

Press Release

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Restated figures for Electrolux for 2014 following the elimination of the accounting practice of items affecting comparability

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As previously communicated Electrolux will discontinue the accounting practice of items affecting comparability.

Over the years, Electrolux has implemented restructuring programs for the purpose of optimizing its manufacturing footprint and reducing costs to improve competitiveness. Restructuring charges related to these programs have been presented separately as items affecting comparability in the income statement. Operating income by business area and selected key ratios have been reported excluding these costs. These major restructuring programs are now in the final stage and, as previously communicated, Electrolux will as of 2015 discontinue this accounting practice. Although there will likely be restructuring programs going forward, these are expected to be much less extensive.

For comparability purposes, quarterly and yearly figures for 2014 have been restated, see below. While this change in accounting practice has no impact on the Group's operating income, the restated gross operating income has been reduced. Costs previously recognized as items affecting comparability in the amount of SEK 1.2bn have been allocated to costs of goods sold, selling expenses and/or administrative expenses. The restatement of operating income by business area has mainly affected operating income for Major Appliances EMEA, which includes restructuring costs in the net amount of SEK 1.2bn for 2014, see below. The restatement has no impact on the balance sheet or cash flow. For informative purposes yearly operating income by business area for 2010-2014 are also presented including restructuring costs.

Although the practice of recognizing items affecting comparability will be discontinued, it is the intention of Electrolux to clearly comment on any potential future restructuring costs or other material transactions of non-recurring nature.

Financial overview

SEKm	2014 excluding IAC ¹⁾		2014 including IAC ¹⁾
Net sales	112,143	-	112,143
Organic growth, %	1.1	-	1.1
Operating income	4,780	-1,199	3,581
Margin, %	4.3	-1.1	3.2
Income after financial items	4,196	-1,199	2,997
Income for the period	3,238	-996	2,242
Earnings per share, SEK ²⁾	11.30	-3.47	7.83
Operating cash flow after investments	6,631	-	6,631
Capital-turnover rate, times/year	4.0	0.5	4.5
Return on net assets, %	17.1	-2.9	14.2

¹⁾ Items affecting comparability, IAC, costs for restructuring programs.

²⁾ Basic, based on average number of shares, excluding shares owned by Electrolux.

Restructuring charges, previously reported as items affecting comparability

SEKm	2014
Restructuring provisions and write-downs:	
Manufacturing footprint restructuring	-1,173
Program for reduction of overhead costs	-199
Reversal of unused restructuring provisions	173
Total	-1,199

Consolidated income statement

SEKm	2014	Change	2014 restated
Net sales	112,143	–	112,143
Cost of goods sold	-90,488	-1,076	-91,564
Gross operating income	21,655	-1,076	20,579
Selling expenses	-11,600	-47	-11,647
Administrative expenses	-5,378	-76	-5,454
Other operating income/expenses	103	–	103
Items affecting comparability	-1,199	1,199	–
Operating income	3,581	–	3,581
Margin, %	3.2	–	3.2
Financial items, net	-584	–	-584
Income after financial items	2,997	–	2,997
Margin, %	2.7	–	2.7
Taxes	-755	–	-755
Income for the period	2,242	–	2,242
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	-1,534	–	-1,534
Income tax relating to items that will not be reclassified	808	–	808
	-726	–	-726
Items that may be reclassified subsequently to income for the period:			
Available for sale instruments	19	–	19
Cash flow hedges	-30	–	-30
Exchange-rate differences on translation of foreign operations	2,428	–	2,428
Income tax relating to items that may be reclassified	-10	–	-10
	2,407	–	2,407
Other comprehensive income, net of tax	1,681	–	1,681
Total comprehensive income for the period	3,923	–	3,923
Income for the period attributable to:			
Equity holders of the Parent Company	2,241	–	2,241
Non-controlling interests	1	–	1
Total	2,242	–	2,242
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company	3,922	–	3,922
Non-controlling interests	1	–	1
Total	3,923	–	3,923
Earnings per share, SEK	7.83	–	7.83
Diluted, SEK	7.78	–	7.78
Number of shares after buy-backs, million	286.3	–	286.3
Average number of shares after buy-backs, million	286.3	–	286.3
Diluted, million	288.2	–	288.2

Operating income by business area, restated

SEKm	2014	Change	2014 restated
Major Appliances Europe, Middle East and Africa	1,444	-1,212	232
Margin, %	4.2	-3.5	0.7
Major Appliances North America	1,714	—	1,714
Margin, %	5.0	—	5.0
Major Appliances Latin America	1,079	-10	1,069
Margin, %	5.4	-0.1	5.3
Major Appliances Asia/Pacific	448	-10	438
Margin, %	5.1	-0.1	5.0
Small Appliances	200	—	200
Margin, %	2.3	—	2.3
Professional Products	671	—	671
Margin, %	11.1	—	11.1
Common group costs, etc.	-776	33	-743
Items affecting comparability	-1,199	1,199	—
Operating income	3,581	—	3,581
Margin, %	3.2	—	3.2

