



**SKF**  
Annual Report  
**1968**

# BOARD OF DIRECTORS, MANAGEMENT AND EXECUTIVES

December 31, 1968

## Parent Company

### Board of Directors

Jacob Wallenberg, Chairman, Stockholm  
Joel Larsson, Vice-Chairman, Göteborg  
Sverre R:son Sohlman, Saltsjöbaden  
Peter K:son Mark, Billdal  
Bertil Carlander, Göteborg  
Sven Ture Åberg, Saltsjöbaden  
Giovanni Agnelli, Turin  
Folke Lindskog, Göteborg

Harald Boman, Deputy, Göteborg  
Isak Forslund, Deputy, Göteborg

### Management

Folke Lindskog, Managing Director  
Isak Forslund, Deputy Managing Director  
Lennart Johansson, Deputy Managing Director  
Gunnar L. Arvidsson, General Counsel

### Auditors

Gösta Jacobsson, Authorized Public Accountant  
Nils Åhlund  
Georg Brandrup-Wognsen, Authorized Public Accountant  
Jan Leffler

### Bankers

Skandinaviska Banken, Göteborg  
Stockholms Enskilda Bank, Stockholm

## Group

### Group Managing Director

Folke Lindskog

### Group Staff Directors

Isak Forslund, Deputy Managing Director  
Lennart Johansson, Deputy Managing Director  
Gunnar L. Arvidsson, Legal Sweden  
Per Aurell, Public Relations  
Gunnar Glimstedt, Legal International  
Bengt Kihlberg, Marketing Planning  
Sten Kjellman, Finance  
Bengt Lundgren, Engineering and Research  
Gösta Sjöberg, Manufacturing Services  
Bo Övergaard, Sales

### Heads of Manufacturing Companies and Divisions

Lennart Bernstein  
*SKF Kugellagerfabriken GmbH, Schweinfurt, West Germany*  
Albert Bischoff  
*SKF Compagnie d'Applications Mécaniques, S.A., Clamart, France*  
Carl-Otto Blomberg  
*Associated Bearing Co. Ltd., Bombay, India*  
J. L. Dickinson  
*The Skejko Ball Bearing Co. Ltd., Luton, Great Britain*  
H. J. Dorpema  
*N.V. Nederlandsche Maatschappij van Kogellagers SKF, Veenendaal, Netherlands*  
Torsten Grufman  
*AB Svenska Kullagerfabriken, Göteborg Division, Göteborg, Sweden*  
Sven Hagelstrand  
*RIV-SKF Officine di Villar Perosa S.p.A., Turin, Italy*  
Kenneth F. Hartnell  
*United Bearing Corporation Pty. Limited, Echuca, Australia*  
Torsten Helmstein  
*Lidköpings Mekaniska Verkstads AB, Lidköping, Sweden*  
Helmuth Imme  
*J. N. Eberle & Cie GmbH, Augsburg, West Germany*  
Carl Eric Johansson  
*Companhia SKF do Brasil Rolamentos, Guarulhos, Brazil*  
Nils Kallin  
*Canadian SKF Co. Ltd., Scarborough, Canada*  
Nils Kittilä  
*Fábrica de Rodamientos RSA S.A., Eibar, Spain*

**Stig Lagercrantz**

*Cia Sudamericana BTB S.A., Buenos Aires, Argentina*

**C. A. Martin**

*SKF Bearing Manufacturers (Pty.) Ltd., Uitenhage, South Africa*

**Thomas W. Morrison**

*SKF Industries, Inc., Philadelphia, USA*

**Nils Rudberg**

*AB Svenska Kullagerfabriken, Steel Division, Hällefors, Sweden*

**Arthur Wood**

*C. E. Johansson Limited, Dunstable, Great Britain*

**Heads of Sales Companies**

**Rustan Bergman**

*Compañía SKF Golfo y Caribe S.A., Mexico City, Mexico*

**Lennart Berner**

*Société Belge des Roulements à Billes SKF S.A., Brussels, Belgium*

**Francisco Bertelli**

*Compañía Argentina de Rodamientos S.A., Buenos Aires, Argentina*

**P. J. Blewett**

*The SKF Ball Bearing Co. of Central Africa (Kitwe) Ltd., Kitwe, Zambia*

**Carl-Otto Blomberg**

*The SKF Ball Bearing Co. Private Ltd., Bombay, India*

**Sture Bodén**

*SKF Greek-Swedish Rolling Bearing Co. Ltd., Athens, Greece*

**Bo Cederwall**

*Compañía Sudamericana SKF S.A., Montevideo, Uruguay*

**J. A. Chambers**

*The SKF Ball Bearing Co. (Pty.) Ltd., Johannesburg, South Africa*

**Sven-Ryno Cornelius**

*The SKF Far East Co. Ltd., Hong Kong*

**H. J. Dorpema**

*SKF Nederland N.V., Veenendaal, and SKF Norma N.V., Amsterdam, Netherlands*

**C. G. Ekeroth**

*Sociedade SKF Limitada, Lisbon, Portugal*

**Stig Engbäck**

*Rodamientos SKF C.A., Caracas, Venezuela*

**Claes Gardler**

*Compañía Sudamericana SKF S.A., Bogotá, Colombia*

**Jan Hansson**

*The Indonesian SKF Corporation AB, Djakarta, Indonesia*

**Stig Hedlund**

*SKF Kugellager Aktiengesellschaft, Zurich, Switzerland*

**Josef Horák**

*Kuličková Ložiska SKF A.S., Prague, Czechoslovakia*

**Mikko Kanerva**

*Oy SKF AB, Helsinki, Finland*

**Nils Kittilä**

*Rodamientos a Bolas SKF S.A., Barcelona, and Comercial Rodamientos RSA S.A., Madrid, Spain*

**Jan Klumper**

*SKF Hellefors-Hofors Staal N.V., Veenendaal, Netherlands*

**Stig Lagercrantz**

*Compañía SKF Argentina S.A., Comercial e Industrial, Buenos Aires, Argentina*

**Leif Magnus**

*Dansk Kugleleje Aktieselskab SKF, Glostrup, Denmark*

**Ebbe Nilsson**

*Société Marocaine SKF S.A., Casablanca, Morocco*

**Nils Th. Persson**

*SKF of Japan Ltd., Tokyo, Japan*

**Robin Reed**

*SKF Steel Limited, Bletchley, Great Britain*

**Vittorio Reguzzelli**

*SKF Acciaio S.p.A., Milan, Italy*

**Sten O. Reijer**

*The SKF Ball Bearing Company (New Zealand), Ltd., Wellington, New Zealand*

**Nils Russe**

*SKF Bileli Rulmanlari Limitet Sirketi, Istanbul, Turkey*

**Karl E. Sandquist**

*SKF Ost Kugellager-Vertriebsgesellschaft m.b.H., Vienna, Austria*

**Lennart Schultz**

*SKF Kugellagergesellschaft m.b.H., Vienna, Austria*

**Anders Skottsberg**

*Norsk Kulelager Aktieselskap SKF, Oslo, Norway*

**János Stverteczky**

*SKF Svéd Golyócsapágy, Részvénytársaság, Budapest, Hungary*

**H. I. Thomson**

*The SKF Ball Bearing Co. (Malawi) Ltd., Blantyre, Malawi*

**Karl Heinz Ufer**

*SKF Stahl GmbH, Düsseldorf, West Germany*

**Sven Urban**

*Companhia Brasileira de Rolamentos, São Paulo, Brazil*

**Nils G. Weman**

*Compañía Sudamericana SKF S.A., Lima, Peru*

**R. G. Willaman**

*Peterson Steels, Inc., Union, New Jersey, USA*

**S. G. V. Virding**

*The SKF Ball Bearing Company (Australia) Pty. Ltd., Melbourne, Australia*

**Gerry M. Wood**

*Peterson Steels (Canada) Ltd., Scarborough, Ont., Canada*

**Bengt Åstedt**

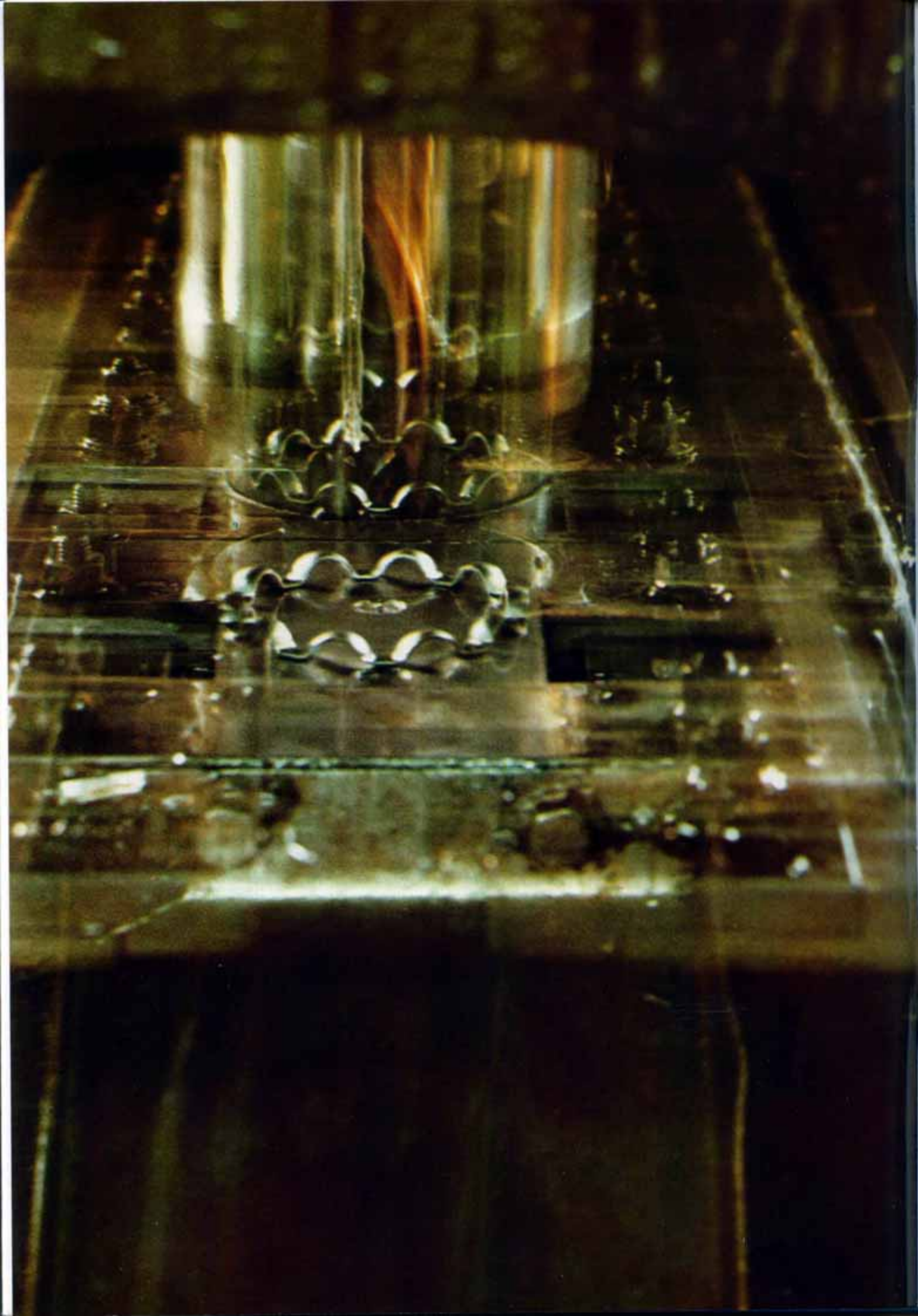
*Rodamientos SKF Chile S.A., Santiago, Chile*

# AKTIEBOLAGET SVENSKA KULLAGERFABRIKEN

## Annual report 1968

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General meeting to be held at the Company's office, Hornsgatan 1, Göteborg, on Tuesday, 27th May, 1969, at 3.30 p.m. Shareholders who wish to attend are requested to notify the Board of Directors before noon, 22nd May, 1969.



