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## Consolidated results 2007

Stockholm, February 6, 2008

- **Net sales for continuing operations increased to SEK 104,732m (103,848) and income for the period was SEK 2,925m (2,648), or SEK 10.41 (9.17) per share**
- **Operating income rose by 5.7% in 2007, excluding items affecting comparability**
- **Extra costs for new products launched adversely affected income for appliances in Europe**
- **Best results ever for appliances in Latin America**
- **Strong performance by floor-care operations worldwide**
- **Good growth in Asia/Pacific, strong improvement in results**
- **Solid performance by appliances in North America and Professional Products**
- **Non-recurring items amounting to approximately SEK 100m had a positive effect on income in the quarter**
- **Increase in costs for raw materials**
- **The Board proposes a dividend of SEK 4.25 (4.00) per share**
- **Outlook: Operating income in 2008 is expected to be in line with 2007**

SEKm	Q4 2007	Q4 2006	Change %	2007	2006	Change %
<b>Continuing operations</b>						
Net sales	27,643	27,886	-0.9	104,732	103,848	0.9
Operating income <sup>1)</sup>	1,676	2,031	-17.5	4,475	4,033	11.0
<b>Operating income, excluding items affecting comparability</b>	<b>2,007</b>	<b>1,995</b>	<b>0.6</b>	<b>4,837</b>	<b>4,575</b>	<b>5.7</b>
Margin, %	7.3	7.2		4.6	4.4	
Income after financial items	1,576	1,971	-20.0	4,035	3,825	5.5
<b>Income after financial items, excluding items affecting comparability</b>	<b>1,907</b>	<b>1,935</b>	<b>-1.4</b>	<b>4,397</b>	<b>4,367</b>	<b>0.7</b>
Margin, %	6.9	6.9		4.2	4.2	
Income for the period	1,126	1,435	-21.5	2,925	2,648	10.5
<b>Income for the period, excluding items affecting comparability</b>	<b>1,446</b>	<b>1,413</b>	<b>2.3</b>	<b>3,276</b>	<b>3,145</b>	<b>4.2</b>
Earnings per share, SEK <sup>2)</sup>	4.00	5.01		10.41	9.17	
<b>Dividend per share, SEK</b>				<b>4.25<sup>3)</sup></b>	<b>4.00</b>	
<b>Value creation<sup>4)</sup></b>	<b>1,314</b>	<b>1,404</b>		<b>2,053</b>	<b>2,202</b>	
Return on net assets, %				21.7	23.2	
<b>Return on net assets, excluding items affecting comparability, %</b>				<b>20.9</b>	<b>21.2</b>	
<b>Total, including discontinued operations<sup>5)</sup></b>						
Income for the period	1,126	1,435		2,925	3,847	
Earnings per share, SEK <sup>2)</sup>	4.00	5.05		10.41	13.32	

1) Operating income includes items affecting comparability amounting to SEK -331m (36) for the fourth quarter and SEK -362m (-542) for the full year. See page 14.

2) Basic, based on an average of 281.6 (280.4) million shares for the fourth quarter of 2007 after buy-backs and 281.0 (288.8) million shares for the full year. For earnings per share after dilution, see page 14.

3) Proposed by the Board of Directors.

4) The WACC rate for 2007 is computed at 12% (11). The change in WACC rate had a negative impact of SEK -232m on value created in 2007.

5) Discontinued operations, the Group's former Outdoor Products operations, include the period January-May of 2006.

For definitions, see page 22.

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The Group's Outdoor Products operations were distributed under the name of Husqvarna to the Electrolux shareholders in June 2006. As of June 2006, Husqvarna is reported as discontinued operations in the income and cash flow statements for 2006. Assets and liabilities for Husqvarna were excluded from the balance sheet as of May 31, 2006. The balance sheet items are according to the historical financial statements. For information on Electrolux accounting and valuation principles, see page 23.

The comments in this report refer to continuing operations.

## NET SALES AND INCOME

### Fourth quarter of 2007

Net sales for the Electrolux Group in the fourth quarter of 2007 amounted to SEK 27,643m as against SEK 27,886m in the previous year. Sales were negatively impacted by changes in exchange rates, while changes in volume/price/mix had a positive impact. Sales increased by 0.3% in comparable currencies.

Changes in net sales	Q4
%	2007
Changes in Group structure	0.0
Changes in exchange rates	-1.2
Changes in volume/price/mix	0.3
<b>Total</b>	<b>-0.9</b>

Operating income decreased to SEK 1,676m (2,031), corresponding to 6.1% (7.3) of net sales. Income after financial items decreased to SEK 1,576m (1,971), which corresponds to 5.7% (7.1) of net sales. Income for the period decreased to SEK 1,126m (1,435), corresponding to SEK 4.00 (5.01) in earnings per share.

Operating income for the fourth quarter of 2007 includes items affecting comparability in the amount of SEK -331m (36), referring to the closures of the cooker plants in Spennymoor, UK, and in Fredericia, Denmark. Additional information on restructuring can be found on page 10 and in the table on page 14.

Excluding the above mentioned items affecting comparability, operating income improved over the fourth quarter in the previous year, mainly on the basis of strong income for appliances in North America, Latin America and Asia/Pacific as well as good performance by Professional Products and floor-care operations. Income was positively affected by growth in volume and cost saving. Lower results for appliances in Europe due to costs related to products launched had an adverse effect on operating income.

Operating income for the fourth quarter was positively affected by non-recurring items amounting to approximately SEK 100m. The amount includes reimbursements under agreements with insurance carriers for asbestos litigation in the U.S. (see page 11) and temporarily lower Group common costs.

#### *Income excluding items affecting comparability*

Excluding items affecting comparability, operating income for the fourth quarter of 2007 increased by 0.6% to SEK 2,007m (1,995), corresponding to 7.3% (7.2) of net sales. Income after financial items decreased by 1.4% to SEK 1,907m (1,935), representing 6.9% (6.9) of net sales. Income for the period increased by 2.3% to SEK 1,446m (1,413), corresponding to SEK 5.14 (4.99) in earnings per share.

#### *Effects of changes in exchange rates*

Changes in exchange rates compared to the previous year, including both translation and transaction effects, had a positive impact of SEK 68m on operating income for the fourth quarter of 2007. Transaction effects net of hedging contracts amounted to SEK 75m. Translation of income statements in subsidiaries had an effect of SEK -7m.

The effect of changes in exchange rates on income after financial items amounted to SEK 67m.

### *Financial net*

Net financial items for the fourth quarter increased to SEK -100m, compared to SEK -60m for the corresponding period in the previous year. The increase is mainly due to higher net borrowings.

### **Full year of 2007**

Net sales for the Electrolux Group in 2007 amounted to SEK 104,732m as against SEK 103,848m in the previous year. Sales were positively impacted by changes in volume/price/mix, while changes in exchange rates had a negative impact. Net sales increased by 4.0% in comparable currencies.

<b>Changes in net sales</b>	
<b>%</b>	<b>2007</b>
Changes in Group structure	0.0
Changes in exchange rates	-3.1
Changes in volume/price/mix	4.0
<b>Total</b>	<b>0.9</b>

Operating income increased to SEK 4,475m (4,033), corresponding to 4.3% (3.9) of net sales. Income after financial items amounted to SEK 4,035m (3,825), which corresponds to 3.9% (3.7) of net sales. Income for the period improved to SEK 2,925m (2,648), corresponding to SEK 10.41 (9.17) in earnings per share.

### *Income excluding items affecting comparability*

Operating income for 2007 includes items affecting comparability in the amount of SEK -362m (-542), see page 10 and table on page 14.

