

Scania Year-end Report January–December 2020

Summary of the full year 2020

- Net sales decreased by 18 percent to SEK 125,125 m. (152,419)
- Operating income decreased by 49 percent to SEK 8,887 m. (17,488)
- Cash flow amounted to SEK 9,180 m. (10,994) in Vehicles and Services
- In the fourth quarter, net sales decreased by 6 percent to SEK 36,282 m. (38,604) and operating income increased by 1 percent to SEK 3,638 m. (3,599)

Comments by Henrik Henriksson, President and CEO

“The year 2020 was dominated by the pandemic and we fought hard to support our customers with services and parts to ensure that they could keep their businesses going. Naturally, our priority was also to manage the operational and financial impacts on our own business as we faced fluctuations in demand and disruptions in the supply chain as a result of COVID-19. We quickly managed to hit the brakes on costs and preserve cash as the pandemic started to impact order intake and delivery capacity. The pandemic also accelerated the need for structural cost reductions in view of Scania’s long-term ambitions. To be able to continue making large-scale investments in new technologies that support the transformation to sustainable transport, painful but necessary decisions had to be taken, resulting in the closure of production facilities and staff reductions.

Towards the second half of 2020, demand for trucks started to rebound strongly, while it remained weak for buses and coaches. In the fourth quarter of 2020, vehicle deliveries were almost back to the previous year’s level. Cash flow in Vehicles and Services was strong thanks to Scania’s demand-driven output principle in production and efficient inventory management. Our structural cost transformation efforts continued in the fourth quarter. In Financial Services, customers’ need of rescheduling their payments of financial contracts returned to more normal levels in the second half of 2020 and by the fourth quarter, the vast majority of our customers had returned to their previous payment plans.

Data gathered from connected Scania vehicles show that there is continued good transport activity, particularly in the long haulage, distribution and construction segments but also for city buses. This confirms the investment need, which is also reflected in our order books. Order intake for trucks increased by 55 percent in the fourth quarter compared to the year-earlier period. After a tough start of last year we are now in a position of strength with a good cost structure ready to leverage the rising demand. However, the situation in the supply chain is strained in many areas, which is causing production disruptions and increased costs. The ongoing COVID-19 pandemic also adds uncertainty.

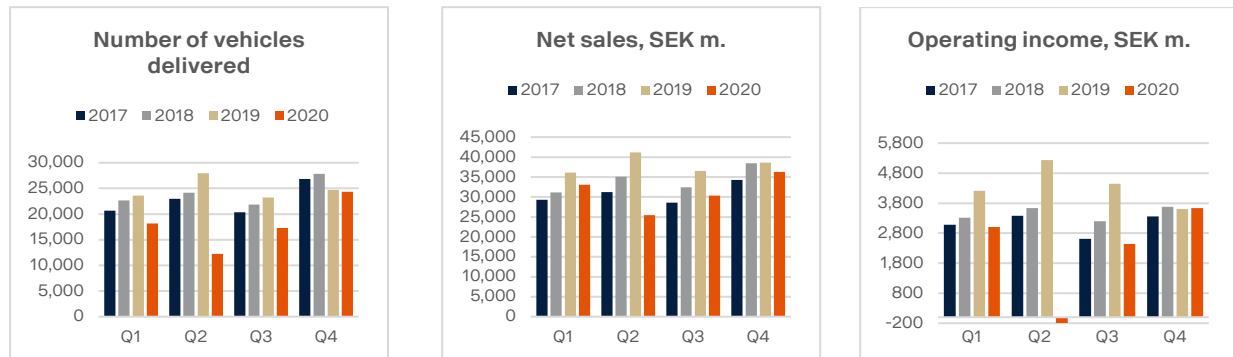
Throughout this turbulent year, we remained focused on our commitment to decarbonise our product portfolio. Scania’s ability to deliver in the present moment, while at the same time developing tomorrow’s fossil-free transport system was put to the test during 2020. In September, we launched our first fully electric truck range, which will play a key role in reaching Scania’s science based climate targets. We have also committed to bringing our customers at least one new electric product application in the bus and truck segment every year. By 2025, Scania expects that electrified vehicles will account for around 10 percent of its total vehicle sales volume in Europe and by 2030 that figure is expected to be 50 percent.”

