

AKTIEBOLAGET ELEKTROLUX

STOCKHOLM

REPORTS
OF THE
DIRECTORS AND AUDITORS
FOR THE YEAR
1954

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**The Ordinary General Meeting will be held on Thursday, May 12th, 1955, 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 1954 as may be declared at the General Meeting, will be paid out as from May 13th, 1955, against coupon No. 51, 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 1954.

The hopes expressed in the Annual Report for 1953 of continued favourable development of sales markets for the Company's various products have to a large extent been realized. The Company's total Turnover, including deliveries of wholly and partly manufactured goods to Subsidiary Companies in Sweden and abroad amounting during 1953 to Kr. 122.9 million, rose during 1954 to Kr. 133.2 million, i.e. by 8.3 %. Export sales increased by 15.2 %, while sales to Subsidiary Companies and customers in Sweden increased by 2.2 %. Import restrictions of various kinds introduced during previous years remained in force during 1954 in many countries, including Brazil, the Argentine, Chile, Uruguay, Bolivia, France, French Colonies, Denmark, Finland and Spain. In addition, restrictions were imposed during the year by Colombia and Mexico. On the other hand, the Company's products can now be freely imported into Austria.

The Swedish factories as a whole show increased production during 1954 as compared with 1953.

The total Turnover of the Concern, expressed in Swedish currency, amounted during 1954 to Kr. 450 million as against Kr. 415 million during 1953. The increase is equivalent to 8.5 %.

Stocks at Swedish factories are, generally speaking, unaltered. The total value of Stocks at the Concern's various Companies in Sweden and abroad has increased slightly. The valuation of Stocks and Stores has been made on the same conservative basis as previously. In contrast to 1953, no Stock Reserves have been set free during 1954.

The larger Turnover has caused an increase in Customer's Outstandings, which have risen by approximately 24 %, as shown by the Consolidated Balance Sheet. Factors contributing to this increase have been that the proportion of hire purchase sales is still rising, and that credit terms tend to be extended. This, in turn, necessitates longer credit for deliveries from the Company to its Subsidiaries in certain cases. These circumstances are also reflected in an increase in debts due by Subsidiaries to the Parent Company

The liabilities of the Company for Pensions to staff have during 1954 again been investigated by the Swedish Personnel Pensions Society ("S.P.P."). Their calculations show that the capitalised value of the Company's Pension liabilities is not covered by the reserves hitherto set up. In order partly to make up this deficiency, an agreement has been reached with S.P.P. to augment by Kr. 5 million the special Pension Fund set up in 1953, for the purpose of paying pensions to persons who are or have been employed by the Company. The amount was paid over during 1954 and has been charged in its entirety against the Profit on Operations.

Machinery, Office Equipment etc. were acquired during the year to a value of Kr. 2,517,583. As stipulated in the Regulations for assessment to Income Tax in 1955, curtailing the right to unlimited amortization of Machinery etc., depreciation has had to be limited for 1954 to a total of Kr. 2,653,972. This amount consists partly of the surplus which has arisen during 1954 on Machinery sold, and partly of 20 % of the cost of such assets acquired during 1952-1954 reduced by the profit on Machinery sold during those years.

The Gothenburg Factory, which was sold at the turn of the year 1953/54, is no longer shown in the accounts. Manufacture of those products which were previously made in the Gothenburg Factory and which are still included in the Company's production programme, has been transferred to the Västervik Factory. The storage building in Motala, which was mentioned in last year's Report, was completed during 1954. New construction at other Swedish factories has been of minor importance.

Buildings owned directly by the Company in Sweden have an assessed value of Kr. 6,629,800, and are insured against fire for Kr. 10,517,500. The total assessed value of all buildings belonging to the Concern in Sweden is Kr. 26,534,800, and they are insured against fire for Kr. 45,966,600.

The Company's Machinery, Office Equipment etc. in Sweden is insured against fire for Kr. 69,520,300.

