

Scania Interim Report January-September 2018

Summary of the first nine months of 2018

- Operating income amounted to SEK 10,153 m. (9,080)
- Net sales increased by 11 percent to SEK 98,674 m. (89,111)
- Cash flow amounted to SEK -134 m. (3,002) in Vehicles and Services
- The period was affected by major disruptions in the supply chain resulting in negative cash flow
- As from the 2018 financial year, the presentation of the income statement has been adjusted to align with Volkswagen Group's (including comparative periods)

Comments by Henrik Henriksson, President and CEO

"Demand for the new truck range remained strong and the trend in services is positive. Scania's net sales for the first nine months of 2018 amounted to SEK 98.7 billion, an increase of 11 percent compared to the previous year. Earnings in the first nine months of 2018 rose to SEK 10,153 m., which resulted in an operating margin of 10.3 percent. Higher vehicle and service volume contributed positively and so did currency effects while higher production costs for running double product ranges and disruptions in the supply chain impacted earnings negatively. Earnings were also negatively impacted by a less favourable market mix. The disruptions in the supply chain related to the shift to the new truck range were further aggravated by the strike that occurred at a components supplier, which led to a temporary stop in deliveries and sales of V8 engines. As a result of these disruptions, inventory levels increased, which combined with the high investment level impacted negatively on cash flow. With only Latin America remaining, within the coming two quarters we will have completed the task of shifting production to the new truck range in Scania's production facilities globally. As we approach the end of our biggest industrial transition ever we are

concurrently focusing on normalising our cost levels as our earnings are not fully reflecting the current favourable market situation.

Order bookings for trucks fell by 7 percent during the first nine months of 2018 compared to the year-earlier period. Demand for trucks in Europe remains at a good level. In Latin America the demand trend is reflected by the slow recovery in Brazil. There is currently uncertainty related to global trade. In the Middle East, demand has fallen drastically in Iran and Turkey, causing both cancelled orders and hampering new order intake. Overall order bookings in the Asia region were also negatively impacted by a slowdown in China. Demand in Eurasia continues to develop positively, mainly due to Russia despite its uncertainties. Demand for Buses and Coaches is also affected negatively by the situation in Iran but overall order bookings are in line with the same period in 2017. In the Engines business area the demand is at good levels in all segments, partly due to a pre-buy effect in Europe. Service revenue amounted to a record high SEK 19.6 billion, an increase of 12 percent. Financial Services reported operating income of SEK 1,059 million and credit losses remain at low levels."

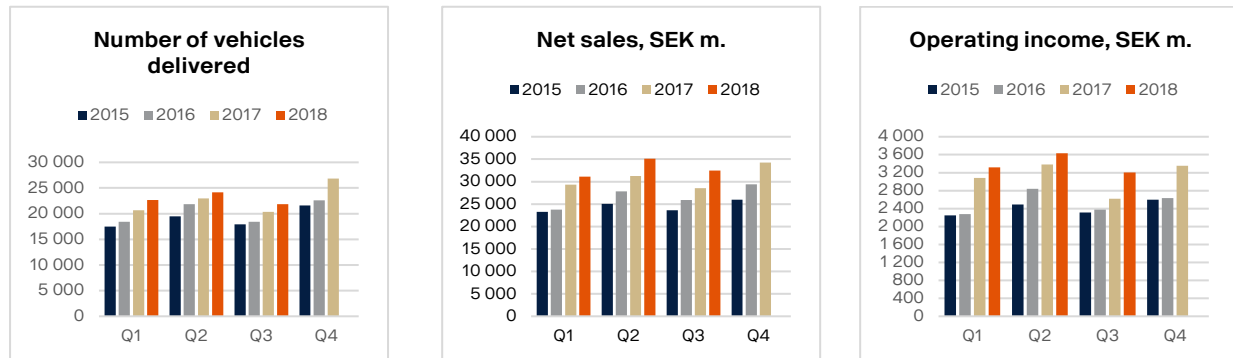
Financial overview

	9 months			Q3			
	2018	2017	Change, %	2018	2017	Change, %	
Trucks and buses, units							
Order bookings	72,489	77,714	-7	19,986	23,061	-13	
Deliveries	68,639	63,959	7	21,861	20,351	7	
Net sales and earnings	<i>EUR m.*</i>						
Net sales, Scania Group, SEK m.**	<i>9,577</i>	98,674	89,111	11	32,446	28,570	14
Operating income, Vehicles and Services, SEK m.	<i>883</i>	9,094	8,218	11	2,809	2,274	24
Operating income, Financial Services, SEK m.	<i>103</i>	1,059	862	23	394	342	15
Operating income, SEK m.	<i>985</i>	10,153	9,080	12	3,203	2,616	22
Income before taxes, SEK m.	<i>957</i>	9,855	8,820	12	3,111	2,507	24
Net income for the period, SEK m.	<i>706</i>	7,273	6,355	14	2,199	1,744	26
Operating margin, %**		10.3	10.2		9.9	9.2	
Return on capital employed, Vehicles and Services, %		22.0	22.5				
Cash flow, Vehicles and Services, SEK m.	<i>-13</i>	-134	3,002		1,023	-288	

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.303 = EUR 1.00.

** 2017 figures have been re-stated as a result of the new presentation of the income statement as from 2018. Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year. This interim report has not been subject to review by the company's auditors. This report is also available on www.scania.com

Business overview



Excluding items affecting comparability (Q2 2016)

Sales performance

During the first nine months of 2018, total vehicle deliveries increased by 7 percent to 68,639 (63,959) units, compared to the previous year period. Group net sales rose by 11 percent to SEK 98,674 m. (89,111). Currency effects had a positive impact on sales of 3 percent during the first nine months of the year and of 5 percent during the third quarter.

Demand remains at good levels in most regions

Total order bookings for vehicles were lower during the third quarter of 2018 than the previous year period and demand was comparatively lower in all markets except for Africa and Oceania.

Demand for trucks in Europe remains strong due to the positive economic situation combined with a replacement need and attractive financing levels. Transport growth is continuing, driven by basic industries such as forestry, agriculture and industrial goods. Capacity is building up but the shortage of drivers is currently hampering even stronger growth with European customers. In Latin America, demand is driven by the recovery in Brazil which is continuing at a slow pace. However, there is still a long way to get back to the previous top levels. In Russia, the level of the market is high overall and there is a modernisation need. However, demand has been negatively impacted by political uncertainty and trade implications. In the Middle East, demand has fallen drastically in Iran and Turkey, causing both cancelled orders and limiting new order intake. In Asia as a whole, the European truck segment is growing in line with the development of logistics systems, driven by e-commerce. However, in China, demand has recently somewhat weakened.

