

Nine-month report 2022

Press release 25 October

Q3 2022

- Net sales of SEK 24,975 million (20,146).
- Organic growth 11.0%.
- Adjusted operating profit of SEK 2,131 million (2,672).
- Operating profit SEK 1,929 million (2,588).
- Adjusted operating margin 8.5% (13.3%).
 - Industrial 10.8% (16.5%).
 - Automotive 3.0% (4.5%).
- Operating margin 7.7% (12.8%).
 - Industrial 9.7% (16.2%).
 - Automotive 2.8% (3.8%).
- Net cash flow from operations SEK 1,268 million (2,514).
- Basic earnings per share SEK 2.41 (3.86).

Nine-month 2022

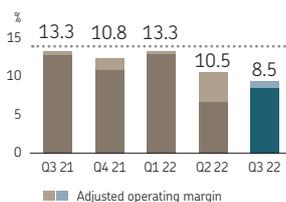
- Net sales of SEK 71,572 million (60,746).
- Organic growth 7.6%.
- Adjusted operating profit of SEK 7,662 million (8,579).
- Operating profit SEK 6,463 million (8,165).
- Adjusted operating margin 10.7% (14.1%).
 - Industrial 13.7% (16.8%).
 - Automotive 3.0% (7.4%).
- Operating margin 9.0% (13.4%).
 - Industrial 11.9% (15.9%).
 - Automotive 1.8% (7.3%).
- Net cash flow from operations SEK 2,290 million (4,017).
- Basic earnings per share SEK 7.85 (12.36).

Financial overview

MSEK unless otherwise stated	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Net sales	24,975	20,146	71,572	60,746
Adjusted operating profit	2,131	2,672	7,662	8,579
Adjusted operating margin, %	8.5	13.3	10.7	14.1
Operating profit	1,929	2,588	6,463	8,165
Operating margin, %	7.7	12.8	9.0	13.4
Adjusted profit before taxes	1,820	2,524	6,799	8,150
Profit before taxes	1,618	2,440	5,600	7,736
Net cash flow from operating activities	1,268	2,514	2,290	4,017
Basic earnings per share	2.41	3.86	7.85	12.36
Adjusted earnings per share	2.86	4.04	10.49	13.27

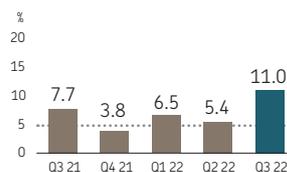
Operating margin¹⁾

TARGET 14%



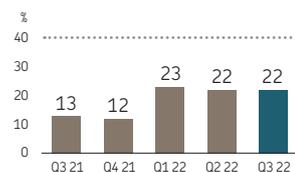
Revenue growth²⁾

TARGET 5%



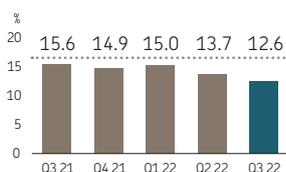
Net debt/Equity³⁾

TARGET <40%



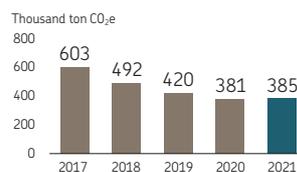
ROCE¹⁾

TARGET 16%



Net zero by 2030⁴⁾

TARGET 0 BY 2030



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.

Strong organic sales growth; severe cost inflation impacting results

Review of the third quarter

During the third quarter, we delivered strong organic sales growth of 11%, a clear indication that we are relevant for our customers. Our business in India and the Americas delivered a very strong overall performance and China maintained its solid performance, despite Covid-lockdowns. Our performance in EMEA was hampered by unprecedented cost inflation. We are delivering on our strategic transformation, with double-digit growth in targeted industries, while continuing to transform our portfolio and reduce fixed costs.

We continue to leverage our pricing power and have been successful in increasing prices and pruning our portfolio to further strengthen our business and market position. These efforts have resulted in another quarter with a growing, positive price/mix contribution of SEK 1.8 billion. As indicated last quarter, cost inflation continues to accelerate, especially in Europe, having a negative impact of SEK 2.9 billion in the quarter.

On a positive note, we saw a somewhat reduced inflation rate for steel components and logistics at the end of the quarter. The adjusted operating margin came in at approximately 9%, driven by a challenging cost inflation, negative mix impact from high automotive growth, and our dependence on manufacturing in Europe. Considering our unhedged exposure to cost inflation, we expect to see margin tailwind once inflation and energy prices start to normalize.

Within Industrial, organic growth was 8%, driven by industrial distribution, heavy industries and agriculture. The adjusted operating margin was 11%, impacted mainly by material and energy costs, not entirely offset by a positive price/mix contribution. Our leading position in our most significant and profitable business area continues to support our growth ambitions. For example, we have recently extended our full-service agreement with a leading renewable packaging producer in North America, covering bearings, seals, lubrication, application engineering and condition monitoring.

