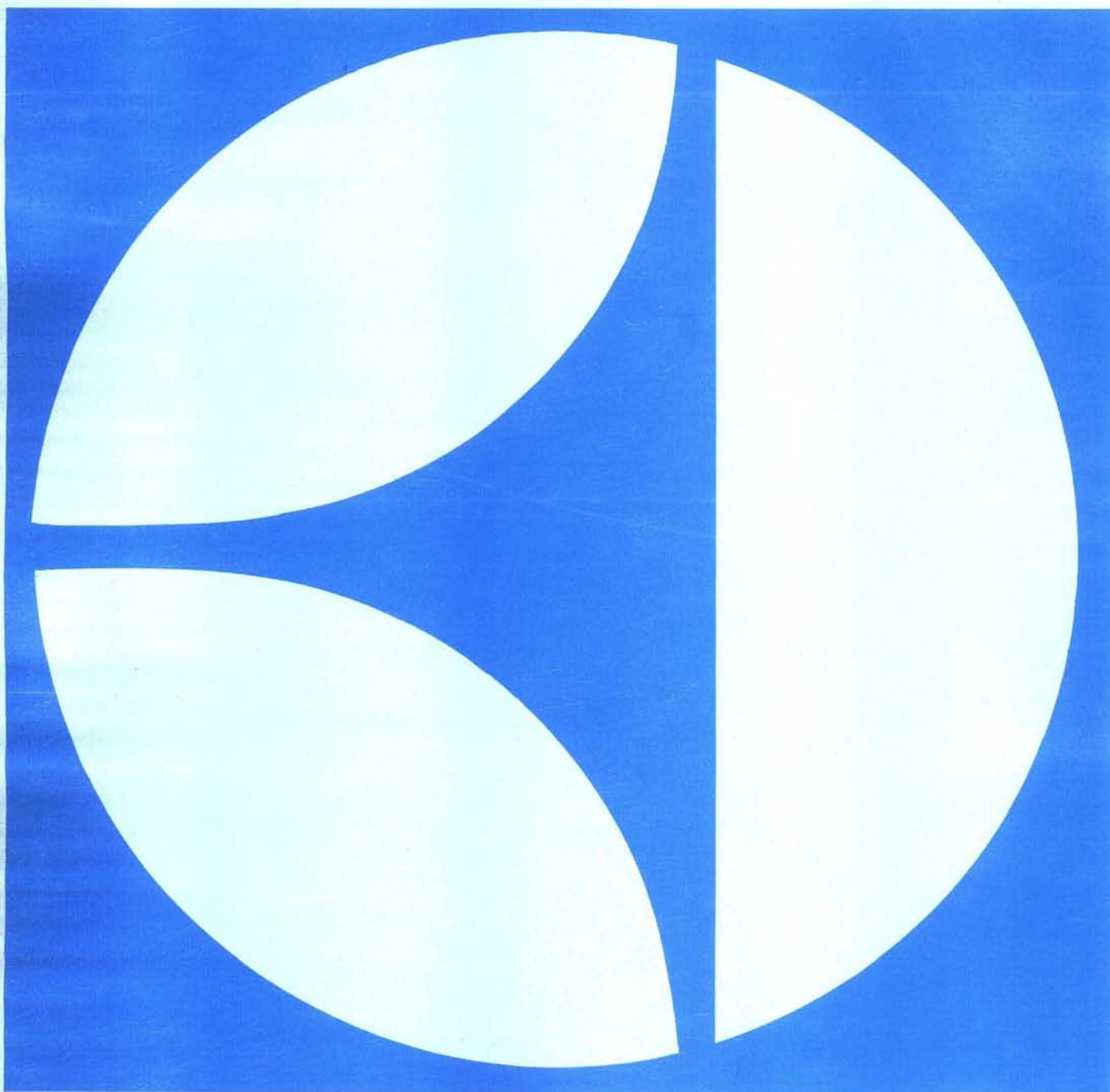


# Electrolux 1977

Annual Report



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## Annual General Meeting

The Annual General Meeting of AB Electrolux will be held at 10.00 a.m. on Wednesday, May 17, 1978, at the head office of Skandinaviska Enskilda Banken, Konferenssalen, Sergels Torg 2, Stockholm.

### Right to participate in the Annual General Meeting

Shareholders wishing to participate in the Annual General Meeting must be registered in the share register maintained by Värdepapperscentralen VPC AB no later than Friday, May 5, 1978. Shareholders whose shares are registered in the names of trustees, through the trust department of a bank or stockbroker, must temporarily register the shares in their own names in order to be able to vote at the Annual General Meeting. Such temporary registration must be completed no later than Friday, May 5, 1978.

### Notice of participation in the Annual General Meeting

Shareholders wishing to participate in the Annual General Meeting must, in addition to being registered as above, notify the company no later than 16.00 p.m. Friday, May 12, 1978. Notification should be sent in writing to AB Electrolux, Dept. HK-J, S-105 45 Stockholm, Sweden, or by telephone during office hours to +46 8 738 67 93 or +46 8 738 67 91.

### Payment of dividend

The declaration of dividend as decided by the Annual General Meeting will include notification of the day upon which the share register and the list of nominees etc, will be closed for reconciliation and determination of entitlement to dividend. The Board of Directors has proposed May 19, 1978. Subject to the approval of the Annual General Meeting to this proposal it is expected that dividends will be distributed by Värdepapperscentralen VPC AB on May 26, 1978.

### Notification of Change of Address

Shareholders who have changed their name, address or the number of their bank account should report this as soon as possible to their trustee or Värdepapperscentralen VPC, AB, Box 7077, S-103 82 Stockholm 7, Sweden.



# Electrolux Group – Ten-Year Review

(Amounts in Mkr, unless otherwise stated)

	1977	1976 <sup>1)</sup>	1975	1974 <sup>2)</sup>	1973 <sup>3)</sup>	1972	1971	1970	1969	1968
<b>Sales and result</b>										
Sales	9,239	7,646	6,425	5,536	4,182	2,491	2,122	1,869	1,583	1,327
% increase	20.8	19.0	16.1	32.4	67.9	17.4	13.5	18.1	19.3	20.9
Operating result after normal depreciation	733	603	491	556	394	250	160	128	103	93
<b>Profitability</b>										
Result as shown above as % of sales	7.9	7.9	7.6	10.0	9.4	10.0	7.6	6.9	6.5	7.0
Return on capital employed <sup>4)</sup>	11.9	12.1	10.5	13.3	12.3	12.4	9.6	8.2	8.2	8.1
Return on equity capital <sup>5)</sup>	15.8	15.0	13.1	16.6	17.7	13.0	8.2	6.7	6.5	8.8
Adjusted profit in Skr per share <sup>6)</sup>	16:15	13:80	10:65	13:50	10:90	7:25	4:40	3:45	3:25	3:00
Dividend per share adjusted for rights and bonus issues <sup>7)</sup>	6:30	5:50	5:00	4:58	4:17	3:33	2:67	2:13	1:87	1:60
<b>Financial position</b>										
Total assets	6,627	5,424	5,103	4,511	3,430	2,161	1,809	1,702	1,541	1,389
of which equity capital	2,118	1,645	1,478	1,305	1,308	989	900	855	829	805
Solidity ratio <sup>8)</sup> %	32.0	30.3	29.0	28.9	38.1	45.8	49.7	50.2	54.5	58.2
<b>Other</b>										
Investment in real estate, machinery, equipment and tools	448	452	414	348	260	134	83	111	108	71
whereof relating to companies acquired during the year	9	100	74	17	52	27	7	8	13	10
Number of employees	69,500	71,600	65,900	63,500	51,100	35,600	33,660	32,700	29,200	23,300
Wages, salaries and other remuneration	2,975	2,345	2,064	1,778	1,374	798	707	658	554	435
Number of shareholders	39,000	35,000	35,000	32,000	29,000	20,000	18,000	18,000	15,000	15,000

The consolidated accounts are drawn up using the past equity method from, and including, 1976.

<sup>1)</sup> The Martin group and Tornado are included from fiscal year 1976.

<sup>2)</sup> National Union Electric Corporation (NUE), USA, is included from fiscal year 1974.

<sup>3)</sup> The Facit group is included from fiscal year 1973.

<sup>4)</sup> The result after depreciation and financial income expressed as a percentage of the total assets shown in the balance sheet.

<sup>5)</sup> Result after net financial items and estimated tax payable, expressed as a percentage of the opening equity capital, calculated as the sum of the equity capital in the books plus 50% of untaxed reserves.

<sup>6)</sup> See Note 5, on page 23.

<sup>7)</sup> For 1977, as proposed by the Board of Directors. Dividends per share for 1974 and previous years have been adjusted for share splits and bonus issues.

<sup>8)</sup> Booked equity capital plus 50% of untaxed reserves in relation to total assets in the balance sheet.

## Abbreviated Denominations

kr = Swedish Kronor

Mkr = millions of Swedish Kronor

On December 31, 1977

£sterling=kr 8:89

US\$1 =kr 4:66

Mkr 1 =£ 112,500 approximately =

US\$ 214,600 approximately

m<sup>3</sup> = cubic metres

## Electrolux Group in 1977

Group sales increased by 20.8% to Mkr 9,239.

Operating results after normal depreciation amounted to Mkr 733 compared with Mkr 603 in 1976.

Profits before appropriations and tax amounted to Mkr 514 compared with Mkr 443 in 1976.

The adjusted profit per share was Skr 16:15 compared with Skr 13:80 in 1976.

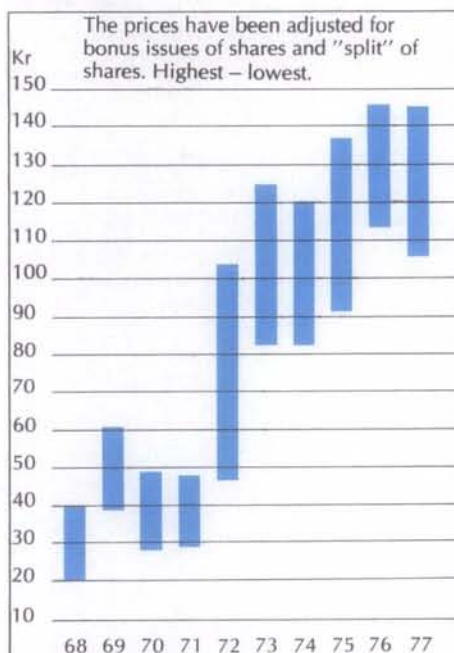
The average number of employees was 69,495, of which 23,660 were in Sweden. The corresponding figures in 1976 were 71,552 and 24,758 respectively.

Wages, salaries and other remuneration paid in 1977 amounted to Mkr 2,975 compared with Mkr 2,345 in 1976.

Return on capital employed dropped from 12.1% to 11.9%.

Return on equity capital increased from 15.0% to 15.8%.

## Prices quoted for Electrolux "B" shares on Stockholm Stock Exchange.



Investments in real estate, machinery, equipment and tools amounted to Mkr 448 compared with Mkr 452 in 1976, both figures including companies acquired during the respective years.

An agreement was reached in Switzerland to acquire 84% of the shares in Therma AG, Schwanden. This company, which manufactures and markets as its main products domestic cookers, water-heaters, kitchen equipment and catering equipment, was acquired at the beginning of 1978.

An agreement was reached for the acquisition from ASEA of 38.42% of the ordinary shares in Arno S.A., Sao Paulo, Brazil. This company manufactures and markets domestic vacuum-cleaners, kitchen appliances, electric motors, and other products. This acquisition was not completed until 1978.

The profit of the parent company, after tax, amounted to Mkr 118.0 compared with Mkr 90.1 in 1976.

The Board of Directors of AB Electrolux propose to make a bonus issue of 1 (one) new share, series "B", for every 5 (five) old shares, series "A" and "B", to be paid up from the write-up of the book values of the shares in a number of foreign subsidiaries by Mkr 115.7 and the transfer of Mkr 45 from the reserves, in all an amount of Mkr 160.7.

The Board further propose to pay as dividend an amount of Mkr 101.2 (1976: Mkr 88.4), which corresponds to Skr 5:25 per share following the bonus issue, or Skr 6.30 on the present number of shares in issue (1976: Skr 5:50). The dividend will be paid on the shares currently in issue.

From fiscal year 1976 the past equity method is used in drawing up the consolidated accounts. The Group previously used the par value method. See also Accounting Principles on page 17.

## AB Electrolux Board of Directors

### Members

HANS WERTHÉN,  
Chairman (Executive)  
GÖSTA BYSTEDT,  
Managing Director (President)  
GUNNAR ENGELLAU,  
Chairman of the Board, AB Volvo  
KARL-GUSTAV LAGERSTRÖM,  
Local Chairman, Swedish  
Industrial Salaried  
Employees' Association, Alingsås\*)  
JOHNNY NIKLASSON,  
Local Chairman, Swedish  
Metalworkers Union, Motala\*)  
JACOB PALMSTIERNA,  
Managing Director (President),  
Skandinaviska Enskilda Banken  
ÅKE T. VRETHEM,  
Deputy Chairman of the Board, ASEA  
PETER WALLENBERG,  
Chairman of the Board, Atlas Copco AB

### Deputy Members

SUNE ANDERSSON,  
Local Chairman, Swedish  
Supervisory Employees'  
Association Västervik\*)  
(until 31st August 1977)  
HARRY ERIKSSON,  
Senior Deputy Managing  
Director (Senior Executive  
Vice President)  
RUNO ERIKSSON,  
Local Chairman, Swedish  
Supervisory Employees'  
Association, Motala\*)  
(from 1st September 1977)  
ARTHUR GRIMBORG,  
Local Chairman, Swedish  
Metalworkers' Union,  
Mariestad\*)  
JOSEPH V. MCKEE JR.,  
Executive President,  
National Union Electric  
Corporation, (NUE), USA  
SVEN OLVING,  
Vice-Chancellor  
Chalmers Institute of  
Technology

\*) Representatives of the employees

## Auditors

Regular auditors  
ARNE HOLMÉN,  
Chartered Accountant  
BRUNO SVENSSON,  
Chartered Accountant  
Deputy Auditors  
JAN NORDENBÄCK,  
Chartered Accountant  
STEN LUNDEVALL,  
Chartered Accountant





HANS WERTHÉN



JACOB PALMSTIERNA

SVEN OLVING



JOSEPH V. MCKEE JR.

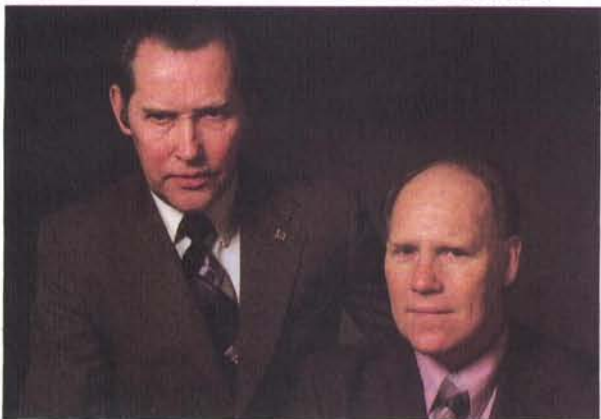
ÅKE T. VRETHEM



HARRY ERIKSSON



GUNNAR ENGELLAU



RUNO ERIKSSON

KARL-GUSTAV LAGERSTRÖM



JOHNNY NIKLASSON

ARTHUR GRIMBORG



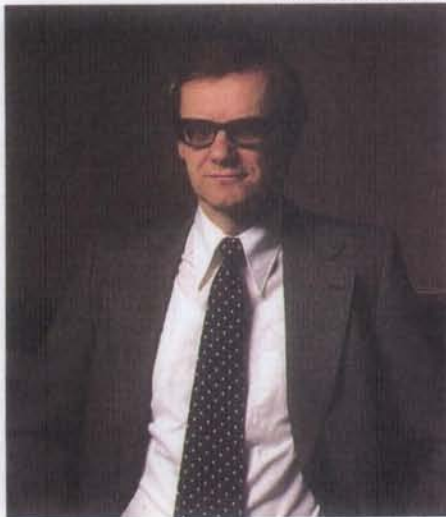
PETER WALLENBERG



GÖSTA BYSTEDT



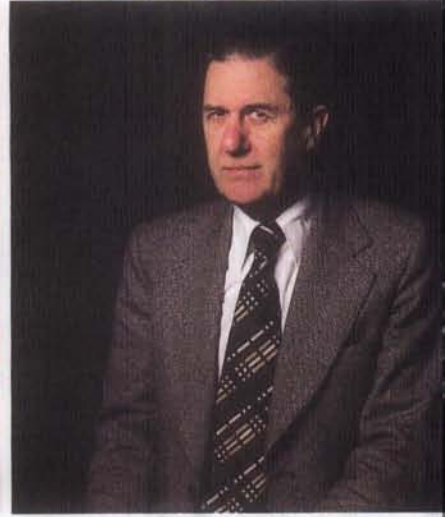
HARRY ERIKSSON    ANDERS SCHARP    HANS WERTHÉN    GÖSTA BYSTEDT



BERTIL LJUNGQUIST



LENNART RIBOHN



OWE WERNER



LARS EMILSSON



FOLKE HEIBERT



## Group Management

### Group Executive Committee

HANS WERTHÉN, Executive Chairman

GÖSTA BYSTEDT, Managing Director (President)

HARRY ERIKSSON, Senior Deputy Managing Director (Senior Executive Vice President)

ANDERS SCHARP, Deputy Managing Director

### Other Chief Executives

LARS EMILSSON, Motala and Strömstad factories

GUNNAR ERICSSON, International Sales Department

FOLKE HEIBERT, Catering and Hospital equipment, etc

SIMON LILIEDAHL, International Sales Department

LEIF LINDGREN, Group Treasurer

YNGVE LINDHOLM, Caravan refrigerators, USA

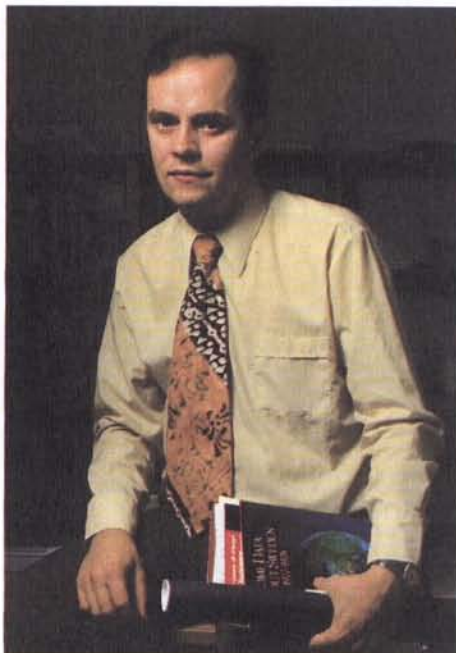
BERTIL LJUNGQUIST, Personnel Department

LENNART RIBOHN, Group Controller

OWE WERNER, Research and Development



YNGVE LINDHOLM



LEIF LINDGREN



SIMON LILIEDAHL

GUNNAR ERICSSON



# Operations in 1977

The Directors' Report for AB Electrolux is incorporated in the report for the Group.

## General review of the year

Economic conditions continued to vary widely in 1977, with expansion in some countries and stagnation or decline in others. Countries with large external payments deficits have introduced measures with the aim of restraining imports and/or private consumption. In Sweden the payments deficit increased and during the course of the year the Swedish krona was devalued with the objective of improving the competitive position of Swedish companies and reducing the payments deficit.

The geographical spread of the Electrolux Group, and our wide range of products, affords a degree of protection against exchange rate fluctuations and changing economic conditions. In 1977 sales increased by 20.8% to Mkr 9,239. Approximately half the increase is due to the conversion of the sales of several large subsidiaries (in France, Great Britain, the USA and other countries) into Swedish kronor at a higher rate than in 1976.

The position of the Group as one of the world's leading manufacturers of *domestic vacuum-cleaners* has been strengthened. Increased market shares were obtained in several countries and sales continue to show good profitability.

The market for *K-products* (refrigerators, freezers, cookers, etc) stagnated in some countries as a result of measures introduced to restrain consumption and a decline in housebuilding. However, this was compensated for by increased sales in other markets. Despite tough competition Electrolux has maintained, and in some markets even increased, its market shares. The acquisitions of Therma AG in Switzerland and Husqvarna AB in Sweden have further strengthened the position of the Group on the continent of Europe and in Scandinavia respectively. The sales of absorption refrigerators for recrea-

tional use developed well at the beginning of the year, although slackening off somewhat later.

