



Nine-month report 2017

Press release 31 October

The third quarter was characterized by continued organic growth and operating margin improvement.

Net sales, at SEK 18.6 billion, increased organically by 8%. The industrial business grew by 9.5%, with strong growth in all regions. The automotive business grew by 4.9%.

Net debt decreased by SEK 1.3 billion, taking us below our net debt/equity target of 80%.

Our adjusted operating profit was SEK 2.2 billion, up 400 million from last year, giving an adjusted operating margin of 11.9%.

The automotive business has continued to strengthen its adjusted operating margin, which was 7.6%, driven by increased volumes and cost control.

The industrial business delivered a significantly improved adjusted operating margin of 13.8%, driven by higher sales volumes and improved factory utilization rates.

During the quarter, we have seen the positive effects from the industrial distribution price increases announced in the first half of the year. Where contractual terms allow, we have also increased prices to OEMs.

On 24 October, we announced the latest step in consolidating our manufacturing footprint. We are expanding our existing sealing solution site in Salt Lake City, Utah, while we will close our factory in Seneca, Kansas.

The Gothenburg factory has developed a new line of spherical roller bearings for the wind segment. These bearings are among the first to be tested at the Sven Wingquist Test Centre in Schweinfurt, Germany.

We continue to make good progress in our rotating equipment performance offering. One recent example is the IMx-8 remote condition monitoring solution selected by a Nordic shipping company, supporting its efforts to improve reliability across its fleet of 10 oil and chemicals tankers. This compact system is a plug-and-play solution that is compatible with its existing maintenance system. Sensors detect machine parts and transmit signals online to SKF's certified Remote Diagnostic Center in Hamburg, Germany, where specialists report machinery deviations.

Entering the fourth quarter, we expect to see continued growth in all major regions, as reflected in our market outlook.

Alrik Danielson
President and CEO

Key figures

SEKm unless otherwise stated

Key figures	Q3 2017	Q3 2016	Jan - Sept 2017	Jan - Sept 2016
Net sales ¹⁾	18,627	17,862	58,457	53,857
Adjusted operating profit ²⁾	2,211	1,811	7,004	5,803
Adjusted operating margin ²⁾ , %	11.9	10.1	12.0	10.8
Items affecting comparability ²⁾	-246	380	-429	138
Operating profit	1,965	2,191	6,575	5,941
Operating margin, %	10.5	12.2	11.2	11.0
Adjusted profit before taxes ²⁾	1,938	1,669	6,303	5,225
Profit before taxes	1,692	2,049	5,874	5,363
Net cash flow after investments before financing	681	1,554	3,049	6,289

1) Cash discounts are from 1 January 2017 classified as a reduction of Net sales. Previously published figures have been restated accordingly.

2) Please refer to page 15 for definitions.

Net sales change y-o-y, %:	Organic	Structure	Currency	Total
Q3 2017	8.0	-0.7	-3.0	4.3
Jan - Sept	8.2	-2.0	2.3	8.5

Organic sales change in local currencies, per region y-o-y, %:	Europe	North America	Latin America	Asia	Middle East & Africa
Q3 2017	6.3	3.3	14.1	11.8	23.3
Jan - Sept	4.7	8.7	11.9	12.2	15.3

Outlook for the fourth quarter 2017

Demand compared to the fourth quarter 2016

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

Demand compared to the third quarter 2017

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

Previous outlook statement

Demand compared to the third quarter 2016

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

Demand compared to the second quarter 2017

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

Sales

Segment information	Q3				Jan - Sept 2017			
	Organic	Structure	Currency	Total	Organic	Structure	Currency	Total
Net sales, change y-o-y, %:								
Industrial	9.5	-1.0	-3.2	5.3	8.7	-2.9	2.1	7.9
Automotive	4.9	0.0	-2.8	2.1	7.3	0.0	2.7	10.0

