

ANNUAL REPORT 1994



 **Electrolux**

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*The cover picture represents the
Electrolux Group's four business areas
– Household Appliances, Commercial
Appliances, Outdoor Products and
Industrial Products.*

HIGHLIGHTS OF THE YEAR

- Marked improvement in income and profitability, mainly as a result of internal action programs.
- Exclusive of capital gains, income after financial items rose to SEK 3,595m (1,250), and earnings per share rose to SEK 30.00 (8.00).
- Concentration to core areas continued through divestment of non-strategic operations with total sales of approximately SEK 6,800m.
- The Group's market position in Europe was strengthened by acquisition of AEG Hausgeräte, the second largest white-goods company in Germany.
- In the light of good growth in earnings and a stronger financial position, the Board proposes increasing the dividend to SEK 12.50 (6.25) per share.

| | 1994 | 1993 |
|---|---------|---------|
| Sales, SEKm | 108,004 | 100,121 |
| Operating income after depreciation, SEKm | 7,810 | 2,945 |
| Operating income after depreciation, excl. capital gain, SEKm | 5,034 | 2,945 |
| Income after financial items, SEKm | 6,371 | 1,250 |
| Income after financial items, excl. capital gain, SEKm | 3,595 | 1,250 |
| Earnings per share, excl. capital gain, SEK ¹⁾ | 30.00 | 8.00 |
| Dividend per share, SEK ²⁾ | 12.50 | 6.25 |
| Return on equity, excl. capital gain, % ¹⁾ | 13.0 | 3.5 |
| Return on net assets, excl. capital gain, % ¹⁾ | 12.0 | 6.8 |
| Equity/assets ratio, % ¹⁾ | 28.8 | 24.3 |
| Net debt/equity ratio, % ¹⁾ | 90.3 | 152.6 |
| Capital expenditure, SEKm | 3,998 | 3,682 |
| Average number of employees | 109,500 | 114,700 |

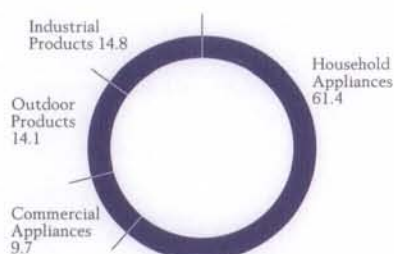
1) For definitions of the above concepts, see page 45.

2) 1994: Proposed.

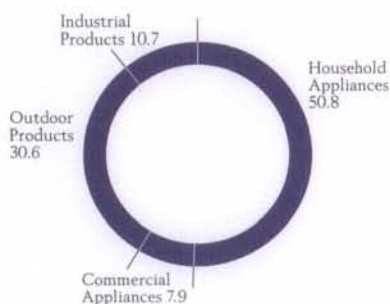
For information on the Group's income and financial position according to US GAAP, as well as a description of the main differences between US and Swedish accounting principles, see Note 18 to the financial statements on page 41.

ELECTROLUX TODAY

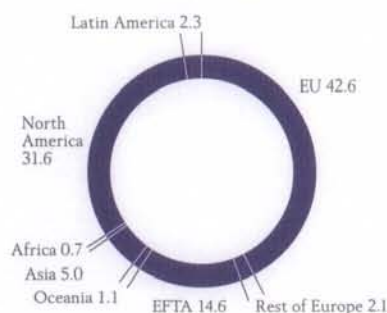
Sales by business area, %



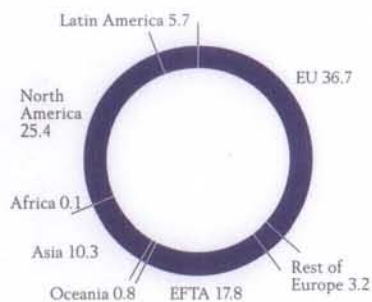
Operating income after depreciation, by business area, %



Sales world-wide, %¹⁾



Employees world-wide, %¹⁾



1) For sales and employees by country, see page 58.

■ Electrolux is the largest or second-largest on the global market in the following product areas, which in 1994 accounted for over 75% of total Group sales:

- White goods
- Floor-care products
- Absorption refrigerators

- Compressors for refrigerators
- Food-service equipment
- Industrial laundry equipment
- Forestry and garden equipment.

■ Electrolux has own companies in more than fifty countries, and over 90% of Group sales are outside Sweden.

Household Appliances

The largest operations in Household Appliances are white goods and floor-care products, which in 1994 accounted for almost 70% and more than 10% of sales, respectively. This business area also includes absorption refrigerators for caravans and hotel rooms, room air-conditioners, kitchen and bathroom cabinets, sewing machines and compressors for refrigerators.

Commercial Appliances

This business area comprises mainly food-service equipment for restaurants and institutions as well as equipment for apartment-house laundry rooms and commercial laundries. These product areas together account for almost 75% of sales. Other operations include refrigeration equipment and freezers for shops and supermarkets, as well as vacuum cleaners and wet/dry cleaners for commercial use.

Outdoor Products

This business area includes garden equipment, chainsaws and other equipment for forestry operations. Garden equipment consists mainly of portable products such as lawn trimmers and leaf blowers as well as lawn mowers and garden tractors.

Industrial Products

In 1994 the Group divested Autoliv, one of the world's leading producers of car safety belts and airbags, as well as four other smaller operations. This business area thus consists mainly of Gränges, whose operations are focused on manufacture of profiles and other half-finished products in aluminium.

| Sales by business area | 1994 | % | 1993 | 1992 |
|------------------------|----------------|--------------|----------------|---------------|
| | SEKm | | SEKm | SEKm |
| Household Appliances | 66,272 | 61.4 | 58,888 | 48,902 |
| Commercial Appliances | 10,467 | 9.7 | 10,531 | 8,898 |
| Outdoor Products | 15,237 | 14.1 | 13,638 | 9,333 |
| Industrial Products | 16,028 | 14.8 | 17,064 | 13,303 |
| Total | 108,004 | 100.0 | 100,121 | 80,436 |

| Operating income after depreciation, by business area | 1994 | % | 1993 | 1992 |
|---|---------------|--------------|--------------|--------------|
| | SEKm | | SEKm | SEKm |
| Household Appliances | 2,555 | 50.8 | 869 | 897 |
| Commercial Appliances | 397 | 7.9 | 318 | 251 |
| Outdoor Products | 1,540 | 30.6 | 1,317 | 678 |
| Industrial Products | 542 | 10.7 | 441 | 166 |
| Total, excl. capital gain | 5,034* | 100.0 | 2,945 | 1,992 |

* As of 1994, operating income is charged with certain fixed taxes, including real-estate taxes, which were previously reported under "Taxes". The figures for 1992 and 1993 have been adjusted accordingly.

TO OUR SHAREHOLDERS

From the
Chairman of the Board



Economic activity in the Western world increased during 1994. There was a steady improvement in business conditions in Western Europe, which had been weak in recent years. North America continued to show strong growth. For Electrolux, this involved increased demand particularly for household appliances and outdoor products, while the rationalization implemented over the past few years led to higher productivity and improved margins.

However, competition is intense in the Group's product areas even when market conditions are good. We must continuously increase the Group's competitiveness in order to attain our profitability goals and create value for our shareholders as well as our employees.

Concentration of operations

Today, we can see good opportunities for expansion in our core areas. Utilizing these opportunities and meeting the increasingly tougher global competition has required streamlining of the Group's structure. Several units outside the core areas were divested in 1994, which led to an improved equity/assets ratio. We have also decided to evaluate the feasibility of divesting and obtaining a stock-market listing for the shares in the Gränges aluminium company. Electrolux oper-

ations are now being concentrated increasingly to household capital goods for indoor and outdoor use, and to corresponding products for commercial users.

In addition to adjusting our business focus, we are also working to strengthen our positions in our core areas. This involves creating a framework for increased organic growth as well as acquiring additional operations. Acquisition of AEG Hausgeräte has not only given us a strong brand name and a substantial operation in Germany, but has also reinforced our position as the largest household-appliance company in Europe.

As regards geographical expansion, the rapidly expanding economies in Eastern Europe and Asia are of primary interest for the Group. The international market is now being regionalized, as groups of neighboring countries implement agreements on lower mutual trade barriers and joint external customs protection. EU, NAFTA and Mercosur are typical examples of this type of agreement. This trend will lead to greater internal trade within each region, but can also create friction between the different regions. It is important for Electrolux to have a strong presence in all of these market areas.

Higher goal for equity/assets ratio

Concentrating the Group's operations on a smaller number of business areas may possibly involve greater risk, but compensation should be attainable through wider geographical distribution of the risk. Today, expansion in emerging markets involves new types of risks, and we must therefore increase the Group's financial strength. We are now raising our goal for the equity/assets ratio to a level where net borrowings do not exceed shareholders' equity. We are maintaining our goal of an average return of 15% on equity over the course of a business cycle.

The Group's rate of expansion, which is expected to be 5-10% annually at current prices, will in future be more influenced than previously by

growth possibilities in new markets. The Group's future capital requirements for financing this expansion will also affect our capability for paying dividends. Our goal is for the dividend to normally correspond to 30-50% of net income.

In the light of the Group's positive earnings growth and its stronger financial position, the Board believes that the dividend can be returned to its 1991 level. We have therefore decided to propose that the Annual General Meeting raise the dividend to SEK 12.50 per share.

In conclusion, on behalf of the Board of Directors I would like to thank Group management and our employees for an excellent performance during the year. It is most gratifying to see that our efforts over the past few years have now led to a substantial improvement in earnings.

A handwritten signature in black ink, appearing to read 'A. Scharp'. Below the signature is the printed name and title: Anders Scharp, Chairman of the Board.

Anders Scharp
Chairman of the Board

TO OUR SHAREHOLDERS

From the
President and CEO



The Electrolux Group achieved a strong increase in earnings and profitability in 1994. Although the market situation was better than in 1993 and we are favored by having a large share of production in countries with weak currencies, the improvement in income was mainly a result of recent restructuring. Investment in new product ranges has also been a highly significant factor. The general trend for Group market shares was also positive.

It is especially satisfying that the largest increase in income refers to the Household Appliances business area, and in particular to the European white-goods operation. White goods in North America also achieved higher income. Of the other business areas, Industrial Products showed a substantial increase on the basis of strong income growth for Gränges. Good demand, particularly for chain-saws, also led to continued substantial growth in sales and income for Outdoor Products.

Internal priorities

Internally, our work during 1994 focused mainly on the following:

- Improving internal efficiency
- Streamlining the Group's structure through divestment of operations
- Improving our capability for expansion in new markets.

The strong rise in the Group's productivity was considerably higher

than our targeted annual increase of 4-5%. This improvement was achieved mainly as a result of our programs for improving production efficiency through greater teamwork, better integration of production flow and new, simplified product designs. Within the framework of our current program for consolidating production, we decided to shut down three small white-goods plants, one in Europe and two in the US.

We also continued our efforts to transform our European organization. Better integration of operations on a pan-European basis and more centralized coordination of certain functions are required in order to effectively respond to changes in customer needs, as well as to achieve further reductions in the costs of marketing and administration.

In white goods, the Electrolux and Arthur Martin brands were combined in France. More than half of white-goods sales in Europe are now under our three pan-European brands, i.e. Electrolux, Zanussi and AEG. We thus have a good balance between pan-European and regional brands in relation to the structure of the European market.

After adjustment for changes in Group structure, capital tied up in inventories and accounts receivable was lower than in the previous year. Our goal is for total tied-up capital in inventories and accounts receivable to be reduced to 30% of Group sales.

Efforts to reduce tied-up capital are now integrated with Group programs for improving quality and productivity within the framework of an overall TQM program. In the course of the year we created a specific organization for process management in terms of integrated product development and the entire order-to-payment chain. The goal is to reduce lead time and respond faster and better to customer demands, while reducing costs and tied-up capital at the same time. In order to achieve this goal we invested substantial resources during the year in order to improve our information system. The ability to actively utilize IT as a strategic tool

for enhancing both customer service and internal efficiency will be highly significant for our future profitability and competitiveness.

Divestment of operations

We divested several non-strategic operations during the year in order to strengthen the Group's financial position and improve our capability for investment in our core areas. We divested and obtained a stock-exchange listing for Autoliv, our operation in products for personal safety in cars, which had annual sales of SEK 5,333m in 1993. We also divested four smaller industrial operations with combined annual sales of SEK 1,503m. Capital gains for the year on the major divestments totalled SEK 2,776m. The goodwill reported in the consolidated balance sheet was reduced by about SEK 900m. The Group's equity/assets ratio improved over the previous year, despite consolidation of AEG Hausgeräte.

Acquisition and integration of AEG Hausgeräte

The acquisition of AEG Hausgeräte has reinforced our position as white-goods market leader in Europe, above all in the German market, where AEG is the second largest white-goods company and brand. AEG is positioned at the high end of the market and focuses on built-in products, and is thus a good complement to the rest of the Group's white-goods operation. AEG Hausgeräte reported sales of more than SEK 12,000m in 1994. The product range includes vacuum cleaners, small appliances and appliances for room heating and hot-water supply with combined annual sales of approximately SEK 1,800m.

Subsequent to the acquisition we have coordinated administration, logistics and service with those of our own companies in almost all of the sixteen countries where AEG Hausgeräte operates. We have initiated joint purchasing of materials and components, and have also started work on coordination of product development and strategic product

planning. AEG Hausgeräte has also begun to purchase certain products from Electrolux which it previously bought from external suppliers.

In order to preserve the German identity of the AEG brand and its strong position in the demanding German market, production must be maintained within the country. We are therefore not planning to make any major changes in AEG Hausgeräte's production structure other than those which were implemented during the period when the two companies had a cooperative agreement. However, several rationalization programs have been started in the German plants.

We expect the above measures to generate total savings that will reach an annual level of about DEM 150 million within the next three years.

As previously stated, the consolidation of AEG Hausgeräte has not had an adverse effect on Group income for 1994. Instead, the cost of the acquisition has been entirely offset by the operation's income contribution. We expect that over the next few years AEG Hausgeräte should be able to achieve an operating profit margin in line with the overall Group goal of 6.5-7%, but this will naturally depend on market trends, particularly in Germany.

Expansion in new markets

The prospects for further geographical expansion have improved with the emergence of new markets in Eastern Europe and Asia. In addition, the economies of Latin America have stabilized somewhat despite recent events in Mexico.

As I stated earlier, our goal is to achieve the same position of leadership within our core areas in new markets that we already have in existing ones. However, this expansion requires well-defined global strategies for our various business areas in terms of such factors as brand names and product ranges, in order to ensure effective utilization of the benefits of coordination. To this end, we are now revising the Group's organization, which as of 1995

includes a central function whose task is to initiate and coordinate expansion in new markets.

In the course of the year we made a number of investments in Asia. The rising standard of living and high rate of population growth in this region will probably make Asia the world's largest white-goods market in terms of unit volume before the end of the century. However, the markets in Europe and North America will be bigger in terms of total value. Our product areas in Asia show high growth, e.g. over 10% in sales volume for refrigerators in China and India.

To date, we have primarily marketed high-end European or American products in Asia. During the past two years we have developed a new, high-quality and environment-friendly range of household appliances that is more appropriate for this region, and we can thus cover a larger part of the market. We therefore launched a marketing program during the third quarter of 1994 in the ASEAN countries, i.e. Indonesia, Malaysia, The Philippines, Singapore and Thailand. Over the next three years we will invest about SEK 350m in marketing within this region.

Another high-priority market in Asia is China, where we formed several joint ventures during the year, e.g. for floor-care products and water purifiers. Production of floor-care products is scheduled to start during the second half of 1995, and annual output should reach 200-300,000 units within the next few years. Over the next three years we expect to invest about SEK 700m in five new household-appliance plants in China.

In the course of the year we could also see how establishment of our own companies in Eastern Europe has led to increasingly higher exports of products to these countries. For example, in 1994 we sold as many Swedish-made chainsaws in Eastern Europe as we did in the entire Nordic area.

With regard to markets other than Asia and Eastern Europe, we started a majority-owned joint venture in South Africa with one of the country's major listed companies. The joint-venture includes the AEG operation and is expected to achieve sales of

about SEK 250m in 1995, which will make it one of South Africa's larger household-appliance companies.

Formation of a strategic alliance with Refripar, the second-largest white-goods company in Brazil, has enlarged our presence in South America as well as our opportunities for expansion within the Mercosur free-trade zone.

Outlook for 1995

Major structural changes within the Group have been carried out in recent years. We continue our efforts to improve internal efficiency, but are now focusing on accelerating the rate of product development, improving our product range, raising the level of customer service and increasing our investment in marketing. Efforts to improve our brand structure in white goods are continuing. A large number of new products will be launched in 1995 in all business areas.

In a Group that is changing rapidly, it is essential to develop the organization continuously and to stimulate innovation and change. In 1995 our investment in personnel training and development of competence will be increased substantially.

As usual, it is difficult to evaluate market conditions in Europe. However, indications are that conditions will continue to improve in 1995. We expect volume growth of 3-5% in the European white-goods market. In North America, we expect market growth to be lower than it was in 1994, but there will nevertheless be a steady increase involving 2-3% volume growth in the white-goods market.

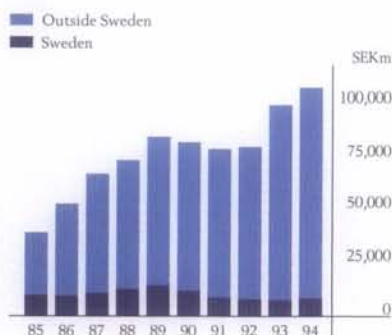
On the basis of a good product range and a continued improvement in productivity, I am optimistic about the Group's performance during the coming year.



Leif Johansson
President and CEO

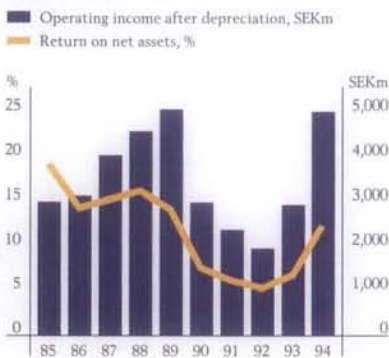
GROUP OPERATIONS

Sales



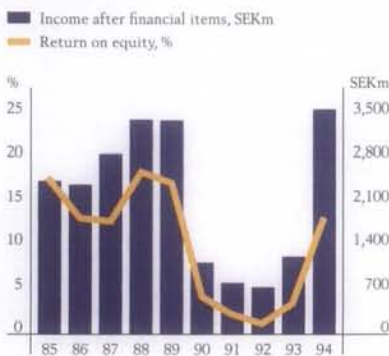
After adjustment for acquisitions and divestments, sales in 1994 increased by 7%, to SEK 108,004m.

Operating income and return on net assets



Exclusive of the capital gain on divestments of operations, operating income in 1994 rose to SEK 5,034m, as against SEK 2,945m in the previous year.

Income after financial items and return on equity



Exclusive of the capital gain on divestments of operations, income after financial items rose to SEK 3,595m, as against SEK 1,250m in the previous year.

Business recovery in Western Europe. Continued high growth rate in US.

Business conditions in the OECD countries improved in 1994, and growth averaged almost 3%. Following a year of stagnating production in 1993, Western Europe showed growth of about 2.5%. The recovery was particularly strong in the UK, Denmark, Norway and Finland.

The increase in activity in Western Europe was based on higher exports and to some extent on higher investment. However, consumption was restricted by low gross wage increases as well as policies of financial restraint aimed at limiting public-sector budget deficits. Unemployment continued to rise and averaged about 11.5%, which also had a restraining effect on consumption.

In the US, total production output increased by about 4% in 1994. The US economy has thus showed stable growth since the second quarter of 1991. The upturn can be described as employment-generated growth on the basis of higher investment, a high level of construction activity and a strong increase in private consumption. Despite high capacity utilization, there was little increase in price levels.

In 1995, growth in the US is expected to decline somewhat as a result of the increases in interest rates that have occurred and a continued policy of monetary restraint aimed at preventing an increase in inflation.

In contrast, growth in Western Europe is expected to rise as a result of continued good international competitiveness and higher exports. Increased investment is also expected to lead to more job opportunities and lower unemployment. Improved purchasing power and a lower level of savings are expected to allow for increased private consumption.

The international economy is thus expected to show continued growth. Financial disturbances accompanied by rising interest rates could retard the recovery, however.

Split in the Swedish economy

The Swedish economy continued to recover in 1994. Gross Domestic Product increased by almost 2%. However, the increase referred almost entirely to the export sector of the economy. The weak krona, low payroll growth and a substantial improvement in productivity made industry very competitive. In combination with rapid growth in the international market, this led to a strong increase of over 12% in exports.

Demand was very restrained in the segments of the Swedish economy that depend on the domestic market. Investment in housing declined again. Private consumption is being restrained by low wage increases and a high level of savings. Unemployment, including people in public labor-market programs, remained at almost 13% at year-end.

The export-led recovery is expected to continue in 1995. Reduction of the State budget deficit will have an adverse effect on disposable household income. Private consumption is expected to remain weak.

Higher sales

Sales for the Electrolux Group in 1994 rose to SEK 108,004m, as against SEK 100,121m in the previous year, of which 92% (92) or SEK 99,269m (92,092) was outside Sweden. After adjustment for acquisitions, divestments and exchange-rate effects, sales rose by over 7%.

Autoliv is included in the Group's accounts up to the end of May, and AEG Hausgeräte as of October 1.

Exports from Sweden by Electrolux in 1994 amounted to SEK 9,520m (8,848), of which SEK 6,468m (5,527) was to subsidiaries. The Swedish plants accounted for almost 15% (15) of the Group's total production value.

For information on Group sales by country and region, see page 58.

Strong growth in earnings and profitability

Inclusive of a capital gain in the second quarter totalling SEK 2,776m on divestment of Autoliv and other operations, operating income after depreciation according to plan rose

to SEK 7,810m (2,945) and income after financial items to SEK 6,371m (1,250). Net income after minority interests and taxes improved to SEK 4,830m (584), which corresponds to earnings per share of SEK 66.00 (8.00).

Exclusive of the above capital gain, operating income after depreciation rose to SEK 5,034m (2,945), which corresponds to 4.7% of sales. Income after financial items rose to SEK 3,595m (1,250), corresponding to 3.3% of sales. Net income rose to SEK 2,195m (584), which corresponds to earnings per share of SEK 30.00 (8.00).

Exclusive of the capital gain, the return on equity after taxes increased to 13.0% (3.5), and the return on net Group assets rose to 12.0% (6.8). Definitions of key ratios are given on page 45.

Improvement in net financial items

The net of the Group's financial income and expense amounted to SEK -1,439m (-1,695), which corresponds to -1.3% (-1.7) of sales. The improvement is traceable mainly to the proceeds on divestments, which were greater than the payments made for AEG Hausgeräte. In addition, tied-up capital was lower than in 1993.

