

Scania Interim Report January–June 2017

Summary of the first six months of 2017

- Operating income rose to SEK 6,464 m. (1,316)
- Operating income, excluding items affecting comparability, amounts to SEK 6,464 m. (5,116)
- Net sales increased by 17 percent to SEK 58,738 m. (50,110)
- Cash flow amounted to SEK 3,291 m. (-492) in Vehicles and Services

Comments by Henrik Henriksson, President and CEO

“Scania’s net sales rose to a record high SEK 58.7 billion, an increase of 17 percent compared to last year. The period was affected by a high investment level and increased production costs for double product ranges. In spite of this, the company delivered a very strong performance thanks to strong demand for the new truck range and a continued positive trend in services. Earnings in the first half of 2017 amounted to SEK 6,464 m., giving an operating margin of 11.0 percent. Order bookings for trucks rose by 29 percent compared to the same period last year. Demand for trucks in Europe is holding up due to the favourable economic situation and Scania’s market share for trucks in Europe remains strong at 16.8 percent. The trend in Latin America is positive and we see increased demand in Brazil from very low levels, mainly related to increased activity in the agricultural sector. In Eurasia, the trend in demand is positive as Russia is continuing to recover. In Asia, demand increased thanks to a good sales performance,

particularly in China and Iran. In Asia, the European truck segment is growing in line with the advancement of the logistics systems – a development largely driven by the major e-commerce players. Order bookings in Buses and Coaches remained strong overall but fell slightly compared to the same period in 2016. In the business area Engines, the demand trend is positive in all three segments, industrial, marine and power generation. Service revenue amounted to a record high SEK 11.7 billion, an increase of 12 percent. This was driven by high uptime in customer vehicle fleets and an increase in services directly or indirectly generated from the 270,000 connected vehicles in the Scania fleet. Connectivity is an important business driver, which is enabling Scania to offer customers more efficient services aimed at improving their profitability. Financial Services reported operating income of SEK 520 million and credit losses remain at low levels.”

Financial overview

	H1			Q2			
	2017	2016	Change, %	2017	2016	Change, %	
Trucks and buses, units							
Order bookings	54,653	43,919	24	26,718	22,310	20	
Deliveries	43,608	40,310	8	22,952	21,870	5	
Net sales and earnings	<i>EUR m.*</i>						
Net sales, Scania Group, SEK m.	<i>6,090</i>	58,738	50,110	17	30,327	27,054	12
Operating income, Vehicles and Services, SEK m.	<i>616</i>	5,944	810		3,113	-1,212	
Operating income, excl. items affecting comparability, Vehicles and Services, SEK m.**	<i>616</i>	5,944	4,610	29	3,113	2,588	20
Operating income, Financial Services, SEK m.	<i>54</i>	520	506	3	270	253	7
Operating income, SEK m.	<i>670</i>	6,464	1,316		3,383	-959	
Income before taxes, SEK m.	<i>654</i>	6,313	1,115		3,314	-1,051	
Net income for the period, SEK m.	<i>478</i>	4,611	-323		2,400	-1,869	
Operating margin, %		11.0	2.6		11.2	-3.5	
Operating margin, excl. items affecting comparability, %**		11.0	10.2		11.2	10.5	
Return on capital employed, Vehicles and Services, %		24.8	12.8				
Return on capital employed, excl. items affecting comparability, Vehicles and Services, %**		22.9	20.9				
Cash flow, Vehicles and Services, SEK m.	<i>340</i>	3,291	-492		940	-625	

