

Scania Interim Report January–June 2018

Summary of the first six months of 2018

- Operating income rose to SEK 6,950 m. (6,464)
- Net sales increased by 9 percent to SEK 66,228 m. (60,541)
- Cash flow amounted to SEK -1,157 m. (3,290) in Vehicles and Services
- As from 2018 Scania's presentation of the income statement has been adjusted to align with Volkswagen Group's (including comparative periods)

Comments by Henrik Henriksson, President and CEO

"Scania increased its net sales to a record high SEK 66.2 billion in the first six months of 2018, an increase of 9 percent compared to the previous year. Earnings amounted to SEK 6,950 m., which gave an operating margin of 10.5 percent. Higher vehicle and service volume contributed positively and so did currency effects while a less favourable market mix, higher production costs for running double product ranges and continuing constraints in the supply chain impacted earnings negatively. The recent strained situation in the supply chain was aggravated by a strike at a component supplier, which means that Scania has been temporarily forced to stop deliveries and sales of V8 engines. As a result of these disruptions, inventory levels have increased, and combined with the high investment level impacts negatively on cash flow.

Demand for trucks remains strong in most markets, driven by the automotive, mining, forestry and agricultural sectors, among others. Demand for trucks in Europe remains at a high level. In Latin America, the demand trend is reflected by the slow recovery in Brazil. In Eurasia, order bookings are still at a good level, mainly driven by Russia. Order bookings in the Middle East have decreased due to the reintroduction of sanctions in Iran. In the rest of Asia, the trend is positive driven by the continuing development towards more modern logistics

systems. Demand for Buses and Coaches continues to be strong. In the business area Engines, demand is reaching new record levels and the trend is positive in all segments. Financial Services reported operating income of SEK 665 million and credit losses remain at low levels.

There is high capacity utilisation in customer vehicle fleets and service revenue amounted to a record high SEK 13.1 billion in the first half of 2018, an increase of 12 percent. Digitalisation and connectivity are critical in the shift towards a sustainable transport system and constitute increasingly important elements in Scania's service offering. Using digitalisation, we can improve the efficiency of our own service business through better capacity utilisation in workshops and thus offer customers more efficient service to enhance their profitability. Meanwhile, digitalisation also opens up for new business models, such as Scania Go, a recently launched mobility service. Through a single app, Scania's employees are given access to a range of different modes of transport during the working day as an alternative to the private car. The aim is to promote sustainable and shared travel and to explore the potential of the system in a broader, commercial perspective."

Financial overview

Financial overview		H1			Q2			
		2018	2017	Change, %	2018	2017	Change, %	
Trucks and buses, units		2018	2017	%	2018	2017	%	
Order bookings		52,503	54,653	-4	22,744	26,718	-15	
Deliveries		46,778	43,608	7	24,138	22,952	5	
Net sales and earnings		EUR m.*						
Net sales, Scania Group, SEK m.**		6,342	66,228	60,541	9	35,113	31,242	12
Operating income, Vehicles and Services, SEK m.		602	6,285	5,944	6	3,272	3,113	5
Operating income, Financial Services, SEK m.		64	665	520	28	363	270	34
Operating income, SEK m.		666	6,950	6,464	8	3,635	3,383	7
Income before taxes, SEK m.		646	6,744	6,313	7	3,530	3,314	7
Net income for the period, SEK m.		486	5,074	4,611	10	2,707	2,400	13
Operating margin, %**		10.5	10.7		10.4	10.8		
Return on capital employed, Vehicles and Services, %		21.6	22.9					
Cash flow, Vehicles and Services, SEK m.		-111	-1,157	3,290	-720	937		

Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year.

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.44 = EUR 1.00.

** 2017 figures have been re-measured as a result of the new presentation of the income statement as from 2018.

This interim report has not been subject to review by the company's auditors. This report is also available on www.scania.com

Business overview



Excluding items affecting comparability (Q2 2016)

Sales performance

During the first half of 2018, total vehicle deliveries increased by 7 percent to 46,778 (43,608) units, compared to the year-earlier period. Group net sales rose by 9 percent to SEK 66,228 m. (60,541).

Order bookings fell by 4 percent to 52,503 (54,653) vehicles, compared to the first half of 2017.

Continued good demand in most regions

Total order bookings for vehicles fell slightly compared to the year-earlier period. Demand for trucks and buses and coaches remained strong in most regions during the second quarter of 2018.

Demand for trucks remains strong in most markets, driven by the automotive, mining, forestry and agricultural sectors, among others. In Europe, stable freight growth in combination with a replacement need, attractive financing levels and the low oil price are all factors supporting the continued strong demand for trucks. Sales of the new truck generation are contributing positively to Scania's stable market position. Demand for used vehicles in Europe is still good. Brazil continues its slow recovery thanks to activity in the agricultural and mining sectors, the main drivers behind demand in Latin America. The reintroduction of sanctions in Iran has had a negative impact on the demand situation in the Middle East, which reduced order bookings in the Asia region. In the rest of Asia, the trend is positive thanks to the continuing development towards more modern logistics systems. Demand in Russia decreased somewhat and the market situation remains uncertain in Eurasia.

The truck market

Order bookings

Scania's order bookings decreased during the second quarter of 2018 and totalled 20,308 (25,036) trucks. Order bookings in Europe decreased by 10 percent to 13,617 (15,144) units, compared to the second quarter of 2017. Demand decreased in several major European markets such as France, Poland, Spain, Italy and Denmark which was partly offset by an increase in Great Britain.

Order bookings in Latin America fell by 31 percent during the second quarter of 2018 compared to the second quarter of 2017 to 2,122 (3,061) trucks, mainly related to slightly lower levels in Brazil.

In Eurasia, order bookings fell by 56 percent during the second quarter and amounted to 929 (2,090) trucks, a decrease that was primarily related to Russia.

In Asia, order bookings fell by 32 percent to 2,480 (3,674) trucks during the second quarter. The decrease was primarily related to Iran and Hong Kong, partly offset by an increase in China.

