

Electrolux

REPORTS OF THE DIRECTORS AND AUDITORS FOR 1970

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Abbreviated Denominations

SKr	= Swedish Kronor
	On December 31, 1970,
	£ 1 sterling = SKr 12.35
	US \$ 1 = SKr 5.16
	SKr 1 million = £ 81,000 approx.
	SKr 1 million = \$ 194,000 approx.
NKr	= Norwegian Kronor
Frs	= French Francs
km	= kilometres
m	= metres
cm	= centimetres
m ²	= square metres
sq. ft	= square feet
kg	= kilogram
lb.	= pounds
l	= litres



Summary of 1970

The Group's external sales turnover increased by 18% from SKr 1,583 million to SKr 1,869 million.

The Parent Company's sales turnover increased by 8% from SKr 584 million to SKr 631 million.

The Group's profit after taxes amounted to SKr 63.3 million as compared with SKr 45.8 million in 1969.

The Parent Company's profit after taxes amounted to SKr 31.2 million as compared with SKr 27.5 million in 1969.

The Board of Directors propose a dividend of SKr 8 per share.

Annual General Meeting

The Annual General Meeting will be held on Friday, May 14, 1971, at 10 a.m. in the Company's offices, Luxgatan 15, Lilla Essingen, Stockholm.

Shareholders who wish to participate in the proceedings of the Annual General Meeting should notify the Company's office at Sankt Eriksgatan 63, Stockholm, not later than Tuesday, May 11, 1971, between 10 a.m. and 2 p.m.

The dividend declared for 1970 will be payable immediately after the Annual General Meeting against coupon No. 67 at the Company's offices in Stockholm or at the offices of Skandinaviska Banken or Stockholms Enskilda Bank.

In Great Britain, shareholders may collect the dividend from Baring Brothers & Co. Ltd., 8, Bishopsgate, London E.C. 2., and in Switzerland from MM Pictet & Cie., 6, rue Diday, Geneva.

Aktiebolaget Electrolux

Board of Directors:

Regular Members Ragnar Söderberg, Chairman
 Gunnar Arpi
 Gunnar Engellau
 Lord Luke of Pavenham
 Åke T. Vrethem
 Hans Werthén

Deputy Members Gösta Bystedt
 Sven Olving
 Jacob Palmstierna

Management: Hans Werthén, Managing Director
 Gösta Bystedt, Deputy Managing Director
 Harry Eriksson, Deputy Managing Director
 Folke Heibert
 Yngve Lindholm
 Anders Scharp
 Owe Werner

Auditors:

Regular Auditors Arne Holmén, Chartered Accountant
 Bruno Svensson, Chartered Accountant

Deputy Auditors Sigurd Löfgren, Chartered Accountant
 Sten Lundvall, Chartered Accountant

Consolidated Accounts and Report of the Directors

Owing to the international structure of the Electrolux Group, the Report of the Directors for the Parent Company enters into the presentation for the Group as a whole.

Five-year Summary

Group		1970	1969	1968	1967	1966
Sales	SKr mill.	1,869.3	1,582.9	1,326.9	1,097.8	1,070.3
Net profit after taxes	SKr mill.	63.3	45.8	52.9	32.0	26.2
Operating result after ordinary depreciation	SKr mill.	128.1	102.7	93.4		
Ditto, per share	SKr	33.72	27.04 ¹⁾	24.58		
Investments in machinery and real estate ²⁾	SKr mill.	95.1	87.1	59.5	57.9	51.8
Wages, salaries and remuneration	SKr mill.	621.7	521.1	402.6	334.7	357.2
Number of employees, annual average		31,553	27,910	20,964	19,150	20,110
Number of employees at year-end		31,867	29,139	21,653	18,890	
Sales per employee, excluding commercial cleaning companies	SKr. 1,000	73.6	67.6	63.3	57.3	53.2
Parent Company						
Sales	SKr mill.	630.9	584.1	470.0	388.9	405.4
Net profit after taxes	SKr mill.	31.2	27.5	24.6	18.9	16.0
Ditto, per share	SKr	8 ³⁾	7 ³⁾	13	10	8
Investments in machinery and real estate	SKr mill.	43.2	32.5	25.9	28.7	26.0
Wages, salaries and remuneration	SKr mill.	174.9	157.5	134.5	116.2	120.4
Number of employees, annual average		6,115	6,006	5,222	4,611	5,049
Number of employees at year-end		5,983	6,180	5,719	4,589	
Dividend per share (for 1970 as proposed)	SKr	8 ³⁾	7 ³⁾	6 ³⁾	8	8
Total dividend declared (for 1970 as proposed)	SKr mill.	30.4	26.6	22.8	15.2	15.2

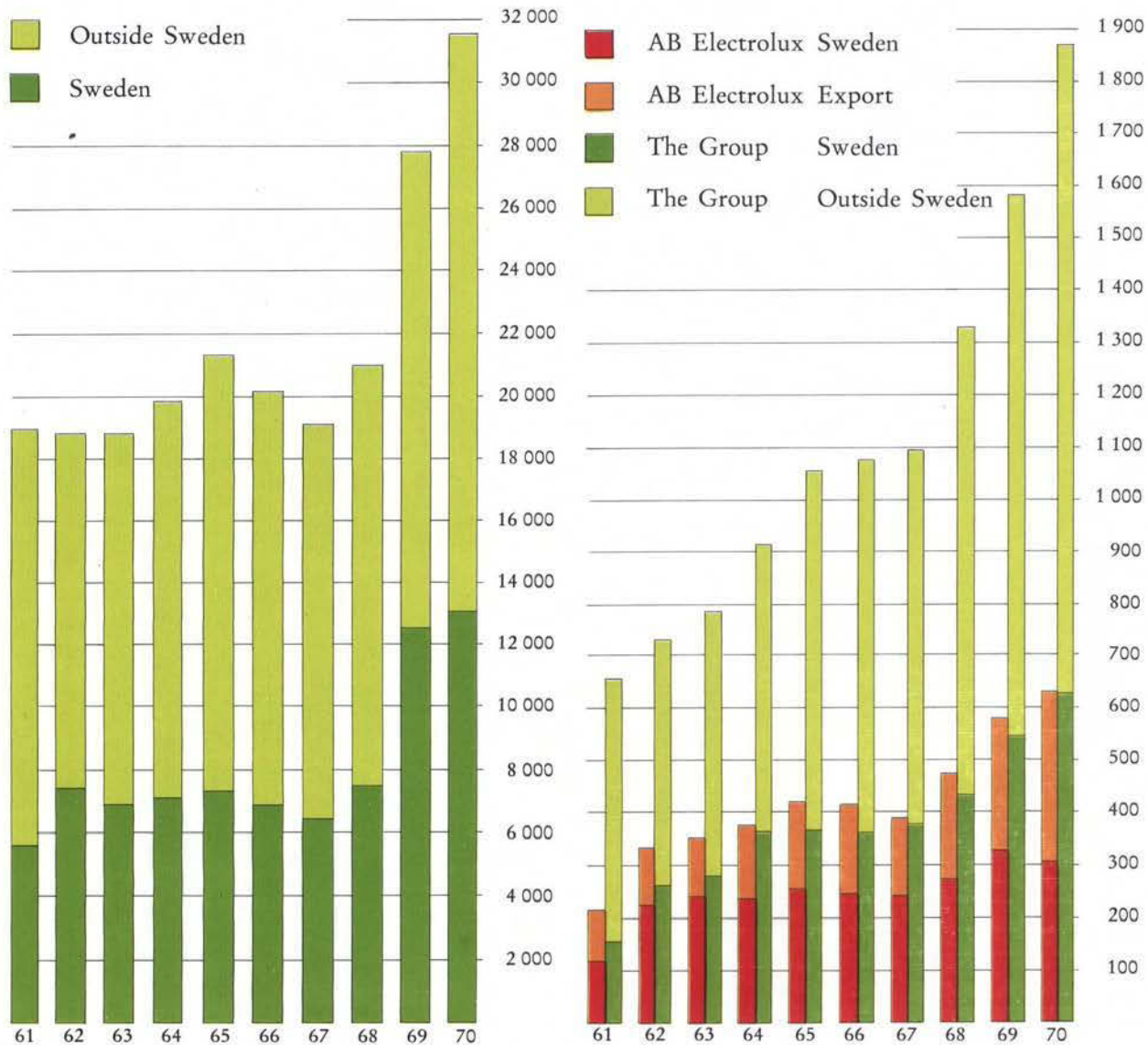
¹⁾ If sale of licence rights is included, the operating result per share comes to SKr 29.17

²⁾ Includes real estate and machinery belonging to newly acquired companies

³⁾ On twice the number of shares

**Number of employees
in the Electrolux Group 1961—1970**
(Annual average)

Sales 1961—1970
(SKr million)





In the process of centralizing all administrative functions in the Stockholm area at Lilla Essingen, the conversion of factory premises into landscape offices has continued. The new staircase, shown above, forms the entrance to these premises.

General review of the Group

The past year was one of continued expansion for the Electrolux Group in spite of credit restrictions in several countries, fluctuating business trends abroad and a slower rate of growth in the total volume of Swedish demand compared with 1969.

Prices of materials again rose during 1970 and labour costs also increased sharply in most of the countries where the Group operates. Owing to the imposition of price control in several countries as well as keen competition, especially in the refrigerator and freezer market, it has not been possible to increase selling prices commensurately.

Rationalization programmes were intensified in order to counteract higher costs. The greater use of automatic data processing, together with the merging of activities previously carried on in separate establishments, permitted a reduction of office staffs, especially in the Parent Company and the Electrolux Company in Luton, Great Britain. The reductions have mainly been achieved by not replacing employees retiring or leaving.

In Sweden there was a shortage of labour at the beginning of 1970, but the situation subsequently became normal. Agreed delivery dates for raw materials and fabricated components were not always met, which made it necessary to build up stocks so as to ensure a smooth production flow and an adequate supply of finished products in readiness at the Group's factories.

Because of difficult economic conditions and the trend of rising costs in Sweden over the past few years, a continually increasing part of the Group's profit is being earned abroad. However, 57% of the total manufacturing output is accounted for by the Swedish factories.

Electrolux provides Sweden with substantial amounts of foreign exchange, as more than half of the Parent Company's business is now transacted abroad. In addition, the Parent Company receives dividends from foreign subsidiaries. Some manufacturing companies also pay royalties.

Newly acquired companies

In 1970 Electrolux Pty. Ltd., Melbourne, Australia, acquired all the shares in *Scott Bonnar Ltd.*, with the head office at Thebarton (Adelaide), a

transaction that also included acquisition of its subsidiary company, *Scott Bonnar Sales Pty. Ltd.* These companies manufacture and market throughout Australia a range of lawn mowers and other appliances, as well as equipment of varying sizes and models for both private and institutional use. The company exports to a number of countries, including the United States, Canada and South Africa. So as to intensify marketing and simplify administration, sales of Flymo air-cushion lawn mowers in Australia have been transferred to Scott Bonnar.

Utility Company (Vic.) Pty. Ltd., Melbourne, joined the Electrolux Group at the beginning of 1970. Its activities include commercial cleaning, in which field the company is the largest in Melbourne. Special Electrolux machines for commercial cleaning are used in the company's operations.

All the shares in *Euromekan AB*, Alingsås, have been acquired. This company has a fully owned subsidiary in Murr, West Germany, called *Eromekan GmbH*, owns the majority of shares in the *Speed-O-Klene Equipment Company Ltd.*, Bedford, Great Britain, and holds 50% of the

Scott-Bonnar Ltd. is a new member of the Electrolux Group. Pictured here are the company's factory and headquarters in Thebarton (Adelaide), Australia. The product line includes large lawn mowers and other machines for the maintenance of lawns.



shares in Euromekan A/S, Oslo, Norway. This group of companies manufactures and markets equipment for high-pressure cleaning by means of water mixed with chemicals. The equipment is used in the food-processing and pulp industries, in machine shops, at filling stations to wash cars, aboard ships to clean tanks, etc. Another type of equipment is used to clean the exterior of buildings. Electrolux, with its worldwide sales organization, will be capable of promoting these interesting Swedish-made products on a broader market as a complement to its existing lines.