In Automotive, demand rebounded strongly from last year with an organic growth of 18%, driven by light vehicles. The adjusted operating margin was 3%, mainly driven by material and energy inflation, which was not fully offset by a positive price/mix. Our ceramic bearing offer to the EV industry continues to strengthen, with significant new OEM contracts signed in both China and Europe. This is in line with our strategic portfolio shift as ceramic bearings have more attractive margins. At the same time, we continue to exit low margin and non-strategic businesses such as components for small, combustion-powered passenger cars.

Net cash flow from operations was SEK 1,268 million. Net working capital as a percentage of sales increased to 36%, driven by exchange rate fluctuations. Sequentially, inventory levels reduced in Q3, as we continue to prioritize customers, reduce excess stock and optimize our supply chains.

Delivering on our strategic transformation

In line with our strategy to drive profitable growth, we have initiated a group wide program to increase flexibility and reduce fixed costs across the Group, especially in Europe. In total,



we expect the full run-rate savings of these activities to reach SEK 2 billion by the end of 2023, with anticipated restructuring costs of approximately SEK 1 billion and a net reduction of approximately 1,000 positions, predominantly in Europe.

Among the key ongoing actions are the implementation of a simplified operational and sales organization in EMEA, reshaping of support functions, including pruning our IT portfolio and bringing forward the final steps of our finance transformation program. We are increasing the pace of development within Connected Technology by focusing more on external partnerships. Consultancy and indirect expenditure is being reduced across the Group. In addition, we are increasing our targeted efforts to further improve pricing, reduce inventories, drive procurement and logistics.

We continue to invest in our regional manufacturing capabilities and in making our factories more efficient. We are also continuing to consolidate our footprint. As a result, the factories in Avon, Avallon, Poggio Rusco and Pianezza will be closed, with customers being served from other sites.

Outlook

Looking into the fourth quarter of 2022 we expect organic sales growth of about 10% and, as a result, we expect organic growth for the full year to end in the upper part of our previously guided range of about 4-8%.

We expect to see continued volatility and geopolitical uncertainty in the markets and as a result, we expect continued high levels of cost inflation, supply chain bottlenecks and volatile demand.

Rickard Gustafson
President and CEO

Financial performance

Third quarter 2022

Operating profit for the third quarter was SEK 1,929 million (2,588). Operating profit included items affecting comparability of SEK -202 million (-84), whereof SEK -154 million (-84) related to ongoing restructuring and cost reduction activities mainly in Europe and SEK -48 million (0) related to impairments.

The adjusted operating profit for the third quarter was SEK 2,131 million (2,672). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Operating profit was negatively impacted by cost increases, mainly related to material and energy costs.

Adjusted operating profit bridge, MSEK	Q3
2021	2,672
Currency impact	288
Divested businesses	-54
Organic sales & Manufacturing volumes	2,083
Cost development	-2,858
2022	2,131

- Financial income and expense, net was SEK -311 million (-148). Exchange rate fluctuations had a more negative effect in the third quarter 2022, compared to the third quarter 2021.
- Taxes in the quarter was SEK -394 million (-618) resulting in an effective tax rate of 24.3% (25.3%).
- Net cash flow from operating activities in the third quarter was SEK 1,268 million (2,514). The change is mainly driven by the lower operating profit and negative impact from changes in working capital.
- Net working capital in percent of annual sales was 35.6% in the third quarter compared to 30.5% in the third quarter 2021. The ratio was negatively affected by currency effects and higher inventory levels.
- Provisions for post-employment benefits net decreased by SEK -707 million (-79) driven by actuarial gains on gross obligation due to increased discount rates.

Nine-month 2022

Operating profit for the first nine months was SEK 6,463 million (8,165). Operating profit included items affecting comparability of SEK -1,198 million (-414), whereof SEK -675 million related to the divestment of the business in Russia, SEK -449 million (-414) related to ongoing restructuring and cost reduction activities mainly in Europe and SEK -74 million (0) related to customer settlements and impairments.

The adjusted operating profit for the first nine months was SEK 7,662 million (8,579). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Operating profit was negatively impacted by cost increases, mainly related to material, energy and logistic costs.

Adjusted operating profit bridge, MSEK	2022
2021	8,579
Currency impact	817
Divested businesses	-125
Organic sales & Manufacturing volumes	4,718
Cost development	-6,327
2022	7,662

- Financial income and expense, net was SEK -863 million (-429). Exchange rate fluctuations had a more negative effect in 2022 compared to 2021.
- Taxes in the first nine months was SEK -1,729 million (-1 925) resulting in an effective tax rate of 30.9% (24.9%). The tax rate in 2022 was negatively impacted by the loss from divestment of business in Russia in the second quarter. Tax rate excluding the impact from the divestment was 27.6%.
- Net cash flow from operating activities was SEK 2,290 million (4,017). The change is mainly driven by the lower operating profit and negative impact from changes in working capital.
- Net working capital in percent of annual sales was 35.6% in September 2022 compared to 30.5% in September 2021. The ratio was negatively affected by currency effects and higher inventory levels.
- Provisions for post-employment benefits net decreased by SEK -4,197 million (-2,034) driven by actuarial gains on gross obligation due to increased discount rates.

