

## Scania Interim Report January-September 2019

### Summary of the first nine months of 2019

- For an hour in September, work stopped at Scania's operations globally in an educational effort aimed at Scania's 52,000 employees on climate change and the company's sustainability efforts
- Operating income increased by 37 percent and amounted to SEK 13,889 m. (10,153)
- Net sales increased by 15 percent to SEK 113,815 m. (98,674)
- Cash flow amounted to SEK 7,531 m. (-78) in Vehicles and Services

### Comments by Henrik Henriksson, President and CEO

"Scania's net sales for the first nine months of 2019 amounted to SEK 113.8 billion, an increase of 15 percent compared to the previous year. Earnings in the first nine months of 2019 rose to SEK 13,889 m., which gave an operating margin of 12.2 percent. Higher vehicle and service volume contributed positively, as did currency effects and a favourable market mix. The company is performing strongly and the cost situation in production related to running double truck ranges has steadily improved in each quarter. The measures put in place to reduce the higher long-term product cost level related to the new truck generation are continuing.

The demand situation is now weaker than before and order bookings for trucks fell by 8 percent in the first nine months of 2019 compared to the year-earlier period. Demand for trucks in Europe has slowed as our customers are currently uncertain about the market development. In Latin America demand is still recovering at a sluggish pace. The uncertainty related to global trade continues to have a negative impact on order bookings in Asia and Eurasia. Demand for buses and coaches is slightly lower in the first nine months of 2019 than the year-earlier period, as is demand in the Engines business area mainly related to lower order bookings in Asia. Scania's global production system continually adapts to the demand situation, which means that we

have to gradually adjust staffing levels. We are also reviewing the assignment of consultants for a range of projects.

Service revenue amounted to a record high SEK 21.5 billion, an increase of 10 percent. Financial Services reported operating income of SEK 1,108 million.

At the Brazilian transport trade show FENATRAN in October, Scania received the prestigious "Truck of the Year" award for the Latin American market.

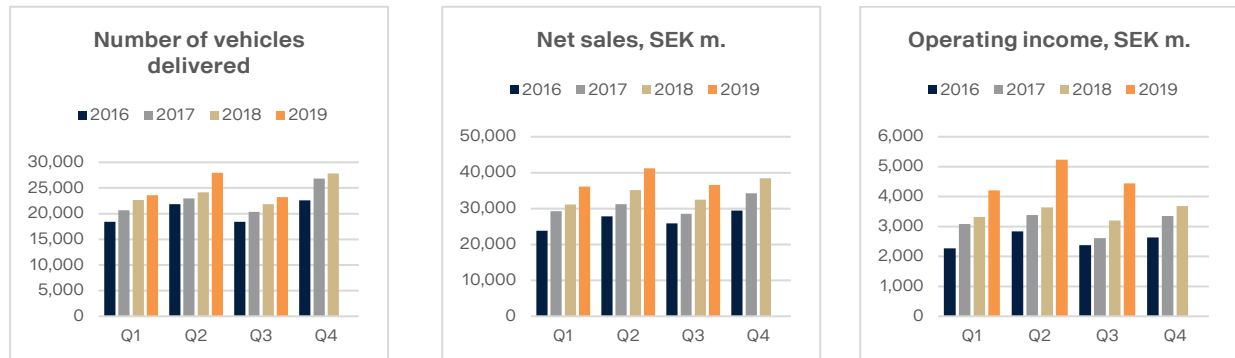
At Busworld in October, the new Scania Citywide was premiered – our first fully electric bus in series production for city traffic and the first model in our new bus and coach generation. Electrified buses and trucks will play a crucial role in achieving a fossil-free transport system in the longer term. However, if we are to have a chance of reaching the Paris Agreement's goal, solutions involving renewable fuels are required in order to bridge the period up to the cut-off point for a fully electrified transport system. Scania has invested for a long time in order to be able to offer a broad suite of transport and public transport solutions where vehicles operate on renewable fuels."

### Financial overview

		9 months			Q3		
		2019	2018	Change, %	2019	2018	Change, %
<b>Trucks and buses, units</b>							
Order bookings		<b>66,581</b>	72,489	-8	<b>17,792</b>	19,986	-11
Deliveries		<b>74,720</b>	68,639	9	<b>23,196</b>	21,861	6
<b>Net sales and earnings</b>	<i>MEUR*</i>						
<b>Net sales, Scania Group, SEK m.,</b>	<i>10,623</i>	<b>113,815</b>	98,674	15	<b>36,544</b>	32,446	13
Operating income, Vehicles and Services, SEK m.	<i>1,193</i>	<b>12,781</b>	9,094	41	<b>4,074</b>	2,809	45
Operating income, Financial Services, SEK m.	<i>103</i>	<b>1,108</b>	1,059	5	<b>371</b>	394	-6
Operating income, SEK m.	<i>1,296</i>	<b>13,889</b>	10,153	37	<b>4,445</b>	3,203	39
<b>Income before taxes, SEK m.</b>	<i>1,220</i>	<b>13,070</b>	9,855	33	<b>4,211</b>	3,111	35
<b>Net income for the period, SEK m.</b>	<i>920</i>	<b>9,859</b>	7,273	36	<b>3,102</b>	2,199	41
Operating margin, %		<b>12.2</b>	10.3		<b>12.2</b>	9.9	
Return on capital employed, Vehicles and Services, %		<b>25.3</b>	22.0				
Cash flow, Vehicles and Services, SEK m.	<i>703</i>	<b>7,531</b>	-78		<b>3,893</b>	1,022	

\* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.71 = EUR 1.00. Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year. This interim report has not been subject to review by the company's auditors. This report is also available on [www.scania.com](http://www.scania.com)

## Business overview



Excluding items affecting comparability (Q2 2016)

### Sales performance

During the first nine months of 2019, total vehicle deliveries increased by 9 percent to 74,720 (68,639) units, compared to the year-earlier period. Group net sales rose by 15 percent to SEK 113,815 m. (98,674).

