

Consolidated Results 2016

Stockholm, February 1, 2017

Highlights of the fourth quarter of 2016

- Net sales amounted to SEK 32,144m (31,794).
- Sales increased by 1%. Organic sales declined by 3%, while currency translation had a positive impact of 4% on net sales.
- Operating income improved to SEK 1,616m (-202), corresponding to a margin of 5.0% (-0.6).
- Stable development across business areas.
- Good performance for Major Appliances EMEA despite severe currency headwinds.
- Significantly weaker market demand and cost measures impacted sales and earnings in Major Appliances Latin America.
- Strong operating cash flow after investments of SEK 2.6bn (1.4) in the fourth quarter.
- Income for the period improved to SEK 1,272m (-393), and earnings per share was SEK 4.43 (-1.38).
- The Board proposes a dividend for 2016 of SEK 7.50 (6.50) per share, to be paid in two installments.

Financial overview

SEKm	Q4 2016	Q4 2015	Change, %	2016	2015	Change, %
Net sales	32,144	31,794	1.1	121,093	123,511	-2.0
Organic growth, %	-3.0	0.2		-1.1	2.2	
Acquired growth, %	0.2	0.1		0.1	0.1	
Changes in exchange rates, %	3.9	1.0		-1.0	7.8	
Operating income ¹⁾	1,616	-202	n.m.	6,274	2,741	129
Margin, %	5.0	-0.6		5.2	2.2	
Income after financial items	1,245	-525	n.m.	5,581	2,101	166
Income for the period	1,272	-393	n.m.	4,493	1,568	187
Earnings per share, SEK ²⁾	4.43	-1.38		15.64	5.45	
Operating cash flow after investments	2,614	1,374	90	9,140	6,745	36
Return on net assets, %	—	—		29.9	11.0	

¹⁾ Operating income for the fourth quarter and full year of 2015 included costs related to the not completed acquisition of GE Appliances, see page 21. Excluding these costs, the operating margin for the fourth quarter was 4.6% and 3.9% for the full year.

²⁾ Basic, based on an average of 287.4 (287.4) million shares for the fourth quarter and 287.4 (287.1) million shares for the full year of 2016, excluding shares held by Electrolux.

For definitions, see page 23.

About Electrolux

Electrolux is a global leader in household appliances and appliances for professional use, selling more than 60 million products to customers in more than 150 markets every year. The company makes thoughtfully designed, innovative solutions based on extensive consumer research, meeting the desires of today's consumers and professionals. Electrolux products include refrigerators, dishwashers, washing machines, cookers, air-conditioners and small appliances such as vacuum cleaners, all sold under esteemed brands like Electrolux, AEG, Zanussi and Frigidaire. In 2016, Electrolux had sales of SEK 121 billion and about 55,000 employees. For more information, go to www.electroluxgroup.com

AB Electrolux (publ) 556009-4178



Market overview

Market overview for the fourth quarter

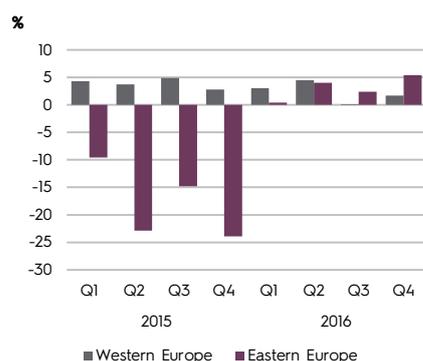
Market demand for core appliances in Europe increased by 3% in the fourth quarter year-over-year. Demand in Western Europe increased in most markets and improved by 2%. Demand in Eastern Europe increased by 5%.

Market demand for core appliances in North America increased by 12%.

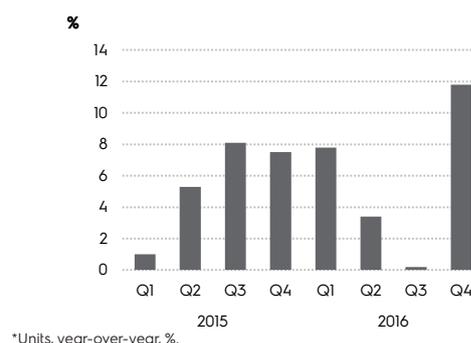
Market demand for core appliances in Australia, Southeast Asia and China is estimated to have increased.

Demand for core appliances in Brazil and Argentina continued to deteriorate and was down significantly in the quarter year-over-year.

INDUSTRY SHIPMENTS OF CORE APPLIANCES IN EUROPE*



INDUSTRY SHIPMENTS OF CORE APPLIANCES IN THE US*



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

The fourth quarter in summary

- Professional Products reported a strong organic sales growth of 7% with a continued good earnings performance.
- Operating income for Major Appliances EMEA was strong with a margin above 7%, despite significant currency headwinds which impacted earnings.
- Operating income for Major Appliances North America continued to develop favorably.
- Major Appliances Asia/Pacific improved results significantly and reached an operating margin above 7%.
- Significantly weaker market demand and cost measures impacted sales and earnings in Major Appliances Latin America.
- Actions to improve profitability in Small Appliances intensified and the Eureka brand in the US was divested.
- Agreement to acquire leading water-heater producer Kwikot Group in South Africa.

SEKm	Q4 2016	Q4 2015	Change, %	2016	2015	Change, %
Net sales	32,144	31,794	1.1	121,093	123,511	-2.0
Change in net sales, % whereof						
Organic growth	-3.0	0.2		-1.1	2.2	
Acquisitions	0.2	0.1		0.1	0.1	
Changes in exchange rates	3.9	1.0		-1.0	7.8	
Operating income						
Major Appliances Europe, Middle East and Africa	746	765	-2	2,546	2,167	17
Major Appliances North America	610	493	24	2,671	1,580	69
Major Appliances Latin America	-187	69	n.m.	-68	463	n.m.
Major Appliances Asia/Pacific	173	123	41	626	364	72
Small Appliances	154	-92	n.m.	238	-63	n.m.
Professional Products	293	260	13	954	862	11
Other, Common Group costs, etc. ¹⁾	-173	-1,820	n.m.	-693	-2,632	n.m.
Operating income	1,616	-202	900	6,274	2,741	129
Margin, %	5.0	-0.6		5.2	2.2	

¹⁾ Common Group costs for 2015 includes a termination fee of USD 175m (SEK 1,493m) related to the not completed acquisition of GE Appliances, paid in the fourth quarter of 2015, see page 21.

Net sales for the Electrolux Group were positively impacted by currency translation and acquisitions, while organic sales declined by 3.0%. Professional Products and Major Appliances Asia/Pacific reported organic sales growth. Sales for Major Appliances EMEA were in line with the previous year. Sales for Major Appliances North America were impacted by increased price pressure in the market and lower sales volumes of products under private labels. Weak markets continued to impact sales for Major Appliances Latin America. Sales for Small Appliances also declined, mainly as a result of actions to exit from unprofitable product categories.

Operating income increased to SEK 1,616m (-202), corresponding to a margin of 5.0% (-0.6). Operating income for the fourth quarter of 2015 included costs of SEK 1,659m related to the not completed acquisition of GE Appliances. Excluding these costs, the operating margin was 4.6%.

Operating income for Major Appliances EMEA was strong but declined somewhat year-over-year. Higher cost efficiency and product-mix improvements contributed to earnings, while currency headwinds particularly related to the Egyptian pound had a significant impact.

Operating income for Major Appliances North America improved year-over-year, mainly as a result of increased cost efficiency and lower costs for raw materials.

Market demand in Latin America continued to decline significantly, which impacted earnings in the region.

Operating income for Major Appliances Asia/Pacific improved significantly primarily as a result of a favorable earnings trend in Australia and Southeast Asia.

Operating income for Small Appliances improved. The Eureka vacuum-cleaner brand in the US was divested during the quarter.

Professional Products continued to report a positive earnings trend.

