

Electrolux

REPORTS OF THE DIRECTORS AND AUDITORS FOR 1966





Housewives today no longer have to adapt their needs to the kitchen but can adapt the kitchen to their needs, partly by means of generous storage space, as in the Electrolux kitchen illustrated here where the T115 upright freezer and SP 120 refrigerator are as much "home helps" as the "Assistant" kitchen machine, the WH36 washing machine and the D10 dishwashing machine.





ELECTROLUX

ANNUAL REPORT 1966

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 24 May, 1967 at 10 a.m. at the Company's offices, Birger Jarlsgatan 6, Stockholm.

Shareholders who wish to participate in the proceedings of the Annual General Meeting must register at the offices of the Company in Stockholm not later than Saturday, 20 May, 1967 between 10 a.m. and 2 p.m.

Such dividend for 1966 as may be declared at the Annual General Meeting will be paid out as from 25 May, 1967 against coupon No. 63 at the offices of the Company in Stockholm or at the offices of Skandinaviska Banken or Stockholms Enskilda Bank.

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.

AKTIEBOLAGET ELECTROLUX

Board of Directors:

Members

RAGNAR SUDERBERG (Chairman), Stockholm

GUNNAR ENGELLAU, Gothenburg

WALTER WEHTJE, Djursholm

ÅKE T. VRETHEM, Djursholm

HARRY WENNBERG, Stockholm

Alternate Members

ARNE M. HOFVING, Stocksund

EBBE SVENSSON, Stockholm

NILS WOLLART, Stockholm

Executive Management:

HARRY WENNBERG, Managing Director

ARNE M. HOFVING, Deputy Managing Director

EBBE SVENSSON, Deputy Managing Director

NILS WOLLART, Deputy Managing Director

IVAR AAKHUS

GÖSTA BYSTEDT

HARRY ERIKSSON

SUNE ERICSSON

FOLKE HEIBERT

INGEMAR HELLSTRÖM

OWE WERNER

Auditors:

ARNE HOLMEN, Chartered Accountant

EBBE RYBECK, Chartered Accountant

Deputies

SIGURD LÖFGREN, Chartered Accountant

BRUNO SVENSSON, Chartered Accountant



ANNUAL REPORT

SUMMARY

During 1966 the turnover of the Parent Company decreased by 3.5 % from SKr. 420 million to SKr. 405 million.

The external turnover of the Group increased during 1966 by 1.3 % from SKr. 1,056 million to SKr. 1,070 million.

The net profit of the Parent Company amounted to SKr. 16 million as against SKr. 20 million for 1965.

The total net profit of the Group for 1966 amounted to SKr. 26.2 million as compared to SKr. 35.7 million for 1965.

The Board of Directors propose a dividend of SKr. 8.00 per share.

Parent Company

REPORT

With the exception of the Alingsås factory, production at the Swedish factories decreased as compared with 1965. Consolidation of manufacturing resources was carried through. The factory in Borås has not achieved satisfactory profitability. Operations were therefore discontinued in the middle of 1966 and the manufacture of electric radiators, ironers, irons, toasters, components for electric cookers, etc., was transferred to the factory in Motala, which has suitable premises and where equivalent production has been achieved with fewer employees. The manufacture of components which had been carried on in Vadstena has also been transferred to Motala, as well as the production of refrigerator thermostats from Askersund. The manufacture of outboard motors was discontinued in the middle of 1966.

Extensive efficiency measures were introduced at the factories in Motala and Västervik and at Lilla Essingen in Stockholm. Development work on small electric motors was transferred from the Central Laboratory in Stockholm to the factory in Västervik, representing the consolidation of production, sales and development of these products.

The number of employees in the Parent Company was successively reduced by somewhat more than 900 persons during 1966.

The new freezer plant in Mariestad was completed in August. This completed one stage of the investment programme which was decided upon in 1965 and which also encompasses the building of an extension to the freezer and refrigerator plant. It is expected that the latter will be completed during the latter half of 1967. The production capacity of the Mariestad factory will then have been doubled. The extension to the Alingsås factory was completed at the end of the year. Construction of the new electric cooker factory in Motala was begun and has progressed according to plan. It is expected that this factory will be completed during the latter part of 1968.

AB Electrolux turnover was SKr. 405 million as compared with SKr. 420 million during the previous year, a decrease of SKr. 15 million or 3.5 %. Exports amounted to SKr. 157 million, representing 38.7 % of the total sales as compared with SKr. 170 million or 40.4 % in the previous year.

PARENT COMPANY RESULT

Trading profit has been reduced considerably by certain exceptional expenditures.

After charging taxation of SKr. 7 million (1965 SKr. 10.6 million), the Parent Company shows a net profit for 1966 of SKr. 16.0 million as compared with SKr. 20.1 million in 1965.

Further details will be found in the following Profit and Loss Statement and the Balance Sheet for AB Electrolux, which together with the Notes (pages 11—12) and the Supplementary Information about Electrolux (pages 22—23) comprise part of the Annual Report.

GROUP RESULT

The Group Accounts, together with Notes, will be found on pages 14—20.

PROPOSED DISTRIBUTION OF PROFITS

At the disposal of the General Meeting is, in addition to a Free Reserve of SKr. 15 million, the sum of SKr. 16.0 million, being the Company's net profit for the past year, and the balance of unappropriated profit for the previous year of SKr. 22.1 million, making a total of SKr. 38.2 million.

The Board of Directors and the Managing Director recommend that this amount be allocated as follows:

For payment of a dividend to shareholders against coupon	
No. 63 of SKr. 8.00 per share	SKr. 15,200,000
Balance to be carried forward	SKr. 22,973,000
	<u>SKr. 38,173,000</u>

