

## SKF Nine-month report 2008

**Strong sales, operating profit and margin in the third quarter**

Tom Johnstone, President and CEO:

*"We delivered a very strong third quarter result. However, towards the end of the quarter, with the dramatic events in the financial markets, we had lower volumes particularly in our automotive business, while volumes in our industrial business were strong. For the fourth quarter we expect slightly lower demand both compared to the third quarter this year and the fourth quarter last year. As a result of this we have intensified our actions addressing the cost and capital situation in the Group".*

	Q3		YTD	
	2008	2007	2008	2007
Net sales, SEKm	15,381	14,155	47,054	43,489
Operating profit, SEKm	2,085	1,803	6,260	5,708
Operating margin, %	13.6	12.7	13.3	13.1
Profit before taxes, SEKm	1,859	1,646	5,761	5,428
Net profit, SEKm	1,257	1,174	3,922	3,662
Basic earnings per share, SEK	2.67	2.48	8.39	7.76
Diluted earnings per share, SEK	2.67	2.48	8.38	7.74

The increase of 8.7% in net sales for the quarter, in SEK, was attributable to: volume 2.7 %, structure 0.5 %, price/mix 6.4 % and currency effects -0.9 %.

For the first nine months, the increase of 8.2% in SEK, was attributable to: volume 4.5 %, structure 1.1 %, price/mix 4.6 % and currency effects -1.9 %.

**Development in the third quarter 2008**

(calculated in local currencies excl. structural effects and compared to the same period last year)

Sales were higher for the Group in total as well as for Europe and North America, for Asia and Latin America they were significantly higher. For the Industrial Division and the Service Division sales were significantly higher. For the Automotive Division sales were relatively unchanged.

The manufacturing level for the third quarter of 2008 was unchanged compared to the second quarter 2008 and slightly higher compared to the third quarter last year.

**Outlook for the fourth quarter of 2008**

The demand for SKF products and services, based on current assumptions, is expected to be slightly lower in the fourth quarter both compared to the third quarter this year (seasonally adjusted) and the fourth quarter last year. In Europe and North America the demand is expected to be slightly lower, in Latin America higher and in Asia significantly higher. From a divisional viewpoint, the demand is expected to be higher in the Industrial Division, slightly higher in the Service Division and significantly lower in the Automotive Division.

The manufacturing level for the Group in the fourth quarter will be lower to reflect this new demand situation and to reduce inventory.

**Financial**

The financial net in the third quarter of 2008 was SEK -226 million (-157), including revaluation of share swaps of SEK -7 million (-13). The financial net for the first nine months was SEK -499 million (-280), which includes the revaluation of share swaps amounting to SEK -10 million (45).

Key figures for the first nine months 2008 (first nine months 2007):

- Inventories, % of annual sales, 21.9% (19.3)
- ROCE for the 12-month period, 26.8% (25.9)
- ROE for the 12-month period, 28.6% (25.8)
- Equity/assets ratio, 34.5% (37.8)
- Gearing, 47.7% (41.4)
- Net debt/equity 76.6% (53.4)
- Registered number of employees on 30 September, 45,035 (42,393)

Cash flow, after operating investments and before financial items (i.e. excluding the effect of financial investments) was SEK -526 million (1,274) for the third quarter and SEK 215 million (1,509) for the first nine months. The cash flow includes acquisitions of SEK 1,054 million for the quarter and SEK 1,116 million for the first nine months.

Exchange rates for the third quarter of 2008, including the effects of translation and transaction flows, had a negative effect on SKF's operating profit of about SEK 90 million. Based on current assumptions and exchange rates, it is estimated that the positive effect for the fourth quarter of 2008 will be around SEK 100 million and for the full year a negative effect of around SEK 270 million.

Raw material and component prices are significantly higher for the Group for the first nine months of this year due to major increases at the start of the year and surcharges primarily related to scrap prices. SKF has been able to offset these higher costs through a combination of actions in sourcing, reducing costs in the operations and improved pricing. Scrap prices have been reducing recently affecting the surcharges but are still volatile. It is expected that the raw material and component prices in the fourth quarter will remain significantly higher than in the corresponding period last year but that these will also be offset.

