

## Scania Interim Report January–June 2014

### Summary of the first six months of 2014

- Operating income rose by 8 percent to SEK 4,276 m. (3,971)
- Net sales rose by 4 percent to SEK 43,917 m. (42,139)
- Cash flow amounted to SEK 1,313 m. (405) in Vehicles and Services

### Comments by Martin Lundstedt, President and CEO:

“Scania's earnings for the first half of 2014 amounted to SEK 4,276 m. Higher service volume was offset by a weaker market mix and negative currency rate effects. Total order bookings for trucks during the second quarter were at a high level. Order bookings in Europe improved compared to the first quarter of 2014. A somewhat improved economic situation and the replacement need are supporting demand. Scania strengthened its position in the European market with increased market share, among other things through a leading Euro 6 range, which is confirmed by tests in the trade press. Order bookings in Latin America were in line with the previous quarters. In Asia, order bookings improved sharply, related to the Middle East. Demand in Russia was adversely affected by the turbulence in the region. In buses and coaches,

Scania received strategic orders for BRT-systems in Africa and Latin America. In Engines, order bookings rose, driven by Europe and Asia. Scania has initiated collaboration on engine deliveries to Atlas Copco. Scania is continuing its long-term efforts to boost market share in Services and revenue increased by 5 percent during the first half of 2014. Financial Services showed a strong performance and customer payment capacity is good. During the second quarter, Scania could welcome a clear and long-term ownership structure as the offer from Volkswagen went through. Cooperation projects with MAN and Volkswagen can now be intensified, which will provide support to the growth scenario up to 2020. The level of activity related to development projects remains high and Scania is investing in expanded production and service capacity.”

### Financial overview

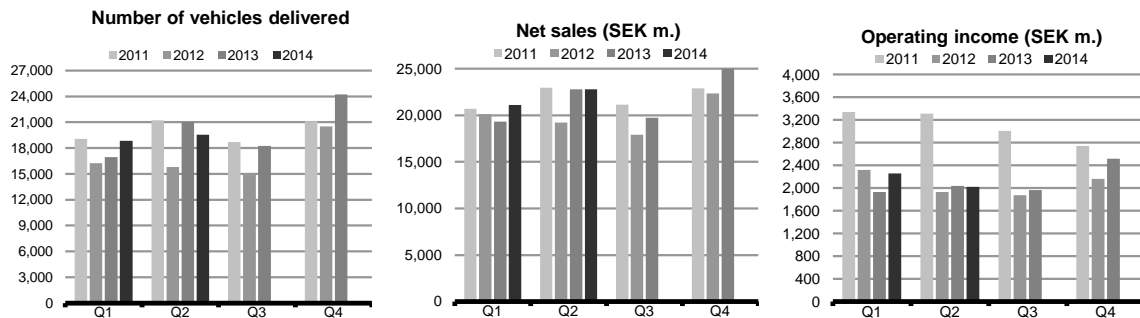
	H1 2014			Q2			
	2014	2013	Change, %	2014	2013	Change, %	
<b>Trucks and buses, units</b>							
Order bookings	43,680	43,351	1	22,653	22,564	0	
Deliveries	38,391	37,980	1	19,547	21,042	-7	
<b>Net sales and earnings</b>	<i>EUR m.*</i>						
<b>Net sales, Scania Group, SEK m.</b>	4,775	43,917	42,139	4	22,791	22,798	0
Operating income, Vehicles and Services, SEK m.	409	3,763	3,669	3	1,772	1,891	-6
Operating income, Financial Services, SEK m.	56	513	302	70	247	147	68
Operating income, SEK m.	465	4,276	3,971	8	2,019	2,038	-1
<b>Income before taxes, SEK m.</b>	442	4,066	3,914	4	1,957	1,996	-2
<b>Net income for the period, SEK m.</b>	323	2,973	2,771	7	1,416	1,373	3
Operating margin, %		9.7	9.4		8.9	8.9	
Return on equity, %		17.3	18.0				
Return on capital employed, Vehicles and Services, %		21.2	20.4				
Cash flow, Vehicles and Services, SEK m.	143	1,313	405	224	583	493	18

\* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 9.1965 = 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](http://www.scania.com)

## Business overview



### Sales performance

During the first six months of 2014, total vehicle deliveries increased by 1 percent to 38,391 (37,980) units, compared to the same period of 2013. Net sales rose by 4 percent to SEK 43,917 m. (42,139). Currency rate effects had a negative impact of 1 percent on sales.

Order bookings rose by 1 percent to 43,680 (43,351) vehicles, compared to the first half of 2013.

