



First-quarter report 2019

Press release 25 April



Strong operating performance

Demand in the first quarter developed in line with our expectations. Net sales reached SEK 21.3 billion and organic sales were relatively unchanged compared to last year. Operating profit, at SEK 2.7 billion, was strong.

Our operating margin was 12.5%, as positive pricing and efforts to reduce our underlying cost base continue to show results. This is especially encouraging given that we had a negative effect from higher raw material prices in the quarter. Cash flow was SEK 684 million (SEK 259 million last year), a clear year-over-year improvement but still a focus for us to continue to improve during 2019.

The industrial business delivered a strong operating margin of 15.4% (15.0% last year) and an organic growth of 3%. Sales grew in all of our three main markets: Europe, Asia and North America.

The automotive business delivered a 5.5% operating margin (7.7% last year) and a negative organic sales development of 5.9%. The business was negatively impacted by significantly reduced sales volumes in North America and lower sales volumes in Europe and Asia. In general, performance across the truck market was stronger than cars across all regions, except for Latin America, where we saw strong sales also to the car segment.

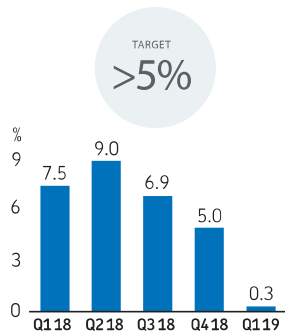
We continue to place significant emphasis on strengthening our balance sheet, improving cash flow and minimising the impact of cost inflation. These efforts are showing on the bottom line and my firm belief is that SKF is in a very good position entering a market with slowing demand.

In the second quarter of 2019, we expect to see slightly lower volumes for the Group, relatively unchanged for Industrial and lower for Automotive.

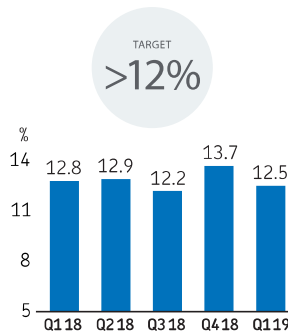


Alrik Danielson
President and CEO

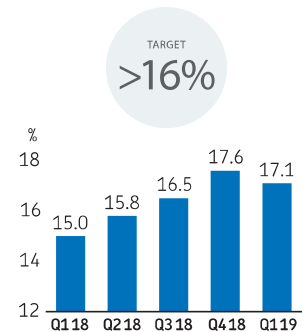
Organic sales growth



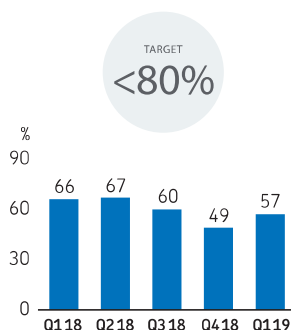
Operating margin



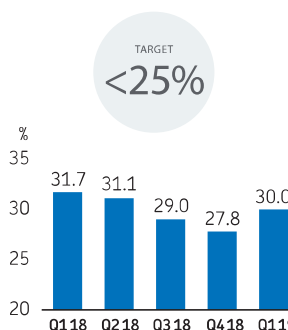
ROCE



Net debt/Equity



Net working capital/sales



Cover pictures are showing:

1. SKF remanufacturing.
2. SKF remanufacturing.
3. Customer in Colombia with performance-based contract that includes remanufacturing.
4. SKF Bearing Select, online tool for bearing evaluation.

Key figures

MSEK unless otherwise stated	Q1 2019	Q1 2018
Net sales	21,278	20,560
Operating profit	2,658	2,625
Operating margin, %	12.5	12.8
Profit before taxes	2,442	2,425
Net cash flow after investments before financing	684	259
Basic earnings per share	3.77	3.77

Financial performance

First quarter 2019

Operating profit for the first quarter was MSEK 2,658 (2,625). Operating profit was positively impacted by increased sales and currency effects. It was negatively impacted by general inflation, material cost increases, manufacturing volumes, restructuring costs and divested companies.

