Scania CV AB (publ)

Annual Report 2019

Swedish corporate identity number 556084-0976

Contents

The Financial Reports encompass pages 22-107 and were prepared in compliance with International Financial Reporting Standards (IFRS).

The Report of the Directors encompasses pages 3-21 and 108.

REPORT OF THE DIRECTORS

Scania CV AB (publ.) is a public company (as defined by the Swedish Companies Act) with head office and domicile in Södertälje, Sweden. The address for the company is Scania CV AB, SE-151 87 Södertälje. Scania CV AB is parent company of the Scania CV Group (Scania), which consists of Scania's production, marketing and finance companies in Europe and other companies. Scania CV AB is a subsidiary of Scania AB (publ.) (Swedish corporate identity number. 556184-8564, registered office Södertälje).

SCANIA'S OPERATIONS IN GENERAL

Scania, 2019

- Earnings for 2019 amounted to SEK 17,488 m (13 832) with an operating margin of 11.5 percent (10.1).
- Net sales in the Vehicles and Services segment, increased by 11 percent to SEK 147,557 m. (133,222) Currency rate effects had a positive impact on sales of 4 percent.
- New vehicles sales revenue increased by 14 percent. Sales were positively influenced by price increases, positive currency effects and market mix.
- During 2019 Scania delivered 91,680 (87,995) trucks, an increase of 4 percent. Bus deliveries decreased by 8 percent to 7,777 (8,482) units. Engine deliveries decreased by 21 percent to 10,152 (12,809) units.
- Service revenue increased by 9 percent and amounted to SEK 28,971 m. (26,588). The increase was explained by increased volume mainly in Europe and to some extent price increases.
- Financial Services reported an operating income of SEK 1,511 m. (1,440). This was equivalent to 1.6 (1.7) percent of the average portfolio during the year. The increased earnings were mainly due to a higher average portfolio and positive currency effects partly offset by lower margins. Bad debt expenses increased during the year.

The Scania way
Being at the forefront of the transport industry for more than a century, Scania has developed key competitive advantages that will help us deal with future challenges. With a corporate culture that stands solid on our core values, flow thinking firmly rooted in our way of working and with employees continuously challenging and improving the order of things, Scania is well equipped to drive the transformation of the transport system.

Our core values
Our core values form the basis for all we do at Scania. They have been firmly anchored and integrated in Scania's operations for generations. Our core values reflect and embody our thinking, our way of carrying out work and how we relate to each other and to others we meet outside the company – customers, suppliers, partners and society at large. The core values guide our actions, support us in creating value for the company's stakeholders and ultimately, in the aim to be a leader in the shift towards a sustainable transport system. Based on the core values and the main principles, the management system (our common way of working) together with the Thinking model (our common way of thinking) form the basis of our corporate culture – "The Scania Way".

Scania's core values are Customer first, Respect for the individual, Elimination of waste, Determination, Tema spirit and Integrity.

The business model
Scania's core value 'Customer First' is the point of departure for our own profitability. Our success is built on our ability to provide our customers with profitable and sustainable transport solutions that enable the success of their businesses. Scania's business model, our principles, working methods and approach to sustainable transport will continue to be the platform for how we create value for our stakeholders, now and in the future.

Activities subject to permission
Scania CV AB conducts activities that require permission in those places where manufacturing is conducted. The activities for which permission is required is affecting the environment through emissions to air and water, noise and use of energy. Scania CV AB holds all the necessary permits and is constantly reviewing them and renew them if necessary.

THE FORCES SHAPING THE FUTURE OF TRANSPORT
Transport is facing the biggest shift our industry has seen since the advent of the combustion engine. Addressing the risks and seizing the opportunities that this change will bring will require bold thinking, new business models, and collaboration. The urgency could not be greater – and the time to act is now.

Global drivers
Sustainability
The escalating climate crisis and other man-made impacts are threatening the planet's ecosystems and human civilisation. To achieve the goal of the Paris Agreement and limit the increase in global temperature to a maximum of 2C and ideally no more than 1.5C above pre-industrial levels, radical action is required from governments and business sectors across the world. As sustainability becomes crucial to business survival, customers in the transport industry are increasingly demanding sustainable transport solutions that are not reliant on fossil fuels.

Urbanisation
We are seeing the largest wave of urban growth in history. According to the UN, cities will be home to over 70 percent of the world's population by 2050. As cities grow bigger and more crowded, the strain on urban infrastructure increases, along with the risk of air pollution and other social and environmental impacts. The challenge calls for smart transport solutions that keep people and goods moving, and ensure the cities of the future are clean, safe, inclusive and liveable.

Digitalisation
We are living through the fourth industrial revolution – an era of radical and disruptive technological change, in which digital trends such as the Internet of Things, robotics, virtual reality and artificial intelligence are transforming the way we live and work. Digitalisation is altering business models within the transport sector, as products, production processes and supply chains become more interconnected and emerging technologies drive innovation and create new risks and opportunities along the value chain.

The future of transport
These global drivers are reshaping societies and therefore the future of transport. Change is approaching at different speeds from a geography and technology perspective of course, but pace is accelerating. We're starting to see a shift away from the driver-centric, mainly fossil-fuelled transport system we know today, towards a system that better serves the needs of people and societies that is autonomous, connected and electrified.

HOW SCANIA IS DRIVING THE SHIFT
By working with other stakeholders across our ecosystem, we can promote the adoption of today's sustainable solutions, while developing the technology and enabling conditions that will support the transport system of tomorrow.

Driving the shift is our purpose. But it's not something we can do on our own. It is dependent on working with partners across our entire ecosystem, from our customers to technology specialists, government decision-makers and others. For Scania, this partnership approach is the key to developing a truly sustainable transport system. We lead in technological development, harnessing emerging technologies and shortening their time to market. At the same time, we drive customer adoption of sustainable solutions that are available here and now. Finally we will partner with key stakeholders to pilot, refine and scale the shared solutions needed to support the transport system of the future.

Technology push
Scania is leading in technological development. By utilise our modular approach and working with technology partners, we're able to innovate rapidly, bringing tomorrow's autonomous, electrified and connected transport solutions into today. Our pilots for electrified highways and autonomous mining transports, as well as our concept vehicles, are crucial building blocks.

They enable us to explore possibilities, develop our capabilities and demonstrate the potential of new technologies to our customers and partners.

Customer pull
Many customers are setting ambitious targets to reduce their environmental footprint, increasingly integrating transport and logistics and approach Scania for solutions. With the right solutions in place, our transport customers can be both sustainable and profitable. However some customers fear the new and worry over higher total operating costs, which can be barriers to switching to sustainable solutions. Using our deep understanding of our customers' requirements, we can demystify the process. Based on our three-pillar approach we tailor

solutions for our customers that are good for their bottom line, as well as raising awareness of what will be possible tomorrow.

Ecosystems partnerships
Lack of infrastructure, cost and financing challenges, uncertainty over when to implement solutions and legislative restrictions are just some of the challenges to achieving the sustainable transport system of the future. Partnership is an essential way to understand and overcome these challenges. As a leader on sustainable transport, we can work together with transporters, transport buyers, cities, technology manufacturers and decision-makers to share knowledge and build strategic partnerships across our ecosystem. In this way we can create the conditions necessary for sustainable solutions to scale rapidly.

MARKET TREND AND PERFORMANCE IN 2019
Global demand for transport continued to expand in the first half of 2019 and while demand slowed down in the second half, Scania enjoyed an impressive volume growth for the year. At Busworld in October, Scania's first fully electric bus in series production
for city traffic and the first model in our new bus and coach generation, the Scania Citywide, was launched.

Vehicles and services
Scania's vehicle deliveries increased in 2019 compared to 2018 by 3 percent. Truck deliveries increased by 4 percent to a total of 91 680 units and bus and coach deliveries decreased by 8 percent to 7,777 units. Engine deliveries decreased by 21 percent to 10,152 units. Service sales increased by 9 percent to SEK 28,971 m., the highest level ever.

The European truck market
The positive economic situation in Europe continued in early 2019. Demand for trucks was high, but slowed down in the second half of the year. A growing uncertainty about market development made an increasing number of our customers take a wait-and-see attitude regarding ordering new vehicles.

With 18.7 percent of the European market, Scania was second in the registration statistics for trucks over 16 tonnes, after being the European market leader for the first nine months. The success in Europe is mainly explained by the good reception of Scania's new truck generation. Scania delivers a clear customer benefit and during the year Scania's R 450 won the prestigious Green Truck Award 2019 as the most fuel-efficient and sustainable commercial vehicle in its class. Consequently, Scania has won the award for the third year in a row. In Italy, the Scania L 320 hybrid truck was awarded Sustainable Truck of the Year in the distribution category.

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway and Switzerland increased by 0.3 percent to about 320 700 units in 2019, compared to about 319,700 trucks in 2018.

Scania's deliveries in Europe increased by 13 percent in 2019 from the level in 2018, and totalled 58,851 (52,016) trucks. Deliveries increased in Great Britain, France and Germany, partly offset by decreases in Bulgaria, Romania and Latvia.

Scania has the full range of all commercially available alternative fuel solutions in the market to meet all customer demand – even the most ambitious. To this wide range of alternative fuel trucks and buses, the plug-in hybrid distribution truck, as well as a battery electric bus, were added 2018, manifesting the increasing opportunities for decarbonisation.

In 2019 the plug-in hybrid truck was deployed in silent night-time deliveries to McDonald's restaurants in Stockholm, trials carried out within the framework of the EU initiative Civitas Eccentric in collaboration with the City of Stockholm, McDonald's and its logistics partner HAVI, Stockholm's Royal Institute of Technology, and Scania.

During the year Scania extended the e-road pilots with additional customer trials in Germany, and started a trial in Italy. These tests will determine whether the e-road technology is viable in actual operations and can be implemented for goods transport with reduced carbon emissions and noise. In September Scania launched Scania AXL, a fully autonomous concept truck, without a cab. With the AXL concept truck Scania take a significant step towards the smart transport systems of the future, where self-driving vehicles will play a natural part.

High market share in Europe
Scania truck registrations in Europe amounted to some 60,500 units. Thus, the company's European market share increased from 2018, at about 18.7 (16.3) percent. Scania's market share in Europe 2019 reached its highest level ever, reflecting continuing strong demand for the new truck generation.

Continuing recovery in Latin America
In Latin America demand continued to recover, but at a sluggish pace. In Brazil, the continued recovery affected demand in 2019 in a positive way, but there is still a long way to get back to the previous high levels that were seen before Brazil's recession. Scania truck registrations in Brazil amounted to some 12,800 units, equivalent to a market share of about 17 percent.

At the Brazilian transport trade show FENATRAN in October, Scania received the prestigious “Truck of the Year” award for the Latin American market.

Scania's truck deliveries in Latin America increased by 17 percent in 2019, and amounted to 14,905 (12,725) trucks.

Eurasia, Asia and Africa and Oceania
The uncertainty related to political instability and global trade had a negative impact on demand in Eurasia and Asia.

In Eurasia, deliveries decreased during 2019 by 28 percent compared to 2018 and amounted to 5,763 (8,006) trucks, primarily related to Russia and Belarus, partly offset by Ukraine. The demand situation in the Asia region was impacted negatively by lower order bookings in the Middle East, mainly due to political uncertainty in the region. In Asia, deliveries decreased by 26 percent to 7,703 (10,464) trucks, mainly explained by Turkey, Indonesia and Iran, partly offset by China. In China the European truck segment is growing in line with the development of the logistics systems, along with stricter emission legislation levels.

Scania agreed with the world's largest construction machinery enterprises, Zoomlion Concrete Machinery in Changsha, China, to deliver another 520 vehicles for truck mounted pumps. Since the collaboration was first established in 2007, Scania has delivered 3,300 vehicles to the Chinese manufacturer which is now Scania's biggest customer worldwide.

In Africa and Oceania, deliveries decreased by 7 percent compared to the full year 2018 and amounted to 4,458 (4,784) units, mainly related to Tunisia and South Africa.

Buses and coaches
Scania's deliveries of buses and coaches in 2019 decreased by 8 percent and amounted to 7,777 units, compared to 8,482 units in 2018. In Europe deliveries decreased mainly in Great Britain, France and Germany, partly offset by Bulgaria, Romania nad Latvia. Deliveries to Eurasia decreased mainly in Russia. In Latin America deliveries increased in Colombia and Brazil. Deliveries in Asia decreased due to Turkey, Indonesia and Iran, partly offset by China. Deliveries in Africa and Oceania decreased, mainly due to Tunisia, South Africa and Nigeria, partly offset by China.

In Europe Scania's market share for buses and coaches amounted to 6.4 percent in 2019, compared to a 7.1 percent share in 2018.

At Busworld in October, the new Scania Citywide was premiered – Scania's first fully electric bus in series production for city traffic and the first model in our new bus and coach generation.

In June Scania launched the NXT, a new battery electric self-driving urban concept vehicle, designed with the flexibility to shift from ferrying commuters to and from work in mornings and evenings, delivering goods during the day and collecting refuse at night. The eight-metre-long bus module is built as one composite unit, substantially reducing weight. With a weight of less than eight tonnes, the range with present-day batteries is estimated at 245 kilometres. In December 2019 Scania signed an agreement to improve public transport in Abidjan, Ivory Coast. Scania will deliver 450 buses, whereof about 50 buses will be fuelled by compressed gas. The agreement includes upgrading bus depots and vocational training of drivers and service technicians. Over the past few years, Scania has successfully participated in improving urban mobility in Ghana and Nigeria.

With the strategic partnership in Abidjan Scania further strengthens its position in West Africa as a provider of sustainable solutions for urban mobility.

Engines
Last years pre-buy effect ahead of the new engine emission standards (Stage V) in Europe boosted deliveries in 2018 and 2019 Engine deliveries fell by 21 percent to 10,152 (12,809]). The downturn was mainly attributable to Germany, Great Britain and South Korea, which was partly offset by China, Italy and Poland.

Services continues to grow
Services continued to perform strongly in 2019. Overall revenue rose by 9 percent to SEK 28,971 m., with strong increases in Europe (up 9 percent to SEK 19,881 m.), Asia (up 8 percent to SEK 2,846 m.), and Africa and Oceania (up 7 percent to SEK 1,924 m.). and Eurasia (up 24 percent to SEK 989 m.) while Latin America was up by 9 percent at SEK 3,331 m.

