



First-quarter report 2023

27 April 2023

Q1 2023

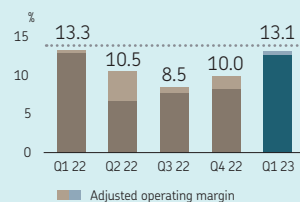
- Net sales of SEK 26,549 million (22,942).
- Organic growth 10.1% (6.5%).
- Adjusted operating profit of SEK 3,478 million (3,058).
- Operating profit SEK 3,379 million (2,953).
- Adjusted operating margin 13.1% (13.3%).
 - Industrial 16.9% (16.8%).
 - Automotive 3.6% (4.4%).
- Operating margin 12.7% (12.9%).
 - Industrial 16.5% (16.3%).
 - Automotive 3.2% (4.2%).
- Net cash flow from operations SEK 2,747 million (-271).
- Basic earnings per share SEK 4.55 (4.36).

Financial overview

MSEK unless otherwise stated	Q1 2023	Q1 2022
Net sales	26,549	22,942
Adjusted operating profit	3,478	3,058
Adjusted operating margin, %	13.1	13.3
Operating profit	3,379	2,953
Operating margin, %	12.7	12.9
Adjusted profit before taxes	3,041	2,990
Profit before taxes	2,942	2,885
Net cash flow from operating activities	2,747	-271
Basic earnings per share	4.55	4.36
Adjusted earnings per share	4.77	4.59

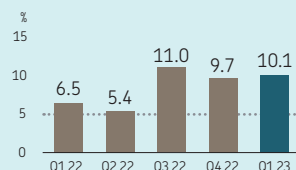
Operating margin¹⁾

TARGET 14%



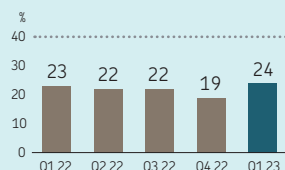
Revenue growth²⁾

TARGET 5%



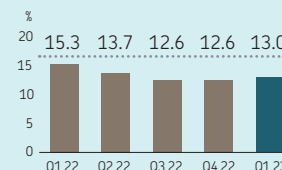
Net debt/Equity³⁾

TARGET <40%



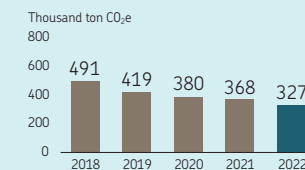
ROCE¹⁾

TARGET 16%



Net zero by 2030⁴⁾

TARGET 0 BY 2030



SKF's long-term targets shall be achieved over a business cycle

- 1) Adjusted for items affecting comparability.
- 2) Including acquisitions, adjusted for divestments.
- 3) Excluding pension liabilities.
- 4) Scope 1 & 2 CO₂e from all SKF manufacturing and logistics units.

Strong organic sales and positive margin trend

Review of the first quarter

I'm pleased to report a solid quarter with strong organic sales growth and a record high adjusted operating profit for a first quarter.

In the period, we delivered an organic sales growth of more than 10%, with continued robust demand across all our regions. Most of our targeted high-growth segments contributed with double-digit growth, e.g. railway, renewable energy and aerospace.

The adjusted operating profit improved to SEK 3,478 million (3,058), with an adjusted operating margin of 13.1% (13.3%). Through active and ongoing portfolio management and pricing activities, we have been able to offset cost inflation in the quarter.

Our Industrial business saw strong demand across all regions and most segments, with an especially high demand in India & Southeast Asia. In Europe, Middle East & Africa, price/mix was the main contributor to the overall sales growth. In China & Northeast Asia, demand bounced back in many industries, e.g. wind and industrial distribution. All in all, organic growth came in at 9.5%. The Industrial business, also delivered a robust result of SEK 3,208 million (2,775), with an adjusted operating margin of 16.9% (16.8%). It's very satisfactory to note that all business areas improved their underlying profitability in the quarter, both sequentially and versus the same quarter last year.

Our Automotive business delivered an organic growth of 11.9% and an adjusted operating margin of 3.6% (4.4%). Despite the profitability comparison to last year, it is encouraging to see that the underlying business performance is on a positive trajectory as we progress our ongoing portfolio shift and emphasis on electrical vehicles. Also in this quarter, we have several new customer wins supporting our strategic re-positioning.

Our focus on improving cash efficiency is continuing to show results, with net cash flow from operations exceeding SEK 2.7 billion (-0.3 billion last year). This was driven mainly by the higher operating profit and our efforts to improve net working capital.

