

# Press release

Stockholm, March 25, 2013



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**Electrolux**

## Electrolux restated figures for 2012 following the change in pension accounting standards

As previously communicated, Electrolux applies the amended standard for pension accounting, IAS 19 Employee Benefits, as of January 1, 2013. The main change is that the option to use the corridor approach – previously applied by Electrolux – has been removed. Opening balances for 2013 and reported figures for 2012 have been restated to enable comparison. The impact of the restatement on the financial statements, operating income per business area and key ratios of Electrolux for the full year of 2012 is presented in the appendix. In addition, an Excel sheet comprising restated figures in more detail including the interim periods is available for download at <http://www.electrolux.com/ias19/>.

All historical unrecognized actuarial gains or losses will be included in the measurement of the net defined benefit liability. This increases the net pension liability for 2012 by SEK 4,618m and reduces equity by SEK 4,098m. Operating income for 2012 is reduced by SEK 150m, which is a result of interest costs and return on pension liabilities and -assets no longer being reported within operating income and that amortization of the actuarial losses no longer are used. Financing costs for the net pension liability will be reported within the financial net which deteriorates by SEK 174m. Income for the period after tax declines by SEK 234m. The restatement has no impact on the cash flow.

A short description of the amended standard is presented below. See also Note 1 in Electrolux Annual Report for 2012, [www.electrolux.com/annualreport2012](http://www.electrolux.com/annualreport2012).

The amended standard requires the present value of defined benefit obligations and the fair value of plan assets to be recognized in the financial statements as a net defined benefit liability. Following the amendment, the reported net defined benefit liability will correspond to the actual net obligations for pensions for Electrolux.

As in the past, service costs will be reported within operating income. Electrolux will classify the net pension obligation as a financial liability and report financing costs in the financial net. The discount rate will be used to calculate the financing costs of the net pension obligation. The standard thereby removes the use of an expected return on the plan assets.

Future changes in the net defined benefit liability as a result of, for example, adjustments to discount rates, mortality rates as well as return on plan assets deviating from the discount rate will be presented in other comprehensive income as they occur.

For further information, please contact Peter Nyquist, Senior Vice President, Head of Investor Relations and Financial Information, at +46 8 738 60 03 or Electrolux Press Hotline at +46 8 657 65 07.

### 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 makes thoughtfully designed, innovative solutions based on extensive consumer research, meeting the desires of today's consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, cookers, air conditioners and small appliances such as vacuum cleaners, all sold under esteemed brands like Electrolux, AEG, Eureka and Frigidaire. In 2012 Electrolux had sales of SEK 110 billion and about 61,000 employees.

For more information, go to [www.electrolux.com/press](http://www.electrolux.com/press) and [www.electrolux.com/news](http://www.electrolux.com/news).

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## Consolidated income statement

SEKm	2012, previously reported	Changes in accounting policy	2012, restated
<b>Net sales</b>	<b>109,994</b>	<b>–</b>	<b>109,994</b>
Cost of goods sold	–87,741	–66	–87,807
<b>Gross operating income</b>	<b>22,253</b>	<b>–66</b>	<b>22,187</b>
Selling expenses	–11,625	–48	–11,673
Administrative expenses	–5,505	–36	–5,541
Other operating income/expenses	59	–	59
Items affecting comparability	–1,032	–	–1,032
<b>Operating income</b>	<b>4,150</b>	<b>–150</b>	<b>4,000</b>
Margin, %	3.8	–0.1	3.6
Financial items, net	–672	–174	–846
<b>Income after financial items</b>	<b>3,478</b>	<b>–324</b>	<b>3,154</b>
Margin, %	3.2	–0.3	2.9
Taxes	–879	90	–789
<b>Income for the period</b>	<b>2,599</b>	<b>–234</b>	<b>2,365</b>
Remeasurement of provisions for post-employment benefits	–	–917	–917
Available for sale instruments	23	–	23
Cash-flow hedges	34	–	34
Exchange-rate differences on translation of foreign operations	–1,532	–	–1,532
Income tax relating to other comprehensive income	–2	51	49
<b>Other comprehensive income, net of tax</b>	<b>–1,477</b>	<b>–866</b>	<b>–2,343</b>
<b>Total comprehensive income for the period</b>	<b>1,122</b>	<b>–1,100</b>	<b>22</b>
Income for the period attributable to:			
Equity holders of the Parent Company	2,596	–234	2,362
Non-controlling interests	3	–	3
<b>Total</b>	<b>2,599</b>	<b>–234</b>	<b>2,365</b>
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company	1,126	–1,100	26
Non-controlling interests	–4	–	–4
<b>Total</b>	<b>1,122</b>	<b>–1,100</b>	<b>22</b>
Earnings per share, SEK	9.08	–0.82	8.26
Diluted, SEK	9.06	–0.82	8.24
Number of shares after buy-backs, million	286.1	–	286.1
Average number of shares after buy-backs, million	285.9	–	285.9
Diluted, million	286.6	–	286.6

