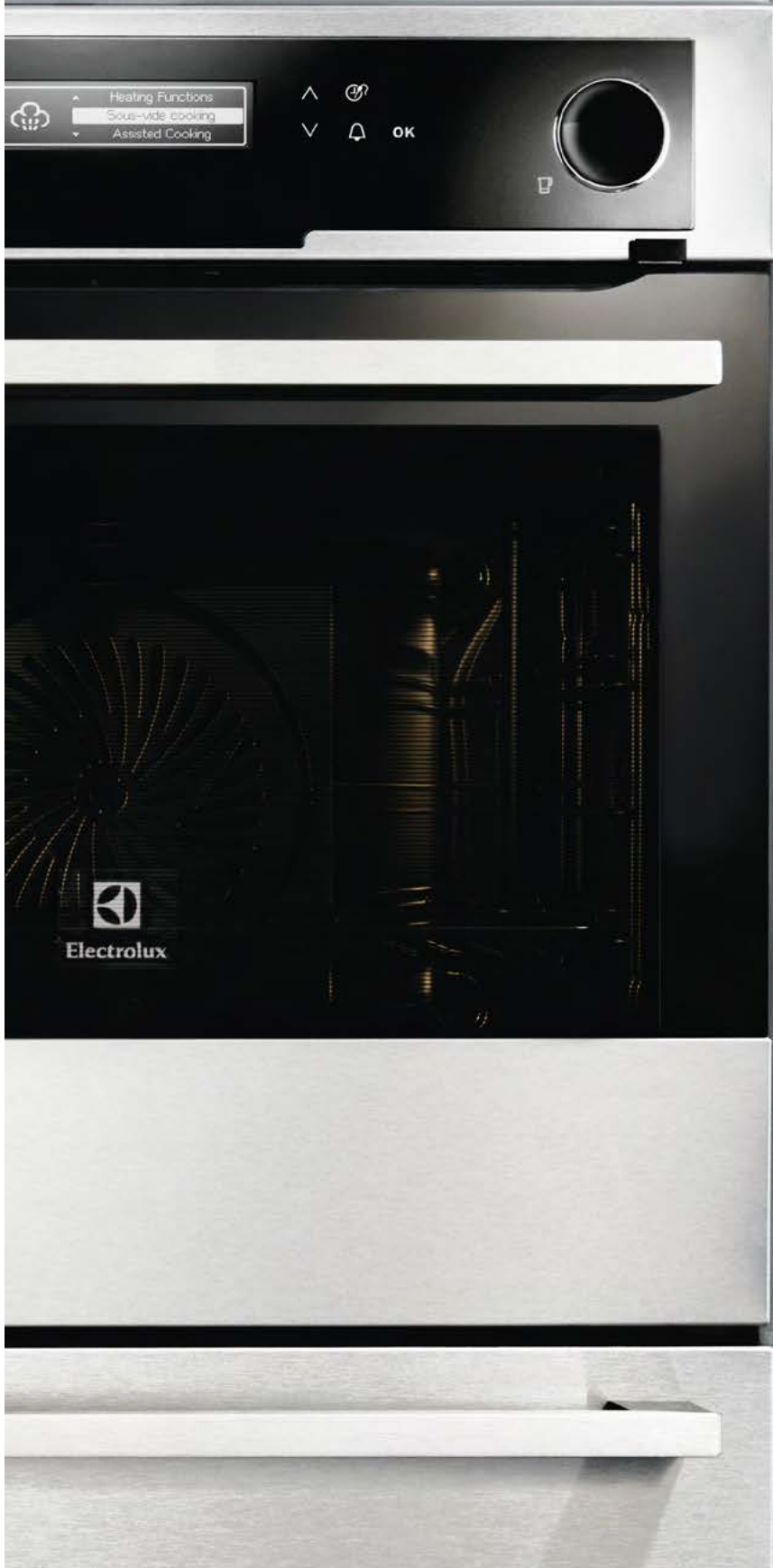


2013

Annual Report



Thinking of you
Electrolux



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

customers

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


Cover: In 2013, Electrolux launched a combi-steam
Sous-vide oven and vacuum sealer as a dual set of
appliances that facilitates domestic sous-vide cooking.
Sous-vide is a steam cooking technique widely used for
the preparation of food in some of the best restaurants
in the world.



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

employees

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



The Electrolux CombiSteam Sous-vide oven is an excellent example of how the Group can leverage its professional heritage to introduce new features and types of products to consumers in the premium segment. Sous-vide cooking is a two-part process where dishes are vacuum-sealed before being steam-cooked at low temperatures.





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

shareholders

*The combination of continuous growth, high profitability,
a stable cashflow, and a small capital base generates
a high total return for shareholders. Over the past five years,
the average annual total return on the Electrolux share was 24%,
while the average annual SIX index return was 20%.*

The Electrolux Gourmet range of kitchen appliances combines the expertise and capabilities of leading professionals with the ease-of-use and aesthetics that consumers value. The range was launched in 2013 in partnership with the Poggenpohl Group.



2013 Summary

- Organic sales growth of 4.5%.
- Strong performance for Major Appliances North America.
- Weak market conditions in Europe and unfavourable currency movements impacted earnings.
- A year of extensive product launches in several markets and product mix improvements.
- The Board proposes an unchanged dividend of SEK 6.50 per share.

Strong organic sales growth page 22

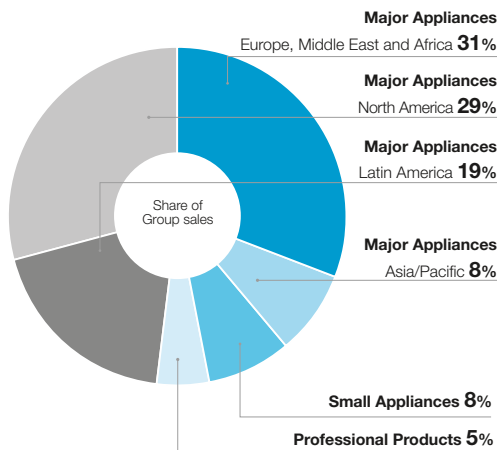
Net sales
+4.5%

Sales growth in most regions except for Europe. Growth was particularly strong in North America, Asia/Pacific and Latin America. Product launches and price increases contributed to the positive sales trend.

Operating margin
3.7%

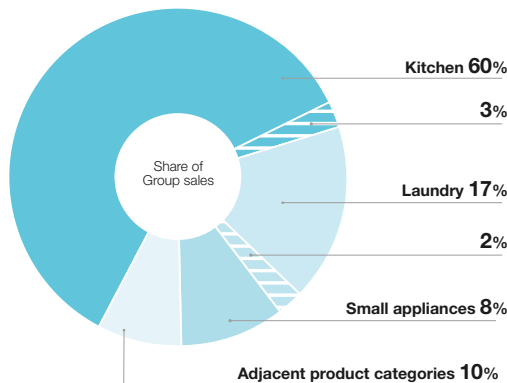
Operating income, excluding items affecting comparability, amounted to SEK 4,055m corresponding to a margin of 3.7%. Increased sales in most regions and product-mix improvements positively contributed to operating income, while continued weak markets in Europe and unfavourable currency development had a negative impact. 2013 was a year with extensive product launches across most markets. The significance of sales in growth markets is increasing. Electrolux aims to increase this share to 50% of sales.

Business areas page 54



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

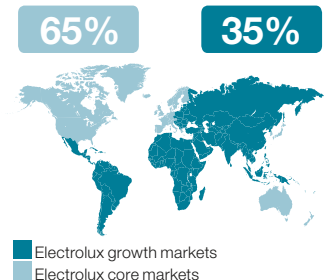
Our products page 28



Electrolux is the only appliance manufacturer in the industry to offer complete solutions for both consumers and professionals. The focus is on innovative and energy-efficient products in the premium segments.

- Professional kitchen, 3%
- Professional laundry, 2%

Share of Group sales



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Sustainability
A comprehensive sustainability performance review will be included in the online Annual Report, please visit www.electrolux.com/annualreport2013

Performance in relation to Electrolux financial goals

page 14

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.

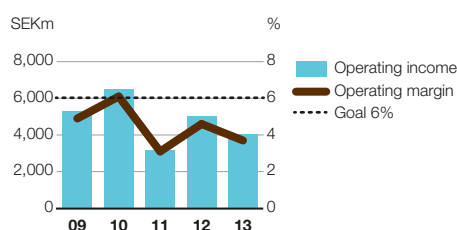
Financial goals over a business cycle*

Operating margin

6%

of at least 6%

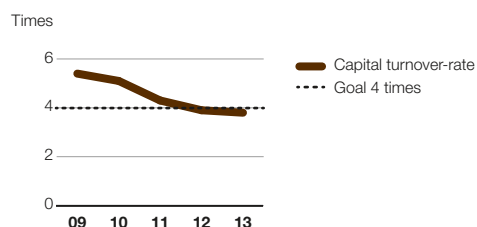
Five-year



Capital turnover-rate

4times

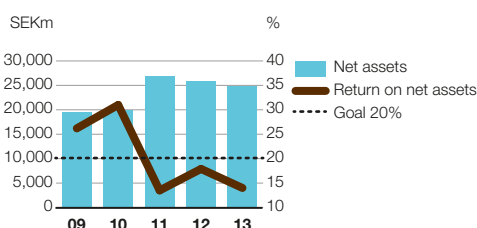
of at least 4 times



Return on net assets

20%

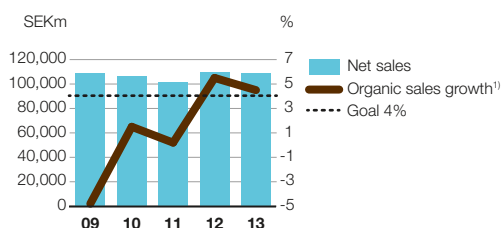
of at least 20%



Average growth

4%

of at least 4% annually



*Financial goals are excluding items affecting comparability.

Product overview

Electrolux is a global leader in home appliances, based on deep consumer insight and developed in close collaboration with professional users. We offer thoughtfully designed, innovative 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 50 million products to customers in more than 150 markets every year. In 2013, Electrolux had sales of SEK 109 billion and about 61,000 employees.

63%
Share of Group sales

Kitchen

page **29**

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 developed that facilitate preparation, storage and dishwashing.

Professional kitchens, **3%**



19%
Share of Group sales

Laundry

page 30

Washing machines and tumble-dryers are the core of the Electrolux product offering for washing and garment care. Demand is driven by innovations and a growing preference for capacity, user-friendliness and resource efficiency.



Professional laundry, 2%

8%
Share of Group sales

Small appliances

page 30

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



10%
Share of Group sales

Adjacent product categories

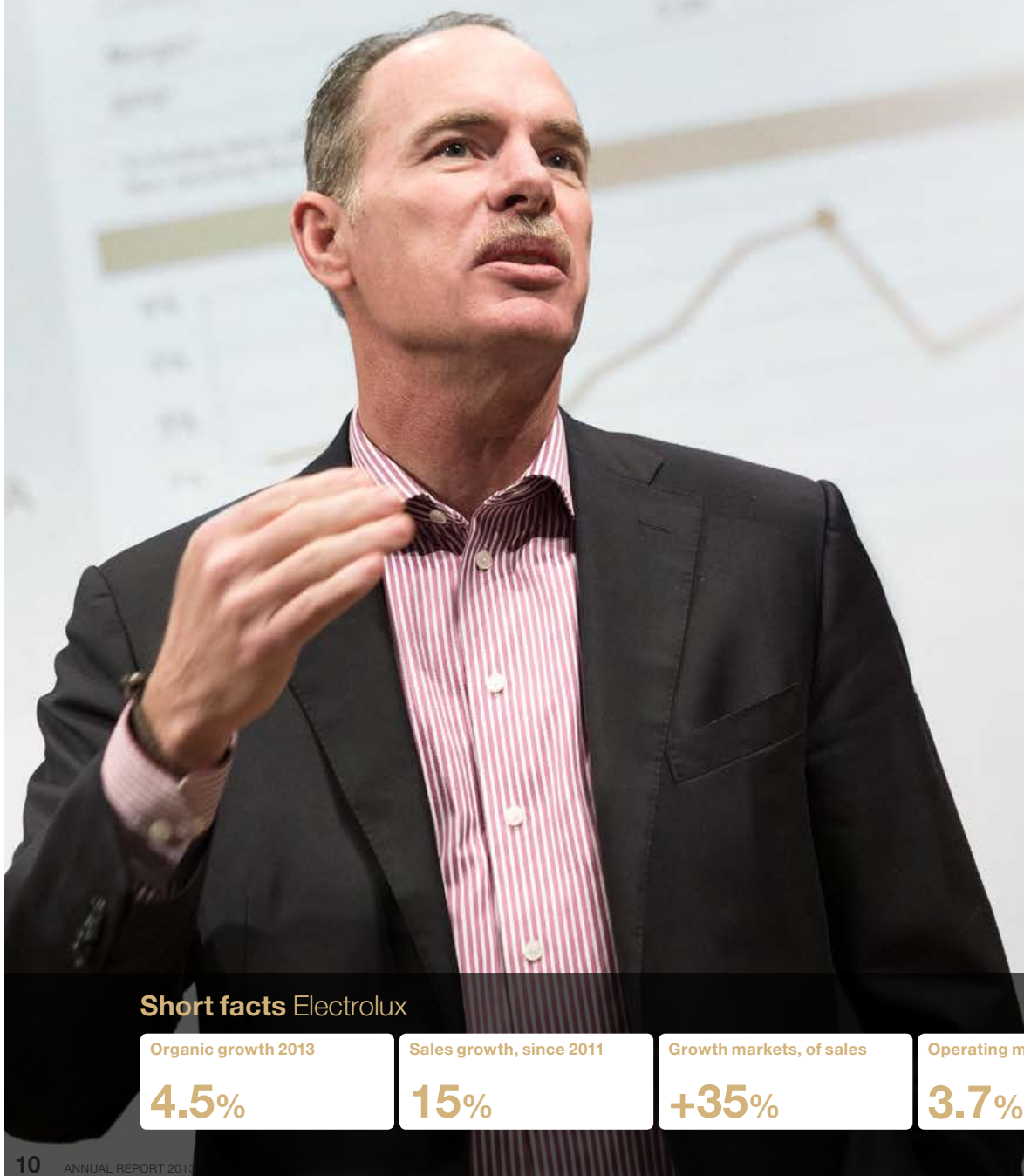
page 31



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

2013 – solid performance in a tough environment

In 2013 we continued to deliver above our growth target and delivered 4.5% in organic sales growth. The good sales and earnings momentum in North America continued and growth was also strong on the emerging markets, in Australia and for Professional Products. The European market continued to be very challenging during the year and the Latin American markets slowed down during the second half, which impacted the earnings of these two business areas. Since 2011, the Group has now grown organically and through acquisitions with 15% in local currencies. We will continue this profitable growth path going forward in order to achieve our vision to be the best appliance company as measured by our customers, our employees and our shareholders.



Short facts Electrolux

Organic growth 2013

4.5%

Sales growth, since 2011

15%

Growth markets, of sales

+35%

Operating margin

3.7%

Our vision, mission and strategy

Our vision is to be the best appliance company as measured by our customers, our employees and our shareholders. Our mission is to achieve an EBIT margin of at least 6% with an asset turnover of 4 times, giving a return on net assets in excess of 20%. Combined with a growth target of 4% over a business cycle, this will create significant economic value and provide a continuous increased return to all our stakeholders.

The way we want to achieve this – the strategy – is based on four cornerstones; profitable growth, innovation, operational excellence and people.

These four strategic cornerstones are described thoroughly throughout this report. What we see now is that after 10 years of heavy manufacturing footprint restructuring and no growth, our investments in new products, new markets, global operations, the combination of product development, design and marketing in the innovation triangle and other initiatives, started to give us growth at the end of 2011. This has continued through 2012 and 2013, and it will continue in the future. We are on the right path.

A challenging year with necessary changes

All business areas active in the European market, especially Major Appliances EMEA, has suffered from the weak demand situation. During the year it became obvious that we needed to take action to restore profitability, and in October we announced our plans. Firstly, the manufacturing footprint program, started back in 2004, will continue with its final stage. Secondly, we need to reduce our overhead cost structure to current market conditions. Most of this affects Major Appliances EMEA, but it also covers other business areas and Group staff functions. Some of the activities started already in the fourth quarter 2013, and other will occur during 2014 as we finalize studies and negotiations in different regions. We plan to have all activities implemented by the end of 2016. The indicative charge for this round of restructuring and overhead cost adjustment is SEK 3.4bn with estimated annual savings of SEK 1.8bn when finalized. 2013 has also been a year with a very challenging currency development for the Group with negative currency effects on earnings amounting to SEK 1.5bn.

Achievements 2013

Despite the challenges in 2013, I would like to point out some important major achievements during the year.

In Major Appliances EMEA we have in 24 months renewed the product programs for all the three main brands AEG, Zanussi and Electrolux. The last one was the Electrolux Inspiration Range, which by the end of 2013 has been launched in all markets in Europe.

In Major Appliances North America we had a number of product launches. New distribution channels were also successfully opened that are crucial for reaching new segments of the market. The new cooking plant in Memphis, USA, the world's largest and most efficient, was officially opened during the year and sales started in October.

In Major Appliances Latin America the largest market, Brazil, slowed down during the second half of the year, but we adjusted the cost structure accordingly without slowing down the high level of new product launches, and continued to have positive organic sales growth. The acquired Group CTI, which covers Chile and Argentina, continued to develop very well in terms of growth and profit above the average for the business area.

In Major Appliances Asia Pacific a complete new product range was launched in China that will take our market presence to a new level. Growth in both China and South East Asia has been very strong over the last years and will continue to be so. A stronger presence in the emerging markets is one of our important objectives in the Group. I am also very pleased with the fact that our operations in

Australia and New Zealand showed good sales growth during the second half of the year after a tough preceding period.

In business area Small Appliances, growth was especially strong in Latin America and Asia, and for Asia it also included the mature markets of Japan and Korea. The number of new product launches was also at record high levels.

In business area Professional Products we saw a continued pressure from weak demand on their traditional markets in Southern Europe. However, a very well performed investment in growth on new markets gave a strong sales development in North America and on several emerging markets which more than compensated for the slow European demand.

For Group staff functions I would like to mention the continued good progress of the Innovation Triangle (product development, design and marketing) giving the Group a higher rate of new product launches and the good performance of Global Operations (R&D, manufacturing and purchasing) that continued to give us good savings in all areas.

Sustainability

As a global player that both manufactures and sells products in rapidly evolving markets, we also have an important social responsibility. Among other tasks, we must work even harder to introduce the rigorous environmental, ethical and moral standards we have at Electrolux in all of our operations. This is our duty as a leading, and the most global, company in the appliance industry.

Going forward

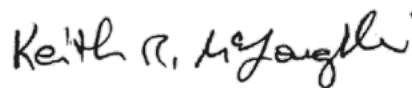
Looking ahead, we will continue on our profitable growth path. The most important source of growth is a continuous flow of new, relevant, best-in-class products, and we will invest substantially in innovation, design and marketing to sustain this. We also need to continue to increase our market presence in the emerging markets. Today 35% of our sales is in emerging markets and our ambition is to reach 50% within a few years. To fund these activities we have to intensify even more our efforts for operational excellence, both for a competitive product cost and an efficient S, G & A. And, of course, behind all this is our people and our ability to be good business leaders. We have all the pieces in place and we will continue to execute. Electrolux has delivered double digit total returns to shareholders, compounded annually, for decades. The current management team takes the responsibility to continue that performance quite seriously.

This Group wouldn't be able to achieve any of all this without our people and the values that form the basis for our work. We have had a lot of challenges during 2013, especially in the areas of the Group where we execute structural changes, but the team has handled it very well. We have an incredibly diverse talented group of people in this company who are committed to create and deliver continuous value to our customers, our shareholders, and society.

To our customers: Thank you for your business in 2013, and you can expect that Electrolux will bring substantial value to you to earn more of your business in 2014.

To our shareholders: Thank you for your continued support and you can expect strong sustainable returns through the business cycles from your company.

To our employees: Thank you for your hard work and contributions in 2013, and thanks-in-advance for a terrific 2014!



Stockholm, February 2014

Keith McLoughlin

President and Chief Executive Officer

Vision

Electrolux is a leading global, appliance manufacturer, commanding strong positions in all regions, 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 our customers, employees and shareholders.

Electrolux vision

The vision of Electrolux 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 major 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, profitability and a small but efficient capital base, Electrolux shareholders are to receive a total return well above the cost of capital.

Mission– 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

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 an increased speed of innovative products to the market and growth in new segments, channels and product categories. Through a close cooperation between R&D, Design and Marketing the pace of launching consumer relevant and innovative products in the market will increase. Operational excellence is a pre-requisite for profitable growth. Electrolux is leveraging its global strength and scope to increase efficiency and lowering the cost base by global operations, optimization of manufacturing and reducing complexity. Dedicated employees with diverse backgrounds and a position as a sustainable leader are necessary for Electrolux to implement the strategy and achieve its vision.

Values

The Electrolux foundation of guiding business principles in combination with a strong set of values form the core of the Group's operations. To read more, see page 48. The Group's work in this area is also covered in the Corporate Governance Report and the Sustainability Report, which are available at <http://group.electrolux.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

6%

Operating margin
of at least 6%

4x

Capital turnover-rate
of at least 4 times

20%

Return on net assets
of at least 20%

4%

Average growth
of at least 4% annually

page 14–15

Strategy

How we want to do it

**Profitable
growth**

Innovation

Products and services
Brand and design
Sustainability

**Operational
excellence**

page 16–47

People and leadership

Values

The base for our work

Core values

**Passion for
Innovation**

**Customer
Obsession**

**Drive for
Results**

Foundation

**Respect
and Diversity**

**Ethics
and Integrity**

**Safety and
Sustainability**

page 48–53

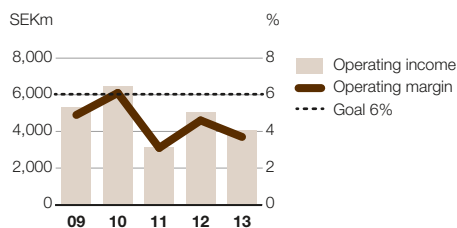
Mission – financial goals

The Electrolux mission towards its shareholders is defined by the company's financial goals and measured by their outcome. In addition to maintaining and strengthening the Group's leading, global position in the industry, achieving the financial goals will contribute to a healthy total return for Electrolux shareholders.

Operating margin of at least 6%

Electrolux can achieve a high level of profitability by maintaining its focus on innovative products, strong brands and enhanced efficiency. In 2013, the most efficient products, the Electrolux Green Range, represented 12% of products sold and 24% of gross profit. The Group's operating margin was 3.7%, excluding items affecting comparability. Weak markets in Europe and unfavourable currency movements impacted earnings in 2013, although Major Appliances North America and Professional Products showed an operating margin well above 6%.

Operating margin



Goal

>6%

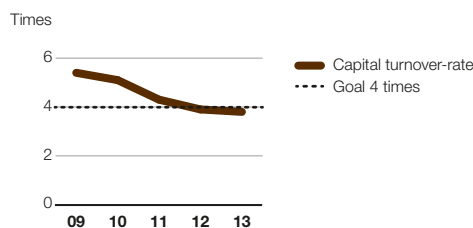
Result 2013

3.7%

Capital turnover-rate of at least 4 times

Electrolux strives for an optimal capital structure in relation to the Group's goals for profitability and growth. In recent years, work on reducing working capital has been intensified. It 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 was 3.8 times in 2013. The acquisitions in 2011 of Olympic Group in Egypt and CTI in Chile have impacted the capital turnover-rate negatively.

Capital turnover-rate

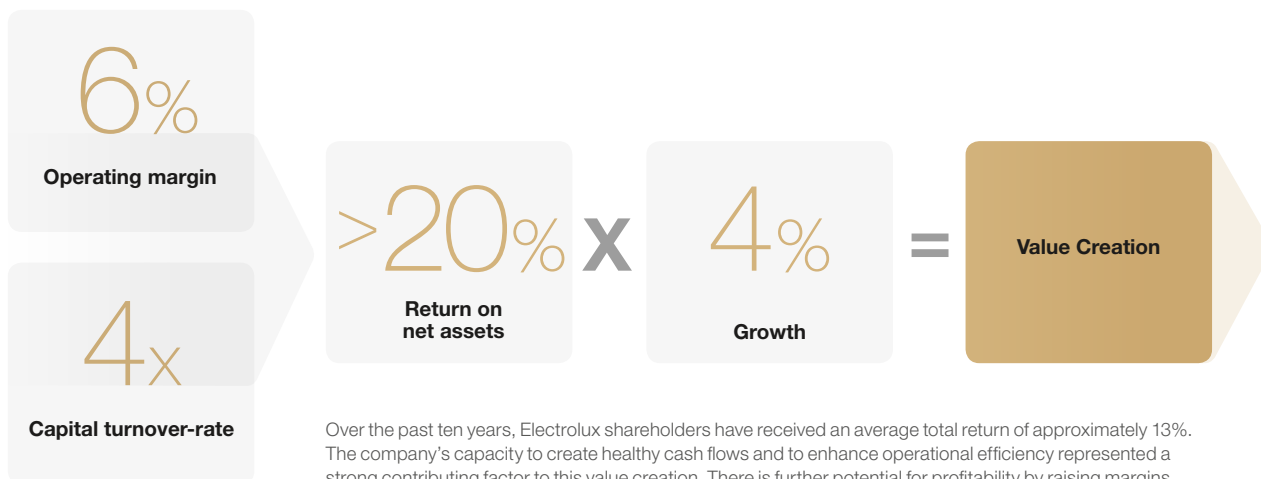


Goal

>4x

Result 2013

3.8x



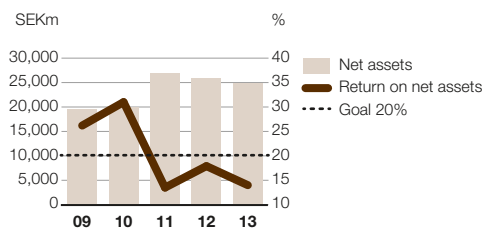
Over the past ten years, Electrolux shareholders have received an average total return of approximately 13%. The company's capacity to create healthy cash flows and to enhance operational efficiency represented a strong contributing factor to this value creation. There is further potential for profitability by raising margins. According to the strategy, innovative products are to contribute to higher profitability and a margin of not less than 6%. A capital turnover-rate of not less than 4 combined with an operating margin of 6% yield a minimum return 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 at least 4%.

*Financial goals are excluding items affecting comparability.

Return on net assets of at least 20%

Focusing on growth with sustained profitability and a small but effective capital base enables Electrolux to achieve a high long-term return on capital. With an operating margin that achieves the target of 6% and a capital turnover-rate of at least four times, Electrolux would achieve a return on net assets (RONA) of at least 20%. The figure reported for 2013 was 14.0%. The acquisitions in 2011 of Olympic Group in Egypt and CTI in Chile have impacted the return on net assets negatively.

Return on net assets



Goal

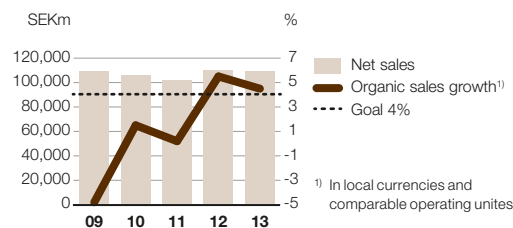
Result 2013

$>20\%$ 14%

Average growth of at least 4% annually

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, increase sales in growth regions and develop service and after-market operations. More rapid implementation of the growth strategy allows organic growth to be complemented by acquisitions. In 2013, sales declined by -0.8%, due to changes in exchange rates. The organic sales growth was 4.5%, while currencies had a negative impact of -5.3%.

Sales growth



Goal

Result 2013

$>4\%$ 4.5%

Financial goals over a business cycle, excluding items affecting comparability



Electrolux Gourmet Range enables home cooks to enhance their skills and express their creativity with inspired dishes. The Gourmet range of kitchen appliances was launched in 2013 in partnership with Poggenpohl.



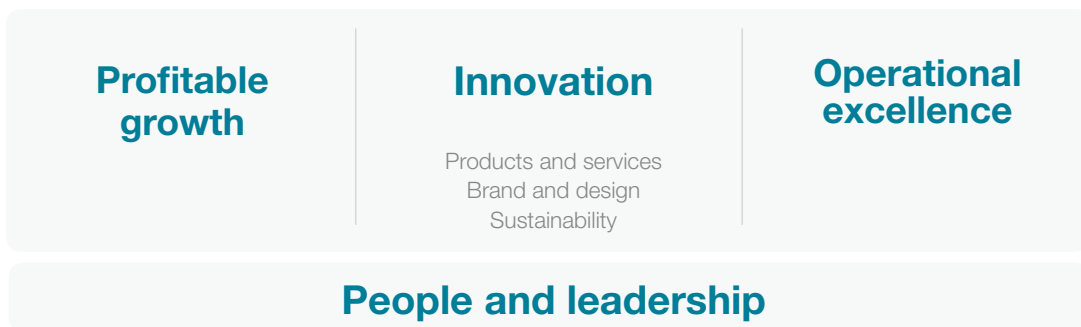
Strategic
development
2013

Strategy
Profitable growth
Innovation
Operational excellence
People and leadership

18
20
28
40
44

Strategy

The Electrolux strategy remains firm. Through profitable growth, innovative products under strong brands, operational excellence, and dedicated employees Electrolux creates the conditions to reach its vision to become the best appliance company in the world.



Profitable growth

To outperform market growth and enhance profitability, the focus is on increasing the share of sales in growth regions, strengthening the position in core markets and in the global premium segment, expanding in profitable high-growth product categories, developing service and after-market operations and reducing complexity and costs in manufacturing. Despite intense competition, Electrolux captured market shares in Latin America and in several key product segments in North America, Europe and Asia in 2013.

Innovation

The Electrolux process for consumer-driven product development increases the speed of product development, in parallel, the number of products that will be preferred by more consumers. The collaboration between marketing, R&D and design is a key factor, as is the transfer of know-how from the Group's professional business to consumer products.

Over a number of years, Electrolux has gradually increased its investment into R&D. Sustainability is a core element of the Group's strategy, and sustainable innovation is one of four prioritized areas for product development. At least one-third of the product-development spend is related to sustainability.

Operational excellence

The Group's manufacturing footprint is continuously adapted and the operations are streamlined to increase productivity. About 65% of the Group's core appliances are currently manufactured in low-cost areas. Floor-care products, microwave ovens and small domestic appliances are to a major part sourced from low-cost areas. Global optimization of production and modularization releases resources for investment in product development, design and marketing. In addition Electrolux are implementing programs to reduce overhead costs and capitalizing on the Group's global strength and scope.

People and leadership

An innovative corporate culture with dedicated employees from diverse backgrounds provides the right foundation to develop successful products for consumers across the globe. At the same time, it is important to contribute to sustainable development for current and future generations in a world that is evolving at an increasingly rapid pace. Employee passion for innovation, consumer insight and motivation to achieve results set Electrolux apart. Committed and talented managers play a decisive role in the successful implementation of the Electrolux strategy.



The rapid emergence of an affluent middle class in China and other emerging markets is transforming the global market for household appliances. Electrolux has a number of competitive advantages, such as its global presence in over 150 countries, that make the Group well positioned to benefit from this trend. Electrolux aims to increase the emerging markets' share of Group sales to at least 50%.

Macro drivers

New economies

Changing lifestages

Neo urbanization

Climate change

Constrained resources

Breakthrough technologies

Electrolux competitive advantages

Global presence

Consumer insight

Design

Professional legacy

Scandinavian heritage

Wide product range

People and culture

Sustainability leadership

Profitable growth

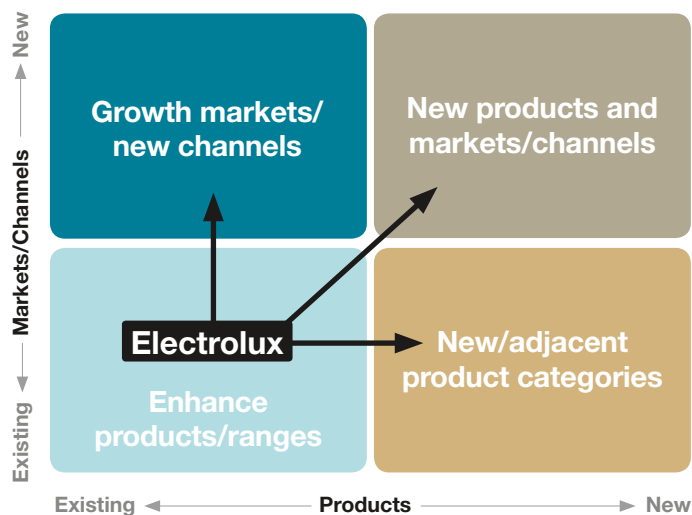


Electrolux focus is on increasing the share of sales in growth regions, strengthening the position in core markets and in the global premium segment, expanding in profitable high-growth product categories, developing service and after-market operations and reducing complexity and costs in manufacturing.

Profitable growth

To outperform market growth and simultaneously enhance profitability, the Group is implementing a number of strategic initiatives. The focus is on increasing the share of sales in growth regions, strengthening the position in Electrolux core markets and in the global premium segment, expanding in profitable

high-growth product categories, developing service and after-market operations and reducing complexity and costs in manufacturing. In addition to organic growth, Electrolux also sees the potential to increase the pace of growth by way of acquisitions.



Enhance products/ranges

As part of increasing market shares, Electrolux is accelerating product innovation and reducing the time to market for products. In 2013, a wide range of products were launched. In North America and Japan, a number of innovative products were launched under the Electrolux, Frigidaire and Eureka brands. The comprehensive launch of Electrolux Inspiration range across the markets in Europe continued during the year and Electrolux Gourmet Range was introduced.

Growth markets/new sales channels

A significant portion of the Group's growth will occur in rapidly growing markets, such as Southeast Asia, Latin America and China. The biggest launch in 2013 was made in China, with more than 60 new products for kitchen and laundry. In 2013, growth markets accounted for 35% of Group sales. This share will increase to 50% by 2017.

New products and markets/channels

Electrolux is continuously expanding its product offering. A few examples from 2013 include, the launch by Electrolux of the first Sous-vide oven for consumers, the opening of new sales channels in the US and the widening of the Professional Products business area into new segments.

New/adjacent product categories

Adjacent product categories, such as air care, water heaters, accessories and small domestic appliances, have substantial growth potential. The Group's offerings in these product categories have increased substantially in recent years.

Market overview

The rapid emergence of an affluent middle class in densely populated growth markets has led to a gradual transformation of the global market for household appliances. By 2017, Electrolux aims to increase the growth markets' share of sales to at least 50%, while strengthening its position in core markets.

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

Between 2008 and 2013, global demand for appliances increased significantly, particularly due to strong growth in Asia. In parallel, demand in the Group's mature core markets declined. In 2013, the demand in growth markets represented 70% of the total market volume for appliances compared with 60% in 2008. In 2013, demand for appliances grew strongly in North America and in the emerging markets, while it declined in several European markets.

Drivers

In addition to the underlying economic growth, the market is driven by a number of factors that influence volumes and the types of products that are in demand. Households tend to be smaller, in terms of both living space and the number of individuals, and many consumers have decreasing time for household chores, while access to information about products and services is simultaneously increasing, not least over the Internet. Climate-change concerns and limited natural resources mean that increasing numbers of consumers are demanding energy-efficient and resource-saving products.

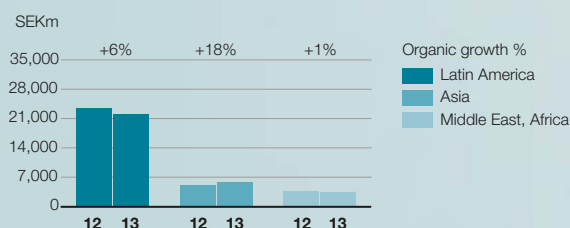
Intense competition

Manufacturers and retailers of household appliances are becoming fewer, larger and more international. The five largest manufacturers of major appliances in the world - Whirlpool, Electrolux, Haier Group, Bosch-Siemens and LG Electronics - accounted for almost half of global sales. In recent years, manufacturers from Asia have increased their market shares. To maintain competitiveness, Electrolux must continue to leverage its global economies of scale. Focus is being directed to developing innovative products based on consumer insight and under strong brands. Despite the increasingly intense competition, Electrolux captured market shares in Latin America, Asia and in several key product segments in North America and Europe in 2013.

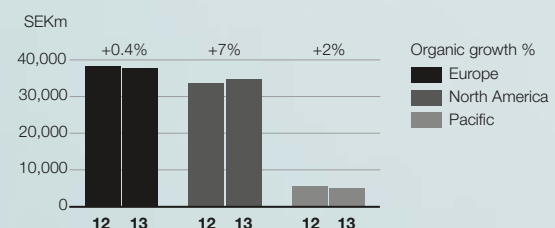


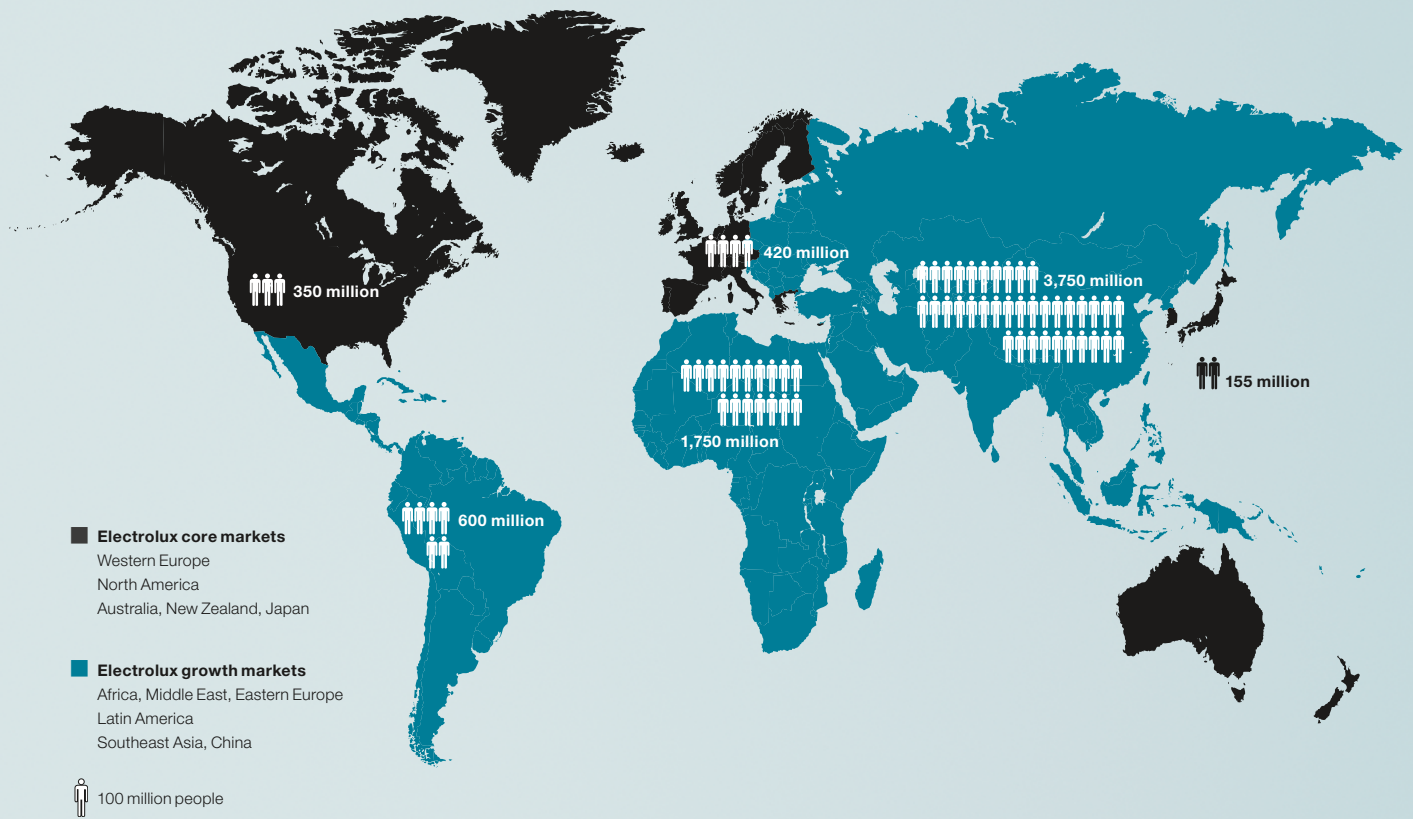
With more than 300 million middle-class consumers, the Chinese market is already as important as Europe or North America and is growing fast. As a key part of the Group's growth strategy, Electrolux made its biggest product launch in 2013 in China, with more than 60 new products for kitchen and laundry.

Electrolux net sales in growth markets



Electrolux net sales in mature markets





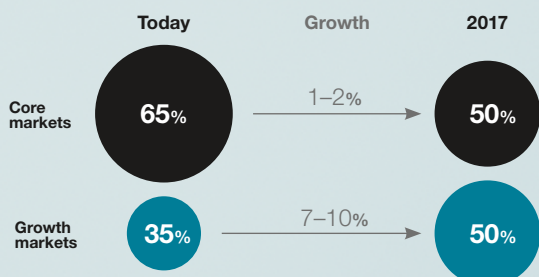
Increasing global demand for major appliances, million units

Between 2008 and 2013, the global market demand for core appliances increased significantly, mainly due to strong growth in emerging markets particularly in Asia. Electrolux strategy is to capitalize on this increased demand in growth markets.

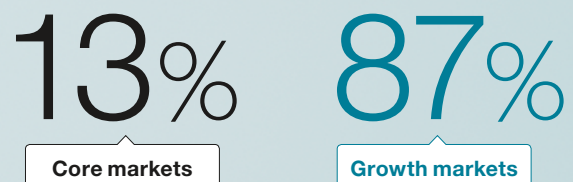
Source: Electrolux estimates



Electrolux aims to increase its share of sales in growth markets over the next five years



World population



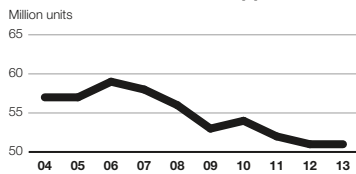
Market characteristics

Core markets

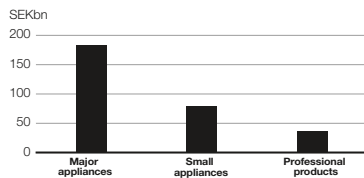
Western Europe

Widely varying consumer patterns between the various countries have resulted in a low degree of consolidation with a large number of manufacturers, brands and retailers. Accordingly, the market is characterized by overcapacity and price pressure. The weak macroeconomic situation is limiting growth, but opportunities for healthy expansion exist in certain segments. There is increased demand for compact, energy-efficient and user-friendly products with good design.

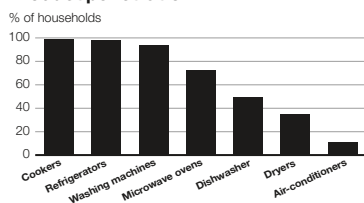
Market demand for core appliances



Market value



Product penetration



Electrolux competitors

Bosch-Siemens • Indesit • Whirlpool • Samsung • LG Electronics • Dyson • Miele • Ali Group • Rational • Primus

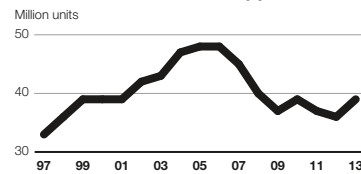
Western Europe

Population:	417 million
Average number of persons per household:	2.3
Urban population:	77%
GDP per capita 2012:	USD 39,600
Estimated real GDP growth 2012:	-0.4%

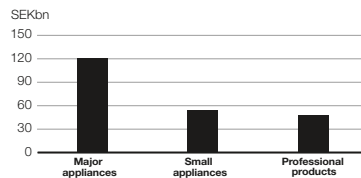
North America

A mature, homogenous market with high penetration that is dominated by replacement products. Large homes allow space for many household appliances, including large appliances. The market is dominated by three manufacturers: Electrolux, Whirlpool and General Electric. Four major retailers sell 70% of appliances. The recovery in the housing sector generates opportunities for healthy growth for the next few years.