Service demand is boosted by the data from more than 430,000 connected vehicles, which allows Scania to keep tailoring service packages to customers, based on how they use their vehicles. About 90 percent of the rolling fleet in Europe is connected. Other parts of the world are following. The total rolling fleet of Scania vehicles drives 2.9 billion kilometres every month. The development of smart maintenance services in the form of Scania Flexible Maintenance continues and now has more than 100,000 vehicles subscribed.

Financial services
At the end of 2019, Scania's customer finance portfolio amounted to SEK 103,8 bn, which was SEK 14,6 bn higher than the end of 2018. In local currencies, the portfolio increased by SEK 11,6 bn. The penetration rate was 42 (43) percent in those markets where Scania has its own financing operations. Operating income in Financial Services increased to the record level of SEK 1,511 m. (1,440 m.) in 2019, compared to the same period in 2018. A larger portfolio and currency effects had a positive impact on earnings, while smaller margins and increased operating cost had a negative effect. Bad debt expenses were SEK 314 m., 0.33 percent in relation to portfolio.

Most of Scania's portfolio consists of customers in European markets. The financing portfolio is well diversified in terms of customer geography and type, as well as their size, economic sector and vehicle applications. Scania reduces its risk by pursuing a conservative credit policy and a refinancing profile that matches borrowing to lending. Close collaboration between Financial Services and Scania's sales organisation is a major explanation for Scania's expanding financing portfolio. This collaboration allows both operations to mutually benefit from insights concerning customers and their businesses. Experience shows that brand loyalty is higher among customers that select financing, insurance and maintenance contracts with Scania.

Our employees
Ensuring that, regardless of their job and location, all employees feel valued and dedicated, have job satisfaction and have a sense of well-being at work is an important task for managers at all levels of the organisation. Scania's systematic efforts to monitor job satisfaction also include a single common survey – the Employee Satisfaction Barometer – that includes three specific questions on employees' views of Scania as a diverse and inclusive company. Scania is convinced that diverse work groups, reflecting diversity in gender, ethnicity and background, are key to success and therefore aims to work for a more diversified workforce in all of its operations.

Issues relating to well-being, working environment, safety and health have high priority. All managers and employees at production units are involved in improving working methods. In this way, Scania has been able to maintain low levels of employee turnover and keep healthy attendance at a high stable level over the years, amounting to 96,5 percent in 2019. The working principles, developed over many years at Scania's production units, have been adapted and implemented in the other parts of the company. The number of employees at Scania in 2019 decreased to 51,278 compared with 52,150 at the end of 2018. The decrease is mainly related to a reduction of staffing levels in production to adjust to lower demand levels during the year.

On 20th September Scania arranged its first Climate Day. Scania operations all over the world were pause to carry out training in climate science and sustainable operations for the company's 51,000 employees. The recurrent Climate Day is arranged as a show of commitment to battling climate change and to reaching the goal of the Paris Agreement. The focus is on conducting further training in sustainability for Scania's employees.

Production and environment
By the end of 2019 Scania had completed the the largest ever industrial changeover in Scania's history from the old to the new truck programme. Scania's global production system allows us to spread capacity between our production sites around the globe. Scania's technical capacity is 120,000 vehicles, and the work on ensuring flexibility to meet short-term fluctuations in demand is continuing. Scania's production units are continuously working to improve their environmental performance. The Scania Production System (SPS) is central to the work with energy efficiency and reduction of waste and chemicals. Scania places a special focus on the environmental impact from transport, both in-bound in the form of components and articles from suppliers and also from outbound delivery of parts and vehicles.

In 2019 Scania opened a new factory for trucks and buses in Bangkok, Thailand. In addition to truck and bus assembly, the factory also includes a manufacturing facility for truck cabs, and a regional headquarters for Scania's operations in Asia and Oceania has been created in Bangkok. The industrial operation in Thailand is important to Scania's overall strategy for Asia, as it means Scania now is part of the ASEAN Free Trade Area.

Research and development
The aim of Scania's research and development organisation is to develop sustainable solutions that improve productivity and profitability in customer operations based on low fuel consumption, high vehicle uptime and low service costs, combined with good performance. Scania puts significant investment and resources into research and development, which is concentrated at the Scania Technical Centre in Södertälje. In 2019, Scania invested SEK 7,2 bn in research and development (7.6), which corresponded to 5 percent of net sales.

RISK AND RISK MANAGEMENT

Purpose of Risk management within Scania

As a company, Scania is continuously exposed to risks that, if not properly managed, may impact the opportunity to be a leader in sustainable transport, to execute its strategies and achieve its objectives. Such matters pose risks to Scania and may involve a broad range of topics spanning from IT security to supplier dependency, product safety and matters related to responsible business e.g. human, environmental and social issues. Negative impacts can be avoided, or at least minimised, if they are proactively identified and properly managed. The purpose is to have a risk management approach within Scania which is transparent, systematic and hands on. This enables Scania to maintain focus on its core business and its customers, while spending less time and effort on remediating unwanted situations.

The risk management process enables effective risk management and risk reporting.

How we drive risk management within Scania

The aim is for each entity within Scania to gain a greater understanding of which their important risks are, and how such risks are managed, but also to establish a shared view of important risks throughout the Scania Group.

On behalf of the Supervisory Board, the Executive Board has the overall responsibility for risk management within Scania. However, the business operations are the focal point since they are exposed to risks, which need to be managed accordingly. The business operations are therefore responsible for identifying and assessing key risks, assuming risk ownership and managing important risks, as well as periodically report risks to Executive Board via the central support function Group Risk Management.

Risk management at Scania should be performed in accordance with a Scania Group Policy and supporting instructions.

Risk process

Scania Group promotes a risk awareness culture which is characterized by openness and encourages people throughout the organisation to speak up and discuss the risks the Group is facing. Transparency is fundamental for dealing effectively with risks and avoiding blind spots, i.e. risk which remain undetected and therefore are not addressed properly. As a principle, all management across the organisation is responsible for managing risks within its area of responsibility.

To ensure consistency in the assessment of the risks identified, pre-defined risk categories (Strategic, Financial and Business risks), sub-categories and risk assessment criteria are established that help organise consistent identification, assessment, analysis, and monitoring of risks.

The risk process consists of four phases; identify, assess, respond, and follow-up and report. The first step, **identify**, involves performing a perception workshop session including brainstorming to identify risks of targets not being achieved and emerging risks. Secondly, the identified risks shall be **assessed** in terms of probability of occurrence and potential impact in order for the appointed risk owner to be able to prioritise risks for further analysis. The following analysis is the basis for evaluating response options as part of the third step, **respond**, as well as to design and implement risk response plans. The final step, **follow-up and report**, is to monitor the implementation and status of the risks to ensure that the risk response is effective The process is run through an annual workshop and additionally reports on a quarterly basis.

Risk overview

Corporate targets
- Leader in sustainable transport (L)
- Customer satisfaction (C)
-Top employees (T)
- Profitability (P)
- Volume growth (V)

Risk category	Corporate target effected	Context/ Potential Impact	Management actions/ Mitigation
Strategic risks			
Corporate governance and policy related risks	(L) (C) (T) (P) (V)	It is important that Scania effectively manage and develop the business in the right direction, otherwise there would be a risk of the company not achieving our ambition and targets.	The Executive Board has overall responsibility for managing corporate governance and policy-related risks. All units of the company work according to a management system that meets Scania's requirements, guidelines and policies, and this system is well documented. Management systems are continuously being improved, through day-to-day work and through regular review internally and by third parties. A central support function Governance, Risk and Compliance is in place to support both Executive Board and line mangers in reducing risks by providing knowledge in terms of governing trainings and advice.
Business development risks	(L) (C) (P)	The transport industry is facing new technologies, business models, competitors, and global trends such as digitalisation which combined create a highly disruptive environment. These factors are transforming Scania from a heavy commercial vehicle manufacturer into a provider of transport and logistics solutions. Hence there is a risk related to the ability to respond to specific customer needs with tailored products and services, and the availability of technological innovations that respond to the major trends of the industry (i.e. Connected, Autonomous and Electrified vehicles). The complex supply chain related to battery production involve increased social risks for example human right violations, labour issues and discrimination.	Risks associated with business development and long-term planning are mainly managed through Scania's cross-functional meeting structure, which brings together various departments for decision-making of a strategic and tactical nature, and also through the annual process established by Scania for strategic planning. Such planning is not a static process, and in fact discussed and challenged throughout the company, based on external and internal considerations. All units and levels of the company are involved in the strategic process. Through a culture of integrity and speak up all unclarities and queries are to be identified and discussed openly. It also means that the risk of uncertainty and lack of clarity concerning the company's strategy and business development can be managed in a precise and efficient way. In addition to this Scania continuously investigates new areas that may be of interest connected to the future development of the ecosystem of transport and logistics. Research and development projects are also revised continuously, based on each project's technological and commercial relevance.
Geopolitical including sanctions and trade barriers such as BREXIT	(L) (P) (V)	Changes in foreign trade policy and trade barriers, as well as governments or international bodies imposing sanctions on countries, goods and services, or persons, impedes our opportunities to do business. Failure to comply with sanctions could result in significant fines and penalties. As a global company, Scania needs to manage conflicting sanction regulations. Scania operates in markets with political volatility, conflict and high human rights risk requiring more from Scania to uphold standards to mitigate adverse environmental and social effects. BREXIT poses a risk to the current operating model. There are uncertainties and risk such as potential business interruptions due to suppliers facing challenges in	All Scania entities within the Scania Group conduct our business in accordance with national and international laws and regulations, export control legislations of all relevant jurisdictions and regimes in which we operate as well as Scania's Code of Conduct. Scania has established a cross functional organisation for BREXIT to ensure awareness and that preparations are undertaken to mitigate the risk.

		delivering to and from Great Britain.	
Financial risks			
Currency and interest rate risk	(P)	Due to currency and interest rate movements there is a risk of negative effects on earnings and balance sheet items. Currency exposures results from the widely spread geographic sales of products and rather concentrated production operations. Interest rate risk may occur from interest rate-sensitive assets and liabilities. For further information see Note 28.	Financial risks are managed in accordance with Scania Group Policy – Treasury, reviewed every year by Scania Audit Committee. To limit exposures Scania generally concentrates currency risks to industrial units. The goal of interest rate risk management is to largely reduce these risks using derivatives.
Refinancing risk	(C) (P)	Access to competitive funding is critical and to a large extent dependent on Scania's credit rating on the financial markets. A risk of worsening in credit rating would increase Scania's cost of funding which in turn could affect the company's profitability. For further information see Note 28.	Financial risks are managed in accordance with Scania Group Policy – Treasury, reviewed every year by Scania Audit Committee.
Credit risk	(C) (P)	If Scania's contract parties fail to meet their contractual obligations as a result of their own financial situation or the political environment, Scania might thereby be exposed to financial loss. For further information see Note 2 and 28.	Financial risks are managed in accordance with the Scania Group Policies – Credit Risk Governance and Treasury, reviewed every year by Scania Audit Committee
Tax risks	(P)	Scania is subject to various taxes in multiple jurisdictions. A certain degree of judgment and estimation is required in determining Scania Group's provisions for income tax, sales and use tax, value-added tax, and other taxes. Additionally, Scania and its subsidiaries are involved in a number of tax cases, and disputes. For further information, see Note 2. None of these cases is deemed capable of resulting in a claim that would substantially affect Scania's financial position.	Scania has central and local resources which purpose is to ensure compliance with current legislation, and to take an active part in tax related issues and assist with tax expertise. Furthermore, in addition to statutory audits, Scania is regularly audited by tax authorities, who may disagree with Scania's tax treatments. Although Scania believes its tax estimates are reasonable, the final determination of any such tax audits or reviews could differ from our tax provisions and accruals. As a result, Scania may be subject to additional tax liabilities, interest, penalties, or any regulatory, administrative, or other sanctions relating thereto. Tax risks above a certain level are monitored and reported regularly to management. Once a year, a report is submitted to the Audit Committee of the Board.
Insurance risks		Scania works continuously with the identification, analysis and administration of insurable risks, both at Group and local level.	A corporate unit is responsible for the Group's global insurance portfolio. Customary Group insurance policies to protect the Group's goods shipments, assets and obligations are arranged in accordance with Scania's governing document. Local insurance policies are obtained in accordance with the laws and standards of the country in question. When needed, Scania receives assistance from outside insurance consultancy companies in identifying and managing risks. Insurance is obtained only from well-reputed insurance companies, whose financial strength is continuously monitored. Risk inspections, mainly focusing on physical risks, are performed yearly in most cases at all production units and at a number of Scania-owned sales and services units/workshops according to the standardised Scania Blue Rating Fire Safety system. This work maintains a high claim prevention level and a low incidence of claims.
Business risks			
Market risks	(L) (V)	The commercial vehicles industry is influenced by external impact such as competition, price, political conditions as well as potential financial downturn which may result in both opportunities and risks regarding the demand for Scania's products. For example, risks related to used vehicles and repurchase obligations.	Scania can address the fluctuation in the demand for our products by well-diversified sales in more than 100 countries, which limits the risk in relation to each individual customer and market. Furthermore, Scania continuously manage and oversee existing contractual obligations towards customers which otherwise could result in challenges to properly forecast future asset values of used vehicles. See Note 2.
New and changed laws and regulation	(L) (P)	Different countries' legal systems and major changes in laws and regulation	Scania monitors all markets continuously for early warning signs, which means the company can make the necessary changes to

