

Products and services  
Brand and design  
Operational excellence



*Thinking of you*  
**Electrolux**

# Content

<b>CEO statement</b>	<b>4</b>
<b>Electrolux products</b>	<b>7</b>
Kitchen products	8
Laundry products	14
Small appliances	16
<b>Electrolux markets</b>	<b>20</b>
Western Europe	22
North America	24
Australia, New Zealand and Japan	26
Africa, Middle East and Eastern Europe	28
Latin America	30
Southeast Asia and China	32
<b>Electrolux strategy</b>	<b>34</b>
Products and services	36
Brand	40
Operational excellence	44
People	46
Sustainability	48
Financial goals	50
Our achievements	52
<b>Business areas in brief</b>	<b>56</b>
<b>Group Management</b>	<b>58</b>
<b>Board of Directors and Auditors</b>	<b>60</b>
<b>Electrolux and the capital markets</b>	<b>62</b>
<b>Risks</b>	<b>70</b>
<b>Electrolux history</b>	<b>74</b>
<b>Events and reports</b>	<b>76</b>

# Contact

Peter Nyquist  
Senior Vice President Investor Relations  
and Financial Information  
Tel. +46 8 738 67 63

Investor Relations  
Tel. +46 8 738 60 03  
Fax + 46 8 738 74 61  
E-mail [ir@electrolux.se](mailto:ir@electrolux.se)

# Operation and strategy

In 2011 Electrolux took a number of strategic decisions that will be highly significant for the Group's long-term development. ▶▶ 4 |

Electrolux expanded its presence in growth markets and continued to launch a long line of products and solutions adapted to global and regional demands. ▶▶ 20 | By expanding cooperation between the Group's marketing, R&D and design functions, it will be possible to develop products faster and ones that more consumers will prefer. ▶▶ 38



## Operations and strategy



## Results



## Sustainability



**Cover** Electrolux Inspiration Range, which will be launched in Europe in 2012.

Electrolux has reported its sustainability work in accordance with GRI's guidelines. The report can be found on [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability)



Concept, text and production by Electrolux Investor Relations and Solberg.



Electrolux, AEG and Zanussi are the registered trademarks of AB Electrolux. For further information about trademarks, please contact Electrolux Group Intellectual Property, Trademark.

# Electrolux

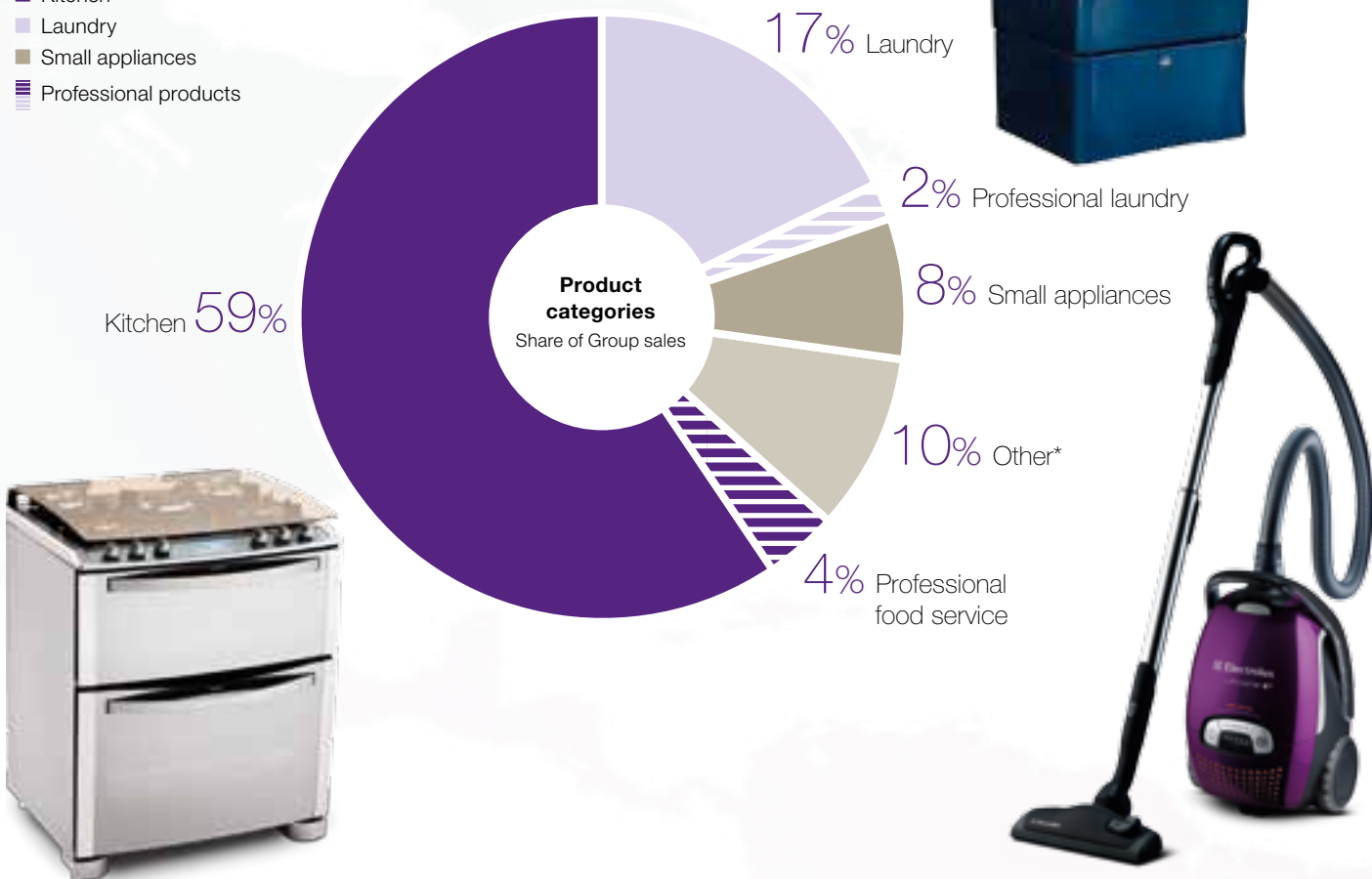
## A global leader with a customer focus

*Electrolux has been doing business since 1919. Today, the company 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. Electrolux focuses on innovations that are thoughtfully designed and based on extensive consumer insight to meet the real needs of consumers and professionals. In 2011, Electrolux had sales of SEK 102 billion and 58,000 employees.*

Electrolux is the only appliances manufacturer in the industry to offer complete solutions for professionals and consumers. The Group's process for consumer-driven product development is used in all new products. The focus is on innovative and energy-efficient products in the premium segments. ▶▶ 7

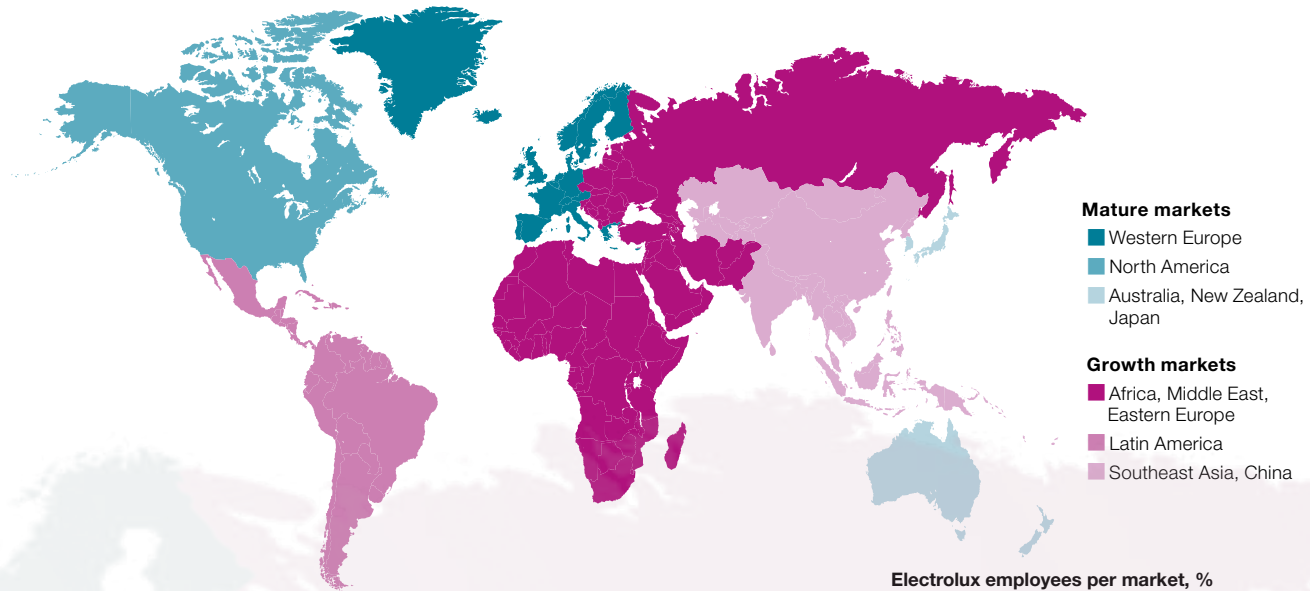
### Our Products

- Kitchen
- Laundry
- Small appliances
- Professional products

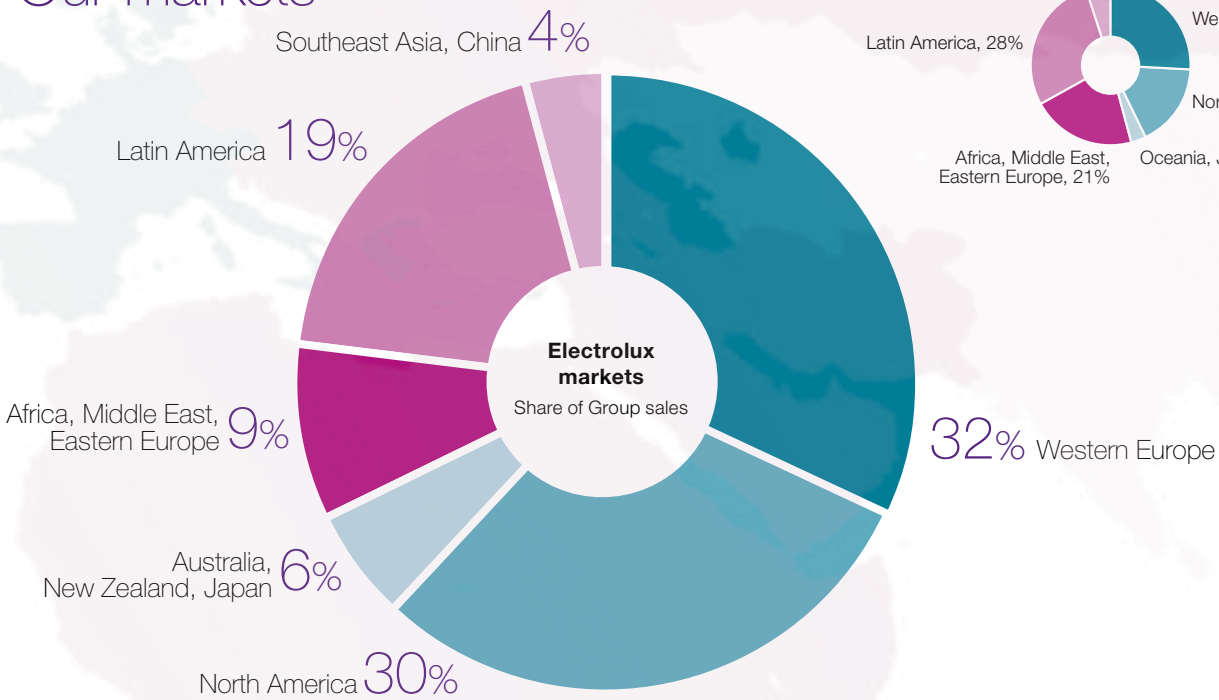


\* Other, incl. air care, services and spare parts

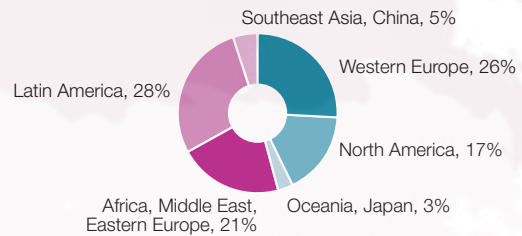
The Group's products are sold in more than 150 markets. The largest of these are in Europe and North America. In 2011, Electrolux expanded its presence in growth markets such as Africa, the Middle East, Asia and Latin America. ▶▶ 20



## Our markets



Electrolux employees per market, %



## Strategy

To become a global market leader, Electrolux must continue to be an innovative consumer-focused company with a strong brand and a competitive cost position. Focus is on growth with consistent profitability. ▶▶ 34

**50%** Electrolux aims to increase share of sales in growth markets to 50% in a five year period.

# 2011 Summary

Net sales increased by 1.9% in comparable currencies.

Strong growth in emerging markets as Latin America and Asia offset lower sales in Europe and North America. Electrolux market shares are estimated to have grown in Southeast Asia and Latin America.

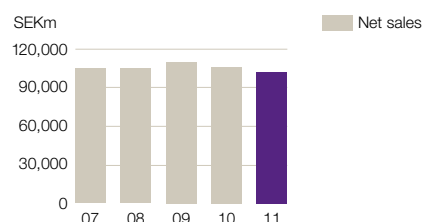
Through the acquisitions of the appliances companies Olympic Group in Egypt and CTI in Chile, Electrolux increases its exposure to growth markets.

Lower sales prices and increased costs for raw materials had an adverse impact on operating income.

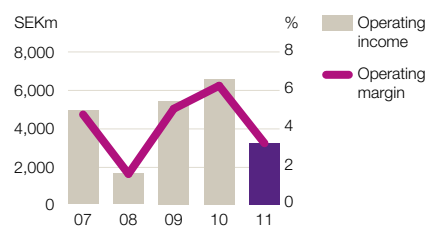
Efforts to reduce working capital contributed to a solid balance sheet.

The Board proposes an unchanged dividend of SEK 6.50 per share and a renewed mandate to repurchase own shares.

## Net sales



## Operating income and operating margin<sup>1)</sup>



1) Excluding items affecting comparability.

# Factors impacting profitability

**Raw-material costs** were SEK 2 billion higher than in 2010.

**Weak market** conditions in mature markets decreased sales and capacity utilization within manufacturing.

2010 marked the first year in which Electrolux – in its current structure – achieved its **operating margin goal of 6%** over a full year, excluding items affecting comparability.

**Price pressure** was intensive during the year, particularly in Europe and North America.

Electrolux achieved an **operating margin of 3.9%** despite higher raw-material costs and turbulent conditions in the Group's major markets of Europe and North America.

**Non-recurring costs** of SEK 825m were charged to operating income for overhead reductions and WEEE related costs for earlier years.

**Improvements including increased efficiency**, e.g., through global synergies and previous restructuring had a positive impact on earnings.

Year	Operating margin (%)
2010	6.1%
2011	3.9%
2011	3.1%

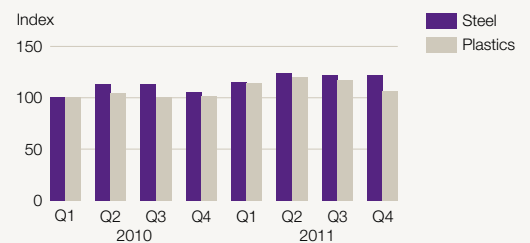
# In a turbulent environment ...

*The operations of Electrolux are exposed to a number of strong external factors that affect the Group's opportunities to increase profitability and return, and thus its ability to achieve the Group's financial goals. In 2011, profitability was negatively impacted primarily by the following factors.*

## Higher costs for raw materials

Raw materials account for a large share of the Group's costs. In 2011, Electrolux purchased components and raw materials for approximately SEK 41 billion, of which the latter represented approximately SEK 20 billion. The raw materials to which the Group is primarily exposed comprise steel, plastics, copper and aluminum, of which the share of the total attributable to plastics has increased over the past few years. Raw material market prices rose at the start of 2011 to thereafter decline. The total cost of raw materials in 2011 was about SEK 2 billion higher than in 2010.

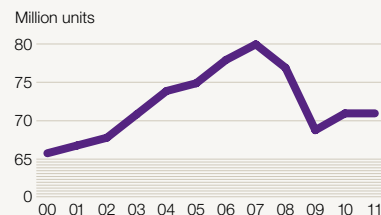
**Price development, plastics and steel**



## Price pressure in the major Electrolux markets

Strong price competition has been evident in most of the Group's markets for a prolonged period, and has been particularly severe in low-price segments, in product segments where there is substantial overcapacity and in markets with low levels of consolidation among manufacturers. In 2011, price pressure was intensive in the Group's mature markets. Sales campaigns continued to dominate the market in North America in parallel with a gradual decline in the price of appliances in Europe.

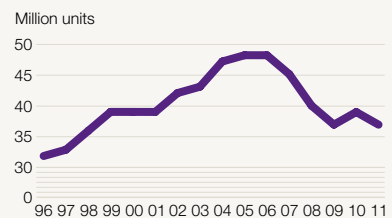
**Shipments of core appliances in Europe, excl. Turkey**



## Weak demand in mature markets

The major markets of Electrolux are Europe and North America. The substantial global increase in demand for household appliances experienced since 2005 was attributable to strong expansion in various growth markets, principally Asia. Demand for appliances in mature markets declined during the same period. This trend continued during 2011. In Western Europe, demand declined by 3%. Deliveries of appliances totaled 52 million units, down by 12% on the record year of 2006. In North America, demand decreased by 4%. Overall, approximately 37 million appliances were sold, which corresponded to levels in 1998 and was about 23% lower than top levels set in 2006.

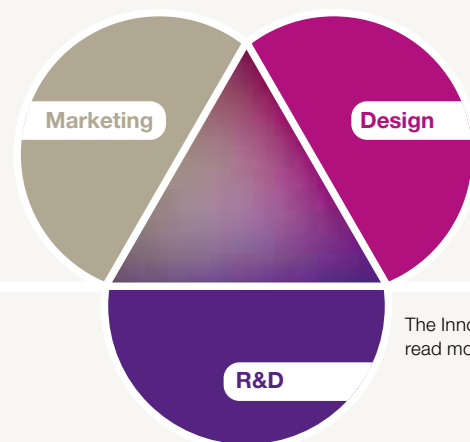
**Shipments of core appliances in US**



# ... Electrolux stepped up its strategic initiatives

*During 2011, Electrolux implemented a number of activities to offset the effects of weaker demand in mature markets, price pressure and higher raw-material costs, but the main reason for these was to create a platform for continued competitive operations and profitable growth.*

- Price hikes announced in North America and Europe.
- Acquisition of the Olympic Group and CTI, thus increasing pro forma sales for Electrolux in growth markets to 35% of total sales.
- Increased production and procurement in low-cost areas.
- Greater synergies and modularization through utilization of global economies of scale.
- Coordination of marketing, design and R&D resources through the “innovation triangle”.
- Launch completed of an extensive customer-care program to develop the market’s best service.
- Initiation of even closer collaboration between the Group’s operations in consumer durables and professional products.
- Implementation of a faster product-development process.
- Reduction of staffing levels to reduce overhead costs by the end of the year.
- Initiated actions to improve manufacturing capacity utilization by optimizing manufacturing footprint.
- New innovative products launched in key markets.
- Focus placed on a wider range of small domestic appliances in all regions.
- Stringent consumer tests introduced prior to launches of new products.
- Reduced procurement costs and increased productivity.
- Reduction in tied-up working capital.

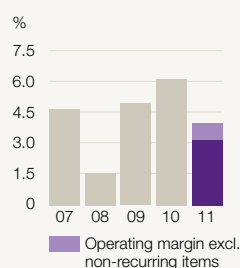


The Innovation Triangle, read more on page 38.

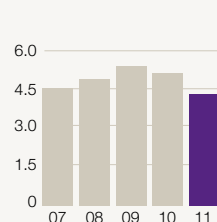
## Financial goals

The financial goals set by Electrolux aim to strengthen the Group’s leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with consistent profitability. Key ratios are excluding items affecting comparability.

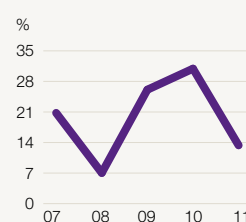
Operating margin **Goal: >6%**



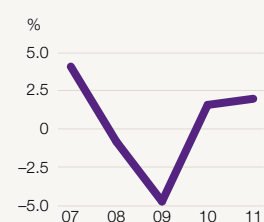
Capital-turnover rate **Goal: >4**



Return on net assets **Goal: >25%**



Sales growth **Goal: >4%**



Read more about Electrolux strategy on page 34. The Group’s financial development including Board of Directors Report and Notes is described in a separate folder at the very back of this Annual Report. ►►

# 12 months in a challenging environment

*2011 was a year in a challenging market. 2011 was also a year in which we took a number of strategic decisions that will be highly significant for our long-term development. We are now intensifying our focus on growth. We acquired CTI and Olympic Group, which combined with strong organic growth have increased our pro-forma sales in growth markets from 25% in 2009 to 35% in 2011.*

My first year as President and CEO of Electrolux has passed. It was an eventful and dramatic year, particularly against the backdrop of rising raw-material prices and the sharp fall in prices in our major markets, while at that same time demand in mature markets weakened. All of this took place in an environment characterized by increasing socio-economic insecurity. 2011 also marked a year in which we took a number of strategic decisions that will be highly significant for our long-term development. While profit for 2011 did not reach the same high level as for 2010, Electrolux remains a very strong company – and with more distinct focus on growth. Allow me to describe a few of the key events that occurred during 2011 that demonstrate how we strengthened Electrolux in line with our strategic focus.

## February 2, 2011 Presentation of 2010 year-end report and implementation of an important reorganization

As we leave a successful 2010 behind us – a year in which we achieved three of our four financial goals – we restructure the organization to enhance the focus on our products. We create “The Innovation Triangle”, which aims to promote closer collaboration within the Group between the marketing, product development and design units. The objective is to develop more successful products while also accelerating the pace of the development process by leveraging synergies at global and regional levels. To focus and deepen the significance of the innovation triangle, we now have, for the first time in the history of Electrolux, a Chief Technology Officer, a Chief Marketing Officer and a Chief Design Officer on the Group Management team. As a result of this change, we have created a forum for highly dynamic discussions in the management team. One of the principal

elements of the new cooperation is the introduction of uniform launch criteria throughout the Group. Among other factors, this stipulates that no product may reach the market unless it is the preferred choice of at least 70% of a consumer test panel in relation to similar alternatives.

## March 18 Electrolux named one of the world’s most ethical companies

Irrespective of which products and solutions we develop, we endeavor to continuously improve our products’ performance. Our ambition is not only confined to product development, but to all of our ethical work and our involvement in such issues as the ever-increasing problems of water shortages in rapidly growing metropolitan areas of growth countries and the pollution of our seas. After many years of hard and resolute work, we received recognition of this when the Ethisphere Institute, a think-tank dedicated to examining the ethical and social work of companies throughout the world, named Electrolux as one of the world’s most ethical companies. In addition to our ethical framework, the assessment was based on our entire sustainability program, including our investments in innovations. Additional confirmation of our sustainability strategy during the year was, of course, our inclusion, for the fifth consecutive year, in the prestigious Dow Jones Sustainability World Index (DJSI World).

## April 4 We implement price hikes in North America

Already back in early 2011, we announced our intentions to raise prices for all products in the US market for the purpose of restoring profitability. On April 4, we raised prices and a second price increase





was also implemented in August. As sales in the US have largely been driven by promotions and thus the net impact of the price increases was limited in 2011. In early 2012, we have started raising prices in some of our major markets in Europe. We realize, of course, the challenges that this entails. The weak economy in Europe and the US means that we will receive no support from strong market growth. However, we are forced to act due to the steep cost increases that has impacted us over the past two years mainly for steel, plastics and sourced products.

## August 22

### We made our second acquisition

At the beginning of my CEO statement, I mentioned that we achieved three of our four financial goals in 2010. We achieved our goals for operating margin, capital-turnover rate and return on net assets, although we did not meet our growth goal of 4%. We are now intensifying our focus on growth. During the year, we acquired CTI and Olympic Group, which combined with strong organic growth increased our pro-forma sales in growth markets from 25% in 2009 to 35% in 2011. These acquisitions not only enable us to become leaders in new markets, but also to quickly leverage synergies associated with the new companies in a global organization that works efficiently across borders. A prioritized aspect of our strategy is to continue to increase sales in such growth markets as Latin America, Africa and Asia. The rapidly emerging middle class in cities in these markets constitutes a key target group. Based on consumer insight, we will use our global platform to continue to develop products specifically adapted to regional requirements, such as our Keyhole Hob in Asia and our Ultra Clean washing machine in Brazil. By continuing to grow organically, the share of our sales in growth markets will reach 50% within a five-year period. Through further acquisitions, this goal could be achieved even sooner.

But naturally, expansion must be profitable and generate shareholder value.

## September 5

### We discuss key industry trends at the IFA trade show in Berlin

At the IFA trade fair in Berlin, one of the world's largest fairs for consumer electronics and household appliances, highly relevant trends for our business were discussed. At Electrolux, we continuously engage in dialog with users of our products. Our in-depth insight into what consumers want and need provides us with an important competitive edge. In 2011, we initiated a number of activities aimed at providing users with the best products and the market's best service. This is building an even stronger platform for profitable growth for Electrolux. At the IFA trade show, we displayed our new range of AEG products and during the second half of 2011 the AEG products have started to gain market shares in Europe and contributed to a positive mix.

365  
days



## November 15

### We host our capital markets day and among other things announce measures to reduce costs

Appliance volumes in North America in 2011 are on a par with 1998 levels and are down about 25% on the peak levels noted in 2006. Volumes in Western Europe are in line with 1999 levels and are more than 10% lower than the corresponding peak level. For the years ahead, it is difficult to see what could trigger a recovery in demand in our mature markets that would return them to their former peak levels. In conjunction with our annual capital markets day, we therefore announced new measures aimed at continuing to adapt production capacity, costs and the organization to prevailing market conditions. We must put our foot on the accelerator and brake at the same time, which is a difficult balancing act. It means that we accelerate our production capacity in growth markets, such as Southeast Asia and China, to ensure that we do not lose our positions. Over the past years, we have grown strongly in Southeast Asia and, by adjusting our product offering, we are achieving profitability in China. A globally optimized manufacturing structure will ensure that we are more competitive in all of our markets.

## February 2, 2012

### We present our year-end report for 2011 and summarize a tough but eventful year

We post an underlying operating income of SEK 4 billion for 2012. Although this is SEK 2 billion below the preceding year's level, it is a solid result in light of the challenges we faced in our major markets in

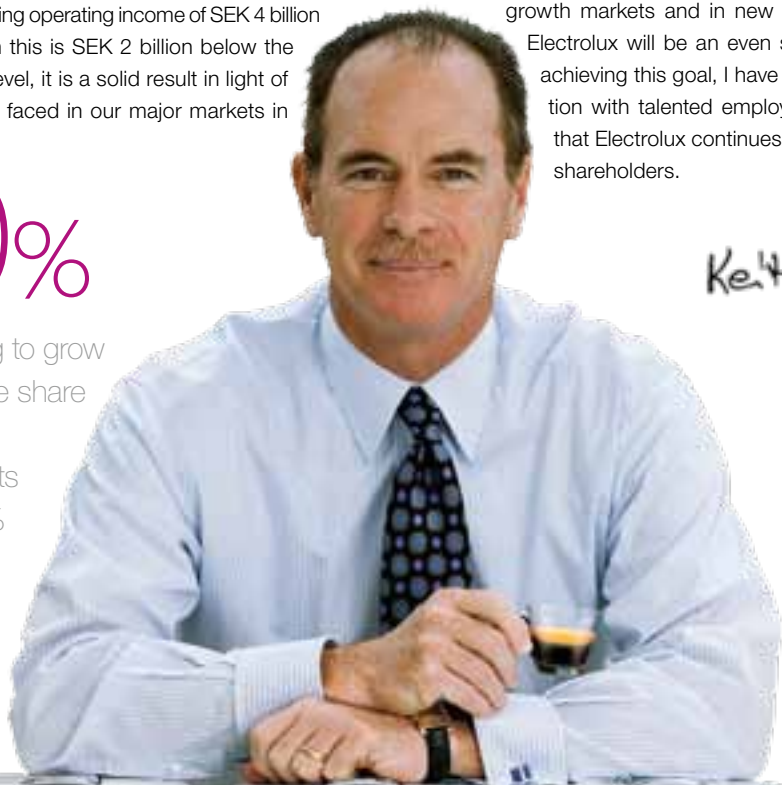
North America and Europe. Lower sale prices, increased raw-material costs and weak demand in our key mature markets meant that we experienced a headwind corresponding to nearly SEK 4 billion. As I described earlier, we acted and took strategic decisions to strengthen our competitiveness to reduce the impact on income caused by these external circumstances. At the same time, we have not been afraid to act aggressively by acquiring new companies and investing in new products. Several of our businesses continue to perform strongly. The operations in Latin America and Asia are recording new solid results, and profitability for the professional business and small appliances business remains at a very high level.

Although 2011 was an interesting and eventful year, it feels good to leave it behind us and cast our gaze to the future. The implementation rate of our strategy is increasing in order to consolidate our position as a global leader in appliances. In addition to integrating the acquired companies, we will also accelerate the pace of production launches in 2012. We will utilize the know-how we possess in our professional business. We will be even better at leveraging our position as the only company in our industry to offer products and solutions for both consumers and professional users in over 150 countries.

We see a continued period of volatility and uncertainty ahead of us in the socio-economic landscape. As such, we will manage the company in a way that keeps us prepared to address this unpredictability, while keeping an eye on the horizon and investing in our future. By maintaining strong control over costs and being receptive to new business opportunities, we will further strengthen our positions in growth markets and in new product areas. In one year's time, Electrolux will be an even stronger company. To assist me in achieving this goal, I have a dedicated, international organization with talented employees who work tirelessly to ensure that Electrolux continues to generate sustainable value for all shareholders.

# 50%

"By continuing to grow organically, the share of our sales in growth markets will reach 50% within a five-year period."



*Keith R. McLoughlin*

Stockholm, February 2012  
Keith McLoughlin  
President and CEO

By maintaining strong control over costs and being receptive to new business opportunities, we will further strengthen our positions in growth markets and in new product areas.

