

Rapport de fin d'année Scania janvier – décembre 2017

Résumé de l'exercice 2017

- Le résultat d'exploitation, hors éléments ayant une incidence sur la comparabilité, s'élève à 12 434 MSEK (10 124)
- Le résultat d'exploitation a atteint 12 434 MSEK (6 324)
- Le chiffre d'affaires net a progressé de 15 % et atteint 119 713 MSEK (103 927)
- Le cash-flow a atteint 5 701 MSEK (3 427) pour le segment Véhicules et Services

Commentaires d'Henrik Henriksson, président et président-directeur général

“Le chiffre d'affaires net de Scania a atteint un niveau record de 119,7 milliards de SEK, soit une hausse de 15 % par rapport à l'année précédente. Les livraisons de camions ont atteint un niveau record et la demande pour notre nouvelle gamme de camions fut bonne. L'augmentation du volume des véhicules et des services a eu un impact positif sur les résultats, compensant la hausse des coûts de production liés à l'exploitation de gammes de produits doubles, les contraintes de la chaîne d'approvisionnement et une composition de marché défavorable. En 2017, le résultat d'exploitation s'est élevé à 12,4 milliards de SEK, soit une marge d'exploitation de 10,4 pour cent. En 2017, les commandes de véhicules ont franchi pour la première fois la barre des 100 000 véhicules grâce à la nouvelle génération de camions et à notre présence mondiale. Les prises de commandes pour les camions ont augmenté de 30 pour cent par rapport à l'année précédente. La demande de camions reste forte dans une grande partie de l'Europe. En Eurasie, la forte reprise en Russie se confirme. La tendance en Amérique latine est positive avec une demande toujours forte en Argentine et une légère amélioration au Brésil. En Asie, la demande a augmenté notamment en Iran et en Chine. Les prises de commande des bus et des cars ont augmenté de 11 pour cent, principalement en Russie et en Iran. Dans le secteur d'activité des moteurs, les prises de commandes ont été fortes dans tous les segments. La croissance dans le segment des services s'est confirmée et a généré un

chiffre d'affaires record de 23,7 milliards de SEK, soit une augmentation de 10 % (8 % en monnaie locale). Avec plus de 300 000 véhicules connectés dans le parc, Scania est en position de développer continuellement son offre client avec des services de plus en plus efficaces pour une rentabilité accrue. Les services financiers ont enregistré un résultat d'exploitation record de 1,3 milliard de SEK et les pertes de crédit se maintiennent à des niveaux bas. L'introduction de la nouvelle génération de camions se poursuit. Avec le lancement des camions pour les transports long-courriers, la construction et, plus récemment, les camions urbains, Scania a dévoilé tous les produits de la nouvelle famille de camions. Les nouveaux véhicules économes en carburant offrent une meilleure maîtrise de conduite, une plus grande sécurité, une meilleure ergonomie, un plus grand confort et même une meilleure économie globale. En 2017, Scania a livré plus de 13 000 camions de sa nouvelle gamme de camions. Avec une réduction moyenne de la consommation de carburant de plus de cinq pour cent par véhicule, on estime que cela permettra de réduire l'émission de plus de 30 000 tonnes de carbone dans le monde. Au cours du 4e trimestre, Scania a également introduit un moteur à gaz de 13 litres à six cylindres spécialement conçu pour les transports long-courriers et a dévoilé son nouveau bus urbain à plancher et emmarchement bas Scania Citywide, qui fonctionne entièrement à l'électricité.”

Aperçu financier

	Exercice entier			Q4			
	2017	2016	Évolution , %	2017	2016	Évolution , %	
Camions et bus, unités							
Prises de commandes	109 415	85 527	28	31 701	23 262	36	
Livraisons	90 777	81 346	12	26 818	22 614	19	
Chiffre d'affaires net et bénéfiques	<i>MEUR*</i>						
Chiffre d'affaires net, Groupe Scania, MSEK	12 177	119 713	103 927	15	33 310	28 718	16
Bénéfice d'exploitation, Véhicules et services, MSEK	1 135	11 160	5 309		2 942	2 382	24
Résultat d'exploitation ; sont exclus les éléments ayant une incidence sur la comparabilité, Véhicules et Services, MSEK **	1 135	11 160	9 109	23	2 942	2 382	24
Bénéfice d'exploitation, Services financiers, MSEK	130	1 274	1 015	26	412	250	65
Bénéfice d'exploitation, MSEK	1 265	12 434	6 324	97	3 354	2 632	27
Revenus avant impôts, MSEK	1 229	12 082	5 963		3 262	2 520	29
Bénéfice net pour la période, MSEK	885	8 705	3 243		2 350	1 816	29
Marge d'exploitation, %		10,4	6,1		10,1	9,2	
Marge opérationnelle, sont exclus les éléments ayant une incidence sur la comparabilité, %**		10,4	9,7		10,1	9,2	
Retour sur capitaux employés, Véhicules et Services, %		24,5	14,0				
Retour sur capitaux employés, sont exclus les éléments ayant une incidence sur la comparabilité, Véhicules et Services, %**		22,7	21,4				
Cash-flow, Véhicules et services, MSEK	580	5 701	3 427	66	2 694	3 619	-26

