

Press release 26 January 2012

SKF Year-end report 2011

"The SKF Group had a very strong performance in 2011 with record sales, operating profit and operating margin. The integration of Lincoln is going according to plan and we have also made important progress on the initiatives we announced last year to support our long-term financial targets. We launched a number of new products, gained significant business and opened our new bearing factory in China. Spending on Research and Development increased significantly as planned, and our new Global Technical Centre in India was opened.

In the fourth quarter overall demand softened as expected but with a somewhat better demand in USA and weaker in Asia. As planned we ran our production lower than sales to reduce inventories and this had the expected impact on our results.

Looking into the first quarter we still see uncertainty in demand in Europe and in our automotive business. Demand for the Group in total is expected to be lower than in the first quarter last year and similar to the fourth quarter. We will continue to drive our initiatives to strengthen SKF and to invest in the faster growing regions and markets. Our new structure for the industrial market is under implementation and will improve our ability to even better support our customers in each industry."

Tom Johnstone, President and CEO



Key figures	Q4 2011	Q4 2010	Full year 2011	Full year 2010
Net sales, SEKm	16,257	15,409	66,216	61,029
Operating profit, SEKm	2,006	2,202	9,612	8,452
Operating margin, %	12.3	14.3	14.5	13.8
Profit before taxes, SEKm	1,823	2,048	8,932	7,549
Net profit, SEKm	1,205	1,350	6,224	5,296
Basic earnings per share, SEK	2.57	2.87	13.29	11.28

Net sales change in SEK, attributable to:	Volume	Price/mix	Structure	Currency effect	Total
Q4 2011	0.0%	2.8%	4.8%	-2.1%	5.5%
Full year 2011	9.6%	1.9%	4.8%	-7.8%	8.5%

Sales in local currency in the fourth quarter compared to the same period last year (excl. structure)

Sales for the Group increased by 2.8%. In Europe they increased by 0.5%, in North America by 5.6%, in Latin America by 11.0%, in Asia by 0.8% and in the Middle East and Africa by 19.9%.

The manufacturing level was lower than in the fourth quarter last year.

One-off costs

The quarter included one-off costs of around SEK 100 million. Around SEK 40 million are related to impairment of assets and have no impact on cash flow. The remaining costs are related to various restructuring activities.

Dividend proposal

Based on the strong performance, cash generation capacity and outlook, the Board has decided to propose to the Annual General Meeting an increase in the dividend of 10%, giving a dividend of SEK 5.50 (5.00) per share.

Outlook for the first quarter of 2012

Demand compared to the first quarter last year

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

Demand compared to the fourth quarter 2011

The demand for SKF's products and services is expected to be relatively unchanged for the Group. It is expected to be slightly lower for Europe, relatively unchanged for Asia and Latin America, and higher for North America. The demand is expected to be relatively unchanged for all divisions.

Manufacturing level

The manufacturing level is expected to be significantly lower year on year and relatively unchanged compared to the fourth quarter.

Demand outlook for Q1 2012 per region, division and main segments

Share of sales 2011	Regions	Sequential trend	Q1 2012 vs Q1 2011	Share of sales 2011*	Main segments	Sequential trend
46%	Europe		--	5%	Trucks	
26%	Asia/Pacific		+/-	26%	Industrial Distribution	
19%	North America		++	18%	Industrial OEM, General + Special	
6%	Latin America		+	13%	Cars	
Divisions				10%	Vehicle Service Market	
36%	Industrial		+/-	10%	Industrial OEM, Heavy + Off-highway	
35%	Service		+/-	4%	Railway	
27%	Automotive		---	3%	Two-wheelers and electrical	
Total			-	6%	Energy	
				5%	Aerospace	

* excluding Lincoln

Explanations: Relatively unchanged		+/-	Slightly lower		-	Slightly higher		+
			Lower		--	Higher		++
			Significantly lower		---	Significantly higher		+++

Key figures*

	31 December 2011	30 September 2011	31 December 2010
Inventories, % of annual sales	21.4	22.5	21.1
ROCE for the 12-month period, %	23.6	25.1	24.0
ROE for the 12-month period, %	29.7	31.4	28.4
Equity/assets ratio, %**	37.8	36.1	36.6
Gearing, %	48.9	50.2	48.6
Net debt/equity, %	72.5	80.8	80.5
Net debt including pension liabilities, SEKm	16,269	17,540	16,008
Registered number of employees	46,039	46,236	44,742

* For definitions of key figures, see page 18.

** Comparative figures affected by restatement, see enclosure 3.

Cash flow

Cash flow, after investments and before financing, was SEK 853 million (-5,966) for the fourth quarter 2011 and SEK 3,848 million (-2,838) for the full year. Cash flow in 2010, excluding the acquisition of Lincoln, was SEK 798 million for the fourth quarter and SEK 3,926 million for the full year.

Financial net

The financial net in the fourth quarter was SEK -183 million (-154), for the full year it was SEK -680 million (-903).

Exchange rates

Exchange rates, the effects of translation and transaction flows, had a negative effect of SEK 100 million on SKF's operating profit in the fourth quarter and a negative effect of around SEK 1.2 billion for the full year, compared to the corresponding period last year. It is estimated that there will be a positive effect of SEK 75 million on operating profit in the first quarter and for the full year a positive effect of SEK 400 million, based on current assumptions and exchange rates and compared to the corresponding period last year.

R&D

R&D expenditure was SEK 1,481 million (1,184), corresponding to 2.2% (1.9) of annual sales, excluding developing IT solutions. The number of first filings of patent applications was 325 (251).

Investigation by the European Commission

In November 2011, SKF and other companies in the bearing industry became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. Given the nature of these investigations, the outcome may affect the Group's results and cash flow with an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be accounted for.

Repurchase of shares

The Board proposes that the Annual General Meeting authorizes the Board, until the next Annual General Meeting, to decide upon the repurchase of the company's own shares. The total amount of shares that can be repurchased, at the most, is so many shares that the company thereafter holds a maximum of 5% of all shares issued by the company. If shares are repurchased, the Board intends to cancel such own shares through reduction of the share capital. The proposal is subject to resolutions by the Annual General Meeting in April 2012.

