



**Electrolux
Annual Report 2015**

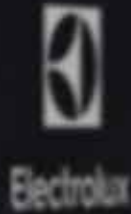


Electrolux vision is to be the best appliance company as measured by our customers

Customer value is derived from the products and services
Electrolux provides. Innovative products, closely based on
the Group's professional expertise, are launched at an
ever increasing pace across the globe.







Electrolux vision is to be
the best appliance company
as measured by our employees

Growth, innovation and operational excellence
always begin with people. Dedicated employees
from diverse backgrounds play a crucial role in
creating an innovative culture.







Electrolux vision is to be
the best appliance company
as measured by our shareholders

The combination of continuous growth,
high profitability, a stable cash flow, and an optimal capital
base generates a high total return for shareholders.



Contents

Vision and Mission	
Electrolux offering	6
Electrolux 2015	8
CEO statement	10
Electrolux vision	12
Mission – financial goals	14

Strategic development	
Strategy	18
Profitable growth	20
Market overview	22
Innovation	26
Brand and design	30
Sustainability	32
Operational excellence	34
People and leadership	38
Our values	40
History	42

Markets and Business areas	
Market information	46
Electrolux market data	48
Major Appliances EMEA	50
Major Appliances North America	52
Major Appliances Latin America	54
Major Appliances Asia/Pacific	56
Small Appliances	58
Professional Products	60

The Electrolux share and Risk management	
The Electrolux share	64
Electrolux and the capital markets	68
Risk management	70

Reporting	
Report by the Board of Directors	74
Notes to the financial statements	102
Proposed distribution of earnings	133
Auditors' report	134
Eleven-year review	136
Quarterly information	138
Corporate governance report	140
Annual General Meeting	157
Recognitions	158
Events and reports	160

The Annual Report for AB Electrolux (publ), 556009-4178, consists of the Report by the Board of Directors and Notes to the financial statements, pages 74–135. The Annual Report is published in Swedish and English.

Sustainability priorities are integrated throughout the report. The most important areas are summarized on pages 32–33.

The full Electrolux Sustainability Report is included in the online annual report published on www.electroluxgroup.com/annualreport2015.

Electrolux offering

Electrolux is a global leader in home appliances and appliances for professional use. We offer thoughtfully designed, innovative and sustainable solutions. Under esteemed brands including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine, the Group sells more than 60 million products to customers in more than 150 countries every year. In 2015, Electrolux had sales of SEK 124 billion and about 58,000 employees.

60

MILLION PRODUCTS SOLD ANNUALLY

150

COUNTRIES

124

BILLION SEK IN SALES

58,000

EMPLOYEES

8

STRATEGIC BRANDS





Electrolux offers thoughtfully designed, innovative and sustainable solutions for households and businesses, with products such as refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air conditioners and small domestic appliances.



Kitchen

Electrolux sells cookers, hobs, ovens, hoods, microwave ovens, refrigerators, freezers and dishwashers for households and professional kitchens throughout the world. Electrolux is a leader in kitchen appliances and new functions are continuously being developed.



65% share of Group sales
of which 3% professional products

Laundry

Washing machines and tumble dryers are the core of the Electrolux product offering for washing and garment care. Demand is driven by innovations such as user-friendliness and resource efficiency.



18% share of Group sales
of which 2% professional products

Small appliances

Electrolux vacuum cleaners, small domestic appliances and accessories are sold to consumers worldwide. Electrolux has a strong, global distribution network and an attractive product offering.



7% share
of Group sales

Adjacent product categories

Adjacent product categories include the rapidly growing areas of air-conditioning equipment, water heaters and heat pumps, as well as consumables, accessories and service.

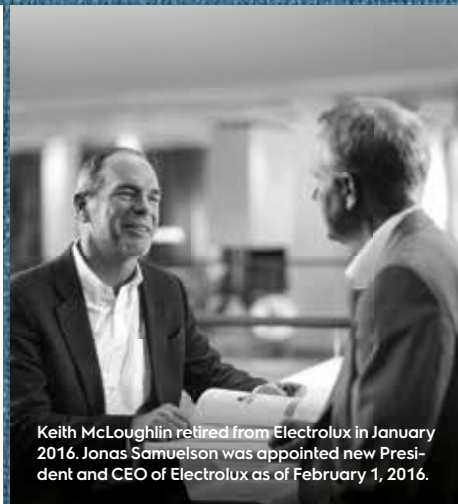


10% share
of Group sales

Electrolux 2015

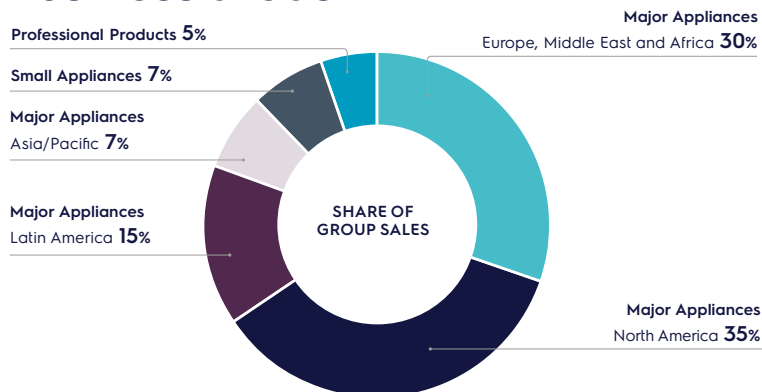
In brief

- Strong results for Major Appliances EMEA and Professional Products.
- Weak demand in emerging markets impacted earnings.
- The planned acquisition of GE Appliances was not completed.
- Operating margin improved to 3.9% (3.2) excluding costs related to the not completed acquisition above.



Keith McLoughlin retired from Electrolux in January 2016. Jonas Samuelson was appointed new President and CEO of Electrolux as of February 1, 2016.

Business areas



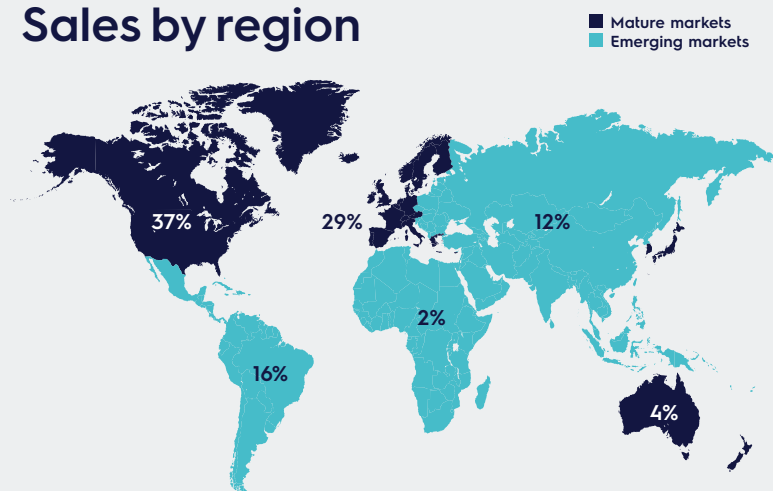
The Group's products are sold in more than 150 countries. The largest of these in terms of sales are in North America and Europe. Electrolux is expanding its presence in growth markets, such as Latin America, Africa, the Middle East and Asia.

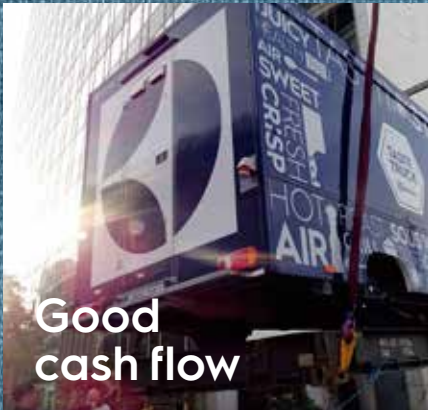
The Electrolux brand



In 2015, Electrolux introduced a new visual identity for the company brand. A visual identity is much more than a change of logo and color palette. It represents a new sense of Electrolux as a brand, what we, our products and our services stand for and how we want to be perceived.

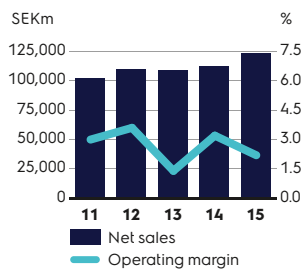
Sales by region





Good cash flow

Net sales and operating margin



All business areas showed mix improvements during 2015 as a result of launches of new products and a strong focus on the most profitable product categories. Price increases also contributed to the organic sales growth of 2.2%.

Operating margin



Operating income declined and amounted to SEK 2,741m, corresponding to a margin of 2.2%. Major Appliances EMEA and Professional Products reported good development, while weak demand, particularly in emerging markets, had a negative impact on operating income.

Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances. Excluding these costs, the margin was 3.9% (3.2).

Operating cash flow after investments improved to SEK 7,492m (6,631).

OPERATING INCOME

2,741

SEKm

Strong recovery for Major Appliances EMEA

Strong focus on the most profitable product categories continued to improve the product mix. Operating income improved significantly as a result of product mix improvements, higher sales volumes and increased efficiency.

Sustainability

-50%

CO₂ 2020

Electrolux is cutting its climate footprint by 50% by 2020 relative to 2005 production levels. Approximately 25 million tonnes of CO₂ equivalents will be cut in emissions deriving from product use, from production and transportation as well as from the use of greenhouse gases.

Innovation



AEG – one of the Electrolux Group's strategic brands – introduced a connected steam oven with the first ever integrated camera, giving consumers the tool to master cooking through their mobile devices.

Taste Festivals



In 2015, Electrolux sponsored and co-hosted Taste Festivals across Europe, the Middle East and Australia. The festivals are a chance for consumers to taste food, cook on the latest appliances and engage directly with some of the best chefs in the world.

DIVIDEND*

6.50

per share
*proposed by the board



Solid growth in Europe and North America

In 2015, Electrolux two largest markets, Western Europe and North America, showed solid market growth. At the same time, demand in several, for Electrolux important, emerging markets deteriorated, most notably in Brazil. Therefore, the financial performance in our six business areas showed a mixed pattern, with strong earnings improvement in Major Appliances EMEA and Professional Products.

ORGANIC GROWTH

2.2%

1.1% 2014

OPERATING MARGIN¹⁾

3.9%

3.2% 2014

CASH FLOW, SEK BN¹⁾

9.5

6.6 SEK bn 2014

CAPITAL TURNOVER-RATE

5.0

4.5 2014

¹⁾ Excluding costs of SEK 2 billion related to the not completed acquisition of GE Appliances.

The operating income amounted to SEK 2.7 billion and includes costs for the not completed acquisition of GE Appliances of SEK 2 billion. Excluding these costs, the Group achieved an operating margin of 3.9%. We continued to generate a good cash flow of SEK 7.5 billion. Excluding the costs related to GE Appliances, the operating cash flow was SEK 9.5 billion.

Our vision, mission and strategy

Electrolux vision is to be the best appliance company in the world as measured by our customers, employees and shareholders. We create customer value by developing innovative products at an increasing pace across the globe. In 2015, two of the successful launches were a new family of appliances in Australia under the Westinghouse brand and a new washing machine, myPRO, adapted to smaller businesses. In Europe, we introduced the world's first connected steam oven. Operational excellence begins with the right people. As a company with global reach and scale, we can attract dedicated employees from diverse backgrounds. For our shareholders we create value by focusing on profitable growth, a stable cash flow and an optimal capital base.

Our mission – our financial goals – remains unchanged. We aim to reach an EBIT margin of 6% for the Group, with an asset turnover of 4 times, leading to a return on net assets in excess of 20%. These targets are combined with a goal of 4 % organic growth over a business cycle. We also target growth in our operations through profitable acquisitions. We will achieve our vision and mission through a strong focus on a well-defined strategy based on four pillars: profitable growth, innovation, operational excellence and people and leadership. The strategy is described in more detail in this report.

Mixed performance in 2015

Our operations in Europe showed good organic growth in 2015 driven by higher volumes and an improved product mix. The work to actively manage the product portfolio provided good results. At the same time, continued cost savings contributed to earnings. Demand for appliances grew in all markets in Western Europe. Most markets in Eastern Europe, outside of Russia and Ukraine, also showed positive growth. We expect the Western European market to grow by 2–3% in 2016 and the market in Eastern Europe by approximately 2%, although the development in Russia and Ukraine remains uncertain.

In North America, improved price/mix and higher volumes contributed to earnings. The transition of refrigerators and freezers to comply with new energy requirements continued to have a negative impact in the first half of 2015, although profitability was restored during the latter part of the year. The US market remained healthy and demand for appliances increased by more than 6%. We expect the market to remain solid in 2016 and forecast demand to grow by 3–4%.

Earnings in Major Appliances Latin America were significantly affected by the weak macro-economic environment in Brazil and demand for appliances fell sharply. To mitigate these market conditions and currency headwinds, we continued to increase prices and to take cost actions. Other markets in Latin America, including Argentina, showed positive growth. We expect the Brazilian market to remain weak in 2016. In Asia/Pacific, we took actions to exit unprofitable segments and categories in China. At the same time, it is encouraging to note that Australia – our fourth largest market – continued to generate good earnings and margins.

Professional Products demonstrated a solid, positive trend throughout the year. Sales increased in several markets within food-service equipment and laundry solutions. Strategic initiatives to grow in new markets and segments have contributed to the positive trend.



Cost reduction program in Small Appliances

During the latter part of the year, we initiated a cost reduction program within the Small Appliances business area with the aim of restoring profitability. Operations have been negatively impacted by lower volumes in several key markets and severe currency headwinds. We expect these actions to reach full effect from end of 2016, with estimated annual cost savings of SEK 120m.

Improved mix and lower costs

All our business areas showed an improved mix in 2015. In 2016, Electrolux will continue to launch new product ranges with innovative features and designs, with the goal of being a leader in providing consumers with great experiences from the products and services we provide. Furthermore, work to strengthen cost competitiveness through continuous improvements and a higher degree of common platforms continues. These are important areas for future profitable growth for Electrolux.

Acquisition of GE Appliances not to be completed

In September 2014, Electrolux announced an agreement to acquire GE Appliances from General Electric (GE). However, in December 2015, GE took the decision to terminate the agreement. Although we are disappointed that the acquisition is not being completed, we are confident that the Group has strong capabilities to continue to grow and develop the position as a global appliance manufacturer. Electrolux will continue to grow profitably, supported by a strong balance sheet and good cash generation.

Sustainability high on the agenda

High performance in all areas of sustainability is an enabler for our business success. For instance, when developing new products, focus is not only on design and features but also on consumer requirements in relation to energy and water efficiency. Over the past year, management has engaged

in setting the priorities and objectives, which we believe will deliver a positive impact for the business. Examples of activities include a groupwide Code of Conduct and anti-corruption training program. Once again we were recognized by the Dow Jones Sustainability Index as the industry leader. Electrolux is a signatory of the UN Global Compact.

Well positioned ahead of 2016

Electrolux will continue to increase its focus on providing consumers a great experience. The accelerated digitization of consumers' lives gives rise to new requirements and opportunities in how we market, sell and distribute our products. It also creates new opportunities to give consumers a better experience from their products over time through, for example Smart Connected Appliances.

We will also continue to improve operational excellence, with focus on cost, quality and flexibility through, for example, modularization of product designs and automation of manufacturing processes.

Finally, I would like to thank my predecessor Keith McLoughlin for his great contributions throughout his years in Electrolux. I am now taking on the role as President and CEO, and I am confident that Electrolux will achieve its vision, with the contribution from 58,000 dedicated employees globally, to be the best appliance company in the world as measured by our customers, employees and shareholders.

Stockholm, February 2016
Jonas Samuelson
President and Chief Executive Officer



Electrolux vision

Electrolux is a leading global, appliance manufacturer, commanding strong positions worldwide, and is the only player that offers complete solutions for both consumers and professional users. The Group's vision is to be the best appliance company in the world as measured by customers, employees and shareholders.

Vision

The Electrolux vision is to be the best appliance company in the world as measured by customers, employees and shareholders.

Customers – Customers' perception of Electrolux is based on the products the Group sells and the service it provides. The pace of innovation and the number of product launches have increased in recent years while the demands placed on products have become more rigorous. A new product is only launched if at least 70% of the consumers in a test group have expressed a preference for it above similar alternatives in the market.

Employees – One of the key tools for Electrolux for measuring employee satisfaction is the Employee Engagement Survey (EES), which gauges such factors as motivation and engagement among employees.

Shareholders – Through the combination of continuous growth, high profitability and a small but efficient capital base, Electrolux shareholders will receive a total return well above the cost of capital.

The objective is also to develop smarter, more accessible, resource-efficient solutions that meet people's needs and improve their everyday lives, and which contribute to sustainable development for our planet. Respect for our global environment and basic human rights is a prerequisite for realizing the vision.

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 return for Electrolux shareholders. To read more, see pages 14–15.

Strategy

The Electrolux strategy is based on four pillars:

- Profitable Growth
- Innovation
- Operational Excellence, and
- People and Leadership.

The focus is on strengthening the position in Electrolux core markets and increasing the share of sales in growth markets. This will be achieved through greater speed in bringing innovative products to market and through growth in new segments, distribution channels and product categories. In addition to organic growth, Electrolux sees potential to grow through acquisitions. Electrolux is leveraging its global strength and scope to increase efficiency and lower the cost base by coordinating global operations, optimizing the manufacturing footprint and reducing complexity. Dedicated employees with diverse backgrounds and the Group's leadership in sustainability are necessary for Electrolux to implement its strategy and achieve its goals.

Values

The Electrolux Group's guiding business principles in combination with a strong set of values form the core of the company's operations. The Group's work in this area is also covered in the Corporate Governance Report and the Sustainability Report, which are available at www.electroluxgroup.com.



Electrolux vision

WHO WE WANT TO BE

We will be the best appliance company in the world, as measured by our customers, employees and shareholders.

Mission – financial goals

WHAT WE WANT TO ACHIEVE

<p>6%</p> <p>Operating margin of at least 6%</p>	<p>4x</p> <p>Capital turnover-rate of at least 4 times</p>	<p>20%</p> <p>Return on net assets of at least 20%</p>	<p>4%</p> <p>Organic growth of at least 4% annually</p>
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p. 14–15

Strategy

HOW WE WANT TO DO IT

<p>Profitable growth</p>	<p>Innovation</p> <p>Products and services Brand and design Sustainability</p>	<p>Operational excellence</p>
<p>People and leadership</p>		

p. 18–39

Values

THE BASIS FOR OUR WORK

<p>Core values</p>	<p>Passion for Innovation</p>	<p>Customer Obsession</p>	<p>Drive for Results</p>
<p>Foundation</p>	<p>Respect and Diversity</p>	<p>Ethics and Integrity</p>	<p>Safety and Environment</p>

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Mission – financial goals

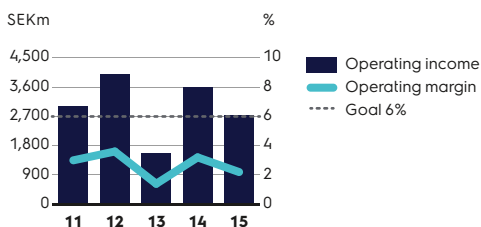
The Electrolux Group’s financial goals contribute to maintaining and strengthening the company’s leading, global position in the industry, and to generating a healthy total return for Electrolux shareholders.

Operating margin

Electrolux can achieve a high level of profitability by maintaining its focus on innovative products and offerings, strong brands and enhanced efficiency. In 2015, the Electrolux Green Range, which includes the most energy and water efficient products, represented 20% of products sold and 32% of gross profit.

Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances. Excluding these costs, the margin was 3.9% (3.2). Operating income for Major Appliances EMEA contributed strongly to the results for 2015. Professional Products also reported a positive development, while operating income for the other business areas declined. Soft market demand, particularly in emerging markets such as Latin America, and severe currency headwinds had a negative impact on operating income for 2015.

Operating margin



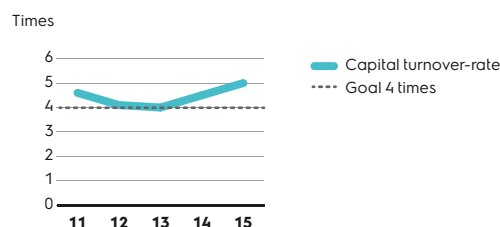
GOAL	RESULT 2015
>6%	2.2%

Capital turnover

Electrolux strives to achieve an optimal capital structure in relation to the Group’s goals for profitability and growth. In recent years, efforts to reduce working capital have been intensified. This has resulted in a lower level of structural working capital. Reducing the amount of capital tied up in operations creates opportunities for rapid and profitable growth.

The capital turnover-rate increased to 5.0 times (4.5) in 2015. The Group’s ongoing activities to operationally and structurally reduce working capital and increase efficiency within operations contributed to this favorable development.

Capital turnover-rate



GOAL	RESULT 2015
>4x	5.0x



Over the past ten years, Electrolux shareholders have received an average annual total return of approximately 12%. The Group's capacity to create healthy cash flow and to enhance operational efficiency play a major role in contributing to this value creation. There is further potential for profitability by raising margins. According to the strategy, innovative products are to contribute to higher profit-

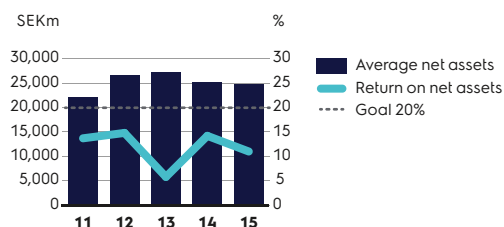
ability and a margin of at least 6%. A capital turnover-rate of at least 4 times combined with an operating margin of 6% should yield a minimum return on net assets of 20%. Further potential for value creation is possible if Electrolux can increase sales while retaining this profitability level. The objective is annual organic growth of 4%.

Return on net assets

Focusing on growth with sustained profitability and a small, efficient capital base enables Electrolux to achieve a high long-term return on capital. With an operating margin that achieves the target of 6% and a capital turnover-rate of at least four times, Electrolux will achieve a return on net assets of at least 20%.

Return on net assets amounted to 11.0% (14.2). Average net assets and working capital declined during the year but return on net assets was negatively impacted by lower operating income. Average net assets declined to SEK 24,848m (25,166), corresponding to 20.1% (22.4) of net sales. Working capital declined to SEK -12,234m (-8,377), corresponding to -9.9% (-6.6) of net sales.

Return on net assets

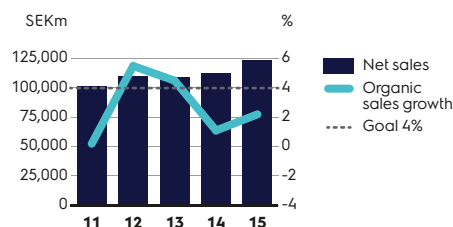


Organic growth

In order to reach the growth goal, the Group continues to strengthen its positions in the premium segment, expand in profitable high-growth product categories, develop service and aftermarket operations and increase the offering of resource-efficient products. Organic growth is complemented by acquisitions to allow more rapid implementation of the growth strategy.

Net sales amounted to SEK 123,511m (112,143), corresponding to organic sales growth of 2.2%. Major Appliances North America, Major Appliances EMEA and Professional Products reported organic sales growth. The product mix improved and prices increased in several regions while sales volumes declined. 2015 was a year with a strong focus on the most profitable products, which improved the mix. Acquisitions had an impact on sales of 0.1%.

Sales growth



GOAL

>20%

RESULT 2015

11%

GOAL

>4%

RESULT 2015

2.2%



Celebrate the food that
brings us together

#WhereiEat





Strategic development



#WhereIEat

On Instagram, Electrolux is celebrating the food that brings us together and we are now highlighting food trends from around the world.

FOLLOW US
twitter.com/hashtag/whereieat



Strategy

The Electrolux strategy channels profitable growth, innovative products, strong brands, operational excellence and dedicated employees to reach its vision – to be the best appliance company in the world.



Profitable growth

To outperform market growth and enhance profitability, the focus is on strengthening positions in the Group's core markets and increasing the share of sales in growth regions. Focus is on expanding in profitable high-growth product categories, developing service and after-market operations and reducing complexity and costs in manufacturing. Acquisitions are an integrated part of the growth strategy.

Innovation

A key factor in the Electrolux consumer-oriented product-development process is the close collaboration between marketing, R&D and design, as is the transfer of know-how from the professional business to consumer products. Over a number of years, the Group has progressively increased investment in R&D. Sustainability is a core element of the strategy, and sustainable innovation is one of the Group's four prioritized areas for product development. At least one-third of the product-development spend is related to sustainability.

Operational excellence

Global optimization of production and modularization unlocks resources for investment in product development, design and marketing. An extensive modularization program is ongoing that lowers product costs and the product development spend through standardized global modular platforms for new products. The Group's manufacturing footprint is continuously adapted and the operations are streamlined to increase productivity. About 65% of the Group's household appliances are currently manufactured in low-cost areas.

People and leadership

An innovative culture with dedicated employees from diverse backgrounds provides Electrolux with the right foundation to develop successful products for consumers across the globe. It is important to contribute to sustainable development for current and future generations in a rapidly evolving world. Strong, committed managers play a decisive role in the successful execution of the strategy.



Inspirational design

Design is a key element in the Electrolux consumer-oriented product-development process. In 2015, Electrolux was presented with the Red Dot design awards for seven products, including the Electrolux QuickSource tap that allows instant access to boiling water straight out of the kitchen tap. During the year, the Group launched the new limited edition Electrolux Ergorapido vacuum cleaner with embedded Swarovski crystals produced especially for the Russian and Eastern European markets. The ultra-luxury kitchen range Electrolux Grand Cuisine is the first professional cooking system designed specifically for home use.



Profitable growth

To outperform market growth and further enhance profitability, Electrolux is implementing a number of strategic initiatives. The focus is on increasing the share of sales in growth regions and strengthening the position in the Group's core markets. Acceleration of product innovation and reducing time to market is a key element of the strategy as well as developing more accessible and resource-efficient solutions to meet the needs of an expanding middle class in growth markets.



Replacement products/series

To strengthen its market positions, Electrolux is accelerating product innovation and reducing the time to market for products. In 2015, a number of innovative products were launched under the Frigidaire brand in North America and under the Electrolux, AEG and Zanussi brands in Europe. The Electrolux Masterpiece Collection, which comprises a range of exclusive small domestic appliances, was launched in several markets. In Australia, a new family of appliances was launched under the Westinghouse brand. Focus on sustainability is also opening opportunities for new, more efficient products. The new Electrolux Nutrifresh™ Inverter fridge offers up to 30% better energy performances than the previous range.

Growth markets/new sales channels

A significant portion of the Group's expansion is in growth markets, such as Asia and Latin America. A key part of this expansion is through resource-efficient products. In Latin America and Asia/Pacific, new products in appliances, vacuum cleaners and small domestic appliances are being launched continuously. In 2015, growth markets accounted for 30% of Group sales. In the Asian markets,

the Group's position in the professional segment was boosted through the acquisition of Shanghai Veetsan Commercial Machinery, one of the largest manufacturers of professional dishwashers in China.

New products and marketing/sales channels

Electrolux is continuously expanding its product offering. Products launched in 2015 included the AEG ProCombi Plus, the market's first steam oven with an in-built camera. Electrolux myPRO washing machines and tumble dryers were launched in Europe. These appliances are specially adapted for small companies, which comprises a new market segment.

New/adjacent product categories

Adjacent product categories, such as air care, water heaters, accessories and small domestic appliances, have substantial growth potential. In recent years, the Group's offerings in these product categories have increased substantially. In North America, Electrolux launched the Frigidaire Cool Connect in 2015. This is the Group's first connected air conditioner, which can be programmed through an app on a smartphone or tablet.



Product launches in 2015

In 2015, a new family of appliances was launched in Australia under the Westinghouse brand. Electrolux myPRO washing machines and tumble dryers, specially adapted for small companies, were launched in Europe. This is a new segment in the market for Electrolux. The Electrolux Masterpiece Collection, which comprises a range of exclusive small domestic appliances, was launched in several markets.

Share of Group sales



- Kitchen 62%
- Laundry 16%
- Small appliances 7%
- Adjacent product categories 10%
- Professional kitchen 3%
- Professional laundry 2%

Kitchen product categories



- Cold (refrigerators, freezers) 48%
- Hot (cookers, hobs, ovens) 38%
- Dish 9%
- Professional food-service equipment 5%



Market overview

The global market for household appliances is changing, and includes the rapid emergence of an affluent middle class in densely populated growth markets. Electrolux aims to increase the share of sales of growth markets, while continuing to strengthen its position in core markets.

For simplification purposes, the global market for household appliances can be split into two parts. In mature markets (Western Europe, North America, Japan and Australia/New Zealand), population growth is low and sales are dominated by replacement products. However, emerging markets (Africa, the Middle East, Eastern Europe, Latin America, Southeast Asia and China) are characterized by rapidly rising standards of living and a large number of new households being able to invest in appliances and other household products.

Macroeconomic drivers

The global market is driven and changed by a number of macroeconomic factors that influence volumes and the types of products that are in demand.

Emerging economies with strong economic growth lead to a rapidly expanding and affluent middle class.

Changing life patterns lead, for example, to a trend in which households decrease in size, in terms of both living space and the number of individuals, and many consumers have less time for household chores.

Urbanization is continuing and will lead to over 60% of the world's population living in cities by 2050¹⁾. While this opens opportunities for sustainable solutions, it also entails an increased burden on infrastructure and resources, primarily energy.

Climate change and limited natural resources, together with increased awareness of the role households play in this development, mean that a growing number of consumers are demanding energy and resource-efficient products. Households currently account for 30% of all energy use and 20% of all carbon dioxide emissions²⁾.

New technology and digitalization is being developed at a high pace and is rapidly being adopted globally. This allows the development of increasingly advanced products, such as connected products, and also leads to a significant rise in online sales as consumers are provided with easy ways to order goods and services via the internet.

Global growth

Between 2010 and 2015, these macroeconomic drivers contributed to global demand for appliances. In 2015, the demand in growth markets represented about 70% of the total market volume for appliances compared with 65% in 2010. Since year 2000, emerging markets have increased their global share of demand from 50% to 70%.

During 2015, demand improved in mature markets such as North America and Europe, while demand decreased in emerging markets such as Brazil and China.

Growth markets accounted for about 30% of Electrolux sales for the year and the objective is to increase this share moving forward.

¹⁾ Population Division of the UN Department of Economic and Social Affairs, World Urbanization Prospects Report, 2014 Revision.
²⁾ OECD

Macroeconomic drivers

- Emerging economies
- Changing life patterns
- Urbanization
- Climate change and limited natural resources
- Digitalization

Increasing global demand for major appliances, million units



Between 2010 and 2015, the global market demand for major appliances increased significantly, mainly due to strong growth in emerging markets. The Electrolux Group's strategy is to capitalize on this increased demand in growth markets.

Source: Electrolux estimates.

GLOBAL POPULATION
Million

87%

Population in
Electrolux growth markets

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

360

420

3,900

160

1,800

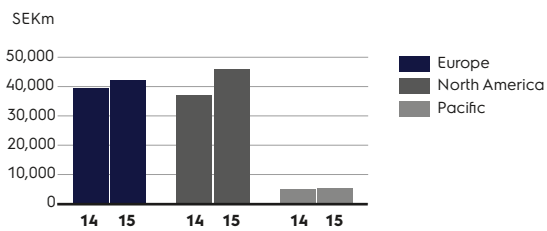
600

13%

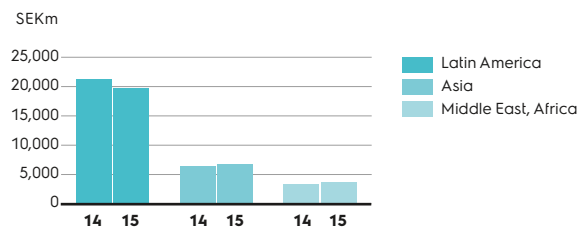
Population in
Electrolux core markets

Western Europe
North America, Australia,
New Zealand, Japan

Electrolux net sales in core markets



Electrolux net sales in growth markets





Global competition



Competitive advantages of Electrolux

Manufacturers and retailers of household appliances are becoming fewer, larger and more international. The five largest manufacturers of appliances in the world – Whirlpool, Electrolux, Haier Group, B/S/H and LG Electronics – accounted for almost half of global sales in 2015. In recent years, manufacturers from Asia have increased their market shares.

Electrolux has a number of key competitive advantages in the face of such intense competition.

Global presence generates economies of scale in the procurement of raw materials, components and finished products. Furthermore, global projects across all units contribute to a faster and more efficient product development process. In addition, an extensive global modularization program is ongoing that will increase efficiency within production and reduce product costs.

Consumer insight is the basis for all products developed by the Group. By performing an extensive number of interviews and home visits, Electrolux gains knowledge of consumer behavior in the use of various household appliances and the needs that exist. Based on this information, Electrolux can develop solutions that facilitate the everyday lives of consumers.

Design is a central part of the Innovation Triangle, whereby the close collaboration between design, R&D and marketing enables new products to reach the market at a

faster pace and ensures that these products are preferred by more consumers.

A distinct Scandinavian heritage plays a key role in shaping the Group's design activities and in the development of new and sustainable appliances.

Professional expertise in the culinary arts contributes to creating innovative products for food preparation and preservation. To a great extent, this occurs through the transfer of know-how and experience from the professional business to the development of consumer products.

An extensive product range makes Electrolux a leading manufacturer of refrigerators, dishwashers, washing machines, cookers, air conditioners, vacuum cleaners and small domestic appliances, and the only player that offers complete solutions for both consumers and professional users.

Employees and culture play a crucial role in Electrolux achieving its targets and vision. Dedicated employees with diverse backgrounds create the innovative culture necessary for Electrolux to be successful. A passion for innovation, consumer insight and motivation to achieve results are at the core of all work at Electrolux.

Leveraging the leadership in sustainability means that Electrolux has a superior ability to develop smarter, more accessible and resource-efficient solutions that meet people's needs and improve living standards for an expanding middle class in growth markets.

Competitive advantages of Electrolux

- Global presence
- Consumer insight
- Design
- A distinct Scandinavian heritage
- Professional expertise
- An extensive product range
- Employees and culture
- A leading position in sustainability



Strong global positions

Despite increasingly intense competition, Electrolux strengthened its positions in several key product segments in 2015. Electrolux kitchen products account for almost two-thirds of the Group's sales and the company holds strong positions in all major categories of kitchen appliances and commands significant global market shares. The strongest global position currently held is for cookers, enabling, for example, know-how from Electrolux cooking solutions for the world's best chefs and restaurants to be utilized when developing consumer appliances. In recent years, the Group has strengthened its leading position in built-in appliances through extensive product launches and partnerships with kitchen manufacturers. The Group also holds strong positions in front-load washing machines and dishwashers, which are segments with low penetration in most markets. Electrolux offers restaurants and industrial kitchens complete solutions for cookers, ovens, refrigerators, freezers and dishwashers. The Group's strongest position is in Europe, where about half of all Michelin-starred restaurants use kitchen appliances from Electrolux.

Electrolux also commands a strong global position in vacuum cleaners and is expanding in the area of small domestic appliances. The global market for small domestic appliances is significantly larger than the vacuum-cleaner market and has significantly faster growth.

Among adjacent product categories, Electrolux has identified major global potential for air-conditioning equipment and water heaters.

To build increased consumer awareness of the value of efficient products, Electrolux focuses on efficiency and other environmental benefits in its global marketing. Market surveys in Australia, Brazil, France, China, Germany and the US have shown that two-thirds of consumers ranked environmental impact as one of the three key factors when purchasing household appliances.

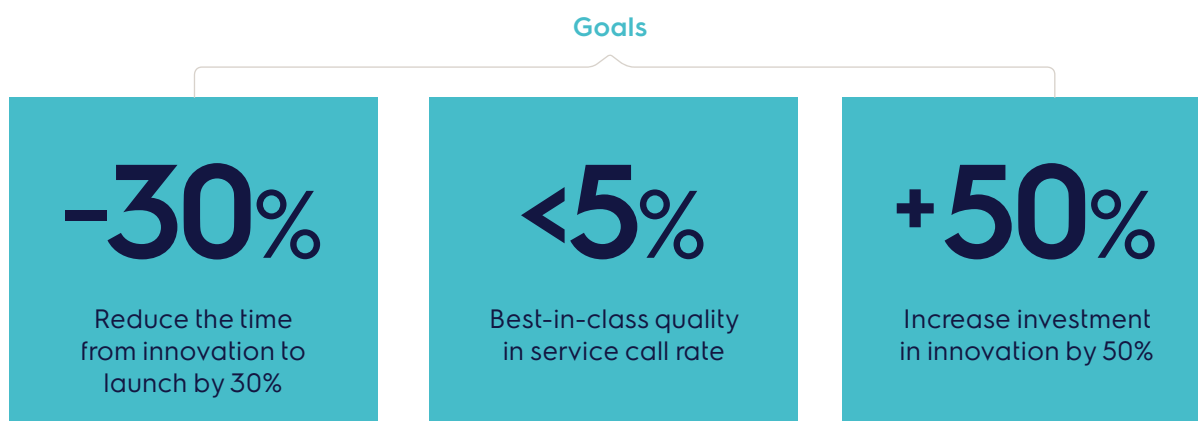
Strong global positions

- Kitchen appliances
- Cooking solutions for the world's best chefs
- Front-load washing machines
- Vacuum cleaners
- Efficient appliances for both professionals and consumers



Innovation

The Electrolux process for consumer-driven product development enables accelerated development of products that are preferred by increasing numbers of consumers. The collaboration between marketing, R&D and design is a key factor.



All product development in the Group is based on in-depth consumer insight. By performing an extensive number of interviews and home visits, Electrolux gains knowledge of consumer behavior in the use of various household appliances and the needs that exist. Based on this information, Electrolux can develop solutions that facilitate the everyday lives of consumers. The Group also leverages its specialist culinary expertise to create yet more innovative products for food preparation and preservation. Key to the above efforts is the transfer of know-how and experience from the Group's professional business to the development of new consumer products. Innovation efforts focus on a number of areas aimed at contributing to the culinary experience, a simpler and healthier lifestyle and resource-efficient solutions for the home.

Accelerated product development

The process for consumer-driven product development is used for all new products. Close collaboration between the Group's marketing, R&D and design functions increases consumer insight and market knowledge, thereby enabling products to reach the market quicker and ensuring that these products are preferred by more consumers.

Each business area in the Group has teams working with these functions. The process also facilitates sales via new channels, establishment in new markets and ventures into entirely new product categories. In order for a new product to be launched, at least 70% of the consumers in a test group must have expressed a preference for the product over similar alternatives in the market. If this requirement is not met, the product is sent back to the product development team to be reworked.

More research and development

Over the past number of years, Electrolux has gradually increased investment in R&D, which has led to further improvement in product quality and has reduced costs for warranty spend. Also in recent years, warranty costs have decreased significantly, essentially by an amount corresponding to the increase in R&D costs, and the sum of these two cost items for the entire period was about 5% of net sales. The aim is to continue this trend. The increased investment in new technology is focused on the development of intuitive and user-friendly control panels, solutions with less environmental impact and new technology that allows appliances to be controlled and connected remotely via the internet.

Sustainability

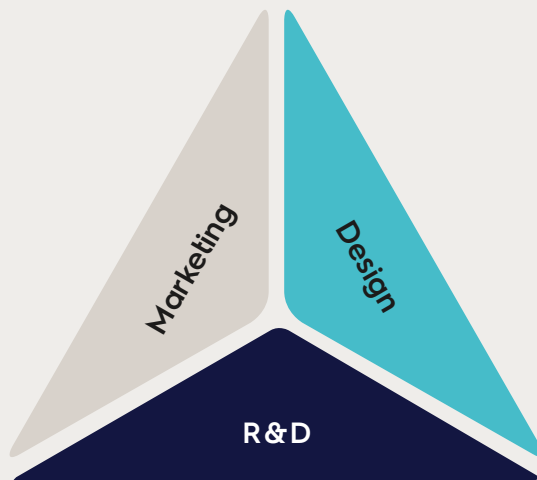
The most significant environmental impact for the Group is energy and water consumption during the usage of products. Accordingly, Electrolux places great importance on increased product efficiency, and sustainability is one of four prioritized areas in product development. At least one-third of the product development spend is environment-related and includes energy and water efficiency. Material efficiency is growing in importance. Electrolux has successfully introduced recycled material in vacuum cleaners and other household appliances.

A Green Range performance indicator for the most efficient products in core markets enables comparability of environmentally leading products against the total range. A key approach to meeting increasing demand for energy and cost-efficient household appliances from a growing middle class in emerging markets is to rapidly transfer the results of innovations from the premium to the mass-market segment.



The AEG Ökokombi consumes 40% less energy compared to other washer dryers that are rated A for energy efficiency.

Innovation Triangle



Close cooperation between R&D, Design and Marketing is increasing the launch pace of relevant products in the market.

- ❶ Develop best-in-class products
- ❷ 70% preference rule, 70% of the consumers must have expressed a preference for the product over similar alternatives
- ❸ Reduce time to market by 30%
- ❹ Continue investing in premium brands

Climate-smart Green Range

20%

Consumer products with the best environmental performance accounted for 20% of total units sold

32%

and 32% of gross profit



Electrolux offers a Green Range comprising the most efficient products to meet the increasing demand for energy and cost-efficient appliances. In 2015, the Green Range represented 20% of products sold and 32% of gross profit. A key challenge is to rapidly transfer innovation from the premium to the mass-market segment.



Products for various segments and regions

Global projects account for an increasing share of product development. The objective is to further increase the level of differentiation for new product launches in the premium segment and concurrently be able to profitably compete in the mass-market segment. Brand differentiation, rapid product development and efficient production are required to reach consumers with products in the mass-market segment. The Group's global modular platforms facilitate the spread of successful launches from one market to another, with adaptations to local preferences. The platforms also support the company's objective of offering more resource-efficient products to more consumers worldwide. The modularization program was further expanded in 2015.

Electrolux has about 15 development centers for household appliances throughout the world, focusing on different products and technologies. These centers are currently located in Sweden, Italy, Germany, the US, Brazil, Egypt, and China.

Design students across the world present pioneering ideas for tomorrow's homes at Electrolux Design Lab, which the Group arranges each year to stimulate new ideas. The winner of the 2015 Electrolux Design Lab was Bloom. For more information see page 159 and www.electroluxdesignlab.com.

Investments in service and aftermarket

Electrolux offers efficient service, rapid upgrades and a broad range of accessories and consumables. The Group strives to offer the market's best service. Well-functioning service activities have the advantage of increasing customer satisfaction and presenting opportunities for profitable aftermarket sales.

The long-term objective is to increase the share of a product's sales value that comprises service, consumables and sales of accessories to a minimum of 10%.

Connected appliances

New technology opens opportunities for new solutions, such as the remote control of kitchen and laundry equipment, and connected appliances, which is a highly significant area for continued innovation efforts at Electrolux. In 2015, Electrolux launched the Frigidaire Cool Connect, the Group's first connected air conditioner, which can be programmed through an app on a smartphone or tablet. This allows consumers to remotely turn on and off the device, change temperature and create custom schedules for when and how the device should operate. Among other benefits, this allows them to save money on their energy costs by using the air conditioner only when it is really needed. Market surveys have shown that a full 62% of users want to control their air conditioning via their smartphones.

Electrolux also presented the AEG ProCombi Plus, the market's first steam oven with an in-built camera. This combines two strong consumer trends: interest in preparing delicious, healthy food and in being able to control preparation remotely.

The Group continues to develop and launch connected products in all major product areas, and joined the AllSeen Alliance in 2014, the broadest collaboration project for developing open source code for connected products. Electrolux has also joined Google's Early Access Program for its Brillo operating system and Weave communications protocol for the Internet of Things, which aims to develop connected appliances for smart homes.



Connected appliances

In 2015, Electrolux launched the Frigidaire Cool Connect, the Group's first connected air conditioner, and the AEG ProCombi Plus, the market's first steam oven with an in-built camera which was presented at IFA in Berlin, Germany, the world's leading trade show for consumer electronics and home appliances. Connected appliances is a highly significant area for continued innovation and Electrolux is a member of the AllSeen Alliance, the broadest collaboration project for developing open-source code for connected products.

Brand and design



8

STRATEGIC BRANDS

Market segment	North America	Latin America	Europe	Asia/Pacific
Ultra Luxury	Electrolux Grand Cuisine, Molteni			
Premium	Electrolux	Electrolux	Electrolux AEG	Electrolux
Mass Market	Frigidaire Eureka	Electrolux Frigidaire	Zanussi Regional brands	Westinghouse* Regional brands

Global and strong strategic brands are to increase in value. Investments will be made in premium brands in all markets. Electrolux aims to reach more consumer segments with strategic brands and with products preferred by more consumers.

*Brand in Australia

Demand is increasing for products from well-known, global brands with innovative design. New, innovative consumer products are supported by strong links to the Group's know-how in professional products.

The Group focuses on eight strategic brands: AEG, Electrolux, Eureka, Frigidaire, Electrolux Grand Cuisine, Molteni, Westinghouse and Zanussi. Tradition and a strong focus on design and quality have ensured AEG a leading position in appliances in Germany, Austria and the Benelux countries. Electrolux is a leading brand in large parts of Europe and Latin America. In North America, Frigidaire is the Group's brand for appliances in the mass-market segment. In addition to these strategic brands, there are a large number of smaller, regional and local brands. The aim is to further reduce the number of brands over time.

Through a large number of launches of new, innovative appliances and small domestic appliances, such as vacuum cleaners, the Group has gradually strengthened its position in the global premium segment in recent years. Launches in 2015 included a complete range of new appliances under Frigidaire Professional in North America and a launch of a new range of appliances under the Westinghouse brand in Australia.

Close consumer dialog to strengthen the brand

Electrolux develops solutions to create contact with and engage consumers throughout the purchase and usage process. The aim is to establish an intimate dialog with consumers and strengthen the overall experience of the Electrolux offering. The Group's "360° Consumer Experience" process focuses on consumers and on creating the best customer experience of Electrolux at different stages, from exploring various alternatives, visiting websites and choosing products at retailers to installing and using the products. Engaging and innovative marketing activities during the year included participation by Electrolux in the Taste Festival across Europe and the social media campaigns "Space to Breathe" promoting air cleaners and vacuum cleaners to prevent asthma among children, #ComidaÉArte, food is art in Brazil and #WhereiEat on Instagram, highlighting food trends from around the world.

Consumer decisions regarding the purchase of household appliances are increasingly based on visits to various websites and blogs, and the use of social media. This means that the Group's websites are some of the most important tools for convincing customers. Online sales are expected to increase significantly in pace with a growing number of internet users, driven particularly by consumers in Asia/Pacific and China. This evolution will impact how the appliance industry meets the new purchasing patterns of consumers in different markets.

Developing digital commerce to increase the Group's online sales is a key priority going forward. Online sales for Electrolux have increased in recent years.



Clear connection to professional cooking

The Group's innovative and efficient solutions for professional users are often used to improve the technology and performance of consumer products. Some examples include the Electrolux steam ovens, washing machines with heat-pump technology, the semi-professional myPRO washing machine for smaller companies, new innovative small household appliances and the Electrolux Grand Cuisine brand, which offers professional food-service equipment for home use. A continuous dialog with professional chefs and the development of new solutions for restaurants and hotels across the globe have provided valuable insight that has been conveyed to other parts of the Group and further strengthens the Electrolux brand. Collaboration with professional users includes a partnership with the World Association of Chefs' Societies (WorldChefs).

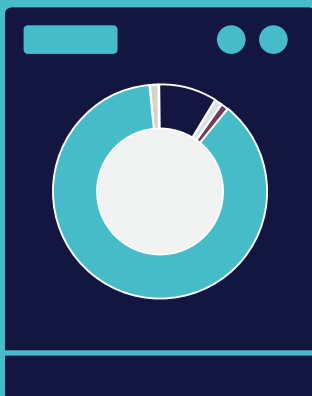
The distinct Scandinavian heritage plays a key role in shaping the Group's design activities and in the development of new and sustainable appliances. Design is a central part of the Innovation Triangle, whereby close collaboration between design, R&D and marketing enables new products to reach the market at a faster pace and ensures that these products are preferred by more consumers.

Sustainability



Sustainability leadership is crucial to realizing the Group's strategy. Electrolux can grow profitably while simultaneously contributing to society by making smarter and more resource-efficient solutions accessible to an increasing number of people around the world. The objective is to steadily become better at meeting people's needs and improving their daily lives in a sustainable way. The Group's sustainability priorities target nine main areas that combined will contribute to: Better solutions, Better operations and a Better society.

HALVING THE CLIMATE IMPACT

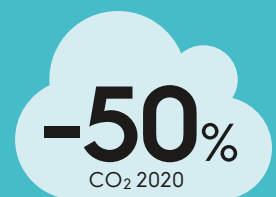


Electrolux can best contribute to remediating the climate change issue through its products. The Group is cutting its CO₂ impact by 50% by 2020 relative to 2005 levels. Approximately 25 million tonnes of CO₂-equivalents will be cut in emissions deriving from product use, from production and transportation as well as from the use of greenhouse gases. As of 2015, 14 million tonnes have been cut.

Average CO₂ impact during the lifetime of an appliance*

Recycling	1%	Transportation	1%
Materials	9%	Product usage	88%
Manufacturing	1%		

* Calculated as the average of eleven different appliances.



The sustainability priorities of Electrolux are a result of dialogs with internal and external stakeholders. Emerging issues are continuously monitored and the impact on business is assessed.

Better solutions

The global market for household appliances is growing. Meeting this demand without further impact on the environment requires more effective use of such resources as raw materials, water and energy.

Improve product performance and efficiency

Electrolux offers a Green Range comprising the most resource-efficient products. In 2015, the Green Range products represented 20% of products sold and 32% of gross profit. One example is the AEG ÖKOKombi washer dryer that extends the lifetime of clothes and is also very energy and water efficient, consuming 40% less energy compared to other washer dryers that are rated A for energy efficiency.

Make better use of resources

Materials used in household appliances comprise primarily steel, plastic and electronic components. The main contribution that Electrolux can make toward greater resource efficiency is to increase usage of recycled materials and support initiatives for recycling electronic products. In 2015, Electrolux used over 50% more recycled plastics than in 2014.

Eliminate harmful materials

The Electrolux competence center for chemicals established in 2014 continues to develop processes to phase out hazardous material. New scientific findings and stakeholder requirements are used to regularly update the restricted materials list (RML).

Better operations

Electrolux impact on the world starts at home. Efforts are constantly made to be more resource efficient and become a more safe and ethical company.

Ensure the best health and safety

Electrolux has a responsibility for every employee. Effective health and safety routines rank among the most important things that Electrolux can offer its employees. The Group's global incident rate (TCIR) was 0.9 in 2015. Since 2005, the incident rate has been reduced by 72%. The estimated cost reduction for injuries with lost days was more than SEK 300m in 2015, compared with 2005 based on historic data.

Achieve more with less

Energy and water consumption in production is significantly less than when the products are used, but high priority is still given to streamlining the use of resources. Efficient use of resources also has benefits in terms of cost savings. Targets are set to continuously reduce resource use through the Green Spirit program, an integral part of the Electrolux Manufacturing System. In 2015, Electrolux completed the third Green Spirit round. The relative energy consumption was reduced by 18% since 2011 in comparable plants surpassing the target of 15%. The new target is a 20% improvement in energy efficiency at plants and warehouses by 2020 compared with 2015.