Financial overview

	Full year			Q4			
	2020	2019	Change, %	2020	2019	Change, %	
Trucks and buses, units							
Order intake	92,940	88,739	5	32,733	22,158	48	
Deliveries	72,085	99,457	-28	24,350	24,737	-2	
Net sales and earnings	<i>EUR m.*</i>						
Net sales, Scania Group, SEK m.	<i>12,482</i>	125,125	152,419	-18	36,282	38,604	-6
Operating income, Vehicles and Services, SEK m.	<i>775</i>	7,764	15,977	-51	3,378	3,196	6
Operating income, Financial Services, SEK m.	<i>112</i>	1,123	1,511	-26	260	403	-35
Operating income, SEK m.	<i>887</i>	8,887	17,488	-49	3,638	3,599	1
Income before taxes, SEK m.	<i>781</i>	7,827	16,476	-52	3,615	3,406	6
Net income for the period, SEK m.	<i>539</i>	5,400	12,384	-56	2,634	2,525	4
Operating margin, %		7.1	11.5		10.0	9.3	
Return on capital employed, Vehicles and Services, %		11.4	24.0				
Cash flow, Vehicles and Services, SEK m.	<i>916</i>	9,180	10,994	-16	5,822	3,463	68

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.02 = 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



Sales performance

During 2020, total vehicle deliveries decreased by 28 percent to 72,085 (99,457) vehicles compared to 2019. Net sales decreased by 18 percent to SEK 125,125 m. (152,419).

Strong demand in several regions

In Europe, demand for trucks was strongly impacted by the pandemic during the full year 2020, and in the fourth quarter restrictions were again intensified in order to reduce the spread of infection, which has affected commercial activity in particular. In Eurasia, Russia performed strongly, due to the fact that there is a great replacement need for trucks. In Latin America, most markets were strongly impacted by the pandemic but the agricultural segment has held up well and now a recovery within goods transport is also underway. In Asia, China's recovery has continued during the fourth quarter.

Scania's total order intake for trucks and buses and coaches increased by 5 percent in 2020 compared to 2019. During 2020, order intake for trucks increased by 9 percent and the strongest upturns were seen in Eurasia, Latin America and Asia. In buses and coaches, order intake decreased by 45 percent compared to 2019, and demand for coaches and tourist buses in particular has been severely affected by the pandemic. In the Power solutions business area, order intake in 2020 was at the same level as in 2019.

The truck market

Order intake

Scania's order intake increased during the fourth quarter of 2020 and totalled 32,003 (20,663) trucks. Order intake in Europe increased by 31 percent to 14,436 (11,047) units, compared to the fourth quarter of 2019. Demand increased in Poland, Germany and Italy, which was partly offset by downturns in Portugal, Spain and Slovenia. Order intake in Latin America increased in the fourth quarter of 2020 to 8,517 (4,184) trucks, mainly related to Brazil. In Eurasia, total order intake increased during the fourth quarter and amounted to 4,601 (2,239) trucks, an upturn that was primarily related to Russia. In Asia, total order intake rose by 21 percent during the fourth quarter and amounted to 2,805 (2,325) trucks. In Africa and Oceania, order intake increased by 89 percent compared to the fourth quarter of 2019, mainly related to South Africa and New Zealand. Order intake amounted to 1,644 (868) trucks.

Deliveries

Scania's total truck deliveries increased by 3 percent to 23,456 (22,684) units during the fourth quarter compared to the year-earlier period. In Europe, deliveries increased by 1 percent to 12,787 (12,704) units compared to the fourth quarter of 2019. In Eurasia, deliveries decreased by 24 percent to 2,061 (2,706) trucks. In Latin America, deliveries increased by 40 percent to 4,430 (3,169) units compared to the fourth quarter of 2019. In Asia, deliveries increased by 14 percent compared to the fourth quarter of 2019, to 3,066 (2,701) trucks. In Africa and Eurasia, deliveries decreased by 21 percent to 1,112 (1,404) trucks.

Net sales

Net sales of trucks decreased by 29 percent to SEK 69,934 m. (98,292) during the full year 2020. During the fourth quarter, net sales decreased by 6 percent to SEK 23,436 m. (24,823).

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, Great Britain, Switzerland and Iceland decreased by 28 percent to about 230,800 (322,300) units during 2020. Scania truck registrations amounted to some 37,400 units, equivalent to a market share of about 16.2 (18.7) percent.

Scania trucks	Order intake			Deliveries		
	12 months 2020	12 months 2019	Change, %	12 months 2020	12 months 2019	Change, %
Europe	43,494	45,831	-5	36,747	58,851	-38
Eurasia	10,049	6,076	65	5,148	5,763	-11
America*	20,707	17,079	21	12,173	14,905	-18
Asia	10,250	8,101	27	9,072	7,703	18
Africa and Oceania	4,408	4,265	3	3,759	4,458	-16
Total	88,908	81,352	9	66,899	91,680	-27

*Refers to Latin America

The bus and coach market

Order intake

Order intake for buses and coaches during the fourth quarter of 2020 decreased to 730 (1,495) units compared to the fourth quarter of 2019.

