

Scania Year-end Report January-December 2019

Summary of the full year 2019

- To fight climate change, Scania is setting Science Based Targets in line with limiting global warming to 1.5°C
- Net sales increased by 11 percent to SEK 152,419 m. (137,126)
- Operating income increased by 26 percent to SEK 17,488 m. (13,832)
- Cash flow amounted to SEK 10,994 m. (3,718) in Vehicles and Services

Comments by Henrik Henriksson, President and CEO

"2019 was a year of continued growth and many records for Scania. Vehicle deliveries reached historically high levels as did service volume. Net sales amounted to record high SEK 152.4 billion, 11 percent up from previous year. Earnings were the highest ever at SEK 17,488 m., and operating margin 11.5 percent. Higher vehicle and service volume, currency effects and market mix contributed positively. Service revenue increased by 9 percent to SEK 28.9 billion. Operating income for Financial Services was a record high SEK 1,511 million.

Total order bookings for trucks and buses and coaches fell by 9 percent in 2019 compared to 2018. Demand for trucks in Europe slowed in the second half of 2019 due to a weakening economic cycle. In Latin America, Brazil's recovery is progressing slowly. In Eurasia and Asia demand is impacted by political and trade-related concerns. For buses and coaches orders decreased in most regions. Scania managed to partly compensate the demand drop in the Middle East. Order intake in Engines was good, despite strong comparative figures 2018.

Adjustments of structural costs to lower volume is on-going and we are continuously reviewing staffing and consultant assignments for projects. It is a necessity for Scania to continue making large-scale investments in new technologies to help drive the shift towards sustainable transport.

To succeed in the transition to a fossil-free transport system, biofuels are crucial. In 2019, Scania increased sales of vehicles that run on alternatives to diesel by 46 percent (6,631 vehicles). There is great potential for

wider use of biofuels as all Scania vehicles can run on biodiesel-HVO. Biofuels are available right now, while it is taking time for new technology to impact reduction of carbon emissions. In parallel with scaling up use of biofuels, Scania needs to invest in new technology and infrastructure for a gradual changeover to electrification.

In the electrification of heavy vehicles, there is no silver bullet but Scania is developing several technologies, often with customers. One technology track developed with grocery wholesaler ASKO is fuel cell electric trucks powered by hydrogen gas. The trucks recently entered into operation in Trondheim, Norway where ASKO opened a hydrogen gas station. In addition, Scania's fully electric battery-powered trucks for city distribution were installed in the customer's Oslo operations.

To reduce greenhouse gases at the rate and extent recommended by science, Scania is setting Science Based Targets in line with limiting global warming to 1.5°C. Scania thereby not only commits to reducing its own emissions, but also to achieving reductions where the main CO₂ emissions occur – when the products are used.

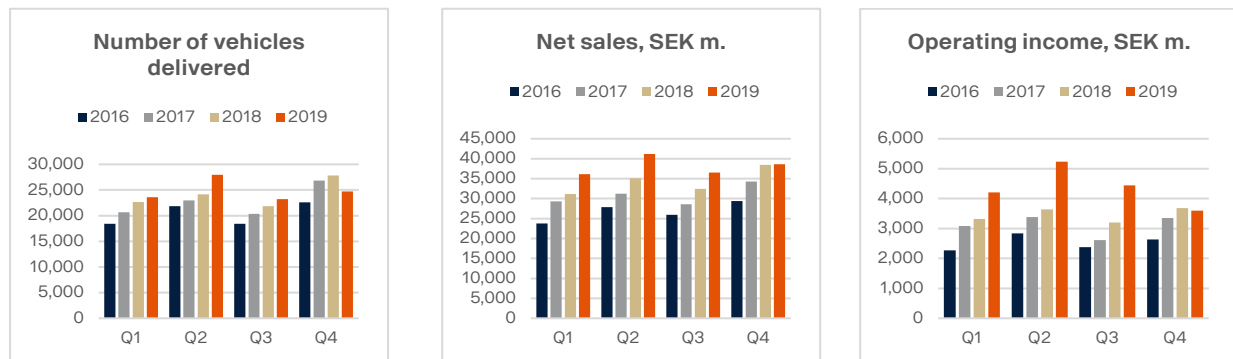
The full impact on Scania due to the outbreak of the Coronavirus is not currently possible to predict, given the uncertainty of the situation. We are following developments day-by-day and keep a tight dialogue with our customers, suppliers, union representatives and other partners."