Excluding the above-mentioned items affecting comparability, operating income for 2007 increased by 5.7% to SEK 4,837m (4,575), corresponding to 4.6% (4.4) of net sales. Income after financial items improved by 0.7% to SEK 4,397m (4,367), representing 4.2% (4.2) of net sales. Income for the period increased by 4.2% to SEK 3,276m (3,145), corresponding to SEK 11.66 (10.89) in earnings per share.

### *Effects of changes in exchange rates*

Changes in exchange rates compared to the previous year, including both translation and transaction effects, had a negative impact of SEK -61m on operating income. Transaction effects net of hedging contracts amounted to SEK 26m. Translation of income statements in subsidiaries had an effect of SEK -87m on operating income, mainly due to the strengthening of the Swedish krona against the US dollar.

The effect of changes in exchange rates on income after financial items amounted to SEK -74m.

### *Financial net*

Net financial items for the full year of 2007 increased to SEK -440m, compared to SEK -208m for the same period in the previous year. The increase is mainly due to higher net borrowings.

### *Discontinued operations 2006*

Discontinued operations refer to the former Outdoor Products operations, Husqvarna, which was distributed to Electrolux shareholders in June 2006. For information on accounting principles for discontinued operations, see page 23.

## OUTLOOK – FOR THE FULL YEAR 2008

In 2008, the Group will introduce Electrolux as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment. However, we expect the launch to have a negative impact on 2008 results as it initially includes a considerable investment in marketing.

Furthermore, the European appliance operations will be negatively impacted by higher than anticipated costs for the product launches and the planned cost reduction program.

The significant uncertainty in the overall global economy makes it difficult to predict the development in 2008.

Provided that market demand for appliances in Europe shows a slow growth in 2008 and that market demand for appliances in North America shows a slightly negative development, our outlook for 2008 is that operating income is expected to be in-line with 2007, excluding items affecting comparability.

## CASH FLOW

Cash flow from operations and investments decreased in 2007 over the previous year. Cash flow in 2006 was, however, positively affected by the proceeds from divestment of the operations in Electrolux Financial Corporation in the US. Excluding the divestment in 2006, cash flow for 2007 showed an improvement.

The positive cash flow from operations amounted to SEK 5,346m and was primarily generated by income from operations. Changes in operating assets and liabilities amounted to SEK -152m. Changes in trade receivables and accounts payable were traceable mainly to lower sales and lower production that reflected the declining markets in North America and Europe towards the end of the year. Cash flow from changes in operating assets and liabilities in the fourth quarter reflects the downturn in these markets as well as inventory decreases within appliances in Europe.

Cash flow in 2007 was negatively affected by higher capital expenditure compared to previous year.

Cash flow from continuing operations	Q4	Q4		
	2007	2006	2007	2006
SEKm				
Cash flow from operations, excluding change in operating assets and liabilities	2,206	1,904	5,498	5,263
Change in operating assets and liabilities	739	-433	-152	-703
<b>Cash flow from operations</b>	<b>2,945</b>	<b>1,471</b>	<b>5,346</b>	<b>4,560</b>
Divestment of operations	-	-	-	1,064
Capital expenditure in tangible fixed assets	-895	-1,012	-3,430	-3,152
Other	-200	-121	-639	-298
<b>Cash flow from investments</b>	<b>-1,095</b>	<b>-1,133</b>	<b>-4,069</b>	<b>-2,386</b>
<b>Cash flow from operations and investments</b>	<b>1,850</b>	<b>338</b>	<b>1,277</b>	<b>2,174</b>

## FINANCIAL POSITION

In order to adapt the Group's capital structure and thus to contribute to an increase in shareholder value, an Extraordinary General Meeting in December 2006 decided on a mandatory redemption procedure of shares totaling approximately SEK 5,600m as a distribution of capital to Electrolux shareholders. The redemption procedure was implemented at the end of January 2007.

## Equity

Total equity as of December 31, 2007, amounted to SEK 16,040m (13,194), which corresponds to SEK 56.95 (47.30) per share. Return on equity was 20.3% (18.7). Excluding items affecting comparability, return on equity was 22.7% (21.1).

### Net borrowings

Net borrowings at year-end increased to SEK 4,703m (-304). Compared to the previous year, net borrowings have been affected by the capital distribution to shareholders at the beginning of 2007 and the positive cash flow from operations and investments. The net debt/equity ratio increased to 0.29 (-0.02). The equity/assets ratio was 26.9% (22.7).

Net borrowings SEKm	December 31, 2007	December 31, 2006
Interest-bearing liabilities	11,163	7,495
Liquid funds	-6,460	-7,799
<b>Net borrowings</b>	<b>4,703</b>	<b>-304</b>
Net debt/equity ratio	0.29	-0.02
Equity/assets ratio, %	26.9	22.7

### Working capital

Working capital as of December 31, 2007, amounted to SEK -2,129m (-2,613), corresponding to -1.9% (-2.4) of annualized net sales. Inventories amounted to SEK 12,398m (12,041) at year-end and trade receivables to SEK 20,379m (20,905), corresponding to 11.1% (11.0) and 18.3% (19.1) of annualized net sales, respectively. Accounts payable amounted to SEK 14,788m (15,320), corresponding to 13.3% (14.0) of annualized net sales.

### Net assets and return on net assets

Net assets as of December 31, 2007, amounted to SEK 20,743m (18,140). Average net assets for the year increased to SEK 20,644m (17,352), mainly as a result of increased capital expenditure and higher inventories of appliances related to the large product launch in Europe.

Adjusted for items affecting comparability, average net assets amounted to SEK 23,196m (21,571), corresponding to 22.1% (20.8) of net sales. Items affecting comparability refers to restructuring provisions and provisions for post-employment benefits due to the IFRS transition.

The return on net assets was 21.7% (23.2), and 20.9% (21.2), excluding items affecting comparability.

### VALUE CREATED

Value creation is the primary financial performance indicator for measuring and evaluating financial performance within the Group. The model links operating income and asset efficiency with the cost of the capital employed in operations. The model measures and evaluates profitability by region, business area, product line, or operation.

Total value created in 2007 decreased over the previous year and amounted to SEK 2,053m (2,202). Value created was positively affected by the improvement in operating income while the change in the WACC rate and increased average net assets had a negative effect. The WACC rate for 2007 is computed at 12% as compared to 11% for 2006. The capital-turnover rate was 4.50 (4.81).

## OPERATIONS BY BUSINESS AREA

Changes in net sales and operating income by business area in comparable currencies are given on page 18.

### Consumer Durables, Europe

Consumer Durables, Europe	Q4		Q4	
SEKm	2007	2006	2007	2006
Net sales	12,798	12,672	45,472	44,233
Operating income	784	1,225	2,067	2,678
Operating margin, %	6.1	9.7	4.5	6.1

### Industry shipments of core appliances

in Europe	Q4	
Units, year-on-year, %	2007	2007
Western Europe	-4.7	-1.1
Eastern Europe (excluding Turkey)	10.4	8.4
<b>Total</b>	<b>-0.4</b>	<b>1.3</b>

### Appliances

Industry shipments of core appliances in Europe increased by 1% in 2007 in comparison with the previous year. Demand in Eastern Europe showed strong growth, rising by 8%, while demand in Western Europe declined by 1%.

Group sales of appliances in Europe rose during the year, on the basis of an improved product mix and higher volumes. Operating income declined substantially from the previous year as a result of temporarily higher costs related to the comprehensive product launch. The new products have achieved good market acceptance, which has supported average Electrolux sales prices in most of the Group's markets, and the brand has been strengthened. Certain costs for new products have risen more than was expected, which together with lower demand in major markets such as Germany, the UK and Spain had an adverse effect on income.

Industry shipments of appliances in Europe declined in the fourth quarter in comparison with the same period in 2006. Demand in Eastern Europe remained strong and rose by 10% in the quarter, while demand in Western Europe fell by 5%.