Operating profit bridge, MSEK	Q1
2018	2,625
Operational performance ¹⁾	-138
Currency impact	220
Divested/acquired companies, incl. gain/loss	-49
2019	2,658

¹⁾ Operational performance includes the effects on operating profit related to changes in: organic sales, manufacturing volumes, manufacturing cost and changes in selling and administrative expenses.

- Financial income and expense, net in the first quarter was MSEK -216 (-200). The accounting for leases according to IFRS 16 had a negative impact of MSEK -30.
- Taxes in the quarter was MSEK -661 (-638) resulting in an effective tax rate of -27.1% (-26,3%).
- Net cash flow after investment before financing in the first quarter was SEK 684 million (259). Excluding cash flow related to divestments and acquisitions during the first quarter it was SEK 820 million (254). The improvement compared to last year is mainly explained by lower working capital, lower taxes paid and effects of the implementation of IFRS 16.
- Net working capital in percent of annual sales was 30.0% in the first quarter compared to 31.7% in the first quarter 2018. The ratio was positively impacted by lower inventory levels as well as divestments and negatively impacted by exchange rate development.
- Provisions for post-employment benefits net increased by MSEK 1,126 (235) in the first quarter mainly due to actuarial losses and currency translation effects.

Key figures

	31 March 2019	31 December 2018	31 March 2018
Net working capital, % of 12 months rolling sales	30.0	27.8	31.7
ROCE for the 12-month period, %	17.1	17.6	15.0
Net debt/equity, %	57.1	49.1	66.4
Net debt/EBITDA	1.6	1.3	1.9

Sales

Net sales, change y-o-y, %	Q1			
	Organic	Structure	Currency	Total
SKF Group	0.3	-2,5	5.7	3.5
Industrial	3.0	-3.6	6.0	5.4
Automotive	-5.9	0.0	5.0	-0.9

Organic sales in local currencies, change y-o-y, %	Q1				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
SKF Group	0.9	0.1	2.1	0.0	-8.3
Industrial	++	++	+	+	--
Automotive	--	---	++	--	---

Customer industries	Q1				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
Organic sales in local currencies, change y-o-y:					
Light vehicles	---	---	+++	---	
Trucks	+/-	++	---	--	
Vehicle aftermarket	-	---	+/-	+++	---
Aerospace	+++	+++		---	
Industrial drives	+/-	++		---	
Energy	+	+++	+++	+++	
Heavy industries	+	++	+++	+++	+
Off-highway	+	++		---	
Railway	--	+++		+++	
Agriculture, food and beverage	--	+++		+++	
Marine	+++			+++	
Electrical	+++			++	
Other industrial	++	---		+/-	
Industrial distribution	++	+	+/-	+/-	--

Comments on organic sales in local currencies in Q1 2019, compared to Q1 2018

Europe

Industrial: Overall, sales were higher in the quarter. By industry, sales to marine, electrical and aerospace were significantly higher. Sales to industrial distribution and other industrial were higher and sales to heavy industries, energy and off-highway were slightly higher. Sales to industrial drives were relatively unchanged while sales to railway and to the agricultural, food and beverage industries were lower compared to Q1 2018.

Automotive: Sales in the quarter were lower compared to last year with relatively unchanged sales to trucks, significantly lower sales to light vehicles and slightly lower sales to the vehicle aftermarket.

North America

Industrial: Sales were higher in the quarter compared to Q1 2018. By industry, sales to aerospace, energy, agricultural, food and beverage and railway were all significantly higher. Sales to industrial drives, heavy industries and off-highway were higher. Sales to industrial distribution were slightly higher while sales to other industrial were significantly lower.

Automotive: Sales in the quarter were significantly lower. Sales to the truck industry were higher while sales to light vehicles and to the vehicle aftermarket were significantly lower.

Asia-Pacific

Industrial: Sales were slightly higher in the quarter. By industry, sales to energy, railway, marine, heavy industries and the agricultural, food and beverage industries were all significantly higher. Sales to electrical were higher, sales to industrial distribution and other industrial were relatively unchanged while sales to industrial drives, aerospace and off-highway were significantly lower compared to Q1 2018.

