

ANKÖMMET
15 APR. 1954
BESV. /

AKTIEBOLAGET ELEKTROLUX

STOCKHOLM

REPORTS
OF THE
DIRECTORS AND AUDITORS
FOR THE YEAR
1953

AKTIEBOLAGET ELEKTROLUX
STOCKHOLM

REPORTS
OF THE
DIRECTORS AND AUDITORS
FOR THE YEAR
1953

The Ordinary General Meeting will be held on Wednesday, May 12th, 1954, at 2.30 p.m.
at the offices of the Company, S:t Eriksgatan 63, Stockholm.

To qualify for participation in the proceedings of the General Meeting, shareholders must register at the offices of the Company in Stockholm not later than three clear days before such General Meeting, between 10 a.m. and 2 p.m.

Such dividend for 1953 as may be declared at the General Meeting, will be paid out as from May 13th, 1954, against coupon No. 39, at the offices of the Company in Stockholm, or at the offices of Skandinaviska Banken AB in Sweden.

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

When collecting dividends, shareholders must complete and sign the compulsory Affidavit and Statement of Dividends.

AKTIEBOLAGET ELEKTROLUX

ANNUAL REPORT OF THE BOARD AND OF THE MANAGING DIRECTOR
FOR THE YEAR 1953.

The total Turnover of the Concern as a whole, converted into Swedish currency, amounted to Kr. 415 million in 1953. This represented an increase of Kr. 32 million, or 8.3 % as compared to 1952. Most of the foreign Subsidiaries showed a higher turnover in 1953 than in 1952.

As pointed out on several occasions in previous Reports, Exports of the Company's production have been successively hampered by import restrictions and higher customs tariffs in different countries, which in the course of the years have made it necessary to extend manufacture abroad, in own factories as well as through agreements with licensees. Despite endeavours to supply these foreign factories and licensees with Semi-Finished Goods from the Swedish works in all instances where possible, the Company's total Invoiced Deliveries of Swedish-made goods have not been able to keep pace with the increase in the aggregate turnover of the Concern. As a result, the Swedish works as a whole show lower production figures for 1953 compared with 1952. Simultaneously, Stocks at these works were considerably reduced.

Invoiced Deliveries of the Company, represented mainly by shipments of Finished and Semi-Finished Goods to Subsidiaries in Sweden and abroad, totalled Kr. 122.9 million in 1953 as against Kr. 140.4 million in 1952, a decrease of 12.4 %. Exports declined by 15.6 % and Sales to Swedish Subsidiaries and customers in Sweden by 9.3 %. A contributory reason for the decline in Exports were import restrictions of various kinds in countries such as Brazil, the Argentine, Chile, Uruguay, Bolivia, France, Denmark and Austria. Total Invoiced Deliveries to customers in Sweden of all products manu-

factured by the Company were, however, larger in 1953 than in any previous year, with the sole exception of 1952.

The improvement in the Profit on Operations in 1953 as compared to previous years should be viewed in the light of the large reduction in Stocks at Swedish factories mentioned above. The foreign Subsidiaries' Stocks of Swedish-made goods also decreased during the year, though to a lesser extent. Due to these reductions in Stocks, a corresponding proportion of General Stock Reserves has become superfluous and added back to the year's Profit on Operations.

Demand for the Concern's products is still strong, and the outlook seems favourable for continued expansion of Sales by means of intensified sales promotion, coupled with thorough exploitation of the many years' experience acquired in the field of research and development, production and administration. The sales results of the Concern for the first months of 1954 encourage expectations of continued sales expansion.

The proportion of instalment sales to total sales of the Company's products is still rising, a tendency which is reflected by the increase in Customers' Outstandings during the year of approximately 20 %, as shown by the Consolidated Balance Sheet.

