

## Scania Interim Report January-June 2019

### Summary of the first six months of 2019

- Operating income increased by 36 percent to SEK 9,444 m. (6,950)
- Net sales increased by 17 percent to SEK 77,271 m. (66,228)
- Cash flow amounted to SEK 3,638 m. (-1,100) in Vehicles and Services

### Comments by Henrik Henriksson, President and CEO

“Scania increased its net sales to a record high SEK 77.3 billion in the first six months of 2019, an increase of 17 percent compared to the previous year. Earnings rose to a new all-time high of SEK 9,444 m., which gave an operating margin of 12.2 percent. Higher vehicle and service volume, currency effects and a more favourable market mix contributed positively to earnings. The phase-out of double product ranges also improved the cost situation in production, even though some increased costs remain, related to the new truck generation and to handling the backlog in customer deliveries from previous flow disruptions.

The measures put in place to normalise the higher cost situation are continuing and the global production system is adapting to a more normal situation.

Demand for trucks in Europe remains strong. In Latin America, the demand trend is reflected by the continuing recovery in Brazil. Demand in Eurasia was impacted negatively by a slowdown in Russia. In Asia, order bookings fell in comparison with the previous year

mainly in the Middle East. Demand for buses and coaches slowed somewhat due to lower order intake in the Middle East. In the Engines business area, demand fell slightly compared to the previous year.

There is still a high capacity utilisation in customers' vehicle fleets and service revenue amounted to a record high SEK 14.3 billion during the first half of 2019, an increase of 9 percent. Financial Services maintained its trend of increased profitability and reported operating income of SEK 737 million.

With just over 19.4 percent of the European market, Scania takes the lead in the registration statistics for trucks over 16 tonnes in the first half of 2019. The success is mainly explained by the good reception of Scania's new truck generation. Scania delivers a clear customer benefit and during the year Scania's R 450 won the prestigious Green Truck Award 2019 as the most fuel-efficient and sustainable commercial vehicle in its class. Consequently, Scania has won the award for the third year in a row.”

### Financial overview

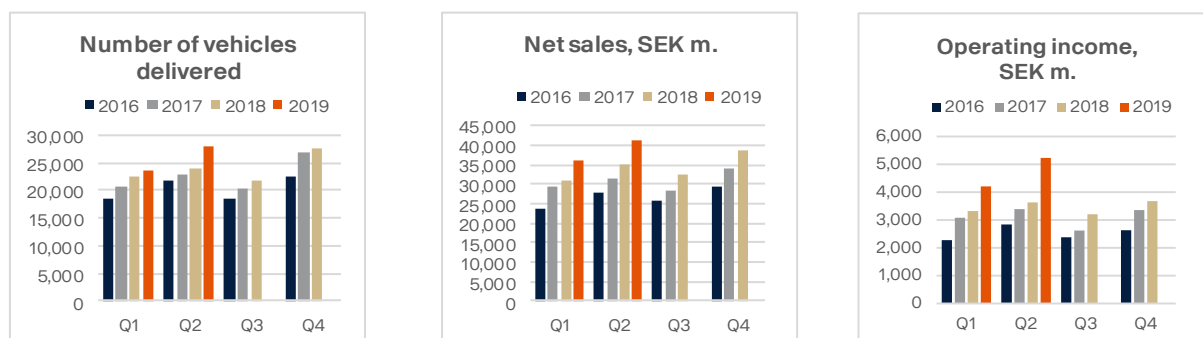
	H1			Q2		
	2019	2018	Change, %	2019	2018	Change, %
<b>Trucks and buses, units</b>						
Order bookings	<b>48,789</b>	52,503	-7	<b>22,086</b>	22,744	-3
Deliveries	<b>51,524</b>	46,778	10	<b>27,948</b>	24,138	16
<b>Net sales and earnings</b>	<i>EUR m*</i>					
<b>Net sales, Scania Group, SEK m.</b>	<i>7,324</i> <b>77,271</b>	66,228	17	<b>41,179</b>	35,113	17
Operating income, Vehicles and Services, SEK m.	<i>825</i> <b>8,707</b>	6,285	39	<b>4,845</b>	3,272	48
Operating income, Financial Services, SEK m.	<i>70</i> <b>737</b>	665	11	<b>392</b>	363	8
Operating income, SEK m.	<i>895</i> <b>9,444</b>	6,950	36	<b>5,237</b>	3,635	44
<b>Income before taxes, SEK m.</b>	<i>840</i> <b>8,859</b>	6,744	31	<b>4,944</b>	3,530	40
<b>Net income for the period, SEK m.</b>	<i>640</i> <b>6,757</b>	5,074	33	<b>3,721</b>	2,707	37
Operating margin, %	<b>12.2</b>	10.5		<b>12.7</b>	10.4	
Return on capital employed, Vehicles and Services, %	<b>24.6</b>	21.6				
Cash flow, Vehicles and Services, SEK m.	<i>345</i> <b>3,638</b>	-1,100		<b>3,131</b>	-1,164	

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

\* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.55 = EUR 1.00.