Automotive: Sales were lower compared to Q1 2018. Sales to light vehicles were significantly lower, sales to trucks were lower while sales to the vehicle aftermarket were significantly higher in the quarter.

Latin America

Industrial: Overall, sales were slightly higher in the quarter. By industry, sales to heavy industries and energy were significantly higher and sales to industrial distribution were relatively unchanged compared to Q1 2018.

Automotive: Sales were higher in the quarter. Sales to light vehicles were significantly higher while sales to the truck industry were significantly lower. Sales to the vehicle aftermarket were relatively unchanged compared to Q1 2018.

Segment information¹⁾

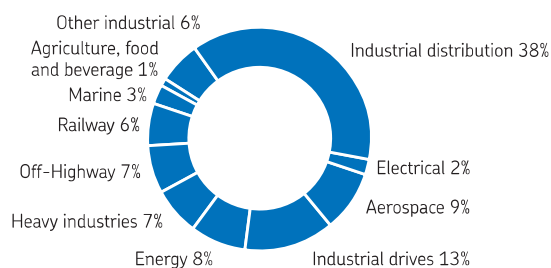
MSEK unless otherwise stated

Industrial	Q1/2019	Q1/2018
Net sales	15,049	14,272
Operating profit	2,317	2,143
Operating margin, %	15.4	15.0

Automotive	2019	2018
Net sales	6,229	6,288
Operating profit	341	482
Operating margin, %	5.5	7.7

1) Previously published figures for 2018 have been restated to reflect a change in classification of customers between the segments.

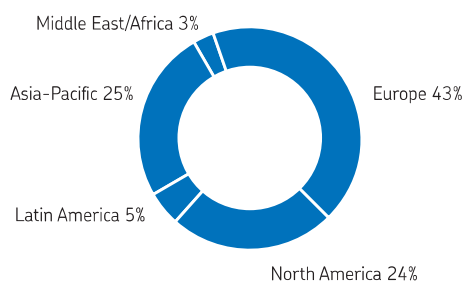
Net sales by customer industry for Industrial, Q1 2019



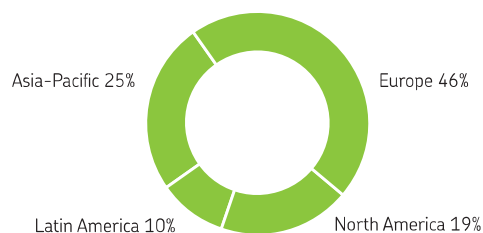
Net sales by customer industry for Automotive, Q1 2019



Net sales by region for Industrial, Q1 2019



Net sales by region for Automotive, Q1 2019



Outlook and Guidance

Demand for Q2 2019 compared to Q2 2018

The demand for SKF's products and services is expected to be slightly lower for the Group, including relatively unchanged demand for Industrial and lower demand for Automotive. Demand is expected to be slightly lower in Europe, Asia and in North America and higher in Latin America.

Guidance Q2 2019

- Financial net: SEK -240 million
- Currency impact on the operating profit is expected to be around SEK +110 million compared with Q2 2018, based on exchange rates per 31 March 2019.

Previous outlook statement

Demand for Q1 2019 compared to Q1 2018

The demand for SKF's products and services is expected to be relatively unchanged for the Group, including slightly higher demand for Industrial and lower demand for Automotive. Demand is expected to be higher in North America, slightly higher in Asia, relatively unchanged in Latin America and slightly lower in Europe.

Guidance 2019

- Tax level excluding effect related to divested businesses: around 28%
- Additions to property, plant and equipment: around SEK 2,800 million

Highlights

Inaugurated a fully automated production line in France
SKF has invested in a new automated line located at the SKF Aeroengine site in Valenciennes (France). This will strengthen SKF's flexibility and competitiveness in France.

Collaboration with Advanced Truck Systems
SKF and Advanced Truck Systems (ATS) have agreed to collaborate in equipping the new 2-piece bogie system from ATS with high capacity wheel bearings and a condition monitoring system to reduce on-track failures and enable predictive maintenance.