The liabilities of the Company as regards Pensions to staff have been investigated by the Swedish Personnel Pensions Society ("S.P.P."). Their calculations showed that the capital value of the Company's Pension liabilities as at 31st December, 1953, was far from covered by AB Elektrolux' Pension Funds. In order to make up this deficiency, an agreement was during 1953 entered into with S.P.P., whereby a special Pension Fund was established with them for the purpose of paying Pensions to persons who are or have been employed by the Company, and an amount of Kr. 10 million was paid into this Pension Fund. This appropriation has been deducted from Profit on Operations during 1953. The above-mentioned calculations were made in conformity with regulations laid down in the Royal Decree of June 6th, 1952, relative to limitation of tax-free deductions on account of appropriations to Pension and other Personnel Funds.

Owing to a further decrease in the market value of the Company's holding of American shares, an amount of Kr. 4 million has been appropriated and transferred to Reserve for Depreciation on Shareholdings in Subsidiary and other Companies. This appropriation is shown as a separate item in the Profit and Loss Statement for 1953. Furthermore, an amount of Kr. 2 million has been credited to this Reserve for Depreciation from other reserves previously provided.

The cost of new acquisitions of Machinery, Office Equipment etc. during the year totalled Kr. 2,385,555. In accordance with present regulations for temporary limitation of the normal right under Swedish law to amortize wholly and immediately the cost of new acquisitions of Machinery etc., it has been necessary to limit the depreciation charged for the year to 20 % of the cost of such assets acquired since 1951 plus profits resulting from sales of machinery and equipment during the year. The total depreciation for 1953 amounted to Kr. 1,355,757 and was charged against Profit on Operations. Owing to the regulations referred to, there is a net book value of Kr. 4,178,065 for Machinery and Equipment in the Balance Sheet of the Company as at 31st December 1953.

Erection of the additional storage building at the Motala Factory, mentioned in last year's Report, was started in 1953, but only completed in 1954. The properties at Gustaf Adolfs Torg 14 in Stockholm and Lingonet No. 5 in Sundbyberg, which were owned by Subsidiaries, have been sold during the year. It having become evident that advantage would derive by transferring the manufacture of washing machines from the factory in

Gothenburg to other works of the Company, the Gothenburg Factory was sold at the year-end, title to pass in 1954.

The Factory and Office Buildings in Sweden, directly owned by the Company, have an assessed value of Kr. 9,997,700, and are insured against fire for Kr. 16,166,900. Factory and Office Buildings in Sweden belonging to the Concern have an aggregate assessed value of Kr. 29,758,200, and are insured against fire for Kr. 52,361,200.

The Company's Machinery, Office Equipment etc. in Sweden are insured against fire for Kr. 75,492,500.

The following summary from the Consolidated Balance Sheet illustrates the alterations in Fixed Assets during the year:—

	Land, Factory & Office Buildings	Plant, Machinery, etc.	Office Equip- ment, Motor Cars etc.	Total
Net Book Value as at 31st December, 1952 (after Depreciation)...	Kr. 40,542,378	2,962,760	362,225	43,867,363
Additions during 1953, less items scrapped and sold	Kr. ./ 2,012,110	3,759,139	677,373	2,424,402
	38,530,268	6,721,899	1,039,598	46,291,765
Deduct: Provision for Depreciation 1953 ...	1,398,982	2,725,487	636,250	4,760,719
Net Book Value as at 31st December, 1953...	Kr. 37,131,286	3,996,412	403,348	41,531,046
Net Increase/Decrease in Book Value 1953	Kr. ./ 3,411,092	1,033,652	41,123	./ 2,336,317

Minor extensions, alterations and installations have been made during the year at the works in Stockholm and Motala, and also at the Subsidiaries in Great Britain, France, Austria and Venezuela. The book value of Land, Factory & Office Buildings has decreased, owing to the sales mentioned above.

The valuation of Stocks on Hand has been made on the same conservative basis as in previous years.

The average number of workmen employed by the Parent Company during the year was 2,027, the average number of other employees being 986.

The activities of the Management--Employee Councils at the Swedish factories, the purpose of which is to disseminate information and make for increased contact between management and various groups of employees, have successively developed. With a view to making production even more efficient, additional training courses have been started. The Company gives financial aid to employees who wish to improve their knowledge by independent study. Grants have also been made for social welfare work, recreational activities, meetings etc.

