

Electrolux

REPORTS OF THE DIRECTORS AND AUDITORS FOR 1968

Electrolux new suction cleaner "Automatic" has a combination floor and carpet nozzle that automatically adjusts itself to the surface. On hard floors the bristle strips automatically drop down and on carpets they are retracted. The cleaner can also be delivered with a motor-driven carpet nozzle.



During the year 1968 Electrolux has developed the Complete Kitchen where the different components are designed so as to form an integrated, functional unit.





The Flymo air cushion lawn-mower has attracted great international attention.

The picture below shows one of the new installations of the Steel Fittings Division — AB P A Nordstedt & Söner's highly mechanized central warehouse at Kallhäll, for which Electrolux has projected and delivered the internal transport system.





ANNUAL REPORT 1968

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, May 14, 1969, at 10 a.m. in the Canteen of the Essinge organization, Luxgatan 15, Lilla Essingen, Stockholm.

Shareholders who wish to participate in the proceedings of the Annual General Meeting should notify the Company's offices at St. Eriksgatan 63, Stockholm, not later than Saturday, May 10, 1969, between 10 a.m. and 2 p.m.

The dividend declared for 1968 will be payable immediately after the Annual General Meeting against coupon No. 65 at the Company's offices in Stockholm or at the offices of Skandinaviska Banken or Stockholms Enskilda Bank.

In Great Britain, shareholders may collect the dividend from 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 SÖDERBERG, (Chairman), Stockholm
MARCUS WALLENBERG, (Vice Chairman), Stockholm
GUNNAR ENGELLAU, Gothenburg
LORD LUKE OF PAVENHAM, Odell Castle, Bedfordshire, England
ÅKE T. VRETHEM, Djursholm
HANS WERTHEN, (Managing Director), Stockholm

Alternate Members

ARNE M. HOFVING, Stocksund
GUNNAR ARPI, Uppsala
SVEN OLIVING, Gothenburg

Management:

HANS WERTHEN, Managing Director
ARNE M. HOFVING, Deputy Managing Director
GÖSTA BYSTEDT, Deputy Managing Director
HARRY ERIKSSON
FOLKE HEIBERT
INGEMAR HELLSTRÖM
YNGVE LINDHOLM
ANDERS SCHARP
OWE WERNER

Auditors:

ARNE HOLMEN, Chartered Accountant
BRUNO SVENSSON, Chartered Accountant

Deputies

SIGURD LÖFGREN, Chartered Accountant
STEN LUNDVALL, Chartered Accountant

GENERAL REVIEW OF THE GROUP AND REPORT OF THE DIRECTORS

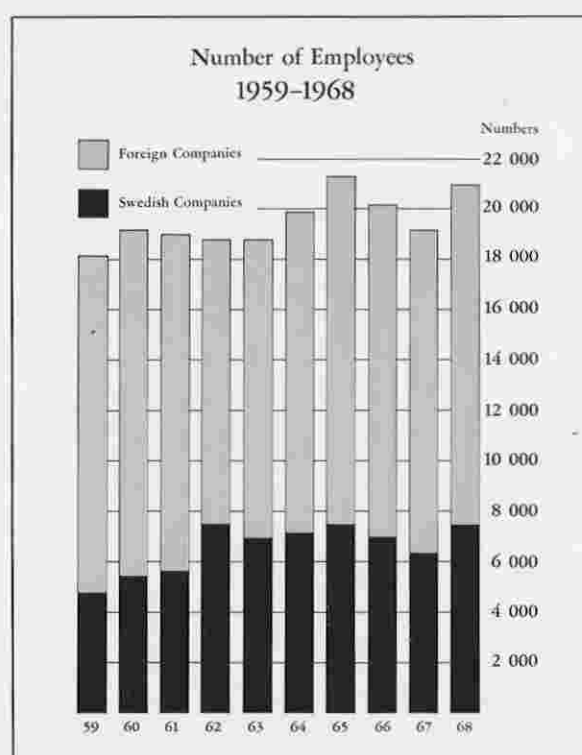
The structure of the Electrolux Group has taken on an increasingly international character in the past few years, a development that applies to manufacturing and marketing, and also in part to product development. The arrangement of this Annual Report has been changed accordingly in that the Report of the Directors for the Parent Company forms part of the presentation for the Group as a whole.

Five-Year Summary

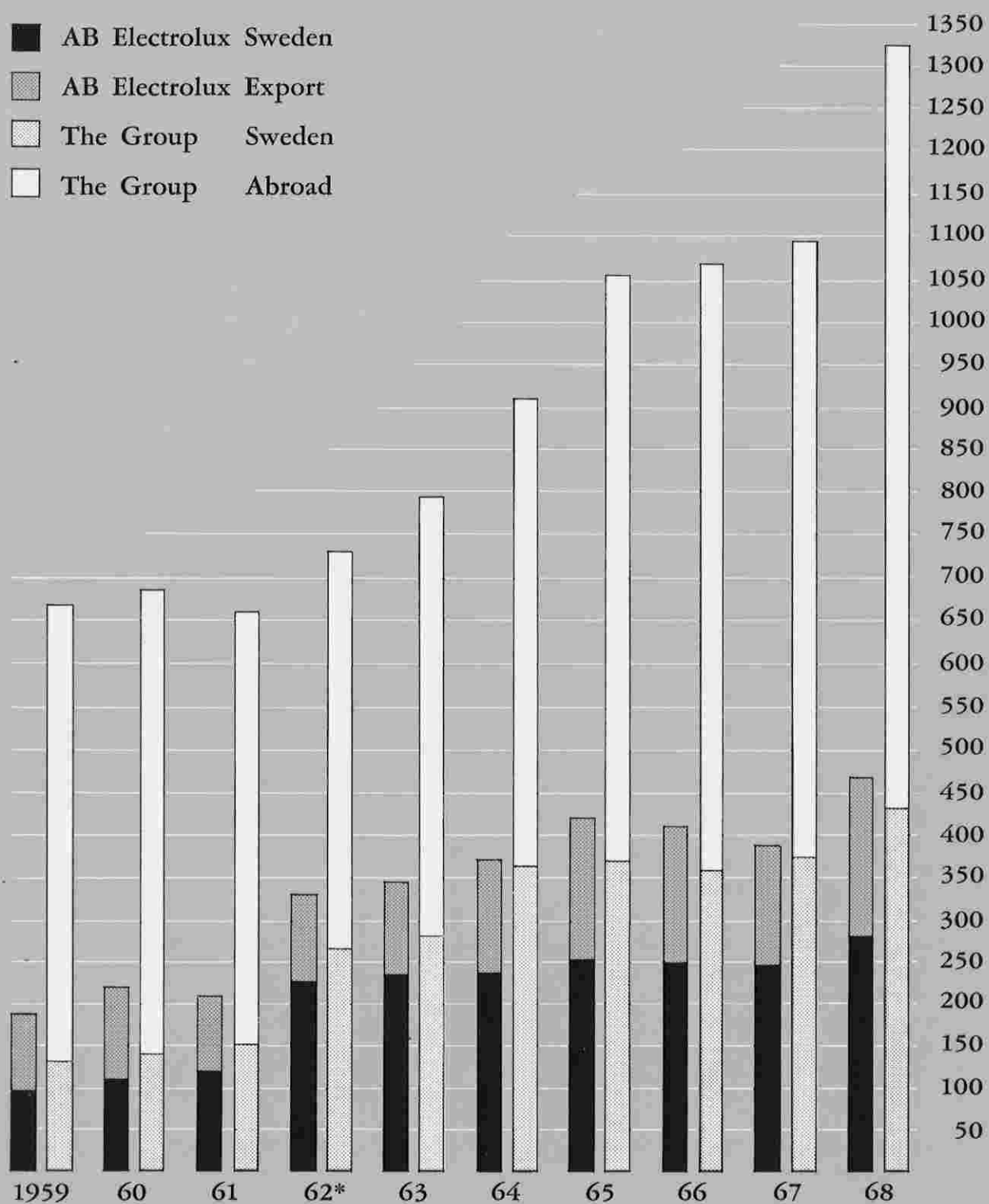
(Mkr = million Sw. kronor
tkr = thousand Sw. kronor)

Group		1968	1967	1966	1965	1964
Sales	Mkr	1,326.9	1,097.8	1,070.3	1,056.2	913.0
Net profit after taxes	"	52.9	32.0	26.2	35.7	30.2
Balance-sheet total	"	1,272.0	953.0	861.9	857.4	744.2
Investments in machinery and real estate	"	59.5	57.9	51.8	38.4	26.1
Wages, salaries and remuner- ations	"	402.6	334.7	357.2	345.2	303.8
Average number of employees		20,964	19,150	20,110	21,409	19,991
Number of employees as at Dec. 31		21,653	18,990			
Sales per employee	tkr	63.3	57.3	53.2	49.3	45.7
<i>Parent Company</i>						
Sales	Mkr	470.0	388.9	405.4	419.9	371.1
Net profit after taxes	"	24.6	18.9	16.0	20.1	21.1
Net profit per share	kr	13	10	8	11	11
Group profit (after taxes) per share in the Parent Com- pany	"	28	17	14	19	16
Balance-sheet total	Mkr	774.4	512.0	469.8	469.8	418.7
Investments in machinery and real estate	"	25.9	28.7	26.0	16.1	11.1
Wages, salaries and remuner- ations	"	134.5	116.2	120.4	118.0	102.9
Average number of employees		5,222	4,611	5,049	5,595	5,329
Number of employees as at Dec. 31		5,719	4,589			
Dividend per share (for 1968 as proposed)	kr	6 ¹	8	8	8	8
Total dividend declared (for 1968 as proposed)	Mkr	22.8	15.2	15.2	15.2	15.2

¹) On twice the number of shares (3,800,000).