## **The Group's activities — a summary**

(thousands of kronor)

	<b>1968</b>	<b>1967</b>
Turnover . . . . .	<b>3,787,197</b>	3,514,361
Trading profit . . . . .	<b>408,492</b>	318,841
in percent of turnover . . . . .	<b>10.8</b>	9.1
Profit before provisions and taxes . . . . .	<b>388,690</b>	281,843
in percent of turnover . . . . .	<b>10.3</b>	8.0
Provisions . . . . .	– <b>13,699</b>	– 25,943
Taxes . . . . .	– <b>174,385</b>	– 144,252
Minority interest in profit . . . . .	– <b>12,178</b>	– 12,124
Net profit . . . . .	<b>188,428</b>	99,524
in kronor per share . . . . .	<b>42.17</b>	22.27
Adjusted profit in kronor per share <sup>1</sup> . . . . .	<b>37.19</b>	28.14
Investment in plant and property . . . . .	<b>279,724</b>	268,029
Number of employees . . . . .	<b>62,870</b>	64,759

<sup>1</sup>) Adjusted profit is the result after the deduction of internal depreciations and minority interests but before extraordinary income and expenses, provisions and taxes less calculated taxes.

## Market situation and sales

As illustrated in diagram 1, the turnover of the SKF Group of companies has increased continually during the whole of the post war period, with the exception of 1967, when sales dropped slightly because of the general business recession which resulted in reductions in stocks held by customers. From 1949 to 1968 sales increased by an average of 9.5 % each year and the rate of increase for the last ten years of this period was 8.4 %. In 1968 the sales of the Group increased by 7.8 % and sales growth at present corresponds more or less to the rate of earlier years. Group turnover for 1968 was 3,787 million kronor, which is 273 million kronor higher than in 1967.

The general trend of world economy is illustrated in diagram 2, which indicates the annual variations of the gross national product in the more important consumer countries for the SKF Group. The diagram also shows the size of the larger SKF companies compared with each other. The relatively good sales results recorded in 1968 are derived mainly from the favourable development of the Group's important markets in USA and West Germany, where two of the Group's larger companies are located. In terms of volume the improvement of sales activity has shown a more favourable trend than is indicated by the figures quoted above. Devaluation of several currencies in the latter half of 1967 decreased the value of sales for 1968 when expressed in Swedish currency, particularly in the case of the British company, despite an increase in sales volume.

The added value tax introduced in West Germany in 1968 is not included in the net sales of the Group

whereas the sales tax previously was included. If these factors had not influenced the value of Group sales a further increase of 1.3 % would have resulted.

On average 80 % of SKF products are sold in the countries of manufacture, leaving only 20 % sold in international trade. However, SKF in Sweden has much greater dependence on international trade with exports amounting to 70 % of production.

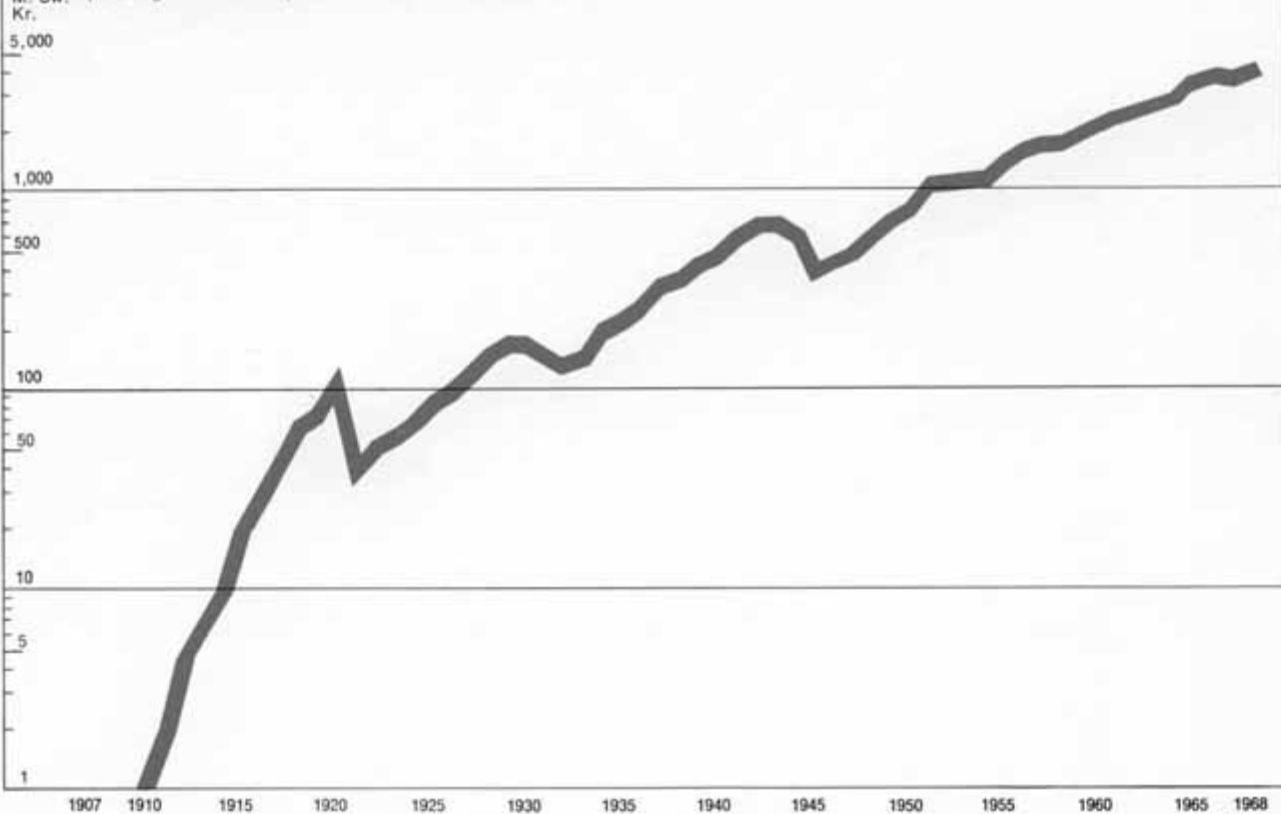
Efforts to attain greater diversification of the Group's production and sales programmes have been intensified so as to reduce dependence on the economic situation and achieve a more even distribution of risk and a more rapid rate of growth. About 80 % of the Group's total production is of ball and roller bearings and associated accessories. The remainder consists mainly of steel goods supplied to consumers other than SKF factories, and of special components for textile machinery. Other products forming part of the SKF manufacturing programmes include machine tools, thread-cutting tools and castings other than housings for ball and roller bearings.

In view of the economic trend illustrated in diagram 2 there is every reason to expect in 1969 a rate of volume growth for the SKF Group similar to that of 1968.

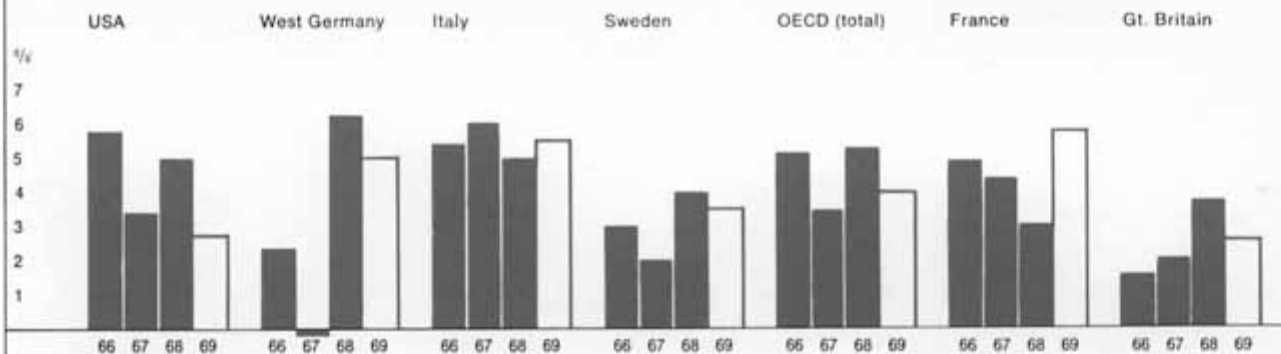
The measures previously announced to achieve a more effective control of finished stocks have begun to show results. Finished stocks have decreased and further reductions are planned. The reduction of finished stocks during periods of brisk business activity creates a more even utilization of manufacturing facilities throughout the business cycle.

# 1. SKF Group Turnover 1907-1968 in M. Sw. Kr.

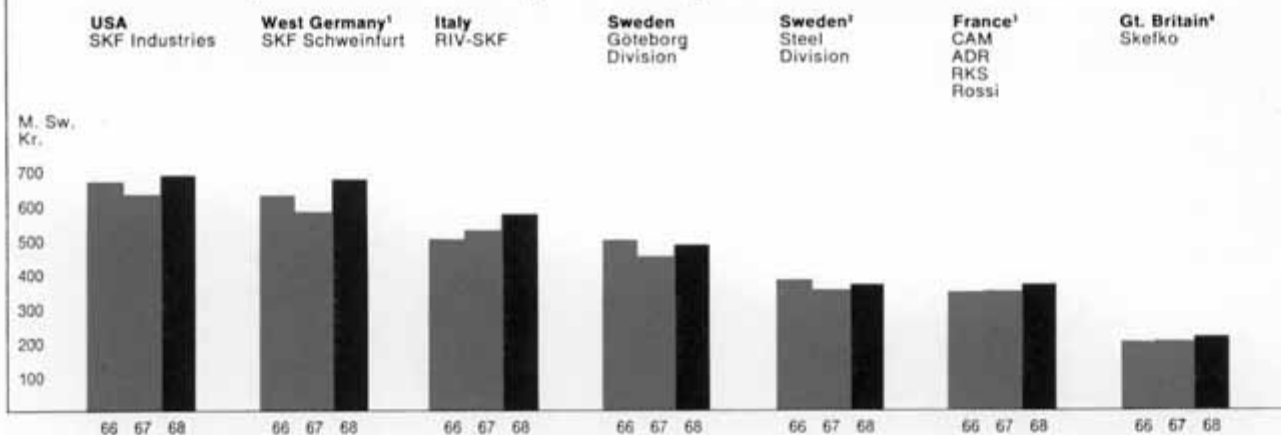
M. Sw. Kr. (to a logarithmic scale)



# 2. Increase in Gross National Product 1966-1968 and OECD forecast for 1969 by percentage



# Turnover comparison between the larger SKF Companies 1966-1968 in M. Sw. Kr.



1) Sales 1966 and 1967 excluding turnover tax.  
 2) Deliveries to Göteborg Division included.  
 3) Intercompany deliveries excluded.  
 4) Sales 1966 and 1967 converted into Swedish kronor at the exchange rate of 1968.

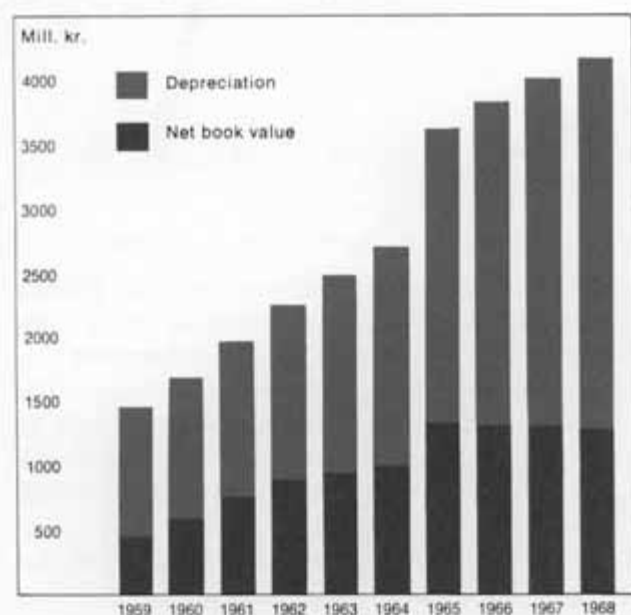


### Investments in plant and property

The Group's investments in plant and property amounted to 280 million kronor. The gross value of plant and property, after the sale and disposal of assets, increased by 191 million kronor.

