



First-quarter report 2018

Press release 26 April



A record start to 2018

We have had a record start to 2018. Sales grew by 7.5% organically to SEK 20.6 billion and our reported operating profit was 2,625 million, both historical highs for SKF. Operating margin at 12.8% exceeded our target.

The actions we have taken to control and continually review our cost base, increase prices and focus on meeting the specific application needs of our customers are showing results.

We are delivering solid financial performance, with organic growth, operating margin and net debt to equity levels all better than our stated targets that are valid over a business cycle.

The industrial business, with a reported operating margin of 15%, grew by 8.5%, with especially strong growth in Europe and Asia. We grew in almost all industries and saw particular strength in industrial drives and railway applications.

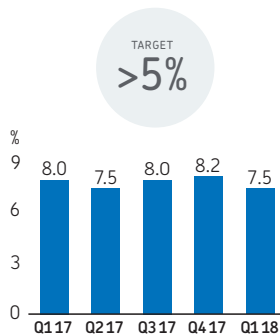
The automotive business, with a reported operating margin of 7.7%, grew by 5.5%, a clear sign that we continue to outpace vehicle production levels. We grew in all geographic regions, with the strongest growth in the truck industry.

Entering the second quarter 2018, we expect to see continued growth year-on-year, in all regions and we expect growth within both industrial and automotive.

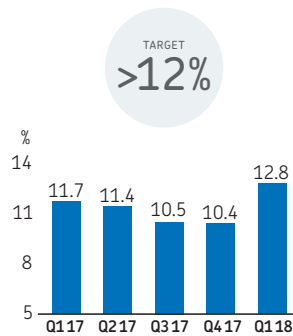


Alrik Danielson
President and CEO

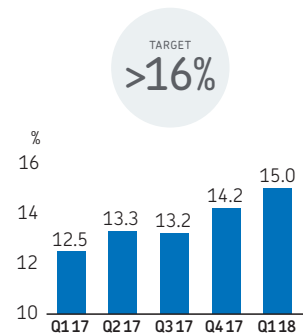
Organic sales growth



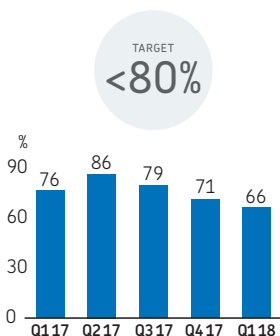
Operating margin



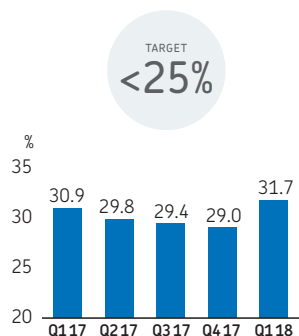
ROCE



Net debt/Equity



Net working capital/sales



Key figures

SEKm unless otherwise stated

Key figures	Q1 2018	Q1 2017
Net sales	20,560	19,601
Operating profit	2,625	2,295
Operating margin, %	12.8	11.7
Profit before taxes	2,425	2,125
Net cash flow after investments before financing	259	64
Basic earnings per share	3.77	3.09

Financial performance

First quarter 2018

From the first quarter report 2018, SKF will report the Operating profit including Items Affecting Comparability. Any material items included in the result will be commented in text only. Operating profit for the first quarter was SEK 2,625 million (2,295). Operating profit was positively impacted by increased sales and manufacturing volumes, sales price and customer mix. Operating profit was negatively impacted by currency effects, general inflation, restructuring expenses and divested companies.

