

AKTIEBOLAGET ELEKTROLUX

STOCKHOLM

REPORTS

OF THE

DIRECTORS AND AUDITORS

FOR THE YEAR

1950

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The Ordinary General Meeting will be held on Thursday, May 10th, 1951, at 2.30 p. m.
at the offices of the Company, S:t Eriksgatan 63, Stockholm.

In order to have the right to participate 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 1950 as may be declared at the General Meeting, will be paid out as from May 11th, 1951, against coupon No. 36, 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, Genève.

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

AKTIEBOLAGET ELEKTROLUX

ANNUAL REPORT OF THE BOARD AND OF THE MANAGING DIRECTOR FOR THE YEAR 1950

Production and sales have continued to increase during 1950, in Sweden as well as abroad.

The invoiced deliveries of the Company, including shipments of wholly and semi-finished goods to Subsidiaries, amounted to about 95 million Kronor. The total turnover of the Concern, converted into Swedish currency, was about 273 million Kronor. Exports from Sweden increased in value by 26.2 %.

Import difficulties prevail, however, in a number of countries, notably in Argentina and in Brazil. The free-listing between the Marshall-countries has had a favourable effect, but also here signs of impending difficulties are noticeable.

For reasons well-known, the acquisition of raw materials became more difficult towards the end of the year, and prices have risen. This tendency has been still more accentuated so far in 1951. The possibility to maintain high production will depend, above all, on the supply of raw materials.

The works in Brazil and South-Africa, mentioned in previous report, have started on a small scale. At Wilhelmshaven, West-Germany, production of vacuum cleaners has commenced in rented factory premises. The works in Berlin have been re-established, and production of refrigerators has begun anew during the first half of 1951.

A small factory at Säffle (Sweden) was acquired in December. After some alterations the manufacture of steel fittings will be transferred to Säffle from Motala. This should make a further expansion of the refrigerator production possible.

The Company's cash resources considerably exceed the estimated requirements of the business for the next few years. In order to obtain the best possible rate of interest on such money, 350,000 shares of stock of the American company Electrolux Corporation have been purchased during the year. Due to exchange regulations a bank loan had to be secured in this connection in the United States, to be repaid over a period of about three years. At the year-end about 10 million Kronor remained of this loan.

The Factory and Office Buildings directly owned by the Company, have an assessed value of Kr. 5,842,500.— and are insured against fire for Kr. 11,809,800.—. So far no assessment value has been established for the new enamelling plant at Motala. All the Factory and Office Buildings in Sweden belonging to the Concern have an aggregate assessment value of Kr. 20,041,000.— and are insured against fire for Kr. 40,611,400.—.

The Company's Machinery, Office Equipment etc. are insured against fire for Kr. 47,023,250.—.

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

The average number of workmen employed by the Parent Company during the year was 2,434; the average number of other employees being 1,005.

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

Directors, Managing Director and other Executives	Kr.	816,873.—
Workmen	»	14,807,828.—
other Employees	»	9,664,462.—

The Swedish Selling Companies employed 129 workmen and 518 other employees, remuneration paid amounting to:—

Directors, Managing Directors and other Executives	Kr.	313,465.—
Workmen	»	802,584.—
other Employees	»	4,831,952.—

The Subsidiaries abroad employed 3,491 workmen and 4,154 other employees, remuneration paid (converted into Swedish Kronor) amounting to:—

Directors, Managing Directors and other Executives	Kr.	2,280,427.—
Workmen	»	19,653,694.—
other Employees	»	38,579,164.—

An amount of Kr. 1,000,000.— has been allocated to AB Elektrolux' Pension Fund, whereby the Fund now totals Kr. 6,000,000.—. In addition to this Pension Fund, there are similar funds with the Swedish Subsidiaries totalling Kr. 2,175,000.—.

Subject to the approval of the General Meeting of the above mentioned allocation, the Net Profit for the year, as per the Profit & Loss Statement,

amounts to	Kr.	8,240,445.64
Together with the unallocated surplus from 1949 of	»	5,378,628.50

there is thus an amount of Kr. 13,619,074.14
at the disposal of the General Meeting.

The Shareholdings in Subsidiary Companies include
1,362,500 shares in Electrolux Ltd., Luton, with a book value of Kr. 14,000,000.—.
and

850,000 shares in Electrolux Pty. Ltd., Melbourne, which are taken up at no value.

