

# Would you like to know more about why new products are so important?

2007 was an intensive launch year in Europe. Next step is North America in 2008. For more information, visit [www.electrolux.com](http://www.electrolux.com)

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**D**uring 2007, our comprehensive launches of innovative products continued in all areas. This resulted in a stronger position for the Electrolux brand in Europe. The launch of Electrolux branded products for the high-price segment in North America will be one of the major events during 2008.

See CEO statement, page 2.



**D**uring 2007, Electrolux sold more than 40 million products. Approximately 50% of them were sold under the global Electrolux brand. The Group's products are sold on more than 150 markets and the largest markets are in Europe and North America.

See Electrolux business, page 4.



**E**lectrolux is working hard to improve profitability. A competitive production system, innovative products based on consumer insight and a strong global brand is the strategy that will generate long-term margins on a level with the best in the industry.

See Electrolux strategy, page 22.



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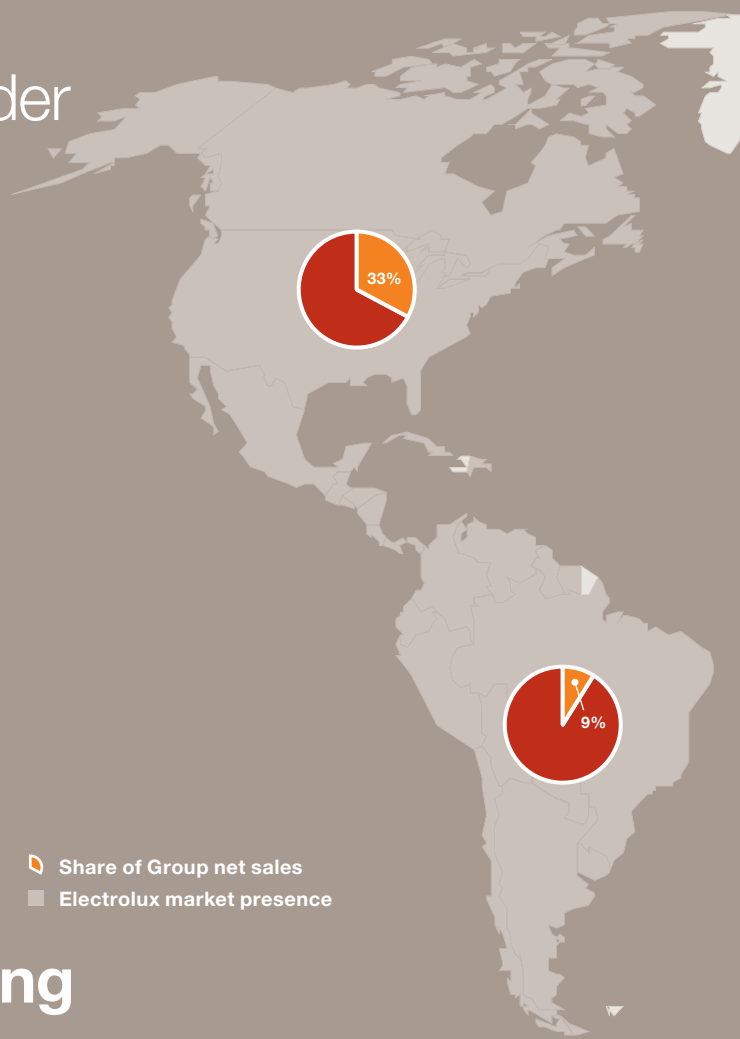
The cover is created by Frank Bruzelius, Art Director with Electrolux since 1989.  
Concept, text and production by Electrolux Investor Relations and Solberg.

# Electrolux – a global leader with a customer focus

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers on 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 2007, Electrolux had sales of SEK 105 billion and 57,000 employees.



## Electrolux product offering

Category

Products

### CONSUMER DURABLES

#### KITCHEN

Electrolux

For household kitchens throughout the world Electrolux sells cookers, refrigerators, freezers, dishwashers, hoods and small appliances. The increasing role of the kitchen as a meeting place for family and friends gives Electrolux a unique display area for consumers.

#### LAUNDRY

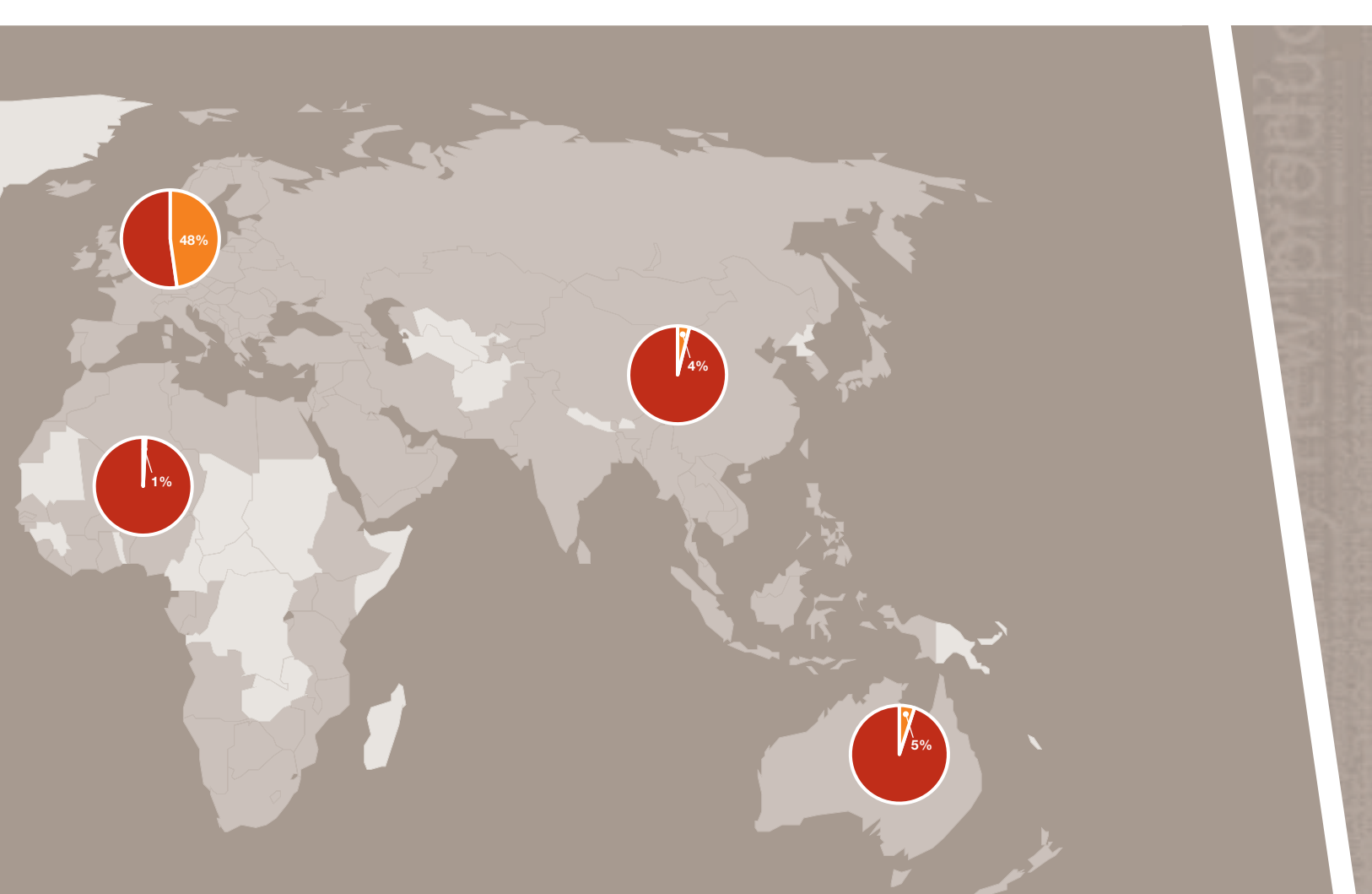
Washing machines and tumble dryers are the core of the Electrolux product offering for cleaning and care of textiles. Innovations and a growing preference for higher capacity and user-friendliness are driving demand for Electrolux products.

#### FLOOR-CARE

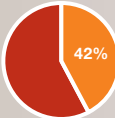

Electrolux vacuum cleaners and accessories are sold to consumers worldwide. A strong global distribution network and an attractive product offering have enabled Electrolux to increase its market share. Production is located exclusively in low-cost countries.

### PROFESSIONAL PRODUCTS

Electrolux sells a range of products for professional kitchens and laundries. High productivity, maximum utilization of resources and an extensive service network are key factors for purchases by professionals. Electrolux has a global presence, and is largest in Europe.



# Electrolux business areas

	Share of sales	Share of EBIT	Development 2007
<b>Total Group</b>	<b>104.7 SEK billion</b>	<b>4.8 SEK billion</b>	
<b>Consumer Durables Europe</b>			Group sales of appliances in Europe rose during the year, on the basis of an improved product mix and higher volumes. Extra costs for new products adversely affected income and operating income declined compared to 2006.
<b>Consumer Durables North America</b>			Group sales of appliances in North America rose in comparable currencies during 2007, on the basis of higher sales volumes. Market shares increased in a declining market. Operating income and margin improved.
<b>Consumer Durables Latin America</b>			Group sales in Latin America rose strongly mainly on the basis of good market growth. Operating income in 2007 for the operations in Latin America was the highest in the Group's history.
<b>Consumer Durables Asia/Pacific and Rest of world</b>			Good sales growth for appliances in Asia/Pacific. Operating income in Australia and New Zealand as well as in the entire South East Asia region showed an improvement on the basis of previous restructuring.
<b>Professional Products</b>			Operating income and margin in 2007 for Professional Products improved over the previous year, as a result of more efficient production and price increases. Price increases offset higher costs for raw materials, primarily for stainless steel.

## Highlights of 2007

Almost 50% of the products are sold under the Electrolux **brand**.

Investment in product **development** corresponded to about 2% of sales.

Almost 50% of Electrolux production is now located in **low-cost countries**.

Global **sales growth** for Electrolux was 4%.

Despite lower income in Europe, **operating income** rose by 6%, mainly as a result of **an improved product mix and higher sales volumes**.

Totally, SEK 6.8 billion was distributed to Electrolux **shareholders**.

# A good foundation for continuing change

During 2007, our comprehensive launches of innovative products continued in all areas. This has resulted in a stronger position for the Electrolux brand in Europe. The launch of Electrolux-branded products for the premium segment in North America will be one of the major events during 2008. Our initiatives with new appliances in Europe and North America comprise a foundation that will enable us to reach a profitability in line with the industry average of 6%.

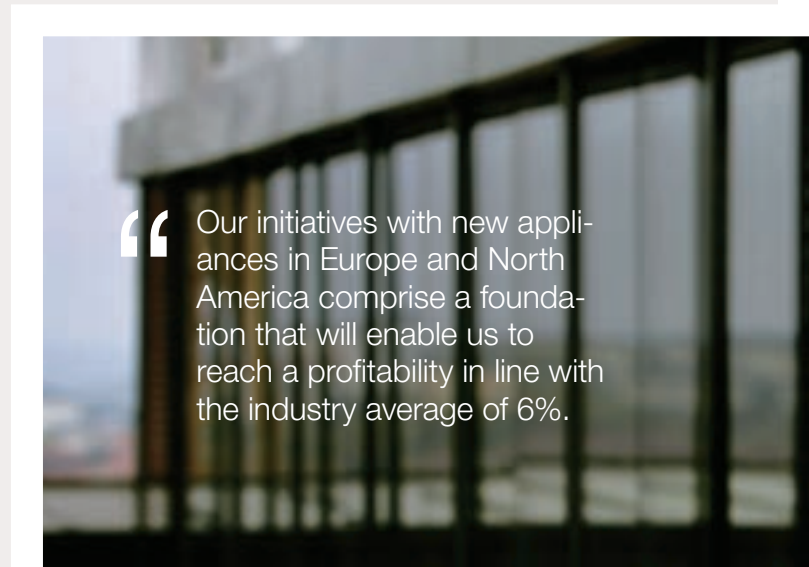
Our strategy has been in place since 2002. On the basis of consumer insight, we shall increase the rate of product renewal, increase our investment in brands, and continue to make production more efficient. This takes time, but we can already see the results. Our successful turnarounds of the operation in Brazil and the entire operation in floor-care equipment show clearly that we are on the right track. The next two major challenges are in Europe and North America. The product launch in Europe in 2007 and in North America in 2008 are the largest ever for Electrolux, and will generate a better product mix as well as higher margins in the long term.

## Strong trends drive growth

The primary factors for our growth are replacement of worn-out household appliances, renovation of homes, and greater market penetration, particularly in growth markets. From the perspective of a business cycle, the market shows the same rate of growth as the global economy, i.e., 3–4%.

The market shows a number of strong trends which Electrolux has to make good use of, and which will enable a rate of growth above the market level:

- Households are increasing their spending on the home, especially in the kitchen, which has become the most important area in the home.
- Increasing interest in design and home decorating influences the consumers' choice of appliances.
- Changing lifestyles lead many consumers to prefer products that make tasks such as preparing and storing food both simpler and healthier.
- A high rate of innovation within the industry generates greater demand. New functions and new design stimulate many consumers to replace their appliances at an increasingly faster rate.
- A greater commitment to the environment is steadily becoming a more important factor for consumers' purchasing decisions.



“ Our initiatives with new appliances in Europe and North America comprise a foundation that will enable us to reach a profitability in line with the industry average of 6%.

## More efficient products

Environmental issues have always been very important for Electrolux. Each new generation of appliances that we launch is more energy-efficient than its predecessor, and in comparison with the Group's product offering ten years ago, today's appliances consume 50% less energy. The fact is that if European households replaced all appliances that are more than ten years old with the most efficient products on today's market, total European emissions of carbon dioxide would be reduced by 18 million tons. This corresponds to 6% of the European Union's goal according to the Kyoto Agreement.

## We are accelerating

Our process for consumer-oriented product development generates new products at a faster rate and enables successful launches. Today, everyone in our organization thinks in terms of a

focus on the consumer – and on innovation. We think “Electrolux” in everything we do. No one can have failed to notice our efforts to build Electrolux as a strong, leading brand in the global market. Our retailers and our partners are aware of this, and naturally our customers. That is why we are now ready to increase the rate of launches of innovative Electrolux-branded products.

#### **Biggest-ever launch in Europe**

We started in Europe in 2007. Approximately 40% of our existing offering was replaced by innovative products. This launch was very comprehensive. Identical offerings were launched at the same time in 36 countries.

Despite some problems related to higher product costs, which are not unusual in the initial phase of a launch, the new products achieved successful market acceptance. We notice that our European customers appreciate our offering. The average sales prices of our products are rising, and the mix is improving. In addition,

ability than the medium-price segment. The launch is scheduled for the spring of 2008, in close cooperation with major retailers. This gives us a firm foundation and increases the probability that the launch, our biggest ever in North America, will be successful. When the North American appliance market recovers after a prolonged decline, growth is expected primarily in the high-price segment. This can provide leverage for our sales.

#### **A good foundation**

The year 2007 was an eventful one for Electrolux. With the exception of appliances in Europe, we achieved higher income in all business areas. The operation in floor-care was again successful, with greater market shares. The operation in Latin America showed record-high income. In Australia, after several tough years, we strengthened our market position and achieved considerably higher profitability. We also achieved higher income for products for professional kitchens and laundries, despite rising



surveys show that increasing numbers of consumers have started to think of Electrolux as the preferred brand for purchases of new appliances. The Electrolux brand has strengthened its position in the higher price segments in the European market.

#### **Biggest-ever launch in North America**

The challenge in North America is not the same as in Europe. Today, Electrolux has a strong position in the medium-price segment of the North American appliance market through the Frigidaire brand. The Electrolux brand represents only a limited offering of exclusive products at the high end of the appliance market.

We are now preparing for a comprehensive launch of new Electrolux-branded products in the high-price segment, which is of interest in the long term. It accounts for annual sales of approximately USD 8 billion a year and shows considerably higher profit-

prices for raw materials and a weaker dollar. In Europe, our success in terms of higher average prices, a stronger Electrolux brand and a better mix has convinced me that our strategy works.

This gives us a good foundation for continuing to work on transforming Electrolux into an innovative, consumer-focused and even more profitable player in the global appliance industry.