As in the previous year investments were mainly concerned with rationalization and quality improvement, contributing to the continual co-ordination of the Group's manufacturing capacity.

Investments in plant and property 1959-1968



Year	Cost value	Depreciation	Net book value
1959	1,458	970	488
1960	1,687	1,075	612
1961	1,973	1,199	774
1962	2,254	1,345	909
1963	2,500	1,526	974
1964	2,710	1,679	1,031
1965	3,636	2,262	1,374
1966	3,836	2,479	1,357
1967	4,013	2,669	1,344
1968	4,205	2,923	1,282

As a result of greater use of production resources and the expansion of the market, future investments will be aimed more particularly at projects involving the expansion of capacity. The decision has been taken to start a series of investments totalling 471 million kronor, 96 million kronor of which is allocated to the plants in Sweden.

One of the larger projects is the construction of a new factory at SKF Schweinfurt, the first phase of which will start in 1969. SKF-CAM will proceed with its transfer from the Paris district by investing in a

new factory in western France for the manufacture of bearings in large production runs. RIV-SKF, Turin, is building a new factory for the manufacture of bearings for the aircraft industry.

The investment programme will considerably help to reduce the production time cycle at the factories, leading to an improvement in customer service and a reduction of the amount of capital tied up in the production process.

### Share investments in Associated Companies

The structure of the Group has undergone a number of changes as a result of the purchase of shares from persons outside the Group and the completion of certain internal share transactions.

During the course of the year the Parent Company purchased the minority shareholders' interests in The Skefko Ball Bearing Company Limited, Luton, in accordance with the offer mentioned in the 1967 Annual Report.

C. E. Johansson Limited, Dunstable, England, has been registered as a new unit of the Group. The purchase of this company formed part of the acquisition last year of the thread-cutting tool business of AB C. E. Johansson, Eskilstuna, Sweden.

All the shares have been acquired in the sales company Companhia Brasileira de Rolamentos (CBR), São Paulo, which markets RIV products.

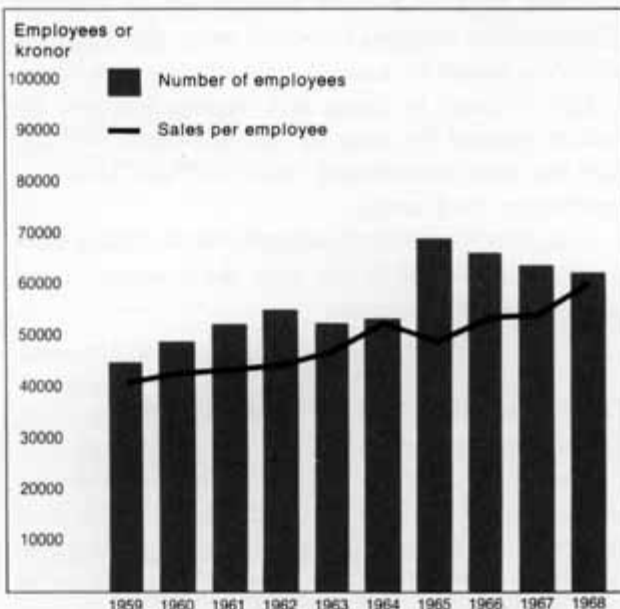
Negotiations have been taking place during the year with the object of merging the four Spanish companies in which the Group has interests. The first stage of the co-ordination and rationalization of SKF activities in Spain, the real purpose of the merger, was completed during 1968 when the Parent Company acquired RIV-SKF's shares in Fábrica de Rodamientos RSA, S.A., Eibar, and the sales company Comercial Rodamientos RSA, S.A., in Madrid. It is expected that these negotiations will be concluded this year. The Parent Company's share in the new company will then amount to 49%.

In order to establish closer co-operation between its manufacturing subsidiaries within the Common Market the company transferred, in 1966, its shares in SKF Schweinfurt and SKF Veenendaal to a wholly-owned holding company in the Netherlands, SKF Holding Maatschappij Holland N.V. As a further step in this co-ordination the company has transferred to this holding company the whole of its interest in RIV-SKF, Turin.

### Personnel

The average number of active employees at the various units of the Group was 62,870, a reduction of

Number of employees, Sales per employee 1959-1968



Year	Number of employees	Sales per employee
1959	45,413	41,165
1960	49,150	42,902
1961	53,204	43,112
1962	55,570	43,969
1963	53,407	46,817
1964	53,687	52,501
1965	68,426	49,709
1966	66,619	53,751
1967	64,759	54,268
1968	62,870	60,239

1,889 compared with the previous year. This trend results from the policy of rationalization which has been conducted actively, not only in manufacturing but increasingly in administration and sales.

Measures taken to make rationalization more effective include recruitment on a more selective and purposeful basis and more intensive efforts towards the further education of personnel, particularly at managerial level. An increase in production and sales, despite the reduction in personnel, testifies to the success of these measures.

## ACTIVITIES AT GROUP COMPANIES

### USA

General industrial activity in the United States, which fell during 1967, increased by 4% during 1968.

Competition has sharpened because of the import of bearings, mainly Japanese, at lower prices. Never-

theless, SKF Industries Inc., Philadelphia, was able to increase deliveries by 7%.

Rising wages and higher taxes, together with a further decrease in selling prices, are the reasons for the somewhat reduced profitability. Costs in connection with the start of operations at the new Hanover plant were higher than expected and this also has contributed to the lower profitability.

The American economic trend is largely dependent on political factors, such as the current negotiations on Vietnam. The ball and roller bearing market is expected to expand by 5%, and SKF Philadelphia is planning to increase its sales at least at the same rate. Investment plans contemplate improvement in profit for the coming years.

### West Germany

As a result of the considerable increase in business activity throughout the country the turnover of SKF Kugellagerfabriken GmbH, rose by 16%. This led to full utilization of the production capacity and a considerably improved result. The increase in sales is solely confined to the home market for ball bearings. The sale of products for the textile industry, from the factory at Stuttgart-Bad Cannstatt, remained at 1967's high level.

A further rise in economic activity is forecast for the current year, and the company's turnover should therefore be higher than for 1968. To meet the anticipated expansion of the ball and roller bearing market, capacity will be increased through investments, which are also planned to make production more efficient.

### Italy

RIV-SKF Officine di Villar Perosa S.p.A., Turin, increased its sales both at home and abroad. Total turnover rose by 7%. Profits for the year also showed a larger margin compared with the previous year.

The continued expansion of the Italian economy gives reason to expect a continued rise in the company's sales during 1969. This trend would however depend to some extent on the result of this year's wage negotiations.

Plant investments have increased substantially during the year, and there will be further investments in rationalization and replacement machinery during the current year. Special efforts will be made to raise productivity to compensate for higher costs.

### France

In spite of the events during the spring SKF-Compagnie d'Applications Mécaniques, S.A. (CAM), Clamart,

increased its sales by 5%. Intensive measures of rationalization have raised productivity, thus compensating the increase in costs caused by the new wage agreements. The raising of productivity, together with a moderate rise in prices, has resulted in an improvement in profitability.

Prospects for the first six months of 1969 are good, but developments during the remaining half of the year are more difficult to predict. The estimated increase in exports to Germany is one of the reasons why SKF-CAM is planning to increase its production.

During the year the company has acquired a majority interest in La Technique Intégrale S.A., Paris. This firm specializes in the manufacture of planetary roller screws principally for use in the machine tool and aircraft industries.

SKF-CAM has also acquired a minority interest this year in Compagnie Générale du Roulement (CGR), Beauchamp. This firm manufactures bearings of a simplified design for use in conveyors, link rollers, wheels, etc.

Activities at the subsidiary companies of SKF-CAM have developed favourably despite the economic difficulties that have beset the country.

#### **Great Britain**

The 1968 profit of The S SKF Ball Bearing Co. Ltd., Luton, was better than that for the previous year. This was due to an increase in turnover of 5% and to the influence of economic measures taken within the Company. Orders received indicate a further increase in sales, and if the country's economic position does not deteriorate, the current year should also bring a continued improvement in profitability.

A reduction in stock levels has improved the company's liquidity. Planned investments for the modernization of manufacturing facilities should enhance profits in future years.

#### **Other companies**

Owing to the unstable situation of the Brazilian market SKF São Paulo is still experiencing difficulties.

The company again experienced a loss in 1968, but measures have been taken to improve the position. These are also designed to exploit more effectively the combined resources available in Argentina and Brazil.

The company in India, SKF Poona, has now definitely reached the stage of full operation. Productivity has been considerably improved with increased profitability as a result.

Activities at the other companies of the Group have generally developed in line with the economic trend in the respective countries.

#### **TRADING RESULTS OF THE GROUP**

The Group's turnover rose by 7.8% (compared with a decrease of 1.9% in 1967), slightly more than the increase achieved by the Parent Company. Profit after deduction of depreciation and commercial expenses amounted to 408.5 million kronor (318.8 million in 1967), an increase of 28%. The profit margin rose from 9.1% to 10.8% and this can be chiefly attributed to the favourable economic climate in West Germany and the very good result recorded by SKF Schweinfurt. The companies in France and Britain also showed considerably improved results for the year.

Financing expenses after deducting corresponding income amounted to 32.6 million kronor (40.4 million in 1967). The net decrease of this figure is due in the main to lower expenses and higher income in respect of interests.

After deduction of extraordinary income and expenses, special provisions and reserves, the setting aside of 174.4 million kronor (144.3 million in 1967) for taxes and deduction of the minority interests, the net profit is 188.4 million kronor (99.5 million in 1967).

The liquidity position was improved during the year. As illustrated by the financial analysis on page 12, liquid funds, including short term investments, increased by 21.8 million kronor. Working capital increased by 112.0 million kronor.

## Income Statement

(thousands of kronor)

	1968	1967
<b>Trading Profit</b>		
Sales . . . . .	3,787,197	3,514,361
Turnover tax . . . . .	- 21,139	- 28,517
	<u>3,766,058</u>	<u>3,485,844</u>
Cost of goods sold . . . . .	- 2,541,044	- 2,363,500
Depreciation . . . . .	- 255,158	- 268,024
	<u>969,856</u>	<u>854,320</u>
Selling, administrative and general expenses . . . . .	- 561,364	- 535,479
	<u>408,492</u>	<u>318,841</u>
<b>Financial Income and Expenses</b>		
Dividends . . . . .	1,531	2,126
Interest income . . . . .	18,242	12,976
Interest expenses . . . . .	- 52,418	- 55,453
	<u>- 32,645</u>	<u>- 40,351</u>
<b>Extraordinary Income and Expenses</b>		
Profit on sales of capital assets . . . . .	13,527	8,878
Other income . . . . .	11,967	6,732
Other expenses . . . . .	- 12,651	- 12,257
	<u>12,843</u>	<u>3,353</u>
<b>Profit before Provisions and Taxes</b> . . . . .	<b>388,690</b>	<b>281,843</b>
<b>Provisions</b>		
Compensation from pension funds . . . . .	-	16,703
Provision for Investment Reserve . . . . .	- 10,000	- 45,000
Changes in Inventory Reserve . . . . .	1,411	27,016
Changes in reserve for Accounts Receivable . . . . .	- 5,110	- 24,662
	<u>- 13,699</u>	<u>- 25,943</u>
<b>Taxes</b> . . . . .	- 174,385	- 144,252
<b>Minority Interest in Profit</b> . . . . .	- 12,178	- 12,124
<b>Net Profit</b> . . . . .	<u><b>188,428</b></u>	<u><b>99,524</b></u>

Because of the alteration in the presentation of the Income Statement and Balance Sheet, the figures in respect of 1967 have been rearranged to facilitate comparison.

