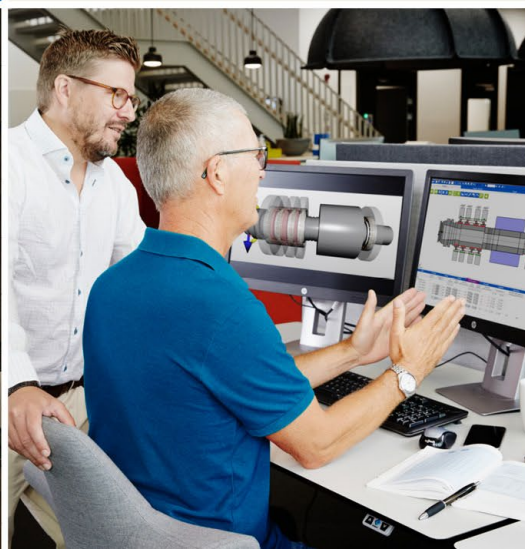




Nine-month report 2018

Press release 25 October



Record third-quarter result and continued strong cash flow



The third quarter developed as anticipated, with continued growth in both our industrial and automotive businesses. Sales grew organically by 7%, to stand at SEK 21.3 billion. Our operating profit was SEK 2.6 billion, 0.6 billion higher than last year and the highest operating profit we have ever recorded in a third quarter.

Cash flow was SEK 1.6 billion, compared to SEK 0.7 billion the previous year. This was supported by our continued efforts to reduce finished goods inventories, whilst maintaining good customer service levels.

The industrial business continues its strong performance, with an operating margin of 14% and organic growth of 9%. We saw significantly higher sales volumes in our three largest regions: Europe, North America and Asia, driven by continued broad-based investments and activities in most of the industries in which we operate.

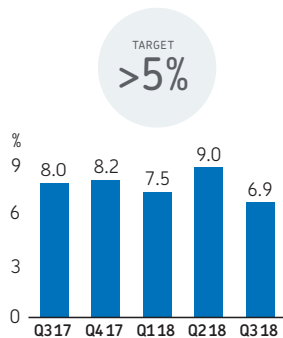
The automotive business delivered an operating margin of 7%. Despite a drop in European car sales, resulting from the implementation of new test cycles (WLTP) and a slow-down in truck sales in Asia the business delivered an organic sales growth of 2% in the quarter.

At the end of July we announced the divestment of our linear and actuation business for a total consideration of SEK 2.75 billion. The deal is expected to close during the fourth quarter. Following a total of eight divestments in the past three years, we have strengthened our financial position and focused our business portfolio. We continue to invest in research and development with a number of new market offerings being launched in the coming months, including solutions for the rail, food and beverage and agriculture industries.

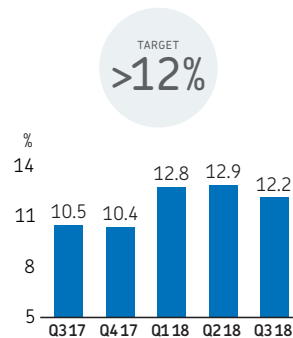
Entering the fourth quarter of 2018, we expect to see higher demand within industrial and slightly lower demand within automotive.

Alrik Danielson
President and CEO

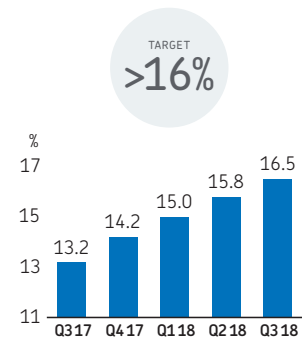
Organic sales growth



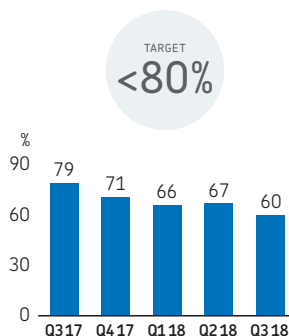
Operating margin



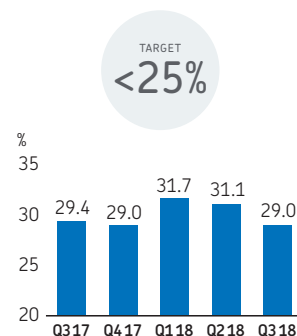
ROCE



Net debt/Equity



Net working capital/sales



Cover pictures are showing:

