



# Q3 Results, October 27, 2010

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 **Electrolux**

# Approaching a record year



## Target of 6% within reach

- EBIT margin (YTD) at 6.1%

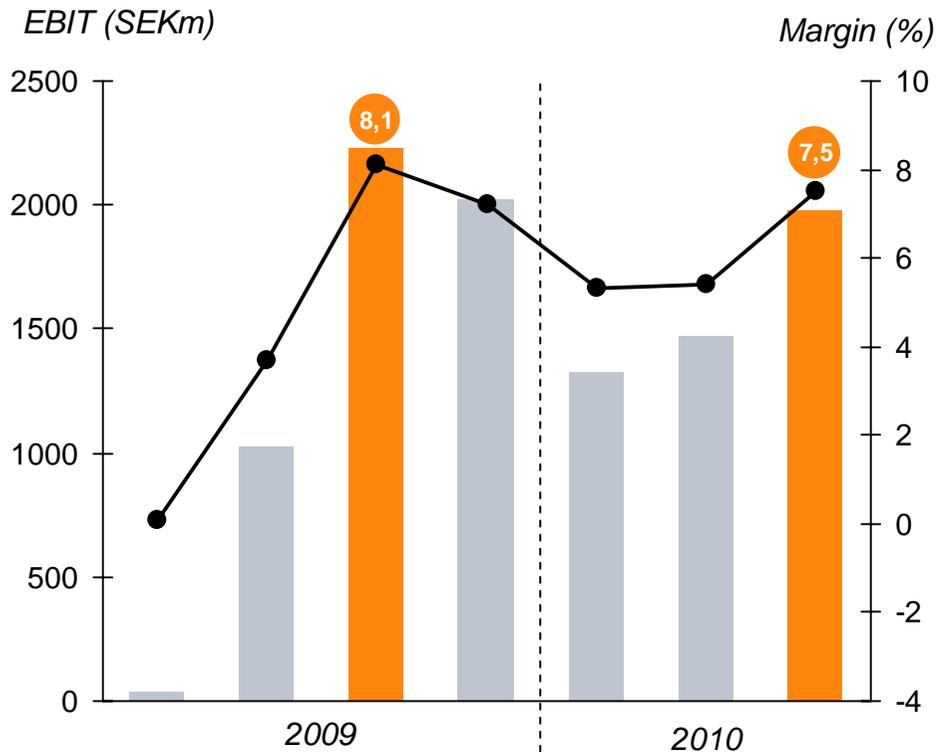
## Building foundation for growth

- Potential acquisition of Olympic Group, Egyptian appliances company, will accelerate growth in emerging markets
- Increased presence in Eastern Europe by acquisition of washing-machine factory in Ukraine
- Increased exposure to emerging markets by strong organic growth in Asia/Pacific

## Continued strong mix

- Frigidaire launch in North America
- Launch phase initiated in Europe
- Strong product launches in Latin America

# Q3 Highlights



(SEKm)	Q3 2010	Q3 2009
<b>Sales</b>	<b>26,326</b>	27,617
<b>EBIT*</b>	<b>1,977</b>	2,234
<b>Margin</b>	<b>7.5%</b>	8.1%