Sales 1959—1968



*Incl. Elektroheliös

General information about the Electrolux Group

The structural and organizational changes initiated within the Electrolux Group in 1967 continued throughout 1968.

Electrolux acquired all the shares in AB Ankarsrums Bruk, whose manufacturing range includes electric and gas cookers, institutional kitchen equipment, valves, fire hydrants, radiators and other product castings. Ankarsrum is also engaged in forestry and agricultural activities. The acquisition of AB Ankarsrums Bruk can be regarded as an integral part of the planned process of structural rationalization. Electrolux technical expertise is available to Ankarsrum, and by allocating production between Electrolux and AB Ankarsrums Bruk in the cooker and institutional kitchen divisions, both Companies will gain the benefits of long production runs and consequently lower manufacturing costs. Ankarsrum will continue marketing its products, as hitherto, but with the inclusion of additional product lines made possible by its incorporation into the Electrolux Group. It is also intended to hold conferences, meetings and study courses for staffs of the Group and companies associated with it in certain premises of Ankarsrums Bruk, suitable for this purpose.

In 1968 Electrolux acquired the steel fittings division of AB Alfa Laval, Stockholm, at Skogstorp near Eskilstuna, amalgamating this division with the expanding operations of the Electrolux Steel Fittings Division at Säfte.

In the latter part of the year the operations of AB Benco-Verken in Tygelsjö was acquired. Production will continue in the existing premises, which are rented, under the name of the Tygelsjö Factory. With the acquisition of these operations, Electrolux will have a complete range of dishwashing machines as well as a special factory for their manufacture.

As part of the policy of diversification, Electrolux purchased in May all the shares in AB Flymo, Malmö, which is the parent company of a group of companies manufacturing and marketing motor-powered lawn mowers based on the air cushion principle. Flymo have factories in Great

Britain, Australia and West Berlin, and its products are now being sold in some twenty countries. The Flymo Group will function as an autonomous member of the Electrolux Group of Companies.

*

Although Electrolux was originally concerned with the development and marketing of cleaning machines for household use, it has also extended its interest in recent years to larger machines for commercial cleaning. As a natural sequence in this development and with the aim of diversifying operations, Electrolux entered into a joint-venture agreement with Det Danske Rengørings Selskab A/S (DDRS) in Copenhagen, which included provision for the establishment of commercial cleaning companies and firms for marketing commercial cleaning machines in Europe and other parts of the world. In connection with this agreement DDRS sold to Electrolux, as at January 1, 1969, half of its shareholding in the companies already established by DDRS outside Denmark: Allmänna Svenska Städtings Aktiebolaget (ASAB), Stockholm; Städutensilier Aktiebolag (SUAB), whose business name was later changed to Electrolux Städutensilier AB; Norsk Rengøringsselskap A/S, Oslo; A/S Renko, Oslo, and Skandinavische Reinigungsgesellschaft m.b.H., Hamburg. The development and production of commercial cleaning machines previously undertaken by DDRS and its subsidiary company, A/S Darenas, were transferred to the Electrolux factory at Lilla Essingen.

DDRS will develop and produce chemical and other cleaning substances for the needs of the jointly owned companies. DDRS and its subsidiary company, A/S Darenas, will remain wholly Danish companies.

Several cleaning companies and companies for selling commercial cleaning machines are being formed for the purpose of developing the international market. These companies will be owned jointly by DDRS and Electrolux.

Cleaning operations will be carried out for all kinds of organizations in both the private and

public sectors. Modern and efficient methods are employed, and special attention is given to the great importance of cleaning for comfort, hygiene and tidiness, as well as for the proper care of property and equipment. This scientifically prepared system of cleaning, which outside Scandinavia is marketed under the ISS name (International Sanitary System), is based on products specially developed for the purpose, which also bear the ISS trade mark. In respect of cleaning machines this trade mark is combined with the Electrolux trade name.

*

The reorganization of production in the Scandinavian countries begun the previous year, continued in 1968. Manufacture of domestic vacuum cleaners was transferred from the Essinge factory to the factory in Västervik. The Essinge factory now concentrates on the manufacture of commercial cleaning machines, production tools, etc. It is also intended that the Essinge factory shall make the major components for the Liljendahl vacuum system, to which reference is made on page 13. An increasing proportion of the plastic and sheet metal components needed by several affiliated Swedish factories will be manufactured at Motala.

The production of electric cookers at the new factory in Motala began in mid-year. At the same time operations ceased at the former cooker fac-

tory in Hammarby, which property was sold as early as 1967.

In order to meet the ever-increasing demand for caravan refrigerators the Motala factory was extended by 4,200 sq. metres. Further, special equipment was purchased for the manufacture of these refrigerators.

The Säfte factory was expanded by 3,300 square metres and new equipment installed to facilitate improved processing in the manufacture of steel fittings.

At Ankarsrum, a die-casting shop and plant for the finishing of die-cast components are under construction, to serve all affiliated Swedish factories.

*

At the end of 1968 the subsidiary company in Argentina formally opened new premises that had been acquired in 1967 and subsequently reconditioned. The new premises will accommodate all the activities of the Company in Buenos Aires, i.e. selling, warehousing, assembly, servicing and administration. The premises are large enough to accommodate considerable expansion of activities.

The Colombian subsidiary company will centre all its operations in Bogotá on a modern industrial site in the city. To achieve this, a new administration building will be completed in 1969.

This picture from the Electrolux factory at Mariestad shows testing and final inspection of refrigerators and freezers.





Inspection and testing of washing machines in the Motala factory.

The Electrolux subsidiary company in Lima, Peru, which assembles and markets vacuum cleaners, floor polishers and similar products, in part using components from Great Britain and France, added a new head office building to its manufacturing establishment during 1968. The earlier head office had been housed in leased premises in another part of the city.

In Venezuela, the Electrolux subsidiary company erected a new combined warehouse and office building for its branch at Maracaibo. The earlier offices were converted into a service workshop. With the aim of intensifying sales operations in Barbados in the West Indies, a decision was taken to form a subsidiary company there which will be operative in 1969.

Activities in Lebanon were strengthened by the opening of a branch in Beirut. The branch also contains a new office which will serve as headquarters for the marketing of Electrolux products in other Middle East countries.

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An open-plan or "landscape" office was provided at the Essinge factory to facilitate the transfer of staff from other premises in the Stockholm area. Most of the personnel previously employed at Birger Jarlsgatan 6 and 6B could move to Lilla Essingen. The premises in Birger Jarlsgatan, which



Final testing of the kitchen machine Assistant.

Electrolux had owned partly by a shareholding in a property company and partly leased, were relinquished.

Getinge Mekaniska Verkstads AB disposed of a number of properties held for employees. The Parent Company sold a former factory building in Askersund, while the Institutional Kitchen Equipment Division in Alingsås, which constitutes a division of the Parent Company, acquired from HIAB Alingsåsverken AB a factory building adjoining its existing plant.

At the year-end Electrolux Industrier A/S, Oslo, a wholly owned subsidiary of AB Electrolux, acquired an additional 40 % of the share capital in A/S Elektra, Eidsvoll, Norway, this company thus becoming a wholly owned subsidiary company of the Electrolux Group. Elektra produces electric cookers and is one of Europe's largest manufacturers of electric radiators. At the beginning of 1969 Elektra took over the manufacture and marketing of domestic electric cookers from Sarpsborgs Elektriske Fabrikker, SEFA A/S. The agreement included exclusive rights to the "Sefa" and "Sarpsborg-komfyren" trade marks. Elektra is expected in consequence to attain an annual output of about 50,000 electric cookers. A large part of Elektra's production is for the export market. By virtue of the structural ration-



Landscape office in what has earlier served as factory premises at Lilla Essingen in Stockholm.

alization that has taken place, Elektra has improved its international competitiveness and created good prospects for exporting to those markets where the Electrolux Group has selling outlets.