Effects of changes in exchange rates

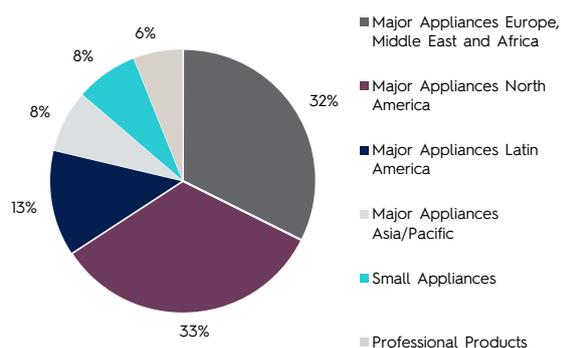
Changes in exchange rates had a negative impact of SEK 344m on operating income year-over-year. The impact of transaction effects was SEK -299m and refers mainly to the operations in EMEA and, in particular, to the Egyptian pound which was floated in early November 2016 but also to the weakening of the British pound. Translation effects in the quarter amounted to SEK -45m.

Financial net

Net financial items for the fourth quarter amounted to SEK -371m (-323). The financial net for the fourth quarter was impacted by approximately SEK -170m related to the revaluation of financial liabilities in Egypt due to the depreciation of the Egyptian pound.

The financial net for the fourth quarter of 2015 was impacted by costs of SEK 187m related to the not completed acquisition of GE Appliances.

SHARE OF SALES BY BUSINESS AREA IN THE FOURTH QUARTER OF 2016



Income for the period

Income for the period amounted to SEK 1,272m (-393), corresponding to SEK 4.43 (-1.38) in earnings per share.

Events during the fourth quarter of 2016

November 10. Electrolux to acquire leading water-heater company in South Africa

Electrolux has agreed to acquire South Africa's leading water-heater producer Kwikot Group (Kwikot Proprietary Limited and its affiliates), for a total enterprise value of ZAR 3.18 billion (approximately SEK 2 billion). The acquisition broadens Electrolux home-comfort product range and offers a strong platform for growth opportunities in Africa.

November 28. Changes in Group Management

Cecilia Vieweg, General Counsel of Electrolux and member of Group Management, retired from Electrolux as of December 31, 2016. Electrolux has appointed Mikael Östman, former Head of the Corporate Legal Department, as her successor.

December 2. Electrolux to divest Eureka brand

Electrolux has made a strategic decision to focus its North American Small Appliances business on its strongest categories, as part of a process to improve the global competitiveness of the business area. In line with this decision, Electrolux divested its North American vacuum-cleaner brand Eureka to Midea Group Co., Ltd.

December 9. Electrolux expectations for 2017

During 2017, Electrolux will continue to focus on innovative product launches delivering great consumer experiences, in combination with a strong emphasis on cost efficiencies. Market demand in Electrolux largest markets, Europe and North America, is expected to grow moderately.

December 12. Electrolux appoints JP Iversen as CIO

Electrolux has appointed JP Iversen as new Chief Information Officer, with the responsibility to head the global IT organization and drive the digital transformation of Electrolux.

For more information, visit www.electroluxgroup.com

Full year of 2016

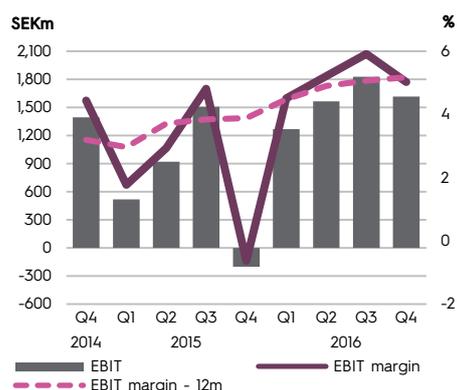
Net sales for Electrolux in the full year of 2016 amounted to SEK 121,093m (123,511). Organic sales declined by 1.1%, contributions from acquisitions was 0.1% and currency translation had a negative impact of 1.0%.

Operating income increased to SEK 6,274m (2,741), corresponding to a margin of 5.2% (2.2). Operating income for 2015 included costs of SEK 2,059m related to the not completed acquisition of GE Appliances. Excluding these costs the margin was 3.9%.

Income for the period amounted to SEK 4,493m (1,568), corresponding to SEK 15.64 (5.45) in earnings per share.

Total taxes for 2016 amounted to SEK -1,088m (-533), corresponding to a tax rate of 19.5% (25.4). The effective tax rate was impacted by a positive revaluation of the deferred tax assets at the end of the year.

OPERATING INCOME AND MARGIN



The EBIT margin - 12m is excluding costs related to GE Appliances, see page 21.

Business areas

Major Appliances Europe, Middle East and Africa

In the fourth quarter, overall market demand in Europe increased by 3%. Demand continued to improve in most markets across Europe. Western Europe increased by 2% and market growth was particularly strong in markets such as the Nordics, Spain and Benelux. Eastern Europe increased by 5%.

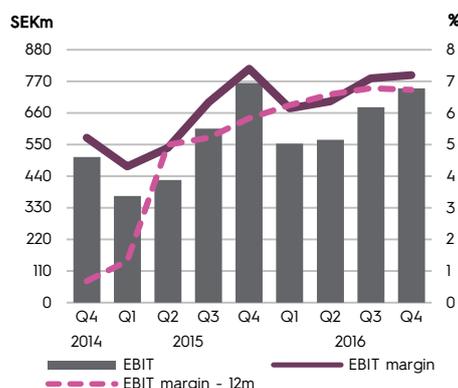
Organic sales for Electrolux operations in EMEA were in line with the same period of the previous year. The product mix improved and the Group continued to gain market shares under premium brands. Lower sales volumes in MEA and price pressure in the market had a negative impact on sales.

Operating income and margin were strong, but declined somewhat year-over-year. Increased cost efficiency and product-mix improvements continued to contribute to earnings, while currency headwinds had a negative impact. The depreciation of the Egyptian pound had an impact of SEK -270m, mainly related to revaluation of balance-sheet items in Egypt. The depreciation of the British pound also had an adverse impact on operating income for the quarter.

During the quarter, Electrolux agreed to acquire South Africa's leading water-heater producer Kwikot Group. The acquisition broadens Electrolux home-comfort product

range and will offer a strong platform for growth opportunities in Africa.

OPERATING INCOME AND MARGIN



Industry shipments of core appliances in Europe, units, year-over-year, %	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Western Europe	2	3	3	5
Eastern Europe (excluding Turkey)	5	-24	4	-17
Total Europe	3	-5	3	-1
SEKm				
Net sales	10,367	10,332	37,844	37,179
Organic growth, %	0.3	6.1	3.5	4.4
Operating income	746	765	2,546	2,167
Operating margin, %	7.2	7.4	6.7	5.8

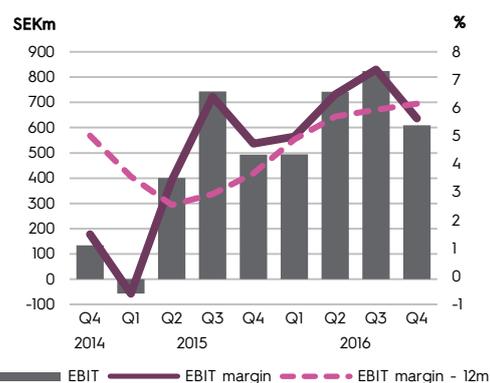
Major Appliances North America

In the fourth quarter, market demand for core appliances in North America improved by 12%. Market demand for major appliances, including microwave ovens and home-comfort products, such as room air-conditioners increased by 10%.

Electrolux operations in North America reported an organic sales decline of 2% in the quarter. Price pressure related to higher promotional activities in the market had a negative impact on sales. Sales volumes of core appliances under own brands grew, while sales volumes under private labels declined.

Operating income in the fourth quarter increased, mainly as a result of improved efficiency in operations and lower costs for raw materials.