Alterations during the year in Fixed Assets are shown by the following summary from the Consolidated Balance Sheet:—

	Land, Factory & Office Buildings	Plant, Machinery, etc.	Office Equip- ment, Motor Cars etc.	Total
Net Book Value as at 31st December, 1953 (after Depreciation)...	Kr. 37,131,286	3,996,412	403,348	41,531,046
Additions during 1954, less items scrapped and sold	104,748	3,335,767	2,069,655	5,510,170
	Kr. 37,236,034	7,332,179	2,473,003	47,041,216
Deduct: Provision for Depreciation 1954 ...	651,747	3,572,632	1,821,647	6,046,026
Net Book Value as at 31st December, 1954...	Kr. 36,584,287	3,759,547	651,356	40,995,190
Net Increase/Decrease in Book Value 1954	Kr. ./ 546,999	./ 236,865	248,008	./ 535,856

Apart from new construction at the Swedish factories mentioned above, extensions and improvements have been carried out during the year at the Subsidiary Companies in England, France, Venezuela and South Africa. The net book value of Factory & Office Buildings has decreased, owing to the sale of the Gothenburg Factory.

Demand for the Company's refrigeration products has continued to increase both in Sweden and abroad, and despite rationalisation the capacity of the Company's factories in Motala is inadequate, due to shortage of space. In order to make possible an increase in capacity, coincident with improvements in manufacturing methods, the erection of a new factory building in Motala was commenced during 1954. This is primarily designed for the manufacture of parts for cooling units and will allow of increased production.

Research goes on continuously at the Company's laboratories and workshops, with a view to producing new, more efficient models and products. A new model of the floor polisher was introduced during 1954. Moreover, there is now on sale an air-driven polisher which can be used as an attachment to the vacuum cleaner. The kitchen machine "Assistent" has been redesigned and provided with a new accessory, viz. a mixer.

The average number of workmen employed during the year was 2,081, the average number of other employees being 958.

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

Directors, Managing Director and other Executives	Kr. 1,211,153.—
Workmen	„ 20,536,634.—
other Employees	„ 14,262,184.—

The Swedish Selling Companies employed 179 workmen and 632 other employees, remuneration paid amounting to:—

Directors, Managing Directors and other Executives	Kr. 236,338.—
Workmen	„ 1,486,919.—
other Employees	„ 7,457,405.—

The Subsidiaries abroad employed 4,596 workmen and 6,193 other employees, remuneration paid (converted into Swedish Kronor) amounting to:—

Directors, Managing Directors and other Executives	Kr. 2,844,773.—
Workmen	„ 32,946,617.—
other Employees	„ 61,462,921.—

The Net Profit of the Company for the year, as per the Profit & Loss Statement, amounts to	Kr. 17,342,007.37
Unappropriated Balance brought forward from 1953	„ 14,997,672.72
Total amount available for distribution	<u>Kr. 32,339,680.09</u>

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

For payment of a dividend of Kr. 7.50 per share against coupon No. 51, equivalent to 5.5 % of the Working Capital of the Company according to the Balance Sheet	Kr. 9,000,000.—
Transferred to the Statutory Reserve	„ 2,000,000.—
Balance of Profit to be carried forward	„ 21,339,680.09
	<u>Kr. 32,339,680.09</u>

The Ordinary General Meeting of the Company in 1954 resolved to increase the share capital from Kr. 60 million to Kr. 120 million by a bonus issue of 600,000 new shares. It was decided to take this opportunity to exchange the old share certificates for new. The increase in the Company's share capital has been effected by issuing two new "A"-shares of a nominal value of Kr. 100.— in exchange for one old "A"-share of a nominal value of Kr. 100.—, and two new "B"-shares of a nominal value of Kr. 100.— in exchange for one old "B"-share of a nominal value of Kr. 100.—. The distribution of the new share certificates through the intermediary of Skandinaviska Banken AB in Sweden, Messrs. Baring Brothers & Co., London, in Great Britain, and MM Pictet & Cie., Geneva, in Switzerland, is practically completed.

The Board of Directors and the Managing Director take this opportunity of thanking all Elektrolux' employees for the interest and enthusiasm with which they have carried out their work during the year now ended. They also convey their thanks to distributors, agents and customers in all parts of the world for the confidence they have shown in the Company and its products.

