

Electrolux

REPORTS OF THE DIRECTORS AND AUDITORS FOR 1971

SKr = Swedish Kronor

On December 31, 1971:

£ 1 sterling = SKr 12.35

US \$ 1 = SKr 4.85

SKr 1 million = £ 81,000 approximately

SKr 1 million = \$ 206,000 approximately

Summary of 1971

The Group's external sales turnover increased by 13.5% from SKr 1,869 million to SKr 2,122 million.

The Parent Company's sales turnover increased by 17.6% from SKr 631 million to SKr 742 million.

The Group's profit after taxes amounted to SKr 70.2 million as compared with SKr 63.3 million in 1970.

The Parent Company's profit after taxes amounted to SKr 38.1 million as compared with SKr 31.2 million in 1970.

The Board of Directors propose a bonus issue of one share for each existing 4 shares and a dividend of SKr 10.00 per each existing share.

Five-Year Summary

| Group | 1971 | 1970 | 1969 | 1968 | 1967 |
|--|---------|---------|---------|---------------------|--------------------|
| Sales, SKr mill. | 2,121.9 | 1,869.3 | 1,582.9 | 1,326.9 | 1,097.8 |
| Net profit after taxes, SKr mill. | 70.2 | 63.3 | 45.8 | 52.9 | 32.0 |
| Operating result after depreciation (see note 2 on page 35), SKr mill. | 160.3 | 128.1 | 102.7 | 93.4 | |
| Ditto per share, SKr | 42.19 | 33.72 | 27.04 | 24.58 ³⁾ | |
| Calculated net profit per share ¹⁾ , SKr | 18.49 | 14.63 | 13.79 | 12.79 ³⁾ | |
| Investments in machinery and real estate ²⁾ , SKr mill. | 70.6 | 95.1 | 87.1 | 59.5 | 57.9 |
| Wages, salaries and remuneration, SKr mill. | 669.1 | 621.7 | 521.1 | 402.6 | 334.7 |
| Number of employees, annual average | 31,329 | 30,357 | 26,855 | 20,964 | 19,150 |
| Number of employees at year-end | 31,617 | 30,541 | 28,072 | 21,653 | 18,990 |
| Sales per employee, excluding contract cleaning companies, SKr | 83,200 | 73,600 | 67,600 | 63,300 | 57,300 |
| Parent Company | | | | | |
| Sales, SKr mill. | 742.1 | 630.9 | 584.1 | 470.0 | 388.9 |
| Net profit after taxes, SKr mill. | 38.1 | 31.2 | 27.5 | 24.6 | 18.9 |
| Ditto per share, SKr | 10.03 | 8.21 | 7.24 | 6.47 ³⁾ | 4.97 ³⁾ |
| Investments in machinery and real estate, SKr mill. | 21.1 | 43.2 | 32.5 | 25.9 | 28.7 |
| Wages, salaries and remuneration, SKr mill. | 189.8 | 174.9 | 157.5 | 134.5 | 116.2 |
| Number of employees, annual average | 6,214 | 6,115 | 6,006 | 5,222 | 4,611 |
| Number of employees at year-end | 6,215 | 5,983 | 6,180 | 5,719 | 4,589 |
| Dividend per share (for 1971 as proposed), SKr | 10.00 | 8.00 | 7.00 | 6.00 ³⁾ | 4.00 ³⁾ |
| Total dividend declared (for 1971 as proposed), SKr mill. | 38.0 | 30.4 | 26.6 | 22.8 | 15.2 |

1) The result of current operations, less 50% taxes and minority interests.

2) Includes real estate and machinery belonging to newly acquired companies, SKr mill.

3) A bonus issue was made in 1969. In order to facilitate a comparison with 1968 and 1967, the profit per share and the dividend per share for said two years have been related to the present number of shares.

6.6 8.0 13.1 10.0 14.6

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Annual General Meeting

The Annual General Meeting will be held on Wednesday, May 17, 1972, at 10 a.m. in the company's offices at Lilla Essingen, Stockholm.

Shareholders who wish to participate in the proceedings of the Annual General Meeting should notify the company (mailing address AB Electrolux, S-105 45 Stockholm, Sweden) not later than 2 p.m. on Saturday, May 13, 1972.

The dividend declared for 1971 will be payable immediately after the Annual General Meeting against coupon No. 68 at the company's offices in Stockholm or at the offices of the Skandinaviska Enskilda Banken. In Great Britain, shareholders may collect the dividend from Baring Brothers & Co. Ltd., 8, Bishopsgate, London EC2N 4AE, and in Switzerland from MM Pictet & Cie, 6, rue Diday, 1211 Geneva.

Aktiebolaget Electrolux

Board of Directors:

Regular Members Ragnar Söderberg, Chairman
Gunnar Arpi
Gunnar Engellau
Lord Luke of Pavenham
Åke T. Vrethem
Hans Werthén

Deputy Members Gösta Bystedt
Sven Olving
Jacob Palmstierna

Management: Hans Werthén, Managing Director
Gösta Bystedt, Deputy Managing Director
Harry Eriksson, Deputy Managing Director
Folke Heibert
Yngve Lindholm (Elkhart, Indiana, USA)
Anders Scharp
Owe Werner

Auditors:

Regular Auditors Arne Holmén, Chartered Accountant
Bruno Svensson, Chartered Accountant

Deputy Auditors Sigurd Löfgren, Chartered Accountant
Sten Lundvall, Chartered Accountant

*ELECTROLUX 320—a new
vacuum cleaner with increased
automation.*



Consolidated Accounts and Report of the Directors

Owing to the international structure of the Electrolux Group, the Report of the Directors for the Parent Company is included in the presentation for the Group as a whole.

General Review of the Group

A certain degree of caution was observed when forecasting sales and profits of the Electrolux Group for 1971, because of the uncertainty of economic conditions in a number of countries. Both sales and profits of the Group have, though, exceeded the anticipated results, although development was not uniform throughout the world. In particular, the subsidiary companies in Australia, Colombia, France, Great Britain, Switzerland and West Germany as well as the Dometic Sales Corporation, U.S.A., and the Flymo Group have enjoyed a successful year.

Sales trends in Sweden have been varied. Direct sales of vacuum cleaners have not been affected by sluggish business trends, but governmental and municipal institutions as well as industrial companies have exercised restraint in undertaking new investments. This has had some repercussions on the influx of orders for products of an industrial nature such as catering equipment and materials handling installations.

In several important markets, such as France and Sweden, price control on some Group products has been in effect for all or part of the year. Wages and prices have risen in practically every country of the world. In order to improve profitability, rationalization of functions within the Group has been intensified and automatic data processing is being used to an even greater extent. With the aim of making especially the administrative work less costly and more efficient, some concentration of the activities is at

present in progress in Sweden as well as in other countries.

Although sales activity increased, Group stocks have been reduced by SKr 9 million. If the stocks of companies acquired in 1971 are deducted, the reduction in inventories amounts to SKr 30 million.

It should be kept in mind that the result of the Parent Company is not quite comparable with the Group's result, in as much as dividends from the subsidiaries constitute part of profits earned in these companies during previous years, and that royalties and interest remittances from subsidiaries represent transfers within the Group.

Owing to the international structure of Electrolux, the greater part of Group profits are earned outside Sweden. During 1971 approximately 69% of sales were to customers outside Sweden. Excluding contract cleaning services, 72% of the 1971 sales were outside Sweden, as compared to slightly more than 69% in the previous year. Factories within Sweden accounted for 57% of the Group's total manufacturing output, which means that Electrolux provides Sweden with substantial export revenue.

Electrolux Ltd., Luton (Great Britain), the largest Electrolux company outside Sweden, celebrated its 50th anniversary in 1971. In December, this company manufactured its 6 millionth vacuum cleaner since its inception and by early 1972 will have produced a total of 4 million refrigerators. Companies that were acquired

during 1971 are listed below. When acquiring other companies, the aim of Electrolux is to carry out prudent reorganization in order to obtain as rational production as possible, while at the same time taking into consideration the need for providing employment in both existing and newly acquired factories.

Newly Acquired and Newly Formed Companies

In 1971 AB Electrolux acquired all the shares in *AB Schaub & Co., Stockholm*, and its subsidiaries *AB Wexjö Mekaniska Verkstad, Växjö (Sweden)*, and *Jerndell Industrier AB, Malmö (Sweden)*. The operations of these companies are to be phased in with the Parent Company Division for Catering, Hospital and Industrial Equipment. *AB Håkansson's Industrier, Åmål (Sweden)* was acquired by the Electrolux Group in 1971. This company's product range fits in with the Group's kitchen product line: refrigerators, freezers, electric cookers, etc.

The subsidiary company A/S Scan-Atlas Husholdningsapparater, Lyngby (Denmark), has acquired a majority shareholding in *K. A. Hartmanns Maskinfabrik A/S, Naerum (Denmark)*, and its subsidiary company *AB Hartmanns Produkter, Stockholm*. The Hartmann companies manufacture and sell products which belong to the product range "Steel fittings and Materials Handling Equipment".

To intensify marketing of steel fittings and materials handling

equipment in West Germany, a new sales company has been formed — *Electrolux Lagersystem GmbH, Hamburg.*

Operations at the Brazilian subsidiary *Cia Electrolux S.A., Sao Paulo*, have been concentrated on the manufacture and marketing of capital household goods. Contract cleaning operations have been transferred to a separate subsidiary company in Sao Paulo called *Electrolux Serviços S/A Ltda.*

To strengthen operations within the *Utility Cleaning Company (Vic.) Pty. Ltd., Melbourne (Australia)* group of companies, three additional small companies with activities in contract cleaning have been incorporated into the Group.

A sales company, *Dometic Sales of Canada Ltd., Ottawa*, has been formed in Canada to take over the marketing of caravan refrigerators from the agent who had hitherto handled this business.

AB Electrolux has acquired 51% of the shares in *Swedish Royal Refrigeration Ltd., Welwyn Garden City (Great Britain)*, a company specializing in the sale and installation of major refrigerating plants and cold-storage rooms.

OY Slev AB, Köklax (Finland), has transferred its entire production facilities and manufacture of electric cookers, cooker canopies and sauna bath heaters to OY Strömberg AB, Helsinki. An agreement has been concluded between OY Strömberg AB and AB Electrolux for the formation of a joint sales company: *OY Liesimyynä-Spissförsäljning AB*. This company is to market cookers, cooker canopies and sauna bath heaters under the names of both STRÖMBERG and SLEV.

Dometic Sales Corporation, Elkhart, Indiana (USA), which markets refrigerators and other equipment for caravans.

Sale of Real Estate

The Parent Company has sold the property in Tygelsjö (Sweden), in conjunction with transferring production of household dishwashers to the factory at Motala (Sweden).

The Belgian subsidiary company has sold its older office premises in Brussels which became superfluous when the company moved to its own newly-erected premises in Zellik.

Electrolux A/S, Copenhagen, has sold its property in central Copenhagen and moved to new premises just outside the capital.

Electrolux (Pty) Ltd., Johannesburg, has sold its centrally located property and instead entered into a tenancy agreement with the new owner.

Electrolux GmbH, Hamburg, has sold its office property in the central part of the city and moved to newly acquired, up-to-date premises which also house the spare parts store, repair workshops, sales departments and administrative offices.

The French Electrolux company has sold a factory building in Courbevoie in conjunction with transferring stores and shipping offices to newly erected premises in Senlis, just north of Paris, where administrative functions are to be centred during the course of 1972.

In connection with the acquisition of *AB Håkansson's Industrier, Åmål (Sweden)*, its industrial premises were sold to the Åmål municipality. Through a tenancy agreement with the municipality, operations are conducted as before in the same premises.

Patents and Trademarks Protection

A number of important inventions form the basis of the world-wide reputation of the Electrolux Group. New inventions are being created continually as a result of the work that is carried out in research laboratories and design departments with the aim of improving present products and developing new products. At present, Electrolux has more than 3,000 valid patents and patent applications protecting its products in 65 countries.

Over 400 of these patents are registered in the United States of America, and about 650 in the six EEC countries. If Great Britain and other countries, which may be expected to join the Common Market, are included, the number of patents in this trading area would be increased by 500.

The trademarks of the Electrolux Group are protected by more than 1,600 registrations in some 130 countries.



*Electrolux COPPER LINE—
kitchen equipment with a new
finish.*



Sales

Group Sales

Group sales amounted to SKr 2,122 million as compared with SKr 1,869 million in 1970, an increase of 13.5%. Customers in Sweden accounted for 31.2% of total sales and customers outside Sweden for 68.8%, compared with 33.6% and 66.4% respectively for the previous year.

Parent Company (AB Electrolux) Sales

Total net sales of the Parent Company amounted to SKr 742 million as compared with SKr 631 million in the preceding year, an increase of SKr 111 million or 17.6%

Sales to Group companies amounted to SKr 510 million and to other customers SKr 232 million (SKr 409 million and SKr 222 million respectively for 1970). Parent Company exports in 1971 increased by SKr 25 million to SKr 351 million, representing 47.3% of total sales.