Strong interest in Scania's new Euro 6 gas engines

Scania's new Euro 6 gas engines continue to generate strong interest among existing and potential customers. Offering the same performance as a similar size diesel engine, it is suitable for both heavy long-distance transport and construction haulage and delivers a CO₂ reduction of up to 90 percent when powered with biogas. Nitrogen oxide emissions and noise levels are also reduced by using gas, which makes the trucks very well suited for urban traffic. Scania is actively working in partnership with customers and suppliers of gas infrastructure in Europe in order to secure production of gas as a fuel, to increase the number of filling stations and to promote subsidies for vehicle purchases – all to enable the roll-out of gas solutions on a larger scale. To achieve a fossil-free transport system, we need to work concurrently on improving energy efficiency and on the development of smart transport services, electrification and several different biofuels. Here, biogas produced from local sewage or waste represents an interesting alternative in order to quickly scale up to larger volumes.

The truck market

Order bookings

Scania's order bookings decreased by 11 percent during the third quarter of 2018, compared to 2017, and totalled 18,593 (20,895) trucks. Compared to the third quarter of 2017, order bookings in Europe decreased by 2 percent to 11,241 (11,492) units. Demand decreased in several major European markets such as France, Norway, Portugal, Denmark and Austria.

Order bookings in Latin America fell by 2 percent during the third quarter of 2018 compared to previous year period, and amounted to 3,099 (3,169) trucks, mainly related to lower demand in Argentina.

In Eurasia, order bookings fell during the third quarter by 18 percent compared to the previous year period and total order bookings amounted to 1,523 (1,868) trucks, a decrease that was primarily related to Russia. However, this was somewhat offset by an upturn in Ukraine.

In Asia, order bookings fell by 54 percent to 1,465 (3,186) trucks during the third quarter of 2018 compared to the previous year. The decrease was related to Iran, Turkey, Taiwan and China.

In Africa and Oceania, order bookings rose by 7 percent compared to the third quarter of 2017 and amounted to 1,265 (1,180) units, mainly related to Tanzania and Botswana.

Deliveries

Scania's total truck deliveries rose by 9 percent to 20,004 (18,282) units during the third quarter compared to the previous year period. In Europe, deliveries rose by 18 percent to 11,603 (9,853) units compared to the third quarter of 2017. In Eurasia, deliveries rose by 13 percent to 1,921 (1,700) trucks. In Latin America, deliveries rose by 12 percent to 2,671 (2,381) units compared to the third quarter of 2017. In Asia, deliveries fell by 14 percent compared to the third quarter of 2017 to 2,795 (3,241) trucks. In Africa and Oceania, deliveries fell by 8 percent to 1,014 (1,107) trucks.

Sales

Net sales of trucks rose by 12 percent to SEK 59,955 m. (53,689) during the first nine months of 2018. During the third quarter, sales rose by 21 percent to SEK 19,603 m. (16,142).

The total European market for heavy trucks

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway, Switzerland, Bosnia and Serbia increased by about 6 percent to about 239,500 (227,000) units during the first nine months of 2018. Scania truck registrations amounted to some 38,860 units, equivalent to a market share of about 16.2 (16.3) percent.

Scania trucks	Order bookings			Deliveries		
	9 months 2018	9 months 2017	Change, %	9 months 2018	9 months 2017	Change, %
Europe	40,775	43,148	-5	37,177	34,877	7
Eurasia	5,596	5,419	3	4,841	3,935	23
America*	8,284	8,382	-1	8,533	6,676	28
Asia	7,696	10,668	-28	8,125	9,307	-13
Africa and Oceania	3,653	3,612	1	3,457	3,368	3
Total	66,004	71,229	-7	62,133	58,163	7

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches during the first nine months of 2018 were unchanged compared to the previous year at 6,485 (6,485) units. During the third quarter, order bookings fell to 1,393 (2,166) units, compared to the third quarter of 2017.

In Europe, order bookings fell and amounted to 545 (554) units during the third quarter. Order bookings fell mainly in Norway and Italy, which was partly offset by an upturn in Great Britain. In Latin America, order bookings fell by 40 percent to 389 (653) units compared to the third quarter of 2017. In Asia, order bookings fell by 64 percent to 207 (572) buses and coaches compared to the third quarter of 2017, due to the situation in Iran. Order bookings in Eurasia fell to 21 (164) buses and coaches compared to the previous year period. Order bookings in Africa and Oceania rose by 4 percent to 231 (223) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 1,857 (2,069) units during the third quarter of 2018, a decrease of 10 percent. In Europe, deliveries fell to 452 (576) units compared to the third quarter of 2017. In Latin America, deliveries rose to 613 (587) units. In Asia, deliveries fell to 582 (670), while deliveries of buses and coaches in Africa and Oceania rose during the third quarter to 207 (203) units. Deliveries to Eurasia fell to 3 (33) units.

Net sales

Net sales of buses and coaches rose by 12 percent during the first nine months of 2018 to SEK 8,570 m. (7,684), compared to 2017. During the third quarter, sales fell by 10 percent to SEK 2,592 m. (2,894).

Scania buses and coaches	Order bookings			Deliveries		
	9 months 2018	9 months 2017	Change, %	9 months 2018	9 months 2017	Change, %
Europe	1,842	1,517	21	1,651	1,548	7
Eurasia	77	213	-64	313	61	
America*	2,460	1,869	32	1,965	1,715	15
Asia	1,190	2,220	-46	1,754	1,894	-7
Africa and Oceania	916	666	38	823	578	42
Total	6,485	6,485	0	6,506	5,796	12

*Refers to Latin America

Engines

Order bookings

Total engine order bookings rose by 26 percent to 9,403 (7,474) units during the first nine months of 2018 compared to 2017. The upturn was primarily related to the industrial and power generation segments in the markets Brazil, Germany, Great Britain, Belgium and the Netherlands. There is an underlying strong demand for engines combined with a pre-buy behavior related to new engine emission standards coming into effect in Europe. During the third quarter, order bookings fell by 17 percent to 2,300 (2,782) engines mainly due to a lower demand within the industrial segment compared to the same period last year.

Deliveries

Engine deliveries rose by 48 percent to 8,538 (5,759) units during the first nine months of 2018. The upturn was mainly attributable to South Korea, Brazil, Germany and Norway. In Europe the upturn was related to the pre-buy effect mentioned above. During the third quarter, deliveries rose by 38 percent to 2,593 (1,877) engines, mainly related to Brazil, South Korea, Great Britain, Germany and the Netherlands.

