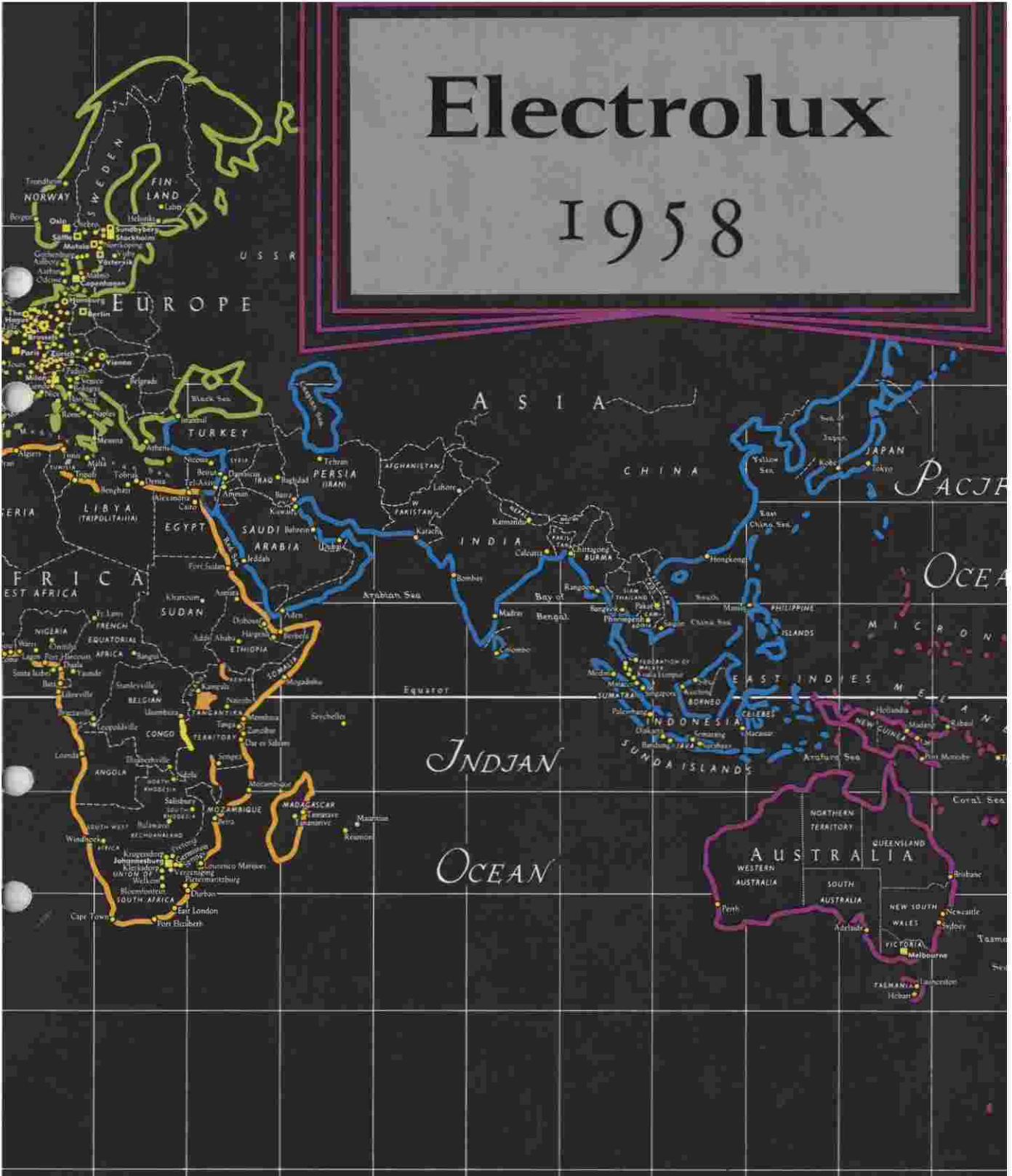


Electrolux

1958



REPORTS OF THE DIRECTORS AND AUDITORS

AKTIEBOLAGET ELECTROLUX

STOCKHOLM

ANNUAL REPORT 1958

The Annual General Meeting will be held on Tuesday, May 12th, 1959, at 2 p.m. at the Company's offices, Birger Jarls-gatan 6 B, Stockholm.