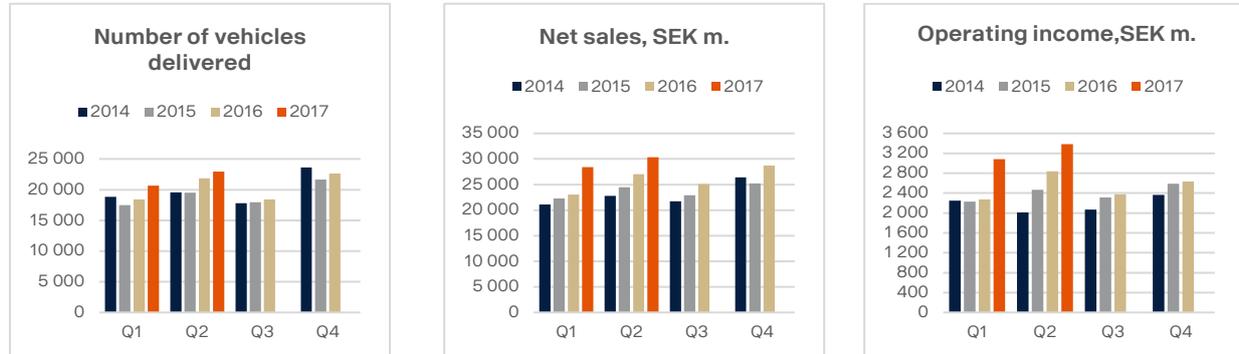
* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 9.6450 = EUR 1.00.

** 2016 figures are adjusted for the provision in June 2016 relating to the European Commission’s competition investigation.

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 six months of 2017, total vehicle deliveries increased by 8 percent to 43,608 (40,310) units, compared to the first half of 2016. Net sales rose by 17 percent to SEK 58,738 m. (50,110). Currency rate effects had a positive impact of 5 percent on sales.

Order bookings rose by 24 percent to 54,653 (43,919) vehicles, compared to the first half of 2016.

Strong demand in most regions

In the second quarter, Scania's total vehicle order bookings reached the highest level since 2007, thanks to a continued strong demand in almost all regions for trucks. For buses and coaches however, global demand slowed down compared with the second quarter last year, primarily due to delayed decisions in several large tenders.

In Europe a stable freight growth in combination with a replacement need, attractive financing levels and the low oil price, are factors supporting the positive trend in demand for trucks in Europe. Sales of the new truck generation are positively contributing to Scania's strong market position. Demand for used vehicles in Europe is still good.

Truck demand in Latin America increased compared to the second quarter of 2016. The Brazilian market seems to have bottomed out at a low level with increases in demand coming from the Brazilian agriculture and mining sectors.

In Russia truck demand rose sharply compared to the second quarter of 2016 but the outlook for the Eurasia region remains uncertain. Demand is very strong in Asia.

Continued high market share in Europe

Scania's market share for trucks in Europe in the first six months of 2017 amounted to 16.8 percent, compared to 17.1 the same period 2016. The continued high level confirms that the current truck range, with its good performance and high quality, is highly appreciated by customers. It is also a proof point of a very good reception of the new truck generation. Increased sales activities in new segments and Scania's broad engine range for alternative fuels also contributed to the high market share in Europe.

Scania's market share in buses and coaches in Europe increased and amounted to 7.4 percent for the first six months 2017 compared to 7.2 percent during the year-earlier period.

The truck market

Order bookings

Scania's order bookings increased during the second quarter of 2017 and totalled 25,036 (19,761) trucks. Order bookings in Europe increased by 15 percent to 15,144 (13,214) units, compared to the second quarter of 2016. Demand increased in several major European markets such as Great Britain, Spain, The Netherlands, Belgium and France. Total truck order bookings in Europe fell slightly compared to the previous quarter.

Order bookings in Latin America rose during the second quarter of 2017. Compared to the second quarter of 2016, order bookings rose by 71 percent to 3,061 (1,788) trucks, mainly related to increased demand from low levels in Brazil but also due to upturns in Argentina and Chile. Demand also rose compared to the previous quarter.

In Eurasia, total order bookings rose during the second quarter and amounted to 2,090 (767) trucks, an upturn that was primarily related to Russia. Order bookings also increased compared to the previous quarter. The political turbulence in the region persists, and for this reason the market situation remains uncertain in Eurasia.

In Asia, order bookings rose to 3,674 (2,569) trucks during the second quarter. The upturn was primarily related to Iran and China. Compared to the first quarter of 2017, order bookings fell slightly.

In Africa and Oceania, order bookings were lower compared to the second quarter of 2016, mainly related to South Africa and Egypt. Order bookings amounted to 1,067 (1,423) units, compared to the second quarter of 2016. Order bookings were also slightly lower compared to the first quarter of 2017.