### Weaker demand in several regions

Demand for trucks in Europe has slowed and customers are taking a wait-and-see attitude regarding orders due to uncertainty about the market outlook. In Latin America, demand is being driven by a continuing recovery in Brazil, although at a sluggish pace. In Russia, demand is impacted by uncertainty regarding the political and trade situation. The demand situation in the Asia region is impacted negatively by lower order bookings in the Middle East.

## The truck market

### Order bookings

Scania's order bookings decreased by 14 percent during the third quarter of 2019, compared to 2018, and totalled 16,035 (18,593) trucks. Order bookings in Europe decreased by 30 percent to 7,921 (11,241) units, compared to the third quarter of 2018. Demand decreased in several major European markets such as Great Britain, Germany and the Netherlands, which was partly offset by increases in Norway, Sweden and Bosnia.

Order bookings in Latin America fell during the third quarter of 2019 by 4 percent, compared to the third quarter of 2018, and amounted to 2,966 (3,099) trucks, mainly related to lower demand in the Dominican Republic, Argentina and Uruguay, which was partly offset by an upturn in Mexico and Peru.

In Eurasia, order bookings rose during the third quarter by 9 percent compared to the year-earlier period and total order bookings amounted to 1,655 (1,523) trucks, an increase that was primarily related to Russia and Ukraine.

In Asia, order bookings rose by 47 percent to 2,156 (1,465) trucks during the third quarter of 2019 compared to the previous year. The increase is related to the cancellation of orders in the Middle East the same period last year.

In Africa and Oceania, order bookings rose by 6 percent compared to the third quarter of 2018 and amounted to 1,337 (1,265) units, mainly related to Liberia and South Africa.

### Deliveries

Scania's total truck deliveries rose by 5 percent to 21,001 (20,004) units during the third quarter compared to the year-earlier period. In Europe, deliveries rose by 11 percent to 12,858 (11,603) units compared to the third quarter of 2018. In Eurasia, deliveries fell by 48 percent to 990 (1,921) trucks. In Latin America, deliveries rose by 76 percent to 4,696 (2,671) units compared to the third quarter of 2018. In Asia, deliveries fell by 54 percent compared to the third quarter of 2018 to 1,272 (2,795) trucks. In Africa and Oceania, deliveries rose by 17 percent to 1,185 (1,014) trucks.

### Net sales

Net sales of trucks rose by 23 percent to SEK 73,469 m. (59,955) during the first nine months of 2019. During the third quarter, sales rose by 16 percent to SEK 22,677 m. (19,603).

### The total European market for heavy trucks

The total market for heavy trucks in 28 of the European Union member countries (all EU countries except Malta) plus Norway, Switzerland, Bosnia and Serbia increased by about 5.5 percent to 252 600 (239 400) units during the three quarters of 2019. Scania truck registrations amounted to 48 300 units, equivalent to a market share of 19.1 (16.1) percent.

## Scania trucks

	Order bookings			Deliveries		
	9 months 2019	9 months 2018	Change, %	9 months 2019	9 months 2018	Change, %
Europe	34,784	40,775	-15	46,147	37,177	24
Eurasia	3,837	5,596	-31	3,057	4,841	-37
America*	12,895	8,284	56	11,736	8,533	38
Asia	5,776	7,696	-25	5,002	8,125	-38
Africa and Oceania	3,397	3,653	-7	3,054	3,457	-12
Total	60,689	66,004	-8	68,996	62,133	11

\*Refers to Latin America

## The bus and coach market

### Order bookings

Order bookings for buses and coaches during the first nine months of 2019 decreased compared to the previous year to 5,892 (6,485) units. During the third quarter, order bookings rose to 1,757 (1,393), compared to the third quarter of 2018.

In Europe, order bookings fell and amounted to 316 (545) units during the third quarter. Order bookings fell mainly in Great Britain, Norway and Italy, which was partly offset by an upturn in Finland. In Latin America, order bookings rose sharply to 874 (389) units compared to the third quarter of 2018. In Asia, order bookings fell by 26 percent to 154 (207) buses and coaches compared to the third quarter of 2018. Order bookings in Eurasia rose to 57 (21) buses and coaches compared to the year-earlier period. Order bookings in Africa and Oceania rose by 54 percent to 356 (231) buses and coaches.

### Deliveries

Scania's bus and coach deliveries totalled 2,195 (1,857) units during the third quarter of 2019, an increase of 18 percent. In Europe, deliveries rose by 25 percent to 563 (452) units compared to the third quarter of 2018. Deliveries rose in Latin America by 41 percent to 864 (613) units. In Asia, deliveries fell by 55 percent to 263 (582), while deliveries of buses and coaches in Africa and Oceania rose sharply during the third quarter to 497 (207) units. Deliveries to Eurasia rose to 8 (3) units.

Scania's market share in buses and coaches in Europe was at the level of around 6,6 percent for the first nine months of 2019 compared to 7,3 percent in 2018.

### Net sales

Net sales of buses and coaches rose by 4 percent during the first nine months of 2019 to SEK 8,875 m. (8,570), compared to 2018. During the third quarter, sales rose by 42 percent to SEK 3,693 m. (2,592).

## Scania buses and coaches

	Order bookings			Deliveries		
	9 months 2019	9 months 2018	Change, %	9 months 2019	9 months 2018	Change, %
Europe	2,007	1,842	9	1,573	1,651	-5
Eurasia	88	77	14	45	313	-86
America*	2,536	2,460	3	2,540	1,965	29
Asia	536	1,190	-55	735	1,754	-58
Africa and Oceania	725	916	-21	831	823	1
Total	5,892	6,485	-9	5,724	6,506	-12

\*Refers to Latin America

## Engines

### Order bookings

Total engine order bookings fell by 28 percent to 6,752 (9,403) units during the first nine months of 2019 compared to 2018. The downturn was mainly attributable to South Korea, Germany and Great Britain, which was partly offset by an upturn in Poland, the Czech Republic and China. During the third quarter, order bookings fell by 7 percent to SEK 2,137 m. (2,300) engines, mainly related to Brazil.

### Deliveries

Engine deliveries fell by 16 percent to 7,199 (8,538) units during the first nine months of 2019. The downturn was mainly attributable to South Korea, Great Britain and Germany, which was partly offset by the Czech Republic and Poland. During the third quarter, deliveries fell by 17 percent to 2,154 (2,593) engines, mainly related to South Korea, Great Britain and Brazil, which was partly offset by Poland.