Interest rates in the US rose during the year, as did long-term interest rates in Europe. Exchange rates remained unstable, and showed great volatility at times. Rates for the Italian lira and the US dollar declined in particular.

Group taxes

Taxes reported by the Group consist of income taxes, including deferred taxes. Real-estate taxes and similar charges are included in operating income as of 1994. The comparable figures for 1993 have been adjusted accordingly. Reported taxes as a percentage of operating income before taxes fell to 23%, from 50% in 1993. After elimination of the effect of the low tax on the capital gain, taxes for 1994 amounted to 37%. See Note 4 on page 38.

Operating income and profitability by business area

The European market showed a gradual increase in demand for household appliances. The market for commercial appliances remained weak, however, although some improvement was shown during the second half of the year in the private sector in southern Europe and the Nordic countries.

The North American market continued to expand for both household appliances and outdoor products. The rate of growth in North America declined during the fourth quarter, however, but this was in comparison with a very strong last quarter in 1993.

The increase in the Group's operating income is traceable primarily to the Household Appliances business area. However, all business areas reported improved operating income.

Although the market situation was better than in 1993 and the Group

Average annual growth, 1985-1994

| | |
|---------------------------|-------|
| Sales | 12.1% |
| Equity | 11.5% |
| Equity per share | 9.3% |
| Trading price, B-shares | 12.0% |
| Effective yield, B-shares | 16.6% |

Sales and income per quarter

| | | 1st qtr | 2nd qtr | 3rd qtr | 4th qtr | Full year |
|---|------|---------|---------|---------|---------|-----------|
| Sales, SEKm | 1994 | 26,582 | 28,980 | 24,213 | 28,229 | 108,004 |
| | 1993 | 23,991 | 25,657 | 24,603 | 25,870 | 100,121 |
| Operating income after depreciation, excl. capital gain, SEKm | 1994 | 1,059 | 1,441 | 981 | 1,553 | 5,034 |
| | 1993 | 563 | 896 | 555 | 931 | 2,945 |
| Income after financial items, excl. capital gain, SEKm | 1994 | 668 | 991 | 650 | 1,286 | 3,595 |
| | 1993 | 122 | 483 | 107 | 538 | 1,250 |
| Net income, excl. capital gain, SEKm | 1994 | 363 | 705 | 380 | 747 | 2,195 |
| | 1993 | 2 | 150 | -5 | 437 | 584 |
| Earnings per share, excl. capital gain, SEK | 1994 | 5.00 | 9.60 | 5.20 | 10.20 | 30.00 |
| | 1993 | 0.00 | 2.10 | -0.10 | 6.00 | 8.00 |

benefited from having a large share of production in countries with weak currencies, the good growth in income was mainly a result of restructuring and other internal action in recent years.

Marked rise in income for Household Appliances

The market for white goods showed greater volume in both Europe and North America. The upturn in the European market referred mainly to the Nordic countries, the UK and Spain. Higher demand was recorded in all major markets during the two final quarters, however. There was a marked improvement in operating income for the European white-goods operation. White goods in North America also showed good income growth.

Of the other product lines in this business area, room air-conditioners reported a marked improvement in operating income on the basis of considerably higher sales volume and cost reductions within the operation. Good demand also led to strong volume growth and strong increases in income for floor-care products,

leisure appliances, sewing machines and compressors.

Higher income for Commercial Appliances despite weak demand

Previously implemented restructuring led to a strong increase in operating income for food-service equipment, although from a low level in 1993. Industrial laundry equipment also reported higher income on the basis of a somewhat better market situation in Europe for light-duty equipment.

Operating income for commercial cleaning equipment was somewhat higher than in 1993, while a decline was reported for commercial refrigeration equipment.

Continued strong income growth for Outdoor Products

Demand for chainsaws remained good in both Europe and North America. Husqvarna reported very strong growth in sales volume and a strong increase in operating income.

The North American operation achieved higher sales of chainsaws and garden tractors, while volume was lower for some portable garden equipment. Income in North America was somewhat lower than in 1993.

Demand for garden equipment in Europe declined as a result of dry weather. Flymo reported lower sales and income than in 1993.

Considerable improvement in operating income for Industrial Products

Gränges achieved a strong increase in operating income. All business areas within the company reported improvement, due mainly to increased deliveries and partly to higher prices for aluminium.

Sales of materials-handling equipment were lower than in 1993, but there was a marked improvement in operating income as a result of internal action.

Financial position

Group liquid funds as of December 31, 1994 amounted to SEK 13,067m (8,357), which corresponds to 11.8% (8.3) of annualized sales. Net liquidity, i.e. liquid funds less short-term

Sales by business area, SEKm

| | 1994 | 1993 | Change, % |
|-----------------------|---------|---------|--------------|
| Household Appliances | 66,272 | 58,888 | 12.5 |
| Commercial Appliances | 10,467 | 10,531 | -0.6 |
| Outdoor Products | 15,237 | 13,638 | 11.7 |
| Industrial Products | 16,028 | 17,064 | -6.1 |
| Total | 108,004 | 100,121 | 7.9 |

Operating income after depreciation, by business area, SEKm

| | 1994 | 1993 | Change, % |
|---------------------------|--------|-------|--------------|
| Household Appliances | 2,555 | 869 | 194.0 |
| Commercial Appliances | 397 | 318 | 24.8 |
| Outdoor Products | 1,540 | 1,317 | 16.9 |
| Industrial Products | 542 | 441 | 22.9 |
| Total, excl. capital gain | 5,034* | 2,945 | 70.9 |

* As of 1994, operating income is charged with certain fixed taxes, including real-estate taxes, which were previously reported under "Taxes". The figures for 1993 have been adjusted accordingly.

borrowings, rose considerably and amounted to SEK 6,480m (-275).

Net assets, i.e. total assets less liquid funds and all non-interest-bearing liabilities including deferred tax on untaxed reserves, declined to SEK 38,947m (42,568). Net assets declined accordingly to 35.1% (40.9) of annualized sales.

Net assets include assets referring to customer financing in the amount of SEK 2,793m (2,679).

Shareholders' equity

Group equity increased as of December 31, 1994 to SEK 20,465m (16,853), and total risk-bearing capital rose to SEK 22,601m (18,706).

On a per-share basis, shareholders' equity and risk-bearing capital rose to SEK 279 (230) and SEK 309 (255), respectively.

Equity/assets and net debt/equity ratios

The equity/assets ratio improved to 28.8% (24.3). As in previous years, computation of this ratio involves netting liquid funds against interest-bearing borrowings.

The net debt/equity ratio, i.e. net borrowings in relation to shareholders' equity, amounted to 90.3% (152.6).

In consequence of the concentration of Group operations and the increased expansion in new markets, the goal for the equity/assets ratio has been raised to a level where net borrowings do not exceed shareholders' equity.

Interest-bearing liabilities

As of December 31, 1994, the Group's total current and long-term interest-bearing liabilities amounted to SEK 31,383m (33,970), of which SEK 1,449m (1,313) referred to pension commitments in Sweden (PRI).

Net borrowings, i.e. total interest-bearing liabilities less liquid funds, declined to SEK 18,482m (25,715).

Of interest-bearing liabilities, 79% (63) comprised long-term borrowings. Of these, 69% (67) carry fixed interest rates.

Maturity dates for long-term borrowings

| Year | Amount, SEKm |
|--------------------------|---------------|
| 1995 | 4,271 |
| 1996 | 4,249 |
| 1997 | 3,182 |
| 1998 | 5,914 |
| 1999 | 4,182 |
| 2000 | 209 |
| Thereafter, through 2016 | 2,789 |
| Total | 24,796 |

Long-term borrowings, by currency

| Currency | Amount, SEKm |
|--------------|---------------|
| USD | 14,212 |
| SEK | 2,305 |
| FRF | 2,058 |
| ESP | 1,822 |
| ITL | 1,023 |
| DEM | 995 |
| Other | 2,381 |
| Total | 24,796 |

Inventories and accounts receivable

Inventories in 1994 amounted to SEK 18,514m (16,698) and accounts receivable to SEK 20,015m (18,522), corresponding to 16.7% (16.1) and 18.0% (17.8) of annualized Group sales, respectively. The increase in both items resulted from changes in the Group's structure, i.e. acquisition of AEG Hausgeräte as well as divestment of Autoliv and other operations.

The Group's goal is to reduce inventories plus accounts receivable to 30% of sales.

Group currency exposure

Since the Group has considerable net assets in foreign currencies and operations involve large commercial flows, fluctuations in exchange rates can have adverse effects on income and shareholders' equity. In order to counteract these effects, the Group hedges currency risks, although with due consideration for the effects on costs, liquidity and taxes.

Exposure generated by foreign assets

The net of assets and liabilities in foreign subsidiaries comprises a net

Equity and risk-bearing capital per share



Equity per share rose by 21% in 1994, to SEK 279.

Inventories



Inventories in 1994 amounted to 16.7% of sales, as against 16.1% in the previous year. The increase is traceable to changes in Group structure.

Accounts receivable



Accounts receivable amounted to 18.0% of sales in 1994, as against 17.8% in the previous year.

investment in foreign currency, which generates a translation difference after consolidation. In order to avoid degradation of the Group's shareholders' equity, borrowings and forward contracts corresponding to this net investment are undertaken with due consideration for the estimated risk and the fiscal effects. This means that the decline in value of a net investment arising from a fall in exchange rates against the krona is offset by the exchange gains on the parent company's borrowings and forward contracts in the same currency, and vice versa. The magnitude of the total coverage can vary between a maximum of 100% of the net investment plus the fiscal effect – at which the effect of exchange-rate fluctuations on equity expressed in Swedish kronor is in principle zero – and the level at which the Group's equity/assets ratio is maintained intact in the event of exchange-rate fluctuations. There is always some net exposure, however, since it is difficult to raise loans in some minor currencies. The average total coverage during 1994 was approximately 102% (95) before taxes.

At year-end, forward contracts in SEK as hedges for net foreign investment amounted to SEK 12,571m (9,970).

Net translation differences arising from consolidation of foreign subsidiaries in 1994 amounted to SEK -760m (879). In computing these differences, due consideration is given to exchange differences in the parent company referring to borrowings and forward contracts intended as hedges for equity in subsidiaries. The above amount has been taken directly to equity in the consolidated balance sheet and thus does not affect income for the year. However, translation losses referring to countries with highly inflationary economies have been charged against operating income. See the description of accounting principles on page 35.

Exposure arising from commercial flow

Transactions between Group companies, suppliers and customers generate a flow exposure. About 75% of this

flow is between Group companies. The effect of changes in exchange rates is reduced by the Group's geographically widespread production and the two-way currency flows that it involves. Internal exposure is also reduced by the Group's netting system, which enables the remaining currency flow to be continuously monitored, so that action can be taken to change positions. The Group's total currency risk is managed centrally. The major currencies in the netting system are DEM, ITL, GBP, SEK and FRF. AEG Hausgeräte was integrated in the system during the autumn.

Group companies cover their commercial currency flows through the Group's financial units. The financial operation thus assumes the currency risks and can then cover them externally through forward contracts, borrowings or deposits. Options and other derivative instruments are also used. Exchange differences arising from short-term commercial receivables and liabilities in foreign currencies are included in operating income.

Capital expenditure and R&D costs

Capital expenditure in 1994 amounted to SEK 3,998m (3,682), of which SEK 568m (415) referred to Sweden. Total capital expenditure thus corresponded to 3.7% (3.7) of Group sales.

Following the construction or modernization of a large number of production units during the latter part of the 1980s, Group capital expenditure is now focused mainly on new products.

Costs for research and development in 1994 amounted to SEK 1,361m (1,275).

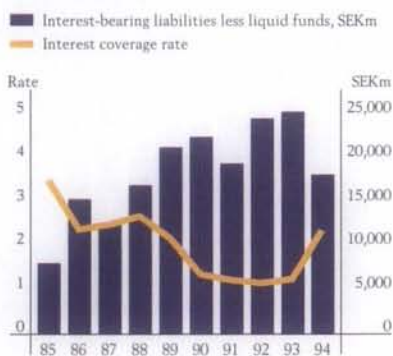
Improved cash flow

Group cash flow improved in 1994 and was highly positive. The improvement is traceable to a considerable increase in operating income and to the proceeds on divestments.

Acquisition of AEG Hausgeräte

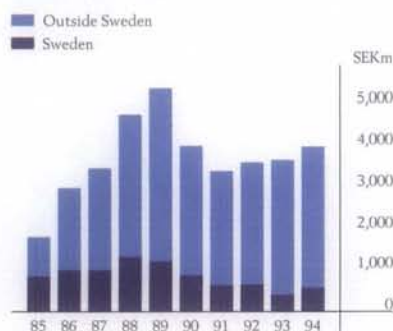
At the beginning of May, a final agreement was reached with AEG regarding acquisition of AEG Hausge-

Net borrowings



Net borrowings declined in 1994 to SEK 18,482m, from SEK 25,715m in 1993.

Capital expenditure



Capital expenditure in 1994 amounted to SEK 3,998m, and thus remained the equivalent of 3.7% of Group sales.

råte, including the perpetual royalty-free right to use the AEG brand for white goods, floor-care products and other household appliances. At the end of June, the EU Commission approved the acquisition, and the operation was consolidated in the Electrolux Group as of October 1.

The purchase price amounted to approximately DEM 730 million, to be paid over 18 months in three equal installments, the first of which on the acquisition date. Electrolux also took over a loan of approximately DEM 400 million that the Daimler Benz Group had given to AEG Hausgeräte.

AEG Hausgeräte is the second largest manufacturer of white goods in Germany, and in 1994 had sales of DEM 2.5 billion and about 9,000 employees.

Divestment of Autoliv and other operations

All shares in Autoliv were divested at the end of May, and the company was listed on the Stockholm Stock Exchange at the beginning of June. The number of shares amounted to 25 million, of which 8,750,000 were sold to the public and to institutional investors in Sweden, 8,125,000 to institutional investors outside Sweden and the US, and 8,125,000 to North American investors. The share price was SEK 171 for the Swedish public and SEK 180 for institutions. Total proceeds for Electrolux amounted to about SEK 4,300m. Autoliv is included in the Group accounts up to the end of May. The company is one of the world's leading producers of personal car safety equipment, and in 1993 had sales of SEK 5,333m and about 4,400 employees.

In mid-May, the Group divested the Blaw Knox Construction Equipment Company, a US operation focused on highway-construction equipment, which in 1993 reported sales of SEK 680m. As a result of this divestment, a write-down was made on the goodwill that had arisen in connection with the acquisition of White Consolidated in 1986. The divestment thus involved a charge of more than SEK 100m against Group income, but also

involved a reduction of over USD 100 million (SEK 856m) in the Group's goodwill. At the end of June, the Group also divested Copes-Vulcan, a US operation in industrial valves for the power sector and other industries. The company had sales of SEK 374m in 1993. Total proceeds on divestment of the two American companies totalled USD 166 million (approx. SEK 1,300m).

In addition, two smaller operations in Industrial Products were divested during the fourth quarter, i.e. the Klippan Group, devoted to child car seats and other safety products for children, and the Metalock Group, which focuses on service for heavy industry.

The three major divestments generated a total capital gain of SEK 2,776m for the Group. See also Note 1, page 37.

New operations in new markets

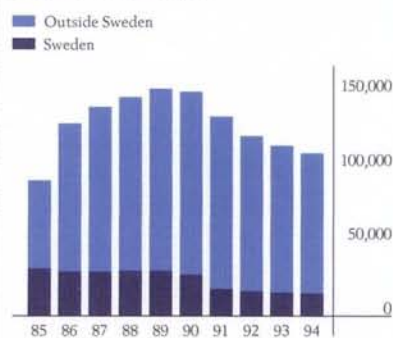
In the course of the year a joint venture for household appliances and garden equipment was established in South Africa with Barlow Ltd. The Group owns a 60% stake in the company. Three joint ventures for production and sales were also established in China, two for floor-care products and one for water purifiers.

The Group also formed an alliance with the second largest white-goods company in Brazil, Refrigeração Parana S.A. (Refripar), acquiring 10% of the ordinary shares and 4% of the preference shares in the company, which corresponds to 6% of the total capital. The agreement also stipulates that Electrolux will deliver equipment for production of washing machines that will be sold by both Refripar and the Group's subsidiaries in South America. In 1994, Refripar had sales of about SEK 3,500m and about 4,400 employees.

Employees

The average number of Group employees in 1994 was 109,470 (114,716), of whom 15,001 (15,118) in Sweden. At year-end, the Group had 114,103 (109,380) employees.

Number of employees



The average number of employees in 1994 was 109,470, of whom 15,001 in Sweden.

The reduction in the average number of employees is traceable mainly to divestments, which covered a total of 6,000 people. The increase at the end of the year resulted mainly from consolidation of AEG Hausgeräte as of the fourth quarter.

Of the total average number of employees in 1994, about 14,000 were in direct-sales operations. Most of them work in Asia.

Information as to the number of employees by country and region is given on page 58.

Salaries and remuneration totalled SEK 19,431m (18,691), of which SEK 2,900m (2,680) in Sweden. See also Note 17 on page 41.

Earnings and financial position according to US GAAP

The table below summarizes the Group's earnings and financial position according to US GAAP. Additional information and a description of the essential differences between US and Swedish accounting practices are given in Note 18 on page 41.

Electrolux also submits an annual Form 20-F report to the SEC (Securities and Exchange Commission).

Approximate values according to US GAAP

| | 1994 | 1993 |
|------------------------------------|---------------------|--------|
| Net income, SEKm | 5,655 ¹⁾ | 374 |
| Net income per share, SEK | 77.20 ¹⁾ | 5.10 |
| Shareholders' equity, SEKm | 19,486 | 14,989 |
| Total assets, SEKm | 86,658 | 79,700 |
| Debt/equity ratio, % ²⁾ | 60.2 | 64.6 |

1) Including a capital gain of SEK 2,665m, corresponding to SEK 36.40 per share.

2) Long-term liabilities expressed as a percentage of long-term liabilities plus shareholders' equity.

Group financial operations

Financial operations in Electrolux comprise functions for Finance and Risk Management. The former is a separate product line with three main fields of activities, i.e. borrowing to finance Group operations, cash and debt management, and financial support for sales operations. This product line includes more than thirty companies.

Fifteen local financial centers are positioned in the Group's major markets in Western Europe and North America. The short-term operations of these internal banks are managed from Stockholm, as are long-term financing and the Group's overall financial risk exposure.

Active cash management and comprehensive currency operations are based primarily in Sweden and Italy. An internal bank was established in Austria during the year.

Support for the Group's operative units includes leasing and rental activities, factoring for customers and suppliers, and various types of dealer financing. A number of leasing contracts were signed with customers in Eastern Europe during the year.

The Risk Management function coordinates the Group's protection against various types of risk exposure and includes several own insurance companies. Two of these, in Sweden and the US, have charters for direct insurance and reinsurance, while a company in Luxembourg is devoted exclusively to reinsurance and a company in Ireland focuses on direct insurance within the EU.

Loans raised during the year

A number of loans were raised during the year in both the Swedish and the international capital markets. In particular, this involved utilizing the Group's Swedish and Euromarket MTN programs. Loans corresponding to SEK 1,350m were raised within the framework of this program. A bond loan was issued in Norway in the amount of NOK 500 million (approx. SEK 550m). This was the first such loan by a foreign company in Norway. A certificate program totalling HUF 1,100 million (approx. SEK 80m) was established in Hungary.

As in previous years, swap transactions and options were used to achieve the desired balance between fixed and variable interest rates, and between currencies.

Income on currency trading remained good, while income on interest arbitrage was lower than in 1993. A further improvement was reported

in income from leasing, factoring and dealer financing.

The balance sheet below shows the scope of financial operations.

| Assets, SEKm | 1994 |
|--------------------------|----------------|
| Liquid funds | 9,703 |
| Loans to Group companies | 86,516 |
| Current receivables | 2,339 |
| Long-term receivables | 535 |
| Other fixed assets | 1,044 |
| Total assets | 100,137 |

| Liabilities and shareholders' equity, SEKm | 1994 |
|---|----------------|
| Operating liabilities | 616 |
| Borrowings from Group companies | 67,933 |
| Short-term borrowings | 9,204 |
| Long-term borrowings | 17,205 |
| Shareholders' equity | 5,179 |
| Total liabilities and shareholders' equity | 100,137 |

Parent company

The parent company comprises the functions of the Group's head office as well as fifteen companies that operate on commission from AB Electrolux.

Sales for the parent company in 1994 amounted to SEK 4,848m (4,717), of which SEK 1,961m (1,724) referred to sales to Group companies and SEK 2,887m (2,993) to sales to external customers. After allocations of SEK 207m (316) and taxes of SEK -34m (-5), the parent company reported net income of SEK 1,779m (296).

Financial exchange-rate differences during the year amounted to SEK -307m (-2,699), of which SEK -578m (-1,770) comprised exchange losses on loans intended as hedges for equity in subsidiaries, while exchange gains on forward contracts for the same purpose totalled SEK 288m (-1,177).

The Group's policy for hedging equity in subsidiaries (see page 10) led to unrealized exchange losses in the parent company in the amount of SEK 927m. If exchange rates remain the same, this would generate an effect on the parent company's income of SEK -394m in 1995, SEK -186m in

1996 and SEK -347m in subsequent years. Unrealized exchange losses are offset by the increase in the value of net assets in foreign subsidiaries that arises from changes in exchange rates but is not carried in the parent company's accounts.

No effect on Group income is generated, since exchange losses are offset against the translation difference, i.e. the increase in equity that arises when net assets in foreign subsidiaries are translated at year-end rates.

Information on the number of employees, salaries and remuneration is given in Note 17 on page 41. The parent company's holdings in shares and participations are reported on page 44.

Proposed distribution of earnings

In the light of the good growth in earnings and the Group's stronger financial position, the Board of Directors proposes that the dividend be returned to the level of 1991, which will involve raising it to SEK 12.50 (6.25) per share, for a total dividend payment of SEK 915m (458).



1



2



3



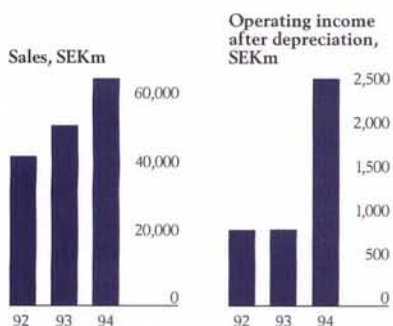
4

HOUSEHOLD APPLIANCES

Share of total Group sales 61.4%



| | SEKm | % |
|-------------------------------|--------|------|
| White goods | 45,794 | 69.1 |
| Floor-care products | 7,379 | 11.1 |
| Compressors | 3,418 | 5.2 |
| Leisure appliances | 3,000 | 4.5 |
| Room air-conditioners | 2,448 | 3.7 |
| Kitchen and bathroom cabinets | 2,092 | 3.2 |
| Sewing machines | 808 | 1.2 |
| Other | 1,333 | 2.0 |
| | 66,272 | 100 |



| | 1992 | 1993 | 1994 |
|---|--------|--------|--------|
| Sales, SEKm | 48,902 | 58,888 | 66,272 |
| Operating income after depreciation, SEKm | 897 | 869 | 2,555 |
| Operating income as % of sales | 1.8 | 1.5 | 3.9 |

1. The Zanussi BMS 441 built-in oven features Soft Tech design and a door entirely of glass, with an integrated handle.
2. AEG's new, noiseless dishwasher adjusts water consumption to the amount of dishes.
3. The new Electrolux washing machine has the lowest water consumption on the market.
4. In the US, Frigidaire will launch a product range in stainless steel during 1995.

