



Margin resilience in continued soft markets

18 July 2024

Interim report
Q2 2024
and the first six months

Margin resilience in continued soft markets

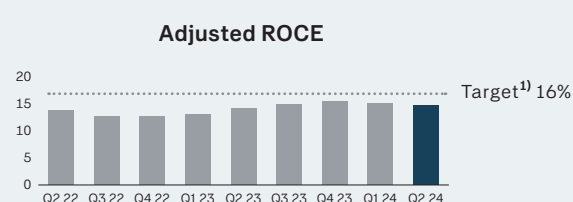
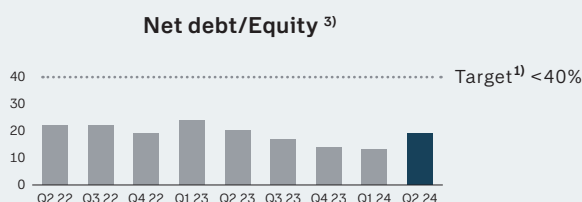
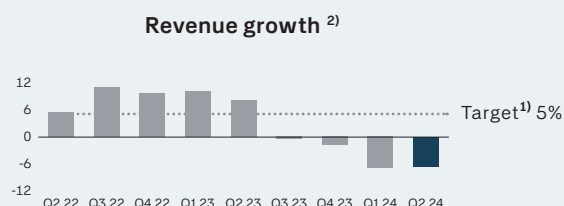
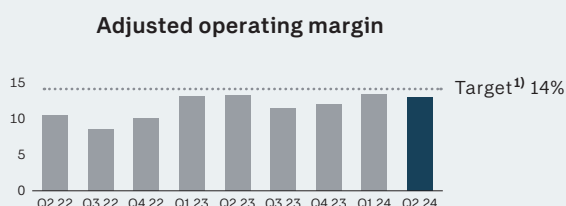
Q2 2024

- **Net sales** SEK 25,606 million (27,123)
- **Organic growth** –6.6% (7.9%), driven by lower market demand across regions and industries, except for aerospace and railway showing continuous growth.
- **Adjusted operating profit** SEK 3,324 million (3,614). Continued strong price/mix contribution, driven by pricing actions and active portfolio management, as well as good cost control largely offset lower volumes.
- **Adjusted operating margin** 13.0% (13.3%)
- Industrial 16.3% (15.8%) - Automotive 5.3% (7.4%)
- **Operating profit** SEK 2,489 million (3,213), included items affecting comparability of SEK –835 million (–401), primarily driven by the extensive downsizing actions in Germany.
- **Operating margin** 9.7% (11.8%)
- Industrial 11.9% (13.8%) - Automotive 4.7% (7.2%)
- **Net cash flow from operations** SEK 2,152 million (3,664)
- **Basic earnings per share** SEK 3.36 (4.48)

Financial overview

MSEK unless otherwise stated	Q2 2024	Q2 2023	Half year 2024	Half year 2023
Net sales	25,606	27,123	50,305	53,672
Organic growth, %	–6.6	7.9	–6.8	9.0
Adjusted operating profit	3,324	3,614	6,627	7,093
Adjusted operating margin, %	13.0	13.3	13.2	13.2
Operating profit	2,489	3,213	5,482	6,592
Operating margin, %	9.7	11.8	10.9	12.3
Adjusted profit before taxes	2,946	3,231	5,978	6,272
Profit before taxes	2,112	2,830	4,834	5,772
Net cash flow from operating activities	2,152	3,664	3,933	6,411
Basic earnings per share	3.36	4.48	7.50	9.03
Adjusted earnings per share	5.19	5.36	10.02	10.13

SKF's long-term targets



- 1) Financial targets to be achieved over a business cycle.
 2) Including acquisitions, adjusted for divestments.
 3) Excluding pension liabilities.
 4) Data is presented for the end of the previous quarter.

CEO Statement

We continue to effectively manage the soft markets, deliver resilient margins, and execute on our strategy by investing in areas such as innovation and regionalization. While there is some short-term cost pressure from regionalization and lower production volumes, our actions will make us even more competitive and prepared when demand improves.

Solid margin in continued soft market conditions

In the second quarter, we effectively managed the continued challenging market conditions. I'm pleased that we retained a solid adjusted operating margin of 13%. This is yet another quarter with resilient margins, not least given that organic growth shifted from +8% in Q2 last year to -7% this quarter.

We continue to see soft market demand across most regions. This was partly offset by our continued strong pricing execution, which, together with our ability to launch innovative products as well as active portfolio management, resulted in a positive price/mix in the quarter.