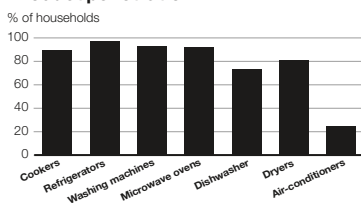
Market demand for core appliances



Market value



Product penetration



Electrolux competitors

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

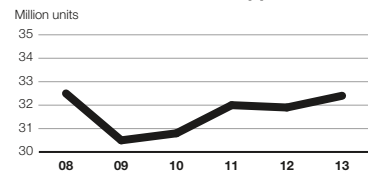
North America

Population:	348 million
Average number of persons per household:	2.6
Urban population:	82%
GDP per capita 2012:	USD 51,800
Estimated real GDP growth 2012:	1.8%

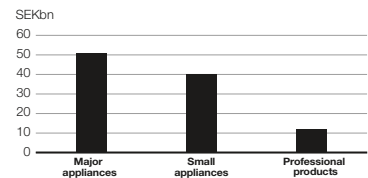
Australia, New Zealand and Japan

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 handheld 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.

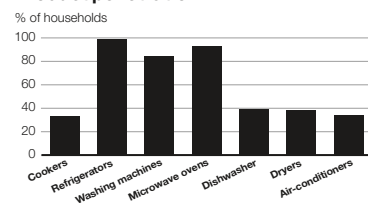
Market demand for core appliances



Market value



Product penetration



Electrolux competitors

Fischer & Paykel • Samsung • LG Electronics • Panasonic • Dyson • ITW • Hoshizaki • Alliance

Australia, New Zealand and Japan

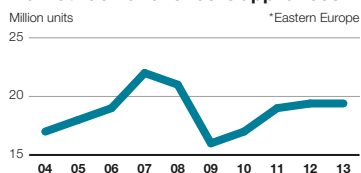
Population:	154 million
Average number of persons per household:	2.5
Urban population:	91%
GDP per capita 2012:	USD 49,500
Estimated real GDP growth 2012:	2.6%

Growth markets

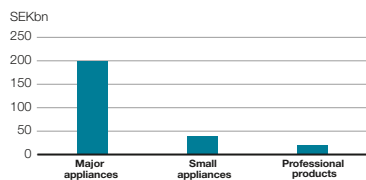
Africa, Middle East and Eastern Europe

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

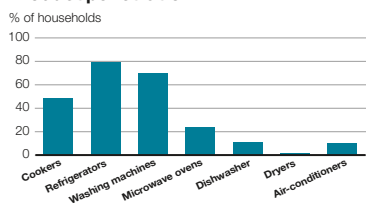
Market* demand for core appliances



Market value



Product penetration



Electrolux competitors

Bosch-Siemens • Indesit • Whirlpool • Samsung • LG Electronics • Dyson • Ali Group • Rational

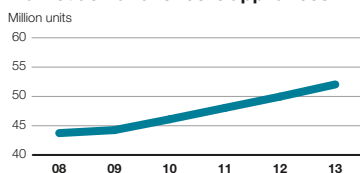
Africa, Middle East

Population:	1,336 million
Average number of persons per household:	5.9
Urban population:	50%
GDP per capita 2012:	USD 8,400
Estimated real GDP growth 2012:	0.1%

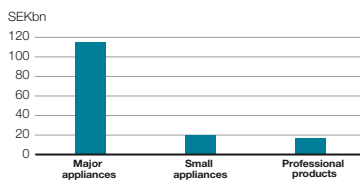
Latin America

Growth is driven by a fast-growing middle class, which primarily demand basic cookers, refrigerators and washing machines. Brazil accounted for about half of total sales in the market and the three largest manufacturers (Electrolux, Whirlpool and Mabe) accounted for about 70% of the appliances market. Considerable growth potential exists for appliances, such as washing machines, in pace with increasing purchasing power and higher demands for energy and water efficiency.

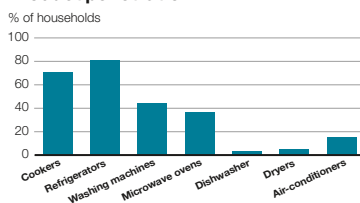
Market demand for core appliances



Market value



Product penetration



Electrolux competitors

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

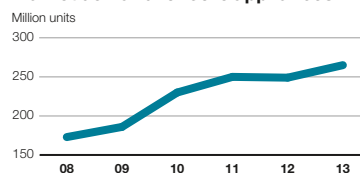
Latin America

Population:	608 million
Average number of persons per household:	3.7
Urban population:	79%
GDP per capita 2012:	USD 9,600
Estimated real GDP growth 2012:	2.5%

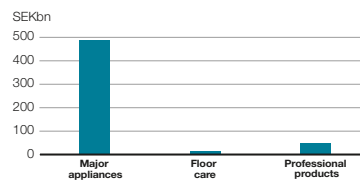
Southeast Asia and China

The market is characterized by robust economic growth, rapid urbanization, small living spaces and a rapidly expanding middle class. China is the world's largest market for household appliances, in terms of volume. The domestic manufacturers Haier Group and Midea dominate in China. Similar to other growth markets, consumers prioritize refrigerators, washing machines and air-conditioners as prosperity rises. Energy-efficient products are growing in popularity.

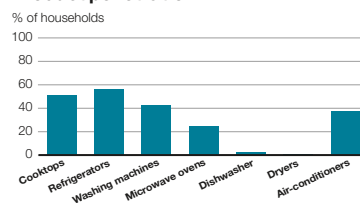
Market demand for core appliances



Market value



Product penetration



Electrolux competitors

LG Electronics • Panasonic • Haier Group • Sanyo • Midea • Samsung • Dyson • Manitowoc • ITW • Sailstar • Image

Southeast Asia and China

Population:	3,750 million
Average number of persons per household:	3.8
Urban population:	42%
GDP per capita 2012:	USD 5,900
Estimated real GDP growth 2012:	7.2%

Sources: World Bank and Electrolux estimates.

Electrolux markets

Core markets

Western Europe



Electrolux priorities

Increased focus on the strongest product categories and brands, meaning Electrolux, AEG and Zanussi. Continued emphasis on innovation, often drawing inspiration from the Group's professional expertise. Several examples of growing segments, such as built-in appliances and energy-efficient products. Greater priority assigned to small appliances.

North America



Electrolux priorities

Broadened product range and launch of new, innovative products. Growth by developing new customers and distribution channels. Continuation of effective marketing campaigns. Intensified focus on professional products and offering for global food chains.

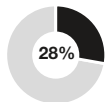
Australia, New Zealand and Japan



Electrolux priorities

Further strengthening of positions in Australia and New Zealand by launching new, innovative products with features such as high energy and water efficiency. Continued prioritization of compact, user-friendly and quiet household appliances in Japan and South Korea.

Share of Group sales 2013

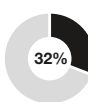


Share of sales in the region 2013



- Major appliances
- Small appliances
- Professional food-service and laundry equipment

Share of Group sales 2013

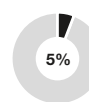


Share of sales in the region 2013



- Major appliances
- Small appliances
- Professional food-service and laundry equipment

Share of Group sales 2013



Share of sales in the region 2013



- Major appliances
- Small appliances
- Professional food-service and laundry equipment

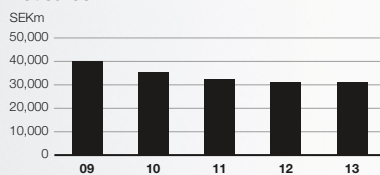
Consumer brands



Electrolux market shares

17% core appliances
12% floor care
Leadership position with a strong recognition in the institutional/hotel segments for professional products.

Net sales



Net sales in Western Europe in 2013 have been impacted by the continued weak market demand particularly in core markets in Southern Europe.

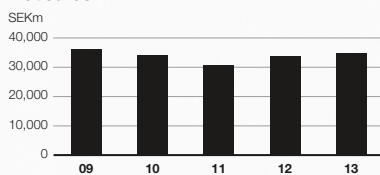
Consumer brands



Electrolux market shares

23% major appliances
16% floor care
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.

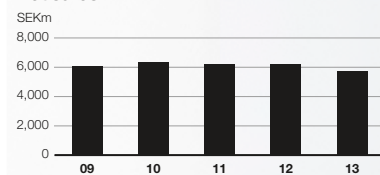
Consumer brands



Electrolux market shares in Australia

40% core appliances
9% floor-care
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, started to establish a rapidly growing business in small, compact vacuum cleaners.

Growth markets

Africa, Middle East and Eastern Europe



Electrolux priorities

Increased focus on the strongest product categories and brands in Eastern Europe. Grow profitably in all product categories in parallel with growing prosperity in Africa. New product launches in the air-conditioner segment yield further growth opportunities in Europe, North Africa and the Middle East.

Latin America



Electrolux priorities

By developing the product range and cooperating closely with the market-leading retail chains, the Group can capitalize on opportunities as the purchasing power of households quickly increases. The emphasis is primarily on the upper-price segments. By investing further in production capacity and distribution, Electrolux can expand in several countries.

Southeast Asia and China



Electrolux priorities

A rapidly growing middle class demands premium products. Major efforts to market a broad range of appliances targeting the Chinese premium segment, with functions adapted to this market. Focus on products for professional users in the laundry and food-service segments. Launch products in the rapidly growing market for compact vacuum cleaners and small domestic appliances.

Share of Group sales 2013



Share of sales in the region 2013



■ Major appliances
■ Small appliances
■ Professional food-service and laundry equipment

Share of Group sales 2013



Share of sales in the region 2013



■ Major appliances
■ Small appliances

Share of Group sales 2013



Share of sales in the region 2013



■ Major appliances
■ Small appliances
■ Professional food-service and laundry equipment

Consumer brands

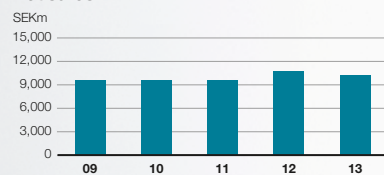


Electrolux market shares in Eastern Europe

13% core appliances
13% floor care

Leadership position with a strong recognition in the institutional/hotel segments for professional products.

Net sales



Electrolux has a huge potential for growth in parallel with growing prosperity in Africa.

Consumer brands



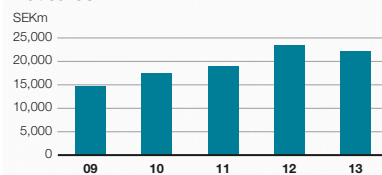
Electrolux market shares

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

43% floor care

Growing presence for Professional Products in the region.

Net sales



Net sales in Latin America have increased over the years due to a strong product offering, market growth and the acquisition of CTI in Chile in 2011.

Consumer brands



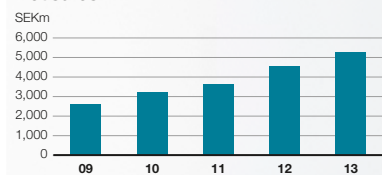
Electrolux market shares in Southeast Asia

4% core appliances

23% floor care

Reference player with strong recognition in the hotel segments for professional products.

Net sales



Electrolux sales in Southeast Asia and China are growing. The Group's market-leading position in front-load washing machines has been leveraged to expand the business to kitchen appliances. In 2013 the Group's biggest launch was made in China with new products for kitchen and laundry.

Innovation



In the Electrolux CombiSteam SousVide oven dishes are vacuum sealed before being steam-cooked at low temperatures.

Innovation

Electrolux is the only appliance manufacturer in the world to offer complete solutions for both consumers and professional users. The Electrolux process for consumer-driven product development enables the development of products that will be preferred by more consumers. The collaboration between marketing, R&D and design is a key factor, as is the transfer of know-how from the Group's professional business to consumer products.

Kitchen

Share of Group sales 2013



Consumer durables, 60%
Professional food-service equipment, 3%

Kitchen product categories



Cold (refrigerators, freezers)
Hot (cookers, hobs, ovens)
Dish
Professional food-service equipment



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 most rapid increase in sales is occurring in growth regions such as Latin America and South-east Asia, where the Electrolux offering is primarily targeted to the fast-growing urbanized middle class. For many years, Electrolux has been a recognized leader in cookers, hobs and ovens and has developed numerous new functions that simplify cooking for both households and professionals. In 2013, a large number of new innovative products were launched, such as the CombiSteam SousVide oven and vacuum sealer in Europe and the Frigidaire 50/50 Symmetry Double Oven in North America. The biggest launch was made in China, with more than 60 new products for kitchen and laundry. The Group has strengthened its leading position in built-in appliances in recent years through extensive product launches and partnerships with kitchen manufacturers.

Electrolux provides restaurants and industrial kitchens with complete solutions for cookers, ovens, refrigerators, freezers and dishwashers. Products are largely sold as modules, allowing buyers to choose suitable functions to meet their needs. Electrolux conducts operations worldwide and has a global service network. The strongest position is held in Europe, where half of all Michelin-starred restaurants use kitchen appliances from Electrolux.

Trends

The rapid changes in lifestyle in many countries have led to demand for products that make life easier and that make cooking healthier and food storage safer. Interest in more advanced

cooking is rising mainly in mature economies. More and more people want to emulate professionals and are looking for products and functions used by the very best chefs. Buyers of professional food-service equipment have widely differing yet strict requirements, for example, regarding performance and technology, implying that manufacturers must be able to deliver flexible solutions. Both consumers and professionals want products with low water and energy consumption that are manufactured from sustainable materials and can be easily recycled.

Growth opportunities

Alongside the expansion generated by the greater purchasing power of households in growth markets, innovations are driving substantial growth in certain segments of the kitchen appliances market, such as combination steam ovens, induction hobs with preset cooking zones and refrigerators with advanced refrigeration technology. In some regions, most households still have no dishwasher, despite the volumes of water that can be saved by having a machine do the washing rather than washing dishes by hand. The development of new, water and energy-efficient dishwashers for both households and professional users is progressing rapidly at Electrolux.



Electrolux Line 5000



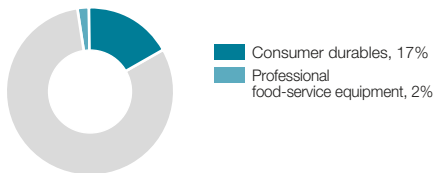
Electrolux Nova Ergorapido



Electrolux Ultra Silencer

Laundry

Share of Group sales 2013



Washing machines and tumble-dryers represent a product category with major growth potential, particularly as a result of increased water shortages around the world. Electrolux has a strong position in most regions and is producing high-performance solutions in terms of water and energy efficiency for both households and professional users. The largest global market share is in front-load washing machines, where the Group is a leading producer. For professional users, Electrolux sells advanced laundry solutions for different segments such as laundry rooms in apartment buildings, hotels and hospitals as well as commercial laundries. The majority of sales in the professional market is generated in Europe, although the most rapid increase in sales is taking place in the US, Southeast Asia and Japan.

Electrolux develops innovative solutions for washing machines and tumble-dryers for households based on its expertise in professional laundry products. Two new industry-leading products launched in 2013 were AEG ÖkoKombi, the world's first washer-dryer with heat pump technology, and the AEG Öko-Mix washing machine with A+++–50% energy rating.

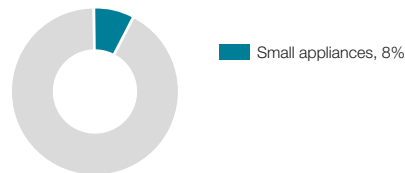
Electrolux professional washing machines and tumble-dryers are among the most energy and water-efficient in the market.

Growth opportunities

A fast-growing segment for Electrolux is professional laundry solutions for quickly washing housekeeping materials and towels, for example, for hotels, care institutions and facility management. Energy-efficient and gentle tumble-dryers are another growth area. Electrolux is a leader within this area and is continuously launching new, innovative and energy-efficient tumble-dryers for consumers and professional users.

Small appliances

Share of Group sales 2013



As one of the few global manufacturers of vacuum cleaners, Electrolux can focus on global product development. A special focus lies on innovative and energy-efficient vacuum cleaners in the upper-price segments. Electrolux is also market-leading in the central vacuum-cleaner segment and holds a substantial market share in vacuum-cleaner accessories. The majority of sales is generated in Europe and North America, while Asia and Latin America account for the fastest growth.

Trends in floor-care products

Consumers want vacuum cleaners that have high suction power and are ergonomic, quiet and user-friendly. The growing number of small households across the world results in increasing demand for small, compact and efficient vacuum cleaners. They should also have an appealing design that means that they do not need to be hidden away. Increasing environmental awareness is driving demand for vacuum cleaners that use less energy and that are sustainably manufactured.

Electrolux continuously develops innovations and models with attractive designs that can be customized to a variety of segments and regional requirements. Electrolux holds a leading position in rechargeable, handheld vacuum cleaners in Europe and also has a strong position in other parts of the world where compact vacuum cleaners are in demand, such as Japan and South Korea.



Electrolux Favola



Air-condition

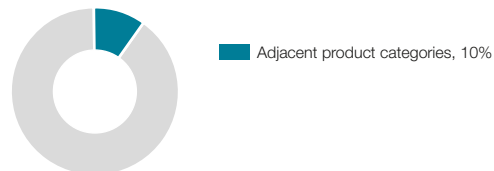
Adjacent product categories

Design awards In 2013, Electrolux received several prestigious design awards, such as red dot design, iF design, Design index and Australian International Design.



reddot design award
winner 2013

Share of Group sales 2013



Small domestic appliances

The global market for small domestic appliances is significantly larger than the vacuum-cleaner market and shows significantly faster growth. The Group's offering in this product category has increased substantially in recent years, primarily through products in the upper-price segments with distinctive design, sales are conducted across the globe with the largest share in Europe, closely followed by Latin America. The offering varies according to market but the primary focus is on five product groups – coffee-makers, kettles, mixers, food-processors and irons.

In Europe, sales of coffee-makers is the fastest-growing sub-category within small domestic appliances, which in turn is growing faster than the total market for household appliances. Latin America accounts for the largest share of small domestic appliances of all regions and is growing rapidly as the purchasing power of households increases. Electrolux has strong positions in the irons, coffee-makers and mixers categories.

Asia is both the largest and fastest growing market in the world for small domestic appliances. Electrolux focuses on launching strong offerings in four categories - rice cookers, mixers, compact ovens and irons – all of which hold potential for rapid growth in the region.

Adjacent product categories encompass several areas for which Electrolux has identified opportunities for profitable growth. Electrolux can take advantage of existing strong product ranges and develop the market's best service and strengthen its offering of spare parts and accessories. In parallel, there are adjacent product categories in which Electrolux sees growth opportunities. Air-conditioning equipment and water heaters are two such product categories.

Considerable potential for accessories

In certain industries, sales of accessories account for up to 30% of the sales value of the underlying product. For appliances, the corresponding figure is just a few percentage points. In 2013, a new product range was launched in Europe that included items such as baking trays, cleaning fluids for hobs and digital thermometers.

Air-conditioning equipment and water heaters

Although the global market for air-conditioners and water heaters is of the same size as the market for refrigerators and freezers, it will probably expand at a faster rate moving forward. Electrolux adapts its offering on the basis of different regional and local needs and has identified growth opportunities in all regions of the world.

For air-conditioners, the Group already holds a strong position in Brazil, the US and Australia. Electrolux is well advanced in terms of low noise levels and has a strong offering in the areas of service and installation. In hotter parts of the world, air-conditioners are usually one of the first household appliances in demand by households when their purchasing power increases.

Products and services

The Electrolux process for consumer-driven product development enables a high speed of product development and, in parallel, development of products that will be preferred by more 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 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 has also increased its culinary expertise to enable it to create more innovative products for food preparation, food preservation and cleaning. Key to the above is the transfer of know-how from the Group's professional business to consumer products.

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 – the Innovation Triangle – increases consumer insight and market knowledge thereby enabling products to reach the market at a faster pace and ensuring that these products are preferred by more consumers.

Various teams within these functions currently exist in each sector of the Group. The process also facilitates sales via new channels, in new markets and in 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 it above similar alternatives in the market. If this requirement is not met, the product is sent back to the product development team to be reworked.

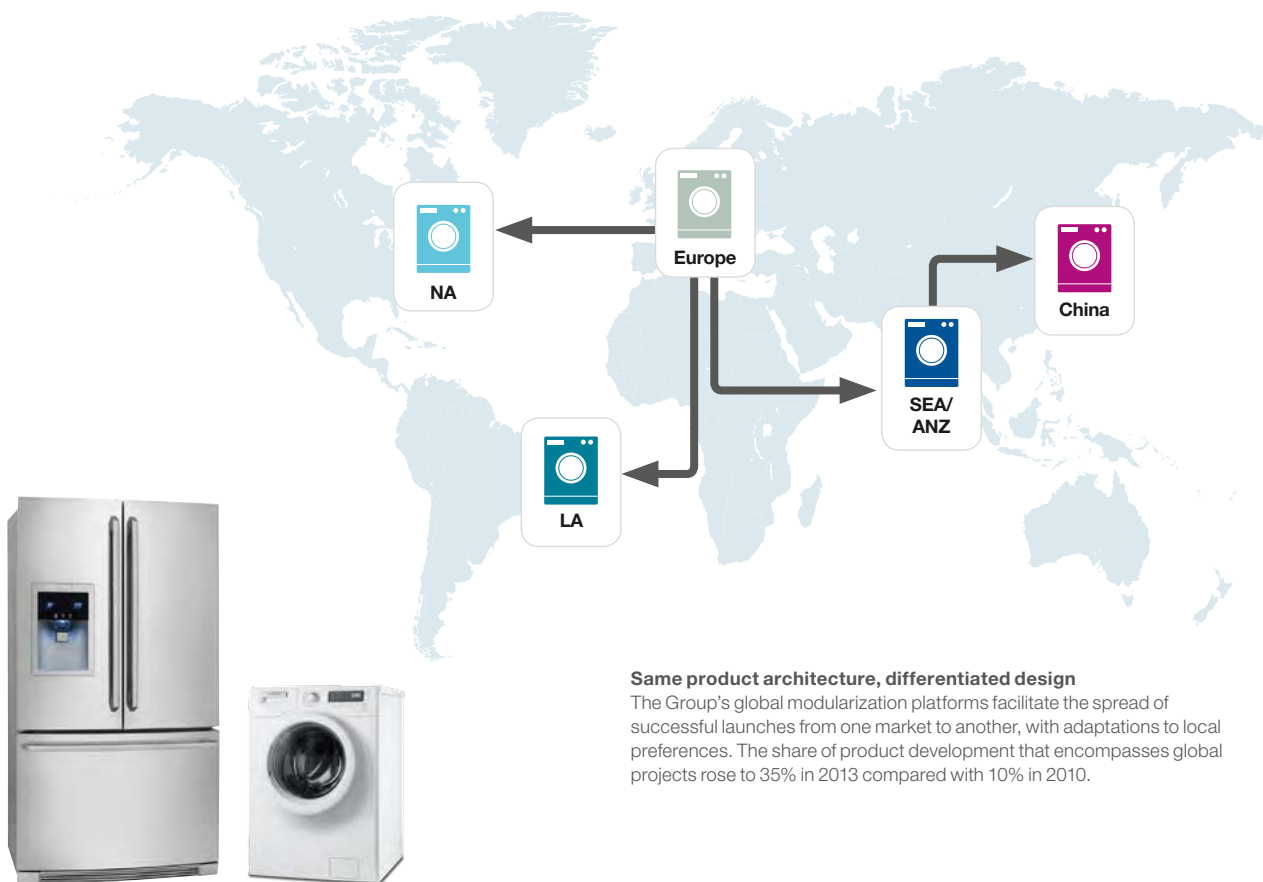
More research and development

Over a number of years, Electrolux has gradually increased its investment into R&D. As a consequence, product quality has been further improved, which, in turn, has led to reduced costs for warranty spend. Since 2009, warranty costs have decreased, essentially, in an amount that corresponds 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 for this trend to continue. The increased investment in new technology is focused on the development of intuitive and user-friendly control panels as well as solutions with less environmental impact.

Strong global positions

Electrolux aims to develop winning products in various categories and regions by focusing on innovation and cost efficiency. The strongest global position currently held is for cookers, enabling, for example, the Electrolux cooking solutions for the world's best chefs and restaurants to be leveraged when developing consumer appliances.

Electrolux also commands a strong global position in vacuum cleaners and is growing rapidly in the area of small domestic appliances by utilizing global economies of scale. Other strong positions held by the Group include the market for front-load washing machines and dishwashers, which are segments with low penetration in most markets. Among adjacent product categories, Electrolux identifies major global potential for air-conditioning equipment and water heaters.



Same product architecture, differentiated design

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 rose to 35% in 2013 compared with 10% in 2010.

Products for various segments and regions

The share of product development that encompasses global projects rose to 35% in 2013 compared with 10% in 2010. The objective is to further increase the level of differentiation for new launches in the premium segment and concurrently be able to profitably compete in the mass-market segments. Brand differentiation, rapid product development and efficient production are required to reach consumers with products in the mass-market segments. The Group's global manufacturing platforms facilitate the spread of successful launches from one market to another, with adaptations to local preferences. Electrolux also has a number of development centers for household appliances throughout the world, focusing on such rapidly growing areas as induction and steam.

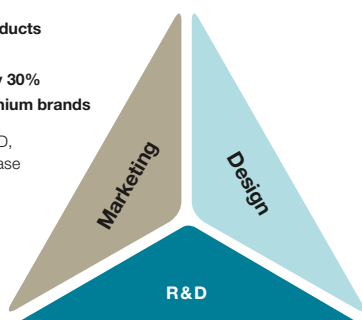
Investments in service and aftermarket

Electrolux offers efficient service, rapid upgrades and a strong range of accessories and consumables. The Group strives to offer the market's best service. Well-functioning service activities have the dual advantage of increasing customer satisfaction and providing opportunities for profitable aftermarket sales. The long-term ambition is that the share of a product's sales value that comprises service, consumables and sales of accessories is to increase to a minimum of 10%.

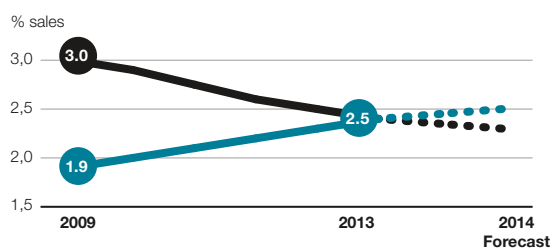
Innovation Triangle

- 1 Develop best-in-class products
- 2 70% Preference Rule
- 3 Reduce Time to Market by 30%
- 4 Continue investing in premium brands

Close cooperation between R&D, Design and Marketing will increase the pace of launching relevant products in the market.



R&D costs compared with warranty costs



● Warranty cost ● R&D
Increased investment in R&D has led to reduced warranty spend.

Brand and design

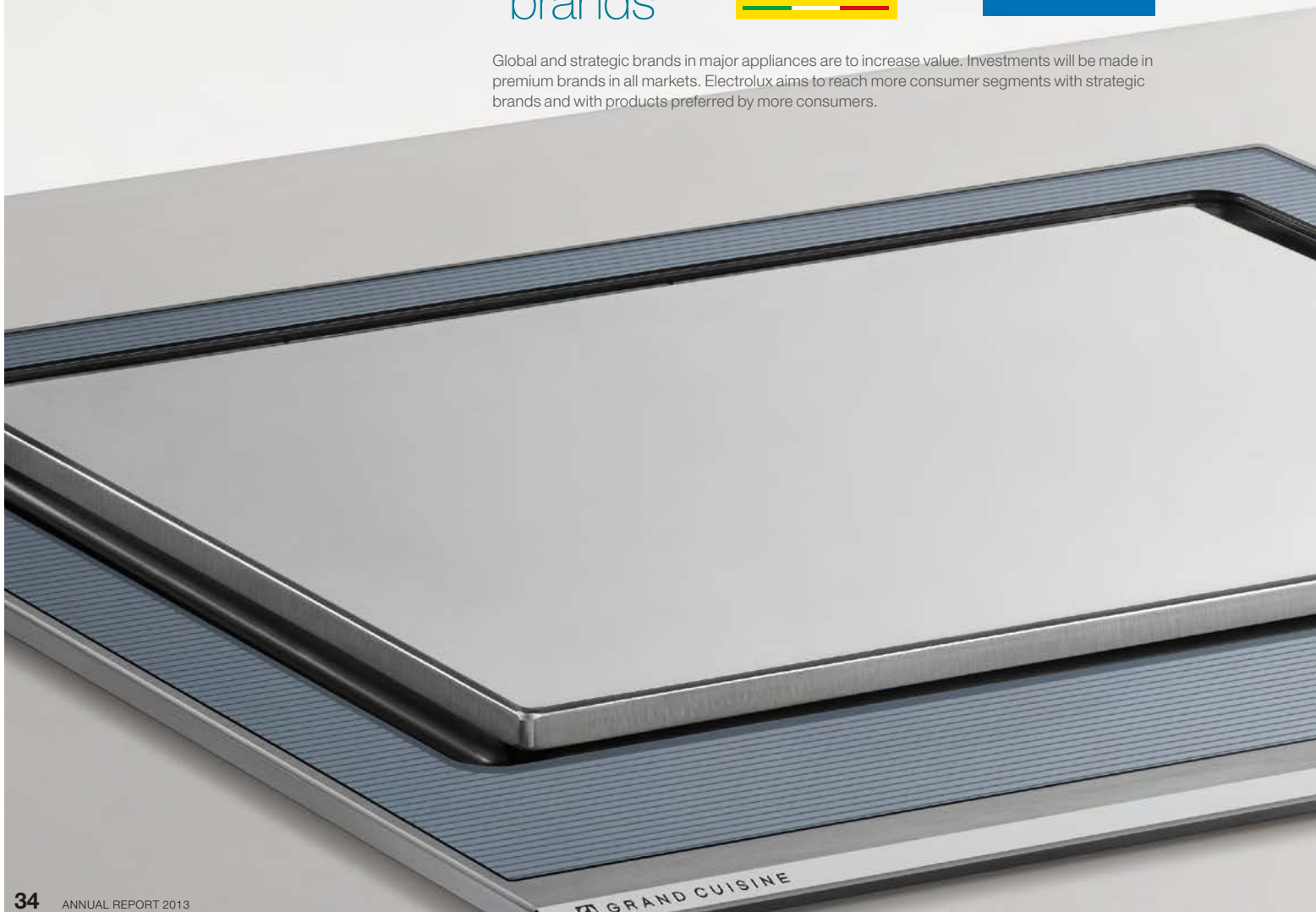
A rapidly emerging global middle class is demanding ever-more products with innovative design under well-known, global brands. As a global producer, Electrolux has a clear competitive edge. With a strong link to the Group's professional expertise, new, innovative consumer products are being launched in the premium segment across the world.



Strategic brands



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



The comprehensive launch of new, innovative appliances and vacuum cleaners in recent years has gradually strengthened the Group's position in the global premium segment. One example in 2013, was the launch of a wide range of appliances under the Electrolux brand in China. The new product range is targeted at the premium segment and is based on European design with functions adapted to the Chinese market. In Europe, the trend for the Electrolux brand was stronger than for the Group's other brands, which was principally attributable to the major and successful launch of the Electrolux Inspiration Range in 2012.

In addition to the Electrolux brand, the Group focuses on seven strong, strategic brands: AEG, Eureka, Frigidaire, Grand Cuisine, Molteni, Westinghouse and Zanussi. AEG holds a leading position in appliances in Germany, Austria and the Benelux countries built on a long history and a strong focus on design and quality. 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 reduce the number of such brands.

Shopping and living experience for consumers

Electrolux is increasingly focusing on smart and cost-efficient solutions that follow and support consumers throughout the purchasing process. The aim is to provide an exceptional experience of the brand by creating an intimate dialog with the consumers during the shopping process before the purchase and

at purchase as well as after purchase when they use their appliances and during the life of their appliances. Consumer decisions regarding the purchase of household appliances are increasingly based on the consumers' visits to various websites, blogs and participation in social media. This means that the Group's websites are some of the most important tools for convincing customers.

Clear connection to professional cooking

The Group's expertise in innovative and efficient solutions for professional kitchens and laundries is used to improve the technology and performance of consumer appliances. Examples include the Electrolux Inspiration Range and the Electrolux Grand Cuisine brand, which offers professional kitchen appliances for home use. A continuous dialog with the best chefs and the supply of new solutions to restaurants and hotels across the globe have provided valuable insight that has been conveyed to other parts of the Group and reinforced the Electrolux brand. Combined with a distinct Scandinavian heritage, this plays a key role in shaping the design and in the development of new and sustainable appliances. Electrolux continuously carries out various projects and public relations campaigns to strengthen the Group's leading position by demonstrating the clear link to professional cooking.

Read more at <http://group.electrolux.com>

Market segment appliances	North America	Latin America	Europe	Australia
ULTRA LUXURY	ELECTROLUX GRAND CUISINE			
PREMIUM	Electrolux	Electrolux	Electrolux AEG	Electrolux
MASS MARKET	Frigidaire Eureka	Electrolux Frigidaire	Zanussi Regional brands	Westinghouse Regional brands

Innovation for sustainability

Sustainability is a core element of the Group's strategy. Focus is on resource-efficient products, engaging employees in sustainability objectives and increasing awareness of the positive and negative impacts across the value chain.

Achieving the Group's vision of sustainability leadership is crucial to realizing the business strategy. The objective is to develop smarter, more accessible, resource-efficient solutions that meet people's needs and improve their lives.

Sustainability priorities target three areas:

- Products, services and markets – to sustainably provide resource-efficient products and services that are accessible to more people around the world.
- People and operations – to engage employees in continually improving operations for the safety of people, integrity of the company and the good of the environment.
- Stakeholders and society – to build trust and connect with stakeholders across the value chain to achieve successful sustainability outcomes.

Sustainability leadership requires a clear vision, strong organizational alignment and global commitment.

In 2013, a 2020 goal was set to cut the Group's climate impact by 50% relative to 2005 production. The reduction in carbon emissions is to be implemented in production, transportation, use of greenhouse gases and in the use phase of products.

With this goal, Electrolux aims to be among the leaders in product-energy efficiency in each product segment and market. Electrolux is collaborating with partners along the value chain to further reduce carbon emissions outside the Group's direct control.

Products, services and markets

The Group's most significant environmental impact is carbon dioxide emitted by consumers during product use. Accordingly, Electrolux places great importance on increased product effi-

ciency, and sustainability is one of four prioritized areas in product development.

At least one-third of the product development spend is environmentally related and include energy and water efficiency as well as design-for-recycling.

A Green Range performance indicator of the most efficient products in each sector allows comparability of environmentally leading products against the total range.

A key challenge is to meeting increasing demand for energy and cost-efficient appliances by transferring innovation rapidly from the premium to the mass-market segment.

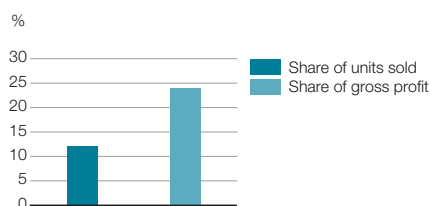
To build increased consumer awareness of the value of efficient appliances, Electrolux focuses on efficiency and other sustainability benefits in marketing across the Group. During the year, the Group conducted a market survey in Australia, Brazil, France, China, Germany and the US to gauge consumers' perception of Electrolux as a sustainable brand and better understand the importance of environmental factors in purchasing behavior. Results showed that two-thirds of consumers ranked environmental impact as one of the three most important factors when purchasing household appliances.

People and operations

The Electrolux Foundation, the Group's principle of conduct, covers three areas: Respect and Diversity, Ethics and Integrity, and Safety and Sustainability.

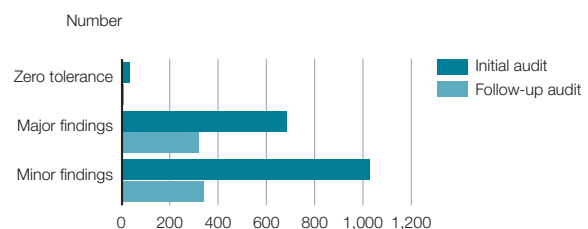
In 2013, Electrolux launched a group-wide program for ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (health and safety) certification. The objective is to leverage the certification program for improving governance and sharing best practice.

Global Green Range



Consumer products with the best environmental performance accounted for 12% of total sold units and 24 % of gross profit.

Responsible sourcing



In total, 373 supplier audits were carried out in 2013. The improvement is illustrated by the reduction of non-compliances in follow-up audits of 87 suppliers.



An employee engagement program for The Purpose, which aims to build an understanding of the value Electrolux creates beyond financial and market objectives, helps make societal and environmental value creation a core part of the employee mindset. Around 2,400 employees have participated in workshops.

The Electrolux Code of Conduct has been updated to better reflect the UN Guiding Principles on Business and Human Rights and the Group's human right risk assessment. Approval and launch is planned for 2014.

The roll-out of the Ethics Program continued, planned for completion in 2014 – see page 46.

Electrolux continued to focus on energy use and carbon emissions in manufacturing. Both relative and absolute targets have been set.

The 2015 reduction goal of 15% is based on 2011 production level. In 2013, the Group achieved a 10% relative improvement. In absolute terms, this means an increase in energy use by 11% due to acquisitions and start-up of new factories.

Stakeholders and society

Electrolux endeavors to be a responsible, open and honest societal partner and build trust, partnership and engagement with stakeholders along the value chain. As part of the company's responsible sourcing initiatives, Electrolux held training sessions for some 190 representatives from suppliers in Asia, the Middle East and Latin America to engage them in the Group's sustainability work.

As a signatory of the UN Global Compact, Electrolux committed to promoting the ten principles covering human rights, labor standards, environment and anti-corruption along its value chain.

In 2013, Electrolux participated in UNICEF's network on children's rights and business principles as well as the Swedish Network for Business and Human Rights, and arranged a seminar with industry counterparts about conflict minerals.

The company keeps track of trends and actively monitors issues through dialog with stakeholders. Learnings are shared with relevant functions and considered as part of the company's continuous improvement.

In 2013 and for the seventh consecutive year, Electrolux was recognized as leader of its industry sector in the prestigious Dow Jones Sustainability World Index (DJSI). This positions the Group within the top 10% of the 2,500 largest companies for social and environmental performance.



Climate smart Green Range

Electrolux offers a Green Range of the most efficient products to meet the increasing demand for energy and cost-efficient appliances. In 2013, the Green Range represented 12% of products sold and 24% of gross profit. A key challenge is to rapidly transfer innovation from the premium to the mass-market segment.

Sustainability Awards 2013



Resource efficiency

Electrolux is committed to growth that is sustainable. This means continually reducing environmental impacts across products, services and operations.

Sustainability targets are set relative to the Group's objective to grow its business by at least 4% per year. Efficient use of resources has the twin benefit of cost savings and sustainability advantages.

Through the Green Spirit program, which is an integral part of the Electrolux Manufacturing System (see page 41), objectives are set to continuously reduce resource consumption, waste and emissions. Improved energy efficiency is saving more than SEK 300m a year in energy costs and emitting 200,000 tonnes less carbon dioxide compared to 2005.

Direct materials

Materials in household appliances comprise primarily of steel, plastic and electronic components. Direct material consumption is reduced by optimizing components and their weights without compromising product performance and quality.

Chemicals

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

Use of recycled materials

The objective is to increase the content of recycled materials in new products. Up to 65% post-consumer recycled plastic is used in selected vacuum-cleaner models.

Energy consumption

Energy use and CO₂ emissions are the highest priorities of resource efficiency. Electrolux has formulated targets for absolute reductions as well as relative objectives. The average energy consumption per unit produced in comparable factories has decreased by 21% during the last five years. The start-up of new factories and increases in electricity emission factors had a negative impact on the results in absolute energy consumption and carbon emissions in 2013, (see graphs below).

Water consumption

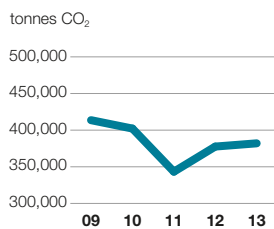
Water shortages are a major problem in many regions. Electrolux has a long-term commitment to help improve management of limited water resources. Two years ahead of schedule, the Group achieved its 2014 goal of a 20 percent reduction in water consumption in operations. During 2013 and together with WWF, Electrolux mapped water-related risks associated with Group factories. As a result, new and more stringent targets have been set for factories in water-stressed areas.

Transports

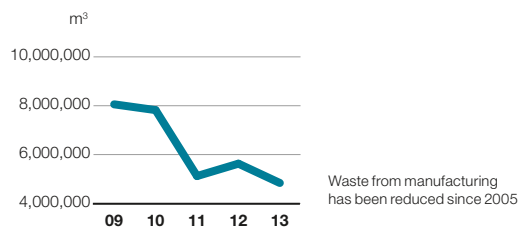
For society as a whole, over 25% of global CO₂ emissions derives from transportation. Electrolux has set a target to reduce its emissions by 15% over four years, using a 2010 baseline.

Several actions have been initiated. The Global Logistic team has partnered with Business for Social Responsibility's Clean Cargo Working Group to drive CO₂ reductions deriving from ocean shipments. This initiative has resulted in improved carbon efficiency by more than 20% by 2013 compared to 2010.

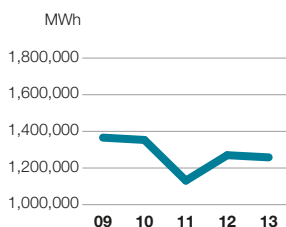
Manufacturing CO₂ emissions



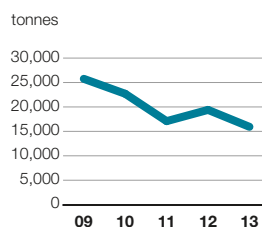
Water consumption



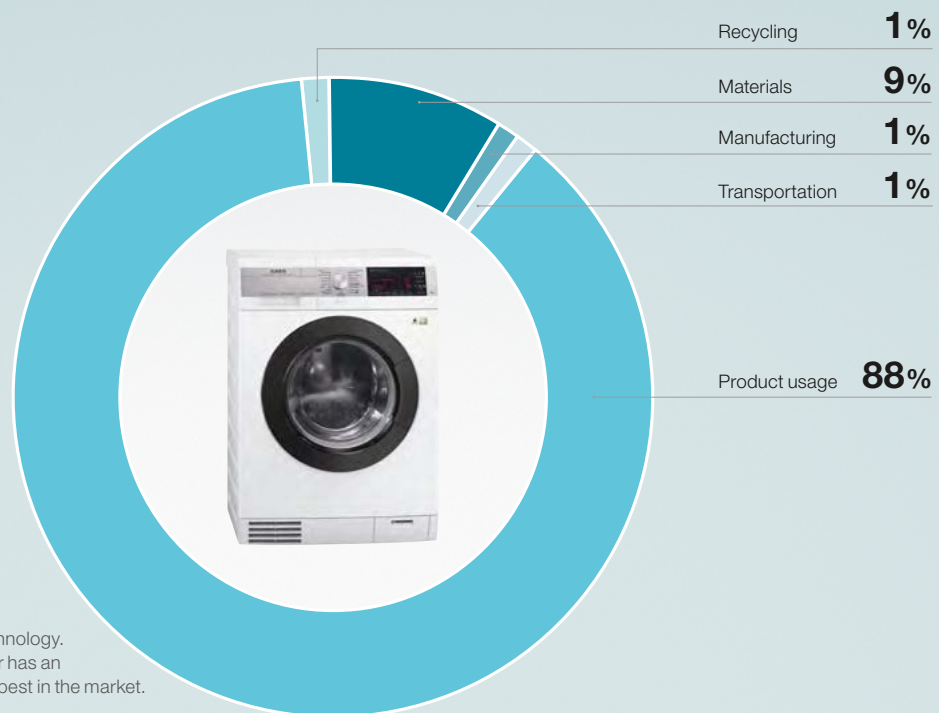
Energy consumption



Total waste



Carbon impact – product life cycle



AEG ÖkoKombi, the world's first washer-dryer with heat pump technology. The AEG ÖkoKombi washer-dryer has an A-40% energy rating which is the best in the market.

