



First-quarter report 2017

Press release 27 April

The first quarter of the year has seen continued growth, an improved operating margin and continued debt reduction.

The increase in demand strengthened gradually during the quarter. Net sales, at 19.6 billion, increased by 11% compared to the first quarter last year, with the strongest development in North America and Asia. Sequentially, sales increased by 4%, with a broad-based improvement across all regions and most of our customer industries.

During the quarter we have managed to ramp-up production in a cost efficient way which together with well managed fixed costs contributed to an adjusted operating profit of 2 357 million (385 million higher than last year) and an adjusted operating margin of 12%.

Our industrial business delivered an adjusted operating margin of 14.2% and our automotive business continued to improve its profitability, delivering an adjusted operating margin of 7.2%.

The first large scale go-live of our new ERP system in January went well. During the quarter extensive support resources have supported the users to learn the new way of working and ramp-up to normal productivity. The Unite program implementation continues in line with earlier communicated plan and budget.

Cash flow generation was 64 million, impacted by increased working capital as a result of our growth in the quarter. We continued to strengthen our balance sheet and our net debt decreased by 892 million in the quarter, taking us below our net debt/equity target of 80%.

At our Capital Markets Day in Gothenburg in the beginning of April we showcased our new, automated spherical roller bearing channel. Its ramp-up has gone according to plan, with in excess of 200 000 bearings already delivered to customers. We also presented a number of new product launches focusing on the continued digitalization of the industry, as well as application-specific bearing solutions.

For the second quarter of 2017, demand for our products and services is expected to be higher compared to the same period last year and slightly higher compared to the first quarter of 2017.

Alrik Danielson
President and CEO

Key figures

SEKm unless otherwise stated

Key figures	Q1 2017	Q1 2016
Net sales ¹⁾	19 601	17 676
Adjusted operating profit ²⁾	2 357	1 972
Adjusted operating margin ²⁾ , %	12.0	11.2
Items affecting comparability ²⁾	-62	-97
Operating profit	2 295	1 875
Operating margin, %	11.7	10.6
Adjusted profit before taxes ²⁾	2 187	1 755
Profit before taxes	2 125	1 658
Net cash flow after investments before financing	64	510

1) Cash discounts are from January 1, 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
Q1 2017	8.0	-2.0	4.9	10.9

Organic sales change in local currencies, per region y-o-y, %:	Europe	North America	Latin America	Asia	Middle East & Africa
Q1 2017	5.0	7.8	11.4	12.8	9.5

Outlook for the second quarter 2017

Demand compared to the second quarter 2016

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

Demand compared to the first quarter 2017

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

Previous outlook statement

Demand compared to the first quarter 2016

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

Demand compared to the fourth quarter 2016

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

Sales

Segment information	Q1			
	Organic	Structure	Currency	Total
Net sales, change y-o-y, %:				
Industrial	7.9	-2.9	4.4	9.4
Automotive	8.4	0.0	6.1	14.5

Segment information	Q1				
	Europe	North America	Latin America	Asia	Middle East & Africa
Organic sales in local currencies, change y-o-y:					
Industrial	++	+++	++	+++	+
Automotive	+	+	+++	+++	+++

Customer industries	Q1				
	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 Q1 2017, compared to Q1 2016

Europe

Industrial: Overall, sales were higher in the quarter. By industry, sales to the energy and the aerospace industries were significantly higher and sales to industrial distribution was higher while sales to the heavy, special and off-highway industries were slightly higher. Sales to industrial general industries were relatively unchanged and sales to the railway industry was slightly 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 Q1 2016. By industry, sales to the energy, industrial distribution, railway and to industrial, heavy, special and off-highway industries were all significantly higher. Sales to the aerospace industry were lower and sales to industrial general industries were significantly lower.

Automotive: Sales in the quarter were slightly higher, including higher sales to the cars and light trucks industry and relatively unchanged sales to the truck industry and to the vehicle aftermarket.

Asia

Industrial: Sales were significantly higher in the quarter. By industry, sales to industrial distribution and to industrial general as well as to the railway industries were significantly higher. Sales to industrial, heavy, special and off-highway industries were relatively unchanged while sales to the energy industry were significantly lower compared to Q1 2016.