Territorial Distribution of Group Sales

| | 1971 | | 1970 | | 1969 | | 1968 | | 1967 | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | SKr mill. | % | SKr mill. | % | SKr mill. | % | SKr mill. | % | SKr mill. | % |
| EEC countries | 367.1 | 17.3 | 295.5 | 15.8 | 237.8 | 15.0 | 224.9 | 16.9 | 211.9 | 19.3 |
| EFTA countries ¹⁾ | 1,291.6 | 60.9 | 1,184.2 | 63.3 | 1,016.0 | 64.2 | 814.4 | 61.4 | 653.1 | 59.5 |
| South and Central America | 119.2 | 5.6 | 102.5 | 5.5 | 116.2 | 7.4 | 106.4 | 8.0 | 89.1 | 8.1 |
| Australia and New Zealand | 126.4 | 6.0 | 106.2 | 5.7 | 66.9 | 4.2 | 58.3 | 4.4 | 56.4 | 5.1 |
| USA and Canada | 124.1 | 5.8 | 99.9 | 5.4 | 66.8 | 4.2 | 51.4 | 3.9 | 24.2 | 2.2 |
| Other areas | 93.5 | 4.4 | 81.0 | 4.3 | 79.2 | 5.0 | 71.5 | 5.4 | 63.1 | 5.8 |
| Total Group Sales | 2,121.9 | 100.0 | 1,869.3 | 100.0 | 1,582.9 | 100.0 | 1,326.9 | 100.0 | 1,097.8 | 100.0 |
| 1) Including customers in Sweden to the amount of | 661.7 | 31.2 | 629.0 | 33.6 | 539.0 | 34.1 | 434.0 | 32.7 | 374.0 | 34.1 |

Sales 1962-1971

(SKr million)

Parent Company



Exports

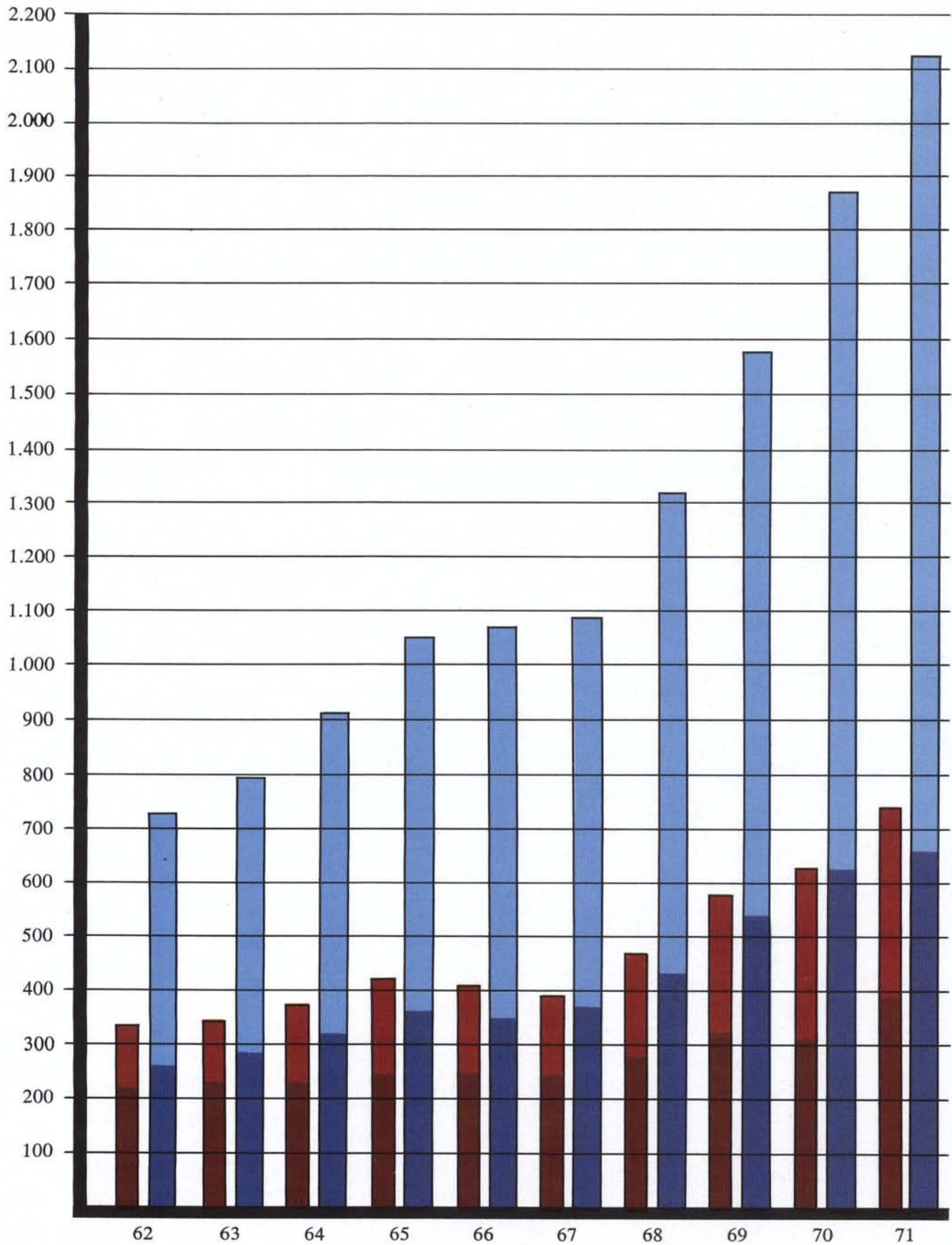
Sweden

Group



Outside Sweden

Sweden



Personnel

In 1971 the average number of employees in the Group totalled 31,329 as compared with 30,357 for the previous year. Part-time employees are included in this figure, two half-time employees being counted as one full-time employee. Since this principle has not been applied consistently by all companies previously, the figures reported for 1970 and 1969 have been adjusted accordingly. Employees in the Swedish companies AB Håkansson's

Industrier, Åmål, and AB Schaub & Co., Stockholm, with subsidiaries, acquired by the Group during 1971, number approximately 670 persons. During the year the majority of workers and salaried employees at AB Ankarsrums Bruk, Ankarsrum, and clerical workers at some other Swedish subsidiary companies were transferred to the Parent Company.

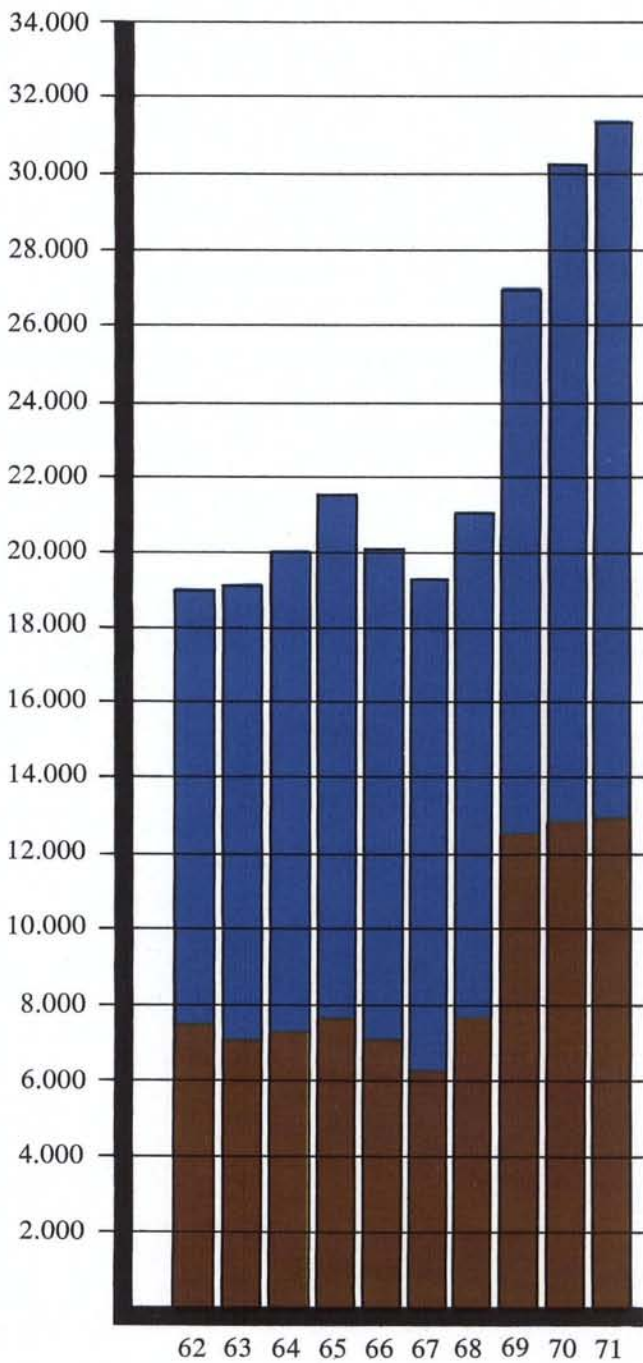
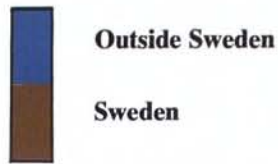
Wages, salaries and other remuneration within the Group amounted to SKr 669.1 million in

1971 as compared with SKr 621.7 million in the preceding year, representing an increase of 7.6%. As seen from the table below the average number of employees in Sweden totalled 12,850, representing 41% of the total number of employees in the Group. Wages, salaries and other remuneration in Sweden amounted to SKr 342.2 million, representing 51% of the total amount of wages, salaries and other remuneration within the Group. See also page 38.

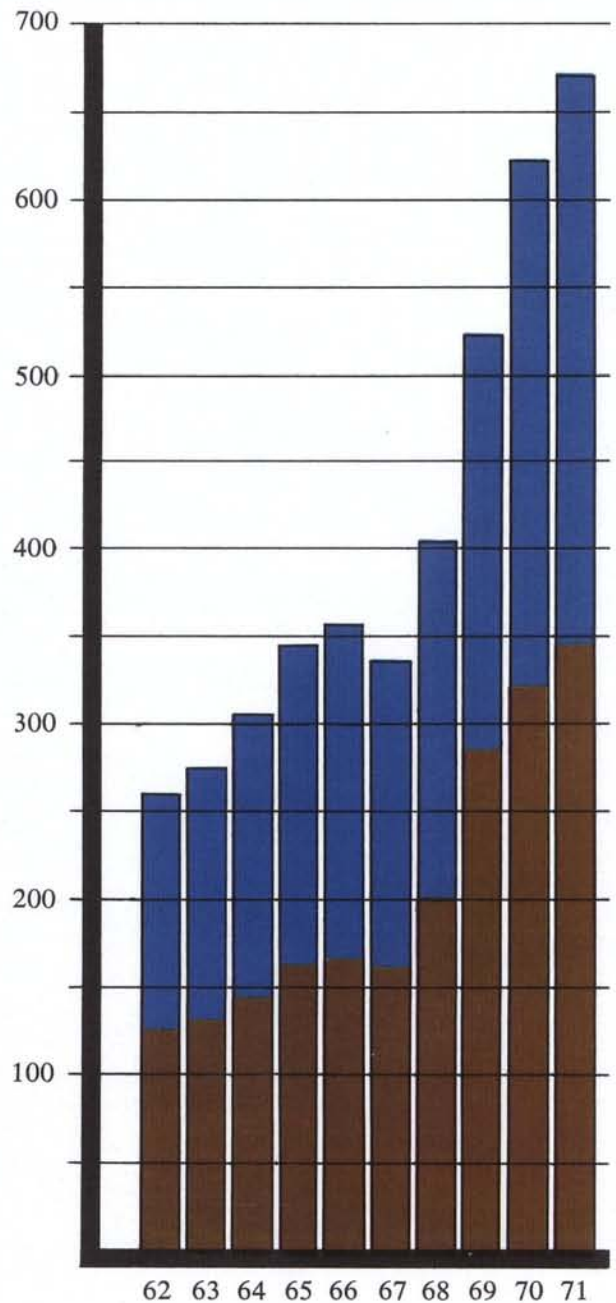
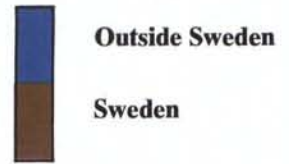
Number of Employees in the Group (average)

| | 1971 | | | | 1970 | | | |
|---|---------------|---------------|---------------|------------|---------------|---------------|---------------|------------|
| | Workers | Others | Total | % | Workers | Others | Total | % |
| Parent Company | 4,335 | 1,879 | 6,214 | 20 | 4,326 | 1,789 | 6,115 | 20 |
| Subsidiaries in Sweden, excl. contract cleaning | 1,060 | 1,366 | 2,426 | 8 | 1,091 | 1,422 | 2,513 | 8 |
| Contract cleaning in Sweden | 3,760 | 440 | 4,200 | 13 | 3,672 | 418 | 4,090 | 14 |
| Total in Sweden | 9,155 | 3,685 | 12,840 | 41 | 9,089 | 3,629 | 12,718 | 42 |
| Subsidiaries outside Sweden, excl. contract cleaning | 5,584 | 9,683 | 15,267 | 49 | 5,458 | 9,780 | 15,238 | 50 |
| Contract cleaning outside Sweden | 3,053 | 169 | 3,222 | 10 | 2,255 | 146 | 2,401 | 8 |
| Total outside Sweden | 8,637 | 9,852 | 18,489 | 59 | 7,713 | 9,926 | 17,639 | 58 |
| Grand total for the Group | 17,792 | 13,537 | 31,329 | 100 | 16,802 | 13,555 | 30,357 | 100 |

Number of Employees in the Electrolux Group 1962-1971
(Annual average)



Earnings in the Electrolux Group 1962-1971
(SKr million)



Product Review

Vacuum Cleaners, Floor Polishers and other Cleaning Machines; Contract Cleaning Services

The product group *vacuum cleaners and floor polishers* for household use has always been one of the fundamental activities of Electrolux manufacturing and marketing operations.