Operating profit bridge, SEKm	Q1
2017	2,295
Operational performance ¹⁾	649
Currency impact	-287
Divested/acquired companies, ie net divestment	-32
2018	2,625

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 first quarter was SEK -200 million (-170). Exchange rate fluctuations had negative impact in the first quarter 2018, while it was positive in the first quarter 2017.
- Taxes in the quarter were SEK -638 million (-654) resulting in an effective tax rate of -26.3% (-30.8%). The tax rate in the first quarter of last year was negatively impacted by tax costs related to prior years.
- Net cash flow after investment before financing in the first quarter was SEK 259 million (64). Excluding cash flow related to divestments and acquisitions during the first quarter it was SEK 254 million (64). The improvement compared to last year is mainly explained by higher operating profit and other including non-cash items, offset by higher working capital and higher taxes paid.
- Net working capital in percent of annual sales was 31.7% in the first quarter compared to 30.9% in the first quarter 2017. The increase is mainly due to higher Accounts Receivable as a result of the increase in sales volumes. Additionally, inventories increased to keep service levels in line with higher demand. The ratio was negatively impacted by exchange rate development.
- Provisions for post-employment benefits net increased by SEK 235 million (decrease by 807) in the first quarter mainly due to currency translation effects.

Key figures	31 March 2018	31 Dec 2017	31 March 2017
Net working capital, % of 12 months rolling sales	31.7	29.0	30.9
ROCE for the 12-month period, %	15.0	14.2	12.5
Net debt/equity, %	66.4	71.3	76.0
Net debt/EBITDA	1.9	1.9	2.2

Sales

Net sales, change y-o-y, %	Q1			
	Organic	Structure	Currency	Total
SKF Group	7.5	-0.7	-1.9	4.9
Industrial	8.5	-1.0	-1.7	5.8
Automotive	5.5	0.0	-2.5	3.0

Organic sales in local currencies, change y-o-y	Q1				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
SKF Group	7.6	3.2	0.7	13.2	13.0
Industrial	+++	+/-	-	+++	+++
Automotive	+	++	++	+++	+++

Customer industries	Q1				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
Organic sales in local currencies, change y-o-y:					
Light vehicles	+	+/-	+/-	+++	
Trucks	+++	+++	+++	+/-	
Vehicle aftermarket	---	+/-	++	+++	--
Aerospace	++	++		+++	
Industrial drives	+++	+++		+++	
Energy	+	---	---	---	
Heavy industries	+++	+/-	++	+++	+/-
Railway	+++			+++	
Agriculture, food and beverage	+++	+++		+++	
Marine	+++				
Electrical	+++			++	
Other industrial	+	+++		---	
Industrial distribution	+++	+/-	+/-	+++	+++

Comments on organic sales in local currencies in Q1 2018, compared to Q1 2017

Europe

Industrial: Overall, sales were significantly higher in the quarter. By industry, sales to industrial drives, heavy industries, railway, agricultural, food and beverage as well as to marine and industrial distribution were all significantly higher. Sales to the aerospace industry were higher while sales to the energy industry and to other industrial were slightly higher.

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

North America

Industrial: Sales were relatively unchanged in the quarter compared to Q1 2017. By industry, sales to industrial drives, agricultural, food and beverage, and other industrial were all significantly higher. Sales to aerospace were higher while sales to heavy industries and industrial distribution were relatively unchanged. Sales to the energy industry were significantly lower.

Automotive: Sales in the quarter were higher. Sales to the truck industry were significantly higher while sales to light vehicles and to the vehicle aftermarket were relatively unchanged.

Asia-Pacific

Industrial: Sales were significantly higher in the quarter. By industry, sales to aerospace, industrial drives, heavy industries, railway as well as to the agricultural, food and beverage industries and industrial distribution were all significantly higher. Sales to energy and other industrial were significantly lower compared to Q1 2017.

Automotive: Sales were significantly higher compared to Q1 2017. Sales were significantly higher to light vehicles and to the vehicle aftermarket and relatively unchanged to the truck industry.

Latin America

Industrial: Overall, sales were slightly lower in the quarter. By industry, sales to heavy industries were higher, while sales to the energy industry were significantly lower and sales to industrial distribution were relatively unchanged, compared to Q1 2017.