The product life-cycle approach 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 during the use phase of products. The design and development of products with increased efficiency is a top priority. The impacts from manufacturing and transport are significantly smaller.

The graph shows the CO₂ impact across the life cycle of a typical household appliance. Data has been calculated by taking the average life cycle of 11 different household appli-

ances including ovens, vacuum cleaners, refrigerators/ freezers, washing machines and dishwashers.

Reducing our footprint by 50%

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

Product use

Electrolux is setting efficiency targets for its products. To achieve this, Group products must be among the leaders in energy efficiency in each product segment and market.

Greenhouse gases

The Group's 2020 objective is to eliminate all greenhouse gases with a global warming potential higher than 15 in products.

Energy use in production

The Green Spirit program's 2020 objective is to reduce energy consumption by more than 50%.

Transportation

As a first step to reducing the CO₂ impact of transportation, a target has been set to reduce emissions by 15% between 2010 and 2014.

Operational
excellence



About 65% of the Group's household appliances are currently manufactured in low-cost areas (LCA). Since 2004, about 35% of the Group's manufacturing in high-cost areas (HCA) has been discontinued or moved, primarily from Western Europe and the US to existing or new units in such countries as Thailand, Hungary and Mexico. This has strengthened competitiveness and increased proximity to strategic growth areas. The aim is to increase capacity utilization and optimize manufacturing throughout the world.

Operational excellence

Operational excellence is an important part of the strategy and a pre-requisite for sustainable profitability. The Group is leveraging on its global strength and size to increase efficiency and lowering the cost base.

Electrolux continually strives for operational excellence by restructuring production, leveraging on its global scale, reducing tied-up capital and improving efficiency within sales and administration.

Competitive manufacturing

Since 2004, the Group is gradually restructuring its production through a thoroughly planned manufacturing footprint project that is planned to be finalized by 2016. About one third of the Group's manufacturing has been moved, primarily from Western Europe and the US, to new production centers. 17 factories have been closed, 6 have been downsized and 11 new production centers have been opened, mainly in low-cost regions. These new production centers have been established both to reduce costs and to support strategic growth markets in Asia, Mexico, Latin America, Eastern Europe and Northern Africa. In 2013, 66% of the manufacturing was carried out in low-cost regions. The corresponding figure for 2004 was 28%. The total capacity utilization today is above 60% and when the manufacturing footprint project is finalized it will be at 75% with an ability to temporarily increase to meet demand peaks.

During 2013, a new cooker plant was opened in Memphis, Tennessee in the US, and a refrigerator plant was opened in Rayong, Thailand. A decision was taken to close down the plant for refrigerators and freezers in Orange, Australia, and to concentrate production to the plant in Thailand. In Latin America, integration continued of the manufacturing units in Argentina and Chile, which were added through the acquisition of CTI in 2011. A corresponding integration was conducted in Egypt for

those units added through the acquisition of Olympic Group. In Europe, a review of the manufacturing footprint in Italy was initiated and a number of product lines were moved from factories in Western Europe to Eastern Europe.

A number of programs aimed at enhancing production efficiency are in place within the Group. Since 2005, the Electrolux Manufacturing System (EMS) has been implemented and encompasses all production units. The program focuses on continuous improvements in terms of product quality, costs, inventory reduction, employee safety and environmental impact. Of a total of about 50,000 production employees, almost half are certified at some level under EMS.

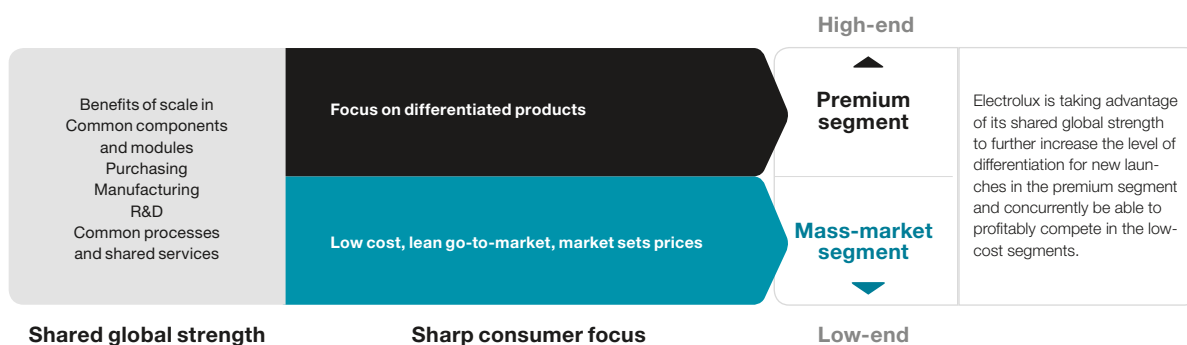
The results of EMS continued to be successful during the year. The manufacturing cost (conversion cost) per manufactured unit for major appliances has declined with 25% since 2010, and since 2005, energy usage per produced unit has decreased by 41%.

Leverage on scale – Global Operations

The major activities to leverage and benefit from the scale of the Group are:

- Coordinated purchasing for raw materials, components and finished products. Recently indirect purchasing has been added to this initiative. Currently, the global purchasing function coordinates and monitors 60% of all purchasing, and the ratio will increase further.
- Faster and more efficient processes for product development through global, cross-border units for product development, design and marketing.

Profitable growth in all segments



- Lower product development and product costs by using standardized global modular platforms for new products. This also creates speed in the product development process, and the target is to reduce time-to-market with 30% and the number of variants with 20%.

In 2013, the initiatives continued to yield clear results. Modularization in various product groups accelerated and now covers 10% of all direct material costs for manufacturing of the Group's products. Developing products based on global platforms leads to greater efficiency not only in product development and marketing, but also in production, since fewer product platforms are required.

Capital efficiency

For several years, Electrolux has been working 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 on efficiency-enhancement measures in primarily four areas: trade receivables, accounts payable, inventory and procurement. The working capital program has resulted in an increase in the capital turnover-rate and a reduction in structural working capital.

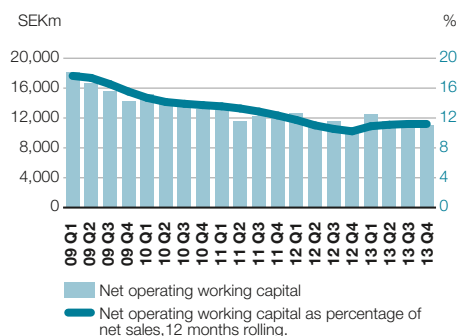
The structure of the capital expenditure in the Group has also changed over the last five years to more expansionary investments and less maintenance investments. Investments in product development have more than doubled and investments in factories have been cut by 50%.

Sales costs and administration

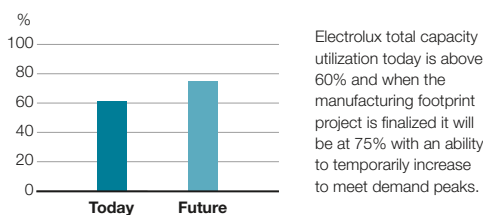
Efficiency within sales and administration is driven by the following activities:

- Common IT-systems. Europe has now fully implemented a new ERP. Asia/Pacific is currently performing a refresh of the present ERP and for North and Latin America projects will start in the period 2015-2016.
- Shared service centers for Finance and Accounting are implemented in Europe, Asia/Pacific, North America and Latin America and optimization of the processes are on-going.
- Continuous overview and merger of legal entities to create a shared infrastructure and back office in all regions.
- Deployment of efficient and common go-to-market tools and processes.

Net operating working capital



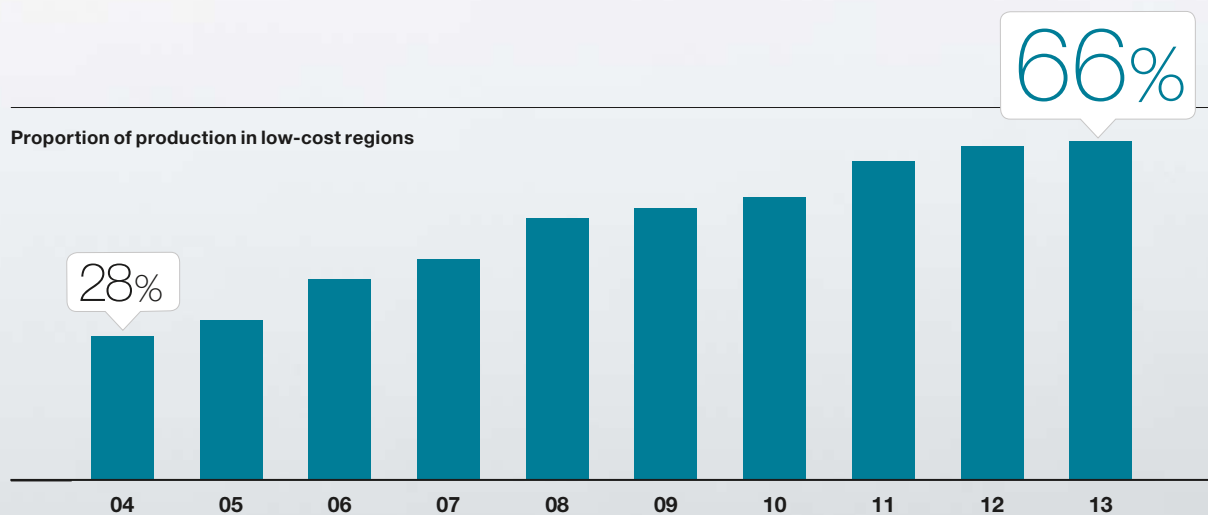
Capacity utilisation in manufacturing




Electrolux total capacity utilization today is above 60% and when the manufacturing footprint project is finalized it will be at 75% with an ability to temporarily increase to meet demand peaks.



Since 2004, the Group is gradually restructuring its production through a thoroughly planned manufacturing footprint project that is planned to be finalized by 2016. About one third of the Group's manufacturing has been moved, primarily from Western Europe and the US, to new production centers. These new production centers have been established both to reduce costs and to support strategic growth markets in Asia, Mexico, Latin America, Eastern Europe and Northern Africa.



People and leadership



An innovative corporate culture with dedicated employees from diverse backgrounds provides the right foundation to develop successful products for consumers across the globe. Employee passion for innovation, consumer insight and motivation to achieve results set Electrolux apart.

People and leadership

Dedicated employees with diverse backgrounds play a crucial role in creating the innovative corporate culture necessary for Electrolux to be successful and reach its vision. Electrolux leadership model acknowledges that the path toward success begins with people.

Dedicated people and outstanding leaders are crucial for Electrolux to achieve its mission and vision. A strong set of values forms the foundation for all operations. In addition, employees are driven by a desire to improve people's lives and contribute to sustainable development – the Electrolux purpose.

An innovative corporate culture

An innovative corporate culture with dedicated employees from diverse backgrounds provides Electrolux with the right foundation to develop successful products for consumers across the globe. At the same time, it is important to contribute to sustainable development for current and future generations in a world that is evolving at an increasingly rapid pace.

The innovative corporate culture from the time of its founder Axel Wenner-Gren still characterizes Electrolux. Wenner-Gren's success was built on proximity to customers and the ability to identify new business opportunities. These factors in combination with a strong set of values form the core of the Group's operations. Employee passion for innovation, consumer insight and motivation to achieve results set Electrolux apart.

Strong committed managers play a decisive role in the successful execution of the Electrolux strategy. The Group's leadership model clearly states that leaders at Electrolux have the responsibility to be both business and people leaders. To support this leadership model, a global training program called (Coaching for Performance) was initiated in 2013 for all managers with the goal of strengthening the feedback culture and improving employee performance. This is crucial to make Electrolux a high-performing learning organization.

To be recognized as the best appliance company by our employees is an important vision for Electrolux and a key tool for measuring this perception is Electrolux Employee Engagement Survey (EES). The EES reviews various aspects of the company's corporate culture such as leadership, team efficiency, employee engagement and teamwork with a system for collect-

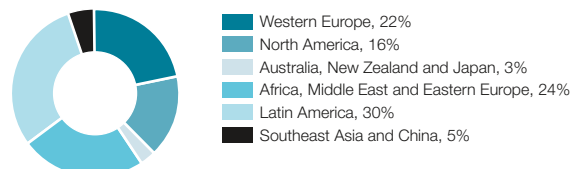


ing feedback to help improve overall business execution. In 2013, EES was upgraded and finetuned. EES is an important tool in Electrolux journey towards becoming a high performing learning organization.

Electrolux offers opportunities to pursue a career in a global company with a strong focus on quality, innovation, design and sustainability.

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

Employees by geographic area 2013





Ethics, integrity and human rights

In 2013, Electrolux continued to intensify its efforts regarding human rights. A major part of this comprised adapting the operations of companies acquired in 2011 – Olympic Group in Egypt and CTI in Chile – in line with the Group’s guidelines.

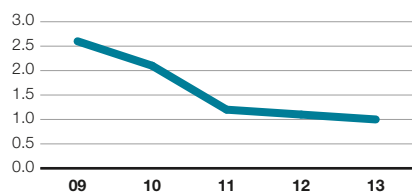
In 2011, Electrolux initiated the roll-out of a global Ethics Program, encompassing both training and a whistleblowing system – the Electrolux Ethics Helpline. The roll-out continued during 2013 and it is planned to be completed during 2014. Approximately 87% of the Group’s employees can now report suspected misconduct via the Helpline. The bulk of the reported cases related to workplace conduct.

Health and safety

In 2013, a global health and safety management system was launched aimed at promoting an even stronger safety culture. The total recordable incident rate (TCIR) was 1.0. Approximately 65% of factories achieved a level of less than 1.0. Since 2009, the incident rate has declined by a full 62%. The Group aims to reduce the incident rate by a further 5% in 2014.

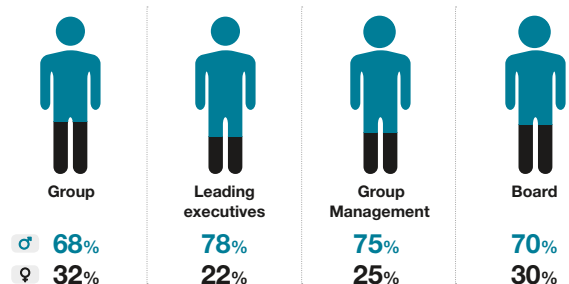
Read more about working at Electrolux at <http://group.electrolux.com/careers>

Incident rate¹⁾



¹⁾ Per 200,000 working hours.

Gender distribution 2013



**The following awards
are presented at
The Electrolux Award Day**

- Sustainability Award
- Digital Marketing Excellence Award
- 360 Marketing Excellence Award
- Industrial Design Award
- EMS Best Practice Award
- Product Award
- Invention Award
- Customer Care Award
- People Leadership Award
- Sales Excellence Award

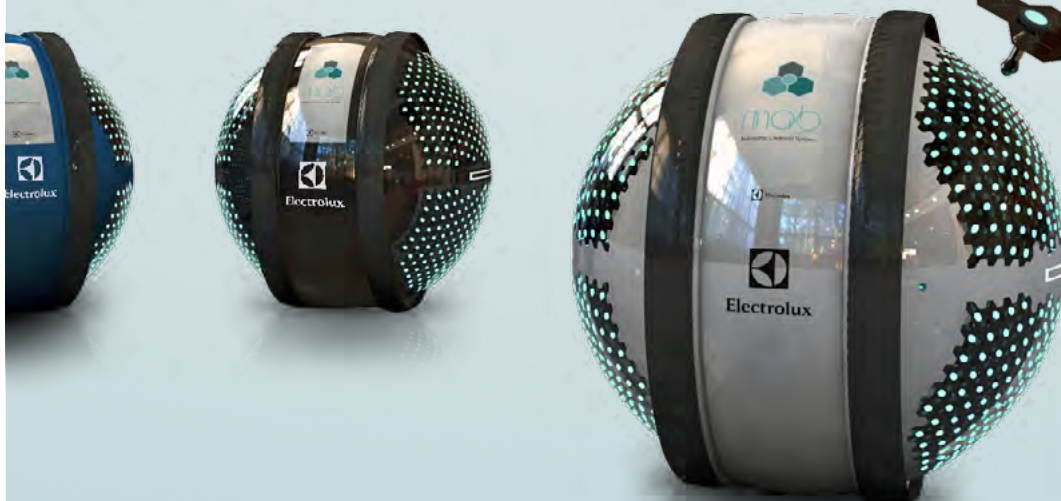
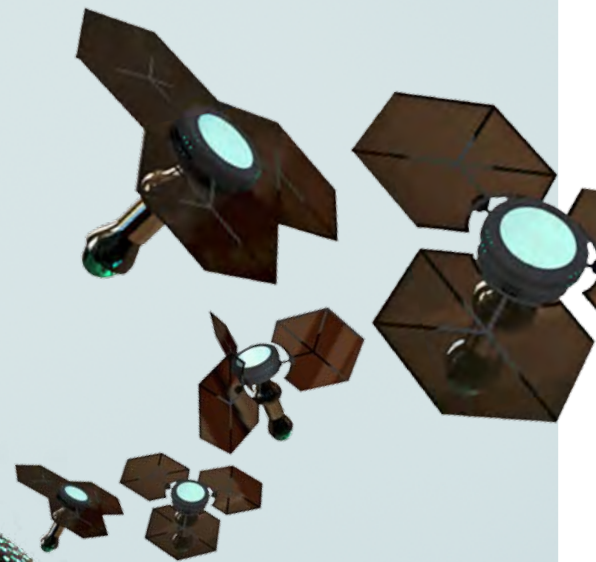


**The Electrolux
Awards**

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 Award Day – a gala prize ceremony in which the winners formally receive their awards.

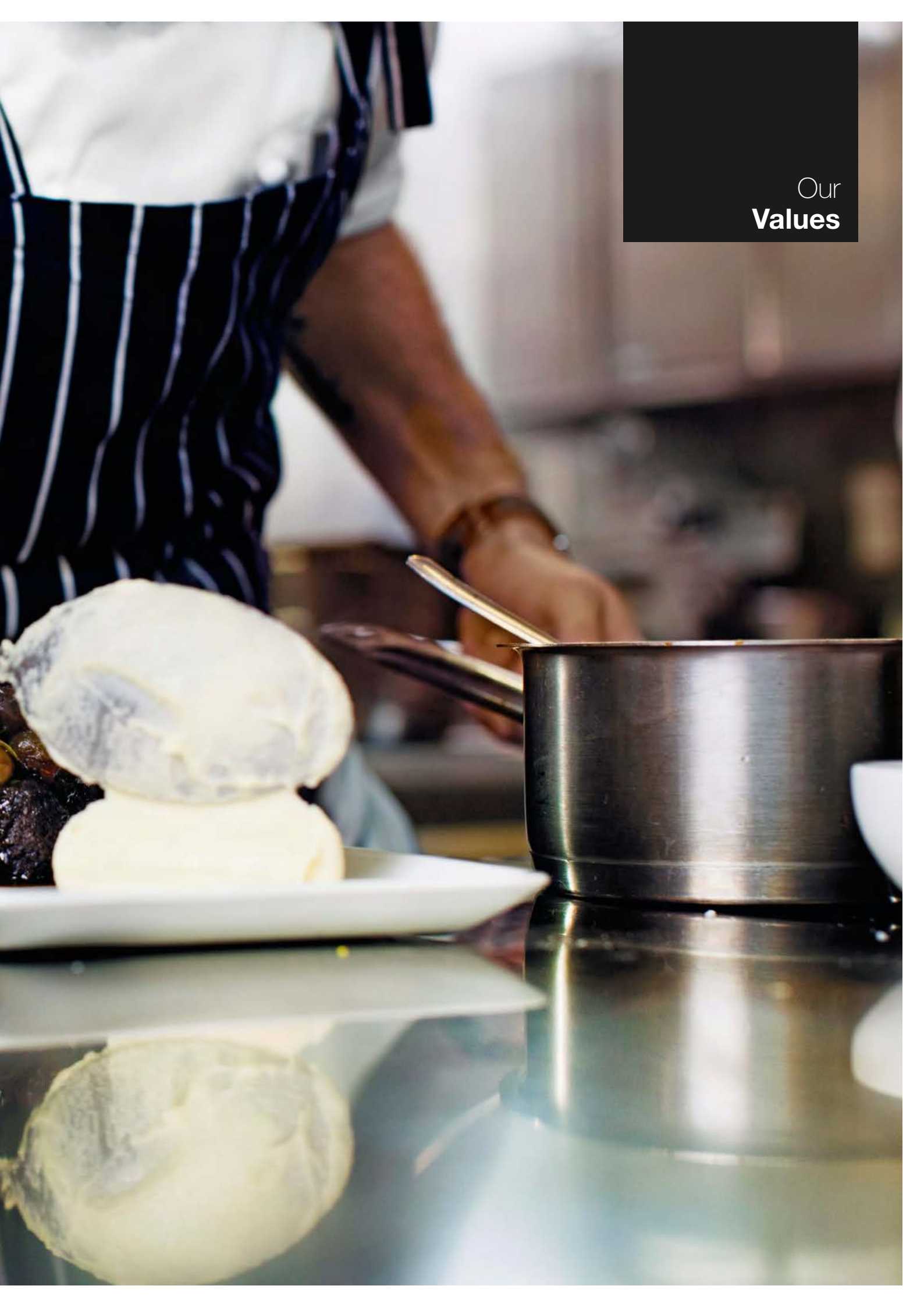
**Flying mini-robot cleaners
win Electrolux Design
Lab 2013 Contest**

Electrolux Design Lab is an annual global design competition open to industrial design students worldwide. The theme for 2013 was Inspired Urban Living. Competitors were asked to submit breakthrough ideas for future household environments. More than 1,700 submissions from over 60 countries around the world took part. The winning concept "Mab", by Adrian Perez Zapata from Colombia, is an automated cleaning system consisting of hundreds of flying mini-robots. The robots clean surfaces by touching them with a drop of water. Mab scans the house, determines the areas to clean and sends the robots flying. www.electroluxdesignlab.com





Three core values clearly distinguish Electrolux:
Passion for Innovation, Customer Obsession
and Drive for Results.



Our
Values

Our values

Respect and Diversity, Ethics and Integrity, and Safety and Sustainability form the foundation of the Electrolux corporate culture. Three core values clearly distinguish Electrolux: Passion for Innovation, Customer Obsession and Drive for Results.

Foundation

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

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 Sustainability

- We seek and encourage 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.





Passion for Innovation

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



Customer Obsession

The wants, wishes and views of our customers guide our every action. We are curious about 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 volume. We focus on the essential and aim at simple, informal, lean and direct ways of doing things.

History

Innovation 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.

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 is that not all households have running water but 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 2013, Electrolux launched new refrigerators featuring the best professional technology to create optimal air humidity and preserve fresh food for longer.



1912 Lux I

2012 Ultra One Mini



1901

AB Lux was founded.



1912

AB Electrolux was formed following the merger of AB Lux and Elektromagnetiska AB. Electrolux leads development of the modern, canister vacuum cleaner and the absorption refrigerator.

ElectroLux

1919

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

Electrolux

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.



The founder of Electrolux, Axel Wenner-Gren, was a visionary who understood how to develop products for the future. He underlined Passion for Innovation, Customer Obsession, and Drive for Results, and these comprise the core values of Electrolux operations.



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 Modell XXX vacuum cleaner. The model shaped by the internationally renowned industrial designer Lurelle Guild, was one of the first vacuum cleaners in history to be created with aesthetic appeal in mind. As cars and trains had become streamlined, Wenner-Gren saw the value in bringing a similar sleek elegance to home appliances. In fact, he had personally tracked down the foremost industrial designers, so that life for Electrolux customers would not only be cleaner and easier, but also more attractive. Looking at the Modell XXX vacuum cleaner, Wenner-Gren said to Guild: "You have given Electrolux products attractive design and perfect form."

Modell XXX vacuum cleaner



2001 Trilobite



2012 Electrolux Inspiration Range



2012 Electrolux Grand Cuisine



2013 Ergorapido



Thinking of you
Electrolux

1984

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

1986

Electrolux acquires the third largest appliance company in the US, White Consolidated, with brands such as Frigidaire, Kelvinator and Westinghouse.

1994

Appliance manufacturer AEG is acquired.

2001

The household appliance division of Australian company Email is acquired.

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.



Electrolux is continuing to launch intelligently designed and high-performing professional products. Competence from the professional operation is continually transferred to consumer appliances.



Business Areas

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Europe, Middle East and Africa

Major Appliances



Electrolux commands significant market shares for major appliances in Europe, Middle East and Africa. Following several years of extensive product launches, the Group has a competitive offering in all segments in the European market. The priority is to further strengthen the position in core markets by focusing on the most profitable product categories, brands and sales channels, and to expand in growth markets in the Middle East and Africa.

Jonas Samuelson

Head of Major Appliances Europe, Middle East and Africa

Share of net sales 2013

31%

In Western Europe, which is the Group's largest market, Electrolux has a broad, competitive offering under the three main brands, Electrolux, AEG and Zanussi, and has significant market shares in many countries and segments, with a particularly strong position in kitchen appliances, such as cookers, hobs and built-in products. Demand for appliances has, however, been in decline for several years in Western Europe. This trend persisted in 2013 as a result of the weak economic climate. For some time now, the market has been characterized by overcapacity and price pressure. One of the reasons for this is that it is a fragmented market with a large number of manufacturers, brands and retailers.

Growth and innovation

Despite the continued weak performance of the market, there are several examples of growing segments in which Electrolux holds a strong position. These include built-in appliances, energy-efficient appliances and products marketed under retailers' own brands, such as IKEA. The built-in segment continued to grow during the year and the Group captured market shares.

Share of operating income

9%

Following extensive launches in 2012 of entirely new product ranges under all of the main brands, activities continued in 2013 with the launch of the Electrolux Inspiration Range. The product range has now been launched across all markets in Europe. In 2013, a new product series, the Electrolux Gourmet Range, was launched. This range is positioned between the ultra-luxury Electrolux Grand Cuisine, professional cooking system for home use, and the Electrolux Inspiration Range in the premium segment. New steam ovens for sous-vide cooking within the built-in premium segment under the Electrolux and AEG brands were also launched in 2013.

In the induction hobs segment, Electrolux commands a very strong position with growth potential; as penetration for this product group remains low in both Western and Eastern Europe. An increasing number of Eastern European households are able to afford to replace old appliances and invest in new, more exclusive kitchen products.

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, primarily

Market position

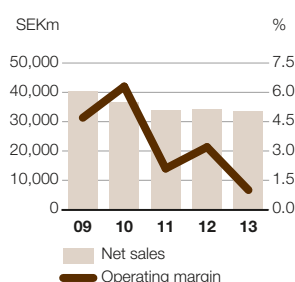
- Core Appliances **17%** in Western Europe
- Core Appliances **13%** in Eastern Europe
- A leading position in markets in North Africa and the Middle East

refrigerators, cookers, washing machines and air-conditioning equipment, rises in parallel with growing prosperity. The ongoing integration of Egyptian Olympic Group has considerably strengthened the Group's position in the Middle East and North Africa. By the end of 2013, the Zanussi brand was re-launched in Egypt with a complete portfolio of products covering kitchen products and washing machines.

Operational excellence

Structural actions have been in progress for a number of years in the European operations to reduce complexity and enhance efficiency. A central part of this program is to further streamline and focus operations on the most profitable product categories, brands and sales channels. This involves a review of the number of product variants and brands. As a consequence of the weak market conditions in Europe, further actions were launched in 2013. Activities also continued to further boost manufacturing competitiveness. A study was initiated during the year to review the Group's production structure for appliances in Italy.

Net sales and operating margin 2013



Comments on performance

The organic sales was unchanged compared with 2012. The product mix was improved, although this was offset by lower sales volumes and continued price pressure. Operating income declined. Lower sales volumes in several of the Group's core markets, unfavorable currency movements and price pressure had a negative impact on operating income.

Priorities moving forward

- Greater focus on strong brands and product ranges
- Reduced complexity in operations
- Enhanced manufacturing competitiveness

Gourmet Range

The **Electrolux Gourmet Range** is a very exclusive collection of built-in appliances and was launched together with kitchens from Poggenpohl. The new products are sold exclusively via kitchen manufacturers. The range has been tested by professional chefs to meet their exacting standards and includes Sous-vide capability through a vacuum sealing drawer and combi-steam ovens that offer precision temperature settings to the nearest degree; wine cooler; and teppanyaki hob.



Sous-vide oven and vacuum sealer

The innovative **CombiSteam Sous-vide** oven and vacuum sealer was launched in Europe under the Electrolux and AEG brands. Sous-vide is an example of Electrolux professional technology being introduced in a premium domestic product. It is aimed at foodies – people who are genuinely passionate about cooking.



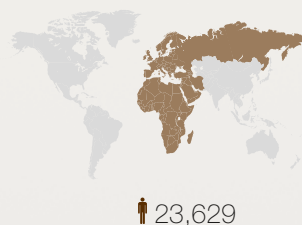
Air conditioners

A range of air conditioners was launched in the European market during 2013. This product category has a strong growth potential in Europe, the Middle East and in Africa.

Market demand for 2013 compared to 2012



Electrolux markets and average number of employees 2013



North America

Major Appliances



The US appliance market saw a strong growth in 2013 after several years of declining demand. Electrolux strengthened its position in the region and increased sales as a result of new product launches and the addition of new customers and new sales channels. The focus of Electrolux is to strengthen its position in the market by offering new innovative products across several price segments and brands.

Jack Truong
Head of Major Appliances North America

Share of net sales 2013

29%

Electrolux commands a strong position in the US and Canada, particularly for kitchen appliances, such as cookers, refrigerators and freezers. The Group's appliances are predominantly sold under the Frigidaire brand in several price segments and under the Electrolux brand in the premium segment. The Group strengthened its market shares in North America as a result of such activities as successful product launches, new distribution channels and increased investments in innovation and marketing. During the year, Home Depot grew into a new significant distribution channel.

Growth and innovation

The core appliances market grew by about 9% during the year. The increase was mainly related to the improvement in the US housing market. There is considerable potential for further growth since demand is still approximately 20% below historic peak levels. During the next few years, growth in housing construction is expected to be particularly strong for single-family homes. Another interesting trend is that the premium segment is

Share of operating income

53%

growing in parallel with the region's ageing population. In the premium segment, Electrolux has a strong and broad product offering through its Electrolux brand. The product range was broadened during the year and a number of innovative products were launched, such as OrbitClean dishwashers and kitchen appliances with smudge-proof stainless surfaces under the Frigidaire Gallery brand and the Perfect Temp drawer for refrigerators under the Electrolux brand.

North American homes generally have ample space for many household appliances, including large appliances. The high degree of product penetration combined with relatively low population growth has resulted in replacement products dominating the market. The market is also more uniform than most markets, which has led to a relatively high level of consolidation among manufacturers and retailers. The three largest manufacturers of appliances in the US account for a major part of the market and about 70% of appliances are sold through four national retailers – Best Buy, Home Depot, Lowe's and Sears.

Market position

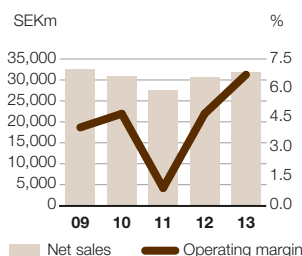
- Major Appliances **23%**

Operational excellence

An important part of the Electrolux strategy to grow profitably is its ability to quickly and efficiently deliver products to consumers and retailers. During the year, Electrolux established a new logistics system for warehousing and distribution of products, enabling the company to rapidly and efficiently serve new, transnational distribution channels, such as Home Depot.

To ensure a more streamlined manufacturing process with the latest technology while maintaining high quality, Electrolux is consolidating its North American cooking manufacturing into the state of Tennessee. The company has opened a new cooking plant in Memphis, Tennessee, and is moving cooking production in the unit in L'Assomption, Quebec, Canada, to the new plant. During the year, these facilities were partially operating in parallel, thus leading to increased production costs.

Net sales and operating margin 2013



Comments on performance

Organic growth in North America increased by 7.6% due to higher volumes of core appliances. Growth in the market, launches of new products and new distribution channels all had a positive impact on sales. Operating income improved on account of continued volume growth of appliances and improvements in the price/mix.

Priorities moving forward

- Launch of consumer-driven innovation and improvement of product mix
- Growth in new customer segments and new channels
- Continued efforts to cost-efficiently serve new customers



Electrolux French Door refrigerator

The multi-door refrigerators are the fastest growing segment in food preservation. Electrolux strategy is to capture the growth in this segment. Electrolux in North America has developed a modular product range that can be used on a global basis for different customer segments. The brand ambassador for the Electrolux brand is Kelly Ripa, a wellknown TV personality in the US.

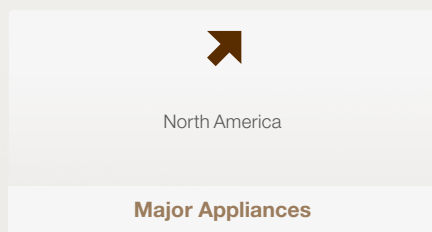


Frigidaire new products

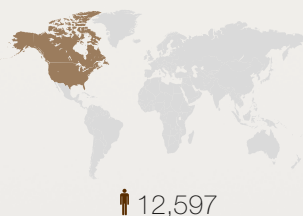
During 2013, Electrolux re-launched new products under the Frigidaire brands, such as kitchen appliances with the Smudge-Proof Stainless Steel Range and the 50/50 Symmetry Double Oven.



Market demand for 2013 compared to 2012



Electrolux markets and average number of employees 2013



Latin America

Major Appliances



Electrolux is growing rapidly in Latin America and the Group holds considerable market shares in the region. The Electrolux brand occupies a strong position through its innovative products and close collaboration with market-leading retail chains.

Ruy Hirschheimer
Head of Major Appliances Latin America

Share of net sales 2013

19%

Electrolux operations in Latin America are continuing to grow. The Group's market shares were further expanded in 2013 due to the rapid pace of product development and extensive launches of new, innovative products. Brazil is the Group's largest market and accounted for about 70% of Electrolux sales during the year. The significance and contributions of other Latin American markets are on the rise, reinforced by the 2011 acquisition of Chilean CTI.

Growth and innovation

The Latin American market is relatively consolidated. In Brazil, the three largest manufacturers – Electrolux, Whirlpool and Mabe – account for more than 70% of appliances sales. As a result of high import duties and logistical costs, the bulk of products sold are produced domestically. Consolidation is also strong among retailers in the region. These factors reinforce the strength and potential of established, nimble competitors in the region. During the year, most Latin American currencies weakened against the US dollar, resulting in increased costs for the import of semi-finished and finished goods and

Share of operating income

24%

thus a need for price hikes. Brazil accounts for about 50% of the total market. Other major markets include Mexico and Argentina.

The Latin American market for appliances has grown in recent years. The reason for this is the rising purchasing power of households, which primarily demand more basic cookers, refrigerators and washing machines. Demand for products in the upper-price segments is also increasing among the rapidly emerging middle class. Despite the slowdown in the Brazilian economy over the past two years, demand for appliances in Brazil has risen as a result of the government's tax-reduction program for the purchase of domestically manufactured appliances. This program was gradually reduced during 2013, which was one of the factors behind the decline in demand in the latter part of the year.

The strong position of Electrolux in several Latin American countries, long-established relationships with the major retailers and a far-reaching distribution network provide a solid platform for profitable growth in the region.

Electrolux can continue its expansion in Latin America in parallel with a growing

Market position

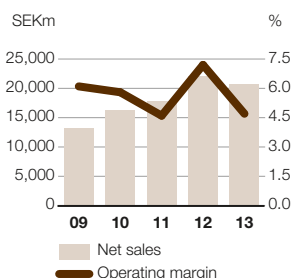
- Electrolux has a leading position in Brazil and Argentina, and the number one position in Chile

middle class through its substantial investments in consumer-driven product development, production capacity and distribution. A large number of new products was launched in several markets in 2013, achieving highly favorable results in customer satisfaction surveys. The new Electrolux Bottom Freezer was developed in Brazil, and a full 88% of surveyed consumers stated a preference for the product over the closest competitor. Other examples of new launches were the Silent Washer washing machine under the Electrolux brand and The Blossom Refrigerator under the Frigidaire brand.

Operational excellence

During the year, the Latin American operations continued toward the objective of operating to a single standard of performance excellence. Programs were carried out throughout the region to empower the workforce, reduce costs and increase productivity. For example, the Electrolux Manufacturing System (EMS) was implemented at the plant in Santiago, Chile. In São Carlos, Brazil, an automated process was introduced for the production of washing machines.

Net sales and operating margin 2013



Comments on performance

Sales for Electrolux in Latin America continued to increase during the year as a result of price increases and an improved product mix. However, operating income for the year declined, primarily due to negative exchange rate effects. During the year, most Latin American currencies weakened against the US dollar, resulting in increased costs for the import of semi-finished and finished goods. This was to some extent mitigated by price increases.

Priorities moving forward

- Expansion of product offering
- Continued growth in Brazil
- Strengthening of positions in other markets



Electrolux **Bottom Freezer** – One refrigerator – Many possibilities

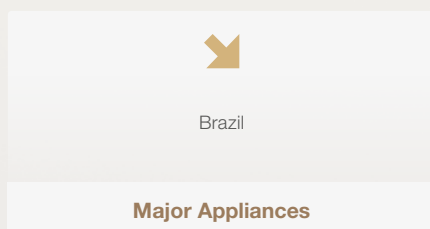
In order for a new product to be launched, at least 70% in a test group must have addressed preference for it above similar alternatives in the market. The new Electrolux Bottom Freezer was developed in Brazil in 2013, and allows over 7,000 ways to organize and customize the product. The consumer has a different refrigerator for every occasion.



Mini Silent washing machine

Electrolux New Mini Silent 3 kg is an innovative, wall-mounted washing machine and a new option for urban consumers with a lack of space, that need a complete, compact, silent and high-performance product, which washes small loads and delicate clothes.

Market demand for 2013 compared to 2012



Electrolux markets and average number of employees 2013



Asia/Pacific

Major Appliances



Electrolux focuses on strengthening its market-leading position in Australia and New Zealand and expanding in growth markets in Southeast Asia and China. A new complete product range adapted to the Chinese market was launched during the year. This represents an important step for growth in the key Chinese market and marked the Electrolux Group's largest launch in 2013.

Gunilla Nordström
Head of Major Appliances Asia/Pacific

Share of net sales 2013

8%

About 50% of Electrolux appliances sales in the Asia/Pacific 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, water and energy efficiency, and design. The Group's Westinghouse and Simpson brands command strong positions in the mass-market segment. Electrolux focuses on strengthening its robust market-leading position in Australia and New Zealand. In recent years, demand in the market has been weak, with intense competition from such manufacturers as Fischer & Paykel, Samsung and LG Electronics. The market improved slightly in 2013, and the Group's sales and market shares increased. Water and energy efficiency are key drivers in the hot and dry Australian climate. Dishwashers and front-load washing machines are therefore fast-growing product categories, and Electrolux controls considerable shares of these markets.

Growth and innovation

Electrolux has reported an annual growth rate of over 40% in China since 2009, with particular success in the refrigerator

Share of operating income

12%

and air-conditioner segments. While Electrolux only controls a small market share in China, sales have grown sharply in parallel with the market expansion. China is the world's largest market for household appliances, measured by volume, and the growth rate in the region is high. Profitable expansion in China is a central part of the growth strategy and Electrolux is focusing its offering on premium appliances for the rapidly growing middle class in major cities. 2013 marked the largest launch ever of a complete range of kitchen and laundry appliances, which were especially developed for Chinese consumers. The range, comprising more than 60 products, is being sold by leading retailers in metropolitan areas in China and includes refrigerators, washing machines, hobs, hoods and appliances for sterilizing dishes.

Growth in the appliances market in Southeast Asia has been strong in recent years, and the growth trend continued in 2013. For Electrolux, sales have grown robustly in pace with the rapid expansion of the economies in the region. Electrolux has a strong offering of premium products, for example, energy-efficient front-load washing machines and built-in

Market position

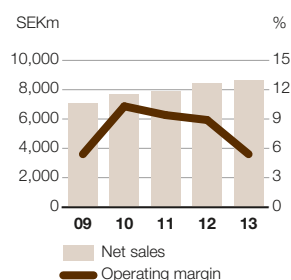
- Core appliances **40%** in Australia.
- Small but growing market share in Southeast Asia

appliances for the kitchen, such as gas hobs with burners that are specially adapted for stir frying. Premium products are in demand by a rapidly growing middle class. Demand is also increasing for energy-efficient products. Refrigerators from the newly opened factory in Thailand further strengthened Electrolux position in Southeast Asia in 2013.

Efficient manufacturing

Over the past number of years, Electrolux has worked to streamline manufacturing and, in early 2013, the Group's new production facility for refrigerators was inaugurated in Rayong, Thailand. The facility is at the center of the Group's global development of refrigerators and plays a crucial role in efforts to achieve profitable growth in the Asian market. The facility manufactures refrigerators that are specially adapted to the Asian market using the latest technology and its production capacity is about 600,000 units per year. To further streamline and consolidate manufacturing, it was decided in the latter part of the year to close the refrigerator plant in Orange, Australia, and concentrate production to the plant in Rayong, Thailand.

Net sales and operating margin 2013



Comments on performance

Organic sales and market shares for Electrolux in Australia and New Zealand increased during the year. Sales in Southeast Asia and China continued to grow strongly. Operating income declined, mainly due to negative currency movements. Costs for launches of new products mainly related to the new products in China also impacted earnings.

Priorities moving forward

- Strengthen the leading position in Australia and New Zealand
- Grow profitably in Asia
- Increase market shares in China



China launch

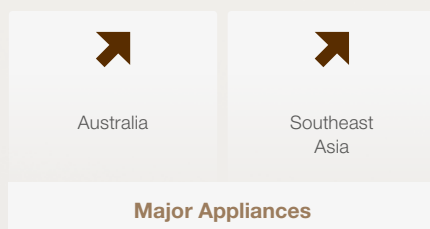
With more than 300 million middle-class consumers, the Chinese market is already as important as Europe or North America and is growing fast. As a key part of the Group's growth strategy, Electrolux made its biggest product launch in 2013 in China, with more than 60 new products for kitchen and laundry. The new range includes refrigerators, washing machines, cooking hobs, hoods and dish sterilizers.

Time Manager

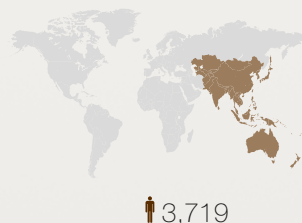
Electrolux Time Manager lets people wash based on how dirty the clothes are. The washing machine has a load sensor to ensure the detergent and wash parameters match the load.