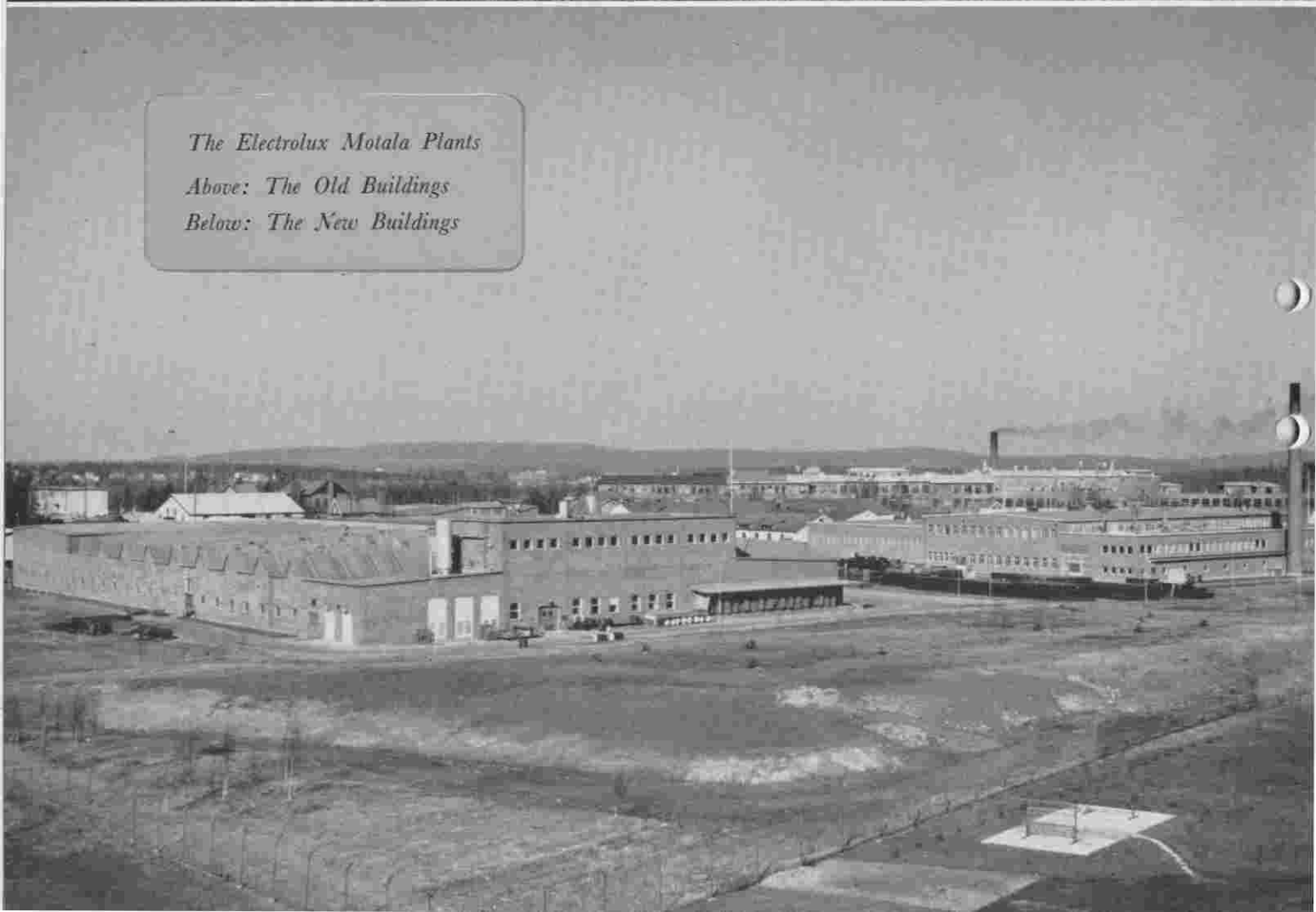
Shareholders wishing to participate in the proceedings of the Annual General Meeting must register at the offices of the Company in Stockholm not later than three clear days before such Meeting, between 10 a.m. and 2 p.m.

Such dividend for 1958 as may be declared at the Annual General Meeting, will be paid out as from May 13th, 1959, against coupon No. 55, at the offices of the Company in Stockholm, or at the offices of Skandinaviska Banken or Stockholms Enskilda Bank in Sweden.