Delivering on our strategic transformation

We continue to diligently work on executing our strategy, increasing our efficiency and reducing fixed costs. During the quarter, the total workforce has been reduced by approximately 560 employees.

Our operating model has enabled an accelerated momentum in our prioritized industry segments within each business area. In high-speed machinery for example, our wide range of super precision bearings, with more than 50% of ceramic rolling elements, are growing rapidly. As an example, we won a sizeable contract with a Swiss producer of high-end motor spindles in the quarter.

The first quarter also marked an important milestone for SKF, the celebrations of SKF's 100 years of operations in India. Strong local presence and well-established supply chains are key to take advantage of future growth opportunities in the region. This gives us a strong foundation for future profitable growth.

Another important achievement in the quarter was the approval and validation from the Science Based Targets initiative (SBTi) for our scope 1, 2 and 3 emissions reduction targets for 2030 and 2050. Sustainability is an integrated part of our strategic framework and a competitive advantage for SKF. Our annual cleantech revenues now exceed SEK 10 billion.

The strong financial development and business achievements during the quarter are to a large extent the result of hard work and dedication by our employees. I would like to express my sincere appreciation to all colleagues and partners across the



SKF footprint. Furthermore, I would also like to recognize the co-creation work, by thousands of colleagues, to define our purpose: "Together, we re-imagine rotation for a better tomorrow" Thanks to the efforts by so many people, we're now ready to embark on the journey to become a purpose-driven company.

Outlook

Given our strong sales growth in the first quarter, we adjust our full year guidance upwards somewhat. Looking into the second quarter of 2023, as well as the full year, we now foresee high single-digit organic sales growth. However, we expect continued volatility and geopolitical uncertainty impacting the markets in which we operate.

Rickard Gustafson
President and CEO

Financial performance

First quarter 2023

Operating profit for the first quarter was SEK 3,379 million (2,953). Operating profit included items affecting comparability of SEK -99 million (-105), mainly related to ongoing restructuring and cost reduction activities in Europe.

The adjusted operating profit for the first quarter was SEK 3,478 million (3,058). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by cost increases, mainly related to material costs and wages and salaries.

Adjusted operating profit bridge, MSEK	Q1
2022	3,058
Currency impact	135
Divested businesses	5
Organic sales & Manufacturing volumes	2,274
Cost development	-1,994
2023	3,478

- Financial income and expense, net was SEK -437 million (-68). Exchange rate fluctuations had a more negative effect in the first quarter 2023, compared to the first quarter 2022, and interest expenses was significantly higher in 2023.
- Taxes in the quarter was SEK -783 million (-824) resulting in an effective tax rate of 26.6% (28.6%).
- Net cash flow from operating activities in the first quarter was SEK 2,747 million (-271). The improved cash flow is mainly driven by higher operating profit as well as less negative changes in working capital compared to last year where the most positive impact is coming from changes in inventories.
- Net working capital in percent of annual sales was 32.4% in the first quarter compared to 34.3% in the first quarter 2022. The ratio was positively affected by lower accounts receivable and inventory levels in relation to sales compared to last year.
- Provisions for post-employment benefits net decreased by SEK -155 million (-1,345) in the quarter driven by actuarial gains on gross obligation due to changed discount rates as well as payments made in the quarter.

Key figures	31 March 2023	31 Dec 2022	31 March 2022
Net working capital, % of 12 months rolling sales	32.4	32.4	34.3
ROCE for the 12-month period, % ¹⁾	13.0	12.6	15.3
Net debt/equity, %	39.8	35.2	45.0
Net debt/equity, excluding post-employment benefits, %	24.0	19.3	22.5
Net debt/EBITDA, %	1.7	1.5	1.4

1) Adjusted for items affecting comparability.

Sales

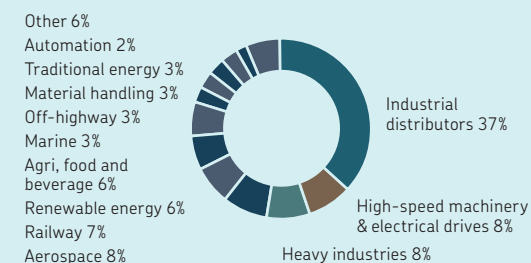
Net sales, change y-o-y, %	Q1			
	Organic ¹⁾	Structure	Currency	Total
SKF Group	10.1	-2.0	7.6	15.7
Industrial	9.5	-2.0	7.4	14.9
Automotive	11.9	-2.1	8.3	18.1

