

SKF Year-end report 2008

Tom Johnstone, President and CEO:

"2008 was a very good year for SKF with record sales and profit. However market demand weakened considerably towards the end of the year. In the fourth quarter the automotive business continued to deteriorate and a negative trend was seen also for several industrial segments. SKF initiated actions to adapt its capacity and cost base globally to address this. As we enter 2009, market demand is increasingly uncertain and we expect the weakening trend will continue. The drop in volume year on year is likely to be greater in the first quarter than what we saw for the fourth quarter 2008. We are cutting manufacturing more than sales to both reflect the new demand and to reduce inventory."

	Q4 2008	Q4 2007	YTD 2008	YTD 2007
Net sales, SEKm	16,307	15,070	63,361	58,559
Operating profit, SEKm	1,450	1,831	7,710	7,539
Operating margin, %	8.9	12.1	12.2	12.9
Profit before taxes, SEKm	1,107	1,710	6,868	7,138
Net profit, SEKm	819	1,105	4,741	4,767
Basic earnings per share, SEK	1.75	2.33	10.14	10.09
Diluted earnings per share, SEK	1.75	2.33	10.13	10.07

The increase of 8.2% in net sales for the quarter, in SEK, was attributable to: volume -13.0%, structure 2.4%, price/mix 8.5% and currency effects 10.3%. For the full year, the increase of 8.2% in SEK, was attributable to: volume 0.1%, structure 1.4%, price/mix 5.6% and currency effects 1.1%.

The fourth quarter included expenses for restructuring activities and other one-time items of around SEK 340 million (300), of which around SEK 75 million are write downs and impairments.

In order to keep a strong balance sheet to be able to manage the uncertain business environment in 2009, and to enable the Group to take the opportunities to invest in its business, the Board has decided to propose to the Annual General Meeting a dividend of SEK 3.50 (5.00) per share.

Outlook for the first quarter of 2009

(compared to the fourth quarter of 2008 and the first quarter last year)

The demand for SKF products and services is expected to be significantly lower for the Group in total and for all regions. It is also expected to be significantly lower for the Automotive and Service Divisions and lower for the Industrial Division.

The manufacturing level will be significantly lower to reflect both the new demand situation and to reduce inventory.

Sales performance in the fourth quarter

(Calculated in local currencies excl. structural effects and compared to the same period last year.)
Sales were lower for the Group in the fourth quarter. For Europe they were significantly lower, for North America and Asia relatively unchanged and for Latin America they were slightly lower. For the Industrial Division sales were higher, for the Service Division they were relatively unchanged and for the Automotive Division sales were significantly lower.

Sales performance for the year

(Calculated in local currencies excl. structural effects and compared to the same period last year.)
Sales were higher for the Group. For Europe and North America they were slightly higher. For Asia and Latin America they were significantly higher. For the Industrial Division and Service Division sales were significantly higher and for the Automotive Division they were lower.

The manufacturing level for the fourth quarter of 2008 was significantly lower compared to the third quarter 2008 and the fourth quarter last year.

Actions continued in the fourth quarter to adapt production levels to the lower demand. Overtime was significantly reduced, flexibility arrangements, including time-banks, were used and short-time working was introduced. Reductions of around 2,500 SKF employees globally, of which 1,300 temporary, were announced.

In December, SKF announced restructuring and impairment costs of around SEK 470 million, of which SEK 340 million were taken in the fourth quarter, with around SEK 250 million in the Automotive Division and the main part of the rest in the Industrial Division. The remaining cost will be taken in 2009 and will almost entirely refer to the Automotive Division. These actions will result in annual savings of around SEK 250 million when fully implemented in early 2010.

Financial

The financial net in the fourth quarter of 2008 was SEK -343 million (-121), including revaluation of share swaps of SEK -10 million (-41). It also includes a negative impact by around SEK 170 million of USD hedged currency flows for 2009 which were defined as economic hedges and recognized immediately. The financial net for the full year was SEK -842 million (-401), which includes the revaluation of share swaps amounting to SEK -20 million (4).