Net sales

During the first nine months of 2018, sales rose by 47 percent to SEK 1,855 m. (1,262). Net sales in the third quarter amounted to SEK 575 m. (397), an upturn of 45 percent.

Services

Service revenue amounted to SEK 6,546 m. (5,812) during the third quarter of 2018, an increase of 13 percent. Higher volume in Europe and Asia had a positive impact. In local currencies, revenue increased by 6 percent.

Service revenue amounted to SEK 19,612 m. (17,499) during the first nine months of 2018, an increase of 12 percent. Revenue increased by 9 percent in local currencies. In Europe, service revenue rose by 14 percent to SEK 13,466 m. (11,789) compared to the first nine months of 2017. In Latin America, revenue was in line with the previous year at SEK 2,275 m. (2,277) and service revenue in Eurasia rose to SEK 575 m. (491) compared to the first nine months of 2017. Revenue in Asia was 12 percent higher than the previous year at SEK 1,965 m. (1,750). In Africa and Oceania, service revenue rose by 12 percent to SEK 1,331 m. (1,192).

Earnings

As from 2018, the presentation of Scania's income statement has changed and the comparative figures have been adjusted accordingly, see explanation in the notes.

Vehicles and Services

First nine months of 2018

Operating income in Vehicles and Services totalled SEK 9,094 m. (8,218) during the first nine months of 2018, an increase of 11 percent. Higher vehicle and service volume as well as currency effects contributed positively while higher production costs for running double product ranges and disruptions in the supply chain impacted earnings negatively. Earnings were also negatively impacted by a less favourable market mix. Compared to the first nine months of 2017, the total currency effect was positive and amounted to about SEK 2,264 m.

Scania's research and development expenditures amounted to SEK 5,456 m. (4,924). After adjusting for SEK 1,335 m. (1,148) in capitalised expenditures and SEK 552 m. (270) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 4,673 m. (4,046).

Third quarter

Operating income in Vehicles and Services totalled SEK 2,809 m. (2,274) during the third quarter of 2018. Higher vehicle and service volume as well as currency effects contributed positively while higher production costs for running double product ranges and disruptions in the supply chain impacted earnings negatively. Compared to the third quarter of 2017, the total currency effect was positive and amounted to about SEK 1,218 m.

Scania's research and development expenditures amounted to SEK 1,783 m. (1,476). After adjusting for SEK 574 (324) in capitalised expenditures and SEK 178 m. (92) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,387 m. (1,244).

Financial Services

Customer finance portfolio

At the end of the third quarter of 2018, the size of Scania's customer finance portfolio amounted to SEK 84.6 billion, which was SEK 7.5 billion higher than the end of 2017. In local currencies, the portfolio increased by SEK 5.9 billion, equivalent to 8 percent.

Penetration rate

The penetration rate was 42 (45) percent during the first nine months of 2018 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 1,059 m. (862) during the first nine months of 2018, compared to the same period in 2017. A larger portfolio and currency effects had a positive impact on earnings, while smaller margins and increased operating cost had a negative impact.

Scania Group

During the first nine months of 2018, Scania's operating income amounted to SEK 10,153 m. (9,080). Operating margin amounted to 10.3 (10.2) percent. Scania's net financial items amounted to SEK -298 m. (-260).

The Scania Group's tax expense amounted to SEK 2,582 m. (2,465), equivalent to 26.2 (27.9) percent of income before taxes. Net income for the period totalled SEK 7,273 m. (6,355), equivalent to a net margin of 7.6 (7.4) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK -134 m. (3,002) during the first nine months of 2018. Tied-up working capital increased by SEK 7,558 m. related to the strained situation in the supply chain.

Net investments amounted to SEK 5,102 m. (4,385), including SEK 1,335 m. (1,148) in capitalisation of development expenses. At the end of the third quarter of 2018, the net cash position in Vehicles and Services amounted to SEK 12,689 m. compared to a net cash position of SEK 17,058 m. at the end of 2017.

Scania Group

Scania's cash flow in Financial Services was negative and amounted to SEK 5,494 m. (3,832) during the first nine months of 2018 due to a growing customer finance portfolio. Together with the negative cash flow in Vehicles and Services, the Group's net debt increased by about SEK 11.6 billion compared to the end of 2017.

Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 4,353 m. (0) during the first nine months of 2018.

Miscellaneous

Number of employees

At the end of the third quarter of 2018, the number of employees totalled 51,662, compared to 48,420 at the end of the third quarter in 2017.

Material risks and uncertainties

The section titled "Risks and risk management" in Scania's Annual and Sustainability Report for 2017 describes Scania's strategic, operational, legal and financial risks. Note 2 of the same report provides a detailed account of key judgements and estimates. Note 27 of the same report describes the financial risks, such as currency risk and interest rate risk. The risks that have the greatest impact on financial performance and on reporting for the Group and the Parent Company are summarised as follows:

a) Sales with obligations

About 15 percent of the vehicles Scania sells are delivered with residual value obligations or repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation (contract).

b) Credit risks

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

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

c) Legal risks

In 2011, Scania became subject of an investigation by the European Commission (EC) into allegedly inappropriate cooperation with other European truck manufacturers. A Statement of Objections was served on Scania by the EC in November 2014. In light of such statement and other developments in the investigation and in accordance with relevant accounting principles, Scania made a provision with an amount of SEK 3,800 m. in the interim financial statements ending in June 2016. Scania always cooperated fully with the EC, while all through the investigation contesting the EC's view that Scania would have participated in a pan-European cartel during 1997-2011 on pricing and delayed introductions of emissions related technology. Scania was 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 has appealed against this decision in its entirety, and has in January 2018 provided a guarantee as security for the fines pending the outcome of such appeal. Scania is also the subject of related civil claims by direct and indirect customers of Scania, and may face additional similar claims.

Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) as adopted by the EU. This Interim Report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

New accounting principles from 2018

As from 1 January 2018 the Group applies IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers".

IFRS 9 has from 1 January 2018 replaced IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 contains different rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting compared to IAS 39. For Scania the impact of the new standard refers to the impairment model and the requirement to consider expected credit losses when calculating loss allowances. Scania has chosen to apply IFRS 9 retrospectively without adjusting comparative figures. The impact of the transition on 1 January 2018 refers to the impairment model and amounts to SEK 150 m. net after tax recognised in equity. See Note 4.

IFRS 15 "Revenue from Contracts with Customers" has replaced IAS 18 Revenue and related interpretations. The core principle of IFRS 15 is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The transition to IFRS 15 has been made based on the modified approach meaning that the comparative figures are not adjusted. Scania's previously applied accounting principles regarding revenue, as described in the Annual report, were in line with the requirements in IFRS 15 and therefore Scania has no effect in equity on transition to IFRS 15.

