First-quarter report 2020

Press release 23 April

Continuing to deliver strong results and cash flow

We have delivered another very strong set of results, despite falling demand connected to the Covid-19 pandemic. Our cash flow generation and financial liquidity continues to be strong. We have continued to invest in innovation, optimize our operations and reduce costs.

Net sales fell organically by almost 9% to SEK 20.1 billion. Sales were 10% lower in Asia, 9% lower in Europe, 12% lower in North America and almost 4% higher in Latin America. Sales were impacted across most regions by both government-imposed closures as well as lower underlying demand.

Despite this development, the adjusted operating margin for the first quarter was very strong, at 12.8%, (12.8% last year), with an adjusted operating profit of SEK 2,572 million (2,720 last year). Cash flow was also strong, at 1,930 million (684).

The Industrial business delivered an adjusted margin of 15.5% (15.8%), despite a drop in organic sales of almost 7%.

The Automotive business, which in Europe was significantly impacted by customer closures from the middle of March, delivered an adjusted margin of 5.7%, in-line with last year's performance, despite a fall in organic sales of over 13%.

Precautionary measures by authorities and lower overall demand is impacting many of the regions and industries in which SKF operates. This was particularly visible during the last two weeks of March when we experienced a sharp drop in sales of 25% compared to last year.

In India and Southeast Asia, for instance, our factories have been closed, in accordance with government guidelines. Some of our factories in Italy have also been closed, with exceptions for those supplying critical industries. Factories in most other countries have remained operational, albeit at a lower capacity, taking lower demand levels into account.

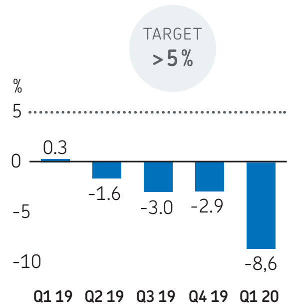
We continue to work diligently to ensure our sites remain safe places to work, with increased focus on personal hygiene and wellbeing. Our colleagues around the world have done a great job in continuing to keep our customers in focus, despite exceptionally challenging circumstances in many economies and societies.

We are also taking steps to mitigate the financial impact of the situation. This includes closure of sites, reducing costs and number of employees and increasing flexibility within the workforce. These are difficult but necessary steps that we need to take, in a responsible manner, to protect the business and make sure we have the foundations in place from which to emerge from this crisis as an even stronger SKF.

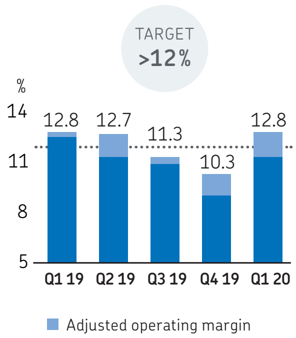
We are preparing the business for a range of different demand development scenarios and feel confident that we will be able to act accordingly as the situation develops. SKF has a strong financial position and has a track-record of resilient margins and strong cash flow in a downturn. With this in mind, and given the uncertainty in the current global economic situation, it is not feasible to provide a reliable demand guidance for the second quarter.

Alrik Danielson
President and CEO

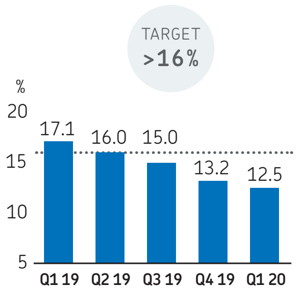
Organic sales growth



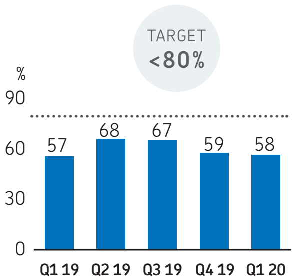
Operating margin



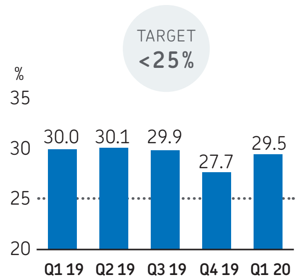
ROCE



Net debt/Equity



Net working capital/sales



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

Cover picture: SKF automotive bearing factory in Tudela, Spain.

