



SKF
Annual Report
1970

BOARD OF DIRECTORS, MANAGEMENT AND EXECUTIVES

January 1, 1971

Parent Company

Board of Directors

Jacob Wallenberg, Chairman, Stockholm
Sverre R:son Sohlman, Vice-Chairman, Saltsjöbaden
Peter K:son Mark, Billdal
Bertil Carlander, Göteborg
Sven Ture Åberg, Saltsjöbaden
Giovanni Agnelli, Turin
Wilhelm Haglund, Gävle
Folke Lindskog, Göteborg

Harald Boman, Deputy, Göteborg
Isak Forslund, Deputy, Buenos Aires
Lennart Johansson, Deputy, Göteborg
Bengt Kihlberg, Deputy, Hofors
Marc Wallenberg Jr, Deputy, Stockholm

Management

Folke Lindskog, Managing Director
Isak Forslund, Deputy Managing Director
Lennart Johansson, Deputy Managing Director
Bengt Kihlberg, Deputy Managing Director
Gunnar L. Arvidsson, General Counsel

Auditors

Gösta Jacobsson, Authorized Public Accountant
Nils Åhlund
Georg Brandrup-Wognsen, Authorized Public Accountant
Jan Leffler

JOEL LARSSON 1895-1970

The vice-chairman of the Board of Directors Joel Larsson, who was also a former Managing Director, passed away on Oct. 12, 1970, in Göteborg.

A decisive man with good judgement and a keen sense of purpose, Joel Larsson became an ideal leader for SKF from 1953 to 1961.

Group

Group Managing Director

Folke Lindskog

Group Staff Directors

Lennart Johansson, Deputy Managing Director
Bengt Kihlberg, Deputy Managing Director
Gunnar L. Arvidsson, Legal Sweden
Ingemar Asplund, Personnel and Organization
Per Aurell, Public Relations
Gunnar Glimstedt, Legal International
Sten Kjellman, Finance
Bengt Lundgren, Engineering and Research
Bo Övergaard, Marketing
Nils Rudberg, Steel Division Advisory Directorate
Gösta Sjöberg, Manufacturing Engineering

Heads of Companies and Regions

Birger Ahlgren
Skefrol S.A., Epalinges, Switzerland

Peter Arrigoni
Skeftools Ltd., Dunstable, Great Britain

Bengt Åstedt
Companhia SKF do Brasil Rolamentos, São Paulo, Brazil

C. G. Bailo
SKF Acciaio S.p.A., Milan, Italy

Gert Bengtsson
Cia Sudamericana BTB S.A., Buenos Aires, Argentina

Rustan Bergman
Compañia SKF Golfo y Caribe S.A., Mexico City, Mexico

Lennart Berner
Société Belge des Roulements à Billes SKF S.A., Brussels, Belgium

Lennart Bernstein
SKF Kugellagerfabriken GmbH, Schweinfurt, West Germany

Francisco Bertelli
Compañia Argentina de Rodamientos S.A., Buenos Aires, Argentina

P. J. Blewett
The SKF Ball Bearing Co. of Central and East Africa Ltd., Kitwe, Zambia

C. O. Blomberg
Associated Bearing Company Ltd, Bombay, India
The SKF Ball Bearing Co. Private Ltd., Bombay, India

Willy Bona
Compañia SKF Argentina S.A., Comercial e Industrial, Buenos Aires, Argentina

Bo Cederwall

Compañía Sudamericana SKF S.A., Montevideo, Uruguay

J. A. Chambers

The SKF Ball Bearing Co. (Pty) Ltd, Johannesburg, South Africa

Sven Ryno Cornelius

The SKF Far East Co. Ltd., Hongkong

John Curtis

SKF Manufacturing of Canada Ltd., Scarborough, Canada

J. L. Dickinson

The Skefko Ball Bearing Co. Ltd., Luton, Great Britain

H. J. Dorpema

N.V. Nederlandsche Maatschappij van Kogellagers SKF, Veenendaal, Netherlands

SKF Nederland N.V., Veenendaal, Netherlands

SKF Norma N.V., Amsterdam, Netherlands

C. G. Ekeroth

Sociedade SKF Limitada, Lisbon, Portugal

Stig Engbäck

Rodamientos SKF C.A., Caracas, Venezuela

Bo Ericsson

AB S.A. des Roulements à Billes Suédois SKF, Teheran, Iran

Isak Forsslund

SKF Latin American Region, Buenos Aires, Argentina

Claes Gardler

Rodamientos SKF Chile, S.A., Santiago, Chile

C. A. Ghoulas

SKF Hellas S.A., Athens, Greece

Torsten Grufman

SKF Nordic Region, Göteborg, Sweden

Sven Hagelstrand

RIV-SKF Officine di Villar Perosa S.p.A., Turin, Italy

Jan Hansson

The Indonesian SKF Corporation AB, Djakarta, Indonesia

Kenneth F. Hartnell

United Bearing Corporation Pty. Limited, Echuca, Australia

Torsten Helmstein

Lidköpings Mekaniska Verkstads AB, Lidköping, Sweden

Helmut Imme

J. N. Eberle & Cie GmbH, Augsburg, West Germany

Nils Kallin

Canadian SKF Co. Ltd, Scarborough, Canada

Mikko Kanerva

Oy SKF AB, Helsinki, Finland

Bengt Kihlberg

SKF Steel Division, Hofors, Sweden

Jan Klumper

SKF Hellefors-Hofors Staal N.V., Veenendaal, Netherlands

James Law

The SKF Ball Bearing Company (Australia) Pty. Ltd., Melbourne, Australia

Olle Lindgren

SKF Kugellager Aktiengesellschaft, Zurich, Switzerland

Leif Magnus

Dansk Kugleleje Aktieselskab SKF, Glostrup, Denmark

Bruno Michoulier

SKF Compagnie d'Applications Mécaniques, S.A., Clamart, France

Thomas W. Morrison

SKF Industries, Inc., Philadelphia, USA

Ebbe Nilsson

Société Marocaine SKF S.A., Casablanca, Morocco

Tore Nyberg

SKF-Malcus AB, Halmstad, Sweden

Lennart Nyström

Companhia Brasileira de Rolamentos, São Paulo, Brazil

Hans Olander

SKF Bearing Manufacturers (Pty.) Ltd., Uitenhage, South Africa

Antonio Pérez López

SKF Panama Free Zone, Inc., Colón, Panama

Nils Th. Persson

SKF of Japan Ltd., Tokyo, Japan

Robin Read

SKF Steel Limited, Newport Pagnell, Great Britain

Sten O. Reijer

The SKF Ball Bearing Company (New Zealand) Ltd., Wellington, New Zealand

Sven Rudqvist

SKF Ost Kugellager-Vertriebsgesellschaft m.b.H., Vienna, Austria

Nils Russe

SKF Bileli Rulmanlari Limitet Sirketi, Istanbul, Turkey

Lennart Schultz

SKF Kugellagergesellschaft m.b.H., Vienna, Austria

Ch. Serbelisz

SKF Svéd Golyóscsapágy Részvénytársaság, Budapest, Hungary

Anders Skottsberg

Norsk Kulelager Aktieselskap SKF, Oslo, Norway

Geo Stammer

Compañía Sudamericana SKF S.A., Lima, Peru

Miloslav Suchanek

Kuličkova Ložiska SKF A.S., Prague, Czechoslovakia

H. I. Thomson

The SKF Ball Bearing Company (Malawi) Ltd., Blantyre, Malawi

Karl Heinz Ufer

SKF Stahl GmbH, Düsseldorf, West Germany

Eric Wallquist

Compañía Sudamericana SKF S.A., Bogota, Colombia

R. G. Willaman

Peterson Steels, Inc., Union, New Jersey, USA

Gerry M. Wood

Peterson Steels (Canada) Ltd., Scarborough, Canada

AKTIEBOLAGET SVENSKA KULLAGERFABRIKEN

Annual Report 1970

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General meeting to be held at the Company's office Hornsgatan 1, Göteborg, on Monday, 24th May, 1971 at 3.30 p.m. Shareholders who wish to attend are requested to notify the Board of Directors before noon, Wednesday, 19th May, 1971.

The automotive industry is the biggest bearing user. Practically every third SKF bearing goes into motor vehicles. Private cars usually need about 25 and lorries about 30. Bearings are used in wheel hubs, transmission and steering mechanisms, but they also play a part in the cooling system.



The Group's Activities – a summary

(thousands of kronor)

	1970	1969
Turnover	4,757,748	4,226,560
Operating income	539,134	470,718
in percent of turnover	11.3	11.1
Income before provisions and taxes	512,257	469,268
in percent of turnover	10.8	11.1
Provisions	– 67,067	– 45,539
Taxes	– 186,346	– 195,828
Minority interests in income	– 20,034	– 13,256
Net income	238,810	214,645
Calculated income in kronor per share (note 1)	48.00	41.65
Investment in plant and property	539,147	329,911
Booked depreciation	271,584	240,749
Cost calculated depreciation	320,969	298,251
Number of employees	67,375	64,091

SKF GROUP

Market Situation and Sales

SKF Group turnover in 1970 – excluding turnover tax – amounted to 4,758 million kronor, which is 531 million kronor or 12.6% more than in 1969. The companies within EEC, a market of particular importance to the Group, benefited from that area's favourable economic development which was better than expected. Invoiced sales value was also influenced by price increases made on various markets in order to compensate for cost inflation. For these reasons the forecast made at the beginning of the year was exceeded.

The expansion of the Group is illustrated in Diagram 1, showing turnover development during the last 20 years. The average annual increase for this period has been 8.5%.

Diagram 2 shows Group sales to customers outside the Group, divided into product categories in each continent, trading area or country. No less than 81% of the total Group turnover comes from ball and roller bearings and accessories, 9% from steel, and 10% from other products. The percentage for steel does not however include deliveries to SKF's own rolling bearing plants.

The EEC dominates the market for both rolling bearings and "Other products", whereas the Swedish market helps to make the EFTA countries the most important sales area for steel.

A high proportion of the Group's output shown in Diagram 2 as "Other products" has been exported to Asia. This is due to the significant textile industry in that part of the world which is an important buyer of SKF textile machinery components. These are manufactured by SKF Cannstatt in West Germany and SKF Poona in India.

The rolling bearing sector has developed favourably, the European boom ensuring continued demand. SKF's rolling bearing factories in Europe have therefore been able to make full use of their capacity in spite of increased competition, especially from Japanese manufacturers. In several areas, turnover has been limited by insufficient production capacity.