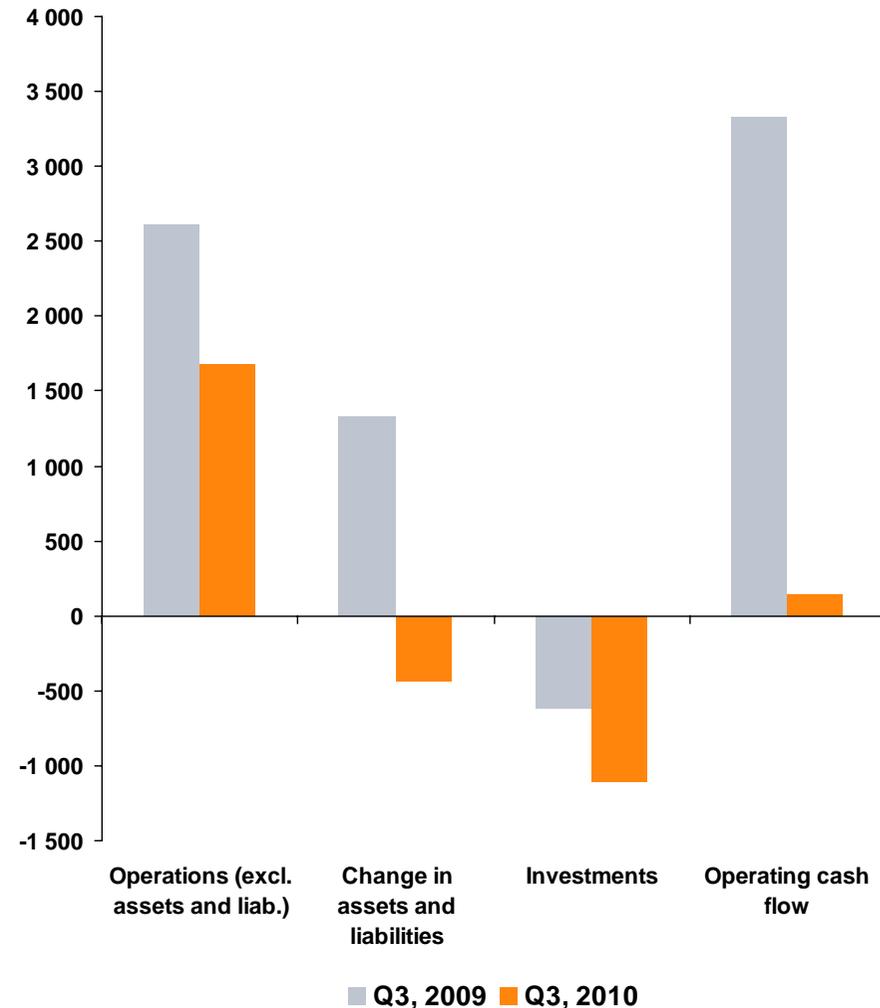
\*) EBIT excluding items affecting comparability

- Net sales decreased by 2.3% in comparable currencies
- EBIT amounted to SEK 1,977m
  - Raw-material headwinds
  - Increased marketing spend
  - Mix improvement
  - Cost savings
  - Price promotions

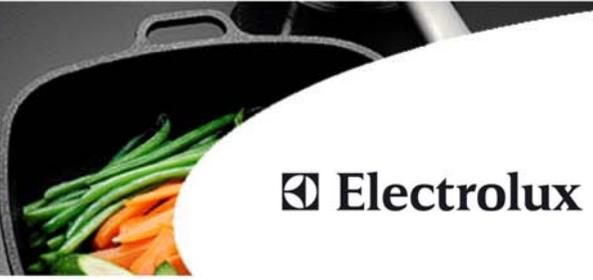
# Q3 Operating cash flow



- Q3 cash flow reflects normal seasonal pattern
- Stronger second half
  - Increased production
  - Build-up of inventories
  - Higher sales
- Q309 reflected low production and low inventory levels
- Higher level of investments compared to last year