In Africa and Oceania, order bookings rose by 9 percent compared to the second quarter of 2017, mainly related to South Africa. Order bookings amounted to 1,160 (1,067) units, compared to the second quarter of 2017.

Deliveries

Scania's total truck deliveries increased by 4 percent to 21,562 (20,819) units during the second quarter compared to the year-earlier period. In Europe, deliveries fell slightly by 2 percent to 12,614 (12,873) units compared to the second quarter of 2017. Deliveries in Eurasia rose by 24 percent to 1,697 (1,367) trucks. In Latin America, deliveries rose 32 percent to 3,233 (2,441) units, compared to the second quarter of 2017. In Asia, deliveries fell by 9 percent compared to the second quarter of 2017 to 2,671 (2,924) trucks. Deliveries in Africa and Oceania rose by 11 percent to 1,347 (1,214) trucks.

The recent constraints in the supply chain were aggravated in the second quarter by a strike at a component supplier, which means that Scania has been temporarily forced to stop deliveries and sales of V8 engines as a consequence.

Sales

Net sales of trucks rose by 7 percent to SEK 40,352 m. (37,548) during the first half of 2018. During the second quarter, sales rose by 9 percent to SEK 21,240 m. (19,573).

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 percent to about 165,400 (157,700) units during the first half of 2018. Scania truck registrations amounted to some 26,700 units, equivalent to a market share of about 16.1 (16.8) percent.

Scania trucks

	Order bookings			Deliveries		
	6 months 2018	6 months 2017	Change, %	6 months 2018	6 months 2017	Change, %
Europe	29,534	31,656	-7	25,574	25,024	2
Eurasia	4,073	3,551	15	2,920	2,235	31
America*	5,185	5,213	-1	5,862	4,295	36
Asia	6,231	7,482	-17	5,330	6,066	-12
Africa and Oceania	2,388	2,432	-2	2,443	2,261	8
Total	47,411	50,334	-6	42,129	39,881	6

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches during the second quarter of 2018 rose by 45 percent to 2,436 (1,682) compared to the second quarter of 2017.

In Europe, order bookings rose by 71 percent and amounted to 666 (390) units during the second quarter. Order bookings rose primarily in Estonia, Poland and Spain. In Latin America, order bookings rose to 1,320 (352) units compared to the second quarter of 2017, mainly related to Mexico, Brazil and Chile. In Asia, order bookings fell by 85 percent to 103 (681) buses and coaches compared to the second quarter of 2017, mainly related to Iran and Taiwan, partly offset by an increase in Hong Kong. Order bookings in Eurasia rose to 56 (25) compared to the year-earlier period due to Russia. Order bookings in Africa and Oceania rose by 24 percent to 291 (234) buses and coaches.

Deliveries

Scania's bus and coach deliveries rose by 21 percent and totalled 2,576 (2,133) units during the second quarter. In Europe, deliveries rose by 31 percent to 672 (512) units compared to the second quarter of 2017. Deliveries in Latin America rose by 1 percent to 722 (713). In Asia, deliveries rose by 10 percent to 742 (674), while deliveries of buses and coaches in Africa and Oceania rose by 72 percent during the second quarter to 379 (220) units. Deliveries to Eurasia rose to 61 (14) units.

Scania's market share in buses and coaches in Europe was at the high level of 8.2 percent for the first six months of 2018 compared to 7.4 percent during the year-earlier period.

Net sales

Net sales of buses and coaches rose by 25 percent during the first half of 2018 to SEK 5,978 (4,791). During the second quarter, sales rose by 23 percent to SEK 3,401 m. (2,775).

Scania buses and coaches

	Order bookings			Deliveries		
	6 months 2018	6 months 2017	Change, %	6 months 2018	6 months 2017	Change, %
Europe	1,297	963	35	1,199	972	23
Eurasia	56	49	14	310	28	-
America*	2,071	1,216	70	1,352	1,128	20
Asia	983	1,648	-40	1,172	1,224	-4
Africa and Oceania	685	443	55	616	375	64
Total	5,092	4,319	18	4,649	3,727	25

*Refers to Latin America

Engines

Order bookings

There is an underlying strong demand for engines combined with a pre-buy behaviour related to new engine emission standards coming into effect. During the first half of 2018, engine order bookings rose by 51 percent to 7,103 (4,692) units, compared to the year-earlier period. The upturn was primarily related to South Korea, Germany, Great Britain, Brazil and Belgium.

Deliveries

Engine deliveries rose by 53 percent to 5,945 (3,882) units during the first half of 2018. The upturn was primarily attributable to South Korea, Brazil, Germany and Norway.

Net sales

During the first half of 2018, sales rose by 48 percent to SEK 1,280 m. (865). Net sales in the second quarter amounted to SEK 711 m. (447), an increase of 59 percent.

Services

Service revenue amounted to SEK 13,066 (11,687) during the first half of 2018, an increase of 12 percent. Higher volume in Europe and Asia and currency effects had a positive impact. In local currencies, revenue increased by 10 percent.

In Europe, service revenue rose by 13 percent to SEK 8,982 m. (7,928) compared to the first half of 2017. In Latin America, revenue fell by 1 percent to SEK 1,496 m. (1,506) and service revenue in Eurasia rose to SEK 377 m. (323) compared to the first half of 2017. Service revenue in Asia was 15 percent higher than the previous year at SEK 1,315 m. (1,146). In Africa and Oceania, service revenue rose by 14 percent to SEK 896 m. (784).

Earnings

As from 2018 the presentation of Scania's income statement has changed and the comparative figures have been adjusted accordingly, see explanation in the notes.

Vehicles and Services

First half of 2018

Operating income in Vehicles and Services totalled SEK 6,285 m. (5,944) during the first half of 2018. Compared to the first half of 2017, the total currency effect was positive and amounted to about SEK 1,047 m. Higher vehicle and service volume as well as currency effects had a positive impact on earnings but this was partly offset by a less favourable market mix and higher production costs for running double product ranges and continuing constraints in the supply chain.