Factory in China inaugurated
SKF has inaugurated its tapered roller bearing factory in Changshan (China). Following an investment of around SEK 200 million. The new factory will improve the Group's competitiveness in the industrial drives and automotive segments in China.

New Board member
Geert Follens was newly elected at the Annual General Meeting in March.

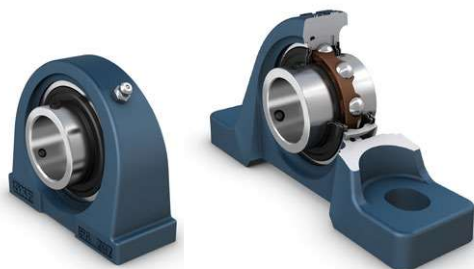
Sealing solution for professional floor grinding machine
SKF has supported Swedish floor grinding machine manufacturer, Scanmaskin, by developing a tailored radial shaft seal for its latest, most high-performing machine, in a record lead-time of four months.

Ball bearing units for the European market
A new range of Japanese Industrial Standards compliant ball bearing units has been launched offering users enhanced performance in general use applications such in material handling, agriculture and food and beverage industries.

Online tool for bearing evaluation
The new version of SKF Bearing Select gives users a fast, easy, and accurate, valuation tool for bearing performance. It uses SKF engineering knowledge to calculate relevant results, such as rating life, bearing loads, relubrication interval and frequencies.

New products and solutions

Food Line ball bearing units – Blue Range
SKF has launched the new Food Line ball bearing units – Blue Range, for food-processing equipment. Innovative ball bearing units expand hygienic-design possibilities, while delivering improved reliability, reduced maintenance costs, and increased sustainability for food and beverage companies.



SKF Japanese Industrial Standards compliant ball bearing units for the European market.



Food Line ball bearing units – Blue Range.

Accounting principles

Accounting principles

The consolidated financial statements of the SKF Group were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the Parent company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities". With the exceptions below, SKF Group applied the same

accounting principles and methods of computation in the interim financial statements as compared with the latest annual report. IASB issued and endorsed several new and amended accounting standards, effective date 1 January 2019, of which only IFRS 16 Leases have an impact on the SKF Groups financial statements. New accounting principles and the effect on the opening balance for Leases are explained in note 1 of the Annual report 2018.

Risks and uncertainties in the business

The SKF Group operates in many different industrial and geographical areas that are at different stages of the economic cycle. A general economic downturn at global level, or in one of the world's leading economies, could reduce the demand for the Group's products, solutions and services for a period of time.

In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets and natural disasters, could have a negative effect on the demand for the Group's products and services. There are also political and regulatory risks associated with the wide geographical presence.

Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could limit the SKF Group's operations. The SKF Group is subject to both transaction and translation of currency exposure. For commercial flows the SKF Group is primarily exposed to the EUR, USD and CNY. As the major part of the profit is made outside Sweden, the Group is also exposed to translational risks in all the major currencies. The financial position of the parent company is dependent on the financial position and development of the subsidiaries. A general decline in the demand for the products and services provided by the Group could mean lower residual profits and lower

dividend income for the parent company, as well as a need for writing down values of the shares in the subsidiaries.

SKF is subject to two investigations in Brazil by the General Superintendence of the Administrative Council for Economic Defense, one investigation regarding an alleged violation of antitrust rules concerning bearing manufacturers, and another investigation regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil. An enquiry has been initiated by the Competition Commission of India against several different companies, including SKF, regarding an alleged violation of antitrust rules in India. Moreover, SKF is subject to related class action claims by direct and indirect purchasers of bearings in the United States and may face additional follow-on civil actions by both direct and indirect purchasers.

Fiat Chrysler Automobiles N.V., and several of its group companies, have initiated a lawsuit, with a claim for damages, against bearing manufacturers, including SKF, that were part of the settlement decision by the European Commission for violation of European competition rules. Bosch AG has initiated a lawsuit against SKF with a claim for damages as a consequence of said settlement decision.