# Olympic Group – accelerating growth in emerging markets

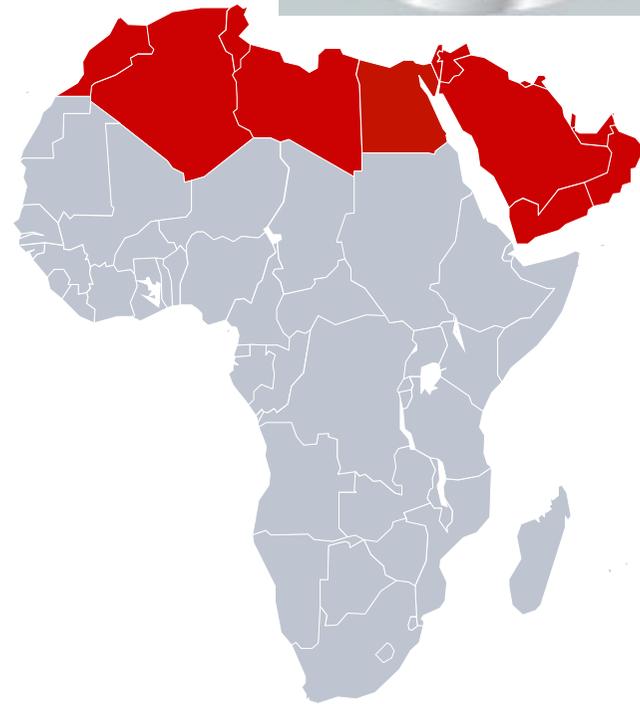


- Increase our presence in emerging markets
- Improve ability to grow in North Africa and the Middle East
- OG is currently licensing our brands
- Cost-competitive sourcing base