		(e.g. environmental laws, safety standards, trade laws, and export control regulations with extraterritorial effect) may have features that threatens the comprehensive position and its capacity to efficiently conduct business as well as the capacity to consummate important transactions, enforce contractual agreements or complement specific strategies and activities.	its marketing strategy. In addition, Scania's local and central specialist functions provides guidance and supports regarding new and changed legislation to mitigate the risk.
Compliance risks	(L) (C) (T) (P)	Scania needs to address anti-money laundering, anti-corruption and adherence to applicable competition laws in a systematic and transparent way. Scania's operations also include the provision of financing and insurance services, which must comply with the rules set out by financial supervisory authorities.	The company has specialised staff both centrally and locally to support the business to monitor and control these risks. Group Compliance, Group Risk management and Group Internal Audit are the functions that support the businesses to achieve those targets.
Production risks	(L) (C) (V)	An unforeseen disruption of a production facility represents a risk and may be caused by a number of incidents — for example power failure, equipment failure, fires, floods, social unrest or terrorist activity, infectious diseases, labour difficulties, or other operational problems. If overestimating the demand for our products, there might be a risk that the available capacity will be underutilized, while pessimistic forecasts could result in insufficient capacity to meet demand.	Scania has a business continuity programme which focus on responsibility by local management to assure that business continuity is owned, operated and embedded with local needs, resources and competence. In addition, Scania has a safety, health and environment standard as well as activities with the aim to preserve and promote the performance. Production, environmental and quality risks in the workshop network's services are managed through the Scania retail system, the Scania dealer operating standard certification, as well as the Scania code of practice. The production capacity is closely monitored in cross functional meetings and continuously adopted accordingly.
Supply chain risks	(L) (C) (T) (P)	If one or more suppliers are unable or unwilling to fulfil delivery obligations, for example due to supply shortages, labour strikes, capacity allocation to other customers, or financial distress of the supplier, Scania might face the risk of production downtime, increased production costs, delays and loss of customer confidence. Furthermore, with a more global supply chain there are sustainability risks such as adverse effects on the environment, health and safety, human rights and business ethics in Scania's business operations.	Scania has taken a variety of preventive and detective measures to counter these risks. This includes a pre-qualification process to ensure suppliers meet the company's requirements regarding technology, quality, delivery, cost and sustainability, and which is regularly reported to Scania Purchasing management. Suppliers are required to comply with Scania's Supplier Code of Conduct and Scania continuously assess and consider the risk in sourcing nominations. Furthermore, Scania uses external risk indices for keeping track of risks in specific regions and to meet the different risk profiles, measures are taken to support and follow up e.g. by performing trainings and audits.
Natural hazards	(L) (C) (P)	As Scania and our suppliers are located all over the world we might be faced with extreme weather conditions and natural hazards. It is hard to predict the occurrence or location of natural disasters as well as their frequency and impact. With changing climate, extreme weather situations are expected to be more frequently occurring as well as the weather conditions to be changing in certain areas.	As Scania's own business operations or suppliers are located all over the world the risk of natural disaster and resource scarcity are given special attention in the business impact analysis as well as the business continuity planning process. Furthermore, Scania has committed to setting a science-based greenhouse gas reduction target in line with limiting the rise in global temperature.
People and Competence	(L) (V) (T)	The technology shift will require a shift in competence and Scania must act proactively and identify future needs before they occur. Difficulties to attract and retain key personnel, which could lead to challenges in delivering towards customer needs.	Scania will continue to develop the area of people management to secure business-driven competence supply. The people perspective is key in driving the shift– both for the company and its employees. Scania focuses on various re-skilling programs as well as entrepreneurial and innovation learnings. Further, Scania has structured, well-established working methods for close cooperation with a number of universities and institutes of technology to create and recruit cutting-edge

			expertise. Scania runs an upper secondary school in Södertälje, Mälardalens Tekniska Gymnasium, offering high-quality technical education.
Information risks	(L) (C)	Scania relies on information technology. Beside opportunities for improving efficiency and effectiveness of Scania's internal operations and customer offer, this might also give rise to risks. Parts of the infrastructure may be interrupted because of accidents, disasters, technical damage, outdated technology, or cyberattacks etc. If not properly managed Scania might be exposed to the risk of information being revealed to unauthorized person(s) or intentionally/unintentionally changed, corrupted or lost.	To ensure the availability, integrity, and confidentiality of information, Scania uses a risk-based information security management system as well as a combination of the latest hardware and software technologies and effective IT organisational mechanisms. Furthermore, Scania has a central unit for Information Security, which is responsible for the introduction and follow-up on Scania's information security policy.
Data privacy	(L) (C) (P)	Scania is subject to data protection regulations with respect to, among other things, the use and disclosure of personal data, and the confidentiality, integrity, and availability of such information. If Scania fails to comply with these regulations, this could result in claims for damages and other liabilities, significant fines and other penalties, and the loss of customer and reputation.	One of Scania's core values is "Respect for the individual." This is the foundation when interacting with our customers, drivers of our vehicles, co-workers in our global organisation or with business partners/suppliers contributing to our delivery of sustainable transport solutions. Scania has a data protection organisation to support the business in ensuring that personal data is handled appropriately. The business is responsible for demonstrating compliance with privacy and data protection legislations.
Contracts and rights	(L) (C) (P)	Administration of contracts, essential rights and legal risks occur in the normal course of operations. Scania's operations include a wide variety of intangible licensing agreements, patents and other intellectual property rights. Scania also concludes numerous commercial and financial contracts, which is normal for a company of Scania's scale and type. Scania's operations are not dependent on any single commercial or financial contract, patent, licensing agreement or similar right.	Head office team support with advisory and guidance in legal, commercial, patent, licencing and other relevant matters.
Legal actions and administrative proceedings	(L) (C) (P)	Scania is affected by legal proceedings as a consequence of the company's operating activities. This includes alleged breaches of contract, non-delivery of goods or services, producer liability, patent infringement or infringements related to other intellectual property, or alleged violations of laws and regulations in force. Some of the associated risks may be considerable. For further information see Note 2.	Scania has introduced a legal risk reporting system, according to which risks are defined and reported to the head office as they occur. At least once a year, a report on such risks is submitted to the Audit Committee of the Board of Directors. Scania has specialised personnel, Corporate Legal Affairs and Risk Management to support with advisory and guidance in legal matters.

CORPORATE GOVERNANCE

Scania AB and its direct wholly-owned subsidiary Scania CV AB (together “Scania”) maintain a high international standard of corporate governance through the clarity and simplicity of its management systems and governing documents. Corporate governance at Scania is based on the Articles of Association, Swedish legislation, in particular the Swedish Companies Act and the Annual Accounts Act. and internal governing documents. This Corporate Governance Report has been prepared in compliance with Chapter 6, Section 7 of the Annual Accounts Act.

Owner and shareholders

Shareholders of Scania that hold more than 10 percent of the voting rights on 31 December 2019 are TRATON SE and TRATON SE’s subsidiary MAN SE. TRATON SE holds 86.65 percent of the shares in Scania AB and MAN SE holds 13.35 percent of the shares in Scania AB. TRATON SE thus directly or indirectly owns and controls 100 percent of the shares in Scania and even though TRATON SE is a company listed on both the Frankfurt Stock Exchange and NASDAQ Stockholm Exchange, it is also a subsidiary of Volkswagen AG and thereby both Scania and TRATON are members of the Volkswagen Group.

The Annual General Meeting

The right of shareholders to make decisions on Scania’s affairs is ultimately exercised at the Annual General Meeting (AGM). An Annual General Meeting of shareholders shall be held within six months of the expiry of each financial year, where the Board of Directors shall present the Annual Report and the Auditors’ Report.

Notice convening the AGM shall be issued no earlier than six and no later than four weeks before the Meeting. Notice convening an Extraordinary General Meeting (EGM) shall be issued no earlier than six and no later than three weeks before the meeting. In accordance with the Swedish Companies Act and Scania’s Articles of Association, the composition of the Board of Directors is decided by election. Decisions at the AGM are usually made by simple majority. In some cases such as an amendment to the Articles of Association, however, the Swedish Companies Act or the Articles of Association stipulates either a certain level of attendance in order to reach a quorum or a qualified majority of votes. During 2019, the AGM did not authorise the Board of Directors to resolve on the issue or repurchase or shares.

The Board of Directors

Scania’s Board of Directors, which is identical for Scania AB and Scania CV AB, is elected every year by the shareholders at the AGM. The Board is the link between the shareholders and the company’s management. It is of great importance in the task of developing Scania’s strategy and business operations.

In addition to those Board members who are appointed pursuant to Swedish law by a party other than the AGM, the Board shall comprise a minimum of three and a maximum of ten members plus a maximum of two deputy members. The members are elected each year at the AGM for the period up to the end of the next AGM. Scania’s Board is composed of eight elected Board members and no deputy members. On 31 December 2019, they were:

Lilian Fossum Biner
Henrik Henriksson
Nina Macpherson
Stephanie Porsche-Schröder
Andreas Renschler
Christian Schulz
Peter Wallenberg Jr

Andreas Renschler is the Chairman of the Board of Directors. In addition, the trade unions at Scania have according to Swedish law appointed two Board members and two deputy members for them. They were for 2019:

Lisa Lorentzon
Michael Lyngsie
Mikael Johansson, deputy member
Mari Carlquist, deputy member

The Board of Directors is responsible for establishing the Rules of Procedure of the Board of Directors, and their instruction to the President and CEO, where the Board of Directors specifies his duties and powers. Furthermore, the Board of Directors is also responsible for establishing the Rules of Procedure of the Audit Committee.

The Audit Committee

Scania’s Board of Directors have established one working committee, the Audit Committee, to which the Board of Directors appoints the members from among its own members.The Audit Committee monitors issues related to administrative processes, refinancing and treasury operations. Its brief also includes discussing and evaluating the company’s application of important accounting issues and principles and the company’s financial reporting, as well as evaluating the auditors and approving the use of external auditors for non-auditing-related services. Financial, commercial, legal and tax risks are reported regularly to the Audit Committee.

The Audit Committee also receives regularly reports regarding Internal Audits and the state of the Internal Controls and Risk Management Systems.

The Audit Committee shall also receive and discuss complaints concerning accounting, internal controls or auditing in the company.

The Audit Committee is identical and common to Scania AB and Scania CV AB.

External auditors
At Scania, the independent auditors are elected annually by the shareholders at the AGM, for a period until the end of the next financial year's AGM. The auditors report to the shareholders at the company's AGM.

To ensure that the requirements concerning information and controls that are incumbent on the Board of Directors are being met, the auditors report on a continuous basis to the Audit Committee on all substantive accounting issues as well as any errors and suspected irregularities. The auditors also participate in at least one Board of Directors meeting per year and are invited, as needed, to participate in and report to the meetings of the Board of Directors.

Once a year, the auditors report to the Audit Committee without the President and CEO or any other member of the company's operative management being present at the meeting. The auditors have no assignments for the company that affect their independence as auditors for Scania.

Internal audit
Scania Group's Internal Audit, whose main task is to independently monitor and review the internal control, risk management and governance of Scania, prepares a report at least twice a year to Scania's Audit Committee. The report is also shared with the CEO and the Executive Board. Group Internal Audit reports functionally to the Audit Committee and administratively to the CEO. Group Internal Audit performs risk based and by regulation required reviews according to an annual audit plan.

The management of the company
The decision-making structure and management of Scania are described at Scania´s intranet. The governing regulation structure starts with the Scania Code of Conduct which contains a set of binding rules and guidance regarding responsible behaviours for all Scania Group employees.

There are also, Scania Group Policies, Standards and Regulations where Scania Group Policy No. 1, Group Regulations Management, describe the structure of the governing documents of the Scania Group.

The main responsibility for the operations of subsidiaries rests with the Board of each respective subsidiary. This Board ensures that the established profitability targets are achieved and that all of Scania's internal rules and principles, as well as laws and regulations are followed.
All managers in the company are responsible for working and communicating in compliance with the company's strategy. At the annual Top Management Meeting, the Executive Board communicates the Scania Group's strategic direction, which serves as the foundation for the Scania Group's business and operating plans.

Scania's Executive Board decided in November 2016 to create a Governance, Risk and Compliance (GRC) function at Scania. The GRC function shall ensure that legal requirements, international GRC standards and owner requirements are fulfilled considering Scania specific risk environment and culture. The function shall also support in reducing compliance and other risks by providing knowledge in terms of policies, guidelines, trainings and advice and by setting up respective structures and processes. The GRC function secures gradual alignment with the Volkswagen Group as well as TRATON Group regulations through the policy management function.

Since 2017 Volkswagen Group has set up an improvement program named Together for Integrity with the target of achiving an improved culture of openness, transparency and accountability.

The President and CEO
Under the Board of Directors, the President and CEO has overall responsibility for the Scania Group.

The Executive Board
Next to the President and CEO is the Executive Board. The Executive Board makes joint decisions in compliance with guidelines approved by the Board of Directors and the instruction on the division of labour between the Board of Directors and the President and CEO. The Executive Board descides on issues in its area of competency that are of a long-term and strategic nature such as the development of the company, research and development,

purchasing, overall human resource matters, environmental work, marketing, pricing policy, capital expenditures and financing. The Executive Board also prepares such issues that shall be decided by the Board of Directors.

The Executive Board meets every week. When necessary, considering amongst others market developments, the strategies are summarised from a global perspective and updated at such meetings.

Internal control of financial reporting

The cornerstones of Scania's internal control system consist of the control environment, risk assessment, control activities, information and communication as well as monitoring.

Control environment

Internal control at Scania is based on the decisions on organisational structure, powers and guidelines made by the Board of Directors. The Board of Director's decisions have been transformed into functioning management and control systems by the Executive Board. Organisational structure, decision-making procedures, powers and responsibilities are documented and communicated in governing documents, such as policies, standards and other regulations. Also included in the basis for internal control are group-wide accounting and reporting instructions, instructions regarding powers and authorisation rights as well as manuals. The Group reporting system for integrated financial and operational information is another central element of the control environment and internal control. Integrated reporting of financial and operational information ensures that external financial reporting is firmly based on business operations. In addition to information on final outcome figures, the reporting system also includes frequently updated forecast information. Corporate Control is responsible for continuous updating of accounting and reporting instructions, with due regard for external and internal requirements.

Risk assessment and control activities

Risk management and risk assessment are an integral elements of the business management and decision-making processes. For a closer description of the risk management and how it is run at Scania please see section Risk and risk management on page 8. The controller organisation, like financial responsibility, follows the company's organisational and responsibility structure. Risk areas identified in financial reporting are handled and scrutinised via Scania's controller organisation.