Scania's research and development expenditures amounted to SEK 3,673 m. (3,448). After adjusting for SEK 761 m. (824) in capitalised expenditures and SEK 374 m. (178) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 3,286 m. (2,802).

Second quarter

Operating income in Vehicles and Services totalled SEK 3,272 m. (3,113) during the second quarter of 2018. Compared to the second quarter of 2017, the total currency effect was positive and amounted to about SEK 790 m. Higher vehicle and service volume as well as currency effects had a positive impact on earnings but this was partly offset by a less favourable market mix and higher production costs for running double product ranges and continuing constraints in the supply chain.

Scania's research and development expenditures amounted to SEK 2,032 m. (1,733). After adjusting for SEK 423 m. (416) in capitalised expenditures and SEK 193 m. (88) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,802 m. (1,405).

Financial Services

Customer finance portfolio

At the end of the second quarter of 2018, the size of Scania's customer finance portfolio amounted to SEK 84.3 billion, which was SEK 7.3 billion higher than the end of 2017. In local currencies, the portfolio increased by SEK 3.6 billion, equivalent to 4 percent.

Penetration rate

The penetration rate was 42 (44) percent during the first half of 2018 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 665 m. (520) during the first half of 2018, compared to the same period in 2017. 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 six months of 2018, Scania's operating income amounted to SEK 6,950 m. (6,464). Operating margin amounted to 10.5 (10.7) percent. Scania's net financial items amounted to SEK -206 m. (-151).

The Scania Group's tax expense amounted to SEK 1,670 m. (1,702), equivalent to 24.8 (27.0) percent of income before taxes. Net income for the period totalled SEK 5,074 m. (4,611), equivalent to a net margin of 7.9 (7.8) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK -1,157 m. (3,290) during the first half of 2018. Tied-up working capital increased by SEK 6,489 m., mainly related to the strained situation in the supply chain.

Net investments amounted to SEK 3,189 m. (2,893), including SEK 761 m. (824) in capitalisation of development expenses. At the end of the second quarter of 2018, the net cash position in Vehicles and Services amounted to SEK 11,422 m. compared to a net cash position of SEK 17,058 m. at the end of 2017.

Scania Group

Scania's cash flow in Financial Services amounted to SEK -3,931 m. (-3,245) during the first half of 2018 due to a growing customer finance portfolio. Together with the negative cash flow in Vehicles and Services, the Group's net debt increased by about SEK 12.5 billion compared to the end of 2017.

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. (0) during the first six months of 2018.

Miscellaneous

Number of employees

At the end of the second quarter of 2018, the number of employees totalled 50,854 compared to 47,690 on the same date in 2017.

Material risks and uncertainties

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report for 2017 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 15 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 closing 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.

Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) 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 2018

As from 1 January 2018 the Group applies IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers".

IFRS 9 has from 1 January 2018 replaced IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 contains different rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting compared to IAS 39. For Scania the impact of the new standard refers to the impairment model and the requirement to consider expected credit losses when calculating loss allowances. Scania has chosen to apply IFRS 9 retrospectively without adjusting comparative figures. The impact of the transition on 1 January 2018 refers to the impairment model and amounts to SEK 150 m. net after tax recognised in equity. See note 4.

IFRS 15 "Revenue from Contracts with Customers" has replaced IAS 18 Revenue and related interpretations. The core principle of IFRS 15 is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The transition to IFRS 15 has been done based on the modified approach meaning that the comparative figures are not adjusted. Scania's previously applied accounting principles regarding revenue, as described in the Annual report, was in line with the requirements in IFRS 15 and therefore Scania has no effect in equity on transition to IFRS 15.

Other new and revised standards and interpretations that have been applied from 1 January 2018 have not had any significant impact on Scania's financial statements.

Sales with repurchase obligations

As from 2018 the Group has adopted the presentation of sales transactions with repurchase obligations to the Volkswagen Group's accounting principles of such transactions. The change has only resulted in reclassifications in the balance sheet. The effect on the Group is not significant while the effect regarding internal sales transactions with repurchase obligations between the segments Vehicle and Services and Financial Services in the segments is greater. The new accounting principle have been applied retrospectively which means that comparative figures have been recalculated. See Note 3.

Reclassifications 2018

As from 2018 some reclassifications regarding the presentation in the income statement have been done. The reclassifications have been done as a result of adoption to the presentation of different costs in the Volkswagen Group. The reclassification has been done retrospectively which mean that comparative figures have been recalculated. See Note 2.

Presentation of the income statement

As from 2018 the presentation of the income statement has changed due to an adoption to how the income statement is presented in the Volkswagen Group. See Note 2.

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.

Dividend

Scania's Annual General Meeting for the financial year 2017 was held in Södertälje, Sweden, April 25 2018. The Annual General Meeting decided on a dividend for the financial year 2017 of SEK 4,352 m. to be distributed to the shareholders.

Contact persons

Susanna Berlin
Investor Relations
Tel. +46 8 553 861 12
Mobile tel. +46 70 086 05 02

Erik Ljungberg
Corporate Relations
Tel. +46 8 553 835 57
Mobile tel. +46 73 988 35 57

Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	First half			Change in %	Q2	
	EUR m.*	2018	2017		2018	2017
Revenue	6,342	66,228	60,541	9	35,113	31,242
Cost of goods sold and services rendered	-4,695	-49,034	-44,598	10	-26,015	-23,028
Gross income	1,647	17,194	15,943	8	9,098	8,214
Research and development expenses	-315	-3,286	-2,802	17	-1,802	-1,405
Selling expenses	-562	-5,878	-5,662	4	-3,066	-2,917
Administrative expenses	-100	-1,038	-963	8	-569	-489
Other operating income	7	77	95	-19	38	34
Other operating expenses	-11	-119	-147	-19	-64	-54
Operating income	666	6,950	6,464	8	3,635	3,383
Interest income	19	198	388	-49	99	167
Interest expenses	-35	-363	-588	-38	-178	-271
Share of income from associated companies and joint ventures	2	22	24	-8	11	15
Other financial income	10	105	142	-26	43	55
Other financial expenses	-16	-168	-117	44	-80	-35
Total financial items	-20	-206	-151	36	-105	-69
Income before taxes	646	6,744	6,313	7	3,530	3,314
Taxes	-160	-1,670	-1,702	-2	-823	-914
Net income for the period	486	5,074	4,611	10	2,707	2,400
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	36	378	-629		-593	-914
Income tax relating to items that may be reclassified	5	56	-3		18	-13
	41	434	-632		-575	-927
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ¹⁾	-45	-470	-235		1	-236
Income tax relating to items that will not be reclassified	3	34	52		-66	52
	-42	-436	-183		-65	-184
Other comprehensive income for the period	-1	-2	-815		-640	-1,111
Total comprehensive income for the period	485	5,072	3,796		2,067	1,289
Net income attributable to:						
Scania shareholders	486	5,075	4,612		2,708	2,401
Non-controlling interest	0	-1	-1		-1	-1
Total comprehensive income attributable to:						
Scania shareholders	486	5,071	3,797		2,066	1,290
Non-controlling interest	0	1	-1		1	-1
Operating income includes depreciation of	-222	-2,322	-1,881		-1,243	-908
Operating margin, percent		10.5	10.7		10.4	10.8%

¹⁾ The discount rate in calculating the Swedish pension liability amount to 2.5 (2.75) percent per 30 June.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.44275 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

	First half			Change in %	Q2	
	EUR m.	2018	2017		2018	2017
Amounts in SEK m. unless otherwise stated						
Net sales						
Trucks	3,864	40,352	37,548	7	21,240	19,573
Buses*	572	5,978	4,791	25	3,402	2,775
Engines	123	1,280	865	48	711	447
Service-related products	1,251	13,066	11,687	12	6,566	5,836
Used vehicles	374	3,892	3,386	15	1,996	1,711
Miscellaneous	224	2,335	1,978	18	1,246	995
Delivery sales value	6,408	66,903	60,255	11	35,161	31,337
Revenue deferrals ¹⁾	-253	-2,640	-1,498	76	-1,123	-1,000
Net sales	6,155	64,263	58,757	9	34,038	30,337
Net sales²⁾						
Europe	3,946	41,207	37,614	10	21,507	19,064
Eurasia	320	3,338	2,401	39	1,848	1,391
America**	724	7,556	6,405	18	4,088	3,644
Asia	449	4,689	8,054	-42	2,605	3,948
Africa and Oceania	716	7,473	4,283	74	3,990	2,290
Net sales	6,155	64,263	58,757	9	34,038	30,337

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

²⁾ 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	2018		2017	
	EUR m.	30 Jun	31 Dec	30 Jun
Assets				
Non-current assets				
Intangible assets	945	9,867	9,421	9,099
Tangible assets	2,903	30,320	29,711	29,315
Lease assets	2,635	27,516	25,816	25,596
Shares and participations	82	857	587	568
Interest-bearing receivables	3,938	41,127	37,218	33,080
Other receivables ^{1), 2)}	596	6,226	5,765	6,042
Current assets				
Inventories	2,596	27,109	21,589	21,675
Interest-bearing receivables	2,485	25,948	23,452	21,469
Other receivables ³⁾	1,672	17,464	15,300	14,504
Current investments	70	733	1,245	1,186
Cash and cash equivalents	770	8,037	6,504	11,309
Total assets	18,692	195,204	176,608	173,843
Total equity and liabilities				
Equity				
Scania shareholders	4,833	50,474	49,904	46,096
Non-controlling interest	1	15	15	17
Total equity	4,834	50,489	49,919	46,113
Non-current liabilities				
Interest-bearing liabilities	4,222	44,091	39,869	41,206
Provisions for pensions	962	10,049	9,346	8,972
Other provisions ⁶⁾	632	6,597	6,498	6,546
Other liabilities ^{1), 4)}	1,493	15,586	14,703	13,780
Current liabilities				
Interest-bearing liabilities	2,599	27,144	18,822	20,408
Provisions	328	3,424	3,400	3,256
Other liabilities ⁵⁾	3,622	37,824	34,051	33,562
Total equity and liabilities	18,692	195,204	176,608	173,843
¹⁾ Including deferred tax				
²⁾ Including derivatives with positive value for hedging of borrowings	14	146	239	296
³⁾ Including derivatives with positive value for hedging of borrowings	33	347	377	481
⁴⁾ Including derivatives with negative value for hedging of borrowings	89	925	474	399
⁵⁾ Including derivatives with negative value for hedging of borrowings	110	1,146	781	500
⁶⁾ Including provision related to the European Commission's competition investigation				
Equity/assets ratio, percent		25.9	28.3	26.5

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2018	2017
Equity, 1 January	4,779	49,919	42,312
Transition to IFRS 9	-14	-150	-
Net income for the period	486	5,074	4,611
Other comprehensive income for the period	0	-2	-815
Dividend to shareholders	-417	-4,352	-
Change in non-controlling interest	-	-	5
Total equity at the end of the period	4,834	50,489	46,113
Attributable to:			
Scania AB shareholders	4,833	50,474	46,096
Non-controlling interest	1	15	17