In order to ensure a continuing improvement in manufacturing economy by extending production runs and reducing factory cycle times, it has been decided to further concentrate production of certain bearing types.

As an important complement to existing customer services, particularly in the field of preventative maintenance, the SKF MEPA 10 A Shock Pulse Meter has been introduced. With this instrument it is possible to predict the remaining life of working bearings with a high degree of reliability.

The Steel Division consists of works at Hofors, Hällefors and Bångbro under SKF Steel, the Eberle & Cie cold rolling mill at Augsburg, West Germany, and all steel sales companies of the Group. The scope of the Division's activities is illustrated by the fact that its invoiced sales amounted to 692 million kronor, excluding deliveries within the division but including deliveries to other units of the Group. In order to utilize the sales organization of the Steel Division more effectively, and simultaneously extend customer service, the sales programme has been expanded. The Division will therefore market additional high grade steels made by other manufacturers in certain markets. During the year steps in this direction were taken in Australia, Belgium, Holland and Sweden. Among the new steel products manufactured by the Division and introduced during the year was Termek high-tensile, stress-free automatic steel which also has excellent machinability.

SKF sales of "Other products" to customers outside the Group exceeded 450 million kronor. In recent years both the manufacturing and sales programmes have been expanded, resulting in a more rapid growth rate. This particular product range includes textile machinery components, machine tools, gauges and measuring instruments, thread taps and dies, drills, spring retaining rings, castings, etc.

Diagram 1

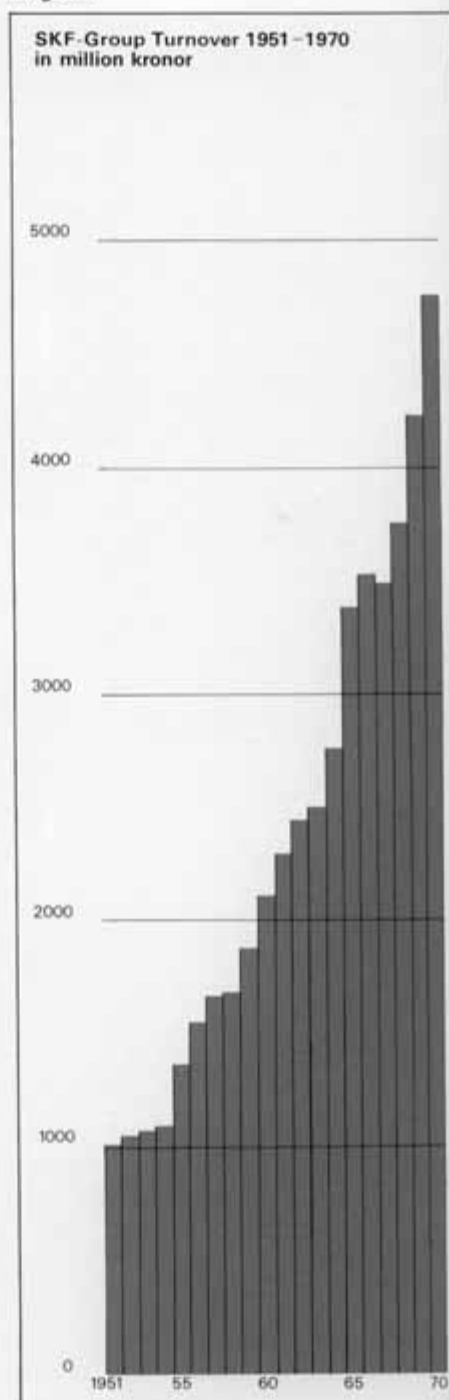
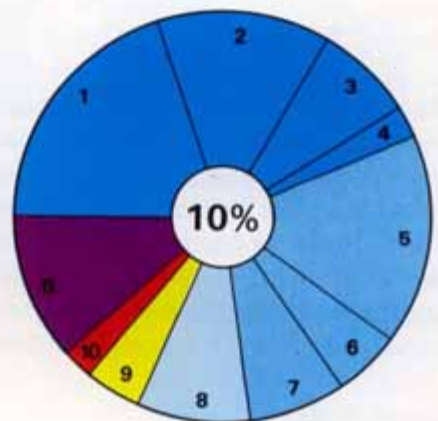
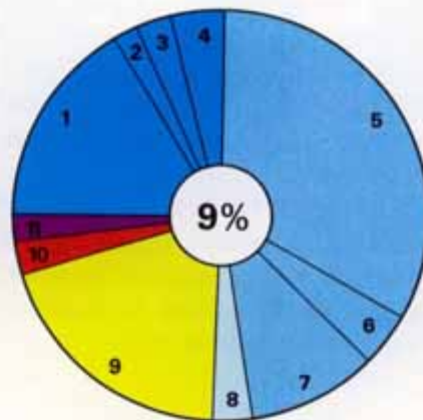
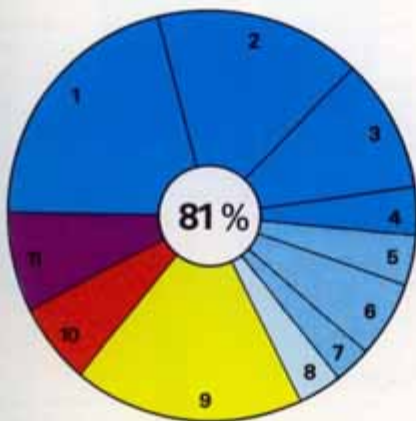


Diagram 2

SKF Group turnover 1970 by product category and country



Distribution percentage

Bearings

1. West Germany	20.7
2. Italy	16.3
3. France	10.7
4. Other EEC countries	2.9
Total EEC	50.6
5. Sweden	4.1
6. Great Britain	6.1
7. Other EFTA countries	2.8
Total EFTA	13.0
8. Other European countries	3.6
Total Europe	67.2
9. North America	18.6
10. Latin America	6.6
11. The rest of the world	7.6
of which Asia	3.0
Africa	2.4
Australasia	2.2

Steel products

1. West Germany	16.5
2. Italy	2.1
3. France	3.0
4. Other EEC countries	4.3
Total EEC	25.9
5. Sweden	33.1
6. Great Britain	4.7
7. Other EFTA countries	10.3
Total EFTA	48.1
8. Other European countries	3.2
Total Europe	77.2
9. North America	19.1
10. Latin America	2.2
11. The rest of the world	1.5
of which Asia	0.9
Africa	0.2
Australasia	0.4

Other products

1. West Germany	19.8
2. Italy	13.5
3. France	7.7
4. Other EEC countries	2.4
Total EEC	43.4
5. Sweden	16.5
6. Great Britain	5.2
7. Other EFTA countries	7.5
Total EFTA	29.2
8. Other European countries	8.7
Total Europe	81.3
9. North America	4.3
10. Latin America	2.3
11. The rest of the world	12.1
of which Asia	11.4
Africa	0.6
Australasia	0.1

Trading Results

Operating income after deducting depreciation and selling, administrative and general expenses amounted to 539.1 million kronor, an increase of 14.5% (15% in 1969). In relation to sales, this income was 11.3% (11.1%).

Most of the bigger European units of the Group contributed to the improvement of the profit margin. This can largely be attributed to the economic boom and the consequent full utilization of production capacity, accompanied by price increases.

Financial expenses exceeded the corresponding income by 42.6 million kronor (21.5), mainly as a result of higher interest payments. As shown by the financial analysis on p. 14, the reason for this is increased borrowing to finance the large investments in plant and property, inventories and accounts receivable from customers caused by the expansion of activities.

After the deduction of sundry income and expenses, special provisions and reserves, the setting aside of 186.3 million kronor (195.8) for taxes, and deduction of minority interests, the net income is 238.8 million kronor (214.6).

Investment in Plant and Property

Gross investments during the year totalling 539 million kronor further reflect the expansion that began with last year's increased investments, mainly in projects aimed at extending production capacity. This is more than a 60% increase in investments over the 1969 figure. The gross value of plant and property increased by 335 million kronor after deduction of normal sale and disposal of assets. The value of plant and property has also been influenced by the acquisition mentioned below of Seeger-Orbis GmbH and by the merger of the Spanish companies. The new Spanish company has not been included in the Balance Sheet.

The EEC took 70% of the total investments and EFTA 22%.

New investment projects amounting to over 1,000 million kronor will be started during 1971, 134 million kronor of which will be spent in Sweden. These are particularly aimed at building up production capacity, introducing new manufacturing methods, and achieving a faster material flow.

Shares in Subsidiaries

The structure of the Group has undergone only minor changes during the year. SKF Schweinfurt has acquired Seeger-Orbis GmbH which has three factories in the Frankfurt area. This company manufactures spring retaining rings. The merger of the four companies in Spain was carried out in November after the Spanish authorities had given their consent. The Parent Company's holding amounts to 49%.

Personnel and Organization

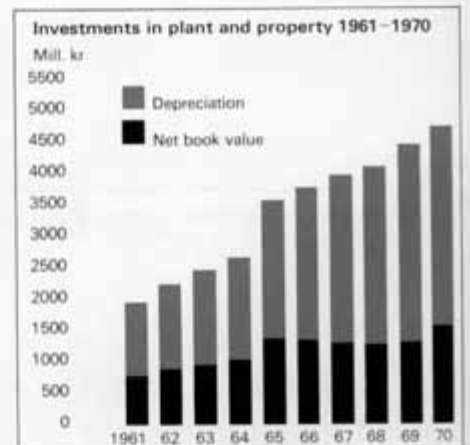
The average number of active employees at the various units of the Group was 67,375, a net increase of 3,284. This, in the main, is a result of increases caused by the higher degree of capacity utilization. The sales per employee amounted to 70,616 kronor, an increase of 7%.

The divisions for Marketing Planning and for Sales at Group Headquarters have been combined into one Marketing Division.

This year further steps were taken to regionalize the Group organization. The companies in Latin America were brought together under a common regional management located in Buenos Aires. A Nordic region has been established, the manager of the Göteborg Division has also been made responsible for the sales companies in Denmark, Finland and Norway.

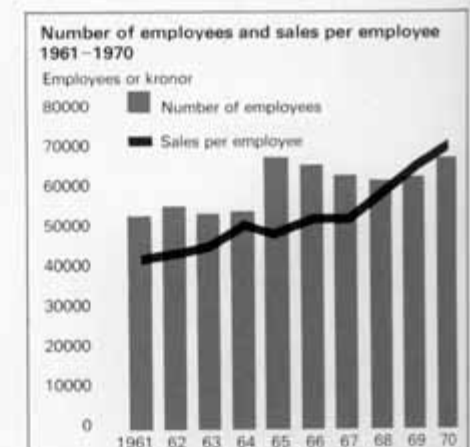
There has been an increased emphasis on further training, recruitment and personnel development planning throughout the Group.