Segment information	Q3					Jan - Sept 2017				
	Europe	North America	Latin America	Asia	Middle East & Africa	Europe	North America	Latin America	Asia	Middle East & Africa
Organic sales in local currencies, change y-o-y:										
Industrial	+++	+++	+++	+++	+++	++	+++	+++	+++	+++
Automotive	+	---	+++	+++	+++	+	+/-	+++	+++	+++

Customer industries	Q3					Jan - Sept 2017				
	Europe	North America	Latin America	Asia	Middle East & Africa	Europe	North America	Latin America	Asia	Middle East & Africa
Organic sales in local currencies, change y-o-y:										
Industrial distribution	++	+++	++	+++	+++	++	+++	++	+++	+++
Industrial, general	+++	+++	+++	+++	+++	+	+	+++	+++	+++
Industrial, heavy, special and off-highway	+++	+++	+++	++	+++	++	+++	+++	++	+++
Energy	+++	+++	++	---	---	+++	+++	+/-	---	---
Aerospace	--	+/-		+++	---	+	+/-		---	---
Railway	-	+/-		+++	---	+/-	++		+++	---
Cars and light trucks	+	---	+++	+++	---	+/-	+/-	+++	+++	---
Vehicle aftermarket	+/-	---	++	++	+++	+	-	++	+/-	+++
Trucks	+++	+++	+++	+++	+++	+++	+++	+++	+++	+++
Two-wheelers and electrical	+++	---		+++	---	++	-		+++	---
Other industry	+++	+++	+++	+++	---	+++	++	+++	+++	---

Comments on organic sales in local currencies in Q3 2017, compared to Q3 2016

Europe

Industrial: Overall, sales were significantly higher in the quarter. By industry, sales to the energy industry as well as the heavy, special and off-highway industries and to industrial general industries were significantly higher. Sales to industrial distribution were higher while sales to the rail industry was slightly lower and sales to the aerospace industry were lower.

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

North America

Industrial: Sales were significantly higher in the quarter compared to Q3 2016. By industry, sales to the energy industry as well as to the heavy, special and off-highway industries, industrial general industries and to industrial distribution were all significantly higher. Sales to the rail and aerospace industries were relatively unchanged.

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

Asia

Industrial: Sales were significantly higher in the quarter. By industry, sales to industrial distribution, industrial general as well as to the railway and aerospace industries were all significantly higher. Sales to the industrial, heavy, special and off-highway industries was higher and sales to the energy industry was significantly lower compared to Q3 2016.

Automotive: Sales were significantly higher compared to Q3 2016. Sales were significantly higher to the truck industry, the cars and light trucks industries, as well as to the vehicle aftermarket.

Latin America

Industrial: Overall, sales were significantly higher in the quarter. By industry, sales to industrial general and to the heavy, special and off-highway industries were significantly higher. Sales to industrial distribution and to the energy industry were higher.

Automotive: Sales were significantly higher in the quarter. Sales to the car and light trucks industry as well as the truck industry were significantly higher, sales to the vehicle aftermarket was higher compared to Q3 2016.

Financial performance

Third quarter 2017

Operating profit for the third quarter was SEK 1,965 million (2,191). Operating profit was positively impacted by increased sales and manufacturing volumes compared to the third quarter 2016. Operating profit was negatively impacted by currency effects, higher items affecting comparability, higher cost for the ERP implementation, general inflation and divested companies. Operating profit included items affecting comparability of SEK -246 million (+380) whereof SEK -52 million (-211) related to ongoing restructuring and cost reduction activities mainly in Americas and Europe and SEK -190 million related to settlements with customers. Last year also included SEK +613 million related to a curtailment gain due to changed conditions in the defined benefit retirement plans in the USA.