1. New generation of angular contact thrust ball bearings
2. Ultrasonic leak detection device
3. SKF Enlight QuickCollect in use
4. Passenger train bearing lasting 1.7 Mkm
5. SKF SimPro Spindle
6. Cartridges for Electric Compact Pump

Key figures

SEKm unless otherwise stated

Key figures	Q3 2018	Q3 2017	Jan-Sept 2018	Jan-Sept 2017
Net sales	21,341	18,627	64,521	58,457
Operating profit	2,597	1,965	8,147	6,575
Operating margin, %	12.2	10.5	12.6	11.2
Profit before taxes	2,344	1,692	7,552	5,874
Net cash flow after investments before financing	1,626	681	4,067	3,049
Basic earnings per share	3.35	2.29	11.37	7.89

Financial performance

Third quarter 2018

Operating profit for the third quarter was SEK 2,597 million (1,965). It was positively impacted by increased sales and manufacturing volumes, currency effects, sales prices and customer mix. Last year included SEK -190 million related to settlements with customers. Operating profit was negatively impacted by general inflation, material cost and import expenses.

Operating profit bridge, SEKm	Q3
2017	1,965
Operational performance ¹⁾	469
Currency impact	161
Divested/acquired companies, ie net divestment	2
2018	2,597

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

- Financial income and expense, net in the third quarter was SEK -253 million (-273). The financial net includes expenses related to the debt repurchase and issue of a new bond which had a net financial result of SEK -73 million in the quarter. Exchange rate fluctuations had a positive impact in the third quarter this year while it had a negative impact in last year.
- Taxes in the quarter were SEK -753 million (-586) resulting in an effective tax rate of 32.1% (34.6%). The tax in the third quarter was negatively impacted by withholding tax on dividends, excluding this the effective tax rate was 27.8%.
- Net cash flow after investment before financing in the third quarter was SEK 1,626 million (681). Excluding cash flow related to divestments and acquisitions during the third quarter it was SEK 1,593 million (880). The increase is mainly due to higher operating profit and lower working capital.
- Net working capital in percent of annual sales was 29.0% in the third quarter compared to 29.4% in the third quarter 2017. The ratio was negatively impacted by exchange rate differences.

Key figures

	30 Sept 2018	30 June 2018	30 Sept 2017
Net working capital, % of 12 months rolling sales	29.0	31.1	29.4
ROCE for the 12-month period, %	16.5	15.8	13.2
Net debt/equity, %	59.9	66.9	79.4
Net debt/EBITDA	1.6	1.9	2.1

Sales

Net sales, change y-o-y, %	Q3				Jan-Sept 2018			
	Organic	Structure	Currency	Total	Organic	Structure	Currency	Total
SKF Group	6.9	-0.1	7.8	14.6	7.9	-0.5	3.0	10.4
Industrial	9.2	-0.1	8.4	17.5	9.6	-0.7	3.4	12.3
Automotive	1.7	0.0	6.1	7.8	4.0	0.0	2.1	6.1

Organic sales in local currencies, change y-o-y, %	Q3					Jan-Sept 2018				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
SKF Group	6.0	8.2	-0.1	11.2	-10.0	7.5	5.6	-1.1	13.9	2.9
Industrial	+++	+++	+/-	+++	--	+++	+	-	+++	+
Automotive	+/-	++	+/-	+	---	+/-	++	+/-	+++	---

Customer industries	Q3					Jan-Sept 2018				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
Organic sales in local currencies, change y-o-y:										
Light vehicles	-	+++	---	++		+	++	--	+++	
Trucks	+++	+++	+++	---		+++	+++	+++	--	
Vehicle aftermarket	--	---	++	++	---	--	-	+/-	+++	---
Aerospace	+++	+++		--		+++	+++		++	
Industrial drives	+++	+++		+++		+++	+++		+++	
Energy	+	+++	---	+++		++	---	---	+	
Heavy industries	++	++	+/-	+++	+++	+++	++	++	+++	+++
Railway	+++	+++		+++		+++	+++		+++	
Agriculture, food and beverage	+++	+++		+++		+++	+++		+++	
Marine	+++					+++			+++	
Electrical	++			+++		+++			+++	
Other industrial	+/-	---		++		++	+/-		+/-	
Industrial distribution	++	+++	+	+++	-	+++	+/-	+	+++	++

Comments on organic sales in local currencies in Q3 2018, compared to Q3 2017

Europe

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

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

North America

Industrial: Sales were significantly higher in the quarter compared to Q3 2017. By industry, sales to industrial drives, aerospace, energy, agricultural, food and beverage, railway and industrial distribution were all significantly higher. Sales to heavy industries, were higher while sales to other industrial were significantly lower.