Controllers who closely scrutinise business operations are found at all levels of the organisation. Clear reporting to higher levels takes place regularly, ensuring a solid understanding of how a unit's business operations are reflected in the figures. In its task of compiling, verifying and analysing financial information, the corporate-level controller organisation has access to the figures and business-related comments of all operational units.

Information and communication

In order to inform, instruct and coordinate financial reporting, Scania has formal information and communications channels to the affected employees regarding policies, guidelines and reporting manuals. These formal information and communications channels are supplemented by frequent dialogue between Finance and Business Control and the individuals in charge of financial reporting at operational units. The Group holds internal seminars and conferences regularly, with a focus on quality assurance in financial reporting and governance models.

Monitoring

Scania monitors compliance with the above described governing documents and the effectiveness of the control structure. Monitoring and evaluation is performed by the company's corporate controller departments in industrial operations, all sales and services companies, and finance companies. During the 2019 financial year, in its control and investigative activities the company prioritised areas and processes with large flows and values as well as selected operational risks. Monitoring compliance with the Scania Group Policies remained a high priority area, along with units undergoing changes.

The Board receives monthly financial reports. This financial information increases in terms of content in the run-up to each interim report. The full year-end and half year reports are approved by the Board of Directors.

Through the organisational structure and the work methods described above, the company deems the internal control system concerning financial reporting is well suited to the company's operations.

GROUP FINANCIAL REVIEW

REVENUE

The sales revenue of the Scania Group, in the Vehicles and Services segment, increased by 11 percent to SEK 147,557 m. (133,222). Currency rate effects had a positive impact on sales of 4 percent.

New vehicle sales revenue increased by 14 percent. Sales were positively influenced by price increases, positive currency effects and market mix.

Engine sales revenue decreased with 13 percent. Service revenue increased by 9 percent and amounted to SEK 28,971 m. (26,588). The increase was mainly explained by volume, price increases in spare parts and workshop as well positive currency effects.

Interest and lease income in the Financial Services segment increased by 15 percent due to a higher average portfolio and positive currency effects, partly offset by lower margins.

Net sales by product, SEK m.	**2019**	2018
Trucks	98,292	85,231
Buses	11,958	11,658
Engines	2,409	2,769
Services	28,971	26,588
Used vehicles	8,411	7,726
Miscellaneous	4,615	4,843
Delivery sales value	154,656	138,815
Adjustment for lease income [1]	-7,099	-5,593
Total Vehicles and Services	147,557	133,222
Financial Services	8,992	7,797
Elimination [2]	-4,130	-3,893
Scania CV Group total	**152,419**	**137,126**

1 Refers to the difference between sales value based on delivery value and sales recognised in revenue. The difference arises when a lease or delivery - combined with a repurchase obligation, which means that significant risks remain – is recognised as an operating lease contract.
2 Elimination refers to rental income from operating lease.

DELIVERIES

During 2019 Scania delivered 91,680 (87,995) trucks, an increase of 4 percent. Bus deliveries decreased by 8 percent to 7,777 (8,482) units. Engine deliveries decreased by 21 percent to 10,152 (12,809) units.

Vehicles delivered	**2019**	2018
Vehicles and Services		
Trucks	**91,680**	87,995
Buses	**7,777**	8,482
Total new vehicles	**99,457**	96,477
Used vehicles	**19,753**	18,691
Engines	**10,152**	12,809

Financial Services **Number financed (new during the year)**	**2019**	2018
Trucks	**35,814**	33,017
Buses	**1,212**	967
Total new vehicles	**37,026**	33,984
Used vehicles	**7,016**	7,107
New financing, SEK m.	**54,221**	47,636
Portfolio, SEK m.	**103,781**	89,166

EARNINGS

Scania's operating income amounted to SEK 17,488 m. (13,832) during 2019. Operating margin amounted to 11.5 (10.1) percent.

Operating income in Vehicles and Services totalled SEK 15,977 m. (12,392) during 2019. Positive price effects and higher service volume, together with positive currency rate effects, had a positive impact on earnings. This was partly offset by higher product cost.

Scania's research and development expenditure amounted to SEK 7,244 m. (7,603). After adjusting for SEK 1,788 m. (1,996) in capitalised expenditure and SEK 706 m. (727) in depreciation of previously capitalised expenditure, recognised expenses increased to SEK 6,162 m. (6,334).

Compared to the full year 2018, the total currency rate effect was positive and amounted to SEK 1,900 m.

Operating income in Financial Services increased to SEK 1,511 m. (1,440). This was equivalent to 1.6 (1.7) percent of the average port-folio during the year. The increased earnings were mainly due to a larger portfolio and positive currency rate effects partly offset by lower margins. Bad debt expenses increased during the year.

At year-end 2019, the size of the customer finance portfolio amounted to SEK 103,8 bn, which represented an increase of SEK 14,6 bn since the end of 2018. In local currencies, the portfolio increased by SEK 11,6 bn, equivalent to 12.9 percent.

Operating income per segment,

SEK m.	**2019**	2018
Vehicles and Service		
Operating income	15,977	12,392
Operating margin, %	10,8	9.3
Financial Services		
Operating income	1,511	1,440
Operating margin, % [1]	1,6	1.7
Operating income, Scania Group	17,488	13,832
Operating margin, %	11,5	10.1
Income before tax	16,476	13,319
Taxes	-4,092	-3,585
Net income	**12,384**	9,734

1 The operating margin of Financial Services is calculated by taking operating income as a percentage of the average portfolio.

Scania's net financial items amounted to SEK –1 012 m. (–513) including net income from associated companies and joint ventures amounting to SEK 46 m. (40). Net interest items amounted to SEK –456 m. (–338). The interest net was negatively impacted by increased funding volumes in high interest currencies and increased interest expenses in Latin America. Other financial income and expenses amounted to SEK –602 m. (–215). These included SEK –150 m. (-44) in valuation effects related to financial instruments where hedge accounting was not applied.

Income before taxes amounted to SEK 16,476 m. (13,319). The Scania Group's tax expense for 2019 was equivalent to 24,8 (26.9) percent of income before taxes.

Net income for the year totalled SEK 12,384 m. (9,734), corresponding to a net margin of 8,1 (7.1) percent.

CASH FLOW

Cash flow after investing activites attributable to operating activites in Vehicles and Services amounted to SEK 10,994 m. (3,718).

Cash flow from investing activities attributable to operating activities amounted to SEK 7,518 m. (7,139), including SEK 1,788 m. (1,996) in capitalisation of development expenses. At the end of 2019, the net cash position in Vehicles and Services amounted to SEK 17,057 m. (16,926).

Cash flow in Financial Services amounted to SEK -10,632 m. (–10,743), due to a growing customer finance portfolio.

FINANCIAL POSITION

Financial ratios related to the balance sheet,

SEK m.	**2019**	2018
Equity/assets (E/A) ratio, %	22.9	26.3
E/A ratio, Vehicle and Services, %	30.5	34.4
E/A ratio, Financial Services, %	9.4	8.9
Return on capital employed, Vehicles and Services, % [1]	25.4	24.1
Net debt/equity ratio, Vehicles and Services [2]	-0,23	-0.32

1 Calculation is based on average capital employed for the 13 most recent month.
2 Net debt (+) and net cash position (-).

During 2019, the equity of the Scania Group increased by SEK 1,896 m. and totalled SEK 54,687 m. (52,791) at year-end. Net income added SEK 12,384 m. (9,734) . Equity increased by SEK 945 m. (–529) because of exchange rate differences that arose when translating net assets outside Sweden. In addition, equity decreased by SEK –2,427 m. (–716) because of actuarial gains/losses on pension liabilities and decreased by SEK -48 m. (44) due to fair value adjustment on equity instruments.

Taxes attributable to items reported under “Other comprehensive income” totalled SEK 542 m. (-9). The non-controlling interest increased during the year with SEK 4 m. During 2019 dividend to Scania’s shareholders decreased equity with SEK -9,500 m.

FINANCIAL RISKS

Currency risk
The largest currency flows were in British pounds, Euros and Polish Zloty.

According to Scania’s financial policy, future cash flows may be hedged during a period that is allowed to vary between 0 and 12 months. The Board of Directors approves maturities of more than 12 months. At year-end 2019, no future cash flows were hedged.

The net foreign assets of subsidiaries are normally not hedged. However, to the extent a foreign subsidiary has significant net monetary assets in functional currency, they may be hedged. At the end of 2019, no foreign net assets were hedged.

Interest rate risk
Scania CV’s financial policy concerning interest rate risks in Vehicles and Services is that the interest rate refixing period on its net debt should normally be within the 0–6 month range, but divergences may be allowed up to 24 months. The Board of Directors approves maturities of more than 24 months. In Financial Services the interest rate refixing period on borrowings shall be matched with the interest rate refixing period on assets. To manage interest rate risks in the Scania Group, derivative instruments are used.

Credit risk
The management of credit risks in Vehicles and Services is regulated by a credit policy. In Vehicles and Services, credit exposure consists mainly of receivables from independent dealerships as well as end customers.

To maintain a controlled level of credit risk in Financial Services, the process of issuing credit is supported by a credit policy as well as credit instructions.

The management of the credit risks that arise in Scania’s treasury operations, among other things in investment of cash and cash equivalents and derivatives trading, is regulated in Scania’s Financial Policy document. Transactions occur only within established limits and with selected, creditworthy counterparties.

Borrowing and refinancing risk
Scania’s borrowings primarily consist of bonds issued under capital market programmes, and other borrowing mainly via the banking system. As part of Scania’s management of refinancing risk, there are five committed credit facilities: three in the international borrowing market and two in the Swedish market.

During 2019, Scania CV AB’s credit rating was unchanged by Standard & Poor’s (S&P) and remains at BBB+ regarding the credit risk of long-term debt, i.e. longer than one year.

For more information about management of financial risks, see also Note 28.

OTHER CONTRACTUAL RISKS

Residual value exposure
Scania delivers some of its vehicles with guaranteed residual value or with repurchase obligations, where Scania thus has residual value exposure. There is also residual value exposure for short-term rental vehicles with an estimated residual value. The amount for residual value exposure at year-end was SEK 21,310 m. (19,405). During 2019, the volume of new contracts with repurchase guarantees, was about 13,400 (11,700), excluding short-term rental contracts.

Service contracts
A large proportion of Scania's sales of parts and workshop hours occurs through repair and service contracts. Selling a service contract involves a commitment by Scania to provide servicing to customers during the contractual period in exchange for a predetermined fee. The cost of the contract is allocated over the contractual period according to estimated consumption of service, and actual divergences from this are recognized in the accounts during the period. From a portfolio perspective, Scania continually estimates possible future divergences from the expected cost curve. Negative divergences from this result in a provision, which affects earnings for the period.

The number of contracts rose during 2019 by 3,600 and totaled 252,300 at year-end. Most of these are in the European market.

KEY FINANCIAL RATIOS AND FIGURES

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

Operating margin - Operating income as a percentage of net sales.
Equity/assets ratio - Total equity as a percentage of total assets on each respective balance sheet date.
Net debt, net cash excluding provision for pensions - Current and non-current interest borrowings (excluding pension liabilities) less cash and cash equivalents, current investments and non-current intra-group loans to Volkswagen entities.
Net debt/equity ratio - Net debt, net cash as a percentage of total equity.
Capital employed - Total assets minus operating liabilities. [1]
Return on capital employed - Operating income plus financial income as a percentage of capital employed. [1]
Operating margin, Financial Services - Operating income as a percentage of average portfolio.

1 Calculations are based on average capital employed and operating capital for the 13 most recent months.

Reconciliation of Key ratios

Vehicles and services

Net debt, exluding provision for pensions

Assets	2019	2018
Current investments	**1,795**	10,247
Cash and cash equivalents	**20,358**	6,683
Borrowing Volkswagen Group	**-**	-
Accrued interest in current investments	**-6**	-4
	22,147	16,926
Liabilities		
Interest-bearing liabilities, non-current	**4,014**	-
Interest-bearing liabilities, current	**1,076**	-
Liabilities to group companies	**6,201**	1,568
Accrued interest in interest-bearing liabilities	**-**	-
	11,291	1,568
Net debt	**-10,856**	-15,358

Scania CV Group

Net debt, exluding provision for pensions

Assets	2019	2018
Current investments	**814**	1,612
Cash and cash equivalents	**20,981**	7,222
Borrowing Volkswagen Group	**8**	6
Accrued interest in current investments	**-2**	-4
	21,801	8,836
Liabilities		
Interest-bearing liabilities, non-current	**54,008**	42,950
Interest-bearing liabilities, current	**43,979**	29,922
Liabilities to group companies	**6,201**	1,568
Accrued interest in interest-bearing liabilities	**-387**	-685
	103,801	73,755
Net debt	**82,000**	64,919

Vehicles and services (cont.)

Capital Employed[1]

	2019	2018
Total assets [2]	**148,900**	130,592
Other provisions, non-current and current	**10,225**	10,000
Other liabilities	**74,243**	67,112
Liabilities to group companies	**5,132**	1,568
Net derivatives	**-1,556**	-1,176
Capital Employed	**60,856**	53,088

Return on Capital[1] *Employed*

	2019	2018
Operating income	**15,977**	12,392
Financial income[3]	**754**	797
Capital employed	**60,856**	53,088
Return on Capital Employed	**27,5%**	24,8%

Financial Services

Operating margin

	2019	2018
Operating income	**1,511**	1,440
Average portfolio	**96,474**	83,097
Operating margin	**1,6%**	1.7%

Equity/asset ratio %

	2019	2018
Equity	**10,138**	8,360
Asset	**107,830**	93,827
Equity/asset ratio %	**9,4%**	8.9%

[1] Calculations are based on average capital employed and operating capital for the 13 most recent months.
[2] Excluding shares and participations in group companies.
[3] Excluding intra group dividends.

PARENT COMPANY

The Parent Company's activities consist of production and sales of heavy trucks, buses and industrial - and marine engines. The activity takes place in Sweden but also through activities abroad. Sales are to Scania CV owned or independent distributors.