■ Higher demand in both Europe and US

■ Marked improvement in operating income and profitability

■ White goods account for largest increase in income

■ Higher sales volume and considerably better income for virtually all product lines

White goods

Electrolux is one of the world's largest producers of white goods. The Group is the European market leader and as owner of Frigidaire Company is the third largest white-goods company in the US.

Approximately 65% of sales in 1994 referred to Europe, while North America accounted for over 30%.

Sales and profitability

Sales rose in 1994 to SEK 45,794m (40,986). AEG Hausgeräte is included as of October 1, in the amount of SEK 3,100m.

The European operation reported a marked improvement in operating income on the basis of restructuring, higher productivity and launches of new products. The US operation also reported improved income. Profitability improved for this product line and was satisfactory.

Trends in Europe

Demand for core appliances in Europe rose by approximately 5% in sales volume. All product areas with the exception of free-standing cookers reported higher sales. In geographical terms, market growth was strongest in the Nordic area, the UK and Spain. However, an increase in demand was reported during the second half of the year in all major markets. The Group achieved good growth in sales and strengthened its market share.

AEG Hausgeräte

Negotiations with AEG AG of Germany for the acquisition of AEG Hausgeräte were completed in May. Following the approval of the acquisition by the EU Commission at the end of June, the process of integrating

the company in the Group was started, and it was consolidated as of the fourth quarter.

Since the acquisition, AEG Hausgeräte's administration, logistics and service have been integrated with those of the Group's other white-goods companies in the sixteen countries where AEG Hausgeräte operates. In addition, coordination of material and component purchasing has been started, as well as coordination of product development and product planning. Several rationalization programs have also been started in the German plants.

AEG is the second biggest brand on the German white-goods market, and focuses on high-end built-in products. These products feature a high level of innovation and the company is a leader in terms of the environment.

In addition to white goods, AEG Hausgeräte also manufactures floor-care products, appliances for room heating and hot-water supply and small appliances, as well as microwave ovens through a joint venture in France. Sales in 1994 amounted to more than SEK 12,000m, of which about 40% were outside Germany. The company employs about 9,000 people.

Sales volume for white goods in the German market increased in 1994 as a result of greater construction activity and strong demand in the eastern part of the country. AEG Hausgeräte's market share was unchanged from the previous year. Operating income improved as a result of the synergy effects generated by coordination with Electrolux, as well as the rationalization and cost-cutting that has been implemented.

Changes in brand structure and distribution

Following the acquisition of AEG Hausgeräte, the Group has three pan-European brands – Electrolux, AEG and Zanussi, whose focal areas are in northern, central and southern Europe, respectively. These three brands together account for more than half of the white-goods sold in Europe today.

In the course of the year the Arthur Martin and Electrolux brands in France were combined as Electro-



Young Line is a new range of cookers from AEG in a selection of modern colors.



New, more energy-efficient refrigerators and freezers from the Swedish Mariestad plant will be launched in 1995. They feature soft, rounded design, flexible interior fittings and 90-95% recyclability.



lux Arthur Martin. The change is in line with the long-term goal of improving the balance between the Group's pan-European and local brands. Potential exists for additional consolidation of brands in response to changes in market structure.

The Group's systems for distribution of white goods are being restructured and rationalized in both Europe and the US, which among other things will enable a reduction in the number of shipments and warehouses, while customer service will improve.

The European market

The market for core appliances in Western Europe in 1994 is estimated at about 44.5 million units, against 42 million in 1993. This market is highly saturated for most products, except for dishwashers and tumble-driers. In recent years, demand has increased for more environment-friendly products and for built-in units.

The European market features a large number of producers. Consolidation to fewer and more competitive units is in progress. This process has been accelerated by the recession and the formation of the EU's single market.

Trends in the US

The American market for core appliances showed an increase in volume of more than 6%. All product areas reported improvement, with dishwashers and cookers showing the strongest growth. Price competition remained severe.

Frigidaire's market share for own brands was unchanged from the previous year. Lower sales for private brands led to a slight decline in total market share, however.

Work on improving efficiency and renewing and upgrading the product range continued during the year. At the start of 1995, two new and complete product ranges were launched by Frigidaire, i.e. Frigidaire Gallery and Gallery Professional. A number of new products will be introduced over the next few years, and investment in marketing will be increased.

Within the framework of a current program for rationalization of production, a small plant for dishwashers and washing machines in Connersville, Indiana was closed. A decision was also made to discontinue own production of microwave ovens, and the plant in Dalton, Georgia will be shut down during the first quarter of 1995.

The US market

The market in the US for core appliances, i.e. deliveries from domestic manufacturers plus imports, amounted to about 31.5 million units in 1994. This market features a limited number of manufacturers, of which the four largest together account for 80-90% of total sales volume. There is a large number of brands, however, most of them representing complete product ranges. Over-capacity is particularly evident in the distribution sector. As in Europe, demand refers primarily to replacement buying.

Floor-care products

Electrolux is the world's leading producer of floor-care products and has a global market share of about 20%. The Group's operation in the US is run through the Eureka subsidiary, which has about 20% of the US market.

This product line now includes AEG Hausgeräte's operation in floor-care products, which will involve considerably higher sales and market share, primarily in Germany.

Sales and profitability

Sales in 1994 amounted to SEK 7,379m (6,897), about one-third of which referred to the US operation. Operating income improved and profitability was satisfactory.

The US market showed a substantial upturn. Eureka reported very good growth in sales, and income rose over the previous year.

In Europe as well, the market showed growth and operating income improved. The Group strengthened its positions considerably during the year in all markets.

New companies in China and South Africa

A joint venture with a local partner in China was established during the year, and production is scheduled to start in 1995. An operation for production and sale of floor-care products was also established in South Africa.

The market

The European market for floor-care products in 1994 is estimated at about 14 million units, and in the US at over 16 million. Demand in the Western world for conventional vacuum-cleaners is relatively stable. The US market is becoming increasingly dominated by upright models. The market for vacuum cleaners in general features very tough price competition in both the manufacturing and distribution segments. In Europe, there is growing competition from producers in countries with low wage costs, such as China and the Eastern European nations.

Leisure appliances

Electrolux is a leader in the world market for absorption refrigerators. These products are used mainly in caravans and hotel rooms, as well as in built-in units or for storage of medical products.

The product range also includes other items for leisure vehicles, such as awnings and air-conditioners. The major market is North America, where these products are sold through the Dometic subsidiary.

Sales and profitability

Sales in 1994 rose to SEK 3,000m (2,675). Operating income and profitability improved.

Demand rose in North America for refrigerators and other equipment for caravans. Dometic reported good sales growth and improved income.

The European market also showed some growth, and operating income improved somewhat over the previous year.

In the course of the year a small operation in South Africa was added to this product line through the Group's new joint venture there.

Room air-conditioners

The Group's operation in air-conditioners is concentrated to the Frigidaire Company in the US, and comprises window-mounted units. This product line has about 20% of the American market.

Sales and profitability

Sales rose to SEK 2,448m (2,180) in 1994. Profitability improved and was satisfactory.

Demand for room air-conditioners in the US showed a strong increase as a result of warm weather. This product line reported very good growth in volume, which together with previous rationalization and new products led to a marked improvement in operating income.

The market

The American market for the type of products supplied by Frigidaire amounted to almost 3.9 million units in 1994. The market features a few domestic manufacturers and a high proportion of imports, particularly from Southeast Asia.

Kitchen and bathroom cabinets

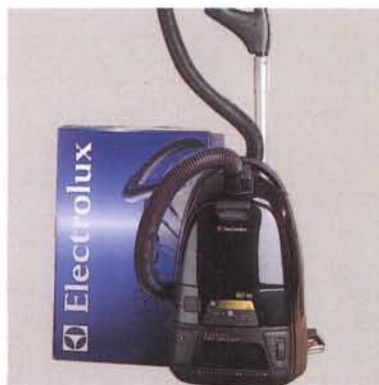
The Group's operation in kitchen and bathroom cabinets is run through the Schrock Cabinet Company in the US and Ballingslöv in Sweden.

Sales and profitability

Sales rose to SEK 2,092m (1,757) in 1994, of which the US operation accounted for over 70%. Profitability improved but remained unsatisfactory.

The US market showed an upturn from the previous year. Operating income for the American operation improved as a result of higher sales volume, higher prices and previous rationalization.

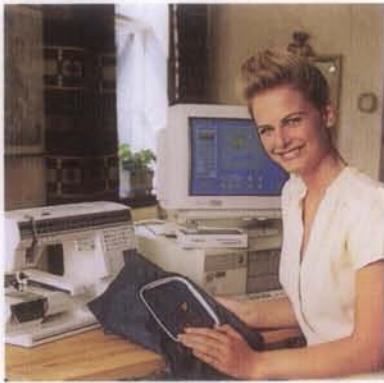
The Swedish market showed a considerable downturn, while the market situation improved in the other Nordic countries and the UK. Ballingslöv reported good sales growth, and oper-



Excellio is the top-of-the-line Electrolux vacuum cleaner, with the lowest noise level, the most effective air-filter and outstanding suction power (top picture).

A percentage of sales revenues from World Vac products are donated by Eureka to maintenance of US national parks.

The latest Electrolux hotel-room refrigerators consume much less energy.



An embroidery hoop and a specially developed PC program enable users of Husqvarna's new sewing machine to create their own embroidery (top picture).

The Group has a joint venture in China for production of refrigerator compressors.

ating income improved over the previous year.

The market

Both the US and the Nordic markets are highly fragmented. The Group is one of the largest producers in the US, where standard products are sold under the Schrock, Kemper and Diamond brands, and customized products under Quaker Maid. Most production is devoted to kitchen cabinets. Ballingslöv is one of the largest producers in the Nordic countries.

Sewing machines

This product line focuses on manufacture of technically advanced sewing machines for the high end of the market, in which the Group has a global market share of more than 20%. The product range also includes externally purchased machines for the low end of the market. The Group has strong market positions in the Nordic countries and North America.

Sales and profitability

Sales in 1994 amounted to SEK 808m (784). Profitability continued to be very good.

Demand for sewing machines in Europe was lower than in 1993, while an upturn was reported in North America. This product line achieved higher sales of own high-end products, which together with a generally improved product mix led to an improved margin and higher operating income.

In the course of the year a new machine for the high-end segment was launched, featuring conventional utility and decorative sewing as well as an optional computer-controlled hoop for advanced embroidery.

The market

The total world market for electric household sewing machines is estimated at about 5 million units, of which about 3 million refer to markets in which the Group operates. The greater share of sales volume comprises low-end products from the Far East and South America, which are sold through department stores and mail-order houses. Husqvarna is one of the five largest producers of technically ad-

vanced machines. The main competitors come from Japan, Taiwan, Germany and Switzerland.

Compressors

Electrolux is the market leader for refrigerator compressors in both Europe and the US. The Group is the world's largest company in this area.

Operations are run through Americold in the US, Zanussi Elettromeccanica in Italy, Verdichter in Austria, Unidad Hermética in Spain and a joint venture in China.

Sales and profitability

Sales to external customers in 1994 rose to SEK 3,418m (2,289). The operation in China has been consolidated as of 1994 and is included in sales in the amount of SEK 325m. Total sales for this product line inclusive of internal deliveries amounted to SEK 5,718m (4,341). Profitability improved.

The market for compressors showed growth over the previous year. Demand in Europe increased rapidly, particularly for new models featuring the CFC-free R134a coolant.

This product line achieved higher sales in most markets and reinforced its market position. Good sales volume and a better product mix based on new and more environment-friendly products led to an improvement in operating income.

The Group's joint venture in China performed well, and production output increased strongly to almost 1 million units.

Direct-sales operations

The Group's direct sales are run through a specific operation under the LUX brand. The product range consists primarily of high-end vacuum cleaners, floor polishers and water purifiers, most of which are manufactured by the Group. The Lux Group has a presence in 36 countries, and the average number of employees was about 14,000.

Sales in 1994 amounted to SEK 2,694m (3,091). The decline is traceable to the divestment of the direct-sales operation in France, as well as to a continued focus on the tradi-

tional business mission, which led to lower sales volume. Despite the changes, operating income remained largely the same as in 1993.

In the course of the year a joint venture was established in China, and direct sales of vacuum cleaners were started in Shanghai.



The direct-sale product range includes vacuum cleaners and floor polishers.



A joint venture for production and sale of water purifiers was established in China in 1994.

Major brands, markets and production locations

| Product line | Brands | Markets | Production locations |
|-------------------------------|---|--|--|
| White goods | Electrolux, Zanussi, AEG, Husqvarna, Elektro Helios, Rex, Tricity-Bendix, Juno, Corberò, Frigidaire, White-Westinghouse, Tappan, Kelvinator, Gibson | North America, Nordic countries, Italy, Germany, UK, France, Spain, Switzerland | Italy, US, Nordic countries, Germany, Hungary, Spain, UK |
| Floor-care products | Electrolux, Eureka, Tornado, Progress, Volta, Alfatec, LUX | North America, Nordic countries, UK, France, Germany, Australia, Japan, Italy, Spain, Brazil | US, UK, Sweden, Italy |
| Leisure appliances | Electrolux, Dometic | US, Germany, France, UK, Italy, Asia | Sweden, Germany, Luxembourg, US, Hungary |
| Compressors | Americold, Unidad Hermética, Verdichter Oe., Zanussi Elettromeccanica | Germany, Italy, US, China | Italy, Austria, Spain, US, China |
| Room air-conditioners | White-Westinghouse, Frigidaire, Gibson | US | US |
| Kitchen and bathroom cabinets | Schrock, Kemper, Diamond, Quaker Maid, Ballingslöv | US, Nordic countries, UK | US, Sweden |
| Sewing machines | Husqvarna, LUX, Viking, White | North America, Nordic countries, Germany | Sweden |



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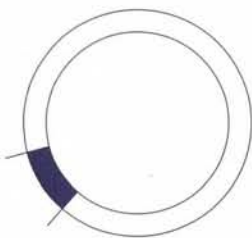
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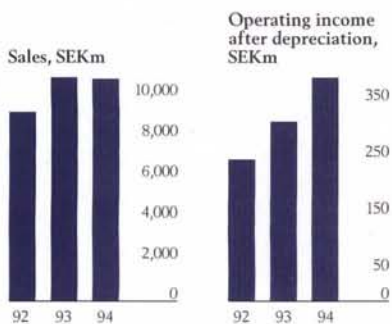
3

COMMERCIAL APPLIANCES

Share of total Group sales 9.7%



| | SEKm | % |
|------------------------------------|--------|------|
| Food-service equipment | 5,161 | 49.3 |
| Industrial laundry equipment | 2,567 | 24.5 |
| Commercial refrigeration equipment | 1,797 | 17.2 |
| Commercial cleaning equipment | 942 | 9.0 |
| | 10,467 | 100 |



| | 1992 | 1993 | 1994 |
|---|-------|--------|--------|
| Sales, SEKm | 8,898 | 10,531 | 10,467 |
| Operating income after depreciation, SEKm | 251 | 318 | 397 |
| Operating income as % of sales | 2.8 | 3.0 | 3.8 |

1. The Group's rack-type dishwashers feature very low consumption of energy, water and detergent.
2. A new series of refrigerators and freezers with CFC-free insulation was launched during the year.
3. The Electrolux-Euroclean ride-on scrubber/drier scrubs floors and also dries the surface.

■ *Continued weak market conditions in Europe, but some improvement in second half*

■ *Improved operating income and profitability*

■ *Substantial rise in income for food-service equipment and industrial laundry equipment*

Food-service equipment

The Group is the European market leader in food-service equipment, as well as the second largest producer in the world. Market positions are also strong in beverage vendors and bakery equipment.

Sales and profitability

Sales in 1994 amounted to SEK 5,161m (5,191). Profitability was not satisfactory.

There was some increase in demand for food-service equipment in Europe within most product segments.

This product line reported a marked improvement in operating income over the previous year, although from a low level. The largest increase referred to beverage vendors. The improvement is traceable largely to internal changes.

A program is currently in progress for restructuring and specialization of production, and for coordination of product development and marketing among the various units.

The market

The European market for commercial food-service equipment accounts for about one-fourth of the global market. Demand in Europe has declined considerably over the past three years. The world market features a few large international companies and a large number of small local manufacturers.

The Group's products are marketed on a unit basis as well as in the form of projects that cover everything from design and planning to installation, service and training.

Industrial laundry equipment

Electrolux-Wascator is the world's leading producer of washing machines for apartment-house laundry rooms, coin bars, hotels and institutions. The product range also includes heavy-

duty equipment for industrial laundries as well as products for dyeing and textile processing.

Sales and profitability

Sales in 1994 amounted to SEK 2,567m (2,575). Profitability increased and was very good.

There was some improvement in the market situation for light-duty laundry equipment, and sales volume for this product line rose in most European markets. A strong increase in sales was also achieved in Japan. Both demand and sales declined for heavy-duty equipment, however.

Operating income improved as a result of a shift in sales toward more profitable products and an increase in productivity, particularly in the Swedish plants.

The market

The total world market for both light- and heavy-duty industrial laundry equipment is estimated at about SEK 12 billion for 1994. The US accounts for about half of this amount. The market is stagnating.

Commercial refrigeration equipment

Electrolux is one of Europe's largest producers of refrigeration and freezing equipment for food retailers.

This product line also includes Frigidaire Commercial Products Company, a smaller operation in the US focused on equipment for convenience stores.

Sales and profitability

Sales in 1994 amounted to SEK 1,797m (1,817). Operating income was lower than in 1993 and profitability was unsatisfactory.

The decline in income is traceable mainly to lower sales in central Europe, where demand was lower than in the previous year. Some improvement was noted in the Nordic countries and the UK, however, and the Group reported higher sales and operating income in these markets.

The US market for the type of equipment produced by the Group showed higher volume, and this product line achieved good growth in sales and income.



The Wascator AquaClean washing machine can wash many garments that previously had to be dry-cleaned.



Electrolux CR produces a wide range of refrigerator and freezer units for retail outlets.



The Euroclean hip-vac vacuum cleaner is light and noiseless. The 15-meter cord enables maximum freedom of movement.

The market

The European market is dominated by five large international companies. In each country there is also a number of local manufacturers who often specialize in specific product ranges. The customer base is gradually changing within the retail segment. A concentration is in progress to larger companies that are becoming increasingly more international.

Commercial cleaning equipment

The product range focuses on commercial vacuum cleaners and wet/dry cleaners, of which the Group is one of the largest producers in the world. The product range also includes

scrubbing and polishing machines, carpet washers and cleaning agents.

Sales and profitability

Sales in 1994 amounted to SEK 942m (948). Profitability was not satisfactory.

Demand improved gradually during the second half of the year in the Nordic countries, except for Sweden, as well as in the rest of Europe. Sales for this product line increased in a number of countries.

However, as a result of low sales growth for several direct-sales companies, there was only a marginal improvement in operating income over 1993.

In the course of the year a new range of scrubber/driers was launched and received good market acceptance.

The market

The world market for commercial cleaning equipment features about ten large international companies with broad product ranges. There is also a large number of small, local companies which often focus on one or a few products. Demand is relatively constant for conventional cleaning equipment. However, the customer base is gradually changing, as commercial cleaning companies account for an increasingly larger share of total cleaning volume.

Major brands, markets and production locations

| Product line | Brands | Markets | Production locations |
|------------------------------------|---|---|--|
| Food-service equipment | Zanussi, Electrolux, Therma, Juno, Dito Sama | Italy, Nordic countries, Germany, Spain, France, UK | Italy, Sweden, Germany, France, Switzerland |
| Industrial laundry equipment | Electrolux-Wascator, Wascomat, Nyborg, Washex, Senking, Dubix-de Souza, Zanussi | US, Nordic countries, Germany, Japan, UK, France, Italy | Sweden, US, Denmark, France, Germany |
| Commercial refrigeration equipment | Electrolux, Kelvinator Commercial, Universal Nolin, Kelvinator Scientific | Germany, US, Nordic countries, The Netherlands | Sweden, Germany, Finland, The Netherlands, Hungary, US |
| Commercial cleaning equipment | Electrolux Euroclean, Kent, LUX Professional | Nordic countries, US, Asia | Sweden, US, Italy |

OUTDOOR PRODUCTS



1



2



3

OUTDOOR PRODUCTS

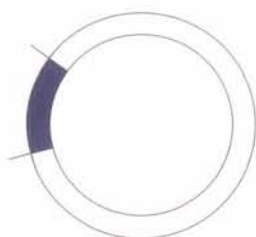
■ *Market for chainsaws expands in both Europe and North America*

■ *Continued strong growth in volume and operating income for Husqvarna*

■ *Demand for garden equipment declines in Europe but rises in North America*

■ *Higher operating income and profitability for this business area*

Share of total Group sales 14.1%



| | SEKm | % |
|-------------------------------|--------|------|
| Forestry and garden equipment | 15,077 | 99.0 |
| Agricultural implements | 160 | 1.0 |
| | 15,237 | 100 |



| | 1992 | 1993 | 1994 |
|---|-------|--------|--------|
| Sales, SEKm | 9,333 | 13,638 | 15,237 |
| Operating income after depreciation, SEKm | 678 | 1,317 | 1,540 |
| Operating income as % of sales | 7.3 | 9.7 | 10.1 |

1. The "Smart Start" function makes the new Husqvarna 246 professional saw easy to start.
2. American Yard Products are the US market leaders for garden tractors.
3. The Solar Mower, a self-propelled lawn mower driven by solar batteries, will be launched in 1995.

Forestry and garden equipment

Electrolux is the world's leading producer of chainsaws, with a global market share of over 30%. The Group is also the world's largest producer of lawn mowers and garden tractors, and of portable garden equipment such as lawn trimmers and leaf blowers.

The range of forestry equipment includes chainsaws and equipment for clearing forests, as well as protective clothing and forestry tools. This business area also includes cutting machines for concrete and similar materials.

Operations are run through the Husqvarna and Flymo subsidiaries, with production units in Europe, and through Poulan Weed Eater and American Yard Products, with production units in the US. The American operation accounted for more than half of sales in this business area in 1994.