In Europe, order intake increased and amounted to 473 (443) units during the fourth quarter. Order intake increased mainly in Norway and Portugal, but this was offset somewhat by a downturn in Spain and Great Britain. In Latin America, order intake decreased to 141 (526) units compared to the fourth quarter of 2019, related to Mexico and Brazil. In Asia, order intake decreased to 72 (422) buses and coaches compared to the fourth quarter of 2019, mainly related to Taiwan and Malaysia. Order intake in Eurasia increased compared to the year-earlier period and amounted to 12 (1) buses and coaches. Order intake in Africa and Oceania fell to 32 (103) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 894 (2,053) units during the fourth quarter. In Europe, deliveries decreased to 396 (526) units compared to the fourth quarter of 2019. In Latin America, deliveries decreased to 260 (882) units. In Asia, deliveries decreased to 75 (327) units during the fourth quarter while deliveries of buses and coaches in Africa and Oceania decreased to 144 (254) units. Deliveries to Eurasia decreased to 19 (64) units.

Scania's market share in buses and coaches in Europe amounted to 6.7 percent in 2020 compared to 6.3 percent during the previous year.

Net sales

Net sales of buses and coaches decreased by 19 percent during the full year 2020 to SEK 9,686 m. (11,958). During the fourth quarter, sales of buses and coaches decreased by 47 percent and amounted to SEK 1,624 m. (3,083).

Scania buses and coaches	Order intake			Deliveries		
	12 months 2020	12 months 2019	Change, %	12 months 2020	12 months 2019	Change, %
Europe	1,329	2,450	-46	1,827	2,099	-13
Eurasia	80	89	-10	84	109	-23
America*	1,831	3,062	-40	2,182	3,422	-36
Asia	286	958	-70	582	1,062	-45
Africa and Oceania	506	828	-39	511	1,085	-53
Total	4,032	7,387	-45	5,186	7,777	-33

*Refers to Latin America

Power solutions

Order intake

Engine order intake was in line with the previous year at 10,508 (10,465) units during the full year 2020. During the fourth quarter, order intake decreased by 26 percent to 2,735 (3,713) units.

Deliveries

Engine deliveries increased by 8 percent to 10,991 (10,152) units during 2020. The upturn was mainly related to South Korea, China and Italy, which was partly offset by downturns in Germany, Great Britain and Brazil. The year 2020 was the second best year ever in terms of volume, only 2018 had higher deliveries, of which a large proportion were pre-buys ahead of new EU emission legislation.

During the fourth quarter, deliveries increased by 33 percent to 3,935 (2,953) units, mainly related to South Korea, China and Poland, which was partly offset by Germany and the Netherlands.

Net sales

During 2020, sales decreased by 1 percent to SEK 2,373 m. (2,409). Net sales in the fourth quarter amounted to SEK 788 m. (683), an increase of 15 percent.

Services

Service revenue amounted to SEK 27,132 m. (28,971) during 2020, a decrease of 6 percent. Lower volume in most markets had a negative impact. In local currencies, service revenue decreased by 3 percent.

In Europe, service revenue decreased by 2 percent to SEK 19,419 m. (19,881) compared to 2019. In Latin America, revenue decreased by 23 percent to SEK 2,554 m. (3,331) and service revenue in Eurasia decreased by 16 percent to SEK 829 m. (989) compared to 2019. Service revenue in Asia was 8 percent lower than the previous year, at SEK 2,606 m. (2,846). In Africa and Oceania, service revenue decreased by 10 percent to SEK 1,724 m. (1,924).

Earnings

Vehicles and Services

Full year 2020

Operating income in Vehicles and Services totalled SEK 7,764 m. (15,977) during 2020. Lower vehicle and service volume, as well as closures of operations, impacted earnings negatively. Compared to 2019, the total currency rate effect was negative and amounted to SEK 1,762 m.

Scania's research and development expenditures amounted to SEK 6,528 m. (7,244). After adjusting for SEK 1,624 m. (1,788) in capitalised expenditures, and SEK 744 m. (706) in amortisation of previously capitalised expenditures, recognised expenses decreased to SEK 5,648 m. (6,162).

Fourth quarter

Operating income in Vehicles and Services totalled SEK 3,378 m. (3,196) during the fourth quarter of 2020. A lower cost level and somewhat improved product mix impacted earnings positively while currency effects and lower vehicle and service volume impacted earnings negatively. The total currency rate effect was negative and amounted to about SEK 1,352 m.

Scania's research and development expenditures amounted to SEK 1,839 m. (2,074). After adjusting for SEK 499 m. (449) in capitalised expenditures, and SEK 230 m. (188) in amortisation of previously capitalised expenditures, recognised expenses decreased to SEK 1,570 (1,813).

Financial Services

Customer finance portfolio

At the end of the fourth quarter of 2020, the size of Scania's customer finance portfolio amounted to SEK 95.4 billion, which was SEK 8.3 billion lower than the end of 2019. In local currencies, the portfolio increased by SEK 1.1 billion.

Penetration rate

The penetration rate for new vehicles was 40 (42) percent in 2020 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services decreased to SEK 1,123 m. (1,511) during 2020, compared to the same period in 2019. Increased bad debt expenses, currency effects and lower margins impacted earnings negatively, which was partly offset by a larger average portfolio and a lower cost level.