Key figures	30 Sep 2022	30 June 2022	30 Sep 2021
Net working capital, % of 12 months rolling sales	35.6	35.7	30.5
ROCE for the 12-month period, % ¹⁾	12.6	13.7	15.6
Net debt/equity, %	35.2	37.7	44.0
Net debt/equity, excluding post-employment benefits, %	21.6	21.8	12.9
Net debt/EBITDA, %	1.5	1.5	1.4

1) Adjusted for items affecting comparability.

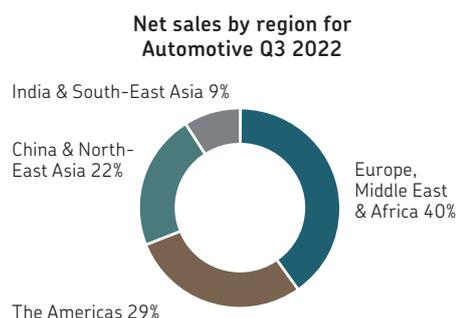
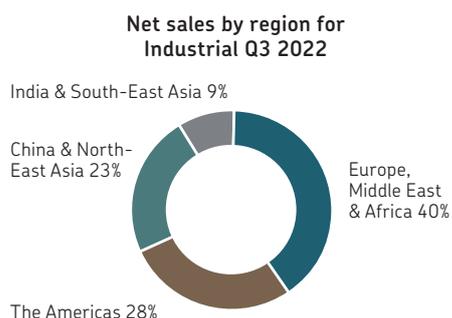
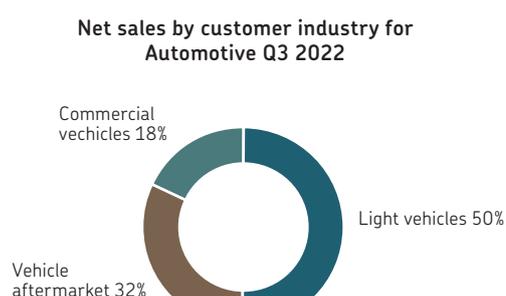
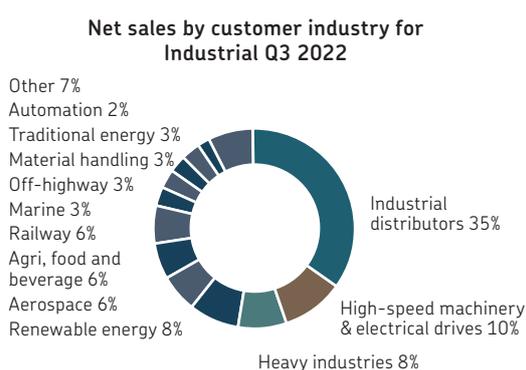
Sales

Net sales, change y-o-y, %	Q3				Jan-Sep 2022			
	Organic ¹⁾	Structure	Currency	Total	Organic ¹⁾	Structure	Currency	Total
SKF Group	11.0	-2.0	15.0	24.0	7.6	-1.3	11.5	17.8
Industrial	8.3	-2.0	14.0	20.3	8.4	-1.3	11.3	18.4
Automotive	18.4	-2.2	17.8	34.1	5.7	-1.3	12.2	16.6

1) Price, mix and volume

Organic sales in local currencies, change y-o-y, %	Q3				Jan-Sep 2022			
	Europe, Middle East & Africa	The Americas	China & North-East Asia	India & South-East Asia	Europe, Middle East & Africa	The Americas	China & North-East Asia	India & South-East Asia
SKF Group	9.9	12.9	5.8	23.6	8.7	10.0	-3.6	24.3
Industrial	+++	+++	+	+++	+++	+++	+/-	+++
Automotive	+++	+++	+++	+++	++	+++	---	+++

Customer industries	Q3				Jan-Sep 2022			
	Europe, Middle East & Africa	The Americas	China & North-East Asia	India & South-East Asia	Europe, Middle East & Africa	The Americas	China & North-East Asia	India & South-East Asia
Organic sales in local currencies, change y-o-y:								
Industrial distributors	+++	++	+++	+++	+++	+++	+++	+++
High-speed machinery & electrical drives	+++	+++	+/-	+++	+++	+++	+	+++
Other	+++	+	-	++	+++	+++	-	+++
Renewable energy	---	++	+++	+++	---	---	---	+++
Heavy industries	+++	+	+++	+++	+++	-	+++	+++
Aerospace	---	+/-	---	+/-	--	-	---	+/-
Railway	+++	+++	-	+++	++	+++	+++	+++
Agriculture, food and beverage	+++	+++	+/-	++	+++	+++	+++	+
Off-highway	+/-	-	---	+++	+/-	--	---	+++
Marine	+++	---	+/-	++	+++	+/-	---	+++
Material handling	+++	+++	+++	+++	+++	+++	+/-	-
Automation	+++	+++	+++	+/-	+++	+++	++	+++
Traditional energy	+++	+++	++	+++	+/-	+++	+++	+++
Light vehicles	+++	+++	+++	+++	+/-	++	+++	+++
Vehicle aftermarket	++	+++	++	-	+++	+++	++	+++
Commercial vehicles	+++	+++	---	+/-	+	++	---	+++



