

Year-end report 2021

Press release 3 February

Continued strong demand; results impacted by supply chain bottlenecks and cost inflation

Q4 2021

Net sales: SEK 20,986 million (19,572) **Organic growth:** 4% (0%) **Adjusted operating profit/margin:** SEK 2,260 million, 10.8% (2,582, 13.2%)

Full year 2021

Net sales: SEK 81,732 million (74,852) **Adjusted operating profit/margin:** SEK 10,839 million, 13.3% (9,194, 12.3%)

Looking at the full year, 2021 was very strong for SKF, with solid growth and improved margins. The performance in the first half of the year was especially strong, while the second half of the year saw increasing challenges in the form of supply chain constraints and cost inflation.

During the fourth quarter, we've worked hard to mitigate the evolving cost inflation, which has continued to accelerate. In total, we were able to compensate for about SEK 700 million of the SEK 1,660 million cost increase, which is not a satisfactory level.

Given the continued and exceptionally high levels of cost inflation, we are implementing further broad-based price increases and continuing our focus on cost efficiency, in anticipation of continued supply chain challenges and cost inflation during the new year. This is a necessary step to protect our business and allow for continued investment in innovation and product development, so that we can better support our customers.

The Industrial business delivered organic growth of 9% in the quarter. The strong sales development was driven by significantly higher demand in EMEA and Latin America, while demand in North America and Asia grew at a somewhat lower pace. Demand was generally strong across most industries, especially within industrial drives, industrial distribution, off-highway and heavy industries. The Industrial adjusted operating margin was 13.5% (14.6%).

The Automotive business continued to experience volatile demand, with organic growth at -8%. Despite this, it delivered an adjusted operating margin of 3.7% (10.2%) in part due to the mitigating actions that we announced in the previous quarter. Our order book is strong and it's great to see a continued sharp increase in demand for electric vehicles, where we have a leading position, as well as in the high-margin aftermarket.

Cash flow in the quarter was SEK 823 million (1,901) and included approximately SEK 700 million from real estate sales. The lower cash flow is mainly attributable to higher inventory levels, which increased by SEK 1,279 million in the quarter,

compared to an inventory reduction of SEK 862 million last year. Supply chain constraints continue to result in higher levels of goods in transit than what we would normally see.

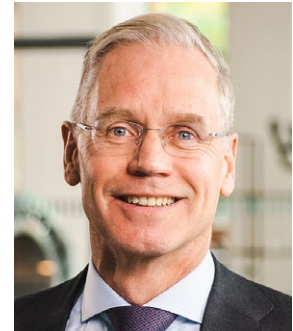
Taking a long-term view, we continue to invest in strengthening our competitiveness and getting closer to our customers.

A good example of the investments we are making is the expansion of our factory in Xinchang, China. By strengthening our engineering and manufacturing capability, we are improving our competitiveness towards local and global customers. The factory has the capability to produce a wide range of bearings, including for electric vehicles, agriculture and industrial applications, where we see strong growth on a global scale.

This morning we announced the details of our new strategic framework, which will guide our work as we look to grow our business faster and more profitably than before. SKF has a fantastic position from which to build upon, not least given our wide exposure to so many growing segments and the role our offerings play in enabling the shift towards cleaner industrial solutions.

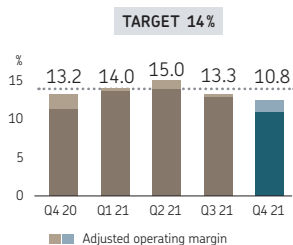
Looking into the first quarter of 2022, we estimate a low single-digit organic sales growth. Industrial is expected to grow while Automotive is expected to decline. For the full year 2022, we expect an organic sales growth of about 5-10%.

In recognition of our strong performance during the year, the Board has proposed a dividend of SEK 7.00.