Key figures	2008	2007
Inventories, % of annual sales	24.0	19.8
ROCE for the 12-month period, %	24.2	25.4
ROE for the 12-month period, %	26.3	25.5
Equity/assets ratio, %	36.6	39.6
Gearing, %	47.2	40.1
Net debt/equity, %	76.5	47.5
Registered number of employees on 31 December	44,799	42,888

Balance sheet items were significantly affected by exchange rate fluctuations, in particular during the fourth quarter. The currency effects on working capital and fixed assets were around 10% for the fourth quarter and 12% for the year.

Cash flow, after operating investments and before financial items (i.e. excluding the effect of financial investments) was SEK -150 million (617) for the fourth quarter and SEK 65 million

(2,126) for the full year. The cash flow includes acquisitions of SEK 168 million for the quarter and SEK 1,284 million for the full year.

Exchange rates for the fourth quarter of 2008, including the effects of translation and transaction flows, had a positive effect on SKF's operating profit of about SEK 230 million. For the full year the negative effect was around SEK 140 million. Based on current assumptions and exchange rates, it is estimated that the positive effect for the first quarter of 2009 will be SEK 200 million and for the full year a positive effect of SEK 1 billion.

Raw material and component prices were significantly higher for the Group for the year. SKF has been able to offset these higher costs through a combination of actions in sourcing, reducing costs in the operations and improved pricing.

Expenditure on research and development was SEK 1,175 million (900), which was 1.9% (1.5) of sales in 2008, and does not include development of IT solutions. The number of first filings of patent applications was 179 (186).

Repurchase of shares

The Board proposes that the Annual General Meeting resolves to authorize the Board, until the next Annual General Meeting, to decide upon the repurchase of the company's own shares. The total amount of shares that can be repurchased, at the most, is so many shares that the company thereafter holds a maximum of 5% of all shares issued by the company. If shares are repurchased, the Board intends to cancel such own shares through reduction of the share capital. The proposal is subject to resolutions by the Annual General Meeting in April 2009.

The Annual General Meeting in April 2008 resolved to authorize the Board, until the next Annual General Meeting, to decide on the repurchase of the company's own shares. In 2008, no repurchases were made and the company owns no SKF shares.

SKF's Performance Share Programme 2009

In order to continue to link the interests of the participants and the shareholders, the Board proposes that a decision be taken at the Annual General Meeting in April 2009 on SKF's Performance Share Programme 2009. The terms and conditions of the proposed SKF's Performance Share Programme 2009 are in essence the same as the terms and conditions of SKF's Performance Share Programme 2008. The programme will apply to a maximum of 310 senior managers and key employees with a maximum total allocation of 1,000,000 SKF Class B shares. Allotment of shares pursuant to the programme is intended to be made free of charge during 2012.

Highlights in the fourth quarter

SKF

- acquired;
 - Cirval S.A., Argentina. Cirval is specialized in design, manufacturing and sales of centralized lubrication systems.
 - GLO s.r.l and its manufacturing operation in Italy. GLO mainly manufactures constant velocity joints and driveshafts.
 - full ownership of the operations in the previous jointly controlled company SKF Automotive Bearings Company Ltd. in Shanghai, China.

- announced two new energy efficient bearing types - spherical and cylindrical roller bearings.
- delivered a new bearing solution for environmental micro-hybrid cars. This new magnetic sensor bearing solution is part of Valeo's StARS (Starter Alternator Reversible System) micro-hybrid system that provides automakers with possibilities to significantly reduce fuel consumption and CO₂ emission in city driving.
- signed a new contract in China with the world's largest trailer axle manufacturer, Guangdong Fuwa Engineering Manufacturing Co. Ltd., to supply the sealing part for truck axles.
- was ranked second in the Leadership Index among the least carbon intensive companies in the five Nordic countries.

Industrial Division

The operating profit for the fourth quarter amounted to SEK 947 million (864), resulting in an operating margin of 10.7% (11.6) on sales including intra-Group sales. The quarter included expenses for restructuring activities and other one-time items of around SEK 80 million (30). The operating profit for the full year amounted to SEK 3,929 million (3,434), resulting in an operating margin of 11.8% (11.8). Sales including intra-Group sales for the fourth quarter were SEK 8,846 million (7,449), and for the full year SEK 33,260 million (29,157).

Net sales for the fourth quarter amounted to SEK 6,110 million (4,965) and for the full year SEK 22,748 million (19,693). The increase of 23.1% for the quarter was attributable to: organic growth 6.8%, structure 2.3%, and currency effects 14.0%.