Despite the continued low level of investment in a number of markets sales of *industrial products*, namely catering, hospital and laundry equipment- and storage, engineering workshop and filing equipment, progressed well. The costs of reorganising the companies we have acquired, and of intensified marketing activities on the continent of Europe, have caused a decline in profitability.

*Commercial cleaning services* showed an overall increase in sales and greater profits even though the cleaning companies in Belgium, France, the Netherlands and South Africa were sold during the year.

The sales of *office products* were affected by persistent slack demand. Continued co-operation with outside manufacturers, combined with the increased mechanisation and automation of production, together with sustained efforts on export markets, have led, however, to better results.

## Sales

Sales of the Electrolux Group in 1977 amounted to Mkr 9,239 (7,646)<sup>1)</sup>. Companies acquired during the year accounted for Mkr 63 of this total, while companies sold during 1977 had sales of Mkr 95 in 1976.

Sales to customers outside Sweden totalled Mkr 7,063 (5,589), which is the equivalent of 76.4% (73.1) of the total. The increased share represented

by sales abroad is to some extent accounted for by the increase in the value of several foreign currencies in relation to the Swedish krona.

The breakdown of total sales by region is shown on page 54. The breakdown of European sales by country is shown below (Mkr):

	1977	1976
Sweden	2,176	2,057
France	1,254	1,013
Great Britain	724	470
Norway	655	433
Western Germany	499	371
Denmark	258	245
Switzerland	242	149
Netherlands	214	197
Other	750	653
	6,772	5,588

Sales in the USA and Canada amounted in 1977 to Mkr 1,425 (1,150), which means that the North American market is still the largest outside Sweden.

Total exports by Group companies in Sweden amounted to Mkr 1,442 (1,309). Dividends, royalties and interest paid from abroad to Sweden amounted to Mkr 141 (101).

Sales of the parent company, AB Electrolux, amounted in 1977 to Mkr 1,496 (1,306). Of this total Mkr 1,252 were sales to Group companies and Mkr 244 were to external customers (1,109 and 197). Exports by the parent company amounted to Mkr 814 (685), which was 54.4% (52.5) of its total sales.

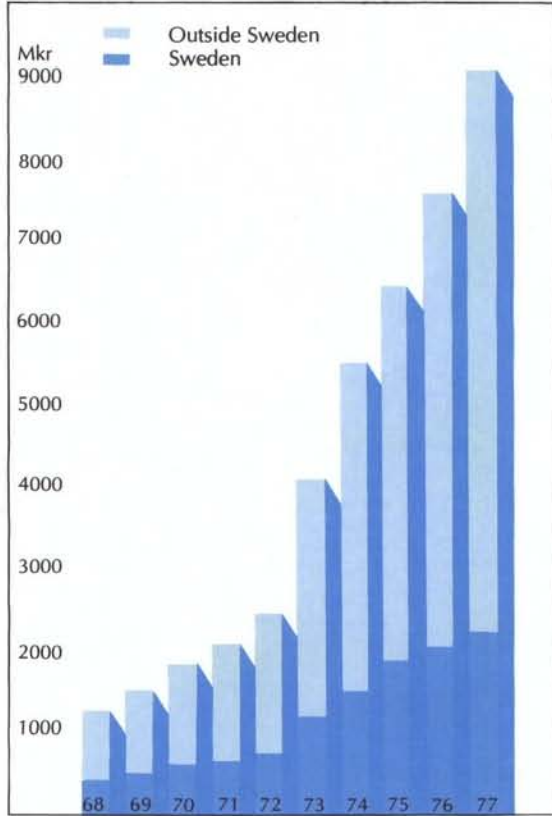
The breakdown of sales by product group is shown in the table below (Mkr):

	1977	%	1976	%
Household appliances and cleaning machines	6,240	67.6	5,020	65.6
Industrial products	798	8.6	693	9.1
Office products	927	10.0	846	11.1
Commercial cleaning services	851	9.2	739	9.7
Other products	423	4.6	348	4.5
	9,239	100	7,646	100

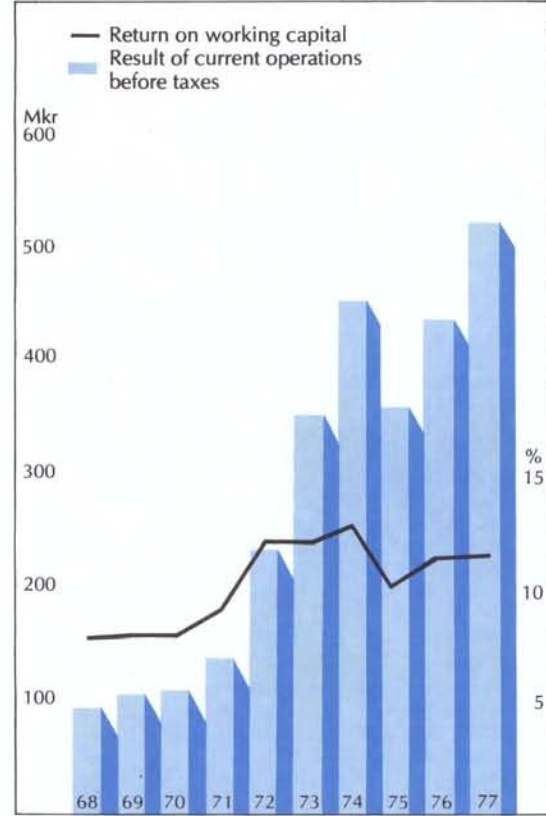
<sup>1)</sup> Figures in brackets show the corresponding amounts for 1976.



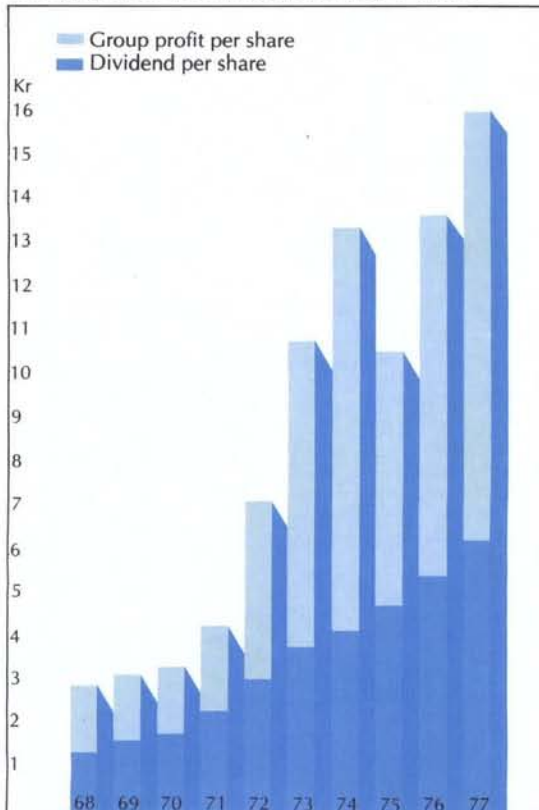
**Group sales**



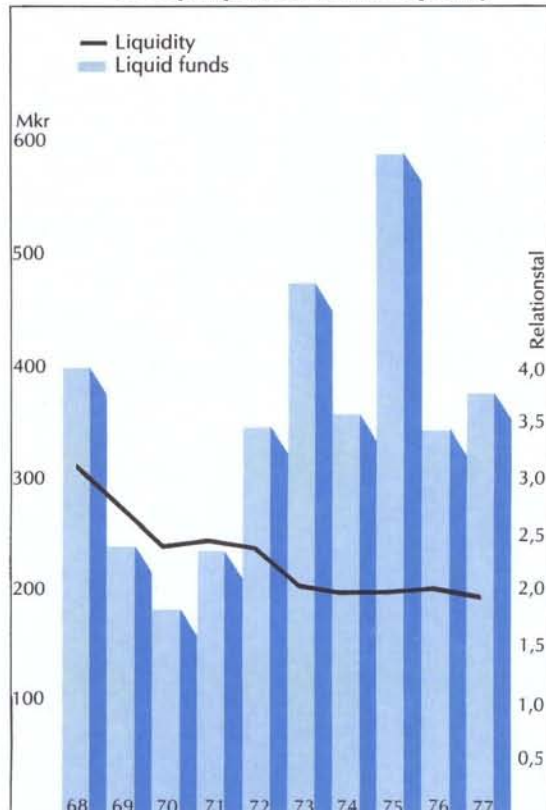
**Group result and return on working capital**



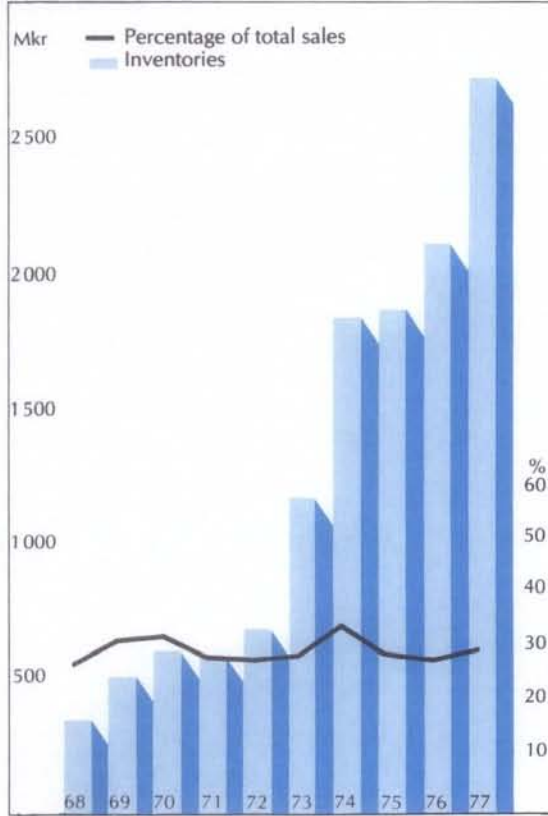
**Group profit and dividend in kr per share**



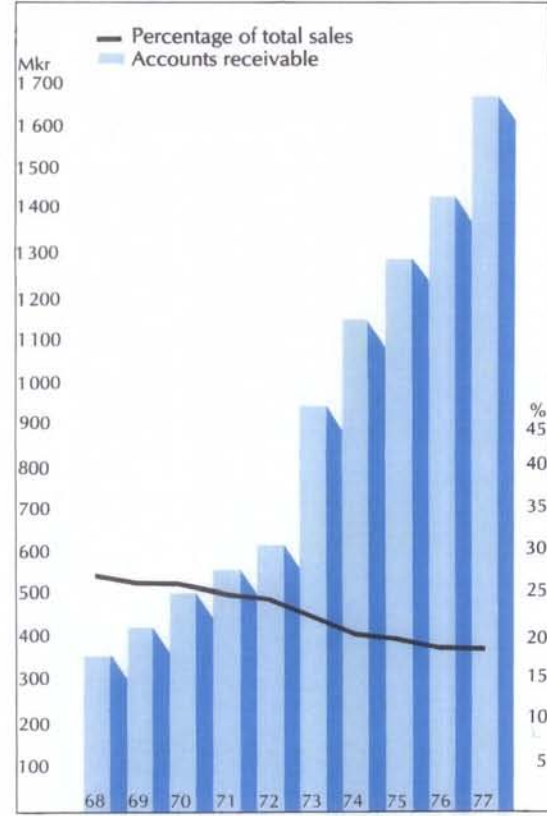
**Group liquid funds and liquidity**



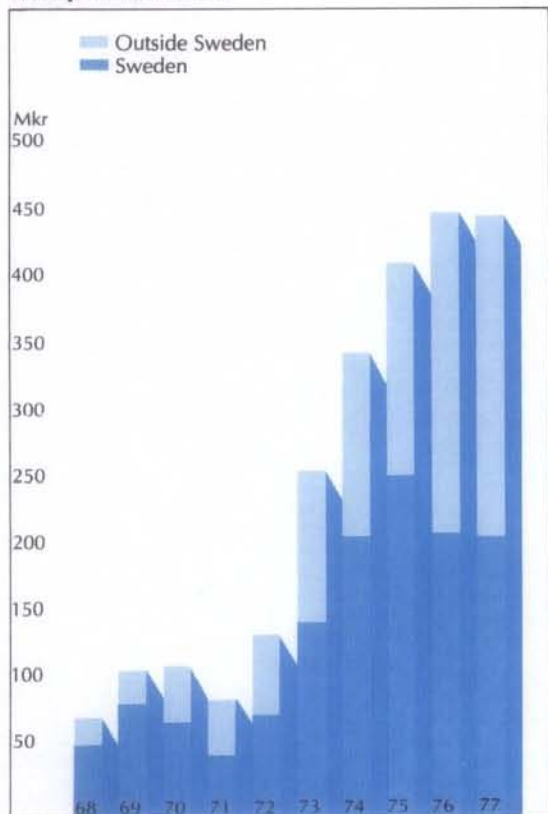
### Group inventories



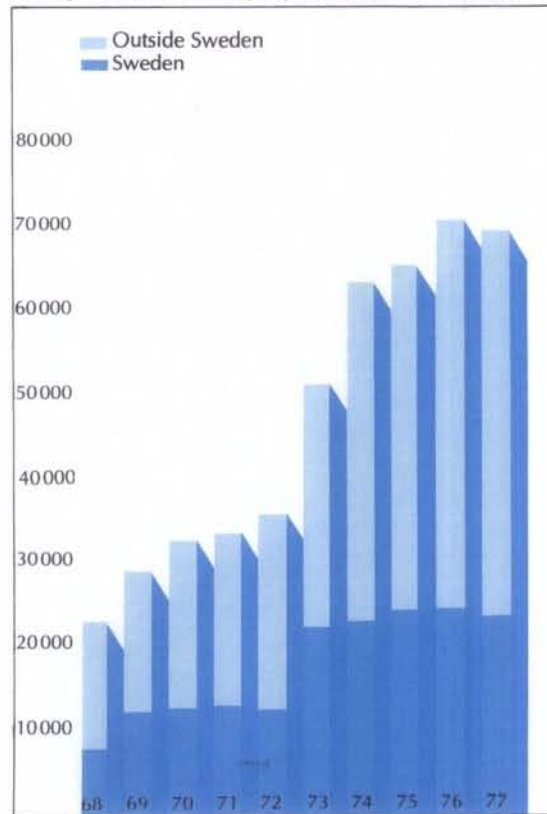
### Group accounts receivable



### Group investments



### Group number of employees (annual average)





## Results

Group operating results before depreciation amounted to Mkr 1,054 (867). After normal depreciation the operating result was Mkr 733 (603), corresponding to 7.9% (7.9) of total sales. Net financial cost amounted to Mkr 204 (149). After extraordinary income and expenditure the profit before appropriations and taxes amounted to Mkr 514 (443).

The result after normal depreciation by product group is shown in the table below (Mkr):

	1977	1976
Household appliances and cleaning machines	586	505
Industrial products	50	56
Office products	50	4
Commercial cleaning services	37	30
Other products	10	8
	733	603

The cleaning companies in Belgium, France, the Netherlands and South Africa, which were sold during the year, accounted for Mkr 2 in 1976.

The adjusted profit per share increased to Skr 16:15 (13:80). The return on capital employed<sup>1)</sup> amounted to 11.9% (12.1) and the return on equity capital<sup>1)</sup> was 15.8% (15.0).

The profit of the parent company, AB Electrolux, before appropriations and taxes was Mkr 154.5 (129.7). After appropriations of Mkr 12.5 (19.6) and taxes of Mkr 24 (20.0) the net profit for the year was Mkr 118.0 (90.1).

## Financing, liquidity and solidity

Internally generated funds during 1977 totalled Mkr 541 (438). Long-term liabilities increased by Mkr 157 (126) and Mkr 45 (86) was raised by the sale of fixed assets. Investments in

real estate, machinery, equipment and tools amounted to Mkr 448 (452). The level of self financing, viz. internally generated funds in relation to total investments, was 121% (97).

Working capital, excluding liquid funds and short-term investments increased by Mkr 354 (397). The turnover rate for accounts receivable increased, while it fell for inventories. At the end of the year accounts receivable amounted to 18.4% (19.1) of sales, while the equivalent ratio for inventories was 29.8% (27.8).

The turnover rate for total capital, expressed as the ratio of sales to total assets in the balance sheet, was 1.39 (1.41).

Cash and bank balances amounted to Mkr 192 (211) at the year-end. As a result of the Group's financial planning, liquid funds have throughout been held at a lower level than in previous years. Net financial cost amounted to Mkr 204 (149). At the end of the year the Group had unutilised credit and overdraft facilities available amounting to some Mkr 300 (300).

Liquidity, expressed as the ratio between current assets and current liabilities, was 1.98 (2.07). The changed ratio is due to an increased proportion of borrowing being in short-term loans, as the rate of interest on these loans was generally lower on the international money market than it was on long-term loans.

Solidity, expressed as the ratio between equity capital plus 50% of untaxed reserves and total assets was 32.0% in 1977 compared with 30.3% in 1976.

The Group target is for solidity, calculated as above, always to be in excess of 25%. In calculating this ratio the effect of convertible loans, which are likely to assume greater significance in the future, should be borne in mind.

## Acquisition, formation and sales of companies

In accordance with a decision of the Board of Directors of AB Electrolux in November 1977 the shareholders of Husqvarna AB were invited to make a share exchange in which each share in Husqvarna AB entitled the holder to one unit of convertible loan stock in AB Electrolux, nominal value Skr 120, bearing 8% annual interest and with entitlement to convert into "B" shares of AB Electrolux. The conversion terms were that the loan stock can be converted after January 1980, nominal Skr 130 of loan stock being payment for 1 (one) "B" share in AB Electrolux. The offer applied on the condition that it was accepted by a sufficient number of shareholders for AB Electrolux to acquire 90% of the stock in Husqvarna AB. On the expiry date, February 28, 1978, shareholders representing more than 90% of the Husqvarna AB capital had accepted the offer.

As background to the merger which was thus agreed it can be mentioned that there are several areas for co-ordination between Electrolux and Husqvarna, for example in purchasing, production and marketing. Both groups make products of high quality, which are sold to a great extent outside Sweden. A merger will mean increased capability to meet the current competition more effectively within the fields of household appliances and commercial freezers and refrigerators.

The co-ordination of manufacturing will mean longer production series, primarily of the components common to the products of both companies.

Electrolux has an extensive international sales organization, with subsidiaries in more than 40 countries, and sales agents, licensees, and other representatives around the world. Husqvarna has a strong sales organization in the Scandinavian countries,

<sup>1)</sup> For definitions please see page 1.



but is not as well entrenched as Electrolux on other markets. The merger will make it possible to launch Husqvarna's products on new markets, while at the same time enabling Electrolux' existing sales organization to market quite new products, such as sewing machines and motor-saws. Electrolux and Husqvarna have individually aimed to achieve a spread of risks by diversification of their product programmes and by increased geographical dispersion. The merger will also yield considerable benefits in this respect. A description of the activities of Husqvarna and of its results in 1977 is provided on page 15.

Since the arbitration decision in 1977 concerning the value of the outstanding shares in Facit AB a further 15,252 shares have been acquired. The arbitration decision has been appealed by some minority shareholders. The number of shares held outside the Group was 5,734, which is 0.7% of the share capital of Facit AB.

A further 44.9% of the shares of ASAB, Stockholm, were acquired. We previously held 50.1% of the issued shares of this company. The remaining 5% were acquired at the beginning of 1978. ASAB is Sweden's largest privately-owned commercial cleaning services company, active throughout the country. Sales in 1977 were Mkr 343.

Electrolux Återförsäkringsaktiebolag was formed for the purpose of acting as a re-insurance company for the insurance of buildings, machinery, etc, owned by the foreign subsidiaries of the Group.

AB Tvättman, which is engaged in the laundering and renting of textiles and protective clothing, acquired all the shares in Stockholms Ångtvätt AB and Räckstatvätten AB at the beginning of 1978. Sales in 1977 were Mkr 8.

A further 41% of the shares were acquired in Zig-Zag Fabriks AB, Malmköping, which was previously 50% owned. The company, which

manufactures and markets bathroom fittings, had sales of Mkr 10 in 1977.

In Sweden, 50% of the shares were acquired in Örebro Värmeindustri AB and in Autoterm Villavärme AB, Örebro. These companies make and sell heating pumps and electric boilers for the heating of private houses. Their sales in 1977 amounted to Mkr 19.

