

Scania Interim Report January–March 2020

Summary of the first three months of 2020

- Net sales fell by 8 percent to SEK 33,051 m. (36,092)
- Operating income fell by 29 percent to SEK 3,005 m. (4,207)
- Cash flow amounted to SEK 1,441 m. (507) in Vehicles and Services

Comments by Henrik Henriksson, President and CEO

“The first quarter of 2020 started in a positive way but was from March dominated by the coronavirus outbreak and the extraordinary social measures taken to reduce the spread of infection. Scania’s delivery capacity became increasingly limited due to component shortages and disruptions in the supply and logistics chain. A decision to stop Scania’s European production was taken at the end of March, which was then followed by a structured shutdown of remaining production globally.

During the period, Scania’s net sales fell to SEK 33.1 billion and earnings amounted to SEK 3,005 m., giving an operating margin of 9.1 percent. Lower vehicle deliveries impacted earnings negatively, partly offset by currency effects and slightly higher service volume.

Although Scania’s production was severely affected in March, the service network managed to support our customers with parts, workshop services and assistance, ensuring that they could maintain vitally important transports for society. Scania’s service revenue during the first quarter increased by 5 percent to SEK 7,509 m. (7,166).

Financial Services reported lower operating income of SEK 277 m. (345), partly due to an increased share of bad debt provisions. As a consequence of the coronavirus outbreak our customer’s payment ability has deteriorated. We are working closely together to support them in these tough times.

There is great uncertainty about the full effect of the spread of the virus and its consequences for global demand. At the end of the first quarter of 2020, Scania’s

order bookings for trucks had fallen by 27 percent compared to the year-earlier period, with major downturns in Europe and Latin America. Order bookings for buses and coaches and in the Engines business area were slightly higher, in line with the same period in 2019, respectively. Given the uncertainty in the global economy, the demand situation in the short term is difficult to judge, with a risk of cancellations of already placed orders.

We are in an exceptional situation for people, societies and companies. In light of this, we are forced to make tough decisions and take powerful measures, depending on which scenario will materialise. We are reprioritising projects and investments. Though Scania in the short term has managed to retain most of the jobs through short-term work allowance, further measures may need to be taken.

It makes me proud to see the social responsibility and power of initiative that Scania’s employees are showing. To mention some great efforts, our staff have helped with production of healthcare equipment, such as respirators, and provided the healthcare system with expertise in order to coordinate and acquire large quantities of healthcare material.

In April, Scania has begun a cautious restart of global production at low levels in order to test our own and our suppliers’ delivery capacity. We are carefully following developments and are taking decisions about activities in our global production system at close intervals. A successful come-back now relies on a synchronised restart of the whole European industrial system.”

Financial overview

		Q1		
		2020	2019	Change, %
Trucks and buses, units				
Order bookings		20,671	26,703	-23
Deliveries		18,184	23,576	-23
Net sales and earnings		<i>MEUR*</i>		
Net sales, Scania Group, SEK m.,	2,981	33,051	36,092	-8
Operating income, Vehicles and Services, SEK m.	246	2,728	3,862	-29
Operating income, Financial Services, SEK m.	25	277	345	-20
Operating income, SEK m.	271	3,005	4,207	-29
Income before taxes, SEK m.	220	2,445	3,915	-38
Net income for the period, SEK m.	161	1,783	3,036	-41
Operating margin, %		9.1	11.7	
Return on capital employed, Vehicles and Services, %		22.5	23.3	
Cash flow, Vehicles and Services	130	1,441	507	184

Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year. * Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 11.09 = EUR 1.00. This interim report has not been subject to review by the company’s auditors. This report is also available on www.scania.com

Business overview



Excluding items affecting comparability (Q2 2016)

Sales performance

Total vehicle deliveries decreased by 23 percent during the first quarter of 2020 to 18,184 (23,576) trucks and buses and coaches compared to the year-earlier period. Net sales fell by 8 percent to SEK 33,051 m. (36,092).