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The most important event of the year — already mentioned in the Annual Report for 1967 — was the sale by AB Electrolux of its shareholding in the Electrolux Corporation, New York, to Consolidated Foods Corporation, Chicago. The shares were sold for US\$ 57.6 million, or about SKr 297 million, compared with a book value of SKr 54.6 million. The Board of Directors recommend that the profit from this transaction be capitalized (see page 27).

PRODUCT DEVELOPMENT

The central Electrolux laboratories, situated at Lilla Essingen in Stockholm, have an experienced specialist staff of 300 technicians undertaking basic research, development in new products and improvements to existing products for the benefit of all the Group Companies. Development work is also undertaken by the manufacturing companies in Great Britain, France, Germany and Denmark, in collaboration with the central laboratories.

During the year a new vacuum cleaner was introduced with many unique features including a nozzle which is automatically adaptable to the

surface on which it is used, a built-in flex winder and a whistle indicating when the dustbag is full. The dustbag seals automatically when full. The new vacuum cleaner can be fitted with special sockets for use with motor-driven carpet nozzles. The market gave the new vacuum cleaner a good reception.

Electrolux subsidiary Companies in France and Peru, among other countries, commenced production of a new floor polisher featuring improvements of the motor, brushes and wax dispenser. It will be successively introduced in other markets. A new range of competitive compressor refrigerators and freezers was developed during the year, in both free-standing and built-in models, with capacity sizes from 150 to 200 litres. Production was scheduled to begin at the Mariestad factory in the spring of 1969.

During the year the British subsidiary company introduced the first two models of a new range of refrigerators, manufactured from very modern and special purpose plant and equipment.

A new cooker canopy of greatly improved performance was also developed. This incorporates a thyristor-controlled fan, permitting continuous regulation between lowest and highest speed. It is also fitted with a pull-out screen which serves to direct a curtain of air downwards against the front edge of the top of the cooker, producing a much better ventilation effect.

A special development team was formed to study and design, on behalf of potential customers, equipment for computerized material handling in factories, departmental stores, hospitals, etc. The equipment is manufactured by the Steel Fittings Division in Säfte based upon the knowledge and experience of the Westinghouse Electrical International Company, New York, under the terms of a mutual licensing agreement.

*

During the course of 1968 new ideas were applied towards the provision of the Complete Kitchen in the form a modular design system of building-in components to customers' exact requirements and specifications. This system has a flexibility that can cater for reasonable requirements of any individual layout, and will satisfy the ever increasing demand for better living conditions in kitchens. This new system has the advantages of quick installation, normally only one week being needed from the commencement of preparatory work of removal of existing fittings and equipment to the installation of the new complete kitchen. A promising market potential for a complete new kitchen installation is indicated by the large number of present-day houses in need of modernization.

The Electric Motors Division developed a number of windshield wiper units for the automotive industry, and their manufacture commenced in 1968.

SALES

In 1968 the Electrolux Group reaffirmed its position as one of the world's leading producers of vacuum cleaners and floor polishers by achieving record sales of nearly 1,100,000 units. Fourteen of the subsidiary companies achieved new sales records. Sales throughout the Group of the "Assistant" kitchen machine were also the highest ever achieved.

Sales of vacuum cleaners and floor polishers in overseas agency markets showed a marked upward trend, as a result of rising living standards and intensified sales promotion.

Nearly 800,000 refrigerators and freezers for household use were sold in 1968 which represented a new sales record in the history of the Electrolux Group. The main factors responsible for the high sales figures achieved were rationalization of production at the Group's major factories in Mariestad, Motala and Luton (Great Britain), and vigorous marketing both in Sweden and abroad.

*

The "Future Line" — a new series of refrigerators, freezers and combination units — came into full production at the Mariestad factory during 1968. These products were introduced in a number of markets and were favourably received. Demand greatly exceeded production capacity.

Eccentric-shaft presses in the Motala factory.



Sales of caravan refrigerators rose sharply, especially in the United States. The Motala factory doubled the quantity of its shipments. These products are made both at the Motala factory and by the British subsidiary company and are marketed in Europe, U.S.A., and Canada. Since the expanding market for caravan refrigerators is expected to keep pace with the increase in living standards and leisure time, increased sales to this market can be anticipated. Sales of refrigerators in the developing countries varied according to local conditions. Exports to Central America decreased owing to higher customs duties, and sales to Nigeria, an important market for tropical refrigerators, were insignificant owing to the civil war. In agency markets where imports are not subject to restrictions, as in Hong Kong and Thailand, sales of compressor refrigerators increased.

Because of the import restrictions in various markets, Electrolux is compelled in many countries to enter into joint venture agreements with local companies so as to maintain the sales of Electrolux products. Many such agreements became effective in 1968 for the marketing of kerosine refrigerators and compressor refrigerators.

Deliveries from the Institutional Kitchen Equipment Division in Alingsås including certain products made by Getinge Mekaniska Verkstads AB, were much higher than in 1967.

The Steel Fittings Division also recorded increased sales. Work began during the year in enlarging the sales organization for expanding the sales of these products.

*

Sums invoiced by the Group totalled SKr 1,327 million as against SKr 1,098 million in 1967, which was an increase of SKr 229 million or about 21 %. Of the 1968 figure SKr 434 million (32.7 %) was attributable to customers in Sweden and SKr 893 million (67.3 %) to customers in foreign countries. The corresponding proportions for 1967 were 34.1 % and 65.9 %.

The Group sales figure for 1968 includes sales by the newly acquired companies, AB Ankarsrums Bruk and AB Flymo together with its foreign subsidiaries, the former amounting to about SKr 31.7 million and the latter to about SKr 24 million. Also included are sales of dishwashers and washing machines made by the factory at Tygelsjö after its acquisition.

GROUP SALES BY TERRITORIES

	1968		1967		1966		1965	
	SKr mill	%	SKr mill	%	SKr mill	%	SKr mill	%
<i>External sales</i>								
<i>EEC countries</i>								
Belgium, France, Holland, Italy, Luxemburg, West Germany	224.8	16.9	211.9	19.3	218.6	20.5	211.9	20.1
<i>EFTA countries¹⁾</i>								
Austria, Denmark, Finland, Great Britain, Norway, Portugal, Sweden, Switzerland	812.3	61.2	650.4	59.3	611.7	57.1	609.4	57.7
<i>Subsidiary companies in Latin America</i>								
Argentina, Brazil, Colombia, Guatemala, Mexico, Peru, Trinidad, Uruguay, Venezuela	98.0	7.4	81.6	7.4	85.9	8.0	78.2	7.4
<i>Other markets</i>	191.8	14.5	153.9	14.0	154.1	14.4	156.7	14.8
Total Group sales	1,326.9	100.0	1,097.8	100.0	1,070.3	100.0	1,056.2	100.0
¹⁾ Whereof customers in Sweden	434	32.7 %	374	34.1 %	356	33.3 %	361	34.2 %

*

Sales by the Parent Company (AB Electrolux) amounted to SKr 470 million as against SKr 389 million in the previous year, an increase of SKr 81 million or 20.8 %. Exports at SKr 190.4 mil-

lion accounted for 40.5 % of total sales; the comparable figures for 1967 were SKr 143.8 million or 37 %.

DEVELOPMENT OPPORTUNITIES

Electrolux has traditionally devoted great interest to products designed to lighten domestic cleaning in the home. A more recent development is the integration of larger cleaning machines and commercial cleaning into the Group's activities.

In this process Electrolux has become ever increasingly involved in hygiene and the maintenance of public health. Early in 1969 Electrolux acquired the rights for development and marketing of the "vacuum sewage system" throughout almost the whole world.

The basic principles of the vacuum sewage system, which was invented by a Swedish engineer, Mr. J. Liljendahl, are the use of air instead of water in the transportation of sewage by vacuum flushing and the separation of toilet waste from other household waste, thus conserving water and prevention of pollution.

Apart from conventional applications, the vacuum sewage system is also very suitable for caravans, railway waggons, ships, aircraft and

for recreational areas with inadequate sewage treatment capacity.