Respect human rights and ethical principles

Across the world Electrolux operations are based on a shared foundation: respect, diversity, integrity, ethics, safety and the environment. The Group has a global ethics program encompassing both training and a whistleblowing system – the Electrolux Ethics Helpline. In 2015, the first groupwide training program for the updated Code of Conduct was launched, and over 10,000 employees participated in e-learning.

Better society

As a global company, Electrolux affects millions of people – customers, suppliers and local communities. Electrolux strives to create a positive impact by collaborating to meet local needs and promote improvements.

Offer sustainable solutions to all

As a global company, Electrolux can contribute to a faster transfer of technology to new growing markets. Resource-efficient solutions improve the lives of people and keep the environmental impact as low as possible. Zanussi's LINDO washing machines and tumble dryers are examples of highly energy-efficient (A+++ products intended for the mass market.

Be a force for good

Through the Group's global reach and local presence, there are opportunities to make a positive difference, benefiting the local communities, Electrolux employees and the business. One such example is Electrolux Professional's cooperation with the WorldChef initiative. Electrolux Centers of Excellence are offered for workshops that educate chefs on the importance of incorporating sustainable practices.

Improve supply chain sustainability

Regardless of where the Group's products and components are manufactured, it is done with respect for people and the environment. This responsibility expands with the proportion of sourcing in growth markets. As part of our responsible sourcing efforts, Electrolux carried out 427 supplier audits in 2015, and 180 staff members from 80 suppliers received training in the Electrolux Code of Conduct and other relevant sustainability issues. As a signatory of the UN Global Compact, Electrolux is committed to promoting the ten principles covering human rights, labor standards, the environment and anti-corruption across its value chain.

Operational excellence

Electrolux is leveraging its global strength and scale to increase efficiency and reduce costs. Modularization and global optimization of production unlocks resources for investment in product development, design and marketing.

Electrolux continually strives for operational excellence by leveraging its global scale advantages, optimizing production, reducing tied-up capital, improving efficiency within sales and administration, and becoming more resource efficient.

Economies of scale in global operations

The Group's global economies of scale are clear advantages in purchasing raw materials, components and finished products. The global purchasing function coordinates and administers about 60% of all purchasing. The Responsible Sourcing program supports the Purchasing function worldwide in making the right decisions on suppliers and upholding the sustainability performance of our supply base. Furthermore, global product development, design and marketing projects across all units contribute to a faster and more efficient product development process.

An extensive modularization program is ongoing that reduces product costs and the product development spend through standardized global modular platforms for new

products. The aim is to increase the leverage from the global economies of scale. In 2015, a new phase in these efforts was implemented called Modularization 2.0. This entails expansion of the project from its initial focus of reducing product complexity and savings on the direct cost of materials, to improvements in four primary areas:

Automation. To a greater extent, new products are designed to allow a higher degree of automation in their manufacture.

Reduced material and labor costs. Through an increasing number of products being built on a number of shared modules within the Group, savings can be made at the purchasing stage and, in parallel, increased automation will lead to reduced direct labor costs.

Increased pace of innovation. Modularization unlocks resources for investment in product development.

Time to market reduced for new products. Experience demonstrates that modularization means that the time to market for a new product is reduced by 20% - 30% and that the investment cost decreases by 15% - 20%.

NEW SMART WAYS TO CONFIGURE PRODUCTS



EMERGING TRENDS → DIGITAL COMMERCE

In addition, modularization leads to increased manufacturing flexibility by allowing customization of products at late stages of production. This is supported by an increased digital supply chain focus involving the implementation of systems to further improve communication with suppliers and retailers.

Modularization is driven by a global team of mixed nationalities with experience from various key positions at Electrolux.

The efficiency initiatives continued to yield clear results during the year. Modularization increased in the various product groups and led to increased efficiency in terms of product development, marketing and production.

Competitive manufacturing

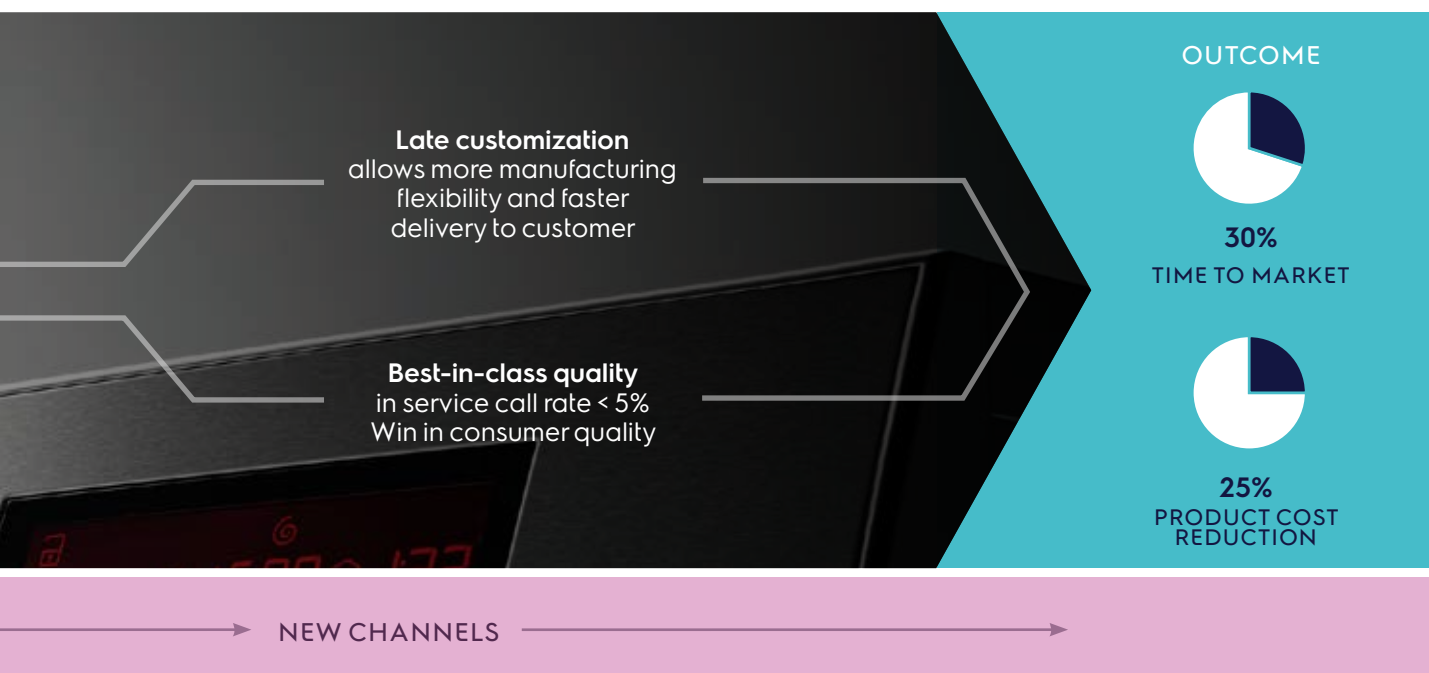
For more than a decade, Electrolux has gradually restructured its production through a program for optimizing the manufacturing footprint. About one-third of the Group's manufacturing has been moved, primarily from Western Europe and North America, to new production centers. Electrolux has closed some 20 plants, downsized many others and opened new production centers, mainly in low-cost areas. These new production centers have been established both to reduce costs and to support strategic growth markets in Asia, Latin America, Eastern Europe and Northern Africa. The manufacturing program is expected to be completed in 2016. In 2015, about 65% of manufacturing

was carried out in low-cost areas, compared with about 30% in 2004.

During 2015, the transfer of refrigerator production from Australia to Thailand continued. A decision was also made to relocate manufacturing of refrigerators in Sweden to Hungary. A new cooker plant was inaugurated in Egypt to strengthen the Group's competitiveness in the region.

A number of other programs aimed at enhancing efficiency are ongoing within the Group. The Electrolux Manufacturing System (EMS), which was launched in 2005, has been implemented at all production units. The program focuses on continuous improvements in terms of product quality, costs, inventory optimization, occupational health and environmental impact.

The EMS continued to make a positive contribution in 2015. The manufacturing cost for major appliances has declined significantly since 2011 and energy use per unit produced has decreased by 41% since 2005. Through the Green Spirit program, which is an integral part of the Electrolux Manufacturing System, targets are set to continuously reduce resource utilization. Improved energy efficiency lowers annual energy costs by more than SEK 400m a year, and entails a reduction in carbon dioxide emissions of 200,000 tons compared with 2005. The Green Spirit program aims to cut energy usage by more than 50% by 2020 as part of the target of reducing the CO₂ impact by 50% by 2020.





Capital efficiency

For a number of years, Electrolux has worked intensively to reduce tied-up capital in the Group. In addition to group-wide measures to streamline and optimize manufacturing, each business area is working on reducing working capital to release resources that can instead be invested in growth activities. The work focuses primarily on four areas: trade receivables, accounts payable, inventory and purchasing. The working capital program has resulted in an increase in the capital-turnover rate and a reduction in structural working capital.

The structure of Group capital expenditure has also changed in recent years to more expansionary investments and fewer maintenance investments. Investments in product development have more than doubled and investments in plants have been reduced.

Efficient sales and administration

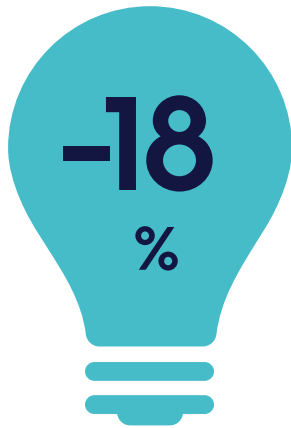
Efficiency within sales and administration is driven by items including shared IT systems and service centers for finance and accounting. Efficient, shared processes are being developed for the launch of new products. Legal entities are reviewed and merged continuously to create shared infrastructures for all regions.

Product life cycle

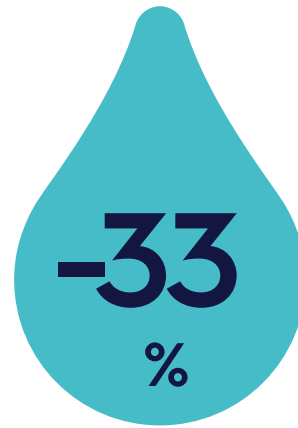
The product life cycle perspective guides the Group in reducing its environmental impact by indicating the degree of impact in raw-material extraction, manufacturing, transportation, use and end-of-life treatment.

The most significant environmental impact for Electrolux is energy and water consumption when products are used. Accordingly, the design and development of products with increased efficiency is a top priority. While the impacts from manufacturing and transportation are significantly smaller, they are still addressed.





The average energy consumption per unit produced in comparable plants has decreased by 18% during the last five years.



The average water consumption per unit produced in comparable plants has decreased by 33% during the last five years.

Resource efficiency

Electrolux is committed to sustainable growth and, accordingly, efficient use of resources comprises a key component of its streamlining initiatives. Through the Green Spirit program, which is an integral part of the Electrolux Manufacturing System, targets are set to continuously reduce resource use and waste.

The materials used in household appliances comprise primarily steel, plastic and electronic components. Savings in materials are achieved by optimizing the use of materials, without compromising product performance and quality.

Electrolux is phasing out chemicals of concern. New scientific findings and stakeholder requirements are used to update the restricted materials list (RML).

The aim is to increase the proportion of recycled materials in new products. Up to 70% post-consumer recycled plastic is used in selected vacuum-cleaner models.

Energy use and carbon dioxide emissions have high priority, and Electrolux has targets for absolute and relative

reductions. The average energy consumption per unit produced in comparable plants has decreased by 18% during the last five years. A new target has been set to achieve a 20% improvement in energy efficiency in plants and warehouses by 2020 compared with 2015.

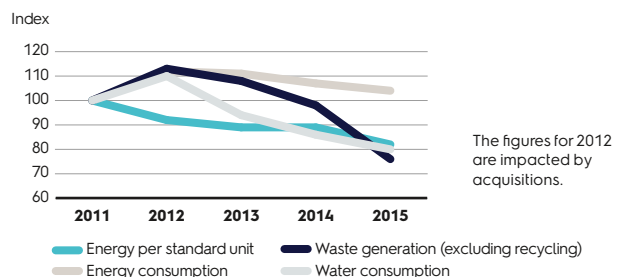
For society as a whole, over 25% of global carbon dioxide emissions derives from the transport sector. Electrolux has set a target for its core markets to annually reduce emissions by 3%.

Water shortages are a major problem in many regions. Electrolux has a long-term commitment to help improve management of limited water resources.

Together with the World Wildlife Fund, Electrolux mapped water-related risks associated with Group plants. As a result, the Group is implementing water management systems throughout operations to reduce water consumption in manufacturing by 5% each year in areas of water stress.

The Group's global modularization platforms facilitate the spread of successful launches from one market to another, with adaptations to local preferences. The share of product development that encompasses global projects is increasing.

Operational resource efficiency





People and leadership

Outstanding teams and leaders play a crucial role in Electrolux achieving the Group's vision and targets. Employees from diverse backgrounds working toward a common goal allows Electrolux to succeed in developing consumer-relevant appliances across the globe.

Electrolux offers opportunities to pursue a career in a global company with a strong focus on quality, innovation, design and sustainability. The spirit of innovation that began with Electrolux founder Axel Wenner-Gren still characterizes the company today. Wenner-Gren's success was built on proximity to consumers and the ability to identify new business opportunities. These factors, in combination with a strong culture, form the core of the Group's operations and drive its employees.

Measurable success

Being recognized as the best appliance company by Electrolux employees can be measured in part by the Electrolux Employee Engagement Survey (EES). The survey assesses various aspects, such as leadership, teamwork and employee commitment, and allows for external comparison with other high-performing organizations. This year, 87% of employees took part in the survey compared with 81% in 2014. The core index also increased for a company with the size and scope of Electrolux. The results of the survey are used to improve business operations primarily through action plans that Electrolux leaders create in cooperation with their teams.

Leaders people trust

Strong, trusted managers that focus on people and business results play a decisive role in the successful execution of the strategy. The EES 2015 Leadership Index score showed that employees have higher confidence in top management than last year, with the index rising to 78% from 75%. To help managers gain even more trust and management skill, a global training program named Connecting for Performance is being implemented across the Group. The training supports managers in translating the overall Group strategy to team strategic priorities while engaging their teams in execution.

The power of one team

To grow profitably and launch new innovative products, Electrolux depends on people who work together and support each other in the drive towards the Group's goals.

Teamship is the Electrolux way of working that produces high-performing teams that continuously learn and improve. The four key drivers for Teamship are goal clarity, transparency, collaboration and engagement.

During 2015, an interactive Teamship workshop was launched which gathered together employees from different functions to explore harnessing the power of one Electrolux team.



The Electrolux Awards Day

The Electrolux Awards enable Electrolux to highlight and reward outstanding performances from employees who drive changes and achieve extraordinary results in line with the Group's strategy and goals. A number of finalists are selected in each category who are given the opportunity to travel to the head office in Stockholm, Sweden, to participate in The Electrolux Awards Day – a gala prize ceremony in which the winners formally receive their awards.

The following awards are presented at The Electrolux Awards Day:

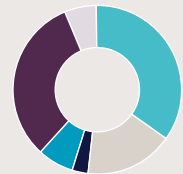
Consumer Care Award, Design Award, EMS Best Practice Award, Invention Award, Leadership Award, Marketing Excellence Award, Product Award, Purchasing Award, Sales Award, Sustainability Award, Quality Award

Electrolux presents an annual Supplier Award at a separate event.



Employees by geographic area 2015

- Europe, 35%
- North America, 17%
- Australia, New Zealand and Japan, 3%
- Africa and Middle East, 7%
- Latin America, 32%
- Southeast Asia and China, 6%



Ethics, integrity and human rights

Wherever Electrolux operates in the world, the company applies the same high standards and principles of conduct. Respect, diversity, integrity, ethics, safety and environment – the elements that make up the Electrolux foundation – are taken into account by employees during their meetings with customers and colleagues around the globe.

Electrolux continued to intensify its efforts regarding human rights during the year.

The Group has a global Ethics Program, encompassing both ethics training and a whistleblowing system – the Electrolux Ethics Helpline. Through the Ethics Helpline, employees can report, in local languages, suspected misconduct. Reports may be submitted anonymously if legally permitted. The majority of the reports during 2015 related to discrimination and harassment.

In 2014, an updated version of the Electrolux Code of Conduct was introduced during the year to better reflect the

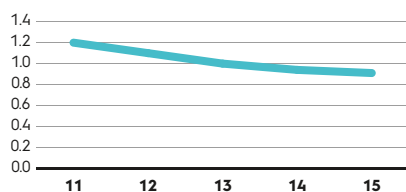
UN Guiding Principles on Business and Human Rights and the Group's own human rights risk assessment. Educational activities throughout the organization followed in 2015 and by year-end over 10,000 employees had completed the training program.

Health and safety

In 2015, implementation continued of the global health and safety management system, which aims to promote an even stronger safety culture. During the year, one employee lost his life in an accident in one of the Group's production facilities. The total recordable incident rate (TCIR) was 0.9. Approximately 65% of the plants achieved a level of less than 1.0. Since 2011, the incident rate has declined by a full 23%. The Group aims to reduce the incident rate by a further 5% in 2016.

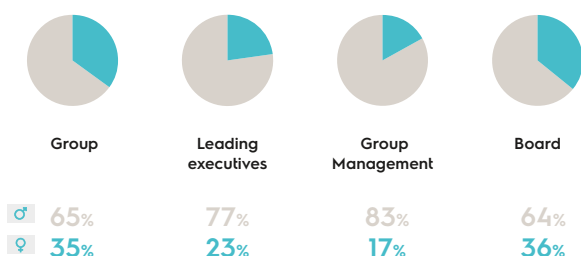
Read more about working at Electrolux at: www.electroluxgroup.com/careers.

Incident rate¹⁾



¹⁾ Per 200,000 working hours.

Gender distribution 2015



Our values

Our employees are guided by a strong foundation and a common set of core values. Throughout our more than 90-year history, three core values have consistently united the aims of all people in Electrolux: Passion for Innovation, Customer Obsession and Drive for Results.



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 that is of value to the customer.



Customer Obsession

The wants, wishes and views of our customers guide our every action. We are interested in our customers and continuously aim to learn more about them and their needs. We keep our promises to our customers, and we capture insights about and anticipate our customers' future needs. We strive to create added value for customers in all aspects of our work, ultimately aiming to deliver the best customer experience.



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 volumes. We focus on the essential and always aim for direct, simple, informal and lean ways of working.

A solid foundation

Our foundation governs all of us in everything we do and, perhaps most importantly, how we engage with each other and our surroundings. The components of our foundation can be applied to a variety of areas, from our relationships with colleagues to the manner in which Electrolux conducts business in growth markets.

Respect and Diversity

- We are a team with diverse disciplines, functions, cultures and organizations.
- We promptly address any conflict or situation that may involve disrespectful behavior.
- We treat all individuals with kindness and fairness.

Ethics and Integrity

- We are transparent, honest and fair in all relations, both internally and externally.
- We challenge the behavior and values of others – when their actions conflict with the Electrolux code of business ethics.

Safety and Environment

- We pursue and promote actions that contribute to a safe and sustainable environment.
- We are willing to compromise short-term results at individual units to achieve sustainable Group results.



History

Innovation is, and will always be, the driving force at Electrolux. The company's founder, Axel Wenner-Gren, was a visionary who developed products for the future. He underlined Passion for Innovation, Customer Obsession, and Drive for Results, and these comprise the core values of Electrolux operations still today.



1912 Lux I

2015 Electrolux UltraOne Green

10
MILLION
ergorapido®
2014



2014 Electrolux Ergorapido

1901

AB Lux was founded.

1919

Cooperation between AB Lux and Axel Wenner-Gren begins. The Lux I vacuum cleaner is launched.

1928

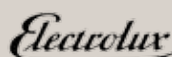
Electrolux is listed on the London Stock Exchange and on the Stockholm Stock Exchange in 1930.

1957

The spelling of the Group's name is changed throughout the world from Elektrolux to Electrolux.

1984

Italian appliance manufacturer Zanussi is acquired, making Electrolux the leader in household appliances for consumers and professionals.



The founder of Electrolux, Axel Wenner-Gren, was a visionary who understood how to develop products for the future. Read the stories below about how Axel Wenner-Grens' innovations transformed homes around the world.



Model XXX vacuum cleaner



Electrolux refrigerator



2015 Electrolux Steam oven

Importance of Design - The atmosphere in the showroom was different. The crowd was still and gathered around the latest addition to the Electrolux collection: the Model XXX vacuum cleaner. The model designed by the internationally renowned industrial designer Lurelle Guild, was one of the first vacuum cleaners to be created with aesthetic appeal. As cars and trains had become streamlined, Wenner-Gren saw the value in bringing a similar sleek elegance to household 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 Modell XXX vacuum cleaner, Wenner-Gren said to Guild: "You have given Electrolux products attractive design and perfect form."

Passion for Innovation - "This task is not an easy one, but one that will transform homes around the world." Next to Wenner-Gren and his team was a basic prototype of an absorption refrigerator created by two young engineers, Baltzar von Platen and Carl Munters. Wenner-Gren believed that absorption refrigeration technology, creating cold through heat using water, had immense potential but needed to be developed further. "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." In 2015, Electrolux launched new refrigerators featuring the very best professional technology to create optimal air humidity and preserve fresh food for longer.

<p>1986 Electrolux acquires the third largest appliance company in the US, White Consolidated, with brands such as Frigidaire, Kelvinator and Westinghouse.</p>	<p>1994 Appliance manufacturer AEG is acquired.</p>	<p>2001 The household appliance division of Australian company Email is acquired.</p>	<p>2011 Appliance manufacturers Olympic Group in Egypt, and CTI in Chile, are acquired. The share of the Group's sales in growth markets increases rapidly.</p>	<p>2014-2015 In 2014, Electrolux acquired Australian BeefEater Barbecues and in 2015, Shanghai Veetsan Commercial Machinery, a manufacturer of professional dishwashers in China.</p>
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lunch and dinner

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Markets and Business areas



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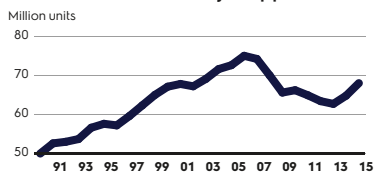
Market information

Core markets

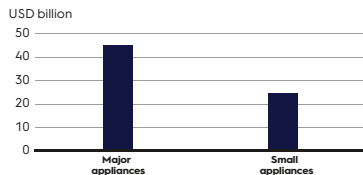
Western Europe

The European market is fragmented and characterized by widely varying consumer patterns between countries and a large number of manufacturers, brands and retailers. Structural overcapacity and price pressure has led to ongoing industry consolidation with positive implications for the industry and consumers in the medium to long term. In 2015, market demand was good and enabled growth in areas such as compact, energy-efficient and built-in kitchen products.

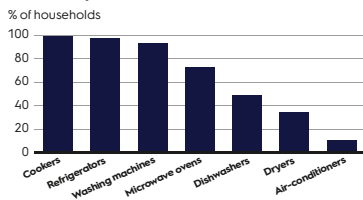
Market demand for major appliances



Market value



Product penetration



Electrolux competitors

Miele · B/S/H · Whirlpool · Samsung · LG Electronics · Arcelik · Dyson · Ali Group · Rational · Primus

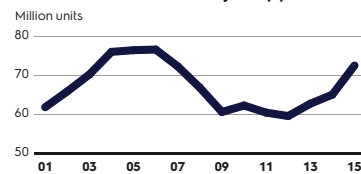
Western Europe

Population:	418 million
Average number of persons per household:	2.3
Urban population:	78%
Estimated real GDP growth 2015:	1.5%

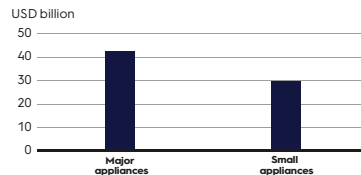
North America

A mature, homogenous market with high product penetration that is dominated by replacement products. Large homes allow space for many household appliances, including large appliances. The market is comprised of several domestic and global manufacturers. Four major retailers sell 70% of the appliances on the market. The recovery in the housing sector generates opportunities for growth in the coming years. In 2015, market demand remained healthy.

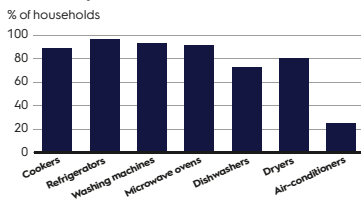
Market demand for major appliances



Market value



Product penetration



Electrolux competitors

Whirlpool · General Electric · ITW · LG Electronics · Samsung · Dyson · TTI Group (Dirt Devil, Vax and Hoover) · Bissel

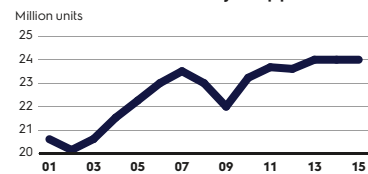
North America

Population:	358 million
Average number of persons per household:	2.6
Urban population:	83%
Estimated real GDP growth 2015:	2.3%

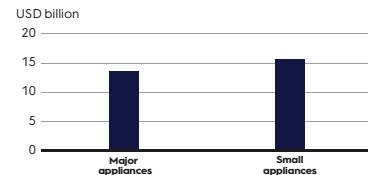
Australia, New Zealand and Japan

Japan is the world's third-largest single market and is dominated by major domestic manufacturers and retailers. Small living spaces have led to consumers demanding compact products, such as hand-held vacuum cleaners. Penetration is high in Australia and New Zealand and demand is primarily driven by design and innovations as well as water and energy efficiency. Competition between manufacturers from Asia and Europe is intense.

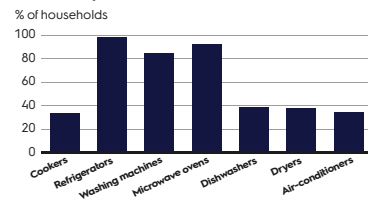
Market demand for major appliances



Market value



Product penetration



Electrolux competitors

Fisher & Paykel · Samsung · LG Electronics · Panasonic · Dyson · ITW · Hoshizaki · Alliance

Australia, New Zealand and Japan

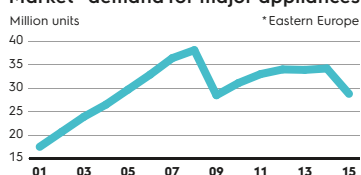
Population:	155 million
Average number of persons per household:	2.5
Urban population:	93%
Estimated real GDP growth 2015:	0.9%

Growth markets

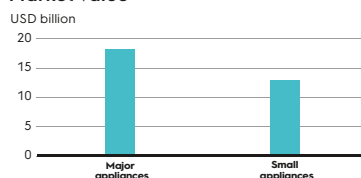
Africa, Middle East and Eastern Europe

The level of market development varies substantially between countries. The geographic spread plays its part in hindering manufacturers and retailers from capturing substantial market shares. Eastern Europe is dominated by Western manufacturers and a large market for replacement products is emerging. Penetration is low in Africa, but growth is high and in line with increasing household purchasing power. The Middle East offers a base for regional manufacturing but is impacted by the political uncertainty.

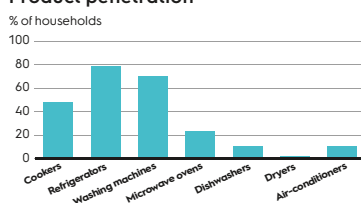
Market* demand for major appliances



Market value



Product penetration



Electrolux competitors

B/S/H • Whirlpool • Samsung • LG Electronics • Arcelik • Dyson • Ali Group • Rational

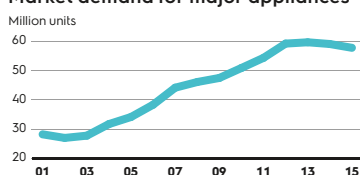
Africa and Middle East

Population:	1,396 million
Average number of persons per household:	4.8
Urban population:	46%
Estimated real GDP growth 2015:	2.2%

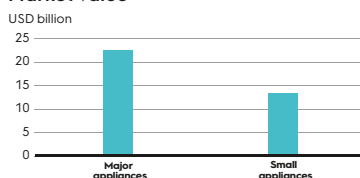
Latin America

Brazil is the largest market in the region and the two largest manufacturers accounts for about 80% of the appliances market. Despite the economic slowdown in the region, there exists considerable growth potential for appliances in the longer term, especially in low-penetrated categories. The growing middle class is expected to drive demand for basic cookers, refrigerators and washing machines. Growing interest for energy and water efficiency may also drive demand.

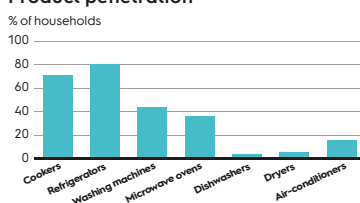
Market demand for major appliances



Market value



Product penetration



Electrolux competitors

Whirlpool • LG Electronics • Samsung • Daewoo • SEB Group • Black & Decker • Philips • ITW

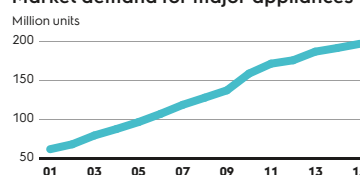
Latin America

Population:	630 million
Average number of persons per household:	2.8
Urban population:	79%
Estimated real GDP growth 2015:	0.4%

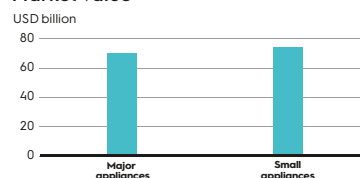
Southeast Asia and China

The region is characterized by emerging economies, rapid urbanization, small living spaces and an expanding middle class. China is the world's largest market for household appliances, in terms of volume. The domestic manufacturers dominate in China. Similar to other emerging markets, consumers prioritize refrigerators, washing machines and air-conditioners as prosperity rises. Energy-efficient products and premium brands are growing in popularity.

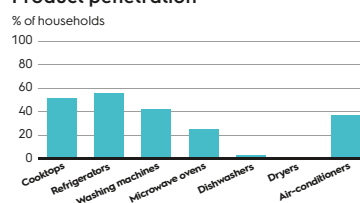
Market demand for major appliances



Market value



Product penetration



Electrolux competitors

LG Electronics • Panasonic • Haier • B/S/H • Whirlpool • Midea • Samsung • Dyson • Gree • Manitowoc • ITW • Sailstar • Image •

Southeast Asia and China

Population:	3,915 million
Average number of persons per household:	3.8
Urban population:	44%
Estimated real GDP growth 2015:	6.7%

Sources: World Bank, OECD and Electrolux estimates.

Electrolux market data

Core markets

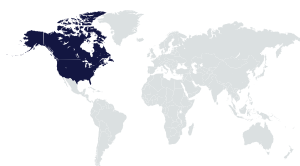
Western Europe



Electrolux priorities

Increased focus on the strongest and most profitable product categories and brands, Electrolux and AEG. Emphasis on innovation, often drawing inspiration from the Group's professional expertise but also increased focus on connected appliances. Examples of growing segments are built-in kitchen appliances and energy-efficient products. Priority is also given to strengthening the small domestic appliances offering.

North America



Electrolux priorities

Launch of new innovative products within core appliances. The adaption to new energy-efficiency requirements within cold products is now complete. Focus is also on growth in the builder-channel by developing new customers and distribution channels. Broadening the range of professional products and a strong focus on the offering for global food chains.

Australia, New Zealand and Japan



Electrolux priorities

Further strengthening of positions in Australia and New Zealand through the launch of new, innovative products such as the new Westinghouse cooking range but also products with features such as high energy and water efficiency. Prioritization of compact, user-friendly and quiet household appliances in Japan and South Korea continues.

Share of Group sales 2015

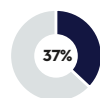


Share of sales in the region 2015



- Major appliances, 80%
- Small appliances, 8%
- Professional food-service and laundry equipment, 12%

Share of Group sales 2015



Share of sales in the region 2015



- Major appliances, 94%
- Small appliances, 5%
- Professional food-service and laundry equipment, 1%

Share of Group sales 2015



Share of sales in the region 2015



- Major appliances, 86%
- Small appliances, 8%
- Professional food-service and laundry equipment, 6%

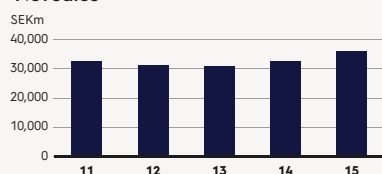
Consumer brands



Electrolux market shares

16% core appliances
12% floor care
Professional: Leadership position with a stronger recognition in the institutional/hotel segments for professional products.

Net sales



Market demand in Western Europe has improved during the last two years, after several years of decline, and Electrolux sales have increased.

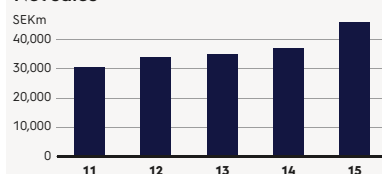
Consumer brands



Electrolux market shares

19% core appliances
12% floor care
Professional: Historically strong presence in laundry equipment and a growing presence in the food service industry and in the chain business for professional products.

Net sales



Net sales in North America have been impacted by growth in the market, launches of new products and new distribution channels.

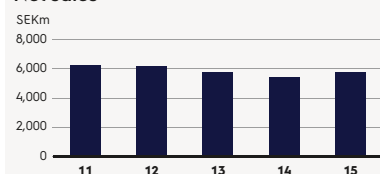
Consumer brands



Electrolux market shares in Australia

40% core appliances
12% floor care
Professional: Historically strong position in both laundry equipment and food-service equipment for professional use.

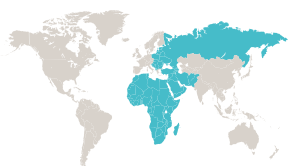
Net sales



Australia is the Group's main market in the region. In Japan, Electrolux is a relatively small player but has, in recent years, established a growing business in small, compact vacuum cleaners.

Growth markets

Africa, Middle East and Eastern Europe



Electrolux priorities

Increased focus on the strongest brands and product categories in Eastern Europe. The aim is to grow profitably in all product categories in parallel with economic recovery but also growing prosperity, especially in Africa. Electrolux production setup in Egypt will enable growth in the Middle East and North African markets. Product launches in the air-conditioner segment and small appliances will also yield further growth opportunities in the region.

Latin America



Electrolux priorities

Although parts of the region has experienced tough market conditions recently, there are considerable growth opportunities in the longer term. By monitoring the market closely and focusing on cost control and efficiency, the Group can capitalize on opportunities when the purchasing power of households recovers again.

Southeast Asia and China



Electrolux priorities

By targeting new markets, channels and segments and marketing a broad range of premium appliances, the Group aims to increase its presence in these markets. A growing middle class means higher demand for premium products. Focus on products for professional users in the laundry and food-service segments is also prioritized as well as launches of compact vacuum cleaners and small domestic appliances.

Share of Group sales 2015



Share of sales in the region 2015



■ Major appliances, 83%
■ Small appliances, 8%
■ Professional food-service and laundry equipment, 9%

Share of Group sales 2015



Share of sales in the region 2015



■ Major appliances, 94%
■ Small appliances, 6%

Share of Group sales 2015



Share of sales in the region 2015



■ Major appliances, 69%
■ Small appliances, 23%
■ Professional food-service and laundry equipment, 8%

Consumer brands



Electrolux market shares in Eastern Europe

13% core appliances

13% floor care

Professional: Leadership position with a stronger recognition in the institutional/hotel segments.

Net sales



Electrolux has a potential for growth in parallel with growing markets in Eastern Europe, the Middle East and Africa.

Consumer brands



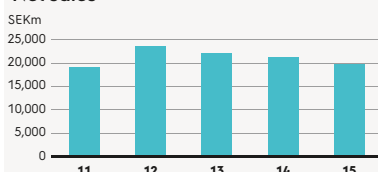
Electrolux market shares

Leading positions in major appliances in Brazil, Chile and Argentina.

45% floor care

Professional: Growing presence of Professional Products in the region.

Net sales



Net sales in Latin America have increased organically over the years due to a strong product offering, market growth and the acquisition of CTI in Chile in 2011. Weak market conditions primarily in Brazil impacted sales negatively in 2015.

Consumer brands



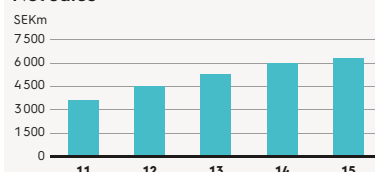
Electrolux market shares in Southeast Asia

5% core appliances

23% floor care

Professional: Reference player with stronger recognition in the hotel segments.

Net sales



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

Major Appliances EMEA

The total European market improved during the year. Cost savings in combination with strong focus on the most profitable product categories, brands and sales channels led to continued earnings improvements.

Daniel Arler is Head of Major Appliances Europe, Middle East and Africa as of February 1, 2016.



Europe comprises the Group's largest market and Electrolux has a broad offering under the three main brands: Electrolux, AEG and Zanussi. In many countries and segments, the Group has strong market positions with a particularly strong position in kitchen appliances, such as cookers, hobs and built-in appliances. Market demand for appliances increased by 5% in Western Europe, while demand in Eastern Europe was impacted by continued substantial declines in Russia and the Ukraine, and decreased by 17%. The total European market grew by 4%, excluding Russia.

The Western European market continued to be characterized by price pressure. One of the key reasons for this is the nature of the market with an increased global competition and a large number of manufacturers, brands and retailers.

Africa and the Middle East comprise a large number of countries with significant variation in terms of wealth and degree of urbanization. However, a common theme is that demand for appliances increases in parallel with growing prosperity. The Electrolux Group's growth strategy in this region is targeting primarily Egypt, Saudi Arabia

and a number of countries in the Lower Gulf Region.

Growth and innovation

Continued intense focus on the two premium brands, AEG and Electrolux, as well as investments in innovation with clear consumer benefits in combination with a targeted marketing strategy has enabled the Group to increase market shares in important segments, such as the built-in kitchen and premium-laundry product categories.

During the year, several new innovative products were launched, such as new energy-efficient tumble dryers with heat-pump technology under the AEG brand. The Group's focus on development of connected products resulted in the introduction of the world's first connected steam oven with an integrated camera, the AEG ProCombi Plus Smart Oven. Another unique launch made is a new range of multifunction ovens with the PlusSteam function targeting consumers who bakes at home but cannot afford a top-of-the-range steam oven.

A clear trend continues toward consumers increasingly using digital channels for retrieving information about and purchasing appliances.

Electrolux has put substantial emphasis on developing digital solutions for communication with consumers about offered benefits throughout the entire process, from research into the various product offerings to using the product for maximized satisfaction.

Operational excellence

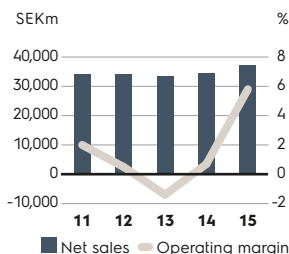
During the year, the Electrolux Continuous Improvements Program was launched, which comprises a new cross-functional approach to concurrently raise customer value and reduce costs. Continued savings measures under previously initiated programs led, among other things, to increased operational efficiency.

During the year, Electrolux decided to relocate refrigerator manufacturing in Mariestad, Sweden, to Nyíregyháza in Hungary as part of the efforts to improve manufacturing competitiveness. The transfer will be carried out in stages and will start in the latter part of 2016. In April 2015, a new state-of-the-art cooker plant was opened outside of Cairo in Egypt. The plant is the largest of its kind in Africa and the Middle East, and strengthens the Group's competitiveness in the region.

SHARE OF NET SALES

30%

NET SALES AND OPERATING MARGIN



ORGANIC GROWTH

4.4%

COMMENTS ON PERFORMANCE

Major Appliances EMEA recorded organic sales growth of 4.4% in 2015. This growth was mainly a result of increased sales volumes and an improved product mix, which more than offset continued price pressure.

Operating income improved significantly, mainly as a result of product-mix improvements and increased cost efficiency.

MARKET POSITION

- Core appliances 16% in Western Europe
- Core appliances 13% in Eastern Europe
- A leading position in markets in Northern Africa and the Middle East

PRIORITIES MOVING FORWARD

- Continued focus on the most profitable product categories
- Reduce complexity and increase speed to market
- Increase efficiency through continuous improvements



Cooking with steam

Electrolux has a broad and innovative range of steam ovens on the market. Innovative CombiSteam ovens have been launched in Europe under the Electrolux and AEG brands. In 2015, Electrolux introduced, at IFA, the world's first connected steam oven, with a built-in camera, under the AEG brand. Consumers can start and monitor their cooking process remotely via an app on a mobile device, see page 29.



AEG AbsoluteCare dryer

The AEG AbsoluteCare tumble dryer, A+++ energy class, takes care of hand-wash only woolens and silks without shrinkage. The AbsoluteCare dryer removes consumers' underlying distrust of dryers and the fear that the dryer will damage their clothes. This means they can use the full potential of the dryer without having to worry about potential damage.



Air-conditioner for EMEA

The new Electrolux air-conditioner uses smart technology and can be monitored remotely via an app on your mobile device. This new range has already won a Red Dot Design Award for its elegant Scandinavian design and functionality. The air-conditioners are being sold in Saudi Arabia, UAE, Qatar, Oman, Bahrain, Kuwait, Jordan and Lebanon.



Market demand for major appliances 2015 compared to 2014



Western Europe



Eastern Europe



Egypt

Electrolux markets EMEA



Average number of employees 2015

20,767

Major Appliances North America

The U.S. appliances market posted continued growth. A number of new innovative products were launched during the year and Electrolux sales increased in most product categories. Earnings recovered, mainly as a result of efficiency measures within production.

Alan Shaw is Head of Major Appliances North America as of February 1, 2016.



Electrolux has a strong offering in the US and Canada, particularly for such kitchen appliances as cookers, refrigerators and freezers. The appliances are predominantly sold under the Frigidaire brand in several price segments and under the Electrolux brand in the premium segment. The Group also sells appliances under retailers' own brands.

The market is dominated by replacement products as a result of high product penetration and low population growth. The market is more consolidated than many other markets but competition is intense between several national and global manufacturers. Global competition has intensified and an increasing number of international companies are now offering entire appliance-product lines. Consolidation among retailers is relatively high and almost 70% of appliances are sold through the four major retailers Sears, Lowe's, Home Depot and Best Buy. Contract sales is another key channel in this market and its growth has kept pace with rising housing starts and sales.

Growth and innovation

The appliance market continued to expand and posted growth of about 6% during the year. Continued improvement of the macroeconomic climate together with increased housing starts and rising purchasing power has driven growth. In addition, the premium segment is growing in pace with the aging population, where the Group has a broad offering under its Electrolux brand.

Sales of Electrolux appliances in North America posted organic growth of 5%, with increases noted in most product categories. Profitability recovered for refrigerators and freezers after earnings were negatively impacted in the first half of the year by adaptations to the new U.S. energy standards implemented in 2014.

A number of new innovative products were launched during the year, including the important launch of a completely new range of appliances under the Frigidaire Professional brand. The range supplements other offerings from Electrolux and is positioned between Frigidaire Gallery in the mass-market segment and

Electrolux in the premium segment. The Group also launched its first connected air-conditioner, the Frigidaire Cool Connect.

The planned acquisition by Electrolux of GE Appliances was not completed as General Electric terminated the agreement in December 2015, see page 91.

Operational excellence

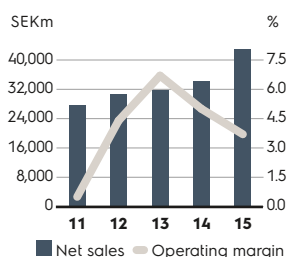
Measures were implemented to accelerate the ramp-up and streamline production at the new cooking plant in Memphis, Tennessee. In the second half of the year, the plant achieved significant improvements in terms of production volumes and operational reliability. The action program will continue in 2016 with a strong focus on further increasing efficiency and lowering manufacturing costs.

The efficiency program at the refrigerator plant in Anderson, South Carolina, and the refrigerator plant in St Cloud, Minnesota, has led to significant improvements in areas including volume, cost levels, quality and customer service.

SHARE OF NET SALES

35%

NET SALES AND OPERATING MARGIN



ORGANIC GROWTH

4.9%

COMMENTS ON PERFORMANCE

Major Appliances North America reported an organic sales growth of 4.9% in 2015. Sales volumes for most product categories increased.

Operating income declined year-over-year. Price/mix improvements and higher sales volumes contributed to earnings, while production inefficiencies and the transition of freezers and refrigerators to comply with the new energy requirements had a negative impact on results for 2015.

MARKET POSITION

- Core appliances 19%

PRIORITIES MOVING FORWARD

- Launch of consumer-driven innovation and improvement of the product mix
- Focus on increased cost efficiency
- Expansion of selected sales channels



Frigidaire Gallery

Electrolux has introduced the first refrigerator with customizable door on the market. Often considered a traditional design, the new top freezer refrigerator addresses a long-standing consumer need to provide better organization in this product. The refrigerator's full door is customizable with bins and shelving that can move, slide or be added to. Top freezer refrigerators, which represent 50% of the refrigeration market, have seen little innovation in decades.



Frigidaire Professional

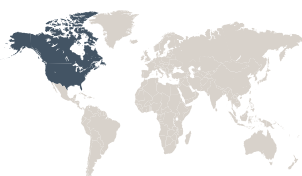
Frigidaire Professional is a complete range of appliances with a professional-inspired look and performance, designed to fit in a standard kitchen. This high-end sub-brand of the Frigidaire family in North America is positioned between the Frigidaire Gallery and the premium segment of Electrolux.

Market demand for major appliances
2015 compared to 2014



North America

Electrolux
markets North America



Average number
of employees 2015

14,923

Major Appliances Latin America

In 2015, market demand for appliances weakened significantly in Brazil. Electrolux implemented extensive adjustments in its operations. However, through its strong position in the region, the Group has excellent prerequisites for long-term, profitable growth.

Ruy Hirschheimer, Head of Major Appliances Latin America



The Electrolux brand occupies a strong position in Latin America through its innovative products and close collaboration with market-leading retail chains. Brazil is the Group's largest market in the region and accounted for about 60% of Electrolux sales. In major Latin American countries such as Brazil, Chile and Argentina. Electrolux is the market leader in a large number of product categories in appliances.

The Latin American market is dominated by a few large manufacturers. Import duties and logistical costs mean that the bulk of products are produced domestically. The degree of consolidation is also high among retailers. Together, these factors contribute to strengthening the potential of established manufacturers in the region. Brazil accounts for about 50% of the total market.

Growth and innovation

Following a number of years of growth, the market in Latin America weakened in 2014, and this trend accentuated in 2015. The declining macroeconomic conditions in Brazil meant that market demand for appliances decreased significantly during the year. Demand also declined in several other markets while demand in Argentina increased. The weak market impacted Electrolux appliance sales in Latin America and organic sales decreased by 2% in 2015.

During the year, the USD strengthened against many Latin American currencies, resulting in increased costs for imports of semi-finished and finished products. Price increases mitigated the negative currency impact.

Electrolux is continuing to expand in Latin America through investments in product development and is well positioned when market demand recovers. Over the year, about 100 new products from all product categories were

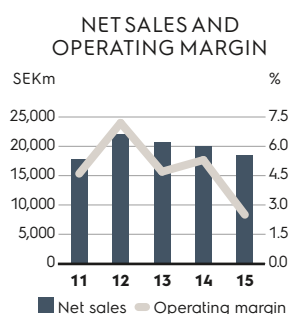
launched, such as the first frost-free refrigerators manufactured under the Electrolux brand in Argentina and a washing machine with energy-saving technology in Chile. In Brazil, the first multi-door refrigerator and connected products, such as an air-conditioner and a top-load washer and dryer, were examples of product innovations introduced to the market.

Operational excellence

An extensive cost-reduction program was implemented across all units in Latin America to adjust costs to lower demand. One of the results of this was a significant reduction of inventory and, thereby reduced working capital. In addition, capacity adjustments were initiated at the region's seven production units. Negotiations were started with suppliers to reduce costs, for purchasing raw materials and components.

SHARE OF NET SALES

15%



ORGANIC GROWTH

-1.5%

COMMENTS ON PERFORMANCE

Major Appliances in Latin America continued to be impacted by weakening market conditions and organic sales declined by 1.5% in 2015.

Operating income deteriorated, mainly as a result of the continued sharp downturn in the Brazilian market. Actions were taken during the year to adjust the cost base to the lower demand.

MARKET POSITION

- Electrolux holds strong positions in major markets in Latin America, such as Brazil, Chile and Argentina.

PRIORITIES MOVING FORWARD

- Expand best-in-class products and services offering
- Continue to build on the strong position in the region
- Increase growth in other markets



New Electrolux Multi-door Refrigerator

The new Electrolux Multi-door Refrigerator is the most flexible multi-door refrigerator on the market, with adjustable and retractable shelves, removable compartments and internal ice maker. It also has a differentiated drawer that keeps fruit and vegetables fresh for longer. It keeps food fresh for up to 60% longer time than an ordinary drawer as it has controlled airflow and avoids oxidation.



Electrolux Washer and Dryer

The new Top Load (15kg) Washer and Dryer is the first on the market with a WiFi connection that allows consumers full control of the product from anywhere in the home, enabling them to turn the product on and off and set the correct program for the particular wash. That means more freedom for consumers to do other activities while the washer and dryer is operating.

Market demand for major appliances
2015 compared to 2014



Brazil and
Chile

Electrolux
markets Latin America



Average number
of employees 2015

12,279

Major Appliances Asia/Pacific

Electrolux has market-leading positions in Australia and New Zealand. Market demand for appliances in Australia increased during the year and Electrolux strengthened its position. In 2015, Electrolux launched a new range of appliances under the Westinghouse brand – the largest launch in Australia in recent years.



Kenneth L. Ng, Head of Major Appliances Asia/Pacific

About half of Electrolux appliance sales in the region is in Australia, where the Group is the market leader. The Electrolux brand is positioned in the premium segment with a focus on innovation, energy and water efficiency, and design. The Group's Westinghouse and Simpson brands command strong positions in the mass-market segment. Key competitors comprise Fisher & Paykel, Samsung and LG Electronics. Water and energy efficiency are key drivers in the hot and dry Australian climate. Electrolux dishwashers and front-load washing machines are well adapted to these conditions and have significant market shares.

In Southeast Asia, Electrolux has a strong offering of premium products aimed at the rapidly expanding middle class, for example, energy-efficient front-load washing machines and built-in appliances for the kitchen. Demand is also increasing for energy-efficient products.

China is the largest market for household appliances, measured by volume. The market share of Electrolux in the Chinese market is relatively low but there is great potential for increased sales to the rapidly expanding middle class in major cities in China.

Growth and innovation

In 2015, market demand for major appliances increased by 3% in Australia. Demand declined in China, while the markets in Southeast Asia showed a mixed pattern.

Electrolux organic sales declined by 5%. The operations in Australia and New Zealand posted organic sales growth and the Group captured market shares, while sales in China and in several countries in Southeast Asia declined. Sales activities in China were reduced as Electrolux is reviewing its product offering and marketing strategy to improve the opportunities for profitable growth.

BeefEater Barbecues, which was acquired in the fourth quarter of 2014, has a strong position in the barbecue segment in Australia and positively impacted sales by 1%.