* Converti en EUR uniquement pour le confort du lecteur au taux de change de clôture de 9,8314 SEK = 1,00 EUR. ** Les chiffres de 2016 ont été ajustés pour la provision effectuée en juin 2016 en rapport avec l'enquête sur la concurrence de la Commission européenne. Sauf indication contraire, toutes les comparaisons se rapportent à la période correspondante de l'exercice précédent. Ce rapport intérimaire n'a pas fait l'objet d'un examen de la part des auditeurs de la société. Ce rapport est également disponible sur www.scania.com

Scania Year-end Report January-December 2017

Summary of the full year 2017

- Operating income, excluding items affecting comparability, amounted to SEK 12,434 m. (10,124)
- Operating income, amounted to SEK 12,434 m. (6,324)
- Net sales increased by 15 percent to SEK 119,713 m. (103,927)
- Cash flow amounted to SEK 5,701 m. (3,427) in Vehicles and Services

Comments by Henrik Henriksson, President and CEO

“Scania’s net sales rose to a record high SEK 119.7 billion, an increase of 15 percent compared to the previous year. Truck deliveries reached an all-time-high and demand for our new truck range was good. Higher vehicle and service volume impacted earnings positively, offsetting higher production costs for running double product ranges, constraints in the supply chain and an unfavourable market mix. Operating income in 2017 amounted to SEK 12.4 billion, which gave an operating margin of 10.4 percent. In 2017, vehicle orders surpassed the level of 100,000 for the first time due to the new truck generation and our global reach. Order bookings for trucks rose by 30 percent compared to the previous year. The strong demand for trucks continued in large parts of Europe. In Eurasia, Russia’s strong recovery is continuing. The trend in Latin America is positive with continued good demand in Argentina and a slight improvement in Brazil. In Asia, demand mainly increased in Iran and China. Order bookings in Buses and Coaches increased by 11 percent, mainly related to Russia and Iran. In the business area Engines, order bookings were strong in all segments. Growth in service volume continued and revenue amounted to a record high SEK 23.7 billion, an increase of 10 percent (8

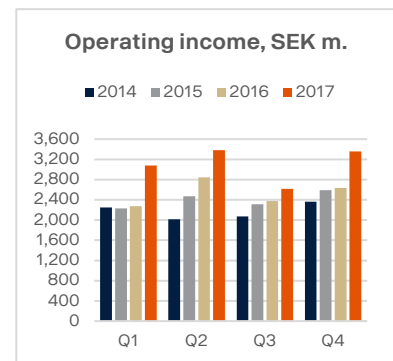
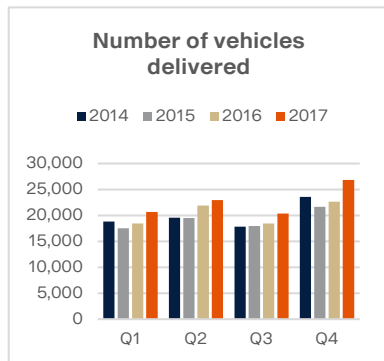
percent in local currencies). With more than 300,000 connected vehicles in the fleet, Scania is able to continually improve its customer offering with increasingly efficient services for improved profitability. Financial Services reported its highest ever operating income of SEK 1.3 billion and credit losses remain at low levels. The introduction of the new truck generation is continuing. With the launch of trucks for long-haulage, construction and most recently trucks for urban traffic, Scania has unveiled all the products in the new truck family. The new fuel-efficient vehicles offer enhanced drivability, improved safety, ergonomics, comfort and even better overall economy. In 2017, more than 13,000 trucks were delivered from Scania’s new truck range. With an average reduction in fuel consumption of over five percent per vehicle, this will provide total estimated savings of more than 30,000 tonnes in global carbon emissions. During the fourth quarter, Scania also introduced a six-cylinder 13-litre gas engine specifically designed for long-haulage and unveiled its new Scania Citywide Low Floor bus, which is fully electrically-powered.”

Financial overview

	Full year			Q4			
	2017	2016	Change, %	2017	2016	Change, %	
Trucks and buses, units							
Order bookings	109,415	85,527	28	31,701	23,262	36	
Deliveries	90,777	81,346	12	26,818	22,614	19	
	<i>EUR m.*</i>						
Net sales and earnings							
Net sales, Scania Group, SEK m.	12,177	119,713	103,927	15	33,310	28,718	16
Operating income, Vehicles and Services, SEK m.	1,135	11,160	5,309		2,942	2,382	24
Operating income, excl. items affecting comparability, Vehicles and Services, SEK m.**	1,135	11,160	9,109	23	2,942	2,382	24
Operating income, Financial Services, SEK m.	130	1,274	1,015	26	412	250	65
Operating income, SEK m.	1,265	12,434	6,324	97	3,354	2,632	27
Income before taxes, SEK m.	1,229	12,082	5,963		3,262	2,520	29
Net income for the period, SEK m.	885	8,705	3,243		2,350	1,816	29
Operating margin, %		10.4	6.1		10.1	9.2	
Operating margin, excl. items affecting comparability, %**		10.4	9.7		10.1	9.2	
Return on capital employed, Vehicles and Services, %		24.5	14.0				
Return on capital employed, excl. items affecting comparability, Vehicles and Services, %**		22.7	21.4				
Cash flow, Vehicles and Services, SEK m.	580	5,701	3,427	66	2,694	3,619	-26