## Net sales

During the first nine months of 2019, sales fell by 7 percent to SEK 1,726 m. (1,855). Net sales in the third quarter amounted to SEK 549 m. (575), a decrease of 5 percent.

## Services

Service revenue amounted to SEK 7,253 m. (6,546) during the third quarter of 2019, an increase of 11 percent. Higher volume in Europe had a positive impact. In local currencies, revenue increased by 8 percent.

Service revenue amounted to SEK 21,499 m. (19,612) during the first nine months of 2019, an increase of 10 percent. In local currencies, revenue rose by 6 percent. In Europe, service revenue rose by 9 percent to SEK 14,640 m. (13,466) compared to the first nine months of 2018. In Latin America, revenue rose by 12 percent to SEK 2,549 m. (2,275) compared to the previous year and service revenue in Eurasia rose by 26 percent to SEK 722 m. (575) compared to the first nine months of 2018. Revenue in Asia was 8 percent higher than the previous year at SEK 2,115 m. (1,965). In Africa and Oceania, service revenue rose by 11 percent to SEK 1,473 m. (1,331).

## Earnings

### Vehicles and Services

#### First nine months of 2019

Operating income in Vehicles and Services totalled SEK 12,781 m. (9,094) during the first nine months of 2019, an increase of 41 percent. Higher vehicle and service volume contributed positively, as did currency effects and a favourable market mix. Compared to the first nine months of 2018, the total currency effect was positive and amounted to about SEK 1,156 m.

Scania's research and development expenditures amounted to SEK 5,170 m. (5,456). After adjusting for SEK 1,339 m. (1,335) in capitalised expenditures and SEK 518 m. (552) in depreciation of previously capitalised expenditures, recognised expenses decreased to SEK 4,349 m. (4,673).

#### Third quarter

Operating income in Vehicles and Services totalled SEK 4,074 m. (2,809) during the third quarter of 2019. Higher vehicle and service volume contributed positively, as did higher capacity utilisation in production, currency effects and a favourable market mix. Compared to the third quarter of 2018, the total currency rate effect was positive and amounted to about SEK 370 m.

Scania's research and development expenditures amounted to SEK 1,560 m. (1,783). After adjusting for SEK 367 m. (574) in capitalised expenditures, and SEK 170 m. (178) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,363 m. (1,387).

### Financial Services

#### Customer finance portfolio

At the end of the third quarter of 2019, the size of Scania's customer finance portfolio amounted to SEK 103.4 billion, which was SEK 14.3 billion higher than the end of 2018. In local currencies, the portfolio increased by SEK 9.5 billion, equivalent to 9 percent.

#### Penetration rate

The penetration rate for trucks was 42 (42) percent during the first nine months of 2019 in those markets where Scania has its own financing operations.

#### Operating income

Operating income in Financial Services increased to SEK 1,108 m. (1,059) during the first nine months of 2019, compared to the same period in 2018. A larger portfolio and currency effects had a positive impact on earnings, while smaller margins and increased operating cost had a negative impact.

### Scania Group

During the first nine months of 2019, Scania's operating income amounted to SEK 13,889 m. (10,153). Operating margin amounted to 12.2 (10.3) percent. Scania's net financial items amounted to SEK -819 m. (-298).

The Scania Group's tax expense amounted to SEK 3,211 m. (2,582), equivalent to 24.6 (26.2) percent of income before taxes. Net income for the period totalled SEK 9,859 m. (7,273), equivalent to a net margin of 8.7 (7.4) percent.

## Cash flow

### Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 7,531 m. (-78) during the first nine months of 2019. Tied-up working capital increased by SEK 4,314 m., which was related to increased inventory.

Net investments amounted to SEK 5,402 m. (4,977), including SEK 1,339 m. (1,335) in capitalisation of development expenses. At the end of the third quarter of 2019, the net cash position in Vehicles and Services amounted to SEK 14,543 m. compared to a net cash position of SEK 16,926 m. at the end of 2018. The net cash position was negatively impacted by paid out dividend and interest-bearing liabilities related to IFRS 16.

### Scania Group

Scania Group's cash flow amounted to SEK -1,240 m. (-5,312) during the first nine months of 2019 due to a growing customer finance portfolio. The Group's net debt increased by about SEK 14,8 billion compared to the end of 2018 due to increased customer finance portfolio, paid out dividend and interest-bearing liabilities related to IFRS 16.

## Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 0 m. (4,353) during the first nine months of 2019.

## Miscellaneous

### Number of employees

At the end of the third quarter of 2019, the number of employees totalled 52,506, compared to 51,662 at the end of the third quarter of 2018.

### Material risks and uncertainties

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report for 2018 describes Scania's strategic, operational, legal and financial risks. Note 2 of the same report provides a detailed account of key judgements and estimates. Note 27 of the same report describes the financial risks, such as currency risk and interest rate risk. The risks that have the greatest impact on financial performance and on reporting for the Group and the Parent Company are summarised as follows:

#### a) Sales with obligations

About 12 percent of the vehicles Scania sells are delivered with repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation (contract).

#### b) Credit risks

In its Financial Service operations, Scania has an exposure in the form of contractual future payments. This exposure is reduced by the collateral Scania has in the form of the right to repossess the underlying vehicle. In case the market value of the collateral does not cover the exposure to the customer, Scania runs a credit risk. Reserves for probable losses in Financial Service operations are set aside in the estimated amounts required.

#### c) Legal risks

In 2011, Scania became subject of an investigation by the European Commission (EC) into allegedly inappropriate cooperation with other European truck manufacturers. A Statement of Objections was served on Scania by the EC in November 2014. In light of such statement and other developments in the investigation and in accordance with relevant accounting principles, Scania made a provision with an amount of SEK 3,800 m. in June 2016. Scania always cooperated fully with the EC, while all through the investigation contesting the EC's view that Scania would have participated in a pan-European cartel during 1997–2011 on pricing and delayed introductions of emissions related technology. Scania were served with a final decision by the EC in October 2017, holding Scania liable for such scope of a cartel in the amount of around SEK 8.4 bn. (EUR 881 m.) in fines. Scania have appealed against this decision in its entirety, and has in January 2018 provided a guarantee as security for the fines pending the outcome of such appeal. Scania is also the subject of related civil claims by direct or indirect customers of Scania, and may face additional similar claims. However, at this stage it is not possible to give any meaningful indication as to Scania's risk associated with private damages. Scania's appeal against the EU Commission decision before the General Court is still pending and there is also great uncertainty around the extent to which claims will be made against Scania. In addition, risk assessment around claims that have already been made is associated with significant uncertainties, and investigations are in their initial stages only.

