

AKTIEBOLAGET ELEKTROLUX
STOCKHOLM

REPORTS
OF THE
DIRECTORS AND AUDITORS
FOR THE YEAR
1952

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The Ordinary General Meeting will be held on Tuesday, May 12th, 1953, 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 1952 as may be declared at the General Meeting, will be paid out as from May 13th, 1953, against coupon No. 38, 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 1952.

Despite increased sales resistance in many countries, it has been possible to increase Exports during the year. At the same time, the total Turnover of the Concern as a whole has risen. These increases should, however, be seen against the background of continued inflation during the year.

Invoiced deliveries of the Company, including shipments of finished and semi-finished goods to Subsidiaries in Sweden and abroad, totalled 140,4 million Kronor as compared with 123,5 million Kronor for the year 1951, an increase of 13,7 %. Exports increased by 10,1 % and Sales to Swedish Subsidiaries and customers in Sweden by 17,4 %. The main reason for the latter increase was exceptionally large deliveries of built-in refrigerators, with the result that the delivery time, which in the beginning of 1952 was approximately 18 months, has been reduced to normal level by the end of the year. Built-in as well as free-standing refrigerators can now be delivered immediately. Sales of refrigerators both in Sweden and abroad have now become seasonal for the first time since the war. In order to maintain fairly even production, thus avoiding as far as

possible temporary discharges of labour, and to have stocks of finished goods available during the peak seasons, erection of an additional storage building at the Motala Factory was begun during 1953.

Hardening sales resistance in foreign markets affected the Company's Exports, particularly to countries such as Holland, Belgium and Switzerland. Import restrictions of various kinds prevented the full utilization of the Company's capacity for export to countries like Brazil, Argentina, Chile, Bolivia, Austria, and several others.

The Swedish factories of the Company show as a whole somewhat reduced total production during 1952 as compared with 1951. The situation regarding Raw Materials eased considerably and as a result Stocks at these factories decreased during 1952 as compared with 1951 when Stocks increased considerably. On the other hand, Stocks of Finished Goods showed an increase during the year. The total value of all Stocks of the Company and its Subsidiaries in Sweden and abroad, however, showed a decrease as compared with 1951.

The liabilities of the Company as regards Pensions to staff have increased considerably during the last two years. An investigation has therefore been made to determine the capital value of accrued pension rights as at December 31st, 1952. The calculation showed that this amount considerably exceeds the capital value covered by premiums already paid. In order to cover this deficiency in part, the Directors have decided to establish "AB Elektrolux' Pension Fund of 1952", to which an amount of 6 million Kronor has been transferred. This appropriation has been deducted from Profit on Operations during 1952. The above-mentioned calculations have been made in conformity with regulations laid down in the Royal Decree of June 6th, 1952, relative to limitation of tax-free deductions of appropriations to Pension and other Personnel Funds.

In view of the increase of the Company's investments abroad, due to larger turnover and a larger proportion of instalment sales there, also to a decrease in the market value of the Company's holding of American shares, an amount of 4 million Kronor has been set aside as Provision for Investments abroad.

The cost of new acquisitions of Machinery, Office Equipment etc. during 1952 totalled Kronor 4,038,249. Regulations under the Investment Law have necessitated a limitation of depreciation charged for the year to 20 % plus profits resulting from sales of machinery and equipment during the year, so that the total depreciation charged in 1952 amounts to Kr. 890,001. In 1951 as well as for a long number of years previously, new acquisitions of Machinery, Office Equipment etc. were fully amortized during the year of acquisition. Thus the Cost of new acquisitions in 1951 was Kr. 6,199,375 which amount was charged as depreciation for that year, whereas for 1952 depreciation charged has necessarily been limited to Kr. 890,001, i.e. Kr. 5,309,374 less than for 1951. Thereby the comparability between the amounts of Profit on Operations for the two years in question has been completely upset. As at 31st December, 1952, there is consequently a net book value of Kr. 3,148,267 for Machinery and Equipment in the Balance Sheet of the Company.