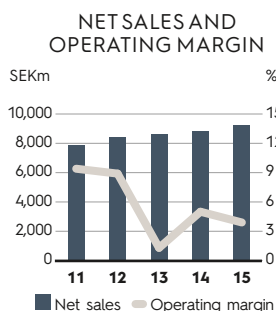
The launch of an entirely new range of appliances under the Westinghouse brand was one of the largest launches in Australia in recent years.

Operational excellence

The transfer of production of refrigerators from Orange in Australia to Rayong in Thailand continued during the year. This consolidation of production increases production efficiency and plays a crucial role to achieve profitable growth in the Asia/Pacific market. The Rayong plant is also a center for the Group's global development of refrigerators and washing machines.

SHARE OF NET SALES

7%



ORGANIC GROWTH

-5.1%

COMMENTS ON PERFORMANCE

Sales for Major Appliances Asia/Pacific declined. Sales in Australia and New Zealand increased, while Electrolux activities in China were reduced.

Operating income declined year-over-year. Lower sales volumes and an inventory write-down in China impacted earnings for 2015. Other regions showed solid results.

MARKET POSITION

- Core appliances 40% in Australia
- Small but growing market share in Southeast Asia

PRIORITIES MOVING FORWARD

- Strengthen the leading positions in Australia and New Zealand
- Grow profitably in Asia
- Improve prerequisites for growth in China

Westinghouse fridge

In Australia, Electrolux launched new ranges of cooking and refrigeration appliances under the Westinghouse brand in 2015, one of the largest launches in Australia in recent years. The new appliances are designed to meet the demands of today's family life, including clever functions such as fridges that are really big on space so that everything fits in, ovens that have a steam-assist function and clean themselves and cook-tops that have a pause button.



Built-in ovens

Electrolux built-in ovens are engineered to integrate seamlessly in the kitchen giving customers the possibilities to steam-cook, bake or grill dishes. There are compact variants for smaller kitchens, full size for spacious open plan living with stylish aesthetics to enhance the kitchen design. Built-in ovens are sold under several brands, and continue to receive best-in-class ratings by consumer associations.



Market demand for major appliances
2015 compared to 2014



Australia



Southeast
Asia



China

Electrolux
markets Asia/Pacific



Average number
of employees 2015

3,874

Small Appliances

Electrolux is one of the world's largest vacuum-cleaner manufacturers and the only global company in the industry. During the year, a strong focus was applied to reduce complexity and concentrate operations on the most profitable product categories.

Henrik Bergström, Head of Small Appliances



In the vacuum-cleaner segment, the Group holds leading positions in the largest markets, and has a strong presence in the premium vacuum-cleaner and rechargeable, handheld vacuum-cleaner segments. Its global market share is about 10%.

Product development is focused on innovative and energy-efficient vacuum cleaners in the upper-price segments. In recent years, a comprehensive transition of Electrolux vacuum cleaners has been made to comply with new energy-labeling requirements in Europe. A global range of premium small domestic appliances products has been developed and launched and product development is focused on innovative kitchen appliances with great performance.

In Europe, most products are sold under the Electrolux brand, which is complemented with the AEG brand. In North America, the Eureka brand is the main brand in the vacuum-cleaner segment, complemented by the Electrolux brand in the more premium segments. Sales in Latin America and Asia are predominantly under the Electrolux brand.

Growth and innovation

In 2015, sales declined slightly for the business area. Vacuum-cleaner sales volumes increased in Europe and declined in the U.S. and Brazil. Sales of small domestic appliances declined in China and Brazil.

During the year, a strong focus was applied to further reduce complexity and concentrate operations on the most profitable vacuum cleaners and small domestic appliances product categories. Marketing initiatives were primarily focused on twelve prioritized product platforms. The prioritized product platforms are recent launches and accounted for almost 40% of sales in 2015.

A few examples of the products launched during the year include the Silent Performer and Silent Performer Cyclonic vacuum cleaners launched throughout Europe. The new products are contributing strongly to increased profitability and reduced portfolio complexity by cutting six product platforms down to two.

Other examples are the Gourmet-Pro, which is the AEG version of the Masterpiece Collection, a range of

exclusive small domestic appliances launched at the end of 2014 and which was spread to several markets, such as North America, in 2015.

The Eureka Brushroll Clean vacuum cleaner was launched in North America at the top of the Eureka range.

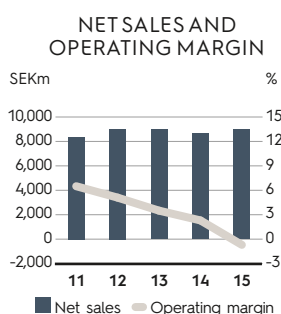
Operational excellence

During the year, operations continued to be negatively impacted by unfavorable currency movements and reduced volumes in several key markets. To improve profitability, measures were initiated to structurally reduce costs. These measures include staff reductions and downsizing of certain activities, mainly in the U.S., Sweden and China. These actions are expected to reach full effect from end of 2016, with estimated annual cost savings of SEK 120m. Costs related to the program of SEK 190m impacted operating income.

As part of reducing exposure to changes in currency rates, the Group's own production in EMEA and Latin America has been increased and now accounts for about 50% of Electrolux vacuum-cleaner products.

SHARE OF NET SALES

7%



ORGANIC GROWTH

-3.8%

COMMENTS ON PERFORMANCE

Electrolux organic sales declined by 3.8% due to lower sales volumes of vacuum cleaners in Latin America, Asia/Pacific and North America. This was, to some extent, mitigated by increased sales in Europe.

Operating income declined year-over-year. Restructuring costs, lower sales volumes and a continued negative currency trend impacted earnings negatively.

MARKET POSITION

- Leading positions in EMEA, Latin America, North America and parts of Asia/Pacific.

PRIORITIES MOVING FORWARD

- Focus strongly on improving profitability
- Concentrate on prioritized product-platforms to improve mix and reduce complexity.
- Reduce costs through more focused operations and increased manufacturing efficiencies.
- Continue to launch innovative products.

Electrolux Silent Performer Cyclonic

The bagless Electrolux vacuum-cleaner Silent Performer Cyclonic was launched in September 2015. This bagless vacuum cleaner is silent thanks to the Silence Pro System and also has special filters for clean-air filtration to create a cleaner home for allergy-sensitive people. Bagless vacuum cleaners is a growing market segment

Electrolux Power ForceGreen

The Electrolux vacuum cleaner PowerForceGreen is made of 65% recycled plastics. Green Range products, the most energy-efficient products, posted a strong sales trend in Europe, particularly in Germany.



Electrolux Expressionist range

Small Domestic Appliances, such as coffee makers, espresso machines, blenders, irons, toasters, kettles, food processors, is a growing global market segment. Electrolux continues to develop products in these categories, for example, the Electrolux Expressionist range launched in several markets globally.



Market demand for vacuum cleaners 2015 compared to 2014



Europe



North America

Electrolux markets Small Appliances



Average number of employees 2015

2,548

Professional Products

Electrolux commands a premium global position in food-service equipment and laundry solutions for professional users. Profitability improved during the year as a result of strategic growth initiatives. Veetsan, one of the largest manufacturers of professional dishwashers in China, was acquired.

Alberto Zanata, Head of Professional Products



North America represents slightly more than 35% and Europe 25% of the global market demand for professional food and laundry products.

Of the Group's professional products sales, about 60% stem from food-service equipment and 40% from laundry solutions. About 60% of sales is generated in Europe and almost 10% in North America. Other key markets include Japan, China, Turkey, the Middle East and Africa.

Electrolux has a strong position in the European food-service market, in particular in the institutional (hospital, staff canteens, schools) and hospitality (restaurants, catering and hotels) segments. The Group is also a leading player in complete installations in a number of growth markets. Food-service equipment is sold mainly under the Electrolux brand, but also under regional brands, such as Zanussi.

Examples of laundry equipment customers include hospital and hotel laundries. Electrolux also supplies products for apartment building laundries in Scandinavia and for laundrettes, mainly in North America.

Growth and innovation

Total demand in the professional food-service and laundry equipment markets increased during the year.

Organic sales for Electrolux increased by 3%, mainly due to growth in key markets in Western Europe, but also in the U.S. and in growth markets such as Africa and the Middle East.

The Group's strategic initiatives to expand in new markets and new segments, and new product launches contributed to the positive sales trend.

As part of the Group's strategy to increase growth in the professional segment, Electrolux acquired Shanghai Veetsan Commercial Machinery in 2015, one of the largest manufacturers of professional dishwashers in China. The acquisition strengthens the Group's presence in China and Asia/Pacific, where growth opportunities are deemed to be favorable. Veetsan has annual sales of approximately SEK 115m and about 200 employees in China. The acquisition contributed to a sales increase of 1%.

The Group continued to launch and develop products with strong sustainability profiles. Energy efficiency has

a high priority in the development of professional equipment.

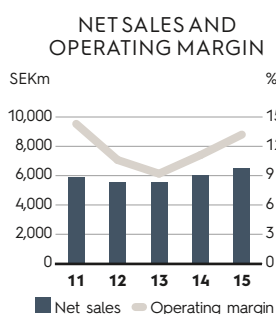
Some examples of important launches during the year include the successful introduction of myPRO, the semiprofessional laundry solution for small businesses, see page 61, and the Green&Clean dishwasher, which has the highest energy efficiency in its class. This year, the Lagoon® Advanced Care, a wet-cleaning system for particularly delicate fabrics, was launched. The water-based system is just as effective and simple as dry cleaning, and is also eco-friendly.

Operational excellence

An Excellence Program is in place to achieve the highest possible standards of quality and effective cost control. The aim of the program is to make Electrolux the industry benchmark from the perspective of innovation, quality, distribution-lead time and customer support. During the year, the Electrolux development team focused particularly on developing functions and products to further reduce, for example, energy and water consumption, and emissions, for the benefit of the Group's customers.

SHARE OF NET SALES

5%



ORGANIC GROWTH

2.8%

COMMENTS ON PERFORMANCE

Professional Products reported organic sales growth of 2.8% in 2015. Sales increased in several markets. The Group's strategic initiatives to grow in new markets and segments as well as new product launches contributed to the sales trend.

Operating income and margin showed a strong improvement compared to the previous year.

MARKET POSITION

- Leadership position in Europe
- Global presence
- Growing share in emerging markets

PRIORITIES MOVING FORWARD

- Expand in growth markets and in new segments
- Grow in the restaurant-chain business
- Invest further in product innovation

Electrolux myPRO range

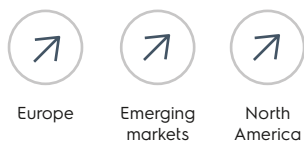
The successful introduction of the new myPRO professional washing machine for small businesses such as gyms, beauty saloons and small hotels, - a new segment for Electrolux - continued during the year.



Electrolux Thermaline range

The Thermaline cooking range is designed to meet the needs of the most demanding heavy-duty kitchens in the world. It combines state-of-the-art technologies, superior productivity and cutting-edge design with the highest quality standards for high-productivity professional kitchens. Electrolux works continuously to develop sustainable solutions to help customers boost taste and at the same time strengthen energy efficiency, save water and reduce CO₂ emissions.

Market demand for professional products
2015 compared to 2014



Electrolux
markets Professional Products



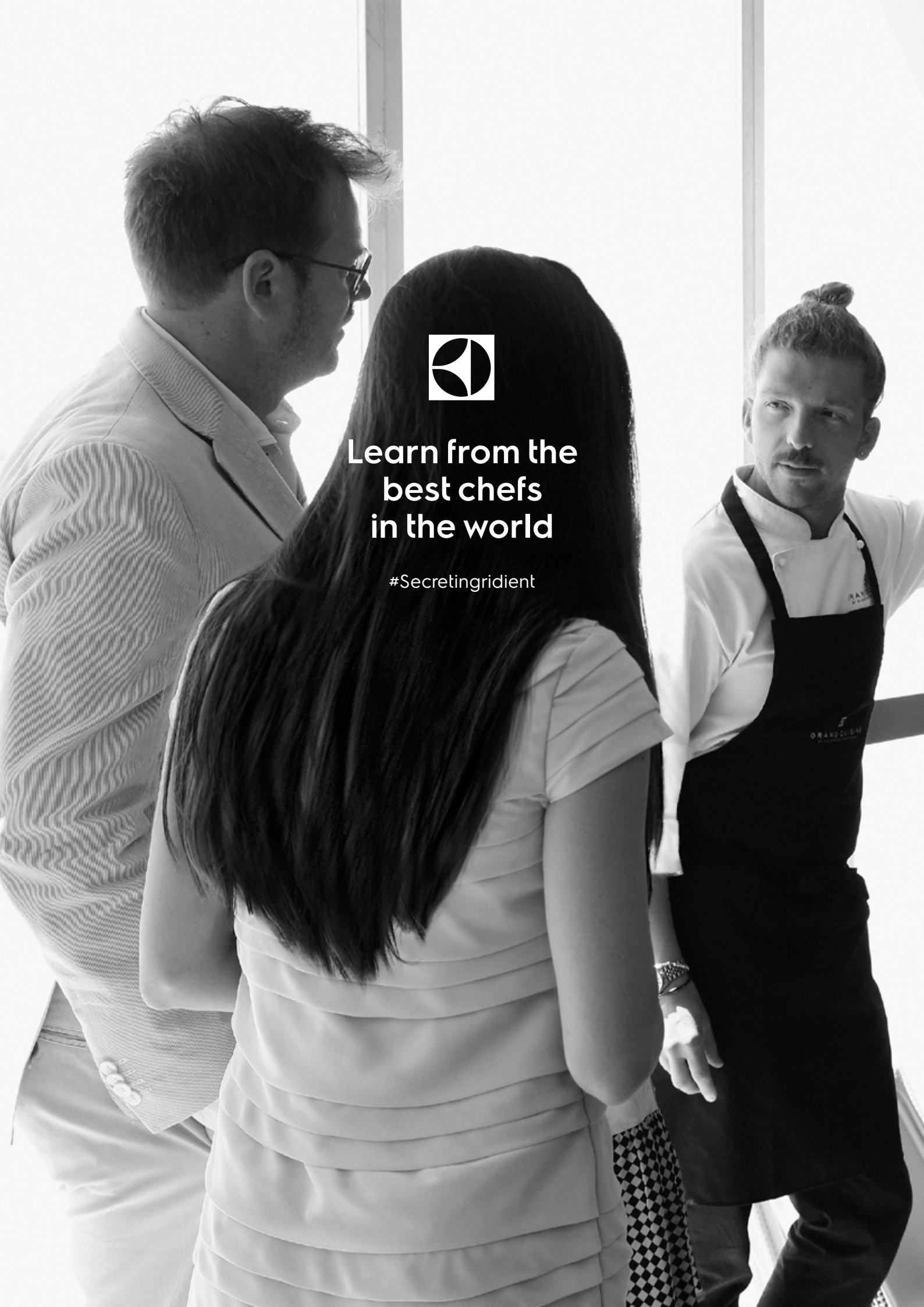
Average number
of employees 2015

2,625



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The Electrolux share and Risk management



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The Electrolux share

In 2015, the Electrolux Group continued to grow organically while operating income was impacted by weak market demand in emerging markets. Cash flow continued to be strong. The Electrolux share, however, showed a negative development with a total return of -8%. This was mainly the result of negative reactions on the announcement that the acquisition of GE Appliances will not be completed.

The Electrolux B share decreased by 10% in 2015, underperforming the broader Swedish market index, Affärsvärlden General Index, which increased by 7% during the same period. During the year, Electrolux showed an operational recovery in its two largest business areas, benefitting from both higher sales volumes and structural improvement in costs and productivity. Electrolux performed better than the market expectations in terms of profitability and cash-flow generation.

The share price development was positive throughout the year up until December, 7 when GE announced that it had terminated the agreement pursuant to which Electrolux had agreed to acquire GE Appliances. The market reaction was negative and Electrolux share price fell significantly.

Total return

The opening price for the Electrolux B share in 2015 was SEK 228.80. The highest closing price was SEK 280.00 on

February 16. The lowest closing price was SEK 194.00 on December 14. The closing price for the B share at year-end 2015 was SEK 205.20, which was 10.3% lower compared to 2014.

Total shareholder return during the year was -8%. Over the past ten years, the average total return on an investment in Electrolux B shares has been 12% annually. The corresponding figure for the SIX Return Index was 9%.

Share volatility

Over the past years, the Electrolux share has shown a volatility of about 40% (daily values), compared with an average volatility of 25% for Nasdaq Stockholm. The beta value of the Electrolux B share over the past five years is 1.1. A beta value of more than 1 indicates that the share's sensitivity to market fluctuations is above average.

Data per share

	2006 ⁹⁾	2007 ⁹⁾	2008	2009	2010	2011	2012	2013	2014	2015
Year-end trading price, B shares, SEK ¹⁾	116.90	108.50	66.75	167.50	191.00	109.70	170.50	168.50	228.80	205.20
Year-end trading price, B shares, SEK	137.00	108.50	66.75	167.50	191.00	109.70	170.50	168.50	228.80	205.20
Highest trading price, B shares, SEK	119.00	190.00	106.00	184.10	194.70	195.60	179.00	192.70	231.10	282.80
Lowest trading price, B shares, SEK	78.50	102.00	53.50	57.50	142.50	95.30	111.50	153.70	135.30	193.10
Change in price during the year, %	31 ⁹⁾	-7	-38	151	14	-43	55	-1	36	-10
Equity per share, SEK	47	57	58	66	72	73	55	50	58	52
Trading price/equity, %	247 ¹⁾	191	116	253	264	151	310	338	398	393
Dividend, SEK	4.00	4.25	0	4.00	6.50	6.50	6.50	6.50	6.50	6.50 ²⁾
Dividend as % of net income ^{3) 4)}	37	36	0	29	39	86	57	66	58	49
Dividend yield, % ⁵⁾	3.4 ¹⁾	3.9	0	2.4	3.4	5.9	3.8	3.9	2.8	3.2
Earnings per share, SEK	9.17	10.41	1.29	9.18	14.04	7.25	8.26	2.35	7.83	5.45
Earnings per share, SEK ⁴⁾	10.89	11.66	2.32	13.56	16.65	7.55	11.36	9.81	11.30	5.45
Cash flow, SEK ⁶⁾	7.53	4.54	4.22	29.16	26.98	18.97	24.74	15.57	27.35	28.76
EBIT multiple ⁷⁾	8.0 ¹⁾	7.9	19.8	12.8	10.8	13.4	14.6	38.8	22.4	25.5
EBIT multiple ^{4) 7)}	7.1 ¹⁾	7.3	15.2	9.1	9.1	12.8	11.6	15.1	16.8	25.5
P/E ratio ⁸⁾	12.7 ¹⁾	10.4	51.7	18.2	13.6	15.1	20.6	71.7	29.2	37.7
P/E ratio ^{4) 8)}	10.7 ¹⁾	9.3	28.8	12.4	11.5	14.5	15.0	17.2	20.2	37.7
Number of shareholders	59,500	52,700	52,600	52,000	57,200	58,800	51,800	51,500	46,500	45,500

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 until 2014. As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used.

⁵⁾ Dividend per share divided by trading price at year-end.

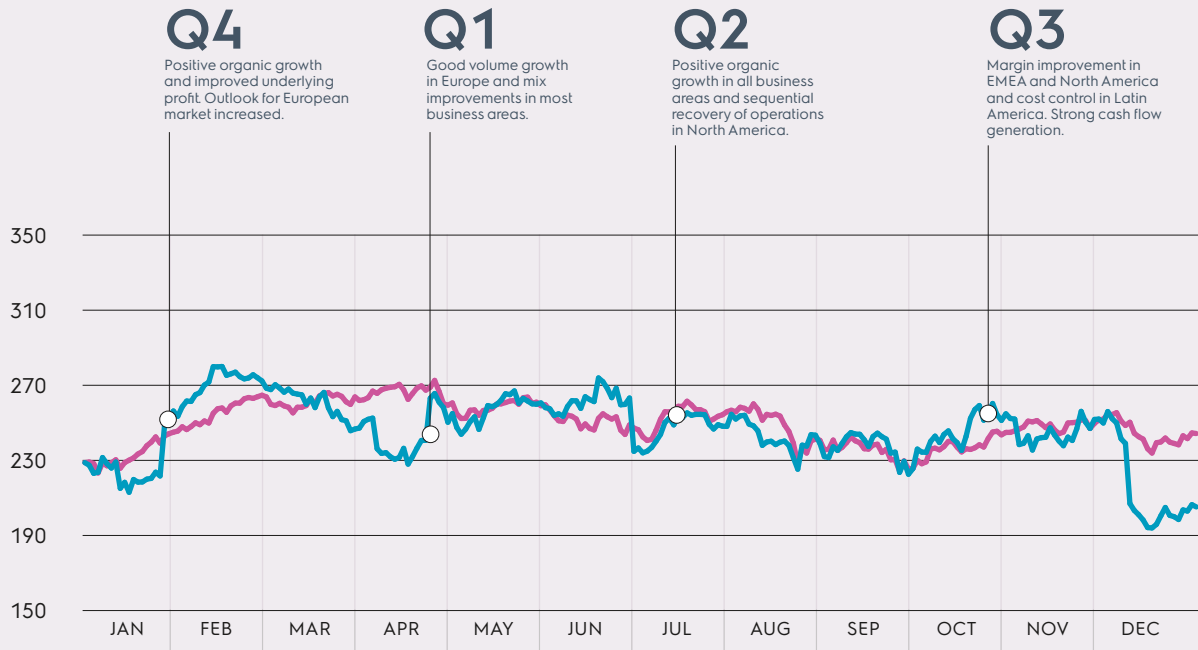
⁶⁾ Cash flow from operations less capital expenditure, divided by the average number of shares after buy-backs.

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.

Performance of the Electrolux share during the year



ELECTROLUX INITIATIVES											
• Earnings improvement in Europe continues			• Dividend of SEK 6.50 per share			• Actions taken to adapt cost base in weak Brazilian market			• Cost-reduction program initiated in Small Appliances		
• New Frigidaire Professional line launched in North America			• Expanding professional laundry in new business segments			• Electrolux showcase "My Smart Home" at IFA 2015 in Berlin					
• Agreement to acquire Veetsan in China			• Launch of Westinghouse cooking appliances in Australia			• North America launches first connected air-conditioner			• World's first connected steam oven with camera is introduced		

EXTERNAL FACTORS														
• Slow start in North America			• Slight tailwind from commodity prices			• Sharp weakening of the Brazilian Real against the US Dollar			• Strong appliance demand in the US			• GE decides to exit from planned acquisition		
• Weakening macro environment in Brazil									• Court process starts for the acquisition of GE Appliances					
• Positive demand trend in Western Europe			• Appreciation of the US Dollar			• Department of Justice blocks the acquisition of GE Appliances			• Brazil continues to weaken			• Black Friday period begins		
• Weakening demand in Russia and Ukraine														

○ Comments from analysts — Electrolux B share — Affärsvärlden General Index

Recommendations from analysts

	After Q4 2014	After Q1 2015	After Q2 2015	After Q3 2015	After Q4 2015
Buy	8%	25%	25%	14%	38%
Hold	67%	63%	58%	72%	38%
Sell	25%	12%	17%	14%	24%



The Electrolux share is listed on Nasdaq Stockholm. The market capitalization of Electrolux at year-end 2015 was approximately SEK 63 bn (71), which corresponded to 1.5% (2.1) of the total turnover value of Nasdaq Stockholm. The company's outstanding shares are divided into A shares and B shares. A shares entitle the holder to one vote while B shares entitle the holder to one-tenth of a vote.

Dividend

The Board of Directors proposes a dividend for 2015 of SEK 6.50 per share, equivalent to a total dividend payment of approximately SEK 1,868m. The proposed dividend corresponds to approximately 119% of income for the period. Based on the share price of Electrolux B shares at the end of 2015, the dividend yield for 2015 was 3.2%.

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

Ownership structure

The majority of the total share capital as of December 31, 2015, was owned by Swedish institutions, mutual funds and private investors amounting to 48%. During the year, the proportion of the capital held by foreign owners increased and amounted to approximately 52% at the end of the year. Foreign investors are not always recorded in the share register as foreign banks and other custodians may be registered for one or several customers' shares, why the actual owners are then usually not displayed in the register.

Share-based incentive programs

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

At year-end 2015, the incentive programs had a minor impact on the dilution of the total number of shares.

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 2015, no Class A shares were converted to Class B shares. The total number of registered shares in the company amounts to 308,920,308 shares, of which 8,192,539 are A shares and 300,727,769 are B shares.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
BlackRock, Inc.	6.4	5.2
JP Morgan Asset Management	5.0	4.0
Nordea Investment Management	3.9	3.1
Alecta Pension Insurance	2.8	3.5
Norges Bank Investment Management	2.0	1.6
Swedbank Robur Funds	1.9	1.5
AMF Insurance & Funds	1.1	0.9
Unionen	1.0	0.8
Kuwait Investment Authority	0.8	0.7
Republic of Kazakhstan	0.7	0.6
Other shareholders	51.9	48.2
External shareholders	93.0	100.0
AB Electrolux	7.0	0.0
Total	100.0	100.0

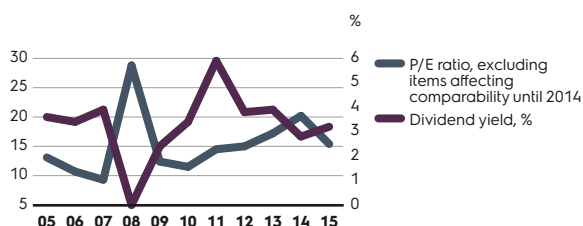
Source: Euroclear Sweden and Holding as of December 31, 2015. The figures are rounded off. Information regarding ownership structure is updated quarterly on www.electroluxgroup.com

Shareholders by country



As of December 31, 2015, approximately 52% of the total share capital was owned by foreign investors. Source: Euroclear Sweden and Holding as of December 31, 2015.

P/E ratio and dividend yield



At year-end 2015, the P/E ratio for Electrolux B shares was 15.4, excluding costs of SEK 2,059m related to the not completed acquisition of GE Appliances. The dividend yield was 3.2% based on the Board's proposal for a dividend of SEK 6.50 per share for 2015.

Trading in Electrolux B shares

	2014	2015
Number of traded shares, million	449.7	383.4
Value of traded shares, SEKbn	77.5	93.5
Average daily trading volume, million	1.8	1.5
Average daily trading volume (value), SEKm	311	373
Number of issued/cancelled ADRs	616.0	2,311.5
Number of ADRs outstanding	569.9	1,752.4

Source: Nasdaq Stockholm, Citi.

Trading volume

During 2015, 59% of Electrolux B shares were traded outside Nasdaq Stockholm, compared to 55% during 2014. In 2015, the Electrolux share accounted for 2.2% (2.3) of the shares traded on Nasdaq Stockholm, of a total trading turnover of SEK 4,253 bn (3,321).

Share data

Share listing ¹⁾	Stockholm
Number of shares	308,920,308
of which A-shares	8,192,539
of which B-shares	300,727,769
Quota value	SEK 5
Market capitalization at December 31, 2015	SEK 63 billion
GICS code ²⁾	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⁾ MSCI's Global Industry Classification Standard (used for securities).

Market share

	2014	2015
Nasdaq Stockholm	45.0	41.0
BATS Chi-X	39.7	42.3
BOAT	5.4	5.7
Turquoise	5.4	5.6
Posit	1.2	1.5
Other	3.3	3.9
Total	100.0	100.0

Source: Fidessa.

Average daily trading value of Electrolux shares on Nasdaq Stockholm

SEK thousand	2011	2012	2013	2014	2015
A shares	109	93	127	146	269
B shares	357,075	310,501	280,457	311,398	372,570

2015, an average of 1.5 million Electrolux shares were traded daily on Nasdaq Stockholm.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

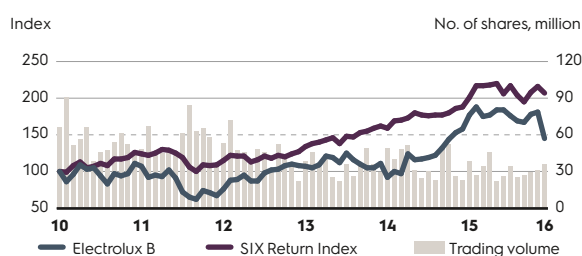


ROBECOSAM
Sustainability Award
Industry Leader 2015

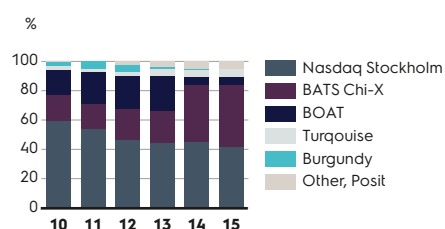
Electrolux – a leader in the consumer durables industry

The Group's sustainability performance help attract and strengthen relations with investors. In 2015 and for the ninth 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. Additionally, Electrolux has received recognition from other indexes and organizations, including RobecoSAM.

Total return of Electrolux B shares and trading volume on Nasdaq Stockholm 2010–2015



Trading platforms for the Electrolux share



An increasing portion of Electrolux shares are traded on new trading platforms. Approximately 41% of total trading volume of Electrolux is handled through the Nasdaq OMX Stockholm. BATS has increased its share significantly in recent years and is the first most traded platform with 42% of total trades.



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.

Electrolux Annual General Meeting 2015

On March 26, 2015, Electrolux held its AGM at the Brewery Conference Centre in Stockholm. More than 300 shareholders were present to listen to presentations by Electrolux Chairman Ronnie Leten and Chief Executive Officer Keith McLoughlin. At the AGM, the proposed dividend of SEK 6.50 was approved. The nine board members were re-elected.

Focus on the vision and strategy In his presentation, CEO Keith McLoughlin presented the company's vision to be the best appliance company in the world, along with the Group's key strategic pillars on how to achieve this goal. Electrolux continues to execute its strategy and support the creation of long-term sustainable economic value and return for its stakeholders. Moreover, Keith McLoughlin highlighted the key trends that are shaping the appliance industry. Increased global competition, the growing middle class in emerging markets, increased focus on innovation and industry consolidation, which is all taking place and will affect the market landscape in the near and long term, for both consumers and manufacturers. More information and documentation from the AGM 2015 is available at www.electroluxgroup.com/agm2015

Rewarded by "Annual Report on Annual Reports"

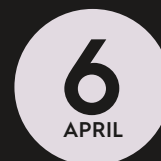
Electrolux Annual Report 2014 was ranked number two in the latest edition of the "Annual Report on Annual Reports" by Report Watch in a review of 1,500 annual reports of companies worldwide. Since 2007, Electrolux has claimed a top-five spot in this well-recognized ranking. The on-line version for 2014 was also rewarded at the International Business Awards.

Electrolux delivers the best reporting of value creation

Electrolux Annual Report was awarded the "Best reporting of value creation for 2013" - in a competition arranged by PwC. The contest aims to identify trends and practices developed within external reporting by Swedish listed companies to meet the information needs of corporate stakeholders.



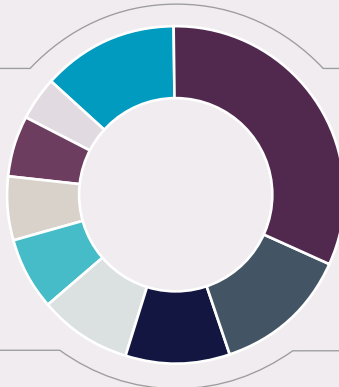
AGM 2016



The AGM 2016 will take place on April 6, 2016 at Stockholm Waterfront Congress Centre, Stockholm.

Analysts' questions at 2015 quarterly telephone conferences

Analysts engage in questions related to the development of the appliance market and the demand in Electrolux core markets. Price, mix and outlook are important topics on which analysts focus in order to gain a better understanding of the operation for which they can base their longer term projections of Electrolux future performance. The telephone conferences are available at www.electroluxgroup.com/ir.



- North America 32%
- Acquisitions 13%
- Price/Mix 10%
- Europe 9%
- Latin America 7%
- Currency 6%
- Asia 6%
- Cost savings 4%
- Other 13%

Q&A

How does the demand picture look in your core markets?

In 2015, Electrolux core markets showed good demand while growth markets continued to weaken throughout the year. Demand for appliances in North America continued to be good following two consecutive years of healthy recovery. In Western Europe, market demand was better than expected and improved sequentially while markets in Eastern Europe continued to weaken due to the geopolitical uncertainty. The markets in Latin America showed a mixed pattern. Demand in Brazil declined sharply while other markets in the region were stable. The development in Asia/Pacific remained mixed with positive growth in Australia and Southeast Asia while demand in China slowed down.

Can you tell us more about your earnings recovery in North America?

The US market for appliances continued to be solid and grew by 6% for the full year 2015. Demand showed consistent strength, supported by improved consumer confidence and the gradually improving housing market. During the year, Electrolux achieved good organic growth and strengthened its position in several core categories. The work to restore profitability within cold products was successful. Earnings in this category were previously impacted by the transition of the product ranges, following the new energy requirements by the Department of Energy. This in combination with improved cost efficiency resulted in a positive development for our North American business during the latter part of the year.

Can you give us an update on the GE Appliance deal?

On July 1, 2015, the US Department of Justice sued Electrolux and GE to stop the proposed acquisition, which then continued in a trial at a federal court. On December 7, GE notified Electrolux that it was terminating the agreement pursuant to which we had agreed to acquire the appliance business of GE. Therefore, the transaction will not be completed. Although we are disappointed that the acquisition will not be completed, we are convinced that the Group has strong capabilities to continue to grow and develop its position as a global appliances manufacturer.

We aim to grow our operations globally both organically and through acquisitions, which is supported by a strong balance sheet and good cash generation.

What are your thoughts on the consolidation of the appliance market in Europe?

The European appliance market is a highly fragmented market where the top five players have a share of less than 60%. For several years, the market has been characterized by overcapacity, low volume growth and persistent price pressure. Although it is difficult to predict the near-term implications of the consolidation that is taking place, in general, a market consolidation is a good thing and could be positive for the appliance industry and the consumers.

Can you tell us more about the sustainability of your earnings in Europe?

For the first time in many years, demand for appliances improved in almost all markets in Europe during the year. In Western Europe, there has been positive growth for several consecutive quarters. In this market, our European business has successfully managed the product portfolio and gained market share in profitable segments such as premium and built-in kitchen appliances. Our ongoing cost savings programs have continued to contribute to earnings and have in effect led to lower structural costs in our operations. As a result, the combined actions have helped the business to be more stable and resilient.

How do you mitigate currency headwinds?

We have a high exposure to currency fluctuations since the Group operates in over 150 countries. Electrolux has approximately SEK 35 billion of annual currency in- and outflows. In 2015, the total negative impact from both currency transaction and translation effects to earnings was approximately SEK -1,400 million. A significant part of the negative impact was from Latin American currencies, which depreciated against the USD. During the year, Electrolux was able to offset the negative currency effects by price and mix improvements.

Risk management

2015 was characterized by a year of positive development in core markets, while the environment in emerging markets was uncertain with a high level of fluctuations in currency rates. Electrolux monitors and manages its exposure to various types of risks in a structured and proactive manner.



Electrolux monitors and minimizes key risks in a structured and proactive manner. Over the years, capacity has been adjusted in response to demand, working capital has undergone structural improvements, the focus on price and mix has intensified and the purchasing process for raw materials has been further streamlined. The major risks and the Group's response in order to manage and minimize them are described below.

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.

Sensitivity analysis year-end 2015

Risk	Change +/-	Pre-tax earnings impact, SEKm
Raw materials¹⁾		
Steel	10%	800
Plastics	10%	700
Currency²⁾ and interest rates		
USD to BRL	10%	270
USD to EUR	10%	230
USD to CAD	10%	180
EUR to GBP	10%	170
EUR to CHF	10%	100
USD to CLP	10%	80
USD to ARS	10%	80
THB to AUD	10%	80
USD to AUD	10%	70
EUR to RUB	10%	50
Translation exposure to SEK ³⁾	10%	260
Interest rate	1 percentage point	20

¹⁾ Changes in raw materials refer to Electrolux prices and contracts, which may differ from market prices. ²⁾ Includes transaction effects. ³⁾ Assuming the Swedish krona appreciates/depreciates against all other currencies

Variations in demand

Market demand for core appliances in Western Europe increased by 5% in 2015. Most markets in Eastern Europe also increased but the overall demand declined by 17% impacted by continued decline in Russia. In total, the European market increased by 4% excluding Russia. Market demand for core appliances in North America increased by 6%. Market demand for core appliances in Australia increased, while demand in China and Southeast Asia declined. Demand for appliances in Brazil continued to deteriorate while some other markets such as Argentina increased.

In times of weak markets and decline of demand for the Group's products, decisive actions and savings packages throughout the Group have proven that Electrolux can quickly adjust its cost structure.

Electrolux cost structure 2015

SEK bn	
Revenues	124
Direct material	-48
Sourced products	-17
Salaries and other expenses ¹⁾	-54
Operating income	5
Variable cost to sales	77%
Fixed cost to sales	19%
Operating margin	4%

¹⁾ Excluding costs of SEK 2 billion related to the not completed acquisition of GE Appliances.

Price competition

A number of the Electrolux markets are experiencing price competition. This is particularly evident in the low-cost segments and in product categories with a great deal of overcapacity. In 2015, prices continued to be under pressure in some of the Group's major markets in Europe. In Latin America, high inflation combined with currency rate fluctuations resulted in Electrolux carrying out several price increases to offset the negative effect.

Exposure to customers and suppliers

The trading conditions for retailers in 2015 were challenging in some markets such as Brazil and some Eastern European countries. Retailers in Western Europe and the U.S. showed a slight improvement compared to the previous year.

Electrolux has a comprehensive process for evaluating credits and monitoring the financial situation of customers. Authority for approving and responsibility to manage credit limits are regulated by the Group's credit policy. A global credit insurance program is in place for many countries to reduce credit risk.

For more information, see Note 2 and Note 17.

Raw materials and components represent the largest cost item

Materials account for a large share of the Group's costs. In 2015, Electrolux purchased raw materials and components for approximately SEK 48bn, of which approximately SEK 18bn referred to the former. The Group's exposure to raw materials comprises mainly steel, plastics, copper and aluminum.

Market prices for raw materials were under pressure during the year and steel prices and prices for plastics declined. Electrolux purchases of commodities and components are to a large extent managed through bilateral contracts. Some raw materials are purchased at market prices.

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 major restructuring programs are in its final stages. Although there will likely be restructuring programs going forward, these are expected to be much less extensive.

Financial risks and commitments

The Group's financial risks are regulated in accordance with the financial policy that has been adopted by the 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 and interest-rate risks

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 to three years.

Long-term borrowings as of December 31, 2015, including long-term borrowings with maturities within 12 months, amounted to SEK 11,000m with average maturity of 2.8 years, compared to SEK 12,123 and 2.8 years at the end of 2014. The average fixed-interest period for long-term borrowings was 0.8 years. In 2016, long-term borrowings in the amount of SEK 2,677m will mature.

Liquid funds as of December 31, 2015, amounted to SEK 11,199m, excluding short-term back-up credit facilities. Electrolux has two unused committed back-up revolving credit facilities. One multicurrency facility of SEK 3,400m maturing in 2017 and one multicurrency facility of EUR 500m, approximately SEK 4,600m, maturing in 2018. Electrolux has also a committed revolving credit facility of USD 300m, approximately SEK 2,500m, maturing in 2018.

For additional information on loans, see Notes 2 and 18.

Pension commitments

At year-end 2015, Electrolux had commitments for pensions and benefits that amounted to approximately SEK 29bn. Through pension funds, the Group manages pension assets of approximately SEK 24bn. At year-end, approximately 37% of these assets were invested in equities, 41% in bonds, and 22% in other assets. Net provisions for post-employment benefits amounted to SEK 4,906m.

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 healthcare costs.

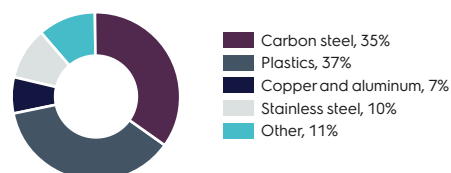
Costs for pensions and benefits are recognized in the income statement for 2015 in the amount of SEK 891m. In the interest of accurate control and cost-effective management, the Group's pension commitments are managed centrally by Group Treasury.

For additional information, see Note 22.

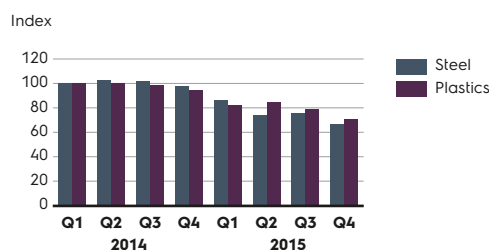
Other risks

Reputational, regulatory and sustainability risks can potentially impact Electrolux ability to successfully conduct business. There are a number of processes in place to control these risks such as internal and supplier auditing, environmental management and certification, the Ethics program and the safety management system. The regulatory environment is monitored in order to be prepared for changes that impact the business. The process to identify material sustainability issues is described in the Sustainability Report, available at www.electroluxgroup.com.

Raw material exposure 2015



Trend for steel and plastics prices, weighted market prices indexed



Principal currency pairs 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 is/are carried out in one currency and sales occur in another currency. To some extent, the Group utilizes currency derivatives to hedge a portion of the currency exposure that arises. The business areas 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. It is mainly business areas in emerging markets that have a shorter hedging horizon. The usual effect of currency hedging is 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 costs 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

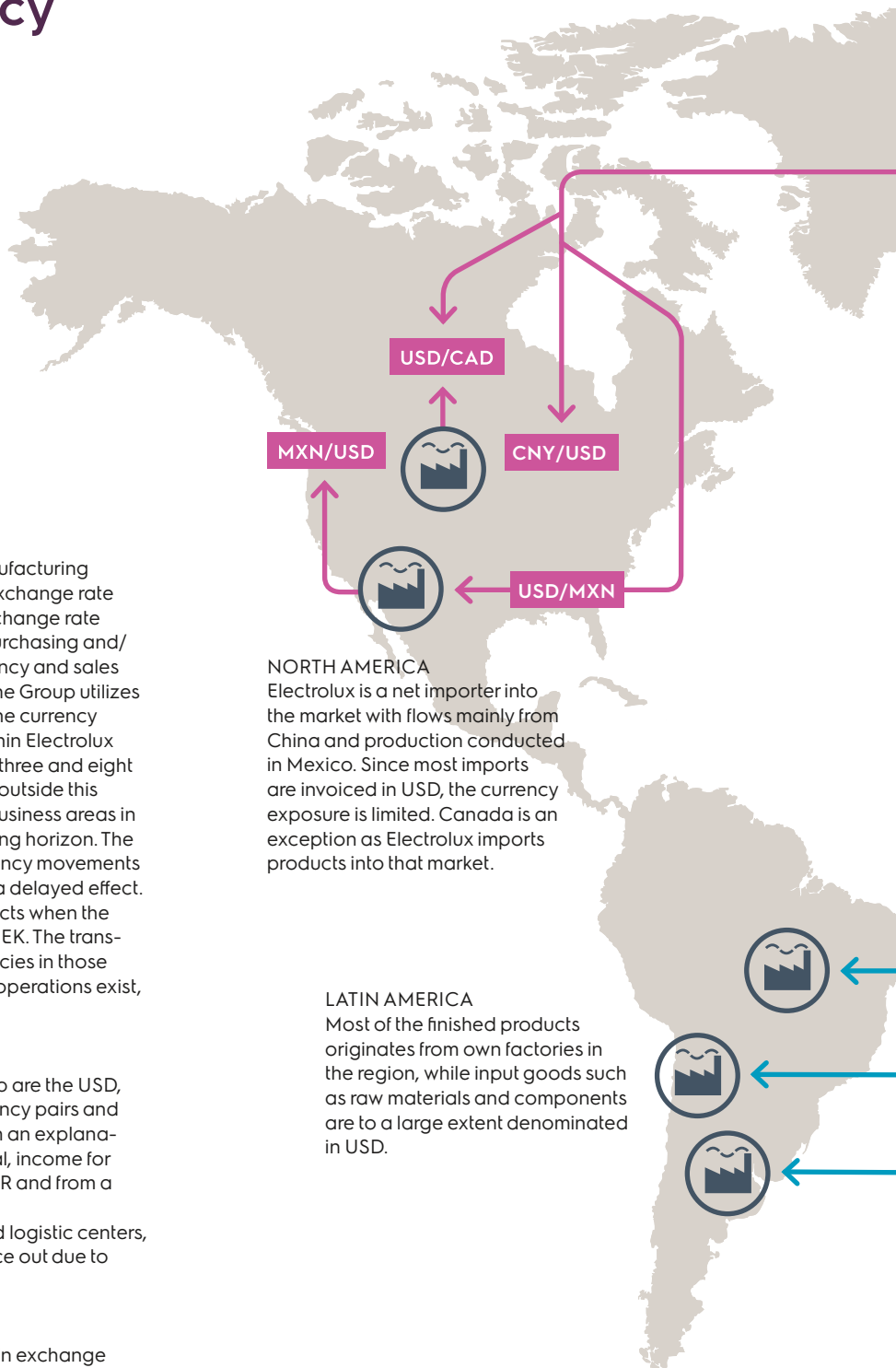
The major currencies for the Electrolux Group are the USD, EUR, BRL, CNY, GBP and CAD. The key currency pairs and flows are presented in the map together with an explanation of how they impact the Group. In general, income for Electrolux benefits from a weak USD and EUR and from a strong BRL, GBP, CAD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

In countries with large manufacturing and logistic centers, effects over time will to a large extent balance out due to natural hedging.

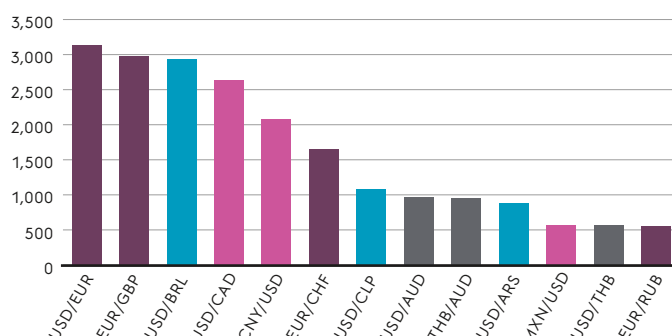
Currency effects 2015

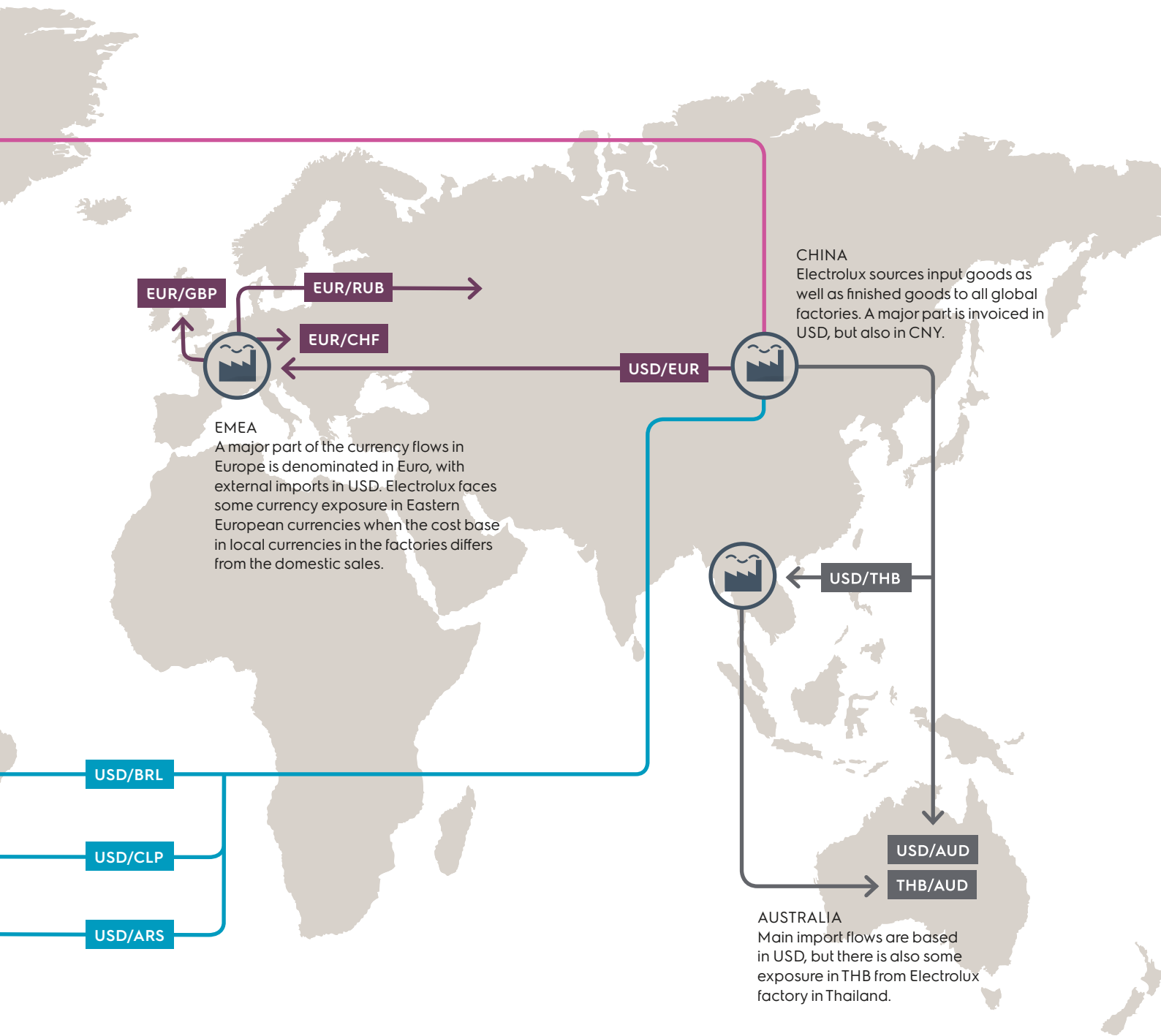
Compared with the previous year, changes in exchange rates for the full-year 2015 had a negative impact on operating income. The total currency effect (translation effects, transaction effects and net hedges) amounted to SEK -1,418m. The net transaction effect was SEK -1,873m and translation effects SEK +455m.

The impact from transaction was mainly attributable to the operations in Latin America and the strengthening of the USD against the BRL. The weakening of several currencies in emerging markets also impacted operations in Asia/Pacific and Europe, the Middle East and Africa. The negative impact of currencies on operating income was to a large extent mitigated by price increases and mix improvements.