Gothenburg, 25 April 2019
Aktiebolaget SKF (publ)
Alrik Danielson
President and CEO

This report has not been reviewed by AB SKF's auditors.

Condensed consolidated income statements

MSEK	Jan-Mar 2019	Jan-Mar 2018
Net sales	21,278	20,560
Cost of goods sold	-15,857	-15,312
Gross profit	5,421	5,248
Selling and administrative expenses	-2,805	-2,700
Other operating income/expenses, net	42	77
Operating profit	2,658	2,625
Operating margin, %	12.5	12.8
Financial income and expense, net	-216	-200
Profit before taxes	2,442	2,425
Taxes	-661	-638
Net profit	1,781	1,787
Net profit attributable to:		
Shareholders of the parent	1,718	1,719
Non-controlling interests	63	68

Condensed consolidated statements of comprehensive income

MSEK	Jan-Mar 2019	Jan-Mar 2018
Net profit	1,781	1,787
Items that will not be reclassified to the income statement:		
Remeasurements	-926	187
Income taxes	270	-34
	-656	153
Items that may be reclassified to the income statement:		
Exchange differences arising on translation of foreign operations	1,197	1,126
Assets at fair value through other comprehensive income	23	-4
Cash-flow hedges	-	4
Income taxes	24	56
	1,244	1,182
Other comprehensive income, net of tax	588	1,335
Total comprehensive income	2,369	3,122
Shareholders of AB SKF	2,247	3,038
Non-controlling interests	122	84

Condensed consolidated balance sheets

MSEK	March 2019	December 2018
Goodwill	10,646	10,347
Other intangible assets	7,406	7,375
Property, plant and equipment	17,301	16,688
Right of use asset leases	3,068	–
Deferred tax assets	4,002	3,563
Other non-current assets	2,063	1,964
Non-current assets	44,486	39,937
Inventories	18,824	17,826
Trade receivables	15,637	13,842
Other current assets	3,880	3,912
Other current financial assets	12,168	11,656
Current assets	50,509	47,236
Total assets	94,995	87,173
Equity attributable to shareholders of AB SKF	35,725	33,536
Equity attributable to non-controlling interests	1,780	1,916
Long-term financial liabilities	17,557	14,850
Provisions for post-employment benefits	14,022	12,894
Provisions for deferred taxes	1,104	1,118
Other long-term liabilities and provisions	1,917	1,972
Non-current liabilities	34,600	30,834
Trade payables	8,498	7,831
Short-term financial liabilities	3,103	2,307
Other short-term liabilities and provisions	11,289	10,749
Current liabilities	22,890	20,887
Total equity and liabilities	94,995	87,173

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Mar 2019	Jan-Mar 2018
Opening balance 1 January	35,452	29,823
Total comprehensive income	2,369	3,122
Cost for performance share programmes, net	-48	19
Other, including transactions with non-controlling interests	-267	–
Total cash dividends	-1	–
Closing balance	37,505	32,964

Condensed consolidated statements of cash flow

MSEK	Jan-Mar 2019	Jan-Mar 2018
Operating activities:		
Operating profit	2,658	2,625
Depreciation, amortisation and impairment	834	568
Net loss/gain (-) on sales of PPE and businesses	9	-52
Taxes	-211	-597
Other including non-cash items	-380	176
Changes in working capital	-1,441	-1 904
Net cash flow from operations	1,469	816
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	-804	-660
Sales of PPE, businesses and equity securities	19	103
Net cash flow used in investing activities	-785	-557
Net cash flow after investments before financing	684	259
Financing activities:		
Change in short- and long-term loans	46	102
Other financing items	-	-3
Repayment leases	-179	-
Cash dividends	-1	-
Redemption of shares	-242	-
Investments in short-term financial assets	-246	-194
Sales of short-term financial assets	292	85
Net cash flow used in financing activities	-330	-10
Net cash flow	354	249
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 January	10,390	7,112
Cash effect excl. acquired/sold businesses	357	249
Cash effect of acquired/sold businesses	-3	-
Exchange rate effect	105	47
Cash and cash equivalents at 31 March	10,849	7,408