OPERATING INCOME AND MARGIN



Industry shipments of appliances in the US, units, year-over-year, %	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Core appliances	12	8	6	6
Microwave ovens and home-comfort products	9	23	-1	14
Total Major Appliances US	10	10	3	8
SEKm				
Net sales	10,826	10,413	43,402	43,053
Organic growth, % ¹⁾	-2.0	4.2	-0.9	4.9
Operating income	610	493	2,671	1,580
Operating margin, %	5.6	4.7	6.2	3.7

¹⁾ The organic growth in the fourth quarter and the full year of 2016 was negatively impacted by 0.2% and 0.2%, respectively, related to the transfer of operations under the Kelvinator brand in North America to the business area Professional Products.

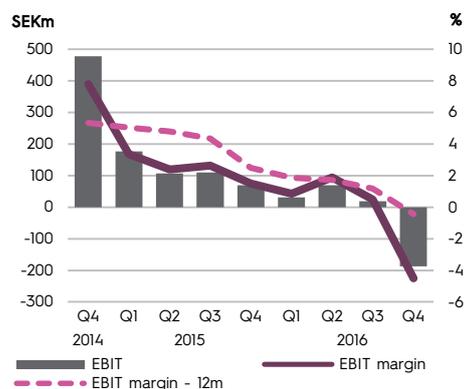
Major Appliances Latin America

In the fourth quarter, the weak macro-economic environment in Brazil continued to impact market demand for core appliances, which declined significantly year-over-year. Market demand has deteriorated for eight consecutive quarters. Demand in Argentina also declined.

The weak market trend continued to impact Electrolux operations in Latin America and organic sales declined by 18% during the quarter. Lower volumes and a less favorable mix were somewhat offset by higher prices.

Operating income deteriorated. During the quarter, costs were taken for further measures to adapt to lower demand, structurally reduce costs and mitigate underabsorption of fixed costs in production.

OPERATING INCOME AND MARGIN



SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	4,149	4,619	15,419	18,546
Organic growth, %	-17.7	-10.7	-10.8	-1.5
Operating income	-187	69	-68	463
Operating margin, %	-4.5	1.5	-0.4	2.5

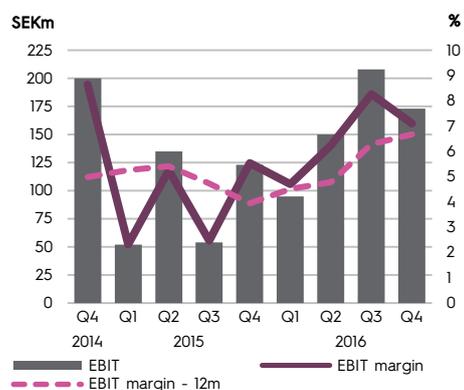
Major Appliances Asia/Pacific

In the fourth quarter, overall market demand for core appliances in Australia, Southeast Asia and China is estimated to have increased year-over-year.

Electrolux reported an organic sales growth of 1.7% in the fourth quarter. This was a result of an improved product mix across all regions and higher sales volumes in Southeast Asia. The acquisition of the wine cabinet company Vintec had a positive impact of 1.5% on sales.

Operating income and margin improved year-over-year, primarily due to a favorable product-mix development in Australia and Southeast Asia. Increased cost efficiency also contributed to earnings.

OPERATING INCOME AND MARGIN



SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	2,436	2,220	9,380	9,229
Organic growth, %	1.7	-5.2	1.3	-5.1
Acquisitions, %	1.5	-	0.5	0.8
Operating income	173	123	626	364
Operating margin, %	7.1	5.5	6.7	3.9

Small Appliances

In the fourth quarter, market demand for corded vacuum cleaners in Europe, North America and Asia Pacific, is estimated to have declined year-over-year. Demand for cordless, hand-held vacuum cleaners in Europe increased significantly.

Electrolux organic sales declined by 4% in the quarter. Active product portfolio management and exiting unprofitable product categories continued to impact sales. Operations in Europe and Asia Pacific displayed sales growth, while other regions declined.

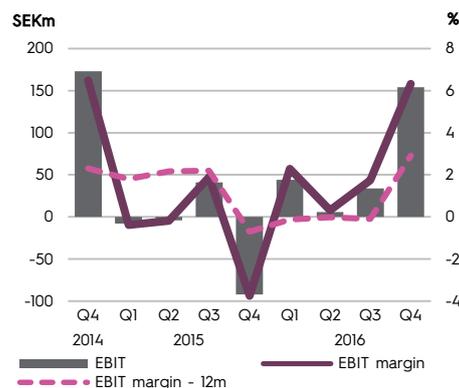
Operating income improved. A positive price/mix trend impacted earnings for the quarter. The program to restore profitability intensified during the quarter and the Eureka brand in the US was divested to Midea Group Co., Ltd, see page 20. The net impact of the divestment was offset by costs related to this program.

As of 2017, the business area has the global responsibility to develop the Electrolux offering around "Healthy wellbeing within your home" and grow the Electrolux presence in floor care, air care and water care. Therefore, the business area's name will be changed to Home Care & Small Domestic Appliances.

Operating income for the fourth quarter of 2015 included charges of SEK 190m for the program to restore profitability.

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	2,438	2,452	8,183	8,958
Organic growth, %	-4.3	-10.1	-8.2	-3.8
Operating income	154	-92	238	-63
Operating margin, %	6.3	-3.8	2.9	-0.7

OPERATING INCOME AND MARGIN



Professional Products

Overall market demand in the fourth quarter for professional food-service and professional laundry equipment improved year-over-year. Demand in Electrolux core markets in Western Europe improved slightly. The US market improved, while demand in emerging markets showed a mixed pattern.

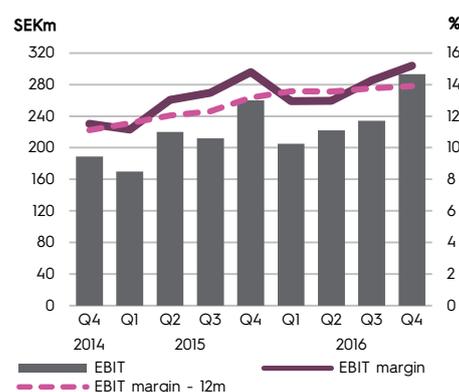
Electrolux organic growth was 7%. Sales of both laundry equipment and food-service equipment increased. Sales grew in several markets and were particularly strong in Western Europe, the US and Japan. A strong product offering in both food-service and laundry equipment contributed to the positive sales trend in most markets.

Operating income and margin continued to improve year-over-year. Higher sales volumes had a positive impact on operating income. Investments in product development to strengthen the positions in new segments and markets continued.

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	1,928	1,758	6,865	6,546
Organic growth, % ¹⁾	7.2	3.4	4.4	2.8
Acquisitions, %	0.1	2.7	0.6	1.2
Operating income	293	260	954	862
Operating margin, %	15.2	14.8	13.9	13.2

¹⁾ The organic growth in the fourth quarter and the full year of 2016 was positively impacted by 1.1% and 1.3%, respectively, related to the transfer of operations under the Kelvinator brand in North America from the business area Major Appliances North America.

OPERATING INCOME AND MARGIN



Cash flow

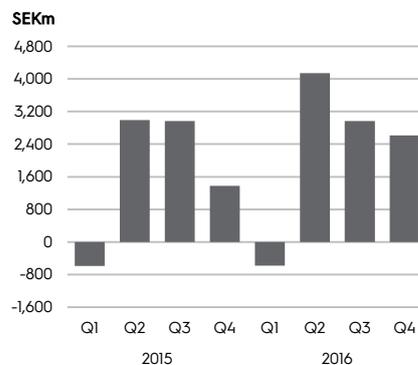
Operating cash flow after investments in the fourth quarter of 2016 improved year-over-year and amounted to SEK 2,614m (1,374). The main contributor to this strong cash flow is the earnings development and the favorable cash flow from operating assets and liabilities.