**Highlights in the third quarter****SKF**

- announced it will be investing around SEK 400 million in its facilities in Göteborg, Sweden for a further increase of capacity for large size bearings. The new production line is expected to be ready for production during 2010.
- completed the acquisition of PEER Bearing Company (PEER) and its manufacturing operations in China and Thailand. The purchase price amounted to around USD 150 million. PEER's sales in 2007 amounted to around USD 100 million and the number of employees was about 1,600. PEER will be a wholly owned subsidiary of SKF Group and continue to operate independently on the market. The business will be reported outside the divisions. In the third quarter the acquisition is reported as other non-current asset.
- signed an agreement to acquire GLO s.r.l and its manufacturing operation in Italy. The acquisition is subject to certain conditions of closing and requires approvals by relevant authorities.

- was awarded a long-term contract to the value of more than EUR 11 million from Skoda Electric a.s. SKF will provide traction motor bearing units for the new Prague 15T low floor tramway generation.
- launched new condition based maintenance solutions to the railway industry to achieve lower cost over the products' life. These offers provide new opportunities to improve performance and safety.
- launched the first series of a new generation super-precision bearings. This new generation of bearings will give SKF's customers access to a broad product range with superior performance, in particular for demanding machine tool applications.
- launched through the network of SKF authorized distributors the latest SKF Energy Efficient performance class bearings.
- launched the Distributor Value Program to support SKF authorized distributors in documenting the value they bring to customers. This software based tool accurately calculates existing and expected savings customers achieve utilizing the various products and services provided by SKF Distributors. SKF is also using the SKF Documented Solutions Program to document the viability of specific savings the solutions bring to customers.
- was included in the Dow Jones Sustainability Indexes for the ninth year in succession.

**Industrial Division**

The operating profit for the third quarter amounted to SEK 992 million (773), resulting in an operating margin of 12.4% (11.0) on sales including intra-Group sales. The operating profit for the first nine months amounted to SEK 2,982 million (2,570), resulting in an operating margin of 12.2% (11.8). Sales including intra-Group sales for the third quarter were SEK 8,029 million (7,027), and for the first nine months SEK 24,414 million (21,708).

Net sales for the third quarter amounted to SEK 5,458 million (4,708) and for the first nine months SEK 16,638 million (14,728). The increase of 15.9% for the quarter was attributable to: organic growth 14.8%, structure 1.3%, and currency effects -0.2%. For the first nine months, the increase in net sales, in SEK, of 13.0% was attributable to: organic growth 11.5%, structure 3.2% and currency effects -1.7%.

Sales in local currencies for the third quarter were significantly higher in all regions. The main segments showing a good development were energy, mining, agriculture, fluid power, industrial gearboxes and construction equipment.

**Service Division**

The operating profit for the third quarter amounted to SEK 849 million (676), resulting in an operating margin of 14.5% (12.9). The operating profit for the first nine months amounted to SEK 2,366 million (2,002), resulting in an operating margin of 13.8% (13.1). Sales including intra-Group sales for the third quarter were SEK 5,863 million (5,223), and for the first nine months SEK 17,196 million (15,316).

Net sales for the third quarter amounted to SEK 5,315 million (4,792) and for the first nine months SEK 15,603 million (14,015). The increase of 10.9% for the quarter was attributable to: organic growth 13.2%, structure -0.4%, and currency effects -1.9%. For the first nine months, the increase in net sales, in SEK, of 11.3% was attributable to: organic growth 14.2%, structure 0.4% and currency effects -3.3%.

Sales in local currencies for the third quarter were higher in Europe and North America and significantly higher in Asia and Latin America.

### **Automotive Division**

The operating profit for the third quarter amounted to SEK 326 million (318), resulting in an operating margin of 5.7% (5.6). The operating profit for the first nine months amounted to SEK 1,132 million (1,092), resulting in an operating margin of 6.2% (6.1). Sales including intra-Group sales for the third quarter were SEK 5,675 million (5,647), and for the first nine months SEK 18,141 million (17,841).