Key figures

MSEK unless otherwise stated	Q1 2020	Q1 2019
Net sales	20,085	21,278
Adjusted operating profit	2,572	2,720
Adjusted operating margin , %	12.8	12.8
Operating profit	2,268	2,658
Operating margin, %	11.3	12.5
Profit before taxes	1,856	2,442
Adjusted profit before taxes	2,160	2,504
Net cash flow after investments before financing	1,930	684
Basic earnings per share	2.75	3.77
Adjusted earnings per share	3.41	3.91

Financial performance

First quarter 2020

Operating profit for the first quarter was SEK 2,268 million (2,658). Operating profit was positively impacted by sales price and customer mix, currency effects and cost reductions. It was negatively impacted by sales and manufacturing volumes, customer settlements and restructuring costs. Operating profit included items affecting comparability of SEK -304 million (-62) whereof SEK -93 million (-38) related to ongoing restructuring and cost reduction activities and SEK -202 million related to customer settlements. Remaining amount is related to impairments of plant and property and divested companies.

Operating profit bridge, MSEK	Q1
2019	2,658
Items affecting comparability at 2019 exchange rates	-241
Operational performance [1]	-274
Currency impact	146
Divested/acquired companies, ie net divestment	-21
2020	2,268

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.

- Financial income and expense, net in the first quarter was SEK -412 million (-216), negatively affected by exchange rate differences.
- Taxes in the quarter was SEK -549 million (-661) resulting in an effective tax rate of 29.6% (27.1%).
- Net cash flow after investment before financing in the first quarter was SEK 1,930 million (684). Excluding cash flow related to divestments and acquisitions during the first quarter it was SEK 1,930 million (820). The improvement compared to last year is mainly explained by lower working capital and higher non-cash items (mainly exchange rate effects).
- Net working capital in percent of annual sales was 29.5% in the first quarter compared to 30.0% in the first quarter 2019. The ratio was negatively impacted by exchange rate development.
- Provisions for post-employment benefits net increased by SEK 1,521 million (1,126) in the first quarter mainly due to actuarial losses on plan assets and currency translation effects.

Key figures

	31 March 2020	31 December 2019	31 March 2019
Net working capital, % of 12 months rolling sales	29.5	27.7	30.0
ROCE for the 12-month period, %	12.5	13.2	17.1
Net debt/equity, %	57.6	59.3	57.1
Net debt/equity, excluding post-employment benefits and leasing, %	7.5	10.2	11.8
Net debt/EBITDA	1.8	1.7	1.6

Sales

Net sales, change y-o-y, %	Q1 Organic	Q1 Structure	Q1 Currency	Q1 Total
SKF Group	-8.6	0.1	2.9	-5.6
Industrial	-6.7	0.1	3.0	-3.6
Automotive	-13.3	–	2.9	-10.4

Organic sales in local currencies, change y-o-y, %	Q1 Europe	Q1 North America	Q1 Latin America	Q1 Asia-Pacific	Q1 Middle East & Africa
SKF Group	-8.8	-11.7	3.5	-10.4	5.6
Industrial	--	---	+	--	+/-
Automotive	---	---	+/-	---	+++

Customer industries	Q1 Europe	Q1 North America	Q1 Latin America	Q1 Asia-Pacific	Q1 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 Q1 2020, compared to Q1 2019

Europe
Industrial: Overall, sales were lower in the quarter. By industry, sales to the railway industries were significantly higher. Sales to agricultural, food and beverage industries were slightly higher, sales to off-highway were slightly lower and sales to heavy industries, aerospace as well as to energy and industrial distribution were lower. Sales to industrial drives, electrical and marine were all significantly lower compared to Q1 2019.

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

North America
Industrial: Sales were significantly lower in the quarter compared to Q1 2019. By industry, sales to other industrial were significantly higher. Sales to aerospace and to agricultural, food and beverage industries were relatively unchanged while sales to all 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 lower in the quarter. By industry, sales to energy and marine were significantly higher, sales to industrial distribution were lower while sales to all other industries were significantly lower compared to Q1 2019.