Effective cost management

We continue to manage our costs effectively, enabling us to offset significant wage inflation as well as somewhat higher ocean freight costs. At the same time, the intensified regionalization of our manufacturing footprint, where we are moving production across different regions, resulted in somewhat higher costs in the quarter. The increased regionalization pace is also reflected in items affecting comparability, which was high in the quarter. This was primarily driven by the extensive downsizing actions in Germany to strengthen cost competitiveness and improving lead times to customers.

Looking into the second half of the year, the current lower volume environment, combined with the ongoing footprint regionalization effort, implemented at a speed and scale not seen before, may have a short-term impact on our cost efficiency. Even if this could put some temporary pressure on

our margins, regionalization is fundamental in our strategic transformation and strengthens our competitiveness in the longer term. This will put us in a favorable position when demand starts to improve again.

“ **Innovation is a fundamental part of our portfolio management agenda.**

Strengthened position through R&D and innovation

Our strategy is designed to create significant customer value in targeted markets through sustained innovation leadership and increased efficiency and agility. This means that innovation and technology development are at the core at SKF. About a month ago, I joined our first SKF Tech & Innovation Summit. It was fantastic to hear several customer testimonials on the value derived from our innovation capabilities and solutions.

Innovation is a fundamental part of our ongoing portfolio management agenda. We have during the last years transformed our R&D portfolio so that more than 90% of the projects are focused on our high-growth segments and all these projects target an adjusted operating margin well above our target of 14%.

Finally, I would like to acknowledge the invaluable efforts from our employees to manage the business cycle, find the next breakthrough innovations, and to increase our regionalization pace. Together, we make SKF an even more innovative, agile and competitive company.

Outlook

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

Rickard Gustafson
President and CEO



Financial performance

Second quarter 2024

Operating profit for the second quarter was SEK 2,489 million (3,213). Operating profit included items affecting comparability of SEK –835 million (–401), whereof SEK –621 million (–401) related to ongoing restructuring and cost reduction activities mainly in Europe and SEK –214 million (0) related to impairment of assets.

The adjusted operating profit for the second quarter was SEK 3,324 million (3,614). The adjusted operating profit was positively impacted by price and mix. It was also positively impacted by cost decreases where material and energy were lower, salaries and wages were relatively flat, and logistic costs were somewhat higher than last year. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	Q2
2023	3,614
Currency impact	–161
Divested businesses	—
Organic sales & Manufacturing volumes	–244
Cost development	115
2024	3,324

- Financial income and expense, net was SEK –377 million (–383). Exchange rate fluctuations had a more negative effect in the second quarter 2023, compared to the second quarter 2024 while interest expenses were higher in 2024.
- Taxes in the quarter was SEK –449 million (–668) resulting in an effective tax rate of 21.3% (23.6%).
- Net cash flow from operating activities in the second quarter was SEK 2,152 million (3,664). Changes in net working capital impacted negatively in the quarter, while in 2023 the reduction in net working capital had a positive impact.
- Net working capital in percent of annual sales was 31.9% in June 2024 compared to 32.7% in June 2023. The ratio was positively affected by lower inventory levels in relation to sales compared to last year.
- Provisions for post-employment benefits, net increased by SEK 38 million (159) in the second quarter.

Half year 2024

Operating profit for the first half year was SEK 5,482 million (6,592). Operating profit included items affecting comparability of SEK –1,145 million (–501), whereof SEK –836 million (–501) related to ongoing restructuring and cost reduction activities and factory closures, and SEK –309 million (0) related to impairment of assets.

The adjusted operating profit for the first half year was SEK 6,627 million (7,093). The adjusted operating profit was positively impacted by price and mix. It was also positively impacted by cost decreases, mainly driven by material and energy. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	2024
2023	7,093
Currency impact	–457
Divested businesses	—
Organic sales & Manufacturing volumes	–673
Cost development	664
2024	6,627

- Financial income and expense, net was SEK –648 million (–820). Exchange rate fluctuations had a more negative effect in 2023, compared to 2024 while interest expenses were higher in 2024.
- Taxes in the first half year was SEK –1,169 million (–1,451) resulting in an effective tax rate of 24.2% (25.1%).
- Net cash flow from operating activities in the first half year was SEK 3,933 million (6,411). Changes in net working capital impacted negatively, mainly driven by increased accounts receivable and inventories.
- Net working capital in percent of annual sales was 31.9% in June 2024 compared to 32.7% in June 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 –352 million (4) in the first half year. The decrease was driven by actuarial gains on gross obligation due to higher discount rates as well as payments made, partly offset by currency effects.

