

Press release

SKF hosts Capital Markets Day; announces updated strategy and new financial targets

Gothenburg, 11 November 2025: SKF is hosting its Capital Markets Day in Stockholm today. At the event, deeper insights are provided into the strategic direction of both the Industrial and the Automotive businesses post the planned separation of Automotive from SKF Group. Given different business dynamics, manufacturing processes, end markets and success drivers for the Industrial and Automotive business segments, significant value is expected to be unlocked by being two standalone businesses.

“We are creating two even sharper businesses with a clearer focus on distinct opportunities to enhance customer value, accelerate growth, as well as improve efficiency and competitiveness”, says Rickard Gustafson, President and CEO.

The increased value creation that the separation of the Automotive business is expected to bring is reflected in the new long-term targets and indicative objectives post separation for the Industrial and Automotive businesses respectively.

New financial targets

The long-term financial targets over a business cycle for SKF Group post separation of Automotive, i.e. the Industrial business, which are presented at the Capital Markets Day, are:

- Organic growth¹: 4%
- Adjusted operating margin: >17% mid-term, >19% long-term
- Cash conversion²: 60%
- Adjusted return on capital employed (ROCE): 20%
- Net leverage³: <2.0x
- Dividend⁴: 50%

SKF also reconfirms its sustainability targets to decarbonize its own operations by 2030 and reach net-zero supply chain by 2050.

¹ 1 p.p. above market over a business cycle excluding Automotive contract manufacturing. Consequently, the target of 4% is based on an assumption of market growth of 3%.

² Adj. Cash flow after investments / Adj. EBITDA.

³ Net debt (including pensions) / Adj. EBITDA.

⁴ Of average net profit.

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The Industrial business has a resilient foundation with diversified industry verticals, strong geographical coverage and an aftermarket business representing more than half of net sales. To create even more progress, SKF Industrial will reignite growth through high-growth industries and geographies, by scaling services and intelligent solutions, accelerating the Specialized Industrial Solutions business, and exploring small bolt-on M&A opportunities. Moreover, it will continue to drive innovation leadership by differentiating through customer-centric innovation. Lastly, the strategy aims at further strengthening SKF's business-driven value chain through finalizing the ongoing regionalization and footprint optimization efforts as well as continued optimizing of the supply chain.

Financial objectives for the Automotive business

SKF's Automotive business is a well-positioned global player in key growth segments and geographies. After the separation, SKF Automotive will be able to steer investments into high-growth and margin accretive areas while also establishing a leaner and more cost-efficient setup, in line with automotive best practice. The focus will be to continue winning in leading segments, maintaining and strengthening leadership in innovation, and expanding the addressable market. A lean company setup and an automotive-adapted value chain will increase both speed and efficiency in the business.

The long-term indicative financial objectives for the Automotive business post separation are:

- Organic growth: Above market over a business cycle
- Adjusted operating margin: High single digit
- Net leverage⁵: <1.0x

Strengthened capital efficiency for the Group post separation

On its Capital Markets Day, SKF also provides an update on the ongoing footprint and value chain optimization of the Industrial business. The transformation of SKF's footprint is targeting a rightsized as well as increasingly automated and regionalized production with higher volumes closer to customers. This will result in increased CAPEX of net sales of approximately 5% up until mid-term, while in the long term it is expected to be around 3.5%.

In addition to CAPEX, SKF has identified opportunities to reach its full potential, as reflected in the long-term earnings target of >19%, by continuing the ongoing optimization of the Industrial business. This restructuring is expected to result in high items affecting comparability (IAC), totaling approximately BSEK 5.0 from Q4 2025 through 2028, whereof approximately BSEK 1.5 is non-cash. Furthermore, the Automotive separation is expected to result in additional BSEK 1.5 of charges. Post 2028, IAC is expected to be limited.

Leveraging a consolidated and regionalized footprint and supply base is an important part of the Group's ambition to decrease the net working capital to a normalized 29% in the mid-term and long-term below 27%.

⁵ Net debt (including pensions) / Adj. EBITDA.

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“We continue to proactively execute on our strategic initiatives to unlock the full value of our business. The footprint optimization and separation activities will drive long-term profitability, a strengthened capital efficiency, and increase cash flow generation. All in all, it will secure the creation of two successful stand-alone businesses”, says Rickard Gustafson.

Timing of the Automotive separation

The Automotive separation is proceeding according to plan. Key milestones already achieved include that over 70% of the new positions in Automotive have been filled and more than 70% of the manufacturing channel transfers that are planned pre-spin have been completed. SKF expects, as previously announced, to be operationally ready to list the Automotive business by mid-2026. Listing is subject to the Board of Directors proposing a listing and shareholders’ approval.

About SKF Capital Markets Day

- SKF’s Capital Markets Day is held at At Six Hotel in Stockholm, Sweden, and online.
- The event will be held in English, and presentations will start at 13:00 (CET) and end around 17, followed by a mingle for those attending in person.
- Registration to attend the Capital Markets Day is closed. For those not registered, the event is possible to stream at <https://www.investis-live.com/skf/690e20b433139900142e7f65/cmd2025>.
- The presentation material will be available on SKF’s website on the evening of the event, and the recording of the presentations will be available the following day.
- Agenda, speakers and practical information are found on the registration site: <https://invitepeople.com/events/fee9419f2a>

Questions from investors, analysts and media will be answered at the event and after. For journalists wishing to book interviews with Rickard Gustafson, President and CEO, after the event, please contact Carl Bjernstam on carl.bjernstam@skf.com.

Aktiebolaget SKF
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Since 1907, SKF has been making some of the world’s most innovative bearings, seals, lubrication systems, condition monitoring solutions, and services to reduce friction. Less friction means more energy saved and by reducing it, we make industry smarter, more competitive, and more energy efficient, building a more sustainable future where we can all do more with less. SKF is represented in approximately 130



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countries and has around 17,000 distributor locations worldwide. Annual sales in 2024 were SEK 98,722 million and the number of employees was 38,743. www.skf.com

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