For the full year, the increase in net sales of 15.5% was attributable to: organic growth 10.2%, structure 3.0% and currency effects 2.3%.

Sales in local currency for the fourth quarter as well as for the full year were significantly higher in Europe, North America and Asia. Segments showing strong development were particularly aerospace, railway, energy, mining and marine.

Service Division

The operating profit for the fourth quarter amounted to SEK 1,078 million (858), resulting in an operating margin of 16.7% (14.7). The operating profit for the full year amounted to SEK 3,444 million (2,860), resulting in an operating margin of 14.6% (13.5). Sales including intra-Group sales for the fourth quarter were SEK 6,474 million (5,820), and for the full year SEK 23,670 million (21,136).

Net sales for the fourth quarter amounted to SEK 5,926 million (5,324) and for the full year SEK 21,529 million (19,339). The increase of 11.3% for the quarter was attributable to: organic growth 2.0%, structure 0%, and currency effects 9.3%.

For the full year, the increase in net sales of 11.3% was attributable to: organic growth 10.9%, structure 0.3% and currency effects 0.1%.

Sales in local currencies for the fourth quarter were lower in Europe, relatively unchanged in North America and higher in Asia and Latin America. For the full year sales were significantly higher in Asia, Latin America, the Middle East and Africa and higher in Europe and North America.

Automotive Division

The operating result for the fourth quarter amounted to SEK -505 million (43), resulting in an operating margin of -10.0% (0.7). The quarter included expenses for restructuring activities and other one-time items of around SEK 250 million (270). The operating profit for the full year amounted to SEK 627 million (1,135), resulting in an operating margin of 2.7% (4.8). Sales including intra-Group sales for the fourth quarter were SEK 5,074 million (5,862), and for the full year SEK 23,215 million (23,703).

Net sales for the fourth quarter amounted to SEK 3,988 million (4,764) and for the full year SEK 18,727 million (19,449). The decrease of -16.3% for the quarter was attributable to: organic growth -22.9%, structure 0.2%, and currency effects 6.4%.

For the full year, the decrease in net sales of -3.7% was attributable to: organic growth -3.8%, structure -0.5% and currency effects 0.6%.

Sales in local currencies for the fourth quarter were significantly lower to the car and light truck, the heavy truck, the two wheeler and the electrical industries in all the regions of the world. Sales to the vehicle service market were significantly lower in Europe and lower in North America and Asia.

For the full year sales were lower to the car and light truck industry in Europe and significantly lower in North America. Sales to the heavy truck industry in Europe were relatively unchanged and significantly lower in North America. Sales to the electrical business and to two-wheelers producers were significantly lower in Europe and significantly higher in Asia. Sales to the vehicle service market were lower in Europe, relatively unchanged in North America and significantly higher in Asia.

Previous outlook statement

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.

Highlights in the previous quarters

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.
- completed the acquisition of PEER Bearing Company (PEER) and its manufacturing operations in China and Thailand.
- signed an agreement to acquire GLO s.r.l and its manufacturing operation in Italy.
- was awarded a long-term contract to the value of more than EUR 11 million from Skoda Electric a.s.
- launched new condition based maintenance solutions to the railway industry to achieve lower cost over the products' life.
- launched the first series of a new generation super-precision bearings.

- 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.
- was included in the Dow Jones Sustainability Indexes for the ninth year in succession.
- 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 South Africa.
- 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.

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) 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, 29 January 2009
Aktiebolaget SKF
(publ.)

Tom Johnstone
President and CEO

Presentation

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

Teleconference

On 29 January at 14.00 (CET), 13.00 (UK), 8.00 (US Eastern Standard Time):

+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/>

<p>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 12.45 (CET) on 29 January 2009.</p>
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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 year-end report has been prepared in accordance with IAS34. The year-end 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 First-quarter report 2009 will be published on the date of the company's Annual General Meeting on Tuesday, 21 April 2009. The Annual General Meeting will be held in Göteborg, Sweden.

The SKF Annual Report including Sustainability Report for 2008 will be published in a pdf-format on SKF's website <http://investors.skf.com> on 11 March 2009. The printed report will be delivered on 19 March 2009 and will be available at the company on that day.