Deliveries

Scania's total truck deliveries increased by 5 percent to 20,819 (19,895) units during the second quarter compared to the year-earlier period. In Europe, deliveries decreased by 2 percent to 12,873 (13,133) units compared to the second quarter of 2016. In Eurasia, deliveries rose to 1,367 (536) trucks. In Latin America, deliveries rose to 2,441 (1,885) units compared to the second quarter of 2016. In Asia, deliveries decreased compared to the second quarter of 2016 to 2,924 (3,156) trucks. Deliveries in Africa and Oceania rose by 2 percent to 1,214 (1,185) trucks.

Sales

Net sales of trucks rose by 16 percent to SEK 37,547 m. (32,471) during the first half of 2017. During the second quarter, sales rose by 13 percent to SEK 19,573 m. (17,285).

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 Bulgaria and Malta) plus Norway and Switzerland increased by about 1 percent to around 155,100 (153,300) units during the first half of 2017. Scania truck registrations amounted to some 26,100 units, equivalent to a market share of about 16.8 (17.1) percent.

Scania trucks

	Order bookings			Deliveries		
	6 months 2017	6 months 2016	Change, %	6 months 2017	6 months 2016	Change, %
Europe	31,656	26,922	18	25,024	25,932	-4
Eurasia	3,551	1,390	155	2,235	919	143
America*	5,213	3,048	71	4,295	3,157	36
Asia	7,482	5,240	43	6,066	4,925	23
Africa and Oceania	2,432	2,524	-4	2,261	2,041	11
Total	50,334	39,124	29	39,881	36,974	8

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches during the first half of 2017 fell compared to the previous year to 4,319 (4,795) units. In the second quarter they decreased to 1,682 (2,549) compared to the second quarter 2016.

In Europe, order bookings fell and totalled 390 (489) units in the second quarter. Order bookings fell mainly in Sweden, Italy and Denmark. In Latin America, order bookings fell by 63 percent to 352 (945) units compared to the second quarter of 2016. In Asia, order bookings fell to 681 (884) buses and coaches compared to the second quarter of 2016, mainly related to Indonesia and Myanmar. Order bookings in Eurasia rose compared to the year-earlier period. Order bookings in Africa and Oceania rose to 234 (224) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 2,133 (1,975) units in the second quarter. In Europe, deliveries decreased to 512 (598) units compared to the second quarter of 2016. In Latin America, deliveries were up by 42 percent to 713 (503). In Asia, deliveries rose by 41 percent to 674 (479), while deliveries of buses and coaches in Africa and Oceania fell during the second quarter to 220 (381) units. Deliveries to Eurasia were flat at 14 (14) units.

Net sales

Net sales of buses and coaches rose by 8 percent to SEK 4,791 m. (4,425) during the first half of 2017. During the second quarter, sales rose by 1 percent to SEK 2,775 m. (2,746).

Scania buses and coaches

	Order bookings			Deliveries		
	6 months 2017	6 months 2016	Change, %	6 months 2017	6 months 2016	Change, %
Europe	963	1,128	-15	972	998	-3
Eurasia	49	37	32	28	27	4
America*	1,216	1,929	-37	1,128	860	31
Asia	1,648	1,276	29	1,224	867	41
Africa and Oceania	443	425	4	375	584	-36
Total	4,319	4,795	-10	3,727	3,336	12

*Refers to Latin America

Engines

Order bookings

Total engine order bookings rose by 16 percent to 4,692 (4,034) units during the first half of 2017 compared to 2016. The upturn was primarily related to South Korea, Great Britain and Germany. During the second quarter, order bookings rose by 20 percent to 2,517 (2,089) units.

Deliveries

Engine deliveries rose by 2 percent to 3,882 (3,815) units during the first half of 2017. The upturn was primarily attributable to South Korea and Great Britain. During the second quarter, deliveries decreased by 1 percent to 2,005 (2,025) units, mainly related to Brazil.

Net sales

During the first half of 2017, sales rose by 10 percent to SEK 865 m. (783). Net sales in the second quarter amounted to SEK 447 m. (427), an increase of 5 percent.

