



First-quarter report 2024

26 April 2024

Q1 2024

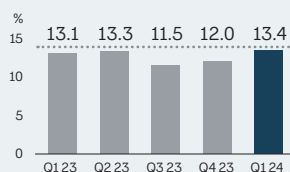
- Net sales SEK 24,699 million (26,549).
- Organic growth -7.0% (10.1%).
- Adjusted operating profit SEK 3,303 million (3,478).
- Operating profit SEK 2,993 million (3,379).
- Adjusted operating margin 13.4% (13.1%).
 - Industrial 16.4% (16.8%).
 - Automotive 6.0% (3.9%).
- Operating margin 12.1% (12.7%).
 - Industrial 15.1% (16.4%).
 - Automotive 4.8% (3.5%).
- Net cash flow from operations SEK 1,781 million (2,747).
- Basic earnings per share SEK 4.15 (4.55).

Financial overview

MSEK unless otherwise stated	Q1 2024	Q1 2023
Net sales	24,699	26,549
Adjusted operating profit	3,303	3,478
Adjusted operating margin, %	13.4	13.1
Operating profit	2,993	3,379
Operating margin, %	12.1	12.7
Adjusted profit before taxes	3,032	3,041
Profit before taxes	2,722	2,942
Net cash flow from operating activities	1,781	2,747
Basic earnings per share	4.15	4.55
Adjusted earnings per share	4.83	4.77

Adjusted operating margin

TARGET 14%



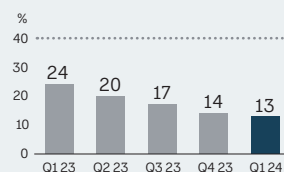
Revenue growth¹⁾

TARGET 5%



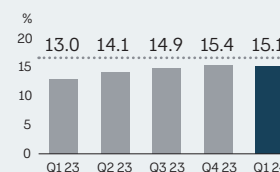
Net debt/Equity²⁾

TARGET <40%

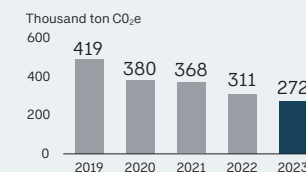


ROCE³⁾

TARGET 16%



Decarbonized Operations⁴⁾



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

1) Including acquisitions, adjusted for divestments.

2) Excluding pension liabilities.

3) Adjusted for items affecting comparability.

4) 95% reduction in scope 1 and 2 emissions by 2030 vs. 2019.

A more resilient and competitive SKF

Our first quarter performance marked another step towards a more resilient and competitive SKF. In soft market conditions, we delivered a strong adjusted operating margin of 13.4%, somewhat ahead of Q1 2023. The margin improvement clearly demonstrates our improved resilience in a situation where organic growth shifted from +10% in Q1 last year to -7% this year.

The improved performance is explained by our active and ongoing focus on business cycle management, in combination with a continued execution of our ongoing strategic initiatives, such as supply chain and footprint optimization, portfolio management, and enhanced sustainability leadership. All in all, we are well-positioned to capture profitable growth opportunities once demand bounces back again.

Strong margin despite sales decline in Q1

Net sales in the first quarter were SEK 24,699 million in a more challenging economic environment. As expected, we saw a soft customer demand in the quarter with large variations across our different industries. We continued to perform well within our targeted high-growth segments. For example, aerospace, railway, and electric vehicles maintained strong growth rates, fueled by innovative solutions developed in close collaboration with our customers.

Organic growth in India and Southeast Asia (ISEA) was 1% driven by a strong performance in heavy industries and light vehicles. In Europe, Middle East and Africa (EMEA) the organic sales decline was -5%, with negative growth in most industries, while aerospace and railway contributed positively.

Organic growth in China and Northeast Asia (CNEA) was -11% in the quarter, which is mainly explained by the slow-down in wind sales. We don't expect a short-term recovery in wind and, consequently, we are increasing our focus on other industries, such as heavy industries. Excluding wind, growth in CNEA was relatively flat and we saw a positive development in railway and marine with double-digit growth rates.

In the Americas, the sales decline was -10%, driven by the continued negative trend with OEM customers destocking, but also due to our efforts in phasing out lower profit businesses. We are now striving to broaden our customer base in certain industrial verticals and thereby increasing our

resilience towards shifting economic cycles. This is a top priority for our new leadership in the region that was announced early in the quarter.

