

Nine-month report 2021

Press release 26 October

Industrial maintains its strong momentum; Automotive hit by customer supply constraints

The third quarter saw continued solid demand. Our Industrial business, which represents approximately 75% of sales, maintained its strong momentum, despite challenges from logistics constraints and cost inflation. Our Automotive business was significantly impacted by reduced production amongst key customers, especially in September. Throughout the whole business, we have worked hard and diligently to mitigate the negative impact of these external circumstances.

Organic growth in the quarter was 8%, with Industrial growing by a strong 13% and Automotive down by -5%. Net sales were SEK 20,146 million (18,596). We saw growth in all regions, with some levelling off in Asia.

The adjusted operating profit was SEK 2,672 million (2,475) and the adjusted operating margin was 13.3% (13.3%).

Our Industrial business delivered a strong result, further increasing its adjusted operating margin to 17% (16%), despite very challenging conditions during the quarter, including cost inflation and logistics availability. We are seeing particularly strong growth in industrial drives, industrial distribution and off-highway applications. On a regional basis, Europe, North America and Latin America saw the strongest growth levels.

Our Automotive business was impacted by reduced production at key customers, often with short notice, resulting in lower sales, reduced productivity and a build-up of inventories. Demand in the automotive aftermarket stayed strong, however, due to the volatile demand from car manufacturers, the adjusted operating margin came in at 4% (7%). Whilst underlying demand for cars was strong, we are meeting continued uncertainty with actions to protect our margins, including reviewing commercial terms and manufacturing capacity.

On a Group level, we continue to consolidate our manufacturing footprint, with a further six sites to be closed by the end of the year, taking the total since 2019 to 12.

Cash flow generation in the quarter was SEK 1,470 million (2,266), mainly driven by increased inventories due to logistics bottlenecks, customer shutdowns and higher investments.

The Group already has ambitious CO2 reduction targets for its own operations, including a net zero objective for 2030. We're now taking the next step, with an ambition to also have a net zero greenhouse gas supply chain by 2050. Steel is the main source of emissions in our supply chain, and we are working with suppliers and partners, such as SteelZero, Responsible Steel and Luleå University, to speed up the development of fossil-free bearing steel.



Taking a more long-term view, I am convinced of our ability to continue to build on our strong brand and technological leadership. Our focus right now is articulating a roadmap for securing the growth that will help us achieve our financial and operational targets. Therefore, we have commenced a strategic review initiative, which will help us identify how to maximize the full potential of our current business as well as prioritize future technology and footprint investments. The review will be completed by the turn of the year and presented in conjunction with our full year results in early 2022.

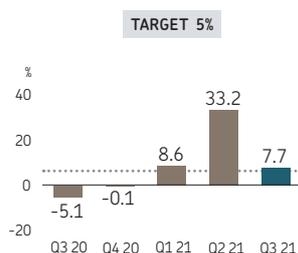
Looking into the fourth quarter, we expect to see continued challenging conditions from cost inflation and constrained logistics. In terms of sales, we expect a continued solid demand across our Industrial business. Demand development in our Automotive business will remain uncertain, with supply constraints and production delays resulting in very different market conditions than those experienced in the fourth quarter last year. Given the uncertainties in the market, we expect organic sales for the fourth quarter to be in-line with the previous year.

Rickard Gustafson
President and CEO

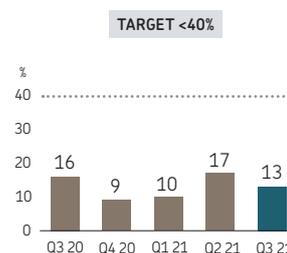
Operating margin¹⁾



Revenue growth²⁾



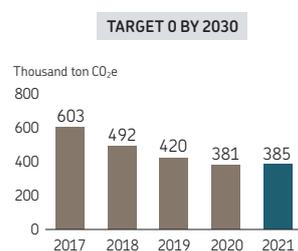
Net debt/Equity³⁾



ROCE⁴⁾



Carbon Neutral by 2030⁴⁾



SKF's long-term targets shall be achieved over a business cycle

- 1) Adjusted for items affecting comparability.
- 2) Including acquisitions, adjusted for divestments.
- 3) Excluding pension liabilities.
- 4) Scope 1 & 2 CO₂e from all SKF manufacturing and logistics units.