Vacuum cleaner sales have continued to increase steadily in the majority of markets. The subsidiaries in Australia, France, Great Britain, Italy, Norway, Sweden, Switzerland and West Germany have shown the greatest sales growth.

Due to the growing popularity of wall-to-wall carpeting and plastic-treated floors, sales of floor polishers in Sweden are declining, whilst sales in other countries, especially Brazil, Colombia, France, Peru and Spain, have risen resulting in an overall increase in sales of this product.

In 1971 the Group sold 1,446,000 vacuum cleaners and floor polishers. The Electrolux Group is one of the world's major manufacturers of these products.

EUROCLEAN Automatic 2502. The washing starts with under-body rinsing when the vehicle enters the car wash.

In Finland, Norway, Sweden and Switzerland, a further improved vacuum cleaner model, the Z320 (see illustration on page 4), was introduced in 1971. It is equipped with a mechanism, adjustable for different types of dust, which automatically opens up the lid and stops the motor, when the dust bag is full. Suction has been improved by raising the motor power, and the capacity of the dust bag has been increased by 30%.

Today the Electrolux Group also has a range of *commercial cleaning machines* (for scrubbing, vacuuming and polishing) for use in offices, factories, schools, hospitals, etc. Sales of these machines have continued to increase during 1971, although the development was hampered by certain delivery difficulties at the American manufacturing company, Keltec Inc., Elkhart, Indiana, in which



AB Electrolux owns a majority shareholding. An intensive program of development and rationalization of the production of these machines is at present in progress.

An interesting new product is the recently developed Electrolux model UZ168, probably the first vacuum cleaner on the market especially designed for aeroplanes. Due to special safety devices it does not emit sparks, permitting it to be used



even when the aircraft is being refuelled.

As a result of the acquisition in 1970 of Euromekan AB and its subsidiary companies, the range of cleaning equipment has been augmented with *units and plants for high-pressure cleaning* based on a water/chemicals blend. This equipment is used in the food, pulp and engineering industries, for washing cars at garages, for cleaning tankers, facades of buildings, etc. These products are marketed in some countries through the Electrolux Group's own international sales organization and in other countries through dealers.

During 1971 Euromekan AB concluded an agreement with The Swedish Haulage Contractors' Purchasing and Administrative Company (Sveriges Åkeriägares Inköps- och Förvaltningsaktiebolag), implying that Euromekan will carry

The US 230 shampooing unit applies the lather and activates the carpet with a rotating brush at the same time.

out high-pressure washing of lorries in the premises of said company. The washing bays are equipped with EUROCLEAN Automatic 2502.

Contract cleaning activities have continued to expand during 1971. In several markets Electrolux has been collaborating for the last couple of years with Det Danske Rengørings Selskab A/S (DDRS), Copenhagen. In Sweden, Electrolux and DDRS share ownership of Allmänna Svenska Städning AB (ASAB), Stockholm, which in 1971 recorded a turnover of SKr 107 million. In Great Britain, Commercial Cleaning Services Ltd., Birmingham, pursues similar activities in collaboration with DDRS.

ASAB has commenced the renting of wall-to-wall carpeting for offices and similar premises. The rental charge includes cleaning during the rental period. Marketing prospects for this type of business are considered very promising. Electrolux contract cleaning activities are no longer limited to offices, hotels, hospitals, etc. but are being developed to include also the cleaning of factories, ships, aeroplanes and railway carriages, activities which require special skill and knowledge. Outside Europe, Electrolux is engaged in cleaning activities through several subsidiary companies.

"K" Products

This group of products, often known as "white goods", includes various models of upright and chest-type freezers (both absorption and compressor models), refrigerated merchandisers and display freezers for shops and commercial premises, household dishwashers, electric cookers, hot-plates and kitchen ventilators. Also included in this group are fully-automatic dishwashers and washing machines, spin driers, drying cabinets and ironers as well as various types of heating appliances such as electric radiators, electric and oil heaters, water heaters, etc. Another product in this group is the "Assistent" kitchen machine.

With regard to refrigerators and electric cookers in particular, there has been an excess production in Europe in 1971 as in previous years, resulting in low market prices for these products. Far-reaching structural rationalization measures have been carried out in Scandinavia in recent years. The electric cooker and electric radiator plant of A/S Elektra, Eidsvold (Norway), has been incorporated with the Electrolux Group, and in 1967 the range of kitchen products manufactured by the Danish A/S Atlas company was acquired and phased into the operations of A/S Scan-Atlas Husholdningsapparater, Copenhagen. Through the acquisition of the operations of AB Bencoverken (Sweden), manu-

facturer of dishwashers, and the acquisition of AB Ankarsrums Bruk (Sweden) and OY Slev AB (Finland), manufacturers of electric cookers, the competitive position of the Group has been strengthened. Rationalization benefits have accrued through concentrating production in larger units. The structural reorganization already begun continued in 1971 with the acquisition, through Electrolux Svenska Försäljnings AB, of all shares in AB Håkansson's Industrier, Åmål (Sweden), manufacturers of refrigerators and cookers among other things. This company also manufactures caravan refrigerators, which are marketed in the United States of America through dealers under the trademark of HADCO, and in Canada under the trademark of GALAXIE.

Through the agreement concluded with OY Strömberg AB, Helsinki, (see page 6) and the formation of OY Liesimyynti-Spissförsäljnings AB, Esbo köping (Finland), rationalization and closer coordination has been achieved in the electric cooker market.

A successful entry has been made into the United States market. Sales of caravan refrigerators there under the DOMETIC name have developed satisfactorily. More than 500,000 DOMETIC refrigerators are today in use in caravans in the United States. With the acquisition of AB Håkansson's Industrier, which exports HADCO refrigerators, the

Electrolux Group estimates its share of the market for caravan refrigerators in the United States at some 50%.

With the intention to strengthen the marketing of DOMETIC caravan refrigerators in Canada, Electrolux in 1971 formed a fully-owned subsidiary company, DOMETIC SALES OF CANADA LTD., with head office in Ottawa. Caravan refrigerators are also sold under the ELECTROLUX name in Australia, France, Great Britain, South Africa, Sweden, West Germany and Yugoslavia. A total of 231,000 DOMETIC and ELECTROLUX caravan refrigerators were sold in 1971.

Early in 1972 a 12/110-volt fitting for caravan refrigerators is to be introduced, which permits the refrigerator to be operated from a car battery, an 110-volt mains supply or by bottled gas. Two new compressor cabinets with two doors have been developed as an addition to the range of two-door combination cabinets—a refrigerator/chilled storage cabinet and an upright freezer.

In conjunction with the concentration of freezer manufacture at the factory in Lundtofte (Denmark), a new range of chest-type freezers has been developed. Cookers, cooker canopies, dishwashers, refrigerators and freezers in a choice of colours were introduced during the autumn of 1971. The colours featured,

COPPER TONE (see illustration on page 7) and AVOCADO, were given a favourable reception on the market.

A new dishwasher made entirely of stainless steel was introduced early in 1972. It conforms to the new international kitchen standard, as adopted by the International Organization for Standardization (ISO).

A new version of the Assistent Variomat kitchen machine, called N7, is now being marketed. It is equipped with special new accessories.

A new line of wooden kitchen fittings, manufactured by the Nykøbing (Denmark) factory of A/S Scan-Atlas Husholdningsapparater, was introduced to the Danish market during 1971. During 1972 the marketing will be extended to Great Britain and Norway.

In 1971 sales of refrigerators and freezers exceeded 1 million units for the first time in the history of the Electrolux Group.

International competition is severe in this product group. Several European manufactures enjoy subventions or concessions for their exports and operate within duty-free

areas. Only a few years ago these products were characterized by low profitability with the Electrolux Group, but in spite of the market conditions, as described above, it has been possible to improve the situation considerably.

Some sales figures for 1971, in units:

| | |
|---|-----------|
| Refrigerators and freezers, including caravan refrigerators | 1,030,000 |
| Electric cookers | 190,000 |
| Electric heating panels (radiators) | 313,000 |
| Washing machines, drying cabinets, ironers | 61,000 |
| Dishwashers | 22,000 |



One of the assembly lines for caravan refrigerators at the Motala factory in Sweden.

Catering, Hospital and Industrial Equipment

The Division for Catering, Hospital and Industrial Equipment manufactures and markets a complete line of equipment for institutional kitchens, central sterilization stations and other hospital processes, as well as painting and heat treatment installations. Through the acquisition of AB Schaub & Co., Stockholm, and this company's subsidiaries, the product range of this sector has been augmented by weighing machines for industry and commerce, as well as a system of cafeteria counters based on standard modules.

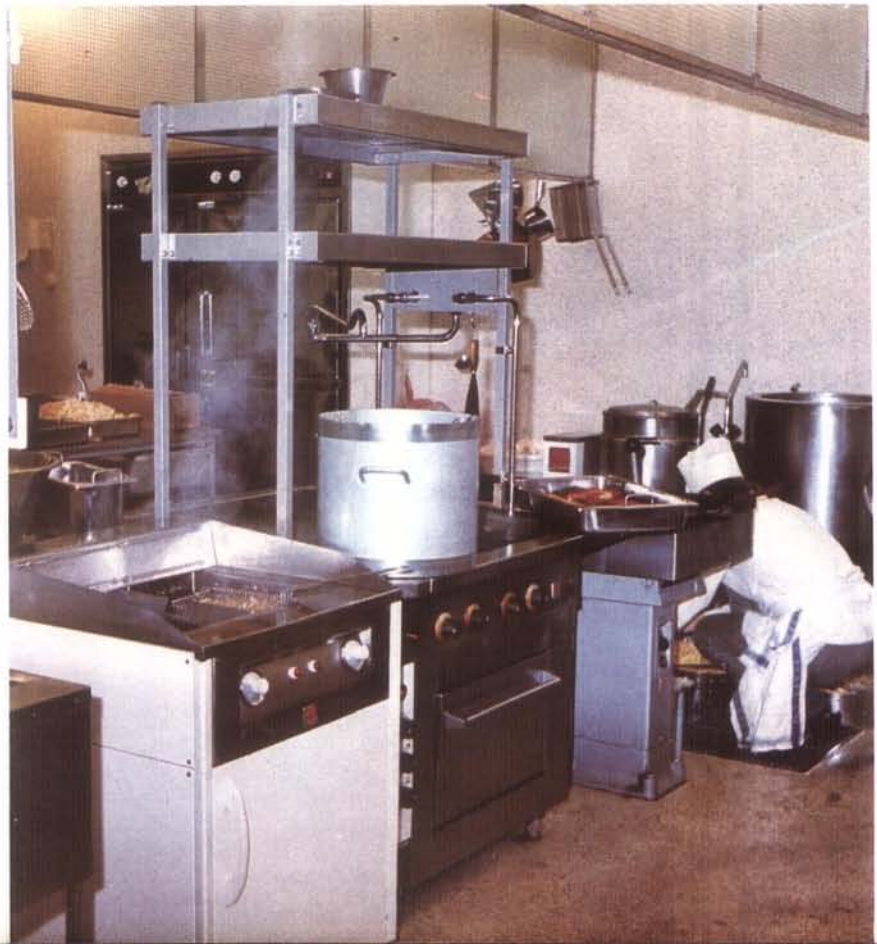
Current trends in food preparation are more and more away from private households to centralized production in food factories and institutional kitchens. To fit in with the traditional sphere of operations relating to catering products, a FOOD INDUSTRY DIVISION has been formed. This division designs and supplies complete food plants for the preparation and packaging of processed meat products. A packaging plant of this kind may consist of a mechanical system into which fresh meat is fed, pre-cooked, packaged, and delivered on pallets as frozen food on a continuous basis. The packaging system permits both manual and automatic product filling in conjunction with which a printer patented by Electrolux may be used for coding and marking the weight.

An increasing shortage of proteins in the world is evident together with a greater need for antibiotics. In 1971 a special department was set up within the sector for developing and marketing apparatus and installations for *fermentation*. Fermentation is based on the ability of microorganisms to grow quickly or produce substance under controlled conditions.

Manufacture and delivery of minor fermentation units took place in 1971. Fermentation systems with a capacity of up to 3,500 cubic feet (100,000 litres) are now being planned. These fermentation

installations are used at institutes and production companies for research in applied microbiology and biochemistry and also in production plants for antibiotics, fodder yeast, proteins, enzymes, serums and vaccines.

There is a natural link between these operations and the department of this sector, formed for the planning and delivery of installations and equipment used for food preparation on an industrial scale (see FOOD INDUSTRY DIVISION above) and supplied to the pharmaceutical industry. Also to the operations



of the Electrolux Environmental Systems Division the connection seems natural.

The PHARMACEUTICAL DIVISION, which is a special department of the Division for Catering, Hospital and Industrial Equipment, designs and manufactures *autoclave installations*. An autoclave is a pressure vessel in which sterilization takes place with steam, formaldehyde or ethylene oxide. Deliveries are made to

hospitals and the pharmaceutical industry throughout the world. Further development of autoclaves has continued during 1971 and pneumatically operated sliding doors have been introduced on all autoclave models. A new and more effective system for the refrigeration of solutions during sterilization has also been introduced. This system is based on refrigeration by atomized water at compensated pressure in the autoclave chamber.