Further information can be obtained from:

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Enclosure 1

CONSOLIDATED INCOME STATEMENTS (SEKm)

	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales	16,307	15,070	63,361	58,559
Cost of goods sold	-12,269	-11,179	-47,075	-43,172
Gross profit	4,038	3,891	16,286	15,387
Selling and administrative expenses	-2,523	-2,061	-8,543	-7,864
Other operating income/expenses - net	-65	5	-34	19
Profit/loss from jointly controlled and associated companies	-	-4	1	-3
Operating profit	1,450	1,831	7,710	7,539
Operating margin, %	8.9	12.1	12.2	12.9
Financial income and expense - net	-343	-121	-842	-401
Profit before taxes	1,107	1,710	6,868	7,138
Taxes	-288	-605	-2,127	-2,371
Net profit	819	1,105	4,741	4,767
Net profit attributable to				
Shareholders of the parent	797	1,061	4,616	4,595
Minority	22	44	125	172
Basic earnings per share, SEK*	1.75	2.33	10.14	10.09
Diluted earnings per share, SEK*	1.75	2.33	10.13	10.07
Dividend per share, SEK	-	-	5.00	4.50
Additions to property, plant and equipment	713	584	2,531	1,907
Number of employees registered	44,799	42,888	44,799	42,888
Return on capital employed for the 12-month period ended 31 December, %	24.2	25.4	24.2	25.4

NUMBER OF SHARES

Total number of shares	455,351,068	455,351,068	455,351,068	455,351,068
- whereof A shares	47,746,034	48,996,034	47,746,034	48,996,034
- whereof B shares	407,605,034	406,355,034	407,605,034	406,355,034
Total number of diluted shares outstanding	455,587,124	456,104,297	455,587,124	456,104,297
Total weighted average number of diluted shares	455,606,052	456,180,803	455,822,720	456,448,799

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

Enclosure 2

CONSOLIDATED BALANCE SHEETS (SEKm)

	December 2008	December 2007
Goodwill	3,119	2,234
Other intangible assets	1,535	1,282
Property, plant and equipment	14,556	11,960
Deferred tax assets	1,016	989
Other non-current assets	1,873	1,769
Non-current assets	22,099	18,234
Inventories	15,204	11,563
Trade receivables	11,041	9,894
Other current assets	3,310	2,365
Other current financial assets	4,627	4,275
Current assets	34,182	28,097
TOTAL ASSETS	56,281	46,331
Equity attributable to shareholders of AB SKF	19,659	17,587
Equity attributable to minority interests	939	768
Long-term financial liabilities	12,809	7,301
Provisions for post-employment benefits	5,539	4,840
Provisions for deferred taxes	1,363	1,333
Other long-term liabilities and provisions	1,674	1,670
Non-current liabilities	21,385	15,144
Trade payables	4,841	4,904
Short-term financial liabilities	899	810
Other short-term liabilities and provisions	8,558	7,118
Current liabilities	14,298	12,832
TOTAL EQUITY AND LIABILITIES	56,281	46,331

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

	December 2008	December 2007
Opening balance 1 January	18,355	19,607
Total exchange differences arising on translation of foreign operations net of equity hedging effect	2,424	333
Change in fair value of available-for-sale assets and cash flow hedges	-279	372
Release of cash flow hedges	-73	-52
Net profit	4,741	4,767
Exercise of options and cost for share programmes, net	-6	-40
Other, including transactions with minority owners	51	25
Redemption of shares	-2,277	-4,554
Total cash dividends	-2,338	-2,103
Closing balance	20,598	18,355

CONSOLIDATED STATEMENTS OF CASH FLOW (SEKm)