Net sales for the third quarter amounted to SEK 4,573 million (4,635) and for the first nine months SEK 14,739 million (14,685). The decrease of 1.3% for the quarter was attributable to: organic growth -0.9%, structure 0.1%, and currency effects -0.5%. For the first nine months, the increase in net sales, in SEK, of 0.4% was attributable to: organic growth 1.8%, structure -0.7% and currency effects -0.7%.

Sales in local currencies for the third quarter were significantly lower to the car and light truck industry in Europe and North America. Sales to the heavy truck industry were higher in Europe and North America. Sales to the vehicle service market were slightly lower in Europe, lower in North America and slightly higher in Asia. Sales to the electrical industry were lower in Europe and sales to the two-wheeler industry in Asia were significantly higher.

### **Previous outlook statement**

#### Outlook for the third quarter of 2008

(compared to the second quarter 2008 and adjusted for seasonality)

The market demand for SKF's products and services in the third quarter of 2008 is expected to be higher for the Group. The demand is expected to be higher in Europe, slightly lower in North America and significantly higher in both Asia and Latin America. The demand is expected to be higher in the Industrial Division and the Service Division and relatively unchanged for the Automotive Division.

The manufacturing level for the third quarter 2008 will be unchanged compared to the second quarter 2008, and slightly higher than the third quarter 2007.

### **Highlights in the previous quarters**

#### **SKF**

- acquired QPM Aerospace's metallic rod business located in Monroe, USA. QPM will be the platform for SKF's growth in the aerospace rod sector in North America.
- was awarded a contract valued of more than EUR 5 million by Siemens Transportation Systems, for the long-distance Railjet trains used by Austrian Federal Railways, ÖBB.
- secured a contract with Goldwind Science and Technologies Co. Ltd, China, to supply the main shaft seals for their new 1.5 MW gearless wind turbine.
- opened a machine tool competence centre, located in Stuttgart, Germany.
- was awarded a five year contract with British Petroleum to provide proactive reliability maintenance services for all their upstream oil and gas assets in the UK continental shelf, including on-shore processing facilities.
- signed an agreement to acquire the US based company PEER Bearing Company.

- announced the increase in manufacturing capacity for large and medium size bearings at the new SKF factory in Dalian, China.
- sold the operating assets of Roller Bearing Industries, Inc., USA.
- distributed an ordinary dividend of SEK 2,277 million together with the redemption of shares of SEK 2,277 million, a total of SEK 4,554 million, to the shareholders.
- established a global training programme together with Nestlé with the focus to reduce unplanned mechanical failures.
- launched the SKF Certified Rebuilder programme for electric motors, in Europe and Latin America
- appointed by GM to supply 100% of the X-tracker hub bearing unit for the front and rear axle to the Corvette ZR1.

**Risks and uncertainties in the business**

SKF Group operates in many different industrial, automotive and geographical segments that are at different stages of the economic cycle. A general economic downturn at global level, 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, could have a negative effect on the demand for the Group's products and services.

The SKF Group is subject to both transaction and translation of currency exposure. For commercial flows the SKF Group is primarily exposed to the USD and to US dollar-related currencies. 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 Parent company performs services of a common Group character. 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 dividend income for the Parent company, as well as a need for writing down values of the shares in the subsidiaries. The risk of the financial position of the Parent company being negatively affected is considered small due to the vast diversity of markets, geographically and operationally in which the subsidiaries operate.

**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 [www.skf.com](http://www.skf.com)) under the Administration Report; "Most important factors influencing the financial results", "Financial risks" and "Sensitivity analysis", and in this quarterly report under "Risks and uncertainties in the business."*

Göteborg, 15 October 2008  
Aktiebolaget SKF  
(publ.)

Tom Johnstone  
President and CEO

### Presentation

On SKF's website <http://investors.skf.com/> (click on Presentations).