The total amount of remuneration paid during the year is made up as follows:

Directors, Managing Director and other Executives	Kr. 1,281,712.—
Workmen	„ 18,881,452.—
other Employees	„ 14,091,168.—

The Swedish Selling Companies employed 172 workmen and 637 other employees, remuneration paid amounting to:—

Directors, Managing Directors and other Executives	Kr. 207,388.—
Workmen	„ 1,351,733.—
other Employees	„ 7,290,325.—

The Subsidiaries abroad employed 4,354 workmen and 5,620 other employees, remuneration paid (converted into Swedish Kronor) amounting to:—

Directors, Managing Directors and other Executives	Kr. 2,826,063.—
Workmen	„ 28,948,088.—
other Employees	„ 55,469,621.—

The Net Profit of the Company for the year, as per the Profit & Loss Statement, amounts to	Kr. 13,699,673.28
To which must be added the unappropriated Balance brought forward from 1952 of	„ 8,497,999.44
The total amount available for distribution is consequently	<u>Kr. 22,197,672.72</u>

The Directors and the Managing Director recommend that this amount be appropriated as follows:

For Payment of a dividend of Kr. 12.— per share against coupon No. 39, equivalent to 6.3 % of the Working Capital of the Company according to the Balance Sheet	Kr. 7,200,000.—
Balance of Profit to be carried forward	„ 14,997,672.72
	<u>Kr. 22,197,672.72</u>

Among the Fixed Assets of the Company, Shareholdings in Foreign Subsidiaries are shown at a book value of Kr. 29,000,029. It must be considered that these assets have a permanent value, and that this exceeds the book value by at least Kr. 40 million. In order to bring the book value into a more realistic relationship to the real value, the Directors recommend that, pursuant to § 100, subsection 2, of Swedish Company Law, the book value be written up by Kr. 40 million, viz. from Kr. 29,000,029 to Kr. 69,000,029.

The Directors further recommend that this amount of Kr. 40 million, together with the Free Reserve of Kr. 20 million, be utilized for increasing the Company's share capital from Kr. 60 million to Kr. 120 million by issuing 600,000 bonus shares. The relationship between "A"- and "B"-shares should be maintained as heretofore, each holder of "A"-shares receiving an equal number of new "A"-shares, and each holder of "B"-shares an equal number of new "B"-shares. The stamp duty would be paid by the Company, and the new shares be entitled to dividends declared after the end of 1954.

The result of the Company's operations during the year 1953 is shown by the following

PROFIT AND LOSS STATEMENT

Income:—

From Production in Sweden and Sales in Sweden and Exports:—

Profit on operations 21,973,300.47

(after deducting:—

Depreciation on Buildings 373,014.—

Depreciation on Machinery,
Furniture etc. 1,355,757.—

General Sales & Administration
Expenses 5,085,253.61)

Royalties from abroad and Sale of Patents 10,019,097.80

From Capital:—

Dividends from Subsidiaries in Sweden 681,500.—

Dividends from Subsidiaries abroad ... 1,121,522.04 1,803,022.04

Dividends from other foreign share
holdings 1,639,978.—

Interest from Subsidiaries abroad 129,218.73

Other interest receivable etc. 1,033,917.56 4,606,136.33

Amounts recovered from investments in foreign Subsidiaries, previously
written off 692,495.78

37,291,030.38

Deduct: Expenses:—

Provision for Taxes 18,874,519.—

Provision for Investments abroad..... 4,000,000.—

Book Value of Shareholdings in other
Companies, written down 306,992.95

Book Value of Shareholdings in Sub-
sidiary Companies, written down ... 14,883.38 4,321,876.33

