

Scania Year-end Report January–December 2016

Summary of the full year 2016

- Operating income excluding items affecting comparability rose by 6 percent to SEK 10,184 m. (9,641), resulting in an operating margin of 9.8 (10.2) percent
- Operating income amounted to SEK 6,384 m. (9,641) and was negatively impacted by a provision of SEK 3.8 billion related to the European Commission's competition investigation
- Net sales rose by 10 percent to a record high SEK 103,927 m. (94,897)
- Cash flow amounted to SEK 3,427 m. (4,376) in Vehicles and Services

Comments by Henrik Henriksson, President and CEO:

"Scania's net sales rose to a record level of nearly SEK 104 billion. Total deliveries of trucks and buses and coaches reached all-time high levels. Service revenue amounted to a record of almost SEK 22 billion, an increase of 5 percent (7 percent in local currency). The company's operational performance was strong. Higher vehicle volume in Europe and higher service volume impacted earnings positively but this was partly offset by negative currency rate effects, lower deliveries in Latin America (mainly related to Brazil), and by the high cost of investments related to Scania's new truck generation. Scania's position in the European market remains strong with a market share of 16.5 percent. The replacement need and economic situation in Europe continues to have a positive impact on demand for trucks. Order bookings in Latin America remain at a low level, mainly due to the very

uncertain situation in Brazil. In Eurasia, order bookings increased somewhat and Russia appears to have bottomed out. Demand for buses and coaches remains at a high level in Europe. In Engines, demand for industrial and marine engines is good, while remaining weak on the power generation side. The success of the new generation of Scania trucks has been immediate and the truck has outperformed the competition in all trade press tests it has entered. Nearly all aspects have been praised – the powertrain, performance, comfort, braking capacity, visibility and steering. Combined with Scania Maintenance with Flexible Plans, our new tailor-made service enabled by continual monitoring of connected vehicles' operating data, customer earning potential is enhanced. When every truck receives exactly the maintenance it needs, the customer enjoys maximum vehicle uptime."

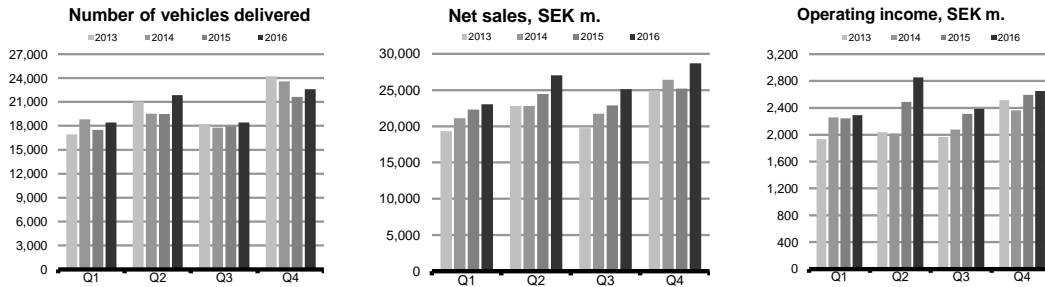
Financial overview

	Full year 2016			Q4		
	2016	2015	Change, %	2016	2015	Change, %
Trucks and buses, units						
Order bookings	85,527	77,091	11	23,262	19,199	21
Deliveries	81,346	76,561	6	22,614	21,626	5
	<i>EUR</i>					
	<i>m.*</i>					
Net sales and earnings						
Net sales, Scania Group, SEK m.	103,927	94,897	10	28,718	25,211	14
Operating income, Vehicles and Services, SEK m.	5,369	8,601	-38	2,401	2,349	2
Operating income, excl. items affecting comparability, vehicles and Services, SEK m.	9,169	8,601	7	2,401	2,349	2
Operating income, Financial Services, SEK m.	1,015	1,040	-2	250	246	2
Operating income, SEK m.	6,384	9,641	-34	2,651	2,595	2
Income before taxes, SEK m.	5,963	9,109	-35	2,520	2,420	4
Net income for the period, SEK m.	3,243	6,753	-52	1,816	1,813	0
Operating margin, %	6.1	10.2		9.2	10.3	
Operating margin, excl. items affecting comparability, %	9.8	10.2		9.2	10.3	
Return on capital employed, Vehicles and Services, %	14.0	19.3				
Return on capital employed, excl. items affecting comparability, Vehicles and Services, %	21.5	19.3				
Cash flow, Vehicles and Services, SEK m.	3,427	4,376	-22	3,619	3,156	15

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 9,5672 = EUR 1.00. Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year.