Group sales of appliances in Europe declined in the fourth quarter in comparable currencies as a result of lower volumes. Operating income and margin decreased, due to lower volumes, primarily for private labels, as well as lower sales prices. The extra costs related to the comprehensive product launch continued during the fourth quarter. However, market shares rose during the quarter for specific Electrolux-branded product categories, including built-in appliances.

### Floor-care products

The market for vacuum cleaners in Europe showed higher demand in 2007, rising by approximately 6% over the previous year. Group sales for the full year increased considerably on the basis of strong sales volume growth compared to the previous year. Operating income improved as a result of higher volumes as well as lower costs for the Group's own production and externally sourced products.

Demand for vacuum cleaners in Europe declined during the fourth quarter in comparison with 2006. Group sales continued to show strong growth, with Eastern Europe accounting for the biggest increase. Operating income and margin declined somewhat, however, as a result of a less favorable product mix due to higher sales of products in the basic segment with lower prices.

## Consumer Durables, North America

Consumer Durables, North America				
	Q4	Q4		
SEKm	2007	2006	2007	2006
Net sales	7,474	8,571	33,728	36,171
Operating income	646	533	1,711	1,462
Operating margin, %	8.6	6.2	5.1	4.0

Industry shipments of appliances in the US		
	Q4	
Units, year-on-year, %	2007	2007
Core appliances	-6.5	-5.6

### Appliances

Industry shipments of appliances in the US declined by 6% in 2007 in comparison with the previous year.

Group sales of appliances in the North American market rose by almost 2% in comparable currencies, on the basis of higher sales volumes. The Group's market share increased. Operating income and margin improved as a result of favorable price increases, an improved product mix, higher sales volumes and lower costs. Limited sales exposure to the weak housing market in the US and a shift of consumer demand toward the mass segment contributed to the Group's good performance in the North American market.

Fourth-quarter industry shipments of appliances in the US declined by almost 7% in comparison with 2006.

Group sales declined during the fourth quarter as a result of lower market demand. Operating income and margin improved, primarily on the basis of a better product mix as well as somewhat higher prices for specific product categories.

### Floor-care products

Market demand for vacuum cleaners in the US declined by approximately 5% during the year in comparison with 2006. Sales for the Group's operations in North America decreased due to lower sales volumes. Operating income increased, however, on the basis of an improved product mix and lower production costs.

Fourth-quarter market demand for vacuum cleaners increased. Demand increased due to seasonal discount sales where the Group did not participate. Group sales decreased as a result of lower volumes. Operating income and margin declined, primarily due to lower volumes.

## Consumer Durables, Latin America

Consumer Durables, Latin America				
	Q4	Q4		
SEKm	2007	2006	2007	2006
Net sales	2,992	2,387	9,243	7,766
Operating income	218	103	514	339
Operating margin, %	7.3	4.3	5.6	4.4

Industry shipments of appliances in Brazil during 2007 showed strong growth, rising by 17% over the previous year. Sales volumes for Electrolux rose by 23%. Brazil is the Group's largest market in Latin America.

Group sales in comparable currencies for the full year in Latin America rose by 19%, mainly on the basis of strong market growth. Market shares increased and sales were higher for most product categories. Operating income improved, primarily as a result of higher sales volumes, an improved product mix, and higher productivity in manufacturing. Operating income in 2007 for the operations in Latin America was the highest in the Group's history.

Fourth-quarter industry shipments of appliances in Brazil continued to increase, rising by 17% in comparison with 2006. The Group's sales volumes showed strong growth, rising by approximately 30%.

Group sales in Latin America rose by approximately 25% in the fourth quarter. Operating income was the best quarterly result since Electrolux started its appliances operation in Brazil in 1996. Operating income improved due to higher volumes, a favorable trend for the customer mix, and higher productivity in manufacturing. Margin almost doubled over the fourth quarter of 2006.

## Consumer Durables, Asia/Pacific and Rest of world

Consumer Durables, Asia/Pacific and Rest of world				
	Q4	Q4		
SEKm	2007	2006	2007	2006
Net sales	2,445	2,245	9,167	8,636
Operating income	184	98	330	163
Operating margin, %	7.5	4.4	3.6	1.9

### *Australia and New Zealand*

Market demand for appliances in Australia rose during the year in comparison with 2006. Group sales rose in comparable currencies, mainly as a result of market growth. Operating income for the full year improved considerably on the basis of lower costs resulting from previous restructuring as well as lower costs for outsourced products. The restructuring program, which includes closure of the washer and dishwasher plants in Adelaide, is proceeding according to plan and will be completed during the spring of 2008.

Fourth-quarter market demand for appliances in Australia continued to increase. Group sales rose on the basis of higher sales volumes, which also had a positive effect on operating income.

### *China and South East Asia*

Statistics for shipments of appliances in China indicate strong growth for both the full year and the fourth quarter. Group sales in comparable currencies rose somewhat during the second half of the year, following a longer period of decline after Electrolux exited from parts of the low-price segment. However, the operation in China is still unprofitable. Group sales and operating income rose throughout the entire South East Asia region.



## Professional Products

Professional Products	Q4 2007	Q4 2006	2007	2006
SEKm				
Net sales	1,930	1,999	7,102	6,941
Operating income	215	182	584	535
Operating margin, %	11.1	9.1	8.2	7.7

### *Food-service equipment*

Group sales of food-service equipment in 2007 rose as a result of higher sales prices and volumes. Operating income improved for both the full year and the fourth quarter on the basis of more efficient production as well as price increases that offset higher costs for raw materials, primarily for stainless steel.

Fourth-quarter sales of food-service equipment declined, however, due to lower sales volumes.

### *Laundry equipment*

Group sales of laundry equipment in 2007 were largely unchanged in comparison with the previous year. Operating income declined, however, as a result of lower volumes and the effect of the weaker dollar on income from sales in the US market.

Fourth-quarter sales of laundry equipment declined in comparison with the same quarter in the previous year, mainly due to lower sales volumes in some key European markets and a decline in deliveries in the US market. Operating income improved, however, as a result of higher prices and lower production costs.

### **LAUNCH OF PREMIUM PRODUCTS IN NORTH AMERICA**

At the beginning of 2008, the Group will introduce Electrolux as a major appliance brand in North America. The plan with the launch is to gain a significant long-term presence in the premium segment, which shows considerably higher profitability than the mass market segment where the Group holds a strong position today. However, we expect the launch to have a negative impact on 2008 operating income as it initially includes a considerable investment in marketing. The launch cost is expected to have a negative impact on operating income of SEK 100m in the first quarter. The launch is expected to have a positive impact on the operating income in 2009.

### **STRUCTURAL CHANGES**

#### **Investigation on manufacturing in Italy**

In February 2008, Electrolux decided to launch an investigation into how manufacturing of refrigerators can be maintained and become competitive in Italy. Electrolux manufacturing footprint for refrigeration products in Italy today includes two factories, one in Susegana and one in Scandicci. Electrolux will together with trade unions immediately start the investigation, which is expected to be concluded during the second quarter of 2008.

#### **Relocation of manufacturing, items affecting comparability**

In December 2007, it was decided that the cooker plant in Spennymoor, UK, would be closed. The plant produces free-standing and built-in cookers for the UK and Irish markets and has approximately 500 employees. To improve competitiveness, some production will be phased out altogether, while remaining production will be moved to the Electrolux plant in Swidnica, Poland. Production at the plant is expected to continue throughout 2008. Costs for the closure amounting to SEK 317m, were charged against operating income within items affecting comparability in the fourth quarter of 2007.

In April 2007, a decision was taken to close the cooker plant in Fredericia, Denmark. Production in Fredericia was discontinued by year-end and production has been relocated to other plants in Europe. Approximately 150 employees were affected by the closure. It involved a total cost of approximately SEK 45m, which was taken as a charge against operating income during 2007, within items affecting comparability.