The result of the Company's operations during the year 1954 is shown by the following

PROFIT AND LOSS STATEMENT

Income:—

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

Profit on operations 19,154,550.54

(after deducting:—

Depreciation on Buildings 277,122.—

Depreciation on Machinery,
Furniture etc. 2,653,972.—

General Sales & Administration
Expenses 5,496,305.39)

Royalties from abroad and Sale of Patents 9,206,972.10

From Capital:—

Dividends from Subsidiaries in Sweden 1,864,500.—

Dividends from Subsidiaries abroad ... 1,364,575.67 3,229,075.67

Dividends from other foreign share-
holdings 1,632,501.—

Interest from Subsidiaries abroad 402,254.44

Other interest receivable etc. 1,235,579.21 6,499,410.32

*Amounts recovered from investments in foreign Subsidiaries, previously
written off* 33,559.92
34,894,492.88

Deduct: Expenses:—

Provision for Taxes 15,709,245.—

Book Value of Shareholdings in Sub-
sidiary Companies, written down ... 1,473,763.—

Book Value of Shareholdings in other
Companies, written down 165,864.57 1,639,627.57

Interest payable 203,612.94 17,552,485.51

Net Profit for the year 1954 Kr. 17,342,007.37

The position of the Company as at December 31st, 1954, is shown by the following

BALANC

ASSETS

Fixed Assets:—

Land, Factory & Office Buildings	9,982,907.—	
Less: Reserve for Depreciation	<u>1,339,298.—</u>	8,643,609.—
Machinery, Office Furniture, Motor Cars etc.	38,060,736.—	
Less: Reserve for Depreciation	<u>34,019,060.—</u>	4,041,676.—
Prepayments on Fixed Assets under construction		280,060.77
Shareholdings in Subsidiary Companies	89,675,020.—	
Shareholdings in other Companies ...	<u>31,080,006.—</u>	
	120,755,026.—	
Less: Reserve for Depreciation	<u>16,000,000.—</u>	104,755,026.—
Guarantee Deposits		112,795.—
Patents		<u>1.—</u> 117,833,167.77

Current Assets:—

Inventories of Merchandise	13,781,923.—	
Sundry Bonds	182,369.23	
Notes Receivable.....	<u>201,450.—</u>	383,819.23
Due by Subsidiary Companies	46,358,120.40	
Less: Reserve for unrealized profit in Subsidiaries' stocks	<u>23,736,825.—</u>	22,621,295.40
Customers' Outstandings and Bills Receivable		9,093,025.45
Miscellaneous Receivables		2,672,737.95
Deferred Charges		192,448.77
Cash at Banks, Post-Office, and on Hand	<u>44,818,825.44</u>	<u>93,564,075.24</u>
		<u>Kr. 211,397,243.01</u>

SHEET

LIABILITIES

Long Term Liabilities:—

AB Elektrolux' Pension Fund:		
by previous allocations.....	7,000,000.—	
AB Elektrolux' Pension Fund of 1952.....	6,365,400.—	
Due to Subsidiary Companies	<u>12,628,879.17</u>	25,994,279.17

Current Liabilities:—

Due to Suppliers	5,285,016.46	
Miscellaneous Payables	2,663,906.68	
Accrued Charges	<u>7,288,746.61</u>	15,237,669.75

Provision for Taxes		<u>5,825,614.—</u>
		47,057,562.92

Share Capital and Surplus:—

Share Capital: 120,000 "A" shares	12,000,000.—	
1,080,000 "B" shares	<u>108,000,000.—</u>	120,000,000.—
Statutory Reserve	<u>12,000,000.—</u>	132,000,000.—

Profit and Loss Account:—

Balance as at December 31st, 1953	22,197,672.72	
Less: Allocation decided at General Meeting in May, 1954:—		
Dividend for 1953	<u>7,200,000.—</u>	14,997,672.72
Net Profit for the year 1954	<u>17,342,007.37</u>	32,339,680.09
		<u>Kr. 211,397,243.01</u>

Contingent Liabilities	Kr. 1,282,000.—	(Whereof Nil in respect of discounted Bills Receivable)
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Liability for pension obligations to former employees, totalling per annum	Kr. 388,295.—
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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.—
Shares in foreign Subsidiaries		69,000,020.—
		Kr. 89,675,020.—

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, Säffle.....	50 »	1.—
Mercatoria S.A., Lima	1,732 »	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 and Försäljnings AB Volta 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 i likvidation, Oslo.....	50 »	3,600.—
		<u>Kr. 973,600.—</u>

Stockholm, March 23rd, 1955.