Financial overview

Financial overview	Full year			Q4			
			Change,			Change,	
Trucks and buses, units	2019	2018	%	2019	2018	%	
Order bookings	88,739	97,446	-9	22,158	24,957	-11	
Deliveries	99,457	96,477	3	24,737	27,838	-11	
Net sales and earnings	EUR m.*						
Net sales, Scania Group, SEK m.	14,592	152,419	137,126	11	38,604	38,452	0
Operating income, Vehicles and Services, SEK m.	1,530	15,977	12,392	29	3,196	3,298	-3
Operating income, Financial Services, SEK m.	145	1,511	1,440	5	403	381	6
Operating income, SEK m.	1,674	17,488	13,832	26	3,599	3,679	-2
Income before taxes, SEK m.	1,577	16,476	13,319	24	3,406	3,464	-2
Net income for the period, SEK m.	1,186	12,384	9,734	27	2,525	2,461	3
Operating margin, %		11.5	10.1		9.3	9.6	
Return on capital employed, Vehicles and Services, %		24.0	22.6				
Cash flow, Vehicles and Services, SEK m.		10,994	3,718		3,463	3,796	

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.45 = EUR 1.00. Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year. This interim report has not been subject to review by the company's auditors. This report is also available on www.scania.com

Business overview



Excluding items affecting comparability (Q2 2016)

Sales performance

Total vehicle deliveries increased by 3 percent during 2019 to a record high 99,457 (96,477) units, compared to 2018. Group net sales rose by 11 percent to SEK 152,419 m. (137,126), also an all-time high for Scania.

Weaker demand in several regions

The demand situation is slightly weaker compared to the previous year's high levels and total order bookings for trucks and buses and coaches fell by 9 percent during 2019 compared to 2018.

Demand for trucks in Europe slowed during the second half of 2019 due to a weakening economic cycle where customers see a limited need to expand their fleets in order to meet transport needs. In Latin America, Brazil's recovery is still progressing slowly. In Eurasia and Asia, demand is impacted by political and trade-related concerns. Russia as a market is still volatile and the outlook is difficult to judge due to changed trading rules. In China, the market is cautious within Scania's segment.

Buses and coaches were negatively impacted by lower order bookings in most regions. We have managed to partly compensate the drop in demand in the Middle East.

Demand in the Engines business area is good, despite strong comparative figures in the previous year due to pre-buys ahead of new emission standards in Europe.

The truck market

Order bookings

Scania's order bookings fell during the fourth quarter of 2019 and totalled 20,663 (22,736) trucks. Order bookings in Europe fell by 33 percent to 11,047 (16,413) units, compared to the fourth quarter of 2018. Demand decreased in Great Britain, Poland and Germany, which was partly offset by an increase in Austria and Ireland.

Order bookings in Latin America rose during the fourth quarter of 2019 to 4,184 (1,866) trucks, mainly related to Brazil, Argentina and Mexico, which was partly offset by a decrease in Chile.

In Eurasia, total order bookings rose during the fourth quarter and amounted to 2,239 (896) trucks, an upturn that was primarily related to Russia.

In Asia, total order bookings rose during the fourth quarter and amounted to 2,325 (1,969) trucks. The upturn was primarily related to Taiwan, which was partly offset by a downturn in China.

In Africa and Oceania, order bookings were lower compared to the fourth quarter of 2018, mainly related to South Africa and Australia, but this was offset somewhat by an increase in Morocco. Order bookings amounted to 868 (1,592) units.

Deliveries

Scania's total truck deliveries decreased by 12 percent to 22,684 (25,862) units during the fourth quarter compared to the same period in 2018. In Europe, deliveries fell by 14 percent to 12,704 (14,839) units, compared to the fourth quarter of 2018. In Eurasia, deliveries fell to 2,706 (3,165) trucks. In Latin America, deliveries decreased to 3,169 (4,192) units, compared to the fourth quarter of 2018. In Asia, deliveries rose by 15 percent compared to the fourth quarter of 2018, to 2,701 (2,339) trucks. In Africa and Oceania, deliveries rose by 6 percent to 1,404 (1,327) trucks.

Net sales

Net sales of trucks rose by 15 percent to SEK 98,292 m. (85,231) during the full year 2019. During the fourth quarter, sales fell by 2 percent to SEK 24,823 m. (25,276).

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 and Switzerland increased by 0.3 percent to about 320,700 units (319,700) during 2019. Scania truck registrations amounted to some 60,500 (52,700), equivalent to a market share of about 18.7 (16.3) percent.

Scania trucks

	Order bookings			Deliveries		
	12 months 2019	12 months 2018	Change, %	12 months 2019	12 months 2018	Change, %
Europe	45,831	57,188	-20	58,851	52,016	13
Eurasia	6,076	6,492	-6	5,763	8,006	-28
America*	17,079	10,150	68	14,905	12,725	17
Asia	8,101	9,665	-16	7,703	10,464	-26
Africa and Oceania	4,265	5,245	-19	4,458	4,784	-7
Total	81,352	88,740	-8	91,680	87,995	4

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches in 2019 fell compared to the previous year to 7,387 (8,706) units. During the fourth quarter, order bookings fell to 1,495 (2,221) units, compared to the fourth quarter of 2018.