In total, the adjusted operating profit was SEK 3,303 million (3,478 million), corresponding to an adjusted operating margin of 13.4% (13.1%). A strong performance given the decline in net sales. A key contributor has been our ongoing strategic transformation initiatives, including investments in regionalization and in building competitive value chains to ensure that we quickly can ramp up production once demand bounces back. In parallel, we have continued to execute tactical activities to manage the business cycle, where decentralized accountability for pricing, portfolio pruning, and cost management have been vital.

Due to all these activities, our Industrial business continued to perform well in the first quarter and maintained an adjusted operating margin above 16%, while the margin for our Automotive business improved to above 6%.

Cash flow from operations was fairly normal for a first quarter and was SEK 1.8 billion. We continue our active work across all business areas to further improve the net working capital performance with a special focus on inventory reduction.

Continued execution of ongoing strategic initiatives

We continue to diligently work on implementing and executing our strategy, increasing our efficiency, and reducing fixed costs. Key focus areas in 2024 are further optimization of our supply chain and footprint, managing and restructuring our portfolio, and gearing up for intelligent and clean growth. A common theme across these priorities is innovation, where we, together with our customers, develop products and solutions that create significant value. This enables us to defend or increase our market share in many important industrial segments, and thereby re-enforce our position as a leader in the industry.

As a global leader within railway, representing 5% of our total sales and outgrowing the market in recent years, we constantly drive innovation in close cooperation and partnership with our customers, both OEMs and operators, to develop solutions for enhanced fleet efficiency and reliability. As an example, we recently developed new high speed ceramic deep groove ball bearings for railway drives.



To gear up for intelligent and clean growth, investments in decarbonization, high speed rotation and low-friction products and services are key. We have developed a bearing tailored for the robotics industry, with a reduced manufacturing CO2 footprint of 70%, enabling an additional 20% CO2 reduction in the end customer application. This is a great example of how SKF, together with our customers, are laying a foundation for a more sustainable future. I am also encouraged that we have received the Platinum Medal for the fourth year running in the sustainability rating from EcoVadis and the top Climate Change rating available from CDP.

Our strong financial performance due to our ability to mitigate the impact from the economic slowdown, and in parallel effectively execute our strategic transformation, would not have been possible without our dedicated employees. I would like to take this opportunity to express my sincere appreciation to all colleagues and partners across the SKF footprint.

Outlook

We expect to see continued market volatility and geopolitical uncertainty and the business is prepared to tackle different scenarios. Looking into the second quarter of 2024, we expect a mid single-digit organic sales decline. For the full year, we expect a low single-digit organic sales decline, compared to 2023.

Rickard Gustafson
President and CEO

Financial performance

First quarter 2024

Operating profit for the first quarter was SEK 2,993 million (3,379). Operating profit included items affecting comparability of SEK –310 million (–99), whereof SEK –214 million (–99) related to ongoing restructuring and cost reduction activities and factory closures, and SEK –96 million (0) related to impairments.

The adjusted operating profit for the first quarter was SEK 3,303 million (3,478). The adjusted operating profit was positively impacted by price and mix. It was also positively impacted by cost decreases where material, energy and logistic costs were lower than last year. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes, currency effects and higher salaries and wages compared to last year.

Adjusted operating profit bridge, MSEK	Q1
2023	3,478
Currency impact	–296
Divested businesses	—
Organic sales & Manufacturing volumes	–429
Cost development	550
2024	3,303

- Financial income and expense, net was SEK –271 million (–437). Exchange rate fluctuations had a more negative effect in the first quarter 2023, compared to the first quarter 2024 while interest expenses were higher in 2024.
- Taxes in the quarter was SEK –720 million (–783) resulting in an effective tax rate of 26.4% (26.6%).
- Net cash flow from operating activities in the first quarter was SEK 1,781 million (2,747). Changes in net working capital impacted negatively in the quarter, mainly driven by increased accounts receivable. The higher cash flow in 2023 was mainly driven by reduction in net working capital.
- Net working capital in percent of annual sales was 30.9% in March 2024 compared to 32.4% in March 2023. The ratio was positively affected by lower inventory levels in relation to sales compared to last year.
- Provisions for post-employment benefits, net decreased by SEK –390 million (–155) in the first quarter. The decrease was driven by actuarial gains on gross obligation due to higher discount rates as well as payments made in the quarter, partly offset by currency effects.