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



The Electrolux Motala Plants
Above: The Old Buildings
Below: The New Buildings





ANNUAL REPORT OF THE BOARD AND OF THE MANAGING DIRECTOR FOR 1958

The year under review was characterized by continued expansion of sales, in spite of increased competition on practically all markets. In Great Britain, all restrictions concerning hire purchase selling were discontinued on November 1st. Earlier in the year, Purchase Tax was reduced from 60 % to 30 %. These measures had a stimulating effect on sales of household appliances. At the year-end some liberalization of imports was introduced in France.

On the other hand, sales efforts have met with difficulties in Mexico, Colombia, Uruguay and New Zealand, as a consequence of new import restrictions.

SALES

Sales by AB Electrolux, consisting of deliveries of the Swedish factories' products to Subsidiaries, distributors and other customers, amounted to Kr. 167.5 million during the year. The corresponding figure for 1957 was Kr. 152.1 m., and the increase during 1958 was, therefore, 10.2 %. Of total sales, exports amounted to 53.9 %, or Kr. 90.3 m., against 52.5 %, and Kr. 79.9 m., for 1957.

For the entire Electrolux Concern total sales during 1958 amounted to Kr. 564 m., an increase of 5.5 % as compared with the year before. Of these sales, Kr. 96 m., or 17 %, represented deliveries to customers in Sweden and Kr. 468 m., or 83 %, to customers abroad.

As in 1957, the turnover of the Concern was influenced by lower exchange rates being utilized for conversion into Swedish Crowns. This was the case in France, where the franc was devalued towards the end of the year, and in the Argentine, Uruguay, Brazil, Peru and Colombia, in which countries also the currencies were depreciated.

The various companies of the Concern showed a rather irregular sales development during

1958. Some companies reached higher sales than in the year before, and several of these, as for instance Great Britain, Venezuela, New Zealand and Mexico, achieved record figures. A few companies had a lower turnover, as a consequence of new restrictions, keener competition, and so forth. The Company's sales to distributors abroad showed an increase in comparison with 1957.

The political situation in France and the ensuing difficulties strongly curtailed selling activities in that country. In spite of this, the French Subsidiary managed to reach a rather satisfactory turnover.

The successful achievements of the British Company during the year necessitated further expansion of that company. Extensions of the factories in Luton were commenced during 1958 and will comprise an area of about 8,000 square meters. This will enable the British Company to increase its production and sales of refrigerators, vacuum cleaners and other products. The investments necessary for the purpose are expected to be financed within the country.

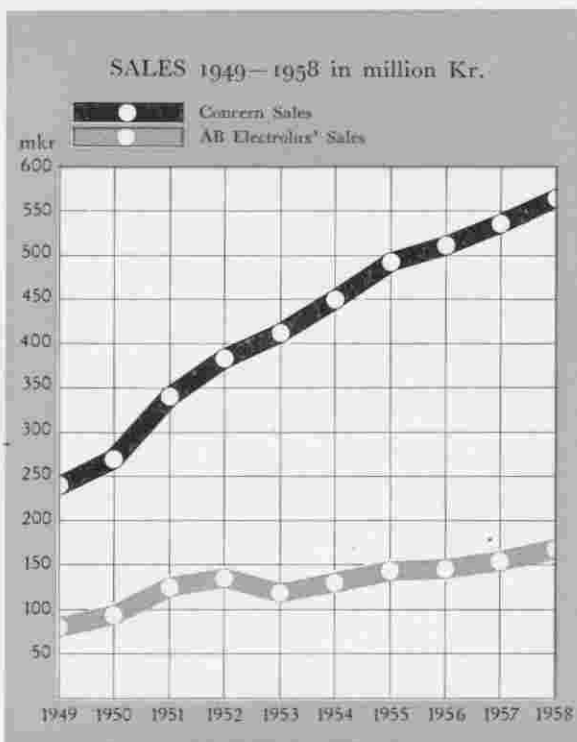
The floor polisher factory in São Paulo, Brazil, is being extended at present to allow for the manufacture of vacuum cleaners, and it is estimated that this extension will be completed and ready for occupancy during the second half of 1959.

During the year under review, exports to the U.S.A. of small-size refrigerators were started and have so far shown a promising development.

PRODUCTION — RESEARCH — NEW PRODUCTS

Production by the Company's Swedish factories was at a high rate and exceeded the total production of 1957 by 13.3 %.