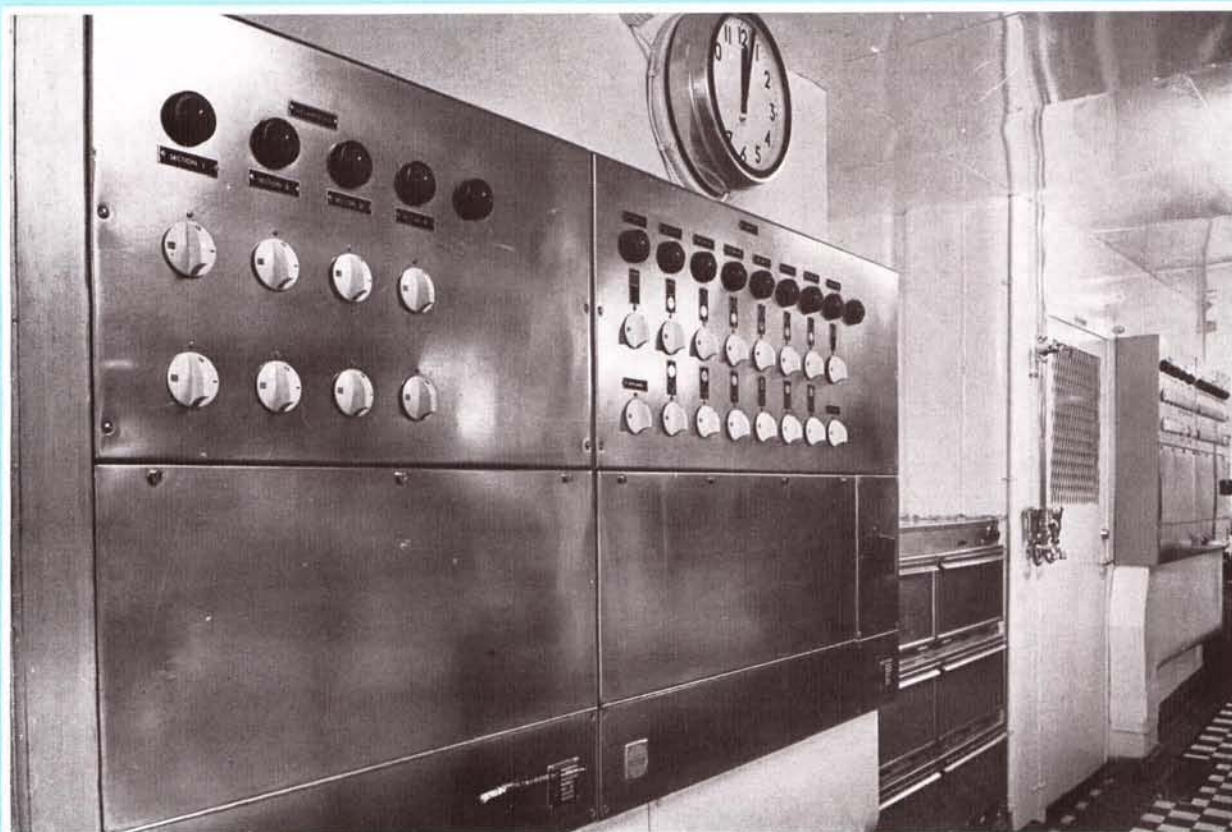


A major order for the Electrolux Alingsås factory comprised the kitchen and dishwashing equipment for the Swedish America Line's new flagship "Kungsholm".

Above: The passenger kitchen. At left can be seen the specially-manufactured 11.5-metre long hot-

storage cabinet, the entire rear of which comprises dispensers for a total of 1,500 plates.

Below: One of the six control panels in the passenger kitchen. Switches and control knobs are located away from the hot cooking equipment in kitchen and bakery.



The Board of Directors and the Managing Director take this opportunity to thank all employees of the Electrolux Group for the interest and the enthusiasm with which they have discharged their duties during the past year. They also wish to convey their thanks to agents, distributors, and customers in all parts of the world for the confidence they have shown in the Company and its products.

Stockholm, 29 March, 1967

RAGNAR SÖDERBERG

GUNNAR ENGELLAU

WALTER WEHTJE

ÅKE T. VRETHEM

HARRY WENNBERG
Managing Director

/ H. ERIKSSON

AB ELECTROLUX

PROFIT AND LOSS STATEMENT

	1966 SKr. 1,000		1965 SKr. 1,000	
<i>Net sales</i>		405,408		419,903
<i>Deduct: Costs</i>				
Manufacturing costs, sales costs, etc.	381,849		390,028	
Depreciation of				
Buildings (Note 1)	1,848		1,929	
Machinery and fittings (Note 2)	9,620	393,317	6,792	398,749
<i>Trading profit</i>		12,091		21,154
<i>Add:</i>				
Royalties (Note 3)	8,138		9,710	
Dividends received from Subsidiaries (Note 4) ..	11,226		4,018	
Dividends received from other Companies (Note 5)	6,740		5,893	
Interest received from Subsidiaries	779		361	
Other interest received	694		485	
Transferred from AB Electrolux Pension Fund of 1952 (Note 6)	2,814	30,391	3,815	24,282
		42,482		45,436
<i>Deduct:</i>				
Interest paid (Note 7)	4,590		2,854	
Depreciation of shareholdings in Subsidiaries (Note 8)	2,577		—	
General administration expenses	7,167*		7,915	
Allocation to Electrolux Group PRI Fund (Note 6)	5,100	19,434	3,985	14,754
<i>Profit before taxation</i>		23,048		30,682
<i>Taxes</i>		7,000		10,597
<i>Net Profit</i>		16,048		20,085

* The total is not fully comparable with 1965 due to a certain redistribution.

AB ELE BALANC

ASSETS

Current assets

Liquid Assets

Cash, bank and post-office balances	14,428		29,604	
Bills receivable	<u>9,332</u>	23,760	<u>10,607</u>	40,211

Receivables

Customers	31,939		25,557	
Subsidiaries	121,085		124,543	
Miscellaneous (Note 9)	<u>2,590</u>	155,614	<u>2,837</u>	152,937

Inventory (Note 10)		<u>58,486</u>		<u>65,812</u>
		<u>237,860</u>		<u>258,960</u>

Blocked investment account with Sveriges Riksbank
(Bank of Sweden) (Note 11)

8,516 10,030

Fixed assets

Receivables

Subsidiaries (Note 12)	19,738		14,058	
Miscellaneous	<u>1,313</u>	21,051	<u>1,412</u>	15,470

Shareholdings

Subsidiaries (Note 13)	85,004		79,043	
Other companies (Note 14)	55,144		55,144	
Deduct: Reserve for depreciation	<u>16,000</u>	124,148	<u>16,000</u>	118,187

Machinery and fittings (Note 15)	19,206		17,005	
Factory, office and other buildings (Note 16)	51,959		45,724	
New buildings under construction (Note 17)	<u>7,042</u>	78,207	<u>4,412</u>	67,141
		<u>223,406</u>		<u>200,798</u>

TOTAL ASSETS 469,782 469,788

Mortgages pledged:

Mortgages on buildings	27,806		22,217	
Floating mortgages	2,300		2,300	
Foreign Bills Receivable	122		—	

ROLUX

SHEET

LIABILITIES AND CAPITAL

Short-term liabilities

	As at 31 Dec., 1966 SKr. 1,000		As at 31 Dec., 1965 SKr. 1,000	
Due to subsidiaries	1,644		—	
Due to suppliers	29,248		34,027	
Due to customers (Note 18)	2,290		1,991	
Salaries, holiday compensation, taxes withheld, etc. ..	21,755		20,700	
Miscellaneous (Note 19)	<u>9,639</u>	64,576	<u>9,902</u>	66,620
Taxes payable		<u>6,666</u>		<u>1,836</u>
		<u>71,242</u>		<u>68,456</u>