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 9.8314 = EUR 1.00. ** The figures for 2016 have been adjusted for the provision made in June 2016 in connection with European Commission’s competition investigation. 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

Business overview



Excluding items affecting comparability (Q2 2016)

Sales performance

Total vehicle deliveries increased by 12 percent during 2017 to a record high 90,777 (81,346) units, compared to 2016. Net sales rose by 15 percent to SEK 119,713 m. (103,927), also an all-time-high for Scania. Currency effects had a positive impact of 2 percent on sales.

Order bookings for trucks and buses and coaches rose by 28 percent to 109,415 (85,527) vehicles, compared to 2016.

Heavy demand on a broad front

During the fourth quarter, Scania's total order bookings for vehicles reached a new all-time-high, thanks to continued strong demand for trucks in most regions. Demand also increased for buses and coaches.

In Europe, stable freight growth in combination with a replacement need, low fuel prices and attractive financing levels support the positive trend in demand for trucks. Demand for used vehicles in Europe is still good. Demand in Latin America increased compared to the fourth quarter of 2016. Scania continues to note positive signals from the Brazilian market, mainly related to growth in the agricultural and mining sectors.

Continued high market share in Europe

Scania's market share for trucks in Europe in 2017 was 16.2 percent compared to 16.5 percent in 2016. The continued high level confirms that the current truck range, with its good performance and high quality, is highly appreciated by customers. It is also a proof point of the very good reception of the new truck generation. The new truck generation now accounts for an increasing share of truck deliveries. Increased sales activities in new segments and Scania's broad range for alternative fuels also contributed to the high market share in Europe.

Scania's market share in buses and coaches in Europe amounted to 6.8 percent in 2017 compared to 7.1 percent during the previous year.

A complete new truck generation

Scania's introduction of the new truck generation continues and all the products in the new truck family are now unveiled. After the introduction of trucks for long-haulage during 2016 and Scania XT for the construction industry, the new truck generation was completed during the fourth quarter with innovative trucks for urban traffic. Through the launch of lighter trucks featuring the new 7-litre engine, Scania is giving transporters with operations in cities the opportunity to achieve significantly enhanced transport efficiency and fuel savings of up to 10 percent. The L series is Scania's newly developed cab series for urban traffic for distribution, refuse collection and maintenance. Scania also launched a pioneering six-cylinder 13-litre gas engine specifically designed for long-haulage and construction haulage.

SEK 1.5 billion investment in energy-efficient foundry

Scania plans to invest about SEK 1.5 billion in a new foundry in Södertälje, Sweden, in order to triple capacity and achieve a 50 percent reduction in energy consumption compared to the technology and methods used in the current foundry. Through more efficient materials handling and recycling, a sharp reduction will also be achieved in the transport need per manufactured unit. The foundry will be operated using electricity produced from renewable energy sources.

The truck market

Order bookings

Scania's order bookings increased during the fourth quarter of 2017 and totalled 29,402 (21,727) trucks. Order bookings in Europe increased by 36 percent to 18,920 (13,871) units, compared to the fourth quarter of 2016. Demand increased in several major European markets such as France, Poland, Germany and Denmark. Total order bookings for trucks in Europe increased compared to the previous quarter.

Order bookings in Latin America rose sharply during the fourth quarter of 2017. Compared to the fourth quarter of 2016, order bookings rose by 84 percent to 3,994 (2,168) trucks, mainly related to increased demand from low levels in Brazil, which was partly offset by a decrease in Chile. Demand also rose compared to the previous quarter.

In Eurasia, total order bookings rose sharply during the fourth quarter and amounted to 2,415 (1,582) trucks, an upturn that was primarily related to Russia. Order bookings also increased compared to the previous quarter. The political turbulence in the region persists, and for this reason the market situation remains uncertain in Eurasia.

In Asia, total order bookings fell during the fourth quarter and amounted to 2,873 (2,912) trucks. The decrease was primarily related to Hong Kong and China. Compared to the third quarter of 2017, order bookings fell.

In Africa and Oceania, order bookings were slightly higher compared to the fourth quarter of 2016, mainly related to Tanzania, New Zealand and Kenya but this was offset somewhat by a decrease in South Africa. Order bookings amounted to 1,200 (1,194) units.

Deliveries

Scania's total truck deliveries increased by 21 percent to 24,309 (20,033) units during the fourth quarter compared to the year-earlier period, despite continued constraints in the supply chain. Running double product ranges in production adds to a strained situation for our suppliers. In Europe, deliveries rose by 5 percent to 13,559 (12,877) units compared to the fourth quarter of 2016. In Eurasia, deliveries rose sharply to 2,813 (1,335) trucks. Deliveries also rose sharply in Latin America to 3,025 (2,077) units compared to the fourth quarter of 2016. In Asia, deliveries rose by 55 percent compared to the fourth quarter of 2016 to 3,868 (2,490) trucks. In Africa and Oceania, deliveries fell by 17 percent to 1,044 (1,254) trucks.