This interim report has not been subject to review by the company's auditors. This report is also available on www.scania.com

Business overview



Excluding items affecting comparability (Q2 2016)

Sales performance

During the full year 2016, total vehicle deliveries increased by 6 percent to 81,346 (76,561) units, compared to 2015, which was an all-time high level. Net sales rose by 10 percent to SEK 103,927 m. (94,897), the highest level in Scania's history. Currency rate effects had a negative impact on sales of 2 percent.

Order bookings increased by 11 percent to 85,527 (77,091) vehicles, compared to the full year 2015.

Higher demand in nearly all regions in the fourth quarter

Total order bookings for trucks were higher in the fourth quarter of 2016 than the year-earlier period and the increase was seen in all regions, apart from Africa and Oceania. Demand in Europe remained strong during the fourth quarter, supported by a replacement need and a positive economic situation. In Eurasia, demand rose compared to the same period of 2015, mainly related to Russia, a market that now appears to have bottomed out. In Latin America, order bookings rose compared to the fourth quarter last year. The increase was due to an upturn in Argentina and Chile, and also in Brazil, which increased somewhat compared to the extremely low level in the fourth quarter last year. Order bookings also rose in Asia, primarily related to increases in China, Hong Kong, Iran and India. In the Africa and Oceania region, order bookings decreased, primarily related to South Africa.

Total order bookings for trucks rose sequentially in the fourth quarter (compared to the previous quarter of 2016), thanks to continued strong demand in Europe and the normal seasonal pattern in the European market.

Through its global production system, Scania is able to balance the industrial system relatively well by utilising free production capacity in Brazil in order to export more to Africa, the Middle East and Asia.

Demand for used vehicles in Europe remains strong.

Market share in Europe remains high

Scania's market share for trucks in Europe was 16.5 percent during the period January to December 2016 compared to 16.4 percent during the same period of 2015. The continued high level confirms that the current Scania truck range delivers a level of quality and performance that customers highly appreciate. It is also connected to the early and very successful introduction of the Euro 6 range and Scania's broad engine range for alternative fuels. Increased sales activities in new segments have also contributed to the high market share in Europe.

A successful new truck generation

In August, Scania launched its new truck range and the first deliveries to customers were made during the fourth quarter of 2016.

The new truck generation has been an immediate success and the new Scania truck has outperformed the competition in all of the prestigious comparative and individual trade press tests that it has entered.

The new truck generation has been praised in almost every respect – for its powertrain, performance, comfort, braking capacity, visibility and steering. "High performance with low fuel consumption, the best driving characteristics, a high level of comfort and a better place to work – that skilfully paves the way for the new S-class," wrote the leading German trade magazine Lastauto Omnibus when summarising the

demanding comparative 1,000 point test. It further reported, "Scania excels in lateral stability with precise steering and an overall feeling of control."

In another comparative test led by German trade magazine KFZ-Anzeiger, the Scania S 500 was found to be "sensationally economical". In fact, it was the first truck to register under 30 litres/100 km on their test route. Definitely value for money, was the verdict.

The excellent fuel economy performance was also confirmed in Routes' test, the leading trade magazine in France. It subjected the new Scania R 500 to rigorous tests along a 419-kilometre route in south-eastern France. Over the five hours of testing, the new generation Scania R 500 recorded the lowest-ever average fuel consumption of 28.4 litres/100 km.

The truck market

Order bookings

Scania's order bookings rose during the fourth quarter of 2016 and totalled 21,727 (17,044) trucks. Order bookings in Europe increased by 19 percent to 13,871 (11,660) units, compared to the fourth quarter of 2015. Demand rose in several major European markets such as Great Britain, Germany, Poland and France. Order bookings rose sequentially (compared to the previous quarter) in Europe in line with the seasonal pattern in the European market.

Order bookings in Latin America increased during the fourth quarter of 2016 compared to the same period of the previous year, mainly due to increases in Brazil, Argentina and Chile. Order bookings also rose somewhat sequentially in Latin America. The outlook for the region remains uncertain due to low economic growth.

In Eurasia, total order bookings rose during the fourth quarter and amounted to 1,582 (340) trucks. The upturn was mainly attributable to Russia. Order bookings also rose sequentially in Eurasia. The outlook for the region remains uncertain due to geopolitical turbulence.