Scania Group

During 2020, Scania's operating income amounted to SEK 8,887 m. (17,488). Operating margin amounted to 7.1 (11.5) percent. Scania's net financial items amounted to SEK -1,060 m. (-1,012). During the period restructuring costs amounted to SEK 540 m.

The Scania Group's tax expense amounted to SEK 2,427 m. (4,092), equivalent to 31.0 (24.8) percent of income before taxes. Net income for the period totalled SEK 5,400 m. (12,384), equivalent to a net margin of 4.3 (8.1) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 9,180 m. (10,994) during 2020. Tied-up working capital decreased by SEK 2,327 m., mainly due to an increase in trade payables and decreased inventory.

Net investments amounted to SEK 8,137 m. (7,518), including SEK 1,624 m. (1,788) in capitalisation of development expenses. At the end of the fourth quarter of 2020, the net cash position in Vehicles and Services amounted to SEK 21,824 m. compared to a net cash position of SEK 17,057 m. at the end of 2019.

Scania Group

Scania's cash flow in Financial Services amounted to SEK 113 m. (-10,632) during 2020. Together with the positive cash flow in Vehicles and Services, the Group's net debt decreased by about SEK 12.4 billion compared to the end of 2019.

Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 0 m. (0) during 2020.

Miscellaneous

Number of employees

At the end of 2020, the number of employees totalled 50,011 compared to 51,278 on the same date in 2019.

Material risks and uncertainties

During 2020 Scania have continuously assessed the impact of the coronavirus outbreak and will continue to assess potential impacts on future development and/or risks that can affect the future financial position. In the current year the corona virus outbreak in the Vehicle & Service segment has mainly impacted the sales volume and the capacity utilisation in production. Also to a minor extent, valuation of used bus inventory. In the Financial service segment the impact has mainly been an increase of re-scheduling of financial contracts during the first two quarters 2020. During the third and fourth quarters, the re-scheduling returned to normal levels and the vast majority of customers returned to previous payment plans. During the year Scania companies have received Government grants for short-term allowances, amounting to SEK 873 m.

It is difficult to assess the continuing impact, and depending on how the outbreak develops and which measures different countries take to handle the situation, this can lead to:

- Decreased market demand in the short and medium term in several important markets for Scania, leading to decreased sales of vehicles and services and also price pressure on new and used vehicles. This, in turn, also can lead to needs to make write-downs in vehicle inventory and changed estimates of residual value on buy-back commitments.
- The supplier network could be unable to deliver components and articles, leading to shorter or longer periods of close down of Scania's global production system.
- Customers facing financial problems leading to deteriorating ability to pay outstanding receivables to Scania.
- Impairment of goodwill and other intangible assets.

The text above is not an exhaustive list and one or several of them can occur independently or in combination and could have a negative impact on the Scania Groups' business and financial development and performance.

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

b) Credit risks

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

c) Legal risks

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

Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies and definitions are consistently applied with those described in Scania's Annual and Sustainability Report 2019. This Interim Report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

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

The Board of directors decided on a dividend proposal of SEK 2,700 m, which represents 50 percent of the net income SEK 5,400 m for 2020. Scania's Annual General Meeting for the financial year 2020 will be held on 6 May 2021 in Södertälje, Sweden.

Contact persons

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

Karin Hallstan
Head of Corporate Communications and PR
Tel. +46 8 553 852 10
Mobile +46 76 842 81 04

Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Full Year			Change in %	Q4	
	EUR m.*	2020	2019		2020	2019
Revenue	12,482	125,125	152,419	-18	36,282	38,604
Cost of goods sold and services rendered	-9,659	-96,833	-113,689	-15	-27,331	-29,174
Gross income	2,823	28,292	38,730	-27	8,951	9,430
Research and development expenses	-563	-5,648	-6,162	-8	-1,570	-1,813
Selling expenses	-1,154	-11,564	-12,680	-9	-3,106	-3,352
Administrative expenses	-212	-2,125	-2,306	-8	-621	-643
Other operating income	14	138	153	-10	17	46
Other operating expenses	-21	-206	-247	-17	-33	-69
Operating income	887	8,887	17,488	-49	3,638	3,599
Interest income	48	477	501	-5	12	197
Interest expenses	-93	-929	-957	-3	-120	-314
Share of income from associated companies and joint ventures	17	169	46	267	158	8
Other financial income	83	833	253	229	129	33
Other financial expenses	-161	-1,610	-855	88	-202	-117
Total financial items	-106	-1,060	-1,012	5	-23	-193
Income before taxes	781	7,827	16,476	-52	3,615	3,406
Taxes	-242	-2,427	-4,092	-41	-981	-881
Net income for the period	539	5,400	12,384	-56	2,634	2,525
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-446	-4,470	945		-1,339	-707
Income tax	-6	-65	19		-115	23
	-452	-4,535	964		-1,454	-684
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ¹⁾	-39	-394	-2,427		-260	126
Fair value adjustment equity instruments	13	127	-48		127	-130
Income tax	6	63	523		34	21
	-20	-204	-1,952		-99	17
Other comprehensive income for the period	-472	-4,739	-988		-1,553	-667
Total comprehensive income for the period	66	661	11,396		1,081	1,858
Net income attributable to:						
Scania shareholders	539	5,397	12,381		2,633	2,526
Non-controlling interest	0	3	3		1	-1
Total comprehensive income attributable to:						
Scania shareholders	66	658	11,392		1,080	1,858
Non-controlling interest	0	3	4		1	0
Operating income includes depreciation of	-1,107	-11,097	-10,914		-2,794	-3,033
Operating margin, percent		7.1	11.5		10.0	9.3