During the year, a number of Swedish-made new models and products were introduced, and these were all well received. Two new models of absorption refrigerators, inter alia, and two household refrigerators of compressor type were brought on the market. Production of



deep-freezers, boxes as well as cabinets, introduced some years ago, has increased. Manufacture and sale of two new domestic washing machines of 3 and 5 kilogrammes and also a new domestic hydro extractor were started. In addition, the Central Laboratories in Stockholm completed an 8 kg washing machine, the sale of which began during the first months of the present year, and also a dish washer, which will be brought on the market in the near future. Of products manufactured and marketed by the foreign Subsidiaries, three new models of absorption and one model of compressor refrigerator were introduced during the year.

Production of steel shelvings and Compactus archive system was extended to include so-called Hand-Compactus-installations for, among other things, office archives.

During the year the Company has taken over the sole agency for Sweden for motor saws of the American make McCulloch. These are imported complete from the U.S.A., and sales have so far been satisfactory.

With a view to further increasing the resources of the Concern in the field of research and development, plans were drawn up during the year for a new building to serve as an extension to the present Central Laboratories in Stockholm. The Labour Market Board having granted permission to utilize for this purpose the Investment Fund of Kr. 4 m., as provided in the Accounts of 1957, it was decided to erect this additional building. Work thereon started

in December 1958 and is expected to be completed in the middle of 1960. The new building will more or less mean a doubling of the space available for the Central Laboratories.

With the object of still further rationalizing production methods, work of building-in the light-well of the main factory building at the Stockholm Works was started towards the end of the year. This will afford additional area of around 2,000 square meters and will make possible better planning of production.

COMPETITIVE SITUATION

As a result of the reduction in customs duties within the Six State Market, introduced on January 1st, 1959, the possibilities of marketing Swedish-made products in, for instance, the Benelux countries diminished. In the long run, the situation might necessitate transferring part of the production in Sweden to the Six State area.

The increase of competition, which varied in intensity on most markets during the past year, brought about further contractions of the already narrow margins. During the past months of the current year, this competition showed no tendency to decline. In spite of this, the Management of the Company are hopeful that the Company and its Subsidiaries will be able to maintain their positions in the different markets.

NUMBER EMPLOYED — SALARIES AND WAGES

The average number of Workmen employed during the year was 2,540, the average number of other Employees being 1,149.

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

Directors, Managing Director	
and other Executives	Kr. 1,410,254
Workmen	” 30,154,368
other Employees	” 21,197,198

The Swedish Selling Companies employed 203 Workmen and 746 other Employees, remuneration paid amounting to:—

AB ELECTROLUX		
NUMBER OF EMPLOYEES	YEAR	REMUNERATION PAID (million Kr.)
3,348	1949	23.4
3,439	1950	25.3
3,598	1951	33.0
3,491	1952	37.4
3,013	1953	34.3
3,039	1954	36.0
3,318	1955	41.3
3,325	1956	44.4
3,420	1957	46.9
3,689	1958	52.8

Directors, Managing Directors and other Executives	Kr. 348,727
Workmen	" 2,244,541
other Employees	" 11,899,926

The Subsidiaries outside Sweden employed 4,319 Workmen and 8,206 other Employees, remuneration paid (converted into Swedish Kronor) amounting to:—

Directors, Managing Directors and other Executives	Kr. 3,354,673
Workmen	" 39,935,738
other Employees	" 97,011,203

The total number of persons employed within the Concern thus averaged 17,163 during 1958, and remunerations paid amounted to Kr. 207.6 m.

COMMENTS ON THE ACCOUNTS

The Profit and Loss Statement

Despite the increased sales of the Company during 1958, the "Profit on operations", as shown by the Accounts, is around Kr. 6 m. less than in 1957. As the inventories of merchandise and materials of the Swedish factories increased, owing to a wider range of products, and the same percentage for writing-down of these inventories was maintained as previously, profit decreased. Expenses increased by around Kr. 1.5 m., partly as a result of bringing out new products.

The Company has appropriated, as during the last two preceding years, an amount of Kr. 2,357,000 from the special Pension Fund with the Swedish Personnel Pensions Society ("SPP") to cover the Company's share of pension premiums for the staff for 1958, whereafter the balance of the Fund amounts to Kr. 10,643,000.

"Dividends received from other Companies" consists mainly of a dividend of one dollar per share on the Company's holding of 350,000 shares in Electrolux Corporation, New York. This latter company showed a considerably better result for 1958 than for 1957. The dividend for the first quarter of 1959 was 30 cents per share, against 25 cents for the first quarter of 1958.