¹⁾ Price, mix and volume

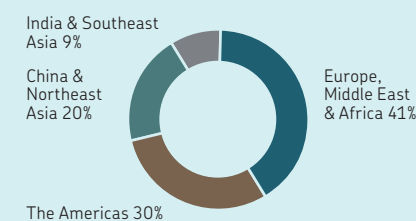
Organic sales in local currencies, change y-o-y, %	Q1			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
SKF Group	12.3	6.5	8.4	14.5
Industrial	+++	++	+++	+++
Automotive	+++	+++	-	+++

Customer industries	Q1			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
Organic sales in local currencies, change y-o-y:				
Industrial distributors	+++	+/-	+++	+++
High-speed machinery & electrical drives	+/-	---	---	++
Other	+	--	---	+/-
Renewable energy	---	---	+++	+++
Heavy industries	+++	+++	+/-	+++
Aerospace	+++	+	---	+/-
Railway	+++	+++	+++	+++
Agriculture, food and beverage	++	+/-	---	+++
Off-highway	+++	---	---	+/-
Marine	+++	---	--	+/-
Material handling	+++	+/-	++	+++
Automation	+++	+	+++	---
Traditional energy	+++	+/-	+++	++
Light vehicles	+++	+++	---	+++
Vehicle aftermarket	+++	+++	---	+
Commercial vehicles	+++	+/-	+++	+/-

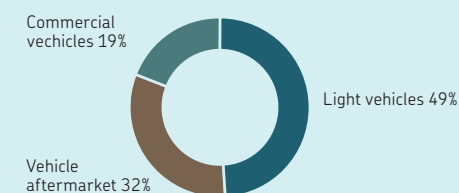
Net sales by customer industry for Industrial Q1 2023



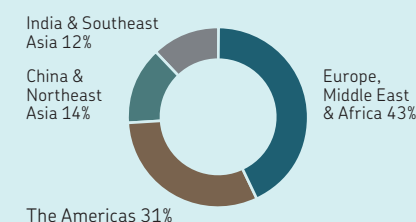
Net sales by region for Industrial Q1 2023



Net sales by customer industry for Automotive Q1 2023



Net sales by region for Automotive Q1 2023



Industrial

Comments on organic sales in local currencies in the first quarter 2023, compared to the first quarter 2022

Europe, Middle East & Africa

Overall, sales were significantly higher in the quarter. By industry, sales to most industrial segments were significantly higher. The exceptions were agriculture, food & beverage with higher sales, other was slightly higher, high-speed machinery & electrical drives were relatively unchanged and renewable energy with significantly lower sales compared to Q1 2022.

The Americas

Overall, sales were higher in the quarter. By industry, sales to heavy industries and railway were significantly higher, to aerospace and automation it was slightly higher. Sales to industrial distributors, agriculture, food & beverage, material handling and traditional energy were relatively unchanged. To other it was lower while it was significantly lower to high-speed machinery & electrical drives, renewable energy, off-highway and marine compared to Q1 2022.

China & North-East Asia

Overall, sales were significantly higher in the quarter. By industry, sales were significantly higher to industrial distributors, renewable energy, railway, automation, and traditional energy. To material handling it was higher and to heavy industries it was relatively unchanged. Sales to marine were lower while it was significantly lower to high-speed machinery & electrical drives, other, aerospace, agriculture, food & beverage and off-highway compared to Q1 2022.

India & South-East Asia

Overall, sales were significantly higher in the quarter. By industry, sales to industrial distributors, renewable energy, heavy industries, railway, agriculture, food & beverage and material handling were all significantly higher. To high-speed machinery & electrical drives it was higher and to other, aerospace, off-highway, and marine it was relatively unchanged. Sales to automation were significantly lower compared to Q1 2022.

Automotive

Comments on organic sales in local currencies in the first quarter 2023, compared to the first quarter 2022

Europe, Middle East & Africa

Sales in the quarter were significantly higher compared to last year with significantly higher sales to all automotive segments.

The Americas

Sales in the quarter were significantly higher compared to last year, with significantly higher sales to light vehicles and the vehicle aftermarket. Sales to commercial vehicles were relatively unchanged.

China & North-East Asia

Sales were slightly lower in the quarter compared to last year with significantly higher sales to commercial vehicles and significantly lower sales to light vehicles and the vehicle aftermarket.