In Asia, demand during the quarter increased by 23 percent compared to the year-earlier period and order bookings amounted to 2,912 (2,367) units. Compared to the third quarter of 2016, order bookings also rose.

In Africa and Oceania, order bookings were lower at 1,194 (1,284) units compared to the fourth quarter of 2015, mainly related to a downturn in South Africa. Order bookings also decreased sequentially in Africa and Oceania.

Deliveries

Scania's total truck deliveries increased by 2 percent to 20,033 (19,601) units during the fourth quarter compared to the year-earlier period. In Europe, deliveries rose by 3 percent to 12,877 (12,462) units compared to the fourth quarter of 2015. In Eurasia, deliveries rose to 1,335 (672) trucks. In Latin America, deliveries rose by 2 percent to 2,077 (2,038) units compared to the fourth quarter of 2015. In Asia, deliveries decreased compared to the fourth quarter of 2015 to 2,490 (3,003) trucks. Deliveries in Africa and Oceania decreased by 12 percent to 1,254 (1,426) trucks.

Sales

Net sales of trucks rose by 7 percent to SEK m. 65,615 (61,250) during the full year 2016. During the fourth quarter, sales increased by 9 percent to SEK m. 18,557 (17,046).

The total European market for heavy trucks

The total market for heavy trucks in 25 of the European Union member countries (all EU countries except Greece, Bulgaria and Malta) plus Norway and Switzerland increased by 12.4 percent to about 300,200 (267,100) units during the full year 2016. Scania truck registrations amounted to some 49,500 (44,100) units, equivalent to a market share of about 16.5 (16.4) percent.

Scania trucks	Order bookings			Deliveries		
	12 months	12 months	Change,	12 months	12 months	Change,
	2016	2015	%	2016	2015	%
Europe	51,569	47,692	8	49,102	43,082	14
Eurasia	4,016	1,962	105	3,233	2,583	25
America*	7,232	7,438	-3	7,022	8,118	-14
Asia	9,834	8,349	18	9,287	11,514	-19
Africa and Oceania	4,992	4,658	7	4,449	4,465	0
Total	77,643	70,099	11	73,093	69,762	5

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches during 2016 increased compared to the previous year to 7,884 (6,992) units.

Scania has increased its market share in buses and coaches in Europe to 7.1 percent, compared to 6.8 percent in 2015.

In the fourth quarter order bookings in Europe decreased and totalled 669 (691). The decrease mainly occurred in Sweden, Poland and Germany. In Latin America, order bookings fell by 47 percent to 276 (525) units compared to the fourth quarter of 2015. In Asia, order bookings fell to 360 (616) buses and coaches compared to the fourth quarter of 2015. Order bookings in Africa and Oceania decreased to 228 (320) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 2,581 (2,025) units during the fourth quarter. In Europe, deliveries increased by 9 percent to 587 (537) units compared to the fourth quarter of 2015. In Latin America, deliveries rose by 19 percent to 751 (629). In Asia, deliveries sharply increased to 949 (553), while deliveries of buses and coaches in Africa and Oceania decreased during the fourth quarter to 265 (285) units. Deliveries to Eurasia increased to 29 (21) units.

Net sales

Net sales of buses and coaches rose by 21 percent to SEK 10,867 m. (8,994) during the full year 2016. During the fourth quarter, sales increased by 32 percent to SEK 3,335 m. (2,524).

Scania buses and coaches	Order bookings			Deliveries		
	12 months	12 months	Change,	12 months	12 months	Change,
	2016	2015	%	2016	2015	%
Europe	2,185	1,937	13	2,094	1,917	9
Eurasia	57	80	-29	62	94	-34
America*	2,559	2,275	12	2,350	2,123	11
Asia	2,226	1,828	22	2,568	1,806	42
Africa and Oceania	857	872	-2	1,179	859	37
Total	7,884	6,992	13	8,253	6,799	21

*Refers to Latin America

Engines

Order bookings

In Engines, demand for industrial and marine engines is good, while remaining weak on the power generation side. Total engine order bookings fell by 6 percent to 7,611 (8,140) units during 2016 compared to 2015. During the fourth quarter, order bookings increased by 6 percent to 1,838 (1,726) units.

Deliveries

Engine deliveries decreased by 8 percent to 7,800 (8,485) units during the full year 2016. During the fourth quarter, deliveries rose by 29 percent to 2,380 (1,846) units.