Segment information¹⁾

MSEK unless otherwise stated

	Industrial				Automotive			
	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Net sales	17,735	14,747	51,369	43,424	7,240	5,399	20,203	17,322
Adjusted operating profit	1,916	2,430	7,061	7,289	215	242	601	1,290
Adjusted operating margin, %	10.8	16.5	13.7	16.8	3.0	4.5	3.0	7.4
Operating profit	1,724	2,384	6,109	6,904	205	204	354	1,261
Operating margin, %	9.7	16.2	11.9	15.9	2.8	3.8	1.8	7.3

1) Previously published figures for 2021 and Q1 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Industrial

Comments on organic sales in local currencies in the third quarter 2022, compared to third quarter 2021

Europe, Middle East & Africa

Overall, sales were significantly higher in the quarter. By industry, sales to most industrial segments were significantly higher. The exceptions were off-highway that was relatively unchanged and renewable energy and aerospace that was significantly lower.

The Americas

Sales were significantly higher in the quarter. By industry, sales to high-speed machinery & electrical drive, railway, agriculture, food & beverage as well as material handling, automation and traditional energy were all significantly higher. It was higher to industrial distributors and renewable energy and slightly higher to off-highway. To aerospace it was relatively unchanged while it was significantly lower to marine.

China & North-East Asia

Overall, sales were slightly higher in the quarter. It was significantly higher to industrial distributors, renewable energy, heavy industries, material handling and automation. To traditional energy it was higher and to high-speed machinery & electrical drives, agriculture, food & beverage and marine it was relatively unchanged. To other and railway it was slightly lower and to aerospace and off-highway it was significantly lower.

India & South-East Asia

Overall, sales were significantly higher in the quarter. By industry, sales to most industrial segments were significantly higher. The exceptions were other, agriculture, food & beverage and marine with higher sales and aerospace and automation with relatively unchanged sales.

Automotive

Comments on organic sales in local currencies in the third quarter 2022, compared to third quarter 2021

Europe, Middle East & Africa

Sales in the quarter were significantly higher compared to last year with significantly higher sales to light and commercial vehicles and higher sales to the vehicle aftermarket.

The Americas

Sales in the quarter were significantly higher compared to last year, with significantly higher sales to all automotive segments.

China & North-East Asia

Sales were significantly higher in the quarter with significantly higher sales to light vehicles, higher sales to the vehicle aftermarket and significantly lower sales to commercial vehicles.

India & South-East Asia

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

Industrial

Comments on operating profit 2022, compared to 2021

Third quarter 2022

The adjusted operating profit for the third quarter was SEK 1,916 million (2,430). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Operating profit was negatively impacted by material and energy costs.

Adjusted operating profit bridge, MSEK	Q3
2021	2,430
Currency	213
Divested businesses	-39
Organic sales & Manufacturing volumes	1,431
Cost development	-2,119
2022	1,916

Nine month 2022

The adjusted operating profit for the first nine months was SEK 7,061 million (7,289). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Operating profit was negatively impacted by material, energy and logistic costs.

Adjusted operating profit bridge, MSEK	2022
2021	7,289
Currency	604
Divested businesses	-90
Organic sales & Manufacturing volumes	3,791
Cost development	-4,533
2022	7,061

Automotive

Comments on operating profit 2022, compared to 2021

Third quarter 2022

The adjusted operating profit for the third quarter was SEK 215 million (242). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Operating profit was negatively impacted by material and energy costs.

Adjusted operating profit bridge, MSEK	Q3
2021	242
Currency	75
Divested businesses	-15
Organic sales & Manufacturing volumes	652
Cost development	-739
2022	215

Nine month 2022

The adjusted operating profit for the first nine months was SEK 601 million (1,290). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Operating profit was negatively impacted by material, energy and logistic costs.

Adjusted operating profit bridge, MSEK	2022
2021	1,290
Currency	213
Divested businesses	-35
Organic sales & Manufacturing volumes	927
Cost development	-1,794
2022	601

Outlook and Guidance

Demand for Q4 2022 compared to Q4 2021

For the fourth quarter of 2022 we expect an organic sales growth of about 10%.

Guidance for Q4 2022

Currency impact on the operating profit is expected to be around SEK 400 million positive compared with the fourth quarter 2021, based on exchange rates per 30 September 2022.

Guidance 2022

- For the full year we expect organic growth to end in the upper part of our previously guided range of about 4-8%.
- Tax level excluding effects related to divested businesses: around 28%.
- Additions to property, plant and equipment: around SEK 5 billion.