An agreement was reached with ASEA for the acquisition of 38.42% of the ordinary shares in Arno S.A. Indústria e Comércio, São Paulo, Brazil. The company's activities comprise the manufacture and sale of domestic vacuum-cleaners, mixers, fans, hair-driers, etc, autoelectrical equipment and electric motors. This transaction is a stage in the restructuring of the activities of Electrolux and ASEA in Brazil. The acquisition was completed in 1978.

An agreement was reached in Switzerland for the acquisition of 84% of the shares in Therma AG., Schwanden, Switzerland. The company, which manufactures and markets domestic electric cookers, water-heaters, equipment for the electrical heating of private houses and apartments, kitchen fittings, catering equipment, and refrigeration equipment for hotel kitchens, food stores, etc, was acquired at the beginning of 1978. An offer has been extended to the remaining shareholders to sell their shares in Therma to Electrolux on the same terms agreed with the majority owners. The sales of the company in 1977 amounted to SwFr 103 million.

In addition the entire share capital of Walter & Bruynzeel AG, Balzerswil, Switzerland, was acquired. This company manufactures and sells steel storage equipment. Sales of Mkr 16 were reported in 1977.

Sales companies have been formed in Nigeria, Jordan and Thailand in partnership with local interests.

Following the acquisition of the majority of the shares in Tornado S.A., France, in 1976, 50% of the sha-

res in Tornado-Ibérica S.A., Spain, were acquired. This company is engaged in selling vacuum-cleaners to the specialist retail trade. Sales in 1977 were Mkr 27.

During the year we acquired three commercial cleaning companies in Belgium, which were sold later in the year along with the commercial cleaning companies we already owned in Belgium, the Netherlands and France, except for a 50% holding in ISS-Neproma B.V., in the Netherlands, which is engaged in the laundering and renting of textiles and protective clothing, and other products.

In South Africa we disposed of all the shares in Electrolux (Pty) Ltd, Johannesburg and some 81% of the shares in the commercial cleaning company, Supervision Cleaning Services (Pty) Ltd, Durban, to local interests.

## Production and investments

Utilisation of the production resources at our larger Swedish factories was approximately the same as in 1976. Despite the decline of several markets during the year production and sales could be kept at a high level as increased market shares on most markets were obtained. At some of our Swedish factories production has been re-organised and mechanised in order to counter the effects of the high cost levels in Sweden.

Total Group investments in real estate, machinery, equipment and tools, amounted to Mkr 448 in 1977 (452). Of this total Mkr 9 (100) relates to companies acquired during the year. Investments in Sweden amounted to Mkr 213 (217).

During the year extensive investments have been made in equipment for the increased mechanisation of our manufacturing facilities, for example for cookers and caravan refrigerators at Motala, at the factories in Västervik and Säffle for the production of fractional horse-power electric



motors, and motor fan units, and warehouse and storage equipment respectively. A mini-computer system has been installed at the Mariestad factory for quality control.

Of the funds set aside in 1974 for investments to improve the working environment Mkr 23 have been utilised.

The rationalisation and modernisation of the manufacturing facilities of the Martin Group in France, which was begun earlier, has continued. A new paint shop has been installed at the Revin plant, for the painting of washing machines and dish-washing machines.

At Senlis, outside Paris, an office building was completed at the end of 1977, and this has made it possible for us to co-ordinate the administration and part of the stockholding facilities of the Martin companies and Tornado with the Electrolux activities on the site.

In order to meet the need for increased capacity for the production of vacuum-cleaners and floor-polishers in Spain an additional factory building has been acquired adjacent to our present factory in Madrid, which has doubled our manufacturing space to 3,700 sq metres.

The factories in Sweden accounted for 46% of the production value of the Group in 1977 (51.8).

In January 1978 we sold our head office building on Lilla Essingen in Stockholm for a sum of Mkr 130. In conjunction with the sale we leased back the property on a 20-year contract with an option to extend.

## Employees

The average number of employees in the Group fell in 1977 from 71,552 to 69,495. Companies acquired in 1977 accounted for 888 of the total, while the total in 1976 included 3,568 employees of companies which were sold in 1977.

The training programme we started in connection with the new Swedish legislation on employee participation

has continued. The purpose of these activities is, in the long term, to increase productivity.

The reduction in the number of employees in foreign Group companies is due mainly to the sale of the commercial cleaning companies in Belgium, France, the Netherlands and South Africa. The average number of employees in these companies in 1976 was 3,087. Furthermore, the continued co-ordination of the activi-

ties of newly-acquired companies with those of companies we already owned resulted in a fall in the total number of employees in Sweden as well as abroad.

The proportion of employees in Group companies in Sweden was 34% (35). In the commercial cleaning companies the total average number of employees was 18,184, of which 6,710 or 37% were in Sweden.

The average number of employees amounted to:

	1977	%	1976	%
Parent company	6,548	9	6,323	9
Group companies in Sweden	17,112	25	18,435	26
Total in Sweden	23,660	34	24,758	35
Group companies abroad	45,835	66	46,794	65
	69,495	100	71,552	100

Wages, salaries and other remuneration paid to employees in Sweden amounted to Mkr 1,329 (1,073), which corresponds to 45% (46) of the total wages and salaries bill for the Group. Social welfare payments (na-

tional general pension, other pension premiums, employer levy, group life insurance, etc) on behalf of employees in the parent company and other Group companies in Sweden amounted to Mkr 453 (387).

Wages, salaries and other remuneration amounted to (Skr 000s):

	1977	1976
Group		
Board of directors, managing director and deputy managing directors	3,070	2,270
Other employees	2,972,055	2,342,709
	2,975,125	2,344,979
Parent company		
Board of directors, managing director and deputy managing directors <sup>1)</sup>	2,398	2,045
Other employees	324,157	299,334
	326,555	301,379

In 1977 there were 47 workplaces with more than 20 employees<sup>2)</sup>. The complete statutory list is incorporated in the annual report which has been sent to the Swedish Patent and Registration Office.

<sup>1)</sup> No profit-based bonus has been paid.

<sup>2)</sup> The geographical breakdown of the number of employees and wages and salaries paid is shown in the map on page 50.

## Outlook for 1978

The Board of Directors expect that the Group will continue to make good progress. This opinion is based on the following main factors:

1. The acquisitions of Husqvarna and Therma have broadened the spread of activities, both in respect of geographical markets and products, which will make possible continued expansion in sales and further improve our results while also contributing to reducing our exposure to changes in the economic situation and currency rates.
2. The re-organisation of the Facit Group is now mostly completed, which means we can expect some profits to be earned from these activities in future.
3. The Group's commercial cleaning service activities have expanded, partly through an increased volume of business and partly through the acquisition of new lines of business, which should provide a base for further improvements in results.
4. The take-over of Husqvarna will mean a long-term strengthening of the Group's position on the markets for domestic appliances and equipment and for commercial refrigeration and freezer products. Husqvarna is expected to show appreciably improved results from current operations in 1978, and the necessary costs of re-organisation should be covered by extraordinary income.
5. The funds necessary for the Group's continued expansion can be found, even though some of the Group's financial resources are being used to meet the needs of acquired companies.
6. In 1977 AB Electrolux received dividends from foreign subsidiaries totalling Mkr 112, which is more than sufficient to cover the dividend proposed by the Board of Directors.

For 1978 we expect that Group sales will increase to almost Mkr 12,000, including Husqvarna and Therma. As these newly acquired companies cannot be expected to make any significant contribution to profits before 1979, we estimate the improvement in results in 1978 at approximately 10%.



# Proposal of the Board of Directors for the Distribution of Profits of AB Electrolux

The share capital of AB Electrolux amounts to Skr 803,500,000, represented by 16,070,000 registered and fully-paid shares. As the company expects to need to raise further working capital in Sweden as well as on the international capital market, where a borrowing company's Equity Capital base is of considerable im-

portance, and as the company's share capital should for other reasons be adjusted in line with the growth of our activities, the Board of Directors proposes, and asks the Annual General Meeting to approve, an increase in issued share capital to Skr 964,200,000, by means of a bonus issue of Skr 160,700,000.

It is proposed that the bonus issue be effected as follows:

a) Transfer of the revaluation reserve as booked in 1977	Skr	25,000,000
b) Transfer of the surplus in the statutory reserve	Skr	3,952,000
c) Transfer of retained profits	Skr	16,048,000
d) Write-up of the company's shareholding in		
Electrolux Ltd, Luton	Skr	70,700,000
Dometic Inc, New York	Skr	30,000,000
Electrolux GmbH and Lux GmbH, Berlin	Skr	15,000,000
	Skr	160,700,000

During 1977 the company wrote up the book values of the buildings it owns by Mkr 25, which has been placed into a revaluation reserve and is available for the increase in the company's share capital. At the year-end the buildings owned by the company had an assessed value of Mkr 200.3.

The net book value after the above mentioned write-up is Mkr 189.3.

The statutory reserve at December 31, 1977 amounted to Skr 196,792,000. After the proposed bonus issue has been effected a reserve of 20% of the new share capital will be necessary, totalling Skr 192,840,000. There is thus a surplus of Skr 3,952,000.

Electrolux Ltd, Luton, which owns, among others, the Electrolux company in Australia, has recorded good results during the last few years. The company, including its subsidiaries, shown in the consolidated balance sheet at December 31, 1977 with an Equity Capital of some Mkr 387.

The shares in Electrolux Ltd are included in the company's balance sheet at December 31, 1977, at a book value of Skr 192,500,000. After

the above proposed write-up these shares will have a book value of Skr 263,200,000. The Dometic Inc. Group, which includes National Union Electric Corporation (NUE), had Equity Capital at December 31, 1977, of US\$ 62 million, which, using an exchangerate of Skr 4:60 per dollar is the equivalent of Mkr 285 (net asset value). The shares in Dometic Inc are shown in the parent company's balance sheet at December 31, 1977, at Mkr 237.6. After the proposed write-up these shares will have a book value of Mkr 267.6. As the Dometic Group has achieved very good results the yield value is substantially higher than the net asset value.

Electrolux GmbH and Lux GmbH, Berlin, have a combined equity capital of DM 20.5 million, which, using an exchange rate of Skr 2:22 per DM, is the equivalent of Mkr 45.5. No regard has been taken to the fact that the property owned by Lux GmbH, has a market value which is appreciably higher than book value.

The shareholdings in the above companies were included in AB Electrolux' books at December 31, 1977, at a value of Mkr 22.9, which

will increase to Mkr 37.9 after the proposed bonus issue. There will be an internal reserve remaining, apart from the hidden reserve in the value of the property.

Subject to the approval of the Annual General Meeting 3,214,000 new shares of a par value of Skr 50:- will be issued. Shareholders will receive, without payment, one new share of Skr 50:- for every five old share of Skr 50:- owned. Old shares of series "A" entitle the owner to new share of series "B", (not series "A").

The newly-issued shares will have the same rights as old shares of series

"B", and be entitled to participate in the dividends from and including fiscal year 1978.

Stamp duty on the new shares will be paid by the company.

After the proposed bonus issue has been effected the share capital of the company will amount to Skr 964,200,000, represented by 1,000,000 shares of series "A", and 18,284,000 shares of series "B", in total 19,284,000 shares.

The Board of Directors further proposes that, following the above bonus issue, the funds at the disposal of the Annual General Meeting, being

the retained profits brought forward	Skr	81,113
and the net profit for 1977	Skr	117,959,892
<hr/> totalling	Skr	118,041,005

be distributed as follows:

by way of dividend to shareholders, Skr 5:25 per share after the bonus issue, or Skr 6:30 per existing share, amounting to to be retained and carried forward in the new account	Skr	101,241,000
	Skr	16,800,005
	Skr	118,041,005

For administrative reasons the dividend will be paid on the existing old shares.

We wish to take this opportunity to thank all Electrolux employees, both in Sweden and abroad, for all their efforts in 1977.

Stockholm March 15, 1978.

HANS WERTHÉN

Chairman of the Board of Directors

GUNNAR ENGELLAU

KARL-GUSTAV LAGERSTRÖM

JOHNNY NIKLASSON

JACOB PALMSTIERNA

PETER WALLENBERG

ÅKE T. VRETHEM

GÖSTA BYSTEDT

Managing Director

/ HARRY ERIKSSON



# Husqvarna

## Sales, results

Sales of the Husqvarna Group in 1977 amounted to Mkr 1,310 (1,259), an increase of 4% on 1976.

The operating result after normal depreciation was Mkr 2,7 (53,6), while the result after net financial items was a loss of Mkr 35.2 (profit 25.8). This loss includes currency losses of Mkr 6.1 on long-term loans.

Extraordinary costs amounted to Mkr 9.0 net, of which the cost of early retirement taken by some salaried staff was Mkr 6.0.

This loss has been covered by decrease in the inventory reserve of Mkr 56.7.

Results in summary:

Group, Mkr	1977	1976
Operating result before depreciation	35.7	82.3
Normal depreciation	-32.9	-28.7
Net financial items	-31.9	-27.8
Currency losses on long-term loan	- 6.1	-
	-35.2	25.8
Net extraordinary items	- 9.0	1.2
Depreciation in excess of normal	- 8.1	-12.3
Changes in inventory reserves	56.7	- 1.8
Other appropriations	0.0	4.4
Tax	- 3.2	- 6.4
Minority interests	-	- 0.8
Net profit	1.2	10.1

## Employees

The number of employees on December 31, 1977 was 6,574 compared with 6,894 on January 1, 1977. Their distribution is shown in the table below:

	1977	1976
Salaried staff		
Sweden	1,446	1,587
Abroad	884	933
	2,330	2,520
Wage-earners		
Sweden	3,569	3,632
Abroad	675	742
	4,244	4,374
Total	6,574	6,894

## Products, markets

The activities of the Group are split into four operating divisions.

### Sewing Machine Division

The product programme comprises a range of modern, technically advanced sewing machines for domestic use.

Husqvarna has an extremely strong position on the Swedish market and high market shares on the other Scandinavian markets. Australia, France, USA, and Western Germany are other important markets for Husqvarna sewing machines.

Manufacturing takes place mainly in Sweden, but there is also a factory in Western Germany.





### Motor Division

The most important products are motor-saws, motor-cycles and lawn-mowers.

It is mainly the motor-saws which have progressed well, with high market shares in Scandinavia. Considerable sales are also made in Japan, Canada, and the USA. During the year Husqvarna has launched its motor-saws on several new markets, including Malaysia, West Africa, and Eastern Europe.

The motor-cycles are intended primarily for competition driving and cross-country use. The USA is the dominant market.

Husqvarna markets manual and powered lawn-mowers.

### Household Appliances Division

The product range includes electric cookers, refrigerators, domestic freezers, dish-washing machines, washing machines, kitchen ventilator fans, and small electrical appliances. Sales have suffered as a result of the sluggish economic situation, particularly in house building. The tough competition, particularly on the Swedish market, has led to low price levels and pressure on profit margins.

Manufacturing takes place in Sweden and Norway.

### K-Products Division

Refrigerators and freezers for commercial use and microwave ovens are marketed by the K-Products Division, which has a strong position mainly in Scandinavia. Manufacturing takes place in Sweden and France.





# Accounting Principles

## General

The consolidated accounts include AB Electrolux and all companies in which AB Electrolux directly or indirectly owned at the year-end more than 50% of the voting rights through shareholdings or participations, and two other companies where a group relationship otherwise existed.

In addition they include the following companies together with their subsidiaries, in which the Group owns 50% of the stock: Thomées Lantbruksmaskiner AB, Malmö, ISS Servisystem A/S, Norway, Euroclean A/S, Norway, ISS-Neproma B.V., Netherlands, Tornado Ibérica S.A., Spain, Electrolux Service Ltd, Hongkong, Nesco Ltd, Japan, Electrolux Malaysia Sendirian Berhad, Malaysia. The operating results of these companies amount to 1.8% of the Group operating result after depreciation.

The consolidated accounts also include Commercial Cleaning Services Ltd, Birmingham, England, in which the Electrolux Group has more than half the votes. However, AB Electrolux has undertaken not to use its voting majority in contravention of the agreement made with the minority shareholder, ISS International Service System A/S, Copenhagen, Denmark.

The number of operating companies in the Group was 216 (220) at December 31, 1977. The total number of companies owned at the year-end was 366 (357).

At December 31, 1977, there were minority interests in 86 (85) operating subsidiaries.

## Past equity method

From and including 1976 the past equity method is used in drawing up the consolidated accounts. The method is applied as follows:

The assets and liabilities of companies acquired in 1977 or earlier have been revalued, on the basis of the available accounts and records, in order to show, from the Group point

of view, the acquisition values of the respective companies at the time of acquisition. After such valuations the remainder of the difference between the acquisition value of the shares and the companies equity capital is shown as goodwill or, if necessary, negative goodwill. These values have then been adjusted for depreciation up until January 1st 1976, as if the past equity method had been applied from the acquisition of the company in question until that date. In the case of companies acquired more than 10 years ago a simpler procedure has been used, in accordance with the recommendations of the Swedish Authorized Public Accountants Association. This method assumes that the parent company's book values of the shares in these companies can be taken to represent the acquisition value and thus correspond to the equity capital acquired. In the case of Facit AB, in view of the special circumstances under which the acquisition took place, the only revaluation made is that of real estate, which has been revalued at its assessed value in cases where such values exceeded book values. The difference between the acquisition value of the shares (acquisition was by share exchange against shares in AB Electrolux, valued at the time of the acquisition at the approximate prevailing Stock Exchange price) and Facit's equity capital at the time of acquisition has been shown as negative goodwill.

The following accounting principles have been followed in drawing up the consolidated profit and loss account and the consolidated balance sheet:

- a) Equity capital of subsidiary companies at the time of acquisition has been eliminated.
- b) Depreciation on real estate, machinery and equipment, is made on adjusted values, viz, acquisition values seen from the Group point of view. See below under "Depreciation".

- c) Goodwill has been depreciated by 10% annually. Negative goodwill has been treated in an identical manner, viz, the outstanding amount has been reduced by 1/10 per year. In the consolidated profit and loss account the depreciation of goodwill is shown as the net amount of depreciation and reversal of goodwill.
- d) Companies acquired during the year have been treated as if they belonged to the Group throughout the year and the profit arising in the part of the year in which the company did not belong to the Group is shown as a special deduction.
- e) Translation into Swedish kronor of the financial statements of foreign subsidiaries has taken place at the exchange rates prevailing on the balance sheet date.
- f) Gross accounting has been applied to the untaxed reserves of acquired companies in respect of contingent tax liabilities estimated at 50%. The contingent tax liability is shown among long-term liabilities.  
As regards real estate, machinery and equipment, as well as goodwill, the net method has been used for treating the contingent tax liability.
- g) The share of minority holders in taxed equity capital is shown as minority interests.

## Depreciation

The Group makes a distinction in the accounts between normal depreciation and fiscal depreciation.

Normal depreciation on buildings and land improvements, and on machinery and equipment, is based upon the replacement cost, which is calculated in Sweden on the basis of the insurance companies' index, and in a similar way abroad.

As a rule buildings and land improvements are depreciated at a rate of 3% per year. Machinery and



equipment are depreciated at different rates, between 7% and 20% per year. Motor vehicles are depreciated at 25% per year.

In order to eliminate the effect of applying different depreciation rules in different countries production tools are depreciated on a uniform basis, normally at 33.3% per year.

Fiscal depreciation in excess of normal depreciation is shown in the account as an appropriation.

## **Valuation of inventories**

Inventories are valued at the lower of purchase price according to the first-in-first-out method (FIFO), replacement cost or actual value. Adequate reserves have been set aside to cover the risk of obsolescence.

In valuing almost all its inventories NUE applies the last-in-first-out method (LIFO). The Electrolux consolidated accounts are drawn up in accordance with Swedish accounting practice, and in order to ensure uniform accounting principles throughout the Group the effect of the NUE method of valuing inventories compared with the Electrolux FIFO method is treated as a change in inventory reserves.

## **Claims and liabilities in foreign currencies**

### **Parent company**

Short-term claims and liabilities have been converted at the exchange rate prevailing on the balance sheet date, and unrealised gains and losses have been set off against each other. The loss arising has been charged against the results.

Long-term liabilities have been converted at the higher of the rates on either the day incurred or balance sheet date. From and including 1977, in contrast with practice in previous years, currency losses on long-term loans have not been apportioned across the outstanding life of the loan

but have been charged wholly against the year's results. If the currency losses had been apportioned on the same basis as was previously applied the exchange losses charged against AB Electrolux' results would have been Mkr 30.7 lower.