The total Turnover of the Concern, converted into Swedish Kronor, amounted to 383 million Kronor, an increase of 11,7 % compared with 1951. Here again, inflation has influenced the figures.

During the years immediately following the war, domestic appliances were in brisk demand. The percentage of cash sales was high in contrast to pre-war times, when the bulk of turnover consisted of instalment sales. The picture is now changing again, instalment sales tending to rise.

No new buildings were erected or purchased during 1952.

The Factory and Office Buildings in Sweden, directly owned by the Company, have an assessed value of Kr. 9,986,000, and are insured against fire for Kr. 16,863,800. All the Factory and Office Buildings in Sweden belonging to the Concern have an aggregate assessed value of Kr. 31,518,500 and are insured against fire for Kr. 57,837,500.

The Company's Machinery, Office Equipment etc. in Sweden are insured against fire for Kr. 81,668,000.

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, 1951 (after Depreciation)...	Kr. 40,735,069	1	1	40,735,071
Additions during 1952, less items scrapped and sold	Kr. 1,521,718	7,379,626	1,109,970	10,011,314
	Kr. 42,256,787	7,379,627	1,109,971	50,746,385
<i>Deduct:</i> Provision for Depreciation 1952 ...	Kr. 1,714,409	4,416,867	747,746	6,879,022
Net Book Value as at 31st December, 1952 ...	Kr. 40,542,378	2,962,760	362,225	43,867,363
Net Increase/Decrease in Book Value 1952	Kr. ./ 192,691	2,962,759	362,224	3,132,292

Of the gross increase in the book value of Land, Factory & Office Buildings of Kr. 1,522,000, approximately Kr. 475,000 applies to the Swedish Works and refers to extensions, reconstructions and installations at the Works at Gothenburg, Motala, Sundbyberg, Säffle and Västervik. The increase abroad mainly relates to installations and improvements of the factories in France, South Africa and New Zealand.

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

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

Although the sellers' market now is a feature of the past, the Company should be able to maintain its position with the aid of further rationalization of manufacture and administration, coupled with intensified sales activity, and utilizing valuable experience gained over a long period of years. The well-developed sales organizations of the various Subsidiaries should prove of vital importance in endeavouring to extend the markets and increase turnover.

The average number of workmen employed by the Parent Company during the year was 2,446; the average number of other employees being 1,045.

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

Directors, Managing Director and other Executives	Kr. 1,252,262.—
Workmen	„ 21,474,592.—
other Employees	„ 14,668,469.—

The Swedish Selling Companies employed 141 workmen and 583 other employees, remuneration paid amounting to:—

Directors, Managing Directors and other Executives	Kr. 231,557.—
Workmen	„ 1,077,190.—
other Employees	„ 6,988,193.—

The Subsidiaries abroad employed 4,082 workmen and 4,972 other employees, remuneration paid (converted into Swedish Kronor) amounting to:—

Directors, Managing Directors and other Executives	Kr. 2,782,541.—
Workmen	„ 27,335,752.—
other Employees	„ 50,786,670.—

The Net Profit of the Company for the year, as per the Profit & Loss Statement, amounts to	Kr. 11,177,651.13
To which must be added the unappropriated Balance brought forward from 1951 of	„ 4,520,348.31
The total amount available for distribution is consequently	<u>Kr. 15,697,999.44</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. 38, equivalent to 6,7 % of the Working Capital of the Company according to the Balance Sheet	Kr. 7,200,000.—
Balance of Profit to be carried forward	„ 8,497,999.44
	<u>Kr. 15,697,999.44</u>

The result of the Company's operations during the year 1952 is shown by the following

PROFIT AND LOSS STATEMENT

Income:—

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

Profit on operations 9,964,176.52

(after deducting:—

Depreciation on Buildings 372,638.—

Depreciation on Machinery,
Furniture etc. 890,001.—

General Sales & Administration
Expenses 5,100,674.82)