	Closing balance 31 March 2019	Other non cash changes	Sold businesses	Cash changes	Translation effect	Opening balance 1 January 2019
Change in Net debt						
Loans, long- and short-term	16,517		-9	46	331	16,149
Post-employment benefits, net	13,959	1,073	16	-225	262	12,833
Lease liabilities	3,040	-113	-1	-164	88	3,230
Financial assets, others	-1,236	-14		29	-59	-1,192
Cash and cash equivalents	-10,849		3	-357	-105	-10,390
Net debt	21,431	946	9	-671	517	20,630

Financing activities to hedge short and long term loans using derivatives are reported as Other financing items. The opening balances amounted to SEK -440 million as of 1 January 2019 and the closing balance as of 31 March 2019 amounted to SEK -508 million. Of the change in the quarter, SEK 0 million affected cash and SEK -68 million was a non cash change.

Number of shares

	Jan-Mar 2019	Jan-Mar 2018
Total number of shares:	455,351,068	455,351,068
- whereof A shares	33,221,095	35,055,803
- whereof B shares	422,129,973	420,295,265
Weighted average number of shares in:		
- basic earnings per share	455,351,068	455,351,068
- diluted earnings per share	455,650,504	455,750,980

Condensed consolidated financial information

MSEK unless otherwise stated

	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Net sales	20,229	18,627	19,481	20,560	22,620	21,341	21,192	21,278
Cost of goods sold	-15,129	-14,066	-14,691	-15,312	-16,895	-16,132	-16,490	-15,857
Gross profit	5,100	4,561	4,790	5,248	5,725	5,209	4,702	5,421
Gross margin, %	25.2	24.5	24.6	25.5	25.3	24.4	22.2	25.5
Selling and administrative expenses	-2,776	-2,583	-2,762	-2,700	-2,829	-2,753	-3,045	-2,805
- as % of sales	13.7	13.9	14.2	13.1	12.5	12.9	14.4	13.2
Other, net	-9	-13	-11	77	29	141	1,245	42
Operating profit	2,315	1,965	2,017	2,625	2,925	2,597	2,902	2,658
Operating margin, %	11.4	10.5	10.4	12.8	12.9	12.2	13.7	12.5
Financial net	-258	-273	-233	-200	-142	-253	-266	-216
Profit before taxes	2,057	1,692	1,784	2,425	2,783	2,344	2,636	2,442
Profit margin before taxes, %	10.2	9.1	9.2	11.8	12.3	11.0	12.4	11.5
Taxes	-837	-586	179	-638	-759	-753	-453	-661
Net profit	1,220	1,106	1,963	1,787	2,024	1,591	2,183	1,781
Net profit attributable to								
Shareholders of the parent company	1,145	1,044	1,878	1,719	1,935	1,524	2,107	1,718
Non-controlling interests	75	62	85	68	89	67	76	63

Reconciliation to profit before tax for the Group

MSEK	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Operating profit:								
Industrial ¹⁾	2,051	1,830	1,843	2,143	2,344	2,184	2,794	2,317
Automotive ¹⁾	264	135	174	482	581	413	108	341
Financial net	-258	-273	-233	-200	-142	-253	-266	-216
Profit before taxes for the Group	2,057	1,692	1,784	2,425	2,783	2,344	2,636	2,442

1) Previously published figures for 2017 and 2018 have been restated to reflect a change in classification of customers between the segments.