Long-term liabilities

Due to subsidiaries	1,302		808	
Mortgage loans	11,052		11,338	
Debenture loan	<u>32,120</u>	44,474	<u>33,610</u>	45,756

Pension Funds (Note 20)

AB Electrolux Pension Fund	8,225		8,225	
The Electrolux Group PRI Fund	19,920		14,820	
Other Pension Funds, free	<u>5,073</u>	33,218	<u>7,665</u>	30,710
		<u>77,692</u>		<u>76,466</u>

Reserve for unrealized profit in and writing down of stocks of subsidiaries abroad (Note 21)

20,185 22,058

Investment fund (Note 11)

19,490 22,483

Capital and surplus

Share capital (Note 22)	190,000		190,000	
Statutory reserve	<u>38,000</u>	228,000	<u>38,000</u>	228,000
Free reserve		15,000		15,000
Profits brought forward	22,125		17,240	
Profit of the year	<u>16,048</u>	38,173	<u>20,085</u>	37,325
		<u>281,173</u>		<u>280,325</u>

TOTAL LIABILITIES, CAPITAL AND SURPLUS ..

469,782 469,788

Profit as per balance sheets of 31 Dec., 1965, and 31 Dec., 1964 respectively

37,325 32,440

Deduct: Dividends declared at General Meetings in 1966 and 1965

15,200 15,200
22,125 17,240

Contingent liabilities (Note 23)

(whereof discounted bills receivable)

63,814 47,439
(2,382) (2,430)

SPECIFICATION OF SHAREHOLDINGS

SUBSIDIARIES

		Par value SKr. 1,000	Book value SKr. 1,000
AB Carex, Stockholm	50 shares	5	5
Centralkassan AB, Stockholm	1,000 „	100	100
AB Elektro-Apparat, Alingsås	1,000 „	500	500
Elektro-Helios Fastighets AB, Stockholm	100 „	100	100
Elektrohelios Försäljnings AB, Stockholm	5,000 „	500	500
Electrolux Svenska Försäljnings AB, Stockholm	60,000 „	6,000	6,000
Getinge Mek. Verkstads AB, Getinge	600 „	60	3,000
AB Lux, Stockholm	200 „	20	20
Nordic Pool AB, Stockholm	50 „	5	5
AB Rebon, Stockholm	1,000 „	100	100
AB Sollidenverken, Borås	6,500 „	650	650
Verkstads AB Bällsta, Stockholm	15,000 „	750	750
Försäljnings AB Volta, Stockholm	2,000 „	200	200
		8,990	11,930
Shares in subsidiaries abroad (not specified in the Annual Report)			73,074
			<u>Total 85,004</u>

OTHER COMPANIES

		Book value SKr. 1,000
ADELA Investment Company S.A., Luxembourg	10 shares	515
Electrolux Corporation, New York	1,920,000 „	54,629
Kalinga Svenska Ltd., Calcutta	3,498 „	—
La Maison de Suède à Paris S.A., Paris	1,200 „	—
AB Sukab, Stockholm	17 „	—
Svensk Interkontinental Lufttrafik AB, (S.I.L.A.), Stockholm	4,000 „	—
AB Svensk Värmemätning C.B. System, Stockholm	650 „	—
Svenska MTM-gruppen AB, Stockholm	1 „	—
TV-främjandet, AB Television & Co., Stockholm	10 „	—
		<u>Total 55,144</u>

We refer to our Audit Report and confirm that the Profit and Loss Statement and Balance Sheet included in the Annual Report agree with the Accounts of the Company.

Stockholm in April 1967

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

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

NOTES ON PARENT COMPANY ACCOUNTS

Note 1. *Depreciation of buildings*

To factory buildings the Company applies a depreciation rate of 3 % of the purchase value. For staff housing the rate varies between 0.6 % and 1 % of the rated value. Depreciation of acquisitions to an amount of SKr. 2,763,000 has been written off against the Investment Fund.

Note 2. *Depreciation of machinery and fittings*

Depreciation has been charged at the rate of 30 % of the book value. Acquisitions amounting to SKr. 231,000 have been written off against the Investment Fund.

Note 3. *Royalties*

The decrease refers chiefly to payments from the British subsidiary company, whose turnover in 1966 was lower than during the previous year.

Note 4. *Dividends from subsidiary companies*

The increase is due to a dividend from the British company SKr. 5 million higher than the previous year arising from changes in the British taxation regulations and a dividend from the French company, from which no dividend was received in the previous year.

Note 5. *Dividends from other companies*

The increase is due to a higher dividend from Electrolux Corporation, New York.

Note 6. *Refund from AB Electrolux Pension Fund of 1952*

The Parent Company's trading profit was affected during 1966 and 1965 by the following allocations to the PRI Fund:

	1966	1965
	SKr. 1,000	SKr. 1,000
Increase of PRI Fund	5,100	3,985
Transferred from		
AB Electrolux		
Pension Fund of 1952	./ 2,814	./ 3,815
Net debit	<u>2,286</u>	<u>170</u>

Note 7. *Interest*

The increase is due to the fact that during 1966 interest on the debenture loan has been charged for the whole year whereas in 1965 the interest only referred to the period from the date of the loan — 20 September, 1965 — until the end of the year.

Note 8. *Depreciation of shares in subsidiary companies*

The book value of the shares in three wholly owned subsidiaries in Germany were written down to SKr. 1.— each.

Note 9. *Current Assets: Receivables, Miscellaneous*

Included here are claims against the Swedish Board of Customs for customs duty refunds, receivables from suppliers, payments on account to the PRI (Pension Registration Institute), receivables from personnel and prepaid expenses.

Note 10. *Inventory*

Stocks and stores at the Swedish factories have been shown at the lowest net value permitted by the tax authorities. The stock reserve was decreased by SKr. 4 million, which sum has been used in connection with cessation of operations of an activity.

Note 11. *Blocked Investment Account with Sveriges Riksbank (Bank of Sweden) and the Investment Fund*

During 1966 the company utilized approximately SKr. 3 million of the free sector of the investment fund, and an amount in due proportion to this was released by Bank of Sweden.

Note 12. *Fixed Assets: Receivables, Subsidiaries*

Included here are such amounts as the Parent Company has made available to the Subsidiaries in the form of loans, and which thus do not result from deliveries of goods, as well as receivables from the Swedish real estate companies.

Note 13. *Shareholdings in Subsidiaries*

New subscriptions:	SKr. 1,000
OY Elektroheliös AB, Helsingfors	642
A/S Electrolux, Oslo	719
Electrolux GmbH, Berlin	1,171
Electrolux S.A., Paris	6,006
	8,538
Depreciation of shares in accordance with Note 8	2,577
Net change in book value	<u>5,961</u>

Note 14. *Fixed assets, shareholdings in other companies*

AB Electrolux owns approximately 38 % of the share capital in Electrolux Corporation, New York, which reported sales for 1966 of US \$ 114 million and a net profit of US \$ 10 million.