In Europe, order bookings fell and amounted to 443 (589) units during the fourth quarter. Order bookings fell primarily in Finland and Spain, but this was offset somewhat by an upturn in Sweden. In Latin America, order bookings fell to 526 (885) units compared to the fourth quarter of 2018. In Asia, order bookings rose to 422 (215) buses and coaches compared to the fourth quarter of 2018, mainly related to Taiwan, which was partly offset by a downturn in Israel. Order bookings in Eurasia fell compared to the year-earlier period and amounted to 1 (4) unit. Order bookings in Africa and Oceania fell to 103 (528) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 2,053 (1,976) units during the fourth quarter. In Europe, deliveries fell to 526 (561) units compared to the fourth quarter of 2018. In Latin America, deliveries rose to 882 (840). In Asia, deliveries rose to 327 (304) during the fourth quarter, while deliveries of buses and coaches in Africa and Oceania rose to 254 (240) units. Deliveries to Eurasia rose to 64 (31) units.

Scania's market share in buses and coaches in Europe amounted to 6.4 percent in 2019 compared to 7.1 percent during the previous year.

Net sales

Net sales of buses and coaches rose by 3 percent to SEK 11,958 m. (11,658) during the full year 2019. During the fourth quarter, sales were in line with the previous year and totalled SEK 3,083 m. (3,088).

Scania buses and coaches

	Order bookings			Deliveries		
	12 months 2019	12 months 2018	Change, %	12 months 2019	12 months 2018	Change, %
Europe	2,450	2,431	1	2,099	2,212	-5
Eurasia	89	81	10	109	344	-68
America*	3,062	3,345	-8	3,422	2,805	22
Asia	958	1,405	-32	1,062	2,058	-48
Africa and Oceania	828	1,444	-43	1,085	1,063	2
Total	7,387	8,707	-15	7,777	8,482	-8

*Refers to Latin America

Engines

Order bookings

Total engine order bookings fell by 16 percent to 10,465 (12,440) units during the full year 2019 compared to 2018. The downturn was primarily related to Great Britain, Germany and South Korea, which was partly offset by decreases in China and Poland. During the fourth quarter, order bookings rose by 22 percent to 3,713 (3,037) units.

Deliveries

Engine deliveries fell by 21 percent to 10,152 (12,809) units during 2019. The downturn was mainly attributable to the previous year's pre-buy effect in Europe and a decrease in South Korea, which was partly offset by China, the Czech Republic and Poland. During the fourth quarter, deliveries fell by 31 percent to 2,953 (4,271) units, mainly related to decreases in Germany, Great Britain and South Korea, which was partly offset by China, Italy and Poland.

Net sales

During 2019, sales fell by 13 percent to SEK 2,409 m. (2,769). Net sales in the fourth quarter amounted to SEK 683 m. (914), a decline of 25 percent.

Services

Service revenue amounted to SEK 28,971 m. (26,588) during 2019, an increase of 9 percent. Higher volume in Europe and currency effects had a positive impact. In local currencies, revenue increased by 6 percent.

In Europe, service revenue rose by 9 percent to SEK 19,881 m. (18,314) compared to 2018. In Latin America, revenue rose by 9 percent to SEK 3,331 m. (3,051) and service revenue in Eurasia rose by 24 percent to SEK 989 m. (797) compared to 2018. Service revenue in Asia was 8 percent higher than the previous year at SEK 2,846 m. (2,626). In Africa and Oceania, service revenue rose by 7 percent to SEK 1,924 m. (1,800).

Earnings

Vehicles and Services

Full year 2019

Operating income in Vehicles and Services totalled SEK 15,977 m. (12,392) during 2019. Higher vehicle and service volume, currency effects and the market mix contributed positively. Compared to 2018, the total currency effect was positive and amounted to about SEK 1,900 m.

Scania's research and development expenditures amounted to SEK 7,244 m. (7,603). After adjusting for SEK 1,788 m. (1,996) in capitalised expenditures and SEK 706 m. (727) in depreciation of previously capitalised expenditures, recognised expenses decreased to SEK 6,162 m. (6,334).

Fourth quarter

Operating income in Vehicles and Services totalled SEK 3,196 m. (3,298) during the fourth quarter of 2019. Lower vehicle volume impacted earnings negatively while currency effects contributed positively. Compared to the fourth quarter of 2019, the total currency rate effect was positive and amounted to SEK 744 m.

Scania's research and development expenditures amounted to SEK 2,074 m. (2,147). After adjusting for SEK 449 m. (661) in capitalised expenditures, and SEK 188 m. (175) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,813 m. (1,661).

Financial Services

Customer finance portfolio

At the end of the fourth quarter of 2019, the size of Scania's customer finance portfolio amounted to SEK 103.8 billion, which was SEK 14.6 billion higher than the end of 2018. In local currencies, the portfolio increased by SEK 11.6 billion.

Penetration rate

The penetration rate was 42 (43) percent in 2019 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 1,511 m. (1,440) during 2019, compared to the same period in 2018. A larger portfolio and currency effects had a positive impact on earnings, while decreased margins and increased operating cost had a negative impact.