The Annual General Meeting in April 2011 authorized the Board, until the next Annual General Meeting, to decide on the repurchase of the company's own shares. In 2011, no repurchases were made and the company owns no SKF shares.

Highlights

- SKF announced a long-term contract with China National Heavy Duty Truck Group Co., Ltd. (CNHTC), one of China's top three truck manufacturers. The contract, with an estimated value of around SEK 5.2 billion, calls for SKF to supply SKF Truck Hub Units, tapered roller bearings, and seals for CNHTC's latest truck models.
- SKF opened an extension to the automotive factory in Cajamar, Brazil, which will manufacture the second generation hub bearing unit with integrated ABS.
- SKF inaugurated its Global Technical Centre in Bengaluru, India (GTCI). GTCI will have a strong focus on serving customers in India and South East Asia, as well as global projects. SKF invested around SEK 75 million in GTCI. It will employ about 400 engineers in the areas of product engineering and development, as well as laboratories for testing metallurgy, chemistry and bearing performance analysis.
- SKF signed a five-year contract to establish an SKF University Technology Centre with Luleå University of Technology in Luleå, Sweden, focused on developing advanced concepts in condition monitoring and asset management.
- SKF launched the 2012 Meet the World youth football tournament, which are held in 15-20 countries where SKF has a presence. The winning teams from each country will travel to Gothenburg, Sweden to participate in the Gothia Cup, the world's largest and most international youth football tournament.

SKF formed two new business areas to address the total industrial market

SKF formed two new business areas to be able to better serve the needs of customers within the industrial market. The two new areas are the Industrial Market, Strategic Industries and the Industrial Market, Regional Sales and Service and they replace the former Industrial Division and Service Division.

Both business areas will focus on managing the total life cycle of the customers' assets and will deliver a full range of products, services and solutions to both OEMs and end users within different industries. The new organization was effective 1 January, 2012.

The Group will report according to this new structure starting with the Q1 report, including a restatement of the financial history.

See press release dated 17 January 2012.

SKF's Performance Share Programme 2012

In order to continue to link the interests of the senior management and the shareholders, the Board proposes that a decision be taken at the Annual General Meeting in April 2012 on SKF's Performance Share Programme 2012. The terms and conditions of the proposed SKF's Performance Share Programme 2012 are in essence the same as the terms and conditions of the yearly programmes started in 2008.

It is proposed that the programme covers a maximum of 310 senior managers and key employees in the SKF Group, including Group Management, with the opportunity of being allotted, free of charge, SKF B shares.

The number of shares that may be allotted must be related to the degree of achievement of the TVA target level, as defined by the Board of Directors, for the financial year 2012, and the TVA development for the financial year 2014 compared to the financial year 2012. Under the programme, no more than 1,000,000 B shares may be allotted.

No allotment of shares has been or will be made under SKF's Performance Share Programme 2009 due to non-fulfillment of the target.

The year in brief

2011 was a year with important progress on the initiatives announced to support SKF's long-term targets.

The second bearing factory in Dalian, China was inaugurated and SKF announced the construction of a new bearing factory in Jinan, China to be opened in 2012. SKF also opened a new regional distribution centre in Montevideo, Uruguay to strengthen the service to customers and distributors in Latin America.

SKF inaugurated a Global Technical Centre in Bengaluru, India

Several contracts were signed during the year, to mention some: a contract with MAN Diesel Turbo for magnetic bearings and related electronic components, a contract with Goldwind for SKF Nautilus bearings and a contract with China National Heavy Duty Truck Group for SKF Truck Hub units, tapered roller bearings and seals.

The integration of SKF's lubrication systems is going according to plan and the business showed good growth and good financial performance during the year.

SKF arranged major conferences for both customers and distributors during the year with the purpose to focus on sharing best practice, networking, support and to share knowledge around the newest SKF products and solutions.

SKF provided SEK 3.0 billion in verified savings for customers.

Awarded the 120,000 certificate from the SKF Distributor College.

The work to widen the network with Universities continued. SKF established two University Technology Centres in Sweden. One together with Chalmers University of Technology, Gothenburg, and one with Luleå University of Technology in Luleå.

For the 12th successive year, SKF was selected to be a member of Dow Jones' Sustainability World indexes and for the 11th year in succession in the FTSE4Good Index Series.

As SKF stepped up its activities within the industrial market over a number of years, SKF reorganized to be able to better serve the needs of its customers.

Industrial Division

Comments on sales are based on local currencies excluding structure and compared to the corresponding period for 2010. The operating margin has been calculated on sales including intra-Group sales.

Yearly and quarterly comparisons

Amounts in SEKm unless otherwise stated.

	Q1/10	Q2/10	Q3/10	Q4/10	Full year 2010	Q1/11	Q2/11	Q3/11	Q4/11	Full year 2011
Net sales	4,830	5,021	5,131	5,068	20,050	6,006	6,046	5,947	5,925	23,924
Sales incl. intra-Group sales	7,150	7,572	7,610	7,504	29,836	8,623	8,660	8,707	8,468	34,458
Operating profit	721	914	1,002	921	3,558	1,177	1,177	1,096	971	4,421
Operating margin	10.1%	12.1%	13.2%	12.3%	11.9%	13.6%	13.6%	12.6%	11.5%	12.8%
Assets and liabilities, net *	15,516	16,035	14,920	23,217	23,217	22,330	22,794	23,866	23,605	23,605
Registered number of employees	17,790	17,803	17,969	20,018	20,018	20,244	20,337	20,419	20,264	20,264

* Q4 2010 as well as Q1, Q2 and Q3 2011 have been restated due to the Lincoln finalized PPA. See enclosure 3.

Net sales change in SEK, attributable to:	Organic growth	Structure	Currency effect	Total
Q4 2011	3.5%	14.4%	-1.0%	16.9%
Full year 2011	12.5%	14.4%	-7.6%	19.3%

Sales development

Sales for the Industrial Division were slightly higher for the fourth quarter and significantly higher for the full year. In Europe and North America sales for the fourth quarter and for the full year were significantly higher. In Asia sales were significantly lower for the fourth quarter and higher for the full year.