Automotive: Sales were higher in the quarter. Sales to the truck industry were significantly higher, sales to the vehicle aftermarket were higher and sales to light vehicles were relatively unchanged compared to Q1 2017.

Segment information¹⁾

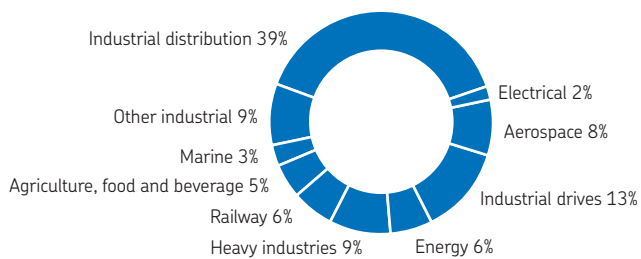
SEKm unless otherwise stated

Industrial	Q1 2018	Q1 2017
Net sales ¹⁾	14,241	13,463
Operating profit	2,140	1,879
Operating margin, %	15.0	14.0

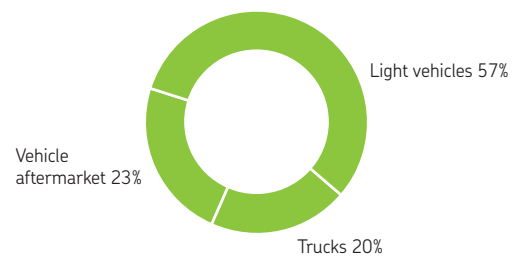
Automotive	Q1 2018	Q1 2017
Net sales ¹⁾	6,319	6,138
Operating profit	485	416
Operating margin, %	7.7	6.8

1) Previously published figures for 2017 have been restated to reflect a change in classification of customers between the segments.

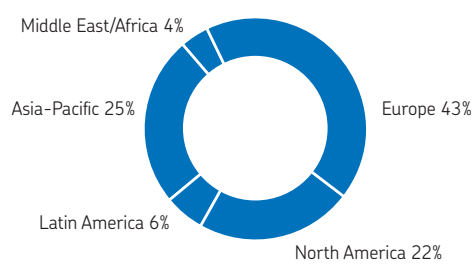
Net sales by customer industry for Industrial, Q1 2018



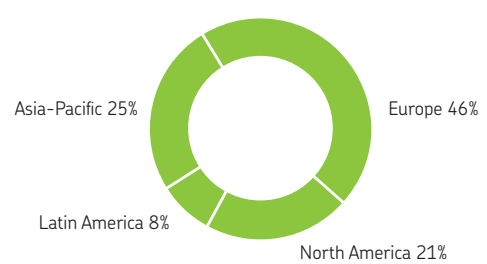
Net sales by customer industry for Automotive, Q1 2018



Net sales by region for Industrial, Q1 2018



Net sales by region for Automotive, Q1 2018



Outlook and Guidance

Demand for Q2 2018 compared to Q2 2017

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, significantly higher in Asia-Pacific and relatively unchanged in North America and Latin America

Demand for Q2 2018 compared to Q1 2018

From the first quarter report 2018, SKF will not issue a sequential demand outlook.

Guidance Q2 2018

- Financial net: SEK -200 million
- Currency impact on the operating profit is expected to be around SEK -160 million compared with 2017, based on exchange rates per 31 March 2018.

Guidance 2018

- Tax level excluding effect related to divested businesses: around 29%
- Additions to property, plant and equipment: around SEK 2,400 million.

Previous outlook statement

Demand compared to the first quarter 2017

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, relatively unchanged in North America, significantly higher in Asia and slightly higher in Latin America.

Demand compared to the fourth quarter 2017

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

Highlights

New Board members

Hans Stråberg was elected chairman of the Board and Colleen Repplier was elected as new Board member at the Annual General Meeting in March.

New products and solutions

First underwater stabilizer fin replacement

SKF is the leading supplier of stabilizers. Together with the underwater repair specialist Trident Group, SKF has completed the first replacement of an SKF S-type retractable Fin Stabilizer on a floating vessel.

