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Electrolux

Press release

Stockholm, February 1, 2013

President and CEO Keith McLoughlin's comments on the results for the fourth quarter of 2012

2012 – a year of record-strong organic growth

In the fourth quarter, Electrolux posted a record-high organic growth of 7.5%. The growth rate for the full-year 2012 was 5.5%. Operations in North America and Latin America, which currently account for 50% of total sales, showed strong sales and earnings growth, primarily attributable to a continued positive volume trend and improvements in price/mix. Operations in Europe suffered from weak consumer confidence with falling volumes and negative country mix. In 2013, we believe that the weak market in Europe will be offset by growth in North America and the emerging markets.

In the fourth quarter, Electrolux delivered its strongest organic growth rate for 2012 of 7.5%. A significant portion of the growth came from the Latin American operations, which noted another record quarter with an organic growth of nearly 20%. The strong development was partly generated by government-tax incentives in Brazil, but also by an improved product mix, higher prices and market share gain.

Price/mix improvements in North America were a strong contributor to the sales growth and the improved results. Operations in North America reported yet another quarter of volume growth, thereby yielding an improved market share for the full-year 2012. Although the market development in 2012 did not meet our expectations of a year ago, we anticipate growth in the North American market in 2013, supported by a gradual recovery in the housing market. We will utilize the positive momentum to increase investments in brand-building and R&D activities with the aim of further strengthening the Group's position.

At present, the Americas account for more than 50% of Group sales. The corresponding figure five-years ago was around 35%. At the same time, we have increased our exposure to emerging markets, which now represent more than 35% of sales, and we expect this figure to reach 50% within five years.

Although the Group is currently less dependent on developments in Europe, the region still represents the single-largest market for our core appliances, professional products and small appliances. The weak performance in Europe is primarily attributable to low consumer confidence, which is spreading throughout the region and resulting in falling volumes and negative price/mix. We stand by our view that the market situation in Europe is likely to get worse before it gets better and we are minimizing the negative effect by launching new products and eliminating costs.

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We will see some reduction in our costs during 2013, which is partly related to our own cost-saving initiatives but also to a slight tailwind from some raw-material costs. There will also be some temporary cost increases as a result of entering new distribution channels and the consolidation of production of cooking products in North America. In line with our strategy, 2013 will be another intensive year of product launches, requiring increased investments in marketing and product development.

The global macroeconomic development will be decisive for the Group's sales growth in 2013. We expect that the weak market in Europe will probably be offset by growth in North America and the emerging markets.

The substantial improvement in the results for 2012 confirmed our longstanding ability to generate strong free cash flow, even in a weak macro environment through good work in operational and asset productivity. Importantly, our performance in 2012 also confirms our ability to grow profitably and expand our gross margin by diversifying our revenue base and bringing more consumer relevant innovation to the market at a faster pace. Moving forward, we believe there is good potential for us to continue to deliver a high return to our shareholders through a consistent and steady profitable expansion of our global operations – both organically and through acquisitions – while continuing to generate a strong cash return.

Stockholm, February 1, 2013

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 1, 2013.

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 solutions 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. For more information go to www.electrolux.com/press and www.electrolux.com/news.