



Nine-month report 2019

Press release 22 October



Stable margin and strong cash flow



SKF has managed the business well in a weakening economic environment and our efforts to reduce costs are contributing to a strong and stable operating margin in the quarter with an underlying margin of 11.3%. We had higher realized cost savings than cost increases, resulting in a positive net contribution to operating profit in the quarter.

Cash flow was SEK 2,120 million (SEK 1,626) – a strong performance, highlighting our ability to generate a strong cash flow, even in periods of a weaker demand.

Restructuring costs and customer settlements had a negative impact on operating profit of SEK 272 million. A VAT credit in Brazil had a positive impact of SEK 180 million. The reported operating profit for the quarter was SEK 2,288 million and the reported operating margin was 10.9% (12.2%).

As expected, we saw a decline in organic sales of 3% compared to last year, with net sales of SEK 21 billion. Sales were relatively unchanged in Asia, slightly lower in Europe, significantly lower in North America and slightly higher in Latin America.

The industrial business had yet another strong quarter with an underlying operating margin of 14.1% with a negative organic growth of 1.4% (+9.2%). Sales in Europe and Latin America were relatively unchanged, significantly lower in North America, but increased in Asia. The reported operating margin of 14.7% (14.3%), was impacted negatively by restructuring costs and positively by a VAT credit.

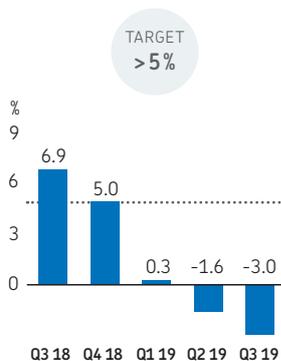
The automotive business had an underlying operating margin of 4.3%. Organic growth was negative 7.0% (+1.7%) with significantly lower sales volumes in North America and Asia, lower sales volumes in Europe and significantly higher sales in Latin America. The reported operating margin of 1.1% (6.8%), was impacted negatively by costs related to customer settlements and restructuring.

We recently acquired Presenso, a developer of AI driven industrial analytics, to further strengthen our Rotating Equipment Performance offer. We continue to focus on developing our fee- and performance-based business, with customer wins in a number of markets. We also continue to increase the proportion of region-for-region manufacturing in the Group, with volumes being moved from our factory in Luton, UK to Nilai, Malaysia. Recently we successfully launched our Vehicle aftermarket eShop in Germany which will bring us closer to automotive end customers in the largest market in Europe.

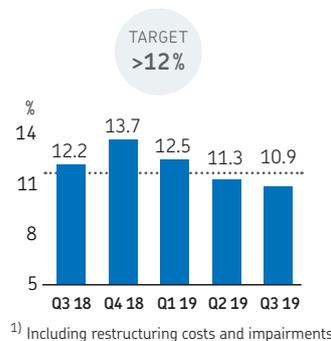
In the fourth quarter of 2019, we expect to see lower volumes for the Group, slightly lower for Industrial and lower for Automotive.

Alrik Danielson
President and CEO

Organic sales growth



Operating margin¹⁾



¹⁾ Including restructuring costs and impairments

ROCE



Net debt/Equity¹⁾



¹⁾ Including leasing as of 2019

Net working capital/sales



Cover pictures are showing:

1. SKF Silent Series ball bearings for spindles.
2. The new generation of double direction angular contact thrust ball bearings.
3. SKF Enlight ProCollect.
4. SKF Multilog on-line system IMX for condition monitoring.
5. Polyamide cage for SKF Silent Series.

SKF's financial targets are to be achieved over a business cycle.

Key figures

MSEK unless otherwise stated	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	21,039	21,341	64,805	64,521
Operating profit ¹⁾	2,288	2,597	7,485	8,147
Operating margin ¹⁾ , %	10.9	12.2	11.5	12.6
Profit before taxes	2,044	2,344	6,747	7,552
Net cash flow after investments before financing	2,120	1,626	4,252	4,067
Basic earnings per share	2.84	3.35	9.93	11.37

¹⁾ Including restructuring costs and impairments.

Financial performance

Third quarter 2019

Operating profit for the third quarter was SEK 2,288 million (2,597). It was positively impacted by higher sales prices and cost reductions. Operating profit was negatively impacted by restructuring, lower sales and manufacturing volumes, general inflation, material cost increases and divested companies. The operating profit included SEK -272 million related to customer settlements, ongoing restructuring activities partly offset by a VAT credit of SEK 180 million.