### Teleconference

On 16 October at 09.00 (CET), 08.00 (UK):

+46 (0)8 5052 0110 Swedish participants  
+44 (0)20 7162 0077 European participants  
+1 334 323 6201 US participants

Please note that the use of a loudspeaker when taking part in the teleconference has a negative influence on the quality of the sound, which affects all participants.

It is also possible just to listen to the teleconference on <http://investors.skf.com/>

AB SKF may be required to disclose the information provided herein according to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.00 am on 16 October 2008.

### Enclosures:

#### Financial statements

1. Consolidated income statements
2. Consolidated balance sheets and Consolidated statements of changes in shareholders' equity
3. Consolidated statements of cash flow

#### Other financial statements

4. Consolidated financial information - yearly and quarterly comparisons
5. Segment information - yearly and quarterly comparisons
6. Parent company income statements, balance sheets and footnotes.

The consolidated financial statements of the SKF Group are prepared in accordance with International Financial Reporting Standards as adopted by EU. Effective from the second quarter 2008, the SKF Group applies equity hedge accounting for certain investments. The SKF Group applies the same accounting policies and methods of computation in the interim financial statements as compared with the Annual Report 2007 including Sustainability Report, except as described in the first quarter report 2008 and above.

The consolidated nine-month report has been prepared in accordance with IAS34. The report for the parent company has been prepared in accordance with the Annual Accounts Act and RFR 2.1. The report has not been reviewed by the Company's auditors.

The SKF Year-end report 2008 will be published on Thursday, 29 January 2009.  
The Annual General Meeting will be held on Tuesday, 21 April 2009 in Göteborg, Sweden.

Further information can be obtained from:

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Enclosure 1

**CONSOLIDATED INCOME STATEMENTS (SEKm)**

	<b>July-Sept 2008</b>	July-Sept 2007	<b>Jan-Sept 2008</b>	Jan-Sept 2007
Net sales	<b>15,381</b>	14,155	<b>47,054</b>	43,489
Cost of goods sold	<b>-11,420</b>	-10,417	<b>-34,806</b>	-31,993
<b>Gross profit</b>	<b>3,961</b>	3,738	<b>12,248</b>	11,496
Selling and administrative expenses	<b>-1,914</b>	-1,902	<b>-6,020</b>	-5,803
Other operating income/expenses - net	<b>37</b>	-32	<b>31</b>	14
Profit/loss from jointly controlled and associated companies	<b>1</b>	-1	<b>1</b>	1
<b>Operating profit</b>	<b>2,085</b>	1,803	<b>6,260</b>	5,708
Operating margin, %	<b>13.6</b>	12.7	<b>13.3</b>	13.1
Financial income and expense - net	<b>-226</b>	-157	<b>-499</b>	-280
<b>Profit before taxes</b>	<b>1,859</b>	1,646	<b>5,761</b>	5,428
Taxes	<b>-602</b>	-472	<b>-1,839</b>	-1,766
<b>Net profit</b>	<b>1,257</b>	1,174	<b>3,922</b>	3,662
<b>Net profit attributable to</b>				
Shareholders of the parent	<b>1,217</b>	1,132	<b>3,819</b>	3,534
Minority	<b>40</b>	42	<b>103</b>	128
Basic earnings per share, SEK*	<b>2.67</b>	2.48	<b>8.39</b>	7.76
Diluted earnings per share, SEK*	<b>2.67</b>	2.48	<b>8.38</b>	7.74
Dividend per share, SEK	-	-	<b>5.00</b>	4.50
Additions to property, plant and equipment	<b>696</b>	489	<b>1,818</b>	1,323
Number of employees registered	<b>45,035</b>	42,393	<b>45,035</b>	42,393
Return on capital employed for the 12-month period ended 30 September, %	<b>26.8</b>	25.9	<b>26.8</b>	25.9

**NUMBER OF SHARES**

Total number of shares	<b>455,351,068</b>	455,351,068	<b>455,351,068</b>	455,351,068
- whereof A shares	<b>48,246,034</b>	49,496,034	<b>48,246,034</b>	49,496,034
- whereof B shares	<b>407,105,034</b>	405,855,034	<b>407,105,034</b>	405,855,034
Total number of diluted shares outstanding	<b>455,773,840</b>	456,337,244	<b>455,773,840</b>	456,337,244
Total weighted average number of diluted shares	<b>455,796,541</b>	456,396,298	<b>455,894,943</b>	456,538,131

\* Basic and diluted earnings per share are based on net profit attributable to shareholders of the parent.