## Consolidated Balance Sheet, 31st December

(thousands of kronor)

ASSETS	1968	1967
<b>Current Assets</b>		
Cash . . . . .	360,045	362,526
Shares, bonds and other securities . . . . .	28,880	2,701
Acceptances receivable . . . . .	41,986	43,904
Accounts receivable (note 1) . . . . .	762,116	584,668
Inventories (note 2) . . . . .	1,727,282	1,787,197
	<u>2,920,309</u>	<u>2,780,996</u>
<b>Sveriges Riksbank, Investment Account for Economic Stabilization</b>	<u>26,802</u>	<u>25,234</u>
<b>Capital Assets</b>		
Accounts receivable . . . . .	13,104	19,101
Shares in other companies . . . . .	29,379	29,042
Plant and property (note 3) . . . . .	1,281,763	1,344,488
	<u>1,324,246</u>	<u>1,392,631</u>
	<u>4,271,357</u>	<u>4,198,861</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	1968	1967
<b>Current Liabilities</b>		
Unpaid taxes . . . . .	110,334	77,735
Loans and acceptances . . . . .	226,945	266,607
Other current liabilities . . . . .	513,694	479,338
	<u>850,973</u>	<u>823,680</u>
<b>Long Term Liabilities</b>		
Provisions for pensions . . . . .	292,868	283,870
Bonded debt . . . . .	128,010	132,839
Loans . . . . .	224,371	206,914
Other long term liabilities . . . . .	76,992	87,273
	<u>722,241</u>	<u>710,896</u>
<b>Investment Reserves</b> . . . . .	187,214	245,378
<b>Special Funds and Reserves</b> . . . . .	734,207	686,986
<b>Reserve for Exchange Risks</b> . . . . .	50,000	50,000
<b>Minority Interests</b> . . . . .	195,943	244,809
<b>Shareholders' Equity</b>		
Share Capital . . . . .	446,830	446,830
Reserve Fund . . . . .	146,181	146,181
Associated Companies' Reserve Funds and Debt-regulation Funds . . . . .	68,933	65,643
Surplus (as specified below) . . . . .	868,835	778,458
	<u>1,530,779</u>	<u>1,437,112</u>
	<u>4,271,357</u>	<u>4,198,861</u>
Contingent liabilities . . . . .	51,556	49,516
Acceptances discounted . . . . .	84,550	65,081
Securities pledged . . . . .	75,276	49,392
<b>Specification of Surplus</b>		
Surplus at beginning of year . . . . .	778,458	727,253
Dividend, Parent Company . . . . .	- 44,683	- 44,683
Net profit for the year . . . . .	188,428	99,524
	<u>922,203</u>	<u>782,094</u>
Minority interest in funds and reserves . . . . .	- 2,104	- 2,728
Transferred to reserve funds and debt-regulation funds in Associated Companies . . . . .	- 3,038	- 3,193
Transferred to special funds and reserves . . . . .	- 47,221	- 9,953
Transferred to/from other reserves including differences due to exchange rates . . . . .	- 1,005	12,238
	<u>- 53,368</u>	<u>- 3,636</u>
Surplus at the end of the year . . . . .	<u>868,835</u>	<u>778,458</u>

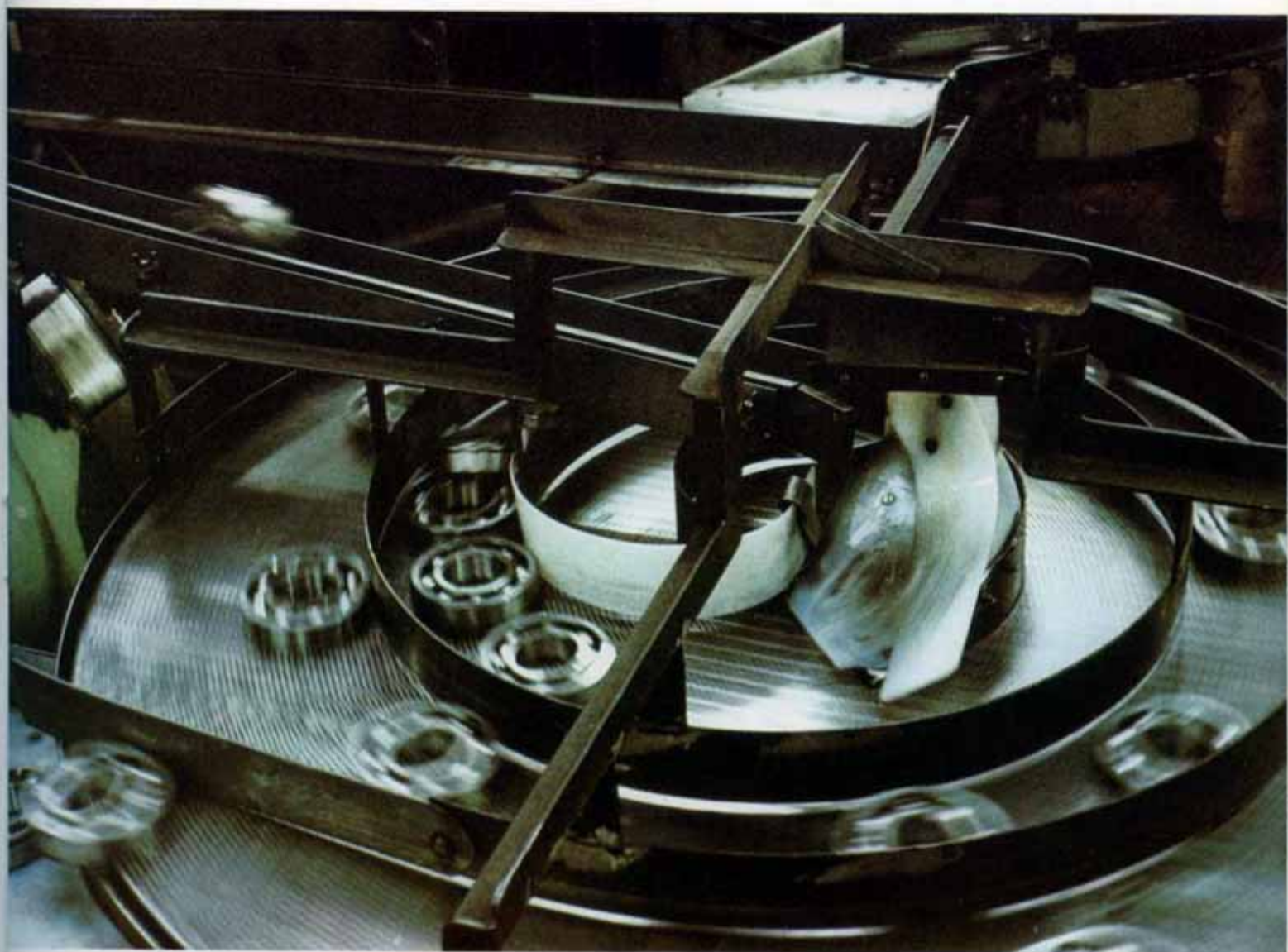
## Statement of Sources and Disposition of Funds

(thousands of kronor)

<b>Funds from internal sources</b>		<b>1968</b>
Net profit . . . . .		188,428
Depreciation and disposal of plant and property – net . . . . .		274,285
Provisions . . . . .		13,699
		<u>476,412</u>
<b>Funds from external sources</b>		
Changes in long term liabilities and long term receivables . . . . .		17,342
Other items . . . . .		22,100
		<u>39,442</u>
		515,854
<b>Disposition of funds</b>		
Dividend paid . . . . .		44,683
Investments in		
plant and property . . . . .		279,724
shares in Associated Companies . . . . .		77,522
shares in other companies . . . . .		337
Increase of deposit with Sveriges Riksbank . . . . .		1,568
		<u>403,834</u>
Net increase of working capital . . . . .		<u>112,020</u>

<b>Composition of working capital</b>	<b>Year-end 1968</b>	<b>Year-end 1967</b>	<b>Change</b>
Liquid accounts . . . . .	430,911	409,131	+ 21,780
Accounts receivable . . . . .	762,116	584,668	+ 177,448
Inventories . . . . .	1,727,282	1,787,197	– 59,915
	<u>2,920,309</u>	<u>2,780,996</u>	<u>+ 139,313</u>
<i>Less:</i>			
Current liabilities . . . . .	850,973	823,680	+ 27,293
Working capital and net change during 1968 . . . . .	<u>2,069,336</u>	<u>1,957,316</u>	<u>+ 112,020</u>

*Advanced automation is a pre-requisite for the delivery of 1½ million bearings a day. This is a detail view of a packaging line for deep groove ball bearings. The bearings are passed over a draining table in their progress towards . . .*





...the next operation. The bearings are machine wrapped in grease-proof paper and conveyed to the next station (page 23).



# PARENT COMPANY

## Directors' report

Total sales of the Parent Company during 1968 were 810.2 million kronor compared with 758.6 million kronor in 1967, an increase of 6.8%. The corresponding increase for the Göteborg Division was 6%. Sales on the domestic market increased by 8%, while the rise in exports was less marked, reaching somewhat less than 6%. The situation was the reverse in the case of the Steel Division, although there was less difference: exports increased by 8% and deliveries to Swedish customers, excluding the Göteborg Division, increased by a little over 7%, representing together a rise of nearly 8%.

### Sales (millions of kronor)

	1968		1967	
Göteborg Division . . . . .	498.1		468.7	
Home . . . . .	144.5	29 %	133.8	29 %
Export . . . . .	353.6	71 %	334.9	71 %
Steel Division . . . . .	312.1		289.9	
Home . . . . .	78.6	25 %	73.1	25 %
Export . . . . .	233.5	75 %	216.8	75 %
Parent Company (total) . . . . .	810.2		758.6	
Home . . . . .	223.1	28 %	206.9	27 %
Export . . . . .	587.1	72 %	551.7	73 %

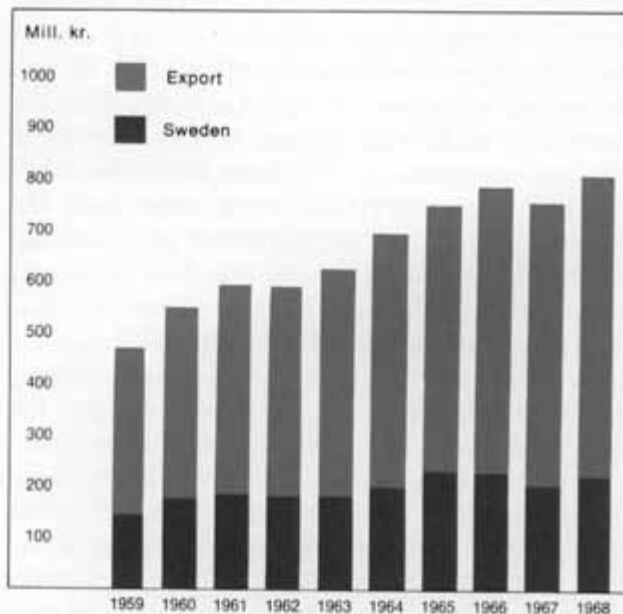
Orders received by the Parent Company as a whole reflected the general course of market developments with the exception of some marked differences in some individual instances. The total increase of orders received was 23%, while the Göteborg Division recorded an increase of 22% for ball and roller bearings, castings, etc. The corresponding figure for the Steel Division was 25%.