Operating profit bridge, MSEK	Q3
2018	2,597
Operational performance ¹⁾	-343
Currency impact	106
Divested/acquired companies, incl. gain/loss	-72
2019	2,288

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

- Financial income and expense, net in the third quarter was SEK -244 million (-253). The financial net of this year was negatively impacted by the accounting for leases according to IFRS 16 with SEK -25 million. The financial net of last year included 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.
- Taxes in the quarter were SEK -693 million (-753) resulting in an effective tax rate of 33.9% (32.1%). The tax rate was negatively impacted by withholding taxes on dividends in both years, excluding this, the effective tax rate was 29.1% (27.8%).
- Net cash flow after investment before financing in the third quarter was SEK 2,120 million (1,626). The increase is mainly due to lower working capital, higher depreciations and non-cash items, offset by lower operating profit and higher investments.
- Net working capital in percent of annual sales was 30% in the third quarter compared to 29% last year. The increased ratio is mainly explained by exchange rate development and higher inventory levels.
- Provisions for post-employment benefits net increased by SEK 2,027 million (decrease by -546) in the third quarter mainly due to changes in discount rates and exchange rate fluctuations.

Key figures

	30 Sep 2019	30 Jun 2019	30 Sep 2018
Net working capital, % of 12 months rolling sales	29.9	30.1	29.0
ROCE for the 12-month period, %	15.0	16.0	16.5
Net debt/equity, %	67.0	67.6	59.9
Net debt/EBITDA	1.8	1.8	1.6

Sales

Net sales, change y-o-y, %	Q3				Jan-Sep 2019			
	Organic	Structure	Currency	Total	Organic	Structure	Currency	Total
SKF Group	-3.0	-2.6	4.2	-1.4	-1.5	-2.6	4.5	0.4
Industrial	-1.4	-3.8	4.5	-0.7	0.6	-3.7	4.8	1.7
Automotive	-7.0	0.2	3.6	-3.2	-6.6	0.1	4.0	-2.5

Organic sales in local currencies, change y-o-y, %	Q3					Jan-Sep 2019				
	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa	Europe	North America	Latin America	Asia-Pacific	Middle East & Africa
SKF Group	-2.9	-11.4	3.8	0.8	13.4	-1.3	-5.0	4.8	-0.5	-1.3
Industrial	+/-	---	+/-	++	+++	+/-	-	+	+	+/-
Automotive	--	---	+++	---	+++	--	---	+++	--	+++

Customer industries	Q3					Jan-Sep 2019				
	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	+	--	++	+++	---	+/-	+/-	+++	++	--
Off-highway	---	---	+	---		-	---	+++	---	+++
Railway	+++	---		+		+	+/-	---	+++	
Agriculture, food and beverage	-			+		--	+++	---	+++	
Marine	+	+++				+/-	+/-		+/-	
Electrical	---	---		-		+/-	---	+	+/-	
Other industrial	-	+		---	+++	+/-	---	---	---	+++
Industrial distribution	+/-	---	++	++	+++	+/-	+/-	++	+	+/-

Comments on organic sales in local currencies in Q3 2019, compared to Q3 2018

Europe

Industrial: Overall, sales were relatively unchanged in the quarter. By industry, sales to the aerospace and railway industries were significantly higher. Sales to marine and heavy industries were higher and sales to industrial distribution were relatively unchanged while sales to the agricultural, food and beverage industries, energy and to other industrial were slightly lower compared to Q3 2018. Sales to industrial drives, off-highway and electrical were significantly lower.

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

North America

Industrial: Sales were significantly lower in the quarter compared to Q3 2018. By industry, sales to marine industries were significantly higher and sales to other industrial were slightly higher. Sales to industrial drives and heavy industries were lower while sales to most other industrial segments were significantly lower.

Automotive: Sales in the quarter were significantly lower. Sales to the vehicle aftermarket were lower while sales to trucks and light vehicles were significantly lower.

Asia-Pacific

Industrial: Sales were higher in the quarter. By industry, sales to energy and heavy industries were significantly higher while sales to industrial distribution were higher. Sales to railway and the agricultural, food and beverage industries were slightly higher. Sales to electrical were slightly lower and to industrial drives it was lower. Sales to off-highway, other industrial and aerospace were significantly lower compared to Q3 2018.