In the fourth quarter, Electrolux divested the North American vacuum-cleaner brand Eureka and related assets, which had a positive impact of SEK 336m on the cash flow for the quarter.

Operating cash flow after investments for the full year of 2016 also exceeded the level in the preceding year.

Cash flow for the fourth quarter and full year of 2015 was negatively impacted by the termination fee of USD 175m, corresponding to SEK 1,493m, related to the not completed acquisition of GE Appliances.

OPERATING CASH FLOW AFTER INVESTMENTS



SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating income adjusted for non-cash items ¹⁾	2,652	1,001	10,545	7,235
Change in operating assets and liabilities	996	1,102	1,328	2,822
Operating cash flow	3,648	2,103	11,873	10,057
Investments in tangible and intangible assets	-1,277	-1,251	-3,390	-3,640
Changes in other investments	243	522	657	328
Operating cash flow after investments	2,614	1,374	9,140	6,745
Acquisitions and divestments of operations	313	–	176	-91
Operating cash flow after structural changes	2,927	1,374	9,316	6,654
Financial items paid, net ²⁾	-284	-289	-514	-513
Taxes paid	-339	-419	-1,194	-1,277
Cash flow from operations and investments	2,304	666	7,608	4,864
Dividend	–	-2	-1,868	-1,870
Share-based payments	–	–	-57	–
Total cash flow, excluding changes in loans and short-term investments	2,304	664	5,683	2,994

¹⁾ Operating income adjusted for depreciation, amortization and other non-cash items.

²⁾ For the full year 2016. Interests and similar items received SEK 123m (134), interests and similar items paid SEK -345m (-364) and other financial items paid SEK -292m (-283).

Financial position

Net debt

As of December 31, 2016, Electrolux had a net cash position of SEK 3,809m compared with a financial net debt of SEK 1,898m as of December 31, 2015. This is a result of the strong cash flow in 2016.

Net provisions for post-employment benefits declined to SEK 4,169m. In total, net debt declined by SEK 6,047m in the full year of 2016.

Long-term borrowings as of December 31, 2016, including long-term borrowings with maturities within 12 months, amounted to SEK 8,451m with average maturity of 2.7 years, compared to SEK 11,000m and 2.8 years at the end of 2015.

During 2017, long-term borrowings in the amount of approximately SEK 500m will mature.

Liquid funds as of December 31, 2016, amounted to SEK 14,011m, an increase of SEK 2,812m compared to SEK 11,199m as of December 31, 2015.

In December 2016, Electrolux investment-grade rating from Standard & Poor's was upgraded from BBB+ with a stable outlook to A- with a stable outlook.

Net assets and working capital

Average net assets for 2016 amounted to SEK 20,957m (24,848), corresponding to 17.3% (20.1) of annualized net sales. Net assets as of December 31, 2016, amounted to SEK 18,098m (21,412).

Working capital as of December 31, 2016, amounted to SEK -14,966m (-12,234), corresponding to -11.7% (-9.9) of annualized net sales.

Return on net assets was 29.9% (11.0), and return on equity was 29.4% (9.9).

Net debt

SEKm	Dec. 31, 2016	Dec. 31, 2015
Short-term loans	1,074	1,499
Short-term part of long-term loans	499	2,677
Trade receivables with recourse	234	328
Short-term borrowings	1,807	4,504
Financial derivative liabilities	419	215
Accrued interest expenses and prepaid interest income	24	55
Total short-term borrowings	2,250	4,774
Long-term borrowings	7,952	8,323
Total borrowings¹⁾	10,202	13,097
Cash and cash equivalents	12,756	10,696
Short-term investments	905	108
Financial derivative assets	100	141
Prepaid interest expenses and accrued interest income	250	254
Liquid funds²⁾	14,011	11,199
Financial net debt	-3,809	1,898
Net provisions for post-employment benefits	4,169	4,509
Net debt	360	6,407
Net debt/equity ratio	0.02	0.43
Equity	17,738	15,005
Equity per share, SEK	61.72	52.21
Return on equity, %	29.4	9.9
Equity/assets ratio, %	24.7	20.8

¹⁾ Whereof interest-bearing liabilities in the amount of SEK 9,525m as of December 31, 2016, and SEK 12,499m as of December 31, 2015.

²⁾ Electrolux has one unused committed back-up multicurrency revolving credit facility of EUR 1,000m, approximately SEK 9,600m, maturing 2021 with two extension options of one year each and one unused committed credit facility of USD 150m, approximately SEK 1,400m, maturing 2017.

Annual General Meeting 2017

Electrolux Annual General Meeting will be held on March 23, 2017 at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm, Sweden.

Proposed dividend

The Board of Directors proposes a dividend for 2016 of SEK 7.50 (6.50) per share, for a total dividend payment of approximately SEK 2,155m (1,868). The proposed dividend corresponds to approximately 48% (119) of income for the period. The dividend is proposed to be paid in two equal installments, the first with the record date Monday, March 27, 2017, and the second with the record date Wednesday September 27, 2017. The first installment is estimated to be paid on Thursday, March 30, 2017 and the second installment on Monday, October 2, 2017. The proposed payment periods will facilitate a more efficient cash management

Proposal for resolution on acquisition of own shares

Electrolux has previously, on the basis of authorizations by the Annual General Meetings, 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.

The purpose of the proposal is to be able to use repurchased shares on account of potential company acquisitions and the company's share related incentive programs, and to be able to adapt the company's capital structure, thereby contributing to increased shareholder value.

The Board of Directors proposes the Annual General Meeting 2017 to authorize the Board of Directors, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many B shares that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

As of December 31, 2016, Electrolux held 21,522,858 B shares in Electrolux, corresponding to approximately 7.0% of the total number of shares in the company.

Nomination Committee for Electrolux AGM 2017

In accordance with decision by the Annual General Meeting, Electrolux Nomination Committee shall consist 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 members of the Nomination Committee have been appointed based on the ownership structure as of August 31, 2016. Johan Forssell, Investor AB, is the Chairman of the committee. The other owner representatives are Marianne Nilsson, Swedbank Robur funds, Kaj Thorén, Alecta, and John Hernander, Nordea Investment Funds. The committee also includes Ronnie Leten and Fredrik Persson, Chairman and Director, respectively, of Electrolux.

The Nomination Committee will prepare proposals for the Annual General Meeting in 2017 regarding Chairman of the Board, remuneration for Board members and, to the extent deemed necessary, proposal regarding amendments of the current instruction for the Nomination Committee.

Shareholders who wish to submit proposals to the Nomination Committee should send an email to nominationcommittee@electrolux.com

Other items

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, 2016, the Group had a total of 3,233 (3,259) cases pending, representing approximately 3,296 (approximately 3,326) plaintiffs. During the fourth quarter of 2016, 281 new cases with 281 plaintiffs were filed and 299 pending cases with approximately 299 plaintiffs were resolved.

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.

Risks and uncertainty factors

As an international group with a wide geographic spread, Electrolux is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity, the giving of credit and financial instruments.

Risk management in Electrolux aims to identify, control and reduce risks. This work begins with the description of

risks and risk management, see the 2015 Annual Report on page 70. No significant risks other than the risks described there are judged to have occurred.