	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Operating activities:				
Profit before taxes	1,107	1,710	6,868	7,138
Depreciation, amortization and impairment	621	537	1,949	1,776
Net gain (-) on sales of intangible assets, PPE, equity securities, businesses and assets held for sale	7	-30	-49	-79
Taxes	-737	-640	-2,783	-2,361
Other including non-cash items	-201	406	-90	278
Changes in working capital	-65	-291	-2,208	-1,826
Net cash flow from operations	732	1,692	3,687	4,926
Investing activities:				
<i>Operating investments:</i>				
Investments in intangible assets, PPE, businesses and equity securities	-897	-1,112	-3,855	-3,167
Sale of intangible assets, PPE, businesses, assets held for sale, equity securities and pre-liquidation proceeds	15	37	233	367
<i>Subtotal operating investments</i>	<i>-882</i>	<i>-1,075</i>	<i>-3,622</i>	<i>-2,800</i>
Investments in financial and other assets	-102	-454	-384	-636
Sale of financial and other assets	182	43	869	1,525
Net cash flow used in investing activities	-802	-1,486	-3,137	-1,911
Net cash flow after investments before financing	-70	206	550	3,015
Financing activities:				
Change in short- and long-term loans	81	-61	3,686	-664
Payment of finance lease liabilities	79	-2	94	-5
Redemption	0	-	-2,277	-4,554
Cash dividends	-11	-4	-2,338	-2,103
Net cash flow used in financing activities	149	-67	-835	-7,326
NET CASH FLOW	79	139	-285	-4,311
Change in cash and cash equivalents:				
Cash and cash equivalents at 1 October/1 January	2,657	2,781	2,946	7,242
Cash effect, excl. acquired businesses	-11	123	-375	-4,355
Cash effect of acquired businesses	90	16	90	44
Exchange rate effect	57	26	132	15
Cash and cash equivalents at 31 December	2,793	2,946	2,793	2,946

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

Net cash flow from operations	732	1,692	3,687	4,926
Subtotal operating investments	-882	-1,075	-3,622	-2,800
	-150	617	65	2,126

Change in net interest-bearing liabilities	Opening balance 1 Jan 2008	Exchange rate effect	Cash flow change	Acquired and sold businesses	Other	Closing balance 31 Dec 2008
Loans, long- and short-term	7,735	1,594	3,686	23	409	13,447
Post-employment benefits, net	4,538	626	-450	0	284	4,998
Financial assets, others	-1,631	-50	485	0	28	-1,168
Cash and cash equivalents	-2,946	-132	375	-90	0	-2,793
Net interest-bearing liabilities	7,696	2,038	4,096	-67	721	14,484

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>4/08</u>	<u>Full year 2008</u>
Net sales	14,371	14,963	14,155	15,070	58,559	15,596	16,077	15,381	16,307	63,361
Cost of goods sold	-10,583	-10,993	-10,417	-11,179	-43,172	-11,526	-11,860	-11,420	-12,269	-47,075
Gross profit	3,788	3,970	3,738	3,891	15,387	4,070	4,217	3,961	4,038	16,286
Gross margin, %	26.4	26.5	26.4	25.8	26.3	26.1	26.2	25.8	24.8	25.7
Selling and administrative expenses	-1,904	-1,997	-1,902	-2,061	-7,864	-1,983	-2,123	-1,914	-2,523	-8,543
Other operating income/ expenses - net	2	44	-32	5	19	-44	38	37	-65	-34
Profit/loss from jointly controlled and associated companies	0	2	-1	-4	-3	-3	3	1	-	1
Operating profit	1,886	2,019	1,803	1,831	7,539	2,040	2,135	2,085	1,450	7,710
Operating margin, %	13.1	13.5	12.7	12.1	12.9	13.1	13.3	13.6	8.9	12.2
Financial income and expense - net	-61	-62	-157	-121	-401	-116	-157	-226	-343	-842
Profit before taxes	1,825	1,957	1,646	1,710	7,138	1,924	1,978	1,859	1,107	6,868
Profit margin before taxes, %	12.7	13.1	11.6	11.3	12.2	12.3	12.3	12.1	6.8	10.8
Taxes	-611	-683	-472	-605	-2,371	-628	-609	-602	-288	-2,127
Net profit	1,214	1,274	1,174	1,105	4,767	1,296	1,369	1,257	819	4,741
Net profit attributable to										
Shareholders of the parent	1,169	1,233	1,132	1,061	4,595	1,261	1,341	1,217	797	4,616
Minority	45	41	42	44	172	35	28	40	22	125
Basic earnings per share, SEK*	2.57	2.71	2.48	2.33	10.09	2.77	2.95	2.67	1.75	10.14
Diluted earnings per share, SEK*	2.56	2.70	2.48	2.33	10.07	2.77	2.94	2.67	1.75	10.13
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	24.2	24.2
Gearing, %**	37.5	44.1	41.4	40.1	40.1	39.3	49.2	47.7	47.2	47.2
Equity/assets ratio, %	43.0	35.9	37.8	39.6	39.6	39.8	32.7	34.5	36.6	36.6
Net worth per share, SEK*	46	34	36	39	39	39	33	37	43	43
Additions to property, plant and equipment	431	403	489	584	1,907	538	584	696	713	2,531
Registered number of employees	41,348	41,477	42,393	42,888	42,888	42,944	43,158	45,035	44,799	44,799

* 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.