Net sales

Net sales of trucks rose by 15 percent to SEK 75,226 m. (65,615) during the full year 2017. During the fourth quarter, sales rose by 16 percent to SEK 21,537 m. (18,557).

The total European market for heavy trucks

The total market for heavy trucks in 25 of the European Union member countries (all EU countries except Greece, Bulgaria and Malta) plus Norway, Switzerland, Iceland and Bosnia and Herzegovina increased by about 1 percent to about 304,400 (301,100) units during 2017. Scania truck registrations amounted to some 49,200 units, equivalent to a market share of about 16.2 (16.5) percent.

Scania trucks	Order bookings			Deliveries		
	12 months 2017	12 months 2016	Change, %	12 months 2017	12 months 2016	Change, %
Europe	62,068	51,569	20	48,436	49,102	-1
Eurasia	7,834	4,016	95	6,748	3,233	109
America*	12,376	7,232	71	9,701	7,022	38
Asia	13,541	9,834	38	13,175	9,287	42
Africa and Oceania	4,812	4,992	-4	4,412	4,449	-1
Total	100,631	77,643	30	82,472	73,093	13

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches in 2017 rose compared to the previous year to 8,784 (7,884) units. During the fourth quarter, order bookings rose to 2,299 (1,535), compared to the fourth quarter of 2016.

In Europe, order bookings fell and amounted to 492 (669) units during the fourth quarter. Order bookings fell mainly in Great Britain, Norway and Sweden, which was offset somewhat by an upturn in Lithuania. In Latin America, order bookings rose sharply to 554 (276) units compared to the fourth quarter of 2016. In Asia, order bookings rose by 86 percent to 671 (360) buses and coaches compared to the fourth quarter of 2016, mainly related to Hong Kong, India and Iran, which was offset somewhat by a decrease in Indonesia. Order bookings in Eurasia rose sharply compared to the year-earlier period and totalled 381 (2) buses and coaches. Order bookings in Africa and Oceania fell by 12 percent to 201 (228) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 2,509 (2,581) units during the fourth quarter. In Europe, deliveries fell to 461 (587) units compared to the fourth quarter of 2016. In Latin America, deliveries fell to 587 (751). In Asia, deliveries fell by 2 percent to 927 (949), while deliveries of buses and coaches in Africa and Oceania fell during the fourth quarter to 230 (265) units. Deliveries to Eurasia rose sharply to 304 (29) units.

Net sales

Net sales of buses and coaches fell by 4 percent during the full year 2017 to SEK 10,480 m. (10,867). During the fourth quarter, sales fell by 16 percent to SEK 2,796 m. (3,335).

Scania buses and coaches	Order bookings			Deliveries		
	12 months 2017	12 months 2016	Change, %	12 months 2017	12 months 2016	Change, %
Europe	2,009	2,185	-8	2,009	2,094	-4
Eurasia	594	57		365	62	
America*	2,423	2,559	-5	2,302	2,350	-2
Asia	2,891	2,226	30	2,821	2,568	10
Africa and Oceania	867	857	1	808	1,179	-31
Total	8,784	7,884	11	8,305	8,253	1

*Refers to Latin America

Engines

Order bookings

Engine order bookings rose overall by 32 percent to a record high 10,045 (7,611) units during the full year 2017 compared to 2016. The upturn was primarily related to South Korea, Germany and Great Britain. During the fourth quarter, order bookings rose by 40 percent to 2,571 (1,838) units.

Deliveries

Engine deliveries rose by 9 percent to a record high 8,521 (7,800) units during 2017. The upturn was mainly attributable to South Korea and Great Britain. During the fourth quarter, deliveries rose by 16 percent to 2,762 (2,380) units, primarily related to South Korea, Germany and Great Britain.

Net sales

During 2017, sales rose by 11 percent to SEK 1,830 m. (1,647). Net sales in the fourth quarter amounted to SEK 568 m. (517), an upturn of 10 percent.

Services

Service revenue amounted to SEK 23,727 m. (21,611) during 2017, an increase of 10 percent. Higher volume in Europe and Asia and currency effects had a positive impact. In local currencies, revenue increased by 8 percent.

In Europe, service revenue rose by 7 percent to SEK 16,054 m. (15,013) compared to 2016. In Latin America, revenue increased by 14 percent to SEK 3,025 m. (2,660) and service revenue in Eurasia rose by 27 percent to SEK 688 m. (540) compared to 2016. Revenue in Asia was 16 percent higher than the previous year at SEK 1,620 m. (1,393). In Africa and Oceania, service revenue rose by 17 percent to SEK 2,340 m. (2,005).

Earnings

Vehicles and Services

Full year 2017

Operating income in Vehicles and Services totalled SEK 11,160 m. (9,109)¹ during 2017. Higher vehicle and service volume and currency had a positive impact on earnings, which was partly offset by higher production costs for running double product ranges, constraints in the supply chain and an unfavourable market mix.

Compared to the full year 2016, the total currency effect was positive and amounted to about SEK 425 m.