For direct selling of vacuum cleaners and floor polishers in Singapore, Electrolux joined with Sime Darby Singapore Ltd. in forming a company called *Electrolux S.E.A. Private Ltd.*, which company is now being enlarged with a department for commercial cleaning.

Sale and acquisition of real estate

In order to effect economies in administration, a number of companies have reorganized certain sections of their operations.

In the Stockholm area, more administrative functions are being transferred to the island of Lilla Essingen, where older warehouse and factory premises are gradually being converted into modern landscape offices. The office building located at

Sankt Eriksgatan 63 in Stockholm (Kättingen No. 30) was sold during the year. A part of the office staff has already been transferred to Lilla Essingen, and remaining personnel will be moving gradually during 1971.

The *French Electrolux Company* sold its land-holdings and old warehouses in Carrières outside Paris. A new building site was acquired in Senlis, 25 miles (40 km) from Paris, which is more favourably situated from the viewpoint of transportation. A modern warehouse will be erected within this area. The object is to centre also the administrative functions in the Senlis area beginning in 1971.

Electrolux in Hamburg has acquired a building with 86,000 square feet (8,000 m²) of floor space, which as from mid-1971 will contain a centralized stock of spare parts, repair shops, together with administrative departments etc. The new premises will also accommodate the Elektroheliol Company in Hamburg, Eromekan GmbH and sales functions of the Parent Company's Steel Fittings Division, which recently commenced operations in West Germany. The older office building in downtown Hamburg will be sold during 1971.

The *Belgian subsidiary* has moved into newly erected premises of its own at Zellik (Brussels). Its former office building was sold at the beginning of 1971.

Electrolux in Hamburg has acquired new premises and will move in 1971.



The *Electrolux Company in Austria* sold a part of its property in Salzburg when the head office was moved to Vienna.

*

AB Ankarsrums Bruk has sold to Hallingeberg Municipality 500 acres (2,000,000 m²) of land together with buildings thereon. In addition Ankarsrum has sold power stations and distribution facilities. Ankarsrum also sold a number of staff residences and country crofts to its employees.

Agreements on collaboration

Monogram Industries Inc., Los Angeles, California, U.S.A., who manufacture recirculating chemical toilets primarily intended for mobile use in caravans, pleasure boats etc., have appointed Electrolux as the general agent for a selected range of equipment for the majority of the markets outside North America and Australia.

Huurre OY, Ylöjärvi, who are the leading manufacturers in Finland of industrial caravans, barracks and personnel huts, has been appointed by Electrolux as the sole sales agent in Finland for vacuum toilet equipped trailers ordered by the building industry and the Finnish government. In addition, a sales agreement has been effected with *Keskusosuusliike Hankkija*, Helsinki, where-

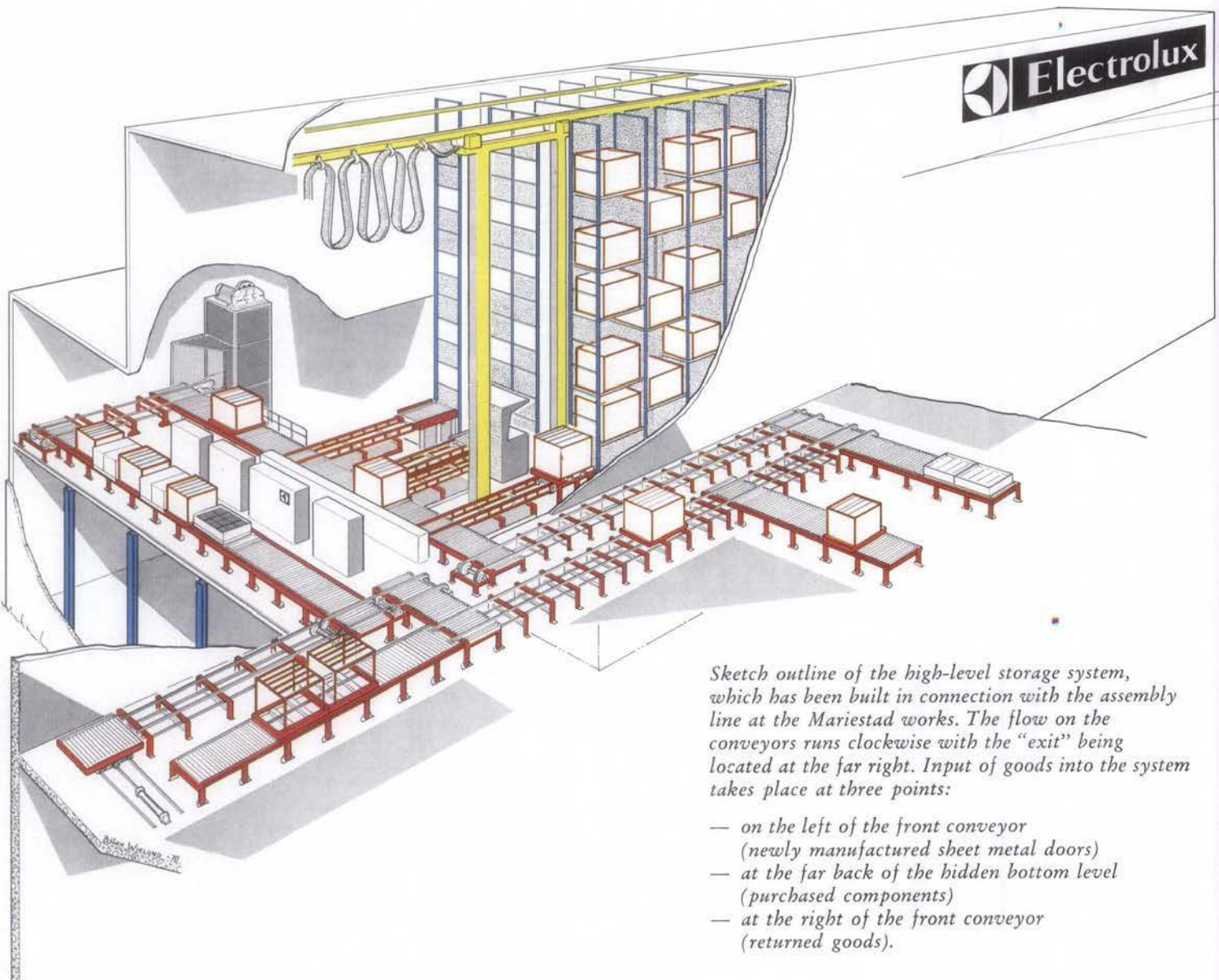
by *Hankkija* have been given the exclusive sales rights in the Finnish market for stationary vacuum toilet equipment. Sales of other Electrolux vacuum toilet systems in Finland are effected by *OY Elektroheliös AB, Köklaks*, a subsidiary of *AB Electrolux*.

As a step in the launching of marine vacuum toilet systems, a sales agreement concerning the U.S.A. and Canada has been effected with the *Hudson Engineering Company*, Hoboken, New Jersey, U.S.A.

Electrolux has agreed to collaborate with *Hyses-gästernas Sparkasse- och Byggnadsföreningars Riksförbund u.p.a. (HSB)* and *Allt för Byggnadsfacket AB (AFB)* for the period from 1971 to 1974 inclusive, whereby HSB will cease their production of refrigerators and freezers in Nässjö during 1971. AFB, the materials sales company of HSB, will distribute Electrolux refrigerators and freezers to the HSB sector, both for the new dwellings being built by HSB and for the continuous modernization of HSB properties. In addition, Electrolux will take over complete responsibility for service and spare parts for the refrigerators and freezers manufactured earlier by HSB. The agreement provides for better concentration and utilization of the specialized knowledge of the companies in their respective fields of activity.

The new Zellik (Brussels) headquarters of Electrolux in Belgium, with an attractive front and with a light-coloured, functional interior.





Sketch outline of the high-level storage system, which has been built in connection with the assembly line at the Mariestad works. The flow on the conveyors runs clockwise with the "exit" being located at the far right. Input of goods into the system takes place at three points:

- on the left of the front conveyor
(newly manufactured sheet metal doors)
- at the far back of the hidden bottom level
(purchased components)
- at the right of the front conveyor
(returned goods).

Product development

During 1970, one stage of development work spanning over several years was completed, bringing innovations into a large part of the Electrolux range of household products. This work related to refrigerators and freezers, both of the compressor type and of the absorption type, an entirely new range of electric cookers as well as new models of vacuum cleaners and commercial cleaning machines. In the next few years, the work will be concentrated on complementing these ranges. To a greater extent than hitherto it is now possible to concentrate development work to new types of products.

The Electrolux Central Laboratories are located at Lilla Essingen, Stockholm, and employ 230 persons. Product development work is carried out in close collaboration with manufacturing companies in Denmark, France, Great Britain, Norway and West Germany, all of which companies have their own design departments. In addition,

development work is carried out separately at the Division for Catering and Industrial Equipment in Alingsås, the Division for Steel Fittings and Internal Transport Equipment at Säffle and at the Environmental Systems Division in Stockholm. Separate development work is also carried out for lawn mowers etc. at AB Flymo, Malmö, and Scott Bonnar Ltd., Thebarton (Australia), for industrial and commercial cleaning machines at Keltec Inc., Elkhart (Indiana, U.S.A.), and for high pressure cleaning machines at Euromekan AB in Alingsås.

Of the activities in 1970, the following are of particular importance:

Vacuum cleaners and floor polishers

A new and more effective motor/fan unit has been designed, and during the year this unit has been introduced in the vacuum cleaners manufactured in the Västervik works. The motor develops about

30 % more power, is appreciably lighter and has been designed to suit highly mechanized manufacture.

A shampooing unit designed as a vacuum cleaner accessory for treatment of the increasingly popular fitted carpets has been introduced to a number of European markets. This unit is manufactured by the Electrolux Group factory in Milan.

The upright vacuum cleaner, especially manufactured for the British home market, has been redesigned. By altering the nozzle and increasing the motor rating by almost 50 %, the performance has been improved appreciably. The new vacuum cleaner was introduced in the British home market in the middle of the year.

The interest in suction floor polishers has increased steadily, especially in the Latin countries. An entirely new unit with appreciably improved performance has been designed. Dust collecting capacity has been improved so that this unit can entirely replace the vacuum cleaner for cleaning hard floors. The new appliance will be manufactured in the French Electrolux factory in Courbevoie and is expected to come into production during the spring of 1971.

Refrigerators and freezers

Absorption type

The largest caravan refrigerator hitherto manufactured by Electrolux, designated the RM 75, with a capacity of 7.5 cubic feet (210 l), was introduced to the market at the beginning of the year. The caravan refrigerator is now sold both in a built-in version and as a separate unit.

The Electrolux Company in Luton (Great Britain) has introduced a new caravan refrigerator with a capacity of 2 cubic feet (55 l), which can be supplied either as a separate unit or of built-in design and can operate by electricity, gas or kerosene. In addition, a new refrigerator of 5 cubic feet capacity (140 l), designed for domestic use and for operation only by electricity, was introduced in Great Britain.

Production has started in the factory at Lundtofte (Denmark) of two new refrigerators for operation by kerosene, one having a capacity of 4.5 cubic feet (125 l) and the other 6 cubic feet (170 l).

Compressor type

In the "Table top" range, two new models have been introduced of capacities of 5 and 7 cubic feet (140 l and 200 l). These models are equipped with a three-star freezer compartment and automatic defrosting.

The freezers from the Mariestad factory have been given a more modern design.

A new freezer model with an automatic freezing feature has been introduced by the factory in West Berlin.

Electric heating products

New range of cookers

During 1970, production was started of an entirely new range of cookers, jointly designated the S 24. The range comprises eight main types, divided into a symmetrical and an asymmetrical range. In the symmetrical range, the oven doors cover the whole front of the cooker, whereas in the asymmetrical cookers, the right-hand side includes a storage cabinet for oven accessories and roasting pans.

The new range also includes a cooker with a width of 60 centimetres to suit the new Swedish building standards.

Cooker canopy with carbon filter

In certain cases, air extracted from kitchens cannot be discharged directly to the atmosphere, e.g. if several flats have a common ventilation duct. In other cases, cost considerations preclude the use of horizontal ducts. The solution may then be a special canopy manufactured by Electrolux provided with a grease filter as well as a filter containing active carbon. The air is purified as it passes through the filter and thus need not be exhausted to the atmosphere. The grease filter is easy to clean. The carbon filter must be replaced at regular intervals, depending on frequency of use, although not more than once a year in household applications.