During the past year development of the Swedish market has been hampered by limitations on investment, and this has applied particularly to the comparatively large proportion of this sector's customers consisting of public institutions and restaurants. As a result, the degree of expansion has been more moderate than hitherto. However, the influx of orders was satisfactory during 1971, and the total value of orders in hand was relatively unchanged.



Electrolux has made the interior design and supplied all the kitchen equipment to the Buffalo Bill Restaurant outside Stockholm. (Illustration from the kitchen, see page 16)

Steel Fittings and Materials Handling Installations

Developed, manufactured and marketed by the Division for Steel Fittings and Materials Handling Installations are the MHU robot (see below) and materials handling equipment of various kinds, ranging from simple hand-operated units to computer-controlled, fully automatic installations, which are also designed for system integration. Also included in the division's programme are pallet sheds,

internal transportation equipment for trade, industry and hospitals, as well as shelving, "Compactus" installations and partitions.

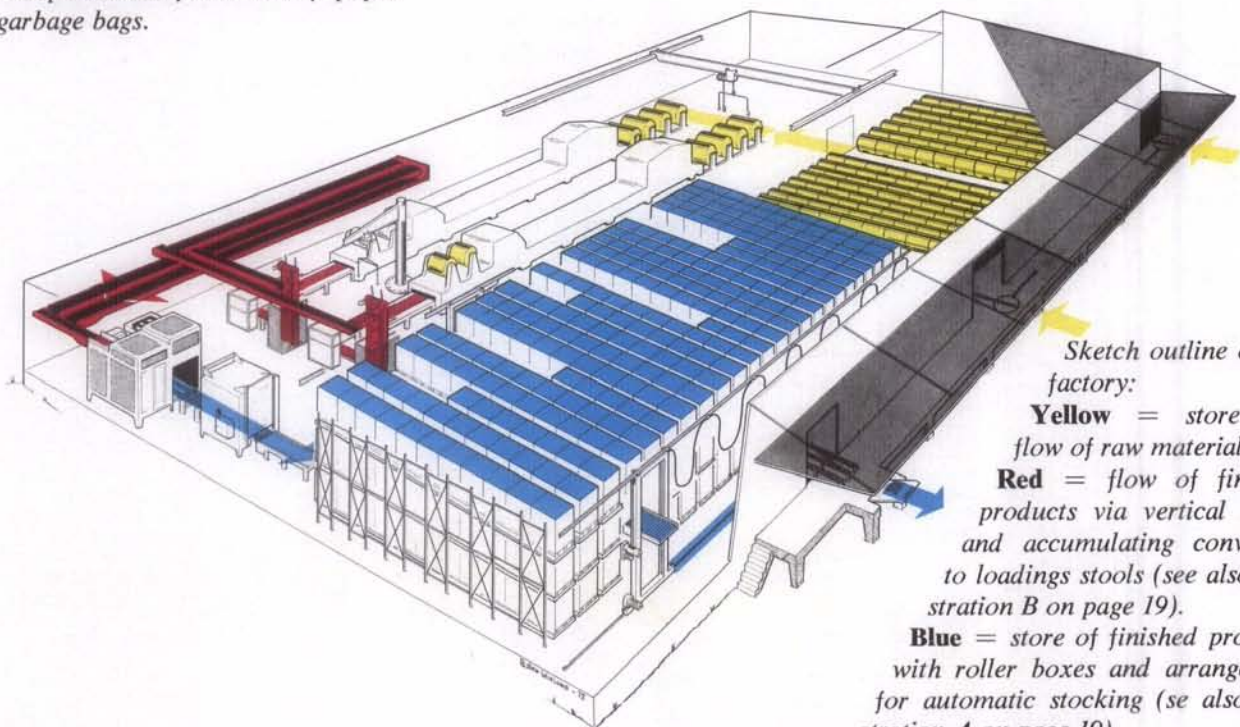
Through the acquisition of the majority shareholding in K. A. Hartmann Maskinfabrik A/S, Naerum (Denmark), the product range has been augmented and facilities provided for more efficient allocation of production.

In 1971 the sales organization for this group of products was strengthened, in Denmark through the above-mentioned acquisition, and in West Germany through the formation of a special sales

company, Electrolux Lagersystem GmbH, Hamburg.

Pallet sheds are a modern form of storage, developed by Electrolux. The constructional principle is simple: standard pallet racks are erected on a foundation of cast concrete. These racks are enclosed by four external walls and a roof is placed directly on the pallet racks. The division has supplied a major materials handling installation for Volvo's central spare parts store in Germany, located at Dietzenbach (see illustration on page 22). This installation is in two main parts, a pallet rack section for items frequently required or of a bulky

At the new Stockholm factory of Sven Hansson & Co. AB, Electrolux has arranged for delivery of the building as well as projected and supplied most of the equipment. The plant manufactures kraft paper garbage bags.



Sketch outline of the factory:

Yellow = store and flow of raw material.

Red = flow of finished products via vertical hoists and accumulating conveyors to loadings stools (see also illustration B on page 19).

Blue = store of finished products with roller boxes and arrangement for automatic stocking (see also illustration A on page 19).

nature, and a shelving section designed as a high-level store served be manually operated picker cranes.

During the past year the division has been affected by the business recession in Sweden. However, due to increased export activity, sales have improved as compared with previous years. The total value of orders in hand has remained unchanged.

The *Materials Handling Unit* (see illustration on page 23), called the MHU, is designed to handle loads of up to 33 lb. (15 kg) in repetitive work processes and to permit automatization of manual work routines in connection with machine operation, surface finishing, assembling, inspection and loading/unloading, etc. The Electrolux MHU is based on four functional modules: boom, tipping unit, rotating unit and column. These are easy to disconnect from each other and may be used individually or in suitable combinations. The control system is electro-pneumatic and sequentially controlled. The controls are located in a free-standing console.

Quantity production was commenced at the factory at Lilla Essingen, Stockholm, during the year. At the Swedish Group factories in Mariestad, Motala and Västervik materials handling units are in operation on the production lines. The introduction of additional

units at other Group factories will take place increasingly during 1972.

Marketing of the MHU is carried out by the Parent Company through a sales department for machinery and equipment, which was formed in 1971.



A. Interior picture of the finished goods store of the garbage bag factory, showing also the roller boxes and the arrangement for automatic stocking (see sketch outline on page 18).



B. A vertical hoist connected with accumulating conveyors. The paper bags are piled automatically while waiting to be loaded on stools (see also sketch outline on page 18).

Equipment for Lawn Maintenance

This group of products comprises power lawn-mowers based on the air-cushion principle (Flymo) and other machines for mowing and maintaining grass surfaces (including Scott Bonnar). Also marketed are irrigation systems, lawn turf "by the yard", and equipment for the maintenance of golf courses, sports grounds, churchyards, etc. (GREENLUX).

The increase in urban areas calls for higher standards in new "green belts" within the growing metropolitan areas. This in turn has led to the need for more efficient landscaping work. Complete lawns

FLYMO 19—the air-cushion lawn-mower.



(lawn turf) instead of grass seed is an important step in this direction as regards preparing new green areas as well as maintaining them. GREENLUX produces lawns at a grass farm near Sjöbo in southern Sweden.

Expansion within this product area continued during 1971 and in spite of severe competition and the resultant low price levels it has been possible for the Electrolux Group to improve its position in this important European market. In France the Flymo products have been satisfactorily established and sales have also increased considerably in Austria, Italy and Switzerland. The marketing of Flymo lawn-mowers in the United States of America and Canada continues after conclusion of the initial test period. In order to satisfy future demands more conveniently, production of Flymo lawn-mowers will be commenced at Keltec Inc., Elkhart, Indiana (USA) during 1972.

More than 94,000 air-cushion lawn-mowers were sold in 1971, and Scott Bonnar Ltd. also supplied 13,500 machines of other kinds during the year.

Electric Motors

The Electrolux factory in Västervik manufactures small electric motors of varying sizes, about one-third of which are used in the Group's own products such as vacuum cleaners, lawn-mowers, etc.

Electric motors are also supplied for automotive applications e.g. windscreen wipers, heaters, air-conditioning equipment, cooling fans and headlamp wipers. In addition, electric motors for sewing

machines, office and shop machines, ventilators, etc. are also manufactured at this factory.

Research and product development work is maintained continually in close collaboration with the customers. Consequently, a new mains voltage motor in the 100—200 watt class has been designed. This motor, which will primarily be used for sewing machines and motor-driven carpet nozzles for vacuum cleaners, is mounted on a plastic frame, which provides scope for highly simplified and mechanized assembly.

For Flymo lawn-mowers a new electric motor for direct drive of fan and cutter has been designed. This motor, which is the largest so far manufactured at the Västervik factory in Sweden, has a power output of 1,200 watts at 4,000 rpm.

In France, motors for household appliances must be adaptable to both 127V and 220V. In 1971, Electrolux designed a new adaptable vacuum cleaner motor, which is easier and cheaper to manufacture than earlier models.

New fields of application for small electric motors are continually emerging. A survey made by Electrolux indicates that the average number of electric motors per household in Sweden has increased from 2 to 13.5 during the period 1940—1971, which fact would illustrate the rapid expansion of the market for such motors.

Total sales of the Group's electric motors in 1971 amounted to 861,000 units. Motors incorporated in complete Electrolux products are not included in this figure.

Environment Products

The product range of the Environmental Systems Division includes a vacuum toilet system based on the invention of Mr. Joel Liljendahl, vacuum toilet trailers and combined shower/vacuum toilet trailers, for locating at working sites, recreational areas and sports

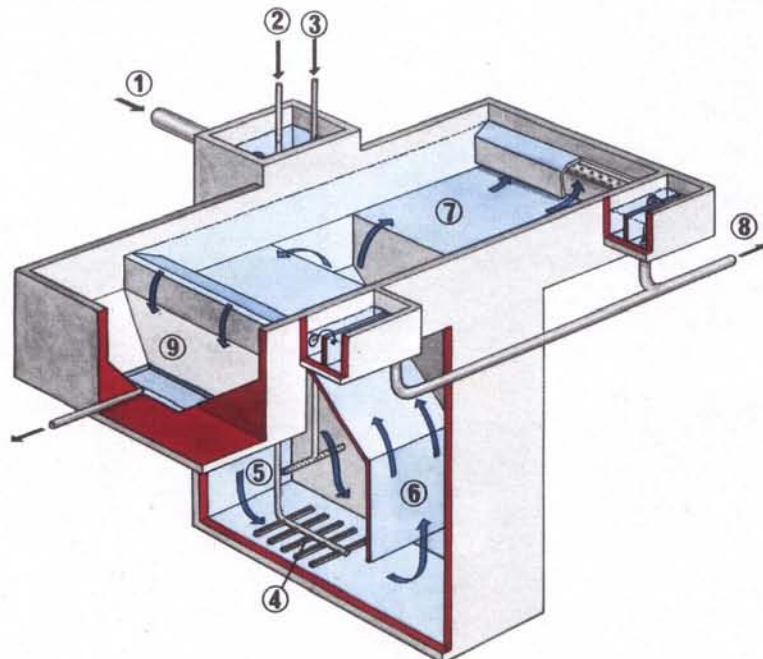
grounds. Also on the division's programme is a sludge collector for purifying "grey water", i.e. dish-washing, bath and washing water, from country houses. This sludge collector, which employs the three-chamber principle, is made of plastic, weighs 88 lb. (40 kg) and has a capacity of 66 gallons (300 litres) per day. It is easy to install either above or below ground. The vacuum toilet system has as

yet been the main feature of the Environmental Systems Division's product range. During 1971 development work has been undertaken with the aim of augmenting the product range with sewage purification systems based on the flotation principle (see illustration below). Patents have been applied for in several countries. Another project in progress is a method for purifying lakes.

hydrostatic pressure, when the water has reached the exit shaft (6). At a certain level within the shaft the air concentration in water will reach saturation point—beyond this point air-bubbles will begin to form and the suspended matter in the water will adhere to the bubbles. To start with the bubbles will be very small, producing good adhesion. The adhesion is further improved by adding a polymer (3).

Gradually the air bubbles will grow in size and number, lifting the suspended matter towards the surface of the flotation basin (7). Here the flocculated matter will collect as an aerated floating mass. Having been separated from the floc, the water will be extracted through a pipe (8) at the short-side of the flotation basin, whilst the floc is removed by a surface scraper and directed to a sludge receiver (9).

The Electrolux Flotation System. The system is based on "Henry's law", which states that the solubility of air in water is proportional to the pressure. Via a feed tube (1) the water to be purified is directed into an aeration shaft (5) where it meets an upward stream of air-bubbles. These bubbles are supplied by a ventilator (4), which is fed with compressed air through a pipe (2). The air-bubbles dissolve in the vertical stream of water, giving an aeration degree of 75% of the maximal solubility at the prevailing



A vacuum toilet system for trains has been developed and good results have already been achieved in tests by the Swedish State Railways. Railway authorities in several other countries have also shown interest in the system. Enquiries, quotations and orders received in respect of the vacuum toilet for ships have greatly exceeded expectations for 1971. As a further move in expanding the network of agents, sales agreements have been concluded between AB Electrolux and

Shanks & Co. Ltd., Glasgow —
for Great Britain and Ireland

Stokvis & Zonen, Rotterdam —
for Holland and Belgium

Triton-Belco AG, Hamburg —
for West Germany.