Operating income by business area per quarter, restated

SEKm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014
Major Appliances Europe, Middle East and Africa					
Net sales	7,865	8,107	8,741	9,725	34,438
Operating income	142	-901	484	507	232
Margin, %	1.8	-11.1	5.5	5.2	0.7
Major Appliances North America					
Net sales	7,664	8,464	9,089	8,924	34,141
Operating income	382	680	518	134	1,714
Margin %	5.0	8.0	5.7	1.5	5.0
Major Appliances Latin America					
Net sales	4,790	4,064	5,053	6,134	20,041
Operating income	211	138	242	478	1,069
Margin, %	4.4	3.4	4.8	7.8	5.3
Major Appliances Asia/Pacific					
Net sales	1,928	2,221	2,342	2,312	8,803
Operating income	11	102	125	200	448
Margin, %	0.6	4.6	5.3	8.7	5.0
Small Appliances					
Net sales	2,001	1,938	2,075	2,664	8,678
Operating income	33	-41	35	173	200
Margin, %	1.6	-2.1	1.7	6.5	2.3
Professional Products					
Net sales	1,380	1,536	1,484	1,641	6,041
Operating income	126	172	184	189	671
Margin, %	9.1	11.2	12.4	11.5	11.1
Other					
Net sales	1	-	-	-	1
Common group costs, etc.	-174	-87	-196	-286	-743
Total Group					
Net sales	25,629	26,330	28,784	31,400	112,143
Operating income	731	63	1,392	1,395	3,581
Margin, %	2.9	0.2	4.8	4.4	3.2
Restructuring costs included in operating income by business area above ¹⁾					
Major Appliances Europe, Middle East and Africa	-	-1,100	-	-112	-1,212
Major Appliances North America	-	-	-	-	-
Major Appliances Latin America	-6	-4	-	-	-10
Major Appliances Asia/Pacific	-10	-	-	-	-10
Small Appliances	-	-	-	-	-
Professional Products	-	-	-	-	-
Common Group cost	-2	-	-	35	33
Total Group	-18	-1,104	-	-77	-1,199

¹⁾ Previously not included in operating income by business area and reported as "Items affecting comparability" in the income statement

Operating income by business area yearly (including restructuring costs)

SEKm	2010	2011	2012	2013	2014
Major Appliances Europe, Middle East and Africa					
Net sales	36,596	34,029	34,278	33,436	34,438
Operating income	1,639	675	178	-481	232
Margin, %	4.5	2.0	0.5	-1.4	0.7
Major Appliances North America					
Net sales	30,969	27,665	30,684	31,864	34,141
Operating income	1,036	146	1,347	2,136	1,714
Margin, %	3.3	0.5	4.4	6.7	5.0
Major Appliances Latin America					
Net sales	16,260	17,810	22,044	20,695	20,041
Operating income	951	820	1,590	979	1,069
Margin, %	5.8	4.6	7.2	4.7	5.3
Major Appliances Asia/Pacific					
Net sales	7,679	7,852	8,405	8,653	8,803
Operating income	793	736	746	116	438
Margin, %	10.3	9.4	8.9	1.3	5.0
Small Appliances					
Net sales	8,422	8,359	9,011	8,952	8,678
Operating income	802	543	461	309	200
Margin, %	9.5	6.5	5.1	3.5	2.3
Professional Products					
Net sales	6,389	5,882	5,571	5,550	6,041
Operating income	743	841	588	510	671
Margin, %	11.6	14.3	10.6	9.2	11.1
Other					
Net sales	11	1	1	1	1
Operating income, common Group costs, etc.	-534	-744	-910	-1,989	-743
Total Group					
Net sales	106,326	101,598	109,994	109,151	112,143
Operating income	5,430	3,017	4,000	1,580	3,581
Margin, %	5.1	3.0	3.6	1.4	3.2
Restructuring costs included in operating income by business area above¹⁾					
Major Appliances Europe, Middle East and Africa	-658	-34	-927	-828	-1,212
Major Appliances North America	-406	-104	-105	-	-
Major Appliances Latin America	-	-	-	-	-10
Major Appliances Asia/Pacific	-	-	-	-351	-10
Small Appliances	-	-	-	-82	-
Professional Products	-	-	-	-	-
Common Group cost	-	-	-	-1,214	33
Total Group	-1,064	-138	-1,032	-2,475	-1,199

¹⁾ Previously not included in operating income by business area and reported as "Items affecting comparability" in the income statement