Risks, risk management and risk exposure are described in more detail in the 2015 Annual Report, www.electrolux.com/annualreport2015

Press releases 2016

January 5	Electrolux remains in the forefront of connected appliances	June 28	Electrolux acquires wine cabinet company in Asia Pacific
January 11	Keith McLoughlin to retire from Electrolux and will be succeeded by Jonas Samuelson as President and CEO	July 20	Electrolux interim report January-June 2016 and CEO Jonas Samuelson's comments
January 20	Electrolux tops industry for the 5th year in global sustainability ranking	August 15	Electrolux ideas Lab: Let's bring healthy home-cooked food to every dinner table
January 22	Tomas Eliasson, Chief Financial Officer of AB Electrolux, has decided to resign	September 1	Electrolux unveils new look and product ranges for AEG brand
January 28	Consolidated Results 2015 and CEO Keith McLoughlin's comments	September 9	Electrolux celebrates 10 consecutive years as industry leader in sustainability
January 28	New heads of Major Appliances EMEA and Major Appliances North America	September 12	Electrolux takes action on sustainability and food, supporting UN Global Goals
February 15	Changes to the Board of AB Electrolux	September 19	Management change in AB Electrolux Ruy Hirschheimer, Head of Major Appliances Latin America, has decided to resign
February 23	Management changes in AB Electrolux, new Group CFO and new Head of Small Appliances	September 21	Nomination Committee appointed for Electrolux Annual General Meeting 2017
February 24	Electrolux Capital Markets Day 2016	October 28	Electrolux interim report January-September 2016 and CEO Jonas Samuelson's comments
February 26	Notice convening the AGM of AB Electrolux	November 10	Electrolux to acquire leading water-heater company in South Africa
March 2	Electrolux Annual Report 2015 is published	November 28	Management change in AB Electrolux. Cecilia Vieweg, General Counsel, has decided to retire
March 21	Electrolux presents initiative For the Better in 2015 Sustainability Report	December 2	Electrolux to divest the Eureka brand in North America
April 7	Bulletin from Electrolux AGM 2016	December 9	Electrolux expectations for 2017
April 11	Electrolux unveils blast chiller for households and other innovations in taste at Eurocucina 2016	December 12	Electrolux appoints JP Iversen as CIO
April 28	Electrolux interim report January-March 2016 and CEO Jonas Samuelson's comments		

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 the full year of 2016 amounted to SEK 33,954m (33,179) of which SEK 27,545m (26,775) referred to sales to Group companies and SEK 6,409m (6,404) to external customers. Income after financial items was SEK 2,113m (2,139), including dividends from subsidiaries in the amount of SEK 3,511m (3,346). Income for the period amounted to SEK 4,384m (2,398).

Capital expenditure in tangible and intangible assets was SEK 427m (471). Liquid funds at the end of the period amounted to SEK 9,167m, as against SEK 7,346m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 15,582m, as against SEK 13,176m at the start of the year. Dividend payment to shareholders for 2015 amounted to SEK 1,868m.

The income statement and balance sheet for the Parent Company are presented on page 19.

Stockholm, February 1, 2017

AB Electrolux (publ)
556009-4178
Board of Directors

Consolidated income statement

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	32,144	31,794	121,093	123,511
Cost of goods sold	-25,588	-25,363	-95,820	-99,913
Gross operating income	6,556	6,431	25,273	23,598
Selling expenses	-3,586	-3,349	-13,208	-12,719
Administrative expenses	-1,592	-1,565	-5,812	-6,019
Other operating income/expenses	238	-1,719	21	-2,119
Operating income	1,616	-202	6,274	2,741
Margin, %	5.0	-0.6	5.2	2.2
Financial items, net	-371	-323	-693	-640
Income after financial items	1,245	-525	5,581	2,101
Margin, %	3.9	-1.7	4.6	1.7
Taxes	27	132	-1,088	-533
Income for the period	1,272	-393	4,493	1,568
Items that will not be reclassified to income for the period:				
Remeasurement of provisions for post-employment benefits	1,600	283	-236	343
Income tax relating to items that will not be reclassified	-452	-118	44	-114
	1,148	165	-192	229
Items that may be reclassified subsequently to income for the period:				
Available-for-sale instruments	61	-20	43	-39
Cash flow hedges	-54	-62	-82	-28
Exchange-rate differences on translation of foreign operations	-470	-604	328	-1,454
Income tax relating to items that may be reclassified	3	16	-20	29
	-460	-670	269	-1,492
Other comprehensive income, net of tax	688	-505	77	-1,263
Total comprehensive income for the period	1,960	-898	4,570	305
Income for the period attributable to:				
Equity holders of the Parent Company	1,273	-394	4,494	1,566
Non-controlling interests	-1	1	-1	2
Total	1,272	-393	4,493	1,568
Total comprehensive income for the period attributable to:				
Equity holders of the Parent Company	1,960	-895	4,570	307
Non-controlling interests	0	-3	0	-2
Total	1,960	-898	4,570	305
Earnings per share				
Basic, SEK	4.43	-1.38	15.64	5.45
Diluted, SEK	4.40	-1.37	15.55	5.42
Average number of shares¹⁾				
Basic, million	287.4	287.4	287.4	287.1
Diluted, million	289.2	289.1	289.0	288.9

¹⁾ Average number of shares excluding shares held by Electrolux.

Consolidated balance sheet

SEKm	Dec. 31, 2016	Dec. 31, 2015
Assets		
Property, plant and equipment	18,725	18,450
Goodwill	4,742	5,200
Other intangible assets	3,112	3,401
Investments in associates	210	209
Deferred tax assets	6,168	5,889
Financial assets	287	284
Pension plan assets	345	397
Other non-current assets	400	858
Total non-current assets	33,989	34,688
Inventories	13,418	14,179
Trade receivables	19,408	17,745
Tax assets	701	730
Derivatives	103	149
Other current assets	4,568	5,176
Short-term investments	905	108
Cash and cash equivalents	12,756	10,696
Total current assets	51,859	48,783
Total assets	85,848	83,471
Equity and liabilities		
Equity attributable to equity holders of the Parent Company		
Share capital	1,545	1,545
Other paid-in capital	2,905	2,905
Other reserves	-1,471	-1,739
Retained earnings	14,729	12,264
Equity attributable to equity holders of the Parent Company	17,708	14,975
Non-controlling interests	30	30
Total equity	17,738	15,005
Long-term borrowings	7,952	8,323
Deferred tax liabilities	580	645
Provisions for post-employment benefits	4,514	4,906
Other provisions	5,792	5,649
Total non-current liabilities	18,838	19,523
Accounts payable	28,283	26,467
Tax liabilities	771	813
Other liabilities	15,727	14,529
Short-term borrowings	1,807	4,504
Derivatives	432	222
Other provisions	2,252	2,408
Total current liabilities	49,272	48,943
Total equity and liabilities	85,848	83,471

Change in consolidated equity

SEKm	Full year 2016	Full year, 2015
Opening balance	15,005	16,468
Total comprehensive income for the period	4,570	305
Share-based payments	31	102
Dividend to equity holders of the Parent Company	-1,868	-1,868
Dividend to non-controlling interests	0	-2
Total transactions with equity holders	-1,837	-1,768
Closing balance	17,738	15,005

Consolidated cash flow statement

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operations				
Operating income	1,616	-202	6,274	2,741
Depreciation and amortization	1,045	980	3,934	3,936
Other non-cash items	-9	223	337	558
Financial items paid, net ¹⁾	-284	-289	-514	-513
Taxes paid	-339	-419	-1,194	-1,277
Cash flow from operations, excluding change in operating assets and liabilities	2,029	293	8,837	5,445
Change in operating assets and liabilities				
Change in inventories	1,824	1,382	1,493	-306
Change in trade receivables	-703	128	-467	1,672
Change in accounts payable	249	-242	72	1,798
Change in other operating assets, liabilities and provisions	-374	-166	230	-342
Cash flow from change in operating assets and liabilities	996	1,102	1,328	2,822
Cash flow from operations	3,025	1,395	10,165	8,267
Investments				
Acquisition of operations	-23	–	-160	-91
Divestment of operations	336	–	336	–
Capital expenditure in property, plant and equipment	-1,071	-1,082	-2,830	-3,027
Capital expenditure in product development	-87	-112	-274	-359
Capital expenditure in software	-119	-57	-286	-254
Other	243	522	657	328
Cash flow from investments	-721	-729	-2,557	-3,403
Cash flow from operations and investments	2,304	666	7,608	4,864
Financing				
Change in short-term investments	-904	–	-799	-9
Change in short-term borrowings	346	-270	-31	84
New long-term borrowings	–	–	–	1,447
Amortization of long-term borrowings	-5	-4	-2,669	-2,632
Dividend	–	-2	-1,868	-1,870
Share-based payments	–	–	-57	–
Cash flow from financing	-563	-276	-5,424	-2,980
Total cash flow	1,741	390	2,184	1,884
Cash and cash equivalents at beginning of period	11,236	10,414	10,696	9,107
Exchange-rate differences referring to cash and cash equivalents	-221	-108	-124	-295
Cash and cash equivalents at end of period	12,756	10,696	12,756	10,696

¹⁾ For the full year 2016. Interests and similar items received SEK 123m (134), interests and similar items paid SEK -345m (-364) and other financial items paid SEK -292m (-283).