Market demand for 2013 compared to 2012



Electrolux markets and average number of employees 2013



Small Appliances



Electrolux is one of the world's largest vacuum-cleaner manufacturers and the only real global company in the industry. Europe and North America account for the majority of the Group's sales, while the fastest growth is occurring in Asia and Latin America. Electrolux has a rapidly growing business within the small domestic appliances segment, with an ever broader product portfolio. A large number of new products were launched in 2013.

Henrik Bergström
Head of Small Appliances

Share of net sales 2013

8%

The Group holds leading positions in the largest markets, and has a particularly strong presence in the premium vacuum cleaner and rechargeable vacuum cleaner segments. Electrolux focuses on global development of innovative and energy-efficient vacuum cleaners in the upper-price segments. In Europe, most products are sold under the Electrolux brand, which is complemented with the AEG brand. In North America, the Eureka brands dominates, complemented by Electrolux in the more exclusive segments. Sales in Latin America and Asia are predominantly under the Electrolux brand.

Growth and innovation

The Group's sales of vacuum cleaners and small domestic appliances grew particularly rapidly in Latin America and Asia. In Asia, sales also grew strongly in mature markets such as Japan and Korea, as a result of sales channel expansion and through the introduction of new, innovative products. New products and additional sales channels also made a positive contribution to growth in Latin America.

Share of operating income

10%

In Asia and Latin America, initiatives to increase sales of accessories and spare parts were implemented in several countries and via new channels.

Sales growth for small domestic appliances remained very robust in Europe, Asia and Latin America. The launch of new products, such as new coffee-makers, food-processers, mixers, rice cookers and irons, made a marked contribution to growth.

In 2013, a record number of vacuum cleaners and small domestic appliances were launched globally.

A new generation of the test winner and premium model of the vacuum cleaner, UltraOne was launched in addition to the introduction of a new generation of the vacuum cleaner UltraSilencer. Operating at a noise level of only 61dB(A), the UltraSilencer is the quietest vacuum cleaner that Electrolux has ever developed and probably the quietest vacuum cleaner in the world.

With the new innovative UltraCaptic, Electrolux strengthened its position in the bagless vacuum-cleaner segment. A new generation of Ergorapido – the Group's highly successful cordless handheld vacuum cleaner – was launched in Japan.

Market position

- Leading positions in Europe, North America and Latin America

The launch continued in North America and the product will be in stores in Europe in the first quarter of 2014.

In North America, one of the products launched by the Group was the light-weight, upright vacuum cleaner AirSpeed ONE. The Airspeed family now comprises eight models with shared design traits.

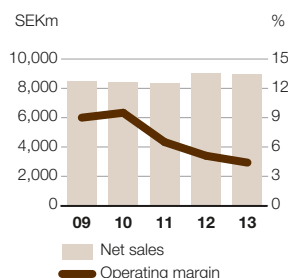
Operational excellence

During the year, production volumes of vacuum cleaners increased sharply at the plant in Juarez, Mexico. Consequently, an improved balance was achieved between products manufactured by suppliers and in-house manufacturing, at the same time as production of key products was moved closer to the markets. Production at the plant in Brazil for the local market also increased. Production of vacuum cleaners commenced in Egypt for the countries in the Middle East.

The systematic efforts to reduce component costs in existing and new products yielded excellent results.

As a result of the success of the capital-efficiency program, working capital declined significantly and the capital-turnover rate increased during the year.

Net sales and operating margin 2013



Comments on performance

Electrolux sales increased in all regions as a result of higher volumes. Sales volumes of small appliances were particularly strong in the Asia/Pacific region. Operating income declined. Increased costs for sourced products in Europe and Brazil, related to the strengthening of the US dollar against local currencies were the main factor. Mix improvements and higher prices made a positive contribution to results.

Priorities moving forward

- New, innovative floor-care product launches in all regions
- Growth for small domestic appliances in all regions
- Further strengthening of marketing, for example, by increased focus on digital marketing



The Electrolux UltraCollection vacuum cleaners

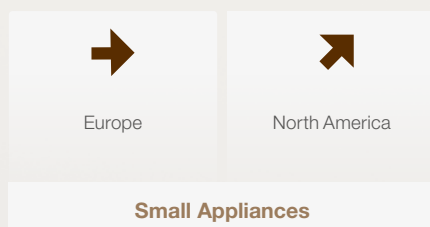
Electrolux UltraCollection consists of five newly launched vacuum cleaners with a cohesive design style. Improvements have been made to the new UltraOne in no less than 40 areas – for example, it is now 1 kg lighter and is several decibels quieter than the previous generation.



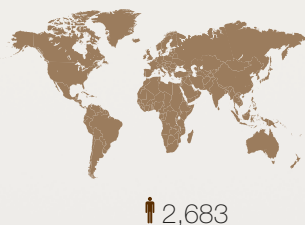
New products

Electrolux Assistent The range of small kitchen appliances was broadened with the introduction of such products as the new Electrolux Assistent. The growing global range of small domestic appliances for cooking was marketed in a unique and award-winning social-media campaign called 'Now You Are Cooking'. A third generation of Ergorapido was launched in Japan, which is the largest market for the product.

Market demand for 2013 compared to 2012



Electrolux markets and average number of employees 2013



Professional Products



Electrolux is the only appliances manufacturer that offers food-service equipment and professional laundry equipment for both professional users and consumers. Electrolux has a strong position with the most resource-efficient products and a global service network.

Alberto Zanata
Head of Professional Products

Share of net sales 2013

5%

In the global professional market, North America represents over 35% and Europe accounts for 25% of market demand.

About two thirds of Electrolux Professional's sales are generated in food-service equipment and one third in laundry equipment. About 60% of total sales is in Europe and close to 10% is in North America.

Electrolux has a strong position in the European food-service market, in particular in the institutional (hospital, staff canteens, schools) and hospitality segments. Electrolux is recognized as the leading player for complete installations in various growth regions. Food-service equipment is sold mainly under the Electrolux brand, but regional brands are also used, such as Zanussi. Customers of Electrolux laundry equipment comprise hospital and hotel laundries as well as apartment building laundries and laundrettes, mainly in North America.

Growth and innovation

During 2013, Electrolux Professional increased sales and delivered organic

Share of operating income

13%

growth with solid profitability by focusing on expanding in growth regions and in new, profitable markets and business segments, such as the globally expanding fast-food chain market. Sales increases were especially noted in North America, China, Eastern Europe, the Middle East and in Southeast Asia.

Electrolux continues to launch intelligently designed and high-performing products. The innovation driver for laundry equipment is strongly linked to the goal of achieving lower costs by reducing the consumption of energy, water and laundry detergent without compromising on washing and rinsing results. Electrolux washing machines and tumble dryers for professional use are among the most energy and water-efficient in the market.

A number of key launches in both food-service equipment and laundry equipment were implemented during the year, such as the Line 5000 washing machines and tumble dryers, a new hood type dishwasher and the new Thermaline cooking range. Electrolux has also developed solutions within food ser-

Market position

- Leadership position in Western and Eastern Europe
- Global presence
- Growing share in emerging markets

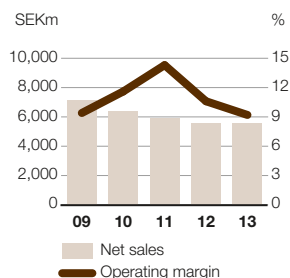
vice and laundry equipment that are custom made for restaurant chains as well as for firebrigades.

Electrolux Grand Cuisine, the first and only professional cooking system designed for homes in the ultra-luxury segment, continues to serve as an example of how competence from the professional operation is transferred to consumer appliances. The system was launched in 2012 and the market introduction continued throughout 2013.

Operational excellence

To achieve the highest possible standards of quality in combination with effective cost control, an Excellence Program was introduced covering the business area. The aim of the program is to make Electrolux the industry benchmark from the perspective of innovation, quality, distribution lead time and customer support.

Net sales and operating margin 2013



Comments on performance

Professional Products showed strong sales performance during the year with volumes growing and price/mix improving. The good sales trend in emerging markets and new segments helped the Group maintain a solid operating margin in 2013.

Priorities moving forward

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



Electrolux Grand Cuisine

Electrolux Grand Cuisine was launched in September 2012 and, for the first time, introduced professional cooking products to the world's most exclusive homes. The ultra-luxury cooking system comprises cooking products including a combination oven, blast chiller, gas, sear and induction hobs, customized ventilation and a stand mixer. It encompasses all available know-how and functions developed by world-leading chefs together with Electrolux.

Electrolux Thermaline Cooking Range

Designed to meet the needs of the most demanding heavy-duty kitchens in the world, the Thermaline was launched in 2013 to be one of the most important launches ever for Professional Products. It combines state-of-the-art technologies, superior productivity and cutting-edge design with the highest quality standards for high-productivity professional kitchens. This launch strengthens Electrolux competitive position in the market for professional cooking ranges.



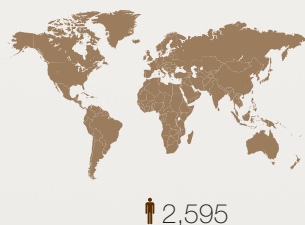
Hood type dishwasher Electrolux green&clean



Market demand for 2013 compared to 2012



Electrolux markets and average number of employees 2013





Electrolux mission is to create sustainable economic value and to increase return for all its stakeholders. Over the past 10 years, Electrolux shares have generated a compounded annual total return of 13%.



The Electrolux
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The Electrolux share

In 2013, expectations were yet again high despite challenging market conditions and increased headwinds from currency fluctuations. The Group, however, continued to deliver organic growth above its target during the year and operating income was at a solid level. Total return for the Electrolux share was 3 percent in 2013.

2013 characterized a year with stable development for the Electrolux share which showed a slight decline of -1%, while the broader Swedish market index, Affärsvärlden General Index, increased by 21% over the same period. The relative underperformance was mainly linked to weak market demand in Europe and consecutive quarters of unexpected currency headwinds which affected underlying earnings negatively. However, the Group met market expectations in terms of continued growth, healthy underlying profitability and solid cash-flow generation.

After a weak start of the year, Electrolux posted a strong organic growth of 5.9% in the second quarter of 2013 and gained market share. In the third quarter, the Group continued to show good growth and delivered an operating margin of close to 4% as a result of improved price and mix.

Total return

The opening price for the Electrolux B shares in 2013 was SEK 170.50. The lowest closing price was SEK 154.00 on February 7. The highest closing price was SEK 192.60 on August 5. The closing price for the B share at year-end 2013 was SEK 168.50, which was -1% lower than at year-end 2012.

Total shareholder return during the year was 2.7%. Over the past ten years, the average total return on an investment in Electrolux shares has been 13.3% annually. The corresponding figure for the SIX Return Index was 12.0%.

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 OMX Stockholm. The beta value of the Electrolux B shares over the past five years is 1.41. A beta value of more than 1 indicates that the share's sensitivity to market fluctuations is above average.

Data per share

	2004	2005	2006 ⁹⁾	2007 ⁹⁾	2008	2009	2010	2011	2012	2013
Year-end trading price, B shares, SEK ¹⁾	65.90	89.50	116.90	108.50	66.75	167.50	191.00	109.70	170.50	168.50
Year-end trading price, B shares, SEK	152.00	206.50	137.00	108.50	66.75	167.50	191.00	109.70	170.50	168.50
Highest trading price, B shares, SEK	174.50	90.50	119.00	190.00	106.00	184.10	194.70	195.60	179.00	192.70
Lowest trading price, B shares, SEK	125.50	62.00	78.50	102.00	53.50	57.50	142.50	95.30	111.50	153.70
Change in price during the year, %	-4	36	31 ⁹⁾	-7	-38	151	14	-43	55	-1
Equity per share, SEK	81	88	47	57	58	66	72	73	55	50
Trading price/equity, %	187	234	247 ¹⁾	191	116	253	264	151	310	338
Dividend, SEK	7.00	7.50	4.00	4.25	0	4.00	6.50	6.50	6.50	6.50 ²⁾
Dividend as % of net income ^{3) 4)}	46	47	37	36	0	29	39	86	57	66
Dividend yield, % ⁵⁾	4.6	3.6	3.4 ¹⁾	3.9	0	2.4	3.4	5.9	3.8	3.9
Earnings per share, SEK	10.92	6.05	9.17	10.41	1.29	9.18	14.04	7.25	8.26	2.35
Earnings per share, SEK ⁴⁾	15.24	15.82	10.89	11.66	2.32	13.56	16.65	7.55	11.36	9.81
Cash flow, SEK ⁶⁾	10.81	2.45	7.53	4.54	4.22	29.16	26.98	18.97	24.74	15.57
EBIT multiple ⁷⁾	9.5	16.1	8.0 ¹⁾	7.9	19.8	12.8	10.8	13.4	14.6	38.8
EBIT multiple ^{4) 7)}	6.7	9.1	7.1 ¹⁾	7.3	15.2	9.1	9.1	12.8	11.6	15.1
P/E ratio ⁸⁾	13.9	34.1	12.7 ¹⁾	10.4	51.7	18.2	13.6	15.1	20.6	71.7
P/E ratio ^{4) 8)}	10.0	13.1	10.7 ¹⁾	9.3	28.8	12.4	11.5	14.5	15.0	17.2
Number of shareholders	63,800	60,900	59,500	52,700	52,600	52,000	57,200	58,800	51,800	51,500

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.

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

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

⁷⁾ Market capitalization excluding buy-backs, plus net borrowings and non-controlling interests, divided by operating income.

⁸⁾ Trading price in relation to earnings per share.

⁹⁾ Continuing operations.

Performance of the Electrolux share during the year



Recommendations from analysts

	After Q4 2012	After Q1 2013	After Q2 2013	After Q3 2013
Buy	47%	39%	53%	41%
Hold	27%	39%	26%	35%
Sell	27%	22%	21%	24%

The performance of the Electrolux share price showed both strength and weakness in 2013 as expectations remained high. High organic growth, solid underlying earnings and cash-flow generation offset by uncertain market development and currency fluctuations resulted in a decline in the share price relative to the Swedish market index during the year.

The Electrolux share is listed on Nasdaq OMX Stockholm. The market capitalization of Electrolux at year-end 2013 was approximately SEK 51 billion (53), which corresponded to 1.7% (1.4) of the total value of Nasdaq OMX 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 1/10 of a vote.

Dividend

The Board of Directors proposes a dividend for 2013 of SEK 6.50 per share, equivalent to a total dividend payment of approximately SEK 1,860m. The proposed dividend corresponds to approximately 66% of income for the period, excluding items affecting comparability. Based on the share price of Electrolux B shares at the end of 2013, the dividend yield for 2013 was 3.9%.

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

Ownership structure

The majority of the total share capital as of December 31, 2013, was owned by Swedish institutions, mutual funds and private investors amounting to 58%. During the year, the proportion of the capital held by foreign owners increased and amounted to approximately 42% (41%) at the end of the year. The volume of shares traded by foreign owners has a significant effect on share liquidity. Foreign investors are not always recorded in the share register 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 2013, the incentive programs had an immaterial effect on 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 2013, 20,186 Class A shares were converted to Class B shares. After the conversion, the total number of votes amounts to 38,265,316. 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.

Share data

Share listing ¹⁾	Stockholm
Number of shares	308,920,308
of which A shares ²⁾	8,192,539
of which B shares ²⁾	300,727,769
Number of votes	38,265,316
Number of shares after repurchase	286,211,987
Quota value	SEK 5
Market capitalization at December 31, 2013	SEK 51 billion
GICS code ³⁾	25201040
Ticker codes	Reuters ELUXB.ST
	Bloomberg ELUXB SS

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

²⁾ In 2013, 20,186 Class A shares were converted to Class B shares.

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

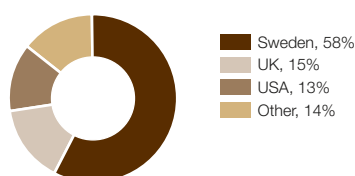
Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
Alecta Pension and Insurance	3.9	4.3
Swedbank Robur funds	3.3	2.7
AMF Insurance & Funds	2.7	2.2
Government of Norway	2.2	1.7
Didner & Gerge Funds	1.7	1.4
SHB Funds	1.2	1.0
Second Swedish National Pension Fund	1.1	0.8
Unionen	1.0	0.8
SEB funds	0.9	0.8
First Swedish National Pension Fund	0.9	0.7
Other shareholders	58.2	53.7
External shareholders	92.6	100.0
AB Electrolux	7.4	0.0
Total	100.0	100.0

Source: Euroclear and Electrolux as of December 31, 2013.

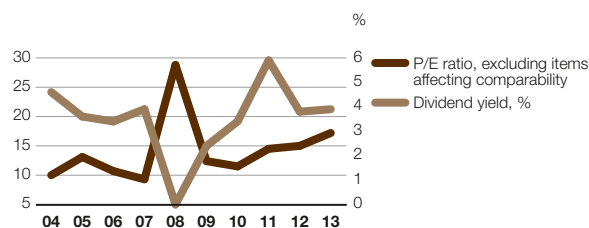
The figures are rounded off. Information regarding ownership structure is updated quarterly on www.electrolux.com/ownership-structure

Shareholders by country



As of December 31, 2013, approximately 42% of the total share capital was owned by foreign investors.
Source: Euroclear as of December 31, 2013.

P/E ratio and dividend yield



At year-end 2013, the P/E ratio for Electrolux Bshares was 17.2 excluding items affecting comparability. The dividend yield was 3.9% based on the Board's proposal for a dividend of SEK 6.50 per share for 2013.

Trading volume

During 2013, 56% of Electrolux B shares were traded outside Nasdaq OMX Stockholm, compared with 54% during 2012. In 2013, the Electrolux share accounted for 2.4% (2.8) of the shares traded on Nasdaq OMX Stockholm, of a total trading volume of SEK 2,938 billion (2,769).

Trading in Electrolux B shares

	2012	2013
Number of traded shares, million	528.3	414.5
Value of traded shares, SEKbn	77.6	70.1
Average daily trading volume, million	2.1	1.6
Average daily trading volume (value), SEKm	311	280
Number of issued/cancelled ADRs	476,999	3,141,700
Number of ADRs outstanding	423,420	828,300

Source: Nasdaq OMX, Citi.

Market share

	2012	2013
Nasdaq OMX Stockholm, %	46.0	44.2
BOAT, %	22.5	24.0
Chi-X, %	17.0	16.2
Burgundy, %	4.3	5.2
BATS Europe, %	4.3	5.1
Turquoise, %	2.9	1.2
Other, %	3.0	5.2
Total	100.0	100.0

Source: Fidessa.

Average daily trading value of Electrolux shares on Nasdaq OMX Stockholm

SEK thousand	2009	2010	2011	2012	2013
A shares	228	148	109	93	127
B shares	358,962	435,958	357,075	310,501	280,457

In 2013, an average of 1.6 million Electrolux shares were traded daily on Nasdaq OMX Stockholm.

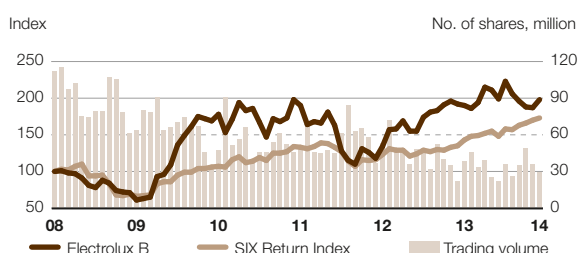
DJSI World Index



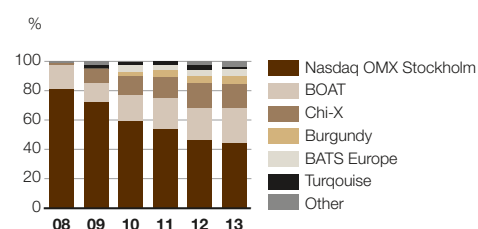
Electrolux – a leader in the consumer durables industry

The Group's sustainability performance and strategy help attract and strengthen relations with investors. In 2013 and for the seventh 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. The DJSI index family has approximately 6 billion USD in assets under management. Approximately 55 products are based on the indexes in 15 countries.

Total return of Electrolux B shares and trading volume on Nasdaq OMX Stockholm, 2008–2013



Trading platforms for the Electrolux share



An increasing portion of Electrolux shares is traded on new trading platforms. Approximately 44% of total trading volume of Electrolux is handled through the Nasdaq OMX Stockholm. BOAT was the second most traded platform with 24% 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.

Financial information is supplied continuously in annual and interim reports. Telephone conferences are arranged in connection with the publication of interim reports, at which Group Management presents results followed by a question and answer (Q&A) session, which is simultaneously webcasted on the Group's website.

Electrolux Investor Relations department arranges approximately 300 meetings annually for investors and analysts. Meetings with investors are held at the Group's head office in

Stockholm, Sweden, as well as in the form of roadshows, primarily in major financial markets in Europe and the US. Electrolux also interacts daily with the capital markets. Furthermore, Electrolux arranges Capital Markets Days and the Annual General Meeting, providing shareholders and investors with the opportunity to attend presentations and interact with the company. For additional information, please visit the Group's website www.electrolux.com/ir

Strategy in focus at **Capital Markets Day**



On November 13, investors and analysts gathered at Electrolux headquarters in Stockholm for the Capital Markets Day where management presented a review of the Group's ongoing strategy, overview of the current business environment and expectations for 2014. The main takeaways were:

Four strategic pillars | Clear focus on the Group's four strategic pillars: profitable growth, innovation, operational excellence, and people and leadership. The strategy will contribute to the creation of sustainable economic value and increased return to all stakeholders.

Profitability | Electrolux is taking actions to restore profitability, primarily in Europe, the Middle East and Africa. A plan was announced in

October and the Group is now accelerating its efforts to improve operational excellence by continuing the final stage of the manufacturing footprint program and by further reducing the overhead costs.

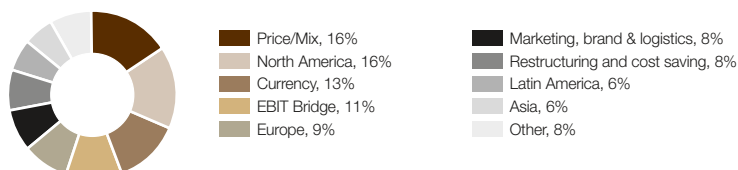
Intensified investments | Intensified investments in product development and marketing, mainly with the new product launch in China.

North America | North America team focus on profitable growth and expansion in new market channels and segments.

Growth goals | The Group reiterates its growth ambitions and mission to achieve an EBIT margin of at least 6% with an asset turnover of 4 times, giving a return on net assets in excess of 20%.

Frequently asked questions by analysts

Analysts' questions at 2013 quarterly telephone conferences



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

? Describe the competitive landscape in the market place developed in 2013 and its impact on Electrolux?

Price pressure continued to be evident in the European market in 2013 while the markets in North America and Latin America characterized a more stable pricing environment. In 2013, Electrolux continued to improve its price-mix in North America and successfully implemented price increases in Latin America.

? How did Electrolux mix develop over the year and what has been the main driver of that?

Improving our mix through product launches and diligent price and product management is central in our strategy and to our growth ambitions while we offer more value to our customers. We are increasing the sales share of premium and built-in appliances which helps improve the mix and contribute to profitability. 2013 has been a year of intensive product launches in which we completed the launch of the Electrolux-branded premium brands across Europe and in other core markets. This has helped improve our product mix in most markets.

? Could you update us on the market in North America and how your performance has been there?

The North American appliance market showed strong growth and increased by 9% in 2013. Consumer confidence has improved and we have also seen housing statistics improving. During the year, Electrolux continued to strengthen its position in the main market channels and have gained market shares. Earnings in North America increased significantly versus previous year.

? How did your currency exposures affect your earnings?

Electrolux has approximately SEK 45 billion of currency in and outflow every year. This leads to a high exposure to currency risks as the Group operates in over 150 countries. In 2013, many important currency pairs showed large fluctuations which affected the Group's operating income. About one-third of the negative impact was from Latin American currencies, which depreciated heavily against the US Dollar. The total negative impact from both currency transaction and translation to Electrolux earnings was SEK -1,460 million.

? How will you restore earnings in Europe?

The European market followed the weak trend from last year and declined by 1% in 2013. Increased competition and price pressure have resulted in falling profits for many players in Europe. In response to the challenging market environment, we have taken initiatives to reduce our cost base, improve our competitiveness within manufacturing and focus on increased product mix.

? What investment costs did you have for marketing, branding and logistics?

As part of Electrolux growth ambitions and to meet the market demand, the Group is accelerating its product innovation and launches across all major markets. In North America, investments related to the new cooking plant in Memphis, Tennessee, and ramp-up costs for new channel expansion were continued. In Europe, the launch of the Electrolux branded Inspiration Range was completed. The biggest launch in 2013 was made in China, with more than 60 new products for kitchen and laundry.

? Can you provide us with an update on your restructuring and cost savings programs?

Electrolux has been implementing an extensive restructuring program since 2004. Plants have been closed in high-cost areas, including the US, Germany and Australia, and new plants have been built in Mexico, Eastern Europe and Thailand. In 2013, additional measures were presented to further adapt capacity in mature markets to lower demand. Savings have been estimated to SEK 1.8 billion with full effect from 2016 and total cost to approximately SEK 3.4 billion of which SEK 1.5 billion was charged to operating income in 2013.

Managing risks

2013 was characterized by yet another year of uncertainty in the market environment and increased fluctuations in currencies. 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. Capacity has been adjusted in response to weak demand, working capital has undergone structural improvements, the focus on price has intensified and the purchasing process for raw materials has been further streamlined. The 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.

Fluctuation in demand

In 2013, demand for appliances in the North American market showed strong growth and increased by 9%. In Europe,

demand continued to be weak as Western Europe declined by 1%, while it was flat in Eastern Europe. In Latin America, growth slowed down driven by Brazil where demand declined by 8% during the year. In the Asia/Pacific region, demand in Australia showed signs of recovery, while the Asian markets continued to grow healthily.

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

Price competition

A number of the markets served by Electrolux are experiencing strong price competition. This is particularly severe in the low-cost segments and in product categories with a great deal of overcapacity. In 2013, pressure on prices continued to be

Sensitivity analysis year-end 2013

Risk	Change	Pre-tax earnings impact, SEKm
Raw materials		
Steel	10%	+/- 700
Plastics	10%	+/- 600
Currencies¹⁾ and interest rates		
USD/SEK	-10%	+772
EUR/SEK	-10%	+350
BRL/SEK	-10%	-456
AUD/SEK	-10%	-263
GBP/SEK	-10%	-231
Interest rate	1 percentage point	+/- 70

¹⁾ Includes translation and transaction effects.

Understanding Electrolux cost structure, 2013

SEKbn	
Revenues	109
Direct material	-45
Sourced products	-17
Salaries and other expenses	-43
Operating earnings	4
Variable cost to sales	80%
Fixed cost to sales	16%
Operating earnings to sales	4%

evident in some of the Group's major markets. Sales promotions continued in the North American market, at the same time as prices continued to deteriorate in Europe during the year. In Latin America, higher inflation combined with currency fluctuations resulted in Electrolux carrying out several price increases to offset the negative effect. Price pressure in Australia softened towards the end of the year.

Exposure to customers and suppliers

The weak trend in some of Electrolux major markets in 2013 impacted the Group's customers, who experienced difficult trading conditions, but this did not result in any major increases in credit losses for Electrolux.

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.

Raw materials and components represent the largest cost item

Materials account for a large share of the Group's costs. In 2013, Electrolux purchased raw materials and components for approximately SEK 44 billion, of which approximately SEK 19 billion referred to the former. The Group's exposure to raw materials comprises mainly steel, plastics, copper and aluminum.

Market prices for raw material remained stable in the first half of the year, but was at a somewhat higher level towards the end of the year. Electrolux utilizes bilateral contracts to manage risks related to steel prices. Some raw materials are purchased at market prices. The total cost of raw materials in 2013 was somewhat lower than in 2012.

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.

In 2013, additional measures were presented to further adapt capacity and reduce overhead costs in mature markets to a lower demand. Annual savings were estimated to approximately SEK 1.8 billion as of 2016.

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 year. At year-end 2013, Group borrowings amounted to SEK 14,905m, of which SEK 11,935m referred to long-term loans with an average maturity of 3.3 years. Loans are raised primarily in USD, EUR and SEK. The average interest rate at year-end for the total borrowings was 3.2%. At year-end 2013, the average fixed-interest period for long-term borrowings was 1.0 years. Long-term loans with maturities within 12 months amount to SEK 272m. Liquid funds on December 31, 2013, amounted to SEK 7,232m.

In addition, the Group has two unutilized credit facilities. Since 2010, Electrolux has an unused committed multicurrency revolving credit facility of SEK 3,400m maturing in 2017 as well as an unused multicurrency revolving credit facility of EUR 500m maturing in 2018. These two facilities can be used as either long-term or short-term back-up facilities.

On the basis of the volume of loans and the interest-rate periods in 2013, a change of 1 percentage point in interest rates would affect Group income in the amount of +/- SEK 70m. For additional information on loans, see Notes 2 and 18.

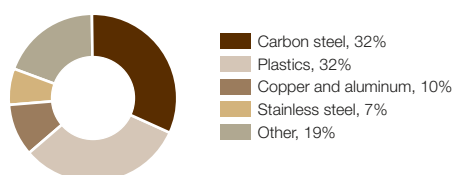
Pension commitments

At year-end 2013, Electrolux had commitments for pensions and benefits that amounted to approximately SEK 23 billion. Through pension funds, the Group manages pension assets of approximately SEK 20 billion. At year-end, approximately 35% of these assets were invested in equities, 42% in bonds, and 23% in other assets. Net provisions for post-employment benefits amounted to SEK 3,425m.

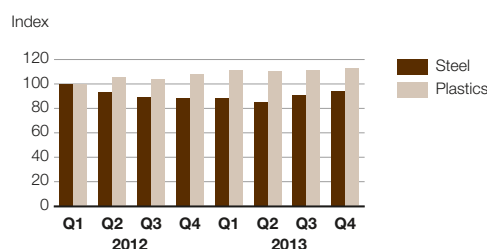
Yearly changes in the value of assets and commitments depend primarily on developments in the interest-rate market and on stock exchanges. Other factors that affect pension commitments include revised assumptions regarding average life expectancy and healthcare costs.

Costs for pensions and benefits are recognized in the income statement for 2013 in the amount of SEK 727m. In the interest of accurate control and cost-effective management, the Group's pension commitments are managed centrally by Group Treasury. Electrolux uses interest-rate derivatives to hedge parts of the risks related to pensions. For additional information, see Note 22.

Raw material exposure 2013



Trend for steel and plastics prices, weighted market prices indexed



Exchange-rate exposure at Electrolux

Exchange-rate exposure

The global presence of Electrolux, with manufacturing and sales in a number of countries, offsets exchange-rate effects to a certain degree. The principal exchange-rate effect arises from transaction flows; when purchasing and/or production are/is carried out in one currency and sales occur in another currency. The Group utilizes currency derivatives to hedge a portion of the currency exposure that arises. The business 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 from Group Treasury. It is mainly business areas in emerging markets that have a shorter hedging horizon. The business areas are permitted to hedge forecast flows from 60% to 80%. 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 operating income are translated into SEK. The translation exposure is primarily related to currencies in those regions where the Group's most substantial operations exist, that is, EUR and USD.

Sensitivity analysis of currencies

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

Currency effects 2013

Compared with the previous year, changes in exchange rates for full-year 2013 had a negative impact on operating income. The total currency effect (translation effects, transaction effects and net hedges) amounted to approximately SEK -1,460m. The net transaction effect was SEK -1,164m, results from hedging operations SEK 383m and translation effects SEK -295m.

The impact from transaction and hedging operations 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.



North America

The principal currency pairs for the North American operations are the USD/CAD and MXN/USD. A significant portion of production is conducted in Mexico and the products are subsequently sold in USD. Accordingly, a weak MXN compared with the USD is positive for the Group. A strong CAD compared with the USD is positive for the Group, since a large portion of the costs for the Canadian products is expensed in USD (purchasing and production costs).

Latin America

The principal currency pair for the Latin American operations is the USD/BRL. Purchases of raw materials and components are to a large extent priced in USD. The products are then sold in BRL. A weak BRL compared with the USD is negative for the Group.

Principal currency pairs Electrolux (transaction effects)

Europe

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

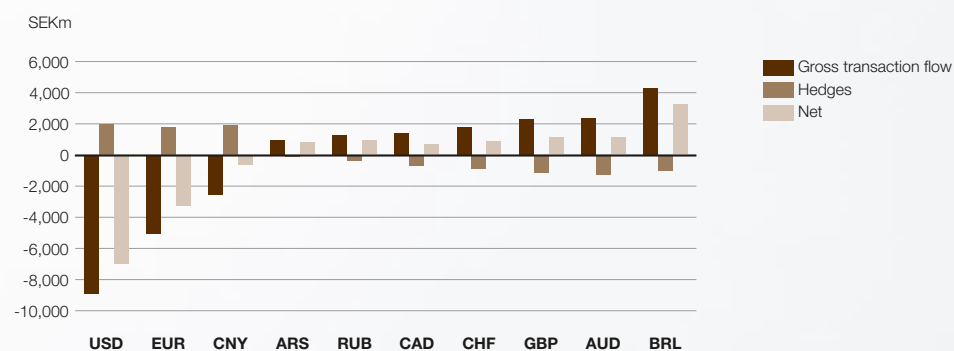


Asia/Pacific

The principal currency pairs for the business in the Asia/Pacific region is the USD/AUD and CNY/USD. Purchases of raw materials and components are to a certain extent priced in USD and the products are subsequently sold in AUD. A strong AUD compared with the USD is positive for the Group. Some purchases from China are denominated in CNY and sold in USD. Accordingly, a weak CNY vs USD has a positive effect on the Group.

Main translation effects: USD/SEK, EUR/SEK

Foreign-exchange transaction exposure, forecast 2014





The compact wall-mounted washer Mini Silent was launched in Latin America during 2013. With a 3-kg wash load, it is ideal for households with limited space.

Report by the Board of Directors for 2013

- Net sales amounted to SEK 109,151m (109,994).
- Organic sales growth was 4.5%, while currencies had a negative impact of –5.3%.
- Sales growth in all business areas except for Major Appliances Europe, Middle East and Africa.
- Operating income amounted to SEK 4,055m (5,032), corresponding to a margin of 3.7% (4.6), excluding items affecting comparability.
- Negative impact from currencies of SEK –1,460m.
- Strong performance for Major Appliances North America.
- Market conditions in Europe continued to deteriorate and results for Electrolux operations in the region were negatively impacted.
- Measures to improve manufacturing footprint and reduce overhead costs were initiated and SEK 2,475m was charged to operating income within items affecting comparability.
- Cash flow from operations and investments amounted to SEK –279m (2,378).
- Income for the period was SEK 672m (2,365), corresponding to SEK 2.35 (8.26) per share.
- The Board of Directors proposes a dividend for 2013 of SEK 6.50 (6.50) per share.
- The Board proposes a renewed AGM mandate to repurchase own shares.

Key data

SEKm	2012	2013	Change, %
Net sales	109,994	109,151	–1
Operating income	4,000	1,580	–61
Margin, %	3.6	1.4	
Income after financial items	3,154	904	–71
Income for the period	2,365	672	–72
Earnings per share, SEK ¹⁾	8.26	2.35	
Dividend per share, SEK	6.50	6.50 ²⁾	
Net debt/equity ratio	0.65	0.74	
Return on equity, %	14.4	4.4	
Average number of employees	59,478	60,754	

Excluding items affecting comparability

Items affecting comparability	–1,032	–2,475	
Operating income	5,032	4,055	–19
Margin, %	4.6	3.7	
Income after financial items	4,186	3,379	–19
Income for the period	3,252	2,809	–14
Earnings per share, SEK ¹⁾	11.36	9.81	
Return on net assets, %	17.9	14.0	

¹⁾ Basic, based on an average of 286.2 (285.9) million shares for the full year 2013, excluding shares held by Electrolux.

²⁾ Proposed by the Board of Directors.

2013 in summary

- Organic growth of 4.5%, sales increased in most regions.
- Extensive product launches across most markets.
- Operating income declined, and was impacted by continued weak markets in Europe and negative currency movements.
- Good development for the operations in North America.

Market overview

In 2013, market demand for appliances in North America increased by 9%. Western Europe declined by 1%, while Eastern Europe was unchanged. In total, market volumes in Europe declined by 1%. Market demand in Australia increased.

Demand in Southeast Asia and China continued to show growth. Demand for appliances in Brazil declined, while other Latin American markets showed growth.

Net sales and operating income

Organic sales growth for the Electrolux Group in 2013 was 4.5%. All business areas showed sales growth except for Major Appliances Europe, Middle East and Africa. Sales growth were particularly strong for major appliances in Asia/Pacific, North America and Latin America.

The negative trend in market conditions in core markets in Europe has adversely impacted results for the Group's operations in the region. In addition, results were impacted by unfavorable currency movements in the amount of SEK -1,460m. However, volume growth, price increases and product mix improvements contributed to operating income. 2013 was a year with extensive product launches, in most regions, which contributed to an improved product mix.

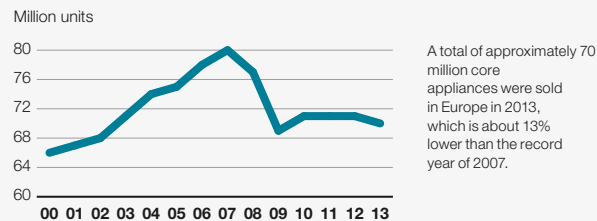
Costs savings and the ongoing global initiatives to reduce complexity and improve competitiveness within manufacturing contributed to operating income.

Financial goals over a business cycle

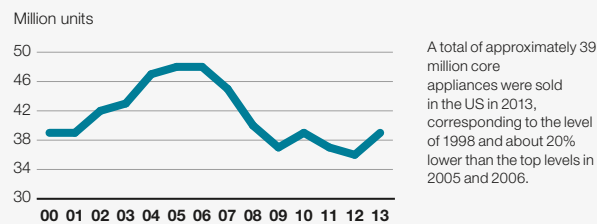
The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders.

The organic sales growth in 2013 of 4.5% exceeded the goal of 4%. Operating margin amounted to 3.7%, the capital turnover-rate was 3.8 and the return on net assets was 14.0%

Market demand for core appliances in Europe



Market demand for core appliances in the US



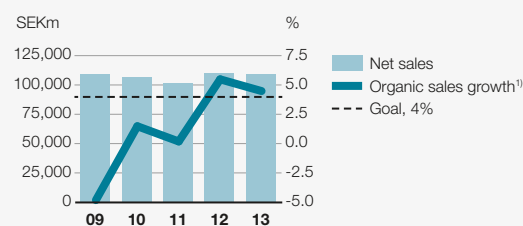
Sources: US: AHAM. Europe: GfK. For other markets there are no comprehensive market statistics.

Structural changes in 2013

In 2013, Electrolux continued the work to increase production competitiveness by optimizing its industrial production system. In addition, to adapt to the current market situation in Europe, further actions were initiated to reduce costs. In total, savings for the above mentioned activities are going to be realized by SEK 1.8bn, with full effect 2016, for charges totaling SEK 3.4bn. In 2013, SEK 2.5bn was reported as items affecting comparability within operating income, including an impairment of SEK 0.9bn related to an IT-platform. The remaining part of the restructuring charges, approximately SEK 2.0bn, is expected to be taken during 2014, see page 96.

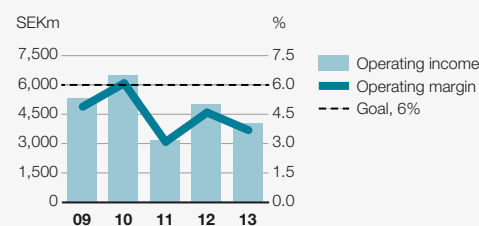
Financial goals over a business cycle

Sales growth



¹⁾ In comparable currencies.

Operating margin



Key ratios are excluding items affecting comparability.

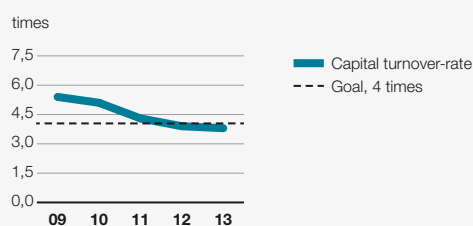
Financial overview

SEKm	2012	2013	Change, %
Net sales	109,994	109,151	-0.8
Change in net sales, %, whereof			
Organic growth	-	-	4.5
Changes in exchange rates	-	-	-5.3
Operating income			
Major Appliances Europe, Middle East and Africa	1,105	347	-69
Major Appliances North America	1,452	2,136	47
Major Appliances Latin America	1,590	979	-38
Major Appliances Asia/Pacific	746	467	-37
Small Appliances	461	391	-15
Professional Products	588	510	-13
Other, common Group costs, etc.	-910	-775	15
Operating income excluding items affecting comparability	5,032	4,055	-19
Margin, %	4.6	3.7	
Items affecting comparability	-1,032	-2,475	
Operating income	4,000	1,580	-61
Margin, %	3.6	1.4	

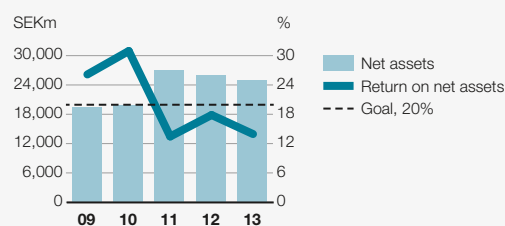
Launches of new products

During the year, a wide range of products were launched across most markets. In 2013, the Group's biggest launch was made in China, an important growth market for Electrolux. More than 60 new products for kitchen and laundry were launched in the Chinese market and the launch will continue in 2014. In Europe, the launch of the Electrolux Inspiration Range has now been carried out across all core markets. The launch, which started in 2012, includes a complete range of appliances for the premium segment. In North America, a number of products were launched under the Electrolux, Frigidaire and Eureka brands. A wide range of new products within small domestic appliances and vacuum cleaners were launched across most markets.

Capital turnover-rate



Return on net assets



Key ratios are excluding items affecting comparability.

Net sales and income

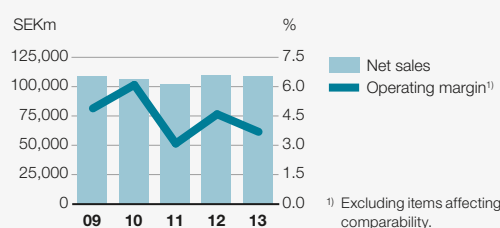
- Organic sales growth was 4.5%, while currencies had a negative impact of –5.3%.
- Operating income amounted to SEK 4,055m (5,032), corresponding to a margin of 3.7% (4.6), excluding items affecting comparability.
- Measures to reduce costs were initiated, and SEK 2,475m was charged to operating income within items affecting comparability.
- Negative impact from currencies by SEK –1,460m.
- Income for the period was SEK 672m (2,365) and earnings per share amounted to SEK 2.35 (8.26).

Net sales

Net sales for the Electrolux Group in 2013 amounted to SEK 109,151m, as against SEK 109,994m in the previous year. The organic sales growth was 4.5%, while currencies had an impact of –5.3%.

Strong sales growth was seen in Asia/Pacific, North America and Latin America. 2013 was a year with extensive launches of new products across most markets.

Net sales and operating margin



Operating income

Operating income for 2013 decreased to SEK 1,580m (4,000), corresponding to a margin of 1.4% (3.6).

In 2013, measures were initiated to improve manufacturing footprint and reduce costs, particularly in Europe. A total of SEK –2,475m was charged to operating income within items affecting comparability, see page 96.

Operating income for 2013, excluding items affecting comparability, decreased to SEK 4,055m (5,032), corresponding to a margin of 3.7% (4.6).