### Clear and long-term ownership structure

On 21 February, Volkswagen AG presented a public offer to Scania's shareholders. On 12 June, Volkswagen controlled 99.57 percent of the shares in Scania and Scania's Series A and B shares have been delisted from the NASDAQ OMX Stockholm and compulsory acquisition of the remaining shares will occur. Scania has thus gained a clear and long-term ownership structure. This will support Scania's growth strategy up to 2020, among other things.

### Truck orders at a record level

Scania received a number of major orders and total order bookings for trucks reached a record level for a second quarter. Order bookings in Europe improved compared to the first quarter in several markets. Compared to the second quarter of 2013, order bookings decreased somewhat, but the market last year was characterised by a high level of activity due to pre-buys of Euro 5 trucks. A somewhat improved economic situation and the replacement need are supporting demand. During the period, Scania received an order to supply 184 trucks to the Finnish Defence Forces up to 2017. The agreement also includes service and maintenance contracts and the total order value is about SEK 600 million. Demand for used vehicles in Europe is good and prices have improved.

### Euro 6 success

Due to early introduction of Euro 6 vehicles, Scania has extensive experience and has also launched second generation Euro 6 engines. With the other updates included in the launch of Scania Streamline, customers can take advantage of significant fuel savings. In March, the respected German transport trade magazines *VerkehrsRundschau* and *Trucker* gave the Scania G 410 their Green Truck 2014 award in the heavy tractor class. The G 410 Euro 6 engine only uses SCR aftertreatment technology. Fuel consumption averaged a record-low 23.29 litres of diesel per 100 km. During the second quarter, Scania introduced an additional Euro 6 engine, which only uses SCR technology with 450 horsepower. Scania increased its market share in Europe during the first half of 2014.

### Good growth outlook

There are good growth opportunities in the longer term and the expansion of annual technical production capacity towards 120,000 vehicles is continuing. The sales and services offering is also being expanded. During the first quarter, Scania expanded its operations in East Africa through the new company Scania East Africa. The East African transport sector is expected to grow by 10–15 percent annually. Scania Engines has extended its service network in North America in recent years, which now includes more than 300 service points. Investments in research and development will strengthen Scania's product portfolio. Since Scania is now a wholly-owned subsidiary of the Volkswagen Group, cooperation projects with both MAN and Volkswagen can be intensified in several fields, including gearboxes and hybrids.

## The truck market

### Order bookings

Scania's order bookings rose during the second quarter of 2014 and amounted to 20,987 (20,694) trucks. Order bookings in Europe improved compared to the first quarter in several markets. Compared to the second quarter of 2013, order bookings decreased by 6 percent to 9,410 (9,970) units, as demand last year was supported by pre-buys of Euro 5 vehicles. However, order bookings improved compared to the second quarter of 2013 in Spain and the Czech Republic, among other countries.

Order bookings in Latin America remained in line with the previous quarters. Compared to the second quarter of 2013, order bookings decreased in Latin America by 31 percent to 3,960 (5,757) vehicles, related to lower order bookings in Brazil and Argentina. During the second quarter of 2013, there were somewhat more attractive subsidies for new vehicle investments in Brazil compared to the start of this year.

In Eurasia, order bookings fell significantly because of the turbulence in the region. Order bookings totalled 760 (1,882) trucks in Eurasia during the second quarter. The downturn was mainly attributable to Russia. In Asia, order bookings improved sharply, both compared to the previous quarter and compared to the second quarter of 2013. The upturn was related to the Middle East and total order bookings in Asia amounted to 5,611 (1,970) units.

In Africa, order bookings were stable both compared to the second quarter of 2013 and compared to the previous quarter. In Oceania, order bookings increased in Australia both compared to the second quarter of 2013 as well as compared to the previous quarter. Total order bookings in the Africa and Oceania region were 12 percent higher at 1,246 (1,115) units, compared to the second quarter of 2013. Order bookings were also higher compared to the first quarter of 2014.

### Deliveries

Scania's total truck deliveries decreased by 8 percent to 17,746 (19,360) units during the second quarter compared to the year-earlier period. In Europe, deliveries rose by 3 percent to 8,029 (7,758) units compared to the second quarter of 2013. In Eurasia, deliveries rose by 7 percent to 1,860 (1,746) trucks.

In Latin America, deliveries fell by 43 percent to 3,821 (6,648) units compared to the second quarter of 2013. In Asia, deliveries increased by 28 percent compared to the second quarter of 2013 to 2,891 (2,262) trucks.

### Sales

Net sales of trucks rose by 3 percent to SEK 28,284 m. (27,568) during the first half of 2014. During the second quarter, sales decreased by 3 percent to SEK 14,668 m. (15,190).