Key ratios

SEKm unless otherwise stated	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	32,144	31,794	121,093	123,511
Organic growth, %	-3.0	0.2	-1.1	2.2
Operating income	1,616	-202	6,274	2,741
Margin, %	5.0	-0.6	5.2	2.2
Income after financial items	1,245	-525	5,581	2,101
Income for the period	1,272	-393	4,493	1,568
Capital expenditure, property, plant and equipment	-1,071	-1,082	-2,830	-3,027
Operating cash flow after investments	2,614	1,374	9,140	6,745
Earnings per share, SEK ¹⁾	4.43	-1.38	15.64	5.45
Equity per share, SEK	61.72	52.21	61.72	52.21
Capital-turnover rate, times/year	–	–	5.8	5.0
Return on net assets, %	–	–	29.9	11.0
Return on equity, %	–	–	29.4	9.9
Net debt	360	6,407	360	6,407
Net debt/equity ratio	0.02	0.43	0.02	0.43
Average number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4	287.1
Average number of employees	54,779	58,440	55,400	58,265

¹⁾ Basic, based on average number of shares excluding shares held by Electrolux.
For definitions, see page 23.

Shares

Number of shares	A-shares	B-shares	Shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2016	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
Number of shares as of December 31, 2016	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
As % of total number of shares				7.0%	

Exchange rates

SEK	Dec. 31, 2016		Dec. 31, 2015	
	Average	End of period	Average	End of period
Exchange rate				
ARS	0.5813	0.5717	0.9059	0.6481
AUD	6.36	6.54	6.31	6.13
BRL	2.48	2.78	2.57	2.15
CAD	6.46	6.73	6.57	6.06
CHF	8.67	8.90	8.71	8.50
CLP	0.0127	0.0135	0.0129	0.0119
CNY	1.29	1.31	1.34	1.30
EUR	9.45	9.55	9.35	9.19
GBP	11.60	11.16	12.84	12.45
HUF	0.0303	0.0308	0.0302	0.0293
MXN	0.4605	0.4388	0.5298	0.4865
RUB	0.1288	0.1486	0.1375	0.1152
THB	0.2431	0.2532	0.2454	0.2336
USD	8.58	9.06	8.40	8.41

Net sales by business area

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Major Appliances Europe, Middle East and Africa	10,367	10,332	37,844	37,179
Major Appliances North America	10,826	10,413	43,402	43,053
Major Appliances Latin America	4,149	4,619	15,419	18,546
Major Appliances Asia/Pacific	2,436	2,220	9,380	9,229
Small Appliances	2,438	2,452	8,183	8,958
Professional Products	1,928	1,758	6,865	6,546
Total	32,144	31,794	121,093	123,511

Change in net sales by business area

Year-over-year, %	Q4 2016	Q4 2016 i In local currencies	Full year 2016	Full year 2016 in local currencies
Major Appliances Europe, Middle East and Africa	0.3	0.3	1.8	3.5
Major Appliances North America	4.0	-2.0	0.8	-0.9
Major Appliances Latin America	-10.2	-17.7	-16.9	-10.8
Major Appliances Asia/Pacific	9.7	3.2	1.6	1.8
Small Appliances	-0.6	-4.3	-8.7	-8.2
Professional Products	9.7	7.3	4.9	5.0
Total change	1.1	-2.8	-2.0	-1.0

Operating income by business area

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Major Appliances Europe, Middle East and Africa	746	765	2,546	2,167
Margin, %	7.2	7.4	6.7	5.8
Major Appliances North America	610	493	2,671	1,580
Margin, %	5.6	4.7	6.2	3.7
Major Appliances Latin America	-187	69	-68	463
Margin, %	-4.5	1.5	-0.4	2.5
Major Appliances Asia/Pacific	173	123	626	364
Margin, %	7.1	5.5	6.7	3.9
Small Appliances	154	-92	238	-63
Margin, %	6.3	-3.8	2.9	-0.7
Professional Products	293	260	954	862
Margin, %	15.2	14.8	13.9	13.2
Common Group costs, etc.	-173	-1,820	-693	-2,632
Operating income	1,616	-202	6,274	2,741
Margin, %	5.0	-0.6	5.2	2.2

Change in operating income by business area

Year-over-year, %	Q4 2016	Q4 2016 i in local currencies	Full year 2016	Full year 2016 in local currencies
Major Appliances Europe, Middle East and Africa	-2.5	-0.4	17.5	19.8
Major Appliances North America	23.7	17.5	69.1	69.1
Major Appliances Latin America	-371.0	-923.1	-114.7	-120.2
Major Appliances Asia/Pacific	40.7	22.0	72.0	66.6
Small Appliances	267.4	277.9	477.8	426.1
Professional Products	12.7	11.3	10.7	11.4
Total change	900.0	635.0	128.9	146.8

Working capital and net assets

SEKm	Dec. 31, 2016	% of annualized net sales	Dec. 31, 2015	% of annualized net sales
Inventories	13,418	10.5	14,179	11.5
Trade receivables	19,408	15.2	17,745	14.3
Accounts payable	-28,283	-22.2	-26,467	-21.4
Provisions	-8,044		-8,057	
Prepaid and accrued income and expenses	-10,732		-9,406	
Taxes and other assets and liabilities	-733		-228	
Working capital	-14,966	-11.7	-12,234	-9.9
Property, plant and equipment	18,725		18,450	
Goodwill	4,742		5,200	
Other non-current assets	4,009		4,752	
Deferred tax assets and liabilities	5,588		5,244	
Net assets	18,098	14.2	21,412	17.3
Annualized net sales, calculated at end of period exchange rates	127,490		123,772	
Average net assets	20,957	17.3	24,848	20.1
Annualized net sales, calculated at average exchange rates	121,093		123,511	

Net assets by business area

SEKm	Assets		Equity and liabilities		Net assets	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Major Appliances Europe, Middle East and Africa	21,573	21,746	20,713	19,326	860	2,420
Major Appliances North America	15,163	16,601	12,463	11,747	2,700	4,854
Major Appliances Latin America	12,364	11,692	6,148	5,893	6,216	5,799
Major Appliances Asia/Pacific	5,688	5,422	3,846	3,822	1,842	1,600
Small Appliances	4,181	4,551	3,385	3,251	796	1,300
Professional Products	3,399	3,070	2,556	2,188	843	882
Other ¹⁾	9,124	8,793	4,283	4,236	4,841	4,557
Total operating assets and liabilities	71,492	71,875	53,394	50,463	18,098	21,412
Liquid funds	14,011	11,199	–	–	–	–
Total borrowings	–	–	10,202	13,097	–	–
Pension assets and liabilities	345	397	4,514	4,906	–	–
Equity	–	–	17,738	15,005	–	–
Total	85,848	83,471	85,848	83,471	–	–

¹⁾ Includes common functions and tax items.