Automotive: Sales were significantly lower in the quarter. Sales to the truck industry were higher while sales to light vehicles and to the vehicle aftermarket were significantly lower compared to Q1 2019.

Latin America
Industrial: Overall, sales were slightly higher in the quarter. By industry, sales to industrial drives, electrical and to the energy industry were significantly higher. Sales to off-highway were higher and sales to heavy industries were slightly higher. Sales to industrial distribution were lower and sales to other industrial were significantly lower compared to Q1 2019.

Automotive: Sales were relatively unchanged in the quarter. Sales to the vehicle aftermarket were higher while sales to light vehicles and to trucks were relatively unchanged compared to Q1 2019.

Segment information[1)]

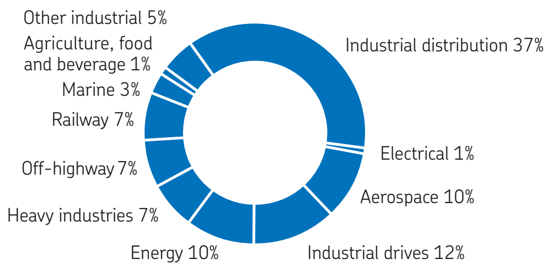
MSEK unless otherwise stated

Industrial	Q1/2020	Q1/2019
Net sales	14,501	15,049
Adjusted operating profit	2,251	2,373
Adjusted operating margin, %	15.5	15.8
Operating profit	2,172	2,328
Operating margin, %	15.0	15.5

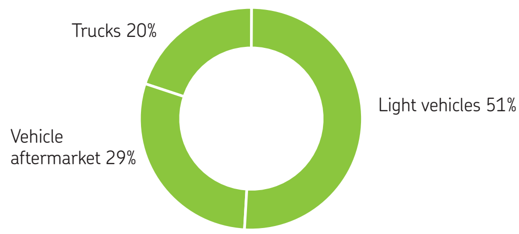
Automotive	Q1/2020	Q1/2019
Net sales	5,584	6,229
Adjusted operating profit	321	347
Adjusted operating margin, %	5.7	5.6
Operating profit	96	330
Operating margin, %	1.7	5.3

1) Previously published figures for 2019 have been restated to reflect a change in classification of customers between the segments.

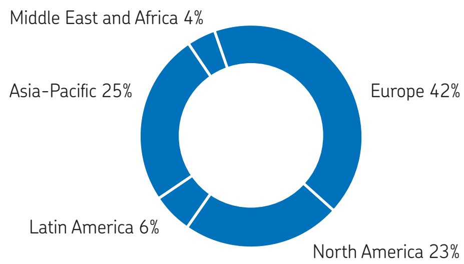
Net sales by customer industry for Industrial, Q1 2020



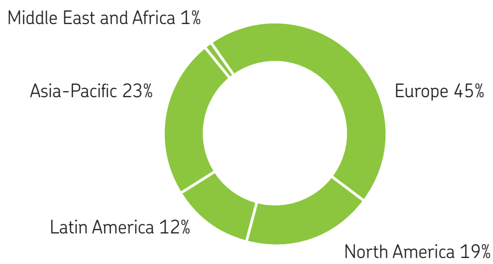
Net sales by customer industry for Automotive, Q1 2020



Net sales by region for Industrial, Q1 2020



Net sales by region for Automotive, Q1 2020



Outlook and Guidance

Demand for Q2 2020 compared to Q2 2019

The industries and regions in which SKF operates are being impacted by initiatives by authorities and by SKF's customers related to the spread of the Covid-19 virus.

As a result of this significant level of uncertainty, it is not feasible to provide a reliable demand guidance for the second quarter.

Guidance Q2 2020

- Financial net: SEK -250 million

Guidance 2020

- Tax level excluding effects related to divested businesses: around 29%.
- Additions to property, plant and equipment: around SEK 3,300 million.

