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SKF Capital Markets Day 2020: delivering on our transformation

Gothenburg, 4 November 2020: SKF's virtual Capital Markets Day on 4 November will focus on the transformation of the Group into an even stronger SKF. This includes transformation of SKF's manufacturing footprint, operational improvements, new business models and technology investments. The Group is also presenting updated long-term targets.

Alrik Danielson, President and CEO, says: "During the last few years we have been going through a transformation. Whilst we are far from done, we have made significant progress, not least during the past year. It is now time to take the next steps of our transformation journey."

At today's Capital Markets Day, the following main highlights and updates will be presented:

- Continued transformation of manufacturing, including:
 - Increased localization rates: from 50% to 60% in Americas and from 60% to 70% in Asia
 - Continued consolidation of factories, in line with the current rate of 4-5 announced factory closures per year
 - Realized annualized benefits exceeding SEK 5 billion by 2025
- Successful development of SKF's fee-based business
 - Investments in AI and RecondOil supporting the fee-based customer offer
 - Fee- and performance-based contracts now total approximately SEK 1 billion on an annual basis
- SKF's updated long-term targets:
 - Operating margin*: 14%
 - Revenue growth**: 5%
 - Net debt***/equity: <40%
 - ROCE*: 16%
 - Dividend payout ratio: 50%
 - Carbon Neutral by 2030

* Adjusted for items affecting comparability
** Including acquisitions, adjusted for divestments
*** Excluding pension liabilities

Niclas Rosenlew, Senior Vice President and CFO, says: "We are really excited to get the chance to explain our ongoing transformation into an even stronger SKF. Our updated targets reflect that we are in the middle of a transformation journey. We are pleased with the progress made in several areas, at the same time as we know we can improve even further."

We have communicated a clear strategy and plan, and the next steps will be about implementation, thereby delivering on our financial and environmental ambitions.”

To participate in SKF's Capital Markets Day 2020, starting at 13:00 (CET), please register and log in at: <https://skf.6connex.com/event/4/login>.

Aktiebolaget SKF
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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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