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Notice of Annual General Meeting

Gothenburg, 17 February 2020: Notice is hereby given that the Annual General Meeting of Aktiebolaget SKF, reg. no. 556007-3495, will be held at SKF Kristinedal, Byfogdegatan 4, Gothenburg, Sweden, at 13.00 on Thursday, 26 March 2020. The doors are open from 11.00. Refreshments will be served prior to the Annual General Meeting between 11.00 and 12.30.

Annual General Meeting

For the right to participate at the Annual General Meeting, shareholders must be recorded in the shareholders' register kept by Euroclear Sweden AB by Friday, 20 March 2020 and must notify the company at the latest on the same day by letter to Computershare AB, "AGM 2020 of AB SKF", Box 5267, SE-102 46 Stockholm, Sweden, or via the company's website www.skf.com, or by phone +46 31 337 25 50 (weekdays between 09.00 and 16.00). When notifying the company, preferably in writing, this should include details of name, address, telephone number, registered shareholding and number of advisors, if any. Where representation is being made by proxy, the original of the proxy form shall be sent to the company to the above address before the Annual General Meeting. Shareholders whose shares are registered in the name of a trustee must have the shares registered temporarily in their own name in order to take part in the Annual General Meeting. Any such re-registration for the purpose of establishing voting rights shall take place so that the shareholder is recorded in the shareholders' register by Friday, 20 March 2020. This means that the shareholder should give notice of his/her wish to be included in the shareholders' register to the trustee well in advance before that date.

Agenda

1. Opening of the Annual General Meeting
2. Election of a Chairman for the Annual General Meeting
3. Drawing up and approval of the voting list
4. Approval of agenda
5. Election of persons to verify the minutes
6. Consideration of whether the Annual General Meeting has been duly convened
7. Presentation of annual report and audit report as well as consolidated accounts and audit report for the Group
8. Address by the President
9. Matter of adoption of the income statement and balance sheet and consolidated income statement and consolidated balance sheet for the Group
10. Resolution regarding distribution of profits
11. Matter of discharge of the Board members and the President from liability
12. Determination of number of Board members and deputy members
13. Determination of fee for the Board members
14. Election of Board members and deputy Board members

- 14.1 *Hans Stråberg*
- 14.2 *Hock Goh*
- 14.3 *Alrik Danielson*
- 14.4 *Ronnie Leten*
- 14.5 *Barb Samardzich*
- 14.6 *Colleen Repplier*
- 14.7 *Geert Follens*
- 14.8 *Håkan Buskhe*
- 14.9 *Susanna Schneeberger*
- 15. Election of Chairman of the Board of Directors
- 16. The Board of Directors' proposal for a resolution on principles of remuneration for Group Management
- 17. The Board of Directors' proposal for a resolution on SKF's Performance Share Programme 2020
- 18. Resolution regarding Nomination Committee

Proposal under item 10

The Board of Directors proposes a dividend of SEK 6.25 per share. It is proposed that shareholders

with holdings recorded on Monday, 30 March 2020 be entitled to receive the proposed dividend.

Subject to resolution by the Annual General Meeting in accordance with this proposal, it is expected that Euroclear will distribute the dividend on Thursday, 2 April 2020.

Proposals under items 2, 12, 13, 14 and 15

The Nomination Committee formed according to a resolution of the Annual General Meeting 2019 to represent all shareholders of the company consists of, besides the Chairman of the Board of Directors, representatives of FAM, Alecta, AFA Försäkring and Skandia, shareholders who together represent close to 40% of the votes of the total number of company shares. The Nomination Committee has informed the company about the following proposal:

- that Sven Unger is elected Chairman of the Annual General Meeting;
- that the Board of Directors shall consist of nine members and no deputy members;
- that the Board members elected by the Annual General Meeting and not employed by the company, for the period up to the end of the next Annual General Meeting, receive a fee according to the following:
 - a) a firm allotment of SEK 7,520 000 to be distributed with SEK 2,200,000 to the Chairman of the Board of Directors and SEK 760,000 to each of the other Board members; and
 - b) an allotment for committee work to be distributed with SEK 260,000 to the Chairman of the Audit Committee, with SEK 190,000 to each of the other members of the Audit Committee, with SEK 150,000 to the Chairman of the Remuneration Committee and with SEK 120,000 to each of the other members of the Remuneration Committee; and
- re-election of the Board members Hans Stråberg, Hock Goh, Alrik Danielson, Ronnie Leten, Barb Samardzich, Colleen Repplier and Geert Follens. It is proposed that Håkan Buskhe and Susanna Schneeberger are to be newly elected.

