

Scania Year-end Report January–December 2018

Summary of the full year 2018

- Operating income amounted to SEK 13,832 m. (12,434)
- Net sales increased by 11 percent to SEK 137,126 m. (123,366)
- Cash flow amounted to SEK 3,665 m. (5,696) in Vehicles and Services
- As from the 2018 financial year, the presentation of the income statement has been adjusted to align with Volkswagen Group's (including comparative periods)

Comments by Henrik Henriksson, President and CEO

"2018 was a year of continued growth and of records in many areas, while we carried out the biggest industrial transition in the company's history. Deliveries of trucks, buses and coaches, as well as engines reached all-time high levels, and so did service volume. Scania's net sales amounted to SEK 137.1 billion, an increase of 11 percent compared to the previous year. Earnings rose to SEK 13,832 m., which gave an operating margin of 10.1 percent. Higher vehicle and service volume contributed positively and so did currency effects while higher production costs for running double product ranges and disruptions in the supply chain impacted earnings negatively. With the changeover of production in Latin America during the first quarter of 2019, we will have completed the global transition to Scania's new truck generation. This final stage of the changeover will lead to some limitations in the flexibility and capacity of our global production system. There is still a higher than normal cost situation in general for products and production related to the new truck generation. Measures to normalise cost levels have been introduced.

With continued high capacity utilisation of our customers' installed truck fleets and Scania's continually improving service offering, which is built on data from more than 360,000 connected vehicles, our service business is continuing to grow. Service revenue increased by 12 percent in 2018 to a record high SEK 26.6 billion. Financial Services reported operating income at the all-time high level of SEK 1,440 million.

Order bookings for trucks fell by 12 percent in 2018 compared to the high level during the year-earlier period. Demand in Europe remains at a good level, with a high level of customer activity. In Latin America, Brazil's recovery is progressing. In Asia, order bookings fell in 2018 compared to last year, due to Middle East. Demand in Eurasia remains strong, even though order bookings decreased somewhat in Russia towards year-end. Buses and coaches is also negatively affected by a lower order intake in Middle East but overall order bookings is in line with last year. In the Engines business area, demand is strong in all segments. In 2018 order bookings were positively affected by a pre-buy effect in Europe."

Financial overview

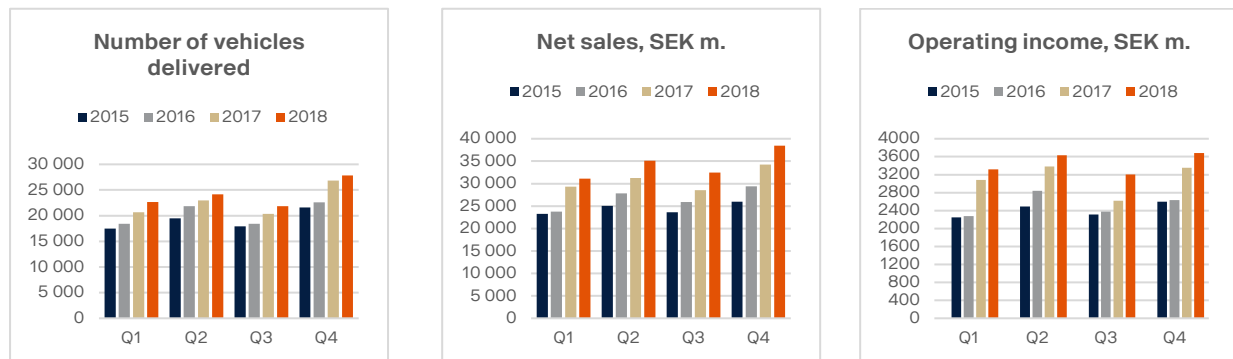
		Full year			Q4		
		2018	2017	Change, %	2018	2017	Change, %
Trucks and buses, units							
Order bookings		97,446	109,415	-11	24,957	31,701	-21
Deliveries		96,477	90,777	6	27,838	26,818	4
Net sales and earnings	<i>EUR m.*</i>						
	<i>13,37</i>						
Net sales, Scania Group, SEK m.**	<i>7</i>	137,126	123,366	11	38,452	34,255	12
Operating income, Vehicles and Services, SEK m.	<i>1,209</i>	12,392	11,160	11	3,298	2,942	12
Operating income, Financial Services, SEK m.	<i>140</i>	1,440	1,274	13	381	412	-8
Operating income, SEK m.	<i>1,350</i>	13,832	12,434	11	3,679	3,354	10
Income before taxes, SEK m.	<i>1,300</i>	13,319	12,082	10	3,464	3,262	6
Net income for the period, SEK m.	<i>950</i>	9,734	8,705	12	2,461	2,350	5
Operating margin, %		10.1	10.1		9.6	9.8	
Return on capital employed, Vehicles and Services, %		22.6	22.7				
Cash flow, Vehicles and Services, SEK m.	<i>358</i>	3,665	5,696		3,799	2,694	

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.251 = EUR 1.00.