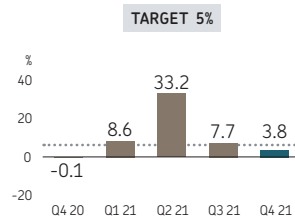


Rickard Gustafson
President and CEO

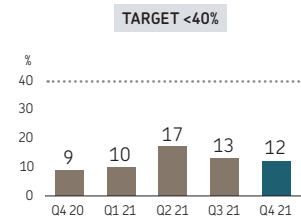
Operating margin¹⁾



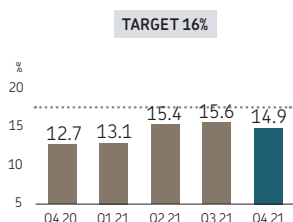
Revenue growth²⁾



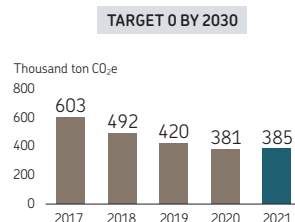
Net debt/Equity³⁾



ROCE⁴⁾



Carbon Neutral by 2030⁴⁾



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

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

Key figures

MSEK unless otherwise stated	Q4 2021	Q4 2020	2021	2020
Net sales	20,986	19,572	81,732	74,852
Adjusted operating profit	2,260	2,582	10,839	9,194
Adjusted operating margin, %	10.8	13.2	13.3	12.3
Operating profit	2,594	2,210	10,758	7,069
Operating margin, %	12.4	11.3	13.2	9.4
Adjusted profit before taxes	1,994	2,515	10,143	8,424
Profit before taxes	2,328	2,144	10,063	6,300
Net cash flow after investments before financing	823	1,901	2,100	5,259
Basic earnings per share	3.74	3.36	16.10	9.44
Adjusted earnings per share	3.01	4.17	16.28	14.11

Financial performance

Fourth quarter 2021

Operating profit for the fourth quarter was SEK 2,594 million (2,210). Operating profit included items affecting comparability of SEK +334 million (-371) whereof SEK -51 million (-472) related to ongoing restructuring and cost reduction activities mainly in Europe and SEK +385 million (+100) related to gains on sales of assets and impairments in 2021 and in 2020 customer settlements offset by a VAT credit.

The adjusted operating profit for the fourth quarter was SEK 2,260 million (2,582). The adjusted operating profit was positively impacted by sales volumes, price and customer mix. Operating profit was negatively impacted by currency effects and cost increases, mainly related to material, logistics and energy costs.

Adjusted operating profit bridge, MSEK	Q4
2020	2,582
Currency impact	-26
Organic sales & Manufacturing volumes	1,017
Cost development	-1,313
2021	2,260

- Financial income and expense, net was SEK -266 million (-66). Exchange rate fluctuations had a negative effect in the fourth quarter 2021, while it was positive in 2020.
- Taxes in the quarter was SEK -560 million (-540) resulting in an effective tax rate of 24% (25%).
- Net cash flow after investment before financing in the fourth quarter was SEK 823 million (1,901). Excluding cash flow related to divestments and acquisitions during the quarter it was SEK 90 million (1,901). The difference against last year is mainly driven by working capital development related to inventory levels increasing with higher volumes, supply chain and logistic challenges.
- Net working capital in percent of annual sales was 30.7% in the fourth quarter compared to 26.1% in the fourth quarter 2020. The ratio was negatively affected by higher inventory levels and exchange rate fluctuations.
- Provisions for post-employment benefits net decreased by SEK -1,392 million (-784) driven by contributions to funds and changes in discount rates.

Full year 2021

Operating profit for the year was SEK 10,758 million (7,069). Operating profit included items affecting comparability of SEK -81 million (-2,124) whereof SEK -466 million (-1,683) related to the restructuring and cost reduction program and SEK +385 million net (-442) related to gain on sales of assets and impairments in 2021 and settlements and impairments offset by a VAT credit in 2020.

The adjusted operating profit for the year was SEK 10,839 million (9,194). The adjusted operating profit was positively impacted by sales volumes, price and customer mix. Operating profit was negatively impacted by currency effects and cost increases related to material, logistics and energy.

Adjusted operating profit bridge, MSEK	2021
2020	9,194
Currency impact	-1,465
Organic sales & Manufacturing volumes	5,981
Cost development	-2,871
2021	10,839

- The financial net amounted to SEK -695 million (-770).
- Taxes in 2021 was SEK -2,484 million (-1,826) giving an effective tax rate of 25% (29%). The tax rate in 2020 was negatively impacted by withholding tax on intra-group dividends of SEK -128 million, adjusted for this the tax rate would have been 27%.
- Cash flow after investments before financing was SEK 2,100 million (5,259) and excluding acquisitions and divestments it was SEK 1,407 million (5,243). The higher operating profit was offset by working capital development related to inventory levels increasing with higher volumes, supply chain and logistic challenges.
- Provisions for post-employment benefits net decreased by SEK -3,425 million (-177) mainly as a result of contributions to funds and changes in discount rates.

Key figures	31 Dec 2021	30 Sep 2021	31 Dec 2020
Net working capital, % of 12 months rolling sales	30.7	30.5	26.1
ROCE for the 12-month period, % ¹⁾	14.9	15.6	12.7
Net debt/equity, %	38.3	44.0	51.7
Net debt/equity, excluding post-employment benefits, %	12.5	12.9	9.3
Net debt/EBITDA	1.2	1.4	1.8

1) Adjusted for items affecting comparability.

Dividend proposal The Board has decided to propose a dividend of SEK 7.00 per share to the Annual General Meeting.