Automotive: Sales were significantly lower compared to Q3 2018. Sales to the vehicle aftermarket were higher while sales to light vehicles and trucks were significantly lower in the quarter.

Latin America

Industrial: Overall, sales were relatively unchanged in the quarter. By industry, sales to heavy industries and industrial distribution were higher. Sales to off-highway were slightly higher while sales to industrial drives were relatively unchanged. Sales to the energy industry were significantly lower compared to Q3 2018.

Automotive: Sales were significantly higher in the quarter. Sales to light vehicles were significantly higher, sales to trucks were relatively unchanged while sales to the vehicle aftermarket were lower compared to Q3 2018.

Segment information¹⁾

MSEK unless otherwise stated

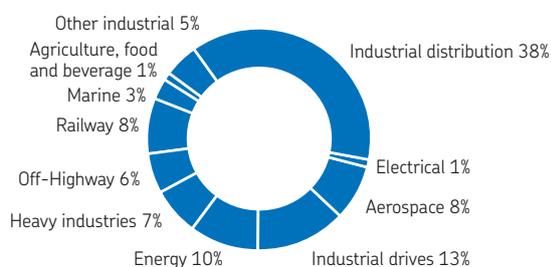
Industrial	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	15,126	15,234	46,236	45,468
Operating profit ²⁾	2,221	2,184	6,767	6,671
Operating margin, %	14.7	14.3	14.6	14.7

Automotive	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	5,913	6,107	18,569	19,053
Operating profit ²⁾	67	413	718	1,476
Operating margin, %	1.1	6.8	3.9	7.7

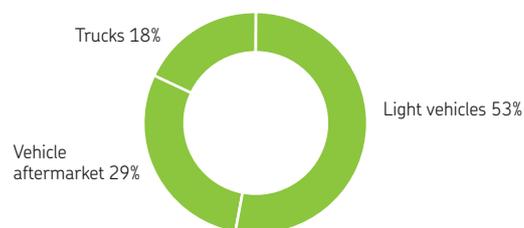
¹⁾ Previously published figures for 2018 have been restated to reflect a change in classification of customers between the segments.

²⁾ Including restructuring costs and impairments.

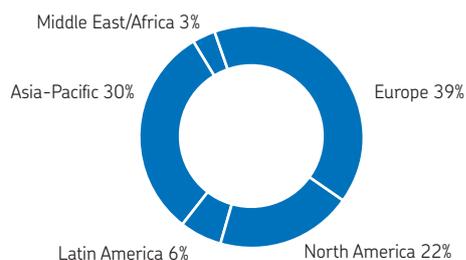
Net sales by customer industry for Industrial, Q3 2019



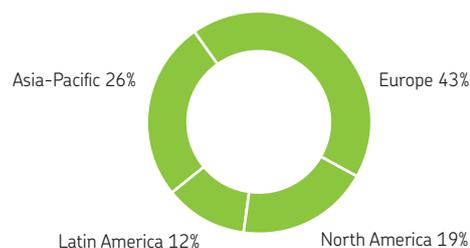
Net sales by customer industry for Automotive, Q3 2019



Net sales by region for Industrial, Q3 2019



Net sales by region for Automotive, Q3 2019



Outlook and Guidance

Demand for Q4 2019 compared to Q4 2018

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

Guidance Q4 2019

- Financial net: SEK -250 million
- Currency impact on the operating profit is expected to be around SEK +250 million compared with 2018, based on exchange rates per 30 September 2019.

Guidance 2019

- Tax level excluding effects related to divested businesses: around 29%. Previous guidance was 28%.
- Additions to property, plant and equipment: around SEK 3,100 million. Previous guidance was 2,800 million.

Previous outlook statement

Demand for Q3 2019 compared to Q3 2018

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

Highlights

Nordic Paper and SKF sign fee-based contract

SKF and Nordic Paper have signed a five-year fee- and performance-based contract. The agreement aims to improve Nordic Paper's productivity, health and safety and sustainability performance.

Presenso Ltd.

SKF signed an agreement to acquire Presenso Ltd., a company that develops and deploys artificial intelligence (AI)-based predictive maintenance software.

SKF at EMO in Hannover

SKF showcased its new generation of double direction angular contact thrust ball bearings for screw drives and SKF Silent Series bearings. Beyond bearings, SKF also displayed its spindle service capabilities and lubrication solutions.