Automotive: Sales in the quarter were higher. Sales to the truck industry as well as to light vehicles were significantly higher while sales to the vehicle aftermarket were significantly lower.

Asia-Pacific

Industrial: Sales were significantly higher in the quarter. By industry, sales to industrial drives, energy, heavy industries, railway, electrical as well as to the agricultural, food and beverage industries and industrial distribution were all significantly higher. Sales to other industrial were higher and sales to aerospace were lower compared to Q3 2017.

Automotive: Sales were slightly higher compared to Q3 2017. Sales were higher to light vehicles and to the vehicle aftermarket and significantly lower to the truck industry.

Latin America

Industrial: Overall, sales were relatively unchanged in the quarter. By industry, sales to industrial distribution were slightly higher and sales to heavy industries were relatively unchanged while sales to the energy industry were significantly lower compared to Q3 2017.

Automotive: Sales were relatively unchanged in the quarter. Sales to the truck industry were significantly higher, sales to the vehicle aftermarket were higher and sales to light vehicles were significantly lower compared to Q3 2017.

Segment information¹⁾

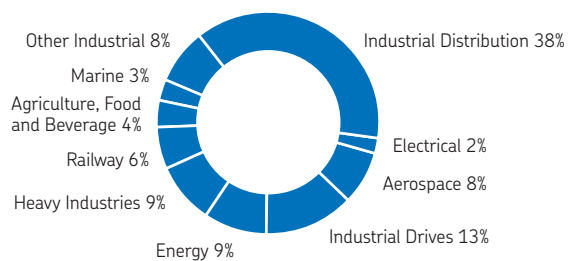
SEKm unless otherwise stated

Industrial	Q3/2018	Q3/2017	Jan-Sept 2018	Jan-Sept 2017
Net sales	15,208	12,938	45,379	40,411
Operating profit	2,181	1,744	6,651	5,541
Operating margin, %	14.3	13.5	14.7	13.7

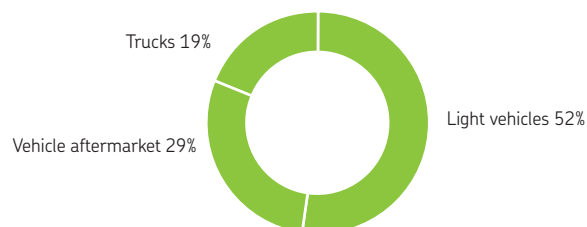
Automotive	Q3/2018	Q3/2017	Jan-Sept 2018	Jan-Sept 2017
Net sales	6,133	5,689	19,142	18,046
Operating profit	416	221	1,496	1,034
Operating margin, %	6.8	3.9	7.8	5.7

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

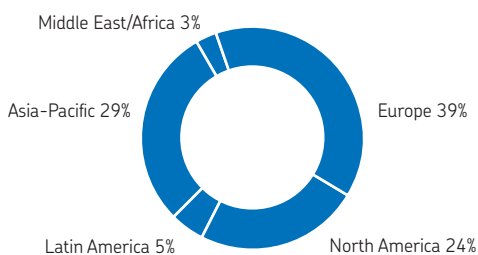
Net sales by customer industry for Industrial, Q3 2018



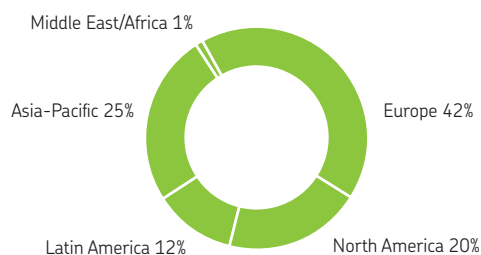
Net sales by customer industry for Automotive, Q3 2018



Net sales by region for Industrial, Q3 2018



Net sales by region for Automotive, Q3 2018



Outlook and Guidance

Demand for Q4 2018 compared to Q4 2017

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

Guidance Q4 2018

- Financial net: SEK -225 million
- Currency impact on the operating profit is expected to be relatively unchanged compared with 2017, based on exchange rates per 30 September 2018.