Previous outlook and guidance statement

Demand for Q3 2022 compared to Q3 2021

Looking into the third quarter of 2022, we expect a high single-digit organic sales growth, with an expected recovery in Automotive demand compared to the same quarter last year.

We expect that the high level of volatility in the markets continues with the ongoing war in Europe, high inflation, a risk for Covid-19 related restrictions across many geographies, supply chain bottlenecks and a volatile demand.

Guidance for Q3 2022

Currency impact on the operating profit is expected to be around SEK 350 million positive compared with the third quarter 2021, based on exchange rates per 30 June 2022.

Guidance 2022

- For the full year 2022, we expect an organic sales growth of about 4-8%.
- Tax level excluding effects related to divested businesses: around 28%.
- Additions to property, plant and equipment: around SEK 5 billion.

Significant events

21 July – SKF and Quaker Houghton enter collaboration

SKF and Quaker Houghton, the global leader in industrial process fluids, have entered into a new collaboration to offer industrial customers a fully circular use of industrial oil.

24 August – Changes to Group Management

SKF announced the appointment of Annika Ölme as CTO and Senior Vice President, Technology Development. Annika joined SKF from SAAB Radar Solutions, where she was CTO and Head of Engineering.

8 September – Green Bond

SKF issued its second Green Bond, which will raise EUR 400 million to fund eligible green projects in accordance with the Group's Green Finance Framework.

8 September – Milestone reached towards net zero bearing production

Together with Swedish steel producer Ovako, SKF has produced a Spherical Roller Bearing (SRB) with 90% less emissions than its standard SRB bearing.

16 September – Changes to Group Management

SKF announced the appointment of Henry Wang as President, China and North-East Asia. Henry joined SKF from Alstom, where he was President for the operations in China.

Subsequent events

10 October – SKF magnetic bearings

SKF's magnetic bearing technology has been selected by Finnish cleantech company Tamturbo for their high-speed turbo motors used in industrial air compressors. SKF's magnetic bearings, are playing a key role in reducing CO2 emissions across a range of industrial applications.

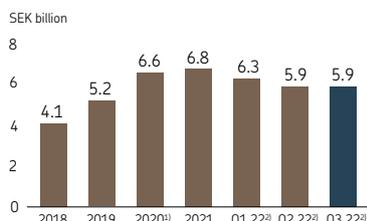
Sustainability performance

SKF has been publicly reporting on sustainability performance for many years, for example, in the Group's annual report and on skf.com. Reflecting the increasing operational and strategic importance of these issues, the Group is also including certain related KPI's in the quarterly reports.

Cleantech revenues

Cleantech revenues are the aggregated sales to acknowledged cleantech sectors such as renewable energy, electric vehicles, recycling industry and bearing remanufacturing. The decline in cleantech revenues is mainly due to a decline in the wind industry, however partly offset by an increase in the electric vehicles industry.

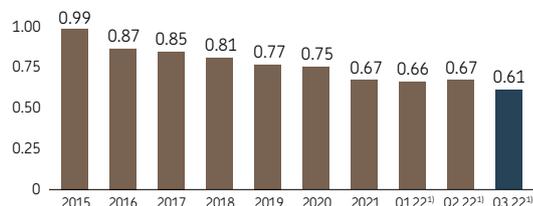
- 1) Previously published figures for 2020 have been restated to reflect a change in classification.
- 2) 2022 figures relate to the latest 12 months period.



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.

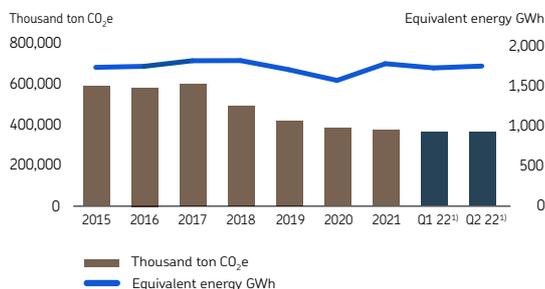
- 1) 2022 figures relate to the latest 12 months period.



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 net zero for these aspects by 2030.

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



Notes

Note 1 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.

Disclosure as required by IAS 34 p. 16 A is provided in the notes to the financial statements as well as in other parts of the interim report. 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 2022. None of these have a material effect on the SKF Group's financial statements.

Valuation principles and classifications of the financial instruments, as described in SKF Annual report 2021, have been consistently applied throughout the reporting period. There are no major changes in fair value during the period.

Note 2 Transactions with related parties

No significant change is present for transactions with related parties in relation to disclosure provided in Annual Report 2021.

Note 3 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.

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.

SKF's operations are affected by the ongoing conflict in Ukraine. SKF operates in Ukraine with approximately 1,100 employees. Sales in Ukraine amounted to less than 0.5% of SKF's total sales in 2021. SKF's factory in Lutsk, Ukraine, accounted for a production volume of approximately 1% of SKF's total production volume in 2021. The factory in Ukraine has been producing whenever possible due to prevailing circumstances however at lower level than normal.