Key figures	31 March 2024	31 Dec 2023	31 March 2023
Net working capital, % of 12 months rolling sales	30.9	27.7	32.4
ROCE for the 12-month period, % ¹⁾	15.1	15.4	13.0
Net debt/equity, %	26.6	29.5	39.8
Net debt/equity, excluding post-employment benefits, %	13.0	13.9	24.0
Net debt/EBITDA	1.1	1.1	1.7

1) Adjusted for items affecting comparability.

Sales

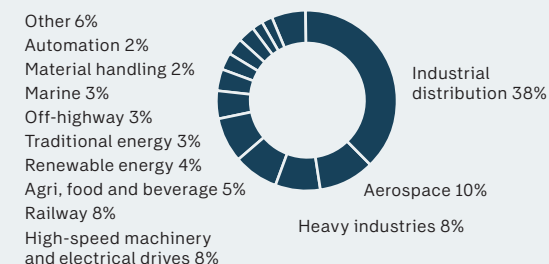
Net sales, change y-o-y, %	Q1			
	Organic ¹⁾	Structure	Currency	Total
SKF Group	-7.0	0.1	0.0	-6.9
Industrial	-7.3	0.1	-0.2	-7.4
Automotive	-6.2	0.0	0.4	-5.8

¹⁾ Price, mix and volume

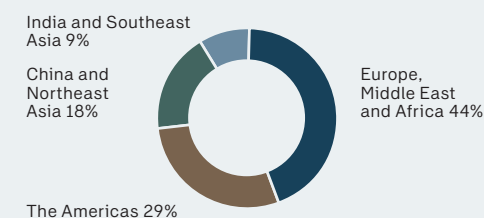
Organic sales in local currencies, change y-o-y, %	Q1			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
SKF Group	-4.9	-9.9	-11.2	1.2
Industrial	--	---	---	+/-
Automotive	--	---	+/-	++

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 distribution	--	-	++	+/-
High-speed machinery and 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 2024



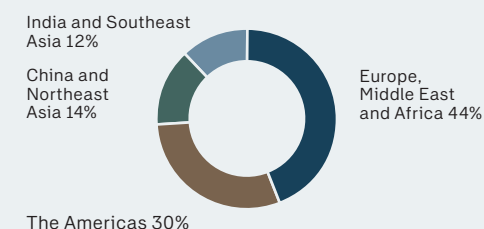
Net sales by region for Industrial Q1 2024



Net sales by customer industry for Automotive Q1 2024



Net sales by region for Automotive Q1 2024



Industrial

Comments on organic sales in local currencies in the first quarter 2024, compared to the first quarter 2023

Europe, Middle East and Africa

Overall, sales were lower in the quarter. By industry, sales to aerospace and traditional energy were significantly higher. To railway and marine it was relatively unchanged while it was lower to industrial distribution and other. Sales to high-speed machinery and electrical drives, renewable energy, heavy industries, agriculture, food and beverage, off-highway, material handling and automation were significantly lower compared to Q1 2023.

The Americas

Overall, sales were significantly lower in the quarter. By industry, sales to aerospace were significantly higher and sales to material handling were higher. To industrial distribution and automation it was slightly lower. Sales to all other industrial segments were significantly lower compared to Q1 2023.

China and Northeast Asia

Overall, sales were significantly lower in the quarter. By industry, sales to railway and marine were significantly higher. To industrial distribution and off-highway it was higher while it was relatively unchanged to traditional energy. Sales to other and heavy industries were lower while sales to high-speed machinery and electrical drives, renewable energy, aerospace, agriculture, food and beverage, material handling and automation were all significantly lower compared to Q1 2023.

India and Southeast Asia

Overall, sales were relatively unchanged in the quarter. By industry, sales to heavy industries and automation were significantly higher. To material handling it was higher and to railway it was slightly higher while sales to industrial distribution and aerospace were relatively unchanged. Sales to high-speed machinery and electrical drives, other and traditional energy were lower while sales to renewable energy, agriculture, food and beverage, off-highway and marine were significantly lower compared to Q1 2023.