### Production and stock level

The stabilization of the market situation during the year led to a small increase in production at the **Göteborg Works**. The production value of this increase was 2%. Continuance of the policy of intense rationalization together with the application of certain economic measures has led to more economic production operating at barely 80% of normal factory capacity.

The organization in charge of the control of material flow through the various phases of production and distribution has again been improved. This, together with an improvement in the demand situation, has made possible a reduction of 18% in total stock

Sales 1959-1968



Year	Parent Company	Sweden	Export
1959	470.4	149.7	320.7
1960	548.6	178.3	370.3
1961	598.9	188.2	410.7
1962	597.6	182.6	415.0
1963	629.8	181.2	448.6
1964	694.8	206.1	488.7
1965	754.7	240.9	513.8
1966	788.4	234.4	554.0
1967	758.6	206.9	551.7
1968	810.2	223.1	587.1

(corresponding to 80 million kronor), the stock of finished products accounting for just under half of this figure.

Production of castings in 1968 continued to be affected by a mild economic recession, and there was no improvement until towards the end of the year. As a result production at the **Katrineholm Works** was cut down still further. Expressed in tonnage, output of castings dropped by 14% from 18,800 tons in 1967 to 16,100 in 1968.

The value of finished products delivered to stock decreased by 8%. The lack of demand adversely affected production costs, and this could not be compensated by the measures of rationalization carried out.

The stock of finished products was unchanged but the total value of stocks showed a decrease of 3 million kronor.

### Production (thousands of tons)

	1968	1967
Manufacture of castings . . . . .	16.1	18.8
Deliveries to stock of finished products . . . . .	14.5	15.0

The demand upon the **Steel Division** was somewhat irregular. At Hällefors and Bångbro the year began with employment still at a low level and at the latter plant a reduction in the number of employees was necessary. The situation improved as the result of a considerable increase in orders and there was full employment at the plants during the latter part of the year. At Hofors, on the other hand, the volume of production was maintained at a generally satisfactory level throughout the year. New equipment was put into operation and a certain amount of large-scale reconstruction was undertaken. This resulted however, in extra costs being incurred which together with interruption of work schedules meant that the material gain was lower than for the previous year.

Compared with supplies to ball bearing factories within the Group, the proportion of the Steel Division's supplies to outside customers continued to rise from 57 % to 59 %. Deliveries to the various units of the Group increased by 3,800 tons (4 %) and supplies to customers outside the Group rose by 20,000 tons, equivalent to nearly 14 %.

#### Deliveries of finished material (thousands of tons)

	1968		1967	
To SKF factories . . . . .	112.8	41 %	109.0	43 %
To customers outside the Group . . . . .	164.8	59 %	144.8	57 %
	<u>277.6</u>		<u>253.8</u>	

The total output of ingots during the year increased by approximately 8 %.

	1968	1967
Production of ingots (1,000 tons) . . . . .	458.4	425.6

The higher volume of production resulted in a 3 % (6 million kronor) increase in total stock. The stock of finished products, however, decreased by almost 15 %.

#### Employment and wages

##### Average number of active employees

	Paid by the hour		1968 Total
Group Headquarters . . . . .	4	255	259
Göteborg . . . . .	3,711	1,404	5,115
Katrineholm . . . . .	938	276	1,214
Steel works . . . . .	4,196	1,124	5,320
Total . . . . .	<u>8,849</u>	<u>3,059</u>	<u>11,908</u>

	Paid by the hour	Others	1967 Total
Group Headquarters . . . . .	4	261	265
Göteborg . . . . .	4,063	1,454	5,517
Katrineholm . . . . .	1,061	289	1,350
Steel works . . . . .	4,381	1,169	5,550
Total . . . . .	<u>9,509</u>	<u>3,173</u>	<u>12,682</u>

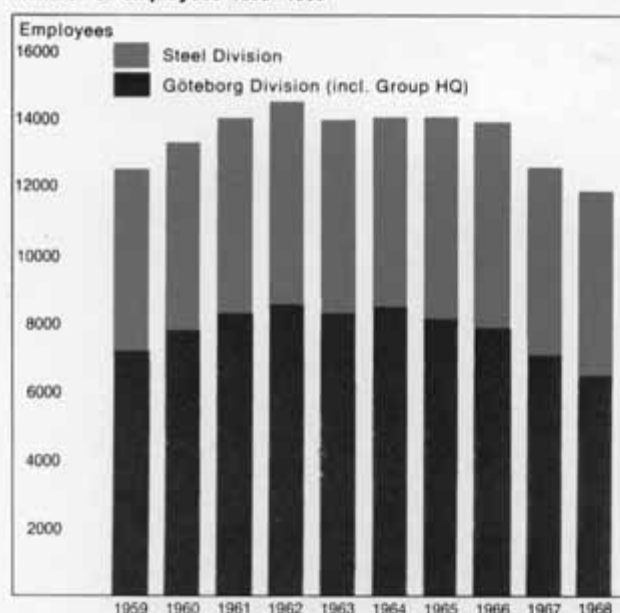
#### Salaries, wages, etc. (thousands of kronor)

	1968	1967
Paid to members of the Board, Managing Directors and other officials of the Company . . . . .	2,872	2,432
To employees paid by the hour . . . . .	217,682	221,862
To other employees . . . . .	104,774	101,007
Total . . . . .	<u>325,328</u>	<u>325,301</u>

As in the previous year the number of persons employed by the Parent Company decreased, in this case by 6 %. The reduction in employees did not, however, lead to a reduction in the cost of salaries and wages paid, which remained unchanged.

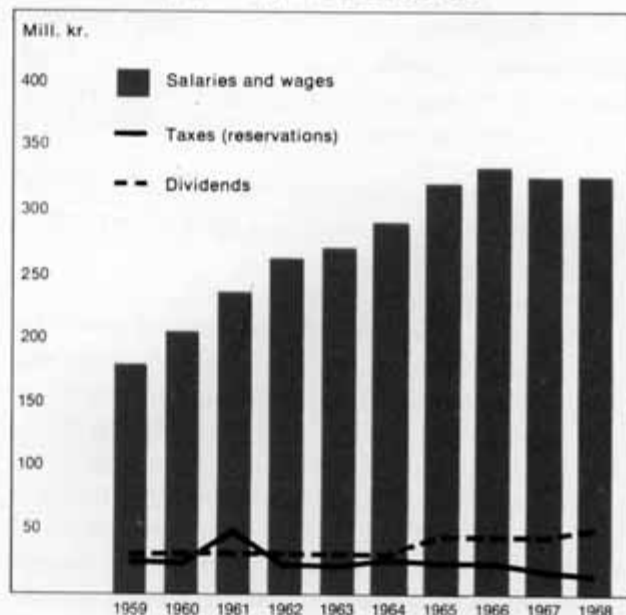
The lower employment figures were partly the result of the failure to fully utilize the total manufactur-

#### Number of employees 1959-1968



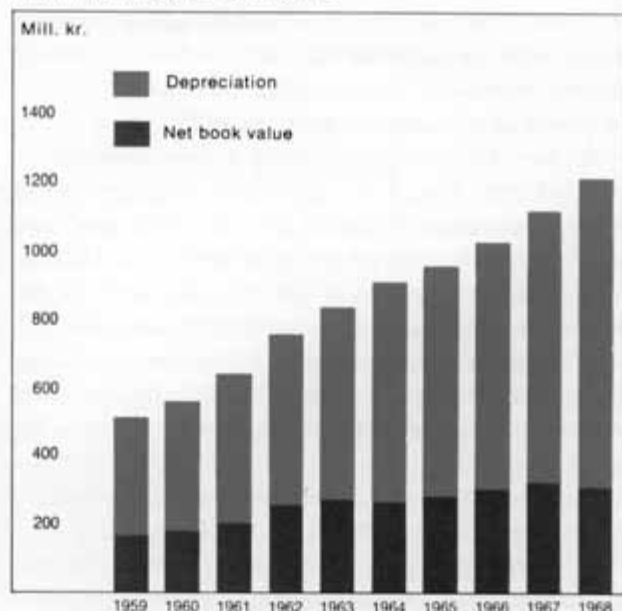
Year	Parent Company	Göteborg Division (incl. Group H.Q.)	Steel Division
1959	12,582	7,211	5,371
1960	13,268	7,709	5,559
1961	14,120	8,297	5,823
1962	14,535	8,592	5,943
1963	13,965	8,264	5,701
1964	14,172	8,409	5,763
1965	14,170	8,169	6,001
1966	13,810	7,819	5,991
1967	12,682	7,132	5,550
1968	11,908	6,588	5,320

### Salaries and Wages, Taxes, Dividends 1959-1968



Year	Salaries and Wages	Tax reservations	Dividends
1959	182.3	28.0	28.1
1960	207.4	24.2	31.2
1961	237.5	50.0	31.2
1962	262.6	23.2	31.2
1963	271.7	22.8	31.2
1964	294.6	28.5	31.2
1965	321.3	23.5	44.7
1966	336.1	24.3	44.7
1967	325.3	17.6	44.7
1968	325.3	14.3	49.2

### Investments in plant and property



Year	Cost value	Depreciation	Net book value
1959	525	360	165
1960	577	395	182
1961	652	439	213
1962	752	489	263
1963	847	564	283
1964	912	635	277
1965	971	681	290
1966	1,046	733	313
1967	1,129	795	334
1968	1,226	907	319

ing capacity, particularly in the first part of the year, and partly due to continued measures of rationalization to compensate rising wage costs.

### Investments

In last year's annual report mention was made of the issue of two licences for the utilization of investment reserves. Since then the Company has obtained a further short-term licence involving a total of 33.2 million kronor. Investments during 1968, largely made within the framework of these licences, were mainly intended for further modernization and technical development of the factories. At the same time certain equipment was installed to balance production capacity. Environmental preservation measures have also been taken, involving purification equipment for industrial effluent. Gross investments amounted to 105.5 million kronor. The gross book value of plant and property, after disposals, increased by 96.7 million kronor.

### Liquidity

Liquid assets including commercial papers decreased by 59.5 million kronor, and amounted to 166.2 mil-

lion kronor by the end of the year. The decrease, which occurred despite a marked fall in the stock level, was due to the investment of unusually large sums in plant and subsidiary company shares and the increase of short-term debts.

### Results

The profit of the Parent Company, after depreciation and commercial expenses, amounts to 63.8 million kronor. This compares with 59.9 million kronor for the previous year and represents an unchanged profit margin of 7.9 %.

Before the deduction of commercial expenses the result shows a slight improvement in that gross profit increased from 17.9 % to 18.2 % of turnover.

This increase in gross profit is due to the utilization of the investment reserve, which means in effect that a lower amount for depreciation has been charged to the trading results for the year.

The increase of 8 million kronor, in commercial expenses, derives mainly from Group Headquarters, the expenses of which have not been allocated to the various companies of the Group.

The net result of financial income less expenses

was 72.6 million kronor as against 46.5 million kronor in 1967. The increase, 26.1 million kronor, consists almost entirely of dividends received from subsidiary companies, which amounted to 66.9 million kronor as against 40.9 million kronor in 1967.

During the year dividends have been received for the first time from RIV-SKF Turin. The amount of the dividend from Skefko, Luton, has increased as a result of the purchase of the minority shares. In addition, during the course of the year dividends in advance for 1968 have been received from RIV-SKF and Skefko, a measure which has increased income from dividends by 12 million kronor. Income from dividends during the current year will thus decrease correspondingly.

Dividends have been received from other subsidiary companies in amounts similar to those for 1967.

After extraordinary income and expenses, various provisions and provision for taxes (14.3 million kronor), the net profit for the year was 65.5 million

kronor compared with 55.1 million kronor for the previous year.

