand in both Europe and US. Demand for compressors and motors remained weak, except in the US. Both sales and operating income for the Group's component operation were lower than last year.

Total sales for the Household Appliances business area were higher for comparable units. Operating income and margin improved, both for the period as a whole and in the third quarter.

Professional Appliances



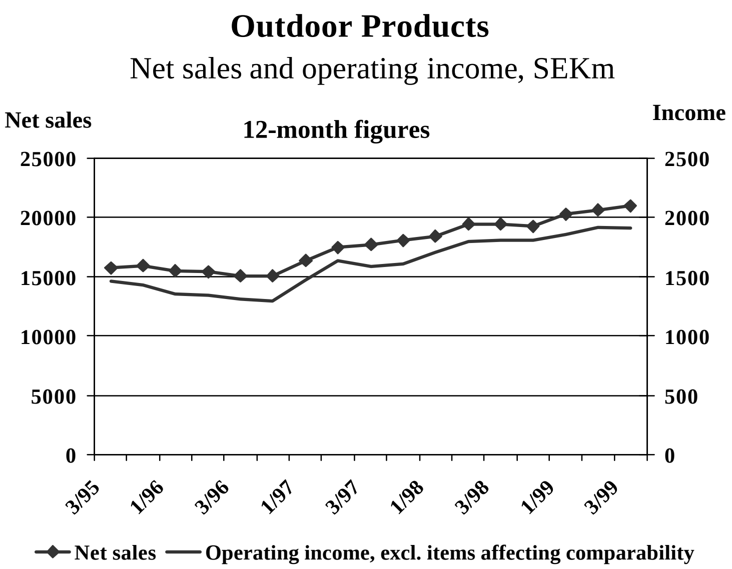
Demand for food-service equipment in Europe increased somewhat, and Group sales in this product area rose in comparison with last year. Higher volumes and implemented restructuring led to a considerable improvement in operating income and margin.

Laundry equipment reported largely unchanged sales and operating income from the previous year. Margin improved, however, mainly as a result of implemented restructuring.

Demand for refrigeration equipment declined in most product areas. Lower sales, an unfavorable product mix and costs referring to continued streamlining of the organization led to a substantial drop in operating income for this product line.

Overall, sales for Professional Appliances were higher than last year after adjustment for divested operations. Operating income improved for the period as a whole, as well as in the third quarter.

Outdoor Products



Demand for professional chain saws was lower than last year in Europe and Latin America, while the North American market remained strong. Demand also improved in South East Asia. Group sales and operating income declined, and margin was lower as a result of an unfavorable product mix.

The European market for garden equipment showed higher demand and Group sales increased over last year. Operating income declined, however, due to a charge in the third quarter referring to start-up problems for new consumer products.

Demand for outdoor products in the US was somewhat higher in most product areas compared to the first nine months in the previous year. Frigidaire Home Products reported higher sales, and both operating income and margin improved on the basis of higher volume and greater operational efficiency.

Total sales for the Outdoor Products business area increased. Operating income improved for the period as a whole, but declined in the third quarter.

Major changes in the Group

Acquisitions and divestments since June 30, 1999

As of September 30, a final agreement was reached for sale of the Group's operation in food and beverage vending machines. The operation was part of the food-service equipment product line and in 1998 reported sales of approximately SEK 1,000m, with about 600 employees. The divestment generated a capital gain of approximately SEK 1,625m.

As of October 6, the Group acquired Yazoo-Kees, a North American manufacturer and distributor of landscape maintenance equipment with sales of approximately USD 20m (SEK 160m) and about 100 employees. The company will be integrated into the Husqvarna outdoor operation.

At the beginning of October a 50-50 joint venture with Ericsson was started, devoted to development and sales of products and services for the networked home. The company will actively drive standardization of future intelligent home products. Both Electrolux and Ericsson have already invested in this area and will jointly and as a first step invest SEK 70m in the new company. Subject to approval by EU authorities, the new company will be operational during 1999.

Y2K issue

As stated in the Group's half-yearly report, the original timetable calling for 100% Y2K-compliance by June 30 has been extended for several reasons, including the following:

- Several office systems were not Y2K ready, although represented as such by their suppliers.
- Newly established relationships with customers and suppliers required additional coordination and verification.
- Y2K-driven changes by certain customers and suppliers required additional coordination and verification.

Status as of September 30, 1999
At the end of the third quarter 92% of the Group's factory, office and building systems were Y2K-compliant. Compliance audits to confirm readiness have been completed or are under way. The few remaining systems are non-critical and are all scheduled for upgrading, replacement or scrapping by year-end.

Cost of Y2K-compliance
The cost of the changes implemented to date amounts to approximately SEK 269m. The total cost of Y2K-compliance for the Group is estimated at approximately SEK 350m.

Additional information about the Group's Y2K program is available at www.electrolux.com

Allocation of SPP pension surplus
The Swedish insurance company, SPP has announced that it will allocate a portion of the surplus in its pension funds to participating companies. SPP has stated that Electrolux share of the surplus is SEK 358.6m.