<i>Gustaf Sahlin</i>	<i>Manne Siegbahn</i>	<i>H. A. Wernher</i>
<i>Sven Salmonson</i>	<i>Axel Engberg</i>	<i>Sten Widell</i>
	<i>Elon V. Ekman</i> Managing Director	

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

Stockholm April 6th, 1955.

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 31st December, 1954, is shown by the following Consolidated Balance Sheet, which also sets out the result of the operations of the Concern as a whole during 1954.

THE ELEKTROLUX COMPARATIVE CONSOLIDATED BALANCE

The Consolidated Balance Sheet has been prepared on the same basis as for previous years. The Assets lower rates than the officially quoted buying rates at the year-end. These rates have also been applied currencies have been converted at

ASSETS

	1954	1953
<i>Fixed Assets:—</i>		
Land, Factory & Office Buildings	51,567,707	51,462,959
<i>Less: Reserve for Depreciation</i>	<u>14,983,420</u> 36,584,287	<u>14,331,673</u> 37,131,286
Plant, Machinery etc.	59,935,621	56,599,854
<i>Less: Reserve for Depreciation</i>	<u>56,176,074</u> 3,759,547	<u>52,603,442</u> 3,996,412
Office Equipment, Motor Cars etc.	13,422,481	11,352,826
<i>Less: Reserve for Depreciation</i>	<u>12,771,125</u> 651,356	<u>10,949,478</u> 403,348
Prepayments on Fixed Assets under construction	280,061	977,383
Sundry Shareholdings.....	19,147,687	18,922,512
<i>Guarantee Deposits</i>	595,747	470,094
<i>Patents, Trade Marks and Goodwill</i>	0	0
	<u>61,018,685</u>	<u>61,901,035</u>
<i>Current Assets:—</i>		
Inventories of Merchandise	77,771,517	
Securities	7,819,602	76,386,770
Customers' Outstandings and Bills Receivable (less Reserves for Hire Purchase Interest and Doubtful Accounts)	100,091,732	3,023,534
Miscellaneous Receivables.....	3,974,607	80,458,523
Deferred Charges	1,823,602	2,366,791
Cash at Banks, Post-Office and on Hand	<u>62,149,127</u> 253,630,187	<u>65,157,327</u> 228,800,981
	<u>Kr. 314,648,872</u>	<u>Kr. 290,702,016</u>

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

CONCERN

SHEET AS AT 31ST DECEMBER 1954 AND 1953

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>1954</u>		<u>1953</u>	
<i>Long Term Liabilities:—</i>				
Bank Loan.....	0		1,604,840	
Mortgage Loans	2,989,225		3,556,100	
Staff Pension Funds	<u>16,694,270</u>	19,683,495	<u>16,507,338</u>	21,668,278
<i>Current Liabilities:—</i>				
Bank Loans	2,281,410		6,810,520	
Suppliers' Balances and Bills Payable	18,494,126		16,157,018	
Miscellaneous Payables	10,840,208		10,633,443	
Accrued Charges.....	<u>19,973,022</u>	51,588,766	<u>16,832,648</u>	50,433,629
<i>Provisions for Taxes</i>		<u>28,025,979</u>		<u>26,096,899</u>
		99,298,240		98,198,806
<i>Share Capital and Surplus:—</i>				
Share Capital	120,000,000		60,000,000	
Statutory and Legal Reserves	23,826,661		44,643,064	
Free Reserves	4,049,431		35,172,581	
Balance of Profit carried forward from previous years	37,427,118		28,845,882	
Total Net Profit for the year	<u>30,047,422</u>	215,350,632	<u>23,841,683</u>	192,503,210
		<u>Kr. 314,648,872</u>		<u>Kr. 290,702,016</u>
<i>Contingent Liabilities</i>		<u>Kr. 1,457,000</u>		<u>Kr. 1,410,000</u>

Stockholm, March 23rd, 1955.

Elon V. Ekman

We, the undersigned auditors, appointed to examine the administration and accounts of Aktiebolaget Elektrolux for the year 1954, 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 Board 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 Board's 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 Board's 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 new Companies' Act, § 101 section 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.

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 6th, 1955.

Seth Svensson

Auditor, authorized by
Stockholm's Chamber of Commerce

Arvid Erikson

Auditor, authorized by
Stockholm's Chamber of Commerce

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