### The total European market for heavy trucks

The total market for heavy trucks in 26 of the European Union member countries (all EU countries except Bulgaria and Malta) plus Norway and Switzerland increased by 4 percent to about 107,300 units during the first half of 2014. Scania truck registrations amounted to some 16 400 units, equivalent to a market share of about 15.3 (14.4) percent.

Scania trucks	Order bookings			Deliveries		
	6 months	6 months	Change,	6 months	6 months	Change,
	2014	2013	%	2014	2013	%
Europe	17,910	18,004	-1	15,845	14,212	11
Eurasia	3,639	3,438	6	3,325	2,946	13
America*	7,960	11,542	-31	8,121	12,129	-33
Asia	8,195	4,017	104	5,834	3,951	48
Africa and Oceania	2,315	1,929	20	2,086	1,677	24
Total	40,019	38,930	3	35,211	34,915	1

\*Refers to Latin America

## The bus and coach market

### Order bookings

Order bookings for buses and coaches were lower than last year, among other things because Scania received large orders in Russia and Asia in the year-earlier period. Scania's total order bookings for buses and coaches decreased by 17 percent to 3,661 (4,421) units during the first half of 2014 compared to the corresponding period of 2013.

Scania has signed an agreement with Ghana's Ministry of Transport to supply buses and equipment for the Bus Rapid Transit (BRT) public transport system under construction in the country's capital Accra. Scania will deliver 300 buses and ancillary equipment and services such as ticketing machines, workshop services, operational support and infrastructure. In Mexico, Scania will deliver 62 buses for Mexico City's public transport system and will also provide workshop services for the entire fleet, vehicle follow-up as well as driver training and coaching.

In Europe, order bookings remained at a low level and amounted to 293 (336) units during the second quarter. Owing to significant overcapacity in its city bus operations, Scania has introduced a restructuring programme aimed at ensuring profitability, which will provide an annual cost saving of SEK 70 million.

Compared to the second quarter of 2013, order bookings fell by 13 percent in Latin America to 591 (679) units. In Asia, order bookings fell to 348 (483) buses and coaches compared to the second quarter of 2013. Order bookings in Africa and Oceania rose to 369 (180) buses and coaches.

### Deliveries

Scania's bus and coach deliveries totalled 1,801 (1,682) units during the second quarter. In Europe, deliveries increased by 26 percent compared to the second quarter of 2013. In Latin America, deliveries were up by 2 percent. In Asia, deliveries decreased by 10 percent, while deliveries of buses and coaches in Africa and Oceania rose sharply during the second quarter to 438 (170) units.

### Net sales

Net sales of buses and coaches rose by 19 percent to SEK 3,391 m. (2,857) during the first half of 2014. During the second quarter, sales increased by 30 percent to SEK 1,991 m. (1,526).

Scania buses and coaches	Order bookings			Deliveries		
	6 months	6 months	Change,	6 months	6 months	Change,
	2014	2013	%	2014	2013	%
Europe	685	597	15	618	448	38
Eurasia	91	553	-84	29	327	-91
America*	1,235	1,671	-26	1,211	1,413	-14
Asia	973	1,104	-12	670	525	28
Africa and Oceania	677	496	36	652	352	85
Total	3,661	4,421	-17	3,180	3,065	4

\*Refers to Latin America

## Engines

### Order bookings

During the first quarter, Scania was named as a supplier of engines for Atlas Copco's portable air compressors. The partnership covers deliveries of Scania's 9-, 13- and 16-litre engines, which meet the Stage 4/Tier 4f international emission standards.

Total engine order bookings rose by 7 percent to 3,871 (3,622) units during the first six months of 2014. During the second quarter, order bookings rose by 12 percent to 2,120 (1,894) units. Order bookings increased in South Korea and the Nordic countries.

### Deliveries

Engine deliveries rose by 19 percent to 3,646 (3,070) units during the first half of 2014. The upturn was mainly attributable to South Korea and Germany. During the second quarter, deliveries rose by 24 percent to 1,971 (1,590) units. Deliveries increased to Germany, Brazil and South Korea.

**Net sales**

During the first half of 2014, sales rose by 23 percent to SEK 638 m. (520). Net sales in the second quarter amounted to SEK 339 m. (271), an upturn of 25 percent.

**Services****Higher revenue in Europe**

Service revenue amounted to SEK 9,078 m. (8,630) during the first half of 2014, an increase of 5 percent. Higher volume had a positive impact. In local currencies, revenue also increased by 5 percent.