Services

Service revenue amounted to SEK 11,683 m. (10,450) during the first six months of 2017, an increase of 12 percent. Higher volume in Europe and Asia as well as currency rate effects had a positive impact. In local currencies, revenue increased by 7 percent.

In Europe, service revenue rose by 7 percent to SEK 7,923 m. (7,386) compared to the first half of 2016. In Latin America, revenue increased by 20 percent to SEK 1,506 m. (1,254) and revenue in Eurasia rose to SEK 324 m. (244) compared to the first half of 2016. Revenue in Asia was 24 percent higher than the previous year at SEK 1,146 m. (921). In Africa and Oceania, service revenue rose by 22 percent to SEK 784 m. (645).

Earnings

Vehicles and Services

The first half of 2017

Operating income in Vehicles and Services totalled SEK 5,944 m. (4,610)¹ during the first half of 2017. Compared to the first half of 2016, the total currency rate effect was positive and amounted to about SEK 972 m. Higher vehicle and service volume and currency effects had a positive impact on earnings but this was partly offset by the higher production cost level due to double product programs.

Scania's research and development expenditures amounted to SEK 3,846 m. (3,695). After adjusting for SEK 824 m. (879) in capitalised expenditures and SEK 178 m. (192) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 3,200 m. (3,008).

Second quarter

Operating income in Vehicles and Services totalled SEK 3,113 m. (2,588)¹ during the second quarter of 2017. Compared to the second quarter of 2016, the total currency rate effect was positive and amounted to about SEK 276 m. Higher vehicle and service volume and currency effects had a positive impact on earnings but this was partly offset by the higher production cost due to double product programs.

Scania's research and development expenditures amounted to SEK 1,941 m. (1,941). After adjusting for SEK 416 m. (441) in capitalised expenditures and SEK 88 m. (94) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,613 m. (1,594).

¹) 2016 figures are adjusted for the provision in June 2016 relating to the European Commission's competition investigation.

Financial Services

Customer finance portfolio

At the end of the second quarter of 2017, the size of Scania's customer finance portfolio amounted to SEK 71.3 billion, which was SEK 3.4 billion higher than the end of 2016. In local currencies, the portfolio increased by SEK 4.0 billion, equivalent to 6 percent.

Penetration rate

The penetration rate was 44 (40) percent during the first half of 2017 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 520 m. (506) during the first half of 2017, compared to the same period in 2016. A larger portfolio and currency rate 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 2017, Scania's operating income amounted to SEK 6,464 m. (5,116)¹. Operating margin amounted to 11.0 (10.2)¹ percent. Scania's net financial items amounted to SEK -151 m. (-201).

The Scania Group's tax expense amounted to SEK 1,702 m. (1,438), equivalent to 27.0 (29.2)¹ percent of income before taxes. Net income for the period totalled SEK 4,611 m. (3,477)¹, equivalent to a net margin of 7.9 (6.9)¹ percent.

¹ 2016 figures are adjusted for the provision in June 2016 relating to the European Commission's competition investigation.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 3,291 m. (-492) during the first half of 2017. Tied-up working capital decreased by SEK 80 m.

Net investments amounted to SEK 3,188 m. (4,086), including SEK 824 m. (879) in capitalisation of development expenses. At the end of the second quarter of 2017, the net cash position in Vehicles and Services amounted to SEK 14,378 m. compared to a net cash position of SEK 10,954 m. at the end of 2016.

Scania Group

Scania's cash flow in Financial Services amounted to SEK -3,246 m. (-4,011) during the first half of 2017 due to a growing customer finance portfolio. Together with the positive cash flow in Vehicles and Services, the Group's net debt decreased by about SEK 0.5 billion compared to the end of 2016.

Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 0 m. (0) during the first six months of 2017.

Miscellaneous

Number of employees

At the end of the second quarter of 2017, the number of employees totalled 47,720 compared to 45,734 on the same date in 2016.

Material risks and uncertainties

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report for 2016 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. There have been no significant changes in the risks as described in that report. 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). If there are major changes in the market value of used vehicles, this increases the risk of future losses when selling returned vehicles. When a residual value obligation is deemed likely to cause a future loss, a provision is made in cases where the expected loss exceeds the as-yet-unrecognised profit on the vehicle.