Stockholm, March 2008

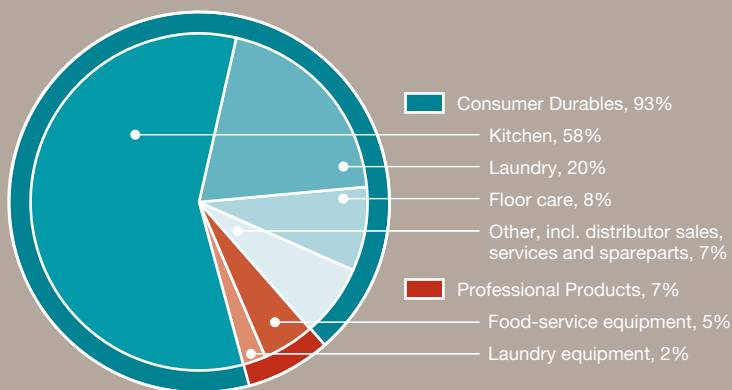
Hans Stråberg  
President and Chief Executive Officer

# Electrolux **business**

“Thinking of you” sums up the Electrolux offering — always put the users first and foremost, whether it is a question of product development, design, production, marketing, logistics or service. By offering products and services that consumers prefer, which benefit both people and the environment, and for which consumers are willing to pay higher prices, Electrolux can achieve profitable growth. Innovative products, lower costs and a strong brand enable Electrolux to create a foundation for improved profitability.

## PRODUCT CATEGORIES — what we sell

Share of sales



In 2007, Electrolux sold more than 40 million products. Approximately 50% of them were sold under the global Electrolux brand.

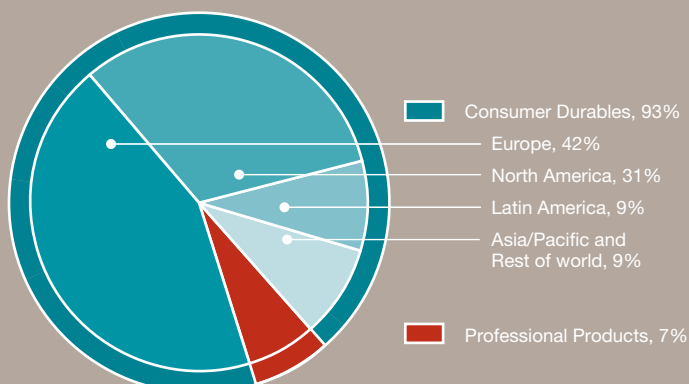
Consumer Durables comprises appliances for kitchens, fabric care and cleaning. Professional

Products comprises corresponding products for professional users such as industrial kitchens, restaurants and laundries.

**40 million**  
products sold

## BUSINESS AREAS — how we report

Share of sales



The Group's products are sold on more than 150 markets and the largest markets are in Europe and North America. Operations are divided in five business areas. Consumer Durables includes four

regional business areas, while Professional Products is a single global business area.

Sales on **150 markets**



# Consumer Durables

## Electrolux kitchen products

Electrolux has a comprehensive range of kitchen appliances as well as strong market positions in most parts of the world. Cookers and ovens are among the Group's most profitable kitchen products.

### The market

#### Stable demand

In 2007, global demand for kitchen products rose. The rate of growth in demand in Western Europe and North America has been rather stable over many years, irrespective of the business cycle. One important reason is that kitchen appliances are replaced immediately when they break down. Although quality and thus product lifetimes have improved continuously, there is a trend that appliances are being replaced at an increasingly faster rate. This is because consumers prefer the new and more innovative products that are being launched continuously. In emerging markets, demand is growing as more people can afford modern kitchen appliances.

#### Growth in premium and low-end products

In recent years, growth has been greatest in the premium and low-end market segments. The increased importance of the kitchen in the home has stimulated demand for premium products. Greater global competition between appliance manufacturers and retail chains has led to an increase in sales of low-end products to a steadily expanding customer base.

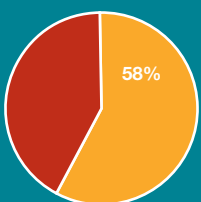
#### Profitable built-in products

Kitchen appliances are either stand-alone or built-in. The trend to built-in appliances is increasing and shows strong growth particularly in Europe and Australia. Manufacturers of kitchens for households are selling them with all appliances included. Sales of built-in units often involve higher prices and profitability for producers of kitchen appliances.

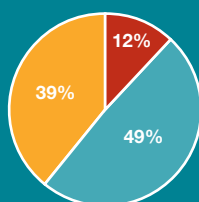
### Consumer trends

- The kitchen is one of the most important areas in the home, and also the most used. It is not simply a place for preparing food, but for all forms of socializing, which requires appliances with low noise levels. Today's kitchen is also intended to reflect the owners' lifestyle and has become a room that is willingly displayed to visitors.
- Preparing food is no longer simply a weekday chore, but has become a hobby that calls for special equipment. This leads to greater emphasis on design, user-friendliness and flexibility. Consumers also want appliances with functions that can be used logically and intuitively, without the need for consulting a manual.
- Strong worldwide trends for health and wellness have affected demand for modern kitchens, which have to be easy to clean and ergonomically designed. Vegetables and other perishables must be kept fresh, and prepared so that nutrients are preserved.
- Environmental considerations are growing in importance for consumers. In addition to appliances with low water and energy consumption, consumers are demanding climate-smart options, e.g., products that preserve foodstuffs so that nothing has to be thrown away, as well as alternatives to bottled, carbonated water.

**Kitchen products, share of Group sales**

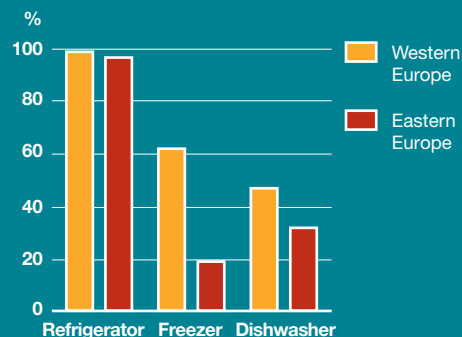


**Product categories, share of kitchen products**



- Dish
- Cold (refrigerators, freezers)
- Hot (cookers, hobs, ovens)

**Kitchen appliances in European households**



Less than half of the European households have a freezer and a dishwasher. Growth in refrigerators is mainly driven by innovations and reduced energy consumption.  
Source: Rielaboration of Nvision penetration rate (European average weighted with household dimensions from GfK Europanel, 2006).

### The Electrolux brand

Approximately half of the Group's sales of kitchen appliances is under the Electrolux brand. In Asia and Latin America, these appliances are sold only under the Electrolux brand. In Europe, appliances are sold mainly under the Electrolux, AEG-Electrolux and Zanussi brands. In the North American market, kitchen products are sold mainly under the Frigidaire brand. Electrolux also produces appliances that are sold by retail chains under their own brands.

### Strong global position

Electrolux has substantial market shares for all major kitchen appliances. The strongest positions are in cookers and hobs. Products manufactured in Asia still have limited positions in the European and North American markets, but have gained ground in recent years within certain product categories.

### Kitchen appliances

#### Refrigerators and freezers

A large share of sales of Electrolux kitchen products refers to refrigerators and freezers. Competition is severe within this category, and profitability is generally lower than in other categories. On the other hand, innovative products such as frost-free freezers and side-by-side refrigerators are showing strong growth and profitability. Refrigerators and freezers are relatively heavy and bulky, and are not suitable for transport over long distances. Consequently, production plants are located close to the market.

#### Cookers and ovens

Electrolux has strong market positions for stand-alone cookers and ovens, as well as for hobs, both electric and gas. These product categories are among the most profitable within kitchen appliances.

Almost all households in mature as well as emerging markets now have cookers and ovens. These products feature relatively advanced technology, which enables greater opportunities for differentiation. Innovations are driving strong growth in specific market segments such as induction hobs. Induction hobs offer the most energy-efficient technology for preparing food.

#### Dishwashers

Electrolux produces dishwashers that are designed and adapted for all types of kitchens and households. Consumers appreciate features such as low noise levels, tailored dishwashing programs, automatic sensing of the required washing cycle, and low energy consumption.

There is still a large potential for growth in the dishwasher segment, e.g., in Western Europe, where only half of the households have dishwashers.

#### Small household appliances

Electrolux also sells small household appliances such as toasters, coffee-makers and mixers. These contribute to strengthening the brand.

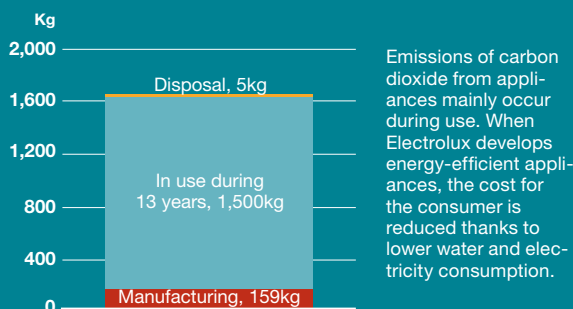
### Energy and water efficient appliances

Electrolux has a long tradition of continuously reducing water and energy consumption of the products. For large household appliances like refrigerators, more than 80% of their total environmental impact occurs when the products are in operation. Improved environmental performance also means lower lifetime operating costs for consumers. Offering products with outstanding environmental performance therefore provides competitive benefits.

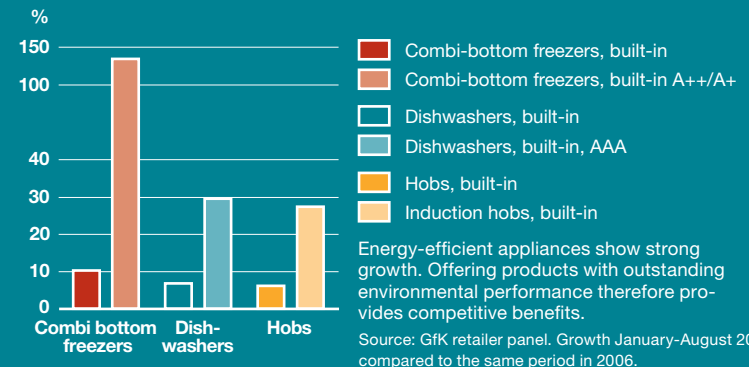
Efficiency has been steadily improving since the mid-1990's. On average, the Group's appliances now consume 50% less energy than their ten year-old counterparts. Appliances also consume considerably less water compared to washing dishes and clothes by hand. Water-efficient appliances help reduce energy consumption by cutting the energy used to treat, pump and heat water. That is why water efficiency is also a cornerstone for Electrolux product development.

Electrolux products are strongly represented in sales of the highest energy efficiency classes. In proportion to our total market share, sales for cold products are over-represented in energy class A++, and 99% of the Electrolux dishwashers sold in Europe are energy class A labeled. In 2008, a green range of products with the best environmental performance will be introduced in all business areas including Professional Products. For additional information on Electrolux approach to sustainability issues, see page 42 and page 83 in the section Financial review.

Emissions of carbon dioxide from the refrigerator Electrolux Source



Value growth in energy efficient appliances



our kitchen appliances  
VIEW THE COLLECTION

boil water in 90 seconds  
SEE HOW IT WORKS

preview our virtual kitchen  
COME INSIDE

**INTRODUCING ELECTROLUX**  
BRINGING OVER 70 YEARS OF EUROPEAN DESIGN TO YOUR HOME.

EUROPE'S LEADING PREMIUM APPLIANCE BRAND™

### Electrolux Cocina integral e innovadora

Menú Inicio

Thinking of you  
**Electrolux**

ENVIAR A UN AMIGO

DECLARACIÓN DE RESPONSABILIDAD MÁS INFORMACIÓN DE PRODUCTO ELECTROLUX.ES

The coming launch in North America is supported by strong digital marketing efforts. Please visit [www.electroluxappliances.com](http://www.electroluxappliances.com) to get a glimpse of the new appliances! The campaign site above shows Electrolux Built-In Kitchen that was launched in Europe in 2007.

# Electrolux laundry products

Electrolux is a leading producer of washing machines and tumble dryers with low energy and water consumption. The Group is one of the world's largest producers of front-loaded washers.

## The market

*Virtually all households have washers*

Demand for laundry products shows a pattern similar to that for kitchen appliances. Today, virtually every household in developed countries has access to a washing machine, but only a few to a tumble dryer.

*Rapid growth for front-loaded washers*

Washing machines are either front-loaded or top-loaded. Top-loaded machines have traditionally been dominant in North America and Australia, but are being replaced to a growing extent by front-loaded units. Sales of front-loaded washers in the US grew during 2007 by approximately 6% compared to the previous year. In Europe, front-loaded machines dominate the market.

## Consumer trends

- Consumers expect washing machines and tumble dryers to be practical and user-friendly. Consumers are also demanding washers with greater capacity and flexible programs that can be adapted to available washing times.
- Design is important for washers and dryers, although it is not as decisive as for kitchen appliances. Washers and dryers are often purchased simultaneously in order to achieve a uniform design in the laundry room.
- Consumers prefer washers and dryers that are energy-efficient. Environmental considerations comprise one reason why demand for front-loaded machines is growing much faster

than for top-loaded units, particularly in regions where access to water is limited. Front-loaded washers consume less energy and water, and offer better washing performance.

## The Electrolux brand

In Europe, the Group's laundry products are sold mainly under the Electrolux, AEG-Electrolux and Zanussi brands. In Asia and Latin America, they are sold only under the Electrolux brand. In North America, these products are sold mainly under the Frigidaire brand. In Australia, laundry products are sold under the brands Electrolux, Westinghouse and Simpson.

## A leader in front-loaded washers

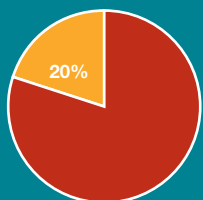
Electrolux is a leading producer of both washing machines and tumble dryers. The largest global market share is for front-loaded washers.

## An environmental leader

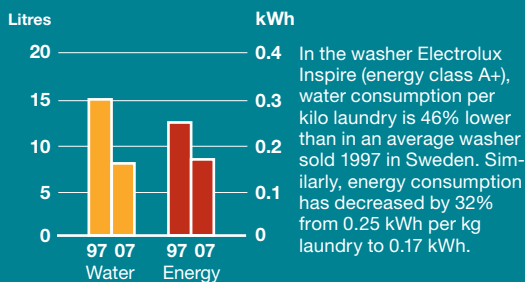
Electrolux is a leading producer of washers and dryers that feature low consumption of energy and water. The Group has also developed and launched a number of innovative washers and dryers that simplify and improve the laundry process.

Depending on country and household conditions, laundry products are installed in either the laundry room, the bathroom or the kitchen. Electrolux therefore offers a number of different options, including compact solutions for bathrooms and built-in units for kitchens.

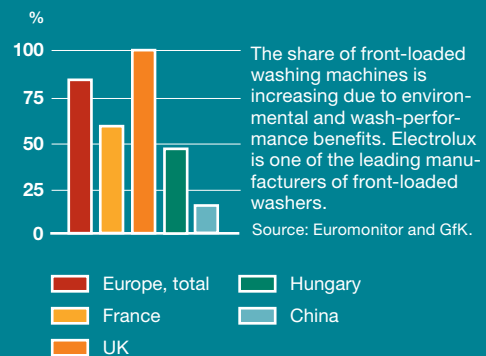
Laundry products, share of Group sales



Energy consumption for the washer Electrolux Inspire



Share of front-loaded washers




## Electrolux Time Manager

Menü - Time Manager

Wir dachten uns,  
Sie sollten bestimmen können,  
wie lange ein Waschprogramm  
dauert, nicht die Maschine.

Für eine Waschmaschine mit Time Manager ist Ihre Zeit genauso kostbar wie für Sie. Entscheiden Sie selbst, wieviel Zeit zum Waschen Ihrer Wäsche verfügbar ist. Dazu können Sie das Waschprogramm minuten-genau einstellen. Sie bestimmen, wie lange der "Waschtag" dauert. Eine Idee, die Ihre Zeit wert ist.

 Hier steuern Sie die Zeit



*Thinking of you*  
**Electrolux**

ENEM FREUND SENDEN TV-SPOT ABSPIELEN

PRODUKTINFO IMPRESSUM ELECTROLUX.DE

*Thinking of you*  
**Electrolux**

Home [Våra produkter](#) [Hitta återförsäljare](#) [Kundtjänst](#) [Kontakta oss](#) [Om företaget](#) [WebShop](#)

Kök

**Tvätt och Tork**

- TVÄTTMASKINER
- TORKTUMLARE
- Iron Aid
- Kondensfuktare
- Kompakta fuktare
- Enkammriga torkare
- TORKSKÅP
- KOMBIKAMMIG TVÄTTTORK

Städning

Professionell Textvård  
Restaurang och storkök



Vi tänkte på  
att din tvätt faktiskt  
är din garderob

Ylle, Silke, Siden - det spelar ingen roll. Iron Aid är utrustad med specialprogram som torktumlar dina ärtliga kläder på ett skonsamt sätt.



[Översikt](#) [Detaljerad information](#) [Tillbehör](#) [Galleri](#)

ED96150

[Läs till din återförsäljare](#)

PRODUKTFÖRDELAR



**Behöver du hjälp med strykningen?**

Iron Aid - bultären som hjälper dig med strykningen. Våra konsumentundersökningar visar att det är en av de främsta hushållssystemen. Vår nya Iron Aid hjälper dig med en stor del av strykarbetet.