In Europe, service revenue rose by 6 percent to SEK 6,191 m. (5,832) compared to the first half of 2013.

In Latin America, revenue rose by 3 percent to SEK 1,292 m. (1,261) and revenue in Asia was 2 percent higher than the year-earlier period at SEK 679 m. (663). In Africa and Oceania, service revenue rose by 1 percent to SEK 568 m. (561), while in Eurasia it increased by 11 percent to SEK 348 m. (313) compared to the first half of 2013.

**Earnings****Vehicles and Services****The first half of 2014**

Operating income in Vehicles and Services totalled SEK 3,763 m. (3,669) during the first half of 2014. The increase was mainly related to higher service volume, somewhat improved prices and purchasing savings. The market mix had a negative impact.

Compared to the first half of 2013, the total currency rate effect was negative and amounted to about SEK 210 m.

Scania's research and development expenditures amounted to SEK 3,135 m. (2,797). After adjusting for SEK 685 m. (488) in capitalised expenditures, and SEK 172 m. (153) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 2,622 m. (2,462).

**The second quarter of 2014**

Operating income in Vehicles and Services totalled SEK 1,772 m. (1,891) during the second quarter.

Lower vehicle volume, the market mix and weaker capacity utilisation in Latin America had a negative effect. Somewhat improved prices and purchasing savings contributed positively.

Compared to the second quarter of 2013, the total currency rate effect was positive and amounted to about SEK 135 m.

Scania's research and development expenditures amounted to SEK 1,606 m. (1,492). After adjusting for SEK 331 m. (223) in capitalised expenditures and SEK 87 m. (86) in depreciation of previously capitalised expenditures, recognised expenses increased to SEK 1,362 m. (1,355).

**Financial Services****Customer finance portfolio**

At the end of the second quarter of 2014, the size of Scania's customer finance portfolio amounted to SEK 52.6 billion, which was SEK 3.8 billion higher than the end of 2013. In local currencies, the portfolio increased by SEK 1.8 billion, equivalent to 4 percent.

**Penetration rate**

The penetration rate was 35 (30) percent during the first half of 2014 in those markets where Scania has its own financing operations. The increase was mainly attributable to Brazil.

**Operating income**

Operating income in Financial Services increased to SEK 513 m. (302) during the first six months of 2014, compared to 2013. A larger portfolio and higher margins had a positive impact on earnings. Bad debt expenses decreased.

**Scania Group**

During the first six months of 2014, Scania's operating income amounted to SEK 4,276 m. (3,971). Operating margin amounted to 9.7 (9.4) percent. Scania's net financial items amounted to SEK -210 m. (-57). Net financial items during the first half of 2014 included costs of SEK 135 m. related to the public offer from Volkswagen, reported as items affecting comparability.

The Scania Group's tax expense amounted to SEK 1,093 m. (1,143), equivalent to 26.9 (29.2) percent of income before taxes. Net income for the period totalled SEK 2,973 m. (2,771), equivalent to a net margin of 6.8 (6.6) percent.

**Cash flow****Vehicles and Services**

Scania's cash flow in Vehicles and Services amounted to SEK 1,313 m. (405) during the first half of 2014. Tied-up working capital increased by SEK 369.

Net investments amounted to SEK 2,535 m. (2,529), including SEK 685 m. (488) in capitalisation of development expenses. At the end of the second quarter of 2014, the net cash position in Vehicles and Services amounted to SEK 9,255 m. compared to a net cash position of SEK 8,019 m. at the end of 2013.

**Scania Group**

Scania's cash flow in Financial Services amounted to SEK -1,339 m. (-892) during the first half of 2014 due to a growing customer finance portfolio. Together with the positive cash flow in Vehicles and Services and currency rate effects, the Group's net debt increased by about SEK 1.6 billion compared to the end of 2013.

**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 18 m. (20) during the first six months of 2014.

**Miscellaneous****Number of employees**

At the end of the second quarter of 2014, the number of employees totalled 41,319, compared to 40,116 on the same date in 2013.

**Material risks and uncertainty factors**

The section entitled "Risks and risk management" in Scania's Annual Report for 2013 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 30 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 10 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 are being applied from 1 January 2014 include the following:

*Amendment to IAS 32, "Financial Instruments: Presentation"*. The amendment relates to new rules for offsetting financial assets and financial liabilities. The amendment means that in the Interim Report on 30 June 2014, "Current Investments" has been adjusted by SEK 1,013 m. (change in "Other non-current receivables" relating to prior periods: on 31 Dec 2013, SEK 824 m. and 30 June 2013, SEK 1,674 m.) and "Interest-bearing liabilities" has been adjusted by SEK 1,013 m. (change in prior periods: 31 Dec 2013, SEK 824 m. and 30 Jun 2013, SEK 1,674 m.).