Other new and revised standards and interpretations that have been applied from 1 January 2018 have not had any significant impact on Scania's financial statements.

Sales with repurchase obligations

As from 2018 the Group has adopted the presentation of sales transactions with repurchase obligations to the Volkswagen Group's accounting principles of such transactions. The change has only resulted in reclassifications in the balance sheet. The effect on the Group is not significant while the effect regarding internal sales transactions with repurchase obligations between the segments Vehicle and Services and Financial Services in the segments is greater. The new accounting principle has been applied retrospectively which means that comparative figures have been recalculated. See Note 3.

Reclassifications 2018

As from 2018 some reclassifications regarding the presentation in the income statement have been made. The reclassifications have been made as a result of adoption to the presentation of different costs in the Volkswagen Group. The reclassification has been made retrospectively which means that comparative figures have been recalculated. See Note 2.

Presentation of the income statement

As from 2018 the presentation of the income statement has changed due to an adjustment of how the income statement is presented in the Volkswagen Group. See Note 2.



Parent Company

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

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Change in %	Q3	
	EUR m.*	2018	2017		2018	2017
Revenue	9,577	98,674	89,111	11	32,446	28,570
Cost of goods sold and services rendered	-7,138	-73,543	-66,345	11	-24,509	-21,747
Gross income	2,439	25,131	22,766	10	7,937	6,823
Research and development expenses	-454	-4,673	-4,046	15	-1,387	-1,244
Selling expenses	-847	-8,731	-8,205	6	-2,853	-2,543
Administrative expenses	-148	-1,522	-1,361	12	-484	-398
Other operating income	12	120	137	-12	43	42
Other operating expenses	-17	-172	-211	-18	-53	-64
Operating income	985	10,153	9,080	12	3,203	2,616
Interest income	29	294	513	-43	96	125
Interest expenses	-54	-561	-791	-29	-198	-203
Share of income from associated companies and joint ventures	3	32	31	3	10	7
Other financial income	27	276	153	80	171	11
Other financial expenses	-33	-339	-166	104	-171	-49
Total financial items	-28	-298	-260	15	-92	-109
Income before taxes	957	9,855	8,820	12	3,111	2,507
Taxes	-251	-2,582	-2,465	5	-912	-763
Net income for the period	706	7,273	6,355	14	2,199	1,744
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-57	-590	-947		-968	-318
Income tax relating to items that may be reclassified	6	64	-4		8	-1
	-51	-526	-951		-960	-319
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ¹⁾	-45	-469	-199		1	36
Income tax relating to items that will not be reclassified	3	33	42		-1	-10
	-42	-436	-157		0	26
Other comprehensive income for the period	-93	-962	-1,108		-960	-293
Total comprehensive income for the period	613	6,311	5,247		1,239	1,451
Net income attributable to:						
Scania shareholders	706	7,273	6,356		2,198	1,744
Non-controlling interest	0	0	-1		1	0
Total comprehensive income attributable to:						
Scania shareholders	612	6,310	5,248		1,239	1,451
Non-controlling interest	0	1	-1		0	0
Operating income includes depreciation of	-631	-6,503	-5,938		-2,088	-2,177
Operating margin, percent		10.3	10.2		9.9	9.2

¹⁾ The discount rate in calculating the Swedish pension liability amount to 2.5 (2.75) percent per 30 Sep.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.303 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

	Nine months			Change in %	Q3	
	EUR m.	2018	2017		2018	2017
Amounts in SEK m. unless otherwise stated						
Net sales						
Trucks	5,819	59,955	53,689	12	19,603	16,142
Buses*	832	8,570	7,684	12	2,592	2,894
Engines	180	1,855	1,262	47	575	397
Service-related products	1,904	19,612	17,499	12	6,546	5,812
Used vehicles	551	5,679	5,155	10	1,787	1,769
Miscellaneous	340	3,503	2,860	22	1,168	880
Delivery sales value	9,626	99,174	88,149	13	32,271	27,894
Revenue deferrals ¹⁾	-344	-3,545	-1,714	107	-905	-216
Net sales	9,282	95,629	86,435	11	31,366	27,678
Net sales²⁾						
Europe	5,922	61,014	54,263	12	19,807	16,649
Eurasia	508	5,231	3,939	33	1,893	1,538
America**	1,081	11,141	9,836	13	3,585	3,431
Asia	1,101	11,338	11,915	-5	3,865	3,861
Africa and Oceania	670	6,905	6,482	7	2,216	2,199
Net sales	9,282	95,629	86,435	11	31,366	27,678
Total delivery volume, units						
Trucks		62,133	58,163	7	20,004	18,282
Buses*		6,506	5,796	12	1,857	2,069
Engines		8,538	5,759	48	2,593	1,877

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

²⁾ Revenues from external customers by location of customers

* Including body-built buses and coaches

** Refers mainly to Latin America

Consolidated balance sheets, condensed

Amounts in SEK m. unless otherwise stated	2018		2017	
	EUR m.	30 Sep	31 Dec	30 Sep
Assets				
Non-current assets				
Intangible assets	994	10,236	9,421	9,347
Tangible assets	2,948	30,375	29,711	29,299
Lease assets	2,652	27,325	25,816	26,243
Shares and participations	83	860	587	574
Interest-bearing receivables	4,011	41,322	37,218	33,627
Other receivables ^{1), 2)}	617	6,355	5,765	5,891
Current assets				
Inventories	2,573	26,512	21,589	21,212
Interest-bearing receivables	2,521	25,971	23,452	21,700
Other receivables ³⁾	1,628	16,775	15,300	14,353
Current investments	69	713	1,245	1,106
Cash and cash equivalents	1,331	13,708	6,504	10,149
Total assets	19,427	200,152	176,608	173,501
Total equity and liabilities				
Equity				
Scania shareholders	5,019	51,712	49,904	47,541
Non-controlling interest	2	16	15	23
Total equity	5,021	51,728	49,919	47,564
Non-current liabilities				
Interest-bearing liabilities	4,498	46,343	39,869	44,082
Provisions for pensions	983	10,125	9,346	9,037
Other provisions ⁶⁾	642	6,614	6,498	6,425
Other liabilities ^{1), 4)}	1,466	15,105	14,703	14,157
Current liabilities				
Interest-bearing liabilities	2,945	30,348	18,822	16,668
Provisions	340	3,499	3,400	3,305
Other liabilities ⁵⁾	3,532	36,390	34,051	32,263
Total equity and liabilities	19,427	200,152	176,608	173,501
¹⁾ Including deferred tax				
²⁾ Including derivatives with positive value for hedging of borrowings				
³⁾ Including derivatives with positive value for hedging of borrowings				
⁴⁾ Including derivatives with negative value for hedging of borrowings				
⁵⁾ Including derivatives with negative value for hedging of borrowings				
⁶⁾ Including provision related to the European Commission's competition investigation				
Equity/assets ratio, percent		25.8	28.3	27.4