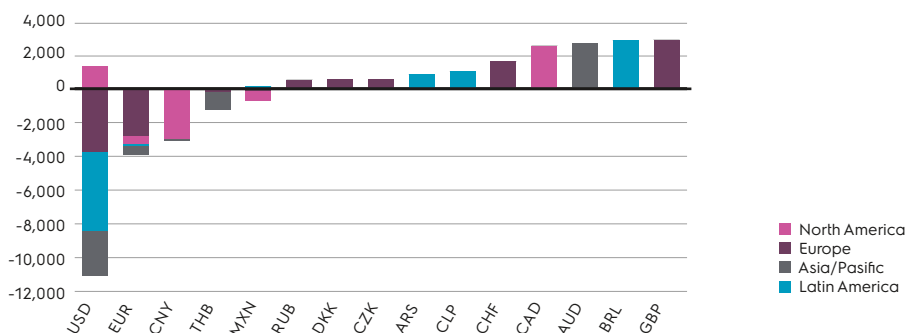
Transaction flows in foreign currencies, forecast 2016





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

Transaction net exposure excluding hedges, forecast 2016





Report by the Board of Directors and Notes



Report by the Board of Directors

- Net sales amounted to SEK 123,511m (112,143).
- Sales increased by 10.1%, of which 2.2% was organic sales growth, 0.1% acquisitions and 7.8% currency translation.
- Sales growth for Major Appliances North America, Major Appliances EMEA and Professional Products.
- Strong performance for Major Appliances EMEA and Professional Products.
- Severe currency headwinds and weak demand in emerging markets impacted operating income.
- Operating income amounted to SEK 2,741m (3,581), corresponding to a margin of 2.2% (3.2).
- Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances, excluding these costs the margin was 3.9% (3.2).
- Strong operating cash flow from operations after investments of SEK 7,492m (6,631).
- Income for the period was SEK 1,568m (2,242), corresponding to SEK 5.45 (7.83) per share.
- The Board of Directors proposes a dividend for 2015 of SEK 6.50 (6.50) per share.

Key data¹⁾

SEKm	2014	2015	Change, %
Net sales	112,143	123,511	10.1
Changes in net sales, %, whereof:			
Organic growth	1.1	2.2	
Acquired growth	–	0.1	
Changes in exchange rates	1.6	7.8	
Operating income	3,581	2,741	-23
Margin, %	3.2	2.2	
Income after financial items	2,997	2,101	-30
Income for the period	2,242	1,568	-30
Earnings per share, SEK ²⁾	7.83	5.45	
Dividend per share, SEK	6.50	6.50 ³⁾	
Operating cash flow after investments ⁴⁾	6,631	7,492	13
Items affecting comparability, included above ⁵⁾	-1,199	–	
Net debt/equity ratio	0.58	0.43	
Return on equity, %	15.7	9.9	
Average number of employees	60,038	58,265	

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been presented separately in the income statement and not included in operating income by business area and selective key ratios. For comparability purposes, the figures for 2014 have been restated to include restructuring costs. For a specification, read the press release; Restated figures for Electrolux for 2014, March 30, 2015, on www.electroluxgroup.com

²⁾ Basic, based on an average of 287.1 (286.3) million shares for the full year 2015, excluding shares held by Electrolux.

³⁾ Proposed by the Board of Directors.

⁴⁾ See page 88.

⁵⁾ Restructuring costs in 2014, previously not included in the key data above and reported as items affecting comparability.

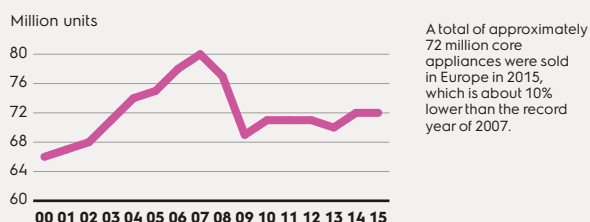
2015 in summary

- Organic growth of 2.2%, as a result of mix improvements and higher prices.
- Strong performance for Major Appliances EMEA and Professional Products.
- Weak markets, particularly in emerging markets, impacted operating income.
- Severe currency headwinds were to a large extent mitigated by price increases.
- Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances, excluding these costs the margin was 3.9% (3.2).

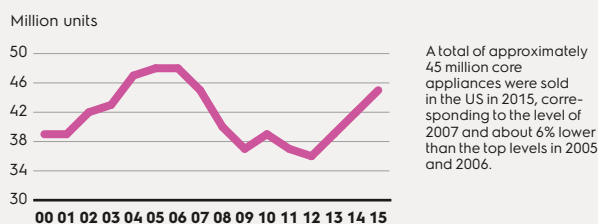
Market overview

Market demand for core appliances in Western Europe increased by 5% in 2015. Most markets in Eastern Europe also increased but the overall demand was impacted by continued decline in Russia. Demand in Eastern Europe declined by 17%. In total, the European market increased by 4% excluding Russia. Market demand for core appliances in North America increased by 6%. Market demand for core appliances in Australia increased, while demand in China and Southeast Asia declined. Demand for appliances in Brazil continued to deteriorate and most other Latin American markets also declined.

Market demand for core appliances in Europe



Market demand for core appliances in the US



Sources: Europe: Electrolux estimates, US: AHAM. For other markets there are no comprehensive market statistics.

Net sales and operating income

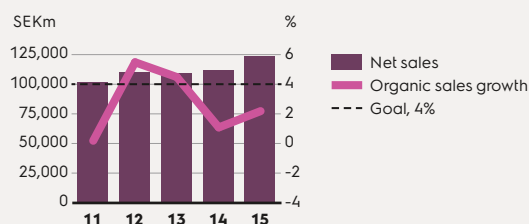
Electrolux sales increased by 10.1% of which 2.2% was organic growth, 0.1% acquisitions and 7.8% currency translation. The organic growth was mainly a result of mix improvements and price increases. Weak market trends in several emerging markets impacted sales in 2015.

Operating income amounted to SEK 2,741m (3,581) corresponding to a margin of 2.2% (3.2). As announced on December 7, 2015, Electrolux planned acquisition of GE Appliances will not be completed as General Electric has terminated the agreement, see page 91. Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances, excluding these costs the margin was 3.9% (3.2).

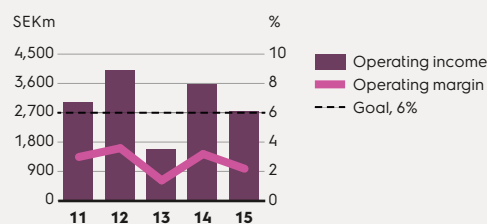
Operating income for Major Appliances EMEA continued to improve in 2015. Product-mix improvements, increased sales volumes and increased efficiency contributed to the positive earnings trend. Earnings for Major Appliances North America were impacted by cost increases related to the transition of refrigerators and freezers to comply with new energy requirements and the ramp up of the new cooking plant in Memphis, Tennessee. Earnings improved in the latter part of the year and profitability for food-preservation products was restored. Operations in Latin America were impacted by a sharp decline of market demand. Severe currency headwinds in several markets were to a large extent mitigated by price increases. Reduced activities and inventory write-down in China impacted earnings in Major Appliances Asia/Pacific. Operating income for Small Appliances declined and restructuring measures to restore profitability were initiated and SEK 190m were charged to operating income. Professional Products showed a good development during the year.

Financial goals over a business cycle

Sales growth



Operating margin



Financial overview by business area

SEKm	2014	2015	Change, %
Net sales	112,143	123,511	10.1
Operating income			
Major Appliances Europe, Middle East and Africa	232	2,167	834
Major Appliances North America	1,714	1,580	-8
Major Appliances Latin America	1,069	463	-57
Major Appliances Asia/Pacific	438	364	-17
Small Appliances	200	-63	-132
Professional Products	671	862	28
Common Group costs, etc. ¹⁾	-743	-2,632	-254
Operating income	3,581	2,741	-23
Margin, %	3.2	2.2	
Items affecting comparability included above ²⁾	-1,199	-	

¹⁾ Common Group costs for 2015 include a termination fee of USD 175m (SEK 1,493m) and transaction costs of SEK 408m for the terminated acquisition of GE Appliances.

²⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring costs have previously been presented separately in the income statement and excluded in operating income by business area and selective key ratios. For comparability purposes, the figures for 2014 have been restated to include restructuring costs. For a specification, read the press release; Restated figures for Electrolux for 2014, March 30, 2015, on www.electroluxgroup.com. Figures in the graphs for 2011-2014 in this report are including these restructuring costs. For a specification see page 90.

Launches of new products

Electrolux is continuously expanding its product offering. Examples from 2015 include launches of smart connected appliances. The world's first connected steam oven was introduced in Europe and connected air-conditioners were launched in North America and the Middle East. In Australia, an entire range of new appliances were launched under the Westinghouse brand. Appliances under the Frigidaire Professional brand were launched in a new segment in North America. A number of innovative kitchen and laundry products were launched under the Electrolux and the Zanussi brand in EMEA. In Latin America and Asia/Pacific, new products in appliances, vacuum cleaners and small domestic appliances are being launched continuously.

Cost savings

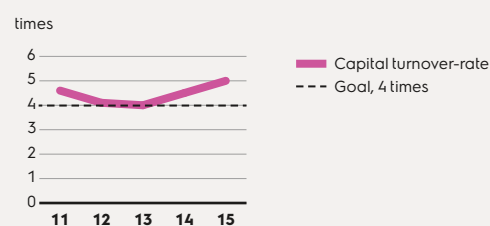
The previously initiated programs to reduce overhead costs and increase production competitiveness continued during the year. This was mainly related to Major Appliances EMEA, where cost savings and relocation of production contributed to the favorable trend in earnings. Measures were also taken to structurally reduce costs to restore profitability within Small Appliances, see page 83.

Keith McLoughlin has retired from Electrolux and was succeeded by Jonas Samuelson as President and CEO

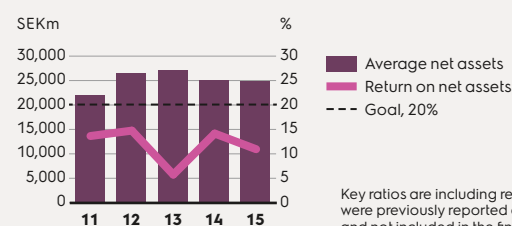
The Board appointed Jonas Samuelson as new President and CEO of Electrolux as of February 1, 2016. Mr. Samuelson was previously head of the business area Major Appliances Europe, Middle East and Africa.

In January 2016, Daniel Arler was appointed new Head of Major Appliances Europe, Middle East and Africa and Alan Shaw was appointed new Head of Major Appliances North America, see page 91.

Capital turnover-rate



Return on net assets



Key ratios are including restructuring costs. These costs were previously reported as items affecting comparability and not included in the financial goals. As of 2015, the accounting practice of items affecting comparability for restructuring charges are no longer used, see page 90.



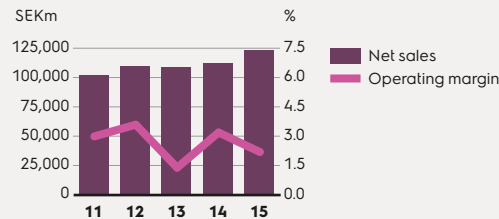
Net sales and income

- Sales increased by 10.1%, of which 2.2% was organic growth, 0.1% acquisitions and 7.8% currency translation.
- Operating income amounted to SEK 2,741m (3,581), corresponding to a margin of 2.2% (3.2).
- Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances, excluding these costs the margin was 3.9% (3.2).
- Income for the period was SEK 1,568m (2,242), corresponding to SEK 5.45 (7.83) per share.

Net sales

Net sales for the Electrolux Group in 2015 amounted to SEK 123,511m (112,143). The organic sales growth was 2.2%. Major Appliances North America, Major Appliances EMEA and Professional Products reported organic sales growth. The product mix improved and prices increased in several regions, while sales volumes declined. 2015 was a year with a strong focus on the most profitable products and sales channels, which improved the mix. Acquisitions had an impact on sales by 0.1%.

Net sales and operating margin



Operating income

Operating income for 2015 amounted to SEK 2,741m (3,581), corresponding to a margin of 2.2% (3.2). Operating income includes costs of SEK 2,059m related to the not completed acquisition of GE Appliances, excluding these costs the margin was 3.9% (3.2).

Operating income for Major Appliances EMEA contributed strongly to the results for 2015. Professional Products also reported a positive development, while operating income for the other business areas declined. Soft market demand particularly in emerging markets such as Latin America and severe currency headwinds had a negative impact on operating income for 2015.

Effects of changes in exchange rates

Changes in exchange rates had a negative impact year-over-year on operating income of SEK -1,418m. Operations in Latin America, Asia/Pacific and Europe were mainly impacted by a stronger USD against local currencies. The negative impact on operating income was to a large extent mitigated by price increases and mix improvements.

Financial net

Net financial items increased to SEK -640m (-584). Financial items includes costs of SEK 187m for a bridge facility related to the not completed acquisition of GE Appliances.

Income after financial items

Income after financial items decreased to SEK 2,101m (2,997), corresponding to 1.7% (2.7) of net sales.

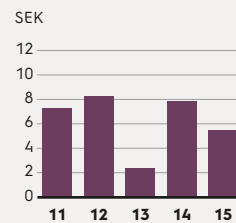
Taxes

Total taxes for 2015 amounted to SEK -533m (-755), corresponding to a tax rate of 25.4% (25.2).

Income for the period and earnings per share

Income for the period amounted to SEK 1,568m (2,242), corresponding to SEK 5.45 (7.83) in earnings per share before dilution.

Earnings per share



Consolidated income statement

SEKm	Note	2014	2015
Net sales	3, 4	112,143	123,511
Cost of goods sold	4, 7	-91,564	-99,913
Gross operating income		20,579	23,598
Selling expenses	4, 7	-11,647	-12,719
Administrative expenses	4, 7	-5,454	-6,019
Other operating income	5	176	67
Other operating expenses	6, 7	-73	-2,186
Operating income	3, 4, 8	3,581	2,741
Financial income	9	136	123
Financial expenses	9	-720	-763
Financial items, net		-584	-640
Income after financial items		2,997	2,101
Taxes	10	-755	-533
Income for the period		2,242	1,568
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	22	-1,534	343
Income tax relating to items that will not be reclassified		808	-114
		-726	229
Items that may be reclassified subsequently to income for the period:			
Available for sale instruments	11, 29	19	-39
Cash flow hedges	11	-30	-28
Exchange-rate differences on translation of foreign operations	11	2,428	-1,454
Income tax relating to other comprehensive income		-10	29
		2,407	-1,492
Other comprehensive income, net of tax		1,681	-1,263
Total comprehensive income for the period		3,923	305
Income for the period attributable to:			
Equity holders of the Parent Company		2,241	1,566
Non-controlling interests		1	2
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		3,922	307
Non-controlling interests		1	-2
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		7.83	5.45
Diluted, SEK		7.78	5.42
Average number of shares	20		
Basic, million		286.3	287.1
Diluted, million		288.2	288.9

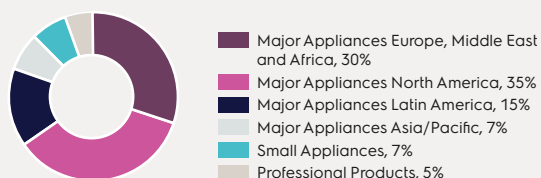
Operations by business area

- Organic sales growth for Major Appliances North America, Major Appliances EMEA and for Professional Products.
- Product-mix improvement in all business areas.
- Strong recovery of operating income for Major Appliances EMEA and good development for Professional Products.
- Sales of core appliances increased for Major Appliances North America, but inefficiencies within manufacturing impacted operating income negatively.
- Weak macro-economic conditions in Brazil impacted operations in Latin America.
- Good development in Australia, while reduced activities and write-down of inventory in China impacted operating income for Major Appliances Asia/Pacific.
- Operating income for Small Appliances declined and measures to restore profitability were initiated.

The Group's operations include products for consumers as well as professional users. Products for consumers comprise major appliances, i.e., refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens, floor-care products and small domestic appliances. Professional products comprise food-service equipment for hotels, restaurants and institutions, as well as laundry equipment for apartment-house laundry rooms, laundrettes, hotels and other professional users.

In 2015, major appliances accounted for 88% (87) of net sales, professional products for 5% (5) and small appliances for 7% (8).

Share of sales by business area



Major business events during 2015 and 2016

February 5. Electrolux acquires leading professional dishwasher manufacturer in China

Electrolux entered into an agreement to acquire Shanghai Veetsan Commercial Machinery Co. Ltd., one of the largest manufacturers of professional dishwashers in China, as part of the strategy to further accelerate growth in the professional segment. Veetsan has annual sales of approximately RMB 90 million (SEK 115 million). The operations were consolidated in the Electrolux Group as of the third quarter.

September 10. Electrolux retains global industry leadership in Dow Jones Sustainability Index 2015

For the ninth consecutive year, Electrolux has been named Industry Leader in the Household Durables category in the prestigious Dow Jones Sustainability World Index (DJSI World). In this annual assessment, published by RobecoSAM, Electrolux demonstrated notably big improvements in the areas of product stewardship, corporate citizenship and human/labor rights.

December 7. Acquisition of GE Appliances not to be completed

General Electric ("GE") notified Electrolux that it has terminated the agreement pursuant to which Electrolux had agreed to acquire the appliance business of GE. The termination was effective as of December 7, 2015. Therefore, the transaction will not be completed, see page 91.

January 20, 2016. Electrolux tops industry for the 5th year in global sustainability ranking

Electrolux has been ranked Industry Leader Household Durables in the RobecoSAM Sustainability Yearbook, an annual rating of the sustainability performance among more than 2,000 of the world's largest companies. For more information visit www.electroluxgroup.com

Major Appliances Europe, Middle East and Africa

Market demand in Western Europe increased by 5% and demand increased in all markets, with growth being particularly strong in Spain, the Nordic countries and the UK. Demand increased in most markets in Eastern Europe, but the overall market demand was impacted by a sharp decline in Russia and declined by 17%. The overall market demand in Europe improved by 4% in 2015, excluding Russia.

Electrolux operations in EMEA recorded an organic sales growth of 4% in 2015. This growth was mainly a result of increased sales volumes and an improved product mix,

which more than offset continued price pressure. Sales increased particularly in Western Europe but also in most regions in Eastern Europe. Sales of products under premium brands, built-in kitchen products and laundry products were the main contributors to this positive sales trend and the Group gained market shares in these categories.

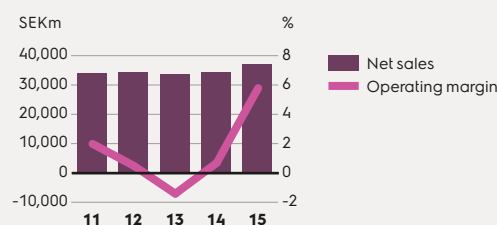
Strong focus on the most profitable product categories continued to improve the product mix. Operating income improved significantly mainly as a result of product-mix improvements and increased cost efficiency.

Key figures

SEKm	2014	2015
Net sales	34,438	37,179
Organic growth, %	-0.2	4.4
Operating income	232	2,167
Operating margin, %	0.7	5.8
Net assets	4,340	2,420
Return on net assets, %	4.1	48.9
Capital expenditure	977	1,044
Average number of employees	21,729	20,767
Items affecting comparability, included above ¹⁾	-1,212	-

¹⁾ Restructuring costs, previously not included in operating income by business area and reported as items affecting comparability.

Net sales and operating margin



Major Appliances North America

Market demand for core appliances in North America increased by 6% year-over-year in 2015. Market demand for major appliances, including microwave ovens and home-comfort products, such as room air-conditioners, increased by 8%.

Electrolux operations in North America reported an organic sales growth of 5% in 2015. Sales volumes for most product categories within core appliances as well as room air-conditioners increased.

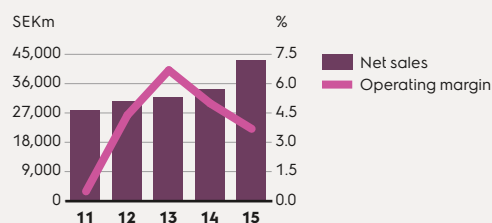
Operating income declined year-over-year. Price/mix improvements and higher sales volumes contributed to earnings. The comprehensive transition of freezers and refrigerators to comply with the new energy requirements had a negative impact on results for 2015, but profitability was restored in the latter part of the year. Actions to ramp up and improve efficiency within the new cooking plant in Memphis, Tennessee, also continued during the year.

Key figures

SEKm	2014	2015
Net sales	34,141	43,053
Organic growth, %	2.2	4.9
Operating income	1,714	1,580
Operating margin, %	5.0	3.7
Net assets	6,216	4,854
Return on net assets, %	33.8	29.0
Capital expenditure	853	832
Average number of employees	14,918	14,923
Items affecting comparability, included above ¹⁾	-	-

¹⁾ Restructuring costs, previously not included in operating income by business area and reported as items affecting comparability.

Net sales and operating margin



Major Appliances Latin America

The macro-economic environment in Brazil weakened significantly in 2015 and impacted market demand for core appliances, which declined sharply during the year. Demand in several other Latin American markets, such as Chile, also declined. However, market demand in Argentina increased.

Electrolux operations in Latin America continued to be impacted by weakening market conditions and organic sales declined by 2% in 2015.

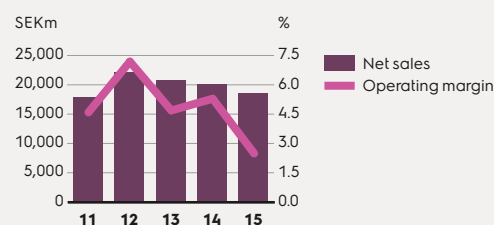
Key figures

SEKm	2014	2015
Net sales	20,041	18,546
Organic growth, %	2.8	-1.5
Operating income	1,069	463
Operating margin, %	5.3	2.5
Net assets	6,913	5,799
Return on net assets, %	15.9	6.8
Capital expenditure	535	601
Average number of employees	13,096	12,279
Items affecting comparability, included above ¹⁾	-10	-

¹⁾ Restructuring costs, previously not included in operating income by business area and reported as items affecting comparability.

Operating income deteriorated, mainly as a result of the continued sharp downturn in the Brazilian market. This was to some extent mitigated by improved financial performance in Argentina. Actions were taken during the year to adjust the cost base to the lower demand. Price increases mitigated continued severe currency headwinds as the US dollar strengthened against several currencies in Latin America.

Net sales and operating margin



Major Appliances Asia/Pacific

Market demand for major appliances in Australia increased in 2015, while demand in Southeast Asia and China declined.

Sales for the business area declined in 2015, due to lower sales volumes in China. Electrolux operations in China were reduced during the year. Operations in Australia and New Zealand reported organic growth, mainly due to higher sales volumes as a result of launches of new products. A new range of appliances under the Westinghouse brand was launched during the year. Price increases also contributed to this positive sales trend.

Key figures

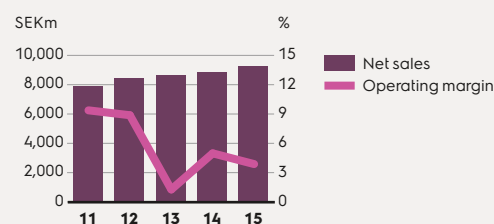
SEKm	2014	2015
Net sales	8,803	9,229
Organic growth, %	0.4	-5.1
Acquisitions, %	0.6	0.8
Operating income	438	364
Operating margin, %	5.0	3.9
Net assets	2,095	1,600
Return on net assets, %	22.3	18.1
Capital expenditure	349	274
Average number of employees	3,792	3,874
Items affecting comparability, included above ¹⁾	-10	-

¹⁾ Restructuring costs, previously not included in operating income by business area and reported as items affecting comparability.

The acquisition of the Australian-based barbecue business BeefEater in 2014 had a positive impact of 0.8% on sales.

Operating income declined year-over-year. Lower sales volumes and inventory write-down in China of approximately SEK 115m impacted earnings for 2015. Other regions showed solid results, although increased brand spend to promote new product launches impacted earnings during the year.

Net sales and operating margin



Small Appliances

Market demand in 2015 for vacuum cleaners in Europe is estimated to have increased while demand in North America is estimated to have decreased.

Electrolux organic sales declined by 4% due to lower sales volumes of vacuum cleaners in Latin America, Asia/Pacific and North America. This was to some extent mitigated by increased sales in Europe.

Operating income declined year-over-year. Restructuring costs, lower sales volumes and a continued negative currency trend impacted earnings negatively during 2015.

Key figures

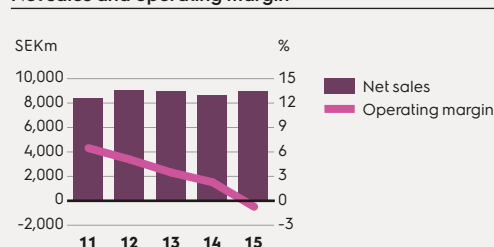
SEKm	2014	2015
Net sales	8,678	8,958
Organic growth, %	-4.2	-3.8
Operating income	200	-63
Operating margin, %	2.3	-0.7
Net assets	1,464	1,300
Return on net assets, %	12.5	-4.4
Capital expenditure	162	134
Average number of employees	2,614	2,548
Items affecting comparability, included above ¹⁾	-	-

¹⁾ Restructuring costs, previously not included in operating income by business area and reported as items affecting comparability.

Measures to restore profitability were taken during the fourth quarter of 2015 and a cost-reduction program was initiated including staff reductions and downsizing of activities, mainly in the U.S., Sweden and China. These actions are expected to reach full effect from end of 2016, with estimated annual cost savings of SEK 120m. Costs related to the program of SEK 190m impacted operating income.

Active product portfolio management and focus on the most profitable product categories improved the product mix in 2015.

Net sales and operating margin



Professional Products

Overall market demand for professional food service and professional laundry equipment improved in 2015. Demand in Electrolux core markets in Western Europe was stable. The U.S. and emerging markets displayed year-over-year growth.

Electrolux reported an organic sales growth of 3% in 2015. Sales increased in several markets for both food-service equipment and laundry products. The Group's strategic initiatives to grow in new markets and segments as well as new product launches contributed to the sales trend.

Key figures

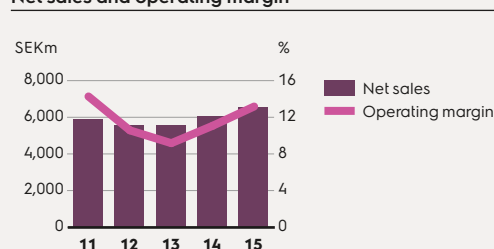
SEKm	2014	2015
Net sales	6,041	6,546
Organic growth, %	5.6	2.8
Acquisitions, %	-	1.2
Operating income	671	862
Operating margin, %	11.1	13.2
Net assets	919	882
Return on net assets, %	70.1	85.7
Capital expenditure	75	98
Average number of employees	2,582	2,625
Items affecting comparability, included above ¹⁾	-	-

¹⁾ Restructuring costs, previously not included in operating income by business area and reported as items affecting comparability.

An example is the successful launch in Europe during the year of MyPro washing machines and tumble dryers for small businesses, a new segment for Electrolux. The acquisition of the manufacturer of professional dishwashers in China, Veetsan Commercial Machinery Co. Ltd., had a positive impact of 1% on sales.

Operating income and margin showed a strong improvement compared to the previous year as a result of higher volumes, increased operational efficiency and higher prices.

Net sales and operating margin



Financial position

- Equity/assets ratio was 20.8% (21.7).
- Return on equity was 9.9% (15.7).
- Return on net assets was 11.0% (14.2).
- Financial net debt decreased to SEK 1,898m (4,868).

Net assets and working capital

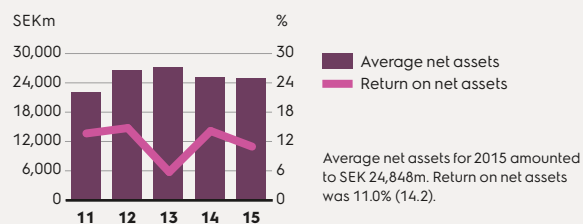
Working capital amounted to SEK -12,234m (-8,377), corresponding to -9.9% (-6.6) of net sales.

Net assets and working capital

SEKm	Dec. 31, 2014	% of annualized net sales	Dec. 31, 2015	% of annualized net sales
Inventories	14,324	11.2	14,179	11.5
Trade receivables	20,663	16.2	17,745	14.3
Accounts payable	-25,705	-20.1	-26,467	-21.4
Provisions	-8,448		-8,057	
Prepaid and accrued income and expenses	-8,495		-9,406	
Taxes and other assets and liabilities	-716		-228	
Working capital	-8,377	-6.6	-12,234	-9.9
Property, plant and equipment	18,934		18,450	
Goodwill	5,350		5,200	
Other non-current assets	5,528		4,752	
Deferred tax assets and liabilities	4,664		5,244	
Net assets	26,099	20.4	21,412	17.3
Average net assets	25,166	22.4	24,848	20.1
Return on net assets, %	14.2		11.0	

Average net assets were SEK 24,848m (25,166), corresponding to 20.1% (22.4) of net sales.

Return on net assets



Change in net assets

SEKm	Net assets
December 31, 2014	26,099
Change in restructuring provisions	880
Write-down of assets	-4,787
Changes in exchange rates	-1,054
Capital expenditure	3,027
Depreciation	-3,936
Other changes in fixed assets and working capital, etc.	1,183
December 31, 2015	21,412

Liquidity funds

Liquidity profile

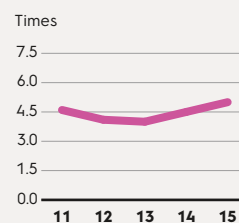
SEKm	Dec. 31, 2014	Dec. 31, 2015
Liquid funds	9,835	11,199
% of annualized net sales ¹⁾	14.1	17.5
Net liquidity	4,661	6,425
Fixed interest term, days	11	9
Effective annual yield, %	1.3	1.4

¹⁾ Liquid funds plus back-up credit facilities divided by annualized net sales, see below.

For additional information on the liquidity profile, see Note 18.

Liquid funds as of December 31, 2015, amounted to SEK 11,199m (9,835), excluding short-term back-up credit facilities. Electrolux has two unused committed back-up revolving credit facilities. One multicurrency facility of SEK 3,400m maturing in 2017 and one multicurrency facility of EUR 500m, approximately SEK 4,600m, maturing in 2018. Electrolux has also a committed revolving credit facility of USD 300m, approximately SEK 2,500m, maturing in 2018.

Capital turnover-rate, times/year



The capital turnover-rate increased to 5.0 times (4.5) in 2015.

Consolidated balance sheet

SEKm	Note	December 31, 2014	December 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	12	18,934	18,450
Goodwill	13	5,350	5,200
Other intangible assets	13	3,878	3,401
Investments in associates	29	228	209
Deferred tax assets	10	5,351	5,889
Financial assets	18	312	284
Pension plan assets	22	399	397
Other non-current assets	14	1,110	858
Total non-current assets		35,562	34,688
Current assets			
Inventories	15	14,324	14,179
Trade receivables	17, 18	20,663	17,745
Tax assets		784	730
Derivatives	18	375	149
Other current assets	16	4,774	5,176
Short-term investments	18	99	108
Cash and cash equivalents	18	9,107	10,696
Total current assets		50,126	48,783
Total assets		85,688	83,471
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	1,545	1,545
Other paid-in capital	20	2,905	2,905
Other reserves	20	-251	-1,739
Retained earnings	20	12,235	12,264
		16,434	14,975
Non-controlling interests		34	30
Total equity		16,468	15,005
Non-current liabilities			
Long-term borrowings	18	9,529	8,323
Deferred tax liabilities	10	687	645
Provisions for post-employment benefits	22	5,162	4,906
Other provisions	23	5,665	5,649
Total non-current liabilities		21,043	19,523
Current liabilities			
Accounts payable	18	25,705	26,467
Tax liabilities		1,042	813
Other liabilities	24	13,531	14,529
Short-term borrowings	18	4,960	4,504
Derivatives	18	156	222
Other provisions	23	2,783	2,408
Total current liabilities		48,177	48,943
Total liabilities		69,220	68,466
Total equity and liabilities		85,688	83,471
Pledged assets	19	41	27
Contingent liabilities	25	3,739	1,312



Cont. Financial position

Net debt

Net debt	Dec. 31, 2014	Dec. 31, 2015
SEKm		
Borrowings	14,703	13,097
Liquid funds	9,835	11,199
Financial net debt	4,868	1,898
Net provisions for post-employment benefits	4,763	4,509
Net debt	9,631	6,407
Net debt/equity ratio	0.58	0.43
Equity	16,468	15,005
Equity per share, SEK	57.52	52.21
Return on equity, %	15.7	9.9
Equity/assets ratio, %	21.7	20.8

The financial net debt decreased to SEK 1,898m (4,868) as a result of the positive cash flow from operations after investments. Net provisions for post-employment benefits declined by SEK 254m. Net debt declined to SEK 6,407m (9,631).

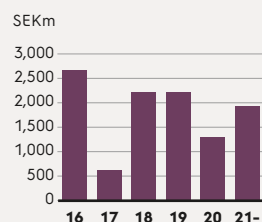
During 2015, SEK 2,632m in long-term borrowings were amortized and new long-term borrowings were raised with SEK 1,447m.

Long-term borrowings as of December 31, 2015, including long-term borrowings with maturities within 12 months, amounted to SEK 11,000m with average maturity of 2.8 years, compared to SEK 12,123 and 2.8 years at the end of 2014. In 2016, long-term borrowings in the amount of SEK 2,677m will mature.

The Group's target for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities, and an average interest-fixing period between 0 and 3 years. At year-end, the average interest-fixing period for long-term borrowings was 0.8 years (1.2).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 2.7% (2.4).

Long-term borrowings, by maturity



In 2016, long-term borrowings in the amount of SEK 2,677m will mature. For information on borrowings, see Note 2 and 18.

Rating

Electrolux has investment-grade rating from Standard & Poor's. In 2015, the rating was changed from BBB with a stable outlook to BBB+ with a stable outlook.

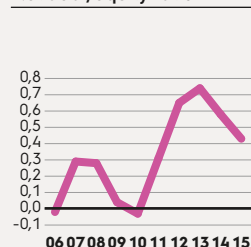
Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
Standard & Poor's	BBB+	Stable	A-2	K-1

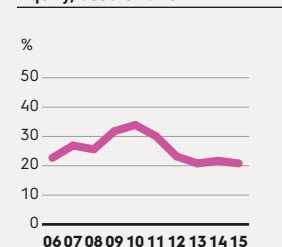
Net debt/equity and equity/assets ratio

The net debt/equity ratio was 0.43 (0.58). The equity/assets ratio was 20.8% (21.7).

Net debt/equity ratio¹⁾



Equity/assets ratio¹⁾



¹⁾ Both ratios were significantly affected from 2012 and onwards by the changed pension accounting from the updated IAS 19 Employee Benefits.

Equity and return on equity

Total equity as of December 31, 2015, amounted to SEK 15,005m (16,468), which corresponds to SEK 52.21 (57.52) per share. Return on equity was 9.9% (15.7).

Changes in consolidated equity

SEKm	Attributable to equity holders of the parent company					Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total		
Opening balance, January 1, 2014	1,545	2,905	-2,658	12,482	14,274	34	14,308
Income for the period	—	—	—	2,241	2,241	1	2,242
Available for sale instruments	—	—	19	—	19	—	19
Cash flow hedges	—	—	-30	—	-30	—	-30
Exchange differences on translation of foreign operations	—	—	2,428	—	2,428	—	2,428
Remeasurement of provisions for post-employment benefits	—	—	—	-1,534	-1,534	—	-1,534
Income tax relating to other comprehensive income	—	—	-10	808	798	—	798
Other comprehensive income, net of tax	—	—	2,407	-726	1,681	—	1,681
Total comprehensive income for the period	—	—	2,407	1,515	3,922	1	3,923
Share-based payment	—	—	—	99	99	—	99
Dividend SEK 6.50 per share	—	—	—	-1,861	-1,861	-1	-1,862
Acquisition of non-controlling interest	—	—	—	—	—	—	—
Total transactions with equity holders	—	—	—	-1,762	-1,762	-1	-1,763
Closing balance, December 31, 2014	1,545	2,905	-251	12,235	16,434	34	16,468
Income for the period	—	—	—	1,566	1,566	2	1,568
Available for sale instruments	—	—	-39	—	-39	—	-39
Cash flow hedges	—	—	-28	—	-28	—	-28
Exchange-rate differences on translation of foreign operations	—	—	-1,450	—	-1,450	-4	-1,454
Remeasurement of provisions for post-employment benefits	—	—	—	343	343	—	343
Income tax relating to other comprehensive income	—	—	29	-114	-85	—	-85
Other comprehensive income, net of tax	—	—	-1,488	229	-1,259	-4	-1,263
Total comprehensive income for the period	—	—	-1,488	1,795	307	-2	305
Share-based payment	—	—	—	102	102	—	102
Dividend SEK 6.50 per share	—	—	—	-1,868	-1,868	-2	-1,870
Acquisition of non-controlling interest	—	—	—	—	—	—	—
Total transactions with equity holders	—	—	—	-1,766	-1,766	-2	-1,768
Closing balance, December 31, 2015	1,545	2,905	-1,739	12,264	14,975	30	15,005

For more information about share capital, number of shares and earnings per share, see Note 20.

Cash flow

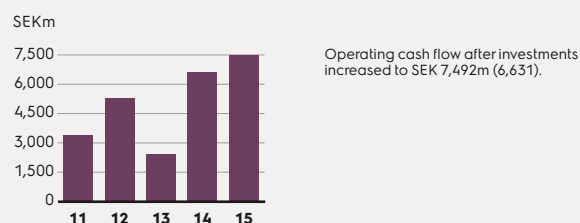
- Operating cash flow after investments increased to SEK 7,492m (6,631).
- Capital expenditure in property, plant and equipment amounted to SEK 3,027m (3,006).
- R&D costs amounted to 2.6% (2.6) of net sales.

Operating cash flow after investments

Operating cash flow after investments in 2015 increased and amounted to SEK 7,492m (6,631). A significant improvement of the cash flow from working capital impacted the cash flow for 2015. The Group's ongoing activities to operationally and structurally reduce working capital contributed to the favorable development of the cash flow.

The majority of the costs of SEK 2,059m related to the not completed acquisition of GE Appliances has also had a negative impact on operating cash flow after investments, see page 91.

Operating cash flow after investments



Cash flow

SEKm	2014	2015
EBITDA ¹⁾	8,544	7,241
Change in operating assets and liabilities	1,777	3,563
Operating cash flow	10,321	10,804
Investments in fixed assets ²⁾	-3,690	-3,312
Operating cash flow after investments	6,631	7,492
Restructuring payments	-1,026	-747
Acquisitions and divestments of operations	-69	-91
Operating cash flow after structural changes	5,536	6,654
Financial items paid, net ³⁾	-488	-513
Taxes paid	-985	-1,277
Free cash flow⁴⁾	4,063	4,864
Dividend	-1,861	-1,870
Total cash flow, excluding change in loans and short-term investments	2,202	2,994

¹⁾ Operating income plus depreciation and amortization, restructuring provisions and other non-cash items.

²⁾ Investments excluding acquisitions and divestments of operations.

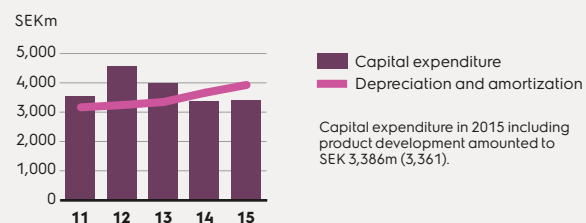
³⁾ Interest and similar items received SEK 134m (140), interest and similar items paid SEK -364m (-553) and other financial items SEK -283m (-75).

⁴⁾ Cash flow from operations and investments.

Capital expenditure

Capital expenditure in property, plant and equipment in 2015 amounted to SEK 3,027m (3,006). Capital expenditure corresponded to 2.5% (2.7) of net sales. Investments in 2015, mainly related to investments within manufacturing facilities for efficiencies and new products.

Capital expenditure



Capital expenditure by business area

SEKm	2014	2015
Major Appliances		
Europe, Middle East and Africa	977	1,044
% of net sales	2.8	2.8
North America	853	832
% of net sales	2.5	1.9
Latin America	535	601
% of net sales	2.7	3.2
Asia/Pacific	349	274
% of net sales	4.0	3.0
Small Appliances	162	134
% of net sales	1.9	1.5
Professional Products	75	98
% of net sales	1.2	1.5
Other	55	44
Total	3,006	3,027
% of net sales	2.7	2.5

Costs for R&D

Costs for research and development in 2015, including capitalization of SEK 359m (355), amounted to SEK 3,210m (2,872) corresponding to 2.6% (2.6) of net sales.

Consolidated cash flow statement

SEKm	Note	2014	2015
Operations			
Operating income		3,581	2,741
Depreciation and amortization		3,671	3,936
Restructuring provisions		173	-557
Other non-cash items		93	374
Financial items paid, net ¹⁾		-488	-513
Taxes paid		-985	-1,277
Cash flow from operations, excluding change in operating assets and liabilities		6,045	4,704
Change in operating assets and liabilities			
Change in inventories		-929	-306
Change in trade receivables		195	1,672
Change in accounts payable		3,160	1,798
Change in other operating liabilities and provisions		-649	399
Cash flow from change in operating assets and liabilities		1,777	3,563
Cash flow from operations		7,822	8,267
Investments			
Acquisition of operations	26	-69	-91
Capital expenditure in property, plant and equipment	12	-3,006	-3,027
Capital expenditure in product development	13	-355	-359
Capital expenditure in computer software	13	-290	-254
Other		-39	328
Cash flow from investments		-3,759	-3,403
Cash flow from operations and investments		4,063	4,864
Financing			
Change in short-term investments		49	-9
Change in short-term borrowings		367	84
New long-term borrowings	18	1,952	1,447
Amortization of long-term borrowings	18	-2,254	-2,632
Dividend		-1,861	-1,870
Cash flow from financing		-1,747	-2,980
Total cash flow		2,316	1,884
Cash and cash equivalents at beginning of period		6,607	9,107
Exchange-rate differences referring to cash and cash equivalents		184	-295
Cash and cash equivalents at end of period		9,107	10,696

¹⁾ Interest and similar items received SEK134 m (140), interest and similar items paid SEK -364m (-553) and other financial items paid SEK -283m (-75).

Cost savings

Over the years, Electrolux has implemented restructuring programs for the purpose of optimizing its manufacturing footprint and reducing costs to improve competitiveness. Restructuring charges related to these programs have been presented separately as items affecting comparability in the income statement. Operating income by business area and selected key ratios have been reported excluding these costs. These major restructuring programs have come to an end and as of 2015, Electrolux has discontinued this accounting practice. Although there will likely be restructuring programs going forward, these are expected to be much less extensive.

For comparability purposes, the figures for 2014 have been restated to include restructuring costs. For a specification, read the press release; Restated figures for Electrolux for 2014, March 30, 2015, on

www.electroluxgroup.com

This change in accounting practice has no impact on the Group's operating income, balance sheet or cash flow. The restatement of operating income by business area has mainly affected operating income for Major Appliances EMEA, which includes restructuring costs in the net amount of SEK 1.2bn for 2014.

Figures for 2011–2014 in this report are including restructuring costs, see specification.

Items affecting comparability 2011–2014¹⁾

SEKm	2011	2012	2013	2014
Major Appliances				
Europe, Middle East and Africa	-34	-927	-828	-1,212
North America	-104	-105	–	–
Latin America	–	–	–	-10
Asia/Pacific	–	–	-351	-10
Small Appliances	–	–	-82	–
Professional Products	–	–	–	–
Other	–	–	-1,214	33
Total Group	-138	-1,032	-2,475	-1,199

¹⁾ Restructuring costs have previously been reported as items affecting comparability and not included in operating income by business area and selective key ratios.

Cost-reduction program within Small Appliances

Electrolux announced in December 2015 that measures are being taken to structurally reduce costs within the business area Small Appliances. Operations continue to be negatively impacted by reduced volumes in several key markets, as well as unfavorable currency movements.

Measures to restore profitability are being taken, including staff reductions and downsizing of activities, mainly in the U.S., Sweden and China.

These actions are expected to reach full effect from end of 2016, with estimated annual cost savings of SEK 120m. Costs related to the program of SEK 190m have been charged to operating income within Small Appliances.

Once the program is completed, Small Appliances will have financial flexibility to continue to invest in profitable product categories.

Major events and other facts

Acquisition of GE Appliances was not completed

On September 8, 2014, Electrolux announced it had entered into an agreement with General Electric ("GE") to acquire GE Appliances, a well-known manufacturer of kitchen and laundry products in the United States, for a cash consideration of USD 3.3 billion.

On July 1, 2015, the US Department of Justice ("DOJ") announced that it sought to stop the proposed acquisition. The review of the proposed acquisition continued in a court procedure and the trial begun on November 9, 2015. Electrolux did not agree with the DOJ's assessment that the acquisition will harm competition.

On December 7, 2015, GE notified Electrolux that it had terminated the agreement pursuant to which Electrolux had agreed to acquire the appliance business of GE. Therefore, the transaction will not be completed. Electrolux has made extensive efforts to obtain regulatory approvals, and regrets that GE has terminated the agreement while the court procedure was still pending.

In accordance with the terms of the transaction agreement, Electrolux paid on December 9, 2015, a termination fee of USD 175m, corresponding to SEK 1,493m, to General Electric. Transaction costs related to the acquisition of SEK 408m and cost for preparatory integration work of SEK 158m have been charged to operating income for 2015 and the finance net has been impacted by costs arising from the bridge facility of SEK 187m.

For more information visit, www.electroluxgroup.com

Management changes

In April, 2015, Kenneth L. Ng, former CEO of Lixil Corporation in Greater China, joined Electrolux as new head of Major Appliances Asia/Pacific. He succeeded Gunilla Nordström who has left the Group.

In April, 2015, Jack Truong, former Head of Major Appliances North America, decided to resign from his position. Electrolux President and CEO Keith McLoughlin was acting as interim Head of Major Appliances North America until he retired in January 2016.

In January, 2016, Keith McLoughlin notified the Board of Directors of Electrolux that he wished to retire from Electrolux. Jonas Samuelson was appointed by the Board as new President and CEO of Electrolux as of February 1, 2016. Mr. Samuelson has previously been Head of the business area Electrolux Major Appliances Europe, Middle East and Africa, Head of Electrolux Global Operations and Group Chief Financial Officer. Jonas Samuelson joined Electrolux in 2008.

In January 2016, Daniel Arler was appointed new Head of Major Appliances Europe, Middle East and Africa and Alan Shaw was appointed new Head of Major Appliances North America. Daniel Adler has since 2012 been Senior Vice President of the Kitchen product line within EMEA. He has been with Electrolux since 2002. Alan Shaw's most recent position was President of Husqvarna AB's Consumer Brands division.

In January 2016, Tomas Eliasson, Chief Financial Officer, decided to resign from Electrolux in order to pursue an external opportunity. He will remain with the company for up to six months. A process to recruit a successor has been initiated.

Asbestos litigation in the US

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2015, the Group had a total of 3,259 (3,070) cases pending, representing approximately 3,326 (approximately 3,129) plaintiffs. During 2015, 1,283 new cases with 1,291 plaintiffs were filed and 1,094 pending cases with approximately 1,094 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits.

In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

For information on certain additional legal proceedings, see Note 25 Contingent liabilities.

Share capital and ownership

Share capital and ownership structure

As of December 31, 2015, the share capital of AB Electrolux amounted to approximately SEK 1,545m, corresponding to 308,920,308 shares. The share capital of Electrolux consists of Class A shares and Class B shares. An A share entitles the holder to one vote and a B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. In accordance with the Swedish Companies Act, the Articles of Association of Electrolux also provide for specific rights of priority for holders of different types of shares, in the event that the company issues new shares or certain other instruments.

According to Electrolux Articles of Association, owners of Class A shares have the right to have such shares converted to Class B shares. The purpose of the conversion clause is to give holders of Class A shares an opportunity to achieve improved liquidity in their shareholdings. Conversion reduces the total number of votes in the company. There were no conversion of shares in 2015.

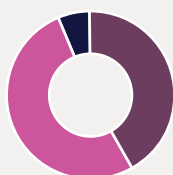
The total number of registered shares in the company amounts to 308,920,308 shares, of which 8,192,539 are Class A shares and 300,727,769 are Class B shares, total number of votes amounts to 38,265,316.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
BlackRock, Inc.	6.4	5.2
JP Morgan Asset Management	5.0	4.0
Nordea Investment Management	3.9	3.1
Alecta Pension Insurance	2.8	3.5
Norges Bank Investment Management	2.0	1.6
Swedbank Robur Funds	1.9	1.5
AMF Insurance & Funds	1.1	0.9
Unionen	1.0	0.8
Kuwait Investment Authority	0.8	0.7
Total, ten largest shareholders	40.4	51.2
Board of Directors and Group Management, collectively	0.08	0.10

Source: Holdings and Euroclear Sweden as of December 31, 2015.

Ownership structure



- Swedish institutions and mutual funds, 42%
- Foreign investors, 52%
- Swedish private investors, 6%

At year-end 2015, about 52% of the total share capital was owned by foreign investors.

Source: Holdings and Euroclear Sweden as of December 31, 2015.

According to the register of Euroclear Sweden, there were 45,485 shareholders in AB Electrolux as of December 31, 2015. Investor AB is the largest shareholder, owning 15.5% of the share capital and 29.9% of the voting rights. Information on the shareholder structure is updated quarterly at www.electroluxgroup.com

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1-1,000	3.0	40,935	90.0
1,001-10,000	3.3	3,954	8.7
10,001-20,000	0.8	174	0.4
20,001-	92.9	422	0.9
Total	100	45,485	100

Source: Holdings and Euroclear Sweden as of December 31, 2015.

Articles of Association

AB Electrolux Articles of Association stipulate that the Annual General Meeting (AGM) shall always resolve on the appointment of the members of the Board of Directors. Apart from that, the articles do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles.

A shareholder participating in the AGM is entitled to vote for the full number of shares which he or she owns or represents. Outstanding shares in the company may be freely transferred, without restrictions under law or the company's Articles of Association. Electrolux is not aware of any agreements between shareholders, which limit the right to transfer shares.

The full Articles of Association can be downloaded at www.electroluxgroup.com

Effect of significant changes in ownership structure on long-term financing

The Group's long-term financing is subject to conditions which stipulate that lenders may request advance repayment in the event of significant changes in the ownership of the company. Such significant change could result from a public bid to acquire Electrolux shares.

Distribution of funds to shareholders

Proposed dividend

The Board of Directors proposes a dividend for 2015 of SEK 6.50 (6.50) per share, for a total dividend payment of approximately SEK 1,868m (1,868). The proposed dividend corresponds to approximately 119% (83) of income for the period. Friday, April 8, 2016, is proposed as record date for the dividend. The estimated date for payment of dividend is Wednesday, April 13, 2016.

The Group's goal is for the dividend to correspond to at least 30% of income for the period. Historically, the Electrolux dividend rate has been considerably higher than 30%. Electrolux has a long tradition of high total distribution to shareholders that includes repurchases and redemptions of shares.

Acquisition of own shares

Electrolux has previously, on the basis of authorizations by the AGM, acquired own shares. The purpose of the repurchase programs has been to adapt the Group's capital structure, thus contributing to increased shareholder value and to use these shares to finance potential company acquisitions and as a hedge for the company's share-related incentive programs.

In accordance with the proposal by the Board of Directors, the 2015 AGM decided to authorize the Board for the period until the 2016 AGM to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many Class B shares that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

Proposal for a renewed mandate on acquisition of own shares

The Board of Directors makes the assessment that it continues to be advantageous for the company to be able to adapt the company's capital structure, thereby contributing to increased shareholder value, and to continue to be able to use repurchased shares on account of potential company acquisitions and the company's share-related incentive programs.

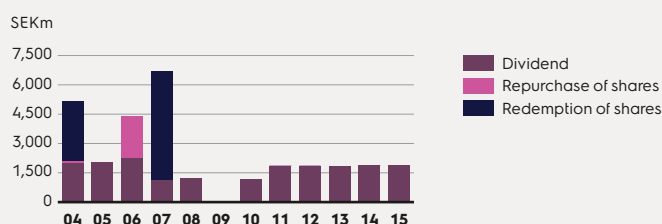
The Board of Directors proposes that the AGM 2016 resolves on a renewed mandate to repurchase own shares equivalent to the previous mandate.