Sales in Sweden during the year were affected by the low level of business activity. Many municipalities, which comprise an important market for this division's products, have had to exercise restraint on investment because of economic conditions. However, international sales increased and further expansion of operations is proceeding as planned.

Leisure Products

Products used in connection with leisure time activities have been called leisure products. They include sauna bath heaters, impulse showers, resting cabins, caravans, ventilators and heating systems for boats and caravans. Caravan refrigerators, reported among "K" products, may also be regarded as leisure products. Resting cabins and personnel trailers have been developed in 1971, the bodywork being of sandwich construction consisting of glass-fibre reinforced polyester and cellular plastic, which results in a light, sturdy, waterproof and maintenance-free product. The fittings can be varied according to application, which may be as resting cabins, personnel trailers, washing and drying trailers, tool trailers and combination trailers.

A new central heating system, designed for operation on bottled gas and suitable for caravans, workmen's huts, small summer cottages, etc. has been developed and will be introduced on the market during the latter part of 1972. This system is based on natural circulation with the aid of a thermosiphon pump, and no electric power is needed.



A materials handling installation delivered to the central spare parts store of Volvo Deutschland Vertriebsgesellschaft at Dietzenbach in Germany. The racks, 150 feet (45 m) long and 23 feet (7 m) high, hold 30,000 items. The installation also includes four manually operated picker cranes.

Future Outlook

When assessing the future outlook for the Group, the following should be taken into account:

1. Due to the increase in state and municipal activities in Sweden, the scope for expansion in private investment and consumption is likely to be restricted. Expansion of the Group is therefore expected to take place principally through further increased sales activity in other countries than Sweden, in turn giving rise to larger exports from the Swedish factories of the Group.
2. Due to the greater use of synthetic fibres in carpets and furnishings higher requirements will be made on cleaning, and this will increase the use of more advanced cleaning machines. The aim of the Group is to strengthen further its position in this field by continued intensive product development, rationalization of manufacturing processes and more efficient distribution on the world market. More stringent hygienic demands on the food production industry are expected to increase the use of high-pressure cleaning machines of the type manufactured by the Electrolux subsidiary Euromekan AB. Electrolux intends to expand its investment in contract cleaning

activities, including high-pressure cleaning.

An interesting line in this field is the cleaning of ships (engine rooms, tanks, etc.).

3. With regard to "K" products, or so-called white goods, a certain degree of overproduction has been prevalent for the past few years, giving rise to intensified price competition. At the same time the number of European countries engaged in mutual free trade has increased. To counter these developments Electrolux initiated an intensive development and rationalization programme a few years ago, with the aim of concentrating the product range to those areas, where the Group has particularly good possibilities of achieving a satisfactory return

on investment. This applies e.g. to large household refrigerator and freezer units as well as to bottled gas refrigerators for the rapidly growing caravan market. These endeavours have resulted in improved profitability within the range of "K" products.

Although seven "K" products companies have been incorporated with the Electrolux Group over the past four years and another three companies in Sweden as well as one in Denmark and one in Norway ceased trading in 1970, there are still about 20 companies in Scandinavia besides Electrolux that manufacture "K" products. As the Scandinavian market for these products is only around two million units, there would, no doubt, seem to be room for

The ELECTROLUX MHU (Materials Handling Unit), is a modular robot designed for automation of repetitive work operations within industry.



further structural rationalization and consequent concentration to larger units. Electrolux, which is one of the largest companies in this field, expects to be able to maintain its position in the future.

4. In order to broaden the base of the Group's operations a certain diversification of the product range is being effected. Consequently, increased attention has been paid in recent years to expanding industrial products such as materials handling equipment, various types of institutional kitchen installations and sterilization equipment. This policy will be continued with the aim of expanding still further this group of products.

The Group's sales programme also includes products for conservation of the environment, a subject much discussed at the present time and one in which stricter legislation is to be expected in an increasing number of countries. This should offer good opportunities for growth within the Electrolux Environmental Systems Division.

The Group is devoting increased attention to the rapidly growing market for leisure products, which is developing from shorter

working hours and longer vacations.

5. The future position of Sweden in relation to EEC is not yet clear, and this fact renders more difficult the planning of the Group's operations. Due to the protective customs tariffs of the EEC countries, the Parent Company does not anticipate any significant increase of its exports to this area. Naturally, however, its subsidiaries in the EEC countries—present and future ones—will try to derive maximum benefit from already being inside the tariff barriers, and the Parent Company expects to participate in accruing profits in the form of continued dividends from these companies.

Electrolux also intends to continue the expansion of its operations in North America, largely based on products imported from Sweden, and in Australia and New Zealand. The Middle East area also seems a promising market for the future.

6. Electrolux is continuously endeavouring to adapt operations to changing conditions in the world with the intention of ensuring continued expansion. Electrolux therefore

can view the future with confidence.

In assessing the continued expansion of the Group, it is assumed that the money and capital market in Sweden and elsewhere will operate satisfactorily, and that the Group's utilization of international financing facilities will not be impeded by Swedish authorities.

*

Economic conditions in many countries are uncertain, which makes it necessary to be cautious in assessing trading prospects for 1972. Expansion of Group sales and profits by 10% is considered possible. It is assumed in this estimate that no further disruptions of a serious nature will occur in the world economy, and that no major tariff increases or other serious restrictions are imposed in those countries where Electrolux conducts business.

Profit & Loss Statements and Balance Sheets

The Profit & Loss Statements and the Balance Sheets as well as the Notes to the Financial Statements and the Supplementary Information about Electrolux (pages 27 through 38) constitute an integrated part of the Annual Report.

The Board's Proposal Regarding Bonus Issue and Distribution of Profits in AB Electrolux

In order to bring the share capital in line with the expanding operations, the Board of Directors recommend to the General Meeting that the company's share capital, presently totalling SKr 380 million and comprising 3,800,000 fully paid shares, be increased to SKr 475 million by a bonus issue of SKr 95 million. It is also recommended that the Statutory Reserve, presently amounting to SKr 76 million, be raised by SKr 19 million to SKr 95 million, and that the above disposition be effected as follows:

| | |
|---|------------------------|
| Writing-up of the book value of land and buildings | SKr 40 million |
| Writing-up of the book value of the shareholding in Electrolux Ltd., Luton (Great Britain) | SKr 40 million |
| Transfer from unappropriated earnings (SKr 15 million to the Share Capital and SKr 19 million to the Statutory Reserve) | SKr 34 million |
| Total | SKr 114 million |

The following surplus will thereafter be at the disposal of the General Meeting:

| | |
|---|-----------------------|
| Free Reserve | SKr 25,000,000 |
| Profit brought forward | SKr 54,080,261 |
| | SKr 79,080,261 |
| <i>less</i> transfer to Share Capital and Statutory Reserve, as per above | SKr 34,000,000 |
| | SKr 45,080,261 |
| Net Profit for 1971 | SKr 38,097,748 |
| Total | SKr 83,178,009 |

The Board of Directors propose the following distribution of said surplus:

| | |
|--|----------------|
| Payment of dividend to shareholders against coupon No. 68, SKr 10.00 per share, which equals 8% of the increased share capital | SKr 38,000,000 |
| To be carried forward | SKr 45,178,009 |
| | SKr 83,178,009 |

Land and buildings owned by the Company have an assessed value of SKr 118.0 million, including a special machinery value of SKr 3.9 million. In the balance sheet as at December 31, 1971, said assets have been included at a value of SKr 67.7 million.

Electrolux Ltd., Luton (Great Britain), shows good profitability and is solidly based. In the Group's balance sheet as at December 31, 1971, the equity of this company and its subsidiaries total approximately SKr 143 million. Resulting from the proposed appreciation of the book value, the AB Electrolux shareholding in the British company will show a book value of SKr 92.5 million.

*

The following procedure is recommended as regards the bonus issue of shares:

- The shareholders will receive, free of payment, one new "A" share for each holding of 4 "A" shares, and one new "B" share for each holding of 4 "B" shares.
- Where appropriate, new bonus shares will be subject to the same restrictive measures as apply to existing shareholdings. (Certain shares are encumbered with a restrictive clause, whereby they may not be acquired by a non-Swedish citizen.)
- The new shares shall be granted the same rights as the present shares, and shall entitle to participation in the Company's profits as from the financial year 1972.
- Prescribed stamp tax for the new shares shall be paid and absorbed by the Company.

*

The proposed bonus issue having been transacted, the company's share capital will be SKr 475 million, comprising 400,000 "A" shares and 4,350,000 "B" shares. After appropriation to the Statutory Reserve, as per above, said reserve will amount to 20% of the share capital.

The Board of Directors also recommend to the General Meeting that the company shall join the system for computerized handling of shares, as administered by The Securities Register Centre (Värdepappercentralen VPC AB).

The Board of Directors and the Managing Director take this opportunity to thank all employees in the Electrolux Group for their excellent achievements during the past year.

Stockholm, March 16, 1972.

Ragnar Söderberg
Chairman of the Board

Gunnar Arpi
Luke

Hans Werthén
Managing Director

Gunnar Engellau
Åke T. Vrethem

/ Harry Eriksson

Report of the Auditors

As auditors of Aktiebolaget Electrolux we herewith submit the following audit report for the year 1971.

We have examined the Annual Report, taken due note of 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 regarding the reporting of shareholdings and consolidated accounts, as laid down in the Swedish Companies Act, have been duly complied with.

During the audit we have found no grounds for criticism of the documents presented to us, the company's accounts, the verification of the assets or the administration of the company. The adjustment of the book values of certain shareholdings, which has been made during the year, does not give rise to any objections.

The Board of Directors and the Managing Director propose that the share capital be increased from SKr 380 million to SKr 475 million by writing-up of the book value of buildings, at the amount of SKr 40 million, by appreciation of the shareholding in Electrolux Ltd., Luton (Great Britain), at the amount of SKr 40 million, and by transferring SKr 15 million from unappropriated earnings. In connection with these transactions it is also proposed that SKr 19 million be transferred from unappropriated earnings to the Statutory Reserve. We have no objections to these proposals.

The Board of Directors and the Managing Director propose the following distribution of the surplus then available, SKr 83,178,009:

| | |
|------------------------------|----------------|
| Dividend to the shareholders | SKr 38,000,000 |
| To be carried forward | SKr 45,178,009 |
| | <hr/> |
| | SKr 83,178,009 |

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

We recommend

- that* the Balance Sheet as at December 31, 1971, included in the Annual Report and signed by us, be approved,
- that* the available surplus be distributed 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, 1972.

Arne Holmén
Chartered Accountant

Bruno Svensson
Chartered Accountant

The Electrolux Group—Consolidated Profit & Loss Statement

| | 1971 (SKr 1,000) | | 1970 (SKr 1,000) | |
|---|---------------------|----------|---------------------|----------|
| <i>Operating income and costs</i> | | | | |
| Invoiced net sales excluding value-added and turnover taxes (Note 1) | 2,121,911 | | 1,869,301 | |
| Deduct: Manufacturing, selling and administrative costs | 1,917,564 | | 1,705,104 | |
| Operating result before depreciation | 204,347 | | 164,197 | |
| Deduct: Ordinary depreciation (Note 2) | | | | |
| Buildings and land improvements | 8,057 | | 7,760 | |
| Machinery and equipment | 35,975 | 44,032 | 28,294 | 36,054 |
| OPERATING RESULT AFTER ORDINARY DEPRECIATION | 160,315 | | 128,143 | |
| <i>Non-operating income</i> | | | | |
| Dividends | 166 | | 32 | |
| Interest received | 13,146 | 13,312 | 11,754 | 11,786 |
| <i>Non-operating costs</i> | | | | |
| Interest paid | 30,403 | | 26,706 | |
| OPERATING RESULT AFTER INTEREST AND DIVIDENDS | 143,224 | | 113,223 | |
| <i>Exceptional items of income and costs</i> | | | | |
| Sale of license rights | 0 | | + 129 | |
| Capital gains from sale of real estate, leases and securities (Note 3) | + 15,969 | | + 15,988 | |
| Cost of share issues (including Parent company, SKr 678,000 in 1971 and SKr 83,000 in 1970) | — 1,141 | | — 357 | |
| Extraordinary depreciation of buildings, machinery, equipment and tools (Note 4) | — 2,124 | | — 6,887 | |
| Alteration and relocation costs | — 2,625 | | — 4,334 | |
| Other extraordinary costs (Note 5) | — 3,044 | | 0 | |
| Writing-up of shares in non-Group companies (Note 6) | + 532 | | 0 | |
| Writing-down of shares in non-Group companies | — 10 | | 0 | |
| Writing-down of patent rights, leases, etc. (Note 7) | — 673 | | — 1,155 | |
| Writing-down of goodwill (Note 8) | — 149 | — 8,093 | 0 | — 12,376 |
| RESULT BEFORE APPROPRIATIONS AND TAXES | 149,959 | | 116,607 | |
| <i>Appropriations</i> | | | | |
| Appropriation to investment funds (Note 9) | — 1,098 | | — 1,214 | |
| Increase of general inventory reserves | — 10,838 | — 11,936 | — 3,250 | — 4,464 |
| RESULT BEFORE TAXES | 138,023 | | 112,143 | |
| Deduct: Taxes | 66,456 | | 47,807 | |
| Profit after taxes | 71,567 | | 64,336 | |
| Deduct: Minority interests | 1,354 | | 1,036 | |
| GROUP PROFIT FOR THE YEAR | 70,213 | | 63,300 | |