Net sales and income per quarter

SEKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Net sales	28,114	29,983	30,852	32,144	121,093	29,087	31,355	31,275	31,794	123,511
Operating income	1,268	1,564	1,826	1,616	6,274	516	921	1,506	-202	2,741
Margin, %	4.5	5.2	5.9	5.0	5.2	1.8	2.9	4.8	-0.6	2.2
Income after financial items	1,163	1,448	1,725	1,245	5,581	450	815	1,361	-525	2,101
Income for the period	875	1,079	1,267	1,272	4,493	339	608	1,014	-393	1,568
Earnings per share, SEK ¹⁾	3.04	3.75	4.41	4.43	15.64	1.18	2.12	3.53	-1.38	5.45
Number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4	287.4	287.4	287.4	287.4	287.4	287.4	287.4
Average number of shares excluding shares owned by Electrolux, million	287.4	287.4	287.4	287.4	287.4	286.6	287.4	287.4	287.4	287.1

¹⁾ Basic, based on average number of shares excluding shares held by Electrolux.

Net sales and operating income by business area

SEKm	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Full year 2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full year 2015
Major Appliances Europe, Middle East and Africa										
Net sales	9,001	8,897	9,579	10,367	37,844	8,608	8,699	9,540	10,332	37,179
Operating income	553	567	680	746	2,546	371	426	605	765	2,167
Margin, %	6.1	6.4	7.1	7.2	6.7	4.3	4.9	6.3	7.4	5.8
Major Appliances North America										
Net sales	9,937	11,450	11,189	10,826	43,402	9,313	11,717	11,610	10,413	43,053
Operating income	495	742	824	610	2,671	-57	401	743	493	1,580
Margin, %	5.0	6.5	7.4	5.6	6.2	-0.6	3.4	6.4	4.7	3.7
Major Appliances Latin America										
Net sales	3,643	3,659	3,968	4,149	15,419	5,261	4,476	4,190	4,619	18,546
Operating income	31	69	19	-187	-68	177	107	110	69	463
Margin, %	0.9	1.9	0.5	-4.5	-0.4	3.4	2.4	2.6	1.5	2.5
Major Appliances Asia/Pacific										
Net sales	2,022	2,407	2,515	2,436	9,380	2,241	2,576	2,192	2,220	9,229
Operating income	95	150	208	173	626	52	135	54	123	364
Margin, %	4.7	6.2	8.3	7.1	6.7	2.3	5.2	2.5	5.5	3.9
Small Appliances										
Net sales	1,927	1,858	1,960	2,438	8,183	2,139	2,198	2,169	2,452	8,958
Operating income	44	6	34	154	238	-8	-4	41	-92	-63
Margin, %	2.3	0.3	1.7	6.3	2.9	-0.4	-0.2	1.9	-3.8	-0.7
Professional Products										
Net sales	1,584	1,712	1,641	1,928	6,865	1,525	1,689	1,574	1,758	6,546
Operating income	205	222	234	293	954	170	220	212	260	862
Margin, %	12.9	13.0	14.3	15.2	13.9	11.1	13.0	13.5	14.8	13.2
Other										
Operating income, Common Group costs, etc.	-155	-192	-173	-173	-693	-189	-364	-259	-1,820	-2,632
Total Group										
Net sales	28,114	29,983	30,852	32,144	121,093	29,087	31,355	31,275	31,794	123,511
Operating income	1,268	1,564	1,826	1,616	6,274	516	921	1,506	-202	2,741
Margin, %	4.5	5.2	5.9	5.0	5.2	1.8	2.9	4.8	-0.6	2.2

Parent Company income statement

SEKm	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net sales	9,540	9,324	33,954	33,179
Cost of goods sold	-7,741	-7,873	-27,939	-28,005
Gross operating income	1,799	1,451	6,015	5,174
Selling expenses	-980	-1,059	-3,763	-3,855
Administrative expenses	-517	-761	-1,711	-1,789
Other operating income	-1	0	0	0
Other operating expenses	-2,377	-237	-2,379	-519
Operating income	-2,076	-606	-1,838	-989
Financial income	1,620	348	4,037	3,830
Financial expenses	-55	-258	-86	-702
Financial items, net	1,565	90	3,951	3,128
Income after financial items	-511	-516	2,113	2,139
Appropriations	3,117	-20	3,298	156
Income before taxes	2,606	-536	5,411	2,295
Taxes	-774	144	-1,027	103
Income for the period	1,832	-392	4,384	2,398

Parent Company balance sheet

SEKm	Dec. 31 2016	Dec. 31, 2015
Assets		
Non-current assets	34,019	35,214
Current assets	25,823	24,559
Total assets	59,842	59,773
Equity and liabilities		
Restricted equity	4,788	4,562
Non-restricted equity	15,582	13,176
Total equity	20,370	17,738
Untaxed reserves	396	450
Provisions	1,406	1,446
Non-current liabilities	7,561	7,843
Current liabilities	30,109	32,296
Total equity and liabilities	59,842	59,773

Notes

Note 1 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 ÅRL, the Swedish Annual Accounts Act and recommendation RFR 2, Accounting for legal entities, issued by the Swedish Financial Reporting Board. 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 2015 Annual Report.

Note 2 Fair values and carrying amounts of financial assets and liabilities

SEKm	Dec. 31, 2016		Dec. 31, 2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Per category				
Financial assets at fair value through profit and loss	6,640	6,640	3,637	3,637
Available for sale	123	123	137	137
Loans and receivables	20,777	20,777	18,759	18,759
Cash	5,920	5,920	6,448	6,448
Total financial assets	33,460	33,460	28,981	28,981
Financial liabilities at fair value through profit and loss	432	432	220	220
Financial liabilities measured at amortized cost	37,927	37,808	39,150	38,965
Total financial liabilities	38,359	38,240	39,370	39,185

The Group strives for arranging master-netting agreements (ISDA) with the counterparties for derivative transactions and has established such agreements with the majority of the counterparties, i.e., if a counterparty will default, assets and liabilities will be netted. Derivatives are presented gross in the balance sheet.

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g., the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into SEK. For instruments where no reliable price is available on the market, cash-flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash-flow schedule is available, e.g., as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes.

To the extent option instruments are used, the valuation is based on the Black & Scholes' formula. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting

the future contractual cash flows at the current market-interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities are measured according to the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities. At December 31, 2016, the fair value for Level 1 financial assets was SEK 6,660m (3,626) and for financial liabilities SEK 0m (0).

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities either directly or indirectly. At December 31, 2016, the fair value of Level 2 financial assets was SEK 103m (148) and financial liabilities SEK 432m (220).

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data. Electrolux has no financial assets or liabilities qualifying for Level 3.

Note 3 Pledged assets and contingent liabilities

SEKm	Dec. 31, 2016	Dec. 31, 2015
Group		
Pledged assets	6	27
Contingent liabilities	1,311	1,312
Parent Company		
Pledged assets	—	—
Contingent liabilities	1,611	1,615

Note 4 Divested operations

In December, Electrolux divested the North American vacuum-cleaner brand Eureka and related assets, which had a positive impact on cash flow of SEK 336m. The positive impact on operating income was SEK 107m.

Operations by business area yearly

SEKm	2012 ¹⁾	2013	2014	2015	2016
Major Appliances Europe, Middle East and Africa					
Net sales	34,278	33,436	34,438	37,179	37,844
Operating income	178	-481	232	2,167	2,546
Margin, %	0.5	-1.4	0.7	5.8	6.7
Major Appliances North America					
Net sales	30,684	31,864	34,141	43,053	43,402
Operating income	1,347	2,136	1,714	1,580	2,671
Margin, %	4.4	6.7	5.0	3.7	6.2
Major Appliances Latin America					
Net sales	22,044	20,695	20,041	18,546	15,419
Operating income	1,590	979	1,069	463	-68
Margin, %	7.2	4.7	5.3	2.5	-0.4
Major Appliances Asia/Pacific					
Net sales	8,405	8,653	8,803	9,229	9,380
Operating income	746	116	438	364	626
Margin, %	8.9	1.3	5.0	3.9	6.7
Small Appliances					
Net sales	9,011	8,952	8,678	8,958	8,183
Operating income	461	309	200	-63	238
Margin, %	5.1	3.5	2.3	-0.7	2.9
Professional Products					
Net sales	5,571	5,550	6,041	6,546	6,865
Operating income	588	510	671	862	954
Margin, %	10.6	9.2	11.1	13.2	13.9
Other					
Net sales	1	1	1	-	-
Operating income, common Group costs, etc.	-910	-1,989	-743	-2,632	-693
Total Group					
Net sales	109,994	109,151	112,143	123,511	121,093
Operating income	4,000	1,580	3,581	2,741	6,274
Margin, %	3.6	1.4	3.2	2.2	5.2

¹⁾ Electrolux applies the amended standard for pension accounting, IAS 19 Employee Benefits, as of January 1, 2013. Reported figures for 2012 have been restated to enable comparison. Reported figures for previous years have not been restated.