Interest payable 394,961.77 23,591,357.10

Net Profit for the year 1953 Kr. 13,699,673.28

The position of the Company as at December 31st, 1953, is shown by the following

BALANCE

ASSETS

Fixed Assets:—

Land, Factory & Office Buildings	13,440,806.—	
Less: Reserve for Depreciation	1,740,256.—	11,700,550.—
Machinery, Office Furniture, Motor Cars etc.	37,882,327.—	
Less: Reserve for Depreciation	33,704,262.—	4,178,065.—
Prepayments on Fixed Assets under construction		814,999.89
Shareholdings in Subsidiary Companies	49,675,029.—	
Shareholdings in other Companies ...	31,080,006.—	
	80,755,035.—	
Less: Reserve for Depreciation	16,000,000.—	64,755,035.—
Guarantee Deposits		114,054.10
Patents		1.—
		81,562,704.99

Current Assets:—

Inventories of Merchandise	13,594,100.—	
Sundry Bonds	200,699.23	
Notes Receivable	201,450.—	402,149.23
Due by Subsidiary Companies	32,808,222.12	
Less: Reserve for unrealized profit in Subsidiaries' stocks	21,135,850.—	11,672,372.12
Customers' Outstandings and Bills Receivable	7,411,105.48	
Miscellaneous Receivables	1,112,620.38	
Deferred Charges	161,690.01	
Cash at Banks, Post-Office, and on Hand ¹⁾	45,319,373.90	79,673,411.12
		Kr. 161,236,116.11

¹⁾ Whereof Kr. 1,326,805.— on blocked account with the State Bank of Sweden.

SHEET

LIABILITIES

Long Term Liabilities:—

Bank Loan	1,604,840.21	
AB Elektrolux' Pension Fund:		
by previous allocations.....	7,000,000.—	
AB Elektrolux' Pension Fund of 1952.....	6,180,000.—	
Due to Subsidiary Companies	<u>12,635,855.99</u>	27,420,696.20

Current Liabilities:—

Due to Suppliers	3,132,845.37	
Miscellaneous Payables	2,489,556.98	
Accrued Charges	<u>4,887,969.84</u>	10,510,372.19

Provision for Taxes		<u>9,107,375.—</u>
		47,038,443.39

Share Capital and Surplus:—

Share Capital: 60,000 "A" shares	6,000,000.—	
540,000 "B" shares	<u>54,000,000.—</u>	60,000,000.—
Statutory Reserve	<u>12,000,000.—</u>	72,000,000.—
Free Reserve		20,000,000.—

Profit and Loss Account:—

Balance as at December 31st, 1952	15,697,999.44	
Less: Allocation decided at General Meeting in May, 1953:—		
Dividend for 1952	<u>7,200,000.—</u>	8,497,999.44
Net Profit for the year 1953	<u>13,699,673.28</u>	22,197,672.72
		<u>Kr. 161,236,116.11</u>

Contingent Liabilities	Kr. 1,343,000.—	(Whereof Nil in respect of discounted Bills Receivable)
------------------------------	-----------------	---

Liability for pension obligations to former employees, totalling per annum	Kr. 291,584.—
--	---------------

SHAREHOLDINGS IN SUBSIDIARY COMPANIES

		Book Value Kr.
AB Lux, Stockholm.....	40,000 pref. shares } 80,000 common » }	12,000,000.—
AB Arctic, Stockholm	5,000 shares	500,000.—
Platen-Munters Refrigerating System AB, Stockholm.....	1,050 "A" shares } 450 "B" » }	1,500,000.—
Elektrolux Svenska Försälj- nings AB, Stockholm	60,000 shares	6,000,000.—
Försäljnings AB Volta, Stockholm	2,000 »	200,000.—
AB Penta Utombordsmotorer, Stockholm	250 »	25,000.—
Bohus Mek. Verkstads AB, Göteborg	445 »	445,000.—
AB Carex, Stockholm	50 »	5,000.—
		20,675,000.—
Electrolux Ltd., Luton.....	1,823,250 »	21,000,000.—
Electrolux Pty. Ltd., Melbourne ..	850,000 »	8,000,000.—
Shares in other foreign Subsidiaries.....		29.—
		Kr. 49,675,029.—