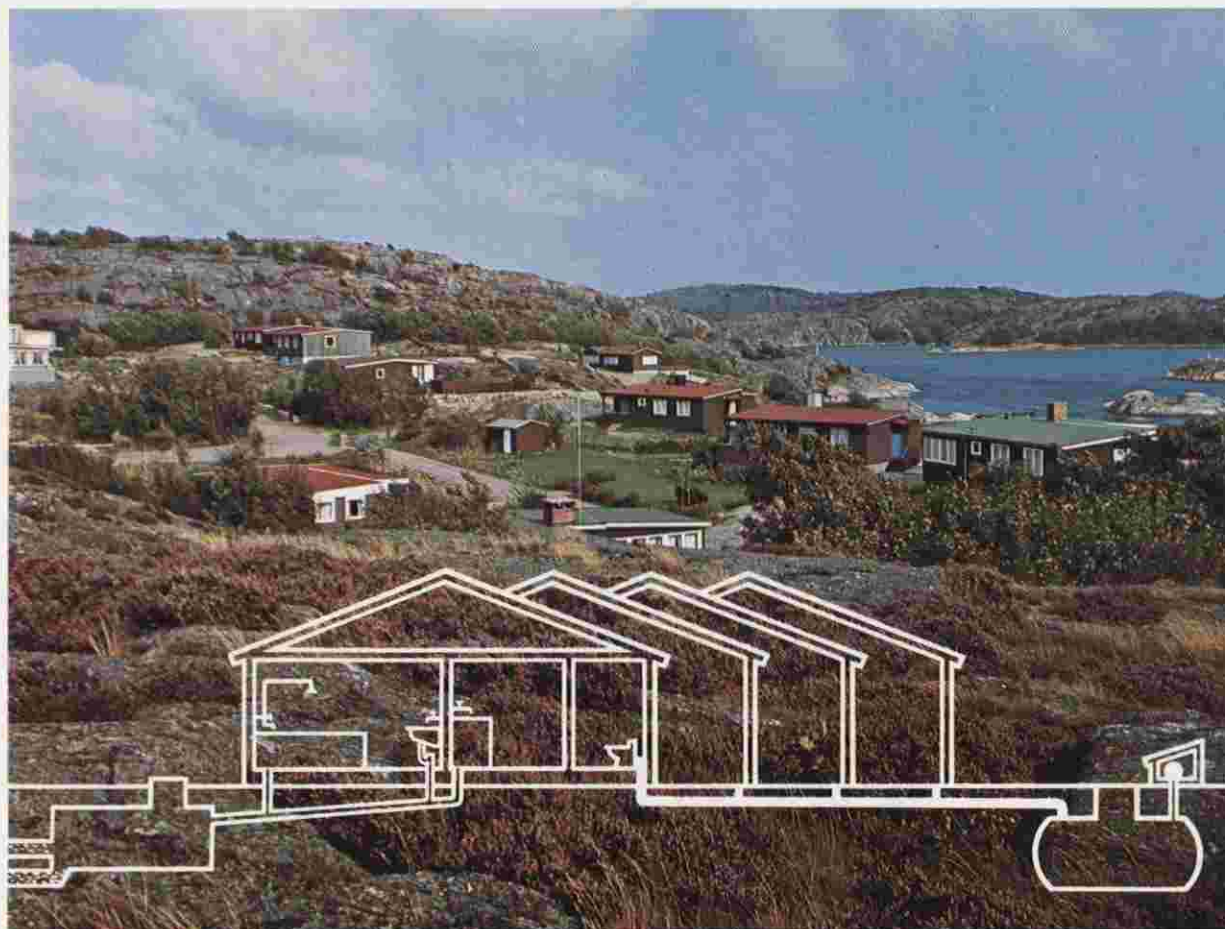
Aktiebolaget Electrolux also acquired one-third of the shareholding in Vakuumsystem AB, the remaining shares being owned by Byggproduktion AB (BPA), Svenska Industribyggen AB (SIAB) and Mr J. Liljendahl. Vakuumsystem AB will continue to develop the Swedish market in relation to major vacuum systems, construction projects and sewage treatment projects, while the activities of Electrolux in the Swedish market will be concerned with smaller projects and special applications.

The new activity has been organized as an independent division of the Parent Company, with access to the Group's research and production facilities as well as to its network of subsidiary companies and factories at home and abroad.

*

The Electrolux Home Service in Sweden comprises a team of trained specialists, knowledgeable on all products of the Company who are always

In this recreation camp on the rocky coast of the county of Bohuslän, Sweden, the vacuum sewage system is employed for 40 bungalows. Principle sketch of the system inlaid in the picture.



available to give advice to customers in the home on the best use to be obtained from Electrolux appliances.

This home service is available without charge, to the customer, and includes demonstration of the most advantageous uses of the product, advice on installation etc.

Visits are made, by appointment, to the customer's home at any time suitable to the customer, so that housewives working during the day are able to take advantage of this home service.

In giving this service to the customer, ideas and suggestions for improvements to the products are obtained, which are valuable to Electrolux in future development planning.

As there are more than three million Electrolux appliances in Swedish homes, a customer home service is of considerable importance to ensure that the best use is being obtained from the products.

Customer home service combined with quality

manufacture are the main reasons for the strong position of Electrolux in the domestic appliance industry. This traditional policy will continue to be pursued vigorously to provide customers with the best in kitchen and home equipment, and expansion of the market for the Group's comprehensive product line can be anticipated.

The increased latitude now allowed in the concluding of tenancy agreements on the Swedish housing market has greatly improved the outlook for modernization of kitchens. Electrolux therefore anticipates a greatly increased market for the Complete Kitchen.

*

As to prospects for the Group in 1969, the following brief observations may be made:

Sales are expected to increase by 10 % to 15 %. Group profits before year-end appropriations and taxes are expected to rise in proportion. Programmes of research and development on new products will be accelerated.

Results for the Group and Parent Company

GENERAL

An indication of the Group's international structure is evidenced by the fact that two-thirds of its sales are to customers outside Sweden. Production must also be sited in many cases outside Sweden because of import restrictions and for other reasons, whilst product development, central administration and other functions are largely performed by the Parent Company. The Group thereby earns most of its operating profit from subsidiary companies which remit royalties and dividends to Sweden. The operating result reported by the Parent Company should be evaluated against this background.

GROUP PROFIT

The net profit for 1968 after taxes amounts to SKr 52.9 million as against SKr 32 million for 1967. Trading profit was almost double 1967, the comparable figures being SKr 81.1 million and SKr 44 million. The Consolidated Profit and Loss Statement and Balance Sheet will be found on pages 15—17. Notes on the statements begin on page 23.

PARENT COMPANY PROFIT

The net profit after taxes amounts to SKr 24.6 million as against SKr 18.9 million for 1967. Reference is also made to the Profit and Loss Statement and Balance Sheet for AB Electrolux on pages 19—21, which together with the notes beginning on page 23 and supplementary information beginning on page 28 should be read as integral parts of the Annual Report.

THE ELECTROLUX GROUP

CONSOLIDATED PROFIT AND LOSS STATEMENT

	1968 SKr. 1,000	1967 SKr. 1,000
<i>Operating income and costs</i>		
Invoiced net sales excl. turnover tax	1,326,856	1,097,770
Deduct: Costs		
Manufacturing, selling and administrative costs (Note 1)	1,215,077	1,026,817
Depreciation of		
Buildings	4,796	4,433
Machinery and equipment	25,882	22,570
	1,245,755	1,053,820
Trading profit after depreciation	81,101	43,950
<i>Non-operating income</i>		
Dividends from non-group companies	2,112	6,734
Interest received (Note 2)	16,669	2,775
Transferred from Investment Funds (Note 3) ..	18,562	928
	37,343	10,437
	118,444	54,387
<i>Non-operating costs</i>		
Interest paid	14,466	12,950
Depreciation charged against Investment Funds		
Buildings	13,704	—
Machinery and equipment	4,858	928
	33,028	13,878
	85,416	40,509
<i>Non-recurring income and costs; period-end appropriations</i>		
Profit from sale of shares in Electrolux Corporation, New York (Note 4)	241,839	—
Appropriation to capital gains tax hereunder ..	./ 17,839	—
Increase in capital as per recommendation on page 27/ 224,000	—
Profit from sales of real estate and securities (Note 5)	12,586	12,819
Appropriation to Free Reserve in Parent Company	—	./ 10,000
Appropriation to Replacement Fund for Buildings (Note 6)/ 834	—
	11,752	2,819
Increase/decrease of inventory reserves (Note 7) ..	./ 8,151	11,003
Transferred from AB Electrolux Pension Fund of 1952 (Note 8)	—	836
	./ 8,151	11,839
	89,017	55,167
<i>Taxes</i>	35,832	22,837
<i>Profit after taxes</i>	53,185	32,330
<i>Deduct: Minority interests</i>	287	371
<i>Group profit for the year</i>	52,898	31,959

