

Scania Interim Report January–September 2017

Summary of the first nine months of 2017

- Operating income, excluding items affecting comparability, amounted to SEK 9,080 m. (7,492)
- Operating income rose to SEK 9,080 m. (3,692)
- Net sales increased by 15 percent to SEK 86,403 m. (75,209)
- Cash flow amounted to SEK 3,007 m. (-192) in Vehicles and Services

Comments by Henrik Henriksson, President and CEO

"Scania's net sales in the first nine months of 2017 rose to a record high SEK 86.4 billion, an increase of 15 percent compared to the previous year. Demand for the new truck range was good and the service trend remains positive. The period was affected by a high investment level, higher production costs for running double product ranges and a less favourable market mix. In spite of this, the company managed to present strong earnings for the first nine months of 2017 of SEK 9,080 m., giving an operating margin of 10.5 percent. In the third quarter, in addition to continued high cost levels, currency started to impact negatively on earnings. Order bookings for trucks rose by 27 percent in the first nine months compared to the year-earlier period. The strong demand for trucks continued in Europe. The trend in Latin America is positive and we see increased demand in Brazil from very low levels. In Eurasia, the trend in demand is positive, mainly due to Russia's continued recovery. In Asia, demand increased

thanks to strong sales efforts, particularly in China and Iran. Order bookings in Buses and Coaches were strong overall and increased by 2 percent compared to the same period in 2016. In the business area Engines, the demand trend is positive in all segments. Service revenue amounted to a record high SEK 17.5 billion, an increase of 11 percent. Financial Services reported operating income of SEK 862 million and credit losses remain at low levels. In September the second stage in Scania's introduction of the new generation trucks was launched – the Scania XT range with trucks tailor-made for the construction and forestry industries. In October Scania received the decision from the European Commission concerning alleged inappropriate exchange of information. Scania contests its findings and will appeal against it. Scania also emphasises that it has co-operated fully with the European Commission during the investigation period."

Financial overview

Financial overview		9 months			Q3		
				Change,			Change,
Trucks and buses, units		2017	2016	%	2017	2016	%
Order bookings		77,714	62,265	25	23,061	18,346	26
Deliveries		63,959	58,732	9	20,351	18,422	10
Net sales and earnings	EUR m.*						
Net sales, Scania Group, SEK m.	8,974	86,403	75,209	15	27,665	25,099	10
Operating income, Vehicles and Services, SEK m.	854	8,218	2,927		2,274	2,117	7
Operating income, excl. items affecting comparability, Vehicles and Services, SEK m.**	854	8,218	6,727	22	2,274	2,117	7
Operating income, Financial Services, SEK m.	89	862	765	13	342	259	32
Operating income, SEK m.	943	9,080	3,692		2,616	2,376	10
Income before taxes, SEK m.	916	8,820	3,443		2,507	2,328	8
Net income for the period, SEK m.	660	6,355	1,427		1,744	1,750	-6
Operating margin, %		10.5	4.9		9.5	9.5	
Operating margin, excl. items affecting comparability, %**		10.5	10.0		9.5	9.5	
Return on capital employed, Vehicles and Services, %		24.3	13.3				
Return on capital employed, excl. items affecting comparability, Vehicles and Services, %**		22.5	21.1				
Cash flow, Vehicles and Services, SEK m.	313	3,007	-192		-284	300	

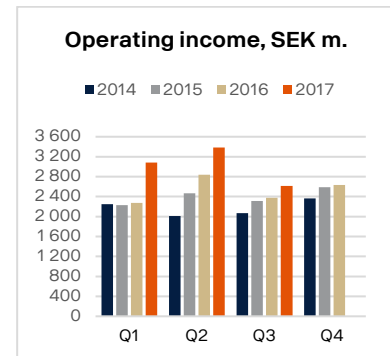
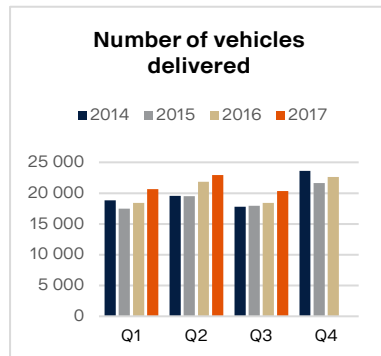
* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 9.6285 = EUR 1.00.