Long-term claims in foreign currencies have been valued at the lower of the rates on either the day incurred or balance sheet date.

### **Group**

Swedish subsidiary companies treat their foreign currency claims and liabilities in the same way as the parent company, see above.

Foreign subsidiaries treat foreign currency claims and liabilities in accordance with local practice, generally applying the exchange rates prevailing on the balance sheet date.

Of the currency losses incurred by AB Electrolux Mkr 34.3 relate to the US\$ loan raised in connection with the acquisition of NUE. However, as the equity capital of NUE has increased by an equivalent amount in 1977 through the conversion of the subsidiary companies' balance sheets at the exchange rate prevailing on the balance sheet date, the above mentioned difference has been eliminated in consolidation.

Currency losses on external long-term loans totalled Mkr 52.3 for the Group as a whole in 1977.

## **Profit and loss accounts**

The following profit and loss accounts and notes and supplementary information form an integral part of the annual financial statements.



# Electrolux Group Consolidated Profit & Loss Statement

(Amounts in Mkr)	1977		1976	
<b>Operating income and expenditure</b>				
Sales (Note 1)		9,238.8		7,645.7
Manufacturing selling and administrative costs, etc		<u>-8,185.3</u>		<u>-6,778.4</u>
Operating result before depreciation		1,053.5		867.3
Normal depreciation (Note 2)				
Buildings and land improvements	- 42.7		- 35.3	
Machinery, equipment and tools	<u>-276.2</u>		<u>-223.1</u>	
Goodwill (Note 3)	- 1.2	- 320.1	- 5.6	- 264.0
Operating result after normal depreciation (Note 4)		733.4		603.3
<b>Financial income and expenditure</b>				
Dividends on shareholdings		0.5		0.6
Share of earnings in non-Group companies	- 0.7			0.4
Interest:				
Received		56.1		50.1
Paid		<u>-240.2</u>		<u>-184.7</u>
Relating to Pension Fund	- 19.2	-203.5	- 15.8	-149.4
Result from current operations before taxes (Note 5)		529.9		453.9
<b>Extraordinary income and expenditure</b>				
Capital gains/losses (Note 6)		0.8		27.4
Other extraordinary income and expenditure (Note 7)	- 16.9	- 16.1	- 38.7	- 11.3
Result before appropriations and taxes		513.8		442.6
<b>Appropriations</b>				
Depreciation in excess of normal depreciation (Note 2)	- 9.7		- 6.8	
Decrease/increase in general inventory reserve	30.5		- 1.1	
Increase in other financial reserves (Note 8)	- 11.8		- 5.2	
Other appropriations (Note 9)	- 9.0	0.0	- 4.6	- 17.7
Result before taxes		513.8		424.9
Taxes		<u>-197.2</u>		<u>-187.3</u>
Profit after taxes		316.6		237.6
Less: Net result for the pre-acquisition period of the year for companies acquired (Note 10)		- 2.8		- 0.5
Minority interests		- 6.4		- 10.8
Group profit for the year		307.4		226.3

# Electrolux Group

Assets (Amounts in Mkr)	December 31, 1977		December 31, 1976	
<b>Current assets</b>				
Cash and bank balances	192.2		211.2	
Promissory notes	25.3		10.0	
Repurchased parent company loan stock	0.5		5.0	
Securities	35.1		29.0	
Bills receivable	<u>127.8</u>	380.9	<u>87.1</u>	342.3
Receivables, due from customers	1,696.3		1,462.1	
Receivables, miscellaneous (Note 11)	<u>264.9</u>	1,961.2	<u>192.5</u>	1,654.6
Inventories (Note 12)		<u>2,753.7</u>		2,122.6
		<u>5,095.8</u>		<u>4,119.5</u>
<b>Blocked accounts for investment reserves, etc</b>				
		<u>19.1</u>		<u>22.1</u>
<b>Fixed assets</b>				
Receivables, miscellaneous (Note 13)		112.4		93.9
Shares and participations (Note 14)		15.3		17.3
Machinery and equipment (Note 15)	550.0		414.9	
Factory, office and other buildings (Note 16)	741.6		620.1	
Buildings under construction (Note 17)	<u>38.0</u>	1,329.6	<u>76.4</u>	1,111.4
Leases	2.2		1.7	
Goodwill (Note 18)	<u>52.1</u>	54.3	<u>57.8</u>	59.5
		<u>1,511.6</u>		1,282.1
<b>Total assets</b>		<u>6,626.5</u>		<u>5,423.7</u>
<b>Pledged assets:</b>				
Real estate mortgages		316.5		307.0
Floating mortgages		216.0		194.9
Miscellaneous		20.9		35.4
of which: (Bonds and securities, etc)		( 0.3)		( 1.1)
(Accounts receivable)		(16.4)		(30.1)
(Shares)		( 4.2)		( 4.2)



# Consolidated Balance Sheet

Liabilities and equity capital (Amounts in Mkr)	December 31, 1977		December 31, 1976	
<b>Short-term liabilities</b>				
Bills payable	124.5		101.3	
Due to suppliers	570.2		464.8	
Due to customers	59.7		52.0	
Bank loans, etc (Note 19)	793.5		451.9	
Miscellaneous (Note 20)	<u>861.4</u>	<u>2,409.3</u>	<u>758.2</u>	1,828.2
Taxes payable		<u>160.9</u>		<u>157.7</u>
		<u>2,570.2</u>		<u>1,985.9</u>
<b>Long-term liabilities</b>				
Mortgage loans, promissory notes	853.5		755.4	
Miscellaneous (Note 21)	197.1		164.6	
Appropriated for pensions	<u>431.6</u>	<u>1,482.2</u>	<u>369.3</u>	1,289.3
Debenture loans	136.1		148.5	
Bond loans	<u>29.7</u>	<u>165.8</u>	<u>35.0</u>	183.5
		<u>1,648.0</u>		<u>1,472.8</u>
<b>Untaxed reserves</b>				
General inventory reserve	449.7		472.2	
Investment reserve for operations	20.8		14.3	
Special investment reserve	1.6		13.9	
Work environment reserve	<u>19.7</u>	<u>491.8</u>	<u>26.7</u>	527.1
<b>Minority interests</b>		<u>44.6</u>		<u>56.8</u>
<b>Equity capital</b>				
Restricted capital				
Share capital	803.5		803.5	
Statutory reserves (Note 22)	<u>440.3</u>	<u>1,243.8</u>	<u>343.5</u>	1,147.0
Free capital				
Free reserves (Note 23)		320.7		7.8
Group profit for the year		<u>307.4*</u>		<u>226.3*</u>
		<u>1,871.9</u>		<u>1,381.1</u>
<b>Total liabilities and equity capital</b>		<u>6,626.5</u>		<u>5,423.7</u>
<b>Contingent liabilities</b>				
(of which discounted bills)		229.0		189.7
		(62.9)		(60.1)
*) Before allocation to statutory reserves		3.0		5.4

# Electrolux Group Consolidated Statement of Source and Use of Funds

(Amounts on Mkr)	1977	1976
<b>Funds received</b>		
Internally generated funds*)	541.3	438.2
Receipts from "guided" share issue	-	78.7
Sale of fixed assets	44.7	86.3
Increase in long-term liabilities, etc	157.1	125.5
	<b>743.1</b>	<b>728.7</b>
<b>Funds used</b>		
Investments in real estate, machinery, equipment and tools	448.5	451.6
Investments in other fixed assets	17.0	16.7
Changes in the structure of the Electrolux Goup, etc	-114.4	114.2
	<b>351.1</b>	<b>582.5</b>
<b>Change in working capital</b>	<b>392.0</b>	<b>146.2</b>
<b>Specification of change in working capital</b>		
Increase in inventories	+631.1	+244.6
Increase in current receivables	+306.6	+201.5
Increase in current liabilities	-584.3	- 49.4
Increase/decrease in liquid funds	+ 38.6	-250.5
	<b>+392.0</b>	<b>+146.2</b>
<b>*) Specification</b>		
Result before taxes an capital gains	+503.8	+385.2
Appropriations	0.0	+ 17.7
Depreciation of real estate, machinery, equipment and tools	+318.9	+258.4
Depreciation of intangible assets	+ 1.2	+ 5.6
Taxes	-197.2	-187.3
Dividend	- 88.4	- 76.8
Changes in deposits on blocked account for investment reserves	+ 3.0	+ 35.4
	<b>+541.3</b>	<b>+438.2</b>



# Notes on Group Consolidated Financial Statements

(Amount in Mkr)

## Note 1 Sales

Sales refer to invoiced sales excluding value added and sales taxes.

## Note 2 Normal depreciation/depreciation in excess of normal depreciation

For normal depreciation see "Accounting Principles", page 17. The difference between normal and fiscal depreciation is shown below:

	1977	1976
Buildings and land improvements,		
Normal depreciation	42.7	35.3
Fiscal depreciation		
Buildings	- 39.1	- 31.6
Land improvements	- 0.7	- 0.6
Difference	2.9	3.1
Machinery, equipment and tools		
Normal depreciation	276.2	223.1
Fiscal depreciation	-288.8	-233.0
Difference	- 12.6	- 9.9

In addition, depreciation has been charged against the investment reserve for operations, special investment reserve and work environment reserve as shown in Note 9.

## Note 3 Depreciation, Goodwill

Goodwill which derives from the conversion to the past equity method (See Accounting Principles, page 37) is depreciated and reversed by 10% respectively annually as shown below:

	1977	1976
Depreciation of goodwill	18.2	22.8
Reversal of goodwill	- 17.0	- 17.2
Net depreciation	1.2	5.6

## Note 4 Operating result after normal depreciation

The operating result after normal depreciation by product group is shown below:

	1977	1976
Household appliances and cleaning machines	586.2	505.5
Industrial products	50.0	56.5
Office products	50.3	3.6
Commercial cleaning services	36.8	29.6
Other products	10.1	8.1
	733.4	603.3

## Note 5 Adjusted profit in kronor per share

	1977	1976
Operating result on current operations	529.9	453.9
Results of companies acquired during the year deriving from the pre-acquisition period	- 7.2	- 1.0

trp.

Minority interests	- 10.0	- 15.2
Adjusted profit before tax	512.7	437.7
Tax 50%	-256.3	-218.8
Reduced tax under "Annell" allowance for share issues 1975 and 1976	+ 3.0	+ 3.0
Adjusted profit after tax	259.4	221.9
Profit in Skr per share (16,070,000 in issue)	16:15	13:80

## Note 6 Capital gains/losses

Capital gains of Mkr 9.8 have arisen in 1977, in respect of the sale of real estate in Sweden and Switzerland, while losses of Mkr 9.0 were realised on the sale of securities, mainly on the sale of Electrolux (Pty) Ltd, South Africa.

## Note 7 Other extraordinary income and expenditure

Under this heading are included in 1977 the expenditure which was incurred at the Facit factory in Gothenburg as a consequence of the closure, Mkr 13.7, certain delayed costs in connection with the run down of calculator production, Mkr 2.6, and the costs of share issues, Mkr 0.6.

## Note 8 Increase in other financial reserves

In principle all the companies within the Group apply uniform methods for calculating the value of obsolescent inventories, doubtful debts, contingent liabilities, etc, regardless of local taxation rules. However, in certain countries further appropriations are allowed. These are shown in the consolidated profit and loss account under the above heading. In the balance sheet these appropriations are included as to 50% in equity capital and 50% in miscellaneous long-term liabilities.

## Note 9 Other appropriations

Utilised funds from	Machinery	Real estate	Overhead investment	Total
Investment reserve for operations	0.3	3.7	-	4.0
Special investment reserve	1.6	10.6	-	12.2
Work environment reserve	1.6	4.2	1.2	7.0
	3.5	18.5	1.2	23.2
Depreciation charged against above reserves	-3.5	-19.0		-22.5
Transfer to investment reserve for operations, net				- 9.7
Other appropriations				- 9.0

## Note 10 Companies acquired during the year

"The operating result on current operations before taxes" for the pre-acquisition period for companies acquired during the year amounts to Mkr 7.2. In calculating the adjusted profit per share for 1977 allowance has been made for the above profit.

## Note 11 Current assets: Receivables, miscellaneous

This item includes receivables deriving from sales of real estate and falling due within 12 months, import deposits abroad, and claims against suppliers and employees. It also includes pre-paid operating expenses amounting to Mkr 56.0.



**Note 12 Inventories**

For valuation of inventories see "Accounting Principles" on page 17.

**Note 13 Fixed assets: Receivables, miscellaneous**

This includes claims falling due after 12 months, deriving from sales of real estate, promissory notes of retailers, "mortgage bonds" receivable by A/S Scan-Atlas Husholdningsapparater, Copenhagen, Denmark, arising from the sale of kitchen fittings.

**Note 14 Shares and participations**

	Percentage owned	Nominal value	Book value
Holdings of AB Electrolux is according to specification on page 29			5.2
Consolidated revaluation of the above utilising the equity accounting method			0.8
Facit Asia Ltd, India	39.2	2.3	1.0
Consolidated revaluation of the above utilising the equity accounting method			1.3
Lepper-Dominit Transformatoren GmbH, Western Germany	2.0		1.8
Société des HLM, France	22.0	0.7	0.7
Other			4.5
			15.3

**Note 15 Machinery and equipment**

Net book value at December 31, 1976	414.9
Purchases 1977	404.4
Entry value in books of companies acquired in 1977	4.3
Adjustment for sold and obsolescent machinery, altered currency conversion rates, etc	18.7
Fiscal depreciation in 1977 (including depreciation charged against reserves as in Note 9)	- 292.3
Net book value	550.0
Purchase value at December 31, 1977	1,618.8
Accumulated fiscal depreciation	-1,068.8
	550.0

**Note 16 Factory, office and other buildings (including land improvements)**

Net book value at December 31, 1976	620.1
Purchases in 1977	78.2
Entry values in books of companies acquired during 1977	4.6
Revaluation in connection with bonus issue, etc	50.3
Adjustment for sold and obsolescent buildings, alteration in currency conversion rates, etc	47.2
Fiscal depreciation in 1977 (including depreciation against reserves as in Note 9)	- 58.8
Net book value at December 31, 1977 (of which land improvements, Mkr 122.6)	741.6
Purchase value at December 31, 1977	1,123.3
Accumulated fiscal depreciation	- 381.7
	741.6
Non-depreciated portion of previous revaluations	276.2

**Note 17 Buildings under construction**

Net book value at December 31, 1976	76.4
Net reduction in 1977	- 43.0
Adjustment resulting from alterations in currency conversion rates	4.6
Net book value at December 31, 1977	38.0

**Note 18 Goodwill**

The residual value of goodwill, arising from the transfer to the past equity method (see Accounting Principles, page 17) amounts to:

Goodwill	139.5
Negative goodwill	- 87.4
Goodwill, net	52.1

**Note 19 Bank loans, etc**

Includes the proportion of long-term borrowing which has to be repaid within one year.

**Note 20 Short-term liabilities: Miscellaneous**

This item includes reserves for contingent liabilities, accrued vacation pay, accrued wages and salaries, PAYE taxes, reserves for severance pay and similar items in foreign subsidiaries, accrued sales and value added taxes. Accrued expenses amounting to Mkr 438.3 are included in this item.

**Note 21 Long-term liabilities: Miscellaneous**

This item includes borrowing for which security in the form of mortgages or guarantees is not necessary. Also included are long-term liabilities arising from the acquisition of companies, and contingent tax liabilities.

**Note 22 Statutory reserves**

Statutory reserves at December 31, 1976	343.5
Transfers to/from free reserves	17.0
Revaluation of fixed assets	52.6
Transfer to share capital	- 9.6
Alterations in currency conversion rates, and miscellaneous adjustments	36.8
Statutory reserves at December 31, 1977	440.3

**Note 23 Free reserves**

Free reserves at December 31, 1976	7.8
Group profit in 1976	226.3
Transfer to/from statutory reserves	- 17.0
Parent company dividend as agreed at 1977 Annual General Meeting	- 88.4
Alterations in currency conversion rates, and miscellaneous adjustments	192.0
Free reserves at December 31, 1977	320.7

In stating the Free Reserves and Group Profit for the year, account has not been taken of the fact that disposable funds of certain foreign subsidiaries would be subject to taxation abroad or in Sweden should they be transferred to the parent company by way of dividend. In addition, exchange regulations can affect the possibility of transferring profits to the parent company.

**Note 24 Guarantees and contingent liabilities**

Among the guarantees issued is an amount of Mkr 34.8 (parent company, Mkr 15.8) on behalf of a foreign agent whose position is such that this guarantee involves a risk of loss.



# AB Electrolux Profit & Loss Statement

(Amounts in Mkr)	1977		1976	
<b>Operating income and expenditure</b>				
Sales (Note 1)		1,496.4		1,306.0
Manufacturing, selling and administrative costs, etc		<u>-1,314.1</u>		<u>-1,123.2</u>
Operating result before depreciation		182.3		182.8
Normal depreciation (Note 2)				
Building and land improvements	- 14.4		- 12.0	
Machinery, equipment and tools	<u>- 69.8</u>	<u>- 84.2</u>	<u>- 57.8</u>	<u>- 69.8</u>
Operating result after normal depreciation		98.1		113.0
<b>Financial income</b>				
Royalties from subsidiaries	10.7		8.2	
Dividends on shares and participations in subsidiaries (Note 3)	115.3		79.1	
Dividends on shares and participations in non-Group companies	0.1		0.1	
Interest received from subsidiaries	10.1		5.5	
Other interest received	<u>10.2</u>	<u>146.4</u>	<u>13.8</u>	106,7
<b>Financial expenditure</b>				
Interest paid to subsidiaries	- 14.0		- 12.3	
Interest to Pension Fund	- 8.9		- 6.7	
Other interest paid	- 62.1		- 44.3	
Currency loss on long-term loans (Note 4)	<u>- 74.1</u>	<u>-159.1</u>	<u>- 3.7</u>	<u>- 67.0</u>
Operating result on current operations before taxes		85.4		152.7
<b>Extraordinary income and expenditure</b>				
Capital gains/losses (Note 5)	6.9		- 1.8	
Write-down of shares in subsidiaries (Note 6)	- 9.4		-	
Other extraordinary income/expenditure (Note 7)	- 4.4		- 0.7	
Group transfer to/from Swedish subsidiaries (Note 8)	<u>76.0</u>	<u>69.1</u>	<u>- 20.5</u>	<u>- 23.0</u>
Result before appropriations and taxes		154.5		129.7
<b>Appropriations</b>				
Depreciation in excess of normal depreciation (Note 2)	- 4.4		- 9.7	
Utilised from work environment reserve for investment in operations	0.2		0.4	
Utilised from special investment reserve for investment in operations	-		0.3	
Increase in general inventory reserve	- 5.0		- 17.5	
Changes in reserves for unrealised profits in inventories of foreign subsidiaries (Note 9)	<u>- 3.3</u>	<u>- 12.5</u>	<u>6.9</u>	<u>- 19.6</u>
Profit before taxes		142.0		110.1
Taxes		<u>- 24,0</u>		<u>- 20.0</u>
Net Profit for the Year		118.0		90.1

# AB Electrolux

Assets (Amounts in Mkr)

December 31, 1977

December 31, 1976

## Current assets

Cash and bank balances	24.5		45.7	
Promissory notes	—		10.0	
Repurchased loan stock	0.5		5.0	
Bills receivable	<u>11.6</u>	36.6	<u>7.0</u>	67.7
Receivables				
Customers	55.8		38.5	
Subsidiaries (Note 10)	600.1		450.7	
Pre-paid costs	3.6		4.6	
Miscellaneous (Note 11)	<u>44.7</u>	704.2	<u>16.1</u>	509.9
Taxes		8.1		—
Inventories (Note 12)		<u>384.3</u>		<u>319.4</u>
		<u>1,133.2</u>		<u>897.0</u>

## Blocked accounts at Central Bank of Sweden

Investment reserve		2.7		2.7
Special investment reserve		0.1		0.1
Work environment reserve		<u>8.6</u>		<u>10.9</u>
		<u>11.4</u>		<u>13.7</u>

## Fixed assets

Receivables				
Subsidiaries (Note 13)	10.1		39.3	
Miscellaneous	<u>14.8</u>	24.9	<u>7.5</u>	46.8
Shares and participations				
Subsidiaries (Note 14)	1,149.6		1,080.0	
Other companies	<u>5.2</u>	1,154.8	<u>5.0</u>	1,085.0
Machinery and equipment (Note 15)	102.4		86.0	
Factory, office and other buildings (Note 16)	189.3		169.6	
Land improvements (Note 17)	36.5		35.9	
Buildings under construction	<u>16.5</u>	344.7	<u>47.3</u>	338.8
Patents	0.4		0.7	
Goodwill	<u>0.7</u>	1.1	<u>1.2</u>	1.9
		<u>1,525.5</u>		<u>1,472.5</u>
Total assets		<u>2,670.1</u>		<u>2,383.2</u>