Guidance 2018

- Tax level excluding effect related to divested businesses: around 28%
- Additions to property, plant and equipment: around SEK 2,600 million. Previous guidance around SEK 2,400 million.

Previous outlook statement

Demand for Q3 2018 compared to Q3 2017

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

Highlights

Divestment of linear and actuation technology business

SKF has signed an agreement to divest its linear and actuation technology business to Triton. The total consideration of the deal is SEK 2.75 billion, on a cash- and debt free basis. It is expected to close during the end of 2018.

EUR 300 million bond

SKF has issued a EUR 300 million bond that matures 17 September 2025. It carries a fixed coupon interest rate of 1.25%. The proceeds of the issue were used for the refinancing of existing debt through the buy-back of parts of two outstanding bonds, maturing in 2019 and 2020, with coupon rates of 1.875% and 2.375%, respectively.

New products and solutions

SKF invests around SEK 2.5 billion in research and development annually. Below is a selection of newly introduced products and solutions that enhances the performance of our customers assets.

Remote monitor for automatic lubrication systems

SKF has introduced its LRM2 lubrication remote monitor that is compatible with oil or grease. It is designed for use with lubrication systems that cannot be checked daily.

Ultrasonic leak detection device

SKF has introduced its Ultrasonic Leak Detector TKSU 10. It is simple to operate and via its ultrasound measurement sensor it can identify leaks in compressed air or vacuum systems.

Water-lubricated sterntube solution

SKF has launched its new water-lubricated sterntube solution, Simplex BlueRun. It offers customers an environmentally friendly product range that conforms to VGP 2013 and PolarCode regulations.

New software for optimizing fin stabilizer operation

SKF has launched its new EcoMode software to improve a vessel's energy efficiency when fin stabilizers are in use.

New bilge water treatment and monitoring solutions

SKF has launched two new products from the bilge water treatment and monitoring solutions portfolio. Turbulo SolidMaster is designed to improve the de-oiling process of currently installed oily-water separator systems. Turbulo HycalLogger provides accurate records of the content of bilge discharges.

New bearing unit extends maintenance intervals

SKF has launched the new cylindrical roller bearing unit, Passenger bearing 1.7 Mkm. It is a sealed and greased unit that is developed to run 1.7 Mkm between maintenance intervals.

Newly designed Electric Compact Pump

SKF has launched its updated Electric Compact Pump (ECP) for single-line lubrication systems. It is available with both plastic reservoirs for easy refilling and prefilled cartridges.

New generation of angular contact thrust ball bearings

SKF has developed a new generation double direction angular contact thrust ball bearings for machine tools. The result is more precise machining within a shorter time at lower operating costs.

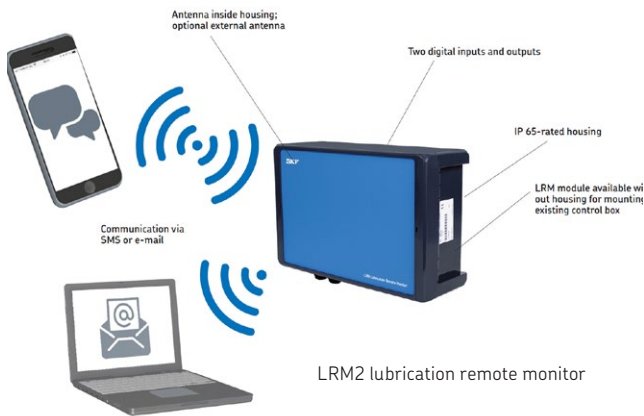
SKF SimPro Spindle

The new SimPro Spindle simulation tool is based on SKF's SimPro calculation software. It enables spindle designers to quickly identify the optimum bearing configuration for the planned application.

New business

Norwegian vessel chooses SKF Type Z stabilizers

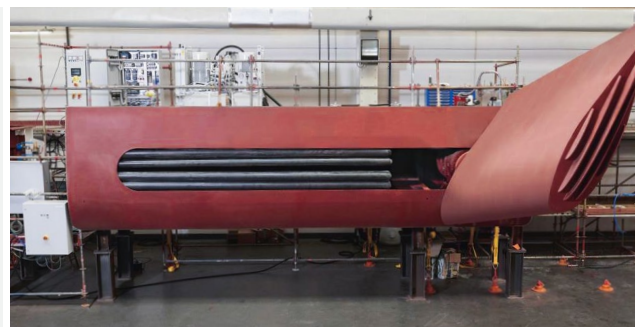
SKF has won a Euro 2.25 million order to deliver two pairs of retractable fin stabilizers, including novel dynamic stabilizer covers, for a Norwegian research expedition vessel.