Accounting principles and calculation methods are otherwise unchanged from those applied in the Annual Report for 2013.

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.

**Dividend and Annual General Meeting**

Scania's Annual General Meeting for the financial year 2013 was held in Södertälje, Sweden on 11 June 2014. The Annual General Meeting determined that no dividend would be disbursed to the shareholders for the financial year 2013.

Södertälje, 18 July 2014

Martin Lundstedt  
President and CEO

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## Consolidated income statements

Amounts in SEK m. unless otherwise stated	First half			Change in %	Q2	
	EUR m.*	2014	2013		2014	2013
<b>Vehicles and Services</b>						
Net sales	4,775	43,917	42,139	4	22,791	22,798
Cost of goods sold	-3,607	-33,172	-31,718	5	-17,359	-17,287
<b>Gross income</b>	1,168	10,745	10,421	3	5,432	5,511
Research and development expenses	-285	-2,622	-2,462	6	-1,362	-1,355
Selling expenses	-415	-3,818	-3,762	1	-2,025	-2,004
Administrative expenses	-61	-561	-537	4	-281	-269
Share of income from associated companies and joint ventures	2	19	9	111	8	8
<b>Operating income, Vehicles and Services</b>	409	3,763	3,669	3	1,772	1,891
<b>Financial Services</b>						
Interest and lease income	261	2,404	2,202	9	1,224	1,106
Interest and depreciation expenses	-167	-1,537	-1,441	7	-784	-719
Interest surplus	94	867	761	14	440	387
Other income and expenses	7	63	32	97	30	7
<b>Gross income</b>	101	930	793	17	470	394
Selling and administrative expenses	-39	-360	-342	5	-190	-173
Bad debt expenses, realised and anticipated	-6	-57	-149	-62	-33	-74
<b>Operating income, Financial Services</b>	56	513	302	70	247	147
<b>Operating income</b>	465	4,276	3,971	8	2,019	2,038
Interest income and expenses	-10	-94	-35	169	-56	-27
Other financial income and expenses	2	19	-22	-186	-1	-15
Items affecting comparability <sup>1</sup>	-15	-135	-	-	-5	-
<b>Total financial items</b>	-23	-210	-57	268	-62	-42
<b>Income before taxes</b>	442	4,066	3,914	4	1,957	1,996
Taxes	-119	-1,093	-1,143	-4	-541	-623
<b>Net income for the period</b>	323	2,973	2,771	7	1,416	1,373
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Translation differences	96	886	-295		935	170
Cash flow hedges						
change in value for the year	-2	-20	0		-21	1
reclassification to operating income	0	0	-1		0	-1
Income tax relating to items that may be reclassified	1	5	-2		0	19
	95	871	-298		914	189
<b>Items that will not be reclassified to profit or loss</b>						
Re-measurement defined benefit plans <sup>3</sup>	-85	-782	2		-535	0
Income tax relating to items that will not be reclassified	21	191	0		136	0
	-64	-591	2		-399	0
<b>Other comprehensive income for the period</b>	31	280	-296		515	189
<b>Total comprehensive income for the period</b>	354	3,253	2,475		1,931	1,562
Net income attributable to:						
Scania shareholders	323	2,973	2,776		1,417	1,376
Non-controlling interest	0	0	-5		-1	-3
Total comprehensive income attributable to:						
Scania shareholders	354	3,251	2,477		1,929	1,561
Non-controlling interest	0	2	-2		2	-1
Operating income includes depreciation of	-163	-1,497	-1,437		-756	-751
Return on equity, percent <sup>2</sup>		17.3	18.0			
Operating margin, percent		9.7	9.4		8.9	8.9

<sup>1</sup> Costs related to the public offer from VW.

<sup>2</sup> Calculations are based on rolling 12-month income.

<sup>3</sup> The discount rate in calculating the Swedish pension liability has changed to 3.25 percent per 30 June.

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.1965 = EUR 1.00.