Diagram 3



Year	Cost value	Depreciation	Net book value
1961	1,973	1,199	774
1962	2,254	1,345	909
1963	2,500	1,526	974
1964	2,710	1,679	1,031
1965	3,636	2,262	1,374
1966	3,836	2,479	1,357
1967	4,013	2,669	1,344
1968	4,205	2,923	1,282
1969	4,510	3,168	1,342
1970	4,845	3,247	1,598

Diagram 4

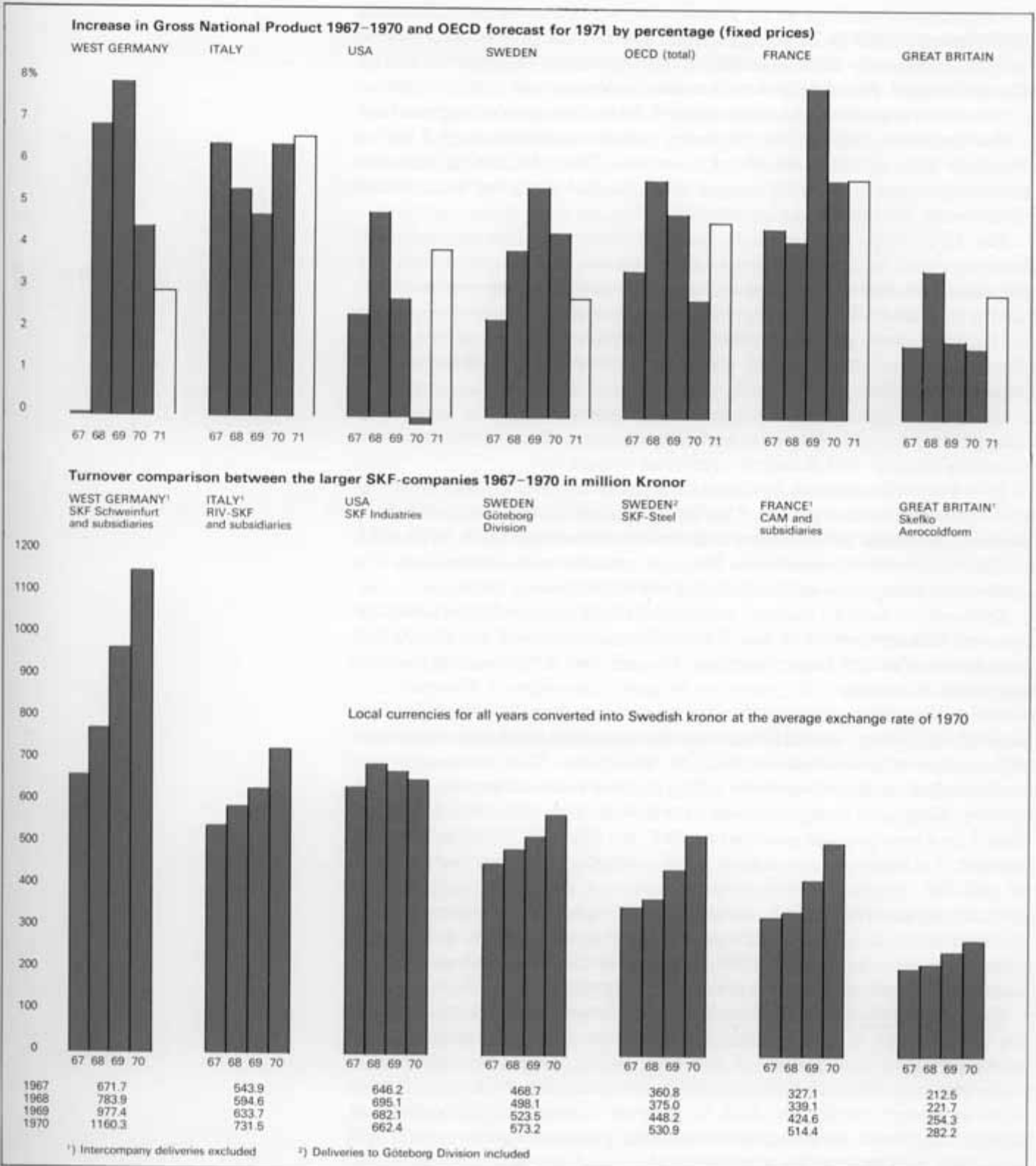


Year	Number of employees	Sales per employee
1961	53,204	43,112
1962	55,570	43,969
1963	53,407	46,331
1964	53,687	52,030
1965	68,426	49,369
1966	66,619	53,407
1967	64,759	53,828
1968	62,870	59,902
1969	64,091	65,946
1970	67,375	70,616

Activities of Group Companies

The relative importance of the largest units of the Group is shown in Diagram 5, which also indicates the growth of the Gross National Product in the various countries. For the first time the turnover of the German company has exceeded 1,000 million kronor. This figure was also passed by the Parent Company, which is however represented in the diagram by the Göteborg Division and SKF Steel. The most notable sales increases have been registered by the EEC companies and by SKF Steel. The American company had a slightly lower turnover than in 1969 because of the economic stagnation which affected the USA during the year, resulting in a decreased GNP for the first time since 1958.

Diagram 5



Sweden

The sales of the Göteborg Division increased by 9% to 571.1 million kronor, in spite of a less favourable economic climate during the latter part of 1970. The home market increase was 20%, whereas exports increased by only 4%. Production at the Göteborg works increased by 5.1%, which is slightly less than in 1969. Forecasts for 1971 indicate that the present production level will be maintained. The high labour turnover made extensive recruitment necessary.

Production of castings at the Katrineholm works increased by 22% from 19,200 tons in 1969 to 23,400 tons. The value of the foundry and workshop output increased by 35% from 50.7 million kronor to 68.2 million kronor. The production rise results from increased employment and the gradual improvement in performance of the new FA-68 automatic moulding machine.

The inventory value of the Göteborg Division increased by 9.2 million kronor in spite of a 5% reduction in volume. This was due to increased production costs and mainly covers semi-finished products. A continued reduction of inventories is planned for 1971.

The 42 million kronor gross investments during the year have primarily been allocated to rationalization and replacement. The switch to line production will continue, and six new lines will come into operation in Göteborg during the current year. Construction work on the new automated factory for the production of deep groove ball bearings will begin in the spring. The programme also includes continued investments for environmental preservation.

Increased wage, salary and raw material costs could only partially be counteracted by price increases and rationalization. The profitability of the Göteborg Division has therefore continued to decline.

SKF Steel increased its invoiced sales value by 94.5 million kronor or 20% to 549.0 million kronor. This figure includes deliveries to Göteborg Division at market prices, amounting to 105 million kronor in 1970 (97).

Apart from the last quarter of the year, capacity was fully utilized. The production of ingots was 512,000 tons (487,300 tons in 1969).

Deliveries of finished material rose from 318,300 tons in 1969 to 341,100 tons in 1970, an increase of over 7%. Of this quantity, 44% or 149,100 tons was delivered to SKF Group factories. The rest, 192,000 tons, was supplied to outside customers.

Gross investments during the year were comparatively limited and only reached 40 million kronor. This may be compared with cost calculated depreciation of 56 million kronor. The first phase of reconstruction and modernization at the Hofors wire rolling mill has been completed. A 60 ton melting furnace is being installed at Hällefors. It is the first of its kind. Based on a new process patented by SKF, the SKF MR (Melting Refining) method, it is expected to combine good production economy with reduced air pollution. Future investments are planned at a somewhat higher volume and will be used both to increase capacity and continue rationalization.

Gross profit in 1970 was better than the previous year, thanks to a favourable price trend during the first six months. The latter part of the year, however, showed a decline in profit margins.

Lidköpings Mekaniska Verkstads AB has been given responsibility for the development of certain types of production machinery, mainly in the grinding field.

Turnover in 1970 reached 65 million kronor. 58% of total deliveries went to Group companies, 19% to external customers in Sweden, and 23% to customers abroad. Delivery volume increased by more than 15% over 1969, and profitability was improved.

SKF-Malco AB has continued to adapt to its new activities within the Group. The transfer of thread cutting tool production from Göteborg to Halmstad has started and is expected to be completed by the end of 1973. Gross investments during the year amounted to approx. 9 million kronor and included equipment bought from the Göteborg works to the gross value of 6.3 million kronor. In spite of the substantial expenses incurred by the reorganization in progress, the company's results are satisfactory.

West Germany

The increase in business activity which dominated 1969 continued during 1970 but began to slow down in the latter part of the year. Most SKF customer categories expanded, the automobile industry, for instance, by 5%, reaching a production of 4.1 million vehicles during the year.

SKF Kugellagerfabriken GmbH, Schweinfurt, increased its domestic turnover by 10.9% and its total turnover by 14.3%. Sales of SKF Cannstatt products for the textile industry, which are mainly exported, rose by 14.9%.

Available production capacity was fully utilized during the year and the company's results were satisfactory.

Large investments for capacity expansion and rationalization have begun. The investment volume was more than twice that of 1969. Reference has already been made to the acquisition of Seeger-Orbis GmbH.

Production in the new factory Werk III will start in May and the plant is expected to be fully operational by the end of 1971.

Despite moderating business activity during 1971, sales are expected to increase, although at a slower pace than in 1970.

Italy

RIV-SKF Officine di Villar Perosa S.p.A., Turin, increased its turnover by 15%. The unsettled Italian labour market conditions affected some of the company's most important customers and, indirectly, the activity of RIV-SKF.

These unsettled conditions together with marked wage, raw material and service cost increases following the new three-year labour agreement, have had an adverse influence on results.

Investments practically doubled compared with the previous year and the construction of a new factory at Bari in southern Italy was started.

Substantial investments aimed at increasing productivity will be made during the current year in order to counteract growing wage costs. A certain increase in manufacturing capacity is also intended.

Prospects for 1971 are difficult to predict, but the company is planning for a continued increase in turnover of at least the same magnitude as in 1970. These plans depend, however, on political and social developments in Italy.

USA

The restrictive economic policies of the US government continued during 1970, and its monetary policies reduced the demand for capital goods. This in turn influenced SKF Industries, Inc., Philadelphia, as many of its major customers including the automobile industry registered a reduction in sales. As a result turnover was lower in 1970 than in 1969, to which intensified competition from abroad contributed.