This interim report has not been subject to review by the company's auditors. This report is also available on [www.scania.com](http://www.scania.com)

## Business overview



Excluding items affecting comparability (Q2 2016)

### Sales performance

During the first half of 2019, total vehicle deliveries increased by 10 percent to 51,524 (46,778) units, compared to the year-earlier period. Group net sales rose by 17 percent to SEK 77,271 m. (66,228).

### Continued strong demand in most regions

Demand for trucks and buses and coaches remained strong in most regions but total vehicle order bookings fell by 7 percent to 48,789 (52,503) vehicles, compared to the first half of 2018.

Demand for trucks remains strong in most markets driven by the automotive, mining, forestry and agribusiness sectors, among others. Demand for trucks in Europe remains strong. The recovery is continuing in Brazil, mainly related to activity in the agribusiness and mining sectors, the strongest drivers of demand in Latin America. The demand situation in the Asia region was impacted negatively by lower order bookings in the Middle East. The Eurasia region was impacted by lower demand in Russia, where general economic uncertainty prevails.

## The truck market

### Order bookings

Scania's order bookings decreased during the second quarter of 2019 and totalled 19,865 (20,308) trucks. Order bookings in Europe decreased by 10 percent to 12,312 (13,617) units, compared to the second quarter of 2018. Demand decreased in Great Britain, France and Sweden, which was partly offset by increases in Italy, Norway and Portugal.

Order bookings in Latin America rose by 71 percent during the second quarter of 2019 compared to the second quarter of 2018 to 3,633 (2,122) trucks, mainly related to higher levels in Brazil, which was offset by a downturn in Argentina.

In Eurasia, total order bookings fell by 2 percent during the second quarter and amounted to 911 (929) trucks, a downturn that was primarily related to Belarus and Kazakhstan, which was offset by an upturn in Ukraine.

In Asia, order bookings fell by 33 percent to 1,669 (2,480) trucks during the second quarter. The decrease was primarily related to China, Turkey and Indonesia, which was partly offset by Hong Kong and Thailand.

In Africa and Oceania, order bookings rose by 16 percent compared to the second quarter of 2018, mainly related to Morocco, which was partly offset by an upturn in South Africa. Order bookings amounted to 1,340 (1,160) units, compared to the second quarter of 2018.

### Deliveries

Scania's total truck deliveries increased by 20 percent to 25,809 (21,562) units during the second quarter compared to the year-earlier period. In Europe, deliveries rose by 36 percent to 17,139 (12,614) units compared to the second quarter of 2018. In Eurasia, deliveries fell by 23 percent to 1,300 (1,697) trucks. In Latin America, deliveries rose by 41 percent to 4,570 (3,233) units compared to the second quarter of 2018. In Asia, deliveries fell by 32 percent compared to the second quarter of 2018 to 1,810 (2,671) trucks. In Africa and Oceania, deliveries fell by 27 percent to 990 (1,347) trucks.

### Net sales

Net sales of trucks rose by 26 percent to SEK 50,792 m. (40,352) during the first half of 2019. During the second quarter, sales rose by 29 percent to SEK 27,467 m. (21,240).

## The total European market for heavy trucks

The total market for heavy trucks in 28 of the European Union member countries (all EU countries except Malta) plus Norway, Switzerland, Bosnia and Serbia increased by about 16 percent to about 193,100 (165,700) units during the first half of 2019. Scania truck registrations amounted to some 37,500 units, equivalent to a market share of about 19.4 (16.1) percent.

### Scania trucks

	Order bookings			Deliveries		
	6 months 2019	6 months 2018	Change, %	6 months 2019	6 months 2018	Change, %
Europe	26,863	29,534	-9	33,289	25,574	30
Eurasia	2,182	4,073	-46	2,067	2,920	-29
America*	9,929	5,185	91	7,040	5,862	20
Asia	3,620	6,231	-42	3,730	5,330	-30
Africa and Oceania	2,060	2,388	-14	1,869	2,443	-23
<b>Total</b>	<b>44,654</b>	<b>47,411</b>	<b>-6</b>	<b>47,995</b>	<b>42,129</b>	<b>14</b>

\*Refers to Latin America

## The bus and coach market

### Order bookings

Order bookings for buses and coaches during the second quarter of 2019 fell by 9 percent to 2,221 (2,436) compared to the second quarter of 2018.

In Europe, order bookings rose by 75 percent and totalled 1,165 (666) units during the second quarter. Order bookings rose mainly in Sweden, Norway and Great Britain, which was offset somewhat by Poland and Spain. In Latin America, order bookings fell to 650 (1,320) units compared to the second quarter of 2018, mainly related to Mexico and Chile, which was partly offset by Brazil. In Asia, order bookings rose by 110 percent to 216 (103) buses and coaches compared to the second quarter of 2018, mainly related to Malaysia, which was partly offset by a downturn in Singapore. Order bookings in Eurasia fell by 63 percent to 21 (56) units compared to the year-earlier period, related to Russia. Order bookings in Africa and Oceania fell by 42 percent to 169 (291) buses and coaches, related to Australia, which was partly offset by New Zealand.

### Deliveries

Scania's bus and coach deliveries fell by 17 percent and totalled 2,139 (2,576) units during the second quarter. In Europe, deliveries rose by 1 percent to 682 (672) units compared to the second quarter of 2018. Deliveries rose in Latin America by 45 percent to 1,050 (722) units. In Asia, deliveries fell by 70 percent to 222 (742), while deliveries of buses and coaches in Africa and Oceania fell by 57 percent during the second quarter to 163 (379) units. Deliveries to Eurasia fell by 64 percent to 22 (61) units.