** The figures for 2016 (9 months) have been adjusted for the provision made in June 2016 in connection with 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 nine months of 2017, total vehicle deliveries increased by 9 percent to 63,959 (58,732) units, compared to the corresponding period 2016. Net sales rose by 15 percent to SEK 86,403 m. (75,209). Currency effects had a positive impact of 3 percent on sales. In the third quarter, currency effects had a negative impact on sales of 1 percent.

Continued strong demand in all regions

Total order bookings for trucks were higher during the third quarter of 2017 than the year-earlier period and the increase occurred in all markets, apart from Africa and Oceania.

In Europe, stable freight growth in combination with a replacement need, attractive financing levels and the low oil price support the positive trend in demand for trucks. The proportion of sales represented by the new truck generation is increasing, which is making a positive contribution to Scania's strong market position. Demand in Latin America increased compared to the third quarter of 2016, mainly attributable to stronger demand from the agricultural business sector in Brazil. Demand is also holding up well in other Latin American markets such as Chile for example. In Russia, demand rose significantly compared to the third quarter of 2016. Demand is very strong in Asia, mainly due to markets such as China and Iran. In Asia, the European truck segment is growing in line with the development of logistics systems – a development largely driven by the major e-commerce companies. In the Africa and Oceania region, order bookings fell slightly during the quarter, compared to the same period of 2016.

Through its global production system, Scania is able to balance the industrial system and optimise capacity utilisation. A large share of the production in Brazil can therefore be exported to Africa, the Middle East and Asia. The production facility in France has now changed over to producing Scania's new truck generation.

Demand for used vehicles in Europe is still good but slightly increased price pressure has been seen.

Total order bookings for buses and coaches were higher during the third quarter of 2017 than the third quarter 2016 and the increase was related to all markets, apart from Latin America.

Order bookings for trucks and buses and coaches rose by 25 percent to 77,714 (62,265) vehicles, compared to the first nine months of 2016.

Continued high market share in Europe

Scania's market share for trucks in Europe was 16.3 percent during the period January to September 2017 compared to 16.9 percent during the same period 2016. The continued high level confirms that the PGR truck range with its good performance and high quality, is highly appreciated by customers. It is also a proof point of the 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 amounted to 7.1 percent for the first nine months of 2017 compared to 7.5 percent during the same period 2016.

A new generation of construction vehicles

During the third quarter the second stage in the introduction of Scania's new truck generation was launched – the Scania XT range. With the new construction range, tailor-made for the construction and forestry industries, Scania is challenging the market with the most durable trucks for the most demanding transport assignments. Many years of development has been invested in creating a comprehensive range for the many different transport needs in the construction and forestry industries. The offer covers the entire range of cab and engine variants and the broad range of specifications is complemented by a range of services to ensure the highest uptime, reliability and profitability for customers.

The truck market

Order bookings

Scania's order bookings increased during the third quarter of 2017 and totalled 20,895 (16,792) trucks. Compared to the third quarter of 2016, order bookings in Europe increased by 7 percent to 11,492 (10,776) units. Demand increased in several major European markets such as France and the Netherlands. Total order bookings for trucks in Europe fell compared to the previous quarter, in line with seasonal variations.

Order bookings in Latin America rose during the third quarter of 2017. Compared to the third quarter of 2016, order bookings rose by 57 percent to 3,169 (2,016) trucks, mainly related to increased demand from low levels in Brazil but also due to upturns in Chile for example. Demand also rose somewhat compared to the previous quarter.

In Eurasia, total order bookings rose during the third quarter and amounted to 1,868 (1,044) trucks, an upturn that was primarily related to Russia. Total order bookings in the region decreased slightly compared to the previous quarter. The political turbulence in the region persists, and for this reason the market situation in Eurasia is still considered uncertain.