Increases in wages, salaries and raw material prices were responsible for reduced profits compared with 1969, despite cost reductions achieved by rationalization.

The restrictive economic policy has now been eased and some gradual improvement in general business conditions is expected during 1971. This,

together with higher stocks which will enable the company to rapidly meet the anticipated increase in demand, should result in the improvement of both turnover and profits in 1971.

France

SKF Compagnie d'Applications Mécaniques S.A. (CAM), Clamart, increased its sales in francs by 21% in spite of growing imports of competitors' bearings into France.

The profit has improved in proportion to the sales increase, which should be considered satisfactory in view of the cost increases which industry had to bear during the year.

Investments in 1970 have mainly been directed towards capacity increasing projects. Work has started on the construction of a new automated bearing production factory at Fontenay-le-Comte.

La Technique Intégrale, a subsidiary of SKF-CAM, is erecting a new factory at Chambéry for the production of ball and planetary roller screws.

Plans for a continued production increase have been made.

Great Britain

The unstable conditions which characterized the British economy in 1969 continued during 1970. The Gross National Product growth rate was further reduced. Nevertheless the demand for bearings has been satisfactory, and the Skefko Ball Bearing Co. Ltd., Luton, was able to increase its turnover.

The improvement in profits which has taken place during the past three years was not continued in 1970 because increased wage and salary costs could not be entirely counteracted by higher prices and improved productivity.

Plant modernization and extension projects have more than doubled the volume of investments over 1969. The extension of the Irvine factory in western Scotland will be completed in 1971.

Economic development trends in Britain are uncertain which makes it difficult to anticipate the results of the company's activities in 1971.

Other companies

The manufacturing companies in India, Argentina, and Australia have developed positively but SKF São Paulo did not have satisfactory results.

The SKF European Research Centre N.V. in Holland has started building its laboratory at Jutphaas. This will be shared by the European manufacturing companies. The research facilities will be completed in the beginning of 1972.

Prospects for 1971

When judging the development of sales in 1971, it should be remembered that Europe, particularly the EEC area, is SKF's dominant market. The uncertain economic climate in West Germany, and the impact a slow-down in trade there might have on Western Europe generally, could result in a dampening effect on sales growth.

The anticipated increase in business activity in the USA and the positive effect this may have on the general trend of world trade are factors which tend however to justify expectations of a continued annual expansion rate for the SKF Group of 8 to 10%, although probably with a narrower profit margin.

Railways in more than 80 countries use axleboxes made by SKF. Nearly 5 million have been delivered, most of them equipped with two spherical or cylindrical roller bearings. SKF bearings are also used in motors, generators, gear boxes and drive mechanisms.



Income Statement

(thousands of kronor)

	1970	1969
Operating income		
Turnover	4,757,748	4,226,560
Cost of goods sold	- 3,197,541	- 2,862,931
Depreciation	- 271,584	- 240,749
	<u>1,288,623</u>	<u>1,122,880</u>
Selling, administrative and general expenses	- 749,489	- 652,162
	<u>539,134</u>	<u>470,718</u>
Financial income and expenses		
Dividends	1,984	2,194
Interest income	20,547	23,357
Interest expenses	- 65,092	- 47,027
	<u>- 42,561</u>	<u>- 21,476</u>
Sundry income and expenses		
Income on sale of capital assets	10,525	11,264
Other income	8,800	12,499
Other expenses	- 3,641	- 3,737
	<u>15,684</u>	<u>20,026</u>
Income before provisions and taxes	512,257	469,268
Provisions		
Transfer to special fund for employees	-	- 14,800
Provision for investment reserves	- 57,120	- 56,070
Changes in inventory reserves	- 6,695	28,916
Changes in reserves for accounts receivable	- 617	- 3,585
Other provisions	- 2,635	-
	<u>- 67,067</u>	<u>- 45,539</u>
Taxes (note 2)	- 186,346	- 195,828
Minority interests in income	- 20,034	- 13,256
Net income	<u>238,810</u>	<u>214,645</u>

Balance Sheet, 31st December

(thousands of kronor)

ASSETS	1970	1969
Current assets		
Cash	156,181	260,451
Shares, bonds and other securities	62,696	69,865
Acceptances receivable	51,665	60,169
Accounts receivable (note 3)	958,557	812,569
Inventories (note 4)	2,229,815	1,843,436
	<u>3,458,914</u>	<u>3,046,490</u>
Sveriges Riksbank, investment accounts for economic stabilization	57,607	31,602
Capital assets		
Accounts receivable	39,636	20,394
Shares	72,031	66,772
Plant and property (note 5)	1,597,500	1,341,568
	<u>1,709,167</u>	<u>1,428,734</u>
Total assets	<u>5,225,688</u>	<u>4,506,826</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Unpaid taxes (note 2)	146,026	111,160
Loans and acceptances	387,836	157,563
Other current liabilities	819,593	565,109
	<u>1,353,455</u>	<u>833,832</u>
Long term liabilities		
Provisions for pensions	365,765	316,994
Bonded debt	119,364	130,834
Loans	251,711	270,536
Other long term liabilities	78,250	71,173
	<u>815,090</u>	<u>789,537</u>
Investment reserves	234,007	194,904
Special funds and reserves	849,999	776,922
Reserve for exchange risks	50,000	50,000
Minority interests	213,995	215,463
Shareholders' equity		
Share capital	450,000	450,000
Legal reserve	157,829	157,829
Subsidiaries' legal reserves	71,868	70,226
Surplus (note 6)	1,029,445	968,113
	<u>1,709,142</u>	<u>1,646,168</u>
Total liabilities and shareholders' equity	<u>5,225,688</u>	<u>4,506,826</u>
Contingent liabilities		
Acceptances discounted	51,381	45,572
Securities pledged	103,021	75,822
	128,498	95,694

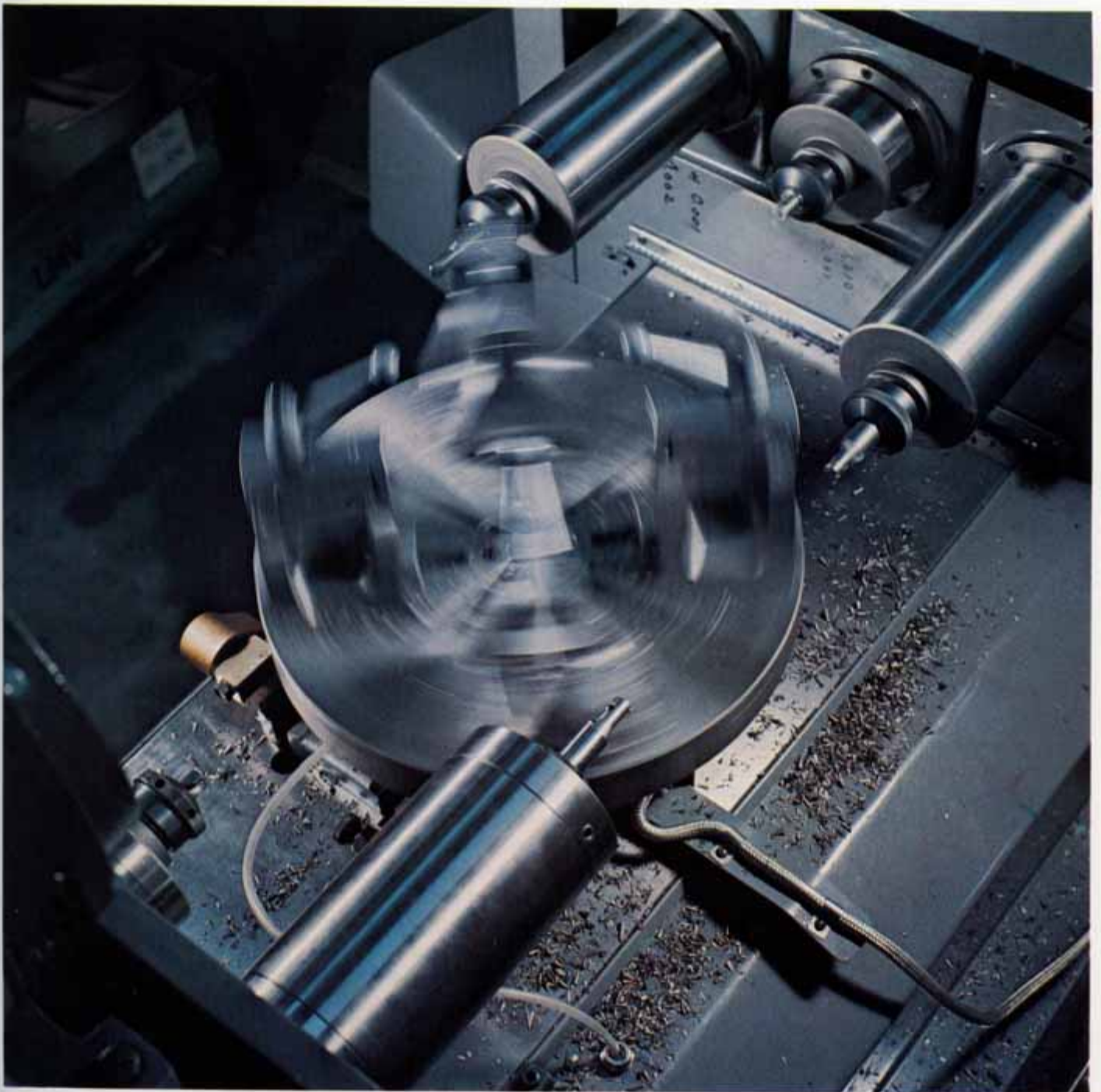
Financial Analysis

(thousands of kronor)

	1970	1969
Sources		
Funds from internal sources (note 7)	485,807	438,725
Increase of share capital (contribution in kind)	—	14,818
Increase in current liabilities	498,153	— 29,002
Increase in long term liabilities	<u>25,615</u>	<u>51,825</u>
Total sources	1,009,575	476,366
Dispositions		
Investment in capital assets		
Plant and property	539,147	329,911
Shares in other companies	20,879	57,394
Accounts receivable	<u>19,242</u>	<u>7,290</u>
	579,268	394,595
Other items – net	5,471	6,687
Investment in current assets		
Inventories	369,121	55,241
Accounts receivable	<u>159,874</u>	<u>60,928</u>
	528,995	116,169
Total dispositions	1,113,734	517,451
Changes in liquid funds	<u>– 104,159</u>	<u>– 41,085</u>

In the analysis for 1970 balances at the beginning of the year have been adjusted for the merger of the Spanish companies which are no longer included in the Balance Sheet.