SHAREHOLDINGS IN OTHER COMPANIES

AB Sukab, Stockholm	17 shares	1.—
AB Svensk Värmemätning C. B. System, Stockholm	775 »	1.—
Svensk Interkontinental Lufttrafiks AB (S.I.L.A.), Stockholm	2,000 »	1.—
La Maison de Suède à Paris, S. A., Paris	400 »	1.—
Säfte Restaurant AB, Säfte.....	50 »	1.—
Mercatoria S.A., Lima	1,245 »	1.—
Electrolux Corporation, New York.....	350,000 »	31,080,000.—
		Kr. 31,080,006.—

The Company furthermore owns, through the intermediary of its Subsidiaries, AB Arctic, Platen-Munters Refrigerating System AB, Försäljnings AB Volta and AB Archimedes, the following shares:—

		Book Value Kr.
AB Sawe, Stockholm	200 shares	20,000.—
AB Arctic, Stockholm	1,000 »	100,000.—
Centralkassan AB, Stockholm	1,000 »	100,000.—
AB Archimedes, Stockholm...	15,000 »	750,000.—
Norsk Volta A/S, Oslo	50 »	3,600.—
Tolo Fabriks AB, Stockholm	250 »	25,000.—
Fastighetsföreningen Högaberg No. 7 (Property Company)	5 »	500.—
		<u>Kr. 999,100.—</u>

Stockholm, March 23rd, 1954.

Gustaf Sahlin

Manne Siegbahn

H. A. Wernher

Sven Salmonson

Axel Engberg

Sten Widell

Elon V. Ekman

Managing Director

While referring to our Audit Report of to-day's date, we confirm that the Profit & Loss Statement, Balance Sheet and Consolidated Balance Sheet, included in the Annual Report, agree with the Accounts of the Company as examined by us.

Stockholm, April 5th, 1954.

Seth Svensson

Auditor, authorized by Stockholm's Chamber of Commerce.

Arvid Erikson

Auditor, authorized by Stockholm's Chamber of Commerce.

The position of the Elektrolux Concern as at 31 st December, 1953, is shown by the following Consolidated Balance Sheet, which also sets out the result of the operations of the Concern as a whole during 1953.

THE ELEKTROLUX COMPARATIVE CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet has been prepared on the same basis as for previous years. The Asset values are based on the official rates of exchange at the year-end. These rates have also been applied to the opening balances. The opening balances in the various currencies have been converted at the

ASSETS

	1953		1952	
<i>Fixed Assets:—</i>				
Land, Factory & Office Buildings	51,462,959		53,475,069	
Less: Reserve for Depreciation	14,331,673	37,131,286	12,932,691	40,542,378
Plant, Machinery etc.	56,599,854		52,840,715	
Less: Reserve for Depreciation	52,603,442	3,996,412	49,877,955	2,962,760
Office Equipment, Motor Cars etc.	11,352,826		10,675,453	
Less: Reserve for Depreciation	10,949,478	403,348	10,313,228	362,225
Prepayments on Fixed Assets under construction	977,383		186,667	
Sundry Shareholdings.....	18,922,512		23,491,618	
Guarantee Deposits	470,094		480,076	
Patents, Trade Marks and Goodwill.....	0		0	
	61,901,035		68,025,724	
<i>Current Assets:—</i>				
Inventories of Merchandise	76,386,770		82,015,126	
Securities	3,023,534		1,347,908	
Customers' Outstandings and Bills Receivable (less Reserves for Hire Purchase Interest and Doubtful Accounts)	80,458,523		66,867,807	
Miscellaneous Receivables.....	2,366,791		1,935,284	
Deferred Charges	1,408,036		1,354,644	
Cash at Banks, Post-Office and on Hand ¹⁾	65,157,327	228,800,981	47,670,929	201,191,698
	Kr. 290,702,016		Kr. 269,217,422	

¹⁾ Whereof Kr. 1,552,325 on blocked account with the State Bank of Sweden.