**Distribution of profits (kronor)**

Surplus at the beginning of the year . . . . .	48,759,567
Net profit for the year . . . . .	65,527,338
Total surplus . . . . .	<u>114,286,905</u>

The Board of Directors and the Managing Director recommend:

— that a dividend be paid of Kr. 11.— per share against coupon No. 59 to the shareholders . . . . .	49,151,344
— that the balance be carried forward . . . . .	<u>65,135,561</u>
	<u>114,286,905</u>

The economic position of the Group and the Parent Company at the end of the year and the result of their activities during the year are given in the income statements, balance sheets, summaries, diagrams and remarks contained within this report.

Göteborg, March 1969

*J. Wallenberg*

*Joel Larsson*

*Sverre R:son Sohlman*

*Peter K:son Mark*

*Bertil Carlander*

*Sven Ture Aberg*

*Giovanni Agnelli*

*Folke Lindskog*

## AUDITORS' CERTIFICATE

We, the auditors of Aktiebolaget Svenska Kullagerfabriken, hereby submit the following report for 1968.

We have examined the Annual Report, accounts and records, the minutes of the Board of Directors, and other evidence regarding the Company's finances and administration, and have carried out all other examinations we have considered necessary. The accounts have been examined by J. E. Stenbergs Revisionsbyrå AB, authorized public accountants.

The consolidated accounts, statement of shareholdings, and other matters concerning the Group have been prepared in accordance with the statutory requirements of the Companies Act. With few exceptions the 114 companies belonging to the Group are audited by authorized public accountants in their respective countries.

The examination has given no cause for comment

with respect to reports, accounts, specification of assets, or any other matter regarding the administration.

In the proposal for the distribution of profits, due regard has been given to the provision of legal reserves. In view of the financial position of the Group and the result of its activities, we are of the opinion that the dividend proposed is not contrary to good business principles.

We recommend that the Shareholders' Meeting resolve:

- to approve the balance sheet as at 31st December, 1968, duly signed by us,
- to grant the Board of Directors discharge for their administration during 1968, and
- to approve the proposal made in the Annual Report for the distribution of the surplus.

Göteborg, April 15, 1969

*Gösta Jacobsson*

*Nils Ahlund*

*Georg Brandrup-Wognsen*

*Jan Leffler*

## Income Statement

(kronor)

	1968	1967
<b>Trading Profit</b>		
Sales . . . . .	810,201,607	758,589,474
Cost of goods sold . . . . .	- 610,065,717	- 565,711,335
Depreciation (note 7) . . . . .	- 52,514,201	- 57,214,823
	<u>147,621,689</u>	<u>135,663,316</u>
Selling, administrative and general expenses (general expenses Kr. 16,259,240) . . . . .	- 83,784,476	- 75,799,811
	<u>63,837,213</u>	<u>59,863,505</u>
<b>Financial Income and Expenses</b>		
Dividends on shares		
Associated Companies . . . . .	66,851,399	40,909,925
Other Companies . . . . .	1,522,025	1,562,506
Interest income		
Associated Companies . . . . .	1,955,594	3,776,949
Other . . . . .	9,698,985	9,153,707
Interest expenses		
Associated Companies . . . . .	- 1,690,496	- 742,491
Other . . . . .	- 5,729,861	- 8,183,276
	<u>72,607,646</u>	<u>46,477,320</u>
<b>Extraordinary Income and Expenses</b>		
Profit in connection with transfer of shares . . . . .	-	29,939,400
Depreciation on shares received in connection with such transfers . . . . .	-	- 29,939,400
Profit on sales of other capital assets - net . . . . .	1,213,082	11,266,075
Other income . . . . .	1,776,438	1,033,971
Other expenses . . . . .	- 1,611,225	- 41,662
	<u>1,378,295</u>	<u>12,258,384</u>
<b>Profit before Provisions and Tax</b> . . . . .	<b>137,823,154</b>	<b>118,599,209</b>
<b>Provisions</b>		
Group contribution to Lidköpings Mekaniska Verkstads AB . . . . .	- 7,300,000	- 5,000,000
Compensation from pension funds . . . . .	-	16,033,600
Provision for Investment Reserve . . . . .	- 10,000,000	- 45,000,000
Changes in Inventory Reserve . . . . .	- 8,743,366	12,922,585
Changes in reserve for Accounts receivable . . . . .	- 4,471,721	- 1,109,698
Transfer to taxed reserve for Accounts receivable . . . . .	-	- 20,000,000
Transfer to Insurance funds . . . . .	- 1,275,593	- 1,363,516
Depreciation on shares in Associated Companies . . . . .	- 26,205,136	- 2,397,558
	<u>- 57,995,816</u>	<u>- 45,914,587</u>
<b>Tax</b> . . . . .	<b>- 14,300,000</b>	<b>- 17,600,000</b>
<b>Net Profit</b> . . . . .	<b><u>65,527,338</u></b>	<b><u>55,084,622</u></b>

Because of the alteration in the presentation of the Income Statement and Balance Sheet, the figures for 1967 have been rearranged to facilitate comparison.

**Balance Sheet, 31 st December**

(kronor)

<b>ASSETS</b>	<b>1968</b>	<b>1967</b>
<b>Current Assets</b>		
Cash . . . . .	139,729,949	225,668,415
Commercial papers . . . . .	26,468,300	—
Bonds and other securities . . . . .	2,303,000	2,139,200
Shares . . . . .	129,587	139,975
Acceptances receivable . . . . .	753,969	867,499
Accounts receivable from Associated Companies (note 4) . . . . .	147,073,714	110,570,563
Tax claim . . . . .	6,110,964	954,818
Other accounts receivable (note 4) . . . . .	108,060,176	88,887,284
Inventories (note 5) . . . . .	182,351,233	265,287,048
	<u>612,980,892</u>	<u>694,514,802</u>
<b>Sveriges Riksbank, Investment Account for Economic Stabilization</b> (note 6) . . . . .	26,550,166	24,470,166
	<u>612,980,892</u>	<u>694,514,802</u>
<b>Capital Assets</b>		
Accounts receivable from Associated Companies . . . . .	18,474,375	19,087,110
Other accounts receivable . . . . .	8,836,776	15,018,525
Shares in Associated Companies . . . . .	312,703,886	240,011,010
Other shares . . . . .	16,015,135	16,429,318
Plant and property (note 7, specified on page 22) . . . . .	318,539,936	333,722,559
	<u>674,570,108</u>	<u>624,268,522</u>
	<u>1,314,101,166</u>	<u>1,343,253,490</u>

The original Income Statement and Balance Sheet are signed by the Board of Directors and certified by the auditors.

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1968	1967
<b>Current Liabilities</b>		
Unpaid dividends and repayment of capital . . . . .	1,869,919	1,499,464
Accounts payable to Associated Companies . . . . .	19,408,031	16,913,967
Other accounts payable . . . . .	141,458,978	140,944,095
	<u>162,736,928</u>	<u>159,357,526</u>
<b>Long term Liabilities</b>		
Due to Associated Companies . . . . .	13,940,037	15,141,348
Re-borrowing of ATP fees (note 8) . . . . .	17,841,470	8,460,000
Provision for pensions (note 9) . . . . .	100,160,549	—
Due to pensions funds . . . . .	—	99,751,624
Due to special fund for employees . . . . .	2,220,966	2,181,952
Bond issue . . . . .	47,420,000	49,770,000
Other long term liabilities . . . . .	10,110,451	10,448,512
	<u>191,693,473</u>	<u>185,753,436</u>
<b>Investment Reserves (note 10)</b>		
For plant and equipment . . . . .	164,665,743	242,257,397
For inventories . . . . .	17,000,000	—
	<u>181,665,743</u>	<u>242,257,397</u>
<b>Shareholders' Equity</b>		
Share capital (note 11) . . . . .	446,830,400	446,830,400
Reserve fund . . . . .	146,180,700	146,180,700
Plant renewal fund . . . . .	50,000,000	50,000,000
Insurance funds . . . . .	20,707,017	19,431,424
Retained earnings . . . . .	48,759,567	38,357,984
Net profit for the year . . . . .	65,527,338	55,084,623
	<u>778,005,022</u>	<u>755,885,131</u>
	<u>1,314,101,166</u>	<u>1,343,253,490</u>
Contingent liabilities . . . . .	75,074,090	66,620,649
Securities pledged . . . . .	11,575,831	107,531
<b>Surplus</b>		
Surplus at beginning of year . . . . .	93,442,607	83,041,024
Dividend approved . . . . .	— 44,683,040	— 44,683,040
	<u>48,759,567</u>	<u>38,357,984</u>
Net profit for the year . . . . .	65,527,338	55,084,623
Surplus at the end of the year . . . . .	<u>114,286,905</u>	<u>93,442,607</u>



**Specification of Plant and Property in  
the Balance Sheet of the Parent Company**  
(kronor)

	Assessed value	Fire insurance value	1968 Book value	1967 Book value
<b>Agricultural and Forest Real Estate</b>				
Acquisition value . . . . .	20,442,300	45,139,000	3,426,284	3,444,896
Depreciation . . . . .			– 3,426,283	– 3,444,895
Net . . . . .			<u>1</u>	<u>1</u>
<b>Mines</b>				
Acquisition value . . . . .			1,843,423	219,985
Depreciation . . . . .			– 1,843,422	– 219,984
Net . . . . .			<u>1</u>	<u>1</u>
<b>Waterfalls</b>				
Acquisition value . . . . .			81,200	81,200
Depreciation . . . . .			– 81,199	– 81,199
Net . . . . .			<u>1</u>	<u>1</u>
<b>Factory Property and other Real Estate</b>				
Acquisition value . . . . .	369,803,800	639,856,000	419,729,682	398,400,623
Construction orders in process . . . . .		9,603,000	15,554,063	15,186,860
			<u>435,283,745</u>	<u>413,587,483</u>
Depreciation . . . . .			– 219,186,103	– 190,465,740
Net . . . . .			<u>216,097,642</u>	<u>223,121,743</u>
<b>Machinery, Motors, Tools, Furniture and Fixtures, Patterns, etc.</b>				
Acquisition value . . . . .		1,082,366,000	738,223,257	680,017,698
Construction orders in process . . . . .		42,592,000	47,194,893	31,974,579
			<u>785,418,150</u>	<u>711,992,277</u>
Depreciation . . . . .			– 682,975,859	– 601,391,464
Net . . . . .			<u>102,442,291</u>	<u>110,600,813</u>
<b>Total</b>				
Acquisition value . . . . .			1,226,052,802	1,129,325,841
Depreciation . . . . .			– 907,512,866	– 795,603,282
Net . . . . .	<u>1,819,556,000</u>		<u>318,539,936</u>	<u>333,722,559</u>