Cover picture:
A student from SKF Technical College is watching when rolls are measured and sorted in the RK factory in Gothenburg, Sweden.

Key figures

MSEK unless otherwise stated	Q3 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	20,146	18,596	60,746	55,280
Adjusted operating profit	2,672	2,475	8,578	6,612
Adjusted operating margin, %	13.3	13.3	14.1	12.0
Operating profit	2,588	1,922	8,165	4,859
Operating margin, %	12.8	10.3	13.4	8.8
Adjusted profit before taxes	2,524	2,273	8,150	5,909
Profit before taxes	2,440	1,720	7,736	4,156
Net cash flow after investments before financing	1,470	2,266	1,277	3,358
Basic earnings per share	3.86	2.59	12.36	6.09
Adjusted earnings per share	4.04	3.80	13.27	9.94

Financial performance

Third quarter 2021

Operating profit for the third quarter was SEK 2,588 million (1,922). Operating profit included items affecting comparability of SEK -84 million (-553) whereof -84 (-462) related to ongoing restructuring and cost reduction activities and SEK 0 million (-91) related to customer settlements.

The adjusted operating profit for the third quarter was SEK 2,672 million (2,475). The adjusted operating profit was positively impacted by sales and manufacturing volumes, sales prices and customer mix. Operating profit was negatively impacted by currency effects, material costs and logistics costs.

Adjusted operating profit bridge, MSEK	Q3
2020	2,475
Currency impact	-92
Organic sales & Manufacturing volumes	1,360
Cost development	-1,071
2021	2,672

- Financial income and expense, net in the third quarter was SEK -148 million (-202). The financial net was negatively impacted by exchange rate losses.
- Taxes in the quarter were SEK -618 million (-487) resulting in an effective tax rate of 25.3% (28.3%). Last year, the tax rate was negatively affected by withholding tax on dividends, deferred tax not recognized and non-deductible expenses.
- Net cash flow after investment before financing in the third quarter was SEK 1,470 million (2,266). Excluding cash flow related to divestments and acquisitions during the third quarter it was SEK 1,510 million (2,266). The decrease is driven by higher working capital and higher investments, partly offset by higher operating profit.
- Net working capital in percent of annual sales was 30.5% in the third quarter compared to 28.7% in the third quarter 2020. The ratio was negatively affected by exchange rate fluctuations.
- Provisions for post-employment benefits decreased by SEK -79 million (+636) in the third quarter mainly due to a one-time payment related to the defined benefit retirement plan in the USA.

Key figures	30 Sep 2021	30 June 2021	30 Sept 2020
Net working capital, % of 12 months rolling sales	30.5	30.7	28.7
ROCE for the 12-month period, % ¹⁾	15.6	15.4	12.1
Net debt/equity, %	44.0	50.1	59.8
Net debt/equity, excluding post-employment benefits, %	12.9	16.8	16.3
Net debt/EBITDA	1.4	1.5	2.1

1) Adjusted for items affecting comparability.

Sales

Net sales, change y-o-y, %	Q3				Jan-Sep 2021			
	Organic ¹⁾	Structure	Currency	Total	Organic ¹⁾	Structure	Currency	Total
SKF Group	7.7	–	0.6	8.3	15.6	–	-5.8	9.8
Industrial	13.3	–	0.3	13.6	13.1	–	-5.7	7.4
Automotive	-5.2	–	1.3	-3.9	22.4	–	-5.8	16.6

¹⁾ Price, mix and volume

Organic sales in local currencies, change y-o-y, %	Q3				Jan-Sep 2021			
	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific
SKF Group	11.9	7.2	12.7	1.6	16.0	10.4	32.6	14.8
Industrial	+++	+++	+++	++	+++	+++	+++	+++
Automotive	-	---	+/-	--	+++	+++	+++	+++

Customer industries	Q3				Jan-Sep 2021			
	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific
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 Q3 2021, compared to Q3 2020

Europe, Middle East and Africa

Industrial: Sales were significantly higher in the quarter compared to Q3 2020. By industry, sales to the energy, railway and marine industries were higher while sales to all other industries were significantly higher compared to Q3 2020.

