

# Press release

Stockholm, April 25, 2013



Thinking of you  
**Electrolux**

*President and CEO Keith McLoughlin's comments on the results for the first quarter of 2013*

## **Strong North America, Weak Europe**

**Supported by a gradual recovery in the market, the Electrolux North American appliance business generated strong sales and earnings growth. Results in Latin America, Europe and Small Appliances were all impacted by negative currency movements. Operations in Latin America and Asia presented yet another quarter of solid sales growth. In Europe, however, all of our operations continued to suffer from weak consumer confidence, resulting in falling volumes and negative price and mix development.**

At the end of the first quarter, Electrolux experienced very strong currency movements, which had a total negative impact of more than SEK 300m on operating income. Excluding the currency impact, operating income for the first quarter exceeded last year's results by 15%. One third of the negative currency impact was related to the Latin American operations. We expect that the negative currency effect in Latin America, mainly in Brazil, will diminish over the course of the year, enabling us to benefit from the continued strong organic growth in Latin America, which amounted to more than 7% during the quarter.

Operations in North America reported yet another quarter of strong volume growth supported by a gradually improving appliance market. We are seeing evidence that the recovery in the housing market is finally generating increased consumption of appliances. As such, our view is that demand for appliances could increase with 3-5% in 2013. Furthermore, after an extended period of consumers trading down to less expensive products, they are now purchasing more high-end products yielding a positive product mix. Electrolux is leveraging from this positive momentum by increasing investments in brand-building. Combined with a strong product offering in all price segments and access to all of the important distribution channels, we remain confident that we can improve our market position in North America in 2013.

Electrolux sales in Asia grew organically by more than 20%. In the second half of 2013, we will begin our extensive re-launch of Electrolux into the Chinese appliance market. Through our new innovative products supported by an integrated marketing campaign, we expect to develop a solid and growing position in the premium segment of the market.

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As we have discussed in the past, Electrolux has globally diversified its revenue base, whereas 70% of sales are generated from regions outside Europe. Nevertheless, we are unquestionably impacted by the challenging market trend we are seeing in all of our product categories in Europe (Major Appliances, Professional Products and Small Appliances). Results in Europe were impacted by a negative country mix as demand in Southern Europe, France, Germany and the Benelux countries weakened during the quarter.

In the first quarter, operating income for Electrolux Major Appliances in Europe was just above breakeven and was another part of the Group materially impacted by negative currency. Even though this result is weak, our analysis shows that we managed to maintain a healthy gross margin. This is mainly the result of all of our previously announced activities to remain cost competitive by improving our manufacturing footprint, capitalizing on our shared global strength and reducing overhead costs, in addition to ensuring a positive product mix driven by the launch of high-end appliances under the Electrolux brand. In spite of all improvements made, we believe that 2013 will continue to be a challenging year for all our operations in Europe, due to the negative macro environment resulting in falling demand of domestic and professional appliances.

Despite the difficult situation in Europe, it is encouraging to note that the organic growth for the Group in the first quarter is still close to our target of 4%. At some point, demand in Europe will rebound and, combined with a recovery and a stronger market in North America and continued strong growth in our emerging markets, Electrolux will exceed all key financial objectives.

Stockholm, April 25, 2013

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.  
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#### **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, Zanussi and Frigidaire. In 2012, Electrolux had sales of SEK 110 billion and about 61,000 employees. For more information go to <http://group.electrolux.com/>