

## **SKF sees slightly weaker volume development in the second quarter and will reduce costs in Europe**

Based on a weaker development in Western Europe and Asia, the SKF Group expects demand for its products and services in the second quarter to be slightly lower than in the corresponding quarter last year and at a similar level to the first quarter of this year. The manufacturing level is being adjusted accordingly to reflect this demand situation.

"We are seeing a weaker development in our sales in Western Europe and Asia than we expected entering the quarter. In Europe, it is quite broad-based and even if some industries, such as aerospace and renewable energy, develop well for us, I think that the demand reflects what is happening in the financial markets and a general lack of confidence," says Tom Johnstone, SKF President and CEO. "In Asia, we saw some improvement in our sales as we went through the first quarter and into the second quarter. However, the demand in Asia, primarily China, needed to continue to improve and this has not happened yet. In India we have seen some weakening in our business, which is also broad-based reflecting the weak sentiment. Overall, I see a more uncertain demand situation at present globally, but based on what has been happening in the second quarter, this is not a surprise."

In addition, SKF has taken steps to reduce its cost base in Germany through the introduction of voluntary early retirement and redundancy schemes. Both of these schemes are underway and are expected to result in a reduction of around 400 people with annual savings of around SEK 170 million when fully implemented in 2016. In 2013, the estimated savings will be around SEK 120 million. The total cost for these schemes is estimated at around SEK 170 million, which is expected to be taken as a one off cost in the second quarter impacting the business area Industrial Market, Strategic Industries.

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AB SKF is required to disclose the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 09.00 on 13 June 2012.

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*SKF is a leading global supplier of bearings, seals, mechatronics, lubrication systems, and services which include technical support, maintenance and reliability services, engineering consulting and training. SKF is represented in more than 130 countries and has around 15,000 distributor locations worldwide. Annual sales in 2011 were SEK 66,216 million and the number of employees was 46,039. [www.skf.com](http://www.skf.com)*

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