Automotive: Sales were significantly higher compared to Q1 2016. Sales were significantly higher to the truck industry and to the cars and light trucks industries, and lower to the vehicle aftermarket.

Latin America

Industrial: Overall, sales were higher in the quarter. By industry, sales to the heavy, special and off-highway industries as well as to industrial distribution were higher.

Automotive: Sales were significantly higher in the quarter. Sales to the car and light trucks industry were significantly higher, sales to the truck industry were slightly higher and sales to the vehicle aftermarket were relatively unchanged compared to Q1 2016.

Financial performance

First quarter 2017

- Operating profit for the first quarter was 2 295 million (1 875). Operating profit was positively impacted by increased sales and manufacturing volumes, favourable currency effects and lower items affecting comparability compared to the first quarter 2016. Operating profit was also negatively impacted by sales price development, customer mix, higher cost for the ERP implementation, general inflation and divested companies. Operating profit included items affecting comparability between the years of -62 million (-97) whereof -45 million related to ongoing restructuring and cost reduction activities mainly in Americas and China.

Operating profit bridge, SEKm	Q1
2016	1 875
Items affecting comparability at 2016 exchange rates	38
Operational performance ¹⁾	230
Currency impact	202
Divested/acquired companies, ie net divestment	-50
2017	2 295

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 -170 million (-217). Exchange rate fluctuations had a positive impact in the first quarter 2017 while it had a negative impact in 2016.
- Taxes in the first quarter was -654 million (-514) resulting in an effective tax rate of 30.8% (31.0%).
- Cash flow after investments before financing in the first quarter was 64 million (510). The first quarter's higher operating profit was offset primarily by higher income tax payments, a build-up of working capital and higher payments for property, plant and equipment compared to the first quarter 2016. Further, the first quarter was negatively impacted by -130 million related to a buy-out of pension obligations for retirees from the defined benefit obligation plan in Germany.
- Net working capital in percent of annual sales was 30.9% in the first quarter compared to 30.0% in the fourth quarter 2016 and 28.3% in the first quarter 2016. The ratio was positively impacted by exchange rate developments in the first quarter vs fourth quarter 2016 while it was negatively impacted vs the first quarter 2016.
- Provisions for post-employment benefits net, decreased by -807 million (increase 1 371) as a result of higher discount rates mainly in Germany and the US and the buy-out of retirees from the defined benefit obligation plan in Germany.

Key figures

	31 March 2017	31 Dec 2016	31 March 2016
Net working capital, % of 12 months rolling sales ¹⁾	30.9	30.0	28.3
ROCE for the 12-month period, %	12.5	11.9	11.2
Net debt/equity, %	76.0	84.4	105.7
Net debt/EBITDA	2.2	2.4	2.8

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

Segment information¹⁾

SEKm unless otherwise stated

Industrial	Q1/2017	Q1/2016
Net sales ²⁾	13 485	12 335
Operating profit	1 874	1 541
Operating margin, %	13.9	12.5
Items affecting comparability	-41	-54
Adjusted operating profit	1 915	1 595
Adjusted operating margin, %	14.2	12.9

Automotive	Q1/2017	Q1/2016
Net sales ²⁾	6 116	5 341
Operating profit	421	334
Operating margin, %	6.9	6.3
Items affecting comparability	-21	-43
Adjusted operating profit	442	377
Adjusted operating margin, %	7.2	7.1

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

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

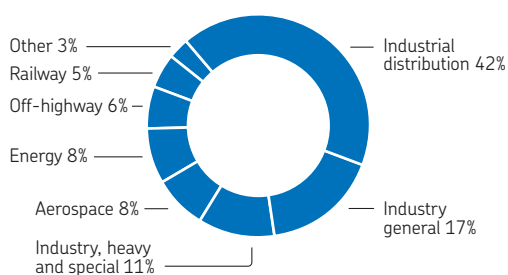
Guidance Q2 2017

- Financial net: -225 million
- Based on exchange rates as of March 31 2017, the currency impact on the operating profit compared to Q2 2016 is expected to be around 170 million.