For a more detailed description of risks and uncertainties, please see the Risk Management section on pages 42-44 in the SKF Annual Report 2021.

Gothenburg, 25 October 2022
Aktiebolaget SKF (publ)
Rickard Gustafson
President and CEO

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

Condensed consolidated income statements

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Net sales	24,975	20,146	71,572	60,746
Cost of goods sold	-19,223	-14,582	-53,453	-43,147
Gross profit	5,752	5,564	18,119	17,599
Research and development cost	-779	-648	-2,350	-1,984
Selling and administrative expenses	-2,831	-2,385	-8,704	-7,514
Other operating income/expenses, net	-213	57	-602	64
Operating profit	1,929	2,588	6,463	8,165
Financial income and expense, net	-311	-148	-863	-429
Profit before taxes	1,618	2,440	5,600	7,736
Taxes	-394	-618	-1,729	-1,925
Net profit	1,224	1,822	3,871	5,811
Net profit attributable to:				
Shareholders of AB SKF	1,099	1,756	3,576	5,627
Non-controlling interests	125	66	295	184
Basic earnings per share (SEK) ¹⁾	2.41	3.86	7.85	12.36

1) Shares from the Performance Share Programme are not considered dilutive, therefore diluted earnings per share is equal to basic earnings per share.

Condensed consolidated statements of comprehensive income

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Net profit	1,224	1,822	3,871	5,811
Items that will not be reclassified to the income statement:				
Remeasurements (actuarial gains and losses)	696	-30	4,907	2,134
Income taxes	-52	5	-1,136	-545
	644	-25	3,771	1,589
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	1,688	778	5,117	1,892
Assets at fair value through other comprehensive income	10	76	28	93
Income taxes	1	-	4	1
	1,699	854	5,149	1,986
Other comprehensive income, net of tax	2,343	829	8,920	3,575
Total comprehensive income	3,567	2,651	12,791	9,386
Shareholders of AB SKF	3,361	2,543	12,300	9,127
Non-controlling interests	206	108	491	259

Condensed consolidated balance sheets

MSEK	September 2022	December 2021
Goodwill	12,749	10,924
Other intangible assets	6,636	6,018
Property, plant and equipment	24,506	20,723
Right of use asset leases	2,910	2,661
Deferred tax assets	3,208	3,839
Other non-current assets	1,807	1,674
Non-current assets	51,816	45,839
Inventories	26,769	20,997
Trade receivables	17,996	13,972
Other current assets	6,341	5,163
Other current financial assets	12,801	13,657
Current assets	63,907	53,789
Total assets	115,723	99,628
Equity attributable to shareholders of AB SKF	53,101	43,645
Equity attributable to non-controlling interests	2,155	1,720
Long-term financial liabilities	21,412	15,472
Provisions for post-employment benefits	7,592	11,781
Provisions for deferred taxes	1,548	1,040
Other long-term liabilities and provisions	1,105	1,445
Non-current liabilities	31,657	29,738
Trade payables	11,847	9,881
Short-term financial liabilities	4,270	3,864
Other short-term liabilities and provisions	12,693	10,780
Current liabilities	28,810	24,525
Total equity and liabilities	115,723	99,628

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Opening balance 1 July/1 January	51,575	39,508	45,364	35,712
Net profit	1,224	1,822	3,871	5,811
Hyperinflation adjustments	137	35	298	88
Components of other comprehensive income				
Currency translation adjustments	1,688	778	5,117	1,892
Change in FV OCI assets and cash flow hedges	10	76	28	93
Remeasurements	696	-30	4,907	2,134
Income taxes	-51	5	-1,132	-544
Other	-	7	-	-16
Transactions with shareholders				
Non-controlling interest	-	-	-	-1
Cost for Performance Share Programmes, net	21	16	47	19
Dividends	-45	-40	-3,244	-3,011
Closing balance 30 September	55,256	42,177	55,256	42,177