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	First half			Q2	
	EUR m.	2018	2017	2018	2017
Operating activities					
Income before tax	646	6,744	6,313	3,530	3,314
Items not affecting cash flow ¹⁾	456	4,762	4,265	2,626	2,051
Taxes paid	-225	-2,345	-1,692	-1,087	-962
Cash flow from operating activities before change in working capital	877	9,161	8,886	5,069	4,403
of which: Vehicles and Services	816	8,521	8,427	4,754	4,184
Financial Services	61	640	459	315	219
Change in working capital ²⁾	-1,057	-11,043	-5,901	-6,615	-4,665
of which: Vehicles and Services	-621	-6,489	-2,224	-3,986	-1,648
Financial Services	-436	-4,554	-3,677	-2,628	-3,019
Eliminations	0	0	0	-1	2
Cash flow from operating activities	-180	-1,882	2,985	-1,546	-262
Investing activities					
Net investments ³⁾	-307	-3,206	-2,940	-1,494	-1,624
of which: Vehicles and Services	-305	-3,189	-2,893	-1,487	-1,579
Financial Services	-2	-17	-27	-7	-25
Acquisitions/divestments of businesses	0	0	-20	0	-20
Cash flow from investing activities	-307	-3,206	-2,940	-1,494	-1,624
Cash flow from Vehicles and Services	-111	-1,157	3,290	-720	937
Cash flow from Financial Services	-376	-3,931	-3,245	-2,319	-2,825
Eliminations	0	0	0	-1	2
Financing activities					
Change in debt from financing activities	1,049	10,956	3,886	8,415	2,538
Dividend	-417	-4,352	-	-4,352	-
Cash flow from financing activities	632	6,604	3,886	4,063	2,538
Cash flow for the period	145	1,516	3,931	1,023	652
Cash and cash equivalents at beginning of period	623	6,504	7,634	7,069	10,979
Exchange rate differences in cash and cash equivalents	2	17	-256	-55	-322
Cash and cash equivalents at end of period	770	8,037	11,309	8,037	11,309

As from 2018 changes have been done in Cash flow statement in accordance with Volkswagen Group presentation of cash flow.

Comparative figures for 2017 have been adjusted with:

¹⁾ Depreciation for buyback included with SEK 888 m Q2, 1,879 m YTD, previously presented net within operating activities. Provisions for pensions included with SEK 84 m Q2, 157 m YTD, previously presented in change in working capital.

²⁾ For Vehicles & Services; investments in buyback included with SEK -888 m Q2, -1,879 m YTD, previously presented net within operating activities. Net investments in rental included with SEK -190 m Q2, -248 m YTD, previously presented within net investments. Provisions for pensions moved to items not affecting cash flow with SEK -84 m Q2, -157 m YTD. For Financial Services; net investments in credit portfolio etc. included with SEK -3,020 m Q2, -3,677 m YTD, previously presented within net investments.

³⁾ For Vehicles & Services; net investments in rental moved to working capital with SEK 190 m Q2, 248 m YTD. For Financial Services; net investments in credit portfolio etc. moved to working capital with SEK 3,020 m Q2, 3,677 YTD.

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 and cash and cash equivalents are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 1,176 m. (877). 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 146 m. (293), Other current receivables SEK 350 m. (469), Other non-current liabilities SEK 925 m. (399) and Other current liabilities SEK m. 1,149 (500).

For financial assets that are carried at amortised cost, book value amounts to SEK 84,694 m. (75,046) and fair value to SEK 84,732 m. (74,554). For financial liabilities that are carried at amortised cost, book value amounts to SEK 86,775 m. (75,487) and fair value to SEK 86,766 m. (75,676). 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 2017.

Quarterly data, units by geographic area

	2018		2017				
	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks							
Europe	13,617	15,917	62,068	18,920	11,492	15,144	16,512
Eurasia	929	3,144	7,834	2,415	1,868	2,090	1,461
America **	2,122	3,063	12,376	3,994	3,169	3,061	2,152
Asia	2,480	3,751	13,541	2,873	3,186	3,674	3,808
Africa and Oceania	1,160	1,228	4,812	1,200	1,180	1,067	1,365
Total	20,308	27,103	100,631	29,402	20,895	25,036	25,298
Trucks delivered							
Europe	12,614	12,960	48,436	13,559	9,853	12,873	12,151
Eurasia	1,697	1,223	6,748	2,813	1,700	1,367	868
America**	3,233	2,629	9,701	3,025	2,381	2,441	1,854
Asia	2,671	2,659	13,175	3,868	3,241	2,924	3,142
Africa and Oceania	1,347	1,096	4,412	1,044	1,107	1,214	1,047
Total	21,562	20,567	82,472	24,309	18,282	20,819	19,062
Order bookings, buses*							
Europe	666	631	2,009	492	554	390	573
Eurasia	56	0	594	381	164	25	24
America **	1,320	751	2,423	554	653	352	864
Asia	103	880	2,891	671	572	681	967
Africa and Oceania	291	394	867	201	223	234	209
Total	2,436	2,656	8,784	2,299	2,166	1,682	2,637
Buses delivered*							
Europe	672	527	2,009	461	576	512	460
Eurasia	61	249	365	304	33	14	14
America **	722	630	2,302	587	587	713	415
Asia	742	430	2,821	927	670	674	550
Africa and Oceania	379	237	808	230	203	220	155
Total	2,576	2,073	8,305	2,509	2,069	2,133	1,594

* Including body-built buses and coaches.

** Refers to Latin America

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2018	2017
Income statement			
Financial income and expenses	417	4,353	0
Net income for the period	417	4,353	0

	2018		
	EUR m.	30 Jun	30 Jun
Balance sheet			
Assets			
Financial non-current assets			
Shares in subsidiaries	808	8,435	8,435
Current assets			
Due from subsidiaries	150	1,568	1,567
Total assets	958	10,003	10,002
Equity			
Equity	958	10,003	10,002
Total shareholders' equity	958	10,003	10,002
Total equity and liabilities	958	10,003	10,002

	2018		
	EUR m.	30 Jun	30 Jun
Statement of changes in equity			
Equity, 1 January	958	10,002	10,002
Total comprehensive income	417	4,353	0
Dividend	-417	-4,352	-
Equity	958	10,003	10,002