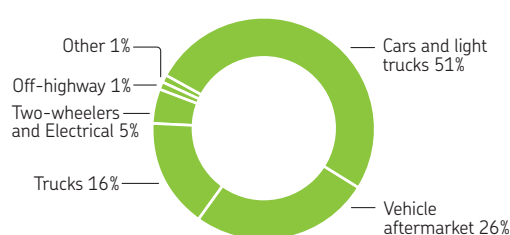
Guidance 2017

- Tax level: around 30%
- Additions to property, plant and equipment: around 2 200 million.

Net sales for Industrial Q1 2017



Net sales for Automotive Q1 2017



Highlights

World-class manufacturing

SKF inaugurated a new fully automated and digital production channel in Gothenburg for manufacturing of spherical roller bearings. The channel is the first of its kind and part of SKF's next generation manufacturing technology.

Expanding production capacity in Malaysia

SKF is investing SEK 45 million in expanding its spherical roller bearing capacity in Nilai, Malaysia.

Investing €1 million in production capacity

SKF upgraded its marine stabilizer production facilities in Hamburg, Germany. This will allow increased production of its largest S800 stabilizer system from eight to sixteen sets a year. These stabilizers are used on the world's largest cruise ships to improve comfort and safety in rough seas.

Consolidated organizational structure

The organizational changes will further simplify SKF's technology development organization and accelerate customer-driven innovation. Victoria Van Camp, has taken on responsibility for the combined organization of the Group Technology function and Business and Product Development. Bernd Stephan, previously Senior Vice President, Group Technology, was appointed President, Automotive and Aerospace.

New climate targets

SKF's new climate targets will stretch until 2025, with 2015 as a base year. The ambition is to reduce the CO₂ emissions per tonne of bearings sold and per tonne of products shipped to customers by 40%, respectively. In addition, SKF will continue to report on its expanding BeyondZero customer solutions business and the progress within its supply chain on energy efficiency.

Renewed partnership with Gothia Cup for 2017-2019

SKF will remain as main partner to the Gothia Cup, the world's largest youth football tournament. In addition, SKF will continue to run the "Meet The World" qualifying tournaments held in around 25 countries globally.

70-year association with Scuderia Ferrari

SKF will supply Scuderia Ferrari with a range of specialist products, design and validation expertise as well as testing facilities to improve factors such as condition monitoring.

Destruction of 15 tons of fake bearings

Counterfeit bearings with a market value of around EUR 1 000 000 were destroyed in Greece, following the successful completion of legal proceedings commenced in 2009.

New products

Machine health monitoring

SKF launched a compact 8-channel version of its IMx machine health monitoring platform. This affordable and versatile system fills a large gap in the market, offering new features, functionality and flexibility to a wider industrial user base.

SKF Enlight Centre

A next-generation, Internet enabled condition-based maintenance and condition monitoring system was launched. Designed to be used by engineers and managers throughout the marine sector.

Next-generation electromechanical linear actuators

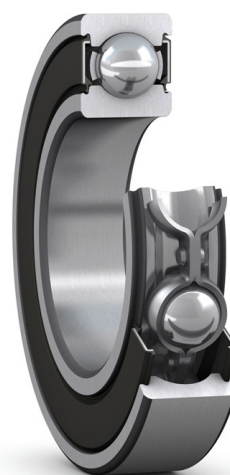
SKF released a powerful new actuator series that widens the scope for hydraulics replacement in agricultural and construction equipment.

New multipoint automatic lubricator

The SKF MultiPoint Automatic Lubricator TLMP series is developed for industrial applications, as well as agricultural and off-road vehicles. This reliable unit facilitates proper lubrication, essential for bearing life and supports improved safety for employees.