As of December 31, 2015, Electrolux held 21,522,858 Class B shares in Electrolux, corresponding to 7.0% of the total number of shares in the company.

Number of shares

	Outstanding A shares	Outstanding B shares	Outstanding shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2015	8,192,539	300,727,769	308,920,308	22,599,884	286,320,424
Shares allotted to senior managers under the Performance Share Program				-1,077,026	1,077,026
Total number of shares as of December 31, 2015	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
As % of total number of shares				7.0%	

Total distribution to shareholders



Electrolux distribution to shareholders include repurchases and redemptions of shares as well as dividends. In 2006, the Group's outdoor operations, Husqvarna, were distributed to shareholders. No dividend was paid for 2008, as a consequence of the low income for the period and the uncertainty in the market for 2009.

Risks and uncertainty factors

Electrolux ability to increase profitability and shareholder value is based on three elements: innovative products, strong brands and cost-efficient operations. Realizing this potential requires effective and controlled risk management.

Risks in connection with the Group's operations can, in general, be divided into operational risks related to business operations and those related to financial operations. Operational risks are normally managed by the operative units within the Group, and financial risks by the Group's treasury department.

Risks and uncertainty factors

Electrolux operates in competitive markets, most of which are relatively mature. Demand for appliances varies with general business conditions, and price competition is strong in a number of product categories. Electrolux ability to increase profitability and shareholder value is largely dependent on its success in developing innovative products under strong brands and maintaining cost-efficient operations and production. Major factors for maintaining and increasing competitiveness include managing fluctuations in currency rates, prices for raw materials and components as well as efficiency measures. In addition to these operational risks, the Group is exposed to risks related to financial operations, e.g., interest risks, financing risks, currency risks and credit risks. The Group's development is strongly affected by external factors, of which the most important in terms of managing risks include:

Variations in demand

Demand for appliances is affected by the general business cycle. A deterioration in market conditions may lead to lower sales volumes as well as a shift of demand to low-price products, which generally have lower margins. Utilization of production capacity may also decline in the short term. In 2015, demand for appliances increased in mature markets such as North America, Europe and Australia while demand in emerging markets as Latin America, China and Southeast Asia declined. The global economic trend is an uncertainty factor in terms of the development in the future.

Price competition

Most of the markets in which Electrolux operates features price competition. Some of Electrolux markets experienced price pressure during 2015. The Group's strategy is based on launching innovative and consumer relevant products under strong brands, and is aimed, among other things, at minimizing and offsetting price competition for its products. A continued downturn in market conditions involves a risk of increasing price competition.

Changes in prices for raw materials and components

The raw materials to which the Group is mainly exposed comprise steel, plastics, copper and aluminum. Market prices declined during 2015. Bilateral agreements are used to manage price risks. To some extent, raw materials are purchased at spot prices. There is considerable uncertainty regarding trends for the prices of raw materials.

Exposure to customers and suppliers

Electrolux has a comprehensive process for evaluating credit risk and tracking the financial health of its customers. Management of credit limits as well as responsibility and authority for approving credit limits are regulated by the Group's credit policy. Credit insurance is used to reduce credit risks. The trading conditions for retailers in 2015 were challenging in some markets such as Brazil and some Eastern European countries. Retailers in Western Europe and the U.S. showed a slight improvement compared to the previous year.

Access to financing

The Group's loan-maturity profile for 2016 represents maturities of approximately SEK 2,677m in long-term borrowings. Electrolux has two unused committed back-up revolving credit facilities. One multicurrency facility of SEK 3,400m maturing in 2017 and one multicurrency facility of EUR 500m, approximately SEK 4,600m, maturing in 2018. Electrolux has also a committed revolving credit facility of USD 300m, approximately SEK 2,500m, maturing in 2018.

Risks, risk management and risk exposure are described in more detail in Note 1 Accounting principles, Note 2 Financial risk management and in Note 18 Financial instruments.

Sensitivity analysis 2015

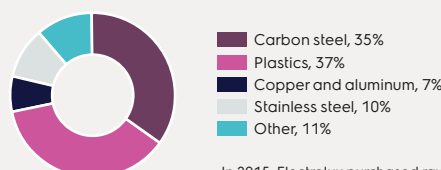
	Change +/-	Pre-tax earnings impact, SEKm
Raw materials¹⁾		
Steel	10%	800
Plastics	10%	700
Currencies²⁾ and interest rates		
USD/BRL	10%	270
USD/EUR	10%	230
USD/CAD	10%	180
EUR/GBP	10%	170
EUR/CHF	10%	100
USD/CLP	10%	80
USD/ARS	10%	80
THB/AUD	10%	80
USD/AUD	10%	70
EUR/RUB	10%	50
Translation exposure ³⁾	10%	260
Interest rate	1 percentage	20

¹⁾ Changes in raw materials refer to Electrolux prices and contracts, which may differ from market prices.

²⁾ Includes transaction effects.

³⁾ Assuming the Swedish krona appreciates/depreciates against all other currencies.

Raw-materials exposure 2015



In 2015, Electrolux purchased raw materials for approximately SEK 18 billion. Purchases of steel accounted for the largest cost.

Employees

Electrolux corporate culture

Electrolux corporate culture in combination with a strong set of values form the core of the Group's operations.

Leadership at Electrolux in all markets is distinguished by Passion for Innovation, Customer Obsession and Drive for Results. Respect, diversity, integrity, ethics, safety and the environment are at the core of all employee actions when they interact with customers and colleagues around the globe.

Wherever Electrolux operates in the world, the company applies the same high standards and principles of conduct.

Electrolux has a global Ethics Program, encompassing both ethics training and a whistle-blowing system – the Electrolux Ethics Helpline. Through the Ethics Helpline, employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted. The majority of the reports during 2015 related to discrimination and harassment.

Electrolux has a number of tools for employees and management including leadership development programs at all levels of management such as the Talent Management program, the Connecting for Performance program, Teamship workshops, the internal Open Labor Market, and the web-based Employee Engagement Survey.

Code of Conduct

The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business areas. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance. Key policies in this context include the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct, the Electrolux Policy on Corruption and Bribery and Environmental Policy. In 2014, Electrolux Workplace Code of Conduct was updated to align with the UN Guiding Principles on Business and Human Rights. Educational activities throughout the organization have taken place in 2015.

Number of employees

The average number of employees decreased in 2015 to 58,265 (60,038), of whom 2,027 (2,054) were in Sweden. At year-end, the total number of employees decreased to 55,245 (59,481).

Salaries and remuneration in 2015 amounted to SEK 15,858m (14,278), of which SEK 1,293m (1,199) refers to Sweden.

Proposal for remuneration guidelines for Group Management

The Board of Directors will propose the following guidelines for remuneration and other terms of employment for the President and CEO and other members of Group Management of Electrolux to the Annual General Meeting (AGM) 2016. Group Management currently comprises twelve executives. The proposed guidelines for 2016 correspond in all material respects to the guidelines approved by the AGM in 2015.

The principles shall be applied for employment agreements entered into after the AGM 2016 and for changes made to existing employment agreements thereafter.

Remuneration for the President and CEO is resolved upon by the AB Electrolux Board of Directors, based on the recommendation of the Remuneration Committee. Remuneration for other members of Group Management is resolved upon by the Remuneration Committee and reported to the Board of Directors.

For a detailed description on remuneration to Group Management and related costs, see Note 27.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country or region of employment of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for Group Management may comprise the components set forth hereafter.

Fixed compensation

The Annual Base Salary (ABS) shall be competitive relative to the relevant country market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

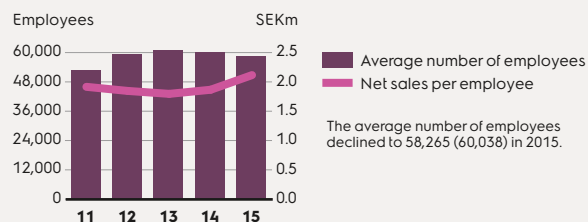
Variable compensation

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made.

Variable compensations shall principally relate to financial performance targets.

Non-financial targets may also be used in order to strengthen the focus on delivering on the Group's strategic plans. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Employees





Short Term Incentive (STI)

Group Management members shall participate in an STI plan under which they may receive variable compensation. The objectives in the STI plan shall mainly be financial. These shall be set based on annual financial performance of the Group and, for the sector area heads, of the sector area for which the Group Management member is responsible.

The maximum STI entitlements shall be dependent on job position and may amount up to a maximum of 100% of ABS. Reflecting current market conditions, the STI entitlement for Group Management members in the USA may amount up to a maximum of 150% of ABS if the maximum performance level is reached.

STI payments for 2016 are estimated¹⁾ to range between no payout at minimum level and SEK 67m (excluding social costs) at maximum level.

Long Term Incentive (LTI)

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the General Meeting. Long-term incentive programs shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux.

For a detailed description of all programs and related costs, see Note 27.

Proposal for performance-based long-term share program 2016

The Board of Directors will propose a performance-based long-term share program for 2016 to the AGM 2016. The proposed program will be connected to performance targets for the Group established by the Board for (i) earnings per share, (ii) return on net assets and (iii) organic sales growth, for the 2016 financial year. The proposed program will include up to 250 senior managers and key employees. Allocation of performance-based shares, if any, will take place in 2019. Details of the program will be included in the notice to the AGM 2016.

The costs for the LTI program proposed for 2016 are estimated¹⁾ to SEK 319m (including social costs) at maximum level.

Extraordinary arrangements

Other variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement shall, in addition to the target requirements set out above, be made for recruitment or

retention purposes, are agreed on an individual basis, shall never exceed three (3) times the ABS and shall be earned and/or paid out in installments over a minimum period of two (2) years.

Costs for extraordinary arrangements during 2015 amounts to approximately SEK 8.8m. Costs for extraordinary arrangements which have not yet been paid out are currently estimated to approximately SEK 9.5m.

Pension and benefits

Old age pension, disability benefits and medical benefits shall be designed to reflect home-country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved.

Other benefits may be provided on individual level or to the entire Group Management. These benefits shall not constitute a material portion of total remuneration.

Notice of termination and severance pay

The notice period shall be twelve months if the Group takes the initiative and six months if the Group Management member takes the initiative.

In individual cases, severance pay may be approved in addition to the notice periods. Severance pay may only be payable upon the Group's termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in e.g. the event of a substantial change in ownership of Electrolux in combination with a change in reporting line and/or job scope.

Severance pay may provide as a benefit to the individual the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources, whether from employment or independent activities.

Deviations from the guidelines

The Board of Directors shall be entitled to deviate from these guidelines if special reasons for doing so exist in any individual case.

¹⁾ Estimation is made on the assumption that Group Management is unchanged.

Sustainability and environmental facts

Electrolux retains global industry leadership in Dow Jones Sustainability Index 2015

For the ninth consecutive year, Electrolux has been named Industry Leader in the Household Durables category in the prestigious Dow Jones Sustainability World Index (DJSI World). In this annual assessment, published by RobecoSAM, Electrolux demonstrated notably big improvements in the areas of product stewardship, corporate citizenship and human/labor rights.

For more information on Electrolux and sustainability see www.electroluxgroup.com/annualreport2015

Environmental activities

At the end of 2015, Electrolux operated 52 manufacturing facilities in 18 countries. Manufacturing comprises mainly assembly of components made by suppliers. Other processes include metalworking, molding of plastics, painting and enameling.

Chemicals such as lubricants and cleaning fluids are used as process aids. Chemicals used in Group products include insulation materials, paint and enamel. Production processes generate an environmental impact through the use of energy and water, as well as water- and air-borne emissions, waste and noise.

Studies of the total environmental impact of the Group's products during their entire lifetime, i.e., from production and use to recycling, indicate that the greatest environmental impact is generated when the products are used. Electrolux aims to develop and actively promote increased sales of products with lower environmental impact.

Mandatory permits and notification in Sweden and elsewhere

Electrolux operates three plants in Sweden, which account for approximately 1.7% of the total value of the Group's production. Permits are required by authorities for two of these plants and are also required to submit notification. The permits cover such areas as thresholds or maximum permissible values for air- and water-borne emissions and noise. No significant non-compliance with Swedish environmental legislation was reported in 2015.

Manufacturing units in other countries adjust their operations, apply for necessary permits and report to the authorities in accordance with local legislation. The Group follows a precautionary principle with reference to both acquisitions of new plants and continuous operations. Potential non-compliance, disputes or items that pose a material financial risk are reported to Group level in accordance with Group policy. No such significant item was reported in 2015.

Electrolux products are affected by legislation in various markets, principally involving energy consumption, producer responsibility for recycling, and restriction and management of hazardous substances. Electrolux continuously monitors changes in legislation, and both product development and manufacturing are adjusted to reflect these changes.

Parent Company income statement

Income statement

SEKm	Note	2014	2015
Net sales		29,508	33,179
Cost of goods sold		-25,477	-28,005
Gross operating income		4,031	5,174
Selling expenses		-3,430	-3,855
Administrative expenses		-1,208	-1,789
Other operating income	5	—	—
Other operating expenses	6	-645	-519
Operating income		-1,252	-989
Financial income	9	3,105	3,830
Financial expenses	9	-455	-702
Financial items, net		2,650	3,128
Income after financial items		1,398	2,139
Appropriations	21	355	156
Income before taxes		1,753	2,295
Taxes	10	77	103
Income for the period		1,830	2,398

Total comprehensive income for the period

SEKm	Note	2014	2015
Income for the period		1,830	2,398
Other comprehensive income			
Available for sale instruments		17	-39
Exchange rate differences		—	-37
Cash flow hedges		2	3
Income tax relating to other comprehensive income		-1	-1
Other comprehensive income, net of tax		18	-74
Total comprehensive income for the period		1,848	2,324

The Parent Company comprises the functions of the Group's head office, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company, AB Electrolux, for the full year of 2015 amounted to SEK 33,179m (29,508), of which SEK 26,775m (23,757) referred to sales to Group companies and SEK 6,404m (5,751) to external customers. The majority of the Parent Company's sales was made within Europe.

Income after financial items was SEK 2,139m (1,398), including dividends from subsidiaries in the amount of SEK 3,346m (2,616). Income for the period amounted to SEK 2,398m (1,830).

Income tax related to group contributions is reported in the income statement. Income tax related to cash flow hedges is reported in other comprehensive income.

Capital expenditure in tangible and intangible assets was SEK 471m (255). Liquid funds at the end of the period amounted to SEK 7,346m, as against SEK 4,601m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 13,176m, as against SEK 12,617m at the start of the year. Dividend payment to shareholders in 2015 amounted to SEK 1,868m.

For information on the number of employees as well as salaries and remuneration, see Note 27. For information on shareholdings and participations, see Note 29.

Parent Company balance sheet

SEKm	Note	December 31, 2014	December 31, 2015
ASSETS			
Non-current assets			
Intangible assets	13	1,141	1,124
Property, plant and equipment	12	146	123
Deferred tax assets		1,141	1,297
Financial assets	14	32,646	32,670
Total non-current assets		35,074	35,214
Current assets			
Inventories	15	2,247	2,475
Receivables from subsidiaries		12,124	13,056
Trade receivables		574	673
Tax-refund claim		–	–
Derivatives with subsidiaries		396	299
Derivatives		356	126
Other receivables		327	200
Prepaid expenses and accrued income		396	384
Cash and bank		4,601	7,346
Total current assets		21,021	24,559
Total assets		56,095	59,773
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	1,545	1,545
Statutory reserve		3,017	3,017
		4,562	4,562
Non-restricted equity			
Retained earnings		10,787	10,778
Income for the period		1,830	2,398
		12,617	13,176
Total equity		17,179	17,738
Untaxed reserves	21	396	450
Provisions			
Provisions for pensions and similar commitments	22	429	420
Other provisions	23	1,195	1026
Total provisions		1,624	1,446
Non-current liabilities			
Bond loans		8,071	5,417
Other non-current loans		1,000	2,426
Total non-current liabilities		9,071	7,843
Current liabilities			
Payable to subsidiaries		21,465	25,660
Accounts payable		1,185	1,411
Other liabilities		391	428
Short-term borrowings		2,784	2,677
Derivatives with subsidiaries		783	650
Derivatives		152	215
Accrued expenses and prepaid income	24	1,065	1,255
Total current liabilities		27,825	32,296
Total liabilities and provisions		38,520	41,585
Total liabilities, provisions and equity		56,095	59,773
Pledged assets	19	–	–
Contingent liabilities	25	3,743	1,615



Parent Company change in equity

SEKm	Restricted equity		Non-restricted equity		Total equity
	Share capital	Statutory reserve	Fair value reserve	Retained earnings	
Opening balance, January 1, 2014	1,545	3,017	-23	12,554	17,093
Income for the period	–	–	–	1,830	1,830
Available for sale instruments	–	–	17	–	17
Cash flow hedges	–	–	2	–	2
Income tax relating to other comprehensive income	–	–	-1	–	-1
Other comprehensive income, net of tax	–	–	18	–	18
Total comprehensive income for the period	–	–	18	1,830	1,848
Share-based payment	–	–	–	99	99
Dividend SEK 6.50 per share	–	–	–	-1,861	-1,861
Total transactions with equity holders	–	–	–	-1,762	-1,762
Closing balance, December 31, 2014	1,545	3,017	-5	12,622	17,179
Income for the period	–	–	–	2,398	2,398
Available for sale instruments	–	–	-39	–	-39
Exchange rate differences	–	–	-37	–	-37
Cash flow hedges	–	–	3	–	3
Income tax relating to other comprehensive income	–	–	-1	–	-1
Other comprehensive income, net of tax	–	–	-74	–	-74
Total comprehensive income for the period	–	–	-74	2,398	2,324
Share-based payment	–	–	–	103	103
Dividend SEK 6.50 per share	–	–	–	-1,868	-1,868
Total transactions with equity holders	–	–	–	-1,765	-1,765
Closing balance, December 31, 2015	1,545	3,017	-79	13,255	17,738

Parent Company cash flow statement

SEKm	2014	2015
Operations		
Income after financial items	1,398	2,139
Depreciation and amortization	360	331
Capital gain/loss included in operating income	454	540
Share-based compensation	26	26
Group contributions	193	210
Taxes paid	-29	-53
Cash flow from operations, excluding change in operating assets and liabilities	2,402	3,193
Change in operating assets and liabilities		
Change in inventories	-57	-228
Change in trade receivables	242	-99
Change in current intra-group balances	3,115	586
Change in other current assets	-204	369
Change in other current liabilities and provisions	47	338
Cash flow from operating assets and liabilities	3,143	966
Cash flow from operations	5,545	4,159
Investments		
Change in shares and participations	-473	-655
Capital expenditure in intangible assets	-220	-259
Capital expenditure in property, plant and equipment	-35	-212
Other	-2,026	232
Cash flow from investments	-2,754	-894
Total cash flow from operations and investments	2,791	3,265
Financing		
Change in short-term borrowings	-2,747	-166
Change in intra-group borrowings	1,004	2,720
New long-term borrowings	2,942	1,426
Amortization of long-term borrowings	-323	-2,595
Dividend	-1,861	-1,868
Cash flow from financing	-985	-483
Total cash flow	1,806	2,782
Cash and cash equivalents at beginning of period	2,795	4,601
Exchange-rate differences referring to cash and cash equivalents	-	-37
Cash and cash equivalents at end of period	4,601	7,346

Notes

Contents

Note 1	Accounting principles	103
Note 2	Financial risk management	105
Note 3	Segment information	107
Note 4	Net sales and operating income	109
Note 5	Other operating income	109
Note 6	Other operating expenses	109
Note 7	Material profit or loss items in operating income	109
Note 8	Leasing	110
Note 9	Financial income and financial expenses	110
Note 10	Taxes	110
Note 11	Other comprehensive income	111
Note 12	Property, plant and equipment	112
Note 13	Goodwill and other intangible assets	113
Note 14	Other non-current assets	115
Note 15	Inventories	115
Note 16	Other current assets	115
Note 17	Trade receivables	115
Note 18	Financial instruments	116
Note 19	Assets pledged for liabilities to credit institutions	119
Note 20	Share capital, number of shares and earnings per share	120
Note 21	Untaxed reserves, Parent Company	120
Note 22	Post-employment benefits	121
Note 23	Other provisions	125
Note 24	Other liabilities	126
Note 25	Contingent liabilities	126
Note 26	Acquired and divested operations	126
Note 27	Employees and remuneration	127
Note 28	Fees to auditors	130
Note 29	Shares and participations	131
Note 30	Definitions	132
	Proposed distribution of earnings	133
	Auditors' report	134

Notes

Note 1 Accounting principles

This section describes the comprehensive basis of preparation which has been applied in preparing the financial statements. Accounting principles for specific accounting areas and individual line items are described in the related notes. For additional information on accounting principles, please contact Electrolux Investor Relations.

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. Some additional information is disclosed based on the standard RFR 1 from the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. As required by IAS 1, Electrolux companies apply uniform accounting rules, irrespective of national legislation, as defined in the Electrolux Accounting Manual, which is fully compliant with IFRS. The policies set out below have been consistently applied to all years presented with the exception for new accounting standards where the application follows the rules in each particular standard. For information on new standards, see the section on new or amended accounting standards below.

The Parent Company applies the same accounting principles as the Group, except in the cases specified below in the section entitled Parent Company accounting principles.

The financial statements were authorized for issue by the Board of Directors on January 27, 2016. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on April 6, 2016.

Principles applied for consolidation

The consolidated financial statements have been prepared by use of the acquisition method of accounting, whereby the assets and liabilities and contingent liabilities assumed in a subsidiary on the date of acquisition are recognized and measured to determine the acquisition value to the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs directly attributable to the acquisition effort are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the acquired net assets exceeds the cost of the business combination, the acquirer must reassess the identification and measurement of the acquired assets. Any excess remaining after that reassessment must be recognized immediately in profit or loss.

The consolidated financial statements for the Group include the financial statements for the Parent Company and its directly and indirectly owned subsidiaries after:

- elimination of intra-group transactions, balances and unrealized intra-group profits and
- depreciation and amortization of acquired surplus values.

Definition of Group companies

The consolidated financial statements include AB Electrolux and all companies over which the Parent Company has control, i.e., the power to direct the activities; exposure to variable return and the ability to use its power. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss.

The following applies to acquisitions and divestments:

- Companies acquired are included in the consolidated income statement as of the date when Electrolux gains control.
- Companies divested are included in the consolidated income statement up to and including the date when Electrolux loses control.
- At year-end 2015, the Group comprised 216 (212) operating units, and 146 (154) companies.

Associated companies

Associates are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associated companies have been reported according to the equity method.

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are valued at year-end exchange rates and the exchange-rate differences are included in income for the period, except when deferred in other comprehensive income for the effective part of qualifying net investment hedges.

The consolidated financial statements are presented in Swedish krona (SEK), which is the Parent Company's functional and presentation currency.

The balance sheets of foreign subsidiaries are translated into SEK at year-end rates. The income statements have been translated at the average rates for the year. Translation differences thus arising have been included in other comprehensive income.

Items affecting comparability

From January 2015, Electrolux has discontinued the accounting practice of separately presenting items affecting comparability in the income statement. For comparability purposes, figures for 2014 have been restated. Although the practice of recognizing items affecting comparability is discontinued, it is the intention of Electrolux to clearly comment on any material profit and loss items of non-recurring nature, such as restructuring costs. See Note 7 on page 109.

New or amended accounting standards applied in 2015

No new or amended accounting standards were applicable to Electrolux in 2015.

New or amended accounting standards to be applied after 2015

The following new standards and amendments to standards have been issued and are applicable to Electrolux after 2015. The standards have not yet been endorsed by the EU.

IFRS 16 Leases. The standard is a major revision of how to account for leases and requires all leases to be reported on the balance sheet. Thus, the application of IFRS 16 will lead to operational leases being recognized in the balance sheet. Electrolux has operational leases regarding, e.g., warehouses, office premises, and certain office equipment. The Group is yet to assess the full impact of IFRS 16. The mandatory effective date is January 1, 2019, with early application allowed if IFRS 15 Revenue from Contracts with Customers is also applied.

IFRS 15 Revenue from Contracts with Customers. The standard establishes a new framework for revenue recognition. The standard introduces a five-step model to be applied to all contracts with customers in order to establish when and how to recognize revenue. The standard is not expected to have any material impact on revenue recognition for Electrolux type of business, i.e., mainly sales of products. Revenue will in practice be recognized at the same moment in time as with current rules, however, based on a new principal model. Changes in the timing of revenue recognition may occur for a limited number of service contracts like extended warranty and licensing of brand names. The impact, if any, is not expected to be material. The Group is yet to finalize the assessment of the full impact of IFRS 15. In 2015, the mandatory effective date was moved from January 1, 2017 to January 1, 2018, with early application allowed.

IFRS 9 Financial Instruments. This standard addresses the classification, measurement, recognition, impairment and derecognition of financial instruments. It also addresses general hedge accounting. The Group is yet to finalize the assessment of the full impact of IFRS 9. The mandatory effective date is January 1, 2018, with early application allowed.

New interpretations of accounting standards

The International Financial Reporting Interpretation Committee (IFRIC) has not issued any new interpretations that are applicable to Electrolux.

Critical accounting policies and key sources of estimation uncertainty

Use of estimates

Management of the Group has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with IFRS. Actual results may differ from these estimates under different assumptions or conditions. Below, Electrolux has summarized the accounting policies that require more subjective judgment of the management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Asset impairment

Non-current assets, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its recoverable amount based on the best information available. Different methods have been used for this evaluation, depending on the availability of information. When available, market value has been used and impairment charges have been recorded when the information indicated that the carrying amount of an asset was not recoverable. In the majority of cases, however, market value has not been available, and the fair value has been estimated by using the discounted cash-flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used could have resulted in different asset valuations. The yearly impairment testing of goodwill and other intangible assets with indefinite useful lives, including sensitivity analyses performed, has not indicated any impairment. See Note 13 on page 113 for more information.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives for property, plant and equipment are estimated between 10 and 40 years for buildings and land improvements and between 3 and 15 years for machinery, technical installations and other equipment. Management regularly reassesses the useful life of all significant assets. The carrying amount for property, plant and equipment at year-end 2015 amounted to SEK 18,450m. The carrying amount for goodwill at year-end 2015 amounted to SEK 5,200m.

Deferred taxes

In the preparation of the financial statements, Electrolux estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets relating mainly to tax loss carry-forwards, energy-tax credits and temporary differences are recognized in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates could result in significant differences in the valuation of deferred taxes. As of December 31, 2015, Electrolux had a net amount of SEK 5,244m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2015, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 10,868m, which have not been included in the computation of deferred tax assets.

Current taxes

Electrolux provisions for uncertain outcome of tax audits and tax litigations are based on management's best estimates and recorded in

the balance sheet. These estimates might differ from the actual outcome and the timing of the potential effect on Electrolux cash flow is normally not possible to predict.

In recent years, tax authorities have been focusing on transfer pricing. Transfer-pricing matters are normally very complex, include high amounts and it might take several years to reach a conclusion.

Trade receivables

Receivables are reported net of allowances for doubtful receivables. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance-sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations. At year-end 2015, trade receivables, net of provisions for doubtful accounts, amounted to SEK 17,745m. The total provision for doubtful accounts at year-end 2015 was SEK 500m.

Post-employment benefits

Electrolux sponsors defined benefit pension plans for some of its employees in certain countries. The pension calculations are based on actuarial assumptions about, e.g., mortality rates, future salary and pension increases. The calculation of the pension obligation also depends on the discount rate. Changes in assumptions directly affect the defined benefit obligation, service cost, interest income and expense. The discount rate used to estimate liabilities at the end of 2014 and the calculation of expenses during 2015 was 3.08% in average. Sensitivities for the main assumptions are presented in Note 22 on page 121.

Restructuring

Restructuring charges include required write-downs of assets and other non-cash items, as well as estimated costs for personnel reductions and other direct costs related to the termination of the activity. The charges are calculated based on detailed plans for activities that are expected to improve the Group's cost structure and productivity. In general, the outcome of similar historical events in previous plans are used as a guideline to minimize these uncertainties. The total provision for restructuring at year-end 2015 was SEK 1,968m.

Warranties

As is customary in the industry in which Electrolux operates, many of the products sold are covered by an original warranty, which is included in the price and which extends for a predetermined period of time. Provisions for this original warranty are estimated based on historical data regarding service rates, cost of repairs, etc. Additional provisions are created to cover goodwill warranty and extended warranty. While changes in these assumptions would result in different valuations, such changes are unlikely to have a material impact on the Group's results or financial situation. As of December 31, 2015, Electrolux had a provision for warranty commitments amounting to SEK 1,623m. Revenues from extended warranty are recognized on a linear basis over the contract period unless there is evidence that some other method better represents the stage of completion.

Disputes

Electrolux is involved in disputes in the ordinary course of business. The disputes concern, among other things, product liability, alleged defects in delivery of goods and services, patent rights and other rights and other issues on rights and obligations in connection with Electrolux operations. Such disputes may prove costly and time consuming and may disrupt normal operations. In addition, the outcome of complicated disputes is difficult to foresee. It cannot be ruled out that a disadvantageous outcome of a dispute may prove to have a material adverse effect on the Group's earnings and financial position.

Parent Company accounting principles

The Parent Company has prepared its Annual Report in compliance with Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR 2 prescribes that the Parent Company in the

Cont. Note 1

Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, taking into account the connection between reporting and taxation. The recommendation states which exceptions from IFRS and additions shall be made. The Parent Company applies IAS 39 Financial Instruments.

Subsidiaries

Holdings in subsidiaries are recognized in the Parent Company financial statements according to the cost method of accounting. The value of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Foreign currency translations

The Annual Report is presented in Swedish krona (SEK), which is the Parent Company's accounting currency. One of the companies operating on a commission basis for AB Electrolux changed its functional currency to euro as from January 1, 2015. Translating differences thus arise as from 2015. The balance sheet of the commissioner company has been translated into SEK at year-end rates. The income statement has been translated at the average rate for the year. Translation differences thus arising have been included in Other comprehensive income.

Anticipated dividends

Dividends from subsidiaries are recognized in the income statement after decision by the annual general meeting in the respective subsidiary. Anticipated dividends from subsidiaries are recognized in cases where the Parent Company has exclusive rights to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial reports.

Taxes

The Parent Company's financial statements recognize untaxed reserves including deferred tax. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity. Tax on group contribution is reported in the income statement.

Group contributions

Group contributions provided or received by the Parent Company are recognized as appropriations in the income statement. Shareholder contributions provided by the Parent Company are recognized in shares and participations which are subject to impairment tests as indicated above.

Pensions

The Parent Company reports pensions in the financial statements in accordance with RFR 2. According to RFR 2, IAS 19 shall be adopted regarding supplementary disclosures when applicable.

Intangible assets

The Parent Company amortizes trademarks in accordance with RFR 2. The Electrolux trademark in North America is amortized over 40 years using the straight-line method. All other trademarks are amortized over their useful lives, estimated to 10 years, using the straight-line method.

The central development costs of the Group's common business system are recorded in the Parent Company. The amortization is based on the usage and go-live dates of the entities and continues over the system's useful life, estimated to 5 years per unit using the straight-line method. The applied principle gives an estimated amortization period of 10 years for the system.

Property, plant and equipment and intangible assets

The Parent Company reports additional fiscal depreciation, required by Swedish tax law, as appropriations in the income statement. In the balance sheet, these are included in untaxed reserves.

Financial statements presentation

The Parent Company presents the income and balance sheet statements in compliance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2.

Note 2 Financial risk management

Financial risk management

The Group is exposed to a number of risks coming from liquid funds, trade receivables, customer-financing receivables, payables, borrowings, commodities and foreign exchange. The risks are primarily:

- Interest-rate risk on liquid funds and borrowings
- Financing risk in relation to the Group's capital requirements
- Foreign-exchange risk on commercial flows and net investments in foreign subsidiaries
- Commodity-price risk affecting the expenditure on raw materials and components for goods produced
- Credit risk relating to financial and commercial activities

The Board of Directors of Electrolux has approved a financial policy as well as a credit policy for the Group to manage and control these risks. (Hereinafter all policies are referred to as the Financial Policy). These risks are to be managed by, amongst others, the use of financial derivative instruments according to the limitations stated in the Financial Policy. The Financial Policy also describes the management of risks relating to pension fund assets.

The management of financial risks has largely been centralized to Group Treasury in Stockholm. Local financial issues are also managed by three regional treasury centers located in Singapore, North America, and Latin America.

Interest-rate risk on liquid funds and borrowings

Interest-rate risk refers to the adverse effects of changes in interest rates on the Group's income. The main factors determining this risk include the interest-fixing period.

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, derivatives, prepaid interest expenses and accrued interest income. Electrolux target is that the level of liquid funds including unutilized committed credit facilities shall correspond to at least 2.5% of annualized net sales. In addition, net liquid funds defined as liquid funds less short-term borrowings shall exceed zero, taking into account fluctuations arising from acquisitions, divestments, and seasonal variations. The main criteria for the investments are that the instruments are highly liquid and have creditworthy issuers (see Credit risk in financial activities on page 106).

Interest-rate risk in liquid funds

All investments are interest bearing instruments, normally with maturities between 0 and 3 months. A downward shift in the yield curves of one percentage point would reduce the Group's interest income by approximately SEK 105m (90). For more information, see Note 18 on page 116.

Borrowings

The debt financing of the Group is managed by Group Treasury in order to ensure efficiency and risk control. Debt is primarily taken up at the parent company level and transferred to subsidiaries through internal loans or capital injections. In this process, swap instruments are used to convert the funds to the required currency. Short-term financing is also undertaken locally in subsidiaries where there are capital restrictions. The Group's borrowings contain no financial covenants that can trigger premature cancellation of the loans. For more information, see Note 18 on page 116.

Interest-rate risk in borrowings

Group Treasury manages the long-term loan portfolio to keep the average interest-fixing period between 0 and 3 years. Derivatives, such as interest-rate swap agreements, are used to manage the interest-rate risk by changing the interest from fixed to floating or vice versa. On the basis of 2015 long-term interest-bearing borrowings with an average interest fixing period of 0.8 (1.2) years, a one percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/-79m (40) in 2015. This calculation is based on a parallel shift of all yield curves simultaneously by one percentage point. Electrolux acknowledges that the calculation is an approximation and does not take into consideration the fact that the interest rates on different maturities and different currencies might change differently.

Capital structure and credit rating

The Group defines its capital as equity stated in the balance sheet including non-controlling interests. On December 31, 2015, the Group's capital was SEK 15,005m (16,468). The Group's objective is to have a capital structure resulting in an efficient weighted cost of capital and sufficient credit worthiness where operating needs and the needs for potential acquisitions are considered.

To achieve and keep an efficient capital structure, the Financial Policy states that the Group's long-term ambition is to maintain a long-term rating within a safe margin from a non-investment grade. In December 2015, Standard & Poor's upgraded Electrolux from BBB with stable outlook to BBB+ with stable outlook. The A-2 short-term corporate credit rating was affirmed and the short-term Nordic regional scale rating was raised to K-1 from K-2.

Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
Standard & Poor's	BBB+	Stable	A-2	K-1

When monitoring the capital structure, the Group uses different key figures which are consistent with methodologies used by rating agencies and banks. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back own shares or issue new shares, or sell assets to reduce debt.

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more costly. This risk can be decreased by ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The net borrowings, total borrowings less liquid funds, excluding seasonal variances, shall be long-term according to the Financial Policy. The Group's goals for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities. A maximum of SEK 5,000m of the long-term borrowings is allowed to mature in a 12-month period. For more information, see Note 18 on page 116.

Foreign exchange risk

Foreign exchange risk refers to the adverse effects of changes in foreign exchange rates on the Group's income and equity. In order to manage such effects, the Group covers these risks within the framework of the Financial Policy. The Group's overall currency exposure is managed centrally.

Transaction exposure from commercial flows

The Financial Policy stipulates to what extent commercial flows are to be hedged. According to the Financial Policy edition in effect during 2015, the operating units have been required to hedge 100% of all flows for the first 2 months and 70% up to 6 months, depending on local market conditions. A new edition of the Financial Policy was approved for immediate application in January 2016 and stipulates that hedging with currency derivatives shall only be applied on invoiced flows. This means that currency exposures from forecasted flows should normally be managed by natural hedges, price adjustments and cost reductions. The hedging rules prevailing in 2015 will continue to affect the result for the first half of 2016, as the currency derivatives set up in 2015 will be held to maturity.

Group subsidiaries cover their risks in commercial currency flows mainly through the Group's treasury centers. Group Treasury thus assumes the currency risks and covers such risks externally by the use of currency derivatives.

The Group's geographically widespread production reduces the effects of changes in exchange rates. The remaining transaction exposure is either related to internal sales from producing entities to sales companies or external exposures from purchasing of components and input material for the production paid in foreign currency. These external imports are often priced in US dollar (USD). The global presence of the Group, however, leads to a significant netting of the transaction exposures. For additional information on exposures and hedging, see Note 18 on page 116.

Translation exposure from consolidation of entities outside Sweden

Changes in exchange rates also affect the Group's income in connection with translation of income statements of foreign subsidiaries into SEK. Electrolux does not hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the sensitivity analysis mentioned below.

Foreign-exchange sensitivity from transaction and translation exposure

The major net export currencies that Electrolux is exposed to are the US dollar, the Chinese renminbi and the euro. The major import currencies that Electrolux is exposed to are the British pound, the Australian dollar, the Canadian dollar and the Brazilian real. These currencies represent the majority of the exposures of the Group, but are largely offsetting each other as different currencies represent net inflows and outflows. A change up or down by 10% in the value of each currency against the Swedish krona would affect the Group's profit and loss for one year by approximately SEK +/- 270m (410), as a static calculation. The model assumes the distribution of earnings and costs effective at year-end 2015 and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange rates.

Sensitivity analysis of major currencies

Risk	Change	Profit or loss impact 2014	Profit or loss impact 2015
Currency			
GBP/SEK	-10%	-260	-319
AUD/SEK	-10%	-247	-308
CAD/SEK	-10%	-255	-273
BRL/SEK	-10%	-520	-258
CHF/SEK	-10%	-163	-166
CLP/SEK	-10%	-113	-114
THB/SEK	-10%	71	110
EUR/SEK	-10%	200	241
CNY/SEK	-10%	228	296
USD/SEK	-10%	1,083	1,014

Exposure from net investments (balance sheet exposure)

The net of assets and liabilities in foreign subsidiaries constitute a net investment in foreign currency, which generates a translation difference in the consolidation of the Group. This exposure can have an impact on the Group's total comprehensive income, and on the capital structure. The exposure is normally handled by natural hedges including matching assets with debts in the same currency. In exceptional cases the exposure can be managed by currency derivatives implemented on Group level within the Parent Company.

A change up or down by 10% in the value of each currency against the Swedish krona would affect the net investment of the Group by approximately SEK +/- 3,120m (3,220), as a static calculation at year-end 2015. At year-end 2015, as well as year-end 2014, none of the net investments were currency hedged with financial derivatives.

Commodity-price risks

Commodity-price risk is the risk that the cost of direct and indirect materials could increase as underlying commodity prices rise in global markets. The Group is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw-material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposures, and indirect commodity exposure, which is defined as exposure arising from only part of a component. Commodity-price risk is mainly managed through contracts with the suppliers. A change in price up or down by 10% in steel would affect the Group's profit or loss with approximately SEK +/- 800m (800) and in plastics with approximately SEK +/- 700m (600), based on volumes in 2015.

Credit risk

Credit risk in financial activities

Exposure to credit risks arises from the investment of liquid funds, and derivatives. In order to limit exposure to credit risk, a counterpart list has been established, which specifies the maximum permissible exposure in relation to each counterpart. Both investments of liquid

Cont. Note 2

funds and derivatives are done with issuers and counterparties holding a long-term rating of at least A- defined by Standard & Poor's or a similar rating agency. Group Treasury can allow exceptions from this rule, e.g., to enable money deposits within countries rated below A-, but this represents only a minor part of the total liquidity in the Group. The Group strives for arranging master netting agreements (ISDA) with the counterparties for derivative transactions and has established such agreements with the majority of the counterparties, i.e., if a counterparty will default, assets and liabilities will be netted. To reduce the settlement risk in foreign exchange transactions made with banks, Group Treasury uses Continuous Linked Settlement (CLS). CLS eliminates temporal settlement risk since both legs of a transaction are settled simultaneously.

Credit risk in trade receivables

Electrolux sells to a substantial number of customers in the form of large retailers, buying groups, independent stores, and professional users. Sales are made on the basis of normal delivery and payment terms. The Electrolux Group Credit Policy defines how credit management is to be performed in the Electrolux Group to achieve com-

petitive and professionally performed credit sales, limited bad debts, and improved cash flow and optimized profit. On a more detailed level, it also provides a minimum level for customer and credit-risk assessment, clarification of responsibilities and the framework for credit decisions. The credit-decision process combines the parameters risk/reward, payment terms and credit protection in order to obtain as much paid sales as possible. In some markets, Electrolux uses credit insurance as a mean of protection. Credit limits that exceed SEK 300m are decided by the Board of Directors. For many years, Electrolux has used the Electrolux Rating Model (ERM) to have a common and objective approach to credit-risk assessment that enables more standardized and systematic credit evaluations to minimize inconsistencies in decisions. The ERM is based on a risk/reward approach and is the basis for the customer assessment. The ERM consists of three different parts: Customer and Market Information; Warning Signals; and a Credit Risk Rating (CR2). The risk of a customer is determined by the CR2 in which customers are classified.

There is a concentration of credit exposures on a number of customers in, primarily, the US, Latin America and Europe. For more information, see Note 17 on page 115.

Note 3 Segment information

Reportable segments – Business areas

The Group's operations are divided into six reportable segments based on differences in products: Major Appliances Europe, Middle East and Africa; Major Appliances North America; Major Appliances Latin America; Major Appliances Asia/Pacific; Small Appliances and Professional Products. The Major Appliances business areas are geographically defined, while the Small Appliances and Professional Products business areas are global. The segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

Major Appliances and Small Appliances are producing appliances for the consumer market. Products within Major Appliances comprise mainly of refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens. Small appliances include vacuum cleaners and other small appliances.

Professional Products consists of two operating segments, food-service equipment and laundry solutions for professional users, which are aggregated into one reportable segment in accordance with the aggregation criteria. Aggregation is done due to the similarities of products and services provided to professional users, similar production processes designed to make products which can endure very demanding use, and resemblance in sales and distribution channels.

The segments are responsible for the operating results from and the net assets used in their businesses, whereas financial items and taxes, as well as net borrowings and equity, are not reported per segment. The operating results and net assets of the segments are consolidated using the same principles as for the total Group. The segments consist of separate legal units as well as divisions in multi-segment legal units where some allocations of costs and net assets are made. Operating costs not included in the segments are shown under Group common costs, which mainly are costs for Group functions.

Sales between segments are made on market conditions with arm's-length principles.

	Net sales		Operating income	
	2014	2015	2014 ¹⁾	2015
Major Appliances Europe, Middle East and Africa	34,438	37,179	232	2,167
Major Appliances North America	34,141	43,053	1,714	1,580
Major Appliances Latin America	20,041	18,546	1,069	463
Major Appliances Asia/Pacific	8,803	9,229	438	364
Small Appliances	8,678	8,958	200	-63
Professional Products	6,041	6,546	671	862
	112,142	123,511	4,324	5,373
Common Group costs	1	-	-743	-2,632
Total	112,143	123,511	3,581	2,741
Financial items, net	-	-	-584	-640
Income after financial items	-	-	2,997	2,101

¹⁾ From 2015 the accounting practice items affecting comparability is no longer used. The figures for 2014 have been restated.

Inter-segment sales exist with the following split:

	2014	2015
Major Appliances Europe, Middle East and Africa	745	919
Major Appliances North America	953	1,017
Major Appliances Asia/Pacific	357	329
Professional Products	-	6
Eliminations	2,055	2,271



Cont. Note 3

The segments are responsible for the management of the operational assets and their performance is measured at the same level, while the financing is managed by Group Treasury at group or country level. Consequently, liquid funds, interest-bearing receivables, interest-bearing liabilities and equity are not allocated to the business segments.

	Assets December 31,		Equity and liabilities December 31,		Net assets December 31,	
	2014 ¹⁾	2015	2014 ¹⁾	2015	2014 ¹⁾	2015
Major Appliances Europe, Middle East and Africa	22,197	21,746	17,857	19,326	4,340	2,420
Major Appliances North America	16,450	16,601	10,234	11,747	6,216	4,854
Major Appliances Latin America	14,574	11,692	7,661	5,893	6,913	5,799
Major Appliances Asia/Pacific	5,614	5,422	3,519	3,822	2,095	1,600
Small Appliances	5,144	4,551	3,680	3,251	1,464	1,300
Professional Products	2,931	3,070	2,012	2,188	919	882
Other ²⁾	8,544	8,793	4,392	4,236	4,152	4,557
	75 454	71,875	49 355	50,463	26 099	21,412
Liquid funds	9,835	11,199	–	–	–	–
Interest-bearing liabilities	–	–	14,703	13,097	–	–
Pension assets/liabilities	399	397	5,162	4,906	–	–
Equity	–	–	16,468	15,005	–	–
Total	85,688	83,471	85,688	83,471	–	–

¹⁾ From 2015 the accounting practice items affecting comparability is no longer used. The figures for 2014 have been restated.

²⁾ Includes common functions, tax items.

	Depreciation and amortization		Capital expenditure		Cash flow ¹⁾	
	2014	2015	2014	2015	2014	2015
Major Appliances Europe, Middle East and Africa	1,530	1,474	977	1,044	2,779	4,249
Major Appliances North America	823	1,046	853	832	1,155	3,325
Major Appliances Latin America	551	560	535	601	1,025	198
Major Appliances Asia/Pacific	229	271	349	274	358	862
Small Appliances	230	257	162	134	366	-38
Professional Products	104	111	75	98	796	977
Other ²⁾	204	216	55	44	-943	-2,919
Financial items	–	–	–	–	-488	-513
Taxes paid	–	–	–	–	-985	-1,277
Total	3,671	3,935	3,006	3,027	4,063	4,864

¹⁾ Cash flow from operations and investments. From 2015 the accounting practice items affecting comparability is no longer used. The figures for 2014 have been restated.

²⁾ Includes Group functions.

Geographical information

	Net sales ¹⁾	
	2014	2015
USA	32,885	41,654
Brazil	14,919	11,941
Germany	5,945	6,512
Australia	4,418	4,734
Sweden (country of domicile)	4,236	4,426
Switzerland	3,799	4,343
Canada	4,048	4,313
United Kingdom	3,254	4,177
France	3,836	4,031
Italy	3,403	3,642
Other	31,400	33,738
Total	112,143	123,511

¹⁾ Revenues attributable to countries on the basis of the customer's location.

Tangible and non-tangible fixed assets located in the Group's country of domicile, Sweden, amounted to SEK 1,462m (1,550). Tangible and non-tangible fixed assets located in all other countries amounted to SEK 25,590m (26,612). Individually, material countries in this aspect are Italy with SEK 2,884m (3,069), USA with SEK 5,884m (5,747) and Egypt with SEK 2,537m (2,607), respectively.

No single customer to the Group has 10% or more of the external revenue.

Note 4 Net sales and operating income

Revenue recognition and additional information on net sales

Sales are recorded net of value-added tax, specific sales taxes, returns, and trade discounts. Revenues arise from sales of finished products and services. Sales are recognized when the significant risks and rewards connected with ownership of the goods have been transferred to the buyer and the Group retains neither a continuing right to dispose of the goods, nor effective control of those goods and when the amount of revenue can be measured reliably. Revenues from services are recorded when the service, such as installation or repair of products, has been performed. Revenues from sale of extended warranty are recognized on a linear basis over the contract period unless there is evidence that some other method better represents the matching of revenue and expense for warranties.

The vast majority of the Group's revenues consisted of product sales. Revenue from service activities amounted to SEK 1,607m (1,482). The Group's net sales in Sweden amounted to SEK 4,426m (4,236). Exports from Sweden during the year amounted to SEK 31,156m (27,853), of which SEK 27,518m (24,844) were to Group subsidiaries. The major part of the Swedish export comes from one of the Swedish entities acting as a buying/selling hub for the European business meaning that most of the European product flows are routed via this entity.

Cost of goods sold and additional information on costs by nature

Cost of goods sold includes expenses for the following items:

- Finished goods (see Note 15 Inventories), i.e., cost for production
- Warranty
- Environmental fees
- Warehousing and transportation
- Exchange-rate changes on payables and receivables and the effects from currency hedging

Cost of goods sold includes direct material and components amounting to SEK 51,982m (46,901) and sourced products amounting to SEK 17,289m (16,543). The depreciation and amortization charge for the year amounted to SEK 3,936m (3,671). Costs for research and development amounted to SEK 2,851m (2,517).

Government grants relating to expenses have been deducted in the related expenses by SEK 105m (140). Government grants related to assets have been recognized as deferred income in the balance sheet and will be recognized as income over the useful life of the assets. The remaining value of these grants, at the end of 2015, amounted to SEK 1,039m (1,148).

The Group's operating income includes net exchange-rate differences in the amount of SEK -708m (-675). The Group's Swedish factories accounted for 1.7% (1.7) of the total value of production.

Selling and administration expenses

Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables.

Administration expenses include expenses for general management, controlling, human resources, shared service and IT expenses related to the named functions. Administration costs related to manufacturing are included in cost of goods sold.

Note 5 Other operating income

	Group		Parent Company	
	2014	2015	2014	2015
Gain on sale of property, plant and equipment	27	67	—	—
Gain on sale of operations and shares	45	—	—	—
Other	104	—	—	—
Total	176	67	—	—

Note 6 Other operating expenses

	Group		Parent Company	
	2014	2015	2014	2015
Loss on sale of property, plant and equipment	-40	-37	-3	-1
Loss on sale of operations and shares	—	—	—	-8
Restructuring and impairment	-27	—	-642	-510
Terminated acquisition	—	-2,059	—	—
Other	-6	-90	—	—
Total	-73	-2,186	-645	-519

Note 7 Material profit or loss items in operating income

	Group	
	2014	2015
Material profit or loss items by item		
Terminated acquisition of GE Appliances	-149	-2,059
Cost saving program Small Appliances	—	-190
Manufacturing footprint restructuring	-1,173	—
Program for reduction of overhead	-199	—
Reversal of unused restructuring provisions	173	—
Total	-1,348	-2,249

Material profit or loss items by function in the income statement

	Group	
	2014	2015
Cost of goods sold	-1,076	-130
Selling expenses	-47	-37
Administrative expenses	-115	-23
Other operating income and other operating expenses	-110	-2,059
Total	-1,348	-2,249

This note summarizes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including items such as:

- Capital gains and losses from divestments of product groups or major units
- Close-down or significant down-sizing of major units or activities
- Restructuring initiatives with a set of activities aimed at reshaping a major structure or process
- Significant impairment
- Other major non-recurring costs or income

In December 2015, Small Appliances operations announced and recognized a cost saving program. In 2015, as well as 2014, costs were incurred in connection with the intention to acquire GE Appliances. The agreement was terminated by GE in December 2015.