Scania's research and development expenditures amounted to SEK 7,499 m. (7,199). After adjusting for SEK 1,367 m. (1,682) in capitalised expenditures and SEK 455 m. (386) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 6,587 m. (5,904).

Fourth quarter

Operating income in Vehicles and Services totalled SEK 2,942 m. (2,382) during the fourth quarter of 2017. Higher vehicle and service volume had a positive impact on earnings, while currency effects, higher production costs for running double product ranges, constraints in the supply chain and a less favourable market mix had a negative impact.

Compared to the fourth quarter of 2016, the total currency effect was negative and amounted to about SEK 174 m.

Scania's research and development expenditures amounted to SEK 1,996 m. (1,893). After adjusting for SEK 219 m. (449) in capitalised expenditures, and SEK 185 m. (102) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,962 m. (1,546).

1) The figures for 2016 have been adjusted for the provision made in June 2016 in connection with European Commission's competition investigation.

Financial Services

Customer finance portfolio

At the end of the fourth quarter of 2017, the size of Scania's customer finance portfolio amounted to SEK 77.0 billion, which was SEK 9.1 billion higher than the end of 2016. In local currencies, the portfolio increased by SEK 8.9 billion, equivalent to 13 percent.

Penetration rate

The penetration rate was 46 (43) percent in 2017 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to a record level of SEK 1,274 m. (1,015) during 2017, compared to the same period in 2016. 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 2017, Scania's operating income amounted to SEK 12,434 m. (10,124)¹. Operating margin amounted to 10.4 (9.7)¹ percent. Scania's net financial items amounted to SEK -352 m. (-361).

The Scania Group's tax expense amounted to SEK 3,377 m. (2,720), equivalent to 28.0 (27.9)¹ percent of income before taxes. Net income for the period totalled SEK 8,705 (7,043)¹, equivalent to a net margin of 7.3 (6.8)¹ percent.

1) The figures for 2016 have been adjusted for the provision made in June 2016 in connection with European Commission's competition investigation.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 5,701 m. (3,427) during 2017. Tied-up working capital increased by SEK 328 m.

Net investments amounted to SEK 6,626 m. (7,864), including SEK 1,367 m. (1,682) in capitalisation of development expenses. At the end of the fourth quarter of 2017, the net cash position in Vehicles and Services amounted to SEK 17,058 m. compared to a net cash position of SEK 10,954 m. at the end of 2016.

Scania Group

Scania's cash flow in Financial Services amounted to SEK -7,215 m. (-7,784) during 2017 due to a growing customer finance portfolio. Together with the positive cash flow in Vehicles and Services, the Group's net debt increased by about SEK 1.8 billion compared to the end of 2016.

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 2017.

Miscellaneous

Number of employees

At the end of 2017, the number of employees totalled 49,263 compared to 46,243 on the same date in 2016.

Material risks and uncertainties

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report for 2016 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. There have been no significant changes in the risks as described in that report. 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 residual value obligations or 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). If there are major changes in the market value of used vehicles, this increases the risk of future losses when selling returned vehicles. When a residual value obligation is deemed likely to cause a future loss, a provision is made in cases where the expected loss exceeds the as-yet-unrecognised profit on the vehicle.

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) in 2011 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 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 and revised standards and interpretations that have been applied from 1 January 2017 have not had any significant impact on Scania's financial statements. As from January 2017 some reclassifications have been made regarding presentation in the income statement. In Vehicles and Services, the presentation of Share of income in associated companies and joint ventures has been reclassified from presentation in operating income to presentation in financial items. In Financial services, the result from sale of vehicles returned from customer and insurance commission previously presented as other income and expenses have been reclassified and presented in interest and lease income and separately as insurance commission, respectively. The reclassifications have been made retrospectively, which means that comparative figures have been restated. The reclassifications only have minor effects on key financial ratios. Other than this, accounting principles and calculation methods are unchanged from those applied in the Annual Report and Sustainability Report for 2016.

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 and Annual General Meeting

Scania's Annual General Meeting for the financial year 2016 was held in Södertälje, Sweden on 4 May 2017. The Board of Directors decided on a dividend proposal of SEK 4,353 m. which represents 50 percent of the net income SEK 8,705 m. for 2017.