In Asia, order bookings rose to 3,186 (1,682) trucks during the third quarter. The upturn was primarily related to Iran and China. Compared to the second quarter of 2017, order bookings fell slightly.

In Africa and Oceania, order bookings were lower compared to the third quarter of 2016, mainly related to South Africa. Order bookings amounted to 1,180 (1,274) units, compared to the third quarter of 2016. Order bookings were slightly higher compared to the second quarter of 2017.

Deliveries

Scania's total truck deliveries rose by 14 percent to 18,282 (16,086) units during the third quarter compared to the third quarter 2016. In Europe, deliveries fell by 4 percent to 9,853 (10,293) units compared to the third quarter of 2016. Deliveries in Eurasia rose to 1,700 (979) units. In Latin America, deliveries rose to 2,381 (1,788) units compared to the third quarter of 2016. In Asia, deliveries rose by 73 percent compared to the third quarter of 2016 to 3,241 (1,872) units. Deliveries in Africa and Oceania fell by 47 percent to 1,107 (1,154) units.

Net sales

Net sales of trucks rose by 14 percent to SEK 53,661 m. (47,058) during the first nine months of 2017. During the third quarter, sales rose by 10 percent to SEK 16,114 m. (14,587).

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 1 percent to 224,400 (223,000) units during the first nine months of 2017. Scania truck registrations amounted to some 36,600 units, equivalent to a market share of about 16.3 (16.9) percent.

Scania trucks	Order bookings			Deliveries		
	9 months 2017	9 months 2016	Change, %	9 months 2017	9 months 2016	Change, %
Europe	43,148	37,698	14	34,877	36,225	-4
Eurasia	5,419	2,434	-	3,935	1,898	-
America*	8,382	5,064	66	6,676	4,945	35
Asia	10,668	6,922	54	9,307	6,797	37
Africa and Oceania	3,612	3,798	-5	3,368	3,195	5
Total	71,229	55,916	27	58,163	53,060	10

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches during the first nine months of 2017 rose compared to the previous year to 6,485 (6,349) units. During the third quarter, order bookings rose to 2,166 (1,554), compared to the third quarter of 2016.

In Europe, order bookings rose and amounted to 554 (388) units during the third quarter. Order bookings rose primarily in Norway and Italy. In Latin America, order bookings rose by 84 percent to 653 (354) units compared to the third quarter of 2016. In Asia, order bookings fell to 572 (590) buses and coaches compared to the third quarter of 2016. Order bookings in Eurasia rose to 164 (18) buses and coaches compared to the third quarter 2016. Order bookings in Africa and Oceania rose to 223 (204) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 2,069 (2,336) units during the third quarter. In Europe, deliveries rose to 576 (509) units compared to the third quarter of 2016. Deliveries in Latin America fell to 587 (739) units. In Asia, deliveries fell to 670 (752), while deliveries of buses and coaches in Africa and Oceania fell during the third quarter to 203 (330) units. Deliveries to Eurasia rose to 33 (6) units.

Net sales

Net sales of buses and coaches rose by 2 percent to SEK 7,684 m. (7,532) during the first nine months of 2017. During the third quarter, sales fell by 7 percent to SEK 2,893 m. (3,107).

Scania buses and coaches

	Order bookings			Deliveries		
	9 months 2017	9 months 2016	Change, %	9 months 2017	9 months 2016	Change, %
Europe	1,517	1,516	0	1,548	1,507	3
Eurasia	213	55	-	61	33	85
America*	1,869	2,283	-18	1,715	1,599	7
Asia	2,220	1,866	19	1,894	1,619	17
Africa and Oceania	666	629	6	578	914	-37
Total	6,485	6,349	2	5,796	5,672	2

*Refers to Latin America

Engines

Order bookings

Total engine order bookings rose by 29 percent to 7,474 (5,379) units during the first nine months of 2017 compared to the same period 2016. The upturn was primarily related to South Korea and Germany. During the third quarter, order bookings rose by 60 percent to 2,782 (1,739) units. The upturns occurred in all segments i.e. the industrial and marine segments and in the power generation segment.

