

Press release

Stockholm, July 19, 2011

President and CEO Keith McLoughlin's comments on the results for the second quarter of 2011

A tough quarter

As expected, weak demand in key markets, lower prices and increases in raw-material costs had a negative impact on second-quarter results. Even though sequentially better, we do not expect earnings in the second half of the year to reach the level achieved in the second half of 2010. In order to improve results, we are taking actions including raising prices in our most important markets and implementing decisive cost-efficiency measures.

In line with what we had previously communicated, the second quarter was a period when our most important earnings drivers worked against us; declining volumes, lower prices and increased product costs. Electrolux volumes were adversely affected by the weak trend in North America, particularly in comparison with the robust growth, subsidized by government stimuli, during the second quarter of 2010. The European business also suffered from a weak volume development in Western Europe. Lower market prices had a significant negative impact during the quarter. Year-on-year, prices declined in the three largest markets: Europe, North America and Latin America. In addition, the cost of raw materials peaked during the second quarter, which was compounded by a sharp rise in the cost of sourced products and transportation.

The results for our European operations were a disappointment. Intensified competition has led to increased pressure on prices and lost market shares in the lower price segments. The very weak demand in Italy, a key market for Electrolux, also had an adverse impact.

We are continuing our efforts to offset rising costs and declining volumes. We are raising our prices. In North America and Brazil, we are now noting the effects of previously announced price increases. In the North American market, we will implement an additional price increase in August. In Europe, we will raise the prices of appliances by 5-7% as of October. We are continuing to launch new products. Our introduction of new and innovative products under the AEG brand continues. In Latin America, we are beginning to see the results of the new products that we launched in early 2011. Despite the difficult market environment, our focus on working capital and controllable fixed costs has resulted in a solid cash-flow development in the quarter.

While we expect the trend going forward to shift in a more positive direction in the form of higher prices, a more favorable commodities market and lowered costs, the second half of the year will remain difficult. Even though sequentially better during third and fourth quarter, we do not expect earnings in the second half of the year to reach the level achieved in the second half of 2010.

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We are continuing to capitalize on profitable organic growth opportunities in rapidly-expanding markets, while generating supplementary growth through profitable acquisitions. It is thus particularly satisfying that we, just over a week ago, reached a final agreement to acquire the Egyptian appliances company Olympic Group. This will make us a leading player in the emerging North African and Middle Eastern markets.

Stockholm, July 19, 2011

Keith McLoughlin
President and Chief Executive Officer

Electrolux discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 CET on July 19, 2011.

About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year. The company focuses on innovative products 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, cookers, air-conditioners and small appliances such as vacuum cleaners sold under esteemed brands like Electrolux, AEG, Eureka and Frigidaire. In 2010 Electrolux had sales of SEK 106 billion and 52,000 employees. For more information go to www.electrolux.com/press and www.electrolux.com/news.