Sales

Net sales, change y-o-y, %	Q4				Full year 2021			
	Organic ¹⁾	Structure	Currency	Total	Organic ¹⁾	Structure	Currency	Total
SKF Group	3.8	–	3.4	7.2	12.6	–	-3.4	9.2
Industrial	9.1	–	3.1	12.2	12.2	–	-3.6	8.6
Automotive	-7.9	–	4.1	-3.8	13.7	–	-3.0	10.7

¹⁾ Price, mix and volume

Organic sales in local currencies, change y-o-y, %	Q4				Full year 2021			
	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific
SKF Group	5.6	3.3	6.4	1.2	13.4	8.6	25.9	10.9
Industrial	+++	++	+++	++	+++	+++	+++	+++
Automotive	--	--	---	--	+++	++	+++	+++

Customer industries	Q4				Full year 2021			
	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific	Europe, Middle East and Africa	North America	Latin America	Asia-Pacific
Organic sales in local currencies, change y-o-y:								
Light vehicles	---	---	---	-	+	--	+++	+++
Trucks	--	+++	-	---	+++	+++	+++	+/-
Vehicle aftermarket	+++	+++	++	+++	+++	+++	+++	+++
Aerospace	+/-	---	---	---	+/-	---	---	+++
Industrial drives	+++	+++	+++	+++	+++	+++	+++	+++
Energy	---	---	+++	---	++	---	+++	-
Heavy industries	+++	+++	+	--	+++	+++	+	--
Off-highway	+++	+++	+++	--	+++	+++	+++	+++
Railway	+	+++	---	+++	++	++	+++	-
Agriculture, food and beverage	+++	---	---	+	+++	+++	++	++
Marine	++	+++	---	+++	-	+++	---	+/-
Electrical	+++	---	---	--	+++	---	+++	+++
Other industrial	+++	+++	+++	+++	+++	+++	+++	+++
Industrial distribution	+++	+++	+++	+++	+++	+++	+++	+++

Comments on organic sales in local currencies in Q4 2021, compared to Q4 2020

Europe, Middle East and Africa

Industrial: Overall, sales were significantly higher in the quarter. By industry, sales to industrial drives, heavy industries, off-highway, agriculture, food and beverage, other industrial and industrial distribution were significantly higher. Sales to marine were higher while sales to energy industries were significantly lower compared to Q4 2020.

Automotive: Sales in the quarter were lower compared to last year with significantly lower sales to light vehicles and lower sales to trucks. To the vehicle aftermarket it was significantly higher compared to Q4 2020.

North America

Industrial: Sales were higher in the quarter compared to Q4 2020. By industry, sales to industrial drives, heavy industries, off-highway, railway, marine, other industrial and industrial distribution were significantly higher. To aerospace and energy industries it was significantly lower compared to Q4 last year.

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

Asia-Pacific

Industrial: Overall, Sales were higher in the quarter. It was significantly higher to industrial drives, railway, marine, industrial distribution and other industrial. To agriculture, food and beverage it was slightly higher, to off-highway and heavy industries it was lower while it was significantly lower to aerospace and energy compared to Q4 last year.

Automotive: Sales were lower in the quarter with significantly higher sales to the vehicle aftermarket, slightly lower sales to light vehicles and significantly lower sales to trucks compared to Q4 2020.

Latin America

Industrial: Overall, sales were significantly higher in the quarter. Sales to industrial drives, energy, off-highway, other industrial and industrial distribution were significantly higher. Sales to heavy industries were slightly higher compared to Q4 last year.

Automotive: Sales in the quarter were significantly lower compared to last year with significantly lower sales to light vehicles, slightly lower to trucks and higher sales to the vehicle aftermarket compared to Q4 2020.

Segment information¹⁾

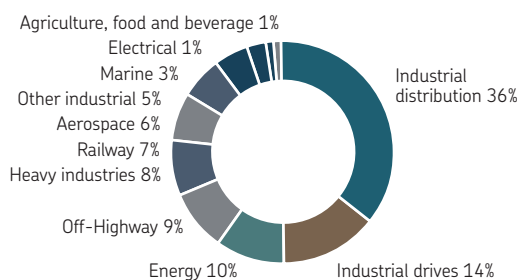
MSEK unless otherwise stated

Industrial	Q4 2021	Q4 2020	2021	2020
Net sales	15,135	13,489	58,559	53,912
Adjusted operating profit	2,042	1,963	9,424	8,070
Adjusted operating margin, %	13.5	14.6	16.1	15.0
Operating profit	2,311	1,663	9,309	6,691
Operating margin, %	15.3	12.3	15.9	12.4

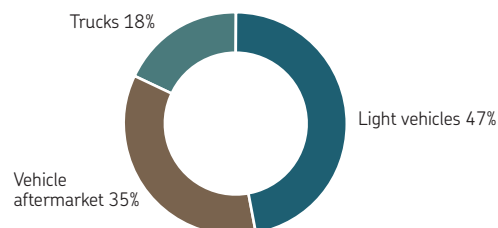
Automotive	Q4 2021	Q4 2020	2021	2020
Net sales	5,851	6,083	23,173	20,940
Adjusted operating profit	218	619	1,414	1,124
Adjusted operating margin, %	3.7	10.2	6.1	5.4
Operating profit	283	547	1,450	378
Operating margin, %	4.8	9.0	6.3	1.8

1) Previously published figures for 2020 have been restated to reflect a change in classification of customers between the segments.