Scotseal X-Treme wheel-end seal

SKF's new Scotseal X-Treme wheel-end seal for trucks and trailers offers superior reliability and high temperature performance, as well as a market leading warranty.

Grease filling filter for automatic lubrication systems

SKF has introduced its Lincoln small grease reservoir filling filter. The filter helps to minimize contaminants entering automatic lubrication systems during the filling process of smaller-sized reservoirs.

Mechanical grease overflow prevention system

SKF has introduced its Lincoln mechanical grease overflow prevention system. It improves worker safety and minimizes environmental concerns caused by this type of spill.

New generation of tapered roller thrust bearings

SKF has developed a new generation of tapered roller thrust bearings, optimized for the most demanding oil and gas applications. It has higher load ratings and bearing rating life extended by up to 300 percent.

Support tool for wind customers

SKF has launched the Design Verification Support Tool. It will support the verification process of main shaft bearings in the turbine environment under running conditions.

New business

Smurfit Kappa upgrades its monitoring system

To avoid unplanned stoppages, Smurfit Kappa paper mill in Piteå, Sweden, is upgrading to the next-generation IMx-8 monitoring system from SKF. The system emits an alarm at the slightest change in performance.

Condition monitoring online for SCA

SKF is expanding its existing condition monitoring system online at SCA's mass production site Östrand in Timrå, Sweden. The installation of the latest generation IMX-8 monitoring system allows monitoring of the machines 24/7.



Scotseal X-Treme
wheel-end seal



Next-generation IMx-8
monitoring system



Lincoln small grease reservoir
filling filter



Lincoln mechanical grease
overflow prevention system

Accounting principles

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 financial statements of the Parent company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities". With the exceptions below, SKF Group applied the same accounting principles and methods of computation in the interim financial statements as compared with the latest annual report. IASB issued and endorsed several new and amended accounting standards, effective date 1 January 2018. As presented in previous reports, IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers, had only a limited impact on the SKF Group accounting. The effects are considered immaterial and there has not been a transition impact to the opening balances for 2018. Other effective, amended accounting standards that have been issued by IASB are not considered to have a material impact on the SKF Group's financial statements.

New accounting policies as of 1 January 2018

The following accounting policies have been issued by the Group and are applied from 1 January 2018.

Revenue

Revenue consists of sales of products or services in the normal course of business. Service revenues are defined as business activities, billed to a customer, that do not include physical products or where the supply of any product is subsidiary to the fulfilment of the contract. Any products that are included in service contracts are reported as separate performance obligations and classified as revenue from products.

Revenue is recognized when the control has been transferred to the customer.

Sales are recorded net of allowances for volume rebates, sales returns and other variable considerations if it is highly probable that they will occur.

Revenues from products are recognized at a point in time. Revenues from service and/or maintenance contracts where the service is delivered to the customer over time are accounted for on a straight-line basis over the duration of the contract or under the percentage of completion method, which is based on the ratio of actual costs incurred to total estimated costs expected to be incurred. Revenues from service and/or maintenance contracts where the service is delivered to the customer at a point in time are accounted for at a point in time.

Any anticipated losses on contracts are recognized in full in the period in which losses become probable and estimable.

Financial assets, impairment losses

Impairment losses (primarily allowance for doubtful accounts) are recognized with the use of a forward-looking 'expected-loss' impairment model which indicates when the asset may not be recovered. The forward looking information should capture changes in the market that the customers operate in.

Other new accounting principles issued but not yet effective

IFRS 16 Leases is effective as of 1 January 2019. The implementation of the new standard will have a material impact on the financial statements for the Group. In the annual report of 2017 there is a more detailed description of the impact. The assessment of the full impact of the new standard is ongoing. SKF will implement the new standard from 1 January, 2019. The modified retrospective method will be used.