Thomas Fröst was appointed member of Group Management

Thomas joined SKF in 1988 and has held various senior positions, including President, Industrial Units since 2017. In conjunction with the appointment, his area of responsibility was renamed Industrial Technologies.

Nancy Gougarty resigned from the Board of AB SKF

Nancy Gougarty has left the Board of AB SKF for personal reasons.

New products and solutions

New solution for wind turbine operators

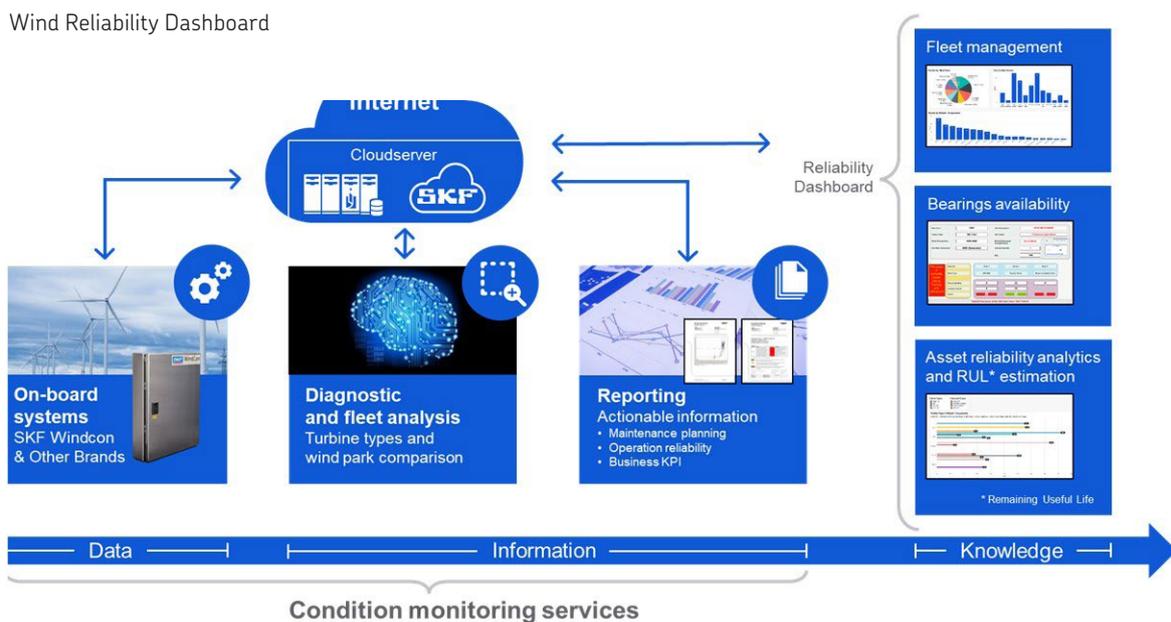
SKF and Boralex jointly announced the co-development of a new dashboard called "Wind Reliability Dashboard". It will help wind farm operators optimize the proficiency of wind turbines and combines data from multiple sources, including condition monitoring and manufacturing information for spare parts.

Silent series ball bearings for spindles

SKF has unveiled its Silent Series super-precision angular contact ball bearings for the production of grease-lubricated spindles. The series has a new and innovative polyamide cage centred on the balls that minimizes 'cage rattling' during rotation.

SKF Enlight ProCollect

A new portable vibration monitoring solution, designed to help companies adopt smart condition-based maintenance approaches.



Accounting principles

Accounting principles

The consolidated financial statements of the SKF Group were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the Parent company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities". With the exceptions below, SKF Group applied the same

accounting principles and methods of computation in the interim financial statements as compared with the latest annual report. IASB issued and endorsed several new and amended accounting standards, effective date 1 January 2019, of which only IFRS 16 Leases have an impact on the SKF Groups financial statements. New accounting principles and the effect on the opening balance for Leases are explained in note 1 of the Annual report 2018.

Risks and uncertainties in the business

The SKF Group operates in many different industrial 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 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.

Bosch AG has initiated a lawsuit against SKF with a claim for damages as a consequence of the settlement decision by the European Commission for violation of European competition rules.