India & South-East Asia

Sales in the quarter were significantly higher compared to last year with significantly higher sales to light vehicles and slightly higher sales to the vehicle aftermarket. Sales to commercial vehicles were relatively unchanged.

Segment information¹⁾

MSEK unless otherwise stated

	Industrial		Automotive	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Net sales	18,968	16,520	7,581	6,422
Adjusted operating profit	3,208	2,775	270	283
Adjusted operating margin, %	16.9	16.8	3.6	4.4
Operating profit	3,134	2,685	245	268
Operating margin, %	16.5	16.3	3.2	4.2

1) Previously published figures for 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Industrial

Comments on operating profit 2023, compared to 2022

First quarter 2023

The adjusted operating profit for the first quarter was SEK 3,208 million (2,775). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by material costs and wages and salaries.

Adjusted operating profit bridge, MSEK	Q1
2022	2,775
Currency	127
Divested businesses	4
Organic sales & Manufacturing volumes	1,688
Cost development	-1,386
2023	3,208

Automotive

Comments on operating profit 2023, compared to 2022

First quarter 2023

The adjusted operating profit for the first quarter was SEK 270 million (283). The adjusted operating profit was positively impacted by sales volumes, price, customer mix and currency effects. Adjusted operating profit was negatively impacted by material costs and wages and salaries.

Adjusted operating profit bridge, MSEK	Q1
2022	283
Currency	8
Divested businesses	1
Organic sales & Manufacturing volumes	749
Cost development	-771
2023	270

Outlook and Guidance

Demand for Q2 2023 compared to Q2 2022

Looking into the second quarter of 2023, we expect high single-digit organic sales growth.

Guidance for Q2 2023

Currency impact on the operating profit is expected to be around SEK 100 million negative compared with the second quarter 2022, based on exchange rates per 31 March 2023.

Guidance 2023

- For the full year, we expect high single-digit organic sales growth, compared to 2022.
- Tax level excluding effects related to divested businesses: around 28%.
- Additions to property, plant and equipment: around SEK 5 billion.

Previous outlook and guidance statement

Demand for Q1 2023 compared to Q1 2022

Looking into the first quarter of 2023, we expect mid single-digit organic sales growth.

Guidance for Q1 2023

Currency impact on the operating profit is expected to be around SEK 300 million positive compared with the first quarter 2022, based on exchange rates per 31 December 2022.

Guidance 2023

- For the full year, we expect mid single-digit organic sales growth, compared to 2022.
- Tax level excluding effects related to divested businesses: around 28%.
- Additions to property, plant and equipment: around SEK 5 billion.

Significant events

2 February 2023

Increased regionalization in North America

Investments totaling SEK 700 million are being made in locating engineering and manufacturing capabilities in a new, greenfield facility in Monterrey, Mexico. The factory will produce products for electric vehicle drivetrain and commercial vehicle markets in North America, as well as a range of products for industrial applications.

9 March 2023

Science Based Targets initiative

SKF has received validation of its Scope 1, 2 and 3 emissions reduction targets from the Science Based Targets initiative (SBTi). The SBTi validation means that SKF's targets comply with their criteria and that targets are in line with both climate science and the goals of the Paris Agreement.

23 March 2023

Annual General Meeting of AB SKF

Hans Stråberg, Hock Goh, Geert Follens, Håkan Buskhe, Susanna Schneeberger and Rickard Gustafson were re-elected as Board members. Beth Ferreira, Therese Friberg, Richard Nilsson and Niko Pakalén were newly elected as Board members. Hans Stråberg was elected Chair of the Board. The Board appointed Håkan Buskhe as Vice Chair of the Board.

New Sustainability and Ethics Committee

The Board of Directors has established a new Board Committee; the Sustainability and Ethics Committee. The Sustainability and Ethics Committee shall oversee the Company's strategy related to sustainability and ethics as well as the sustainability reporting processes.

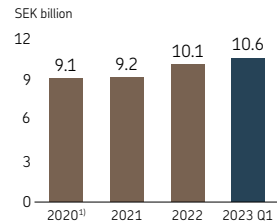
Sustainability performance

SKF has been publicly reporting on sustainability performance for many years in the Group's annual report, on skf.com and in various other forums. Reflecting the increasing operational and strategic importance of these issues, the Group is now including certain related KPI's also in the quarterly report.

Cleantech revenues

Cleantech includes revenues from key areas, such as: renewable energy, electric vehicles, electric railway, recycling industry, bearing remanufacturing, RecondOil and magnetic bearing solutions.