Key figures

(Definitions, see page 15)

	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
EBITA, MSEK	2,437	2,076	2,132	2,739	3,044	2,717	3,041	2,811
EBITDA, MSEK	2,890	2,508	2,641	3,193	3,500	3,173	3,656	3,493
Basic earnings per share, SEK	2.51	2.29	4.12	3.77	4.25	3.35	4.63	3.77
Diluted earnings per share, SEK	2.51	2.29	4.12	3.77	4.25	3.34	4.62	3.77
Dividend per share, SEK	5.50	–	–	–	5.50	–	–	–
Net worth per share, SEK	57	58	62	68	69	71	74	78
Share price at the end of the period, SEK	170.7	177.5	182.2	170.5	166.7	175.4	134.5	154.4
NWC, % of 12 months rolling sales	29.8	29.4	29.0	31.7	31.1	29.0	27.8	30.0
ROCE for the 12-month period, %	13.3	13.2	14.2	15.0	15.8	16.5	17.6	17.1
ROE for the 12-month period, %	18.7	17.3	20.4	21.0	22.7	23.1	22.8	21.8
Gearing, %	52.5	50.9	49.9	48.3	46.0	45.4	45.0	47.2
Equity/assets ratio, %	34.3	35.5	36.7	38.2	38.7	39.8	40.7	39.5
Additions to property, plant and equipment, MSEK	464	531	632	621	537	656	833	656
Net debt/equity, %	85.7	79.4	71.3	66.4	66.9	59.9	49.1	57.1
Net debt, MSEK	23,466	22,143	21,274	21,889	22,238	20,368	17,400	21,431
Net debt/EBITDA	2.2	2.1	1.9	1.9	1.9	1.6	1.3	1.6
Registered number of employees	44,966	45,554	45,678	45,964	45,862	45,914	44,428	44,161

SKF applies the guidelines issued by ESMA (European Securities and Markets Authority) on APMs (Alternative Performance Measures). These key figures are not defined or specified in IFRS but provide complementary information to investors and other stakeholders on the company's

performance. The definition of each APM is presented at the end of the interim report. For the reconciliation of each APM against the most reconcilable line item in the financial statements, see skf.com/group/investors/.

Segment information – quarterly figures¹⁾

MSEK unless otherwise stated

Industrial	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Net sales	14,044	12,969	13,492	14,272	15,962	15,234	15,236	15,049
Operating profit	2,051	1,830	1,843	2,143	2,344	2,184	2,794	2,317
Operating margin, %	14.6	14.1	13.7	15.0	14.7	14.3	18.3	15.4
Assets and liabilities, net	38,014	36,731	37,780	40,849	42,272	40,591	38,903	43,811
Registered number of employees	37,466	37,979	38,099	38,247	38,174	38,134	36,657	36,181

Automotive	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Net sales	6,185	5,658	5,989	6,288	6,658	6,107	5,956	6,229
Operating profit	264	135	174	482	581	413	108	341
Operating margin, %	4.3	2.4	2.9	7.7	8.7	6.8	1.8	5.5
Assets and liabilities, net	9,592	9,332	9,232	9,938	10,257	10,092	10,077	11,540
Registered number of employees	6,976	7,042	7,035	7,094	7,080	7,166	7,141	7,331

1) Previously published figures for 2017 and 2018 have been restated to reflect a change in classification of customers between the segments.

Parent company condensed income statements

MSEK	Jan-Mar 2019	Jan-Mar 2018
Revenue	1,539	2,141
Cost of revenue	-1,241	-1,140
General management and administrative expenses	-379	-342
Other operating income/expenses, net	1	-8
Operating result	-80	651
Financial income and expense, net	1,263	-31
Profit before taxes	1,183	620
Appropriations		
Taxes	17	-135
Net profit	1,200	485

Parent company condensed statements of comprehensive income

MSEK	Jan-Mar 2018	Jan-Mar 2018
Net profit	1,200	485
Items that may be reclassified to the income statement:		
Assets at fair value through other comprehensive income	23	-4
Other comprehensive income, net of tax	23	-4
Total comprehensive income	1,223	481

Parent company condensed balance sheets

MSEK	March 2018	December 2018
Intangible assets	1,716	1,775
Investments in subsidiaries	21,931	21,934
Receivables from subsidiaries	13,965	13,724
Other non-current assets	1,229	1,171
Non-current assets	38,841	38,604
Receivables from subsidiaries	4,518	5,217
Other receivables	152	133
Current assets	4,670	5,350
Total assets	43,511	43,954
Shareholders' equity	21,645	20,535
Untaxed reserves	24	24
Provisions	368	552
Non-current liabilities	13,964	13,723
Current liabilities	7,510	9,120
Total shareholders' equity, provisions and liabilities	43,511	43,954

Definitions

Average number of employees

Total number of working hours of registered employees, divided by the normal total working time for the period.