Gothenburg, 22 October 2019
Aktiebolaget SKF (publ)
Alrik Danielson
President and CEO

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

Condensed consolidated income statements

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net sales	21,039	21,341	64,805	64,521
Cost of goods sold	-15,972	-16,132	-48,670	-48,339
Gross profit	5,067	5,209	16,135	16,182
Selling and administrative expenses	-2,918	-2,753	-8,826	-8,282
Other operating income/expenses, net	139	141	176	247
Operating profit	2,288	2,597	7,485	8,147
Operating margin, %	10.9	12.2	11.5	12.6
Financial income and expense, net	-244	-253	-738	-595
Profit before taxes	2,044	2,344	6,747	7,552
Taxes	-693	-753	-2,036	-2,150
Net profit	1,351	1,591	4,711	5,402
Net profit attributable to:				
Shareholders of the parent	1,293	1,524	4,522	5,177
Non-controlling interests	58	67	189	225

Condensed consolidated statements of comprehensive income

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net profit	1,351	1,591	4,711	5,402
Items that will not be reclassified to the income statement:				
Remeasurements	-1,795	408	-3,713	651
Income taxes	466	-106	1,024	-167
	-1,329	302	-2,689	484
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	926	-1,050	2,126	774
Assets at fair value through other comprehensive income	12	-48	10	5
Cash-flow hedges	-	-5	-	4
Income taxes	18	-10	55	61
	956	-1,113	2,191	844
Other comprehensive income, net of tax	-373	-811	-498	1,328
Total comprehensive income	978	780	4,213	6,730
Shareholders of AB SKF	869	811	3,921	6,548
Non-controlling interests	109	-31	292	182

Condensed consolidated balance sheets

MSEK	September 2019	December 2018
Goodwill	11,445	10,347
Other intangible assets	7,522	7,375
Property, plant and equipment	18,318	16,688
Right of use asset leases	3,033	–
Deferred tax assets	4,892	3,563
Other non-current assets	2,196	1,964
Non-current assets	47,406	39,937
Inventories	19,153	17,826
Trade receivables	15,079	13,842
Other current assets	4,524	3,912
Other current financial assets	10,664	11,656
Current assets	49,420	47,236
Total assets	96,826	87,173
Equity attributable to shareholders of AB SKF	34,737	33,536
Equity attributable to non-controlling interests	1,893	1,916
Long-term financial liabilities	18,326	14,850
Provisions for post-employment benefits	17,070	12,894
Provisions for deferred taxes	1,061	1,118
Other long-term liabilities and provisions	1,737	1,972
Non-current liabilities	38,194	30,834
Trade payables	8,539	7,831
Short-term financial liabilities	1,127	2,307
Other short-term liabilities and provisions	12,336	10,749
Current liabilities	22,002	20,887
Total equity and liabilities	96,826	87,173

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Sep 2019	Jan-Sep 2018
Opening balance 1 January	35,452	29,823
Total comprehensive income	4,213	6,730
Cost for performance share programmes, net	-41	29
Other, including transactions with non-controlling interests	-204	-2
Total cash dividends	-2,790	-2,599
Closing balance	36,630	33,981

Condensed consolidated statements of cash flow

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Operating activities:				
Operating profit	2,288	2,597	7,485	8,147
Depreciation, amortisation and impairment	846	575	2,567	1,718
Net loss/gain (-) on sales of PPE and businesses	6	-153	15	-205
Taxes	-702	-877	-1,548	-2,056
Other including non-cash items	-135	-360	-416	-55
Changes in working capital	774	244	-843	-1,916
Net cash flow from operations	3,077	2,026	7,260	5,633
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-979	-688	-2,974	-1,958
Sales of PPE, businesses and equity securities	22	288	-34	392
Net cash flow used in investing activities	-957	-400	-3,008	-1,566
Net cash flow after investments before financing	2,120	1,626	4,252	4,067
Financing activities:				
Change in short- and long-term loans	-2,020	803	-1,979	-1,581
Other financing items	-	-379	-	-381
Repayment leases	-298	-	-654	-
Cash dividends	-42	-49	-2,790	-2,599
Redemption of shares	-	-	-242	-
Investments in short-term financial assets	-1,438	-518	-4,081	-980
Sales of short-term financial assets	340	345	907	704
Net cash flow used in financing activities	-3,458	202	-8,839	-4,837
Net cash flow	-1,338	1,828	-4,587	-770
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 July/1 January	7,286	4,594	10,390	7,112
Cash effect excl. acquired/sold business	-1,338	1,828	-4,587	-770
Cash effect of acquired/sold businesses	-	0	-2	0
Exchange rate effect	123	-58	270	22
Cash and cash equivalents at 30 September	6,071	6,364	6,071	6,364