"Amounts recovered from investments in foreign Subsidiaries, previously written off" includes

recovery of write-downs on loans granted the German Subsidiaries, corresponding to repayments on such loans made during the year.

The Company transferred Kr. 6 m. to a special "Investment Fund" as permitted by Royal Decree of May 27th, 1955.

The "Writing-down of the book value of Sundry Bonds" refers to debentures issued by the Banco de la República, Bogotá, as payment for certain deliveries to the Colombian Subsidiary.

Of the amount under "Interest paid", Kr. 355,000 represents interest credited to AB Electrolux' Pension Fund of 1952.

Balance Sheet

"Land, Factory & Office Buildings" of the Company had an assessed value at the end of the year of Kr. 20,522,700 and were insured against fire for Kr. 37,006,900. The assessed value of Land and Buildings belonging to the Concern in Sweden was Kr. 31,420,800, whilst the fire insurance valuation was Kr. 61,788,800.

Purchases during the year of Machinery, Office Furniture, Motor Cars, etc. amounted to Kr. 3,983,000, whilst items scrapped and sold amounted to Kr. 763,000. The net increase was, consequently, Kr. 3,220,000.

The fire insurance valuation of Machinery and Furniture at the Swedish factories was Kr. 127,230,200, at the end of the year.

The buying rate for the shares in Electrolux Corporation, New York, was at the end of the year US\$ 13 1/2, whilst the net book value of the Company's holding of 350,000 of these shares amounted to US\$ 8 1/3 per share.

Current stocks of merchandise and materials of the Swedish factories, valued at cost or market price, whichever is the lower, amounted at the end of the year to. Kr. 69,356,000

The General Reserve for these stocks amounted to Kr. 45,081,000

The net book value of the Swedish factories' current stocks was consequently Kr. 24,275,000

Obsolete stocks have been entirely written off.

Amounts owing to the Company by Subsidiaries and Customers increased during the year in consequence of increased sales.

The Reserve for unrealized profit in stocks at Subsidiaries, representing the difference between the debiting price for Swedish-made goods and the corresponding cost of manufacture, increased as a result of larger volumes of stocks at these companies at the close of the year. The taxed part of the reserve, Kr. 12 m., has been maintained unaltered.

PROFIT APPROPRIATION

The Net Profit of the Company for the year amounted to..	Kr. 14,092,284
Unappropriated Balance brought forward from 1957	" 36,868,506
Total amount available for distribution	<u>Kr. 50,960,790</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. 55	Kr. 9,000,000
Transferred to the Statutory Reserve	" 2,000,000
Balance of Profit to be carried forward	" 39,960,790
	<u>Kr. 50,960,790</u>

CONSOLIDATED BALANCE SHEET

In preparing the Consolidated Balance Sheet, the Balance Sheets of the foreign Subsidiaries have in all instances been converted into Swedish Kronor at lower rates than the officially quoted buying rates at the year-end. The same principle has been applied with respect to the Parent Company's claims in foreign currency, while the liabilities have been converted at the officially quoted selling rates of exchange.

"Land, Factory & Office Buildings" shows an increase of Kr. 4,050,000. Of this amount, Kr. 1,587,000 refers to payments made by the British Company for the extensions now going on at the factories at Luton. The Parent Company shows an increase of Kr. 846,000, which refers partly to the additional Laboratory Building and the building-in of the light-well at the Stockholm factory previously mentioned, and partly to warehouse buildings at the Company's factories in Motala and Västervik. Purchases of "Plant, Machinery, etc." less items scrapped and sold amounted to Kr. 8,728,000. Of this, Kr. 3,022,000 relate to the Swedish factories. Major acquisitions of machinery have also taken place at the factories in England, Canada and Australia.