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.

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 and revised standards and interpretations that have been applied from 1 January 2017 have not had any significant impact on Scania's financial statements. As from January 2017 some reclassifications have been made regarding presentation in the income statement. In Vehicles and Services, the presentation of Share of income in associated companies and joint ventures has been reclassified from presentation in operating income to presentation in financial items. In Financial Services, the result from sale of vehicles returned from customer and insurance commission previously presented as other income and expenses have been reclassified and presented in interest and lease income and separately as insurance commission, respectively. The reclassifications have been made retrospectively, which means that comparative figures have been restated. The reclassifications only have minor effects on key financial ratios. Other than this, accounting principles and calculation methods are unchanged from those applied in the Annual Report and Sustainability Report for 2016.

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.

Contact persons

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

Erik Ljungberg
Corporate Relations
Tel. +46 8 553 835 57
Mobile tel. +46 73 988 35 57

Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	First half		Change in %	Q2		
	EUR m.*	2017		2016	2017	2016
Vehicles and Services						
Net sales	6,090	58,738	50,110	17	30,327	27,054
Cost of goods sold	-4,530	-43,688	-37,049	18	-22,562	-19,985
Gross income	1,560	15,050	13,061	15	7,765	7,069
Research and development expenses	-332	-3,200	-3,008	6	-1,613	-1,594
Selling expenses	-517	-4,989	-4,726	6	-2,580	-2,496
Administrative expenses	-95	-917	-717	28	-459	-391
Items affecting comparability ¹⁾	0	0	-3,800	-	-	-3,800
Operating income, Vehicles and Services	616	5,944	810		3,113	-1,212
<i>Operating income, Vehicles and Services (excl. items affecting comparability)</i>	<i>616</i>	<i>5,944</i>	<i>4,610</i>	<i>29</i>	<i>3,113</i>	<i>2,588</i>
Financial Services						
Interest and lease income	354	3,417	2,851	20	1,744	1,458
Insurance commission	10	95	81	17	49	44
Revenues	364	3,512	2,932	20	1,793	1,502
Interest and depreciation expenses	-238	-2,296	-1,878	22	-1,176	-964
Interest surplus and insurance income	126	1,216	1,054	15	617	538
Other income and expenses	-5	-52	-46	13	-20	-26
Gross income	121	1,164	1,008	15	597	512
Selling and administrative expenses	-52	-497	-444	12	-255	-230
Bad debt expenses, realised and anticipated	-15	-147	-58	153	-72	-29
Operating income, Financial Services	54	520	506	3	270	253
Operating income	670	6,464	1,316		3,383	-959
Interest income and expenses	-21	-200	-215	-7	-104	-94
Other financial income and expenses	3	25	-18		20	-10
Share of income from associated companies and joint ventures	2	24	32	-25	15	12
Total financial items	-16	-151	-201	-25	-69	-92
Income before taxes	654	6,313	1,115		3,314	-1,051
Taxes	-176	-1,702	-1,438	18	-914	-818
Net income for the period	478	4,611	-323		2,400	-1,869
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-65	-629	1,178		-914	1,034
Income tax relating to items that may be reclassified	0	-3	25		-13	11
	-65	-632	1,203		-927	1,045
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ²⁾	-24	-235	-1,073		-236	-725
Income tax relating to items that will not be	5	52	237		52	160
	-19	-183	-836		-184	-565
Other comprehensive income for the period	-84	-815	367		-1,111	480
Total comprehensive income for the period	394	3,796	44		1,289	-1,389
Net income attributable to:						
<i>Scania shareholders</i>	<i>478</i>	<i>4,612</i>	<i>-314</i>		<i>2,400</i>	<i>-1,866</i>
<i>Non-controlling interest</i>	<i>0</i>	<i>-1</i>	<i>-9</i>		<i>0</i>	<i>-3</i>
Total comprehensive income attributable to:						
<i>Scania shareholders</i>	<i>394</i>	<i>3,797</i>	<i>52</i>		<i>1,289</i>	<i>-1,388</i>
<i>Non-controlling interest</i>	<i>0</i>	<i>-1</i>	<i>-8</i>		<i>0</i>	<i>-1</i>
<i>Operating income includes depreciation of</i>	<i>-195</i>	<i>-1,881</i>	<i>-1,643</i>		<i>-908</i>	<i>-836</i>
Operating margin, percent		11.0	2.6		11.2	-3.5
Operating margin, percent (excl. items affecting comparability)		11.0	10.2		11.2	10.5

¹⁾ Provision in June 2016, related to the European Commission's competition investigation.