Royalties from abroad and Sale of Patents 9,812,323.87

From Capital:—

Dividends from Subsidiaries in Sweden 1,118,000.—

Dividends from Subsidiaries abroad ... 2,680,676.33 3,798,676.33

Dividends from other foreign share
holdings 2,121,210.—

Interest from Subsidiaries abroad 154,293.37

Other interest receivable etc. 485,301.61 6,559,481.31

*Amounts recovered from investments in foreign Subsidiaries, previously
written off* 28,802.51

26,364,784.21

Deduct: Expenses:—

Provision for Taxes 10,824,862.—

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

Book Value of Shareholdings in other
Companies, written down 28,764.18 4,028,764.18

Interest payable 333,506.90 15,187,133.08

Net Profit for the year 1952 Kr. 11,177,651.13

The position of the Company as at December 31st, 1952, is shown by the following

BALANCE

ASSETS

Fixed Assets:—

Land, Factory & Office Buildings	13,428,309.—	
Less: Reserve for Depreciation	<u>1,367,242.—</u>	12,061,067.—
Machinery, Office Furniture, Motor Cars etc.	36,075,090.—	
Less: Reserve for Depreciation	<u>32,926,823.—</u>	3,148,267.—
Prepayments on Fixed Assets under construction		186,666.60
Shareholdings in Subsidiary Companies	49,670,028.—	
Shareholdings in other Companies ...	<u>31,080,007.—</u>	
	80,750,035.—	
Less: Reserve for Depreciation	<u>10,000,000.—</u>	70,750,035.—
Guarantee Deposits		166,453.58
Patents		<u>1.—</u> 86,312,490.18

Current Assets:—

Inventories of Merchandise	18,852,763.—	
Sundry Bonds	237,307.62	
Notes Receivable.....	<u>201,525.—</u>	438,832.62
Due by Subsidiary Companies	30,835,221.27	
Less: Reserve for unrealized profit in Subsidiaries' stocks	<u>24,939,690.—</u>	5,895,531.27
Customers' Outstandings and Bills Receivable	7,856,661.59	
Miscellaneous Receivables	953,360.85	
Deferred Charges	78,230.86	
Cash at Banks, Post-Office, and on Hand ¹⁾	<u>34,370,356.48</u>	<u>68,445,736.67</u>
		<u>Kr. 154,758,226.85</u>

¹⁾ Whereof Kr. 2,601,579.— on blocked account with the State Bank of Sweden.

SHEET

LIABILITIES

Long Term Liabilities:—

Bank Loan	4,298,212.59	
AB Elektrolux' Pension Fund:		
by previous allocations.....	7,000,000.—	
AB Elektrolux' Pension Fund of 1952.....	6,000,000.—	
Due to Subsidiary Companies	<u>12,881,964.89</u>	30,180,177.48

Current Liabilities:—

Due to Suppliers	3,913,450.58	
Due to Subsidiary Companies	25,190.75	
Miscellaneous Payables	2,649,976.76	
Accrued Charges	<u>4,409,471.84</u>	10,998,089.93

Provision for Taxes		<u>5,881,960.—</u>
		47,060,227.41

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, 1951	11,720,348.31	
Less: Allocation decided at General Meeting in May, 1952:—		
Dividend for 1951	<u>7,200,000.—</u>	4,520,348.31
Net Profit for the year 1952	<u>11,177,651.13</u>	<u>15,697,999.44</u>
		<u>Kr. 154,758,226.85</u>

Contingent Liabilities	Kr. 1,665,000.—	(Whereof Nil in respect of dis- counted Bills Receivable)
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Liability for pension obligations to former employees, totalling per annum	Kr. 259,787.—
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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.—
		20,670,000.—
Electrolux Ltd., Luton.....	1,650,000 »	21,000,000.—
Electrolux Pty. Ltd., Melbourne	850,000 »	8,000,000.—
Shares in other foreign Subsidiaries.....		28.—
		Kr. 49,670,028.—

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.—
<i>La Maison de Suède à Paris S. A., Paris</i>	400 »	1.—
Fastighets AB Säffle, Säffle	70 »	1.—
Säffle Restaurant AB, Säffle.....	50 »	1.—
Mercatoria S.A., Lima	450 »	1.—
Electrolux Corporation, New York, ...	350,000 »	31,080,000.—
		Kr. 31,080,007.—

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>

Stockholm, March 20th, 1953.