[Läs mer](#)

DUKUMENT

**Faktablad**

[Ladda ner faktablad](#)

**Broschyr**

[Ladda ner broschyr](#)

The traffic to Electrolux websites has more than doubled the last couple of years. These two campaigns for the washing machine Time Manager and the tumble dryer Iron Aid were launched in over 15 countries during 2007 and were visited by more than 700,000 people.

## Electrolux floor-care products

Electrolux is one of the world's largest producers of vacuum cleaners and accessories. Most of the Group's floor-care products are developed and sold globally and all production is located in low-cost countries.

### The market

#### A global product

Vacuum cleaners are suitable for transport over long distances, as the transport cost per product is relatively low. Globalization has therefore advanced further in the vacuum-cleaner industry than for, e.g., products for kitchens and laundry rooms. In contrast to appliances, vacuum cleaners are sold largely in supermarkets. They are produced to a great extent on the basis of global platforms.

#### Innovation drives growth

At the start of the 21st century, the market for vacuum cleaners featured declining prices and a growing volume of low-price products. Today, these trends have been interrupted, and growth is driven primarily by innovations and increasing awareness of factors affecting health. In 2007, the global market for vacuum cleaners grew slightly.

#### Regional differences

Despite globalization, the market shows considerable regional differences. In North America and the UK, many consumers use upright vacuum cleaners, in contrast to the rest of Europe as well as Asia, where canisters are dominant.

The market is also divided in terms of vacuum cleaners with and without dust bags. The share of bagless canisters is growing in almost all markets.

### Consumer trends

- Vacuum cleaning daily instead of once a week is becoming more common. Many consumers therefore prefer to have

more than one vacuum cleaner, i.e., a cordless unit for fast, limited cleaning and a larger cleaner with more capacity for cleaning the entire home.

- The increase in daily cleaning means that the vacuum cleaner is often left in sight. Design, therefore, becomes more important.
- Consumers are continuously looking for improvements in capacity, filtering, noise levels and ergonomics.
- A greater awareness of health factors among consumers means that they are willing to pay for a product with better cleaning performance.
- Demand for environment-friendly vacuum cleaners is increasing.

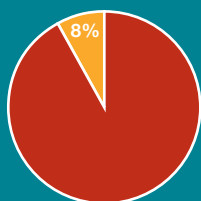
### The Electrolux brand

In Asia and Latin America, all vacuum cleaners sold by the Group are branded Electrolux. In Europe, 68% are Electrolux-branded, while the rest are sold under the Volta, Tornado, Progress and Zanussi brands. In the US, the Eureka brand accounts for 58% of sales, but the share sold under the Electrolux brand is growing.

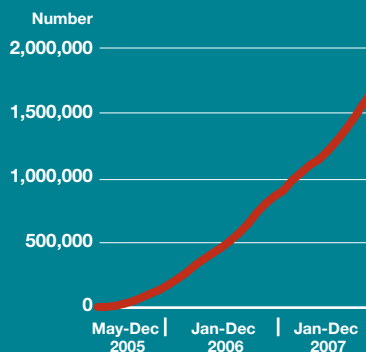
The Group is the market leader in the central vacuum system segment. Electrolux is committed to continuous market introductions of innovative products for which consumers are willing to pay premium prices. Most of the Group's vacuum cleaners are developed and sold globally, which makes Electrolux unique compared to the Group's competitors.

All production of Electrolux vacuum cleaners is located in low-cost countries. About two-thirds are supplied by producers in China, with whom Electrolux has been cooperating for many years to ensure quality products.

Floor-care products, share of Group sales



Accumulated sales volumes of the cleaner Electrolux Ergorapido



More than 1.5 million units of the cordless stick cleaner Electrolux Ergorapido have been sold since the launch in 2005. The second generation Ergorapido was launched in September 2007.

## Electrolux Ergorapido 2 en 1



ENVOYER À UN AMI · BLOGUEZ-LE!

INFORMATIONS PRODUIT · INFORMATIONS LÉGALES · ELECTROLUX.COM · BANDE SONORE

## Ultrasilencer Special Edition Pia Wallén

Menu - Galxy

### Silence in images Blurring the line between art and appliance

An Ultrasilencer that is as easy on the eyes as it is the ears. Totally white, the design is truly unobtrusive and as fresh as a layer of Scandinavian snow. And with its simple to-grip handle, it blurs the line between art and appliance. See for your self by clicking on the images.

Inspiration



SEND TO A FRIEND · BLOG IT

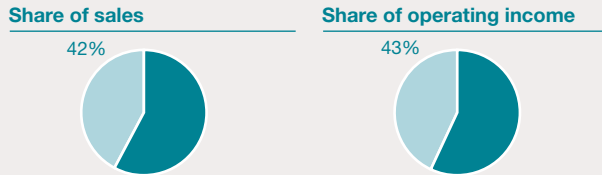
ELECTROLUX.COM

These campaigns were used to promote the launches of two design products, Ergorapido and Ultrasilencer. Both campaigns were featured on many design blogs.

# Consumer Durables Europe

Electrolux has strong positions throughout Europe for appliances and vacuum cleaners. The share of sales in Eastern Europe and through kitchen specialists is growing rapidly.

## Consumer Durables Europe's share of sales and operating income 2007



Group sales of appliances in Europe rose during the year, on the basis of an improved product mix and higher volumes. Extra costs for new products adversely affected income and operating income declined compared to 2006.

### High growth rate in Eastern Europe

The European market for appliances amounts to approximately SEK 246 billion annually, of which Eastern Europe accounts for approximately one fourth. Growth in Western Europe is driven by innovation and design as well as an increase in the number of households due to demographic changes. Growth in Eastern Europe, which has been vigorous in recent years, is driven primarily by an improving standard of living. For Europe as a whole, demand in 2007 for core appliances and vacuum cleaners grew by 1.3% and 2.6%, respectively.

Virtually all households in Europe have access to refrigerators and cookers, and many to washing machines. The share of households with freezers, dishwashers and tumble dryers is considerably lower in Eastern than in Western Europe. Since the European market comprises many countries and language areas, there are still many different producers and brands. Large variations in consumer behavior as well as a low level of consolidation among retailers have led to price pressure, despite rising costs for raw materials.

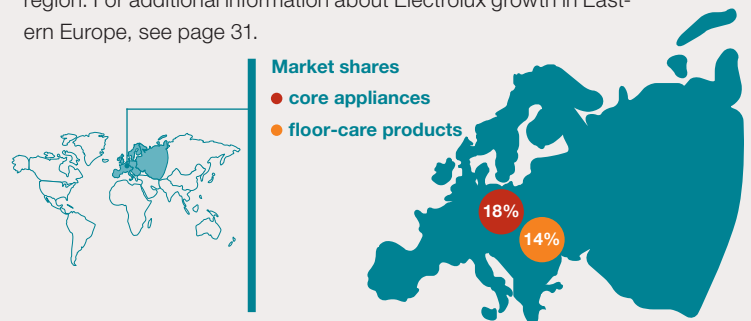
### Increasing share for kitchen specialists

The European market is dominated by many small, local and independent retail chains that focus on electrical and electronic products as well as kitchen fixtures. Consolidation of retailers for household appliances is ongoing.

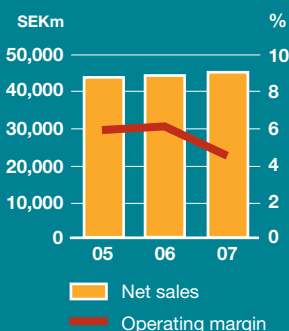
The share of sales by kitchen specialists in Western Europe has grown over the past ten years and is now approximately 25% of the market in value. In Germany and Italy, the corresponding figure is approximately 40%. Sales over the Internet also show rapid growth. Most retail chains offer Internet service to their customers, while new players who sell only on the web are entering the market. Electrolux products are sold largely through retail chains and kitchen manufacturers, but the share sold by kitchen specialists is increasing.

### Strong positions throughout Europe

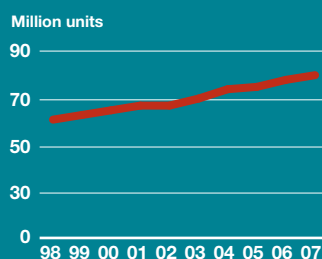
Electrolux has strong positions for appliances and vacuum cleaners throughout Europe, with the Italian, UK and German markets showing the highest levels of sales. Approximately 23% of the Group's sales of major appliances and approximately 30% of sales of vacuum cleaners are in Eastern Europe. These shares are increasing on the basis of rapid market growth as well as the Group's strong positions in production and distribution within this region. For additional information about Electrolux growth in Eastern Europe, see page 31.



### Net sales and operating margin



### Growth of shipments of core appliances in Europe, excl. Turkey



Industry shipments of core appliances in Europe increased by 1% in 2007 in comparison with the previous year. Demand in Eastern Europe rose by 8%, while demand in Western Europe declined by 1%. Group sales of appliances in Europe rose during the year, on the basis of an improved product mix and higher volumes.

### Facts

#### CORE APPLIANCES

##### Major markets

- Germany
- UK
- Italy

##### Major competitors

- Bosch-Siemens
- Indesit
- Whirlpool

#### VACUUM CLEANERS

##### Major markets

- Germany
- UK
- France

##### Major competitors

- Bosch-Siemens
- Dyson
- Miele



# Consumer Durables North America

Electrolux has a leading position in appliances and vacuum cleaners in both the US and Canada. The three largest producers of appliances in the US account for 90% of the market.

## Consumer Durables North America's share of sales and operating income 2007



Group sales of appliances in North America rose in comparable currencies during 2007, on the basis of higher sales volumes. Market shares increased in a declining market. Operating income and margin improved.

### Dominated by mass market and premium segments

The North American market for household appliances amounts to approximately SEK 141 billion, or approximately USD 22 billion, annually. Virtually every household has a refrigerator, a freezer, a cooker, a washing machine and a tumble dryer. The share of households with dishwashers is lower. Growth is driven by the replacement of worn-out products as well as a growing interest in design, innovation and the environment. The US market is divided into four segments, i.e., low-price, mass market, premium and super-premium. See page 26. The mass-market and premium segments are dominant. The Group's Frigidaire brand is positioned in the mass market. Whirlpool and General Electric are the leaders in the premium segment.

The three largest producers in the US account for 90% of the market volume. The weak housing market in the US had an adverse effect on demand for household appliances in 2007. Shipments of core appliances from producers to retailers declined by 5.6%.

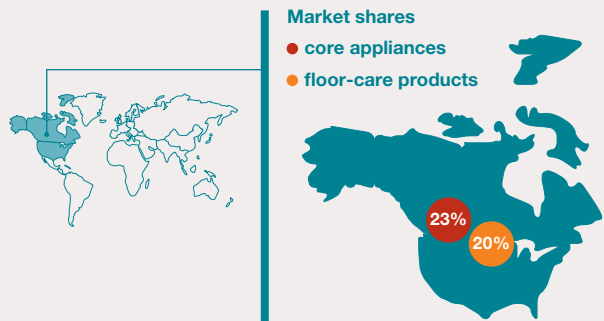
### Consolidation of retailers

Almost all appliances in the US are sold by four major retailers, Lowe's, Sears, Home Depot and Best Buy. Sears and Home Depot also have strong positions in Canada. Vacuum cleaners are sold mainly in supermarkets. Consolidation of retailers has been in progress for some time. A large share of sales by retailers is driven by campaigns.

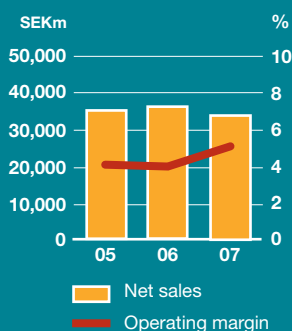
Kitchen specialists like those in Europe have a small part of the US market. Instead, kitchens are normally built on-site by construction firms, which also purchase appliances. Electrolux products are sold largely through the major retail chains.

### Aims for growth in premium segment

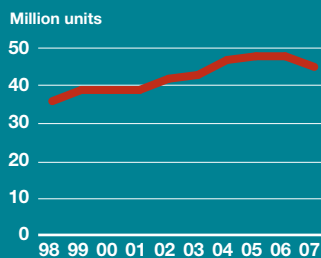
Electrolux has leading positions for appliances and vacuum cleaners in both the US and Canada. The Electrolux brand for appliances is relatively new in the US. It was launched to a limited extent in 2004, through the Electrolux ICON series at the high-end segment. The Group's appliances are currently sold mainly under the Frigidaire brand, while vacuum cleaners are sold largely under the Eureka brand. The first Electrolux-branded vacuum cleaners were launched in 2003. More extensive launches of Electrolux-branded innovative appliances for the high-end segment is scheduled for the second quarter 2008.



### Net sales and operating margin



### Growth of shipments of core appliances in the US



Industry shipments of appliances in the US declined by 6% in 2007 in comparison with the previous year. Group sales of appliances in the North American market rose by almost 2% in comparable currencies, on the basis of higher sales volumes.

### Facts

#### CORE APPLIANCES

- Major retailers**
- Home Depot
  - Lowe's
  - Sears

**Major competitors**

- General Electric
- Whirlpool

#### VACUUM CLEANERS

- Major retailers**
- Lowe's
  - Sears
  - Wal-Mart

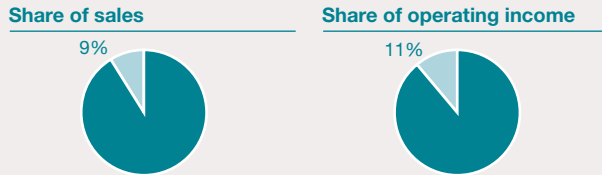
**Major competitors**

- Bissell
- Dyson
- Royal

# Consumer Durables Latin America

Electrolux sales in Latin America have grown rapidly in recent years. Brazil is the Group's largest market in Latin America, and Electrolux is one of the largest producers in Brazil. The Electrolux brand has strong positions in all segments.

## Consumer Durables Latin America's share of sales and operating income 2007



Group sales in Latin America rose strongly during the year mainly on the basis of good market growth. Operating income in 2007 for the operations in Latin America was the highest in the Group's history.

## Fast market growth

The Latin American market for household appliances amounts to approximately SEK 61 billion annually. Brazil and Mexico account for approximately 40% and 20% of this market, respectively, while Argentina, the third largest market, accounts for less than 10%. In recent years, Latin America has shown high economic growth rates and greater household purchasing power. In 2007, Brazil showed a GDP growth of approximately 5%, which contributed to a strong increase in demand for appliances.

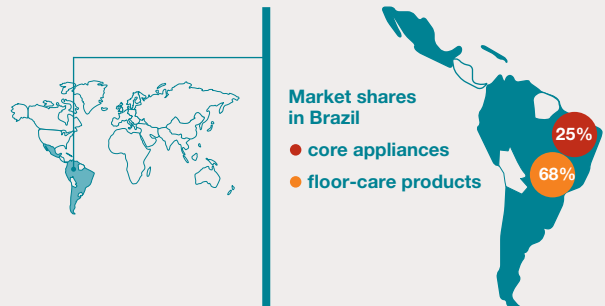
The share of households with refrigerators and cookers is high in Latin America. In recent years, sales of other major appliances have shown strong growth. The Latin American market is relatively consolidated, and the three largest producers account for approximately 75% of sales in Brazil. Whirlpool is the overall leader in the region on the basis of strong positions in the three leading countries.

## Rapid consolidation

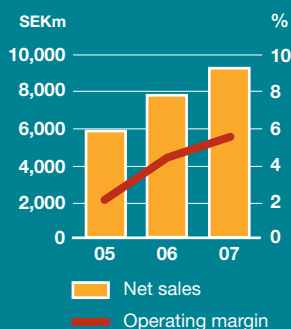
Regional and local retailers are being consolidated rapidly. Electrolux products are sold in Brazil through the major chains, including the market leader Casas Bahia.

## Almost 80% of sales in Brazil

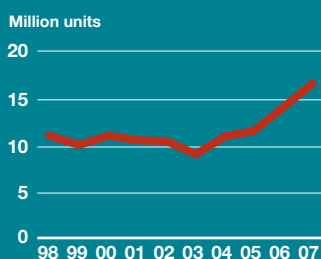
The Brazilian market accounts for almost 80% of Electrolux sales in Latin America. Sales in Brazil have grown rapidly in recent years on the basis of innovative Electrolux-branded products. Electrolux is now the second largest producer in the country, and the Electrolux-brand has strong positions in all segments. In other major markets such as Mexico and Argentina, Electrolux sales are low, but increasing. For additional information about the Group's operations in Brazil, see page 34.



## Net sales and operating margin



## Growth of shipments of major appliances in Brazil



Industry shipments of appliances in Brazil during 2007 rose by 17% over the previous year. Sales volumes for Electrolux rose by 23%.