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

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 6 percent during 2018 to a record high 96,477 (90,777) units, compared to 2017. Group net sales rose by 11 percent to SEK 137,126 m. (123,366), also an all-time high for Scania. Currency effects had a positive impact on sales of 3 percent.

Continued strong demand

Order bookings for trucks and buses and coaches in 2018 fell by 11 percent to 97,446 (109,415) vehicles, compared to 2017. During the fourth quarter, Scania's total order bookings for vehicles fell by 21 percent compared to the year-earlier period.

Demand for trucks in Europe remains strong due to the positive economic situation combined with an expansion need and attractive financing levels. Transport growth is continuing, driven by basic industries such as forestry, agriculture and industrial goods. The shortage of drivers is currently hampering even stronger growth with European customers. In Latin America, demand is driven by the recovery in Brazil which is continuing. However, there is a long way to get back to the previous top levels. In Russia, there is a modernisation need and demand is still high, although political instability is affecting it somewhat negatively. In the region Asia, demand in Middle East fell drastically. In China, the European truck segment is growing in line with the development of the logistics systems, along with stricter emission legislation levels.

Scania at IAA 2018

At IAA in Hannover 2018, Scania's full new generation truck range was presented, including trucks for long-haulage, construction and urban applications –all of which run on alternative fuels. Scania further broadened its offering which includes all available alternative fuels in the market, by introducing a new generation hybrid truck.

In buses and coaches, Scania displayed the battery electric Scania Citywide and the Scania Interlink Medium Decker – the first coach with a liquified natural gas (LNG) powertrain.

Scania Zone was also introduced at IAA, a new service to assist transport companies and their drivers in adhering to local regulations by linking policies such as speed limits, emission restrictions and noise limitations to geo-fencing zones.

The truck market

Order bookings

Scania's order bookings fell during the fourth quarter of 2018 and totalled 22,736 (29,402) trucks. Order bookings in Europe fell by 13 percent to 16,413 (18,920) units, compared to the fourth quarter of 2017. Demand decreased in France, the Netherlands, Belgium and Denmark, which was partly offset by an increase in Great Britain.

Order bookings in Latin America fell during the fourth quarter of 2018 by 53 percent to 1,866 (3,994) trucks, mainly related to lower order bookings in Brazil and Argentina, which was partly offset by an increase in Chile. Order bookings in Latin America were hampered by the industrial changeover to Scania's new truck generation.

In Eurasia, total order bookings fell during the fourth quarter and amounted to 896 (2,415) trucks, a decrease that was primarily related to Russia.

In Asia, total order bookings fell during the fourth quarter and amounted to 1,969 (2,837) trucks. The decrease was mainly related to Turkey, Iran, Indonesia, South Korea and Malaysia, which was partly offset by an upturn in China.

In Africa and Oceania, order bookings were higher compared to the fourth quarter of 2017, mainly related to South Africa, but this was offset somewhat by a decrease in Kenya and Tanzania. Order bookings amounted to 1,592 (1,200) units.

Deliveries

Scania's total truck deliveries increased by 6 percent to 25,862 (24,309) units during the fourth quarter compared to the year-earlier period. In Europe, deliveries rose by 9 percent to 14,839 (13,559) units compared to the fourth quarter of 2017. In Eurasia, deliveries rose to 3,165 (2,813) trucks. Deliveries also rose in Latin America to 4,192 (3,025) units compared to the fourth quarter of 2017. In Asia, deliveries fell by 40 percent compared to the fourth quarter of 2017, to 2,339 (3,868) trucks. In Africa and Oceania, deliveries rose by 27 percent to 1,327 (1,044) trucks.

Net sales

Net sales of trucks rose by 13 percent to SEK 85,231 m. (75,226) during the full year 2018. During the fourth quarter, sales rose by 17 percent to SEK 25,276 m. (21,537).

The total European market for heavy trucks

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway, Switzerland, Iceland and Bosnia and Herzegovina increased by about 4 percent to about 322,100 (309,100) units during 2018. Scania truck registrations amounted to some 52,700 (49,900) units, equivalent to a market share of about 16.4 (16.1) percent.

Scania trucks

	Order bookings			Deliveries		
	12 months 2018	12 months 2017	Change, %	12 months 2018	12 months 2017	Change, %
Europe	57,188	62,068	-8	52,016	48,436	7
Eurasia	6,492	7,834	-17	8,006	6,748	19
America*	10,150	12,376	-18	12,725	9,701	31
Asia	9,665	13,541	-29	10,464	13,175	-21
Africa and Oceania	5,245	4,812	9	4,784	4,412	8
Total	88,740	100,631	-12	87,995	82,472	7

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches in 2018 fell slightly compared to the previous year to 8,706 (8,784) units. During the fourth quarter, order bookings fell to 2,221 (2,299) units, compared to the fourth quarter of 2017.