Note 15. *Machinery and fittings* SKr. 1,000

Net book value, 31 December, 1965	17,005
Acquisitions 1966	+ 11,821
Depreciation 1966	<u>./.</u> 9,620
Net book value, 31 December, 1966	<u>19,206</u>

In addition acquisitions in the amount of SKr. 231,000 were charged to the Investment Fund.

Note 16. *Land and buildings* SKr. 1,000

Net book value, 31 December, 1965	45,724
Acquisitions 1966	+ 8,595
Depreciation 1966	<u>./.</u> 1,848
Sales, obsolescence, etc. 1966	<u>./.</u> 512
Net book value, 31 December, 1966	<u>51,959</u>

In addition acquisitions in the amount of SKr. 2,763,000 were charged to the Investment Fund.

Major acquisitions:

The expansion of the Mariestad factory together with a warehouse built at the same factory for SKr. 9.2 million; decontamination plant at the Motala factory for SKr. 0.6 million; land in Mariestad and Alingsås for SKr. 0.8 million.

Note 17. *New buildings under construction*

Included in this account are payments on account for the electric cooker factory in Motala and the extension of

the freezer and refrigerator plant in Mariestad.

Note 18. *Short-term liabilities, Customers*

SKr. 1.7 million of the amount reported for 1966 constitutes prepayments from customers.

Note 19. *Short-term liabilities, Miscellaneous*

This entry includes purchase tax, reserves for guarantee repairs, accrued expenses, amortization on mortgages and debenture loans to be paid within one year as well as interest on mortgage and debenture loans outstanding at the year end.

Note 20. *Pension Funds*

The Company's total liability to the pension funds has increased by SKr. 2,508,000 during 1966 which consists of allocations made during 1966 of SKr. 2,286,000 (see Note 6) and interest accrued.

Note 21. *Reserve for unrealized profit, etc.*

This reserve, which has been reported in the Parent Company's books for many years, consists partly of the difference between the price debited by the Parent Company for products delivered to Subsidiaries abroad and the manufacturing costs for such products as remained in stock with the Subsidiaries at the year end, and partly SKr. 12 million written down on the above-mentioned stocks below the manufacturing cost. The latter part has been taxed.

Note 22. *Share Capital* SKr. 1,000

160,000 A-shares at SKr. 100	16,000
1,740,000 B-shares at SKr. 100	174,000
1,900,000 shares at SKr. 100	<u>SKr. 190,000</u>

The holder of each A-share is entitled to one vote and of each B-share to 1/1,000 vote.

All shares carry the same right to a share in the Company's assets and profits.

Note 23. *Contingent Liabilities*

The increase as compared to the previous year is chiefly due to surety commitments on behalf of foreign Subsidiaries.



This picture of the Electrolux Central Laboratory on Lilla Essingen, Stockholm, shows the department where washing machines and dishwashers are subjected to endurance tests.

The Group

GENERAL REVIEW OF THE ELECTROLUX GROUP 1966

During 1966 the world business boom declined. Employment rates in the United States were maintained at a high level. Production in Western Europe showed a certain stability. The growth rate increased in France and Italy but tended to decline in Great Britain and West Germany. A slowing down in the development rate of business was noted in Sweden. The sales and profits of the Electrolux Group were affected correspondingly by the economic situation in the various countries.

On the Swedish market the Group's deliveries of refrigeration and freezer products and electric cookers were delayed in the beginning of the year by the long, severe winter, which, together with credit restriction, handicapped housing construction.

The extended collective negotiations on the Swedish labour market had a subduing effect on the public's urge to purchase.

As a result of these conditions stocks, which were already excessive at the beginning of the year, increased yet further but by a reduction of production programmes stocks at the Swedish factories were reduced during the latter half of the year to a lower level than at the beginning of the year.

Like other companies, Electrolux has been affected by appreciable rises in costs, chiefly due to increased wages and salaries, and this necessitated energetic measures being taken to reduce the number of employees both in Sweden and abroad by rationalization. This plan has not yet been completed.

The restrictions which were introduced in Great Britain during the year, including a stricter credit policy, more restrictive hirepurchase terms

as well as wage and price freezes, reduced the demand and affected the British company's sales and profitability. The sales of refrigerators were, however, maintained at a higher level than during the previous year. Towards the end of the year the British company commenced a plan of reorganization and rationalization.

In West Germany, Electrolux increased its sales of refrigerators and freezers in comparison with the previous year but severe competition on the refrigerator side had an unfavourable effect on profitability. The French company increased its turnover of vacuum cleaners/floor polishers as well as refrigerators and freezers.

As in the previous year, many Latin American subsidiaries were affected by inflation and devaluation. The conditions were especially difficult in Brazil where measures introduced by the authorities included the regulation of sales prices. The winding-up of outboard motor interests, which had been transferred to Monark-Crescent AB in 1965, proceeded according to the agreement and will be completed in its entirety by the end of 1967. The building in which the business was carried on and which belonged to a completely owned subsidiary has been sold.

In spite of increased Group sales, both the Parent Company and the Group showed a reduction in net profit. There were several reasons for this. Margins were reduced by competition and rising costs were only partially compensated by the efficiency and rationalization measures which were put in hand. The excessive inventories increased costs. The disposal of excess stocks, which was started during the year, has also affected the results. Because of a reduced rate of production, several factories showed a deficiency in their fixed costs. The results for 1966 were also affected by the cost of the winding-up of a

German subsidiary which proved to be unprofitable.

Two new companies within the Group were formed, namely:

Electrolux (Zambia) Ltd., with offices in Ndola, for the sales of vacuum cleaners, floor polishers and refrigerators

and

Compañía Comercial e Industrial Electrolux S.A., Guatemala City, which will sell chiefly vacuum cleaners and floor polishers.

Both of the new subsidiaries started operations in the beginning of 1967.

An agreement was reached with Svenska AB Philips with regard to deliveries from the Electrolux factory in Mariestad of their requirements for refrigerators and freezers.

SALES

The Group's sales amounted to SKr. 1,070 million as compared to SKr. 1,056 million in 1965. The increase was therefore SKr. 14 million or 1.3 %. 33.3 % of the turnover comprised sales to customers in Sweden and 66.7 % to customers abroad. In 1965 the corresponding figures were 34.4 % and 65.6 % respectively.

PRODUCT DEVELOPMENT

The factory in Luton began production of an upright vacuum cleaner (with brush and beating effect), primarily intended for the British market. This product received the Daily Mail's "Blue Ribbon" award at the Ideal Home Exhibition in London.

In Berlin, production was begun on a new powered vacuum cleaner nozzle equipped with a rotating roller brush.