## Facts

### CORE APPLIANCES

**Major market**

- Brazil

**Major retailer**

- Casas Bahia

**Major competitors**

- General Electric
- Mabe
- Whirlpool

### VACUUM CLEANERS

**Major market**

- Brazil

**Major retailer**

- Casas Bahia

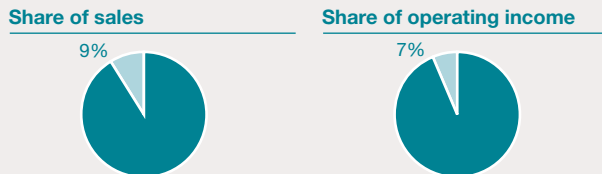
**Major competitor**

- SEB Group

# Consumer Durables Asia/Pacific

Australia is Electrolux largest market for household appliances in the Asia/Pacific region. In Southeast Asia, the Group is leveraging the leading position in front-loaded washing machines in order to expand operations in kitchen appliances.

## Consumer Durables Asia/Pacific and Rest of world's share of sales and operating income 2007



Good sales growth for appliances in Asia/Pacific. Operating income in Australia and New Zealand as well as the entire South East Asia region showed an improvement, mainly on the basis of previous restructuring.

### Three different markets

In 2007, the market for household appliances in the Asia/Pacific region amounted to approximately SEK 270 billion. The market is divided into three areas: Mature markets such as Japan, South Korea and Australia, large and rapidly growing markets such as China and India, and relatively small and rapidly growing markets such as Vietnam and Thailand. The Japanese market is the largest, with sales amounting to approximately SEK 51 billion annually. The Australian market for appliances amounted to approximately SEK 19 billion in 2007 and shows a high penetration for most appliances. Growth in Australia is driven by increasing interest in innovations, the environment and design.

There is no definite market leader in the Asia/Pacific region. In China, the domestic company Haier is the largest producer, with approximately 27% of the market, followed by several domestic and international producers with relatively small market shares. In Australia, Electrolux and Fischer & Paykel are the market leaders, with market shares of approximately 38% and 17%, respectively. LG of South Korea is the third largest manufacturer with a market share of approximately 10%.

### Increasing consolidation

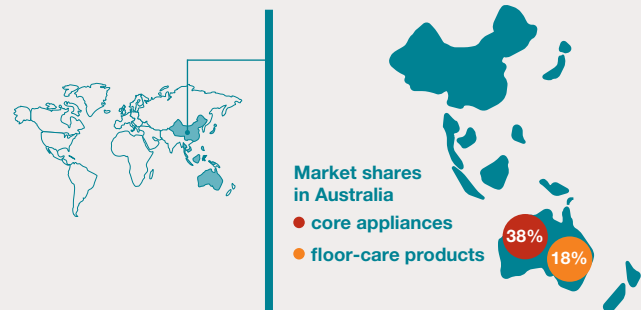
There is no retail chain that covers the entire region. On the other hand, there is a trend to increasing consolidation of retailers in various countries. In China, the market is dominated by two large domestic chains that specialize in electronics. International retail chains still have a limited presence in China. In Australia, five large chains account for approximately 90% of the market.

### Strong position in Australia

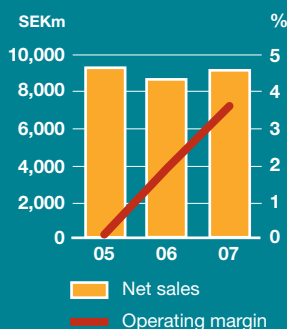
More than half of the Group's sales in Asia/Pacific is generated in Australia, where the Group has a leading position in appliances. The Electrolux brand is positioned in the premium segment. The Group's other brands in Australia, Westinghouse and Simpson, have strong positions, as well as Kelvinator within air conditioning. For additional information about the Group's operations in Australia, see page 33.

In Southeast Asia, Electrolux is the market leader for front-loaded washers in Thailand, Vietnam, The Philippines, Indonesia and Malaysia. This position is currently being leveraged to expand into kitchen appliances. In China, Electrolux is one of a group of international brands in the premium segment, while the other segments are dominated by domestic producers.

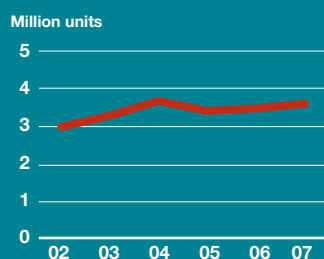
In 2005, Electrolux changed its business model in India. The agreement with Videocon, one of India's largest industrial groups, includes a license to use the Electrolux brand until 2010.



### Net sales and operating margin



### Growth of shipments of core appliances in Australia



Market demand for appliances in Australia rose during the year in comparison with 2006. Group sales rose in comparable currencies, mainly as a result of market growth.

### Facts

#### CORE APPLIANCES

##### Major markets

- Australia
- China

##### Major competitors

- Fischer & Paykel
- LG
- Samsung

#### VACUUM CLEANERS

##### Major markets

- Australia
- South Korea

##### Major competitors

- Dyson
- LG
- Samsung

# Professional Products

Electrolux is a world leading supplier of total solutions of professional food-service and laundry equipment. The Group's strongest position is for food-service equipment in Europe.

## Professional food-service equipment

### Global opportunities

The market for professional food-service equipment amounts to approximately SEK 125 billion annually. Global growth is approximately 3–4% annually, the fastest rate of increase being in Asia, Latin America and Eastern Europe. About 50% of all food-service equipment is sold in the North American market, which is twice as big as the European.

In the US, large restaurant chains are accounting for increasing market shares, and US-based chains are also expanding rapidly in growth markets such as China and Eastern Europe. In China, restaurant chains still have a small market share, with only 7,000 out of a total of 3.5 million establishments. This involves substantial growth opportunities for producers of food-service equipment that sell to restaurant chains. In recent years, Electrolux has established strong relations to major fast-food chains in the US to take advantage of opportunities both in the US and on growth markets.

The structure of the market in Europe is more complex and is dominated by smaller, independent restaurants. Producers are also more fragmented and often specialize in one product or sector. Ongoing harmonization of legislation and regulation across the European Union benefit larger producers, which easier can adapt to tougher standards.

### Demand depends on regional trends

Structurally, demand is driven by regional trends, e.g., an increase in the number of visits to restaurants. Eating out has become more common as disposable income rises and the number of restaurants increases. Buyers of food-service equipment has widely

varying demands. This means that producers must offer a high level of flexibility. Buyers are focusing increasingly on criteria for hygiene and energy-efficiency as well as on access to a comprehensive service network. Design is steadily becoming more important, as many restaurant kitchens are on display to guests.

### Complete solutions

Electrolux supplies restaurants and industrial kitchens with complete solutions of equipment and services, including ovens, dishwashers, refrigerators, cookers and hoods.

### Sales through dealers increase

The greatest share of sales of Electrolux food-service equipment is through dealers. This strategy has proved to be more successful and cost-efficient than direct sales due to the complexity of the customer structure.

### Electrolux brand

The Group's products for professional kitchens are sold mainly under two brands, Electrolux and Zanussi Professional. In addition, Molteni is a niche brand for exclusive cooking ranges. The number of brands has been purposely reduced in recent years, in accordance with the Group's strategy for more efficient utilization of economies of scale in production and marketing.

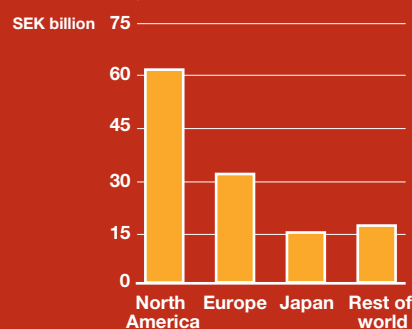
## Professional laundry equipment

### Growth in emerging markets

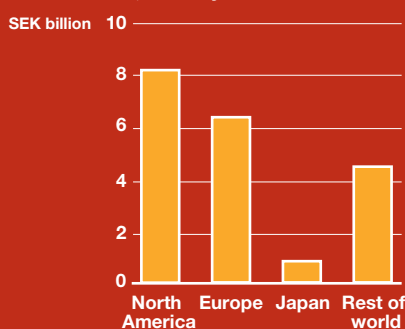
The global market for professional laundry equipment amounts to approximately SEK 20 billion annually. The global market shows annual growth of 2–3%. Emerging markets show the fastest

## Opportunities within professional products

### Market value, food-service

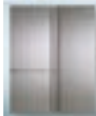


### Market value, laundry



North America, Europe and Japan account for approximately 80% of total sales of professional products. Growth is mainly concentrated to growth regions, with an annual growth rate of approximately 4–6%. The total market value is approximately SEK 145 billion annually.

Everything we learn here, we apply here.



**Electrolux Modular Fridge**

From the healthiest to the most delicious, our Modular Fridge is the perfect solution for your kitchen. It's the only refrigerator that can be customized to fit your needs. It's the only refrigerator that can be customized to fit your needs. It's the only refrigerator that can be customized to fit your needs.

*Thinking of you.*  
**Electrolux**

Everything we learn here, we apply here.



**Electrolux Induction Cooking**

Our Induction Cooking is the perfect solution for your kitchen. It's the only cooktop that can be customized to fit your needs. It's the only cooktop that can be customized to fit your needs. It's the only cooktop that can be customized to fit your needs.

*Thinking of you.*  
**Electrolux**

An example of an especially successful coordination between consumer durables and professional products is the 2007 campaign in Australia in which Electrolux consumer and professional products were marketed simultaneously.

growth, approximately 5–6%. About 40% of this equipment is sold in North America, and 30% in Europe. The largest customer category comprises healthcare and apartment house laundries. The market for laundry equipment is not as fragmented as for professional food-service equipment. The five largest producers have a combined market share of approximately 45%.

*Demand driven by population growth*

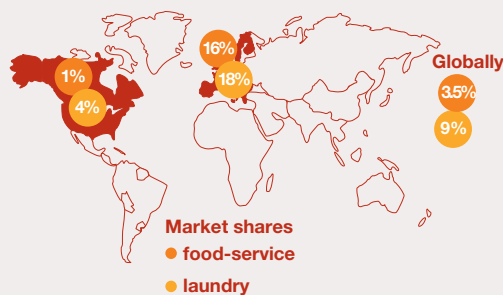
Demand for professional laundry equipment is not as sensitive to the business cycle as food-service equipment, but shows a strong link to population growth. Customers are interested in innovations that enable lower costs through lower consumption of energy and water.

*Large share of direct sales*

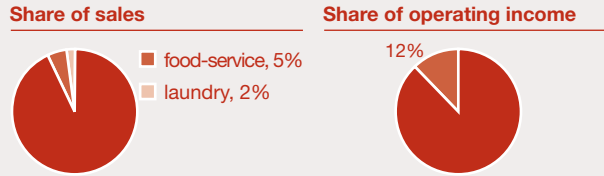
The share of direct sales is larger for professional laundry equipment than for food-service equipment, although there is a similar trend to greater reliance on dealers. The greater share of Electrolux laundry equipment is sold through dealers in Europe, Asia and North America.

*Electrolux brand and product offering*

Professional laundry equipment is sold exclusively under the Electrolux brand, except in the US where the Wascomat brand is used. The product offering includes washing machines, tumble dryers and equipment for finishing and ironing.



**Professional Products' share of Group sales and operating income 2007**



Operating income and margin in 2007 for Professional Products improved over the previous year, as a result of more efficient production and price increases. Price increases offset higher costs for raw materials, primarily for stainless steel.

**High rate of innovation and extensive service network**

In order to maintain a high rate of innovation, the equivalent of about 4% of net sales for Professional Products is invested in continuous product development. The Group has more than 200 patents for professional food-service and laundry equipment. Electrolux also has the industry's most extensive service network, which is a vital competitive advantage.

**Own production increasing**

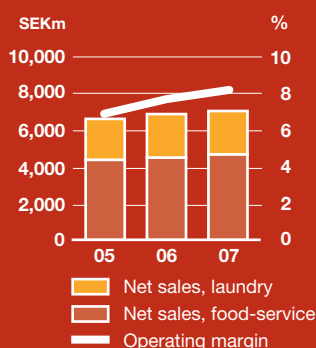
Labor costs are normally less than 10% of the total costs for professional products, which means that production can be located close to the end-user market. Equipment is often bulky and complex, so that it is costly to transport over long distances. Competition from producers in low-cost countries is limited.

The share of own-produced equipment in total Group sales has increased in recent years. Just as for consumer products, the production system for professional products is being streamlined to a smaller number of product platforms.

**Mutually beneficial transfers**

The Group's comprehensive experience and expertise in Professional Products pays dividends for operations within Consumer Durables, and vice versa. Consumers are inspired by visits to restaurants with open kitchens and are looking for products with a professional appearance for their own kitchens. Innovative solutions developed within Professional Products are transferred to Consumer Durables. In addition, some raw materials are purchased jointly.

**Net sales and operating margin**



**Facts**

**FOOD-SERVICE EQUIPMENT**

- Major markets**
- Scandinavia
  - Italy
  - France

**Major competitors**

- Ali Group
- Enodis
- ITW/Hobart

**LAUNDRY EQUIPMENT**

- Major markets**
- Scandinavia
  - Japan
  - USA

**Major competitors**

- Alliance
- Girbau
- Miele



**During the second quarter of 2008, a completely new product offering will be launched in North America** in the premium segment under the Electrolux brand. This will be the biggest launch in the Group's history in North America. The plan is to gain a significant long-term presence in the premium segment, which shows a considerably higher profitability than the mass market, where the Group holds a strong position today.

The new Electrolux-branded appliances represent a great value proposition. They offer an exciting combination of industry-first features, looks and quality.

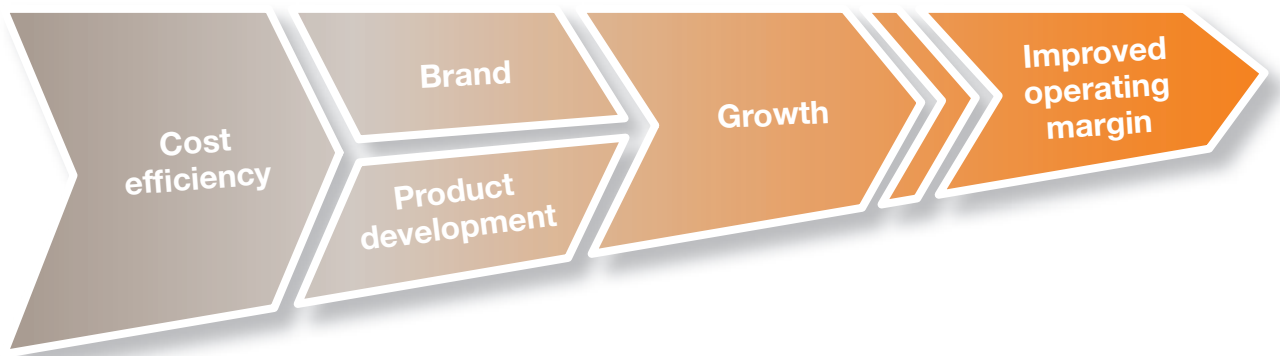






# The Electrolux strategy

Electrolux is working hard to improve profitability. A competitive production system, innovative products based on consumer insight and a strong global brand is the strategy that will generate long-term margins on a level with the best in the industry.



During the past decade, product offerings in the market for household appliances have been transformed from simple, basic equipment to more innovative products with attractive design. Electrolux has been transformed from a production-oriented industrial company to an innovative consumer-oriented company with operations based on insight into consumer behavior. The number of new products generated through consumer-focused development is increasing rapidly, and is leading to improved product offerings and a greater number of successful launches.

The Group is implementing a restructuring program which involves relocating more than half of production to low-cost countries.

The task of building the Electrolux brand into a strong, global leader is continuing on the basis of large investments in marketing as well as launches of new Electrolux-branded products in the Group's major markets in Europe and North America.

Innovative products, lower costs and a strong brand enable Electrolux to create a foundation for improved profitability and growth.

“Thinking of you” sums up the Electrolux offering – always put the users first and foremost, whether it’s a question of product development, design, production, marketing, logistics or service. By offering products and services that consumers prefer, that benefit both people and the environment, and for which consumers are willing to pay a higher price, Electrolux can achieve profitable growth.

*Thinking of you*

 **Electrolux**

# Growing number of new products

Products that are generated by the Electrolux process for consumer-focused development account for a rapidly growing share of Group sales. This in turn leads to an improved product mix as well as higher long-term profitability.

In 2007, a record number of new products were launched worldwide. Research also shows that many more consumers prefer the Electrolux brand than in last year. The increased investment in product development based on consumer insight is clearly starting to give results.

#### Interviews and visits to households

Insight into consumer behavior is the basis for all product development within the Group. Interviews and visits to households on a large scale in recent years have enabled Electrolux to identify a number of global trends in society and consumer preferences to which products can be adapted. The common denominators of all products launched by Electrolux are ease of use, high quality and exciting design as well as user- and environment-friendliness.

#### Global trends and processes

The goal of the Group's product development is to generate products that can be sold worldwide on the basis of common global needs, as well as products that are tailored to local requirements.

Identifying trends for various customer and consumer segments enables Electrolux to offer products with relevant functions and attractive design. Global products also contribute to more efficient production, as the number of production platforms can be reduced.

