

AKTIEBOLAGET ELEKTROLUX
STOCKHOLM

REPORTS
OF THE
DIRECTORS AND AUDITORS
FOR THE YEAR
1951

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**The Ordinary General Meeting will be held on Thursday, May 15th, 1952, 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 1951 as may be declared at the General Meeting, will be paid out as from May 16th, 1952, against coupon No. 37, 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 1951.

Production and Sales have still continued to increase during 1951, in Sweden as well as abroad and in value as well as in quantity.

The invoiced deliveries of the Company, including shipments of wholly and semi-finished goods to Subsidiaries, amounted to 123,5 million Kronor. The total turnover of the Concern, converted into Swedish currency, was 343 million Kronor. Exports from the Company's Swedish Works increased in value by 33,4 %.

A certain amount of sales resistance has, however, started to appear in quite a number of countries where adequate supplies of goods are available. Moreover, in addition to the import difficulties already existing in certain countries, similar restrictions have recently been introduced into the British Empire and France. It may therefore be expected that exports as well as total turnover will decline during 1952.

Although difficulties in obtaining certain raw materials still prevail, the situation in this respect has improved as compared to a year ago. It is possible to obtain delivery at shorter notice, and some prices show a declining tendency. It should therefore be possible to reduce stocks, which have increased considerably during the past year owing to the higher turnover, rising prices and difficulties in obtaining supplies within reasonable time. Generally speaking, the situation is similar at the foreign factories of the Concern.

All costs have risen during the year, whereas it has not generally been possible to increase selling prices to the same extent. The profit margin has thus been reduced.

The factory at Säffle has been completed during the year, and the production of steel fittings has been transferred there from Motala. A small factory has been acquired at Askersund for the manufacture of certain parts for refrigerators. Furthermore, a small factory has been purchased at Hilleby near Gävle for the production of parts for outboard motors.

The Factory and Office Buildings directly owned by the Company have an assessed value of Kr. 6,418,850.— and are insured against fire for Kr. 16,712,800.—. No assessment value has yet been established for the enamelling plant at Motala. The aggregate assessment value of all the Factory and Office Buildings in Sweden belonging to the Concern is Kr. 20,642,350.— and they are insured against fire for Kr. 56,681, 600.—.

The Company's Machinery, Office Equipment etc. are insured against fire for Kr. 76,618,680.—

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 2,524; the average number of other employees being 1,074.

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

Directors, Managing Director and other Executives	Kr. 1,167,230.—
Workmen	» 18,280,210.—
other Employees	» 13,558,472.—

The Swedish Selling Companies employed 134 workmen and 529 other employees, remuneration paid amounting to:—

Directors, Managing Directors and other Executives	Kr. 290,485.—
Workmen	» 949,605.—
other Employees	» 6,389,102.—

The Subsidiaries abroad employed 4,017 workmen and 5,055 other employees, remuneration paid (converted into Swedish Kronor) amounting to:—

Directors, Managing Directors and other Executives	Kr. 2,529,708.—
Workmen	» 25,354,677.—
other Employees	» 48,424,732.—

An amount of Kr. 1,000,000.— has been allocated to AB Elektrolux' Pension Fund, whereby the Fund now totals Kr. 7,000,000.—. 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 appropriation, the Net Profit for the year, as per the Profit & Loss Statement,

amounts to	Kr. 8,301,274.17
To which must be added the unappropriated Balance brought forward	
from 1950 of	» 3,419,074.14
The total amount available for distribution is consequently	<u>Kr. 11,720,348.31</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. 37,	
equivalent to 6,9% of the Working Capital of the Company	Kr. 7,200,000.—
Balance of Profit to be carried forward	» 4,520,348.31
	<u>Kr. 11,720,348.31</u>

The result of the Company's operations during the year 1951 is shown by the following

PROFIT AND LOSS STATEMENT

Income:—

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

Profit on operations		5,902,808.93
<i>(after deducting:—</i>		
Depreciation on Buildings	342,812.—	
Depreciation on Machinery, Furniture etc.	6,199,375.—	
General Sales & Administration Expenses	4,776,064.80)	
<i>Royalties from abroad and Sale of Patents.....</i>		7,675,251.16

From Capital:—

Dividends from Subsidiaries in Sweden..	877,735.—	
Dividends from Subsidiaries abroad ...	<u>918,507.29</u>	1,796,242.29
Dividends from other foreign shareholdings	2,610,720.—	
Interest from Subsidiaries abroad	245,694.41	
Other interest receivable etc.	<u>1,268,751.66</u>	5,921,408.36
<i>Amounts recovered from investments in foreign Subsidiaries, previously written off</i>		<u>110,358.—</u> 19,609,826.45

Deduct: Expenses:—

Provision for Taxes	9,755,412.03	
Book Value of Shareholdings in other Companies, written down	202,603.79	
Interest payable	<u>350,536.46</u>	10,308,552.28
		<u>9,301,274.17</u>
<i>Less: Proposed allocation to AB Elektrolux' Pension Fund</i>		<u>1,000,000.—</u>
<i>Net Profit for the year 1951</i>	<u>Kr.</u>	<u>8,301,274.17</u>

The position of the Company as at December 31st, 1951, is shown by the following.