	Closing balance 30 September 2019	Other non cash changes	Acquired/ sold businesses	Cash changes	Translation effect	Opening balance 1 January 2019
Change in Net debt						
Loans, long- and short-term	15,076	-4	-9	-1,979	919	16,149
Post-employment benefits, net	17,005	4,185	16	-648	619	12,833
Lease liabilities	3,025	173	-1	-580	203	3,230
Financial assets, others	-4,487	-15	-	-3,212	-68	-1,192
Cash and cash equivalents	-6,071	-	2	4,585	-268	-10,390
Net debt	24,548	4,339	8	-1,834	1,405	20,630

Financing activities to hedge short and long term loans using derivatives are reported as Other financing items. The opening balances amounted to SEK -457 million as of 1 July 2019 and the closing balance as of 30 September 2019 amounted to SEK -594 million. Of the change in the quarter, SEK 0 million affected cash and SEK -137 million was a non cash change.

Number of shares

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	32,689,668	33,355,803	32,689,668	33,355,803
- whereof B shares	422,661,400	421,995,265	422,661,400	421,995,265
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	455,951,332	455,912,549	455,793,586	455,912,549

Condensed consolidated financial information

MSEK unless otherwise stated

	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19
Net sales	19,481	20,560	22,620	21,341	21,192	21,278	22,488	21,039
Cost of goods sold	-14,691	-15,312	-16,895	-16,132	-16,490	-15,857	-16,841	-15,972
Gross profit	4,790	5,248	5,725	5,209	4,702	5,421	5,647	5,067
Gross margin, %	24.6	25.5	25.3	24.4	22.2	25.5	25.1	24.1
Selling and administrative expenses	-2,762	-2,700	-2,829	-2,753	-3,045	-2,805	-3,103	-2,918
- as % of sales	14.2	13.1	12.5	12.9	14.4	13.2	13.8	13.9
Other, net	-11	77	29	141	1,245	42	-5	139
Operating profit	2,017	2,625	2,925	2,597	2,902	2,658	2,539	2,288
Operating margin, %	10.4	12.8	12.9	12.2	13.7	12.5	11.3	10.9
Financial net	-233	-200	-142	-253	-266	-216	-278	-244
Profit before taxes	1,784	2,425	2,783	2,344	2,636	2,442	2,261	2,044
Profit margin before taxes, %	9.2	11.8	12.3	11.0	12.4	11.5	10.1	9.7
Taxes	179	-638	-759	-753	-453	-661	-682	-693
Net profit	1,963	1,787	2,024	1,591	2,183	1,781	1,579	1,351
Net profit attributable to								
Shareholders of the parent company	1,878	1,719	1,935	1,524	2,107	1,718	1,511	1,293
Non-controlling interests	85	68	89	67	76	63	68	58

Reconciliation to profit before tax for the Group

MSEK	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19
Operating profit:								
Industrial ¹⁾	1,843	2,143	2,344	2,184	2,794	2,317	2,229	2,221
Automotive ¹⁾	174	482	581	413	108	341	310	67
Financial net	-233	-200	-142	-253	-266	-216	-278	-244
Profit before taxes for the Group	1,784	2,425	2,783	2,344	2,636	2,442	2,261	2,044

1) Previously published figures for 2017 and 2018 have been restated to reflect a change in classification of customers between the segments.

Key figures

(Definitions, see page 15)