Segment information¹⁾

MSEK unless otherwise stated

	Industrial		Automotive	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Net sales	17,487	18,892	7,212	7,657
Adjusted operating profit	2,867	3,182	436	296
Adjusted operating margin, %	16.4	16.8	6.0	3.9
Operating profit	2,644	3,108	349	271
Operating margin, %	15.1	16.4	4.8	3.5

1) Previously published figures for 2023 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Automotive

Comments on organic sales in local currencies in the first quarter 2024, compared to the first quarter 2023

Europe, Middle East and Africa

Sales in the quarter were lower compared to last year. Sales to the vehicle aftermarket were relatively unchanged while sales to light vehicles were lower and to commercial vehicles it was significantly lower.

The Americas

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

China and Northeast Asia

Sales in the quarter were relatively unchanged compared to last year. To the vehicle aftermarket it was significantly higher, to light vehicles it was higher while sales to commercial vehicles were significantly lower.

India and Southeast Asia

Sales in the quarter were higher compared to last year with significantly higher sales to light vehicles. To the vehicle aftermarket it was relatively unchanged while sales to commercial vehicles were significantly lower.

Industrial

Comments on adjusted operating profit 2024, compared to 2023

First quarter 2024

The adjusted operating profit for the first quarter was SEK 2,867 million (3,182). The adjusted operating profit was positively impacted by price and mix as well as lower costs for material, energy, and logistics compared to last year. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes, higher costs for salaries and wages, and currency effects.

Adjusted operating profit bridge, MSEK	Q1
2023	3,182
Currency	-210
Divested businesses	—
Organic sales & Manufacturing volumes	-433
Cost development	328
2024	2,867

Automotive

Comments on adjusted operating profit 2024, compared to 2023

First quarter 2024

The adjusted operating profit for the first quarter was SEK 436 million (296). The adjusted operating profit was positively impacted by price and mix as well as lower costs for material, energy, and logistics, while salaries and wages remained relatively unchanged compared to last year. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	Q1
2023	296
Currency	-86
Divested businesses	—
Organic sales & Manufacturing volumes	4
Cost development	222
2024	436



Hybrid ball bearing for railway drive systems.

Outlook and Guidance

Demand for Q2 2024 compared to Q2 2023

Looking into the second quarter of 2024, we expect a mid single-digit organic sales decline.

Guidance for Q2 2024

Currency impact on the operating profit is expected to be around SEK 200 million negative compared with the second quarter 2023, based on exchange rates per 31 March 2024.

Guidance 2024

- For the full year, we expect a low single-digit organic sales decline, compared to 2023.
- Tax level excluding effects related to divested businesses: around 26%.
- Additions to property, plant and equipment: around SEK 5.5 billion.

Previous outlook and guidance statement

Demand for Q1 2024 compared to Q1 2023

Looking into the first quarter of 2024, we expect a mid single-digit organic sales decline.

Guidance for Q1 2024

Currency impact on the operating profit is expected to be around SEK 400 million negative compared with the first quarter 2023, based on exchange rates per 31 December 2023.

Guidance 2024

- For the full year, we expect a low single-digit organic sales decline, compared to 2023.
- Tax level excluding effects related to divested businesses: around 26%.
- Additions to property, plant and equipment: around SEK 5.5 billion.

Significant events

22 January 2024 - SKF Awarded EcoVadis Platinum Rating

SKF has been awarded a Platinum Medal by EcoVadis for the fourth year running. EcoVadis is one of the most trusted providers of sustainability ratings for use in supply chains. This recognition places SKF in the top 1% among the more than 100,000 companies assessed worldwide.

30 January 2024 - 100% renewable electricity in the U.S. and Canada

SKF has reached a significant sustainability milestone by entering two Renewable Energy Certificate purchase agreements in North America. This will enable SKF factories and facilities in the U.S. and Canada to achieve 100% renewable electricity.

6 February 2024 - Recognized with 'A' score from CDP

SKF has received an 'A', the top Climate Change rating available from the global organization CDP. SKF is one of only 346 companies out of over 21,000 assessed to achieve an 'A' score.

Changes in Group Management

As a consequence of SKF accelerating its strategic transformation to drive profitable growth, the leadership in two of the industrial regions, the Americas and India and Southeast Asia, was changed.