CONCERN

SHEET AS AT 31ST DECEMBER 1953 AND 1952

and Liabilities of the foreign Subsidiaries have in all instances been converted into Swedish Crowns at when converting the Swedish Companies' claims in foreign currencies, whereas their liabilities in such the officially quoted selling rates.

LIABILITIES

	<u>1953</u>	<u>1952</u>
<i>Long Term Liabilities:—</i>		
Bank Loan.....	1,604,840	4,298,213
Mortgage Loans	3,556,100	2,305,215
Staff Pension Funds	16,507,338	16,471,113
Minority Shareholders' Interest in Subsidiary Companies	<u>0</u> 21,668,278	<u>1,681</u> 23,076,222
<i>Current Liabilities:—</i>		
Bank Loans	6,810,520	794,698
Suppliers' Balances and Bills Payable	16,157,018	13,883,622
Miscellaneous Payables	10,633,443	10,513,915
Accrued Charges.....	<u>16,832,648</u> 50,433,629	<u>19,545,007</u> 44,737,242
 <i>Provisions for Taxes</i>	 <u>26,096,899</u> 98,198,806	 <u>25,542,431</u> 93,355,895
 <i>Share Capital and Surplus:—</i>		
Share Capital	60,000,000	60,000,000
Statutory and Legal Reserves	44,643,064	34,168,674
Free Reserves	35,172,581	43,287,027
Balance of Profit carried forward from previous years	28,845,882	19,676,326
Total Net Profit for the year	<u>23,841,683</u> 192,503,210	<u>18,729,500</u> 175,861,527
	<u>Kr. 290,702,016</u>	<u>Kr. 269,217,422</u>
 <i>Contingent Liabilities</i>	 <u>Kr. 1,410,000</u>	 <u>Kr. 1,730,000</u>

Stockholm, March 23rd, 1954.

Elon V. Ekman

We, the undersigned auditors, appointed to examine the administration and accounts of Aktiebolaget Elektrolux for the year 1953, beg to submit the following

AUDITORS' REPORT.

We have examined the accounts, which have also been checked by internal auditors, and have found them to be in excellent order.

The Company's various cash balances have been checked on different occasions by the internal auditors, and everything found in good order.

The various bank accounts have been checked, and securities inspected.

We have examined the Minutes of Meetings held during the year and have also had produced to us the insurance policies, contracts and other documents relative to the Company's financial position and the Directors' administration.

In our opinion, all assets shown in the Balance Sheet have been valued on a most conservative basis.

The Consolidated Balance Sheet, as included in the Directors' Report, has been examined by us. We have found this Balance Sheet to be drawn up on sound principles and giving a true picture of the financial position at the close of the year. The regulations laid down in the Companies' Act, § 101, subsections 2 and 3, and § 104, relative to consolidated accounts, have been observed.

During the audit we have also examined the accounts of Aktiebolaget Elektrolux' Pension Funds.

The Directors recommend to write up the book value of the Company's Shareholdings in Foreign Subsidiaries by Kr. 40 million, and to utilize this amount, together with the Free Reserve of Kr. 20 million, for increasing the share capital by Kr. 60 million. We have no objection against this proposal of the Directors.

There being no grounds for adverse criticism of the documents submitted to us, the Company's accounts, the verification of its assets or the administration of its affairs, we recommend:—

that the Balance Sheet presented by the Directors and the Managing Director and signed by us be approved,

that the available surplus be appropriated in accordance with the proposal of the Directors and the Managing Director, such proposal not being at variance with good commercial practice, and considering the position of the Company and the result of its operations as a whole,

and that the Directors and the Managing Director be granted discharge for the past financial year's administration.

Stockholm, April 5th, 1954.

Seth Svensson

Auditor, authorized by
Stockholm's Chamber of Commerce

Arvid Erikson

Auditor, authorized by
Stockholm's Chamber of Commerce

Printed by Nordisk Rotogravyr, Stockholm 1954