Enclosure 2

**CONSOLIDATED BALANCE SHEETS (SEKm)**

	<b>September 2008</b>	<b>December 2007</b>
Goodwill	<b>2,369</b>	2,234
Other intangible assets	<b>1,096</b>	1,282
Property, plant and equipment	<b>12,960</b>	11,960
Deferred tax assets	<b>971</b>	989
Other non-current assets*	<b>2,660</b>	1,769
<b>Non-current assets</b>	<b>20,056</b>	18,234
Inventories	<b>13,619</b>	11,563
Trade receivables	<b>11,168</b>	9,894
Other current assets	<b>3,203</b>	2,365
Other current financial assets	<b>3,732</b>	4,275
<b>Current assets</b>	<b>31,722</b>	28,097
<b>TOTAL ASSETS</b>	<b>51,778</b>	46,331
<b>Equity attributable to shareholders of AB SKF</b>	<b>17,033</b>	17,587
<b>Equity attributable to minority interests</b>	<b>836</b>	768
Long-term financial liabilities	<b>11,497</b>	7,301
Provisions for post-employment benefits	<b>5,078</b>	4,840
Provisions for deferred taxes	<b>1,323</b>	1,333
Other long-term liabilities and provisions	<b>1,637</b>	1,670
<b>Non-current liabilities</b>	<b>19,535</b>	15,144
Trade payables	<b>4,889</b>	4,904
Short-term financial liabilities	<b>912</b>	810
Other short-term liabilities and provisions	<b>8,573</b>	7,118
<b>Current liabilities</b>	<b>14,374</b>	12,832
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51,778</b>	46,331

**CONSOLIDATED STATEMENTS OF CHANGES  
IN SHAREHOLDERS' EQUITY (SEKm)**

	<b>September 2008</b>	<b>September 2007</b>
Opening balance 1 January	<b>18,355</b>	19,607
Total exchange differences arising on translation of foreign operations net of equity hedging effect	<b>416</b>	6
Change in fair value of available-for-sale assets and cash flow hedges	<b>-177</b>	445
Release of cash flow hedges	<b>-80</b>	-35
Net profit	<b>3,922</b>	3,662
Exercise of options and cost for share programmes, net	<b>2</b>	-35
Other, including transactions with minority owners	<b>35</b>	0
Redemption of shares	<b>-2,277</b>	-4,554
Total cash dividends	<b>-2,327</b>	-2,099
<b>Closing balance</b>	<b>17,869</b>	16,997

\* The acquired net assets of the PEER Bearing Company are, as at September 2008, reported as other non-current assets until a purchase price allocation has been completed.