Operating profit bridge, SEKm	Q3
2016	2,191
Items affecting comparability at 2016 exchange rates	-641
Operational performance ¹⁾	544
Currency impact	-105
Divested/acquired companies, ie net divestment	-24
2017	1,965

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

- Financial income and expense, net in the third quarter was SEK -273 million (-142). Exchange rate fluctuations had a negative impact in the third quarter 2017 while it had a positive impact in 2016.
- Taxes in the third quarter was SEK -586 million (-660) resulting in an effective tax rate of 34.6% (32.3%).
- Net cash flow after investment before financing in the third quarter was SEK 681 million (1,554). Excluding cash flow related to divestments and acquisitions during the third quarter it was SEK 880 million (1,816). The difference against last year is explained by lower operating profit and higher working capital.
- Net working capital in percent of annual sales was 29.4% in the third quarter compared to 30.5% in the third quarter 2016. The ratio was positively impacted by exchange difference.
- Provisions for post-employment benefits net decreased by SEK -1,153 million (-884) in the third quarter mainly due to a one-time payment related to the defined benefit retirement plans in the USA.

Key figures

	30 Sept 2017	30 June 2017	30 Sept 2016
Net working capital, % of 12 months rolling sales ¹⁾	29.4	29.8	30.5
ROCE for the 12-month period, %	13.2	13.3	11.1
Net debt/equity, %	79.4	85.7	104.7
Net debt/EBITDA	2.1	2.2	2.7

1) Cash discounts are from 1 January 2017 classified as a reduction of Net sales. Previously published figures have been restated accordingly.

Segment information¹⁾

SEKm unless otherwise stated

Industrial	Q3/2017	Q3/2016	Jan - Sept 2017	Jan - Sept 2016
Net sales ²⁾	12,960	12,311	40,485	37,519
Operating profit	1,741	1,730	5,526	4,785
Operating margin, %	13.4	14.1	13.6	12.8
Items affecting comparability	-42	288	-106	112
Adjusted operating profit	1,783	1,442	5,632	4,673
Adjusted operating margin, %	13.8	11.7	13.9	12.5

Automotive	Q3/2017	Q3/2016	Jan - Sept 2017	Jan - Sept 2016
Net sales ²⁾	5,667	5,551	17,972	16,338
Operating profit	224	461	1,049	1,156
Operating margin, %	4.0	8.3	5.8	7.0
Items affecting comparability	-204	92	-324	26
Adjusted operating profit	428	369	1,373	1,130
Adjusted operating margin, %	7.6	6.6	7.6	6.9

1) Previously published figures have been restated. See page 8.

2) Cash discounts are from 1 January 2017 classified as a reduction of Net sales. Previously published figures have been restated accordingly.

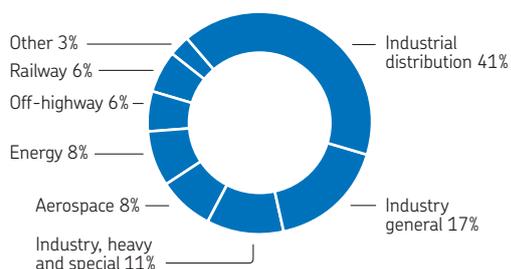
Guidance Q4 2017

- Financial net: SEK -225 million
- Currency impact on the operating profit is expected to be around SEK -300 million compared with 2016, based on exchange rates per 30 September 2017.

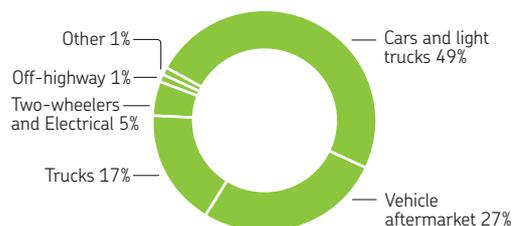
Guidance 2017

- Tax level excluding effect related to divested businesses: around 30%
- Additions to property, plant and equipment: around SEK 2,200 million.

Jan - Sept net sales for Industrial



Jan - Sept net sales for Automotive



Highlights

New European aeronautical test centre

SKF opened a new European Test Centre dedicated to high-speed aeronautical bearings at the SKF Aeroengine site in Valenciennes, France. It will enable full-scale, high-speed bearing testing under representative operating and environmental conditions. It will also make it possible to speed up the maturity ramp-up for advanced technologies, such as those linked to sensors and signal processing.