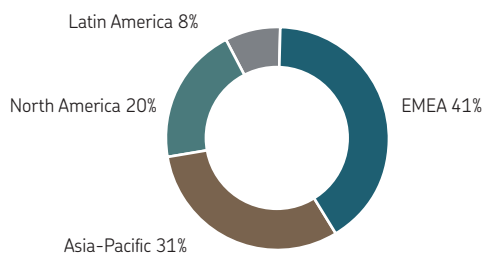
Net sales by customer industry for Industrial Q4 2021



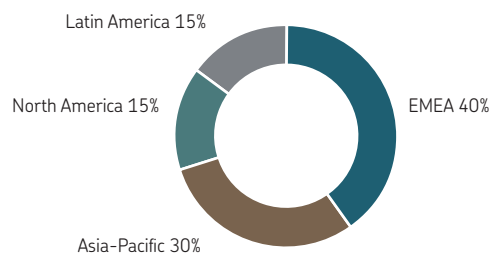
Net sales by customer industry for Automotive Q4 2021



Net sales by region for Industrial Q4 2021



Net sales by region for Automotive Q4 2021



Outlook and Guidance

Demand for Q1 2022 compared to Q1 2021

Looking ahead, for Q1 2022, we estimate a low single-digit organic sales growth.

Guidance Q1 2022

Currency impact on the operating profit is expected to be around SEK 150 million compared with Q1 2021, based on exchange rates per 31 December 2021.

Guidance 2022

- For the full year 2022, we expect an organic sales growth of about 5-10%.
- Tax level excluding effects related to divested businesses: around 26%.
- Additions to property, plant and equipment: around SEK 5 billion.

Previous outlook statement

Demand for Q4 2021 compared to Q4 2020

Looking ahead, uncertainty remains and in terms of sales, we expect to see continued supply chain challenges among our customers. We expect organic sales for the fourth quarter to be relatively unchanged compared to the fourth quarter 2020.

Highlights

28 October 2021 – Partnership with Nornickel

SKF and Nornickel have worked together since 2010 to increase the reliability and productivity in Nornickel's refinery in Harjavalta, Finland. Following a successful pilot project in 2021, Nornickel has decided to roll out the next generation condition monitoring system, SKF Enlight ProCollect, in their plant.

6 December 2021 – EUR 300 million to green investments

SKF has allocated a total of EUR 300 million from the Group's Green Bond, to investments in accordance with SKF's Green Finance Framework. It is an important part of SKF's focus on reducing its own emissions as well as increasing investments in R&D, production, testing and remanufacturing capacity for products used in industries such as renewable energy, electric vehicles and railway applications.

5 January 2022 – SKF licences slop-oil recovery technology

SKF has signed a license agreement that gives Christof Global Impact the exclusive rights to commercialize SKF's multi-feed-stock slop-oil recovery technology (MFRT). The MFRT was part of SKF's acquisition of RecondOil in 2019 and is not considered core to SKF's current or future business.

10 January 2022 – Acquisition

SKF has completed the acquisition of Laser Cladding Venture n.v. (LCV), an additive manufacturing company based in Belgium. LCV is a niche engineering start-up specialized in various additive manufacturing technologies and processes, which can be applied to support SKF's service and remanufacturing offering.

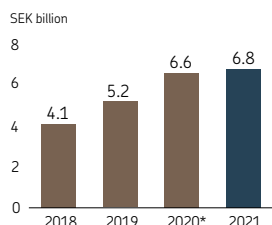
Sustainability performance

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

Cleantech revenues

Cleantech revenues are the aggregated sales to acknowledged cleantech sectors such as renewable energy, electric vehicles, recycling industry and bearing remanufacturing. The growth of these sectors has far outstripped the organic growth of SKF as a whole – indicating the successful execution of SKF's cleantech strategy.

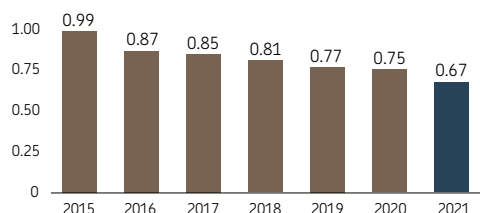
- 1) Previously published figures for 2020 have been restated to reflect a change in classification.
- 2) 2021 figures relate to the latest 12 months period.



Accident rate

The accident rate measures the number of recordable accidents per 100 employees per year. There has been a considerable reduction in the accident rate over the past 5 years.