Photographer: Victor Brott

# Electrolux products

*In 2011, Electrolux sold more than 40 million products in over 150 markets. Electrolux consumer durables comprise products for the kitchen, fabric care and cleaning. The Group's professional products comprise corresponding products for professional users, for example, industrial kitchens, restaurants and laundries. Electrolux is the only appliances manufacturer in the industry to offer complete solutions for professionals and consumers. The focus is on innovative and energy-efficient products in the premium segments.*



59%

**Kitchen** For household kitchens throughout the world, Electrolux sells cookers, ovens, refrigerators, freezers, dishwashers and hoods. Electrolux is the leader in cooking products and new functions are continuously developed that facilitate preparation, storage and dish washing. ▶▶8

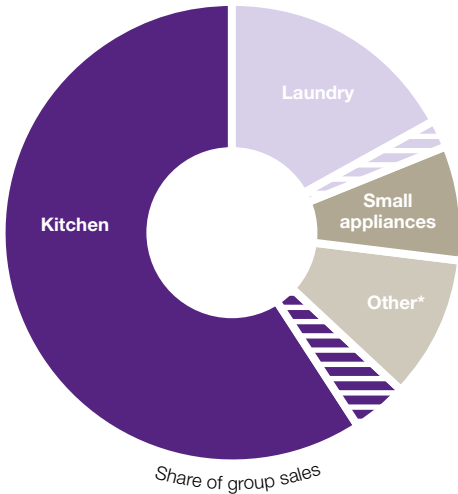


17%

**Laundry** Washing machines and tumble-dryers are the core of the Electrolux product offering for cleaning and care of textiles. Innovations and a growing preference for higher capacity, user-friendliness and resource efficiency are driving demand for Electrolux products. ▶▶14

**Professional products** Electrolux offers a range of products and solutions for professional kitchens and laundries. High productivity, maximum utilization of resources and an extensive service network are key factors for purchases by professionals. Electrolux has a global presence.

6%



8%

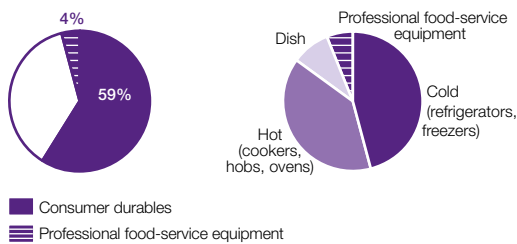
**Small appliances** Electrolux vacuum cleaners, small domestic appliances and accessories are sold to consumers worldwide. A strong, global distribution network and an attractive product offering based on global product development represent key competitive advantages. ▶▶16

\*Other, incl. air care, services and spare parts.

# Kitchen products

*Electrolux is the only manufacturer in the world to offer households, restaurants and industrial kitchens complete solutions for kitchen appliances. The strongest and most profitable position is in cookers, ovens and hobs.*

**Share of Group sales 2011**    **Product categories of kitchen products**



Products for the kitchen accounted for a full 63% of the Group's sales in 2011. Electrolux is the only manufacturer in the world to offer households, restaurants and industrial kitchens complete solutions including cookers, ovens, hoods, dishwashers, refrigerators and freezers. For consumer durables, Electrolux commands significant market shares in all major categories of kitchen appliances. A substantial portion of sales relates to refrigerators and freezers. The strongest and most profitable position is in cookers, ovens and hobs. Electrolux is a leading supplier of professional food-service equipment, with Europe representing the Group's strongest position.

A major part of the Group's kitchen products are sold under the Electrolux brand. Other important consumer brands include

AEG and Zanussi in Europe and Frigidaire in North America. Professional food-service equipment is sold mainly under the Electrolux brand. Products are also sold under the Zanussi brand in addition to Molteni, which is an exclusive cooker brand.

### Electrolux products simplify cooking

Although consumers in mature markets are devoting less and less time to preparing food on weekdays, interest is increasing in more advanced leisure and gourmet cooking, while interest in health and well-being is growing rapidly. Ovens, cookers and hobs are technically advanced products, making it easier to adapt them to various needs, depending on the customer group or market. Electrolux is a renowned leader in this product category and has developed

numerous new functions that simplify cooking for households and professionals. About 100 million restaurant meals are prepared each day in kitchens fitted with Electrolux professional products.

### Steam retains the flavor

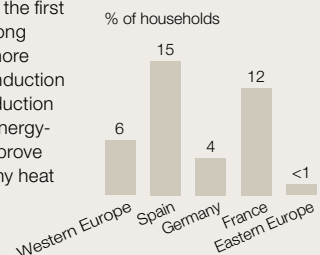
Steam ovens have long been used in the restaurant world for the simple reason that the food cooked in them tastes much better. Cooking with steam retains the natural flavors and colors as well as most of the vitamins and minerals in the raw ingredients. Electrolux has launched steam ovens for home use in Europe with great success and the products have also been launched in Australia and New Zealand.



## Effective induction

Induction hobs comprise a segment that is growing rapidly, due primarily to their speed and energy efficiency. As one of the first companies in this category, Electrolux commands a strong position. Induction hobs have been sold in Europe for more than ten years. In the US, Electrolux launched the first induction hobs in the market in 2008. In professional kitchens, induction hobs are a standard feature. Induction hobs are more energy-efficient than other electrical hobs. They also help to improve the work environment since chefs are not affected by any heat from the hobs.

**Penetration for induction hobs**





## Inspiration Range

The Inspiration Range is the new, full range of consumer appliances from Electrolux spanning all categories and will be launched under the Electrolux brand in Europe during 2012. The appliances are based on new, high-end platforms, offering features and functions built on the Group's know-how and expertise in professional products, matched with a modern and distinctive design.

## Strong position in built-in segment

Built-in kitchen appliances are becoming increasingly common throughout the world, and this trend is particularly pronounced in Europe, the Middle East, Southeast Asia and Australia. Electrolux is a leading global player in the segment and has, in recent years, strengthened its position through new partnerships with leading kitchen manufacturers and with the launch of new, innovative ranges of built-in products.

# Touchline screen



## Simple, intuitive, fast

Both consumers and professional users want kitchen-appliance features that work logically and intuitively, without needing to read manuals. In recent years, Electrolux has developed new, intuitive control panels on appliances, making them easier to use.

The professional air-o-steam Touchline oven has quickly been recognized in the market as the pioneer in state-of-the-art kitchen technology. It features three intuitive cooking modes: automatic, program and manual and is available in 30 different languages.

### Efficient dishwashers

The development of new, water-efficient dishwashers for both households and professional users has made rapid progress at Electrolux. Low noise levels, customized dishwashing programs and effective baskets are some of the other needs met by Electrolux. The Electrolux Reallife and AEG Electrolux Proclean dishwashers have been developed for “real life” in modern households, for consumers who want everything to fit in the dishwasher, and dishes that will always be clean no matter how the machine is loaded.

### Low energy consumption extremely important for professionals

In 2012, the Electrolux ecostore, a completely new range of refrigerators and freezers for professional users will be launched. These will represent the leading edge in energy efficiency and innovative storage solutions. The Electrolux ecostore cabinets defrost automatically as needed, thanks to the innovative Frost Watch Control. This line is one of the few in the market that uses the environmentally friendly gas cyclopentane for insulation. These factors play a key role in sustainability and costs in

kitchens where refrigerator doors are repeatedly opened and closed.

### Cookers for top chefs

The Electrolux Thermaline S90 cooker range offers an array of cooking functions and a flexible design. Thermaline meets the most demanding kitchen requirements, and is used by many restaurants in the Michelin Guide and in the open kitchens of big international hotels. In 2012, a completely new cooker range will be launched under the Electrolux Thermaline range with even better functions and improved performance. Very

few complete solutions for the professional kitchen market are valued higher by top chefs. However, Molteni is one of them, and Molteni is part of Electrolux.





**Molteni**

Molteni is a highly exclusive cooker range "hand-crafted" to customer specifications. No two appliances are the same. Each one is studied and designed together with the chef who will use it, thus reflecting the personal tastes and preferences of the user.

## XP – flexible solution for professional kitchens

Buyers of professional food-service equipment have widely differing requirements, implying that manufacturers must be able to deliver flexible solutions. The importance of design is increasing steadily, as many restaurant kitchens are in full view of guests. In 2011, Electrolux launched two entirely new modular cooking ranges, the XP 700 and XP 900, meeting the users' demands for attractive design, high performance, modern technology, energy efficiency and ergonomic solutions. The more than 200 different modules on offer allow the cooking range to be adapted to various cooking processes, irrespective of where in the world these may be.

# Stars of the Kitchen



*Through its partnerships with the greatest restaurants in the world, Electrolux maintains a constant dialog with award-winning kitchens. In fact, Electrolux is the only appliances manufacturer in the world that delivers a comprehensive range of kitchen products, from mixers to ovens, to both consumers and restaurants.*

## **Reach for the stars**

In many of the world's greatest restaurants, when ingredients are turned into culinary miracles, it's likely that they are prepared with an Electrolux appliance. Electrolux Professional traditionally has a strong presence in the Michelin Guide-awarded restaurants arena worldwide. Below is a selection of exclusive restaurants to which Electrolux is a proud supplier.

**Acqua Pazza**, Italy

**Alain Ducasse au Plaza Athénée**, France

**Ca l'Arpa**, Spain

**Daniel**, USA

**De Hoefslag**, The Netherlands

**Frank Buchholz**, Germany

**Hofmann**, Spain

**Le Grand Hotel du Cap Ferrat**, France

**Le Louis XV - Alain Ducasse**, Monaco

**Mathias Dahlgren Matbaren**, Sweden

**Mathias Dahlgren Matsalen**, Sweden

**Purnell's**, UK

**Sadler**, Italy

**Santceloni**, Spain

**Spoon by Alain Ducasse**, Hong Kong

**Thörnströms kök**, Sweden

**Vila Joya**, Portugal



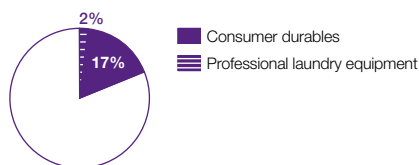
★ Guide Michelin restaurants



# Laundry products

*Washing machines and tumble-dryers are a global product category with major growth potential, particularly due to increased water shortages around the world. Electrolux is working to produce high-performance water and energy-efficient solutions for both households and professional users.*

Share of Group sales 2011



Electrolux holds a strong global position in washing machines and tumble-dryers and is a leading producer of energy- and water-efficient products. The largest global market share is in front-load washing machines, where the Group is a leading producer and thus benefits from strong growth in the segment.

Laundry products are sold in Europe under the Electrolux, AEG and Zanussi brands. In North America, the Frigidaire brand is used in the mass-market segments. In Asia and Latin America, products are mainly sold under the Electrolux brand.

In professional laundry equipment, approximately 65% of sales are generated in Europe where a particularly strong position has been achieved in hospitals and commercial laundries. In just one year, professional washing machines from Electrolux are used to wash about 18 million tons of clothing, linen and similar items. In the US, about half of the Group's professional laundry equipment is sold under the Wascomat brand via a distributor. Professional laundry products are only sold under the Electrolux brand in the rest of the world.

### Better performance and greater flexibility

Today's consumers and professional users are generally satisfied with the results of washing machines and tumble-dryers, but they would like to see appliances that are

faster, quieter and more energy-efficient, and that make laundry handling more efficient. They also want machines that are simple and intuitive to use. Since most washing machines and tumble-dryers usually run with half loads, technology must be able to adapt programs and energy consumption to the load. For professional users, Electrolux sells premium laundry solutions for different segments such as laundry rooms in apartment buildings, hotels and hospitals. All solutions provide the latest features for excellent laundry results, energy-savings and profitability, such as Automatic Weighing System, which weighs the wash load in each cycle and then uses the correct amount of water. Drawing from the Group's professional knowledge, Electrolux has developed the corresponding technology for the consumer market. The Eco-valve technology adapts the wash program and electricity and water consumption to the load.

### Innovative and efficient consumer durables

Just as for professional users, Electrolux has developed combined washing machines and tumble-dryers for consumers. These can wash and dry up to 6 kg of washing successively. Electrolux has also developed Steam System and Cool Clean functions. Steam System is a new method for garment care. A steam function freshens delicate garments

## High demands from professional users



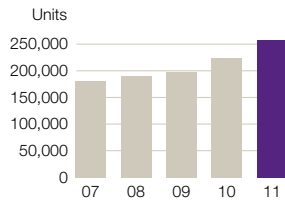
Operating costs represent a major portion of the life-cycle costs for professional laundry products. Irrespective of the application, buyers are demanding innovations that lead to lower costs by reducing the consumption of energy, water and laundry detergent without compromising on washing and rinsing results. There is also a need for solutions that are ergonomic and reduce the risk of spreading infection via dirty textiles. Electrolux barrier-washing machines facilitate this work. Dirty washing is placed in the machine in one room and the clean washing is taken out through a hatch in another room. The two functions are separated to reduce the risk of bacteria spreading.

The new Line 5000 tumble-dryers were successfully launched in 2011. These machines have 30% shorter drying time, consume 20% less energy and have 20% higher drying capacity compared with earlier generation tumble-dryers.

Electrolux washing machines in laundromats in Europe and the US can be equipped with a service that sends a text message to customers when their washing is nearly done.



**Front-load washing machines – a growing segment in Southeast Asia**



Front-load washing machines is a fast-growing product category, Electrolux controls a considerable share of this market.

Source: Electrolux estimate.

**Rapid growth for front-load washing machines**

Washing machines are either top- or front-loaded. While top-load washing machines have traditionally dominated markets in North America, Southeast Asia and Australia, demand for front-load machines is steadily growing in these regions. Front-load washing machines consume less water and energy during a wash cycle, have greater load capacity and give better wash results. In 2011, sales of front-load washing machines increased by 15% in Southeast Asia. In the professional user segment, where low resource consumption is a key factor, front-load machines are used almost exclusively.

without the need for dry cleaning. Cool Clean is a wash program developed for cold-water laundry detergent. Several Electrolux washing machines for consumers are classed as A+++ or A++, entailing 30% and 20% less energy consumption, respectively, than energy class A.

**Ultrasound removes stains**

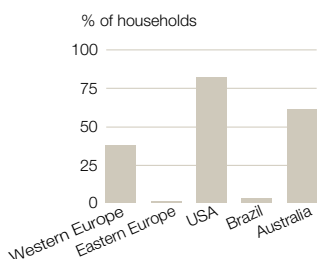
The new washing machine, Ultra Clean, is proof that technological progress in garment care is moving fast at Electrolux. This innovative machine uses ultrasound combined with water to remove stains from garments. The washing machine is available in Brazil. For more information, see page 39.

**Low penetration of tumble-dryers around the world**

At present, a large share of households in mature markets have a washing machine. Access to tumble-dryers is lower and varies greatly according to continent. In fact, it is only in North America, where many houses have large areas devoted to laundry, that tumble-dryers have a high degree of penetration.

Electrolux has launched a number of innovative and energy-efficient tumble-dryers over the years. The market's first tumble-dryers to meet the Woolmark Apparel Care – Gold Specification were launched in 2011. Using a new and innovative drying technology, delicate woolen garments are dried carefully and efficiently.

**Penetration, tumble-dryers**



Access to tumble-dryers is low and highly dependent on the market. Nine out of ten US consumers who choose Electrolux-branded washing machines buy washing machines and tumble-dryers at the same time.

Source: Electrolux estimate.

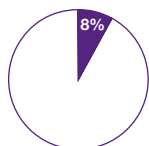


Small appliances

# Floor-care products

*Although there are regional differences in vacuum-cleaner design, performance and function are still the most important factors for consumers worldwide. As one of the few global manufacturers of vacuum cleaners, Electrolux can focus on global product development.*

**Share of Group sales 2011**



Electrolux is one of the largest manufacturers of vacuum cleaners in the world and holds market-leading positions in most regions. A large share of the Group's vacuum cleaners are developed and sold in the global market. A special focus lies on innovative and energy-efficient vacuum cleaners in premium segments. Electrolux is also market-leading in the central-vacuum-cleaner segment and holds a substantial market share in vacuum-cleaner accessories. All Electrolux vacuum cleaners are manufactured in low-cost areas.

In Asia and Latin America, most of the Group's vacuum-cleaners are sold under the Electrolux brand. The Electrolux brand also dominates in Europe, complemented by AEG in central Europe. Volta, Tornado,

Progress and Zanussi are focused on the mid and lower price segments. The Eureka brand accounts for the largest proportion of the Group's vacuum-cleaner sales in North America, while more premium vacuum cleaners are sold under the Electrolux brand.

**Green Range**  
**70%**  
 recycled plastic



**Ergorapido – a forerunner and trendsetter**

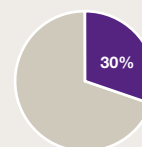
A growing number of small households is generating a greater need for compact, efficient vacuum cleaners with an aesthetically pleasing design that enables them to be left on show. There is also a growing need in many households for vacuum cleaners that are ready for immediate use. Sales of attractively designed, rechargeable vacuum cleaners have grown substantially over the past decade. Electrolux Ergorapido was one of the first models when these were launched in 2004 and has since been released in a range of new versions, most

## Green progress

Although there is still no energy labeling for vacuum cleaners, the demand for sustainable products is growing. Sales of the Electrolux Green Range of vacuum cleaners doubled in 2011, following launches in all major European markets and in all five continents – from North America to Oceania. Ergorapido Plus Green is now also part of the series of six different green models. One reason for this strong growth is focused marketing activities, including the Vac from the Sea campaign. To read more, see page 41.



**Ultra Silencer Green comprises 30% of total sales of Ultra Silencer in 2011.**





## UltraOne = Number One

The top-of-the-range Electrolux UltraOne combines a powerful motor with low noise levels and effective energy consumption, which has proved a winning concept. This premium vacuum cleaner has received top ratings in 11 countries since it was launched in 2009 and is the direct result of a dynamic collaboration between top designers and engineers.

recently as the environmentally friendly Ergorapido Plus Green. Electrolux holds a leading position in this segment in Europe and a strong position in other parts of the world where compact vacuum cleaners are in demand, such as Japan.

### Quiet, please!

According to surveys conducted by Electrolux, noise is the single greatest source of irritation when vacuuming. With its 68 decibels, Electrolux Ultra Silencer is one of the quietest vacuum cleaners in the market due to its patent-pending Silent Air Technology. The noise level is equal to the sound of a normal conversation. To reduce noise, Electrolux engineers and developers reduced the number of uneven surfaces

and seams inside the vacuum cleaner so that air can pass smoothly. The nozzle is the part of the vacuum cleaner with the single greatest impact on performance and thus requires optimal design and function. Electrolux has also developed a unique nozzle for the UltraOne vacuum cleaner that minimizes the source of irritating noise and gives excellent cleaning results.



## Design for different consumer preferences

There are regional differences in vacuum-cleaner design. Based on consumer preferences, Electrolux sells mainly canister vacuum cleaners, but also has a strong offering in upright products, in such markets as North America and the UK, where this category dominates. Eureka Airspeed is a range of upright vacuum cleaners, specially designed for effective carpet cleaning. The recent launch of these in the US was a great success. The Electrolux Nimble vacuum cleaner has been launched in the US and the UK and received top ratings in several independent tests, in particular, because it is so easy to maneuver.

Electrolux Nimble

Small appliances

# Small domestic appliances

*Electrolux strategy is to expand in growing, adjacent product categories where the Group's global strength in production, product development, distribution, sourcing, design and marketing communication can be used to create profitable growth. Small domestic appliances is one of these categories. Sales grew by 26% in 2011.*

Electrolux currently has a small global market share in small domestic appliances but is growing rapidly worldwide, especially in Latin America and Europe. Increased presence in the segment contributes to strengthening the Electrolux brand. The major launches are in higher price segments where the focus lies on distinctive design. The offering varies according to market but the Group's primary focus is on five global product groups – coffee-makers, kettles, mixers, food-processors and irons. Most of these products are sold under the Electrolux brand.

**Rapid growth in Latin America**

The Latin American market for small domestic appliances is one of the fastest growing globally. By leveraging the Group's brand strength and retailer network, Electrolux sales are grow-

ing faster than the market in Latin America. The largest Electrolux categories in this region are irons, coffee-makers and mixers.

## Entering North America

At the end of 2011, Electrolux launched a range of small appliances for kitchens under the Frigidaire brand in the North American market. The new range shares the same visual branding as its major appliances counterpart and has a robust, professional feel. All products feature a dark gray base, and they are stylish enough to stand on their own, but they also fit in well in a kitchen fully furnished with Electrolux products.

**New products in Europe**

Coffee-makers is the largest growing sub-category within small domestic appliances in Western Europe, and it is also growing faster than the total home appliance market. During 2011, Electrolux launched a new espresso machine in cooperation with the Italian coffee brand Lavazza. Other key launches within the small domestic category during the year included new premium irons, a range of water-filtration jugs and mixers, including the Ultra-mix Pro.

**Potential for growth in Asia**

Asian households' needs within cooking and cleaning functions differ from most other markets. Asia is also the largest market for small domestic appliances. Electrolux focuses on launching strong offerings in four categories – rice-cookers, mixers, small ovens and irons – which all hold potential for rapid growth in the region.



## Great coffee with Favola

As a result of a collaboration with the Italian coffee brand Lavazza, a new espresso maker from Electrolux – Favola – was launched in six different colors and two different models in European markets during 2011. The thoughtful design by Electrolux is inspired by lines and shapes from Scandinavian nature.



### Entering North America

At the end of 2011, Electrolux launched a range of small appliances for kitchens and garment care under the Frigidaire brand in the North American market. Electrolux sees a potential for expansion in the rapidly growing market for small appliances in North America. During 2009 and 2010, when sales of other household appliances declined, sales of small

domestic appliances in the US increased by 9.4%. Most of this growth was in premium segments.

### Safety and performance come first

Consumer insight lay behind the development of Electrolux 5Safety, a high-performance steam iron with a safe grip, extra large stand and three different auto shut-off systems.

When consumers were asked about ironing, four of ten areas of concern were related to safety. The iron's features are based on knowledge and experience from the Group's professional laundry-equipment operation.

## Clean water fast

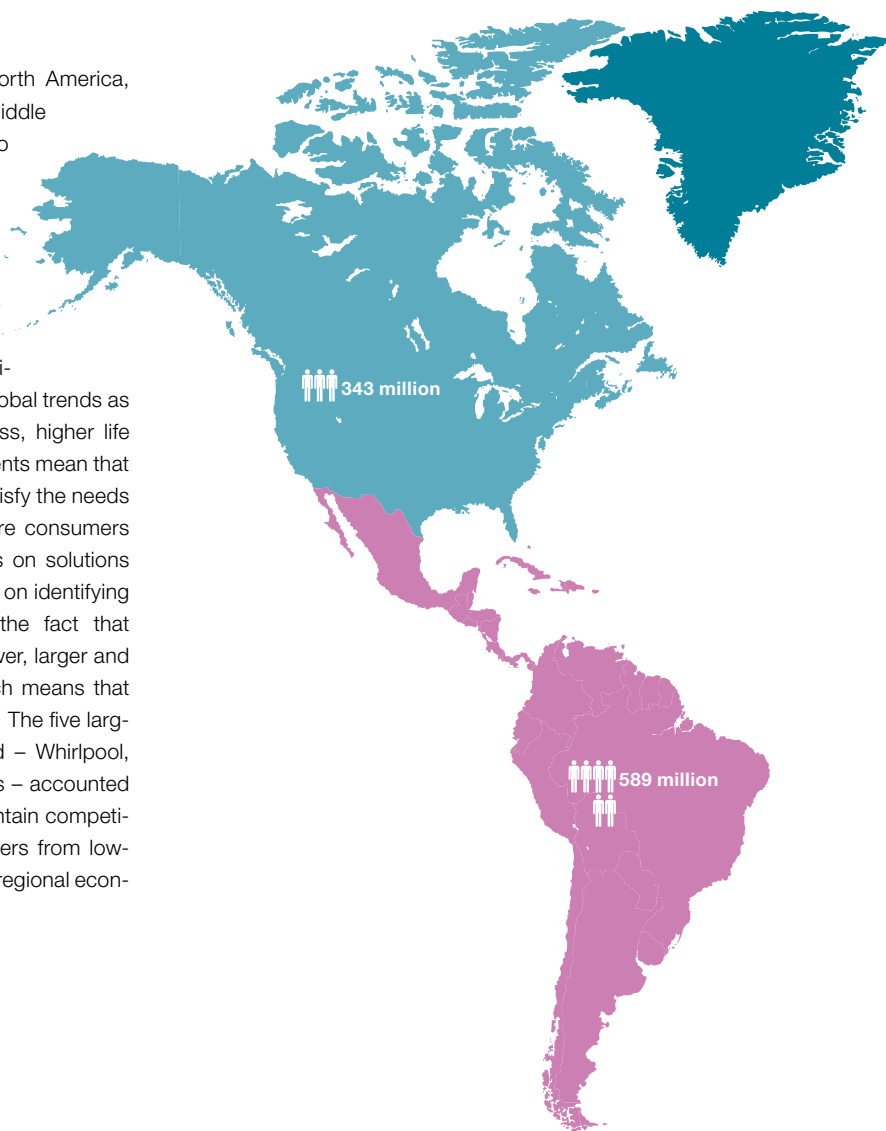
Clean and clear water is important for consumers all over the world. To meet this demand, Electrolux has launched AquaSense, a water-filter can that provides households with clean water faster than all other alternatives in the market, without compromising on quality.



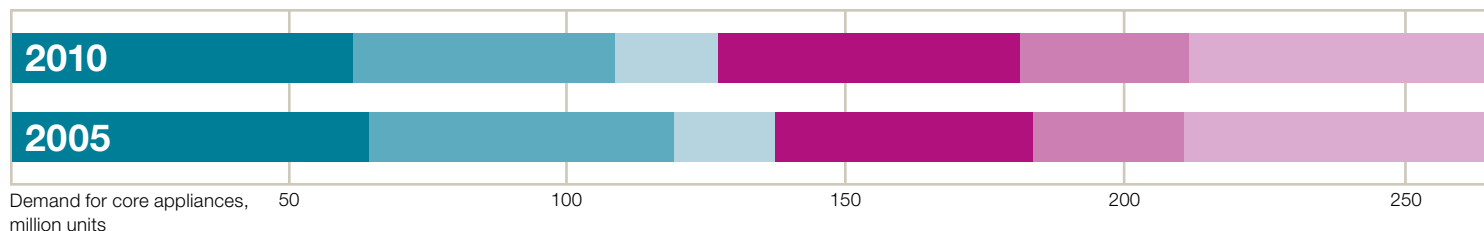
# Electrolux markets

*Over the past decade, Electrolux has made the transformation into an innovative, consumer-focused company. Now growth is becoming more important. From previously having been heavily exposed to mature markets, the share of sales in growth markets, such as Africa, the Middle East, Asia and Latin America, is to increase rapidly. The acquisition of appliances manufacturers CTI in Chile and Olympic Group in Egypt combined with strong organic growth has boosted the share of Electrolux pro forma sales in growth markets from 25% in 2009 to 35% in 2011.*

A slowdown in demand in Western Europe and North America, combined with the rapid emergence of an affluent middle class in densely populated growth markets, has led to a gradual transformation of the market for household appliances. Adapting the business and offering to this new environment is necessary to continue growing profitably. In 2011, Electrolux expanded its presence in growth markets and launched a long line of products and solutions adapted to global and regional demands. Furthermore, the Electrolux business is being increasingly impacted by such strong global trends as population growth, an expanding global middle class, higher life expectancy and rapid urbanization. These developments mean that there is increasingly limited supply of resources to satisfy the needs of a growing number of people, and more and more consumers have higher disposable incomes. Electrolux focuses on solutions based on lower consumption of these resources and on identifying new alternatives. Other factors also accentuate the fact that Electrolux operates in a global industry. There are fewer, larger and more international manufacturers and retailers, which means that global brands and products are ever-more important. The five largest manufacturers of major appliances in the world – Whirlpool, Electrolux, Haier, Bosch-Siemens and LG Electronics – accounted for approximately 45% of the market in 2010. To maintain competitiveness in relation to rapidly expanding manufacturers from low-cost areas, it is important to leverage both global and regional economies of scale.



## Growing demand for core appliances

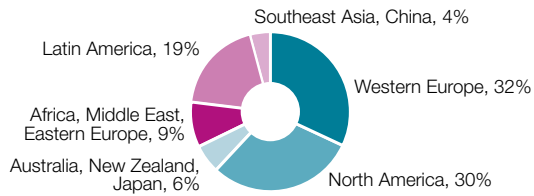


Between 2005 and 2010, the global demand for core appliances significantly increased, particularly due to strong growth in Asia. Demand for core appliances in mature markets has simultaneously decreased. In 2010, the demand in growth markets constituted 60% of the total market volume compared to 50% in 2005. Electrolux strategy is to capture this increased demand in growth markets. To read more about Electrolux strategy, see page 34.

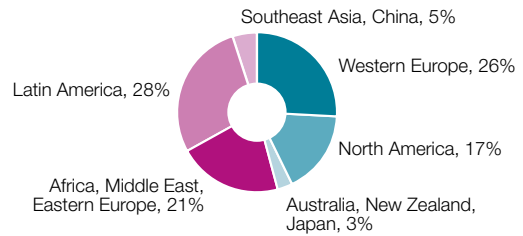
Source: Electrolux estimates.