Note 1 Segment Reporting

Income statements

Vehicle and Services

Amounts in SEK m. unless otherwise stated	2018	2017	2018	2017
	First half	First half	Q2	Q2
Revenue	64,263	58,757	34,038	30,337
Cost of goods sold	-48,420	-44,030	-25,639	-22,740
Gross income	15,843	14,727	8,399	7,597
Research and development expenses	-3,286	-2,802	-1,802	-1,405
Selling expenses	-5,234	-5,018	-2,756	-2,590
Administrative expenses	-1,038	-963	-569	-489
Operating income	6,285	5,944	3,272	3,113
Interest income	198	388	99	167
Interest expenses	-363	-588	-178	-271
Share of income in associated companies and joint ventures	22	24	11	15
Dividends in between segments	36	15	36	15
Other financial income	105	142	43	55
Other financial expenses	-168	-117	-80	-35
Total financial items	-170	-136	-69	-54
Income before taxes	6,115	5,808	3,203	3,059
Taxes	-1,509	-1,559	-750	-843
Net income for the period	4,606	4,249	2,453	2,216

Financial Services

Amounts in SEK m. unless otherwise stated				
Interest and lease income	3,746	3,416	2,013	1,742
Insurance commission	119	95	64	49
Interest and prepaid expenses	-2,514	-2,295	-1,378	-1,174
Interest surplus and insurance commission	1,351	1,216	699	617
Other income	77	95	38	34
Other expenses	-119	-147	-64	-54
Gross income	1,309	1,164	673	597
Selling and administration expenses	-537	-497	-277	-255
Bad debt expenses, realised and anticipated	-107	-147	-33	-72
Operating income	665	520	363	270
Income before tax	665	520	363	270
Taxes	-161	-143	-73	-71
Net income for the period	504	377	290	199

Reconciliation of segments to the Scania Group

January - June

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Amounts in SEK m. unless otherwise stated	First half	First half	First half	First half	First half	First half	First half	First half
Revenue	64,263	58,757	3,865	3,511	-1,900	-1,727	66,228	60,541
Cost of sales	-48,420	-44,030	-2,514	-2,295	1,900	1,727	-49,034	-44,598
Gross income	15,843	14,727	1,351	1,216	0	0	17,194	15,943
Research and development expenses	-3,286	-2,802					-3,286	-2,802
Selling expenses	-5,234	-5,018	-644	-644			-5,878	-5,662
Administrative expenses	-1,038	-963					-1,038	-963
Other operating income			77	95			77	95
Other operating expenses			-119	-147			-119	-147
Operating income	6,285	5,944	665	520	0	0	6,950	6,464
Interest income	198	388					198	388
Interest expenses	-363	-588					-363	-588
Share of income in associated companies and joint ventures	22	24					22	24
Dividends in between segments	36	15			-36	-15	0	0
Other financial income	105	142					105	142
Other financial expenses	-168	-117					-168	-117
Total financial items	-170	-136	0	0	-36	-15	-206	-151
Income before taxes	6,115	5,808	665	520	-36	-15	6,744	6,313
Taxes	-1,509	-1,559	-161	-143			-1,670	-1,702
Net income for the period	4,606	4,249	504	377	-36	-15	5,074	4,611

April - June

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Amounts in SEK m. unless otherwise stated	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
Revenue	34,038	30,337	2,077	1,791	-1,002	-886	35,113	31,242
Cost of sales	-25,639	-22,740	-1,378	-1,174	1,002	886	-26,015	-23,028
Gross income	8,399	7,597	699	617			9,098	8,214
Research and development expenses	-1,802	-1,405		0			-1,802	-1,405
Selling expenses	-2,756	-2,590	-310	-327			-3,066	-2,917
Administrative expenses	-569	-489		0			-569	-489
Other operating income		0	38	34			38	34
Other operating expenses		0	-64	-54			-64	-54
Operating income	3,272	3,113	363	270			3,635	3,383
Interest income	99	167					99	167
Interest expenses	-178	-271					-178	-271
Share of income in associated companies and joint ventures	11	15					11	15
Dividends in between segments	36	15			-36	-15	0	0
Other financial income	43	55					43	55
Other financial expenses	-80	-35					-80	-35
Total financial items	-69	-54	0	0	-36	-15	-105	-69
Income before taxes	3,203	3,059	363	270	-36	-15	3,530	3,314
Taxes	-750	-843	-73	-71			-823	-914
Net income for the period	2,453	2,216	290	199	-36	-15	2,707	2,400

Note 2 Changes in Income statement

	Previous presentation income statement		Adjust to new presentation income statement		Reclassifications		Eliminations		Total		Notes
Income statements	2017 First half	2017 Q2	2017 First half	2017 Q2	2017 First half	2017 Q2	2017 First half	2017 Q2	2017 First half	2017 Q2	
Amounts in SEK m. unless otherwise stated											
Vehicle and Services											
Revenue	58,757	30,337	3,511	1,791			-1,727	-886	60,541	31,242	
Cost of sales	-43,707	-22,572	-2,295	-1,174	-323	-168	1,727	886	-44,598	-23,028	a),b), d)
Gross income	15,050	7,765	1,216	617	-323	-168	0	0	15,943	8,214	
Research and development expenses	-3,200	-1,613			398	208			-2,802	-1,405	a), d)
Selling expenses	-4,989	-2,580	-644	-327	-29	-10			-5,662	-2,917	a), c), d)
Administrative expenses	-917	-459			-46	-30			-963	-489	a), b), c), d)
Other operating income			95	34					95	34	
Other operating expenses			-147	-54					-147	-54	
Operating income	5,944	3,113	520	270	0	0	0	0	6,464	3,383	
Financial Services											
Interest and lease income	3,416	1,742	-3,416	-1,742					0	0	
Insurance commission	95	49	-95	-49					0	0	
Interest and depreciation expenses	-2,295	-1,174	2,295	1,174					0	0	
<i>Interest surplus and insurance commission</i>	<i>1,216</i>	<i>617</i>	<i>-1,216</i>	<i>-617</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
Other income	95	34	-95	-34					0	0	
Other expenses	-147	-54	147	54					0	0	
Gross income	1,164	597	-1,164	-597	0	0	0	0	0	0	
Selling and administration expenses	-497	-255	497	255					0	0	
Bad dept expenses, realised and anticipated	-147	-72	147	72					0	0	
Operating income	520	270	-520	-270	0	0	0	0	0	0	
Operating income	6,464	3,383	0	0	0	0	0	0	6,464	3,383	
Interest income	388	167							388	167	
Interest expenses	-588	-271							-588	-271	
Share of income in associated companies and joint ventures	24	15							24	15	
Other financial income	142	55							142	55	
Other financial expenses	-117	-35							-117	-35	
<i>Total financial items</i>	<i>-151</i>	<i>-69</i>							<i>-151</i>	<i>-69</i>	
Income before taxes	6,313	3,314							6,313	3,314	
Taxes	-1,702	-914							-1,702	-914	
Net income	4,611	2,400							4,611	2,400	