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2018	2017
Equity, 1 January	4,845	49,919	42,312
Transition to IFRS 9	-15	-150	-
Net income for the period	706	7,273	6,355
Other comprehensive income for the period	-93	-962	-1,108
Dividend to shareholders	-422	-4,352	-
Change in non-controlling interest	-	-	5
Total equity at the end of the period	5,021	51,728	47,564
Attributable to:			
Scania AB shareholders	5,019	51,712	47,541
Non-controlling interest	2	16	23

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Q3	
	EUR m.	2018	2017	2018	2017
Operating activities					
Income before tax	956	9,855	8,820	3,111	2,507
Items not affecting cash flow ¹⁾	669	6,888	6,424	2,126	2,159
Taxes paid	-312	-3,219	-2,501	-874	-809
Cash flow from operating activities before change in working capital	1,313	13,524	12,743	4,363	3,857
of which: <i>Vehicles and Services</i>	1,216	12,526	12,034	4,005	3,607
<i>Financial Services</i>	97	998	709	358	250
Change in working capital ²⁾	-1,362	-14,029	-9,152	-2,986	-3,251
of which: <i>Vehicles and Services</i>	-734	-7,558	-4,627	-1,069	-2,403
<i>Financial Services</i>	-628	-6,471	-4,525	-1,917	-848
<i>Eliminations</i>	0	0	0	0	0
Cash flow from operating activities	-49	-505	3,591	1,377	606
Investing activities					
Net investments ³⁾	-497	-5,123	-4,421	-1,917	-1,481
of which: <i>Vehicles and Services</i>	-495	-5,102	-4,385	-1,913	-1,492
<i>Financial Services</i>	-2	-21	-16	-4	11
<i>Acquisitions/divestments of businesses</i>	0	0	-20	0	0
Cash flow from investing activities	-497	-5,123	-4,421	-1,917	-1,481
Cash flow from Vehicles and Services	-13	-134	3,002	1,023	-288
Cash flow from Financial Services	-533	-5,494	-3,832	-1,563	-587
Eliminations	0	0	0	0	0
Financing activities					
Change in debt from financing activities	1,675	17,257	3,632	6,301	-254
Dividend	-423	-4,352	-	-	-
Cash flow from financing activities	1,252	12,905	3,632	6,301	-254
Cash flow for the period	706	7,277	2,802	5,761	-1,129
Cash and cash equivalents at beginning of period	631	6,504	7,634	8,037	11,309
Exchange rate differences in cash and cash equivalents	-7	-73	-287	-90	-31
Cash and cash equivalents at end of period	1,330	13,708	10,149	13,708	10,149

As from 2018 changes have been done in Cash flow statement in accordance with Volkswagen Group presentation of cash flow.

Comparitive figures for 2017 have been adjusted with:

¹⁾ Depreciation for buyback included with SEK 1,194 m Q3, 3,073 m YTD, previously presented net within operating activities. Provisions for pensions included with SEK 101 m Q3, 258 m YTD, previously presented in change in working capital.

²⁾ For Vehicles & Services; investments in buyback included with SEK -1,194 m Q3, -3,073 m YTD, previously presented net within operating activities. Net investments in rental included with SEK -196 m Q3, -444 m YTD, previously presented within net investments. Provisions for pensions moved to items not affecting cash flow with SEK -101 m Q3, -258 m YTD. For Financial Services; net investments in credit portfolio etc. included with SEK -1,214 m Q3, -4,891 m YTD, previously presented within net investments.

³⁾ For Vehicles & Services; net investments in rental moved to working capital with SEK 196 m Q3, 444 m YTD. For Financial Services; net investments in credit portfolio etc. moved to working capital with SEK 1,214 m Q3, 4,891 YTD.

Fair value of financial instruments

Amounts in SEK m. unless otherwise stated

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised. Current investments and cash and cash equivalents are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 818 m. (821). 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 229 m. (311), Other current receivables SEK 480 m. (432), Other non-current liabilities SEK 563 m. (250) and Other current liabilities SEK m. 1,057 (531).

For financial assets that are carried at amortised cost, book value amounts to SEK 90,147 m. (74,496) and fair value to SEK 90,187 m. (74,008). For financial liabilities that are carried at amortised cost, book value amounts to SEK 91,124 m. (73,630) and fair value to SEK 91,115 m. (73,814). 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 2017.

Quarterly data, units by geographic area

	2018			2017				
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks								
Europe	11,241	13,617	15,917	62,068	18,920	11,492	15,144	16,512
Eurasia	1,523	929	3,144	7,834	2,415	1,868	2,090	1,461
America **	3,099	2,122	3,063	12,376	3,994	3,169	3,061	2,152
Asia	1,465	2,480	3,751	13,541	2,873	3,186	3,674	3,808
Africa and Oceania	1,265	1,160	1,228	4,812	1,200	1,180	1,067	1,365
Total	18,593	20,308	27,103	100,631	29,402	20,895	25,036	25,298
Trucks delivered								
	0							
Europe	11,603	12,614	12,960	48,436	13,559	9,853	12,873	12,151
Eurasia	1,921	1,697	1,223	6,748	2,813	1,700	1,367	868
America**	2,671	3,233	2,629	9,701	3,025	2,381	2,441	1,854
Asia	2,795	2,671	2,659	13,175	3,868	3,241	2,924	3,142
Africa and Oceania	1,014	1,347	1,096	4,412	1,044	1,107	1,214	1,047
Total	20,004	21,562	20,567	82,472	24,309	18,282	20,819	19,062
Order bookings, buses*								
Europe	545	666	631	2,009	492	554	390	573
Eurasia	21	56	0	594	381	164	25	24
America **	389	1,320	751	2,423	554	653	352	864
Asia	207	103	880	2,891	671	572	681	967
Africa and Oceania	231	291	394	867	201	223	234	209
Total	1,393	2,436	2,656	8,784	2,299	2,166	1,682	2,637
Buses delivered*								
Europe	452	672	527	2,009	461	576	512	460
Eurasia	3	61	249	365	304	33	14	14
America **	613	722	630	2,302	587	587	713	415
Asia	582	742	430	2,821	927	670	674	550
Africa and Oceania	207	379	237	808	230	203	220	155
Total	1,857	2,576	2,073	8,305	2,509	2,069	2,133	1,594

* Including body-built buses and coaches.