#### Continued high investment level

In 2007, over SEK 2 billion was invested in development of new products, an increase of 10% over the previous year. This investment is expected to remain at the same high level in coming years. Electrolux is committed to developing products for profitable segments as well as markets that show strong growth. The Group's common product development process based on consumer insight is expected to stimulate greater market demand.

## Success story: Market Fresh for Asian kitchens

During 2007, Electrolux successfully launched a new range of refrigerators in Southeast Asia. The product development team conducted extensive research and found there was a great need to ensure that food retained its original nutritional value, taste and flavour during preservation. In response, Electrolux introduced a number of innovations in the new refrigerators, among them a system that attract and absorb stray odours, and odour control bins to help prevent strong smells from one food mixing with the taste of another.

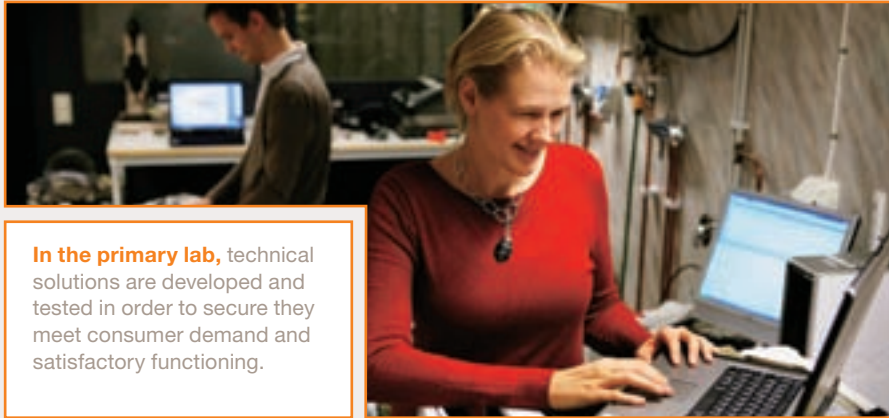
Early in the development, a clear message was formulated for launching and marketing the new refrigerator. Point-of-sale material and advertisements were created around the theme of freshness, as the refrigerator is called Electrolux Market Fresh.

Despite a higher price tag, sales are substantially higher than for previous Electrolux models on the market.



# Developing products based on consumer insight

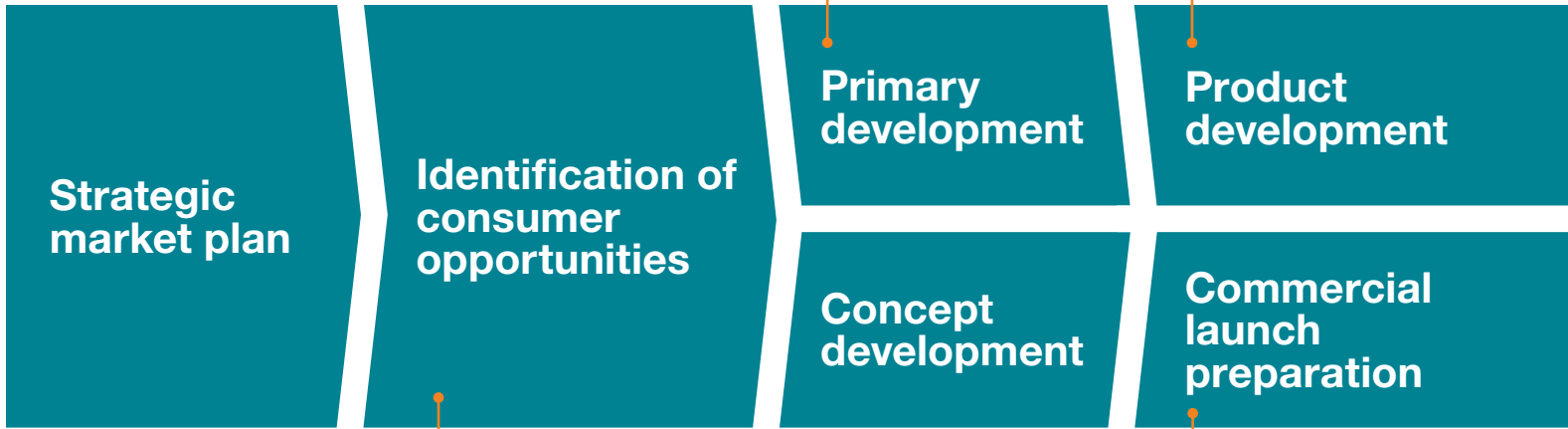
Electrolux product development process, Product Management Flow (PMF), is a holistic process for managing products – from cradle to grave. PMF is now applied to all products developed within the Group, both for consumers and professional users.



**In the primary lab**, technical solutions are developed and tested in order to secure they meet consumer demand and satisfactory functioning.



**The product is constructed** and prepared for launch, when specifications and design have been decided upon. This model of the vacuum cleaner Ergospace will be launched in spring 2008.



**From the business opportunities** that have been identified in the strategic plans, extensive consumer insights will be brought in through interviews, visits to households and discussions.



**All market communication** aims at creating a strong image of Electrolux, for all products and markets. Marketing plans are integrated at an early stage in the product development process and activities are coordinated to achieve best impact.



**Sales arguments and launch** are planned in parallel with product development. Swedish designer Pia Wallén's vacuum cleaner Ultrasilencer was presented at the Asplund Design Shop in Stockholm, Sweden, in the autumn 2007.

## Launch execution

## Range management

## Phase-out

Focus is now moved forward in the process, to launch execution and range management to ensure consumers are familiar with Electrolux products.



**Continuous updates** prolong the life of a product. Electrolux Market Fresh, which was presented on the former spread, became a great success. Later on Market Fresh was supplemented with a three-door variant.

**All Electrolux products** are produced for simple recycling.



# Electrolux brand is growing

All market communication aims at creating a strong image of Electrolux, for all products and markets. Marketing plans are integrated at an early stage in the product development process and activities are coordinated to achieve best impact.

For a consumer-goods company like Electrolux, the brand is one of the most important assets. Since consumers do not purchase household appliances often, they have limited knowledge of the products that have been introduced since their last purchase. A leading brand that stands for quality, thoughtfulness and innovative products is, therefore, important for both consumers and retailers.

## “Thinking of you”

“Thinking of you” highlights the Group’s intensive focus on consumer insight for development of new products. Communication profiles Electrolux as the “Thoughtful Design Innovator”. Marketing plans are integrated in the product development process at an early stage.

Marketing activities are coordinated in order to achieve greater efficiency and impact. Investments are aimed at countries with the greatest potential, and cost-efficient media such as PR and the Internet are being used more frequently.

## Increased investment in the Electrolux brand

Investment in brand communication in 2007 amounted to 1.8% of net sales. During the next few years, this investment will rise to more than 2% of sales in connection with major product launches, e.g., in North America.

The focus on the Electrolux brand enables more efficient use of resources. Among the double brands, investment is directed mainly to AEG-Electrolux in Europe. Investments are also made in other local brands such as Zanussi in Europe and Frigidaire in North America.

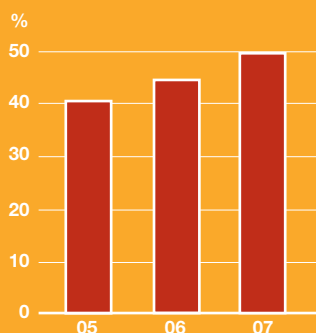
## Strengthening of the Electrolux brand in different regions

Sales of Electrolux-branded products, including double brands, have risen from 18% in 2000 to approximately 50% in 2007. In Southeast Asia and Latin America, all Group appliances and vacuum cleaners are sold under the Electrolux brand. The share of Electrolux-branded appliances in Europe is approximately 52%, and approximately 1.5% in North America. In all regions, continuous investment programs are aimed at strengthening the Electrolux brand through launches of innovative products in the high-price segments.

## More of Electrolux in USA in 2008

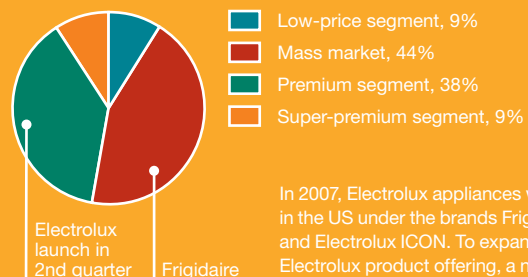
Sales in the US under the Electrolux brand comprise vacuum cleaners and high-end appliances. In 2008, a new line of appliances will be launched under the Electrolux brand in the premium segment. The goal is over time to achieve a substantial share in the high end of the North American market in order to improve the product mix.

Electrolux brand’s share of total sales



An important reason for the Electrolux brand’s relatively low share of sales is that it is a new brand in the US. Most of the Group’s sales in the US are under the Frigidaire brand.

Estimated value segments on the US market



In 2007, Electrolux appliances were sold in the US under the brands Frigidaire and Electrolux ICON. To expand the Electrolux product offering, a new Electrolux-branded product line will be launched in the second quarter 2008 in the fast-growing premium segment.



Australian fashion designer Alex Perry was amazed at the result when he first used the tumble dryer Electrolux Iron Aid. Now he is sharing his expertise of delicate fabrics with Electrolux as fabric care ambassador.

### Strengthening the Electrolux brand in Europe

The Group's largest ever product launch in Europe was in 2007. This launch was also one of the largest ever by Electrolux anywhere, and comprised new appliances for built-in with consistent design and innovative features. The launch is vital for improving the product mix in the European market. In the course of the year, products corresponding to approximately 40% of Electrolux sales in European markets was replaced by innovative Electrolux-branded products.

### Electrolux on-line

The Internet is an important tool for marketing, sales and support of the Group's products. Electrolux is committed to build thoughtful, innovative and attractive on-line solutions that assist consumers in all phases of their path to purchase.

The ways in which people use the Internet change rapidly and vary with age, regions and cultures. It is hence essential for Electrolux to go where the consumers are and create a relevant presence on communities, portals, search engines and not least our own consumer web-sites.



Swedish designer Pia Wallén's white version of Electrolux Ultrasilencer was inspired by the silent vacuum cleaner. She associated the silence with the sound of falling snow; white, peaceful and quiet. The vacuum cleaner is produced in a limited edition and is sold by selected retailers.

## Success story: Brand transition in France

Since 1995, Group appliances for the high end of the French market have been double-branded as Arthur Martin Electrolux. The brand transition was completed in 2007, as Arthur Martin was discontinued. "Desormais Arthur Martin préfère qu'on l'appelle Electrolux" (Arthur Martin wants to be called Electrolux) was the message in the comprehensive marketing campaign that supported the change of brand.

Arthur Martin, which has offered innovative kitchen and cleaning solutions to French consumers since 1854, is now part of the Electrolux brand. It is no coincidence that the change was scheduled during the Group's largest-ever European launch. In the future, French consumers can continue to purchase innovative products, and Electrolux marketing activities can be concentrated to one single brand.



# Innovative products and marketing



## Generation 4000

Electrolux new series of professional laundry products combines elegant design and cutting-edge technology with energy-efficiency and user-friendliness. Generation 4000 includes a wide range of washing machines, tumble dryers and flatwork ironers.

All units feature Compass Control for easy, efficient selection of washing programs. Generation 4000 was launched in Europe and Asia in 2007.

## Antarctica project

A new guest has arrived in the fragile Antarctic environment – the world's first zero emissions polar station. Powered by wind turbines and solar panels, the Princess Elisabeth station will house scientists who will probe the subcontinent's ice layer for answers to climate change.

Electrolux is supporting the effort with its energy-efficient appliances to meet the daily needs of scientists and researchers working in a tough environment. For information, visit [www.electrolux.com/antarctica](http://www.electrolux.com/antarctica)

## Intelligent oven Inspiro

Inspiro is an intelligent oven with a new auto-sensor system, which chooses the correct temperature, time and oven function for any type of meal.

This built-in oven was launched in France in January 2008, and will be launched in other European markets during the spring.

## Electrolux Design Lab 2007

Electrolux Design Lab, established in 2003, is an annual global design competition open to industrial design students. The challenge for the 2007 edition was to create eco-friendly, sustainable household appliances and solutions for 2020. The brief was to go above and beyond water and energy efficiency and suggest ways to foster sustainable behavior and product use.

Hundreds of students from 42 countries participated in the competition and the jury selected eight finalists. The winning concept was e-Wash, a compact washing machine that uses soap nuts from nature instead of detergent. For information, visit [www.electrolux.com/designlab](http://www.electrolux.com/designlab)







## World's most beautiful **cooktop**

Luxury cooking is being taken to new heights as Electrolux introduces the Illuminated Induction Cooktop. This thoughtfully designed cooktop stands proud from the benchtop for a stunning effect.

The cooktop combines the precision and innovation of Electrolux induction technology with an elegant design, creating a unique cooktop that is both powerful and easy to use. It features touch controls and white perimeter lighting that radiates when the cooktop is turned on.

Illuminated Induction Cooktop is made from stylish white corian and ceramic glass and is scheduled for launch in April 2008 in Australia and Japan.

## The vacuum cleaner **Ultrasilencer Green**

The environment-sound Ultrasilencer Green consumes much less energy than competing vacuum cleaners but offers equivalent cleaning performance. Recycled plastic accounts for more than half of the plastics used in Ultrasilencer Green, and 90% of the unit can be recycled after disposal. Like all vacuum cleaners in the Ultrasilencer series, it is silent.

### Design awards

Electrolux has received several design awards. Products are perceived as having new and good design.



# Strategy for growth

The Electrolux strategy for growth involves improving the Group's offering to the market by identifying specific elements – product categories, regions and sales channels – that can drive profitable growth.

The total market for household appliances is growing at about the same rate as the global economy, i.e., by 3–5% over the course of a business cycle. Although growth in the total market may be limited in terms of value, a number of definite, strong market trends are driving vigorous growth in specific product categories, regions and sales channels.

### Higher penetration and faster replacement rate

Sales of household appliances are growing rapidly in Eastern Europe, Latin America and Asia. Household purchasing power is increasing, which leads to higher demand for such products as cookers, refrigerators and washing machines. In Western Europe and North America, the rate of replacement for appliances is accelerating despite an improvement in product quality. This trend is driven by innovative products featuring attractive design, useful features and environmental benefits.

### Number of households rising

Although the populations of Europe and the US are not growing, the number of households is increasing. In Western Europe, the number of households has risen by approximately 1.5 million annually over the past ten years. More single-adult households and longer life expectancy are the factors that explain this trend.

Sales of household appliances are strongly correlated to the increase in the number of households.

### Growth in premium and low-price segments

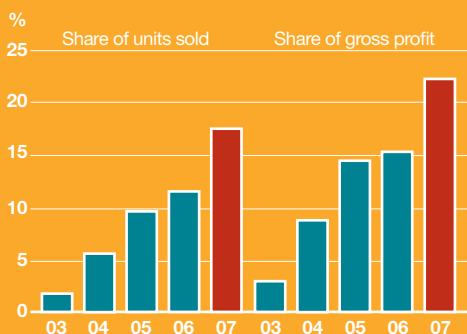
Growth in the market for appliances is currently shown in the premium and low-price segments. Strong interests in the home and in design together with rising disposable incomes are generating greater demand for expensive, sophisticated products. New producers from low-cost countries and a growing number of large, global retailers who focus on low price is leading to greater demand for basic low-end products.

### Growth in new product categories

The new products launched by Electrolux have all been generated by the Group's process for consumer-oriented product development. This increases the probability that these products will receive good market acceptance. New products are also being aimed to a greater extent than previously at consumers in the premium segment, which gives the Group an improved product mix.

Electrolux works continuously to identify product categories with a potential for rapid and profitable growth. The Group's position as an environmental leader is based on launching products that consume less water and energy than previous product generations.

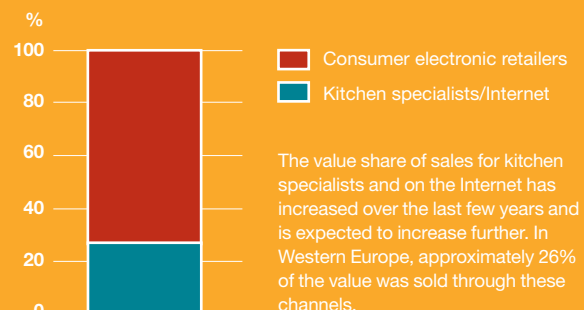
Electrolux environmental-friendly products, green range



In 2007, green range, i.e., the Electrolux products with the best environmental performance, accounted for approximately 17% of total units sold within household appliances in Europe and approximately 22% of gross profit.

In 2008, the green range appliances will be expanded to all business sectors in the Group.

Sales through kitchen specialists and the Internet



The value share of sales for kitchen specialists and on the Internet has increased over the last few years and is expected to increase further. In Western Europe, approximately 26% of the value was sold through these channels.

Source: GfK, 2006.