In Europe, order bookings rose and amounted to 589 (492) units during the fourth quarter. Order bookings rose mainly in Spain, Finland and Sweden. In Latin America, order bookings rose to 885 (554) units compared to the fourth quarter of 2017. In Asia, order bookings fell by 68 percent to 215 (671) buses and coaches compared to the fourth quarter of 2017, mainly related to Turkey, Iran, Indonesia, South Korea and Malaysia, which was partly offset by an upturn in China. Order bookings in Eurasia fell compared to the year-earlier period and amounted to 4 (381) buses and coaches. Order bookings in Africa and Oceania rose to 528 (201) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 1,976 (2,509) units during the fourth quarter. In Europe, deliveries rose to 561 (461) units compared to the fourth quarter of 2017. In Latin America, deliveries increased to 840 (587). In Asia, deliveries fell to 304 (927) during the fourth quarter, while deliveries of buses and coaches in Africa and Oceania rose to 240 (230) units. Deliveries to Eurasia fell to 31 (304) units.

Scania's market share in buses and coaches in Europe amounted to 7.5 percent in 2018 compared to 7.1 percent during the previous year.

Net sales

Net sales of buses and coaches rose by 11 percent to SEK 11,658 m. (10,480) during the full year 2018. During the fourth quarter, sales rose by 10 percent to SEK 3,088 m. (2,798).

Scania buses and coaches

	Order bookings			Deliveries		
	12 months 2018	12 months 2017	Change, %	12 months 2018	12 months 2017	Change, %
Europe	2,431	2,009	21	2,212	2,009	10
Eurasia	81	594	-86	344	365	-6
America*	3,345	2,423	38	2,805	2,302	22
Asia	1,405	2,891	-51	2,058	2,821	-27
Africa and Oceania	1,444	867	67	1,063	808	32
Total	8,706	8,784	-1	8,482	8,305	2

*Refers to Latin America

Engines

Order bookings

Total engine order bookings rose by 24 percent to a record high 12,440 (10,045) units during the full year 2018 compared to 2017. The upturn was primarily related to Brazil, South Korea, Germany, Great Britain and the Netherlands, which was partly offset by downturns in South Africa and Poland. During the fourth quarter, order bookings rose by 18 percent to 3,037 (2,571) units.

Deliveries

Engine deliveries rose by 50 percent to a record high 12,809 (8,521) units during 2018. The upturn was primarily related to Brazil, South Korea, Germany, Great Britain and Norway, which was partly offset by a decrease in Poland. During the fourth quarter, deliveries rose by 55 percent to 4,271 (2,762) units, mainly related to increases in Germany, Brazil, Great Britain and Belgium, which was partly offset by a decrease in South Korea.

Net sales

During 2018, sales rose by 51 percent to SEK 2,769 m. (1,830). Net sales in the fourth quarter amounted to SEK 914 m. (568), an upturn of 61 percent.

Services

Service revenue amounted to SEK 26,588 m. (23,735) during 2018, an increase of 12 percent. Higher volume in Europe and currency effects had a positive impact. In local currencies, revenue increased by 8 percent.

In Europe, service revenue rose by 14 percent to SEK 18,314 m. (16,063) compared to 2017. In Latin America, revenue increased by 1 percent to SEK 3,051 m. (3,024) and service revenue in Eurasia rose by 16 percent to SEK 797 m. (688) compared to 2017. Service revenue in Asia was 12 percent higher than the previous year at SEK 2,626 m. (2,340). In Africa and Oceania, service revenue rose by 11 percent to SEK 1,800 m. (1,620).

Earnings

Vehicles and Services

Full year 2018

Operating income in Vehicles and Services totalled SEK 12,392 m. (11,160) during 2018. Higher vehicle and service volume as well as currency effects contributed positively while higher production costs for running double product ranges and disruptions in the supply chain impacted earnings negatively. Earnings were also negatively impacted by a less favourable market mix. Compared to 2017, the total currency effect was positive and amounted to about SEK 2,678 m.

Scania's research and development expenditures amounted to SEK 7,602 m. (6,682). After adjusting for SEK 1,996 m. (1,367) in capitalised expenditures and SEK 728 m. (454) in amortisation of previously capitalised expenditures, recognised expenses increased to SEK 6,334 m. (5,769).

Fourth quarter

Operating income in Vehicles and Services totalled SEK 3,298 m. (2,942) during the fourth quarter of 2018. Higher vehicle and service volume as well as currency effects contributed positively while higher production costs for running double product ranges and disruptions in the supply chain impacted earnings negatively. Earnings were also negatively impacted by a less favourable market mix. Compared to the fourth quarter of 2017, the total currency rate effect was positive and amounted to about SEK 413 m.

Scania's research and development expenditures amounted to SEK 2,147 m. (1,757). After adjusting for SEK 661 m. (219) in capitalised expenditures, and SEK 175 m. (185) in amortisation of previously capitalised expenditures, recognised expenses increased to SEK 1,661 m. (1,723).

Financial Services

Customer finance portfolio

At the end of the fourth quarter of 2018, the size of Scania's customer finance portfolio amounted to SEK 89.2 billion, which was SEK 12.1 billion higher than the end of 2017. In local currencies, the portfolio increased by SEK 10.7 billion, equivalent to 14 percent.