Notes

a) IT cost previously presented as administration-, R&D- and selling expenses (SEK 67 m., 8 m., 1 m. respectively) now presented as cost of goods sold (SEK -76 m.)

b) Administration costs in Treasury SLA of SEK 12 m. now presented as cost of goods sold

c) Reclassification of costs for controlling function previously presented as selling expenses (SEK 17 m.), now presented as administration expenses.

d) Alignment with the Volkswagen Group regarding presentation of different types of costs resulting in costs previously presented as R&D (SEK 390 m.) is now allocated to cost of goods sold (SEK -235 m.), Selling expenses (SEK -47 m.), Administration expenses (SEK -108 m.).

Note 3 Reclassifications

As from 2018 Scania applies the Volkswagen Group accounting concept for an internal buyback transaction between the Vehicle and Service segment and the Financial Services segment. Comparative figures or year-end have been reclassified according to the table below.

The changed concept for internal transactions with repurchase obligations only have effects on the balance sheet. Under previous accounting principles an internal buyback transaction resulted in a presentation of a net liability in the Vehicle and Service segment. However, in the income statement the deferred revenue and cost was presented gross on the same line items (Revenue and Cost of goods sold) as it will be under the concept applied as from January 2018. In Vehicle and Service segment the the depreciation of the restated asset is presented as cost of goods sold which is the same presentation as how the cost of the sold vehicle was presented previously.

Scania Group - Balance Sheet

Amounts in MSEK	Dec'17 before reclassification	Reclassification	Dec'17 after reclassification	Notes
Non-current assets				
Intangible non-current assets	9,421		9,421	
Tangible non-current assets	29,711		29,711	
Lease assets	26,547	-731	25,816	a)
Shares and participations	587		587	
Interest-bearing receivables	37,218		37,218	
Other receivables	5,765		5,765	
Current assets				
Inventories	21,589		21,589	
Interest-bearing receivables	23,452		23,452	
Other receivables	15,300		15,300	
Current investments	1,245		1,245	
Cash and cash equivalents	6,504		6,504	
Total assets	177,339	-731	176,608	
Equity and liabilities				
Scania shareholders	49,904		49,904	
Non-controlling interest	15		15	
Total equity	49,919	0	49,919	
Non-current liabilities				
Interest-bearing liabilities	39,869		39,869	
Provisions for pensions	9,346		9,346	
Other provisions	6,498		6,498	
Financial liabilities, Buy Back external		4,270	4,270	b)
Other liabilities	15,792	-8,934	6,858	b)
Other liabilities, Buy Back external		3,575	3,575	b)
Current liabilities				
Interest-bearing liabilities	18,822		18,822	
Provisions	3,523	-123	3,400	a)
Financial liabilities, Buy Back external		1,095	1,095	c)
Other liabilities	33,570	-2,256	31,314	a), c)
Other liabilities, Buy Back external		1,642	1,642	c)
Total equity and liabilities	177,339	-731	176,608	

Vehicle and Services segment - Balance Sheet

Amounts in MSEK	Dec'17 before reclassification	Reclassification	Dec'17 after reclassification	Notes
Non-current assets				
Intangible non-current assets	9,391		9,391	
Tangible non-current assets	29,601		29,601	
Lease assets, Buy back external and Renta	12,294	-284	12,010	d)
Lease assets, Buy back internal		13,806	13,806	e)
Shares and participations	587	3,457	4,044	f)
Interest-bearing receivables	64		64	
Other receivables	5,211		5,211	
Current assets				
Inventories	21,589		21,589	
Interest-bearing receivables	243		243	
Other receivables	14,926		14,926	
Current investments	12,266		12,266	
Cash and cash equivalents	5,431		5,431	
Total assets	111,603	16,979	128,582	
Equity and liabilities				
Scania shareholders	42,643	3,457	46,100	f)
Non-controlling interest	15		15	
Total equity	42,658	3,457	46,115	
Non-current liabilities				
Provisions for pensions	9,275		9,275	
Other provisions	6,496		6,496	
Financial liabilities, Buy Back internal		6,968	6,968	g)
Financial liabilities, Buy Back external		4,270	4,270	g)
Other liabilities	14,995	-8,934	6,061	g)
Other liabilities, Buy Back internal		4,528	4,528	g)
Other liabilities, Buy Back external		3,575	3,575	g)
Current liabilities				
Provisions	3,459	-123	3,336	d), e)
Financial liabilities, Buy Back internal		2,807	2,807	g)
Financial liabilities, Buy Back external		1,095	1,095	g)
Other liabilities	34,720	-4,668	30,052	e), g)
Other liabilities, Buy Back internal		2,362	2,362	g)
Other liabilities, Buy Back external		1,642	1,642	g)
Total equity and liabilities	111,603	16,979	128,582	