## Pledged assets:

Real estate mortgages	163.4		166.4	
(of which on behalf of subsidiary companies)	(20.1)		(21.4)	
Floating mortgages	40.0		29.7	
(of which on behalf of subsidiary companies)	(30.3)		(20.0)	



# Balance Sheet

Liabilities and equity capital (Amounts in Mkr)	December 31, 1977		December 31, 1976	
<b>Short-term liabilities</b>				
Subsidiaries	134.8		82.2	
Suppliers	118.5		120.5	
Customers	1.5		0.5	
Bank loans, etc (Note 18)	71.5		24.4	
Accrued costs/income paid in advance	76.8		71.0	
Miscellaneous	<u>29.0</u>	432.1	25.5	324.1
Tax payable		—		<u>11.6</u>
		<u>432.1</u>		<u>335.7</u>
<b>Long-term liabilities</b>				
Subsidiaries	169.3		54.6	
Mortgage loans, promissory notes (Note 19)	<u>402.7</u>	572.0	<u>374.5</u>	429.1
Miscellaneous (Note 20)		5.1		11.3
Appropriated for pensions:				
Pensions Registration Institute	125.7		107.9	
Other pensions	<u>9.9</u>	135.6	<u>10.5</u>	118.4
Debenture loans		<u>135.0</u>		<u>146.6</u>
		<u>847.7</u>		<u>705.4</u>
<b>Untaxed reserves</b>				
General inventory reserve		196.0		191.0
Reserve for unrealised profits in inventories of foreign subsidiaries		12.7		9.4
Investment reserve for operations		5.7		5.8
Special investment reserve (Note 21)		0.8		11.1
Work environment reserve (Note 22)		<u>15.7</u>		<u>20.0</u>
		<u>230.9</u>		<u>237.3</u>
<b>Equity capital</b>				
Restricted capital				
Share capital (Note 23) 1,000,000 "A" shares of Skr 50:—				
15,070,000 "B" shares of Skr 50:—	803.5		803.5	
Statutory reserves	196.8		196.8	
Revaluation reserve (Note 16)	<u>25.0</u>	1,025.3	—	1,000.3
Free capital				
Retained profits	16.1		14.4	
Net profit for the year	<u>118.0</u>	134.1	<u>90.1</u>	104.5
		1,159.4		1,104.8
<b>Total liabilities and equity capital</b>		<u>2,670.1</u>		<u>2,383.2</u>
Profit for the year and retained profits at December 31, 1976 and 1975 respectively				
		104.5		92.7
Less: Dividend approved at the 1977 and 1976 Annual General Meetings respectively				
		88.4		76.8
Transferred to reserves				
		—		1.5
		16.1		14.4
Guarantees and contingent liabilities (Note 24):				
On behalf of subsidiaries		312.1		263.3
Other		<u>50.8</u>		<u>32.3</u>
		<u>362.9</u>		<u>295.6</u>

# AB Electrolux Statement of Source and Use of Funds

(Amounts in Mkr)	1977	1976
<b>Funds received</b>		
Internally generated funds*)	131.9	131.5
Receipts from "guided" share issues	-	78.7
Sale of fixed assets	14.5	18.8
Increase in long-term liabilities, etc	142.3	63.9
	<b>288.7</b>	<b>292.9</b>
<b>Funds used</b>		
Investments in real estate, machinery, equipment and tools	84.7	89.3
Investments in other fixed assets	64.3	114.8
	<b>149.0</b>	<b>204.1</b>
<b>Change in working capital</b>	<b>139.7</b>	<b>88.8</b>
<b>Specification of change in working capital</b>		
Increase in inventories	+ 64.9	+ 18.9
Increase in current receivables	+ 202.3	+ 238.3
Increase/decrease in short-term liabilities	- 96.4	+ 6.0
Decrease in liquid funds	- 31.1	- 174.4
	<b>+ 139.7</b>	<b>+ 88.8</b>
<b>*) Specification</b>		
Result before taxes and capital gains/losses	+ 135.1	+ 110.9
Write-down of shareholdings in subsidiaries	+ 9.4	-
Appropriations	+ 12.5	+ 19.6
Normal depreciation on real estate, machinery, equipment and tools	+ 84.2	+ 69.8
Depreciation of intangible assets	+ 0.8	+ 1.7
Taxes	- 24.0	- 20.0
Dividend	- 88.4	- 76.8
Withdrawals from blocked account for investment reserve	+ 2.3	+ 26.3
	<b>+ 131.9</b>	<b>+ 131.5</b>



# Shareholdings of AB Electrolux

Company	Number of shares	% of share capital	Nominal value in respective currency (000)	Book value Skr 000s
<b>Subsidiaries in Sweden</b>				
Facit AB, Ätvidaberg	794,266	99.3	Skr 79,427	63,022
Electrolux-Wascator AB, Alingsås	500,000	100	Skr 50,000	50,000
ASAB Serviceföretaget, Stockholm	123,500	95	Skr 12,350	34,736
AB Ballingslövs Träförädling, Ballingslöv	90,000	100	Skr 9,000	25,200
Electrolux Constructor AB, Säffle	500,000	100	Skr 25,000	25,000
AB Original Odhner, Gothenburg	150,000	100	Skr 15,000	15,000
AB Addo, Malmö	112,500	100	Skr 11,250	11,250
Euroclean AB, Stockholm	100,000	100	Skr 10,000	10,900
Electrolux Återförsäkrings AB, Stockholm	100,000	100	Skr 10,000	10,000
Royal Refrigeration Industries AB, Malmö	8,000	100	Skr 8,000	8,000
Växjö Rostfritt AB, Växjö	25,000	100	Skr 2,500	6,100
Electrolux Svenska Försäljnings AB, Stockholm	60,000	100	Skr 6,000	6,000
AB Electro Helios, Stockholm	50,000	100	Skr 5,000	5,000
AB Elektroservice, Stockholm	50,000	100	Skr 5,000	5,000
AB Flymo, Malmö	40,000	100	Skr 4,000	4,000
Bröderna Brodd AB, Skänninge	9,000	100	Skr 900	3,690
B. Johanssons Pappersförädling AB, Nygård	1,100	100	Skr 110	2,868
Örebro Värmeindustri AB, Örebro	451	50.1	Skr 45	2,370
Getinge Mekaniska Verkstads AB, Getinge	18,500	100	Skr 1,850	1,850
Elektro-Helios Fastighets AB, Stockholm	1,500	100	Skr 1,500	1,500
Zig-Zag Fabriks AB, Malmköping	6,825	91	Skr 683	1,377
Marcustrac AB, Kristinehamn	100	100	Skr 10	1,352
AB Elektro-Apparat, Alingsås	1,500	100	Skr 750	750
Atlas Svenska Försäljnings AB, Stockholm	2,500	100	Skr 250	250
HDC Fjärrkontroll AB, Stockholm	2,000	100	Skr 200	201
Försäljnings AB Volta, Stockholm	2,000	100	Skr 200	200
AB Orwak, Sävsjö	1,000	100	Skr 100	100
Centralkassan AB, Stockholm	500	100	Skr 50	50
Autoterm Villavärme AB, Örebro	251	50.2	Skr 25	25
Cisternskydd AB, Alstermo	500	100	Skr 50	7
AB Carex, Stockholm	50	100	Skr 5	5
AB Gårdscisterner, Stockholm	50	100	Skr 5	5
AB Svensk Nivåkontroll, Malmö	50	100	Skr 5	5
<b>Subsidiaries abroad</b>				
<b>Europe</b>				
Austria	Electrolux GmbH, Vienna	100	Sch 28,000	2,000
Belgium	Electrolux-Martin S.A., Brussels	40,975	Bfr 179,890	18,172
Denmark	A/S Scan-Atlas Housholdingsapparater, Copenhagen	729	DKr 70,000	58,733
	Electrolux A/S, Copenhagen	70,000	DKr 7,000	5,700
	A/S Vestfrost, Esbjerg	125	DKr 2,430	5,000
Eire	Electrolux Ltd., Dublin	110	£ 0	0

Company		Number of shares	% of share capital	Nominal value in respective currency (000)	Book value Skr 000s
Finland	Oy Elektro Helios Ab, Helsingki	119,999	100	Fmk 12,000	14,425
	Oy Electrolux-Teollisuus Ab, Helsingki	40,000	100	Fmk 4,000	3,000
	Oy Liesimyyni-Spissförsäljnings Ab, Helsingki	204	51	Fmk 2,040	2,384
	Oy Electrolux-Kodinkoneet Ab, Helsingki	20,000	100	Fmk 2,000	2,230
	Oy Electrolux Yhtiöt Ab, Helsingki	598	99.7	Fmk 600	682
	Oy Electrolux-Kahete Ab, Helsingki	9,000	100	Fmk 900	680
	Oy Tammermatic Ab, Tampere	40,000	53.3	Fmk 4,000	0
France	S.A Electrolux, Paris	539,555	99.9	FF 53,956	51,747
	Usines et Fonderies Arthur Martin S.A., Senlis	5,136,279	64.4	FF 51,363	44,614
	S.A. de Productions Industrielles et de Matériel Electro-Menager, Reims	50	0	FF 4	4
	Société d'Etudes et de Construction d'Outillages de Machines et d'Applications Mécaniques S.A., Revin	40	0.1	FF 4	4
	Société Electro-Domestique et Grand Cuisine Arthur Martin S.A., Wasquehal	50,995	100	FF 5,100	0
	Wascator S.A., Paris	4,470	59.6	FF 447	0
	Levin France S.a.r.l., Senlis	940	94	FF 100	0
Great Britain	Electrolux Ltd., Luton	13,996,500	100	£ 13,997	192,500
	Electrolux (Commercial Equipment) Ltd., Luton	1,449,999	100	£ 1,450	15,720
	Flymo Ltd., Watford	849,999	100	£ 850	6,000
	Sterilizing Equipment Ltd., Nottingham	99	99	£ 0	180
	Euroclean Ltd., Bedford	300,000	100	£ 300	0
Holland	Flymo B.V., Diemen		100	Hfl 25	6,400
	Electrolux Nederland B.V., Diemen		100	Hfl 4,000	5,700
	Electrolux-Quatfass B.V., Diemen		56	HFL 1,300	2,100
	J. F. Quatfass B.V., Diemen		100	Hfl 200	300
	Elektroheliolus B.V., Diemen		100	Hfl 200	0
Italy	Flymo S.p.A., Brescia	24,999	100	Lit 24,999	209
	Electrolux S.p.A., Milan	29,988	100	Lit 1,499,400	0
	Italwascator S.p.A., Milan	19,000	100	Lit 200,000	0
Luxembourg	Electrolux-Kreft S.a.r.l., Vianden	49,444	98.9	FLux 49,444	6,460
Norway	Electrolux Industrier A/S, Oslo	700	100	NKr 10,500	16,800
	Electrolux Rengjøringsmaskiner A/S, Oslo	6,000	100	NKr 4,500	3,600
	ISS Servisystem A/S, Oslo	2,499	50	NKr 1,250	965
	Electrolux Constructor A/S, Oslo	100	100	NKr 1,000	648
Portugal	Electrolux Ltda., Lisbon		87.3	Esc 18,334	1,600
Spain	Electrolux S.A., Madrid	2,779	97.5	Ptas 58,503	4,300
	Electrolux Canarias S.A., Las Palmas	500	50	Ptas 2,500	200
Switzerland	Electrolux AG, Zürich	3,995	100	Sfrs 1,998	3,300
West Germany	Electrolux-Loh GmbH, Siegen		100	DM 14,600	25,301
	Electrolux GmbH, Berlin		100	DM 10,000	22,842
	Electrolux GmbH, Hamburg		84.3	DM 5,060	9,400
	Electrolux Finanz GmbH, Hamburg		99.8	DM 4,990	8,310
	Electrolux Kälte- und Wärmetechnik GmbH, Hamburg		100	DM 1,000	1,750
	Lux GmbH, Berlin		100	DM 750	89
	Euroclean GmbH, Hamburg		100	DM 2,500	0
	Flymo GmbH, Hamburg		100	DM 1,500	0
	Siegas Verwaltungs GmbH, Siegen		100	DM 20	0
	North America				
Canada	Dometic Canada Ltd., Oakville	30,002	100	n.p.v.	12,812
USA	Dometic Incorporated, New York, N.Y. (owner of NUE)	150	100	n.p.v.	237,661



Company		Number of shares	% of share capital	Nominal value in respective currency (000)		Book value Skr 000s
<b>South and Central America</b>						
Argentina	S.A. Electrolux, Buenos Aires	13,000,000	100	APs	130,000	0
Brazil	Electrolux S.A., Sao Paulo	42,000,000	100	Cruz	42,000	7,098
	Electrolux Servicios Ltda., Sao Paulo	4,746	94.9	Cruz	4,746	3,400
	Electrolux Comercial e Servico Maritimos Ltd., Sao Paulo	746	82.9	Cruz	746	300
Colombia	Electrolux S.A., Bogotá	18,194	91	CPs	1,819	0
Dominican Republic	Electrolux Lagares C. por A., Santo Domingo	102	51	RD\$	10	0
Mexico	Electrolux S.A. de C.V., Mexico City	33,996	100	MPs	33,996	6,075
	Distribuidora Electrolux S.A., Mexico City	246	98.4	MPs	25	0
	Industrias Electrolux S.A., Mexico City	296	98.7	MPs	296	0
Uruguay	Electrolux S.A., Montevideo	2,355	100	UPs	200	0
Venezuela	C.A. Electrolux, Caracas	29,994	100	Bol	29,994	30,000
<b>Other countries</b>						
Hong Kong	Electrolux (Far East) Ltd., Hong Kong	4,999	100	HK\$	50	0
	Electrolux Services Ltd., Hong Kong	3,250	50	HK\$	325	0
Iran	Electrolux Wascator Co. of Iran, Teheran	332	33	Rials	3,320	200
	Electrolux Iran Services Co. Ltd., Teheran	5,098	50.9	Rials	5,098	0
Japan	Electrolux Japan Ltd., Tokyo	220,000	100	Yen	220,000	3,765
	Nesco Ltd., Tokyo	100,000	50	Yen	50,000	100
Jordan	Electrolux Jordan Trading Co. Ltd., Amman	10,045	49	J.D.	10	133
Malaysia	Electrolux Malaysia Sendirian Berhad, Kuala Lumpur	500,000	50	MAL\$	500	874
New Zealand	Electrolux Ltd., Wellington	700,000	100	NZ\$	1,400	7,000
Thailand	Electrolux Thailand Ltd., Bangkok	14,700	49	Bath	1,470	357
Zambia	Electrolux (Zambia) Ltd., Ndola	4,999	100	Kwa	10	0
Total share holdings in Group companies						1,149,637
<b>Non-Group companies, etc.</b>						
<b>Sweden</b>						
Vakuumsystem AB, Solna		495	24.8	SKr	50	50
Bostadsrättsföreningen Gullvivan, Mariestad				SKr	8	8
Handelsbolaget Svenska Dagbladets AB & Co., Stockholm		200		SKr	200	0
Bostadsrättsföreningen Björken 8, Johanneshov				SKr	4	0
AB Sukab, Stockholm		440	7.3	SKr	44	0
Svensk Interkontinental Lufttrafik AB (S.I.L.A.), Stockholm		8,000	0.7	SKr	800	0
Svenska MTM-gruppen AB, Stockholm		1	0.4	SKr	0	0
Hysesgästernas Sparkasse- och Byggnadsföreningars Riksförbund u.p.a., Säftele, bostadsrätt i Lotten 3				SKr	1	0
Electrolux Götaverken Global Shipperservices AB, Gothenburg		4,000	33	SKr	400	0
<b>Outside Sweden</b>						
Ecuador	Electrolux C.A., Quito	199	19.9	Sucres	199	0
Philippines	Technolux, Manila	150,000	30	Pesos	150	102
Finland	P.P. Palvelut Oy, Tampere	24	48	Fmk	24	190
France	GF75 – Société S.A.R.L., Paris	4		FF	70	0
Iran	Savalux Manufacturing Co., Teheran	5,799	14.5	Rials	57,990	3,640
	Savalux Trading Co., Teheran	144	14.5	Rials	1,440	54
Luxembourg	ADELA Investment Co. S.A.	1,292		US\$	129	618
	SIFIDA Investment Co. S.A.	20		US\$	100	517
Peru	Electrolux S.A., Lima	34,686	34.3	Soles	34,686	0
	Valinka S.A., Lima	3,407	18	Soles	3,407	20
Spain	Wascator Ibérica S.A., Barcelona	625	25	Ptas	625	0
Total shareholdings in non-Group companies						5,199



# Notes on Financial Statements of AB Electrolux

(Amount in Mkr)

## Note 1 Sales, excluding added value tax

	1977	1976
Sales to external customers	244.0	197.1
Sales to Group Companies	1,252.4	1,108.9

## Note 2 Normal depreciation/depreciation in excess of normal depreciation

For normal depreciation see "Accounting Principles" on page 17. The difference between normal depreciation and fiscal depreciation is shown below:

	1977	1976
Buildings and land improvements		
Normal depreciation	14.4	12.0
Fiscal depreciation		
Buildings	-10.3	-10.5
Land improvements	- 0.2	- 0.2
Net	3.9	1.3
Machinery, equipment and tools		
Normal depreciation	69.8	57.8
Fiscal depreciation	-78.1	-68.8
Net	- 8.3	-11.0

In addition depreciation was charged against the special investment reserve and work environment reserve as shown below:

	1977	1976
Special investment reserve, machinery and equipment		1.0
Special investment reserve real estate	10.3	4.4
Work environment reserve, machinery and equipment	0.8	1.2
Work environment reserve real estate	3.4	0.5
	14.5	7.1

## Note 3 Dividends on shares and participations in subsidiary companies

Dividends of Mkr 111.5 were received from foreign subsidiaries and of Mkr 3.8 from Swedish subsidiaries.

## Note 4 Currency losses on long-term loans

See "Accounting Principles" on page 17.

## Note 5 Capital gains/losses

	1977	1976
Capital gains:		
real estate	1.4	
securities	5.5	0.1
goodwill		1.6
Losses:		
securities	0.0	-3.5
	6.9	-1.8

## Note 6 Write-down of shares in subsidiary companies

The values of the shareholdings in the following subsidiaries have been written down: Electrolux GmbH, Vienna, Austria, Electrolux S.p.A., Milan, Italy, Euroclean GmbH, Hamburg, Western Germany, and Electrolux Services (Hong Kong) Ltd, Hongkong.

## Note 7 Other extraordinary income and expenditure

	1977	1976
Extraordinary income	-	1.0
Cost of share issues	0.0	-1.6
Write-down of claims in connection with the sale by the Group of its holding in Electrolux (Pty) Ltd, Johannesburg, South Africa	-4.4	
Other extraordinary expenditure	-	-0.1
	-4.4	-0.7

## Note 8 Group transfers to/from Swedish subsidiaries

Group transfers were received from Electrolux-Wascator AB, AB Elektroservice, Facit AB, Euroclean AB, Växjö Rostfritt AB, Electrolux Constructor AB, AB Ballingslövs Träförädling, Bröderna Brodd AB, and B Johanssons Pappersförädling AB. Also included is a shareholders' payment to Electrolux Götaverken Global Shippers AB.

## Note 9 Changes in reserves for unrealised inventory profits at foreign subsidiaries

This reserve consists of the difference between the manufacturing costs and the debited price charged by the parent company for such products as remained in stock with each purchasing foreign subsidiary, less the inventory reserves at the respective companies for products manufactured by the parent company.

## Note 10 Current assets: Receivables, subsidiaries

This item includes claims on subsidiaries for goods supplied which are payable within one year, while other claims are shown under "Fixed assets: Receivables, subsidiaries".

## Note 11 Current assets: Receivables, miscellaneous

This item includes claims which have arisen in connection with company acquisitions, value added tax claims, claims on suppliers, payments on account to the Pensions Registrations Institute, and claims on employees.

## Note 12 Inventories

For the valuation of inventories see "Accounting Principles" on page 17.

## Note 13 Fixed assets: Receivables, subsidiaries

This item includes funds made available by the parent company to subsidiaries, such as loans, as well as other receivables which have become long-term in nature.