Great uncertainty about the demand situation

There is currently great uncertainty about the effect on global demand related to the spread of the coronavirus. Order bookings for trucks and buses and coaches in the first quarter of 2020 fell by 23 percent to 20,671 (26,703) vehicles, compared to 2019. The demand situation in the short term is very difficult to judge and there is a risk of cancellations of already placed orders.

Demand for trucks in Europe fell sharply during the first quarter and especially towards the end of the quarter. Operating data from connected vehicles among Scania's customers in southern Europe indicates sharply reduced transport activity. The same is true in Latin America, where demand in Brazil has fallen sharply. In Asia and China specifically, which faced the coronavirus crisis before Europe, the demand situation currently looks positive.

The restrictions that the coronavirus outbreak has resulted in has a very negative impact on people transport and the demand situation is especially difficult to judge for coaches and tourist buses.

The truck market

Order bookings

Scania's order bookings fell during the first quarter of 2020 and totalled 18,058 (24,789) trucks.

Order bookings in Europe decreased by 26 percent to 10,753 (14,551) units, compared to the first quarter of 2019. In Latin America order bookings fell by 66 percent during the first quarter of 2020 compared to the previous year to 2,156 (6,296) trucks and in Eurasia they rose by 22 percent and amounted to 1,545 (1,271) trucks. Order bookings in Asia rose by 35 percent to 2,629 (1,951) trucks during the first quarter of 2020 and in Africa and Oceania, order bookings rose by 35 percent and amounted to 975 (720) units.

Deliveries

Scania's total truck deliveries fell by 25 percent to 16,605 (22,186) units during the first quarter of 2020 compared to the year-earlier period.

In Europe, deliveries fell by 37 percent to 10,178 (16,150) units, compared to the first quarter of 2019. In Eurasia, deliveries fell by 19 percent to 622 (767) trucks. In Latin America, deliveries rose by 9 percent to 2,690 (2,470) units compared to the first quarter of 2019. In Asia, deliveries rose by 20 percent compared to the first quarter of 2019 to 2,309 (1,920) trucks. In Africa and Oceania, deliveries fell by 8 percent to 806 (879) trucks.

Net sales

Net sales of trucks fell by 21 percent to SEK 18,381 m. (23,325) during the first quarter of 2020.

The total European market for heavy trucks

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway, Great Britain, Switzerland and Iceland decreased by about 27 percent to about 62 800 (86,500) units during the first quarter of 2020. Scania truck registrations amounted to some 11,100 (16,100) units, equivalent to a market share of about 17.7 (18.7) percent.

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Scania trucks

	Order bookings			Deliveries		
	3 months 2020	3 months 2019	Change, %	3 months 2020	3 months 2019	Change, %
Europe	10,753	14,551	-26	10,718	16,150	-37
Eurasia	1,545	1,271	22	622	767	-19
America*	2,156	6,296	-66	2,690	2,470	9
Asia	2,629	1,951	35	2,309	1,920	20
Africa and Oceania	975	720	35	806	879	-8
Total	18,058	24,789	-27	16,605	22,186	-25

*Refers to Latin America

The bus and coach market

Order bookings

Order bookings for buses and coaches during the first quarter of 2020 rose compared to the previous year to 2,613 (1,914) units.

In Europe, order bookings fell by 13 percent to 460 (526) units in the first quarter 2020 compared to the first quarter 2019. In Latin America order bookings rose by 64 percent to 1,662 (1,012) units and in Asia, order bookings fell by 13 percent to 144 (166) buses and coaches compared to the first quarter of 2019. In Eurasia order bookings rose compared to the year-earlier period and amounted to 61 (10) buses and coaches. Order bookings in Africa and Oceania rose by 43 percent to 286 (200) buses and coaches.

Deliveries

Scania's bus and coach deliveries rose by 14 percent to 1,579 (1,390) units during the first quarter of 2020. In Europe, deliveries rose by 32 percent to 433 (328) units compared to the first quarter of 2019. Deliveries rose in Latin America by 12 percent to 701 (626) units. In Asia, deliveries fell by 1 percent to 247 (250) units and deliveries of buses and coaches in Africa and Oceania fell by 17 percent during the first quarter to 142 (171) units. Deliveries to Eurasia rose to 56 (15) buses and coaches.