Ventilators

Development work has been completed on a ventilator designed for engine compartments of boats. The motor unit in this ventilator is of explosion-proof design. This Electrolux ventilator is the only type hitherto approved by the National Inspectorate of Explosives and Flammable Liquids, and designed for battery voltages.

A simpler version of the same product has been designed for the ventilation of kitchens and bathrooms in caravans.

Electric motors

On the Scandinavian market, different forms of petrol-fired parking heaters have become increasingly common. If the ventilation system of the car is to be used, the electric motor must have a very high efficiency, to ensure that the battery is not discharged. For this purpose, Electrolux has introduced a permanent magnet motor with twin commutators, to provide maximum efficiency even at a minimum speed.

In collaboration with AB Volvo, Electrolux has developed a headlamp wiper which is proving to be an increasingly important accessory.



The picture shows the input and the output conveyors of the high-level storage system. Crane No. 1 has just left a door container for being transported to the assembly hall, while crane No. 2 has picked up another door container, which is not immediately needed in the assembly and therefore will be temporarily stacked in the pallet racks.

Computer controlled high-level stores

During the year, an automatic buffer storage system for refrigerator doors has been developed by the Division for Steel Fittings and Internal Transport Equipment at Säffle. The system, which has been installed at the Mariestad works, comprises a high-level storage arrangement with pallet racks, stacking cranes and transport equipment. A process computer is used for controlling the stores and selects a suitable storage space for the goods in the pallet racks as well as for providing the necessary control signals to conveyors and stacking cranes. In addition, the computer maintains a continuous stock control

account. As a result of the high degree of automation all goods delivered to and removed from the stores can be handled by one person.

The surrounding building is built basically as a shell directly around the pallet racks, which reach a height of 45 feet (14 m). These contain space both for special containers with refrigerator doors and for standard pallets with door accessories. After receipt of a signal from the computer, the stores can provide quickly all the necessary materials for final assembly of the doors. By this means, the system makes it much easier for the factory to arrange rapid

deliveries, to meet the varying requirements of the market for different refrigerator models.

Furnace for intermittent drying

The Division for Catering and Industrial Equipment has developed a furnace which is based on a new principle for rapid drying and curing of paint and varnish on board, particle board and pure wood in a production line. The method, which can also be used on sheet metal and cork, provides that air at high temperature is blown for a short period at very high velocity onto the sprayed material in the first part of the furnace and then ventilated in a succeeding cooling zone. The procedure is repeated several times, depending on the amount and type of paint used. Owing to the brief heating periods, only the surface layer will be heated and the base material which is sensitive to heat will not be damaged. The curing processes however continue in the cooling zones.

By this method, the capacity of the painting line can be increased many times, without giving rise to the need for additional floor space or personnel.

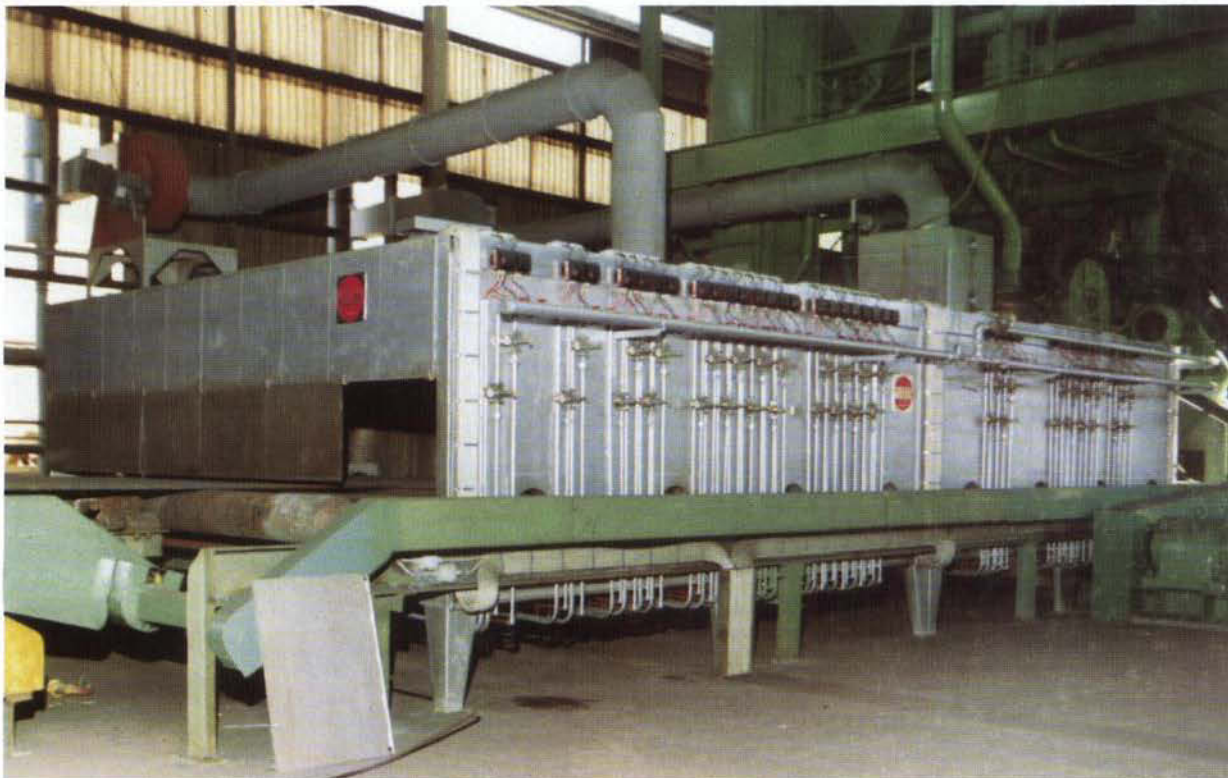
A furnace (see illustration below) has been delivered to A/S Scan-Atlas Husholdningsapparater and has been installed at their works in Nykøbing, Denmark, where modern kitchen fittings are being



The high-level storage systems, manufactured by the Division for Steel Fittings and Internal Transport Equipment, are automatic. The operator can easily control both additional stocking and removals from the warehouse. From the operator desk there is direct communication with the computer. When needed, the operator can also control the stacking cranes without the computer.

produced. Furnaces for intermittent drying have also been delivered to A/S Nordia, Oslo, who are Norway's largest manufacturer of kitchen fittings, and to the Hanaskog plant of Tarkett AB.

This furnace is run with propane gas and is being used for intermittent drying of wooden kitchen fittings at A/S Scan-Atlas Husholdningsapparater in Nykøbing, Denmark. It measures 170 feet (53 m) and has been manufactured at the Electrolux works at Alingsås. The intermittent drying method increases the capacity considerably and reduces drying times.





Electrolux has maintained its position as one of the world's largest manufacturers of **vacuum cleaners and floor polishers.**

During 1970, 1,328,000 units were sold, which was a new sales record. New record sales figures were achieved in 17 subsidiaries. The companies in Australia, Colombia, France, Great Britain, Italy and West Germany were particularly successful.

The vacuum cleaner model 310, which was launched in Great Britain at the beginning of 1970, has received the highest accolade — the Blue Ribbon — at the Daily Mail Ideal Home Exhibition in London.

The sales figures achieved by the French company were the highest yet, largely due to the fact that it has been possible to recruit an adequate number of direct salesmen. For the first time in the history of the French company the number of such salesmen has exceeded 1,300.

The proportion of vacuum cleaners manufactured by Electrolux and sold on the Swedish market is increasing continuously, which is indicative of customers' appreciation of the effectiveness and durability of our products.

The majority of the sales of vacuum cleaners and floor polishers are made by direct salesmen. In the course of their duties, these salesmen meet a knowledgeable and critical category of purchasers, i. e. the women in the homes. During these contacts, comments and suggestions

are often obtained and, in many cases, later also considered in the development work at the laboratories and experimental workshops of the Group.

Commercial cleaning machines

designed for the cleaning of offices, factories, schools and hospitals have now been introduced in the majority of countries where Electrolux has subsidiaries. In some countries Electrolux is also engaged in commercial cleaning activities. Both the sale of commercial cleaning machines and the cleaning activities are expanding. By acquiring, in 1969, the majority of shares in Keltec Inc., Elkhart (Indiana, U.S.A.), manufacturers of a complete range of industrial cleaning machines of various sizes and marketed under the name KENT, Electrolux has entered the large American market.

Refrigerators, freezers, electric cookers and washing machines

comprise a group of products often known as "white goods" of which there is an excess production in Europe, with consequently low profit margins. Electrolux has though succeeded in selling, during 1970, almost one million refrigerators and freezers. Refrigerators of both the absorption and the compressor type are marketed. During recent years, there has been a revival of interest in the absorption type of refrigerator as a result of the increased sales of caravan refrigerators using gas. This manufacture takes place at the factories at Motala and Luton (Great Britain). The caravan refrigerators are marketed in the

For quick and efficient cleaning of shops, garages and similar premises, Electrolux has during the year introduced a dry and wet pick-up vacuum cleaner model called UZ 161. The machine is here seen in a self-service store.



U.S.A. under the trade names DOMETIC and General Electric, and in Canada under the name DOMETIC. In spite of the weakening of the economic conditions in the U.S.A. and increased competition, the sales of caravan refrigerators in North America has increased during 1970. Caravan refrigerators are sold under the ELECTROLUX trade name in Australia, France, Great Britain, South Africa, Sweden, West Germany and Yugoslavia. During 1970, 220,000 caravan refrigerators were delivered to all markets.

Scandinavia represents the principal market for electric cookers. Total sales in 1970 amounted to 195,000 units.

Sales of dishwashers and washing machines increased appreciably during 1970, totalling 26,000 and 50,000 units respectively.

Electric heating panels (radiators)

are also marketed predominantly in Scandinavia. The total number of units delivered amounted to approximately 350,000.

Sales of the kitchen machine "Assistent",

a new and improved model of which appeared in 1969, increased substantially in Sweden and Norway.

One of the products in the GREENLUX range is this machine, which cuts and picks up cultivated lawn turf by the yard. The machine has a capacity of 9,000 sq. ft. (830 m²) per hour.

Flymo products

The Flymo Group markets power lawn mowers, including mowers based on the air-cushion principle. Manufacture takes place in Darlington (Great Britain), in the Electrolux factory in West Berlin, predominantly for the EEC market, and in Melbourne for the Australian market. In addition, lawn mowers and other yard-care machines are manufactured by the newly acquired Scott Bonnar Ltd. in Thebarton (Australia).

During 1969, AB Flymo acquired from Frökontolets Maskinavdelning AB, Getinge (a subsidiary of W. Weibull AB, Landskrona), their machine department and certain general agencies. Arising from these activities, which are now carried on under the name of GREENLUX, a new complementary range of products has been obtained for the care of grass surfaces on golf courses, sports' grounds, churchyards etc. Greenlux can now also deliver lawns "by the yard". Having been granted the general agency of the American irrigation company, the National Rain Bird Sales and Engineering Corporation, Glendora, California, U.S.A., Greenlux can also offer irrigation systems.

The sale of lawn mowers has steadily grown during recent years and in an increasing number of markets. Great Britain is responsible for the majority of the turnover, whereas relatively high expansion during 1970 has taken place in



Germany and Italy. After thorough market research, Flymo has now introduced its products also in the U.S.A. and Canada.

During 1970, sales of air-cushion lawn mowers amounted to 99,000 units. In addition, Scott Bonnar Ltd. delivered 14,000 machines of other types.

Products from the Division for Catering and Industrial Equipment

This sector, which manufactures and markets a complete line of catering equipment and sterilization stations as well as painting and heat treatment plants, has had a successful year with a marked increase in sales. The orders in hand give reason to expect a further increase in sales during 1971.

A special "marine kitchen department" was established in 1968 and this has contributed significantly to the expansion. The department has an international orientation and 77 % of the sales during last year were related to customers outside Scandinavia. The emphasis in the activities has been directed towards Europe, including the Eastern countries, although deliveries to the Far East, South America and the U.S.A. have not been insignificant.