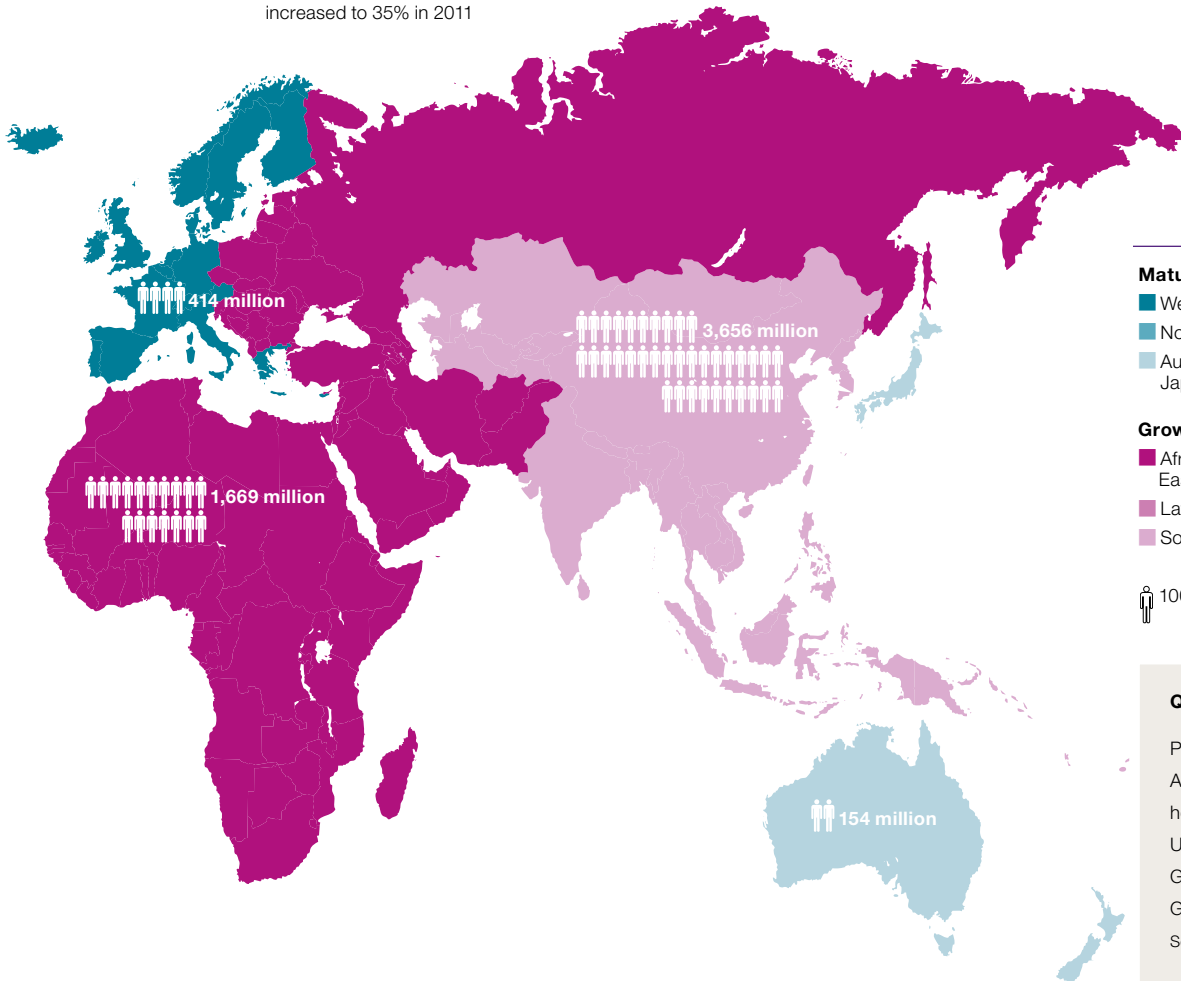
**Electrolux net sales per market, %**



**Electrolux employees per market, %**



Electrolux pro forma sales in growth markets increased to 35% in 2011



**Mature markets**

- Western Europe
- North America
- Australia, New Zealand, Japan

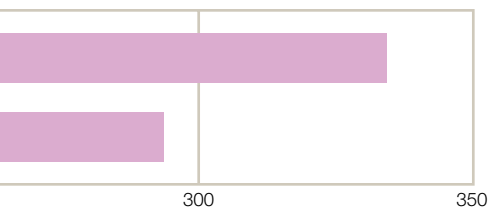
**Growth markets**

- Africa, Middle East, Eastern Europe
- Latin America
- Southeast Asia, China

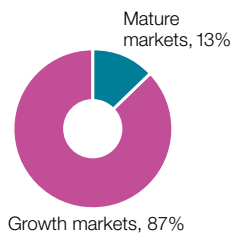
100 million people

**Quick facts 2010**

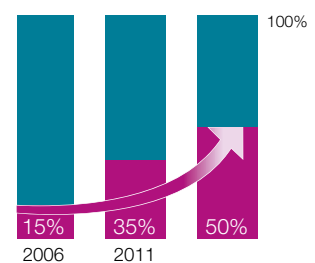
Population: 6.8 billion  
 Average number of persons per household: 3.6  
 Urban population: 51 %  
 GDP per capita 2010: USD 9,200  
 GDP growth 2010: 4.2 %  
 Sources: World Bank and Electrolux estimates.



**Population, %**



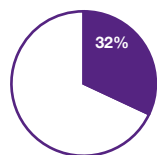
**Electrolux aims to increase share of sales in growth markets over a five-year period**



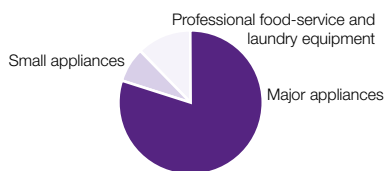
# Western Europe – a fragmented market

*Western Europe is the Group's largest market for consumer durables and products for professional users. Electrolux focuses on growth through the launch of new, innovative appliances in the premium segments. Built-in appliances is a priority area.*

**Share of Group sales 2011**



**Share of sales in the region 2011**



The market in Western Europe is dominated by replacement products as a result of high penetration in most product categories and low or stagnated population growth. Meanwhile, an increase in the number of households due to a rising share of older people combined with the small living spaces in most homes, has led to higher demand for compact and user-friendly products. Therefore, the market for built-in appliances is a growing segment in Europe.

In 2011, deliveries of core appliances amounted to about 52 million units, down by 12% on the record year of 2006. The sharp deceleration in primarily Southern Europe had a negative impact on development. The market remained subject to price pressure and intensified competition from Asian manufacturers, among others.

### A fragmented market

Europe is a complex market. Many countries and language areas have resulted in widely varying consumer patterns and the establishment of a large number of manufacturers, brands and retailers for appliances. The low degree of consolidation among manufacturers is one reason for overcapacity and price pressure in the industry. The European market features many small, local and independent retail chains that focus on electrical and electronic products as well as kitchen interiors. Kitchen specialists currently account for approximately 25% of sales of household appliances in Western Europe. The corresponding figure for Germany and Italy is approximately 40%.

The market for professional kitchens is characterized by the presence of many manufacturers who often specialize in only one product category. Conversely, the market for professional laundry equipment is served by fewer players able to supply a larger product portfolio.

### The Group's position

Electrolux is the only producer in the market that can provide solutions for both consumers and professional users of kitchen appliances and laundry products. In recent years, the Group has further strengthened its position in the built-in segment for core appliances, mainly in the German market. In 2010 and 2011, the Group launched new built-in products in the premium segment under the AEG brand. In 2012, the Group will move forward with the launch of an entirely new range of built-in products under the Electrolux brand.

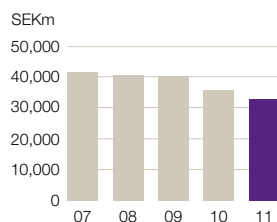
For professional users, Electrolux has a strong position with independent restaurants and institutions.

Electrolux is one of the leading producers of floor-care products in the world and one of few with a global distribution network. The Electrolux brand dominates the Group's sales in Europe, one of the Group's largest markets.

### Fast-growing product categories

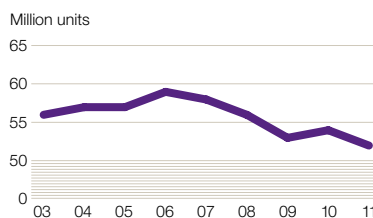
The market for built-in appliances continues to show growth and interest is strong in energy- and water-efficient appliances. Dishwashers comprise a fast-growing segment in the region. Electrolux manufactures dishwashers designed and adapted for all types of kitchens and households. In 2011, the Group launched new, innovative and water-efficient dishwashers under the AEG brand. Attractively designed, rechargeable and instant vacuum cleaners displayed substantial growth. The market for bagless vacuum cleaners also grew.

**Net sales in Western Europe**



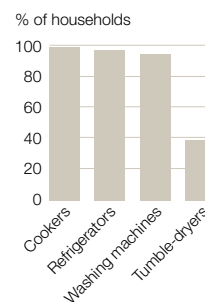
Net sales in Western Europe have been impacted by the slowdown in market demand.

**Shipments of core appliances in Western Europe**



A total of approximately 52 million core appliances were sold in Western Europe in 2011, a decline by 3% compared with 2010.

**Product penetration**



Source: Electrolux estimates.

Consumer brands



Professional brands



Quick facts Western Europe 2010

Population: 414 million  
 Average number of persons per household: 2.3  
 Urban population: 77 %  
**Significant market: European Union**  
 GDP per capita 2010: USD 32,300  
 GDP growth 2010: 2.0 %  
 Sources: World Bank and Electrolux estimates.

Electrolux market shares

16% core appliances  
 14% floor care  
 9% professional food-service equipment  
 22% professional laundry equipment

# Built-in kitchen commonplace



In 2010 and 2011, the Group launched an entirely new range of built-in products in the premium segment under the AEG brand in several markets in Northern and Central Europe. A number of the new products have been recognized by the market and awarded various design prizes, including the IF Design Award and the Reddot Design Award.

# Working hand-in-hand

Electrolux is the only supplier offering a complete range of high-performance products for professional kitchens and laundries under the same brand. Electrolux Professional solutions are frequently used under the same roof, working "hand-in-hand" in hotels and in hospitals, for instance. Europe is the largest market for Electrolux. Approximately 75% of Group sales of kitchen equipment and 65% of laundry equipment are sold in Europe.



Markets and competitors

**Core appliances**

Major markets  
 • Germany  
 • France  
 • Italy  
 • UK

Major competitors  
 • Bosch-Siemens  
 • Indesit  
 • Whirlpool

**Floor care**

Major markets  
 • Germany  
 • France  
 • Nordics

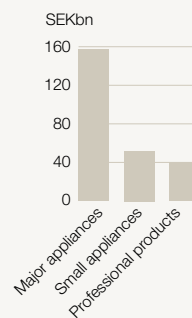
Major competitors  
 • Dyson  
 • Miele  
 • Bosch-Siemens  
 • Samsung

**Professional products**

Major markets  
 • Italy  
 • Sweden  
 • France  
 • Germany

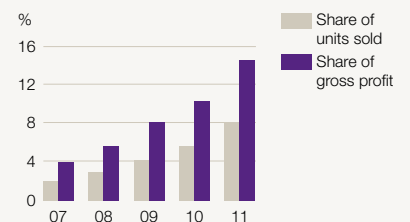
Major competitors  
 • Ali Group  
 • Rational  
 • Primus

Market value



Source: Electrolux estimates.

Green Range in Europe

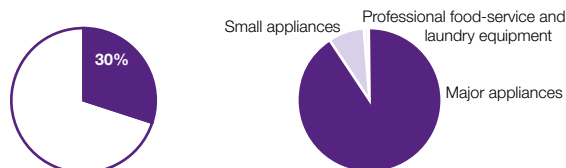


Green Range, products with the best environmental performance, accounted for approximately 8% (6) of total units sold within Major Appliances in Europe in 2011 and approximately 15% (10) of gross profit. Criteria for inclusion in the Green Range have been raised.

# North America – growth in share of replacement appliances

*The weak economic environment, cautious consumers and low activity in the housing-construction sector resulted in continued low sales of household appliances in North America in 2011. Electrolux was able to defend its position in the region.*

**Share of Group sales 2011**      **Share of sales in the region 2011**



North America is a mature market with high penetration in most product categories. The average living space of households is above that of other regions, which means space is available for both many and large household appliances. A high degree of product penetration combined with relatively low population growth has resulted in replacement products dominating the market. Due to the turbulent economic climate, this trend has been amplified in recent years. Replacement appliances accounted for a major share of total sales in the market 2011. A total of 37 million appliances were sold in 2011, which is on a par with 1998 volumes and represents a decline of 23% compared with the peak year of 2006.

**A consolidated market**

The market in North America is more uniform than most markets, which has led to a relatively high level of consolidation among producers and retailers. The three largest manufacturers of appliances in the US account for a major part of the market and about 70% of appliances are sold via the four major retailers Sears, Lowe's, Home Depot and Best Buy. The four largest manufacturers of vacuum cleaners represent over 50% of the market. Vacuum cleaners are

sold mainly through supermarkets, discount stores and department stores, such as Wal-Mart, Target and Sears. The degree of consolidation is also high among manufacturers and retailers of food-service and laundry equipment.

**The Group's position**

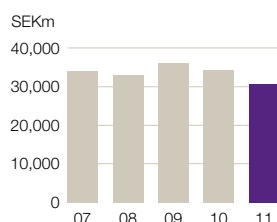
Electrolux commands a strong position in appliances and vacuum cleaners in the US and Canada. The Group's appliances are mainly sold under the Frigidaire brand in the mass-market segment and vacuum cleaners under the Eureka brand. The extensive launch of innovative appliances under the Electrolux brand in 2008 and 2009 has yielded a strong position for the Group in the profitable premium segment, which Electrolux can leverage when demand rebounds.

The Group's professional kitchen business is still small but growing both in traditional segments and chains. Electrolux Professional laundry equipment is sold via a distributor with a growing share of sales under the Electrolux brand beside the traditional Wascomat brand.

**Fast-growing product categories**

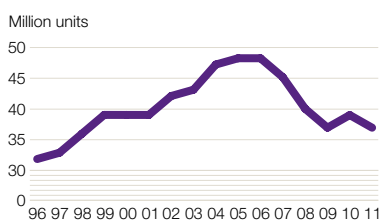
The share of discretionary sales and purchases made in connection with new housing has drastically declined in recent years as a result of heightened economic uncertainty. A possible recovery in the new-housing sector will result in a rise in demand for primarily cookers and ovens. Electrolux has a competitive offering in the segment and healthy relationships with leading retailers and kitchen manufacturers in the region. In 2011, the Group launched its first range of small appliances for US households, including coffee-makers, toaster ovens, toasters, slow cookers and irons. This product category demonstrated a high rate of growth.

**Net sales in North America**



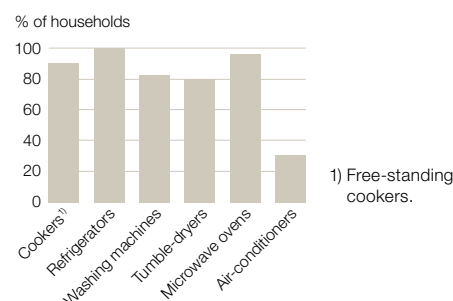
Net sales in North America have been impacted by the slowdown in market demand.

**Shipments of core appliances in North America**



A total of approximately 37 million core appliances were sold in North America in 2011, which corresponds to a decline of 4% compared to 2010.

**Product penetration**



Source: Electrolux estimates.

Consumer brands



Professional brand



Quick facts North America 2010

Population: 343 million  
 Average number of persons per household: 2.6  
 Urban population: 82 %  
**Significant market: USA**  
 GDP per capita 2010: USD 47,200  
 GDP growth 2010: 3.0 %  
 Sources: World Bank and Electrolux estimates.

# Vacuum cleaner **Airspeed**

The Eureka Airspeed upright vacuum cleaner has become the largest and most important upright platform for the Group in North America. Using a modular approach, several versions adapted to different consumer needs have been introduced since 2010.



**Electrolux market shares**  
 21% major appliances  
 14% floor care

## New products



In 2010 and 2011, new appliances under the Frigidaire brand were launched, including induction hobs, French Door Refrigerators (see image to the left), washing machines with extra-large capacity and a large number of energy-efficient products for the kitchen and laundry room.

## Air care

Air care is an important product category in North America and Electrolux offers air-conditioning equipment and dehumidifiers under the Frigidaire brand.



### Markets and competitors

**Core appliances**

- Major retailers
- Sears
  - Lowe's
  - Home Depot
  - Best Buy

- Major competitors
- Whirlpool
  - General Electric
  - LG
  - Samsung

**Floor care**

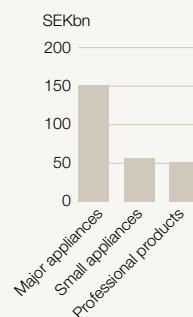
- Major retailers
- Wal-Mart
  - Target
  - Sears

- Major competitors
- Dyson
  - TTI Group (Dirt Devil, Vax and Hoover)
  - Bissel

**Professional products**

- Major competitors
- ITW
  - Manitowoc
  - Alliance

### Market value



Source: Electrolux estimates.

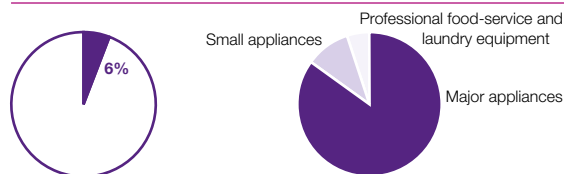


In the US, ENERGY STAR is used as the energy-performance rating system for household appliances. The US Environmental Protection Agency (EPA) named Electrolux the Major Appliances North America ENERGY STAR Partner of the Year in 2011.

# Australia, New Zealand and Japan – major variations

*Electrolux is the largest manufacturer of appliances in Australia and has built up a particularly strong position in the premium segment. In Japan, the Group has applied a niche strategy to establish the brand in the market. Focus is now directed to broader expansion.*

**Share of Group sales 2011**      **Share of sales in the region 2011**



While Australia covers a large land mass, nearly all of its inhabitants live in cities on the East Coast. Both the population and the number of households are on the rise and the degree of penetration is high in most product categories. Demand is driven primarily by interest in design, innovation and the environment. 2011 was characterized by price pressure brought on by a strong AUD, making imported products increasingly competitive. Japan is the world's third-largest single market for household appliances. Although the number of inhabitants is declining, the number of households is growing due to a rapidly aging population. The growth for household appliances is driven by such factors as innovations based on small living spaces.

**High degree of consolidation**

In Australia, competition between manufacturers from Asia and Europe is intense. The retailer market is dominated by five major chains representing 90% of the market.

Large, domestic manufacturers and retailers such as Panasonic, and Hitachi control the Japanese market.

**The Group's position**

Electrolux is the largest supplier of appliances in Australia. The Electrolux brand is positioned in the premium price segment with a focus on innovation, water- and energy-efficiency, and design. The Group's Westinghouse and Simpson brands command strong

positions in the mass-market segment. The Kelvinator brand holds a strong position in air-conditioners. A large portion of the best restaurants in Australia is equipped with food-service equipment from Electrolux. In Japan, Electrolux is a relatively small player but in recent years has started to establish a rapidly growing business in small, compact vacuum cleaners.

**Fast-growing product categories**

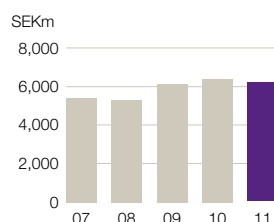
Thanks to its Electrolux E:line built-in appliances, the Group has increased its market shares in an important and profitable product category. Freshwater shortages have meant that both consumers and legislation demand energy-efficient products with low water consumption. Dishwashers and front-load washing machines are therefore fast-growing product categories, and Electrolux controls considerable shares of these markets. Demand in Japan is growing for compact, user-friendly and quiet household appliances. Electrolux has positioned itself in the segment with its attractive offering of vacuum cleaners in the country. Japan is the world's largest market for canister vacuum cleaners. In 2010, Electrolux launched the rechargeable, handheld Ergorapido vacuum cleaner, which is now sold in more than 1,500 stores in the country.

**Innovations for Australian households**

Water shortages are a problem in Australia. The Electrolux Water Aid washing machine, automatically adapts the water level to the load size. However, given the hot and dry climate in Australia, many households prefer to cook food outdoors. The acclaimed Electrolux En:V Barbecue was designed with the needs of the consumer in mind for an efficient and easy-to-use barbecue that can serve as a centerpiece around which guests can gather.

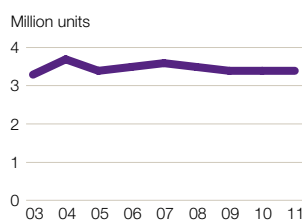
Furthermore, Electrolux has launched one of the first side-by-side refrigerators with a five-star energy rating in Australia.

**Net sales in Australia, New Zealand and Japan**



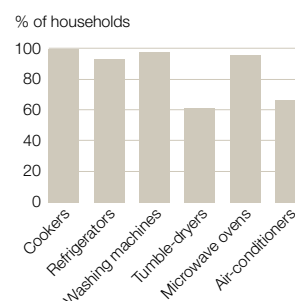
Australia is Electrolux main market in the region. In Japan, Electrolux is a relatively small player but in recent years has started to establish a rapidly growing business in small, compact vacuum cleaners.

**Growth of shipments of core appliances in Australia**



Market demand for appliances in Australia has seen no growth in recent years.

**Product penetration in Australia**



Source: Electrolux estimates.

Consumer brands



Professional brand



Quick facts Australia, New Zealand and Japan 2010

Population: 154 million  
 Average number of persons per household: 2.5  
 Urban population: 71 %  
**Significant market: Australia**  
 GDP per capita 2010: USD 55,700  
 GDP growth 2010: 2.7 %  
 Source: World Bank and Electrolux estimates.

# Learning from professionals

An increasing number of consumers desire products and solutions similar to those found at the best restaurants. Electrolux is the only appliances manufacturer in the industry to offer complete solutions for consumers and professionals. Electrolux equips many of the best restaurants.



**Electrolux market shares in Australia**  
 41% core appliances  
 22% floor care

# Small appliances in a large market

Following the Group's successful 2010 launch of the rechargeable, handheld Ergorapido vacuum cleaner in Japan, Electrolux is now advancing with a product specially adapted to small Japanese households. The Ergothree was launched at the end of 2011 amid great media fanfare in Tokyo and will be available in Japanese stores in early 2012.



# Electrolux En:tice Barbecue



Given the hot and dry climate in Australia, many households prefer to cook food outdoors. In 2011, Electrolux launched the En:tice Barbecue, which delivers the same level of sophistication as expected from indoor kitchen appliances.

Markets and competitors

**Core appliances**

- Major competitors
- Fischer & Paykel
  - Samsung
  - LG
  - Panasonic

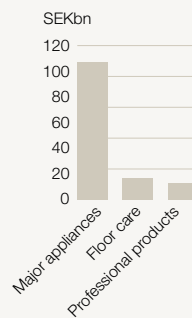
**Floor care**

- Major competitors
- Samsung
  - LG
  - Dyson

**Professional products**

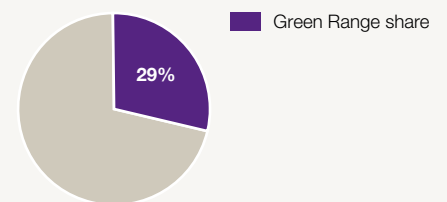
- Major competitors
- ITW
  - Hoshizaki
  - Alliance

Market value



Source: Electrolux estimates.

Green Range vacuum cleaner sales in New Zealand 2011



Green Range products with 70% recycled plastics comprised 29% of total full size canister vacuum cleaner sales in New Zealand during 2011.

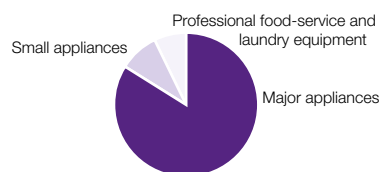
# Africa, Middle East and Eastern Europe – acquisition for expansion

*The acquisition of the Egyptian Olympic Group creates a leading position for Electrolux in appliances in the fast-expanding markets in North Africa and the Middle East. Electrolux has grown rapidly in Eastern Europe and currently commands major market shares for appliances and vacuum cleaners in the region.*

**Share of Group sales 2011**



**Share of sales in the region 2011**



Africa and the Middle East comprise 75 countries with considerable variation in terms of wealth and degree of urbanization. South Africa and Turkey are the largest markets in the region. The population in Africa is growing at an exponential rate, and the number of households is rising even more rapidly because many people are of the age when it is time to find their own home. The degree of penetration is low in most product categories, but is displaying high growth due to the rapid rise in purchasing power. Refrigerators are one of the first products required when the prosperity of a country increases. In Eastern Europe, where Russia is the largest market, both average prosperity and penetration are higher. A large market for replacement products is emerging in several product categories, such as cookers, laundry equipment and refrigerators/freezers.

**Multitude of manufacturers and retailers**

With a wide geographical distribution and varying degrees of purchasing power, it is difficult for manufacturers and retailers to capture large market shares in Africa and the Middle East. Turkey has several large domestic manufacturers that have also established strong positions in nearby regions. The markets of Eastern Europe are dominated by Western manufacturers, while the retailer network is domestic.

**The Group's position**

The acquisition of the Egyptian Olympic Group gives Electrolux a leading position in appliances in North Africa and the Middle East. Electrolux has grown rapidly in the Eastern European markets in recent decades. At present, Electrolux commands 14% of the appliances market in Eastern Europe and is the market leader in Hungary, the Czech Republic and the Baltic countries. In other countries in the region, Electrolux is one of the three largest appliances companies. The 2010 acquisition of a washing-machine factory in the Ukraine has helped strengthen the Group's competitiveness in Russia and the Ukraine.

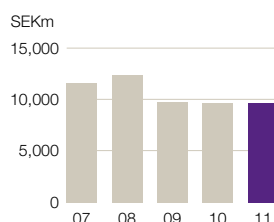
**With Olympic Group, Electrolux can grow faster**

Olympic Group is a leading major appliance company in the rapidly expanding markets in North Africa and the Middle East. Olympic Group, which has been the local partner of Electrolux in the region for a period of almost 30 years, has about 7,100 employees and manufactures such items as refrigerators, cookers, water heaters and washing machines. Integrating Olympic into the operations of Electrolux will facilitate even more rapid growth in the region. In Egypt, for example, with its 80 million inhabitants, GDP per capita has doubled since 2005 and a growing number can afford to purchase their first appliances or change to new appliances.

**Fast-growing product categories**

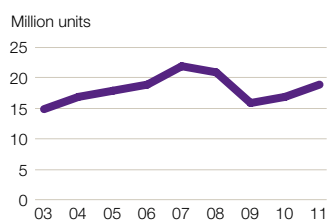
In Africa and the Middle East, all product categories are expanding at a high rate, primarily refrigerators, cookers and washing machines. Many Eastern European households can now afford to replace old appliances and even invest in new, more exclusive kitchen products. This trend increases demand for built-in products, a segment in which Electrolux is the leader. The improvement in the standard of living in the region has also ensured that demand for such products as dishwashers and tumble-dryers is rising fast.

**Net sales in Africa, Middle East and Eastern Europe**



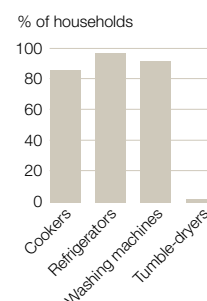
With the acquisition of the Egyptian appliances company Olympic Group net sales in the region will increase.

**Shipments of core appliances in Eastern Europe, excl. Turkey**



Demand in Eastern Europe has increased mainly on the basis of growth in Russia.

**Product penetration in Eastern Europe**



Source: Electrolux estimates.



Consumer brands



Professional brands



# Acquisition of Olympic Group

The Middle East and Africa is a market with 1.3 billion people. Through the acquisition of Olympic Group in Egypt, Electrolux will be able to capture the growth in this large market. Olympic Group is a leading manufacturer of appliances in the Middle East, with a volume market share in Egypt of about 30%.

**Quick facts Africa, Middle East and Eastern Europe 2010**

Population: 1,669 million  
 Average number of persons per household: 3.8  
 Urban population: 50 %  
**Significant market: Arab world**  
 GDP per capita 2010: USD 5,400  
 GDP growth 2010: 3.5 %  
**Significant market: Russia**  
 GDP per capita 2010: USD 10,400  
 GDP growth 2010: 4.0 %  
 Sources: World Bank and Electrolux estimates.



**Electrolux market shares**

- 14% core appliances (Eastern Europe)
- 30% core appliances (Egypt)
- 12% floor care (Eastern Europe)
- 8% professional food-service equipment (Africa, Middle East)
- 9% professional laundry equipment (Africa, Middle East)



## Electrolux is expanding in Eastern Europe

Electrolux is expanding in Eastern Europe. One example is the acquisition of the washing machine factory in Ivano-Frankivsk in the Ukraine. The factory will function as part of the Electrolux supply base for markets in Central and Eastern Europe. The Ukraine participates in the free trade framework within the Commonwealth of Independent States (CIS), which includes Russia, Kazakhstan, Armenia, Azerbaijan and other countries.

**Markets and competitors**

**Core appliances**

- Major markets
- Russia
  - Poland
  - Egypt

- Major competitors
- Bosch-Siemens
  - Indesit
  - Whirlpool

**Floor care**

- Major markets
- Poland
  - Russia
  - Czech Republic
  - South Africa

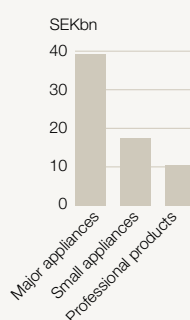
- Major competitors
- LG
  - Samsung
  - Dyson
  - Bosch-Siemens

**Professional products**

- Major markets
- Turkey
  - Russia
  - Ukraine
  - Middle East

- Major competitors
- Ali Group
  - Rational
  - Alliance
  - Vyazama

**Market value Eastern Europe**

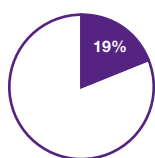


Source: Electrolux estimates.

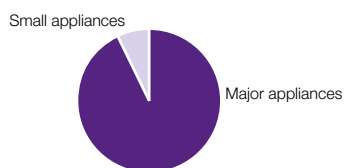
# Latin America – penetration increasing rapidly

*From having built up a profitable and sizeable operation in Brazil over a short period of time, Electrolux is now advancing with its growth strategy in other markets in the region. The acquisition of the Chilean appliances manufacturer CTI has afforded Electrolux a market-leading position in key product categories in Chile and Argentina.*

**Share of Group sales 2011**



**Share of sales in the region 2011**



Latin America is a highly urbanized region for a growth market and displays a relatively high rate of expansion in terms of purchasing power and number of households. Brazil represents about 40% of the Latin American market for appliances. Other major markets include Mexico and Argentina. Growth in the region is driven by rising purchasing power of households, which primarily demand more basic cookers, refrigerators and washing machines. The rapidly emerging middle class in, for example, Brazil and Argentina has also resulted in higher demand for products in the premium segments. In 2011, the market in Brazil was characterized by a certain degree of price pressure and mix deterioration as a result of rapid consolidation among retailers.

**Consolidated market**

The Latin American market is relatively consolidated. In Brazil, the three largest manufacturers account for about 70% of sales of appliances. As a result of high import duties and logistical costs, the bulk of products sold in Latin America are produced domestically. The trend of consolidation has also been strong among retailers in the region. In Brazil, three of the largest domestic retailers – Casas Bahia, Globex and Pão de açúcar – merged in 2010. The new company, Grupo Pão de açúcar, has a dominant position in the market. Sales of household products are often conducted through campaigns and purchasing decisions are made in stores where a large part of the manufacturers have their own sales staff in place.

**The Group's position**

Brazil is the largest market in Latin America for Electrolux and the Group is the second-largest manufacturer of appliances in the country. The Electrolux brand holds a strong position in all segments thanks to innovative products and close cooperation with the market-leading retail chains. The acquisition of the Chilean appliances manufacturer CTI has strengthened Electrolux leading position in the region and makes Electrolux the market leader for core appliances and small domestic appliances in Chile and the largest manufacturer of refrigerators, freezers and washing machines in Argentina. In the vacuum-cleaner segment, Electrolux has long held a leading position in the region. The Group has also established a fast-expanding business in the small appliances segment.

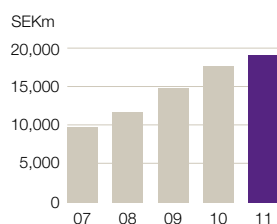
**Acquisition for growth**

CTI was established back in 1905 and currently employs 2,200 people in Chile and Argentina. Manufacturing ranges from refrigerators, freezers, washing machines, cookers and ovens to tumble-dryers and heat pumps. The company has established strong relationships with retailers in Chile and Argentina and has extensive distribution and a well-structured aftermarket business. Electrolux is planning further investments in production capacity and distribution with the aim of expanding activities to other Latin American countries.