Scania Group

During 2019, Scania's operating income amounted to SEK 17,488 m. (13,832). Operating margin amounted to 11.5 (10.1) percent. Scania's net financial items amounted to SEK -1,012 m. (-513).

The Scania Group's tax expense amounted to SEK 4,092 m. (3,585), equivalent to 24.8 (26.9) percent of income before taxes. Net income for the period totalled SEK 12,384 m. (9,734), equivalent to a net margin of 8.1 (7.1) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 10,994 m. (3,718) during 2019. Tied-up working capital decreased by SEK 3,372 m. mainly due to decreased accounts payable.

Net investments amounted to SEK 7,518 m. (7,139), including SEK 1,788 m. (1,996) in capitalisation of development expenditure. At the end of the fourth quarter of 2019, the net cash position in Vehicles and Services amounted to SEK 17,057 m. compared to a net cash position of SEK 16,926 m. at the end of 2018. The net cash position was negatively impacted by a paid out dividend and lease liabilities related to IFRS 16, offset by the positive cash flow of the year.

Scania Group

Scania's cash flow in Financial Services amounted to SEK -10,632 m. (-10,743) during 2019 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 12.4 billion compared to the end of 2018. The net debt position was negatively impacted by a growing customer finance portfolio, the paid out dividend and lease liabilities related to IFRS 16.

Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 0 m. (13,853) during 2019.

Miscellaneous

Number of employees

At the end of 2019, the number of employees totalled 51,278 compared to 52,150 on the same date in 2018.

Material risks and uncertainties

The Corona virus outbreak has resulted in many countries taking measures to limit the spread of the virus. The full impact on Scania due to the outbreak of the Coronavirus is not currently possible to predict, given the uncertainty of the situation. We are following developments day-by-day and keep a tight dialogue with our customers, suppliers, union representatives and other partners. We are taking a number of risk mitigating actions to try and safeguard the health of our employees and plan for different business scenarios depending on the development of the outbreak, temporary close down of factories could be one scenario.

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

a) Sales with obligations

About 13 percent of the vehicles Scania sells are delivered with repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation (contract).

b) Credit risks

In its Financial Service operations, Scania has an exposure in the form of contractual future payments. This exposure is reduced by the collateral Scania has in the form of the right to repossess the underlying vehicle. In case the market

value of the collateral does not cover the exposure to the customer, Scania runs a credit risk. Reserves for probable losses in Financial Service operations are set aside in the estimated amounts required.

c) Legal risks

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

Accounting principles

Scania applies International Financial Reporting Standards (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 the 2019 financial year

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

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

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

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

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

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

- Right-of-use assets amounting to SEK 4,564 m. were recognised in the opening. Of the right of-use assets recognised, SEK 31 m. had already been recognised in the balance sheet as of 31 December 2018 under finance leases.
- Lease liabilities in an amount of SEK 4,544 m. were recognised in the balance sheet and reported under non-current and current financial liabilities. Of the recognised lease liabilities, SEK 11 m. had already been recognised in the balance sheet as of 31 December 2018 under finance leases.

- Initial application did not have any effect on equity.

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

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

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

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

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

Cash flow

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

Parent Company

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

Annual General Meeting

Scania's Annual General Meeting for the financial year 2019 will be held in Södertälje, Sweden on 13 May 2020.

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Full year		Change in %	Q4		
	EUR m.*	2019		2019	2018	
Revenue	14,592	152,419	137,126	11	38,604	38,452
Cost of goods sold and services rendered	-10,884	-113,689	-102,888	10	-29,174	-29,345
Gross income	3,708	38,730	34,238	13	9,430	9,107
Research and development expenses	-590	-6,162	-6,334	-3	-1,813	-1,661
Selling expenses	-1,214	-12,680	-11,996	6	-3,352	-3,265
Administrative expenses	-221	-2,306	-2,009	15	-643	-487
Other operating income	15	153	163	-6	46	43
Other operating expenses	-24	-247	-230	7	-69	-58
Operating income	1,674	17,488	13,832	26	3,599	3,679
Interest income	48	501	419	20	197	125
Interest expenses	-91	-957	-757	26	-314	-196
Share of income from associated companies and joint ventures	4	46	40	15	8	8
Other financial income	24	253	378	-33	33	102
Other financial expenses	-82	-855	-593	44	-117	-254
Total financial items	-97	-1,012	-513	97	-193	-215
Income before taxes	1,577	16,476	13,319	24	3,406	3,464
Taxes	-391	-4,092	-3,585	14	-881	-1,003
Net income for the period	1,186	12,384	9,734	27	2,525	2,461
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	90	945	-529		-707	61
Income tax	2	19	27		23	-37
	92	964	-502		-684	24
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ¹⁾	-232	-2,427	-716		126	-247
Translation adjustment	0	0	421		0	421
Fair value adjustment equity instruments	-5	-48	44		-130	44
Income tax	50	523	-36		21	-69
	-187	-1,952	-287		17	149
Other comprehensive income for the period	-95	-988	-789		-667	173
Total comprehensive income for the period	1,091	11,396	8,945		1,858	2,634
Net income attributable to:						
Scania shareholders	1,186	12,381	9,733		2,526	2,460
Non-controlling interest	0	3	1		-1	1
Total comprehensive income attributable to:						
Scania shareholders	1,091	11,392	8,943		1,858	2,633
Non-controlling interest	0	4	2		0	1
Operating income includes depreciation of	-1,045	-10,914	-8,451		-3,033	-2,270
Operating margin, percent		11.5	10.1		9.3	9.6