Material profit or loss items in operating income ¹⁾	2012	2013	2014	2015	2016
Major Appliances Europe, Middle East and Africa	-927	-828	-1,212	-	-
Major Appliances North America	-105	-	-39 ²⁾	-158 ²⁾	-
Major Appliances Latin America	-	-	-10	-	-
Major Appliances Asia/Pacific	-	-351	-10	-	-
Small Appliances	-	-82	-	-190	-
Professional Products	-	-	-	-	-
Common Group cost	-	-1,214	-77 ²⁾	-1,901 ²⁾	-
Total Group	-1,032	-2,475	-1,348	-2,249	-

¹⁾ For more information, see Note 7 in the 2015 Annual Report.

²⁾ Refers to costs related to the not completed acquisition of GE Appliances. Costs for preparatory integration work of SEK 39m for 2014 and SEK 158m for 2015 have been charged to operating income for Major Appliances North America. Common Group cost includes transaction costs of SEK 110m for 2014 and SEK 408m for 2015 and a termination fee paid to General Electric in December 2015 of USD 175m, corresponding to SEK 1,493m. In total, costs of SEK 2,059m related to GE Appliances were charged to operating income in 2015 of which SEK 63m in the first quarter, SEK 195m in the second quarter, SEK 142m in the third quarter and SEK 1,659m in the fourth quarter.

Five-year review

SEKm unless otherwise stated	2012 ¹⁾	2013	2014	2015	2016
Net sales	109,994	109,151	112,143	123,511	121,093
Organic growth, %	5.5	4.5	1.1	2.2	-1.1
Operating income	4,000	1,580	3,581	2,741	6,274
Margin, %	3.6	1.4	3.2	2.2	5.2
Income after financial items	3,154	904	2,997	2,101	5,581
Income for the period	2,365	672	2,242	1,568	4,493
Material profit or loss items in operating income ²⁾	-1,032	-2,475	-1,348	-2,249	—
Capital expenditure, property, plant and equipment	4,090	-3,535	-3,006	-3,027	-2,830
Operating cash flow after investments	5,273	2,412	6,631	6,745	9,140
Earnings per share, SEK	8.26	2.35	7.83	5.45	15.64
Equity per share, SEK	54.96	49.99	57.52	52.21	61.72
Dividend per share, SEK	6.50	6.50	6.50	6.50	7.50 ³⁾
Capital-turnover rate, times/year	4.1	4.0	4.5	5.0	5.8
Return on net assets, %	14.8	5.8	14.2	11.0	29.9
Return on equity, %	14.4	4.4	15.7	9.9	29.4
Net debt	10,164	10,653	9,631	6,407	360
Net debt/equity ratio	0.65	0.74	0.58	0.43	0.02
Average number of shares excluding shares owned by Electrolux, million	285.9	286.2	286.3	287.1	287.4
Average number of employees	59,478	60,754	60,038	58,265	55,400

¹⁾ Electrolux applies the amended standard for pension accounting, IAS 19 Employee Benefits, as of January 1, 2013. Reported figures for 2012 have been restated to enable comparison. Reported figures for previous years have not been restated.

²⁾ For more information, see table on page 21 and Note 7 in the 2015 Annual Report.

³⁾ Proposed by the Board.

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.

Financial goals

- Operating margin of >6%
- Capital turnover-rate >4 times
- Return on net assets >20%
- Average annual growth >4%

Definitions

This report includes financial measures as required by the financial reporting framework applicable to Electrolux, which is based on IFRS. In addition, there are other measures and indicators that are used to follow-up, analyze and manage the business and to provide Electrolux stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. These other measures and indicators are considered essential in supporting the Group's financial goals to achieve a combination of continuous growth, high profitability, a stable cash flow, and an optimal capital base to generate a high total return for Electrolux shareholders. Thus, there are measures related to growth, profitability and capital, share-based measures and capital indicators which are considered relevant to present on a continuous basis. Below is a list of definitions of all measures and indicators used, referred to and presented in this report.

Computation of average amounts and annualized income statement measures

In computation of key ratios where averages of capital balances are related to income statement measures, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, and the income statement measures are annualized, translated at average rates for the period. In computation of key ratios where end-of-period capital balances are related to income statement measures, the latter are annualized, translated at end-of-period exchange rates. Adjustments are made for acquired and divested operations

Growth measures

Change in net sales

Current year net sales for the period less previous year net sales for the period as a percentage of previous year net sales for the period.

Organic growth

Change in net sales, adjusted for acquisitions, divestments and changes in exchange rates.

Acquired growth

Change in net sales less organic growth. Acquired growth relates to net sales reported by acquired operations within 12 months after the acquisition date.

Profitability measures

Operating margin (EBIT margin)

Operating income (EBIT) expressed as a percentage of net sales.

Return on net assets

Operating income (annualized) expressed as a percentage of average net assets.

Return on equity

Income for the period (annualized) expressed as a percentage of average total equity.

Capital measures

Net debt/equity ratio

Net debt in relation to total equity.

Equity/assets ratio

Total equity as a percentage of total assets less liquid funds.

Capital turnover-rate

Net sales (annualized) divided by average net assets.

Share-based measures

Earnings per share

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.

Equity per share

Total equity divided by total number of shares excluding shares held by Electrolux.

Capital indicators

Liquid funds

Cash and cash equivalents, short-term investments, financial derivative assets¹⁾ and prepaid interest expenses and accrued interest income¹⁾.

Working capital

Total current assets exclusive of liquid funds, less non-current other provisions and total current liabilities exclusive of total short-term borrowings.

Net assets

Total assets exclusive of liquid funds and pension plan assets, less deferred tax liabilities, non-current other provisions and total current liabilities exclusive of total short-term borrowings.

Total borrowings

Long-term borrowings and short-term borrowings, financial derivative liabilities¹⁾, accrued interest expenses and prepaid interest income¹⁾.

Total short-term borrowings

Short-term borrowings, financial derivative liabilities¹⁾, accrued interest expenses and prepaid interest income¹⁾.

Interest-bearing liabilities

Long-term borrowings and short-term borrowings exclusive of liabilities related to trade receivables with recourse¹⁾.

Financial net debt

Total borrowings less liquid funds.

Net provision for post-employment benefits

Provisions for post-employment benefits less pension plan assets.

Net debt

Financial net debt and net provision for post-employment benefits.

Other measures

Operating cash flow after investments

Cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations.

¹⁾ See table Net debt on page 8.

Shareholders' information

President and CEO Jonas Samuelson's comments on the fourth quarter results 2016

Today's press release is available on the Electrolux website www.electroluxgroup.com/ir

Telephone conference 09.00 CET

A telephone conference is held at 09.00 CET today, February 1. The conference will be chaired by Jonas Samuelson, President and CEO of Electrolux. Mr. Samuelson will be accompanied by Anna Ohlsson-Leijon, CFO.

Details for participation by telephone are as follows:
Participants in Sweden should call +46 8 505 564 74
Participants in UK/Europe should call +44 203 364 5374
Participants in US should call +1 855 753 2230

Slide presentation for download:
www.electroluxgroup.com/ir

Link to webcast:
www.electroluxgroup.com/q4-2016

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Calendar 2017

Annual Report	week 9
Annual General Meeting	March 23
Interim report January - March	April 28
Interim report January - June	July 19
Interim report January - September	October 27

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