Net sales

During the full year, net sales decreased by 1 percent to SEK 1,647 m. (1,656). Net sales in the fourth quarter amounted to SEK 517 m. (369), an upturn of 40 percent.

Services

Record high revenue

Service revenue amounted to a record high SEK 21,611 m. (20,585) during the full year 2016, an increase of 5 percent. Higher volume, mainly in Europe, had a positive impact, while currency rate effects were negative. In local currencies, revenue increased by 7 percent. During the fourth quarter, revenue rose by 10 percent to SEK 5,782m. (5,260). In local currency, the upturn was 6 percent.

In Europe, service revenue rose by 6 percent to SEK 15,020 m. (14,180) compared to the full year 2015. In Latin America, revenue decreased by 1 percent to SEK 2,660 m. (2,698) and revenue in Asia was 11 percent higher than the previous year at SEK 1,998 m. (1,800). In Africa and Oceania, service revenue rose by 4 percent to SEK 1,393 m. (1,337), while in Eurasia it decreased by 5 percent to SEK 540 m. (570) compared to the full year 2015.

Earnings

Vehicles and Services

Full year 2016

Operating income in Vehicles and Services amounted to SEK 5,369 m. (8,601) during the full year 2016. It was negatively impacted by a provision of SEK 3.8 billion related to the European Commission's competition investigation. Adjusted for items affecting comparability, operating income in Vehicles and Services amounted to SEK 9,169 m. (8,601) during the full year 2016. Higher vehicle volume in Europe and higher service volume impacted earnings positively but this was partly offset by negative currency rate effects, lower deliveries in Latin America (mainly related to Brazil), and by the high cost of investments related to Scania's new truck generation.

Compared to the full year 2015, the total currency rate effect was negative and amounted to about SEK 900 m.

Scania's research and development expenditures amounted to SEK 7,199 m. (7,043). After adjusting for SEK 1,682 m. (1,863) in capitalised expenditures and SEK 387 m. (393) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 5,904 m. (5,573).

The fourth quarter

Operating income in Vehicles and Services totalled SEK 2,401 m. (2,349) during the fourth quarter. Higher vehicle volume in Europe, high service volume and currency rate effects had a positive impact on earnings. The high cost of investments related to Scania's new truck generation and lower deliveries in Latin America (mainly related to Brazil), had a negative effect.

Compared to the fourth quarter of 2015, the total currency rate effect was positive and amounted to about SEK 225 m.

Scania's research and development expenditures amounted to SEK 1,893 m. (1,968). After adjusting for SEK 449 m. (568) in capitalised expenditures and SEK 102 m. (100) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,546 m. (1,500).

Financial Services

Customer finance portfolio

At the end of 2016, the size of Scania's customer finance portfolio amounted to SEK 67.9 billion, which was SEK 11.4 billion higher than the end of 2015. In local currencies, the portfolio increased by SEK 8.0 billion, equivalent to 14.2 percent.

Penetration rate

The penetration rate was 43 (42) percent during the full year 2016 in those markets where Scania has its own financing operations. The increase was mainly attributable to the market mix.

Operating income

Operating income in Financial Services decreased to SEK 1,015 m. (1,040) for the full year 2016, compared to 2015. A larger portfolio had a positive impact on earnings while lower margins and negative currency rate effects had an adverse impact. Bad debt expenses decreased somewhat. In the fourth quarter, operating income rose by 2 percent to SEK 250 m. (246).

Scania Group

During the full year 2016, Scania's operating income amounted to SEK 6,384 m. (9,641). Operating margin amounted to 6.1 (10.2) percent. Operating income was negatively impacted by a provision of SEK 3.8 billion related to the European Commission's competition investigation. Adjusted for items affecting comparability, operating income amounted to SEK 10,184 m. (9,641) during 2016. Scania's net financial items amounted to SEK -421 m (-532).

The Scania Group's tax expense amounted to SEK 2,720 m. (2,356), equivalent to 27.9 (25.9) percent of income before taxes when adjusted for items affecting comparability.

Net income for the period totalled SEK 3,243 m. (6,753), equivalent to a net margin of 3.1 (7.1) percent. Adjusted for items affecting comparability, net income for the period totalled SEK 7,043 m. (6,753), equivalent to a net margin of 6.8 (7.1) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 3,427 m. (4,376) for the full year 2016. Tied-up working capital decreased by SEK 878 m (1,656).