1) The discount rate in calculating the Swedish pension liability has changed to 1.5 percent per 31 December.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.45 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	Full year			Change	Q4	
	EUR m.	2019	2018	in %	2019	2018
Net sales						
Trucks	9,410	98,292	85,231	15	24,823	25,276
Buses*	1,145	11,958	11,658	3	3,083	3,088
Engines	231	2,409	2,769	-13	683	914
Service-related products	2,774	28,971	26,588	9	7,472	6,976
Used vehicles	805	8,411	7,726	9	2,202	2,047
Miscellaneous	442	4,615	4,843	-5	1,059	1,340
Delivery sales value	14,807	154,656	138,815	11	39,322	39,641
Revenue deferrals ¹⁾	-680	-7,099	-5,593	27	-1,987	-2,048
Net sales	14,127	147,557	133,222	11	37,335	37,593
Net sales²⁾						
Europe	9,219	96,289	84,113	14	22,730	23,099
Eurasia	711	7,427	8,393	-12	3,082	3,162
America**	2,013	21,030	16,511	27	4,801	5,370
Asia	1,207	12,610	14,759	-15	3,996	3,421
Africa and Oceania	977	10,201	9,446	8	2,726	2,541
Net sales	14,127	147,557	133,222	11	37,335	37,593

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	2019		2018
	EUR m.	31 Dec	31 Dec
Assets			
Non-current assets			
Intangible assets	1,140	11,905	10,761
Tangible assets	3,684	38,481	31,486
Lease assets	3,000	31,336	28,273
Shares and participations	92	964	823
Interest-bearing receivables	4,877	50,938	43,251
Other receivables ^{1), 2)}	699	7,302	6,921
Current assets			
Inventories	2,495	26,065	25,804
Interest-bearing receivables	3,141	32,808	27,797
Other receivables ³⁾	1,602	16,729	17,000
Current investments	78	814	1,612
Cash and cash equivalents	2,009	20,981	7,222
Total assets	22,817	238,323	200,950
Equity and liabilities			
Equity			
Scania shareholders	5,827	60,870	54,345
Non-controlling interest	2	18	14
Total equity	5,829	60,888	54,359
Non-current liabilities			
Interest-bearing liabilities	5,171	54,008	42,950
Provisions for pensions	1,174	12,262	10,439
Other provisions ⁶⁾	649	6,776	6,389
Other liabilities ^{1), 4)}	1,821	19,021	15,819
Current liabilities			
Interest-bearing liabilities	4,211	43,979	29,922
Provisions	382	3,986	3,569
Other liabilities ⁵⁾	3,580	37,403	37,503
Total equity and liabilities	22,817	238,323	200,950
¹⁾ Including deferred tax			
²⁾ Including derivatives with positive value for hedging of borrowings	35	370	274
³⁾ Including derivatives with positive value for hedging of borrowings	16	167	564
⁴⁾ Including derivatives with negative value for hedging of borrowings	103	1,076	372
⁵⁾ Including derivatives with negative value for hedging of borrowings	60	630	976
⁶⁾ Including provision related to the European Commission's competition investigation			
Equity/assets ratio, percent		25.5	27.1

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2019	2018
Equity, 1 January	5,204	54,359	49,919
Transition to IFRS 9	-	-	-150
Net income for the period	1,186	12,384	9,734
Other comprehensive income for the period	-95	-988	-789
Dividend to shareholders	-1,399	-14,611	-4,352
Capital contribution	933	9,744	-
Change in non-controlling interest	-	-	-3
Total equity at the end of the period	5,829	60,888	54,359
Attributable to:			
Scania AB shareholders	5,827	60,870	54,345
Non-controlling interest	2	18	14