Automotive: Sales in the quarter were slightly lower compared to last year with significantly lower sales to light vehicles, higher sales to trucks and significantly higher sales to the vehicle aftermarket compared to Q3 2020.

North America

Industrial: Sales were significantly higher in the quarter compared to Q3 2020. By industry, sales to most industrial segments were significantly higher. The exceptions were, aerospace, electrical and rail where sales were significantly lower, lower and relatively unchanged respectively compared to Q3 of last year.

Automotive: Sales in the quarter were significantly lower compared to last year with significantly lower sales to light vehicles, significantly higher sales to trucks and higher vehicle aftermarket sales compared to Q3 2020.

Asia-Pacific

Industrial: Sales were higher in the quarter. Sales were significantly higher to aerospace, industrial distribution, industrial drives, off-highway, electrical and other industrial compared to Q3 2020. Sales to the railway industry were relatively unchanged while sales to the energy, marine, agriculture, food and beverage and heavy industries were significantly lower compared to Q3 of last year.

Automotive: Sales were lower in the quarter. Sales were significantly higher to the vehicle aftermarket, sales to light vehicles were lower and sales to trucks were significantly lower compared to Q3 2020.

Latin America

Industrial: Overall, sales were significantly higher in the quarter. Sales to all industrial segments were significantly higher compared to Q3 2020 with the exception of heavy industries where sales were slightly lower compared to Q3 last year.

Automotive: Sales in the quarter were relatively unchanged compared to last year with significantly higher sales to trucks, slightly higher sales to the vehicle aftermarket and lower sales to light vehicles, compared to Q3 2020.

Segment information¹⁾

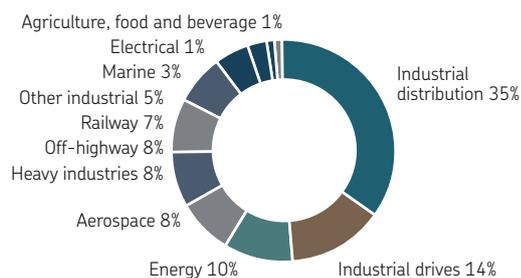
MSEK unless otherwise stated

Industrial	Q3 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	14,747	12,979	43,424	40,423
Adjusted operating profit	2,462	2,045	7,382	6,107
Adjusted operating margin, %	16.7	15.8	17.0	15.1
Operating profit	2,417	1,595	6,998	5,028
Operating margin, %	16.4	12.3	16.1	12.4

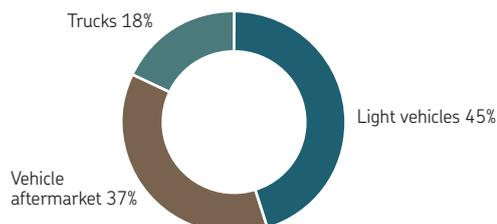
Automotive	Q3 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	5,399	5,617	17,322	14,857
Adjusted operating profit	210	430	1,196	505
Adjusted operating margin, %	3.9	7.7	6.9	3.4
Operating profit	171	327	1,167	-169
Operating margin, %	3.2	5.8	6.7	-1.1

1) Previously published figures for 2020 have been restated to reflect a change in classification of customers between the segments.

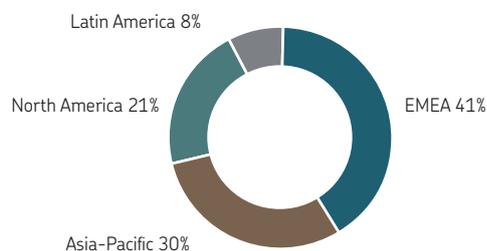
Net sales by customer industry for Industrial Q3 2021



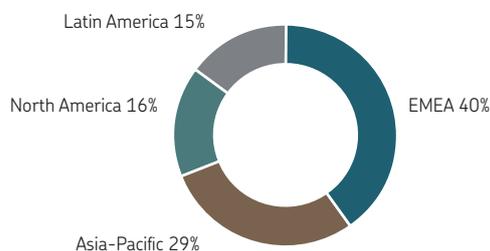
Net sales by customer industry for Automotive Q3 2021



Net sales by region for Industrial Q3 2021



Net sales by region for Automotive Q3 2021



Outlook and Guidance

Demand for Q4 2021 compared to Q4 2020

Looking ahead, uncertainty remains and in terms of sales, we expect to see continued supply chain challenges among our customers. We expect organic sales for the fourth quarter to be relatively unchanged compared to the fourth quarter 2020.