## Accounting principles

Scania applies International Financial Reporting Standards (IFRS) as adopted by the EU. This Interim Report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

### New accounting principles from 2019

IFRS 16 Leases, applied as from 1 January 2019, amends the rules for lease accounting and replaces the previous IAS 17 standard and related interpretations. The main objective of IFRS 16 is the recognition of all leases in the balance sheet. Accordingly, lessees are no longer required to classify their leases as either finance leases or operating leases. Instead, they will be required to recognise a right-of-use asset and a lease liability for all leases in their balance sheets. In the Scania Group, the lease liability is measured on the basis of the outstanding lease payments discounted using the incremental borrowing rate, while the right-of-use asset is always measured at the amount of the lease liability plus initial direct costs. During the lease term, the right-of-use asset must be depreciated and the lease liability adjusted using the effective interest method while taking lease payments into account. IFRS 16 offers practical expedients for short-term and low-value leases that the Scania Group applies and therefore does not recognise right-of-use assets or liabilities for these types of leases. In this respect, the lease payments will continue to be recognised in the income statement in the same way as before. At the initial application date, leases whose term end before 1 January 2020 were reclassified as short-term leases, irrespective of the start date of the lease.

The accounting for lessors will in all material aspects be unchanged.

The Scania Group accounts for leases in accordance with IFRS 16, using the modified retrospective method for the first time as of 1 January 2019. Prior-year periods have not been restated. According to this method, the lease liability had to be recognised at the present value of the outstanding lease payments at the transition date. The present value calculation was based on the incremental borrowing rates as of 1 January 2019. The weighted average interest rate applied in the Scania Group was 3.7 %.

For the purpose of simplification the right-of-use assets were recognised at the amount of the corresponding lease liability, adjusted for any prepaid or accrued lease payments. In addition, existing leases were not reassessed at the initial application date to determine whether or not they are leases under the criteria of IFRS 16. Instead, contracts classified as leases under IAS 17 or IFRIC 4 will continue to be accounted for as leases.

The right-of-use assets are recognised in the balance sheet under those items in which the assets underlying the lease would have been reported if they were owned by the Scania Group. For this reason, the right-of-use assets are presented under tangible assets.

The initial recognition of right-of-use assets and lease liabilities had the following effects as of 1 January 2019:

- Right-of-use assets amounting to SEK 4,564 m. were recognised in the opening. Of the right of-use assets recognised, SEK 31 m. had already been recognised in the balance sheet as of 31 December 2018 under finance leases.
- Lease liabilities in an amount of SEK 4,544 m. were recognised in the balance sheet and reported under non-current and current financial liabilities. Of the recognised lease liabilities, SEK 11 m. had already been recognised in the balance sheet as of 31 December 2018 under finance leases.
- Initial application did not have any effect on equity.

The difference between the expected payments for operating leases in an amount of SEK 3,999 m. discounted using the incremental borrowing rate as of 31 December 2018, and the lease liabilities in an amount of SEK 4,544 m. recognised in the opening balance was mainly due to the reassessment of lease terms in accordance with IFRS 16. In this process, reasonably certain extension or termination options were taken into account in determining the lease payments to be capitalised. Moreover the opening balance does not include lease payments for low-value and short-term leases.

Unlike the previous procedure, under which all operating lease expenses were reported under operating income, under IFRS 16 depreciation charges on right-of-use assets are allocated to operating income. Interest expense from adding interest on lease liabilities is reported in net financial items.

The change in the way expenses from operating leases are presented in the cash flow statement resulted in an improvement in cash flows from operating activities. Cash flows from financing activities declined accordingly. The increase in financial liabilities attributable to IFRS 16 had a negative impact on Scania Group's net debt.



This standard also results in far more extensive disclosures in the notes.

Other changes in standards and interpretations that enter into force on 1 January 2019 or subsequently are not expected to have any material impact on Scania's accounting.

## **Cash flow**

As from 1 January 2019 Scania has aligned the presentation of cash flow statement with Volkswagen.

## **Parent Company**

The Interim Report for the Parent Company, Scania AB, has been prepared in accordance with the Annual Accounts Act and recommendation RFR 2, "Accounting for Legal Entities" of the Swedish Financial Reporting Board.

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## Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Change in %	Q3	
	EUR m.*	2019	2018		2019	2018
Revenue	10,623	113,815	98,674	15	36,544	32,446
Cost of goods sold and services rendered	-7,888	-84,515	-73,543	15	-27,206	-24,509
<b>Gross income</b>	2,735	29,300	25,131	17	9,338	7,937
Research and development expenses	-406	-4,349	-4,673	-7	-1,363	-1,387
Selling expenses	-871	-9,328	-8,731	7	-3,006	-2,853
Administrative expenses	-155	-1,663	-1,522	9	-497	-484
Other operating income	10	107	120	-11	35	43
Other operating expenses	-17	-178	-172	3	-62	-53
<b>Operating income</b>	1,296	13,889	10,153	37	4,445	3,203
Interest income	28	304	294	3	111	96
Interest expenses	-60	-643	-561	15	-212	-198
Share of income from associated companies and joint ventures	4	38	32	19	15	10
Other financial income	21	220	276	-20	103	171
Other financial expenses	-69	-738	-339	118	-251	-171
<b>Total financial items</b>	-76	-819	-298	175	-234	-92
<b>Income before taxes</b>	1,220	13,070	9,855	33	4,211	3,111
Taxes	-300	-3,211	-2,582	24	-1,109	-912
<b>Net income for the period</b>	920	9,859	7,273	36	3,102	2,199
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Translation differences	154	1,652	-590		300	-968
Income tax	0	-4	64		8	8
	154	1,648	-526		308	-960
<b>Items that will not be reclassified to profit or loss</b>						
Re-measurement defined benefit plans <sup>1)</sup>	-238	-2,553	-469		-873	1
Fair value adjustment equity instruments	8	82	0		0	0
Income tax	47	502	33		155	-1
	-183	-1,969	-436		-718	0
<b>Other comprehensive income for the period</b>	-29	-321	-962		-410	-960
<b>Total comprehensive income for the period</b>	891	9,538	6,311		2,692	1,239
Net income attributable to:						
Scania shareholders	920	9,855	7,273		3,101	2,198
Non-controlling interest	0	4	0		1	1
Total comprehensive income attributable to:						
Scania shareholders	891	9,534	6,310		2,691	1,239
Non-controlling interest	0	4	1		1	0
Operating income includes depreciation of	-736	-7,881	-6,181		-2,772	-2,026
Operating margin, percent		12.2	10.3		12.2	9.9