It is reasonable to consider that these assets have a lasting value and that such value exceeds the book value by at least 15 million Kronor. The Directors recommend that, pursuant to § 100 Section 2 of the Company Law, the book value be written up as follows:

	Book Value	To be written up by to	
1,362,500 shares in Electrolux Ltd., Luton	Kr. 14,000,000.—	7,000,000.—	21,000,000.—
850,000 shares in Electrolux Pty. Ltd., Melbourne	» 0.—	8,000,000.—	8,000,000.—
	<u>Kr. 14,000,000.—</u>	<u>15,000,000.—</u>	<u>29,000,000.—</u>

In this connection the Directors recommend that the amount of the write-up of Kr. 15,000,000.— be utilized for increasing the Company's Share Capital, from at present Kr. 45,000,000.— to Kr. 60,000,000.—, by altering the nominal value of each share, from at present Kr. 75.— to Kr. 100.—; the stamp duty to be paid by the Company. Furthermore, the Directors recommend to the General Meeting to approve of such amendment of the Articles of Association as may be required for the purpose.

With regard to the amount at the disposal of the General Meeting, Kr. 13,619,074.14, the Board and the Managing Director recommend that same be allocated as follows:—
For Payment of a dividend of Kr. 12.— per share against coupon

No. 36, corresponding to 7% of the Net Worth of the Company	Kr.	7,200,000.—
To Statutory Reserve	»	3,000,000.—
Balance of Profit to be carried forward	»	3,419,074.14
		<u>Kr. 13,619,074.14</u>

The result of the Company's operations during the year 1950 is shown by the following

PROFIT AND LOSS STATEMENT

Income:—

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

Profit on operations 11,544,368.38

(after deducting:—

Depreciation on Buildings Kr. 263,255.—

Depreciation on Machinery,
Furniture, etc. Kr. 5,601,457.14

General Sales & Administration
Expenses Kr. 3,834,468.77)

Royalties from abroad and Sale of Patents 6,616,904.20

From Capital:—

Dividends from Subsidiaries in Sweden 795,000.—

Dividends from Subsidiaries abroad ... 1,208,327.91 2,003,327.91

Dividends from other foreign share
holdings 652,680.—

Interest from Subsidiaries abroad 232,644.89

Other interest receivable, etc. 1,252,052.26 4,140,705.06

*Amounts recovered from investments in foreign Subsidiaries, previously
written off* 71,250.—
22,373,227.64

Deduct: Expenses:—

Provision for taxes 8,991,874.—

Provision for Investments abroad 4,000,000.—

Book value of bonds, written down... 45,000.— 4,045,000.—

Interest payable 95,908.— 4,140,908.—
9,240,445.64

Less: Proposed allocation to AB Elektrolux' Pension Fund 1,000,000.—

Net Profit for the year 1950 Kr. 8,240,445.64

The position of the Company as at December 31st, 1950, is shown by the following

BALANCE

ASSETS

Fixed Assets:—

Factory & Office Buildings	10,217,862.81	
Less: Reserve for Depreciation	651,792.—	9,566,070.81
Machinery, Office Furniture, Automobiles, etc.	26,874,524.14	
Less: Reserve for Depreciation	26,874,505.14	19.—
Prepayments on Fixed Assets under construction		558,776.53
Shareholdings in Subsidiary Companies	34,670,029.—	
Shareholdings in other Companies ...	31,080,004.—	
	65,750,033.—	
Less: Reserve for Depreciation	8,000,000.—	57,750,033.—
Guarantee Deposits		140,147.50
Patents		1.—
		68,015,047.84

Current Assets:—

Inventories of Merchandise	12,913,858.06	
Sundry Bonds	2,153,927.20	
Notes Receivable.....	2,203,746.67	4,357,673.87
Due by Subsidiary Companies	20,343,144.67	
Less: Reserve for unrealized profit in Subsidiaries' stocks	13,546,020.—	6,797,124.67
Customers' Outstandings		3,449,165.13
Customers' Bills Receivable		1,704,101.53
Miscellaneous Receivables		971,173.33
Deferred Charges		47,497.22
Cash at Banks, Post-Office, and on Hand ¹⁾	37,353,404.66	67,593,998.47
		Kr. 135,609,046.31

¹⁾ Whereof Kr. 5,001,112.— on blocked account with the State Bank of Sweden.

