Auditor’s report

To the general meeting of the shareholders of Scania CV AB (publ), corporate identity number 556084-0976

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Scania CV AB (publ) for the 2018 except for the corporate governance statement on pages 15-18.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions does not include the corporate governance statement on pages 15-18. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

A significant part of Scania CV group activity take place in the parent company where a major part of the group's manufacturing of vehicles and research and development is carried out. This entity is audited by the group team. The operating entities in the group can be classified into manufacturing units, sales units, finance companies and intragroup support functions. Manufacturing and development is performed in few entities. For remaining manufacturing units audit procedures are performed by local auditors according to instructions issued by us. As part of this year's audit procedures we have visited the subsidiaries in Germany and Belgium. Sales and finance companies represent a significant part of the number of units in the group spread over a number of countries. In our audit, we have focused on those reporting units that have the largest impact on the financial reporting. For these units, the local audit is performed according to our instructions. All these entities together with the parent company represent some seventy percent of the external sales. Remaining units are manly smaller sales units and support functions.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. The key audit matters presented below releate to the consolidated accounts. The provision for obligations regarding the alleged breaches of competation law according to the investigations by the EU commission also affect the parent company.

Key audit matter	***How our audit addressed the Key audit matter***
Provision for obligations regarding alleged breaches of competition law in form of a cartel on price coordination and a vast information exchange according to investigations by the EU Commission	
As described in note 2 and note 17 to the financial statements, the Scania Group is involved in an alleged breaches of competition law in form of a cartel on price coordination and a vast information exchange according to investigation by the EU Commission. The Commission's investigation has proceeded for several years. A provision of SEK 3,8 billion was recognized for the risk for future penalties. In September 2017, the Commission finally passed a decision holding Scania group liable for the alleged breaches of the competition law. The fines imposed total approx. 880 mEUR. Scania did not agree to the decision and in December 2017 Scania appealed the decision. Scania has provided a cash collateral bank guarante for the period before	Scania's management and board of directors have been highly involved in the handling of the ongoing investigation. In our audit, we assess how these matters are treated on management and board level through reading through supporting documentation and calculations. To asses this kind of legal disputes is complicated and require us to involve experts within relevant areas to assist us in our assessment of the financial application aspects of the matters. In our audit, we have requested and received written representations from Scania's legal advisors about the development of the investigation by the EU Commission. These representations have been received each quarter. Sincence Scania is a subsidiary in the VW-group we have also reported and discussed the matter with the parent company's auditors.

relevant court has come to a conclusion. No significant development has occurred in 2018. The investigation itself is complex and the valuation of the commitment is highly affected by management's judgment and estimates of final decisions.	As described in the annual report, Scania has recognized a significant provision. During our audit, we have reassessed the accuracy in the assumptions used in the valuation of the provision. We note that, although the ongoing investigation by the EU Commission has been treated reasonably in the accounting records there is a remaining inherent uncertainty that the final outcome can deviate significantly for management's judgment. Further, as indicated by note 2, is not to quantify any related private enforcement claims towards the Scaniagroup.
Revenue recognition for vehicles delivered with residual value commitment and allocation or revenue for service contracts	
The accounting principles for revenue is described in note 1 to the annual report. For vehicles delivered with residual value commitments, revenue is recognized over the contracted time for the commitment since the residual value risk rests within Scania. For service and repair contrast, revenue is recognized in line with the costs involved to fulfil the commitment occur. In both cases there is a risk that revenue is recognised in the incorrect period over the contracted period.	Recognition of revenue in the right period for vehicles with residual value commitment and for service and repair contracts is accounted for in the sales entities. In their accounting manual Scania has developed instructions and models for how to recognise revenue over time for these transactions with customers. From the Group audit team we have assessed whether the accounting models are in line with applicable IFRS. In our instructions to the component auditors, we have disclosed the accounting principles and models used by Scania and instructed them to confirm that the local components adhere to the accounting principles selected by Scania and that this has been covered in their audit. Although the accounting model is commonly used throughout the group, estimates used in the calculation are based on local circumstances in different markets. These estimates are assessed by the local audit teams. In connection with the reporting from the local auditors we have discussions with them in order to understand audit procedures performed on the matter. From our audit procedures we have had no significant to report to the audit committee.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Scania CV AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor´s report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 15-18 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act

PricewaterhouseCoopers AB, 113 97 Stockholm, was elected Scania CV AB (publ) auditor at the Annual Shareholders meeting on 25 April 2018 and has been the elected auditor of the company since 26 June 2015.

Göteborg 14 March 2019

PricewaterhouseCoopers AB

Bo Karlsson Authorized Public Accountant	Björn Irle Authorized Public Accountant