#### **Program to reduce costs within appliances in Europe**

Reduced complexity following brand consolidation and increased pan-European coordination enable cost efficiencies for appliances in Europe. In February 2008, it was decided to launch a program which is expected to result in a staff reduction of approximately 400 people within appliances in Europe during 2008. The savings are expected to amount to SEK 350-400m on a yearly basis. The program will incur costs of approximately SEK 400m, which will be charged to operating income before items affecting comparability in the first quarter of 2008.

## **ANNUAL GENERAL MEETING 2008**

The Annual General Meeting of AB Electrolux will be held at 5 pm on Tuesday, April 1, 2008, at the Berwald Hall, Dag Hammarskjölds väg 3, Stockholm, Sweden.

### **Proposed dividend**

The Board of Directors proposes a dividend for 2007 amounting to SEK 4.25 (4.00) per share, for a total dividend payment of SEK 1,197m (1,126). The proposed dividend corresponds to 36,5% of income for the period, excluding items affecting comparability. Friday, April 4, 2008 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. For additional information on dividend payment, see page 22.

### **Nomination Committee**

In accordance with the decision by the Annual General Meeting in April 2007, Electrolux shall have a Nomination Committee consisting of six members. The members should be one representative of each of the four largest shareholders in terms of voting rights, together with the Chairman of the Electrolux Board and one additional Board member.

Petra Hedengran, Investor AB, is the Chairman of the Committee. The other owner representatives are Ramsay J. Brufer, Alecta Pension Insurance, Marianne Nilsson, Swedbank Robur Funds, and Rune Andersson, Mellby Gård AB. The Committee also includes Marcus Wallenberg and Peggy Bruzelius, Chairman and Deputy Chairman, respectively, of Electrolux.

The Nomination Committee will prepare proposals for the AGM in 2008, regarding Chairman of the AGM, Board members, Chairman of the Board, remuneration to Board members and the procedure for electing Nomination Committee for the following year.

Shareholders who wish to submit proposals to the Nomination Committee can send an email to [nominationcommittee@electrolux.com](mailto:nominationcommittee@electrolux.com)

## **OTHER ITEMS**

### **Deregistration from the U.S. Securities and Exchange Commission**

During the third quarter of 2007 Electrolux applied for deregistration with the U.S. Securities and Exchange Commission (SEC). Deregistration became effective during the fourth quarter of 2007. Electrolux is no longer required to file certain reports and forms with the SEC, including the 20-F and 6-K.

In 2005, Electrolux de-listed its American Depositary Receipts (ADRs) from Nasdaq in response to the internationalization of capital markets and the increase in international ownership of shares on the Stockholm and London stock exchanges. The ADR facility, which trades in the US over-the-counter market, has not been terminated.

Electrolux shares are listed on the stock exchanges in Stockholm and London.

### **Transfer and repurchase of shares**

For the last few years, Electrolux has acquired own shares for the purpose of using these shares to finance potential company acquisitions and as a hedge for the Group's incentive programs.

In accordance with the proposal by the Board of Directors, the AGM in 2007 decided to authorize the Board to transfer own shares in connection with company acquisitions during the period up until the AGM in 2008. The AGM also authorized transfers of repurchased B-shares to cover costs that may arise as a result of the previous employee stock-option programs for 2001-2003 and the Electrolux Performance Share Program 2005.

In 2007, senior managers purchased 1,526,112 B-shares from Electrolux under the terms of the employee stock-option programs. As of December 31, 2007, Electrolux held 27,281,891 B-shares, corresponding to 8.8% of the total number of outstanding shares. See page 17. There has been no change as of February 1, 2008.

### **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. Some of the cases involve multiple plaintiffs who have made identical allegations against many other defendants who are not part of the Electrolux Group.

As of December 31, 2007, the Group had a total of 1,998 (1,688) cases pending, representing approximately 2,600 (approximately 7,700) plaintiffs. During 2007, 1,041 new cases with approximately 1,050 plaintiffs were filed and 731 pending cases with approximately 6,140 plaintiffs were resolved. Approximately 310 of the plaintiffs relate to cases pending in the state of Mississippi.

The Group has reached an agreement with many of the insurance carriers that issued general liability insurance to certain predecessors of the Group who manufactured industrial products, some of which are alleged to have contained asbestos. Under this agreement the insurance carriers have agreed to reimburse the Group for a portion of the past and future costs incurred in connection with asbestos-related lawsuits for such products. The term of the agreement is indefinite but subject to termination upon 60 days notice. If terminated, all parties would be restored to all of their rights and obligations under the affected insurance policies.

Additional lawsuits may be filed against Electrolux in the future. It is not possible to predict either the number of future claims or the number of plaintiffs that any future claims may represent. In addition, the outcome of asbestos claims is inherently uncertain and always difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of claims will not have a material adverse effect on its business or on results of operations in the future.

### **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 operating units within the Group, and financial risks by the Group's treasury department.

#### *Operational risks*

Electrolux is currently exposed to risks in connection with its business operations. Electrolux operates in competitive markets, most of which are relatively mature. Demand for appliances can vary with overall economic conditions and price competition is strong in most product categories. The Group's ability to improve profitability and increase shareholder value is largely dependent on success in development of innovative products and in maintaining cost-efficient production. Managing fluctuations in the prices of raw materials and components and restructuring are vital for maintaining and increasing the Group's competitiveness.

### *Financial risk management*

Furthermore, the Group is exposed to a number of risks related to, for example, liquid funds, trade receivables, customer financing receivables, payables, borrowings, commodities and derivative instruments. The risks are, primarily:

- Interest-rate risks on liquid funds and borrowings
- Financing risks related to the Group's capital requirements
- Foreign-exchange risks on earnings and net investments in foreign subsidiaries
- Commodity-price risks affecting expenditure on raw materials and components to be used in production
- Credit risks related to financial and commercial activities

Risks, risk management and risk exposures are described in the Annual Report of 2006, [www.electrolux.com/annualreport2006](http://www.electrolux.com/annualreport2006).

### **PARENT COMPANY, AB ELECTROLUX**

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

Net sales for the Parent Company, AB Electrolux, in 2007 amounted to SEK 6,092m (6,204) of which SEK 3,060m (3,248) referred to sales to Group companies and SEK 3,032m (2,956) to external customers. Income after financial items was SEK 1,636m (10,696), including dividends from subsidiaries in the amount of SEK 2,218m (11,486). Income for the period amounted to SEK 1,682m (10,768).

Capital expenditure in tangible and intangible assets was SEK 336m (93). Liquid funds at the end of the period amounted to SEK 2,880m as against SEK 3,150m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 9,846m, as against SEK 8,668m at the start of the year. Dividend payment to shareholders in 2006 amounted to SEK 1,126m. In January 2007, SEK 5,579m was distributed to shareholders through a redemption procedure.

The income statement and balance sheet for the Parent Company are presented on page 21.

Stockholm, February 6, 2008

Hans Stråberg  
President and CEO

Costs for inventories and transport of finished products to customers are reported as of 2007 under costs of goods sold within gross operating income in the consolidated income statement. These costs were previously reported under selling expenses. The reason for the change is that these costs are to a great extent related to sales volumes and net sales, and that selling expenses in many cases are interpreted as overhead costs. Comparative figures in the income statements for 2006 have been adjusted according to the change. The adjustment for the fourth quarter of 2006 involves a reduction of SEK 1,149m in gross operating income as costs of goods sold increased and selling expenses decreased by the corresponding amounts. The adjustment on gross operating income and selling expenses for the full year 2006 amounts to SEK 4,339m. Operating income and margin for 2006 are unchanged.

