



First quarter report 2016

Press release 28 April

Although we experienced challenges in many markets in the first quarter, the benefits from the cost reduction initiatives implemented during 2015 are now materializing. This is evidenced by the Group's operating performance in the quarter and our operating margin of 11.1%, a decline of one percentage point. The Automotive Market profit improvement programme that was launched during the fourth quarter of 2015 is also progressing well and contributed to an operating margin of 7.4%, an improvement of two percentage points.

Sales within Industrial Market were lower than expected, mainly related to China and North America. Within Automotive Market, sales to the car and truck industries in Europe and Asia were both strong, whilst sales in North America were weak.

We have continued our activities to focus our business portfolio around our core bearing business. As a result we have agreed to divest our fly-by-wire and Kaydon velocity control businesses for a total consideration of about SEK 3 billion.

In order to simplify and further drive organic sales growth and improve profitability, we have adjusted our structure to four areas; Industrial Sales Americas, Industrial Sales Europe and MEA, Industrial Sales Asia, and Automotive and Aerospace. In addition, we have combined the responsibility for our end-to-end procurement, manufacturing and logistics operations into the newly formed Bearing Operations and formed a new structure for product and business development.

Entering the second quarter 2016, we expect sequentially slightly higher demand for the Group's products and services, driven mainly by Asia and North America.

Atrik Danielson
President and CEO

Key figures

Key figures	Q1 2016	Q1 2015
Net sales, SEKm	17 720	19 454
Operating profit excl. one-time items, SEKm	1 972	2 376
Operating margin excl. one-time items, %	11.1	12.2
One-time items in operating profit, SEKm	-97	-655
Operating profit, SEKm	1 875	1 721
Operating margin, %	10.6	8.8
Profit before taxes excl. operating and financial one-time items, SEKm	1 755	2 167
Profit before taxes, SEKm	1 658	1 592
Net cash flow after investments before financing, SEKm	510	988

Net sales change y-o-y, %:	Organic	Structure	Currency	Total
Q1 2016	-6.1	-0.8	-2.0	-8.9

Organic sales change in local currencies, per region y-o-y, %:	Europe	North America	Latin America	Asia	Middle East & Africa
Q1 2016	-1.9	-11.0	-3.1	-9.3	1.0

Outlook for the second quarter 2016

Demand compared to the second quarter 2015:

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

Demand compared to the first quarter 2016:

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

Sales

Business Areas	Q1			Total
	Organic	Structure	Currency	
Net sales, change y-o-y, %:				
Industrial Market	-9.3	-0.5	-2.2	-12.0
Automotive Market	-0.2	0.0	-2.3	-2.5
Specialty Business	-3.3	-4.0	-0.4	-7.7

Business Areas	Q1				
	Europe	North America	Latin America	Asia	Middle East & Africa
Organic sales in local currencies, change y-o-y:					
Industrial Market	--	---	+/-	---	+/-
Automotive Market	+++	---	--	+	+++
Specialty Business	--	---	+++	--	---

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 service market	++	--	+/-	--	+/-
Trucks	++	---		+++	
Two-wheelers and electrical	--			---	
Other industry	-	--		+++	

Comments on organic sales in local currencies in Q1 2016, compared to Q1 2015

Europe

Industrial: Overall, sales were lower in the quarter. By industry, sales to industrial distribution, the railway industry as well as to the heavy and special industries were slightly lower. Sales to industrial general and to the energy industry were lower and significantly lower respectively.

Automotive: Sales in the quarter were significantly higher compared to last year with significantly higher sales to the cars and light trucks industry and higher sales to the vehicle service market and to customers in the heavy trucks industry.

North America

Industrial: Sales were significantly lower in the quarter compared to Q1 2015. Sales to the railway industry were slightly lower and sales to the heavy and special industry were lower while sales to all other industries were significantly lower compared to Q1 last year.

Automotive: Sales in the quarter were significantly lower, including significantly lower sales to both the truck industry and the cars and light trucks industry and lower sales to the vehicle service market.