Water-lubricated sterntube solution – Simplex BlueRun



Turbulo HycalLogger



SKF Type Z stabilizers

Accounting principles

Accounting principles

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

New accounting policies as of 1 January 2018

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

Revenue

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

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

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

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

Financial assets, impairment losses

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

Other new accounting principles issued but not yet effective

IFRS 16 Leases is effective as of 1 January 2019. The implementation of the new standard will have an impact on the financial statements for the Group, more information can be found in the annual report of 2017. The assessment of the full impact of the new standard is still ongoing. SKF will implement the new standard from 1 January, 2019. The modified retrospective method will be used.

Risks and uncertainties in the business

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

Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could limit the SKF Group's operations. The SKF Group is subject to both transaction and translation of currency exposure. For commercial flows the SKF Group is primarily exposed to the EUR, USD and CNY. As the major part of the profit is made outside Sweden, the Group is also exposed to translational risks in all the major currencies. The financial position of the parent company is dependent on the financial position and development of the subsidiaries. A general decline in the demand for the products and services provided by the Group could mean lower residual profits and lower dividend income

for the parent company, as well as a need for writing down values of the shares in the subsidiaries.

SKF and other companies in the bearing industry are part of an investigation by the US Department of Justice regarding a possible violation of anti-trust rules. SKF is subject to two investigations in Brazil by the General Superintendence of the Administrative Council for Economic Defense, one investigation regarding an alleged violation of antitrust rules concerning bearing manufacturers, and another investigation regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil. An enquiry has been initiated by the Competition Commission of India against several different companies, including SKF, regarding an alleged violation of antitrust rules in India. Moreover, SKF is subject to related class action claims by direct and indirect purchasers of bearings in the United States and may face additional follow-on civil actions by both direct and indirect purchasers. Daimler AG has initiated a lawsuit against SKF GmbH with a claim for damages as a consequence of the settlement decision by the European Commission for violation of European competition rules.

Gothenburg, 25 October 2018
Aktiebolaget SKF (publ)
Alrik Danielson
President and CEO

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

Condensed consolidated income statements

SEKm	July-Sept 2018	July-Sept 2017	Jan-Sept 2018	Jan-Sept 2017
Net sales	21,341	18,627	64,521	58,457
Cost of goods sold	-16,132	-14,066	-48,339	-43,822
Gross profit	5,209	4,561	16,182	14,635
Selling and administrative expenses	-2,753	-2,583	-8,282	-8,050
Other operating income/expenses, net	141	-13	247	-10
Operating profit	2,597	1,965	8,147	6,575
Operating margin, %	12.2	10.5	12.6	11.2
Financial income and expense, net	-253	-273	-595	-701
Profit before taxes	2,344	1,692	7,552	5,874
Taxes	-753	-586	-2,150	-2,077
Net profit	1,591	1,106	5,402	3,797
Net profit attributable to:				
Shareholders of the parent	1,524	1,044	5,177	3,597
Non-controlling interests	67	62	225	200

Condensed consolidated statements of comprehensive income

SEKm	July-Sept 2018	July-Sept 2017	Jan-Sept 2018	Jan-Sept 2017
Net profit	1,591	1,106	5,402	3,797
Items that will not be reclassified to the income statement:				
Remeasurements	408	218	651	778
Income taxes	-106	-78	-167	-237
	302	140	484	541
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	-1,050	-765	774	-1,648
Available-for-sale assets	-48	0	5	-38
Cash-flow hedges	-5	1	4	0
Income taxes	-10	-11	61	1
	-1,113	-775	844	-1,685
Other comprehensive income, net of tax	-811	-636	1,328	-1,144
Total comprehensive income	780	471	6,730	2,653
Shareholders of AB SKF	811	480	6,548	2,578
Non-controlling interests	-31	-9	182	75