## CONSOLIDATED INCOME STATEMENT

SEKm	Q4 2007	Q4 2006	2007	2006
<b>Net sales</b>	<b>27,643</b>	<b>27,886</b>	<b>104,732</b>	<b>103,848</b>
Cost of goods sold	-22,122	-22,206	-85,466	-84,003
<b>Gross operating income</b>	<b>5,521</b>	<b>5,680</b>	<b>19,266</b>	<b>19,845</b>
Selling expenses	-2,620	-2,732	-10,219	-10,955
Administrative expenses	-1,100	-1,071	-4,417	-4,467
Other operating income/expenses	206	118	207	152
Items affecting comparability	-331	36	-362	-542
<b>Operating income*</b>	<b>1,676</b>	<b>2,031</b>	<b>4,475</b>	<b>4,033</b>
Margin, %	6.1	7.3	4.3	3.9
Financial items, net	-100	-60	-440	-208
<b>Income after financial items</b>	<b>1,576</b>	<b>1,971</b>	<b>4,035</b>	<b>3,825</b>
Margin, %	5.7	7.1	3.9	3.7
Taxes	-450	-536	-1,110	-1,177
<b>Income for the period from continuing operations</b>	<b>1,126</b>	<b>1,435</b>	<b>2,925</b>	<b>2,648</b>
Income for the period from discontinued operations	-	-	-	1,199
<b>Income for the period</b>	<b>1,126</b>	<b>1,435</b>	<b>2,925</b>	<b>3,847</b>
Attributable to:				
Equity holders of the Parent Company	1,126	1,435	2,925	3,847
Minority interest in income for the period	-	-	-	-
<i>* Operating income includes:</i>				
<i>Depreciation and amortization</i>	<i>-731</i>	<i>-696</i>	<i>-2,738</i>	<i>-2,758</i>
<b>Continuing operations</b>				
Earnings per share, SEK	4.00	5.01	10.41	9.17
Diluted, SEK	3.97	5.01	10.33	9.14
<b>Total</b>				
Earnings per share, SEK	4.00	5.05	10.41	13.32
Diluted, SEK	3.97	5.05	10.33	13.27
Number of shares after buy-backs, million	281.6	278.9	281.6	278.9
Average number of shares after buybacks, million	281.6	280.4	281.0	288.8
Diluted, million	284.0	281.4	283.3	289.8

## ITEMS AFFECTING COMPARABILITY

SEKm	Q4 2007	Q4 2006	2007	2006
<b>Restructuring provisions and write-downs</b>				
Appliances plant in Spennymoor, UK	-317	-	-317	-
Appliances plant in Fredericia, Denmark	-14	-	-45	-
Appliances plant in Torsvik, Sweden	-	-	-	-43
Appliances plant in Nuremberg, Germany	-	-	-	-145
Appliances plants in Adelaide, Australia	-	-	-	-302
Reversal of unused restructuring provisions	-	36	-	60
<b>Capital gain/loss on divestments</b>				
Divestment of Electrolux Financial Corp, USA	-	-	-	61
Divestment of 50% stake in Nordwaggon AB, Sweden	-	-	-	-173
<b>Total</b>	<b>-331</b>	<b>36</b>	<b>-362</b>	<b>-542</b>

**CONSOLIDATED BALANCE SHEET**

SEKm	Dec. 31, 2007	Dec. 31, 2006
<b>Assets</b>		
Property, plant and equipment	15,205	14,209
Goodwill	2,024	1,981
Other intangible assets	2,121	1,780
Investments in associates	32	80
Deferred tax assets	2,141	2,216
Financial assets	2,284	1,692
<b>Total non-current assets</b>	<b>23,807</b>	<b>21,958</b>
Inventories	12,398	12,041
Trade receivables	20,379	20,905
Tax assets	391	461
Derivatives	411	318
Other current assets	2,992	3,248
Short-term investments	165	1,643
Cash and cash equivalents	5,546	5,475
<b>Total current assets</b>	<b>42,282</b>	<b>44,091</b>
<b>Total assets</b>	<b>66,089</b>	<b>66,049</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Parent Company</b>		
Share capital	1,545	1,545
Other paid-in capital	2,905	2,905
Other reserves	837	-11
Retained earnings	10,752	8,754
	<b>16,039</b>	<b>13,193</b>
Minority interests	1	1
<b>Total equity</b>	<b>16,040</b>	<b>13,194</b>
Long-term borrowings	4,887	4,502
Derivatives	0	0
Deferred tax liabilities	935	1,205
Provisions for post-employment benefits	6,266	6,586
Other provisions	3,813	4,258
<b>Total non-current liabilities</b>	<b>15,901</b>	<b>16,551</b>
Accounts payable	14,788	15,320
Tax liabilities	2,027	1,651
Share redemption	0	5,579
Short-term liabilities	10,049	9,293
Short-term borrowings	5,701	2,582
Derivatives	280	247
Other provisions	1,303	1,632
<b>Total current liabilities</b>	<b>34,148</b>	<b>36,304</b>
<b>Total equity and liabilities</b>	<b>66,089</b>	<b>66,049</b>
<b>Contingent liabilities</b>	<b>1,016</b>	<b>1,022</b>

**CONSOLIDATED CASH FLOW STATEMENT**

SEKm	Q4 2007	Q4 2006	2007	2006
<b>Operations</b>				
Income after financial items	1,576	1,971	4,035	3,825
Depreciation and amortization	731	696	2,738	2,758
Capital gain/loss included in operating income	0	0	0	112
Restructuring provisions	132	-321	-701	-737
Share-based compensation	1	22	72	86
Change in accrued and prepaid interest	41	-2	169	-38
Taxes paid	-275	-462	-815	-743
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>2,206</b>	<b>1,904</b>	<b>5,498</b>	<b>5,263</b>
<b>Change in operating assets and liabilities</b>				
Change in inventories	1,376	-113	-206	-748
Change in trade receivables	873	194	993	-856
Change in other current assets	-139	-402	40	-354
Change in accounts payable	-480	438	-885	1,779
Change in other operating liabilities and provisions	-891	-550	-94	-524
<b>Cash flow from change in operating assets and liabilities</b>	<b>739</b>	<b>-433</b>	<b>-152</b>	<b>-703</b>
<b>Cash flow from operations</b>	<b>2,945</b>	<b>1,471</b>	<b>5,346</b>	<b>4,560</b>
<b>Investments</b>				
Divestment of operations	0	0	0	1,064
Capital expenditure in property, plant and equipment	-895	-1,012	-3,430	-3,152
Capitalization of product development	-158	-101	-520	-439
Other	-42	-20	-119	141
<b>Cash flow from investments</b>	<b>-1,095</b>	<b>-1,133</b>	<b>-4,069</b>	<b>-2,386</b>
<b>Cash flow from operations and investments</b>	<b>1,850</b>	<b>338</b>	<b>1,277</b>	<b>2,174</b>
<b>Financing</b>				
Change in short-term investments	162	-830	1,463	-805
Change in short-term borrowings	-2,605	-572	670	-356
New long-term borrowings	3,257	583	3,257	583
Amortization of long-term borrowings	0	-1,635	0	-1,635
Dividend	0	0	-1,126	-2,222
Redemption of shares	-	-	-5,582	-
Repurchase and sale of shares	5	-434	127	-1,463
<b>Cash flow from financing</b>	<b>819</b>	<b>-2,888</b>	<b>-1,191</b>	<b>-5,898</b>
<b>Cash flow from continuing operations</b>	<b>2,669</b>	<b>-2,550</b>	<b>86</b>	<b>-3,724</b>
<b>Cash flow from discontinued operations</b>				
Cash flow from operations	0	0	0	-2,446
Cash flow from investments	0	0	0	-727
Cash flow from financing	0	0	0	8,504
<b>Cash flow from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,331</b>
Total cash flow	2,669	-2,550	86	1,607
Cash and cash equivalents at beginning of period	2,905	8,118	5,475	4,420
Exchange-rate differences	-28	-93	-15	-552
Cash and cash equivalents at end of period	5,546	5,475	5,546	5,475
<b>Change in net borrowings</b>				
<b>Total cash flow, excluding change in loans and short-term investments</b>	<b>1,855</b>	<b>-96</b>	<b>-5,304</b>	<b>3,820</b>
<b>Net borrowings at beginning of period</b>	<b>-6,520</b>	<b>504</b>	<b>304</b>	<b>-2,974</b>
<b>Exchange-rate differences referring to net borrowings</b>	<b>-38</b>	<b>-104</b>	<b>297</b>	<b>-542</b>
<b>Net borrowings at end of period</b>	<b>-4,703</b>	<b>304</b>	<b>-4,703</b>	<b>304</b>