In order to promote sales to luxury cruisers intended predominantly for American citizens, the department has established close collaboration with American health authorities and has thus been able to adjust the planning and deliveries to meet their requirements. The production of catering equipment for marine installations has been standardized and the design now meets with the requirements of all international marine inspection organizations. By this means, it has been possible to limit increases in production costs.

Marketing extends over a wide field, but there are two principal lines, viz. business based directly to shipyard and shipowner specifications, and projects which are planned and specified by the project engineers within the department, in collaboration with shipowners and marine consultants. The latter line which applies principally to luxury cruisers as well as car and passenger ferries comprised almost one-third of sales. Business is generally transacted in "package deals" consisting of delivery and installation of complete equipments for ships' galleys and bars, and comprising restaurant kitchen equipment, refrigerators, work benches with stainless steel tops and certain purchased appliances.

In package deals of this type, Electrolux can now include further equipment such as vacuum toilet systems designed especially for ships and marketed by the Environmental Systems Division (see below).



This pneumatic-hydraulic jack is a new product from the Steel Fittings Division. It is equally useful in bus and vehicle repair shops as in many industrial and contracting companies. It is easy to handle and despite weighing only 90 lb. (40 kg), its lifting capacity reaches 24 tons.

In September the marine department obtained the largest order ever received, when agreement was reached for complete deliveries of kitchen equipment valued at a total of SKr 1.2 million for two large car and passenger ferries being built for the Silja line in France.

Orders in hand include equipment for three luxury cruisers and four car and passenger ferries.

Environment products

During the year, the Environmental Systems Division has commenced international marketing of the Electrolux vacuum system. In Sweden, the coordination of the resources of the Environmental Systems Division and of Vacuum System AB, in which Electrolux has a holding, has led to an increase in sales. About 4,000 vacuum toilets are now in use in Sweden, compared with about 2,000 a year earlier. The products are marketed abroad, partly by Electrolux companies and partly by licencees in the trade.

An example of successful development of the vacuum system is the Electrolux vacuum toilet trailer. Using this unit, about 60 communities and towns in Sweden have economically solved the sanitary problems on recreational and camping sites. A further example is the application on ships, where encouraging experience has already been obtained on three passenger ships and one cargo vessel.

Steel fittings and internal transport equipment

The sales of these products, which are manufactured mainly in the Säfte factory, have expanded significantly. During the year, the systems planning department for automatic materials handling equipment has completed an increased number of commissions for companies both in Sweden and outside.

Group sales

amounted to SKr 1,869 million as compared with SKr 1,583 million in the year 1969, an increase of SKr 286 million or 18 %. Of total sales SKr 629 million or 33.6 % were to customers in Sweden and SKr 1,240 million or 66.4 % to customers outside Sweden. The corresponding figures for 1969 were 34.1 % and 65.9 % respectively.

Total Net Sales of the Parent Company (AB Electrolux)

amounted to SKr 631 million as compared with SKr 584 million in the preceding year, i. e. an

increase of SKr 47 million or 8 %. The increase is less than in the preceding year which is partly explained by the fact that at the end of 1970, the Swedish sales companies transferred their stocks to the Parent Company. These transfers were entered in the books as returned goods.

Sales to Group companies amounted to SKr 408.6 million and to other customers SKr 222.2 million. The corresponding figures for 1969 were SKr 330.8 million and SKr 253.2 million respectively.

A different basis was used in 1970 for determining sales to Group companies and other customers — all exports to the U.S.A. and Canada now take place through an American subsidiary (and are considered sales to Group companies), whereas previously products were exported directly to purchasers in North America ("other customers").

Exports amounted to SKr 326 million, representing 51.7 % of the total sales as compared with SKr 263 million or 45 % in the preceding year. If goods returned from the Swedish subsidiaries during 1970 were disregarded, the volume exported would have been 49.9 %.

Territorial Distribution of Group Sales

	1970		1969		1968		1967		1966	
	SKr mill.	%	SKr mill.	%	SKr mill.	%	SKr mill.	%	SKr mill.	%
EEC countries	295.5	15.8	237.8	15.0	224.9	16.9	211.9	19.3	218.6	20.4
EFTA countries ¹⁾	1,184.2	63.3	1,016.0	64.2	814.4	61.4	653.1	59.5	612.9	57.3
South and Central America	102.5	5.5	116.2	7.4	106.4	8.0	89.1	8.1	93.3	8.7
Australia and New Zealand	106.2	5.7	66.9	4.2	58.3	4.4	56.4	5.1	59.2	5.5
U.S.A. and Canada	99.9	5.4	66.8	4.2	51.4	3.9	24.2	2.2	17.1	1.6
Other areas	81.0	4.3	79.2	5.0	71.5	5.4	63.1	5.8	69.2	6.5
Total Group Sales	1,869.3	100.0	1,582.9	100.0	1,326.9	100.0	1,097.8	100.0	1,070.3	100.0
¹⁾ Whereof customers in Sweden	629.0	33.6	539.0	34.1	434.0	32.7	374.0	34.1	356.0	33.3

Expansion and rationalization

At the end of 1970, the industrial activities earlier carried on by *AB Ankarsrums Bruk* were transferred to AB Electrolux. Co-ordination of manufacturing was effected with the *Västervik* works, and the factories at Ankarsrum and *Västervik* have thus become one organizational unit.

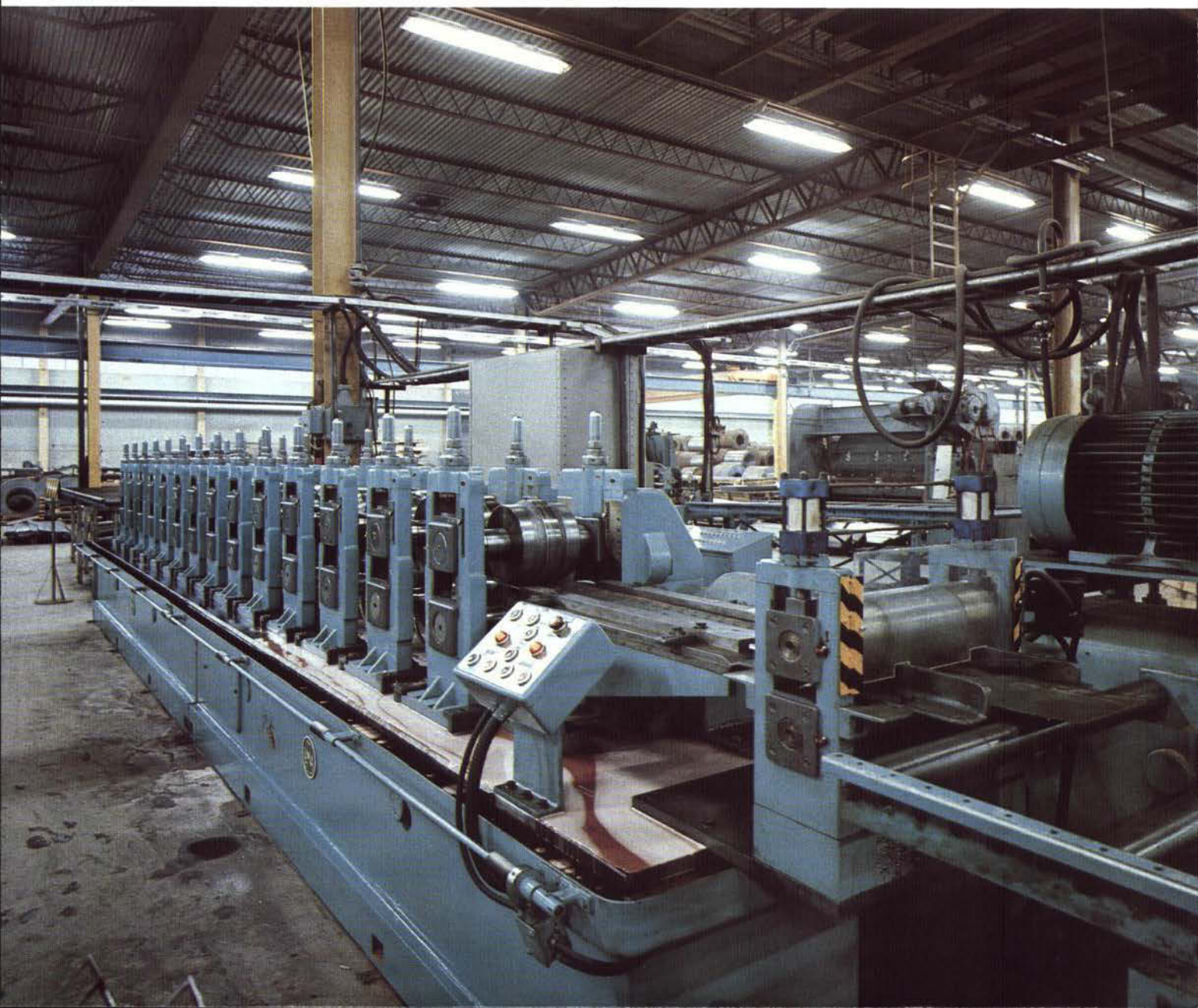
Modern electronics with reliable and less costly semi-conductor devices have provided new opportunities for more efficient production control. *The Västervik factory*, which manufactures electric motors and vacuum cleaners, has introduced equipment for simultaneous automatic measuring of vacuum and power input, and for rejection of motors which do not meet the specifications. In addition, test equipment has been developed for checking internal short-circuits and arcing.

In *Courbevoie* (France) rationalization and modernizing of the equipment and organization within the works has been initiated, in order to increase the manufacturing capacity prior to the expected further increase in sales of vacuum cleaners and floor polishers.

The factory in West Berlin has increased the floor area of its premises by 28,000 sq. ft (2,600 m²) in order to allow for an increase in the production of commercial refrigerator and freezer units.

The modernization of *the factory in Melbourne* (Australia), which was started during 1969, has now been completed. By this means, space has been provided for increased production of the present

Shown above is one of the lines at the Säfte factory. With high precision requirements sheet metal is here being formed into profiles.



range of products, i. e. vacuum cleaners, floor polishers etc., and for starting the manufacture of new products.

The Electrolux Company in Madrid (Spain) has resumed local manufacture of vacuum cleaners in order to cope with an increased sales demand.

During the year, *Keltec Inc.*, in which Electrolux acquired a majority holding in 1969, has rationalized production in its works at Elkhart, Indiana, U.S.A., in order to reduce through-put times and facilitate quality control.

During the year, *the Electrolux Company in Luton* (Great Britain) has completed a major modernization programme at its refrigerator factory.

For a number of years, the British company has financed its own hire purchase sales and the leasing of certain Electrolux products. At the end of the year, these activities were transferred to an independent finance company which will finance these transactions in the future. By this means,

capital was released for financing further expansion in manufacture and sales.

In order to ensure that production would be adequate for the expected increase in demand for Flymo air-cushion lawn mowers, *the factory in Darlington* (Great Britain) has initiated work on increasing the manufacturing capacity. After extension, the factory will have a floor space of 96,000 sq. ft (8,900 m²) and will thus, if necessary, be capable of producing 5,000 machines per week. The function for production planning and control has been moved from Sweden to Darlington.

After several extensions, *the Division for Steel Fittings and Internal Transport Equipment at Säfte* has now an efficient factory with a floor space of 280,000 sq. ft (26,000 m²). High-turnover standard products are manufactured in a modern production line which ensures a uniform high standard of quality. New lines for forming plate into profiles have recently been installed which provides great accuracy in manufacturing the products and more economical manufacturing than conventional methods.

A clean car emerging from an EUROMATIC car wash, delivered by Euromekan AB in Alingsås.



Future outlook

As economic conditions in several countries remain uncertain, it is necessary to be cautious in estimating the development of the Group during 1971. 10 % increase in sales and approximately the same increase in the profits of the Group are considered possible. These estimates presuppose that the Swedish labour problems will be resolved satisfactorily, major disturbances will not occur in world economy, and that Governments will not take measures which would make the existence of private enterprise even more difficult.

