

Strong execution supporting margin resilience

31 January 2025

Year-end report

Q4 2024

Strong execution supporting margin resilience

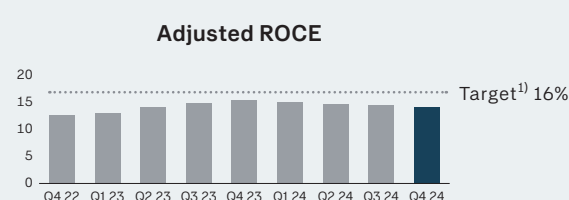
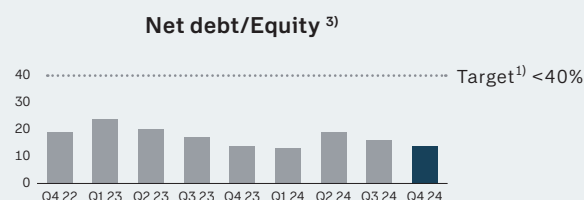
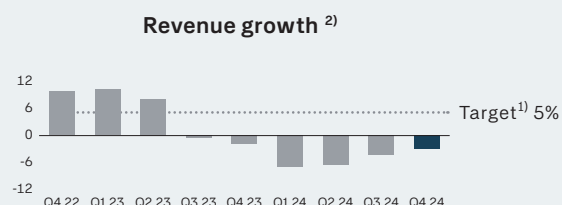
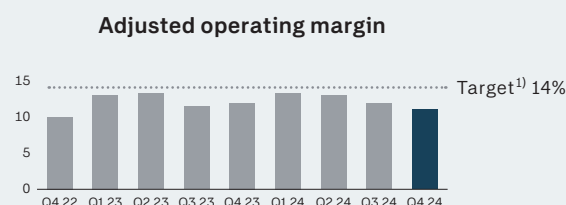
Q4 2024

- **Net sales** SEK 24,725 million (24,438)
- **Organic growth** –3.1% (–1.9%), driven by lower market demand mainly in Europe and China, while Americas and India & Southeast Asia are showing positive sales development.
- **Adjusted operating profit** SEK 2,735 million (2,929). Continued strong price/mix contribution was offset by negative currency effects as well as lower volumes, which also resulted in decreased cost efficiency.
- **Adjusted operating margin** 11.1% (12.0%)
 - Industrial 14.6% (15.0%) - Automotive 2.6% (4.5%)
- **Operating profit** SEK 2,331 million (1,925), including items affecting comparability of SEK –404 million (–1,004).
- **Operating margin** 9.4% (7.9%)
 - Industrial 13.0% (11.0%) - Automotive 0.9% (0.2%)
- **Net cash flow from operating activities** SEK 3,283 million (3,937)
- **Basic earnings per share** SEK 3.31 (1.37)

Financial overview

MSEK unless otherwise stated	Q4 2024	Q4 2023	2024	2023
Net sales	24,725	24,438	98,722	103,881
Organic growth	–3.1	–1.9	–5.4	3.7
Adjusted operating profit	2,735	2,929	12,183	12,977
Adjusted operating margin, %	11.1	12.0	12.3	12.5
Operating profit	2,331	1,925	10,339	11,084
Operating margin, %	9.4	7.9	10.5	10.7
Adjusted profit before taxes	2,418	2,220	10,933	11,074
Profit before taxes	2,014	1,216	9,089	9,181
Net cash flow from operating activities	3,283	3,937	10,792	13,783
Basic earnings per share	3.31	1.37	14.22	14.04
Adjusted earnings per share	4.20	3.57	18.27	18.20

SKF's long-term targets



- 1) Financial targets to be achieved over a business cycle.
 2) Sales excluding effects of currency and divested businesses.
 3) Excluding pension liabilities.
 4) 2024 figures relate to the latest 12 months period and data is presented for the end of the previous quarter.

CEO Statement

In 2024, we showed resilience in challenging market conditions thanks to diligent strategic execution. In the fourth quarter, we maintained solid margins given low demand and currency headwind.

Solid margin in week markets

I'm pleased that we successfully navigated the challenging market conditions that prevailed throughout 2024, initiated a separation process for our Automotive business and continued to strengthen our operational and innovation capabilities. This positions us well to capture profitable growth opportunities as demand recovers. For the full year 2024, we upheld a resilient adjusted operating margin of 12.3% in a market that shifted from organic growth in 2023 to organic decline of -5.4%. Cash flow from operations was solid at approximately SEK 11 billion.

The weak demand environment remained also in the fourth quarter, partly offset by a solid price/mix through effective pricing activities, diligent portfolio management, and strong aftermarket focus. The organic sales decline in the quarter was -3.1% with large variations between regions. Our Industrial business in Americas and India & Southeast Asia showed positive organic growth, partly due to favorable timing of deliveries before year-end. Demand in Europe and China remained weak, which also was the case for Automotive in general, except for our EV business in China that performed well.