Guidance Q4 2021

Currency impact on the operating profit is expected to be around SEK 50 million compared with Q4 2020, based on exchange rates per 30 September 2021.

Guidance 2021

- Tax level excluding effects related to divested businesses: around 26%. Previous guidance was around 28%.
- Additions to property, plant and equipment: around SEK 3,800 million.

Previous outlook statement

Demand for Q3 2021 compared to Q3 2020

Demand is expected to continue to grow and we expect an organic growth of about 10% for the third quarter compared to Q3 2020.

Highlights

17 August 2021 – SKF to service Berlin underground carriages

SKF has signed a long-term agreement with Stadler Rail to equip and service rolling stock for the Berlin underground (U-Bahn) in Germany. The contract includes a number of SKF solutions ranging from wheel set bearings and axle boxes to lubrication systems.

31 August and 1 September 2021 – Acquisitions

SKF has completed the acquisition of Rubico Consulting AB, an industrial consultancy firm with 10 employees based in Luleå, Sweden. Rubico Consulting AB specializes in visualization and analysis of signal data and will strengthen SKF's analytics capabilities.

SKF has also completed the acquisition of EFOLEX AB, a Gothenburg-based manufacturer of the Europafilter-branded industrial lubrication and oil filtration systems. EFOLEX currently have approximately 10 employees.

5 October 2021 – SKF supports the development of fossil-free bearing steel

Through a collaboration with Luleå University of Technology's CH2ESS initiative, SKF is supporting the development of fossil-free bearing steel. As part of the collaboration, SKF will participate in and fund research within hydrogen use in industrial processes and energy systems.

20 October 2021 – Net zero supply chain by 2050

SKF has announced its commitment to have a supply chain with net zero greenhouse gas emissions by 2050. SKF commits to reduce CO2 emissions in its supply chain by 45% by 2035 and by 60% by 2040. In addition, SKF has pledged to source at least 40% of steel from carbon neutral steel plants by 2040 and to reduce transport-related greenhouse gas emissions by 80% by 2040. This will align with the Paris Climate Agreement to reach net zero global emissions by 2050.

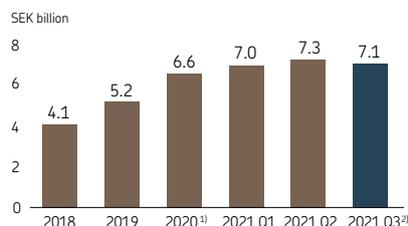
Sustainability performance

SKF has been publicly reporting on sustainability performance for many years in the Group's annual report, on skf.com and in various other forums. Reflecting the increasing operational and strategic importance of these issues, the Group is now including certain related KPI's also in the quarterly report. It is anticipated that the scope and depth of this reporting will increase over time.

Cleantech revenues

Cleantech revenues are the aggregated sales to acknowledged cleantech sectors such as renewable energy, electric vehicles, recycling industry and bearing remanufacturing. The growth of these sectors has far outstripped the organic growth of SKF as a whole – indicating the successful execution of SKF's cleantech strategy.

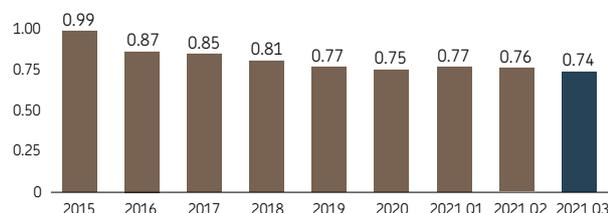
- 1) Previously published figures for 2020 have been restated to reflect a change in classification.
- 2) 2021 figures relate to the latest 12 months period.



Accident rate

The Accident rate measures the number of recordable accidents per 100 employees per year. There has been a considerable reduction in the accident rate over the past 5 years.

