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Electrolux

Press release

Stockholm, February 2, 2012

President and CEO Keith McLoughlin's comments on the results for the fourth quarter and full year of 2011

Maneuvering in a tough environment

The appliance market in the fourth quarter of 2011 remained very competitive. The headwinds of price pressure, higher raw-material costs and weak demand grew stronger as the year progressed. Despite this challenging environment, we were able to generate an underlying operating income of SEK 4 billion in 2011. Furthermore, we have taken actions to increase prices, take out costs, acquire companies in emerging markets and change the organization to strengthen the company's position as we entered 2012.

Already at the end of 2010, demand for appliances started to decline, while costs for raw materials increased and prices for our products began to decrease. This downward trend gained momentum as 2011 progressed, with rising raw-material costs and lower prices having a headwind on results of more than SEK 3 billion in 2011. In this very tough environment, we were able to generate an underlying operating income of almost SEK 4 billion, which is above the level achieved in previous years with similar conditions to 2011. At the same time we generated a strong underlying cash flow, which is a result of our intensified efforts to reduce working capital, which has enabled us to maintain a strong balance sheet.

In 2011, we initiated and implemented a number of activities. We finalized the acquisitions of the Egyptian company Olympic Group and the Chilean company CTI. As a result of these acquisitions in combination with the strong organic growth demonstrated by Electrolux in Latin America, Southeast Asia and Eastern Europe, our pro-forma sales in growth markets accounted for approximately 35% of total sales in 2011.

Decisions were taken to further adapt our production capacity in North America and Western Europe in order to increase capacity utilization. Actions were also taken to reduce overhead costs in line with the current business environment. Furthermore, we are continuing our efforts to enhance efficiency and reduce costs by capitalizing on our shared global strength and scope. These efforts will generate a positive impact at an escalating pace.

The Electrolux strategy to develop innovative and thoughtfully-designed product solutions based on end-user insight was strengthened in 2011 through the establishment of "the Innovation Triangle" in Group Management. The new and strengthened roles for the R&D, Marketing and Design functions will generate synergies throughout the product-creation process, with an even clearer focus on customers and consumers. This will enable Electrolux to take more relevant, innovative product solutions to market at a faster pace.

We are continuing to launch new products and the introduction of new and innovative products under the AEG brand received strong market response. In Latin America, we began to harvest the rewards of the new products launched

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in early 2011. 2012 will be an intensive launch year, which will require increased investments in marketing and product development.

While we expect the trend going forward to shift in a more positive direction in the form of gradual improvements in prices, mix and lower costs, we do not anticipate that demand in mature markets will recover in the first half of 2012. However, there could be a certain degree of improvement in the US market by the end of 2012, supported by a modest growth in the housing market.

As we find ourselves in a more favorable commodity market, we do not anticipate costs from raw materials to exceed the 2011 level by more than SEK 500m, with the majority of the impact in the first half of the year. During 2012, we will also see increased costs for sourced products and transportation, which makes it even more important to be successful with our price increases.

The result in 2011, achieved in a period of significant economic decline, demonstrates that our strategy of increasing the pace of new product offerings, investing in profitable growth areas and implementing efficiency enhancements in production is a successful one. In 2012, we will further strengthen the Electrolux brand position, we will continue to develop innovative products that consumers prefer, we will further improve our operational efficiency and we will maintain a strong balance sheet to be prepared for both uncertainties and opportunities.

Stockholm, February 2, 2012

Keith McLoughlin
President and Chief Executive Officer

Electrolux discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 CET on February 2, 2012.

About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year. The company focuses on innovative products that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, cookers, air-conditioners and small appliances such as vacuum cleaners sold under esteemed brands like Electrolux, AEG, Eureka and Frigidaire. In 2010 Electrolux had sales of SEK 106 billion and 52,000 employees. For more information go to www.electrolux.com/press and www.electrolux.com/news.