**Fast-growing product categories**

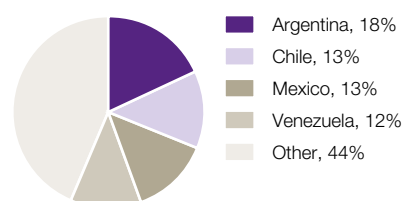
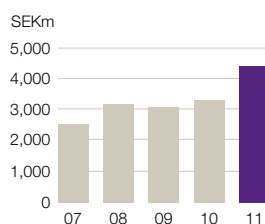
The market for washing machines is demonstrating immense growth potential as purchasing power and demands for energy and water efficiency increase in the region. Electrolux continuously launches new products adapted to varying needs in the segment, such as the innovative Ultra Clean washing machine in Brazil, see page 39.

**Net sales in Latin America**



Net sales in Latin America have increased over the years due a strong product offering and market growth. The acquisition 2011 of CTI in Chile will positively impact sales going forward.

**Net sales in Latin America, excl. Brazil**



Electrolux total sales of consumer durables and professional products.



**Quick facts Latin America 2010**

Population: 589 million  
 Average number of persons per household: 3.7  
 Urban population: 79 %  
**Significant market: Brazil**  
 GDP per capita 2010: USD 10,700  
 GDP growth 2010: 7.5 %  
 Sources: World Bank and Electrolux estimates.

# Small domestic appliances

Sales of small domestic appliances, such as coffee-makers, toasters and irons, under the Electrolux brand are growing rapidly in the region. Electrolux is continuously launching new products in the segment and is today one of the strongest brands in Brazil of such products as coffee-makers and irons. The acquired appliances company CTI has extensive operations within small domestic appliances in Chile under the Somela brand.



**Electrolux market shares**  
 41% floor care

## 70% Consumer preference

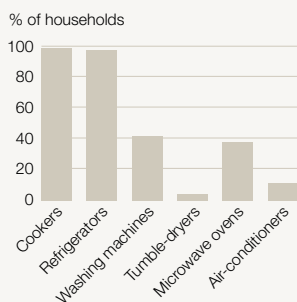
The Brazilian operations have been pioneering within the Group in terms of developing products based on consumer insight. At least 70% of a consumer test-group has to express a preference for the product compared to similar alternatives in the market before launching. The premium refrigerator Infinity i-Kitchen with a touch screen panel achieved 95% consumer preference.



## Acquisition of CTI

With the acquisition of the Chilean appliances manufacturer CTI, Electrolux has strengthened its leading position in the region. CTI holds the number one position within core appliances and small domestic appliances in Chile and has a leading position in Argentina through its subsidiaries.

### Product penetration in Brazil



Source: Electrolux estimates.

### Markets and competitors

**Core appliances**

- Major markets
- Brazil
  - Chile
  - Argentina
  - Mexico

- Major competitors
- Whirlpool
  - Mabe

**Floor care**

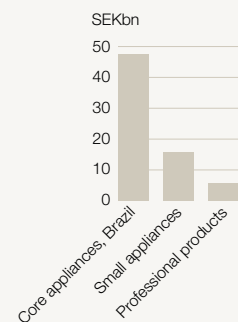
- Major markets
- Brazil
  - Mexico
  - Argentina
  - Venezuela

- Major competitors
- SEB Group
  - Whirlpool
  - Black & Decker
  - Philips

**Professional products**

- Major competitors
- ITW
  - Fagor
  - Girbau
  - Alliance

### Market value

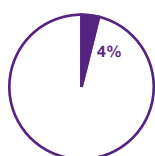


Source: Electrolux estimates.

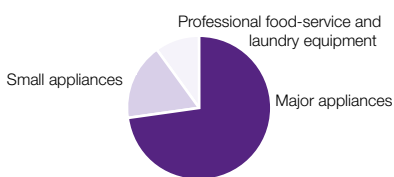
# Southeast Asia and China – continued high growth rate

*The innovative products developed by Electrolux to meet the specific needs of Southeast Asian households in terms of temperature, humidity and food culture have generated sharp growth, high profitability and increasing market shares. In China, Electrolux has made a significant transformation of the business.*

**Share of Group sales 2011**



**Share of sales in the region 2011**



China is the world's largest manufacturer of household appliances and also the largest market measured in terms of volume. Demand has been driven by high growth combined with rapid urbanization. This urbanization trend will continue in parallel with an eventual easing of population growth and the rise in the number of households. Penetration in various product categories is high in cities while it is lower in rural areas. Households are often small with limited space to accommodate many appliances. Small living spaces also dominate in Southeast Asia – a region undergoing rapid urbanization and population growth. There is a considerable difference in the degree of product penetration between the various countries in Southeast Asia. Many households are not equipped with a cooker, but use other alternatives to cook food, such as rice-cookers and gas burners. Similar to other growth markets, consumers prioritize refrigerators, washing machines and air-conditioning equipment as prosperity rises.

**Major players in China**

There is no clear market leader in Southeast Asia. Although consumers prefer European brands, market shares remain low. In China, a rapid consolidation of the number of manufacturers is currently under way, with Haier and Midea far ahead in terms of size in the country. Foreign manufacturers still only hold small market shares, although they are growing fast in the premium segment. There are no

retailers with a region-wide network in Southeast Asia. However, there is a trend toward increased consolidation among retailers in various countries. In China, the market is dominated by two large domestic retailer chains – Gome and Suning – specializing in electronics.

**The Group's position**

Electrolux is a reputable brand in Southeast Asia and commands a strong position in the premium segments for appliances. The Group's market-leading position for front-load washing machines has been leveraged to expand the business to kitchen appliances.

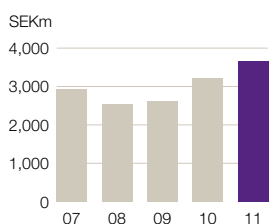
**Structural measures in China**

In China, Electrolux has implemented structural actions and repositioned its product offering after some difficult years since the Group entered China in the mid-1990s. Sales to retailers in rural areas have been discontinued and the current focus is on the rapidly growing middle class in major cities. Electrolux sells its products through the largest retailers. In 2011, Electrolux increased its sales in the country by approximately 30% through successful launches of new products.

**Fast-growing product categories**

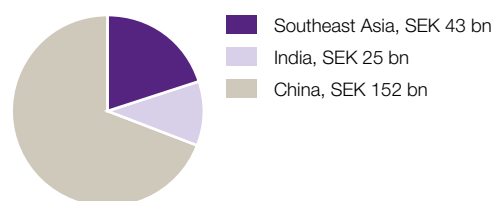
The exponential growth of the middle class in the region has generated heightened demand for such products as air-conditioning equipment, refrigerators and washing machines. In China, Electrolux successfully launched a new range of refrigerators. In Southeast Asia, Electrolux has launched new models for air-conditioning equipment that consume 20–30% less energy than conventional models. Built-in products for the kitchen comprise another expanding segment, driven partly by the urbanization taking place throughout the region. In Southeast Asia, the market for vacuum cleaners and small domestic appliances is also growing rapidly, albeit from relatively low levels.

**Net sales in Southeast Asia and China**



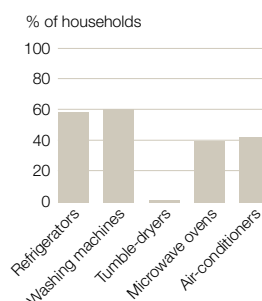
Electrolux sales in Southeast Asia are growing. The Group's market-leading position for front-load washing machines has been leveraged to expand the business to kitchen appliances.

**Appliances, market size 2010**



China is by far the greatest market in the region. Electrolux has significantly transformed its business in China. The current focus is on the rapidly growing middle class in major cities.

**Product penetration in China**



Source: Electrolux estimates.

Consumer brand



Professional brand



**Quick facts Southeast Asia and China 2010**

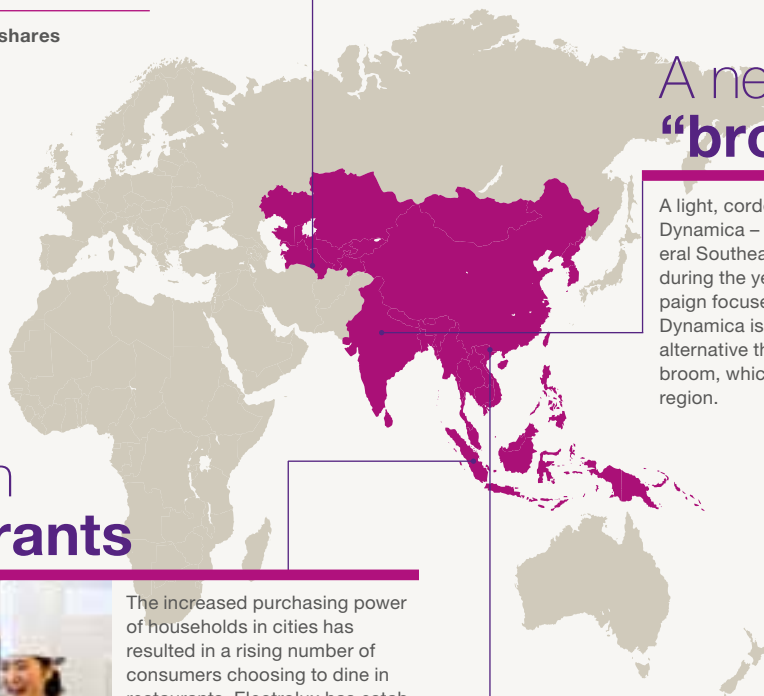
Population: **3,656** million  
 Average number of persons per household: **3.9**  
 Urban population: **40 %**  
**Significant market: China**  
 GDP per capita 2010: USD **4,400**  
 GDP growth 2010: **10.4 %**  
 Sources: World Bank and Electrolux estimates.



## Keyhole Hob

The Electrolux Keyhole Hob, launched in Southeast Asia and China, was developed using the insight of the special requirements imposed by Asian cooking. The compact and elegant hob combines the power of gas and the option of induction control.

**Electrolux market shares in Southeast Asia**  
 4% core appliances  
 19% floor care



## A new "broom"

A light, corded stick cleaner – Dynamica – was launched in several Southeast Asian countries during the year. The launch campaign focused on the fact that Dynamica is a more hygienic alternative than the traditional broom, which is common in the region.



## Dining in restaurants



The increased purchasing power of households in cities has resulted in a rising number of consumers choosing to dine in restaurants. Electrolux has established and is reinforcing a distribution network to sell food-service equipment to the growing segment of restaurants and fast-food establishments in Southeast Asia.

## Air care

Sales of air-conditioning equipment have been a key factor in the positive trend for Electrolux in Southeast Asia in recent years. The market for air-conditioning equipment in Southeast Asia is almost as large as for refrigerators. Consumer insight shows that most people living in large Asian cities would find life very difficult without air-conditioning.

### Markets and competitors

**Core appliances**

Major markets  
 • Thailand  
 • Vietnam  
 • Indonesia  
 • China

Major competitors  
 • LG  
 • Panasonic  
 • Haier Group  
 • Midea

**Floor care**

Major markets  
 • China  
 • Thailand  
 • Malaysia

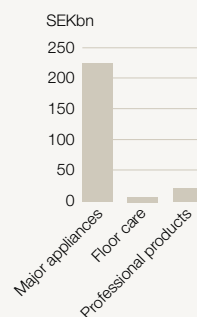
Major competitors  
 • Samsung  
 • LG  
 • Dyson

**Professional products**

Major markets  
 • China  
 • South Korea  
 • Thailand  
 • Malaysia  
 • Singapore

Major competitors  
 • Manitowoc  
 • ITW  
 • Sailstar  
 • Image

### Market value

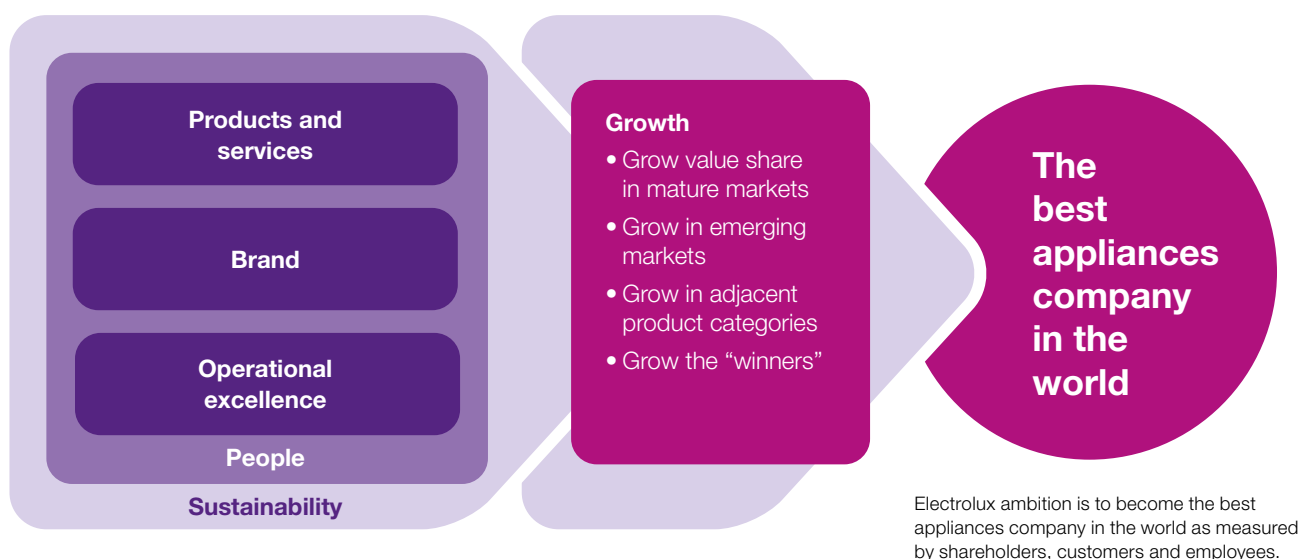


Source: Electrolux estimates.

Read more about Electrolux operations in Southeast Asia. ➔54

# Electrolux **strategy**

*Electrolux is the most global manufacturer in the appliances sector, commanding strong positions in all regions. Electrolux is also the only player that offers solutions for both consumers and professional users. All product development in the Group is based on consumer insight. With innovative products under a strong brand in the premium segment and by leveraging the Group's global strength and scope, Electrolux aims to create a platform for profitable growth.*



## **Products and services**

The Group's process for consumer-driven product development is used in all new products. In recent years, a number of changes have been made to the process to further raise the level of ambition for what is delivered to consumers. **▶▶36**

## **Brand**

The launch of innovative, Electrolux-branded products in Europe, North America and other markets worldwide has strengthened the Group's position in the global premium segment. Commanding a significant position in the premium segment is a crucial component of the Group's strategy for profitable growth. **▶▶40**

## **Operational excellence**

Electrolux continues to adapt its manufacturing footprint and streamline operations to enhance productivity. The focus lies on global optimization of the business to further reduce costs and raise the rate of growth. **▶▶44**

## **People**

An innovative culture and employees from diverse backgrounds create the ideal conditions for developing innovative products, finding new ways to work, solving problems and performing beyond expectations. **▶▶46**

## **Sustainability**

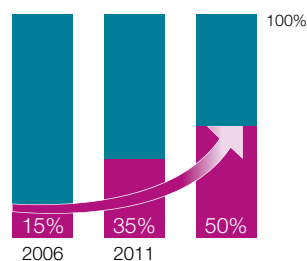
To achieve leadership in its industry, Electrolux intends to demonstrate how the company improves people's lives by understanding their evolving needs and delivering smarter, more resource-efficient solutions. **▶▶48**

## Strategy for growth

### Global challenges

As a result of lifestyle changes, consumers are demanding products that simplify their lives and make cooking, garment care and cleaning more convenient. Rapid global urbanization means less space to live in. This trend, in turn, increases the need for quiet, compact household appliances that can be easily integrated into the rest of the home environment. A growing, affluent middle class, increasingly concentrated to urban areas, is boosting demands for more efficient use of the world's resources. In only 15 years time, two-thirds of the world's population will live in areas with limited water supply and there is a great concern about energy availability. New technology is required to meet these challenges.

### Increased sales in growth markets over a five-year period



The acquisition of appliances manufacturers CTI in Chile and Olympic Group in Egypt combined with strong organic growth has boosted the share of Electrolux pro forma sales in growth markets from 25% in 2009 to 35% in 2011.

### Focus on growth

In order to outperform market growth, Electrolux continues to strengthen its positions in the premium segment, expand in profitable high-growth product categories, increase sales in growth regions and develop service and aftermarket operations. In addition to organic growth, opportunities exist for implementing the Group's growth strategy more rapidly, through acquisitions or the establishment of business partnerships. In 2011, the Group implemented two strategically important acquisitions in rapidly growing markets that will ultimately contribute to higher organic growth.

## Financial goals over a business cycle

The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with consistent profitability. Key ratios exclude items affecting comparability. ▶50

Operating margin of 6%

> 6%

Capital-turnover rate of 4 or higher

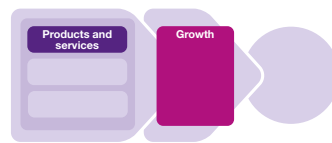
> 4

Return on net assets of at least 25%

> 25%

Average annual growth of 4% or higher

> 4%



# Products and services

*Electrolux will increase the pace of its product development at the same time as the products launched are to be ranked among the best in the market based on a strict rating system. The focus rests on growing sales in the premium segment across the globe. The Group is also implementing an extensive program to further strengthen the Electrolux service operation.*

**Growth**

- Develop best-in-class products
- Speed up product innovation
- Give best-in-class service

Electrolux develops new products based on consumer insight. Each year, the company performs thousands of interviews and home visits to observe how consumers use their household appliances and to assess their attitudes to them. Based on this information and by examining macro trends and new technologies, Electrolux can learn how to further enhance the everyday lives of consumers.

**Faster and more accurate**

The Group’s process for consumer-driven product development is used in all new products. In recent years, a number of changes have been made to the process to further raise the level of ambition for what is delivered to the consumers. By expanding cooperation between the Group’s marketing, R&D and design functions, it will be possible to develop products faster and these will be preferred by more consumers. Various teams within these functions are being activated throughout the world with the aim of enhancing consumer insight and market know-how. Electrolux has introduced requirements stating that a product may not be launched unless at least 70% of a test group has expressed a preference for it in relation to similar alternatives in the market. If this requirement is not met, the product is sent back to the product development team to be reworked. To measure customer preference, Electrolux has built up a regional network connected to the Group’s production units. One example of cross-border collaboration at Electrolux is the establishment of the new Center of Excellence for Food Preparation. This center combines the know-how of experts from the Group’s professional operations with the consumer business.

**Electrolux in different product categories**

Electrolux aims to develop winning products in different categories and regions by focusing on innovation and cost efficiency. The strongest global position currently held is for cookers, enabling, for example,

Electrolux cooking solutions for the world’s best chefs and restaurants to be leveraged when developing consumer appliances. Electrolux also commands a strong global position for vacuum cleaners and is growing rapidly in the area of small appliances by utilizing global economies of scale. Other strong positions held by the Group include the market for front-load washing machines and dishwashers, which are segments with low penetration in most markets. Among closely related product categories, Electrolux identifies major global potential for air-conditioning products and water heaters.

**Global collaborations for more efficient product development**

Developing products based on global needs leads to greater efficiency not only in product development and marketing, but also in production, since fewer product platforms are required. The cooperation between the various Electrolux global product councils for appliances accelerated in 2011 with global units for product development in the respective product categories. This increases the pace of innovation. Currently, Electrolux has a number of global product development centers for household appliances that focus on areas including induction, steam, built-in appliances and front-load washing machines. The objective is to further increase the level of differentiation for new launches in the premium segment and concurrently be able to profitably compete in the low-price segments. Brand differentiation, rapid product development and efficient production are required to reach consumers with products in the low-price segments.

To be able to offer consumers more innovative products at a faster pace, Electrolux established a global technology center in 2011 responsible for identifying the latest technology of significance for the Group’s global product offering. The focus is currently on development of more user-friendly functions and solutions that increase the degree of energy efficiency and recycling, among other aims.

**Speed up product innovation**



Electrolux has introduced requirements stating that a product may not be launched unless at least 70% of a consumer test group has expressed a preference for it in relation to similar alternatives in the market.



**Winning strategy through innovation and cost competitiveness**

	<b>Cooking</b>	<ul style="list-style-type: none"> <li>• Traditionally a strong category</li> <li>• Steam ovens, induction hobs, hoods</li> </ul>
	<b>Refrigeration</b>	<ul style="list-style-type: none"> <li>• Challenging category with over-capacity</li> <li>• Focus on pockets of growth and sub-categories</li> </ul>
	<b>Dish washing</b>	<ul style="list-style-type: none"> <li>• Low penetration and a growth area; opportunity to convert consumers from hand washing to machine washing</li> </ul>
	<b>Laundry</b>	<ul style="list-style-type: none"> <li>• Largest category; driven by demand for large capacity and higher efficiency</li> </ul>
	<b>Air care</b>	<ul style="list-style-type: none"> <li>• Strong position in North America and Latin America; opportunity to grow</li> </ul>
	<b>Floor care &amp; Small domestic appliances</b>	<ul style="list-style-type: none"> <li>• Strong position to build from in Europe</li> <li>• Profitable business sharing its global strength</li> </ul>
	<b>Professional products</b>	<ul style="list-style-type: none"> <li>• Only major appliances company with a true professional base</li> <li>• Large replacement market growth through the chain business</li> </ul>

**Best service in the market**

Electrolux also has an important role to play after a product has been sold, for example, by offering expanded service, upgrades and more accessories. Effective customer care is a decisive factor that enables the Group to build long-term relationships with consumers and thus facilitate future sales. At Electrolux, a comprehensive project is under way to further raise awareness of the importance of the service element in contacts with consumers and retailers. This work has resulted in a global customer-care program

that is founded on all of the good examples of service and customer care developed in the Group over the years. The objective of the program, which is being gradually implemented in Electrolux markets, is to strengthen the brand by raising customer satisfaction at the same time as a profitable aftermarket business is further developed. Using a similar method as when developing new products, interviews are conducted with consumers and retailers to ascertain what is expected of Electrolux.

**Goals 2015**

The Group's process for consumer-driven product development, combined with the expanded cooperation between the Group's marketing, R&D and design functions will enable products to be developed faster and will ensure that these will be preferred by more consumers. The main goals are:

Reduce the time from innovation to launch by 30%.

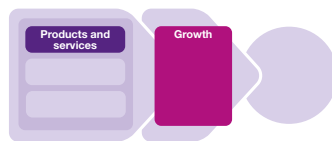
**-30%**

Reduce the number of product variants by 20% as a result of modularization.

**-20%**

Increase investments in the development of advanced technology by 20%.

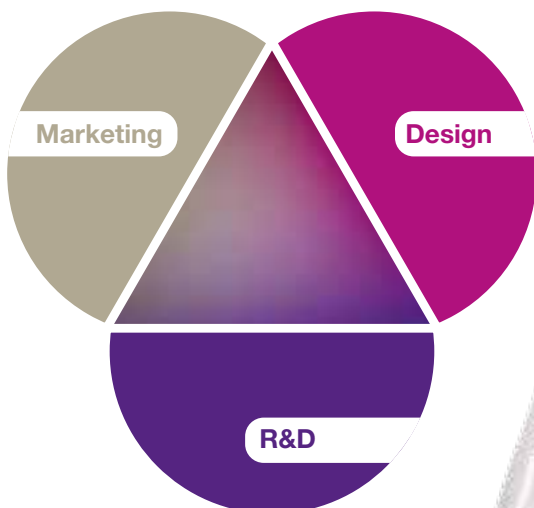
**+20%**



## Products and services Innovative products

*Electrolux develops innovative products that can be sold worldwide on the basis of shared global needs, as well as products that are tailored to local requirements. In recent years, Electrolux has launched a series of new innovative products in Asia and Latin America, that sets new standards.*

Through close cooperation between the Group's marketing, R&D and design functions – The Electrolux Innovation Triangle – it is possible to develop innovative products at a fast rate.



## Clean and quiet in Japanese homes – Ergothree

Japan is a particularly challenging market for manufacturers of vacuum cleaners. Japanese homes are small and space is regarded as an extra luxury. Vacuum cleaners need to be quiet to minimize disturbance for family members and neighbors. Japanese consumers are meticulous about cleanliness in their homes and thus clean them regularly and thoroughly. No manufacturer has been able to combine all of these needs in a single vacuum cleaner – but the Electrolux Ergothree changes all of this. Ergothree is an ultra-compact and easy-to-use vacuum cleaner designed specifically for Japan. It combines the cleaning performance of UltraOne with the low noise level of Ultrasilencer. When Ergothree was launched in Tokyo in late 2011, more than 100 journalists attended the event, from editors of women's and interior design magazines to writers for popular blogs and internet media.





## Perfect technology for stain removal – Ultra Clean

Washing machines is a segment that is expanding rapidly in growth markets worldwide. The factors behind this trend include greater prosperity among households and low penetration. In Brazil, consumer insight has shown that stain removal is a particularly important issue for the country's households. The new Electrolux Ultra Clean washing machine solves this problem using a pen that combines water and ultrasound to effectively remove stains on garments. About 90% of the participants in the test group expressed a preference for this washing machine compared with similar alternatives in the market. Ultrasound is the ultimate technology for garment care, from both an environmental and user perspective, thus indicating the direction that future products will follow. The Ultra Clean washing machine is developed for the premium segment and has a load capacity of 15 kg, which is the largest capacity in the market. Following a highly favorable reception in the Brazilian market, Ultra Clean will now be launched in other markets in the region.



Ultra Clean was named the winner in the main category at the 2011 Electrolux Product Awards. This is the second consecutive year that the prize has been won by a product from Brazil. In 2010, the innovative Infinity refrigerator took the honors.



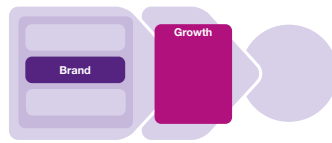
## Gas and induction combined – Keyhole Hob

The Keyhole Hob is a unique product launched by Electrolux in China and Southeast Asia in 2010. It combines the power of gas with the control offered by induction in a simple and elegant design solution. Consumer insight tells us that gas and induction are a perfect combination for Asian households, which need gas to facilitate stir-fry and induction for soups requiring a controlled simmer. The reception among consumers has been positive. The hob was awarded the gold medal at the 2010 Singapore Design Awards as well as two awards in China, a Platinum from China's Most Successful Design Awards and the Hong Ding, an annual award by China's authority on Home Appliances. Electrolux has also developed a specially adapted hood that efficiently removes steam and odors.

Keyhole Hob was also the first induction hob in the Asian market. Cooking on induction hobs is time- and energy-efficient, which are some of the reasons behind the rapid growth in the product category. In the past, Electrolux was the first manufacturer to launch induction hobs in Europe and the US.

### The Innovation Triangle

Electrolux now has the formal structure in Group Management referred to as The Innovation Triangle in place. In 2011, the Group instituted the new roles of Chief Technology Officer and Chief Marketing Officer and, in early 2012, the new Chief Design Officer role. This is to get R&D, Marketing and Design functions in synergy during the entire product creation process with an even clearer focus on customers and consumers.



# Brand

*Commanding a significant position in the premium segment is a crucial component of the Group's strategy for profitable growth. The rapid emergence of a large global middle class is increasing demand for products with innovative design under a well-known, global brand. As one of the few global producers of household appliances, Electrolux has a clear competitive edge.*

**Growth**

- Create innovative marketing
- Differentiate brand platform
- Invest in premium brands

The launch of innovative, Electrolux-branded products in Europe, North America and other markets worldwide has strengthened the Group's position in the global premium segment. The position of the Electrolux brand as a global, premium brand is confirmed by such activities as the extensive launch of appliances under the Electrolux brand in North America in 2008. As a result of the launch, the proportion of consumers that associate Electrolux with household appliances in the premium segment has increased from 10% in 2007 to nearly 70% in 2011. This position will greatly benefit the Group when demand rebounds. Electrolux is also focusing on a number of regional and strategically robust brands. One of them is the 125-year-old AEG brand. Its long history, with a strong focus on design and quality, has ensured AEG a leading position in the German market, the Benelux countries and Austria. The 2011 launch of new, innovative AEG-labeled appliances for the built-in segment in Europe has further bolstered this position.

### Strong consumer dialog using PR and Internet

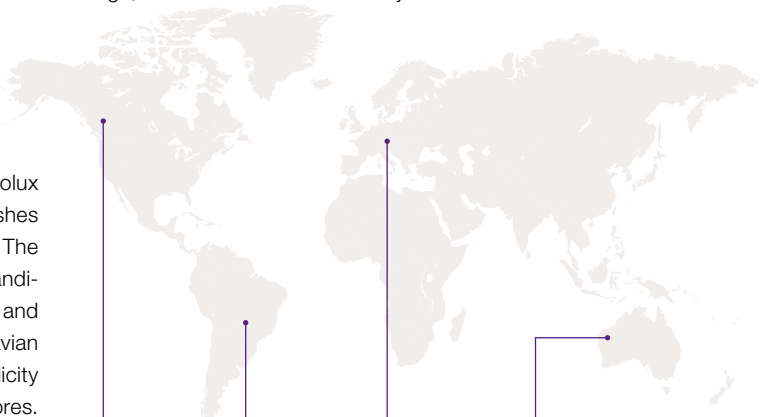
Consumer decisions regarding the purchase of household appliances are more frequently based on visits to websites and participation in social media. Instead of launching broad advertising campaigns, Electrolux is increasingly focusing on smart and cost-efficient PR and web-campaigns. The aim of these activities is to maintain a dialog with consumers and create awareness of the brand that will ensure that Electrolux is top-of-mind among consumers when the time has come to make a purchase. The majority of the customers who subsequently buy Electrolux products visit the Group's websites during the purchasing process, thus making the websites one of the most important tools for convincing customers. Electrolux thus develops Internet solutions that are well conceived, stimulating and innovative and that support the consumer throughout the purchasing process, from start to finish. Visit [www.electrolux.com](http://www.electrolux.com) to read more.

### Professional connection and Scandinavian heritage

Electrolux holds a unique market position as a manufacturer of kitchen and laundry products for consumers and professional users. The lessons learned by Electrolux when developing innovative and efficient solutions for professional kitchens are used to improve the technology in kitchen appliances for consumers. Maintaining a continuous dialog with chefs and supplying restaurants and hotels across the globe with new products and solutions not only provides valuable insight that can be transferred to other parts of the Group, it also builds the Electrolux brand. Being the brand of choice for the best chefs establishes credibility for Electrolux in terms of quality and innovation. The Group's professional connection, combined with a distinct Scandinavian heritage, plays a key role in shaping the products' design and in the development of new and sustainable appliances. Scandinavian design values – freedom, intuition, authenticity, comfort and simplicity – render the products more visible than others in the retailers' stores.