Our adjusted operating margin in Q4 of 11.1% represents another proof point of our improved resilience given the negative volume development and a negative margin impact from currency of -0.9 percentage points.

We have continued to work hard on cost reduction activities and fully offset high wage inflation. The fourth quarter, however, was the first since the low demand environment started in mid-2023 where these activities were not able to fully offset the negative impact from low volumes. Due to the product mix, we also saw an increase in material cost. Our diligent cost reduction activities will continue, including looking at the set up for our Industrial and Automotive businesses to create a strong foundation for the future.

Our Automotive business had a challenging quarter with volatile demand, impacted by customers' reduced factory output. It is therefore encouraging that its underlying business performance is on a positive trajectory entering new margin accretive businesses. Our new Hub Bearing Unit for EVs, for example, provides significant customer value through increased mileage per battery charge by being 10% lighter than conventional wheel bearings and reducing friction by 30%.

Cash flow from operations was robust in the quarter at SEK 3.3 billion, supported by margin resilience and working capital reduction.

“ **Regionalization is a key part of our strategy and during 2024, we further optimized our footprint.**

Investing in creating a stronger SKF

Regionalization is a key element of our strategy. In 2024, we continued to invest in further optimizing our footprint and in creating competitive and resilient regional value chains. These efforts improved our regionalization rates during the year from 63% to 68% in Asia and from 66% to 69% in Americas. Increased regionalization brings several market- and operational benefits. In China for example, it has shortened lead times from order to delivery with 25% since 2019.

To position us to benefit from the electrification megatrend and the increasing demand for high-speed rotation, we are investing in our ceramic bearing capacity and capabilities. To strengthen our competitiveness and secure the full value chain, we are investing in increased access to raw material as well as in accelerating our manufacturing and R&D processes.

Separation update—Capital Markets Day on 11 November

Our work to create two fit for purpose businesses, Industrial and Automotive, is in an intensive phase. More information about the progress will be shared on our Capital Markets Day which will be held on 11 November 2025 in Stockholm.



Outlook

The world is rapidly changing, with markets affected by geopolitical uncertainty, and we expect continued volatility. For the first quarter of 2025, we expect organic sales to weaken somewhat, year-over-year.

In recognition of the Group's solid financial position, the Board has decided to propose to the Annual General Meeting a dividend of SEK 7.75 per share.

Rickard Gustafson
President and CEO

Financial performance

Fourth quarter 2024

Operating profit for the fourth quarter was SEK 2,331 million (1,925). Operating profit included items affecting comparability of SEK –404 million (–1,004), whereof SEK –394 million (–508) related to ongoing restructuring and cost reduction activities mainly in Europe and expenses related to the separation of the Automotive business, and SEK –10 million (–158) related to impairment of fixed assets. Last year it also included SEK –338 million related to currency devaluation in Argentina.

The adjusted operating profit for the fourth quarter was SEK 2,735 million (2,929). The adjusted operating profit was positively impacted by price and mix. The adjusted operating profit was negatively impacted by currency effects and by lower sales and manufacturing volumes which also resulted in higher costs. In addition, product mix resulted in higher material costs, logistics increased somewhat and energy costs were flat. Significant salary inflation was offset by reduced headcount.

Adjusted operating profit bridge, MSEK	Q4
2023	2,929
Currency impact	–104
Acquired businesses	8
Organic sales & Manufacturing volumes	48
Cost development	–146
2024	2,735

- Financial income and expense, net was SEK –317 million (–709). Exchange rate fluctuations had a more negative effect in the fourth quarter 2023 compared to the fourth quarter 2024, whereof SEK –250 million related to the devaluation in Argentina in December 2023.
- Taxes in the quarter was SEK –423 million (–493) resulting in an effective tax rate of 21.0% (40.5%). The tax rate in 2024 was positively impacted by currency adjustments and changes to deferred tax assets. The tax rate in 2023 was negatively impacted by withholding tax on intra-group dividends.
- Net cash flow from operating activities in the fourth quarter was SEK 3,283 million (3,937). Changes in net working capital impacted positively in the quarter with SEK 1,157 million (1,536).
- Net working capital in percent of annual sales was 30.6% in December 2024 compared to 27.7% in December 2023. The ratio was negatively affected by higher inventory levels in relation to sales compared to last year, not entirely offset by the higher accounts payable.
- Provisions for post-employment benefits, net decreased by SEK –229 million (494) in the fourth quarter. The decrease was driven by actuarial gains on gross obligations due to higher discount rates as well as net payments made in the quarter, partly offset by expenses and currency effects.