SHEET

LIABILITIES

Long Term Liabilities:—

Bank Loan	10,006,011.34	
Due to Subsidiary Companies	12,259,140.23	
AB Elektrolux' Pension Fund:—		
By previous allocations	5,000,000.—	
Proposed allocation for 1950	<u>1,000,000.—</u>	6,000,000.—
		28,265,151.57

Current Liabilities:—

Due to Suppliers	4,780,022.11	
Due to Subsidiary Companies	180,562.47	
Miscellaneous Payables	4,559,586.18	
Accrued Charges	<u>2,957,998.84</u>	12,478,169.60

Provision for Taxes		7,246,651.—
		<u>47,989,972.17</u>

Share Capital and Surplus:—

Share Capital: 60,000 "A" shares	4,500,000.—	
540,000 "B" shares	<u>40,500,000.—</u>	45,000,000.—
Statutory Reserve	<u>9,000,000.—</u>	54,000,000.—
Free Reserve		20,000,000.—

Profit and Loss Account:—

Balance as at December 31st, 1949	11,378,628.50	
Less: Allocation decided at General Meeting in May, 1950:—		
Dividend for 1949	<u>6,000,000.—</u>	5,378,628.50
Net Profit for the year 1950	<u>8,240,445.64</u>	<u>13,619,074.14</u>
		<u>Kr. 135,609,046.31</u>

Contingent Liabilities	Kr. 1,345,000.—	(Whereof Nil in respect of discounted Bills Receivable)
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Liability for pension obligations to former employees, totalling per annum	Kr. 145,750.—
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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 »	<u>445,000. —</u>
		20,670,000. —
Electrolux Ltd., Luton.....	1,362,500 »	14,000,000. —
Shares in other foreign Subsidiaries.....		<u>29. —</u>
		<u>Kr. 34,670,029. —</u>

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. —
Electrolux Corporation, New York	350,000 »	<u>31,080,000. —</u>
		<u>Kr. 31,080,004. —</u>

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 Forum, Stockholm	650 »		325,000. —
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. 1,324,100. —</u>

The position of the Elektrolux Concern as at 31st December, 1950, is shown by the following Consolidated Balance Sheet, which also indicates the result of the operations of the Concern as a whole during 1950.

THE ELEKTROLUX
COMPARATIVE CONSOLIDATED BALANCE

ASSETS

	1950	1949
<i>Fixed Assets:—</i>		
Land, Factory & Office Buildings	47,352,190	40,389,726
Less: Reserve for Depreciation	<u>9,697,249</u> 37,654,941	<u>7,874,599</u> 32,515,127
Plant, Machinery, etc.	38,507,898	30,708,976
Less: Reserve for Depreciation	<u>38,507,897</u> 1	<u>30,708,975</u> 1
Office Equipment, Automobiles, etc.	7,561,402	6,053,085
Less: Reserve for Depreciation	<u>7,561,401</u> 1	<u>6,053,084</u> 1
Prepayments on Fixed Assets under construction	558,776	1,841,977
Sundry Shareholdings.....	25,491,614	—
Guarantee Deposits	776,133	490,504
Patents, Trade Marks and Goodwill.....	<u>0</u>	<u>0</u>
	64,481,466	34,847,610
<i>Current Assets:—</i>		
Inventories of Merchandise	51,235,826	45,436,731
Securities	8,637,871	20,054,444
Customers' Outstandings (less Res- erves for Hire Purchase Interest and Doubtful Accounts)	43,948,689	37,885,320
Customers' Bills Receivable	1,959,926	1,829,869
Miscellaneous Receivables.....	1,992,325	2,540,976
Deferred Charges	1,206,012	675,085
Cash at Banks, Post-Office, and on Hand ¹⁾	<u>58,953,341</u> 167,933,990	<u>52,907,652</u> 161,330,077
	Kr. 232,415,456	Kr. 196,177,687

¹⁾ Whereof Kr. 5,862,499 on blocked account with the State Bank of Sweden.