Key figures	30 June 2024	31 March 2024	30 June 2023
Net working capital, % of 12 months rolling sales	31.9	30.9	32.7
Adjusted ROCE for the 12-month period, %	14.7	15.1	14.1
Net debt/equity, %	32.8	26.6	35.4
Net debt/equity, excluding post-employment benefits, %	18.6	13.0	20.4
Net debt/EBITDA	1.3	1.1	1.4

Sales

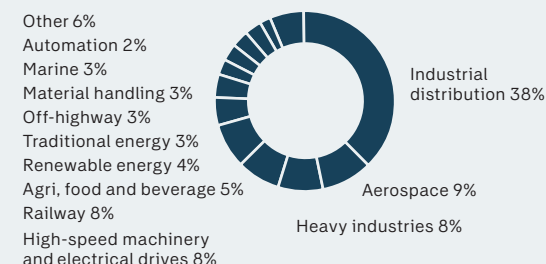
Net sales, change y-o-y, %	Q2				Half year			
	Organic ¹⁾	Structure	Currency	Total	Organic ¹⁾	Structure	Currency	Total
SKF Group	-6.6	0.1	0.9	-5.6	-6.8	0.1	0.5	-6.2
Industrial	-7.4	0.1	1.1	-6.2	-7.3	0.1	0.5	-6.7
Automotive	-4.7	0.0	0.4	-4.3	-5.5	0.0	0.4	-5.1

1) Price, mix and volume

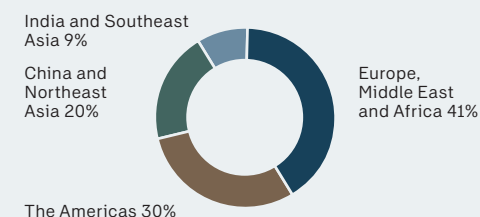
Organic sales in local currencies, change y-o-y, %	Q2				Half year			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
SKF Group	-6.3	-5.3	-12.4	0.2	-5.7	-7.5	-11.9	0.7
Industrial	--	--	---	-	--	--	---	-
Automotive	--	--	-	++	--	--	-	++

Customer industries	Q2				Half year			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia	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 Q2 2024



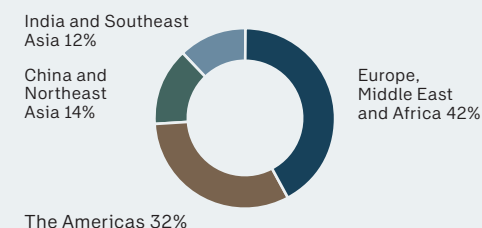
Net sales by region for Industrial Q2 2024



Net sales by customer industry for Automotive Q2 2024



Net sales by region for Automotive Q2 2024



Industrial

Comments on organic sales in local currencies in Q2 2024, compared to Q2 2023

Europe, Middle East and Africa

Sales were lower in the quarter. By industry, sales to aerospace and railway were significantly higher and to industrial distribution and traditional energy it was relatively unchanged. Sales to all other industrial segments were significantly lower.

The Americas

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

China and Northeast Asia

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

India and Southeast Asia

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

Automotive

Comments on organic sales in local currencies in Q2 2024, compared to Q2 2023

Europe, Middle East and Africa

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

The Americas

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

China and Northeast Asia

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

India and Southeast Asia

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

Segment information¹⁾

MSEK unless otherwise state

	Industrial				Automotive			
	Q2 2024	Q2 2023	Half year 2024	Half year 2023	Q2 2024	Q2 2023	Half year 2024	Half year 2023
Net sales	17,943	19,114	35,430	38,006	7,663	8,009	14,875	15,666
Adjusted operating profit	2,919	3,025	5,786	6,208	405	589	841	885
Adjusted operating margin, %	16.3	15.8	16.3	16.3	5.3	7.4	5.7	5.6
Operating profit	2,131	2,633	4,775	5,741	358	580	707	851
Operating margin, %	11.9	13.8	13.5	15.1	4.7	7.2	4.7	5.4

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.