In the floor polisher field, production was started in Italy of a new vacuum floor polisher equipped with a built-in bag, as opposed to other brands which have an external bag.

During 1966 a new absorption refrigerator for caravans was introduced. This refrigerator has a volume of 200 litres. A new freestanding 100-litre absorption refrigerator designated L36 was introduced in Great Britain for the 1966 season. This refrigerator, the first of its type on the British market with completely automatic defrosting, met with great demand. This product also received a "Blue Ribbon" award from the Daily Mail at the Ideal Home Exhibition in London.

Upon completion of the new freezer factory in Mariestad, a new series of home freezers was introduced, in the manufacture of which modern production techniques have been fully utilized. During the year a 150-litre built-in freezer, manufactured in Motala, and a 150-litre freestanding freezer manufactured in Berlin were introduced.

In the commercial refrigerator and freezer field, research work was concentrated on the development of new models for production in the Berlin factory.

In Sweden a completely automatic version of the dishwasher, designated D 100, was introduced during 1966.

A complete new series of electric cookers was successfully introduced about the middle of the year. The FIESTA 70, comprising cooker and fan in a single functional unit and with equipment including a meat thermometer, automatic timer at eye level and electric grill-spit motor, especially aroused great interest.

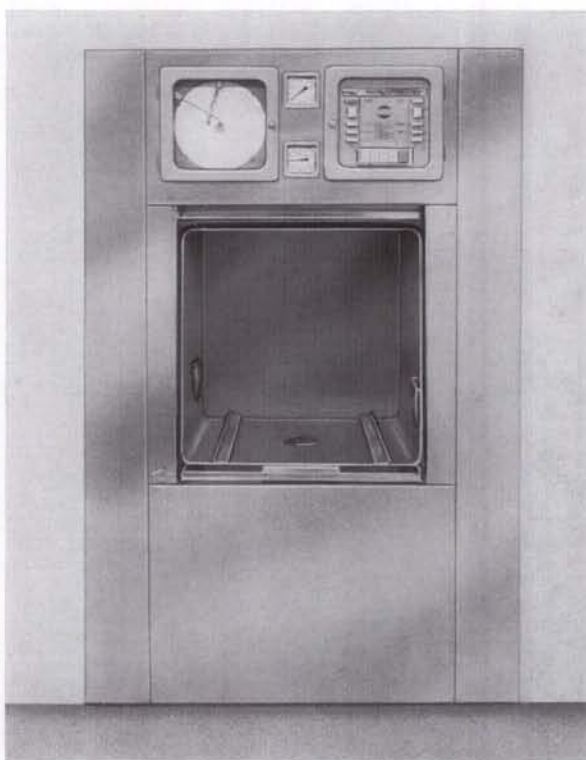
The ironer, which was previously only sold in a hand-operated version was supplemented by a

foot-operated model on which pressing can also be carried out with the roller immobilized.

Getinge Mekaniska Verkstadsaktiebolag, a completely owned subsidiary, is the first company in Sweden to develop installations for the complete automatic central sterilization of surgical instruments, textiles, etc. One of these installations comprises automatic dishwashers, ultrasonic equipment, tunnel dryers and sterilization autoclaves, which automatically receive the articles after cleaning and deliver them completely sterilized. The first installation is being supplied to the Country Central Hospital in Västerås, Sweden, and is expected to be completed during April 1967. Orders have been received from five other hospitals in Sweden, the largest being for the hospital in Lund. Orders have also been received from the St. Mary Maternity Hospital in Manchester, England and Stadtspital Triemli in Zurich, Switzerland.

In order to apply the conveyor belt principal to a central sterilization installation, the autoclave must also be automatic. This can now be equipped with a new type of door which is opened and closed automatically by compressed air.

The photo below shows the construction that will be used at the Lund hospital.



New autoclave with pneumatically operated door.

GROUP ACCOUNTS

The Group's Profit and Loss Statement and Balance Sheet, with Notes, will be found on the following pages. Further information about Electrolux will be found on pages 22—23.

Stockholm, 29 March, 1967

HARRY WENNERBERG

/ H. ERIKSSON

THE ELECTROLUX GROUP

PROFIT AND LOSS STATEMENT

	1966 SKr. 1,000	1965 SKr. 1,000
<i>Net sales</i>	1,070,311	1,056,235
<i>Deduct: Costs</i>		
Manufacturing costs, sales costs, etc. (Note 24) ..	1,002,381	978,860
Depreciation of		
Buildings	3,853	3,999
Machinery and fittings	<u>20,349</u> 1,026,583	<u>15,405</u> 998,264
<i>Trading profit</i>	43,728	57,971
<i>Add:</i>		
Dividends from other companies (Note 5)	6,740	5,893
Interest received	1,909	1,765
Profit from sales of real estate (Note 25)	5,164	2,329
Reserve for loans no longer required	<u>1,300</u> 15,113	<u>—</u> 9,987
<i>Deduct:</i>		
Interest paid	9,950	5,937
Adjustment of net valuation of subsidiaries abroad due to changed exchange rates, with allowance for revaluation gains	1,376	+2,762
Allocation to reserve for risk of loss on exchange rates	—	3,000
Extraordinary costs (Note 26)	<u>3,941</u> 15,267	<u>4,046</u> 10,221
<i>Profit before taxes</i>	43,574	57,737
<i>Taxes</i>	<u>17,418</u>	<u>22,021</u>
<i>Group profit</i>	<u><u>26,156</u></u>	<u><u>35,716</u></u>

THE ELECTRO CONSOLIDATED

ASSETS

Current assets

Liquid assets

Cash, bank and post-office balances	31,330		56,927	
Bills receivable from customers	31,803		35,183	
Securities	<u>10,737</u>	73,870	<u>9,496</u>	101,606

Receivables

Customers	293,547		278,541	
Miscellaneous	<u>21,981</u>	315,528	<u>19,511</u>	298,052

Inventory (Note 24)		<u>250,598</u>		<u>256,268</u>
		<u>639,996</u>		<u>655,926</u>

Blocked investment account with Sveriges Riksbank
(Bank of Sweden)

8,654 10,168

Fixed assets

Miscellaneous receivables		4,301		3,022
Shares in other than subsidiary companies	55,144		55,144	
Deduct: Reserve for depreciation	<u>16,000</u>	39,144	<u>16,000</u>	39,144
Machinery and fittings (Note 27)	45,736		41,610	
Factory, office and other buildings (Note 28)	116,890		101,874	
New plants under construction (Note 17)	<u>7,228</u>	<u>169,854</u>	<u>5,678</u>	<u>149,162</u>
		<u>213,299</u>		<u>191,328</u>

TOTAL ASSETS		<u>861,949</u>		<u>857,422</u>
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UX GROUP