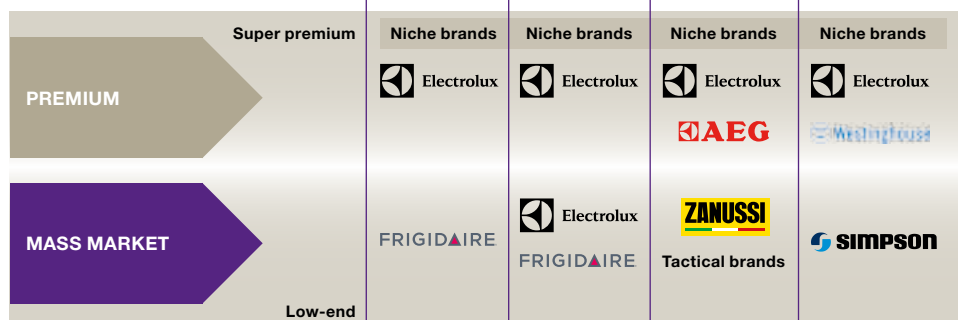
### Innovative marketing

Electrolux Design Lab, Ergorapido, Vac from the Sea and the Cube are a few examples that clearly demonstrate the Group's focus on design, innovation and sustainability.



### Global and strategic brands, major appliances

To increase value, investments will be made in premium brands in all markets. Electrolux aims to reach more consumer segments with strategic brands and with products for which consumers have expressed a preference.





reddot design award winner 2011



### Design awards

Electrolux products received several design awards during 2011 for combining cutting-edge design with functionality.

## Design Lab 2011

Electrolux Design Lab is an annual design competition that helps strengthen dialog with design students regarding tomorrow's design and product development. The theme of the competition's ninth edition was intelligent mobility. A total of 1,300 students from more than 50 countries took the chance to submit ideas. Adrian Mankovečý from Bratislava, Slovakia, won for his portable washing machine for stain-removal. Visit [www.electrolux.com/designlab](http://www.electrolux.com/designlab)



## Vac from the Sea

The Electrolux Vac from the Sea initiative raises awareness of the large volumes of plastic waste floating in the oceans while it is difficult to source sufficient amounts of recycled plastic to produce green vacuum cleaners. Vac from the Sea has become one of the most successful campaigns in Electrolux history and was honored by the United Nations with the International Public Relations Association Golden Award. In 2011, Vac from the Sea continued its journey in new countries ranging from Taiwan and New Zealand to Brazil. Sales teams have crafted and created their own activities on the theme of sea plastic. See [www.electrolux.com/vacfromthesea](http://www.electrolux.com/vacfromthesea)



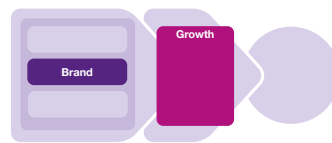
## Innovative design

Consumer surveys have shown that household cleaning patterns have changed. Instead of regularly vacuuming large areas, a need has developed to immediately clean up small spills. Electrolux therefore developed a combined, upright handheld vacuum cleaner – Ergorapido – featuring a design enabling it to be left in sight. There was a huge response, and an entirely new, global segment for vacuum cleaners was created. Although the competition has grown in strength, Electrolux, with the Ergorapido, remains the market leader in the segment. Since the launch in 2004, 5.7 million models of the vacuum cleaner have been sold. New versions of the style icon are launched continuously, the most recent being the Ergorapido Plus Green.



## The Cube

The Cube by Electrolux is a pop-up restaurant celebrating the professional heritage of Electrolux. It offers a spectacular and inspiring restaurant dining experience in the most extraordinary locations across Europe. The restaurant adventure began in Brussels, Belgium, in spring 2011 on top of Arc du Triumf du Cinquantenaire and continued its journey to Milan, Italy, in late 2011. Read more about The Cube by Electrolux on page 42.



# The Cube by Electrolux

*The Cube by Electrolux offers a spectacular and inspiring gastronomic experience with some of the world's best chefs in the kitchen. The driving force behind the Cube is close cooperation between the Electrolux consumer durables and professional products operations.*

Milan



Brussels



Two restaurant Cubes are currently travelling around Europe. At each location they arrive at, a memorable dining experience is offered for up to 18 guests per sitting. The semitransparent structure, which stays for a period of three to four months in each city, is located in spectacular and often lofty locations, including atop the Arc du Triumf du Cinquantenaire in Brussels and overlooking the Piazza del Duomo in Milan. The Cube itself, which is of Scandinavian design, contains Michelin star cooks who, in addition to preparing spectacular meals, share professional tricks and tips to inspire guests to stretch their own creative boundaries when cooking for themselves. Just as in the chefs' own restaurants, the food is prepared using kitchen appliances from Electrolux. The Cube utilizes professional products and appliances intended for consumer kitchens, including steam ovens and induction hobs.





Photographer: Neil Farnin

Milan

# view

The Cube by Electrolux offers guests a wonderful and unusual dining experience. While enjoying their meal, guests are able to interact and get tips from the best chefs in the world. A substantial number of Michelin-starred restaurants use products from Electrolux.

**Wherever the Cube by Electrolux appears in Europe, it has two key tasks to perform:**

**Strengthening the premium image of the Electrolux brand.** In Belgium, few consumers associated Electrolux with appliances in the premium segments. Through demonstrating the significance Electrolux kitchen appliances have for the very best chefs and restaurants, and by creating this spectacular venue for meeting the products, many Belgians have had their eyes opened to the strong values of the Electrolux brand.

**Creating a venue for dialog with stakeholders.** The Cube provides journalists, distributors and other stakeholders with the opportunity to experience firsthand the design and function of Electrolux products. In Belgium, the daily press and trade papers have written several hundred articles about the Cube and the positive attention generated by the Cube in Milan is almost unachievable via typical marketing channels.

# 100%

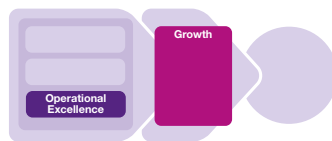
**A sustainable concept**

The Cube features innovative and sustainable architecture and engineering. It is powered by solar and wind energy and 100% of the material used for construction is recyclable. Most food served is organic and locally produced and is prepared utilizing the market's most energy-efficient kitchen equipment – from Electrolux.

---

Brussels | Milan | Stockholm | London... The Cube is travelling around Europe.

---



# Operational excellence

*Electrolux continues to adapt its manufacturing footprint and streamline operations to enhance productivity. The focus lies on global optimization of the business to further reduce costs and raise the rate of growth. In 2011, appliances manufacturers were acquired in Chile and Egypt, which will strengthen the Group's competitiveness.*

**Growth**

- Increase modularization
- Adapt manufacturing capacity
- Optimize purchasing globally

Electrolux is continuing to improve operational excellence by adapting manufacturing capacity, reducing overhead costs and accelerating efforts to capitalize on the Group's global strength and scope.

### Adaptation of manufacturing capacity

The Group's manufacturing restructuring program, launched in 2004, is in the final phase and has yielded annual savings of about SEK 3 billion to date and costs amounting to approximately SEK 8 billion. About 35% of manufacturing in high-cost areas (HCAs) has been moved and more than 60% of the Group's household appliances are currently manufactured in low-cost areas (LCAs) that are close to rapidly growing markets for household appliances.

The sharp decline in recent years of demand for household appliances in the US and Europe has resulted in continued low capacity utilization at Electrolux plants. Electrolux is pursuing a strategy of reducing exposure in mature markets and increasing sales in growth markets. To facilitate this effort and simultaneously raise capacity utilization adjustments of the manufacturing footprint will be extended to 2015. Production will continue to be relocated from primarily Europe and the US to existing units in low-cost areas. The cost of these further measures is anticipated to amount to SEK 3.5 billion and generate savings of at least SEK 1.6 billion, with full effect from 2015. The aim is to optimize manufacturing throughout the world for the respective product categories. In addition to vacuum cleaners and small domestic appliances, conditions exist for global manufacturing of such products as small refrigerators, hoods, hobs, dishwashers and air-conditioning equipment.

### More efficient operations

Aside from continued adaptation of manufacturing, measures are being conducted to support the strategic growth by reducing prod-

uct costs and lowering capital intensity. In late 2009, the Global Operations program was launched in Electrolux. By applying this global initiative, Electrolux will further reduce costs and enhance efficiency. The initiative includes:

- Lower product costs by manufacturing fewer varieties, known as modularization, and greater share of procurement from low-cost areas.
- Reduced capital intensity through the introduction of shared systems and standards that enhance efficiency.
- Higher productivity through such activities as closer cooperation with sub-suppliers.
- Faster and more efficient processes for product development through global, cross-border units for product development, design and marketing.

In 2011, the initiatives started to yield clear results. Manufacturing was optimized and procurement costs reduced at the same time as the roll-out of modularization was accelerated. The initiative is expected to generate annual savings of SEK 3.0 billion with full impact from 2015. Costs are expected amount to SEK 1.0 billion in 2011 and 2012.

Additionally, overhead costs are being reduced across all regions. Activities were initiated in the fourth quarter of 2011 and will generate annual savings amounting to SEK 680m. Total costs of SEK 630m were charged to operating income in 2011.

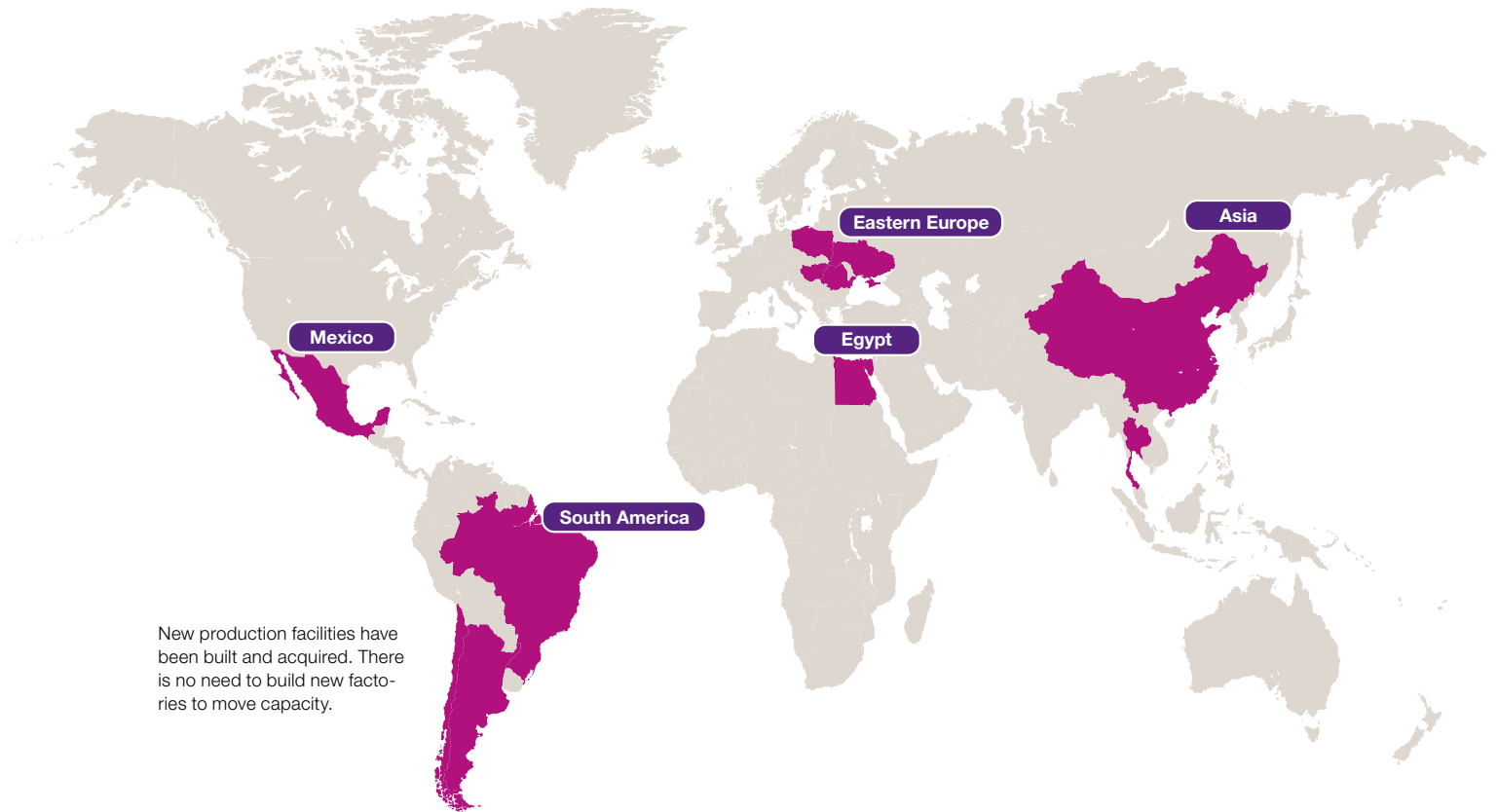
### Continuous improvements with EMS

As part of efforts to improve efficiency, the Group already has a program in place that aims to lower production costs and raise customer satisfaction. Since 2005, the Electrolux Manufacturing System (EMS) has been implemented with great success in the

### Utilizing global strength with consumer focus







New production facilities have been built and acquired. There is no need to build new factories to move capacity.

Group and encompasses all production units. Through continuous improvements, EMS targets employee safety, product quality, costs, inventory reduction and environmental impact.

Electrolux exceeded its 28% energy-reduction target, a year ahead of schedule, saving in the process more than SEK 300m annually in energy costs since 2005.

**Acquisitions to increase competitiveness**

In 2011, Electrolux implemented two important acquisitions aimed at enhancing the Group's competitiveness and contributing to higher sales in growth markets. The acquisition of the Egyptian appliances manufacturer Olympic Group ensures Electrolux a leading position in appliances in the rapidly expanding markets in North Africa and the Middle East. Olympic Group operates ten efficient production plants for appliances. The acquisition of the Chilean appliances manufacturer CTI bolsters the leading position of Electrolux in Latin America. CTI has three production plants for appliances in Chile and Argentina.

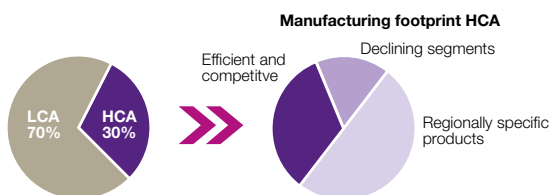
**Greater procurement levels from low-cost areas**

A number of activities have been implemented in recent years to reduce the cost of materials, which account for just over half of the

Electrolux currently has production facilities in 19 countries. Modern, highly-productive plants have been built in recent years in Asia, Mexico and Eastern Europe. In 2011, new measures were implemented in the field of manufacturing. A production line for dishwashers will be discontinued in Kinston, North Carolina, in the US. It was decided to close the operation in L'Assomption, Canada, and relocate this volume to a newly built plant in Memphis, Tennessee, in the US. It was also decided to construct a new refrigerator plant in Rayong, Thailand, to meet the demands of the Southeast Asian market. New manufacturing units were added in Chile, Argentina and Egypt as a consequence of the acquisitions of CTI and Olympic Group.

Group's total costs. The proportion of procurement from low-cost areas will increased from 30% in 2004 to approximately 70% in a couple of years. Since procurement from Asian suppliers is increasing, an Asian procurement organization has been established. The aim is to strengthen the Group's global ability to interact with suppliers, conduct quality controls and responsible sourcing and increase efficiency.

**Target manufacturing footprint by 2015**



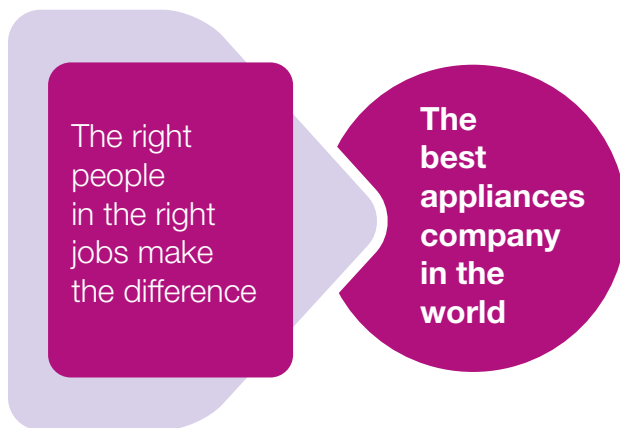
More than 60% of the Group's household appliances are currently manufactured in LCAs near rapidly expanding growth markets. The target is to have 70% of production capacity in LCAs. About 30% of manufacturing capacity will remain in HCAs as there is a need to be close to the end market for region-specific products, such as cookers, top-load washing machines and larger refrigerators and freezers. Production at efficient and competitive plants will not be moved, nor will production of products in declining segments.

LCA = Low cost areas  
HCA = High cost areas



# People

*Electrolux aims to recruit, develop and retain the best talent. Working at Electrolux offers opportunities to pursue a career in a global company with a strong focus on quality, innovation, design and a well-respected approach to sustainability. Each year, the Group's employees help nearly 40 million consumers in more than 150 countries choose a product from Electrolux.*



*"Let us have the courage to make new discoveries and promote them through our actions. And let our old way of thinking be replaced by a new way, a way that leads to even greater performance and fantastic new advancements."*

Axel Wenner-Gren, founder of Electrolux.

A culture of innovation and employees with diverse backgrounds are essential for developing innovative products for different markets.

### The Electrolux corporate culture

The Electrolux corporate culture is imbued with the spirit from the time of its founder, Axel Wenner-Gren. His success was built on proximity to customers and the ability to identify new business opportunities before of others. The Electrolux corporate culture in combination with a strong set of values forms the core of the Group's operations. The employees' passion for innovation, their consumer obsession and motivation to achieve results set Electrolux apart. Respect, diversity, integrity, ethics, safety and the environment characterize all employee actions in their meetings with customers and colleagues around the globe.

Wherever Electrolux operates in the world, the company applies the same high standards and principles of conduct. In 2011, an ethics training program was initiated and the implementation of a whistle-blowing system – the Electrolux Ethics Helpline – was started.

For more information about working at Electrolux, visit [www.electrolux.com/careers](http://www.electrolux.com/careers)

### Employee Engagement Index

Electrolux aims to be the best appliances company in the world as measured by employees, customers and shareholders. The goal is to be recognized as the best appliances company by the company's employees already by 2015. One of the Group's key tools to gauge employee perception of the company is the Employee Engagement Index (EEI). The EEI measures employees' motivation and commitment as well as goal clarity and strategic alignment. The results of the EEI surveys can be compared with the opinions of employees in other companies. The results of the latest survey show that employees are committed to their work and understand how to contribute to the strategy. They appreciate the leadership and the opportunity to influence their work and their personal development. In an external comparison, the results obtained in the latest survey were very positive for Electrolux.



**Passion for Innovation** Innovation is key to our success. We are constantly looking for new opportunities and new ways to go forward. We are always open to better ways of doing things. We are not afraid of taking risks. An innovation may be anything new and different that improves the customer experience or otherwise benefits the customer.

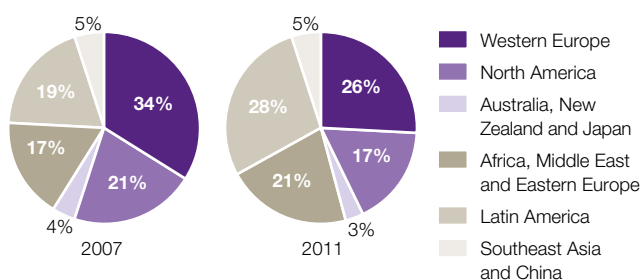


**Customer Obsession** The people who buy and use our products are the sole purpose of our work. We are dependent on them. They do us a favor by choosing our products. Their wants, wishes and views guide our actions.



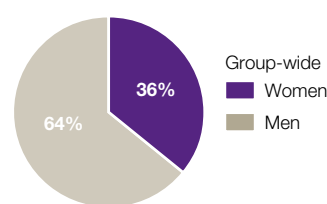
**Drive for Results** We strive for a visible, measurable benefit from everything we do. We do not confuse effort with results, and value matters more to us than mere volume. We focus on the essential and aim at simple, informal, lean and direct ways of doing things.

### Employees by geographical area



Electrolux has approximately 58,000 employees. The Electrolux strategy of accelerating growth in emerging markets has led to rapid increase in the number of employees in, for example, Asia and Latin America in recent years.

### Gender distribution



A number of important tools are available in the Group for employees:

- Leadership development
- Talent Management and succession planning
- OLM, an internal database for vacant positions
- EEI, a web-based personnel survey

## Electrolux Award Day

To become the best appliances company in the world, Electrolux recognizes and awards outstanding employee achievements that drive change and deliver on Group strategy and performance objectives. Whether a team of 20 or two, Electrolux wants to reward great ideas.

Electrolux encourages and rewards outstanding results. One example is through The Electrolux Awards, which consists of seven categories all comprising essential parts of the Group's strategy; Products and services, Brand, Operational Excellence and Sustainability. Below are the winning contributions presented at Electrolux Award Day on February 14, 2012.



President Keith McLoughlin together with the winners at The Electrolux Award Day on February 14, 2012. The Electrolux Award Day is held at Electrolux head office in Stockholm, where all finalists are invited to present their projects to the organization.

## Sustainability Award

Two winners – “Energy Star Partner of the Year” and “Vac from the Sea”. Energy Star Partner of the Year will strengthen Electrolux relationship with customers and other key stakeholders. Vac from the Sea raises awareness about an important environmental issue, the importance of taking care of our plastic waste and our oceans. To read more about Vac from the Sea, see page 41.

## EMS Best Practice Award

The factory in Forli in Italy and the Quality Improvement Oven Assembly team won for demonstrating consistent and innovative progress in driving EMS best practices and for delivering operational excellence in terms of results.

## Digital Marketing Excellence Award

The winner Electrolux Major Appliances China “Mini Blog” campaign is an excellent example of the power of digital marketing in engaging with consumers to build brand awareness and consideration.

## 360 Marketing Excellence Award

The Electrolux Major Appliances Southeast Asia campaign “Moment to Shine” won. The campaign is an outstanding example of how effective 360 Marketing Campaigns can drive business results.

## Product Award

Two winners – Eureka Airspeed and Apollo Maxiklasse. The Eureka Airspeed vacuum cleaner in North America delivers true benefits to the consumers in terms of cleaning results and usability. The Apollo Maxiklasse oven sets a new standard for built-in ovens by addressing consumer needs of cooking results, capacity and cleaning. To read more about Eureka Airspeed, see page 25.

## Industrial Design Award

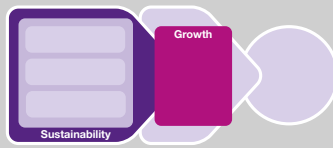
The winner Keyhole Hob from Major Appliances Asia/Pacific was designed by Alex Gray and Scott King. The design concept is a brilliant combination of gas and induction executed in a simple yet striking design. To read more about Keyhole Hob, see page 39.

## Invention Award

Andreas Psilander won for his invention the “Inline Carbonator” which presents an innovative and elegant technical solution for effective water carbonation.

## Customer Care Award

The “Net Promoter Score” team won for the “Net Promoter Score” (NPS) project which is an excellent example of how a simple methodology can bring the voice of the consumer into the heart of the organization across functions and markets. NPS is used to measure consumers' satisfaction with your brands, to benchmark and identify key drivers of satisfaction and dissatisfactions, and to drive continuous improvement.



# Sustainability

*Great business leadership is about meeting today's needs and turning tomorrow's challenges into opportunities. For Electrolux it means growing sustainably with the highest integrity and the best environmental performance.*

**Growth**

- Growing the market for more efficient appliances
- Integrity and efficiency build a sustainable business
- Collaboration along the value chain

Realizing sustainability objectives is core to achieving industry leadership. For Electrolux, the overarching aim of its sustainability work is to improve people's lives by understanding their evolving needs in a changing world and delivering smarter, more resource-efficient solutions.

In 2010, Electrolux launched the strategy to integrate sustainability more deeply into its business. Grounded by measurable targets, the strategy comprises three main areas: how product innovation and promotion take place, how the business is run, and how the company raises awareness of the issues that matter most to its industry and consumers.

**A measured approach**

The strategy continues to deliver impressive results. Electrolux exceeded its energy-reduction target by 8 percentage points, a year ahead of schedule, saving more than SEK 300m annually in energy costs since 2005. The year's activities also focused on internal alignment to the strategy and launching the "Ethics at Electrolux" program. Future InSight, a platform for dialog, was set up to explore how Group contributions can make a difference to consumers, customers, employees, shareholders and the wider world.

The next steps include setting impact-reduction goals for energy, water and chemicals for all major product categories, and making a commitment to further enhance efficiency in operations.

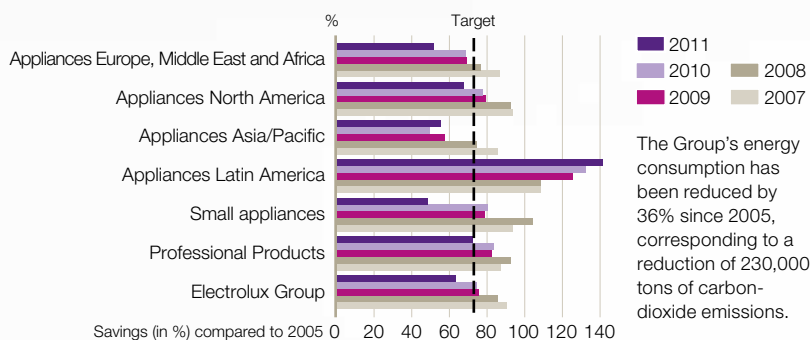
Sustainability leadership requires clarity of vision, global organizational alignment and commitment. Electrolux has demonstrated that it is up to the challenge. In 2011 and for the fifth consecutive year, Electrolux was recognized as leader in its industry sector in the prestigious Dow Jones Sustainability World Index (DJSI). Electrolux thereby ranks among the top 10% of the 2,500 largest companies for social and environmental performance.

## Products, services and markets

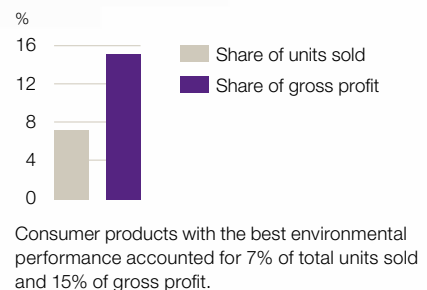
Electrolux is committed to making it easier for consumers to save energy and water by driving innovation and growing the market for appliances that are more efficient across the life cycle.

- The company aims to raise the bar on environmental performance of appliances and is setting long-term targets for reductions in energy, water and chemical use for products in all markets.
- Every business sector has a range of environmentally leading-edge products on offer. Sales of the Group's green ranges, the most energy- and water-efficient appliances, accounted for 7% of sold units and 15% of gross profit.
- Sustainable innovation is among the top four priorities of the R&D program. Criteria for inclusion in the green ranges were raised for laundry products in North America and food preservation in Europe.

**2012 Energy-savings target**



**Global Green Range**



Succeeding in this business is about sustainably improving people's lives by bringing to market more efficient and affordable appliances.

#### UN Global Compact

Electrolux supports the UN Global Compact Ten Principles on human rights, labor, environment and anti-corruption. The Electrolux Code of Ethics, Workplace Code of Conduct, Policy on Bribery and Corruption and Environmental Policy are strongly aligned with these principles.



## People and operations

Electrolux strives to continually improve its operations and way of doing business for the benefit of both people and the environment. Employees also play an active role in sustainability efforts. All employees are expected to adhere to the six guiding sustainability principles known as the "Electrolux foundation", and achieving the targets set in the strategy depends on their commitment.

- The Group Ethics Program, including training and an ethics helpline, was rolled out, beginning with 8,100 employees in Latin America.
- The Group made progress on operational targets, and exceeded the 2012 energy-reduction goal of 28% by 8 percentage points. A new target of a further 3.5% energy reduction will form the basis for activities in 2012. Performance in 2011 was also in line with both the 2014 15% carbon-reduction target for transportation and the 20% water-reduction target.
- In terms of health and safety, the Group's objective for 2016 is to operate 25% of its plants at best practice levels for its industry. In 2011, the accident rate was reduced by 42% this year, thus taking the Group a few steps closer to realizing its vision of achieving accident-free facilities.

## Stakeholders and society

Electrolux is strongly committed to dialog, raising awareness and building partnerships to reinforce trust in the company and develop sustainable solutions along the value chain.

- The company was named US Energy Star Partner of the Year for Appliances.
- Future InSight was launched, which is a strategy report and platform for dialog on the role Electrolux has in tackling global challenges and the opportunities that exist by doing so.
- The Group created partnerships with stakeholders across the value chain, for example, by engaging suppliers in the Group's energy-reduction activities and actively participating in the development of smart grid technology.

Read more in the comprehensive Sustainability Report based on GRI criteria, available in the online Annual Report.



# Financial goals over a business cycle

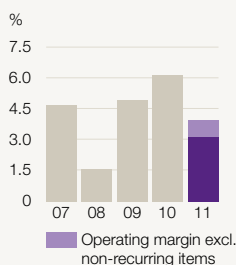
*The financial goals of Electrolux are intended to enable the generation of shareholder value. In addition to maintaining and strengthening the Group's leading global position in the industry, achieving these goals contributes to generating a healthy total return for Electrolux shareholders. The weak demand trend in the Group's major markets resulted in the achievement of only one of the four goals in 2011.*

## Operating margin of at least 6%

In 2011, Electrolux achieved an operating margin of 3.9%, excluding items affecting comparability and non-recurring costs. The lower operating margin compared with the preceding year was due to weaker demand in mature markets, price pressure, higher costs for raw materials and non-recurring costs. Electrolux aims to improve its profitability by maintaining its focus on innovative products, strong brands, operational excellence and higher sales in profitable product categories and rapidly growing markets. The Group's operating margin will continue to fluctuate due to changes in general economic conditions and trends in the household-appliances market. Electrolux specifies an average goal for its operating margin measured over a business cycle.



**Operating margin**



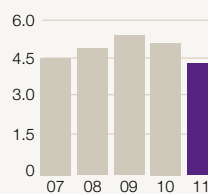
Operating margin, excluding items affecting comparability and non-recurring costs, amounted to 3.9% (6.1). Weak demand in mature markets, price pressure and increased costs for raw materials had a negative impact.



## Capital-turnover rate of at least four

Electrolux strives for an optimal capital structure in relation to the Group's goals for profitability and growth. Extensive investment has been made in new, modern production facilities in low-cost areas, and production has been discontinued in high-cost areas. In recent years, efforts to reduce working capital have been intensified. This has involved reviewing all aspects, from supplier contracts and inventory management to invoicing of customers. It has resulted in a lower level of structural working capital in the Group, meaning the share of capital that is not affected by changes in business conditions, and a stronger cash flow. Reducing the amount of capital tied up in operations creates opportunities for rapid and profitable growth. The capital-turnover rate amounted to 4.3 in 2011, which surpassed the goal.

**Capital-turnover rate**



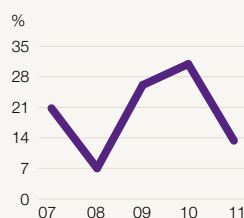
The capital-turnover rate was 4.3 (5.1) and was above target. The decline in capital-turnover for 2010 relates to extra pension contributions of SEK 4 billion. Capital-turnover rates for 2011 have been impacted by the acquisitions of Olympic Group and CTI in 2011.