Full year 2024

Operating profit for the year was SEK 10,339 million (11,084). Operating profit included items affecting comparability of SEK –1,844 million (–1,893), whereof SEK –1,497 million (–1,398) related to ongoing restructuring and cost reduction activities, factory closures and expenses related to the separation of the Automotive business, and SEK –347 million (–176) related to impairment of assets. 2023 also included SEK 18 million related to the divestment of business within lubrication and SEK –338 million related to currency devaluation in Argentina.

The adjusted operating profit for the year was SEK 12,183 million (12,977). 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, while logistic costs were somewhat higher compared to last year. Significant salary inflation was offset by reduced headcount. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	2024
2023	12,977
Currency impact	–845
Acquired businesses	8
Organic sales & Manufacturing volumes	–655
Cost development	698
2024	12,183

- Financial income and expense, net was SEK –1,250 million (–1,903). Exchange rate fluctuations had a more negative effect in 2023, compared to 2024, whereof SEK -250 million related to the devaluation in Argentina in December 2023.
- Taxes in 2024 was SEK -2,202 million (–2,404) resulting in an effective tax rate of 24.2% (26.2%). The tax rate in 2024 was positively impacted by currency adjustments and changes to deferred tax assets.
- Net cash flow from operating activities was SEK 10,792 million (13,783). Changes in net working capital impacted negatively, mainly driven by increased inventories compared to last year.
- Net working capital in percent of annual sales was 30.6% in December 2024 compared to 27.7% in December 2023. The ratio was negatively affected by higher inventory levels in relation to sales compared to last year, not entirely offset by the higher accounts payable.
- Provisions for post-employment benefits, net decreased by SEK –849 million (–43) in 2024. The decrease was driven by net payments during the year as well as actuarial gains on gross obligations due to higher discount rates, partly offset by expenses and currency effects.

Key figures	31 Dec 2024	30 Sep 2024	31 Dec 2023
Net working capital, % of 12 months rolling sales	30.6	31.5	27.7
Adjusted ROCE for the 12-month period, %	14.2	14.6	15.4
Net debt/equity, %	26.6	30.0	29.5
Net debt/equity, excluding post-employment benefits, %	14.1	16.2	13.9
Net debt/EBITDA	1.1	1.2	1.1
Net debt/Adjusted EBITDA	1.0	1.0	0.9

Dividend proposal

The Board has decided to propose a dividend of SEK 7.75 per share to the Annual General Meeting

Sales

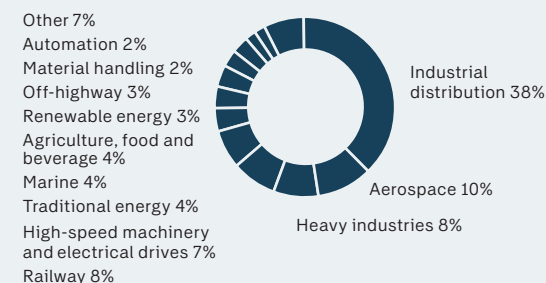
Net sales, change y-o-y, %	Q4				Full year 2024			
	Organic ¹⁾	Structure	Currency	Total	Organic ¹⁾	Structure	Currency	Total
SKF Group	-3.1	0.3	3.9	1.1	-5.4	0.1	0.4	-4.9
Industrial	-2.7	0.5	3.1	0.9	-5.7	0.1	0.3	-5.3
Automotive	-4.0	0.0	5.8	1.8	-4.9	0.0	0.8	-4.1

1) Price, mix and volume

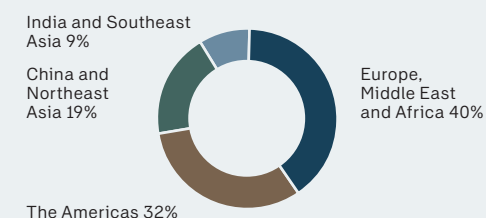
Organic sales in local currencies, change y-o-y, %	Q4				Full year 2024			
	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia	Europe, Middle East & Africa	The Americas	China & Northeast Asia	India & Southeast Asia
SKF Group	-7.9	5.3	-9.9	9.9	-6.0	-4.0	-10.6	3.4
Industrial	-	+++	---	+++	--	+/-	---	+/-
Automotive	---	-	++	+++	---	--	+/-	++

Customer industries	Q4				Full year 2024			
	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 Q4 2024



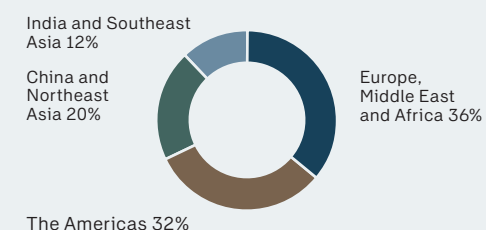
Net sales by region for Industrial Q4 2024



Net sales by customer industry for Automotive Q4 2024



Net sales by region for Automotive Q4 2024



Industrial

Comments on organic sales in local currencies
in Q4 2024, compared to Q4 2023

Europe, Middle East and Africa

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

The Americas

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

China and Northeast Asia

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

India and Southeast Asia

Sales were significantly higher in the quarter. By industry, sales to all industrial segments were significantly higher with the exception of; aerospace, marine and traditional energy where sales were relatively unchanged and to heavy industries and off-highway where sales were significantly lower.