Manish Bhatnagar, former President, Industrial Region India and Southeast Asia (ISEA) was on 6 February appointed President, Industrial Region Americas. Mukund Vasudevan was on 19 March appointed President, Industrial Region ISEA, and joined SKF 8 April. John Schmidt, President, Industrial Region Americas, stepped down from his role in Group Management on 6 February.

26 March 2024 - Annual General Meeting of AB SKF

Hans Stråberg, Hock Goh, Geert Follens, Håkan Buskhe, Susanna Schneeberger, Rickard Gustafson, Beth Ferreira, Therese Friberg, Richard Nilsson and Niko Pakalén were reelected as Board members. Hans Stråberg was elected Chair of the Board. Håkan Buskhe was elected Vice Chair of the Board by the Board of Directors at the Statutory Board meeting.

More information on <https://investors.skf.com/en/press-releases>



SKF has signed a 12-year agreement with Clearway Energy Group, starting in 2026, for a portion of the Renewable Energy Certificates generated from a solar farm currently under construction in Kent County, Texas, USA.

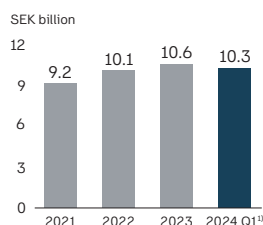
Sustainability performance

Sustainability is an integral part of SKF's strategy to drive Intelligent and Clean growth. By creating more efficient and durable solutions for industries, significantly cutting emissions by 2030 and achieving net-zero greenhouse gas emissions in the supply chain by 2050, SKF is pioneering sustainability in its sphere. In addition to enabling a more sustainable industry, SKF is focusing on running its own business in a transparent and responsible manner.

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.

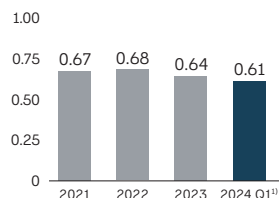
1) Previously published figures for 2021 and 2022 have been restated based on adaptation of the scope to better reflect and align with the sectors in the EU Taxonomy. 2024 figures relate to the latest 12 months period.



Accident rate

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

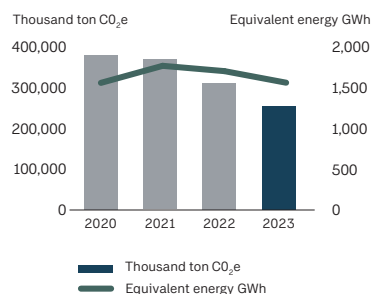
1) 2024 figures relate to the latest 12 months period.



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.



From fueling vehicles to providing heat and electricity for industry, green hydrogen works as a versatile energy carrier. All by only emitting water.

Condensed consolidated income statements

MSEK	Jan-Mar 2024	Jan-Mar 2023
Net sales	24,699	26,549
Cost of goods sold	-17,604	-19,162
Gross profit	7,095	7,387
Research and development expenses	-826	-806
Selling and administrative expenses	-3,234	-3,207
Other operating income/ expenses, net	-42	5
Operating profit	2,993	3,379
Financial income and expenses, net	-271	-437
Profit before taxes	2,722	2,942
Income taxes	-720	-783
Net profit	2,002	2,159
Net profit attributable to:		
Shareholders of AB SKF	1,888	2,073
Non-controlling interests	114	86
Basic earnings per share (SEK) ¹⁾	4.15	4.55

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 2024	Jan-Mar 2023
Net profit	2,002	2,159
Items that will not be reclassified to the income statement:		
Remeasurements (actuarial gains and losses)	510	210
Assets at fair value through other comprehensive income	-21	—
Income taxes	-113	-41
	376	169
Items that may be reclassified to the income statement:		
Exchange differences arising on translation of foreign operations	2,735	115
Assets at fair value through other comprehensive income	—	18
Income taxes	—	—
	2,735	133
Other comprehensive income, net of tax	3,111	302
Total comprehensive income	5,113	2,461
Shareholders of AB SKF	4,869	2,381
Non-controlling interests	244	80