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ELECTRIC



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## Olympic Group

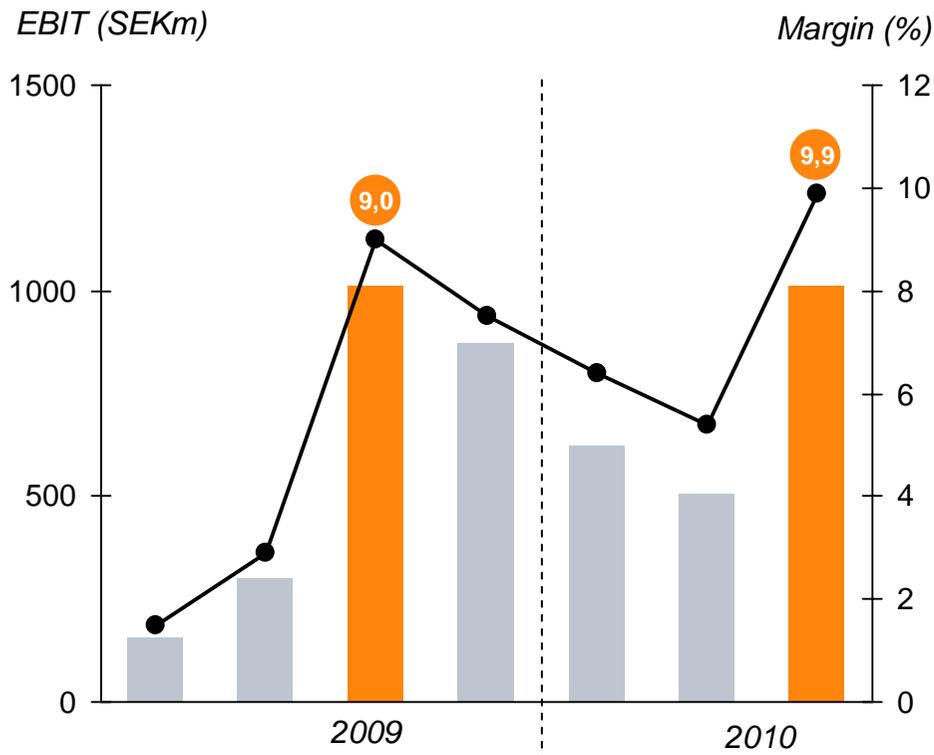
Sales ~SEK 2.5bn

EBITDA (adj.) >13%

Market share, Egypt ~30%

Market growth, Egypt >10%

# Consumer Durables Europe



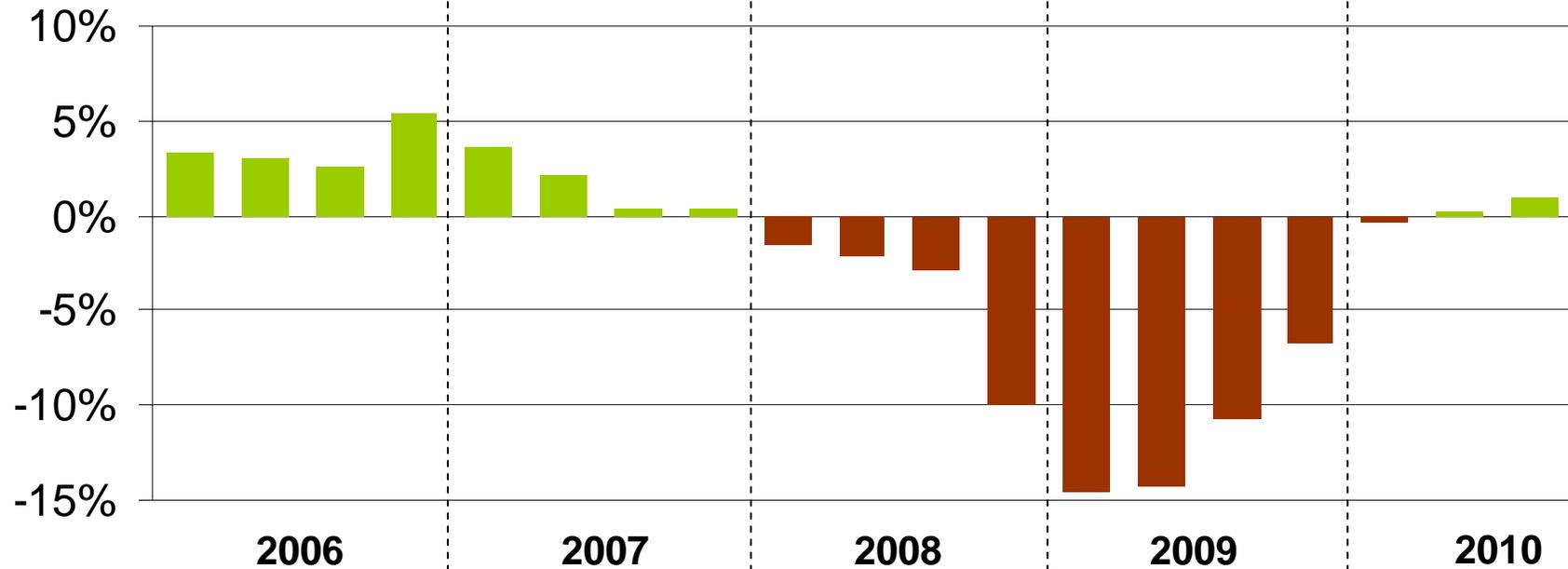
(SEKm)	Q3 2010	Q3 2009
<b>Sales</b>	<b>10,210</b>	11,322
<b>EBIT</b>	<b>1,014</b>	1,014
<b>Margin</b>	<b>9.9%</b>	9.0%

- Lower sales
  - Decline in private label sales
  - Price pressure
- Strong EBIT improvement
  - Strong mix – increased sales within built-in segment
  - Cost savings – previous cost measures
  - Positive one-off effect
- Increased marketing spend
  - Launch of AEG-branded products in Europe
- Strong results for floor-care products – mix improvement