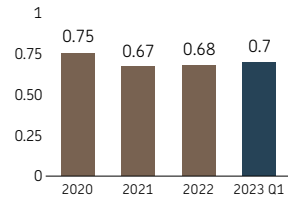
- 1) Previously published figures have been restated based on adaptation of the scope to better reflect and align with the sectors in the EU Taxonomy.
- 2) 2023 figures relate to the latest 12 months period.



Accident rate

The accident rate measures the number of recordable accidents per 100 employees per year.

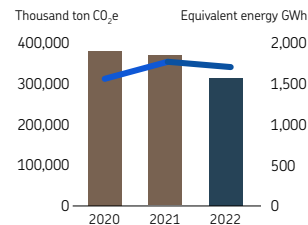
- 1) 2023 figures relate to the latest 12 months period.



CO₂ emissions, Equivalent energy

CO₂ emissions¹⁾ for SKF's operations (Scope 1 and 2 according to the Greenhouse Gas protocol) and total energy use for the same scope are presented in the graph. SKF continues to make good progress towards the Group's goal to have decarbonized operations by 2030.

- 1) Due to external reporting constraints, this data is presented for the end of the previous quarter.



SKF's magnetic bearings play a key role in reducing CO₂e emissions, enabling high rotational speeds, with no metal-to-metal contact between rotating components.



Condensed consolidated income statements

MSEK	Jan-Mar 2023	Jan-Mar 2022
Net sales	26,549	22,942
Cost of goods sold	-19,428	-16,453
Gross profit	7,121	6,489
Research and development cost	-806	-765
Selling and administrative expenses	-2,941	-2,779
Other operating income/expenses, net	5	8
Operating profit	3,379	2,953
Financial income and expense, net	-437	-68
Profit before taxes	2,942	2,885
Taxes	-783	-824
Net profit	2,159	2,061
Net profit attributable to:		
Shareholders of AB SKF	2,073	1,984
Non-controlling interests	86	77
Basic earnings per share (SEK) ¹⁾	4.55	4.36

1) Shares from the Performance Share Programme are not considered dilutive, therefore, diluted earnings per share is equal to basic earnings per share.

Condensed consolidated statements of comprehensive income

MSEK	Jan-Mar 2023	Jan-Mar 2022
Net profit	2,159	2,061
Items that will not be reclassified to the income statement:		
Remeasurements (actuarial gains and losses)	210	1,530
Income taxes	-41	-394
	169	1,136
Items that may be reclassified to the income statement:		
Exchange differences arising on translation of foreign operations	115	819
Assets at fair value through other comprehensive income	18	-23
Income taxes	-	1
	133	797
Other comprehensive income, net of tax	302	1,933
Total comprehensive income	2,461	3,994
Shareholders of AB SKF	2,381	3,900
Non-controlling interests	80	94

Condensed consolidated balance sheets

MSEK	March 2023	December 2022
Goodwill	12,330	12,351
Other intangible assets	5,664	5,842
Property, plant and equipment	25,841	24,897
Right of use asset leases	3,123	3,084
Deferred tax assets	3,262	3,173
Other non-current assets	1,872	1,781
Non-current assets	52,092	51,128
Inventories	26,130	26,052
Trade receivables	18,704	16,905
Other current assets	5,820	5,614
Other current financial assets	8,916	11,224
Current assets	59,570	59,795
Total assets	111,662	110,923
Equity attributable to shareholders of AB SKF	51,263	51,927
Equity attributable to non-controlling interests	2,197	2,116
Long-term financial liabilities	21,377	21,219
Provisions for post-employment benefits	8,606	8,748
Provisions for deferred taxes	1,294	1,365
Other long-term liabilities and provisions	1,199	1,108
Non-current liabilities	32,476	32,440
Trade payables	12,259	11,594
Short-term financial liabilities	821	916
Other short-term liabilities and provisions	12,646	11,930
Current liabilities	25,726	24,440
Total equity and liabilities	111,662	110,923

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Mar 2023	Jan-Mar 2022
Opening balance 1 January	54,043	45,364
Net profit	2,159	2,061
Hyperinflation adjustments	137	53
Components of other comprehensive income		
Currency translation adjustments	115	819
Change in FV OCI assets and cash flow hedges	18	-23
Remeasurements	210	1,530
Income taxes	-41	-393
Other	-	-
Transactions with shareholders		
Non-controlling interest	-	-
Cost for Performance Share Programmes, net	6	9
Dividends	-3,187	-3,198
Other	-	-
Closing balance 31 March	53,460	46,222