SKF has developed special high precision bearings for work spindles and other demanding machine tool applications. These cylindrical roller bearings or thrust ball bearings contribute to the machining accuracy and cutting capacity of the tools. The Group is an important market for its own products of this kind. Various types of machine tools like this fine borer are made by SKF for sale to outside customers.



PARENT COMPANY

Sales of the Parent Company during 1970 amounted to 1,015.0 million kronor, compared with 880.9 million kronor in 1969, an increase of 15%. The turnover increase was largest on the domestic market, 26%, while the rise in exports was 10%.

Sales (millions of kronor)	1970	%	1969	%
Göteborg Division	<u>571.1</u>		<u>523.5</u>	
Home	194.0	34	162.2	31
Export	377.1	66	361.3	69
SKF Steel	<u>443.9</u>		<u>357.4</u>	
Home	146.9	33	107.9	30
Export	297.0	67	249.5	70
Parent Company total	<u>1,015.0</u>		<u>880.9</u>	
Home	340.9	34	270.1	31
Export	674.1	66	610.8	69

Orders received by the Parent Company were 6% lower than in 1969.

Personnel

Average number of employees

	1970			1969		
	Hourly paid	Others	Total	Hourly paid	Others	Total
Group Headquarters	3	325	328	4	284	288
Göteborg	4,115	1,550	5,665	3,930	1,484	5,414
Katrineholm	1,077	270	1,347	950	272	1,222
SKF Steel	4,466	1,202	5,668	4,390	1,137	5,527
Total	<u>9,661</u>	<u>3,347</u>	<u>13,008</u>	<u>9,274</u>	<u>3,177</u>	<u>12,451</u>

Salaries, wages etc. (thousands of kronor)

	1970	1969
Paid to members of the Board, Managing Directors and other officials of the Company	3,273	3,093
To hourly paid employees	282,824	244,538
To other employees	131,122	114,392
Total	<u>417,219</u>	<u>362,023</u>

23% of the total number of employees were foreign nationals compared with 21% in 1969.

Liquidity

Liquid assets including commercial paper diminished during the year by 29.9 million kronor, compared with 77.3 million kronor in 1969, and amounted to 59.7 million kronor at the end of 1970.

Results

The operating income of the Parent Company, after deducting depreciation and selling, administrative and general expenses, amounted to 83.5 million kronor, compared with 80.7 million kronor in 1969.

After financial and sundry income and expenses, various provisions, and provisions for taxes, the net income for the year amounts to 67.4 million kronor, compared with 67.6 million kronor in 1969.

Dividends from subsidiaries were approximately the same as the previous year. As in 1969 SKF Philadelphia paid no dividend in 1970.

Distribution of Surplus (kronor)

Surplus at the beginning of the year	83,194,555
Net income for the year	<u>67,441,931</u>
Total surplus	<u>150,636,486</u>

The Board of Directors and the Managing Director recommend:

that a dividend of Kr. 12.- per share be paid to the shareholders against coupon No. 61	54,000,000
that the balance be carried forward	<u>96,636,486</u>
	<u>150,636,486</u>

The economic position of the Group and the Parent Company at the end of the year and the result of their activities during the year are shown in the income statements, balance sheets, summaries, and remarks contained within this report.

Göteborg, March 1971

	J Wallenberg	
Sverre R:son Sohlman	Peter K:son Mark	Bertil Carlander
Sven Ture Åberg	Giovanni Agnelli	Wilhelm Haglund
	Folke Lindskog	

Auditors' Certificate

We, the auditors of Aktiebolaget Svenska Kullagerfabriken, hereby submit the following report for 1970.

We have examined the Annual Report, accounts and records, the minutes of the Board of Directors, and other evidence regarding the Company's finances and administration, and have carried out all other examinations we have considered necessary.

The consolidated accounts, statement of shareholdings, and other matters concerning the Group have been prepared in accordance with the statutory requirements of the Companies Act. With few exceptions the 133 companies belonging to the Group are audited by authorized public accountants in their respective countries.

The examination has given no cause for comment with respect to reports, accounts, specification of assets, or any other matter regarding the administration.

In the proposal for the distribution of income, due regard has been given to the provision of legal reserves. In view of the financial position of the Group and the result of its activities, we are of the opinion that the dividend proposed is not contrary to good business principles.

We recommend that the Shareholders' Meeting resolve
to approve the balance sheet as at 31st December, 1970, duly signed by us,
to grant the Board of Directors discharge for their administration during 1970, and
to approve the proposal made in the Annual Report for the distribution of the surplus.

Göteborg, April 5, 1971

Gösta Jacobsson Nils Åhlund Georg Brandrup-Wognsen Jan Leffler

Income Statement

(thousands of kronor)

Operating income	1970	1969
Turnover	1,014,981	880,930
Cost of goods sold	- 759,858	- 651,641
Depreciation (note 11)	- 55,209	- 50,447
	<u>199,914</u>	<u>178,842</u>
Selling, administrative and general expenses (general expenses 26,383)	- 116,421	- 98,173
	<u>83,493</u>	<u>80,669</u>
Financial income and expenses		
Dividends on shares		
Subsidiaries	55,718	55,515
Other companies	1,789	2,150
Interest income		
Subsidiaries	3,388	1,546
Other	8,081	11,480
Interest expenses		
Subsidiaries	- 2,007	- 1,794
Other	- 7,932	- 6,606
	<u>59,037</u>	<u>62,291</u>
Sundry income and expenses		
Income in connection with transfer of shares	-	205,378
Depreciation on shares received in connection with such transfers	-	- 205,378
Income on sales of other capital assets - net	1,104	1,507
Other income	1,736	4,401
Other expenses	- 35	- 12
	<u>2,805</u>	<u>5,896</u>
Income before provisions and tax	145,335	148,856
Provisions		
Group contribution to Lidköpings Mekaniska Verkstads AB	-	- 3,000
Transfer to special fund for employees	-	- 14,800
Provision for investment reserve	- 55,000	- 55,000
Changes in inventory reserve	1,542	23,219
Changes in reserve for accounts receivable	898	- 2,271
Provision for environmental preservation reserve	- 5,000	- 5,000
Transfer to insurance funds	- 1,100	- 1,100
Depreciation on shares in subsidiaries	- 6,233	- 9,145
	<u>- 64,893</u>	<u>- 67,097</u>
Tax	- 13,000	- 14,200
Net income	<u>67,442</u>	<u>67,559</u>

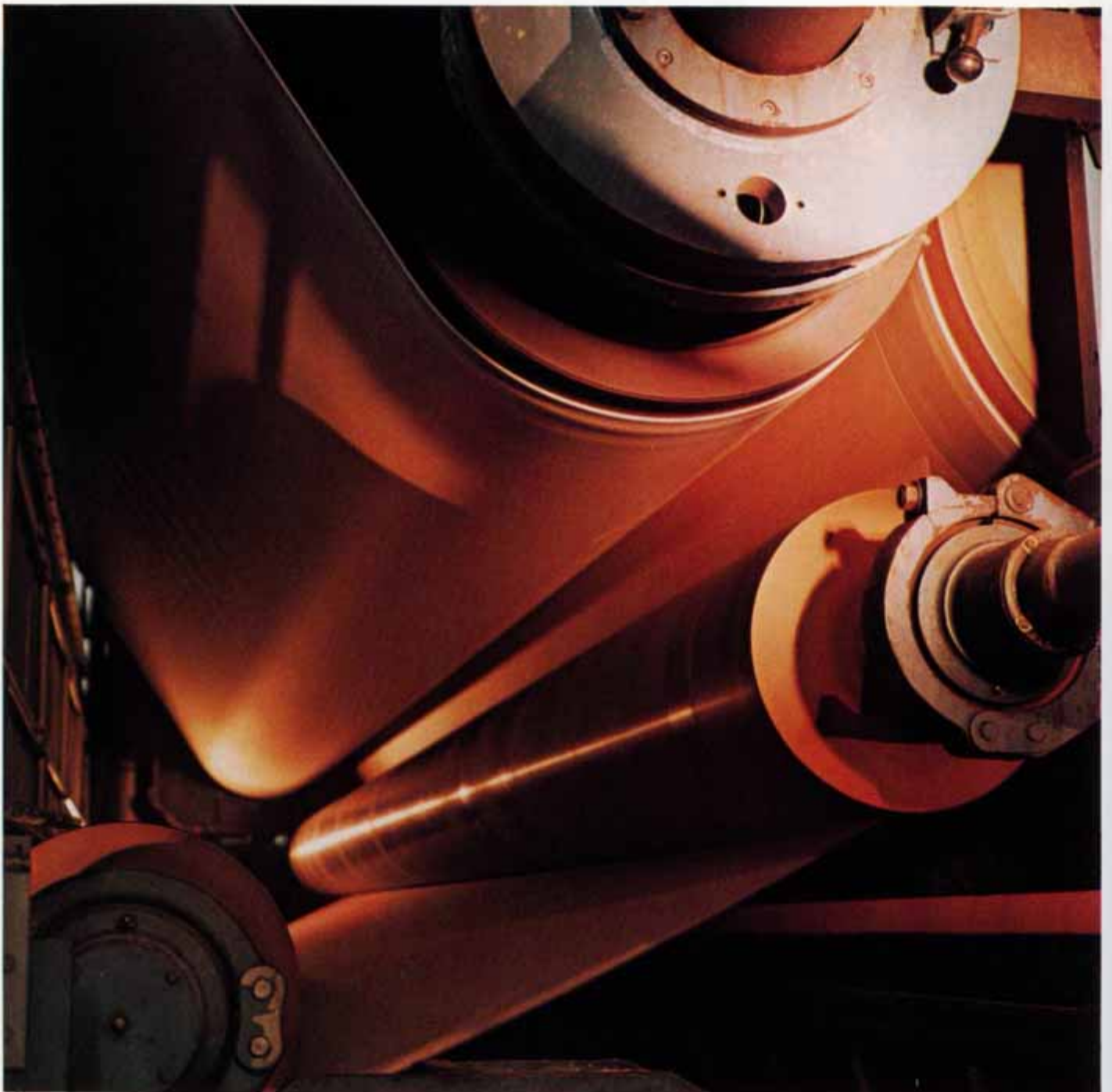
The original Income Statement and Balance Sheet are signed by the Board of Directors and certified by the auditors.