Net investments amounted to SEK 7,864 m. (7,737) including SEK 1,682 m. (1,863) in capitalisation of development expenses. At the end of the fourth quarter of 2016, the net cash position in Vehicles and Services amounted to SEK 10,954 m. compared to a net cash position of SEK 7,579 m. at the end of 2015.

Scania Group

Scania's cash flow in Financial Services amounted to SEK -7,784 m. (-3,816) during the full year 2016 due to a growing customer finance portfolio. The Group's net debt increased by about SEK 7.6 billion compared to the end of 2015 mainly due to investments in the Financial Services portfolio which was partly offset by a positive cash flow.

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 2016.

Miscellaneous

Number of employees

At the end of 2016, the number of employees totalled 46,243 compared to 44,409 on the same date in 2015.

Material risks and uncertainty factors

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report for 2015 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). 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 2016 have not had any significant impact on Scania's financial statements. Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2015.

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

Dividend and Annual General Meeting

Scania held an Extraordinary General Meeting in December 2015 and decided on a dividend of SEK 9,600 m. The dividend of SEK 9,600 m. corresponded to approximately 50 percent of the net income for the financial years of 2013, 2014 and 2015.

Scania's Annual General Meeting for the financial year 2015 was held in Södertälje, Sweden on 11 May 2016.

The board decided on a dividend proposal of SEK 0 for the financial year of 2016. The dividend policy of distributing approximately 50 percent of the net income over time is still valid, why future dividends can comprise accumulated earnings from several years.

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Full year			Change in %	Q4	
	EUR m.*	2016	2015		2016	2015
Vehicles and Services						
Net sales	10,863	103,927	94,897	10	28,718	25,211
Cost of goods sold	-8,120	-77,688	-70,389	10	-21,847	-18,517
Gross income	2,743	26,239	24,508	7	6,871	6,694
Research and development expenses	-617	-5,904	-5,573	6	-1,546	-1,500
Selling expenses	-1,018	-9,736	-9,071	7	-2,516	-2,466
Administrative expenses	-156	-1,490	-1,309	14	-427	-385
Share of income from associated companies and joint ventures	6	60	46	30	19	6
Items affecting comparability ¹⁾	-397	-3,800	-	-	-	-
Operating income, Vehicles and Services	561	5,369	8,601	-38	2,401	2,349
Financial Services						
Interest and lease income	682	6,529	5,517	18	1,947	1,439
Interest and depreciation expenses	-472	-4,521	-3,543	28	-1,405	-934
Interest surplus	210	2,008	1,974	2	542	505
Other income and expenses	9	88	133	-34	17	32
Gross income	219	2,096	2,107	-1	559	537
Selling and administrative expenses	-97	-925	-823	12	-245	-221
Bad debt expenses, realised and anticipated	-16	-156	-244	-36	-64	-70
Operating income, Financial Services	106	1,015	1,040	-2	250	246
Operating income	667	6,384	9,641	-34	2,651	2,595
Interest income and expenses	-42	-405	-259	56	-96	-78
Other financial income and expenses	-2	-16	-273	-94	-35	-97
Total financial items	-44	-421	-532	-21	-131	-175
Income before taxes	623	5,963	9,109	-35	2,520	2,420
Taxes	-284	-2,720	-2,356	15	-704	-607
Net income for the period	339	3,243	6,753	-52	1,816	1,813
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	202	1,932	-2,465	-	292	-648
Cash flow hedges	-	-	23	-	-	-
reclassification to operating income	-	-	23	-	-	-
Income tax relating to items that may be reclassified	4	42	-44	-	-6	-17
	206	1,974	-2,486	-	286	-665
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ²⁾	-98	-936	1,773	-	478	790
Income tax relating to items that will not be reclassified	22	207	-404	-	-101	-181
	-76	-729	1,369	-	377	609
Other comprehensive income for the period	130	1,245	-1,117	-	663	-56
Total comprehensive income for the period	469	4,488	5,636	-	2,479	1,757
Net income attributable to:						
Scania shareholders	340	3,256	6,764	-	1,818	1,818
Non-controlling interest	-1	-13	-11	-	-2	-5
Total comprehensive income attributable to:						
Scania shareholders	469	4,501	5,645	-	2,482	1,763
Non-controlling interest	-1	-13	-9	-	-3	-6
Operating income includes depreciation of	-376	-3,595	-3,261	-	-1,092	-834
Operating margin, percent		6.1	10.2	-	9.2	10.3