THE ELECTRA CONSOLIDATED

ASSETS

Current assets

Liquid assets

Cash, bank and post-office balances (Note 9) ..	350,570		72,487	
Promissory note	5,400		5,000	
Bills receivable from customers	29,460		23,177	
Securities (Note 10)	<u>14,820</u>	400,250	<u>9,713</u>	110,377

Receivables

Customers	374,612		330,336	
Miscellaneous (Note 11)	<u>33,091</u>	407,703	<u>31,587</u>	361,923

Inventories	367,126		323,109	
Deduct: Inventory reserves	<u>117,385</u>	<u>249,741</u>	<u>109,498</u>	<u>213,611</u>
		<u>1,057,694</u>		<u>685,911</u>

<i>Blocked investment account with Bank of Sweden</i> (Note 3)		<u>138</u>		<u>2,654</u>
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Fixed assets

Miscellaneous receivables (Note 12)		12,351		8,895
Shareholdings (Note 4)		1,557		56,993
Machinery and equipment (Note 13)	64,413		60,454	
Factory, office and other buildings (Note 14)	122,348		117,756	
New plants under construction (Note 15)	<u>13,515</u>	<u>200,276</u>	<u>20,302</u>	<u>198,512</u>
		<u>214,184</u>		<u>264,400</u>

TOTAL ASSETS		<u><u>1,272,016</u></u>		<u><u>952,965</u></u>
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LUX GROUP

BALANCE SHEET

LIABILITIES AND CAPITAL

Short-term liabilities

	As at Dec. 31, 1968 SKr. 1,000	As at Dec. 31, 1967 SKr. 1,000
Bills payable to suppliers	11,213	13,271
Due to suppliers	90,060	72,245
Due to customers	7,828	8,657
Bank loans	58,705	52,303
Miscellaneous (Note 16)	132,372	120,430
Taxes payable (Note 17)	71,757	38,488
	<u>371,935</u>	<u>305,394</u>

Long-term liabilities

Mortgage loans	43,679	36,265
Debenture loan	28,820	72,499
Miscellaneous liabilities	3,360	3,376
Appropriated to pensions	67,838	54,495
	<u>143,697</u>	<u>124,656</u>

Reserve for risk of loss on exchange rates	3,000	3,000
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Reserve for unrealized profit in inventories of subsidiary companies (Note 18)	9,966	7,742
--	-------	-------

Replacement fund for buildings (Note 6)	834	—
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Investment funds (Note 3)	300	18,862
---------------------------------	-----	--------

Minority interests (Note 19)	1,664	3,387
	<u>15,764</u>	<u>32,991</u>

Capital and surplus

Share capital of Parent Company	190,000	190,000
Statutory reserves (Note 20)	128,249	136,927
Free reserves (Note 21)	145,473	131,038
Group profit for the year (Note 21)	52,898*	31,959
Profit on sale of shares in Electrolux Corporation, New York	224,000	—
	<u>740,620</u>	<u>489,924</u>

TOTAL LIABILITIES AND CAPITAL	<u>1,272,016</u>	<u>952,965</u>
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Contingent liabilities	35,895	36,287
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* Before appropriation of SKr 1,165,000 to statutory reserves.



The new Electrolux factory at Motala.

AB ELECTROLUX

PROFIT AND LOSS STATEMENT

	1968 SKr. 1,000	1967 SKr. 1,000
<i>Operating income and costs</i>		
Invoiced net sales excl. turnover tax (Note 22)	469,968	388,862
Deduct: Costs		
Manufacturing and selling costs, etc. (Note 1) ..	442,641	371,372
Depreciation (Note 23) of		
Buildings	1,882	2,052
Machinery and equipment	11,254	10,530
	455,777	383,954
Trading profit after depreciation	14,191	4,908
<i>Non-operating income</i>		
Royalties (whereof royalties from subsidiary companies: in 1968, SKr 4,822,000; in 1967, SKr 4,169,000)	4,906	4,331
Dividends received from subsidiary companies (Note 24)	14,884	12,069
Dividends received from non-group companies ..	2,112	6,734
Interest received from subsidiary companies	1,117	775
Other interest received (Note 2)	13,017	1,069
Transferred from Investment Fund (Note 3)	18,562	928
	54,598	25,906
	68,789	30,814
<i>Non-operating costs</i>		
Interest paid to subsidiary companies	262	14
Other interest paid	6,139	5,668
General administration expenses (Note 25)	10,499	7,004
Depreciation charged against Investment Fund (Note 3)		
Buildings	13,704	—
Machinery	4,858	928
	35,462	13,614
	33,327	17,200
<i>Non-recurring income and costs; period-end appropriations</i>		
Profit from sale of shares (Note 4)	241,839	140
Appropriation to capital gains tax hereunder ..	./ 17,839	—
Increase in capital as per recommendation on page 27/ 224,000	—
	1,168	10,079
Profit from sales of real estate (Note 26)	—	./ 10,000
Appropriation to Free Reserve		
Appropriation to Replacement Fund for Buildings (Note 6)/ 834	—
	334	79
	33,661	17,419
Increase/decrease of inventory reserve (Note 27)	./ 3,035	3,730
Increase/decrease of reserve for obsolescence/ 833	894
Writing-down of shareholdings in subsidiary companies/ 52	—
Transfer from AB Electrolux Pension Fund of 1952 (Note 8)	— ./ 3,920	836
	29,741	5,460
Taxes	5,161	22,879
Net profit for the year	24,580	4,000
	18,879	18,879

A B E L E C BALANCE

ASSETS	<i>As at Dec. 31, 1968</i> SKr. 1,000		<i>As at Dec. 31, 1967</i> SKr. 1,000	
<i>Current assets</i>				
<i>Liquid assets</i>				
Cash, bank and post-office balances (Note 28) ..	311,654		27,534	
Promissory note	5,400		5,000	
Bills receivable	<u>14,648</u>	331,702	<u>8,937</u>	41,471
<i>Receivables</i>				
Customers	46,482		32,251	
Subsidiary companies (Note 29)	91,279		82,742	
Miscellaneous (Note 30)	<u>6,053</u>	143,814	<u>11,649</u>	126,642
<i>Inventories</i>	145,058		129,227	
Deduct: Inventory reserve	<u>87,035</u>	58,023	<u>84,000</u>	45,227
		<u>533,539</u>		<u>213,340</u>
<i>Blocked investment account with Bank of Sweden</i> (Note 3)		—		<u>2,516</u>
<i>Fixed assets</i>				
<i>Receivables</i>				
Subsidiary companies (Note 31)	38,866		48,829	
Miscellaneous	<u>7,242</u>	46,108	<u>5,470</u>	54,299
<i>Shareholdings</i>				
Subsidiary companies (Note 32)	111,783		97,719	
Non-group companies (Note 4)	<u>515</u>	112,298	<u>55,144</u>	152,863
<i>Machinery and equipment (Note 33)</i>	24,731		21,782	
<i>Factory, office and other buildings (Note 34)</i>	45,321		46,882	
<i>New plants under construction (Note 15)</i>	<u>12,440</u>	82,492	<u>20,302</u>	88,966
		<u>240,898</u>		<u>296,128</u>
TOTAL ASSETS		<u>774,437</u>		<u>511,984</u>
<i>Assets pledged:</i>				
Mortgages on buildings (Note 35)		23,903		23,289
Promissory note		5,400		—
Foreign bills receivable		—		29
Blocked bank deposits		373		125

ROLUX

SHEET

LIABILITIES AND CAPITAL

Short-term liabilities

Due to subsidiary companies	3,540		1,529	
Due to suppliers	43,224		33,876	
Due to customers	2,249		783	
Salaries, holiday compensation, taxes withheld etc.	26,011		22,171	
Miscellaneous (Note 36)	16,900	91,924	14,558	72,917
Taxes payable (Note 17)		28,749		8,924
		120,673		81,841

Long-term liabilities

Due to subsidiary companies	2,455		2,662	
Mortgage loans	15,298		12,194	
Debenture loan	28,820	46,573	30,520	45,376
Appropriated to pensions: (Note 37)				
PRI pensions	29,352		24,357	
Other pensions	14,137	43,489	13,250	37,607
		90,062		82,983

Reserve for unrealized profit in inventories of subsidiary companies

6,636 5,746

Replacement fund for buildings (Note 6)

834 —

Investment Fund (Note 3)

— 18,562

Capital and surplus

Share capital (Note 38)	190,000		190,000	
Statutory Reserve	38,000	228,000	38,000	228,000
Free Reserve		25,000		25,000
Taxed reserve for depreciation of shares		—		16,000
Taxed reserve for writing down inventories of subsidiary companies		—		12,000
Profit brought forward	54,652		22,973	
Net profit for the year	24,580		18,879	
Profit on the sale of shares in Electrolux Corporation, New York	224,000	303,232	—	41,852
		556,232		322,852