# Flat market in Europe; but Eastern Europe has started growing



## Quarterly comparison, year-over-year

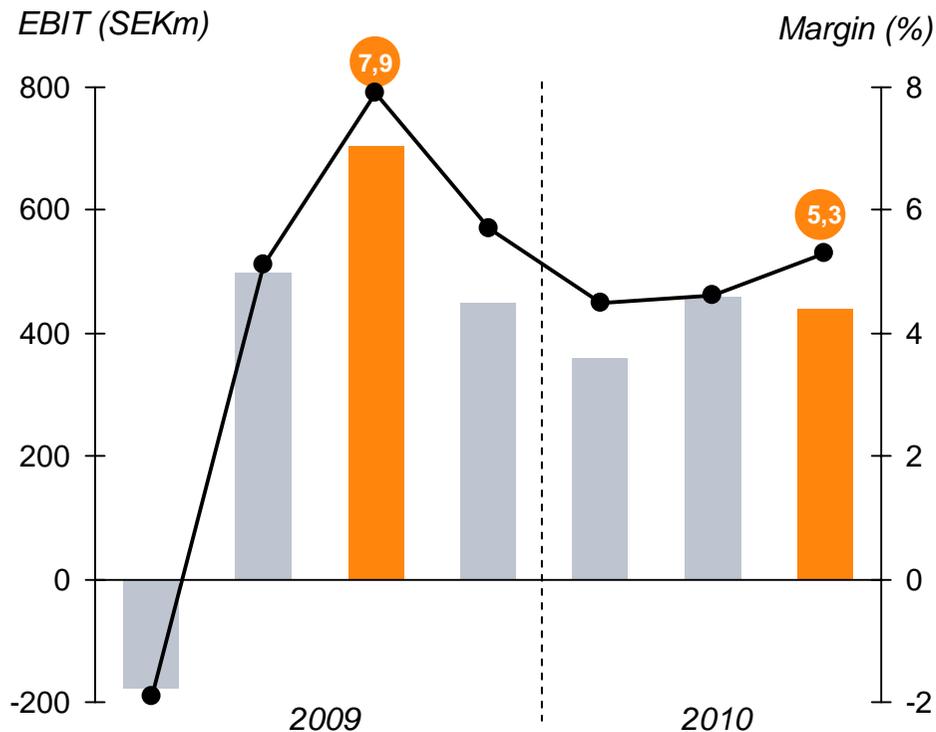


	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
West. Europe	4%	1%	1%	5%	1%	1%	-1%	-5%	-4%	-4%	-5%	-8%	-9%	-9%	-4%	-2%	1%	0%	0%
East. Europe	1%	9%	6%	7%	14%	5%	5%	10%	6%	5%	4%	-15%	-31%	-30%	-26%	-17%	-7%	1%	5%