Industrial

Comments on adjusted operating profit 2024, compared to 2023

Second quarter 2024

The adjusted operating profit for the second quarter was SEK 2,919 million (3,025). The adjusted operating profit was positively impacted by price and mix as well as lower costs for material and energy, while costs for logistics were flat. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	Q2
2023	3,025
Currency impact	-114
Divested businesses	—
Organic sales & Manufacturing volumes	-236
Cost development	244
2024	2,919

Half year 2024

The adjusted operating profit for the first half year was SEK 5,786 million (6,208). The adjusted operating profit was positively impacted by price and mix as well as lower costs for material and energy. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	2024
2023	6,208
Currency impact	-324
Divested businesses	—
Organic sales & Manufacturing volumes	-669
Cost development	571
2024	5,786

Automotive

Comments on adjusted operating profit 2024, compared to 2023

Second quarter 2024

The adjusted operating profit for the second quarter was SEK 405 million (589). The adjusted operating profit was positively impacted by price and mix. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes, cost development and currency effects.

Adjusted operating profit bridge, MSEK	Q2
2023	589
Currency impact	-47
Divested businesses	—
Organic sales & Manufacturing volumes	-8
Cost development	-129
2024	405

Half year 2024

The adjusted operating profit for the first half year was SEK 841 million (885). The adjusted operating profit was positively impacted by price and mix as well as lower costs for material and energy. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	2024
2023	885
Currency impact	-133
Divested businesses	—
Organic sales & Manufacturing volumes	-4
Cost development	93
2024	841



SKF Microlog Analyzer dBX is a powerful tool for condition monitoring. It offers swift issue detection in rotating machinery thanks to fast data collection and cutting-edge diagnostics.

Outlook and Guidance

Outlook

- Q3 2024: Organic sales expected to be relatively unchanged, year-over-year.
- FY 2024: A low single-digit organic sales decline expected, year-over-year.

Guidance Q3 2024

- Currency impact on the operating profit is expected to be around SEK 150 million negative compared with the third quarter 2023, based on exchange rates per 30 June 2024.

Guidance FY 2024

- Tax level excluding effects related to divested businesses: around 26%.
- Additions to property, plant and equipment: around SEK 5 billion.

Previous outlook and guidance statement

Outlook

- 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.

Guidance 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 FY 2024

- Tax level excluding effects related to divested businesses: around 26%.
- Additions to property, plant and equipment: around SEK 5.5 billion.

Significant events

During the second quarter

19 June 2024 – Tech & Innovation Summit

During its first Tech & Innovation Summit, SKF presented technologically innovative solutions tailored for customers in focused industrial segments. The solutions are developed to address the needs of greater reliability, energy efficiency, and high-performance as well as to support customers on their sustainability journey.

More information on <https://www.skf.com/group>

After the second quarter

10 July 2024 – Milestone reached in decarbonized bearing production

SKF and voestalpine Wire Technology, a subsidiary of the leading steel and technology group voestalpine, have successfully produced the first prototype bearing made from steel that contains hydrogen direct reduced iron. This represents a breakthrough in the efforts to decarbonize bearing production and is one of the important methods to make steel sustainable in the future.

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



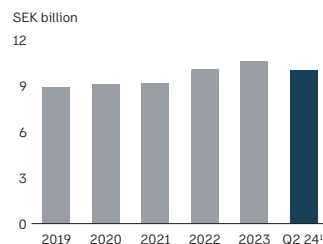
Sustainability performance

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.

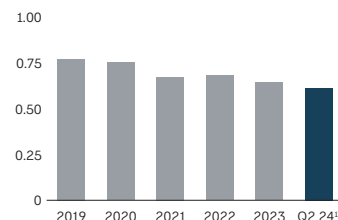
1) Previously published figures for 2021 and 2022 have been restated based on adaptation of the scope to better reflect and align with the sectors in the EU Taxonomy. 2024 figures relate to the latest 12 months period.



Accident rate

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

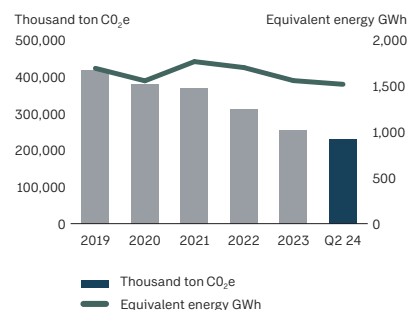
1) 2024 figures relate to the latest 12 months period.



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.



Every summer since 1975, young people from around the world travel into Gothenburg for the Gothia Cup, the world's largest youth football tournament. As the proud main partner and sponsor of Gothia Cup, SKF plays a crucial role in fostering this global celebration of talent, teamwork, and sportsmanship.