## CHANGE IN TOTAL EQUITY

SEKm	Dec. 31, 2007	Dec. 31, 2006
<b>Opening balance</b>	<b>13,194</b>	<b>25,888</b>
Available for sale instruments	248	30
Change in revaluation and hedge reserve	31	387
Translation differences	569	-2,081
<b>Income for the period recognized directly in equity</b>	<b>848</b>	<b>-1,664</b>
<b>Income for the period</b>	<b>2,925</b>	<b>3,847</b>
<b>Total recognized income and expenses for the period</b>	<b>3,773</b>	<b>2,183</b>
Share-based payment	72	86
Repurchase and sale of shares	127	-1,463
Dividend	-1,126	-2,222
Distribution of Husqvarna shares	-	-5,696
Redemption of shares	-	-5,582
<b>Total transactions with equity holders</b>	<b>-927</b>	<b>-14,877</b>
<b>Closing balance</b>	<b>16,040</b>	<b>13,194</b>

## KEY RATIOS<sup>1)</sup>

SEKm	Q4 2007	Q4 2006	2007	2006
<b>Continuing operations</b>				
Earnings per share, SEK <sup>2)</sup>	4.00	5.01	10.41	9.17
<b>Excluding items affecting comparability, SEK</b>	<b>5.14</b>	<b>4.95</b>	<b>11.66</b>	<b>10.89</b>
Return on net assets, %	-	-	21.7	23.2
<b>Excluding items affecting comparability, %</b>	<b>-</b>	<b>-</b>	<b>20.9</b>	<b>21.2</b>
Capital expenditure, SEKm	895	1,012	3,430	3,152
Average number of employees	57,774	57,328	56,898	55,471
<b>Including discontinued operations</b>				
Return on equity, %	-	-	20.3	18.7
<b>Excluding items affecting comparability, %</b>	<b>-</b>	<b>-</b>	<b>22.7</b>	<b>21.1</b>
Net debt/equity ratio	-	-	0.29	-0.02
Net debt/equity ratio, adjusted for share redemption	-	-	0.29	0.40

1) For definitions, see page 22.

2) Basic, on average number of shares after buy-backs, see page 19.

## SHARES

	Outstanding A-shares	Outstanding B-shares	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2007	9,502,275	299,418,033	29,986,756	278,933,552
Shares sold to senior managers under the stock option programs				
First quarter			-1,277,399	1,277,399
Second quarter			-149,515	149,515
Third quarter			-56,658	56,658
Fourth quarter			-42,550	42,550
Shares allotted to senior managers under the Performance Share Program 2004			-1,178,743	1,178,743
<b>Number of shares as of December 31, 2007</b>	<b>9,502,275</b>	<b>299,418,033</b>	<b>27,281,891</b>	<b>281,638,417</b>
As % of total number of shares			8.8%	

### NET SALES BY BUSINESS AREA

SEKm	Q4 2007	Q4 2006	2007	2006
Consumer Durables, Europe	12,798	12,672	45,472	44,233
Consumer Durables, North America	7,474	8,571	33,728	36,171
Consumer Durables, Latin America	2,992	2,387	9,243	7,766
Consumer Durables, Asia/Pacific and Rest of world	2,445	2,245	9,167	8,636
Professional Products	1,930	1,999	7,102	6,941
Other	4	12	20	101
<b>Total</b>	<b>27,643</b>	<b>27,886</b>	<b>104,732</b>	<b>103,848</b>

### OPERATING INCOME BY BUSINESS AREA

SEKm	Q4 2007	Q4 2006	2007	2006
Consumer Durables, Europe	784	1,225	2,067	2,678
Margin, %	6.1	9.7	4.5	6.1
Consumer Durables, North America	646	533	1,711	1,462
Margin, %	8.6	6.2	5.1	4.0
Consumer Durables, Latin America	218	103	514	339
Margin, %	7.3	4.3	5.6	4.4
Consumer Durables, Asia/Pacific and Rest of world	184	98	330	163
Margin, %	7.5	4.4	3.6	1.9
Professional Products	215	182	584	535
Margin, %	11.1	9.1	8.2	7.7
<b>Total business areas</b>	<b>2,047</b>	<b>2,141</b>	<b>5,206</b>	<b>5,177</b>
<b>Margin, %</b>	<b>7.4</b>	<b>7.7</b>	<b>5.0</b>	<b>5.0</b>
Common Group costs, etc.	-40	-146	-369	-602
Items affecting comparability	-331	36	-362	-542
<b>Operating income</b>	<b>1,676</b>	<b>2,031</b>	<b>4,475</b>	<b>4,033</b>

### CHANGE IN NET SALES BY BUSINESS AREA

Year-over-year, %	Q4 2007	Q4 2007 in comparable currencies	2007	2007 in comparable currencies
Consumer Durables, Europe	1.0	-0.5	2.8	2.9
Consumer Durables, North America	-12.8	-5.8	-6.8	1.4
Consumer Durables, Latin America	25.3	20.2	19.0	18.6
Consumer Durables, Asia/Pacific and Rest of world	8.9	8.6	6.1	8.0
Professional Products	-3.5	-3.3	2.3	3.6
<b>Total change</b>	<b>-0.9</b>	<b>0.3</b>	<b>0.9</b>	<b>4.0</b>

### CHANGE IN OPERATING INCOME BY BUSINESS AREA

Year-over-year, %	Q4 2007	Q4 2007 in comparable currencies	2007	2007 in comparable currencies
Consumer Durables, Europe	-36.0	-36.9	-22.8	-23.3
Consumer Durables, North America	21.2	30.1	17.0	27.3
Consumer Durables, Latin America	111.7	109.6	51.6	53.0
Consumer Durables, Asia/Pacific and Rest of world	87.8	105.6	102.5	100.0
Professional Products	18.1	18.9	9.2	9.2
<b>Total change, excluding items affecting comparability</b>	<b>0.6</b>	<b>1.7</b>	<b>5.7</b>	<b>7.8</b>

## EXCHANGE RATES

	Dec. 31, 2007	Dec. 31, 2006
SEK		
USD, average	6.74	7.38
USD, end of period	6.43	6.87
EUR, average	9.25	9.26
EUR, end of period	9.45	9.05
GBP, average	13.48	13.58
GBP, end of period	12.86	13.49