- Hans Stråberg is proposed to be the Chairman of the Board of Directors.

Håkan Buskhe is the CEO of FAM AB. His previous senior positions include CEO of E.ON Nordic AB and, most recently, CEO of Saab AB.

Susanna Schneeberger is a Board member of Concentric AB and Hempel A/S. Her previous senior positions include CEO of Demag Cranes & Components, several positions in the Trelleborg Group and, most recently, Chief Digital Officer in the executive board of the KION Group.

A presentation of the proposed Board can be found at the company's website www.skf.com. Lars Wedenborn has declined re-election at the Annual General Meeting 2020.

Proposal under item 16

The Board of Directors has decided to submit the following principles of remuneration for SKF's Group Management to the Annual General Meeting. The main contents of the proposal are stated below. The Board of Directors' complete proposal is available at the company and at the company's website, www.skf.com.

Group Management is defined as the President and the other members of the management team.

The Board of Directors' proposal is that the remuneration of Group Management members shall be based on market competitive conditions and at the same time support the shareholders' best interests. The total remuneration package for a Group Management member shall consist of fixed salary, variable salary, pension benefits, conditions for notice of termination and severance pay, and other benefits such as a company car. The objective of the principles of remuneration is to ensure that the SKF Group can attract and retain the best people in order to promote the SKF Group's mission and business strategy, its long-term interests and sustainability.

The fixed salary shall be at a market competitive level. Competence, responsibility, experience and performance shall be taken into account when the fixed salary is established.

The variable salary shall run according to a performance-based programme. The programme shall have predetermined and measurable criteria, including both financial and non-financial targets. The criteria shall primarily be based on the annual financial performance of the SKF Group, such as TVA, cash flow and individual goals. TVA is the SKF financial performance management model called Total Value Added (TVA) which is a simplified, economic value-added model. This model promotes greater operating profit, capital efficiency and profitable growth. The TVA profit is the operating profit, less the pre-tax cost of capital. The TVA result development for the SKF Group correlates well with the trend of the share price over a longer period of time. The satisfaction of criteria for awarding variable salary shall be measured over a period of one year. To which extent the criteria for awarding variable salary has been satisfied shall be determined when the measurement period has ended and the maximum variable salary is capped at a certain percentage of the fixed annual salary varying between 50 and 70 %. The Board of Directors is responsible for the evaluation so far as it concerns variable salary to the President. For variable salary to other executives, the President is responsible for the evaluation. For financial targets, the evaluation shall be based on financial information made public by the SKF Group.

SKF shall strive to establish pension plans based on defined contribution models.

A Group Management member may terminate his/her employment by giving six months' notice. In the event of termination of employment at the request of the company, employment shall according to the agreement cease immediately. A severance payment related to the number of years' service shall, however, in this case be paid out, provided that it shall always be maximized to two years' fixed salary.

The principles of remuneration for Group Management shall be presented by the Remuneration Committee to the Board of Directors that, at least every fourth year, shall submit a proposal for such principles to the Annual General Meeting for approval. The principles of remuneration shall be valid until new principles have been adopted by the Annual General Meeting.

The Board of Directors also proposes that the Annual General Meeting resolves to authorize the Board of Directors to derogate from the principles of remuneration decided by the Annual General Meeting, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Proposal under item 17

The main contents of the Board of Directors' proposal are stated below. The complete proposal is available at the company and at the company's website, www.skf.com.

Background

At the Annual General Meeting in 2008 the SKF Group introduced a long-term performance share programme for senior managers and key employees (SKF's Performance Share Programme 2008). Since 2008 the Annual General Meeting has resolved each year upon a performance share programme. The terms and conditions of SKF's Performance Share Programme 2020 are the same as for SKF's Performance Share Programme 2019 that was resolved at the Annual General Meeting 2019.