Sales during the year amounted to SEK 93,623 m. (89,951) and the operating income after depreciation was SEK 5,358 m. (2,214). Of sales by the Parent Company, Scania CV AB, 93 percent (89) consisted of sales to companies in the Scania CV Group, while 15 percent (23) of the Parent Company's purchases of materials were from subsidiaries. Net financial items totalled SEK 4,952 m. (3,162), allocations to reserves amounted to SEK -725 m. (-356) and this years tax were SEK -969 m. (-653). The Parent Company thus reported a net income of SEK 8,616 m. (4,367). Gross capital expenditures in intangible fixed assets totalled SEK 63 m. (14) and in tangible fixed asset gross capital expenditures totalled SEK 3, 226 m. (2,703).

For a description of risks and uncertainties, see the common presentation by the Company and the Scania CV Group.

Consolidated income statement

January – December, SEK m.	Note	2019	2018
Revenue	3	**152,419**	137,126
Cost of goods sold and services rendered		**-113,689**	-102,888
Gross income		**38,730**	34,238
Research and development expenses[1]		**-6,162**	-6,334
Selling expenses		**-12,680**	-11,996
Administrative expenses		**-2,306**	-2,009
Other operating income		**153**	163
Other operating expenses		**-247**	-230
Operating income	5, 6	**17,488**	13,832
Interest income		**501**	419
Interest expenses		**-957**	-757
Share of income from associated companies and joint ventures	13	**46**	40
Other financial income		**253**	378
Other financial expenses		**-855**	-593
Total financial items	7	**-1 012**	-513
Income before taxes		**16,476**	13,319
Taxes	8	**-4,092**	-3,585
Net income for the period		**12,384**	9,734
Other comprehensive income			
Translation differences		**945**	-529
Income tax relating to items that may be reclassified		**19**	27
		964	-502
Items that will not be reclassified to profit or loss			
Re-measurement defined benefit plans	17	**-2,427**	-716
Translation adjustment		**-**	421
Fair value adjustment equity instruments		**-48**	44
Income tax relating to items that will not be reclassified		**523**	-36
		-1,952	-287
Other comprehensive income for the period		**-988**	-789
Total comprehensive income for the period		**11,396**	8,945

Consolidated income statement, continued

	Note	2019	2018
Net income attributable to:			
-Scania CV shareholders		**12,381**	9,733
-Non-controlling (minority) interest		**3**	1
Total comprehensive income attributable to:			
-Scania CV shareholders		**11,392**	8,943
-Non-controlling (minority) interest		**4**	2
Operating income includes depreciation of	9	**-10,914**	-8 451

[1] Total research and development expenditures during the year amounted to SEK 7,244 m (7,603)

Consolidated balance sheet

31 December, SEK m.	Note	2019	2018
ASSETS			
Non-current assets			
Intangible non-current assets	10	**11,905**	10,761
Tangible non-current assets	11,12	**38,481**	31,486
Lease assets	11	**31,336**	28,273
Holdings in associated companies and joint ventures etc.	13	**964**	823
Long-term interest-bearing receivables	29	**50,938**	43,251
Other long-term receivables [1]	15,29	**1,444**	1,861
Deferred tax assets	8	**5,561**	4,826
Tax receivables		**297**	234
Total non-current assets		**140,926**	121,515
Current assets			
Inventories	14	**26,065**	**25,804**
Current receivables			
Tax receivables		**848**	716
Interest-bearing trade receivables	29	**32,808**	27,797
Non-interest-bearing trade receivables	29	**8,368**	9,071
Other current receivables [1]	15,29	**7,513**	7,213
Total current receivables		**49,537**	**44,797**
Current investments	29	**814**	**1,612**
Cash and cash equivalents			
Current investments comprising cash and cash equivalents	29	**15,143**	3.925
Cash and bank balances		**5,838**	3,297
Total cash and cash equivalents		**20,981**	**7,222**
Total current assets		**97,397**	79,435
Total assets		**238,323**	200,950

[1] Including fair value of derivatives for hedging of borrowings:

	2019	2018
Other non-current receivables, derivatives with positive value	**370**	274
Other current receivables, derivatives with positive value	**167**	564
Other non-current liabilities, derivatives with negative value	**1,076**	372
Other current liabilities, derivatives with negative value	**630**	976
Net amount	**-1,169**	-510

Consolidated balance sheet, continued

31 December, SEK m.	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital		**100**	100
Other contributed capital		**20**	20
Reserves		**-3,018**	-3,981
Retained earnings		**57,567**	56,638
Equity attributable to Scania shareholders		**54,669**	52,777
Non-controling (minority) interest		**18**	14
Total equity	16	**54,687**	52,791
Non-current liabilities			
Non-current interest-bearing liabilities	29	**54,008**	42,950
Provisions for pensions	17	**12,262**	10,439
Other non-current provisions	18	**6,776**	6,389
Accrued expenses and deferred income	19	**8,568**	7,017
Deferred tax liabilities	8	**3,873**	3,736
Other non-current liabilities [1]	29	**6,580**	5,066
Total non-current liabilities		**92,067**	75,597
Current liabilities			
Current interest-bearing liabilities	29	**43,979**	29,922
Liabilities to group companies	29	**6,201**	1,568
Current provisions	18	**3,986**	3,569
Accrued expenses and deferred income	19	**15,973**	14,032
Advance payments from customers		**1,195**	1,124
Trade payables	29	**12,737**	15,579
Tax liabilities		**1,352**	815
Other current liabilities [1]	29	**6,146**	5,953
Total current liabilities		**91,569**	72,562
Total equity and liabilities		**238,323**	200,950
Net debt, excluding provisions for pensions, SEK m.		**82,000**	64,919
Net debt/equity ratio		**1,50**	1,23

Consolidated statement of changes in equity

In note 16 there is a description of the consolidated equity items and information about the company´s shares. The equity of the Scania Group has changed as follows:

2019	Share capital	Other Contributed capital	Currency translation reserve	Retained earnings	Total Scania CV's shareholders	Non-controlling interest	Total equity
Equity, 1 January	100	20	-3,981	56,638	52,777	14	52,791
Exchange rate differences on translation			944		944	1	945
Remeasurement of defined-benefit plans				-2,427	-2,427		-2,427
Equity instruments at fair value through OCI				-48	-48		-48
Tax attributable to items recognised in other comprehensive income			19	523	542		542
Total other comprehensive income			**963**	**-1,952**	**-989**	**1**	**-988**
Net income for the year				12,381	12,381	3	12,384
Dividend to Scania CV AB shareholders				-9,500	-9,500		-9,500
Equity, 31 December 2019	**100**	**20**	**-3,018**	**57,567**	**54,669**	**18**	**54,687**

2018	Share capital	Other Contributed capital	Currency translation reserve	Retained earnings	Total Scania CV's shareholders	Non-controlling interest	Total equity
Equity, 1 January	100	20	-3,478	51,695	48,337	15	48,352
Adjustment upon application of IFRS 9				-150	-150		-150
Adjusted equity, 1 January	100	20	-3,478	51,545	48,187	15	48,202
Exchange rate differences on translation			-530		-530	1	-529
Remeasurement of defined-benefit plans				-716	-716		-716
Adjustment upon application of hyperinflationary accounting				421	421		421
Equity instruments at fair value through OCI				44	44		44
Tax attributable to items recognised in other comprehensive income			27	-36	-9		-9
Total other comprehensive income			**-503**	**-287**	**-790**	**1**	**-789**
Net income for the year				9,733	9,733	1	9,734
Change in non-controlling interest						-3	-3
Dividend to Scania CV AB shareholders				-4,353	**-4,353**		-4,353
Equity, 31 December 2018	**100**	**20**	**-3,981**	**56,638**	**52,777**	**14**	**52,791**

Consolidated cash flow statements

January – December, SEK m.	Note	**2019**	2018
Operating activities			
Income before tax	22 a	**16,476**	13,319
Items not affecting cash flow[1]	22 b	**10,416**	9,450
Taxes paid		**-3,885**	-3,897
Cash flow from operating activities before change in working capital		**23,007**	18,872
Change in working capital[1]			
Inventories		**426**	-4,308
Receivables		**383**	-1,813
Financial receivables, Financial Services	22 c	**-10,444**	-9,727
Vehicles with repurchase obligations and rental		**-5,490**	-5,577
Trade payables		**-2,937**	1,647
Other liabilities and provisions		**2,931**	1,314
Total change in working capital		**-15,131**	-18,464
Cash flow from operating activities		**7,876**	408
Investing activities			
Net investments through acquisitions/divestments of businesses	22 d	**0**	2
Net investments in non-current assets	22 e	**-7,558**	-7,177
Cash flow from investing activities attributable to operating activities		**-7,558**	-7,175
Cash flow after investing activities attributable to operating activities		**318**	-6,767
Investments in securities and loans[2]		**818**	42
Cash flow from investing activities		**-6,740**	-7,133
Cash flow before financing activities		**1,136**	-6,725
Financing activities			
Change in debt from financing activities[3]	22 f	**21,992**	12,334
Dividend/Group and shareholders' contribution		**-9,500**	-4,352
Cash flow from financing activities		**12,492**	7,982
Cash flow for the year		**13,628**	1,257
Cash and cash equivalents, 1 January[4]		**7,222**	6,042
Exchange rate differences in cash and cash equivalents		**131**	-77
Cash and cash equivalents, 31 December[5]	22 g	**20,981**	7,222

Cash flow statement, Vehicles and Services	**2019**	2018
Cash flow from operating activities before change in working capital	**21,884**	17,429
Change in working capital, etc. [1]	**-3,372**	-6,572
Cash flow from operating activities	**18,512**	10,857
Cash flow from investing activities attributable to operating activities	**-7,518**	-7,139
Cash flow after investing activities attributable to operating activities	**10,994**	3,718

As from 2019 changes have been done in Cash flow statement in accordance with Volkswagen Group presentation of cash flow. Comparitive figures for 2018 have been adjusted with:
1 Loan receivables moved to investments in securities and loans with SEK 50 m.
2 Municipal bonds included with SEK -505 m, previously presented in cash and cash equivalents. Loan receivables included with SEK -50 m, previously presented in working capital. Loan receivables included with SEK 590 m, previously presented in financing activities.
3 Loan receivables moved to investments in securities and loans with SEK -590 m.
4 Municipal bonds moved to investments in securities and loans with SEK -450 m.
5 Municipal bonds moved to investments in securities and loans with SEK -955 m.
In addition to above, some reclassifications have been made, affecting comarative figures for 2018 as follows:
Items not affecting cash flow SEK 23 m, taxes paid SEK -10 m, change in working capital SEK 483 m (whereof accrued interest on borrowings SEK 324 m), investing activities SEK 101 m, financing activities SEK -589 m full year (whereof accrued interest on borrowings SEK -324 m) and change in cash and cash equivalents SEK -8 m.

Parent company Scania CV AB, Income statement

January – December, SEK m.	Note	2019	2018
Net sales	1	**93,623**	89,951
Cost of goods sold		**-76,577**	-76,379
Gross income		**17,046**	13,572
Research and development expenses		**-7,134**	-6,880
Selling expenses		**-2,505**	-2,529
Administrative expenses		**-2,049**	-1,949
Operating income		**5,358**	2,214
Financial income and expenses	2		
Share of income from Group companies		**5,716**	3,726
Share of income in associated company/other companies		**-**	-3
Interest income		**1,427**	934
Interest expenses		**-2,191**	-1,495
Net financial items		**4,952**	3,162
Income after financial items		**10,310**	5,376
Allocations	3	**-725**	-356
Income before taxes		**9,585**	5,020
Taxes	4	**-969**	-653
Net income		**8,616**	4,367

[1] Provision related to the European Commission´s competition investigation.

Statement of other comprehensive income

January – December, SEK m.	Note	2019	2018
Net income		**8,616**	4,367
Other comprehensive income		**-43**	48
Total comprehensive income		**8,573**	4,415
Depreciation/amortisation included in operating income	*5*	*-2,297*	*-2,059*

Parent company Scania CV AB, Balance sheet

31 December, SEK m.	**Note**	**2019**	2018
ASSETS			
Non-current assets			
Intangible non-current assets	6	**187**	149
Tangible non-current assets	7	**17,200**	16,287
Financial non-current assets			
Shares in group companies	8	**105,795**	92,718
Holdings in associated companies etc.	8	**211**	116
Long-term interest-bearing receivables, group companies	10	**6,748**	6,176
Other long-term non-interest bearing receivables		**426**	244
Tax receivable		**284**	214
Deferred tax assets		**392**	332
Total financial non-current assets		**113,856**	99,800
Total non-current assets		**131,243**	116,236
Current assets			
Inventories	9	**8,180**	9,927
Current receivables			
Trade receivables		**747**	1,069
Interest-bearing receivables, group companies	10	**10,341**	9,976
Non-interest-bearing receivables, group companies		**6,145**	8,202
Tax receivables		**0**	249
Other current receivables	11	**1,399**	1,676
Total current receivables		**18,632**	21,172
Short-term investments		**14,841**	2,271
Cash and bank balances		**3,210**	1,253
Total current assets		**44,863**	34,623
Total assets		**176,106**	150,859

31 December, SEK m.	Note	2019	2018
EQUITY AND LIABILITIES			
	12		
Equity			
Share capital		**100**	100
Statutory reserve		**20**	20
Revaluation reserve		**27**	27
Total restricted equity		**147**	147
Unrestricted reserves		**32,270**	37,446
Net income		**8,616**	4,367
Total unrestricted equity		**40,886**	41,813
Total equity		**41,033**	41,960
Untaxed reserves	13	**7,665**	6,390
Provisions			
Provisions for pensions	14	**3,479**	4,103
Other provisions	15	**5,284**	5,211
Total provisions		**8,763**	9,314
Liabilities			
Long-term interest-bearing liabilities	16	**44,470**	38,812
Other long-term liabilities		**1,225**	387
Current liabilities			
Current interest-bearing liabilities	16	**37,234**	24,196
Advance payments from customers		**72**	44
Trade payables		**8,215**	10,764
Liabilities, group companies		**21,518**	13,559
Tax liabilities		**191**	0
Other current liabilities		**922**	1,188
Accrued expenses and deferred income	17	**4,798**	4,245
Total current liabilities		**72,950**	53,996
Total equity and liabilities		**176,106**	150,859

Parent company Statement of changes in equity

Note 12 shows a complete reconciliation of all changes in equity.