Scania's market share in buses and coaches in Europe was at around 6.4 percent in the first six months of 2019 compared to 8.1 percent during the year-earlier period.

### Net sales

Net sales of buses and coaches fell by 13 percent to SEK 5,182 m. (5,978) during the first half of 2019. During the second quarter, sales fell by 2 percent to SEK 3,324 m. (3,402).

### Scania buses and coaches

	Order bookings			Deliveries		
	6 months 2019	6 months 2018	Change, %	6 months 2019	6 months 2018	Change, %
Europe	1,691	1,297	30	1,010	1,199	-16
Eurasia	31	56	-45	37	310	-88
America*	1,662	2,071	-20	1,676	1,352	24
Asia	382	983	-61	472	1,172	-60
Africa and Oceania	369	685	-46	334	616	-46
<b>Total</b>	<b>4,135</b>	<b>5,092</b>	<b>-19</b>	<b>3,529</b>	<b>4,649</b>	<b>-24</b>

\*Refers to Latin America

## Engines

### Order bookings

During the first half of 2019, total engine order bookings decreased by 35 percent to 4,615 (7,103) units, compared to the year-earlier period. The downturn was primarily related to South Korea, Germany, Great Britain and the Netherlands, which was partly offset by Poland, Brazil and the Czech Republic.

## Deliveries

Engine deliveries fell by 15 percent to 5,045 (5,945) units during the first half of 2019. The downturn was mainly attributable to South Korea, Germany and Great Britain, which was partly offset by the Czech Republic and Brazil.

## Net sales

During the first half of 2019, sales fell by 8 percent to SEK 1,177 m. (1,280). Net sales in the second quarter amounted to SEK 611 m. (711), a decline of 14 percent.

## Services

Service revenue amounted to SEK 14,246 m. (13,066) during the first half of 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 9,761 m. (8,982) compared to the first half of 2018. In Latin America, revenue increased by 10 percent to SEK 1,651 m. (1,496) and revenue in Eurasia rose to SEK 459 m. (377) compared to the first half of 2018. Service revenue in Asia was 8 percent higher than the previous year at SEK 1,415 m. (1,315). In Africa and Oceania, service revenue rose by 7 percent to SEK 960 m. (896).

## Earnings

### Vehicles and Services

#### First half of 2019

Operating income in Vehicles and Services totalled SEK 8,707 m. (6,285) during the first half of 2019. Compared to the first half of 2018, the total currency effect was positive and amounted to about SEK 786 m.

Higher vehicle and service volume, currency effects and a more favourable market mix contributed positively to earnings. The phase-out of double product ranges also improved the cost situation in production, even though some increased costs remain related to the new truck generation and to handling the backlog in customer deliveries from previous flow disruptions.

Scania's research and development expenditures amounted to SEK 3,610 m. (3,673). After adjusting for SEK 972 m. (761) in capitalised expenditures, and SEK 348 m. (374) in depreciation of previously capitalised expenditures, recognised expenses decreased to SEK 2,986 m. (3,286).

#### Second quarter

Operating income in Vehicles and Services totalled SEK 4,845 m. (3,272) during the second quarter of 2019. Compared to the second quarter of 2018, the total currency rate effect was positive and amounted to about SEK 262 m.

Higher vehicle and service volume and currency effects contributed positively to earnings. The phase-out of double product ranges also improved the cost situation in production, even though some increased costs remain related to the new truck generation and to handling the backlog in customer deliveries from previous flow disruptions.

Scania's research and development expenditures amounted to SEK 1,894 m. (2,032). After adjusting for SEK 476 m. (423) in capitalised expenditures, and SEK 173 m. (193) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,591 m. (1,802).

## Financial Services

### Customer finance portfolio

At the end of the second quarter of 2019, the size of Scania's customer finance portfolio amounted to SEK 100.0 billion, which was SEK 10.9 billion higher than the end of 2018. In local currencies, the portfolio increased by SEK 7.6 billion, equivalent to 9 percent.

### Penetration rate

The penetration rate was 42 (42) percent during the first half of 2019 in those markets where Scania has its own financing operations.

### Operating income

Operating income in Financial Services increased to SEK 737 m. (665) during the first half of 2019, compared to the same period in 2018. A larger portfolio and currency effects had a positive impact on earnings, while smaller margins and increased operating cost had a negative impact.

## Scania Group

During the first six months of 2019, Scania's operating income amounted to SEK 9,444 m. (6,950). Operating margin amounted to 12.2 (10.5) percent. Scania's net financial items amounted to SEK -585 m. (-206).

The Scania Group's tax expense amounted to SEK 2,102 m. (1,670), equivalent to 23.7 (24.8) percent of income before taxes. Net income for the period totalled SEK 6,757 m. (5,074), equivalent to a net margin of 8.7 (7.7) percent.

## Cash flow

### Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 3,638 m. (-1,100) during the first half of 2019. Tied-up working capital was negative at SEK 4,409 m., mainly related to increases in inventories.