## Return on net assets of at least 25%

Focusing on growth with sustained profitability and a small but effective capital base enables Electrolux to achieve a high long-term return on capital. With an operating margin in excess of 6% and a capital-turnover rate of at least 4, Electrolux would achieve a return on net assets (RONA) of at least 25%. The figure reported for 2011 was 13.5%, which was lower than the goal. Net assets have been impacted by the acquisitions of CTI and Olympic Group.

> 25%

### Return on net assets



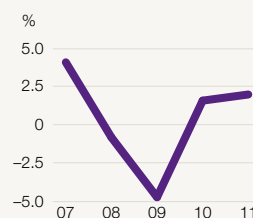
The return on net assets was 13.5% (31,0) excluding items affecting comparability. Net assets have been impacted by the acquisitions of Olympic Group and CTI and non-recurring items.

> 4%

## Average growth of at least 4% annually

Net sales growth including acquisitions amounted to 1.9% measured in comparable currencies. The weak demand trend in the Group's largest markets, Europe and the US, impacted sales negatively. In order to achieve higher growth than the market, Electrolux continues to strengthen its positions in the premium segment, expand in profitable high-growth product categories, increase sales in growth areas and develop service and aftermarket operations. In addition to organic growth, opportunities exist for implementing the Group's growth strategy more rapidly, through acquisitions or the establishment of business partnerships. In 2011, the Group implemented two strategically important acquisitions in rapidly growing markets that will ultimately contribute to higher organic growth. Through the acquisition of the Egyptian appliances manufacturer Olympic Group, Electrolux gains a market-leading position in North Africa and the Middle East. The acquisition of the Chilean appliances manufacturer CTI further improves the Group's leading position in Latin America.

### Sales growth



Net sales increased by 1.9% in comparable currencies. Acquisitions had an impact on net sales by 1.7%.

Key ratios are excluding items affecting comparability.

# Our achievements

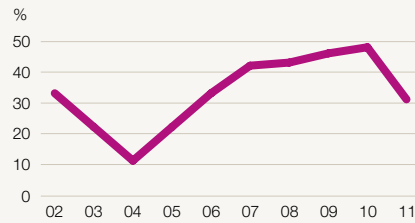
*Electrolux has made a dynamic transformation into an innovative consumer-focused company and changed its operations around the world as described in the annual reports between 2006 and 2010. The Group's current strategy is to grow in growth markets. Read more about the Electrolux growth strategy in Southeast Asia on page 54.*

## 2006



We have transformed the floor-care business.

### Return on net assets for Small Appliances



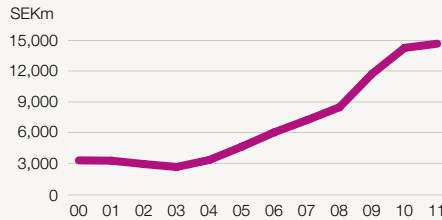
The market for floor-care products underwent rapid changes at the end of the 1990s. Severe competition and low profitability generated intensive pressure for change. This led to a vigorous transformation of the Group's operations, which thereafter have demonstrated highly favorable development. The return on net assets has been affected by the acquisition of CTI in 2011.

## 2007



Turnaround of the Brazilian operation.

### Rapid growth in Brazil



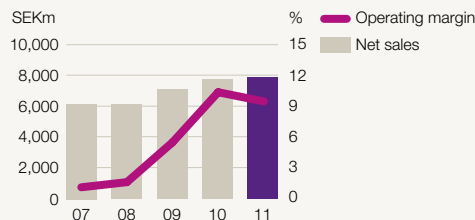
Electrolux entered the Brazilian appliances market in 1996 by acquiring Refripar, one of the largest appliances producers in the country. Refripar's products were positioned in the low-price segment, and the company had high production costs. Today, Electrolux is one of the leading appliances brands in Brazil, with a high rate of growth and favorable profitability.

## 2008



Success in Australia.

### Net sales and operating margin, Major Appliances Asia/Pacific



In Australia, the Group has turned around an unprofitable appliances business acquired in 2001 by focusing on new products in the high-price segments, building the Electrolux brand and by restructuring and improving production efficiency.

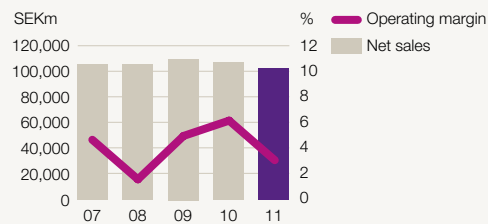


## 2009



On the right track through the recession.

### Net sales and operating margin



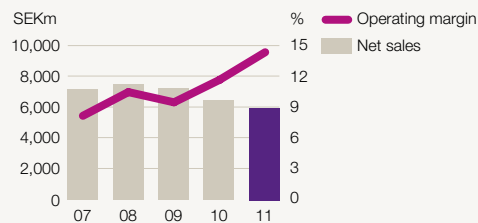
Electrolux performance during the recession proves the effectiveness of the strategy. Innovative products, investment in the Electrolux brand and a focus on strong cash flow and greater cost efficiency have paid off. Electrolux emerged stronger than ever from the recession.

## 2010



Transformation of Professional Products.

### Net sales and operating margin, Professional Products



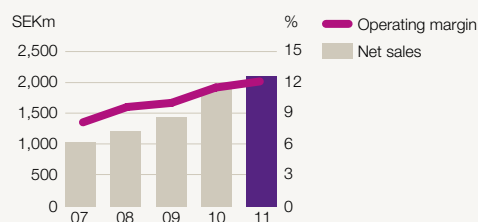
A high pace of innovation and improved cost efficiency, combined with a global premium brand and a global service network, generated a record-high operating margin for Professional Products.

## 2011



Profitable and fast-growing operations in Southeast Asia.

### Net sales and operating margin, Southeast Asia



With a strong brand, products adapted to the specific needs of the region and effective marketing and distribution, Electrolux has grown rapidly with high profitability in Southeast Asia.

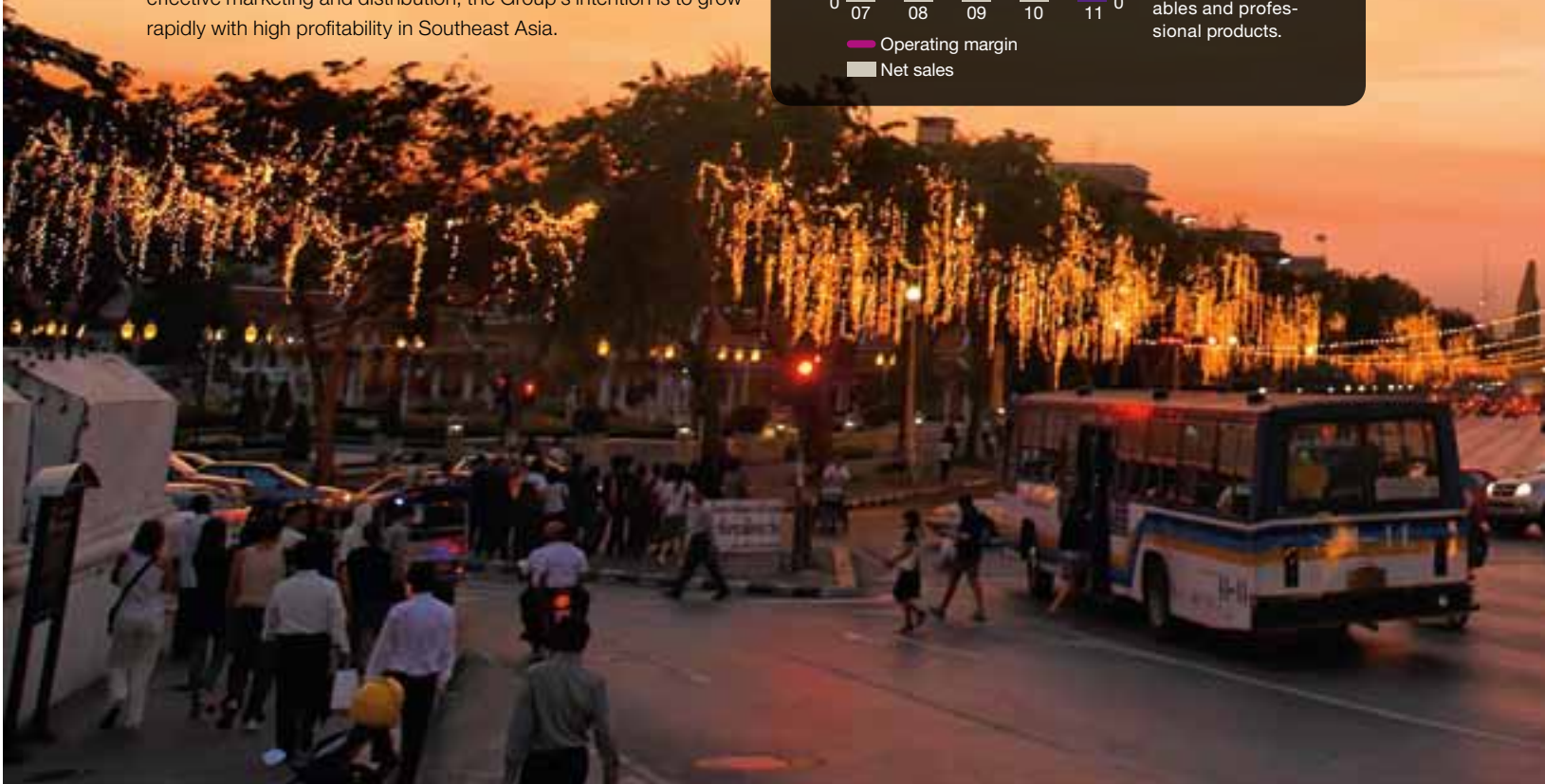
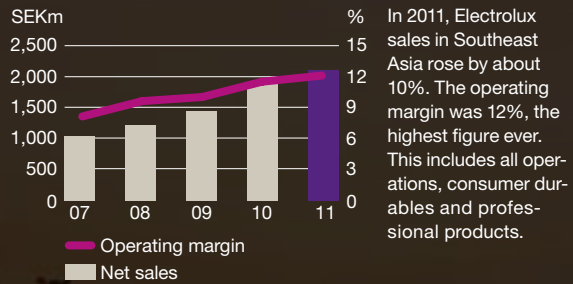
Electrolux in Southeast Asia

# Profitable and fast-growing operations

*Electrolux has been active in the Southeast Asian market since the end of the 1970s, primarily through sales of vacuum cleaners, but also through sales of appliances via distributors and products for professional users. The operations have grown in pace with the rapidly expanding economies in the region.*

The Electrolux brand was positioned in the premium segment from the very start. The focus has been on establishing a strong position in a range of market niches in order to create a platform for broader expansion. The market-leading position in front-load washing machines that Electrolux established at an early stage has facilitated growth in kitchen appliances. In 2011, sales increased by approximately 10% with an operating margin of 12%. Through a strong brand, products adapted to the specific needs of the region and effective marketing and distribution, the Group's intention is to grow rapidly with high profitability in Southeast Asia.

**Net sales and operating margin, Southeast Asia**



**1 Investments in a strong brand...**

In Southeast Asia, price has traditionally played a greater role in purchasing decisions than brand, but the rapidly emerging middle class in cities is increasingly choosing products in the premium segment, and preferably from European producers. These consumers adapt fast to new technology. Large products such as refrigerators are often placed in living rooms, so pleasing design is important. The Group's strategy has always been to launch innovative products in the higher price segments under the Electrolux brand. As a result, the Group now holds a strong position in the premium segment in all countries throughout the region, and a brand that is associated with European quality.

**2 ...more innovative products adapted to the needs of Asian households...**

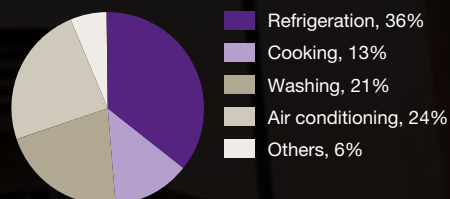
The innovative products that Electrolux has developed for the specific needs of Southeast Asian households in regard to temperature, humidity and cuisine have led to substantial growth and increasing market shares. Electrolux has focused on a limited and strong offering in front-load washing machines, for example, and built-in appliances for the kitchen. The platform created by these offerings provides more scope for a broader product expansion in the future. In 2012, Electrolux will launch new, innovative refrigerators, top-load washing machines and free-standing cookers in the premium segment.

- 1 Establish Electrolux as a premium brand throughout the entire region.
- 2 Invest in new products adapted to the needs of Asian consumers and broaden the product offering.
- 3 Create effective marketing campaigns and increased presence in stores.
- 4 Establish competitive close-to-market production and efficient distribution.

#### High growth

Southeast Asia comprises Singapore, Vietnam, Indonesia, the Philippines, Malaysia and Thailand. This region, with a total of 523 million inhabitants, is experiencing rapid urbanization and intense population growth. In 2010, the average GDP per capita was USD 3,400 and this is expected to continue to increase rapidly over the coming years. As prosperity increases, consumers will prioritize refrigerators, washing machines and air-conditioning equipment. Among the fast-growing middle class in cities, demand for household appliances in the higher price segments is increasing.

#### Shares of appliances market



#### 3 ...direct store sales and strong campaigns...

Asian consumers often make purchasing decisions in stores. Electrolux has built up an efficient sales organization to take care of customers in stores, and to demonstrate product features. Competition for customers is often intense, which means that store personnel require the support of strong marketing campaigns and smart visual merchandising. Close collaboration with leading retailers in the region is part of the Group's strategy for increasing sales.



#### 4 ...with efficient production and distribution...

Most appliances sold by Electrolux in the region are produced in the Group's modern and efficient plants in Thailand. The high quality of the products is reflected by the record-low need for service in 2011. During the year, a decision was made concerning the construction of a new refrigerator plant in Rayong in Thailand to meet growing demand in the region. Focus also lies on the continued reduction of working capital to free resources for investment in new products and more marketing.



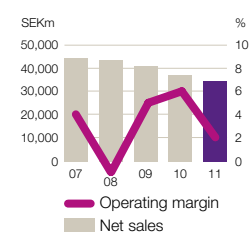
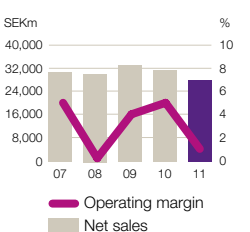
#### ...will ensure continued profitable growth.

A strong brand, a broader product offering and even closer collaboration with retailers in the region will lead to continued rapid growth and high profitability.

# Business areas in brief 2011

These are Electrolux business areas. Customer needs and functional preferences for products are becoming increasingly global. However, there are structural differences between the markets in which Electrolux operates. What distinguishes these markets, and what is driving growth? What does Electrolux focus on?

## Major Appliances

	Europe, Middle East and Africa	North America
		
	<b>Jonas Samuelson</b> Head of Europe, Middle East and Africa	<b>Jack Truong</b> Head of North America
<b>Average number of employees</b>	<b>20,847</b>	<b>11,174</b>
<b>Share of sales and share of operating income</b>	Share of sales: 33% Share of operating income: 22%	Share of sales: 27% Share of operating income: 8%
<b>Electrolux organic growth strategy</b>	<ul style="list-style-type: none"> <li>• Grow in specific product categories, e.g., built-in products.</li> <li>• Grow in growth markets as Eastern Europe, Middle East and Africa</li> <li>• Promote water- and energy-efficient products.</li> <li>• Expand product offering.</li> </ul>	<ul style="list-style-type: none"> <li>• Gain a strong, long-term position in the profitable premium segment.</li> <li>• Channel expansion.</li> <li>• Expand product offering.</li> <li>• Promote water- and energy-efficient products.</li> </ul>
<b>Market growth</b>	<ul style="list-style-type: none"> <li>• Total demand for the European market was unchanged in 2011. Demand in Western Europe declined by 3%. Demand in Eastern Europe rose by 9%, mainly as a result of increased demand in Russia.</li> </ul>	<ul style="list-style-type: none"> <li>• Total demand declined by 4%. Room air-conditioners showed strong growth, rising by almost 20%.</li> </ul>
<b>Electrolux market share</b>	Core Appliances in Western Europe: <b>16%</b> Core Appliances in Eastern Europe: <b>14%</b> Appliances in Egypt: <b>30%</b>	Major Appliances <b>21%</b>
<b>Market characteristics, drivers and distribution channels</b>	<p>Market characteristics</p> <ul style="list-style-type: none"> <li>• Complex market with different brands in different countries with different consumer patterns.</li> <li>• Low level of consolidation among manufacturers.</li> </ul> <p>Drivers</p> <ul style="list-style-type: none"> <li>• Replacement.</li> <li>• New housing and renovations.</li> <li>• Design.</li> <li>• Energy- and water-efficient products.</li> <li>• Improved household purchasing power in Eastern Europe, Middle East and Africa.</li> </ul> <p>Distribution channels</p> <ul style="list-style-type: none"> <li>• Many small, local and independent retailers.</li> <li>• Growing share of sales through kitchen specialists.</li> </ul>	<p>Market characteristics</p> <ul style="list-style-type: none"> <li>• Similar consumer patterns across the market.</li> <li>• High level of consolidation among producers and retailers.</li> </ul> <p>Drivers</p> <ul style="list-style-type: none"> <li>• Replacement.</li> <li>• New housing and renovations.</li> <li>• Design.</li> <li>• Energy- and water-efficient products.</li> </ul> <p>Distribution channels</p> <ul style="list-style-type: none"> <li>• Kitchen specialists such as those in Europe account for only a small share of the market.</li> <li>• The four largest retailers account for 70% of the market.</li> </ul>
<b>Major competitors</b>	Bosch-Siemens, Indesit, Whirlpool.	Whirlpool, General Electric, LG, Samsung.
<b>2011 in brief</b>	<ul style="list-style-type: none"> <li>• Olympic Group was acquired. Operating income declined mainly because of lower sales prices and a negative country mix due to higher sales in Eastern Europe and lower sales in Western Europe. Product mix improved as a result of the successful launch of new premium products. Higher costs for raw materials and reduction of staffing levels had an adverse impact on operating income.</li> </ul>	<ul style="list-style-type: none"> <li>• Sales decreased due to lower sales volumes. Operating income declined mainly due to lower sales volumes and reduced capacity utilization in production. Increased costs for raw materials, sourced products and transportation had a negative impact on operating income.</li> </ul>
<b>Net sales and operating margin</b>		


Small Appliances

Professional Products

Latin America	Asia/Pacific	Small Appliances	Professional Products
<p><b>Ruy Hirschheimer</b> Head of Latin America</p> 	<p><b>Gunilla Nordström</b> Head of Asia/Pacific</p> 	<p><b>Henrik Bergström</b> Head of Small appliances</p> 	<p><b>Alberto Zanata</b> Head of Professional Products</p> 
<p><b>11,537</b></p>	<p><b>3,296</b></p>	<p><b>2,572</b></p>	<p><b>2,581</b></p>
<p>Share of sales: 18% Share of operating income: 26%</p> 	<p>Share of sales: 8% Share of operating income: 23%</p> 	<p>Share of sales: 8% Share of operating income: 17%</p> 	<p>Share of sales: 6% Share of operating income: 27%</p> 
<ul style="list-style-type: none"> <li>Grow in markets outside Brazil, such as Argentina and Mexico. Strengthen the position in Brazil.</li> <li>Expand product offering.</li> </ul>	<ul style="list-style-type: none"> <li>Grow in the premium segment.</li> <li>Promote water- and energy-efficient products.</li> <li>Grow in Southeast Asia.</li> <li>Invest in new products adapted to the needs of Asian consumers and broaden the product offering.</li> </ul>	<ul style="list-style-type: none"> <li>Capture the growth in emerging markets.</li> <li>Grow in small domestic appliances.</li> <li>Grow in the premium segment.</li> <li>Expand product offering.</li> </ul>	<ul style="list-style-type: none"> <li>Investments in product development and concentration of product portfolio.</li> <li>Focus on Electrolux as a global premium brand.</li> <li>Development of a global service network.</li> </ul>
<ul style="list-style-type: none"> <li>Strong growth across the whole region as a result of improved household purchasing power.</li> </ul>	<ul style="list-style-type: none"> <li>Market demand for appliances in Australia increased somewhat. Market demand in Southeast Asia and China showed a considerable increase.</li> </ul>	<ul style="list-style-type: none"> <li>Demand for vacuum cleaners declined in Europe and North America. Demand for small domestic appliances grew strongly in several markets, e.g., in Latin America.</li> </ul>	<ul style="list-style-type: none"> <li>Global demand is estimated to have declined somewhat.</li> </ul>
<ul style="list-style-type: none"> <li>Electrolux has a leading position in Brazil.</li> <li>Through the acquisition of CTI, The Group has the number one position in Chile and a leading position in Argentina.</li> </ul>	<p>Core appliances <b>41%</b> in Australia. Small but growing market share in Southeast Asia.</p>	<p>Leading position in markets such as Latin America, Europe and North America.</p>	<p><b>Food service 9%</b> in Western Europe. <b>Laundry 22%</b> in Western Europe.</p>
<p>Market characteristics</p> <ul style="list-style-type: none"> <li>Majority of production is domestic due to high import tariffs and logistic costs.</li> <li>Relatively high level of consolidation among producers.</li> </ul> <p>Drivers</p> <ul style="list-style-type: none"> <li>Improved household purchasing power.</li> <li>Growing middle class.</li> </ul> <p>Distribution channels</p> <ul style="list-style-type: none"> <li>High level of consolidation among retailers, especially in Brazil.</li> </ul>	<p>Market characteristics</p> <ul style="list-style-type: none"> <li>No clear market leader in the region as a whole. Relatively high level of consolidation in Australia and China.</li> <li>Southeast Asian consumers find European brands appealing, but their market shares are still small.</li> </ul> <p>Drivers</p> <ul style="list-style-type: none"> <li><b>Asia</b> Improved household purchasing power. Growing middle class.</li> <li><b>Australia</b> Replacement, new housing and renovations. Design. Water-efficient products.</li> </ul> <p>Distribution channels</p> <ul style="list-style-type: none"> <li><b>Asia</b> Majority of sales through small, local stores. In urban areas, a large proportion of appliances is sold through department stores, superstores and retail chains. In China, two major retailers dominates the market.</li> <li><b>Australia</b> Five large retail chains account for approximately 90% of the market.</li> </ul>	<p>Market characteristics</p> <ul style="list-style-type: none"> <li>Globalized industry. The majority of production occurs in low-cost areas.</li> </ul> <p>Drivers</p> <ul style="list-style-type: none"> <li>Growth markets: Rising income levels and increased demands on hygiene.</li> <li>Mature markets: Replacement, design and innovations. Need of compact products due to growing number of small households.</li> </ul> <p>Distribution channels</p> <ul style="list-style-type: none"> <li>Majority of sales at department stores, superstores or through retail chains.</li> </ul>	<p>Market characteristics</p> <ul style="list-style-type: none"> <li><b>Food service</b> Half of all equipment is sold in North America. European market is dominated by many small independent restaurants.</li> <li><b>Laundry</b> Five largest producers represent approximately 55% of the global market.</li> </ul> <p>Drivers</p> <ul style="list-style-type: none"> <li>Energy- and water-efficient products. US restaurant chains expanding. Replacement. Growing population.</li> </ul> <p>Distribution channels</p> <ul style="list-style-type: none"> <li><b>Food service</b> High consolidation of dealers in North America. Fragmented market in Europe.</li> <li><b>Laundry</b> Great proportion of direct sales although trend is towards a growing share of sales through dealers.</li> </ul>
<p>Whirlpool, Mabe.</p>	<p>Fischer &amp; Paykel, Samsung, LG, Haier, Panasonic, Midea.</p>	<p>Dyson, Miele, Bosch-Siemens, Samsung, LG, SEB Group, Whirlpool, Black &amp; Decker, Philips, TTI Group (Dirt Devil, Vax and Hoover), Bissel.</p>	<p>Ali Group, Rational, Primus, ITW, Alliance.</p>
<ul style="list-style-type: none"> <li>Sales rose as a result of higher sales volumes and Electrolux continued to capture market shares in Brazil and in other Latin American markets. Sales have been positively impacted by the acquisition of CTI. Operating income declined due to a weaker customer mix and increased costs for raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>Sales declined in Australia, primarily as a result of price pressure in the market. Sales in Southeast Asia and China continued to display strong growth and Electrolux market shares are estimated to have grown. The operations in Southeast Asia continued to demonstrate favorable profitability throughout 2011.</li> </ul>	<ul style="list-style-type: none"> <li>Increased sales of premium vacuum cleaners in Europe and the Airspeed product range in North America as well as strong sales growth for cordless handheld vacuum cleaners in most regions had a positive impact on the product mix. Operating income declined due to lower sales prices and increased costs for sourced products.</li> </ul>	<ul style="list-style-type: none"> <li>Operating income for food-service equipment deteriorated due to lower sales volumes primarily in Southern Europe, where Electrolux commands a strong position. Operating income for laundry equipment improved as a result of price increases and higher sales volumes. Operating income for the whole business area improved.</li> </ul>
			

# Group Management

## Keith McLoughlin

 **President and Chief Executive Officer**

Born 1956. B.S. Eng. In Group Management since 2003.

Senior management positions within DuPont in USA, 1981–2003. Vice-President and General Manager of DuPont Norwovens, 2000–2003, and of DuPont Corian, 1997–2000. Joined Electrolux as Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004–2007. Chief Operations Officer Major Appliances, 2009. President and Chief Executive Officer of AB Electrolux, 2011.

**Board Member** of Briggs & Stratton Corporation.

**Holdings** in AB Electrolux: 63,913 B-shares.



## Henrik Bergström

 **Head of Small Appliances, Executive Vice-President**

Born 1972. M. Sc. in Business Administration and Economics. In Group Management since 2010.

Business Development and General Management positions within Electrolux Major Appliances Latin America, 1997–2002. Managing Director of Electrolux in Latin America and Caribbean, 2002–2008. Vice-President and General Manager for three business areas in Electrolux Major Appliances North America, 2008–2010. Head of Electrolux Asia Sourcing Operations, 2009–2010. Head of Small Appliances and Executive Vice-President of AB Electrolux, 2010.

**Holdings** in AB Electrolux: 6,621 B-shares.



## Jan Brockmann

 **Chief Technology Officer, Senior Vice-President**


Born 1966. M. Sc. in Mechanical Engineering, M.B.A. In Group Management since 2011.

Management positions within Valeo Group, 1994–1999. Project Manager in Roland Berger Strategy Consultants GmbH, 2000–2001. Senior management positions within Volkswagen Group, 2001–2010. Joined Electrolux as Head of R&D, Major Appliances, 2010. Group Chief Technology Officer, 2011.

**Holdings** in AB Electrolux: 1,999 B-shares.



## Tomas Eliasson

 **Chief Financial Officer, Senior Vice-President** as of February 13, 2012.


Born 1962. B. Sc. in Business Administration and Economics. In Group Management since 2012.

Management positions within ABB Group, 1987–2002. Chief Financial Officer in Seco Tools AB, 2002–2006. Chief Financial Officer of ASSA ABLOY AB, 2006–2012.

**Holdings** in AB Electrolux: 0 shares.



## Ruy Hirschheimer

 **Head of Major Appliances Latin America, Executive Vice-President**

Born 1948. M.B.A. Doctoral Program in Business Administration. In Group Management since 2008.

Executive Vice-President of Alcoa Aluminum in Brazil, 1983–1986. President and CEO of J.I. Case Brazil, 1990–1994. President and CEO of Bunge Foods, 1994–1997. Senior Vice-President of Bunge International Ltd. in USA, 1997–1998. Joined Electrolux as Head of Brazilian Major Appliances operations, 1998. Head of Major Appliances Latin America, 2002. Executive Vice-President of AB Electrolux, 2008.

**Holdings** in AB Electrolux: 35,877 B-shares.



## MaryKay Kopf

 **Chief Marketing Officer, Senior Vice-President**

Born 1965. B.S. Finance, M.B.A. In Group Management since 2011.

Senior management positions within DuPont in North America, Europe, Middle East and Africa, and globally, 1991–2003. Joined Electrolux in 2003 as Vice-President Brand Marketing, Major Appliances North America, 2003. Group Chief Marketing Officer, 2011.

**Holdings** in AB Electrolux: 4,136 B-shares.



## Stefano Marzano

 **Chief Design Officer, Senior Vice-President** as of January 10, 2012


Born 1950. Doctorate in architecture. In Group Management since 2012.

Senior designer, Philips-IRE Major Domestic Appliances Division, 1973–1978. Design Group Leader, Philips Data Systems and Telecommunications Division, 1978–1982. Director, Philips-Ire Design Centre (Major Domestic Appliances Division), 1982–1989. Vice-President and Head of Corporate Industrial Design, Whirlpool International (a Whirlpool and Philips joint venture), 1989–1991. Executive Vice-President and Chief Design Officer, Philips, 1991–2011. Joined Electrolux as Group Chief Design Officer, 2012.

**Holdings** in AB Electrolux: 0 shares (January 10, 2012).



## Gunilla Nordström

 **Head of Major Appliances Asia/Pacific, Executive Vice-President**

Born 1959. M. Sc. in Group Management since 2007.

Senior management positions within Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice-President of Sony Ericsson Mobile Communications AB, 2005–2007. Joined Electrolux as Head of Major Appliances Asia/Pacific and Executive Vice-President of AB Electrolux, 2007.

**Board Member** of Atlas Copco AB.

**Holdings** in AB Electrolux: 6,166 B-shares.



## Lars Worsøe Petersen

### **Head of Human Resources and Organizational Development, Senior Vice-President**

Born 1958. M.Econ. In Group Management since 2011.

Joined Electrolux as head of Human Resources Electrolux in Denmark, 1994. Vice-President Human Resources within Electrolux Major Appliances Europe, 1999–2000. Head of Electrolux Holding A/S in Denmark, 2000–2002. Head of Human Resources for Electrolux Major Appliances North America, 2002–2005. Head of Group Staff Human Resources at Husqvarna AB, 2005–2011. Rejoined Electrolux as Head of Group Staff Human Resources and Organizational Development, 2011.

**Holdings** in AB Electrolux: 0 shares.



## Jonas Samuelson

### **Head of Major Appliances Europe, Middle East and Africa, Executive Vice-President**

Born 1968. M. Sc. in Business Administration and Economics. In Group Management since 2008.

Business development and finance positions within General Motors in USA, 1996–1999. Treasurer and Director of Commercial Finance and Business Support in Saab Automobile AB, 1999–2001. Senior management positions within controlling and finance in General Motors North America, 2001–2005. Chief Financial Officer of Munters AB, 2005–2008. Chief Financial Officer of AB Electrolux, 2008–2011 as well as Chief Operations Officer and Head of Global Operations Major Appliances during 2011. Head of Major Appliances Europe, Middle East and Africa and Executive Vice-President of AB Electrolux, 2011.