SKF delivers its largest sealed spherical roller bearing

SKF's Gothenburg factory has produced the company's largest sealed spherical roller bearing (SRB) with an outer diameter of 1,420 mm. The three-tonne sealed SRB is destined for a Polysius Polycom 8 roller press at a copper mine in Peru and will operate in extremely dusty conditions.

Helps Erdinger Weißbräu increase productivity

SKF has provided a modern lubrication system, SKF's Electric Driven Lubricator to help Erdinger Weißbräu brewery improve the flexibility of internal processes and meet growing demand. Using a sectional lubrication system will increase system availability, reduce the use of lubricant and minimize wear and tear on the equipment.

Floating tidal power

SKF Ocean Energy has worked with Scotrenewables' engineering team to supply a number of key components, holistic systems and engineering services for the latter's groundbreaking SR2000 tidal stream turbine. The 550 tonne SR2000 is the world's largest and most powerful floating tidal stream turbine and is designed to minimize the whole lifecycle cost of electricity production from tidal energy. SKF's contribution included the design and optimization of the main shaft assembly, procurement of sub-components, precision machining, professional seal and bearing assembly as well as on-site commissioning.

Changes to Group Management

Kent Viitanen was appointed President, Bearing Operations. Kent was previously Senior Vice President, Group People, Communication and Quality. Carina Bergfelt, in addition to her role as General Counsel and Senior Vice President, Legal and Sustainability, is responsible for People and Communication. The Group Quality function is integrated into Bearing Operations.

New products and solutions

Non-metallic metering device

SKF introduced its Series 310, the industry's first non-metallic metering device offered for single-line lubrication systems. It is simple to install and is constructed of high-performance PA66 resin. It provides proven SKF reliability for a minimum of 400,000 lubrication cycles.

SKF SimPro Quick

SKF has added a new user friendly and fast bearing evaluation tool to its software portfolio. The single-shaft bearing system tool, SKF SimPro Quick, bridges the gap between SKF's basic online software tools and its recently released flagship for multi-shaft analysis application, SKF SimPro Expert.

Modular electromechanical actuator

SKF has launched the versatile CASM 100 electromechanical actuator with a variety of different modules, making it exceptionally adaptable to satisfy a range of applications in a variety of sectors.

New business

Bearings to the Moroccan national rail operator

The Moroccan rail operator, Office Nationale des Chemins de Fer du Maroc (ONCF) has placed an order of 15,000 railway wheelset bearings for both passenger and freight rolling stock, to be delivered over a period of three years. SKF was the only supplier who could meet the client's strict technical specifications and able to deliver ready-certified railway bearings in just three months.

Sirius Shipping invests in onboard online monitoring

In order to increase control of rotating machinery onboard and avoid costly stoppages, Sirius Shipping from Donsö, Sweden, invested in online monitoring from SKF. SKF's IMx-8 will be installed aboard the fleets 10 vessels.



Series 310, non-metallic metering device



CASM 100 electromechanical actuators



Bearing units to ONCF

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 SKF Group applied the same accounting principles and methods of computation in the interim financial statements as compared with the latest annual report with the exception of classifying cash discounts as a reduction of net sales rather than as cost of good sold. Previously published figures have been restated accordingly.

IASB issued and endorsed several amended accounting standards effective starting 1 January 2017. None of these had a material impact on the SKF Group's financial statements.

The financial statements of the Parent company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities".

Segment information

The Group's segment information is specified per industrial and automotive customer and not based on the operational organisation.

Industrial and Automotive include sales and operating profit to all significant industrial and automotive customers

respectively as well as assets/liabilities, net, related to these sales. Previously published figures for 2016 have been restated to reflect a change of classification of smaller customers. Net sales moved between segments for 2016 amounted to SEK 44 million.

Risks and uncertainties in the business

The SKF Group operates in many different industrial, automotive and geographical areas that are at different stages of the economic cycle. A general economic downturn at global level, or in one of the world's leading economies, could reduce the demand for the Group's products, solutions and services for a period of time. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets and natural disasters, could have a negative effect on the demand for the Group's products and services. There are also political and Regulatory risks associated with the wide geographical presence.

Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could limit the SKF Group's operations. The SKF Group is subject to both transaction and translation of currency exposure. For commercial flows the SKF Group is primarily exposed to the EUR and USD. 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 and other companies in the bearing industry are part of an investigation by the US Department of Justice regarding a possible violation of anti-trust rules. SKF is subject to two investigations in Brazil by the General Superintendence of the Administrative Council for Economic Defense, one investigation regarding an alleged violation of antitrust rules concerning bearing manufacturers, and another investigation regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil. An enquiry has been initiated by the Competition Commission of India against several different companies, including SKF, regarding an alleged violation of antitrust rules in India. Moreover, SKF is subject to related class action claims by direct and indirect purchasers of bearings in the United States and may face additional follow-on civil actions by both direct and indirect purchasers. Peugeot S.A., and several of its group companies, have initiated a lawsuit, with a claim for damages, against bearing manufacturers, including SKF, that were part of the settlement decision by the European Commission for violation of European competition rules. Daimler AG has initiated a lawsuit against SKF GmbH with a claim for damages as a consequence of said settlement decision.

Gothenburg, 31 October 2017
Aktiebolaget SKF (publ)
Alrik Danielson
President and CEO

Condensed consolidated income statements

SEKm	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016
Net sales ¹⁾	18,627	17,862	58,457	53,857
Cost of goods sold ¹⁾	-14,066	-13,373	-43,822	-40,495
Gross profit	4,561	4,489	14,635	13,362
Selling and administrative expenses	-2,583	-2,310	-8,050	-7,388
Other operating income/expenses, net	-13	12	-10	-33
Operating profit	1,965	2,191	6,575	5,941
Operating margin, %	10.5	12.2	11.2	11.0
Financial income and expense, net	-273	-142	-701	-578
Profit before taxes	1,692	2,049	5,874	5,363
Taxes	-586	-660	-2,077	-2,124
Net profit	1,106	1,389	3,797	3,239
Net profit attributable to:				
Shareholders of the parent	1,044	1,351	3,597	3,096
Non-controlling interests	62	38	200	143

1) Cash discounts are from 1 January 2017 classified as a reduction of Net sales. Previously published figures have been restated accordingly.

Condensed consolidated statements of comprehensive income

SEKm	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016
Net profit	1,106	1,389	3,797	3,239
Items that will not be reclassified to the income statement:				
Remeasurements	218	-292	778	-3,323
Income taxes	-78	16	-237	932
	140	-276	541	-2,391
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	-765	446	-1,648	861
Available-for-sale assets	0	41	-38	-186
Cash-flow hedges	1	7	0	14
Income taxes	-11	25	1	59
	-775	519	-1,685	748
Other comprehensive income, net of tax	-635	243	-1,144	-1,643
Total comprehensive income	471	1,631	2,653	1,596
Shareholders of AB SKF	480	1,553	2,578	1,411
Non-controlling interests	-9	78	75	185

Condensed consolidated balance sheets

SEKm	September 2017	December 2016
Goodwill	9,806	11,137
Other intangible assets	7,324	8,431
Property, plant and equipment	15,280	15,746
Deferred tax assets	3,804	3,806
Other non-current assets	1,641	1,688
Non-current assets	37,855	40,808
Inventories	16,646	15,418
Trade receivables	13,516	13,462
Other current assets	3,520	3,133
Other current financial assets	6,938	11,086
Current assets	40,620	43,099
Total assets	78,475	83,907
Equity attributable to shareholders of AB SKF	26,295	26,034
Equity attributable to non-controlling interests	1,578	1,649
Long-term financial liabilities	17,710	22,031
Provisions for post-employment benefits	11,847	13,945
Provisions for deferred taxes	1,459	1,380
Other long-term liabilities and provisions	2,086	1,490
Non-current liabilities	33,102	38,846
Trade payables	7,488	7,100
Short-term financial liabilities	410	1,619
Other short-term liabilities and provisions	9,602	8,659
Current liabilities	17,500	17,378
Total equity and liabilities	78,475	83,907