Asia

Industrial: Sales were significantly lower in the quarter. By industry, sales to the energy industry were lower, while sales to all other industries were significantly lower compared to the first quarter of 2015.

Automotive: Sales were slightly higher compared to Q1 2015. Sales were significantly higher to the truck industry relatively unchanged to the cars and light trucks industries and lower to the vehicle service market.

Latin America

Industrial: Overall, sales volumes were relatively unchanged in the quarter. Sales to the energy and railway industries were significantly higher while volumes to the heavy and special industries were slightly lower. Sales to industrial distribution were lower and sales to the industrial, general industries were significantly lower.

Automotive: Sales were lower in the quarter. Volumes for the vehicle service aftermarket were relatively unchanged while sales to the truck industry were lower and sales to the car and light trucks industry were significantly lower compared to Q1 2015.

Financial performance

Operating profit in the first quarter included one-time items of -97 million (-655), related to cost-reduction programmes primarily in the USA, Germany and Italy. One-time items in the first quarter 2015 of -655 million included -535 million for cost-reduction programmes, and the remaining related to write-offs of assets.

Operating profit bridge, SEKm	Q1
2015	1 721
One-time items at 2015 exchange rates	559
Organic sales in local currency	-400
Currency impact	-30
Savings from the cost reduction programme	250
Other impacts	-208
Divested/acquired co's i.e. net divestment	-17
2016	1 875

Other impacts in the first quarter included general inflation and the negative impact of lower manufacturing volumes compared to the first quarter 2015.

- The benefits from the cost reduction initiatives implemented during 2015 now started to materialize. In the first quarter the savings from these activities amounted to 250 million.
- The financial net in the first quarter was -217 million (-129). 2015 included a realized gain of 80 million relating to the sale of equity securities.
- Total taxes in the first quarter was -514 million (-427), giving an effective tax rate of 31.0% (26.8%). The tax rate in the first quarter was negatively impacted by tax losses carried forward created in the quarter and not recognized as tax assets.
- Cash flow after investments before financing for the first quarter was +510 million (+988), year over year negatively impacted mainly by the lower operating profit.
- Net working capital in per cent of annual sales was 28.2% in the first quarter compared to 32.1% in the first quarter 2015. The ratio was positively impacted by exchange rate changes.
- Provisions for post-employment benefits increased in the first quarter 2016 by 1 371 million (increase 1 770) of which 1 429 million (1 403) was a result of lower discount rates primarily in Germany, US and UK.

Key figures

	31 March 2016	31 December 2015	31 March 2015
Net working capital, % of annual sales	28.2	27.1	32.1
ROCE for the 12-month period, %	11.2	10.9	12.6
Net debt/equity, %	105.7	99.9	122.2
Net debt/EBITDA	2.8	2.7	3.2

Business Areas

SEKm unless otherwise stated

Industrial Market	Q1/2016	Q1/2015
Net sales	10 307	11 565
Operating profit	1 261	1 336
Operating margin, %	12.2	11.6
One-time items	-47	-458
Operating profit excl. one-time items	1 308	1 794
Operating margin excl. one-time items, %	12.7	15.5
Automotive Market	Q1/2016	Q1/2015
Net sales	4 912	5 074
Operating profit	314	110
Operating margin, %	6.4	2.2
One-time items	-49	-156
Operating profit excl. one-time items	363	266
Operating margin excl. one-time items, %	7.4	5.2
Specialty Business	Q1/2016	Q1/2015
Net sales	2 493	2 700
Operating profit	300	275
Operating margin, %	12.0	10.2
One-time items	-1	-41
Operating profit excl. one-time items	301	316
Operating margin excl. one-time items, %	12.1	11.7

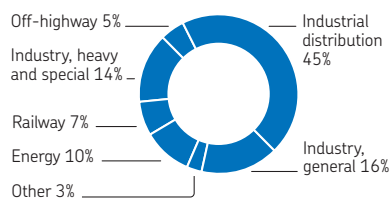
Guidance Q2 2016

- Financial net: -250 million
- Currency impact on the operating profit is expected to be around -300 million compared to Q2 2015.