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, 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 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, 26 April 2018
Aktiebolaget SKF (publ)
Alrik Danielson
President and CEO

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

Condensed consolidated income statements

SEKm	Jan-Mar 2018	Jan-Mar 2017
Net sales	20,560	19,601
Cost of goods sold	-15,312	-14,627
Gross profit	5,248	4,974
Selling and administrative expenses	-2,700	-2,691
Other operating income/expenses, net	77	12
Operating profit	2,625	2,295
Operating margin, %	12.8	11.7
Financial income and expense, net	-200	-170
Profit before taxes	2,425	2,125
Taxes	-638	-654
Net profit	1,787	1,471
Net profit attributable to:		
Shareholders of the parent	1,719	1,408
Non-controlling interests	68	63

Condensed consolidated statements of comprehensive income

SEKm	Jan-Mar 2018	Jan-Mar 2017
Net profit	1,787	1,471
Items that will not be reclassified to the income statement:		
Remeasurements	187	535
Income taxes	-34	-161
	153	374
Items that may be reclassified to the income statement:		
Exchange differences arising on translation of foreign operations	1,126	36
Available-for-sale assets	-4	13
Cash-flow hedges	4	-3
Income taxes	56	-1
	1,182	45
Other comprehensive income, net of tax	1,335	419
Total comprehensive income	3,122	1,890
Shareholders of AB SKF	3,038	1,794
Non-controlling interests	84	96

Condensed consolidated balance sheets

SEKm	March 2018	December 2017
Goodwill	10,271	9,995
Other intangible assets	7,409	7,365
Property, plant and equipment	16,424	15,762
Deferred tax assets	3,836	3,633
Other non-current assets	1,625	1,627
Non-current assets	39,565	38,382
Inventories	18,401	17,122
Trade receivables	15,079	13,416
Other current assets	3,988	3,664
Other current financial assets	9,235	8,619
Current assets	46,703	42,821
Total assets	86,268	81,203
Equity attributable to shareholders of AB SKF	31,093	28,036
Equity attributable to non-controlling interests	1,871	1,787
Long-term financial liabilities	16,260	15,790
Provisions for post-employment benefits	12,543	12,309
Provisions for deferred taxes	1,156	1,100
Other long-term liabilities and provisions	1,792	1,662
Non-current liabilities	31,751	30,861
Trade payables	8,463	7,899
Short-term financial liabilities	2,768	2,718
Other short-term liabilities and provisions	10,322	9,902
Current liabilities	21,553	20,519
Total equity and liabilities	86,268	81,203

Condensed consolidated statements of changes in shareholders' equity

SEKm	Jan-Mar 2018	Jan-Mar 2017
Opening balance 1 January	29,823	27,683
Total comprehensive income	3,122	1,890
Cost for performance share programmes, net	19	15
Other, including transactions with non-controlling interests	-	1
Total cash dividends	-	-13
Closing balance	32,964	29,576

Condensed consolidated statements of cash flow

SEKm	Jan-Mar 2018	Jan-Mar 2017
Operating activities:		
Operating profit	2,625	2,295
Depreciation, amortization and impairment	568	582
Net loss/gain (-) on sales of PPE and businesses	-52	-6
Taxes	-597	-522
Other including non-cash items	176	-480
Changes in working capital	-1,904	-1,234
Net cash flow from operations	816	635
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	-660	-623
Sales of PPE, businesses and equity securities	103	52
Net cash flow used in investing activities	-557	-571
Net cash flow after investments before financing	259	64
Financing activities:		
Change in short- and long-term loans	102	-178
Other financing items	-3	-2
Cash dividends	-	-13
Investments in short-term financial assets	-194	-129
Sales of short-term financial assets	85	241
Net cash flow used in financing activities	-10	-81
Net cash flow	249	-17
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 January	7,112	9,939
Cash effect excl. acquired/sold businesses	249	-17
Exchange rate effect	47	-1
Cash and cash equivalents at 31 March	7,408	9,921