1) The discount rate in calculating the Swedish pension liability has changed to 1.25 percent per 30 September.

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.71 = EUR 1.00.



## Net sales and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	Nine months		2018	Change in %	Q3	
	EUR m.	2019			2019	2018
<b>Net sales</b>						
Trucks	6,858	<b>73,469</b>	59,955	23	<b>22,677</b>	19,603
Buses*	828	<b>8,875</b>	8,570	4	<b>3,693</b>	2,592
Engines	161	<b>1,726</b>	1,855	-7	<b>549</b>	575
Service-related products	2,006	<b>21,499</b>	19,612	10	<b>7,253</b>	6,546
Used vehicles	579	<b>6,209</b>	5,679	9	<b>2,017</b>	1,787
Miscellaneous	332	<b>3,556</b>	3,503	2	<b>1,109</b>	1,168
Delivery sales value	10,764	<b>115,334</b>	99,174	16	<b>37,298</b>	32,271
Revenue deferrals <sup>1)</sup>	-477	<b>-5,112</b>	-3,545	44	<b>-1,990</b>	-905
Net sales	10,287	<b>110,222</b>	95,629	15	<b>35,308</b>	31,366

### Net sales<sup>2)</sup>

Europe	6,864	<b>73,559</b>	61,014	21	<b>21,833</b>	19,807
Eurasia	406	<b>4,345</b>	5,231	-17	<b>1,485</b>	1,893
America**	1,515	<b>16,229</b>	11,141	46	<b>6,303</b>	3,585
Asia	804	<b>8,614</b>	11,338	-24	<b>2,506</b>	3,865
Africa and Oceania	698	<b>7,475</b>	6,905	8	<b>3,181</b>	2,216
Net sales	10,287	<b>110,222</b>	95,629	15	<b>35,308</b>	31,366

### Total delivery volume, units

Trucks		<b>68,996</b>	62,133	11	<b>21,001</b>	20,004
Buses*		<b>5,724</b>	6,506	-12	<b>2,195</b>	1,857
Engines		<b>7,199</b>	8,538	-16	<b>2,154</b>	2,593

<sup>1)</sup> Refers to the difference between sales value based on deliveries and revenue recognised as income

<sup>2)</sup> Revenues from external customers by location of customers

\* Including body-built buses and coaches

\*\* Refers mainly to Latin America

## Consolidated balance sheets, condensed

Amounts in SEK m. unless otherwise stated	2019		2018	
	EUR m.	30 Sep	31 Dec	30 Sep
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	1,090	11,675	10,761	10,236
Tangible assets	3,564	38,187	31,486	30,375
Lease assets	2,932	31,414	28,273	27,325
Shares and participations	98	1,047	823	860
Interest-bearing receivables	4,748	50,878	43,251	41,322
Other receivables <sup>1), 2)</sup>	739	7,921	6,921	6,355
<b>Current assets</b>				
Inventories	2,727	29,217	25,804	26,512
Interest-bearing receivables	2,993	32,067	27,797	25,971
Other receivables <sup>3)</sup>	1,598	17,130	17,000	16,775
Current investments	108	1,156	1,612	1,466
Cash and cash equivalents	1,830	19,607	7,222	12,955
<b>Total assets</b>	<b>22,427</b>	<b>240,299</b>	<b>200,950</b>	<b>200,152</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Scania shareholders	5,507	59,012	54,345	51,712
Non-controlling interest	2	18	14	16
<b>Total equity</b>	<b>5,509</b>	<b>59,030</b>	<b>54,359</b>	<b>51,728</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	5,216	55,887	42,950	46,343
Provisions for pensions	1,224	13,119	10,439	10,125
Other provisions <sup>6)</sup>	617	6,611	6,389	6,614
Other liabilities <sup>1), 4)</sup>	1,724	18,474	15,819	15,105
<b>Current liabilities</b>				
Interest-bearing liabilities	4,048	43,372	29,922	30,348
Provisions	363	3,894	3,569	3,499
Other liabilities <sup>5)</sup>	3,726	39,912	37,503	36,390
<b>Total equity and liabilities</b>	<b>22,427</b>	<b>240,299</b>	<b>200,950</b>	<b>200,152</b>
<b>Equity/assets ratio, percent</b>		<b>24.6</b>	27.1	25.8

<sup>1)</sup> Including deferred tax

<sup>2)</sup> Including derivatives with positive value for hedging of borrowings

<sup>3)</sup> Including derivatives with positive value for hedging of borrowings

<sup>4)</sup> Including derivatives with negative value for hedging of borrowings

<sup>5)</sup> Including derivatives with negative value for hedging of borrowings

<sup>6)</sup> Including provision related to the European Commission's competition investigation

## Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2019	2018
Equity, 1 January	5,073	54,359	49,919
Transition to IFRS 9	-	-	-150
Net income for the period	920	9,859	7,273
Other comprehensive income for the period	-30	-321	-962
Dividend to shareholders	-1,363	-14,611	-4,352
Capital contribution	909	9,744	-
<b>Total equity at the end of the period</b>	<b>5,509</b>	<b>59,030</b>	<b>51,728</b>
Attributable to:			
Scania AB shareholders	5,507	59,012	51,712
Non-controlling interest	2	18	16

## Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Q3	
	EUR m.	2019	2018	2019	2018
<b>Operating activities</b>					
Income before tax	1,220	13,070	9,855	4,211	3,111
Items not affecting cash flow	771	8,262	7,009	2,867	2,053
Taxes paid	-294	-3,149	-3,233	-1,005	-880
<b>Cash flow from operating activities before change in working capital</b>	<b>1,697</b>	<b>18,183</b>	13,631	<b>6,073</b>	4,284
Change in working capital <sup>1)</sup>	-1,305	-13,988	-13,945	-1,728	-2,968
<b>Cash flow from operating activities</b>	<b>392</b>	<b>4,195</b>	-314	<b>4,345</b>	1,316
<b>Investing activities</b>					
Net investments <sup>3)</sup>	-507	-5,435	-4,998	-1,807	-1,874
<b>Cash flow from investing activities attributable to operating activities</b>	<b>-507</b>	<b>-5,435</b>	-4,998	<b>-1,807</b>	-1,874
<b>Cash flow after investing activities attributable to operating activities</b>	<b>-115</b>	<b>-1,240</b>	-5,312	<b>2,538</b>	-558
Investments in securities and loans <sup>2)</sup>	45	478	157	182	329
<b>Cash flow from investing activities</b>	<b>-462</b>	<b>-4,957</b>	-4,841	<b>-1,625</b>	-1,545
<b>Cash flow before financing activities</b>	<b>-70</b>	<b>-762</b>	-5,155	<b>2,720</b>	-229
<b>Financing activities</b>					
Change in debt from financing activities <sup>3)</sup>	1,656	17,743	16,494	3,876	6,329
Dividend	-454	-4,867	-4,352	-	-
<b>Cash flow from financing activities</b>	<b>1,202</b>	<b>12,876</b>	12,142	<b>3,876</b>	6,329
<b>Cash flow for the period</b>	<b>1,131</b>	<b>12,114</b>	6,987	<b>6,596</b>	6,100
<b>Cash and cash equivalents at beginning of period <sup>4)</sup></b>	<b>674</b>	<b>7,222</b>	6,042	<b>12,904</b>	6,945
<b>Exchange rate differences in cash and cash equivalents</b>	<b>25</b>	<b>271</b>	-73	<b>107</b>	-89
<b>Cash and cash equivalents at end of period <sup>5)</sup></b>	<b>1,830</b>	<b>19,607</b>	12,956	<b>19,607</b>	12,956

### Cash flow statement, Vehicles and services

Cash flow from operating activities before change in working capital	1,610	17,247	12,483	5,599	3,995
Change in working capital <sup>1)</sup>	-403	-4,314	-7,584	95	-1,103
<b>Cash flow from operating activities</b>	<b>1,207</b>	<b>12,933</b>	4,899	<b>5,694</b>	2,892
Cash flow from investing activities attributable to operating activities	-504	-5,402	-4,977	-1,801	-1,870
<b>Cash flow after investing activities attributable to operating activities</b>	<b>703</b>	<b>7,531</b>	-78	<b>3,893</b>	1,022

As from 2019 changes have been done in Cash flow statement in accordance with Volkswagen Group presentation of cash flow.

Comparative figures for 2018 have been adjusted with:

- 1) Loan receivables moved to investments in securities and loans with SEK 0 m Q3, 48 m first nine months.
- 2) Municipal bonds included with SEK 340 m Q3, -301 m first nine months, previously presented in cash and cash equivalents. Loan receivables included with SEK 0 m Q3, -48 m first nine months, previously presented in working capital. Loan receivables included with SEK -9 m Q3, 499 m first nine months, previously presented in financing activities.
- 3) Loan receivables moved to investments in securities and loans with SEK 9 m Q3, -499 m first nine months.
- 4) Municipal bonds moved to investments in securities and loans with SEK -450 m.
- 5) Municipal bonds moved to investments in securities and loans with SEK -751 m.

In addition to above, some minor reclassifications have been made, affecting comparative figures for 2018 as follows: Items not affecting cash flow SEK -73 m Q3, 121 m first nine months, taxes paid SEK -6 m Q3, -14 m first nine months, change in working capital SEK 18 m Q3, 36 m first nine months, investing activities SEK 42 m Q3, 132 m first nine months, financing activities SEK 19 m Q3, -264 m first nine months and change in cash and cash equivalents SEK -0 m Q3, -11 m first nine months.

## Fair value of financial instruments

Amounts in SEK m. unless otherwise stated

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised. Current investments are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 65 m. (1 005). Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data, such as discount rate and credit risk. These items are carried under Other non-current receivables SEK 307 m. (274), Other current receivables SEK 186 m. (564), Other non-current liabilities SEK 1,558 m. (372) and Other current liabilities SEK 787 m. (981). Equity instrument assets are carried according to Level 3 based on unobservable data and amount to SEK 311 m. (256)

For financial assets that are carried at amortised cost, book value amounts to SEK 113,104 m. (87,980) and fair value to SEK 113,167 m. (87,593). For financial liabilities that are carried at amortised cost, book value amounts to SEK 110,197 m. (88,451) and fair value to SEK 110,452 m. (88,329). Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at amortised cost minus any impairment losses, is regarded as coinciding with the carrying amount.

For further information about financial instruments, see Note 28 Financial instruments in Scania's Annual Report for 2018.