Scania's market share in buses and coaches in Europe amounted to 7.2 percent in the first quarter of 2020 compared to 5.0 percent during the year-earlier period.

Net sales

Net sales of buses and coaches rose by 49 percent to SEK 2,762 m. (1,858) during the first quarter of 2020.

Scania buses and coaches

	Order bookings			Deliveries		
	3 months 2020	3 months 2019	Change, %	3 months 2020	3 months 2019	Change, %
Europe	460	526	-13	433	328	32
Eurasia	61	10	-	56	15	-
America*	1,662	1,012	64	701	626	12
Asia	144	166	-13	247	250	-1
Africa and Oceania	286	200	43	142	171	-17
Total	2,613	1,914	37	1,579	1,390	14

*Refers to Latin America

Engines

Order bookings

Total engine order bookings rose by 5 percent to 2,707 (2,587) units during the first quarter of 2020 compared to the previous year.

Deliveries

Engine deliveries increased by 13 percent to 2,917 (2,571) units during the first quarter of 2020.

Net sales

During the first quarter, sales rose by 13 percent to SEK 642 m. (566).

Services

Service revenue amounted to SEK 7,509 m. (7,166) during the first quarter of 2020, an increase of 5 percent. Higher volume had a positive impact on revenue. In local currencies, revenue increased by 3 percent.

In Europe, service revenue rose by 4 percent to SEK 5,213 m. (4,995) compared to the first quarter of 2019. In Latin America, revenue fell by 4 percent to SEK 772 m. (808) and revenue in Eurasia rose by 8 percent to SEK 235 m. (218) compared to the first quarter of 2019. In Asia, service revenue was 21 percent higher than the previous year at SEK 813 m. (674), while in Africa and Oceania revenue rose by 1 percent to SEK 476 m. (471).

Earnings

Vehicles and Services

First quarter

Operating income in Vehicles and Services fell by 29 percent and totalled SEK 2,728 m. (3,862) during the first quarter of 2020. Lower vehicle deliveries impacted earnings negatively, which was partly offset by currency effects and slightly higher service volume.

Compared to the first quarter of 2019, the total currency effect was positive and amounted to about SEK 285 m.

Scania's research and development expenditures amounted to SEK 1,726 m. (1,716). After adjusting for SEK 471 m. (496) in capitalised expenditures, and SEK 176 m. (175) in amortisation of previously capitalised expenditures, recognised expenses increased to SEK 1,431 m. (1,395).

Financial Services

Customer finance portfolio

At the end of the first quarter of 2020, the size of Scania's customer finance portfolio amounted to SEK 103.9 billion, which was SEK 160 million higher than the end of 2019. In local currencies, the portfolio decreased by SEK 1.0 billion.

Penetration rate

The penetration rate on new trucks was 39 (40) percent during the first quarter in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services decreased to SEK 277 m. (345) during the first quarter of 2020, compared to the same period in 2019. A larger portfolio impacted earnings positively but was offset by lower margins and increased operating costs, mainly expenses for bad debt provisions. As a result of the coronavirus outbreak many customers are expected to have to reschedule their payments.

Scania Group

During the first quarter of 2020, Scania's operating income amounted to SEK 3,005 m. (4,207). Operating margin amounted to 9.1 (11.7) percent. Scania's net financial items amounted to SEK -560 m. (-292).

The Scania Group's tax expense amounted to SEK 662 m. (879), equivalent to 27.1 (22.5) percent of income before taxes. Net income for the period totalled SEK 1,783 m. (3,036), equivalent to a net margin of 5.4 (8.4) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 1,441 m. (507) during the first quarter of 2020. Tied-up working capital increased by SEK 884 m., mainly due to a higher inventory level.