¹⁾ Provisions 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 31 December

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.5672 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	Full year			Change in %	Q4	
	EUR m.	2016	2015		2016	2015
Net sales						
Trucks	6,858	65,615	61,250	7	18,557	17,046
Buses*	1,136	10,867	8,994	21	3,335	2,524
Engines	172	1,647	1,656	-1	517	369
Service-related products	2,259	21,611	20,585	5	5,782	5,260
Used vehicles	674	6,452	6,236	3	1,772	1,661
Miscellaneous	288	2,753	1,836	50	481	352
Delivery sales value	11,387	108,945	100,557	8	30,444	27,212
Revenue deferrals ¹⁾	-524	-5,018	-5,660	-11	-1,726	-2,001
Net sales	10,863	103,927	94,897	10	28,718	25,211
Net sales²⁾						
Europe	7,126	68,174	59,880	14	17,652	16,203
Eurasia	344	3,291	2,623	25	1,359	680
America**	1,120	10,713	11,781	-9	3,215	2,843
Asia	1,379	13,194	13,055	1	3,853	3,438
Africa and Oceania	894	8,555	7,559	13	2,639	2,046
Net sales	10,863	103,927	94,897	10	28,718	25,211
Total delivery volume, units						
Trucks		73,093	69,762	5	20,033	19,601
Buses*		8,253	6,799	21	2,581	2,025
Engines		7,800	8,485	-8	2,380	1,846

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	2016		2015
	EUR m.	31 Dec	31 Dec
Assets			
Non-current assets			
Intangible assets	882	8,438	6,855
Tangible assets	3,039	29,078	25,309
Lease assets	2,669	25,532	20,428
Shares and participations	63	605	516
Interest-bearing receivables	3,239	30,985	26,359
Other receivables ^{1), 2)}	590	5,643	4,728
Current assets			
Inventories	1,998	19,119	16,918
Interest-bearing receivables	2,141	20,481	16,373
Other receivables ³⁾	1,501	14,356	11,270
Current investments	117	1,122	213
Cash and cash equivalents	798	7,634	12,295
Total assets	17,037	162,993	141,264
Total equity and liabilities			
Equity			
Scania shareholders	4,421	42,292	37,790
Non-controlling interest	2	20	47
Total equity	4,423	42,312	37,837
Non-current liabilities			
Interest-bearing liabilities	2,853	27,298	26,206
Provisions for pensions	902	8,627	7,339
Other provisions ⁶⁾	673	6,439	2,893
Other liabilities ^{1), 4)}	1,536	14,694	11,501
Current liabilities			
Interest-bearing liabilities	3,210	30,713	28,736
Provisions	337	3,221	2,001
Other liabilities ⁵⁾	3,103	29,689	24,751
Total equity and liabilities	17,037	162,993	141,264
¹⁾ Including deferred tax			
²⁾ Including derivatives with positive value for hedging of borrowings	39	374	595
³⁾ Including derivatives with positive value for hedging of borrowings	30	291	554
⁴⁾ Including derivatives with negative value for hedging of borrowings	81	778	508
⁵⁾ Including derivatives with negative value for hedging of borrowings	44	420	390
⁶⁾ Including provision related to the European Commission's competition investigation			
Equity/assets ratio, percent		26.0	26.8

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2016	2015
Equity, 1 January	3,955	37,837	41,801
Net income for the period	339	3,243	6,753
Other comprehensive income for the period	130	1,245	-1,117
Change in non-controlling interest	-1	-13	-
Dividend	-	-	-9,600
Total equity at the end of the period	4,423	42,312	37,837
Attributable to:			
Scania AB shareholders	4,421	42,292	37,790
Non-controlling interest	2	20	47

Information about Revenue from external customers

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2016	2015
Revenue from external customers, Vehicles and Services	10,863	103,927	94,897
Revenue from external customers, Financial Services	682	6,529	5,517
Elimination refers to lease income on operating leases	-372	-3,558	-2,622
Revenue from external customers, Scania Group	11,173	106,898	97,792
Operating income, Vehicles and Services	561	5,369	8,601
Operating income, Financial Services	106	1,015	1,040
Operating income, Scania Group	667	6,384	9,641