## Quarterly data, units by geographic area

	2019			2018				
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Order bookings, trucks</b>								
Europe	7,921	12,312	14,551	57,188	16,413	11,241	13,617	15,917
Eurasia	1,655	911	1,271	6,492	896	1,523	929	3,144
America **	2,966	3,633	6,296	10,150	1,866	3,099	2,122	3,063
Asia	2,156	1,669	1,951	9,665	1,969	1,465	2,480	3,751
Africa and Oceania	1,337	1,340	720	5,245	1,592	1,265	1,160	1,228
<b>Total</b>	<b>16,035</b>	<b>19,865</b>	<b>24,789</b>	<b>88,740</b>	<b>22,736</b>	<b>18,593</b>	<b>20,308</b>	<b>27,103</b>
<b>Trucks delivered</b>								
Europe	12,858	17,139	16,150	52,016	14,839	11,603	12,614	12,960
Eurasia	990	1,300	767	8,006	3,165	1,921	1,697	1,223
America**	4,696	4,570	2,470	12,725	4,192	2,671	3,233	2,629
Asia	1,272	1,810	1,920	10,464	2,339	2,795	2,671	2,659
Africa and Oceania	1,185	990	879	4,784	1,327	1,014	1,347	1,096
<b>Total</b>	<b>21,001</b>	<b>25,809</b>	<b>22,186</b>	<b>87,995</b>	<b>25,862</b>	<b>20,004</b>	<b>21,562</b>	<b>20,567</b>
<b>Order bookings, buses*</b>								
Europe	316	1,165	526	2,431	589	545	666	631
Eurasia	57	21	10	81	4	21	56	0
America **	874	650	1,012	3,345	885	389	1,320	751
Asia	154	216	166	1,405	215	207	103	880
Africa and Oceania	356	169	200	1,444	528	231	291	394
<b>Total</b>	<b>1,757</b>	<b>2,221</b>	<b>1,914</b>	<b>8,706</b>	<b>2,221</b>	<b>1,393</b>	<b>2,436</b>	<b>2,656</b>
<b>Buses delivered*</b>								
Europe	563	682	328	2,212	561	452	672	527
Eurasia	8	22	15	344	31	3	61	249
America **	864	1,050	626	2,805	840	613	722	630
Asia	263	222	250	2,058	304	582	742	430
Africa and Oceania	497	163	171	1,063	240	207	379	237
<b>Total</b>	<b>2,195</b>	<b>2,139</b>	<b>1,390</b>	<b>8,482</b>	<b>1,976</b>	<b>1,857</b>	<b>2,576</b>	<b>2,073</b>

\* Including body-built buses and coaches.

\*\* Refers to Latin America

## Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2019	2018
<b>Income statement</b>			
Financial income and expenses	0	0	4,353
<b>Net income for the period</b>	0	0	4,353

	2019			2018
	EUR m.	30 Sep	30 Sep	30 Sep
<b>Balance sheet</b>				
<b>Assets</b>				
<b>Financial non-current assets</b>				
Shares in subsidiaries	787	8,435	8,435	
<b>Current assets</b>				
Due from subsidiaries	579	6,201	1,568	
<b>Total assets</b>	1,366	14,636	10,003	
<b>Equity</b>				
Equity	1,366	14,636	10,003	
<b>Total shareholders' equity</b>	1,366	14,636	10,003	
<b>Total equity and liabilities</b>	1,366	14,636	10,003	

	2019			2018
	EUR m.	30 Sep	30 Sep	30 Sep
<b>Statement of changes in equity</b>				
Equity, 1 January	1,820	19,503	10,002	
Total comprehensive income	0	0	4,353	
Dividend	-1,363	-14,611	-4,352	
Capital injection	909	9,744	-	
<b>Equity</b>	1,366	14,636	10,003	

## Note 1 Segment Reporting

### Income statements

#### Vehicle and Services

	2019 Nine months	2018 Nine months	2019 Q3	2018 Q3
Amounts in SEK m. unless otherwise stated				
Revenue	110,222	95,629	35,308	31,366
Cost of goods sold	-83,303	-72,567	-26,787	-24,147
<b>Gross income</b>	26,919	23,062	8,521	7,219
Research and development expenses	-4,349	-4,673	-1,363	-1,387
Selling expenses	-8,126	-7,773	-2,587	-2,539
Administrative expenses	-1,663	-1,522	-497	-484
<b>Operating income</b>	12,781	9,094	4,074	2,809
Interest income	304	294	111	96
Interest expenses	-643	-561	-212	-198
Share of income in associated companies and joint ventures	38	32	15	10
Dividends in between segments	128	127	128	91
Other financial income	220	276	103	171
Other financial expenses	-738	-339	-251	-171
<b>Total financial items</b>	-691	-171	-106	-1
<b>Income before taxes</b>	12,090	8,923	3,968	2,808
Taxes	-2,895	-2,277	-985	-768
<b>Net income for the period</b>	9,195	6,646	2,983	2,040

#### Financial Services

	2019 Nine months	2018 Nine months	2019 Q3	2018 Q3
Amounts in SEK m. unless otherwise stated				
Interest and lease income	6,469	5,677	2,214	1,931
Insurance commission	237	196	80	77
Interest and prepaid expenses	-4,325	-3,804	-1,477	-1,290
Interest surplus and insurance commission	2,381	2,069	817	718
Other income	107	120	35	43
Other expenses	-178	-172	-62	-53
<b>Gross income</b>	2,310	2,017	790	708
Selling and administration expenses	-970	-811	-317	-274
Bad debt expenses, realised and anticipated	-232	-147	-102	-40
<b>Operating income</b>	1,108	1,059	371	394
<b>Income before tax</b>	1,108	1,059	371	394
Taxes	-316	-305	-130	-144
<b>Net income for the period</b>	792	754	241	250



## Reconciliation of segments to the Scania Group

### January - September

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2019 Nine months	2018 Nine months	2019 Nine months	2018 Nine months	2019 Nine months	2018 Nine months	2019 Nine months	2018 Nine months
Amounts in SEK m. unless otherwise stated								
Revenue	110,222	95,629	6,706	5,873	-3,113	-2,828	113,815	98,674
Cost of sales	-83,303	-72,567	-4,325	-3,804	3,113	2,828	-84,515	-73,543
<b>Gross income</b>	26,919	23,062	2,381	2,069	0	0	29,300	25,131
Research and development expenses	-4,349	-4,673	0	0			-4,349	-4,673
Selling expenses	-8,126	-7,773	-1,202	-958			-9,328	-8,731
Administrative expenses	-1,663	-1,522	0	0			-1,663	-1,522
Other operating income	0	0	107	120			107	120
Other operating expenses	0	0	-178	-172			-178	-172
<b>Operating income</b>	12,781	9,094	1,108	1,059	0	0	13,889	10,153
Interest income	304	294					304	294
Interest expenses	-643	-561					-643	-561
Share of income in associated companies and joint ventures	38	32					38	32
Dividends in between segments	128	127			-128	-127	0	0
Other financial income	220	276					220	276
Other financial expenses	-738	-339					-738	-339
<b>Total financial items</b>	-691	-171	0	0	-128	-127	-819	-298
<b>Income before taxes</b>	12,090	8,923	1,108	1,059	-128	-127	13,070	9,855
Taxes	-2,895	-2,277	-316	-305	0	0	-3,211	-2,582
<b>Net income for the period</b>	9,195	6,646	792	754	-128	-127	9,859	7,273