** Refers to Latin America

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2018	2017
Income statement			
Financial income and expenses	422	4,353	0
Net income for the period	422	4,353	0
		2018	2017
	EUR m.	30 Sep	30 Sep
Balance sheet			
Assets			0
Financial non-current assets			
Shares in subsidiaries	819	8,435	8,435
Current assets			
Due from subsidiaries	152	1,568	1,567
Total assets	971	10,003	10,002
Equity			
Equity	971	10,003	10,002
Total shareholders' equity	971	10,003	10,002
Total equity and liabilities	971	10,003	10,002
		2018	2017
	EUR m.	30 Sep	30 Sep
Statement of changes in equity			
Equity, 1 January	971	10,002	10,002
Total comprehensive income	422	4,353	0
Dividend	-422	-4,352	-
Equity	971	10,003	10,002

Note 1 Segment Reporting

Income statements

Vehicles and Services

Amounts in SEK m. unless otherwise stated	2018	2017	2018	2017
	Nine months	Nine months	Q3	Q3
Revenue	95,629	86,435	31,366	27,678
Cost of goods sold	-72,567	-65,491	-24,147	-21,461
Gross income	23,062	20,944	7,219	6,217
Research and development expenses	-4,673	-4,046	-1,387	-1,244
Selling expenses	-7,773	-7,319	-2,539	-2,301
Administrative expenses	-1,522	-1,361	-484	-398
Operating income	9,094	8,218	2,809	2,274
Interest income	294	513	96	125
Interest expenses	-561	-791	-198	-203
Share of income in associated companies and joint ventures	32	31	10	7
Dividends in between segments	127	127	91	112
Other financial income	276	153	171	11
Other financial expenses	-339	-166	-171	-49
Total financial items	-171	-133	-1	3
Income before taxes	8,923	8,085	2,808	2,277
Taxes	-2,277	-2,262	-768	-703
Net income for the period	6,646	5,823	2,040	1,574

Financial Services

Amounts in SEK m. unless otherwise stated	2018	2017	2018	2017
	Nine months	Nine months	Q3	Q3
Interest and lease income	5,677	5,151	1,931	1,735
Insurance commission	196	149	77	54
Interest and prepaid expenses	-3,804	-3,478	-1,290	-1,183
Interest surplus and insurance commission	2,069	1,822	718	606
Other income	120	137	43	42
Other expenses	-172	-211	-53	-64
Gross income	2,017	1,748	708	584
Selling and administration expenses	-811	-744	-274	-247
Bad debt expenses, realised and anticipated	-147	-142	-40	5
Operating income	1,059	862	394	342
Income before tax	1,059	862	394	342
Taxes	-305	-203	-144	-60
Net income for the period	754	659	250	282

Reconciliation of segments to the Scania Group

January - September

	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2018 Nine months	2017 Nine months	2018 Nine months	2017 Nine months	2018 Nine months	2017 Nine months	2018 Nine months	2017 Nine months
Amounts in SEK m. unless otherwise stated								
Revenue	95,629	86,435	5,873	5,300	-2,828	-2,624	98,674	89,111
Cost of sales	-72,567	-65,491	-3,804	-3,478	2,828	2,624	-73,543	-66,345
Gross income	23,062	20,944	2,069	1,822	0	0	25,131	22,766
Research and development expenses	-4,673	-4,046					-4,673	-4,046
Selling expenses	-7,773	-7,319	-958	-886			-8,731	-8,205
Administrative expenses	-1,522	-1,361					-1,522	-1,361
Other operating income			120	137			120	137
Other operating expenses			-172	-211			-172	-211
Operating income	9,094	8,218	1,059	862	0	0	10,153	9,080
Interest income	294	513					294	513
Interest expenses	-561	-791					-561	-791
Share of income in associated companies and joint ventures	32	31					32	31
Dividends in between segments	127	127			-127	-127	0	0
Other financial income	276	153					276	153
Other financial expenses	-339	-166					-339	-166
Total financial items	-171	-133	0	0	-127	-127	-298	-260
Income before taxes	8,923	8,085	1,059	862	-127	-127	9,855	8,820
Taxes	-2,277	-2,262	-305	-203			-2,582	-2,465
Net income for the period	6,646	5,823	754	659	-127	-127	7,273	6,355

July - September

	Vehicles and Services		Financial Services		Eliminations		Scania Group	
	2018 Q3	2017 Q3	2018 Q3	2017 Q3	2018 Q3	2017 Q3	2018 Q3	2017 Q3
Amounts in SEK m. unless otherwise stated								
Revenue	31,366	27,678	2,008	1,789	-928	-897	32,446	28,570
Cost of sales	-24,147	-21,461	-1,290	-1,183	928	897	-24,509	-21,747
Gross income	7,219	6,217	718	606			7,937	6,823
Research and development expenses	-1,387	-1,244					-1,387	-1,244
Selling expenses	-2,539	-2,301	-314	-242			-2,853	-2,543
Administrative expenses	-484	-398					-484	-398
Other operating income	0	0	43	42			43	42
Other operating expenses	0	0	-53	-64			-53	-64
Operating income	2,809	2,274	394	342			3,203	2,616
Interest income	96	125					96	125
Interest expenses	-198	-203					-198	-203
Share of income in associated companies and joint ventures	10	7					10	7
Dividends in between segments	91	112			-91	-112	0	0
Other financial income	171	11					171	11
Other financial expenses	-171	-49					-171	-49
Total financial items	-1	3	0	0	-91	-112	-92	-109
Income before taxes	2,808	2,277	394	342	-91	-112	3,111	2,507
Taxes	-768	-703	-144	-60			-912	-763
Net income for the period	2,040	1,574	250	282	-91	-112	2,199	1,744