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 Equipment, Motor Cars, etc.	Total
Net Book Value as at 31st December, 1957 (after Depreciation)	Kr. 51,863,467	6,963,311	1,386,367	60,213,145
Additions during 1958, less items scrapped and sold	" 4,049,658	8,727,978	1,403,228	14,180,864
	<u>Kr. 55,913,125</u>	<u>15,691,289</u>	<u>2,789,595</u>	<u>74,394,009</u>
<i>Deduct:</i> Provision for Depreciation 1958	" 2,137,383	7,088,009	728,377	9,953,769
Net Book Value as at 31st December, 1958	<u>Kr. 53,775,742</u>	<u>8,603,280</u>	<u>2,061,218</u>	<u>64,440,240</u>
Net Increase in Book Value 1958	Kr. 1,912,275	1,639,969	674,851	4,227,095

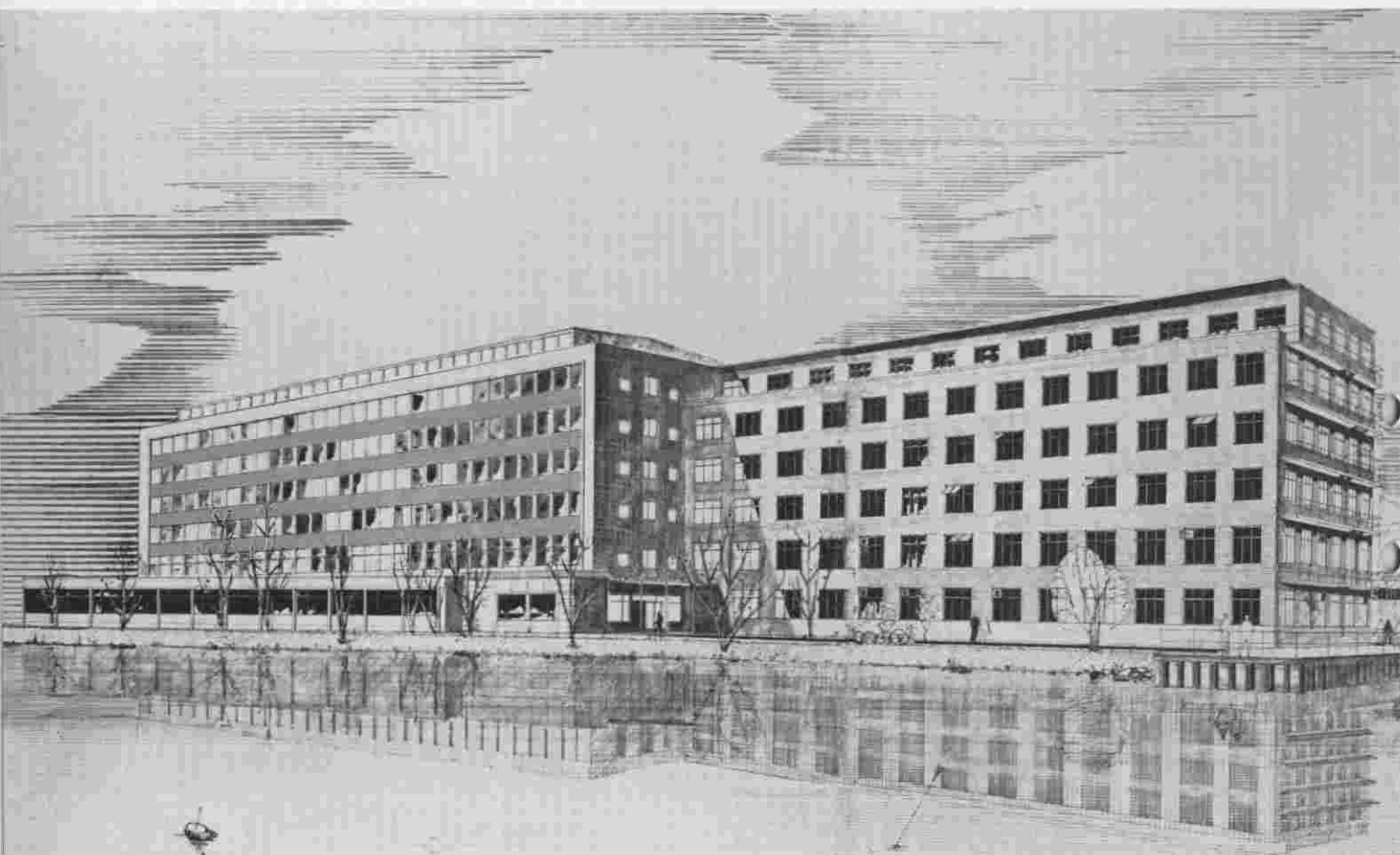
In prior years, Machinery, Office Furniture, Motor Cars, etc. of the foreign Subsidiaries were wholly written off in the Consolidated Balance Sheet. In 1958, this procedure has been changed. Thus the acquisitions of the foreign Subsidiaries during 1958, less depreciation, are included in the Net Book Values of the Fixed

Assets as at 31st December, 1958, mentioned above.