The Electrolux Group

| ASSETS | December 31, 1971 (SKr 1,000) | | December 31, 1970 (SKr 1,000) | |
|---|----------------------------------|-----------|----------------------------------|-----------|
| <i>Current Assets</i> | | | | |
| Cash and bank balances | 155,764 | | 130,191 | |
| Promissory notes | 48,000 | | 20,000 | |
| Repurchased debentures of the Parent Company | 68 | | 8 | |
| Bills receivable from customers | 28,017 | | 29,695 | |
| Securities (Note 10) | 13,775 | 245,624 | 8,712 | 188,606 |
| Due from customers (Note 11) | 564,051 | | 510,232 | |
| Miscellaneous receivables (Note 12) | 64,906 | 628,957 | 68,405 | 578,637 |
| Inventories (Note 13) | 600,417 | | 609,261 | |
| Less: General inventory reserves | 150,728 | 449,689 | 137,485 | 471,776 |
| | | 1,324,270 | | 1,239,019 |
| <i>Blocked account for investment funds</i> (Note 14) | | 1,031 | | 386 |
| <i>Fixed assets</i> | | | | |
| Miscellaneous receivables (Note 15) | | 33,436 | | 29,611 |
| Shareholdings (Note 16) | | 4,432 | | 10,532 |
| Machinery and equipment (Note 17) | 114,399 | | 105,448 | |
| Factory, office and other buildings (Note 18) | 172,130 | | 168,670 | |
| New plants under construction | 5,888 | 292,417 | 7,706 | 281,824 |
| Patent rights and leases | | 2,651 | | 3,153 |
| | | 332,936 | | 325,120 |
| TOTAL ASSETS | | 1,658,237 | | 1,564,525 |
| <i>Assets pledged</i> | | | | |
| Mortgages on property | | 98,395 | | 89,414 |
| Floating mortgages | | 4,500 | | 7,075 |
| Miscellaneous | | 321 | | 572 |

Consolidated Balance Sheet

| LIABILITIES AND EQUITY | December 31, 1971 (SKr 1,000) | | December 31, 1970 (SKr 1,000) | |
|---|----------------------------------|------------------|----------------------------------|------------------|
| <i>Short-term liabilities</i> | | | | |
| Bills payable to suppliers | 19,914 | | 20,710 | |
| Due to suppliers | 122,434 | | 115,154 | |
| Due to customers | 11,654 | | 11,902 | |
| Bank loans | 136,501 | | 157,262 | |
| Miscellaneous (Note 19) | 228,247 | 518,750 | 198,610 | 503,638 |
| Taxes payable | | 80,294 | | 63,585 |
| | | 599,044 | | 567,223 |
| <i>Reserve for exchange risks (Note 20)</i> | | 0 | | 2,000 |
| <i>Investment funds</i> | | 4,446 | | 2,547 |
| <i>Long-term liabilities</i> | | | | |
| Mortgage loans, promissory note loans | 89,202 | | 74,284 | |
| Miscellaneous liabilities (Note 21) | 5,897 | | 10,295 | |
| Appropriated to pensions | 104,600 | 199,699 | 91,636 | 176,215 |
| Debenture loan | | 22,950 | | 25,040 |
| | | 222,649 | | 201,255 |
| <i>Minority interests</i> | | 10,187 | | 8,848 |
| <i>Equity</i> | | | | |
| Share capital | 380,000 | | 380,000 | |
| Statutory reserves (Note 22) | 166,031 | 546,031 | 166,937 | 546,937 |
| Free reserves (Note 23) | | 205,667 | | 172,415 |
| Group profit for the year (Note 23) | | 70,213*) | | 63,300 |
| | | 821,911 | | 782,652 |
| TOTAL LIABILITIES AND EQUITY | | 1,658,237 | | 1,564,525 |
| <i>Contingent liabilities</i> | | 20,232 | | 19,107 |
| (including discounted bills) | | (2,684) | | (3,138) |

*) Before allocation to statutory reserves of SKr 1,999,000

Submitted for audit

Arne Holmén
Chartered Accountant

Bruno Svensson
Chartered Accountant

The Electrolux Group – Consolidated Statement of Source and Use of Funds

| | 1971 (SKr 1,000) | 1970 (SKr 1,000) | 1969 (SKr 1,000) |
|---|---------------------|---------------------|---------------------|
| Funds Received | | | |
| Funds from internal sources*) | 83,759 | 65,975 | 72,510 |
| Sale of fixed assets | 30,816 | 27,967 | 28,952 |
| Increase of long-term liabilities etc. | 20,733 | 26,410 | 36,498 |
| TOTAL | 135,308 | 120,352 | 137,960 |
| Funds Used | | | |
| Investment in real estate, machinery and equipment | 70,552 | 95,061 | 87,114 |
| Investment in other non-current assets | — 1,278 | 4,282 | 34,976 |
| Changes in the Group's structure | — 639 | 6,092 | 14,459 |
| TOTAL | 68,635 | 105,435 | 136,549 |
| Change in Working Capital | | | |
| | + 66,673 | + 14,917 | 1,411 |
| <i>Details of "Change in working capital"</i> | | | |
| Decrease/Increase of inventories | — 8,844 | +104,080 | +148,010 |
| Increase of short-term receivables | + 50,320 | +91,743 | + 79,427 |
| Increase of short-term liabilities | — 31,821 | —124,913 | — 69,627 |
| Increase/Decrease of liquid funds | + 57,018 | — 55,993 | —156,399 |
| TOTAL | + 66,673 | + 14,917 | + 1,411 |
| <i>*) Details of "Funds from internal sources"</i> | | | |
| Profit before taxes and capital gains | +120,700 | + 95,119 | + 70,605 |
| Year-end appropriations | + 11,936 | + 4,464 | + 17,459 |
| Depreciation of buildings, machinery and equipment | + 48,324 | + 40,030 | + 37,891 |
| Depreciation of intangible assets | + 822 | + 1,155 | + 2,771 |
| Taxes | — 66,456 | — 47,807 | — 33,554 |
| Dividend to shareholders | — 30,400 | — 26,600 | — 22,800 |
| Deposit on/Withdrawal from blocked account for investment funds | — 645 | — 386 | + 138 |
| Writing up/Writing down of shares in non-Group companies | — 522 | | |
| TOTAL | 83,759 | 65,975 | 72,510 |

AB Electrolux — Profit & Loss Statement

| | 1971 (SKr 1,000) | | 1970 (SKr 1,000) | |
|--|---------------------|---------|---------------------|----------|
| <i>Operating income and costs</i> | | | | |
| Invoiced net sales excluding value-added and turnover taxes (Note 24) | 742,110 | | 630,855 | |
| Deduct: Manufacturing and selling costs, etc. | 678,263 | | 577,306 | |
| Operating result before depreciation | 63,847 | | 53,549 | |
| Deduct: Ordinary depreciation (Note 2) | | | | |
| Buildings and land improvements | 3,685 | | 3,656 | |
| Machinery and equipment | 15,163 | 18,848 | 11,234 | 14,890 |
| OPERATING RESULT AFTER ORDINARY DEPRECIATION | 44,999 | | 38,659 | |
| <i>Non-operating income</i> | | | | |
| Royalties (including from subsidiaries: SKr 5,288,000 in 1971 and SKr 5,279,000 in 1970) | 6,248 | | 5,612 | |
| Dividends received from subsidiaries (Note 25) | 33,230 | | 28,624 | |
| Dividends received from other companies | 165 | | 26 | |
| Interest received from subsidiaries | 2,465 | | 2,226 | |
| Other interest received | 8,415 | 50,523 | 7,908 | 44,396 |
| <i>Non-operating costs</i> | | | | |
| Interest paid to subsidiaries | 1,055 | | 1,354 | |
| Other interest paid (Note 26) | 10,091 | 11,146 | 8,448 | 9,802 |
| <i>General administrative expenses (Note 27)</i> | 16,979 | | 17,000 | |
| OPERATING RESULT AFTER INTEREST AND DIVIDENDS | 67,397 | | 56,253 | |
| <i>Exceptional items of income and cost</i> | | | | |
| Sale of licence rights | 0 | | + | 129 |
| Capital gains from sale of real estate, leases and securities (Note 3) | + 1,277 | | + | 198 |
| Costs of bonus issue of shares | — 678 | | — | 83 |
| Extraordinary depreciation of buildings, machinery, equipment and tools (Notes 2 and 4) | — 645 | | — 6,534 | |
| Other extraordinary costs (Note 5) | — 1,990 | | 0 | |
| Alteration and relocation costs | — 1,511 | | — 1,475 | |
| Writing-down of shares in non-Group companies | — 10 | | 0 | |
| Writing-up of shares in non-Group companies (Note 6) | + 532 | | 0 | |
| Writing-down of patents and leases | — 500 | | — 505 | |
| Writing-down of goodwill (Note 8) | — 1,574 | — 5,698 | — 1,545 | — 10,059 |
| RESULT BEFORE APPROPRIATIONS AND TAXES | 62,298 | | 46,438 | |
| <i>Appropriations</i> | | | | |
| Increase of general inventory reserve (Note 28) | — 13,700 | | — 14,250 | |
| RESULT BEFORE TAXES | 48,598 | | 32,188 | |
| Deduct: Taxes | 10,500 | | 1,000 | |
| NET PROFIT FOR THE YEAR | 38,098 | | 31,188 | |

AB Electrolux

| ASSETS | December 31, 1971 (SKr 1,000) | | December 31, 1970 (SKr 1,000) | |
|--|----------------------------------|----------------|----------------------------------|----------------|
| <i>Current assets</i> | | | | |
| Cash and bank balances | 91,268 | | 71,446 | |
| Promissory notes | 48,000 | | 20,000 | |
| Repurchased debentures | 68 | | 8 | |
| Bills receivable from customers | 4,749 | | 5,210 | |
| Shareholdings in non-Group companies (Note 10) | 8,240 | 152,325 | 0 | 96,664 |
| Due from customers (Note 29) | 125,453 | | 52,007 | |
| Due from subsidiaries (Note 30) | 145,586 | | 164,058 | |
| Miscellaneous receivables (Note 31) | 8,008 | 279,047 | 12,942 | 229,007 |
| Inventories | 250,975 | | 276,367 | |
| Less: General inventory reserve (Note 28) | 133,730 | 117,245 | 120,030 | 156,337 |
| | | 548,617 | | 482,008 |
| <i>Fixed assets</i> | | | | |
| Due from subsidiaries (Note 32) | 30,404 | | 33,823 | |
| Miscellaneous receivables | 15,450 | 45,854 | 11,575 | 45,398 |
| Shareholdings in subsidiaries (Note 33) | 210,675 | | 182,872 | |
| Shareholdings in non-Group companies (Note 16) | 1,683 | 212,358 | 9,197 | 192,069 |
| Machinery and equipment (Note 34) | 45,308 | | 47,052 | |
| Factory, office and other buildings (Note 35) | 67,701 | | 69,124 | |
| New plants under construction | 1,173 | 114,182 | 3,951 | 120,127 |
| Patent rights and leases | 1,000 | | 1,668 | |
| Goodwill (Note 8) | 3,205 | 4,205 | 4,635 | 6,303 |
| | | 376,599 | | 363,897 |
| TOTAL ASSETS | | 925,216 | | 845,905 |
| <i>Assets pledged</i> | | | | |
| Mortgages on property (Note 36) | | 72,421 | | 63,746 |
| Floating mortgages | | 4,500 | | 4,500 |
| Blocked bank deposits | | 210 | | 248 |

Balance Sheet

| LIABILITIES AND EQUITY | December 31, 1971 (SKr 1,000) | | December 31, 1970 (SKr 1,000) | |
|--|----------------------------------|---------|----------------------------------|---------|
| <i>Short-term liabilities</i> | | | | |
| Due to subsidiaries | 33,121 | | 22,795 | |
| Due to suppliers | 56,514 | | 49,610 | |
| Due to customers | 1,184 | | 4,312 | |
| Salaries, holiday pay, PAYE taxes etc. | 44,703 | | 41,860 | |
| Miscellaneous liabilities (Note 37) | 39,218 | 174,740 | 20,122 | 138,699 |
| Taxes payable | | 12,555 | | 4,463 |
| | | 187,295 | | 143,162 |
| <i>Reserve for unrealized profit in inventories of subsidiaries outside Sweden (Note 38)</i> | | 10,485 | | 8,279 |
| <i>Long-term liabilities</i> | | | | |
| Due to subsidiaries | 2,784 | | 2,497 | |
| Mortgage loans and promissory note loans | 51,141 | 53,925 | 47,495 | 49,992 |
| Appropriated to the Pensions Registration Institute (Note 39) | 62,760 | | 41,413 | |
| Appropriated to other pension plans (Note 39) | 14,623 | 77,383 | 12,539 | 53,952 |
| Debenture loan | | 22,950 | | 25,040 |
| | | 154,258 | | 128,984 |
| <i>Equity</i> | | | | |
| Share capital (Note 40) | 380,000 | | 380,000 | |
| Statutory reserve | 76,000 | 456,000 | 76,000 | 456,000 |
| Free reserve | | 25,000 | | 25,000 |
| Profit brought forward*) | 54,080 | | 53,292 | |
| Net profit for the year | 38,098 | 92,178 | 31,188 | 84,480 |
| | | 573,178 | | 565,480 |
| TOTAL LIABILITIES AND EQUITY | | 925,216 | | 845,905 |
| <i>Contingent liabilities</i> | | | | |
| On behalf of subsidiaries | | 43,756 | | 28,366 |
| Other contingent liabilities | | 8,739 | | 6,033 |
| | | 52,495 | | 34,399 |
| (Including discounted bills receivable) | | (0) | | (5,175) |
| <i>*) Details of "Profit brought forward"</i> | | | | |
| Balance of profit as per Balance Sheets of December 31, 1970 and December 31, 1969, respectively | | 84,480 | | 79,892 |
| Deduct: Dividend declared by the Annual General Meetings in 1971 and 1970, respectively | | 30,400 | | 26,600 |
| Profit brought forward | | 54,080 | | 53,292 |