Cash flow statement, condensed

	Full year			Q4	
	EUR m.	2019	2018	2019	2018
Amounts in SEK m. unless otherwise stated					
Operating activities					
Income before tax	1,577	16,476	13,319	3,406	3,464
Items not affecting cash flow	998	10,416	9,450	2,154	2,441
Taxes paid	-372	-3,885	-3,897	-736	-664
Cash flow from operating activities before change in working capital	2,203	23,007	18,872	4,824	5,241
Change in working capital ¹⁾	-1,449	-15,131	-18,464	-1,143	-4,519
Cash flow from operating activities	754	7,876	408	3,681	722
Investing activities					
Net investments ³⁾	-724	-7,558	-7,175	-2,123	-2,177
Cash flow from investing activities attributable to operating activities	-724	-7,558	-7,175	-2,123	-2,177
Cash flow after investing activities attributable to operating activities	30	318	-6,767	1,558	-1,455
Investments in securities and loans ²⁾	78	818	42	340	-115
Cash flow from investing activities	-646	-6,740	-7,133	-1,783	-2,292
Cash flow before financing activities	108	1,136	-6,725	1,898	-1,570
Financing activities					
Change in debt from financing activities ³⁾	1,662	17,359	12,334	-384	-4,160
Dividend	-466	-4,867	-4,352	-	-
Cash flow from financing activities	1,196	12,492	7,982	-384	-4,160
Cash flow for the period	1,305	13,628	1,257	1,514	-5,730
Cash and cash equivalents at beginning of period ⁴⁾	691	7,222	6,042	19,607	12,956
Exchange rate differences in cash and cash equivalents	13	131	-77	-140	-4
Cash and cash equivalents at end of period ⁵⁾	2,009	20,981	7,222	20,981	7,222
Cash flow statement, Vehicles and services					
Cash flow from operating activities before change in working capital	2,095	21,884	17,429	4,637	4,946
Change in working capital ¹⁾	-323	-3,372	-6,572	942	1,012
Cash flow from operating activities	1,772	18,512	10,857	5,579	5,958
Cash flow from investing activities attributable to operating activities	-720	-7,518	-7,139	-2,116	-2,162
Cash flow after investing activities attributable to operating activities	1,053	10,994	3,718	3,463	3,796

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

Comparative figures for 2018 have been adjusted with:

1) Loan receivables moved to investments in securities and loans with SEK 2 m Q4, 50 m full year.

2) Municipal bonds included with SEK -204 m Q4, -505 m full year, previously presented in cash and cash equivalents. Loan receivables included with SEK -2 m Q4, -50 m full year, previously presented in working capital. Loan receivables included with SEK 91 m Q4, 590 m full year, previously presented in financing activities.

3) Loan receivables moved to investments in securities and loans with SEK -91 m Q4, -590 m full year.

4) Municipal bonds moved to investments in securities and loans with SEK -450 m.

5) Municipal bonds moved to investments in securities and loans with SEK -955 m.

In addition to above, some reclassifications have been made, affecting comparative figures for 2018 as follows:

Items not affecting cash flow SEK -98 m Q4, 23 m full year, taxes paid SEK 4 m Q4, -10 m full year, change in working capital SEK 447 m Q4 (whereof accrued interest on borrowings SEK 365 m), 483 m full year (whereof accrued interest on borrowings SEK 324 m), investing activities SEK -31 m Q4, 101 m full year, financing activities SEK -325 m Q4 (whereof accrued interest on borrowings SEK -365 m), -589 m full year (whereof accrued interest on borrowings SEK -324 m) and change in cash and cash equivalents SEK 3 m Q4, -8 m full year.

Fair value of financial instruments

Amounts in SEK m. unless otherwise stated

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised. Current investments are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 86 m. (1 005). Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data, such as discount rate and credit risk. These items are carried under Other non-current receivables SEK 370 m. (274), Other current receivables SEK 182 m. (564), Other non-current liabilities SEK 1,076 m. (372) and Other current liabilities SEK 630 m. (981). Equity instrument assets are carried according to Level 3 based on unobservable data and amount to SEK 143 m. (256)

For financial assets that are carried at amortised cost, book value amounts to SEK 114,143 m. (87,980) and fair value to SEK 114,558 m. (87,593). For financial liabilities that are carried at amortised cost, book value amounts to SEK 105,609 m. (88,451) and fair value to SEK 105,898 m. (88,329). Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at amortised cost minus any impairment losses, is regarded as coinciding with the carrying amount.

For further information about financial instruments, see Note 28 Financial instruments in Scania's Annual Report for 2019.