**Electrolux Design Centre in Shanghai, China**

Electrolux showroom in Shanghai will host events for the Chinese design community. The aim is to establish Electrolux as a design authority and to encourage an exchange of ideas between the Chinese and European design communities.

Careful monitoring of sales and profitability for products in the green range, i.e., those with superior energy-efficiency, indicates more favorable trends than for the Group's total product offering.

In addition, some product categories are currently limited but can generate strong growth in the future. Small, innovative appliances may lead to higher total sales for the Group and simultaneously strengthen the brand.

**Expansion in growth regions**

The Electrolux strategy for profitable growth involves monitoring growth in developed markets in order to selectively expand operations in specific product categories and to increase sales in emerging markets. In terms of sales and production, the Group has a strong presence in such growth markets as Eastern Europe, Latin America and a large part of Asia. Demand for modern household appliances is showing strong growth in emerging markets as disposable income rises. The Group's local presence and extensive experience of growth markets create opportunities for continued expansion.

**Higher sales through kitchen specialists and the Internet**

Kitchen specialists in Europe and Australia are accounting for a growing share of the retail network. Electrolux can increase sales through these channels on the basis of a strong, stable brand and the ability to offer innovative products.

Prior to a purchase, the Internet is often a consumer's first contact with the product. New products are presented in campaign areas on the Group's consumer web sites where detailed product information is available. Electrolux has a strong presence on the Internet, and it is being reinforced by continuous efforts.

**Growth through complementary acquisitions**

In addition to organic growth, Electrolux can also grow through acquisitions. Priority is assigned to complementary technology, products or brands that can help the Group achieve greater market share in the premium segment.

**Success story: Strong growth in Eastern Europe**

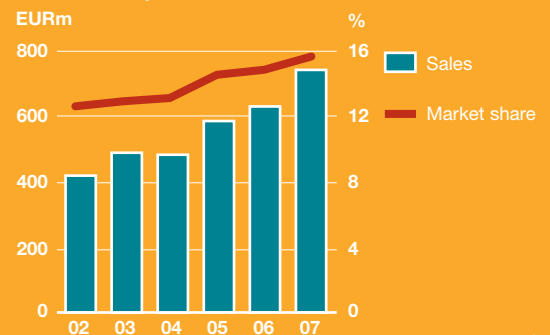
Since 1991, Electrolux has experienced rapid growth in Eastern Europe. Electrolux now has an 15% share of the Eastern European appliance market, and is the market leader in Hungary, the Czech Republic and the Baltics. Electrolux is among the top three in the other countries in the region.

Electrolux sales in Eastern Europe have shown strong growth from the start, and have accelerated in recent years. In 2007, Electrolux sales of appliances in Eastern Europe rose by more than 17%, which is approximately nine percentage points more than for the market as a whole. Today, many households not only can afford to replace their existing appliances, but can

also invest in entirely new kitchen appliances. This is leading to higher demand for built-in products, for which Electrolux is among the leaders. The improved standard of living has also involved rapid growth in demand for products such as dishwashers and dryers.

Innovative Electrolux products such as the tumble drier Iron Aid and the Electrolux Built-In Kitchen are in demand by the consumers. Electrolux can continue to grow in Eastern Europe in coming years, on the basis of strong brands, a broad range of innovative products, an efficient distribution network and own production within the region.

**Increasing market shares in Eastern Europe**



# Made by Electrolux

In order to create long-term competitiveness, Electrolux is implementing a comprehensive cost-cutting program for both production and purchasing that involves relocating production to low-cost countries and increasing purchases from them.

The appliances industry is undergoing major changes. Whereas plants were previously located close to end-users in Europe and North America, a large share of production is being moved to low-cost countries. The basic driver for the change is consumer demand for better products at lower prices.

### Competitive production footprint as of 2010

The restructuring program initiated in 2004 is aimed at making the Group's production competitive in the long term. The costs of the program are estimated at approximately SEK 8 billion. When it is fully implemented in 2010, more than half of production of appliances will be located in low-cost countries in Eastern Europe, Asia and Latin America. Savings will amount to approximately SEK 3 billion annually. Relocation of the Group's production of vacuum cleaners has already been completed.

Every decision regarding relocation of production is preceded by careful analyses of a number of factors, including current and future cost levels, conditions for transport, access to suppliers, and proximity to future growth markets. Such analyses have been the basis for establishing new plants in Poland, Hungary, Mexico, China and Thailand.

More than half of the restructuring program has now been completed. Today, approximately 50% of production is located in low-cost countries, which means that the Group is quickly approaching the goal of 60% by 2010. The cost of the program to date amounts to approximately SEK 6 billion. Savings are in accordance with plans, and amount to date to approximately SEK 1.5 billion.

Electrolux is continuing to work on increasing efficiency, but it is not expected that a program on the scale of the one being currently implemented will be required within the foreseeable future.

### Program for greater production efficiency

While production is being relocated, the Group is implementing the Electrolux Manufacturing System (EMS), a global program for more efficient production. The EMS was launched in 2005 and is based on a number of tested methods for improving production efficiency that have been developed both within and outside the Group. Production safety and working environment are improving and product quality is rising. The EMS has been introduced with great success in virtually all Electrolux plants.

## Restructuring 2007

### Plant closures and cutbacks

Torsvik	Sweden	Compact appliances
Fredericia	Denmark	Cookers
Nuremberg	Germany	Dishwashers, washing machines and dryers
Adelaide	Australia	Dishwashers

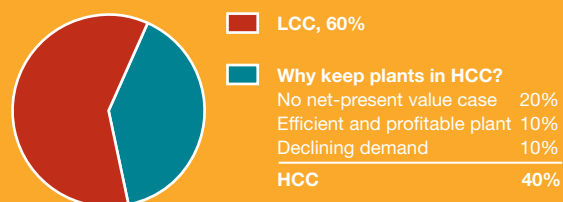
### New plants

Juarez	Mexico	Washing machines
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### Authorized restructuring

Spennymoor	UK	Cookers
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## Electrolux manufacturing footprint by 2010



In 2010, Electrolux will have 60% of its plants in low-cost countries (LCC). The remaining 40% will be in high-cost countries (HCC) due to economical reasoning: Net-present value is negative for a transfer of production to LCC; The plant is efficient and profitable; Demand for the products manufactured is declining.

## Electrolux manufacturing foot-print



### Smarter purchasing and increased purchases from low-cost countries

The largest costs for production refer to purchases of materials, which account for more than half of total Group costs. Materials and components from more than 4,000 suppliers are delivered annually to the Group's global production network. Electrolux has been able to make this complex flow of goods more efficient.

Within the Group's purchasing function, a number of activities are aimed at lowering costs related to materials. Better global coordination of purchasing and close cooperation with selected suppliers are among the measures that lead to results. All purchasing decisions above a certain level are made by the Group's global Purchasing Council. Priority is also assigned to coupling the purchasing function to the process of product development. Electrolux works closely with suppliers, who must always comply with the Electrolux Environmental Policy as well as the Workplace Code of Conduct.



In 2007, savings related to Group purchasing amounted to approximately SEK 1.7 billion.

Group purchases from suppliers in low-cost countries are being increased in order to achieve additional cost reductions. The share of such purchases has increased from approximately 30% of total purchases in 2004 to approximately 48% in 2007, and is expected to amount to approximately 50% in 2008.

### Lower energy consumption

Electrolux works continuously to achieve more efficient energy consumption in production facilities in order to limit emissions of carbon dioxide and to cut costs as well. The Group's goal is to reduce overall energy consumption by 15% between 2005 and 2009. This is expected to generate savings of approximately SEK 100m annually. The Group has about 50 plants worldwide, and they are expected to generate approximately 95% of the reduction in energy consumption.

Electrolux Manufacturing System (EMS), a global program for more efficient production, has been implemented in virtually all Electrolux plants. The picture is from the well organized cooker plant in Rothenburg, Germany.

## Success story: Restructuring in Australia

At year-end 2004, the plants in Australia and New Zealand were under investigation as part of the ongoing restructuring program. The goal was to coordinate production within the region and make it more efficient.

As of year-end 2007, production in Australia is coordinated. Six plants have been closed, production of some product categories has been discontinued and the operation for producing components

has been divested. Sales and marketing have also been made more efficient. More than 1,000 employees were affected by the changes, which cost over SEK 500m.

Greater efficiency in production is now starting to pay off. For 2007, the operating income for Electrolux business in Australia improved strongly over the previous year.

### Appliances plants in Australia



# Success story in Brazil

Electrolux entered the Brazilian appliance market in 1996 by acquiring Refripar, one of the largest appliance producers in the country. The acquisition involved a number of challenges. Refripar's products were positioned in the low-price segment, and the company had high production costs as well as an inefficient distribution network. In addition, the Brazilian economy entered a serious crisis a few years after the acquisition. Today, Electrolux is one of the leading appliance brands in Brazil, with a high rate of growth and good profitability. What is the explanation for this success story?

Priority was assigned to four areas soon after the start of the Electrolux operation in Brazil:

- Develop innovative products
- Build the Electrolux brand
- Market products effectively
- Reduce costs



#### Development of innovative products

Development of innovative products has been an important factor for success in the transformation of the Electrolux operation in Brazil. Refripar's product range was soon replaced by innovative products, all of them branded Electrolux. In terms of value, the Group's market share has grown rapidly in recent years. In 2007, products which had been launched within the past two years accounted for approximately 62% of Electrolux sales in Brazil.

The Electrolux operation in Brazil was one of the Group's forerunners in terms of developing products based on consumer insight. Visits to households and discussions with consumers generate comprehensive insight into consumer behavior for product developers and marketing personnel. Ideas are later tested in clinics to which small groups of consumers are invited to discuss the features of specific products.

The frost-free refrigerator Celebrate and the cooker Revolux are just two examples of products that have been successfully launched. Electrolux has also launched Celebrate Glass, the first cooker in the Brazilian market to offer a double oven, and also the first with a glass hob.



#### Focusing on the Electrolux brand

Building the Electrolux brand was an essential component of the transformation of the Brazilian operation. As of 1997, all Group appliances and vacuum cleaners sold in Brazil are Electrolux-branded. These products are successful in all segments and are clearly differentiated in terms of name, design and size.

#### Marketing at points-of-sale

Electrolux applies a strategy of marketing products mainly at points-of-sale, where consumers make purchasing decisions. This strategy has proved to be successful. It involves cooperating and growing with domestic retail chains such as Casas Bahia, Ponto Frio, Casas Pernambucanas and Insinuante, the market leaders. Comprehensive training programs have been implemented to ensure that the Group's own sales personnel know their products, and positioning the products in the shop is carefully planned. Comments by consumers to salespeople are systematically collected and provide input for product development and marketing.

#### More efficient production

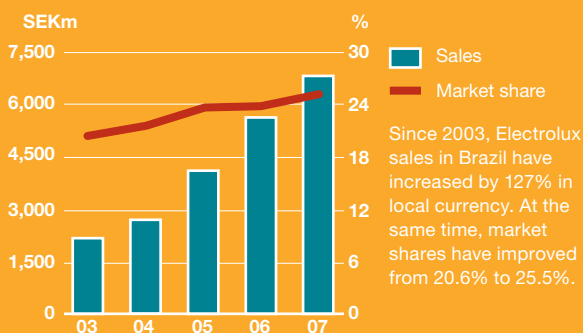
The four plants that Electrolux took over from Refripar have been modernized and upgraded for greater efficiency in order to manage production costs. The production systems are certified to ISO 14001, and the Electrolux Manufacturing System (EMS) is in place at all the plants. Productivity has improved continuously since 2000, which together with the strong increase in volume has had a favorable effect on production cost per unit. Today, the plants in Brazil supply the entire Latin American market with Electrolux appliances and vacuum cleaners. Electrolux is the region's second largest producer of appliances, after Whirlpool.

### Large and growing market

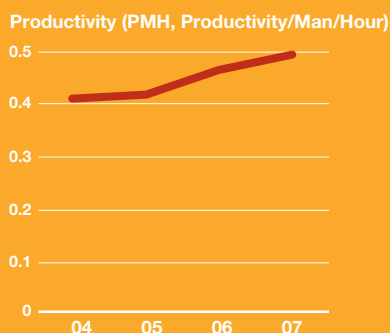
With a population of approximately 190 million, Brazil is the leading economy in Latin America and accounts for approximately 50% of regional GDP. Stable economic growth in recent years has made Brazil one of the leading global economies. About 25 million Brazilians currently have incomes that are equal to or higher than the European average.



Sales and market shares, appliances in Brazil 2003–2007



Improved productivity in plants



### Sustainability a key strategic component

Sustainability has high priority throughout the Group, particularly in the strategy for the Electrolux operation in Brazil. Brazil features high energy prices and limited access to water, and demand for environment-friendly products and brands is growing every year. Continuous efforts to reduce consumption of energy and water by Electrolux products comprise one of the main factors for the successful transformation of the Brazilian operation.

# Success through diversity

Diversity among employees and managers, a group-wide leadership program and a clearly defined approach to work with a focus on the consumer are priority areas for increasing the competitiveness of Electrolux. Transforming Electrolux into a more consumer-oriented company involves high criteria for having the right employees and managers.

## Prioritizing diversity

Electrolux is a global company. Senior management is strongly convinced that diversity among employees makes the Group better equipped to satisfy the demands of different markets and customer needs. Cultural diversity is essential, to reflect local consumer needs.

Increasing the proportion of women at all levels of the Group is also prioritized. Electrolux works actively to ensure that women are always included among candidates for managerial posts. Approximately 140 positions were filled in 2007, and women were appointed to approximately one third of them. About 29% of the participants in the Group's leadership programs during 2007 were women.

Electrolux cooperates globally with AIESEC, a leading student organization for development of young managers. This has provided the Group with young talent and enhanced cultural diversity. In 2007, more than half of the AIESEC trainees were offered permanent jobs with Electrolux, out of which two thirds were females.

## Development of global leaders

Electrolux invests in internal leadership development in order to create a common perception of leadership irrespective of cultural differences. To date, the group-wide leadership program has

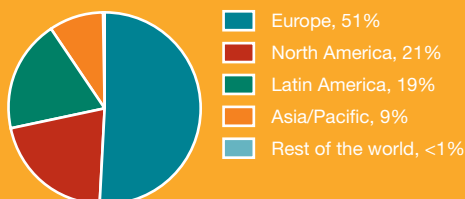
been uniformly implemented in 14 countries and 14 different languages. Since 2003, totally 1,657 managers have participated in the leadership programs. In 2008, the program is planned to be implemented in even more countries.

In order to ensure that all internal talent is utilized, the Group maintains a talent management process in which more than 3,000 employees are evaluated annually. Approximately 50 top-level job openings were announced in 2007 and approximately 75% of them were filled internally, as against 56% in 2004. The Open Labor Market (OLM) is the Group's most important channel for announcing openings and has also contributed to the increase in internal recruiting.

## Dialogue with employees

The Employee Attitude Survey (EAS) is a web-based tool that gives employees an opportunity for year-round anonymous feedback on various issues related to development within their own teams. The results are evaluated, analyzed, and used as input for continued development work. EAS 2007 was the most comprehensive survey to date, with more than 10,000 employees contributing their points of view. For the first time, all office workers in Asia participated in the EAS during 2007.

### Distribution of employees



### Gender distribution

#### Group-wide

Women	35%
Men	65%

#### Senior managers

Women	12%
Men	88%

#### Group Management

Women	27%
Men	73%

#### Board of Directors

Women	33%
Men	67%



# Remuneration to Senior Management

Below Remuneration Committee Chairman Barbara Milian Thoralfsson presents the company's approach to remuneration for senior management.

"Offering competitive salaries to senior management is a pre-requisite for attracting personnel and stimulating them to make the strong commitment that is required in the tough international competition that Electrolux faces. The Group also aims at offering competitive total remuneration, based on performance.

## Advice from independent consultants

In order to determine appropriate total remuneration in connection with recruiting someone for a specific position and retaining him/her, Electrolux requests advice from external consultants. They evaluate the leading management positions and compare remuneration with other Swedish and European companies, including Electrolux leading competitors.

## More than fixed salary

Remuneration to management in Electrolux consists of a fixed salary, a variable salary based on annual targets, a long-term share-related salary, and pension benefits. Remuneration other than fixed salary has symbolic importance. If the company does not perform well, the shareholders are not the only ones affected. And since many others in the company have performance-based salaries, it would be inappropriate for senior management to receive only a fixed salary.

## Important variable component

The variable salary is based on clearly defined targets for each member of senior management. The Board devotes a good deal of time to defining these targets, since they are an important part of the work of running the company. The targets include financial

goals for value creation as well as non-financial goals. Variable salary is paid only if the targets are reached, and maximum as well as minimum levels are defined for each position. The maximum level may not be exceeded.

## Performance share program

In addition to fixed and variable remuneration, there is a long-term share-related component. For a large listed company like Electrolux, with tens of thousands of shareholders, it is important that in their daily activities the President and senior management are moving in the same direction as the owners, who do not participate in daily operations. The Electrolux incentive program is linked to the Groups' financial development and is maximized at a defined level, and covers about 160 persons. The Board of Directors will propose a share program in 2008 based on earnings per share.