Major Appliances North America showed a positive earnings trend during the year, while price pressure and weak volumes in Europe had a negative impact on operating income for Major Appliances Europe, Middle East and Africa. Unfavorable currency movements had a negative impact on operating income for the operations in emerging markets, in Europe and in Australia.

Increased investments and marketing spend related to new product launches particularly in Asia/Pacific also impacted operating income for 2013.

Cost savings and the ongoing global initiatives to reduce complexity and improve competitiveness within manufacturing made a contribution to operating income as well as an improved product mix.

Effects of changes in exchange rates

Changes in exchange rates had a negative impact year-over-year on operating income of SEK –1,460m. The impact of transaction effects was SEK –1,548m, results from hedging operations SEK 383m and translation effects SEK –295m. Operations in Latin America, Asia/Pacific, Europe, Middle East and Africa were impacted by a stronger US dollar and euro against local currencies.

The weakening of several currencies in emerging markets had an adverse impact on operating income.

Financial net

Net financial items decreased to SEK –676m (–846).

Income after financial items

Income after financial items decreased to SEK 904m (3,154), corresponding to 0.8% (2.9) of net sales.

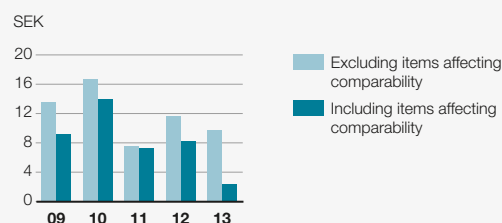
Taxes

Total taxes in 2013 amounted to SEK –232m (–789), corresponding to a tax rate of 25.7% (25.0)

Income for the period and earnings per share

Income for the period amounted to SEK 672m (2,365), corresponding to SEK 2.35 (8.26) in earnings per share before dilution and SEK 9.81 (11.36), excluding items affecting comparability.

Earnings per share



Consolidated income statement

SEKm	Note	2012 ¹⁾	2013
Net sales	3, 4	109,994	109,151
Cost of goods sold		-87,807	-87,892
Gross operating income		22,187	21,259
Selling expenses		-11,673	-11,564
Administrative expenses		-5,541	-5,646
Other operating income	5	78	35
Other operating expenses	6	-19	-29
Items affecting comparability	3, 7	-1,032	-2,475
Operating income	3, 4, 8	4,000	1,580
Financial income	9	204	138
Financial expenses	9	-1,050	-814
Financial items, net		-846	-676
Income after financial items		3,154	904
Taxes	10	-789	-232
Income for the period		2,365	672
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	22	-917	1,851
Income tax relating to items that will not be reclassified		51	-636
		-866	1,215
Items that may be reclassified subsequently to income for the period:			
Available for sale instruments	11, 29	23	-69
Cash flow hedges	11	34	41
Exchange-rate differences on translation of foreign operations	11	-1,532	-1,518
Income tax relating to other comprehensive income		-2	29
		-1,477	-1,517
Other comprehensive income, net of tax		-2,343	-302
Total comprehensive income for the period		22	370
Income for the period attributable to:			
Equity holders of the Parent Company		2,362	671
Non-controlling interests in income for the period		3	1
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		26	374
Non-controlling interests in income for the period		-4	-4
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		8.26	2.35
Diluted, SEK		8.24	2.34
Average number of shares	20		
Basic, million		285.9	286.2
Diluted, million		286.6	287.3

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Operations by business area

- Sales growth in all business areas except for Major Appliances Europe, Middle East and Africa.
- Continued sales growth in emerging markets.
- Operating income for Major Appliances North America improved significantly.
- Weak markets, lower volumes and price pressure impacted results for Major Appliances Europe, Middle East and Africa.
- Average number of employees increased to 60,754 (59,478).

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.

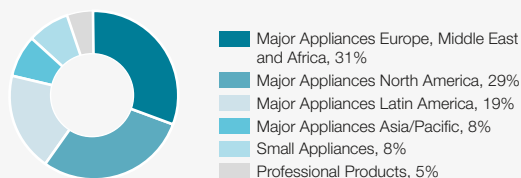
In 2013, major appliances accounted for 87% (87) of net sales, professional products for 5% (5) and small appliances for 8% (8).

Major business events during 2013

November 28. Launch of premium appliances range in China

Electrolux has launched a full range of kitchen and laundry appliances exclusively designed for the Chinese market. It is the Group's largest product launch this year and is a key initiative for growth in this important market. The new range covers more than 60 products and includes refrigerators, washing machines, cooking hobs, hoods and dish sterilizers.

Share of sales by business area



Major Appliances Europe, Middle East and Africa

Market demand for the overall market for core appliances in Europe declined in 2013 by 1% year-over-year. Demand in Western Europe declined by 1%. Demand decreased in for Electrolux important markets such as France, Italy and the Benelux countries, while Germany saw some growth. Demand in Eastern Europe increased slightly. Demand in Russia slowed down in the latter part of the year.

Organic sales in Europe was unchanged year-over-year. The product mix improved, but this was offset by lower sales volumes and price pressure. The extensive launch of new products under the Electrolux Inspiration Range, which started in 2012,

continued during the year and has been launched across all markets in Europe. This has improved the product mix. In the fourth quarter, the Group regained market shares in several regions under own strategic brands.

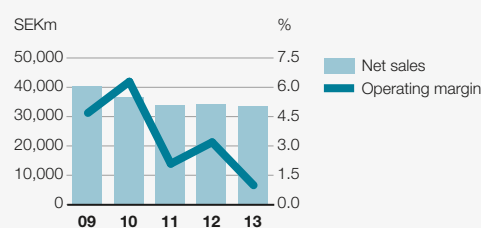
Operating income declined versus last year. Lower sales volumes in several of Electrolux core markets, unfavorable currency movements and price pressure were the main factors.

During the fourth quarter of 2013, actions were initiated to reduce overhead costs and to improve the competitiveness within manufacturing, see page 96.

Key figures

SEKm	2012	2013
Net sales	34,278	33,436
Organic growth, %	-0.9	-0.2
Operating income	1,105	347
Operating margin, %	3.2	1.0
Net assets	8,733	8,528
Return on net assets, %	12.2	3.8
Capital expenditure	1,011	1,294
Average number of employees	24,479	23,629

Net sales and operating margin



Major Appliances North America

Market demand in North America for core appliances increased by 9% in 2013 compared with 2012. Market demand for major appliances including microwave ovens and home-comfort products, such as room air-conditioners increased by 5% in 2013 year-over-year.

Organic sales in North America increased by 7.6% year-over-year, due to higher volumes of core appliances. The favorable market environment, launches of new products and new distribution channels had a positive impact on sales. Electrolux sales volumes rose in several of the core appliance product categories and the Group captured market shares in these categories.

Operating income improved substantially due to volume growth and price/mix improvements.

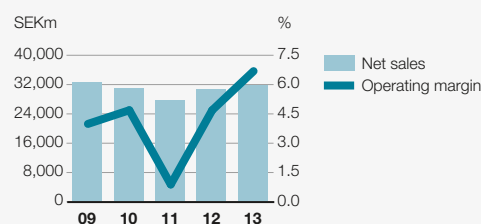
The consolidation of production of cooking products to Memphis, Tennessee, USA, from L'Assomption, Quebec, Canada continued throughout 2013. This had a negative impact on earnings, due to higher manufacturing costs for operating two factories simultaneously.

In 2013, agreements were settled with participants in pension plans to receive a lump-sum payment for accrued pension rights and thereby leave the plan. This resulted in an accounting gain of SEK 133m, which is included in the operating income for the business area, see page 102.

Key figures

SEKm	2012	2013
Net sales	30,684	31,864
Organic growth, %	6.9	7.6
Operating income	1,452	2,136
Operating margin, %	4.7	6.7
Net assets	4,813	5,280
Return on net assets, %	33.4	40.9
Capital expenditure	1,771	855
Average number of employees	11,319	12,597

Net sales and operating margin



Major Appliances Latin America

Market demand for core appliances in Latin America is estimated to have increased in 2013 year-over-year, while demand in Electrolux largest market Brazil declined. The market demand in 2012 in Brazil was partly driven by the government's incentive program for appliances.

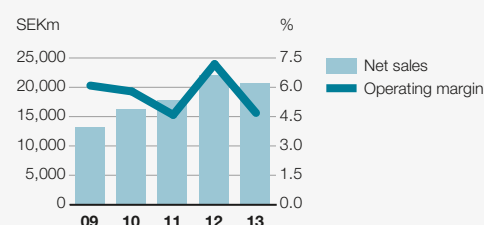
The organic sales growth in Latin America was mainly driven by price increases and an improved customer mix. The fire in September 2013 at Electrolux warehouse for refrigerators and freezers in Curitiba, Brazil, impacted sales volumes negatively in the latter part of the year.

Key figures

SEKm	2012	2013
Net sales	22,044	20,695
Organic growth, %	20.6	6.1
Operating income	1,590	979
Operating margin, %	7.2	4.7
Net assets	6,736	6,554
Return on net assets, %	22.1	13.8
Capital expenditure	488	742
Average number of employees	13,812	14,239

Operating income declined. During the year, the Brazilian real and other Latin American currencies weakened versus the US dollar. Negative currency movements affected the overall profit significantly. Higher prices contributed to earnings, while higher costs for sourced products had a negative impact.

Net sales and operating margin



Major Appliances Asia/Pacific

Market demand for major appliances in Southeast Asia, and China continued to show strong growth in 2013. Market demand in Australia also increased.

Electrolux organic sales growth was strong due to higher volumes and price increases. Sales volumes increased in all regions.

Operating income declined. Negative currency development impacted results as the US dollar strengthened against the Australian dollar and several other currencies in emerging markets.

In 2013, Electrolux launched a new range of products for the Chinese market. The launch was the Group's largest in 2013

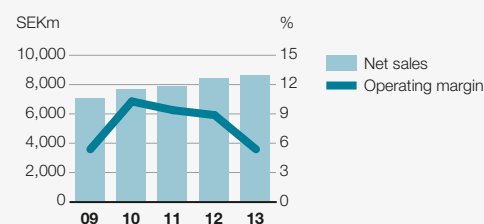
and it will continue in 2014. More than 60 new products for kitchen and laundry were introduced in the important growth market China. The cost for these launch activities had an adverse impact on earnings.

In addition, start-up costs for the new factory for refrigerators and freezers in Rayong in Thailand impacted operating income negatively, while higher sales volumes and increased prices contributed to operating income.

Key figures

SEKm	2012	2013
Net sales	8,405	8,653
Organic growth, %	2.9	10.8
Operating income	746	467
Operating margin, %	8.9	5.4
Net assets	2,225	2,014
Return on net assets, %	33.3	21.0
Capital expenditure	411	267
Average number of employees	3,313	3,719

Net sales and operating margin



Small Appliances

Market demand for vacuum cleaners in Europe declined somewhat in 2013, while demand in North America increased compared with the previous year.

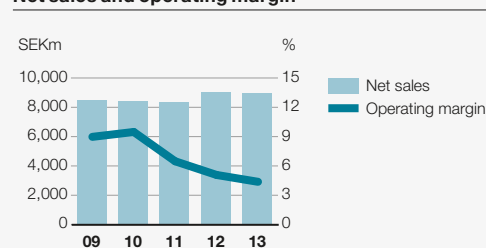
The organic sales growth was due to an improved product mix, higher volumes and higher prices. Sales volumes of small domestic appliances and handheld vacuum cleaners were strong and increased in most regions, particularly in Asia/Pacific and Europe. The significance of sales related to small domestic appliances is increasing.

Key figures

SEKm	2012	2013
Net sales	9,011	8,952
Organic growth, %	6.0	4.4
Operating income	461	391
Operating margin, %	5.1	4.4
Net assets	1,555	1,554
Return on net assets, %	23.9	22.1
Capital expenditure	196	225
Average number of employees	2,737	2,683

Operating income for 2013 declined compared to the previous year. Increased costs for sourced products in Europe and Brazil, related to the strengthening of the US dollar against local currencies impacted earnings negatively. 2013 was an intensive launch year, with new products introduced in several markets. This improved the product mix. Mix improvements and higher prices made a positive contribution to results.

Net sales and operating margin



Professional Products

In 2013, market demand in Southern and Northern Europe, where Electrolux holds a strong position, remained weak and declined year-over-year, while demand in emerging markets and in the US increased somewhat.

The organic sales growth was due to an improved product mix. This is a result of the Group's strategic initiatives to grow in new markets and segments. Sales were particularly strong in emerging markets and in the US.

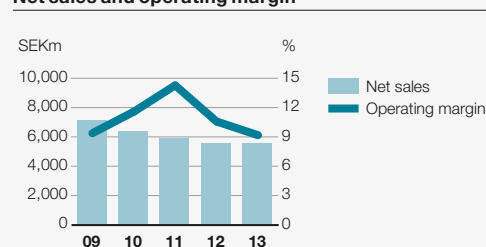
Operating income declined compared to last year. This is mainly a result of a weaker performance in the first half of the year, with lower sales volumes following a soft market. Investments in new products to promote growth in new markets and channels also impacted results negatively in 2013, while price increases and mix improvements made a positive contribution.

The market introduction of the ultra-luxury product range, Electrolux Grand Cuisine, continued throughout the year.

Key figures

SEKm	2012	2013
Net sales	5,571	5,550
Organic growth, %	-3.9	1.7
Operating income	588	510
Operating margin, %	10.6	9.2
Net assets	983	960
Return on net assets, %	61.7	54.1
Capital expenditure	161	76
Average number of employees	2,581	2,595

Net sales and operating margin



Financial position

- Equity/assets ratio was 20.8% (23.2).
- Return on equity was 4.4% (14.4).
- Return on net assets, excluding items affecting comparability, decreased to 14.0% (17.9).
- Financial net debt increased to SEK –7,673m (–5,685).

Net assets and working capital

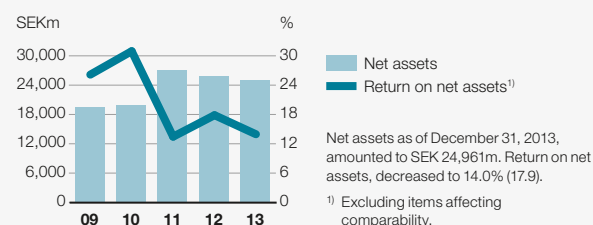
Working capital amounted to SEK –5,800m (–6,505), corresponding to –5.1% (–5.7) of net sales.

Net assets and working capital

SEKm	Dec. 31, 2012	% of annualized net sales	Dec. 31, 2013	% of annualized net sales
Inventories	12,963	11.3	12,154	10.6
Trade receivables	18,288	15.9	19,441	17.0
Accounts payable	–20,590	–17.9	–20,607	–18.0
Provisions	–6,697		–7,556	
Prepaid and accrued income and expenses	–7,467		–7,933	
Taxes and other assets and liabilities	–3,002		–1,299	
Working capital	–6,505	–5.7	–5,800	–5.1
Property, plant and equipment	16,693		17,264	
Goodwill	5,541		4,875	
Other non-current assets	8,003		5,263	
Deferred tax assets and liabilities	2,158		3,359	
Net assets	25,890	22.5	24,961	21.8
Average net assets	27,070	24.6	27,148	24.9
Return on net assets, %	14.8		5.8	
Return on net assets, excluding items affecting comparability, %	17.9		14.0	

Adjusted for items affecting comparability, i.e., restructuring provisions, average net assets increased to SEK 28,915m (28,112), corresponding to 26.5% (25.6) of net sales.

Net assets



Change in net assets

SEKm	Net assets
December 31, 2013	25,890
Change in restructuring provisions	–843
Write-down of assets	–1,967
Changes in exchange rates	–1,467
Capital expenditure	3,535
Depreciation	–3,356
Other changes in fixed assets and working capital, etc.	2,964
December 31, 2012	24,961

Liquid funds

Liquidity profile

SEKm	Dec. 31, 2012	Dec. 31, 2013
Liquid funds	7,403	7,232
% of annualized net sales ¹⁾	13.1	13.2
Net liquidity	4,320	4,262
Fixed interest term, days	16	12
Effective annual yield, %	2.1	1.6

¹⁾ Liquid funds plus an unused revolving credit facility of EUR 500m and a committed credit facility of SEK 3,400m divided by annualized net sales.

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

Liquid funds as of December 31, 2013, amounted to SEK 7,232m (7,403), excluding short-term back-up credit facilities. Electrolux has two unused committed back-up facilities. One EUR 500m multi-currency revolving credit facility, approximately SEK 4,400m, maturing in 2018 and a credit facility of SEK 3,400m, maturing in 2017.

Capital turnover-rate



Consolidated balance sheet

SEKm	Note	January 1, 2012 ¹⁾	December 31, 2012 ¹⁾	December 31, 2013
ASSETS				
Non-current assets				
Property, plant and equipment	12	15,613	16,693	17,264
Goodwill	13	6,008	5,541	4,875
Other intangible assets	13	5,146	5,079	4,011
Investments in associates	29	18	16	221
Deferred tax assets	10	3,669	4,156	4,385
Financial assets	18	306	333	279
Pension plan assets	22	371	286	445
Other non-current assets	14	1,212	481	752
Total non-current assets		32,343	32,585	32,232
Current assets				
Inventories	15	11,957	12,963	12,154
Trade receivables	17, 18	19,226	18,288	19,441
Tax assets		666	609	746
Derivatives	18	252	184	268
Other current assets	16	3,662	3,607	4,405
Short-term investments	18	337	123	148
Cash and cash equivalents	18	6,966	6,835	6,607
Total current assets		43,066	42,609	43,769
Total assets		75,409	75,194	76,001
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Parent Company				
Share capital	20	1,545	1,545	1,545
Other paid-in capital	20	2,905	2,905	2,905
Other reserves	20	324	-1,146	-2,658
Retained earnings	20	12,763	12,381	12,482
		17,537	15,685	14,274
Non-controlling interests		109	41	34
Total equity		17,646	15,726	14,308
Non-current liabilities				
Long-term borrowings	18	9,639	10,005	11,935
Deferred tax liabilities	10	1,076	1,117	1,026
Provisions for post-employment benefits	22	3,992	4,765	3,425
Other provisions	23	5,300	4,551	4,522
Total non-current liabilities		20,007	20,438	20,908
Current liabilities				
Accounts payable	18	18,490	20,590	20,607
Tax liabilities		1,717	1,287	1,331
Other liabilities	24	10,690	11,971	12,886
Short-term borrowings	18	4,170	2,795	2,733
Derivatives	18	324	241	194
Other provisions	23	2,365	2,146	3,034
Total current liabilities		37,756	39,030	40,785
Total liabilities		57,763	59,468	61,693
Total equity and liabilities		75,409	75,194	76,001
Pledged assets	19	94	78	69
Contingent liabilities	25	1,276	1,610	1,458

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Cont. **Financial position**

Net debt

Net debt

SEKm	Dec. 31, 2012	Dec. 31, 2013
Borrowings	13,088	14,905
Liquid funds	7,403	7,232
Financial net debt	5,685	7,673
Net provisions for post-employment benefits	4,479	2,980
Net debt	10,164	10,653
Net debt/equity ratio	0.65	0.74
Equity	15,726	14,308
Equity per share, SEK	54.96	49.99
Return on equity, %	14.4	4.4
Equity/assets ratio, %	23.2	20.8

The financial net debt increased by SEK 1,988m as a result of the negative cash flow from operations and investments as well as the dividend payment. Net provision for post-employment benefits declined by SEK 1,499m.

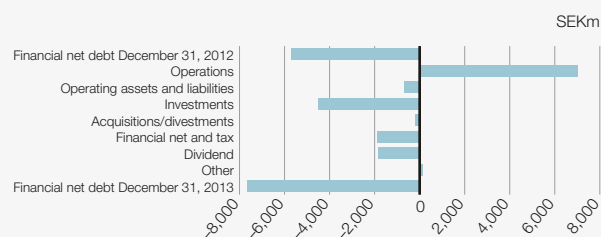
During 2013, SEK 1,851m in long-term borrowings were amortized and new long-term borrowings were raised with SEK 3,039m.

Long-term borrowings as of December 31, 2013, including long-term borrowings with maturities within 12 months, amounted to SEK 12,207m with average maturity of 3.3 years, compared to SEK 11,005m and 3.1 years at the end of 2012. During 2014 and 2015, long-term borrowings in the amount of SEK 3,067m will mature.

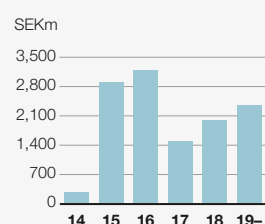
The Group's goal for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities, and an average interest-fixing period between one and three years. At year-end, the average interest-fixing period for long-term borrowings was 1.0 year (1.4).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 3.2% (3.9).

Cash flow and change in financial net debt



Long-term borrowings, by maturity



In 2014 and 2015, long-term borrowings in the amount of SEK 3,067m will mature. For information on borrowings, see Note 18.

Rating

Electrolux has investment-grade ratings from Standard & Poor's. In 2013, the outlook for the rating was changed to negative.

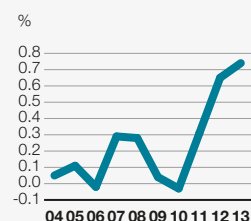
Rating

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

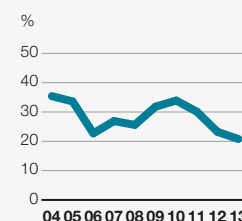
Net debt/equity and equity/assets ratio

The net debt/equity ratio was 0.74 (0.65). The equity/assets ratio decreased to 20.8% (23.2).

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, see Note 1.

Equity and return on equity

Total equity as of December 31, 2013, amounted to SEK 14,308m (15,726), which corresponds to SEK 49.99 (54.96) per share. Return on equity was 4.4% (14.4).

Change in consolidated equity

SEKm	Attributable to equity holders of the company					Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total		
Opening balance, January 1, 2012	1,545	2,905	324	15,761	20,535	109	20,644
Changes in accounting policy ¹⁾	–	–	–	–2,998	–2,998	–	–2,998
Restated opening balance, January 1, 2012	1,545	2,905	324	12,763	17,537	109	17,646
Income for the period	–	–	–	2,362	2,362	3	2,365
Available for sale instruments	–	–	23	–	23	–	23
Cash flow hedges	–	–	34	–	34	–	34
Exchange differences on translation of foreign operations	–	–	–1,525	–	–1,525	–7	–1,532
Remeasurement of provisions for post-employment benefits	–	–	–	–917	–917	–	–917
Income tax relating to other comprehensive income	–	–	–2	51	49	–	49
Other comprehensive income, net of tax	–	–	–1,470	–866	–2,336	–7	–2,343
Total comprehensive income for the period	–	–	–1,470	1,496	26	–4	22
Share-based payment	–	–	–	–141	–141	–	–141
Sale of shares	–	–	–	212	212	–	212
Dividend SEK 6.50 per share	–	–	–	–1,860	–1,860	–	–1,860
Acquisition of non-controlling interest	–	–	–	–89	–89	–64	–153
Total transactions with equity holders	–	–	–	–1,878	–1,878	–64	–1,942
Closing balance, December 31, 2012	1,545	2,905	–1,146	12,381	15,685	41	15,726
Income for the period	–	–	–	671	671	1	672
Available for sale instruments	–	–	–69	–	–69	–	–69
Cash flow hedges	–	–	41	–	41	–	41
Exchange-rate differences on translation of foreign operations	–	–	–1,513	–	–1,513	–5	–1,518
Remeasurement of provisions for post-employment benefits	–	–	–	1,851	1,851	–	1,851
Income tax relating to other comprehensive income	–	–	29	–636	–607	–	–607
Other comprehensive income, net of tax	–	–	–1,512	1,215	–297	–5	–302
Total comprehensive income for the period	–	–	–1,512	1,886	374	–4	370
Share-based payment	–	–	–	77	77	–	77
Sale of shares	–	–	–	–	–	–	–
Dividend SEK 6.50 per share	–	–	–	–1,860	–1,860	–	–1,860
Acquisition of non-controlling interest	–	–	–	–2	–2	–3	–5
Total transactions with equity holders	–	–	–	–1,785	–1,785	–3	–1,788
Closing balance, December 31, 2013	1,545	2,905	–2,658	12,482	14,274	34	14,308

¹⁾ The effect of changed pension accounting from the updated IAS 19 Employee Benefits.

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

Cash flow

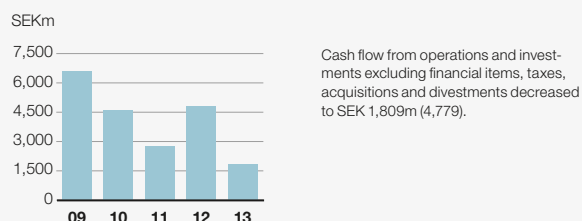
- Cash flow was impacted by lower results and a negative cash flow from working capital.
- Capital expenditure in property, plant and equipment decreased and amounted to SEK 3,535m (4,090).
- R&D costs amounted to 2.5% (2.4) of net sales.

Operating cash flow

Cash flow from operations in 2013 declined and amounted to SEK 1,809m (4,779). Lower earnings and negative cash flow from working capital impacted the cash flow in 2013.

Cash payments for the ongoing restructuring and cost-cutting programs amounted to approximately SEK –603m in 2013.

Operating cash flow



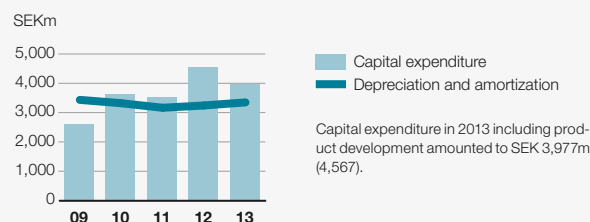
Capital expenditure by business area

SEKm	2012	2013
Major Appliances		
Europe, Middle East and Africa	1,011	1,294
% of net sales	2.9	3.9
North America	1,771	855
% of net sales	5.8	2.7
Latin America	488	742
% of net sales	2.2	3.6
Asia/Pacific	411	267
% of net sales	4.9	3.1
Small Appliances	196	225
% of net sales	2.2	2.5
Professional Products	161	76
% of net sales	2.9	1.4
Other	52	76
Total	4,090	3,535
% of net sales	3.7	3.2

Capital expenditure

Capital expenditure in property, plant and equipment in 2013 amounted to SEK 3,535m (4,090). Capital expenditure corresponded to 3.2% (3.7) of net sales. Investments in 2013 mainly related to investments within manufacturing facilities for efficiencies, new products and production capacity. Major projects include the cooker plant in Memphis, Tennessee, USA, and the new plant for refrigerators and freezers in Rayong, Thailand, for the Southeast Asian markets. The cooker plant in Memphis is receiving investment support from state authorities.

Capital expenditure



Costs for R&D

Costs for research and development in 2013, including capitalization of SEK 442m (447), amounted to SEK 2,739m (2,613) corresponding to 2.5% (2.4) of net sales.

For definitions, see Note 30.

Consolidated cash flow statement

SEKm	Note	2012 ¹⁾	2013
Operations			
Operating income		4,000	1,580
Depreciation and amortization		3,251	3,356
Restructuring provisions		457	1,855
Other non-cash items		81	222
Financial items paid, net		-673	-540
Taxes paid		-1,564	-1,343
Cash flow from operations, excluding change in operating assets and liabilities		5,552	5,130
Change in operating assets and liabilities			
Change in inventories		-1,710	165
Change in trade receivables		-119	-1,932
Change in accounts payable		3,086	609
Change in other operating liabilities and provisions		271	483
Cash flow from change in operating assets and liabilities		1,528	-675
Cash flow from operations		7,080	4,455
Investments			
Acquisition of operations	26	-164	-205
Capital expenditure in property, plant and equipment	12	-4,090	-3,535
Capital expenditure in product development	13	-477	-442
Capital expenditure in computer software	13	-574	-514
Other		603	-38
Cash flow from investments		-4,702	-4,734
Cash flow from operations and investments		2,378	-279
Financing			
Change in short-term investments		206	-25
Change in short-term borrowings		-325	1,151
New long-term borrowings	18	2,569	3,039
Amortization of long-term borrowings	18	-3,063	-1,851
Dividend		-1,868	-1,860
Sale of shares		212	-
Cash flow from financing		-2,269	454
Total cash flow		109	175
Cash and cash equivalents at beginning of period		6,966	6,835
Exchange-rate differences referring to cash and cash equivalents		-240	-403
Cash and cash equivalents at end of period		6,835	6,607

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Structural changes

As communicated in October 2013, Electrolux is taking actions to reduce annual costs by SEK 1.8bn for a charge of SEK 3.4bn.

Costs savings are planned to be achieved through manufacturing footprint restructuring as well as overhead-cost reductions. These actions relate mainly to Major Appliances Europe, Middle East and Africa, but also to other business areas and Group Staff. Approximately 2,000 employees are affected by these measures excluding any additional impact of the announced manufacturing investigation in Italy, see below.

In the fourth quarter of 2013, restructuring costs amounting to SEK 1.5bn were charged to operating income within items affecting comparability. In addition, in the fourth quarter, an impairment of parts of an IT platform in the amount of SEK 0.9bn was reported as items affecting comparability within operating income, see below.

The remaining part of the total restructuring charges, approximately SEK 2.0bn, is expected to be taken during 2014.

Manufacturing footprint

An investigation has been initiated regarding the competitiveness of the entire Italian manufacturing setup for major appliances, which includes all four plants.

The study of the future platform for food preservation products in Asia/Pacific resulted in the decision to close the factory in Orange, Australia, and to concentrate production to the plant in Rayong, Thailand. Execution started in the fourth quarter of 2013.

Overhead-cost reduction

In order to adapt the overhead-cost structure to the current market situation in Europe, a cost-reduction program was initiated in the fourth quarter of 2013. This mainly affects Major Appliances Europe, Middle East and Africa but also Group Staff and other business areas.

Items affecting comparability

SEKm	2012	2013
Restructuring provisions and write-downs¹⁾		
Manufacturing footprint restructuring	-1,032	-594
Program for reduction of overhead costs	-	-975
Impairment of ERP system	-	-906
Total	-1,032	-2,475

¹⁾ Of the total restructuring measures of SEK 2.5bn in 2013 approximately SEK 1.4bn will have a cash-flow impact.

ERP impairment

The implementation schedule for a new Enterprise Resource Planning (ERP) platform for the Group, developed over the years, has been revised and parts of the ERP platform were impaired in the amount of SEK 906m. This had no impact on cash flow.

Consolidation of operations within Small Appliances

To improve profitability and to further capitalize on global and regional synergies, measures have been taken to consolidate selected operations within Small Appliances.

Share capital and ownership

Share capital and ownership structure

As of December 31, 2013, 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. In 2013, 20,186 Class A shares were converted to Class B shares. After the conversion, the total number of votes amounts to 38,265,316.

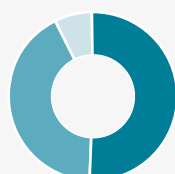
The total number of registered shares in the company amounts to 308,920,308 shares, of which 8,192,539 are Class A shares and 300,727,769 are Class B shares, see table on page 98.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	15.5	29.9
Alecta Pension Insurance	3.9	4.3
Swedbank Robur Funds	3.3	2.7
AMF Insurance & Funds	2.7	2.2
Government of Norway	2.2	1.7
Didner & Gerge Funds	1.7	1.4
SHB funds	1.2	1.0
Second Swedish National Pension Fund	1.1	0.8
Unionen	1.0	0.8
SEB funds	0.9	0.8
Total, ten largest shareholders	33.5	45.6
Board of Directors and Group Management, collectively	0.12	0.09

Source: Euroclear Sweden as of December 31, 2013.

Ownership structure



Swedish institutions and mutual funds, 51%
Foreign investors, 42%
Swedish private investors, 7%

At year-end 2013, about 42% of the total share capital was owned by foreign investors.

Source: Euroclear Sweden as of December 31, 2013.

According to the register of Euroclear Sweden, there were 51,456 shareholders in AB Electrolux as of December 31, 2013. Investor AB is the largest shareholder, owning 15.5% of the share capital and 29.96% of the voting rights. Information on the shareholder structure is updated quarterly at www.electrolux.com.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1–1,000	3.7	44,918	87.3
1,001–10,000	5.0	5,708	11.1
10,001–20,000	1.3	271	0.5
20,001–	90.0	559	1.1
Total	100	51,456	100

Source: Euroclear Sweden as of December 31, 2013.

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.electrolux.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 2013 of SEK 6.50 (6.50) per share, for a total dividend payment of approximately SEK 1,860m (1,860). The proposed dividend corresponds to approximately 66% (57) of income for the period, excluding items affecting comparability. Monday, March 31, 2014, is proposed as record date for the dividend.

The Group's goal is for the dividend to correspond to at least 30% of income for the period, excluding items affecting comparability. 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 AGM 2013 decided to authorize the Board for the period until the 2014 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.

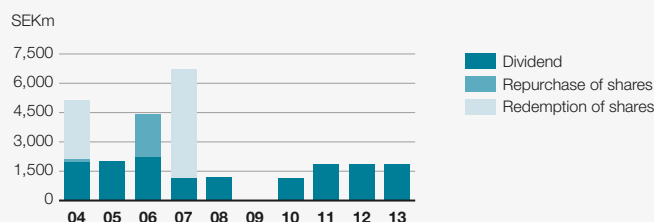
The Board of Directors proposes that the AGM 2014 resolves on a renewed mandate to repurchase own shares equivalent to the previous mandate.

As of December 31, 2013, Electrolux holds 22,708,321 Class B shares in Electrolux, corresponding to 7.4% 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, 2013	8,212,725	300,707,583	308,920,308	22,785,490	286,134,818
Shares allotted to senior managers under the Performance Share Program	-	-	-	-77,169	77,169
Conversion of Class A shares into Class B shares	-20,186	20,186	-	-	-
Total number of shares as of December 31, 2013	8,192,539	300,727,769	308,920,308	22,708,321	286,211,987
As % of total number of shares				7.4%	

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 and maintaining cost-efficient production. Major factors for maintaining and increasing competitiveness include managing fluctuations in prices for raw materials and components as well as implementing restructuring. In addition to these operative 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 currently 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 2013, demand in North America and emerging markets showed growth, while demand for appliances in several of Electrolux core markets in Europe continued to decline. 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 strong price competition. Some of Electrolux markets experienced strong price pressure during 2013. The Group's strategy is based on innovative products and brand-building, 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 were rather stable during 2013. 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 credits and tracking the financial situation of retailers. Management of credits as well as responsibility and authority for approving credit decisions are regulated by the Group's credit policy. Credit insurance is used in specific cases to reduce credit risks. The weak trend in some core markets in 2013 impacted the Group's retailers who experienced difficult trading conditions.

Access to financing

The Group's loan-maturity profile for 2014 and 2015 represents maturities of approximately SEK 3,067m in long-term borrowings. In addition, Electrolux has two unused committed back-up facilities. One EUR 500m multi-currency revolving credit facility, approximately SEK 4,400m, maturing in 2018 and a credit facility of SEK 3,400m, maturing in 2017.

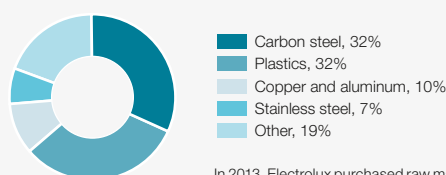
Risks, risk management and risk exposure are described in more detail in Note 1 Accounting principles, Note 2 Financial risk management and in Note 18 Financial instruments.

Sensitivity analysis 2013

Risk	Change	Pre-tax earnings impact, SEKm
Raw materials		
Steel	10%	700
Plastics	10%	600
Currencies¹⁾ and interest rates		
USD/SEK	-10%	722
EUR/SEK	-10%	350
BRL/SEK	-10%	-456
AUD/SEK	-10%	-263
GBP/SEK	-10%	-231
Interest rate	1 percentage point	70

¹⁾ Includes translation and transaction effects.

Raw-materials exposure 2013



In 2013, Electrolux purchased raw materials for approximately SEK 19 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.

The employees' passion for innovation, their consumer obsession and motivation to achieve results set Electrolux apart. 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.

In 2011, Electrolux initiated the roll-out of a global Ethics Program, encompassing both training and a whistleblowing system – the Electrolux Ethics Helpline. Roll-out continued in 2013 and completion is planned for 2014.

Electrolux has a number of tools for employees and management including leadership development programs at all levels of management, the Talent Management program, succession planning, 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 sectors. 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.

Number of employees

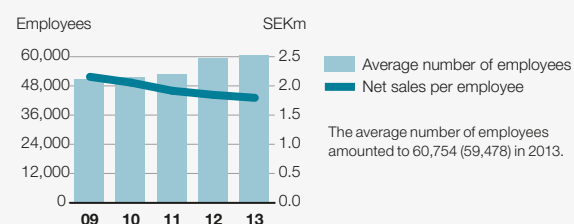
The average number of employees increased in 2013 to 60,754 (59,478), of whom 2,082 (2,049) were in Sweden. At year-end, the total number of employees increased to 60,783 (60,590).

Salaries and remuneration in 2013 amounted to SEK 13,521m (13,785), of which SEK 1,192m (1,080) refers to Sweden.

Number of employees

Number of employees in 2012	60,590
Restructuring programs	-971
Other changes	1,164
Number of employees in 2013	60,783

Employees



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) 2014. Group Management currently comprises twelve executives. The proposed guidelines for 2014 are essentially in accordance with the guidelines approved by the AGM in 2013.

The principles shall be applied for employment agreements entered into after the AGM in 2014 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 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. The total remuneration for Group Management can comprise the components as are set forth hereafter.

Fixed compensation

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 pay out 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 or to clarify that an own investment in Electrolux shares or other commitment is required. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

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 heads, of the sector 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 per cent of ABS. Reflecting market norms, the STI entitlement for a Group Management member in the USA may amount up to a maximum of 150 per cent of ABS if the maximum performance level is reached.

STI payments for 2014 are estimated¹⁾ to range between no payout at minimum level and SEK 56m (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 2014

The Board of Directors will propose a performance-based long-term share program for 2014 to the AGM 2014. 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 2014 financial year. The proposed program will include up to 225 senior managers and key employees. Allocation of performance-based shares, if any, will take place in 2017. Details of the program will be included in the notice to the AGM 2014.

Cost for the LTI program proposed for 2014 are estimated¹⁾ to SEK 253m (including social costs) at maximum level.

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

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 of two (2) years.

Cost for extraordinary arrangements during 2013 equals to SEK 6m (excluding social costs). All previously existing extraordinary arrangements have been settled and currently there are no such arrangements outstanding.

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 arrangements may be approved in addition to the notice periods. Severance arrangements 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 arrangements 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.

Other facts

Pension agreement in the US

In the fourth quarter of 2013, Electrolux made an agreement with pension plan participants in the US to accept a lump-sum payment of SEK 880m in total in lieu of accrued pension rights and thereby leave the plan. This has reduced Electrolux defined benefit obligation by SEK 1,020m. The difference between the agreed payment and the obligation led to an accounting gain of approximately SEK 140m, which has been reported within operating income. This had no impact on the cash flow.

Changes in Group Management

Chief Design Officer Stefano Marzano, member of Group Management, left his position at year-end 2013. The new head of design will report to Chief Technology Officer Jan Brockmann in Group Management.

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, 2013, the Group had a total of 2,980 (2,864) cases pending, representing approximately 3,040 (approximately 2,936) plaintiffs. During 2013, 1,057 new cases with 1,048 plaintiffs were filed and 941 pending cases with approximately 944 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.

Environmental activities

At the end of 2013, Electrolux operated 57 manufacturing facilities in 19 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 2% 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 2013.

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 2013.

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	2012	2013
Net sales		6,125	28,856
Cost of goods sold		-4,638	-25,382
Gross operating income		1,487	3,474
Selling expenses		-1,297	-3,783
Administrative expenses		-469	-1,196
Other operating income	5	293	9
Other operating expenses	6	-38	-1,874
Operating income		-24	-3,370
Financial income	9	1,918	2,335
Financial expenses	9	-946	-826
Financial items, net		972	1,509
Income after financial items		948	-1,861
Appropriations	21	180	187
Income before taxes		1,128	-1,674
Taxes	10	-9	765
Income for the period		1,119	-909

Total comprehensive income for the period

SEKm	Note	2012	2013
Income for the period		1,119	-909
Other comprehensive income			
Available for sale instruments		26	-68
Cash flow hedges		13	28
Income tax relating to other comprehensive income		-5	-6
Other comprehensive income, net of tax		34	-46
Total comprehensive income for the period		1,153	-955

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.

As from 2013, the main financial flows for the business area Major Appliances Europe, Middle East and Africa are included in the parent company reporting, which affects the financial statements significantly.

Net sales for the Parent Company, AB Electrolux, for the full year of 2013 amounted to SEK 28,856m (6,125), of which SEK 23,484m (2,959) referred to sales to Group companies and SEK 5,372m (3,166) to external customers. The majority of the Parent Company's sales was made within Europe. Other operating expenses include cost for impairment of assets and provisions for restructuring costs amounting to SEK 1,872m (37). Income after financial items was SEK -1,861m (948), including dividends from subsidiaries in the amount of SEK 2,004m (1,259). Income for the period amounted to SEK -909m (1,119).

The Parent Company reports group contribution in the income statement as appropriations for the first time 2013. Corresponding changes have been made in the 2012 financial statements. 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 524m (320). Liquid funds at the end of the period amounted to SEK 2,795m, as against SEK 1,986m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 12,531m, as against SEK 15,269m at the start of the year. Dividend payment to shareholders in 2013 amounted to SEK 1,860m.

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, 2012	December 31, 2013
ASSETS			
Non-current assets			
Intangible assets	13	1,932	1,214
Property, plant and equipment	12	258	297
Deferred tax assets		213	1,025
Financial assets	14	31,033	30,465
Total non-current assets		33,436	33,001
Current assets			
Inventories	15	61	2,190
Receivables from subsidiaries		12,500	15,153
Trade receivables		613	816
Tax-refund claim		141	11
Derivatives with subsidiaries		355	187
Derivatives		183	209
Other receivables		67	398
Prepaid expenses and accrued income		102	268
Cash and bank		1,986	2,795
Total current assets		16,008	22,027
Total assets		49,444	55,028
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		14,150	13,440
Income for the period		1,119	-909
		15,269	12,531
Total equity		19,831	17,093
Untaxed reserves	21	581	558
Provisions			
Provisions for pensions and similar commitments	22	578	427
Other provisions	23	519	1,416
Total provisions		1,097	1,843
Non-current liabilities			
Bond loans		6,830	7,677
Other non-current loans		2,743	3,796
Total non-current liabilities		9,573	11,473
Current liabilities			
Payable to subsidiaries		15,191	20,438
Accounts payable		555	1,164
Other liabilities		99	328
Short-term borrowings		1,049	510
Derivatives with subsidiaries		459	586
Derivatives		220	165
Accrued expenses and prepaid income	24	789	870
Total current liabilities		18,362	24,061
Total liabilities and provisions		29,032	37,377
Total liabilities, provisions and equity		49,444	55,028
Pledged assets	19	-	-
Contingent liabilities	25	1,692	1,815

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, 2012	1,545	3,017	-11	15,949	20,500
Income for the period	-	-	-	1,119	1,119
Available for sale instruments	-	-	26	-	26
Cash flow hedges	-	-	13	-	13
Income tax relating to other comprehensive income	-	-	-5	-	-5
Other comprehensive income, net of tax	-	-	34	-	34
Total comprehensive income for the period	-	-	34	1,119	1,153
Share-based payment	-	-	-	-174	-174
Sale etc of own shares	-	-	-	212	212
Dividend SEK 6.50 per share	-	-	-	-1,860	-1,860
Total transactions with equity holders	-	-	-	-1,822	-1,822
Closing balance, December 31, 2012	1,545	3,017	23	15,246	19,831
Income for the period	-	-	-	-909	-909
Available for sale instruments	-	-	-68	-	-68
Cash flow hedges	-	-	28	-	28
Income tax relating to other comprehensive income	-	-	-6	-	-6
Other comprehensive income, net of tax	-	-	-46	-	-46
Total comprehensive income for the period	-	-	-46	-909	-955
Share-based payment	-	-	-	77	77
Sale etc of own shares	-	-	-	-	-
Dividend SEK 6.50 per share	-	-	-	-1,860	-1,860
Total transactions with equity holders	-	-	-	-1,783	-1,783
Closing balance, December 31, 2013	1,545	3,017	-23	12,554	17,093

Parent Company cash flow statement

SEKm	2012	2013
Operations		
Income after financial items	948	-1,861
Depreciation and amortization	220	279
Capital gain/loss included in operating income	2	915
Share-based compensation	-157	22
Group contributions	164	164
Taxes paid	-424	77
Cash flow from operations, excluding change in operating assets and liabilities	753	-404
Change in operating assets and liabilities		
Change in inventories	-10	-2,129
Change in trade receivables	-55	-203
Change in current intra-group balances	-1,368	1,573
Change in other current assets	77	-523
Change in other current liabilities and provisions	199	1,610
Cash flow from operating assets and liabilities	-1,157	328
Cash flow from operations	-404	-76
Investments		
Change in shares and participations	-185	-306
Capital expenditure in intangible assets	-266	-378
Capital expenditure in property, plant and equipment	-54	-146
Other	207	815
Cash flow from investments	-298	-15
Total cash flow from operations and investments	-702	-91
Financing		
Change in short-term investments	90	-
Change in short-term borrowings	-368	222
Change in intra-group borrowings	2,693	1,399
New long-term borrowings	2,802	2,997
Amortization of long-term borrowings	-3,087	-1,858
Dividend	-1,860	-1,860
Sale of shares	212	-
Cash flow from financing	482	900
Total cash flow	-220	809
Liquid funds at beginning of year	2,206	1,986
Liquid funds at year-end	1,986	2,795

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Notes

Note 1 Accounting and valuation principles

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 on page 111.