Net investments amounted to SEK 3,601 m. (3,107), including SEK 972 m. (761) in capitalisation of development expenses. At the end of the second quarter of 2019, the net cash position in Vehicles and Services amounted to SEK 10,879 m. compared to a net cash position of SEK 16,926 m. at the end of 2018.

### Scania Group

Scania's cash flow in Financial Services was negative at SEK 7,371 m. (-3,981) during the first half of 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 16.2 billion compared to the end of 2018.

## 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. (4,353) during the first six months of 2019.

## Miscellaneous

### Number of employees

At the end of the second quarter of 2019, the number of employees totalled 52,546, compared to 50,854 on the same date in 2018.

### Material risks and uncertainties

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report for 2018 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. 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 2019

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 on balance. 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 January 1, 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 January 1, 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 January 1, 2019. The weighted average interest rate applied in the Scania Group was 3.7 %.

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 January 1, 2019:

- Right-of-use assets amounting to SEK 4,564 m. were recognised in the opening balance sheet. Of the right-of-use assets recognised, SEK 31 m. had already been recognised in the balance sheet as of December 31, 2018 under finance leases.
- Lease liabilities in an amount of SEK 4,544 m. were recognised on balance 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 December 31, 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 December 31, 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 capitalized. 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 profit, under IFRS 16 depreciation charges on right-of-use assets are allocated to operating profit. Interest expense from adding interest on lease liabilities is reported in the financial result.

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 liquidity.

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.

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## Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	First half		Change in %	Q2		
	EUR m.*	2019		2018	2019	2018
Revenue	7 324	77 271	66 228	17	41 179	35 113
Cost of goods sold and services rendered	-5 432	-57 309	-49 034	17	-30 337	-26 015
<b>Gross income</b>	1 892	19 962	17 194	16	10 842	9 098
Research and development expenses	-283	-2 986	-3 286	-9	-1 591	-1 802
Selling expenses	-599	-6 322	-5 878	8	-3 338	-3 066
Administrative expenses	-111	-1 166	-1 038	12	-648	-569
Other operating income	7	72	77	-6	34	38
Other operating expenses	-11	-116	-119	-3	-62	-64
<b>Operating income</b>	895	9 444	6 950	36	5 237	3 635
Interest income	18	193	198	-3	86	99
Interest expenses	-41	-431	-363	19	-212	-178
Share of income from associated companies and joint ventures	2	23	22	5	10	11
Other financial income	11	117	105	11	-11	43
Other financial expenses	-46	-487	-168	190	-166	-80
<b>Total financial items</b>	-56	-585	-206	184	-293	-105
<b>Income before taxes</b>	840	8 859	6 744	31	4 944	3 530
Taxes	-200	-2 102	-1 670	26	-1 223	-823
<b>Net income for the period</b>	640	6 757	5 074	33	3 721	2 707
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Translation differences	128	1 352	378		487	-593
Income tax	-1	-12	56		-29	18
	127	1 340	434		458	-575
<b>Items that will not be reclassified to profit or loss</b>						
Re-measurement defined benefit plans <sup>1)</sup>	-159	-1 680	-470		-579	1
Fair value adjustment equity instruments	8	82	0		0	0
Income tax	33	347	34		122	-66
	-118	-1 251	-436		-457	-65
<b>Other comprehensive income for the period</b>	9	89	-2		1	-640
<b>Total comprehensive income for the period</b>	649	6 846	5 072		3 722	2 067
Net income attributable to:						
Scania shareholders	640	6 754	5 075		3 719	2 708
Non-controlling interest	0	3	-1		2	-1
Total comprehensive income attributable to:						
Scania shareholders	649	6 843	5 072		3 722	2 066
Non-controlling interest	0	3	0		0	1
Operating income includes depreciation of	-484	-5 109	-4 154		-2 596	-2 258
Operating margin, percent		12,2	10,5		12,7	10,4

<sup>1)</sup> The discount rate in calculating the Swedish pension liability amount to 1.75 (2.5) percent per 30 June.

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.55 = EUR 1.00.



## Net sales and deliveries, Vehicles and Services

	First half			Change in %	Q2	
	EUR m.	2019	2018		2019	2018
Amounts in SEK m. unless otherwise stated						
<b>Net sales</b>						
Trucks	4 814	<b>50 792</b>	40 352	26	<b>27 467</b>	21 240
Buses*	491	<b>5 182</b>	5 978	-13	<b>3 324</b>	3 402
Engines	112	<b>1 177</b>	1 280	-8	<b>611</b>	711
Service-related products	1 350	<b>14 246</b>	13 066	9	<b>7 080</b>	6 566
Used vehicles	397	<b>4 192</b>	3 892	8	<b>2 081</b>	1 996
Miscellaneous	232	<b>2 447</b>	2 335	5	<b>1 266</b>	1 246
Delivery sales value	7 396	<b>78 036</b>	66 903	17	<b>41 829</b>	35 161
Revenue deferrals <sup>1)</sup>	-296	<b>-3 122</b>	-2 640	18	<b>-1 863</b>	-1 123
Net sales	7 100	<b>74 914</b>	64 263	17	<b>39 966</b>	34 038
<b>Net sales<sup>2)</sup></b>						
Europe	4 902	<b>51 726</b>	41 207	26	<b>26 883</b>	21 507
Eurasia	271	<b>2 860</b>	3 338	-14	<b>1 721</b>	1 848
America**	941	<b>9 926</b>	7 556	31	<b>6 113</b>	4 088
Asia	579	<b>6 108</b>	7 473	-18	<b>3 023</b>	3 990
Africa and Oceania	407	<b>4 294</b>	4 689	-8	<b>2 226</b>	2 605
Net sales	7 100	<b>74 914</b>	64 263	17	<b>39 966</b>	34 038
<b>Total delivery volume, units</b>						
Trucks		<b>47 995</b>	42 129	14	<b>25 809</b>	21 562
Buses*		<b>3 529</b>	4 649	-24	<b>2 139</b>	2 576
Engines		<b>5 045</b>	5 945	-15	<b>2 474</b>	3 208