### July - September

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2019 Q3	2018 Q3	2019 Q3	2018 Q3	2019 Q3	2018 Q3	2019 Q3	2018 Q3
Amounts in SEK m. unless otherwise stated								
Revenue	35,308	31,366	2,294	2,008	-1,058	-928	36,544	32,446
Cost of sales	-26,787	-24,147	-1,477	-1,290	1,058	928	-27,206	-24,509
<b>Gross income</b>	8,521	7,219	817	718	0	0	9,338	7,937
Research and development expenses	-1,363	-1,387	0	0			-1,363	-1,387
Selling expenses	-2,587	-2,539	-419	-314			-3,006	-2,853
Administrative expenses	-497	-484	0	0			-497	-484
Other operating income	0	0	35	43			35	43
Other operating expenses	0	0	-62	-53			-62	-53
<b>Operating income</b>	4,074	2,809	371	394	0	0	4,445	3,203
Interest income	111	96					111	96
Interest expenses	-212	-198					-212	-198
Share of income in associated companies and joint ventures	15	10					15	10
Dividends in between segments	128	91			-128	-91	0	0
Other financial income	103	171					103	171
Other financial expenses	-251	-171					-251	-171
<b>Total financial items</b>	-106	-1	0	0	-128	-91	-234	-92
<b>Income before taxes</b>	3,968	2,808	371	394	-128	-91	4,211	3,111
Taxes	-985	-768	-130	-144			-1,109	-912
<b>Net income for the period</b>	2,983	2,040	241	250	-128	-91	3,102	2,199

## Key financial ratios and figures

In the Interim report, Scania presents certain performance measures that are used to explain relevant trends and performance of the group, of which not all are defined under IFRS. As these performance measures are not uniformly defined by all companies, these are not always comparable with the measures used by other companies. These performance measures should therefore not be viewed as substitutes for IFRS-defined measures. The following are the performance measures used by Scania that are not defined under IFRS, unless otherwise stated.

### DEFINITIONS

#### **Operating margin**

Operating income as a percentage of net sales.

#### **Net margin**

Net income as a percentage of net sales.

#### **Net debt, net cash excluding provision for pensions**

Current and non-current interest borrowings (excluding pension liabilities) less cash and cash equivalents, current investments and non-current intra-group loans to Volkswagen entities.

#### **Capital employed <sup>1)</sup>**

Total assets excluding shares and participations in group companies less operating liabilities.

#### **Return on capital employed <sup>1) 2)</sup>**

Operating income plus financial income as a percentage of capital employed.

<sup>1)</sup> Calculations are based on average capital employed for the thirteen most recent months.

<sup>2)</sup> Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

### Scania Group

<b>Operating- and net income</b>	<b>Nine months</b>			<b>Q3</b>	
	<i>EUR m.</i>	<b>2019</b>	2018	<b>2019</b>	2018
<i>Net sales</i>	10,622	<b>113,815</b>	98,674	<b>36,544</b>	32,446
<i>Operating income</i>	1,296	<b>13,889</b>	10,153	<b>4,445</b>	3,203
<i>Net income for the period</i>	920	<b>9,859</b>	7,273	<b>3,102</b>	2,199
<i>Operating margin, % (Operating income/Net sales)</i>		<b>12.2</b>	10.3	<b>12.2</b>	9.9
<i>Net margin, % (Net income/Net sales)</i>		<b>8.7</b>	7.4	<b>8.5</b>	6.8

## RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

### Scania Group

		2019	2018
<b>Net debt, excluding provision for pensions</b>			
<b>Assets</b>	<i>EUR m.</i>	<b>30 Sep</b>	31 Dec
Current investments	108	1,156	1,612
Cash and cash equivalents	1,830	19,607	7,222
Loans to Volkswagen entities	1	8	6
Accrued interest in current investments	0	-3	-4
	1,939	20,768	8,836
<b>Liabilities</b>			
Interest-bearing liabilities, non-current	5,216	55,887	42,950
Interest-bearing liabilities, current	4,048	43,372	29,922
Accrued interest in Interest-bearing liabilities	-29	-310	-685
	9,235	98,949	72,187
<b>Net debt</b>	7,296	78,181	63,351

### Vehicles and Services

		2019	2018
<b>Net debt, excluding provision for pensions</b>			
<b>Assets</b>	<i>EUR m.</i>	<b>30 Sep</b>	31 Dec
Current investments	51	542	10,247
Cash and cash equivalents	1,783	19,100	6,683
Loans to Volkswagen entities	0	0	0
Accrued interest in current investments	0	-2	-4
	1,834	19,640	16,926
<b>Liabilities</b>			
Interest-bearing liabilities, non-current	380	4,075	0
Interest-bearing liabilities, current	95	1,022	0
	475	5,097	0
<b>Net debt</b>	-1,359	-14,543	-16,926

### Capital Employed

		2019	2018
	<i>EUR m.</i>	<b>30 Sep</b>	30 Sep
Total assets, excl. Shares and participations in group companies	13,459	144,208	127,929
Operating liabilities			
Other provisions, non-current and current	590	6,319	6,125
Other liabilities, non-current and current	6,786	72,710	65,743
Net derivatives	-137	-1,464	-1,044
<b>Capital Employed</b>	6,220	66,643	57,104

### Return on Capital Employed

		2019	2018
	<i>EUR m.</i>	<b>30 Sep</b>	30 Sep
Operating income	1,501	16,079	12,036
Financial income	70	751	659
Capital employed	6,220	66,643	57,104
<b>Return on Capital Employed <sup>1)</sup></b>		<b>25.3%</b>	22.2%

1) Calculations are based on average capital employed and operating capital for the 13 most recent months