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 30, 2014. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on March 26, 2014.

Principles applied for consolidation

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group, 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 the direct and indirect-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 in which the Parent Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights referring to all shares and participations. 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 2013, the Group comprised 222 (224) operating units, and 156 (157) 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. This means that the Group's share of income after taxes in an associated company is reported as part of the Group's income. The Group's share of its associates' post-acquisition movements in other comprehensive income is recognized in other comprehensive income. Investment in an associated company is reported initially at cost, increased, or decreased to recognize the Group's share of the profit or loss of the associated company after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Gains or losses on transactions with associated companies, if any, have been recognized to the extent of unrelated investors' interests in the associate.

Related party transactions

All transactions with related parties are carried out on an arm's-length basis.

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 have been 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.

When the Group uses foreign exchange derivative contracts and loans in foreign currencies in hedging certain net investments in foreign operations, the effective portion of the exchange-rate differences related to these contracts and loans are charged to other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange-rate differences that were recorded in other comprehensive income are transferred to income for the period as part of the gain or loss on sales.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

The Group has six reportable segments. The segments are identified from the Group's two main business areas, Consumer Durables and Professional Products. Consumer Durables is divided into five operating segments, which are all identified as separate reportable segments. In Professional Products, there are two operating segments that are aggregated into one reportable segment in accordance with the aggregation criteria. The segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

The segments are responsible for the operating results 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.

Revenue recognition

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. This means that sales are recorded when goods have been put at the disposal of the customers in accordance with agreed terms of delivery. 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.

Items affecting comparability

This item includes 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:

- 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

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of those assets. Other borrowing costs are recognized in the financial net as an expense in the period in which they are incurred.

Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxes are calculated using enacted or substantially enacted tax rates by the balance sheet date. Taxes incurred by the Electrolux Group are affected by appropriations and other taxable or tax-related transactions in the individual Group companies. They are also affected by utilization of tax losses carried forward referring to previous years or to acquired companies. Deferred tax assets on tax losses and temporary differences are recognized to the extent it is probable that they will be utilized in future periods. Deferred tax assets and deferred tax liabilities are shown net when they refer to the same taxation authority and when a company or a group of companies, through tax-consolidation schemes, etc., have a legally enforceable right to set off tax assets against tax liabilities.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Intangible fixed assets

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses.

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 has given Electrolux the right to use the Electrolux brand worldwide, whereas it previously could be used only outside of North America. All other trade-

marks are amortized over their useful lives, estimated to 5 to 10 years, using the straight-line method.

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.

Client relationships

Client 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.

Property, plant and equipment

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Historical cost includes expenditures that are directly attributable to the acquisition of the items including borrowing costs where applicable. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and are of material value. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. All other repairs and maintenance are charged to the income statement during the period in which they are incurred. 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

Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that any of the company's non-current assets are impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized by the amount of which the carrying amount of an asset exceeds its recoverable amount. The discount rates used reflect the cost of capital and other financial parameters in the country or region where the asset is in use. For the purposes of assessing impairment, assets are grouped in cash-generating units, which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value of goodwill and other intangible assets with indefinite life is continuously monitored, and is tested for yearly impairment or more often if there is indication that the asset might be impaired. Goodwill is allocated to the cash generating units that are expected to benefit from the combination.

Non-financial/current assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Cont. **Note 1****Classification of financial assets**

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. See also Note 18 on page 123 where the fair value and the carrying amount of financial assets and liabilities are listed according to classification.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held-for-trading, presented under derivatives in the balance sheet, unless they are designated as hedges. Assets in this category are classified as current assets if they either are held-for-trading or are expected to be realized within 12 months of the balance-sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance-sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets as financial assets unless management intends to dispose of the investment within 12 months of the balance-sheet date.

Recognition and measurement of financial assets

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for those carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans, receivables, and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair-value adjustments are included in income for the period as gains and losses from investment securities and reported as operating result.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash-flow analysis, and option-pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance-sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is recognized in the income for the period. Impairment losses recognized in the income statement are reversed through the income statement, except for equity instruments.

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.

Inventories

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. The cost of inventories is recognized as expense and included in cost of goods sold. Provisions for obsolescence are included in the value for inventory.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The change in amount of the provision is recognized in the income statement in selling expenses.

Cash and cash equivalents

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.

Provisions

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.

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.

Post-employment benefits

Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

Under a defined contribution plan, the company pays fixed contributions into a separate entity and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. Contributions are expensed when they are due.

All other post-employment benefit plans are defined benefit plans. 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 remeasurements 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 remeasurements. The actual return less calculated interest income on plan assets is also recorded in other comprehensive income as remeasurements.

Past-service costs are recognized immediately in income for the period.

Borrowings

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.

Accounts payable

Accounts payable are initially recognized at fair value. After initial recognition, accounts payable are valued at amortized cost using the effective interest method.

Financial derivative instruments and hedging activities

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.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve are shown in other comprehensive income in the consolidated income statement.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded as financial items in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting only for hedging fixed interest risk on borrowings. The gain or loss relating to changes in the fair value of interest-rate swaps hedging fixed rate borrowings is recognized in the income statement as financial expense. Changes in the fair value of the hedged fixed rate borrowings attributable to interest-rate risk are recognized in the income statement as financial expense.

If the hedge no longer meets the criteria for hedge accounting or is de-designated, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized in the profit and loss statement as financial expense over the period of maturity.

Cash flow hedge

The effective portion of a change in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement as financial items.

Amounts previously reported in other comprehensive income are recycled in the operating income in the periods when the hedged item will affect profit or loss, for instance, when the forecast sale that is hedged takes place. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, for example inventory or a liability, the gains and losses previously reported in other comprehensive income are included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously reported in other comprehensive income is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement within financial items or as cost of goods sold depending on the purpose of the transaction.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the income statement as financial items.

Gains and losses previously reported in other comprehensive income are included in income for the period when the foreign operation is disposed of, or when a partial disposal occurs.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income state-

ment as financial items or cost of goods sold depending on the purpose of the transaction.

Share-based compensation

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 2.5 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.

Government grants

Government grants relate to financial grants from governments, public authorities, and similar local, national, or international bodies. These are recognized at fair value when there is a reasonable assurance that the Group will comply with the conditions attached to them, and that the grants will be received. Government grants are included in the balance sheet as deferred income and recognized as income matching the associated costs the grant is intended to compensate.

New or amended accounting standards in 2013

IAS 1 Financial Statement Presentation: Presentation of Items of Other Comprehensive Income (Amendments). The amendments prescribe how to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The standard was applied as of Q1, 2013.

IAS 19 Employee Benefits (Amendments). IAS 19 prescribes the accounting and disclosure by employers for employee benefits. The amended standard requires an entity to regularly determine the present value of defined benefit obligations and the fair value of plan assets and to recognize the net of those values in the financial statements as a net defined benefit liability. The amended standard removes the option to use the corridor approach previously used by Electrolux. The standard also requires an entity to apply the discount rate on the net defined benefit liability (asset) in order to calculate the net interest expense (income). The standard thereby removes the use of an expected return on the plan assets. All changes in the net defined benefit liability (asset) are recognized as they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurement in other comprehensive income.

The standard has had the following impact on the presentation of Electrolux financial results and position: All historical actuarial gains or losses are now included in the measurement of the net defined benefit liability. This initially increased the liabilities of Electrolux and reduced the equity (after deduction for deferred tax). Changes in the net defined benefit liability from changes in, e.g., discount rate and mortality rate are presented in other comprehensive income. Electrolux classifies the defined benefit liability as a financial liability and presents the net interest on the net liability in the financial net. The removal of the expected return reduced the financial items with the difference between the expected return and the discount rate applied on the plan assets. For 2012, the changes increased the net defined benefit liability by SEK 4,618m and reduced retained earnings by SEK 4,098m. The modified net interest calculation and the removal of the amortization of the actuarial losses decreased the income for the period by SEK 234m. The standard was applied as of January 1, 2013, with full retrospective application. The impacts on the 2013 accounts are in all major aspects similar to 2012.

New or amended accounting standards after 2013

The following new standards and amendments to standards have been issued. No significant impact on the financial result or position is expected upon their eventual application.

IFRS 10 Consolidated Financial Standards, **IFRS 11** Joint Arrangements and **IFRS 12** Disclosure of Interests in Other Entities. IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation in all types of entities.

IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

IFRS 11 Joint Arrangements establishes principles for the financial reporting by parties to joint arrangement.

Cont. **Note 1**

IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joints arrangements, associates and unconsolidated structured entities. The new standards will have no immediate impact on Electrolux financial result or position but may influence the accounting for consolidation purposes in the future. The standards are effective from January 1, 2014 in the European Union.

IFRS 9 Financial Instruments¹⁾ This standard addresses the classification and measurement of financial instruments and hedge accounting and is likely to affect the Group's accounting for its financial assets and liabilities. The Group is yet to assess IFRS 9's full impact. The effective date was originally for annual periods beginning on or after January 1, 2013. In 2011, IASB amended IFRS 9 and postponed the mandatory effective date to January 1, 2015, 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 these 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 this 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.

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. The carrying amount for property, plant and equipment at year-end 2013 amounted to SEK 17,264m. The carrying amount for goodwill at year-end 2013 amounted to SEK 4,875m. Management regularly reassesses the useful life of all significant assets. Management believes that any reasonably possible change in the key assumptions on which the asset's recoverable amounts are based would not cause their carrying amounts to exceed their recoverable amounts.

Deferred taxes

In the preparation of the financial statements, Electrolux estimates the income taxes in each of the taxing 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, 2013, Electrolux had a net amount of SEK 3,359m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2013, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 9,534m, which have not been included in 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 2013, trade receivables, net of provisions for doubtful accounts, amounted to SEK 19,441m. The total provision for doubtful accounts at year-end 2013 was SEK 536m.

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 affect directly the defined benefit obligation, service cost, interest income and expense. The discount rate used to estimate liabilities at the end of 2012 and the calculation of expenses during 2013 was 3.5% in average. Sensitivities for the main assumptions are presented in note 22 on page 129.

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 2013 was SEK 2,884m.

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, 2013, Electrolux had a provision for warranty commitments amounting to SEK 1,249m. 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.

¹⁾ This amendment or replacement has not been adopted by the EU at the writing date.

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 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, and taking into account the connection between reporting and taxation. The recommendation states which exceptions from IFRS and additions shall be made. The Parent Company reports group contribution in the income statement as appropriations as from 2013. Corresponding changes have been made in the 2012 financial statements. 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.

Anticipated dividends

Dividends from subsidiaries are recognized in the income statement after decision by the annual general meeting in 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.

Group contribution

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 and as such they are subject to impairment tests as indicated above.

Pensions

The Parent Company reports pensions in the financial statements in accordance with the recommendation FAR RedR 4, Accounting for Pension Liability and Pension Cost, from the Swedish Institute of Authorized Public Accountants. 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 statement 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. Measurement of risk in Group Treasury is performed by a separate risk-controlling function on a daily basis. The method used for measuring risk in the financial position is parametric Value-at-Risk (VaR). The method shows the maximum potential loss in one day with a probability of 97.5% and is based on the statistical behavior of the FX spot and interest-rate markets during the last 150 business days. To emphasize recent movements in the market, the weight of the rates decrease further away from the valuation date. By measuring the VaR risk, Group Treasury is able to monitor and follow up on the Group's risks across a wide variety of currencies and markets. The main limitation of the method is that events not showing in the statistical data will not be reflected in the risk value. Also, due to the confidence level, there is a 2.5% risk that the loss will be larger than indicated by the risk figure. Therefore, stress tests and/or explicit exposure specifications are used in addition to the VaR measure. Examples of stress tests are the financial implications if the interest rate goes up or down by x%, a currency appreciates or depreciates by y%, and a commodity price increases or drops by z%. Furthermore, there are guidelines in the Group's policies and procedures for managing operational risk relating to financial instruments by segregation of duties and power of attorney.

The Financial Policy allocates mandate expressed in VaR-terms to deviate from the stipulated currency, interest and commodity exposures. The mandates are utilized to support acquisitions or to reduce non-desired exposures.

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 goal 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 is that the instruments are highly liquid and have creditworthy issuers (see Credit risk in financial activities on page 114).

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 70m (70). For more information, see Note 18 on page 123.

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 additional information, see Note 18 on page 123.

Cont. **Note 2****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 2013 long-term interest-bearing borrowings with an average interest fixing period of 1.0 (1.4) years, a one-percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/-70m (50) in 2013. 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. In 2013, the Group's capital was SEK 14,308m (15,726). 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 2013, the outlook for the rating was changed to negative by Standard & Poor's.

Rating

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

When monitoring the capital structure, the Group uses different key numbers 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 are allowed to mature in a 12-month period. For additional information, see Note 18 on page 123.

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 the hedging of forecasted flows in foreign currencies. Taking into consideration the price-fixing periods, commercial circumstances and the competitive environment, business sectors within Electrolux can have a hedging horizon of up to 8 months of forecasted flows. Hedging horizons outside this period are subject to approval from Group Treasury. The operating units hedge 100% of invoiced flows and 70% of forecasted flows. 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 dollars. 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 123.

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 Swedish krona. 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 currencies that Electrolux is exposed to are the US dollar, the euro, the Brazilian real, and the Australian dollar. Other significant exposures are the Swiss franc, the British pound and the Chinese renminbi. 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. Taking into account all currencies of the Group, a change up or down by 10% in the value of each currency would affect the Group's profit and loss for one year by approximately SEK +/- 450m (550), as a static calculation. The model assumes the distribution of earnings and costs effective at year-end 2013 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 2012	Profit or loss impact 2013
Currency			
BRL/SEK	-10%	-378	-456
AUD/SEK	-10%	-220	-263
GBP/SEK	-10%	-182	-231
CHF/SEK	-10%	-137	-185
CAD/SEK	-10%	-158	-157
RUB/SEK	-10%	-163	-131
ARS/SEK	-10%	-130	-117
CNY/SEK	-10%	229	211
EUR/SEK	-10%	592	350
USD/SEK	-10%	654	722

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 connection with consolidation. This exposure can have an impact on the Group's total comprehensive income, and on the capital structure. Net investments are only hedged to ensure any of the following objectives: 1) to protect key ratios important to the Group's credit rating, 2) financial covenants (if any), and 3) to protect net investments corresponding to financial investments such as excess liquidity. In case of hedging the Group's net investments, it is implemented within the Parent Company in Sweden.

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 +/- 2,770m (2,910), as a static calculation at year-end 2013. At year-end 2013, as well as year-end 2012, none of the net investments were currency hedged.

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 +/- 700m (800) and in plastics with approximately SEK +/- 600m (600), based on volumes in 2013.

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 funds and deri-

vates are done with issuers and counterparts 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 counterparts for derivative transactions and has established such agreements with the majority of the counterparts, i.e., if 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 competitive and profes-

sionally 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, USA, Latin America and Europe. For additional information, see Note 17 on page 122.

Note 3 Segment information

Reportable segments – Business areas

The Group has six reportable segments. Products for the consumer durables market, i.e., major appliances and small appliances, have five reportable segments: Major Appliances Europe, Middle East and Africa; Major Appliances North America; Major Appliances Latin America; Major Appliances Asia/Pacific; and Small Appliances. 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 have one reportable segment.

	Net sales		Operating income	
	2012	2013	2012 ¹⁾	2013
Major Appliances Europe, Middle East and Africa	34,278	33,436	1,105	347
Major Appliances North America	30,684	31,864	1,452	2,136
Major Appliances Latin America	22,044	20,695	1,590	979
Major Appliances Asia/Pacific	8,405	8,653	746	467
Small Appliances	9,011	8,952	461	391
Professional Products	5,571	5,550	588	510
	109,993	109,150	5,942	4,830
Group common costs	1	1	-910	-775
Items affecting comparability	—	—	-1,032	-2,475
Total	109,994	109,151	4,000	1,580
Financial items, net	—	—	-846	-676
Income after financial items	—	—	3,154	904

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefit.

In the internal management reporting, items affecting comparability is not included in the segments. The table specifies the segments to which they correspond.

Items affecting comparability

	Impairment/restructuring		Other		Total	
	2012	2013	2012	2013	2012	2013
Major Appliances Europe, Middle East and Africa	-927	-828	—	—	-927	-828
Major Appliances North America	-105	—	—	—	-105	—
Major Appliances Asia/Pacific	—	-351	—	—	—	-351
Small Appliances	—	-82	—	—	—	-82
Common Group costs, etc.	—	-1,214	—	—	—	-1,214
Total	-1,032	-2,475	—	—	-1,032	-2,475

Inter-segment sales exist with the following split:

	2012	2013
Major Appliances Europe, Middle East and Africa	396	479
Major Appliances North America	1,031	1,052
Major Appliances Asia/Pacific	197	171
Eliminations	1,624	1,702

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,	
	2012 ¹⁾	2013	2012 ¹⁾	2013	2012 ¹⁾	2013
Major Appliances Europe, Middle East and Africa	22,800	22,936	14,067	14,408	8,733	8,528
Major Appliances North America	12,106	12,886	7,293	7,606	4,813	5,280
Major Appliances Latin America	13,337	12,875	6,601	6,321	6,736	6,554
Major Appliances Asia/Pacific	4,933	4,866	2,708	2,852	2,225	2,014
Small Appliances	4,528	4,756	2,973	3,202	1,555	1,554
Professional Products	2,664	2,720	1,681	1,760	983	960
Other ²⁾	7,137	7,285	6,292	7,214	845	71
	67,505	68,324	41,615	43,363	25,890	24,961
Liquid funds	7,403	7,232	—	—	—	—
Interest-bearing liabilities	—	—	13,088	14,905	—	—
Pension assets/liabilities	286	445	4,765	3,425	—	—
Equity	—	—	15,726	14,308	—	—
Total	75,194	76,001	75,194	76,001	—	—

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.
²⁾ Includes common functions, tax items and restructuring provisions.

	Depreciation and amortization		Capital expenditure		Cash flow ¹⁾	
	2012	2013	2012	2013	2012 ²⁾	2013
Major Appliances Europe, Middle East and Africa	1,473	1,455	1,011	1,294	1,493	373
Major Appliances North America	727	751	1,771	855	1,246	1,616
Major Appliances Latin America	441	458	488	742	1,704	259
Major Appliances Asia/Pacific	173	203	411	267	450	412
Small Appliances	182	204	196	225	985	296
Professional Products	100	99	161	76	525	530
Other ³⁾	155	186	52	76	-1,445	-1,195
Items affecting comparability	—	—	—	—	-343	-687
Financial items	—	—	—	—	-673	-540
Taxes paid	—	—	—	—	-1,564	-1,343
Total	3,251	3,356	4,090	3,535	2,378	-279

¹⁾ Cash flow from operations and investments.
²⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.
³⁾ Includes Group functions.

Geographical information

	Net sales ¹⁾	
	2012	2013
USA	29,632	31,006
Brazil	15,887	14,752
Germany	5,434	5,385
Australia	5,092	4,711
Switzerland	4,210	4,255
Sweden (country of domicile)	3,849	3,933
Canada	4,182	3,810
France	3,631	3,481
Italy	3,407	3,208
United Kingdom	2,650	2,989
Other	32,020	31,621
Total	109,994	109,151

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 1,870m (2,481). Tangible and non-tangible fixed assets located in all other countries amounted to SEK 24,281m (24,831). Individually, material countries in this aspect are Italy with SEK 3,023m (2,934), USA with SEK 4,509m (4,168) and Egypt with SEK 2,199m (2,418), respectively.

Note 4 Net sales and operating income

The vast majority of the Group's revenues consisted of product sales. Revenue from service activities amounted to SEK 1,361m (1,337).

The Group's operating income included net exchange-rate differences in the amount of SEK -568m (158). Depreciation and amortization charge for the year amounted to SEK 3,356m (3,251). Costs for research and development amounted to SEK 1,663m (1,651) and are included in the item Cost of goods sold. Salaries, remunerations and employer contributions amounted to SEK 16,633m (17,057) and expenses for post-employment benefits amounted to SEK 600m (527).

Government grants relating to expenses have been deducted in the related expenses by SEK 125m (48). 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. In 2013, these grants amounted to SEK 329m (739).

The Group's net sales in Sweden amounted to SEK 3,933m (3,849). Exports from Sweden during the year amounted to SEK 26,760m (3,480), of which SEK 24,043m (2,781) were to Group subsidiaries. The Group's Swedish factories accounted for 1.8% (2.0) of the total value of production.

Note 5 Other operating income

	Group		Parent Company	
	2012	2013	2012	2013
Gain on sale of:				
Property, plant and equipment	73	33	—	—
Operations and shares	5	2	8	9
Other	—	—	285	—
Total	78	35	293	9

Note 6 Other operating expenses

	Group		Parent Company	
	2012	2013	2012	2013
Loss on sale of:				
Property, plant and equipment	-19	-29	-1	-2
Operations and shares	—	—	—	—
Restructuring and impairment	—	—	-37	-1,872
Total	-19	-29	-38	-1,874

Note 7 Items affecting comparability

	Group	
	2012	2013
Restructuring and impairment		
Manufacturing footprint restructuring	-1,032	-594
Program for reduction of overhead costs	—	-975
Impairment of ERP system	—	-906
Total	-1,032	-2,475

Classification by function in the income statement

	Group	
	2012	2013
Cost of goods sold	-1,032	-756
Selling expenses	—	-466
Administrative expenses	—	-1,253
Other operating income and other operating expenses	—	—
Total	-1,032	-2,475

Items affecting comparability in 2013 contains restructuring and rationalization activities related to measures to consolidate operations within Small Appliances, the closure of the refrigeration plant in Orange in Australia and efficiency measures of sales and administration processes mainly in Major Appliances Europe, Middle East and Africa. Furthermore, additional activities to adapt the manufacturing footprint in Europe were initiated. Finally, capitalized software related to the Group's main ERP-system has been impaired as a consequence of a decision to phase out some modules in the application and change of the overall implementation plan in the Group.

Items affecting comparability in 2012 relates to restructuring costs aimed at optimizing the production system in Major Appliances Europe, Middle East and Africa and additional costs for pensions related to the closure of the plant in L'Assomption in Canada.

Note 8 Leasing

Financial leases

Electrolux has no material financial leases.

Operating leases

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

	Operating leases
2014	701
2015–2018	1,814
2019–	428
Total	2,943

Expenses in 2013 for rental payments (minimum leasing fees) amounted to SEK 757m (779). Among the Group's operating leases there are neither material contingent expenses, nor restrictions.

Note 9 Financial income and financial expenses

	Group		Parent Company	
	2012 ¹⁾	2013	2012	2013
Financial income				
Interest income				
From subsidiaries	—	—	609	319
From others	203	137	49	12
Dividends from subsidiaries	—	—	1,259	2,004
Other financial income	1	1	1	—
Total financial income	204	138	1,918	2,335
Financial expenses				
Interest expenses				
To subsidiaries	—	—	-139	-51
To others	-804	-646	-684	-557
On loans and forward contracts as hedges for foreign net investments	—	—	—	—
On other loans and borrowings, net	-1	10	-88	-181
Pension interest expenses, net	-174	-126	—	—
Other financial expenses	-71	-52	-35	-37
Total financial expenses	-1,050	-814	-946	-826

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Interest income from others, for the Group and the Parent Company, includes gains and losses on financial instruments held for trading. Interest expense to others, for the Group and Parent Company, include gains and losses on derivatives used for managing the Group's interest fixing. For information on financial instruments, see Note 18 on page 123.

Note 10 Taxes

	Group		Parent Company	
	2012 ¹⁾	2013	2012	2013
Current taxes	-1,338	-1,240	-102	-53
Deferred taxes	549	1,008	93	818
Taxes included in income for the period	-789	-232	-9	765
Taxes related to OCI	49	-607	-5	-6
Taxes included in total comprehensive income	-740	-839	-14	759

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Deferred taxes in 2013 include a positive effect of SEK 8m (-5) due to changes in tax rates. The consolidated accounts include deferred tax liabilities of SEK 123m (128) related to untaxed reserves in the Parent Company.

Theoretical and actual tax rates

%	2012 ¹⁾	2013
Theoretical tax rate	30.2	30.5
Non-taxable/non-deductible income statement items, net	-1.8	-4.5
Non-recognized tax losses carried forward	1.6	9.3
Utilized non-recognized tax losses carried forward	-3.8	-6.1
Other changes in estimates relating to deferred tax	3.6	-21.9
Withholding tax	1.3	11.1
Other	-6.1	7.2
Actual tax rate	25.0	25.6

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

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, 2013, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 9,534m (8,455), which have not been included in computation of deferred tax assets. The non-recognized deductible temporary differences will expire as follows:

	December 31, 2013
2014	407
2015	24
2016	51
2017	145
2018	107
And thereafter	3,407
Without time limit	5,393
Total	9,534

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 warranty	Provision for pension ¹⁾	Provision for restructuring	Inventories	Recognized unused tax losses	Accrued expenses and prepaid income	Other	Total deferred tax assets and liabilities ¹⁾	Set-off tax	Net deferred tax assets and liabilities ¹⁾
Opening balance, January 1, 2012	-399	206	829	447	-250	477	560	723	2,593	-	2,593
Recognized in total comprehensive income	90	-125	170	-96	3	251	34	273	600	-	600
Acquisition of operations	-	-	-	-	-	-	-	-24	-24	-	-24
Exchange-rate differences	26	-5	-13	-15	15	-59	-28	-51	-130	-	-130
Closing balance, December 31, 2012	-283	76	986	336	-232	669	566	921	3,039	-	3,039
Of which deferred tax assets	107	171	1,432	336	153	669	573	1,657	5,098	-942	4,156
Of which deferred tax liabilities	-390	-95	-446	-	-385	-	-7	-736	-2,059	942	-1,117
Opening balance, January 1, 2013	-283	76	986	336	-232	669	566	921	3,039	-	3,039
Recognized in total comprehensive income	53	51	-610	164	-9	101	-29	651	372	-	372
Exchange-rate differences	-2	-13	31	27	-2	15	-21	-87	-52	-	-52
Closing balance, December 31, 2013	-232	114	407	527	-243	785	516	1,485	3,359	-	3,359
Of which deferred tax assets	131	190	561	527	141	785	516	2,175	5,026	-641	4,385
Of which deferred tax liabilities	-363	-76	-154	-	-384	-	-	-690	-1,667	641	-1,026

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Other deferred tax assets include tax credits related to the production of energy-efficient appliances amounting to SEK 573m (241).

Note 11 Other comprehensive income

	Group	
	2012 ¹⁾	2013
Items that will not be reclassified to income for the period		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	0	-866
Gain/loss taken to other comprehensive income	-917	1,851
Income tax relating to items that will not be reclassified	51	-636
Closing balance, December 31	-866	349
Items that may be reclassified subsequently to income for the period		
Available-for-sale instruments		
Opening balance, January 1	23	46
Gain/loss taken to other comprehensive income	23	-69
Transferred to profit and loss on sale	-	-
Closing balance, December 31	46	-23
Cash flow hedges		
Opening balance, January 1	-36	-2
Gain/loss taken to other comprehensive income	-2	39
Transferred to profit and loss on sale	36	2
Closing balance, December 31	-2	39
Exchange differences on translation of foreign operations		
Opening balance, January 1	476	-1,056
Net investment hedge	-	-
Translation differences	-1,532	-1,518
Closing balance, December 31	-1,056	-2,574
Income tax relating to items that may be reclassified	-2	29
Other comprehensive income, net of tax	-2,343	-302

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Income taxes related to items of other comprehensive income were SEK -636m (51) for remeasurement of provisions for post-employment benefits, SEK 29m (-2) for financial instruments for cash flow hedging and SEK 0m (0) for financial instruments for hedging of translation of foreign operations.

Note 12 Property, plant and equipment

Group	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction	Total
Acquisition costs						
Opening balance, January 1, 2012	1,227	8,224	29,110	1,956	2,283	42,800
Acquired during the year	11	149	1,157	132	2,641	4,090
Acquisition of operations	26	161	—	—	—	187
Transfer of work in progress and advances	14	260	838	-50	-1,062	—
Sales, scrapping, etc.	-35	-326	-565	-14	-4	-944
Exchange-rate differences	-43	-254	-1,302	-79	-162	-1,840
Closing balance, December 31, 2012	1,200	8,214	29,238	1,945	3,696	44,293
Acquired during the year	33	117	1,154	167	2,064	3,535
Transfer of work in progress and advances	1	178	987	7	-1,173	—
Sales, scrapping, etc.	-25	-187	-657	-104	-85	-1,058
Exchange-rate differences	-27	-95	-598	-55	-57	-832
Closing balance, December 31, 2013	1,182	8,227	30,124	1,960	4,445	45,938
Accumulated depreciation						
Opening balance, January 1, 2012	174	3,942	21,618	1,221	232	27,187
Depreciation for the year	7	250	1,920	185	—	2,362
Transfer of work in progress and advances	—	-10	22	-12	—	—
Sales, scrapping, etc.	-4	-303	-535	-80	1	-921
Impairment	4	50	98	—	—	152
Exchange-rate differences	-6	-144	-972	-45	-13	-1,180
Closing balance, December 31, 2012	175	3,785	22,151	1,269	220	27,600
Depreciation for the year	6	284	1,927	208	—	2,425
Transfer of work in progress and advances	—	9	3	-12	—	—
Sales, scrapping, etc.	-17	-281	-624	-78	—	-1,000
Impairment	—	55	34	1	1	91
Exchange-rate differences	1	-14	-401	-27	-1	-442
Closing balance, December 31, 2013	165	3,838	23,090	1,361	220	28,674
Net carrying amount, December 31, 2012	1,025	4,429	7,087	676	3,476	16,693
Net carrying amount, December 31, 2013	1,017	4,389	7,034	599	4,225	17,264

Total impairments in 2013 were SEK 55m (54) on buildings and land, and SEK 36m (98) on machinery and other equipment. The majority of the impairments relates to the Business Area Major Appliances Europe, Middle East and Africa.

In March 2012, the purchase value of CTI property, plant and equipment was recalculated, resulting in an increase of SEK 187m.

Parent Company	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction	Total
Acquisition costs						
Opening balance, January 1, 2012	4	57	825	316	32	1,234
Acquired during the year	—	—	15	14	25	54
Transfer of work in progress and advances	—	—	25	3	-28	—
Sales, scrapping, discontinued operations etc.	—	—	-105	-2	—	-107
Closing balance, December 31, 2012	4	57	760	331	29	1,181
Acquired during the year	—	—	9	126	11	146
Transfer of work in progress and advances	—	—	16	8	-24	—
Sales, scrapping, etc.	—	—	-43	-13	—	-56
Closing balance, December 31, 2013	4	57	742	452	16	1,271
Accumulated depreciation						
Opening balance, January 1, 2012	2	54	667	239	—	962
Depreciation for the year	—	1	34	23	—	58
Sales, scrapping, discontinued operations etc.	—	—	-95	-2	—	-97
Closing balance, December 31, 2012	2	55	606	260	—	923
Depreciation for the year	—	—	35	44	—	79
Sales, scrapping, etc.	—	—	-42	14	—	-28
Closing balance, December 31, 2013	2	55	599	318	—	974
Net carrying amount, December 31, 2012	2	2	154	71	29	258
Net carrying amount, December 31, 2013	2	2	143	134	16	297

Note 13 Goodwill and other intangible assets

Intangible assets with indefinite useful lives

Goodwill as at December 31, 2013, has a total carrying value of SEK 4,875m. In addition, the right to use the Electrolux trademark in North America, acquired in 2000, has been assigned an indefinite useful life. The total carrying amount for the right is SEK 410m, included in the item Other in the table below. 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, 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 2013 were for the main part within a range of 8.3 to 16.5%. 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% (6) for all markets. This corresponds to a weighted average cost of capital for the Group of 11% (11) less an average nominal growth rate of 5% (5). The cost of capital and growth rate is 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. Management believes that any reasonably possible adverse change in the key assumptions would not reduce the recoverable amount below its carrying amount.

Goodwill, value of trademark and discount rate

	2012			2013		
	Goodwill	Electrolux trademark	Discount rate, %	Goodwill	Electrolux trademark	Discount rate, %
Major Appliances Europe, Middle East and Africa	1,828	—	14.1	1,671	—	16.5
Major Appliances North America	358	410	9.6	356	410	8.3
Major Appliances Latin America	1,631	—	16.0	1,359	—	15.6
Major Appliances Asia/Pacific	1,434	—	9.1	1,220	—	8.7
Other	290	—	8.0-11.3	269	—	9.7-10.4
Total	5,541	410		4,875	410	

	Group Other intangible assets				Parent company	
	Goodwill	Product development	Program software	Other	Total other intangible assets	Trademarks, program software, etc.
Acquisition costs						
Opening balance, January 1, 2012	6,008	2,508	2,887	2,475	7,870	2,682
Acquired during the year	—	—	88	2	90	—
Acquisition of operations	-104	—	—	-57	-57	—
Internally developed	—	477	486	—	963	266
Reclassification	—	-24	9	15	—	—
Fully amortized	—	-57	-11	-19	-87	—
Write-off	—	-19	—	—	-19	—
Exchange-rate differences	-363	-148	-41	-103	-292	—
Closing balance, December 31, 2012	5,541	2,737	3,418	2,313	8,468	2,948
Acquired during the year	—	—	62	1	63	—
Internally developed	—	442	452	5	899	378
Reclassification	—	26	-12	-14	—	—
Fully amortized	—	-121	-1,010	—	-1,131	-991
Write-off	—	-23	—	—	-23	—
Exchange-rate differences	-666	-29	17	-196	-208	—
Closing balance, December 31, 2013	4,875	3,032	2,927	2,109	8,068	2,335
Accumulated amortization						
Opening balance, January 1, 2012	—	1,376	808	540	2,724	854
Amortization for the year	—	439	275	175	889	162
Fully amortized	—	-57	-11	-19	-87	—
Exchange-rate differences	—	-79	-21	-37	-137	—
Closing balance, December 31, 2012	—	1,679	1,051	659	3,389	1,016
Amortization for the year	—	406	370	155	931	200
Fully amortized	—	-121	-1,010	—	-1,131	-988
Write-off	—	—	906	—	906	893
Exchange-rate differences	—	7	9	-54	-38	—
Closing balance, December 31, 2013	—	1,971	1,326	760	4,057	1,121
Carrying amount, December 31, 2012	5,541	1,058	2,367	1,654	5,079	1,932
Carrying amount, December 31, 2013	4,875	1,061	1,601	1,349	4,011	1,214

Cont. **Note 13**

Included in the item Other are trademarks of SEK 669m (768) and customer relationships etc. amounting to SEK 680m (886). Amortization of intangible assets are included within Cost of goods sold with SEK 438m (560), Administrative expenses with SEK 334m (250) and Selling expenses with SEK 159m (79) in the income statement. Write-off of program software refers to the impairment of the Group's main ERP-system due to the decision to phase out some modules in the application and change of the overall implementation plan in the Group. Electrolux did not capitalize any borrowing costs during 2013.

Note 14 Other non-current assets

	Group December 31,		Parent Company December 31,	
	2012 ¹⁾	2013	2012	2013
Shares in subsidiaries	—	—	27,215	27,399
Participations in other companies	—	—	229	360
Long-term receivables in subsidiaries	—	—	3,576	2,693
Other receivables	481	752	13	13
Total	481	752	31,033	30,465

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

Note 15 Inventories

	Group December 31,		Parent Company December 31,	
	2012	2013	2012	2013
Raw materials	2,950	3,055	30	21
Products in progress	154	114	1	1
Finished products	9,776	8,950	30	2,168
Advances to suppliers	83	35	—	—
Total	12,963	12,154	61	2,190

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 77,237m (78,183) for the Group.

Provisions for obsolescence are included in the value for inventory. Write-downs amounted to SEK 364m and previous write-downs reversed with SEK 400m 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,	
	2012	2013
Miscellaneous short-term receivables	2,333	2,779
Provisions for doubtful accounts	—5	—8
Prepaid expenses and accrued income	1,017	1,369
Prepaid interest expenses and accrued interest income	262	265
Total	3,607	4,405

Miscellaneous short-term receivables include VAT and other items.

Note 17 Trade receivables

	2012	2013
Trade receivables	18,962	19,977
Provisions for impairment of receivables	—674	—536
Trade receivables, net	18,288	19,441
Provisions in relation to trade receivables, %	3.6	2.7

As of December 31, 2013, provisions for impairment of trade receivables amounted to SEK 536m (674). 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

	2012	2013
Provisions, January 1	—904	—674
Acquisition of operations	—	—3
New provisions	—168	—109
Actual credit losses	352	250
Exchange-rate differences and other changes	46	—
Provisions, December 31	—674	—536

The fair value of trade receivables equals their carrying amount as the impact of discounting is not significant. Electrolux has a significant concentration 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 32.8% (29.0) 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

	2012	2013
Trade receivables not overdue	17,000	17,784
Less than 2 months overdue	967	1,206
2–6 months overdue	249	402
6–12 months overdue	72	49
More than 1 year overdue	—	—
Total trade receivables past due but not impaired	1,288	1,657
Impaired trade receivables	674	536
Total trade receivables	18,962	19,977
Past due, including impaired, in relation to trade receivables, %	10.3	11.0

Note 18 Financial instruments

Additional and complementary information is presented in the following notes to the Annual Report: Note 1, Accounting and valuation principles, discloses the accounting and valuation policies adopted. 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.

Net borrowings

At year-end 2013, the Group's net borrowings amounted to SEK 7,673m (5,685). The table below presents how the Group calculates net borrowings and what they consist of.

	December 31,	
	2012	2013
Net borrowings		
Short-term loans	1,166	1,593
Short-term part of long-term loans	1,000	272
Trade receivables with recourse	629	868
Short-term borrowings	2,795	2,733
Derivatives	220	165
Accrued interest expenses and prepaid interest income	68	72
Total short-term borrowings	3,083	2,970
Long-term borrowings	10,005	11,935
Total borrowings	13,088	14,905
Cash and cash equivalents	6,835	6,607
Short-term investments	123	148
Derivatives	183	212
Prepaid interest expenses and accrued interest income	262	265
Liquid funds	7,403	7,232
Financial net debt	5,685	7,673
Net provision for post-employment benefits	4,479	2,980
Net debt	10,164	10,653
Revolving credit facility (EUR 500m, SEK 3,400m) ¹⁾	7,692	7,855

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. 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,	
	2012	2013
Cash and cash equivalents	6,835	6,607
Short-term investments	123	148
Derivatives	183	212
Prepaid interest expenses and accrued interest income	262	265
Liquid funds	7,403	7,232
% of annualized net sales ¹⁾	13.1	13.2
Net liquidity	4,320	4,262
Fixed interest term, days	16	12
Effective yield, % (average per annum)	2.1	1.6

¹⁾ Liquid funds plus unused revolving credit facilities of EUR 500m and SEK 3,400m divided by annualized net sales.

For 2013, liquid funds, including unused revolving credit facilities of EUR 500m and SEK 3,400m, amounted to 13.2% (13.1) of annualized net sales. The net liquidity is calculated by deducting short-term borrowings from liquid funds.

Interest-bearing liabilities

In 2013, SEK 1,851m of long-term borrowings matured or were amortized. These maturities were refinanced with SEK 3,039m.

At year-end 2013, the Group's total interest-bearing liabilities amounted to SEK 13,800m (12,171), of which SEK 12,207m (11,005) referred to long-term borrowings including maturities within 12 months. Long-term borrowings with maturities within 12 months amounted to SEK 272m (1,000). 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 11,745m (10,572), is taken up at the parent company level. Electrolux also has an unused committed multicurrency revolving credit facility of SEK 3,400m maturing 2017, as well as an unused committed multicurrency revolving credit facility of EUR 500m maturing 2018. These two 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.

At year-end 2013, the average interest-fixing period for long-term borrowings was 1.0 years (1.4). 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 3.2% (3.9) at year end.

The fair value of the interest-bearing borrowings was SEK 13,922m. The fair value including swap transactions used to manage the interest fixing was approximately SEK 13,926m. The borrowings and the interest-rate swaps are valued marked-to-market in order to calculate the fair value. When valuating the borrowings, the Electrolux credit rating is taken into consideration.

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,	
					2012	2013
Bond loans¹⁾						
2008–2014	Euro MTN Program	Floating	USD	42	274	—
2008–2016	Euro MTN Program	Floating	USD	100	651	647
2009–2014	Euro MTN Program	Floating	EUR	100	858	—
2011–2016	Euro MTN Program	Floating	SEK	1,000	999	999
2011–2016	Euro MTN Program	4.500	SEK	1,500	1,545	1,532
2012–2015	Euro MTN Program	3.250	SEK	650	652	652
2012–2015	Euro MTN Program	Floating	SEK	350	350	350
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
2013–2018	Euro MTN Program	Floating	SEK	600	—	599
2013–2018	Euro MTN Program	2.875	SEK	400	—	398
2013–2020	Euro MTN Program	3.440	SEK	170	—	170
2013–2020	Euro MTN Program	Floating	SEK	830	—	830
Total bond loans					6,829	7,677
Other long-term loans¹⁾						
1996–2036	Fixed rate loans in Germany	7.870	EUR	42	338	348
2008–2015	Long-term bank loans in Sweden	Floating	PLN	338	713	727
2008–2015	Long-term bank loans in Sweden	Floating	EUR	120	1,030	1,069
2008–2017	Long-term bank loans in Sweden	Floating	SEK	1,000	1,000	1,000
2013–2021	Long-term bank loans in Sweden	Floating	SEK	1,000	—	1,000
Other long-term loans					95	114
Total other long-term loans					3,176	4,258
Long-term borrowings					10,005	11,935
Short-term part of long-term loans²⁾						
2011–2013	Euro MTN Program	Floating	SEK	1,000	1,000	—
2008–2014	Euro MTN Program	Floating	USD	42	—	272
Total short-term part of long-term loans					1,000	272
Other short-term loans						
	Short-term bank loans in Egypt	Floating	EGP	478	668	503
	Other bank borrowings and commercial papers				498	1,090
Total other short-term loans					1,166	1,593
Trade receivables with recourse					629	868
Short-term borrowings					2,795	2,733
Fair value of derivative liabilities					220	165
Accrued interest expenses and prepaid interest income					68	72
Total borrowings					13,088	14,905

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 3.3 years (3.1), at the end of 2013. The table below presents the repayment schedule of long-term borrowings.