Note 2 Changes in Income statement

Income statements	Previous presentation income statement		Adjust to new presentation income statement		Reclassifications		Eliminations		Total		Notes
	2017 Nine months	2017 Q3	2017 Nine months	2017 Q3	2017 Nine months	2017 Q3	2017 Nine months	2017 Q3	2017 Nine months	2017 Q3	
Amounts in SEK m. unless otherwise stated											
Vehicles and Services											
Revenue	86,403	27,665	5,299	1,787			-2,591	-882	89,111	28,570	
Cost of sales	-64,990	-21,302	-3,477	-1,181	-469	-146	2,591	882	-66,345	-21,747	a), b), d)
Gross income	21,413	6,363	1,822	606	-469	-146	0	0	22,766	6,823	
Research and development expenses	-4,625	-1,425			579	181			-4,046	-1,244	a), d)
Selling expenses	-7,283	-2,294	-886	-242	-36	-7			-8,205	-2,543	a), c), d)
Administrative expenses	-1,287	-370			-74	-28			-1,361	-398	a), b), c), d)
Other operating income			137	42					137	42	
Other operating expenses			-211	-64					-211	-64	
Operating income	8,218	2,274	862	342	0	0	0	0	9,080	2,616	
Financial Services											
Interest and lease income	5,150	1,733	-5,150	-1,733					0	0	
Insurance commission	149	54	-149	-54					0	0	
Interest and depreciation expenses	-3,477	-1,181	3,477	1,181					0	0	
<i>Interest surplus and insurance commission</i>	<i>1,822</i>	<i>606</i>	<i>-1,822</i>	<i>-606</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
Other income	137	42	-137	-42					0	0	
Other expenses	-211	-64	211	64					0	0	
Gross income	1,748	584	-1,748	-584	0	0	0	0	0	0	
Selling and administration expenses	-744	-247	744	247					0	0	
Bad debt expenses, realised and anticipated	-142	5	142	-5					0	0	
Operating income	862	342	-862	-342	0	0	0	0	0	0	
Operating income	9,080	2,616	0	0	0	0	0	0	9,080	2,616	
Interest income	513	125							513	125	
Interest expenses	-791	-203							-791	-203	
Share of income in associated companies and joint ventures	31	7							31	7	
Other financial income	153	11							153	11	
Other financial expenses	-166	-49							-166	-49	
Total financial items	-260	-109							-260	-109	
Income before taxes	8,820	2,507							8,820	2,507	
Taxes	-2,465	-763							-2,465	-763	
Net income	6,355	1,744							6,355	1,744	

Notes

- a) IT cost previously presented as administration-, R&D- and selling expenses (SEK 100 m., 11 m., 1 m. respectively) now presented as cost of goods sold (SEK -112 m.)
- b) Administration costs in Treasury SLA of SEK 17 m. now presented as cost of goods sold
- c) Reclassification of costs for controlling function previously presented as selling expenses (SEK 29 m.), now presented as administration expenses.
- d) Alignment with the Volkswagen Group regarding presentation of different types of costs resulting in costs previously presented as R&D (SEK 568 m.) is now allocated to cost of goods sold (SEK -340 m.), Selling expenses (SEK -66 m.), Administration expenses (SEK -162 m.).

Note 3 Reclassifications

As from 2018 Scania applies the Volkswagen Group accounting concept for an internal buyback transaction between the Vehicle and Service segment and the Financial Services segment. Comparative figures or year-end have been reclassified according to the table below.

The changed concept for internal transactions with repurchase obligations only have effects on the balance sheet. Under previous accounting principles an internal buyback transaction resulted in a presentation of a net liability in the Vehicle and Service segment. However, in the income statement the deferred revenue and cost was presented gross on the same line items (Revenue and Cost of goods sold) as it will be under the concept applied as from January 2018. In Vehicle and Service segment the depreciation of the restated asset is presented as cost of goods sold which is the same presentation as how the cost of the sold vehicle was presented previously.

Scania Group - Balance Sheet

Amounts in MSEK	Dec'17 before reclassification	Reclassification	Dec'17 after reclassification	Notes
Non-current assets				
Intangible non-current assets	9,421		9,421	
Tangible non-current assets	29,711		29,711	
Lease assets	26,547	-731	25,816	a)
Shares and participations	587		587	
Interest-bearing receivables	37,218		37,218	
Other receivables	5,765		5,765	
Current assets				
Inventories	21,589		21,589	
Interest-bearing receivables	23,452		23,452	
Other receivables	15,300		15,300	
Current investments	1,245		1,245	
Cash and cash equivalents	6,504		6,504	
Total assets	177,339	-731	176,608	
Equity and liabilities				
Scania shareholders	49,904		49,904	
Non-controlling interest	15		15	
Total equity	49,919	0	49,919	
Non-current liabilities				
Interest-bearing liabilities	39,869		39,869	
Provisions for pensions	9,346		9,346	
Other provisions	6,498		6,498	
Financial liabilities, Buy Back external		4,270	4,270	b)
Other liabilities	15,792	-8,934	6,858	b)
Other liabilities, Buy Back external		3,575	3,575	b)
Current liabilities				
Interest-bearing liabilities	18,822		18,822	
Provisions	3,523	-123	3,400	a)
Financial liabilities, Buy Back external		1,095	1,095	c)
Other liabilities	33,570	-2,256	31,314	a), c)
Other liabilities, Buy Back external		1,642	1,642	c)
Total equity and liabilities	177,339	-731	176,608	

Vehicles and Services segment - Balance Sheet

Amounts in MSEK	Dec'17 before reclassification	Reclassification	Dec'17 after reclassification	Notes
Non-current assets				
Intangible non-current assets	9,391		9,391	
Tangible non-current assets	29,601		29,601	
Lease assets, Buy back external and Rental	12,294	-284	12,010	d)
Lease assets, Buy back internal		13,806	13,806	e)
Shares and participations	587	3,457	4,044	f)
Interest-bearing receivables	64		64	
Other receivables	5,211		5,211	
Current assets				
Inventories	21,589		21,589	
Interest-bearing receivables	243		243	
Other receivables	14,926		14,926	
Current investments	12,266		12,266	
Cash and cash equivalents	5,431		5,431	
Total assets	111,603	16,979	128,582	
Equity and liabilities				
Scania shareholders	42,643	3,457	46,100	f)
Non-controlling interest	15		15	
Total equity	42,658	3,457	46,115	
Non-current liabilities				
Provisions for pensions	9,275		9,275	
Other provisions	6,496		6,496	
Financial liabilities, Buy Back internal		6,968	6,968	g)
Financial liabilities, Buy Back external		4,270	4,270	g)
Other liabilities	14,995	-8,934	6,061	g)
Other liabilities, Buy Back internal		4,528	4,528	g)
Other liabilities, Buy Back external		3,575	3,575	g)
Current liabilities				
Provisions	3,459	-123	3,336	d), e)
Financial liabilities, Buy Back internal		2,807	2,807	g)
Financial liabilities, Buy Back external		1,095	1,095	g)
Other liabilities	34,720	-4,668	30,052	e), g)
Other liabilities, Buy Back internal		2,362	2,362	g)
Other liabilities, Buy Back external		1,642	1,642	g)
Total equity and liabilities	111,603	16,979	128,582	