Financial data quarterly and yearly can be downloaded and viewed at [www.electrolux.com/ir](http://www.electrolux.com/ir).  
There is a graph section where you can view trends as well as compare financial items.

## Consolidated balance sheet

SEKm	Dec. 31, 2012, previously reported	Changes in accounting policy	Dec. 31, 2012, restated
<b>Assets</b>			
Property, plant and equipment	16,693	–	16,693
Goodwill	5,541	–	5,541
Other intangible assets	5,079	–	5,079
Investments in associates	16	–	16
Deferred tax assets	3,306	850	4,156
Financial assets	552	–219	333
Pension plan assets	–	286	286
Other non-current assets	2,356	–1,875	481
<b>Total non-current assets</b>	<b>33,543</b>	<b>–958</b>	<b>32,585</b>
Inventories	12,963	–	12,963
Trade receivables	18,288	–	18,288
Tax assets	609	–	609
Derivatives	184	–	184
Other current assets	3,607	–	3,607
Short-term investments	123	–	123
Cash and cash equivalents	6,835	–	6,835
<b>Total current assets</b>	<b>42,609</b>	<b>–</b>	<b>42,609</b>
<b>Total assets</b>	<b>76,152</b>	<b>–958</b>	<b>75,194</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	1,545	–	1,545
Other paid-in capital	2,905	–	2,905
Other reserves	–1,146	–	–1,146
Retained earnings	16,479	–4,098	12,381
<b>Total equity</b>	<b>19,783</b>	<b>–4,098</b>	<b>15,685</b>
Non controlling interests	41	–	41
<b>Total equity</b>	<b>19,824</b>	<b>–4,098</b>	<b>15,726</b>
Long-term borrowings	10,005	–	10,005
Deferred tax liabilities	1,148	–31	1,117
Provisions for post-employment benefits	1,736	3,029	4,765
Other provisions	4,551	–	4,551
<b>Total non-current liabilities</b>	<b>17,440</b>	<b>2,998</b>	<b>20,438</b>
Accounts payable	20,590	–	20,590
Tax liabilities	1,287	–	1,287
Short-term liabilities	11,829	142	11,971
Short-term borrowings	2,795	–	2,795
Derivatives	241	–	241
Other provisions	2,146	–	2,146
<b>Total current liabilities</b>	<b>38,888</b>	<b>142</b>	<b>39,030</b>
<b>Total equity and liabilities</b>	<b>76,152</b>	<b>–958</b>	<b>75,194</b>
<b>Contingent liabilities</b>	<b>1,610</b>	<b>–</b>	<b>1,610</b>

## Change in consolidated equity

SEKm	Dec. 31, 2012, previously reported	Changes in accounting policy	Dec. 31, 2012, restated
<b>Opening balance</b>	<b>20,644</b>	<b>–2,998</b>	<b>17,646</b>
<b>Total comprehensive income for the period</b>	<b>1,122</b>	<b>–1,100</b>	<b>22</b>
Share-based payment	–141	–	–141
Sale of shares	212	–	212
Dividend	–1,860	–	–1,860
Acquisition of operations	–153	–	–153
<b>Total transactions with equity holders</b>	<b>–1,942</b>	<b>–</b>	<b>–1,942</b>
<b>Closing balance</b>	<b>19,824</b>	<b>–4,098</b>	<b>15,726</b>