## Net sales and deliveries, Vehicles and Services

Amounts in SEK m. unless otherwise stated	First half		2013	Change in %	Q2	
	EUR m.	2014			2014	2013
<b>Net sales</b>						
Trucks	3,076	<b>28,284</b>	27,568	3	<b>14,668</b>	15,190
Buses*	369	<b>3,391</b>	2,857	19	<b>1,991</b>	1,526
Engines	69	<b>638</b>	520	23	<b>339</b>	271
Service-related products	987	<b>9,078</b>	8,630	5	<b>4,542</b>	4,350
Used vehicles	277	<b>2,548</b>	2,328	9	<b>1,256</b>	1,272
Miscellaneous	147	<b>1,354</b>	1,191	14	<b>797</b>	786
Delivery sales value	4,925	<b>45,293</b>	43,094	5	<b>23,593</b>	23,395
Revenue deferrals <sup>1</sup>	-150	<b>-1,376</b>	-955	44	<b>-802</b>	-597
Net sales	4,775	<b>43,917</b>	42,139	4	<b>22,791</b>	22,798
<b>Net sales<sup>2</sup></b>						
Europe	2,585	<b>23,775</b>	20,484	16	<b>12,207</b>	10,956
Eurasia	313	<b>2,876</b>	2,746	5	<b>1,594</b>	1,612
America**	922	<b>8,480</b>	12,221	-31	<b>4,241</b>	6,525
Asia	580	<b>5,335</b>	3,871	38	<b>2,753</b>	2,182
Africa and Oceania	375	<b>3,451</b>	2,817	23	<b>1,996</b>	1,523
Net sales	4,775	<b>43,917</b>	42,139	4	<b>22,791</b>	22,798
<b>Total delivery volume, units</b>						
Trucks		<b>35,211</b>	34,915	1	<b>17,746</b>	19,360
Buses*		<b>3,180</b>	3,065	4	<b>1,801</b>	1,682
Engines		<b>3,646</b>	3,070	19	<b>1,971</b>	1,590

<sup>1</sup> Refers to the difference between sales value based on deliveries and revenue recognised as income.

<sup>2</sup> Revenues from external customers by location of customers.

\* Including body-built buses and coaches.

\*\* Refers mainly to Latin America

## Consolidated balance sheets by business segment

Amounts in SEK m. unless otherwise stated	2014		2013	
	EUR m.	30 Jun	31 Dec	30 Jun
<b>Vehicles and Services</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	504	4,631	4,033	3,529
Tangible assets	2,423	22,281	21,638	21,099
Lease assets	770	7,080	6,669	6,132
Shares and participations	55	503	490	492
Interest-bearing receivables	1	5	5	0
Other receivables <sup>1, 2, 6</sup>	307	2,826	3,632	4,245
<b>Current assets</b>				
Inventories	1,881	17,303	14,552	15,246
Interest-bearing receivables	9	82	96	95
Other receivables <sup>3</sup>	1,224	11,265	10,243	10,679
Current investments	106	980	47	46
Cash and cash equivalents	933	8,584	8,957	11,053
<b>Total assets</b>	<b>8,213</b>	<b>75,540</b>	<b>70,362</b>	<b>72,616</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Scania shareholders	3,734	34,343	31,792	28,631
Non-controlling interest	6	59	57	60
Total equity	3,740	34,402	31,849	28,691
<b>Interest-bearing liabilities<sup>6</sup></b>				
	4	36	1,337	6,750
<b>Non-current liabilities</b>				
Provisions for pensions	727	6,683	5,748	6,394
Other provisions	323	2,973	2,745	2,513
Other liabilities <sup>1, 4</sup>	627	5,768	5,436	4,505
<b>Current liabilities</b>				
Provisions	187	1,721	1,825	1,866
Other liabilities <sup>5</sup>	2,605	23,957	21,422	21,897
<b>Total equity and liabilities</b>	<b>8,213</b>	<b>75,540</b>	<b>70,362</b>	<b>72,616</b>
<sup>1</sup> Including deferred tax				
<sup>2</sup> Including derivatives with positive value for hedging of borrowings				
	25	230	542	563
<sup>3</sup> Including derivatives with positive value for hedging of borrowings				
	46	423	345	319
<sup>4</sup> Including derivatives with negative value for hedging of borrowings				
	45	415	228	280
<sup>5</sup> Including derivatives with negative value for hedging of borrowings				
	56	511	307	222
<sup>6</sup> Due to amendment in IAS 32 Financial Instruments: Presentation (see Accounting principles), the comparatives figures have been adjusted.				
Net cash (-) / Net debt (+) excl. provisions for pensions, incl. derivatives as above <sup>6</sup>				
	-1,005	-9,255	-8,019	-4,729