Major non-recurring items in 2014 contain efficiency measures in sales, administration and logistic organizations in Major Appliances Europe, Middle East and Africa, Major Appliances Latin America and Major Appliances Asia/Pacific and additional rationalization of the manufacturing footprint in Major Appliances Europe, Middle East and Africa.

Note 8 Leasing

The Group generally owns its production facilities. The Group rents some warehouse and office premises under leasing agreements and has also leasing contracts for certain office equipment. Most leasing agreements in the Group are operational leases and the costs are recognized directly in the income statement in the corresponding period.

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Leased assets are depreciated over their useful lives. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets are fully depreciated over the shorter of the lease term or remaining useful life.

Financial leases

Electrolux has no material financial leases.

Operating leases

The future amount of minimum lease-payment obligations are distributed as follows:

	Operating leases
2016	866
2017-2020	2,066
2021-	366
Total	3,298

Expenses in 2015 for rental payments (minimum leasing fees) amounted to SEK 869m (884). Among the Group's operating leases there are neither material contingent expenses, nor restrictions.

Note 9 Financial income and financial expenses

	Group		Parent Company	
	2014	2015	2014	2015
Financial income				
Interest income				
from subsidiaries	-	-	473	421
from others	131	123	11	37
Dividends from subsidiaries	-	-	2,616	3,346
Other financial income	5	-	5	26
Total financial income	136	123	3,105	3,830
Financial expenses				
Interest expenses				
to subsidiaries	-	-	-59	-80
to others	-543	-357	-461	-247
on other loans and borrowings, net	-17	-2	99	-134
Pension interest expenses, net	-97	-123	-	-
Other financial expenses	-63	-281	-34	-241
Total financial expenses	-720	-763	-455	-702

Interest expense to others, for the Group and Parent Company, includes gains and losses on derivatives used for managing the Group's interest fixing. For information on financial instruments, see Note 18 on page 116.

Note 10 Taxes

	Group		Parent Company	
	2014	2015	2014	2015
Current taxes	-881	-1,252	-40	-53
Deferred taxes	126	719	117	156
Taxes included in income for the period	-755	-533	77	103
Taxes related to OCI	798	-85	-1	-1
Taxes included in total comprehensive income	43	-618	76	102

There were no material effects of changes in tax rates in 2015 or 2014. The consolidated accounts include deferred tax liabilities of SEK 99m (87) related to untaxed reserves in the Parent Company.

Theoretical and actual tax rates

%	2014	2015
Theoretical tax rate	28.8	28.9
Non-taxable/non-deductible income statement items, net	-0.1	3.0
Non-recognized tax losses carried forward	10.8	7.3
Utilized non-recognized tax losses carried forward	-2.7	-3.5
Deferred taxes	-8.9	-17.3
Withholding tax	2.6	3.7
Other	-5.3	3.3
Actual tax rate	25.2	25.4

The theoretical tax rate for the Group is calculated on the basis of the weighted total Group net sales per country, multiplied by the local statutory tax rates.

Non-recognized deductible temporary differences

As of December 31, 2015, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 10,868m (10,260), which have not been included in computation of deferred tax assets. The decision not to recognize certain temporary differences is based on an assessment where the likelihood of future utilization is evaluated for each of the temporary items. The Group typically does not recognize temporary differences in situations where it is considered the ability to utilize these to be limited. The non-recognized deductible temporary differences will expire as follows:

	December 31, 2015
2015	1
2016	165
2017	152
2018	243
2019	299
2020-	4,406
Without time limit	5,602
Total	10,868

Cont. Note 10

Changes in deferred tax assets and liabilities

The table below shows the movement in net deferred tax assets and liabilities.

Net deferred tax assets and liabilities

	Excess of depreciation	Provision for pension	Provision for restructuring	Other provisions	Inventories	Recognized unused tax losses	Accrued expenses and prepaid income	Other	Total deferred tax assets and liabilities	Set-off tax	Net deferred tax assets and liabilities
Opening balance, January 1, 2014	-232	407	527	904	-243	785	516	695	3,359	-	3,359
Recognized in total comprehensive income	55	795	30	39	35	148	-67	-101	934	-	934
Exchange-rate differences	-44	78	16	134	-39	22	58	146	371	-	371
Closing balance, December 31, 2014	-221	1,280	573	1,077	-247	955	507	740	4,664	-	4,664
Of which deferred tax assets	323	1,307	573	1,213	178	955	507	1,295	6,351	-1,000	5,351
Of which deferred tax liabilities	-544	-27	-	-136	-425	-	-	-555	-1,687	1,000	-687
Opening balance, January 1, 2015	-221	1,280	573	1,077	-247	955	507	740	4,664	-	4,664
Recognized in total comprehensive income	-53	-79	-74	172	8	225	72	334	605	-	605
Exchange-rate differences	-21	28	-28	-49	-33	79	10	-11	-25	-	-25
Closing balance, December 31, 2015	-295	1,229	471	1,200	-272	1,259	589	1,063	5,244	-	5,244
Of which deferred tax assets	338	1,233	471	1,343	220	1,259	614	1,512	6,990	-1,101	5,889
Of which deferred tax liabilities	-633	-4	-	-143	-492	-	-25	-449	-1,746	1,101	-645

Other deferred tax assets include tax credits related to the production of energy-efficient appliances amounting to SEK 499m (463) and to foreign tax credits in US of SEK 506m (178).

Note 11 Other comprehensive income

	Group	
	2014	2015
Items that will not be reclassified to income for the period:		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	349	-377
Gain/loss taken to other comprehensive income	-1,534	343
Income tax relating to items that will not be reclassified	808	-114
Closing balance, December 31	-377	-148
Items that may be reclassified subsequently to income for the period:		
Available-for-sale instruments		
Opening balance, January 1	-23	-4
Gain/loss taken to other comprehensive income	19	-39
Closing balance, December 31	-4	-43
Cash flow hedges		
Opening balance, January 1	39	9
Gain/loss taken to other comprehensive income	9	-19
Transferred to profit and loss on sale	-39	-9
Closing balance, December 31	9	-19
Exchange differences on translation of foreign operations		
Opening balance, January 1	-2,574	-146
Translation differences	2,428	-1,454
Closing balance, December 31	-146	-1,600
Income tax relating to items that may be reclassified	-10	29
Other comprehensive income, net of tax	1,681	-1,263

Income taxes related to items of other comprehensive income were SEK -114m (808) for remeasurement of provisions for post-employment benefits and SEK 29m (-10) for financial instruments for cash flow hedging.

Note 12 Property, plant and equipment

Group	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2014	1,182	8,227	30,124	1,960	4,445	45,938
Acquired during the year	12	112	1,027	143	1,712	3,006
Transfer of work in progress and advances	49	794	1,992	-8	-2,827	-
Sales, scrapping, etc.	-6	-293	-1,145	-78	-105	-1,627
Exchange-rate differences	113	693	3,122	135	786	4,849
Closing balance, December 31, 2014	1,350	9,533	35,121	2,152	4,011	52,167
Acquired during the year	12	137	800	153	1,924	3,026
Acquisition of operations	-	-	3	2	-	5
Transfer of work in progress and advances	104	214	2,296	283	-2,897	-
Sales, scrapping, etc.	-38	-279	-2,045	-92	-	-2,454
Exchange-rate differences	-21	-210	-715	-80	39	-987
Closing balance, December 31, 2015	1,407	9,395	35,460	2,418	3,077	51,757
Accumulated depreciation						
Opening balance, January 1, 2014	165	3,838	23,090	1,361	220	28,674
Depreciation for the year	90	335	2,012	209	-	2,646
Transfer of work in progress and advances	-	-3	9	-5	-1	-
Sales, scrapping, etc.	-90	-352	-875	-66	-	-1,383
Impairment	2	6	-28	-	173	153
Exchange-rate differences	31	396	2,576	95	45	3,143
Closing balance, December 31, 2014	198	4,220	26,785	1,593	437	33,233
Depreciation for the year	27	315	2,396	223	-	2,961
Transfer of work in progress and advances	2	-114	-24	116	20	-
Sales, scrapping, etc.	-34	-276	-1,967	64	-169	-2,382
Impairment	-	-	48	1	-	49
Exchange-rate differences	6	-88	-429	-60	17	-554
Closing balance, December 31, 2015	199	4,057	26,809	1,937	305	33,306
Net carrying amount, December 31, 2014	1,152	5,313	8,336	559	3,574	18,934
Net carrying amount, December 31, 2015	1,208	5,338	8,651	481	2,772	18,450

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Land is not depreciated as it is considered to have an unlimited useful life. All other depreciation is calculated using the straight-line method and is based on the following estimated useful lives:

- Buildings and land improvements 10–40 years
- Machinery and technical installations 3–15 years
- Other equipment 3–10 years

Total impairments in 2015 were SEK 0m (8) on buildings and land, and SEK 49m (145) on machinery and other equipment. The majority of the impairments relates to the business area Major Appliances North America.

Parent Company	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2014	4	57	742	452	16	1,271
Acquired during the year	-	-	5	6	24	35
Transfer of work in progress and advances	-	-	7	3	-10	-
Sales, scrapping, discontinued operations etc.	-	-	-59	-68	7	-120
Closing balance, December 31, 2014	4	57	695	393	37	1,186
Acquired during the year	-	-	20	179	13	212
Transfer of work in progress and advances	-	-	11	5	-16	-
Sales, scrapping, etc.	-	-	-4	-178	-	-182
Exchange-rate differences	-	-	-2	-2	-	-4
Closing balance, December 31, 2015	4	57	720	397	34	1,212
Accumulated depreciation						
Opening balance, January 1, 2014	2	55	599	318	-	974
Depreciation for the year	-	-	42	25	-	67
Sales, scrapping, discontinued operations etc.	2	1	16	-20	-	-1
Closing balance, December 31, 2014	4	56	657	323	-	1,040
Depreciation for the year	-	1	36	23	-	60
Sales, scrapping, etc.	-	-	-3	-6	-	-9
Exchange-rate differences	-	-	-1	-1	-	-2
Closing balance, December 31, 2015	4	57	689	339	-	1,089
Net carrying amount, December 31, 2014	-	1	38	70	37	146
Net carrying amount, December 31, 2015	-	-	31	58	34	123

Note 13 Goodwill and other intangible assets

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses.

Product development expenses

Electrolux capitalizes expenses for certain own development of new products provided that the level of certainty of their future economic benefits and useful life is high. The intangible asset is only recognized if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognized. Capitalized development costs are amortized over their useful lives, between 3 and 5 years, using the straight-line method.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over useful lives, between 3 and 5 years, using the straight-line method with the exception for the development costs of the Group's common business system, which amortization is based on the usage and go-live dates of the entities and continues over useful life. The applied principle gives an amortization period of approximately 10 years for the system.

Trademarks

Trademarks are reported at historical cost less amortization and impairment. The Electrolux trademark in North America, acquired in 2000, is regarded as an indefinite life intangible asset and is not amortized. One of the Group's key strategies is to develop Electrolux into the leading global brand within the Group's product categories. This acquisition gave Electrolux the right to use the Electrolux brand worldwide, whereas it previously could be used only outside of North America. The total carrying amount for the Electrolux brand is SEK 410m, included in the item Other in the table on page 114. All other trademarks are amortized over their useful lives, estimated to 5 to 10 years, using the straight-line method.

Customer relationships

Customer relationships are recognized at fair value in connection with acquisitions. The values of these relationships are amortized over the estimated useful lives, between 5 and 15 years, using the straight-line method.

Intangible assets with indefinite useful lives

Goodwill as at December 31, 2015, had a total carrying value of SEK 5,200m. The allocation, for impairment-testing purposes, on cash-generating units of the significant amounts is shown in the table below.

All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets can be tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units have been determined based on value in use calculations. The cash-generating units equal the business areas.

Value in use is calculated using the discounted cash-flow model and based on a three-year forecast made by Group Management. The forecast is built up from the estimate of the units within each business area. The preparation of the forecast requires a number of key assumptions such as volume, price, product mix, prices for raw material and components, which will create a basis for future growth and gross margin. These figures are set in relation to historic figures and external reports on market growth. The cash flow for the third year is used as the base for the fourth year and onwards in perpetuity. The discount rates used are, amongst other things, based on the individual countries' inflation, interest rates and country risk. The pre-tax discount rates used in 2015 were for the main part within a range of 7.1 (7.4) to 15.9 (16.2) %. For the calculation of the in-perpetuity value, Gordon's growth model is used. According to Gordon's model, the terminal value of a growing cash flow is calculated as the starting cash flow divided by cost of capital less the growth rate. Cost of capital less growth has been assumed at 6.7% (6) for all markets. This corresponds to a weighted average cost of capital for the Group of 12.2% (11) less an average nominal growth rate of 5.5% (5). The cost of capital and growth rate are estimated to be higher than the average in emerging markets and lower in developed markets. However, the resulting difference is assumed to be equal in all markets over time.

Sensitivity analyses have been carried out based on a reduction of the operating margin by 0.5 percentage points (equivalent to a reduction in budgeted operating income of approximately 10 percent) and by an increase in the cost of capital by one percentage point respectively. None of the sensitivity analyses lead to a reduction of the recoverable amount below the carrying amount for any of the cash generating units, i.e. the hypothetical changes in key assumptions would not lead to any impairment. The calculations are based on management's assessment of reasonably possible adverse changes in two key assumptions (operating margin and cost of capital), yet they are hypothetical and should not be viewed as an indication that these factors are likely to change. The sensitivity analyses should therefore be interpreted with caution.

Goodwill, value of trademark and discount rate

	2014			2015		
	Goodwill	Electrolux trademark	Discount rate, %	Goodwill	Electrolux trademark	Discount rate, %
Major Appliances Europe, Middle East and Africa	1,916	—	16.2	1,883	—	15.9
Major Appliances North America	428	410	7.4	462	410	7.1
Major Appliances Latin America	1,340	—	14.9	1,124	—	14.5
Major Appliances Asia/Pacific	1,385	—	8.1	1,360	—	8.2
Other	281	—	9.6-10.3	371	—	9.8-11.1
Total	5,350	410		5,200	410	

Goodwill and other intangible assets

	Group Other intangible assets				Total other intangible assets	Parent Company
	Goodwill	Product develop- ment	Program software	Other		Trademarks, program software, etc.
Acquisition costs						
Opening balance, January 1, 2014	4,875	3,032	2,927	2,109	8,068	2,335
Acquired during the year	–	–	238	22	260	–
Acquisition of operations	33	–	–	26	26	–
Internally developed	–	355	52	–	407	220
Reclassification	–	-8	11	-3	–	–
Fully amortized	–	-469	-11	-136	-616	–
Write-off	–	-23	-8	–	-31	–
Exchange-rate differences	442	275	153	101	529	–
Closing balance, December 31, 2014	5,350	3,162	3,362	2,119	8,643	2,555
Acquired during the year	–	–	240	57	297	64
Acquisition of operations	140	–	–	-26	-26	–
Internally developed	–	359	14	–	373	195
Reclassification	–	–	-1	1	–	–
Fully amortized	–	-326	-38	-157	-521	–
Write-off	–	-16	-13	-1	-30	–
Exchange-rate differences	-290	-171	1	-121	-291	-7
Closing balance, December 31, 2015	5,200	3,008	3,565	1,872	8,445	2,807
Accumulated amortization						
Opening balance, January 1, 2014	–	1,971	1,326	760	4,057	1,121
Amortization for the year	–	397	489	139	1,025	293
Fully amortized	–	-469	-11	-136	-616	–
Write-off	–	–	–	–	–	–
Exchange-rate differences	–	166	86	47	299	–
Closing balance, December 31, 2014	–	2,065	1,890	810	4,765	1,414
Amortization for the year	–	349	467	159	975	271
Fully amortized	–	-326	-38	-157	-521	–
Write-off	–	7	–	–	7	–
Exchange-rate differences	–	-116	-3	-63	-182	-2
Closing balance, December 31, 2015	–	1,979	2,316	749	5,044	1,683
Carrying amount, December 31, 2014	5,350	1,097	1,472	1,309	3,878	1,141
Carrying amount, December 31, 2015	5,200	1,029	1,249	1,123	3,401	1,124

Included in the item Other are trademarks of SEK 570m (644) and customer relationships etc. amounting to SEK 553m (665). Amortization of intangible assets is included within Cost of goods sold with SEK 410m (431), Administrative expenses with SEK 401m (435) and Selling expenses with SEK 164m (159) in the income statement. Electrolux did not capitalize any borrowing costs during 2015 or 2014.

Note 14 Other non-current assets

	Group December 31,		Parent Company December 31,	
	2014	2015	2014	2015
Shares in subsidiaries	–	–	27,520	27,853
Participations in other companies	–	–	377	339
Long-term receivables in subsidiaries	–	–	4,736	4,465
Other receivables	1,110	858	13	13
Total	1,110	858	32,646	32,670

Note 15 Inventories

	Group December 31,		Parent Company December 31,	
	2014	2015	2014	2015
Raw materials	3,543	3,438	16	20
Products in progress	333	303	1	1
Finished products	10,390	10,417	2,230	2,454
Advances to suppliers	58	21	–	–
Total	14,324	14,179	2,247	2,475

Inventories and work in progress are valued at the lower of cost, at normal capacity utilization, and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale at market value. The cost of finished goods and work in progress comprises development costs, raw materials, direct labor, tooling costs, other direct costs and related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Provisions for obsolescence are included in the value for inventory.

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 86,589m (78,687) for the Group.

Write-downs due to obsolescence amounted to SEK 331m and reversals of previous write-downs amounted to SEK 185m for the Group. The amounts have been included in the item Cost of goods sold in the income statement.

Note 16 Other current assets

	Group December 31,	
	2014	2015
Miscellaneous short-term receivables	3,211	3,697
Provisions for doubtful accounts	-29	-49
Prepaid expenses and accrued income	1,319	1,274
Prepaid interest expenses and accrued interest income	273	254
Total	4,774	5,176

Miscellaneous short-term receivables include VAT and other items.

Note 17 Trade receivables

	2014	2015
Trade receivables	21,282	18,245
Provisions for impairment of receivables	-619	-500
Trade receivables, net	20,663	17,745
Provisions in relation to trade receivables, %	2.9	2.7

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The change in amount of the provision is recognized in the income statement in selling expenses. The Group's policy is to reserve 50% of trade receivables that are 6 months past due but less than 12 months, and to reserve 100% of receivables that are 12 months past due and more. If the provision is considered insufficient due to individual consideration such as bankruptcy, officially known insolvency, etc., the provision should be extended to cover the extra anticipated losses.

Provisions for impairment of receivables

	2014	2015
Provisions, January 1	-536	-619
Acquisition of operations	–	-2
New provisions	-185	-78
Actual credit losses	140	164
Exchange-rate differences and other changes	-38	35
Provisions, December 31	-619	-500

The fair value of trade receivables equals their carrying amount as the impact of discounting is not significant. Electrolux has a significant credit exposure on a number of major customers, primarily in the US, Latin America and Europe. Receivables concentrated to customers with credit limits amounting to SEK 300m or more represent 29.0% (39.0) of the total trade receivables. The creation and usage of provisions for impaired receivables have been included in selling expenses in the income statement.

Timing analysis of trade receivables past due

	2014	2015
Trade receivables not overdue	19,572	16,865
Less than 2 months overdue	725	636
2-6 months overdue	221	244
6-12 months overdue	145	0
More than 1 year overdue	–	0
Total trade receivables past due but not impaired	1,091	880
Impaired trade receivables	619	500
Total trade receivables	21,282	18,245
Past due, including impaired, in relation to trade receivables, %	8.0	7.6

Note 18 Financial instruments

Additional and complementary information is presented in the following notes to the Annual Report: Note 2, Financial risk management, describes the Group's risk policies in general and regarding the principal financial instruments of Electrolux in more detail. Note 17, Trade receivables, describes the trade receivables and related credit risks.

The information in this note highlights and describes the principal financial instruments of the Group regarding specific major terms and conditions when applicable, and the exposure to risk and the fair values at year-end.

The Group classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or a firm commitment (fair-value hedges); hedges of highly probable forecast transactions (cash-flow hedges); or hedges of net investments in foreign operations.

Movements on the hedging reserve are shown in other comprehensive income in the consolidated income statement.

Net borrowings

At year-end 2015, the Group's net borrowings amounted to SEK 1,898m (4,869). The table below presents how the Group calculates net borrowings and what they consist of.

Net borrowings

	December 31,	
	2014	2015
Short-term loans	1,419	1,498
Short-term part of long-term loans	2,595	2,677
Trade receivables with recourse	946	328
Short-term borrowings	4,960	4,503
Derivatives	152	215
Accrued interest expenses and prepaid interest income	63	55
Total short-term borrowings	5,175	4,773
Long-term borrowings	9,529	8,323
Total borrowings	14,704	13,096
Cash and cash equivalents	9,107	10,696
Short-term investments	99	108
Derivatives	356	141
Prepaid interest expenses and accrued interest income	273	254
Liquid funds	9,835	11,199
Financial net debt	4,869	1,898
Net provision for post-employment benefits	4,763	4,509
Net debt	9,632	6,407
Revolving credit facility (EUR 500m, SEK 3,400m, USD 300m) ¹⁾	8,137	10,517
Committed bridge facility (USD 3,500m)	27,271	—

¹⁾ The facilities are not included in net borrowings, but can, however, be used for short-term and long-term funding.

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, derivatives and prepaid interest expenses and accrued interest income. Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with a maturity of 3 months or less.

The table below presents the key data of liquid funds. The carrying amount of liquid funds is approximately equal to fair value.

Liquidity profile

	December 31,	
	2014	2015
Cash and cash equivalents	9,107	10,696
Short-term investments	99	108
Derivatives	356	141
Prepaid interest expenses and accrued interest income	273	254
Liquid funds	9,835	11,199
% of annualized net sales ¹⁾	14.1	17.5
Net liquidity	4,660	6,425
Fixed interest term, days	11	9
Effective yield, % (average per annum)	1.3	1.4

¹⁾ Liquid funds plus unused revolving credit facilities of EUR 500m, SEK 3,400m and USD 300m divided by annualized net sales.

For 2015, liquid funds, including unused revolving credit facilities of EUR 500m SEK 3,400m and USD 300m, amounted to 17.5% (14.1) of annualized net sales. The net liquidity is calculated by deducting short-term borrowings from liquid funds.

Interest-bearing liabilities

Borrowings are initially recognized at fair value net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest method.

In 2015, SEK 2,632m of long-term borrowings matured or were amortized. These maturities were refinanced with SEK 1,447m.

At year-end 2015, the Group's total interest-bearing liabilities amounted to SEK 12,498m (13,543), of which SEK 11,000m (12,124) referred to long-term borrowings including maturities within 12 months. Long-term borrowings with maturities within 12 months amounted to SEK 2,677m (2,595). The outstanding long-term borrowings have mainly been made under the European Medium-Term Note Program and via bilateral loans. The majority of total long-term borrowings, SEK 10,520m (11,666), is taken up at the parent company level. Electrolux also has an unused committed multicurrency revolving credit facility of SEK 3,400m maturing 2017, an unused committed multicurrency revolving credit facility of EUR 500m maturing 2018 and an unused bilateral credit facility of USD 300m maturing 2018. These three facilities can be used as either long-term or short-term back-up facilities. However, Electrolux expects to meet any future requirements for short-term borrowings through bilateral bank facilities and capital-market programs such as commercial paper programs. In 2014 Electrolux signed a committed bridge facility of USD 3,500m to fund the planned acquisition of GE Appliances. Due to the cancellation of the bridge facility in December 2015, the SEK 187m capitalized fee was expensed.

At year-end 2015, the average interest-fixing period for long-term borrowings was 0.8 years (1.2). The calculation of the average interest-fixing period includes the effect of interest-rate swaps used to manage the interest-rate risk of the debt portfolio. The average interest rate for the total borrowings was 2.7% (2.4) at year end.

The fair value of the interest-bearing borrowings was SEK 12,433m. The fair value including swap transactions used to manage the interest fixing was approximately SEK 12,443m. The borrowings and the interest-rate swaps are valued marked-to-market in order to calculate the fair value.

Cont. Note 18

The table below sets out the carrying amount of the Group's borrowings.

Borrowings

Issue/maturity date	Description of loan	Interest rate, %	Currency	Nominal value (in currency)	Carrying amount, December 31,	
					2014	2015
Bond loans¹⁾						
2008-2016	Euro MTN Program	Floating	USD	—	779	—
2011-2016	Euro MTN Program	Floating	SEK	—	769	—
2011-2016	Euro MTN Program	4.500	SEK	—	1,084	—
2012-2017	Euro MTN Program	2.625	SEK	100	100	100
2012-2017	Euro MTN Program	Floating	SEK	400	400	400
2012-2018	Euro MTN Program	2.910	SEK	270	270	270
2012-2018	Euro MTN Program	Floating	SEK	730	730	730
2013-2020	Euro MTN Program	3.440	SEK	170	170	170
2013-2020	Euro MTN Program	Floating	SEK	830	830	830
2013-2018	Euro MTN Program	Floating	SEK	600	599	600
2013-2018	Euro MTN Program	2.875	SEK	400	398	399
2014-2019	Euro MTN Program	Floating	SEK	750	749	750
2014-2019	Euro MTN Program	2.340	SEK	250	250	250
2014-2019	Euro MTN Program	1.000	EUR	100	943	918
Total bond loans					8,071	5,417
Other long-term loans¹⁾						
1996-2036	Fixed rate loans in Germany	7.870	EUR	39	367	355
2013-2021	Long-term bank loans in Sweden	Floating	SEK	1,000	1,000	1,000
2015-2021	Long-term bank loans in Sweden	Floating	USD	170	—	1,426
Other long-term loans					91	125
Total other long-term loans					1,458	2,906
Long-term borrowings					9,529	8,323
Short-term part of long-term loans²⁾						
2012-2015	Euro MTN Program	3.250	SEK	—	550	—
2012-2015	Euro MTN Program	Floating	SEK	—	164	—
2008-2015	Long-term bank loans in Sweden	Floating	PLN	—	744	—
2008-2015	Long-term bank loans in Sweden	Floating	EUR	—	1,137	—
2008-2016	Euro MTN Program	Floating	USD	100	—	841
2011-2016	Euro MTN Program	Floating	SEK	769	—	769
2011-2016	Euro MTN Program	4.500	SEK	1,067	—	1,067
Total short-term part of long-term loans					2,595	2,677
Other short-term loans						
	Short-term bank loans in Egypt	Floating	EGP	335	746	359
	Short-term bank loans in Brazil	Floating	BRR	234	53	503
	Other bank borrowings and commercial papers				620	636
Total other short-term loans					1,419	1,498
Trade receivables with recourse					946	328
Short-term borrowings					4,960	4,503
Fair value of derivative liabilities					152	215
Accrued interest expenses and prepaid interest income					63	55
Total borrowings					14,704	13,096

¹⁾ The interest-rate fixing profile of the borrowings has been adjusted with interest-rate swaps.

²⁾ Long-term borrowings with maturities within 12 months are classified as short-term borrowings in the Group's balance sheet.

Short-term borrowings pertain mainly to countries with capital restrictions. The average maturity of the Group's long-term borrowings including long-term borrowings with maturities within 12 months was 2.8 years (2.8), at the end of 2015. The table below presents the repayment schedule of long-term borrowings.

Repayment schedule of long-term borrowings, December 31

	2016	2017	2018	2019	2020	2021–	Total
Debenture and bond loans	—	500	1,999	1,918	1,000	—	5,417
Bank and other loans	—	125	231	308	308	1,934	2,906
Short-term part of long-term loans	2,677	—	—	—	—	—	2,677
Total	2,677	625	2,230	2,226	1,308	1,934	11,000

Other interest-bearing investments

Interest-bearing receivables from customer financing amounting to SEK 98m (100) are included in the item Trade receivables in the consolidated balance sheet. The Group's customer-financing activities are performed in order to provide sales support and are directed mainly to independent retailers in Scandinavia. The majority of the financing is shorter than 12 months. There is no major concentration of credit risk related to customer financing. Collaterals and the right to repossess the inventory also reduce the credit risk in the financing operations. The income from customer financing is subject to interest-rate risk. This risk is immaterial to the Group.

Commercial flows

The table below shows the forecasted transaction flows, imports and exports, for the 12-month period of 2016 and hedges at year-end 2015.

The hedged amounts are dependent on the hedging policy for each flow considering the existing risk exposure. Hedges with maturity above 12 months have a market value of SEK 0m (0) at year-end. The effect of hedging on operating income during 2015 amounted to SEK 192m (-25). At year-end 2015, the unrealized fair value of forward contracts for hedging of forecasted transaction flows amounted to SEK -18m (14).

Forecasted transaction flows and hedges

	AUD	BRL	CAD	CHF	CLP	CNY	EUR	GBP	THB	USD	Other	Total
Inflow of currency, long position	2,987	2,936	2,627	1,657	1,077	311	5,723	2,978	990	4,795	10,416	36,498
Outflow of currency, short position	-163	—	—	-4	—	-3,400	-9,633	—	-2,269	-14,486	-6,543	-36,498
Gross transaction flow	2,824	2,936	2,627	1,653	1,077	-3,089	-3,910	2,978	-1,278	-9,691	3,873	—
Hedges	-1,147	-261	-839	-633	-259	2,892	807	-1,273	261	711	-259	—
Net transaction flow	1,677	2,675	1,788	1,021	818	-197	-3,103	1,704	-1,017	-8,980	3,614	—

Maturity profile of financial liabilities and derivatives

The table below presents the undiscounted cash flows of the Group's contractual liabilities related to financial instruments based on the remaining period at the balance sheet to the contractual maturity date. Floating interest cash flows with future fixing dates are estimated using the forward-forward interest rates at year-end. Any cash flow in foreign currency is converted to Swedish krona using the FX spot rates at year-end.

Maturity profile of financial liabilities and derivatives – undiscounted cash flows

	1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years	Total
Loans	-2,192	-2,458	-5,312	-355	-10,317
Net settled derivatives	-10	—	—	—	-10
Gross settled derivatives	-10	—	—	—	-10
Outflow	-28,928	—	—	—	-28,928
Inflow	28,918	—	—	—	28,918
Accounts payable	-26,467	—	—	—	-26,467
Financial guarantees	-1,188	—	—	—	-1,188
Total	-29,867	-2,458	-5,312	-355	-37,992

Net gain/loss, fair value and carrying amount on financial instruments

The tables below present net gain/loss on financial instruments, the effect in the income statement and equity, and the fair value and carrying amount of financial assets and liabilities. Net gain/loss can include both exchange-rate differences and gain/loss due to changes in interest-rate levels.

Net gain/loss, income and expense on financial instruments

	2014				2015			
	Gain/loss in profit and loss	Gain/loss in OCI	Income	Expense	Gain/loss in profit and loss	Gain/loss in OCI	Income	Expense
Recognized in the operating income								
Financial assets and liabilities at fair value through profit and loss	-25	—	—	—	192	—	—	—
Loans and receivables	-700	—	—	—	-516	—	—	—
Available-for-sale financial assets	—	19	—	—	—	-39	—	—
Total net gain/loss, income and expense	-725	19	—	—	-324	-39	—	—
Recognized in the financial items								
Financial assets and liabilities at fair value through profit and loss	338	-13	—	14	-273	-28	—	5
Loans and receivables	-233	—	122	—	222	—	89	—
Other financial liabilities	-235	—	—	-578	-1	—	—	-654
Total net gain/loss, income and expense	-130	-13	122	-564	-52	-28	89	-649

Cont. Note 18

Fair value and carrying amount on financial assets and liabilities

	2014 ¹⁾		2015 ¹⁾	
	Carrying amount		Carrying amount	
Financial assets				
Financial assets		312		284
Financial assets at fair value through profit and loss		135		147
Available-for-sale		177		137
Trade receivables		20,663		17,745
Loans and receivables		20,663		17,745
Derivatives		375		149
Short-term investments		99		108
Financial assets at fair value through profit and loss		96		105
Loans and receivables		3		3
Cash and cash equivalents		9,107		10,696
Financial assets at fair value through profit and loss		2,360		3,237
Loans and receivables		1,458		1,011
Cash		5,289		6,448
Total financial assets		30,556		28,982
Financial liabilities				
Long-term borrowings		9,528		8,323
Financial liabilities measured at amortized cost		9,227		8,323
Financial liabilities measured at amortized cost for which fair value hedge accounting is applied		301		–
Accounts payable		25,705		26,467
Financial liabilities at amortized cost		25,705		26,467
Short-term borrowings		4,014		4,175
Financial liabilities measured at amortized cost		3,860		3,972
Financial liabilities measured at amortized cost for which fair value hedge accounting is applied		154		203
Derivatives		156		222
Total financial liabilities		39,403		39,187

¹⁾ Carrying amount equals fair value except for long and short-term borrowings where the fair value is SEK 138m (152), respectively SEK 47m (16) higher than the carrying amount

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g., the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into SEK. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash-flow currency. If no proper cash-flow schedule is available, e.g., as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes. To the extent option instruments are used, the valuation is based on the Black & Scholes' formula.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the

future contractual cash flows at the current market-interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities are measured according to the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities. At year-end 2015, the fair value for level 1 financial assets was SEK 3,626m (2,768) and for the total financial liabilities SEK 0m (0).

Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly. At year-end 2015, the fair value for level 2 financial assets was SEK 148m (375) and for the total financial liabilities SEK 220 (157).

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data. Electrolux has no financial assets or liabilities qualifying for level 3.

Note 19 Assets pledged for liabilities to credit institutions

	Group December 31,		Parent Company December 31,	
	2014	2015	2014	2015
Real-estate mortgages	35	21	–	–
Other	6	6	–	–
Total	41	27	–	–

The major part of real-estate mortgages is related to Brazil. In the process of finalizing the tax amounts to be paid, in some cases, buildings are pledged for estimated liabilities to the Brazilian tax authorities.

Note 20 Share capital, number of shares and earnings per share

The equity attributable to equity holders of the Parent Company consists of the following items:

Share capital

As per December 31, 2015, the share capital of AB Electrolux consisted of 8,192,539 Class A shares and 300,727,769 Class B shares with a quota value of SEK 5 per share. All shares are fully paid. One A share entitles the holder to one vote and one B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

Share capital

	Quota value
Share capital, December 31, 2014	
8,192,539 Class A shares, quota value SEK 5	41
300,727,769 Class B shares, quota value SEK 5	1,504
Total	1,545
Share capital, December 31, 2015	
8,192,539 Class A shares, quota value SEK 5	41
300,727,769 Class B shares, quota value SEK 5	1,504
Total	1,545

Number of shares

	Owned by Electrolux	Owned by other share- holders	Total
Shares, December 31, 2014			
Class A shares	–	8,192,539	8,192,539
Class B shares	22,599,884	278,127,885	300,727,769
Conversion of Class A shares into Class B shares			
Class A shares	–	–	–
Class B shares	–	–	–
Sold shares			
Class A shares	–	–	–
Class B shares	-1,077,026	1,077,026	–
Shares, December 31, 2015			
Class A shares	–	8,192,539	8,192,539
Class B shares	21,522,858	279,204,911	300,727,769

Other paid-in capital

Other paid-in capital relates to payments made by owners and includes share premiums paid.

Other reserves

Other reserves include the following items: Available-for-sale instruments which refer to the fair-value changes in Electrolux holdings in Videocon Industries Ltd., India; cash-flow hedges which refer to changes in valuation of currency contracts used for hedging future foreign currency transactions; and exchange-rate differences on translation of foreign operations which refer to changes in exchange rates when net investments in foreign subsidiaries are translated to SEK. The amount of exchange-rate changes includes the value of hedging contracts for net investments. Finally, other reserves include tax relating to the mentioned items.

Retained earnings

Retained earnings, including income for the period, include the income of the Parent Company and its share of income in subsidiaries and associated companies. Retained earnings also include remeasurement of provision for post-employment benefits, reversal of the cost for share-based payments recognized in income, income from sales of own shares and the amount recognized for the common dividend.

Earnings per share

	2014	2015
Income for the period attributable to equity holders of the Parent Company	2,241	1,566
Earnings per share		
Basic, SEK	7.83	5.45
Diluted, SEK	7.78	5.42
Average number of shares, million		
Basic	286.3	287.1
Diluted	288.2	288.9

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The average number of shares is the weighted average number of shares outstanding during the year, after repurchase of own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the estimated number of shares from the share programs. Share programs are included in the dilutive potential ordinary shares as from the start of each program. The dilution in the Group is a consequence of the Electrolux long-term incentive programs.

The average number of shares during the year has been 287,148,906 (286,295,400) and the average number of diluted shares has been 288,873,593 (288,211,304).

Note 21 Untaxed reserves, Parent Company

	December 31, 2014	Appropriations	December 31, 2015
Accumulated depreciation in excess of plan			
Brands	300	-4	296
Licenses	86	-14	72
Machinery and equipment	-19	27	8
Buildings	0	0	0
Other	29	45	74
Total	396	54	450
Group contributions		-210	
Total appropriations		-156	

Note 22 Post-employment benefits

Post-employment benefits

The Group sponsors pension plans in many of the countries in which it has significant activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. For example, benefits can be based on final salary, on career average salary, or on a fixed amount of money per year of employment. Under defined contribution plans, the company's commitment is to make periodic payments to independent authorities or investment plans, and the level of benefits depends on the actual return on those investments. Some plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on the investments. These plans are also defined benefit plans. In some countries, Electrolux makes provisions for compulsory severance payments. These provisions cover the Group's commitment to pay employees a lump sum upon reaching retirement age, or upon the employees' dismissal or resignation.

In addition to providing pension benefits and compulsory severance payments, the Group provides healthcare benefits for some of its employees in certain countries, mainly in the US.

The cost for pension is disaggregated into three components; service cost, financing cost or income and rereasurement effects. Service cost is reported within Operating income and classified as Cost of goods sold, Selling expenses or Administrative expenses depending on the function of the employee. Financing cost or income is recognized in the Financial items and the rereasurement effects in Other comprehensive income. The Projected Unit Credit Method is used to measure the present value of the obligations and costs. Net provisions for post-employment benefits in the balance sheet represent the present value of the Group's obligations less market value of plan assets. The rereasurements of the obligations are made using actuarial assumptions determined at the balance-sheet date. Changes in the present value of the obligations due to revised actuarial assumptions and experience adjustments on the obligation are recorded in Other comprehensive income as rereasurements. The actual return less calculated interest income on plan assets is also recorded in other comprehensive income as rereasurements. Past-service costs are recognized immediately in income for the period.

Some features of the defined benefit plans in the main countries are described below.

USA

The number of pension plans in the US has been significantly reduced over the years through plan consolidation. The major plan covers 90% of the total obligation in the US. This plan is based on final salary and closed for new entrants. Pensions in payment are not generally subject to indexation. Funding position is reassessed every year with a target to restore the funding level over seven years. Surplus in the fund can be used to take a contribution holiday and refunds are taxed at 50%. Post-retirement healthcare benefits are also provided for in the US. Benefits are mainly paid from the plan assets.

United Kingdom

The defined benefit plan is closed for future accruals and employees are offered defined contribution. The funding position is reassessed every three years and a schedule of contributions is agreed between the Trustee and the company. The Trustee decides the investment strategy and consults with the company. Surplus may be used to take a contribution holiday; any refunds would be taxed at 35%. Benefits are paid from the plan assets.

Sweden

The main defined benefit plan in Sweden is the collectively agreed pension plan for white collar employees, the ITP 2 plan, and it is based on final salary. Benefits in payment are indexed according to the decisions of the Alecia insurance company, typically those follow inflation. The plan is semi-closed, meaning that only new employees born before 1979 are covered by the ITP 2 solution. A defined contribution solution is offered to employees born after 1978. Electrolux has chosen to fund the pension obligation by a pension foundation. The foundation's Board of Directors consists of an equal number of members from Group staff functions and representatives from the company. There is no funding requirement for an ITP pension foundation. Benefits are paid directly by the company and, in case of surplus, the company can reimburse itself for the current and the previous year's pension cost and/or take a contribution holiday.

Germany

There are several defined benefit plans based on final salary in Germany. Benefits in payment are indexed every three years according to inflation levels. All plans are closed for new participants. Electrolux has arranged a Contractual Trust Arrangement (CTA) and the funds are held by a local bank who acts as the trustee for the scheme. Electrolux controls the assets via an investment committee with members both from Group staff functions and the local German company. No minimum funding requirements or regular funding obligations apply to CTAs. If there is a surplus under both German GAAP and IFRS rules, Electrolux can take a refund up to the German GAAP surplus. Benefits are paid directly by the company and Electrolux can refund itself for pension pay-outs. Over time, Electrolux will have access to any residual funds after the last beneficiary has died.

Switzerland

There are three pension plans in Switzerland. Benefits are career average in nature, with indexation of benefits following decisions of the foundation board, subject to legal minima. Contributions are paid to the pension foundation and a recovery plan has to be set up if the plans are underfunded on the local funding basis. Swiss laws do not state any specific way of calculating an employer's additional contribution and because of that there is normally no minimum funding requirement. The assets in the foundation is to a large extent handled by local banks and they are working with both asset allocation and selection within a framework decided by the Swiss foundation board. Benefits are paid from the plan assets.

Other countries

There is a variety of smaller plans in other countries and the most important of those are in France, Italy, Canada and Norway. The pension plans in France and Italy are mainly unfunded. The Norwegian pension plans are funded and in Canada there are both funded and unfunded pension plans. A mix of final salary and career average exists in these countries. Some plans are open for new entrants.



Cont. Note 22

Explanation of amounts in the financial statements relating to defined benefit obligations.

Information by country, December 31, 2014

	USA	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	8,971	2,093	6,485	3,452	3,548	2,837	1,155	28,541
Fair value of plan assets (after change in asset ceiling)	-8,104	-1,764	-6,123	-2,482	-2,288	-2,694	-323	-23,778
Total (surplus)/deficit	867	329	362	970	1,260	143	832	4,763
Whereof reported as								
Pension plan assets	—	—	—	—	—	—	—	399
Provisions for post-employment benefit plans	—	—	—	—	—	—	—	5,162
Total funding level for all pension plans, %	91	84	94	72	64	95	27	83
Average duration of the obligation, years	11.2	11.1	16.2	16.7	14.6	12.0	—	13.5
Amounts included in the income statement								
Service cost ¹⁾	48	-16	17	122	17	17	1	206
Net interest cost	6	13	7	18	33	1	18	96
Remeasurements (gain)/loss	589	22	173	369	227	71	82	1,533
Total expense (gain) for defined benefit plans	643	19	197	509	277	89	101	1,835
Expenses for defined contribution plans								452
Amounts included in the cash-flow statement								
Contributions by the employer	—	-28	-22	—	-1	-37	-12	-100
Reimbursement	—	8	—	74	—	—	—	82
Benefits paid by the employer	-14	—	—	-115	-138	—	-52	-319
Major assumptions for the valuation of the liability								
Longevity, years ²⁾ :								
Male	21.6	21.6	22.1	23.0	19.6	21.4	—	21.6
Female	23.7	23.7	24.4	24.8	23.4	23.9	—	24.1
Inflation, % ³⁾	3.0	7.0	3.0	1.5	1.7	1.5	—	2.41
Discount rate, %	3.8	3.8	3.7	2.4	2.2	1.2	—	3.08

Information by country December, 31, 2015

	USA	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	9,075	2,087	6,644	3,110	3,573	3,112	1,068	28,669
Fair value of plan assets (after change in asset ceiling)	-8,078	-1,787	-6,204	-2,565	-2,342	-2,884	-300	-24,160
Total (surplus)/deficit	997	300	440	545	1,231	228	768	4,509
Whereof reported as								
Pension plan assets	—	—	—	—	—	—	—	397
Provisions for post-employment benefit plans	—	—	—	—	—	—	—	4,906
Total funding level for all pension plans, %	89	86	93	82	66	93	28	84
Average duration of the obligation, years	10.5	10.6	16.4	15.8	14.6	12.7	—	13.3
Amounts included in the income statement								
Service cost ⁴⁾	66	—	-48	168	20	54	12	272
Net interest cost	35	14	14	20	26	1	13	123
Remeasurements (gain)/loss	-24	-31	128	-572	109	59	-12	-343
Total expense (gain) for defined benefit plans	77	-17	94	-384	155	114	13	52
Expenses for defined contribution plans								496
Amounts included in the cash-flow statement								
Contributions by the employer	—	-37	-24	—	-1	-39	-13	-114
Reimbursement	—	—	—	81	—	—	—	81
Benefits paid by the employer	-15	—	—	-115	-145	—	-48	-323
Major assumptions for the valuation of the liability								
Longevity, years ²⁾ :								
Male	21.2	21.2	22.3	23.0	19.8	21.6	—	21.5
Female	23.4	23.4	24.6	24.8	23.5	24.1	—	24
Inflation, % ³⁾	3.0	7.0	3.0	1.5	1.8	1.0	—	2.38
Discount rate, %	4.1	4.1	3.6	2.9	2.0	0.6	—	3.13

¹⁾ Includes special events amounting to a gain of SEK 69m in various countries.

²⁾ Expressed as the average life expectancy of a 65 years old person in number of years.

³⁾ General inflation impacting salary and pensions increase. For USA Medical, the number refers to the inflation of healthcare benefits.

⁴⁾ Includes special events amounting to a gain of SEK 78m in the UK.

Reconciliation of change in present value of funded and unfunded obligations

	2014	2015
Opening balance, January 1	22,885	28,541
Current service cost	267	346
Special events	-62	-74
Interest expense	887	888
Remeasurement arising from changes in financial assumptions	2,193	-143
Remeasurement from changes in demographic assumptions	679	-56
Remeasurement from experience	4	-231
Contributions by plan participants	46	50
Benefits paid	-1,389	-1,563
Exchange differences	2,982	1,092
Settlements and other	49	-181
Closing balance, December 31	28,541	28,669

Reconciliation of change in the fair value of plan assets

	2014	2015
Opening balance, January 1	19,905	23,778
Interest income ¹⁾	791	765
Return on plan assets, excluding amounts included in interest ¹⁾	1,316	-71
Effect of asset ceiling	21	-16
Net contribution by employer	337	356
Contribution by plan participants	46	50
Benefits paid	-1,389	-1,563
Exchange differences	2,660	1,041
Settlements and other	91	-180
Closing balance, December 31	23,778	24,160

¹⁾ The actual return on plan assets amounts to a gain of SEK 694m (2,107).

Risks

There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are the principle risks that may increase the future pension payments and, hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The final category relates to measurement and affects the accounting for pensions. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the Defined Benefit Obligation (DBO). The discount rate also impacts the size of the interest income and expense that is reported in the Financial items and the service cost. When determining the discount rate, the Group uses AA rated corporate bond indexes which match the duration of the pension obligations. In Sweden and Norway, mortgage-backed bonds are used for determining the discount rate. Expected inflation and mortality assumptions are based on local conditions in each country and changes in those assumptions may also affect the measured obligation and, therefore, the accounting entries.

Investment strategy and risk management

The Group manages the allocation and investment of pension plan assets with the aim of decreasing the total pension cost over time. This means that certain risks are accepted in order to increase the return. The investment horizon is long-term and the allocation ensures that the investment portfolios are well diversified. In some countries, a so called trigger-points scheme is in place, whereby the investment in fixed income assets increases as the funding level improves. The Board of Electrolux annually approves the limits for asset allocation. The final investment decision often resides with the local trustee that consults with Electrolux. The risks related to pension obligations, e.g., mortality exposure and inflation, are monitored on an ongoing basis. Buy-out premiums are also monitored and other potential liability management actions are also considered to limit the exposure to the Group.

Below is the sensitivity analysis for the main financial assumptions and the potential impact on the present value of the defined pension obligation. Note that the sensitivities are not meant to express any view by Electrolux on the probability of a change.

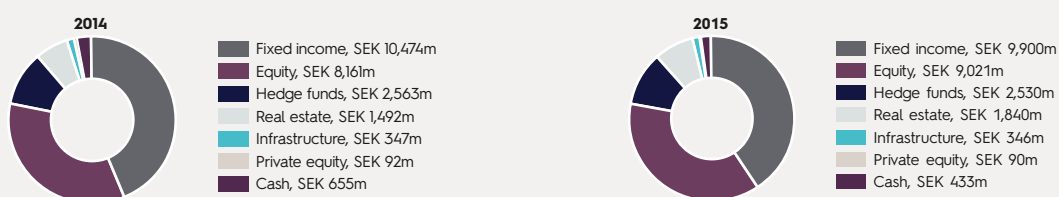
Sensitivity analysis on defined benefit obligation

	USA		UK	Sweden	Germany	Switzerland	Other	Total
	USA	Medical						
Longevity +1 year	277	117	234	98	123	106	—	955
Inflation +0.5% ¹⁾	41	119	248	265	242	33	40	988
Discount rate +1%	-853	-203	-969	-434	-473	-380	-93	-3,405
Discount rate -1%	1,023	241	1,238	559	601	459	110	4,231

¹⁾ The inflation change feeds through to other inflation-dependant assumptions, i.e., pension increases and salary growth.

In 2016, the Group expects to pay a total of SEK 303m in contributions to the pension funds and as payments of benefits directly to the employees.

Cont. Note 22

Market value of plan assets by category

Market value of plan assets without quoted prices	December 31,	
	2014	2015
Fixed income	57	93
Real estate	1,492	1,840
Infrastructure	347	346
Private equity	92	90

The Swedish pension foundation carries plan assets at a fair value of SEK 200m related to property used by Electrolux.

Governance

Defined benefit pensions and pension plan assets are governed by the Electrolux Pension Board, which resumes 3 to 4 times per year and has the following responsibilities:

- Implementation of pension directives of the AB Electrolux Board of Directors.
- Evaluation and approval of new plans, changes to plans or termination of plans.
- Annually, approval of the Group's and local pension funds' investment strategies.
- Annually, approval of the Group's global and local benchmarks for follow up of pension plan assets.
- Approval of the election of company representatives in the Boards of Trustees.
- Approval of the financial and actuarial assumptions to be used in the measurement of the defined benefit obligations.

Parent Company

According to Swedish accounting principles adopted by the Parent Company, defined benefit liabilities are calculated based upon officially provided assumptions, which differ from the assumptions used in the Group under IFRS. The pension benefits are secured by contributions to a separate fund or recorded as a liability in the balance sheet. The accounting principles used in the Parent Company's separate financial statements differ from the IFRS principles, mainly in the following:

- The pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the Swedish calculations is set by the Swedish Pension Foundation (PRI) and was for 2015 3.7% (5.8). The rate is the same for all companies in Sweden.
- Changes in the discount rate and other actuarial assumptions are recognized immediately in the profit or loss and the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

Change in the present value of defined benefit pension obligation for funded and unfunded obligations

	Funded	Unfunded	Total
Opening balance, January 1, 2014	1,467	427	1,894
Current service cost	41	8	49
Interest cost	87	25	112
Benefits paid	-68	-31	-99
Closing balance, December 31, 2014	1,527	429	1,956
Current service cost	49	4	53
Interest cost	57	16	73
Benefits paid	-71	-29	-100
Closing balance, December 31, 2015	1,562	420	1,982

Change in fair value of plan assets

	Funded
Opening balance, January 1, 2014	1,935
Actual return on plan assets	255
Contributions and compensation to/from the fund	-62
Closing balance, December 31, 2014	2,128
Actual return on plan assets	54
Contributions and compensation to/from the fund	-68
Closing balance, December 31, 2015	2,114

Amounts recognized in the balance sheet

	December 31,	
	2014	2015
Present value of pension obligations	-1,956	-1,982
Fair value of plan assets	2,128	2,114
Surplus/deficit	172	132
Limitation on assets in accordance with Swedish accounting principles	-601	-552
Net provisions for pension obligations	-429	-420
Whereof reported as provisions for pensions	-429	-420

Amounts recognized in the income statement

	2014	2015
Current service cost	49	53
Interest cost	112	73
Total expenses for defined benefit pension plans	161	126
Insurance premiums	79	87
Total expenses for defined contribution plans	79	87
Special employer's contribution tax	29	28
Cost for credit insurance FPG	2	2
Total pension expenses	271	243
Compensation from the pension fund	-61	-68
Total recognized pension expenses	210	175

The Swedish Pension Foundation

The pension liabilities of the Group's Swedish defined benefit pension plan (PRI pensions) are funded through a pension foundation established in 1998. The market value of the assets of the foundation amounted at December 31, 2015, to SEK 2,501m (2,518m) and the pension commitments to SEK 1,846m (1,807). The Swedish Group companies recorded a liability to the pension fund as per December 31, 2015, in the amount of SEK 0m (0). Contributions to the pension foundation during 2015 amounted to SEK 0m (0). Contributions from the pension foundation during 2015 amounted to SEK 81m (74).