# Consumer Durables North America



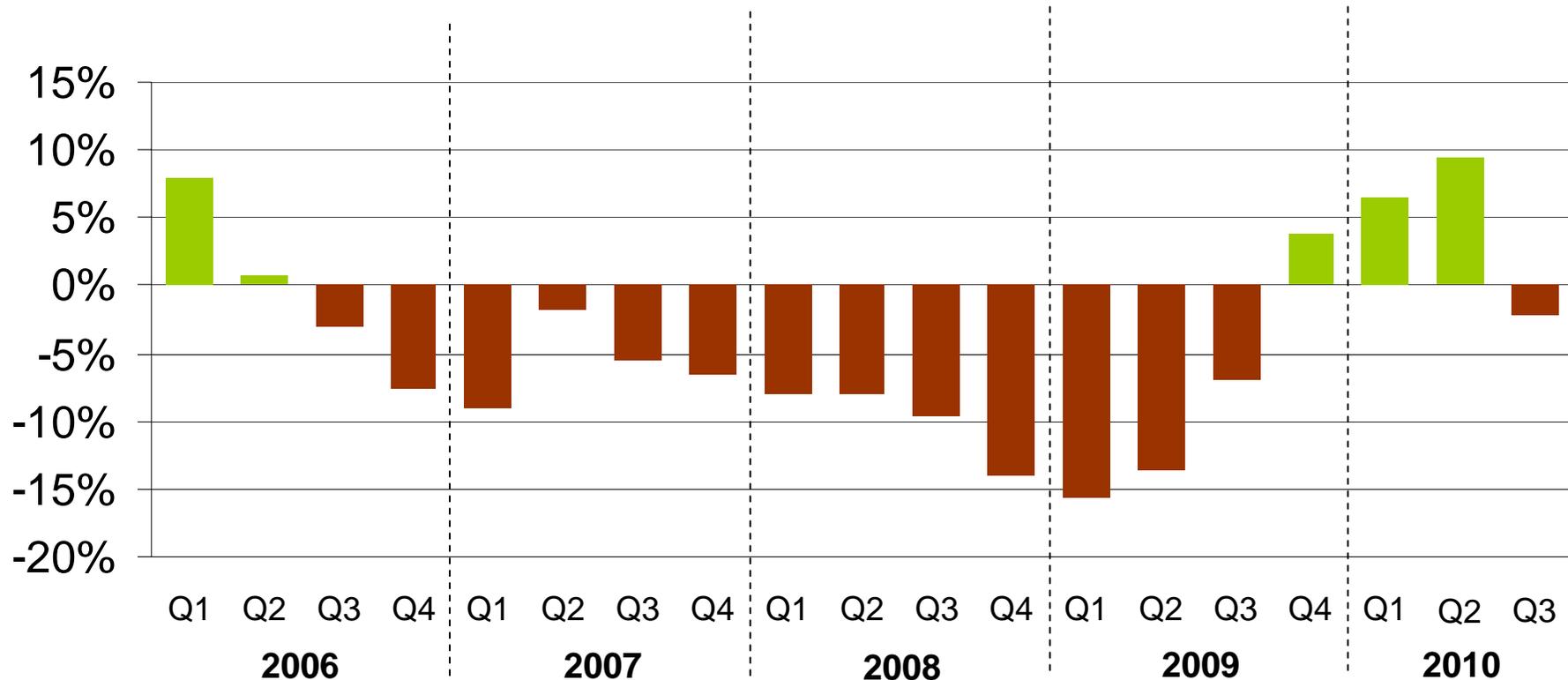
(SEKm)	Q3 2010	Q3 2009
<b>Sales</b>	<b>8,353</b>	8,869
<b>EBIT</b>	<b>439</b>	705
<b>Margin</b>	<b>5.3%</b>	7.9%

- Market-demand decline
  - Incentive program ended in Q2
- Net sales decreased by 4%
  - Exited unprofitable volumes
- EBIT amounted to SEK 439m
  - Higher raw-material costs
  - Price promotions
- Lower sales and operating income for floor-care products

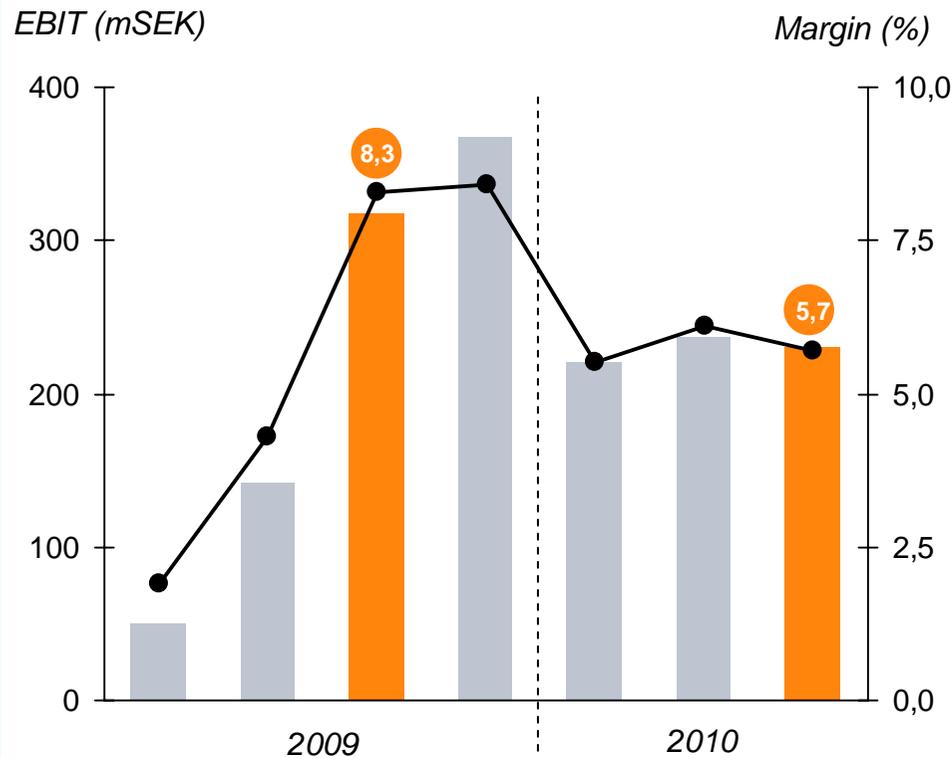
After three quarters of growth, the market in North America declined in the third quarter