Main segments with significantly higher sales both for the quarter and the full year are aerospace, fluid power, industrial gearboxes, construction equipment, farm and forestry.

Sales to the railway industry were relatively unchanged for the quarter and significantly higher for the full year. Sales in Europe were significantly higher both for the quarter and the full year. In China, sales were significantly lower for the quarter and higher for the full year.

Sales to the renewable energy industry were lower for the quarter and significantly lower for the full year. In Europe they were higher for the quarter and relatively unchanged for the full year. In China, sales were significantly lower for both the quarter and the full year and in North America they were higher for the quarter and lower for the full year.

Highlights

- SKF secured an order worth SEK 20 million of bearings to the China Railway Materials Commercial Corporation for installation in 160 km/h passenger coaches for use throughout China.
- SKF DryLube Bearings has been awarded the IMPOvation Award 2011 in competition with more than 100 industrial products launched during 2011. IMPO is a US organization for industrial maintenance and plant operation. The bearings eliminate the need for grease relubrication and are designed to perform virtually maintenance-free over a wide temperature range.

Service Division

Comments on sales are based on local currencies excluding structure and compared to the corresponding period for 2010. The operating margin has been calculated on sales including intra-Group sales.

Yearly and quarterly comparisons

Amounts in SEKm unless otherwise stated.

	Q1/10	Q2/10	Q3/10	Q4/10	Full year 2010	Q1/11	Q2/11	Q3/11	Q4/11	Full year 2011
Net sales	4,958	5,487	5,459	5,499	21,403	5,633	5,732	5,843	5,816	23,024
Sales incl. intra-Group sales	5,039	5,569	5,549	5,589	21,746	5,724	5,828	5,937	5,898	23,387
Operating profit	638	734	779	825	2,976	862	920	929	945	3,656
Operating margin	12.7%	13.2%	14.0%	14.8%	13.7%	15.1%	15.8%	15.6%	16.0%	15.6%
Assets and liabilities, net	5,239	5,553	4,949	5,017	5,017	5,265	5,589	5,484	5,632	5,632
Registered number of employees	5,642	5,622	5,686	5,741	5,741	5,835	5,947	5,977	6,093	6,093

Net sales change in SEK, attributable to:	Organic growth	Structure	Currency effect	Total
Q4 2011	7.6%	1.0%	-2.9%	5.7%
Full year 2011	14.6%	1.0%	-8.0%	7.6%

Sales development

Sales for the Service Division were higher for the fourth quarter and significantly higher for the full year.

Sales in Europe were slightly higher for the quarter and significantly higher for the full year, sales in North America were relatively unchanged for the quarter and significantly higher for the full year. Sales for Asia and Latin America were significantly higher both for the quarter and the full year.

Highlights

- SKF introduced its Asset Efficiency Optimisation programme at the Lithuanian paper company Grigiškės. The implementation of this programme will support this company to increase its output by 10%, by employing monitoring and looking after the machines more effectively.
- In 2011, SKF provided SEK 3.0 billion in verified savings for customers. By using the SKF Documented Solutions Program to measure and confirm value delivered, SKF can identify where opportunities exist for customer savings.
- SKF held an Asset Management conference in Phoenix, USA in November with more than 185 customers sharing experience and industry knowledge, as well as the latest technology news.

Automotive Division

Comments on sales are based on local currencies excluding structure and compared to the corresponding period for 2010. The operating margin has been calculated on sales including intra-Group sales.

Yearly and quarterly comparisons

Amounts in SEKm unless otherwise stated.

	Q1/10	Q2/10	Q3/10	Q4/10	Full year 2010	Q1/11	Q2/11	Q3/11	Q4/11	Full year 2011
Net sales	4,362	4,850	4,528	4,491	18,231	4,702	4,558	4,375	4,136	17,771
Sales incl. intra-Group sales	5,229	5,831	5,499	5,436	21,995	5,636	5,509	5,300	5,008	21,453
Operating profit	373	569	468	445	1,855	507	448	333	74	1,362
Operating margin	7.1%	9.8%	8.5%	8.2%	8.4%	9.0%	8.1%	6.3%	1.5%	6.3%
Assets and liabilities, net	8,443	8,507	7,980	8,036	8,036	7,973	8,298	8,831	8,513	8,513
Registered number of employees	13,569	13,925	14,399	14,474	14,474	13,987	14,421	14,665	14,451	14,451

Net sales change in SEK, attributable to:	Organic growth	Structure	Currency effect	Total
Q4 2011	-4.4%	-1.0%	-2.5%	-7.9%
Full year 2011	6.1%	-0.9%	-7.7%	-2.5%

Sales development

Sales in the fourth quarter were lower in total, they were significantly lower in Europe, higher in North America and Asia and relatively unchanged in Latin America. For the full year sales were higher in total, they were slightly higher in Europe, higher in North America, significantly higher in Asia and relatively unchanged in Latin America.

Sales in the quarter to the car and light truck industries in Europe were significantly lower, in North America they were significantly higher, in Asia they were relatively unchanged and in Latin America significantly lower. For the full year sales were relatively unchanged in Europe, significantly higher in North America and Asia and significantly lower in Latin America.

Sales in the quarter to the heavy trucks industries were lower in Europe and Latin America, higher in North America and significantly higher in Asia. For the full year sales were significantly higher in Europe, North America and Asia and slightly higher in Latin America.

Sales to the vehicle service market were significantly lower in Europe and Latin America both for the quarter and for the full year. In North America they were lower for the quarter and higher for the full year. In Asia, sales were significantly higher for the quarter and for the full year.

Sales to the electrical industry in Europe were relatively unchanged for the quarter and significantly higher for the full year. Sales to the two-wheeler industry in Asia were significantly higher in the fourth quarter as well as for the full year.

Highlights

- SKF supplied advanced technological products and solutions to the Bolloré Group for use in their innovative electric cars. These cars will be used in the car sharing program, Autolib, to be launched in Paris.