Enclosure 3

**CONSOLIDATED STATEMENTS OF CASH FLOW (SEKm)**

	<b>July-Sept 2008</b>	July-Sept 2007	<b>Jan-Sept 2008</b>	Jan-Sept 2007
<b>Operating activities:</b>				
Profit before taxes	<b>1,859</b>	1,646	<b>5,761</b>	5,428
Depreciation, amortization and impairment	<b>454</b>	406	<b>1,328</b>	1,239
Net gain (-) on sales of intangible assets, PPE, equity securities, businesses and assets held for sale	<b>-8</b>	-4	<b>-56</b>	-49
Taxes	<b>-706</b>	-508	<b>-2,046</b>	-1,721
Other including non-cash items	<b>76</b>	-75	<b>111</b>	-128
Changes in working capital	<b>-520</b>	189	<b>-2,143</b>	-1,535
<b>Net cash flow from operations</b>	<b>1,155</b>	1,654	<b>2,955</b>	3,234
<b>Investing activities:</b>				
<i>Operating investments:</i>				
Investments in intangible assets, PPE, businesses and equity securities	<b>-1,757</b>	-454	<b>-2,958</b>	-2,055
Sale of intangible assets, PPE, businesses, assets held for sale, equity securities and pre-liquidation proceeds	<b>76</b>	74	<b>218</b>	330
<i>Subtotal operating investments</i>	<b>-1,681</b>	-380	<b>-2,740</b>	-1,725
Investments in financial and other assets	<b>-75</b>	-82	<b>-282</b>	-182
Sale of financial and other assets	<b>127</b>	242	<b>687</b>	1,482
<b>Net cash flow used in investing activities</b>	<b>-1,629</b>	-220	<b>-2,335</b>	-425
<b>Net cash flow after investments before financing</b>	<b>-474</b>	1,434	<b>620</b>	2,809
<b>Financing activities:</b>				
Change in short- and long-term loans	<b>362</b>	-669	<b>3,605</b>	-603
Payment of finance lease liabilities	<b>1</b>	0	<b>15</b>	-3
Redemption	<b>0</b>	-	<b>-2,277</b>	-4,554
Cash dividends	<b>-1</b>	-	<b>-2,327</b>	-2,099
<b>Net cash flow used in financing activities</b>	<b>362</b>	-669	<b>-984</b>	-7,259
<b>NET CASH FLOW</b>	<b>-112</b>	765	<b>-364</b>	-4,450
<b>Change in cash and cash equivalents:</b>				
Cash and cash equivalents at 1 July/1 January	<b>2,621</b>	2,066	<b>2,946</b>	7,242
Cash effect, excl. acquired businesses	<b>-112</b>	737	<b>-364</b>	-4,478
Cash effect of acquired businesses	<b>0</b>	28	<b>0</b>	28
Exchange rate effect	<b>148</b>	-50	<b>75</b>	-11
<b>Cash and cash equivalents at 30 September</b>	<b>2,657</b>	2,781	<b>2,657</b>	2,781

**ADDITIONAL CASH FLOW INFORMATION****Cash flow after operating investments before financial items:**

Net cash flow from operations	<b>1,155</b>	1,654	<b>2,955</b>	3,234
Subtotal operating investments	<b>-1,681</b>	-380	<b>-2,740</b>	-1,725
	<b>-526</b>	1,274	<b>215</b>	1,509

<b>Change in net interest-bearing liabilities</b>	<b>Opening balance 1 Jan 2008</b>	<b>Exchange rate effect</b>	<b>Cash flow change</b>	<b>Acquired and sold businesses</b>	<b>Other</b>	<b>Closing balance 30 Sept 2008</b>
Loans, long- and short-term	7,735	331	3,605	0	21	11,692
Post-employment benefits, net	4,538	145	-336	0	287	4,634
Financial assets, others	-1,631	33	405	0	73	-1,120
Cash and cash equivalents	-2,946	-75	364	0	0	-2,657
<b>Net interest-bearing liabilities</b>	<b>7,696</b>	<b>434</b>	<b>4,038</b>	<b>0</b>	<b>381</b>	<b>12,549</b>