Automotive

Comments on organic sales in local currencies
in Q4 2024, compared to Q4 2023

Europe, Middle East and Africa

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

The Americas

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

China and Northeast Asia

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

India and Southeast Asia

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

Segment information¹⁾

MSEK unless otherwise state

	Industrial				Automotive			
	Q4 2024	Q4 2023	2024	2023	Q4 2024	Q4 2023	2024	2023
Net sales	17,508	17,350	69,475	73,393	7,217	7,088	29,247	30,488
Adjusted operating profit	2,549	2,611	10,821	11,280	186	318	1,362	1,697
Adjusted operating margin, %	14.6	15.0	15.6	15.4	2.6	4.5	4.7	5.6
Operating profit	2,269	1,913	9,285	9,735	62	12	1,054	1,349
Operating margin, %	13.0	11.0	13.4	13.3	0.9	0.2	3.6	4.4

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

Fourth quarter 2024

The adjusted operating profit for the fourth quarter was SEK 2,549 million (2,611). Price and mix fully compensated for lower sales and manufacturing volumes. Currency impacted negatively, while costs were relatively flat. The acquisition of John Sample Group impacted slightly positively in the quarter.

Adjusted operating profit bridge, MSEK	Q4
2023	2,611
Currency impact	-74
Acquired businesses	8
Organic sales & Manufacturing volumes	36
Cost development	-32
2024	2,549

Full year 2024

The adjusted operating profit for the full year was SEK 10,821 million (11,280). The adjusted operating profit was positively impacted by price and mix as well as lower costs for material, energy, salaries and wages and logistics. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes and currency effects.

Adjusted operating profit bridge, MSEK	2024
2023	11,280
Currency impact	-600
Acquired businesses	8
Organic sales & Manufacturing volumes	-631
Cost development	764
2024	10,821

Automotive

Comments on adjusted operating profit 2024, compared to 2023

Fourth quarter 2024

The adjusted operating profit for the fourth quarter was SEK 186 million (318). The adjusted operating profit was positively impacted by price and mix. The adjusted operating profit was negatively impacted by currency effects as well as by lower sales and manufacturing volumes, which also resulted in higher costs. In addition costs were higher for logistics and material due to product mix.

Adjusted operating profit bridge, MSEK	Q4
2023	318
Currency impact	-30
Acquired businesses	—
Organic sales & Manufacturing volumes	12
Cost development	-114
2024	186

Full year 2024

The adjusted operating profit for the full year was SEK 1,362 million (1,697). The adjusted operating profit was positively impacted by price and mix as well as lower costs for energy. The adjusted operating profit was negatively impacted by lower sales and manufacturing volumes, currency effects and higher costs for logistics and salaries and wages, while material were relatively flat compared to last year.

Adjusted operating profit bridge, MSEK	2024
2023	1,697
Currency impact	-245
Acquired businesses	—
Organic sales & Manufacturing volumes	-24
Cost development	-66
2024	1,362

Outlook and Guidance

Outlook

- Q1 2025: We expect organic sales to weaken somewhat, year-over-year.
- SKF has decided to discontinue issuing full-year organic sales outlook.

Guidance Q1 2025

- Currency impact on the operating profit is expected to be around SEK 200 million positive compared with the first quarter 2024, based on exchange rates per 31 December 2024.

Guidance FY 2025

- Tax level excluding effects related to divested businesses: around 26%.
- Additions to property, plant and equipment: around SEK 4.5 billion excluding separation of the Automotive business.

Previous outlook and guidance statement

Outlook

- Q4 2024: We expect a mid-single-digit organic sales decline, year-over-year.
- FY 2024: We expect a mid-single-digit organic sales decline, year-over-year.

Guidance Q4 2024

- Currency impact on the operating profit is expected to be around SEK 250 million negative compared with the fourth quarter 2023, based on exchange rates per 30 September 2024.

Guidance FY 2024

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

Significant events

During the fourth quarter

29 October 2024 – Divestment of non-core aerospace operation

SKF has signed an agreement to divest its ring and seal operation in Hanover, USA. The Hanover divestment is expected to close during the first quarter of 2025, subject to authorities' approval.

31 October 2024 – Acquisition of John Sample Group completed

SKF has completed the previously announced acquisition of John Sample Group's Lubrication and Flow Management businesses.

22 November 2024 – EUR 430 million financing from EIB

SKF has secured EUR 430 million financing from the European Investment Bank (EIB) with a tenor of up to ten years. The financing will support SKF's R&D to increase the focus on high-growth segments and accelerate the design and development of enabling technologies particularly for the green transition and sustainability.