	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19
EBITA, MSEK	2,132	2,739	3,044	2,717	3,041	2,811	2,691	2,443
EBITDA, MSEK	2,641	3,193	3,500	3,173	3,656	3,493	3,425	3,134
Basic earnings per share, SEK	4.12	3.77	4.25	3.35	4.63	3.77	3.32	2.84
Diluted earnings per share, SEK	4.12	3.77	4.25	3.34	4.62	3.77	3.32	2.84
Dividend per share, SEK	–	–	5.50	–	–	–	6.00	–
Net worth per share, SEK	62	68	69	71	74	78	74	76
Share price at the end of the period, SEK	182.2	170.5	166.7	175.4	134.5	154.4	170.8	162.7
NWC, % of 12 months rolling sales	29.0	31.7	31.1	29.0	27.8	30.0	30.1	29.9
ROCE for the 12-month period, %	14.2	15.0	15.8	16.5	17.6	17.1	16.0	15.0
ROE for the 12-month period, %	20.4	21.0	22.7	23.1	22.8	21.8	20.1	18.9
Gearing, %	49.9	48.3	46.0	45.4	45.0	47.2	49.3	48.9
Equity/assets ratio, %	36.7	38.2	38.7	39.8	40.7	39.5	37.6	37.8
Additions to property, plant and equipment, MSEK	632	621	537	656	833	656	684	967
Net debt/equity, %	71.3	66.4	66.9	59.9	49.1	57.1	67.6	67.0
Net debt, MSEK	21,274	21,889	22,238	20,368	17,400	21,431	24,103	24,548
Net debt/EBITDA	1.9	1.9	1.9	1.6	1.3	1.6	1.8	1.8
Registered number of employees	45,678	45,964	45,862	45,914	44,428	44,161	43,700	43,687

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⁾

MSEK unless otherwise stated

Industrial	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19
Net sales	13,492	14,272	15,962	15,234	15,236	15,049	16,061	15,126
Operating profit	1,843	2,143	2,344	2,184	2,794	2,317	2,229	2,221
Operating margin, %	13.7	15.0	14.7	14.3	18.3	15.4	13.9	14.7
Assets and liabilities, net	37,780	40,849	42,272	40,591	38,903	43,811	44,602	45,571
Registered number of employees	38,099	38,247	38,174	38,134	36,657	36,181	35,973	36,088

Automotive	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19
Net sales	5,989	6,288	6,658	6,107	5,956	6,229	6,427	5,913
Operating profit	174	482	581	413	108	341	310	67
Operating margin, %	2.9	7.7	8.7	6.8	1.8	5.5	4.8	1.1
Assets and liabilities, net	9,232	9,938	10,257	10,092	10,077	11,540	11,000	11,061
Registered number of employees	7,035	7,094	7,080	7,166	7,141	7,331	7,084	6,937

1) Previously published figures for 2017 and 2018 have been restated to reflect a change in classification of customers between the segments.

Parent company condensed income statements

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Revenue	870	1,419	4,066	5,390
Cost of revenue	-1,289	-2,133	-3,733	-4,428
General management and administrative expenses	-368	-347	-1,251	-1,026
Other operating income/expenses, net	-8	0	-16	-4
Operating result	-795	-1,061	-934	-68
Financial income and expense, net	2,306	946	4,286	2,902
Profit before taxes	1,511	-115	3,352	2,834
Taxes	178	273	232	74
Net profit	1,689	158	3,584	2,908

Parent company condensed statements of comprehensive income

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net profit	1,689	158	3,584	2,908
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	12	-49	10	4
Other comprehensive income, net of tax	12	-49	10	4
Total comprehensive income	1,701	109	3,594	2,912

Parent company condensed balance sheets

MSEK	September 2019	December 2018
Intangible assets	1,677	1,775
Investments in subsidiaries	21,910	21,934
Receivables from subsidiaries	14,395	13,724
Other non-current assets	1,411	1,171
Non-current assets	39,393	38,604
Receivables from subsidiaries	2,017	5,217
Other receivables	106	133
Current assets	2,123	5,350
Total assets	41,516	43,954
Shareholders' equity	21,321	20,535
Untaxed reserves	24	24
Provisions	577	552
Non-current liabilities	14,394	13,723
Current liabilities	5,200	9,120
Total shareholders' equity, provisions and liabilities	41,516	43,954

Definitions

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 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."



SKF Multilog IMx-Rail condition monitoring technology mounted onto one of the Barcelona Metro trains.

This is SKF

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

Quick facts

Founded 1907
Represented in more than 130 countries
Net sales in 2018 were SEK 85,713 million and the number of employees were 44,428
15 technical centers
94 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

Investors and analysts

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Conference call

22 October at 14:00 (CEST), 13.00 (UK).

Conference ID: SKF or 4090618

International: +44 (0) 2071 928000
Sweden: +46 (0)8 5069 2180
United States: +1 631 510 7495

Website: <http://investors.skf.com/en/result-centre>

Webcast access on mobile devices



Calendar

4 February 2020, Year-end report 2019

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 22 October 2019 at 13.00 CEST.