Change in Net debt	Closing balance 31 March 2018	Other non cash changes	Cash changes	Translation effect	Opening balance 1 January 2018
Loans, long- and short-term	18,301	-	102	720	17,479
Post-employment benefits, net	12,464	-17	-198	450	12,229
Financial assets, others	-1,468	-3	-124	-19	-1,322
Cash and cash equivalents	-7,408	-	-249	-47	-7,112
Net debt	21,889	-20	-469	1,104	21,274

Financing activities to hedge short and long term loans using derivatives are reported as Other financing items. The opening balances amounted to SEK -473 million as of 1 January 2018 and the closing balance as of 31 March 2018 amounted to SEK -228 million. Of the change in the quarter, SEK 0 million effected cash and SEK 245 million was a non cash change.

Number of shares

	Jan-Mar 2018	Jan-Mar 2017
Total number of shares:	455,351,068	455,351,068
- whereof A shares	35,055,803	36,298,533
- whereof B shares	420,295,265	419,052,535
Weighted average number of shares in:		
- basic earnings per share	455,351,068	455,351,068
- diluted earnings per share	455,750,980	455,351,068

Condensed consolidated financial information

SEKm unless otherwise stated

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
Net sales	18,319	17,862	18,732	19,601	20,229	18,627	19,481	20,560
Cost of goods sold	-13,840	-13,373	-14,337	-14,627	-15,129	-14,066	-14,691	-15,312
Gross profit	4,479	4,489	4,395	4,974	5,100	4,561	4,790	5,248
Gross margin, %	24.5	25.1	23.5	25.4	25.2	24.5	24.6	25.5
Selling and administrative expenses	-2,583	-2,310	-2,834	-2,691	-2,776	-2,583	-2,762	-2,700
- as % of sales	14.1	12.9	15.1	13.7	13.7	13.9	14.2	13.1
Other, net	-21	12	25	12	-9	-13	-11	77
Operating profit	1,875	2,191	1,586	2,295	2,315	1,965	2,017	2,625
Operating margin, %	10.2	12.2	8.5	11.7	11.4	10.5	10.4	12.8
Financial net	-219	-142	-210	-170	-258	-273	-233	-200
Profit before taxes	1,656	2,049	1,376	2,125	2,057	1,692	1,784	2,425
Profit margin before taxes, %	9.0	11.5	7.3	10.8	10.2	9.1	9.2	11.8
Taxes	-950	-660	-406	-654	-837	-586	179	-638
Net profit	706	1,389	970	1,471	1,220	1,106	1,963	1,787
Net profit attributable to								
Shareholders of the parent company	654	1,351	889	1,408	1,145	1,044	1,878	1,719
Non-controlling interests	52	38	81	63	75	62	85	68

Reconciliation to profit before tax for the Group

SEKm	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
Operating profit:								
Industrial ¹⁾	1,518	1,749	1,327	1,879	1,918	1,744	1,719	2,140
Automotive ¹⁾	357	442	259	416	397	221	298	485
Financial net	-219	-142	-210	-170	-258	-273	-233	-200
Profit before taxes for the Group	1,656	2,049	1,376	2,125	2,057	1,692	1,784	2,425

1) Previously published figures for 2016 and 2017 have been restated to reflect a change in classification of customers between the segments.

Key figures

(Definitions, see page 15)