Note 23 Other provisions

	Group					Parent Company			
	Provisions for restructuring	Warranty commitments	Claims	Other	Total	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance, January 1, 2014	2,884	1,248	1,403	2,021	7,556	1,030	343	43	1,416
Provisions made	1,107	1,151	551	1,451	4,260	266	231	24	521
Provisions used	-1,162	-892	-685	-1,029	-3,768	-536	-168	-2	-706
Unused amounts reversed	-138	-23	-	-79	-240	-35	-	-1	-36
Exchange-rate differences	157	117	182	184	640	-	-	-	-
Closing balance, December 31, 2014	2,848	1,601	1,451	2,548	8,448	725	406	64	1,195
Of which current provisions	1,045	858	287	593	2,783	619	77	1	697
Of which non-current provisions	1,803	743	1,164	1,955	5,665	106	329	63	498
Opening balance, January 1, 2015	2,848	1,601	1,451	2,548	8,448	725	406	64	1,195
Provisions made	106	1,182	509	1,796	3,593	50	281	8	339
Provisions used	-934	-1,099	-412	-1,254	-3,699	-187	-275	-25	-487
Unused amounts reversed	-6	-22	-	-170	-198	-	-	-1	-1
Exchange-rate differences	-46	-39	87	-89	-87	-16	-5	-	-21
Closing balance, December 31, 2015	1,968	1,623	1,635	2,831	8,057	572	407	46	1,025
Of which current provisions	602	855	307	644	2,408	418	77	-	495
Of which non-current provisions	1,366	768	1,328	2,187	5,649	154	330	46	530

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance-sheet date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. Provisions for warranty commitments are recognized as a consequence of the Group's policy to cover the cost of repair of defective products. Warranty is normally granted for one to two years after the sale.

Restructuring provisions are recognized when the Group has both adopted a detailed formal plan for the restructuring and has, either

started the plan implementation, or communicated its main features to those affected by the restructuring. Provisions for restructuring represent the expected costs to be incurred as a consequence of the Group's decision to close some factories, rationalize production and reduce personnel, both for newly acquired and previously owned companies. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known. The larger part of the restructuring provisions as per December 31, 2015, will be consumed in 2016 and 2017.

Provisions for claims refer to the Group's captive insurance companies. Other provisions include mainly provisions for direct and indirect tax, environmental liabilities, asbestos claims or other liabilities, none of which is material to the Group. The timing of any resulting outflows for provisions for claims and other provisions is uncertain.

Note 24 Other liabilities

	Group December 31,		Parent Company December 31,	
	2014	2015	2014	2015
Accrued holiday pay	851	909	189	190
Other accrued payroll costs	1,315	1,312	262	198
Accrued interest expenses	63	55	58	51
Prepaid income	279	279	4	–
Other accrued expenses	7,370	8,180	552	816
Other operating liabilities	3,653	3,794	–	–
Total	13,531	14,529	1,065	1,255

Other accrued expenses include accruals for fees, advertising and sales promotion, bonuses, extended warranty, and other items. Other operating liabilities include VAT and other items.

Note 25 Contingent liabilities

	Group December 31,		Parent Company December 31,	
	2014	2015	2014	2015
Guarantees and other commitments				
On behalf of subsidiaries	–	–	1,711	940
On behalf of external counterparties	3,616	1,188	2,014	660
Employee benefits in excess of reported liabilities	123	124	18	15
Total	3,739	1,312	3,743	1,615

A large part of the remaining guarantees and other commitments on behalf of external counterparties, is related to US sales to dealers financed through external finance companies with a regulated buy-back obligation of the products in case of dealer's bankruptcy.

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are given as part of the Group's normal course of business. There was no indication at year-end that payment will be required in connection with any contractual guarantees.

Legal proceedings

Litigation and claims related to asbestos are pending against the Group in the US. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2015, the Group had a total of 3,259 (3,070) cases pending, representing approximately 3,326 (approximately 3,129) plaintiffs. During 2015, 1,283 new cases with 1,291 plaintiffs were filed and 1,094 pending cases with approximately 1,094 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits. In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

In July 2004, a gas explosion occurred on Husqvarna's property in Ghislenghien, Belgium, resulting in the loss of 24 lives and substantial personal injuries and property damage. In 2012, the Belgium Supreme Court concluded that Husqvarna together with other parties were found liable for the accident and jointly and severally liable for the damages. As a former subsidiary of Electrolux, Husqvarna is covered by Electrolux liability insurance program for 2004. This program is reinsured by external insurance companies. Electrolux believes that losses which Husqvarna is covered for under Electrolux insurance program are correspondingly covered by the external reinsurance program.

The Group is involved in a legal proceeding in Egypt relating to the privatization of an Egyptian subsidiary. The proceeding is currently on-going in the court of first instance in Cairo, Egypt. Electrolux believes that the lawsuit is without legal merit. In case of a negative outcome, Electrolux believes that losses will largely be covered by guarantees obtained by Electrolux in connection with the acquisition of the Olympic Group in 2011.

In October 2013, the Group became the subject of an investigation by the French Competition Authority regarding a possible violation of antitrust rules. It is too early to assess if and to what extent the investigation may affect the Group's financial position.

The Group is a named defendant in a lawsuit in the US that has been certified as a class action. The case concerns alleged presence of mold in some of the Group's front-load washers. The Group disputes the merits of the case and intends to defend it vigorously. The outcome of this class action is difficult to predict. It cannot be ruled out, however, that a resolution of this case unfavorable to the Group could have a material adverse effect on the Group's financial position.

Note 26 Acquired and divested operations

Acquired operations

	2014	2015
Acquired operations		
BeefEater barbecue operations, Australia	68	12
Veetsan Commercial Machinery Co, China	–	79
Acquired non-controlling interest		
CTI Group, Chile	1	–
Total cash paid for acquisitions	69	91

In February 2015, Electrolux signed an agreement to acquire the Chinese company Shanghai Veetsan Commercial Machinery Co Ltd, operating in the professional dishwasher segment. Control was transferred at the end of May. Consideration paid in 2015 amounts to CNY 58m (SEK 79m). An additional purchase price of up to CNY 37m will be paid over the next 3 years if certain performance and other related criteria are met. The acquired entity's annual net sales are approximately CNY 90m (approximately 115m).

In 2014, the Group closed a deal acquiring the BeefEater barbecue business situated in Australia for a total consideration of AUD 13m of which AUD 11m (SEK 68m) was paid in 2014 and an additional AUD 2m (SEK 12m) in September 2015.

Note 27 Employees and remuneration

Employees and employee benefits

In 2015, the average number of employees was 58,265 (60,038), of which 38,105 (39,931) were men and 20,160 (20,107) women.

A detailed specification of the average number of employees by country has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux, Investor Relations. See also Electrolux website

www.electroluxgroup.com.

Average number of employees, by geographical area

	Group	
	2014	2015
Europe	20,768	20,548
North America	10,702	9,933
Latin America	18,478	18,325
Rest of world	10,090	9,459
Total	60,038	58,265

Salaries, other remuneration and employer contributions

	2014			2015		
	Salaries and remuneration	Employer contributions	Total	Salaries and remuneration	Employer contributions	Total
Parent Company	965	493	1,458	1,078	562	1,640
whereof pension costs		179 ¹⁾	179 ¹⁾		213 ¹⁾	213 ¹⁾
Subsidiaries	13,313	2,653	15,966	14,780	2,839	17,619
whereof pension costs		479	479		555	555
Total Group	14,278	3,146	17,424	15,858	3,401	19,259
whereof pension costs		658	658	—	768	768

¹⁾ Includes SEK 3m (6), referring to the President's predecessors according to local GAAP (the cost for the President during 2015 is included in his home country).

Salaries and remuneration for Board members, senior managers and other employees

	2014			2015		
	Board members and senior managers	Other employees	Total	Board members and senior managers	Other employees	Total
Parent Company	44	921	965	51	1,027	1,078
Other	207	13,106	13,313	244	14,536	14,780
Total Group	251	14,027	14,278	295	15,563	15,858

Of the Board members in the Group, 95 were men and 17 women, of whom 8 men and 4 women in the Parent Company. According to the definition of Senior managers in the Swedish Annual Accounts Act, the number of Senior managers in the Group consisted of 152 men and 64 women, of whom 3 men and 1 women in the Parent Company. The total pension cost for Board members and senior managers in the Group amounted to 33m (29).

Compensation to the Board of Directors

The Annual General Meeting (AGM) determines the total compensation to the Board of Directors for a period of one year until the next AGM. The compensation is distributed between the Chairman, Deputy Chairman, other Board Members and remuneration for committee work. The Board decides the distribution of the committee fee between the committee members. Compensation is paid out in advance each quarter. Compensation paid in 2015 refers to one fourth of the compensation authorized by the AGM in 2014, and three fourths of the compensation authorized by the AGM in 2015. Total compensation paid in cash in 2015 amounted to SEK 6.5m, of which SEK 5.9m referred to ordinary compensation and SEK 0.6m to committee work.

Compensation to Board members 2015

'000 SEK	Ordinary compensation	Compensation for committee work	Total compensation
Ronnie Leten, Chairman	1,950	60	2,010
Torben Ballegaard Sørensen, Deputy Chairman	636	233	869
Lorna Davis	548	60	608
Petra Hedengran	548	120	668
Hasse Johansson	548	93	641
Keith McLoughlin, President	—	—	—
Bert Nordberg	548	—	548
Fredrik Persson	548	93	641
Ulrica Saxon	548	—	548
Ola Bertilsson	—	—	—
Gunilla Brandt	—	—	—
Ulf Carlsson	—	—	—
Total compensation 2015	5,871	660	6,531
Revaluation of synthetic shares from previous assignment period	-1,608	—	-1,608
Total compensation cost 2015 including revaluation of synthetic shares	4,263	660	4,923

Cont. Note 27

Synthetic shares

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. In accordance with the fee structure laid down by the AGM, the Directors have for the 2008/2009, 2009/2010 and 2010/2011 terms of office been given the choice of receiving 25% or 50% of the fees for the Board assignment in synthetic shares. The remaining part of the fees to the Directors is paid in cash. Foreign Directors have been able to elect to receive 100% of the fees in cash. The synthetic shares entail a right to payment, in the fifth year after the AGM decision, of a cash amount per synthetic share corresponding to the price for a Class B share in Electrolux at the time of payment. Should a Director's assignment end not later than four years after the time of allocation, cash settlement may instead take place during the year after the assignment came to an end. At the end of 2015, a total of 0 (7,008) synthetic shares were outstanding, having a total value of SEK 0m (1.6). The accrued value of the synthetic shares has been calculated as the number of synthetic shares times the volume weighted average price of a Class B share in Electrolux as of December 31, 2015. The revenue from revaluation of synthetic shares during 2015 was SEK 1.6m. Cash settlements in 2015 amounted to SEK 1.8m (2.2).

Remuneration Committee

For information on the Remuneration Committee, see the Corporate Governance Report on page 145.

Remuneration guidelines for Group Management

The AGM in 2015 approved the proposed remuneration guidelines. These guidelines are described below.

The overall principles for compensation within Electrolux are tied strongly to the position held, individual as well as team performance, and competitive compensation in the country or region of employment.

The overall compensation package for higher-level management comprises fixed salary, variable salary based on short-term and long-term performance targets, and benefits such as pensions and insurance.

Electrolux strives to offer fair and competitive total compensation with an emphasis on "pay for performance". Variable compensation represents a significant proportion of total compensation for higher-level management. Total compensation is lower if targets are not achieved.

The Group has a uniform program for variable salary for management and other key positions. Variable salary is based on financial targets and may in certain circumstances include non-financial targets. Each job level is linked to a minimum and a maximum level for variable salary, and the program is capped.

Since 2004, Electrolux has long-term performance-share programs for senior managers of the Group. The maximum number of participants has varied during the years between 160 - 250. For further information, see page 129.

Compensation and terms of employment for the President

The compensation package for the President comprises fixed salary, variable salary based on annual targets, a long-term performance-share program and other benefits such as pensions and insurance.

For the President, the annualized base salary for 2015 has been set at USD 1,553,240 (approximately SEK 11.9m).

The variable salary is based on annual financial targets for the Group. Each year, a performance range is determined with a minimum and a maximum. If the performance outcome for the year is below or equal to the minimum level, no pay-out will be made. If the performance outcome is at or above the maximum, pay-out is capped at 100% of the annualized base salary. If the performance outcome is between minimum and maximum, the pay-out shall be determined on a linear basis.

The President participates in the Group's long-term performance based share programs. For further information on these programs, see page 129.

The notice period for the company is 12 months, and for the President 6 months. The President is entitled to 12 months severance pay based on base salary. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the President provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

The President is employed on a US employment contract and has been assigned to Sweden. A specific support package is provided to him under the Group's International Assignment Policy that includes amongst others relocation support, tax filing support, as well as various allowances that are provided to expatriates within the Group under the policy.

Pensions for the President

The President is covered by the pension plans in place with his US employer for old age, disability and death benefits. The retirement age for the President is 65. The President is entitled to a fixed defined annual contribution of USD 800,000 (approximately SEK 6.7m) that is paid towards the employer's pension plans (401(k), excess 401(k) and Supplemental Defined Contribution Plan).

The capital value of pension commitments for the President in 2015, prior Presidents, and survivors is SEK 323m (313).

Compensation and terms of employment for other members of Group Management

Like the President, other members of Group Management receive a compensation package that comprises fixed salary, variable salary based on annual targets, long-term performance-share programs and other benefits such as pensions and insurance.

Base salary is revised annually per January 1. The average base-salary increase for members of Group Management in 2015 was 4.5% (3.9).

Variable salary in 2015 is based on financial targets on business area and Group level. Variable salary for business area heads varies between a minimum (no pay-out) and a maximum of 100% of annual salary, which is also the cap. Group Management members in the USA have a maximum of 150% of annual base salary.

Group Management members that are Group staff heads receive variable salary that varies between a minimum (no pay out) and a maximum of 80%, which is also the cap.

Costs for extraordinary arrangements during 2015 amounts to approximately SEK 8.8m. Costs for extraordinary arrangements which have not yet been paid out are currently estimated to approximately SEK 9.5m.

The members of Group Management participate in the Group's long-term performance based share programs. For further information on these programs, see page 129.

Certain members of Group Management are entitled to 12 months severance pay based on base salary. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the Group Management member provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

For members of Group Management employed outside of Sweden, varying fringe benefits, such as car, and conditions may apply, depending upon the country of employment.

Pensions for other members of Group Management

The earliest retirement age is 60 for members of Group Management.

Members of Group Management employed in Sweden are covered by the Alternative ITP plan, as well as a supplementary plan.

The Alternative ITP plan is a defined contribution plan where the contribution increases with age. The contribution is between 20 and 35% of pensionable salary, between 7.5 and 30 income base amounts. Provided that the member retains the position until age 60, the company will finalize outstanding premiums in the alternative ITP plan. The contribution to the supplementary plan is 35% of pensionable salary above 20 income base amounts.

One member is covered by a closed supplementary plan in which contributions equal 35% of the pensionable salary. The member is also entitled to individual additional contributions.

Electrolux provides disability benefits equal to 70% of pensionable salary less disability benefits from other sources. Electrolux also provides survivor benefits equal to the highest of the accumulated capital for retirement or 250 income base amounts.

The pensionable salary is calculated as the current fixed salary including vacation pay plus the average variable salary for the last three years. Accrued capital is subject to a real rate of return of 3.5% per year.

Group Management members employed 2012 and later receive a pension entitlement where the aggregated contribution is 35% of annual base salary. The retirement age is 65 years.

Compensation paid to Group Management

	2014					2015				
	Annual fixed salary ¹⁾	Variable salary paid 2014 ²⁾	Total salary	Long-term PSP (value of shares awarded)	Other remuneration ³⁾	Annual fixed salary ¹⁾	Variable salary paid 2015 ²⁾	Total salary	Long-term PSP (value of shares awarded)	Other remuneration ³⁾
'000 SEK unless otherwise stated										
President and CEO	10,174	2,022	12,196	655	7,489	11,862	8,847	20,709	11,604	13,198 ⁵⁾
Other members of Group Management ⁴⁾	48,696	13,430	62,126	2,391	7,038	51,257	27,788	79,045	41,194	36,774 ⁶⁾
Total	58,870	15,452	74,322	3,046	14,527	63,119	36,635	99,754	52,798	49,972

¹⁾ The annual fixed salary includes vacation salary, paid vacation days and travel allowance.

²⁾ The actual variable salary paid in a year refers to the previous year's performance.

³⁾ Includes conditional variable compensation, allowances and other benefits as housing and company car.

⁴⁾ Other members of Group Management comprised of 11 people in 2014 and in first quarter of 2015, and 10 the three last quarters of 2015.

⁵⁾ Includes costs for extraordinary arrangements. In addition higher STI and LTI payments in 2015 has resulted in additional Swedish gross up of tax, as well as gross up of Swedish tax on employee US social security contributions.

⁶⁾ Includes severance pay and costs for extraordinary arrangements.

Compensation cost incurred for Group Management

	2014						2015					
	Annual fixed salary	Variable salary incurred 2014 but paid 2015	Long-term PSP (cost) ¹⁾	Other remuneration ²⁾	Total pension contribution	Social contribution	Annual fixed salary	Variable salary incurred 2015 but paid 2016	Long-term PSP (cost) ¹⁾	Other remuneration ²⁾	Total pension contribution	Social contribution
'000 SEK unless otherwise stated												
President and CEO	10,174	7,038	6,607	7,489	5,512	3,917	11,862	4,804	6,192	13,667 ³⁾	6,724	8,207
Other members of Group Management	48,696	27,059	21,322	7,038	22,814	12,234	51,257	18,739	18,418	46,914 ⁴⁾	21,702	24,725
Total	58,870	34,097	27,929	14,527	28,326	16,151	63,119	23,543	24,610	60,581	28,426	32,932

¹⁾ Cost for share-based incentive programs are accounted for according to IFRS 2, Share-based payments. If the expected cost of the program is reduced, the previous recorded cost is reversed and an income is recorded in the income statement. The cost includes social contribution cost for the program.

²⁾ Includes conditional variable compensation, allowances and other benefits as housing and company car.

³⁾ Includes costs for extraordinary arrangements. In addition higher STI and LTI payments in 2015 has resulted in additional Swedish gross up of tax, as well as gross up of Swedish tax on employee US social security contributions. There are some additional Swedish and US social security charges to be paid in 2016.

⁴⁾ Includes severance pay and costs for extraordinary arrangements.

For members of Group Management employed outside of Sweden, varying pension terms and conditions apply, depending upon the country of employment.

Share-based compensation

Over the years, Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the company's share price. They have been designed to align management incentives with shareholder interests.

For Electrolux, the share-based compensation programs are classified as equity-settled transactions, and the cost of the granted instrument's fair value at grant date is recognized over the vesting period which is 2.7 years. At each balance-sheet date, the Group revises the estimates to the number of shares that are expected to vest. Electrolux recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, the Group provides for employer contributions expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued based on the fair value of the instruments at each closing date.

Performance-share programs 2013, 2014 and 2015

The Annual General Meeting in 2015 approved an annual long-term incentive program. The program is in line with the Group's principles for remuneration based on performance, and is an integral part of the total compensation for Group Management and other senior managers. Electrolux shareholders benefit from this program since it facilitates recruitment and retention of competent executives and aligns management interest with shareholder interest as the program drives executive shareholding and the participants are more aligned with the long-term strategy of the company.

The allocation of shares in the 2013, 2014 and 2015 programs is determined by the position level and the outcome of three financial objectives; (1) annual growth in earnings per share, (2) return on net assets and (3) organic sales growth.

For the 2013, 2014 and 2015 programs allocation is linear from minimum to maximum. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the achievement of the objectives be below the maximum

but above the minimum, a proportionate allocation will be made. The shares will be allocated after the three-year period free of charge.

If a participant's employment is terminated during the three-year program period, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, in certain circumstances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

Each of the 2013, 2014 and 2015 program covers 200 to 220 senior managers and key employees in about 20 countries. Participants in the program comprise five groups, i.e., the President, other members of Group Management, and three groups of other senior managers. All programs comprise Class B shares.

If performance is between minimum and maximum, the total cost for the 2015 performance-share program over a three-year period is estimated at SEK 156m, including costs for employer contributions. If the maximum level is attained, the cost is estimated at a maximum of SEK 310m. The distribution of shares under this program will result in an estimated maximum increase of 0.57% in the number of outstanding shares.

For 2015, LTI programs resulted in a cost of SEK 94m (including a cost of SEK 20m in employer contribution) compared to a cost of SEK 106m in 2014 (including a cost of SEK 36m in employer contribution). The total provision for employer contribution in the balance sheet amounted to SEK 46m (76).

Repurchased shares for LTI programs

Electrolux has on the basis of authorizations by the Annual General Meetings acquired own shares as a hedge for the company's share related incentive programs. The Annual General Meeting in 2012 resolved that the company shall be entitled to transfer B shares to participants in the 2012 program and the Annual General Meeting in 2015 resolved that the company shall be entitled to transfer B shares in the company for the purpose of covering costs, including social security charges, that may arise as a result of the 2013 program.

Delivery of shares for the 2012 program

The 2012 performance-share program met the maximum performance and, therefore, delivered matching shares and all allocated performance shares according to the terms and conditions of the 2012 share program during 2015.



Cont. Note 27

Number of potential shares per category and year

	Maximum number of B shares ¹⁾			Maximum value, SEK ^{2) 3)}		
	2013	2014	2015	2013	2014	2015
President	48,948	54,981	52,404	7,811,000	7,745,000	11,547,000
Other members of Group Management	19,325	22,411	19,545	3,084,000	3,157,000	4,307,000
Other senior managers, cat. C	11,642	13,545	9,637	1,858,000	1,908,000	2,124,000
Other senior managers, cat. B	6,359	7,309	5,206	1,015,000	1,029,000	1,147,000
Other senior managers, cat. A	3,460	3,792	2,788	552,000	534,000	614,000

¹⁾ Each value is converted into a number of shares. The number of shares is based on a share price of SEK 159.57 for 2013 and SEK 140.86 for 2014, and SEK 220.36 for 2015 calculated as the average closing price of the Electrolux Class B share on the Nasdaq Stockholm during a period of ten trading days before the day participants were invited to participate in the program, adjusted for net present value of dividends for the period until shares are allocated. The recalculated weighted average fair value of shares at grant for all the programs is SEK 171.85 per share.

²⁾ Total maximum value for all participants at grant is SEK 227m for the 2013 performance-share program, SEK 228m for the 2014 program and SEK 285m for the 2015 program.

³⁾ The share allocation from the 2013 program will be at 30% of maximum. For the 2014 program, share allocation will be at 70.9% of maximum. The share allocation for the 2015 program will be at 21%.

Performance-share program 2015

	Financial objectives			Allocation of shares		
	Minimum	Maximum	Actual	Outcome, %	Weight, %	Allocation, %
Earnings per share, SEK	10.8	12.3	10.7	0 ¹⁾	25	0
Return on net assets, %	18.8	20.9	19.3	24 ¹⁾	50	12
Organic sales growth, %	1.5	3.5	2.2	34	25	9
Total allocation						21

¹⁾ Including adjustments for costs related to the terminated acquisition of GE Appliances.

Note 28 Fees to auditors

PricewaterhouseCoopers (PwC) is appointed auditor for the period until the 2018 Annual General Meeting.

	Group		Parent Company	
	2014	2015	2014	2015
PwC				
Audit fees ¹⁾	38	42	10	10
Audit-related fees ²⁾	2	2	–	–
Tax fees ³⁾	5	3	–	–
All other fees ⁴⁾	26	21	26	2
Total fees to PwC	71	68	36	12
Audit fees to other audit firms	–	–	–	–
Total fees to auditors	71	68	36	12

¹⁾ Audit fees consist of fees for the annual audit-services engagement and other audit services, which are those services that only the external auditors reasonably can provide, and include the Company audit; statutory audits; comfort letters and consents; and attest services.

²⁾ Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards; internal control reviews; employee benefit plan audits as well as review of interim reports.

³⁾ Tax fees include fees for tax-compliance services, including the preparation of original and amended tax returns and claims for refund; tax consultations; tax advice related to mergers and acquisitions; transfer pricing; requests for rulings or technical advice from tax authorities; tax-planning services; and expatriate-tax planning and services.

⁴⁾ All other fees include fees for transaction support services, financial advisory and other services.

Note 29 Shares and participations

Associated companies

Participations in associated companies amounted to SEK 209m (228). Electrolux owns 39.3% of Sidème, France, with a carrying amount SEK 15m (15) and 50% of Gångaren 13 Holding AB, Sweden, with a carrying amount of SEK 195m (213). Gångaren 13 Holding AB is a real estate company owning the corporate head office in Sweden. Both companies are unlisted and the respective Electrolux participation remained unchanged during the year.

Companies classified as assets available for sale

Electrolux holds 2.7% (2.7) of the shares in Videocon Industries Ltd., India, with a carrying amount of SEK 137m (176).

Group companies

The following table lists the major companies included in the Electrolux Group. A detailed specification of Group companies has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor Relations.

Subsidiaries		Holding, %
Major Group companies		
Argentina	Frimetal S.A	99.51
Australia	Electrolux Home Products Pty. Ltd	100
Austria	Electrolux Austria GmbH	100
Belgium	Electrolux Home Products Corporation N.V.	100
Brazil	Electrolux do Brasil S.A.	100
Canada	Electrolux Canada Corp.	100
Chile	CTI S.A.	99.51
China	Electrolux (Hangzhou) Domestic Appliances Co. Ltd	100
	Electrolux (China) Home Appliance Co. Ltd	100
Denmark	Electrolux Home Products Denmark A/S	100
Egypt	Electrolux Egypt for Home Appliances S.A.E.	99.96
Finland	Oy Electrolux Ab	100
France	Electrolux France SAS	100
	Electrolux Home Products France SAS	100
	Electrolux Professionnel SAS	100
Germany	Electrolux Deutschland GmbH	100
	Electrolux Rothenburg GmbH Factory and Development	100
	Electrolux Professional GmbH	100
Hungary	Electrolux Lehel Kft	100
Italy	Electrolux Appliances S.p.A.	100
	Electrolux Professional S.p.A.	100
	Electrolux Italia S.p.A.	100
Mexico	Electrolux de Mexico, S.A. de C.V.	100
The Netherlands	Electrolux Associated Company B.V.	100
	Electrolux Home Products (Nederland) B.V.	100
Norway	Electrolux Home Products Norway AS	100
Poland	Electrolux Poland Spolka z.o.o.	100
Russia	LLC Electrolux Rus	100
Singapore	Electrolux SEA Pte Ltd	100
Spain	Electrolux España, S.A.U.	100
Sweden	Electrolux Laundry Systems Sweden AB	100
	Electrolux HemProdukter AB	100
	Electrolux Appliances AB	100
Switzerland	Electrolux AG	100
	Electrolux Professional AG	100
Thailand	Electrolux Thailand Co. Ltd.	100
Ukraine	DC Electrolux LLC	100
United Kingdom	Electrolux Plc	100
	Electrolux Professional Ltd.	100
USA	Electrolux Home Products, Inc.	100
	Electrolux North America, Inc.	100
	Electrolux Professional Inc.	100

Note 30 Definitions

Capital indicators

Annualized net sales

In computation of key ratios where capital is related to net sales, the latter are annualized and converted at year-end exchange rates and adjusted for acquired and divested operations.

Net assets

Total assets exclusive of liquid funds, pension plan assets and interest-bearing financial receivables less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

Working capital

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

Liquid funds

Liquid funds consist of cash on hand, bank deposits, fair-value derivatives, prepaid interest expenses and accrued interest income and other short-term investments, of which the majority has original maturity of three months or less.

Interest-bearing liabilities

Interest-bearing liabilities consist of short-term and long-term borrowings.

Total borrowings

Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

Net liquidity

Liquid funds less short-term borrowings, fair-value derivatives, accrued interest expenses and prepaid interest income and trade receivables with recourse.

Net borrowings

Total borrowings less liquid funds.

Net debt/equity ratio

Net borrowings in relation to equity.

Equity/assets ratio

Equity as a percentage of total assets less liquid funds.

Earnings per share

Earnings per share

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares after buy-backs.

Other key ratios

Organic growth

Sales growth, adjusted for acquisitions, divestments and changes in exchange rates.

EBITDA margin

Operating income before depreciation and amortization expressed as a percentage of net sales.

Operating cash flow after investments

Cash flow from operations and investments excluding financial items paid, taxes paid, restructuring payments and acquisitions and divestment of operations.

Operating margin

Operating income expressed as a percentage of net sales.

Return on equity

Income for the period expressed as a percentage of average equity.

Return on net assets

Operating income expressed as a percentage of average net assets.

Interest coverage ratio

Operating income plus interest income in relation to total interest expenses.

Capital turnover rate

Net sales divided by average net assets.

Proposed distribution of earnings

	'000 SEK
The Board of Directors proposes that income for the period and retained earnings be distributed as follows:	13,175,669
A dividend to the shareholders of SEK 6.50 per share ¹⁾ , totaling	1,868,083
To be carried forward	11,307,586
Total	13,175,669

¹⁾ Calculated on the number of outstanding shares as per January 27, 2016. The Board of Directors and the President propose April 8, 2016, as record day for the right to dividend.

The Board of Directors has proposed that the Annual General Meeting 2016 resolves on a dividend to the shareholders of SEK 6.50 per share. On account hereof, the Board of Directors hereby makes the following statement according to Chapter 18 Section 4 of the Swedish Companies Act.

The Board of Directors finds that there will be full coverage for the restricted equity of the Company, after distribution of the proposed dividend.

It is the Board of Directors' assessment that after distribution of the proposed dividend, the equity of the Company and the Group will be sufficient with respect to the kind, extent, and risks of the operations. The Board of Directors has hereby considered, among other things, the Company's and the Group's historical development, the budgeted development and the state of the market. If financial instruments currently valued at actual value in accordance with Chapter 4 Section 14a of the Swedish Annual Accounts Act instead had been valued according to the lower of cost or net realizable value, including cumulative revaluation of external shares, the equity of the company would decrease by SEK 98.9m.

After the proposed dividend, the financial strength of the Company and the Group is assessed to continue to be good in relation to the industry in which the Group is operating. The dividend will not affect the ability of the Company and

the Group to comply with its payment obligations. The Board of Directors finds that the Company and the Group are well prepared to handle any changes in respect of liquidity, as well as unexpected events.

The Board of Directors is of the opinion that the Company and the Group have the ability to take future business risks and also cope with potential losses. The proposed dividend will not negatively affect the Company's and the Group's ability to make further commercially motivated investments in accordance with the strategy of the Board of Directors.

The Board of Directors declares that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, January 27, 2016
AB ELECTROLUX (PUBL)
556009-4178

Ronnie Leten

Chairman of the Board of Directors

Torben Ballegaard Sørensen

Deputy Chairman of the Board of Directors

Lorna Davis
Board member

Petra Hedengran
Board member

Hasse Johansson
Board member

Bert Nordberg
Board member

Fredrik Persson
Board member

Ulrika Saxon
Board member

Ola Bertilsson
Board member,
employee representative

Gunilla Brandt
Board member,
employee representative

Ulf Carlsson
Board member,
employee representative

Keith McLoughlin

Board member and President and Chief Executive Officer
until January 31, 2016



Auditors' report

To the annual meeting of the shareholders of AB Electrolux (publ)
Corporate identity number 556009-4178

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of AB Electrolux for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 75–133.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of AB Electrolux for the year 2015.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement

and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 19, 2016

PricewaterhouseCoopers AB

Anders Lundin

Authorized Public Accountant
Partner in Charge

Anna Rosendal

Authorized Public Accountant

Eleven-year review

SEKm	2005 ¹⁾	2006	2007	2008	2009
Net sales and income					
Net sales	129,469	103,848	104,732	104,792	109,132
Organic growth, %	4.3	3.3	4.0	-0.9%	-4.8%
Depreciation and amortization	3,410	2,758	2,738	3,010	3,442
Items affecting comparability ³⁾	-3,020	-542	-362	-355	-1,561
Operating income	3,942	4,033	4,475	1,188	3,761
Income after financial items	3,215	3,825	4,035	653	3,484
Income for the period	1,763	2,648	2,925	366	2,607
Cash flow					
EBITDA ⁴⁾	10,372	7,333	7,575	4,553	8,764
Cash flow from operations, excluding changes in operating assets and liabilities	8,428	5,263	5,498	3,446	6,378
Changes in operating assets and liabilities	-1,888	-703	-152	1,503	1,919
Cash flow from operations	6,540	4,560	5,346	4,949	8,297
Cash flow from investments	-5,827	-2,386	-4,069	-3,755	-2,967
of which capital expenditures	-4,765	-3,152	-3,430	-3,158	-2,223
Cash flow from operations and investments	713	2,174	1,277	1,194	5,330
Operating cash flow ⁵⁾	1,083	1,110	1,277	1,228	5,326
Dividend, redemption and repurchase of shares	-2,038	-4,416	-6,708	-1,187	69
Capital expenditure as % of net sales	3.7	3.0	3.3	3.0	2.0
Margins⁴⁾					
Operating margin, %	5.4	4.4	4.6	1.5	4.9
Income after financial items as % of net sales	4.8	4.2	4.2	1.0	4.6
EBITDA margin, %	8.0	7.1	7.2	4.3	8.0
Financial position					
Total assets	82,558	66,049	66,089	73,323	72,696
Net assets	28,165	18,140	20,743	20,941	19,506
Working capital	-31	-2,613	-2,129	-5,131	-5,154
Trade receivables	24,269	20,905	20,379	20,734	20,173
Inventories	18,606	12,041	12,398	12,680	10,050
Accounts payable	18,798	15,320	14,788	15,681	16,031
Equity	25,888	13,194	16,040	16,385	18,841
Interest-bearing liabilities	8,914	7,495	11,163	13,946	14,022
Provisions for post-employment benefits, net					
Net borrowings	2,974	-304	4,703	4,556	665
Data per share					
Income for the period, SEK	6.05	9.17	10.41	1.29	9.18
Equity, SEK	88	47	57	58	66
Dividend, SEK ⁶⁾	7.50	4.00	4.25	—	4.00
Trading price of B-shares at year-end, SEK	206.50	137.00	108.50	66.75	167.50
Key ratios					
Return on equity, %	7.0	18.7	20.3	2.4	14.9
Return on net assets, %	13.0	23.2	21.7	5.8	19.4
Net assets as % of net sales ⁷⁾	21.0	16.5	18.6	18.1	17.1
Trade receivables as % of net sales ⁷⁾	18.1	19.1	18.3	17.9	17.7
Inventories as % of net sales ⁷⁾	13.9	11.0	11.1	11.0	8.8
Net debt/equity ratio	0.11	-0.02	0.29	0.28	0.04
Interest coverage ratio	4.32	6.13	7.49	1.86	7.54
Dividend as % of equity	8.5	8.5	7.5	—	6.0
Other data					
Average number of employees	69,523	55,471	56,898	55,177	50,633
Salaries and remuneration	17,033	12,849	12,612	12,662	13,162
Number of shareholders	60,900	59,500	52,700	52,600	52,000
Average number of shares after buy-backs, million	291.4	288.8	281.0	283.1	284.0
Shares at year end after buy-backs, million	293.1	278.9	281.6	283.6	284.4

¹⁾ Including outdoor products, Husqvarna, which was distributed to the Electrolux shareholders in June 2006.

²⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

³⁾ As of 2015 the accounting concept of Items affecting comparability is no longer in use. ⁴⁾ Items affecting comparability are excluded for the years 2005 to 2013. 2014 has been restated.

⁵⁾ Cash flow from acquisitions and divestments is excluded.

	2010	2011	2012 ²⁾	2013	2014	2015	Compound annual growth rate, %	
							5 years	10 years
	106,326	101,598	109,994	109,151	112,143	123,511	3.0	-0.5
	1.5%	0.2%	5.5	4.5	1.1	2.2		
	3,328	3,173	3,251	3,356	3,671	3,936		
	-1,064	-138	-1,032	-2,475	-1,199	—		
	5,430	3,017	4,000	1,580	3,581	2,741	-12.8	-3.6
	5,306	2,780	3,154	904	2,997	2,101	-16.9	-4.2
	3,997	2,064	2,365	672	2,242	1,568	-17.1	-1.2
	9,822	6,328	8,283	7,411	7,252	6,677	-7.4	-4.3
	7,741	4,283	5,552	5,130	6,045	4,704	-9.5	-5.7
	-61	1,116	1,528	-675	1,777	3,563		
	7,680	5,399	7,080	4,455	7,822	8,267	1.5	2.4
	-4,474	-10,049	-4,702	-4,734	-3,759	-3,403		
	-3,221	-3,163	-4,090	-3,535	-3,006	-3,027	-1.2	-4.4
	3,206	-4,650	2,378	-279	4,063	4,864		
	3,199	906	2,542	-74	4,132	4,955		
	-1,120	-1,850	-1,868	-1,860	-1,861	-1,870		
	3.0	3.1	3.7	3.2	2.7	2.5		
	6.1	3.1	4.6	3.7	3.2	2.2		
	6.0	2.9	3.8	3.1	2.7	1.7		
	9.2	6.2	7.5	6.8	6.5	5.4		
	73,521	76,384	75,194	76,001	85,688	83,471	2.6	0.1
	19,904	27,011	25,890	24,961	26,099	21,412	1.5	-2.7
	-5,902	-5,180	-6,505	-5,800	-8,377	-12,234		
	19,346	19,226	18,288	19,441	20,663	17,745	-1.7	-3.1
	11,130	11,957	12,963	12,154	14,324	14,179	5.0	-2.7
	17,283	18,490	20,590	20,607	25,705	26,467	8.9	3.5
	20,613	20,644	15,726	14,308	16,468	15,005	-6.2	-5.3
	12,096	14,206	13,088	14,905	14,703	13,097	1.6	3.9
			4,479	2,980	4,763	4,509		
	-709	6,367	10,164	10,653	9,631	6,407	-255.3	8.0
	14.04	7.25	8.26	2.35	7.83	5.45	-17.2	-1.0
	72	73	55	50	57.52	52.21	-6.3	-5.1
	6.50	6.50	6.50	6.50	6.50	6.50		
	191.00	109.70	170.50	168.50	228.80	205.20	1.4	-0.1
	20.6	10.4	14.4	4.4	15.7	9.9		
	27.8	13.7	14.8	5.8	14.2	11.0		
	18.2	23.8	22.5	21.8	20.4	17.3		
	17.7	17.0	15.9	17.0	16.2	14.3		
	10.2	10.5	11.3	10.6	11.2	11.5		
	-0.03	0.31	0.65	0.74	0.58	0.43		
	12.64	5.84	2.72	2.11	5.16	3.75		
	9.0	9.0	11.8	13.0	11.3	12.4		
	51,544	52,916	59,478	60,754	60,038	58,265	2.5	-1.8
	12,678	13,137	13,785	13,521	14,278	15,858	4.6	-0.7
	57,200	58,800	51,800	51,500	46,500	45,485	-4.5	-2.9
	284.6	284.7	285.9	286.2	286.3	287.1		
	284.7	284.7	286.1	286.2	286.3	287.4		

⁶⁾ 2015: Proposed by the Board.
⁷⁾ Net sales are annualized.



Quarterly information

Net sales and income per quarter

SEKm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Net sales	25,629	26,330	28,784	31,400	112,143	29,087	31,355	31,275	31,794	123,511
Operating income	731	63	1,392	1,395	3,581	516	921	1,506	-202	2,741
Margin, %	2.9	0.2	4.8	4.4	3.2	1.8	2.9	4.8	-0.6	2.2
Income after financial items	575	-120	1,250	1,292	2,997	450	815	1,361	-525	2,101
Income for the period	431	-92	933	970	2,242	339	608	1,014	-393	1,568
Earnings per share, SEK ¹⁾	1.50	-0.32	3.26	3.39	7.83	1.18	2.12	3.53	-1.38	5.45
Items affecting comparability included above ²⁾	-18	-1,104	-	-77	-1,199	-	-	-	-	-
Number of shares after buy-backs, million	286.2	286.3	286.3	286.3	286.3	287.4	287.4	287.4	287.4	287.4
Average number of shares after buy-backs, million	286.2	286.3	286.3	286.3	286.3	286.6	287.4	287.4	287.4	287.1

¹⁾ Basic, based on average number of shares, excluding shares owned by Electrolux.

²⁾ Restructuring costs in 2014, previously not included in operating income and reported as items affecting comparability.

Net sales and income by business area per quarter

SEKm	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Full year 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Major Appliances Europe, Middle East and Africa										
Net sales	7,865	8,107	8,741	9,725	34,438	8,608	8,699	9,540	10,332	37,179
Operating income ¹⁾	142	-901	484	507	232	371	426	605	765	2,167
Margin, %	1.8	-11.1	5.5	5.2	0.7	4.3	4.9	6.3	7.4	5.8
Major Appliances North America										
Net sales	7,664	8,464	9,089	8,924	34,141	9,313	11,717	11,610	10,413	43,053
Operating income ¹⁾	382	680	518	134	1,714	-57	401	743	493	1,580
Margin, %	5.0	8.0	5.7	1.5	5.0	-0.6	3.4	6.4	4.7	3.7
Major Appliances Latin America										
Net sales	4,790	4,064	5,053	6,134	20,041	5,261	4,476	4,190	4,619	18,546
Operating income ¹⁾	211	138	242	478	1,069	177	107	110	69	463
Margin, %	4.4	3.4	4.8	7.8	5.3	3.4	2.4	2.6	1.5	2.5
Major Appliances Asia/Pacific										
Net sales	1,928	2,221	2,342	2,312	8,803	2,241	2,576	2,192	2,220	9,229
Operating income ¹⁾	11	102	125	200	438	52	135	54	123	364
Margin, %	0.6	4.6	5.3	8.7	5.0	2.3	5.2	2.5	5.5	3.9
Small Appliances										
Net sales	2,001	1,938	2,075	2,664	8,678	2,139	2,198	2,169	2,452	8,958
Operating income ¹⁾	33	-41	35	173	200	-8	-4	41	-92	-63
Margin, %	1.6	-2.1	1.7	6.5	2.3	-0.4	-0.2	1.9	-3.8	-0.7
Professional Products										
Net sales	1,380	1,536	1,484	1,641	6,041	1,525	1,689	1,574	1,758	6,546
Operating income ¹⁾	126	172	184	189	671	170	220	212	260	862
Margin, %	9.1	11.2	12.4	11.5	11.1	11.1	13.0	13.5	14.8	13.2
Other										
Net sales	1	-	-	-	1	-	-	-	-	-
Operating income, common group costs, etc. ¹⁾	-174	-87	-196	-286	-743	-189	-364	-259	-1,820	-2,632
Total Group										
Net sales	25,629	26,330	28,784	31,400	112,143	29,087	31,355	31,275	31,794	123,511
Operating income	731	63	1,392	1,395	3,581	516	921	1,506	-202	2,741
Margin, %	2.9	0.2	4.8	4.4	3.2	1.8	2.9	4.8	-0.6	2.2

¹⁾ As of 2015, the accounting practice of items affecting comparability for restructuring charges is no longer used. Restructuring charges have previously been excluded in operating income by business area. For comparability purposes, the figures for 2014 have been restated to include restructuring costs. For more information see the press release; Restated figures for Electrolux for 2014, March 30 2015.



Corporate governance report 2015

Electrolux is a global leader in home appliances, based on deep consumer insight and developed in close collaboration with professional users. The company offers thoughtfully designed, innovative sustainable solutions for households and businesses, with products such as refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air-conditioners and small domestic appliances. Under esteemed brands including Electrolux, AEG, Zanussi, Frigidaire and Electrolux Grand Cuisine, the Group sells more than 60 million products to customers in more than 150 countries every year. In 2015 Electrolux had sales of SEK 124 billion and 58,000 employees.

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of:

- an efficient organizational structure,
- systems for internal control and risk management and
- transparent internal and external reporting.

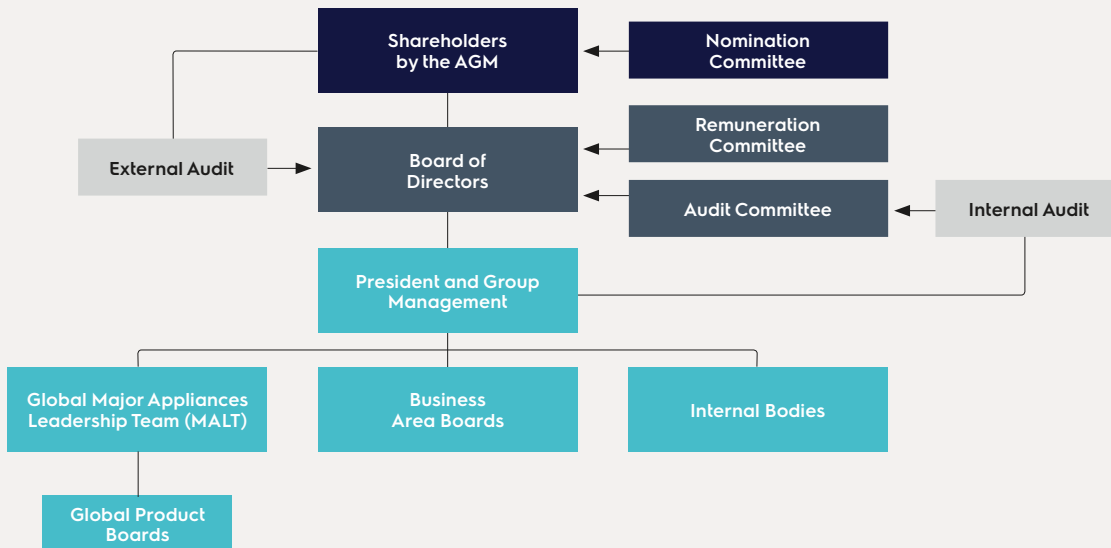
The Electrolux Group is comprised of 146 companies with operations in more than 150 countries. The parent company of the Group is AB Electrolux, a public Swedish limited

liability company. The company's shares are listed on Nasdaq Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, the rule book for issuers at Nasdaq Stockholm and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations. Below is Electrolux formal governance structure.

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux does not report any deviations from the Code in 2015.

Governance structure



Major external regulations

- Swedish Companies Act.
- Rule book for issuers at Nasdaq Stockholm.
- Swedish Code of Corporate Governance.

Major internal regulations

- Articles of Association.
- Board of Directors' working procedures.
- Policies for information, finance, credit, accounting manual, etc.
- Processes for internal control and risk management
- Electrolux Code of Ethics, Policy on Corruption and Bribery and Workplace Code of Conduct

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden. The address of the Group headquarters is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Highlights 2015

- Re-election of all Board members and re-election of Ronnie Leten as Chairman of the Board.
- Performance-based, long-term incentive program for senior management
- Roll-out of and training on Electrolux Workplace Code of Conduct that was updated in 2014.
- Training on Electrolux anti-trust and anti-corruption policies.
- Continued focus on global ethics program, encompassing both training and a whistleblowing system.

Shares and shareholders

The Electrolux share is listed on Nasdaq Stockholm. At year-end 2015, Electrolux had 45,485 shareholders according to the share register kept by Euroclear Sweden AB. Of the total share capital, 42% was owned by Swedish institutions and mutual funds, 52% by foreign investors and 6% by Swedish private investors, see below. Investor AB is the largest shareholder, holding 15.5% of the share capital and 29.96% of the voting rights. The ten largest shareholders accounted for 40.4% of the share capital and 51.2% of the voting rights in the company.

Voting rights

The share capital of Electrolux consists of Class A shares and Class B shares. One A share entitles the holder to one vote and one B-share to one-tenth of a vote. Both A shares and B shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. Owners of A shares can request to convert their A shares into B shares. Conversion reduces the total number of votes in the company. As of December 31, 2015, the total number of registered shares in the company amounted to 308,920,308 shares, of which 8,192,539 were Class A shares and 300,727,769 were Class B shares. The total number of votes in the company was 38,265,316. Class B shares represented 78.6% of the voting rights and 97.3% of the share capital.

Dividend policy

Electrolux target is for the dividend to correspond to at least 30% of the income for the period. For a number of years, the dividend level has been considerably higher than 30%.

The Annual General Meeting (AGM) in March 2015 decided to adopt the Board's proposed dividend of SEK 6.50 per share for 2014. The Board of Directors proposes a dividend for 2015 of SEK 6.50 per share, for a total dividend payment of approximately SEK 1,868m.

Shareholders by the AGM

General Meetings of shareholders

The decision-making rights of shareholders in Electrolux are exercised at shareholders' meetings. The AGM of

Electrolux is held in Stockholm, Sweden, during the first half of the year.

Extraordinary General Meetings may be held at the discretion of the Board or, if requested, by the auditors or by shareholders owning at least 10% of all shares in the company.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed. Additional requirements for participation apply to shareholders with holdings in the form of American Depositary Receipts (ADR) or similar certificates. Holders of such certificates are advised to contact the ADR depository bank, the fund manager or the issuer of the certificates in good time before the meeting in order to obtain additional information.

Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so well in advance to the meeting via an address provided on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting.

Annual General Meeting 2015

The 2015 AGM was held at the Brewery Conference Centre (Sw. Münchenbryggeriet) in Stockholm, Sweden, on March 26, 2015. 1,139 shareholders representing a total of 52.9% of the share capital and 65.0% of the votes

Ownership structure



Swedish institutions and mutual funds, 42%
Foreign investors, 52%
Swedish private investors, 6%

At year-end, about 52% of the total share capital was owned by foreign investors.

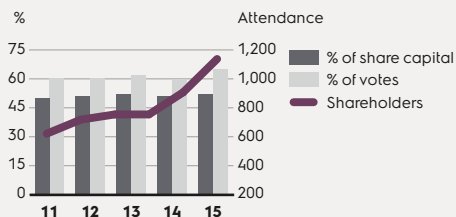
Source: Euroclear Sweden and Holdings as of December 31, 2015

The foreign ownership has increased to 52% at year-end 2015 from 49.2% at year-end 2014.

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. For additional information regarding the ownership structure, see above.

The information on ownership structure is updated quarterly on the Group's website; www.electroluxgroup.com/corporate-governance.