When assessing the development of the activities of Electrolux during the 1970s, the following should especially be taken into account:

1 Building activities in Europe and especially in Scandinavia are expected to expand at a slower rate than during the 1960s. This is estimated to reduce the profitability of "white goods", i. e. refrigerators, freezers, electric cookers, dishwashers and washing machines. In addition, since there is a certain excess production of these goods, competition may be expected to remain severe especially from manufacturers who are established in countries with low wages and large, duty-free markets. For these manufacturers, it would seem natural to try to market their excess production e. g. in Scandinavia.

A satisfactory profitability from the European companies within this group of products can be expected only after further structural rationalizations have been carried out, i. e. concentration to larger units. Subject to the proviso above, there are good prospects for Electrolux

to maintain also in the future its position as one of the largest companies in this field.

2 In view of world-wide developments towards shorter working hours and longer holidays, increasing interest is given to leisure products. Electrolux already holds a good position in this market through the absorption refrigerators for caravans. As the development towards increased leisure continues, it is aimed to complement this range with heating, ventilation and toilets for caravans and boats.

A growing market can also be anticipated for lawn mowers, and in this market the Group can maintain its position through the Flymo companies and Scott Bonnar. Increased interest can also be anticipated for weekend cottages, for which Electrolux can offer a complete range of equipment for the kitchen, as well as heating and sanitary installations.

3 In respect of sales of vacuum cleaners Electrolux holds a leading position in the world. Due to the widening application of synthetic fibres in carpets and furnishings, increasing demands are made on cleaning and this increases the need for more advanced cleaning machines. The aim of the Group is to strengthen its position in this field by continued, intensive product development, rationalization of manufacturing processes and further development of world markets.

More stringent demands on food hygiene are expected to increase the use of high pressure cleaning machines of the type manufactured by the Electrolux subsidiary, Euromekan AB.

The increasing shortage of manpower for cleaning emphasizes the need for further rationalization of the activities of the rapidly growing commercial cleaning companies, which should have a favourable impact on the demand for increasingly sophisticated commercial cleaning machines.

4 Discussions concerning environment protection have centred attention on increased contamination throughout the world. The requirements concerning e. g. purification of municipal and industrial waste products will be increased. Interesting possibilities are opening up within this field for the Electrolux Environmental Systems Division.

5 Increased demands for hospital care, combined with shortage of staff, can be expected to call for further rationalization of the operations of hospitals. New sales potential will arise for sterilization and catering equipment, transport equipment etc., marketed by Electrolux.

As a result of greater employment of women, the requirement for personnel canteens will be further expanded and these, like ordinary households, aim at more work-saving and quicker preparation of food.

The rapid increase in the population of the world necessitates the manufacture of synthetic proteins, primarily for animal fodder. Development work is being carried out at Electrolux in collaboration with various types of institutes.

6 Electrolux is developing new products to meet the increasing variety of demands in the rapidly expanding field of materials handling. Assembly work in manufacture can be considered

as a part of this field. Whereas rationalization work has hitherto been directed to the primary manufacturing processes, good scope is provided for future reductions in the manpower requirements for assembly work by means of the newly developed Electrolux equipment.

7 Due to the rapid increase in the state and municipal activities in Sweden, the expansion of private investment and consumption during the 1970s is likely to be very restricted. The expansion of the Group is therefore expected to take place principally by increasing sales abroad and thus increasing exports from the Swedish factories of the Group.

8 As it would seem that entry of Sweden into EEC will not take place at an early date, Electrolux does not expect a significant increase in exports to this area, owing to import duties and continued structural rationalizations of companies in EEC countries. The expansion of Electrolux will instead be aimed at EFTA countries and the markets outside Europe, predominantly North America. During recent years, the Group has made significant progress in the U.S.A. Since the demand for products marketed by Electrolux should increase even in Eastern Europe, some exports to these countries may be expected during the 1970s.

9 An important prerequisite for the continued growth of an international company such as Electrolux is that the money and capital market in Sweden operates satisfactorily and that the facilities of foreign credit markets are not rendered more difficult.

Results in the Group and Parent Company

General

Most of the sales made by the Electrolux Group relate to customers outside Sweden. About 55 % of the production takes place in Sweden and 45 % abroad. The work of product development is mainly carried on in Sweden, where also the central administrative functions are located. The greater part of the Group's operating profit is earned by the foreign subsidiaries, which remit dividends to Sweden and in some cases royalties as well. This point should be borne in mind for purposes of evaluating the Parent Company's result.

In the financial statements non-operating income and costs have been reclassified to conform with recommendations on disclosure of corporate affairs made by *Näringslivets Börskommitté*, an advisory body which represents the Swedish business community.

In comparing with the previous year, sale of license rights is shown as an exceptional income item due to the size of these transactions and their non-recurrent nature.

Until recently it has been possible to write-off goodwill immediately, but following amendments in the tax laws this principle may no longer be used by the Parent Company. The rules provide that depreciation may be made at the percentage rates applying to machinery and fittings, and that fiscal balances shall conform with book values. Thus depreciation at 20 % or SKr 1.5 million has been made in the Parent Company accounts during 1969 and 1970.

As these fiscal restrictions do not apply to the Consolidated Balance Sheet and Profit & Loss Statement, previous accounting policy has there been re-established. Goodwill of an amount at the beginning of the year of SKr 6.2 million has therefore been written-off against free reserves. The Consolidated Financial Statements therefore reflect the balances and results that would have appeared if goodwill, in accordance with previously applied policy, had been fully written-off in the year of acquisition.

Included under exceptional items of income and cost are capital gains realized from the sale of properties, arising from the difference between

amounts received and book values. As a rule, property sales have been connected with concentration and rationalization of activities. The operating result has been charged with the current costs of keeping the properties in good repair, and also with costs of relocation and organization which necessarily preceded the sales. Moreover, considering that disposal of properties occur more or less regularly in an enterprise the size of Electrolux, the capital gains and the related charges to operations should be regarded as a part of the normal course of business.

The Group

Depreciation of buildings, machinery and equipment in the subsidiaries has been charged on an ordinary basis, with the exception of a Norwegian Company where a special rate has been used.

The reserve for exchange risks has been reduced by SKr 1 million, which is reflected in the operating result and offsets the reduced profits attributable to devaluations in Argentina, Brazil, Colombia and Peru, which made it necessary to convert the operating results of these subsidiaries into Swedish kronor at lower parities than in 1969. Except for in Brazil, these subsidiaries have not increased the local currency values of their fixed assets, in spite of the devaluations.

The final accounts for 1970 show an operating result after ordinary depreciation of SKr 128.1 million as against SKr 102.7 million in 1969, which is an increase of SKr 25.4 million or 24.7 %.

After non-operating and exceptional items of income and cost, a profit of SKr 116.6 million is shown for 1970. The corresponding result for 1969 was SKr 97.7 million. In comparing the results with the previous year it should be noted that in 1969 SKr 2.3 million was expended by the parent company in connection with the issue of bonus shares, and so after taking this exceptional item into consideration, the improvement in profit from 1969 is SKr 16.6 million or 16.6 %.

The net Group profit for 1970, after taxes, amounts to SKr 63.3 million as against SKr 45.8 million in 1969.

See pages 25 through 27 for the Consolidated Profit & Loss Statement and the Balance Sheet, and page 33 ff. for the notes to these statements.

The Parent Company

Operating result

In consequence of centralized inventory management and the concentration of goods handling to a few places in Sweden, nearly all stocks held by Swedish sales companies were transferred to the Parent Company in December 1970. In the future, the profits from the subsidiaries' sales of Parent Company manufacture will mainly be accounted for in the Parent Company. General inventory reserves relating to the stock transfers and amounting to SKr 13.7 million were liquidated in the subsidiaries as at December 31, 1970.

Due to the above movement of warehousing and distribution, the Parent Company's results for 1970 and 1969 are not fully comparable.

Depreciation

a Buildings and land improvements

The principles applied are unchanged from 1969, i. e. depreciation made conforms with fiscal permittances. A primary deduction in the amount of SKr 0.6 million is shown as extraordinary depreciation.

b Machinery and Equipment

Ordinary depreciation is based on replacement values as derived from the insurance companies' value indices. Applied depreciation rates vary between 6.7 % and 25 % per annum. Machinery that is used in several shifts is depreciated at a higher rate, while for items older than 15 years, the depreciation rates are reduced. The same principles were applied in 1969.

Following substantial acquisitions of machinery and equipment in recent years, fiscal depreciation

exceeds ordinary depreciation. The difference of SKr 3.9 million is shown in the accounts as extraordinary depreciation. As in 1969, book values have been depreciated by 30 %, except for acquisitions made in 1970, which have been depreciated at 7.5 % per quarter, as from the day of acquisition. This application of the 30 % rule, connected with sizable acquisitions of machinery, comes to approximately SKr 3 million.

"Ordinary depreciation", as used above, deviates somewhat from what is referred to in the report of the aforementioned "Näringslivets Börskommitté", where the acquisition cost is divided evenly over the economic life-time of the item.

c Tools

Tools worth SKr 15.7 million were acquired in 1970. Of this figure SKr 13.7 million has been charged to operations and the remaining SKr 2 million charged as extraordinary depreciation. In 1969 the corresponding figures were SKr 21.1 million and SKr 8.2 million respectively.

d Patent rights

As in 1969 depreciation has been made at 20 % of the value of acquisition.

Net profit

Net profit after taxes amounts to SKr 31.2 million as compared with SKr 27.5 million in 1969. For further particulars, reference is made to the Profit & Loss Statement and the Balance Sheet for AB Electrolux on pages 29 through 31, which together with the notes on page 33 ff. and the supplementary information about Electrolux on page 37 ff. constitute integral parts of the Annual Report.

The Electrolux Group – Consolidated Profit & Loss Statement

	1970 (SKr 1,000)		1969 (SKr 1,000)	
<i>Operating income and costs</i>				
Invoiced net sales excluding value-added and turnover taxes		1,869,301		1,582,864
Deduct:				
Manufacturing, selling and administrative costs		1,705,104		1,447,835
Operating result before depreciation		164,197		135,029
Deduct: Ordinary depreciation (Note 1)				
Buildings and land improvements	7,760		6,368	
Machinery and equipment	28,294	36,054	25,919	32,287
OPERATING RESULT AFTER ORDINARY DEPRECIATION		128,143		102,742
<i>Non-operating income</i>				
Dividends	32		7	
Interest received	11,754	11,786	21,963	21,970
<i>Non-operating costs</i>				
Interest paid		26,706		18,174
		113,223		106,538
<i>Exceptional items of income and costs</i>				
Sale of license rights		+ 129		+ 8,111
Capital gains from sales of real estate and securities (Note 2)		+ 15,988		+ 8,787
Cost for share issues (whereof Parent Company: SKr 83,000 in 1970 and SKr 2,280,000 in 1969)		./. 357		./. 2,944
Extraordinary depreciation of buildings, machinery, equipment and tools (Note 1)	./. 6,887		./. 13,840	
Alteration and relocation costs	./. 4,334		./. 6,157	
Writing-down of shares	—		./. 532	
Writing-down of patent rights, leases etc. (Note 1)	./. 1,155		./. 694	
Writing-down of goodwill (Note 3)	—	./. 12,376	./. 1,545	./. 22,768
		116,607		97,724
<i>Appropriations</i>				
Reserve for replacement of buildings:				
Appropriation	—		./. 1,437	
Amount utilized	—		+ 2,271	
Depreciation of buildings	—		./. 2,271	
Investment funds:				
Appropriation (Note 4)	./. 1,214		./. 1,324	
Amount utilized	—		+ 300	
Depreciation of buildings	—		./. 300	
Increase of general inventory reserves	./. 3,250	./. 4,464	./. 14,698	./. 17,459
RESULT BEFORE TAXES		112,143		80,265
Taxes		47,807		33,554
Profit after taxes		64,336		46,711
Less: Minority interests		1,036		873
GROUP PROFIT FOR THE YEAR		63,300		45,838