Pending approval of SPP's allocation method by the Swedish Competition Authority and a decision on the fiscal consequences by the Swedish Council for Advance Tax Rulings, it is not clear how and when the refund will be available to the participating companies. The refund has not been included in the financial statements for the first nine months of 1999.

Stockholm, October 29, 1999

Michael Treschow
President and CEO

Consolidated income statement, SEKm	**Nine months, 1999**	1998	**Third quarter, 1999**	1998	Full year, 1998
Net sales	**91,144**	89,391	**29,070**	28,516	117,524
Cost of goods sold	**-66,850**	-66,520	**-21,058**	-21,034	-86,899
Selling expense	**-13,940**	-13,689	**-4,699**	-4,575	-18,058
Administrative expense	**-4,738**	-4,575	**-1,534**	-1,407	-6,336
Other operating income/expense	**-54**	-137	**-24**	-75	-167
Items affecting comparability	**-216**	805	**-216**	250	964
Operating income*	**5,346**	5,275	**1,539**	1,675	7,028
Margin, %	***5.9***	*5.9*	***5.3***	*5.9*	*6.0*
Financial items, net	**-773**	-971	**-185**	-294	-1,178
Income after financial items	**4,573**	4,304	**1,354**	1,381	5,850
Margin, %	***5.0***	*4.8*	***4.7***	*4.8*	*5.0*
Minority interests in income before taxes	**19**	38	**32**	18	76
Income before taxes	**4,592**	4,342	**1,386**	1,399	5,926
Margin, %	***5.0***	*4.9*	***4.8***	*4.9*	*5.0*
Taxes	**-1,468**	-1,460	**-362**	-414	-1,951
Net income	**3,124**	2,882	**1,024**	985	3,975
** Including depreciation in the amount of*	***-2,951***	*-3,102*	***-974***	*-995*	*-4,125*

Consolidated balance sheet, SEKm	**September 30, 1999**	September 30, 1998	Full year, 1998
Fixed assets	**26,973**	26,926	27,885
Inventories, etc.	**15,230**	16,898	16,957
Accounts receivable	**23,687**	24,032	21,859
Other receivables	**5,789**	4,043	5,201
Liquid funds	**11,731**	10,077	11,387
Total assets	**83,410**	81,976	83,289
Shareholders’ equity	**24,769**	22,744	24,480
Minority interests	**821**	920	953
Interest-bearing liabilities and provisions	**24,883**	27,688	29,353
Non-interest-bearing liabilities and provisions	**32,937**	30,624	28,503
Total equity and liabilities	**83,410**	81,976	83,289

Cash-flow statement, SEKm	**Nine months, 1999**	Nine months, 1998	Full year, 1998
Income after financial items	**4,573**	4,304	5,850
Depreciation according to plan	**2,951**	3,102	4,125
Capital gain/loss included in operating income	**-1,625**	-805	-964
Provision for restructuring and PBGC, not affecting liquidity	**1,441**	-630	-1,122
Taxes paid	**-925**	-1,212	-2,135
Changes in operating assets and liabilities	**913**	-657	-1,056
Cash flow from operations	**7,328**	4,102	4,698
Acquisitions/divestment of operations	**1,798**	1,465	2,105
Capital expenditure	**-3,267**	-2,509	-3,756
Other	**-212**	651	875
Cash flow from operations and investments	**5,647**	3,709	3,922
Change in short-term loans	**-2,793**	-1,702	954
Change in long-term loans	**-887**	-1,116	-2,988
Dividend payment	**-1,099**	-915	-915
Change in minority interest	**-**	-	6
Total cash flow	**868**	-24	979
Liquid funds at beginning of year	**11,387**	9,834	9,834
Exchange-rate differences referring to liquid funds	**-524**	267	574
Liquid funds at end of period	**11,731**	10,077	11,387

Total cash flow excl. change in short-term loans	**3,661**	1,678	25
Net liquid funds at beginning of year	**112**	46	46
Exchange-rate differences referring to net liquidity	**-127**	95	41
Net liquid funds at end of period	**3,646**	1,819	112

Net sales by business area, SEKm	**Nine months, 1999**	1998	**Third quarter, 1999**	1998	Full year, 1998
Household Appliances	**64,704**	62,997	**22,045**	21,345	84,581
Professional Appliances	**8,316**	8,481	**2,747**	2,760	11,574
Outdoor Products	**17,902**	16,193	**4,190**	3,790	19,295

Operating income by business area, SEKm	**Nine months, 1999**	1998	**Third quarter, 1999**	1998	Full year, 1998
Household Appliances	**3,604**	2,749	**1,327**	1,057	4,065
Margin, %	***5.6***	*4.4*	***6.0***	*5.0*	*4.8*
Professional Appliances	**588**	503	**187**	177	723
Margin, %	***7.1***	*5.9*	***6.8***	*6.4*	*6.2*
Outdoor Products	**1,702**	1,587	**334**	348	1,788
Margin, %	***9.5***	*9.8*	***8.0***	*9.2*	*9.3*
Group common costs	**-303**	-310	**-87**	-122	-436