Penetration rate

The penetration rate was 43 (46) percent in 2018 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 1,440 m. (1,274) during 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 2018, Scania's operating income amounted to SEK 13,832 m. (12,434). Operating margin amounted to 10.1 (10.1) percent. Scania's net financial items amounted to SEK -513 m. (-352).

The Scania Group's tax expense amounted to SEK 3,585 m. (3,377), equivalent to 26.9 (28.0) percent of income before taxes. Net income for the period totalled SEK 9,734 m. (8,705), equivalent to a net margin of 7.1 (7.1) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 3,665 m. (5,696) during 2018. Tied-up working capital increased by SEK 1,511 m.

Net investments amounted to SEK 7,234 m. (5,904), including SEK 1,996 m. (1,367) in capitalisation of development expenses. At the end of the fourth quarter of 2018, the net cash position in Vehicles and Services amounted to SEK 16,420 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 -11,073 m. (-7,210) during 2018 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 1.3 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 13,853 m. (0) during 2018.

Miscellaneous

Number of employees

At the end of 2018, the number of employees totalled 52,103 compared to 49,263 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 repurchase obligations

About 13 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).

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 the interim financial statements ending in June 2016. Scania always cooperated fully with the EC, while all through the investigation contesting the EC's view that Scania would have participated in a pan-European cartel during 1997-2011 on pricing and delayed introductions of emissions related technology. Scania were served with a final decision by the EC in October 2017, holding Scania liable for such scope of a cartel in the amount of around SEK 8.4 bn. (EUR 881 m.) in fines. Scania have appealed against this decision in its entirety, and has in January 2018 provided a guarantee as security for the fines pending the outcome of such appeal. Scania is also the subject of related civil claims by direct and 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 made 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, were 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 made. The reclassifications have been made as a result of adoption to the presentation of different costs in the Volkswagen Group. The reclassification has been made retrospectively which means 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 adjustment of 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 and Annual General Meeting

Scania's Annual General Meeting for the financial year 2018 was held in Södertälje, Sweden on 14 March 2019. The Board of Directors proposed to the 2019 Annual General Meeting that a total amount of SEK 14,611 m., consisting of SEK 4,867 m. as ordinary dividend which represents 50 percent of the net income SEK 9,734 m. for 2018 and an extraordinary dividend of SEK 9,744 m., to be distributed to the shareholders as a cash dividend. The extraordinary dividend will immediately be returned as capital injection. The extraordinary dividend and re-capitalisation should be done at the same time, meaning no actual payments will be done, and with no net effects on Scania capitalisation.

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Full year		Change in %	Q4		
	EUR m.*	2018		2017	2018	2017
Revenue	13,377	137,126	123,366	11	38,452	34,255
Cost of goods sold and services rendered	-10,037	-102,888	-92,095	12	-29,345	-25,750
Gross income	3,340	34,238	31,271	9	9,107	8,505
Research and development expenses	-618	-6,334	-5,769	10	-1,661	-1,723
Selling expenses	-1,170	-11,996	-11,088	8	-3,265	-2,883
Administrative expenses	-196	-2,009	-1,899	6	-487	-538
Other operating income	16	163	169	-4	43	32
Other operating expenses	-22	-230	-250	-8	-58	-39
Operating income	1,350	13,832	12,434	11	3,679	3,354
Interest income	41	419	583	-28	125	70
Interest expenses	-74	-757	-956	-21	-196	-165
Share of income from associated companies and joint ventures	4	40	44	-9	8	13
Other financial income	37	378	171	121	102	18
Other financial expenses	-58	-593	-194	206	-254	-28
Total financial items	-50	-513	-352	46	-215	-92
Income before taxes	1,300	13,319	12,082	10	3,464	3,262
Taxes	-350	-3,585	-3,377	6	-1,003	-912
Net income for the period	950	9,734	8,705	12	2,461	2,350
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-52	-529	-824		61	123
Income tax relating to items that may be reclassified	3	27	-1		-37	3
	-49	-502	-825		24	126
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ¹⁾	-70	-716	-337		-247	-138
Translation adjustment	41	421	0		0	0
Equity intruments	4	44	0		0	0
Income tax relating to items that will not be reclassified	-3	-36	64		-69	22
	-28	-287	-273		-316	-116
Other comprehensive income for the period	-77	-789	-1,098		-292	10
Total comprehensive income for the period	873	8,945	7,607		2,169	2,360
Net income attributable to:						
Scania shareholders	949	9,733	8,708		2,460	2,352
Non-controlling interest	0	1	-3		1	-2
Total comprehensive income attributable to:						
Scania shareholders	872	8,943	7,612		2,168	2,364
Non-controlling interest	0	2	-5		1	-4
Operating income includes depreciation of	-824	-8,451	-8,401		-1,948	-2,463
Operating margin, percent		10.1	10.1		9.6	9.8

¹⁾ The discount rate in calculating the Swedish pension liability amount to 2.5 (2.75) percent per 31 Dec.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.251 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