Previous outlook statement

Demand for Q1 2020 compared to Q1 2019

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 slightly higher in Asia, lower in Europe, significantly lower in North America and significantly higher in Latin America.

Highlights

CO2 neutral manufacturing
SKF's factory in Tudela, Spain, has become the Group's second manufacturing site to achieve CO2 neutral status. Together with the factory in Steyr, Austria, the two factories have reduced their combined annual CO2 emissions by some 22,000 tonnes.

SKF consolidates product development
In order to speed up the development of cloud-based condition monitoring technologies, SKF is consolidating its development footprint in Europe. Consequently, and subject to consultation with local employee representatives, SKF proposes to cease its development and supply chain activities in Livingston, Scotland. The site currently employs approximately 50 people.

Annual General Meeting of AB SKF
Håkan Buskhe and Susanna Schneeberger were newly elected as Board members. The following Board members were re-elected: Hans Stråberg, Hock Goh, Alrik Danielson, Ronnie Leten, Barb Samardzich, Colleen Repplier and Geert Follens.

The Board's proposal for a reduced dividend of SEK 3 per share was approved.

Announced changes to Group Management
Carina Bergfelt, General Counsel and Senior Vice President, Group People, Communication and Legal, will step down from Group Management from 31 August 2020.

The following changes will be effective 1 September 2020:

- Ann-Sofie Zaks, Senior Vice President, Human Resources. Ann-Sofie was born in 1976 and has held various HR positions within SKF.
- Mathias Lyon, General Counsel and Senior Vice President, Group Legal. Mathias was born in 1975 and is currently SKF's Deputy General Counsel.
- Niclas Rosenlew, Senior Vice President and CFO, will assume responsibility for Group Communication.

New products and solutions

New wireless sensors
SKF has released a compact and cost-effective vibration and temperature sensor for monitoring the condition of rotating parts on heavy industrial machinery. Designed principally for use as part of an SKF Rotating Equipment Performance solution, the sensor - SKF Enlight Collect IMx-1 - enables customers to reduce both expensive unplanned downtime and their maintenance costs.

Data collection from hazardous areas
SKF has gained hazardous area approval for its QuickCollect sensor, which collects vibration and temperature data. The new approval, to both European and International standards, allows the sensor to be used in in places that would previously have required a 'hot work' permit.

SKF Enlight Collect IMx-1

Accounting principles

The consolidated financial statements and the interim report 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”. 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 several amended accounting standards that were endorsed by EU, effective date 1 January 2020. None of these have a material effect on the SKF Group´s financial statements.

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.

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.

Gothenburg, 23 April 2020
Aktiebolaget SKF (publ)
Alrik Danielson
President and CEO

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

Condensed consolidated income statements

MSEK	Jan-Mar 2020	Jan-Mar 2019
Net sales	20,085	21,278
Cost of goods sold	-15,226	-15,857
Gross profit	**4,859**	**5,421**
Selling and administrative expenses	-2,708	-2,805
Other operating income/expenses, net	117	42
Operating profit	**2,268**	**2,658**
Operating margin, %	11.3	12.5
Financial income and expense, net	-412	-216
Profit before taxes	**1,856**	**2,442**
Taxes	-549	-661
Net profit	**1,307**	**1,781**
Net profit attributable to:		
Shareholders of the parent	1,250	1,718
Non-controlling interests	57	63

Condensed consolidated statements of comprehensive income

MSEK	Jan-Mar 2020	Jan-Mar 2019
Net profit	**1,307**	**1,781**
Items that will not be reclassified to the income statement:		
Remeasurements	-742	-926
Income taxes	125	270
	-617	**-656**
Items that may be reclassified to the income statement:		
Exchange differences arising on translation of foreign operations	1,706	1,197
Assets at fair value through other comprehensive income	-30	23
Income taxes	15	24
	1,691	**1,244**
Other comprehensive income, net of tax	1,074	588
Total comprehensive income	**2,381**	**2,369**
Shareholders of AB SKF	2,273	2,247
Non-controlling interests	108	122