SKF's Performance Share Programme 2020

The Board proposes, in order to continue to link the long-term interests of the participants and the shareholders, that a decision be taken at the Annual General Meeting 2020 on SKF's Performance Share Programme 2020.

The programme is proposed to cover not more than 225 senior managers and key employees in the SKF Group with an opportunity to be allotted, free of charge, SKF B shares in accordance with the following principal terms and guidelines.

Under the programme, not more than in total 1,000,000 SKF B shares may be allotted to not more than 225 senior managers and key employees in the Group. The number of shares that may be allotted must be related to the degree of achievement of the Total Value Added (TVA) target level, as defined by the Board, for the TVA development for the financial years 2020–2022 compared to the financial year 2019. TVA is a simplified, economic value-added model promoting greater operating profit, capital efficiency and profitable growth. TVA is the operating profit, less the pre-tax cost of capital. After the expiry of the financial year 2022 a comparison is made between the average TVA for the financial years 2020–2022 and TVA for the financial year 2019. The TVA change is expressed as a percentage.

The allocation of shares is based on the level of TVA increase. In order for allocation of shares to take place the TVA increase must exceed a certain minimum level (the threshold level). In addition to the threshold level a target level is set. Maximum allotment is awarded if the target level is reached or exceeded.

Provided that the TVA increase reaches the target level, the participants of the programme may be allotted the following maximum number of shares per person within the various key groups:

CEO and President – 30,000 shares
Other members of Group Management – 13,000 shares
Managers of large business units and similar – 4,500 shares
Other senior managers – 3,000 shares
Other key persons – 1,250 shares

If the TVA increase exceeds the threshold level for allotment of shares but the final allotment is below 5% of the target level, payment will be made in cash instead of shares, whereupon the amount of the cash payment shall correspond to the value of the shares calculated on the basis of the closing price for SKF's B share the day before settlement.

Allotment of shares requires that the persons covered by the programme are employed in the SKF Group during the entire calculation period. If all the conditions included in SKF's Performance Share Programme 2020 are met, allotment of shares shall be made free of charge following the expiry of the three year calculation period, i.e. during 2023.

Before the number of shares to be allotted is finally determined, the Board shall examine whether the allotment is reasonable considering SKF's financial results and position, the conditions on the stock market as well as other circumstances, and if not, as determined by the Board, reduce the number of shares to be awarded to the lower number of shares deemed appropriate by the Board.

The Board is furthermore entitled to introduce an alternative incentive solution for employees in countries where participation in SKF's Performance Share Programme 2020 is not appropriate. Such alternative incentive solution shall, as far as practicable, be formulated employing the same conditions as SKF's Performance Share Programme 2020.

The company has 455,351,068 shares in issue as per 4 February 2020. In order to comply with the obligations of SKF's Performance Share Programme 2020, a maximum number of 1,000,000 B shares are required, corresponding to approximately 0.2% of the total number of outstanding shares.

Assuming maximum allocation under the Performance Share Programme 2020 and a share price of SEK 190, the cost, including social security cost, is estimated at approximately MSEK 228. On the basis of a share price of SEK 220, the cost, including social security cost, is estimated at approximately MSEK 264. In addition, the administrative costs are estimated at approximately MSEK 2.

The Board does not propose for the time being to take any action to hedge SKF's obligations under the programme. Delivery of shares under the programme shall not take place until 2023.

Proposal under item 18

The Nomination Committee has informed the company that it proposes to the Annual General Meeting to resolve the following until a new resolution has been adopted by the Annual General Meeting:

1. that the company shall have a Nomination Committee formed by one representative of each one of the four major shareholders with regard to the number of votes held as well as the Chairman of the Board of Directors. When constituting the Nomination Committee, the shareholdings on the last banking day in August each year will determine which shareholders

are the largest with regard to the number of votes held. These, with regard to the number of votes, largest shareholders shall each year be contacted by the company to nominate its representatives. The names of the four shareholder representatives will be published as soon as they have been elected, however not later than six months before the next Annual General Meeting. The Nomination Committee shall remain in office until a new Nomination Committee has been appointed;