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	EUR m.	Full year		Q4	
		2016	2015	2016	2015
Operating activities					
Income before tax	623	5,963	9,109	2,520	2,420
Items not affecting cash flow	839	8,030	4,423	1,392	1,319
Taxes paid	-284	-2,721	-2,094	-670	-580
Cash flow from operating activities before change in working capital					
	1,178	11,272	11,438	3,242	3,159
<i>of which: Vehicles and Services</i>	1,088	10,413	10,457	3,018	2,971
<i>Financial Services</i>	90	859	981	224	188
Change in working capital etc., Vehicles and Services	92	878	1,656	2,646	2,445
Cash flow from operating activities					
	1,270	12,150	13,094	5,888	5,604
Investing activities					
Net investments, Vehicles and Services	-822	-7,864	-7,737	-2,045	-2,260
Net investments in credit portfolio etc., Financial Services	-903	-8,643	-4,797	-3,534	-2,448
Cash flow from investing activities					
	-1,725	-16,507	-12,534	-5,579	-4,708
Cash flow from Vehicles and Services					
	358	3,427	4,376	3,619	3,156
Cash flow from Financial Services					
	-813	-7,784	-3,816	-3,310	-2,260
Financing activities					
Change in debt from financing activities	-97	-925	1,962	-5,668	-1,305
Cash flow from financing activities					
	-97	-925	1,962	-5,668	-1,305
Cash flow for the year					
	-552	-5,282	2,522	-5,359	-409
Cash and cash equivalents at beginning of period					
	1,285	12,295	10,915	12,923	13,053
Exchange rate differences in cash and cash equivalents					
	65	621	-1,142	70	-349
Cash and cash equivalents at end of period					
	798	7,634	12,295	7,634	12,295

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 1,275 m. (3,089). 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 374 m. (594), Other current receivables SEK 329 m. (580), Other non-current liabilities SEK 778 m. (508) and Other current liabilities SEK m. 420 (411).

For financial assets that are carried at amortised cost, book value amounts to SEK 67,493 (59,188) and fair value to SEK 67,281 (59,329). For financial liabilities that are carried at amortised cost, book value amounts to SEK 70,751 (65,783) and fair value to SEK 70,728 (65,479). 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					2015				
	Full year	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks										
Europe	51,569	13,871	10,776	13,214	13,708	47,692	11,660	10,316	13,270	12,446
Eurasia	4,016	1,582	1,044	767	623	1,962	340	620	731	271
America **	7,232	2,168	2,016	1,788	1,260	7,438	1,393	1,666	2,611	1,768
Asia	9,834	2,912	1,682	2,569	2,671	8,349	2,367	1,450	2,159	2,373
Africa and Oceania	4,992	1,194	1,274	1,423	1,101	4,658	1,284	869	1,052	1,453
Total	77,643	21,727	16,792	19,761	19,363	70,099	17,044	14,921	19,823	18,311
Trucks delivered										
Europe	49,102	12,877	10,293	13,133	12,799	43,082	12,462	9,491	11,458	9,671
Eurasia	3,233	1,335	979	536	383	2,583	672	814	515	582
America**	7,022	2,077	1,788	1,885	1,272	8,118	2,038	2,217	2,156	1,707
Asia	9,287	2,490	1,872	3,156	1,769	11,514	3,003	2,779	2,496	3,236
Africa and Oceania	4,449	1,254	1,154	1,185	856	4,465	1,426	1,021	1,054	964
Total	73,093	20,033	16,086	19,895	17,079	69,762	19,601	16,322	17,679	16,160
Order bookings, buses*										
Europe	2,185	669	388	489	639	1,937	691	288	486	472
Eurasia	57	2	18	7	30	80	3	26	47	4
America **	2,559	276	354	945	984	2,275	525	294	625	831
Asia	2,226	360	590	884	392	1,828	616	267	506	439
Africa and Oceania	857	228	204	224	201	872	320	250	135	167
Total	7,884	1,535	1,554	2,549	2,246	6,992	2,155	1,125	1,799	1,913
Buses delivered*										
Europe	2,094	587	509	598	400	1,917	537	453	537	390
Eurasia	62	29	6	14	13	94	21	21	44	8
America **	2,350	751	739	503	357	2,123	629	510	622	362
Asia	2,568	949	752	479	388	1,806	553	443	366	444
Africa and Oceania	1,179	265	330	381	203	859	285	197	241	136
Total	8,253	2,581	2,336	1,975	1,361	6,799	2,025	1,624	1,810	1,340

* Including body-built buses and coaches.