New products:

- The SKF StopGo, designed for motorcycles and scooters, is a stop-start system with a sensor-bearing solution enabling increased mileage with reduced fuel consumption and CO₂ emissions.
- Two products for electric traction motors in electric and hybrid cars and light trucks.
 - The SKF eDrive ball bearing is a new bearing family for the electric powertrain market.
 - The SKF Rotor positioning sensor bearing integrates the SKF eDrive ball bearing.
- A robust MacPherson suspension bearing unit.
- Low friction fork seal solution for motorcycles.
- The SKF Energy Efficient tapered roller bearing for truck final drive.
- A customized energy-efficient fan support module, designed for commercial engines.



SKF StopGo

Previous outlook statement: Outlook for the fourth quarter of 2011

Demand compared to the fourth quarter last year

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

Demand compared to the third quarter 2011

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

Manufacturing level

The manufacturing level is expected to be lower year on year and compared to the third quarter.

Highlights in the previous quarter

In Q1

- SKF was awarded a contract worth around SEK 500 million with Goldwind, one of the leading turbine manufacturers in China. Goldwind selected the SKF Nautilus bearing as the main shaft arrangement for their new 2.5 MW direct drive turbine. Deliveries will be made during 2011 and the first quarter of 2012.
- SKF signed a three-year strategic partnership agreement worth SEK 335 million with Sandvik Mining and Construction.
- SKF and Konkola Copper Mines Plc in Zambia signed a three-year contract worth USD 2 million covering a Predictive Maintenance solution.
- SKF signed a strategic partnership agreement with CITIC Pacific Special Steel Co., Ltd, which includes cooperation in purchasing, new product and technology development and human resources development.
- SKF announced a new factory in Jinan, in the Shandong Province, China. This new investment of around SEK 590 million will support the rapid growth of SKF's business in China and Asia. The factory will initially employ about 500 people and primarily manufacture tapered roller bearings for the truck industry.
- SKF signed an agreement to remain as the main partner to the Gothia Cup, the world's largest youth football tournament, for an additional three years. SKF will also continue to run the "Meet the World" qualifying tournaments held in around 20 countries globally.
- SKF completed two agreements in line with its strategy to divest non-core component manufacturing:
 - On 1 February 2011, the forging business OMVP, in Villar Perosa, Italy to the German based

company Neumayer Tekfor Holding GmbH. OMVP has about 550 employees and net sales of around EUR 100 million, mainly to SKF.

- At the beginning of the second quarter the cage factory in Gothenburg to the Japanese component manufacturer Nakanishi Metal Works CO., Ltd. The factory has 130 employees and will continue to supply SKF.

In Q2

- SKF and Chalmers University of Technology agreed to establish a University Technology Centre (UTC) located at Chalmers in Gothenburg, Sweden. The UTC aims to conduct research and development covering technology, manufacturing, business processes and business strategy within the area of sustainability and environment.
- AB SKF issued a EUR 500 million Eurobond with a maturity of seven years. The notes have been listed on the Official List of the Luxembourg Stock Exchange. The proceeds were primarily used to refinance the debt related to the acquisition of Lincoln Industrial in 2010.
- SKF Logistics Services was awarded "Best service provider" by the Belgian Shippers' Council Organization of Traffic Management (OTM). The award honors companies that build co-operations based on trust, flexibility and creativity.
- SKF and Bombardier Aerospace entered into a long-term contract for SKF to supply over 40 different rod assemblies and titanium bearings for Bombardier's all new CSeries aircraft. The CSeries aircraft, which is optimized for the single-aisle 100 to 149 seat market will enter service in 2013. The contract includes rods for flight control systems and doors and landing gear bearings. The rods and bearings will be manufactured at SKF Aerospace's North American and European factories. Initial deliveries will be taking place later this year.
- SKF signed a contract worth EUR 15 million with MAN Diesel Turbo for magnetic bearings and related electronic components to be used in two sub-sea natural gas sets of compressors, located in the Asgard gas field in the Norwegian Sea. These SKF solutions offer the end-user higher reliability performance, are equipped with remote monitoring and are maintenance-free. SKF will supply these products during the second half of 2011 and in 2012.
- SKF launched a new series of virtually maintenance free bearings with an extended service life in extreme temperatures. These are named SKF DryLube bearings and help customers to reduce costs and to improve their environmental performance by reducing lubricant leakage and waste water contamination. The new solution has very low friction and can be applied in extreme temperatures, as low as -150°C and up to +350°C. The main application areas for the SKF DryLube bearings are within the metal industry, as well as in the food and beverage industry.