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
EBITA, SEKm	2,007	2,299	1,702	2,419	2,437	2,076	2,132	2,739
EBITDA, SEKm	2,459	2,774	2,209	2,877	2,890	2,508	2,641	3,193
Basic earnings per share, SEK	1.44	2.97	1.95	3.09	2.51	2.29	4.12	3.77
Diluted earnings per share, SEK	1.44	2.96	1.95	3.09	2.51	2.29	4.12	3.77
Dividend per share, SEK	5.50	–	–	–	5.50	–	–	–
Net worth per share, SEK	49	52	57	61	57	58	62	68
Share price at the end of the period, SEK	134.1	148.1	167.6	177.3	170.7	177.5	182.2	170.5
NWC, % of 12 months rolling sales ²⁾	30.2	30.5	30.0	30.9	29.8	29.4	29.0	31.7
ROCE for the 12-month period, %	10.6	11.1	11.9	12.5	13.3	13.2	14.2	15.0
ROE for the 12-month period, %	11.8	14.4	16.5	17.4	18.7	17.3	20.4	21.0
Gearing, %	61.1	58.6	55.3	52.9	52.5	50.9	49.9	48.3
Equity/assets ratio, %	29.5	31.1	33.0	34.5	34.3	35.5	36.7	38.2
Additions to property, plant and equipment, SEKm	410	452	632	616	464	531	632	621
Net debt/equity, %	117.7	104.7	84.4	76.0	85.7	79.4	71.3	66.4
Net debt, SEKm	27,915	26,500	23,357	22,465	23,466	22,143	21,274	21,889
Net debt/EBITDA	3.0	2.7	2.4	2.2	2.2	2.1	1.9	1.9
Registered number of employees	45,043	45,128	44,868	45,115	44,966	45,554	45,678	45,964

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	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
Net sales ¹⁾	12,855	12,293	13,055	13,463	14,010	12,938	13,464	14,241
Operating profit	1,518	1,749	1,327	1,879	1,918	1,744	1,719	2,140
Operating margin, %	11.8	14.2	10.2	14.0	13.7	13.5	12.8	15.0
Assets and liabilities, net	38,270	38,174	39,491	40,106	37,845	36,662	37,751	40,250
Registered number of employees	37,245	37,314	37,128	37,341	37,067	37,581	37,690	37,922

Automotive	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
Net sales ¹⁾	5,464	5,569	5,677	6,138	6,219	5,689	6,017	6,319
Operating profit	357	442	259	416	397	221	298	485
Operating margin, %	6.5	7.9	4.6	6.8	6.4	3.9	5.0	7.7
Assets and liabilities, net	9,609	9,638	9,311	10,064	9,719	9,413	9,275	10,004
Registered number of employees	6,990	6,988	6,905	6,982	7,105	7,171	7,165	7,226

1) Previously published figures for 2016 and 2017 have been restated to reflect a change in classification of customers between the segments.

Parent company condensed income statements

SEKm	Jan -Mar 2018	Jan -Mar 2017
Revenue	2,141	1,373
Cost of revenue	-1,140	-938
General management and administrative expenses	-342	-565
Other operating income/expenses, net	-8	5
Operating result	651	-125
Financial income and expense, net	-31	234
Profit before taxes	620	109
Appropriations		
Taxes	-135	35
Net profit	485	144

Parent company condensed statements of comprehensive income

SEKm	Jan -Mar 2018	Jan -Mar 2017
Net profit	485	144
Items that may be reclassified to the income statement:		
Available-for-sale-assets	-4	13
Other comprehensive income, net of tax	-4	13
Total comprehensive income	481	157

Parent company condensed balance sheets

SEKm	March 2018	December 2017
Intangible assets	1,901	1,901
Investments in subsidiaries	22,347	22,349
Receivables from subsidiaries	15,359	14,705
Other non-current assets	994	973
Non-current assets	40,601	39,928
Receivables from subsidiaries	5,788	6,181
Other receivables	145	157
Current assets	5,933	6,338
Total assets	46,534	46,266
Shareholders' equity	19,749	19,278
Untaxed reserves	24	24
Provisions	580	566
Non-current liabilities	15,353	14,705
Current liabilities	10,828	11,693
Total shareholders' equity, provisions and liabilities	46,534	46,266

Definitions

Average number of employees

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

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.

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.