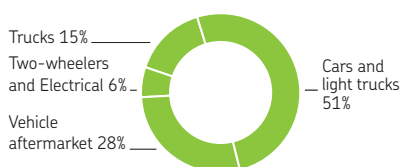
Guidance 2016

- Tax level: below 30%
- Additions to property, plant and equipment: around 2 000 million

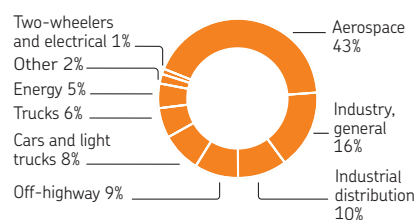
**Net sales by customer industry
Industrial Market**



**Net sales by customer industry
Automotive Market**



**Net sales by customer industry
Specialty Business**



Highlights

In order to simplify and further drive organic sales growth and improve profitability, SKF adjusted its structure to four areas; Industrial Sales Americas, Industrial Sales Europe and MEA, Industrial Sales Asia and Automotive and Aerospace. In addition, the responsibility for end-to-end procurement, manufacturing and logistics is combined into the newly formed Bearing Operations and a new structure for Business and Product Development is formed.

Ericsson, SKF and Chalmers University announced the launch of 5G Enabled Manufacturing (5GEM). It is a two-year project aimed at combining the next generation mobile technology, 5G, with manufacturing technologies.

SKF opened a production facility for seals in Zapopan, Mexico. It is located near the Group's existing sealing solutions factory in Guadalajara, allowing for continued expansion of production, predominantly for automotive original equipment manufacturers in North America.

SKF signed an agreement to divest its fly-by-wire business to LORD Corporation, a diversified technology and manufacturing company serving the aerospace industry, based in Cary, North Carolina, USA. The total consideration of the divestment is EUR 39 million, on a cash- and debt-free basis.

New business

SKF signed an agreement that extends its long-term collaboration with Valmet. SKF will supply bearings, units and lubrication systems to Valmet, the global supplier of technologies, automation and services for the pulp, paper and energy industries.

SKF supplied FCA Group with solutions for their compact SUV model, the Jeep Renegade. The products supplied are wheel hub bearing units for front and rear wheels, shock absorber seals, transmission seals and engine seals.

SKF supplied wheel hub bearing units for pick-up trucks as part of a six-year agreement worth SEK 170 million annually to one of the world's largest global car manufacturers.

SKF received a 4-year contract worth SEK 70 million from a big player in the pulp and paper segment in Brazil. The contract includes supply of integrated solutions to achieve the best rotating equipment performance.

SKF signed a 5-year contract with Gamesa do Brasil for the supply of Slewing Ring Bearings for their wind turbine generator business. SKF will have a majority share of the business supplied from its new facility in Cajamar (Sao Paolo).

SKF signed a supply agreement with a global supplier of wind turbine gearboxes based in Europe for a new application worth over SEK 90 million.

SKF won additional business with the world's largest port crane manufacturer, Chinese Shanghai Zhenhua Heavy Industries., Ltd. SKF will deliver bearings, condition monitoring and service solutions to Zhenhua and its customer PSA, a worldwide terminal operator with its main port in Singapore.

SKF received a one year contract regarding supply of axleboxes and journal bearings from one of Central Europe's largest railway wheelset manufacturer.

SKF secured lubrication management system and bearing contracts with the Las Bambas mine in Peru. The forecast is to produce approximately 400 000 tonnes of copper annually once fully operational in 2017, Las Bambas will be the third largest copper mine in the world.