Balance Sheet, 31st December

(thousands of kronor)

ASSETS	1970	1969
Current assets		
Cash	32,736	56,720
Commercial paper	25,325	31,821
Shares	118	122
Acceptances receivable	1,679	1,067
Accounts receivable from subsidiaries (note 8)	195,401	182,019
Tax claim	-	407
Other accounts receivable (note 8)	160,082	145,063
Inventories (note 9)	248,964	197,231
	<u>664,305</u>	<u>614,450</u>
Sveriges Riksbank, investment account for economic stabilization (note 10)	56,450	31,150
Capital assets		
Accounts receivable from subsidiaries	58,542	44,668
Other accounts receivable	10,838	9,331
Shares in subsidiaries	314,179	321,843
Other shares	57,366	49,127
Plant and property (note 11)	321,471	312,842
	<u>762,396</u>	<u>737,811</u>
Total assets	<u>1,483,151</u>	<u>1,383,411</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Unpaid dividends and repayment of capital	1,581	1,640
Accounts payable to subsidiaries	21,430	21,478
Unpaid taxes	1,100	-
Other accounts payable	188,101	154,390
	<u>212,212</u>	<u>177,508</u>
Long term liabilities		
Due to subsidiaries	11,336	12,676
Re-borrowing of ATP fees (note 12)	24,468	27,905
Provision for pensions (note 13)	119,422	105,508
Due to special fund for employees	2,437	2,363
Bond issue	42,380	44,960
Other long term liabilities	5,156	7,307
	<u>205,199</u>	<u>200,719</u>
Special reserves		
For investment in plant and equipment (note 14)	207,368	170,854
For inventories	17,000	17,000
	<u>224,368</u>	<u>187,854</u>
Shareholders' equity		
Share capital (note 15)	450,000	450,000
Legal reserve	157,829	157,829
Plant renewal reserve	50,000	50,000
Reserve for environmental preservation	10,000	5,000
Insurance funds	22,907	21,807
Retained earnings (note 16)	83,194	65,135
Net income for the year	67,442	67,559
	<u>841,372</u>	<u>817,330</u>
Total liabilities and shareholders' equity	<u>1,483,151</u>	<u>1,383,411</u>
Contingent liabilities	92,848	86,484
Securities pledged	21,562	24,354

Preventative maintenance is important to keep process plants running. In 1970 SKF introduced the Shock Pulse Meter for testing the condition of bearings in operation. It is proving to be an important aid to maintenance. Some paper making machinery needs as many as 2,000 bearings and the latest printing presses run on another thousand. This makes paper, pulp and graphic industries significant markets for SKF.



Comments on Accounts

SKF GROUP

The consolidated accounts for 1970 include all companies in which Aktiebolaget Svenska Kullagerfabriken directly or indirectly owned 50% or more of the share capital at the end of 1970. The number of companies belonging to the Group was 133.

Income and expenses in the accounts of subsidiaries outside Sweden have been converted into Swedish kronor at the average rates of exchange for the year. In the Balance Sheet capital assets have been converted at rates of exchange not exceeding the average rates ruling during the years when they were acquired, and the current assets on the basis of the rates ruling at the end of 1970.

In many cases the transfer of surplus from companies abroad is not possible because of local currency restrictions, and, where possible, transfers would lead to additional taxation locally or in Sweden.

Note 1. Calculated income per share

The income in kronor per share has been recalculated as follows (millions of kronor):

	1970	1969
Turnover	4,757.7	4,226.6
Cost of goods sold	-3,197.5	-2,862.9
Cost calculated depreciation	- 321.0	- 298.3
Selling, administrative and general expenses	- 749.5	- 652.2
	<u>489.7</u>	<u>413.2</u>
Financial income and expenses - net	- 42.6	- 21.5
Sundry income and expenses - net	5.2	8.8
Calculated income before provisions and taxes	452.3	400.5
Minority interests in income	- 44.6	- 33.1
Taxes	(47%) - 191.7	(49%) - 180.0
Calculated income after taxes	<u>216.0</u>	<u>187.4</u>
Number of shares	4,500,000	4,500,000
Calculated income per share	<u>Kr 48.00</u>	<u>Kr 41.65</u>

Note 2. Taxes

As in previous years, the allocation for taxes includes local taxes on the dividends for 1970 which will be transferred during 1971.

Note 3. Accounts receivable

Accounts receivable from customers, etc., were 1,119 million kronor at the end of the year. Taxed and untaxed reserves of 14% reduced this amount to a net of 959 million kronor. Last year the reserves were 16%.

Note 4. Inventories (millions of kronor)

	1970	1969
Gross value	2,812	2,426
Inventory reserve	- 582	- 583
Net value	<u>2,230</u>	<u>1,843</u>
Net value in relation to gross value	79%	76%

Note 5. Plant and property

Investments during 1970 amounted to 539 million kronor as against 330 million kronor in the previous year. The net book value of plant and property was 1,598 million kronor and is specified as follows (millions of kronor):

Cost value including revaluation as required

by law in certain countries:	1970	1969
Land	174	175
Buildings	1,397	1,335
Machinery, equipment, etc.	3,001	2,858
Construction projects in progress	273	142
	<u>4,845</u>	<u>4,510</u>
Depreciation	-3,247	-3,168
Net book value	<u>1,598</u>	<u>1,342</u>

Depreciation of 290 million kronor has been provided, of which 272 million kronor has been debited in the income statement and the remainder, 18 million kronor, was transferred from investment reserves. The depreciation included in calculated manufacturing costs was 321 million kronor.

Note 6. Specification of surplus (thousands of kronor)

	1970	1969
Surplus at the beginning of the year	968,113	868,835
Dividend, Parent Company	- 49,500	- 49,151
Net income for the year	238,810	214,645
	<u>1,157,423</u>	<u>1,034,329</u>
Minority interests in funds and reserves	- 4,712	- 1,430
Transferred to legal reserves in subsidiaries	- 2,447	- 434
Transferred to special funds and reserves	- 73,077	- 42,715
Transferred to other reserves including differences due to exchange rates	- 47,742	- 21,637
Surplus at the end of the year	<u>1,029,445</u>	<u>968,113</u>

Note 7. Specification of funds from internal sources (thousands of kronor)

	1970	1969
Income before provisions and taxes	512,257	469,268
Depreciation and net of plant and property disposed	255,435	232,292
Taxes	-186,346	-195,828
Increase of deposit with Sveriges Riksbank	- 26,005	- 4,600
Minority interests in income	- 20,034	- 13,256
Dividend	- 49,500	- 49,151
Total funds from internal sources	<u>485,807</u>	<u>438,725</u>

PARENT COMPANY

Note 8. Accounts receivable

Accounts receivable from subsidiaries, customers, etc., at the end of 1970 amounted to 355.5 million kronor and is specified as follows (millions of kronor):

Accounts receivable from:	1970	1969
Subsidiaries	319.2	306.4
Customers and distributors	125.7	107.9
Others	36.7	39.4
	<u>481.6</u>	<u>453.7</u>
Reserves for accounts receivable		
Untaxed	- 64.6	- 65.1
Taxed	- 61.5	- 61.5
Net value	<u>355.5</u>	<u>327.1</u>

Note 9. Inventories (millions of kronor)

	1970	1969
Gross value after deductions for obsolete products	622.4	572.2
Inventory reserve	-373.4	-375.0
Net value	<u>249.0</u>	<u>197.2</u>
Net value in relation to gross value	40%	34%

Stocks have been valued at cost or replacement value, whichever is the lower. Out of the increase in inventories, 50.2 million kronor, the major part or 42 million kronor refers to SKF Steel. The depreciation amounts to 60% on the value of inventories after deductions for obsolete products, which reduced the inventory reserve by 1.6 million kronor.

Note 10. Investment account with Sveriges Riksbank

In May 25.3 million kronor was paid to the investment account. This is 46% of the 55 million kronor allocated in 1969 to the investment reserve. No withdrawals have been made during the year.

Note 11. Plant and property

Investments during 1970 amounted to 82.9 million kronor. The gross value of plant and property, etc., was increased by 38.6 million kronor.

Specification of plant and property (thousands of kronor)

	Agri- cultural and forest real estate	Mines	Waterfalls	Factory property and other real estate	Machinery, fixtures and fittings, etc.	Total
Balance 1.1.1970 ¹	0	0	0	221,283	91,559	312,842
Net increase of plant and property	-39	-	-	8,748	28,132	36,841
Construction projects in progress—net	-	-	-	2,191	449	1,742
Depreciation— net	39	-	-	-18,099	-11,894	-29,954
Balance 31.12.1970 ¹	0	0	0	214,123	107,348	321,471
Accumulated depreciation 31.12.1970	3,440	1,843	81	249,497	768,585	1,023,446
Cost value of plant and property 31.12.1970	3,440	1,843	81	463,620	875,933	1,344,917
of which con- struction projects in progress	-	-	-	12,787	54,772	67,559
Assessed value ² of which "special machinery value"	23,798	- ³	- ³	466,513	-	490,311
Fire insurance value ⁴	-	-	-	135,849	-	135,849
of which for construction projects in progress	45,141	-	-	747,223	1,277,598	2,069,962
	-	-	-	6,660	50,625	57,285

¹) Balance shown as 0 is in the accounts booked as Kr. 1.

²) Since the latest real estate assessment, a total amount of 13,629 thousand kronor has been used for the erection, enlargement or conversion of buildings, but has not yet caused any change to be made in the assessed values.

³) The assessed value of mines and waterfalls is included in the amounts shown for agricultural and forest real estate and for factory property and other real estate respectively.

⁴) Land, mines, waterfalls, paving, tracks and foundation reinforcements are not insured.

Depreciation of 73.7 million kronor has been provided, of which 55.2 million kronor has been charged to the income statement and 18.5 million kronor transferred from the investment reserve. Depreciation on machinery equipment, etc., has been calculated in accordance with the so-called 30-rule. Depreciation on factory and other buildings has been provided in accordance with the usual principles.