BALANCE SHEET

CAPITAL AND LIABILITIES

Short-term liabilities

Bills payable to suppliers	6,262		5,662	
Due to suppliers	60,368		70,297	
Due to customers	6,289		5,212	
Bank loans	60,703		63,790	
Miscellaneous (Note 29)	<u>103,314</u>	236,936	<u>99,095</u>	244,056
Taxes payable		<u>39,734</u>		<u>39,835</u>
		276,670		283,891

Long-term liabilities

Mortgage loans	20,938		18,608	
Debenture loans	<u>32,120</u>	53,058	<u>33,610</u>	52,218

Pension funds		45,076		40,932
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Reserve for risk of loss on exchange rates		3,000		3,000
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Reserve for unrealized profit in and writing down of stocks of subsidiaries (Note 30)		<u>22,939</u>		<u>24,668</u>
		<u>124,073</u>		<u>120,818</u>

Investment funds		20,776		22,783
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Minority interests		1,699		1,634
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Capital and surplus

Share capital of Parent Company	190,000		190,000	
Statutory and legal reserves (Note 31)	<u>137,773</u>	327,773	<u>133,065</u>	323,065
Free Reserve in Parent Company		15,000		15,000
Profits brought forward (Note 32)		69,802		54,515
Group profit for the year (Note 32)		<u>26,156</u>		<u>35,716</u>
		<u>438,731</u>		<u>428,296</u>

TOTAL LIABILITIES AND CAPITAL		<u>861,949</u>		<u>857,422</u>
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Contingent liabilities		46,557		39,364
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Submitted for audit:

EBBE RYBECK

Auditor, authorized by Stockholm's Chamber of Commerce

ARNE HOLMEN

Auditor, authorized by Stockholm's Chamber of Commerce

NOTES ON GROUP ACCOUNTS

General

The Group report comprises all of the companies in which at the end of the year AB Electrolux directly or indirectly owned 50 % or more of the share capital. A minority interest exists in two subsidiary companies abroad.

The Parent Company's holding of shares in Subsidiary Companies has been eliminated against the respective Subsidiary company's share capital (par value method).

The final accounts of the foreign subsidiary companies have been converted into Swedish Kronor, mainly in accordance with the official rates of exchange of the Commercial Banks on 31 December, 1966.

Note 24. *Inventory*

Stocks with the Parent Company and the Swedish Subsidiary companies have been written down to the lowest amount allowed by the tax authorities. Stock reserves decreased by SKr. 3.7 million, which amount has been recorded under Manufacturing costs, sales costs, etc.

Note 25. *Profit on sales of real estate*

This includes the profit resulting to a subsidiary company in conjunction with the sale of the building in which outboard motors were manufactured.

Note 26. *Extraordinary costs*

Two foreign subsidiary companies have, after closing the previous year's Group Accounts, reported additional costs of SKr. 3.7 million which refer to 1965 and are reported under the above heading.

Note 27. *Machinery and fittings*

	SKr. 1,000
Net book value, 31 December, 1965	41,610
Acquisitions 1966	+ 26,638
Depreciation 1966/ 20,349
Obsolescence, sales, etc./ 2,163
Net book value, 31 December, 1966	<u>45,736</u>

In addition to the above, the Parent Company has made acquisitions charged to the Investment Fund for a total of SKr. 231,000.

Note 28. *Factory, office and other buildings*

	SKr. 1,000
Net book value, 31 December, 1965	101,874
Acquisitions 1966	+ 20,556
Depreciation 1966/ 3,853
Obsolescence, sales, etc./ 1,687
Net book value, 31 December, 1966	<u>116,890</u>

In addition to the above, the Parent Company has made acquisitions charged to the Investment Fund for a total of SKr. 2,763,000.

Major acquisitions by the Parent Company have been reported in Note 16. An expansion of the Alingsås factory (SKr. 5.8 million) has been posted in the books of Elektroheliost Fastighets AB, owner of the real estate in which the Alingsås sector conducts its operations. The British company has erected a building for the storage of service and repair parts.

Note 29. *Short-term liabilities, Miscellaneous*

Included under this item are reserves for guarantee repairs, accrued holiday payments and wages and salaries not paid out at the end of the year, and personnel taxes withheld, as well as reserves for severance payments and other similar expenses in subsidiary companies abroad.

Note 30. *Reserve for unrealized profits, etc.*

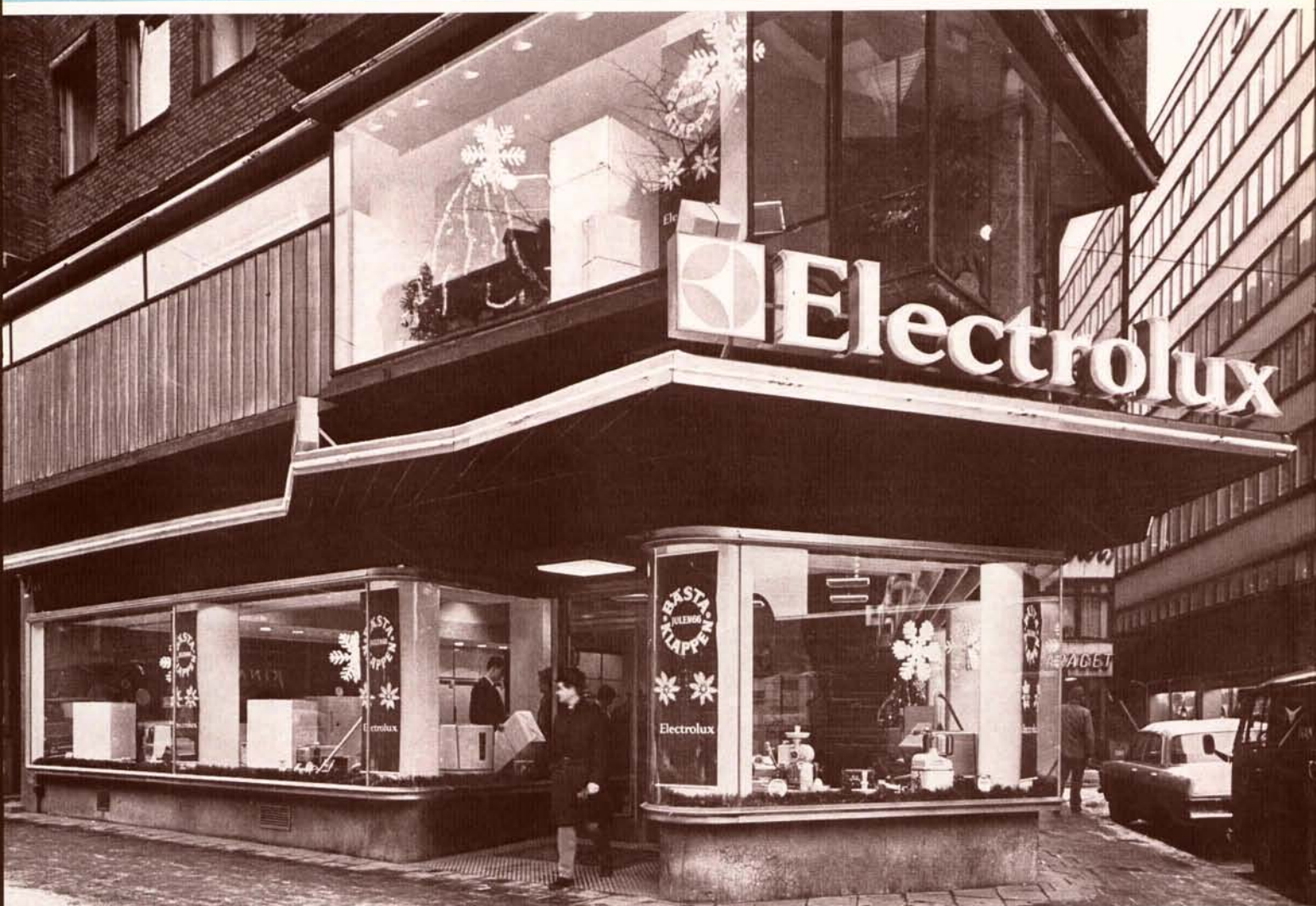
This reserve comprises partly the difference between the price debited by the supplying Group company and the cost of production — SKr. 10.9 million — for such products as remained unsold by the receiving Group company at the end of the year, and partly SKr. 12 million written down by the Parent Company in respect of Subsidiary companies' stocks of Swedish manufactured products.