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 today'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 Companies as examined by us.

Stockholm, April 8th, 1953.

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, 1952, is shown by the following Consolidated Balance Sheet, which also sets out the result of the operations of the Concern as a whole during 1952.

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

	1952	1951
<i>Fixed Assets:—</i>		
Land, Factory & Office Buildings	53,475,069	51,953,351
Less: Reserve for Depreciation	<u>12,932,691</u> 40,542,378	<u>11,218,282</u> 40,735,069
Plant, Machinery etc.	52,840,715	45,461,089
Less: Reserve for Depreciation	<u>49,877,955</u> 2,962,760	<u>45,461,088</u> 1
Office Equipment, Motor Cars etc.	10,675,453	9,565,483
Less: Reserve for Depreciation	<u>10,313,228</u> 362,225	<u>9,565,482</u> 1
Prepayments on Fixed Assets under construction	186,667	227,942
Sundry Shareholdings.....	23,491,618	25,491,618
Guarantee Deposits	480,076	331,728
Patents, Trade Marks and Goodwill.....	0	0
	<u>68,025,724</u>	<u>66,786,359</u>
<i>Current Assets:—</i>		
Inventories of Merchandise	82,015,126	87,497,640
Securities	1,347,908	5,812,594
Customers' Outstandings and Bills Receivable (less Reserves for Hire Purchase Interest and Doubtful Accounts)	66,867,807	59,358,775
Miscellaneous Receivables.....	1,935,284	2,534,531
Deferred Charges	1,354,644	1,127,505
Cash at Banks, Post-Office and on Hand ¹⁾	<u>47,670,929</u> 201,191,698	<u>41,346,089</u> 197,677,134
	<u>Kr. 269,217,422</u>	<u>Kr. 264,463,493</u>

¹⁾ Whereof Kr. 3,049,671 on blocked account with the State Bank of Sweden.

CONCERN

SHEET AS AT 31ST DECEMBER 1952 AND 1951

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>1952</u>		<u>1951</u>	
<i>Long Term Liabilities:—</i>				
Bank Loan.....	4,298,213		6,968,823	
Mortgage Loans	2,305,215		2,160,859	
Staff Pension Funds	16,471,113		10,452,758	
Minority Shareholders' Interest in Subsidiary Companies	<u>1,681</u>	23,076,222	<u>1,709</u>	19,584,149
<i>Current Liabilities:—</i>				
Bank Loans	794,698		2,237,932	
Suppliers' Balances and Bills Payable	13,883,622		21,882,752	
Miscellaneous Payables	10,513,915		9,314,990	
Accrued Charges.....	<u>19,545,007</u>	44,737,242	<u>13,415,468</u>	46,851,142
<i>Provisions for Taxes</i>		<u>25,542,431</u>		<u>33,696,175</u>
		93,355,895		100,131,466
<i>Share Capital and Surplus:—</i>				
Share Capital	60,000,000		60,000,000	
Statutory and Legal Reserves	34,168,674		32,356,658	
Free Reserves	43,287,027		39,306,653	
Balance of Profit carried forward from previous years	19,676,326		10,428,465	
Total Net Profit for the year	<u>18,729,500</u>	<u>175,861,527</u>	<u>22,240,251</u>	<u>164,332,027</u>
		<u>Kr. 269,217,422</u>		<u>Kr. 264,463,493</u>
<i>Contingent Liabilities</i>		<u>Kr. 1,730,000</u>		<u>Kr. 1,790,000</u>

Stockholm, March 20th, 1953.

Elon V. Ekman

We, the undersigned auditors, appointed to examine the administration and accounts of Aktiebolaget Elektrolux for the year 1952, 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 8th, 1953.

Seth Svensson

Auditor, authorized by
Stockholm's Chamber of Commerce

Arvid Erikson

Auditor, authorized by
Stockholm's Chamber of Commerce

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