Condensed consolidated income statements

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Net sales	25,606	27,123	50,305	53,672
Cost of goods sold	-18,736	-19,720	-36,340	-38,882
Gross profit	6,870	7,403	13,965	14,790
Research and development expenses	-870	-864	-1,696	-1,670
Selling and administrative expenses	-3,411	-3,415	-6,645	-6,622
Other operating income/ expenses, net	-100	89	-142	94
Operating profit	2,489	3,213	5,482	6,592
Financial income and expenses, net	-377	-383	-648	-820
Profit before taxes	2,112	2,830	4,834	5,772
Income taxes	-449	-668	-1,169	-1,451
Net profit	1,663	2,162	3,665	4,321
Net profit attributable to:				
Shareholders of AB SKF	1,529	2,042	3,417	4,115
Non-controlling interests	134	120	248	206
Basic earnings per share (SEK) ¹⁾	3.36	4.48	7.50	9.03

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Net profit	1,663	2,162	3,665	4,321
Items that will not be reclassified to the income statement:				
Remeasurements (actuarial gains and losses)	-50	162	460	372
Assets at fair value through other comprehensive income	-54	—	-75	—
Income taxes	6	-39	-107	-80
	-98	123	278	292
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	-695	1,774	2,039	1,889
Assets at fair value through other comprehensive income	—	-4	—	14
Income taxes	—	—	—	—
	-695	1,770	2,039	1,903
Other comprehensive income, net of tax	-793	1,893	2,317	2,195
Total comprehensive income	870	4,055	5,982	6,516
Shareholders of AB SKF	758	3,845	5,627	6,226
Non-controlling interests	112	210	355	290

Condensed consolidated balance sheets

MSEK	June 2024	December 2023
Goodwill	12,603	11,962
Other intangible assets	4,861	5,045
Property, plant and equipment	28,637	26,820
Right-of-use asset leases	3,381	2,961
Deferred tax assets	3,303	3,107
Other non-current assets	2,511	2,091
Non-current assets	55,296	51,986
Inventories	24,557	23,194
Trade receivables	18,775	16,811
Other current assets	6,063	5,859
Other current financial assets	8,688	14,053
Current assets	58,083	59,917
Total assets	113,379	111,903
Equity attributable to shareholders of AB SKF	55,178	52,743
Equity attributable to non-controlling interests	2,557	2,213
Long-term financial liabilities	18,864	17,894
Provisions for post-employment benefits	8,861	8,797
Provisions for deferred taxes	1,512	1,220
Other long-term liabilities and provisions	1,794	1,422
Non-current liabilities	31,031	29,333
Trade payables	11,273	11,236
Short-term financial liabilities	1,021	4,060
Other short-term liabilities and provisions	12,319	12,318
Current liabilities	24,613	27,614
Total equity and liabilities	113,379	111,903

Condensed consolidated statements of changes in shareholders' equity

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Opening balance 1 April/1 January	60,143	53,460	54,956	54,043
Net profit	1,663	2,162	3,665	4,321
Hyperinflation adjustments	133	138	224	275
Components of other comprehensive income				
Currency translation adjustments	-695	1,774	2,039	1,889
Change in FV OCI assets and cash flow hedges	-54	-4	-75	14
Remeasurements	-50	162	460	372
Income taxes	6	-39	-107	-80
Transactions with shareholders				
Non-controlling interest	—	—	—	—
Cost for Performance Share Programmes, net	15	-6	-15	—
Dividends	-3,426	—	-3,426	-3,187
Other	—	—	14	—
Closing balance 30 June	57,735	57,647	57,735	57,647

Condensed consolidated statements of cash flow

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Operating activities:				
Operating profit	2,489	3,213	5,482	6,592
Non-cash items:				
Depreciation, amortization and impairment	1,216	941	2,288	1,939
Net loss/gain (—) on sales of PPE and businesses	–10	—	–12	–29
Other non-cash items	618	378	994	726
Income taxes paid	–664	–972	–1,390	–1,608
Interest received	69	77	151	132
Interest paid	–157	–139	–349	–293
Other	–673	39	–914	–216
Changes in working capital:	–736	127	–2,317	–832
Inventories	–311	230	–527	172
Accounts receivable	–338	–517	–1,432	–2,281
Accounts payable	–233	–88	–306	510
Other operating assets/liabilities	146	502	–52	767
Net cash flow from operating activities	2,152	3,664	3,933	6,411
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	–1,323	–1,643	–2,320	–3,145
Sales of PPE, businesses and equity securities	31	—	39	68
Net cash flow used in investing activities	–1,292	–1,643	–2,281	–3,077
Net cash flow after investments before financing	860	2,021	1,652	3,334