**CONSOLIDATED FINANCIAL INFORMATION - YEARLY AND QUARTERLY COMPARISONS**  
 (SEKm unless otherwise stated)

	<u>1/07</u>	<u>2/07</u>	<u>3/07</u>	<u>4/07</u>	<u>Full year 2007</u>	<u>1/08</u>	<u>2/08</u>	<u>3/08</u>	<u>Year to date 2008</u>
Net sales	14,371	14,963	14,155	15,070	58,559	15,596	16,077	15,381	47,054
Cost of goods sold	-10,583	-10,993	-10,417	-11,179	-43,172	-11,526	-11,860	-11,420	-34,806
<b>Gross profit</b>	<b>3,788</b>	<b>3,970</b>	<b>3,738</b>	<b>3,891</b>	<b>15,387</b>	<b>4,070</b>	<b>4,217</b>	<b>3,961</b>	<b>12,248</b>
Gross margin, %	26.4	26.5	26.4	25.8	26.3	26.1	26.2	25.8	26.0
Selling and administrative expenses	-1,904	-1,997	-1,902	-2,061	-7,864	-1,983	-2,123	-1,914	-6,020
Other operating income/ expenses - net	2	44	-32	5	19	-44	38	37	31
Profit/loss from jointly controlled and associated companies	0	2	-1	-4	-3	-3	3	1	1
<b>Operating profit</b>	<b>1,886</b>	<b>2,019</b>	<b>1,803</b>	<b>1,831</b>	<b>7,539</b>	<b>2,040</b>	<b>2,135</b>	<b>2,085</b>	<b>6,260</b>
Operating margin, %	13.1	13.5	12.7	12.1	12.9	13.1	13.3	13.6	13.3
Financial income and expense - net	-61	-62	-157	-121	-401	-116	-157	-226	-499
<b>Profit before taxes</b>	<b>1,825</b>	<b>1,957</b>	<b>1,646</b>	<b>1,710</b>	<b>7,138</b>	<b>1,924</b>	<b>1,978</b>	<b>1,859</b>	<b>5,761</b>
Profit margin before taxes, %	12.7	13.1	11.6	11.3	12.2	12.3	12.3	12.1	12.2
Taxes	-611	-683	-472	-605	-2,371	-628	-609	-602	-1,839
<b>Net profit</b>	<b>1,214</b>	<b>1,274</b>	<b>1,174</b>	<b>1,105</b>	<b>4,767</b>	<b>1,296</b>	<b>1,369</b>	<b>1,257</b>	<b>3,922</b>
<b>Net profit attributable to</b>									
Shareholders of the parent	1,169	1,233	1,132	1,061	4,595	1,261	1,341	1,217	3,819
Minority	45	41	42	44	172	35	28	40	103
Basic earnings per share, SEK*	2.57	2.71	2.48	2.33	10.09	2.77	2.95	2.67	8.39
Diluted earnings per share, SEK*	2.56	2.70	2.48	2.33	10.07	2.77	2.94	2.67	8.38
Return on capital employed for the 12-month period, %	24.9	25.3	25.9	25.4	25.4	26.3	26.8	26.8	26.8
Gearing, %**	37.5	44.1	41.4	40.1	40.1	39.3	49.2	47.7	47.7
Equity/assets ratio, %	43.0	35.9	37.8	39.6	39.6	39.8	32.7	34.5	34.5
Net worth per share, SEK*	46	34	36	39	39	39	33	37	37
Additions to property, plant and equipment	431	403	489	584	1,907	538	584	696	1,818
Registered number of employees	41,348	41,477	42,393	42,888	42,888	42,944	43,158	45,035	45,035

\* Basic and diluted earnings per share and Net worth per share are based on net profit attributable to shareholders of the parent.

\*\* Current- plus non-current loans plus provisions for post-employment benefits, net, as a percentage of the sum of current- plus non-current loans, provisions for post-employment benefits, net, and shareholders equity, all at end of interim period/year end.

Enclosure 5

**SEGMENT INFORMATION - YEARLY AND QUARTERLY COMPARISONS**

(SEKm unless otherwise stated)