AB Electrolux— Details of Shareholdings

| | Number of shares | Par value (SKr 1,000) | Book value (SKr 1,000) |
|---|---------------------|--------------------------|---------------------------|
| Subsidiary Companies | | | |
| Allmänna Svenska Städtings AB, Stockholm | 13,760 | 1,376 | 9,000 |
| AB Flymo, Malmö (Sweden) | 40,000 | 4,000 | 6,000 |
| Electrolux Svenska Försäljnings AB, Stockholm | 60,000 | 6,000 | 6,000 |
| AB Schaub & Co., Stockholm | 30,000 | 3,000 | 3,000 |
| Getinge Mekaniska Verkstads AB, Getinge (Sweden) | 600 | 60 | 1,000 |
| Euromekan AB, Alingsås (Sweden) | 1,000 | 100 | 1,000 |
| Verkstads AB Bällsta, Stockholm | 15,000 | 750 | 750 |
| AB Sollidenverken, Stockholm | 6,500 | 650 | 650 |
| AB Elektro-Apparat, Alingsås (Sweden) | 1,000 | 500 | 500 |
| Elektroheliös Försäljnings AB, Stockholm | 5,000 | 500 | 500 |
| Electrolux Städutensilier AB, Stockholm | 2,500 | 250 | 250 |
| Försäljnings AB Volta, Stockholm | 2,000 | 200 | 200 |
| Elektro-Helios Fastighets AB, Stockholm | 100 | 100 | 100 |
| AB Rebon, Stockholm | 1,000 | 100 | 100 |
| AB Elektroservice, Stockholm | 250 | 25 | 25 |
| A/S Atlas Svenska Försäljnings AB, Stockholm | 2,500 | 250 | 0 |
| Miscellaneous subsidiary companies as per specification on page 37 | | | 65 |
| Total, subsidiary companies in Sweden | | | 29,140 |
| Shares in subsidiary companies outside Sweden (as per special permit not specified in the Annual Report) | | | 181,535 |
| Total, subsidiary companies | | | 210,675 |
| Non-Group Companies | | | |
| | | Par value | |
| ADELA Investment Company S.A., Luxemburg | 1,292 | US \$ 129,200 | 618 |
| Hyresgästernas Sparkasse- och Byggnadsföreningars Riks- förbund u.p.a., Stockholm, debentures of 1952 | | SKr 75,000 | 0 |
| Hyresgästernas Sparkasse- och Byggnadsföreningars Riks- förbund u.p.a., Säffle (Sweden), lease in Lotten No. 3 | | SKr 795 | 0 |
| La Maison de Suède à Paris S.A., Paris | 1,200 | Frs 120,000 | 0 |
| Norsk Rengjøringselskap A/S, Oslo | 1,470 | NKr 735,000 | 479 |
| Servi-Data AB, Stockholm | 1 | SKr 100 | 0 |
| SIFIDA Investment Company S.A., Luxemburg | 20 | US \$ 100,000 | 517 |
| AB Sukab, Stockholm | 17 | SKr 1,700 | 0 |
| Swedvelop Hospital Equipment AB, Stockholm | 100 | SKr 10,000 | 0 |
| Svensk Interkontinental Lufttrafik AB, (S.I.L.A.), Stockholm | 4,000 | SKr 400,000 | 0 |
| AB Svensk Värmemätning C.B. System, Stockholm | 650 | SKr 52,000 | 0 |
| Svenska MTM-gruppen AB, Stockholm | 1 | SKr 100 | 0 |
| Svenska Riksbyggen, Mariestad (Sweden), lease in Flugan No. 1 | | SKr 6,501 | 0 |
| TV-främjandet, AB Television & Co., Stockholm | 10 | SKr 10,000 | 0 |
| Vakuumsystem AB, Solna (Sweden) | 495 | SKr 49,500 | 49 |
| Valinka S.A., Lima | 180 | Soles 180,000 | 20 |
| Total, non-Group companies | | | 1,683 |

With reference to the Report of the Auditors we certify that the above Profit & Loss Statement and Balance Sheet agree with the company's accounts.

Arne Holmén
Chartered Accountant

Stockholm in April, 1972

Bruno Svensson
Chartered Accountant

Notes to the Financial Statements for the Group and the Parent Company

General

The consolidated accounts include all companies in which AB Electrolux directly or indirectly owned 50% or more of the shares or the subscribed capital as at December 31, 1971.

Included in the consolidated accounts are Allmänna Svenska Städtings AB (ASAB), Stockholm, and Commercial Cleaning Services Ltd., Birmingham (Great Britain), since the Electrolux Group owns 50.036% and 50.1% respectively of the share capital in these companies. According to the original collaboration agreement between AB Electrolux and Det Danske Rengørings Selskab A/S (DDRS), Copenhagen, the Electrolux Group was to hold 49% of the share capital in jointly owned cleaning companies. Since AB Electrolux has acquired more than 49% of the share capital in ASAB, Electrolux has undertaken not to use its majority holding thus obtained in contravention of the spirit of this agreement. A similar undertaking applies to the Group's holding of shares in Commercial Cleaning Services Ltd.

In connection with the acquisition of 51% of the share capital in Swedish Royal Refrigeration Ltd., Welwyn Garden City (Great Britain), AB Electrolux has undertaken to exercise its voting rights for only 49% of all shares as long as other shares are held by the present shareholders.

Minority interests as at December 31, 1971, existed in ten subsidiary companies.

In the consolidated accounts the Parent Company's holdings of shares in subsidiaries have been eliminated against the respective subsidiary's amount of share capital (par value method). See also Note 22.

The final accounts of non-Swedish subsidiaries have been converted into Swedish kronor at the rates of

exchange in effect on December 31, 1971.

The reserve for exchange risks, SKr 2 million, has been completely eliminated. This amount is included in the operating result in order to compensate to some extent for losses of about SKr 7 million, accruing from unfavourable changes in foreign exchange rates during 1971.

Last year's Annual Report mentioned that a dispute had arisen regarding the validity of the agreement whereby AB Electrolux had acquired 65,074 shares in National Homes Corporation, Lafayette, Indiana (USA). This dispute was settled during the course of 1971. AB Electrolux intends to dispose of the shares during 1972 and has a written agreement guaranteeing a selling price corresponding to not less than the original cost of acquisition. The guaranteed selling price, US \$ 1,600,000, has been received during 1971 as a payment on account and is included in the balance sheets of the Parent Company and the Group under the heading "Miscellaneous liabilities", pending the definite sale of the shares. These are included in the balance sheets as at December 31, 1971, under "Current assets, Shareholdings in non-Group companies", at the original cost of acquisition, SKr 8,240,000. Earlier these shares have been included under "Fixed assets, Shareholdings in non-Group companies" at a slightly written-down value of SKr 7,708,000.

Note 1 *Invoiced net sales*
SKr 53 million relating to companies acquired during 1971 is included in total Group invoicing.

Note 2 *Ordinary depreciation*

a) **The Parent Company**

For buildings the same principles are applied as in 1970, i.e. depreciation charged is in accordance with allowances made for taxation purposes. A primary deduction in the amount of SKr 0.7 million is shown as "Extraordinary depreciation of buildings, machinery, equipment and tools". For machinery and equipment "ordinary depreciation" is based

on replacement values as obtained from the insurance companies' value indices. Applied depreciation rates vary between 6.7% and 25% per annum. Machinery that is used in several shifts is depreciated at a higher rate, while for items older than 15 years the depreciation rates are reduced. The same principles were applied in 1970.

"Book depreciation" has been charged along the same principles as in 1970. Thus book values have been depreciated by 30%, except for acquisitions made in 1971, which have been depreciated at 7.5% per quarter, as from the day of acquisition.

Following substantial acquisitions of machinery and equipment in recent years, book depreciation exceeds ordinary depreciation. The difference, SKr 2.6 million, is shown under "Extraordinary depreciation of buildings, machines, equipment and tools".

b) **Subsidiary companies**

Book depreciation of buildings, machinery and equipment in subsidiary companies has been regarded as ordinary depreciation, with the exception of initial depreciation charged in the accounts of the Norwegian, Danish and French subsidiary companies. This depreciation, for which a special rate has been used, is shown under "Extraordinary depreciation of buildings, machinery, equipment and tools". With effect from 1972 the subsidiary companies will make a distinction between book depreciation and ordinary depreciation in the same manner as the Parent Company.

Note 3 *Capital gains from sale of real estate, leases and securities*

In keeping with the continued policy of centralizing operations within the Group, some real estate has been sold. Substantial gains have accrued in this connection in the following companies: Electrolux S.A., Paris, Electrolux A/S, Copenhagen, AB Håkansson Industri, Åmål (Sweden), Electrolux (Pty.) Ltd., Johannesburg, Electrolux GmbH, Hamburg. In conjunction with centralizing its operations to Lilla Essingen, Stockholm, the Parent Company disposed of its leases in Stockholm during 1971, resulting in a capital gain of SKr 0.3 million. The French Electrolux company achieved a profit of SKr 0.5 million from sale of securities.

Note 4 *Extraordinary depreciation of buildings, machinery, equipment and tools*

The acquisition of tools by the Parent Company during 1971 amounted to SKr 11.8 million. However, operations have been charged with costs of SKr 14.5 million. The difference, SKr 2.7 million, is shown as income under this heading. Comments on extraordinary depreciation of buildings, machinery and equipment for subsidiary companies and the Parent Company respectively will be found under Note 2.

Note 5 *Other extraordinary costs*

In accordance with Swedish accounting practice of recent years, "social costs accrued" now also include an amount based on reserves for vacation and public holiday pay in all Swedish companies. The total cost has been divided into two portions. The amount relating to the 1971 operations has been included in the operating result, while the building-up of the reserve in respect of previous years is shown as an extraordinary cost.

Note 6 *Writing-up of shares in non-Group companies*

Writing-up of the shares in National Homes Corporation has been made in the amount of SKr 532,000. See also comment above under "General".

Note 7 *Writing-down of patent rights, leases, etc.*

As in previous years, depreciation has been made at 20% of the value of acquisition.

Note 8 *Goodwill*

For taxation reasons, goodwill is included in the Balance Sheet of the Parent Company at acquisition value less cumulative depreciation. The net value for tax purposes is therefore equal to the net book value. Depreciation at 20% of the acquisition value has been charged to the trading results each year. In the Consolidated Balance Sheet for the Group, which is not affected by taxation requirements, goodwill has been fully written-off against free reserves. The Group's Balance Sheet and Profit & Loss Statement thus reflects the position and the result respectively if goodwill had been fully written-off during the year of acquisition.

Note 9 *Appropriation to investment funds*

Tax-deductible investment fund appropriations were made by Electrolux S.A., Paris, and Electrolux S.A., Brussels.

Note 10 *Shareholdings in non-Group companies (current assets)*

As at December 31, 1971, the shares in National Homes Corporation were

included under this heading at the value of the market quotation of the date of acquisition: US \$ 24.5875 per share. On December 31, 1971, the shares were quoted at US \$ 32 per share and on March 3, 1972, at US \$ 31 per share. See also comment above under "General".

Note 11 *Due from customers*

The item includes receivables in the amount of SKr 16.1 million held by companies acquired during 1971.

Note 12 *Miscellaneous receivables (current assets)*

Included under this heading are receivables due within 12 months and deriving from property sales, import deposits, receivables from suppliers and employees, and pre-paid expenses.

Note 13 *Inventories*

The amount includes inventories of SKr 20.7 million held by companies acquired during 1971. Inventories are shown at cost of acquisition or replacement cost, whichever is the lowest. Reduction for obsolescence has also been made. The total inventory value for the Group is shown less a reserve for unrealized profits in stocks, and as such represents the difference between the price billed by supplying associated companies and their costs of manufacturing the products that remain unsold with receiving associated companies at the year-end.

Note 14 *Blocked account for investment funds*

A deposit in this account was made by a Danish subsidiary. In addition, earlier payments made by AB Schaub & Co., acquired in 1971, are included.

Note 15 *Miscellaneous receivables (fixed assets)*

Included under this heading are receivables deriving from property sales, amounts due from dealers on promissory notes and mortgage bonds payable to A/S Scan-Atlas Husholdningsapparater, Copenhagen, and relating to sales of kitchen fittings.

Note 16 *Shareholdings in non-Group companies (fixed assets)*

Shares in National Homes Corporation, Lafayette, Indiana (USA), have been transferred to "Current assets", comments on which will be found under the heading "General" and note 10 above. In 1971 the Parent Company acquired additional shares in ADELA Investment Company S.A., Luxemburg, and also acquired shares in SIFIDA Investment Company S.A., Luxemburg, and Valinka S.A., Lima.