Attendance at AGMs 2011-2015



1,139 shareholders representing a total of 52.9% of the share capital and 65.0% of the votes were present at the 2015 AGM.

were represented at the AGM. The President's speech was broadcasted live via the Group's website and is also available on www.electroluxgroup.com/corporate-governance, together with the minutes. The meeting was held in Swedish, with simultaneous interpretation into English. The speech of the President was held in English and simultaneously interpreted into Swedish. All Board members, as well as the Group's auditor in charge, were present at the meeting.

Decisions at the Annual General Meeting 2015 included:

- Dividend payment of SEK 6.50 per share for fiscal year 2014.
- Re-election of the Board members Lorna Davis, Hasse Johansson, Petra Hedengran, Ronnie Leten, Keith McLoughlin, Bert Nordberg, Fredrik Persson, Ulrika Saxon and Torben Ballegaard Sørensen.
- Re-election of Ronnie Leten as Chairman of the Board.
- Remuneration to the Board members.
- Approval of remuneration guidelines for Electrolux Group Management.
- Performance-based, long-term incentive program for 2015 covering up to 250 managers and key employees.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions and to cover costs that may arise as a result of the share program for 2013.

Annual General Meeting 2016

The next AGM of Electrolux will be held on Wednesday, April 6, 2016, at Stockholm Waterfront Congress Centre in Stockholm, Sweden.

For additional information on the next AGM and how to register attendance, see page 157.

Nomination Committee

Nomination Committee

The AGM resolves upon the nomination process for the Board of Directors and the auditors. The AGM 2011 adopted an instruction for the Nomination Committee which applies until further notice. The instruction involves a process for the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Board and one additional Board member.

The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information which is provided to the company at such time. The names of the representatives and the names of the shareholders they represent shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The Nomination Committee is assisted in preparing proposals for auditors and auditors' fees by the company's Audit Committee. The Audit Committee evaluates the auditors' work and informs the Nomination Committee of its findings.

The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

Nomination Committee for the AGM 2015

The Nomination Committee for the AGM 2015 was comprised of six members. Börje Ekholm of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2015, the Nomination Committee made an assessment of the composition and size of the current Board as well as the Electrolux Group's operations. Areas of particular interest were Electrolux strategies and goals and the demands on the Board that are expected from the Group's positioning for the future. The Nomination Committee also considered that a variety as regards gender, age, nationality, educational background and term of office is represented among the Board members.

The Nomination Committee proposed re-election of all Board members of Electrolux and re-election of Ronnie Leten as Chairman of the Board. After the election at the AGM 2015, three out of eight Board members elected at the shareholders' meeting are women (in this calculation, the President and CEO has not been included in the total number of Board members). A report regarding the work of the Nomination Committee was presented at the AGM 2015. Further information regarding the Nomination Committee and its work can be found on the Group's website; www.electroluxgroup.com/corporate-governance.

Nomination Committee for the AGM 2016

The Nomination Committee for the AGM 2016 is based on the ownership structure as of August 31, 2015, and was announced in a press release on September 24, 2015.

The Nomination Committee's members are:

- Johan Forssell, Investor AB, Chairman
- Mathias Leijon, Nordea Investment Management
- Kaj Thorén, Alecta
- Marianne Nilsson, Swedbank Robur funds
- Ronnie Leten, Chairman of Electrolux
- Torben Ballegaard Sørensen, Board member of Electrolux

Shareholders wishing to submit proposals to the Nomination Committee should send an e-mail to nominationcommittee@electrolux.com.

The AGM resolves upon:

- The adoption of the Annual Report.
- Dividend.
- Election of Board members and, if applicable, auditors.
- Remuneration to Board members and auditors.
- Guidelines for remuneration to Group Management.
- Other important matters.

The Nomination Committee's tasks include preparing a proposal for the next AGM regarding:

- Chairman of the AGM.
- Board members.
- Chairman of the Board.
- Remuneration to Board members.
- Remuneration for committee work.
- Amendments of instructions for the Nomination Committee, if deemed necessary.
- Auditors and auditors' fees, when these matters are to be decided by the following AGM.

The Board of Directors

The Board of Directors has the overall responsibility for Electrolux organization and administration.

Composition of the Board

The Electrolux Board is comprised of nine members without deputies, who are elected by the AGM, and three members with deputies, who are appointed by the Swedish employee organizations in accordance with Swedish labor law. Keith McLoughlin, President and CEO of AB Electrolux during the period January 1, 2011 until January 31, 2016, has left the company and the Board on January 31, 2016. The Board of Directors therefore currently consists of eight members.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the Deputy Chairman of the Board is elected, among other things. The Chairman of the Board of Electrolux is Ronnie Leten and the Deputy Chairman is Torben Ballegaard Sørensen.

All current members of the Board are non-executive members. Three of the eight Board members are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 150–151. The information is updated regularly at the Group's website; www.electroluxgroup.com.

Independence

The Board is considered to be in compliance with relevant requirements for independence. The assessment of each Board member's independence is presented in the table on pages 150–151.

All Directors except for Petra Hedengran have been considered independent. Petra Hedengran has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux.

Jonas Samuelson, President and CEO as from February 1, 2016, has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux.

The Board's tasks

The main task of the Board is to manage the Group's operations in such a manner as to assure the owners that their interests, in terms of a long-term good return on capital, are being met in the best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of Electrolux are available on the Group's website; www.electroluxgroup.com/corporate-governance.

Working procedures and Board meetings

The Board determines its working procedures each year and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the procedures, the Chairman shall:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The working procedures for the Board also include detailed instructions to the President and other corporate functions regarding issues requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, capital expenditure and other expenditure.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this meeting include the election of Deputy Chairman and authorization to sign on behalf of the company. The Board normally holds seven other ordinary meetings during the year. Four of these meetings are held in conjunction with the publication of the Group's full-year report and interim reports. One or two meetings are held in connection with visits to Group operations. Additional meetings, including telephone conferences, are held when necessary.

The Board's work in 2015

During the year, the Board held nine meetings. All meetings except one were held in Stockholm, Sweden. The attendance of each Board member at these meetings is shown in the table on pages 150–151.

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Cecilia Vieweg, Electrolux General Counsel, serves as secretary at the Board meetings.

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the President. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and the Board's Audit Committee receives reports on all investments exceeding SEK 25m.

The Board deals with and decides on group-related issues such as:

- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational management.
- Appointment of and, if necessary, dismissal of the President.
- Overall responsibility for establishing an effective system of internal control and risk management.
- Important policies.

Remuneration to the Board of Directors 2013–2015 (applicable as from the respective AGM)

SEK	2013	2014	2015
Chairman of the Board	1,700,000	1,800,000	2,000,000
Deputy Chairman of the Board	590,000	625,000	640,000
Board member	515,000	540,000	550,000
Chairman of the Audit Committee	200,000	200,000	250,000
Member of the Audit Committee	85,000	90,000	95,000
Chairman of the Remuneration Committee	120,000	120,000	120,000
Member of the Remuneration Committee	55,000	60,000	60,000



Normally, the head of a business area also reviews a current strategic issue at the meeting. For an overview of how the Board's work is spread over the year, see the table below.

Major issues addressed by the Board during 2015

- Dividend payment for the fiscal year 2014.
- Electrolux growth strategy.
- Acquisition of Veetsan, one of the largest manufacturers of professional dishwashers in China.
- Preparations for the planned acquisition of the appliances business of General Electric in the U.S. that was announced in 2014. In December 2015, General Electric terminated the agreement and the acquisition will therefore not be completed.
- Actions to improve competitiveness through manufacturing footprint restructuring and overhead cost reductions including actions to structurally reduce costs within the business area Small Appliances.
- Accelerating efforts to capitalize on the Group's global strength and scope.

Ensuring quality in financial reporting

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function, Management Assurance & Special Assignments.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Board work evaluation

The Board evaluates its work annually with regard to working procedures and the working climate, as well as regards the focus of the Board work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work. The evaluation of the Board is each year initiated and led by the Chairman of the Board. Evaluation tools include questionnaires and discussions.

A separate annual evaluation of the Chairman's work is performed under the leadership of the Deputy Chairman of the Board.

In 2015, all Board members responded to written questionnaires. As part of the evaluation process, the Chairman also had individual discussions with Board members. The evaluations were discussed at a Board meeting and the Chairman was not present when his performance was evaluated.

The result of the evaluations was also presented for the Nomination Committee by the Chairman and the Deputy Chairman. The Chairman was not present when the Deputy Chairman presented the result of the evaluation of the Chairman for the Nomination Committee.

Remuneration to Board members

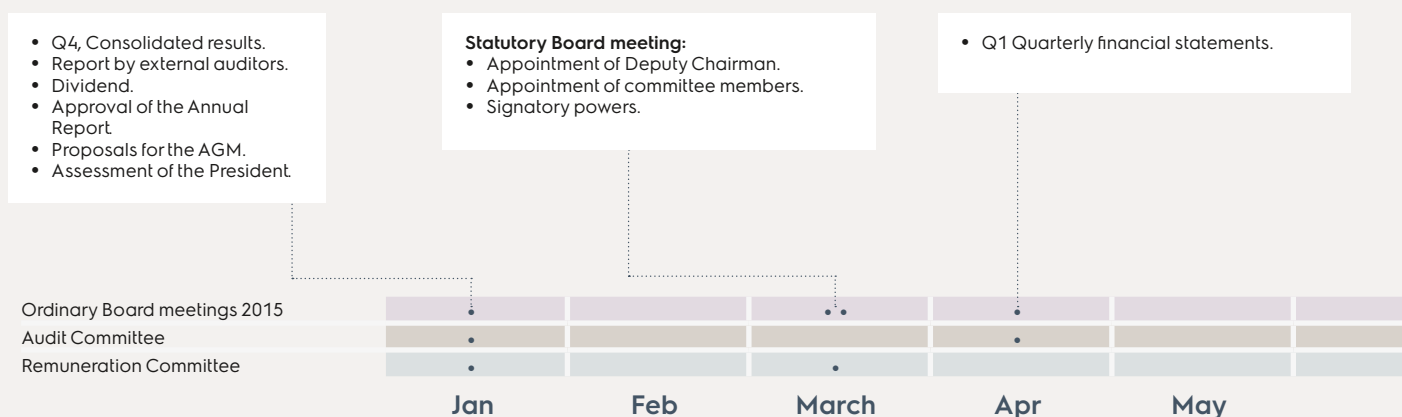
Remuneration to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. Remuneration to each Board member was revised during 2015, see page 143.

The Nomination Committee has recommended that Board members appointed by the AGM acquire Electrolux shares and that these are maintained as long as they are part of the Board. A shareholding of a Board member should after five years correspond to the value of one gross annual fee.

Board members who are not employed by Electrolux are not invited to participate in the Group's long-term incentive programs for senior managers and key employees.

For additional information on remuneration to Board members, see Note 27.

Overview of various items on the Board's agenda and committee meetings 2015



Each scheduled Board meeting included a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters.

**Remuneration
Committee
Audit Committee**

Committees of the Board

The Board has established a Remuneration Committee and an Audit Committee. The major tasks of these

committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the Committees are appointed at the statutory Board meeting following election of Board members.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Remuneration Committee

One of the Remuneration Committee's primary tasks is to propose guidelines for the remuneration to the members of Group Management. The Committee also proposes changes in remuneration to the President, for resolution by the Board, and reviews and resolves on changes in remuneration to other members of Group Management on proposal by the President.

The Committee is comprised of three Board members: Petra Hedengran (Chairman), Ronnie Leten and Lorna Davis. At least two meetings are convened annually. Additional meetings are held as needed.

In 2015, the Remuneration Committee held four meetings. The attendance of each Board member at these meetings is shown in the table on pages 150-151. Significant issues addressed include review of the remuneration to the President, review and resolution on changes in the

remuneration to members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management and general review and preparation of long-term incentive program and remuneration guidelines for Group Management for 2016. The Head of Human Resources and Organizational Development participated in the meetings and was responsible for meeting preparations.

Audit Committee

The main task of the Audit Committee is to oversee the processes of Electrolux financial reporting and internal control in order to secure the quality of the Group's external reporting. The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors and auditors' fees.

The Audit Committee is comprised of three Board members: Torben Ballegaard Sørensen (Chairman), Fredrik Persson and Hasse Johansson. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

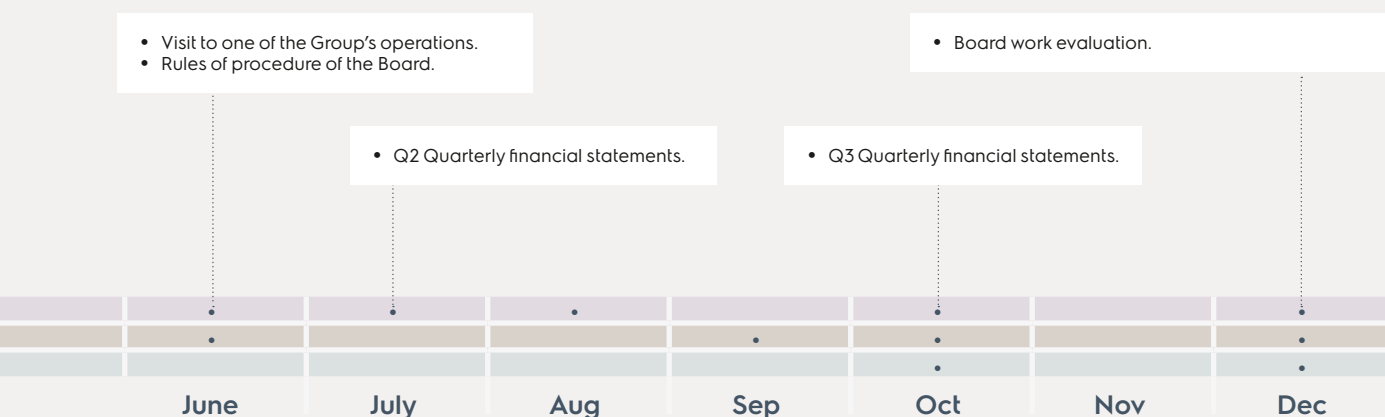
In 2015, the Audit Committee held five meetings. The attendance of each Board member at these meetings is shown in the table on pages 150-151. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and the Head of Internal Audit have participated in the Audit Committee meetings. The General Counsel or another in-house counsel serves as secretary at the Audit Committee meetings.

The Remuneration Committee's tasks include:

- To prepare and evaluate remuneration guidelines for Group Management
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management
- To prepare and evaluate Electrolux long-term incentive programs.

The Audit Committee's tasks include:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow up the activities of the internal audit function Management Assurance & Special Assignments as regards to organization, recruiting, budgets, plans, results and audit reports.
- To review and follow-up certain capital expenditures, investments and disposals.
- To review certain credit limits.
- To oversee the external audit and evaluate the work of the external auditors.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.



**External Audit****External auditors**

The AGM in 2014 re-elected PricewaterhouseCoopers AB (PwC) as the Group's external auditors for a four-year period, until the AGM in 2018. Authorized Public Accountant Anders Lundin is the auditor in charge of Electrolux.

PwC provides an audit opinion regarding AB Electrolux, the financial statements of its subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditors also conduct a review of the report for the third quarter.

The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries and as required by IFAC GAAS, including issuance of audit opinions for the various legal entities.

For additional information on the Group's auditors, see below. For details regarding fees paid to the auditors and their non-audit assignments in the Group, see below and Note 28.

Internal Audit**Internal control and risk management**

The internal audit function, Management Assurance & Special Assignments, is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

For additional information on internal control, see page 154. For additional information on risk management, see Note 1, Note 2 and Note 18.

Auditors

PricewaterhouseCoopers AB

Anders Lundin

Born 1956. Authorized Public Accountant. Partner in Charge.
Other audit assignments: Bonnier Group.
Holdings in AB Electrolux: 0 shares.

Anna Rosendal

Born 1975. Authorized Public Accountant.
Holdings in AB Electrolux: 0 shares.

Holdings in AB Electrolux as of December 31, 2015.

Fees to auditors

SEKm	2013	2014	2015
PwC			
Audit fees	44	38	42
Audit-related fees	2	2	2
Tax fees	5	5	3
All other fees	2	26	21
Total fees to PwC	53	71	68
Audit fees to other audit firms	2	–	–
Total fees to auditors	55	71	68

For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

Company Management of Electrolux

Electrolux – a global leader with a customer focus

Electrolux vision is to be the best appliance company in the world as

measured by its customers, employees and shareholders.

Through profitable growth, innovative products under strong brands, operational excellence, and dedicated employees Electrolux creates the conditions to reach its vision.

Electrolux focus is on strengthening the position in its core markets and increasing the share of sales in growth markets. The strategy is to achieve this through an increased speed of innovative products to the market and growth in new segments, distribution channels and product categories. In addition to organic growth, Electrolux sees a potential to grow through acquisitions. Electrolux objective is to grow with consistent profitability, see the financial goals below.

Dedicated employees with diverse backgrounds and a position of leadership in sustainability are necessary for Electrolux to implement its strategy and achieve its goals. The objective is to develop smarter, more accessible, resource-efficient solutions that meet peoples’ needs and improve their everyday lives.

A sustainable business

The company takes a consistent approach to sustainability in the more than 150 countries where Electrolux operates. Understanding and engaging in challenges such as climate change, creating ethical and safe workplaces, and adopting a responsible approach to sourcing and restructuring are important for realizing the business strategy. Values such as respect, diversity, integrity, ethics, safety and sustainability are at the core of all employee actions when they interact with customers and colleagues around the globe. Key policies in this context include the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct and the Electrolux Policy on Corruption and Bribery.

In the Dow Jones Sustainability World Index (DJSI World) for 2015, Electrolux maintained the position as industry leader in the Household Durables category. The Dow Jones Sustainability Indexes evaluate the performance of the world’s leading companies in sustainability – from each industry on a global and regional level, respectively. The evaluation is based on criteria such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices.

Electrolux has a global Ethics Program, encompassing both ethics training and a whistleblowing system – the Electrolux Ethics Helpline. Through the Ethics Helpline,

employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted. The majority of the reported cases during 2015 relates to discrimination and harassment.

In 2014, Electrolux Workplace Code of Conduct was updated to align with the UN Guiding Principles on Business and Human Rights. Educational activities throughout the organization have taken place in 2015.

Read more about Electrolux sustainability work on www.electroluxgroup.com/sustainability.

Electrolux as a tax payer

One important aspect for Electrolux of being the best appliance company in the world is to act as a good corporate citizen and taxpayer wherever Electrolux operates.

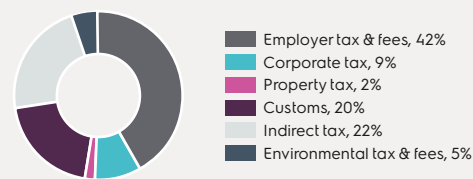
Electrolux plays an important role in contributing to public finances in all jurisdictions where the Group operates. The Group has 58,000 employees in about 60 countries and about 50 manufacturing facilities across five continents.

Of Electrolux total tax contribution, as defined in the below chart, corporate tax represented approximately 9% in 2015. Corporate income taxes are only a minor portion of the Group’s total contribution to public finances in Electrolux markets. In addition to corporate income taxes Electrolux pays indirect taxes, customs duties, property taxes, employee related taxes, environmental charges and a number of other direct or indirect contributions to governments. The total contribution to public finances for 2015 exceeded SEK 5.8bn whereof more than half related to emerging markets.

Electrolux most transparent contribution to public finances around the world is corporate income taxes, see note 10. Corporate income taxes amounted to SEK 533m in 2015, representing a global effective tax rate of the Group of 25.4%. More than two thirds of the total corporate income taxes in 2015 related to the Group’s activities in emerging markets.

For more information on Electrolux tax policy visit www.electroluxgroup.com.

Electrolux total taxes 2015



Mission – 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.

- Growth of at least 4% annually.
- Operating margin of at least 6%.
- Capital turnover-rate of at least 4.
- Return on net assets of at least 20%.

Electrolux vision

We will be the best appliance company in the world, as measured by our customers, employees and shareholders.

Strategy

Profitable growth

Innovation
Products and services
Brand and design
Sustainability

Operational excellence

People and leadership

Values

Core values	Passion for Innovation	Customer Obsession	Drive for Results
Foundation	Respect and Diversity	Ethics and Integrity	Safety and Sustainability



Risk assessment

Risks in connection with the Group's operations can, in general, be divided into operational risks related to business operations and those related to financial operations. Business risks are normally managed by the operative units within the Group, and financial risks by the Group's treasury department.

Electrolux operates in competitive markets, most of which are relatively mature. Demand for appliances varies with general business conditions, and price competition is strong in a number of product categories. The Group's ability to improve profitability and increase shareholder return is based on three elements: Profitable growth, Innovation and Operational Excellence. Realizing this potential requires effective and controlled risk management.

The Group's development is strongly affected by external factors, of which the most important in terms of managing risks currently include: fluctuations in demand, price competition, exposure to customers and suppliers, changes in prices for raw materials and components as well as adapting production capacity. In addition, the Group is exposed to risks related to financial operations, e.g., interest risks, financing risks, currency risks and credit risks.

The Group has established internal bodies to manage these risk exposures, see page 148.

The purpose of the internal audit function, Management Assurance & Special Assignments, is to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting, see page 154.

Management and company structure

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by the business area boards.

Electrolux operations are organized into six business areas. Within Major Appliances, the business areas are geographically defined, while the business areas Small Appliances and Professional Products are global. There are six group staff units that support all business areas: Finance, Legal Affairs, Human Resources and Organizational Development, Marketing and Branding, Global Operations and Communications.

There are a number of internal bodies which are forums that are preparatory and decision-making in their respective areas. Each body includes representatives from concerned functions and in most cases the President and CEO, see chart below.

In order to fully take advantage of the Group's global presence and economies of scale, the Group has established

Global Operations with the responsibility for product development, purchasing, manufacturing, design and quality.

The Group also has a global Major Appliances Leadership Team (MALT) which includes the President, the CFO, the four Major Appliances business area heads, the Chief Marketing Officer, the Chief Operations Officer and the heads of the Product Boards, Purchasing and Manufacturing, the General Counsel and the Head of Human Resources and Organizational Development. The MALT makes decisions and provides clarity on issues and opportunities relevant to the four major appliances businesses. Some decisions regarding cross-sector products and investments are prepared by Global Product Boards. The MALT has the authority to decide when matters amount up to SEK 100m.

President and Group Management

President and Group Management

Group Management includes the President, the six business area heads and five group staff heads. The President is appointed by and receives instructions from the Board. The President, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions. Group Management holds monthly meetings to review the previous month's results, to update forecasts and plans and to discuss strategic issues.

A diversified management team

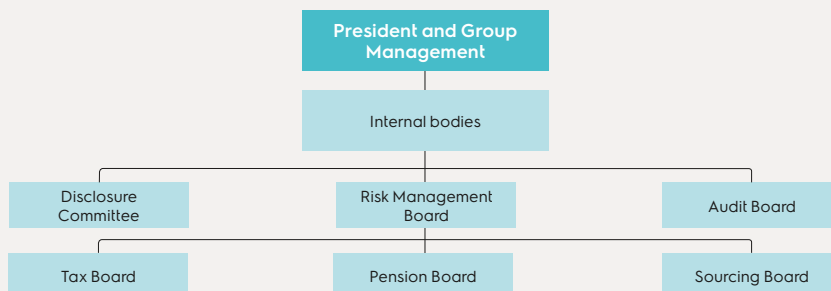
The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group's strategy. Electrolux Group Management represents seven different nationalities and the majority of the members have worked on at least two continents.

Furthermore, most of them have previous experience of predominantly multinational consumer goods companies in various sectors.

A dynamic management team with in-depth knowledge of the conditions in the various markets is crucial to drive profitable growth. In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize purchasing. A formal structure for collaboration throughout the production-creation process between R&D, design and marketing functions, the Innovation Triangle, has been established.

For details regarding members of Group Management, see pages 152-153. The information is updated regularly at the Group's website; www.electroluxgroup.com.

Internal bodies



Major issues addressed by the President and Group Management in 2015

- Electrolux growth strategy.
- Preparations for the planned acquisition of the appliances business of General Electric in the U.S. In December 2015 General Electric terminated the agreement and the acquisition will therefore not be completed.
- Acquisition of Veetsan, one of the largest manufacturers of professional dishwashers in China.
- Measures to improve profitability for Small Appliances including staff reductions and downsizing of activities, mainly in the U.S., Sweden and China.
- Restoring profitability within the operations in North America.
- Manufacturing footprint restructuring.
- Improving efficiency within production through modularization.
- More rapid process for new products.
- New visual identity and digital commerce.
- New technology for connected appliances.
- Project to improve capital efficiency.

Business Area Boards

Business areas

The business area heads are comprised of members of Group Management and have responsibility for the operating income and net assets of their respective business area.

The overall management of the business areas is the responsibility of business area boards, which meet quarterly. The President is the chairman of all such boards. The business area board meetings are attended by the President, the management of the respective business area and the Chief Financial Officer. The business area boards are responsible for monitoring on-going operations, establishing strategies, determining business area budgets and making decisions on major investments.

Remuneration to Group Management

Remuneration guidelines for Group Management are resolved upon by the AGM, based on the proposal from the Board. Remuneration to the President is then resolved upon by the Board, based on proposals from the Remuneration Committee. Changes in the remuneration to other members of Group Management is resolved upon by the Remuneration Committee, based on proposals from the President, and reported to the Board.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize “pay for performance”, and vary with the performance of the individual and the Group.

Remuneration may comprise of:

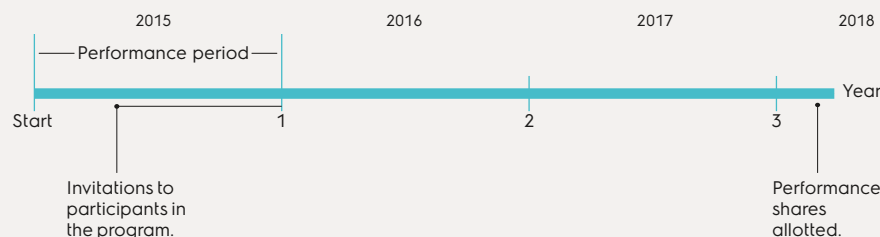
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

Following the “pay for performance” principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made. The targets shall principally relate to financial performance.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM 2015 decided on a long-term share program for up to 250 senior managers and key employees.

For additional information on remuneration, remuneration guidelines, long-term incentive programs and pension benefits, see Note 27.

Time-line for the long-term incentive program for senior management 2015



The calculation of the number of performance shares, if any, is connected to three performance targets for the Group established by the Board: (i) earnings per share (ii) return on net assets, and (iii) organic sales growth, for the 2015 financial year. Allotment of performance shares, if any, to the participants will be made in 2018.



Board of Directors and Auditors

**Ronnie Leten**

Chairman
Born 1956. Belgium.
M.Sc. Applied Econ.
Elected 2012.
Member of
the Electrolux
Remuneration
Committee.

Torben Ballegaard Sørensen

Deputy Chairman
Born 1951. Denmark.
M.B.A.
Elected 2007.
Chairman of the
Electrolux Audit
Committee.

Lorna Davis

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

Petra Hedengran

Born 1964. Sweden.
Master of Laws.
Elected 2014.
Chairman of the
Electrolux Remuneration
committee.

Hasse Johansson

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

Position and board membership

President and CEO of Atlas Copco AB since 2009.

Board Member of Egmont Fonden, Vestas Wind Systems A/S, Systematic Software Engineering A/S, Tajco A/S, AS3-Companies A/S, CAPNOVA A/S and Liquid Vanity ApS.

Executive Vice President and Chief Manifesto Catalyst at Groupe Danone since 2015.

General Counsel and member of Group Management of Investor AB since 2007. Board Member of The Association for Generally Accepted Principles in the Securities Market (Sw. Föreningen för god sed på värdepappersmarknaden).

Chairman of the Board of Dynamate Industrial Services AB, Lindholmen Science Park AB and VINNOVA (Swedish Governmental Agency for Innovation Systems) and Vicura AB. Board Member of Fouriertransform AB, Skyllbergs Bruk AB, Calix Group AB, Klippan Group AB, RISE Research Institutes of Sweden AB and SP Technical Research Institute of Sweden.

Previous positions

Various leading positions within the Atlas Copco Group, 1997-2009 and 1985-1995. Plant Manager of Tenneco Automotive Inc, Belgium, 1995-1997. Various positions within General Biscuits, 1979-1985.

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.

President of Biscuits, North America, and Senior Vice President and Global Biscuits Category Head with Mandeléz International (former part of Kraft Foods), 2011-2015. President of Danone Biscuits/Kraft Foods China, 2006-2011. Senior positions in Danone in the UK and New Zealand. Various positions in consumer goods in Australia and South Africa.

Attorney and partner at Advokatfirman Lindahl, 2002-2007. General Counsel of ABB Financial Services, Nordic Region, 1998-2002. Corporate Counsel at ABB Financial Services, 1991-1998. Law Clerk with the Stockholm District Court, 1990-1991. Associate at Gunnar Lindhs Advokatbyrå, 1988-1990.

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.

Total remuneration 2015, SEK	2,010,000	869,000	608,000	668,000	641,000
Board meeting attendance	9/9	9/9	9/9	9/9	9/9
Remuneration Committee attendance	4/4 ●		4/4 ●	4/4 ●	
Audit Committee attendance		5/5 ●			5/5 ●
Shareholdings in AB Electrolux	10,000 B shares.	5,000 B shares.	2,226 B shares.	525 B shares.	4,000 B shares.
Independence¹⁾	Yes	Yes	Yes	No	Yes

● Chairman ● Member

¹⁾ For further information about the independence assessment, see page 143.

Changes in the Board of Directors during 2016

Keith McLoughlin, President and Chief Executive Officer of AB Electrolux during the period January 1, 2011 until January 31, 2016, has left the company and the Board on January 31, 2016. **Jonas Samuelson** has been appointed new President and Chief Executive Officer as from February 1, 2016.

Shareholdings in AB Electrolux are stated as of December 31, 2015. The information is regularly updated at www.electroluxgroup.com.

**Bert Nordberg**

Born 1956. Sweden. Engineer. Elected 2013.

Chairman of the Board of Vestas Wind Systems A/S and Imagination Technologies Group Plc. Board Member of Svenska Cellulosa AB SCA and Axis AB.

Chairman, President and CEO of Sony Mobile Communications AB, 2009-2012. Various leading positions within the Ericsson Group, 1996-2009. Various positions within Data General Corporation and Digital Equipment Corporation, 1985-1996.

548,000

8/9

**Fredrik Persson**

Born 1968. Sweden. M.Sc. Econ. Elected 2012. Member of the Electrolux Audit Committee.

Board Chairman of Axfood AB and the Swedish Trade Federation, Deputy Chairman of ICC Sweden. Board Member of the Confederation of Swedish Enterprise and Lancelot Holding AB.

President and CEO of Axel Johnson AB, 2007-2015. Executive Vice-President and Chief Financial Officer of Axel Johnson AB, 2000-2007. Head of Research of Aros Securities AB, 1998-2000. Various positions within ABB Financial Services AB, 1992-1998.

641,000

9/9

5/5 ●

Through company: 3,000 B shares.

2,000 B shares.

**Ulrika Saxon**

Born 1966. Sweden. Studies in Economics at the Stockholm School of Economics. Elected 2011.

President and CEO of Bonnier Growth Media since 2012 and member of Bonnier AB group management since 2009. Board Member of Svensk Filmindustri, Nordic Cinema Group, Toca Boca, Evoke Gaming, United Screens, Mag+ Inc., KIT Media and Refunder.

Senior positions in various companies within the Bonnier Group since 1998: CEO of Bonnier Tidskrifter, 2005-2012. Executive Director of Bonnier Magazines, 2009-2012. Executive Director of Bonnier Entertainment, 2011. CEO of Bonzoo Media, 2002-2005. Senior positions within marketing and media strategy consultancy, 1991-1998.

548,000

9/9

1,000 B shares.

Yes

Yes

Yes

Employee representatives**Ola Bertilsson**

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006. Board meeting attendance: 4/9. Holdings in AB Electrolux: 0 shares.

**Gunilla Brandt**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2006. Board meeting attendance: 9/9. Holdings in AB Electrolux: 0 shares.

**Ulf Carlsson**

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001. Board meeting attendance: 8/9. Holdings in AB Electrolux: 0 shares.

Employee representatives, deputy members**Bo Rothzén**

Born 1963. Representative of the Swedish Confederation of Trade Unions. Elected 2012. Holdings in AB Electrolux: 0 shares.

**Richard Dellner**

Born 1953. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2013. Holdings in AB Electrolux: 500 B shares.

**Peter Ferm**

Born 1965. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2014. Holdings in AB Electrolux: 0 shares.

Secretary of the Board**Cecilia Vieweg**

Born 1955. M. of Law. General Counsel of AB Electrolux. Secretary of the Electrolux Board since 1999. Holdings in AB Electrolux: 23,897 B shares.

Committees of the Board of Directors**The Remuneration Committee**

The Remuneration Committee comprises three Board members: Petra Hedengran (Chairman), Ronnie Leten and Lorna Davis.

The Audit Committee

The Audit Committee is comprised of three Board members: Torben Ballegaard Sørensen (Chairman), Fredrik Persson and Hasse Johansson.

Auditors**PricewaterhouseCoopers AB****Anders Lundin**

Born 1956. Authorized Public Accountant. Partner in Charge. Other audit assignments: Bonnier Group. Holdings in AB Electrolux: 0 shares.

Anna Rosendal

Born 1975. Authorized Public Accountant. Holdings in AB Electrolux: 0 shares.

At the Annual General Meeting in 2014, PricewaterhouseCoopers AB (PwC) was re-elected as auditors for a four-year period until the Annual General Meeting in 2018.



Group Management

**Jonas Samuelson**

President and Chief Executive Officer
Born 1968. Sweden. M. Sc. in Business Administration and Economics. In Group Management since 2008.

Daniel Arler

Head of Major Appliances Europe, Middle East and Africa, Executive Vice President of AB Electrolux.
Born 1969. The Netherlands. B.Sc. in Marketing. In Group Management since 2016.

Henrik Bergström

Head of Small Appliances, Executive Vice President
Born 1972. Sweden. M. Sc. in Business Administration and Economics. In Group Management since 2010.

Jan Brockmann

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

Tomas Eliasson

Chief Financial Officer
Born 1962. Sweden. B. Sc. in Business Administration and Economics. In Group Management since 2012.

Ruy Hirschheimer

Head of Major Appliances Latin America, Executive Vice President
Born 1948. Brazil. M.B.A. Doctoral. Program in Business Administration. In Group Management since 2008.

Previous positions	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, 2011-2016. President and CEO of AB Electrolux, 2016.	Management positions at Whirlpool Corporation in Europe, 1993-1999. Management positions at Stanley Works Europe, 1999-2002. European Brand & Marketing Director at Electrolux, 2002-2004. Head of Asia Pacific Laundry Product Line 2004-2006. General Manager Electrolux Japan 2006-2008. Management positions in Electrolux Major Appliances EMEA, including SVP Product Line Kitchen, 2009-2016. Head of Major Appliances EMEA and Executive Vice President of AB Electrolux, 2016.	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 of 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.	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. Head of R&D, Electrolux Major Appliances, 2010. Group Chief Technology Officer, 2011. Since 2015 Chief Operations Officer, heading R&D, purchasing, manufacturing, design, quality and other areas.	Management positions within ABB Group, 1987-2002. Chief Financial Officer of Seco Tools AB, 2002-2006. Chief Financial Officer of ASSA ABLOY AB, 2006-2012. Chief Financial Officer of AB Electrolux, 2012.	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. Head of Electrolux Brazilian Major Appliances operations, 1998. Head of Electrolux Major Appliances Latin America, 2002. Executive Vice President of AB Electrolux, 2008.
Board membership	Board Member of Polygon AB.				Board member of Millicom International Cellular S.A.	
Shareholdings in AB Electrolux	14,460 B-shares.	6,903 B-shares.	10,939 B shares.	0 shares.	8,116 B shares.	33,623 B shares.

Changes in Group management during 2015 and 2016

Jonas Samuelson has been appointed new President and Chief Executive Officer as from February 1, 2016. He succeeded Keith McLoughlin who retired from the company.

Daniel Arler has succeed Jonas Samuelson in his role as Head of Major Appliances Europe, Middle East and Africa as from February 1, 2016.

Alan Shaw joined Electrolux on February 1, 2016 as Head of Major North America. Keith McLoughlin has in addition to his role as President and Chief Executive Officer been acting interim Head of Major Appliances North America after Jack Truong left his position in April 2015 until Alan Shaw joined.

Kenneth L. Ng joined Electrolux in April 2015 as Head of Major Appliances Asia Pacific. He succeeded Gunilla Nordström who left the Group.

On January 22, 2016 it was announced that **Tomas Eliasson**, Chief Financial Officer, will leave the company and that a process to recruit a successor has been initiated. Tomas Eliasson will remain in the company up to six months.

Shareholdings in AB Electrolux are stated as of December 31, 2015. The information is regularly updated at www.electroluxgroup.com.



MaryKay Kopf
Chief Marketing Officer, Senior Vice President
Born 1965. USA. B.Sc. Finance, M.B.A. In Group Management since 2011.



Kenneth L. Ng
Head of Major Appliances Asia/Pacific, Executive Vice President
Born 1962. USA. MBA and B.S. in Marketing. In Group Management since 2015.



Alan Shaw
Head of Major Appliances North America, Executive Vice President of AB Electrolux.
Born 1963. USA. B.S. in Economics and Political Science, M.B.A. in Marketing. In Group Management since 2016.



Cecilia Vieweg
General Counsel, Senior Vice President
Born 1955. Sweden. M. of Law. In Group Management since 1999.



Lars Worsøe-Petersen
Head of Human Resources and Organizational Development, Senior Vice President
Born 1958. Denmark. M.Econ. In Group Management since 2011.



Alberto Zanata
Head of Professional Products, Executive Vice President
Born 1960. Italy. University degree in Electrical Engineering with Business Administration. In Group Management since 2009.

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

Senior management positions in Philips Electronics in China and Australia/New Zealand, 1999-2004. China CEO of Decorative Paints, within Imperial Chemicals Industries, 2004-2008. President of American Standard Asia Pacific (Lixil Corp subsidiary) 2008-2012, CEO and President of Lixil Corp in Greater China, 2013-2015. Head of Electrolux Major Appliances Asia/Pacific and Executive Vice President of AB Electrolux, 2015.

Product management positions at Whirlpool Corporation, 1987-1991. Marketing Director at Whirlpool JV, Consul, in Brazil, 1991-1994. Various senior management positions in Asia-Pacific and North America at Whirlpool, 1994-2003. President and Chief Executive Officer at Murray Group, 2003-2005. President and Chief Executive Officer at Char-Broil LLC, 2005-2013. Executive Vice President at Husqvarna AB, 2013-2015. Head of Major Appliances North America and Executive Vice President of AB Electrolux, 2016.

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. Senior Vice President and General Counsel of AB Electrolux, 1999, with the responsibility for legal, intellectual property, risk management and security matters.

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.

Senior management positions in Electrolux Professional Products 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.

Board member of World Kitchen, LLC.

Board member of Lundin Petroleum AB and The Association of Swedish Engineering Industries and member of the Swedish Securities Council.

20,984 B shares.

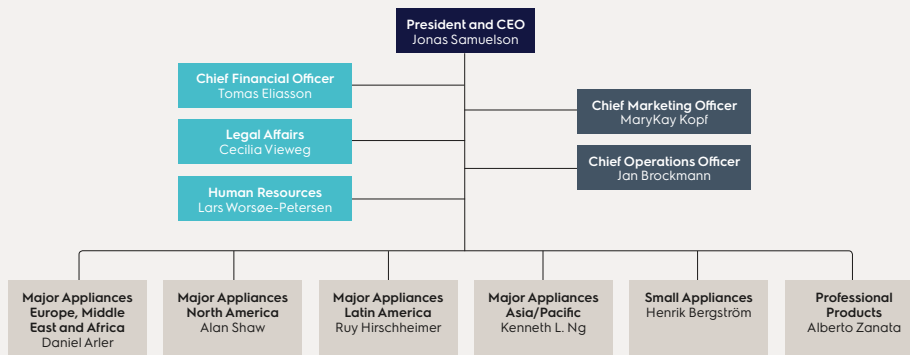
0 shares.

0 shares.

23,897 B shares.

11,428 B shares.

23,548 B shares.



Internal control over financial reporting

The Electrolux Control System (ECS) has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

The ECS is based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, monitor and improve and inform and communicate.

Control environment

The foundation for the ECS is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and procedures, manuals, and codes, and enforced by the organizational structure of Electrolux with clear responsibility and authority based on collective values.

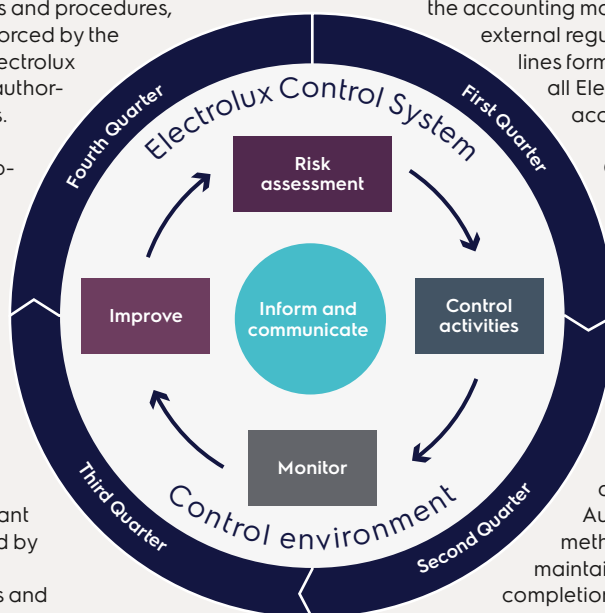
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 140. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant manuals, policies and important accounting principles applied by the Group.

The limits of responsibilities and authorities are given in instructions for delegation of authority, manuals, policies and procedures, and codes, including the Electrolux Code of Ethics, the Electrolux Workplace Code of Conduct, and

the Electrolux Policy on Corruption and Bribery, as well as in policies for information, finance and credit, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management have the ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 152-153.

The ECS Program Office, a department within the Internal Audit function, has developed the methodology and is responsible for maintaining the ECS. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group.



Control environment – Example

Accounting Manual

Accounting principles and reporting instructions for the Group's reporting entities are contained in the Electrolux Accounting Manual. The Accounting Manual is mandatory for all reporting units.

Credit Policy

Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Document

Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Internal Control Policy

Details responsibility for internal controls. Controls should address the Minimum Internal Control Requirements (MICR) within every applicable process, for example "Order to Cash".

Workplace Code of Conduct

Minimum standards in the area of environment, health and safety, labor standards and human rights. The Workplace Code of Conduct is mandatory for Electrolux units as well as suppliers.

Risk assessment

Risk assessment

Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy,

valuation and reporting for significant accounts in the financial reporting for the Group as well as risk of loss or misappropriation of assets.

At the beginning of each calendar year, the ECS Program Office performs a global risk assessment to determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, a number of different processes generating transactions that end up in significant accounts in the financial reporting have been identified. All larger reporting units perform the ECS activities. These larger units cover approximately 81% of the total external sales and 70% of the external assets of the Group.

The ECS has been rolled out to almost all of the smaller units within the Group. The scope for these units is limited to the four major processes Closing Routine, Order to Cash, Manage Inventory and Procure to Pay and predetermined key risks therein. The scope is also limited in terms of monitoring as management is not formally required to test the controls.

Control activities

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as

process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the ECS, the following types of controls are implemented, documented and tested:

- Manual and application controls – to secure that key risks related to financial reporting within processes are controlled.
- IT general controls – to secure the IT environment for key applications.
- Entity-wide controls – to secure and enhance the control environment

Monitor

Monitor and Improve

Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

Improve

The effectiveness of control activities is monitored continuously at four levels: Group, business area, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within the ECS, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. The Group's Internal Audit function maintains test plans and performs independent testing of selected controls. Controls that have failed must be remediated, which means establishing and implementing actions to correct weaknesses.

The test results from the larger reporting units are presented to the external auditors who assess the results of the testing performed by management and the Internal Audit function and determine to what extent they can rely upon the work within the ECS for Group audit and statutory audit purposes. The Audit Committee reviews reports regarding internal control and processes for financial reporting. The Group's Internal Audit function proactively proposes improvements to the control environment. The head of the Internal Audit function has dual reporting lines: To the President and the Audit Committee for assurance activities, and to the CFO for other activities.

Inform and communicate

Inform and communicate

Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the Group-wide intranet as well as information related to the ECS.

To inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the ECS. The status of the ECS activities is followed up continuously through status calls between the ECS Program Office and coordinators in the sectors. Information about the status of the ECS is provided periodically to Sector and Group Management, the Audit Board and the Audit Committee.

Risk assessment – Example

Closing Routine – Risks assessed



Manage IT – Risks assessed



Order to Cash – Risks assessed



Control activities – Example

Process	Risk assessed	Control activity
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.
Manage IT	Risk of unauthorized/incorrect changes in the IT environment	All changes in the IT environment are authorized, tested, verified and finally approved.
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.
Order to Cash	Risk of incurring bad debt	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.

**Financial reporting and information**

Electrolux routines and systems for information and communication aim at providing the market with relevant, reliable, correct and vital information concerning the development of the Group and its financial position. Specifically for purposes of considering the materiality of information, including financial reporting, relating to Electrolux and ensuring timely communication to the market, a Disclosure Committee has been formed.

Electrolux has an information policy meeting the requirements for a listed company.

Financial information is issued regularly in the form of:

- Full-year reports and interim reports, published as press releases.
- The Annual Report
- Press releases on all matters which could materially affect the share price.
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of full-year and quarterly results and in conjunction with the release of important news.
- Meetings with financial analysts and investors in Sweden and worldwide.

All reports, presentations and press releases are published simultaneously at www.electroluxgroup.com/ir.

Stockholm, January 27, 2016

AB Electrolux (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the annual meeting of the shareholders of AB Electrolux (publ), corporate identity number 556009-4178

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 on pages 140-156 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, February 19, 2016

PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant
Partner in Charge

Anna Rosendal
Authorized Public
Accountant

Factors affecting forward-looking statements

This annual report contains "forward-looking" statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Such statements include, among others, the financial goals and targets of Electrolux for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but may not be limited to the following; consumer demand and market conditions in the geographical areas and industries in which

Electrolux operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, progress in achieving structural and supply-chain reorganization goals.

Annual General Meeting

The Annual General Meeting will be held at 5 pm on Wednesday, April 6, 2016, at Stockholm Waterfront Congress Centre, Nils Ericsons plan 4, Stockholm, Sweden.

Participation

Shareholders who intend to participate in the Annual General Meeting must

- be registered in the share register kept by the Swedish central securities depository Euroclear Sweden AB on Thursday, March 31, 2016, and
- give notice of intent to participate, to Electrolux on Thursday, March 31, 2016, at the latest.

Notice of participation

Notice of intent to participate can be given

- on the Group's website;
www.electroluxgroup.com/agm2016
- by telephone +46 8 402 92 79,
on weekdays between 9 am and 4 pm
- by mail to
AB Electrolux
c/o Euroclear Sweden AB
Box 191
SE-101 23 Stockholm
Sweden

Notice should include the shareholder's name, personal identity or registration number, address, telephone number and the number of assistants attending, if any. Shareholders may vote by proxy, in which case a power of attorney should be submitted to Electrolux well in advance of the Annual General Meeting.

Proxy forms in English and Swedish are available on the Group's website; www.electroluxgroup.com/agm2016.

Shares registered by trustee

Shareholders that have their shares registered in the name of a nominee must, in addition to giving notice of participation in the meeting, temporarily be recorded in the share register in their own names (so called voting-rights registration) to be able to participate in the General Meeting. In order for such registration to be effectuated on Thursday, March 31, 2016, shareholders should contact their bank or trustee well in advance of that date.

Dividend

The Board of Directors proposes a dividend for 2015 of SEK 6.50 per share, for a total dividend payment of approximately SEK 1,868m. The proposed dividend corresponds to approximately 119% of income for the period. Friday, April 8, 2016, is proposed as record date for the dividend. The estimated date for payment of dividend is Wednesday, April 13, 2016.

Dates regarding the AGM 2016

2015

September

25 Nomination Committee appointed for AGM 2016

2016

February

15 Proposals from Nomination Committee presented
26 Notice to AGM published

March

31 Deadline for notice of intent to participate in AGM and registration in share register

April

6 AGM 2016
8 Proposed record date for dividend
13 Estimated date for payment of dividend

Recognitions



Electrolux wins seven Red Dot awards

Design awards In 2015, Electrolux received several prestigious design awards, such as Red dot design, iF design, Good Design Australia, Plus X Award and Green Product Award.

Electrolux Masterpiece collection During 2015 the Masterpiece Collection has won all the most prestigious design awards: Red Dot, iF and Plus X. The Electrolux Masterpiece Collection® offers an uncompromised consumer experience. PowerTilt® technology improves blending performance and taste. The timeless, robust design is constructed with high-quality materials such as stainless steel and die-cast alloy.



Industry leader in RobecoSAM annual rating

In 2015, and for the ninth consecutive year, Electrolux was recognized as leader of its industry sector in the prestigious Dow Jones Sustainability World Index. Sustainability leadership requires a clear vision, strong organizational alignment and global commitment.

#spacetobreathe

Asthma is one of the leading causes of school absence due to illness. By asking 10,000 decision-makers to breathe through a straw, Electrolux wants to inspire the world to create asthma-friendly environments that allow all children to be part of the community.

Read more on electrolux.com/spacetobreathe

ELECTROLUX RECOGNIZES

Electrolux Design Lab 2015

The theme for Electrolux Design Lab 2015 was "Healthy Happy Kids" as the competition looked for innovative ideas for products, accessories, consumables and services in three focus areas: Cooking, Fabric Care and Air Purification.

The winner of the Electrolux Design Lab 2015 was, Bloom by Jordan Lee Martin of the United Kingdom. Bloom is a concept that bridges the gap between digital and practical education by encouraging good kitchen habits in a fun way. Bloom is a unique kettle that utilizes steam – an otherwise wasted form of energy – and recycles it through three separate pods in a safe and accessible way for children.

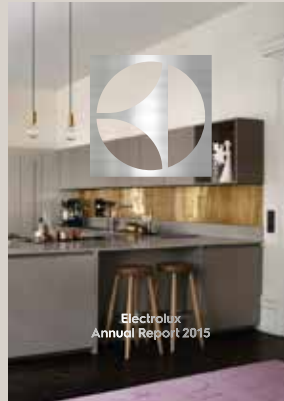
More information:
electroluxdesignlab.com





Events and reports

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



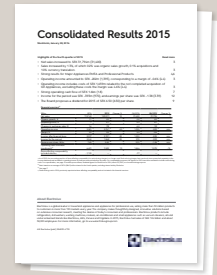
Electrolux Annual Report 2015



Electrolux annual report
electroluxgroup.com/annualreport2015



Electrolux sustainability reports (GRI)
electroluxgroup.com/sustainability



Electrolux interim reports
electroluxgroup.com/ir

Financial reports and major events in 2016



Consolidated report



Annual General Meeting



Interim report January–March



Interim report January–June



Interim report January–September

Electrolux subscription service can be accessed at
electroluxgroup.com/subscribe



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Electrolux



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On the web:
www.electroluxgroup.com/annualreport2015