

For further information, please contact:

Press Relations: Theo Kjellberg, +46 31-337 6576; +46 725-776 576; theo.kjellberg@skf.com

Investor Relations: Patrik Stenberg, +46 31-337 2104; +46 705-472 104; patrik.stenberg@skf.com

SKF consolidates manufacturing facilities in North America

Gothenburg, 9 June 2016: SKF today announces the consolidation of its manufacturing facilities in North America, including the closure of its sites in San Diego, California and Baltimore, Maryland.

Restructuring costs are expected to amount to around SEK 300 million, of which around SEK 100 million will be accounted for during Q2 2016 and the remainder as they occur. The consolidation is expected to generate full year cost savings of around SEK 220 million from 2019, whereof around SEK 70 million is expected to be achieved in 2018.

Luc Graux, President, Bearing Operations, says: "These activities will strengthen our position in North America, making us more competitive and better able to support our customers, by improving the utilisation of our manufacturing assets. They also provide the foundation for investments in the further development of our manufacturing processes and technologies."

Production will be transferred from the Group's site in Hanover, Pennsylvania, to Flowery Branch, Georgia. Taking customer commitments into account, the move will consolidate production of spherical roller bearings and large size roller bearings into our existing bearing manufacturing operations in Flowery Branch. With a stronger, more efficient manufacturing base, the Group will be better able to serve its North American customers.

Production of rings and seals for the aerospace industry will be relocated to Hanover from SKF's existing factory in Baltimore, Maryland, which will be closed. Discussions over the effects this will have on employees in Hanover and Baltimore will occur with their respective employee representatives.

Investments totalling SEK 150 million will be made in upgrading machinery and manufacturing processes in Hanover and Flowery Branch, part of the Group's strategy to implement world-class manufacturing technologies.

Manufacturing and development of condition monitoring solutions will be moved from SKF's existing site in San Diego, California, to other sites in Europe. This will enable the Group to offer customers better condition monitoring solutions, faster, as the development team will be centralised in the same region, close to the rest of SKF's technical competence centres across Europe. A technical support team will remain in San Diego, but in a separate facility.

The Y-Bearing and Units production channels in Puebla, Mexico, which serve North American customers within the agriculture segment, will be closed, with production transferred to other SKF sites.



Consolidation of the sites in Hanover, Flowery Branch, Baltimore and San Diego is expected to take approximately 18-24 months. The closure of the Y-Bearing and Units production channels in Puebla, Mexico is expected to be completed during the summer of 2016.

Aktiebolaget SKF
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SKF is a leading global supplier of bearings, seals, mechatronics, lubrication systems, and services which include technical support, maintenance and reliability services, engineering consulting and training. SKF is represented in more than 130 countries and has around 17,000 distributor locations worldwide. Annual sales in 2015 were SEK 75 997 million and the number of employees was 46 635. www.skf.com

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