## Consolidated balance sheets by business segment

Amounts in SEK m. unless otherwise stated	2014		2013	
	EUR m.	30 Jun	31 Dec	30 Jun
<b>Financial Services</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	2	19	13	10
Tangible assets	4	40	40	35
Lease assets	1,122	10,321	9,505	8,195
Financial receivables	2,836	26,076	24,077	23,068
Other receivables <sup>1</sup>	30	277	271	248
<b>Current assets</b>				
Financial receivables	1,766	16,238	15,281	14,597
Other receivables	97	887	886	757
Cash and cash equivalents	90	829	605	336
<b>Total assets</b>	<b>5,947</b>	<b>54,687</b>	<b>50,678</b>	<b>47,246</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Scania shareholders	648	5,963	5,263	4,988
Total equity	648	5,963	5,263	4,988
<b>Interest-bearing liabilities</b>				
	5,048	46,426	43,320	40,482
<b>Non-current liabilities</b>				
Provisions for pensions	5	42	40	36
Other provisions	1	5	5	5
Other liabilities <sup>1</sup>	70	648	612	598
<b>Current liabilities</b>				
Provisions	3	23	16	5
Other liabilities	172	1,580	1,422	1,132
<b>Total equity and liabilities</b>	<b>5,947</b>	<b>54,687</b>	<b>50,678</b>	<b>47,246</b>

<sup>1</sup> Including deferred tax

## Consolidated balance sheets by business segment

Amounts in SEK m. unless otherwise stated	2014		2013	
	EUR m.	30 Jun	31 Dec	30 Jun
<b>Eliminations</b>				
<b>Assets</b>				
Lease assets	-175	-1,609	-1,564	-1,421
Other current receivables	-83	-765	-587	-506
<b>Total assets</b>	<b>-258</b>	<b>-2,374</b>	<b>-2,151</b>	<b>-1,927</b>
<b>Equity and liabilities</b>				
Other current liabilities	-258	-2,374	-2,151	-1,927
<b>Total equity and liabilities</b>	<b>-258</b>	<b>-2,374</b>	<b>-2,151</b>	<b>-1,927</b>
<b>Scania Group</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	506	4,650	4,046	3,539
Tangible assets	2,427	22,321	21,678	21,134
Lease assets	1,717	15,792	14,610	12,906
Shares and participations	55	503	490	492
Interest-bearing receivables	2,837	26,081	24,082	23,068
Other receivables <sup>1, 2, 6</sup>	337	3,103	3,903	4,493
<b>Current assets</b>				
Inventories	1,881	17,303	14,552	15,246
Interest-bearing receivables	1,775	16,320	15,377	14,692
Other receivables <sup>3</sup>	1,238	11,387	10,542	10,930
Current investments	106	980	47	46
Cash and cash equivalents	1,023	9,413	9,562	11,389
<b>Total assets</b>	<b>13,902</b>	<b>127,853</b>	<b>118,889</b>	<b>117,935</b>
<b>Total equity and liabilities</b>				
<b>Equity</b>				
Scania shareholders	4,382	40,306	37,055	33,619
Non-controlling interest	6	59	57	60
<b>Total equity</b>	<b>4,388</b>	<b>40,365</b>	<b>37,112</b>	<b>33,679</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities <sup>6</sup>	3,260	29,977	30,174	32,812
Provisions for pensions	732	6,725	5,788	6,430
Other provisions	324	2,978	2,750	2,518
Other liabilities <sup>1, 4</sup>	697	6,416	6,048	5,103
<b>Current liabilities</b>				
Interest-bearing liabilities <sup>6</sup>	1,792	16,485	14,483	14,420
Provisions	190	1,744	1,841	1,871
Other liabilities <sup>5</sup>	2,519	23,163	20,693	21,102
<b>Total equity and liabilities</b>	<b>13,902</b>	<b>127,853</b>	<b>118,889</b>	<b>117,935</b>
<sup>1</sup> Including deferred tax				
<sup>2</sup> Including derivatives with positive value for hedging of borrowings				
	25	230	542	563
<sup>3</sup> Including derivatives with positive value for hedging of borrowings				
	46	423	345	319
<sup>4</sup> Including derivatives with negative value for hedging of borrowings				
	45	415	228	280
<sup>5</sup> Including derivatives with negative value for hedging of borrowings				
	56	511	307	222
<sup>6</sup> Due to amendment in IAS 32 Financial Instruments: Presentation (see Accounting principles), the comparative figures have been adjusted.				
Equity/assets ratio, percent <sup>6</sup>		31.6	31.2	28.6

## Statement of changes in equity

Amounts in SEK m. unless otherwise stated	EUR m.	First half	
		2014	2013
Equity, 1 January	4,035	37,112	35,004
Net income for the period	323	2,973	2,771
Other comprehensive income for the period	30	280	-296
Dividend	-	-	-3,800
<b>Total equity at the end of the period</b>	<b>4,388</b>	<b>40,365</b>	<b>33,679</b>
Attributable to:			
Scania AB shareholders	4,382	40,306	33,619
Non-controlling interest	6	59	60