- SKF awarded and celebrated its 100,000th certificate in the SKF Distributor College. The SKF Distributor College helps distributors' employees to be even better in supporting their customers, through training in the proper use of SKF products and in services, as well as in the critical applications in which they will be used. The college is used extensively with 15,000 registered users and by the end of the quarter the number of certificates issued was over 112,700.
 - In June, a strategic partnership agreement was signed between SKF and Maanshan Iron & Steel (MaSteel) in Nanjing, China. This expands the co-operation scope and makes full use of the competitive advantages of both sides. It will focus on service relationships and progresses towards reduced total cost of ownership and sustainability.
 - The SKF Asset Management conferences are held regionally every other year and the most recent was conducted this quarter in Buenos Aires, Argentina with over 175 customers attending. The focus was on bringing practical solutions to complex problems customers experience in their factories. The event followed a format of sharing best practices, many presented by customers and included time for networking both with other customers and SKF technical resources. Also shared with customers were the newest innovations like shaft alignment products, remote diagnostic systems to provide customers with 24/7 information at their fingertips and advanced modeling and engineering solutions to solve difficult structural and bearing applications.
 - SKF gained new business in Columbia for the remanufacturing of large size bearings. With the establishment of the SKF Solution Factory Colombia end of 2010 SKF now offers this service close to customers in the country.
 - SKF entered into a project with Volvo Car Corporation and Volvo Group aimed at evaluating industrialization of flywheel systems. This technology has potential to achieve fuel savings as high as 20% for passenger cars, which would enable significant CO₂ reductions.
 - SKF expanded the range of the SKF Hub Knuckle Module, adding the central nut clamping design on the wheel connection side. The Ferrari 458 Italia sports car is equipped with this new single nut hub bearing unit from SKF. The solution has proven to withstand severe cornering forces and higher lateral accelerations.
 - Five new products were launched, including:
 - SKF Low Weight Hub Bearing Unit. This new wheel-end solution of the flanged hub bearing design contributes to a significant weight reduction and thereby reduces fuel consumption and CO₂ emissions. By combining steel, which provides the expected rolling bearing performance, with aluminium, as the flanged structural component, the overall weight can be reduced by up to 30% compared to a standard unit.
 - SKF Double Clutch Bearing Set and clutch support angular contact ball bearing. These clutch bearings are robust high performing products for double clutch transmissions. It provides higher efficiency and reduces fuel consumption and CO₂ emissions compared to standard transmissions. The bearings are able to resist very high temperature and loads, as well as to achieve an extended lifetime in a compact package.
- In Q3**
- SKF opened a regional distribution centre in Montevideo, Uruguay in order to strengthen the service to customers and distributors in Latin America. This centre joins the global network of regional distribution centers, which SKF has in North America, Europe and Asia.
 - In September, SKF inaugurated its second bearing factory in Dalian, China. The factory produces medium size bearings, which complement the range of large bearings produced in the existing factory opened in 2006. SKF now has 13 factories in China.
 - For the 12th successive year, SKF was selected to be a member of Dow Jones' Sustainability World indexes and for the 11th year in succession in the FTSE4Good Index Series.
 - A number of products were launched during the quarter, some examples:
 - A new range of seals for wind turbine drive trains which offers high-performance and reliability as well as easy installation and replacement.
 - A new bearing range, mainly developed for industrial fans, textile equipment and conveyors. These new energy efficient Y-bearings give a 50% reduction in the bearing frictional torque compared to conventional SKF Y-bearings.
 - An upgraded range of SKF Explorer spherical roller bearings which offers at least twice the previous life when operating in a contaminated environment. These are primarily used in applications such as metals, mining, mineral and cement processing industries, industrial transmission and material handling applications.
 - SKF Solar Linear Actuators designed specifically to meet the solar tracking technical requirements. They accurately track the sun from sunrise to sunset and are virtually maintenance-free and designed for a 20-year service life.
 - During the quarter, SKF was named the leading global supplier within asset reliability software and services according to ARC Advisory Group.
 - The 120,000th certificate in SKF Distributor College was awarded in September. The SKF Distributor College enables distributors to better support their customers through training in the use of SKF products and services, as well as the critical applications in which they will be used.
 - SKF Service Division has run three major conferences in the quarter. In August, a conference was run in Latin America with the focus on how SKF together

with the Certified Maintenance Partners can support its customers in the best way with their challenges. In September, two distributor development conferences were held in Beijing, China. One gathered over 500 SKF distributors from all countries in Asia Pacific while the other was held focusing on the Chinese market with over 300 SKF distributors. Key messages were how to grow together on the aftermarket.

Risks and uncertainties in the business

The SKF Group operates in many different industrial, automotive and geographical segments 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 USD and to US dollar-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 parent company performs services of a common Group character. 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 dividend income for the parent company, as well as a need for writing down values of the shares in the subsidiaries.

In November 2011, SKF and other companies in the bearing industry became part of an investigation by the European Commission regarding a possible violation of EU antitrust rules. Given the nature of these investigations, the outcome may affect the Group's results and cash flow with an amount that may be material. It is however too early to assess whether and when such effect may occur and hence can be accounted for.

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 www.skf.com) under the Administration Report; "Important factors influencing the financial results", "Financial risks" and "Sensitivity analysis", and in this full-year report under "Risks and uncertainties in the business."

Gothenburg, 26 January 2012
Aktiebolaget SKF
(publ.)

Tom Johnstone
President and CEO

AB SKF is required to disclose the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 12.00 on 26 January 2012.

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Enclosures:

Financial statements

1. Condensed consolidated income statements and reconciliation to profit before tax for the Group
2. Condensed consolidated statements of comprehensive income and condensed consolidated statements of changes in shareholders' equity
3. Condensed consolidated balance sheets
4. Condensed consolidated statements of cash flow

Other financial statements

5. Condensed consolidated financial information - yearly and quarterly comparisons
6. Condensed parent company income statements, statements of comprehensive income, balance sheets and statements of changes in equity

The consolidated financial statements of the SKF Group are prepared in accordance with International Financial Reporting Standards as adopted by EU. The SKF Group applies the same accounting policies and methods of computation in the interim financial statements as compared with the Annual Report 2010 including Sustainability Report. No new or amended IFRS effective 2011 had any significant impact on the Group.

The consolidated quarterly report has been prepared in accordance with IAS 34. The report for the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2. The report has not been reviewed by the company's auditors.

The SKF First-quarter report 2012 will be published on Thursday, 19 April 2012.

The Annual General Meeting will be held on Wednesday, 25 April 2012 in Gothenburg, Sweden.

The SKF Annual Report 2011 - Financial, environmental and social performance will be published in a pdf-format on SKF's website <http://investors.skf.com> on 13 March 2012. The printed report will be delivered on 26 March 2012 and will be available at the company on that day.

Conference call, ref.no. 910270
26 January at 14.00 (CET), 13.00 (UK):

SE: +46 (0)8 5052 0114

UK: +44 (0)207 162 0177

US: +1 334 323 6203

Please don't use your phone's loudspeaker as this has a negative effect on the sound.