TOTAL LIABILITIES AND CAPITAL

774,437 511,984

Profit as per Balance Sheets of Dec. 31, 1967, and Dec. 31, 1966, respectively

41,852 38,173

Taxed reserves

28,000 —

Deduct: Dividends declared at Annual General Meetings in 1968 and 1967

69,852 38,173

15,200 15,200

54,652 22,973

Contingent liabilities

42,152 49,576

(whereof discounted bills receivable)

(96) (1,516) -

AB ELECTROLUX

SPECIFICATION OF SHAREHOLDINGS

SUBSIDIARY COMPANIES

		Par value SKr. 1,000	Book value SKr. 1,000
A/S Atlas Svenska Försäljnings AB, Malmö	2,500 shares	250	—
AB Carex, Stockholm	50 „	5	5
Centralkassan AB, Stockholm	50 „	5	5
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
AB Elektroservice, Stockholm	250 „	25	25
AB Flymo, Malmö	1,000 „	100	9,577
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
			21,437
Shares in subsidiary companies abroad			90,346
(as per special permit not specified in the Annual Report)			<u>111,783</u>

NON-GROUP COMPANIES

		Par value	Book value SKr. 1,000
ADELA Investment Company S.A., Luxemburg	10 shares	US\$ 100,000	515
Kalinga Svenska Ltd., Calcutta	3,498 „	Rup. 349,800	—
La Maison de Suède à Paris S.A., Paris	1,200 „	Frs. 120,000	—
AB Sukab, Stockholm	17 „	SKr. 1,700	—
Svensk Interkontinental Lufttrafik AB (S.I.L.A.), Stockholm	4,000 „	SKr. 400,000	—
AB Svensk Värmemätning C.B. System, Stockholm	650 „	SKr. 52,000	—
Svenska MTM-gruppen AB, Stockholm	1 „	SKr. 100	—
TV-främjandet, AB Television & Co., Stockholm	10 „	SKr. 10,000	—
			<u>515</u>

With reference to the Auditors' Report included in the Annual Report, we certify that the above Profit and Loss Statement and Balance Sheet agree with the Company's accounts.

Stockholm in April 1969

BRUNO SVENSSON
*Auditor, authorized by the
Stockholm Chamber of Commerce*

ARNE HOLMEN
*Auditor, authorized by the
Stockholm Chamber of Commerce*

NOTES ON THE ACCOUNTS

General

The consolidated accounts include all the companies in which AB Electrolux directly or indirectly owned 50 % or more of the share capital at the year-end. A minority interest was held in six foreign subsidiary companies.

In the preparation of the Consolidated Balance Sheet, the Parent Company's holdings of shares in subsidiary companies have been eliminated against each subsidiary company's amount of share capital (par value method).

Final accounts of foreign subsidiary companies have been converted into Swedish Kronor (SKr) mainly at the official rates of exchange in effect at Swedish commercial banks on December 31, 1968.

Note 1 *Manufacturing, selling and administrative costs*

The accounting principles under this heading were changed in 1968 in respect of the interest portion of appropriations to pensions by the Swedish companies, which item is now reported with interest paid. The 1967 figures have been adjusted accordingly.

Note 2 *Interest received*

By far the greater part of this increase as compared with 1967 derives from interest earned on the cash received from the sale of shares in Electrolux Corporation, New York (compare Note 4).

Note 3 *Investment funds*

The Swedish Government authorized the Parent Company to draw on its investment fund to finance construction work at the cooker factory in Motala and an extension to the Säfte factory. In addition, the National Labour Market Board permitted the Parent Company to draw on this fund for the procurement of machinery.

Funds were withdrawn for the following investments, which by the year-end were only partially completed:

	SKr. 1,000
New building, Motala factory ..	11,446
Extension, Säfte factory	2,258
Machinery	4,858
	<u>18,562</u>

The Parent Company's investment fund has now been fully utilized.

In connection with the above-named authorizations, the balance of the Parent Company's blocked investment account with the Bank of Sweden as

at January 1, 1968, amounting to SKr. 2,516,000, was withdrawn in full.

Note 4 *Profit from sale of shares in Electrolux Corporation, New York*

The entire holding of 1,920,000 shares held by AB Electrolux in Electrolux Corporation, New York, was sold to Consolidated Foods Corporation, Chicago, for US\$ 57,600,000. Converting the transaction to Swedish currency at the rate of SKr. 5.1625 for one US dollar gives the following capital gain:

	SKr. 1,000
Amount of sale	297,360
Less: book value	54,629
Swedish stamp duty	892
Capital gain	<u>241,839</u>

Note 5 *Profits from sales of real estate and securities*

Profits arose from the following transactions, among others: at the French subsidiary company, from the sale of a property in Paris; at the subsidiary company in Groningen, from the sale of a building site; at AB Electrolux, from the sale of part of the Ekenäs factory in Motala; at the Electrolux Swedish Sales Company, from the transfer of its shareholding in AB Birger Jarlstrappan; and at AB Ankarsrums Bruk, from the disposal of its shares in Ankarsrums Skåneaktiebolag, Sjöbo.

Note 6 *Appropriation to Replacement Fund for Buildings*

Under existing tax rules 75 % of the taxable capital gain from the sale of part of the Ekenäs factory in Motala was appropriated to the Replacement Fund for Buildings.

Note 7 *Increase/decrease of inventory reserves*

In 1968 the Parent Company increased its inventory reserve by SKr. 3 million and the subsidiary companies increased their reserves by SKr. 5.1 million.

Note 8 *Transfer from AB Electrolux Pension Fund of 1952*

The amount for 1967 was adjusted to reflect a change of principle in accounting for the interest portion of appropriations to pensions (compare Note 1).

Note 9 *Cash, bank and post-office balances*

The increase over 1967 is attributable to the cash received from the sale of shares in Electrolux Corporation and also from new companies consolidated during the year.

Note 10 *Securities*
The reported increase over 1967 is attributable to short-term investments in securities of surplus liquid funds by Electrolux Pty. Ltd., Melbourne, and Electrolux Ltd., Luton.

Note 11 *Current assets, miscellaneous receivables*
These consist of receivables from suppliers and personnel, prepaid expenses, etc.

Note 12 *Fixed assets, miscellaneous receivables*
Included under this heading are receivables from sales of real estate by the Parent Company and secured notes payable by subsidiary companies.

Note 13 *Machinery and equipment*

	SKr. 1,000
Net book value, December 31, 1967	60,454
Acquisitions in 1968, incl. machinery and equipment in companies acquired during the year	+ 32,152
Book value of machinery sold and scrapped etc.	/ 2,311
Depreciation in 1968	/ 25,882
Net book value, December 31, 1968	<u>64,413</u>

In addition, the Parent Company purchased machinery and equipment amounting to SKr. 4,858,000, which was charged to the investment fund.

Note 14 *Factory, office and other buildings*

	SKr. 1,000
Net book value, Dec. 31, 1967	117,756
Acquisitions in 1968, incl. properties of companies acquired during the year	+ 15,572
Book value of properties sold, etc.	/ 6,184
Depreciation in 1968	/ 4,796
Net book value, Dec. 31, 1968	<u>122,348</u>

Note 15 *New factories under construction*
Included under this heading are payments on account for the cooker factory in Motala and an extension to the factory in Sjöföle.
SKr. 13,704,000 was withdrawn from the investment fund to finance construction work.

Note 16 *Short-term liabilities; Miscellaneous*
Reported hereunder are reserves for guarantee repairs, accrued holiday compensation, wages and salaries unpaid at the year-end, PAYE taxes, reserves for severance payments and the like in foreign subsidiary companies, excise duties, sundry accrued expenses, and such part of long-term liabilities as are payable within one year.

Note 17 *Taxes payable*
Included in this amount is SKr. 17,839,000 to cover capital gains tax on the sale of shares in Electrolux Corporation, New York.

Note 18 *Reserve for unrealized profit in inventories of subsidiary companies*
This reserve relates to inter-company transactions and consists of the difference between the price charged by Group companies for deliveries and the manufacturing costs of such products as remained in stock with the receiving companies at the year-end. The increased reserve is due to higher inventories with subsidiary companies.

Note 19 *Minority Interests*
The decrease is due to the acquisition in 1968 of minority shareholdings in A/S Elektra, Eidsvoll, Norway, and other companies.

Note 20 *Statutory reserves*
This item includes the difference between the share capital of subsidiary companies and the value of these shares in the books of the Parent Company (values in excess of par have been deducted from values below par).