Quarterly data, units by geographic area

	2019					2018				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks										
Europe	45,831	11,047	7,921	12,312	14,551	57,188	16,413	11,241	13,617	15,917
Eurasia	6,076	2,239	1,655	911	1,271	6,492	896	1,523	929	3,144
America **	17,079	4,184	2,966	3,633	6,296	10,150	1,866	3,099	2,122	3,063
Asia	8,101	2,325	2,156	1,669	1,951	9,665	1,969	1,465	2,480	3,751
Africa and Oceania	4,265	868	1,337	1,340	720	5,245	1,592	1,265	1,160	1,228
Total	81,352	20,663	16,035	19,865	24,789	88,740	22,736	18,593	20,308	27,103
Trucks delivered										
Europe	58,851	12,704	12,858	17,139	16,150	52,016	14,839	11,603	12,614	12,960
Eurasia	5,763	2,706	990	1,300	767	8,006	3,165	1,921	1,697	1,223
America**	14,905	3,169	4,696	4,570	2,470	12,725	4,192	2,671	3,233	2,629
Asia	7,703	2,701	1,272	1,810	1,920	10,464	2,339	2,795	2,671	2,659
Africa and Oceania	4,458	1,404	1,185	990	879	4,784	1,327	1,014	1,347	1,096
Total	91,680	22,684	21,001	25,809	22,186	87,995	25,862	20,004	21,562	20,567
Order bookings, buses*										
Europe	2,450	443	316	1,165	526	2,431	589	545	666	631
Eurasia	89	1	57	21	10	81	4	21	56	0
America **	3,062	526	874	650	1,012	3,345	885	389	1,320	751
Asia	958	422	154	216	166	1,405	215	207	103	880
Africa and Oceania	828	103	356	169	200	1,444	528	231	291	394
Total	7,387	1,495	1,757	2,221	1,914	8,706	2,221	1,393	2,436	2,656
Buses delivered*										
Europe	2,099	526	563	682	328	2,212	561	452	672	527
Eurasia	109	64	8	22	15	344	31	3	61	249
America **	3,422	882	864	1,050	626	2,805	840	613	722	630
Asia	1,062	327	263	222	250	2,058	304	582	742	430
Africa and Oceania	1,085	254	497	163	171	1,063	240	207	379	237
Total	7,777	2,053	2,195	2,139	1,390	8,482	1,976	1,857	2,576	2,073

* Including body-built buses and coaches.

** Refers mainly to Latin America

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2019	2018
Income statement			
Financial income and expenses	0	0	13,853
Net income for the period	0	0	13,853

	2019		
	EUR m.	31 Dec	31 Dec
Balance sheet			
Assets			
Financial non-current assets			
Shares in subsidiaries	807	8,435	8,435
Current assets			
Due from subsidiaries	594	6,201	11,068
Total assets	1,401	14,636	19,503
Equity			
Equity	1,401	14,636	19,503
Total shareholders' equity	1,401	14,636	19,503
Total equity and liabilities	1,401	14,636	19,503

	2019		
	EUR m.	31 Dec	31 Dec
Statement of changes in equity			
Equity, 1 January	1,867	19,503	10,002
Total comprehensive income	0	0	13,853
Dividend	-1,399	-14,611	-4,352
Capital injection	933	9,744	-
Equity	1,401	14,636	19,503

Note 1 Segment Reporting

Income statements

Vehicle and Services

	2019	2018	2019	2018
	Full year	Full year	Q4	Q4
Amounts in SEK m. unless otherwise stated				
Revenue	147,557	133,222	37,335	37,593
Cost of goods sold	-112,053	-101,782	-28,750	-29,215
Gross income	35,504	31,440	8,585	8,378
Research and development expenses	-6,162	-6,334	-1,813	-1,661
Selling expenses	-11,059	-10,705	-2,933	-2,932
Administrative expenses	-2,306	-2,009	-643	-487
Operating income	15,977	12,392	3,196	3,298
Interest income	501	419	197	125
Interest expenses	-957	-757	-314	-196
Share of income in associated companies and joint ventures	46	40	8	8
Dividends in between segments	726	241	598	114
Other financial income	253	378	33	102
Other financial expenses	-856	-593	-117	-254
Total financial items	-287	-272	405	-101
Income before taxes	15,690	12,120	3,601	3,197
Taxes	-3,666	-3,170	-769	-891
Net income for the period	12,024	8,950	2,832	2,306

Financial Services

Amounts in SEK m. unless otherwise stated				
Interest and lease income	8,675	7,521	2,206	1,844
Insurance commission	317	276	80	80
Interest and prepaid expenses	-5,766	-4,999	-1,441	-1,195
Interest surplus and insurance commission	3,226	2,798	845	729
Other income	153	163	46	43
Other expenses	-247	-230	-69	-58
Gross income	3,132	2,731	822	714
Selling and administration expenses	-1,307	-1,110	-337	-299
Bad debt expenses, realised and anticipated	-314	-181	-82	-34
Operating income	1,511	1,440	403	381
Income before tax	1,511	1,440	403	381
Taxes	-423	-415	-112	-112
Net income for the period	1,088	1,025	291	269