BALANCE

ASSETS

Fixed Assets:—

Land, Factory & Office Buildings	12,954,307.—	
Less: Reserve for Depreciation	<u>994,604.—</u>	11,959,703.—
Machinery, Office Furniture, Motor Cars etc.	32,448,206.—	
Less: Reserve for Depreciation	<u>32,448,187.—</u>	19.—
Prepayments on Fixed Assets under construction		227,941.78
Shareholdings in Subsidiary Companies	49,670,028.—	
Shareholdings in other Companies	<u>31,080,008.—</u>	
	80,750,036.—	
Less: Reserve for Depreciation	<u>8,000,000.—</u>	72,750,036.—
Guarantee Deposits		144,662.84
Patents		<u>1.—</u> 85,082,363.62

Current Assets:—

Inventories of Merchandise	22,068,552.—	
Sundry Bonds	252,222.54	
Notes Receivable	<u>2,102,960.56</u>	2,355,183.10
Due by Subsidiary Companies	28,606,524.43	
Less: Reserve for unrealized profit in Subsidiaries' stocks	<u>19,528,500.—</u>	9,078,024.43
Customers' Outstandings and Bills Receivable		8,384,550.54
Miscellaneous Receivables		1,260,890.65
Deferred Charges		40,841.48
Cash at Banks, Post-Office and on Hand ⁽¹⁾		<u>25,094,041.15</u> 68,282,083.35

Kr. 153,364,446.97

⁽¹⁾ Whereof Kr. 3,825,851.— on blocked account with the State Bank of Sweden.

SHEET

LIABILITIES

Long Term Liabilities:—

Bank Loan	6,968,823.13	
Due to Subsidiary Companies	12,619,565.85	
AB Elektrolux' Pension Fund:—		
By previous allocations	6,000,000.—	
Proposed allocation for 1951	<u>1,000,000.—</u>	7,000,000.—
		26,588,388.98

Current Liabilities:—

Due to Suppliers	7,698,038.86	
Miscellaneous Payables	2,750,481.77	
Accrued Charges	<u>4,031,847.05</u>	14,480,367.68

Provision for Taxes		<u>8,575,342.—</u>
		49,644,098.66

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, 1950	13,619,074.14	
Less: At General Meeting in 1951 decided:		
Allocation to the Statutory Reserve ..	3,000,000.—	
Dividend for 1950	<u>7,200,000.—</u>	10,200,000.—
		3,419,074.14
Net Profit for the year 1951	<u>8,301,274.17</u>	<u>11,720,348.31</u>

Kr. 153,364,446.97

Contingent Liabilities	Kr. 1,780,000.—	(Whereof Nil in respect of discounted Bills Receivable)
Liability for pension obligations to former employees, totalling per annum	Kr. 177,498.—	

SHAREHOLDINGS IN SUBSIDIARY COMPANIES

		Book Value Kr.
AB Lux, Stockholm	40,000 pref. shares	} 12,000,000.—
	80,000 common »	
AB Arctic, Stockholm	5,000 shares	500,000.—
Platen-Munters Refrigerating	1,050 "A" shares	} 1,500,000.—
System AB, Stockholm	450 "B" »	
Elektrolux Svenska Försäljnings 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.—
		<u>20,670,000.—</u>
Electrolux Ltd., Luton	1,500,000 »	21,000,000.—
Electrolux Pty., Ltd., Melbourne	850,000 »	8,000,000.—
Shares in other foreign Subsidiaries		28.—
		<u>Kr. 49,670,028.—</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.—
Förvaltnings AB TLI, Stockholm	100 »	1.—
Fastighets AB Säffle, Säffle	70 »	1.—
Säffle Restaurant AB, Säffle	50 »	1.—
Mercatoria S. A., Lima	350 »	1.—
Electrolux Corporation, New York	350,000 »	31,080,000.—
		<u>Kr. 31,080,008.—</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 »	<u>500.—</u>
		<u>Kr. 1,324,100.—</u>

The position of the Elektrolux Concern as at 31 st December, 1951, is shown by the following Consolidated Balance Sheet, which also sets out the result of the operations of the Concern as a whole during 1951.