## NET SALES AND INCOME PER QUARTER

SEKm		Q1	Q2	Q3	Q4	Full year
Net sales	<b>2007</b>	<b>24,930</b>	<b>25,785</b>	<b>26,374</b>	<b>27,643</b>	<b>104,732</b>
	2006	24,553	25,322	26,087	27,886	103,848
Operating income	<b>2007</b>	<b>757</b>	<b>890</b>	<b>1,152</b>	<b>1,676</b>	<b>4,475</b>
	<b>Margin, %</b>	<b>3.0</b>	<b>3.5</b>	<b>4.4</b>	<b>6.1</b>	<b>4.3</b>
	<b>2007 <sup>1)</sup></b>	<b>757</b>	<b>921</b>	<b>1,152</b>	<b>2,007</b>	<b>4,837</b>
	<b>Margin, %</b>	<b>3.0</b>	<b>3.6</b>	<b>4.4</b>	<b>7.3</b>	<b>4.6</b>
	2006	455	862	685	2,031	4,033
	Margin, %	1.9	3.4	2.6	7.3	3.9
	2006 <sup>1)</sup>	600	844	1,136	1,995	4,575
Margin, %	2.4	3.3	4.4	7.2	4.4	
Income after financial items	<b>2007</b>	<b>670</b>	<b>752</b>	<b>1,037</b>	<b>1,576</b>	<b>4,035</b>
	<b>Margin, %</b>	<b>2.7</b>	<b>2.9</b>	<b>3.9</b>	<b>5.7</b>	<b>3.9</b>
	<b>2007 <sup>1)</sup></b>	<b>670</b>	<b>783</b>	<b>1,037</b>	<b>1,907</b>	<b>4,397</b>
	<b>Margin, %</b>	<b>2.7</b>	<b>3.0</b>	<b>3.9</b>	<b>6.9</b>	<b>4.2</b>
	2006	387	783	684	1,971	3,825
	Margin, %	1.6	3.1	2.6	7.1	3.7
	2006 <sup>1)</sup>	532	765	1,135	1,935	4,367
Margin, %	2.2	3.0	4.4	6.9	4.2	
Income for the period, continuing operations	<b>2007</b>	<b>492</b>	<b>545</b>	<b>762</b>	<b>1,126</b>	<b>2,925</b>
	2006	232	541	440	1,435	2,648
Earnings per share, continuing operations, SEK <sup>2)</sup>	<b>2007</b>	<b>1.76</b>	<b>1.94</b>	<b>2.71</b>	<b>4.00</b>	<b>10.41</b>
	<b>2007 <sup>1)</sup></b>	<b>1.76</b>	<b>2.05</b>	<b>2.71</b>	<b>5.14</b>	<b>11.66</b>
	2006	0.79	1.83	1.54	5.01	9.17
	2006 <sup>1)</sup>	1.28	1.85	2.81	4.95	10.89
Value creation, continuing operations	<b>2007</b>	<b>86</b>	<b>210</b>	<b>443</b>	<b>1,314</b>	<b>2,053</b>
	2006	-23	256	565	1,404	2,202
Income for the period	<b>2007</b>	<b>492</b>	<b>545</b>	<b>762</b>	<b>1,126</b>	<b>2,925</b>
	2006	807	1,165	440	1,435	3,847
Earnings per share, SEK <sup>2)</sup>	<b>2007</b>	<b>1.76</b>	<b>1.94</b>	<b>2.71</b>	<b>4.00</b>	<b>10.41</b>
	<b>2007 <sup>1)</sup></b>	<b>1.76</b>	<b>2.05</b>	<b>2.71</b>	<b>5.14</b>	<b>11.66</b>
	2006	2.78	3.95	1.54	5.05	13.32
	2006 <sup>1)</sup>	3.27	3.97	2.81	4.99	15.04

1) Excluding items affecting comparability.

2) Basic, based on average number of shares after buy-backs.

### Number of shares, basic

Number of shares after buy-backs, million	<b>2007</b>	<b>281.4</b>	<b>281.5</b>	<b>281.6</b>	<b>281.6</b>	<b>281.6</b>
	2006	295.6	290.3	281.8	278.9	278.9
Average number of shares after buy-backs, million	<b>2007</b>	<b>279.7</b>	<b>281.5</b>	<b>280.9</b>	<b>281.6</b>	<b>281.0</b>
	2006	294.0	295.0	291.6	280.4	288.8

### Items affecting comparability

Restructuring provisions, write-downs and capital loss on divestment, SEKm	<b>2007</b>	-	<b>-31</b>	-	<b>-331</b>	<b>-362</b>
	2006	-145	18	-451	36	-542

**NET SALES BY BUSINESS AREA PER QUARTER**

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables, Europe	<b>2007</b>	<b>10,554</b>	<b>10,496</b>	<b>11,624</b>	<b>12,798</b>	<b>45,472</b>
	2006	9,999	10,336	11,226	12,672	44,233
Consumer Durables, North America	<b>2007</b>	<b>8,622</b>	<b>9,043</b>	<b>8,589</b>	<b>7,474</b>	<b>33,728</b>
	2006	9,097	9,287	9,216	8,571	36,171
Consumer Durables, Latin America	<b>2007</b>	<b>1,983</b>	<b>2,161</b>	<b>2,107</b>	<b>2,992</b>	<b>9,243</b>
	2006	1,769	1,697	1,913	2,387	7,766
Consumer Durables, Asia/Pacific and Rest of world	<b>2007</b>	<b>2,076</b>	<b>2,314</b>	<b>2,332</b>	<b>2,445</b>	<b>9,167</b>
	2006	2,094	2,196	2,101	2,245	8,636
Professional Products	<b>2007</b>	<b>1,688</b>	<b>1,767</b>	<b>1,717</b>	<b>1,930</b>	<b>7,102</b>
	2006	1,588	1,749	1,605	1,999	6,941

**OPERATING INCOME BY BUSINESS AREA PER QUARTER**

SEKm		Q1	Q2	Q3	Q4	Full year
Consumer Durables, Europe	<b>2007</b>	<b>470</b>	<b>299</b>	<b>514</b>	<b>784</b>	<b>2,067</b>
	<b>Margin, %</b>	<b>4.5</b>	<b>2.8</b>	<b>4.4</b>	<b>6.1</b>	<b>4.5</b>
	2006	405	376	672	1,225	2,678
	Margin, %	4.1	3.6	6.0	9.7	6.1
Consumer Durables, North America	<b>2007</b>	<b>258</b>	<b>422</b>	<b>385</b>	<b>646</b>	<b>1,711</b>
	<b>Margin, %</b>	<b>3.0</b>	<b>4.7</b>	<b>4.5</b>	<b>8.6</b>	<b>5.1</b>
	2006	213	383	333	533	1,462
	Margin, %	2.3	4.1	3.6	6.2	4.0
Consumer Durables, Latin America	<b>2007</b>	<b>82</b>	<b>103</b>	<b>111</b>	<b>218</b>	<b>514</b>
	<b>Margin, %</b>	<b>4.1</b>	<b>4.8</b>	<b>5.3</b>	<b>7.3</b>	<b>5.6</b>
	2006	77	76	83	103	339
	Margin, %	4.4	4.5	4.3	4.3	4.4
Consumer Durables, Asia/Pacific and Rest of world	<b>2007</b>	<b>2</b>	<b>47</b>	<b>97</b>	<b>184</b>	<b>330</b>
	<b>Margin, %</b>	<b>0.1</b>	<b>2.0</b>	<b>4.2</b>	<b>7.5</b>	<b>3.6</b>
	2006	-47	54	58	98	163
	Margin, %	-2.2	2.5	2.8	4.4	1.9
Professional Products	<b>2007</b>	<b>103</b>	<b>140</b>	<b>126</b>	<b>215</b>	<b>584</b>
	<b>Margin, %</b>	<b>6.1</b>	<b>7.9</b>	<b>7.3</b>	<b>11.1</b>	<b>8.2</b>
	2006	83	143	127	182	535
	Margin, %	5.2	8.2	7.9	9.1	7.7
Common Group costs, etc.	<b>2007</b>	<b>-158</b>	<b>-90</b>	<b>-81</b>	<b>-40</b>	<b>-369</b>
	2006	-131	-188	-137	-146	-602
Items affecting comparability	<b>2007</b>	<b>-</b>	<b>-31</b>	<b>-</b>	<b>-331</b>	<b>-362</b>
	2006	-145	18	-451	36	-542