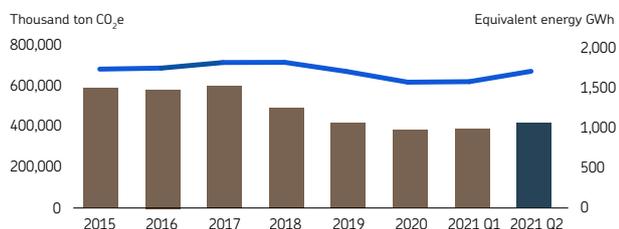
- 1) 2021 figures relate to the latest 12 months period.



CO₂ emissions, Equivalent energy

CO₂ emissions¹⁾ for SKF's operations (Scope 1 and 2 according to the Greenhouse Gas protocol) and total energy use for the same scope are presented in the graph. SKF continues to make good progress towards the Group's goal to be Carbon Neutral for these aspects by 2030.

- 1) Due to external reporting constraints, this data is presented for the end of the previous quarter.



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 interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements of the Parent company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities". SKF Group and the Parent company

applied the same accounting principles and methods of computation in the interim financial statements as compared with the latest annual report. IASB issued several amended accounting standards that were endorsed by EU, effective date 1 January 2021. None of these have a material effect on the SKF Group's financial statements.

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

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, for example caused by a pandemic, 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 an investigation in Brazil by the General Superintendence of the Administrative Council for Economic Defense, regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil.

Gothenburg, 26 October 2021

Aktiebolaget SKF (publ)

Rickard Gustafson

President and CEO

Condensed consolidated income statements

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	20,146	18,596	60,746	55,280
Cost of goods sold	-14,582	-13,759	-43,147	-41,230
Gross profit	5,564	4,837	17,599	14,050
Research and development cost	-648	-553	-1,984	-1,855
Selling and administrative expenses	-2,385	-2,317	-7,514	-7,594
Other operating income/expenses, net	57	-45	64	258
Operating profit	2,588	1,922	8,165	4,859
Financial income and expense, net	-148	-202	-429	-703
Profit before taxes	2,440	1,720	7,736	4,156
Taxes	-618	-487	-1,925	-1,285
Net profit	1,822	1,233	5,811	2,871
Net profit attributable to:				
Shareholders of AB SKF	1,756	1,179	5,627	2,771
Non-controlling interests	66	54	184	100
Basic earnings per share (SEK)	3.86	2.59	12.36	6.09
Diluted earnings per share (SEK)	3.86	2.59	12.35	6.08

Condensed consolidated statements of comprehensive income

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net profit	1,822	1,233	5,811	2,871
Items that will not be reclassified to the income statement:				
Remeasurements (actuarial gains and losses)	-30	-659	2,134	-706
Income taxes	5	209	-545	179
	-25	-450	1,589	-527
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	778	-466	1,892	-1,401
Assets at fair value through other comprehensive income	76	30	93	-6
Income taxes	-	-	1	11
	854	-436	1,986	-1,396
Other comprehensive income, net of tax	829	-886	3,575	-1,923
Total comprehensive income	2,651	347	9,386	948
Shareholders of AB SKF	2,543	337	9,127	966
Non-controlling interests	108	10	259	-18

Condensed consolidated balance sheets

MSEK	September 2021	December 2020
Goodwill	10,699	10,117
Other intangible assets	6,033	6,125
Property, plant and equipment	20,107	18,161
Right of use asset leases	2,438	2,517
Deferred tax assets	4,266	4,800
Other non-current assets	1,786	1,939
Non-current assets	45,329	43,659
Inventories	19,447	15,733
Trade receivables ¹⁾	13,895	12,286
Other current assets	5,315	4,242
Other current financial assets ¹⁾	13,583	14,637
Current assets	52,240	46,898
Total assets	97,569	90,557
Equity attributable to shareholders of AB SKF	40,566	34,309
Equity attributable to non-controlling interests	1,611	1,403
Long-term financial liabilities ¹⁾	18,222	15,089
Provisions for post-employment benefits	13,135	15,170
Provisions for deferred taxes	901	792
Other long-term liabilities and provisions	1,523	2,150
Non-current liabilities	33,781	33,201
Trade payables ¹⁾	8,882	8,459
Short-term financial liabilities ¹⁾	803	3,260
Other short-term liabilities and provisions	11,926	9,925
Current liabilities	21,611	21,644
Total equity and liabilities	97,569	90,557

1) Valuation principles and classifications of the financial instruments, as described in SKF Annual report 2020, have been consistently applied throughout the reporting period. There are no major changes in fair value during the period.