Financial Services segment - Balance Sheet

Amounts in MSEK	Dec'17 before reclassification	Reclassification	Dec'17 after reclassification	Notes
Non-current assets				
Intangible non-current assets	30		30	
Tangible non-current assets	110		110	
Lease assets	16,665	-16,665	0	h)
Financial receivables	37,154		37,154	
Financial receivables, Buy Back internal		6,968	6,968	h)
Other receivables	554		554	
Other receivables, Buy Back internal		4,528	4,528	h)
Current assets				
Financial receivables	23,209		23,209	
Financial receivables, Buy Back internal		2,807	2,807	h)
Other receivables	1,691		1,691	
Other receivables, Buy Back internal		2,362	2,362	h)
Current investments	27		27	
Cash and cash equivalents	1,073		1,073	
Total assets	80,513	0	80,513	
Equity and liabilities				
Scania shareholders	7,261		7,261	
Total equity	7,261	0	7,261	
Interest-bearing liabilities	69,739		69,739	
Non-current liabilities				
Provisions for pensions	71		71	
Other provisions	2		2	
Other liabilities	797		797	
Current liabilities				
Provisions	64		64	
Other liabilities	2,579		2,579	
Total equity and liabilities	80,513	0	80,513	
Financing portfolio	77,028		77,028	

Notes

a) Reclassification of provision relating to previous accounting where provisions were made for differences of market value and repurchase price. Also includes reclassification of Artificial price commitments previously accounted for as other liabilities. The reclassification is reducing provisions and other liabilities as well as reducing leased assets.

b) Reclassification of previous recognised non-current liability into two parts, one part that is the prepayment (deferred revenue) and one part that is the commitment value (repurchase price).

c) Reclassification of previous recognised current liability to one part that is the prepayment (deferred revenue) and one part that is the commitment value (repurchase price) regarding external sold vehicles with repurchase commitment (i.e no internal transaction with the Financial Services segment).

d) Adjustment for provision regarding differences between market value and agreed repurchase price and other liabilities regarding artificial price commitments.

e) In accordance with the Volkswagen Group buyback concept the vehicles is accounted for in Vehicle and Service, hence the vehicles have been moved from the Financial Services segment and added in the Vehicle and Services segment. Compared to the accounted value in the Financial Services segment the value has been adjusted for regarding internal profit, provision for differences between market value and agreed repurchase price and other liabilities regarding artificial price commitments.

f) Restate regarding shares in owned entities in Vehicle and Service segment regarding subsidiaries in Financial Services segment.

g) Splitting current and non-current other liabilities into one part that is the prepaid revenue and one part that is the commitment value and further divided prepaid revenue and commitment value into current and non-current. Other liabilities also contained one part corresponding to internal profit which has been adjusted against leased asset, see comment e) above.

h) Under previous accounting policy Financial Services segment recognised the vehicle in a buyback transaction. After applying the Volkswagen Group buyback concept Financial Services no longer recognises the vehicle. Instead the amount paid initially for the vehicle is recognised as a receivable and are allocated to one part that is the prepayment and one part that is the repurchase commitment which is the amount that Vehicle and Service segment will repurchase the car for in subsequent period. Those are further divided into a current and non-current part.

Note 4 IFRS 9 - Transition

Effects on receivables as per 1 January 2018

Category	Presented under IAS 39 as per 31 December 2017		Effect of transition to IFRS 9	IFRS 9 remeasured as of 1 January 2018	
	Financial assets carried at fair value through profit and loss	Loan and trade receivables		Hold to collect	Hold to collect and Sell
Measurement	Fair value through profit and loss	Amortized cost		Amortized cost	Fair value through profit and loss
Assets					
Interest-bearing receivables		60,670	-154	60,516	
Non-interest bearing trade receivables		9,024	-66	8,958	
Current investments and Cash and Cash equivalents	738	7,011		7,011	738
Other receivables	616	102		102	616
Total	1,354	76,807	-220	76,587	1,354

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 net fair value of derivatives for hedging borrowings.

Capital employed ¹⁾

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

Return on capital employed ^{1) 2)}

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

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

²⁾ Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

Scania Group

Operating- and net income	First half			Q2	
	<i>EUR m.</i>	2018	2017	2018	2017
<i>Net sales</i>	6,342	66,228	60,541	35,113	31,242
<i>Operating income</i>	666	6,950	6,464	3,635	3,383
<i>Net income for the period</i>	486	5,074	4,611	2,707	2,400
<i>Operating margin, % (Operating income/Net sales)</i>		10.5	10.7	10.4	10.8
<i>Net margin, % (Net income/Net sales)</i>		7.7	7.6	7.7	7.7

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group

Net debt, excluding provision for pensions

	EUR m.	30 Jun	30 Jun
Assets			
Current investments	70	733	1,186
Cash and cash equivalents	770	8,037	11,309
Derivatives, non-current	14	146	296
Derivatives, current	33	347	481
	887	9,263	13,272
Liabilities			
Interest-bearing liabilities, non-current	4,222	44,091	41,206
Interest-bearing liabilities, current	2,599	27,144	20,408
Derivatives, non-current	89	925	399
Derivatives, current	110	1,146	500
	7,020	73,306	62,513
Net debt	6,133	64,043	49,241

Vehicles and Services

Net debt, excluding provision for pensions

	EUR m.	30 Jun	30 Jun
Assets			
Current investments	613	6,405	4,337
Cash and cash equivalents	632	6,595	10,163
Derivatives, non-current	14	146	296
Derivatives, current	33	347	481
	1,292	13,493	15,277
Liabilities			
Derivatives, non-current	89	925	399
Derivatives, current	110	1,146	500
	199	2,071	899
Net debt	-1,093	-11,422	-14,378

Capital Employed, after reclassifications according to note 3

	EUR m.	30 Jun	30 Jun
Total assets, excl. Shares and participations in group companies	12,000	125,309	113,686
Operating liabilities			
Other provisions, non-current and current	579	6,045	5,727
Other liabilities, non-current and current	6,156	64,285	58,157
Net derivatives	-69	-722	-556
Capital Employed	5,334	55,701	50,358

Return on Capital Employed

	EUR m.	30 Jun	30 Jun
Operating income	1,101	11,501	10,443
Financial income	51	528	1,113
Capital employed	5,334	55,701	50,358
Return on Capital Employed		21.6%	22.9%