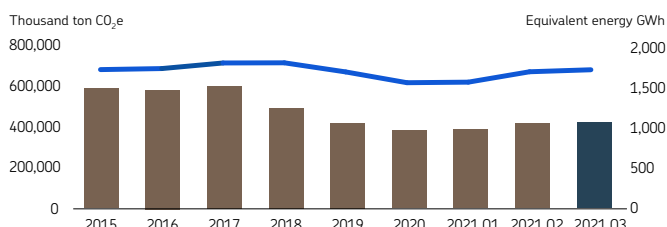
- 1) 2021 figures relate to the latest 12 months period.



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 be carbon neutral for these aspects by 2030.

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



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. 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 2021. None of these have a material effect on the SKF Group's financial statements.

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

SKF's Performance Share Programme

In order to continue to link the long-term interests of the participants and the shareholders, the Board proposes, that a decision be taken at the Annual General Meeting 2022 on SKF's Performance Share Programme 2022. It is proposed that the programme covers a maximum of 225 senior managers and key employees in the SKF Group, including Group Management, with the opportunity of being allotted, free of charge, SKF B shares. The number of shares that may be allotted must primarily be related to the degree of achievement of the Total Value Added (TVA) target level, as defined by the Board, for the TVA development for the financial years 2022–2024 compared to the financial year 2021. The number of shares that may be allotted shall also be related to the SKF Group net zero 2030 objective. The net zero 2030 target is based on a CO2 emission reduction trajectory for the operations defined by the net zero 2030

objective with 2021's emissions as a starting point. Under the programme, not more than 1,000,000 SKF B shares may be allotted.

SKF's Performance Share Programme 2019, which was decided by the Annual General Meeting 2019, will be settled in the first quarter 2022. The outcome is that about 165 managers of the SKF Group will receive around 200,000 SKF B shares (around 20% of the maximum number of shares approved by the Annual General Meeting), based on the degree of achievement of the TVA target level, as defined by the Board, for the financial years 2019–2021 compared to the financial year 2018. The total cost for the SKF's Performance Share Programme 2019 amounted to around SEK 55 million including administrative costs and social charges.

Risks and uncertainties in the business

The SKF Group operates in many different industrial and geographical areas that are at different stages of the economic cycle. A general economic downturn at global level, for example caused by a pandemic, or in one of the world's leading economies, could reduce the demand for the Group's products, solutions and services for a period of time. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets and natural disasters, could have a negative effect on the demand for the Group's products and services. There are also political and regulatory risks associated with the wide geographical presence.

Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could limit the SKF Group's operations. The SKF Group is subject to both transaction and translation of currency exposure.

For commercial flows the SKF Group is primarily exposed to the EUR, USD and CNY. As the major part of the profit is made outside Sweden, the Group is also exposed to translational risks in all the major currencies. The financial position of the parent company is dependent on the financial position and development of the subsidiaries. A general decline in the demand for the products and services provided by the Group could mean lower residual profits and lower dividend income for the parent company, as well as a need for writing down values of the shares in the subsidiaries.

SKF is subject to 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, 3 February 2022
Aktiebolaget SKF (publ)
Rickard Gustafson
President and CEO

Condensed consolidated income statements

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	20,986	19,572	81,732	74,852
Cost of goods sold	-15,310	-14,117	-58,457	-55,348
Gross profit	5,676	5,455	23,275	19,504
Research and development cost	-766	-661	-2,751	-2,515
Selling and administrative expenses	-2,736	-2,659	-10,250	-10,253
Other operating income/expenses, net	420	75	484	333
Operating profit	2,594	2,210	10,758	7,069
Financial income and expense, net	-266	-66	-695	-769
Profit before taxes	2,328	2,144	10,063	6,300
Taxes	-559	-541	-2,484	-1,826
Net profit	1,769	1,603	7,579	4,474
Net profit attributable to:				
Shareholders of AB SKF	1,705	1,527	7,331	4,298
Non-controlling interests	64	76	248	176
Basic earnings per share (SEK)	3.74	3.36	16.10	9.44
Diluted earnings per share (SEK)	3.74	3.35	16.09	9.43

Condensed consolidated statements of comprehensive income

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net profit	1,769	1,603	7,579	4,474
Items that will not be reclassified to the income statement:				
Remeasurements (actuarial gains and losses)	617	-144	2,751	-850
Income taxes	-149	24	-694	203
	468	-120	2,057	-647
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	867	-2,325	2,759	-3,726
Assets at fair value through other comprehensive income	3	-33	96	-39
Income taxes	1	-3	2	8
	871	-2,361	2,857	-3,757
Other comprehensive income, net of tax	1,339	-2,481	4,914	-4,404
Total comprehensive income	3,108	-878	12,493	70
Shareholders of AB SKF	3,000	-855	12,127	111
Non-controlling interests	108	-23	366	-41