Reconciliation of segments to the Scania Group

January - December

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2019 12 months	2018 12 months	2019 12 months	2018 12 months	2019 12 months	2018 12 months	2019 12 months	2018 12 months
Amounts in SEK m. unless otherwise stated								
Revenue	147,557	133,222	8,992	7,797	-4,130	-3,893	152,419	137,126
Cost of sales	-112,053	-101,782	-5,766	-4,999	4,130	3,893	-113,689	-102,888
Gross income	35,504	31,440	3,226	2,798	0	0	38,730	34,238
Research and development expenses	-6,162	-6,334	0	0			-6,162	-6,334
Selling expenses	-11,059	-10,705	-1,621	-1,291			-12,680	-11,996
Administrative expenses	-2,306	-2,009	0	0			-2,306	-2,009
Other operating income	0	0	153	163			153	163
Other operating expenses	0	0	-247	-230			-247	-230
Operating income	15,977	12,392	1,511	1,440	0	0	17,488	13,832
Interest income	501	419					501	419
Interest expenses	-957	-757					-957	-757
Share of income in associated companies and joint ventures	46	40					46	40
Dividends in between segments	726	241			-726	-241	0	0
Other financial income	253	378					253	378
Other financial expenses	-856	-593			1		-855	-593
Total financial items	-287	-272	0	0	-725	-241	-1,012	-513
Income before taxes	15,690	12,120	1,511	1,440	-725	-241	16,476	13,319
Taxes	-3,666	-3,170	-423	-415	-3	0	-4,092	-3,585
Net income for the period	12,024	8,950	1,088	1,025	-728	-241	12,384	9,734

October - December

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2019 Q4	2018 Q4	2019 Q4	2018 Q4	2019 Q4	2018 Q4	2019 Q4	2018 Q4
Amounts in SEK m. unless otherwise stated								
Revenue	37,335	37,593	2,286	1,924	-1,017	-1,065	38,604	38,452
Cost of sales	-28,750	-29,215	-1,441	-1,195	1,017	1,065	-29,174	-29,345
Gross income	8,585	8,378	845	729	0	0	9,430	9,107
Research and development expenses	-1,813	-1,661	0	0			-1,813	-1,661
Selling expenses	-2,933	-2,932	-419	-333			-3,352	-3,265
Administrative expenses	-643	-487	0	0			-643	-487
Other operating income	0	0	46	43			46	43
Other operating expenses	0	0	-69	-58			-69	-58
Operating income	3,196	3,298	403	381	0	0	3,599	3,679
Interest income	197	125					197	125
Interest expenses	-314	-196					-314	-196
Share of income in associated companies and joint ventures	8	8					8	8
Dividends in between segments	598	114			-598	-114	0	0
Other financial income	33	102					33	102
Other financial expenses	-117	-254					-117	-254
Total financial items	405	-101	0	0	-598	-114	-193	-215
Income before taxes	3,601	3,197	403	381	-598	-114	3,406	3,464
Taxes	-769	-891	-112	-112			-881	-1,003
Net income for the period	2,832	2,306	291	269	-598	-114	2,525	2,461

Key financial ratios and figures

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

DEFINITIONS

Operating margin

Operating income as a percentage of net sales.

Net margin

Net income as a percentage of net sales.

Net debt, net cash excluding provision for pensions

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

Capital employed 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	
	EUR m.	2019	2018	2019	2018
Net sales	14,592	152,419	137,126	38,604	38,452
Operating income	1,674	17,488	13,832	3,599	3,679
Net income for the period	1,186	12,384	9,734	2,525	2,461
Operating margin, % (Operating income/Net sales)		11.5	10.1	9.3	9.6
Net margin, % (Net income/Net sales)		8.1	7.1	6.5	6.4

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	78	814	1,612
Cash and cash equivalents	2,009	20,981	7,222
Loans to Volkswagen entities	1	8	6
Accrued interest in current investments	0	-2	-4
	2,088	21,801	8,836
Liabilities			
Interest-bearing liabilities, non-current	5,171	54,008	42,950
Interest-bearing liabilities, current	4,211	43,979	29,922
Accrued interest in interest-bearing liabilities	-37	-387	-685
	9,345	97,600	72,187
Net debt	7,257	75,799	63,351

Vehicles and Services

Net debt, excluding provision for pensions

Assets	EUR m.	31 Dec	31 Dec
Current investments	172	1,795	10,247
Cash and cash equivalents	1,949	20,358	6,683
Loans to Volkswagen entities	0	0	0
Accrued interest in current investments	-1	-6	-4
	2,120	22,147	16,926
Liabilities			
Interest-bearing liabilities, non-current	384	4,014	0
Interest-bearing liabilities, current	103	1,076	0
	487	5,090	0
Net debt	-1,633	-17,057	-16,926

Capital Employed

	EUR m.	31 Dec	31 Dec
Total assets, excl. Shares and participations in group companies	14,256	148,900	130,593
Operating liabilities			
Other provisions, non-current and current	615	6,425	6,200
Other liabilities, non-current and current	7,108	74,243	67,112
Net derivatives	-149	-1,556	-1,176
Capital Employed	6,682	69,788	58,456

Return on Capital Employed

	EUR m.	31 Dec	31 Dec
Operating income	1,530	15,977	12,392
Financial income	72	754	797
Capital employed	6,682	69,788	58,456
Return on Capital Employed ¹⁾		24.0%	22.6%

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