Note 31. *Statutory and legal reserves*

In addition to statutory and legal reserves, this item also shows the difference between the share capital of the Subsidiary companies and the Parent Company's book value of the shares in Subsidiary companies.

Note 32. *Profits brought forward and the Group profit for the year*

No provision has been made for taxation in Sweden and/or abroad in respect of the year's profit and profits brought forward in foreign subsidiary companies and which may be transferred to the Parent company in the form of dividends.



On December 9, 1966, the Electrolux Swedish Sales Company opened this elegant showroom at 8, Birger Jarlsgatan, Stockholm.

SUPPLEMENTARY INFORMATION ABOUT ELECTROLUX

Three-year review

The Parent Company:

	1966	1965	1964
Sales SKr. mill.	405.4	419.9	371.4
Net profit „ „	16.0	20.1	21.1
Balance sheet			
total „ „	469.8	469.8	418.7
No. of employees,			
annual average No.	5,049	5,595	5,329
Wages, salaries			
and remunera-			
tions SKr. mill.	120.4	118.0	102.9

The Group:

Sales SKr. mill.	1,070.3	1,056.2	913.0
Net Group profit „ „	26.2	35.7	30.2
Balance sheet			
total „ „	861.9	857.4	744.2
No. of employees,			
annual average No.	20,110	21,409	19,991
Wages, salaries			
and remunera-			
tions SKr. mill.	357.7	345.2	303.8

Number of employees (average during the year)

1966 1965

The Parent Company:

Workers	3,188	3,699
Others	1,861	1,896
	<u>5,049</u>	<u>5,595</u>

Swedish Subsidiaries:

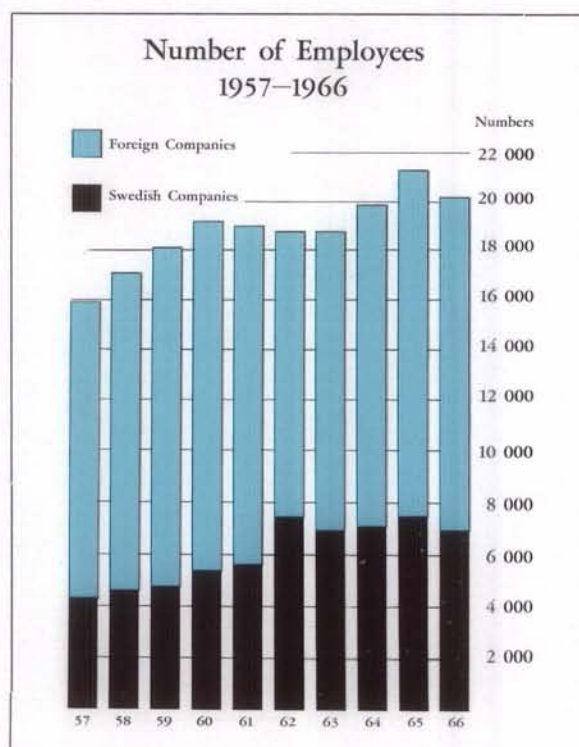
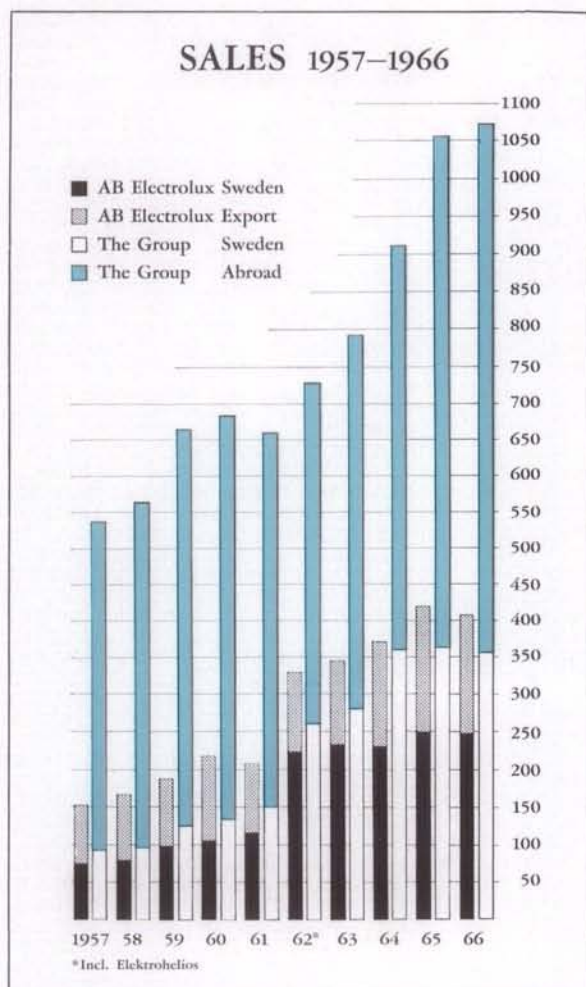
Workers	588	592
Others	1,344	1,359
	<u>1,932</u>	<u>1,951</u>

Subsidiaries abroad:

Workers	3,865	4,203
Others	9,264	9,660
	<u>13,129</u>	<u>13,863</u>

Total number of employees in the Electrolux Group:

Workers	7,641	8,494
Others	12,469	12,915
	<u>20,110</u>	<u>21,409</u>



Salaries, wages and remuneration

	1966	1965
<i>The Parent Company:</i>	SKr. 1,000	
Board of Directors, Managing Director and senior executives	1,624	1,701
Workers	63,330	65,123
Others	55,406	51,219
	<u>120,360</u>	<u>118,043</u>

Swedish Subsidiaries:

Board of Directors, Managing Directors and senior executives	442	635
Workers	10,902	10,046
Others	34,946	33,053
	<u>46,290</u>	<u>43,734</u>

Subsidiaries abroad:

Board of Directors, Managing Directors and senior executives	4,483	4,360
Workers	50,924	49,610
Others	135,667	129,461
	<u>191,074</u>	<u>183,431</u>

Total amount of salaries, wages and remunerations in the whole Electrolux Group:

Boards of Directors, Managing Directors, senior executives	6,549	6,696
Workers	125,156	124,779
Others	226,019	213,733
	<u>357,724</u>	<u>345,208</u>

In addition to the salaries, wages and remunerations specified above, the Parent Company and the Swedish Subsidiaries have defrayed social charges for personnel (ATP, PRI, pensions, group life insurance, etc.) in a total amount of approximately SKr. 22 million during 1966.

Assessed values

The Parent Company's real estate had an assessed value of SKr. 88.8 million at the end of 1966, including a separate value of machinery in the amount of SKr. 4.2 million.

Insurance values

Parent Company's buildings SKr. 149.5 million
 Parent Company's machinery,
 fittings, etc. SKr. 214.4 million

Number of shareholders

in AB Electrolux at the end of the year was approximately 13,000.

AUDITORS' REPORT

As auditors of Aktiebolaget Electrolux we beg to submit the following Auditors' Report for the year 1966.

We have checked the Annual Report, examined the Accounts, Minutes of Meetings and other documents giving information on the financial position and administration of the Company, and carried out other examinations deemed necessary.

The Accounts have been checked by means of random tests by the Company's internal auditors who have submitted to us reports of their examinations.

The regulations laid down in the Companies' Act relative to the accounting of shareholdings and consolidated accounts have been observed.

The accounts of Aktiebolaget Electrolux Pension Fund, established as per law of 18 June 1937, and administered by the Company's Board, have been examined by us.

During the audit we have found no grounds for adverse criticism of the documents presented to us, the Company's Accounts, the verification of the assets or the administration of the Company.

The Board of Directors and the Managing Director recommend that the Surplus available as per the Balance Sheet—apart from the Free Reserve, SKr. 15 million, — be appropriated as follows:

For payment of a Dividend to the shareholders, against coupon No. 63, of SKr. 8.— per share	SKr. 15,200,000
Balance of Surplus to be carried forward	SKr. 22,973,000
	<u>SKr. 38,173,000</u>

This proposal is not at variance with the regulations of the Companies' Act in respect of appropriation to Reserve Funds or with good commercial practice with regard to the position of the Group and to the result of its activity.

We recommend

that the Balance Sheet as at 31 December, 1966, included in the Annual Report and signed by us be approved.

that the available Surplus be allocated in accordance with the above proposal, and

that the Board of Directors and the Managing Director be granted discharge for the past financial year's administration.

Stockholm in April 1967

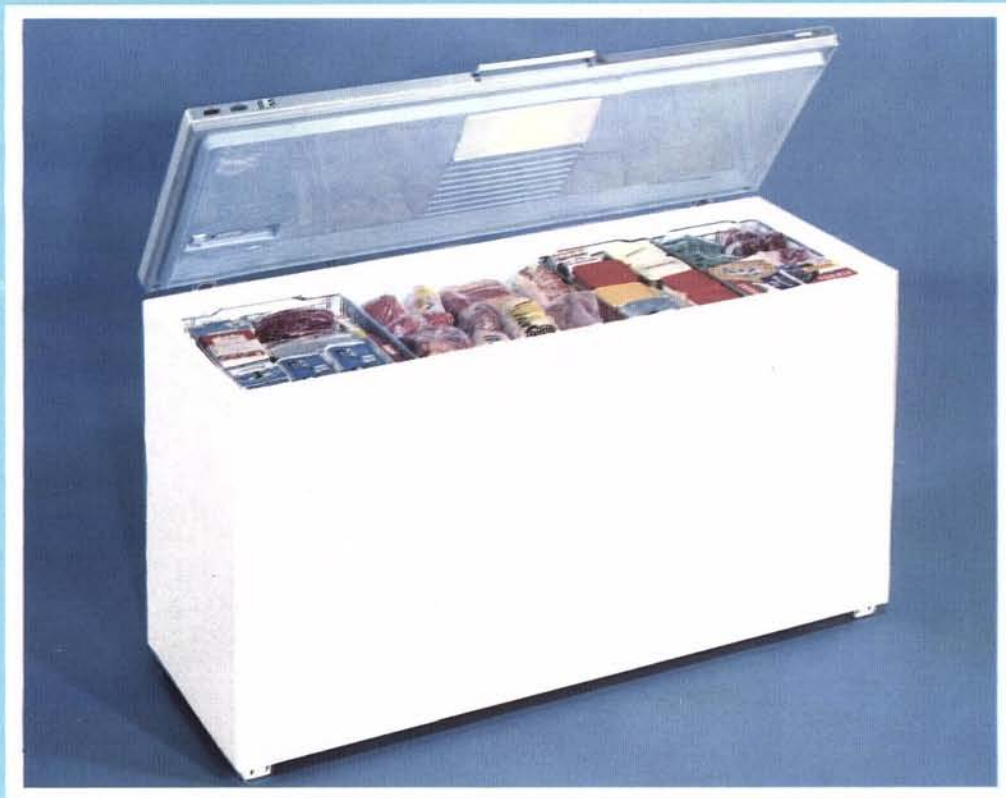
EBBE RYBECK

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

ARNE HOLMEN

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

Printed in Sweden
AB FORENADE TRYCKERIER STHLM 1967
Endast för utlandet



Three new freezers from the Mariestad factory were also introduced in 1966. These three models have capacities of 520, 365 and 260 litres, respectively, and due to a new and effective type of insulation (3F) their external dimensions are small and they are easy to install and handle.

Vertical exposure of frozen food saves floor space and offers excellent scope for arranging eye-catching displays. The Electrolux Dual-Jet open-display wall cabinet is of air curtain type in which the food packages are maintained at a constant temperature of -20°C by means of a current of cold air which forms a protective screen in front of the food.





The new Electrolux motor-driven carpet nozzle for the Luxomatic vacuum cleaner is an effective auxiliary to the regular carpet nozzle.

This picture from Australia shows a Koala bear — the cuddly creature that has become a symbol of the Antipodean continent. Occupying the Koala bear's interest is an Electrolux floor polisher.