²⁾ The discount rate in calculating the Swedish pension liability has changed to 2.75 percent per 30 June.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.6450 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

	First half			Change in %	Q2	
	EUR m.	2017	2016		2017	2016
Amounts in SEK m. unless otherwise stated						
Net sales						
Trucks	3,893	37,547	32,471	16	19,573	17,285
Buses*	497	4,791	4,425	8	2,775	2,746
Engines	90	865	783	10	447	427
Service-related products	1,211	11,683	10,450	12	5,834	5,298
Used vehicles	351	3,386	3,117	9	1,711	1,596
Miscellaneous	204	1,964	1,405	40	987	895
Delivery sales value	6,246	60,236	52,651	14	31,327	28,247
Revenue deferrals ¹⁾	-155	-1,498	-2,541	-41	-1,000	-1,193
Net sales	6,091	58,738	50,110	17	30,327	27,054
Net sales²⁾						
Europe	3,898	37,599	34,593	9	19,056	18,053
Eurasia	249	2,400	1,013	137	1,390	585
America**	664	6,403	4,547	41	3,643	2,598
Asia	835	8,053	6,242	29	3,948	3,644
Africa and Oceania	444	4,283	3,715	15	2,290	2,174
Net sales	6,090	58,738	50,110	17	30,327	27,054
Total delivery volume, units						
Trucks		39,881	36,974	8	20,819	19,895
Buses*		3,727	3,336	12	2,133	1,975
Engines		3,882	3,815	2	2,005	2,025

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	2017		2016	
	EUR m.	30 Jun	31 Dec	30 Jun
Assets				
Non-current assets				
Intangible assets	943	9,099	8,438	7,674
Tangible assets	3,039	29,315	29,078	27,172
Lease assets	2,725	26,282	25,532	22,681
Shares and participations	59	568	605	554
Interest-bearing receivables	3,430	33,080	30,985	29,164
Other receivables ^{1), 2)}	626	6,042	5,643	5,365
Current assets				
Inventories	2,247	21,675	19,119	20,028
Interest-bearing receivables	2,226	21,469	20,481	18,348
Other receivables ³⁾	1,504	14,504	14,356	14,099
Current investments	123	1,186	1,122	914
Cash and cash equivalents	1,173	11,309	7,634	7,806
Total assets	18,095	174,529	162,993	153,805
Total equity and liabilities				
Equity				
Scania shareholders	4,779	46,096	42,292	37,842
Non-controlling interest	2	17	20	39
Total equity	4,781	46,113	42,312	37,881
Non-current liabilities				
Interest-bearing liabilities	4,272	41,206	27,298	26,131
Provisions for pensions	930	8,972	8,627	8,665
Other provisions ⁶⁾	679	6,546	6,439	6,325
Other liabilities ^{1), 4)}	1,509	14,559	14,694	12,478
Current liabilities				
Interest-bearing liabilities	2,116	20,408	30,713	30,787
Provisions	350	3,379	3,221	2,840
Other liabilities ⁵⁾	3,457	33,346	29,689	28,698
Total equity and liabilities	18,094	174,529	162,993	153,805
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		26.4	26.0	24.6

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2017	2016
Equity, 1 January	4,387	42,312	37,837
Net income for the period	478	4,611	-323
Other comprehensive income for the period	-84	-815	367
Change in non-controlling interest	0	5	-
Total equity at the end of the period	4,781	46,113	37,881
Attributable to:			
Scania AB shareholders	4,779	46,096	37,842
Non-controlling interest	2	17	39

Information about Revenue from external customers

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2017	2016
Revenue from external customers, Vehicles and Services	6,090	58,738	50,110
Revenue from external customers, Financial Services	364	3,512	2,932
Elimination refers to lease income on operating leases	-177	-1,708	-1,436
Revenue from external customers, Scania Group	6,277	60,542	51,606
Operating income, Vehicles and Services	616	5,944	810
Operating income, Financial Services	54	520	506
Operating income, Scania Group	670	6,464	1,316