Condensed consolidated balance sheets

SEKm	September 2018	December 2017
Goodwill	10,483	9,995
Other intangible assets	7,511	7,365
Property, plant and equipment	16,247	15,762
Deferred tax assets	3,536	3,633
Other non-current assets	1,870	1,627
Non-current assets	39,647	38,382
Inventories	17,984	17,122
Trade receivables	14,344	13,416
Other current assets	5,469	3,664
Other current financial assets	8,036	8,619
Current assets	45,833	42,821
Total assets	85,480	81,203
Equity attributable to shareholders of AB SKF	32,107	28,036
Equity attributable to non-controlling interests	1,874	1,787
Long-term financial liabilities	14,765	15,790
Provisions for post-employment benefits	11,799	12,309
Provisions for deferred taxes	1,223	1,100
Other long-term liabilities and provisions	1,841	1,662
Non-current liabilities	29,628	30,861
Trade payables	7,935	7,899
Short-term financial liabilities	2,782	2,718
Other short-term liabilities and provisions	11,154	9,902
Current liabilities	21,871	20,519
Total equity and liabilities	85,480	81,203

Condensed consolidated statements of changes in shareholders' equity

SEKm	Jan-Sept 2018	Jan-Sept 2017
Opening balance 1 January	29,823	27,683
Total comprehensive income	6,730	2,653
Cost for performance share programmes, net	29	86
Other, including transactions with non-controlling interests	-2	1
Total cash dividends	-2,599	-2,550
Closing balance	33,981	27,873

Condensed consolidated statements of cash flow

SEKm	July-Sept 2018	July-Sept 2017	Jan-Sept 2018	Jan-Sept 2017
Operating activities:				
Operating profit	2,597	1,965	8,147	6,575
Depreciation, amortization and impairment	575	543	1,718	1,700
Net loss/gain (-) on sales of PPE and businesses	-153	1	-205	-41
Taxes	-877	-653	-2,056	-1,768
Other including non-cash items	-360	-272	-55	-774
Changes in working capital	244	-132	-1,916	-1,697
Net cash flow from operations	2,026	1,452	5,633	3,995
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-688	-576	-1,958	-1,703
Sales of PPE, businesses and equity securities	288	-195	392	757
Net cash flow used in investing activities	-400	-771	-1,566	-946
Net cash flow after investments before financing	1,626	681	4,067	3,049
Financing activities:				
Change in short- and long-term loans	803	-11	-1,581	-3,036
Other financing items	-379	-520	-381	-1,297
Cash dividends	-49	-33	-2,599	-2,550
Investments in short-term financial assets	-518	-145	-980	-911
Sales of short-term financial assets	345	130	704	814
Net cash flow used in financing activities	202	-579	-4,837	-6,980
Net cash flow	1,828	102	-770	-3,931
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 July/1 January	4,594	5,779	7,112	9,939
Cash effect excl. acquired/sold businesses	1,828	102	-770	-3,921
Cash effect of acquired/sold businesses	0	0	0	-10
Exchange rate effect	-58	-90	22	-217
Cash and cash equivalents at 30 September	6,364	5,791	6,364	5,791

	Closing balance 30 September 2018	Other non cash changes	Cash changes	Translation effect	Opening balance 1 January 2018
Change in Net debt					
Loans, long- and short-term	16,560	-7	-1,581	669	17,479
Post-employment benefits, net	11,739	-454	-594	558	12,229
Financial assets, others	-1,567	-	-287	42	-1,322
Cash and cash equivalents	-6,364	-	770	-22	-7,112
Net debt	20,368	-461	-1,692	1,247	21,274

Financing activities to hedge short and long term loans using derivatives are reported as Other financing items. The opening balances amounted to SEK -607 million as of 1 July 2018 and the closing balance as of 30 September 2018 amounted to SEK -340 million. Of the change in the quarter, SEK 350 million effected cash and SEK -83 million was a non cash change.