Condensed consolidated statements of changes in shareholders' equity

SEKm	Jan-Sept 2017	Jan-Sept 2016
Opening balance 1 January	27,683	26,282
Total comprehensive income	2,653	1,596
Cost for performance share programmes, net	86	28
Other, including transactions with non-controlling interests	1	-
Total cash dividends	-2,550	-2,596
Closing balance	27,873	25,310

Condensed consolidated statements of cash flow

SEKm	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016
Operating activities:				
Operating profit	1,965	2,191	6,575	5,941
Depreciation, amortization and impairment	543	584	1,700	1,745
Net loss/gain (-) on sales of PPE and businesses	1	-1	-41	7
Taxes	-653	-541	-1,768	-1,418
Other including non-cash items	-272	-525	-774	-834
Changes in working capital	-132	620	-1 697	-470
Net cash flow from operations	1,452	2,328	3,995	4,971
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-576	-534	-1,703	-1,578
Sales of PPE, businesses and equity securities	-195	-240	757	2,896
Net cash flow used in investing activities	-771	-774	-946	1,318
Net cash flow after investments before financing	681	1,554	3,049	6,289
Financing activities:				
Change in short- and long-term loans	-11	-925	-3,036	-1,972
Other financial items	-520	-611	-1,297	-592
Cash dividends	-33	-46	-2,550	-2,596
Investments in short-term financial assets	-145	-108	-911	-355
Sales of short-term financial assets	130	222	814	459
Net cash flow used in financing activities	-579	-1,468	-6,980	-5,056
Net cash flow	102	86	-3,931	1,233
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 July/1 January	5,779	8,495	9,939	7,218
Cash effect excl. acquired/sold businesses	102	91	-3,921	1,315
Cash effect of acquired/sold businesses	0	-5	-10	-82
Exchange rate effect	-90	18	-217	148
Cash and cash equivalents at 30 September	5,791	8,599	5,791	8,599

Change in net debt	Closing balance 30 Sept 2017	Other non cash changes	Businesses sold	Cash changes	Translation effect	Opening balance 1 January 2017
Loans, long- and short-term	17,104	-2	-	-3,036	-257	20,399
Post-employment benefits, net	11,797	-834	-	-891	-370	13,892
Financial assets, others	-967	-3	-	-26	57	-995
Cash and cash equivalents	-5,791	-	10	3,921	217	-9,939
Net debt	22,143	-839	10	-32	-353	23,357

Financing activities to hedge short and long term loans using derivatives are reported as Other financial items. The opening balances amounted to SEK -813 million as of 1 July 2017 and the closing balance as of 30 September 2017 amounted to SEK -487 million. Of the change in the quarter of in total SEK 326 million, SEK 0 million effected cash and SEK 326 million was a non cash change.

Number of shares

	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	35,643,181	36,298,533	35,643,181	36,298,533
- whereof B shares	419,707,887	419,052,535	419,707,887	419,052,535
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	455,625,407	455,618,395	455,534,817	455,636,246