Sales and profitability

Sales in 1994 rose to SEK 15,077m (13,515). Operating income improved and profitability continued to be good.

Demand for chainsaws was good in both Europe and North America. Husqvarna continued to report very strong growth in sales volume and income. There was a considerable increase in sales in new markets in Eastern Europe and Latin America. Husqvarna also achieved good growth in volume for garden equipment, particularly in France.

The North American market also showed good growth in garden equipment. American Yard Products achieved higher sales for both lawn mowers and garden tractors, and operating income improved. On the other hand, despite higher sales of hobby saws

Poulan Weed Eater reported somewhat lower income, due to a decline in sales of lawn trimmers. The Group increased its market shares in the US within most product areas.

Demand for garden equipment in Europe was weak as a result of dry weather. Flymo reported lower sales of lawn mowers and trimmers in the UK, while sales rose in other markets including France, The Netherlands and the Nordic countries. Operating income declined from the previous year as a result of the costs of increased marketing programs, including the launch of the new Gardenvac.

The market

The world market for chainsaws expanded in 1994 and is estimated at almost 4 million units, of which the US accounts for about 45%. The market for professional chainsaws has been gradually declining for many years as a result of increased mechanization of forestry in traditional major markets. This trend continued in 1994, but was offset by continued good business conditions in the US with accompanying higher volume, and by higher demand in new markets such as Eastern Europe and Latin America.

The market is dominated by a few international companies. The main competition is from producers in Germany and the US. The market is normally divided into three segments – professional, semi-professional and hobby saws. Electrolux has a large market share in all three.

In addition to sales under own brands, the Group is the main supplier of both forestry and garden equipment to Sears, the American department-store chain, which sells this equipment under its Craftsman brand.

In Europe, the market for garden equipment is still fragmented and features a large number of companies. In the US, production was concentrated to a few producers during the 1980s. Demand is dependent on the weather, but the long-term trend is upward, particularly for hand-held motor-driven equipment and garden tractors. In Europe, the market for electric lawn mowers has also shown steady growth.

Agricultural implements

Operations are run through Överums Bruk in Sweden and through Group companies in Denmark, the UK and Finland. The product range includes plows, sowing machines and fertilizer spreaders.

Sales in 1994 rose to SEK 160m (123). Demand for agricultural implements showed substantial growth. This product line reported a considerable increase in operating income over the previous year, although from a low level. Profitability was unsatisfactory.



The Group is the world's largest producer of lawn trimmers.

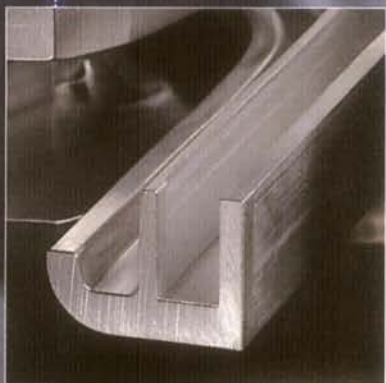


Top: Two of Poulan Weed Eater's lawn mowers for the US market.

The autumn of 1995 will mark the launch of the new Gardenvac, which not only blows and vacuums leaves, but also shreds them for faster composting.

Major brands, markets and production locations

| Product line | Brands | Markets | Production locations |
|-------------------------------|---|--|----------------------|
| Forestry and garden equipment | Husqvarna, Jonsered, Partner, Flymo, Poulan, Weed Eater, Rally, Paramount | North America, Nordic countries, UK, France, Germany | Sweden, US, UK |
| Agricultural implements | Överum | Nordic countries, UK | Sweden |



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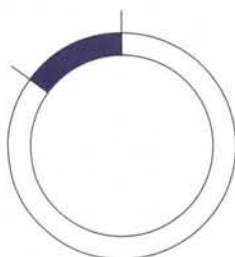
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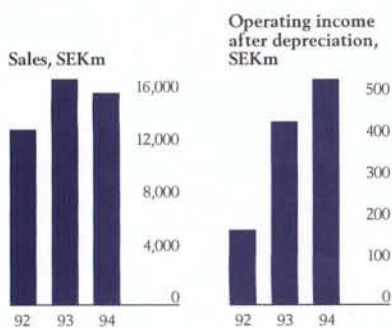
INDUSTRIAL PRODUCTS

Share of total Group sales 14.8%



| | SEKm | % |
|------------------------------|--------|------|
| Gränges | 9,477 | 59.1 |
| Materials-handling equipment | 1,572 | 9.8 |
| Goods protection | 239 | 1.5 |
| Other | 301 | 1.9 |
| Divested operations* | 4,439 | 27.7 |
| | 16,028 | 100 |

* Autoliv and other operations are included up to the date of divestment.



| | 1992 | 1993 | 1994 |
|---|--------|--------|--------|
| Sales, SEKm | 13,303 | 17,064 | 16,028 |
| Operating income after depreciation, SEKm | 166 | 441 | 542 |
| Operating income as % of sales | 1.3 | 2.6 | 3.4 |

1. Sapa is the second largest producer of aluminium profiles in Europe.
2. Gränges delivers high quality components to the automotive industry, including hubcaps.
3. Aluminium foil has unique barrier properties and is often used in packaging.
4. Profiles can be anodized or painted to meet specific application requirements.

■ *Gränges reports strong rise in income, traceable mainly to higher sales volume and partly to higher aluminium prices*

■ *Autoliv, an operation focused on car safety belts and airbags, with sales of SEK 5,333m in 1993, was divested at the end of May*

■ *Four smaller operations in this business area with total sales of about SEK 1,503m in 1993 were also divested*

Gränges

Gränges is one of the leading European producers of extruded aluminium profiles as well as specific grades of thin strip and light-gauge foil. In the Nordic countries, the company is also a leader in secondary aluminium and metal recycling. Customers are mainly in the European packaging, engineering, transportation and construction sectors.

Four business areas

Operations comprise four business areas – aluminium, recycling, auto-plastics and distribution. The largest of these is aluminium, which in 1994 accounted for about 60% of total sales and includes production of extruded profiles, thin strip for such applications as car radiators and heat exchangers, and primary aluminium.

The second largest business area is recycling, which accounted for about 17% of sales and includes collection and sorting of scrap metal and waste paper, as well as production of secondary aluminium. The Gotthard Nilsson subsidiary has a leading position in the Swedish market. The autoplastics business area comprises plastic component systems for the automotive industry. The distribution business area comprises an international wholesale operation for a range of products in metal and industrial plastics.

Sales and profitability

Sales in 1994 rose to SEK 9,477m (7,582). The figure for 1994 includes an Italian company for production of automotive components, with sales of about SEK 300m, which was transferred from Electrolux.

The increase in sales was due mainly to higher volume in all major markets and partly to higher prices. A revised product mix with a greater proportion of added-value products was also a contributing factor. Operating income showed a marked improvement.

Deliveries in 1994 comprised 99,000 tons of extruded products and 80,000 tons of strip and foil. Production of primary aluminium amounted to about 84,000 tons.

Materials-handling equipment

The Electrolux Constructor Group is one of the leading European manufacturers of materials-handling systems and archive systems.

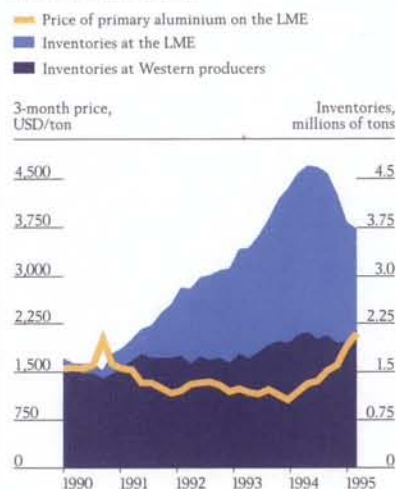
This product line also includes Richards-Wilcox in the US, which focuses on archive systems for offices and conveyor systems for industrial applications.

Sales and profitability

Sales in 1994 amounted to SEK 1,572m (1,685). The US operation accounted for about 20% of sales. Profitability was unsatisfactory.

The market remained weak in both Europe and the US, but showed improvement during the second half of the year. Total sales volume for this product line was lower than in 1993.

Price of primary aluminium and inventory levels



The graph shows price and inventory trends for primary aluminium on the London Metal Exchange as well as inventories at Western producers through January 1995.



The Electrolux Constructor Group is one of the European leaders in materials-handling equipment (top picture).

A hall from Jonsered serves as a temporary workshop for repair of a damaged aircraft.

Higher sales were achieved in the Nordic countries, Benelux and the US, however.

There was a marked improvement in operating income, as a result of rationalization, cost-cutting and intensified marketing activities.

The market

The market for materials-handling equipment features a limited number of large international companies. There is also a large number of regional or local producers, who often specialize in one or a few products. Automatic systems comprise the growth segment in this market.

Goods protection

A comprehensive restructuring has been implemented over the past few years in this product line, which is being streamlined for products and services in the environmental sector. Operations will comprise two main areas, i.e. systems for eliminating moisture in the building process and in other production environments, and systems for recycling of such products as packaging. Both areas include serving as a third-party operator of such systems.

Operations are run through Jonsereds Godsskydd in Sweden, which in 1995 will be renamed Jonsereds Miljösystem, and through companies in Denmark, Finland and Germany.

Sales in 1994 amounted to SEK 239m (255). Rationalization and the change in the business mission led to improved operating income. Profitability remained unsatisfactory, however.

Major brands, markets and production locations

| Product line | Brands | Markets | Production locations |
|------------------------------|---|---|---|
| Gränges | — | Sweden, UK, Germany, France and other EU countries | Sweden, Denmark, Germany, Luxembourg, The Netherlands, UK, France, Finland, Italy, Poland |
| Materials-handling equipment | Electrolux-Constructor, Electrolux MTH System, Electrolux Laesse, ELBA-mobil, Compactus, Bruynzeel Storage Systems, Richards-Wilcox | Germany, US, Nordic countries, Benelux, Switzerland, UK | Germany, US, Sweden, The Netherlands, Switzerland |
| Goods protection | Jonsereds, Albrektsen, Lainapeite, ips | Sweden, Finland, Denmark, Germany, UK | Sweden, Denmark, Finland |

GROUP

CONSOLIDATED INCOME STATEMENT

| (SEKm) | | 1994 | 1993 |
|---|----------|---------|---------|
| Operating income and expense | | | |
| Sales | | 108,004 | 100,121 |
| Operating expense | (Note 1) | -95,986 | -92,914 |
| Share of income in associated companies | | 6 | -10 |
| Operating income before depreciation | | | |
| Depreciation according to plan | (Note 2) | -4,214 | -4,252 |
| Operating income after depreciation | | | |
| Financial items | (Note 3) | -1,439 | -1,695 |
| Income after financial items | | | |
| Minority interests in income before taxes | | -116 | -79 |
| Income before taxes | | | |
| Taxes | (Note 4) | -1,425 | -587 |
| Net income | | | |
| | | | |
| Earnings per share, SEK | | | |
| | (Note 5) | | |
| - Including capital gain | | 66.00 | 8.00 |
| - Excluding capital gain | | 30.00 | 8.00 |

GROUP

CONSOLIDATED BALANCE SHEET

| ASSETS (SEK m) | | 1994-12-31 | | 1993-12-31 |
|---|-----------|------------|--------|------------|
| Current assets | | | | |
| Cash and bank deposits | | 5,849 | | 2,415 |
| Shares and participations | | - | | 5 |
| Bonds and other securities | | 7,218 | 13,067 | 5,937 |
| Notes receivable | | 1,620 | | 1,553 |
| Accounts receivable | | 18,395 | | 16,969 |
| Prepaid expense and accrued income | | 1,491 | | 1,539 |
| Other receivables | | 2,474 | 23,980 | 2,408 |
| Inventories | (Note 6) | | 18,514 | 16,698 |
| Advances to suppliers | | | 139 | 146 |
| Total current assets | | | 55,700 | 47,670 |
| Blocked accounts for investment and other reserves | | | 16 | 17 |
| Fixed assets | | | | |
| Shares and participations | (Note 7) | 627 | | 1,120 |
| Bonds and other securities | | 271 | 898 | 208 |
| Notes receivable | | 8 | | 12 |
| Latent tax refund claims | | - | | 455 |
| Long-term receivables | | 620 | 628 | 518 |
| Leaseholds, patents, etc. | (Note 8) | 33 | | 185 |
| Goodwill | (Note 8) | 3,651 | | 5,108 |
| Advances to suppliers | | 177 | | 142 |
| Construction in progress | | 960 | | 736 |
| Machinery, equipment and tools | (Note 9) | 13,944 | | 13,942 |
| Buildings | (Note 9) | 6,579 | | 6,293 |
| Land and land improvements | (Note 9) | 1,597 | 26,941 | 1,241 |
| Total fixed assets | | | 28,467 | 29,960 |
| TOTAL ASSETS | | | 84,183 | 77,647 |
| Assets pledged | (Note 10) | | 2,199 | 1,882 |

| LIABILITIES AND SHAREHOLDERS' EQUITY (SEK.m) | | 1994-12-31 | 1993-12-31 |
|---|-----------|---------------|---------------|
| Current liabilities | | | |
| Notes payable | | 874 | 896 |
| Accounts payable | | 10,192 | 8,590 |
| Tax liability | | 955 | 688 |
| Accrued expense and prepaid income | | 9,055 | 7,992 |
| Other current liabilities | | 3,634 | 2,670 |
| Advances from customers | | 395 | 506 |
| Bank loans, etc. | | 10,858 | 12,602 |
| Total current liabilities | | 35,963 | 33,944 |
| Long-term liabilities | | | |
| Bond loans | (Note 12) | 9,162 | 9,768 |
| Mortgage loans, promissory notes, etc. | (Note 12) | 9,914 | 10,287 |
| Deferred taxes | | 144 | - |
| Other long-term liabilities | | 3,203 | 2,418 |
| Provisions for pensions | | | |
| PRI pensions (Pension Registration Institute) | | 1,449 | 1,313 |
| Other pensions | | 3,353 | 2,674 |
| Total long-term liabilities | | 27,225 | 26,460 |
| Minority interests | | 530 | 390 |
| Shareholders' equity | | | |
| (Note 14) | | | |
| Restricted equity | | | |
| Share capital | (Note 15) | 1,831 | 1,831 |
| Statutory reserves | | 9,035 | 9,653 |
| Unrestricted equity | | | |
| Retained earnings | | 4,769 | 4,785 |
| Net income for the year | | 4,830 | 584 |
| Total shareholders' equity | | 20,465 | 16,853 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 84,183 | 77,647 |
| Contingent liabilities | | | |
| | (Note 16) | 806 | 925 |

PARENT COMPANY

INCOME STATEMENT

| (SEKm) | | 1994 | 1993 |
|---|-----------|--------|--------|
| Operating income and expense | | | |
| Sales | | 4,848 | 4,717 |
| Operating expense | (Note 1) | -4,401 | -4,048 |
| Operating income before depreciation | | | |
| Depreciation according to plan | (Note 2) | -221 | -217 |
| Operating income after depreciation | | | |
| Financial items | (Note 3) | 1,380 | -467 |
| Income after financial items | | | |
| Appropriations to untaxed reserves | (Note 13) | 207 | 316 |
| Income before taxes | | | |
| Taxes | (Note 4) | -34 | -5 |
| Net income | | | |
| | | 1,779 | 296 |

BALANCE SHEET

| ASSETS (SEKm) | | 1994-12-31 | 1993-12-31 |
|------------------------------------|----------|------------|------------|
| Current assets | | | |
| Cash and bank deposits | | 1,682 | 260 |
| Bonds and other securities | | 5,079 | 6,761 |
| Notes receivable | | - | 1 |
| Receivables from subsidiaries | | 1,543 | 3,674 |
| Accounts receivable | | 467 | 475 |
| Prepaid expense and accrued income | | 284 | 224 |
| Other receivables | | 110 | 2,404 |
| Inventories | (Note 6) | 511 | 420 |
| Advances to suppliers | | 3 | - |
| Tax refund claim | | 4 | 518 |
| Total current assets | | | |
| | | 9,683 | 8,676 |
| Fixed assets | | | |
| Shares and participations | (Note 7) | 18,830 | 16,824 |
| Long-term receivables | | | |
| In subsidiaries | | 2,638 | 4,297 |
| Other | | 39 | 2,677 |
| Brand names, etc. | (Note 8) | 265 | 331 |
| Advances to suppliers | | 22 | 9 |
| Construction in progress | | 20 | 99 |
| Machinery, equipment and tools | (Note 9) | 653 | 486 |
| Buildings | (Note 9) | 74 | 78 |
| Land and land improvements | (Note 9) | 15 | 784 |
| Total fixed assets | | | |
| | | 22,556 | 22,172 |
| TOTAL ASSETS | | | |
| | | 32,239 | 30,848 |
| Assets pledged | | | |
| | | - | - |

| LIABILITIES AND SHAREHOLDERS' EQUITY (SEKm) | 1994-12-31 | | 1993-12-31 | |
|--|-------------------|---------------|-------------------|---------------|
| Current liabilities | | | | |
| Payable to subsidiaries | 2,483 | | 821 | |
| Accounts payable | 492 | | 350 | |
| Tax liability | - | | 3 | |
| Accrued expense and prepaid income | 1,002 | | 1,080 | |
| Other current liabilities | 64 | | 60 | |
| Advances from customers | 11 | 4,052 | 7 | 2,321 |
| Bank loans, etc. | | 2,982 | | 7,739 |
| Total current liabilities | | 7,034 | | 10,060 |
| Long-term liabilities | | | | |
| Payable to subsidiaries | 769 | | 1,842 | |
| Bond loans | 10,472 | | 8,269 | |
| Mortgage loans, promissory notes, etc. | 4,287 | 15,528 | 2,217 | 12,328 |
| Provisions for pensions | | | | |
| PRI pensions (Pension Registration Institute) | 531 | | 471 | |
| Other pensions | 96 | 627 | 53 | 524 |
| Total long-term liabilities | | 16,155 | | 12,852 |
| Untaxed reserves | (Note 13) | 683 | | 890 |
| Shareholders' equity | (Note 14) | | | |
| Restricted equity | | | | |
| Share capital | (Note 15) | 1,831 | 1,831 | |
| Statutory reserve | | 2,731 | 2,731 | 4,562 |
| Unrestricted equity | | | | |
| Retained earnings | | 2,026 | 2,188 | |
| Net income for the year | | 1,779 | 296 | 2,484 |
| Total shareholders' equity | | 8,367 | | 7,046 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 32,239 | | 30,848 |
| Contingent liabilities | (Note 16) | 5,831 | | 5,482 |

STATEMENT OF CHANGES IN FINANCIAL POSITION

| (SEKm) | Group | | Parent company | |
|--|--------------|---------------|----------------|---------------|
| | 1994 | 1993 | 1994 | 1993 |
| Operations | | | | |
| Net income | 4,830 | 584 | 1,779 | 296 |
| Depreciation according to plan charged against above income | 4,214 | 4,252 | 221 | 217 |
| Capital gain included in operating income | -2,785 | -69 | -326 | -174 |
| Allocations | - | - | -207 | -316 |
| Change in operating assets and liabilities | | | | |
| Change in notes receivable and accounts receivable | -1,988 | -441 | 9 | 69 |
| Change in current intra-Group balances | - | - | 3,793 | -828 |
| Change in inventories | -1,800 | 905 | -91 | 36 |
| Change in other current assets | -336 | -123 | -97 | -56 |
| Change in current liabilities | 3,365 | 1,848 | 70 | 69 |
| Liquid funds generated by operations | 5,500 | 6,956 | 5,151 | -687 |
| Investments | | | | |
| Operations | -3,470 | - | - | - |
| Divestment of operations | 5,235 | -139 | - | - |
| Shares and participations | -108 | -396 | -1,676 | 2,782 |
| Long-term notes receivable and accounts receivable | 57 | -96 | -6 | 24 |
| Change in intra-Group balances | - | - | 587 | -928 |
| Goodwill | -49 | -67 | - | - |
| Machinery, buildings, land and construction in progress | -3,998 | -3,727 | -244 | -178 |
| Other fixed assets | 110 | 423 | -13 | 3 |
| Income on sales of fixed assets | 379 | 364 | 1 | 95 |
| Liquid funds generated by operations, after investments | 3,656 | 3,318 | 3,800 | 1,111 |
| Financing | | | | |
| Change in long-term loans | 1,070 | 789 | 4,273 | 1,587 |
| Change in other long-term liabilities | 2,198 | -163 | 103 | -294 |
| Other | | | | |
| Allocations to statutory reserve | - | - | - | 1 |
| Dividends paid | -458 | -458 | -458 | -458 |
| Change in minority interests | 37 | 46 | - | - |
| Exchange-rate differences referring to net liquidity | 252 | -689 | - | - |
| Change in net liquid funds* | 6,755 | 2,843 | 7,718 | 1,947 |
| Net liquid funds at beginning of year | -275 | -3,118 | -3,939 | -5,886 |
| Net liquid funds at year-end | 6,480 | -275 | 3,779 | -3,939 |

* Net liquidity is defined as liquid funds less short-term borrowings.

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING AND VALUATION PRINCIPLES

General

The following changes in accounting principles have affected the accounts for 1994:

- As of the first quarter of 1994, real-estate taxes and other taxes unrelated to income are reported under "Operating expense". The figures for previous years have been adjusted accordingly.
- As of 1994, Group interests in associated companies are divided into a share of operating income and a share of taxes. The figures for previous years have not been adjusted, since the amounts involved are insignificant.
- The statement of changes in financial position has been prepared according to the indirect method. In order to eliminate the effects of changes in exchange rates from year to year, both the opening and closing balances have been translated at average exchange rates for the year. Changes in balance-sheet items are thus reported after translation at the average rates.

In the interest of achieving comparability of the financial information within the Group, Electrolux companies apply uniform methods for reporting obsolescence on inventories, provisions for doubtful receivables, provisions for guarantee commitments, depreciation on fixed assets, etc. irrespective of national fiscal legislation. In some countries it is permissible to make additional allocations, which are reported under "Restricted equity" after deduction of deferred taxes.

Principles applied for consolidation

Definition of Group companies

The consolidated financial statements include AB Electrolux and all compa-

nies in which the parent company at year-end directly or indirectly owned more than 50% of the voting rights referring to all shares and participations.

The following applies to acquisitions and divestments during the year:

- Companies acquired during the year have been included in the consolidated income statement as of the date of acquisition.
- Companies divested during the year have been included in the consolidated income statement up to and including the date of divestment.

At year-end the Group comprised 639 (563) operating units. The total number of companies at year-end was 564 (625).

Major investments in associated companies, i.e. those in which the parent company directly or indirectly owned 20-50% of the voting rights at year-end, have been reported according to the equity method. This means that the Group's share of net income in an associated company is reported as part of the Group's operating income. Investments in such a company are reported at a value which corresponds to the Group's share of the company's equity, adjusted for possible over- and under-value. Computation of equity in an associated company involves returning untaxed reserves to shareholders' equity after deductions for deferred taxes.