1) Discount rate in calculating the Swedish pension liability is 1.25% and inflation 1.50%.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.02 = EUR 1.00.

Revenue and deliveries, Vehicles and Services

	Full Year			Change in %	Q4	
	EUR m.	2020	2019		2020	2019
Amounts in SEK m. unless otherwise stated						
Revenue						
Trucks	6,976	69,934	98,292	-29	23,436	24,823
Buses*	966	9,686	11,958	-19	1,624	3,083
Power Solutions	237	2,373	2,409	-1	788	683
Service-related products	2,707	27,132	28,971	-6	6,959	7,472
Used vehicles	856	8,582	8,411	2	2,421	2,202
Miscellaneous	399	4,001	4,615	-13	1,131	1,059
Delivery sales value	12,141	121,708	154,656	-21	36,359	39,322
Revenue deferrals ¹⁾	-112	-1,118	-7,099	-84	-1,176	-1,987
Revenue	12,029	120,590	147,557	-18	35,183	37,335

Revenue²⁾

Europe	7,693	77,121	96,289	-20	22,573	22,730
Eurasia	598	6,000	7,427	-19	2,057	3,082
America**	1,608	16,121	21,030	-23	4,386	4,801
Asia	1,330	13,330	12,610	6	4,000	3,996
Africa and Oceania	800	8,018	10,201	-21	2,167	2,726
Revenue	12,029	120,590	147,557	-18	35,183	37,335

Total delivery volume, units

Trucks	66,899	91,680	-27	23,456	22,684
Buses*	5,186	7,777	-33	894	2,053
Power Solutions	10,991	10,152	8	3,935	2,953

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	2020		2019
	EUR m.	31 Dec	31 Dec
Assets			
Non-current assets			
Intangible assets	1,248	12,513	11,905
Tangible assets	3,816	38,254	38,481
Lease assets	2,739	27,460	31,336
Shares and participations	124	1,248	964
Interest-bearing receivables	4,789	48,004	50,938
Other receivables ¹⁾	868	8,698	7,302
Current assets			
Inventories	2,105	21,105	26,065
Interest-bearing receivables	3,074	30,817	32,808
Other receivables	1,493	14,960	16,729
Current investments	5	54	814
Cash and cash equivalents	3,219	32,268	20,981
Total assets	23,480	235,381	238,323
Equity and liabilities			
Equity			
Scania shareholders	6,139	61,535	60,870
Non-controlling interest	1	12	18
Total equity	6,140	61,547	60,888
Non-current liabilities			
Interest-bearing liabilities	5,343	53,564	54,008
Provisions for pensions	1,235	12,384	12,262
Other provisions ¹⁾	685	6,865	6,776
Other liabilities ²⁾	1,626	16,297	19,021
Current liabilities			
Interest-bearing liabilities	4,237	42,478	43,979
Provisions	395	3,962	3,986
Other liabilities	3,819	38,284	37,403
Total equity and liabilities	23,480	235,381	238,323
Equity/assets ratio, percent		26.1	25.5

¹⁾ Including provision related to the European Commission's competition investigation

²⁾ Including deferred tax

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Full Year		
	EUR m.	2020	2019
Equity, 1 January	6,074	60,888	54,359
Net income for the period	539	5,400	12,384
Other comprehensive income for the period	-473	-4,739	-988
Dividend to shareholders	-	-	-14,611
Capital contribution	-	-	9,744
Change in non-controlling interest	0	-2	-
Total equity at the end of the period	6,140	61,547	60,888
Attributable to:			
Scania AB shareholders	6,139	61,535	60,870
Non-controlling interest	1	12	18