## Note 14 Shares and participations in subsidiaries

The increase during the year is due to the acquisition of shares in new companies, the acquisition of further shares in part-owned companies, the transfer of shares in Group ownership to the parent company, and share issues by subsidiaries.



**Note 15 Machinery and equipment**

Purchases in 1977 were Mkr 61.6.

Purchase value of remaining assets	327.5
Accumulated depreciation (including depreciation against special reserves as in Note 2)	-225.1
<b>Net book value</b>	<b>102.4</b>

The purchase value of assets acquired before 1977 is partly based on reasonable estimates.

The above figures do not include production tools. Purchases and fiscal depreciation on these in 1977 were Mkr 33.8.

**Note 16 Buildings**

Purchases during 1977 were Mkr 21.9. In addition a revaluation yielded a surplus of Mkr 25 which has been transferred to a revaluation reserve.

Purchase values of remaining assets	221.6
Accumulated depreciation (including depreciation against reserves)	-137.3
	84.3
Revaluation	120.3
Depreciation on revalued amounts	- 15.3
<b>Net book value</b>	<b>105.0</b>
	189.3

Assessed values at the year-end were Mkr 200.3

**Note 17 Land improvements**

Purchases during 1977 were Mkr 0.9.

Purchase value of remaining assets	14.4
Accumulated depreciation (including depreciation against special reserves)	- 1.2
	13.2
Revaluation	23.3
<b>Net book value</b>	<b>36.5</b>

Assessed value at the year-end was Mkr 34.1.

**Note 18 Bank loans, etc**

The amount outstanding at December 31, 1977, comprises short-term bank loans, utilised overdraft facilities, and the proportion of long-term mortgage loans, promissory notes and debentures repayable in the short-term.

**Note 19 Mortgage loans, promissory notes**

This item includes US\$ 49 million, which is the outstanding long-term portion of the multi-currency loan, totalling US\$ 54 Million, raised in 1974 in connection with the acquisition of the share capital of National Union Electric Corporation.

**Note 20 Long-term liabilities: Miscellaneous**

This item includes long-term liabilities which have arisen in connection with the acquisition of companies.

**Note 21 Special investment reserve**

Funds have been utilised in 1977 as shown below:

Opening balance	11.1
Utilisation for depreciation of real estate (see Note 2)	-10.3
	0.8

**Note 22 Work environment reserve**

Funds have been utilised during 1977 as shown below:

Opening balance	20.0
Utilisation for depreciation of machinery, equipment and real estate (see Note 2)	- 4.2
Utilisation for investment in overheads	- 0.2
	15.6

**Note 23 Share capital**

Holders of "A" shares are entitled to one vote per share, and holders of "B" shares to 1/1,000 of a vote per share.

All shares carry the same rights to participate in the assets and profits of the company.

**Note 24 Loans and contingent liabilities**

The outstanding loans to employees, at AB Electrolux, about which there may be an obligation to provide information in the Annual Report under the terms of the Swedish Companies Act, amounted to: Skr 12,000

Contingent liabilities on behalf of employees, for which there may be an obligation to report, amounted to: Skr 251,000

As the company was unable to determine to what extent employees and their relatives were shareholders at the time when the law came into effect, all loans and contingent liabilities to or on behalf of employees which were incurred before the effective date of the law have been declared.

**Note 25 Purchases from Group companies**

Purchases by AB Electrolux from Group companies amounted to 14.9% of the year's total purchases.

Our audit report concerning this annual report and consolidated financial statement has been submitted on April 7, 1978.

Arne Holmén  
Chartered accountant

Bruno Svensson  
Chartered Accountant

# Report of the Auditors

We have examined the annual financial statements, consolidated financial statements, the accounts and the administration of the Board of Directors and the Managing Director for 1977. Our examination has taken place in accordance with approved auditing practice.

The accounts have been examined continually on a random sample basis by the company's internal audit department, which has submitted reports on its examinations to us.

## **Parent company**

The annual financial statements have been drawn up in accordance with the Swedish Companies Act.

The special lists of loans, pledged securities, and contingent liabilities, have been drawn up as stipulated by the Act.

We recommend

- that the profit and loss account and balance sheet be approved,
- that the year's profit be distributed in accordance with the proposal in the directors' report, and
- that the Board of Directors and the Managing Director be discharged from liability for their administration during 1977.

## **Group**

The consolidated financial statements have been drawn up in accordance with the Swedish Companies Act.

We recommend that the consolidated profit and loss account and the consolidated balance sheet be approved.

Stockholm, April 7 1978

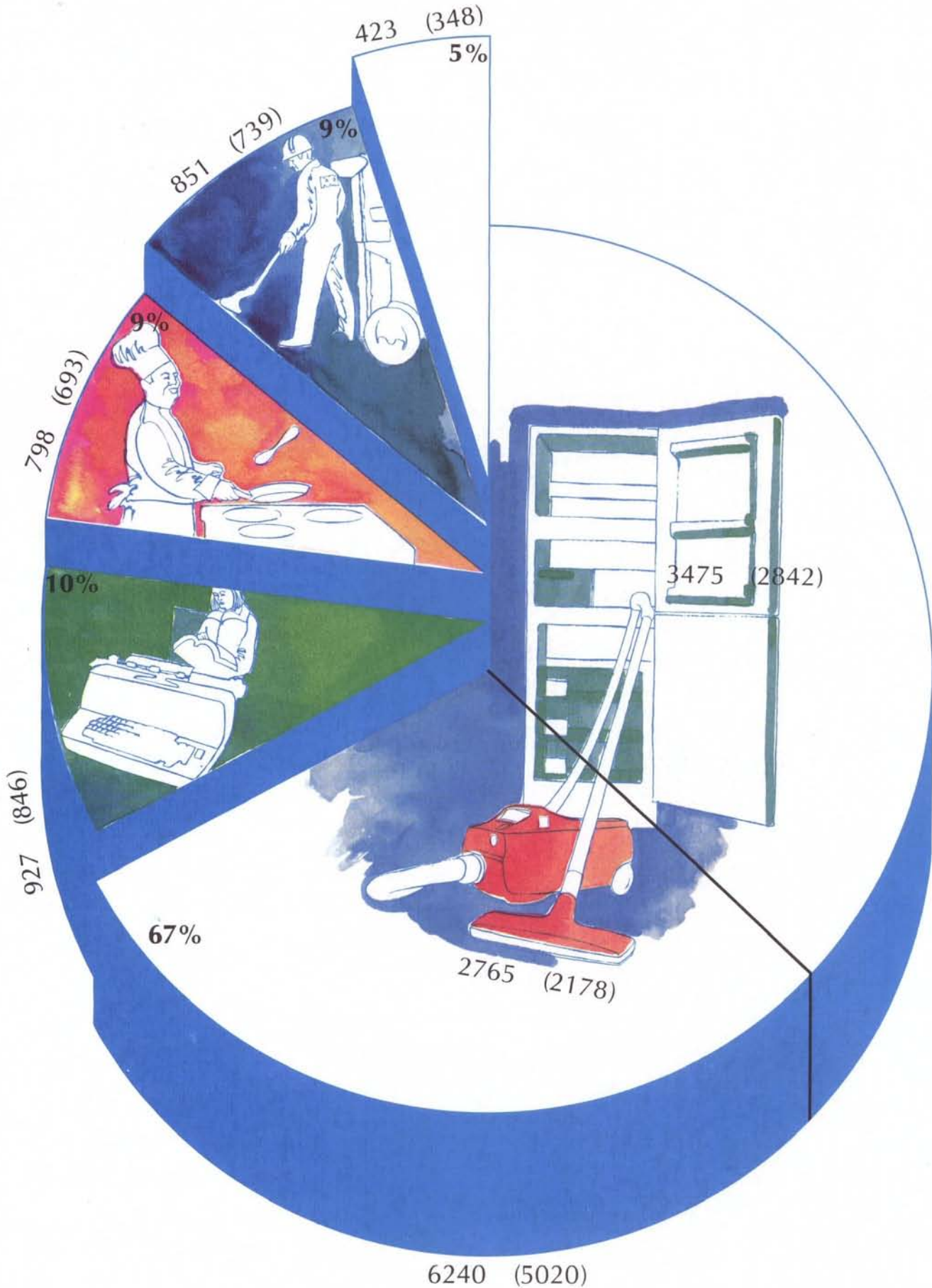
Arne Holmén  
Chartered Accountant

Bruno Svensson  
Chartered Accountant

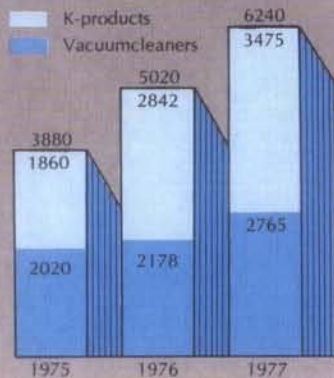


# Product review

Group sales analysed by product lines (Mkr)



Sales – household appliances and cleaning machines (Mkr)



Sales of household appliances and cleaning machines increased by 24.3% (29.4) in 1977, and amounted to Mkr 6,240 (5,020). Operating result after normal depreciation was Mkr 586.2 (505.5), the equivalent of 9.4% (10.1) on sales.

### Domestic and commercial cleaning machines

This product line comprises domestic vacuum-cleaners, domestic floor-polishers, industrial and commercial cleaning machines. Sales increased in 1977 by 27.0% (7.8), and amounted to Mkr 2,765 (2,178), which corresponds to 29.9% (28.5) of total Group sales.

The Electrolux Group achieved good sales results during the year, selling a total of 5.3 million (5.2) vacuum-cleaners and floor-polishers. The Group has maintained its position as a leading international company in the vacuum-cleaner business, as a result of continued modernisation and extension of the range sold through specialist retail outlets, expanding direct sales in several markets, and a well-established international sales and distribution network.

In many markets the Group sells through specialist outlets as well as through direct sales. This is possible as Electrolux has developed and manufactured different ranges for the respective sales channel. Group sales through specialist outlets continue to progress well.

In 1977 Electrolux launched the "Städtrumman". This vacuum-cleaner is intended for use in large houses as well as for professional use in shops, offices, hospitals, etc.



# Household Appliances and Cleaning Machines



Direct selling, which accounts for a significant proportion of Group sales of vacuum-cleaners, takes place in Sweden, Australia, Finland, France, Italy, Norway, New Zealand, Switzerland, Spain, Western Germany, and several Latin American countries, among others. The prospects for expanding this method of selling are good. The Group commenced upon a programme of further development of direct selling during 1977.

The product programme includes a wide range of domestic vacuum-cleaners. The 10 basic Electrolux models have been adapted to meet the demands of different markets. In Europe some 40 different models of domestic vacuum-cleaner are marketed. The accessory range is continually being developed and extended. Today's customers are offered various types of motor-driven and air-driven powerheads, and shampooing equipment. Domestic floor-polishers are sold mainly in Latin America.

The Group has successfully established itself on prosperous new markets in the Middle East, and in the Far East as well as in South-East Asia. In Iran Electrolux is the dominant brand in the vacuum-cleaner market.

The manufacture and assembly of domestic vacuum-cleaners take place in some 20 countries.

In the USA domestic vacuum-cleaners and floor-polishers are manufactured and marketed by National Union Electric Corporation (NUE), and in Canada by NUE's subsidiary company, Onward Manufacturing Company Ltd. In both countries the brand name is EUREKA. Production mainly takes place at Bloomington, Illinois, USA. Some motor fan units for the Eureka vacuum-cleaners are now being made at our Västervik factory in Sweden.

NUE markets a complete range of domestic vacuum-cleaners and accessories through more than 30,000 sales outlets throughout the USA and Canada. The widespread use of wall



Examination and final inspection of vacuum-cleaners at the Luton factory in England. Electrolux manufactures vacuum-cleaners in some 20 countries.

The design department uses wooden models when designing vacuum-cleaners.

The central laboratory in Stockholm has considerable resources for the development and testing of vacuum-cleaners. Dust collection performance on differing types of flooring is tested in an automatic testing apparatus.



to wall carpets means that customers demand both upright and canister-type vacuum-cleaners of increasing power. NUE has a complete range which is well suited to the market.

In 1977 NUE recorded sales of US\$199 million (180) – an increase of 11% (13).

The product line industrial and commercial cleaning machines comprises machines and equipment for the cleaning and cleansing of extensive premises, street-cleaning and outdoor sweeping machines, and installations for high-pressure cleaning within industry, eg, for car-washing, etc.

Euroclean AB in Åmål, Sweden, manufactures cleaning equipment for industrial use. During the year high-pressure equipment for the cleaning of agricultural implements was launched, together with a machine for the vacuum removal of indoor and outdoor coarse scrap.

Bröderna Brodd AB in Skänninge, Sweden, manufactures and markets machines for outdoor cleaning. The company has progressed well and during the year it also achieved good sales results outside the Scandinavian countries.

Automatic car-wash equipment is manufactured by Tammermatic Ab, in Tampere, Finland.

In the USA are manufactured cleaning machines, which are marketed under the KENT name. A new product range of "upright" type was launched in 1977. These vacuum-cleaners, which can be fitted with powerheads up to one metre wide, are marketed under the name of Sanitair.

BRODDWAY ARMBORST is part of an extensive range of machines for outdoor cleaning manufactured by Bröderna Brodd AB.

A new product in Euroclean's range of commercial cleaning machines: "Starke Karl" intended particularly for use in agriculture.





## K-products

K-products comprises a broad range of household consumer durable appliances, including refrigerators, freezers, freeze-boxes, washing machines, drying tumblers, drying cupboards, mangles, cookers, dish-washing machines, cooker hoods, kitchen fittings and machines, mixers, space heaters, and caravan refrigerators. Sales of these products increased in 1977 by Mkr 633 (982), and amounted to Mkr 3,475 (2,842), which is the equivalent of 37.6% (37.2) of total Group sales.

Electrolux is one of Europe's leading companies in this field, with large market shares in the Scandinavian countries, Great Britain, France, and Switzerland. The acquisition of the Therma Group in Switzerland has further strengthened the Group's position on the markets of continental Europe.

Therma manufactures and markets such products as domestic electric cookers, water-heaters, equipment for the electric heating of private houses and flats, kitchen fittings, catering equipment and commercial refrigeration equipment.

In some countries the total market for *domestic consumer durables* stagnated in 1977, partly owing to the general slackness in the economy and official measures intended to restrict private consumption. In total, however, the Group expanded its sales of these products satisfactorily. Despite the tough competition, Electrolux has held on to, and in some cases increased, its market shares. Good sales results were reported from several countries, including the companies in Sweden, Great Britain and Norway.

Over-production has resulted in fierce competition on the domestic consumer durables markets of many European countries. The large supply of products from small manufacturers has put pressure on

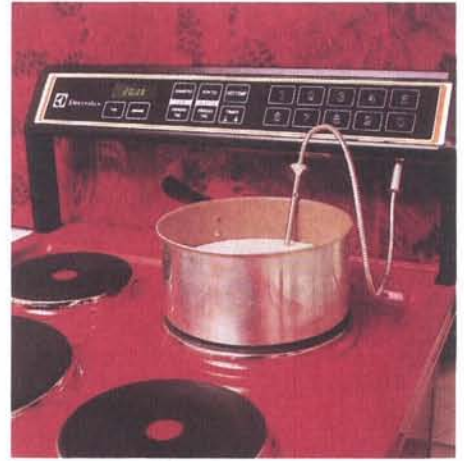
prices. This, together with price controls, has had a depressing effect on the Group's results in this field.

Production takes place mainly in Sweden, Denmark, England, France, Norway and Switzerland. The most important production facilities are in Mariestad and Motala, Sweden, Luton, England, and in Rheims and Revin, France. With a view to strengthening its competitive position the Group has continued to mechanise production in 1977, including the use of industrial robots. The current market situation makes it essential to continue along the same lines in order to further restrict the rise in manufacturing costs.

Electrolux' considerable investments in product development have resulted in products with further improved performance and quality. The marketing of products with lower noise levels and better operating economy commenced during the year. Through the acquisition of the Facit Group Electrolux has obtained know-how in electronics which is coming to play an increasing part in the development of house hold appliances. At the beginning of 1978 the Group started selling an electronically-controlled cooker. This cooker is the first in the world with automatic, electronic control, to prevent boiling over.

The group can provide consumers in Scandinavia, Great Britain and several Continental countries with a complete range of domestic consumer durable products, although our market shares in Italy, Spain and Western Germany are appreciably lower than in the other countries.

In 1977 Electrolux sold more than 830,000 *absorption refrigeration cabinets and boxes*. These products are used primarily in caravans. In North America these refrigerators are sold under the *DOMETIC* name, and under the



The DATALUX cooker, which was launched at the beginning of 1978, has electronic control and memory functions. It is also the first cooker in the world with automatic electronic controls to prevent boiling over.

MICROLUX is a new cooker with built-in microwave heating in the oven. The combination of heat and microwaves means shorter cooking times.



ELECTROLUX name in the rest of the world.

During 1977 the European market for caravan refrigerators progressed well, although it slackened towards the end of the year.

Sales in North America were unchanged compared with 1976. Our new series of caravan absorption refrigerators was well received by the market. During 1977 the Group has more than held its position as the world's leading manufacturer of absorption refrigerators.

Group manufacture of kitchen fittings takes place at AB Ballingslövs Träförädling in Sweden and at A/S Scan-Atlas in Denmark.

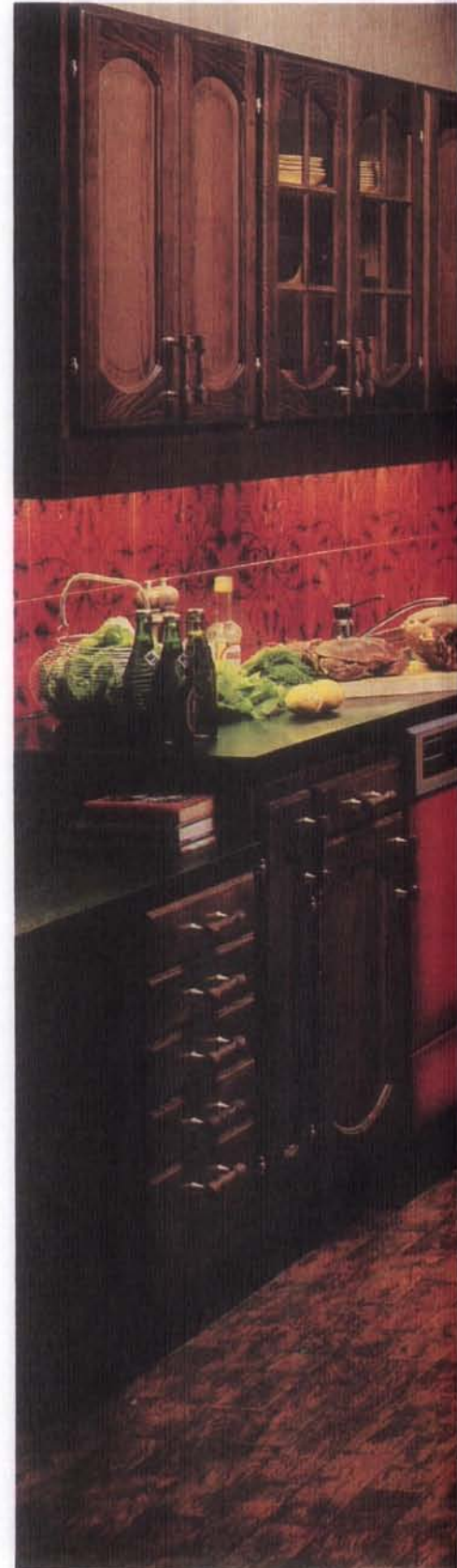
*Air-conditioners* are made by the Emerson Quiet Kool Company, in Woodbridge, New Jersey, USA. The range consists of equipment for domestic as well as commercial use. The activities are progressing well.

Electrolux is one of Europe's largest manufacturers of *freezer cabinets and similar products for commercial use*. Profit margins on this range of products are currently under pressure. But modernisation of the range and further improvements in production efficiency we expect to be able to improve the results.

The number of units sold is shown in the table below:

	1977	1976
Refrigerators and freezers	1,761,000	1,760,000
Electric cookers	477,000	414,000
Gas cookers	194,000	204,000
Washing machines, drying cabinets, ironing and pressing machines	342,000	328,000
Dish-washing machines	75,000	79,000
Kitchen machines	76,000	54,000
Electric heating panels	227,000	203,000

Electrolux markets a complete range of domestic electrical appliances and durables. This modern domestic kitchen is equipped with Electrolux products in poppy-red, including the new DATALUX cooker. The cupboards, etc, are made by Ballingslövs Träförädling AB, belonging to the Electrolux Group.