**Board Member** of Polygon AB.

**Holdings** in AB Electrolux: 5,004 B-shares.



## Jack Truong

### **Head of Major Appliances North America, Executive Vice-President**

Born 1962. Ph.D. Chem. Eng. In Group Management since 2011.

Research & Development and Business Management positions within 3M in USA, 1989–1997. Business Director, 3M Home Care Business, Europe, Middle East and North Africa, 1997–2001. Managing Director of 3M Thailand Ltd., 2001–2003. Vice-President and General Manager of 3M Global Office Supplies Division, 2003–2009. Vice-President and General Manager of 3M Global Construction and Home Improvement Division, 2009–2011. Joined Electrolux as Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2011.

**Holdings** in AB Electrolux: 0 shares.



## Cecilia Vieweg

### **General Counsel, Senior Vice-President**

Born 1955. B. of Law. In Group Management since 1999.

Attorney of Berglund & Co Advokatbyrå, 1987–1990. Corporate Legal Counsel of AB Volvo, 1990–1992. General Counsel of Volvo Car Corporation, 1992–1997.

Attorney and partner of Wahlin Advokatbyrå, 1998. Joined Electrolux as Senior Vice-President and General Counsel, with responsibility for legal, intellectual property, risk management and security matters, 1999.

**Board Member** of Vattenfall AB, PMC Group AB and member of the Swedish Securities Council.

**Holdings** in AB Electrolux: 14,410 B-shares.



## Alberto Zanata

### **Head of Professional Products, Executive Vice-President**

Born 1960. University degree in Electrical Engineering with Business Administration. In Group Management since 2009.

Joined Electrolux Professional Products, 1989. Senior management positions within factory management, marketing, product management and business development, 1989–2002. Head of Professional Products in North America, 2003–2008. Head of Professional Products and Executive Vice-President of AB Electrolux, 2009.

**Holdings** in AB Electrolux: 16,364 B-shares.



### Changes in Group Management

**Tomas Eliasson** joined Electrolux in February 2012 as Chief Financial Officer. His predecessor, Jonas Samuelson, has been appointed Head of Major Appliances Europe, Middle East and Africa. Enderson Guimarães, the former head of this business area, has left the Group.

**Stefano Marzano** joined Electrolux as Chief Design Officer in January 2012.

**Lars Worsøe Petersen**, Head of Human Resources and Organizational Development, joined Electrolux in October 2011. He succeeded Carina Malmgren Heander, who heads a new business unit of domestic products based on professional solutions.

**Jack Truong** joined Electrolux in August 2011 as Head of Major Appliances North America. He succeeded Kevin Scott, who left the Group.

**MaryKay Kopf** was appointed Chief Marketing Officer in February 2011.

**Jan Brockmann** was appointed Chief Technology Officer in February 2011.

Holdings in AB Electrolux as of December 31, 2011. The information is regularly updated at [www.electrolux.com/group-management](http://www.electrolux.com/group-management)

# Board of Directors and Auditors



**Marcus Wallenberg**

**Chairman**

Born 1956. B. Sc. of Foreign Service. Elected 2005. Member of the Electrolux Remuneration Committee.

**Board Chairman** of LKAB, SEB (Skandinaviska Enskilda Banken AB) and Saab AB. Board Member of AstraZeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited.

**Previous positions:** President and CEO of Investor AB, 1999–2005. Executive Vice-President of Investor AB, 1993–1999.

**Holdings** in AB Electrolux: 5,000 B-shares. Through company: 50,000 B-shares. Related party: 1,000 B-shares. 11,282 Synthetic shares<sup>1</sup>.



**Peggy Bruzelius**

**Deputy Chairman**

Born 1949. M. Econ. Hon. Doc. in Econ. Elected 1996. Chairman of the Electrolux Audit Committee.

**Board Chairman** of Lancelot Asset Management AB. Board Member of Axfood AB, Akzo Nobel nv, Husqvarna AB, Syngenta AG and Diageo Plc.

**Previous positions:** Executive Vice-President of SEB (Skandinaviska Enskilda Banken AB), 1997–1998. President and CEO of ABB Financial Services AB, 1991–1997.

**Holdings** in AB Electrolux: 6,500 B-shares. 3,878 Synthetic shares<sup>1</sup>.



**Lorna Davis**

Born 1959. Bachelor of Social Science and Psychology. Elected 2010. Member of the Electrolux Remuneration Committee.

Senior Vice-President and Global Biscuits Category Head within Kraft Foods since 2011.

**Board Chairman** of Kraft Foods China.

**Previous positions:** President of Kraft Foods China, 2007–2011. Senior positions within the food industry, mainly within Danone in China and the UK.

**Holdings** in AB Electrolux: 2,000 B-shares. 1,334 Synthetic shares<sup>1</sup>.



**Hasse Johansson**

Born 1949. M. Sc. in Electrical Engineering. Elected 2008. Member of the Electrolux Audit Committee.

**Board Chairman** of Dynamate Industrial Services AB, Lindholmen Science Park AB, Alelion Batteries AB and VINNOVA (Swedish Governmental Agency for Innovation Systems). Board Member of Fouriertransform AB, Skyllbergs Bruk AB and Calix Group AB.

**Previous positions:** Executive Vice-President and Head of R&D of Scania CV AB, 2001–2009. Founder of Mecel AB (part of Delphi Corporation). Senior management positions within Delphi Corporation, 1990–2001.

**Holdings** in AB Electrolux: 4,000 B-shares. 6,699 Synthetic shares<sup>1</sup>.



**John S. Lupo**

Born 1946. B. Sc. in Marketing. Elected 2007.

**Board Member** of Citi Trends Inc. and Cobra Electronics Corp., USA.

**Previous positions:** Principle of Renaissance Partners Consultants, 2000–2008. Executive Vice-President of Basset Furniture, 1998–2000. Chief Operating Officer of Wal-Mart International, 1996–1998. Senior Vice-President Merchandising of Wal-Mart Stores Inc., 1990–1996.

**Holdings** in AB Electrolux: 1,200 ADR<sup>2</sup>. 0 Synthetic shares<sup>1</sup>.



**Keith McLoughlin**

Born 1956. B.S. Eng. Elected 2011.

President and CEO of AB Electrolux as of January 1, 2011.

**Board Member** of Briggs & Stratton Corporation.

**Previous positions:** Senior positions within Electrolux: Head of Major Appliances North America and Executive Vice-President of AB Electrolux, 2003; also Head of Major Appliances Latin America, 2004–2007; Chief Operations Officer Major Appliances, 2009. Senior management positions within DuPont, USA, 1981–2003.

**Holdings** in AB Electrolux: 63,913 B-shares. 0 Synthetic shares<sup>1</sup>.



**Ulrika Saxon**

Born 1966. Studies in Economics at Stockholm School of Economics. Elected 2011. President of Bonnier Tidskrifter AB since 2005 and member of Bonnier AB group management.

**Board Chairman** of Svensk Filmindustri, SF Bio, Bonnier Publications in Denmark, Bonnier International Magazines, Mediafy and Mag+. Board Member of several companies within the Bonnier Group, among others, Dagens Nyheter and Bonnier Corporation in USA.

**Previous positions:** Senior positions in various companies within the Bonnier Group since 1998 and in Matsgård Media, 1991–1998.

**Holdings** in AB Electrolux: 1,000 B-shares. 0 Synthetic shares<sup>1</sup>.



**Torben Ballegaard Sørensen**

Born 1951. M.B.A. Elected 2007. Member of the Electrolux Audit Committee.

**Board Member** of Egmont Fonden, LEGO A/S, Pandora Holding A/S, Systematic Software Engineering A/S, Tajco A/S, AS3-Companies A/S, Monberg-Thorsen A/S in Denmark and VTI Technology OY in Finland.

**Previous positions:** President and CEO of Bang & Olufsen a/s, 2001–2008. Executive Vice-President of LEGO A/S, 1996–2001. Managing Director of Computer Composition International, CCI-Europe, 1988–1996. Chief Financial Officer of Aarhus Stiftsbogtrykkerie, 1981–1988.

**Holdings** in AB Electrolux: 800 B-shares. 2,682 Synthetic shares<sup>1</sup>.



**Barbara Milian Thoralfsson**

Born 1959. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee. Director of Fleming Invest AS, Norway, since 2005.

**Board Member** of SCA AB, Telenor ASA, Orkla ASA, Fleming Invest AS and related companies.

**Previous positions:** President and CEO of Telia-Sonera Norway, 2001–2005. President and CEO of Midelfart & Co, 1995–2001. Leading positions within marketing and sales, 1988–1995.

**Holdings** in AB Electrolux: Through company: 10,000 B-shares. 0 Synthetic shares<sup>1</sup>.



## Employee representatives, members



**Ola Bertilsson**

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

**Holdings** in AB Electrolux: 0 shares.



**Gunilla Brandt**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services.

Elected 2006.

**Holdings** in AB Electrolux: 0 shares.



**Ulf Carlsson**

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001.

**Holdings** in AB Electrolux: 0 shares.

## Employee representatives, deputy members



**Gerd Almlöf**

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007.

**Holdings** in AB Electrolux: 0 shares.



**Peter Karlsson**

Born 1965. Representative of the Swedish Confederation of Trade Unions. Elected 2006.

**Holdings** in AB Electrolux: 0 shares.



**Viveca Brinkenfeldt Lever**

Born 1960. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2010.

**Holdings** in AB Electrolux: 0 shares.

## Secretary of the Board

**Cecilia Vieweg**

Born 1955. B. of Law. General Counsel of AB Electrolux. Secretary of the Electrolux Board since 1999.

**Holdings** in AB Electrolux: 14,410 B-shares.

## Auditors

**Anders Lundin**

**PricewaterhouseCoopers AB**

Born 1956. Authorized Public Accountant. Partner in Charge.

**Other audit assignments:** AarhusKarlshamn AB, AB Industrivärden, Melker Schörling AB, Husqvarna AB and SCA AB.

**Holdings** in AB Electrolux: 0 shares.

**Björn Irle**

**PricewaterhouseCoopers AB**

Born 1965. Authorized Public Accountant.

**Holdings** in AB Electrolux: 0 shares.

At the Annual General Meeting in 2010, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2014.

At the Annual General Meeting in 2010, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2014.

1) The AGM in 2008, 2009 and 2010 decided that a part of the fees to the Board of Directors should be payable in synthetic shares. A synthetic share is a right to receive in the future a payment corresponding to the stock-market value of a Class B-share in Electrolux at the time of payment. For additional information regarding synthetic shares, see Note 27.

2) American Depository Receipt.

### Changes in Board of Directors

Caroline Sundewall and Johan Molin declined re-election to the Board and Keith McLoughlin and Ulrika Saxon were appointed new Board members at the AGM in March 2011.

Holdings in AB Electrolux as of December 31, 2011. The information is regularly updated at [www.electrolux.com/board-of-directors](http://www.electrolux.com/board-of-directors)

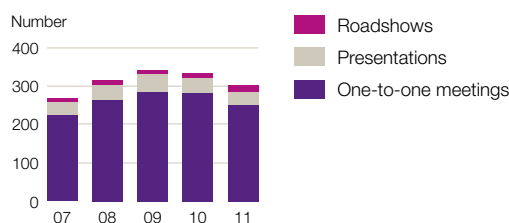
# Electrolux and the **capital markets**

*In its communication with the capital markets, Electrolux aims to supply relevant, reliable, accurate and updated information about the Group's development and financial position.*

Financial information is supplied continuously in annual and interim reports. Telephone conferences are arranged in connection with the publication of interim reports, at which Group Management presents results followed by analyses. Additional market and financial information is available on the Group's website.

The Electrolux Investor Relations department arranges approximately 300 meetings annually for investors and analysts. About one-third of these are attended by Group Management. Meetings with investors are held at the Group's head office in Stockholm, Sweden, as well as in the form of roadshows, primarily in major financial markets in Europe and the US. Electrolux also interacts daily with the capital markets.

## IR activities



## Capital Markets Day in Stockholm

On November 15, Electrolux arranged a Capital Markets Day in Stockholm to provide the market with more in-depth information regarding its development. The main messages were:

- Electrolux is a consumer-driven company undergoing change that will continue to launch new products with support from investments in product innovation.
- Electrolux will continue to improve its operational excellence by adapting capacity to prevailing demand and accelerating its efforts to leverage the company's global strength and scope.
- The Group's exposure to growth markets will rise to about 50% over the next five years.
- While the overriding strategy pursued by Electrolux stands firm, the pace of implementation will increase.
- Under very difficult circumstances in 2011, Electrolux has the capacity to generate an underlying EBIT margin of approximately 4%, which boosts the Group's conviction that it will achieve the financial goal of 6% over a business cycle.

## A reporting day

### 11:30 a.m. – 12:00 noon Internal presentation

CEO Keith McLoughlin holds an internal presentation for employees to inform them of the results and establish the objectives. Later during the day, the results are also presented to the top management in the Group. The respective sector heads hold telephone conferences with their sectors.

### 12:00 noon – 2:30 p.m. Continued interaction with the capital markets and media

The Group's IR department answers more in-depth questions from equity analysts and investors. Further questions from media are answered. Overseas media interviews are conducted with the CEO.

### 8:00 a.m. – 11:30 a.m. Interviews with European media

The CEO answers questions from European media. In 2011, Reuters, Bloomberg, Dow Jones and the Financial Times, among others, published interviews following the results. Questions from media are answered by press service.

8:00 a.m. published on [www.electrolux.com/ir](http://www.electrolux.com/ir)

### 8:00 a.m. – 11:30 a.m. Telephone meetings with the capital markets

Electrolux results are interpreted and analyzed by equity analysts, investors and owners. The Group's IR department answers first initial questions.

### 8:00 a.m. Interim report and CEO letter are published

The interim report and CEO letter are distributed to the capital markets and media at the same time as they are published on the Group's website [www.electrolux.com/ir](http://www.electrolux.com/ir)

### 3:00 p.m. – 4:00 p.m. Telephone conference

The CEO, the CFO and the Head of IR present the results and subsequent analyses to the capital markets. Following the presentation, questions from the capital markets are answered.

### 4:00 p.m. – 12:00 p.m. Continued interaction with the capital markets

Equity analysts conduct in-detail analyses of Electrolux results. The IR department supports analysts with clarifying information about internal and external factors' effect on Electrolux results.

(All hours are approximate.)

## Roadshows

Roadshows involving the CEO, the CFO and IR representatives are regularly arranged for 2–3 days in connection with interim reports to provide investors with further information. Roadshows are primarily held in Stockholm, London, Frankfurt, New York and Boston.



# Frequently asked questions by analysts

► **Describe the competitive landscape for Electrolux in 2011 and its impact on prices.**

Price pressure was evident in the Group's major markets in 2011. Promotions continued in North America at the same time as prices declined steadily during the year in Europe. To offset the intense price pressure, Electrolux carried out two price increases in North America in 2011. Further price hikes have been announced in North America and Europe for early 2012.

► **How did the prices of raw materials affect the Group in 2011?**

Electrolux purchased raw materials for SEK 20 billion in 2011. The single largest cost was for the procurement of steel, which accounted for almost half the total cost. In addition to higher steel prices, the Group was affected by higher prices for plastics and base metals. Compared with 2010, costs for raw materials were about SEK 2 billion higher in 2011. Raw-material prices affect the Group in the short term. In the long term, Electrolux offsets higher raw-material prices through cost savings, mix improvements and price increases.

► **Can you provide us with an update regarding your restructuring program?**

In response to global competition, Electrolux has been implementing an extensive restructuring program since 2004. Plants have been closed in high-cost areas, including the US, Germany and Australia, and new plants built in Mexico, Eastern Europe and Thailand, among other countries. In total, the program will result in costs of approximately SEK 11.7 billion and generate annual savings of approximately SEK 4.6 billion compared with the base year 2004.

► **How will your newly acquired assets generate value for Electrolux shareholders?**

Electrolux carried out two acquisitions in 2011. In Egypt, the Group acquired Olympic Group, which is the market leader in the country and is also exposed to North Africa and the Middle East. The second acquisition is related to the South American company CTI, which is a market leader in Chile and holds a strong position in Argentina. Both of these acquisitions are a good match for the Group's growth strategy, whose aim is that growth markets will account for 50% of sales within a five-year period. Both Olympic and CTI have high underlying profitability and by growing these assets, Electrolux will generate value for its shareholders.

► **How did the Electrolux mix develop over the year and what has been done to improve it?**

Improving our mix is central to our strategy. By selling a higher share of premium and built-in appliances, the mix – and thus profitability – is improved. During the year, a major launch of AEG products was carried out in the built-in segment, which had a positive impact on the mix. However, since countries with high sales prices (such as Italy) displayed very weak growth during the year, the mix trend was not as positive as it has been in the past.

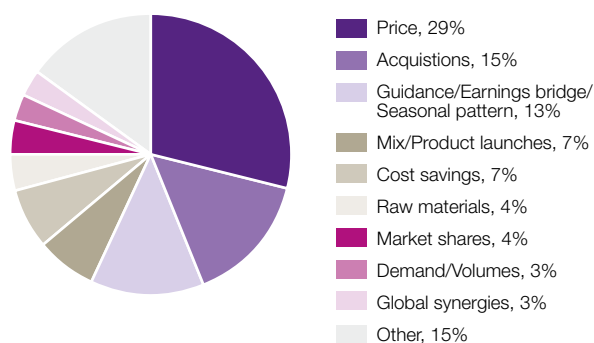
► **How did the principal drivers behind the Group's income develop during the year and what can be said about the company's seasonal patterns?**

Key external factors that benefited Electrolux during parts of 2009 and 2010 had a negative impact in 2011. Raw-material costs rose by SEK 2 billion. Price pressure was intense and demand was weak in the Group's major markets. In 2011, Electrolux demonstrated a seasonal pattern that has been relatively clear in recent years, with higher profitability in the second half of the year than in the first. Seasonal variations eased somewhat as the share of replacement volumes increased. Nevertheless, Electrolux reported higher profit in the second half of the year compared with the first.

► **How did the market shares of Electrolux develop in the largest markets during the year?**

Electrolux gained market shares during the second half of the year in Europe. Although market shares were still lower than in the preceding year, they were higher than in the first half of the year as a result of the launch of new AEG appliances. In North America, the market share of Electrolux was in line with the preceding year.

**Analysts' questions at 2011 quarterly telephone conferences**



## The Electrolux share

The Electrolux share is listed on Nasdaq OMX Stockholm. The market capitalization of Electrolux at year-end 2011 was approximately SEK 34 billion (60), which corresponded to 1.0% (1.4) of the total value of Nasdaq OMX Stockholm. The company's shares outstanding are divided into A-shares and B-shares. A-shares entitle the holder to one vote while B-shares entitle the holder to 1/10 of a vote.

### Dividend

The Board of Directors proposes a dividend for 2011 of SEK 6.50 per share, equivalent to a total dividend payment of approximately SEK 1,850m. The proposed dividend corresponds to approximately 86% of income for the period, excluding items affecting comparability. Based on the share price at the end of 2011, the dividend yield for 2011 amounted to 5.9%.

The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability. For a number of years, the dividend level has been considerably higher than 30%.

### Performance of the Electrolux share

Following very strong income and share-price performance in 2009 and 2010, the market had very high expectations of Electrolux in early 2011. Strong price pressure, higher raw-material costs and weak demand from the Group's major markets resulted in a decline in the Group's profitability in 2011. Factors behind the fall in the Electrolux share price during the year included the weaker income trend combined with poor overall performance of the Swedish stock exchange.

### Yield

The opening price for the Electrolux B-share in 2011 was SEK 191.00. The highest closing price was SEK 195.60 on January 3. The lowest closing price was SEK 95.30 on September 12. The closing price for the B-share at year-end 2011 was SEK 109.70, which was 43% lower than at year-end 2010. Total return during the year was -39%.

Over the past ten years, the average total return on an investment in Electrolux shares has been 8.5%. The corresponding figure for SIX Return Index was 6.0%.

### Share volatility

Over the past three years, the Electrolux share has shown a volatility of 48% (daily values), compared with an average volatility of 29% for Nasdaq OMX Stockholm. The beta value of the Electrolux share over the past five years is 1.12\*. A beta value of more than 1 indicates that the share's sensitivity to market fluctuations is above average.

\*) Compared to Nasdaq OMX STO.

### Conversion of shares

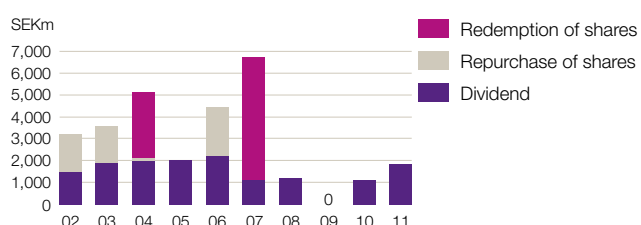
In accordance with the Articles of Association of AB Electrolux, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the company. In 2011, at the request of shareholders, 850,400 A-shares were converted to B-shares.

### Incentive programs

Electrolux maintains a number of long-term incentive programs for senior management. Since 2004, the Group has three-years performance-based share programs.

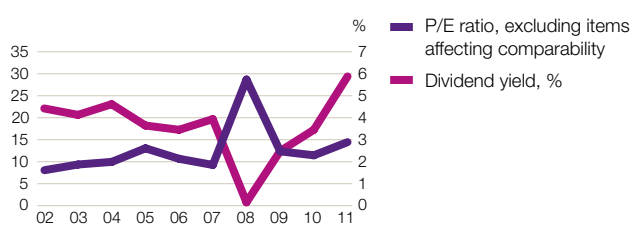
No B-shares were allotted under the 2008 performance-based share program. At year-end 2011, the incentive programs corresponded to a maximum dilution of 1.59% of the total number of shares, or 4,598,651 B-shares.

### Total distribution to shareholders



Electrolux has a long tradition of high total distribution to shareholders that includes repurchases and redemption of shares.

### P/E ratio and dividend yield



At year-end 2011, the P/E ratio for Electrolux B-shares was 14.5, excluding items affecting comparability. The dividend yield was 5.9% based on the Board's proposal for a dividend of SEK 6.50 per share for 2011.

## Trading volume

Lately, there has been a clear trend towards new trading venues for shares. During 2011, 46% of Electrolux B-shares were traded outside Nasdaq OMX Stockholm, compared with 41% during 2010. In 2011, the Electrolux share accounted for 2.5% (3.0) of the shares traded on Nasdaq OMX Stockholm, of a total trading volume of SEK 3,684 billion (3,627).

Trading in Electrolux B-shares	2011	2010
Number of traded shares, million	667.7	656.9
Value of traded shares, SEKbn	90.3	110.5
Average daily trading volume, million	2.6	2.6
Average daily trading volume (value), SEKm	357	436
Number of issued/cancelled ADRs	374,712	1,565,380
Number of ADRs outstanding	441,659	646,363
<b>Market share</b>		
Nasdaq OMX Stockholm, %	53.7	59.3
BOAT, %	21.3	17.6
Chi-X, %	14.1	12.9
Burgundy	5.2	3.1
BATS Europe	3.2	4.3
Turquoise, %	2.4	2.2
Other	0.1	0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Average daily trading value of Electrolux shares on Nasdaq OMX Stockholm

SEK thousand	2011	2010	2009	2008	2007
A-shares	109	148	228	425	47
B-shares	357,075	435,958	358,962	364,400	523,817

In 2011, an average of 2.6 million Electrolux shares were traded daily on Nasdaq OMX Stockholm.

## DJSI World Index

The Group's sustainability performance and strategy help attract and strengthen relations with investors. In 2011 and for the fifth consecutive year, Electrolux was recognized as a leader in the consumer durables industry sector in the prestigious Dow Jones Sustainability Index (DJSI). Electrolux thereby ranks among the top 10% of the world's 2,500 largest companies for social and environmental performance. With 60 DJSI licenses in 16 countries, assets managers with DJSI portfolios valued at USD 8 billion are recommended to invest in Electrolux.



## Share data

Share listing <sup>1)</sup>	Stockholm
Number of shares	308,920,308
of which A-shares <sup>2)</sup>	8,212,725
of which B-shares <sup>2)</sup>	300,707,583
Number of shares after repurchase	284,665,223
Quota value	SEK 5
Market capitalization at December 31, 2011	SEK 34 billion
GLCS code <sup>3)</sup>	25201040
Ticker codes	Reuters ELUXB.ST Bloomberg ELUXB SS

1) Trading in Electrolux ADRs was transferred from Nasdaq to the US Over-the-Counter market as of March 31, 2005. One ADR corresponds to two B-shares.

2) In 2011, at the request of shareholders, 850,400 A-shares were converted into B-shares.

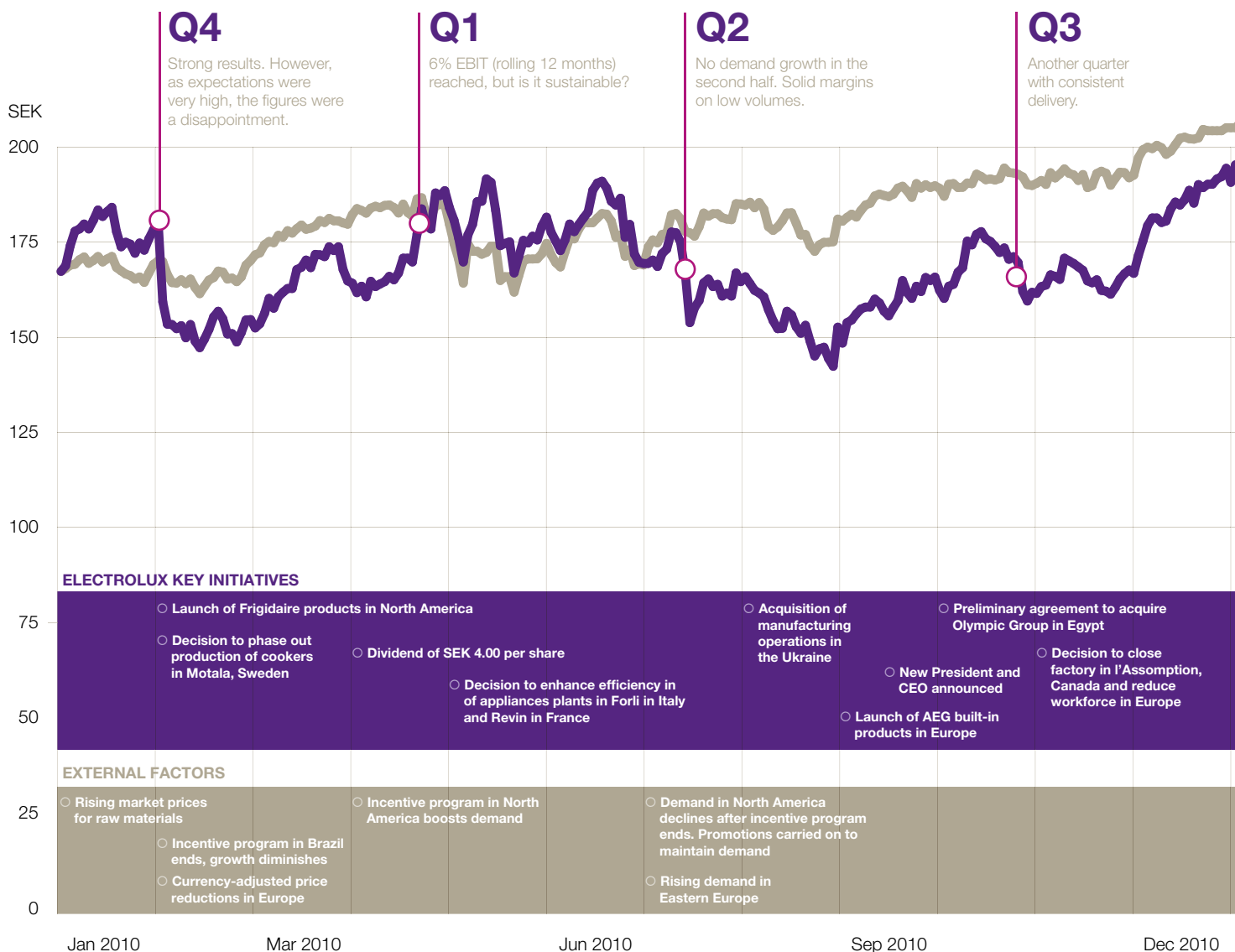
3) MSCI's Global Industry Classification Standard (used for securities).

## Total return of Electrolux B-shares and trading volume on Nasdaq OMX Stockholm, 2007–2011



# Electrolux B vs. Swedish index

The performance of the Electrolux share price was strong in 2009 and 2010. In 2011, expectations were high. Lower income and a weak general trend on the Swedish stock exchange resulted in a decline in the share price during the year.



Recommendations from analysts	After Q4 09	After Q1 10	After Q2 10	After Q3 10
Buy	38%	45%	70%	70%
Hold	33%	35%	25%	20%
Sell	29%	20%	5%	10%



Data per share

	2011	2010	2009	2008	2007 <sup>9)</sup>	2006 <sup>9)</sup>	2005	2004	2003	2002
Year-end trading price, B shares, SEK <sup>1)</sup>	109.70	191.00	167.50	66.75	108.50	116.90	89.50	65.90	67.60	58.80
Year-end trading price, B shares, SEK	109.70	191.00	167.50	66.75	108.50	137.00	206.50	152.00	158.00	137.50
Highest trading price, B shares, SEK	195.60	194.70	184.10	106.00	190.00	119.00	90.50	174.50	191.00	197.00
Lowest trading price, B shares, SEK	95.30	142.50	57.50	53.50	102.00	78.50	62.00	125.50	125.50	119.50
Change in price during the year, %	-43	14	151	-38	-7	31 <sup>9)</sup>	36	-4	15	-12
Equity per share, SEK	73	72	66	58	57	47	88	81	89	87
Trading price/equity, %	151	264	253	116	191	247 <sup>1)</sup>	234	187	178	158
Dividend, SEK	6.50 <sup>2)</sup>	6.50	4.00	0	4.25	4.00	7.50	7.00	6.50	6.00
Dividend as % of net income <sup>3) 4)</sup>	86	39	29	0	36	37	47	46	39	36
Dividend yield, % <sup>5)</sup>	5.9	3.4	2.4	0	3.9	3.4 <sup>1)</sup>	3.6	4.6	4.1	4.4
Earnings per share, SEK	7.25	14.04	9.18	1.29	10.41	9.17	6.05	10.92	15.25	15.58
Earnings per share, SEK <sup>4)</sup>	7.55	16.65	13.56	2.32	11.66	10.89	15.82	15.24	16.73	16.90
Cash flow, SEK <sup>6)</sup>	18.97	26.98	29.16	4.22	4.54	7.53	2.45	10.81	9.15	23.14
EBIT multiple <sup>7)</sup>	13.4	10.8	12.8	19.8	7.9	8.0 <sup>1)</sup>	16.1	9.5	6.8	5.9
EBIT multiple <sup>4) 7)</sup>	12.8	9.1	9.1	15.2	7.3	7.1 <sup>1)</sup>	9.1	6.7	6.3	5.6
P/E ratio <sup>4) 8)</sup>	14.5	11.5	12.4	28.8	9.3	10.7 <sup>1)</sup>	13.1	10.0	9.4	8.1
P/E ratio <sup>8)</sup>	15.1	13.6	18.2	51.7	10.4	12.7 <sup>1)</sup>	34.1	13.9	10.4	8.8
Number of shareholders	58,800	57,200	52,000	52,600	52,700	59,500	60,900	63,800	60,400	59,300

- 1) Adjusted for distribution of Husqvarna in June 2006, and for redemption in January 2007.
- 2) Proposed by the Board.
- 3) Dividend as percentage of income for the period.
- 4) Excluding items affecting comparability.
- 5) Dividend per share divided by trading price at year-end.