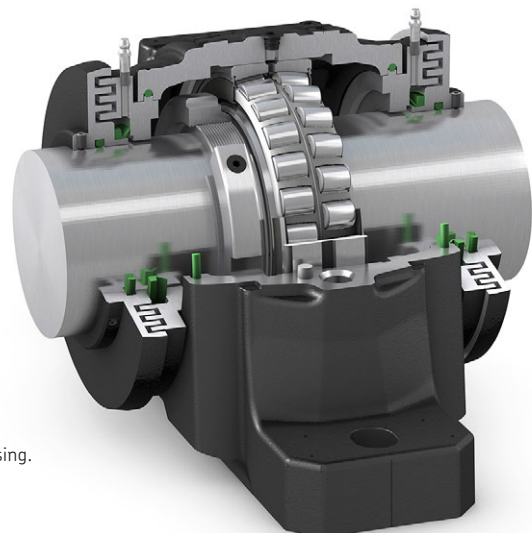
SKF supplied equipment for vibration measurement online at Iggesund Mill, which is part of the Holmen Group. The new investment in IMX-s, which is SKF's standard system for online vibration measurement, monitors critical process equipment on the pulp line at Iggesund Mill.

New products

SKF developed a mobile and cloud based data collection, analysis and support system to suit the needs of the global wind energy industry. SKF Enlight, is designed to improve inspection efficiency and reduce costs for frontline maintenance teams, and to provide operators with rich, real time data on turbine performance and reliability.

SKF launched a new device, the SKF Turbulo Sludge Buoy, for fast and easy separation of oil and water in tanks in marine and offshore applications.

SKF introduced a new app for its proven SKF Drive-up Method for mounting bearings. It enables the user to achieve accurate adjustment of spherical roller and CARB toroidal roller bearings mounted on tapered seatings.



SKF Taconite Seal in housing.



SKF supplies FCA Group with solutions for their compact SUV model, the Jeep Renegade. The products supplied are wheel hub bearing units for front and rear wheels, shock absorber seals, transmission seals and engine seals.



Previous outlook statement

Demand compared to the first quarter 2015

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

Demand compared to the fourth quarter 2015

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

Subsequent events

SKF has signed an agreement, subject to regulatory approvals, to divest its Kaydon velocity control business to Stabilus, a global supplier to the automotive and industrial markets. Stabilus develops and produces electromechanical drives, as well as gas springs and hydraulic dampers. The company has its operational headquarters in Koblenz, Germany and is listed on the SDAX index of the Frankfurt Stock Exchange.

The total consideration of the transaction is USD 339 million, on a cash- and debt-free basis, and it is expected to close during the summer of 2016.

The Kaydon velocity control business, which includes the ACE, Hahn Gasfedern, Fabreeca and TechProducts brands, had sales in 2015 of approximately USD 120 million, total assets of USD 450 million and 550 employees.

Combined with the divestment of the fly-by-wire business the cash flow from these two divestments, net after tax payment is estimated at around SEK 2 800 million. The net income effect is estimated at around SEK -350 million which refer primarily to tax costs. These net income effects are expected to be reflected in the second quarter.

Accounting principles

The consolidated financial statements of the SKF Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The SKF Group applies the same accounting principles and methods of computation in the interim financial statements as compared with the latest annual report. No amended IFRS effective 2016 are expected to have a material impact on the SKF Group's financial statements.

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 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 antitrust rules. SKF and other bearing manufacturers are subject to an investigation in Brazil by the General Superintendence of the Administrative Council for Economic Defense regarding an alleged violation of antitrust rules. An enquiry has been initiated by the Competition Commission of India against several different companies, including SKF, regarding an alleged violation of antitrust rules in India. Moreover, SKF is subject to related class action claims by direct and indirect purchasers of bearings in the United States and may face additional follow-on civil actions by both direct and indirect purchasers. Peugeot S.A., and several of its group companies, have initiated a lawsuit, with a claim for damages, against bearing manufacturers, including SKF, that were part of the settlement decision by the European Commission for violation of European competition rules.