The decrease of SKr. 8.7 million for 1968 is mainly attributable to the following transactions:

	SKr. mill.
Values in excess of par for newly acquired companies, mainly AB Ankarsrums Bruk and AB Flymo	14.8
Lowered rates of exchange in two South American companies	0.7
	<u>15.5</u>
Less:	
Issue of bonus shares in five foreign companies	5.0
Statutory reserves in newly acquired companies	1.8
	<u>8.7</u>

Note 21 *Free Reserves and Group profit for the year*

No provision has been made for taxation in Sweden and/or abroad on unappropriated earnings of foreign subsidiary companies which may be transferred to the Parent Company in the form of dividends. Further the currency regulations in certain countries may affect the possibilities of transferring profits to the Parent Company.

Note 22 *Invoiced net sales*

The amount reported represents goods invoiced by AB Electrolux (the Parent Company) for deliveries to subsidiary companies, customers and others who buy directly from the Parent Company.

Note 23 *Depreciation*

Amounts of depreciation entered in the Profit and Loss Statement are the highest permissible for tax purposes. Factory buildings are depreciated at 3 % per year on the basis of original cost. For staff buildings the rate varies from 0.6 % to 1 % of the rateable value. Machinery and equipment have been depreciated at 30 % of book value. In addition, acquisitions totalling SKr. 18,562,000 made in 1968 have been depreciated by charges to investment funds (compare Note 3).

For the purpose of calculating the factory cost, the Company relates depreciation rates to replacement values as long as the equipment is in use. The rate of depreciation applied to buildings is 3 %. For machinery and equipment, the rates vary from about 7 % to 25 % depending on the nature of the asset and its utilization. For example, machinery in multiple-shift operation is depreciated at a higher rate; for machinery and equipment older than 15 years the rate is lower.

In line with the latter principles, the aggregate amount of depreciation on buildings, machinery and equipment amounted to approximately SKr. 13,079,000 which is approximately equivalent to the total amount of depreciation as reported in the Profit and Loss Statement.

Note 24 *Dividends received from Subsidiary Companies*

Increased dividends were received from Subsidiary Companies during the year, whereas in 1967 a special dividend was received from the Subsidiary Company, Verkstads AB Bällsta, resulting from a property sale.

Note 25 *General administration expenses*

The increased costs under this heading as compared with 1967 are due to organizational changes, involving the centralization of certain functions which were formerly performed by

subsidiary companies. Because of the international organizational structure of the Group, general administration expenses will necessarily always include certain costs incurred for the central administration of subsidiary companies. Per contra, when judging this amount the Parent Company earns income from subsidiary companies in the form of dividends and royalties.

Note 26 *Profit from sales of real estate*

Most of the amount for 1968 shown hereunder is attributable to the sale of part of the Ekenäs factory in Motala, while the profit shown in 1967 was due to the sale of the Company's factory in Hammarby, Stockholm.

Note 27 *Increase/decrease of inventory reserve*

The increase is due to inventories exceeding the level of the previous year. Depreciation was charged at the maximum rate permitted by tax authorities, i.e. at 60 % of the gross inventory value less 5 % for obsolescence.

Note 28 *Cash, bank and post-office balances*

The increased amount as against 1967 results from the sale of shares in Electrolux Corporation, New York (compare Note 4).

Note 29 *Current assets: Receivables, Subsidiary Companies*

Trading receivables from subsidiary companies reported under this heading relate to credit transactions with a maximum payment period of one Year; other receivables are listed under Fixed assets: Receivables, subsidiary companies.

Note 30 *Current assets: Miscellaneous*

Among the items reported hereunder are advances to suppliers, advance payments on current assets, payments on account to the Pensions Registration Institute (PRI), amounts owed by employees, and prepaid expenses. The 1968 figure also includes short-term promissory notes received in connection with the sale of real estate.

Note 31 *Fixed assets: Receivables, Subsidiary Companies*

Reported under this heading are: (1) amounts loaned by the Parent Company to subsidiary companies and (2) other receivables which have become long-term in nature.

Note 32 *Shareholdings in subsidiary companies*
Major new entries hereunder include SKr. 9.6 million for shares in AB Flymo and SKr. 2.2 million for an increase of the share capital in Electrolux Industrier A/S, Oslo.

Note 33 *Machinery and equipment*

	SKr. 1,000
Net book value, Dec. 31, 1967	21,782
Acquisitions in 1968	+ 14,203
Depreciation in 1968 (30 %/o)	./. 11,254
Net book value, Dec. 31, 1968	<u>24,731</u>

In addition, acquisitions were charged to the investment fund amounting to SKr. 4,858,000.

Note 34 *Factory, office and other buildings*

	SKr. 1,000
Net book value, Dec. 31, 1967	46,882
Acquisitions in 1968	+ 970
Book value of properties sold	./. 649
Depreciation in 1968	./. 1,882
Net book value, Dec. 31, 1968	<u>45,321</u>

Note 35 *Pledged assets, mortgages on buildings*
As at Dec. 31, 1968, the credits, etc. for which mortgages were pledged amounted to SKr. 15,547,000.

Note 36 *Short-term liabilities: Miscellaneous*
This entry includes turnover tax, reserves for guarantee repairs, accrued expenses, amortization on mortgage loans and debentures to be paid within one year, and interest on mortgage loans and debentures accrued by the year-end.

Note 37 *Appropriated to pensions*
Pension liability, which agrees with the pension reserves calculated actuarially, increased during the year by SKr. 5.9 million. Of this amount SKr. 2.1 million is attributable to interest, which has been charged to interest paid under non-operating costs.

Note 38 *Share capital*

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

The holder of each A-share is entitled to one vote and of each B-share to 1/1000 vote.

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

THE ELECTROLUX GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Source of funds	SKr. 1,000	
	1968	1967
Funds from internal sources*	66,457	35,104
Sale of shares in Electrolux Corporation (after deduction of tax and stamp duty)	278,629	—
Sales of other fixed assets	21,267	22,375
Increase of long-term liabilities, etc.	20,376	19,843
Total of funds received	<u>386,729</u>	<u>77,322</u>

Application of funds		
Investments in real estate, machinery and equipment	59,499	57,959
Increase of long-term liabilities	3,456	7,500
Effect of altered rates of exchange owing to devaluation, etc.	1,483	15,752
Difference between purchase price for and equity in newly acquired companies	8,898	—
Total of funds applied	<u>73,336</u>	<u>81,211</u>

Change in working capital	313,393	./. 3,889
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Details of change in working capital		
Increase/decrease of inventories	44,281	./. 47,990
Increase of short-term receivables	45,780	41,088
Increase of short-term liabilities	./. 66,541	./. 33,744
Increase of liquid funds	<u>289,873</u>	<u>36,757</u>
	<u>313,393</u>	<u>./. 3,889</u>

* Specification

Profit before taxes and profit from sale of real estate	+76,144	+41,977
Change of inventory reserves and transfers from pension funds	+ 8,151	./. 11,839
Depreciation	+30,678	+27,003
Taxes	./. 35,832	./. 22,837
Dividends to shareholders	./. 15,200	./. 15,200
Withdrawals from blocked investment account	+ 2,516	+ 6,000
Appropriation to Free Reserve	—	+10,000
Profit on sale of shares in Electrolux Corporation	./. 224,000	
Proposed increase of share capital	+ 224,000	0
	<u>66,457</u>	<u>35,104</u>

PROPOSED DISTRIBUTION OF PROFITS IN AB ELECTROLUX

The Board of Directors and the Managing Director recommend that the Annual General Meeting approve the appropriation of SKr. 834,122 to the Replacement Fund for Buildings, as well as the other allocations reported.

The total earnings available thereafter for distribution are as follows:

Profit remaining after allocations	SKr. 24,580,462
Balance of profit brought forward	54,651,739
After-tax profit from sale of shares in Electrolux Corporation	224,000,000
Total	<u>SKr. 303,232,201</u>

The Board of Directors and the Managing Director recommend the following distribution:

The sale of shares in Electrolux Corporation has greatly improved the Company's liquidity position. Electrolux is now well-equipped to finance its future expansion. This capital gain should therefore be appropriated to share capital by an issue of bonus shares amounting to: SKr. 190,000,000

The remaining portion of the capital gain, SKr. 34,000,000, together with SKr. 4,000,000 of retained earnings, totalling: SKr. 38,000,000 is to be appropriated to the statutory Reserve, which will then amount to 20 % of the increased capital.