Condensed consolidated balance sheets

MSEK	March 2024	December 2023
Goodwill	12,678	11,962
Other intangible assets	5,148	5,045
Property, plant and equipment	28,360	26,820
Right-of-use asset leases	3,097	2,961
Deferred tax assets	3,235	3,107
Other non-current assets	2,490	2,091
Non-current assets	55,008	51,986
Inventories	24,552	23,194
Trade receivables	18,668	16,811
Other current assets	6,662	5,859
Other current financial assets	14,496	14,053
Current assets	64,378	59,917
Total assets	119,386	111,903
Equity attributable to shareholders of AB SKF	57,687	52,743
Equity attributable to non-controlling interests	2,457	2,213
Long-term financial liabilities	18,776	17,894
Provisions for post-employment benefits	8,733	8,797
Provisions for deferred taxes	1,378	1,220
Other long-term liabilities and provisions	1,459	1,422
Non-current liabilities	30,346	29,333
Trade payables	11,645	11,236
Short-term financial liabilities	4,034	4,060
Other short-term liabilities and provisions	13,217	12,318
Current liabilities	28,896	27,614
Total equity and liabilities	119,386	111,903

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Mar 2024	Jan-Mar 2023
Opening balance 1 January	54,956	54,043
Net profit	2,002	2,159
Hyperinflation adjustments	91	137
Components of other comprehensive income		
Currency translation adjustments	2,735	115
Change in FV OCI assets and cash flow hedges	-21	18
Remeasurements	510	210
Income taxes	-113	-41
Transactions with shareholders		
Non-controlling interest	—	—
Cost for Performance Share Programmes, net	-30	6
Dividends	15	-3,187
Other	-1	—
Closing balance 31 March	60,144	53,460

Condensed consolidated statements of cash flow

MSEK	Jan-Mar 2024	Jan-Mar 2023
Operating activities:		
Operating profit	2,993	3,379
Non-cash items:		
Depreciation, amortization and impairment	1,072	998
Net loss/gain (–) on sales of PPE and businesses	–2	–29
Other non-cash items	376	348
Income taxes paid	–726	–636
Interest received	82	55
Interest paid	–192	–154
Other	–241	–255
Changes in working capital:	–1,581	–959
Inventories	–216	–58
Accounts receivable	–1,094	–1,764
Accounts payable	–73	598
Other operating assets/liabilities	–198	265
Net cash flow from operating activities	1,781	2,747
Investing activities:		
Payments for intangible assets, PPE, businesses and equity securities	–997	–1,502
Sales of PPE, businesses and equity securities	8	68
Net cash flow used in investing activities	–989	–1,434
Net cash flow after investments before financing	792	1,313

MSEK	Jan-Mar 2024	Jan-Mar 2023
Financing activities:		
Proceeds from short- and long-term loans	2	27
Repayments of short- and long-term loans	–68	–66
Repayment leases	–202	–190
Cash dividends	–	–3,187
Other financing items	–	–
Investments in short-term financial assets	–122	–229
Sales of short-term financial assets	50	103
Net cash flow used in financing activities	–340	–3,542
Net cash flow	452	–2,229
Change in cash and cash equivalents:		
Cash and cash equivalents at 1 January	13,311	10,255
Cash effect excl. acquired/sold businesses	452	–2,229
Cash effect of acquired/sold businesses	–	–
Exchange rate effect	97	–72
Cash and cash equivalents at 31 March	13,860	7,954

	Closing balance 31 March 2024	Other non-cash changes	Acquired/ sold businesses	Cash changes	Translation effect	Opening balance 1 January 2024
Change in Net debt						
Loans, long- and short-term	19,063	–3	–	–66	636	18,496
Post-employment benefits, net	8,188	–272	–	–441	323	8,578
Lease liabilities	2,980	210	–	–202	136	2,836
Financial assets, others	–388	149	–	–110	–19	–408
Cash and cash equivalents	–13,860	–	–	–452	–97	–13,311
Net debt	15,983	84	–	–1,271	979	16,191