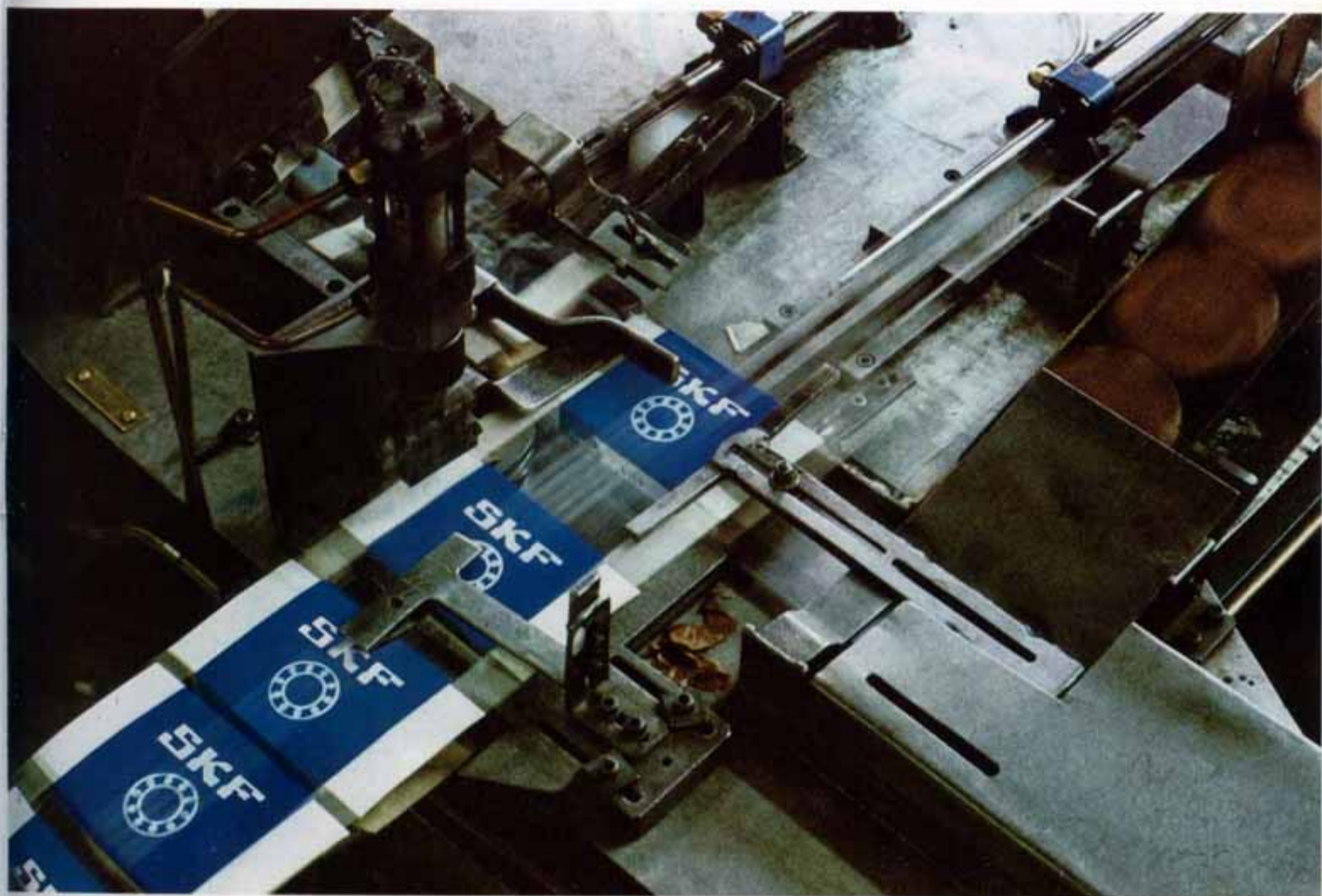
The assessed value of mines and waterfalls is included in the amounts shown for agricultural and forest real estate and for factory property and other real estate respectively.

The assessed value of factory property and other real estate includes a "special machinery value" amounting to Kr. 95,499,800.

Since the latest real estate assessment, a total amount of Kr. 56,003,061 has been used for the erection, enlargement or conversion of buildings, but has not yet caused any change to be made in the assessed values.

Land, mines, waterfalls, paving, tracks and foundation reinforcements are not insured.

*The ball bearings in their protective wrapping paper are fed into boxes which are sealed and marked with the appropriate designation.*



# COMMENTS ON ACCOUNTS

## SKF GROUP

The consolidated accounts for 1968 include all companies in which Aktiebolaget Svenska Kullagerfabriken directly or indirectly owned 50 % or more of the share capital at the end of 1968. The number of Group companies was 114.

The presentation of the Income Statements and Balance Sheets has been modified, and the figures for the previous year have been rearranged in accordance.

Income and expenses in the accounts of associated companies outside Sweden have been converted to Swedish kronor at the average rates of exchange for the year. In the Balance Sheet capital assets have been converted at rates of exchange not exceeding the average rates ruling during the years when they were acquired, and the current assets on the basis of the rates ruling at the end of 1968.

A transfer to Sweden of the surplus at the companies abroad in certain cases is not possible, owing to the regulations prevailing in the various countries and, where possible, would be subject to additional taxation either abroad or in Sweden.

### Note 1 Accounts receivable

Amounts receivable from customers, etc., were 895 million kronor at the end of the year. Taxed and untaxed reserves of 15 % reduced this amount to a net of 762 million. Last year the reserves were 18 %.

### Note 2 Inventories

The net value stated, 1,727 million kronor, is 74.2 % of the gross stock value (74.7 % in 1967).

### Note 3 Plant and property

Investments during 1968 amounted to 280 million kronor as against 268 million kronor in the previous year. The net value of Plant and property was 1,282 million kronor and is specified as follows (millions of kronor):

	1968	1967
Cost value including revaluation as required by law in certain countries:		
Land . . . . .	157	155
Buildings . . . . .	1,274	1,210
Machinery, equipment, etc. . . . .	2,673	2,567
Construction orders in process . . . . .	101	81
	<u>4,205</u>	<u>4,013</u>
Depreciation . . . . .	2,923	2,669
Net value . . . . .	<u>1,282</u>	<u>1,344</u>

Depreciation of 323 million kronor has been provided, of which 255 million kronor has been debited in the profit and loss account and the remainder, 68 million kronor, was transferred from investment reserves. The depreciation included in calculated manufacturing costs was 274 million kronor (271 million in 1967).

## PARENT COMPANY

### Note 4 Accounts receivable

Amounts receivable from associated companies, customers etc. at the end of 1968 amounted to 255 million kronor and are specified as follows (millions of kronor):

	1968	1967
Accounts receivable from:		
Associated companies . . . . .	247.3	205.9
Customers and distributors . . . . .	76.1	62.8
Others . . . . .	34.7	29.2
	<u>358.1</u>	<u>297.9</u>
Reserves for accounts receivable		
Untaxed . . . . .	41.5	37.0
Taxed . . . . .	61.5	61.5
Net value . . . . .	<u>255.1</u>	<u>199.4</u>

### Note 5 Inventories (millions of kronor)

	1968	1967
Gross value . . . . .	586.7	663.2
Inventory reserve . . . . .	404.4	397.9
Net value . . . . .	<u>182.3</u>	<u>265.3</u>
Net value in relation to gross value	31 %	40 %

Stocks have been valued at cost or replacement value, whichever is the lower.

The inventories of the Göteborg Works have been reduced by 80 million kronor, whereas those of the other works of the Parent Company have remained relatively unchanged.

The value of inventories after deductions for unmarketable products being lower than the average of the corresponding values for 1967 and 1966, depreciation by 60 % of the average mentioned has been provided, and consequently 6.5 million kronor has been set aside to the inventory reserve. The provision for inventory reserve made in the profit and loss account includes 2.2 million kronor in respect of reduction to replacement value of unsold products manufactured before 1968.

**Note 6 Investment account with Sveriges Riksbank**  
In May 20.7 million kronor was paid to the investment account, equivalent to 46 % of the 45 million kronor allocated in 1967 to the investment reserve. Withdrawals have been made to the amount of 18.6 million kronor in accordance with licences received. This amount includes 2.3 million kronor transferred to the investment account of Lidköpings Mekaniska Verkstads AB with Sveriges Riksbank.

**Note 7 Plant and property** (specified on page 22)  
Investments during 1968 amounted to 105.5 million kronor. The gross value of plant and property etc. was increased by 96.7 million kronor. Depreciation of 118.1 million kronor has been provided, of which 52.5 million kronor has been charged to the profit and loss account and 65.6 million kronor transferred from the investment reserve.

Depreciation on machinery, equipment etc. has been calculated in accordance with the so-called 30 % rule. Depreciation on factory and other buildings has been provided in accordance with the usual principles.

Depreciation during the year	1968 (kronor)	1967 (kronor)
Factory and other buildings . . . . .	8,234,805	7,981,844
Machinery, motors, tools, furniture and fixtures, patterns, etc.	42,027,094	43,670,637
Construction orders in progress . . . . .	2,252,302	5,562,342
Total depreciation charged to the profit and loss account . .	52,514,201	57,214,823
Depreciation transferred from the investment reserve . . . .	65,591,654	13,286,443
	118,105,855	70,501,266
Less: Net amount of other items . . . . .	6,196,271	7,888,074
Net change according to Balance Sheet . .	111,909,584	62,613,192

**Note 8 ATP fees borrowed**

At the end of the year the Company raised a loan of 11.5 million kronor by exercising its right to borrow back ATP fees paid during 1967 to the National

Social Insurance Board. The part of this loan which is to be repaid within a year is included in other short-term liabilities.

**Note 9 Provision for pensions**

The Company's pension provision for workers, the pension fund for salaried employees, and the fund for supplementary pensions for salaried employees were all liquidated during the year in accordance with the Law of June 9, 1967, regarding the safeguarding of pension commitments. The amounts due to these funds are subsequently stated as a direct liability and specified in the Balance Sheet under the heading Provision for pensions.

The pension liability as calculated on actual commitments at the end of the year amounted to 98.8 million kronor of which 68.8 million refers to supplementary pensions for salaried employees. During the year the Company has paid, without binding commitment, pensions and index increments to pensions to a total amount of 1.1 million kronor.

The pensions paid during the year have been debited in the profit and loss account.

**Note 10 Investment reserve**

During the year 65.6 million kronor was used for depreciation of buildings, machinery and equipment in accordance with short-term and long-term permits received.

In accordance with a licence issued by the National Labour Market Board, 17 million kronor has been transferred to a stock investment account, and 5 million kronor to the investment reserve of Lidköpings Mekaniska Verkstads AB.

An amount of 10 million kronor has been transferred to the fund.

**Note 11 Share capital**

The Company's share capital, which amounts to 446,830,400 kronor (nominal value per share Kr. 100), consists of:

A-shares . . . . .	nom. value Kr. 243,112,000
B-shares . . . . .	» » » 196,747,200
B-shares, not free . . . . .	» » » 6,971,200
	nom. value Kr. 446,830,400

The A-shares and all the free B-shares are quoted on the Stockholm Stock Exchange, all the B-shares on the London Stock Exchange, and the free B-shares on the Paris and Geneva Stock Exchanges.

## Income Statement

(millions of kronor)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
<b>Trading Profit</b>										
Sales . . . . .	470.4	548.6	598.9	597.6	629.8	694.8	754.7	788.4	758.6	810.2
Cost of goods sold . . . . .	- 306.1	- 372.3	- 391.0	- 393.8	- 438.2	- 491.2	- 509.9	- 557.1	- 565.7	- 610.1
Depreciation . . . . .	- 33.2	- 37.8	- 43.4	- 50.5	- 59.2	- 53.2	- 55.1	- 58.1	- 57.2	- 52.5
Selling, administrative and general expenses . . . . .	- 39.8	- 45.3	- 47.9	- 50.7	- 55.2	- 61.0	- 67.2	- 71.4	- 75.8	- 83.8
	91.3	93.2	116.6	102.6	77.2	89.4	122.5	101.8	59.9	63.8
<b>Financial Income and Expenses</b>										
Dividends received . . . . .	133.3	28.7	33.7	79.4	57.1	54.2	86.3	43.3	42.5	68.4
Interest - net . . . . .	3.6	2.0	- 3.0	- 5.8	- 7.3	- 4.3	- 2.7	2.7	4.0	4.2
	136.9	30.7	30.7	73.6	49.8	49.9	83.6	46.0	46.5	72.6
<b>Extraordinary Income and expenses - net . . . . .</b>	23.3	1.5	1.1	3.3	2.1	1.1	1.5	7.7	12.2	1.4
<b>Profit before Provisions and tax</b>	251.5	125.4	148.4	179.5	129.1	140.4	207.6	155.5	118.6	137.8
<b>Provisions</b>										
Provision for Investment Reserve - 25.0 - 50.0 - 10.0 - 15.0 - 30.0 - 45.0 - 35.0 - 45.0 - 45.0 - 10.0										
Provision for plant renewal fund - 47.0 - - - - - - - - - - - -										
Compensation from pension funds . . . . .	-	-	-	-	12.3	15.4	16.2	18.8	16.0	-
Changes in Inventory Reserve . . . . .	10.1	6.6	- 29.9	- 31.5	9.8	3.7	- 57.2	- 25.9	12.9	- 8.7
Changes in reserve for Accounts receivable . . . . .	- 2.6	- 2.5	- 0.8	0.3	3.9	- 1.5	-	- 6.9	- 21.1	- 4.5
Depreciation on shares . . . . .	- 111.6	- 6.2	- 9.2	- 55.0	- 34.1	- 31.1	- 51.1	- 10.2	- 2.4	- 26.2
Other provisions . . . . .	- 10.5	- 3.9	- 1.0	- 6.1	- 1.3	- 2.9	- 1.4	- 6.2	- 6.3	- 8.6
	- 186.6	- 56.0	- 50.9	- 107.3	- 59.0	- 61.4	- 128.5	- 75.4	- 45.9	- 58.0
<b>Tax . . . . .</b>	- 26.0	- 24.2	- 50.0	- 23.2	- 22.8	- 28.5	- 23.5	- 24.3	- 17.6	- 14.3
<b>Net Profit . . . . .</b>	38.9	45.2	47.5	49.0	47.3	50.5	55.6	55.8	55.1	65.5
Dividends . . . . .	28.1	31.2	31.2	31.2	31.2	31.2	44.7	44.7	44.7	49.2

Because of the alteration in the presentation of the Income Statement and Balance Sheet, the figures for previous years have been rearranged to facilitate comparison.