The international character of the Electrolux Group, among other things, is shown by the fact that about two-thirds of the Group sales refer to customers outside Sweden. The greater part of earnings from operations therefore comes from foreign subsidiary companies and from direct Swedish exports to countries where manufacturing facilities are not established. Because of the greatly improved result shown by these activities for 1968, it is recommended that a dividend of 6 %¹⁾ be declared on the increased capital of SKr. 380,000,000, which will require an amount of SKr. 22,800,000

Balance to be carried forward	SKr. 52,432,201
	<u>SKr. 303,232,201</u>

¹⁾ For practical reasons SKr. 12.— will be paid against presentation of coupon No. 65.

As regards the Bonus issue of shares it is proposed that one new A-share be issued for each existing A share, and one new B-share for each existing B-share, and

that the Swedish stamp duty on the new shares be paid for by the Company.

Resulting from this proposal, the share capital of the Company will amount to SKr. 380,000,000 divided into 320,000 A-shares and 3,480,000 B-shares. As according to the regulations of the present Statutes of the Company the share capital must not exceed SKr. 360,000,000, the Board of Directors propose that it be duly resolved at the Meeting of Shareholders to change the Statutes whereby the share capital of the Company shall be minimum SKr. 300,000,000 and maximum SKr. 900,000,000.

Stockholm, March 19, 1969

RAGNAR SUDERBERG
Chairman of the Board

MARCUS WALLENBERG

LUKE

HANS WERTHEN
Managing Director

GUNNAR ENGELLAU

ÅKE T. VRETHEM

/ H. ERIKSSON

SUPPLEMENTARY INFORMATION -ABOUT ELECTROLUX

Number of employees

	1968	1968	1967
	(As at Dec. 31)	(average during the years)	
<i>Parent Company:</i>			
Wage earners	3,979	3,485	2,833
Others	1,740	1,737	1,778
	<u>5,719</u>	<u>5,222</u>	<u>4,611</u>

Swedish subsidiary companies:

Wage earners	930	928	476
Others	1,336	1,318	1,232
	<u>2,266</u>	<u>2,246</u>	<u>1,708</u>

Most of the increase for Swedish subsidiary companies is attributable to the incorporation of AB Ankarsrums Bruk into the Electrolux Group.

Parent Company and Swedish subsidiary companies together:

Wage earners	4,909	4,413	3,309
Others	3,076	3,055	3,010
	<u>7,985</u>	<u>7,468</u>	<u>6,319</u>

Foreign subsidiary companies

Wage earners	5,191	4,980	3,815
Others	8,477	8,516	9,016
	<u>13,668</u>	<u>13,496</u>	<u>12,831</u>

Total number of employees of the Group:

Wage earners	10,100	9,393	7,124
Others	11,553	11,571	12,026
	<u>21,653</u>	<u>20,964</u>	<u>19,150</u>

Salaries, wages and remunerations

	1968	1967
	SKr. 1,000	
<i>Parent Company:</i>		
Board of Directors, Manag- ing Director and senior executives	1,180	1,405
Wage earners	71,818	56,821
Others	61,498	58,016
	<u>134,496</u>	<u>116,242</u>

Swedish subsidiary companies:

Boards of Directors, Manag- ing Directors and senior executives	477	202
Wage earners	18,038	10,384
Others	39,696	34,859
	<u>58,211</u>	<u>45,445</u>

Foreign subsidiary companies:

1968 1967
SKr. 1,000

Boards of Directors, Manag- ing Directors and senior executives	4,968	3,757
Wage earners	62,333	44,599
Others	142,623	124,608
	<u>209,924</u>	<u>172,964</u>

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

Boards of Directors, Manag- ing Directors and senior executives	6,625	5,364
Wage earners	152,189	111,804
Others	243,817	217,483
	<u>402,631</u>	<u>334,651</u>

In addition to the salaries, wages and remunerations specified above, the Parent Company and Swedish subsidiary companies have defrayed social charges for personnel (ATP, PRI, pensions, group life insurance, etc.) in a total amount of approximately SKr. 29 million.

Rateable values

At the year-end the land and buildings owned by the Parent Company had a rateable value of SKr. 103.4 million, including a separate value for machinery of SKr. 4.5 million.

Insurance values

Parent Company's buildings SKr. 158.3 million.
Parent Company's machinery, equipment, etc. SKr. 229.0 million.

Number of shareholders

At the year-end AB Electrolux had about 15,000 shareholders.

PRODUCT REVIEW

As mentioned earlier in this Annual Report, the diversification of activities in recent years has brought new products into the Group. A brief summary of the products of the Group is given as follows:

<i>Vacuum cleaners</i>	Various types for different uses, ranging from domestic models to larger, more powerful appliances for offices, hotels, etc.
<i>Floor polishers</i>	
<i>Commercial cleaning equipment</i>	Large-size machines for scrubbing, suction and polishing. Also includes cleaning implements and chemical products.
<i>Commercial cleaning</i>	Commercial cleaning in several countries in partnership with Det Danske Rengørings Selskab A/S.
<i>Refrigerators, freezers etc.</i>	Products for household use in many different models for both compressor and absorption operation. The latter models may also provide for combined motive power (e.g. kerosine and electricity). The commercial range embraces display cabinets for stores with or without built-in compressors.
<i>Cookers, table stoves and cooker canopies</i>	Mainly sold in the Scandinavian countries. Electrolux holds a leading position in Sweden and Norway in the electrical cooker field.
<i>"Assistent" kitchen machine</i>	
<i>Products for household dishwashing</i>	Table-top dishwashers and fully automatic consoles.
<i>Laundry products</i>	A full line of machines and appliances consisting of fully automatic and semi-automatic washing machines, spin dryers, drying cabinets and ironers.
<i>Heating appliances</i>	Electric radiators, electric and oil stoves, radiant heaters and water heaters.
<i>The Complete Kitchen</i>	A modular system developed in 1968 which includes kitchen cabinets, sink units, etc. in addition to other kitchen equipment.
<i>Heating, ventilation and sanitation products</i>	Bathtubs, water radiators, fire hydrants, sanitary ware, high-pressure and safety valves, etc.
<i>Institutional kitchen equipment, sterilization and industrial products</i>	Products for complete institutional kitchens, central sterilization, paint-spraying and heat-treatment plants, and different kinds of hospital appliances.
<i>Fractional h.p. motors</i>	Commutator motors for use in sewing machines and cash registers, automotive equipment etc.
<i>Lawn mowers</i>	Motor-driven lawn mowers based on the air cushion principle.
<i>Vacuum sewage system</i>	An account of how the system functions is given on page 13.

*Steel fittings and materials
handling equipment*

Included in this category are shelf stands, "Compactus" plants, partitions etc., and internal conveyor equipment for factories and hospitals. Complete materials handling plants are delivered in different versions ranging from simple hand-operated units to data-controlled, fully automatic installations.

*

The following quantity figures are taken from the sales statistics for 1968:

Vacuum cleaners and floor polishers, about 1,100,000 units; refrigerators, freezers and allied products, about 800,000; electric cookers, about 120,000; fractional h.p. motors (other than those going into Group products), about 800,000; and electric radiators, about 300,000 units.

*

AUDITORS' REPORT

As auditors of Aktiebolaget Electrolux we beg to submit the following Auditors' Report for the year 1968.

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.

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.

To the disposal of the Annual General Meeting are, in addition to the Free Reserve of SKr. 25 million reported in the Balance Sheet, unappropriated earnings of SKr. 303,232,201. The Board and the Managing Director propose the following appropriation:

For an increase in the share capital	SKr. 190,000,000
„ the Statutory Reserve	SKr. 38,000,000
„ Dividends to the shareholders	SKr. 22,800,000
To be carried forward to new account	SKr. 52,432,201
	<u>SKr. 303,232,201</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 December 31, 1968, included in the Annual Report and signed by us, be approved

that the available Profit 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 1969

BRUNO SVENSSON
Auditor, authorized by
Stockholm's Chamber of Commerce

ARNE HOLMEN
Auditor, authorized by
Stockholm's Chamber of Commerce

AB FÖRENADE TRYCKERIER STHLM 1969

Endast för utlandet



Electrolux new polisher model B 21 is equipped with many practical refinements.

The new refrigerator and freezer cabinets are delivered with top cupboards with telescopic adjustment to suit any ceiling height.

Below is an LP-gas operated refrigerator with a capacity of 2.9 cu.ft. (83 litres) built into a caravan of the FAVORIT make, an all Swedish design of glass-fibre reinforced plastic and manufactured by AB Electrolux for AB Harry Wennberg.





During the year Getinge Mek. Verkstads AB has supplied the entire equipment for the central sterilizing plant of the Härnösand Hospital. The picture below shows the packaging of a surgery set at the clean department. The picture above features the loading end of one of the double-ended autoclaves.