## Consolidated cash flow statement

SEKm	2012, previously reported	Changes in accounting policy	2012, restated
<b>Operations</b>			
Operating income	4,150	-150	4,000
Depreciation and amortization	3,251	-	3,251
Restructuring provisions	457	-	457
Other non-cash items	-193	274	81
Financial items paid, net	-673	-	-673
Taxes paid	-1,564	-	-1,564
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>5,428</b>	<b>124</b>	<b>5,552</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	-1,710	-	-1,710
Change in trade receivables	-119	-	-119
Change in accounts payable	3,086	-	3,086
Change in other operating assets, liabilities and provisions	470	-199	271
<b>Cash flow from change in operating assets and liabilities</b>	<b>1,727</b>	<b>-199</b>	<b>1,528</b>
<b>Cash flow from operations</b>	<b>7,155</b>	<b>-75</b>	<b>7,080</b>
<b>Investments</b>			
Acquisition of operations	-164	-	-164
Capital expenditure in property, plant and equipment	-4,090	-	-4,090
Capital expenditure in product development	-477	-	-477
Capital expenditure in software	-574	-	-574
Other	528	75	603
<b>Cash flow from investments</b>	<b>-4,777</b>	<b>75</b>	<b>-4,702</b>
<b>Cash flow from operations and investments</b>	<b>2,378</b>	<b>-</b>	<b>2,378</b>
<b>Financing</b>			
Change in short-term investments	206	-	206
Change in short-term borrowings	-325	-	-325
New long-term borrowings	2,569	-	2,569
Amortization of long-term borrowings	-3,063	-	-3,063
Dividend	-1,868	-	-1,868
Sale of shares	212	-	212
<b>Cash flow from financing</b>	<b>-2,269</b>	<b>-</b>	<b>-2,269</b>
<b>Total cash flow</b>	<b>109</b>	<b>-</b>	<b>109</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,966</b>	<b>-</b>	<b>6,966</b>
<b>Exchange-rate differences referring to cash and cash equivalents</b>	<b>-240</b>	<b>-</b>	<b>-240</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,835</b>	<b>-</b>	<b>6,835</b>

## Key ratios

SEKm unless otherwise stated	2012, previously reported	Changes in accounting policy	2012, restated
Net sales	109,994	–	109,994
Organic growth, %	5.5	–	5.5
Items affecting comparability	–1,032	–	–1,032
Operating income	4,150	–150	4,000
Margin, %	3.8	–0.2	3.6
Income after financial items	3,478	–324	3,154
Income for the period	2,599	–234	2,365
Capital expenditure, property, plant and equipment	–4,090	–	–4,090
Operating cash flow	4,779	–	4,779
Earnings per share, SEK <sup>1)</sup>	9.08	–0.82	8.26
Equity per share, SEK	69.28	–14.32	54.96
Capital-turnover rate, times/year	4.1	–	4.1
Return on net assets, %	15.6	–0.8	14.8
Return on equity, %	13.3	1.1	14.4
Net borrowings	5,685	4,479	10,164
Net debt/equity ratio	0.29	0.36	0.65
Average number of shares excluding shares owned by Electrolux, million	285.9	–	285.9
Average number of employees	59,478	–	59,478
<b>Excluding items affecting comparability</b>			
Operating income	5,182	–150	5,032
Margin, %	4.7	–0.1	4.6
Earnings per share, SEK <sup>1)</sup>	12.18	–0.82	11.36
Capital-turnover rate, times/year	4.0	–0.1	3.9
Return on net assets, %	18.8	–0.9	17.9

1) Basic, based on average number of shares, excluding shares owned by Electrolux.

For definitions, see Electrolux Annual Report 2012, [www.electrolux.com/annualreport2012](http://www.electrolux.com/annualreport2012).