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Full year		Change in %	Q4		
	EUR m.*	2017		2016	2017	2016
Vehicles and Services						
Net sales	12,177	119,713	103,927	15	33,310	28,718
Cost of goods sold	-9,179	-90,238	-77,688	16	-25,248	-21,847
Gross income	2,998	29,475	26,239	12	8,062	6,871
Research and development expenses	-670	-6,587	-5,904	12	-1,962	-1,546
Selling expenses	-1,010	-9,934	-9,736	2	-2,651	-2,516
Administrative expenses	-183	-1,794	-1,490	20	-507	-427
Items affecting comparability ¹⁾	-	-	-3,800		-	-
Operating income, Vehicles and Services	1,135	11,160	5,309	110	2,942	2,382
<i>Operating income, Vehicles and Services (excl. items affecting comparability)</i>	<i>1,135</i>	<i>11,160</i>	<i>9,109</i>	23	<i>2,942</i>	<i>2,382</i>
Financial Services						
Interest and lease income	684	6,731	6,564	3	1,581	1,960
Insurance commission	22	212	170	25	63	47
Revenues	706	6,943	6,734	3	1,644	2,007
Interest and depreciation expenses	-456	-4,487	-4,521	-1	-1,010	-1,405
Interest surplus and insurance income	250	2,456	2,213	11	634	602
Other income and expenses	-8	-81	-117	-31	-7	-43
Gross income	242	2,375	2,096	13	627	559
Selling and administrative expenses	-101	-996	-925	8	-252	-245
Bad debt expenses, realised and anticipated	-11	-105	-156	-33	37	-64
Operating income, Financial Services	130	1,274	1,015	26	412	250
Operating income	1,265	12,434	6,324	97	3,354	2,632
Interest income and expenses	-38	-373	-405	-8	-95	-96
Other financial income and expenses	-2	-23	-16	44	-10	-35
Share of income from associated companies and joint ventures	4	44	60	-27	13	19
Total financial items	-36	-352	-361	-2	-92	-112
Income before taxes	1,229	12,082	5,963	103	3,262	2,520
Taxes	-344	-3,377	-2,720	24	-912	-704
Net income for the period	885	8,705	3,243	168	2,350	1,816
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-84	-824	1,932		123	292
Income tax relating to items that may be reclassified	0	-1	42		3	-6
	-84	-825	1,974		126	286
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ²⁾	-34	-337	-936		-138	478
Income tax relating to items that will not be reclassified	7	64	207		22	-101
	-27	-273	-729		-116	377
Other comprehensive income for the period	-111	-1,098	1,245		10	663
Total comprehensive income for the period	774	7,607	4,488		2,360	2,479
Net income attributable to:						
Scania shareholders	885	8,708	3,256		2,352	1,818
Non-controlling interest	0	-3	-13		-2	-2
Total comprehensive income attributable to:						
Scania shareholders	775	7,612	4,501		2,364	2,482
Non-controlling interest	-1	-5	-13		-4	-3
Operating income includes depreciation of	-404	-3,967	-3,595		-1,103	-1,092
Operating margin, percent		10.4	6.1		10.1	9.2
Operating margin, percent (excl. items affecting comparability)		10.4	9.7		10.1	9.2

¹⁾ Provision in June 2016, related to the European Commission's competition investigation.

²⁾ The discount rate in calculating the Swedish pension liability is unchanged and amounts to 2.75 percent.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.8314 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

	Full year			Change in %	Q4	
	EUR m.	2017	2016		2017	2016
Amounts in SEK m. unless otherwise stated						
Net sales						
Trucks	7,652	75,226	65,615	15	21,537	18,557
Buses*	1,066	10,480	10,867	-4	2,798	3,335
Engines	186	1,830	1,647	11	568	517
Service-related products	2,413	23,727	21,611	10	6,234	5,782
Used vehicles	720	7,077	6,452	10	1,923	1,772
Miscellaneous	401	3,940	2,753	43	1,103	481
Delivery sales value	12,438	122,280	108,945	12	34,163	30,444
Revenue deferrals ¹⁾	-261	-2,567	-5,018	-49	-853	-1,726
Net sales	12,177	119,713	103,927	15	33,310	28,718
Net sales²⁾						
Europe	7,561	74,330	68,174	9	20,089	17,652
Eurasia	674	6,631	3,291	101	2,695	1,359
America**	1,382	13,588	10,713	27	3,758	3,215
Asia	1,684	16,552	13,194	25	4,637	3,853
Africa and Oceania	876	8,612	8,555	1	2,131	2,639
Net sales	12,177	119,713	103,927	15	33,310	28,718
Total delivery volume, units						
Trucks		82,472	73,093	13	24,309	20,033
Buses*		8,305	8,253	1	2,509	2,581
Engines		8,521	7,800	9	2,762	2,380

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	2017		2016
	EUR m.	31 Dec	31 Dec
Assets			
Non-current assets			
Intangible assets	958	9,421	8,438
Tangible assets	3,022	29,711	29,078
Lease assets	2,700	26,547	25,532
Shares and participations	60	587	605
Interest-bearing receivables	3,786	37,218	30,985
Other receivables ^{1), 2)}	586	5,765	5,643
Current assets			
Inventories	2,196	21,589	19,119
Interest-bearing receivables	2,385	23,452	20,481
Other receivables ³⁾	1,556	15,300	14,356
Current investments	127	1,245	1,122
Cash and cash equivalents	662	6,504	7,634
Total assets	18,038	177,339	162,993
Total equity and liabilities			
Equity			
Scania shareholders	5,076	49,904	42,292
Non-controlling interest	2	15	20
Total equity	5,078	49,919	42,312
Non-current liabilities			
Interest-bearing liabilities	4,055	39,869	27,298
Provisions for pensions	951	9,346	8,627
Other provisions ⁶⁾	661	6,498	6,439
Other liabilities ^{1), 4)}	1,606	15,792	14,694
Current liabilities			
Interest-bearing liabilities	1,914	18,822	30,713
Provisions	358	3,523	3,221
Other liabilities ⁵⁾	3,415	33,570	29,689
Total equity and liabilities	18,038	177,339	162,993
¹⁾ Including deferred tax			
²⁾ Including derivatives with positive value for hedging of borrowings	24	239	374
³⁾ Including derivatives with positive value for hedging of borrowings	38	377	291
⁴⁾ Including derivatives with negative value for hedging of borrowings	48	474	778
⁵⁾ Including derivatives with negative value for hedging of borrowings	79	781	420
⁶⁾ Including provision related to the European Commission's competition investigation			
Equity/assets ratio, percent		28.1	26.0