High performance seal

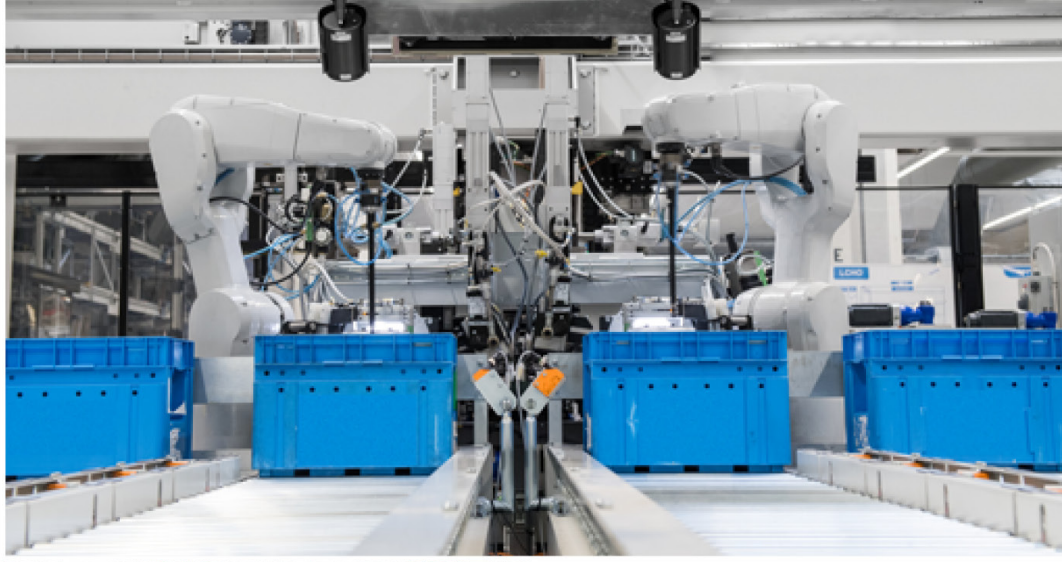
SKF is making its high performance RSH seal design available on a larger range of SKF Explorer deep groove ball bearings. Applications requiring larger bearing sizes can now benefit from longer maintenance intervals and greater resistance to contamination.



High performance RSH seal



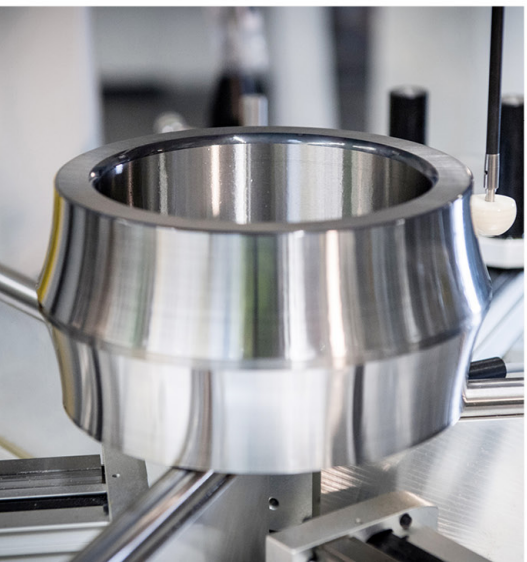
Compact version 8-channel IMx-8



SKF retractable fin stabilizer, Type S



SKF MultiPoint Automatic Lubricator TLMP



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. To fulfill the new disclosure requirements in IAS 7 "Statement of cash flow", derivatives classified as financing activities are specified separately below the condensed consolidated statement of cash flow.

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, USD and to USD-related currencies. 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 investigations by the US Department of Justice and the Korea Fair Trade Commission 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. Each of Peugeot S.A. and BMW AG, and several of their respective group companies, have separately initiated lawsuits, with claims for damages, against bearing manufacturers, including SKF, that were part of the settlement decision by the European Commission for violation of European competition rules.