18 December 2024 – SKF awarded EcoVadis Platinum Medal

For the fifth consecutive year, SKF has been awarded a Platinum Medal by EcoVadis.

After the fourth quarter

22 January 2025 – Nomination Committee's proposal

SKF's Nomination Committee proposes Mats Rahmström as a new board member of AB SKF. Furthermore, the Nomination Committee proposes re-election of the board members Hans Stråberg, Hock Goh, Geert Follens, Håkan Buskhe, Susanna Schneeberger, Rickard Gustafson, Beth Ferreira, Therese Friberg, Richard Nilsson and Niko Pakalén. Hans Stråberg is proposed to be the Chair of the Board of Directors.

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



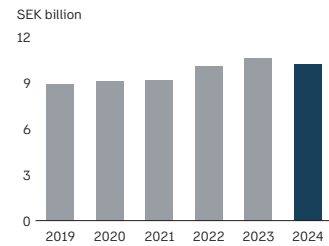
Sustainability performance

Sustainability is an integral part of SKF’s strategy to drive Intelligent and Clean growth. By creating more efficient and durable solutions for industries, decarbonizing our own operations 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

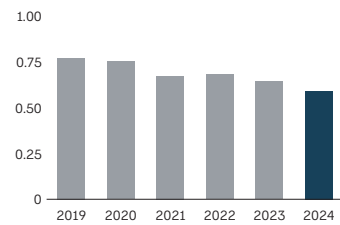
Cleantech includes revenues from key areas, such as: renewable energy, electric vehicles, electric railway, recycling industry, bearing remanufacturing, RecondOil and magnetic bearing solutions.

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.



Accident rate

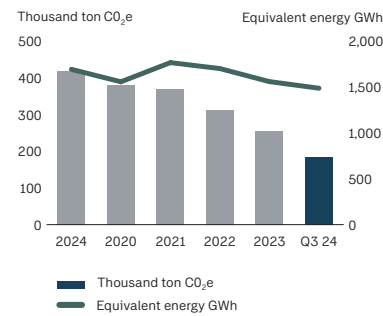
The accident rate measures the number of recorded accidents per 100 employees per year.



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. 2024 figures relate to the latest 12 months period.



Condensed consolidated income statements

MSEK	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net sales	24,725	24,438	98,722	103,881
Cost of goods sold	-17,864	-18,316	-71,349	-76,359
Gross profit	6,861	6,122	27,373	27,522
Research and development expenses	-848	-848	-3,326	-3,303
Selling and administrative expenses	-3,494	-3,404	-13,364	-13,239
Other operating income/ expenses, net	-188	55	-344	104
Operating profit	2,331	1,925	10,339	11,084
Financial income and expenses, net	-317	-709	-1,250	-1,903
Profit before taxes	2,014	1,216	9,089	9,181
Income taxes	-423	-493	-2,202	-2,404
Net profit	1,591	723	6,887	6,777
Net profit attributable to:				
Shareholders of AB SKF	1,507	623	6,474	6,395
Non-controlling interests	84	100	413	382
Basic earnings per share (SEK) ¹⁾	3.31	1.37	14.22	14.04

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	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net profit	1,591	723	6,887	6,777
Items that will not be reclassified to the income statement:				
Remeasurements (actuarial gains and losses)	428	-964	731	-297
Assets at fair value through other comprehensive income	80	—	80	—
Income taxes	-71	230	-150	83
	437	-734	661	-214
Items that may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	2,192	-3,621	2,914	-3,136
Assets at fair value through other comprehensive income	—	-32	—	-82
Income taxes	—	—	—	—
	2,192	-3,653	2,914	-3,218
Other comprehensive income, net of tax	2,629	-4,387	3,575	-3,432
Total comprehensive income	4,220	-3,664	10,462	3,345
Shareholders of AB SKF	4,026	-3,598	9,938	3,082
Non-controlling interests	194	-66	524	263

Condensed consolidated balance sheets

MSEK	December 2024	December 2023
Goodwill	12,574	11,962
Other intangible assets	4,671	5,045
Property, plant and equipment	30,470	26,820
Right-of-use asset leases	3,564	2,961
Deferred tax assets	3,369	3,107
Other non-current assets	2,971	2,091
Non-current assets	57,619	51,986
Inventories	26,182	23,194
Trade receivables	16,600	16,811
Other current assets	6,057	5,859
Other current financial assets	11,361	14,053
Current assets	60,200	59,917
Assets classified as held for sale	1,594	—
Total assets	119,413	111,903
Equity attributable to shareholders of AB SKF	59,649	52,743
Equity attributable to non-controlling interests	2,320	2,213
Long-term financial liabilities	15,399	17,894
Provisions for post-employment benefits	8,502	8,797
Provisions for deferred taxes	1,905	1,220
Other long-term liabilities and provisions	1,504	1,422
Non-current liabilities	27,310	29,333
Trade payables	12,553	11,236
Short-term financial liabilities	5,361	4,060
Other short-term liabilities and provisions	12,087	12,318
Current liabilities	30,001	27,614
Liabilities classified as held for sale	133	—
Total equity and liabilities	119,413	111,903