Deliveries

Engine deliveries rose by 6 percent to 5,759 (5,420) units during the first nine months of 2017. The upturn was primarily attributable to South Korea and United Kingdom. During the third quarter, deliveries rose by 17 percent to 1,877 (1,605) units, primarily related to South Korea and United Kingdom.

Net sales

During the first nine months of 2017, sales rose by 12 percent to SEK 1,262 m. (1,130). Net sales in the third quarter amounted to SEK 397 m. (347), an upturn of 14 percent.

Services

Service revenue amounted to SEK 5,810 m. (5,739) during the third quarter of 2017, an increase of 8 percent. Higher volume in Europe and Asia had a positive impact. In local currencies, revenue increased by 9 percent.

Service revenue amounted to SEK 17,493 m. (15,829) during the first nine months of 2017, an increase of 11 percent. In local currencies, revenue increased by 7 percent. In Europe, service revenue rose by 7 percent to SEK 11,784 m. (11,057) compared to the first nine months of 2016. In Latin America, revenue increased by 16 percent to SEK 2,276 m. (1,956) and revenue in Eurasia rose to SEK 491 m. (379) compared to the first nine months of 2016. Revenue in Asia was 22 percent higher than the previous year at SEK 1,750 m. (1,432). In Africa and Oceania, service revenue rose by 19 percent to SEK 1,192 m. (1,005).

Earnings

Vehicles and Services

First nine months of 2017

Operating income in Vehicles and Services totalled SEK 8,218 m. (6,727)¹ during the first nine months of 2017. Higher vehicle and service volume and currency effects had a positive impact on earnings but this was partly offset by higher production costs for running double product ranges and a less favourable market mix. Compared to the first nine months of 2016, the total currency effect was positive and amounted to SEK 540 m.

Scania's research and development expenditures amounted to SEK 5,503 m. (5,306). After adjusting for SEK 1,148 m. (1,233) in capitalised expenditures and SEK 270 m. (285) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 4,625 m. (4,358).

Third quarter

Operating income in Vehicles and Services totalled SEK 2,274 m. (2,117) during the third quarter of 2017. Higher vehicle and service volume had a positive impact on earnings but this was offset by a less favourable market mix, negative currency effects and higher production costs for running double product ranges. Compared to the third quarter of 2016, the total currency effect was negative and amounted to about SEK 433 m.

Scania's research and development expenditures amounted to SEK 1,657 m. (1,611). After adjusting for SEK 324 m. (354) in capitalised expenditures and SEK 92 m. (93) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,425 m. (1,350).

1) The figures for 2016 have been adjusted for the provision made in June 2016 in connection with the European Commission's competition investigation.

Financial Services

Customer finance portfolio

At the end of the third quarter of 2017, the size of Scania's customer finance portfolio amounted to SEK 72.2 billion, which was SEK 4.2 billion higher than the end of 2016. In local currencies, the portfolio increased by SEK 5.3 billion, equivalent to 7 percent.

Penetration rate

The penetration rate was 45 (42) percent during the first nine months of 2017 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 862 m. (765) during the first nine months of 2017, compared to the same period in 2016. A larger portfolio and currency effects had a positive impact on earnings, while lower margins and increased operating cost had a negative impact.

Scania Group

During the first nine months of 2017, Scania's operating income amounted to SEK 9,080 m. (7,492)¹. Operating margin amounted to 10.5 (10.0)¹ percent. Scania's net financial items amounted to SEK -260 m. (-249).

The Scania Group's tax expense amounted to SEK 2,465 m. (2,016), equivalent to 27.9 (27.8)¹ percent of income before taxes. Net income for the period totalled SEK 6,355 m. (5,227)¹, equivalent to a net margin of 7.4 (6.9)¹ percent.

1) The figures for 2016 have been adjusted for the provision made in June 2016 in connection with the European Commission's competition investigation.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 3,007 m. (-192) during the first nine months of 2017. Tied-up working capital decreased by SEK 839 m.