Gothenburg, 27 April 2017
Aktiebolaget SKF (publ)

Alrik Danielson
President and CEO

Condensed consolidated income statements

SEKm	Jan-Mar 2017	Jan-Mar 2016
Net sales ¹⁾	19 601	17 676
Cost of goods sold ¹⁾	-14 627	-13 282
Gross profit	4 974	4 394
Selling and administrative expenses	-2 691	-2 495
Other operating income/expenses, net	12	-24
Operating profit	2 295	1 875
Operating margin, %	11.7	10.6
Financial income and expense, net	-170	-217
Profit before taxes	2 125	1 658
Taxes	-654	-514
Net profit	1 471	1 144
Net profit attributable to:	1 408	1 091
Shareholders of the parent	63	53
Non-controlling interests		

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

Condensed consolidated statements of comprehensive income

SEKm	Jan-Mar 2017	Jan-Mar 2016
Net profit	1 471	1 144
Items that will not be reclassified to the income statement:		
Remeasurements	535	-1 428
Income taxes	-161	416
	374	-1 012
Items that may be reclassified to the income statement:		
Exchange differences arising on translation of foreign operations	36	-291
Available-for-sale assets	13	-128
Cash-flow hedges	-3	-
Income taxes	-1	14
	45	-405
Other comprehensive income, net of tax	419	-1 417
Total comprehensive income	1 890	-273
Shareholders of AB SKF	1 794	-295
Non-controlling interests	96	22

Condensed consolidated balance sheets

SEKm	March 2017	December 2016
Goodwill	10 999	11 137
Other intangible assets	8 216	8 431
Property, plant and equipment	15 843	15 746
Deferred tax assets	3 763	3 806
Other non-current assets	1 807	1 688
Non-current assets	40 628	40 808
Inventories	16 044	15 418
Trade receivables	14 577	13 462
Other current assets	3 562	3 133
Other current financial assets	10 883	11 086
Current assets	45 066	43 099
Total assets	85 694	83 907
Equity attributable to shareholders of AB SKF	27 843	26 034
Equity attributable to non-controlling interests	1 733	1 649
Long-term financial liabilities	22 623	22 031
Provisions for post-employment benefits	13 138	13 945
Provisions for deferred taxes	1 315	1 380
Other long-term liabilities and provisions	1 670	1 490
Non-current liabilities	38 746	38 846
Trade payables	7 568	7 100
Short-term financial liabilities	312	1 619
Other short-term liabilities and provisions	9 492	8 659
Current liabilities	17 372	17 378
Total equity and liabilities	85 694	83 907

Condensed consolidated statements of changes in shareholders' equity

SEKm	Jan-Mar 2017	Jan-Mar 2016
Opening balance 1 January	27 683	26 282
Total comprehensive income	1 890	-273
Cost for performance share programmes, net	15	10
Other, including transactions with non-controlling interests	1	-
Total cash dividends	-13	-24
Closing balance	29 576	25 995

Condensed consolidated statements of cash flow

SEKm	Jan-Mar 2017	Jan-Mar 2016
Operating activities:		
Operating profit	2 295	1 875
Depreciation, amortization and impairment	582	578
Net loss/gain (-) on sales of PPE and businesses	-6	3
Taxes	-522	-320
Other including non-cash items	-480	-327
Changes in working capital	-1 234	-880
Net cash flow from operations	635	929
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	-623	-421
Sales of PPE, businesses and equity securities	52	2
Net cash flow used in investing activities	-571	-419
Net cash flow after investments before financing	64	510
Financing activities:		
Change in short- and long-term loans	-178	-140
Other financial items	-2	19
Cash dividends	-13	-24
Investments in short-term financial assets	-129	-132
Sales of short-term financial assets	241	149
Net cash flow used in financing activities	-81	-128
Net cash flow	-17	382
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 March / 1 January	9 939	7 218
Cash effect excl. acquired/sold businesses	-17	382
Cash effect of acquired/sold businesses	-	-
Exchange rate effect	-1	-22
Cash and cash equivalents at 31 March	9 921	7 578

Change in net debt	Closing balance 31 March 2017	Other non cash changes	Businesses acquired/sold	Cash changes	Translation effect	Opening balance 1 January 2017
Loans, long- and short-term	20 155	24	-	-178	-90	20 399
Post-employment benefits, net	13 083	-396	-	-339	-74	13 892
Financial assets, others	-852	-1	-	169	-25	-995
Cash and cash equivalents	-9 921	-	-	17	1	-9 939
Net debt	22 465	-373	-	-331	-188	23 357

Financing activities to hedge short and long term loans using derivatives are reported as Other financial items. The opening balances amounted to 682 million as of 1 January 2017 and the closing balance as of 31 March 2017 amounted to 600 million. The change in the balance of -82 million in the quarter was a non cash change.