Net investments amounted to SEK 2,346 m. (1,703), including SEK 471 m. (496) in capitalisation of development expenditure. At the end of the first quarter of 2020, the net cash position in Vehicles and Services amounted to SEK 17,486 m. compared to a net cash position of SEK 17,057 m. at the end of 2019.

Scania Group

Scania's cash flow in Financial Services amounted to SEK 484 m. (-2,720) during the first quarter of 2020 due to a decrease in the size of the customer finance portfolio. Together with the positive cash flow from Vehicles and Services, the Group's net debt decreased by approximately SEK 89 m compared to the end of 2019.

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 quarter of 2020.

Miscellaneous

Number of employees

At the end of first quarter of 2020, the number of employees totalled 51,370 compared to 52,433 on the same date in 2019.

Material risks and uncertainties

We are continuously assessing how the effects of the coronavirus outbreak will impact/might impact future development and/or risks that can affect future financial position. In this assessment, we have concluded that the coronavirus outbreak will affect the company's earnings and liquidity during 2020. However, at this point in time it is difficult to assess the impact, and dependent on how the outbreak develops and which measures different countries take to handle the situation this can lead to:

- Decreased market demand in short and medium term in several important markets for Scania, leading to decreased sales of vehicles and services and also price pressure on new and used vehicles. Which also can lead to needs to make write-downs in vehicle inventory and provisions in residual value on buy-back commitments.
- Supplier network could be unable to deliver components and articles, leading to shorter or longer periods of close down of Scania global production system.
- Customers facing financial problems leading to deteriorating ability to pay outstanding receivables to Scania.
- Impairment of goodwill and other intangible assets.

The text above is not an exhaustive list and one or several of them can occur independently or in combination and could have a negative impact on the Scania Groups' business and financial development and performance.

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report 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 13 percent of the vehicles Scania sells are delivered with repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation (contract).

b) Credit risks

In its Financial Service operations, Scania has an exposure in the form of contractual future payments. This exposure is reduced by the collateral Scania has in the form of the right to repossess the underlying vehicle. In case the market value of the collateral does not cover the exposure to the customer, Scania runs a credit risk. Reserves for probable losses in Financial Service operations are set aside in the estimated amounts required.

c) Legal risks

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

technology. Scania was served with a final decision by the EC in October 2017, holding Scania liable for such scope of a cartel in the amount of around SEK 8.4 bn. (EUR 881 m.) in fines. Scania has appealed against this decision in its entirety, and has in January 2018 provided a guarantee as security for the fines pending the outcome of such appeal. Scania is also the subject of related civil claims by direct or indirect customers of Scania, and may face additional similar claims. However, at this stage it is not possible to give any meaningful indication as to Scania's risk associated with private damages. Scania's appeal against the EU Commission decision before the General Court is still pending and there is also great uncertainty around the extent to which claims will be made against Scania. In addition, risk assessment around claims that have already been made is associated with significant uncertainties, and investigations are in their initial stages only.

Events after the reporting period – coronavirus outbreak

At the end of March, Scania executed a structured and well organised stop of our global production system due to component shortages and the major disruptions that have occurred in the supplier and logistics chain as a result of the coronavirus outbreak. Short-term work allowance is one measure Scania has taken to adapt to the current situation. In the financial service operations the deteriorating payment ability among customers has led to an increased number of re-scheduled lease contracts. At the end of April Scania initiated a cautious restart of its global production system. The restart was performed on different dates and in a structured and well organised way. This restart was performed in order to test Scania's suppliers, as well as Scania's own ability to deliver and to, over time, make sure that suppliers are in shape to start up with us in a closer to normal pace. Scania is continuing to monitor and take decisions at close intervals regarding the development and activities in the global production system and markets, given the many prevailing uncertainties.

Health and safety is our first priority. When the European production is slowly restarting, it will happen in close cooperation with the medical advisory team to make sure that the activities are performed in such a way that we continue to reduce the spread of the coronavirus as colleagues return to work.

Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies and definitions are consistently applied with those described in Scania's Annual and Sustainability Report 2019. This Interim Report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

Parent Company

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

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Q1		2019	Change in %
	EUR m.*	2020		
Revenue	2,981	33,051	36,092	-8
Cost of goods sold and services rendered	-2,257	-25,021	-26,972	-7
Gross income	724	8,030	9,120	-12
Research and development expenses	-129	-1,431	-1,395	3
Selling expenses	-272	-3,014	-2,984	1
Administrative expenses	-50	-559	-518	8
Other operating income	3	36	38	-5
Other operating expenses	-5	-57	-54	6
Operating income	271	3,005	4,207	-29
Interest income	10	116	107	8
Interest expenses	-18	-205	-219	-6
Share of income from associated companies and joint ventures	2	20	13	54
Other financial income	37	415	128	224
Other financial expenses	-82	-906	-321	182
Total financial items	-51	-560	-292	92
Income before taxes	220	2,445	3,915	-38
Taxes	-59	-662	-879	-25
Net income for the period	161	1,783	3,036	-41

Other comprehensive income

Items that may be reclassified subsequently to profit or loss

Translation differences	-40	-442	865
Income tax	1	8	17
	-39	-434	882

Items that will not be reclassified to profit or loss

Re-measurement defined benefit plans ¹⁾	79	876	-1,101
Fair value adjustment equity instruments	0	0	82
Income tax	-16	-181	225
	63	695	-794
Other comprehensive income for the period	24	261	88
Total comprehensive income for the period	185	2,044	3,124

Net income attributable to:

Scania shareholders	161	1,782	3,035
Non-controlling interest	0	1	1

Total comprehensive income attributable to:

Scania shareholders	185	2,043	3,124
Non-controlling interest	0	1	0
Operating income includes depreciation of	-246	-2,725	-2,513
Operating margin, percent		9.1	11.7

1) Inflation decreased from 1.75% to 1.25%, resulting in an actuarial profit of SEK 876 million, with a corresponding reduction in pension liability. The discount rate is unchanged at 1.5%.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 11.09 = EUR 1.00.

Net sales and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	Q1			Change in %
	EUR m.	2020	2019	
Net sales				
Trucks	1,658	18,381	23,325	-21
Buses*	249	2,762	1,858	49
Engines	58	642	566	13
Service-related products	677	7,509	7,166	5
Used vehicles	178	1,973	2,111	-7
Miscellaneous	97	1,071	1,181	-9
Delivery sales value	2,917	32,338	36,207	-11
Revenue deferrals ¹⁾	-48	-528	-1,259	-58
Net sales	2,869	31,810	34,948	-9

Net sales²⁾

Europe	1,848	20,482	24,843	-18
Eurasia	98	1,083	1,139	-5
America**	401	4,450	3,813	17
Asia	341	3,786	3,085	23
Africa and Oceania	181	2,009	2,068	-3
Net sales	2,869	31,810	34,948	-9