Minor investments in associated companies are reported as shares and participations at the lower of acquisition cost and market value.

Accounting method

The consolidated financial statements have been prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council and involve application of the purchase method, whereby the acquisition value of shares in a subsidiary is offset against the equity in the subsidiary on the date of acquisition. Equity thus includes equity after taxes paid as well as the portion of timing differences remaining after deduction of deferred taxes. These taxes are reported as a long-term liability in the

consolidated balance sheet. Any residual acquisition value in the shares in a subsidiary is normally reported as an adjustment of the book value of the subsidiary's fixed assets and liabilities, or alternatively as goodwill or negative goodwill.

Goodwill

Corporate acquisitions are an important component of the Group's expansion. These acquisitions are often made in competition with other firms whose accounting practices differ from the Swedish, e.g. with respect to goodwill. Goodwill is depreciated over estimated useful life, which is estimated at 40 years for the strategically important acquisitions of Zanussi, White and American Yard Products. The depreciation according to plan thus computed is charged against operating income.

In accordance with the recommendations of the Swedish Financial Accounting Standards Council for changes in reporting of goodwill in consolidated financial statements, Note 8 reports the effects which would arise if the depreciation schedule for goodwill were limited to 20 years for the above three acquisitions.

Estimated useful life is reviewed annually to determine whether the current depreciation schedule should be abridged.

Negative goodwill is dissolved according to a schedule that is determined on the basis of the costs of required restructuring and the anticipated return from acquired companies.

Translations of financial statements of foreign subsidiaries

The balance sheets of foreign subsidiaries have been translated into Swedish kronor at year-end rates. Income statements have been translated at the average rates for the year. Translation differences thus arising have been taken directly to shareholders' equity.

The above principles have not been applied for subsidiaries in countries with highly inflationary economies. Translation differences referring to these companies as well as differences arising from translation of net income at average and year-end rates have

been charged against operating income before depreciation. Correspondingly, adjustment of the value of fixed assets in these companies for inflation has been included in operating income before depreciation. This method enables increases and/or decreases in equity in countries with highly inflationary economies to be reported in their entirety in the consolidated income statement.

Hedging of net investment

The parent company has used forward contracts and loans in foreign currencies as hedges for the net foreign investment. Exchange-rate differences related to these contracts and loans have not been charged against Group income, but have been taken directly to equity after deduction of deferred taxes.

Other accounting and valuation principles

Revenue recognition

Sales of products and services are recorded as of the date of shipment, when the sale is invoiced. Sales include the sale value less VAT (Value-Added Tax), specific sales taxes, returns and trade discounts.

In most cases, sales of projects are not reported as operating income until the project has been fully invoiced. In certain exceptional cases referring to particularly large projects extending over several accounting years, revenue is recognized while the project is in progress, on condition that revenue can be computed for the part of the project that has been completed and that this contributes to a more accurate timing of Group income and expense.

Costs of research and development

These costs are reported on a current basis and in 1994 amounted to SEK 1,361m (1,275).

Depreciation on tangible fixed assets

Depreciation according to plan is based on the acquisition value of the asset prior to write-downs against investment reserves or their equivalents. The depreciation period is based on the estimated useful life of the asset.

In certain cases, assets in individual companies have been revalued at the estimated acquisition cost to the Group in connection with preparation of the consolidated balance sheet. Depreciation according to plan on these assets is based on the adjusted value.

The parent company reports the difference between book depreciation and depreciation according to plan in the income statement under "Appropriations to untaxed reserves". The corresponding item in the balance sheet is reported as accumulated depreciation in excess of plan under "Untaxed reserves". Accumulated depreciation in excess of plan on real-estate has been written down against the residual value of previous write-ups. Depreciation in excess of plan includes utilization of investment funds, etc. See Note 13.

Extraordinary items

In accordance with generally accepted Swedish accounting standards, Electrolux applies a strict interpretation of the concept of extraordinary income and expense.

Capital gains and losses on divestment of fixed assets and operations, as well as restructuring costs, are considered to be natural components of the Group's operations and are therefore reported under operating income. A specification of these items is given in Note 1.

Taxes

Taxes incurred by the Electrolux Group are affected by appropriations and other fiscally motivated allocations in individual Group companies. They are also affected by utilization of tax-loss carry-forwards referring to previous years or to acquired companies. This applies to both Swedish and foreign Group companies.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currencies are reported in accordance with Recommendation no. 7 of the Swedish National Accounting Standards Board. This means that such

receivables and liabilities are valued at year-end rates.

In the parent company's income statement, unrealized exchange gains on long-term loans are reversed under "Appropriations" and reported in the balance sheet as "Untaxed reserves".

Receivables and liabilities for which forward exchange contracts have been arranged are reported at the spot rates prevailing on the date of the contract. The premium is amortized on a current basis and reported as interest.

Loans and forward contracts intended as hedges for equity in foreign subsidiaries are reported in the parent company at the rate prevailing on the date that the loan or contract arose.

With regard to forward contracts intended as hedges for the cross-border flow of goods and services, accounts receivable and accounts payable are valued at contract rates. In cases where a receivable or a liability has not yet arisen, the valuation of the forward contracts has not been recognized in the financial statements.

Inventories

Inventories are valued at the lower of acquisition cost and market value. Acquisition cost is computed according to the first-in, first-out method (FIFO). Appropriate provisions have been made for obsolescence.

Compliance with international and other accounting standards

The Electrolux Group's annual report complies in all essentials with the OECD's guidelines for companies that operate internationally.

Information in accordance with US GAAP is provided in Note 18 as well as in a Form 20-F report submitted annually to the SEC (Securities and Exchange Commission).

NOTES

1. Operating expense

Operating expense includes the following items:

| | Group | | Parent company | |
|--|--------------|--------------|----------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Loss/gain on sales of real estate | -11 | 114 | - | 11 |
| Gain/loss on divestment of operations and shares | 2,792 | -121 | 330 | 167 |
| Total | 2,781 | -7 | 330 | 178 |

Operating expense includes translation differences and adjustments for inflation in the amount of SEK -21m (-40). See "Accounting principles" on page 35 regarding translation of foreign subsidiaries.

2. Depreciation according to plan

| | Group | | Parent company | |
|-----------------------------------|--------------|--------------|----------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Brand names | - | - | 66 | 65 |
| Goodwill | 305 | 345 | - | - |
| Machinery and equipment | 3,490 | 3,484 | 149 | 146 |
| Buildings, leasehold rights, etc. | 412 | 409 | 6 | 6 |
| Land improvements | 7 | 14 | 0 | 0 |
| Total | 4,214 | 4,252 | 221 | 217 |

3. Financial items

| | Group | | Parent company | |
|---|--------------|--------------|----------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Dividends | | | | |
| from subsidiaries | - | - | 1,164 | 1,465 |
| other | 25 | 31 | 1 | 1 |
| Group contributions/owner contributions | - | - | 1,513 | 2,195 |
| Interest income | | | | |
| from subsidiaries | - | - | 207 | 327 |
| other | 1,205 | 1,360 | 388 | 385 |
| Interest expense | | | | |
| to subsidiaries | - | - | -289 | -345 |
| other | -2,627 | -3,382 | -1,283 | -1,810 |
| Exchange differences | | | | |
| on loans and forward contracts as hedges for equity in subsidiaries | - | - | -290 | -2,947 |
| on other loans and borrowings, net | -7 | 275 | -17 | 248 |
| Other financial items | -35 | 21 | -14 | 14 |
| Total | -1,439 | -1,695 | 1,380 | -467 |

Premiums on forward exchange contracts intended as hedges for equity in subsidiaries have been amortized as interest in the amount of SEK 127m (-188).

In connection with consolidation, the exchange differences in the parent company on loans and forward contracts intended as hedges for equity in subsidiaries have been taken directly to equity after deduction of deferred taxes. The net effect on equity is SEK 961m (-2,015).

Other Group financial income and expense includes interest income of SEK 528m (277) and interest expense of SEK 510m (260) referring to interest arbitrage transactions. Receivables and liabilities referring to interest arbitrage amounted to SEK 3,459m each (3,451) at year-end and have been reported at net value.

The corresponding figures for the parent company were SEK 39m (39) in interest income and SEK 38m (38) in interest expense. Receivables and liabilities amounted to SEK 746m (355) and have been reported at net value.

4. Taxes

This item includes the following:

| | Group | | Parent company | |
|---|---------------|--------------|----------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Income taxes | -1,223 | -786 | - | - |
| Deferred taxes | -221 | 174 | - | - |
| Taxes on dividends and royalties | - | - | -34 | -5 |
| Minority interests in taxes | 22 | 25 | - | - |
| Group share of taxes in associated companies | -3 | - | - | - |
| Total | -1,425 | -587 | -34 | -5 |

As of December 31, 1994, the Group had a tax-loss carry-forward of SEK 4,103m (4,755), which has not been included in computation of deferred taxes.

5. Earnings per share

| | 1994 | 1993 |
|---|-------|------|
| Consolidated net income, SEKm | 4,830 | 584 |
| Net income includes a capital gain of SEK 2,635m. | | |
| Number of shares in 1994 and 1993: 73,233,916 | | |
| Earnings per share, SEK | 66.00 | 8.00 |
| Earnings per share exclusive of capital gain, SEK | 30.00 | 8.00 |

6. Inventories

Inventories comprise the following:

| | Group | | Parent company | |
|-------------------|---------------|---------------|----------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Raw materials | 3,203 | 3,209 | 124 | 122 |
| Work in progress | 2,451 | 2,306 | 32 | 18 |
| Finished products | 12,860 | 11,183 | 355 | 280 |
| Total | 18,514 | 16,698 | 511 | 420 |

7. Shares and participations

| | Group | | Parent company | |
|----------------------|--------------|--------------|----------------|---------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Associated companies | 299 | 389 | - | - |
| Other companies | 328 | 731 | 4 | 38 |
| Subsidiaries | - | - | 18,826 | 16,786 |
| Total | 627 | 1,120 | 18,830 | 16,824 |

The book value of the parent company's shares and participations in certain subsidiaries has been written down by SEK 68m. A corresponding write-up of SEK 68m has been booked for other subsidiaries.

A specification of shares and participations is given on pages 43-44.

8. Intangible assets, SEKm

| | Acquisition cost | | Accumulated depreciation | | Balance-sheet value | |
|---------------------------------|------------------|--------------|--------------------------|--------------|---------------------|--------------|
| | 1994 | 1993 | 1994 | 1993 | 1994 | 1993 |
| Group | | | | | | |
| Leasehold rights, patents, etc. | 118 | 260 | 85 | 75 | 33 | 185 |
| Goodwill | 5,597 | 7,189 | 1,946 | 2,081 | 3,651 | 5,108 |
| Total | 5,715 | 7,449 | 2,031 | 2,156 | 3,684 | 5,293 |
| Parent company | | | | | | |
| Brand names | 655 | 655 | 390 | 324 | 265 | 331 |

Goodwill was reduced by a net of SEK 886m referring to divestments.

Three items of goodwill are depreciated by the Group over 40 years. If this goodwill were to be depreciated over 20 years instead, in accordance with Recommendation no. 1 of the Swedish Financial Accounting Standards Council, income for the year would decline by SEK 101m (117), and the residual value of goodwill would be reduced by SEK 609m (742), while equity would be reduced by a corresponding amount.

9. Real estate, machinery and equipment, SEKm

| | Acquisition cost | | Accumulated depreciation | | Balance-sheet value | |
|--------------------------------|------------------|---------------|--------------------------|---------------|---------------------|---------------|
| | 1994 | 1993 | 1994 | 1993 | 1994 | 1993 |
| Group | | | | | | |
| Machinery, equipment and tools | 34,462 | 34,549 | 20,518 | 20,607 | 13,944 | 13,942 |
| Buildings | 10,407 | 10,120 | 3,828 | 3,827 | 6,579 | 6,293 |
| Land and land improvements | 1,726 | 1,385 | 129 | 144 | 1,597 | 1,241 |
| Total | 46,595 | 46,054 | 24,475 | 24,578 | 22,120 | 21,476 |

Capital expenditure amounted to SEK 2,598m (2,582) for machinery and equipment, SEK 306m (238) for buildings and land, and SEK 1,094m (859) for construction in progress and advances to suppliers.

Tax assessment value, Swedish Group companies:

Buildings SEK 1,577m (1,272), land SEK 258m (196).

Undepreciated portion of write-ups on land SEK 164m (173).

| | Acquisition cost | | Accumulated depreciation | | Balance-sheet value | |
|--------------------------------|------------------|--------------|--------------------------|--------------|---------------------|------------|
| | 1994 | 1993 | 1994 | 1993 | 1994 | 1993 |
| Parent company | | | | | | |
| Machinery, equipment and tools | 1,690 | 1,463 | 1,037 | 977 | 653 | 486 |
| Buildings | 191 | 190 | 117 | 112 | 74 | 78 |
| Land and land improvements | 18 | 18 | 3 | 3 | 15 | 15 |
| Total | 1,899 | 1,671 | 1,157 | 1,092 | 742 | 579 |

Capital expenditure amounted to SEK 234m (95) for machinery and equipment, SEK 1m (1) for buildings, and SEK 9m (82) for construction in progress.

Tax assessment value of buildings was SEK 418m (290), and of land SEK 52m (39).

The undepreciated portion of write-ups on land amounted to SEK 9m (9).

10. Assets pledged

| | Group | |
|-----------------------|--------------|--------------|
| | 1994 SEKm | 1993 SEKm |
| Real-estate mortgages | 1,402 | 1,591 |
| Corporate mortgages | 226 | 242 |
| Receivables | 21 | 25 |
| Inventories | 17 | 12 |
| Bonds | 523 | - |
| Other | 10 | 12 |
| Total | 2,199 | 1,882 |

11. Synthetic options for senior management

Of the approximately 150 senior managers who were offered synthetic options in 1993, 112 exercised the right to subscribe these options in January, 1994. A total of 506,000 options were issued, priced according to prevailing market conditions at SEK 35. The strike price is SEK 450, and the options mature in 2001.

In 1994, 26 managers sold their options. At year-end there were 86 owners remaining with total holdings of 325,300 options.

The value of the options is indexed to the Electrolux share price. The options cannot be used for purchase of the company's shares, but will be redeemed by the company. The change in the value of these synthetic options is included in the AB Electrolux income statement on a current basis. At year-end the total liability was SEK 37m, and SEK 42m has been charged against income for the year.

12. Long-term borrowings

Group long-term borrowings by currency:

| | Group | |
|------------------|---------------|---------------|
| | 1994 SEKm | 1993 SEKm |
| US dollar | 14,212 | 17,040 |
| Swedish krona | 2,305 | 1,946 |
| French franc | 2,058 | 1,476 |
| Spanish peseta | 1,822 | 1,400 |
| Italian lira | 1,023 | 1,312 |
| German mark | 995 | - |
| Other currencies | 2,381 | 2,165 |
| Total | 24,796 | 25,339 |

Long-term borrowings mature as follows:

| | Group |
|--------------------------|---------------|
| | 1994 SEKm |
| 1995 | 4,271 |
| 1996 | 4,249 |
| 1997 | 3,182 |
| 1998 | 5,914 |
| 1999 | 4,182 |
| 2000 | 209 |
| Thereafter, through 2016 | 2,789 |
| Total | 24,796 |

13. Untaxed reserves, parent company, SEKm

| | Closing balance 1993 | Allocations 1994 | Closing balance 1994 |
|--|-------------------------|---------------------|-------------------------|
| Tax equalization reserve (L-fund) | 121 | -83 | 38 |
| Accumulated depreciation in excess of plan | | | |
| Brand names | 321 | -56 | 265 |
| Machinery and equipment | 278 | 54 | 332 |
| Buildings | 28 | 1 | 29 |
| Exchange-rate reserve | 128 | -127 | 1 |
| Other financial reserves | 14 | 4 | 18 |
| Total | 890 | -207 | 683 |

Other financial reserves include fiscally permissible allocations referring to receivables in subsidiaries in politically and economically unstable countries.

14. Shareholders' equity, SEKm

| Group | Share capital | Statutory reserves | Retained earnings | Net income | Total |
|--|---------------|--------------------|-------------------|--------------|---------------|
| Opening balance | 1,831 | 9,653 | 4,785 | 584 | 16,853 |
| Transfer of net income | - | - | 584 | -584 | - |
| Dividend payments | - | - | -458 | - | -458 |
| Transfers between restricted and unrestricted equity | - | -244 | 244 | - | - |
| Translation differences, etc. | - | -374 | -386 | - | -760 |
| Net income | - | - | - | 4,830 | 4,830 |
| Year-end balance | 1,831 | 9,035 | 4,769 | 4,830 | 20,465 |

Disposable consolidated earnings amount to SEK 9,599m. No allocation to statutory reserves is required.

SEK 2,581m (2,369) referring to the share of equity in timing differences is reported under "Statutory reserves"

in the balance sheet. This amount can be transferred to unrestricted reserves but will then be subject to taxation.

| Parent company | Share capital | Statutory reserve | Retained earnings | Net income | Total |
|-------------------------|---------------|-------------------|-------------------|--------------|--------------|
| Opening balance | 1,831 | 2,731 | 2,188 | 296 | 7,046 |
| Transfer of net income | - | - | 296 | -296 | - |
| Dividend payments | - | - | -458 | - | -458 |
| Net income | - | - | - | 1,779 | 1,779 |
| Year-end balance | 1,831 | 2,731 | 2,026 | 1,779 | 8,367 |

15. Share capital and number of shares

On December 31, the share capital comprised the following number of shares:

| | Value at par, SEKm |
|---------------------------------------|-----------------------|
| 2,000,000 A-shares, par value SEK 25 | 50 |
| 71,233,916 B-shares, par value SEK 25 | 1,781 |
| Total | 1,831 |

16. Contingent liabilities

| | Group | | Parent company | |
|--|--------------|--------------|----------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Discounted bills | 152 | 59 | - | - |
| Accounts receivable, with recourse | 18 | 45 | - | - |
| Guarantees and other commitments | | | | |
| on behalf of subsidiaries | - | - | 5,783 | 5,392 |
| other | 355 | 535 | 29 | 55 |
| Capital value of pension commitments in excess of reported liability | 281 | 286 | 19 | 35 |
| Total | 806 | 925 | 5,831 | 5,482 |

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are given as part of the Group's normal course of business. There was no indication at year-end that payment will be required for any contractual guarantees.

17. Average number of employees, salaries and remuneration

| | Employees | | Salaries and remuneration | |
|--|----------------|----------------|---------------------------|---------------|
| | 1994 | 1993 | 1994 SEKm | 1993 SEKm |
| Sweden | | | | |
| Parent company | 4,851 | 4,897 | 958 | 844 |
| Other | 10,150 | 10,221 | 1,942 | 1,836 |
| Total Sweden | 15,001 | 15,118 | 2,900 | 2,680 |
| Outside Sweden | | | | |
| Italy | 12,638 | 12,341 | 2,462 | 2,404 |
| UK | 7,446 | 7,758 | 1,304 | 1,269 |
| Germany | 6,428 | 5,753 | 1,860 | 1,612 |
| Spain | 4,370 | 5,097 | 757 | 867 |
| France | 3,627 | 4,843 | 746 | 893 |
| Denmark | 3,488 | 3,291 | 953 | 841 |
| Hungary | 3,077 | 3,303 | 90 | 91 |
| Switzerland | 1,532 | 1,610 | 637 | 589 |
| The Netherlands | 1,163 | 1,162 | 298 | 283 |
| Austria | 1,100 | 1,016 | 267 | 238 |
| Norway | 924 | 913 | 205 | 197 |
| Finland | 879 | 963 | 162 | 150 |
| Luxembourg | 598 | 671 | 161 | 172 |
| Belgium | 270 | 244 | 74 | 61 |
| Czech Republic | 189 | 136 | 9 | 5 |
| Poland | 136 | 71 | 6 | 4 |
| Portugal | 84 | 77 | 16 | 8 |
| Ireland | 54 | 58 | 14 | 12 |
| USA | 26,704 | 27,343 | 5,188 | 5,079 |
| Canada | 1,115 | 1,339 | 211 | 276 |
| Mexico | 1,986 | 1,964 | 71 | 35 |
| Peru | 1,221 | 1,037 | 27 | 21 |
| Venezuela | 810 | 917 | 14 | 35 |
| Colombia | 726 | 795 | 22 | 20 |
| Brazil | 391 | 3,412 | 36 | 76 |
| Paraguay | 335 | 285 | 22 | 18 |
| Chile | 292 | 322 | 11 | 10 |
| Ecuador | 271 | 247 | 6 | 5 |
| Australia | 763 | 900 | 121 | 132 |
| New Zealand | 143 | 181 | 22 | 18 |
| Thailand | 2,726 | 2,538 | 132 | 116 |
| Indonesia | 2,348 | 2,109 | 68 | 53 |
| Malaysia | 1,367 | 1,426 | 73 | 73 |
| People's Republic of China | 1,067 | - | 13 | - |
| Japan | 1,017 | 957 | 268 | 128 |
| Saudi Arabia | 892 | 886 | 26 | 29 |
| The Philippines | 888 | 1,974 | 25 | 33 |
| Taiwan | 521 | 608 | 63 | 81 |
| Singapore | 286 | 278 | 32 | 32 |
| South Korea | 127 | 170 | 16 | 19 |
| Hong Kong | 81 | 83 | 18 | 18 |
| South Africa | 83 | - | 8 | - |
| Countries with less than 50 employees, total | 306 | 520 | 17 | 8 |
| Total outside Sweden | 94,469 | 99,598 | 16,531 | 16,011 |
| Group total | 109,470 | 114,716 | 19,431 | 18,691 |

Of the total average number of employees, 74,060 (74,719) were men and 35,410 (39,997) women.

A detailed specification of the number of employees in the parent company is given in the annual report submitted to the Swedish Patent and Registration Institute.

Salaries and remuneration to Boards of Directors and Presidents amounted to SEK 337m (372).

Remuneration, etc. to the Chairman of the Board of Directors, the President and other members of Group management

In accordance with the decision by the Annual General Meeting, fees to the Board of Directors were paid in the amount of SEK 1,800,000, comprising SEK 500,000 to the Chairman, SEK 300,000 to the Deputy Chairman and SEK 200,000 to each of the other members and deputy members who are not employed by the Group. In addition, the Chairman received SEK 500,000 for duties over and above the tasks normally related to Board functions.

The Chairman and the Deputy Chairman receive pensions based on their previous employment in the company.

Salary and other taxable remuneration in the amount of SEK 4,290,300 was paid to the President and CEO.

Both the Chairman and the President each received the following fees for membership on the Boards of foreign subsidiaries: DEM 220,000, DKR 52,000, FRF 250,000 and USD 225,000.

