

# Press release

Stockholm, February 2, 2011

President and CEO Keith McLoughlin's comments on the fourth-quarter results of 2010

## Record results for 2010

**We are reporting a solid result for the fourth quarter 2010, and the full-year result for 2010 was the best ever for Electrolux. We also succeeded in reaching our target operating margin of 6%. I am extremely proud that all of our operations have improved their results in a market that continues to be very competitive and in an environment with increasing costs for raw materials.**

**The good performance confirms that we have the right strategy; innovative products, investments in the Electrolux brand and cost efficiencies are paying off**

Today, we present a year-end result for 2010 that is the best ever for Electrolux in our current structure, and we have achieved for the first time our operating margin target of 6% for the full year.

We have improved our product mix in North America by successfully increasing sales under our own brands. At the same time, we have consciously continued to phase out products with lower profitability, mainly those under private labels.

In Europe as well, we have improved our product mix and we have continued to increase sales within the very important built-in segment for kitchen products. During the year, we also managed to further improve our quality and cost base. In 2011, we will continue to introduce new premium products in the European market.

The operations in Latin America succeeded in surpassing their record result from 2009, thanks to a very strong fourth quarter. At the end of 2010, several new products were introduced in the Latin American market, which will further strengthen our position.

The Asia/Pacific business area doubled its result for 2010 compared to 2009 and achieved an operating margin of more than 10%. Significant earnings improvement occurred in the important Oceania, Southeast Asia and Northern regions of Asia/Pacific.

Through successful launches in all regions in 2010, our floor-care operations managed to substantially strengthen their product mix and thereby achieve a strong operating margin for the full year.

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Professional Products achieved record results for the fourth quarter and the full year of 2010. This highlights the fact that our strategy to offer an innovative product range in combination with strict cost control works in this segment as well.

In 2010, we continued to reduce our costs to further strengthen our competitiveness. In the fourth quarter, we introduced several measures in North America and Europe to further improve our manufacturing structure. We also have great expectations for the savings that will be generated by utilizing our global strength and scope through initiatives within Global Operations. The initiatives are expected to save about SEK 2-2.5 billion per year with full effect from 2015. Initially, the costs for these investments will be SEK 500 million per year for 2011 and 2012.

The costs for our most important raw materials continue to increase. In addition to increased costs for steel, we also see considerable increases in resins and base metals. We have signed contracts for a significant part of this year's raw-material requirements. We expect that the costs for raw materials in 2011 will increase between SEK 1.5 and 2 billion over the previous year, with full impact as from the start of the year.

In the fourth quarter, we have seen continued price pressure in some of our large markets. To compensate for increasing raw-material costs, we have communicated a general price increase in North America. In Europe and other markets around the world, we will execute selective price increases to compensate for higher costs. It will take time to implement price increases and we will begin to see the positive effect in the second quarter.

Demand in our largest markets recovered somewhat in 2010. We expect that demand for appliances in North America and Europe will continue to grow modestly in 2011 with most of the growth in the second half of the year.

I am assuming my role as President and CEO after a record result under the leadership of my predecessor, Hans Stråberg, which is a challenging starting point. But our direction is clear: to bring consumer-insight driven innovation to the market in our products, brands and services, supported by global operational excellence. Our ambition is to continue to provide sustainable value to our customers and our shareholders through great efforts from our talented and committed people.

We have further strengthened our balance sheet in 2010 by generating a very strong cash flow, which has given the Board the opportunity to propose a considerable increase of the dividend. I see very good opportunities going forward to be able to continue to deliver a high return to our shareholders through profitable expansion of our operations both organically and through acquisitions while continuing to generate a strong cash return.

Stockholm, February 2, 2011

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, 2011.

## About Electrolux

Electrolux is a global leader in home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The company focuses on innovations 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, vacuum cleaners and cookers sold under esteemed brands such as Electrolux, AEG-Electrolux, Eureka and Frigidaire. In 2009, Electrolux had sales of SEK 109 billion and 51,000 employees. For more information, visit <http://www.electrolux.com/press>