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Sep 2021	Jan-Sep 2020
Opening balance 1 January	35,712	37,366
Total comprehensive income	9,386	948
Cost for performance share programmes, net	19	-50
Transaction with non-controlling interests, other	-	-
Other	71	58
Dividend to shareholders ¹⁾	-3,011	-1,763
Closing balance	42,177	36,559

1) Dividend to ordinary shares has been paid during the period.

Condensed consolidated statements of cash flow

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Operating activities:				
Operating profit	2,588	1,922	8,165	4,859
Non-cash items:				
Depreciation, amortization and impairment	652	812	2,420	2,552
Net loss/gain (-) on sales of PPE and businesses	-2	-1	-35	-242
Other non-cash items	-90	4	-647	339
Income taxes paid	-507	-683	-1,543	-1,529
Other	-197	-	-899	-
Changes in working capital:				
Inventories	-773	998	-3,029	680
Accounts receivable	1,375	-949	-1,067	404
Accounts payable	-511	1,232	111	-247
Other operating assets/liabilities	-21	-338	541	-1,413
Net cash flow from operations	2,514	2,997	4,017	5,403
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-1,043	-803	-2,781	-2,409
Sales of PPE, businesses and equity securities	-1	72	41	364
Net cash flow used in investing activities	-1,044	-731	-2,740	-2,045
Net cash flow after investments before financing	1,470	2,266	1,277	3,358
Financing activities:				
Proceeds from short- and long-term loans	11	80	3,091	2,995
Repayments of short- and long-term loans	35	-195	-2,099	-602
Repayment leases	-179	-390	-535	-1,763
Cash dividends	-39	-	-3,011	-
Other financing items	-169	-	-169	-
Investments in short-term financial assets	-1	-40	-30	-398
Sales of short-term financial assets	6	500	92	4,735
Net cash flow used in financing activities	-336	-45	-2,661	4,967
Net cash flow	1,134	2,221	-1,384	8,325
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 July/1 January	11,756	12,250	14,050	6,430
Cash effect excl. acquired/sold business	1,132	2,221	-1,386	8,328
Cash effect of acquired/sold businesses	2	-	2	-3
Exchange rate effect	149	-66	373	-350
Cash and cash equivalents at 30 September	13,039	14,405	13,039	14,405

Change in Net debt	Closing balance 30 September 2021	Other non- cash changes	Acquired/sold businesses	Cash changes	Translation effect	Opening balance 1 January 2021
Loans, long- and short-term	16,379	-57	-	992	204	15,240
Post-employment benefits, net	13,103	-1,785	-	-621	373	15,136
Lease liabilities	2,521	356	-	-535	116	2,584
Financial assets, others	-423	-	-	39	-12	-450
Cash and cash equivalents	-13,039	-	-2	1,386	-373	-14,050
Net debt	18,541	-1,486	-2	1,261	308	18,460

Number of shares

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	30,582,656	32,256,712	30,582,656	32,256,712
- whereof B shares	424,768,412	423,094,356	424,768,412	423,094,356
Weighted average number of shares in:				
- basic earnings per share	455,351,068	455,351,068	455,351,068	455,351,068
- diluted earnings per share	455,565,763	455,638,007	455,501,677	455,623,117