"Inventories of Merchandise" increased by Kr. 14,462,000. This increase refers mainly to the Swedish factories, but also to the Subsidiaries in France, Canada, Venezuela and South Africa.

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

The Electrolux Central Research Laboratory in Stockholm is being extended to nearly twice the size.



The result of the Company's operations during the year 1958 is shown by the following

PROFIT AND LOSS STATEMENT

<u>Income:—</u>	1958	1957
<i>Profit on operations</i>	11,765,433	17,761,523
(after deducting:—		
Depreciation on Buildings	638,706	(637,268)
Depreciation on Machinery, Furniture, etc.	3,781,178	(3,472,352)
General Sales & Administration Expenses	8,861,126)	(7,491,974)
<i>Royalties from abroad and Sale of Patents</i>	14,631,007	11,427,612
<i>Dividends received:—</i>		
From Subsidiaries	2,899,389	3,544,945
From other Companies	<u>1,685,286</u>	<u>1,632,607</u>
<i>Interest received:—</i>	4,584,675	<u>5,177,552</u>
From Subsidiaries	258,558	161,803
Other interest received, etc.	<u>857,324</u>	<u>1,073,856</u>
	1,115,882	<u>1,235,659</u>
<i>Amounts recovered from investments in foreign Subsidiaries, previously written off</i>	<u>1,134,905</u>	<u>620,739</u>
	33,231,902	36,223,085
<u><i>Expenses:—</i></u>		
Provision for Investment Fund	6,000,000	4,000,000
Writing-down of the book value of shares in Subsidiary Companies	—	836,885
Writing-down of the book value of Sundry Bonds	332,412	—
Interest paid	<u>455,508</u>	<u>430,684</u>
	6,787,920	<u>5,267,569</u>
	26,443,982	30,955,516
<i>Provision for Taxes</i>	12,351,698	<u>15,603,318</u>
<i>Net Profit for the year 1958</i>	<u>Kr. 14,092,284</u>	<u>15,352,198</u>

The position of the Company as at December 31st, 1958, is shown by the following

BALANCE SHEET

ASSETS

Fixed Assets:—

	1958		1957	
Land, Factory & Office Buildings	22,976,966		22,131,079	
<i>Less: Reserve for Depreciation</i>	<u>5,988,804</u>	16,988,162	<u>5,352,458</u>	16,778,621
Machinery, Office Furniture, Motor Cars, etc.	51,263,301		48,043,327	
<i>Less: Reserve for Depreciation</i>	<u>43,197,546</u>	8,065,755	<u>40,179,858</u>	7,863,469
Prepayments on Fixed Assets under construction		159,152		121,172
Shareholdings in Subsidiary Companies	77,230,021		77,230,021	
Shareholdings in other Companies	<u>31,080,006</u>		<u>31,080,006</u>	
	108,310,027		108,310,027	
<i>Less: Reserve for Depreciation</i>	<u>16,000,000</u>	92,310,027	<u>16,000,000</u>	92,310,027
<i>Guarantee Deposits</i>		107,035		107,102
<i>Patents</i>		<u>0</u>		<u>0</u>
		117,630,131		117,180,391

Current Assets:—

Inventories of Merchandise		24,274,669		22,070,504
Sundry Bonds	1,098,917		99,349	
Notes Receivable	<u>201,803</u>	1,300,720	<u>201,803</u>	301,152
Due by Subsidiary Companies		67,614,567		59,800,339
Customers' Outstandings and Bills Receivable		15,249,026		14,055,851
Miscellaneous Receivables		2,417,484		2,405,154
Deferred Charges		30,411		72,383
Cash at Banks, Post-Office, and on Hand		<u>36,678,039*)</u>		<u>36,596,680</u>
		147,564,916		135,302,063
		<u>Kr. 265,195,047</u>		<u>Kr. 252,482,454</u>

*) Of this amount, Kr. 2,600,000 on blocked account at Sveriges Riksbank (Bank of Sweden)

S H E E T

LIABILITIES

Long Term Liabilities:—

AB Electrolux' Pension Fund:

By previous allocations
 Transferred from AB Lux

8,000,000
 —
 8,000,000

7,000,000
 1,000,000
 8,000,000

AB Electrolux' Pension Fund of 1952

12,201,014

11,845,645

Due to Subsidiary Companies.....