2. in the event that the shareholder the member represents would no longer be one of the four major shareholders with regard to the number of votes held, during the term of office of the Nomination Committee, such member, if the Nomination Committee so deems appropriate, may resign and a representative of the shareholder next in turn size-wise with regard to the number of votes held be offered the opportunity of being elected in his/her place;

and in the event that a shareholder representative no longer represents the shareholder, the shareholder is asked to elect a new representative to become a member of the Nomination Committee;

3. that the Nomination Committee, if the Nomination Committee so deems appropriate, may offer the fifth largest shareholder to elect a member of the Nomination Committee and thereby increase the Nomination Committee by one additional shareholder representative during the term of office of the Nomination Committee;
4. that the Nomination Committee, during the term of office of the Nomination Committee, is to furnish proposals on the following matters to be presented to, and resolved by, the Annual General Meeting:
 - a) proposal for Chairman of the Annual General Meeting
 - b) proposal for Board of Directors
 - c) proposal for Chairman of the Board of Directors
 - d) proposal for fee to the Board of Directors
 - e) proposal for fee to the auditor (when applicable)
 - f) proposal for auditor (when applicable)
 - g) to the extent deemed necessary, proposal for new instructions for the Nomination Committee; and
5. that the Nomination Committee, when performing its duties, will fulfil the tasks that rest upon the Nomination Committee under the Swedish Code of Corporate Governance, among other things to supply the company with certain information in order to enable the company to fulfil its information obligation under the code.

Number of shares and votes, and documentation

When this notice is issued, the total number of shares in the company are 455,351,068, represented by 32,460,528 series A shares and 422,890,540 series B shares, with a total number of votes of 74,749,582. The company holds no own shares.

The Board of Directors' complete proposal according to item 16 and 17 of the agenda and the Nomination Committee's reasoned statement are available at the company and at the company's website, www.skf.com, and will be sent to shareholders who request this and state their address.

Press release



Information at the Annual General Meeting, etc.

The Board of Directors and the President shall, upon request by any shareholder and where the Board of Directors believes that it may take place without significant harm to the company, provide information in respect of any circumstances which may affect the assessment of a matter on the agenda, any circumstances which may affect the assessment of the company's or a subsidiary's financial position and the company's relationship to other group companies. Anyone who wishes to dispatch questions in advance may do so to AB SKF, Att. General Counsel, SE-415 50 Gothenburg, Sweden, or by e-mail: chairman@skf.com.

SKF's web-based financial report in English will be made public on 4 March 2020.

Proxy forms will be available at the company's website, www.skf.com, and may also be requested by letter to Computershare AB, "AGM 2020 of AB SKF", Box 5267, SE-102 46 Stockholm, Sweden or by phone +46 31 337 25 50.

Gothenburg in February 2020
Aktiebolaget SKF
(publ)

The Board of Directors

Visit SKF's factory in Gamlestaden, Gothenburg

Shareholders are welcome to visit SKF's factory in Gamlestaden, Gothenburg, in connection with the Annual General Meeting, directly after the close of the Annual General Meeting, alternatively on 27 March 2020 at 09.00. Shareholders that wish to participate shall notify the requested visiting date, complete name and contact details (preferably email address alternatively a cell phone number) to: AB SKF, Besöksservice HK3/3, 415 50 Gothenburg alternatively via email to: Lars.Werner@skf.com. Please note that the number of participants is limited.

Processing of Personal Data

Personal data related to a shareholder which is gathered from the shareholders' register, notification on participation in the Annual General Meeting and information about advisors that are to participate or any other information that is otherwise given as set out above, will be processed mainly to register the shareholder, form part of the voting list at the Annual General Meeting and if necessary, the minutes from the Annual General Meeting. The personal data is processed in accordance with the Regulation (EU) 2016/679 of the European Parliament and of the Council. For complete information on the company's processing of your personal data in connection with the Annual General Meeting and your rights, see SKF's website www.skf.com under the heading "About AGM" (which is located under the section "Investors" and "Corporate Governance").

SKF's mission is to be the undisputed leader in the bearing business. SKF offers solutions around the rotating shaft, including bearings, seals, lubrication management, condition monitoring and maintenance services. SKF is represented in more than 130 countries and has around 17,000 distributor locations worldwide. Annual sales in 2019 were SEK 86 013 million and the number of employees was 43,360. www.skf.com

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