	<u>1/07</u>	<u>2/07</u>	<u>3/07</u>	<u>4/07</u>	<u>Full year 2007</u>	<u>1/08</u>	<u>2/08</u>	<u>3/08</u>	<u>Year to date 2008</u>
<b>Industrial Division</b>									
Net sales	4,931	5,089	4,708	4,965	19,693	5,528	5,652	5,458	16,638
Sales incl. intra-Group sales	7,218	7,463	7,027	7,449	29,157	8,071	8,314	8,029	24,414
Operating profit	878	919	773	864	3,434	1,012	978	992	2,982
Operating margin*	12.2%	12.3%	11.0%	11.6%	11.8%	12.5%	11.8%	12.4%	12.2%
Assets and liabilities, net	12,670	12,716	12,887	13,803	13,803	14,166	14,631	15,750	15,750
Registered number of employees	17,829	17,931	18,348	18,547	18,547	18,512	18,634	18,946	18,946
<b>Service Division</b>									
Net sales	4,456	4,767	4,792	5,324	19,339	4,976	5,312	5,315	15,603
Sales incl. intra-Group sales	4,884	5,209	5,223	5,820	21,136	5,501	5,832	5,863	17,196
Operating profit	633	693	676	858	2,860	718	799	849	2,366
Operating margin*	13.0%	13.3%	12.9%	14.7%	13.5%	13.1%	13.7%	14.5%	13.8%
Assets and liabilities, net	3,934	4,072	4,080	4,367	4,367	4,431	4,739	4,888	4,888
Registered number of employees	5,417	5,493	5,699	5,859	5,859	5,959	6,130	6,217	6,217
<b>Automotive Division</b>									
Net sales	4,961	5,089	4,635	4,764	19,449	5,074	5,092	4,573	14,739
Sales incl. intra-Group sales	6,041	6,153	5,647	5,862	23,703	6,213	6,253	5,675	18,141
Operating profit	348	426	318	43	1,135	388	418	326	1,132
Operating margin*	5.8%	6.9%	5.6%	0.7%	4.8%	6.2%	6.7%	5.7%	6.2%
Assets and liabilities, net	10,517	10,083	9,747	9,464	9,464	9,534	9,772	10,621	10,621
Registered number of employees	16,807	16,768	16,972	17,119	17,119	17,101	17,019	16,997	16,997

Previously published amounts have been restated to conform to the current Group structure in 2008. The structural changes include business units being moved between the divisions and from other operations to divisions.

\* Operating margin is calculated on sales including intra-Group sales.

Enclosure 6

**PARENT COMPANY INCOME STATEMENTS (SEKm)**

	Note	July-Sept 2008	July-Sept 2007	Jan-Sept 2008	Jan-Sept 2007
Net sales		407	357	1,200	1,116
Cost of services provided		-407	-357	-1,200	-1,116
<b>Gross profit</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Administrative expenses		-31	-58	-126	-202
Other operating income/expenses – net		-3	2	-4	4
<b>Operating loss</b>		<b>-34</b>	<b>-56</b>	<b>-130</b>	<b>-198</b>
Financial income and expenses - net	1	1,338	257	3,897	1,756
<b>Profit before taxes</b>		<b>1,304</b>	<b>201</b>	<b>3,767</b>	<b>1,558</b>
Provisions to untaxed reserves		0	0	0	0
Taxes		30	24	80	51
<b>Net profit</b>		<b>1,334</b>	<b>225</b>	<b>3,847</b>	<b>1,609</b>

**PARENT COMPANY BALANCE SHEETS (SEKm)**

	Note	September 2008	September 2007
Investments in subsidiaries		14,037	9,936
Receivables from subsidiaries		11,457	7,306
Other non-current assets		382	968
<b>Non-current assets</b>		<b>25,876</b>	<b>18,210</b>
Receivables from subsidiaries		1,102	924
Other receivables		362	343
<b>Current assets</b>		<b>1,464</b>	<b>1,267</b>
<b>TOTAL ASSETS</b>		<b>27,340</b>	<b>19,477</b>
<b>Shareholders' equity</b>	2	<b>7,988</b>	<b>8,071</b>
<b>Untaxed reserves</b>		<b>1,120</b>	<b>875</b>
<b>Provisions</b>		<b>149</b>	<b>105</b>
<b>Non-current liabilities</b>		<b>11,266</b>	<b>7,141</b>
<b>Current liabilities</b>		<b>6,817</b>	<b>3,285</b>
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		<b>27,340</b>	<b>19,477</b>
Assets pledged		0	0
Contingent liabilities		3	3

**Note 1. Financial income and expenses - net**

The net increase in financial income and expenses is primarily attributable to dividends from investments in subsidiaries.

**Note 2. Shareholders' equity (SEKm)**

	September 2008	September 2007
Opening balance 1 January	8,915	12,653
Dividends	-2,277	-2,049
Redemption of shares	-2,277	-4,554
Net profit	3,847	1,609
Other changes	-220	412
<b>Closing balance</b>	<b>7,988</b>	<b>8,071</b>