Condensed consolidated financial information

SEKm unless otherwise stated

	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Net sales ¹⁾	17,676	18,319	17,862	18,732	19,601	20,229	18,627
Cost of goods sold ¹⁾	-13,282	-13,840	-13,373	-14,337	-14,627	-15,129	-14,066
Gross profit	4,394	4,479	4,489	4,395	4,974	5,100	4,561
Gross margin, %	24.9	24.5	25.1	23.5	25.4	25.2	24.5
Selling and administrative expenses	-2,495	-2,583	-2,310	-2,834	-2,691	-2,776	-2,583
- as % of sales	14.1	14.1	12.9	15.1	13.7	13.7	13.9
Other, net	-24	-21	12	25	12	-9	-13
Operating profit	1,875	1,875	2,191	1,586	2,295	2,315	1,965
Operating margin, %	10.6	10.2	12.2	8.5	11.7	11.4	10.5
Items affecting comparability	-97	-145	380	-155	-62	-121	-246
Adjusted operating profit	1,972	2,020	1,811	1,741	2,357	2,436	2,211
Adjusted operating margin, %	11.2	11.0	10.1	9.3	12.0	12.0	11.9
Financial net	-217	-219	-142	-210	-170	-258	-273
Profit before taxes	1,658	1,656	2,049	1,376	2,125	2,057	1,692
Profit margin before taxes, %	9.4	9.0	11.5	7.3	10.8	10.2	9.1
Adjusted profit before taxes	1,755	1,801	1,669	1,531	2,187	2,178	1,938
Adjusted profit margin, %	9.9	9.8	9.3	8.2	11.2	10.8	10.4
Taxes	-514	-950	-660	-406	-654	-837	-586
Net profit	1,144	706	1,389	970	1,471	1,220	1,106
Net profit attributable to							
Shareholders of the parent company	1,091	654	1,351	889	1,408	1,145	1,044
Non-controlling interests	53	52	38	81	63	75	62

1) Cash discounts are from 1 January 2017 classified as a reduction of Net sales. Previously published figures have been restated accordingly.

Reconciliation to profit before tax for the Group

SEKm	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Operating profit:							
Industrial ²⁾	1,541	1,514	1,730	1,323	1,874	1,911	1,741
Automotive ²⁾	334	361	461	263	421	404	224
Financial net	-217	-219	-142	-210	-170	-258	-273
Profit before taxes for the Group	1,658	1,656	2,049	1,376	2,125	2,057	1,692

2) Previously published figures have been restated, see page 8.

Key figures

(Definitions, see page 15)

	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
EBITA, SEKm	2,008	2,007	2,299	1,702	2,419	2,437	2,076
EBITDA, SEKm	2,453	2,459	2,774	2,209	2,877	2,890	2,508
Basic earnings per share, SEK	2.40	1.44	2.97	1.95	3.09	2.51	2.29
Diluted earnings per share, SEK	2.40	1.44	2.96	1.95	3.09	2.51	2.29
Dividend per share, SEK	–	5.50	–	–	–	5.50	–
Net worth per share, SEK	54	49	52	57	61	57	58
Share price at the end of the period, SEK	146.6	134.1	148.1	167.6	177.3	170.7	177.5
NWC, % of 12 months rolling sales ²⁾	28.3	30.2	30.5	30.0	30.9	29.8	29.4
ROCE for the 12-month period, %	11.2	10.6	11.1	11.9	12.5	13.3	13.2
ROE for the 12-month period, %	15.5	11.8	14.4	16.5	17.4	18.7	17.3
Gearing, %	58.0	61.1	58.6	55.3	52.9	52.5	50.9
Equity/assets ratio, %	32.2	29.5	31.1	33.0	34.5	34.3	35.5
Additions to property, plant and equipment, SEKm	376	410	452	632	616	464	531
Net debt/equity, %	105.7	117.7	104.7	84.4	76.0	85.7	79.4
Net debt, SEKm	27,471	27,915	26,500	23,357	22,465	23,466	22,143
Registered number of employees	45,926	45,043	45,128	44,868	45,115	44,966	45,554

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

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

Segment information – quarterly figures¹⁾

SEKm unless otherwise stated

Industrial	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Net sales ²⁾	12,335	12,873	12,311	13,069	13,485	14,040	12,960
Operating profit	1,541	1,514	1,730	1,323	1,874	1,911	1,741
Operating margin, %	12.5	11.8	14.1	10.1	13.9	13.6	13.4
Items affecting comparability	-54	-122	288	-121	-41	-23	-42
Adjusted operating profit	1,595	1,636	1,442	1,444	1,915	1,934	1,783
Adjusted operating margin, %	12.9	12.7	11.7	11.0	14.2	13.8	13.8
Assets and liabilities, net	40,778	38,152	38,027	39,356	39,972	37,725	36,548
Registered number of employees	36,932	36,410	36,511	36,334	36,487	36,235	38,218