Basic earnings/loss per share in SEK

Profit/loss after taxes less non-controlling interests divided by the ordinary number of shares.

Currency impact on operating profit

The effects of both translation and transaction flows based on current assumptions and exchange rates compared to the corresponding period last year.

Debt

Loans and net provisions for post-employment benefits.

Diluted earnings per share

Diluted earnings per share is calculated using the weighted average number of shares outstanding during the period adjusted for all potential dilutive ordinary shares.

EBITA (Earnings before interest, taxes and amortization)

Operating profit before amortizations.

EBITDA (Earnings before interest, taxes, depreciation and amortization)

Operating profit before depreciations, amortizations, and impairments.

Equity/assets ratio

Equity as a percentage of total assets.

Gearing

Debt as a percentage of the sum of debt and equity.

Net debt

Debt less short-term financial assets excluding derivatives.

Net debt/EBITDA

Net debt, as a percentage of twelve months rolling EBITDA.

Net debt/equity

Net debt, as a percentage of equity.

Net worth per share (Equity per share)

Equity excluding non-controlling interests divided by the ordinary number of shares.

Net working capital as % of 12 month rolling sales (NWC)

Trade receivables plus inventory minus trade payables as a percentage of twelve months rolling net sales.

Operating margin

Operating profit/loss, as a percentage of net sales.

Operational performance

Operational performance includes the effects on operating profit related to changes in organic sales, changes in manufacturing volumes and manufacturing cost and changes in selling and administrative expenses.

Organic sales

Sales excluding effects of currency and structure, i.e. acquired and divested businesses.

Registered number of employees

Total number of employees included in SKF's payroll at the end of the period.

Return on capital employed (ROCE)

Operating profit/loss plus interest income, as a percentage of twelve months rolling average of total assets less the average of non-interest bearing liabilities.

Return on equity (ROE)

Profit/loss after taxes as a percentage of twelve months rolling average of equity.

SKF demand outlook

The demand outlook for SKF's products and services represents management's best estimate based on current information about the future demand from our customers. The demand outlook is the expected volume development in the markets where our customers operate.

Cautionary statement

This report contains forward-looking statements that are based on the current expectations of the management of SKF. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a

result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors mentioned in SKF's latest annual report (available on investors.skf.com) under the Administration Report; "Risk management" and "Sensitivity analysis", and in this report under "Risks and uncertainties in the business."



Photo: Safran.

This is SKF

SKF is a leading global supplier of bearings, seals, lubrication systems and services, which include technical support, maintenance and reliability services, engineering consulting and training.

Quick fact

Founded 1907

Represented in more than 130 countries

Net sales in 2018 were SEK 85,713 million and the number of employees were 44,428

15 technical centers

94 manufacturing sites

More than 17,000 distributors

AB SKF (publ)

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www.skf.com

Company reg.no. 556007-3495

Vision

SKF works to reduce friction, make things run faster, longer, cleaner and more safely. Doing this in the most effective, productive and sustainable way contributes to the vision – A world of reliable rotation.

Mission

To be the undisputed leader in the bearing business.

Strategic priorities

Based on SKF's vision and mission, the company focuses on five strategic priorities:

1. Create and capture customer value
2. Application driven innovation
3. World-class manufacturing
4. Cost competitiveness
5. Maximising cash flow over time

For further information, please contact

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Conference call

25 April at 09.00 (CEST), 08.00 (UK),

Conference ID: SKF or 9198512

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Webcast access on mobile devices



Calendar

17 July, Half-year report

22 October, Nine-month report

The information in this press release is information which AB SKF is required to disclose under the EU Market Abuse Regulation (EU) No 596/2014. The information was provided by the above contact persons for publication on 25 April 2019 at 08.00 CEST.