The Electrolux Group – Consolidated Balance Sheet

ASSETS	<i>December 31, 1970</i> (SKr 1,000)		<i>December 31, 1969</i> (SKr 1,000)	
<i>Current assets</i>				
<i>Liquid assets</i>				
Cash and bank balances	130,191		89,544	
Promissory notes and bank deposits	20,000		110,743	
Repurchased debentures of the Parent Company	8		748	
Bills receivable from customers	29,695		31,936	
Securities	<u>8,712</u>	<u>188,606</u>	<u>11,628</u>	244,599
<i>Receivables</i>				
Customers	510,232		431,354	
Miscellaneous (Note 5)	<u>68,405</u>	<u>578,637</u>	<u>55,540</u>	486,894
Inventories (Note 6)	609,261		505,181	
<i>Less:</i>				
General inventory reserves	<u>137,485</u>	<u>471,776</u>	<u>134,192</u>	<u>370,989</u>
		<u>1,239,019</u>		<u>1,102,482</u>
<i>Blocked account for investment funds</i> (Note 7)		<u>386</u>		—
<i>Fixed assets</i>				
Miscellaneous receivables (Note 8)		29,611		25,710
Shareholdings (Note 9)		10,532		10,514
Machinery and equipment (Note 10)	105,448		84,046	
Factory, office and other buildings (Note 11)	168,670		146,061	
New plants under construction	<u>7,706</u>	<u>281,824</u>	<u>8,853</u>	238,960
Patent rights, leases etc.	3,153		3,945	
Goodwill (Note 3)	<u>—</u>	<u>3,153</u>	<u>6,180</u>	<u>10,125</u>
		<u>325,120</u>		<u>285,309</u>
TOTAL ASSETS		1,564,525		1,387,791
<i>Assets pledged:</i>				
Mortgages on property		89,414		66,768
Floating mortgages		7,075		4,804
Miscellaneous		572		471

LIABILITIES AND EQUITY	December 31, 1970 (SKr 1,000)		December 31, 1969 (SKr 1,000)	
<i>Short-term liabilities</i>				
Bills payable to suppliers	20,710		9,443	
Due to suppliers	115,154		129,059	
Due to customers	11,902		7,942	
Bank loans	157,262		84,495	
Miscellaneous (Note 12)	<u>198,610</u>	503,638	<u>160,080</u>	391,019
Taxes payable		<u>63,585</u>		<u>51,291</u>
		<u>567,223</u>		<u>442,310</u>
<i>Long-term liabilities</i>				
Mortgage loans, promissory note loans	74,284		58,419	
Debenture loans	<u>25,040</u>	99,324	<u>26,990</u>	85,409
Miscellaneous		10,295		8,772
Appropriated to pensions		<u>91,636</u>		<u>80,643</u>
		<u>201,255</u>		<u>174,824</u>
<i>Reserve for exchange risks</i> (Note 13)		2,000		3,000
<i>Investment funds</i>		2,547		1,324
<i>Minority interests</i>		<u>8,848</u>		<u>7,869</u>
		<u>11,395</u>		<u>9,193</u>
<i>Equity</i>				
Share capital of Parent Company	380,000		380,000	
Statutory reserves (Note 14)	<u>166,937</u>	546,937	<u>166,343</u>	546,343
Free reserves (Note 15)		172,415		166,283
Group profit for the year (Note 15)		<u>63,300*</u>		<u>45,838</u>
		<u>782,652</u>		<u>758,464</u>
TOTAL LIABILITIES AND EQUITY		1,564,525		1,387,791
Contingent liabilities (whereof discounted bills)		19,107 (3,138)		21,329 (6,917)
*) Before allocation to statutory reserves of SKr 1,465,000.				

The Electrolux Group

Consolidated Statement of Source and Use of Funds

	1970 (SKr 1,000)	1969 (SKr 1,000)
FUNDS RECEIVED		
Funds from internal sources*)	65,975	72,510
Sale of fixed assets	27,967	28,952
Increase of long-term liabilities etc.	26,410	36,498
TOTAL OF FUNDS RECEIVED	120,352	137,960
FUNDS USED		
Investment in real estate, machinery and equipment	95,061	87,114
Investment in other non-current assets	4,282	34,976
Effect of altered rates of exchange owing to devaluation etc.	3,264	733
Difference between purchase price and equity in newly acquired companies	2,828	13,726
TOTAL OF FUNDS USED	105,435	136,549
CHANGE IN WORKING CAPITAL	14,917	1,411
<i>Details of change in working capital</i>		
Increase of inventories	+ 104,080	+ 148,010
Increase of short-term receivables	+ 91,743	+ 79,427
Increase of short-term liabilities	- 124,913	- 69,627
Increase/decrease of liquid funds	- 55,993	- 156,399
	+ 14,917	+ 1,411
*) Details		
Profit before taxes and capital gains	+ 95,119	+ 70,605
Year-end appropriations	+ 4,464	+ 17,459
Depreciation of buildings, machinery and equipment	+ 40,030	+ 37,891
Depreciation of intangible assets	+ 1,155	+ 2,771
Taxes	- 47,807	- 33,554
Dividend to shareholders	- 26,600	- 22,800
Deposit on/withdrawal from blocked account for Investment Funds	- 386	+ 138
	65,975	72,510

AB Electrolux — Profit & Loss Statement

	1970 (SKr 1,000)		1969 (SKr 1,000)	
<i>Operating income and costs</i>				
Invoiced net sales excluding value-added and turnover taxes (Note 16)		630,855		584,052
Deduct:				
Manufacturing and selling costs etc.		577,306		540,756
Operating result before depreciation (Note 17)		53,549		43,296
Deduct: Ordinary depreciation (Note 1)				
Buildings and land improvements	3,656		2,948	
Machinery and equipment	11,234	14,890	9,874	12,822
OPERATING RESULT AFTER ORDINARY DEPRECIATION		38,659		30,474
<i>Non-operating income</i>				
Royalties (whereof subsidiaries: SKr 5,279,000 in 1970 and SKr 3,559,000 in 1969)	5,612		3,881	
Dividends received from subsidiaries (Note 18)	28,624		24,855	
Dividends received from other companies	26		1	
Interest received from subsidiaries	2,226		1,423	
Other interest received	7,908	44,396	17,554	47,714
<i>Non-operating costs</i>				
Interest paid to subsidiaries	1,354		1,009	
Other interest paid	8,448	9,802	7,569	8,578
General administration expenses (Note 19)		17,000		13,515
		56,253		56,095
<i>Exceptional items of income and costs</i>				
Sale of license rights		+ 129		+ 8,111
Capital gains from sales of real estate and securities		+ 198		+ 3,366
Costs of bonus issue of shares		./ 83		./ 2,280
Extraordinary depreciation of buildings, machinery, equipment and tools (Note 1)	./ 6,534		./ 12,843	
Alteration and relocation costs	./ 1,475		./ 2,994	
Writing-down of shares in non-group companies	—		./ 532	
Writing-down of patents and leases (Note 1)	./ 505		./ 516	
Writing-down of goodwill (Note 3)	./ 1,545	./ 10,059	./ 1,545	./ 18,430
		46,438		46,862
<i>Appropriations</i>				
Reserve for replacement of buildings:				
Appropriation	—		./ 1,437	
Amount utilized	—		+ 2,271	
Depreciation of buildings	—		./ 2,271	
Increase of general inventory reserve (Note 20)	./ 14,250	./ 14,250	./ 14,965	./ 16,402
RESULT BEFORE TAXES		32,188		30,460
Taxes		1,000		3,000
NET PROFIT FOR THE YEAR		31,188		27,460

AB Electrolux Balance-Sheet

ASSETS	<i>December 31, 1970</i> (SKr 1,000)		<i>December 31, 1969</i> (SKr 1,000)	
<i>Current assets</i>				
Liquid assets				
Cash and bank balances	71,446		28,264	
Promissory notes and bank deposits	20,000		110,743	
Repurchased debentures (Note 21)	8		748	
Bills receivable from customers	<u>5,210</u>	96,664	<u>7,435</u>	147,190
Receivables				
Customers	52,007		45,773	
Subsidiaries (Note 22)	164,058		173,290	
Miscellaneous (Note 23)	<u>12,942</u>	229,007	<u>14,250</u>	233,313
Inventories	276,367		197,123	
Less: General inventory reserve (Note 20)	<u>120,030</u>	156,337	<u>102,000</u>	95,123
		482,008		475,626
<i>Fixed assets</i>				
Receivables				
Subsidiaries (Note 24)	33,823		52,894	
Miscellaneous	<u>11,575</u>	45,398	<u>15,644</u>	68,538
Shareholdings				
Subsidiaries (Note 25)	182,872		145,423	
Non-group companies (Note 9)	<u>9,197</u>	192,069	<u>9,197</u>	154,620
Machinery and equipment (Note 26)	47,052		31,827	
Factory, office and other buildings (Note 27)	69,124		54,773	
New plants under construction	<u>3,951</u>	120,127	<u>5,007</u>	91,607
Patents and leases	1,668		2,251	
Goodwill (Note 3)	<u>4,635</u>	6,303	<u>6,180</u>	8,431
		363,897		323,196
TOTAL ASSETS		845,905		798,822
Assets pledged:				
Mortgages on property (Note 28)		63,746		38,718
Floating mortgages		4,500		1,500
Blocked bank deposits		248		328

LIABILITIES AND EQUITY	December 31, 1970 (SKr 1,000)		December 31, 1969 (SKr 1,000)	
<i>Short-term liabilities</i>				
Due to subsidiaries (Note 29)	22,795		7,977	
Due to suppliers	49,610		57,674	
Due to customers	4,312		1,366	
Salaries, holiday pay, PAYE taxes etc.	41,860		35,105	
Miscellaneous (Note 30)	<u>20,122</u>	138,699	<u>16,394</u>	118,516
Taxes payable		<u>4,463</u>		<u>6,000</u>
		143,162		124,516
<i>Long-term liabilities</i>				
Due to subsidiaries	2,497		2,514	
Mortgage loans, promissory note loans (Note 31)	47,495		27,081	
Debenture loans	<u>25,040</u>	75,032	<u>26,990</u>	56,585
Appropriated to pensions (Note 32)				
Pensions Registration Institute	41,413		34,864	
Other pension plans	<u>12,539</u>	53,952	<u>13,464</u>	48,328
		128,984		104,913
<i>Reserve for unrealized profit in inventories of foreign subsidiaries (Note 33)</i>		8,279		8,501
<i>Equity</i>				
Share capital (Note 34)	380,000		380,000	
Statutory reserve	<u>76,000</u>	456,000	<u>76,000</u>	456,000
Free reserve		25,000		25,000
Profits brought forward	53,292		52,432	
Net profit for the year	<u>31,188</u>	84,480	<u>27,460</u>	79,892
		565,480		560,892
TOTAL LIABILITIES AND EQUITY		845,905		798,822
Profit as per Balance Sheets of December 31, 1969, and December 31, 1968, respectively		79,892		303,232
Less: By resolution of the Annual General Meetings in 1970 and 1969:				
Dividends		26,600		22,800
Bonus issue of shares		—		190,000
Allocation to statutory reserve		—		38,000
		<u>53,292</u>		<u>52,432</u>
Contingent liabilities:				
On behalf of subsidiaries		28,366		41,360
Miscellaneous		6,033		4,935
		<u>34,399</u>		<u>46,295</u>
(whereof discounted bills receivable)		(5,175)		(0)

AB Electrolux – Details of Shareholdings

	Number of shares	Par value SKr 1,000	Book value SKr 1,000
Subsidiary companies			
Allmänna Svenska Städtings AB, Stockholm	13,760	1,376	11,290
AB Flymo, Malmö	40,000	4,000	9,498
Electrolux Svenska Försäljnings AB, Stockholm	60,000	6,000	6,000
Getinge Mekaniska Verkstads AB, Getinge	600	60	3,000
Euromekan AB, Alingsås	1,000	100	2,116
Verkstads AB Bällsta, Stockholm	15,000	750	750
AB Sollidenverken, Borås	6,500	650	650
AB Elektro-Apparat, Alingsås	1,000	500	500
Elektroheliol Försäljnings AB, Stockholm	5,000	500	500
Electrolux Städutensilier AB, Stockholm	2,500	250	273
Försäljnings AB Volta, Stockholm	2,000	200	200
Elektro-Helios Fastighets AB, Stockholm	100	100	100
AB Rebon, Stockholm	1,000	100	100
AB Elektroservice, Stockholm	250	25	25
A/S Atlas Svenska Försäljnings AB, Malmö	2,500	250	—
Miscellaneous minor companies as per specification on page 35			60
			<u>35,062</u>
Shares in Subsidiary Companies outside Sweden (as per special permit not specified in the Annual Report)			<u>147,810</u>
			<u>182,872</u>
Other companies			
		Par value	
ADELA Investment Company S.A., Luxemburg	1,092	US\$ 109,200	515
La Maison de Suède à Paris S.A., Paris	1,200	Frs 120,000	—
National Homes Corp., Lafayette, Indiana, USA	65,074	US\$ 1,600,000	7,708
Norsk Rengjøringselskap A/S, Oslo	1,470	NKr 735,000	479
Servi-Data AB, Stockholm	1	SKr 100	—
AB Sukab, Stockholm	17	SKr 1,700	—
Svensk Interkontinental Lufttrafik AB, (S.I.L.A.), Stockholm	4,000	SKr 400,000	—
AB Svensk Värmemätning C. B. System, Stockholm	650	SKr 52,000	—
Svenska MTM-gruppen AB, Stockholm	1	SKr 100	—
TV-främjandet, AB Television & Co., Stockholm	10	SKr 10,000	—
Vakuumsystem AB, Solna	495	SKr 49,500	495
			<u>9,197</u>

With reference to the Auditors' Report we certify that the above Profit & Loss Statement and Balance Sheet agree with the Company's accounts.