** Refers to Latin America

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Full year		
	EUR m.	2016	2015
Income statement			
Financial income and expenses	0	0	0
Net income for the period	0	0	0

	2016			2015
	EUR m.	31 Dec	31 Dec	31 Dec
Balance sheet				
Assets				
Financial non-current assets				
Shares in subsidiaries	881	8,435	8,435	
Current assets				
Due from subsidiaries	164	1,567	11,167	
Total assets	1,045	10,002	19,602	
Equity				
Equity	1,045	10,002	10,002	
Total shareholders' equity	1,045	10,002	10,002	
Current liabilities				
Debt to parent company	-	-	9,600	
Total equity and liabilities	1,045	10,002	19,602	

	2016			2015
	EUR m.	31 Dec	31 Dec	31 Dec
Statement of changes in equity				
Equity, 1 January	1,045	10,002	19,602	
Total comprehensive income	0	0	0	
Dividend	-	-	-9,600	
Equity	1,045	10,002	10,002	

Key financial ratios and figures

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 measured 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.

Equity/asset ratio

Total equity as a percentage of total assets on each respective balance sheet date.

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.

Net debt/equity ratio

Net debt, net cash excluding provision for pensions as a percentage of total equity.

Capital employed ¹⁾

Total assets less operating liabilities.

Operating capital ¹⁾

Total assets less cash, cash equivalents and operating liabilities.

Capital turnover ¹⁾

Net sales divided by capital employed.

Return on capital employed ¹⁾

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

Return on operating capital ¹⁾

Operating income as a percentage of operating capital.

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

ITEMS AFFECTING COMPARABILITY

Amounts in SEK m. unless otherwise stated

Scania Group

Operating- and net income excluding items affecting comparability	EUR m.	Full year		Q4	
		2016	2015	2016	2015
<i>Net sales</i>	10,863	103,927	94,897	28,718	25,211
<i>Operating income</i>	667	6,384	9,641	2,651	2,595
<i>Items affecting comparability²⁾</i>	-397	-3,800	-	-	-
<i>Operating income excl. items affecting comparability</i>	1,064	10,184	9,641	2,651	2,595
<i>Net income for the period</i>	339	3,243	6,753	1,816	1,813
<i>Items affecting comparability²⁾</i>	-397	-3,800	-	-	-
<i>Net income excl. items affecting comparability</i>	736	7,043	6,753	1,816	1,813
<i>Operating income excl. items affecting comparability, % (Operating income excl. affecting comparability/Net sales)</i>		9.8	10.2	9.2	10.3
<i>Net income excl. items affecting comparability, % (Net income excl. items affecting comparability/Net sales)</i>		6.8	7.1	6.3	7.2

²⁾ Provisions related to the European Commission's competition investigation.

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group

Net debt, excluding provision for pensions		Full year	
Assets	<i>EUR m.</i>	2016	2015
Current investments	117	1,122	213
Cash and cash equivalents	798	7,634	12,295
Derivatives, non-current	39	374	595
Derivatives, current	30	291	554
	984	9,421	13,657
Liabilities			
Interest-bearing liabilities, non current	2,853	27,298	26,206
Interest-bearing liabilities, current	3,210	30,713	28,736
Derivatives, non current	81	778	508
Derivatives, current	44	420	390
	6,188	59,209	55,840
Net debt	-5,204	-49,788	-42,183

Vehicles and Services

Net debt, excluding provision for pensions		2016	2015
Assets	<i>EUR m.</i>	31 Dec	31 Dec
Current investments	553	5,294	5,694
Cash and cash equivalents	647	6,193	11,362
Derivatives, non-current	39	374	595
Derivatives, current	30	291	554
	1,269	12,152	18,205
Liabilities			
Interest-bearing liabilities, non-current and current	0	0	9,728
Derivatives, non current	81	778	508
Derivatives, current	44	420	390
	125	1,198	10,626
Net debt	1,144	10,954	7,579

Capital Employed

Capital Employed		2016	2015
	<i>EUR m.</i>	31 Dec	31 Dec
Total assets	9,685	92,659	86,198
<i>Operating liabilities</i>			
Other provisions, non-current and current	555	5,311	5,089
Other liabilities, non-current and current	4,251	40,671	33,957
Net derivatives	-27	-263	-534
Capital Employed	4,906	46,940	47,686

Return on Capital Employed

Return on Capital Employed		2016	2015
	<i>EUR m.</i>	31 Dec	31 Dec
Operating income ³⁾	958	9,169	8,601
Financial income	96	922	611
Capital employed	4,906	46,940	47,686
Return on Capital Employed		21.5%	19.3%

³⁾ Excluding provision related to the European commission's competition investigation.