Repayment schedule of long-term borrowings, December 31

	2014	2015	2016	2017	2018	2019—	Total
Debenture and bond loans	—	1,002	3,178	500	1,997	1,000	7,677
Bank and other loans	—	1,910	—	1,000	—	1,348	4,258
Short-term part of long-term loans	272	—	—	—	—	—	272
Total	272	2,912	3,178	1,500	1,997	2,348	12,207

Other interest-bearing investments

Interest-bearing receivables from customer financing amounting to SEK 76m (95) 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 2014 and hedges at year-end 2013.

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 2013 amounted to SEK 319m (-64). At year-end 2013, the unrealized fair value of forward contracts for hedging of forecasted transaction flows amounted to SEK 21m (35).

Forecasted transaction flows and hedges

	ARS	AUD	BRL	CAD	CHF	CNY	EUR	GBP	RUB	USD	Other	Total
Inflow of currency, long position	900	2,480	4,290	1,360	1,820	60	4,570	2,690	1,240	4,210	22,170	45,790
Outflow of currency, short position	—	-150	-50	—	-50	-2,610	-9,620	-430	—	-13,110	-19,770	-45,790
Gross transaction flow	900	2,330	4,240	1,360	1,770	-2,550	-5,050	2,260	1,240	-8,900	2,400	—
Hedges	-70	-1,230	-980	-700	-880	1,910	1,780	-1,110	-330	1,960	-350	—
Net transaction flow	830	1,100	3,260	660	890	-640	-3,270	1,150	910	-6,940	2,050	—

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

	2012				2013			
	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	-53	—	—	—	319	—	—	—
Derivatives for which hedge accounting is not applied, i.e., held-for-trading	11	—	—	—	—	—	—	—
Currency derivatives related to commercial exposure where hedge accounting is applied, i.e., cash flow hedges	-64	—	—	—	319	—	—	—
Loans and receivables	222	—	—	—	-249	—	—	—
Trade receivables/payables	222	—	—	—	-249	—	—	—
Available-for-sale financial assets	1	23	—	—	—	-69	—	—
Other shares and participations	1	23	—	—	—	-69	—	—
Total net gain/loss, income and expense	170	23	—	—	70	-69	—	—
Recognized in the financial items								
Financial assets and liabilities at fair value through profit and loss	-49	34	8	20	-21	23	—	-10
Derivatives for which hedge accounting is not applied, i.e., held-for-trading	-12	—	—	—	-5	—	—	—
Interest-related derivatives for which fair value hedge accounting is applied, i.e., fair value hedges	-25	—	—	41	-15	—	—	16
Interest-related derivatives for which cash flow hedge accounting is applied, i.e., cash flow hedges	—	13	—	-21	—	29	—	-26
Currency derivatives related to commercial exposure where hedge accounting is applied, i.e., cash flow hedges	-6	21	—	—	-1	-6	—	—
Net investment hedges where hedge accounting is applied	—	—	—	—	—	—	—	—
Other financial assets carried at fair value	-6	—	8	—	—	—	—	—
Loans and receivables	-254	—	174	—	-257	—	136	—
Other financial liabilities	139	—	—	-710	-7	—	—	-541
Financial liabilities for which hedge accounting is not applied	115	—	—	-516	22	—	—	-503
Financial liabilities for which hedge accounting is applied	24	—	—	-194	-29	—	—	-38
Total net gain/loss, income and expense	-164	34	182	-690	-285	23	136	-551

Cont. Note 18

Fair value and carrying amount on financial assets and liabilities

	2012 ¹⁾		2013 ¹⁾	
	Carrying amount		Carrying amount	
Financial assets				
Financial assets		333		279
Financial assets at fair value through profit and loss		104		119
Available-for-sale		229		160
Trade receivables		18,288		19,441
Loans and receivables		18,288		19,441
Derivatives		184		268
Short-term investments		123		148
Financial assets at fair value through profit and loss		120		145
Loans and receivables		3		3
Cash and cash equivalents		6,835		6,607
Financial assets at fair value through profit and loss		1,227		1,516
Loans and receivables		2,115		1,220
Cash		3,493		3,871
Total financial assets		25,763		26,743
Financial liabilities				
Long-term borrowings		10,005		11,935
Financial liabilities measured at amortized cost		9,106		11,122
Financial liabilities measured at amortized cost for which fair value hedge accounting is applied		899		813
Accounts payable		20,590		20,607
Financial liabilities at amortized cost		20,590		20,607
Short-term borrowings		2,795		2,733
Financial liabilities measured at amortized cost		2,795		2,733
Financial liabilities measured at amortized cost for which fair value hedge accounting is applied		—		—
Derivatives		241		194
Total financial liabilities		33,631		35,469

¹⁾ Carrying amount equals fair value except for long and short-term borrowings where the fair value is SEK 122m (131), respectively SEK 1m (3) higher than the carrying amount.

	2012 ¹⁾		2013 ¹⁾	
	Fair value	Carrying amount	Fair value	Carrying amount
Per category				
Financial assets at fair value through profit and loss	1,635	1,635	2,048	2,048
Available-for-sale	229	229	160	160
Loans and receivables	20,406	20,406	20,664	20,664
Cash	3,493	3,493	3,871	3,871
Total financial assets	25,763	25,763	26,743	26,743
Financial liabilities at fair value through profit and loss	241	241	194	194
Financial liabilities measured at amortized cost	33,524	33,390	35,398	35,275
Total financial liabilities	33,765	33,631	35,592	35,469

¹⁾ There has not been any reclassification between categories.

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.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data.

The table below presents the Group's financial assets and liabilities that are measured at fair value.

Fair value measurement hierarchy

	2012				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets	333	—	—	333	279	—	—	279
Financial assets at fair value through profit and loss	104	—	—	104	119	—	—	119
Available-for-sale	229	—	—	229	160	—	—	160
Derivatives	—	184	—	184	—	268	—	268
Derivatives for which hedge accounting is not applied, i.e., held-for-trading	—	12	—	12	—	120	—	120
Derivatives for which hedge accounting is applied	—	172	—	172	—	148	—	148
Short-term investments and cash equivalents	1,347	—	—	1,347	1,661	—	—	1,661
Financial assets at fair value through profit and loss	1,347	—	—	1,347	1,661	—	—	1,661
Total financial assets	1,680	184	—	1,864	1,940	268	—	2,208
Financial liabilities								
Derivatives	—	241	—	241	—	194	—	194
Derivatives for which hedge accounting is not applied, i.e., held-for-trading	—	95	—	95	—	101	—	101
Derivatives for which hedge accounting is applied	—	146	—	146	—	93	—	93
Total financial liabilities	—	241	—	241	—	194	—	194

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 local currency 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	-2,183	-3,258	-7,523	-2,236	-15,200
Net settled derivatives	-17	6	8	—	-3
Gross settled derivatives	46	—	—	—	46
Outflow	-21,482	—	—	—	-21,482
Inflow	21,528	—	—	—	21,528
Accounts payable	-20,607	—	—	—	-20,607
Financial guarantees	-1,458	—	—	—	-1,458
Total	-24,219	-3,252	-7,515	-2,236	-37,222

Note 19 Assets pledged for liabilities to credit institutions

	Group December 31,		Parent Company December 31,	
	2012	2013	2012	2013
Real-estate mortgages	73	63	—	—
Other	5	6	—	—
Total	78	69	—	—

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

The share capital of AB Electrolux consists 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. 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.

Share capital

	Quota value
Share capital, December 31, 2012	
8,212,725 Class A shares, with a quota value of SEK 5	41
300,707,583 Class B shares, with a quota value of SEK 5	1,504
Total	1,545

Share capital, December 31, 2013

8,192,539 Class A shares, with a quota value of SEK 5	41
300,727,769 Class B shares, with a quota value of SEK 5	1,504
Total	1,545

Number of shares

	Owned by Electrolux	Owned by other share- holders	Total
Shares, December 31, 2012			
Class A shares	–	8,212,725	8,212,725
Class B shares	22,785,490	277,922,093	300,707,583

Conversion of Class A shares into Class B shares

Class A shares	–	–20,186	–20,186
Class B shares	–	20,186	20,186

Sold shares

Class A shares	–	–	–
Class B shares	–77,169	77,169	–

Shares, December 31, 2013

Class A shares	–	8,192,539	8,192,539
Class B shares	22,708,321	278,019,448	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

	2012 ¹⁾	2013
Income for the period	2,362	672

Earnings per share

Basic, SEK	8.26	2.35
Diluted, SEK	8.24	2.34

Average number of shares, million

Basic	285.9	286.2
Diluted	286.6	287.3

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefit.

Basic earnings per share is calculated by dividing the income for the period 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 from Electrolux incentive programs is a consequence of the 2012 and 2013 performance share program.

The average number of shares during the year has been 286,200,115 (285,908,726) and the average number of diluted shares has been 287,317,610 (286,620,098).

Note 21 Untaxed reserves, Parent Company

	December 31, 2012	Appropriations	December 31, 2013
Accumulated depreciation in excess of plan			
Brands	349	–28	321
Licenses	122	–	122
Machinery and equipment	85	1	86
Buildings	2	–1	1
Other	23	5	28
Total	581	–23	558
Group contributions		–164	
Total Appropriations		–187	

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. 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 asset. In 2013, 5,465 deferred participants accepted a lump-sum payment of SEK 880m in total in lieu of accrued pension rights and thereby left the plan. This has reduced the defined benefit obligation by SEK 1,023m. The difference between the agreed payment and the obligation led to an accounting gain of SEK 143m that was reported in operating income as Other operating income.

United Kingdom

The plan in the UK has both final salary and career average elements and it is closed for new entrants. The funding position is reassessed every three years and a schedule of contributions is agreed between the Trustee and company. The Trustee decides the investment strategy and consults with the company. Surplus may be used by making 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, ITP 2 plan and it is based on final salary. Benefits in payment are indexed according to the decisions of the Alecta 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

In Switzerland, there are three pension plans which are all open for new employees. Benefits are career average in nature, with indexation of benefits following decisions of the foundation boards, subject to legal minima. Contributions are paid to pension foundations 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 schemes are to 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 are 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, 2012

	USA	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	8,495	2,137	4,853	3,184	2,888	2,221	1,104	24,882
Fair value of plan assets (after change in asset ceiling)	-7,516	-1,391	-4,715	-2,186	-2,124	-2,160	-311	-20,403
Total (surplus)/deficit	979	746	138	998	764	61	793	4,479
Whereof reported as								
Pension plan assets	-	-	-	-	-	-	-	286
Provisions for post-employment benefits	-	-	-	-	-	-	-	4,765
Total funding level for all pension plans, %	88	65	97	69	74	97	28	82
Average duration of the obligation, years	12.4	11.2	16.1	16.1	13.0	14.5	-	13.7
Amounts included in the income statement								
Service cost ¹⁾	58	1	19	121	14	28	22	263
Net interest cost	53	41	6	20	23	3	28	174
Remeasurements (gain)/loss	155	-26	230	177	185	109	87	917
Total expense (gain) for defined benefits	266	16	255	318	222	140	137	1,354
Expenses for defined contribution plans	-	-	-	-	-	-	-	446
Amounts included in the cash flow statement								
Contributions by the employer	-47	-134	-17	-	-1	-39	-10	-248
Reimbursement	-	-	-	59	-	-	-	59
Benefits paid by the employer	-13	-	-	-105	-127	-	-42	-287
Major assumptions for the valuation of the liability								
Longevity, years ²⁾ :								
Male	19.2	19.2	21.9	23.0	19.4	19.8	-	20.4
Female	21.1	21.1	23.6	24.8	23.1	22.1	-	22.6
Inflation, % ³⁾	3.0	8.0	3.0	2.0	2.0	1.5	-	2.6
Discount rate, %	3.7	3.7	4.4	3.0	3.3	1.7	-	3.5

Information by country December 31, 2013

	USA	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	6,662	1,736	5,183	2,803	2,990	2,437	1,074	22,885
Fair value of plan assets (after change in asset ceiling)	-6,534	-1,462	-5,029	-2,292	-1,940	-2,356	-292	-19,905
Total (surplus)/deficit	128	274	154	511	1,050	81	782	2,980
Whereof reported as								
Pension plan assets	-	-	-	-	-	-	-	445
Provisions for post-employment benefits	-	-	-	-	-	-	-	3,425
Total funding level for all pension plans, %	98	84	97	82	65	97	27	87
Average duration of the obligation, years	10.4	10.5	15.5	15.7	13.7	9.6	-	12.5
Amounts included in the income statement								
Service cost ⁴⁾	-89	4	20	130	17	55	13	150
Net interest cost	32	20	5	24	23	3	20	127
Remeasurements (gain)/loss	-787	-449	10	-599	-24	-2	-	-1,851
Total expense (gain) for defined benefits	-844	-425	35	-445	16	56	33	-1,574
Expenses for defined contribution plans	-	-	-	-	-	-	-	450
Amounts included in the cash flow statement								
Contributions by the employer	-	-84	-21	-	-	-38	-9	-152
Reimbursement	-	19	-	67	368	-	-	454
Benefits paid by the employer	-7	-	-	-108	-129	-	-49	-293
Major assumptions for the valuation of the liability								
Longevity, years ²⁾ :								
Male	19.3	19.3	22.1	23.0	19.5	21.4	-	20.8
Female	21.1	21.1	24.3	24.8	23.3	23.9	-	23.1
Inflation, % ³⁾	3.0	7.5	3.25	2.0	2.0	1.5	-	2.6
Discount rate, %	4.4	4.4	4.4	3.7	3.3	2.1	-	3.87

1) Includes special events amounting to SEK 23m 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 health-care benefits.

4) Includes settlement gains of SEK 143m in the USA and special events amounting to SEK 19m in various countries.

Reconciliation of change in present value of defined benefit obligation for funded and unfunded obligations

	2012	2013
Opening balance, January 1	23,630	24,882
Current service cost	240	274
Special events	23	19
Interest expense	961	814
Remeasurement arising from changes in financial assumptions	1,956	-1,132
Remeasurement from changes in demographic assumptions	418	359
Remeasurement from experience	-315	-369
Contributions by plan participants	55	58
Benefits paid	-1,290	-1,220
Exchange differences	-887	211
Settlements and other	91	-1,011
Closing balance, December 31	24,882	22,885

Reconciliation of change in the fair value of plan assets

	2012	2013
Opening balance, January 1	20,018	20,403
Interest income ¹⁾	787	687
Return on plan assets, excluding amounts included in interest ¹⁾	1,142	736
Effect of asset ceiling	-	-27
Net contribution by employer	476	-9
Contribution by plan participants	55	58
Benefits paid	-1,290	-1,220
Exchange differences	-731	148
Settlements and other	-54	-871
Closing balance, December 31	20,403	19,905

¹⁾ The actual return on plan assets amounts to SEK -1,423m (-1,929).

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	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Longevity +1 year	228	62	166	98	92	76	4	726
Inflation +0.5% ¹⁾	24	92	160	228	171	22	32	729
Discount rate +1%	-589	-160	-714	-389	-369	-218	-96	-2,535
Discount rate -1%	703	191	916	499	463	283	115	3,170

¹⁾ The inflation change feeds through to other inflation-dependant assumptions, i.e., pension increases and salary growth.

In 2014, the Group expects to pay a total of SEK 308m in contributions to the pension funds and as payments of benefits directly to the employees.

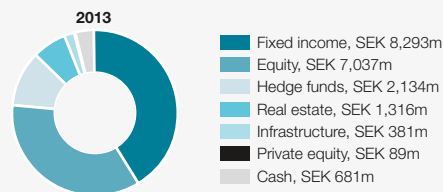
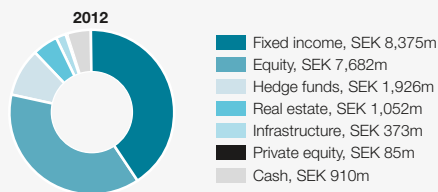
Risks

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 DBO (Defined Benefit Obligation). 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.

Cont. Note 22

Market value of plan assets by category

Market value of plan assets without quoted prices	December 31,	
	2012	2013
Fixed income	29	33
Real estate	1,052	1,316
Infrastructure	373	381
Private equity	85	89

The pension plan assets include ordinary shares issued by AB Electrolux with a fair value of SEK 0m (77). The Swedish pension foundation also 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 3–4 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, approve the Group's and Local Pension Funds' investment strategies.
- Annually, approve the Group's global and local benchmarks for follow up of pension plan assets.
- Approve the election of company representatives in the Boards of Trustees.
- Approve 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 4.0% (4.0). 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, 2012	1,395	395	1,790
Current service cost	32	38	70
Interest cost	59	17	76
Benefits paid	-56	-36	-92
Closing balance, December 31, 2012	1,430	414	1,844
Current service cost	39	26	65
Interest cost	59	17	76
Benefits paid	-61	-30	-91
Closing balance, December 31, 2013	1,467	427	1,894

Change in fair value of plan assets

	Funded
Opening balance, January 1, 2012	1,727
Actual return on plan assets	167
Contributions and compensation to/from the fund	-49
Closing balance, December 31, 2012	1,845
Actual return on plan assets	146
Contributions and compensation to/from the fund	-56
Closing balance, December 31, 2013	1,935

Amounts recognized in balance sheet

	December 31,	
	2012	2013
Present value of pension obligations	-1,844	-1,894
Fair value of plan assets	1,845	1,935
Surplus/deficit	1	41
Limitation on assets in accordance with Swedish accounting principles	-415	-468
Net provisions for pension obligations	-414	-427
Whereof reported as provisions for pensions	-578	-427

Amounts recognized in income statement

	2012	2013
Current service cost	70	65
Interest cost	76	76
Total expenses for defined benefit pension plans	146	141
Insurance premiums	71	79
Total expenses for defined contribution plans	71	79
Special employer's contribution tax	32	30
Cost for credit insurance FPG	2	2
Total pension expenses	251	252
Compensation from the pension fund	-49	-56
Total recognized pension expenses	202	196

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, 2013, to SEK 2,290m (2,186m) and the pension commitments to SEK 1,739m (1,698). The Swedish Group companies recorded a liability to the pension fund as per December 31, 2013, in the amount of SEK 0m (193). Contributions to the pension foundation during 2013 amounted to SEK 0m (0). Contributions from the pension foundation during 2013 amounted to SEK 67m (59).

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, 2012	1,723	1,518	1,042	3,382	7,665	59	223	55	337
Provisions made	941	793	354	479	2,567	359	-	-	359
Provisions used	-478	-865	-227	-1,309	-2,879	-160	-	-7	-167
Unused amounts reversed	-68	-31	-	-177	-276	-	-	-10	-10
Exchange-rate differences	-77	-56	-50	-197	-380	-	-	-	-
Closing balance, December 31, 2012	2,041	1,359	1,119	2,178	6,697	258	223	38	519
Of which current provisions	664	769	222	491	2,146	234	34	3	271
Of which non-current provisions	1,377	590	897	1,687	4,551	24	189	35	248
Opening balance, January 1, 2013	2,041	1,359	1,119	2,178	6,697	258	223	38	519
Provisions made	1,504	739	762	739	3,531	939	120	10	1,069
Provisions used	-626	-796	-472	-688	-2,369	-167	-	-4	-171
Unused amounts reversed	-10	-13	-	-88	-111	-	-	-1	-1
Exchange-rate differences	-25	-41	-6	-120	-192	-	-	-	-
Closing balance, December 31, 2013	2,884	1,248	1,403	2,021	7,556	1,030	343	43	1,416
Of which current provisions	1,555	736	248	495	3,034	1,011	39	2	1,052
Of which non-current provisions	1,329	512	1,155	1,526	4,522	19	304	41	364

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 provisions for restructuring are only recognized when Electrolux has both a detailed formal plan for restructuring and has made an announcement of the plan to those affected by it at the balance-sheet date. 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, 2013, will be used over the period 2014 to 2015.

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. 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,	
	2012 ¹⁾	2013	2012	2013
Accrued holiday pay	792	805	160	174
Other accrued payroll costs	1,235	1,095	192	143
Accrued interest expenses	68	72	67	69
Prepaid income	310	292	—	5
Other accrued expenses	6,289	7,109	370	479
Other operating liabilities	3,277	3,513	—	—
Total	11,971	12,886	789	870

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits.

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,	
	2012	2013	2012	2013
Guarantees and other commitments				
On behalf of subsidiaries	—	—	1,524	1,635
On behalf of external counterparties	1,610	1,458	151	156
Employee benefits in excess of reported liabilities	—	—	17	24
Total	1,610	1,458	1,692	1,815

The main part of the total amount of 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, 2013, the Group had a total of 2,980 (2,864) cases pending, representing approximately 3,040 (approximately 2,936) plaintiffs. During 2013, 1,057 new cases with 1,048 plaintiffs were filed and 941 pending cases with approximately 944 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 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 anti-trust 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

	2012	2013
Acquired non-controlling interest		
Olympic Group, Egypt	161	3
CTI Group, Chile	3	2
Acquired shares in associated company		
50% share in Gångaren 13 Holding AB, Sweden	—	200
Total cash paid for acquisitions	164	205

In the first quarter of 2013 The Group acquired and subsequently partly divested the real estate company owning the Corporate head office to the Swedish pension foundation for SEK 200m. The divestment was made at fair value. The remaining investment in the real estate company is SEK 200m representing a 50% ownership. The shareholding is classified as an associated company and subject to equity accounting.

Additional non-controlling interest was acquired for an amount of SEK 3m in the Olympic Group in Egypt and for SEK 2m in the CTI Group.

In 2012, the allocation of acquisition cost for the CTI Group acquisition was finalized.

Furthermore, in 2012 non-controlling interest in Olympic Group in Egypt and CTI Group in Chile was acquired. In Egypt, 929,992 shares in the parent company of Olympic Group and 4,889,245 shares in the subsidiary Delta Industrial Company Ideal S.A.E. were purchased for a total consideration of SEK 161m. In Chile, 7,416,743 shares in Compañía Tecno Industrial S.A. (CTI) were purchased for an amount of SEK 3m.

Divested operations

No divestments were made in 2013 and 2012.

Note 27 Employees and remuneration

Employees and employee benefits

In 2013, the average number of employees was 60,754 (59,478), of whom 41,310 (41,053) were men and 19,444 (18,425) women.

A detailed specification of the average number of employees by country has been submitted to the Swedish Companies Registration Office and is available on request from AB Electrolux, Investor Relations and Financial Information. See also Electrolux website www.electrolux.com/employees-by-country.

Average number of employees, by geographical area

	Group	
	2012	2013
Europe	21,615	21,602
North America	9,152	9,922
Latin America	17,493	18,241
Rest of world	11,218	10,989
Total	59,478	60,754

Salaries, other remuneration and employer contributions

	2012			2013		
	Salaries and remuneration	Employer contributions	Total	Salaries and remuneration	Employer contributions	Total
Parent Company	857	490	1,347	976	485	1,461
whereof pension costs		184 ¹⁾	184 ¹⁾		170 ¹⁾	170 ¹⁾
Subsidiaries	12,928	2,782	15,710	12,545	2,627	15,172
whereof pension costs		343	343		430	430
Total Group	13,785	3,272	17,057	13,521	3,112	16,633
whereof pension costs		527	527		600	600

¹⁾ Includes SEK 9m (9), referring to the President's predecessors according to local GAAP (the cost for the current President is included in his home country).

Salaries and remuneration for Board members, senior managers and other employees

	2012			2013		
	Board members and senior managers	Other employees	Total	Board members and senior managers	Other employees	Total
Parent Company	32	825	857	45	931	976
Other	217	12,711	12,928	230	12,315	12,545
Total Group	249	13,536	13,785	275	13,246	13,521

Of the Board members in the Group, 126 were men and 26 women, of whom 7 men and 3 women in the Parent Company. Senior managers in the Group consisted of 188 men and 53 women, of whom 9 men and 3 women in the Parent Company. The total pension cost for Board members and senior managers in the Group amounted to 42m (42) in 2013.

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 2013 refers to one fourth of the compensation authorized by the AGM in 2012, and three fourths of the compensation authorized by the AGM in 2013. Total compensation paid in cash in 2013 amounted to SEK 6.3m, of which SEK 5.7m referred to ordinary compensation and SEK 0.6m to committee work.

Compensation to Board members 2013

	Ordinary compensation	Compensation for committee work	Total compensation
'000 SEK			
Marcus Wallenberg, Chairman	1,688	55	1,743
Ronnie Leten, Deputy Chairman	587	—	587
Lorna Davis	511	55	566
Hasse Johansson	511	85	596
Keith McLoughlin, President	—	—	—
Bert Nordberg (as from AGM 2013)	386	—	386
Fredrik Persson	511	85	596
Ulrica Saxon	511	—	511
Torben Ballegaard Sørensen	511	200	711
Barbara Milian Thoralfsson	511	120	631
Ola Bertilsson	—	—	—
Gunilla Brandt	—	—	—
Ulf Carlsson	—	—	—
Total compensation 2013	5,727	600	6,327
Revaluation of synthetic shares from previous assignment period	-2,600	—	-2,600
Total compensation cost 2013 including revaluation of synthetic shares	3,127	600	3,727

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 fee 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 2013, a total of 18,979 (34,002) synthetic shares were outstanding, having a total value of SEK 3.2m (5.8). 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, 2013. The revenue from revaluation of synthetic shares during 2013 was SEK 2.6m. Cash settlements in 2013 amounted to SEK 2.7m (0.5).

Remuneration Committee

For information on the Remuneration Committee, see the Corporate governance report on page 148.

Remuneration guidelines for Group Management

The AGM in 2013 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 include non-financial targets for certain positions. 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 160 to 225 senior managers of the Group. For further information, see page 137.

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 2013 has been set at USD 1,450,000 (approximately SEK 9.9m).

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 programs. For further information on these programs, see page 137.

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 5.2m) 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 2013, prior Presidents, and survivors is SEK 279m (258).

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 2013 was 2.2% (2.6).

Variable salary in 2013 is based on financial targets on sector and Group level. Variable salary for sector heads varies between a minimum (no pay out) and a maximum of 100% of annual salary, which is also the cap. The US-based Sector head has a maximum of 150%.

Group staff heads receive variable salary that varies between a minimum (no pay out) and a maximum of 80%, which is also the cap.

No payments for retention agreements were made in 2013 and there are no extraordinary arrangements outstanding for retention purposes. Three individual members of Group Management were entitled to additional compensation arrangements. Such compensation has been paid in installments over two and three years, respectively, ending in 2013. These payments amounted to SEK 6.0m in 2013.

The members of Group Management participate in the Group's long-term performance programs. These programs comprise the performance-share program introduced in 2004. For further information on these programs, see page 137.

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.

The Swedish members of Group Management are not eligible for fringe benefits such as company cars. For members of Group Management employed outside of Sweden, varying fringe benefits 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.

For members of Group Management employed outside of Sweden, varying pension terms and conditions apply, depending upon the country of employment.

Compensation paid to Group Management

	2012					2013				
	Annual fixed salary ¹⁾	Variable salary paid 2012 ²⁾	Total salary	Long-term PSP (value of shares awarded)	Other remuneration ³⁾	Annual fixed salary ¹⁾	Variable salary paid 2013 ²⁾	Total salary	Long-term PSP (value of shares awarded)	Other remuneration ³⁾
'000 SEK unless otherwise stated										
President and CEO	9,875	1,738	11,613	2,824	1,814	9,875	7,276	17,151	249	2,727
Other members of Group Management ⁴⁾	48,640	10,136	58,776	15,530	9,540	50,230	34,859	85,089	1,375	8,811
Total	58,515	11,874	70,389	18,354	11,354	60,105	42,135	102,240	1,624	11,538

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 12 people in both 2012 and 2013.

Compensation cost incurred for Group Management

	2012						2013					
	Annual fixed salary	Variable salary incurred 2012 but paid 2013	Long-term PSP (cost) ¹⁾	Other remuneration ²⁾	Total pension contribution	Social contribution	Annual fixed salary	Variable salary incurred 2013 but paid 2014	Long-term PSP (cost) ¹⁾	Other remuneration ²⁾	Total pension contribution	Social contribution
'000 SEK unless otherwise stated												
President and CEO	9,875	8,299	1,293	1,814	5,387	1,811	9,875	2,063	4,077	2,727	5,219	2,842
Other members of Group Management	48,640	36,179	5,060	9,540	22,704	14,609	50,230	13,823	15,439	14,720	26,282	18,598
Total	58,515	44,478	6,353	11,354	28,091	16,420	60,105	15,886	19,516	17,447	31,501	21,440

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.

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. All programs are equity-settled.

Performance-share programs 2011, 2012 and 2013

The Annual General Meeting in 2013 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 participants invest and receive awards delivered in Electrolux Class B shares.

The allocation of shares in the 2013 program 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. The 2011 and 2012 programs have one financial objective; average annual growth in earnings per share.

If the minimum level of the objectives is reached, the allocation will amount to 17% for the 2011 and 2012 programs. For the 2013 program allocation is linear from minimum to maximum, i.e., no threshold amount when meeting the minimum level. 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. No personal investment is required for participation in the performance-share program as from 2013.

Participants are permitted to sell the allocated shares to cover personal income tax arising from the share allocation. If a participant's

employment is terminated during the vesting period, the right to receive shares will be forfeited in full. In the event of death, divestiture or leave of absence for more than six months, this will result in a reduced award for the affected participant.

All programs cover 180 to 225 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 2013 performance-share program over a three-year period is estimated at SEK 128m, including costs for employer contributions. If the maximum level is attained, the cost is estimated at a maximum of SEK 254m. The distribution of shares under this program will result in an estimated maximum increase of 0.7% in the number of outstanding shares.

For 2013, LTI programs resulted in a cost of SEK 73m (including a cost of SEK 16m in employer contribution) compared to a cost of SEK 32m in 2012 (including a cost of SEK 7m in employer contribution). The total provision for employer contribution in the balance sheet amounted to SEK 29m (11).

Repurchased shares for LTI programs

The company uses repurchased Electrolux Class B shares to meet the company's obligations under the share programs. The shares will be distributed to share-program participants if performance targets are met. Electrolux intends to sell additional shares on the market in connection with the distribution of shares under the program in order to cover the payment of employer contributions.

Delivery of shares for the 2010 program

The 2010 performance-share program did not meet the minimum performance level to deliver performance shares. Only matching shares were delivered to participants according to Terms and Conditions Share Program 2010.

Cont. **Note 27****Number of potential shares per category and year**

	Maximum number of B-shares ¹⁾			Maximum value, SEK ^{2) 3)}		
	2011	2012	2013	2011	2012	2013
President	34,825	38,614	48,948	5,000,000	5,000,000	7,811,000
Other members of Group Management	12,537	13,901	19,325	1,800,000	1,800,000	3,084,000
Other senior managers, cat. C	9,403	10,426	11,642	1,350,000	1,350,000	1,858,000
Other senior managers, cat. B	6,269	6,951	6,359	900,000	900,000	1,015,000
Other senior managers, cat. A	4,702	5,213	3,460	675,000	675,000	552,000

¹⁾ Each value is converted into a number of shares. The number of shares is based on a share price of SEK 143.58 for 2011, SEK 129.49 for 2012 and SEK 159.57 for 2013, calculated as the average closing price of the Electrolux Class B share on the Nasdaq OMX 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 144.02 per share.

²⁾ Total maximum value for all participants at grant is SEK 168m for the performance-share program 2011 SEK 166m for the 2012 program and SEK 227m for the 2013 program.

³⁾ The 2011 program does not meet the entry level. The current expectation is that the 2012 program will meet the maximum level. The share allocation from the 2013 program will be at 30% of maximum.

Performance-share program 2013

	Financial objectives			Allocation of shares		
	Minimum	Maximum	Actual	Outcome, %	Weight, %	Allocation, %
Earnings per share, SEK ¹⁾	11.7	14.2	9.81	0	40	0
Return on net assets, % ¹⁾	16.0	22.0	14.0	0	30	0
Organic sales growth, %	1.0	4.0	4.5	100	30	30
Total allocation						30

¹⁾ Excluding items affecting comparability.

Note 28 Fees to auditors

PricewaterhouseCoopers (PwC) is appointed auditors for the period until the 2014 Annual General Meeting.

	Group		Parent Company	
	2012	2013	2012	2013
PwC				
Audit fees ¹⁾	44	44	7	8
Audit-related fees ²⁾	1	2	1	1
Tax fees ³⁾	4	5		1
All other fees	4	2	2	1
Total fees to PwC	53	53	10	11
Audit fees to other audit firms	2	2	–	–
Total fees to auditors	55	55	10	11

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; and employee benefit plan audits. Audit-related fees also include review of interim report.

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 taxing authorities; tax-planning services; and expatriate-tax planning and services.

Note 29 Shares and participations

Associated companies

Participation in associated companies amounted in total to SEK 221m (16). In the first quarter of 2013 The Group acquired and subsequently partly divested the real estate company owning the Corporate head office to the Swedish pension foundation at fair value. The remaining investment in the real estate company Gångaren 13 Holding AB is SEK 203m representing a 50% ownership. The shareholding is classified as an associated company. Electrolux owns 39.3% of Sidème, France, with a carrying amount SEK 13 (12) and 24.5% of European Recycling Platform, France, with a carrying amount SEK 5m (4). Both companies are unlisted and Electrolux participation remained unchanged during the year.

Companies classified as assets available for sales

Electrolux holds 2.8% (2.8) of the shares in Videocon Industries Ltd., India, with a carrying amount of SEK 159m (228).

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 on request from AB Electrolux, Investor Relations and Financial Information.

Subsidiaries		Holding, %
Major Group companies		
Argentina	Frimetal S.A	99.49
Australia	Electrolux Home Products Pty. Ltd	100
Austria	Electrolux Hausgeräte GmbH	100
	Electrolux CEE Ges.m.b.H.	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.	99.49
	Somela S.A.	98.12
China	Electrolux (Hangzhou) Domestic Appliances Co. Ltd	100
	Electrolux (China) Home Appliance Co. Ltd	100
Denmark	Electrolux Home Products Denmark A/S	100
Egypt	Olympic Group Financial Investment S.A.E.	99.94
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
Hungary	Electrolux Lehel Kft	100
Italy	Electrolux Appliances S.p.A.	100
	Electrolux Professional S.p.A.	100
	Electrolux Italia S.p.A.	100
Luxembourg	Electrolux Luxembourg S.à r.l.	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
Spain	Electrolux Home Products España S.A.	100
	Electrolux Home Products Operations España S.L.	100
Sweden	Electrolux Laundry Systems Sweden AB	100
	Electrolux HemProdukter AB	100
	Electrolux Professional AB	100
	Electrolux Appliances AB	100
Switzerland	Electrolux AG	100
United Kingdom	Electrolux Plc	100
	Electrolux Professional Ltd.	100
US	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 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

Total cash flow from operations and investments, excluding acquisitions and divestment of operations.

Operating margin

Profit for the period 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:	
A dividend to the shareholders of SEK 6.50 per share ¹⁾ , totaling	1,860,378
To be carried forward	10,670,785
Total	12,531,163

¹⁾ Calculated on the number of outstanding shares as per February 1, 2014. The Board of Directors and the President propose Mars 31, 2014 as record day for the right to dividend.

The Board of Directors has proposed that the Annual General Meeting 2014 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 63.3m.

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 30, 2014

Marcus Wallenberg
Chairman of the Board of Directors

Ronnie Leten
Deputy Chairman of the Board of Directors

Lorna Davis
Board member

Hasse Johansson
Board member

Bert Nordberg
Board member

Fredrik Persson
Board member

Ulrika Saxon
Board member

Torben Ballegaard Sorensen
Board member

Barbara Milian Thoralfsson
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

Auditor's 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 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 81–141.

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, 2013, 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, 2013, 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 2013.

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 exam-

ined 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 21, 2014

PricewaterhouseCoopers AB

Anders Lundin
*Authorized Public Accountant
Partner in Charge*

Björn Irlé
Authorized Public Accountant

Eleven-year review

SEKm	2003 ¹⁾	2004 ¹⁾	2005 ¹⁾	2006	2007
Net sales and income					
Net sales	124,077	120,651	129,469	103,848	104,732
Organic growth, %	3.3	3.2	4.3	3.3	4.0
Depreciation and amortization	3,353	3,038	3,410	2,758	2,738
Items affecting comparability	-463	-1,960	-3,020	-542	-362
Operating income	7,175	4,807	3,942	4,033	4,475
Income after financial items	7,006	4,452	3,215	3,825	4,035
Income for the period	4,778	3,259	1,763	2,648	2,925
Cash flow					
EBITDA ³⁾	10,991	9,805	10,372	7,333	7,575
Cash flow from operations excluding changes in operating assets and liabilities	7,150	7,140	8,428	5,263	5,498
Changes in operating assets and liabilities	-857	1,442	-1,888	-703	-152
Cash flow from operations	6,293	8,582	6,540	4,560	5,346
Cash flow from investments	-2,570	-5,358	-5,827	-2,386	-4,069
of which capital expenditures	-3,463	-4,515	-4,765	-3,152	-3,430
Cash flow from operations and investments	3,723	3,224	713	2,174	1,277
Operating cash flow ⁴⁾	2,866	3,224	1,083	1,110	1,277
Dividend, redemption and repurchase of shares	-3,563	-5,147	-2,038	-4,416	-6,708
Capital expenditure as % of net sales	2.8	3.7	3.7	3.0	3.3
Margins³⁾					
Operating margin, %	6.2	5.6	5.4	4.4	4.6
Income after financial items as % of net sales	6.0	5.3	4.8	4.2	4.2
EBITDA margin, %	8.9	8.1	8.0	7.1	7.2
Financial position					
Total assets	77,028	75,096	82,558	66,049	66,089
Net assets	26,422	23,988	28,165	18,140	20,743
Working capital	4,068	-383	-31	-2,613	-2,129
Trade receivables	21,172	20,627	24,269	20,905	20,379
Inventories	14,945	15,742	18,606	12,041	12,398
Accounts payable	14,857	16,550	18,798	15,320	14,788
Equity	27,462	23,636	25,888	13,194	16,040
Interest-bearing liabilities	12,501	9,843	8,914	7,495	11,163
Provisions for post-employment benefits, net					
Net borrowings	-101	1,141	2,974	-304	4,703
Data per share					
Income for the period, SEK	15.25	10.92	6.05	9.17	10.41
Equity, SEK	89	81	88	47	57
Dividend, SEK ⁵⁾	6.50	7.00	7.50	4.00	4.25
Trading price of B-shares at year-end, SEK	158.00	152.00	206.50	137.00	108.50
Key ratios					
Return on equity, %	17.3	13.1	7.0	18.7	20.3
Return on net assets, %	23.9	17.5	13.0	23.2	21.7
Net assets as % of net sales ⁶⁾	23.6	21.2	21.0	16.5	18.6
Trade receivables as % of net sales ⁶⁾	18.9	18.2	18.1	19.1	18.3
Inventories as % of net sales ⁶⁾	13.4	13.9	13.9	11.0	11.1
Net debt/equity ratio	0.00	0.05	0.11	-0.02	0.29
Interest coverage ratio	8.28	5.75	4.32	6.13	7.49
Dividend as % of equity	7.3	8.6	8.5	8.5	7.5
Other data					
Average number of employees	77,140	72,382	69,523	55,471	56,898
Salaries and remuneration	17,154	17,014	17,033	12,849	12,612
Number of shareholders	60,400	63,800	60,900	59,500	52,700
Average number of shares after buy-backs, million	313.3	298.3	291.4	288.8	281.0
Shares at year end after buy-backs, million	307.1	291.2	293.1	278.9	281.6

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.

2008	2009	2010	2011	2012 ²⁾	2013	Compound annual growth rate, %	
						5 years	10 years
104,792	109,132	106,326	101,598	109,994	109,151	0.8	-1.3
-0.9%	-4.8%	1.5%	0.2%	5.5	4.5		
3,010	3,442	3,328	3,173	3,251	3,356		
-355	-1,561	-1,064	-138	-1,032	-2,475		
1,188	3,761	5,430	3,017	4,000	1,580	5.9	-14.0
653	3,484	5,306	2,780	3,154	904	6.7	-18.5
366	2,607	3,997	2,064	2,365	672	12.9	-17.8
4,553	8,764	9,822	6,328	8,283	7,411	10.2	-3.9
3,446	6,378	7,741	4,283	5,552	5,130	8.3	-3.3
1,503	1,919	-61	1,116	1,528	-675		
4,949	8,297	7,680	5,399	7,080	4,455	-2.1	-3.4
-3,755	-2,967	-4,474	-10,049	-4,702	-4,734		
-3,158	-2,223	-3,221	-3,163	-4,090	-3,535	2.3	0.2
1,194	5,330	3,206	-4,650	2,378	-279		
1,228	5,326	3,199	906	2,542	-74		
-1,187	69	-1,120	-1,850	-1,868	-1,860		
3.0	2.0	3.0	3.1	3.7	3.2		
1.5	4.9	6.1	3.1	4.6	3.7		
1.0	4.6	6.0	2.9	3.8	3.1		
4.3	8.0	9.2	6.2	7.5	6.8		
73,323	72,696	73,521	76,384	75,194	76,001	0.7	-0.1
20,941	19,506	19,904	27,011	25,890	24,961	3.6	-0.6
-5,131	-5,154	-5,902	-5,180	-6,505	-5,800		
20,734	20,173	19,346	19,226	18,288	19,441	-1.3	-0.8
12,680	10,050	11,130	11,957	12,963	12,154	-0.8	-2.0
15,681	16,031	17,283	18,490	20,590	20,607	5.6	3.3
16,385	18,841	20,613	20,644	15,726	14,308	-2.7	-6.3
13,946	14,022	12,096	14,206	13,088	14,905	1.3	1.8
				4,479	2,980		
4,556	665	-709	6,367	10,164	10,653		
1.29	9.18	14.04	7.25	8.26	2.35	12.7	-17.1
58	66	72	73	55	50	-2.9	-5.6
—	4.00	6.50	6.50	6.50	6.50		
66.75	167.50	191.00	109.70	170.50	168.50	20.3	0.6
2.4	14.9	20.6	10.4	14.4	4.4		
5.8	19.4	27.8	13.7	14.8	5.8		
18.1	17.1	18.2	23.8	22.5	21.8		
17.9	17.7	17.7	17.0	15.9	17.0		
11.0	8.8	10.2	10.5	11.3	10.6		
0.28	0.04	-0.03	0.31	0.65	0.74		
1.86	7.54	12.64	5.84	2.72	2.11		
—	6.0	9.0	9.0	11.8	13.0		
55,177	50,633	51,544	52,916	59,478	60,754	1.9	-2.4
12,662	13,162	12,678	13,137	13,785	13,521	1.3	-2.4
52,600	52,000	57,200	58,800	51,800	51,500	-0.4	-1.6
283.1	284.0	284.6	284.7	285.9	286.2		
283.6	284.4	284.7	284.7	286.1	286.2		

³⁾ Items affecting comparability are excluded.

⁴⁾ Cash flow from acquisitions and divestments excluded.

⁵⁾ 2013: Proposed by the Board.