THE ELEKTROLUX
COMPARATIVE CONSOLIDATED BALANCE

ASSETS

	1951	1950
<i>Fixed Assets:—</i>		
Land, Factory & Office Buildings	51,953,351	47,352,190
<i>Less: Reserve for Depreciation</i>	<u>11,218,282</u> 40,735,069	<u>9,697,249</u> 37,654,941
Plant, Machinery etc.	45,461,089	38,507,898
<i>Less: Reserve for Depreciation</i>	<u>45,461,088</u> 1	<u>38,507,897</u> 1
Office Equipment, Motor Cars etc.	9,565,483	7,561,402
<i>Less: Reserve for Depreciation</i>	<u>9,565,482</u> 1	<u>7,561,401</u> 1
Prepayments on Fixed Assets under construction	227,942	558,776
Sundry Shareholdings	25,491,618	25,491,614
<i>Guarantee Deposits</i>	331,728	776,133
<i>Patents, Trade Marks and Goodwill</i>	<u>0</u>	<u>0</u>
	66,786,359	64,481,466
 <i>Current Assets:—</i>		
Inventories of Merchandise	87,497,640	51,235,826
Securities	5,812,594	8,637,871
Customers' Outstandings and Bills Receivable (less Reserves for Hire Purchase Interest and Doubtful Accounts)	59,358,775	45,908,615
Miscellaneous Receivables	2,534,531	1,992,325
Deferred Charges	1,127,505	1,206,012
Cash at Banks, Post-Office and on Hand ⁽¹⁾	<u>41,346,089</u> 197,677,134	<u>58,953,341</u> 167,933,990
	Kr. 264,463,493	Kr. 232,415,456

⁽¹⁾ Whereof Kr. 4,484,813 on blocked account with the State Bank of Sweden.

CONCERN

SHEET AS AT 31ST DECEMBER 1951 AND 1950

LIABILITIES

	<u>1951</u>		<u>1950</u>	
<i>Long Term Liabilities:—</i>				
Bank Loan	6,968,823		10,006,011	
Mortgage Loans	2,160,859		1,214,052	
Staff Pension Funds	10,452,758		9,353,905	
Minority Shareholders' Interest in Subsidiary Companies	<u>1,709</u>	19,584,149	<u>3,225</u>	20,577,193
<i>Current Liabilities:—</i>				
Bank Loans	2,237,932		1,215,328	
Suppliers' Balances and Bills Payable	21,882,752		13,721,204	
Miscellaneous Payables	9,314,990		10,654,751	
Accrued Charges	<u>13,415,468</u>	46,851,142	<u>10,412,137</u>	36,003,420
<i>Provisions for Taxes</i>		<u>33,696,175</u>		<u>26,543,067</u>
		100,131,466		83,123,680
<i>Share Capital and Surplus:—</i>				
Share Capital	60,000,000		45,000,000	
Statutory and Legal Reserves ..	32,356,658		37,208,470	
Free Reserves	39,306,653		37,210,655	
Balance of Profit carried forward from previous years	10,428,465		11,380,341	
Total Net Profit for the year ..	<u>22,240,251</u>	<u>164,332,027</u>	<u>18,492,310</u>	<u>149,291,776</u>
	<u>Kr. 264,463,493</u>		<u>Kr. 232,415,456</u>	
<i>Contingent Liabilities</i>	Kr. 1,790,000		Kr. 1,355,000	

The Consolidated Balance Sheet has been prepared on the same basis as for previous years.

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 the foregoing, the following information is submitted relative to certain items in the Consolidated Balance Sheet as at December 31st, 1951.

Fixed Assets:—

The following table shows alterations during the year:—

	Land, Factory & Office Buildings	Plant, Machinery, etc.	Office Equip- ment, Motor Cars etc.	Total
Net Book Value as at 31st December, 1950 (after Depreciation) ..	Kr. 37,654,941	1	1	37,654,943
Additions during 1951, less items scrapped and sold	4,601,161	6,953,191	2,004,081	13,558,433
	Kr. 42,256,102	6,953,192	2,004,082	51,213,376
<i>Deduct:</i> Provision for Depreciation 1951	1,521,033	6,953,191	2,004,081	10,478,305
Net Book Value as at 31st December, 1951 ...	Kr. 40,735,069	1	1	40,735,071
Net Increase in Book Value 1951	Kr. 3,080,128	—	—	3,080,128

Of the gross increase in the book value of Land, Factory & Office Buildings approximately Kr. 2,700,000 applies to the Swedish Works and represents factory extensions at Västervik and Gothenburg, reconstruction of the factory at Säffle and acquisition of the two factories at Askersund and Hilleby. The increase abroad mainly refers to buildings in France, Holland, Argentina and Venezuela.

Customers' Outstandings and Bills Receivable: The considerably increased turnover during the year and the growing proportion of Hire Purchase Sales have naturally resulted in higher Customers' Outstandings.

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

Stockholm, March 21st, 1952.

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 7th, 1952.

Seth Svensson

Auditor, authorized by
Stockholm's Chamber of Commerce

Aroid 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 1951, 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 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,

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 7th, 1952.

Seth Svensson

Auditor, authorized by
Stockholm's Chamber of Commerce

Arvid Erikson

Auditor, authorized by
Stockholm's Chamber of Commerce

Stockholm 1952
Zetterström & Persson, Boktryckeri A.-B.