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	Full Year			Q4	
	EUR m.	2020	2019	2020	2019
Operating activities					
Income before tax	781	7,827	16,476	3,615	3,406
Items not affecting cash flow	1,164	11,666	10,416	1,721	2,154
Taxes paid	-300	-3,009	-3,885	-718	-736
Cash flow from operating activities before change in working capital	1,645	16,484	23,007	4,618	4,824
Change in working capital	93	937	-15,131	626	-1,143
Cash flow from operating activities	1,738	17,421	7,876	5,244	3,681
Investing activities					
Net investments	-814	-8,158	-7,558	-2,291	-2,123
Cash flow from investing activities attributable to operating activities	-814	-8,158	-7,558	-2,291	-2,123
Cash flow after investing activities attributable to operating activities	924	9,263	318	2,953	1,558
Investments in securities and loans	76	762	818	0	340
Cash flow from investing activities	-738	-7,396	-6,740	-2,291	-1,783
Cash flow before financing activities	1,000	10,025	1,136	2,953	1,898
Financing activities					
Change in debt from financing activities	220	2,208	17,359	4,985	-384
Transactions with non-controlling interests	-1	-12	-	-12	-
Dividend	-	-	-4,867	-	-
Cash flow from financing activities	219	2,196	12,492	4,973	-384
Cash flow for the period	1,219	12,221	13,628	7,926	1,514
Cash and cash equivalents at beginning of period	2,093	20,981	7,222	25,165	19,607
Exchange rate differences in cash and cash equivalents	-93	-934	131	-823	-140
Cash and cash equivalents at end of period	3,219	32,268	20,981	32,268	20,981
Cash flow statement, Vehicles and services					
Cash flow from operating activities before change in working capital	1,495	14,990	21,884	4,302	4,637
Change in working capital	232	2,327	-3,372	3,810	942
Cash flow from operating activities	1,727	17,317	18,512	8,112	5,579
Cash flow from investing activities attributable to operating activities	-812	-8,137	-7,518	-2,290	-2,116
Cash flow after investing activities attributable to operating activities	916	9,180	10,994	5,822	3,463

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 130 m. (86). 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 2,565 m. (370), Other current receivables SEK 826 m. (182), Other non-current liabilities SEK 355 m. (1,076) and Other current liabilities SEK 350 m. (630). Equity instrument assets are carried according to Level 3 based on unobservable data and amount to SEK 341 m. (143).

For financial assets that are carried at amortised cost, book value amounts to SEK 117,997 m. (114,143) and fair value to SEK 118,181 m. (114,558). For financial liabilities that are carried at amortised cost, book value amounts to SEK 105,091 m. (105,609) and fair value to SEK 106,225 m. (105,898). 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 2020.

Quarterly data, units by geographic area

	2020					2019				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks										
Europe	43,494	14,436	10,076	8,229	10,753	45,831	11,047	7,921	12,312	14,551
Eurasia	10,049	4,601	2,795	1,108	1,545	6,076	2,239	1,655	911	1,271
America *	20,707	8,517	8,683	1,351	2,156	17,079	4,184	2,966	3,633	6,296
Asia	10,250	2,805	2,874	1,942	2,629	8,101	2,325	2,156	1,669	1,951
Africa and Oceania	4,408	1,644	1,050	739	975	4,265	868	1,337	1,340	720
Total	88,908	32,003	25,478	13,369	18,058	81,352	20,663	16,035	19,865	24,789
Trucks delivered										
Europe	36,747	12,787	8,075	5,707	10,178	58,851	12,704	12,858	17,139	16,150
Eurasia	5,148	2,061	1,654	811	622	5,763	2,706	990	1,300	767
America*	12,173	4,430	2,659	2,394	2,690	14,905	3,169	4,696	4,570	2,470
Asia	9,072	3,066	2,284	1,413	2,309	7,703	2,701	1,272	1,810	1,920
Africa and Oceania	3,759	1,112	1,116	725	806	4,458	1,404	1,185	990	879
Total	66,899	23,456	15,788	11,050	16,605	91,680	22,684	21,001	25,809	22,186
Order bookings, buses**										
Europe	1,329	473	174	222	460	2,450	443	316	1,165	526
Eurasia	80	12	5	2	61	89	1	57	21	10
America *	1,831	141	90	-62	1,662	3,062	526	874	650	1,012
Asia	286	72	80	-10	144	958	422	154	216	166
Africa and Oceania	506	32	107	81	286	828	103	356	169	200
Total	4,032	730	456	233	2,613	7,387	1,495	1,757	2,221	1,914
Buses delivered**										
Europe	1,827	396	396	602	433	2,099	526	563	682	328
Eurasia	84	19	1	8	56	109	64	8	22	15
America *	2,182	260	920	301	701	3,422	882	864	1,050	626
Asia	582	75	112	148	247	1,062	327	263	222	250
Africa and Oceania	511	144	81	144	142	1,085	254	497	163	171
Total	5,186	894	1,510	1,203	1,579	7,777	2,053	2,195	2,139	1,390