Condensed consolidated financial information

MSEK unless otherwise stated

	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Net sales	21,208	20,085	16,599	18,596	19,572	19,865	20,735	20,146
Cost of goods sold	-15,717	-14,575	-12,895	-13,759	-14,118	-14,124	-14,441	-14,582
Gross profit	5,491	5,510	3,704	4,837	5,454	5,741	6,294	5,564
Gross margin, %	25.9	27.4	22.3	26.0	27.9	28.9	30.4	27.6
Research and development cost	-684	-651	-652	-553	-660	-653	-683	-648
Selling and administrative expenses	-2,993	-2,708	-2,569	-2,317	-2,659	-2,423	-2,706	-2,385
- as % of sales	14.1	13.5	15.5	12.5	13.6	12.2	13.1	11.8
Other, net	96	117	186	-45	75	34	-27	57
Operating profit	1,910	2,268	669	1,922	2,210	2,699	2,878	2,588
Operating margin, %	9.0	11.3	4.0	10.3	11.3	13.6	13.9	12.8
Adjusted operating profit	2,181	2,572	1,565	2,475	2,582	2,789	3,118	2,672
Adjusted operating margin, %	10.3	12.8	9.4	13.3	13.2	14.0	15.0	13.3
Financial net	-188	-412	-89	-202	-66	-204	-77	-148
Profit before taxes	1,722	1,856	580	1,720	2,144	2,495	2,801	2,440
Profit margin before taxes, %	8.1	9.2	3.5	9.2	11.0	12.6	13.5	12.1
Taxes	-641	-549	-249	-487	-541	-646	-661	-618
Net profit	1,081	1,307	331	1,233	1,603	1,849	2,140	1,822
Net profit attributable to								
Shareholders of AB SKF	1,035	1,250	342	1,179	1,527	1,782	2,089	1,756
Non-controlling interests	46	57	-11	54	76	67	51	66

Reconciliation of profit before taxes for the Group

MSEK	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Operating profit:								
Industrial ¹⁾	1,879	2,151	1,282	1,595	1,663	2,177	2,405	2,417
Automotive ¹⁾	31	117	-613	327	547	522	473	171
Financial net	-188	-412	-89	-202	-66	-204	-77	-148
Profit before taxes for the Group	1,722	1,856	580	1,720	2,144	2,495	2,801	2,440

1) Previously published figures for 2019 and 2020 have been restated to reflect a change in classification of customers between the segments.

Key figures

Definitions, see page 15

	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
EBITDA, MSEK	2,840	3,134	1,543	2,734	3,059	3,494	3,852	3,239
EBITA, MSEK	2,063	2,421	822	2,069	2,369	2,841	3,024	2,733
Adjusted operating profit	2,181	2,572	1,565	2,475	2,582	2,789	3,118	2,672
Adjusted operating margin, %	10.3	12.8	9.4	13.3	13.2	14.0	15.0	13.3
Basic earnings per share, SEK	2.27	2.75	0.75	2.59	3.36	3.91	4.59	3.86
Adjusted earnings per share, SEK	2.86	3.41	2.72	3.80	4.17	4.11	5.11	4.04
Diluted earnings per share, SEK	2.27	2.74	0.75	2.59	3.35	3.91	4.59	3.86
Dividend per share, SEK	–	–	3.00	–	–	–	6.50	–
Net worth per share, SEK	78	83	76	77	75	86	83	89
Share price at the end of the period, SEK	189.4	136.7	173.2	185.7	213.4	248.2	217.9	207.6
NWC, % of 12 months rolling sales	27.7	29.5	30.0	28.7	26.1	30.2	30.7	30.5
ROCE for the 12-month period, %	13.2	12.5	9.8	9.3	9.8	10.5	13.6	14.5
ROE for the 12-month period, %	15.7	14.3	10.9	10.6	12.1	13.7	18.4	19.3
Gearing, %	47.1	47.4	49.7	50.2	48.0	44.4	44.7	43.1
Equity/assets ratio, %	39.7	39.4	38.7	38.1	39.4	42.4	41.6	43.2
Additions to property, plant and equipment, MSEK	1,154	917	670	796	949	819	895	969
Net debt/equity, %	59.3	57.6	62.5	59.8	51.7	43.2	50.1	44.0
Net debt, MSEK	22,176	22,877	22,866	21,868	18,460	17,576	19,809	18,541
Net debt/EBITDA	1.7	1.8	2.1	2.1	1.8	1.6	1.5	1.4
Registered number of employees	43,360	43,134	41,835	41,174	40,963	41,151	41,433	42,139

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 investors.skf.com/en.