	Full year			Change in %	Q4	
	EUR m.	2018	2017		2018	2017
Amounts in SEK m. unless otherwise stated						
Net sales						
Trucks	8,314	85,231	75,226	13	25,276	21,537
Buses*	1,137	11,658	10,480	11	3,088	2,798
Engines	270	2,769	1,830	51	914	568
Service-related products	2,594	26,588	23,735	12	6,976	6,236
Used vehicles	754	7,726	7,085	9	2,047	1,931
Miscellaneous	472	4,843	3,970	22	1,340	1,107
Delivery sales value	13,541	138,815	122,326	13	39,641	34,177
Revenue deferrals ¹⁾	-546	-5,593	-2,567	118	-2,048	-853
Net sales	12,995	133,222	119,759	11	37,593	33,324
Net sales²⁾						
Europe	8,204	84,113	74,362	13	23,099	20,099
Eurasia	819	8,393	6,637	26	3,162	2,698
America**	1,611	16,511	13,596	21	5,370	3,760
Asia	1,440	14,759	16,552	-11	3,421	4,637
Africa and Oceania	921	9,446	8,612	10	2,541	2,130
Net sales	12,995	133,222	119,759	11	37,593	33,324

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.	31 Dec	31 Dec
Assets			
Non-current assets			
Intangible assets	1,050	10,761	9,421
Tangible assets	3,072	31,486	29,711
Lease assets	2,758	28,273	25,816
Shares and participations	80	823	587
Interest-bearing receivables	4,219	43,251	37,218
Other receivables ^{1), 2)}	675	6,921	5,765
Current assets			
Inventories	2,517	25,804	21,589
Interest-bearing receivables	2,712	27,797	23,452
Other receivables ³⁾	1,658	17,000	15,300
Current investments	64	652	1,245
Cash and cash equivalents	798	8,182	6,504
Total assets	19,603	200,950	176,608
Total equity and liabilities			
Equity			
Scania shareholders	5,302	54,345	49,904
Non-controlling interest	1	14	15
Total equity	5,303	54,359	49,919
Non-current liabilities			
Interest-bearing liabilities	4,190	42,950	39,869
Provisions for pensions	1,018	10,439	9,346
Other provisions ⁶⁾	623	6,389	6,498
Other liabilities ^{1), 4)}	1,543	15,819	14,703
Current liabilities			
Interest-bearing liabilities	2,919	29,922	18,822
Provisions	348	3,569	3,400
Other liabilities ⁵⁾	3,659	37,503	34,051
Total equity and liabilities	19,603	200,950	176,608
¹⁾ Including deferred tax			
²⁾ Including derivatives with positive value for hedging of borrowings	27	274	239
³⁾ Including derivatives with positive value for hedging of borrowings	55	564	377
⁴⁾ Including derivatives with negative value for hedging of borrowings	36	372	474
⁵⁾ Including derivatives with negative value for hedging of borrowings	95	976	781
⁶⁾ Including provision related to the European Commission's competition investigation			
Equity/assets ratio, percent		27.1	28.3

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2018	2017
Equity, 1 January	4,870	49,919	42,312
Transition to IFRS 9	-15	-150	-
Net income for the period	950	9,734	8,705
Other comprehensive income for the period	-77	-789	-1,098
Dividend to shareholders	-425	-4,352	-
Change in non-controlling interest	0	-3	-
Total equity at the end of the period	5,303	54,359	49,919
Attributable to:			
Scania AB shareholders	5,302	54,345	49,904
Non-controlling interest	1	14	15

Cash flow statement, condensed

	Full year			Q4	
	EUR m.	2018	2017	2018	2017
Amounts in SEK m. unless otherwise stated					
Operating activities					
Income before tax	1,299	13,319	12,082	3,464	3,262
Items not affecting cash flow ¹⁾	920	9,427	8,946	2,539	2,522
Taxes paid	-379	-3,887	-3,343	-668	-842
Cash flow from operating activities before change in working capital	1,840	18,859	17,685	5,335	4,942
of which: Vehicles and Services	1,706	17,492	16,682	4,966	4,648
Financial Services	133	1,367	1,003	369	294
Change in working capital ²⁾	-1,853	-18,997	-13,262	-4,968	-4,110
of which: Vehicles and Services	-643	-6,593	-5,082	965	-455
Financial Services	-1,210	-12,404	-8,180	-5,933	-3,655
Eliminations	0	0	0	0	0
Cash flow from operating activities	-14	-138	4,423	367	832
Investing activities					
Net investments ³⁾	-709	-7,270	-5,937	-2,147	-1,516
of which: Vehicles and Services	-706	-7,236	-5,872	-2,134	-1,487
Financial Services	-4	-36	-33	-15	-17
Acquisitions/divestments of businesses	0	2	-32	2	-12
Cash flow from investing activities	-709	-7,270	-5,937	-2,147	-1,516
Cash flow from Vehicles and Services	358	3,665	5,696	3,799	2,694
Cash flow from Financial Services	-1,080	-11,073	-7,210	-5,579	-3,378
Eliminations	0	0	0	0	0
Financing activities					
Change in debt from financing activities	1,318	13,513	705	-3,744	-2,927
Dividend	-425	-4,352	-	-	-
Cash flow from financing activities	893	9,161	705	-3,744	-2,927
Cash flow for the period	170	1,753	-809	-5,524	-3,611
Cash and cash equivalents at beginning of period	634	6,504	7,634	13,708	10,149
Exchange rate differences in cash and cash equivalents	-7	-75	-321	-2	-34
Cash and cash equivalents at end of period	797	8,182	6,504	8,182	6,504