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

<sup>2)</sup> 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.	30 Jun	31 Dec	30 Jun
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	1 086	11 460	10 761	9 867
Tangible assets	3 581	37 780	31 486	30 320
Lease assets	2 857	30 145	28 273	27 516
Shares and participations	95	999	823	857
Interest-bearing receivables	4 548	47 988	43 251	41 127
Other receivables <sup>1), 2)</sup>	742	7 833	6 921	6 226
<b>Current assets</b>				
Inventories	2 840	29 959	25 804	27 109
Interest-bearing receivables	3 071	32 405	27 797	25 948
Other receivables <sup>3)</sup>	1 761	18 578	17 000	17 464
Current investments	127	1 339	1 612	1 825
Cash and cash equivalents	1 223	12 904	7 222	6 945
<b>Total assets</b>	<b>21 931</b>	<b>231 390</b>	<b>200 950</b>	<b>195 204</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Scania shareholders	5 338	56 321	54 345	50 474
Non-controlling interest	2	17	14	15
<b>Total equity</b>	<b>5 340</b>	<b>56 338</b>	<b>54 359</b>	<b>50 489</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	4 837	51 030	42 950	44 091
Provisions for pensions	1 174	12 388	10 439	10 049
Other provisions <sup>6)</sup>	617	6 509	6 389	6 597
Other liabilities <sup>1), 4)</sup>	1 668	17 603	15 819	15 586
<b>Current liabilities</b>				
Interest-bearing liabilities	4 085	43 098	29 922	27 144
Provisions	359	3 784	3 569	3 424
Other liabilities <sup>5)</sup>	3 851	40 640	37 503	37 824
<b>Total equity and liabilities</b>	<b>21 931</b>	<b>231 390</b>	<b>200 950</b>	<b>195 204</b>
<b>Equity/assets ratio, percent</b>		<b>24,3</b>	27,1	25,9

<sup>1)</sup> Including deferred tax

<sup>2)</sup> Including derivatives with positive value for hedging of borrowings

<sup>3)</sup> Including derivatives with positive value for hedging of borrowings

<sup>4)</sup> Including derivatives with negative value for hedging of borrowings

<sup>5)</sup> Including derivatives with negative value for hedging of borrowings

<sup>6)</sup> Including provision related to the European Commission's competition investigation

## Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2019	2018
Equity, 1 January	5 152	<b>54 359</b>	49 919
Transition to IFRS 9	-	-	-150
Net income for the period	640	<b>6 757</b>	5 074
Other comprehensive income for the period	8	<b>89</b>	-2
Dividend to shareholders	-1 385	<b>-14 611</b>	-4 352
Capital contribution	925	<b>9 744</b>	-
<b>Total equity at the end of the period</b>	<b>5 340</b>	<b>56 338</b>	50 489
Attributable to:			
Scania AB shareholders	5 338	<b>56 321</b>	50 474
Non-controlling interest	2	<b>17</b>	15

## Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	First half			Q2	
	EUR m.	2019	2018	2019	2018
<b>Operating activities</b>					
Income before tax	840	8 859	6 744	4 944	3 530
Items not affecting cash flow	511	5 395	4 956	2 767	2 928
Taxes paid	-203	-2 144	-2 353	-1 121	-1 091
<b>Cash flow from operating activities before change in working capital</b>	<b>1 148</b>	<b>12 110</b>	<b>9 347</b>	<b>6 590</b>	<b>5 367</b>
Change in working capital <sup>1)</sup>	-1 162	-12 260	-10 977	-6 104	-7 159
<b>Cash flow from operating activities</b>	<b>-14</b>	<b>-150</b>	<b>-1 630</b>	<b>486</b>	<b>-1 792</b>
<b>Investing activities</b>					
Net investments <sup>3)</sup>	-344	-3 628	-3 124	-1 906	-1 502
<b>Cash flow from investing activities attributable to operating activities</b>	<b>-344</b>	<b>-3 628</b>	<b>-3 124</b>	<b>-1 906</b>	<b>-1 502</b>
<b>Cash flow after investing activities attributable to operating activities</b>	<b>-358</b>	<b>-3 778</b>	<b>-4 754</b>	<b>-1 420</b>	<b>-3 294</b>
Investments in securities and loans <sup>2)</sup>	28	296	-172	344	-510
<b>Cash flow from investing activities</b>	<b>-316</b>	<b>-3 332</b>	<b>-3 296</b>	<b>-1 562</b>	<b>-2 012</b>
<b>Cash flow before financing activities</b>	<b>-330</b>	<b>-3 482</b>	<b>-4 926</b>	<b>-1 076</b>	<b>-3 804</b>
<b>Financing activities</b>					
Change in debt from financing activities <sup>3)</sup>	1 314	13 867	10 165	5 780	8 679
Dividend	-461	-4 867	-4 352	0	-4 352
<b>Cash flow from financing activities</b>	<b>853</b>	<b>9 000</b>	<b>5 813</b>	<b>5 780</b>	<b>4 327</b>
<b>Cash flow for the period</b>	<b>523</b>	<b>5 518</b>	<b>887</b>	<b>4 704</b>	<b>523</b>
<b>Cash and cash equivalents at beginning of period <sup>4)</sup></b>	<b>685</b>	<b>7 222</b>	<b>6 042</b>	<b>8 153</b>	<b>6 478</b>
<b>Exchange rate differences in cash and cash equivalents</b>	<b>15</b>	<b>164</b>	<b>16</b>	<b>47</b>	<b>-56</b>
<b>Cash and cash equivalents at end of period <sup>5)</sup></b>	<b>1 223</b>	<b>12 904</b>	<b>6 945</b>	<b>12 904</b>	<b>6 945</b>
<b>Cash flow statement, Vehicles and services</b>					
Cash flow from operating activities before change in working capital	1 104	11 648	8 488	6 333	4 741
Change in working capital <sup>1)</sup>	-418	-4 409	-6 481	-1 304	-4 410
Cash flow from operating activities	686	7 239	2 007	5 029	331
Cash flow from investing activities attributable to operating activities	-341	-3 601	-3 107	-1 898	-1 495
Cash flow after investing activities attributable to operating activities	345	3 638	-1 100	3 131	-1 164

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

Comparitive figures for 2018 have been adjusted with:

<sup>1)</sup> Loan receivables moved to investments in securities and loans with SEK -583 m Q2, 48 m first half.

<sup>2)</sup> Municipal bonds included with SEK -501 m Q2, -641 m first half, previously presented in cash and cash equivalents. Loan receivables included with SEK 583 m Q2, -48 m first half, previously presented in working capital. Loan receivables included with SEK -593 m Q2, 508 m first half, previously presented in financing activities.

<sup>3)</sup> Loan receivables moved to investments in securities and loans with SEK 593 m Q2, -508 m first half.

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

<sup>5)</sup> Municipal bonds moved to investments in securities and loans with SEK -501 m Q2, -1 091 m first half.

In addition to above, some minor reclassifications have been made, affecting comparative figures for 2018 as follows: Items not affecting cash flow SEK 302 m Q2, 194 m first half, taxes paid SEK -4 m Q2, -8 m first half, change in working capital SEK 40 m Q2, 18 m first half, investing activities SEK -9 m Q2, 90 m first half, financing activities SEK -329 m Q2, -283 m first half and change in cash and cash equivalents SEK -0 m Q2, -11 m first half.

## 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 65 m.(50). 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 214 m. (146), Other current receivables SEK 199 m. (350), Other non-current liabilities SEK 1,231 m. (925) and Other current liabilities SEK 715 m. (1,149).

For financial assets that are carried at amortised cost, book value amounts to SEK 104,673 m. (84,694) and fair value to SEK 104,969 m. (84,732). For financial liabilities that are carried at amortised cost, book value amounts to SEK 105,279 m. (86,775) and fair value to SEK 107,171 m. (86,766). 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

	2019		2018				
	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Order bookings, trucks</b>							
Europe	12 312	14 551	57 188	16 413	11 241	13 617	15 917
Eurasia	911	1 271	6 492	896	1 523	929	3 144
America **	3 633	6 296	10 150	1 866	3 099	2 122	3 063
Asia	1 669	1 951	9 665	1 969	1 465	2 480	3 751
Africa and Oceania	1 340	720	5 245	1 592	1 265	1 160	1 228
<b>Total</b>	<b>19 865</b>	<b>24 789</b>	<b>88 740</b>	<b>22 736</b>	<b>18 593</b>	<b>20 308</b>	<b>27 103</b>
<b>Trucks delivered</b>							
Europe	17 139	16 150	52 016	14 839	11 603	12 614	12 960
Eurasia	1 300	767	8 006	3 165	1 921	1 697	1 223
America**	4 570	2 470	12 725	4 192	2 671	3 233	2 629
Asia	1 810	1 920	10 464	2 339	2 795	2 671	2 659
Africa and Oceania	990	879	4 784	1 327	1 014	1 347	1 096
<b>Total</b>	<b>25 809</b>	<b>22 186</b>	<b>87 995</b>	<b>25 862</b>	<b>20 004</b>	<b>21 562</b>	<b>20 567</b>
<b>Order bookings, buses*</b>							
Europe	1 165	526	2 431	589	545	666	631
Eurasia	21	10	81	4	21	56	0
America **	650	1 012	3 345	885	389	1 320	751
Asia	216	166	1 405	215	207	103	880
Africa and Oceania	169	200	1 444	528	231	291	394
<b>Total</b>	<b>2 221</b>	<b>1 914</b>	<b>8 706</b>	<b>2 221</b>	<b>1 393</b>	<b>2 436</b>	<b>2 656</b>
<b>Buses delivered*</b>							
Europe	682	328	2 212	561	452	672	527
Eurasia	22	15	344	31	3	61	249
America **	1 050	626	2 805	840	613	722	630
Asia	222	250	2 058	304	582	742	430
Africa and Oceania	163	171	1 063	240	207	379	237
<b>Total</b>	<b>2 139</b>	<b>1 390</b>	<b>8 482</b>	<b>1 976</b>	<b>1 857</b>	<b>2 576</b>	<b>2 073</b>

\* Including body-built buses and coaches.