2019	**Share capital**	**Stautory reserve**	**Revaluation reserve**	**Unrestricted shareholders equity**	**Total**
Equity, 1 January	100	20	27	41,813	41,960
Net income				8,616	8,616
Other comprehensive income				-43	-43
Total comprehensive income				8,573	8,573
Dividend				-9,500	-9,500
Equity, 31 December	100	20	27	40,886	41,033

2018	**Share capital**	**Stautory reserve**	**Revaluation reserve**	**Unrestricted shareholders equity**	**Total**
Equity, 1 January	100	20	27	41,751	41,898
Net income				4,367	4,367
Other comprehensive income				48	48
Total comprehensive income				4,415	4,415
Dividend				-4,353	-4,353
Equity, 31 December	100	20	27	41,813	41,960

Parent company Scania CV AB, Cash flow statement

January – December, SEK m.	2019	2018
Cash flow from operating activities		
Income before tax	**9,585**	5,020
Items not affecting cash flow		
Write-down of shares and derivatives	**316**	752
Depreciation/Amortisations	**2,471**	2,288
Change in tax allocation reserve	**1,100**	592
Capital gain/loss on sales of shares	**0**	-5
Capital loss on sales of fixed assets	**29**	40
Bad debts	**107**	13
Group contribution, not settled	**-550**	-465
Total items not affecting cash flow	**3,473**	3,215
Taxes paid	**-658**	-766
Cash flow from the operating activities before changes in working capital	**12,400**	7,469
Cash flow change in working capital		
Inventories	**1,747**	-1,555
Receivables	**1,352**	-2,032
Provisions for pensions	**-624**	358
Non-interest bearing liabilities and provisions	**-1,320**	1,780
Total change in working capital	**1,155**	-1,449
Cash flow from operating activities	**13,555**	6,047
Investing activities		
Investment in intangible fixed assets	**-78**	-31
Investment in tangible fixed assets	**-3,205**	-2,789
Divestments of tangible fixed assets	**7**	5
Investment in shares	**-13,349**	-12,828
Divestments of shares	**2**	44
Cash flow from investing activities	**-16,623**	-15,599
Cash flow before financing activitets	**-3,068**	-9,552
Financing activities		
Change of interest-bearing Group transactions	**8,613**	-875
Change in consolidated transactions	**-11**	-435
Interest on borrowings	**-368**	389
New borrowings	**43,646**	27,268
Amortization	**-24,785**	-11,517
Dividend	**-9,500**	-4,353
Cash flow from financing activities	**17,595**	10,477
Cash flow for the year	**14,527**	925
Cash and cash equivalents, 1 January	**3,524**	2,599
Cash and cash equivalents, 31 December	**18,051**	3,524
Paid interests and dividends		
Interest received during the year	**1,137**	792
Interest paid during the year	**-2,081**	-801
Received dividends during the year	**5,889**	4,448
Paid dividends during the year	**-9,500**	-4,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts in tables are reported in millions of Swedish kronor (SEK m.) unless otherwise stated.

NOTE 1 Accounting principles

The Scania CV Group encompasses the Parent Company, Scania CV Aktiebolag (publ), Swedish corporate identity number 556084-0976 and its subsidiaries, associated companies and joint ventures. The Parent Company has its registered office in Södertälje, Sweden. The address of Scania's head office is SE-151 87 Södertälje, Sweden. The company is a subsidiary of Scania AB (Swedish corporate identity number 556184-8564).

The consolidated accounts of the Scania Group have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union. In addition, Recommendation RFR 1, "Supplementary Accounting Rules for Groups" from the Swedish Financial Reporting Board has been applied. The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company accounting principles". The functional currency of the Parent Company is Swedish kronor (SEK), and the financial reports are presented in Swedish kronor. Assets and liabilities are recognised at cost, aside from certain financial assets and liabilities which are carried at fair value. Financial assets and liabilities that are carried at fair value are mainly derivative instruments. Preparing the financial reports in compliance with IFRS requires that Management make judgements and estimates as well as assumptions that affect the application of accounting principles and amounts recognised in the financial reports. The actual outcome may diverge from these estimates and judgements. Judgements made by Management that have a substantial impact on the financial reports, and estimates which have been made that may lead to significant adjustments, are described in more detail in Note 2, "Key judgements and estimates". Estimates and assumptions are reviewed regularly. Amendments of estimates are reported in the period in which the amendment was made if the amendment only affects this period, or in the period in which the amendment was made and future periods if the amendment affects both the current period and future periods. The principles stated below have been applied consistently for all periods, unless otherwise indicated below. Furthermore, the Group's accounting principles have been consistently applied by Group's companies, in respect of associate companies and joint ventures, if necessary, by adjustment to the Group's principles.

CHANGES IN ACCOUNTING PRINCIPLES

New Accounting standards

IFRS 16 Leases, applied as from 1 January 2019, amends the rules for lease accounting and replaces the previous IAS 17 standard and related interpretations. The main objective of IFRS 16 is the recognition of all leases in the balance sheet. Accordingly, lessees are no longer required to classify their leases as either finance leases or operating leases. Instead, they will be required to recognise a right-of-use asset and a lease liability for all leases in their balance sheets. In the Scania Group, the lease liability is measured on the basis of the outstanding lease payments discounted using the incremental borrowing rate, while the right-of-use asset is always measured at the amount of the lease liability plus initial direct costs. During the lease term, the right-of-use asset must be depreciated and the lease liability adjusted using the effective interest method while taking lease payments into account. IFRS 16 offers practical expedients for short-term and low-value leases that the Scania Group applies and therefore does not recognise right-of-use assets or liabilities for these types of leases. In this respect, the lease payments will continue to be recognised in the income statement in the same way as before. At the initial application date, leases whose term end before 1 January 2020 were reclassified as short-term leases, irrespective of the start date of the lease.

The accounting for lessors will in all material aspects be unchanged.

The Scania Group accounts for leases in accordance with IFRS 16, using the modified retrospective method for the first time as of 1 January 2019. Prior-year periods have not been restated. According to this method, the lease liability had to be recognised at the present value of the outstanding lease payments at the transition date. The present value calculation was based on the incremental borrowing rates as of 1 January 2019. The weighted average interest rate applied in the Scania Group was 3.7 %.

For the purpose of simplification the right-of-use assets were recognised at the amount of the corresponding lease liability, adjusted for any prepaid or accrued lease payments. In addition, existing leases were not reassessed at the initial application date to determine whether or not they are leases under the criteria of IFRS 16. Instead, contracts classified as leases under IAS 17 or IFRIC 4 will continue to be accounted for as leases.

The right-of-use assets are recognised in the balance sheet under those items in which the assets underlying the lease would have been reported if they were owned by the Scania Group. For this reason, the right-of-use assets are presented under tangible assets.

The initial recognition of right-of-use assets and lease liabilities had the following effects as of 1 January 2019:

- Right-of-use assets amounting to SEK 4,564 m. were recognised in the opening. Of the right of-use assets recognised, SEK 31 m. had already been recognised in the balance sheet as of 31 December 2018 under finance leases.
- Lease liabilities in an amount of SEK 4,544 m. were recognised in the balance sheet and reported under non-current and current financial liabilities. Of the recognised lease liabilities, SEK 11 m. had already been recognised in the balance sheet as of 31 December 2018 under finance leases.
- Initial application did not have any effect on equity.

The difference between the expected payments for operating leases in an amount of SEK 3,999 m. discounted using the incremental borrowing rate as of 31 December 2018, and the lease liabilities in an amount of SEK 4,544 m. recognised in the opening balance was mainly due to the reassessment of lease terms in accordance with IFRS 16. In this process, reasonably certain extension or termination options were taken into account in determining the lease payments to be capitalised. Moreover the opening balance does not include lease payments for low-value and short-term leases.

Unlike the previous procedure, under which all operating lease expenses were reported under operating income, under IFRS 16 depreciation charges on right-of-use assets are allocated to operating income. Interest expense from adding interest on lease liabilities is reported in net financial items.

The change in the way expenses from operating leases are presented in the cash flow statement resulted in an improvement in cash flows from operating activities. Cash flows from financing activities declined accordingly. The increase in financial liabilities attributable to IFRS 16 had a negative impact on Scania Group’s net debt.

This standard also resulted in far more extensive disclosures in the notes.

Other changes
During 2018 Argentina was defined as a hyperinflationary economy and Scania’s subsidiary in Argentina has therefore adjusted its non-monetary items for inflation. The inflation adjustment has been remeasured using CPI Consumer Price index with a rate of 184,13 at 31 December 2018. The cumulative effect amounting to SEK 309 m., net of tax, has been accounted for as a translation adjustment and recognized in other comprehensive income. The comparative figures in Scania consolidated financial statements has not been restated since they are presented in a stable currency. As from 1 January 2019 Scania´s subsidiary in Argentina will change its functional currency to USD since its economic environment is significantly influenced by the USD. As a consequence non-monetary assets will no longer be inflation adjusted from that date.

APPLICATION OF ACCOUNTING PRINCIPLES

Consolidated financial statements

The consolidated financial statements encompass Scania AB and all subsidiaries. “Subsidiaries” refers to companies in which Scania directly or indirectly owns more than 50 percent of the voting rights of the shares or otherwise has control. In the case of a structured entity consolidated in the Group, Scania is able to direct the material relevant activities even if it is not invested in the structured entity concerned and is thus able to influence the variable returns from its involvement. Structured entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business. The composition of the Group is shown in note 30. Subsidiaries are reported according to the acquisition method of accounting. This method means that acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value on the acquisition date of the acquired identifiable assets, liabilities assumed and contingent liabilities and any non-controlling interests. The consideration transferred on acquisition of a subsidiary consists of the fair values on the transfer date of assets given, liabilities that have arisen to previous owners and equity instruments issued as payment in exchange for the acquired net assets. Transaction costs directly attributable to the acquisition are recognised directly in the income statement as they arise.

Non-controlling interests are either recognised at their proportionate share of net assets or at their fair value. The choice between the various alternatives may be made for each acquisition.

In business combinations where the consideration transferred, any non-controlling interests and the fair value of previously owned shares (in step acquisitions) exceed the fair value of the acquired identifiable assets, liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. Only earnings arising after the date of acquisition are included in the equity of the Group. Divested companies are included in the consolidated financial statements until the date when controlling influence ceases. Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses that arise from intra-Group transactions between Group companies are eliminated in their entirety during the preparation of the consolidated financial statements. Unrealised gains that arise from transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's percentage of ownership in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment loss. Non-controlling interests, that is, equity in a subsidiary not attributable to the Parent Company, are reported as an item under equity that is separate from share capital owned by the Parent Company's shareholders. A separate disclosure of the portion of the year's earnings that belongs to non-controlling interests is provided.

Associated companies and joint ventures

The term "associated companies" refers to companies in which Scania, directly or indirectly, has a significant influence. "Joint ventures" refers to companies in which Scania, through contractual cooperation with one or more parties, has a joint controlling influence on operational and financial management.

Foreign currencies – translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Monetary receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date, and exchange rate differences that arise are recognised in the income statement. Non-monetary items are recognised at historic cost using the exchange rate on the transaction date.

When preparing the consolidated financial statements, the income statements and balance sheets of foreign subsidiaries are translated to the Group's reporting currency, Swedish kronor. All items in the income statements of foreign subsidiaries are translated using the average exchange rates during the year. All balance sheet items are translated using the exchange rates on the balance sheet date. The translation differences that arise when translating the financial statements of subsidiaries outside Sweden are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity. Subsidiaries use the local currency as their functional currency, aside from a few subsidiaries for which the euro is the functional currency.

Monetary long-term items in a business outside Sweden for which settlement is not planned or will probably not occur within the foreseeable future are, in practice, part of the company's net investment in operations outside Sweden. Exchange rate differences on such monetary items, which comprise part of the company's net investment (extended investment) are recognised under "Other comprehensive income" and accumulate in the currency translation reserve in equity.

Operating segment reporting

An operating segment is a component of the company that generates revenue and incurs expenses and whose operating results are reviewed by the Board of Directors and the Executive Board.

The operations of the Scania Group are managed and reported on the basis of two operating segments, Vehicles and Services plus Financial Services. These two segments have distinct products and differentiated risk situations. The tied-up capital and accompanying financing structure in Financial Services differ substantially from their equivalents at Vehicles and Services. Internal reporting at Scania is designed in accordance with this division into operating segments. Financial expenses and taxes are reported at the segment level in order to better reflect the operating segments. The Vehicles and Services operating segment encompasses trucks, buses and engines, including the services associated with these products. All products are built using common basic components, with coordinated development and production. In addition, the Vehicles and Services operating segment is organised under common areas of responsibility. The Financial Services operating segment encompasses financial solutions for Scania customers, such as loan financing, lease contracts and insurance solutions. The assets of this operating segment encompass the assets that are directly used in its operations. Correspondingly, the operating segment's liabilities and provisions refer to those that are directly attributable to its operations.

BALANCE SHEET – CLASSIFICATIONS

Scania's operating cycle, that is, the time that elapses from the purchase of materials until payment for goods delivered is received, is less than twelve months. This means that items relating to operations are classified as current assets and current liabilities, respectively, if these are expected to be realised/settled within twelve months, counting from the balance sheet date. Cash and cash equivalents are classified as current assets unless they are restricted. Other assets and liabilities are classified as non-current. For classification of financial instruments, see the section on financial assets and liabilities under "Recognition of financial assets and liabilities".

Leases

Scania as lessee

The group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee. The assessment whether a contract is or contains a lease is made at inception of the contract. IFRS

16 contains practical expedients for short-term and low-value leases, which the Scania Group exercises and hence does not recognize any right-of-use assets or liabilities for these types of leases. The related lease payments are recognized as expenses in the income statement.

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date, discounted using the Scania Groups incremental borrowing rate. The lease term underlying the lease liability is determined as the non-cancellable period of the lease together with any periods covered by options to extend or terminate the lease, if it is reasonable certain that such options will be exercised.

In subsequent periods the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method. The carrying amount of the lease liability is reduced reflecting the lease payments made.

The lease liability is remeasured, with the corresponding adjustment to the related right-of-use asset, whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option. In such case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a residual value guarantee, in which the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. If the change in lease payments is due to a change in a floating interest rate a revised discount rate is used.