Quarterly comparison, year-over-year



# Consumer Durables Latin America

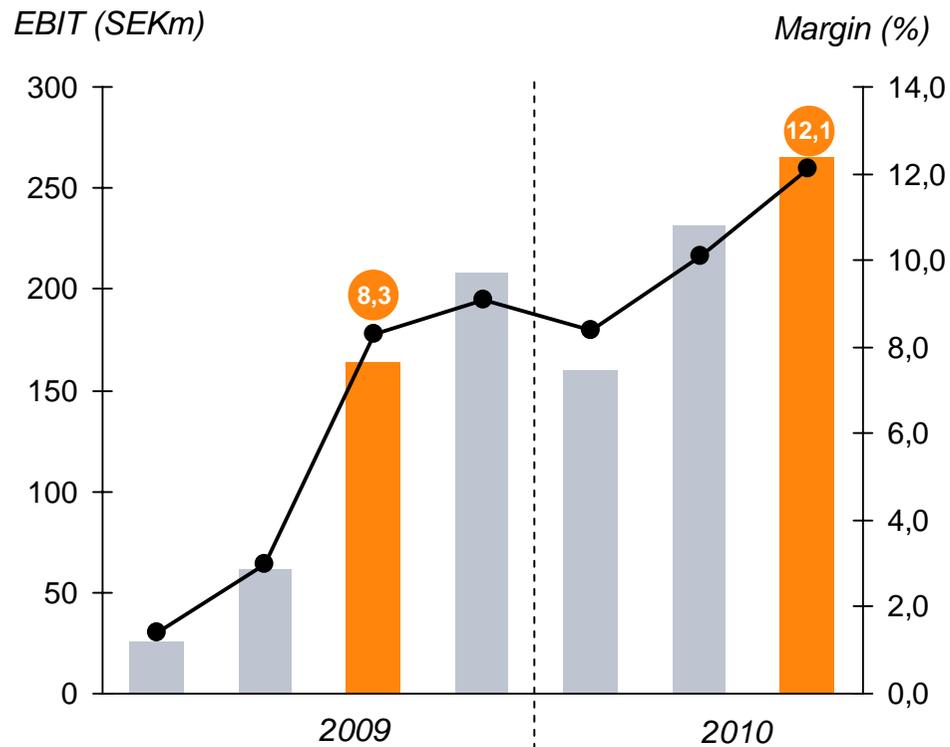


(SEKm)	Q3 2010	Q3 2009
<b>Sales</b>	<b>4,069</b>	3,813
<b>EBIT</b>	<b>231</b>	318
<b>Margin</b>	<b>5.7%</b>	8.3%

- Stable market demand in Brazil
  - Rest of Latin America showed strong growth
- Operating income amounted to SEK 231m
  - Negative customer mix
  - Increased raw-material costs
  - Increased marketing spend