You will find all information regarding SKF Year-end results 2011 on:

investors.skf.com/quarterlyreporting

Enclosure 1

Condensed consolidated income statements

<i>SEKm</i>	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net sales	16,257	15,409	66,216	61,029
Cost of goods sold	-12,003	-11,139	-47,644	-44,216
Gross profit	4,254	4,270	18,572	16,813
Selling and administrative expenses	-2,256	-2,020	-8,980	-8,222
Other operating income/expenses, net	25	-49	36	-139
Profit/loss from jointly controlled and associated companies	-17	1	-16	0
Operating profit	2,006	2,202	9,612	8,452
Operating margin, %	12.3	14.3	14.5	13.8
Financial income and expense, net	-183	-154	-680	-903
Profit before taxes	1,823	2,048	8,932	7,549
Taxes	-618	-698	-2,708	-2,253
Net profit	1,205	1,350	6,224	5,296
Net profit attributable to				
Shareholders of the parent	1,171	1,311	6,051	5,138
Non-controlling interests	34	39	173	158
Key figures *				
Basic earnings per share, SEK	2.57	2.87	13.29	11.28
Diluted earnings per share, SEK	2.57	2.87	13.29	11.28
Additions to property, plant and equipment	597	460	1,839	1,651
Number of employees registered	46,039	44,742	46,039	44,742
Return on capital employed for the 12-month period ended 31 December, %	23.6	24.0	23.6	24.0

* For definitions of key figures, see page 18.

Condensed consolidated statements of comprehensive income

<i>SEKm</i>	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Net profit	1,205	1,350	6,224	5,296
Other comprehensive income				
Exchange differences arising on translation of foreign operations	-417	22	-96	-1,660
Available-for-sale assets	9	119	-260	169
Cash flow hedges	-23	14	-195	18
Actuarial gains and losses	44	839	-1,336	-616
Income tax relating to components of other comprehensive income	-94	-286	472	56
Other comprehensive income, net of tax	-481	708	-1,415	-2,033
Total comprehensive income	724	2,058	4,809	3,263
Total comprehensive income attributable to				
Shareholders of AB SKF	735	2,012	4,720	3,131
Non-controlling interests	-11	46	89	132

Enclosure 2

Reconciliation to profit before tax for the Group

<i>SEKm</i>	Jan-Dec 2011	Jan-Dec 2010
Operating profit:		
Industrial Division	4,421	3,558
Service Division	3,656	2,976
Automotive Division	1,362	1,855
Other operations outside the divisions	313	341
Unallocated Group activities and adjustments, net	-140	-278
Financial net	-680	-903
Profit before tax for the Group	8,932	7,549

Previously published amounts have been restated to conform to the current Group structure in 2011. The structural changes include business units being moved between the divisions and between other operations/Group activities and divisions.

Condensed consolidated statements of changes in shareholders' equity

<i>SEKm</i>	Jan-Dec 2011	Jan-Dec 2010
Opening balance 1 January	19,894	18,280
Total comprehensive income	4,809	3,263
Cost for performance share programmes	59	8
Other, including transactions with non-controlling interests	0	-35
Total cash dividends	-2,307	-1,622
Closing balance	22,455	19,894

Number of shares

	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Total number of shares	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	42,949,482	44,915,604	42,949,482	44,915,604
- whereof B shares	412,401,586	410,435,464	412,401,586	410,435,464
Total number of diluted shares outstanding	455,351,068	455,351,068	455,351,068	455,351,068
Total weighted average number of diluted shares	455,351,068	455,351,068	455,351,068	455,351,068

Enclosure 3

Condensed consolidated balance sheet

<i>SEKm</i>	December 2011	Restated* December 2010
Goodwill	5,992	5,931
Other intangible assets	4,165	4,263
Property, plant and equipment	13,076	12,922
Deferred tax assets	1,299	1,151
Other non-current assets	1,494	1,411
Non-current assets	26,026	25,678
Inventories	14,191	12,879
Trade receivables	10,713	9,859
Other current assets	3,107	2,839
Other current financial assets	5,337	3,146
Current assets	33,348	28,723
Total assets	59,374	54,401
Equity attributable to shareholders of AB SKF	21,436	18,935
Equity attributable to non-controlling interests	1,019	959
Long-term financial liabilities	12,500	10,850
Provisions for post-employment benefits	8,634	7,093
Provisions for deferred taxes	938	1,309
Other long-term liabilities and provisions	1,602	1,622
Non-current liabilities	23,674	20,874
Trade payables	4,698	4,476
Short-term financial liabilities	1,113	1,325
Other short-term liabilities and provisions	7,434	7,832
Current liabilities	13,245	13,633
Total equity and liabilities	59,374	54,401

* In Q4 2011 the purchase price allocation for Lincoln, which was acquired December 2010, was completed. Restatements have been made to the consolidated balance sheets as well as to Industrial Division's Assets and liabilities, net as shown in the table below. Finalized valuations resulted in reclassifications between intangibles, deferred taxes and goodwill. Additionally deferred tax assets and provisions for deferred taxes were netted.

SKF Group	December 2010 As previously reported	December 2010 Restated
Goodwill	6,309	5,931
Other intangible assets	4,164	4,263
Deferred tax assets	1,695	1,151
Provisions for deferred taxes	2,132	1,309
Industrial Division		
Assets and liabilities, net	23,496	23,217

Enclosure 4

Condensed consolidated statements of cash flow

<i>SEKm</i>	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Operating activities:				
Operating profit	2,006	2,202	9,612	8,452
Depreciation, amortization and impairment	488	539	1,790	1,992
Net loss/gain (-) on sales of intangible assets, PPE and businesses	0	-30	-24	-5
Taxes	-677	-511	-2,858	-1,722
Other including financial and non-cash items	-489	-453	-539	-1,950
Changes in working capital	136	-489	-2,395	-1,216
Net cash flow from operations	1,464	1,258	5,586	5,551
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-610	-7,239	-1,938	-8,496
Sales of PPE and businesses	-1	15	200	107
Net cash flow used in investing activities	-611	-7,224	-1,738	-8,389
Net cash flow after investments before financing	853	-5,966	3,848	-2,838
Financing activities:				
Change in short- and long-term loans	-2	3,636	873	2,281
Payment for finance lease liabilities	-1	-1	-8	-11
Cash dividends	-2	0	-2,307	-1,622
Investments in short-term financial assets	-93	-119	-218	-788
Sales of short-term financial assets	30	631	240	996
Net cash flow used in financing activities	-68	4,147	-1,420	856
Net cash flow	785	-1,819	2,428	-1,982
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 October/1 January	4,034	4,193	2,395	4,430
Cash effect excl. acquired/sold businesses	785	-2,102	2,477	-2,265
Cash effect of acquired/sold businesses	0	283	-49	283
Exchange rate effect	6	21	2	-53
Cash and cash equivalents at 31 December	4,825	2,395	4,825	2,395