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2017	2016
Equity, 1 January	4,304	42,312	37,837
Net income for the period	885	8,705	3,243
Other comprehensive income for the period	-111	-1,098	1,245
Change in non-controlling interest	-	-	-13
Total equity at the end of the period	5,078	49,919	42,312
Attributable to:			
Scania AB shareholders	5,076	49,904	42,292
Non-controlling interest	2	15	20

Information about Revenue from external customers

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2017	2016
Revenue from external customers, Vehicles and Services	12,177	119,713	103,927
Revenue from external customers, Financial Services	706	6,943	6,734
Elimination refers to lease income on operating leases	-335	-3,291	-3,558
Revenue from external customers, Scania Group	12,548	123,365	107,103
Operating income, Vehicles and Services	1,135	11,160	5,309
Operating income, Financial Services	130	1,274	1,015
Operating income, Scania Group	1,265	12,434	6,324

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	Full year			Q4	
	EUR m.	2017	2016	2017	2016
Operating activities					
Income before tax	1,229	12,082	5,963	3,262	2,520
Items not affecting cash flow	433	4,256	8,030	1,163	1,392
Taxes paid	-340	-3,343	-2,721	-842	-670
Cash flow from operating activities					
before change in working capital	1,322	12,995	11,272	3,583	3,242
<i>of which: Vehicles and Services</i>	1,221	11,999	10,413	3,288	3,018
<i>Financial Services</i>	101	996	859	295	224
Change in working capital etc., Vehicles and Services	33	328	878	1,167	2,646
Cash flow from operating activities	1,355	13,323	12,150	4,750	5,888
Investing activities					
Net investments, Vehicles and Services	-674	-6,626	-7,864	-1,761	-2,045
Net investments in credit portfolio etc., Financial Services	-835	-8,211	-8,643	-3,673	-3,534
Cash flow from investing activities	-1,509	-14,837	-16,507	-5,434	-5,579
Cash flow from Vehicles and Services	580	5,701	3,427	2,694	3,619
Cash flow from Financial Services	-734	-7,215	-7,784	-3,378	-3,310
Financing activities					
Change in debt from financing activities	72	705	-925	-2,928	-5,668
Cash flow from financing activities	72	705	-925	-2,928	-5,668
Cash flow for the year	-82	-809	-5,282	-3,612	-5,359
Cash and cash equivalents at beginning of period	777	7,634	12,295	10,150	12,923
Exchange rate differences in cash and cash equivalents	-33	-321	621	-34	70
Cash and cash equivalents at end of period	662	6,504	7,634	6,504	7,634

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 738 m. (1,275). 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 239 m. (374), Other current receivables SEK 377 m. (329), Other non-current liabilities SEK 474 m. (778) and Other current liabilities SEK m. 793 (420).

For financial assets that are carried at amortised cost, book value amounts to SEK 76,805 (67,493) and fair value to SEK 76,841 (67,281). For financial liabilities that are carried at amortised cost, book value amounts to SEK 72,708 (70,751) and fair value to SEK 72,700 (70,728). 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.

New Accounting principles from January 2018

Scania has applied IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contract with Customers" from 1 January 2018. Scania has chosen to apply IFRS 9 retrospectively without adjusting comparative figures. The impact of the transition 1 January 2018 refers to the impairment model and amounts to SEK 150 m. net after tax recognized in equity. Regarding IFRS 15, Scania's previously applied accounting principles regarding revenue is in line with the requirements in IFRS 15 and therefore Scania has no effect in equity on transition to IFRS 15.