Financial Services segment - Balance Sheet

Amounts in MSEK	Dec'17 before reclassification	Reclassification	Dec'17 after reclassification	Notes
Non-current assets				
Intangible non-current assets	30		30	
Tangible non-current assets	110		110	
Lease assets	16,665	-16,665	0	h)
Financial receivables	37,154		37,154	
Financial receivables, Buy Back internal		6,968	6,968	h)
Other receivables	554		554	
Other receivables, Buy Back internal		4,528	4,528	h)
Current assets				
Financial receivables	23,209		23,209	
Financial receivables, Buy Back internal		2,807	2,807	h)
Other receivables	1,691		1,691	
Other receivables, Buy Back internal		2,362	2,362	h)
Current investments	27		27	
Cash and cash equivalents	1,073		1,073	
Total assets	80,513	0	80,513	
Equity and liabilities				
Scania shareholders	7,261		7,261	
Total equity	7,261	0	7,261	
Interest-bearing liabilities				
Non-current liabilities	69,739		69,739	
Provisions for pensions	71		71	
Other provisions	2		2	
Other liabilities	797		797	
Current liabilities				
Provisions	64		64	
Other liabilities	2,579		2,579	
Total equity and liabilities	80,513	0	80,513	
Financing portfolio	77,028		77,028	

Note

- a) Reclassification of provision relating to previous accounting where provisions were made for differences of market value and repurchase price. Also includes reclassification of Artificial price commitments previously accounted for as other liabilities. The reclassification is reducing provisions and other liabilities as well as reducing leased assets.
- b) Reclassification of previous recognised non-current liability into two parts, one part that is the prepayment (deferred revenue) and one part that is the commitment value (repurchase price).
- c) Reclassification of previous recognised current liability to one part that is the prepayment (deferred revenue) and one part that is the commitment value (repurchase price) regarding external sold vehicles with repurchase commitment (i.e no internal transaction with the Financial Serviced segment).
- d) Adjustment for provision regarding differences between market value and agreed repurchase price and other liabilities regarding artificial price commitments.
- e) In accordance with the Volkswagen Group buyback concept the vehicles is accounted for in Vehicle and Service, hence the vehicles have been moved from the Financial Services segment and added in the Vehicle and Services segment. Compared to the accounted value in the Financial Services segment the value has been adjusted for regarding internal profit, provision for differences between market value and agreed repurchase price and other liabilities regarding artificial price commitments.
- f) Restate regarding shares in owned entities in Vehicle and Service segment regarding subsidiaries in Financial Services segment.
- g) Splitting current and non-current other liabilities into one part that is the prepaid revenue and one part that is the commitment value and further divided prepaid revenue and commitment value into current and non-current. Other liabilities also contained one part corresponding to internal profit which has been adjusted against leased asset, see comment e) above.
- h) Under previous accounting policy Financial Services segment recognised the vehicle in a buyback transaction. After applying the Volkswagen Group buyback concept Financial Services no longer recognises the vehicle. Instead the amount paid initially for the vehicle is recognised as a receivable and are allocated to one part that is the prepayment and one part that is the repurchase commitment which is the amount that Vehicle and Service segment will repurchase the car for in subsequent period. Those are further divided into a current and non-current part.

Note 4 IFRS 9 - Transition

Effects on receivables as per 1 January 2018

Category	Presented under IAS 39 as per 31 December 2017		Effect of transition to IFRS 9	IFRS 9 remeasured as of 1 January 2018	
	Financial assets carried at fair value through profit and loss	Loan and trade receivables		Hold to collect	Hold to collect and Sell
Measurement	Fair value through profit and loss	Amortized cost		Amortized cost	Fair value through profit and loss
Assets					
Interest-bearing receivables		60,670	-154	60,516	
Non-interest bearing trade receivables		9,024	-66	8,958	
Current investments and Cash and Cash equivalents	738	7,011		7,011	738
Other receivables	616	102		102	616
Total	1,354	76,807	-220	76,587	1,354

Key financial ratios and figures

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

DEFINITIONS

Operating margin

Operating income as a percentage of net sales.

Net margin

Net income as a percentage of net sales.

Net debt, net cash excluding provision for pensions

Current and non-current interest borrowings (excluding pension liabilities) less cash and cash equivalents, current investments and net fair value of derivatives for hedging borrowings.

Capital employed ¹⁾

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

Return on capital employed ¹⁾²⁾

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

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

²⁾ Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

Scania Group

Operating- and net income	Nine months			Q3	
	<i>EUR m.</i>	2018	2017	2018	2017
<i>Net sales</i>	9,577	98,674	89,111	32,446	28,570
<i>Operating income</i>	985	10,153	9,080	3,203	2,616
<i>Net income for the period</i>	706	7,273	6,355	2,199	1,744
<i>Operating margin, % (Operating income/Net sales)</i>		10.3	10.2	9.9	9.2
<i>Net margin, % (Net income/Net sales)</i>		7.4	7.1	6.8	6.1

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group 2018 2017

Net debt, excluding provision for pensions

Assets	<i>EUR m.</i>	30 Sep	31 Dec
Current investments	69	713	1,245
Cash and cash equivalents	1,331	13,708	6,504
Derivatives, non-current	22	229	239
Derivatives, current	44	454	377
	1,466	15,104	8,365
Liabilities			
Interest-bearing liabilities, non-current	4,498	46,343	39,869
Interest-bearing liabilities, current	2,945	30,348	18,822
Derivatives, non-current	55	563	474
Derivatives, current	102	1,054	781
	7,600	78,308	59,946
Net debt	6,134	63,204	51,581

Vehicles and Services 2018 2017

Net debt, excluding provision for pensions

Assets	<i>EUR m.</i>	30 Sep	31 Dec
Current investments	97	999	12,266
Cash and cash equivalents	1,225	12,624	5,431
Derivatives, non-current	22	229	239
Derivatives, current	44	454	377
	1,388	14,306	18,313
Liabilities			
Derivatives, non-current	55	563	474
Derivatives, current	102	1,054	781
	157	1,617	1,255
Net debt	-1,231	-12,689	-17,058

Capital Employed, after reclassifications according to note 3 2018 2017

	<i>EUR m.</i>	30 Sep	30 Sep
Total assets, excl. Shares and participations in group companies	12,471	128,488	116,617
Operating liabilities			
Other provisions, non-current and current	594	6,125	5,835
Other liabilities, non-current and current	6,381	65,743	59,660
Net derivatives	-101	-1,044	-431
Capital Employed	5,597	57,664	51,553

Return on Capital Employed 2018 2017

	<i>EUR m.</i>	30 Sep	30 Sep
Operating income	1,168	12,036	10,600
Financial income	64	659	981
Capital employed	5,597	57,664	51,553
Return on Capital Employed		22.0%	22.5%