Condensed consolidated statements of cash flow

MSEK	Jan-Mar 2023	Jan-Mar 2022
Operating activities:		
Operating profit	3,379	2,953
Non-cash items:		
Depreciation, amortization and impairment	998	860
Net loss/gain (-) on sales of PPE and businesses	-29	-1
Other non-cash items	348	188
Income taxes paid	-636	-489
Interest received	55	1
Interest paid	-154	-65
Other	-255	-257
Changes in working capital:	-959	-3,461
Inventories	-58	-1,913
Accounts receivable	-1,764	-2,210
Accounts payable	598	711
Other operating assets/liabilities	265	-49
Net cash flow from operating activities	2,747	-271
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	-1,502	-1,110
Sales of PPE, businesses and equity securities	68	3
Net cash flow used in investing activities	-1,434	-1,107
Net cash flow after investments before financing	1,313	-1,378

MSEK	Jan-Mar 2023	Jan-Mar 2022
Financing activities:		
Proceeds from short- and long-term loans	27	16
Repayments of short- and long-term loans	-66	-52
Repayment leases	-190	-180
Cash dividends	-3,187	-3,198
Other financing items:		
Investments in short-term financial assets	-229	-16
Sales of short-term financial assets	103	23
Net cash flow used in financing activities	-3,542	-3,407
Net cash flow	-2,229	-4,785
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 January	10,255	13,219
Cash effect excl. acquired/sold businesses	-2,229	-4,793
Cash effect of acquired/sold businesses	-	8
Exchange rate effect	-72	20
Cash and cash equivalents at 31 March	7,954	8,454

Change in Net debt	Closing balance 31 March 2023	Other non-cash changes	Acquired/sold businesses	Cash changes	Translation effect	Opening balance 1 January 2023
Loans, long- and short-term	18,507	-10	-	-39	210	18,346
Post-employment benefits, net	8,466	59	-	-276	62	8,621
Lease liabilities	2,962	230	-	-190	1	2,921
Financial assets, others	-678	30	-	-127	18	-599
Cash and cash equivalents	-7,954	-	-	2,229	72	-10,255
Net debt	21,303	309	-	1,597	363	19,034

Condensed consolidated financial information

MSEK unless otherwise stated

	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
Net sales	20,735	20,146	20,986	22,942	23,655	24,975	25,361	26,549
Cost of goods sold	-14,441	-14,582	-15,310	-16,453	-17,777	-19,223	-19,012	-19,428
Gross profit	6,294	5,564	5,676	6,489	5,878	5,752	6,349	7,121
Gross margin, %	30.4	27.6	27.0	28.3	24.9	23.0	25.0	26.8
Research and development cost	-683	-648	-766	-765	-806	-779	-827	-806
Selling and administrative expenses	-2,706	-2,385	-2,736	-2,779	-3,094	-2,831	-3,319	-2,941
- as % of sales	13.1	11.8	13.0	12.1	13.1	11.3	13.1	11.1
Other, net	-27	57	420	8	-397	-213	-134	5
Operating profit	2,878	2,588	2,594	2,953	1,581	1,929	2,069	3,379
Operating margin, %	13.9	12.8	12.4	12.9	6.7	7.7	8.2	12.7
Adjusted operating profit	3,118	2,672	2,260	3,058	2,473	2,131	2,542	3,478
Adjusted operating margin, %	15.0	13.3	10.8	13.3	10.5	8.5	10.0	13.1
Financial net	-77	-148	-266	-68	-484	-311	-376	-437
Profit before taxes	2,801	2,440	2,328	2,885	1,097	1,618	1,693	2,942
Profit margin before taxes, %	13.5	12.1	11.1	12.6	4.6	6.5	6.7	11.1
Taxes	-661	-618	-559	-824	-511	-394	-709	-783
Net profit	2,140	1,822	1,769	2,061	586	1,224	984	2,159
Net profit attributable to								
Shareholders of AB SKF	2,089	1,756	1,705	1,984	493	1,099	893	2,073
Non-controlling interests	51	66	64	77	93	125	91	86

Reconciliation of profit before taxes for the Group

MSEK	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
Operating profit:								
Industrial ¹⁾	2,358	2,439	2,433	2,685	1,702	1,716	1,771	3,134
Automotive ¹⁾	520	149	161	268	-121	213	298	245
Financial net	-77	-148	-266	-68	-484	-311	-376	-437
Profit before taxes for the Group	2,801	2,440	2,328	2,885	1,097	1,618	1,693	2,942