Quarterly data, units by geographic area

	2017					2016				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks										
Europe	62,068	18,920	11,492	15,144	16,512	51,569	13,871	10,776	13,214	13,708
Eurasia	7,834	2,415	1,868	2,090	1,461	4,016	1,582	1,044	767	623
America **	12,376	3,994	3,169	3,061	2,152	7,232	2,168	2,016	1,788	1,260
Asia	13,541	2,873	3,186	3,674	3,808	9,834	2,912	1,682	2,569	2,671
Africa and Oceania	4,812	1,200	1,180	1,067	1,365	4,992	1,194	1,274	1,423	1,101
Total	100,631	29,402	20,895	25,036	25,298	77,643	21,727	16,792	19,761	19,363
Trucks delivered										
Europe	48,436	13,559	9,853	12,873	12,151	49,102	12,877	10,293	13,133	12,799
Eurasia	6,748	2,813	1,700	1,367	868	3,233	1,335	979	536	383
America**	9,701	3,025	2,381	2,441	1,854	7,022	2,077	1,788	1,885	1,272
Asia	13,175	3,868	3,241	2,924	3,142	9,287	2,490	1,872	3,156	1,769
Africa and Oceania	4,412	1,044	1,107	1,214	1,047	4,449	1,254	1,154	1,185	856
Total	82,472	24,309	18,282	20,819	19,062	73,093	20,033	16,086	19,895	17,079
Order bookings, buses*										
Europe	2,009	492	554	390	573	2,185	669	388	489	639
Eurasia	594	381	164	25	24	57	2	18	7	30
America **	2,423	554	653	352	864	2,559	276	354	945	984
Asia	2,891	671	572	681	967	2,226	360	590	884	392
Africa and Oceania	867	201	223	234	209	857	228	204	224	201
Total	8,784	2,299	2,166	1,682	2,637	7,884	1,535	1,554	2,549	2,246
Buses delivered*										
Europe	2,009	461	576	512	460	2,094	587	509	598	400
Eurasia	365	304	33	14	14	62	29	6	14	13
America **	2,302	587	587	713	415	2,350	751	739	503	357
Asia	2,821	927	670	674	550	2,568	949	752	479	388
Africa and Oceania	808	230	203	220	155	1,179	265	330	381	203
Total	8,305	2,509	2,069	2,133	1,594	8,253	2,581	2,336	1,975	1,361

* Including body-built buses and coaches.

** Refers to Latin America



Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2017	2016
Income statement			
Financial income and expenses	0	0	0
Net income for the period	0	0	0

	2017	2016
	EUR m.	31 Dec

Balance sheet

Assets

Financial non-current assets

Shares in subsidiaries 858 8,435 8,435

Current assets

Due from subsidiaries 159 1,567 1,567

Total assets 1,017 10,002 10,002

Equity

Equity 1,017 10,002 10,002

Total shareholders' equity 1,017 10,002 10,002

Total equity and liabilities 1,017 10,002 10,002

	2017	2016
	EUR m.	31 Dec

Statement of changes in equity

Equity, 1 January 1,017 10,002 10,002

Total comprehensive income 0 0 0

Equity 1,017 10,002 10,002

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 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 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.

ITEMS AFFECTING COMPARABILITY

Amounts in SEK m. unless otherwise stated

Scania Group

Operating- and net income excluding items affecting comparability	<i>EUR m.</i>	Full year 2017	2016	Q4 2017
<i>Net sales</i>	12,177	119,713	103,927	33,310
<i>Operating income</i>	1,265	12,434	6,324	3,354
<i>Items affecting comparability ³⁾</i>	-	-	-3,800	-
<i>Operating income excl. items affecting comparability</i>	1,265	12,434	10,124	3,354
<i>Net income for the period</i>	885	8,705	3,243	2,350
<i>Items affecting comparability ³⁾</i>	-	-	-3,800	-
<i>Net income excl. items affecting comparability</i>	885	8,705	7,043	2,350
<i>Operating margin excl. items affecting comparability, % (Operating income excl. affecting comparability/Net sales)</i>		10.4	9.7	10.1
<i>Net margin excl. items affecting comparability, % (Net income excl. items affecting comparability/Net sales)</i>		7.3	6.8	7.1

³⁾ Provision in June 2016 related to the European Commission's competition investigation.

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group		2017	2016
Net debt, excluding provision for pensions			
Assets	<i>EUR m.</i>	31 Dec	31 Dec
Current investments	127	1,245	1,122
Cash and cash equivalents	662	6,504	7,634
Derivatives, non-current	24	239	374
Derivatives, current	38	377	291
	851	8,365	9,421
Liabilities			
Interest-bearing liabilities, non-current	4,055	39,869	27,298
Interest-bearing liabilities, current	1,914	18,822	30,713
Derivatives, non-current	48	474	778
Derivatives, current	79	781	420
	6,096	59,946	59,209
Net debt	5,245	51,581	49,788

Vehicles and Services		2017	2016
Net debt, excluding provision for pensions			
Assets	<i>EUR m.</i>	31 Dec	31 Dec
Current investments	1,248	12,266	5,294
Cash and cash equivalents	552	5,431	6,193
Derivatives, non-current	24	239	374
Derivatives, current	38	377	291
	1,862	18,313	12,152
Liabilities			
Derivatives, non-current	48	474	778
Derivatives, current	79	781	420
	127	1,255	1,198
Net debt	-1,735	-17,058	-10,954

Capital Employed		2017	2016
	<i>EUR m.</i>	31 Dec	31 Dec
Total assets	10,750	105,691	92,659
<i>Operating liabilities</i>			
Other provisions, non-current and current ¹⁾	611	6,004	5,311
Other liabilities, non-current and current	4,826	47,451	40,671
Net derivatives	-37	-359	-263
Capital Employed	5,350	52,595	46,940

Return on Capital Employed		2017	2016
	<i>EUR m.</i>	31 Dec	31 Dec
Operating income ¹⁾	1,135	11,160	9,109
Financial income	81	754	921
Capital employed ¹⁾	5,350	52,595	46,940
Return on Capital Employed		22.7%	21.4%

¹⁾ Excluding provision of SEK 3,800 m. booked in June 2016, related to the European commission's competition investigation.