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>4/08</u>	<u>Full year 2008</u>
Industrial Division										
Net sales	4,931	5,089	4,708	4,965	19,693	5,528	5,652	5,458	6,110	22,748
Sales incl. intra-Group sales	7,218	7,463	7,027	7,449	29,157	8,071	8,314	8,029	8,846	33,260
Operating profit	878	919	773	864	3,434	1,012	978	992	947	3,929
Operating margin*	12.2%	12.3%	11.0%	11.6%	11.8%	12.5%	11.8%	12.4%	10.7%	11.8%
Assets and liabilities, net	12,670	12,716	12,887	13,803	13,803	14,166	14,631	15,750	17,819	17,819
Registered number of employees	17,829	17,931	18,348	18,547	18,547	18,512	18,634	18,946	18,909	18,909
Service Division										
Net sales	4,456	4,767	4,792	5,324	19,339	4,976	5,312	5,315	5,926	21,529
Sales incl. intra-Group sales	4,884	5,209	5,223	5,820	21,136	5,501	5,832	5,863	6,474	23,670
Operating profit	633	693	676	858	2,860	718	799	849	1,078	3,444
Operating margin*	13.0%	13.3%	12.9%	14.7%	13.5%	13.1%	13.7%	14.5%	16.7%	14.6%
Assets and liabilities, net	3,934	4,072	4,080	4,367	4,367	4,431	4,739	4,888	5,015	5,015
Registered number of employees	5,417	5,493	5,699	5,859	5,859	5,959	6,130	6,217	6,322	6,322
Automotive Division										
Net sales	4,961	5,089	4,635	4,764	19,449	5,074	5,092	4,573	3,988	18,727
Sales incl. intra-Group sales	6,041	6,153	5,647	5,862	23,703	6,213	6,253	5,675	5,074	23,215
Operating profit	348	426	318	43	1,135	388	418	326	-505	627
Operating margin*	5.8%	6.9%	5.6%	0.7%	4.8%	6.2%	6.7%	5.7%	-10.0%	2.7%
Assets and liabilities, net	10,517	10,083	9,747	9,464	9,464	9,534	9,772	10,621	10,894	10,894
Registered number of employees	16,807	16,768	16,972	17,119	17,119	17,101	17,019	16,997	16,550	16,550

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	Oct-Dec 2008	Oct-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Net sales		574	532	1,774	1,648
Cost of services provided		-574	-532	-1,774	-1,648
Gross profit		0	0	0	0
Administrative expenses		-151	-122	-277	-324
Other operating income/expenses – net		7	2	3	6
Operating loss		-144	-120	-274	-318
Financial income and expenses - net	1	31	430	3,928	2,186
Profit before taxes		-113	310	3,654	1,868
Provisions to untaxed reserves		25	-245	25	-245
Taxes		26	60	106	111
Net profit		-62	125	3,785	1,734

PARENT COMPANY BALANCE SHEETS (SEKm)

	Note	December 2008	December 2007
Investments in subsidiaries		14,768	10,214
Receivables from subsidiaries		12,433	7,291
Other non-current assets		398	641
Non-current assets		27,599	18,146
Receivables from subsidiaries		1,884	1,839
Other receivables		342	249
Current assets		2,226	2,088
TOTAL ASSETS		29,825	20,234
Shareholders' equity	2	8,258	8,915
Untaxed reserves		1,095	1,120
Provisions		170	133
Non-current liabilities		12,431	7,086
Current liabilities		7,871	2,980
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		29,825	20,234
Assets pledged		0	0
Contingent liabilities		3	3

Note 1. Financial income and expenses - net

The net increase in financial income and expenses 2008 is primarily attributable to dividends from investments in subsidiaries.

Note 2. Shareholders' equity (SEKm)

	December 2008	December 2007
Opening balance 1 January	8,915	12,653
Dividends	-2,277	-2,049
Redemption of shares	-2,277	-4,554
Net profit	3,785	1,734
Group contribution, net	357	838
Other changes	-245	293
Closing balance	8,258	8,915