**PARENT COMPANY, INCOME STATEMENT**

SEKm	Q4 2007	Q4 2006	2007	2006
<b>Net sales</b>	<b>1,761</b>	<b>1,795</b>	<b>6,092</b>	<b>6,204</b>
Cost of goods sold	-1,452	-1,533	-5,207	-5,428
<b>Gross operating income</b>	<b>309</b>	<b>262</b>	<b>885</b>	<b>776</b>
Selling expenses	-132	-225	-608	-693
Administrative expenses	-70	-132	-441	-558
Other operating income	35	59	57	171
Other operating expenses	-514	-55	-519	-704
<b>Operating income</b>	<b>-372</b>	<b>-91</b>	<b>-626</b>	<b>-1,008</b>
Financial income	1,011	5,851	3,201	12,867
Financial expenses	-243	-295	-939	-1,163
<b>Financial items, net</b>	<b>768</b>	<b>5,556</b>	<b>2,262</b>	<b>11,704</b>
<b>Income after financial items</b>	<b>396</b>	<b>5,465</b>	<b>1,636</b>	<b>10,696</b>
Appropriations	6	0	18	14
<b>Income before taxes</b>	<b>402</b>	<b>5,465</b>	<b>1,654</b>	<b>10,710</b>
Taxes	5	33	28	58
<b>Income for the period</b>	<b>407</b>	<b>5,498</b>	<b>1,682</b>	<b>10,768</b>

**PARENT COMPANY, BALANCE SHEET**

SEKm	Dec. 31, 2007	Dec. 31, 2006
<b>Assets</b>		
Non-current assets	26,025	24,133
Current assets	15,945	13,102
<b>Total assets</b>	<b>41,970</b>	<b>37,235</b>
<b>Equity and liabilities</b>		
Restricted equity	4,562	4,562
Non-restricted equity	9,846	8,668
<b>Total equity</b>	<b>14,408</b>	<b>13,230</b>
Untaxed reserves	724	742
Provisions	521	595
Non-current liabilities	4,807	4,482
Current liabilities	21,510	18,186
<b>Total equity and liabilities</b>	<b>41,970</b>	<b>37,235</b>
<b>Pledged assets</b>	<b>8</b>	<b>5</b>
<b>Contingent liabilities</b>	<b>1,365</b>	<b>1,341</b>

## FIVE-YEAR REVIEW

	2007	2006	2005	Including Husqvarna		
				2005	2004 <sup>1)</sup>	2003 <sup>2)</sup>
Net sales, SEKm	104,732	103,848	100,701	129,469	120,651	124,077
Operating income, SEKm	4,475	4,033	1,044	3,942	4,807	7,175
Margin, %	4.3	3.9	1.0	3.0	4.0	5.8
Margin, excluding items affecting comparability, %	4.6	4.4	4.0	5.4	5.6	6.2
Income after financial items, SEKm	4,035	3,825	494	3,215	4,452	7,006
Margin, %	3.9	3.7	0.5	2.5	3.7	5.6
Margin, excluding items affecting comparability, %	4.2	4.2	3.4	4.8	5.3	6.0
Income for the period, SEKm	2,925	2,648	-142	1,763	3,259	4,778
Earnings per share, SEK	10.41	9.17	-0.49	6.05	10.92	15.25
Average number of shares after buy-backs, million	281.0	288.8	291.4	291.4	298.3	313.3
Dividend, SEK	4.25 <sup>3)</sup>	4.00	7.50	7.50	7.00	6.50
Value creation, SEKm	2,053	2,202	1,305	2,913	3,054	3,449
Return on equity, %	20.3	18.7	-	7.0	13.1	17.3
Return on net assets, %	21.7	23.2	5.4	13.0	17.5	23.9
Net debt/equity ratio	0.29	-0.02	-	0.11	0.05	0.00
Capital expenditure, SEKm	3,430	3,152	3,654	4,765	4,515	3,463
Average number of employees	56,898	55,471	57,842	69,523	72,382	77,140

1) Restated to comply with IFRS, except for IAS 39. If IAS 39 had been applied in 2004, the volatility in income, net borrowings and equity would most probably have been higher.

2) Comparative figures 2003 have not been restated to comply with IFRS. A restatement of this year would follow the same pattern as the restatement of 2004, i.e., the effects on income and equity would be limited.

3) Proposed by the Board of Directors.

## DEFINITIONS

### Capital indicators

Annualized 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 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.
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.

### Other key ratios

Earnings per share	Income for the period divided by the average number of shares after buy-backs.
Operating margin	Operating income expressed as a percentage of net sales.
Value creation	Operating income excluding items affecting comparability less the weighted average cost of capital (WACC) on average net assets, excluding items affecting comparability: [(Net sales - operating costs = operating income) - (WACC x average net assets)]. The WACC rate before tax for 2007 is calculated at 12% compared to 11% for 2006, 12% for 2005 and 2004 and 13% for 2003 and 2002.
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.

### **Accounting and valuation principles**

Electrolux applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This report has been prepared in accordance with IAS 34, Interim Financial Reporting, and RR 31 from the Swedish Financial Accounting Standards Council. There are no changes in the Group's accounting and valuation principles compared with the accounting and valuation principles described in Note 1 of the Annual Report 2006.

### **Discontinued operations**

The Outdoor Products operations of the Group were distributed to the shareholders in June 2006, under the name of Husqvarna AB. The Outdoor Products operations were transferred to Husqvarna AB at book values.

As of June 2006, Husqvarna is reported as discontinued operations in the income and cash-flow statements for 2006. Discontinued operations include the period January-May of 2006.

In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the net results for the distributed Outdoor Products operations in 2006 are reported in the Group's income statement as a single net in the item "Income for the period from discontinued operations". This means that the comparison figures for the former Outdoor Products operations are excluded from the sales and expenses reported in the income statements for 2006. Similarly, Outdoor Products operations are reported in the cash-flow statements for 2006 under "Cash flow from discontinued operations". The adjustments have been made on the basis of the actual reporting for the operations within the Outdoor Products operations. In addition, a representative share of common Group costs has been allocated. Adjustments have also been made for historical financing and tax charges for the Outdoor Products operations.

Assets and liabilities for Husqvarna were excluded from the balance sheet as of May 31, 2006.

### **Presentation and telephone conference**

A presentation and a telephone conference will be held at 15.00 CET on February 6, 2008, at the Electrolux head office at S:t Göransgatan 143 in Stockholm, Sweden. The presentation will be chaired by Hans Stråberg, President and CEO of Electrolux, Fredrik Rystedt, CFO, and Peter Nyquist, Head of Investor Relations and Financial Information.

A slide presentation for the fourth quarter of 2007 will be available on the Electrolux website [www.electrolux.com/ir](http://www.electrolux.com/ir)

### **President and CEO Hans Stråberg's comments on the 2007 results**

Today's press release is available on the Electrolux website [www.electrolux.com/ir](http://www.electrolux.com/ir)

### **Annual report 2007**

Electrolux Annual Report for 2007 is expected to be distributed in mid-March 2008. The report will be available at the Group's head office at S:t Göransgatan 143 in Stockholm, approximately two weeks prior to the Annual General Meeting 2008.

### **Annual General Meeting 2008**

The Annual General Meeting of AB Electrolux will be held at 17.00 CET on Tuesday, April 1, 2008, at the Berwald Hall, Dag Hammarskjölds väg 3, Stockholm, Sweden.

### **Financial reports in 2008**

Annual General Meeting	April 1
Interim report January – March	April 28
Interim report January – June	July 17
Interim report January – September	October 27

### **For more information**

Peter Nyquist, Vice President, Investor Relations and Financial Information: +46 8 738 60 03  
Financial information from Electrolux is also available at [www.electrolux.com/ir](http://www.electrolux.com/ir)

*The information in this report is that which Electrolux is required to disclose under the Securities Exchange and Clearing Operations Act and/or the Financial Instruments Trading Act. It was released for publication at 08.00 CET on February 6, 2008.*

### **Factors affecting forward-looking statements**

*This 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.*