Number of shares

	31 March 2017	31 March 2016
Total number of shares:	455 351 068	455 351 068
- whereof A shares	36 298 533	36 298 533
- whereof B shares	419 052 535	419 052 535
Weighted average number of shares in:		
- basic earnings per share	455 351 068	455 351 068
- diluted earnings per share	455 351 068	455 351 068

Condensed consolidated financial information

SEKm unless otherwise stated

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

1) Cash discounts are from January 1, 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
Operating profit:					
Industrial ²⁾	1 541	1 514	1 730	1 323	1 874
Automotive ²⁾	334	361	461	263	421
Financial net	-217	-219	-142	-210	-170
Profit before taxes for the Group	1 658	1 656	2 049	1 376	2 125

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
EBITA, SEKm	2 008	2 007	2 299	1 702	2 419
EBITDA, SEKm	2 453	2 459	2 774	2 209	2 877
Basic earnings per share, SEK	2.40	1.44	2.97	1.95	3.09
Diluted earnings per share, SEK	2.40	1.44	2.96	1.95	3.09
Dividend per share, SEK	–	5.50	–	–	–
Net worth per share, SEK	54	49	52	57	61
Share price at the end of the period, SEK	146.6	134.1	148.1	167.6	177.3
NWC, % of 12 months rolling sales ²⁾	28.3	30.2	30.5	30.0	30.9
ROCE for the 12-month period, %	11.2	10.6	11.1	11.9	12.5
ROE for the 12-month period, %	15.5	11.8	14.4	16.5	17.4
Gearing, %	58.0	61.1	58.6	55.3	52.9
Equity/assets ratio, %	32.2	29.5	31.1	33.0	34.5
Additions to property, plant and equipment, SEKm	376	410	452	632	616
Net debt/equity, %	105.7	117.7	104.7	84.4	76.0
Net debt, SEKm	27 471	27 915	26 500	23 357	22 465
Registered number of employees	45 926	45 043	45 128	44 868	45 115

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 figures²⁾

SEKm unless otherwise stated

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

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

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

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

Parent company condensed income statements

SEKm	Jan -Mar 2017	Jan -Mar 2016
Revenue	1 373	1 217
Cost of revenue	-938	-1 036
General management and administrative expenses	-565	-359
Other operating income/expenses, net	5	1
Operating loss	-125	-177
Financial income and expense, net	234	1 171
Profit before taxes	109	994
Taxes	35	53
Net profit	144	1 047

Parent company condensed statements of comprehensive income

SEKm	Jan-Mar 2017	Jan-Mar 2016
Net profit	144	1 047
Items that may be reclassified to the income statement:		
Available-for-sale-assets	13	-128
Other comprehensive income, net of tax	13	-128
Total comprehensive income	157	919

Parent company condensed balance sheets

SEKm	March 2016	December 2016
Intangible assets	1 902	1 939
Investments in subsidiaries	22 403	22 403
Receivables from subsidiaries	18 537	18 567
Other non-current assets	1 150	755
Non-current assets	43 992	43 664
Receivables from subsidiaries	4 771	4 683
Other receivables	164	131
Current assets	4 935	4 814
Total assets	48 927	48 478
Shareholders' equity	18 591	18 432
Untaxed reserves	69	69
Provisions	746	544
Non-current liabilities	20 026	19 166
Current liabilities	9 495	10 267
Total shareholders' equity, provisions and liabilities	48 927	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 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 devaluation and gains and losses on divestments of businesses and assets.

Adjusted operating margin

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

Adjusted profit before taxes

Profit before taxes excluding 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 devaluation and gains and losses on divestments of businesses and assets.

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 of a non recurring and/or non business related nature. 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 72 787 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 27 April 2017 at 08.00 CEST.

Conference call

27 April at 09.00 (CEST), 08.00 (UK),
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Please don't use a loudspeaker as this has a negative effect on the sound.

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

Calendar

21 July, Half-year report 2017
31 October, Nine-month report 2017