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**Electrolux**

# Press release

Stockholm, April 25, 2012

*President and CEO Keith McLoughlin's comments on the results for the first quarter of 2012*

## Improved earnings resulting from sales growth and higher prices

**Despite a continued weak appliance demand in the mature markets during the quarter, Electrolux was able to improve sales and earnings year-over-year. The record-high sales growth was not only attributable to acquisitions, but was also driven by strong organic growth, especially in Latin America. In North America, we are seeing that our price increases are having a positive impact, and our European appliance operation is regaining market share. We continued to improve our cash flow as a result of our ongoing efforts to improve working capital.**

In the first quarter, net sales grew by more than 10%, which is a record total sales figure for our appliance business. While the bulk of the growth generated (6%) was attributable to our acquisitions of the Egyptian company Olympic Group and the Chilean company CTI, organic growth accounted for approximately 4%. Operations in Latin America recorded organic growth of 12% during the first quarter, partly driven by government tax incentives in Brazil.

The market demand for core appliances in North America in the first quarter was somewhat weaker than we previously anticipated, however we still expect a certain degree of improvement in the US market by the end of 2012 supported by modest growth in the housing market. Our price increases in the past year made a significant contribution to the improvement in first-quarter operating income. We raised our prices further in February and we believe that prices will be a key ingredient to improve earnings in North America during 2012.

Following several quarters of sliding market share in Europe, we have been able to turn this trend and have, since the end of 2011, regained share. We are capturing shares in strategically important areas within the premium segments, such as built-in kitchen appliances. One of the key factors behind this trend is the launch of new products under the premium brand AEG, which has received a strong market response, and there is more to come in this respect. Last week at the Eurocucina kitchen fair in Milan, the major event during the year for kitchen appliances in Europe, we launched the next generation of high-end appliances under the Electrolux brand, "The Inspiration Range", for the European market. Together with the AEG products and the re-launch of Zanussi products for the mass-market segment, we will deliver a highly competitive product offering in all segments for the entire European market. To support the coming product launches, market spend will increase going forward.

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Our view for the remainder of 2012 is consistent with the overall guidance we have previously communicated. While we expect the trend going forward to shift in a more positive direction in the form of gradual improvements in prices and mix and lower costs, we do not anticipate that demand in mature markets will recover in the first half of 2012. We still expect raw-material costs to exceed the 2011 level by a maximum of SEK 500m, with the majority of the amount to impact the first half of the year. We also anticipate increased costs for sourced products, transportation and marketing in 2012.

To summarize, we expect earnings to be sequentially better for the second quarter and earnings for the second half of the year to be stronger both compared to the first half of this year, and versus the second half of last year.

We continue to generate a solid cash flow mainly due to a healthy trend in our working capital, which is attributable to our ongoing structural efforts to reduce tied-up capital. This strong cash flow has strengthened our balance sheet, enabling us to be prepared for both the uncertainties and the opportunities we face in the period ahead.

Stockholm, April 25, 2012

Keith McLoughlin  
President and Chief Executive Officer

Electrolux discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 CET on April 25, 2012.

## About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 40 million products to customers in more than 150 markets every year. The company focuses on innovative solutions that are thoughtfully designed, based on extensive consumer insight, to meet the real needs of consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, cookers, air-conditioners and small appliances such as vacuum cleaners sold under esteemed brands like Electrolux, AEG, Eureka and Frigidaire. In 2011 Electrolux had sales of SEK 102 billion and 58,000 employees. For more information go to [www.electrolux.com/press](http://www.electrolux.com/press) and [www.electrolux.com/news](http://www.electrolux.com/news).