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	First half			Q2	
	EUR m.	2017	2016	2017	2016
Operating activities					
Income before tax	654	6,313	1,115	3,314	-1,051
Items not affecting cash flow	231	2,231	5,889	1,082	4,775
Taxes paid	-175	-1,692	-1,685	-962	-1,171
Cash flow from operating activities before change in working capital	710	6,852	5,319	3,434	2,553
of which: <i>Vehicles and Services</i>	663	6,399	4,942	3,219	2,400
<i>Financial Services</i>	47	453	377	215	153
Change in working capital etc., Vehicles and Services	8	80	-1,348	-465	-687
Cash flow from operating activities	718	6,932	3,971	2,969	1,866
Investing activities					
Net investments, Vehicles and Services	-331	-3,188	-4,086	-1,814	-2,338
Net investments in credit portfolio etc., Financial Services	-384	-3,699	-4,388	-3,041	-2,572
Cash flow from investing activities	-715	-6,887	-8,474	-4,855	-4,910
Cash flow from Vehicles and Services	340	3,291	-492	940	-625
Cash flow from Financial Services	-337	-3,246	-4,011	-2,826	-2,419
Financing activities					
Change in debt from financing activities	403	3,886	-272	2,538	1,740
Cash flow from financing activities	403	3,886	-272	2,538	1,740
Cash flow for the year	406	3,931	-4,775	652	-1,304
Cash and cash equivalents at beginning of period	791	7,634	12,295	10,979	8,829
Exchange rate differences in cash and cash equivalents	-27	-256	286	-322	281
Cash and cash equivalents at end of period	1,170	11,309	7,806	11,309	7,806

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 877 m. (2,320). 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 293 m. (480), Other current receivables SEK 469 m. (397), Other non-current liabilities SEK 399 m. (579) and Other current liabilities SEK m. 500 (400).

For financial assets that are carried at amortised cost, book value amounts to SEK 75,046 (62,610) and fair value to SEK 74,554 (62,812). For financial liabilities that are carried at amortised cost, book value amounts to SEK 75,487 (69,441) and fair value to SEK 75,676 (69,344). 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 2016.

Quarterly data, units by geographic area

			2016				
	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks							
Europe	15,144	16,512	51,569	13,871	10,776	13,214	13,708
Eurasia	2,090	1,461	4,016	1,582	1,044	767	623
America **	3,061	2,152	7,232	2,168	2,016	1,788	1,260
Asia	3,674	3,808	9,834	2,912	1,682	2,569	2,671
Africa and Oceania	1,067	1,365	4,992	1,194	1,274	1,423	1,101
Total	25,036	25,298	77,643	21,727	16,792	19,761	19,363
Trucks delivered							
Europe	12,873	12,151	49,102	12,877	10,293	13,133	12,799
Eurasia	1,367	868	3,233	1,335	979	536	383
America**	2,441	1,854	7,022	2,077	1,788	1,885	1,272
Asia	2,924	3,142	9,287	2,490	1,872	3,156	1,769
Africa and Oceania	1,214	1,047	4,449	1,254	1,154	1,185	856
Total	20,819	19,062	73,093	20,033	16,086	19,895	17,079
Order bookings, buses*							
Europe	390	573	2,185	669	388	489	639
Eurasia	25	24	57	2	18	7	30
America **	352	864	2,559	276	354	945	984
Asia	681	967	2,226	360	590	884	392
Africa and Oceania	234	209	857	228	204	224	201
Total	1,682	2,637	7,884	1,535	1,554	2,549	2,246
Buses delivered*							
Europe	512	460	2,094	587	509	598	400
Eurasia	14	14	62	29	6	14	13
America **	713	415	2,350	751	739	503	357
Asia	674	550	2,568	949	752	479	388
Africa and Oceania	220	155	1,179	265	330	381	203
Total	2,133	1,594	8,253	2,581	2,336	1,975	1,361