Condensed consolidated balance sheets

MSEK	March 2020	December 2019
Goodwill	12,050	11,251
Other intangible assets	7,425	7,146
Property, plant and equipment	19,597	18,420
Right of use asset leases	3,045	2,991
Deferred tax assets	4,732	4,437
Other non-current assets	1,830	2,019
Non-current assets	48,679	46,264
Inventories	19,453	18,051
Trade receivables	14,879	14,006
Other current assets	4,625	4,546
Other current financial assets	13,255	11,241
Current assets	52,212	47,844
Total assets	**100,891**	**94,108**
Equity attributable to shareholders of AB SKF	37,761	35,512
Equity attributable to non-controlling interests	1,962	1,854
Long-term financial liabilities	16,423	15,407
Provisions for post-employment benefits	16,886	15,366
Provisions for deferred taxes	957	960
Other long-term liabilities and provisions	2,076	1,869
Non-current liabilities	36,342	33,602
Trade payables	9,271	8,266
Short-term financial liabilities	3,820	3,610
Other short-term liabilities and provisions	11,735	11,264
Current liabilities	24,826	23,140
Total equity and liabilities	**100,891**	**94,108**

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Mar 2020	Jan-Mar 2019
Opening balance 1 January	37,366	35,452
Total comprehensive income	2,381	2,369
Cost for performance share programmes, net	-36	-48
Other, including transactions with non-controlling interests	13	-267
Total cash dividends	-1	-1
Closing balance	**39,723**	**37,505**

Condensed consolidated statements of cash flow

MSEK	Jan-Mar 2020	Jan-Mar 2019
Operating activities:		
Operating profit	2,268	2,658
Depreciation, amortization and impairment	866	834
Net loss/gain (-) on sales of PPE and businesses	-47	9
Taxes	-310	-211
Other including non-cash items	535	-380
Changes in working capital	-539	-1,441
Net cash flow from operations	**2,773**	**1,469**
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	-926	-804
Sales of PPE, businesses and equity securities	83	19
Net cash flow used in investing activities	**-843**	**-785**
Net cash flow after investments before financing	**1,930**	**684**
Financing activities:		
Change in short- and long-term loans	-76	46
Other financing items	–	–
Repayment leases	-212	-179
Cash dividends	-1	-1
Redemption of shares	–	-242
Investments in short-term financial assets	-259	-246
Sales of short-term financial assets	3,788	292
Net cash flow used in financing activities	**3,240**	**-330**
Net cash flow	**5,170**	**354**
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 January	6,430	10,390
Cash effect excl. acquired/sold business	5,170	357
Cash effect of acquired/sold businesses	–	-3
Exchange rate effect	-178	105
Cash and cash equivalents at 31 March	**11,422**	**10,849**

Change in Net debt	Closing balance 31 March 2020	Other non cash changes	Acquired/ sold businesses	Cash changes	Translation effect	Opening balance 1 January 2020
Loans, long- and short-term	15,840	-2	–	-76	948	14,970
Post-employment benefits, net	16,834	931	–	-234	824	15,313
Lease liabilities	3,074	90	–	-212	185	3,011
Financial assets, others	-1,449	-15	–	3,364	-110	-4,688
Cash and cash equivalents	-11,422	–	–	-5,170	178	-6,430
Net debt	**22,877**	**1,004**	–	**-2,328**	**2,025**	**22,176**

Number of shares

	Jan-Mar 2020	Jan-Mar 2019
Total number of shares:	455,351,068	455,351,068
- whereof A shares	32,397,042	33,221,095
- whereof B shares	422,954,026	422,129,973
Weighted average number of shares in:		
- basic earnings per share	455,351,068	455,351,068
- diluted earnings per share	455,585,942	455,650,504