\*\* Refers to Latin America

## Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2019	2018
<b>Income statement</b>			
Financial income and expenses	0	0	4 353
<b>Net income for the period</b>	0	0	4 353

	2019		2018
	EUR m.	30 Jun	30 Jun
<b>Balance sheet</b>			
<b>Assets</b>			
<b>Financial non-current assets</b>			
Shares in subsidiaries	799	8 435	8 435
<b>Current assets</b>			
Due from subsidiaries	588	6 201	1 568
<b>Total assets</b>	1 387	14 636	10 003
<b>Equity</b>			
Equity	1 387	14 636	10 003
<b>Total shareholders' equity</b>	1 387	14 636	10 003
<b>Total equity and liabilities</b>	1 387	14 636	10 003

	2019		2018
	EUR m.	30 Jun	30 Jun
<b>Statement of changes in equity</b>			
Equity, 1 January	1 849	19 503	10 002
Total comprehensive income	0	0	4 353
Dividend	-1 386	-14 611	-4 352
Capital injection	924	9 744	-
<b>Equity</b>	1 387	14 636	10 003

## Note 1 Segment Reporting

### Income statements

#### Vehicle and Services

Amounts in SEK m. unless otherwise stated	2019	2018	2019	2018
	First half	First half	Q2	Q2
Revenue	74 914	64 263	39 966	34 038
Cost of goods sold	-56 516	-48 420	-29 927	-25 639
<b>Gross income</b>	<b>18 398</b>	<b>15 843</b>	<b>10 039</b>	<b>8 399</b>
Research and development expenses	-2 986	-3 286	-1 591	-1 802
Selling expenses	-5 539	-5 234	-2 955	-2 756
Administrative expenses	-1 166	-1 038	-648	-569
<b>Operating income</b>	<b>8 707</b>	<b>6 285</b>	<b>4 845</b>	<b>3 272</b>
Interest income	193	198	86	99
Interest expenses	-431	-363	-212	-178
Share of income in associated companies and joint ventures	23	22	10	11
Dividends in between segments		36		36
Other financial income	117	105	-11	43
Other financial expenses	-487	-168	-166	-80
<b>Total financial items</b>	<b>-585</b>	<b>-170</b>	<b>-293</b>	<b>-69</b>
<b>Income before taxes</b>	<b>8 122</b>	<b>6 115</b>	<b>4 552</b>	<b>3 203</b>
Taxes	-1 916	-1 509	-1 115	-750
<b>Net income for the period</b>	<b>6 206</b>	<b>4 606</b>	<b>3 437</b>	<b>2 453</b>

#### Financial Services

Amounts in SEK m. unless otherwise stated				
Interest and lease income	4 255	3 746	2 214	2 013
Insurance commission	157	119	83	64
Interest and prepaid expenses	-2 848	-2 514	-1 494	-1 378
Interest surplus and insurance commission	1 564	1 351	803	699
Other income	72	77	34	38
Other expenses	-116	-119	-62	-64
<b>Gross income</b>	<b>1 520</b>	<b>1 309</b>	<b>775</b>	<b>673</b>
Selling and administration expenses	-653	-537	-343	-277
Bad debt expenses, realised and anticipated	-130	-107	-40	-33
<b>Operating income</b>	<b>737</b>	<b>665</b>	<b>392</b>	<b>363</b>
<b>Income before tax</b>	<b>737</b>	<b>665</b>	<b>392</b>	<b>363</b>
Taxes	-186	-161	-108	-73
<b>Net income for the period</b>	<b>551</b>	<b>504</b>	<b>284</b>	<b>290</b>



## Reconciliation of segments to the Scania Group

### January - June

Amounts in SEK m. unless otherwise stated	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2019 First half	2018 First half	2019 First half	2018 First half	2019 First half	2018 First half	2019 First half	2018 First half
Revenue	74 914	64 263	4 412	3 865	-2 055	-1 900	77 271	66 228
Cost of sales	-56 516	-48 420	-2 848	-2 514	2 055	1 900	-57 309	-49 034
<b>Gross income</b>	18 398	15 843	1 564	1 351	0	0	19 962	17 194
Research and development expenses	-2 986	-3 286	0	0			-2 986	-3 286
Selling expenses	-5 539	-5 234	-783	-644			-6 322	-5 878
Administrative expenses	-1 166	-1 038	0	0			-1 166	-1 038
Other operating income	0	0	72	77			72	77
Other operating expenses	0	0	-116	-119			-116	-119
<b>Operating income</b>	8 707	6 285	737	665	0	0	9 444	6 950
Interest income	193	198					193	198
Interest expenses	-431	-363					-431	-363
Share of income in associated companies and joint ventures	23	22					23	22
Dividends in between segments	0	36				-36	0	0
Other financial income	117	105					117	105
Other financial expenses	-487	-168					-487	-168
<b>Total financial items</b>	-585	-170	0	0	0	-36	-585	-206
<b>Income before taxes</b>	8 122	6 115	737	665	0	-36	8 859	6 744
Taxes	-1 916	-1 509	-186	-161		0	-2 102	-1 670
<b>Net income for the period</b>	6 206	4 606	551	504	0	-36	6 757	5 074