Gothenburg, 28 April 2016
Aktiebolaget SKF (publ)

Alrik Danielson
President and CEO

Condensed consolidated income statements

SEKm	Jan-Mar 2016	Jan-Mar 2015
Net sales	17 720	19 454
Cost of goods sold	-13 305	-14 652
Gross profit	4 415	4 802
Selling and administrative expenses	-2 516	-3 121
Other operating income/expenses, net	-24	40
Operating profit	1 875	1 721
Operating margin, %	10.6	8.8
Financial income and expense, net	-217	-129
Profit before taxes	1 658	1 592
Taxes	-514	-427
Net profit	1 144	1 165
Net profit attributable to		
Shareholders of the parent	1 091	1 120
Non-controlling interests	53	45

Condensed consolidated statements of comprehensive income

SEKm	Jan-Mar 2016	Jan-Mar 2015
Net profit	1 144	1 165
Items that will not be reclassified to the income statement		
Remeasurements	-1 428	-1 403
Income taxes	416	400
	-1 012	-1 003
Items that may be reclassified to the income statement		
Exchange differences arising on translation of foreign operations	-291	1 270
Available-for-sale assets	-128	-7
Cash-flow hedges	-	24
Income taxes	14	99
	-405	1 386
Other comprehensive income, net of tax	-1 417	383
Total comprehensive income	-273	1 548
Shareholders of AB SKF	-295	1 355
Non-controlling interests	22	193

Condensed consolidated balance sheets

SEKm	March 2016	December 2015
Goodwill	11 879	12 078
Other intangible assets	9 035	9 407
Property, plant and equipment	15 123	15 303
Deferred tax assets	3 639	3 185
Other non-current assets	1 454	1 607
Non-current assets	41 130	41 580
Inventories	14 719	14 519
Trade receivables	12 386	11 777
Other current assets	3 742	3 357
Other current financial assets	8 778	8 500
Current assets	39 625	38 153
Total assets	80 755	79 733
Equity attributable to shareholders of AB SKF	24 528	24 815
Equity attributable to non-controlling interests	1 467	1 467
Long-term financial liabilities	22 036	22 383
Provisions for post-employment benefits	14 433	13 062
Provisions for deferred taxes	1 212	1 373
Other long-term liabilities and provisions	1 364	1 302
Non-current liabilities	39 045	38 120
Trade payables	6 173	5 671
Short-term financial liabilities	1 290	1 442
Other short-term liabilities and provisions	8 252	8 218
Current liabilities	15 715	15 331
Total equity and liabilities	80 755	79 733

Condensed consolidated statements of changes in shareholders' equity

SEKm	Jan-Mar 2016	Jan-Mar 2015
Opening balance 1 January	26 282	24 404
Total comprehensive income	-273	1 548
Cost for performance share programmes, net	10	12
Total cash dividends	-24	-
Closing balance	25 995	25 964

Condensed consolidated statements of cash flow

SEKm	Jan-Mar 2016	Jan-Mar 2015
Operating activities:		
Operating profit	1 875	1 721
Depreciation, amortization and impairment	578	602
Net loss/gain (-) on sales of PPE and businesses	3	-2
Taxes	-320	-321
Other including non-cash items	-327	193
Changes in working capital	-880	-789
Net cash flow from operations	929	1 404
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	-421	-567
Sales of PPE, businesses and equity securities	2	151
Net cash flow used in investing activities	-419	-416
Net cash flow after investments before financing	510	988
Financing activities:		
Change in short- and long-term loans	-140	4
Other financial items	19	-822
Cash dividends	-24	-
Investments in short-term financial assets	-132	-131
Sales of short-term financial assets	149	76
Net cash flow used in financing activities	-128	-873
Net cash flow	382	115
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 January	7 218	5 920
Cash effect excl. acquired/sold businesses	382	97
Cash effect of acquired/sold businesses	-	18
Exchange rate effect	-22	213
Cash and cash equivalents at 31 March	7 578	6 248

Change in net debt	Closing balance 31 March 2016	Cash change	Businesses acquired/sold	Other non cash changes	Translation effect	Opening balance 1 January 2016
Loans, long- and short-term	21 504	-140	-	10	285	21 349
Post-employment benefits, net	14 382	-261	-	1 697	-64	13 010
Financial assets, others	-838	18	-	-3	19	-872
Cash and cash equivalents	-7 578	-382	-	0	22	-7 218
Net debt	27 470	-765	-	1 704	262	26 269