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Financing activities:				
Proceeds from short- and long-term loans	96	50	98	77
Repayments of short- and long-term loans	–3,054	–28	–3,122	–94
Repayment leases	–208	–220	–410	–410
Cash dividends	–3,426	—	–3,426	–3,187
Other financing items	—	—	—	—
Investments in short-term financial assets	152	–187	30	–416
Sales of short-term financial assets	6	203	56	306
Net cash flow used in financing activities	–6,434	–182	–6,774	–3,724
Net cash flow	–5,574	1,839	–5,122	–390
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 April/1 January	13,860	7,954	13,311	10,255
Cash effect excl. acquired/sold businesses	–5,577	1,839	–5,125	–390
Cash effect of acquired/sold businesses	3	—	3	—
Exchange rate effect	–27	85	70	13
Cash and cash equivalents at 30 June	8,259	9,878	8,259	9,878

	Closing balance 30 June 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	15,911	16	5	–3,024	418	18,496
Post-employment benefits, net	8,226	53	—	–648	243	8,578
Lease liabilities	3,289	748	—	–410	115	2,836
Financial assets, other	–230	147	—	47	–16	–408
Cash and cash equivalents	–8,259	—	–3	5,125	–70	–13,311
Net debt	18,937	964	2	1,090	690	16,191

Condensed consolidated financial information

MSEK unless otherwise stated

	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24
Net sales	24,975	25,361	26,549	27,123	25,771	24,438	24,699	25,606
Cost of goods sold	-19,223	-19,012	-19,162	-19,720	-19,161	-18,316	-17,604	-18,736
Gross profit	5,752	6,349	7,387	7,403	6,610	6,122	7,095	6,870
Gross margin, %	23.0	25.0	27.8	27.3	25.6	25.1	28.7	26.8
Research and development expenses	-779	-827	-806	-864	-785	-848	-826	-870
Selling and administrative expenses	-2,831	-3,319	-3,207	-3,414	-3,214	-3,404	-3,234	-3,411
- as % of sales	11.3	13.1	12.1	12.6	12.5	13.9	13.1	13.3
Other operating income/expenses, net	-213	-134	5	89	-45	55	-42	-100
Operating profit	1,929	2,069	3,379	3,213	2,567	1,925	2,993	2,489
Operating margin, %	7.7	8.2	12.7	11.8	10.0	7.9	12.1	9.7
Adjusted operating profit	2,131	2,542	3,478	3,614	2,956	2,929	3,303	3,324
Adjusted operating margin, %	8.5	10.0	13.1	13.3	11.5	12.0	13.4	13.0
Financial net	-311	-376	-437	-383	-374	-709	-271	-377
Profit before taxes	1,618	1,693	2,942	2,830	2,193	1,216	2,722	2,112
Profit margin before taxes, %	6.5	6.7	11.1	10.4	8.5	5.0	11.0	8.2
Income taxes	-394	-709	-783	-668	-460	-493	-720	-449
Net profit	1,224	984	2,159	2,162	1,733	723	2,002	1,663
Net profit attributable to:								
Shareholders of AB SKF	1,099	893	2,073	2,042	1,657	623	1,888	1,529
Non-controlling interests	125	91	86	120	76	100	114	134

Reconciliation of profit before taxes for the Group

MSEK	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24
Operating profit:								
Industrial ¹⁾	1,708	1,763	3,108	2,633	2,081	1,913	2,644	2,131
Automotive ¹⁾	221	306	271	580	486	12	349	358
Financial net	-311	-376	-437	-383	-374	-709	-271	-377
Profit before tax for the Group	1,618	1,693	2,942	2,830	2,193	1,216	2,722	2,112

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

	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	29,271,933	29,383,933	29,271,933	29,383,933
- whereof B shares	426,079,135	425,967,135	426,079,135	425,967,135
Weighted average number of shares in:				
- basic earnings per share	455,351,068	455,351,068	455,351,068	455,351,068