## Information about segments

Amounts in SEK m. unless otherwise stated	EUR m.	First half	
		2014	2013
Revenue from external customers, Vehicles and Services	4,775	43,917	42,139
Revenue from external customers, Financial Services	261	2,404	2,202
Elimination refers to lease income on operating leases	-112	-1,031	-862
<b>Revenue from external customers, Scania Group</b>	<b>4,924</b>	<b>45,290</b>	<b>43,479</b>
Operating income, Vehicles and Services	409	3,763	3,669
Operating income, Financial Services	56	513	302
<b>Operating income, Scania Group</b>	<b>465</b>	<b>4,276</b>	<b>3,971</b>

## Cash flow statement

Amounts in SEK m. unless otherwise stated	First half			Q2	
	EUR m.	2014	2013	2014	2013
<b>Operating activities</b>					
Income before tax	442	4,066	3,914	1,957	1,996
Items not affecting cash flow	178	1,637	1,452	841	772
Taxes paid	-111	-1,021	-1,386	-577	-610
<b>Cash flow from operating activities before change in working capital</b>	509	4,682	3,980	2,221	2,158
of which: Vehicles and Services	459	4,217	3,599	1,978	1,982
Financial Services	50	465	381	243	176
Change in working capital etc., Vehicles and Services <sup>1</sup>	-40	-369	-665	-238	-159
<b>Cash flow from operating activities</b>	469	4,313	3,315	1,983	1,999
<b>Investing activities</b>					
Net investments, Vehicles and Services	-276	-2,535	-2,529	-1,157	-1,330
Net investments in credit portfolio etc., Financial Services	-196	-1,804	-1,273	-1,551	-1,137
<b>Cash flow from investing activities</b>	-472	-4,339	-3,802	-2,708	-2,467
<b>Cash flow from Vehicles and Services</b>	143	1,313	405	583	493
<b>Cash flow from Financial Services</b>	-146	-1,339	-892	-1,308	-961
<b>Financing activities</b>					
Change in debt from financing activities <sup>1</sup>	-40	-371	3,954	-2,299	2,945
Dividend	-	-	-3,800	-	-3,800
<b>Cash flow from financing activities</b>	-40	-371	154	-2,299	-855
<b>Cash flow for the year</b>	-43	-397	-333	-3,024	-1,323
<b>Cash and cash equivalents at beginning of period</b>	1,040	9,562	11,918	12,239	12,910
<b>Exchange rate differences in cash and cash equivalents</b>	27	248	-196	198	-198
<b>Cash and cash equivalents at end of period</b>	1,024	9,413	11,389	9,413	11,389

<sup>1</sup> Due to amendment in IAS 32 Financial Instruments: Presentation (see Accounting principles), the comparative figures have been adjusted.

## Fair value of financial instruments

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 1,010 m. (1,084). 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 230 m. (563), Other current receivables SEK 423 m. (319), Other non-current liabilities SEK 415 m. (280) and Other current liabilities SEK 511 m. (222).

For financial assets that are carried at accrued cost, the carrying amount totalled SEK 59,547 (56,872) and fair value totalled SEK 60,093 (57,055). For financial liabilities that are carried at accrued cost, the carrying amount totalled SEK 56,498 (56,418) and fair value totalled SEK 56,543 (56,843). Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at accrued cost minus any impairment losses, is regarded as coinciding with the carrying amount.

For further information about financial instruments, see Note 31 Financial instruments in Scania's Annual Report for 2013.

## Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	First half		
	EUR m.	2014	2013
<b>Income statement</b>			
Financial income and expenses	2	18	20
<b>Net income for the period</b>	2	18	20
		<b>2014</b>	<b>2013</b>
	EUR m.	30 Jun	30 Jun
<b>Balance sheet</b>			
<b>Assets</b>			
<b>Financial non-current assets</b>			
Shares in subsidiaries	917	8,435	8,435
<b>Current assets</b>			
Due from subsidiaries	1,216	11,185	4,187
<b>Total assets</b>	2,133	19,620	12,622
<b>Equity</b>			
Equity	2,133	19,620	12,622
<b>Total shareholders' equity</b>	2,133	19,620	12,622
		<b>2014</b>	<b>2013</b>
	EUR m.	30 Jun	30 Jun
<b>Statement of changes in equity</b>			
Equity, 1 January	2,131	19,602	16,402
Total comprehensive income	2	18	20
Dividend	-	-	-3,800
<b>Equity</b>	2,133	19,620	12,622