Net investments amounted to SEK 4,865 m. (5,819), including SEK 1,148 m. (1,223) in capitalisation of development expenses. At the end of the third quarter of 2017, the net cash position in Vehicles and Services amounted to SEK 14,164 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 a negative SEK 3,837 m. (-4,474) during the first nine months 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 0.3 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 nine months of 2017.

Miscellaneous

Number of employees

At the end of the third quarter of 2017, the number of employees totalled 48,449 compared to 46,157 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 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. Provisions for probable losses in Financial Service operations are recognised based on the best estimated amounts.

c) Legal risks

Scania became subject of an investigation by the European Commission (EC) in 2011 into allegedly inappropriate cooperation with other European truck manufacturers. A Statement of Objections was served on Scania by the EC in November 2014. In light of such statement and other developments in the investigation and in accordance with relevant accounting principles, Scania made a provision with an amount of SEK 3,800 m. in June closing 2016. Scania always cooperated fully with the EC, while all through the investigation contesting the EC's view that Scania would have participated in a pan-European cartel during 1997-2011 on pricing and delayed introductions of emissions related technology. Scania were served 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 will appeal against this decision in its entirety, and provide a guarantee as security for the fines pending the outcome of such appeal.

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.

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Change in %	Q3	
	EUR m.*	2017	2016		2017	2016
Vehicles and Services						
Net sales	8,974	86,403	75,209	15	27,665	25,099
Cost of goods sold	-6,750	-64,990	-55,841	16	-21,302	-18,792
Gross income	2,224	21,413	19,368	11	6,363	6,307
Research and development expenses	-480	-4,625	-4,358	6	-1,425	-1,350
Selling expenses	-756	-7,283	-7,220	1	-2,294	-2,494
Administrative expenses	-134	-1,287	-1,063	21	-370	-346
Items affecting comparability ¹⁾	-	-	-3,800		-	
Operating income, Vehicles and Services	854	8,218	2,927	181	2,274	2,117
<i>Operating income, Vehicles and Services (excl. items affecting comparability)</i>	854	8,218	6,727	22	2,274	2,117
Financial Services						
Interest and lease income	535	5,150	4,604	12	1,733	1,753
Insurance commission	15	149	123	21	54	42
Revenues	550	5,299	4,727	12	1,787	1,795
Interest and depreciation expenses	-361	-3,477	-3,116	12	-1,181	-1,238
Interest surplus and insurance income	189	1,822	1,611	13	606	557
Other income and expenses	-8	-74	-74	0	-22	-28
Gross income	181	1,748	1,537	14	584	529
Selling and administrative expenses	-77	-744	-680	9	-247	-236
Bad debt expenses, realised and anticipated	-15	-142	-92	54	5	-34
Operating income, Financial Services	89	862	765	13	342	259
Operating income	943	9,080	3,692	146	2,616	2,376
Interest income and expenses	-29	-278	-309	-10	-78	-94
Other financial income and expenses	-1	-13	19		-38	37
Share of income from associated companies and joint ventures	3	31	41	-24	7	9
Total financial items	-27	-260	-249	4	-109	-48
Income before taxes	916	8,820	3,443	156	2,507	2,328
Taxes	-256	-2,465	-2,016	22	-763	-578
Net income for the period	660	6,355	1,427		1,744	1,750
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	-98	-947	1,640		-318	462
Income tax relating to items that may be reclassified	0	-4	48		-1	23
	-98	-951	1,688		-319	485
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ²⁾	-21	-199	-1,414		36	-341
Income tax relating to items that will not be reclassified	4	42	308		-10	71
	-17	-157	-1,106		26	-270
Other comprehensive income for the period	-115	-1,108	582		-293	215
Total comprehensive income for the period	545	5,247	2,009		1,451	1,965
Net income attributable to:						
Scania shareholders	660	6,356	1,438		1,744	1,752
Non-controlling interest	0	-1	-11		0	-2
Total comprehensive income attributable to:						
Scania shareholders	545	5,248	2,019		1,451	1,967
Non-controlling interest	0	-1	-10		0	-2
<i>Operating income includes depreciation of</i>	-297	-2,864	-2,503		-983	-860
Operating margin, percent		10.5	4.9		9.5	9.5
Operating margin, percent (excl. items affecting comparability)		10.5	10.0		9.5	9.5