Key figures

Definitions, see page 21

	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24
Organic growth, %	11.0	9.7	10.1	7.9	-0.6	-1.9	-7.0	-6.6
EBITDA, MSEK	2,906	3,118	4,377	4,154	3,645	3,204	4,065	3,705
EBITA, MSEK	2,094	2,234	3,541	3,377	2,732	2,092	3,152	2,643
Adjusted operating profit, MSEK	2,131	2,542	3,478	3,614	2,956	2,929	3,303	3,324
Adjusted operating margin, %	8.5	10.0	13.1	13.3	11.5	12.0	13.4	13.0
Basic earnings per share, SEK	2.41	1.96	4.55	4.48	3.64	1.37	4.15	3.36
Adjusted earnings per share, SEK	2.86	3.00	4.77	5.36	4.49	3.57	4.83	5.19
Dividend per share, SEK	—	—	7.00	—	—	—	—	7.50
Net worth per share, SEK	117	114	113	121	123	116	127	121
Share price at the end of the period, SEK	150.3	159.2	204.0	187.6	182.2	201.3	218.5	212.8
NWC, % of 12 months rolling sales	35.6	32.4	32.4	32.7	31.2	27.7	30.9	31.9
Adjusted ROCE for the 12-month period, %	12.6	12.6	13.0	14.1	14.9	15.4	15.1	14.7
ROCE for the 12-month period, %	11.5	10.6	11.0	12.7	13.3	13.3	12.7	11.9
ROE for the 12-month period, %	11.7	9.5	9.4	12.0	12.6	12.0	11.5	10.6
Gearing, %	36.6	35.6	35.9	34.9	34.0	35.2	33.5	32.2
Equity/assets ratio, %	47.7	48.7	47.9	48.7	49.8	49.1	50.4	50.9
Additions to property, plant and equipment, MSEK	1,288	1,347	1,498	1,608	1,167	1,478	989	1,305
Net debt/equity, %	35.2	35.2	39.8	35.4	30.8	29.5	26.6	32.8
Net debt, MSEK	19,441	19,034	21,303	20,393	17,893	16,191	15,983	18,937
Net debt/EBITDA	1.5	1.5	1.7	1.4	1.2	1.1	1.1	1.3
Registered number of employees	42,885	42,641	42,083	41,675	41,141	40,396	40,051	39,589

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	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24
Net sales	17,697	18,111	18,892	19,114	18,037	17,350	17,487	17,943
Adjusted operating profit	1,899	2,152	3,182	3,025	2,462	2,611	2,867	2,919
Adjusted operating margin, %	10.7	11.9	16.8	15.8	13.6	15.0	16.4	16.3
Operating profit	1,708	1,763	3,108	2,633	2,081	1,913	2,644	2,131
Operating margin, %	9.6	9.7	16.4	13.8	11.5	11.0	15.1	11.9
Assets and liabilities, net	51,943	50,387	53,510	56,247	54,550	50,420	55,390	55,243
Registered number of employees	36,143	35,965	35,542	35,411	34,837	34,017	33,722	33,235

Automotive	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24
Net sales	7,278	7,250	7,657	8,009	7,734	7,088	7,212	7,663
Adjusted operating profit	232	390	296	589	494	318	436	405
Adjusted operating margin, %	3.2	5.4	3.9	7.4	6.4	4.5	6.0	5.3
Operating profit	221	306	271	580	486	12	349	358
Operating margin, %	3.0	4.2	3.5	7.2	6.3	0.2	4.8	4.7
Assets and liabilities, net	16,048	15,255	15,363	16,018	15,778	14,611	15,535	15,929
Registered number of employees	4,086	4,049	4,031	3,951	3,966	4,089	3,968	3,983

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 second 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.

The Board of Directors and the CEO declare that the half-year report gives a true and fair view of the performance of the business, position and profit or loss of the company and the Group, and describes the principal risks and uncertainties that the company and the companies in the Group face.

Gothenburg, 18 July 2024
Aktiebolaget SKF
(publ)

Hans Stråberg
Chair

Håkan Buskhe
Vice Chair

Hock Goh
Board member

Geert Follens
Board member

Susanna Schneeberger
Board member

Rickard Gustafson
*President and CEO
Board member*

Bethany Ferreira
Board member

Therese Friberg
Board member

Richard Nilsson
Board member

Niko Pakalén
Board member

Jonny Hilbert
Board member

Zarko Djurovic
Board member

The half-year report has been reviewed by the company's auditor.

Auditor's report

Independent Auditor's Report on the review of half-year financial information. To the Board of Directors of AB SKF (publ) Corp. ID No. 556007-3495.

Introduction

We have reviewed the interim report of AB SKF (publ) for the period January 1-June 30, 2024. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, 18 July 2024
Deloitte AB

Hans Warén
Authorized Public Accountant

Parent Company condensed income statements

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Revenue	2,076	2,380	4,586	4,339
Cost of revenue	-1,374	-1,499	-2,825	-3,150
General management and administrative expenses	-492	-606	-913	-1,017
Other operating income/expenses, net	1	-5	5	-1
Operating profit	211	270	853	171
Financial income and expenses, net	-5	9	-22	13
Profit before taxes	206	279	831	184
Appropriations	—	—	—	—
Income taxes	-1	-41	-141	-37
Net profit	205	238	690	147