Change in net interest-bearing liabilities	Closing balance 31 Dec 2011	Cash change	Businesses acquired/sold	Other non cash changes	Translation effect	Opening balance 1 Jan 2011
Loans, long- and short-term	12,851	873	0	-52	234	11,796
Post-employment benefits, net	8,599	-486	0	1,969	69	7,047
Financial assets, others	-1,021	22	0	-64	34	-1,013
Cash and cash equivalents	-4,825	-2,477	49	0	-2	-2,395
Net interest-bearing liabilities	15,604	-2,068	49	1,853	335	15,435

Enclosure 5

Condensed consolidated financial information - yearly and quarterly comparisons

<i>Amounts in SEKm unless otherwise stated.</i>	Q1/10	Q2/10	Q3/10	Q4/10	Full year 2010	Q1/11	Q2/11	Q3/11	Q4/11	Full year 2011
Net sales	14,446	15,709	15,465	15,409	61,029	16,702	16,712	16,545	16,257	66,216
Cost of goods sold	-10,701	-11,336	-11,040	-11,139	-44,216	-12,007	-11,768	-11,866	-12,003	-47,644
Gross profit	3,745	4,373	4,425	4,270	16,813	4,695	4,944	4,679	4,254	18,572
Gross margin, %	25.9	27.8	28.6	27.7	27.5	28.1	29.6	28.3	26.2	28.0
Selling and administrative expenses	-2,032	-2,128	-2,042	-2,020	-8,222	-2,151	-2,315	-2,258	-2,256	-8,980
- as % of sales	14.1	13.5	13.2	13.1	13.5	12.9	13.9	13.7	13.9	13.6
Other operating income/expenses, net	-7	-7	-76	-49	-139	-40	-7	58	25	36
Profit/loss from jointly controlled and associated companies	-4	1	2	1	0	0	1	0	-17	-16
Operating profit	1,702	2,239	2,309	2,202	8,452	2,504	2,623	2,479	2,006	9,612
Operating margin, %	11.8	14.3	14.9	14.3	13.8	15.0	15.7	15.0	12.3	14.5
Operating margin excl. one-off items, %	12.4	14.3	14.9	14.9	14.2	15.0	15.7	15.0	13.0	14.7
Financial income and expense, net	-198	-192	-359	-154	-903	-186	-177	-134	-183	-680
Profit before taxes	1,504	2,047	1,950	2,048	7,549	2,318	2,446	2,345	1,823	8,932
Profit margin before taxes, %	10.4	13.0	12.6	13.3	12.4	13.9	14.6	14.2	11.2	13.5
Taxes	-434	-596	-525	-698	-2,253	-698	-703	-689	-618	-2,708
Net profit	1,070	1,451	1,425	1,350	5,296	1,620	1,743	1,656	1,205	6,224
Net profit attributable to										
Shareholders of the parent	1,033	1,405	1,389	1,311	5,138	1,568	1,709	1,603	1,171	6,051
Non-controlling interests	37	46	36	39	158	52	34	53	34	173
Key figures *										
Operating profit excl. amortization	1,742	2,288	2,333	2,239	8,602	2,567	2,682	2,544	2,067	9,860
Basic earnings per share, SEK	2.27	3.09	3.05	2.87	11.28	3.44	3.76	3.52	2.57	13.29
Diluted earnings per share, SEK	2.27	3.09	3.05	2.87	11.28	3.44	3.76	3.52	2.57	13.29
Dividend per share, SEK	-	3.50	-	-	3.50	-	5.00	-	-	5.00
Return on capital employed for the 12-month period, %	11.9	16.8	20.7	24.0	24.0	25.6	25.9	25.1	23.6	23.6
Gearing, %	48.3	47.4	47.6	48.6	48.6	47.2	48.6	50.2	48.9	48.9
Equity/assets ratio, %**	36.2	36.0	36.0	36.6	36.6	37.5	36.3	36.1	37.8	37.8
Net worth per share, SEK	38	38	37	42	42	43	43	45	47	47
Additions to property, plant and equipment	389	433	369	460	1,651	397	394	451	597	1,839
Registered number of employees	41,055	41,644	42,475	44,742	44,742	44,784	45,678	46,236	46,039	46,039

* For definitions of key figures, see page 18.

** Q4 2010 and Q1, Q2 and Q3 2011 have been restated due to the Lincoln finalized PPA. See enclosure 3.

Enclosure 6

Parent company condensed income statements

<i>SEKm</i>	Oct-Dec 2011	Restated Oct-Dec 2010	Jan-Dec 2011	Restated Jan-Dec 2010
Net sales	508	438	2,018	1,683
Cost of services provided	-508	-438	-2,018	-1,683
Gross profit	0	0	0	0
Administrative expenses	-122	-95	-205	-213
Other operating income/expenses, net	-17	-2	-16	-14
Operating profit/loss	-139	-97	-221	-227
Financial income and expenses, net	1,665	1,569	3,389	3,355
Profit before taxes	1,526	1,472	3,168	3,128
Provisions for untaxed reserves	0	-178	-123	-178
Taxes	-360	-363	-255	-274
Net profit	1,166	931	2,790	2,676

Parent company statements of comprehensive income

<i>SEKm</i>	Oct-Dec 2011	Restated Oct-Dec 2010	Jan-Dec 2011	Restated Jan-Dec 2010
Net profit	1,166	931	2,790	2,676
Other comprehensive income				
Available-for-sale assets	9	119	-260	169
Other comprehensive income, net of tax	9	119	-260	169
Total comprehensive income	1,175	1,050	2,530	2,845