Key ratios	**Nine months, 1999**	1998	**Third quarter, 1999**	1998	Full year, 1998
Net income per share, SEK[1)]	**8.55**	7.90	**2.80**	2.70	10.85
Return on equity, %[2)]	**17.0**	18.7			19.3
Return on net assets, %[3)]	**17.9**	17.6			17.6
Net debt/equity ratio[4)]	**0.51**	0.74			0.71
Capital expenditure, SEKm	**3,267**	2,509	**1,283**	875	3,756
Average number of employees	**94,100**	100,100	**94,500**	98,400	99,322

1) After a stock split of 5:1 in June 1998, the number of shares amounts to 366.2 million.
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 3,310m 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.

This report has not been audited.

The year-end results for 1999 will be published on February 11, 2000.
Financial information from Electrolux is also available on the Internet at www.electrolux.com
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Quarterly figures

Net sales and income, per quarter

		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Net sales, SEKm	**1999**	**29,053**	**33,021**	**29,070**		
	1998	28,567	32,308	28,516	28,133	117,524
Operating income, SEKm	**1999**	**1,656**	**2,151**	**1,539**		
	Margin,%	***5.7***	***6.5***	***5.3***		
	1999[1)]	**1,656**	**2,151**	**1,755**		
	Margin,%	***5.7***	***6.5***	***6.0***		
	1998	1,376	2,224	1,675	1,753	7,028
	Margin,%	*4.8*	*6.9*	*5.9*	*6.2*	*6.0*
	1998[2)]	1,376	1,669	1,425	1,594	6,064
	Margin,%	*4.8*	*5.2*	*5.0*	*5.7*	*5.2*
Income after financial items, SEKm	**1999**	**1,384**	**1,835**	**1,354**		
	Margin,%	***4.8***	***5.6***	***4.7***		
	1999[1)]	**1,384**	**1,835**	**1,570**		
	Margin,%	***4.8***	***5.6***	***5.4***		
	1998	1,060	1,863	1,381	1,546	5,850
	Margin,%	*3.7*	*5.8*	*4.8*	*5.5*	*5.0*
	1998[2)]	1,060	1,308	1,131	1,387	4,886
	Margin,%	*3.7*	*4.0*	*4.0*	*4.9*	*4.2*
Income before taxes, SEKm	**1999**	**1,392**	**1,814**	**1,386**		
	1999[1)]	**1,392**	**1,814**	**1,602**		
	1998	1,075	1,868	1,399	1,584	5,926
	1998[2)]	1,075	1,313	1,149	1,425	4,962
Net income, SEKm	**1999**	**912**	**1,188**	**1,024**		
	1999[1)]	**912**	**1,188**	**1,049**		
	1998	667	1,230	985	1,093	3,975
	1998[2)]	667	862	766	940	3,235
Net income per share, SEK	**1999**	**2.50**	**3.25**	**2.80**		
	1999[1)]	**2.50**	**3.25**	**2.85**		
	1998	1.85	3.35	2.70	2.95	10.85
	1998[2)]	1.85	2.35	2.10	2.55	8.85

1) Exclusive of items affecting comparability, which in 1999 comprised a provision of USD 225m (SEK 1,841m) in the third quarter, and a capital gain of approximately SEK 1,625m also in the third quarter.

2) 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

		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Household Appliances	**1999**	**20,266**	**22,393**	**22,045**		
	1998	20,140	21,512	21,345	21,584	84,581
Professional Appliances	**1999**	**2,563**	**3,006**	**2,747**		
	1998	2,722	2,999	2,760	3,093	11,574
Outdoor Products	**1999**	**6,155**	**7,557**	**4,190**		
	1998	5,157	7,246	3,790	3,102	19,295

Operating income by business area, per quarter, SEKm

		1st qtr	2nd qtr	3rd qtr	4th qtr	Full year
Household Appliances	**1999**	**1,071**	**1,206**	**1,327**		
	Margin,%	***5.3***	***5.4***	***6.0***		
	1998	879	813[1)]	1,057	1,316	4,065
	Margin,%	*4.4*	*3.8*	*5.0*	*6.1*	*4.8*
Professional Appliances	**1999**	**129**	**272**	**187**		
	Margin,%	***5.0***	***9.0***	***6.8***		
	1998	103	223	177	220	723
	Margin,%	*3.8*	*7.4*	*6.4*	*7.1*	*6.2*
Outdoor Products	**1999**	**574**	**794**	**334**		
	Margin,%	***9.3***	***10.5***	***8.0***		
	1998	488	751	348	201	1,788
	Margin,%	*9.5*	*10.4*	*9.2*	*6.5*	*9.3*
Common Group costs	**1999**	**-109**	**-107**	**-87**		
	1998	-95	-93	-122	-126	-436

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