- 6) Cash flow from operations less capital expenditures, divided by the average number of shares after buy-backs.
- 7) Market capitalization excluding buy-backs, plus net borrowings and non-controlling interests, divided by operating income.
- 8) Trading price in relation to earnings per share.
- 9) Continuing operations.

Ownership structure

The majority of the total share capital as of December 31, 2011, was owned by Swedish institutions and mutual funds (approximately 66%). At year-end, approximately 10% of the shares were owned by Swedish private investors.

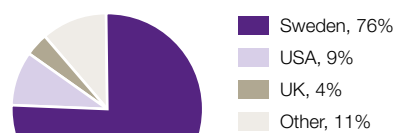
During 2011, the proportion held by foreign owners decreased slightly and amounted to approximately 24% at the end of the year. The volume of shares traded by foreign owners has a significant effect on share liquidity. Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
Alecta	9.0	8.4
Swedbank Robur funds	4.8	3.9
Nordea funds	3.1	2.5
AMF insurance and funds	2.4	2.0
SEB funds	1.9	1.5
Didner & Gerge funds	1.4	1.1
SHB funds	1.2	1.0
Government of Norway	1.1	0.9
Carnegie funds	1.0	0.8
Unionen	1.0	0.8
Other shareholders	49.7	47.2
<b>External shareholders</b>	<b>92.1</b>	<b>100.0</b>
AB Electrolux	7.9	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: SIS Source: SIS Ägarservice and Electrolux as of December 31, 2011. The figures are rounded off. Information regarding ownership structure is updated quarterly on <http://www.electrolux.com/ownership-structure>

Shareholders by country



As of December 31, 2011, approximately 24% of the total share capital was owned by foreign investors.

Source: SIS Ägarservice as of December 31, 2011.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1-1,000	4.5%	51,201	87.0%
1,001-10,000	5.9%	6,671	11.3%
10,001-20,000	1.7%	353	0.6%
20,001-	87.9%	617	1.0%
<b>Total</b>	<b>100.0%</b>	<b>58,842</b>	<b>100%</b>

Source: SIS Ägarservice as of December 31, 2011.



## Press releases 2011

Jan 20 Electrolux further strengthens organization for Innovation and Marketing

**Feb 2 Consolidated Results 2010 and CEO Keith McLoughlin's comments**

Feb 17 Keith McLoughlin and Ulrika Saxon proposed new Board members of Electrolux

Feb 18 Notice convening the Annual General Meeting of AB Electrolux

Feb 28 Conversion of shares

Mar 4 Annual Report 2010

Mar 4 Electrolux Annual Report 2010 now on [www.electrolux.com](http://www.electrolux.com)

Mar 18 Electrolux named one of the World's Most Ethical Companies 2011

Mar 31 Electrolux Annual General Meeting 2011

Apr 1 Bulletin from AB Electrolux Annual General Meeting 2011

Apr 5 Change in reporting for Electrolux business areas

**Apr 27 Interim report January–March 2011 and CEO Keith McLoughlin's comments**

Apr 29 Conversion of shares

May 9 Electrolux raises the bar in sustainability reporting

Jun 8 Electrolux issues bond loan

Jun 13 Electrolux to implement price increases in Europe

Jul 1 Jack Truong appointed Head of Major Appliances North America

Jul 10 Electrolux acquires Olympic Group

**Jul 19 Interim report January–June 2011 and CEO Keith McLoughlin's comments**

Aug 19 Electrolux confirms discussions with Sigdo Koppers

Aug 22 Electrolux acquires Chilean appliance company CTI

Aug 31 Conversion of shares

Sep 1 Dates for financial reports from Electrolux in 2012

Sep 7 Portable Spot Cleaner wins Electrolux Design Lab 2011

Sep 9 Dow Jones Sustainability World Index names Electrolux Durable Household Products sector leader

Sep 9 Electrolux has completed the acquisition of Olympic Group

Sep 16 Electrolux issues bond loan

Sep 23 Nomination Committee appointed for Electrolux Annual General Meeting 2012

Sep 28 Jonas Samuelson appointed Head of Major Appliances Europe and Tomas Eliasson appointed CFO

Sep 29 Lars Worsøe Petersen appointed Head of Human Resources and Organizational Development and Carina Malmgren Heander will lead a new business unit

Sep 30 Conversion of shares

Oct 14 Electrolux has closed the cash tender offers of CTI and Somela

**Oct 28 Interim report January–September 2011 and CEO Keith McLoughlin's comments**

Nov 15 Electrolux hosts Capital Markets Day

Nov 30 Conversion of shares

Dec 13 Electrolux signs revolving credit facility

Dec 20 Electrolux specifies overhead cost savings

## Analysts who cover Electrolux

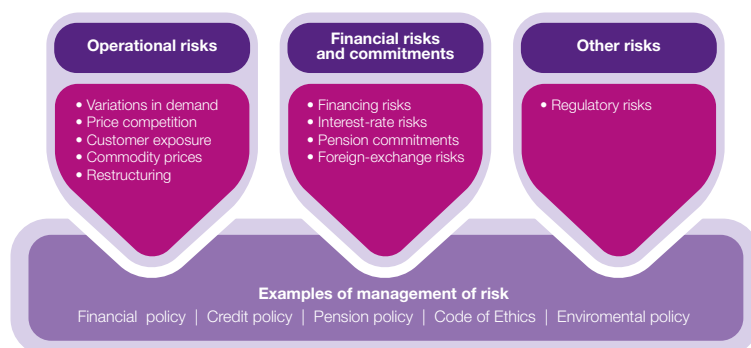
Company	Analyst
ABG Sundal Collier	Andreas Lundberg
Bank of America Merrill Lynch	Ben Maslen
Barclays Capital	Allan Smylie
Carnegie	Kenneth Toll Johansson
Cheuvreux	Johan Eliason
Citigroup	Natalia Mamaeva
Credit Suisse First Boston	Andre Kukhnin
Danske Bank	Björn Enarson
Deutsche Bank	Stefan Lycke
DnB NOR Markets	Christer Magnergård
Equita	Domenico Ghilotti
Erik Penser	Johan Dahl

Company	Analyst
Exane BNP Paribas	Jonathan Mounsey
Execution Noble	Rob Virdee
Goldman Sachs	James Rutland, Aaron Ibbotson
Handelsbanken Capital Markets	Rasmus Engberg
JP Morgan	Andreas Willi
Longbow Research	David MacGregor
Nordea	Ann-Sofie Nordh, Johan Trocmé
Pareto Öhman	David Jacobsson
Redburn Partners	James Moore
SEB Enskilda	Anders Trapp, Stefan Cederberg
Swedbank	Fredrik Nilhov
UBS	David Halldén

# Managing risks to **maximize returns**

*The Group's major markets were characterized by considerable uncertainty in 2011.*

*Raw-material prices continued to rise and price pressure prevailed in the Group's major markets.*



In general, there are three types of risks: Operational risks, which are normally managed by the Group's operational units; financial risks, which are managed by Group Treasury; and other risks.

Electrolux monitors and minimizes key risks in a structured and proactive manner. Capacity has been adjusted in response to weak demand, working capital has undergone structural improvements, the focus on price has intensified and the purchasing process for raw materials has been further streamlined. The diagram above describes the major risks and the Group's response in order to manage and minimize them.

### Operational risks

The Group's ability to improve profitability and increase shareholder return is based on three elements: innovative products, strong brands and cost-efficient operations. Realizing this potential requires effective and controlled risk management. The major risks at present are described below.

### Fluctuation in demand

In 2011, demand for appliances declined in the major markets of Electrolux. The North American market contracted by 4% during the year. In Europe, demand in the West declined by 3%, while it grew by 9% in the East. In Latin America, growth diminished in Brazil towards the latter part of the year. In the Asia/Pacific region, demand in Australia increased due to high growth of air-conditioning equipment and the Asian markets continued to grow healthily.

Weak demand in earlier years resulted in Electrolux operations being run at an average of 60% capacity. Decisive actions and savings packages throughout the Group have proven that Electrolux can quickly adjust its cost structure when demand for the Group's products declines.

### Price competition

Most of the markets served by Electrolux are experiencing strong price competition. This is particularly severe in the low-price segments and in product categories with a great deal of overcapacity. In 2011, pressure on prices was evident in the Group's major markets. Sales promotion continued in the North American market at the same time as prices declined continuously during the year in Europe. To offset the intense price pressure, Electrolux carried out two price increases in North America in 2011. Further price hikes have been announced in North America and Europe for early 2012. Price pressure also prevailed in Australia.

### Exposure to customers and suppliers

The weak trend in the major Electrolux markets in 2011 impacted the Group's retailers who experienced difficult trading conditions but this did not result in any increases in credit losses for Electrolux.

### Sensitivity analysis, year-end 2011

Risk	Change	Pre-tax earnings impact, SEKm
<b>Raw materials</b>		
Steel	10%	+/- 900
Plastics	10%	+/- 600
<b>Currencies<sup>1)</sup> and interest rates</b>		
USD/SEK	-10%	+810
EUR/SEK	-10%	+410
BRL/SEK	-10%	-300
AUD/SEK	-10%	-260
GBP/SEK	-10%	-180
Interest rate	1 percentage point	+/- 60

1) Includes translation and transaction effects.

### Cost structure 2011

Cost item	% of total cost
Personnel	16
Depreciation	3
<b>Fixed costs</b>	<b>19</b>
Raw materials and components	40
Transports	7
Product development	2
Brand investments	2
Other <sup>1)</sup>	30
<b>Variable costs</b>	<b>81</b>
<b>Total</b>	<b>100</b>

1) Marketing, IT, energy costs, consultant costs, etc.

Electrolux has a comprehensive process for evaluating credits and tracking the financial situation of retailers. Management of credits as well as responsibility and authority for approving credit decisions are regulated by the Group's credit policy. Credit insurance is used in specific cases to reduce credit risks.

**Raw materials and components represent the largest cost item**

Materials account for a large share of the Group's costs. In 2011, Electrolux purchased raw materials and components for approximately SEK 41 billion, of which approximately SEK 20 billion referred to the former. The Group's exposure to raw materials comprises mainly steel, plastics, copper and aluminum.

Market prices of raw materials rose in the early part of 2011. Following this initial rise, market prices declined towards the end of the year. Electrolux utilizes bilateral contracts to manage risks related to steel prices. Some raw materials are purchased at spot prices. The total cost of raw materials in 2011 was approximately SEK 2 billion higher than in 2010. The total cost of raw materials in SEK was, however, in line with the previous year due to lower purchased volumes and weaker USD and EUR relative to SEK.

**Restructuring for competitive production**

A large share of the Group's production has been moved from high-cost to low-cost areas. Restructuring is a complex process that requires managing a number of different activities and risks. Increased costs related to relocation of production can affect income in specific quarters. When relocating, Electrolux is also dependent on the capacity of suppliers for cost-efficient delivery of components and semi-finished goods.

The restructuring program was launched in 2004. The total cost of the program is approximately SEK 11.7 billion and it will generate annual savings of approximately SEK 4.6 billion compared with the base year 2004.

**Financial risks and commitments**

The Group's financial risks are regulated in accordance with the financial policy that has been adopted by Electrolux Board of Directors. Management of these risks is centralized to Group Treasury and is mainly based on financial instruments. Additional details regarding accounting principles, risk management and risk exposure are given in Notes 1, 2 and 18.

**Financing risk**

For long-term borrowings, the Group's goal is to have an average maturity of at least two years, an even spread of maturities and an average fixed-interest period of one year. At year-end 2011, Group borrowings amounted to SEK 14,206m, of which SEK 11,669m referred to long-term loans with an average maturity of 3.0 years. Loans are raised primarily in EUR and SEK. The average interest rate at year-end for the total borrowings was 3.7%. At year-end 2011, the average fixed-interest period for long-term borrowings was 1.2 years. Long-term loans totaling approximately SEK 4,100m will mature in 2012 and 2013. Liquid funds on December 31, 2011, amounted to SEK 7,839m.

In addition, the Group has two unutilized credit facilities; Since 2010, Electrolux has an unused committed multicurrency revolving credit facility of SEK 3,400m maturing 2017. In December 2011 an unused committed multicurrency revolving credit facility from 2005, of EUR 500m, with maturity in 2012, was replaced. The new committed multicurrency revolving credit facility of EUR 500m maturing 2016 has an extension option for up to two more years.

On the basis of the volume of loans and the interest-rate periods in 2011, a change of 1 percentage point in interest rates would affect Group income in the amount of +/- SEK 60m. For additional information on loans, see Notes 2 and 18.

**Pension commitments**

At year-end 2011, Electrolux had commitments for pensions and benefits that amounted to approximately SEK 24 billion.

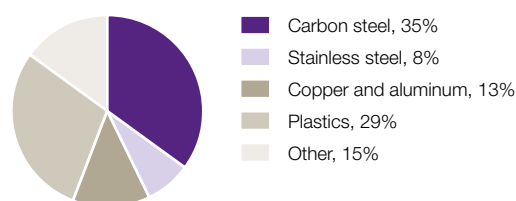
The Group manages through pension funds pension assets of approximately SEK 20 billion. At year-end, approximately 35% of these assets were invested in equities, 47% in bonds, and 18% in other assets.

Net provisions for post-employment benefits amounted to SEK 287m.

Yearly changes in the value of assets and commitments depend primarily on developments in the interest-rate market and on stock exchanges. Other factors that affect pension commitments include revised assumptions regarding average life expectancy and health-care costs.

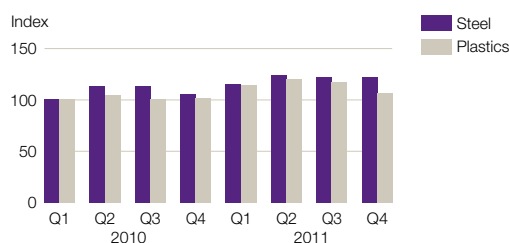
Costs for pensions and benefits are recognized in the income statement for 2011 in the amount of SEK 425m. In the interest of accurate control and cost-effective management, the Group's pension commitments are managed centrally by Group Treasury. Electrolux uses interest-rate derivatives to hedge parts of the risks related to pensions. For additional information, see Note 22.

**Raw material exposure 2011**



In 2011, Electrolux purchased raw materials for approximately SEK 20 billion. Purchases of steel accounted for the largest cost.

**Trend for steel and plastics prices, weighted market prices indexed**



# Exchange-rate exposure at Electrolux

## Exchange-rate exposure

The global presence of Electrolux, with manufacturing and sales in a number of countries, offsets exchange-rate effects to a certain degree. The principal exchange-rate effect arises from transaction flows; when purchasing and/or production are/is carried out in one currency and sales occur in another currency. The Group utilizes currency derivatives to hedge a portion of the currency exposure that arises. The business sectors within Electrolux usually have a hedging horizon of between three and eight months of forecast flows. Hedging horizons outside this period are subject to approval from Group Treasury. It is mainly sectors within growth markets that have a shorter hedging horizon. The business sectors are allowed to hedge forecast flows from 60% to 80%. The effect of currency hedging is usually that currency movements that occur today have, to a certain degree, a delayed effect. Electrolux is also affected by translation effects when the Group's sales and operating income are translated into SEK. The translation exposure is primarily related to currencies in those regions where the Group's most substantial operations exist, that is, EUR and USD.

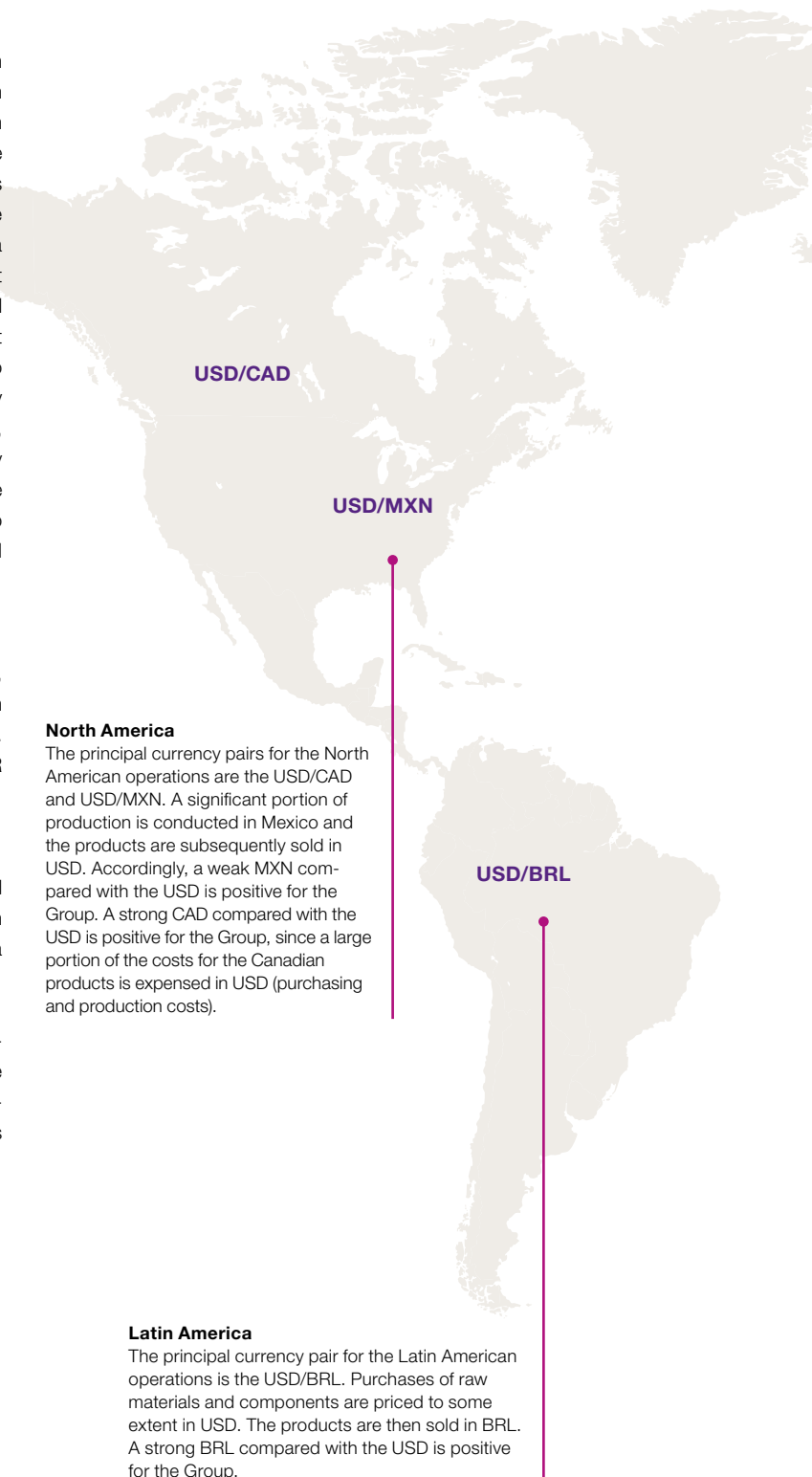
## Sensitivity analysis of currencies

The major currencies for the Electrolux Group are the USD, EUR, BRL, RUB AUD and GBP. The key currency pairs are presented in the map together with an explanation of how they impact the Group. In general, income for Electrolux benefits from a weak USD and EUR and from a strong BRL, RUB, AUD and GBP.

## Currency effects 2011

The total currency effect (translation effects, transaction effects and net hedges) amounted to approximately SEK 150m. The translation effect was a negative SEK 325m, which was principally due to a stronger SEK, on average, relative to the USD and EUR in 2011 compared with 2010.

The transaction effect was a positive SEK 400m, which was primarily due to a stronger BRL and AUD, on average, relative to the USD, and the weakness of the EUR in relation to a number of European currencies in 2011 compared with 2010. Net hedging effects amounted to a positive SEK 75m.



**Main translation effects: USD/SEK, EUR/SEK**

## Principal currency pairs Electrolux (transaction effects)

### Europe

The principal currency in Europe is the EUR. A weak EUR has a positive net effect on Group income, because European operations have greater expenses in EUR than sales in EUR. A majority of the purchases of raw materials and components is denominated in EUR as are significant production costs.

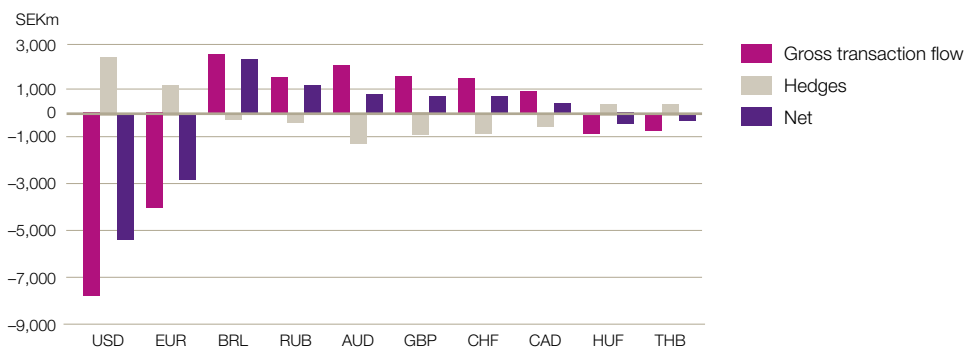
EUR/SEK  
 EUR/RUB  
 EUR/PLN  
 EUR/GPB  
 EUR/CHF  
 EUR/HUF  
 EUR/USD

### Asia/Pacific

The principal currency pair for the business in the Asia/Pacific region is the USD/AUD. Purchases of raw materials and components are priced to some extent in USD. The products are subsequently sold in AUD. A strong AUD compared with the USD is positive for the Group.

USD/AUD

Foreign-exchange transaction exposure, forecast 2012



# The history of Electrolux

*More than 90 years have passed since the company was established by Axel Wenner-Gren. This visionary understood how to develop products for the future. Axel Wenner-Gren underlined Passion for Innovation, Customer Obsession, and Drive for Results, and these values still comprise the foundation for Electrolux operations.*



1901



ElectroLux

1919

Electrolux



1962  
Carlo Vivarelli

## Then



### Passion for Innovation

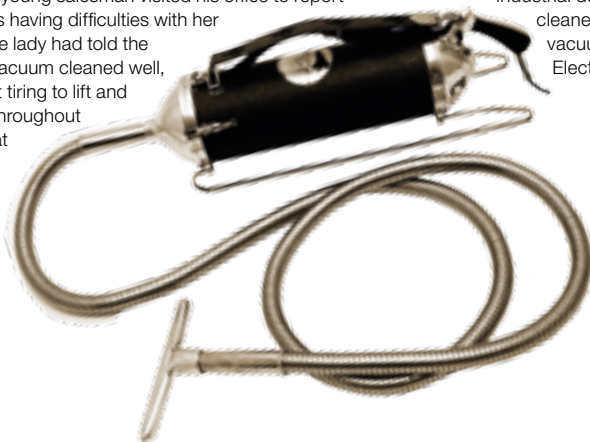
"This task is not an easy one, but one that will transform homes around the world," Axel Wenner-Gren said to the team of engineers and scientists sitting before him. Next to Wenner-Gren was a basic prototype of an absorption refrigerator created by two young engineers, Baltzar von Platen and Carl Munters, for a University degree project. Wenner-Gren's decision to acquire the patent for the absorption refrigeration technology, which used electricity, gas or kerosene to circulate water and safely turn heat into cold, was his first step toward diversifying Electrolux.

However, it was a bold step, because although Electrolux had secured its spot as the world leader in vacuum cleaners, absorption refrigeration was a concept that was far from fully developed.

"We now know that you can create cold through heat using water," Wenner-Gren said to the engineers. "But the problem with this technology is that not all households have running water and every home from China to America will need a refrigeration machine." Wenner-Gren paused, and looked at each member of the team. "That is why we are going to cool with air, because we all have access to that."

### Customer Obsession

Axel Wenner-Gren unfolded a sketch made during a board room meeting for a team of Electrolux engineers to examine. On the page was a drawing of a vacuum cleaner. Rather than standing like the traditionally shaped bucket, however, Wenner-Gren had sketched the vacuum cleaner laying on its side, with rounded edges and sled-like runners attached to the base. "This will be our next model," Wenner-Gren explained. The idea had come to him a few days earlier when a young salesman visited his office to report that a customer was having difficulties with her vacuum cleaner. The lady had told the salesman that her vacuum cleaned well, but that she found it tiring to lift and carry the machine throughout the house. From that moment, Wenner-Gren was resolute on making the vacuum cleaner move easier.



### Drive for Results

Axel Wenner-Gren barely noticed the stores as he walked down the biggest shopping street in Vienna. The year was 1908, Wenner-Gren was on his way to a meeting and his broad steps and freshly pressed suit signalled a sense of purpose. That is, however, until something caught his eye, brought him to a stop, and pulled him to a shop window for a closer look. Propped on display was a machine that must have weighed 20 kilos with a price tag that could suck up the savings of almost any wealthy household. Window shoppers either smirked

at or ignored the industrial display, but Wenner-Gren couldn't take his eyes away from it. In his mind, the machine became smaller, lighter, sleeker and less expensive. He envisioned women gliding small vacuum cleaners around their houses. He would bring convenience to houses around the world.

### Importance of Design

Axel Wenner-Gren had visited Electrolux showrooms in around thirty countries, and was always amazed by how captivated people would get, even though nothing was actually for sale. The atmosphere in the showroom on this day was different, however. The crowd was still, hushed, and gathered around the latest addition to the Electrolux collection: the Model XXX vacuum cleaner. The Model XXX shaped by the internationally renowned industrial designer Lurelle Guild, was one of the first vacuum cleaners in history to be created with aesthetic appeal in mind. As cars and trains had become streamlined, Wenner-Gren saw the value in bringing a similar sleek elegance to home appliances. In fact, he had personally tracked down the foremost industrial designers, so that life for Electrolux customers would not only be cleaner and easier, but also more attractive. Looking at the Model XXX vacuum cleaner, Wenner-Gren said to Guild: "You have given Electrolux products attractive design and perfect form."

"This will be our next model"

Axel Wenner-Gren



“The Electrolux Spirit acknowledges no obstacles and submits to no defeats. It is a combination of enthusiasm, loyalty, aggressiveness and belief, which is inspired by confidence in our organization and products, and faith in our success and our future.”

Axel Wenner-Gren, founder



1990s – 2011



Thinking of you  
**Electrolux**

2011 update of logotype

**The Electrolux symbol turns 50**

The current Electrolux logo, designed by Carlo Vivarelli from Switzerland, was introduced to the world in 1962. The original design would undergo some changes over the next 50 years, but the simple, geometric form is still intact and distinguishes Electrolux from the crowd.

# Today

**Passion for Innovation**

Fresh produce is valuable and should be handled as such. Consumers want refrigerators and freezers that preserve the nutritional value and freshness of food and lead to less being discarded. The latest models in the Electrolux range of refrigerators and freezers are equipped with FreshFrostFree technology, which means that fresh produce can now be preserved longer. In addition, food is cooled faster and vitamins are retained longer.



**Customer Obsession**

Understanding consumer needs is the basis for all products developed by Electrolux. Since it was launched in 2004, the Ergorapido vacuum cleaner has been a success in homes all over the world. As well as helping to change cleaning habits, the timeless, elegant design of this product has become a natural feature in home decors. The latest version of the vacuum cleaner is the Ergorapido Plus Green.



Professional products operation has existed since the 1940s

**Drive for Results**

Electrolux is the only appliances manufacturer in the industry to offer complete solutions for professionals and consumers. The Group's professional products operation has existed since the 1940s and has developed through organic growth and several key acquisitions. Today, Electrolux is a leading producer of innovative, resource-efficient products for professional kitchens and laundries all over the world.



**Importance of Design**

In December 2010, the new Casa Electrolux concept was opened in a newly built facility in Sao Paulo, Brazil. Casa Electrolux is a product “embassy” where consumers, retailers, architects and other opinion-makers can experience the design and function of more than 200 innovative Electrolux products.

# Events and reports

The Electrolux website [www.electrolux.com/ir](http://www.electrolux.com/ir) contains additional and updated information about such items as the Electrolux share and corporate governance as well as a new platform for financial statistics. The platform allows visitors to view graphic detailing of Electrolux development on an annual or quarterly basis.



Electrolux Annual Report 2011 consists of:

- Operations and strategy
- Financial review, Corporate Governance Report, and Sustainability Report

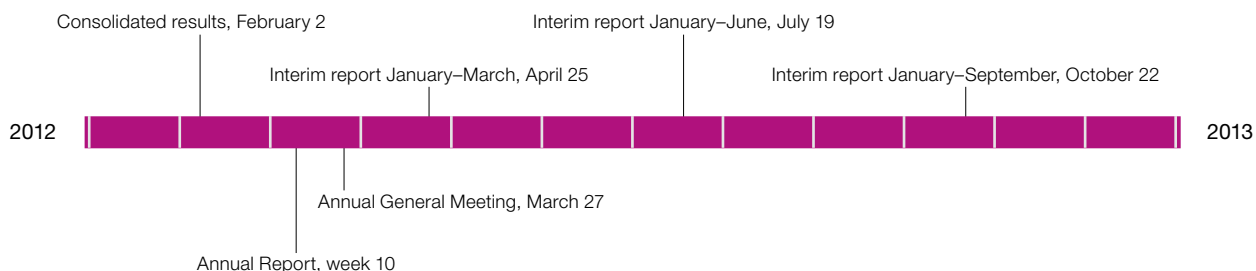
Electrolux annual report is available at [www.electrolux.com/annualreport2011](http://www.electrolux.com/annualreport2011)

Electrolux Interim reports are available [www.electrolux.com/ir](http://www.electrolux.com/ir)

Electrolux GRI reports are available [www.electrolux.com/sustainability](http://www.electrolux.com/sustainability)



## Financial reports and major events in 2012



Electrolux subscription service can be accessed at [www.electrolux.com/subscribe](http://www.electrolux.com/subscribe)





**AB Electrolux (publ)**

**Mailing address**

SE-105 45 Stockholm, Sweden

**Visiting address**

S:t Göransgatan 143, Stockholm

**Telephone:** +46 8 738 60 00

**Telefax:** +46 8 738 74 61

**Website:** [www.electrolux.com](http://www.electrolux.com)