Condensed consolidated financial information

MSEK unless otherwise stated

	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Net sales	22,620	21,341	21,192	21,278	22,488	21,039	21,208	20,085
Cost of goods sold	-16,895	-16,132	-16,490	-15,857	-16,841	-15,972	-16,401	-15,226
Gross profit	**5,725**	**5,209**	**4,702**	**5,421**	**5,647**	**5,067**	**4,807**	**4,859**
Gross margin, %	25.3	24.4	22.2	25.5	25.1	24.1	22.7	24.2
Selling and administrative expenses	-2,829	-2,753	-3,045	-2,805	-3,103	-2,918	-2,993	-2,708
– as % of sales	12.5	12.9	14.4	13.2	13.8	13.9	14.1	13.5
Other, net	29	141	1,245	42	-5	139	96	117
Operating profit	**2,925**	**2,597**	**2,902**	**2,658**	**2,539**	**2,288**	**1,910**	**2,268**
Operating margin, %	12.9	12.2	13.7	12.5	11.3	10.9	9.0	11.3
Financial net	-142	-253	-266	-216	-278	-244	-188	-412
Profit before taxes	**2,783**	**2,344**	**2,636**	**2,442**	**2,261**	**2,044**	**1,722**	**1,856**
Profit margin before taxes, %	12.3	11.0	12.4	11.5	10.1	9.7	8.1	9.2
Taxes	-759	-753	-453	-661	-682	-693	-641	-549
Net profit	**2,024**	**1,591**	**2,183**	**1,781**	**1,579**	**1,351**	**1,081**	**1,307**
Net profit attributable to								
Shareholders of the parent company	1,935	1,524	2,107	1,718	1,511	1,293	1,035	1,250
Non-controlling interests	89	67	76	63	68	58	46	57

Reconciliation to profit before tax for the Group

MSEK	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Operating profit:								
Industrial [1]	2,358	2,202	2,808	2,328	2,255	2,202	1,904	2,172
Automotive [1]	567	395	94	330	284	86	6	96
Financial net	-142	-253	-266	-216	-278	-244	-188	-412
Profit before taxes for the Group	**2,783**	**2,344**	**2,636**	**2,442**	**2,261**	**2,044**	**1,722**	**1,856**

1) Previously published figures for 2018 and 2019 have been restated to reflect a change in classification of customers between the segments.

Key figures

Definitions, see page 15

	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
EBITDA, MSEK	3,500	3,173	3,656	3,493	3,425	3,134	2,840	3,134
EBITA,MSEK	3,044	2,717	3,041	2,811	2,691	2,443	2,063	2,421
Adjusted operating profit	2,946	2,683	2,197	2,720	2,856	2,380	2,181	2,572
Adjusted operating margin, %	13.0	12.6	10.4	12.8	12.7	11.3	10.3	12.8
Basic earnings per share, SEK	4.25	3.35	4.63	3.77	3.32	2.84	2.27	2.75
Adjusted earnings per share, SEK	4.30	3.53	3.55	3.91	4.02	3.04	2.86	3.41
Diluted earnings per share, SEK	4.25	3.34	4.62	3.77	3.32	2.84	2.27	2.74
Dividend per share, SEK	5.50	–	–	–	6.00	–	–	–
Net worth per share, SEK	69	71	74	78	74	76	78	83
Share price at the end of the period, SEK	166.7	175.4	134.5	154.4	170.8	162.7	189.4	136.7
NWC, % of 12 months rolling sales	31.1	29.0	27.8	30.0	30.1	29.9	27.7	29.5
ROCE for the 12-month period, %	15.8	16.5	17.6	17.1	16.0	15.0	13.2	12.5
ROE for the 12-month period, %	22.7	23.1	22.8	21.8	20.1	18.9	15.7	14.3
Gearing, %	46.0	45.4	45.0	47.2	49.3	48.9	47.1	47.4
Equity/assets ratio, %	38.7	39.8	40.7	39.5	37.6	37.8	39.7	39.4
Additions to property, plant and equipment, MSEK	537	656	833	656	684	967	1,154	917
Net debt/equity, %	66.9	59.9	49.1	57.1	67.6	67.0	59.3	57.6
Net debt, MSEK	22,238	20,368	17,400	21,431	24,103	24,548	22,176	22,877
Net debt/EBITDA	1.9	1.6	1.3	1.6	1.8	1.8	1.7	1.8
Registered number of employees	45,862	45,914	44,428	44,161	43,700	43,687	43,360	43,134

