

Press Release

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President and CEO Jonas Samuelson's comments on the results
for the third quarter 2016

Continued margin improvement

Electrolux operating income for the third quarter increased by more than 20% compared to the same period previous year. Operating income reached SEK 1.8 billion, corresponding to a margin of 5.9% (4.8). Results improved in most business areas, although Latin America continued to be impacted by weak market demand. Four of the Group's six business areas achieved an operating margin of above 7%. EMEA and North America continued to increase operating income and margin. Moreover, the performance in Asia/Pacific was strong. Cash flow for the Group continued the strong trend and was SEK 3 billion.

Higher sales volumes, better mix and cost efficiency contributed to Major Appliances EMEA's margin improvement in the quarter. The operating margin reached 7.1%, which is the highest level for an individual quarter since 2010. Electrolux continued to gain market share in focus categories and premium brands. During the quarter, we introduced a range of new AEG branded products, with solutions delivering the world's most responsive kitchen experience, and unprecedented care for fabrics. Market demand remained positive, although there are signs of weakening in some markets in Western Europe, including the UK. We confirm our expectations of European market demand growth of 2-4% in 2016, however, likely in the lower end of the range.

Earnings in Major Appliances North America continued to improve in the quarter and the margin increased to 7.4%. The result was positively impacted by improved operational efficiency and lower raw material costs, which more than offset continued price pressure. Sales volumes of core appliances under own brands increased, whereas private label sales weakened, to a large extent driven by channel inventory reductions. Market demand for core appliances was weak in the first two months of the quarter, followed by a strong September, resulting in unchanged market volumes for the quarter as a whole. We now expect market demand for appliances in North America to grow by 3-4% in 2016.

Major Appliances Asia/Pacific posted strong organic growth in the quarter driven by sales growth in Southeast Asia and a strong season for air-conditioning in China. Electrolux development in the important Australian market was stable. Operating income improved significantly with an operating margin of 8.3%. The integration of the recently acquired wine cabinet company Vintec is proceeding well. During the quarter, appliances under the AEG brand were introduced in the Chinese market.

The macro-economic environment in Brazil and Argentina remained weak, which had a negative impact on the financial performance in Major Appliances Latin America. Price increases and cost reductions only partly compensated lower sales volumes and a deterioration of the mix, impacting results negatively. We have reinforced the ongoing measures to structurally adapt costs to the current market environment.

The performance within Professional Products continued to improve at high profitability levels. In Small Appliances, the program to restore profitability made progress according to plan. Operating income includes costs related to the continued refocusing of the business area, and the underlying operations showed progress.

We are focused on achieving sustainable profitability in all our operations, with the target to secure an operating margin over a business cycle of at least 6% as high priority.

Through continued development of innovative products and services delivering best-in-class consumer experiences for profitable growth, in combination with cost productivity, we will continue to increase shareholder value.

Stockholm, October 28, 2016
Jonas Samuelson
President and CEO

This information is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 0800 CET on October 28, 2016.

Electrolux is a global leader in home appliances and appliances for professional use, based on deep consumer insight. We offer thoughtfully designed, innovative and sustainable solutions, developed in close collaboration with professional users. The products include refrigerators, ovens, cookers, hobs, dishwashers, washing machines, vacuum cleaners, air conditioners and small domestic appliances. Under esteemed brands including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine, the Group sells more than 60 million products to customers in more than 150 markets every year. In 2015 Electrolux had sales of SEK 124 billion and 58,000 employees. For more information go to www.electroluxgroup.com