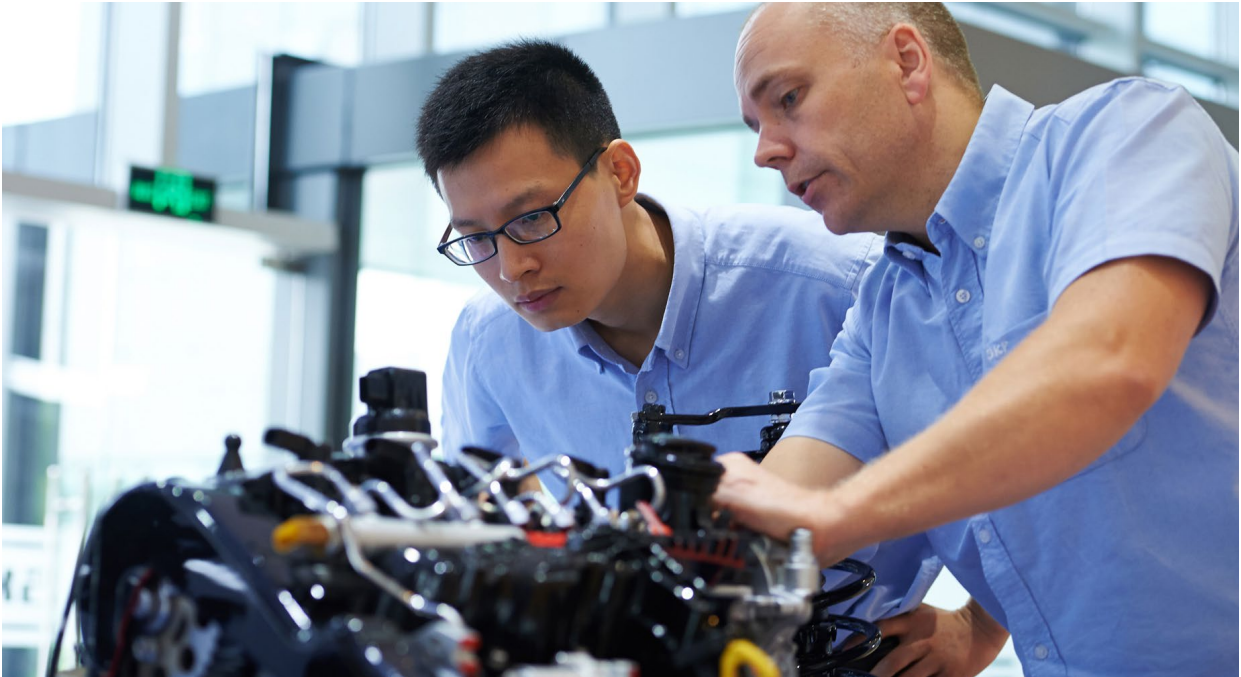
SKF demand outlook

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" and "Sensitivity analysis", and in this report under "Risks and uncertainties in the business."



This is SKF

SKF is a leading global supplier of bearings, seals, mechatronics, lubrication systems and services, which include technical support, maintenance and reliability services, engineering consulting and training.

Quick fact

Founded 1907
Represented in more than 130 countries
Net sales in 2017 were SEK 77,938 million
Number of employees were 45,678.
15 technical centers
103 manufacturing sites
More than 17,000 distributors

AB SKF (publ)

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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 priorities

Based on SKF's challenges and mission, the company focuses on five strategic priorities:

1. Create and capture customer value
2. Application driven innovation
3. World-class manufacturing
4. Cost competitiveness
5. Maximizing cash flow over time

For further information, please contact

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Conference call

26 April at 09.00 (CEST), 08.00 (UK),
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Calendar

15 June, JP Morgan, Capital Goods CEO Conference 2018
19 July, Q2 report 2018
23 August, SEB Industrial & Technology Seminar
12 September, Handelsbanken Nordic Large Cap Seminar
25 October, Q3 report 2018
November, Capital Markets Day

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. The information was provided by the above contact persons for publication on 26 April 2018 at 08.00 CEST.