Number of shares

	31 March 2016	31 March 2015
Total number of shares:	455 351 068	455 351 068
- whereof A shares	36 298 533	37 649 081
- whereof B shares	419 052 535	417 701 987
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

Amounts in SEKm unless otherwise stated

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/2016
Net sales	19 454	19 961	18 367	18 215	17 720
Cost of goods sold	-14 652	-14 768	-13 849	-14 214	-13 305
Gross profit	4 802	5 193	4 518	4 001	4 415
Gross margin, %	24.7	26.0	24.6	22.0	24.9
Selling admin. expenses	-3 121	-2 910	-2 698	-2 874	-2 516
- as % of sales	16.0	14.6	14.7	15.8	14.2
Other, net	40	100	5	-88	-24
Operating profit	1 721	2 383	1 825	1 039	1 875
Operating margin, %	8.8	11.9	9.9	5.7	10.6
One-time items in operating profit	-655	-194	-151	-687	-97
Operating profit excl. one-times	2 376	2 577	1 976	1 726	1 972
Operating margin excl. one-times, %	12.2	12.9	10.8	9.5	11.1
Financial net	-129	-142	-477	-386	-217
Financial one-times	80	-	-130	-286	-
Profit before taxes	1 592	2 241	1 348	653	1 658
Profit margin before taxes, %	8.2	11.2	7.3	3.6	9.4
Profit before taxes excl. total one-times	2 167	2 435	1 629	1 626	1 755
Profit margin before taxes excl. total one-times, %	11.1	12.2	8.9	8.9	9.9
Taxes	-427	-535	-573	-225	-514
Net profit	1 165	1 706	775	428	1 144
Net profit attributable to					
Shareholders of the parent	1 120	1 662	724	374	1 091
Non-controlling interests	45	44	51	54	53

Reconciliation to profit before tax for the Group

SEKm	Q1/15	Q2/15	Q3/15	Q4/15	Q1/2016
Operating profit:					
Industrial Market	1 336	1 812	1 358	895	1 261
Automotive Market	110	279	209	-23	314
Specialty Business	275	292	258	167	300
Financial net	-129	-142	-477	-386	-217
Profit before taxes for the Group	1 592	2 241	1 348	653	1 658

Key figures (Definitions, see page 15)

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/2016
EBITA, SEKm	1 860	2 522	1 963	1 177	2 008
EBITDA, SEKm	2 323	3 104	2 400	1 999	2 453
Basic earnings per share, SEK	2.46	3.65	1.59	0.82	2.40
Diluted earnings per share, SEK	2.46	3.65	1.59	0.82	2.40
Dividend per share, SEK	-	5.50	-	-	-
NWC, % of annual sales	32.1	30.9	29.7	27.1	28.2
ROCE for the 12-month period, %	12.6	12.6	11.9	10.9	11.2
ROE for the 12-month period, %	19.9	21.2	17.9	15.7	15.5
Gearing, %	59.7	56.8	58.3	56.7	58.0
Equity/assets ratio, %	29.9	32.2	31.8	33.0	32.2
Net worth per share, SEK	54	54	53	54	54
Additions to property, plant and equipment, SEKm	433	576	557	497	376
Net debt/equity, %	122.2	113.4	114.2	99.9	105.7
Net debt, SEKm	31 739	29 514	29 390	26 269	27 471
Registered number of employees	48 356	47 579	47 051	46 635	45 926

Business Areas – quarterly and yearly figures

Amounts in SEKm unless otherwise stated

Industrial Market	Q1/15	Q2/15	Q3/15	Q4/15	Q1/2016
Net sales	11 565	11 832	11 079	10 803	10 307
Operating profit	1 336	1 812	1 358	895	1 261
Operating margin, %	11.6	15.3	12.3	8.3	12.2
One-time items	-458	3	-80	-329	-47
Operating profit excl. one-time items	1 794	1 809	1 438	1 224	1 308
Operating margin excl. one-time items, %	15.5	15.3	13.0	11.3	12.7
Assets and liabilities, net	28 542	27 704	27 155	25 709	25 863
Registered number of employees	22 367	21 856	21 592	21 399	20 910