Condensed consolidated statements of changes in shareholders' equity

MSEK	Jan-Dec 2024	Jan-Dec 2023
Opening balance 1 October/ 1 January	54,956	54,043
Net profit	6,887	6,777
Hyperinflation adjustments	389	929
Components of other comprehensive income		
Currency translation adjustments	2,914	-3,136
Change in FV OCI assets and cash flow hedges	80	-82
Remeasurements	731	-297
Income taxes	-150	83
Transactions with shareholders		
Non-controlling interest	—	—
Cost for Performance Share Programmes, net	-20	-5
Dividends	-3,833	-3,357
Other	15	1
Closing balance 31 December	61,969	54,956

Condensed consolidated statements of cash flow

MSEK	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating activities:				
Operating profit	2,331	1,925	10,339	11,084
Non-cash items:				
Depreciation, amortization and impairment	1,108	1,279	4,432	4,297
Net loss/gain (—) on sales of PPE and businesses	–29	46	–15	2
Other non-cash items	0	821	961	1,528
Income taxes paid	–496	–239	–2,357	–2,593
Interest received	57	–7	443	403
Interest paid	–138	–173	–786	–799
Other	–707	–1,251	–1,421	–1,613
Changes in working capital:	1,157	1,536	–804	1,474
Inventories	–218	601	–2,224	1,709
Accounts receivable	1,358	827	872	–656
Accounts payable	398	573	850	43
Other operating assets/liabilities	–381	–465	–302	378
Net cash flow from operating activities	3,283	3,937	10,792	13,783
Investing activities:				
Payments for intangible assets, PPE, businesses and equity securities	–1,931	–1,680	–5,682	–5,960
Sales of PPE, businesses and equity securities	4	–2	80	93
Net cash flow used in investing activities	–1,927	–1,682	–5,602	–5,867
Net cash flow after investments before financing	1,356	2,255	5,190	7,916

MSEK	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Financing activities:				
Proceeds from short- and long-term loans	95	14	464	122
Repayments of short- and long-term loans	–2	–2	–3,153	–122
Repayment leases	–232	–204	–885	–863
Cash dividends	–36	–37	–3,832	–3,357
Other financing items	—	—	–210	–212
Investments in short-term financial assets	–48	–93	–30	–419
Sales of short-term financial assets	13	28	73	339
Net cash flow used in financing activities	–210	–294	–7,573	–4,512
Net cash flow	1,146	1,961	–2,383	3,404
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 October/1 January	9,776	11,589	13,311	10,255
Cash effect excl. acquired/sold businesses	1,043	1,961	–2,493	3,404
Cash effect of acquired/sold businesses	103	—	110	—
Exchange rate effect	109	–239	103	–348
Cash and cash equivalents at 31 December	11,031	13,311	11,031	13,311

	Closing balance 31 December 2024	Other non-cash changes	Acquired/ sold businesses	Cash changes	Trans- lation effect	Opening balance 1 January 2024
Change in Net debt						
Loans, long- and short-term	16,526	23	5	–2,689	691	18,496
Post-employment benefits, net	7,729	237	—	–1,416	330	8,578
Lease liabilities	3,516	1,355	26	–885	184	2,836
Financial assets, other	–268	152	—	8	–20	–408
Cash and cash equivalents	–11,031	—	–110	2,493	–103	–13,311
Net debt	16,472	1,767	–79	–2,489	1,082	16,191

Condensed consolidated financial information

MSEK unless otherwise stated

	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24
Net sales	26,549	27,123	25,771	24,438	24,699	25,606	23,692	24,725
Cost of goods sold	-19,162	-19,720	-19,161	-18,316	-17,604	-18,736	-17,145	-17,864
Gross profit	7,387	7,403	6,610	6,122	7,095	6,870	6,547	6,861
Gross margin, %	27.8	27.3	25.6	25.1	28.7	26.8	27.6	27.8
Research and development expenses	-806	-864	-785	-848	-826	-870	-782	-848
Selling and administrative expenses	-3,207	-3,415	-3,213	-3,404	-3,234	-3,411	-3,225	-3,494
- as % of sales	12.1	12.6	12.5	13.9	13.1	13.3	13.6	14.1
Other operating income/expenses, net	5	89	-45	55	-42	-100	-14	-188
Operating profit	3,379	3,213	2,567	1,925	2,993	2,489	2,526	2,331
Operating margin, %	12.7	11.8	10.0	7.9	12.1	9.7	10.7	9.4
Adjusted operating profit	3,478	3,614	2,956	2,929	3,303	3,324	2,821	2,735
Adjusted operating margin, %	13.1	13.3	11.5	12.0	13.4	13.0	11.9	11.1
Financial net	-437	-383	-374	-709	-271	-377	-285	-317
Profit before taxes	2,942	2,830	2,193	1,216	2,722	2,112	2,241	2,014
Profit margin before taxes, %	11.1	10.4	8.5	5.0	11.0	8.2	9.5	8.1
Income taxes	-783	-668	-460	-493	-720	-449	-610	-423
Net profit	2,159	2,162	1,733	723	2,002	1,663	1,631	1,591
Net profit attributable to:								
Shareholders of AB SKF	2,073	2,042	1,657	623	1,888	1,529	1,550	1,507
Non-controlling interests	86	120	76	100	114	134	81	84

