



SKF AB
Industrial Engineering

Company	
Country	Sweden
Number of Employees	38'700
Web	www.skf.com

Share	
Market cap (mil)	42'591
Currency	SEK
High 52 week	98.0
Low 52 week	65.9
Last Price	93.3

Key Data	2004	2005E
Sales (mil)	41'377	44'826
EPS	17.91	7.43
P/E Ratio	13.03	12.59

Source: Bloomberg / August 18, 2005

Sales in	
Alcohol	No
Armaments	No
Firearms	No
Tobacco	No
Gambling	No

Source: IRRIC, SAM Research

Company Description

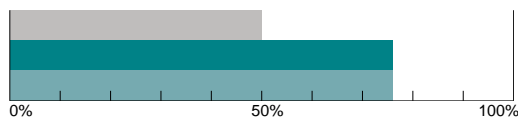
SKF AB's (SKF) principal activities are the supply of products, solutions and services in the rolling bearing and sealing business. The group's competencies include technical support, maintenance services, condition monitoring and training. The group operates through the following divisions: Industrial: wide range of bearings; Automotive: bearings and related products for the automotive industry world-wide; Electrical division: deep groove ball bearings and electrical components; Service division: sales to the industrial aftermarket; and Steel & Aero: special steels and steel components for the bearing, aircraft engines and other industries. In 2005 SKF, Rautaruukki Corporation and Wärtsilä Corporation merged their long steel businesses into a jointly owned new company.

Sustainability Performance

The successful execution of sustainability strategy at SKF positions it among the leaders of the industry. The company scores well in the economic dimension of corporate sustainability. This is underlined by a particularly strong performance in risk & crisis management and outperformance against the average in corporate governance and compliance systems. In the environmental dimension, SKF scores significantly above the industry average with high scores in criteria covering product stewardship. Trends in the environmental data suggest that SKF's eco-efficiency is successively increasing. In 2005, SKF has set ambitious goals for the reduction in greenhouse gas emissions both within its own operations as well as through its products and service deliveries. SKF aims at create a positive net balance whereby the energy used in the production and operations is compared against the energy that the SKF products help its customers to save. In criteria related to workforce related criteria such as human capital development, talent attraction and retention and labour practice indicators SKF scores above industry average.

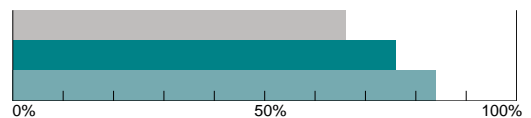
Sustainability Scores

Total Score

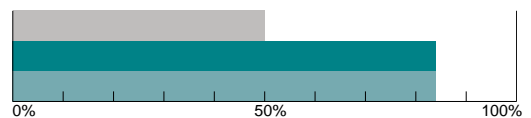


■ DJSI sector average on a global basis
■ SKF AB
■ Best company on a global basis within DJSI sector

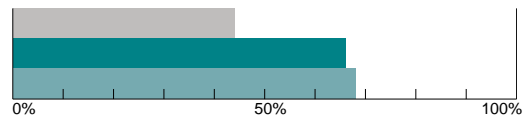
Economic Dimension



Environmental Dimension



Social Dimension



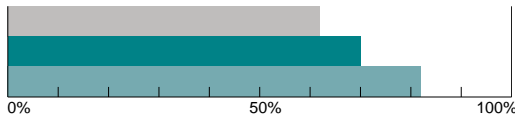
Industry Driving Forces

The main challenges and opportunities in the industrial equipment industry are associated with the use of products. Key issues include energy efficiency, safety, clean internal combustion and lean end-of-life options. Preparing for customer's present and future carbon-constraints is an important part of the product development. The focus on efficiency improvements for customers is becoming a potential advantage for companies selling into the more resource-constrained markets of China and India. Maintenance services and performance contracts are among the interesting strategies to capitalize on customers potential savings in the equipments life-cycle costs. Leading companies further systematically tap the financial benefits of excellence in occupational health and safety. As supply chains in emerging markets continue to grow, the exposure to risks connected with human rights abuses increases. Leaders control these risks as an integral part of their supply chain management.

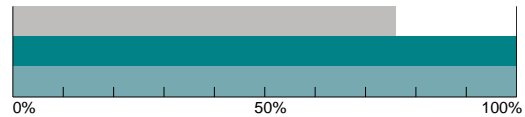
Company Performance for selected Criteria

Economic

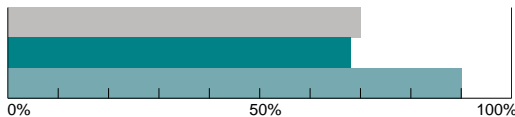
Codes of Conduct/Compliance/Corruption & Bribery



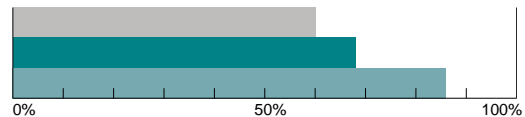
Risk & Crisis Management



Corporate Governance

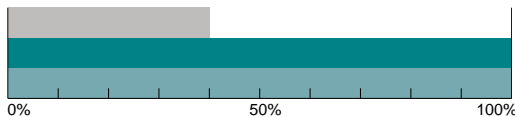


Customer Relationship Management

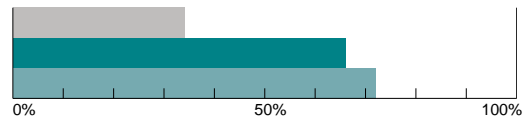


Environmental

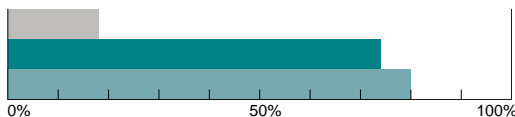
Environmental Performance (Eco-Efficiency)



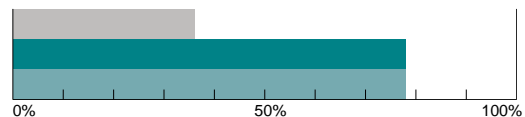
Product Stewardship



Advanced Environmental Performance

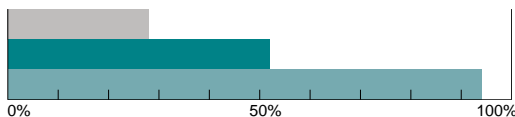


Climate Strategy

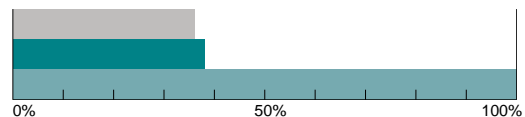


Social

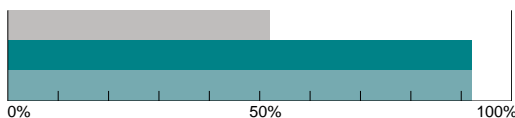
Human Capital Development



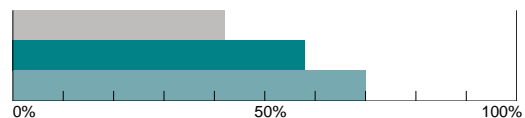
Global Sourcing



Occupational Health & Safety



Talent Attraction & Retention



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For information on assessment criteria, visit www.sustainability-indexes.com

"Corporate Sustainability is a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments."

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