

## **PDATE 2-Electrolux sees slower demand after cost cuts boost Q3 profit**

<http://in.reuters.com/article/electrolux-results-idINL8N1CY1IW>

- \* Cuts 2016 North America market demand outlook
- \* N America demand seen up 3-4 pctvs 4-5 pct previously
- \* Sees European demand at lower end of forecast range
- \* Q3 op profit SEK 1.83 blnvs consensus 1.73 bln (Adds CEO comments, detail, share price)

By Niklas Pollard and Johannes Hellstrom

STOCKHOLM, Oct 28 Electrolux lowered its North American demand outlook on Friday and tempered its view on Europe after beating third-quarter profit expectations helped by cost cuts and a tighter focus on higher margin appliances.

The maker of Electrolux, Frigidaire, AEG and other household appliance brands followed U.S. rival Whirlpool in cutting its North American demand growth outlook this year to 3-4 percent from 4-5 percent.

The company stuck to a forecast for 2-4 percent growth in Europe but said signs of weakness in markets such as Britain, which voted in June to leave the European Union, meant growth was likely to come in at the lower end of the range.

"We expect the stable growth trend in Western Europe to continue in most markets, but with the Brexit vote uncertainty impacting," CEO Jonas Samuelson said in a conference call.

Electrolux, which also competes with Asian firms such as LG Electronics and Haier Group, has benefited from decent overall demand in Europe this year while U.S. sales have been choppy in recent months.

The Swedish company, whose shares were up 0.6 percent by 0804 GMT, said operating earnings rose to 1.83 billion crowns (\$201.7 million) from 1.51 billion, beating the 1.73 billion expected by analysts polled by Reuters.

A stronger product mix, reflecting its focus of primarily driving sales of its most profitable product ranges, and cost trimming helped lift its operating margin to 7.1 percent, the highest level for a single quarter since 2010.

Whirlpool shares tumbled this week on a weaker-than-expected outlook and after it said it was suffering from discounting, particularly for washing machines, and softer demand in the United States.

Electrolux said like-for-like sales in its North American home appliances business fell 4.6 percent in the third quarter driven by lower private label sales, where appliances are sold under the labels of major retailers.

The company, which has focused squarely on turning its back on weak profitability in its North American business, said sales volumes of core appliances under its own brands there grew but, like Whirlpool, it flagged price pressure in the market.

"We don't see a specific distinction between categories in terms of price pressure, I think it is relatively across the board as far as we can see," Samuelson said.

"And it is not necessarily more intense going forward than it has been."

(\$1 = 9.0726 Swedish crowns) (editing by Jason Neely and Alistair Scrutton)