Reconciliation of profit before taxes for the Group

MSEK	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24
Operating profit:								
Industrial ¹⁾	3,108	2,633	2,081	1,913	2,644	2,131	2,241	2,269
Automotive ¹⁾	271	580	486	12	349	358	285	62
Financial net	-437	-383	-374	-709	-271	-377	-285	-317
Profit before tax for the Group	2,942	2,830	2,193	1,216	2,722	2,112	2,241	2,014

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.

Number of shares

	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Total number of shares:	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	28,983,999	29,306,933	28,983,999	29,306,933
- whereof B shares	426,367,069	426,044,135	426,367,069	426,044,135
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 20

	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24
Organic growth	10.1	7.9	-0.6	-1.9	-7.0	-6.6	-4.4	-3.1
Adjusted EBITDA, MSEK	4,475	4,553	4,027	4,069	4,280	4,326	3,831	3,833
EBITDA, MSEK	4,377	4,154	3,645	3,204	4,065	3,705	3,562	3,439
EBITA, MSEK	3,541	3,377	2,732	2,092	3,152	2,643	2,681	2,495
Adjusted operating profit, MSEK	3,478	3,614	2,956	2,929	3,303	3,324	2,821	2,735
Adjusted operating margin, %	13.1	13.3	11.5	12.0	13.4	13.0	11.9	11.1
Basic earnings per share, SEK	4.55	4.48	3.64	1.37	4.15	3.36	3.40	3.31
Adjusted earnings per share, SEK	4.77	5.36	4.49	3.57	4.83	5.19	4.05	4.20
Dividend per share, SEK	7.00	—	—	—	—	7.50	—	—
Net worth per share, SEK	113	121	123	116	127	121	122	131
Share price at the end of the period, SEK	204.0	187.6	182.2	201.3	218.5	212.8	202.0	207.6
NWC, % of 12 months rolling sales	32.4	32.7	31.2	27.7	30.9	31.9	31.5	30.6
Adjusted ROCE for the 12-month period, %	13.0	14.1	14.9	15.4	15.1	14.7	14.6	14.2
ROCE for the 12-month period, %	11.0	12.7	13.3	13.3	12.7	11.9	11.9	12.1
ROE for the 12-month period, %	9.4	12.0	12.6	12.0	11.5	10.6	10.4	11.7
Gearing, %	35.9	34.9	34.0	35.2	33.5	32.2	32.1	30.9
Equity/assets ratio, %	47.9	48.7	49.8	49.1	50.4	50.9	50.9	51.9
Additions to property, plant and equipment, MSEK	1,498	1,608	1,167	1,478	989	1,305	1,420	1,364
Net debt/equity, %	39.8	35.4	30.8	29.5	26.6	32.8	30.0	26.6
Net debt/equity, excluding post-employment benefits, %	24.0	20.4	16.9	13.9	13.0	18.6	16.2	14.1
Net debt, MSEK	21,303	20,393	17,893	16,191	15,983	18,937	17,291	16,472
Net debt/EBITDA	1.7	1.4	1.2	1.1	1.1	1.3	1.2	1.1
Net debt/Adjusted EBITDA	1.5	1.3	1.1	0.9	0.9	1.1	1.0	1.0
Registered number of employees	42,083	41,675	41,141	40,396	40,051	39,589	39,198	38,743

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	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24
Net sales	18,892	19,114	18,037	17,350	17,487	17,943	16,537	17,508
Adjusted operating profit	3,182	3,025	2,462	2,611	2,867	2,919	2,486	2,549
Adjusted operating margin, %	16.8	15.8	13.6	15.0	16.4	16.3	15.0	14.6
Operating profit	3,108	2,633	2,081	1,913	2,644	2,131	2,241	2,269
Operating margin, %	16.4	13.8	11.5	11.0	15.1	11.9	13.6	13.0
Adjusted EBITDA	4,043	3,847	3,386	3,594	3,719	3,790	3,379	3,512
EBITDA	3,971	3,457	3,013	3,035	3,592	3,180	3,160	3,242
Assets and liabilities, net	53,510	56,247	54,550	50,420	55,390	55,243	53,308	54,662
Registered number of employees	35,542	35,411	34,837	34,017	33,722	33,235	32,876	32,465