1) Previously published figures for 2021 and 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Number of shares

	Jan-Mar 2023	Jan-Mar 2022
Total number of shares:	455,351,068	455,351,068
- whereof A shares	29,403,933	29,403,933
- whereof B shares	425,947,135	425,947,135
Weighted average number of shares in:		
- basic earnings per share	455,351,068	455,351,068

Key figures

Definitions, see page 19

	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
EBITDA, MSEK	3,852	3,239	3,479	3,814	2,478	2,906	3,118	4,377
EBITA, MSEK	3,024	2,733	2,742	3,104	1,741	2,094	2,234	3,541
Adjusted operating profit, MSEK	3,118	2,672	2,260	3,058	2,473	2,131	2,542	3,478
Adjusted operating margin, %	15.0	13.3	10.8	13.3	10.5	8.5	10.0	13.1
Basic earnings per share, SEK	4.59	3.86	3.74	4.36	1.08	2.41	1.96	4.55
Adjusted earnings per share, SEK	5.11	4.04	3.01	4.59	2.90	2.86	3.00	4.77
Dividend per share, SEK	6.50	–	–	7.00	–	–	–	7.00
Net worth per share, SEK	83	89	96	98	109	117	114	113
Share price at the end of the period, SEK	217.9	207.6	214.5	153.9	150.5	150.3	159.2	204.0
NWC, % of 12 months rolling sales	30.7	30.5	30.7	34.3	35.7	35.6	32.4	32.4
ROCE for the 12-month period, %	13.6	14.5	14.8	14.8	12.7	11.5	10.6	11.0
ROE for the 12-month period, %	18.4	19.3	18.8	18.3	13.8	11.7	9.5	9.4
Gearing, %	44.7	43.1	40.5	39.0	35.2	36.6	35.6	35.9
Equity/assets ratio, %	41.6	43.2	45.5	45.7	48.2	47.7	48.7	47.9
Additions to property, plant and equipment, MSEK	895	969	1,138	1,023	1,372	1,288	1,347	1,498
Net debt/equity, %	50.1	44.0	38.3	45.0	37.7	35.2	35.2	39.8
Net debt, MSEK	19,809	18,541	17,360	20,787	19,444	19,441	19,034	21,303
Net debt/EBITDA, %	1.5	1.4	1.2	1.4	1.5	1.5	1.5	1.7
Registered number of employees	41,433	42,139	42,602	42,763	42,602	42,885	42,641	42,083

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 investors.skf.com/en.

Segment information – quarterly figures¹⁾

MSEK unless otherwise stated

Industrial	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
Net sales	14,889	14,747	15,135	16,520	17,114	17,735	18,147	18,968
Adjusted operating profit	2,627	2,485	2,164	2,775	2,372	1,907	2,159	3,208
Adjusted operating margin, %	17.6	16.9	14.3	16.8	13.9	10.8	11.9	16.9
Operating profit	2,358	2,439	2,433	2,685	1,702	1,716	1,771	3,134
Operating margin, %	15.8	16.5	16.1	16.3	9.9	9.7	9.8	16.5
Assets and liabilities, net	41,944	41,893	43,410	47,426	49,450	52,016	50,469	53,584
Registered number of employees	34,552	35,215	35,539	35,700	35,845	36,166	35,991	35,571

Automotive	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
Net sales	5,846	5,399	5,851	6,422	6,541	7,240	7,214	7,581
Adjusted operating profit	491	187	96	283	101	224	383	270
Adjusted operating margin, %	8.4	3.5	1.6	4.4	1.5	3.1	5.3	3.6
Operating profit	520	149	161	268	-121	213	298	245
Operating margin, %	8.9	2.8	5.0	4.2	-1.8	2.9	4.1	3.2
Assets and liabilities, net	10,645	10,828	10,591	12,236	14,852	15,951	15,177	15,288
Registered number of employees	3,972	3,941	3,989	3,983	4,027	4,063	4,023	4,002

1) Previously published figures for 2021 and 2022 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Notes

Note 1 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 interim report was prepared in accordance with IAS 34 Interim Financial Reporting.

Disclosure as required by IAS 34 p. 16 A is provided in the notes to the financial statements as well as in other parts of the interim report. The financial statements of the Parent Company were prepared in accordance with the "Annual Accounts Act" and the RFR 2 "Accounting for legal entities".

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 several amended accounting standards that were endorsed by EU, effective date 1 January 2022. None of these have a material effect on the SKF Group's financial statements.