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

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

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.6285 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	Nine months			Change in %	Q3	
	EUR m.	2017	2016		2017	2016
Net sales						
Trucks	5,573	53,661	47,058	14	16,114	14,587
Buses*	798	7,684	7,532	2	2,893	3,107
Engines	131	1,262	1,130	12	397	347
Service-related products	1,817	17,493	15,829	11	5,810	5,379
Used vehicles	535	5,155	4,680	10	1,769	1,563
Miscellaneous	297	2,863	2,272	26	899	867
Delivery sales value	9,151	88,118	78,501	12	27,882	25,850
Revenue deferrals ¹⁾	-178	-1,715	-3,292	-48	-217	-751
Net sales	8,973	86,403	75,209	15	27,665	25,099

Net sales²⁾						
Europe	5,633	54,241	50,522	7	16,642	15,929
Eurasia	409	3,936	1,932	104	1,536	919
America**	1,021	9,830	7,498	31	3,427	2,951
Asia	1,237	11,915	9,341	28	3,862	3,099
Africa and Oceania	673	6,481	5,916	10	2,198	2,201
Net sales	8,973	86,403	75,209	15	27,665	25,099

Total delivery volume, units

Trucks	58,163	53,060	10	18,282	16,086
Buses*	5,796	5,672	2	2,069	2,336
Engines	5,759	5,420	6	1,877	1,605

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

	2017		2016	
	EUR m.	30 Sep	31 Dec	30 Sep
Amounts in SEK m. unless otherwise stated				
Assets				
Non-current assets				
Intangible assets	971	9,347	8,438	7,998
Tangible assets	3,043	29,299	29,078	28,244
Lease assets	2,796	26,924	25,532	24,093
Shares and participations	60	574	605	568
Interest-bearing receivables	3,492	33,627	30,985	30,192
Other receivables ^{1), 2)}	612	5,891	5,643	5,430
Current assets				
Inventories	2,203	21,212	19,119	19,977
Interest-bearing receivables	2,254	21,700	20,481	18,815
Other receivables ³⁾	1,491	14,353	14,356	13,535
Current investments	115	1,106	1,122	947
Cash and cash equivalents	1,054	10,149	7,634	12,923
Total assets	18,091	174,182	162,993	162,722
Total equity and liabilities				
Equity				
Scania shareholders	4,938	47,541	42,292	39,808
Non-controlling interest	2	23	20	38
Total equity	4,940	47,564	42,312	39,846
Non-current liabilities				
Interest-bearing liabilities	4,578	44,082	27,298	27,372
Provisions for pensions	939	9,037	8,627	9,099
Other provisions ⁶⁾	667	6,425	6,439	6,381
Other liabilities ^{1), 4)}	1,610	15,499	14,694	13,186
Current liabilities				
Interest-bearing liabilities	1,731	16,668	30,713	35,553
Provisions	356	3,428	3,221	3,030
Other liabilities ⁵⁾	3,269	31,479	29,689	28,255
Total equity and liabilities	18,090	174,182	162,993	162,722
¹⁾ Including deferred tax				
²⁾ Including derivatives with positive value for hedging of borrowings	32	311	374	409
³⁾ Including derivatives with positive value for hedging of borrowings	45	432	291	274
⁴⁾ Including derivatives with negative value for hedging of borrowings	26	250	778	859
⁵⁾ Including derivatives with negative value for hedging of borrowings	55	529	420	451
⁶⁾ Including provision related to the European Commission's competition investigation				
Equity/assets ratio, percent		27.3	26.0	24.5