Number of shares

	July-Sept 2018	July-Sept 2017	Jan-Sept 2018	Jan-sept 2017
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	33,355,803	35,643,181	33,355,803	35,643,181
- whereof B shares	421,995,265	419,707,887	421,995,265	419,707,887
Weighted average number of shares in:				
- basic earnings per share	455,351,068	455,351,068	455,351,068	455,351,068
- diluted earnings per share	455,912,549	455,625,407	455,912,549	455,534,817

Condensed consolidated financial information

SEKm unless otherwise stated

	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
Net sales	18,732	19,601	20,229	18,627	19,481	20,560	22,620	21,341
Cost of goods sold	-14,337	-14,627	-15,129	-14,066	-14,691	-15,312	-16,895	-16,132
Gross profit	4,395	4,974	5,100	4,561	4,790	5,248	5,725	5,209
Gross margin, %	23.5	25.4	25.2	24.5	24.6	25.5	25.3	24.4
Selling and administrative expenses	-2,834	-2,691	-2,776	-2,583	-2,762	-2,700	-2,829	-2,753
- as % of sales	15.1	13.7	13.7	13.9	14.2	13.1	12.5	12.9
Other, net	25	12	-9	-13	-11	77	29	141
Operating profit	1,586	2,295	2,315	1,965	2,017	2,625	2,925	2,597
Operating margin, %	8.5	11.7	11.4	10.5	10.4	12.8	12.9	12.2
Financial net	-210	-170	-258	-273	-233	-200	-142	-253
Profit before taxes	1,376	2,125	2,057	1,692	1,784	2,425	2,783	2,344
Profit margin before taxes, %	7.3	10.8	10.2	9.1	9.2	11.8	12.3	11.0
Taxes	-406	-654	-837	-586	179	-638	-759	-753
Net profit	970	1,471	1,220	1,106	1,963	1,787	2,024	1,591
Net profit attributable to								
Shareholders of the parent company	889	1,408	1,145	1,044	1,878	1,719	1,935	1,524
Non-controlling interests	81	63	75	62	85	68	89	67

Reconciliation to profit before tax for the Group

SEKm	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
Operating profit:								
Industrial ¹⁾	1,327	1,879	1,918	1,744	1,719	2,140	2,330	2,181
Automotive ¹⁾	259	416	397	221	298	485	595	416
Financial net	-210	-170	-258	-273	-233	-200	-142	-253
Profit before taxes for the Group	1,376	2,125	2,057	1,692	1,784	2,425	2,783	2,344

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

Key figures

(Definitions, see page 15)

	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
EBITA, SEKm	1,702	2,419	2,437	2,076	2,132	2,739	3,044	2,717
EBITDA, SEKm	2,209	2,877	2,890	2,508	2,641	3,193	3,500	3,173
Basic earnings per share, SEK	1.95	3.09	2.51	2.29	4.12	3.77	4.25	3.35
Diluted earnings per share, SEK	1.95	3.09	2.51	2.29	4.12	3.77	4.25	3.34
Dividend per share, SEK	–	–	5.50	–	–	–	5.50	–
Net worth per share, SEK	57	61	57	58	62	68	69	71
Share price at the end of the period, SEK	167.6	177.3	170.7	177.5	182.2	170.5	166.7	175.4
NWC, % of 12 months rolling sales	30.0	30.9	29.8	29.4	29.0	31.7	31.1	29.0
ROCE for the 12-month period, %	11.9	12.5	13.3	13.2	14.2	15.0	15.8	16.5
ROE for the 12-month period, %	16.5	17.4	18.7	17.3	20.4	21.0	22.7	23.1
Gearing, %	55.3	52.9	52.5	50.9	49.9	48.3	46.0	45.4
Equity/assets ratio, %	33.0	34.5	34.3	35.5	36.7	38.2	38.7	39.8
Additions to property, plant and equipment, SEKm	632	616	464	531	632	621	537	656
Net debt/equity, %	84.4	76.0	85.7	79.4	71.3	66.4	66.9	59.9
Net debt, SEKm	23,357	22,465	23,466	22,143	21,274	21,889	22,238	20,368
Net debt/EBITDA	2.4	2.2	2.2	2.1	1.9	1.9	1.9	1.6
Registered number of employees	44,868	45,115	44,966	45,554	45,678	45,964	45,862	45,914

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

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

Segment information – quarterly figures¹⁾

SEKm unless otherwise stated

Industrial	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
Net sales	13,055	13,463	14,010	12,938	13,464	14,241	15,930	15,208
Operating profit	1,327	1,879	1,918	1,744	1,719	2,140	2,330	2,181
Operating margin, %	10.2	14.0	13.7	13.5	12.8	15.0	14.6	14.3
Assets and liabilities, net	39,491	40,106	37,845	36,662	37,751	40,250	41,603	39,957
Registered number of employees	37,128	37,341	37,067	37,581	37,690	37,922	37,854	37,851

