



Electrolux

Press release

Stockholm, October 28, 2011

President and CEO Keith McLoughlin's comments on the results for the third quarter of 2011

Continued tough market conditions in the quarter

Third-quarter results were impacted by continued tough market conditions. Demand declined further in several of Electrolux main markets in Southern Europe and the US, at the same time as the cost of raw materials increased. Aside from continuing improving price and mix, we must accelerate our efforts to adapt our cost structure. In this challenging environment, we have been able to continue generating solid cash flow.

Like many other consumer companies, Electrolux has been tangibly affected by the decline in consumer confidence in the mature markets. Our results for the first three quarters declined by nearly 50%, from SEK 4.8bn in 2010 to SEK 2.5bn in 2011. Rising raw-material costs and lower prices accounted for most of this SEK 2.3bn decrease.

The slowdown is evident in the mature markets of North America and Western Europe. A total of approximately 35 million appliances are expected to be sold in North America in 2011, which is on a par with 1998 volumes, and down by 25% compared with the peak year of 2005. The corresponding figure for Western Europe is around 65 million, which is comparable with 1999, and down by 15% compared with the peak year of 2006. As a result of the weak market conditions in the mature markets, we will further adapt our production capacity in North America and Western Europe to achieve increased capacity utilization. Additionally, we will take actions to reduce overhead costs to accommodate the current business environment.

Two years ago, we presented our efforts to improve efficiency and reduce costs by capitalizing on our shared global strength and scope. These efforts will start generating a positive impact in an escalating pace. We will accomplish this by unlocking synergies, increasing modularization and optimizing global purchasing. More details on our activities to improve capacity utilization, bring down overhead costs and improve efficiency through global operations will be presented at Electrolux Capital Markets Day in Stockholm on November 15.

During the third quarter, we finalized the acquisition of the Egyptian company Olympic Group, the largest appliance company in the expanding North African and Middle Eastern regions. In August, we presented the acquisition of the Chilean appliance company CTI, making Electrolux the largest supplier in Chile and Argentina and further strengthening our position as the leading appliance company in the fast-growing Latin American markets. As a result of these two acquisitions, combined with the strong organic growth demonstrated by Electrolux in Latin America, Southeast Asia and Eastern Europe, our pro-forma sales in growth markets will account for approximately 35% of total sales. This provides a stable platform for growth, enabling us to address the issue of the slowdown in demand in markets in more mature regions.

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We continue generating a strong underlying cash flow, which further strengthens our balance sheet. That is not by accident. We have intensified our efforts to improve working capital productivity. We are working hard on liberating cash in all areas of the company. A strong balance sheet will permit us to continue carrying out strategic initiatives that will strengthen Electrolux competitive position and accelerate our ability to deliver customer and shareholder value.

Stockholm, October 28, 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 October 28, 2011.

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 products 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. In 2010 Electrolux had sales of SEK 106 billion and 52,000 employees. For more information go to www.electrolux.com/press and www.electrolux.com/news.