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise of the initial measurement of the corresponding lease liability, lease payment made at or before the commencement date and any initial direct costs. The right-of-use assets are presented as tangible assets in the balance sheet items in which the assets underlying the lease would be presented if they were owned by the Scania Group.

In subsequent periods the right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If the lease agreement transfer the ownership or the lease agreement contains an option, that is expected to be exercised, to purchase the underlying asset the right-of-use asset is depreciated over the useful life of the underlying asset.

Scania as lessor

Lease contracts with customers are carried as finance leases in cases where substantially all risks and rewards associated with ownership of the asset have been transferred to the lessee. At the beginning of the leasing period, sales revenue and a financial receivable equivalent to the present value of future minimum lease payments are recognised. As a result, the difference between the sales revenue and the cost of the leased asset is recognised as income. Lease payments received are recognised as payment of the financial receivable and as interest income.

Other lease contracts are classified as operating leases and are carried as lease assets among tangible non-current assets. Revenue from operating leases is recognised on a straight-line basis over the leasing period. Depreciation of the asset occurs mainly on a straight-line basis to the estimated residual value of the asset at the end of the leasing period.

Transactions that include repurchase obligations, which mean that important risks remain with Scania, are recognised as operating leases; see above.

BALANCE SHEET – VALUATION PRINCIPLES

Tangible non-current assets including lease assets

Tangible fixed assets are carried at cost less accumulated depreciation and any impairment losses. A non-current asset is divided into separate components, each with a different useful life and depreciated separately.

Machinery and equipment as well as lease assets have useful lives of 3-15 years. Buildings have useful lives of 20-50 years. Land is not depreciated. Depreciation is recognised on a straight-line basis over the estimated useful life of an asset, and in those cases where a residual value exists, the asset is depreciated down to this value. Useful life and depreciation methods are examined regularly and adjusted in case of changed circumstances.

Borrowing costs are included in the cost of assets that take a substantial period of time to get ready.

Intangible non-current assets

Scania's intangible assets consist of goodwill, capitalised expenditures for development of new products and software. Intangible non-current assets are recognised for at cost less any accumulated amortisation and impairment losses. Borrowing costs are included in the cost of assets that take a substantial period of time to get ready.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Recognised goodwill has arisen from acquisitions of distribution and dealer networks, which have resulted in increased profitability upon their integration into the Scania Group. Goodwill has an indefinite useful life and impairment testing is done annualy or more often if there is an indication of impairment.

Capitalised product development expenditures

Scania's research and development activities are divided into a concept phase and a product development phase. Expenditures during the concept phase are expensed as they arise. Expenditures during the product development phase are capitalised, beginning on the date when the expenditures are likely to lead to future economic benefits. This implies that it is technically possible to complete the intangible asset, the company has the intention and the potential to complete it and use or sell it, there are adequate resources to carry out development and sale, and remaining expenditures can be reliably estimated. Impairment testing occurs annually for product development projects that have not yet gone into service, according to the principles stated below. The amortisation of capitalised development expenditures begins when the asset is placed in service and occurs on a straight-line basis during its estimated useful life. For capitalized product development expenditures, useful life is estimated between three and ten years.

Capitalised software development expenditures

Capitalised software development expenditures include expenditures directly attributable to completion of the software. They are amortised on a straight-line basis during the useful life of the software, which is estimated between three and five years.

Impairment testing of non-current assets

The carrying amounts of Scania's intangible and tangible assets as well as its shareholdings are tested annually to assess whether there is indication of impairment. This includes intangible assets with an indefinite useful life, which refer in their entirety to goodwill. The recoverable amount of goodwill and intangible assets that have not yet gone into service is calculated annually regardless of whether there is an indication of impairment loss or not.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated by applying the first in, first out (FIFO) principle. An allocable portion of indirect expenses is included in the value of the inventories, estimated on the basis of normal capacity utilisation. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and of making a sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds

received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost: Financial asset that is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Fair Value Through Profit and Loss (FVTPL): By default, all other financial assets are subsequently measured at FVTPL.

The Group's financial assets consists of trade receivables, financial lease receivables, lending and are classified and measured at amortised cost.

Cash and cash equivalents consists of cash and bank balances as well as current liquid investments with a maturity with a maximum of 90 days, which are subject to an insignificant risk of fluctuation in value. "Current investment" consists of investments with a longer maturity than 90 days.

The Group's investments in equity instruments are classified as at FVTPL. Such investments are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss includes any dividends or interest earned and are presented in the "other gains and losses" line item.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and expenses over the relevant period.

For financial instruments the effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument to the gross carrying amount of the financial instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see impairment section). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the net financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, lease receivables, as well as on loan commitments, operating leases and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. For trade receivables lifetime ECL is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flow, such as a default.

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure of at default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 “Leases.”

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities in the Group are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Provisions

Provisions are recognised if an obligation, legal or constructive, exists as a consequence of events that have occurred. It must also be deemed likely that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions for warranties for vehicles sold during the year are based on warranty conditions and the estimated quality situation. Provisions on service contracts are related to expected future unavoidable expenses that exceed contractual future revenue. For provisions related to pensions, see the description under “Employee benefits” below and in Note 17, “Provisions for pensions and similar commitments.” For provisions related to deferred tax liabilities, see below under “Taxes.”

Taxes

The Group’s total tax consists of current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, such as remeasururement of defined-benefit plans, or in equity, causing the related tax effect to be recognised in other comprehensive income or in equity, respectively. Deferred tax is recognised in case of a difference between the carrying amount of assets and liabilities and their tax base (“temporary difference”). Valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets minus deferred tax liabilities are recognised only to the extent that it is likely that they can be utilised.

Employee benefits

Within the Scania Group, there are a number of both defined contribution and defined benefit pension and similar plans, some of which have plan assets that are managed by special foundations, funds or the equivalent.

The plans include retirement pensions, survivor pensions, health care and severance pay. These are financed mainly by provisions to accounts and partially via premium payments. Plans in which Scania only pays fixed contributions and has no obligation to pay additional contributions if the assets of the plan are insufficient to pay all compensation to the employee are classified as defined contribution plans. The Group's expenditures for defined contribution plans are recognized as an expense during the period when the employees render the services in question.

Defined benefit plans are all plans that are not classified as defined contribution. These are calculated according to the "Projected Unit Credit Method", for the purpose of fixing the present value of the obligations for each plan. Calculations are performed and are based on actuarial assumptions that are set on the closing day. The obligations are carried at the present value of expected disbursements, taking into account inflation, expected future pay increases and using a discount rate equivalent to the interest rate on top-rated corporate or government bonds with a remaining maturity corresponding to the obligations in question.

The interest rate on top-quality corporate bonds is used in those countries where there is a functioning market for such bonds. In other countries, the interest rate on government bonds is used instead. For plans that are funded, the fair value of the plan assets is subtracted from the estimated present value of the obligation. Remeasurements of net pension liabilities – which include actuarial gains and losses, return on plan assets excluding amounts that are part of net interest income on net defined benefit liability and each change in the effect of the asset ceiling, excluding amounts that are part of net interest income on net defined benefit liability,– are recognised in "Other comprehensive income" and do not affect net income. Remeasurements are not reclassified to net income in subsequent periods.

In the case of some of the Group's defined-benefit multi-employer plans, sufficient information cannot be obtained to calculate Scania's share in these plans. They have thus been accounted for as defined contribution. For Scania, this applies to the Dutch Pensioenfonds Metaal en Techniek, which is administered via MN Services, and Bedrijfstakpensioenfonds Metalelektro, which is administered via PVF Achmea, as well as the portion of the Swedish ITP occupational pension plan that is administered via the retirement insurance company Alecta.

Most of the Swedish plan for salaried employees (the collectively agreed ITP plan), however, is accounted for by provisions in the balance sheet, safeguarded by credit insurance from the mutual insurance company Forsakringsbolaget PRI Pensionsgaranti, which also administers the plan. See also Note 17, "Provisions for pensions and similar commitments". Scania follows the rules in IAS 19 concerning limits in the valuation of net assets, since these are never valued at more than the present value of available economic benefits in the form of repayments from the plan or in the form of reductions in future fees to the plan. This value is determined as present value taking into account the discount rate in effect.

Share-based payment

The share-based payment consists of performance shares. The obligations arising from the share-based payment are accounted for as cash-settled plans in accordance with IFRS 2. The cash-settled sharebased payments are measured at fair value until maturity. A liability corresponding to the fair value is recognised and reamesured each reporting period until the liability is settled, with any changes in fair value recognised in profit or loss. Fair value is determined using a recognized valuation technique. The compensation cost is allocated over the vesting period.

INCOME STATEMENT – CLASSIFICATIONS

Research and development expenses

This item consists of the research and development expenses that arise during the research phase and the portion of the development phase that does not fulfill the requirements for capitalisation, plus amortisation and any impairment loss during the period of previously capitalised development expenditures. See Note 10, "Intangible noncurrent assets".

Selling expenses

Selling expenses are defined as operating expenses in sales and service companies plus costs of corporate-level commercial resources. In the Financial Services segment, selling and administrative expenses are reported as a combined item, since a division lacks relevance.

Administrative expenses

Administrative expenses are defined as costs of corporate management as well as staff units and corporate service departments.

Financial income and expenses

"Interest income" refers to income from financial investments and pension assets. "Other financial income" includes gains that arise from the valuation of non-hedge-accounted derivatives (see the section on financial instruments) and exchange rate gains attributable to financial items. "Interest expenses" refers to expenses attributable to loans, pension liability and changes in the value of loan hedging derivatives. "Other financial expenses" include current bank fees, losses arising from valuation of non-hedge-accounted derivatives and exchange rate losses attributable to financial items.

INCOME STATEMENT – VALUATION PRINCIPLES

Revenue recognition

The Group recognises revenue from the following main sources:
• Sale of new vehicles and engines as well as used vehicles
• Sale of services

Revenue is recognised when control of a product or service is transferred to a customer and is measured based on the consideration specified in a contract with a customer taken into account any variable considerations.

Variable considerations, such as volume-based rebates, are estimated and included in the transaction price. However, it is only included with an amount that, with a high probability, will not be reversed with a significant amount.

In a transaction including both the sale of a product and a service the transaction price are allocated between the product and the service component based on the stand alone selling price. If there are any discounts in such transaction the discount are allocated in full to the price of the product.

Sale of goods

The Group sells new trucks, buses and engines as well as used vehicles.

In a transaction where the Group delivers a vehicle with a repurchase obligation control are not transferred to the customer and no revenue are recognised on delivery, instead such transaction are recognised as an operating lease. A transaction when the customer has an option that gives the customer the right to require that the Group to repurchase the vehicle no revenue is recognised since such transaction is recognised as a lease.

In transactions where the Group does not have any repurchase obligations revenue is recognised when control is transferred to the customer. That is normally when the vehicles have been delivered to the customer, the customer has approved the vehicle and the Group has received payment or invoiced with short term credit time. Product warranty refers to that products sold comply with agreed-upon specifications are accounted for in accordance with IAS 37 "Provision, contingent liabilities and contingent assets."

Contract cost in the form of commissions for the sale of a vehicle will be recognised as incurred since the revenue from the sale of a vehicle are recognised at a point in time.

Rendering of service

Revenue from service and repairs, including spare parts used, is recognised over time when the service is performed. The transaction price allocated to service and repair contracts is recognised as a contract liability at the time of the initial sales transaction and is allocated over the life of the contracts as expenses for the fulfilment of the contract arises.

Contract costs in form of commissions for the sale of a service contract is recognised as expenses when incurred.

Financial Services

In case of financial and operating leases, with Scania as the lessor, the recognition of interest income and lease income, respectively, is allocated over the lease period. Other income is recognized on a continuous basis.

MISCELLANEOUS

Related party transactions

Related party transactions occur on market terms.

Government grants including EU grants

Government grants received that are attributable to operating expenses reduce these expenses. Government grants related to investments reduce the gross cost of non-current assets.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. A contingent liability can also be a present obligation that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required, or because the amount of the obligation cannot be measured with sufficient reliability.

Incentive programmes

The outcome of the incentive programme for executive officers is recognised as a salary expense in the year the payment is related to.

CHANGES IN ACCOUNTING PRINCIPLES DURING THE NEXT YEAR

New standards, amended standards and interpretations that enter into force on 1 January 2020 and subsequently have not been applied in advance.

Changes in standards and interpretations that enter into force on 1 January 2020 or subsequently are not expected to have any material impact on Scania’s accounting.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company has prepared its Annual Report in compliance with Sweden’s Annual Accounts Act and Recommendation RFR 2 “Accounting for Legal Entities” of the Swedish Financial Reporting Board. RFR 2 implies that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, and taking into account the relationship between accounting and taxation. The recommendation states what exceptions from IFRS and additions shall be made. The Parent Company does not apply IAS 39, “Financial instruments”, but instead applies a cost-based method in accordance with the Annual Accounts Act.

Presentation formats

The presentation format for the parent company’s income statements and balance sheets follows the model in Sweden’s Annual Accounts Act. The difference compared to the consolidated income statement and balance sheet is mainly related to equity and provisions.

Employee compensation

The parent company accounts for its defined-benefit plans in compliance with Sweden’s Security of Income Act. The difference between the consolidated and parent company accounting of defined-benefit plans is primarily related to how the discount rate is established and the fact that calculation of pension liability is performed on the basis of current salary level without taking into account assumptions about future salary increases.

Leases

The parent company does not apply IFRS 16 Leases, instead expenses relating to lease contracts for which the parent company is the lessee are expensed as incurred.

Research and Development expenses

Research and Development expenses are recognised in the inomce statement as incurred.

Subsidiaries

Holdings in subsidiaries are recognised in the Parent Company financial statements according to the cost method of accounting. Testing of the value of subsidiaries occurs when there is an indication of a decline in value. Dividends received from subsidiaries are recognised as income.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases where the Parent Company has the exclusive right to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before having published its financial reports.

Taxes

The Parent Company financial statements recognise untaxed reserves including deferred tax liability. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity.

Group contributions

The Parent Company recognises Group contributions received and provided as appropriations in the income statement.