Parent company condensed balance sheets

<i>SEKm</i>	December 2011	December 2010
Investments in subsidiaries	22,634	22,257
Receivables from subsidiaries	11,952	10,591
Other non-current assets	411	689
Non-current assets	34,997	33,537
Receivables from subsidiaries	2,946	2,616
Other receivables	126	136
Current assets	3,072	2,752
Total assets	38,069	36,289
Shareholders' equity	11,780	11,490
Untaxed reserves	1,541	1,417
Provisions	193	165
Non-current liabilities	12,085	10,581
Current liabilities	12,470	12,636
Total shareholders' equity, provisions and liabilities	38,069	36,289
Assets pledged	0	0
Contingent liabilities	5	5

Parent company condensed statements of changes in equity

<i>SEKm</i>	December 2011	Restated December 2010
Opening balance 1 January	11,490	10,208
Dividends	-2,277	-1,594
Total comprehensive income	2,530	2,845
Exercise of options and cost for share programmes, net	37	31
Closing balance	11,780	11,490

The Parent company has restated the 2010 Income statement to include received and paid Group contributions and related taxes. Previously these were taken directly through equity in accordance with the Swedish Financial Reporting Board UFR 2, which was withdrawn in 2011.

Glossary

Ball bearings versus roller bearings

The main difference in the performance of these two bearing types is that ball bearings have lower friction than roller bearings, while roller bearings have a higher load-carrying capacity.

By-wire technology

In by-wire systems, the direct mechanical control is replaced by electronic control.

Condition monitoring

By regularly measuring vibration levels in bearings and machines, maintenance factors impacting on bearing service life and machine operation can be controlled. Condition monitoring instrumentation and software enable the early detection of bearing and machinery problems, making it possible for technicians to take the necessary steps in order to address a problem before it results in unanticipated downtime.

Friction

A force that counteracts movement between contact surfaces. Friction is by nature complex and is calculated by means of an empirical factor. Friction consumes energy and generates heat in rotating machinery.

Hub bearing unit

Easy-to-mount, compact bearing unit for passenger car wheels. It is based on a doublerow angular contact ball bearing and has integrated seals. It can be equipped with a sensor suitable for anti-lock braking systems (ABS), traction control and so on.

Integrated Maintenance Solution (IMS)

An IMS contract is an expanded troublefree operation programme which consists of services such as training, installation supervision, root cause failure analysis and the condition monitoring of rotating machinery.

Large size bearings

The range includes standard bearings as well as bearings tailored for specific applications. Bearings with an outside diameter of more than 420 mm are considered as large. The bearings are available both in metric and inch dimensions.

Life cycle analysis

Systematic analysis of all environmental impacts of a product during its entire life cycle, i.e. from raw material to end-of-life product recovery or disposal.

Linear products

A common name for components, units and systems for linear movement. They include linear bearings, profile rail guides, linear ball bearing slides and so on.

Lubricant

Grease, oil or other substance to facilitate the motion of surfaces relative to each other, e.g. in a bearing.

Self-aligning ball bearing

This bearing type, invented in 1907 by SKF's founder Sven Wingquist, solved one of the largest industrial problems of the time – the continual production stoppages caused by bearing failure. As the alignment of the shafts was not accurate enough for the rigid ball bearings that were normally used, the bearings failed due to misalignment. The double-row, self-aligning ball bearings accommodated the misalignment without reducing service life, thereby solving the problem.

SKF Business Excellence

SKF Business Excellence was launched in 2010. It is about delivering value to customers in the most effective and efficient way possible, through utilizing the knowledge of employees, partners and the company's technology. Business Excellence builds on many of the initiatives started by the SKF Group over a number of years, the most recent was SKF Manufacturing Excellence. With Business Excellence SKF is expanding the experience from the manufacturing area into other processes and operations within the SKF Group. Business Excellence is more than just about results – it actively challenges the organization to consider whether it is achieving the right results in the best way possible. SKF Manufacturing Excellence focuses on reducing waste and eliminating non-value adding activities. The heart of the system is the people in the production process.

SKF Care

Sustainability is one of SKF's five business drivers, alongside Profitability, Quality, Innovation and Speed. SKF's approach to sustaining financial and operational excellence centres on the SKF Care concept, which consists of Business Care, Environmental Care, Employee Care, and Community Care.

SKF Manufacturing Excellence

SKF Bridge of Manufacturing Excellence focuses on reducing waste and eliminating non-value adding activities. SKF bases this on the following five principles: Standardised way of working, Right from me, We care, Demand driven flow and Continuous improvement. The heart of the system is the people in the production process, who use these principles everyday to continuously improve their work.

SKF Solution Factory

The SKF Solution Factory combine the full range of SKF's expertise within technology platforms with workshop facilities, providing customized service and solutions to customers. This brings many SKF bearing services and integrated value-adding solutions close to the customers – such as re-manufacturing and customization, application engineering, spindle repair, lubrication applications, mechanical services including mounting, alignment and balancing, remote monitoring centre and training.

Super-precision bearings

SKF's comprehensive assortment of superprecision bearings is designed for machine tool spindles and other applications that require a high level of running accuracy at high to extremely high speeds. Each bearing type incorporates unique features to make it suitable for specific operating conditions.

Tribology

Tribology is the science and technology of interacting surfaces in relative motion. It includes the study and application of the principles of friction, lubrication and wear.

Definitions

1. Portion of risk-bearing capital

Equity and provisions for deferred taxes, as a percentage of total assets.

2. Equity/assets ratio

Equity as a percentage of total assets.

3. Gearing

Loans plus net provisions for post-employment benefits, as a percentage of the sum of loans, net provisions for post-employment benefits and equity.

4. Net debt/equity

Total short-term financial assets excluding derivatives minus loans and provisions for post-employment benefits, as a percentage of equity.

5. Return on total assets

Operating profit/loss plus interest income, as a percentage of twelve months rolling average of total assets.

6. Return on capital employed

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.

7. Return on equity

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

8. Operating margin

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

9. Basic earnings/loss per share in SEK

Profit/loss after taxes less non-controlling interests divided by the ordinary number of shares.

10. Registered number of employees

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

11. Average number of employees

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

12. Equity per share (Net worth per share)

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

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. SKF is represented in more than 130 countries and has 15,000 distributor locations worldwide. Annual sales in 2011 were SEK 66,216 million and the number of employees was 46,039. www.skf.com