Automotive	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
Net sales	5,677	6,138	6,219	5,689	6,017	6,319	6,690	6,133
Operating profit	259	416	397	221	298	485	595	416
Operating margin, %	4.6	6.8	6.4	3.9	5.0	7.7	8.9	6.8
Assets and liabilities, net	9,311	10,064	9,719	9,413	9,275	10,004	10,338	10,166
Registered number of employees	6,905	6,982	7,105	7,171	7,165	7,226	7,212	7,257

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

Parent company condensed income statements

SEKm	July-Sept 2018	July-Sept 2017	Jan-Sept 2018	Jan-Sept 2017
Revenue	1,419	1,151	5,390	4,663
Cost of revenue	-2,133	-875	-4,428	-2,989
General management and administrative expenses	-347	-412	-1,026	-1,407
Other operating income/expenses, net	0	-47	-4	-42
Operating result	-1,061	-183	-68	225
Financial income and expense, net	946	889	2,902	1,551
Profit before taxes	-115	706	2,834	1,776
Taxes	273	52	74	-1
Net profit	158	758	2,908	1,775

Parent company condensed statements of comprehensive income

SEKm	July-Sept 2018	July-Sept 2017	Jan-Sept 2018	Jan-Sept 2017
Net profit	158	758	2,908	1,775
Items that may be reclassified to the income statement:				
Available-for-sale assets	-49	-	4	-38
Other comprehensive income, net of tax	-49	-	4	-38
Total comprehensive income	109	758	2,912	1,737

Parent company condensed balance sheets

SEKm	September 2018	December 2017
Intangible assets	1,874	1,901
Investments in subsidiaries	21,707	22,349
Receivables from subsidiaries	13,759	14,705
Other non-current assets	1,291	973
Non-current assets	38,631	39,928
Receivables from subsidiaries	4,584	6,181
Other receivables	103	157
Current assets	4,687	6,338
Total assets	43,318	46,266
Shareholders' equity	19,730	19,278
Untaxed reserves	24	24
Provisions	558	566
Non-current liabilities	13,767	14,705
Current liabilities	9,239	11,693
Total shareholders' equity, provisions and liabilities	43,318	46,266

Definitions

Average number of employees

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

Basic earnings/loss per share in SEK

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

Currency impact on operating profit

The effects of both translation and transaction flows based on current assumptions and exchange rates and compared to the corresponding period last year.

Debt

Loans and net provisions for post-employment benefits.

Diluted earnings per share

Diluted earnings per share is calculated using the weighted average number of shares outstanding during the period adjusted for all potential dilutive ordinary shares.

EBITA (Earnings before interest, taxes and amortization)

Operating profit before amortizations.

EBITDA (Earnings before interest, taxes, depreciation and amortization)

Operating profit before depreciations, amortizations, and impairments.

Equity/assets ratio

Equity as a percentage of total assets.

Gearing

Debt as a percentage of the sum of debt and equity.

Net debt

Debt less short-term financial assets excluding derivatives.

Net debt/EBITDA

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

Net debt/equity

Net debt, as a percentage of equity.

Net worth per share (Equity per share)

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

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

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

Operating margin

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

Operational performance

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

Organic sales

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

Registered number of employees

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

Return on capital employed (ROCE)

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

Return on equity (ROE)

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

SKF demand outlook

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

Cautionary statement

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

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



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SKF sponsors the French Federation of Cycling for the 2018-2019 Track Cycling World Cup.

This is SKF

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

Quick fact

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

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www.skf.com
Company reg.no. 556007-3495

Vision

SKF works to reduce friction, make things run faster, longer, cleaner and more safely. Doing this in the most effective, productive and sustainable way contributes to the vision – A world of reliable rotation.

Mission

To be the undisputed leader in the bearing business.

Strategic priorities

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

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

For further information, please contact

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Conference call

25 October at 14.00 (CEST), 13.00 (UK),
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UK: +44 (0)330 336 9411
US: +1 929 477 0402
Website: <http://investors.skf.com/en/result-centre>

Webcast access on mobile devices

For access to the live and on demand webcast from any IOS Apple or Android mobile devices.



Calendar

29 November, Capital Markets Day in Schweinfurt, Germany
29 January 2019, Year-end Report 2018

The information in this press release is information which AB SKF is required to disclose under the EU Market Abuse Regulation (EU) No 596/2014. The information was provided by the above contact persons for publication on 25 October 2018 at 14.00 CEST.