The President has the right, or the obligation if the company so requests, to be pensioned at the age of 55. The pension comprises 70% of the fixed salary as of the date of retirement until the full pension age of 65, when the pension will comprise the normal ITP pension plus an extra lifetime pension consisting of 32.5% of the portion of salary as of the date of retirement that corresponds to 20-30 times the basic amount according to the Swedish National Insurance Act, 50% of the portion corresponding to 31-100 times the basic amount, and 32.5% of the portion exceeding 100 times the basic amount.

Similar pension agreements apply for certain individuals in Group management, normally stipulating 60 years as the age for early retirement pension.

There are no agreements for special severance pay.

18. Consolidated financial statements according to US GAAP

The consolidated accounts have been prepared in accordance with Swedish accounting standards, which differ in certain significant respects from US accounting principles (US GAAP). The most important differences are described below:

Write-ups on assets

In certain situations, Swedish standards permit write-ups of fixed assets in excess of acquisition cost. This does not normally accord with US GAAP.

Adjustment for acquisitions

In accordance with Swedish standards, the tax benefit arising from application of tax-loss carry-forwards in acquired companies is deducted by the Group from the current year's tax costs. According to US GAAP, this tax benefit should be booked as a retroactive adjustment of the value of acquired assets.

Pensions

According to the American recommendations for pensions known as FAS 87 (Employers' Accounting for Pensions), future salary increases, inflation and other factors must be taken into account for computation of the projected benefit obligation. The computed Swedish provision for PRI pensions is not adjusted for future salary increases, but this is offset by the lower discounting rate applied for computation of the provisions for PRI pensions in comparison with FAS 87. The initial difference arising from the first application of FAS 87 (January 1, 1989) is amortized over the future average employment period, so that the effect on net income is insignificant. Other important differences have been adjusted in accordance with US GAAP.

Other benefits

In addition to pensions, some of the Group's subsidiaries, principally in the US, provide employees with benefits in the form of health care and life insurance subsequent to retirement. Recommendation No. 106 of the US Financial Accounting Standards Board (Employers' Accounting for Post-retirement Benefits Other Than Pensions), issued in 1990, requires that the estimated future commitment for these benefits be reported as a liability. The Electrolux Group has applied these recommendations as of 1993.

Securities

According to Swedish standards, holdings of debt and equity securities should be reported according to the lowest-value principle. According to FAS 115 (Accounting for Certain Investments in Debt and Equity Securities), these holdings should be classified with respect to intention, i.e. if they are intended to be traded, if they are to be retained until maturity, or if they are in an intermediate category. Valuation and reporting of income differ according to the classification of the securities. For Electrolux, this means that certain securities must be reported at market value in the balance sheet, while the difference between market and acquisition value must be taken directly to equity, according to US GAAP. In connection with the sale of these securities, the change in value previously reported directly against equity will be reported in the income statement.

Deferred taxes

Taxation and financial reporting are affected during different periods by certain items. Electrolux reports deferred taxes on the most important timing differences, which refer mainly to untaxed reserves, with due consideration in certain cases for the future fiscal effects of tax-loss carry-forwards. US GAAP requires reporting of fiscal effects for all significant differences and tax-loss carry-forwards, with the proviso that deferred tax assets may be reported only if it is probable that the tax benefit will be utilized.

As indicated below, new accounting principles have been applied for taxes as of January 1, 1993. The new recommendation FAS 109 (Accounting for Income Taxes) differs from previously applied principles mainly in that fiscal effects are reported on the basis of the tax rate that will apply at the future date when taxation occurs. The principles applied previously involved reporting fiscal effects on the basis of the tax rates applicable on the date when the difference arose.

Timing differences

According to Swedish accounting principles, provisions for costs referring to a shutdown are booked when the decision is made to shut down the plant. In 1994, a statement by FASB's Emerging Issues Task Force led to a revision of US GAAP with reference to recognition of such costs as liabilities. The new US GAAP rules require meeting additional criteria before making provisions for severance pay and other costs related to shutdowns. Therefore, compliance with US GAAP requires eliminating certain provisions that have been made in accordance with Swedish accounting standards.

Changes in accounting principles

In the Electrolux consolidated accounts according to US GAAP, accounting principles were changed as of January 1, 1993 with regard to income taxes, pension benefits and employee benefits other than pensions. The accumulated post-tax non-recurring effect of these changes was reported in a separate item in the income statement for 1993 as "Effects of changes in accounting principles". In accordance with Swedish accounting principles, the accumulated effect of the changes was reported directly against the Group's opening equity. None of the changes in accounting principles had any effect on liquidity.

The accumulated effect of the changes in accounting principles that was reported in the income statement according to US GAAP amounted in 1993 to SEK -150m and comprised SEK 694m referring to income taxes, SEK -881m referring to employee benefits other than pensions, and SEK 37m referring to pensions.

Application of US GAAP would have the following approximate effects on consolidated net income, shareholders' equity and the balance sheet:

| | 1994 SEKm | 1993 SEKm |
|---|--------------|--------------|
| A. Consolidated net income | | |
| Net income as reported in the consolidated income statement | 4,830 | 584 |
| Adjustments before taxes: | | |
| Acquisitions | 131 | 84 |
| Timing differences | 430 | - |
| Other | 46 | -21 |
| Taxes | 218 | -123 |
| Approximate net income according to US GAAP, before changes in accounting principles | 5,655 | 524 |
| Effect of changes in accounting principles | - | -150 |
| Approximate net income according to US GAAP, after changes in accounting principles | 5,655* | 374 |
| Approximate net income per share according to US GAAP, before changes in accounting principles, SEK | 77.20 | 7.20 |
| Approximate net income per share according to US GAAP, after changes in accounting principles, SEK (no. of shares in 1994 and 1993: 73,233,916) | 77.20* | 5.10 |

* Net income includes a capital gain of approximately SEK 2,665m (SEK 36.40 per share). The corresponding amount according to Swedish accounting principles is SEK 2,635m (SEK 36.00 per share).

| | 1994 SEKm | 1993 SEKm |
|--|--------------|--------------|
| B. Shareholders' equity | | |
| Shareholders' equity as reported in the consolidated balance sheet | 20,465 | 16,853 |
| Adjustments: | | |
| Revaluation of fixed assets | -164 | -173 |
| Acquisitions | -1,084 | -1,211 |
| Pensions | -327 | -358 |
| Securities | 165 | 235 |
| Timing differences | 430 | - |
| Taxes | 1 | -357 |
| Approximate shareholders' equity according to US GAAP | 19,486 | 14,989 |

C. Balance sheet

The table below summarizes the consolidated balance sheets prepared in accordance with Swedish accounting principles and US GAAP.

| | According to Swedish principles | | According to US GAAP | |
|--|---------------------------------|--------------|----------------------|--------------|
| | 1994 SEKm | 1993 SEKm | 1994 SEKm | 1993 SEKm |
| Current assets | 55,700 | 47,670 | 57,273 | 50,738 |
| Real estate, machinery and equipment | 23,257 | 22,354 | 23,023 | 22,016 |
| Shares and participations | 627 | 1,120 | 792 | 1,355 |
| Deferred taxes | - | 455 | - | 140 |
| Long-term receivables | 628 | 530 | 2,329 | 810 |
| Goodwill | 3,651 | 5,108 | 2,637 | 4,020 |
| Other assets | 320 | 410 | 604 | 621 |
| Total assets | 84,183 | 77,647 | 86,658 | 79,700 |
| Current liabilities | 35,963 | 33,944 | 37,058 | 36,970 |
| Long-term liabilities | 27,081 | 26,460 | 29,441 | 27,351 |
| Deferred taxes | 144 | - | 143 | - |
| Minority interests | 530 | 390 | 530 | 390 |
| Shareholders' equity | 20,465 | 16,853 | 19,486 | 14,989 |
| Total liabilities and shareholders' equity | 84,183 | 77,647 | 86,658 | 79,700 |

Group holdings in shares and participations

| ASSOCIATED COMPANIES | Number | Holding, % | Value at par in | | Book value, |
|---|---------|------------|-------------------------|-------|------------------------|
| | | | local currency, million | | equity method, SEKm |
| Eureka Forbes Ltd, India | 990,000 | 40 | INR | 9.9 | 15 |
| FHP Motors GmbH, Germany | - | 50 | DEM | 20.0 | 101 |
| Friulia Factors S.p.A., Italy | 4,250 | 50 | ITL | 425.0 | 4 |
| IVG Bulka-Lehel GmbH, Germany | - | 50 | DEM | - | 1 |
| A/O Khimki Husqvarna, Russia | - | 50 | SEK | - | 5 |
| Raufors Plastal Components AB, Sweden | 4,500 | 50 | SEK | 4.5 | 5 |
| Saudi Arabia Refrig Mfg, Saudi Arabia | 1,705 | 25 | USD | - | 6 |
| Zanker N.V., Belgium | - | 50 | BEF | 15.0 | 25 |
| A/O Husqvarna Thomesto Sales, Russia | - | 40 | SEK | - | 4 |
| Cefemo S.A.R.L., France | - | 50 | FRF | 18.8 | 37 |
| PEG Profilo Elektrikligeresler Sanoyi, A.S., Turkey | - | 20 | TRL | 83.4 | 96 |
| | | | | | 299 |

| OTHER COMPANIES | Number | Holding, % | Value at par in | | Book value, |
|---|------------|------------|-------------------------|-------|-------------|
| | | | local currency, million | | SEKm |
| Swedish companies | | | | | |
| AB Tryggve Jansson | 2,460 | 49 | SEK | 0.2 | 4 |
| Gotthard Vafab Miljö AB | 20,000 | 50 | SEK | 2.0 | 2 |
| Foreign companies | | | | | |
| ASEA GmbH, Germany | - | 2 | DEM | 0.6 | 4 |
| Autosprings Ltd., UK | - | 50 | GBP | 37.5 | 8 |
| Autosprings SRL., France | - | 49 | FRF | 1.8 | 2 |
| Email Ltd, Australia | 13,089,629 | 5.1 | AUD | 6.5 | 113 |
| Euro Accessoires, France | 29,454 | 49 | FRF | 2.9 | 18 |
| Inox Taglio SRL, Italy | 2,000 | 10 | ITL | 2.0 | 2 |
| Ithifly, Italy | 720,000 | 5.2 | ITL | 720.0 | 3 |
| Kelvinator India, India | 2,144,296 | 11.8 | USD | - | 12 |
| Kotimaiset Kotitalouskoneet Oy, Finland | 2,050 | 50 | FIM | 2.0 | 5 |
| Országos Kereskedelmiés Hitelbank, Hungary | - | 0.2 | HUF | 31.5 | 2 |
| Refrifar Refrigeraçao Parana, Brazil | - | 6 | USD | 12.4 | 92 |
| Transition Research, USA | 23,667 | 9.4 | USD | - | 11 |
| Mutual Fund Investment, Deferred compensation program, USA | - | - | USD | - | 20 |
| Other (A detailed list of holdings has been attached to the annual report filed with the Swedish Patent and Registration Office). | | | | | 30 |
| Total Group holdings in shares and participations | | | | | 328 |

Parent company holdings in shares and participations

| | Number | Holding, % | Value at par in local currency, million | Book value, SEKm | |
|---|--|-------------|--|--------------------------|-------|
| Subsidiaries in Sweden | | | | | |
| Gränges AB | 7,250,000 | 100 | SEK 725.0 | 717 | |
| Husqvarna AB | 825,000 | 100 | SEK 82.5 | 179 | |
| Electrolux Storkök AB | 500,000 | 100 | SEK 50.0 | 61 | |
| Husqvarna Sewing Machines AB | 40,000 | 100 | SEK 40.0 | 61 | |
| AB Överums Bruk | 210,000 | 100 | SEK 21.0 | 31 | |
| Electrolux-Wascator AB | 25,000 | 100 | SEK 25.0 | 30 | |
| Electrolux Constructor AB | 500,000 | 100 | SEK 25.0 | 28 | |
| AB Elefac Finans | 225,000 | 100 | SEK 22.5 | 27 | |
| Electrolux Commercial Refrigeration AB | 100,000 | 100 | SEK 10.0 | 26 | |
| Jonserefs Godsskydd AB | 60,000 | 100 | SEK 6.0 | 18 | |
| Electrolux Credit AB | 150,000 | 100 | SEK 15.0 | 15 | |
| Kohlswa Jernverks AB | 300,000 | 100 | SEK 15.0 | 15 | |
| AEG Hem och Hushåll AB | 150,000 | 100 | SEK 15.0 | 15 | |
| Electrolux Förvaltnings AB | 112,500 | 100 | SEK 11.3 | 14 | |
| Försäljnings AB Dimas | 3,000 | 100 | SEK 0.3 | 14 | |
| Electrolux-Euroclean AB | 100,000 | 100 | SEK 10.0 | 11 | |
| Ballingslöv AB | 90,000 | 100 | SEK 9.0 | 11 | |
| Electrolux Försäkrings AB | 100,000 | 100 | SEK 10.0 | 10 | |
| Other subsidiaries in Sweden | | | | 80 | |
| Total subsidiaries in Sweden | | | | 1,363 | |
| Foreign subsidiaries | | | | | |
| Denmark | Electrolux Danmark A/S | 911 | 100 | DKK 250.0 | 227 |
| | A/S Vestfrost | 83,038,500 | 50 | DKK 83.0 | 10 |
| Finland | Oy Electrolux Ab | 215,000 | 100 | FIM 215.0 | 253 |
| France | Electrolux S.A. | 5,354,822 | 100 | FRF 535.5 | 1,467 |
| The Netherlands | Electrolux Associated Co. B.V. | 639,049 | 100 | NLG 639.0 | 2,405 |
| | Electrolux Finance B.V. | 100,035 | 100 | NLG 100.0 | 429 |
| Norway | Electrolux Norge A/S | 1,000 | 100 | NOK 100.0 | 99 |
| Poland | Electrolux Poland Spolka Z.O.O. | 2,088 | 100 | PLZ 31,320.0 | 14 |
| Portugal | Electrolux Ltda. | 637,000,000 | 100 | PTE 637.0 | 30 |
| Switzerland | Electrolux Holding AG | 16,395 | 100 | CHF 8.2 | 91 |
| Spain | Electrolux España S.A. | 652,018 | 29.0 | ESB 6,520.2 | 350 |
| United Kingdom | Sapalux Ltd. | 572,778,000 | 100 | GBP 572.8 | 3,067 |
| | Safety Transport Ltd. | 7,999,999 | 100 | GBP 8.0 | 12 |
| Germany | Electrolux Deutschland GmbH | | 100 | DEM 300 | 1,085 |
| Austria | Electrolux Austria G.m.b.H. | | 100 | ATS 28.3 | 25 |
| Canada | EuroWhite Investment Corp. | 275,000 | 58.9 | Shares have no par value | 142 |
| USA | White Consolidated Industries, Inc | 100 | 100 | Shares have no par value | 7,329 |
| Brazil | Electrolux Ltda. | 13,225,557 | 99.9 | BRC 13.2 | 197 |
| Hong Kong | Electrolux (Far East) Ltd. | 1,935,999 | 100 | HKD 19.4 | 16 |
| Japan | Electrolux (Japan) Ltd. | 1,000,000 | 100 | JPY 1,000.0 | 37 |
| | Lux Japan KK | 9,900 | 100 | JPY 495.0 | 20 |
| Malaysia | Electrolux (Malaysia) Holdings Sdn. Bhd. | 6,111,111 | 100 | MYR 6.1 | 20 |
| New Zealand | Electrolux Ltd. | 2,299,954 | 100 | NZD 4.6 | 12 |
| Singapore | Electrolux S.E.A. Pte. Ltd. | 2,000,000 | 100 | SGD 2.0 | 14 |
| Thailand | Electrolux Thailand Co. Ltd. | 30,000 | 49 | THB 3.0 | 65 |
| Other foreign subsidiaries | | | | | 47 |
| Total foreign subsidiaries | | | | 17,463 | |
| Total shares and participations in subsidiaries | | | | 18,826 | |
| Shares and participations in other companies | | | | 4 | |
| Total parent company holdings in shares and participations | | | | 18,830 | |

(A detailed specification of holdings is given in the annual report submitted to the Swedish Patent and Registration Office.)

DEFINITIONS

Capital ratios

Net liquidity

Liquid funds less short-term borrowings.

Net assets

Total assets exclusive of liquid funds, less non-interest-bearing liabilities. The latter include deferred taxes.

Risk-bearing capital

The sum of equity, minority interests, deferred taxes on timing differences and deferred taxes on remaining untaxed reserves in acquired companies.

Total adjusted assets

Total assets less liquid funds.

Earnings per share

Earnings per share

Net income divided by the number of shares.

Earnings per share according to US GAAP

See information on US GAAP in Note 18.

All computations have been adjusted for full dilution, stock splits, bonus issues and new issues. In connection with new issues, the number of shares is computed as the average number of shares for the year.

Other key ratios

In computation of key ratios where capital is related to sales, the latter are annualized and converted at year-end exchange rates, so that due consideration is given to changes in exchange rates and Group structure.

Return on equity

Net income expressed as a percentage of opening equity. For 1988 and previous years, this ratio is computed as income after financial items less minority interests and 50% standard tax, expressed as a percentage of adjusted opening equity. The latter is adjusted for debentures converted during the year and for new issues.

Return on net assets

Operating income after depreciation, expressed as a percentage of average net assets.

Interest coverage rate

Operating income after depreciation plus financial items, in relation to total interest expense.

Share of risk-bearing capital

Risk-bearing capital expressed as a percentage of total adjusted assets.

Equity/assets ratio

Equity expressed as a percentage of total adjusted assets.

Net debt/equity ratio

Interest-bearing liabilities less liquid funds, expressed as a percentage of equity.

Debt/equity ratio (US GAAP)

Long-term liabilities expressed as a percentage of long-term liabilities plus shareholders' equity.

PROPOSED DISTRIBUTION OF EARNINGS

According to the consolidated financial statements, the Group's unappropriated earnings amount to SEK 9,599m. No allocation to restricted equity is required.

The Board of Directors and the President propose that:

| | | |
|-------------------------|-----|-------------|
| Net income for the year | SEK | 1,778,478 T |
| and retained earnings | SEK | 2,026,729 T |
| totalling | SEK | 3,805,207 T |

be distributed as follows:

| | | |
|--|-----|-------------|
| A dividend of SEK 12.50 per share to shareholders, totalling | SEK | 915,424 T |
| To be carried forward | SEK | 2,889,783 T |
| Total | SEK | 3,805,207 T |

Stockholm, February 27, 1995

Anders Scharp
Chairman of the Board

Gösta Bystedt
Deputy Chairman

Sven Åke Andersson

Claes Dahlbäck

Hans Elfving

Lars V Kylberg

Carl Löwenhielm

Roland Mörk

Sven Olving

Stefan Persson

Leif Johansson
President and CEO

AUDITORS' REPORT

We have examined the annual report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President for the accounting year 1994. Our examination was carried out in accordance with generally accepted auditing standards.

Parent company

The annual report has been prepared in accordance with the Swedish Companies Act.

We recommend that the Annual General Meeting

- adopt the income statement and the balance sheet,
- distribute the earnings as proposed by the Board of Directors and the President, and
- discharge the members of the Board of Directors and the President from liability for the financial year.

Group

The consolidated financial statements have been prepared in accordance with the Swedish Companies Act.

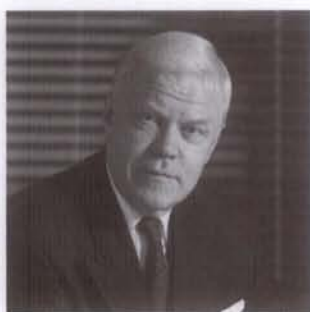
We recommend that the Annual General Meeting adopt the consolidated income statement and the consolidated balance sheet.

Stockholm, February 27, 1995

Ernst & Young AB

Gunnar Widhagen
Authorized Public Accountant

BOARD OF DIRECTORS



Anders Scharp

Chairman of the Board.
Born 1934, M. Eng. Board Chairman: Incentive AB, Saab-Scania AB, AB SKF. Deputy Chairman: Atlas Copco AB, Investor AB. Board Member: Email Ltd (Australia), Association of Swedish Engineering, Federation of Swedish Industries, Swedish Employers' Confederation (SAF). Elected 1980. Shareholding in AB Electrolux: 54,666 shares.



Gösta Bystedt

Deputy Chairman.
Born 1929, M. Eng., M. Econ. Board Chairman: Kalmar Industries AB. Deputy Chairman: Axel Johnson AB. Board Member: AB SKF, Atlas Copco AB, Förvaltnings AB Hasselfors, Federation of Swedish Industries. Elected 1969. Shareholding in AB Electrolux: 89,759 shares.



Claes Dahlbäck

Born 1947, M. Econ. President, Investor AB. Board Chairman: Vin & Sprit AB. Deputy Chairman: ASEA AB. Board Member: ABB, AB Astra, Incentive AB, Saab-Scania AB, AB SKF, STORA, Telefon AB LM Ericsson. Elected 1983. Shareholding in AB Electrolux: 1,000 shares.



Leif Johansson

President and CEO.
Born 1951, M. Eng. Board Member: Incentive AB. Elected 1991. Shareholding in AB Electrolux: 11,485 shares and 20,000 options.



Lars V Kylberg

Born 1940, M. Eng. President and CEO, Saab-Scania AB. Board Chairman: Unisys AB, Arjo AB. Board Member: Orrefors AB, Center for Business and Policy Studies (SNS), Association of Swedish Engineering, Confederation of Swedish Industries, Swedish National Board for Industrial and Technical Development (NUTEK), University of Linköping, among others. Elected 1992. Shareholding in AB Electrolux: 0 shares.



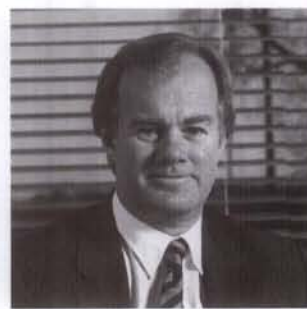
Carl Löwenhielm

Born 1942, M. Econ. Group Head Credit and Member of Group management, Skandinaviska Enskilda Banken. Elected 1991. Shareholding in AB Electrolux: 0 shares.



Sven Olving

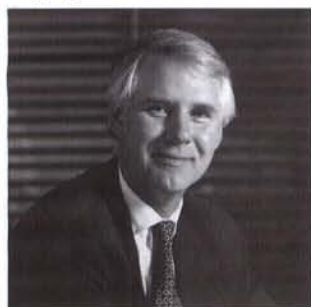
Born 1928, Tech. D. Professor, Chalmers Institute of Technology. Board Chairman: Chalmers Industri-teknik. Board Member: Bofors AB, Celsius Industries Corporation, Telefon AB LM Ericsson, Trelleborg AB. Elected 1967. Shareholding in AB Electrolux: 50 shares.