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 vehicles with repurchase obligations included with SEK 1,295 m Q4, 4,368 m YTD, previously presented net within operating activities. Provisions for pensions included with SEK 64 m Q4, 322 m YTD, previously presented in change in working capital.

²⁾ For Vehicles & Services; investments in vehicles with repurchase obligations included with SEK -1,295 m Q4, -4,368 m YTD, previously presented net within operating activities. Net investments in rental included with SEK -245 m Q4, -689 m YTD, previously presented within net investments. Provisions for pensions moved to items not affecting cash flow with SEK -64 m Q4, -322 m YTD. For Financial Services; net investments in credit portfolio etc. included with SEK -3,320 m Q4, -8,211 m YTD, previously presented within net investments.

³⁾ For Vehicles & Services; net investments in rental moved to working capital with SEK 245 m Q4, 689 m YTD. For Financial Services; net investments in credit portfolio etc. moved to working capital with SEK 3,320 m Q4, 8,211 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 1 005 m. (738). 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 274 m. (239), Other current receivables SEK 564 m. (377), Other non-current liabilities SEK 372 m. (474) and Other current liabilities SEK m. 981 (793).

For financial assets that are carried at amortised cost, book value amounts to SEK 88,236 m. (76,807) and fair value to SEK 87,849 m. (76,841). For financial liabilities that are carried at amortised cost, book value amounts to SEK 88,451 m. (72,707) and fair value to SEK 88,329 m. (72,700). Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at amortised cost minus any impairment losses, is regarded as coinciding with the carrying amount.

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

Quarterly data, units by geographic area

	2018					2017				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks										
Europe	57,188	16,413	11,241	13,617	15,917	62,068	18,920	11,492	15,144	16,512
Eurasia	6,492	896	1,523	929	3,144	7,834	2,415	1,868	2,090	1,461
America **	10,150	1,866	3,099	2,122	3,063	12,376	3,994	3,169	3,061	2,152
Asia	9,665	1,969	1,465	2,480	3,751	13,541	2,873	3,186	3,674	3,808
Africa and Oceania	5,245	1,592	1,265	1,160	1,228	4,812	1,200	1,180	1,067	1,365
Total	88,740	22,736	18,593	20,308	27,103	100,631	29,402	20,895	25,036	25,298
Trucks delivered										
Europe	52,016	14,839	11,603	12,614	12,960	48,436	13,559	9,853	12,873	12,151
Eurasia	8,006	3,165	1,921	1,697	1,223	6,748	2,813	1,700	1,367	868
America**	12,725	4,192	2,671	3,233	2,629	9,701	3,025	2,381	2,441	1,854
Asia	10,464	2,339	2,795	2,671	2,659	13,175	3,868	3,241	2,924	3,142
Africa and Oceania	4,784	1,327	1,014	1,347	1,096	4,412	1,044	1,107	1,214	1,047
Total	87,995	25,862	20,004	21,562	20,567	82,472	24,309	18,282	20,819	19,062
Order bookings, buses*										
Europe	2,431	589	545	666	631	2,009	492	554	390	573
Eurasia	81	4	21	56	0	594	381	164	25	24
America **	3,345	885	389	1,320	751	2,423	554	653	352	864
Asia	1,405	215	207	103	880	2,891	671	572	681	967
Africa and Oceania	1,444	528	231	291	394	867	201	223	234	209
Total	8,706	2,221	1,393	2,436	2,656	8,784	2,299	2,166	1,682	2,637
Buses delivered*										
Europe	2,212	561	452	672	527	2,009	461	576	512	460
Eurasia	344	31	3	61	249	365	304	33	14	14
America **	2,805	840	613	722	630	2,302	587	587	713	415
Asia	2,058	304	582	742	430	2,821	927	670	674	550
Africa and Oceania	1,063	240	207	379	237	808	230	203	220	155
Total	8,482	1,976	1,857	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	Full year		
	EUR m.	2018	2017
Income statement			
Financial income and expenses	1,351	13,853	0
Net income for the period	1,351	13,853	0
Balance sheet			
Assets			0
Financial non-current assets			
Shares in subsidiaries	823	8,435	8,435
Current assets			
Due from subsidiaries	1,080	11,068	1,567
Total assets	1,903	19,503	10,002
Equity			
Equity	1,903	19,503	10,002
Total shareholders' equity	1,903	19,503	10,002
Total equity and liabilities	1,903	19,503	10,002
Statement of changes in equity			
Equity, 1 January	976	10,002	10,002
Total comprehensive income	1,351	13,853	0
Dividend	-424	-4,352	-
Equity	1,903	19,503	10,002

