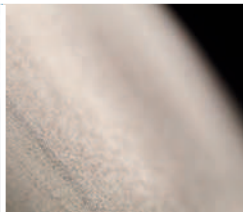


SKF®



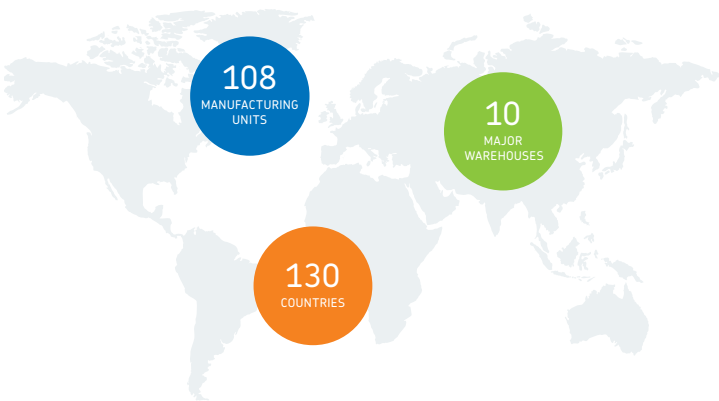
SKF in brief 2016



Why and what

SKF works to reduce friction, make things run faster, longer, cleaner and more safely. Doing this in the most effective, productive and sustainable way contributes to our vision of a world of reliable rotation. SKF Group is a leading global supplier of products, solutions and services within rolling bearings, seals, mechatronics, services and lubrication systems.

Where

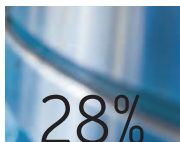


How

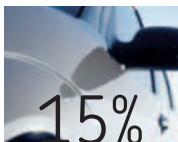
One of the most trusted industrial brands, founded in 1907

- Strong technology and service offers within five technology areas
- World-wide distribution coverage with 17,000 distribution outlets
- 45,000 knowledgeable employees

To whom



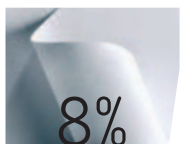
Industrial
distribution



Cars and light
trucks



Industry,
general



Industry, heavy
and special



Vehicle
aftermarket



Aerospace



Energy



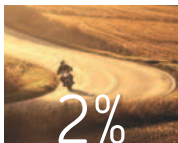
Trucks



Railways



Off-highway



Two-wheelers
and electrical

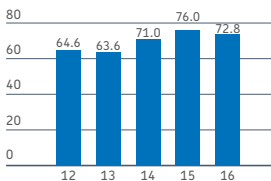
2016 in brief

- A leaner and more customer-focused organizational structure was put into place in the beginning of 2016.
- Continued divestments of non-core businesses, Fly-by-wire and Kaydon Velocity Control.
- Ramped up investments in world-class manufacturing technologies in SKF's factories in Gothenburg, Sweden, Schweinfurt, Germany and Flowery Branch, USA.
- Automotive business activities were delivered according to the Turn Around Plan.
- SKF's climate targets 2016 concluded with 14% absolute energy reduction since 2006 and strong development of BeyondZero customer solutions at the end of the period.

Net sales

SEK bn

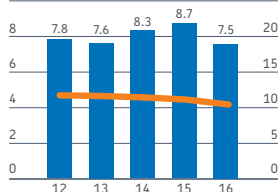
100



Operating profit¹⁾

SEK bn

10



● Operating profit — Operating margin

¹⁾ Excluding one-time items

SKF Care

SKF Care defines the Group's approach to sustainability with four dimensions; Business Care, Environmental Care, Employee Care and Community Care. These principles guide how the Group works and runs its operations.

Business Care is built on a clear and dedicated customer focus and on delivering a good return to shareholders. Results should be achieved in accordance with the highest standards of ethical behavior.

Employee Care assures a safe working environment and promotes the health, education and wellbeing of SKF's employees.

Environmental Care focuses on continually reducing the environmental impact from the Group's operations, as well as actions to significantly improve customers' environmental performance through the products, solutions and services that SKF supplies.

Community Care defines the Group's activities that make positive contributions to the communities in which it operates



The SKF Group



Industrial



70%
of SKF's
net sales

SKF serves the global industrial market directly as well as indirectly through its worldwide distributor network. Key industries are metals, mining, cement, pulp and paper, automation, machine tools, industrial drives, aerospace, railway, marine, energy and off-highway.

Main application areas

SKF develops and manufactures a wide range of products for the industrial market including bearings, seals, lubrication systems, and condition monitoring. It also provides a wide range of services and solutions around the rotating shaft in the areas of machine health, reliability engineering and remanufacturing.

Customers are served both directly as well as indirectly through SKF's network of more than 7 000 distributors.

Automotive



30%
of SKF's
net sales

SKF provides a range of products, solutions and services to manufacturers of cars, light- and heavy trucks, trailers, buses and two-wheelers.

The vehicle aftermarket is served directly as well as indirectly through a network of distributors and dealers.

Main application areas

SKF's solutions are customized bearings, seals and related products for wheel-end, driveline, engine, e-powertrain, suspension and steering applications. For the vehicle aftermarket spare parts are provided for cars, trucks and two-wheelers, serving installers through a network of more than 10 000 distributors and dealers.

SKF's vision and mission

Vision

A world of reliable rotation

Drivers

- Grow with profit
- Quality
- Innovation
- Simplicity and speed
- Sustainability

Mission

The undisputed leader in the bearing business

Values

- Empowerment
- High ethics
- Openness
- Teamwork



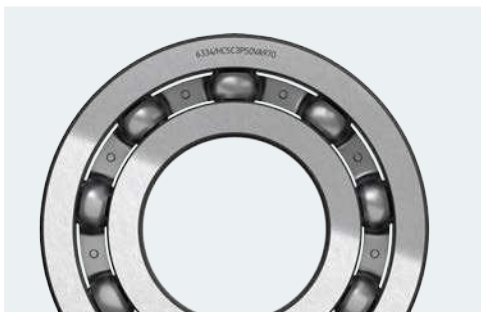
Strategic priorities

1. Create and capture customer value
2. Application-driven innovation
3. World-class manufacturing
4. Cost competitiveness
5. Maximize cash flow over time



Group Management, as of 13 March 2017

Alrik Danielson	President and CEO, SKF Group
Christian Johansson	Chief Financial Officer and Senior Vice President
John Schmidt	President, Industrial Sales Americas
Erik Nelander	President, Industrial Sales Europe and Middle East and Africa
Patrick Tong	President, Industrial Sales Asia
Luc Graux	President, Bearing Operations
Victoria van Camp	President, Technology, Business and Product Development
Carina Bergfelt	General Counsel and Senior Vice President, Legal and Sustainability
Kent Viitanen	Senior Vice President, People, Communication and Quality
Bernd Stephan	President, Automotive and Aerospace



SKF CARE!



Board of Directors 2016

Leif Östling, *Chairman*
Lena Treschow Torell
Peter Grafoner
Lars Wedenborn
Joe Loughrey
Baba Kalyani
Hock Goh
Marie Bredberg
Alrik Danielson
Nancy Gougarty

Employee representatives

Jonny Hilbert
Zarko Djurovic
Kennet Carlsson
Claes Palm

A world of
reliable
rotation



For more information about the SKF Group see skf.com. On the financial website investors.skf.com you can also find the SKF Annual Report 2016 – Financial, environmental and social performance.

Aktiebolaget SKF
SE-415 50 Gothenburg, Sweden
Telephone +46 31 337 10 00
www.skf.com

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