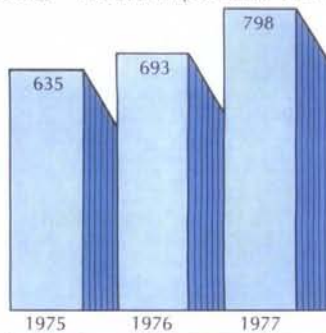








Sales – industrial products (Mkr)



Sales of this product group in 1977 amounted to Mkr 798 (693). The operating result after normal depreciation amounted to Mkr 50,0 (56.5), corresponding to 6.3% (8.2) of sales.

### Catering, hospital and commercial laundry equipment

Electrolux-Wascator AB develops, manufactures and markets products for catering, commercial laundries, disinfection and sterilisation. Sales amounted to Mkr 535 (452) in 1977.

Electrolux-Wascator is one of Europe's largest manufacturers of catering equipment and can supply complete installations in a wide range of designs. The greater part of production takes place in Alingsås, Sweden, but there are also factories in France and the Netherlands.

In Sweden the catering equipment market has developed well in the case of day nurseries, community service centres, old people's homes, and staff canteens. Demand was slacker from hospitals, schools and restaurants.

The slight stagnation on the new construction market was compensated for by increased replacement sales. The number of projects tendered for was unchanged in comparison with 1976. Electrolux-Wascator has more than maintained its market share of the Swedish catering equipment market.

Good progress has been made on the export side. The projects tendered for have been increasingly for complete installations, and the orders often include complete electrical and heating, sanitary and plumbing installations.

Electrolux-Wascator is one of the world's largest manufacturers of semi-industrial laundry equipment (medium-sized machines with capacities up to 50 kg of laundry). Complete industrial laundry installations are also supplied. Manufacturing takes place in Ljungby, Sweden.



# Industrial Products



Sales results were good in several countries including Sweden, Great Britain and North America.

Sales of environmental protection equipment, mainly vacuum sewage systems, increased during the year. Trends were favourable both for marine and shore installations.

Electrolux-Wascator has successfully tendered for projects in the wealthy Middle East countries, mainly Iraq and Saudi Arabia. An order has been received for the supply of 9 complete laundries to Saudi Arabia. Sterilisation installations have been supplied to the medical faculty at the University of Riyadh. Among other large projects can be mentioned deliveries to hospitals in Baghdad, Dubai and Abu Dhabi, and to a hospital in Bangkok. Electrolux-Wascator has also established a position on the Japanese market.

## Steel fittings and materials handling equipment

Electrolux Constructor manufactures warehouse and filing fittings and equipment, and work-station equipment for engineering workshops. The production plants are in Säffle, Sweden, Copenhagen, Denmark, Rudersdorf, Western Germany, and Herisau and Balzerswil, Switzerland.

Selling is handled by the company's own sales organisation in most West European countries, and sales amounted to Mkr 203 (165), an increase of 23.0% (8.1) compared with 1976. Sales increases were recorded on the continent of Europe and in Norway, whereas they fell off in Sweden during the year.

Steel filing equipment was delivered in 1977 to the Norwegian National Archive in Oslo. The installation is one of the largest close-packed filing installations which has ever been delivered in the world.

A new high picking stock facility was completed for the Saab-Scania automobile division in the first half of

1977. The installation includes pallet racking, shelving, goods conveyors and 17 fixed cranes. There is probably no other warehouse in Sweden equipped with as many cranes as this.

During the year a number of large installations were delivered. Among these can be mentioned crane storage equipment for Tetrapak AB in Lund, The Royal Ordinance Works in Karlstad, and the pallet racking for Volkswagen's new central spare parts warehouse in England and for Nordisk Bokförlag in Denmark.

On July 1, 1977, we acquired Walter & Bruynzeel AG, in Balzerswil, Switzerland. This acquisition makes Electrolux Constructor the largest manufacturer in the world of close-packed systems for warehouses and archive storage.

During the year we installed further fully-automatic and semi-automatic machinery in our own factories. This continued mechanisation and structural re-organisation has considerably strengthened our competitive position.

## Fractional horse-power electric motors

Fractional horse-power electric motors are manufactured in Sweden at the factories in Västervik and Överum. The greater part of our production is sold to external customers, but increasing numbers of motors are also supplied to Group factories for inclusion in various Electrolux products. The largest buyer within the Group at the moment is National Union Electric Corporation (NUE).

Owing to the poor state of the automobile industry deliveries to car manufacturers have declined. The electric motor sector has, however, successfully built up sales to other non-Group customers, including manufacturers of oil-burners, welding equipment and ventilation plants.

Total sales to external customers in 1977 amounted to Mkr 60.

Fractional horse-power electric motors are supplied to outside customers as well as being used in Electrolux products.

Electrolux Constructor manufactures storage and warehousing equipment for industry among its range of products.

Electrolux-Wascator is one of the world's largest manufacturers of semi-industrial washing machines.

The complete range of products for catering establishments is made and marketed by Electrolux-Wascator.



# Office Products

These products are marketed by the Facit Group, and sales in 1977 amounted to Mkr 927 (846). The operating result after normal depreciation amounted to Mkr 50.3 (3.6). The product group includes office machines, data equipment, office furniture and printed products.

The improved results achieved in 1977 are a consequence of the re-organisation and measures to improve efficiency taken during the last few years. These include the termination of the uneconomic production of electronic calculators and the closure of the Odhner factory in Gothenburg.

Selling in Sweden has been re-organised and is now mainly handled by retailers. The number of employees in Sweden fell during 1977 by some 500 wage-earners and some 200 salaried staff.

Structural re-organisation, increased mechanisation and further efforts on export markets through Facit's well-established international marketing organisation are expected to strengthen the competitive position of the Facit products in the longer term.

## Office machines

Office machines is the overall name for calculating, dictation and accounting machines and typewriters. Sales of these products in 1977 amounted to Mkr 627 (553). The prices of electronic calculators have stabilised during the year after a couple of years of sharp reductions.

By means of collaboration with outside manufacturers Facit can supply a complete range of calculators. New models introduced during the year were well received.

The sales of office calculators by subsidiary companies have increased on many markets, including Scandinavia, France and the USA. Several markets covered by agents have also shown good progress.

Facit is one of Europe's large manufacturers of typewriters. The extensive and modern range of products inclu-

des advanced word processing equipment.

The sales of Facit typewriters, which for the most part are exported, have been affected by the slackness in the international economy. The number of units sold has, however, been held at the same level as in 1976.

During 1977 sales of electric typewriters increased markedly. The Facit 1850, with a movable typehead, accounted for the greater part of this expansion. This machine is now sold with a corrector key, and this model has been well received.

The demand for non-electric typewriters shows a declining trend.

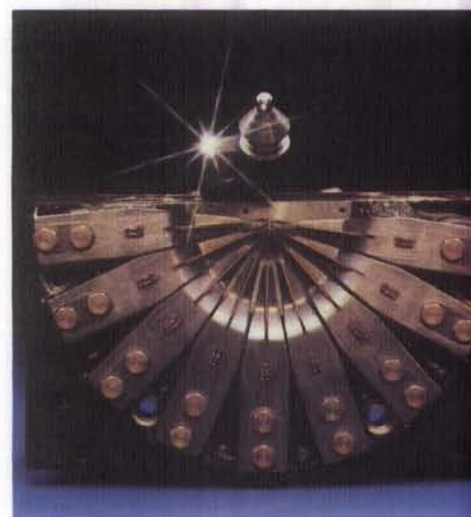
## Data products

Sales of computer peripheral products in 1977 amounted to Mkr 209 (189). Sales trends during the year were according to plan and particularly good results were recorded in the major markets in France, Great Britain and Western Germany.

Punch-tape products accounted for most of the invoiced sales in 1977. The Facit 4040, a new combined punch-tape reader and punch, was introduced during the year.

The introduction of the Facit 4540 printer is expected to improve Facit's chances of breaking into the rapidly expanding printer market. The Facit 4540 was launched internationally on several markets at the end of the year.

Sales successes for the time-registration system, Facit Kollaflex, were recorded in Sweden and Norway. The simpler version, the Kollaflex Junior, has also been launched on foreign markets, including France, where it achieved good results.



Facit 2251, a table calculator with printer and electronic display.

The printer head of Facit's new serial matrix printer 4540. The sign is composed of points printed by the nine printing arms. These can write some 16,000 points a second, which is the equivalent of 250 signs.



**Office furniture**

Facit manufactures and markets a comprehensive system of equipment for workplaces in offices, including desks, filing cabinets, cupboards, chairs and screens. The system is flexible and can be adapted to suit all types of office environment.

During 1977 the Swedish market was slack, whereas the foreign subsidiaries achieved their planned sales targets.

**Printed products**

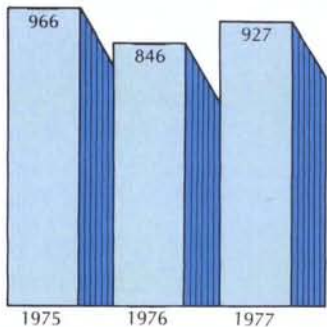
ZätaTryckerierna AB produces business forms and advertising printed matter. During the year the erection of a packaging printer, ZÄTAPACK, was begun in Ätvidaberg, Sweden.

The modernisation of the production facilities continued throughout 1977, both in the printing shop and in reprographics.

Total sales have expanded well and amounted during the year to Mkr 33 (29), an increase of 14%.



Sales – office machines (Mkr)



FACIT 80 is one of Facit's systems of modern office furniture.

The moving head typewriter, Facit 1850, with a corrector key, has been well received by the market.



# Commercial cleaning services



Proclean AB, a subsidiary of ASAB, specialises in painting industrial premises.

ASAB has steadily extended its range of services. Commercial cleaning is still a significant proportion of its business.

The leasing of working apparel continues to progress well.

Sonny Lööf AB, a subsidiary of ASAB, carries out snow removal, mechanical street-cleaning, and vacuum leaf removal.

Commercial cleaning services expanded during the year in Sweden as well as on foreign markets, both by the expansion of the existing business and by the acquisition of new companies.

Sales in 1977 amounted to Mkr 851 (739). The operating results after normal depreciation amounted to Mkr 36.8 (29.6), which is the equivalent of 4.3% (4.0) of sales. The companies sold during the year accounted for sales of Mkr 66 in 1976, and operating results after normal depreciation of Mkr 2.1. After adjusting the figures for comparability sales increased by 26.4% and the operating result after normal depreciation increased by 33.8%. The average number of employees was 18,184, of which 6,710 were in Sweden.

## Contract cleaning

The Group owns contract cleaning companies in several countries, including Sweden, Australia, Brazil, Hongkong and Japan. In Norway and Great Britain the Group runs its contract cleaning activities in partnership with ISS, International Service System A/S, Copenhagen, Denmark.

Electrolux is one of the largest companies in the world in the field of contract cleaning.

## ASAB

Commercial cleaning services, with the emphasis on maintenance of the external and internal environment, are performed by ASAB. Sales were good, amounting in 1977 to Mkr 343 (333) including subsidiaries, an increase of Mkr 10, or 3% (21), compared with 1976. Sales in 1977 were affected by the sale of the French subsidiary during the year.

At the end of the year Electrolux acquired a further 45% of the shares in ASAB from ISS, thus increasing its shareholding from 50% to 95%. At the beginning of 1978 the remaining 5% were also acquired.

Alongside its traditional cleaning activities ASAB has built up a broad range of other service activities. The subsidiary company, Perete

Serveringsystem AB, is engaged in the selling and leasing of automatic food and beverage dispensers.

By the acquisition of several companies ASAB extended its service programme and its resources:

- Royal Plast AB markets shrubs for use in industrial and commercial premises.
- Sonny Lööf AB specialises in mechanical street cleaning and snow removal.
- Allifix AB is active in the field of difficult industrial cleaning services, for example after fires, and in the removal of dangerous waste.

At the beginning of 1978 ASAB acquired Stådningskåren AB in Stockholm.

ASAB's strong market position and knowledge within the service sector provides a sound foundation for continued expansion of the service programme.

## Laundry services

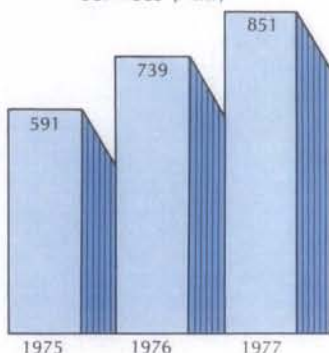
Laundry services, the renting and laundering of textiles, mainly working clothes and linen, are provided by AB Tvättman, which is Sweden's largest privately-owned laundry company, and its subsidiary company ISS Neproma B.V., Holland. Sales in 1977 amounted to Mkr 177.

The leasing of work clothes continued to expand in 1977. Tighter hygienic requirements within industry are having a favourable effect on the market for leased work clothes. In several countries the trade unions have been pressing demands for free work clothes.

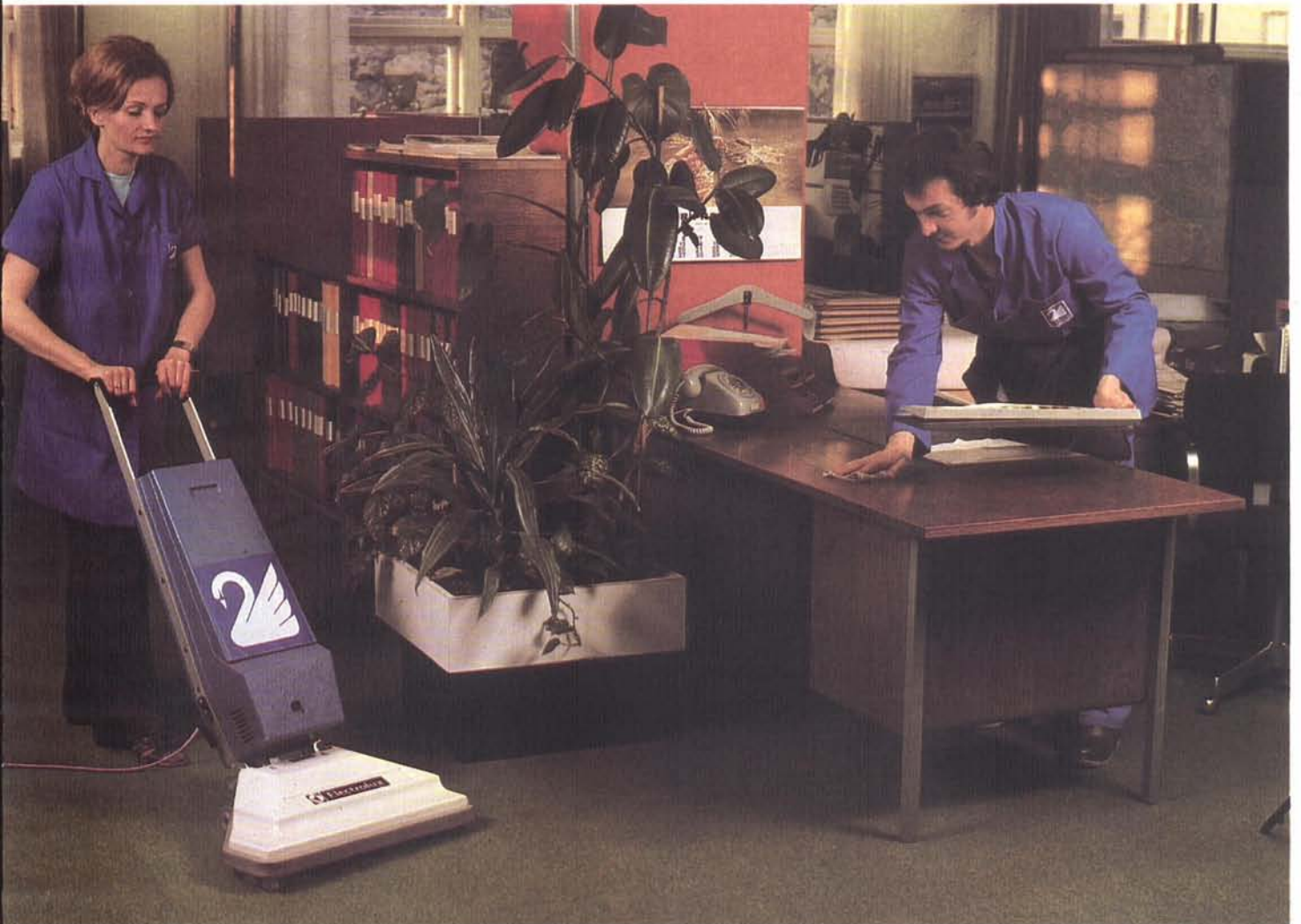
Expansion in 1977 was restrained to some degree by the sluggish state of the economy, which caused reduction in staffing levels in industry, and a slight recession in the hotel and restaurant trade.

At the beginning of 1978 AB Tvättman acquired two laundries in Stockholm, Räckstatvätten AB, and Stockholms Ängtvätt AB. In 1977 these companies reported sales of Mkr 8.

Sales - commercial cleaning services (Mkr)











Sales in 1977 totalled Mkr 423 (348). The operating results after normal depreciation were Mkr 10.1 (8.1), which is the equivalent of 2.4% (2.3) of sales.

In addition to the products described more fully below, sawmilling products and waste compactors can be mentioned.

### Lawn mowers

The Flymo Group manufactures and markets a wide range of lawn mowers with electric or petrol-driven motors, mainly of the air-cushion type. The products are sold in more than 70 countries. The Group developed well in 1977, particularly as regards sales of electric lawn mowers. In Great Britain sales increased by 50%, thus increasing Flymo's market share. Total sales in 1977 increased by 41% from Mkr 77 to Mkr 109.

During 1977 Flymo concentrated its activities at its European production facility in Newton Aycliffe, England.

Against the background of an established market position and investment in continued product development the Flymo Group has every opportunity for continued expansion.

### Agricultural implements, castings and windows

The manufacture of agricultural implements, mainly ploughs, sowing and mowing machines, castings and windows, takes place mainly at Överum, Sweden. During the year the Överum Group acquired SW Hydraulik AB, Tranås, Sweden. Production resources have been co-ordinated with the subsidiary company, Strömsholmens Mekaniska Verkstad AB, Tranås, whose product range has thus extended.

Sales in 1977 amounted to Mkr 162 (158).

AB Överums Bruk is one of Europe's largest manufacturers of ploughs. The sales of agricultural implements have been depressed by the





# Other products



reduction in stock levels held by dealers. Import restrictions have also seriously hampered sales prospects in Finland. We have been able to broadly maintain our volume of sales in other markets.

The range of ploughs was extended during the year with a gear plough. This type of plough is widely used on the continent of Europe. We also launched a special plough with up to 12 ploughshares for use with heavy tractors – the "Flexplogen".

The rapid cost increase in Sweden in recent years has reduced the competitive strength and profitability of the foundry. Import competition on the casting markets is currently extremely tough.

The window factory has made good use of its capacity during the year, and the profitability of its products has improved.

## Bathroom fittings

Zig-Zag Fabriks AB, Malmköping, Sweden, manufactures and markets bathroom fittings, and also has a considerable output of louvre-doors.

Sales in Sweden remained more or less unchanged during the year, while export sales increased considerably.

## Industrial robots

Electrolux Industrial Systems, Stockholm, develops, manufactures and markets industrial robots, ancillary equipment and production control systems, for external customers as well as for the Group's own factories. During the year a new electronic control system for robots was introduced to complement the existing range of products.

The demand for robots increased sharply during the year and resulted in a 50% rise in sales volume.

## Leasing and sale of tanks

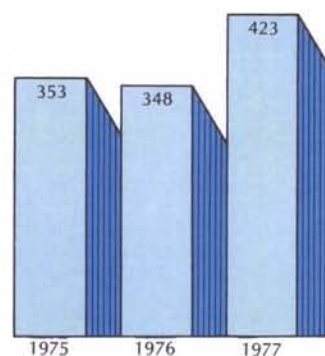
AB Gårdscisterner, ABG, is engaged in the leasing and sale of fixed and

mobile tanks for the storage of heating oils and vehicle fuels. The main category of customers is farmers, while others are found in industry and civil engineering.

During 1977 the company began marketing large free-standing oil tanks of up to 25 cubic metres in size.