Note 1 Segment Reporting

Income statements

Vehicles and Services

	2018	2017	2018	2017
	12 months	12 months	Q4	Q4
Amounts in SEK m. unless otherwise stated				
Revenue	133,222	119,759	37,593	33,324
Cost of goods sold	-101,782	-90,944	-29,215	-25,453
Gross income	31,440	28,815	8,378	7,871
Research and development expenses	-6,334	-5,769	-1,661	-1,723
Selling expenses	-10,705	-9,987	-2,932	-2,668
Administrative expenses	-2,009	-1,899	-487	-538
Operating income	12,392	11,160	3,298	2,942
Interest income	419	583	125	70
Interest expenses	-757	-956	-196	-165
Share of income in associated companies and joint ventures	40	44	8	13
Dividends in between segments	241	434	114	308
Other financial income	378	171	102	18
Other financial expenses	-593	-194	-254	-28
Total financial items	-272	82	-101	216
Income before taxes	12,120	11,242	3,197	3,158
Taxes	-3,170	-3,084	-893	-822
Net income for the period	8,950	8,158	2,304	2,336

Financial Services

Amounts in SEK m. unless otherwise stated				
Interest and lease income	7,521	6,731	1,844	1,580
Insurance commission	276	212	80	63
Interest and prepaid expenses	-4,999	-4,487	-1,195	-1,009
Interest surplus and insurance commission	2,798	2,456	729	634
Other income	163	169	43	32
Other expenses	-230	-250	-58	-39
Gross income	2,731	2,375	714	627
Selling and administration expenses	-1,110	-996	-299	-252
Bad debt expenses, realised and anticipated	-181	-105	-34	37
Operating income	1,440	1,274	381	412
Income before tax	1,440	1,274	381	412
Taxes	-415	-293	-110	-90
Net income for the period	1,025	981	271	322

Reconciliation of segments to the Scania Group

January - December

	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Amounts in SEK m. unless otherwise stated	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Revenue	133,222	119,759	7,797	6,943	-3,893	-3,336	137,126	123,366
Cost of sales	-101,782	-90,944	-4,999	-4,487	3,893	3,336	-102,888	-92,095
Gross income	31,440	28,815	2,798	2,456	0	0	34,238	31,271
Research and development expenses	-6,334	-5,769					-6,334	-5,769
Selling expenses	-10,705	-9,987	-1,291	-1,101			-11,996	-11,088
Administrative expenses	-2,009	-1,899					-2,009	-1,899
Other operating income			163	169			163	169
Other operating expenses			-230	-250			-230	-250
Operating income	12,392	11,160	1,440	1,274	0	0	13,832	12,434
Interest income	419	583					419	583
Interest expenses	-757	-956					-757	-956
Share of income in associated companies and joint ventures	40	44					40	44
Dividends in between segments	241	434			-241	-434	0	0
Other financial income	378	171					378	171
Other financial expenses	-593	-194					-593	-194
Total financial items	-272	82	0	0	-241	-434	-513	-352
Income before taxes	12,120	11,242	1,440	1,274	-241	-434	13,319	12,082
Taxes	-3,170	-3,084	-415	-293			-3,585	-3,377
Net income for the period	8,950	8,158	1,025	981	-241	-434	9,734	8,705

October - December

	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Amounts in SEK m. unless otherwise stated	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
Revenue	37,593	33,324	1,924	1,643	-1,065	-712	38,452	34,255
Cost of sales	-29,215	-25,453	-1,195	-1,009	1,065	712	-29,345	-25,750
Gross income	8,378	7,871	729	634	0	0	9,107	8,505
Research and development expenses	-1,661	-1,723					-1,661	-1,723
Selling expenses	-2,932	-2,668	-333	-215			-3,265	-2,883
Administrative expenses	-487	-538					-487	-538
Other operating income	0	0	43	32			43	32
Other operating expenses	0	0	-58	-39			-58	-39
Operating income	3,298	2,942	381	412	0	0	3,679	3,354
Interest income	125	70					125	70
Interest expenses	-196	-165					-196	-165
Share of income in associated companies and joint ventures	8	13					8	13
Dividends in between segments	114	308			-114	-308	0	0
Other financial income	102	18					102	18
Other financial expenses	-254	-28					-254	-28
Total financial items	-101	216	0	0	-114	-308	-215	-92
Income before taxes	3,197	3,158	381	412	-114	-308	3,464	3,262
Taxes	-893	-822	-110	-90			-1,003	-912
Net income for the period	2,304	2,336	271	322	-114	-308	2,461	2,350