Automotive	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24
Net sales	7,657	8,009	7,734	7,088	7,212	7,663	7,155	7,217
Adjusted operating profit	296	589	494	318	436	405	335	186
Adjusted operating margin, %	3.9	7.4	6.4	4.5	6.0	5.3	4.7	2.6
Operating profit	271	580	486	12	349	358	285	62
Operating margin, %	3.5	7.2	6.3	0.2	4.8	4.7	4.0	0.9
Adjusted EBITDA	432	706	641	475	560	535	452	321
EBITDA	406	696	632	169	473	525	402	197
Assets and liabilities, net	15,363	16,018	15,778	14,611	15,535	15,929	15,540	16,151
Registered number of employees	4,031	3,951	3,966	4,089	3,968	3,983	3,918	3,879

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.

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 full year 2024. 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, war, 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 furthermore subject to an investigation in Brazil by the General Superintendence of the Administrative Council for Economic Defense, regarding an alleged violation of anti-trust rules by several companies active on the automotive aftermarket in Brazil.

Note 4 Assets held for sale

As per 31 December 2024 the assets and liabilities for part of the Aerospace operations in the US have been reported as assets held for sale in accordance with IFRS 5.

Note 5 Acquisitions

As of 31 October 2024, SKF has completed the acquisition of John Sample Group’s Lubrication and Flow Management businesses. This acquisition strengthens SKF’s regional capabilities in Southeast Asia, with a particular focus on customers in engineered solutions, heavy industries and mobile equipment.

MSEK	2024
Total fair value of net assets acquired:	
Intangible assets, excluding goodwill	239
Property, plant and equipment	5
Right-of-use assets	26
Non-current assets	14
Current assets	327
Non-current liabilities	-78
Current liabilities	-105
Fair value net assets acquired	428
Goodwill	240
Total acquisition cost	668
Cash and cash equivalents acquired	-103
Cash outflow	565

Gothenburg, 31 January 2025
Aktiebolaget SKF (publ)

Rickard Gustafson
President and CEO

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

Parent Company condensed income statements

MSEK	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Revenue	1,989	1,826	7,362	7,782
Cost of revenue	-1,507	-1,445	-5,528	-6,052
General management and administrative expenses	-360	-416	-1,639	-1,919
Other operating income/expenses, net	-4	6	17	9
Operating profit	118	-29	212	-180
Financial income and expenses, net	1,725	998	2,499	1,894
Profit before taxes	1,843	969	2,711	1,714
Appropriations	400	705	400	705
Income taxes	-112	-73	-86	-41
Net profit	2,131	1,601	3,025	2,378

Parent Company condensed statements of comprehensive income

MSEK	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net profit	2,131	1,601	3,025	2,378
Items that will not be reclassified to the income statement:				
Assets at fair value through other comprehensive income	78	—	78	—
Items that may be reclassified to the income statement:				
Assets at fair value through other comprehensive income	—	-34	—	-85
Other comprehensive income, net of tax	2,209	1,567	3,103	2,293
Total comprehensive income	2,209	1,567	3,103	2,293

Parent Company condensed balance sheets

MSEK	December 2024	December 2023
Intangible assets	712	1,021
Investments in subsidiaries	20,797	22,431
Receivables from subsidiaries	12,483	15,281
Other non-current assets	937	857
Non-current assets	34,929	39,590
Receivables from subsidiaries	8,207	6,176
Other receivables	557	505
Current assets	8,764	6,681
Total assets	43,693	46,271
Shareholders' equity	24,895	25,254
Provisions	731	741
Non-current liabilities	12,480	15,278
Current liabilities	5,587	4,998
Total shareholders' equity, provisions and liabilities	43,693	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/Adjusted EBITDA

Net debt, in relation to twelve months rolling EBITDA excluding items affecting comparability.

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 organic sales outlook

The organic sales outlook for SKF's products and services represents management's best estimate based on current information about the future demand from our customers.

For reconciliations of other alternative performance measures, see investors.skf.com/en.

Q4 webcast

31 January at 08:00 CET

To follow the presentation via [webcast](#).

Dial-in to participate via telephone:

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For more information, please visit the [Investor Relations website](#).

Calendar

7 March	Annual Report 2024
1 April	Annual General Meeting
25 April	Q1 report 2025
18 July	Q2 report 2025
29 October	Q3 report 2025
11 November	Capital Markets Day
30 January 2026	Q4 report 2025

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."

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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

> 17,000 distributors

Figures for FY 2024:

Net sales SEK 98,722 million

38,743 employees

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The financial information in this report contains inside information that AB SKF is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above, on 31 January 2025 at 07.00 CET.