Total delivery volume, units

Trucks	16,605	22,186	-25
Buses*	1,579	1,390	14
Engines	2,917	2,571	13

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	2020		2019	
	EUR m.	31 Mar	31 Dec	31 Mar
Assets				
Non-current assets				
Intangible assets	1,099	12,182	11,905	11,140
Tangible assets	3,516	38,987	38,481	36,629
Lease assets	2,899	32,141	31,336	29,324
Shares and participations	96	1,060	964	988
Interest-bearing receivables	4,596	50,961	50,938	45,397
Other receivables ^{1), 2)}	783	8,679	7,302	7,136
Current assets				
Inventories	2,407	26,685	26,065	28,646
Interest-bearing receivables	2,927	32,450	32,808	30,435
Other receivables ³⁾	1,604	17,785	16,729	18,246
Current investments	84	928	814	1,674
Cash and cash equivalents	2,059	22,826	20,981	8,153
Total assets	22,070	244,684	238,323	217,768
Equity and liabilities				
Equity				
Scania shareholders	5,673	62,913	60,870	52,601
Non-controlling interest	2	19	18	15
Total equity	5,675	62,932	60,888	52,616
Non-current liabilities				
Interest-bearing liabilities	5,313	58,903	54,008	50,196
Provisions for pensions	1,037	11,493	12,262	11,672
Other provisions ⁶⁾	594	6,587	6,776	6,415
Other liabilities ^{1), 4)}	1,829	20,273	19,021	16,402
Current liabilities				
Interest-bearing liabilities	3,684	40,845	43,979	36,607
Provisions	356	3,942	3,986	3,518
Other liabilities ⁵⁾	3,582	39,709	37,403	40,342
Total equity and liabilities	22,070	244,684	238,323	217,768
¹⁾ Including deferred tax				
²⁾ Including derivatives with positive value for hedging of borrowings	165	1,829	370	126
³⁾ Including derivatives with positive value for hedging of borrowings	79	872	167	305
⁴⁾ Including derivatives with negative value for hedging of borrowings	163	1,809	1,076	792
⁵⁾ Including derivatives with negative value for hedging of borrowings	91	1,013	630	911
⁶⁾ Including provision related to the European Commission's competition investigation				
Equity/assets ratio, percent		25.7	25.5	24.2

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Q1		
	EUR m.	2020	2019
Equity, 1 January	5,490	60,888	54,359
Net income for the period	161	1,783	3,036
Other comprehensive income for the period	24	261	88
Dividend to shareholders	0	0	-14,611
Capital contribution	0	0	9,744
Total equity at the end of the period	5,675	62,932	52,616
Attributable to:			
Scania AB shareholders	5,673	62,913	52,601
Non-controlling interest	2	19	15

Cash flow statement, condensed

		Q1	
Amounts in SEK m. unless otherwise stated	EUR m.	2020	2019
Operating activities			
Income before tax	220	2,445	3,915
Items not affecting cash flow	358	3,965	2,628
Taxes paid	-89	-983	-1,023
Cash flow from operating activities before change in working capital	489	5,427	5,520
Change in working capital	-50	-555	-6,156
Cash flow from operating activities	439	4,872	-636
Investing activities			
Net investments	-213	-2,359	-1,722
Cash flow from investing activities attributable to operating activities	-213	-2,359	-1,722
Cash flow after investing activities attributable to operating activities	226	2,513	-2,358
Investments in securities and loans	-10	-114	-48
Cash flow from investing activities	-223	-2,473	-1,770
Cash flow before financing activities	216	2,399	-2,406
Financing activities			
Change in debt from financing activities	-57	-631	8,087
Dividend	0	0	-4,867
Cash flow from financing activities	-57	-631	3,220
Cash flow for the period	159	1,768	814
Cash and cash equivalents at beginning of period	1,892	20,981	7,222
Exchange rate differences in cash and cash equivalents	8	77	117
Cash and cash equivalents at end of period	2,059	22,826	8,153
Cash flow statement, Vehicles and services			
Cash flow from operating activities before change in working capital	421	4,671	5,315
Change in working capital	-80	-884	-3,105
Cash flow from operating activities	341	3,787	2,210
Cash flow from investing activities attributable to operating activities	-212	-2,346	-1,703
Cash flow after investing activities attributable to operating activities	130	1,441	507

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 are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 242 m. (86). 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 1,829 m. (370), Other current receivables SEK 872 m. (182), Other non-current liabilities SEK 1,809 m. (1,076) and Other current liabilities SEK 1,108 m. (630). Equity instrument assets are carried according to Level 3 based on unobservable data and amount to SEK 167 m. (143)

For financial assets that are carried at amortised cost, book value amounts to SEK 115,902 m. (114,143) and fair value to SEK 116,111 m. (114,558). For financial liabilities that are carried at amortised cost, book value amounts to SEK 104,850 m. (105,609) and fair value to SEK 98,049 m. (105,898). 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 2019.