Over time, the fixed component corresponds to about half of total remuneration, and the variable and share-based components each correspond to about 25%.

## Pension benefits

Pension benefits are based on allocations during the period in which the individual is employed by the company. This premium-based system enables the Group to have continuous control of costs."

Value creation is the Group's primary financial performance indicator for measuring and evaluating financial performance. For more information, see Note 31 on page 67 in section Financial review.

For the Board's proposal on remuneration guidelines to the Annual General Meeting 2008, see page 23 in section Financial review. For additional information on remuneration guidelines and processes for senior management, see Note 22 on page 53 and Note 27 on page 61 in section Financial review.

## Success story: Program for improving consumer insight

In 2004, the Group launched a process for change called the Consumer Innovation Program (CIP), a project for establishing a working method to improve insight into consumer behavior. The program is group-wide and interdisciplinary, and is aimed at sharing and distributing knowledge of product development based on consumer insight. It includes workshops with employee participants from various competence areas and operations.

Initiated as a process for change, the CIP has become an established way of thinking and working throughout the Group. Electrolux now has a product-development process based on consumer insight. See page 24 for additional information. "Thinking of you" summarizes the Electrolux commitment to continuously focus on and understand end-users, in everything from product development, design and production to marketing, logistics and service.



# Financial review 2007 in brief

This is a short description of the financial performance of 2007. For a thorough review of the 2007 results, see Board of Directors Report on page 5 in the section Financial review.

## Market growth

Demand for appliances increased during the year in several of the Group's markets. The strongest rises were in Latin America and Eastern Europe. On the other hand, demand in Western Europe declined in a number of major markets such as Germany, the UK and Spain. The sharpest downturn came toward the end of the year. Demand in the US market showed a decline throughout the year.

## Sales rise by 4%

Net sales for Electrolux in 2007 increased by 4% in comparable currencies. Sales were favorably affected by higher sales volumes, an improved product mix and higher sales prices. The decline in the US dollar rate had an adverse effect on sales in Swedish crowns.

## Operating income improved by 6%

Operating income 2007 rose by almost 6%, excluding items affecting comparability, and operating margin increased to 4.6%. All Group operations except appliances in Europe reported improvements. The appliance operation in Latin America achieved record high income, and in North America both operating income and market share increased despite lower market demand. In Australia, appliances showed increased profitability after a number of tough years. The floor-care operation showed improved profitability in all regions. Income from sales of professional laundry and food-service equipment continued to show stable growth despite rising prices for raw materials and the weaker dollar.

The Group's costs for raw materials increased by approximately SEK 2 billion in 2007.

Key data, SEKm	2007	Change	2006
Net sales	104,732	0.9%	103,848
Operating income <sup>1)</sup>	4,837	5.7%	4,575
Margin, %	4.6		4.4
Income after financial items <sup>1)</sup>	4,397	0.7%	4,367
Income for the period <sup>1)</sup>	3,276	4.2%	3,145
Earnings per share, SEK <sup>1)2)</sup>	11.66		10.89
Operating cash flow	1,277	167	1,110
Capital expenditure	3,430	278	3,152
Total assets	66,089	40	66,049
Total equity	16,040	2,846	13,194
Net borrowings	4,703	5,007	-304
Return on equity, %	20.3		18.7
Net debt/equity ratio	0.29		-0.02
Dividend per share, SEK	4.25 <sup>3)</sup>		4.00
Average number of employees	56,898	1,427	55,471

1) Excluding items affecting comparability.

2) Basic.

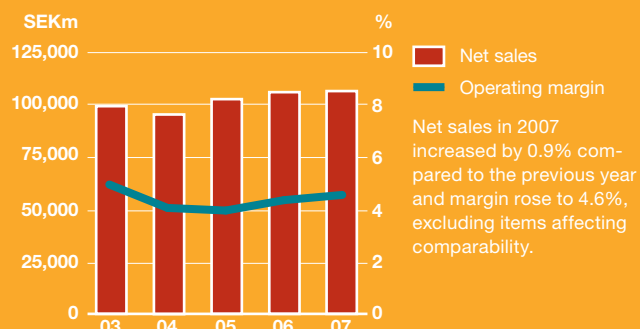
3) Proposed by the Board of Directors.

## Largest product launch ever implemented in Europe

The largest product launch in the history of Electrolux was implemented in 2007. About 40% of the Group's offering in the European market was replaced by innovative products for the premium segment. The Group invested more than SEK 2 billion during the year in development of new products, an increase of 10% over the previous year. Investment in brands also increased, corresponding to 1.8% of Group sales. The goal for this investment is 2% of sales.

For more information on the Group's strategy for product development and brands, see pages 23 and 26.

## Net sales and operating margin



## Net sales and employees

10 largest countries	SEKm	Employees
USA	29,571	10,648
Brazil	7,158	6,754
Germany	7,020	2,147
Italy	5,109	8,036
France	4,957	1,466
UK	4,950	1,122
Canada	4,577	1,420
Australia	4,488	2,144
Sweden	3,814	3,025
Spain	2,927	892
Other	30,161	19,244
<b>Total</b>	<b>104,732</b>	<b>56,898</b>

### Restructuring aimed at improved competitiveness

In 2007, the Group continued to work on restructuring in order to make production more competitive, by relocating manufacture to low-cost countries. Approximately 50% of production is now located in such countries. The goal is 60% by 2010. Operating income for 2007 includes costs related to closure of cooker plants in Spennymoor in the UK and Fredericia in Denmark. Costs for the closures, amounting to SEK 362m, is reported within operating income as items affecting comparability.

For more information on the Group's strategy for improved cost efficiency, see page 32.

### Adjustment of capital structure

In the interest of adjusting the capital structure following the spin-off of Husqvarna in June 2006, an Extraordinary General Meeting 2006 authorized distribution of SEK 20 per share through a redemption procedure. The payment was made early in 2007 and amounted to a total of SEK 5,582m.

Net borrowings at year-end 2007 amounted to SEK 4,703m, and the debt/equity ratio increased to 0.29. Interest-bearing liabilities amounted to SEK 10,087m at year-end, of which SEK 7,801m referred to long-term borrowings with an average maturity of 2.3 years. Average interest on the Group's interest-bearing loans was 5.8% at year-end. The equity/assets ratio was 26.9%.

### Consumer Durables in Europe

Income for appliances in Europe was affected by extraordinary costs for the new products launched during the year, and operating income showed a considerable decline from 2006. Launches and marketing of the new products were very comprehensive, on the largest scale ever. In order to deliver to retailers according to plan many products involved higher costs than the original targets.

Sales for the floor-care operation in Europe showed a substantial increase during the year on the basis of strong growth, and operating income improved.

### Consumer Durables in North America

Group sales of appliances in North America rose during the year on the basis of higher sales volumes, and market share increased. Operating income and margin improved as a result of a favorable price increases, an improved product mix, higher sales volumes and lower costs.

Market demand for vacuum cleaners in the US was lower than in 2006, and sales for the Group's operation in North America declined. However, operating income increased on the basis of an improved product mix and lower production costs.

### Consumer Durables in Latin America

Sales of appliances in Latin America showed strong growth in 2007, mainly as a result of strong market growth in Brazil. Operating income improved on the basis of higher sales volumes, an improved product mix and higher production efficiency. Operating income for the Latin American operation was the highest in the Group's history.

### Consumer Durables in Asia/Pacific

Operating income in Australia improved considerably mainly as a result of cost savings generated by previous restructuring. Sales and operating income rose throughout the entire South East Asia region. The operation in China is still unprofitable.

### Professional Products

The operation in Professional Products showed stable performance in 2007. Operating income and margin increased. Greater production efficiency and higher prices compensated for increases in the costs of raw materials.

### OUTLOOK – FOR THE FULL YEAR 2008

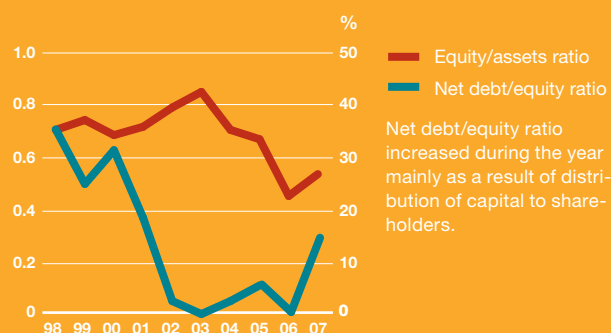
In 2008, the Group will introduce Electrolux as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment. However, we expect the launch to have a negative impact on 2008 results as it initially includes a considerable investment in marketing.

Furthermore, the European appliance operations will be negatively impacted by higher than anticipated costs for the product launches and the planned cost reduction program.

The significant uncertainty in the overall global economy makes it difficult to predict the development in 2008.

Provided that market demand for appliances in Europe shows a slow growth in 2008 and that market demand for appliances in North America shows a slightly negative development, our outlook for 2008 is that operating income is expected to be in-line with 2007, excluding items affecting comparability.

### Net debt/equity and equity/assets ratios



### Operating income by business area

SEKm	2007	2006
Consumer Durables, Europe	2,067	2,678
Margin, %	4.5	6.1
Consumer Durables, North America	1,711	1,462
Margin, %	5.1	4.0
Consumer Durables, Latin America	514	339
Margin, %	5.6	4.4
Consumer Durables, Asia/Pacific and Rest of world	330	163
Margin, %	3.6	1.9
Professional Products	584	535
Margin, %	8.2	7.7
Common Group costs, etc.	-369	-602
<b>Operating income, excluding items affecting comparability</b>	<b>4,837</b>	<b>4,575</b>
<b>Margin, %</b>	<b>4.6</b>	<b>4.4</b>

# The story of Electrolux

Axel Wenner-Gren, the founding father of Electrolux, established the principles by which the company still thrives. He was a visionary who helped to develop products of the future by understanding the needs of people and not submitting to challenges. His dream to improve quality of life has had fundamental impact on homes around the world. His vision, which began in 1910, has flourished to become the basis of Electrolux today.

## The story of Vision

Axel Wenner-Gren barely noticed the stores as he walked down the biggest shopping street in Vienna. The year was 1908, Wenner-Gren was on his way to a meeting and his broad steps and freshly pressed suit signalled a sense of purpose. That is, however, until something caught his eye, brought him to a stop, and pulled him to a shop window for a closer look.



Propped on display was a machine that must have weighed 20 kilos with a price tag that could suck up the savings of almost any wealthy household. Window shoppers either smirked at or ignored the industrial display, but Wenner-Gren couldn't take his eyes away from it. In his mind the machine became smaller, lighter, sleeker and less expensive. He envisioned women gliding small cleaners around their houses. He would bring convenience to houses around the world.

## Electrolux today

"Thinking of you" sums up the Electrolux offering – always put the users first and foremost. Trilobite, the world's first automatic vacuum cleaner, frees up time so consumers can do the things that really matter, like spending time with family and friends. It uses radar just like a bat to navigate under beds, tables and furniture. When the batteries run low, it returns by itself to the charging station to recharge.



## The story of Insight

Axel Wenner-Gren unfolded a sketch made during a board room meeting for a team of Electrolux engineers to examine. On the page was a drawing of a vacuum cleaner. Rather than standing like the traditionally shaped bucket, however, Wenner-Gren had sketched the vacuum cleaner laying on its side, with rounded edges and sled-like runners attached to the base. "This will be our next model," Wenner-Gren explained.



The idea had come to him a few days earlier when a young salesman visited his office to report that a customer was having a difficult time with her vacuum cleaner. The lady had told the salesman that her vacuum cleaned well, but that she found it tiring to lift and carry the machine throughout the house.

From that moment, Wenner-Gren was resolute on making the vacuum cleaner move easier.

## Electrolux today

Insight into consumer behavior is the basis for all product development within the Group. Electrolux developed Ergorapido, a cordless vacuum cleaner, for people who want the vacuum cleaner easily available. Sleek in design and lightweight, Ergorapido is too good looking not to be left in sight.





*“The Electrolux Spirit acknowledges no obstacles and submits to no defeats. It is a combination of enthusiasm, loyalty, aggressiveness and belief, which is inspired by confidence in our organization and product, and faith in our success and our future.”*

*Axel Wenner-Gren, Founder*

### The story of Innovation

“This task is not an easy one, but one that will transform homes around the world”, Axel Wenner-Gren said to the team of engineers and scientists sitting before him. Next to Wenner-Gren was a basic prototype of an absorption refrigerator created by two young engineers, Baltzar von Platen and Carl Munters, for a University degree project.



Wenner-Gren’s decision to acquire the patent for the absorption refrigeration technology, which used electricity, gas or kerosene to circulate water and safely turn heat into cold, was his first step towards diversifying Electrolux. It was a bold step, for not only had Electrolux secured its spot as the world leader in vacuum cleaners, but absorption refrigeration was a concept that was far from fully developed.

“We now know that you can create cold through heat with water,” Wenner-Gren said to the engineers. “But a problem with this technology is that not every household has running water and every household from China to America will need a refrigeration machine,” Wenner-Gren paused, and looked at each member of the team. “That is why we are going to cool with air, because we all have access to that.”

### Electrolux today

One of the main consumer problems associated with freezers, extensive research shows, is defrosting. Electrolux Glacier is, like most of the Group’s freezers, frost-free. It is also the first freezer to combine European standard dimensions with a built-in icemaker. The user always has access to ice-cubes without having to remember filling the container with water.



### The story of Design

Axel Wenner-Gren had visited Electrolux showrooms in around thirty countries, and was always amazed by how active people would get, even though nothing was actually for sale. The atmosphere in the showroom on this day was different, however. The crowd was still, hushed, and gathered around the latest addition to the Electrolux collection: the Model XXX vacuum cleaner.



The Model XXX, shaped by the internationally renowned industrial designer Lurelle Guild, was the one of the first vacuum cleaners in history to be created with aesthetic appeal in mind. As cars and trains had become streamlined, Wenner-Gren saw the value in bringing a similar sleek elegance to home appliances. In fact, he had personally tracked down the headlining industrial designers, so that life for Electrolux customers would not only be cleaner and easier, but also more attractive.

Looking at the Model XXX vacuum cleaner, Wenner-Gren said to Guild: “You have given Electrolux products attractive design and perfect form.”

### Electrolux today

Electrolux Design Centre in Shanghai, China, was inaugurated in 2007. The Design Centre hosts an exhibition space, flexible meeting areas, and a functional working kitchen with exclusive Electrolux appliances with attractive design.

A key element of the Centre is the Design Library, which offers thousands of books and magazines on design. The Design Library is an initiative taken by the Italian Association of Industrial Designers (ADI). This cooperation establishes the one and only ADI Design Library located outside of Milan.



# Focus on sustainability generates growth

Sustainability is about creating value for Electrolux and the people who come into contact with the Group's products and operations.

Focusing on sustainability generates business opportunities and enhances positive brand awareness for Electrolux. It contributes to employee satisfaction and ensures good relations with stakeholders. It is also vital for effective management of potential non-financial risks.

Electrolux is, for example, a preferred supplier among retailers like Wal-Mart, Sears, Migros and IKEA, in part, because of the Group's environmental and social performance.

The Group's approach to sustainability includes the processes for designing, producing and marketing products and ensuring the integrity of business practices. In order to achieve this, Electrolux expects the same level of excellence among both employee and supplier.

Four key issues affect the Group's performance in terms of sustainability. These relate to the Group's contribution to tackling climate change; maintaining universal ethical, social and environment standards throughout operations and in the supply chain; and managing restructuring processes responsibly.

## Climate change

Climate change is an important concern for key interest groups; including consumers. Awareness of its implications affects consumer purchasing decisions and raises stakeholder expectations

## Sustainable Energy Europe Award

The European Commission has bestowed Electrolux with its Sustainable Energy Europe Award, in the Corporate Commitment Category. The award recognizes the Group's ongoing efforts to reduce energy consumption of products, factories and services.



on companies to take action. Electrolux has developed a program to help reduce CO<sub>2</sub> emissions that comprises products, own operations and communication with stakeholders.

## A product-led approach

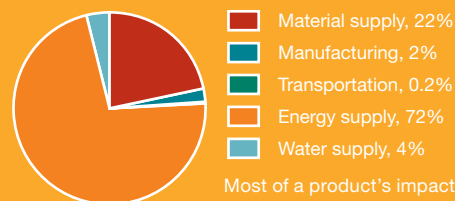
There are both environmental and business advantages in developing efficient products that consume less energy and water. Efficiency has been steadily improving since the mid-1990s. On average, the Group's appliances now consume 50% less energy than at the start of this period.

## Direct economic value



The direct economic value is defined as the net sales plus revenues from financial investments and sales of assets.

## Life-cycle impact



Most of a product's impact on the environment occurs in the use phase.