Parent Company condensed statements of comprehensive income

MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
Net profit	205	238	690	147
Items that will not be reclassified to the income statement:				
Assets at fair value through other comprehensive income	-54	—	-75	—
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	—	-5	—	13
Other comprehensive income, net of tax	151	233	615	160
Total comprehensive income	151	233	615	160

Parent Company condensed balance sheets

MSEK	June 2024	December 2023
Intangible assets	802	1,021
Investments in subsidiaries	22,431	22,431
Receivables from subsidiaries	15,781	15,281
Other non-current assets	715	857
Non-current assets	39,729	39,590
Receivables from subsidiaries	2,563	6,176
Other receivables	312	505
Current assets	2,875	6,681
Total assets	42,604	46,271
Shareholders' equity	22,380	25,254
Provisions	767	741
Non-current liabilities	15,778	15,278
Current liabilities	3,679	4,998
Total shareholders' equity, provisions and liabilities	42,604	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.

Adjusted return on capital employed (Adjusted ROCE)

Return on capital employed (ROCE) 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.

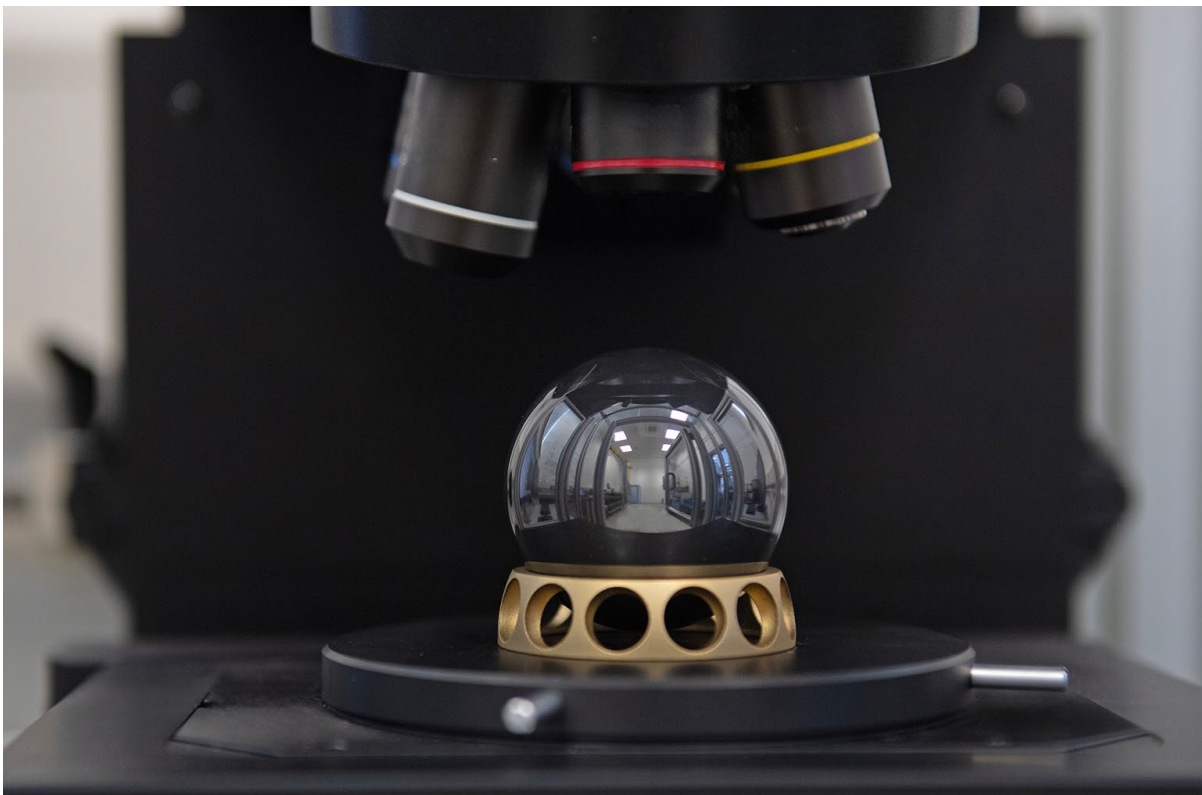
SKF demand outlook

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."



Surface quality check of a polished ceramic bearing ball at SKF's factory in Steyr, Austria.

Webcast

18 July at 08:00 CEST
<https://investors.skf.com/en>

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Calendar 2024

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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This half year report contains financial and inside information that AB SKF is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication through the agency of the contact person set out in the press release concerning this report, on 18 July 2024 at 07.00 CEST.