Stefan Persson

Born 1947. President and CEO, H&M Hennes & Mauritz AB. Board Member: AB Custos, S-E-Banken Försäkring. Deputy Chairman: Stockholm Chamber of Commerce. Elected 1994. Shareholding in AB Electrolux: 0 shares.

Deputy member



Lennart Ribohn

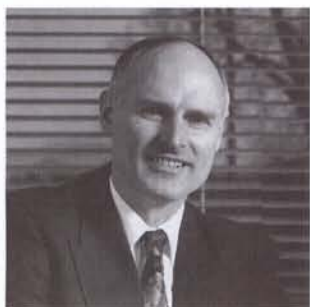
Born 1943, B.A. Senior Executive Vice-President, AB Electrolux. Board Member: The General Export Association of Sweden, OM Gruppen AB, S-E-Banken Fonder AB. Elected 1991. Shareholding in AB Electrolux: 40,944 shares and 20,000 options.

Employee representatives, members



Sven Åke Andersson

Born 1950. Representative of the Swedish Confederation of Trade Unions. Elected 1990. Shareholding in AB Electrolux: 0 shares.



Hans Elfving

Born 1941. Representative of the Swedish Federation of Salaried Employees. Elected 1993. Shareholding in AB Electrolux: 117 shares.



Roland Mörk

Born 1938. Representative of the Swedish Confederation of Trade Unions. Elected 1988. Shareholding in AB Electrolux: 0 shares.

Employee representatives, deputy members



Mari-Ann Krantz

Born 1948. Representative of the Swedish Federation of Salaried Employees. Elected 1990. Shareholding in AB Electrolux: 34 shares.



Ingemar Larsson

Born 1939. Representative of the Swedish Confederation of Trade Unions. Elected 1990. Shareholding in AB Electrolux: 0 shares.



Torsten Säll

Born 1931. Representative of the Swedish Foremen and Supervisors' Union. Elected 1985. Shareholding in AB Electrolux: 0 shares.

Honorary Chairman



Hans Werthén

Born 1919, M. Eng., Hon. Tech. D. At the Annual General Meeting in 1991, Hans Werthén relinquished his positions in AB Electrolux and was named Honorary Chairman of the Board. He was President of AB Electrolux 1967-1974, and Chairman of the Board 1975-1991.

GROUP STRUCTURE

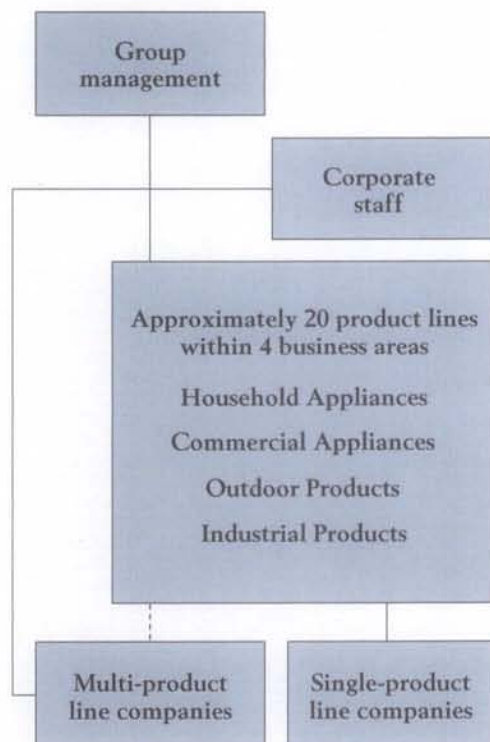
The operations of Electrolux are organized in four business areas with approximately 20 product lines. Each product line comprises several companies. The Group owns a total of approximately 640 operating units in about 50 countries.

Group management

Leif Johansson,
President and CEO
Lennart Ribohn,
Senior Executive Vice-President
Per-Olof Aronson,
Executive Vice-President
(through 1994)
Hans G. Bäckman,
Executive Vice-President
Sven Stork, Deputy Member

Corporate staff

Johan Bygge, Controller
Matts P. Ekman, Treasurer
Lars Eriksson, Group Audit
Per Grunewald,
Environmental Affairs
Per G. Hedström, Technical R&D
Håkan Johansson,
Mergers & Acquisitions
Lars Göran Johansson,
Communication and Public Affairs
Per Linder, Human Resources
and Organization
Leif Lindgren, Risk Management
and Financial Administration
Ulf Magnusson, Legal Counsel
Åsa Mattsson, Investor Relations
and Financial Information



Responsibility for the operations of a product line is shared by the product line manager and the executives of the appropriate companies. Units which operate with only one product line are known as single-product line companies and report to the manager of the product line involved. Multi-product line companies report primarily to Group management.

Household Appliances

White goods
Leif Johansson

Floor-care products
Lennart Sundén

Leisure appliances
Sven Stork

Room air-conditioners
Hans G. Bäckman

Sewing machines
Jörgen Johansson

Kitchen and bathroom cabinets
Nils-Erik Danielsson, Europe
Merv Plank, USA

Compressors
Leonello Verduzio

Direct sales
Göran Carlson

Commercial Appliances

Food-service equipment
Aldo Sessegolo

Industrial laundry equipment
Thorbjörn Larsson

Commercial refrigeration equipment
Heikki Takanen

Commercial cleaning equipment
Tommy Löwbäck

Outdoor Products

Forestry and garden equipment
Bengt Andersson, Husqvarna

Les Evans, Flymo
Hans G. Bäckman, North America

Agricultural implements
Lars-Göran Fasth

Industrial Products

Gränges
Per-Olof Aronson (through 1994)
Lars Westerberg (as of 1995)

Materials-handling equipment
Hans Linnarsson

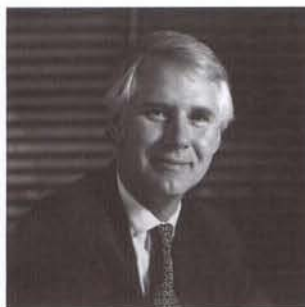
Goods protection
Mikael Öberg

GROUP MANAGEMENT



Leif Johansson

President and CEO.
Born 1951. M. Eng. President of Husqvarna Motorcyklar AB 1979, Divisional Manager of Facit AB 1981, President of Facit AB 1982, Product Line Manager for White goods 1983, Room air-conditioners 1989 and Floor-care products 1990, Executive Vice-President of AB Electrolux 1988, President 1991. CEO 1994.
Shareholding in AB Electrolux: 11,485 shares and 20,000 options.



Lennart Ribohn

Senior Executive Vice-President.
Born 1943. B.A. Group Controller 1971, Executive Vice-President of AB Electrolux 1981, Senior Executive Vice-President 1988.
Shareholding in AB Electrolux: 40,944 shares and 20,000 options.



Per-Olof Aronson

Product Line Manager, Gränges.
Born 1930. M. Eng. Production Manager at Svenska Metallverken in the Gränges Group 1966, Vice-President, Production/R&D at Gränges Aluminium 1975, President of Gränges AB and Product Line Manager 1983, Executive Vice-President of AB Electrolux 1989.
Shareholding in AB Electrolux: 0 shares.



Hans G. Bäckman

President of Frigidaire Company.
Born 1936. M. Eng. Divisional Manager of Husqvarna AB 1977, Product Line Manager for Forestry and Garden equipment 1983, Executive Vice-President of AB Electrolux 1988, President of Frigidaire Company in USA 1991.
Shareholding in AB Electrolux: 21,700 shares and 20,000 options.

PERSONNEL

Electrolux Human Resources



People
Make
The Difference

According to the internal statement on policy and vision issued by Group management, "Electrolux will provide products, services and marketing of such excellent value that customers actively choose to do business with us".

The vision expresses the importance of a personnel-oriented culture and the conviction that personnel and their development comprise one of the most important factors for success in terms of securing and maintaining customer confidence. The vision thus highlights the importance of personnel-oriented values for the Group's financial results and development.

The Group is therefore increasing its investment in human resources with respect to development of individual competence, initiative and commitment to change.



In December, approximately 160 women from the Group's Swedish operation attended a seminar on women's competence.

New guidelines for human resources

Under the leadership of the Electrolux Human Resources Board, a global steering committee, new guidelines for personnel management within the Group were established during the year. A long-term action program was developed on the basis of comprehensive benchmarking with some of the world's most successful corporations, as well as interviews with employees and customers. The program is structured in six areas, which in various ways will affect Group personnel in the coming years:

- Leadership and development for leaders
- Development and support of competence

- Management compensation
- Measurement of work satisfaction and commitment
- Development of human resources functions
- Measurement of human resources functions.

The program is being implemented by international teams that include representatives of Group staff as well as line organizations.

Management development program

A personnel-oriented culture requires competent management that personifies the values of this culture. In recent years the Group has introduced a comprehensive program for development of managers, aimed at making Group management more professional and more international. Four programs involving a large number of Group managers are implemented annually:

- Management Development Seminar, for early identification of management talent
- International Leadership Program, for development of international leadership talent
- Electrolux Change Master Program, for development of managerial competence in leading work on change
- Electrolux International Executive Program, which offers advanced training in international corporate management.

In addition, complementary regional management programs are offered annually in Europe, North America and Asia. In line with the Group's efforts to achieve equality, seminars and complementary activities have been implemented with the aim of utilizing and developing the competence of female personnel.

STATEMENT OF ADDED VALUE

Added value represents the contribution made by a company's production, i.e. the increase in value arising from manufacture, handling, etc. within the company. It is defined as sales revenues less the costs of purchased goods and services.

Sales revenues for the Electrolux Group in 1994 totalled SEK 108,004m (100,121). After deduction of purchases of goods and services, the value added by the Group amounted to SEK 37,394m (31,630), an increase of 18% (21) over the previous year. During the

past five years, added value has increased at an average annual rate of 3.8% (3.0).

In 1994, SEK 8,226m (4,446) of the value added remained within the Group and was utilized among other things for capital expenditure as well as product development and marketing. Dividend payments to shareholders accounted for 2% (1) of added value in 1994, or 4% (2) of the Group's total payroll costs.

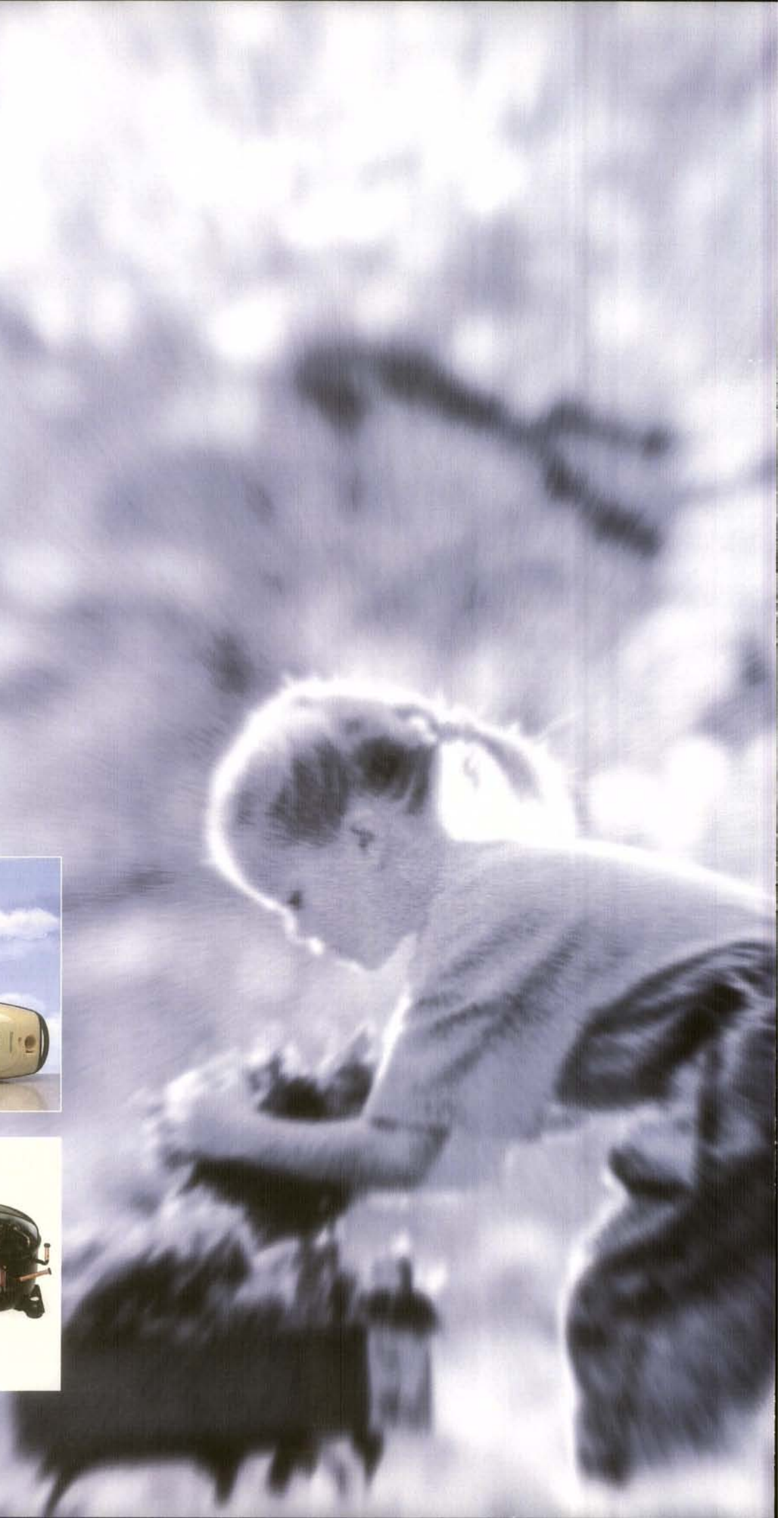
The added value generated within the Group over the past two years and its distribution are shown in the tables below.

Calculation of added value

| | 1994 SEKm | % | 1994 per employee, SEK '000 | 1993 SEKm | % |
|---|--------------|-----|-----------------------------------|--------------|-----|
| Total sales | 108,004 | 100 | 987 | 100,121 | 100 |
| Cost of purchased goods and services | -70,610 | -65 | -645 | -68,491 | -68 |
| Added value | 37,394 | 35 | 342 | 31,630 | 32 |

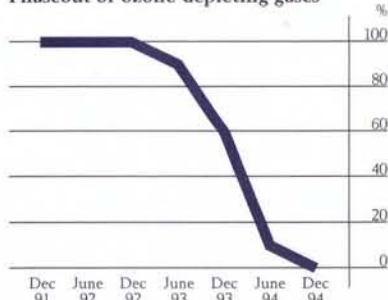
Distribution of added value

| | 1994 SEKm | % | 1994 per employee, SEK '000 | 1993 SEKm | % |
|---|--------------|-----|-----------------------------------|--------------|-----|
| To employees | | | | | |
| Wages and salaries | 19,431 | 52 | 178 | 18,691 | 60 |
| Employer contributions | 5,939 | 16 | 54 | 5,728 | 18 |
| | 25,370 | 68 | 232 | 24,419 | 78 |
| To central and local governments | | | | | |
| Taxes | 1,444 | 4 | 13 | 612 | 2 |
| To credit institutions | | | | | |
| Interest, etc. | 1,439 | 4 | 13 | 1,695 | 5 |
| To shareholders | | | | | |
| Dividend payments (1994: Proposed) | 915 | 2 | 8 | 458 | 1 |
| | 3,798 | 10 | 34 | 2,765 | 8 |
| Retained in the Group | | | | | |
| For wear on fixed assets (depreciation) | 4,214 | 11 | 39 | 4,252 | 13 |
| Other (including a capital gain of SEK 2,776m in 1994) | 4,012 | 11 | 37 | 194 | 1 |
| | 8,226 | 22 | 76 | 4,446 | 14 |
| Added value | 37,394 | 100 | 342 | 31,630 | 100 |

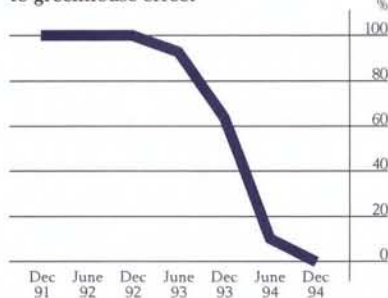


THE GROUP'S ENVIRONMENTAL ACTIVITIES

Phaseout of ozone-depleting gases



Trend for gases contributing to greenhouse effect



The graphs show how use of hazardous gases has been reduced in the Group's European production of refrigerators and freezers.

1. Electrolux new "ECO" vacuum cleaners contain about 40% recycled plastic. Other major plastic parts are uncolored to facilitate recycling.
2. The Group's newly developed RSD refrigerator compressor is the most energy-efficient on the market, enabling energy savings of 30-40% compared to conventional technology.

More information about the Electrolux Group's environmental activities is given in the report "Electrolux and the environment", which is available on request from Electrolux, Communication and Public Affairs, S-105 45 Stockholm, Sweden. Tel. Int +46 8 738 6000.

"Our goal is to be the leader in environmentally sound technology. The fact that we sell about 40 million units per year in white goods alone means that we have a commitment to the environment. But it also offers an opportunity to exert an influence and make a positive contribution. Reduced consumption of resources and systems for recovery and recycling will help to alleviate the problem of waste and increase the potential for conservation of valuable raw materials.

Another important task for us is to provide information and enhance our customers' knowledge of the environment. Greater knowledge creates interest in the environmental benefits of our products, and strengthens our position in a market where environmental awareness is increasing. Goal-oriented environmental activities offer great possibilities, on condition that we maintain a position of leadership."

Leif Johansson

Environmental activities within Electrolux are goal-oriented, and responsibility is well-defined and delegated at all levels within the Group. The environmental policy established in 1992 for the Group is now being integrated in all aspects of our operations. A new corporate staff for Environmental Affairs has been created for coordination and strategic development of the Group's environmental activities.

Every company within the Group now has an environmental coordinator, and tasks in environmental activities are being defined for increasing numbers of our personnel. Methods for environmental auditing and systems for environmental control are being evaluated in several pilot projects.

Environment-friendly product development

Work on developing methods for environment-friendly product development has intensified. Electrolux Research & Innovation is developing competence for life-cycle analysis (LCA) and guidelines for environment-friendly product development. A number of products, including white goods, vacuum cleaners and chain-saws, have been analyzed from a life-cycle perspective. Special emphasis has been given to how the products

are used and whether they can be recycled when they are worn out.

Phaseout of CFC

Efforts to identify substitutes for ozone-damaging CFC-substances have focused on using natural gases as far as possible. The phaseout has proceeded systematically and has made Electrolux the leader in CFC-phaseout within the white-goods sector.

In 1994, Electrolux completed the transition from chlorine-free R134a to cyclopentane as an insulation gas in refrigerators and freezers for the European market. The transition from R134a to isobutane as a coolant was also implemented according to plan during the year. A challenge facing all white-goods producers is that there are still no international safety standards for design and production of refrigerators that use explosive gases such as isobutane.

In the US, public authorities and white-goods producers have given top priority to reduced energy consumption, which has led to a different approach to CFC-substitutes than in Europe.

Investment in the environment

Electrolux invests continuously in product development, technology and production capacity for environment-friendly products. All new investment in production facilities must comply with the Group's global environmental criteria.

In 1994, investments included SEK 40m in a German plant for producing a new type of vacuum panel for thermal insulation in refrigerators. The panels consist exclusively of a silicon compound and polyethylene plastic, and are thus totally recyclable. The excellent insulating properties of these panels enable reducing energy consumption in refrigerators by up to 18%. The new panels also enable a larger storage volume inside the refrigerator and thus enhance the function of the product as well.

Product development in recent years has been focused on achieving better environmental properties, and has generated concrete results. During 1994, a large number of new environment-friendly products went into production.

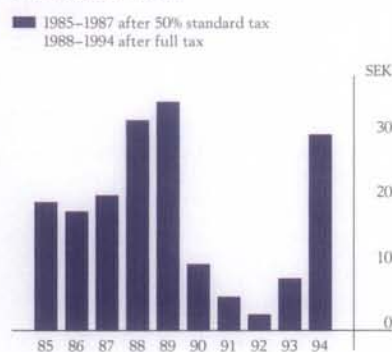
ELECTROLUX SHARES

Trading price and equity per share



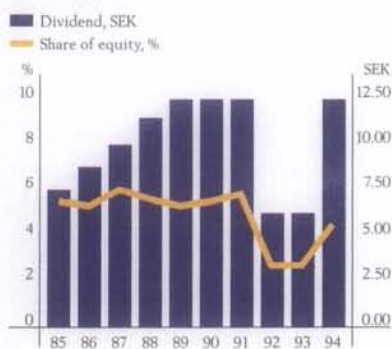
At year-end 1994, Electrolux B-shares were valued at 135% of equity per share.

Earnings per share



In 1994, earnings per share exclusive of a capital gain on divestments rose to SEK 30 per share, from SEK 8 in 1993.

Dividend per share



The Board proposes that the dividend for 1994 be increased to SEK 12.50, from SEK 6.25 in the previous year.

Electrolux A- and B-shares have been listed on the Stockholm Stock Exchange since 1930. B-shares are also listed in London (since 1928), Geneva (1955), Paris (1983), Zurich and Basel (1987). B-shares are also listed in the US through the NASDAQ system (1987).

At year-end 1994 the market capitalization of Electrolux shares was approximately SEK 27.7 billion (20.9).

In 1994, 62.6 million Electrolux shares were traded on the Stockholm Stock Exchange to a value of SEK 23.7 billion. This represented 3.6% of the total share trading volume of SEK 659 billion.

The number of Electrolux shares traded on the London Stock Exchange in 1994 rose to 58.8 million, and in NASDAQ to 1.5 million ADRs¹⁾. Trading volume on other exchanges was considerably lower.

Share capital and number of shares

On December 31, 1994 there were 2,000,000 Electrolux A-shares and 71,233,916 B-shares, for a total of 73,233,916 shares. Each share has a par value of SEK 25. Total share capital at year-end amounted to SEK 1,830.8m.

A-shares carry one vote and B-shares 1/1000 of a vote. All shares entitle the holder to the same proportion of assets and earnings.

Dividend policy

In the light of the good growth in earnings and the Group's stronger financial position, the Board proposes that the dividend for 1994 be returned to the level of 1991, which will involve an increase of SEK 6.25 to SEK 12.50 per share.

The goal is for the dividend to normally correspond to 30-50% of net income.

Effective yield

The effective yield indicates the actual profitability of an investment in shares and comprises dividends received plus changes in trading price.

Over the past ten years, the average annual effective yield on an investment in Electrolux shares has been

16.6% (13.8). The corresponding figure for the Stockholm Stock Exchange as a whole was 16.9% (15).

Electrolux Allemansfond

Savings plans based on Electrolux shares have been open to employees in the Group's Swedish companies since April, 1984, through the Electrolux Allemansfond.