Segment information – quarterly figures¹⁾

MSEK unless otherwise stated

Industrial	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Net sales	15,232	14,364	13,080	12,979	13,489	13,788	14,889	14,747
Adjusted operating profit	2,022	2,230	1,832	2,045	1,963	2,247	2,674	2,462
Adjusted operating margin, %	13.3	15.5	14.0	15.8	14.6	16.3	18.0	16.7
Operating profit	1,879	2,151	1,282	1,595	1,663	2,177	2,405	2,417
Operating margin, %	12.3	15.0	9.8	12.3	12.3	15.8	16.2	16.4
Assets and liabilities, net	42,949	45,898	43,384	41,713	38,508	41,472	41,643	41,130
Registered number of employees	35,839	35,478	33,916	33,400	33,157	33,446	33,572	34,283
Automotive	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
Net sales	5,976	5,721	3,519	5,617	6,083	6,077	5,846	5,399
Adjusted operating profit	159	342	-267	430	619	542	444	210
Adjusted operating margin, %	2.7	6.0	-7.6	7.7	10.2	8.9	7.6	3.9
Operating profit	31	117	-613	327	547	522	473	171
Operating margin, %	0.5	2.0	-17.4	5.8	9.0	8.6	8.1	3.2
Assets and liabilities, net	11,954	11,909	11,184	10,313	9,358	10,645	10,936	10,977
Registered number of employees	6,850	6,741	6,499	6,362	6,351	6,292	6,416	6,391

1) Previously published figures for 2019 and 2020 have been restated to reflect a change in classification of customers between the segments.

Parent company condensed income statements

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Revenue	2,168	608	5,185	2,797
Cost of goods sold	-1,172	-1,194	-3,726	-3,695
General management and administrative expenses	-311	-246	-1,045	-1,032
Other operating income/expenses, net	-2	16	-3	11
Operating result	683	-816	411	-1,919
Financial income and expense, net	207	281	433	586
Profit before taxes	890	-535	844	-1,333
Taxes	-150	188	-69	427
Net profit	740	-347	775	-906

Parent company condensed statements of comprehensive income

MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net profit	740	-347	775	-906
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	76	30	93	-6
Other comprehensive income, net of tax	76	30	93	-6
Total comprehensive income	816	-317	868	-912

Parent company condensed balance sheets

MSEK	September 2021	December 2020
Intangible assets	1,408	1,528
Investments in subsidiaries	22,393	22,496
Receivables from subsidiaries	15,983	12,750
Other non-current assets	971	970
Non-current assets	40,755	37,744
Receivables from subsidiaries	3,216	5,971
Other receivables	196	163
Current assets	3,412	6,134
Total assets	44,167	43,878
Shareholders' equity	23,676	25,801
Provisions	495	468
Non-current liabilities	15,982	12,750
Current liabilities	4,014	4,859
Total shareholders' equity, provisions and liabilities	44,167	43,878

Alternative performance measures and definitions

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating margin

Operating profit margin excluding items affecting comparability.

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.

Items affecting comparability

Significant income/expenses that affect comparability between accounting periods. This includes, but is not limited to, restructuring costs, impairments and write-offs, currency exchange rate effects caused by devaluations and gains and losses on divestments of businesses.

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 costs and changes in selling and administrative expenses.

Revenue growth

Sales excluding effects of currency 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.

For reconciliations of other Key Ratios, see investors.skf.com/en.

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/en), including under the Administration Report; "Risk management" and in this report under "Risks and uncertainties in the business."



The Swedish team BK Häcken is sponsored by SKF and has during the month of October been playing Women's Champions League.

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 facts

Founded 1907
 Represented in more than 130 countries
 Net sales in 2020: SEK 74,852 million
 40,963 employees
 15 technical centers
 91 manufacturing sites
 More than 17,000 distributors

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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 focus areas

Based on SKF's vision and mission, the company focuses on six strategic areas:

1. Digital sales
2. New business models
3. Innovation
4. World-class manufacturing
5. Future workforce
6. Cleantech

For further information, please contact:

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Webcast

26 October at 09:00 (CEST), 08.00 (UK)
<https://investors.skf.com/en>
 Sweden +46 10 884 80 16
 UK / International +44 203 936 2999
 Passcode: 101419

Calendar

2 February 2022, Q4 report 2021
 24 March 2022, Annual General Meeting
 26 April 2022, Q1 report

The financial 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 26 October 2021 at 08.00 CEST.