Condensed consolidated balance sheets

MSEK	December 2021	December 2020
Goodwill	10,924	10,117
Other intangible assets	6,018	6,125
Property, plant and equipment	20,723	18,161
Right of use asset leases	2,661	2,517
Deferred tax assets	3,839	4,800
Other non-current assets	1,674	1,939
Non-current assets	45,839	43,659
Inventories	20,997	15,733
Trade receivables ¹⁾	13,972	12,286
Other current assets	5,163	4,242
Other current financial assets ¹⁾	13,657	14,637
Current assets	53,789	46,898
Total assets	99,628	90,557
Equity attributable to shareholders of AB SKF	43,645	34,309
Equity attributable to non-controlling interests	1,720	1,403
Long-term financial liabilities ¹⁾	15,472	15,089
Provisions for post-employment benefits	11,781	15,170
Provisions for deferred taxes	1,040	792
Other long-term liabilities and provisions	1,445	2,150
Non-current liabilities	29,738	33,201
Trade payables ¹⁾	9,881	8,459
Short-term financial liabilities ¹⁾	3,864	3,260
Other short-term liabilities and provisions	10,780	9,925
Current liabilities	24,525	21,644
Total equity and liabilities	99,628	90,557

1) Valuation principles and classifications of the financial instruments, as described in SKF Annual report 2020, have been consistently applied throughout the reporting period. There are no major changes in fair value during the period.

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Dec 2021	Jan-Dec 2020
Opening balance 1 January	35,712	37,366
Total comprehensive income	12,493	70
Cost for performance share programmes, net	25	-95
Transaction with non-controlling interests, other	-	-
Other	146	149
Dividend to shareholders ¹⁾	-3,011	-1,778
Closing balance	45,365	35,712

1) Dividend to ordinary shares has been paid during the period.

Condensed consolidated statements of cash flow

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating activities:				
Operating profit	2,593	2,210	10,758	7,069
Non-cash items:				
Depreciation, amortization and impairment	885	849	3,305	3,401
Net loss/gain (-) on sales of PPE and businesses	-401	-3	-436	-245
Other non-cash items	-111	-677	-758	806
Income taxes paid	-707	-711	-2,250	-2,240
Other	-525	-612	-1,424	-1,756
Changes in working capital:				
Inventories	-1,279	862	-4,308	1,542
Accounts receivable	136	698	-931	1,102
Accounts payable	859	643	970	396
Other operating assets/liabilities	-219	-397	322	-1,810
Net cash flow from operations	1,231	2,862	5,248	8,265
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	-1,152	-971	-3,933	-3,380
Sales of PPE, businesses and equity securities	744	10	785	374
Net cash flow used in investing activities	-408	-961	-3,148	-3,006
Net cash flow after investments before financing	823	1,901	2,100	5,259
Financing activities:				
Proceeds from short- and long-term loans	57	46	3,148	3,303
Repayments of short- and long-term loans	-27	-2,193	-2,126	-2,455
Repayment leases	-203	-197	-738	-799
Cash dividends	-1	-15	-3,012	-1,778
Other financing items	-761	-	-930	-
Investments in short-term financial assets	-3	-11	-33	-409
Sales of short-term financial assets	86	94	178	4,829
Net cash flow used in financing activities	-852	-2,276	-3,513	2,691
Net cash flow	-29	-375	-1,413	7,950
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 October/1 January	13,039	14,405	14,050	6,430
Cash effect excl. acquired/sold business	-	-375	-1,386	7,953
Cash effect of acquired/sold businesses	-29	-	-27	-3
Exchange rate effect	209	20	582	-330
Cash and cash equivalents at 31 December	13,219	14,050	13,219	14,050

Change in Net debt	Closing balance 31 December 2021	Other non- cash changes	Acquired/sold businesses	Cash changes	Translation effect	Opening balance 1 January 2021
Loans, long- and short-term	16,454	-51	-	1,022	243	15,240
Post-employment benefits, net	11,711	-2,183	-	-1,740	498	15,136
Lease liabilities	2,758	756	-	-738	156	2,584
Financial assets, others	-344	15	-	113	-22	-450
Cash and cash equivalents	-13,219	-	27	1,386	-582	-14,050
Net debt	17,360	-1,463	27	43	293	18,460

Number of shares

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	30,503,933	31,371,055	30,503,933	31,371,055
- whereof B shares	424,847,135	423,980,013	424,847,135	423,980,013
Weighted average number of shares in:				
- basic earnings per share	455,351,068	455,351,068	455,351,068	455,351,068
- diluted earnings per share	455,661,605	455,781,182	455,541,659	455,662,633