Condensed consolidated financial information

MSEK unless otherwise stated

	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	23,655	24,975	25,361	26,549	27,123	25,771	24,438	25,699
Cost of goods sold	-17,777	-19,223	-19,012	-19,162	-19,720	-19,161	-19,498	-17,604
Gross profit	5,878	5,752	6,349	7,387	7,403	6,610	4,940	7,095
Gross margin, %	24.9	23.0	25.0	27.8	27.3	25.6	20.2	28.7
Research and development expenses	-806	-779	-827	-806	-864	-785	-848	-826
Selling and administrative expenses	-3,094	-2,831	-3,319	-3,207	-3,414	-3,214	-2,222	-3,234
- as % of sales	13.1	11.3	13.1	12.1	12.6	12.5	9.1	13.1
Other operating income/expenses, net	-397	-213	-134	5	89	-45	55	-42
Operating profit	1,581	1,929	2,069	3,379	3,213	2,567	1,925	2,993
Operating margin, %	6.7	7.7	8.2	12.7	11.8	10.0	7.9	12.1
Adjusted operating profit	2,473	2,131	2,542	3,478	3,614	2,956	2,929	3,303
Adjusted operating margin, %	10.5	8.5	10.0	13.1	13.3	11.5	12.0	13.4
Financial net	-484	-311	-376	-437	-383	-374	-709	-271
Profit before taxes	1,097	1,618	1,693	2,942	2,830	2,193	1,216	2,722
Profit margin before taxes, %	4.6	6.5	6.7	11.1	10.4	8.5	5.0	11.0
Income taxes	-511	-394	-709	-783	-668	-460	-493	-720
Net profit	586	1,224	984	2,159	2,162	1,733	723	2,002
Net profit attributable to:								
Shareholders of AB SKF	493	1,099	893	2,073	2,042	1,657	623	1,888
Non-controlling interests	93	125	91	86	120	76	100	114

Reconciliation of profit before taxes for the Group

MSEK	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Operating profit:								
Industrial ¹⁾	1,692	1,708	1,763	3,108	2,633	2,081	1,913	2,644
Automotive ¹⁾	-111	221	306	271	580	486	12	349
Financial net	-484	-311	-376	-437	-383	-374	-709	-271
Profit before taxes for the Group	1,097	1,618	1,693	2,942	2,830	2,193	1,216	2,722

1) Previously published figures for 2022 and 2023 have been restated to reflect change in responsibilities for factories and Group functions in accordance with new organizational structure.

Number of shares

	Jan-Mar 2024	Jan-Mar 2023
Total number of shares:	455,351,068	455,351,068
- whereof A shares	29,286,933	29,403,933
- whereof B shares	426,064,135	425,947,135
Weighted average number of shares in:		
- basic earnings per share	455,351,068	455,351,068

Key figures

Definitions, see page 20

	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
EBITDA, MSEK	2,478	2,906	3,118	4,377	4,154	3,645	3,204	4,065
EBITA, MSEK	1,741	2,094	2,234	3,541	3,377	2,732	2,092	3,152
Adjusted operating profit, MSEK	2,473	2,131	2,542	3,478	3,614	2,956	2,929	3,303
Adjusted operating margin, %	10.5	8.5	10.0	13.1	13.3	11.5	12.0	13.4
Basic earnings per share, SEK	1.08	2.41	1.96	4.55	4.48	3.64	1.37	4.15
Adjusted earnings per share, SEK	2.90	2.86	3.00	4.77	5.36	4.49	3.57	4.83
Dividend per share, SEK	—	—	—	7.00	—	—	—	—
Net worth per share, SEK	109	117	114	113	121	123	116	127
Share price at the end of the period, SEK	150.5	150.3	159.2	204.0	187.6	182.2	201.3	218.5
NWC, % of 12 months rolling sales	35.7	35.6	32.4	32.4	32.7	31.2	27.7	30.9
ROCE for the 12-month period, %	12.7	11.5	10.6	11.0	12.7	13.3	13.3	12.7
ROE for the 12-month period, %	13.8	11.7	9.5	9.4	12.0	12.6	12.0	11.5
Gearing, %	35.2	36.6	35.6	35.9	34.9	34.0	35.2	33.5
Equity/assets ratio, %	48.2	47.7	48.7	47.9	48.7	49.8	49.1	50.4
Additions to property, plant and equipment, MSEK	1,372	1,288	1,347	1,498	1,608	1,167	1,478	989
Net debt/equity, %	37.7	35.2	35.2	39.8	35.4	30.8	29.5	26.6
Net debt, MSEK	19,444	19,441	19,034	21,303	20,393	17,893	16,191	15,983
Net debt/EBITDA	1.5	1.5	1.5	1.7	1.4	1.2	1.1	1.1
Registered number of employees	42,602	42,885	42,641	42,083	41,675	41,141	40,396	40,051