Products with superior environmental performance also have a higher profit margin, accounting for approximately 17% of total units sold and generating approximately 22% of gross profit. These products are playing an increasingly important role in the Electrolux offering.

#### *Improving energy-efficiency in the Group's operations*

Electrolux is committed to reducing energy consumption across all operations, which simultaneously lowers CO<sub>2</sub> emissions and cuts costs. Electrolux has set a 15% reduction target for Group energy consumption by year-end 2009 (in relation to energy use in 2005). Achieving this goal is expected to enable a CO<sub>2</sub> reduction of 100,000 tons and generate an estimated saving in operational costs of approximately SEK 100m annually.

#### *Communicating the role of energy-efficient appliances*

Through media, Electrolux is active in communicating to consumers as well as to policy makers, the role of energy-efficient appliances in tackling climate change. One in three appliances in operation in Europe — or an estimated 188 million products — are over ten years old. Replacing these energy-thirsty products with the highest efficiency models has the potential to reduce CO<sub>2</sub> emissions by approximately 18 million tons a year.

#### **United Nations Global Compact**

Electrolux supports the United Nations Global Compact and its ten principles, which cover human rights, labor standards, business ethics and the environment.



#### **Ethical employer and business partner**

A proactive approach to sustainability lends trust and credibility to the Electrolux brand. The Group's corporate governance struc-

ture therefore emphasizes ethical and environmental priorities, as well as the health and safety of its employees. The Electrolux Code of Ethics, Code of Conduct and Environmental Policy permeate operations on all levels, from Group management to the practices of individual employees. Electrolux conducts training and continuous monitoring of compliance to the codes. Employees, customers, investors and other stakeholders are also engaged in dialogue to help Electrolux in measuring its performance and identifying areas of improvement.

#### **Responsible sourcing**

All suppliers must comply with the Electrolux Code of Conduct and Environmental Policy. Supplier transparency also helps assure that the Group's products are manufactured with respect for human rights, health and safety, and the environment. These criteria are integrated in Electrolux purchasing policies and are among the key factors that determine choice of suppliers. The Group has a global, risk-based approach to monitoring the supply chain.

#### **Restructuring**

In order to maintain competitiveness and ensure access to new markets, Electrolux is relocating some production from countries with a higher cost base to those offering lower costs. A decision to close factories or downsize production affects both individuals and communities. Responsible management of such changes can minimize negative impact through transparent procedures that are adapted to local needs. This also involves consulting a wide range of stakeholders, including labor representatives, politicians at local, regional and national levels, as well as public authorities.

Setting up operations in emerging economies also generates positive changes to local communities. It creates indirect impacts by prioritizing local suppliers and transferring cutting-edge technologies to these markets.

## **Success story: IKEA — a relationship built on sustainable values**

As of summer 2009, consumers will find IKEA-designed appliances manufactured by Electrolux in IKEA stores Europe-wide.

IKEA has far-reaching demands and expectations on their suppliers and social and environmental criteria are among the most rigorous. Inclusion in their product portfolio is not only a litmus test of the Group's practices; it is testimony to the fact that a sustainable approach creates greater business value.

Electrolux shares IKEA's commitment to promoting good business practices. The Group endorses the IKEA Code of Conduct, and will work with IKEA to monitor that Electrolux facilities and suppliers meet their high standards. Both IKEA and Electrolux Codes of Conduct are grounded on the same universal values regarding human rights, the environment and workplace practices.



## Board of Directors and Auditors



**Marcus Wallenberg**  
Chairman

Born 1956. B. Sc. Elected 2005. Member of the Electrolux Remuneration Committee.

**Board Chairman** of SEB, Skandinaviska Enskilda Banken AB, Saab AB and ICC (International Chamber of Commerce). Deputy Chairman of Telefonaktiebolaget LM Ericsson. Board Member of AstraZeneca Plc, Stora Enso Oyj, Foundation Asset Management AB and The Knut and Alice Wallenberg Foundation.

**Previous positions:** President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999.

**Holdings** in AB Electrolux: 20,000 B-shares. Related party: 1,500 B-shares.



**Peggy Bruzelius**  
Deputy Chairman

Born 1949. M. Econ. Hon. Doc. in Econ. Elected 1996. Chairman of the Electrolux Audit Committee.

**Board Chairman** of Lancelot Asset Management AB and Swedish National Agency for Higher Education. Board Member of Axfood AB, Industry and Commerce Stock Exchange Committee, Axel Johnson AB, Akzo Nobel nv., Scania AB, Husqvarna AB, Syngenta AG and The Association of the Stockholm School of Economics.

**Previous positions:** Executive Vice-President of SEB, Skandinaviska Enskilda Banken AB, 1997–1998. President and CEO of ABB Financial Services AB, 1991–1997.

**Holdings** in AB Electrolux: 6,500 B-shares.



**Louis R. Hughes**

Born 1949. B.S., Mech. Eng., M.B.A. Elected 2005. Member of the Electrolux Remuneration Committee.

**Board Chairman and CEO** of GBS Laboratories, USA. Non-executive Chairman of Maxager Technology. Board Member of ABB Ltd, AkzoNobel nv., and Sulzer AG. Member of the Supervisory Board of MTU Aero Engines Holding AG. Board Member of AB Electrolux 1996 until 2004, when he was appointed Chief of Staff for a group of senior US government advisors to the Afghanistan government. Member of the British Telecom US Advisory Council.

**Previous positions:** Executive Vice-President of General Motors Corporation, 1992–2000.

**Holdings** in AB Electrolux: 1,260 ADRs.



**John S. Lupo**

Born 1946. B.Sc. Elected 2007. Principal of Renaissance Partners, USA, since 2000.

**Board Member** of Spectrum Brands Inc., Citi Trends Inc. and Cobra Electronics.

**Previous positions:** Executive Vice-President of Basset Furniture, 1998–2000. Chief Operating Officer of Wal-Mart International, 1996–1998. Senior Vice-President Merchandising of Wal-Mart Stores Inc., 1990–1996.

**Holdings** in AB Electrolux: 200 ADRs.



**Johan Molin**

Born 1959. B.Sc. in Econ. Elected 2007. President and CEO of ASSA ABLOY AB since 2005.

**Board Member** of ASSA ABLOY AB.

**Previous positions:** CEO of Nilfisk-Advance, 2001–2005. President of Industrial Air Division, Atlas Copco Airpower, Belgium, 1998–2001. Management positions in Atlas Copco, 1983–2001.

**Holdings** in AB Electrolux: 1,000 B-shares.



**Hans Stråberg**

**President and CEO**

Born 1957. M. Eng. Elected 2002. President and CEO of AB Electrolux since 2002.

**Board Member** of The Association of Swedish Engineering Industries, AB Ph. Nederman & Co., Nederman Holding AB and Roxtec AB.

**Previous positions:** Joined Electrolux in 1983. Management positions in the Group until appointed President and CEO.

**Holdings** in AB Electrolux: 39,590 B-shares, 90,000 options.



**Caroline Sundewall**

Born 1958. M.B.A. Elected 2005. Member of the Electrolux Audit Committee. Independent Business consultant since 2001.

**Board Member** of Swedbank AB, TeliaSonera AB, Haldex AB, Lifco AB, Pägengruppen AB, Ahlsell AB, Get-updated AB and The Association of Exchange-listed Companies.

**Previous positions:** Business commentator at Finans-tidningen, 1999–2001. Managing editor of the business desk section at Sydsvenska Dagbladet, 1992–1999. Business controller at Ratos AB, 1989–1992.

**Holdings** in AB Electrolux through company: 2,000 B-shares.



**Torben Ballegaard Sørensen**

Born 1951. M.B.A. Elected 2007. Member of the Electrolux Audit Committee.

**Board Member** of Egmont Fonden and LEGO A/S, Denmark.

**Previous positions:** President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice-President of LEGO System, 1999–2001. Divisional Director of LEGO System, 1996–1999. Managing Director of CCI Europe, 1988–1996. Managing Director of AA S Grafik, 1983–1988.

**Holdings** in AB Electrolux: 0 shares.



**Barbara Milian Thoralfsson**

Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee. Director of Fleming Invest AS, Norway, since 2005.

**Board Member** of SCA AB, Storebrand ASA, Tandberg ASA, Rieber & Son ASA, Fleming Invest AS, Stokke AS and Norfolier AS.

**Previous positions:** President of TeliaSonera Norway, 2001–2005. President of Midelfart & Co, 1995–2001, and on positions within marketing and sales, 1988–1995.

**Holdings** in AB Electrolux through company: 4,000 B-shares.



## Employee representatives



**Ola Bertilsson**

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

**Holdings** in AB Electrolux: 0 shares.



**Gunilla Brandt**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006.

**Holdings** in AB Electrolux: 0 shares.



**Ulf Carlsson**

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001.

**Holdings** in AB Electrolux: 0 shares.

## Deputy Members



**Gerd Almlöf**

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007.

**Holdings** in AB Electrolux: 0 shares.



**Peter Karlsson**

Born 1965. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

**Holdings** in AB Electrolux: 0 shares.



**Bengt Liwång**

Born 1945. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2005.

**Holdings** in AB Electrolux: 0 shares.

## Secretary of the Board

**Cecilia Vieweg**

Born 1955. B. of Law. General Council of AB Electrolux. Secretary of the Electrolux Board since 1999.

**Holdings** in AB Electrolux: 7,823 B-shares, 15,294 options.

## Auditors

At the Annual General Meeting in 2006, PricewaterhouseCoopers (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2010.

**Peter Clemedtson**

**PricewaterhouseCoopers AB**

Born 1956. Authorized Public Accountant. Partner in Charge.

**Other audit assignments:** Telefonaktiebolaget LM Ericsson and SEB, Skandinaviska Enskilda Banken AB.

**Holdings** in AB Electrolux: 0 shares.

Holdings in AB Electrolux as of December 31, 2007.  
For additional information on the Board of Directors,  
see page 92 in section Financial review.

# Group Management



**Hans Stråberg**

**President and CEO**

Born 1957. M. Eng. In Group Management since 1998. Joined Electrolux in 1983. Head of product area Dishwashers and Washing Machines, 1987. Head of product division Floor Care Products, 1992. Executive Vice-President of Frigidaire Home Products, USA, 1995. Head of Floor Care Products and Small Appliances and Executive Vice-President of AB Electrolux, 1998. Chief Operating Officer of AB Electrolux, 2001. President and CEO, 2002.

**Board Member** of The Association of Swedish Engineering Industries, AB Ph. Nederman & Co., Nederman Holding AB and Roxtec AB.

**Holdings** in AB Electrolux: 39,590 B-shares, 90,000 options.



**Morten Falkenberg**

**Head of Floor Care and Small Appliances, Executive Vice-President**

Born 1958. B. Econ. In Group Management since 2006. Sales/marketing positions in Carlsberg Group, Denmark, 1980–1987. Senior management positions within Coca-Cola Company, 1987–2000. Senior Vice-President of Alliances/Partnerships for TDC Mobile, 2001–2003. Joined Electrolux in 2003 as Head of Floor Care and Small Appliances Europe. Head of Floor Care and Small Appliances and Executive Vice-President of AB Electrolux, 2006.

**Holdings** in AB Electrolux: 5,868 B-shares, 0 options.



**Carina Malmgren Heander**

**Head of Group Staff Human Resources and Organizational Development, Senior Vice-President**

Born 1959. B. Econ. In Group Management since 2007. Project Director at Adtranz Signal (Bombardier), 1989–1998. Vice-President Human Resources of ABB AB, 1998–2003. Senior Vice-President Human Resources of Sandvik AB, 2003–2007. Joined Electrolux in 2007 as Senior Vice-President of Group Staff Human Resources and Organizational Development.

**Board Member** of Seco Tools AB, Cardo AB and IFL at the Stockholm School of Economics.

**Holdings** in AB Electrolux: 0 shares, 0 options.



**Ruy Hirschheimer**

**Head of Major Appliances Latin America, Executive Vice-President**

Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008. Executive Vice-President of Alcoa Aluminum, Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge Foods, 1994–1997. Senior Vice-President of Bunge International Ltd., USA, 1997–1998. Joined Electrolux in 1998 as Head of Brazilian Major Appliances operations. Head of Major Appliances Latin America, 2002. Executive Vice-President of AB Electrolux, 2008.

**Holdings** in AB Electrolux: 13,972 B-shares, 5,000 options.



**Lars Göran Johansson**

**Head of Group Staff Communications and Branding, Senior Vice-President**

Born 1954. M. Econ. In Group Management since 1997. Account Executive of KREAB Communications Consultancy, 1978–1984, President, 1985–1991. Headed the Swedish “Yes to the EU Foundation” campaign for the referendum that determined Sweden’s membership in the EU, 1992–1994. Joined Electrolux in 1995 as Senior Vice-President of Communications and Public Affairs.

**Holdings** in AB Electrolux: 8,323 B-shares, 19,902 options.



**Keith R. McLoughlin**

**Head of Major Appliances North America, Executive Vice-President**

Born 1956. B.S. Eng. In Group Management since 2003. Senior management positions with DuPont, USA, 1981–2003. Vice-President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Joined Electrolux in 2003 as Head of Major Appliances North America and Executive Vice-President of AB Electrolux. Also Head of Major Appliances Latin America, 2004–2007.

**Board Member** of Briggs & Stratton Corp.

**Holdings** in AB Electrolux: 11,427 B-shares, 0 options.



**Detlef Münchow**

**Head of Professional Products, Executive Vice-President**

Born 1952. M.B.A. PhD Econ. In Group Management since 1999. Member of senior management of Knight Wendling/Wegenstein AG, Germany, 1980–1989, and GMO AG, 1989–1992. FAG Bearings AG, 1993–1998, as Chief Operating Officer of FAG Bearings Corporation, USA. Joined Electrolux in 1999 as Head of Professional Indoor Products and Executive Vice-President of AB Electrolux.

**Holdings** in AB Electrolux: 18,627 B-shares, 0 options.



**Gunilla Nordström**

**Head of Major Appliances Asia/Pacific, Executive Vice-President**

Born 1959. M. Sc. In Group Management since 2007. Senior management positions with Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice-President of Sony Ericsson Mobile Communications AB, 2005–2007. Joined Electrolux in 2007 as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux.

**Holdings** in AB Electrolux: 0 shares, 0 options.



**Fredrik Rystedt**

**Chief Financial Officer**

Born 1963. M. Econ. In Group Management since 2001. Joined Electrolux Treasury Department in 1989. Subsequently held several positions within the Group's financial operations. Head of Mergers and Acquisitions, 1996. Head of Business Development of Sapa AB, 1998, Chief Financial Officer, 2000. Rejoined Electrolux in 2001 as Chief Administrative Officer, responsible for Controlling, Accounting, Taxes and Auditing. Appointed Chief Financial Officer and responsible also for Group Treasury, 2004, and for IT, 2005.

**Holdings** in AB Electrolux: 13,156 B-shares, 28,960 options.



**Cecilia Vieweg**

**General Counsel, Senior Vice-President**

Born 1955. B. of Law. In Group Management since 1999. Attorney with Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997. Attorney and partner in Wahlén Advokatbyrå, 1998. Joined Electrolux in 1999 as Senior Vice-President and General Counsel, with responsibility for legal, intellectual property, risk management and security matters.

**Board Member** of Haldex AB.

**Holdings** in AB Electrolux: 7,823 B-shares, 15,294 options.



**Magnus Yngen**

**Head of Major Appliances Europe, Executive Vice-President**

Born 1958. M. Eng. Lic.Tech. In Group Management since 2002. International sales and marketing positions, 1988–1995. Joined Electrolux in 1995 as Technical Director in the direct sales operation LUX. Head of Floor Care International operations, 1999. Head of Floor Care Europe, 2001. Head of Floor Care and Small Appliances and Executive Vice-President of AB Electrolux, 2002. Head of Major Appliances Europe, 2006.

**Holdings** in AB Electrolux: 7,823 B-shares, 20,783 options.

## Changes in Group Management

Gunilla Nordström joined Electrolux in August 2007 as Head of Major Appliances Asia/Pacific.

Carina Malmgren Heander joined Electrolux in November 2007 as Head of Group Staff Human Resources and Organizational Development. She succeeded Harry de Vos who left the Group in July 2007.

Ruy Hirschheimer, Head of Major Appliances Latin America, joined Group Management in January 2008.

Holdings in AB Electrolux as of December 31, 2007. For additional information on Group Management and Group structure, see page 95 in section Financial review.

On the Electrolux website www.electrolux.com/ir you will find additional and up-dated information about, for instance, the Electrolux shares, financial statistics and corporate governance. On the website you can also read more about our brands as well as about our sustainability work.



**Financial reports in 2008**

Consolidated results	February 6
Interim report January–March	April 28
Interim report April–June	July 17
Interim report July–September	October 27

**Major events in 2008**

Annual report	Beginning of March
Annual General Meeting	April 1

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Electrolux Annual Report 2007 consists of two parts: "Operations and strategy" and "Financial review".





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*Thinking of you*

 **Electrolux**