Quarterly data, units by geographic area

		2019				
	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks						
Europe	10,753	45,831	11,047	7,921	12,312	14,551
Eurasia	1,545	6,076	2,239	1,655	911	1,271
America **	2,156	17,079	4,184	2,966	3,633	6,296
Asia	2,629	8,101	2,325	2,156	1,669	1,951
Africa and Oceania	975	4,265	868	1,337	1,340	720
Total	18,058	81,352	20,663	16,035	19,865	24,789
Trucks delivered						
Europe	10,178	58,851	12,704	12,858	17,139	16,150
Eurasia	622	5,763	2,706	990	1,300	767
America**	2,690	14,905	3,169	4,696	4,570	2,470
Asia	2,309	7,703	2,701	1,272	1,810	1,920
Africa and Oceania	806	4,458	1,404	1,185	990	879
Total	16,605	91,680	22,684	21,001	25,809	22,186
Order bookings, buses*						
Europe	460	2,450	443	316	1,165	526
Eurasia	61	89	1	57	21	10
America **	1,662	3,062	526	874	650	1,012
Asia	144	958	422	154	216	166
Africa and Oceania	286	828	103	356	169	200
Total	2,613	7,387	1,495	1,757	2,221	1,914
Buses delivered*						
Europe	433	2,099	526	563	682	328
Eurasia	56	109	64	8	22	15
America **	701	3,422	882	864	1,050	626
Asia	247	1,062	327	263	222	250
Africa and Oceania	142	1,085	254	497	163	171
Total	1,579	7,777	2,053	2,195	2,139	1,390

* Including body-built buses and coaches.

** Refers mainly to Latin America

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Q1		
	EUR m.	2020	2019
Income statement			
Financial income and expenses	0	0	0
Net income for the period	0	0	0

	2020		
	EUR m.	31 Mar	31 Mar
Balance sheet			
Assets			
Financial non-current assets			
Shares in subsidiaries	761	8,435	8,435
Current assets			
Due from subsidiaries	559	6,201	6,201
Total assets	1,320	14,636	14,636
Equity			
Equity	1,320	14,636	14,636
Total shareholders' equity	1,320	14,636	14,636
Total equity and liabilities	1,320	14,636	14,636

	2020		
	EUR m.	31 Mar	31 Mar
Statement of changes in equity			
Equity, 1 January	1,320	14,636	19,503
Total comprehensive income	0	0	0
Dividend	0	0	-14,611
Capital injection	0	0	9,744
Equity	1,320	14,636	14,636

Note 1 Segment Reporting

Income statements

Vehicle and Services

	2020 Q1	2019 Q1
Amounts in SEK m. unless otherwise stated		
Revenue	31,810	34,948
Cost of goods sold	-24,615	-26,589
Gross income	7,195	8,359
Research and development expenses	-1,431	-1,395
Selling expenses	-2,477	-2,584
Administrative expenses	-559	-518
Operating income	2,728	3,862
Interest income	116	107
Interest expenses	-205	-219
Share of income in associated companies and joint ventures	20	13
Dividends in between segments	0	0
Other financial income	415	128
Other financial expenses	-906	-321
Total financial items	-560	-292
Income before taxes	2,168	3,570
Taxes	-580	-801
Net income for the period	1,588	2,769

Financial Services

Amounts in SEK m. unless otherwise stated		
Interest and lease income	2,231	2,041
Insurance commission	74	74
Interest and prepaid expenses	-1,470	-1,354
Interest surplus and insurance commission	835	761
Other income	36	38
Other expenses	-57	-54
Gross income	814	745
Selling and administration expenses	-338	-310
Bad debt expenses, realised and anticipated	-199	-90
Operating income	277	345
Income before tax	277	345
Taxes	-82	-78
Net income for the period	195	267