Depreciation during the year (thousands of kronor)	1970	1969
Factory and other buildings	12,771	18,854
Machinery, fixtures, fittings etc.	55,191	75,295
Construction projects in progress	5,732	5,110
Total depreciation	<u>73,694</u>	<u>99,259</u>
Net of re-booked depreciation on sold and scrapped plant and property, transfers etc.	-43,740	-13,280
Net total	<u>29,954</u>	<u>85,979</u>
Depreciation charged to the income statement	55,209	50,447
Depreciation transferred from the investment reserve	18,485	48,812
Total depreciation	<u>73,694</u>	<u>99,259</u>

Note 12. ATP fees borrowed

At the end of the year the company raised a loan of 11.5 million kronor by exercising its right to borrow back ATP fees paid during 1969 to the National Social Insurance Board. The loan was however disbursed in the beginning of 1971 and will thus be entered in the accounts for 1971. The parts of the loans to be repaid within a year are included in other current liabilities.

Note 13. Provision for pensions

The pension liability as calculated on actual commitments at the end of the year amounted to 119.4 million kronor, of which 90.7 million kronor refers to supplementary pensions for salaried employees. During the year the company has paid without binding commitment, pensions and index increments to pensions to a total amount of 1.0 million kronor.

Note 14. Investment reserve

During the year 18.5 million kronor was used for depreciation of buildings, machinery and equipment in accordance with a long-term permit. An amount of 55 million kronor has been transferred to the reserve. In the 1969 annual report, 10 million kronor was transferred to a research reserve. The General meeting in May 1970 decided that the transfer should be made to the investment reserve instead.

Note 15. Share capital

The company's share capital amounts to 450 million kronor (nominal value per share Kr. 100) and consists of:

A-shares	nom. value Kr. 246,281,600
B-shares	» » » 196,747,200
B-shares, restricted	» » » 6,971,200
	<u>nom. value Kr. 450,000,000</u>

All the A- and B-shares are quoted on the Stockholm Stock Exchange, all the B-shares on the London Stock Exchange, and the free B-shares on the Paris and Geneva Stock Exchanges.

Note 16. Surplus (thousands of kronor)

	1970	1969
Surplus at the beginning of the year	132,694	114,286
Dividend approved	-49,500	-49,151
	<u>83,194</u>	<u>65,135</u>
Net income for the year	67,442	67,559
Surplus at the end of the year	<u>150,636</u>	<u>132,694</u>

The heavyweights of the SKF bearing range are used by the mining and steel industries. They sometimes need roller bearings weighing several tons and measuring more than a meter across. Over 7,000 rolling mills use SKF bearings, some of them taking loads up to 4,000 tons.



Income Statement

(millions of kronor)

	1965	1966	1967	1968	1969	1970
Operating income						
Turnover	3,378.1	3,557.9	3,485.8	3,766.1	4,226.5	4,757.7
Cost of goods sold	-2,197.6	-2,401.2	-2,363.5	-2,541.0	-2,862.9	-3,197.5
Depreciation	- 263.9	- 273.8	- 268.0	- 255.2	- 240.7	- 271.6
Selling, administrative and general expenses	- 477.6	- 513.6	- 535.5	- 561.4	- 652.2	- 749.5
	439.0	369.3	318.8	408.5	470.7	539.1
Financial income and expenses - net	- 44.9	- 44.8	- 40.4	- 32.6	- 21.4	- 42.6
Sundry income and expenses - net	0.2	- 9.0	3.4	12.8	20.0	15.7
Income before provisions and taxes	394.3	315.5	281.8	388.7	469.3	512.2
Provisions						
Compensation from pension funds	17.0	19.4	16.7	-	-	-
Transfer to special fund for employees	-	-	-	-	- 14.8	-
Provision for special reserves	- 36.1	- 45.0	- 45.0	- 10.0	- 56.1	- 59.8
Changes in inventory reserves	- 32.9	- 12.0	27.0	1.4	28.9	6.7
Changes in reserves for accounts receivable	- 0.4	- 4.9	- 24.6	- 5.1	- 3.6	- 0.6
	- 52.4	- 42.5	- 25.9	- 13.7	- 45.6	- 67.1
Taxes	- 194.8	- 146.5	- 144.3	- 174.4	- 195.8	- 186.3
Minority interests in income	- 10.0	- 12.4	- 12.1	- 12.2	- 13.3	- 20.0
Net income	137.1	114.1	99.5	188.4	214.6	238.8
Investment in plant and property	258.0	280.4	268.0	279.7	329.9	539.1
Cost calculated depreciation	250.5	252.4	270.8	274.3	298.3	321.0
Number of employees	68,426	66,619	64,759	62,870	64,091	67,375

Balance Sheet

(millions of kronor)

	1965	1966	1967	1968	1969	1970
Current assets						
Cash	295.1	264.5	362.5	360.0	260.5	156.2
Shares, bonds and other securities	9.6	3.3	2.7	28.9	69.9	62.7
Accounts receivable	586.6	630.5	628.6	804.1	872.7	1,010.2
Inventories	1,690.8	1,775.7	1,787.2	1,727.3	1,843.4	2,229.8
	2,582.1	2,674.0	2,781.0	2,920.3	3,046.5	3,458.9
Sveriges Riksbank, investment accounts for economic stabilization	72.8	77.9	25.2	26.8	31.6	57.6
Capital assets						
Accounts receivable	15.0	11.2	19.1	13.1	20.4	39.6
Shares	21.9	24.4	29.0	29.4	66.8	72.0
Plant and property	1,373.5	1,357.2	1,344.5	1,281.7	1,341.5	1,597.5
	1,410.4	1,392.8	1,392.6	1,324.2	1,428.7	1,709.1
Total assets	4,065.3	4,144.7	4,198.8	4,271.3	4,506.8	5,225.6
Current liabilities	821.1	827.5	823.6	851.0	833.8	1,353.4
Long term liabilities	778.9	740.7	710.9	722.2	789.5	815.1
Investment reserves	169.6	214.3	245.4	187.2	194.9	234.0
Special funds and reserves	656.7	677.0	687.0	734.2	776.9	850.0
Reserve for exchange risks	50.0	50.0	50.0	50.0	50.0	50.0
Minority interests	253.1	252.9	244.8	195.9	215.5	214.0
Shareholders' Equity						
Share capital	446.8	446.8	446.8	446.8	450.0	450.0
Legal reserve	146.2	146.2	146.2	146.2	157.8	157.8
Subsidiaries' legal reserves	57.1	62.0	65.6	68.9	70.2	71.9
Surplus	685.8	727.3	778.5	868.9	968.2	1,029.4
	1,335.9	1,382.3	1,437.1	1,530.8	1,646.2	1,709.1
Total liabilities and shareholders' equity	4,065.3	4,144.7	4,198.8	4,271.3	4,506.8	5,225.6

Income Statement

(millions of kronor)

	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Operating income										
Turnover – Sweden	188.2	182.6	181.2	206.1	240.9	234.4	206.9	223.1	270.1	340.9
– Exports	410.7	415.0	448.6	488.7	513.8	554.0	551.7	587.1	610.8	674.1
– Total	598.9	597.6	629.8	694.8	754.7	788.4	758.6	810.2	880.9	1,015.0
Cost of goods sold	-391.0	-393.8	-438.2	-491.2	-509.9	-557.1	-565.7	-610.1	-651.6	-759.9
Depreciation	- 43.4	- 50.5	- 59.2	- 53.2	- 55.1	- 58.1	- 57.2	- 52.5	- 50.4	- 55.2
Selling, administrative and general expenses	- 47.9	- 50.7	- 55.2	- 61.0	- 67.2	- 71.4	- 75.8	- 83.8	- 98.2	-116.4
	116.6	102.6	77.2	89.4	122.5	101.8	59.9	63.8	80.7	83.5
Financial income and expenses										
Dividends received	33.7	79.4	57.1	54.2	86.3	43.3	42.5	68.4	57.7	57.5
Interest – net	- 3.0	- 5.8	- 7.3	- 4.3	- 2.7	2.7	4.0	4.2	4.6	1.5
	30.7	73.6	49.8	49.9	83.6	46.0	46.5	72.6	62.3	59.0
Sundry income and expenses										
– net	1.1	3.3	2.1	1.1	1.5	7.7	12.2	1.4	5.9	2.8
Income before provisions and tax	148.4	179.5	129.1	140.4	207.6	155.5	118.6	137.8	148.9	145.3
Provisions										
Transfer to special fund for employees	-	-	-	-	-	-	-	-	- 14.8	-
Provision for investment reserve	- 10.0	- 15.0	- 30.0	- 45.0	- 35.0	- 45.0	- 45.0	- 10.0	- 55.0	- 55.0
Compensation from pension funds	-	-	12.3	15.4	16.2	18.8	16.0	-	-	-
Changes in inventory reserve	- 29.9	- 31.5	- 9.8	3.7	- 57.2	- 25.9	12.9	- 8.7	23.2	1.5
Changes in reserve for accounts receivable	- 0.8	0.3	3.9	- 1.5	-	- 6.9	- 21.1	- 4.5	- 2.3	0.9
Depreciation on shares	- 9.2	- 55.0	- 34.1	- 31.1	- 51.1	- 10.2	- 2.4	- 26.2	- 9.1	- 6.2
Other provisions	- 1.0	- 6.1	- 1.3	- 2.9	- 1.4	- 6.2	- 6.3	- 8.6	- 9.1	- 6.1
	- 50.9	-107.3	- 59.0	- 61.4	-128.5	- 75.4	- 45.9	- 58.0	- 67.1	- 64.9
Tax	- 50.0	- 23.2	- 22.8	- 28.5	- 23.5	- 24.3	- 17.6	- 14.3	- 14.2	- 13.0
Net income	47.5	49.0	47.3	50.5	55.6	55.8	55.1	65.5	67.6	67.4
Dividends	31.2	31.2	31.2	31.2	44.7	44.7	44.7	49.2	49.5	54.0
Investment in plant and property	78.8	109.8	110.6	74.3	68.1	82.0	91.7	105.5	95.0	82.9
Cost calculated depreciation	47.2	51.9	61.3	68.6	72.4	76.3	82.0	88.6	94.6	97.1
Number of employees										
– Group Headquarters ¹	8,297	8,592	8,264	8,409	8,169	7,819	265	259	288	328
– Göteborg Division	5,823	5,943	5,701	5,763	6,001	5,991	6,867	6,329	6,636	7,012
– SKF Steel							5,550	5,320	5,527	5,668
– Parent Company	14,120	14,535	13,965	14,172	14,170	13,810	12,682	11,908	12,451	13,008

¹) Formed in November 1966.