## Operating income by business area

SEKm	2012, previously reported	Changes in accounting policy	2012, restated
Major Appliances Europe, Middle East and Africa	1,142	-37	1,105
Margin, %	3.3	-0.1	3.2
Major Appliances North America	1,561	-109	1,452
Margin, %	5.1	-0.4	4.7
Major Appliances Latin America	1,590	-	1,590
Margin, %	7.2	-	7.2
Major Appliances Asia/Pacific	746	-	746
Margin, %	8.9	-	8.9
Small Appliances	473	-12	461
Margin, %	5.2	-0.1	5.1
Professional Products	596	-8	588
Margin, %	10.7	-0.1	10.6
Common Group costs, etc.	-926	16	-910
<b>Total Group, excluding items affecting comparability</b>	<b>5,182</b>	<b>-150</b>	<b>5,032</b>
<b>Margin, %</b>	<b>4.7</b>	<b>-0.1</b>	<b>4.6</b>
Items affecting comparability	-1,032	-	-1,032
<b>Operating income</b>	<b>4,150</b>	<b>-150</b>	<b>4,000</b>
<b>Margin, %</b>	<b>3.8</b>	<b>-0.2</b>	<b>3.6</b>

## Net sales and income per quarter, restated

SEKm	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Full year 2012
Net sales	25,875	27,763	27,171	29,185	109,994
Operating income	907	1,112	1,423	558	4,000
Margin, %	3.5	4.0	5.2	1.9	3.6
Operating income, excluding items affecting comparability	907	1,112	1,423	1,590	5,032
Margin, %	3.5	4.0	5.2	5.4	4.6
Income after financial items	712	910	1,170	362	3,154
Income after financial items, excluding items affecting comparability	712	910	1,170	1,394	4,186
Income for the period	499	701	923	242	2,365
Earnings per share, SEK <sup>1)</sup>	1.76	2.44	3.22	0.84	8.26
Earnings per share, SEK, excluding items affecting comparability <sup>1)</sup>	1.76	2.44	3.22	3.94	11.36
Items affecting comparability <sup>2)</sup>	-	-	-	-1,032	-1,032
Number of shares after buy-backs, million	286.1	286.1	286.1	286.1	286.1
Average number of shares after buy-backs, million	285.4	286.1	286.1	286.1	285.9

1) Basic, based on average number of shares, excluding shares owned by Electrolux.

2) Restructuring provisions, write-downs and capital loss on divestments.

SEKm	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Full year 2012
<b>Major Appliances Europe, Middle East and Africa</b>					
Net sales	8,265	8,216	8,581	9,216	34,278
Operating income	271	205	294	335	1,105
Margin, %	3.3	2.5	3.4	3.6	3.2
<b>Major Appliances North America</b>					
Net sales	7,107	8,599	7,771	7,207	30,684
Operating income	131	488	496	337	1,452
Margin, %	1.8	5.7	6.4	4.7	4.7
<b>Major Appliances Latin America</b>					
Net sales	5,149	5,183	5,301	6,411	22,044
Operating income	278	316	339	657	1,590
Margin, %	5.4	6.1	6.4	10.2	7.2
<b>Major Appliances Asia/Pacific</b>					
Net sales	1,841	2,198	2,107	2,259	8,405
Operating income	155	172	208	211	746
Margin, %	8.4	7.8	9.9	9.3	8.9
<b>Small Appliances</b>					
Net sales	2,105	2,105	2,112	2,689	9,011
Operating income	93	25	124	219	461
Margin, %	4.4	1.2	5.9	8.1	5.1
<b>Professional Products</b>					
Net sales	1,408	1,462	1,299	1,402	5,571
Operating income	130	154	149	155	588
Margin, %	9.2	10.5	11.5	11.1	10.6
<b>Other</b>					
Net sales	-	-	-	1	1
Operating income, common group costs, etc.	-151	-248	-187	-324	-910
<b>Total Group, excluding items affecting comparability</b>					
Net sales	25,875	27,763	27,171	29,185	109,994
Operating income	907	1,112	1,423	1,590	5,032
Margin, %	3.5	4.0	5.2	5.4	4.6
<b>Items affecting comparability</b>	-	-	-	-1,032	-1,032
<b>Total Group</b>					
Net sales	25,875	27,763	27,171	29,185	109,994
Operating income	907	1,112	1,423	558	4,000
Margin, %	3.5	4.0	5.2	1.9	3.6