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2017	2016
Equity, 1 January	4,394	42,312	37,837
Net income for the period	660	6,355	1,427
Other comprehensive income for the period	-115	-1,108	582
Change in non-controlling interest	1	5	-
Total equity at the end of the period	4,940	47,564	39,846
Attributable to:			
Scania AB shareholders	4,938	47,541	39,808
Non-controlling interest	2	23	38

Information about Revenue from external customers

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2017	2016
Revenue from external customers, Vehicles and Services	8,974	86,403	75,209
Revenue from external customers, Financial Services	550	5,299	4,727
Elimination refers to lease income on operating leases	-269	-2,592	-2,425
Revenue from external customers, Scania Group	9,255	89,110	77,511
Operating income, Vehicles and Services	854	8,218	2,927
Operating income, Financial Services	89	862	765
Operating income, Scania Group	943	9,080	3,692

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Q3	
	EUR m.	2017	2016	2017	2016
Operating activities					
Income before tax	916	8,820	3,443	2,507	2,328
Items not affecting cash flow	321	3,093	6,638	862	749
Taxes paid	-260	-2,501	-2,051	-809	-366
Cash flow from operating activities					
before change in working capital	977	9,412	8,030	2,560	2,711
of which: <i>Vehicles and Services</i>	905	8,711	7,395	2,312	2,453
<i>Financial Services</i>	73	701	635	248	258
Change in working capital etc., Vehicles and Services	-87	-839	-1,768	-919	-420
Cash flow from operating activities	891	8,573	6,262	1,641	2,291
Investing activities					
Net investments, Vehicles and Services	-505	-4,865	-5,819	-1,677	-1,733
Net investments in credit portfolio etc., Financial Services	-471	-4,538	-5,109	-839	-721
Cash flow from investing activities	-976	-9,403	-10,928	-2,516	-2,454
Cash flow from Vehicles and Services	313	3,007	-192	-284	300
Cash flow from Financial Services	-398	-3,837	-4,474	-591	-463
Financing activities					
Change in debt from financing activities	377	3,633	4,743	-253	5,015
Cash flow from financing activities	377	3,633	4,743	-253	5,015
Cash flow for the year	292	2,803	77	-1,128	4,852
Cash and cash equivalents at beginning of period	793	7,634	12,295	11,309	7,806
Exchange rate differences in cash and cash equivalents	-30	-287	551	-31	265
Cash and cash equivalents at end of period	1,055	10,150	12,923	10,150	12,923

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 821 m. (2,066). 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 311 m. (409), Other current receivables SEK 432 m. (281), Other non-current liabilities SEK 250 m. (859) and Other current liabilities SEK m. 531 (451).

For financial assets that are carried at amortised cost, book value amounts to SEK 74,496 (68,966) and fair value to SEK 74,008 (69,198). For financial liabilities that are carried at amortised cost, book value amounts to SEK 73,630 (74,318) and fair value to SEK 73,814 (74,212). 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				
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks								
Europe	11,492	15,144	16,512	51,569	13,871	10,776	13,214	13,708
Eurasia	1,868	2,090	1,461	4,016	1,582	1,044	767	623
America **	3,169	3,061	2,152	7,232	2,168	2,016	1,788	1,260
Asia	3,186	3,674	3,808	9,834	2,912	1,682	2,569	2,671
Africa and Oceania	1,180	1,067	1,365	4,992	1,194	1,274	1,423	1,101
Total	20,895	25,036	25,298	77,643	21,727	16,792	19,761	19,363
Trucks delivered								
Europe	9,853	12,873	12,151	49,102	12,877	10,293	13,133	12,799
Eurasia	1,700	1,367	868	3,233	1,335	979	536	383
America**	2,381	2,441	1,854	7,022	2,077	1,788	1,885	1,272
Asia	3,241	2,924	3,142	9,287	2,490	1,872	3,156	1,769
Africa and Oceania	1,107	1,214	1,047	4,449	1,254	1,154	1,185	856
Total	18,282	20,819	19,062	73,093	20,033	16,086	19,895	17,079
Order bookings, buses*								
Europe	554	390	573	2,185	669	388	489	639
Eurasia	164	25	24	57	2	18	7	30
America **	653	352	864	2,559	276	354	945	984
Asia	572	681	967	2,226	360	590	884	392
Africa and Oceania	223	234	209	857	228	204	224	201
Total	2,166	1,682	2,637	7,884	1,535	1,554	2,549	2,246
Buses delivered*								
Europe	576	512	460	2,094	587	509	598	400
Eurasia	33	14	14	62	29	6	14	13
America **	587	713	415	2,350	751	739	503	357
Asia	670	674	550	2,568	949	752	479	388
Africa and Oceania	203	220	155	1,179	265	330	381	203
Total	2,069	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	Nine months		
	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 Sep	30 Sep