* 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.	2017	2016
Income statement			
Financial income and expenses	0	0	0
Net income for the period	0	0	0
		2017	2016
	EUR m.	30 Jun	30 Jun
Balance sheet			
Assets			
Financial non-current assets			
Shares in subsidiaries	875	8,435	8,435
Current assets			
Due from subsidiaries	162	1,567	1,567
Total assets	1,037	10,002	10,002
Equity			
Equity	1,037	10,002	10,002
Total shareholders' equity	1,037	10,002	10,002
Total equity and liabilities	1,037	10,002	10,002
		2017	2016
	EUR m.	30 Jun	30 Jun
Statement of changes in equity			
Equity, 1 January	1,037	10,002	10,002
Total comprehensive income	0	0	0
Equity	1,037	10,002	10,002

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 borrowings (excluding pension liabilities) less cash and cash equivalents and net fair value of derivatives for hedging borrowings.

Capital employed ¹⁾

Total assets 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.

ITEMS AFFECTING COMPARABILITY

Amounts in SEK m. unless otherwise stated

Scania Group

Operating- and net income excluding items affecting comparability	<i>EUR m.</i>	Half year		Q2	
		2017	2016	2017	2016
<i>Net sales</i>	6,090	58,738	50,110	30,327	27,054
<i>Operating income</i>	670	6,464	1,316	3,383	-959
<i>Items affecting comparability ³⁾</i>	-	-	-3,800	-	-3,800
<i>Operating income excl. items affecting comparability</i>	670	6,464	5,116	3,383	2,841
<i>Net income for the period</i>	478	4,611	-323	2,400	-1,869
<i>Items affecting comparability ³⁾</i>	0	0	-3,800	-	-3,800
<i>Net income excl. items affecting comparability</i>	478	4,611	3,477	2,400	1,931
<i>Operating income excl. items affecting comparability, % (Operating income excl. affecting comparability/Net sales)</i>		11.0	10.2	11.2	10.5
<i>Net income excl. items affecting comparability, % (Net income excl. items affecting comparability/Net sales)</i>		7.9	6.9	7.9	7.1

³⁾ Provision in June 2016 related to the European Commission's competition investigation.

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group		2017	2016
Net debt, excluding provision for pensions			
Assets	<i>EUR m.</i>	30 Jun	31 Dec
Current investments	123	1,186	1,122
Cash and cash equivalents	1,173	11,309	7,634
Derivatives, non-current	31	296	374
Derivatives, current	50	481	291
	1,377	13,272	9,421
Liabilities			
Interest-bearing liabilities, non current	4,272	41,206	27,298
Interest-bearing liabilities, current	2,116	20,408	30,713
Derivatives, non current	41	399	778
Derivatives, current	52	500	420
	6,481	62,513	59,209
Net debt	5,104	49,241	49,788

Vehicles and Services		2017	2016
Net debt, excluding provision for pensions			
Assets	<i>EUR m.</i>	30 Jun	31 Dec
Current investments	450	4,337	5,294
Cash and cash equivalents	1,054	10,163	6,193
Derivatives, non-current	31	296	374
Derivatives, current	50	481	291
	1,585	15,277	12,152
Liabilities			
Interest-bearing liabilities, non-current and current	0	0	0
Derivatives, non current	41	399	778
Derivatives, current	52	500	420
	93	899	1,198
Net debt	-1,492	-14,378	-10,954

Capital Employed		2017	2016
	<i>EUR m.</i>	30 Jun	30 Jun
Total assets	10,389	100,200	88,400
<i>Operating liabilities</i>			
Other provisions, non-current and current ¹⁾	597	5,761	5,126
Other liabilities, non-current and current	4,628	44,636	37,091
Net derivatives	-58	-556	-245
Capital Employed	5,222	50,359	46,428

Return on Capital Employed		2017	2016
	<i>EUR m.</i>	30 Jun	30 Jun
Operating income ¹⁾	1,083	10,443	8,983
Financial income	115	1,113	721
Capital employed ¹⁾	5,222	50,359	46,428
Return on Capital Employed		22.9%	20.9%

¹⁾ Excluding provision of SEK 3,800 m. booked in June 2016, related to the European commission's competition investigation.