At year-end 1994 there were 2,166 shareholders in the Allemansfond, with total holdings of 100,000 shares. Loans raised by employees to acquire shares totalled SEK 1.8m.

Trading volume for Electrolux shares in Stockholm, London and New York

| (Thousands) | 1994 | 1993 |
|------------------------|--------|--------|
| Stockholm | 62,615 | 41,870 |
| London | 58,800 | 46,850 |
| New York ¹⁾ | 1,499 | 1,231 |

¹⁾ American Depository Receipts (ADRs). One ADR corresponds to one B-share.

| Major shareholders | Number of shares | Share capital, % | Voting rights, % |
|--|------------------|------------------|------------------|
| 4th National Pension Insurance Fund | 4,821,204 | 6.58 | 0.23 |
| Incentive | 3,769,076 | 5.15 | 48.41 |
| Nordbanken investment funds | 3,565,350 | 4.87 | 0.17 |
| Skandia | 2,984,027 | 4.07 | 0.90 |
| SPP | 1,976,361 | 2.70 | 0.10 |
| Svenska Handelsbanken investment funds | 1,538,560 | 2.10 | 0.07 |
| Abu Dhabi Investment Authority | 1,500,000 | 2.05 | 0.07 |
| S-E-Banken investment funds | 1,435,716 | 1.96 | 0.07 |
| General Electric pension and other funds | 1,400,393 | 1.91 | 0.07 |
| Folksam, including AMF-S | 1,259,000 | 1.72 | 0.06 |
| Trygg-Hansa | 1,200,532 | 1.64 | 0.06 |
| Investor | 936,478 | 1.28 | 45.21 |

The above information is based on the register of shareholders in AB Electrolux at the Swedish Securities Register Center (VPC AB) as of December, 1994.

As of December 31, 1994, approximately 43% of the total share capital was owned by Swedish institutions and more than 40% by foreign investors.

Price and trading volume of Electrolux B-shares on the Stockholm Stock Exchange, 1990 – February, 1995



Source: Findata

Distribution of shareholdings in AB Electrolux

| Share-holding | Number of share-holders | As % of share-holders |
|----------------|-------------------------|-----------------------|
| 1–1,000 | 53,182 | 96.0 |
| 1,001–10,000 | 1,753 | 3.2 |
| 10,001–100,000 | 322 | 0.6 |
| 100,001– | 112 | 0.2 |
| Total | 55,369 | 100.0 |

The above information is based on the register of shareholders in AB Electrolux at the Swedish Securities Register Center (VPC AB) as of December, 1994.

Change in share capital, 1985–1994

| | Total share capital, SEKm | Of which through conversion | |
|------|---------------------------|-----------------------------|-------------------------|
| 1985 | 1,512 | 143 | Split 2:1 |
| 1986 | 1,775 | 63 | New issue ¹⁾ |
| 1987 | 1,803 | 28 | |
| 1988 | 1,812 | 9 | |
| 1989 | 1,818 | 6 | |
| 1990 | 1,831 | 13 | |
| 1991 | 1,831 | – | |
| 1992 | 1,831 | – | |
| 1993 | 1,831 | – | |
| 1994 | 1,831 | – | |

1) New issue of 8 million B-shares outside Sweden, total value at par SEK 200m.

Per-share data, 1985–1994

| | 1994 | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 |
|---|---------------------|------|------|-------|-------|-------|-------|-------|-------|-------|
| Year-end trading price, SEK ¹⁾ | 377 | 284 | 238 | 218 | 160 | 280 | 293 | 193 | 311 | 194 |
| Change in price during the year, % | 33 | 19 | 9 | 36 | –43 | –4 | 52 | –38 | 60 | 60 |
| Equity per share, SEK | 279 | 230 | 229 | 215 | 226 | 232 | 203 | 164 | 161 | 131 |
| Trading price/equity, % | 135 | 123 | 104 | 101 | 71 | 121 | 154 | 118 | 193 | 148 |
| Dividend, SEK | 12.50 ²⁾ | 6.25 | 6.25 | 12.50 | 12.50 | 12.50 | 11.50 | 10.00 | 8.75 | 7.50 |
| Direct yield, % | 3.3 | 2.2 | 2.6 | 5.7 | 7.8 | 4.5 | 3.9 | 5.2 | 2.8 | 3.9 |
| Earnings per share, SEK | 30.00 ³⁾ | 8.00 | 2.50 | 5.20 | 10.10 | 35.20 | 32.30 | 20.60 | 18.20 | 19.60 |
| P/E ratio ⁴⁾ | 12.6 | 35.5 | 95.2 | 41.9 | 15.8 | 8.0 | 9.1 | 6.7 | 12.1 | 6.4 |

1) Last price paid for B-shares.

2) Proposed by the Board.

3) Excl. capital gain.

4) Trading price relative to earnings per share after full dilution. The figures for 1988–1994 are computed as earnings per share after full tax, and for 1985–1987 as earnings per share after taxes paid, according to the partial method.

SALES AND EMPLOYEES* BY COUNTRY

| EFTA | 1994 | | 1993 | | 1994 | 1993 |
|--------------|---------------|------------------|---------------|------------------|---------------|---------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| Sweden | 8,735 | 8.1 | 8,029 | 8.0 | 15,001 | 15,118 |
| Switzerland | 2,573 | 2.3 | 2,146 | 2.2 | 1,532 | 1,610 |
| Norway | 1,681 | 1.6 | 1,515 | 1.5 | 924 | 913 |
| Finland | 1,459 | 1.4 | 1,233 | 1.2 | 879 | 963 |
| Austria | 1,278 | 1.2 | 1,153 | 1.2 | 1,100 | 1,016 |
| Iceland | 16 | 0.0 | 18 | 0.0 | - | - |
| Total | 15,742 | 14.6 | 14,094 | 14.1 | 19,436 | 19,620 |

| Latin America | 1994 | | 1993 | | 1994 | 1993 |
|---------------|--------------|------------------|--------------|------------------|--------------|--------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| Mexico | 457 | 0.4 | 555 | 0.6 | 1,986 | 1,964 |
| Brazil | 372 | 0.3 | 398 | 0.4 | 391 | 3,412 |
| Argentina | 272 | 0.3 | 227 | 0.2 | 19 | - |
| Colombia | 176 | 0.2 | 140 | 0.1 | 726 | 795 |
| Peru | 122 | 0.1 | 89 | 0.1 | 1,221 | 1,037 |
| Chile | 103 | 0.1 | 110 | 0.1 | 292 | 322 |
| Venezuela | 55 | 0.1 | 113 | 0.1 | 810 | 917 |
| Other | 825 | 0.8 | 764 | 0.8 | 746 | 856 |
| Total | 2,382 | 2.3 | 2,396 | 2.4 | 6,191 | 9,303 |

| EU | 1994 | | 1993 | | 1994 | 1993 |
|-----------------|---------------|------------------|---------------|------------------|---------------|---------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| Germany | 14,426 | 13.4 | 12,803 | 12.8 | 6,428 | 5,753 |
| United Kingdom | 8,566 | 7.9 | 7,900 | 7.9 | 7,446 | 7,758 |
| France | 6,920 | 6.4 | 7,212 | 7.2 | 3,627 | 4,843 |
| Italy | 5,337 | 4.9 | 5,026 | 5.0 | 12,638 | 12,341 |
| Spain | 3,170 | 2.9 | 3,125 | 3.1 | 4,370 | 5,097 |
| Denmark | 2,915 | 2.7 | 2,388 | 2.4 | 3,488 | 3,291 |
| The Netherlands | 2,233 | 2.1 | 1,986 | 2.0 | 1,163 | 1,162 |
| Belgium | 1,553 | 1.4 | 1,509 | 1.5 | 270 | 244 |
| Ireland | 354 | 0.3 | 364 | 0.4 | 54 | 58 |
| Portugal | 286 | 0.3 | 246 | 0.2 | 84 | 77 |
| Greece | 245 | 0.2 | 180 | 0.2 | 10 | - |
| Luxembourg | 80 | 0.1 | 47 | 0.0 | 598 | 671 |
| Total | 46,085 | 42.6 | 42,786 | 42.7 | 40,176 | 41,295 |

| Asia | 1994 | | 1993 | | 1994 | 1993 |
|------------------------|--------------|------------------|--------------|------------------|---------------|---------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| Japan | 1,140 | 1.1 | 954 | 1.0 | 1,017 | 957 |
| People's Rep. of China | 599 | 0.6 | 298 | 0.3 | 1,067 | - |
| Thailand | 570 | 0.5 | 540 | 0.5 | 2,726 | 2,538 |
| Saudi Arabia | 447 | 0.4 | 494 | 0.5 | 892 | 886 |
| Iran | 394 | 0.4 | 202 | 0.2 | - | - |
| Hong Kong | 312 | 0.3 | 195 | 0.2 | 81 | 83 |
| Indonesia | 267 | 0.2 | 191 | 0.2 | 2,348 | 2,109 |
| Malaysia | 250 | 0.2 | 373 | 0.4 | 1,367 | 1,426 |
| Taiwan | 240 | 0.2 | 275 | 0.3 | 521 | 608 |
| Singapore | 230 | 0.2 | 128 | 0.1 | 286 | 278 |
| United Arab Emirate | 159 | 0.1 | 121 | 0.1 | - | - |
| South Korea | 155 | 0.1 | 126 | 0.1 | 127 | 170 |
| Kuwait | 97 | 0.1 | 97 | 0.1 | - | - |
| Other | 669 | 0.6 | 575 | 0.6 | 892 | 2,129 |
| Total | 5,529 | 5.0 | 4,569 | 4.6 | 11,324 | 11,184 |

| Rest of Europe | 1994 | | 1993 | | 1994 | 1993 |
|----------------|--------------|------------------|--------------|------------------|--------------|--------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| Hungary | 683 | 0.6 | 709 | 0.7 | 3,077 | 3,303 |
| Poland | 389 | 0.4 | 303 | 0.3 | 136 | 71 |
| Czech Republic | 304 | 0.3 | 260 | 0.2 | 189 | 136 |
| Russia | 223 | 0.2 | 266 | 0.3 | 17 | 4 |
| Turkey | 156 | 0.1 | 266 | 0.3 | 34 | 15 |
| Other | 522 | 0.5 | 430 | 0.4 | 82 | 22 |
| Total | 2,277 | 2.1 | 2,234 | 2.2 | 3,535 | 3,551 |

| Africa | 1994 | | 1993 | | 1994 | 1993 |
|--------|-------------|------------------|-------------|------------------|------|------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| | 761 | 0.7 | 732 | 0.7 | 83 | - |

| Oceania | 1994 | | 1993 | | 1994 | 1993 |
|--------------|--------------|------------------|--------------|------------------|------------|--------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| Australia | 900 | 0.8 | 928 | 0.9 | 763 | 900 |
| New Zealand | 237 | 0.2 | 225 | 0.2 | 143 | 181 |
| Other | 32 | 0.1 | 27 | 0.1 | - | - |
| Total | 1,169 | 1.1 | 1,180 | 1.2 | 906 | 1,081 |

| North America | 1994 | | 1993 | | 1994 | 1993 |
|---------------|---------------|------------------|---------------|------------------|---------------|---------------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| USA | 31,543 | 29.3 | 29,551 | 29.5 | 26,704 | 27,343 |
| Canada | 2,516 | 2.3 | 2,579 | 2.6 | 1,115 | 1,339 |
| Total | 34,059 | 31.6 | 32,130 | 32.1 | 27,819 | 28,682 |

| Group total | 1994 | | 1993 | | 1994 | 1993 |
|-------------|-------------|------------------|-------------|------------------|---------|---------|
| | Sales, SEKm | % of Group total | Sales, SEKm | % of Group total | | |
| | 108,004 | | 100,121 | | 109,470 | 114,716 |

* Annual average.

TEN-YEAR REVIEW

| Amounts in SEKm unless otherwise indicated | 1994 | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | Average growth rate, % | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|------------------------|--------|
| | | | | | | | | | | | 5 yrs | 10 yrs |
| Sales and income | | | | | | | | | | | | |
| Sales | 108,004 | 100,121 | 80,436 | 79,027 | 82,434 | 84,919 | 73,960 | 67,430 | 53,090 | 39,688 | 4.9 | 12.1 |
| Operating income after depreciation, excl. capital gain ¹⁾ | 5,034 | 2,945 | 1,992 | 2,382 | 2,992 | 5,085 | 4,595 | 4,053 | 3,139 | 3,011 | - | - |
| Income after financial items, excl. capital gain ¹⁾ | 3,595 | 1,250 | 758 | 825 | 1,153 | 3,412 | 3,425 | 2,888 | 2,401 | 2,450 | - | - |
| Net income, excl. capital gain ²⁾ | 2,195 | 584 | 183 | 377 | 741 | 2,579 | 2,371 | - | - | - | - | - |
| Financial position | | | | | | | | | | | | |
| Total assets | 84,183 | 77,647 | 71,618 | 62,329 | 65,793 | 63,298 | 56,840 | 48,470 | 48,181 | 29,524 | 5.9 | 12.3 |
| Net assets ³⁾ | - | - | - | - | - | - | 31,690 | 24,804 | 27,123 | 16,488 | - | - |
| Net assets ²⁾ | 38,947 | 42,568 | 41,728 | 35,521 | 39,347 | 38,623 | 30,863 | - | - | - | 0.2 | 10.1 |
| Accounts receivable | 20,015 | 18,522 | 16,509 | 13,893 | 14,707 | 14,547 | 13,728 | 12,183 | 11,885 | 7,864 | 6.6 | 11.5 |
| Inventories | 18,514 | 16,698 | 15,883 | 14,955 | 16,042 | 16,409 | 14,359 | 12,169 | 12,431 | 8,238 | 2.4 | 8.7 |
| Risk-bearing capital | 22,601 | 18,706 | 18,703 | 17,555 | 18,599 | 19,062 | 17,408 | 14,783 | 14,312 | 10,785 | 3.5 | 9.4 |
| Adjusted equity ³⁾ | - | - | - | - | - | - | 13,893 | 11,941 | 11,659 | 8,306 | - | - |
| Shareholders' equity ²⁾ | 20,465 | 16,853 | 16,772 | 15,758 | 16,565 | 17,025 | 14,873 | - | - | - | 3.7 | 11.5 |
| Data per share, SEK | | | | | | | | | | | | |
| Earnings ³⁾ | - | - | - | - | - | - | 24.90 | 20.60 | 18.20 | 19.60 | - | - |
| Earnings, excl. capital gain ²⁾ | 30.00 | 8.00 | 2.50 | 5.20 | 10.10 | 35.20 | 32.30 | - | - | - | - | - |
| Net income according to US GAAP ⁴⁾ | 77.20 | 7.20 | 2.60 | 5.50 | 11.20 | 31.20 | 28.60 | 25.00 | 24.80 | 22.20 | - | - |
| Net income according to US GAAP ⁵⁾ | 77.20 | 5.10 | - | - | - | - | - | - | - | - | - | - |
| Risk-bearing capital | 309 | 255 | 256 | 240 | 254 | 260 | 238 | 202 | 197 | 169 | 3.5 | 7.5 |
| Adjusted equity ³⁾ | - | - | - | - | - | - | 190 | 164 | 161 | 131 | - | - |
| Shareholders' equity ²⁾ | 279 | 230 | 229 | 215 | 226 | 232 | 203 | - | - | - | 3.8 | 9.3 |
| Dividend, adjusted for share issues ⁶⁾ | 12.50 | 6.25 | 6.25 | 12.50 | 12.50 | 12.50 | 11.50 | 10.00 | 8.75 | 7.50 | 0.0 | 6.8 |
| Trading price of B-shares at year-end ⁸⁾ | 377 | 284 | 238 | 218 | 160 | 280 | 293 | 193 | 311 | 194 | 6.1 | 12.0 |
| Key ratios, % | | | | | | | | | | | | |
| Return on equity ³⁾ | - | - | - | - | - | - | 15.3 | 12.9 | 13.3 | 17.6 | - | - |
| Return on equity, excl. capital gain ²⁾ | 13.0 | 3.5 | 1.2 | 2.3 | 4.3 | 17.3 | 18.6 | - | - | - | - | - |
| Return on net assets ³⁾ | - | - | - | - | - | - | 16.8 | 15.3 | 14.4 | 19.2 | - | - |
| Return on net assets, excl. capital gain ²⁾ | 12.0 | 6.8 | 5.3 | 6.2 | 7.6 | 14.2 | 16.3 | - | - | - | - | - |
| Net assets as a percentage of sales ^{3) 7) 9)} | - | - | - | - | - | - | 41.8 | 36.8 | 43.1 | 41.5 | - | - |
| Net assets as a percentage of sales ^{2) 7) 9)} | 35.1 | 40.9 | 46.1 | 45.0 | 48.6 | 46.9 | 40.7 | - | - | - | - | - |
| Accounts receivable as a percentage of sales ^{7) 9)} | 18.0 | 17.8 | 18.2 | 17.6 | 18.0 | 17.7 | 18.1 | 18.1 | 18.9 | 19.8 | - | - |
| Inventories as a percentage of sales ^{7) 9)} | 16.7 | 16.1 | 17.5 | 18.9 | 19.7 | 19.9 | 19.0 | 18.0 | 19.7 | 20.8 | - | - |
| Net debt/equity | 90 | 153 | 149 | 125 | 138 | 125 | 122 | 106 | 133 | 99 | - | - |
| Interest coverage rate | 2.38 | 1.28 | 1.18 | 1.25 | 1.38 | 2.21 | 2.73 | 2.53 | 2.42 | 3.56 | - | - |
| Share of risk-bearing capital | 31.8 | 27.0 | 29.5 | 31.2 | 30.5 | 32.2 | 32.9 | 32.4 | 31.9 | 40.0 | - | - |
| Equity/assets ratio ³⁾ | - | - | - | - | - | - | 26.3 | 26.1 | 26.1 | 30.8 | - | - |
| Equity/assets ratio ²⁾ | 28.8 | 24.3 | 26.4 | 28.0 | 27.2 | 28.7 | 28.1 | - | - | - | - | - |
| Dividend as a percentage of adjusted equity ³⁾ | - | - | - | - | - | - | 6.0 | 6.0 | 5.3 | 5.5 | - | - |
| Dividend as a percentage of equity ^{2) 6)} | 4.5 | 2.7 | 2.7 | 5.8 | 5.5 | 5.3 | 5.6 | - | - | - | - | - |
| Other data | | | | | | | | | | | | |
| Gross capital expenditure on real estate, equipment and tools ¹⁰⁾ | 7,537 | 3,727 | 3,737 | 3,704 | 4,444 | 6,237 | 5,292 | 3,788 | 8,736 | 2,401 | - | - |
| exclusive of opening value of fixed assets in acquisitions ¹⁰⁾ | 3,998 | 3,682 | 3,623 | 3,414 | 4,018 | 5,389 | 4,772 | 3,485 | 3,005 | 1,808 | -5.8 | 9.5 |
| Capital expenditure as a percentage of sales | 3.7 | 3.7 | 4.5 | 4.3 | 4.9 | 6.3 | 6.5 | 5.2 | 5.7 | 4.6 | - | - |
| Average number of employees | 109,500 | 114,700 | 121,200 | 134,200 | 150,900 | 152,900 | 147,200 | 140,500 | 129,900 | 91,100 | -6.5 | 2.3 |
| Salaries, wages and remuneration | 19,431 | 18,691 | 15,902 | 15,507 | 17,213 | 17,458 | 15,257 | 14,427 | 11,164 | 8,320 | 2.2 | 10.3 |
| Number of shareholders | 55,400 | 65,700 | 68,100 | 70,000 | 74,000 | 68,000 | 70,000 | 70,000 | 59,000 | 52,000 | - | - |

1) Real-estate taxes, etc. are included as of 1994 in operating income after depreciation.

Figures for previous years have been adjusted.

2) As of 1988, allocations and untaxed reserves are reported in accordance with Recommendation no. 1 of the Swedish Financial Accounting Standards Council, i.e. between deferred taxes and equity.

3) Computed after 50% tax on allocations and untaxed reserves.

4) Previous to introduction of FAS 106 and 109 in 1993.

5) After introduction of FAS 106 and 109 in 1993.

6) 1994: Proposed.

7) Sales for 1986 onward are annualized.

8) Last price paid for B-shares.

9) As of 1992, figures are adjusted for exchange-rate effects.

10) As of 1992, figures are computed at average annual rates.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 3 p.m. on Thursday, May 4, 1995 in the Main Hall of the Concert Hall at Hötorget in Stockholm.

Registration and participation

Shareholders who intend to participate in the AGM must be registered with the VPC AB (Swedish Securities Register Center) not later than Monday, April 24, 1995. Shareholders whose shares are registered through banks or trustees must have their shares temporarily registered in their own names at the VPC in good time.

In addition to the above registration, notice of intent to participate must be given to Electrolux not later than 4 p.m. on Tuesday, May 2, 1995 by mail to AB Electrolux, Dept. C-J, S-105 45 Stockholm, Sweden, or by telephone at Int +46 8 738 6793 or 738 6789. Notice should include the shareholder's name, registration number if any, address and telephone number. Shareholders participating by proxy must submit a copy of the proxy authorization prior to the date of the AGM.

Dividend

Subject to endorsement by the AGM of the Board's proposal of May 9, 1995 as reconciliation date, it is expected that dividends will be paid by the VPC on May 16, 1995.

Change of address

Shareholders who have changed their names, addresses or bank account numbers should inform their trustees or the institute with which they have an account.

Financial reports during 1995

| | |
|--------------------------------|------------------|
| Preliminary year-end results | January 31 |
| Consolidated results | February 27 |
| Annual report | Mid-April |
| Quarterly report (1st quarter) | May 4 |
| Form 20-F | June 30 (latest) |
| Half-yearly report | August 16 |
| Quarterly report (3rd quarter) | November 9 |

The above reports are available on request from AB Electrolux, Investor Relations, S-105 45 Stockholm, Sweden. Telephone Int +46 8 738 6003 or 738 6141.



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**ELECTROLUX
75TH
JUBILEE 1994**

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**UNITED
NATIONS
50TH
ANNIVERSARY
1995**

Through good citizenship we have developed the long-term qualities of trust and respect all over the world for the name Electrolux. This is why we can say that we are "at home everywhere". And this is why during 1995 we will celebrate another anniversary: the birth of the United Nations. During the year, we will participate in a project in honour of this event and in honour of the youth across the globe – the customers, employees, inventors and decision makers of tomorrow. We think it very appropriate for a 75 year young company, to step in to the future by celebrating youth.



Leif Johansson
President and CEO



Electrolux
1919
1994 **75**

 **Electrolux**
**GLOBAL
YOUTH
NETWORK**

**UNITED NATIONS FILM
& MUSIC WORLD TOUR**

A project in honour of the fiftieth anniversary of the United Nations





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