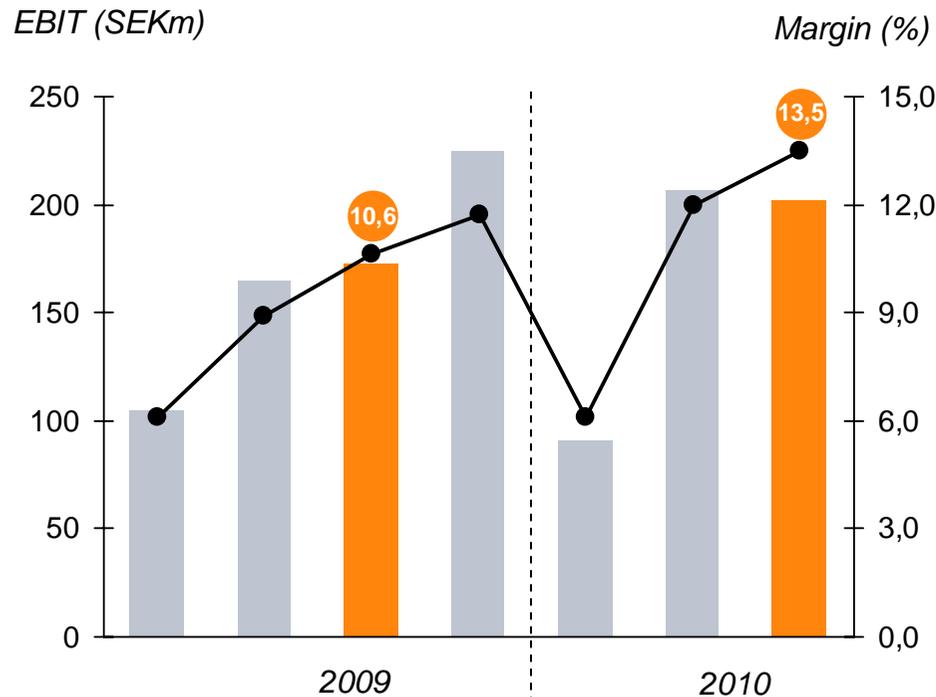
# Consumer Durables Asia/Pacific



(SEKm)	Q3 2010	Q3 2009
<b>Sales</b>	<b>2,192</b>	1,982
<b>EBIT</b>	<b>265</b>	164
<b>Margin</b>	<b>12.1%</b>	8.3%

- Australia: Market stabilization and improved EBIT
  - Improved product mix
  - Positive currency impact
  - Improved efficiency
  - Increased raw-material costs
- Southeast Asia and China
  - Market-share gain in strong markets
  - Positive impact of cost-cutting measures

# Professional Products



- Food-service
  - Increased market demand
  - Higher capacity utilization
  - Improved customer mix
  - Cost savings
- Laundry products
  - Stabilization of market demand
  - Improved cost efficiency
  - Price increases

(SEKm)	Q3 2010	Q3 2009
<b>Sales</b>	<b>1,501</b>	1,629
<b>EBIT</b>	<b>202</b>	173
<b>Margin</b>	<b>13.5%</b>	10.6%

# Fourth quarter



## Top line development

- Product mix; continues to have a positive impact
- Market volumes; flat year-over-year
- Electrolux volumes; still impacted from exiting low-profit business in NA
- Price pressure; temporary price cuts driven by promotion in NA

## Cost development

- Cost savings; positive impact from the restructuring program
- Raw-material prices; still a negative year-over-year effect
- Increased marketing and brand spend

## Take into account

- Similar seasonal pattern as last year; slightly weaker Q4



Full year 2010

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*...one quarter remains, and I am confident that 2010 will be the year we reach our target of an operating margin of 6%.*

*Thinking of you*

 **Electrolux**

# Factors affecting forward-looking statements



## **Factors affecting forward-looking statements**

This presentation contains “forward-looking” statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.