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	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	17,068	17,697	18,111	18,892	19,114	18,037	17,350	17,487
Adjusted operating profit	2,362	1,899	2,152	3,182	3,025	2,462	2,611	2,867
Adjusted operating margin, %	13.8	10.7	11.9	16.8	15.8	13.6	15.0	16.4
Operating profit	1,692	1,708	1,763	3,108	2,633	2,081	1,913	2,644
Operating margin, %	9.9	9.6	9.7	16.4	13.8	11.5	11.0	15.1
Assets and liabilities, net	49,362	51,943	50,387	53,510	56,247	54,550	50,420	55,390
Registered number of employees	35,826	36,143	35,965	35,542	35,411	34,837	34,017	33,722

Automotive	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	6,587	7,278	7,250	7,657	8,009	7,734	7,088	7,212
Adjusted operating profit	111	232	390	296	589	494	318	436
Adjusted operating margin, %	1.7	3.2	5.4	3.9	7.4	6.4	4.5	6.0
Operating profit	-111	221	306	271	580	486	12	349
Operating margin, %	-1.7	3.0	4.2	3.5	7.2	6.3	0.2	4.8
Assets and liabilities, net	14,940	16,048	15,255	15,363	16,018	15,778	14,611	15,535
Registered number of employees	4,046	4,086	4,049	4,031	3,951	3,966	4,089	3,968

1) Previously published figures for 2022 and 2023 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.

Disclosures as required by IAS 34 p. 16 A are 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 2024. None of these have a material effect on the SKF Group's financial statements.

Pillar II income taxes legislation was effective from 1 January 2024. Under the legislation, the parent company will be required to pay top-up tax on profit of its subsidiaries that are taxed at an effective tax rate of less than 15 percent.

No top-up tax has been included in the financial statements for the first quarter. SKF Group has analyzed the financial figures and concluded that the Group is not expecting any additional material top-up tax during 2024. The Group will continue to assess the impact of Pillar II income taxes legislation on its future financial performance.

Valuation principles and classifications of the financial instruments, as described in SKF Annual report 2023, 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 2023.

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.

Gothenburg, 26 April 2024

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 2024	Jan-Mar 2023
Revenue	2,510	1,959
Cost of revenue	-1,451	-1,651
General management and administrative expenses	-421	-411
Other operating income/expenses, net	4	4
Operating profit	642	-99
Financial income and expenses, net	-17	4
Profit before taxes	625	-95
Appropriations	—	—
Income taxes	-140	4
Net profit	485	-91

Parent Company condensed statements of comprehensive income

MSEK	Jan-Mar 2024	Jan-Mar 2023
Net profit	485	-91
Items that may be reclassified to the income statement:		
Assets at fair value through other comprehensive income	-21	18
Other comprehensive income, net of tax	464	-73
Total comprehensive income	464	-73

Parent Company condensed balance sheets

MSEK	March 2024	December 2023
Intangible assets	970	1,021
Investments in subsidiaries	22,431	22,431
Receivables from subsidiaries	15,974	15,281
Other non-current assets	767	857
Non-current assets	40,142	39,590
Receivables from subsidiaries	6,610	6,176
Other receivables	426	505
Current assets	7,036	6,681
Total assets	47,178	46,271
Shareholders' equity	25,629	25,254
Provisions	790	741
Non-current liabilities	15,971	15,278
Current liabilities	4,788	4,998
Total shareholders' equity, provisions and liabilities	47,178	46,271

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, in relation to 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 has developed a novel solution to an emerging problem in electric vehicle (EV) powertrain design. The SKF Conductive brush ring provides a reliable electrical connection between an EV eAxle rotor shaft and its housing, which increases eAxle lifetime expectations.

Webcast

26 April at 08:00 (CEST), 07:00 (GMT)
<https://investors.skf.com/en>

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Calendar 2024

18 July	Q2 report
30 October	Q3 report
31 January 2025	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 around 130 countries
 Net sales in 2023: SEK 103,881 million
 40,396 employees
 >17,000 distributors

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The financial information in this report contains inside information that AB SKF is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above, on 26 April 2024 at 07:00 CEST.