* Refers mainly to Latin America

** Including body-built buses and coaches.

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Full Year		
	EUR m.	2020	2019
Income statement			
Financial income and expenses	0	0	0
Net income for the period	0	0	0
		2020	2019
	EUR m.	31 Dec	31 Dec
Balance sheet			
Assets			
Financial non-current assets			
Shares in subsidiaries	841	8,435	8,435
Current assets			
Due from subsidiaries	619	6,201	6,201
Total assets	1,460	14,636	14,636
Equity			
Equity	1,460	14,636	14,636
Total shareholders' equity	1,460	14,636	14,636
Total equity and liabilities	1,460	14,636	14,636
		2020	2019
	EUR m.	31 Dec	31 Dec
Statement of changes in equity			
Equity, 1 January	1,460	14,636	19,503
Total comprehensive income	0	0	0
Dividend	-	-	-14,611
Capital injection	-	-	9,744
Equity	1,460	14,636	14,636

Note 1 Segment Reporting

Income statements

Vehicles and Services

Amounts in SEK m. unless otherwise stated	2020	2019	2020	2019
	Full Year	Full Year	Q4	Q4
Revenue	120,590	147,557	35,183	37,335
Cost of goods sold	-95,482	-112,053	-27,032	-28,750
Gross income	25,108	35,504	8,151	8,585
Research and development expenses	-5,648	-6,162	-1,570	-1,813
Selling expenses	-9,571	-11,059	-2,582	-2,933
Administrative expenses	-2,125	-2,306	-621	-643
Operating income	7,764	15,977	3,378	3,196
Interest income	477	501	12	197
Interest expenses	-929	-957	-120	-314
Share of income in associated companies and joint ventures	169	46	158	8
Dividends in between segments	301	726	301	598
Other financial income	833	253	129	33
Other financial expenses	-1,611	-856	-202	-117
Total financial items	-760	-287	278	405
Income before taxes	7,004	15,690	3,656	3,601
Taxes	-2,097	-3,666	-948	-769
Net income for the period	4,907	12,024	2,708	2,832

Financial Services

Amounts in SEK m. unless otherwise stated				
Interest and lease income	8,292	8,675	2,055	2,206
Insurance commission	308	317	77	80
Interest and prepaid expenses	-5,416	-5,766	-1,332	-1,441
Interest surplus and insurance commission	3,184	3,226	800	845
Other income	138	153	17	46
Other expenses	-206	-247	-33	-69
Gross income	3,116	3,132	784	822
Selling and administration expenses	-1,263	-1,307	-353	-337
Bad debt expenses, realised and anticipated	-730	-314	-171	-82
Operating income	1,123	1,511	260	403
Income before tax	1,123	1,511	260	403
Taxes	-340	-423	-38	-112
Net income for the period	783	1,088	222	291

Reconciliation of segments to the Scania Group

January-December

Amounts in SEK m. unless otherwise stated	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2020	2019	2020	2019	2020	2019	2020	2019
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year
Revenue	120,590	147,557	8,600	8,992	-4,065	-4,130	125,125	152,419
Cost of sales	-95,482	-112,053	-5,416	-5,766	4,065	4,130	-96,833	-113,689
Gross income	25,108	35,504	3,184	3,226	0	0	28,292	38,730
Research and development expenses	-5,648	-6,162	0	0			-5,648	-6,162
Selling expenses	-9,571	-11,059	-1,993	-1,621			-11,564	-12,680
Administrative expenses	-2,125	-2,306	0	0			-2,125	-2,306
Other operating income	-	-	138	153			138	153
Other operating expenses	-	-	-206	-247			-206	-247
Operating income	7,764	15,977	1,123	1,511	-	-	8,887	17,488
Interest income	477	501					477	501
Interest expenses	-929	-957					-929	-957
Share of income in associated companies and joint ventures	169	46					169	46
Dividends in between segments	301	726			-301	-726	0	0
Other financial income	833	253					833	253
Other financial expenses	-1,611	-856			1	1	-1,610	-855
Total financial items	-760	-287	-	-	-300	-725	-1,060	-1,012
Income before taxes	7,004	15,690	1,123	1,511	-300	-725	7,827	16,476
Taxes	-2,097	-3,666	-340	-423	10	-3	-2,427	-4,092
Net income for the period	4,907	12,024	783	1,088	-290	-728	5,400	12,384

October-December

	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2020 Q4	2019 Q4	2020 Q4	2019 Q4	2020 Q4	2019 Q4	2020 Q4	2019 Q4
Amounts in SEK m. unless otherwise stated								
Revenue	35,183	37,335	2,132	2,286	-1,033	-1,017	36,282	38,604
Cost of sales	-27,032	-28,750	-1,332	-1,441	1,033	1,017	-27,331	-29,174
Gross income	8,151	8,585	800	845	0	0	8,951	9,430
Research and development expenses	-1,570	-1,813	0	0			-1,570	-1,813
Selling expenses	-2,582	-2,933	-524	-419			-3,106	-3,352
Administrative expenses	-621	-643	0	0			-621	-643
Other operating income	-	-	17	46			17	46
Other operating expenses	-	-	-33	-69			-33	-69
Operating income	3,378	3,196	260	403	-	-	3,638	3,599
Interest income	12	197					12	197
Interest expenses	-120	-314					-120	-314
Share of income in associated companies and joint ventures	158	8					158	8
Dividends in between segments	301	598			-301	-598	0	0
Other financial income	129	33					129	33
Other financial expenses	-202	-117					-202	-117
Total financial items	278	405	-	-	-301	-598	-23	-193
Income before taxes	3,656	3,601	260	403	-301	-598	3,615	3,406
Taxes	-948	-769	-38	-112	5		-981	-881
Net income for the period	2,708	2,832	222	291	-296	-598	2,634	2,525