# Balance Sheet

(millions of kronor)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
<b>Current Assets</b>										
Cash . . . . .	144.6	93.2	76.3	70.5	141.8	150.4	172.6	141.6	225.6	139.7
Commercial papers, bonds and other securities . . . . .	32.6	56.3	34.9	1.3	2.6	2.1	0.2	2.1	2.3	28.9
Accounts receivable . . . . .	106.0	88.5	109.8	96.8	116.5	160.8	221.5	240.9	201.3	262.0
Inventories . . . . .	114.4	173.5	193.4	214.4	221.0	218.5	256.6	273.9	265.3	182.4
<b>Total</b> . . . . .	<b>397.6</b>	<b>411.5</b>	<b>414.4</b>	<b>383.0</b>	<b>481.9</b>	<b>531.8</b>	<b>650.9</b>	<b>658.5</b>	<b>694.5</b>	<b>613.0</b>
<b>Sveriges Riksbank, Investment Account for Economic Stabi- lization</b> . . . . .	<b>18.0</b>	<b>68.0</b>	<b>39.6</b>	<b>44.2</b>	<b>27.3</b>	<b>39.4</b>	<b>71.2</b>	<b>76.2</b>	<b>24.5</b>	<b>26.6</b>
<b>Capital Assets</b>										
Accounts receivable . . . . .	16.0	17.8	59.1	39.0	15.1	21.3	22.9	29.0	34.2	27.3
Shares . . . . .	131.9	146.4	141.8	175.9	163.4	152.7	223.7	223.7	256.4	328.7
Plant and property . . . . .	165.0	181.7	213.4	263.3	283.5	277.3	289.9	313.4	333.7	318.5
<b>Total</b> . . . . .	<b>312.9</b>	<b>345.9</b>	<b>414.3</b>	<b>478.2</b>	<b>462.0</b>	<b>451.3</b>	<b>536.5</b>	<b>566.1</b>	<b>624.3</b>	<b>674.5</b>
<b>Total Assets</b> . . . . .	<b>728.5</b>	<b>825.4</b>	<b>868.3</b>	<b>905.4</b>	<b>971.2</b>	<b>1,022.5</b>	<b>1,258.6</b>	<b>1,300.8</b>	<b>1,343.3</b>	<b>1,314.1</b>
<b>Current Liabilities</b> . . . . .	<b>93.0</b>	<b>116.1</b>	<b>125.1</b>	<b>127.7</b>	<b>120.8</b>	<b>142.4</b>	<b>167.3</b>	<b>167.8</b>	<b>159.3</b>	<b>162.7</b>
<b>Long term Liabilities</b> . . . . .	<b>135.6</b>	<b>146.2</b>	<b>155.8</b>	<b>163.1</b>	<b>216.4</b>	<b>206.6</b>	<b>194.2</b>	<b>178.3</b>	<b>185.8</b>	<b>191.7</b>
<b>Investment Reserves</b> . . . . .	<b>49.5</b>	<b>94.6</b>	<b>101.6</b>	<b>109.9</b>	<b>111.8</b>	<b>130.6</b>	<b>165.5</b>	<b>210.5</b>	<b>242.3</b>	<b>181.7</b>
<b>Shareholders' Equity</b>										
Share Capital . . . . .	234.0	312.0	312.0	312.0	312.0	312.0	446.8	446.8	446.8	446.8
Reserve fund . . . . .	46.8	62.4	62.4	62.4	62.4	62.4	146.2	146.2	146.2	146.2
Special funds and reserves . . . . .	106.3	50.3	61.3	62.4	63.8	65.2	66.7	68.1	69.4	70.7
Surplus . . . . .	63.3	43.8	50.1	67.9	84.0	103.3	71.9	83.1	93.5	114.3
<b>Total</b> . . . . .	<b>450.4</b>	<b>468.5</b>	<b>485.8</b>	<b>504.7</b>	<b>522.2</b>	<b>542.9</b>	<b>731.6</b>	<b>744.2</b>	<b>755.9</b>	<b>778.0</b>
<b>Total Liabilities and Own Capital</b>	<b>728.5</b>	<b>825.4</b>	<b>868.3</b>	<b>905.4</b>	<b>971.2</b>	<b>1,022.5</b>	<b>1,258.6</b>	<b>1,300.8</b>	<b>1,343.3</b>	<b>1,314.1</b>

# THE SKF GROUP

December 31, 1968

## MANUFACTURING COMPANIES

- AB Svenska Kullagerfabriken, Göteborg, Sweden  
Göteborg Division  
Works: Göteborg, Katrineholm  
Steel Division  
Works: Hofors, Hällefors, Bångbro
- SKF Kugellagerfabriken GmbH, Schweinfurt, West Germany  
Works: Schweinfurt (2), Bad-Cannstatt, Etzenhofen, Lüchow, Mühlheim
- Mikronwerk GmbH, Aschaffenburg  
Works: Aschaffenburg
- RIV-SKF Officine di Villar Perosa S.p.A., Turin, Italy  
Works: Turin, Villar Perosa, Airasca, Pinerolo, Massa, Cassino, Druento, Varese
- SKF Compagnie d'Applications Mécaniques, S.A., Clamart, France  
Works: Ivry-Port, Bois-Colombes, Gennevilliers, Aubervilliers, Saint-Cyr-sur-Loire
- Les Applications du Roulement S.A. (ADR)  
Works: Champigny-sur-Marne, Thomery
- RKS — Pasquier S.A.  
Works: Vitry-sur-Seine, Avallon
- Ets. Rossi Frères S.A.  
Works: Levallois-Perret
- La Technique Intégrale  
Works: Suresnes
- The Skefko Ball Bearing Co. Ltd., Luton, Great Britain  
Works: Luton, Sundon, Irvine
- N.V. Nederlandsche Maatschappij van Kogellagers SKF, Veenendaal, Netherlands  
Works: Veenendaal
- Fábrica de Rodamientos RSA S.A., Eibar, Spain  
Works: Eibar
- Lidköpings Mekaniska Verkstads AB, Lidköping, Sweden  
Works: Lidköping
- J. N. Eberle & Cie GmbH, Augsburg, West Germany  
Works: Augsburg
- C. E. Johansson Limited, Dunstable, Great Britain  
Works: Dunstable
- SKF Industries, Inc., Philadelphia, USA  
Works: Philadelphia (2), Altoona, Hanover, Asheville, Hornell, Shippensburg, Timonium  
Research centre: King of Prussia  
Bremen Bearing Company  
Works: Bremen  
Nice Ball Bearing Company  
Works: Kulpville, Lansdale  
Reed Instrument Bearing Company  
Works: Los Angeles  
Tyson Bearing Company  
Works: Massillon, Glasgow
- Canadian SKF Co. Ltd., Scarboro, Canada  
Works: Scarboro
- Companhia SKF do Brasil Rolamentos, Guarulhos, Brazil  
Works: Guarulhos
- Cía Sudamericana BTB S.A., Buenos Aires, Argentina  
Works: Buenos Aires
- SKF Bearing Manufacturers (Pty.) Ltd., Uitenhage, South Africa  
Works: Uitenhage
- Associated Bearing Company Ltd., Bombay, India  
Works: Poona
- United Bearing Corporation Pty. Limited, Echuca, Australia  
Works: Echuca

## SALES COMPANIES

- Rodamientos a Bolas SKF S.A., Barcelona, Spain  
Dansk Kugleleje Aktieselskab SKF, Glostrup, Denmark  
SKF Kugellager Aktiengesellschaft, Zurich, Switzerland  
SKF Nederland N.V., Veenendaal, Netherlands  
Société Belge des Roulements à Billes SKF S.A., Brussels, Belgium
- SKF Svéd Golyóscsapagy Részvénytársaság, Budapest, Hungary
- Oy SKF AB, Helsinki, Finland  
Norsk Kulelager Aktieselskap SKF, Oslo, Norway  
Comercial Rodamientos RSA S.A., Madrid, Spain  
Kuličková Ložiska SKF A.S., Prague, Czechoslovakia  
SKF Kugellagergesellschaft m.b.H., Vienna, Austria  
SKF Greek-Swedish Rolling Bearing Co. Ltd., Athens, Greece  
Sociedade SKF Limitada, Lisbon, Portugal  
SKF Bileli Rulmanlari Limitet Sirketi, Istanbul, Turkey  
SKF Ost Kugellager-Vertriebsgesellschaft m.b.H., Vienna, Austria
- SKF Acciaio S.p.A., Milan, Italy  
SKF Stahl GmbH, Düsseldorf, West Germany  
SKF Steel Limited, Bletchley, Great Britain  
SKF Hellefors-Hofors Staal N.V., Veenendaal, Netherlands  
SKF Norma N.V., Amsterdam, Netherlands
- Peterson Steels, Inc., Union, New Jersey, USA  
Peterson Steels (Canada) Ltd., Scarborough, Ont., Canada
- Compañía SKF Golfo y Caribe S.A., Mexico City, Mexico  
Compañía SKF Argentina S.A., Comercial e Industrial, Buenos Aires, Argentina
- Rodamientos SKF Chile S.A., Santiago, Chile  
Compañía Sudamericana SKF S.A., Lima, Peru  
Rodamientos SKF C.A., Caracas, Venezuela  
Compañía Argentina de Rodamientos S.A., Buenos Aires, Argentina
- Compañía Sudamericana SKF S.A., Bogotá, Colombia  
Compañía Sudamericana SKF S.A., Montevideo, Uruguay  
Companhia Brasileira de Rolamentos, São Paulo, Brazil
- The SKF Ball Bearing Co. (Pty) Ltd., Johannesburg, South Africa
- The SKF Ball Bearing Co. of Central Africa (Kitwe) Ltd., Kitwe, Zambia
- Société Marocaine SKF S.A., Casablanca, Morocco  
The SKF Ball Bearing Company (Malawi) Ltd., Blantyre, Malawi
- SKF of Japan Ltd., Tokyo, Japan  
The SKF Ball Bearing Co. Private Ltd., Bombay, India  
The SKF Far East Co. Ltd., Hong Kong  
The Indonesian SKF Corporation AB, Djakarta, Indonesia
- The SKF Ball Bearing Company (Australia) Pty. Ltd., Melbourne, Australia
- The SKF Ball Bearing Company (New Zealand) Ltd., Wellington, New Zealand

- Parent Company and Group Headquarters, Göteborg
- Manufacturing companies
- Sales companies
- Distributors



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