

UPDATE 1-Electrolux turns to emerging markets after GE bid collapse

<http://in.reuters.com/article/electrolux-outlook-idINL8N1631H3>

STOCKHOLM, Feb 24 Appliance maker Electrolux will focus on acquisitions in emerging markets and its lucrative professionals business after its failed bid for GE Appliances, the Swedish firm's new CEO said on Wednesday.

Facing opposition from U.S. authorities, GE pulled the plug on the \$3.3 billion deal in December, ending Electrolux's plans to double its U.S. sales with the acquisition and leaving it casting about for growth elsewhere.

Jonas Samuelson, just weeks into the CEO job after his predecessor stepped down when the GE deal collapsed, said Electrolux would look to boost its presence in emerging markets with an eye to their long-term growth potential.

Electrolux's professionals business, which serves restaurants and laundries and has margins far above the company, average while accounting for just over 5 percent of sales, was also an area to bolster through acquisitions, he said.

"That is top of our list both in the short and medium term," Samuelson told reporters on the sidelines of his first presentation to investors and analysts as chief executive.

"We have a very, very strong balance sheet ... that gives us a pretty big gun when it comes to acquisitions."

Samuelson is the former head of the company's Europe, Middle East and Africa division, where he moved the company up market, made production leaner and trimmed costs, all helping to boost profitability in the region.

Electrolux is keen to expand in parts of Latin America and in Asian countries such as India, and Samuelson said the slide in financial markets across many emerging markets was working in its favour.

"Clearly, the valuations have come down a lot because the mindsets of sellers are pretty much determined by the stock market development. Also, several of these currencies have fallen quite a lot," he said.

Samuelson said potential acquisitions in the professional division were pricey, reflecting their higher margins relative to mass-market home appliances, but he said growth would not come at the expense of profitability.

Electrolux, battling for market leadership with the likes of U.S. rival Whirlpool, said it expected the home appliance market to grow by 2 percent to 3 percent in Western Europe and 3 percent to 4 percent in North America, unchanged from the outlook it gave in January. It also said lower commodity prices would cut its raw materials costs this year, the bulk of which are steel and plastics, by 750 million crowns (\$88 million). It had previously forecast a 550 million crown cut.