Note 2 Changes in Income statement

	Previous presentation income statement		Adjust to new presentation income statement								
Income statements					Reclassifications		Eliminations		Total		Notes
	2017 12 months	2017 Q4	2017 12 months	2017 Q4	2017 12 months	2017 Q4	2017 12 months	2017 Q4	2017 12 months	2017 Q4	
Amounts in SEK m. unless otherwise stated											
Vehicles and Services											
Revenue	119,713	33,310	6,943	1,644			-3,290	-699	123,366	34,255	
Cost of sales	-90,238	-25,248	-4,487	-1,010	-660	-191	3,290	699	-92,095	-25,750	a),b), d)
Gross income	29,475	8,062	2,456	634	-660	-191	0	0	31,271	8,505	
Research and development expenses	-6,587	-1,962			818	239			-5,769	-1,723	a), d)
Selling expenses	-9,934	-2,651	-1,101	-215	-53	-17			-11,088	-2,883	a), c), d)
Administrative expenses	-1,794	-507			-105	-31			-1,899	-538	a), b), c), d)
Other operating income			169	32					169	32	
Other operating expenses			-250	-39					-250	-39	
Operating income	11,160	2,942	1,274	412	0	0	0	0	12,434	3,354	
Financial Services											
Interest and lease income	6,731	1,581	-6,731	-1,581					0	0	
Insurance commission	212	63	-212	-63					0	0	
Interest and depreciation expenses	-4,487	-1,010	4,487	1,010					0	0	
Interest surplus and insurance commission	2,456	634	-2,456	-634	0	0	0	0	0	0	
Other income	169	32	-169	-32					0	0	
Other expenses	-250	-39	250	39					0	0	
Gross income	2,375	627	-2,375	-627	0	0	0	0	0	0	
Selling and administration expenses	-996	-252	996	252					0	0	
Bad dept expenses, realised and anticipated	-105	37	105	-37					0	0	
Operating income	1,274	412	-1,274	-412	0	0	0	0	0	0	
Operating income	12,434	3,354	0	0	0	0	0	0	12,434	3,354	
Interest income	583	70							583	70	
Interest expenses	-956	-165							-956	-165	
Share of income in associated companies and joint ventures	44	13							44	13	
Other financial income	171	18							171	18	
Other financial expenses	-194	-28							-194	-28	
Total financial items	-352	-92							-352	-92	
Income before taxes	12,082	3,262							12,082	3,262	
Taxes	-3,377	-912							-3,377	-912	
Net income	8,705	2,350							8,705	2,350	

Notes

a) IT cost previously presented as administration-, R&D- and selling expenses (SEK 134 m., 15 m., 1 m. respectively) now presented as cost of goods sold (SEK -150 m.)

b) Administration costs in Treasury SLA of SEK 23 m. now presented as cost of goods sold

c) Reclassification of costs for controlling function previously presented as selling expenses (SEK 44 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 803 m.) is now allocated to cost of goods sold (SEK -489 m.), Selling expenses (SEK -98 m.), Administration expenses (SEK -218 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 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	

Vehicles 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 Rental	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	

Note

- 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 Serviced 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 vehicle 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	Full year			Q4	
	<i>EUR m.</i>	2018	2017	2018	2017
<i>Net sales</i>	13,377	137,126	123,366	38,452	34,255
<i>Operating income</i>	1,350	13,832	12,434	3,679	3,354
<i>Net income for the period</i>	950	9,734	8,705	2,461	2,350
<i>Operating margin, % (Operating income/Net sales)</i>		10.1	10.1	9.6	9.8
<i>Net margin, % (Net income/Net sales)</i>		7.1	7.1	6.4	6.9

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group

Net debt, excluding provision for pensions

Assets	EUR m.	31 Dec	31 Dec
Current investments	64	652	1,245
Cash and cash equivalents	798	8,182	6,504
Derivatives, non-current	27	274	239
Derivatives, current	55	564	377
	944	9,672	8,365

Liabilities

Interest-bearing liabilities, non-current	4,190	42,950	39,869
Interest-bearing liabilities, current	2,919	29,922	18,822
Derivatives, non-current	36	372	474
Derivatives, current	95	976	781
	7,240	74,220	59,946

Net debt	6,296	64,548	51,581
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Vehicles and Services

Net debt, excluding provision for pensions

Assets	EUR m.	31 Dec	31 Dec
Current investments	999	10,244	12,108
Cash and cash equivalents	652	6,686	6,082
Derivatives, non-current	27	274	155
Derivatives, current	55	564	255
	1,733	17,768	18,600

Liabilities

Derivatives, non-current	36	372	875
Derivatives, current	95	976	1,169
	131	1,348	2,044

Net debt	-1,602	-16,420	-16,556
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Capital Employed, after reclassifications according to note 3

	EUR m.	31 Dec	31 Dec
Total assets, excl. Shares and participations in group companies	12,739	130,592	119,533
Operating liabilities			
Other provisions, non-current and current	605	6,200	5,913
Other liabilities, non-current and current	6,547	67,112	61,384
Net derivatives	-115	-1,176	-359
Capital Employed	5,702	58,456	52,595

Return on Capital Employed

	EUR m.	31 Dec	31 Dec
Operating income	1,209	12,392	11,160
Financial income	78	797	755
Capital employed	5,702	58,456	52,595
Return on Capital Employed		22.6%	22.7%