Balance sheet

Assets

Financial non-current assets

Shares in subsidiaries	876	8,435	8,435
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Current assets

Due from subsidiaries	163	1,567	1,567
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Total assets	1,039	10,002	10,002
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Equity

Equity	1,039	10,002	10,002
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Total shareholders' equity	1,039	10,002	10,002
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Total equity and liabilities	1,039	10,002	10,002
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	2017		2016
	EUR m.	30 Sep	30 Sep

Statement of changes in equity

Equity, 1 January	1,039	10,002	10,002
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Total comprehensive income	0	0	0
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Equity	1,039	10,002	10,002
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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	EUR m.	Nine months		Q3	
		2017	2016	2017	2016
<i>Net sales</i>	8,974	86,403	75,209	27,665	25,099
<i>Operating income</i>	943	9,080	3,692	2,616	2,376
<i>Items affecting comparability ³⁾</i>	-	-	-3,800	-	-
<i>Operating income excl. items affecting comparability</i>	943	9,080	7,492	2,616	2,376
<i>Net income for the period</i>	660	6,355	1,427	1,744	1,750
<i>Items affecting comparability ³⁾</i>	-	-	-3,800	-	-
<i>Net income excl. items affecting comparability</i>	660	6,355	5,227	1,744	1,750
<i>Operating margin excl. items affecting comparability, % (Operating income excl. affecting comparability/Net sales)</i>		10.5	10.0	9.5	9.5
<i>Net margin excl. items affecting comparability, % (Net income excl. items affecting comparability/Net sales)</i>		7.4	6.9	6.3	7.0

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 Sep	31 Dec
Current investments	115	1,106	1,122
Cash and cash equivalents	1,054	10,149	7,634
Derivatives, non-current	32	311	374
Derivatives, current	45	432	291
	1,246	11,998	9,421
Liabilities			
Interest-bearing liabilities, non current	4,578	44,082	27,298
Interest-bearing liabilities, current	1,731	16,668	30,713
Derivatives, non current	26	250	778
Derivatives, current	55	529	420
	6,390	61,529	59,209
Net debt	5,144	49,531	49,788

Vehicles and Services		2017	2016
Net debt, excluding provision for pensions			
Assets	<i>EUR m.</i>	30 Sep	31 Dec
Current investments	551	5,306	5,294
Cash and cash equivalents	924	8,894	6,193
Derivatives, non-current	32	311	374
Derivatives, current	45	432	291
	1,552	14,943	12,152
Liabilities			
Derivatives, non current	26	250	778
Derivatives, current	55	529	420
	81	779	1,198
Net debt	-1,471	-14,164	-10,954

Capital Employed		2017	2016
	<i>EUR m.</i>	30 Sep	30 Sep
Total assets	10,681	102,838	90,249
<i>Operating liabilities</i>			
Other provisions, non-current and current ¹⁾	613	5,898	5,179
Other liabilities, non-current and current	4,759	45,818	38,597
Net derivatives	-45	-431	-187
Capital Employed	5,354	51,553	46,660

Return on Capital Employed		2017	2016
	<i>EUR m.</i>	30 Sep	30 Sep
Operating income ¹⁾	1,101	10,600	9,070
Financial income	102	981	796
Capital employed ¹⁾	5,354	51,553	46,660
Return on Capital Employed		22.5%	21.1%

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