Automotive	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Net sales ²⁾	5,341	5,446	5,551	5,663	6,116	6,189	5,667
Operating profit	334	361	461	263	421	404	224
Operating margin, %	6.3	6.6	8.3	4.6	6.9	6.5	4.0
Items affecting comparability	-43	-23	92	-34	-21	-98	-204
Adjusted operating profit	377	384	369	297	442	502	428
Adjusted operating margin, %	7.1	7.1	6.6	5.2	7.2	8.1	7.6
Assets and liabilities, net	9,256	9,653	9,698	9,341	10,097	9,735	9,427
Registered number of employees	7,385	7,163	7,150	7,060	7,139	7,264	7,336

1) Previously published figures have been restated, see page 8.

2) Cash discounts are from 1 January 2017 classified as a reduction of Net sales. Previously published figures have been restated accordingly.

Parent company condensed income statements

SEKm	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016
Revenue	1,151	1,018	4,663	3,448
Cost of revenue	-875	-1,234	-2,989	-3,642
General management and administrative expenses	-412	-138	-1,407	-628
Other operating income/expenses, net	-47	-	-42	-
Operating result	-183	-354	225	-822
Financial income and expense, net	889	1,554	1,551	4,108
Profit before taxes	706	1,200	1,776	3,286
Taxes	52	92	-1	219
Net profit	758	1,292	1,775	3,505

Parent company condensed statements of comprehensive income

SEKm	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016
Net profit	758	1,292	1,775	3,505
Items that may be reclassified to the income statement:				
Available-for-sale-assets	-	41	-38	-186
Other comprehensive income, net of tax	-	41	-38	-186
Total comprehensive income	758	1,333	1,737	3,319

Parent company condensed balance sheets

SEKm	September 2017	December 2016
Intangible assets	1,902	1,939
Investments in subsidiaries	22,398	22,403
Receivables from subsidiaries	16,549	18,567
Other non-current assets	811	755
Non-current assets	41,660	43,664
Receivables from subsidiaries	2,212	4,683
Other receivables	256	131
Current assets	2,468	4,814
Total assets	44,128	48,478
Shareholders' equity	17,751	18,432
Untaxed reserves	69	69
Provisions	603	544
Non-current liabilities	16,546	19,166
Current liabilities	9,159	10,267
Total shareholders' equity, provisions and liabilities	44,128	48,478

Definitions

Average number of employees

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

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating margin

Operating profit/loss excluding items affecting comparability, as a percentage of net sales.

Adjusted profit before taxes

Profit before taxes 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 and 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/expense that affects 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 and assets.

Net debt

Debt less short-term financial assets excluding derivatives.

Net debt/EBITDA

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

Net debt/equity

Net debt, as a percentage of equity.

Net worth per share (Equity per share)

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

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

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

Operating margin

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

Operational performance

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

Organic sales

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

Registered number of employees

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

Return on capital employed (ROCE)

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

Return on equity (ROE)

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

SKF demand outlook

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

Cautionary statement

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

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



SKF is a global supplier of bearings, seals, mechatronics, lubrication systems and services which include technical support, maintenance and reliability services, engineering consulting and training. SKF is represented in more than 130 countries and has around 17,000 distributor locations worldwide. Annual sales in 2016 were SEK 72,589 million and the number of employees was 44,868.

Further information can be obtained from

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The information in this press release is information which AB SKF is required to disclose under the EU Market Abuse Regulation (EU) No 596/2014 and pursuant to the Securities Markets Act. The information was provided by the above contact persons for publication on 31 October 2017 at 13.00 CET.

Conference call

31 October at 14.00 (CET), 13.00 (UK),
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When asking questions, please don't use a loudspeaker as this has a negative effect on the sound.

You will find all information regarding SKF's nine month results 2017 on: investors.skf.com/quarterlyreporting

Calendar

27 November, Goldman Sachs Conference in London
1 February 2018, Year-end report 2017
5 March 2018, Annual Report 2017

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