Recent legislation places stringent demands on the maintenance and equipment of tanks. ABG has built up a national organisation for the repair and maintenance of oil and fuel tanks.

Sales – other products (Mkr)



Wooden bathroom fittings manufactured by Zig-Zag Fabriks AB.

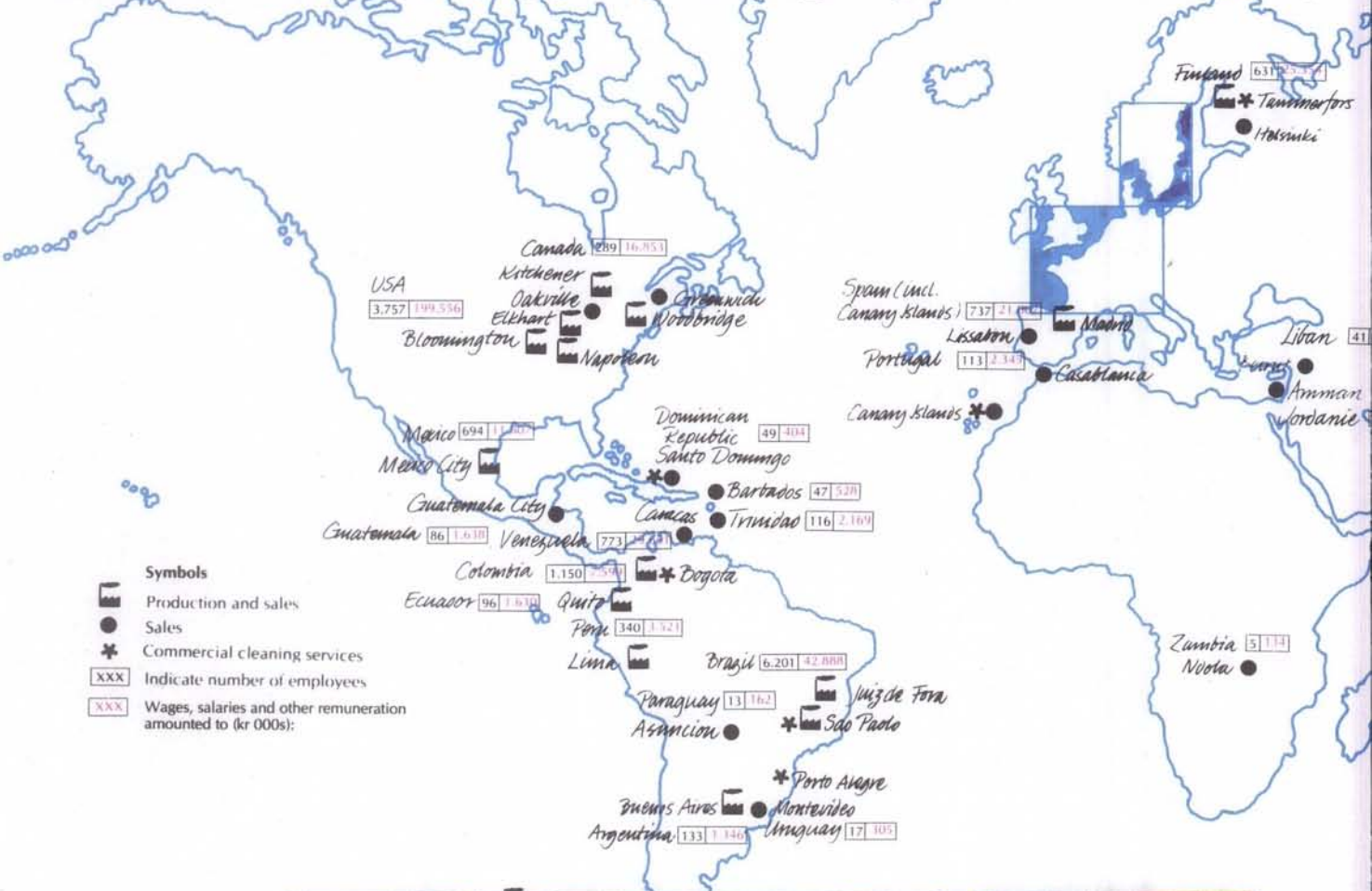
The Flymo group manufactures and sells advanced lawn-mowers, primarily air-cushion mowers. The range includes small lawn-mowers as well as large ones for professional use.

"Flexplogen" with up to 12 ploughshares is one of the new range of ploughs sold by AB Överums Bruk.

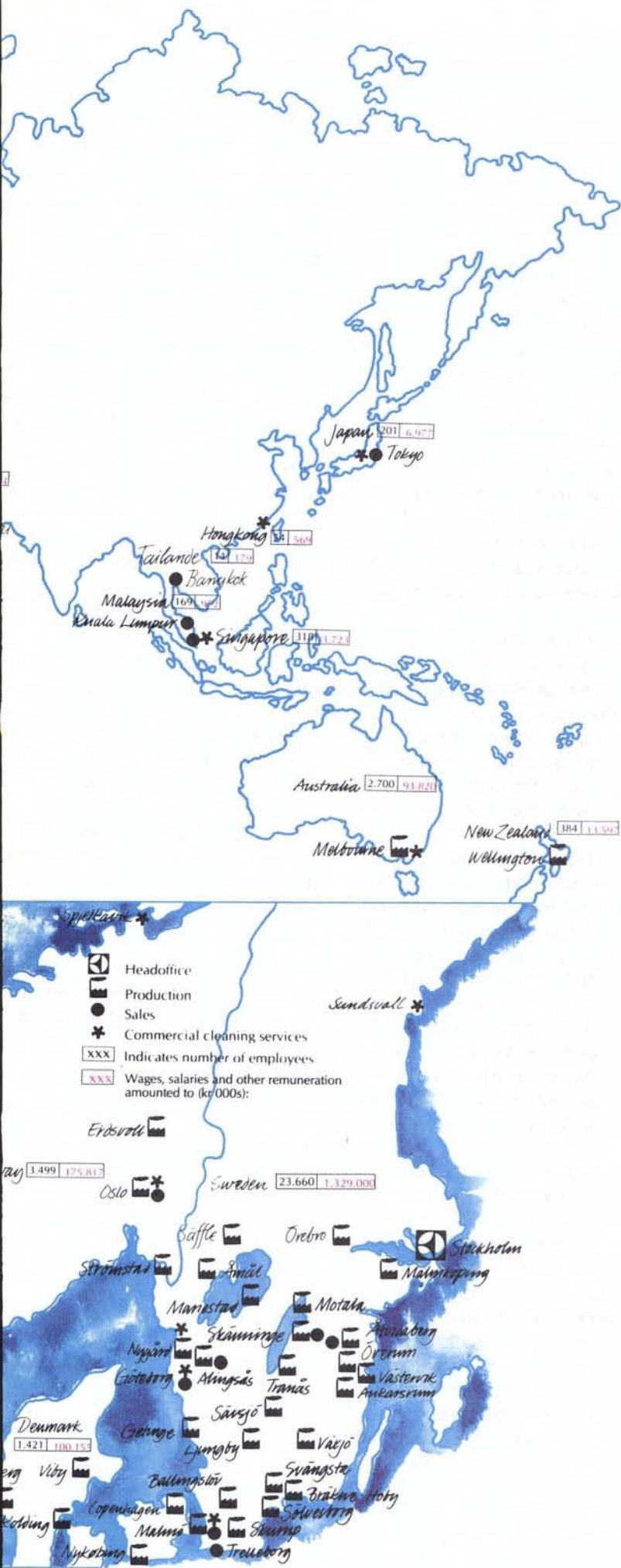
Demand for industrial robots increased in 1977.



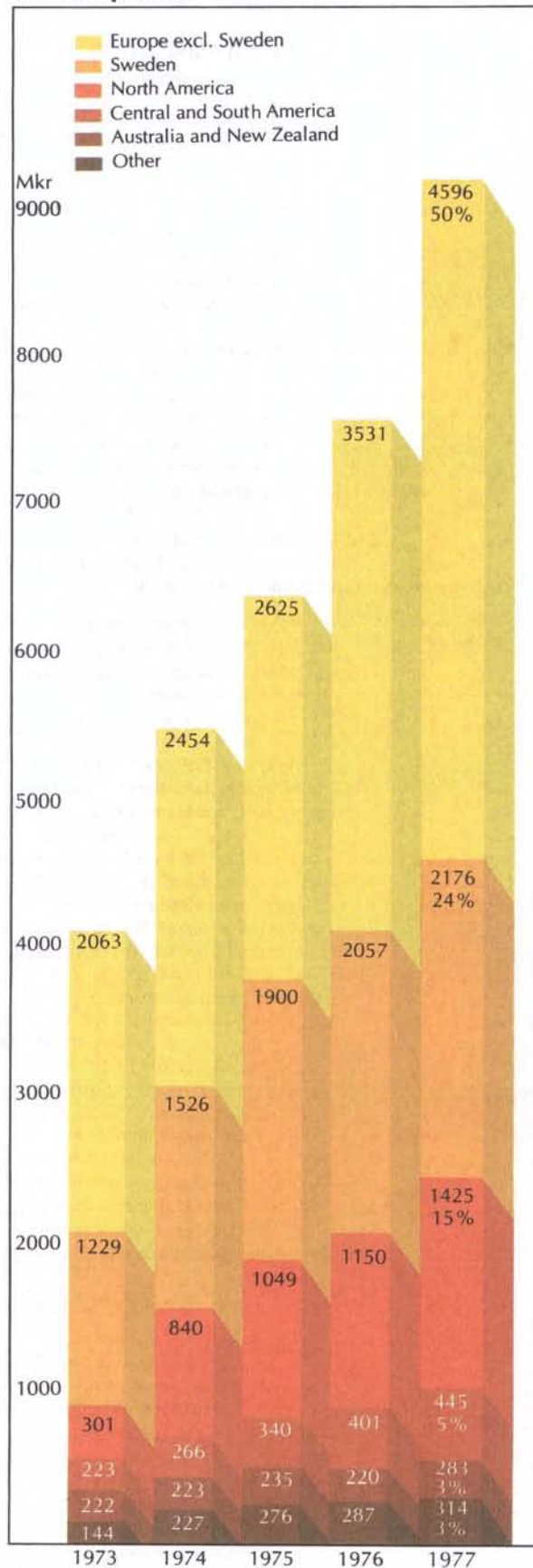
# Electrolux Group – Geographical Survey







### Geographical distribution of Group sales





# List of certain Group Companies and names of chief executives

(Companies in which outside shareholders own at least 10% of the share capital are marked\*)

## Argentina

S.A. Electrolux  
Buenos Aires  
Carl-Gustav Wennerholm

## Australia

Electrolux Pty. Ltd  
Melbourne  
Morris Coath  
Utility Services Pty. Ltd  
Collingwood  
Len Matthews

## Austria

Electrolux Bodenpflegegeräte  
Vertriebsgesellschaft mbH  
Vienna  
Steffan Lundeberg  
Electrolux Gesellschaft mbH  
Vienna  
Magnus Stenberg  
Facit-Addo Büromaschinen  
Vertriebsgesellschaft mbH  
Vienna  
Magnus Stenberg  
Volta Elektrowaren  
Vertriebsgesellschaft mbH  
Vienna  
Magnus Stenberg

## Barbados

Electrolux Ltd  
St. Michael  
Lloyd Seale

## Belgium

Electrolux-Martin S.A.  
Brussels  
Christian Barnekow  
Facit S.A.  
Brussels  
Staffan Lagerwall

## Brazil

Electrolux S.A.  
Sao Paulo  
Örjan Alneng  
Electrolux-Servicos Soc.  
Comercial Ltda  
Sao Paulo  
Edmund A. Bosschart  
Facit S.A.  
Sao Paulo  
Örjan Alneng

## Canada

Dometic Canada Ltd  
Oakville, Ontario  
Gerald R. Wannamaker  
Onward Manufacturing Co Ltd  
Kitchener, Ontario  
James D. Dixon

## Colombia

Electrolux S.A.  
Bogotá  
Poul V. Jensen

## Denmark

Electrolux A/S  
Lyngby  
Otto Meyer  
Electrolux-Wascator A/S  
Rødovre  
Ole Engers  
Facit A/s  
Lyngby  
Erik Larsen  
Flymo A/S  
Lyngby  
Bjarne Mørz  
Royal-Sabroe A/S  
Viby  
Kaj Toft  
A/S Scan-Atlas  
Husholdningapparater  
Lyngby  
Ib Frølich

## Dominican Republic

\*Electrolux Lagares C.por A.  
Santo Domingo  
Victor Lagares

## Ecuador

\*Electrolux C.A.  
Quito  
Gunnar Ehn

## Finland

Oy Electrolux-Yhtiöt Ab  
Helsinki  
Matti Mutikainen  
Oy Facit-Addo Ab  
Helsinki  
Bo-Erik Wiberg  
Oy Tammermatic Ab  
Tampere  
Kalevi Kärkönen

## France

Electrolux S.A.  
Senlis  
Anders Andrén  
Facit Addo S.A.  
Colombes  
Staffan Lagerwall  
Flymo S.A.  
Colombes  
Ulf Kronlund  
\*Tornado S.A.  
Senlis  
Anders Andrén  
Usines et Fonderies  
Arthur Martin S.A. "UFAM"  
Senlis  
Anders Andrén  
\*Wascator S.A.  
Paris  
Louis Gutzwiller  
Volta S.A.  
Senlis  
Anders Andrén

## Great Britain

Electrolux Ltd  
Luton  
John B. Redman  
Euroclean Ltd  
Kempston Hardwick, Bedford  
John J.M. Glasse  
Facit-Addo Ltd  
Rochester  
Arthur E. Grist  
Flymo Ltd  
Newton Aycliffe  
Peter Bullock  
The Sterilizing  
Equipment Co Ltd  
Ravenshead, Nottingham  
Ken Henfrey  
Swedish Royal  
Refrigeration Ltd  
Watford  
Edmond Prior  
\*Commercial Cleaning  
Services Ltd  
Birmingham  
Anthony S. Lane

## Guatemala

Cia Comercial e Industrial  
Electrolux S.A.  
Guatemala City  
Carlos Calderón-Velásquez

## Hong Kong

\*Electrolux Services  
(Hong Kong) Ltd  
Hong Kong  
David W. Thomas

## Iran

\*Electrolux Wascator Company  
of Iran  
Teheran  
Leif Johansson

## Italy

Electrolux S.p.A.  
Milan  
Jan Lindblad  
Facit Data Products S.p.A.  
Milan  
Jan Lindblad  
Flymo S.p.A.  
Brescia  
Giovanni Cancarini

## Japan

Electrolux Japan Ltd  
Tokyo  
Gunnar Kniberg  
\*Nesco Ltd  
Tokyo  
Yasuhiro Ishii

## Jordan

Electrolux Jordan  
Trading Company Ltd  
Amman  
Fouad Lammam

## Lebanon

Electrolux Middle East S.a.r.l.  
Beirut  
Fouad Lammam

## Luxembourg

Electrolux-Kreft S.a.r.l.  
Vianden  
Anders Wannborg

## Malaysia

\*Electrolux Malaysia Sdn. Bhd.  
Kuala Lumpur  
Raymond Wong

## Mexico

Electrolux S.A. de C.V.  
Mexico City  
Jan Laséen  
Facit Manufacturera S.A. de C.V.  
Mexico City  
Jan Laséen

## Netherlands

Addo Nederland B.V.  
The Hague  
Staffan Lagerwall  
Electrolux Nederland B.V.  
Diemen  
John Meyer  
Electrolux-Quatfass B.V.  
Diemen  
W. Krechting  
Excelsior-Tornado B.V.  
Terneuzen  
John Meyer

## New Zealand

Electrolux Ltd  
Wellington  
Richard M. Scelly

## Norway

Electrolux Constructor A/S  
Oslo  
Björn Molstad  
Electrolux Industrier A/S  
Oslo  
Ivar Aakhus  
Electrolux  
Rengjøringsmaskiner A/S  
Oslo  
Magnus Jensen  
\*Euroclean A/S  
Oslo  
Jan G. Stenstad



Facit A/S  
Oslo  
Per-Gunnar Heedman  
\*ISS Servisystem A/S  
Oslo  
Hans Jörgen Groll

**Peru**

Electrolux S.A.  
Lima  
Jan-Eric Boman  
Facit S.A.  
Lima  
Carl Gösta Burenius

**Portugal**

Electrolux Ltda  
Lisbon  
Clas Herdin

**Singapore**

\*Electrolux S.E.A.  
Private Ltd  
Singapore  
Gunnar Broberg

**Spain (incl Canary Island)**

Electrolux S.A.  
Madrid  
Clas Herdin  
Electrolux Canarias S.A.  
Las Palmas de Gran Canaria  
Bengt Nordman  
Electrolux Servicios S.L.  
Las Palmas de Gran Canaria  
Bengt Nordman

**Sweden**

Addo Försäljnings AB  
Ätvidaberg  
Lennart Gustafsson  
ASAB Serviceföretaget  
Stockholm  
Lennart Angeby  
AB Ballingslövs Träförädling  
Ballingslöv  
Bertil Albinsson  
Bröderna Brodd AB  
Skänninge  
Lars Emilsson  
Electrolux Constructor AB  
Säffle  
Sven Stork  
Electrolux Svenska  
Försäljnings AB  
Stockholm  
Gösta Bystedt  
Electrolux-Wascator AB  
Alingsås  
Folke Heibert  
AB Elektro Helios  
Stockholm  
Rainer Alfström

AB Elektroservice  
Stockholm  
Léif Axén  
Euroclean AB  
Stockholm  
Fredrik Schumacher

Facit AB  
Ätvidaberg  
Anders Scharp  
AB Formverktyg  
Hägersten  
Ingemar Persson

AB Gårdscisterner  
Stockholm  
Hans Rosander  
HDC Fjärrkontroll AB  
Malmö

Georg Matz  
B. Johanssons  
Pappersförädling AB  
Nygård

Owe Werner  
AB Orwak  
Sävsjö  
Sune Johansson  
Royal Refrigeration  
Industries AB  
Malmö  
Hans Ljung  
AB Svensk Nivåkontroll  
Malmö

Georg Matz  
AB Tvättman  
Malmö  
John-Jacob Engellau  
Försäljnings AB Volta  
Stockholm  
Rainer Alfström  
Växjö Rostfritt AB  
Växjö  
Bo Ericsson  
Zig-Zag Fabriks AB  
Malmköping  
Sven Johansson  
ZätaTryckerierna AB  
Linköping  
Bo Sternbrink

**Switzerland**

Electrolux AG  
Zürich  
Kurt Schläpfer  
Facit-Addo AG  
Zürich  
Hans Koch  
Menalux S.A.  
Morat  
Kurt Schläpfer  
Royal-Levin AG  
Zürich  
Hugo Dreher

Therma AG  
Schwanden  
Friedrich Zweifel  
Walter & Brynzeel  
Balterswil  
Kurt Pfenninger

**Thailand**

\*Electrolux Thailand Ltd  
Bangkok  
Adolfo Benedetti

**Trinidad**

Electrolux Ltd  
Port-of-Spain  
John A. Crowhurst

**Uruguay**

Electrolux S.A.  
Montevideo  
Rafael Barrenechea

**USA**

Dometic Sales Corp.  
Elkhart, Indiana  
Yngve Lindholm  
Facit-Addo Inc.  
Greenwich, Conn.  
Tom Jahn  
National Union Electric Corp.  
Greenwich, Conn.  
Joseph V. McKee jr.

**Venezuela**

C. A. Electrolux  
Caracas  
Ingvar Marklund

**Western Germany**

Electrolux GmbH  
Hamburg  
Steffan Lundeberg  
Electrolux GmbH  
Berlin  
Sven Stork  
Electrolux Constructor  
GmbH  
Wilnsdorf-Rudersdorf  
Rune Malm  
Electrolux Küchentechnik  
GmbH  
Siegen  
Adolf Kretzer  
Electrolux Kälte- und  
Wärmetechnik GmbH  
Hamburg  
Steffan Lundeberg  
Euroclean GmbH  
Hamburg  
Bengt Tillberg  
Facit GmbH  
Düsseldorf  
Walther Christoffersen

Royal-Wascator GmbH  
Düsseldorf  
Walther Christoffersen  
Electrolux-Loh GmbH  
Siegen  
Sven Stork  
Volta Vertriebs GmbH  
Hamburg  
Steffan Lundeberg

**Zambia**

Electrolux (Zambia)Ltd  
Ndola  
Jean Mooney