Note 2 Government grants

During 2020, the Scania Group received government grants amounting to SEK 953 m. (87) attributable to operating expenses of SEK 14,144 m. (425). Scania has accounted for these government grants as a reduction of related expenses in the period to which it relates and when it is reasonably certain that the grants will be received and any conditions for the grants are met. Of the received grant during 2020, SEK 873 m relates to short-term allowances of employees due to COVID-19.

Note 3 Financial risk management

Credit risk Vehicles and Services

In the Vehicles and Services segment, due to the COVID-19 pandemic, a risk premium of 20% was applied 2020 based on the valuation allowance by means of which the expected credit loss (ECL) on trade receivables is estimated. This has resulted in an increased loss allowance of SEK 18 m.

Credit risk Financial Services

In case contractual cash flows of a financial asset are renegotiated or modified (e.g., timing and/or amount of cash flows has changed) and this change results in a significant modification, the financial asset is derecognised and a new asset is recognised reflecting the modified cash flows and the new effective interest rate. If changes in contractual cash flows do not result in a significant modification, the financial asset is not derecognised and instead the gross carrying amount is recalculated using the original effective interest rate and a modification gain or loss is recognised in profit or loss. In the Financial Services operations Scania has during 2020 agreed with a number of our customers to reschedule our finance contracts. The majority of the reschedulings was performed during the first half of 2020. The reschedulings were different kinds of moratoria and payment holiday solutions with a corresponding extension of the contract term, having no impact on the net present value of these cash flows. The underlying reason for agreed reschedulings was temporary liquidity constraints with our customers due to the COVID-19 pandemic. During the second half of 2020 the reschedulings returned to normal levels and the vast majority of customers returned to previous payment plans. Scania is continuously assessing the credit risk and decided during 2020 to add a manual overlay considering macroeconomic forecasts relevant for Scania. The manual overlay due to the COVID-19 situation has, as per 31 december 2020, resulted in an increased loss allowance of SEK 360 m.

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 revenue.

Net margin

Net income as a percentage of revenue.

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	<i>EUR m.</i>	Full Year		Q4	
		2020	2019	2020	2019
<i>Revenue</i>	12,482	125,125	152,419	36,282	38,604
<i>Operating income</i>	887	8,887	17,488	3,638	3,599
<i>Net income for the period</i>	539	5,400	12,384	2,634	2,525
<i>Operating margin, % (Operating income/Revenue)</i>		7.1	11.5	10.0	9.3
<i>Net margin, % (Net income/Revenue)</i>		4.3	8.1	7.3	6.5

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	5	54	814
Cash and cash equivalents	3,219	32,268	20,981
Loans to Volkswagen entities	0	4	8
Accrued interest in current investments	0	-1	-2
	3,224	32,325	21,801

Liabilities

Interest-bearing liabilities, non-current	5,343	53,564	54,008
Interest-bearing liabilities, current	4,237	42,478	43,979
Accrued interest in interest-bearing liabilities	-36	-361	-387
	9,544	95,681	97,600

Net debt	6,320	63,356	75,799
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Vehicles and Services

Net debt, excluding provision for pensions

Assets	EUR m.	31 Dec	31 Dec
Current investments	5	54	1,795
Cash and cash equivalents	3,146	31,535	20,358
Accrued interest in current investments	0	0	-6
	3,151	31,589	22,147

Liabilities

Interest-bearing liabilities, non-current	383	3,837	4,014
Interest-bearing liabilities, current	591	5,928	1,076
	974	9,765	5,090

Net debt	-2,177	-21,824	-17,057
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Capital employed

	EUR m.	31 Dec	31 Dec
Total assets, excl. shares and participations in group companies	15,305	153,428	148,900
Operating liabilities			
Other provisions, non-current and current	669	6,703	6,425
Other liabilities, non-current and current	7,132	71,499	74,243
Net derivatives	96	965	-1,556
Capital employed	7,408	74,261	69,788

Return on capital employed

	EUR m.	31 Dec	31 Dec
Operating income	774	7,764	15,977
Financial income	131	1,310	754
Capital employed	7,408	74,261	69,788
Return on capital employed		12.2%	24.0%