Condensed consolidated financial information

MSEK unless otherwise stated

	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21
Net sales	20,085	16,599	18,596	19,572	19,865	20,735	20,146	20,986
Cost of goods sold	-14,575	-12,895	-13,759	-14,118	-14,124	-14,441	-14,582	-15,310
Gross profit	5,510	3,704	4,837	5,454	5,741	6,294	5,564	5,676
Gross margin, %	27.4	22.3	26.0	27.9	28.9	30.4	27.6	27.0
Research and development cost	-651	-652	-553	-660	-653	-683	-648	-766
Selling and administrative expenses	-2,708	-2,569	-2,317	-2,659	-2,423	-2,706	-2,385	-2,736
- as % of sales	13.5	15.5	12.5	13.6	12.2	13.1	11.8	13.0
Other, net	117	186	-45	75	34	-27	57	420
Operating profit	2,268	669	1,922	2,210	2,699	2,878	2,588	2,594
Operating margin, %	11.3	4.0	10.3	11.3	13.6	13.9	12.8	12.4
Adjusted operating profit	2,572	1,565	2,475	2,582	2,789	3,118	2,672	2,260
Adjusted operating margin, %	12.8	9.4	13.3	13.2	14.0	15.0	13.3	10.8
Financial net	-412	-89	-202	-66	-204	-77	-148	-266
Profit before taxes	1,856	580	1,720	2,144	2,495	2,801	2,440	2,328
Profit margin before taxes, %	9.2	3.5	9.2	11.0	12.6	13.5	12.1	11.1
Taxes	-549	-249	-487	-541	-646	-661	-618	-559
Net profit	1,307	331	1,233	1,603	1,849	2,140	1,822	1,769
Net profit attributable to								
Shareholders of AB SKF	1,250	342	1,179	1,527	1,782	2,089	1,756	1,705
Non-controlling interests	57	-11	54	76	67	51	66	64

Reconciliation of profit before taxes for the Group

MSEK	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21
Operating profit:								
Industrial ¹⁾	2,151	1,282	1,595	1,663	2,177	2,405	2,417	2,311
Automotive ¹⁾	117	-613	327	547	522	473	171	283
Financial net	-412	-89	-202	-66	-204	-77	-148	-266
Profit before taxes for the Group	1,856	580	1,720	2,144	2,495	2,801	2,440	2,328

1) Previously published figures for 2020 have been restated to reflect a change in classification of customers between the segments.

Key figures

Definitions, see page 15

	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21
EBITDA, MSEK	3,134	1,543	2,734	3,059	3,494	3,852	3,239	3,479
EBITA, MSEK	2,421	822	2,069	2,369	2,841	3,024	2,733	2,742
Adjusted operating profit	2,572	1,565	2,475	2,582	2,789	3,118	2,672	2,260
Adjusted operating margin, %	12.8	9.4	13.3	13.2	14.0	15.0	13.3	10.8
Basic earnings per share, SEK	2.75	0.75	2.59	3.36	3.91	4.59	3.86	3.74
Adjusted earnings per share, SEK	3.41	2.72	3.80	4.17	4.11	5.11	4.04	3.01
Diluted earnings per share, SEK	2.74	0.75	2.59	3.35	3.91	4.59	3.86	3.74
Dividend per share, SEK	–	3.00	–	–	–	6.50	–	–
Net worth per share, SEK	83	76	77	75	86	83	89	96
Share price at the end of the period, SEK	136.7	173.2	185.7	213.4	248.2	217.9	207.6	214.5
NWC, % of 12 months rolling sales	29.5	30.0	28.7	26.1	30.2	30.7	30.5	30.7
ROCE for the 12-month period, %	12.5	9.8	9.3	9.8	10.5	13.6	14.5	14.8
ROE for the 12-month period, %	14.3	10.9	10.6	12.1	13.7	18.4	19.3	18.8
Gearing, %	47.4	49.7	50.2	48.0	44.4	44.7	43.1	40.5
Equity/assets ratio, %	39.4	38.7	38.1	39.4	42.4	41.6	43.2	45.5
Additions to property, plant and equipment, MSEK	917	670	796	949	819	895	969	1,138
Net debt/equity, %	57.6	62.5	59.8	51.7	43.2	50.1	44.0	38.3
Net debt, MSEK	22,877	22,866	21,868	18,460	17,576	19,809	18,541	17,360
Net debt/EBITDA	1.8	2.1	2.1	1.8	1.6	1.5	1.4	1.2
Registered number of employees	43,134	41,835	41,174	40,963	41,151	41,433	42,139	42,602