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 figures[1)]

MSEK unless otherwise stated

Industrial	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Net sales	15,981	15,249	15,253	15,049	16,061	15,126	15,361	14,501
Adjusted operating profit	2,377	2,275	1,982	2,373	2,530	2,108	2,046	2,251
Adjusted operating margin, %	14.9	14.9	13.0	15.8	15.7	13.9	13.3	15.5
Operating profit	2,358	2,202	2,808	2,328	2,255	2,202	1,904	2,172
Operating margin, %	14.8	14.4	18.4	15.5	14.0	14.6	12.4	15.0
Assets and liabilities, net	42,455	40,972	39,228	44,303	44,966	45,902	44,965	47,796
Registered number of employees	38,095	38,052	36,571	36,154	35,945	36,061	35,834	35,472

Automotive	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Net sales	6,639	6,092	5,939	6,229	6,427	5,913	5,847	5,584
Adjusted operating profit	569	408	215	347	326	272	135	321
Adjusted operating margin, %	8.6	6.7	3.6	5.6	5.1	4.6	2.3	5.7
Operating profit	567	395	94	330	284	86	6	96
Operating margin, %	8.5	6.5	1.6	5.3	4.4	1.5	0.1	1.7
Assets and liabilities, net	10,074	9,711	9,752	11,048	10,636	10,730	9,938	10,010
Registered number of employees	7,159	7,248	7,227	7,358	7,112	6,964	6,855	6,747

1) Previously published figures for 2018 and 2019 have been restated to reflect a change in classification of customers between the segments.

Parent company condensed income statements

MSEK	Jan-Mar 2020	Jan-Mar 2019
Revenue	1,200	1,539
Cost of revenue	-1,224	-1,241
General management and administrative expenses	-332	-379
Other operating income/expenses, net	-9	1
Operating result	**-365**	**-80**
Financial income and expense, net	-17	1,263
Profit before taxes	**-382**	**1,183**
Taxes	74	17
Net profit	**-308**	**1,200**

Parent company condensed statements of comprehensive income

MSEK	Jan-Mar 2020	Jan-Mar 2019
Net profit	-308	1,200
Items that may be reclassified to the income statement:		
Assets at fair value through other comprehensive income	-30	23
Other comprehensive income, net of tax	**-30**	**23**
Total comprehensive income	**-338**	**1,223**

Parent company condensed balance sheets

MSEK	March 2019	December 2019
Intangible assets	1,566	1,611
Investments in subsidiaries	22,451	22,438
Receivables from subsidiaries	13,107	12,313
Other non-current assets	1,113	1,050
Non-current assets	**38,237**	**37,412**
Receivables from subsidiaries	4,507	6,585
Other receivables	199	151
Current assets	**4,706**	**6,736**
Total assets	**42,943**	**44,148**
Shareholders' equity	24,523	24,959
Provisions	394	384
Non-current liabilities	13,105	12,312
Current liabilities	4,921	6,493
Total shareholders' equity, provisions and liabilities	**42,943**	**44,148**

Definitions

Adjusted operating profit
Operating profit excluding items affecting comparability.

Adjusted operating margin
Operating profit margin excluding items affecting comparability.

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.

Items affecting comparability
Significant income/expenses that affects 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.

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 SKFs 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."

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 2019 were SEK 86,013 million and the number of employees were 43,360
15 technical centers
103 manufacturing sites
More than 17,000 distributors

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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 focus areas
Based on SKF's vision and mission, the company focuses on six strategic areas:
1. Digital sales
2. New business models
3. Innovation
4. World-class manufacturing
5. Future workforce
6. Cleantech

For further information, please contact

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Conference call

23 April at 08:00 (CEST), 07.00 (UK).

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Website: http://investors.skf.com/en/reports-and-presentations

Webcast access on mobile devices

Calendar

21 July, Half-year report 2020
27 October, Nine-month report 2020

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 23 April 2020 at 07.00 CEST.