⁶⁾ Net sales are annualized.

Quarterly information

Net sales and income per quarter

SEKm	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Full year 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013
Net sales	25,875	27,763	27,171	29,185	109,994	25,328	27,674	27,258	28,891	109,151
Operating income	907	1,112	1,423	558	4,000	638	1,037	1,075	-1,170	1,580
Margin, %	3.5	4.0	5.2	1.9	3.6	2.5	3.7	3.9	-4.0	1.4
Operating income, excluding items affecting comparability	907	1,112	1,423	1,590	5,032	720	1,037	1,075	1,223	4,055
Margin, %	3.5	4.0	5.2	5.4	4.6	2.8	3.7	3.9	4.2	3.7
Income after financial items	712	910	1,170	362	3,154	483	859	884	-1,322	904
Income after financial items, excluding items affecting comparability	712	910	1,170	1,394	4,186	565	859	884	1,071	3,379
Income for the period	499	701	923	242	2,365	361	642	656	-987	672
Earnings per share, SEK ¹⁾	1.76	2.44	3.22	0.84	8.26	1.26	2.24	2.29	-3.44	2.35
Earnings per share, SEK, excluding items affecting comparability ¹⁾	1.76	2.44	3.22	3.94	11.36	1.48	2.24	2.29	3.80	9.81
Items affecting comparability ²⁾	—	—	—	-1,032	-1,032	-82	—	—	-2,393	-2,475
Number of shares after buy-backs, million	286.1	286.1	286.1	286.1	286.1	286.2	286.2	286.2	286.2	286.2
Average number of shares after buy-backs, million	285.4	286.1	286.1	286.1	285.9	286.2	286.2	286.2	286.2	286.2

¹⁾ Basic, based on average number of shares, excluding shares owned by Electrolux.

²⁾ Restructuring provisions, write-downs and capital loss on divestments.

Net sales and income by business area per quarter

SEKm	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Full year 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Full year 2013
Major Appliances Europe, Middle East and Africa										
Net sales	8,265	8,216	8,581	9,216	34,278	7,595	8,040	8,520	9,281	33,436
Operating income	271	205	294	335	1,105	11	-2	111	227	347
Margin, %	3.3	2.5	3.4	3.6	3.2	0.1	0.0	1.3	2.4	1.0
Major Appliances North America										
Net sales	7,107	8,599	7,771	7,207	30,684	7,678	8,448	8,165	7,573	31,864
Operating income	131	488	496	337	1,452	457	663	563	453	2,136
Margin, %	1.8	5.7	6.4	4.7	4.7	6.0	7.8	6.9	6.0	6.7
Major Appliances Latin America										
Net sales	5,149	5,183	5,301	6,411	22,044	4,885	5,472	4,699	5,639	20,695
Operating income	278	316	339	657	1,590	251	261	243	224	979
Margin, %	5.4	6.1	6.4	10.2	7.2	5.1	4.8	5.2	4.0	4.7
Major Appliances Asia/Pacific										
Net sales	1,841	2,198	2,107	2,259	8,405	1,948	2,227	2,321	2,157	8,653
Operating income	155	172	208	211	746	106	148	117	96	467
Margin, %	8.4	7.8	9.9	9.3	8.9	5.4	6.6	5.0	4.5	5.4
Small Appliances										
Net sales	2,105	2,105	2,112	2,689	9,011	2,020	2,104	2,131	2,697	8,952
Operating income	93	25	124	219	461	17	50	97	227	391
Margin, %	4.4	1.2	5.9	8.1	5.1	0.8	2.4	4.6	8.4	4.4
Professional Products										
Net sales	1,408	1,462	1,299	1,402	5,571	1,201	1,383	1,422	1,544	5,550
Operating income	130	154	149	155	588	59	112	167	172	510
Margin, %	9.2	10.5	11.5	11.1	10.6	4.9	8.1	11.7	11.1	9.2
Other										
Net sales	—	—	—	1	1	1	—	—	—	1
Operating income, common group costs, etc.	-151	-248	-187	-324	-910	-181	-195	-223	-176	-775
Total Group, excluding items affecting comparability										
Net sales	25,875	27,763	27,171	29,185	109,994	25,328	27,674	27,258	28,891	109,151
Operating income	907	1,112	1,423	1,590	5,032	720	1,037	1,075	1,223	4,055
Margin, %	3.5	4.0	5.2	5.4	4.6	2.8	3.7	3.9	4.2	3.7
Items affecting comparability										
	—	—	—	-1,032	-1,032	-82	—	—	-2,393	-2,475
Total Group										
Net sales	25,875	27,763	27,171	29,185	109,994	25,328	27,674	27,258	28,891	109,151
Operating income	907	1,112	1,423	558	4,000	638	1,037	1,075	-1,170	1,580
Margin, %	3.5	4.0	5.2	1.9	3.6	2.5	3.7	3.9	-4.0	1.4

Corporate governance report 2013

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 50 million products to customers in more than 150 markets every year. The company focuses on innovations 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, vacuum cleaners, cookers and air-conditioners sold under esteemed brands such as Electrolux, AEG, Eureka and Frigidaire.

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.

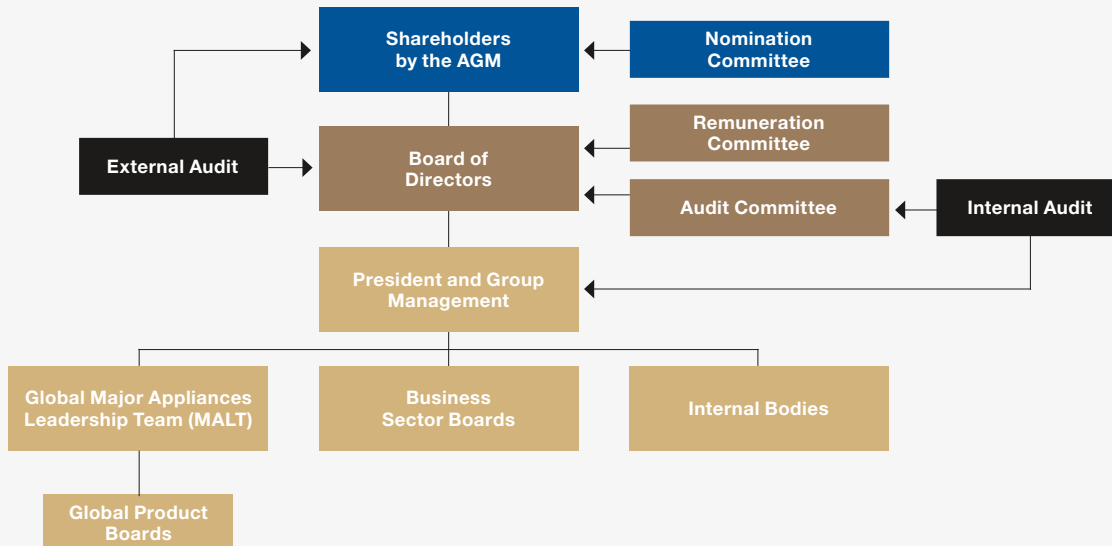
The Electrolux Group is comprised of approximately 156 companies with operations in over 150 countries. The parent company of the Group is AB Electrolux, a public Swedish limited

liability company. The company's shares are listed on Nasdaq OMX Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, the rule book for issuers at Nasdaq OMX 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 2013.

Governance structure



Major external regulations

- Swedish Companies Act.
- Rule book for issuers at Nasdaq OMX.
- 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 2013

- Election of Bert Nordberg as new Board member at the Annual General Meeting 2013.
- Stefano Marzano left his position as Chief Design Officer in Group Management at year-end 2013.
- Performance-based, long-term incentive program for top management.
- Continued focus on roll-out of global ethics program, encompassing both training and a whistleblowing system.

Shares and shareholders

The Electrolux share is listed on Nasdaq OMX Stockholm. At year-end 2013, Electrolux had 51,456 shareholders according to the share register kept by Euroclear Sweden AB. Of the total share capital, 51.0% was owned by Swedish institutions and mutual funds, 42.3% by foreign investors and 6.7% 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 40.7% of the share capital and 51.5% of the voting rights in the company.

Voting rights

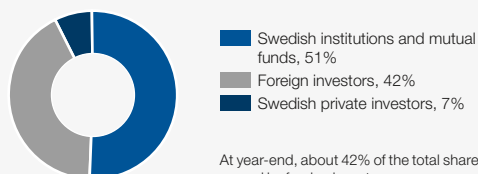
The share capital of Electrolux consists of Class A-shares and Class B-shares. One A-share entitles the holder to one vote and one B-share to one-tenth of a vote. Both A-shares and B-shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. 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, 2013, 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 goal is for the dividend to correspond to at least 30% of the income for the period, excluding items affecting comparability. For a number of years, the dividend level has been considerably higher than 30%.

The Annual General Meeting (AGM) in March 2013 decided to adopt the Board's proposed dividend of SEK 6.50 per share for 2012. The Board of Directors proposes a dividend for 2013 of SEK 6.50 per share, for a total dividend payment of approximately SEK 1,860m.

Ownership structure



At year-end, about 42% of the total share capital was owned by foreign investors.

Source: Euroclear Sweden as of December 31, 2013.

The foreign ownership has increased to 42% from 41% at year-end 2012.

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.electrolux.com/corporate-governance.

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 the shares.

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.

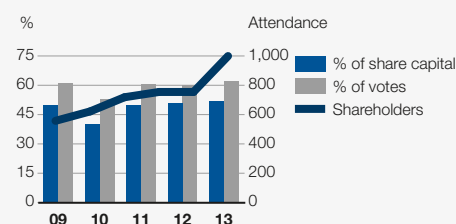
Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so well in advance to the meeting via an address provided on the Group's website.

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 2013

The 2013 AGM was held at the Stockholm Waterfront Congress Centre in Stockholm, Sweden, on March 26, 2013. 1,001 shareholders representing a total of 52.4% of the share capital and 61.8% of the votes were represented at the AGM. The President's speech was broadcasted live via the Group's website and is also available on www.electrolux.com/corporate-governance, together with the minutes. The meeting was held in

Attendance at AGMs 2009–2013



1,001 shareholders representing a total of 52.4% of the share capital and 61.8% of the votes were present at the 2013 AGM.

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 2013 included:

- Dividend payment of SEK 6.50 per share for fiscal year 2012.
- Election of the new Board member Bert Nordberg and re-election of the Board members Marcus Wallenberg, Lorna Davis, Hasse Johansson, Ronnie Leten, Keith McLoughlin, Fredrik Persson, Ulrika Saxon, Torben Ballegaard Sørensen and Barbara Milian Thoralfsson.
- Re-election of Marcus Wallenberg 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 2013 covering up to 225 managers and key employees.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions.

Annual General Meeting 2014

The next AGM of Electrolux will be held on Wednesday, March 26, 2014, at the Stockholm Waterfront Congress Centre, Stockholm, Sweden.

For additional information on the next AGM and how to register attendance, see page 166.

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 2013

The Nomination Committee for the AGM 2013 was comprised of six members. Petra Hedengran of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2013, the Nomination Committee made an assessment of the composition 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 Bert Nordberg as new Board member of Electrolux. A report regarding the work of the Nomination Committee was presented at the AGM 2013. Further information regarding the Nomination Committee and its work can be found on the Group's website; www.electrolux.com/corporate-governance.

Nomination Committee for the AGM 2014

The Nomination Committee for the AGM 2014 is based on the ownership structure as of August 31, 2013, and was announced in a press release on September 24, 2013.

The Nomination Committee's members are:

- Börje Ekholm, Investor AB, Chairman
- Kaj Thorén, Alecta
- Marianne Nilsson, Swedbank Robur funds
- Johan Sidenmark, AMF
- Marcus Wallenberg, 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 ten 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.

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 Marcus Wallenberg and the Deputy Chairman is Ronnie Leten.

All members of the Board, except for the President, are non-executive members. Five of the ten Board members are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 158–159. The information is updated regularly at the Group's website; www.electrolux.com/board-of-directors.

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 158–159.

All Directors have been considered independent, except for

Marcus Wallenberg, Keith McLoughlin and Ronnie Leten.

Marcus Wallenberg has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux. Keith McLoughlin has been deemed to be independent in relation to major shareholders of Electrolux, but not, in his capacity as President and CEO, in relation to the company and the administration of the company. Ronnie Leten has been deemed to be independent in relation to major shareholders of Electrolux, but not in relation to the company and the management of the company since he is President and CEO of Atlas Copco AB and one member of the Electrolux Group Management is a board member of Atlas Copco AB. Keith McLoughlin has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. Keith McLoughlin is the only member of Group Management with a seat on the Board.

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.electrolux.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 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 2011–2013 (as from the respective AGM)

SEK	2011	2012	2013
Chairman of the Board	1,600,000	1,650,000	1,700,000
Deputy Chairman of the Board	550,000	575,000	590,000
Board member	475,000	500,000	515,000
Chairman of the Audit Committee	200,000	200,000	200,000
Member of the Audit Committee	85,000	85,000	85,000
Chairman of the Remuneration Committee	120,000	120,000	120,000
Member of the Remuneration Committee	55,000	55,000	55,000

The Board's work in 2013

During the year, the Board held eight 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 158–159.

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 receives reports on all investments exceeding SEK 25m. Normally, the head of a sector 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 2013

- Actions to improve competitiveness through manufacturing footprint restructuring and overhead cost reductions.
- Accelerating efforts to capitalize on the Group's global strength and scope.
- Consolidation of operations within Small Appliances to improve profitability and to further capitalize on global and regional synergies.
- Electrolux growth strategy.
- Dividend payment for the fiscal year 2012.

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 Group'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.

Evaluation of the Board's activities

The Board evaluates its activities annually with regard to working procedures and the working climate, as well as regards the focus of the Board's 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's work and also serves as input for the Nomination Committee's work.

A separate annual evaluation of the Chairman's work is performed under the leadership of the Deputy Chairman of the Board.

Remuneration to Board members

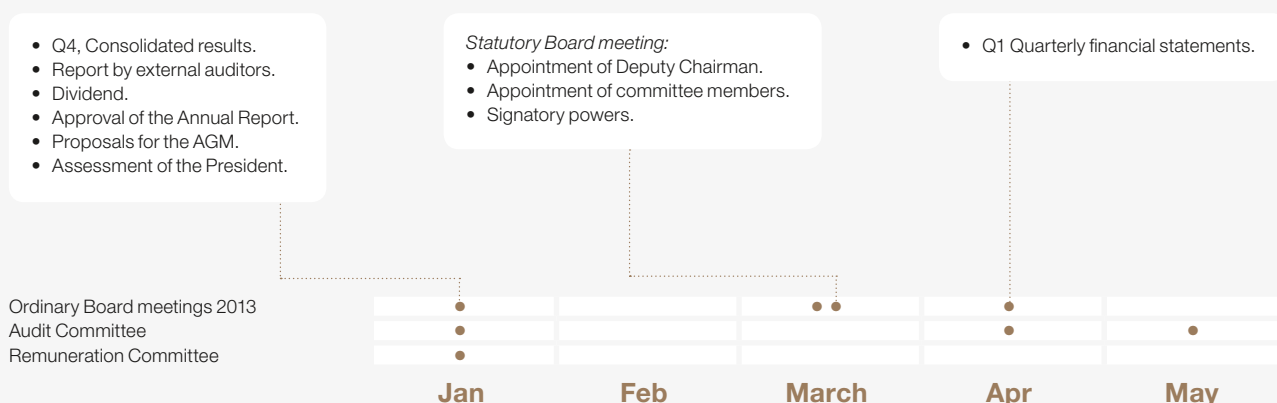
Remuneration to Board members is determined by the AGM and distributed to the Board members who are not employed by Electrolux. Remuneration to each Board member was revised during 2013, see page 151.

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 2013



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: Barbara Milian Thoralfsson (Chairman), Lorna Davis and Marcus Wallenberg. At least two meetings are convened annually. Additional meetings are held as needed.

In 2013, the Remuneration Committee held three meetings. The attendance of each Board member at these meetings is shown in the table on pages 158–159. 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 2014. 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.

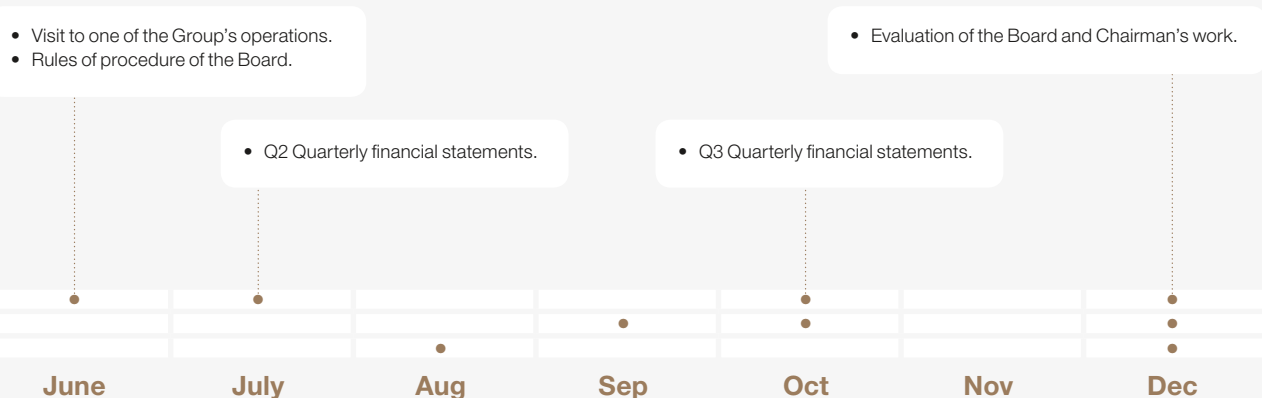
In 2013, the Audit Committee held six meetings. The attendance of each Board member at these meetings is shown in the table on pages 158–159. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and the Head of Internal Audit have participated in the Audit Committee meetings. Cecilia Vieweg, General 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 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 2010 re-elected PricewaterhouseCoopers AB (PwC) as the Group's external auditors for a four-year period, until the AGM in 2014. 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 162. 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: Svenska Cellulosa AB SCA and TeliaSonera AB.
Holdings in AB Electrolux: 0 shares.

Björn Irlé

Born 1965. Authorized Public Accountant.
Holdings in AB Electrolux: 0 shares.

Holdings in AB Electrolux as of December 31, 2013.

Fees to auditors

SEKm	2011	2012	2013
PwC			
Audit fees	44	44	44
Audit-related fees	4	1	2
Tax fees	5	4	5
All other fees	6	4	2
Total fees to PwC	59	53	53
Audit fees to other audit firms	–	2	2
Total fees to auditors	59	55	55

For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

Company Management of Electrolux

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 objective is to grow with consistent profitability, see the financial goals below.

Dedicated employees who work together play a crucial role in terms of creating the corporate culture necessary for Electrolux to achieve the vision. Leadership at Electrolux in all markets is distinguished by Passion for Innovation, Customer Obsession and Drive for Results, see Electrolux core values below.

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 2013, Electrolux maintained industry leader in the Durable Household Products 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, cli-

mate change mitigation, supply chain standards and labor practices.

In 2011, Electrolux initiated the roll-out of a global Ethics Program, encompassing both training and a whistleblowing system – the Electrolux Ethics Helpline. Roll-out continued in 2013 and completion is planned for 2014. Read more about Electrolux sustainability work on www.electrolux.com/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: innovative products, strong brands and cost-efficient operations. 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 boards to manage these risk exposures, see page 156.

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 162.

Financial goals over a business cycle

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

- 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%.

Key ratios are excluding items affecting comparability.

Electrolux core values



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



Customer Obsession The wants, wishes and views of our customers guide our every action. We are curious about 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 volume. We focus on the essential and aim at simple, informal, lean and direct ways of doing things.

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 sector boards.

Electrolux operations are organized into six business sectors. Within Major Appliances, the business sectors are geographically defined, while the sectors Professional Products and Small Appliances are global. There are seven group staff units that support all business sectors: Finance, Legal Affairs, Human Resources and Organizational Development, Marketing and Branding, Technology and Product Development, Design 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, a global organization within Major Appliances was established in 2009 with the responsibility for product development, purchasing and manufacturing.

Since October 2011, the Global Major Appliances Leadership Team (MALT) includes the President, the CFO, the four Major Appliances business sector heads, the Chief Marketing Officer, the Chief Design Officer, the Chief Technology 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 sector 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

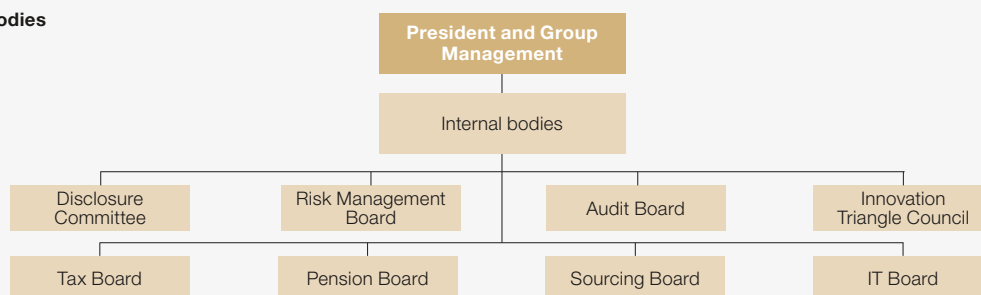
The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group's strategy. Electrolux Group Management represents six different nationalities 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. The Innovation Triangle is since 2011 a formal structure for collaboration throughout the production-creation process between R&D, design and marketing functions.

For details regarding members of Group Management, see pages 160–161. The information is updated regularly at the Group's website; www.electrolux.com/group-management.

Internal bodies



Major issues addressed by the President and Group Management in 2013

- Electrolux growth strategy.
- Optimizing of the manufacturing footprint.
- Accelerating efforts to capitalize on the Group's global strength and scope.
- Launch of a full range of kitchen and laundry appliances exclusively designed for the Chinese market.
- Leveraging professional competencies to the consumer products offering.
- More rapid process for new products.
- Project to improve capital efficiency.
- Activities to improve Electrolux environmental performance.
- Strengthening of the Electrolux corporate culture.
- Continued focus on roll-out of global ethics program, encompassing both training and a whistleblowing system.

Business Sector Boards

Business sectors

The sector heads are comprised of members of Group Management and have responsibility for the operating income and net assets of their respective sectors.

The overall management of the sectors is the responsibility of sector boards, which meet quarterly. The President is the chairman of all sector boards. The sector board meetings are attended by the President, the management of the respective sectors and the Chief Financial Officer. The sector boards are responsible for monitoring on-going operations, establishing strategies, determining sector 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:

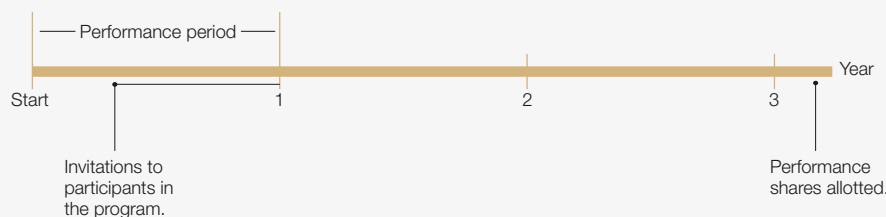
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

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 2013 decided on a long-term share program for up to 225 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 2013



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 2013 financial year. Allotment of performance shares, if any, to the participants will be made in 2016.

Board of Directors and Auditors


Marcus Wallenberg

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

Ronnie Leten

Deputy Chairman
Born 1956. Belgium.
M.Sc. Applied Econ.
Elected 2012.

Lorna Davis

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

Hasse Johansson

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

Keith McLoughlin

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

Bert Nordberg*

Born 1956. Sweden.
Engineer.
Elected 2013.

Position and board membership	Board Chairman of LKAB, SEB (Skandinaviska Enskilda Banken AB), Saab AB and Foundation Asset Management. Board member of Investor AB, AstraZeneca Plc, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation, Temasek Holdings Limited and EQT Holdings AB.	President and CEO of Atlas Copco AB since 2009.	President of Biscuits, North America for Mondelez International since 2013.	Board Chairman of Dynamate Industrial Services AB, Lindholm Science Park AB, and VINNOVA (Swedish Governmental Agency for Innovation Systems). Board member of Fouriertransform AB, Skyllbergs Bruk AB, Calix Group AB, Klippan Group AB, Alelion Batteries AB and LeanNova AB.	President and CEO of AB Electrolux. Board member of Briggs & Stratton Corporation.	Board Chairman of Vestas Wind Systems A/S and Ideonfonden AB. Board member of Svenska Cellulosa AB SCA and BlackBerry Ltd.
Previous positions	President and CEO of Investor AB, 1999–2005. Executive Vice President of Investor AB, 1993–1999.	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.	Senior Vice President of Global Biscuits for Kraft Foods, 2011–2013. President of Danone Biscuits/ Kraft Foods China, 2006–2011. President of Danone companies in the UK and New Zealand. Various positions in consumer goods in Australia and South Africa.	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.	Senior positions within Electrolux: Head of Major Appliances North America and Executive Vice President of AB Electrolux, 2003, also Head of Major Appliances Latin America, 2004–2007, and Chief Operations Officer Major Appliances, 2009–2010. Senior management positions within DuPont, USA, 1981–2003.	Chairman and 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.
Total remuneration 2013, SEK	1,743,000	587,000	566,000	596,000	—	386,000
Board meeting attendance	8/8	7/8	8/8	8/8	8/8	5/8*
Remuneration Committee attendance	3/3 ●		2/3 ●			
Audit Committee attendance				6/6 ●		
Holdings in AB Electrolux	5,000 B-shares. Through company: 50,000 B-shares. Related party: 500 B-shares. 7,349 synthetic shares ¹ .	3,000 B-shares.	2,226 B-shares. 1.443 synthetic shares ¹ .	4,000 B-shares. 4,364 synthetic shares ¹ .	92,169 B-shares.	Through company: 3,000 B-shares.
Independence ²⁾	No	No	Yes	Yes	No	Yes

● Chairman ● Member

* Bert Nordberg was appointed new Board member at the AGM in March 2013.

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

²⁾ For further information about the independence assessment, see page 151.

Holdings in AB Electrolux as of December 31, 2013. The information is regularly updated at www.electrolux.com/board-of-directors.

**Fredrik Persson**

Born 1968. Sweden. M.Sc. Econ. Elected 2012. Member of the Electrolux Audit Committee.

President and CEO of Axel Johnson AB since 2007. Board Chairman of Axfood AB, Svensk Bevakningstjänst AB, Axstores AB and Mekonomen AB. Deputy Chairman of Martin & Servera AB and the Swedish Trade Federation. Board member of several companies within the Axel Johnson Group, the Confederation of Swedish Enterprise and Lancelot Holding AB.

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.

596,000

8/8

6/6 ●

2,000 B-shares.

Yes

Ulrika Saxon

Born 1966. Sweden. Stockholm School of Economics. Elected 2011.

President and CEO of Bonnier Growth Media since 2012. Member of Bonnier AB Executive Management Team since 2009. Board member of Svensk Filmindustri, Nordic Cinema Group, Mag+ Inc, Scandinavian Studios, SF Anytime, Toca Boca, Bonnier Gaming and United Screens.

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.

511,000

8/8

1,000 B-shares.

Yes

Torben Ballegaard Sørensen

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

Board member of Egmont Fonden, Pandora Holding A/S, Systematic Software Engineering A/S, Tajco A/S, AS3-Companies A/S, CAT Science Park A/S and Liquid Vanity ApS.

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

711,000

8/8

6/6 ●

5,000 B-shares. 1,461 synthetic shares¹⁾.

Yes

Barbara Milian Thoralfsson

Born 1959. USA. M.B.A., B.A. Elected 2003. Chairman of the Electrolux Remuneration Committee.

Director of Fleming Industrier AS, Norway, since 2005. Board member of Svenska Cellulosa AB SCA, Telenor ASA and Norfolier GreenTec AS.

President and CEO of TeliaSonera Norway, 2001–2005. President and CEO of Midelfart & Co, 1995–2001. Senior positions within marketing and sales, 1988–1995.

631,000

8/8

3/3 ●

0 shares.

Yes

Employee representatives**Ola Bertilsson**

Born 1955. Representative of the Swedish Confederation of Trade Unions. Elected 2006. Board meeting attendance: 8/8. 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: 8/8. Holdings in AB Electrolux: 0 shares.

Ulf Carlsson

Born 1958. Representative of the Swedish Confederation of Trade Unions. Elected 2001. Board meeting attendance: 8/8. Holdings in AB Electrolux: 0 shares.

Employee representatives, deputy members**Gerd Almlöf**

Born 1959. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2007. Holdings in AB Electrolux: 0 shares.

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.

Secretary of the Board**Cecilia Vieweg**

Born 1955. B. of Law. General Counsel of AB Electrolux. Secretary of the Electrolux Board since 1999. Holdings in AB Electrolux: 20,815 B-shares.

Committees of the Board of Directors**The Remuneration Committee**

The Remuneration Committee comprises three Board members: Barbara Milian Thoralfsson (Chairman), Marcus Wallenberg 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: Svenska Cellulosa AB SCA and TeliaSonera AB. Holdings in AB Electrolux: 0 shares.

Björn Irlé

Born 1965. Authorized Public Accountant. Holdings in AB Electrolux: 0 shares.

Group Management



Keith McLoughlin

President and Chief Executive Officer
Born 1956. USA. B.S. Eng. In Group Management since 2003.

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 Technology Officer, Senior Vice President
Born 1966. Germany. M. Sc. in Mechanical Engineering, M.B.A. In Group Management since 2011.

Tomas Eliasson

Chief Financial Officer, Senior Vice President
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.

MaryKay Kopf

Chief Marketing Officer, Senior Vice President
Born 1965. USA. B.S. Finance, M.B.A. In Group Management since 2011.

Previous positions

Senior management positions within DuPont in USA, 1981–2003. Vice President and General Manager of DuPont Nonwovens, 2000–2003, and of DuPont Corian, 1997–2000. Head of Electrolux Major Appliances North America and Executive Vice President of AB Electrolux, 2003. Also Head of Major Appliances Latin America, 2004–2007. Chief Operations Officer Major Appliances, 2009–2010. President and Chief Executive Officer of AB Electrolux, 2011.

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.

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.

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.

Board membership

Board member of Briggs & Stratton Corporation.

Holdings in AB Electrolux

92,169 B-shares. 8,310 B-shares. 2,437 B-shares. 1,621 B-shares. 48,574 B-shares. 12,015 B-shares.

Changes in Group Management

Stefano Marzano, Chief Design Officer and member of Group Management, left his position at year-end 2013. The new head of design will report to Chief Technology Office Jan Brockmann in Group Management.

Holdings in AB Electrolux as of December 31, 2013. The information is regularly updated at www.electrolux.com/board-of-directors.



Gunilla Nordström

Head of Major Appliances Asia/Pacific, Executive Vice President
Born 1959. Sweden, M. Sc.
In Group Management since 2007.

Jonas Samuelson

Head of Major Appliances Europe, Middle East and Africa, Executive Vice President
Born 1968. Sweden, M. Sc. in Business Administration and Economics.
In Group Management since 2008.

Jack Truong

Head of Major Appliances North America, Executive Vice President
Born 1962. USA, Ph.D. Chem. Eng.
In Group Management since 2011.

Cecilia Vieweg

General Counsel, Senior Vice President
Born 1955. Sweden, B. 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 Telefonaktiebolaget LM Ericsson and Sony Ericsson in Europe, Latin America and Asia, 1983–2005. President of Sony Ericsson Mobile Communications (China) Co. Ltd. and Corporate Vice President of Sony Ericsson Mobile Communications AB, 2005–2007. Head of Electrolux Major Appliances Asia/Pacific and Executive Vice President of AB Electrolux, 2007.

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.

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

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 Atlas Copco AB and Wärttsilä Corporation.

Board member of Polygon AB.

Board member of Lundin Petroleum AB and The Association of Swedish Engineering Industries and member of the Swedish Securities Council.

29,598 B-shares.

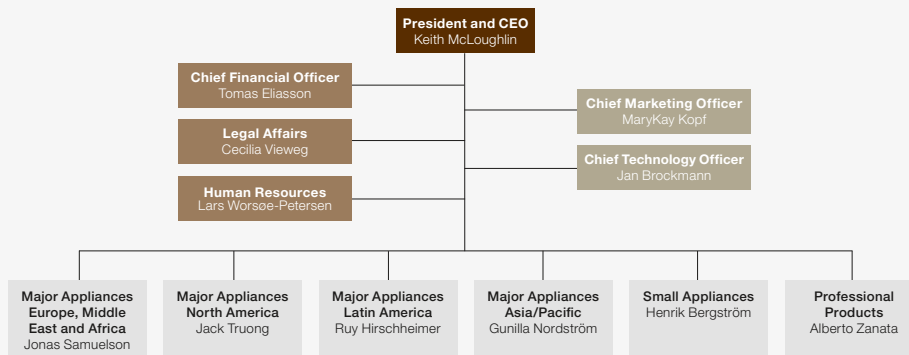
12,657 B-shares.

1,550 B-shares.

20,815 B-shares.

3,036 B-shares.

24,273 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. ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

ECS is based on the framework for internal control 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.



The objective of ECS is to quality assure the internal and external financial reporting.

Control environment

The foundation for the Electrolux Control System 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.

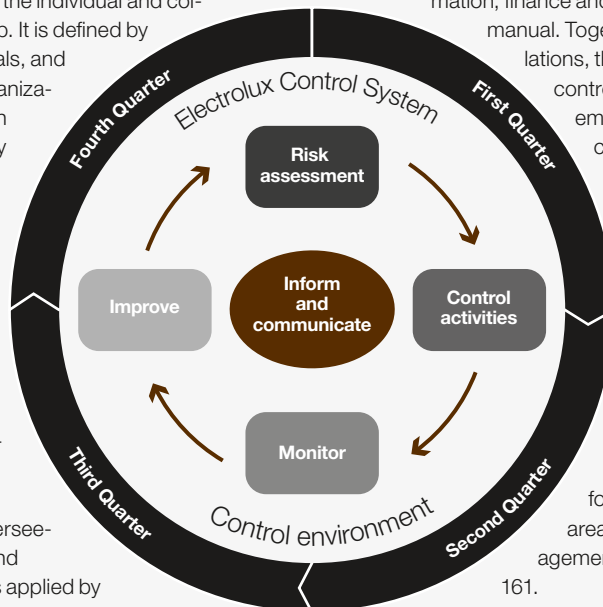
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President. The governance structure of the Group is described on page 148. Specifically for financial reporting, the 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,

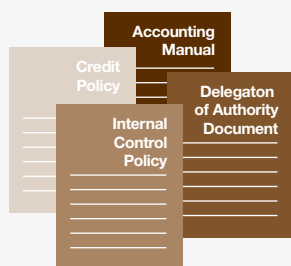
the Electrolux Workplace Code of Conduct, and the Electrolux Policy on Corruption and Bribery, as well as in policies for information, finance and credit, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

Responsibility for internal control is defined in the Electrolux Internal Control Policy. 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 160–161.

The Electrolux Control System Program Office, a department within the Internal Audit function, has developed the methodology and yearly time plan for maintaining the Electrolux Control System. To ensure timely completion of these



Control environment – Example trade receivables



Accounting Manual

Rules for revenue recognition and calculation of provision for doubtful trade receivables.

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".

Electrolux Control System – Roles and responsibilities (for larger reporting units)

Role	Sector/Group staff internal control coordinator	Reporting unit internal control coordinator	Process owner	Control operator	Management tester
Typically who	Senior person within the Finance organization in the Sector or Group Staff function.	Controller or CFO for the reporting unit.	Person with overall responsibility for the process, e.g., warehouse manager, purchase manager, sales manager.	Person performing the daily activities within the process, i.e. warehouse operator, accounts payable clerk, accounts receivable clerk.	Person with process knowledge but not performing daily activities in the process to ensure independence.
Main responsibilities	<ul style="list-style-type: none"> Monitor and report on the effectiveness of controls. Identify skilled resources to ensure sustainability. 	<ul style="list-style-type: none"> Plan, coordinate and monitor the timeliness of the documentation, testing and improvement of controls. Support the process owners, control operators and management testers. 	<ul style="list-style-type: none"> Ensure that controls are implemented within the process. Execute remediation, i.e., improvement activities when controls have been tested and deemed not effective. 	<ul style="list-style-type: none"> Document control descriptions. Perform control activities. Maintain evidence of controls performed. 	<ul style="list-style-type: none"> Perform testing of controls. Document and report test results.

activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group, see table Electrolux Control System – Roles and responsibilities above.

Over the last years, training and support have been provided to the thousands of persons with assigned ECS roles globally. The objective of the training has been to educate in risk and internal control and provide hands-on tools and techniques in order to effectively carry out the assigned responsibilities. These training sessions have been a mix of regional training sessions, computer-based training modules and net meetings.

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. Risks assessed also include risk of loss or misappropriation of assets.

At the beginning of each calendar year, the Electrolux Control System 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. For each process, key risks are identified and documented. See below examples of key risks within processes generating transactions to the significant account trade receivables.

All larger reporting units perform the ECS activities. These larger units cover approximately 72% of the total external sales and 58% of the external assets of the Group.

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 within these. The scope is also limited in terms of monitoring as management does not formally have to test the controls.

Control activities

Control activities

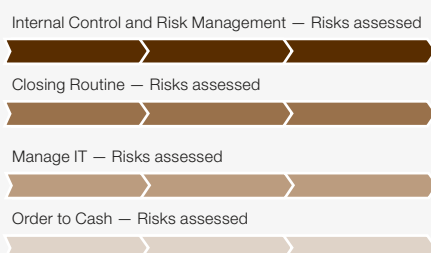
Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the Electrolux Control System, 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. Examples of important manual and application controls are ones over journal entries, reconciliations, access rights and segregation of duties.
- IT general controls – to secure the IT environment for key applications. Examples of important IT general controls are ones over change management, user administration, production environment and back-up procedures.

Risk assessment – Example trade receivables

Control activities – Example trade receivables



Process	Risk assessed	Control activity	Type of control
Internal Control and Risk Management	Risk of incorrect and inconsistent financial reporting.	Periodic controls to ensure that the Accounting Manual is updated, communicated and adhered to.	Entity-wide control
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.	Manual control
Manage IT	Risk of unauthorized/incorrect changes in IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.	IT general control
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.	Manual control
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.	Application control

- Entity-wide controls – to secure and enhance the control environment within Electrolux. Examples of important entity-wide controls are ones over Group policies, accounting rules, delegation of authority and financial reviews.

Every calendar year, usually between March and May, the documentation of controls is updated and quality-assured. Documentation of controls is stored in a central web-based tool. Documentation comprises of both flowcharts of the process and descriptions of the control activities detailing who performs the control, what he or she does and how often the control is performed. Each control activity documented is also evidenced, i.e., a document or file proving that the control actually has taken place is maintained.

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, sector, 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 Electrolux Control System, 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. Testing is usually performed between June and August each calendar year with some additional testing performed up to and at year-end. Results from testing of controls are monitored through the web-based tool. Controls that have failed need to 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 per-

formed by management and the Internal Audit function and determine to what extent they can rely upon the work within ECS for Group audit and statutory audit purposes. The external auditors' evaluation of ECS as part of the audit is reported to management as well as to the Audit Board and Audit Committee.

The Audit Committee reviews reports regarding internal control and processes for financial reporting, as well as internal audit reports submitted by the Internal Audit function. The external auditors report to the Audit Committee at each ordinary meeting.

In addition, 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.

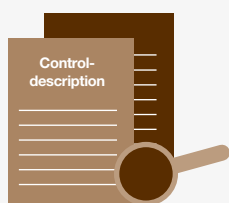
Inform and communicate	Inform and communicate Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.
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Guidelines for financial reporting are communicated to 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 Electrolux Control System. This information includes the methodology, instructions and hands-on checklists, description of the roles and responsibilities, and the overall time plan.

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. This is done through different sign-off procedures during the year.

The status of ECS activities is followed up continuously through status calls between the ECS Office and sector internal control coordinators. Information about the status of the ECS is provided periodically to relevant parties such as Sector and Group Management, the Audit Board and the Audit Committee.

Test of controls and quality assurance



Management testers perform tests of controls in different test phases during the year.

The Internal Audit function performs independent testing of selected controls through desktop reviews and on-site re-performance of tests to ensure methodology is adhered to.

External reporting



The final result after performing the ECS activities is a quality assured internal and external financial reporting.

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 a communications 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.electrolux.com/ir.

Stockholm, January 30, 2014

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 2013 on pages 148–165 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 21, 2014

PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant
Partner in Charge

Björn Irlé
Authorized Public Accountant
Partner in Charge

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, March 26, 2014, 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 20, 2014, and
- give notice of intent to participate, to Electrolux on Thursday, March 20, 2014, at the latest.

Notice of participation

Notice of intent to participate can be given

- on the Internet on the Group's website; www.electrolux.com/agm2014
- 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.electrolux.com/agm2014.

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 20, 2014, shareholders should contact their bank or trustee well in advance of that date.

Dividend

The Board of Directors proposes a dividend for 2013 of SEK 6.50 per share, for a total dividend payment of approximately SEK 1,860m. The proposed dividend corresponds to approximately 66% of income for the period, excluding items affecting comparability. Monday, March 31, 2014, is proposed as record date for the dividend. The estimated date for payment of dividend is Thursday, April 3, 2014.

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

Dates regarding the AGM 2014

2013

September

24 Nomination Committee appointed for AGM 2014

2014

February

21 Proposals from Nomination Committee
21 Notice to AGM

March

20 Deadline for notice of intent to participate in AGM and registration in share register
26 AGM 2014
31 Proposed record date for dividend

April

3 Estimated date for payment of dividend

Events and reports

The Electrolux website www.electrolux.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 2013



Electrolux annual report
www.electrolux.com/annualreport2013

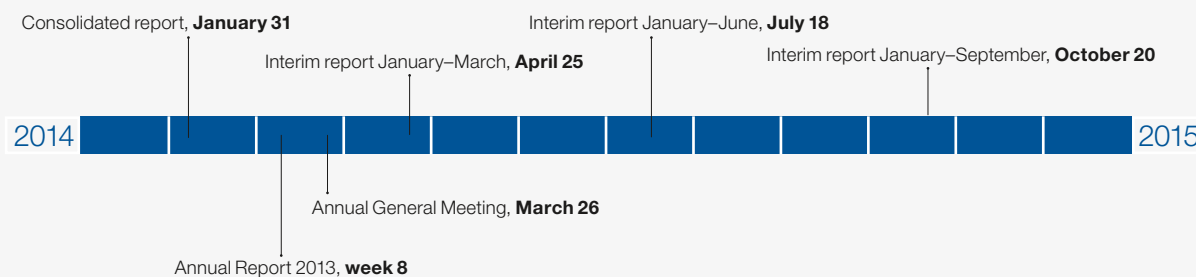


Electrolux sustainability reports (GRI)
www.electrolux.com/sustainability



Electrolux interim reports
www.electrolux.com/ir

Financial reports and major events in 2014



Electrolux subscription service can be accessed at www.electrolux.com/subscribe



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

customers
employees
shareholders

Investor Relations Tel. +46 8 738 60 03 | E-mail: ir@electrolux.se | www.electrolux.com/ir



Concept, text and production by Electrolux
Investor Relations and Halvarsson & Halvarsson.



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please contact Electrolux Group Intellectual Property, Trademark.



AB Electrolux (publ)

Mailing address SE-105 45 Stockholm, Sweden **Visiting address** S:t Göransgatan 143, Stockholm
Telephone: +46 8 738 60 00 **Website:** <http://group.electrolux.com>

On the web:
www.electrolux.com/annualreport2013