Stockholm in April, 1971.

Arne Holmén
Chartered Accountant

Bruno Svensson
Chartered Accountant

Notes to the Financial Statements for the Group and the Parent Company

General

The consolidated accounts include all companies in which AB Electrolux directly or indirectly owned 50 % or more of the shares and/or the subscribed capital as at December 31, 1970.

Included in the consolidated accounts are Allmänna Svenska Städtings AB (ASAB), Stockholm, and Commercial Cleaning Services Ltd., Birmingham, Great Britain, since the Electrolux Group owns 50.036 % and 50.1 %, respectively, of the share capital in these companies. According to the original collaboration agreement between AB Electrolux and Det Danske Rengørings Selskab A/S (DDRS), Copenhagen, the Electrolux Group was to hold 49 % of the share capital in jointly owned cleaning companies. Since AB Electrolux has acquired more than 49 % of the share capital in ASAB, Electrolux has undertaken not to use its majority holdings thus obtained in contravention of the spirit of this agreement. A similar undertaking applies to the Group's holding of shares in Commercial Cleaning Services Ltd.

Minority interests existed in nine subsidiaries.

The Parent Company's holdings of shares in subsidiaries have been eliminated against the respective subsidiary's amount of share capital in the consolidated accounts (par value method). See also note 14.

The final accounts of foreign subsidiaries have been converted into Swedish kronor at the rates of exchange in effect on December 31, 1970.

Note 1 Depreciation

Comments on the depreciation principles are given on page 23 for the Group and on page 24 for the Parent Company.

Note 2 Capital gains from sale of real estate and securities

Included here are profits in 1970 accruing to Electrolux Svenska Försäljnings AB, Stockholm, for the sale of the property at Sankt Eriksgatan 63 in Stockholm, to AB Ankarsrums Bruk from the sale of land to Hallingeberg Municipality and the disposal of power stations and distribution facilities, and to Electrolux S. A., Paris.

Note 3 Goodwill

Comments on the depreciation principles applied for goodwill are given on page 23.

Note 4 Investment funds, appropriation

Investment fund appropriations were made by A/S Scan-Atlas Husholdningsapparater, Copenhagen, and Electrolux S. A., Paris.

Note 5 Current assets: Receivables, Miscellaneous

Included hereunder are receivables deriving from property sales, import deposits abroad, receivables from suppliers and employees, and prepaid expenses.

Note 6 Inventories

Inventories are shown at cost of acquisition or replacement cost, whichever is the lowest.

The inventory value is shown less a reserve for unrealized profits in stocks, and as such represents the difference between the price billed by supplying associated companies and their costs of manufacturing the products that remained unsold with receiving associated companies at year-end.

Note 7 Blocked account for Investment Funds

A deposit in this account was made by a Danish subsidiary.

Note 8 Fixed assets: Miscellaneous receivables

Included hereunder are receivables deriving from property sales, amounts due from dealers on promissory notes, and mortgage bonds payable to A/S Scan-Atlas Husholdningsapparater, Copenhagen, on sales of kitchen fittings.

Note 9 Shareholdings

The book value of shares held in National Homes Corporation, Lafayette, Indiana, U.S.A., remains uncharged since December 31, 1969, at US \$ 23 per share. At the beginning of March 1971 the market price was US \$ 27 ⁷/₈ per share.

Dispute has arisen regarding the validity of the agreement through which these shares, during 1969, were received in payment of sold licence rights.

Note 10 Machinery and Equipment

	<i>SKr 1,000</i>
Net book value, December 31, 1969	84,046
Acquisitions in 1970, including machinery and equipment owned by companies that were acquired during the year	+ 60,048
Book value of sold and scrapped machinery etc.	/. 7,253
Depreciation in 1970	/. 31,393
	<u>105,448</u>

Note 11 *Factory, office and other buildings
(including land improvements)*

	<u>SKr 1,000</u>
Net book value, December 31, 1969	146,061
Acquisitions in 1970, including real estate owned by companies acquired during the year	+ 36,160
Book value of sold and scrapped real estate etc.	./ 4,914
Depreciation in 1970	./ 8,637
	<u>168,670</u>

Note 12 *Short-term liabilities, Miscellaneous*

Included hereunder are reserves for guarantee repairs, accrued holiday pay, wages and salaries unpaid at year-end, PAYE taxes, reserves for severance pay and the like in foreign subsidiaries, turnover and value-added taxes, sundry accrued expenses and such part of long-term liabilities that fall due for payment within one year.

Note 13 *Reserve for exchange risks*

This reserve has been reduced by SKr 1.0 million. See comment on page 23.

Note 14 *Statutory reserves*

In addition to statutory reserves provided in each company, this item includes the net differences between the share capital of subsidiaries and the value of these shares recorded in the books of the Parent Company (values in excess of par have been deducted from values below par). Transactions in the form of bonus issues by subsidiaries, differences between book value and nominal share capital in newly acquired companies, increase of statutory reserves in subsidiaries, altered conversion rates due to changes in foreign exchange rates etc., largely offset each other.

Note 15 *Free reserves and Group profit for the year*

Provision has not been made for possible taxation in Sweden and/or abroad on unappropriated earnings of foreign subsidiaries which may be transferred to the Parent Company in the form of dividends.

Currency regulations in certain countries may also affect the prospects for transferring profits to the Parent Company.

Note 16 *Invoiced net sales*

Invoicing by AB Electrolux (the Parent Company) relates to deliveries both to subsidiaries and customers who buy directly from the Parent Company.

Note 17 *Operating result before depreciation*

See comments on page 24.

Note 18 *Dividends received from subsidiaries*

Most of the increase is due to declaration of a larger dividend by a Danish subsidiary.

Note 19 *General administration expenses*

Because of the international structure of Electrolux, general administration expenses necessarily include certain costs incurred for the central administration of subsidiaries. In return the Parent Company receives income in the form of dividends and royalties, which are shown under "Non-operating income".

Note 20 *Increase of general inventory reserve*

The reserve amounts to 43.4 % of the gross inventory value less obsolescence.

The increase as per Balance Sheet is SKr 3,780,000 higher than shown by the Profit and Loss Statement, the reason being a direct transfer of inventory reserves from AB Ankarsrums Bruk in connection with the transfer of its stocks.

Note 21 *Liquid funds, repurchased debentures*

Reported under this heading are debentures that were bought at a favourable market price prior to maturity.

The Balance Sheet figures for 1969 have been regrouped in order to achieve comparability.

Note 22 *Current assets:
Receivables, Subsidiaries*

Reported hereunder are trading receivables from subsidiaries in respect of transactions with a maximum credit period of one year. Other trading receivables will be found under "Fixed Assets: Receivables, Subsidiaries".

Note 23 *Current assets:
Receivables, Miscellaneous*

Included hereunder are receivables from suppliers, advance payments on current assets, payments on account to the Pensions Registration Institute (PRI), amounts owed by employees and prepaid expenses.

Note 24 *Fixed assets:
Receivables, Subsidiaries*

Reported under this heading are: (1) amounts lent by the Parent Company to subsidiaries, (2) other receivables which have become long-term in nature.

Note 25 *Shareholdings in subsidiaries*

	<u>SKr mill.</u>
Acquisition of Euromekan AB, Alingsås	2.1
New share issues by foreign subsidiaries	35.6
Sale of shares in foreign subsidiary	./ 0.3
	<u>37.4</u>

Note 26 Machinery and Equipment

	<u>SKr 1,000</u>
Net book value, December 31, 1969	31,827
Acquisitions in 1970	+ 25,652
Equipment taken over from AB Ankarsrums Bruk (at book value)	+ 3,845
Depreciation in 1970	<u>J. 14,272</u>
	<u>47,052</u>

Note 27 Factory, office and other buildings (including land improvements)

	<u>SKr 1,000</u>
Net book value, December 31, 1969	54,773
Acquisitions in 1970	+ 18,592
Depreciation in 1970	<u>J. 4,241</u>
	<u>69,124</u>

Note 28 Assets pledged, mortgages on property

The liabilities for which mortgages have been pledged amounted to SKr 52,557,000 as at December 31, 1970.

Note 29 Short-term liabilities, Subsidiaries

The largest part of the increase is due to the fact that AB Electrolux has taken over the assets and liabilities (excluding properties and pension liabilities) of AB Ankarsrums Bruk in connection with the transfer of that Company's manufacturing business.

Note 30 Short-term liabilities, Miscellaneous

This entry includes reserves for guarantee repairs, accrued expenses, amortizations on mortgage and debenture loans payable within one year,

and interest accrued on mortgage and debenture loans as at the year-end.

Note 31 Mortgage loans, promissory note loans

The increase is largely attributable to a mortgage loan of SKr 15 million from the Swedish Staff Pension Society (SPP) and to a promissory note loan that was taken up in connection with the purchase of Euromekan AB, Alingsås.

Note 32 Appropriated to pensions

The pension liability, which is equivalent to the required pension reserve, increased by SKr 5.6 million in 1970. Of this amount SKr 2.6 million represents interest, which has been charged to interest paid.

Note 33 Reserve for unrealized profit in inventories of foreign subsidiaries

This reserve represents the difference between billing price and manufacturing cost at the Parent Company for the products which remained in stock with the receiving subsidiaries at year-end.

Note 34 Share capital

	<u>SKr 1,000</u>
320,000 "A" shares at SKr 100	32,000
3,480,000 "B" shares at SKr 100	<u>348,000</u>
<u>3,800,000 shares</u>	<u>380,000</u>

The holder of each "A" share is entitled to one vote and of each "B" share to 1/1000 of a vote. All shares carry the same right to participation in the Company's assets and profits.

Details of Shareholdings in Miscellaneous Subsidiaries

	Number of shares	Par value SKr 1,000	Book value SKr 1,000
AB Carex, Stockholm	50	5	5
Centralkassan AB, Stockholm	50	5	5
AB Electrolux Lebanon Limited, Stockholm	50	5	5
Liljendahls Patenter AB, Stockholm	200	20	20
AB Lux, Stockholm	200	20	20
Nordic Pool AB, Stockholm	50	5	5
			<u>60</u>

Proposed Distribution of Profits in AB Electrolux

At the disposal of the Annual General Meeting are,
in addition to a free reserve of SKr 25 million,

profits brought forward from previous years	SKr 53,292,734
plus net profit for 1970	<u>SKr 31,187,527</u>
Total	<u>SKr 84,480,261</u>

The Board of Directors propose the following
distribution:

Payment of a dividend to shareholders against coupon No. 67 of SKr 8 per share	SKr 30,400,000
To be carried forward	<u>SKr 54,080,261</u>
	<u>SKr 84,480,261</u>

The Board of Directors and the Managing Director take this
opportunity to thank all employees, within Sweden as well as outside,
for their excellent achievements during the past year.

Stockholm, March 17, 1971.