Condensed consolidated statements of cash flow

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Operating activities:				
Operating profit	1,929	2,588	6,463	8,165
Non-cash items:				
Depreciation, amortization and impairment	977	652	2,735	2,420
Net loss/gain (-) on sales of PPE and businesses	-12	-2	602	-35
Other non-cash items	112	-90	545	-647
Income taxes paid	-645	-507	-1,898	-1,543
Interest received	55	32	59	28
Interest paid	-80	-59	-178	-151
Other	-646	-170	-1,673	-776
Changes in working capital:	-422	70	-4,365	-3,444
Inventories	17	-773	-3,254	-3,029
Accounts receivable	26	1,375	-2,588	-1,067
Accounts payable	-510	-511	1,138	111
Other operating assets/liabilities	45	-21	339	541
Net cash flow from operating activities	1,268	2,514	2,290	4,017
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-1,396	-1,043	-3,987	-2,781
Sales of PPE, businesses and equity securities	65	-1	17	41
Net cash flow used in investing activities	-1,331	-1,044	-3,970	-2,740
Net cash flow after investments before financing	-63	1,470	-1,680	1,277
Financing activities:				
Proceeds from short- and long-term loans	4,322	11	4,350	3,091
Repayments of short- and long-term loans	-9	35	-101	-2,099
Repayment leases	-163	-179	-549	-535
Cash dividends	-44	-39	-3,243	-3,011
Other financing items:	-198	-169	-198	-169
Investments in short-term financial assets	-107	-1	-202	-30
Sales of short-term financial assets	18	6	79	92
Net cash flow used in financing activities	3,819	-336	136	-2,661
Net cash flow	3,756	1,134	-1,544	-1,384
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 July/1 January	8,167	11,756	13,219	14,050
Cash effect excl. acquired/sold businesses	3,756	1,132	-1,405	-1,386
Cash effect of acquired/sold businesses	-	2	-139	2
Exchange rate effect	52	149	300	373
Cash and cash equivalents at 30 September	11,975	13,039	11,975	13,039

Change in Net debt	Closing balance 30 September 2022	Other non- cash changes	Acquired/sold businesses	Cash changes	Translation effect	Opening balance 1 January 2022
Loans, long- and short-term	21,391	-35	8	4,249	715	16,454
Post-employment benefits, net	7,514	-4,563	-	-540	906	11,711
Lease liabilities	3,054	531	-44	-549	358	2,758
Financial assets, others	-543	3	-	-152	-50	-344
Cash and cash equivalents	-11,975	-	139	1,405	-300	-13,219
Net debt	19,441	-4,064	103	4,413	1,629	17,360

Condensed consolidated financial information

MSEK unless otherwise stated

	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22
Net sales	19,572	19,865	20,735	20,146	20,986	22,942	23,655	24,975
Cost of goods sold	-14,118	-14,124	-14,441	-14,582	-15,310	-16,453	-17,777	-19,223
Gross profit	5,454	5,741	6,294	5,564	5,676	6,489	5,878	5,752
Gross margin, %	27.9	28.9	30.4	27.6	27.0	28.3	24.9	23.0
Research and development cost	-660	-653	-683	-648	-766	-765	-806	-779
Selling and administrative expenses	-2,659	-2,423	-2,706	-2,385	-2,736	-2,779	-3,094	-2,831
- as % of sales	13.6	12.2	13.1	11.8	13.0	12.1	13.1	11.3
Other, net	75	34	-27	57	420	8	-397	-213
Operating profit	2,210	2,699	2,878	2,588	2,594	2,953	1,581	1,929
Operating margin, %	11.3	13.6	13.9	12.8	12.4	12.9	6.7	7.7
Adjusted operating profit	2,582	2,789	3,118	2,672	2,260	3,058	2,473	2,131
Adjusted operating margin, %	13.2	14.0	15.0	13.3	10.8	13.3	10.5	8.5
Financial net	-66	-204	-77	-148	-266	-68	-484	-311
Profit before taxes	2,144	2,495	2,801	2,440	2,328	2,885	1,097	1,618
Profit margin before taxes, %	11.0	12.6	13.5	12.1	11.1	12.6	4.6	6.5
Taxes	-541	-646	-661	-618	-559	-824	-511	-394
Net profit	1,603	1,849	2,140	1,822	1,769	2,061	586	1,224
Net profit attributable to								
Shareholders of AB SKF	1,527	1,782	2,089	1,756	1,705	1,984	493	1,099
Non-controlling interests	76	67	51	66	64	77	93	125

Reconciliation of profit before taxes for the Group

MSEK	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22
Operating profit:								
Industrial ¹⁾	1,706	2,201	2,319	2,384	2,386	2,696	1,689	1,724
Automotive ¹⁾	504	498	559	204	208	257	-108	205
Financial net	-66	-204	-77	-148	-266	-68	-484	-311
Profit before taxes for the Group	2,144	2,495	2,801	2,440	2,328	2,885	1,097	1,618

1) Previously published figures for 2020, 2021 and Q1 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Number of shares

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	29,403,933	30,582,656	29,403,933	30,582,656
- whereof B shares	425,947,135	424,768,412	425,947,135	424,768,412
Weighted average number of shares in:				
- basic earnings per share	455,351,068	455,351,068	455,351,068	455,351,068