Automotive Market	Q1/15	Q2/15	Q3/15	Q4/15	Q1/2016
Net sales	5 074	5 235	4 795	4 804	4 912
Operating profit	110	279	209	-23	314
Operating margin, %	2.2	5.3	4.4	-0.5	6.4
One-time items	-156	-92	-64	-182	-49
Operating profit excl. one-time items	266	371	273	159	363
Operating margin excl. one-time items, %	5.2	7.1	5.7	3.3	7.4
Assets and liabilities, net	9 186	9 318	8 887	8 380	8 582
Registered number of employees	13 957	13 790	13 671	13 574	13 385

Specialty Business	Q1/15	Q2/15	Q3/15	Q4/15	Q1/2016
Net sales	2 700	2 779	2 424	2 512	2 493
Operating profit	275	292	258	167	300
Operating margin, %	10.2	10.5	10.6	6.6	12.0
One-time items	-41	-105	-8	-175	-1
Operating profit excl. one-time items	316	397	266	342	301
Operating margin excl. one-time items, %	11.7	14.3	11.0	13.6	12.1
Assets and liabilities, net	17 920	16 364	16 016	15 783	15 502
Registered number of employees	8 627	8 547	8 510	8 410	8 343

Parent company condensed income statements

SEKm	Jan -Mar 2016	Jan -Mar 2015
Revenue	1 217	1 652
Cost of revenue	-1 036	-1 391
General management and administrative expenses	-359	-375
Other operating income/expenses, net	1	-6
Operating loss	-177	-120
Financial income and expense, net	1 171	142
Profit before taxes	994	22
Taxes	53	54
Net profit	1 047	76

Parent company condensed statements of comprehensive income

SEKm	Jan-Mar 2016	Jan-Mar 2015
Net profit	1 047	76
Items that may be reclassified to the income statement		
Available-for-sale-assets	-128	-7
Other comprehensive income, net of tax	-128	-7
Total comprehensive income	919	69

Parent company condensed balance sheets

SEKm	March 2016	March 2015
Intangible assets	1 772	1 757
Investments in subsidiaries	21 545	21 317
Receivables from subsidiaries	19 837	19 637
Other non-current assets	1 330	1 457
Non-current assets	44 484	44 168
Receivables from subsidiaries	2 636	3 589
Other receivables	134	119
Current assets	2 770	3 708
Total assets	47 254	47 876
Shareholders' equity	17 737	16 827
Untaxed reserves	179	179
Provisions	373	379
Non-current liabilities	19 961	19 761
Current liabilities	9 004	10 730
Total shareholders' equity, provisions and liabilities	47 254	47 876
Assets pledged	-	-
Contingent liabilities	17	17

Definitions

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.

Portion of risk-bearing capital

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

Equity/assets ratio

Equity as a percentage of total assets.

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.

Net debt

Loans and net provisions for post-employment benefits less short-term financial assets excluding derivatives.

Net debt/equity

Loans and net provisions for post-employment benefits less short-term financial assets excluding derivatives, as a percentage of equity.

Return on total assets

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

ROCE (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.

ROE (Return on equity)

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

NWC (Net working capital)

Trade receivables plus inventory minus trade payables as a per cent of a 12-month rolling net sales.

Operating margin

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

Basic earnings/loss per share in SEK

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

Registered number of employees

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

Average number of employees

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

Net worth per share (Equity per share)

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

Organic sales

Volume + price/mix.

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.

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; "Important factors influencing the financial results", "Financial risks" and "Sensitivity analysis", and in this full-year 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 2015 were SEK 75 997 million and the number of employees was 46 635.

**Further information can be obtained from
Investors and analysts**

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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 around 8.00 on 28 April 2016.

Conference call

28 April at 9.00 (CET), 8.00 (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 2016 on: investors.skf.com/quarterlyreporting

Calendar

21 July, Half-year report
26 October, Nine-month report