1,106,968 21,307,982

1,140,146 20,985,791

Current Liabilities:—

Due to Suppliers.....

6,564,893

6,800,234

Due to Subsidiary Companies.....

821,315

—

Miscellaneous Payables.....

3,117,444

3,232,673

Accrued Charges.....

7,021,350 17,525,002

7,896,880 17,929,787

Provision for Taxes

778,773

1,235,050

Reserve for unrealized profit in, and writing down of, stocks at Subsidiaries.....

24,622,500

22,463,320

Investment Fund

10,000,000

4,000,000

74,234,257

66,613,948

Share Capital and Surplus:—

Share Capital: 120,000 "A" shares...

12,000,000

12,000,000

1,080,000 "B" shares...

108,000,000

108,000,000

120,000,000

120,000,000

Statutory Reserve.....

20,000,000 140,000,000

18,000,000 138,000,000

Surplus arising from merger of AB Lux and Bohus Mekaniska Verkstads AB

—

1,502,500

Profit and Loss Account:—

Balance as at Dec. 31st, 1957 and 1956

47,868,506

42,013,808

Less: Allocation decided at General Meeting in May, 1958 and 1957:—

Transferred to the Statutory Reserve

./ 2,000,000

./ 2,000,000

Dividend.....

./ 2,000,000

./ 2,000,000

36,868,506

31,013,808

Net Profit for the year.....

14,092,284 50,960,790

15,352,198 46,366,006

Kr. 265,195,047

Kr. 252,482,454

Contingent Liabilities.....

Kr. 9,402,000

Kr. 5,647,000

(Whereof Nil in respect of discounted Bills Receivable)

(Whereof Nil in respect of discounted Bills Receivable)

Liability for pension obligations to former employees, totalling per annum

Kr. 495,609

Kr. 424,372

SHAREHOLDINGS IN SUBSIDIARY COMPANIES

		Book Value Kr.
AB Arctic, Stockholm	5,000 shares	500,000
Platen-Munters Refrigerating System AB, Stockholm	1,050 "A" shares	1,500,000
	450 "B" »	
Electrolux 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
AB Carex, Stockholm	50 »	5,000
		8,230,000
Shares in foreign Subsidiaries		69,000,021
		Kr. 77,230,021

SHAREHOLDINGS IN OTHER COMPANIES

		Book Value Kr.
AB Sukab, Stockholm	17 shares	1
AB Svensk Värmemätning C. B. System, Stockholm	738 »	1
Svensk Interkontinental Lufttrafiks AB (S.I.L.A.), Stockholm	2,000 »	1
La Maison de Suède à Paris, S.A., Paris	400 »	1
Säffle Restaurant AB, Säffle	50 »	1
Mercatoria S.A., Lima	1,431 »	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 Lux, 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
Walter Widmann AG, Zürich	50 »	58,750
		<u>Kr. 1,028,750</u>

Stockholm, March 25th, 1959.

GUSTAF SAHLIN SVEN SALMONSON CARL TRYGGER

H. A. WERNHER WALTER WEHTJE 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 and Balance Sheet, included in the Annual Report, agree with the Accounts of the Company as examined by us.

Stockholm, April 10th, 1959.

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 Electrolux for the year 1958, 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, sections 2 and 3, and § 104, relative to consolidated accounts, have been observed.

During the audit we have also examined the accounts of Aktiebolaget Electrolux' 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, such proposal comprising the required appropriation to the Statutory Reserve and not being at variance with good commercial practice 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 10th, 1959.

Seth Svensson

*Auditor, authorized by
Stockholm's Chamber of Commerce*

Arvid Erikson

*Auditor, authorized by
Stockholm's Chamber of Commerce*

BOARD OF DIRECTORS AND
AUDITORS OF AB ELECTROLUX

elected at the Annual General Meeting in 1958

BOARD OF DIRECTORS

Ordinary members

Gustaf Sahlin, Chairman

Sven Salmonson, Vice Chairman

Carl Trygger

Sir Harold Wernher, Bt., G.C.V.O.

Walter Wehtje

Sten Widell

Elon V. Ekman, Managing Director

Deputies

Fred Deijfen

Arne M. Hofving

Kai Hyllén

Ebbe Svensson

AUDITORS

Ordinary Auditors

Seth Svensson

Arvid Erikson

Deputies

Fritz Tjus

H. Mårtensson



Office ■ Factory and Head Office • Branch Office or Agent