Key figures

Definitions, see page 17

	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22
EBITDA, MSEK	3,059	3,494	3,852	3,239	3,479	3,814	2,478	2,906
EBITA, MSEK	2,369	2,841	3,024	2,733	2,742	3,104	1,741	2,094
Adjusted operating profit	2,582	2,789	3,118	2,672	2,260	3,058	2,473	2,131
Adjusted operating margin, %	13.2	14.0	15.0	13.3	10.8	13.3	10.5	8.5
Basic earnings per share, SEK	3.36	3.91	4.59	3.86	3.74	4.36	1.08	2.41
Adjusted earnings per share, SEK	4.17	4.11	5.11	4.04	3.01	4.59	2.90	2.86
Dividend per share, SEK	–	–	6.50	–	–	7.00	–	–
Net worth per share, SEK	75	86	83	89	96	98	109	117
Share price at the end of the period, SEK	213.4	248.2	217.9	207.6	214.5	153.9	150.5	150.3
NWC, % of 12 months rolling sales	26.1	30.2	30.7	30.5	30.7	34.3	35.7	35.6
ROCE for the 12-month period, %	9.8	10.5	13.6	14.5	14.8	14.8	12.7	11.5
ROE for the 12-month period, %	12.1	13.7	18.4	19.3	18.8	18.3	13.8	11.7
Gearing, %	48.0	44.4	44.7	43.1	40.5	39.0	35.2	36.6
Equity/assets ratio, %	39.4	42.4	41.6	43.2	45.5	45.7	48.2	47.7
Additions to property, plant and equipment, MSEK	949	819	895	969	1,138	1,023	1,372	1,288
Net debt/equity, %	51.7	43.2	50.1	44.0	38.3	45.0	37.7	35.2
Net debt, MSEK	18,460	17,576	19,809	18,541	17,360	20,787	19,444	19,441
Net debt/EBITDA	1.8	1.6	1.5	1.4	1.2	1.4	1.5	1.5
Registered number of employees	40,963	41,151	41,433	42,139	42,602	42,763	42,602	42,885

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 figures ¹⁾

MSEK unless otherwise stated

Industrial	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22
Net sales	13,489	13,788	14,889	14,747	15,135	16,520	17,114	17,735
Adjusted operating profit	2,006	2,271	2,588	2,430	2,166	2,785	2,360	1,916
Adjusted operating margin, %	14.9	16.5	17.4	16.5	14.0	16.9	13.8	10.8
Operating profit	1,706	2,201	2,319	2,384	2,386	2,696	1,689	1,724
Operating margin, %	12.6	16.0	15.6	16.2	15.8	16.3	9.9	9.7
Assets and liabilities, net	38,681	42,430	42,489	42,417	44,127	46,385	48,974	51,768
Registered number of employees	34,590	34,890	35,124	35,797	36,136	36,342	36,556	36,929
Automotive	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22
Net sales	6,083	6,077	5,846	5,399	5,851	6,422	6,541	7,240
Adjusted operating profit	576	518	530	242	144	273	113	215
Adjusted operating margin, %	9.5	8.5	9.1	4.5	2.5	4.2	1.7	3.0
Operating profit	504	498	559	204	208	257	-108	205
Operating margin, %	8.3	8.2	9.6	3.8	3.6	4.0	-1.7	2.8
Assets and liabilities, net	8,776	10,374	10,857	11,106	10,885	12,436	14,340	15,091
Registered number of employees	3,399	3,409	3,400	3,359	3,392	3,341	3,316	3,300

1) Previously published figures for 2020, 2021 and Q1 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Parent Company condensed income statements

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Revenue	1,077	2,168	4,731	5,185
Cost of goods sold	-1,412	-1,172	-4,400	-3,726
General management and administrative expenses	-404	-311	-1,238	-1,045
Other operating income/expenses, net	-1	-2	11	-3
Operating result	-740	683	-896	411
Financial income and expense, net	944	207	1,103	433
Profit before taxes	204	890	207	844
Taxes	144	-150	177	-69
Net profit	348	740	384	775

Parent Company condensed statements of comprehensive income

MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Net profit	348	740	384	775
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	10	76	28	93
Other comprehensive income, net of tax	10	76	28	93
Total comprehensive income	358	816	412	868

Parent Company condensed balance sheets

MSEK	September 2022	December 2021
Intangible assets	1,287	1,371
Investments in subsidiaries	21,947	22,074
Receivables from subsidiaries	18,171	13,022
Other non-current assets	1,151	891
Non-current assets	42,556	37,358
Receivables from subsidiaries	5,302	6,958
Other receivables	371	273
Current assets	5,673	7,231
Total assets	48,229	44,589
Shareholders' equity	22,927	25,683
Provisions	597	445
Non-current liabilities	18,169	13,023
Current liabilities	6,536	5,438
Total shareholders' equity, provisions and liabilities	48,229	44,589

Alternative performance measures and definitions

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating margin

Operating profit margin excluding items affecting comparability.

Adjusted earnings/loss per share in SEK

Basic earnings per share excluding items affecting comparability.

Basic earnings/loss per share in SEK (as defined by IFRS)

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.

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."



Contamination or poor lubrication can lead to bearing failures. Seals play a crucial role in keeping contaminants out and reduce friction.

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 2021: SEK 81,732 million
42,602 employees
15 technical centers
87 manufacturing sites
More than 17,000 distributors

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25 October at 09:00 (CEST), 08.00 (UK)
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Calendar 2022

2 February 2023, Q4 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 25 October 2022 at 08.00 CEST.