Reconciliation of segments to the Scania Group

January - March

	Vehicle and Services		Financial Services		Eliminations		Scania Group	
	2020 Q1	2019 Q1	2020 Q1	2019 Q1	2020 Q1	2019 Q1	2020 Q1	2019 Q1
Amounts in SEK m. unless otherwise stated								
Revenue	31,810	34,948	2,305	2,115	-1,064	-971	33,051	36,092
Cost of sales	-24,615	-26,589	-1,470	-1,354	1,064	971	-25,021	-26,972
Gross income	7,195	8,359	835	761	0	0	8,030	9,120
Research and development expenses	-1,431	-1,395	0	0			-1,431	-1,395
Selling expenses	-2,477	-2,584	-537	-400			-3,014	-2,984
Administrative expenses	-559	-518	0	0			-559	-518
Other operating income	0	0	36	38			36	38
Other operating expenses	0	0	-57	-54			-57	-54
Operating income	2,728	3,862	277	345	0	0	3,005	4,207
Interest income	116	107					116	107
Interest expenses	-205	-219					-205	-219
Share of income in associated companies and joint ventures	20	13					20	13
Dividends in between segments	0	0					0	0
Other financial income	415	128					415	128
Other financial expenses	-906	-321					-906	-321
Total financial items	-560	-292	0	0	0	0	-560	-292
Income before taxes	2,168	3,570	277	345	0	0	2,445	3,915
Taxes	-580	-801	-82	-78			-662	-879
Net income for the period	1,588	2,769	195	267	0	0	1,783	3,036

Key financial ratios and figures

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

DEFINITIONS

Operating margin

Operating income as a percentage of net sales.

Net margin

Net income as a percentage of net sales.

Net debt, net cash excluding provision for pensions

Current and non-current interest borrowings (excluding pension liabilities) less cash and cash equivalents, current investments and non-current intra-group loans to Volkswagen entities.

Capital employed ¹⁾

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

Return on capital employed ^{1) 2)}

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

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

²⁾ Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

Scania Group

Operating- and net income	<i>EUR m.</i>	Q1	
		2020	2019
<i>Net sales</i>	<i>2,981</i>	33,051	36,092
<i>Operating income</i>	<i>271</i>	3,005	4,207
<i>Net income for the period</i>	<i>161</i>	1,783	3,036
<i>Operating margin, % (Operating income/Net sales)</i>		9.1	11.7
<i>Net margin, % (Net income/Net sales)</i>		5.4	8.4

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group

Net debt, excluding provision for pensions

Assets	EUR m.	31 Mar	31 Dec
Current investments	84	928	814
Cash and cash equivalents	2,059	22,826	20,981
Loans to Volkswagen entities	1	7	8
Accrued interest in current investments	0	-1	-2
	2,144	23,760	21,801

Liabilities

Interest-bearing liabilities, non-current	5,313	58,903	54,008
Interest-bearing liabilities, current	3,684	40,845	43,979
Accrued interest in Interest-bearing liabilities	-25	-278	-387
	8,972	99,470	97,600

Net debt	6,828	75,710	75,799
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Vehicles and Services

Net debt, excluding provision for pensions

Assets	EUR m.	31 Mar	31 Dec
Current investments	84	928	1,795
Cash and cash equivalents	1,996	22,130	20,358
Loans to Volkswagen entities	0	0	0
Accrued interest in current investments	0	-1	-6
	2,080	23,057	22,147

Liabilities

Interest-bearing liabilities, non-current	358	3,965	4,014
Interest-bearing liabilities, current	145	1,606	1,076
	503	5,571	5,090

Net debt	-1,577	-17,486	-17,057
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Capital Employed

	EUR m.	31 Mar	31 Mar
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Total assets, excl. Shares and participations in group companies	14,800	164,087	134,523
Operating liabilities			
Other provisions, non-current and current	637	7,061	6,193
Other liabilities, non-current and current	7,320	81,158	69,041
Net derivatives	-144	-1,601	-1,326
Capital Employed	6,987	77,469	60,614

Return on Capital Employed

	EUR m.	31 Mar	31 Mar
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Operating income	1,485	16,461	13,241
Financial income	91	1,005	871

Capital employed	6,987	77,469	60,614
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Return on Capital Employed ¹⁾		22.5%	23.3%
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1) Calculations are based on average capital employed and operating capital for the 13 most recent months