Ragnar Söderberg
Chairman of the Board

Gunnar Arpi

Gunnar Engellau

Luke

Åke T. Vrethem

Hans Werthén
Managing Director

/ Harry Eriksson

Supplementary Information about Electrolux

Number of employees	<i>As at December 31</i>		<i>Annual average</i>	
	<i>1970</i>	<i>1969</i>	<i>1970</i>	<i>1969</i>
<i>The Parent Company</i>				
Wage earners	4,241	4,351	4,326	4,236
Others	1,742	1,829	1,789	1,770
	<u>5,983</u>	<u>6,180</u>	<u>6,115</u>	<u>6,006</u>
<i>Swedish subsidiaries (excluding commercial cleaning)</i>				
Wage earners	1,084	1,071	1,091	1,036
Others	1,430	1,428	1,422	1,396
	<u>2,514</u>	<u>2,499</u>	<u>2,513</u>	<u>2,432</u>
<i>Commercial cleaning in Sweden</i>				
Wage earners	3,601	3,775	3,672	3,577
Others	431	435	418	404
	<u>4,032</u>	<u>4,210</u>	<u>4,090</u>	<u>3,981</u>
<i>Total in Sweden</i>				
Wage earners	8,926	9,197	9,089	8,849
Others	3,603	3,692	3,629	3,570
	<u>12,529</u>	<u>12,889</u>	<u>12,718</u>	<u>12,419</u>
<i>Foreign subsidiaries (excluding commercial cleaning)</i>				
Wage earners	5,275	5,624	5,458	5,192
Others	10,055	8,945	9,780	8,636
	<u>15,330</u>	<u>14,569</u>	<u>15,238</u>	<u>13,828</u>
<i>Commercial cleaning abroad</i>				
Wage earners	3,848	1,600	3,451	1,582
Others	160	81	146	81
	<u>4,008</u>	<u>1,681</u>	<u>3,597</u>	<u>1,663</u>
<i>Total abroad</i>				
Wage earners	9,123	7,224	8,909	6,774
Others	10,215	9,026	9,926	8,717
	<u>19,338</u>	<u>16,250</u>	<u>18,835</u>	<u>15,491</u>
<i>Total number of employees in the Electrolux Group</i>				
Wage earners	18,049	16,421	17,998	15,623
Others	13,818	12,718	13,555	12,287
	<u>31,867</u>	<u>29,139</u>	<u>31,553</u>	<u>27,910</u>

The increased number of employees in commercial cleaning abroad is largely attributable to Utility Company (Vic.) Pty. Ltd., Melbourne (Australia), which joined the Group in 1970.

Wages, salaries and remuneration

	1970	1969
<i>The Parent Company:</i>	(SKr 1,000)	
Board of Directors, Managing Director and other senior executives	1,410	1,591
Wage earners	101,220	89,044
Others	<u>72,282</u>	<u>66,865</u>
	<u>174,912</u>	<u>157,500</u>
<i>Swedish subsidiaries:</i>		
Boards of Directors, Managing Directors and other senior executives	1,065	992
Wage earners	80,096	64,910
Others	<u>65,660</u>	<u>57,521</u>
	<u>146,821</u>	<u>123,423</u>
<i>Foreign subsidiaries:</i>		
Boards of Directors, Managing Directors and other senior executives	7,244	6,321
Wage earners	103,698	77,452
Others	<u>189,006</u>	<u>156,448</u>
	<u>299,948</u>	<u>240,221</u>
<i>Total amount of wages, salaries and remuneration in the Electrolux Group:</i>		
Boards of Directors, Managing Directors and other senior executives	9,719	8,904
Wage earners	285,014	231,406
Others	<u>326,948</u>	<u>280,834</u>
	<u>621,681</u>	<u>521,144</u>

In addition to the wages, salaries and remuneration specified above, the Group's operations have borne social charges for personnel. For the Parent Company and its Swedish subsidiaries such costs — comprising contributions to the General Supplementary Pension Scheme (ATP), the Pensions Registration Institute (PRI) and other pension plans, as well as employer's charges and group life insurances etc. — amounted to approximately SKr 51 million during 1970.

Assessed values

At the year-end the Parent Company's land and buildings had an assessed value of SKr 120.7 million, including a special machinery value of SKr 3.8 million.

Fire insurance values

Parent Company's buildings	SKr 183.0 million
Parent Company's machinery, equipment etc.	SKr 278.5 million

Number of shareholders

At the year-end AB Electrolux had about 18,000 shareholders.

Product review

Given below is a brief account of the products manufactured by the Electrolux Group and the activities in which it is engaged:

Vacuum cleaners

The range features various models to accommodate different applications — from hand-held vacuum cleaners to large, more powerful units for offices, hotels etc.

Floor polishers

Several models for household use.

Commercial cleaning machines

Large machines for scrubbing, suction and polishing. The range also includes cleaning implements and chemical products.

Appliances for high-pressure cleaning by means of water and chemicals

Car washing plants and appliances for cleaning tankers. Installations used in the food-processing industry and the pulp industry.

Commercial cleaning

Commercial cleaning is carried on in several countries, often in collaboration with Det Danske Rengørings Selskab A/S.

Refrigerators and freezers

The household range includes many models of both the compressor and absorption type. Some of the absorption models are also equipped for dual-operation (e. g. gas and electricity). For commercial use the range embraces display cabinets for retail stores, both with and without built-in compressors.

Cookers, hotplates and kitchen fans

Sold mostly in the Scandinavian countries. In Sweden and Norway Electrolux is a leading company in the field of electric cookers.

The kitchen machine "Assistent"

The "Assistent" is a versatile kitchen machine that features a meat-mincer as standard equipment and also comes with optional extras, such as corngrinder and liquidizer.

(continued on next page)

An impressive line of cleaning machines, all labelled EUROCLEAN.



Dishwashers

Both free-standing table-top dishwashers and fully automatic floor models are marketed.

Laundry appliances

A complete range of machines and appliances, consisting of fully automatic and semi-automatic washing machines, spin driers, drying cabinets and ironing machines.

Heating appliances

Electric heating panels (radiators), electric and oil heaters, radiant and water heaters.

The Complete Kitchen

A modular system that provides for the "white goods" as well as kitchen cabinets, sinks etc.

Leisure products

Products used in recreational activities, e. g. sauna-bath heaters, impulse showers, caravans and ventilators for boats and caravans.

Catering equipment, sterilization and industrial products

The Division for Catering and Industrial Equipment manufactures and markets products for complete large-scale kitchens and sterilization

centres as well as paint-spraying and heat-treatment plants. Different kinds of hospital appliances are also included in this category.

Small electric motors

Commutator motors used for sewing machines, cash registers, headlight wipers and other automotive equipment.

Lawn mowers

Motor-powered lawn mowers, including models employing the air-cushion principle, and other large machines for gardening purposes.

Vacuum sewage system

Based upon the well-known invention made by the engineer, Joel Liljendahl.

Steel fittings, internal transport equipment

These products are developed, manufactured and sold by the Division for Steel Fittings and Internal Transport Equipment, and comprise shelving, "Compactus" installations, partitions, and internal conveyors for factories and hospitals. Complete materials handling installations are supplied in different designs ranging from simple, manually operated units to computer controlled, fully automatic installations. Systems planning of materials handling installations is also supplied.



The Electrolux "Future Line" includes the freezer model TF 110, which is pictured above. This freezer holds 11 cubic feet (310 l) and requires only about 5 sq. ft (0.5 m²) of floor space.

Factories

The Electrolux Group now has 29 factories, of which 8 are located in Sweden. Set out below is the location of the factories and the principal products manufactured:

Sweden

<i>Alingsås</i>	Catering equipment, industrial ovens
<i>Alingsås</i> (<i>Euromekan AB</i>)	Appliances for high-pressure cleaning
<i>Essingen</i> (<i>Stockholm</i>)	Commercial cleaning machines, impulse showers, fans
<i>Getinge</i>	Sterilization equipment for hospitals etc.
<i>Mariestad</i>	Compressor refrigerators, upright freezers, chest type freezers, combination cabinets
<i>Motala</i>	Absorption refrigerators, electric cookers, dishwashers, washing machines
<i>Säffle</i>	Internal transport equipment, steel fittings
<i>Västervik/</i> <i>Ankarsrum</i>	Household vacuum cleaners, small electric motors, the "Assistent" kitchen machine, bathtubs

Outside Sweden

<i>Argentina</i>	<i>Buenos Aires</i>	Vacuum cleaners, floor polishers
<i>Australia</i>	<i>Melbourne</i>	Vacuum cleaners, floor polishers, air-cushion lawn mowers
	<i>Thebarton</i> (<i>Adelaide</i>)	Lawn mowers and other yard care machines
<i>Brazil</i>	<i>Sao Paulo</i>	Vacuum cleaners, floor polishers
<i>Colombia</i>	<i>Bogotá</i>	Vacuum cleaners, floor polishers
<i>Denmark</i>	<i>Lundtofte</i> (<i>Copenhagen</i>)	Refrigerators, chest-type freezers
	<i>Nykøbing-Falster</i>	Kitchen fittings
<i>Finland</i>	<i>Köklaks</i>	Electric cookers, sauna-bath heaters
<i>France</i>	<i>Courbevoie</i>	Vacuum cleaners, floor polishers
<i>Holland</i>	<i>Diemen</i>	Catering equipment
<i>Italy</i>	<i>Milan</i>	Vacuum cleaners, floor polishers
<i>Mexico</i>	<i>Mexico City</i>	Vacuum cleaners
<i>Norway</i>	<i>Eidsvold</i>	Electric cookers, electric radiators
<i>New Zealand</i>	<i>Wellington</i>	Vacuum cleaners, floor polishers
<i>Peru</i>	<i>Lima</i>	Vacuum cleaners, floor polishers
<i>Spain</i>	<i>Madrid</i>	Vacuum cleaners
<i>Great Britain</i>	<i>Luton</i>	Vacuum cleaners, refrigerators, electric radiators
	<i>Darlington</i>	Air-cushion lawn mowers
<i>South Africa</i>	<i>Johannesburg</i>	Vacuum cleaners, floor polishers
<i>United States</i>	<i>Elkhart, Indiana</i>	Commercial cleaning machines
<i>West Germany</i>	<i>Berlin</i>	Vacuum cleaners, freezers, commercial freezing installations, air-cushion lawn mowers

Number of companies and agents

The Electrolux Group comprises about 80 manufacturing and/or sales companies in 34 countries.

In addition, the Group's products are sold through agents, of whom there are more than 200.



When the Electrolux Assistent was introduced in 1940, it was the first kitchen machine in Sweden. Today, the Assistent is used in more than 200,000 households in Sweden. The VARIOMAT model in modern design is equipped with a control panel with timer and speed regulator.

Auditors' Report

As auditors of Aktiebolaget Electrolux we beg to submit the following Auditors' Report for the year 1970.

We have examined the Annual Report, taken due note of the Accounts, Minutes of Meetings and other documents giving information on the financial position and administration of the Company, and carried out other examinations deemed necessary.

The Accounts have been checked by means of random tests by the Company's internal auditors, who have submitted to us reports of their examinations.

The regulations laid down in the Swedish Companies Act relative to the accounting of shareholdings and consolidated accounts have been observed.

During the audit we have found no grounds for adverse criticism of the documents presented to us, the Company's Accounts, the verification of the assets or the administration of the Company.

In addition to the Free Reserve of SKr 25 million reported in the Balance Sheet, an available surplus of SKr 84,480,261 is at the disposal of the Annual General Meeting. The Board and the Managing Director propose the following distribution of this surplus:

Dividend to the shareholders	SKr 30,400,000
To be carried forward	SKr 54,080,261
	<u>SKr 84,480,261</u>

This proposal is not at variance with the regulations of the Swedish Companies Act in respect of appropriation to the Statutory Reserve or with good commercial practice with regard to the position of the Group and to the result of its activity.

We recommend

- that* the Balance Sheet as at December 31, 1970, included in the Annual Report and signed by us, be approved
- that* the available surplus be distributed in accordance with the above proposal, and
- that* the Board of Directors and the Managing Director be granted discharge for the past financial year's administration.

Stockholm in April, 1971.

Arne Holmén
Chartered Accountant

Bruno Svensson
Chartered Accountant