CONCERN

HEET AS AT 31ST DECEMBER 1950 AND 1949

LIABILITIES

	1950		1949	
<i>Long Term Liabilities:—</i>				
Bank Loan.....	10,006,011		—	
Mortgage Loans	1,214,052		1,502,928	
Staff Pension Funds	9,353,905		8,164,365	
Minority Shareholders' Interest in Subsidiary Companies	3,225	20,577,193	2,514	9,669,807
<i>Current Liabilities:—</i>				
Bank Loans	1,215,328		1,491,897	
Suppliers' Balances and Bills Payable	13,721,204		9,821,370	
Miscellaneous Payables	10,654,751		8,184,566	
Accrued Charges	10,412,137	36,003,420	9,347,132	28,844,965
<i>Provisions for Taxes</i>		26,543,067		20,863,449
		83,123,680		59,378,221
<i>Share Capital and Surplus:—</i>				
Share Capital	45,000,000		45,000,000	
Statutory and Legal Reserves	37,208,470		31,644,789	
Free Reserves	37,210,655		30,503,374	
Balance of profit carried forward from previous years	11,380,341		7,804,037	
Total Net Profit for the year	18,492,310	149,291,776	21,847,266	136,799,466
		Kr. 232,415,456		Kr. 196,177,687
<i>Contingent Liabilities</i>		Kr. 1,355,000		Kr. 1,270,000

The Consolidated Balance Sheet has been drawn up according to the same principles as have been applied since many years back.

The Assets and Liabilities of the foreign Subsidiaries have in all instances been converted into Swedish Crowns at lower rates than the officially quoted buying rates at the year-end. These rates have also been applied when converting the Swedish Companies' claims in foreign currencies, whereas their liabilities in such currencies have been converted at the officially quoted selling rates.

In addition to what has already been stated, the following information is submitted regarding the most important items in the Consolidated Balance Sheet as at December 31st, 1950.

Fixed Assets:—

The following table shows alterations during the year:—

	<u>Land, Factory & Office Buildings</u>	<u>Plant, Machinery, etc.</u>	<u>Office Equip- ment, Auto- mobiles, etc.</u>	<u>Total</u>
Net Book Value as at 31st December, 1949 (after Depreciation)...	Kr. 32,515,127	1	1	32,515,129
Additions during 1950, less items scrapped and sold	Kr. 6,962,464	7,798,922	1,508,317	16,269,703
	Kr. 39,477,591	7,798,923	1,508,318	48,784,832
Deduct: Provision for Depreciation 1950 ...	Kr. 1,822,650	7,798,922	1,508,317	11,129,889
Net Book Value as at 31st December, 1950...	Kr. 37,654,941	1	1	37,654,943
Net increase in Book Value 1950	Kr. 5,139,814	—	—	5,139,814

Of the gross increase in the book value of Land, Factory & Office Buildings about Kr. 3,700,000.— apply to the Swedish Works, primarily to the enamelling plant at Motala which is now completed; furthermore, to the newly acquired factory at Säffle and to factory extensions at Gothenburg and Västervik. The increase abroad mainly relates to buildings in Brazil, South-Africa, France and Belgium.

Sundry Shareholdings mainly relates to shares of stock in Electrolux Corporation.

Securities have been considerably reduced since the notes receivable from the City of Stockholm have been redeemed, and most of the holding of bonds sold.

Shares and Bonds have been taken up at lower rates than the buying rates at the year-end.

Stockholm, March 20th, 1951.

Sigurd Nauckhoff

Manne Siegbahn

H. A. Wernher

Sven Salmonson

Axel Engberg

Sten Widell

Gustaf Sahlin

Managing Director

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

Stockholm, April 9th, 1951.

Seth Svensson

Auditor, authorized by Stockholm's Chamber of Commerce.

Arvid Erikson

Auditor, authorized by Stockholm's Chamber of Commerce.

We, the undersigned auditors, appointed to examine the administration and accounts of Aktiebolaget Elektrolux for the year 1950, beg to submit the following

AUDITORS' REPORT.

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

The Company's various cash balances have been checked on different occasions by the special verifiers, and everything thereby found in perfect order.

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

We have examined the Minutes of Board Meetings drawn up 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 Directors propose that the book value of the Company's shareholdings in the British and Australian Subsidiaries be written up by Kr. 7,000,000.— and Kr. 8,000,000.—, respectively. We recommend that this write-up be carried through, and we consider that the book value of these shareholdings after such write-up is still very conservative.

The Consolidated Balance Sheet of the Concern, 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 Concern's 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 Fund.

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, with the alteration, however, that the book value of Shareholdings in Subsidiary Companies be increased by Kr. 15,000,000.— and the Company's Share Capital by a corresponding amount,

that the available surplus be allocated in accordance with the proposal of the Directors and the Managing Director, such proposal comprising provision legally prescribed for reserves, not being at variance with good commercial practice, and considering the position of the Concern 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 9th, 1951.

Seth Svensson

Auditor, authorized by
Stockholm's Chamber of Commerce

Arvid Erikson

Auditor, authorized by
Stockholm's Chamber of Commerce



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