Valuation principles and classifications of the financial instruments, as described in SKF Annual report 2022, have been consistently applied throughout the reporting period. There are no major changes in fair value during the period.

Note 2 Transactions with related parties

No significant change is present for transactions with related parties in relation to disclosure provided in Annual Report 2022.

Note 3 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, for example caused by a pandemic, 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.

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 an investigation in Brazil by the General Superintendence of the Administrative Council for Economic Defense, regarding an alleged violation of antitrust rules by several companies active on the automotive aftermarket in Brazil.

SKF's operations are affected by the ongoing conflict in Ukraine. SKF operates in Ukraine with approximately 1,100 employees. Sales in Ukraine amounted to less than 0.1% of SKF's total sales in 2022. SKF's factory in Lutsk, Ukraine, accounted for a production volume of approximately 0.5% of SKF's total production volume in 2022. The factory in Ukraine has been producing whenever possible due to prevailing circumstances however at a lower level than normal.

For a more detailed description of risks and uncertainties, please see the Risk Management section on pages 37-39 in the SKF Annual Report 2022.

Gothenburg, 27 April 2023

Aktiebolaget SKF (publ)

Rickard Gustafson

President and CEO

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

Parent Company condensed income statements

MSEK	Jan-Mar 2023	Jan-Mar 2022
Revenue	1,959	1,903
Cost of goods sold	-1,651	-1,514
General management and administrative expenses	-411	-389
Other operating income/expenses, net	4	15
Operating result	-99	15
Financial income and expense, net	4	7
Profit before taxes	-95	22
Appropriations	-	-
Taxes	4	-27
Net profit	-91	-5

Parent Company condensed statements of comprehensive income

MSEK	Jan-Mar 2023	Jan-Mar 2022
Net profit	-91	-5
Items that may be reclassified to the income statement:		
Assets at fair value through other comprehensive income	18	-23
Other comprehensive income, net of tax	-73	-23
Total comprehensive income	-73	-28

Parent Company condensed balance sheets

MSEK	March 2023	December 2022
Intangible assets	1,182	1,234
Investments in subsidiaries	22,441	22,441
Receivables from subsidiaries	18,578	18,388
Other non-current assets	1,062	927
Non-current assets	43,263	42,990
Receivables from subsidiaries	3,319	5,555
Other receivables	336	358
Current assets	3,655	5,913
Total assets	46,918	48,903
Shareholders' equity	22,839	26,117
Provisions	755	666
Non-current liabilities	18,575	18,386
Current liabilities	4,749	3,734
Total shareholders' equity, provisions and liabilities	46,918	48,903

Alternative performance measures and definitions

Adjusted operating profit

Operating profit excluding items affecting comparability.

Adjusted operating margin

Operating profit margin excluding items affecting comparability.

Adjusted earnings/loss per share in SEK

Basic earnings per share excluding items affecting comparability.

Basic earnings/loss per share in SEK (as defined by IFRS)

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.

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.

Gross margin

Gross income as a percentage of net sales.

Items affecting comparability

Significant income/expenses that affect comparability between accounting periods. This includes, but is not limited to, restructuring costs, impairments and write-offs, currency exchange rate effects caused by devaluations and gains and losses on divestments of businesses.

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.

Organic growth

Sales excluding effects of currency and acquired and divested businesses.

Revenue growth

Sales excluding effects of currency 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.

For reconciliations of other Key Ratios, see investors.skf.com/en

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/en), including under the Administration Report; "Risk management" and in this report under "Risks and uncertainties in the business."



SKF is a key manufacturer in the growing Machine Tool segment, offering a wide range of super precision bearings where more than 50% include ceramics.

Webcast

27 April at 09:00 (CEST), 08.00 (UK)

<https://investors.skf.com/en>

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Calendar 2023

19 July Q2 report

27 October Q3 report

9 February 2024, Q4 report

This is SKF

SKF is a world-leading provider of innovative solutions that help industries become more competitive and sustainable. By making products lighter, more efficient, longer lasting, and repairable, we help our customers improve their rotating equipment performance and reduce their environmental impact. Our offering around the rotating shaft includes bearings, seals, lubrication management, condition monitoring, and services.

Quick facts

Founded 1907

Represented in more than 129 countries

Net sales in 2022: SEK 96,933 million

42,641 employees

15 technical centers

91 manufacturing sites

More than 17,000 distributors

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The financial information in this report 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 27 April 2023 at 08.00 CEST.