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	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21
Net sales	14,364	13,080	12,979	13,489	13,788	14,889	14,747	15,135
Adjusted operating profit	2,230	1,832	2,045	1,963	2,247	2,674	2,462	2,042
Adjusted operating margin, %	15.5	14.0	15.8	14.6	16.3	18.0	16.7	13.5
Operating profit	2,151	1,282	1,595	1,663	2,177	2,405	2,417	2,311
Operating margin, %	15.0	9.8	12.3	12.3	15.8	16.2	16.4	15.3
Assets and liabilities, net	45,898	43,384	41,713	38,508	41,472	41,643	41,130	42,612
Registered number of employees	35,478	33,916	33,400	33,157	33,446	33,572	34,283	34,702
Automotive	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21
Net sales	5,721	3,519	5,617	6,083	6,077	5,846	5,399	5,851
Adjusted operating profit	342	-267	430	619	542	444	210	218
Adjusted operating margin, %	6.0	-7.6	7.7	10.2	8.9	7.6	3.9	3.7
Operating profit	117	-613	327	547	522	473	171	283
Operating margin, %	2.0	-17.4	5.8	9.0	8.6	8.1	3.2	4.8
Assets and liabilities, net	11,909	11,184	10,313	9,358	10,645	10,936	10,977	10,769
Registered number of employees	6,741	6,499	6,362	6,351	6,292	6,416	6,391	6,421

1) Previously published figures for 2020 have been restated to reflect a change in classification of customers between the segments.

Parent company condensed income statements

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Revenue	2,590	2,470	7,775	5,267
Cost of goods sold	-1,310	-1,124	-5,036	-4,819
General management and administrative expenses	-425	-457	-1,470	-1,489
Other operating income/expenses, net	3	2	0	13
Operating result	858	891	1,269	-1,028
Financial income and expense, net	1,892	1,685	2,325	2,271
Profit before taxes	2,750	2,576	3,594	1,243
Appropriations	-793	1,070	-793	1,070
Taxes	15	-397	-54	30
Net profit	1,972	3,249	2,747	2,343

Parent company condensed statements of comprehensive income

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net profit	1,972	3,249	2,747	2,343
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	2	-34	95	-40
Other comprehensive income, net of tax	2	-34	95	-40
Total comprehensive income	1,974	3,215	2,842	2,303

Parent company condensed balance sheets

MSEK	December 2021	December 2020
Intangible assets	1,371	1,528
Investments in subsidiaries	22,074	22,496
Receivables from subsidiaries	13,022	12,750
Other non-current assets	891	970
Non-current assets	37,358	37,744
Receivables from subsidiaries	6,958	5,971
Other receivables	273	163
Current assets	7,231	6,134
Total assets	44,589	43,878
Shareholders' equity	25,683	25,801
Provisions	445	468
Non-current liabilities	13,023	12,750
Current liabilities	5,438	4,859
Total shareholders' equity, provisions and liabilities	44,589	43,878

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.

Diluted earnings per share

Diluted earnings per share is calculated using the weighted average number of shares outstanding during the period adjusted for all potential dilutive ordinary shares.

EBITA

(Earnings before interest, taxes and amortization). Operating profit before amortizations.

EBITDA

(Earnings before interest, taxes, depreciation and amortization) Operating profit before depreciations, amortizations, and impairments.

Equity/assets ratio

Equity as a percentage of total assets.

Gearing

Debt as a percentage of the sum of debt and equity.

Items affecting comparability

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

Net debt

Debt less short-term financial assets excluding derivatives.

Net debt/EBITDA

Net debt, as a percentage of twelve months rolling EBITDA.

Net debt/equity

Net debt, as a percentage of equity.

Net worth per share (Equity per share)

Equity excluding non-controlling interests divided by the ordinary number of shares.

Net working capital as % of 12 month rolling sales (NWC)

Trade receivables plus inventory minus trade payables as a percentage of twelve months rolling net sales.

Operating margin

Operating profit/loss, as a percentage of net sales.

Operational performance

Operational performance includes the effects on operating profit related to changes in organic sales, changes in manufacturing volumes and manufacturing costs and changes in selling and administrative expenses.

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."



The SKF site in Xinchang, China, is one of SKF's largest factory investment projects, with a total of SEK 770 million in investments announced to date.

This is SKF

SKF is a leading global supplier of bearings, seals, lubrication systems and services, which include technical support, maintenance and reliability services, engineering consulting and training.

Quick facts

Founded 1907
Represented in more than 130 countries
Net sales in 2021: SEK 81,732 million
42,602 employees
15 technical centers
87 manufacturing sites
More than 17,000 distributors

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Webcast

3 February at 09:00 (CET), 08.00 (UK)
<https://investors.skf.com/en>
Sweden +46 10 884 80 16
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Passcode: 142403

Calendar 2022

2 March (w9), Annual Report to be published on:
<https://investors.skf.com/en>
24 March, Annual General Meeting
28 March, Proposed record date to be entitled to receive dividends
31 March, Proposed date for distribution of dividends
26 April, Q1 report
20 July, Q2 report
25 October, Q3 report

The financial information in this press release is information which AB SKF is required to disclose under the EU Market Abuse Regulation (EU) No 596/2014. The information was provided by the above contact persons for publication on 3 February 2022 at 08.00 CET.