Balance Sheet

(millions of kronor)

	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Current assets										
Cash	76.3	70.5	141.8	150.4	172.6	141.6	225.6	139.7	56.7	32.7
Commercial paper, bonds and other securities	34.9	1.3	2.6	2.1	0.2	2.1	2.3	28.9	31.9	25.4
Accounts receivable	109.8	96.8	116.5	160.8	221.5	240.9	201.3	262.0	328.6	357.2
Inventories	193.4	214.4	221.0	218.5	256.6	273.9	265.3	182.4	197.2	249.0
	414.4	383.0	481.9	531.8	650.9	658.5	694.5	613.0	614.4	664.3
Sveriges Riksbank, investment account for economic stabilization	39.6	44.2	27.3	39.4	71.2	76.2	24.5	26.6	31.2	56.4
Capital assets										
Accounts receivable	59.1	39.0	15.1	21.3	22.9	29.0	34.2	27.3	54.0	69.4
Shares	141.8	175.9	163.4	152.7	223.7	223.7	256.4	328.7	371.0	371.5
Plant and property										
– cost value	651.9	752.0	874.2	911.9	970.7	1,046.4	1,129.3	1,226.0	1,306.3	1,344.9
– depreciation	-438.5	-488.7	-563.7	-634.6	-680.8	-733.0	-795.6	-907.5	-993.5	-1,023.4
– net book value	213.4	263.3	283.5	277.3	289.9	313.4	333.7	318.5	312.8	321.5
	414.3	478.2	462.0	451.3	536.5	566.1	624.3	674.5	737.8	762.4
Total assets	868.3	905.4	971.2	1,022.5	1,258.6	1,300.8	1,343.3	1,314.1	1,383.4	1,483.1
Current liabilities	125.1	127.7	120.8	142.4	167.3	167.8	159.3	162.7	177.5	212.2
Long term liabilities	155.8	163.1	216.4	206.6	194.2	178.3	185.8	191.7	200.7	205.2
Investment reserves	101.6	109.9	111.8	130.6	165.5	210.5	242.3	181.7	187.9	224.4
Shareholders' equity										
Share capital	312.0	312.0	312.0	312.0	446.8	446.8	446.8	446.8	450.0	450.0
Legal reserve	62.4	62.4	62.4	62.4	146.2	146.2	146.2	146.2	157.8	157.8
Special funds and reserves	61.3	62.4	63.8	65.2	66.7	68.1	69.4	70.7	76.8	82.9
Surplus	50.1	67.9	84.0	103.3	71.9	83.1	93.5	114.3	132.7	150.6
	485.8	504.7	522.2	542.9	731.6	744.2	755.9	778.0	817.3	841.3
Total liabilities and shareholders' equity	868.3	905.4	971.2	1,022.5	1,258.6	1,300.8	1,343.3	1,314.1	1,383.4	1,483.1

Instrument makers also rely on SKF products. Miniature bearings with outer diameters of as little as 3 millimetres and specially designed instrument bearings meet their needs. Instrument bearings made by SKF in France have gone into this aircraft autopilot.



SKF GROUP

January 1, 1971

MANUFACTURING COMPANIES	Established (acquired)	Number of Employees	Plants
AB Svenska Kullagerfabriken Göteborg, Sweden	1907	13,008	Göteborg (1907), Hofors (1916), Katrineholm (1916), Hällefors (1957), Bångbro (1957)
Lidköpings Mekaniska Verkstads AB Lidköping, Sweden	1929	868	Lidköping (1929)
SKF-Malcus AB Halmstad, Sweden, with Nyberg & Westerberg AB, Åkersberga	1969	724	Halmstad (1969), Åkersberga (1969)
The Skefko Ball Bearing Co. Ltd. Luton, Great Britain, with Aerocoldform Ltd., Birmingham	1910	5,408	Luton (1911), Sundon (1939), Irvine (1961), Birmingham (1969)
Skeftools Ltd. Dunstable, Great Britain	1967	235	Dunstable (1967)
SKF Kugellagerfabriken GmbH Schweinfurt, West Germany, with Mikronwerk GmbH, Aschaffenburg, and Seeger-Orbis GmbH, Schneidhain	1929	15,549	Bad-Cannstatt (1914), Schweinfurt (1929), Mühlheim (1959), Lüchow (1960), Etzenhofen (1960), Aschaffenburg (1969), Schneidhain (1970), Camberg (1970), Eichen (1970)
J. N. Eberle & Cie GmbH Augsburg, West Germany	1954	684	Augsburg (1954)
N.V. Nederlandsche Maatschappij van Kogellagers SKF Veenendaal, Netherlands	1914	676	Veenendaal (1953)
SKF Compagnie d'Applications Mécaniques, S.A. Clamart, France, with Les Applications du Roulement S.A., Clamart, RKS S.A., Clamart, Ets. Rossi Frères S.A., Levallois-Perret, La Technique Intégrale, Clamart, and Compagnie Générale du Roulement, Beauchamp	1908	6,226	Bois-Colombes (1917), Ivry-Port (1928), Aubervilliers (1939), Saint-Cyr-sur-Loire (1950), Champigny (1964), Thomery (1964), Avallon (1965), Levallois-Perret (1965), Suresnes (1968), Beauchamp (1969)
RIV-SKF Officine di Villar Perosa S.p.A. Turin, Italy	1965	9,613	Turin (1965), Villar Perosa (1965), Airasca (1965), Pinerolo (1965), Massa (1965), Cassino (1965), Druento (1965), Varese (1965)
SKF Industries, Inc. Philadelphia, USA, with	1916	6,357	Philadelphia (1916), Philadelphia (1940), Philadelphia (1960), Shippensburg (1947), Hornell (1947), Altoona (1951), Massillon (1955), Los Angeles (1959), Kulpville (1960), Asheville (1961), Timonium (1961), Bremen (1962), Glasgow (1965), Hanover (1967), Scarborough (1950)
SKF Manufacturing of Canada, Ltd. Scarborough, Canada	1970	702	
Companhia SKF do Brasil Rolamentos São Paulo, Brazil	1914	1,212	Guarulhos (1961)
Cia Sudamericana BTB S.A. Buenos Aires, Argentina	1965	416	Buenos Aires (1965)
SKF Bearing Manufacturers Pty. Ltd. Uitenhage, South Africa	1967	397	Uitenhage (1967)
Associated Bearing Company Ltd. Bombay, India	1964	1,000	Poona (1964)
United Bearing Corporation Pty. Ltd. Echuca, Australia	1959	431	Echuca (1959)

Number of employees in manufacturing companies	63,506
in sales companies	3,742
in other companies	127
total	<u>67,375</u>

ASSOCIATED MANUFACTURING COMPANIES

	Year of Association		Established (acquired)
SKF Española S.A. Madrid, Spain	1970	SKF Svéd Golyóscsapágy Részvénytársaság Budapest, Hungary	1928
Tvornica Valjčanih Ležaja-Vogošća, Preduzeće UNIS Sarajevo, Yugoslavia	1969	SKF Bileli Rulmanlari Limitet Sirketi Istanbul, Turkey	1928
Industria de Baleros Intercontinental S.A. de C.V. Puebla, Mexico	1969	Peterson Steels, Inc. Union, New Jersey, USA	1946
Rodantes Intercontinental S.A. de C.V. Puebla, Mexico	1970	Canadian SKF Company Ltd. Scarborough, Canada	1919
Aços Anhanguera S.A. São Paulo, Brazil	1966	Peterson Steels (Canada) Ltd. Scarborough, Canada	1960
Iranian Bearing Company Ltd. Teheran, Iran	1969	Compañía SKF Golfo y Caribe S.A. Mexico City, Mexico	1920
Nippon Thompson Company Ltd. Tokyo, Japan	1969	SKF Panama Free Zone, Inc. Colón, Panama	1969
		Compañía Sudamericana SKF S.A. Bogota, Colombia	1927
SALES COMPANIES	Established (acquired)	Rodamientos SKF C.A. Caracas, Venezuela	1928
C. G. Sandström AB Sundsvall, Sweden	1970	Compañía Sudamericana SKF S.A. Lima, Peru	1918
Dansk Kugleleje Aktieselskab SKF Glostrup, Denmark	1913	Companhia Brasileira de Rolamentos São Paulo, Brazil	1965
Norsk Kulelager Aktieselskap SKF Oslo, Norway	1915	Compañía Sudamericana SKF S.A. Montevideo, Uruguay	1919
SKF Steel Limited Newport Pagnell, Great Britain	1964	Compañía SKF Argentina S.A. Comercial e Industrial Buenos Aires, Argentina	1916
SKF Kugellager Aktiengesellschaft Zürich, Switzerland	1921	Compañía Argentina de Rodamientos S.A. Buenos Aires, Argentina	1965
Skefrol S.A. Epalinges, Switzerland	1969	Rodamientos SKF Chile S.A. Santiago, Chile	1918
SKF Kugellagergesellschaft m.b.H. Vienna, Austria	1916	Société Marocaine SKF, S.A. Casablanca, Morocco	1950
SKF Ost Kugellager-Vertriebsgesellschaft m.b.H. Vienna, Austria	1967	The SKF Ball Bearing Company (Malawi) Ltd. Blantyre, Malawi	1967
Sociedade SKF Limitada Lisbon, Portugal	1927	The SKF Ball Bearing Company of Central and East Africa Ltd. Kitwe, Zambia	1955
SKF Stahl GmbH Düsseldorf, West Germany	1954	The SKF Ball Bearing Co. (Pty.) Ltd. Johannesburg, South Africa	1920
SKF Hellefors-Hofors Staal N.V. Veenendaal, Netherlands	1964	AB S.A. des Roulements à Billes Suédois SKF Teheran, Iran	1970
SKF Nederland N.V. Veenendaal, Netherlands	1953	The SKF Ball Bearing Co. Private Ltd. Bombay, India	1923
SKF Norma N.V. Amsterdam, Netherlands	1966	The Indonesian SKF Corporation AB Djakarta, Indonesia	1919
Société Belge des Roulements à Billes SKF S.A. Brussels, Belgium	1914	The SKF Far East Co. Ltd. Hongkong	1968
SKF Acciaio S.p.A. Milan, Italy	1920	SKF of Japan Ltd. Tokyo, Japan	1932
Oy SKF AB Helsinki, Finland	1947	The SKF Ball Bearing Company (Australia) Pty. Ltd. Melbourne, Australia	1920
SKF Hellas S.A. Athens, Greece	1924	The SKF Ball Bearing Company (New Zealand) Ltd. Wellington, New Zealand	1927
Kuličková Ložiska SKF A.S. Prague, Czechoslovakia	1919		



- Parent Company and Group Headquarters, Göteborg
- Manufacturing companies
- Associated manufacturing companies
- Sales companies
- Distributors