Note 17 *Machinery and equipment (SKr 1,000)*

Net book value, December 31, 1970 105,448

Acquisitions in 1971, including machinery and equipment owned by companies acquired during the year + 51,373
Book value of sold and scrapped machinery, etc. — 3,719
Book depreciation in 1971 — 38,703
Net book value, December 31, 1971 114,399

Note 18 *Factory, office and other buildings (including land improvements) (SKr 1,000)*

Net book value, December 31, 1970 168,670
Acquisitions in 1971, including real estate owned by companies acquired during the year + 20,997
Book value of sold and scrapped real estate, etc. — 7,916
Book depreciation in 1971 — 9,621
Net book value, December 31, 1971 172,130

Note 19 *Miscellaneous liabilities (short-term)*

Included under this heading are reserves for guarantee repairs, accrued holiday pay, wages and salaries unpaid at the year-end, PAYE taxes, reserves for severance pay and the like, turnover and value-added taxes, sundry accrued expenses and such part of long-term liabilities that fall due for payment within one year. In addition, SKr 8.2 million in respect of payment on account received for shares in National Homes Corporation is included under this heading. See comments earlier under "General".

Note 20 *Reserve for exchange risks*
See comments earlier under the heading "General".

Note 21 *Miscellaneous liabilities (long-term)*

Shown under this heading are loans for which security in the form of mortgages or guarantees have not been necessary.

Note 22 *Statutory reserves*

In addition to statutory reserves provided in each company, this item includes the net differences between the share capital of subsidiaries and the value of these shares recorded in the books of the Parent Company (values in excess of par have been deducted from values below par). Changes from the previous year consist of bonus issues of shares by subsidiary companies, differences between book value and nominal share capital in newly acquired companies, increase of statutory reserves in subsidiary companies, new conversion values due to altered foreign exchange rates, etc.

Note 23 *Free reserves and Group profit for the year*

Provision has not been made for possible taxation in Sweden and/or in other countries on unappropriated earnings of non-Swedish subsidiaries which may be transferred to the Parent Company in the form of dividends. Currency regulations in certain countries may also affect the possibilities of transferring profits to the Parent Company.

Note 24 *Invoiced net sales*

Invoicing by AB Electrolux (the Parent Company) relates to deliveries both to subsidiary companies and to customers who buy directly from the Parent Company.

Note 25 *Dividends received from subsidiaries*

The dividends received from Electrolux Svenska Försäljnings AB, Stockholm, Electrolux A/S, Copenhagen, Electrolux S.A., Paris, and Electrolux GmbH, Berlin, were larger in 1971 than in the preceding year.

Note 26 *Other interest paid*

As in previous years, interest relating to the current year's provision for pensions has been included. The amount is SKr 3.3 million. See also note 39.

Note 27 *General administrative expenses*

Due to the international structure of Electrolux, general administrative expenses necessarily include certain costs incurred for the central administration of subsidiary companies. In return, the Parent Company receives income in the form of dividends and royalties, which are shown under "Non-operating income".

Note 28 *Increase of general inventory reserve*

The reserve amounts to 53.3% of the gross inventory value from which an adequate amount for obsolescence has been deducted.

Note 29 *Due from customers*

As at December 31, 1971, all customer receivables at Electrolux Svenska Försäljnings AB, Stockholm, have been transferred to the Parent Company, which largely accounts for the increase as compared with 1970.

Note 30 *Due from subsidiaries (current assets)*

Trading receivables from subsidiary companies in respect of transactions with a maximum credit period of one year are shown as "Current assets". Other trading receivables are reported under "Fixed assets, Due from subsidiaries".

Note 31 *Miscellaneous receivables*

Included under this heading are receivables from suppliers, advance payments on current assets, payments

on account to the Pensions Registration Institute (PRI), amounts owed by employees and pre-paid expenses.

Note 32 *Due from subsidiaries (fixed assets)*

Reported under this heading are amounts lent by the Parent Company to subsidiaries and other receivables which have become long-term in nature.

Note 33 *Shareholdings in subsidiaries*

| | |
|--|-------------|
| | (SKr mill.) |
| Book value, December 31, 1970 | 182.9 |
| Acquisition of AB Schaub & Co., Stockholm | 7.5 |
| Acquisition of Swedish Royal Refrigeration Ltd., Great Britain, and new share issues by foreign subsidiary companies | 19.8 |
| Writing-up (see below) | 0.5 |
| Book value, December 31, 1971 | 210.7 |

The book value of shares in certain Swedish subsidiaries has been written down by SKr 13,392,000 and other shares written down by SKr 453,000. Simultaneously, the value of shares in certain non-Swedish subsidiaries, displaying good profitability, have been written up by SKr 13,845,000. The new book values of these shares remain within the nominal values. The total book value of shareholdings has not been affected by these adjustments.

Note 34 *Machinery and equipment (SKr 1,000)*

| | |
|-----------------------------------|----------|
| Net book value, December 31 1970 | 47,052 |
| Acquisitions in 1971 | + 15,478 |
| Book depreciation in 1971 | — 17,222 |
| Net book value, December 31, 1971 | 45,308 |

Note 35 *Factory, office and other buildings (including land improvements) (SKr 1,000)*

| | |
|--------------------------------------|---------|
| Net book value, December 31, 1970 | 69,124 |
| Acquisitions in 1971 | + 9,871 |
| Governmental localization grants | — 1,453 |
| Book value of real estate sold, etc. | — 5,412 |

(continued)

| | |
|-----------------------------------|---------|
| Book depreciation in 1971 | — 4,429 |
| Net book value, December 31, 1971 | 67,701 |

Note 36 *Assets pledged, Mortgages on property*

The liabilities, for which mortgages have been pledged, amounted to SKr 58,013,000 as at December 31, 1971.

Note 37 *Miscellaneous liabilities*

This entry includes reserves for guarantee repairs, accrued expenses, amortizations on mortgage and debenture loans payable within one year, and interest accrued on mortgage and debenture loans as at the year-end.

Note 38 *Reserve for unrealized profits in inventories of subsidiaries outside Sweden*

This reserve represents the difference between billing price and manufacturing costs at the Parent Company for the products which remained in stock with the receiving subsidiaries at the year-end.

Note 39 *Appropriated to pensions*

On December 31, 1971, a large proportion of the personnel at Swedish subsidiary companies were transferred to the Parent Company. Corresponding pension liabilities were similarly transferred. The pension liability is equivalent to the required pension reserve. Of the amount appropriated for the year, SKr 3.3 million represents interest which has been charged to "Interest paid".

Note 40 *Share capital*

| | |
|---|-------------|
| | (SKr 1,000) |
| 320,000 "A" shares at SKr 100 per share | 32,000 |
| 3,480,000 "B" shares at SKr 100 per share | 348,000 |
| Total 3,800,000 shares | 380,000 |

The holder of each "A" share is entitled to one vote and the holder of each "B" share to 1/1000 of a vote. All shares carry the same right to participation in the company's assets and profits.

Specification of Shareholdings in Miscellaneous Subsidiary Companies

| | Number of shares | Par value (SKr 1,000) | Book value (SKr 1,000) |
|---------------------------------------|------------------|-----------------------|------------------------|
| AB Carex, Stockholm | 50 | 5 | 5 |
| Centralkassan AB, Stockholm | 50 | 5 | 5 |
| AB Electrolux Lebanon Ltd., Stockholm | 50 | 5 | 5 |
| Liljendahls Patenter AB, Stockholm | 200 | 20 | 20 |
| AB Lux, Stockholm | 200 | 20 | 20 |
| Nordic Pool AB, Stockholm | 50 | 5 | 5 |
| AB Harry Wennberg, Stockholm | 50 | 5 | 5 |
| Total | | | 65 |

Supplementary Information about Electrolux

Wages, Salaries and Remuneration

| | 1971 (SKr 1,000) | 1970 (SKr 1,000) |
|---|---------------------|---------------------|
| Parent Company | | |
| Board of Directors, Managing Director and other senior executives | 1,271 | 1,410 |
| Wage earners | 108,951 | 101,220 |
| Others | 79,563 | 72,282 |
| | 189,785 | 174,912 |
| Swedish companies (including Parent Company) | | |
| Boards of Directors, Managing Directors and other senior executives | 2,297 | 2,475 |
| Wage earners | 192,805 | 181,316 |
| Others | 147,067 | 137,942 |
| | 342,169 | 321,733 |
| Total Group | | |
| Boards of Directors, Managing Directors and other senior executives | 10,530 | 9,719 |
| Wage earners | 311,719 | 285,014 |
| Others | 346,843 | 326,948 |
| | 669,092 | 621,681 |

In addition to the wages, salaries and remuneration specified above, the Group's operations have borne social charges for personnel. For the Parent Company and the Swedish subsidiaries such costs—comprising contributions to the General Supplementary Pension Scheme (ATP), the Pensions Registration Institute (PRI) and other pension plans, as well as employer's charges and group life insurances, etc.—amounted to approximately SKr 61 million during 1971.

Assessed Values

At the year-end, the Parent Company's land and buildings had an assessed value of SKr 118.0 million, including a special machinery value of SKr 3.9 million.

Fire Insurance Values

Parent Company buildings SKr 185.9 million
Parent Company machinery,
equipment, etc . SKr 300.6 million

Number of Shareholders

At the year-end, AB Electrolux had approximately 18,000 shareholders.

The Mariestad factory in Sweden, which has produced more than 2 million refrigerators and freezers since its inception in 1951.



Electrolux on the World Map

Countries with Manufacturing Plants and Sales Companies

1 ARGENTINA 160 employees
Factory in *Buenos Aires* (vacuum cleaners, floor polishers)

2 AUSTRALIA 1,000 employees
Factories in
Melbourne (vacuum cleaners, floor polishers, air-cushion lawn-mowers)
Thebarton (Adelaide) (lawn-mowers and other machines for maintenance of lawns)
In addition contract cleaning in Melbourne with 1,020 employees

3 BRAZIL 250 employees
Factory in *Sao Paulo* (vacuum cleaners, floor polishers)
In addition contract cleaning with 500 employees

4 COLOMBIA 370 employees
Factory in *Bogotá* (vacuum cleaners, floor polishers)

5 DENMARK 980 employees
Factories in
Lundtofte (Copenhagen) (refrigerators, freezers)
Nykøbing-Falster (wooden kitchen fittings)
Nærum (Copenhagen) (clothes lockers, filing cabinets)
Fjerritslev (office chairs)

6 FINLAND 300 employees
Factory in *Köklax** (electric cookers, sauna bath heaters)

7 FRANCE 2,430 employees
Factory in *Courbevoie* (vacuum cleaners, floor polishers)

8 HOLLAND 240 employees
Factory in *Diemen* (catering equipment)

9 ITALY 320 employees
Factory in *Milan* (vacuum cleaners, floor polishers)

10 MEXICO 500 employees
Factory in *Mexico City* (vacuum cleaners)

11 NORWAY 690 employees
Factory in *Eidsvold* (electric cookers, electric radiators)

12 NEW ZEALAND 330 employees
Factory in *Wellington* (vacuum cleaners, floor polishers)

13 PERU 220 employees
Factory in *Lima* (vacuum cleaners, floor polishers)

14 SPAIN 290 employees
Factory in *Madrid* (vacuum cleaners)
In addition a sales company with contract cleaning in the Canary Islands

15 GREAT BRITAIN 3,590 employees
Factories in
Luton (vacuum cleaners, refrigerators, electric radiators)
Darlington (air-cushion lawn-mowers)
In addition contract cleaning in Birmingham with 850 employees

16 SWEDEN 8,640 employees

Factories in
Alingsås (catering equipment, industrial ovens)
Alingsås (equipment for high-pressure cleaning)
Getinge (sterilization equipment for hospitals, etc.)
Malmö (modular system for cafeteria counters)
Mariestad (compressor refrigerators, freezers)
Motala (absorption refrigerators, electric cookers, dishwashers, washing machines, caravans)
Stockholm (industrial robots)
Säffle (steel fittings, materials handling equipment)
Västervik/ Ankarsrum (vacuum cleaners, commercial cleaning machines, "Assistent" kitchen machines, ventilators, small electric motors, etc.)
Växjö (dishwashers for institutional kitchens)
Åmål (refrigerators, electric cookers, etc.)
In addition contract cleaning (ASAB) with 4,200 employees

17 SOUTH AFRICA 190 employees

Factory in *Johannesburg* (vacuum cleaners, floor polishers)
In addition contract cleaning with 810 employees

18 USA 180 employees

Factory in *Elkhart, Indiana* (commercial cleaning machines)

19 WEST GERMANY 1,320 employees

Factory in *Berlin* (vacuum cleaners, freezers, freezing installations, air-cushion lawn-mowers)

Countries with Sales Companies only

20 BARBADOS

21 BELGIUM

22 GUATEMALA

23 GUYANA

24 HONGKONG

25 CANADA

26 LEBANON

27 PORTUGAL

28 SWITZERLAND

29 SINGAPORE

30 THE CANARY ISLANDS (SPAIN)

31 TRINIDAD

32 URUGUAY

33 VENEZUELA

34 ZAMBIA

35 AUSTRIA

In addition the Group's products are being sold via more than 200 agents, which have not been shown on the map.

* The manufacturing activities were sold to OY Strömberg AB as at January 1, 1972.