### April - June

Amounts in SEK m. unless otherwise stated	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2019 Q2	2018 Q2	2019 Q2	2018 Q2	2019 Q2	2018 Q2	2019 Q2	2018 Q2
Revenue	39 966	34 038	2 297	2 077	-1 084	-1 002	41 179	35 113
Cost of sales	-29 927	-25 639	-1 494	-1 378	1 084	1 002	-30 337	-26 015
<b>Gross income</b>	10 039	8 399	803	699	0	0	10 842	9 098
Research and development expenses	-1 591	-1 802	0	0			-1 591	-1 802
Selling expenses	-2 955	-2 756	-383	-310			-3 338	-3 066
Administrative expenses	-648	-569	0	0			-648	-569
Other operating income	0	0	34	38			34	38
Other operating expenses	0	0	-62	-64			-62	-64
<b>Operating income</b>	4 845	3 272	392	363	0	0	5 237	3 635
Interest income	86	99					86	99
Interest expenses	-212	-178					-212	-178
Share of income in associated companies and joint ventures	10	11					10	11
Dividends in between segments		36				-36	0	0
Other financial income	-11	43					-11	43
Other financial expenses	-166	-80					-166	-80
<b>Total financial items</b>	-293	-69	0	0	0	-36	-293	-105
<b>Income before taxes</b>	4 552	3 203	392	363	0	-36	4 944	3 530
Taxes	-1 115	-750	-108	-73			-1 223	-823
<b>Net income for the period</b>	3 437	2 453	284	290	0	-36	3 721	2 707

## 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 <sup>1)</sup>**

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

#### **Return on capital employed <sup>1)2)</sup>**

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

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

<sup>2)</sup> Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

### Scania Group

<b>Operating- and net income</b>	<b>First half</b>			<b>Q2</b>	
	<i>EUR m.</i>	<b>2019</b>	2018	<b>2019</b>	2018
<i>Net sales</i>	7 324	<b>77 271</b>	66 228	<b>41 179</b>	35 113
<i>Operating income</i>	895	<b>9 444</b>	6 950	<b>5 237</b>	3 635
<i>Net income for the period</i>	640	<b>6 757</b>	5 074	<b>3 721</b>	2 707
<i>Operating margin, % (Operating income/Net sales)</i>		<b>12,2</b>	10,5	<b>12,7</b>	10,4
<i>Net margin, % (Net income/Net sales)</i>		<b>8,7</b>	7,7	<b>9,0</b>	7,7

## RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

### Scania Group 2019 2018

#### Net debt, excluding provision for pensions

<b>Assets</b>	<i>EUR m.</i>	<b>30 Jun</b>	30 Jun
Current investments	127	1 339	1 825
Cash and cash equivalents	1 223	12 904	6 945
Loans to Volkswagen entities	1	6	3
Accrued interest in current investments	0	-3	-1
	1 351	14 246	8 772

#### Liabilities

Interest-bearing liabilities, non-current	4 837	51 030	44 091
Interest-bearing liabilities, current	4 085	43 098	27 144
Accrued interest in Interest-bearing liabilities	-29	-301	-313
	8 893	93 827	70 922

<b>Net debt</b>	7 542	79 581	62 150
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### Vehicles and Services 2019 2018

#### Net debt, excluding provision for pensions

<b>Assets</b>	<i>EUR m.</i>	<b>30 Jun</b>	30 Jun
Current investments	362	3 820	6 405
Cash and cash equivalents	1 159	12 225	6 595
Accrued interest in current investments	0	-2	0
	1 521	16 043	13 000

#### Liabilities

Interest-bearing liabilities, non-current	395	4 172	-
Interest-bearing liabilities, current	94	992	-
	489	5 164	-

<b>Net debt</b>	-1 032	-10 879	-13 000
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### Capital Employed 2019 2018

	<i>EUR m.</i>	<b>30 Jun</b>	30 Jun
Total assets, excl. Shares and participations in group companies	13 154	138 785	125 309
Operating liabilities			
Other provisions, non-current and current	590	6 220	6 045
Other liabilities, non-current and current	6 724	70 944	64 285
Net derivatives	-126	-1 326	-722
<b>Capital Employed</b>	5 966	62 947	55 701

### Return on Capital Employed 2019 2018

	<i>EUR m.</i>	<b>30 Jun</b>	30 Jun
Operating income	1 404	14 809	11 501
Financial income	66	692	528
Capital employed	5 966	62 947	55 701
<b>Return on Capital Employed</b>		24,6%	21,6%