NOTE 2 Key judgements and estimates

The key judgements and estimates for accounting purposes that are discussed in this section are those that Group Management and the Board of Directors deem the most important for an understanding of Scania's financial reports, taking into account the degree of significant influence and uncertainty. These judgements are based on historical experience and the various assumptions that Management and the Board deem reasonable under the prevailing circumstances. The conclusions drawn in this way provide the basis for decisions regarding recognised values of assets and liabilities, in those cases where these cannot easily be established through information from other sources. Actual outcomes may diverge from these judgements if other assumptions are made or other conditions emerge. Note 1 presents the accounting principles the company has chosen to apply. Important estimates and judgements for accounting purposes are attributable to the following areas.

The Corona virus outbreak has resulted in many countries taking measures to limit the spread of the virus. The full impact on Scania due to the outbreak of the Coronavirus is not currently possible to predict, given the uncertainty of the situation. We are following developments day-by-day and keep a tight dialogue with our customers, suppliers, union representatives and other partners. We are taking a number of risk mitigating actions to try and safeguard the health of our employees and plan for different business scenarios depending on the development of the outbreak, temporary close down of factories could be one scenario.

Multiple element transactions

In a transaction with a sale of a vehicle and a sale of a service Scania accounts for those as separate performance obligations since the vehicle and the service components are distinct from each other in the contract and the customer can benefit from the two on its own.

In those transactions the total transaction price are allocated to those distinct components. A service contract is in general not sold separately but only together, or nearby, the sale of a vehicle. When allocating the price to the different performance obligations Scania is using stand-alone selling prices. Any discounts are allocated to the vehicle.

Warranty costs

Scania's product obligations are mainly related to vehicle warranties in the form of a one-year "factory warranty" plus extended warranties and, in some cases, special quality campaigns. For each vehicle sold, Scania makes a warranty provision. For extended warranties and campaigns, a provision is made at the time of the decision. Provisions are dependent on the estimated quality situation and the degree of utilization in the case of campaigns. An essential change in the quality situation may require an adjustment in earlier provisions. Product warranty that refers to that products sold comply with agreed-upon specifications cannot be purchased separately, covers all vehicles sold and are therefore accounted for in accordance with IAS 37 "Provision, contingent liabilities and contingent assets."

Scania's product obligations can be seen in Note 18, "Other provisions" and amounted to SEK 1,828 m. (1,575) on 31 December 2019.

Leases

Many leases feature extension and termination options. To determine the lease terms, all relevant facts and circumstances that create an economic incentive to exercise, or not to exercise, such options are considered. Factors that are considered are for example historical lease durations and any costs and business disruption required to replace the leased asset. Optional periods are considered when determining the lease term if it is reasonably certain that the option will, or will not, be exercised. This assessment is updated if a significant event or a significant change in circumstances, such as significant improvement or customisation of the underlying asset that was not anticipated at commencement date, occurs which affects this assessment and is in control of the Group as lessee.

Repurchase obligations

Scania delivers about 13 percent of its vehicles 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.

In transactions when customers have the option to call for Scania to repurchase the sold vehicle it is Scania's view that such transaction should be accounted for as a lease. Based on the contract and the relationship with the customer history shown that the customer has an economic incentive to exercise such option and hence it is almost always exercised.

If there are major downturns in the market value of used vehicles, this increases the risk of future losses when divesting the returned vehicles. When a residual value guarantee is deemed likely to result in a future loss, the depreciation of the vehicle is adjusted accordingly.

Changes in market value may also cause an impairment loss in used vehicle inventories, since these are recognised at the lower of cost and estimated net realisable value.

At the end of 2019, repurchase obligations amounted to SEK 21,310 m. (19,405).

Credit risks

In its Financial Services operations, Scania has an exposure in the form of contractual payments. At the end of 2019, these amounted to SEK 103,781 m. (89,166). In all essential respects, Scania has collateral 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, and the customer has a problem completing its contractual payments, Scania has a risk of loss.

The Group recognises a loss allowance for expected credit losses (ECL) and the amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Irrespective of the outcome of the assessment whether there have been a significant increase in credit risk, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Evidence that a financial asset is credit-impaired includes observable data about for example events of (i) significant financial difficulty of the borrower, (ii) a breach of contract, such as a default and (iii) it is becoming probable that the borrower will enter bankruptcy.

For internal credit risk management purposes historical experience has indicated an event of default when receivables meet either of the following criteria;

• there is a breach of financial covenants by the counterparty
• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay in full'

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information that the counterparty is in default and the security for the receivable is repossessed. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

On 31 December 2019, the reserve for doubtful receivables in Financial Services operations amounted to SEK 1,243 m. (1,199). See also "Credit risk" under Note 28, "Financial risk management."

Intangible assets

Intangible assets at Scania are essentially attributable to capitalized product development expenditures and "acquisition goodwill". All goodwill items at Scania stem from acquisitions of previously independent importers/dealerships. All goodwill items are subject to an annual impairment test, which is mainly based on value in use, including important assumptions on the sales trend, margin and discount rate before tax; see also below. In the long term, the increase in sales of Scania's products is deemed to be closely correlated with economic growth (GDP) in each respective market, which has been estimated at 2 percent (2 percent). The revenue/cost ratio, or margin, for both vehicles and service is kept constant over time for periods behond those covered by the latest forecasts compared to the latest known level. When discounting to present value, Scania uses its average cost of capital, currently 5.2 - 7.5 percent (10 percent) before taxes.

These assumptions do not diverge from information from external information sources or from earlier experience. To the extent the above parameters change negatively, an impairment loss may arise. On 31 December 2019, Scania's goodwill amounted to SEK 1,430 m (1,406). The impairment tests that were carried out showed that there are reassuring margins before impairment losses will arise.

Scania's development costs are capitalised in the phase of product development where decisions are made on future production and market introduction. At that time there is future predicted revenue and a corresponding production cost. In case future volume or the price and cost trend diverges negatively from the preliminary calculation, an impairment loss may arise. Scania's capitalised development costs amounted to SEK 9,873 m (8,790) on 31 December 2019.

Pension obligations

In the actuarial methods that are used to establish Scania's pension liabilities, a number of assumptions are highly important. The most critical one is related to the discount rate on the obligations. Other vital assumptions are average life expectancy and average duration of the obligations. A higher discount rate decreases the recognised pension liability. In calculating the Swedish pension liability, the discount rate used was 1.5 percent (2.5). Changes in the above mentioned actuarial parameters are recognised in "Other comprehensive income", net after taxes.

Legal and tax risks

On 31 December 2019, provisions for legal and tax risks amounted to SEK 4,624 m (4,673). See Note 18, "Other provisions".

Legal risks

Demands and claims aimed at the Group, including demands and claims that lead to legal proceedings, may be related to infringements of intellectual property rights, faults and deficiencies in products that have been delivered, including product liability, or other legal liability for the companies in the Group.

The Group is party to legal proceedings and related claims that are normal in its operations. In addition, there are demands and claims normal to the Group's operations that do not lead to legal proceedings. In the best judgement of Scania's management, such demands and claims will not have any material impact on the financial position of the Group, beyond the reserves that have been set aside.

In 2011, Scania became subject of an investigation by the European Commission (EC) in 2011 into allegedly inappropriate cooperation with other European truck manufacturers. A Statement of Objections was served on Scania by the EC in November 2014. In light of such statement and other developments in the investigation and in accordance with relevant accounting principles, Scania made a provision with an amount of SEK 3,800 m. in June closing 2016. Scania always cooperated fully with the EC, while all through the investigation contesting the EC's view that Scania would have participated in a pan-European cartel during 1997-2011 on pricing and delayed introductions of emissions related technology. Scania were served a final decision by the EC in October 2017, holding Scania liable for such scope of a cartel in the amount of around SEK 8.4 bn. (EUR 881 m.) in fines. Scania have 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.

Tax risks

The Group is party to tax proceedings. Scania's management has made the assessment, based on individual examination, that the final outcome of these proceedings will not have any material impact on the financial position of the Group, beyond the recognised reserves.

Significant judgements are made in order to determine both current and deferred tax liabilities/assets. As for deferred tax assets, Scania must assess the likelihood that deferred tax assets will be utilised to offset future taxable profits. The actual result may diverge from these judgements, among other things due to future changes in business climate, altered tax rules or the outcome of still uncompleted examinations of filed tax returns by authorities or tax courts. The judgements that have been made may affect income both negatively and positively.

NOTE 3 Segment reporting

Scania's operations are divided into two different operating segments, which are based on how the Board of Directors and the Executive Board monitor operations. The results and financial position of each respective segment are monitored by the Board of Directors and the Executive Board, serving as the basis for decision making and allocation of resources.

The Vehicles and Services operating segment encompasses the following products: trucks, buses and engines, including the services associated with these products. All products are based on shared basic components, and monitoring of results thus occurs on an aggregated basis.

Vehicles and Services are, moreover, organised into shared areas of responsibility. The Financial Services operating segment provides financial solutions to Scania customers, such as loan financing, lease contracts and insurance solutions. Scania's internal pricing is determined according to market principles, at "arm's length distance." The revenue and expenses, as well as the assets and liabilities, of each operating segment are – in all essential respects – items directly attributable to that respective segment. Scania has a large number of customers all over the world, which means that its dependence on a single customer in each respective operating segment is very limited.

Income statements

January - December	**2019**	2018
Vehicles and Services Revenue	147,557	133,222
Cost of goods sold	-112,053	-101,782
Gross income	35,504	31,440
Research and development expenses	-6,162	-6,334
Selling expenses	-11,059	-10,705
Administrative expenses	- 2,306	-2,009
Operating income	15,977	12,392
Interest income	501	419
Interest expenses	-957	-757
Share of income in associated companies and joint ventures	46	40
Dividends in between segments	726	241
Other financial income	253	378
Other financial expenses	-856	-593
Total financial items	**-287**	**-272**
Income before tax	**15,690**	**12,120**
Taxes	-3,666	-3,170
Net income for the year	**12,024**	**8,950**

Financial Services		
Interest and lease income	8,675	7,521
Insurance commission	317	276
Insurance and prepaid expenses	-5,766	-4,999
Interest surplus and insurance commission	3,226	2,798
Other income	153	163
Other expenses	-247	-230
Gross income	**3,132**	2,731
Selling and administration expenses	-1,307	-1,110
Bad debt expenses, realised and expected	-314	-181
Operating income	**1,511**	1,440
Income before tax	**1,511**	1,440
Taxes	**-423**	-415
Net income for the period	**1,088**	1,025

Reconciliation of segments to the Scania Group

	Vehicles and Services		Financial Services		Eliminations		Scania Group	
January - December	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	147,557	133,222	8,992	7,797	-4,130	-3,893	152,419	137,126
Cost of sales	-112,053	-101,782	-5,766	-4,999	4,130	3,893	-113,689	-102,888
Gross income	**35,504**	31,440	**3,226**	2,798	**0**	0	**38,730**	34,238
Research and development expenses	-6,162	-6,334	-	-	-	-	-6,162	-6,334
Selling expenses	-11,059	-10,705	1,621	-1,291	-	-	-12,680	-11,996
Administrative expenses	-2,306	-2,009	-	-	-	-	-2,306	-2,009
Other operating income	-	-	153	163	-	-	153	163
Other operating expenses	-	-	-247	-230	-	-	-247	-230
Operating income	**15,977**	12,392	**1,511**	1,440	**0**	0	**17,488**	13,832
Interest income	501	419	-	-	-	-	501	419
Interest expenses	-957	-757	-	-	-	-	-957	-757
Share of income in associated companies and joint ventures	46	40	-	-	-	-	46	40
Dividends in between segments	726	241	-	-	-726	-241	0	0
Other financial income	253	378	-	-	-	-	253	378
Other financial expenses	-856	-593	-	-	1	-	-855	-593
Total financial items	**-287**	-272	**-**	**-**	**-725**	-241	**-1,012**	-513
Income before tax	**15,690**	12,120	**1,511**	1,440	**-725**	-241	**16,476**	13,319
Taxes	-3,666	-3,170	-423	-415	-3	-	-4,092	-3,585
Net income for the year	12,024	8,950	1,088	1,025	-728	-241	12,384	9,734
Depreciation/amortisation included in operating income	-10,869	-8,411	-4,136	-40	4,091	-	-10,914	-8,451

Cash flow statement by segment	**Vehicles and Services**		**Financial Services**		**Elimination**		**Scania Group**	
SEK m.	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Cash flow from operating activities before change in working capital	21,884	17,429	5,240	1,185	-4,117	258	23,007	18,872
Change in working capital etc.	-3,372	-6,572	-15,832	-11,892	4,073	-	-15,131	-18,464
Cash flow from operating activities	**18,512**	10,857	**-10,592**	-10,707	**-44**	**258**	**7,876**	408
Cash flow from investing activities attributable to operating activities	-7,518	-7,139	-40	-36	-	-	-7,558	-7,175
Cash flow after investing activities attributable to operating activities	**10,994**	3,718	**-10,632**	-10,743	**-44**	**258**	**318**	-6,767

BALANCE SHEET	Vehicles and Services		Financial Services		Eliminations		Scania CV Group	
31 December	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Assets								
Intangible assets	11,859	10,729	46	32	-	-	11,905	10,761
Tangible assets	38,358	31,371	8,833	115	-8,710	-	38,481	31,486
Lease assets	31,287	28,237	49	36	-	-	31,336	28,273
Holdings in associated companies and joint ventures	4,283	4,448	-	-	-3,319	-3,625	964	823
Interest-bearing receivables, non-current	122	-15	59,061	50,585	-8,245	-7,319	50,938	43,251
Other receivables, non-current	6,884	6,521	545	4,873	-127	-4,473	7,302	6,921
Inventories	26,065	25,804	-	-	-	-	26,065	25,804
Interest-bearing receivables, current	249	182	36,069	31,093	-3,537	-3,478	32,808	27,797
Other receivables, current	15,359	15,275	2,560	5,577	-1,190	-3,852	16,729	17,000
Current investments, cash and cash equivalents	22,153	16,930	640	1,513	-998	-9,609	21,795	8,834
Total assets	**156,619**	139,482	**107,830**	93,824	**-26,126**	-32,356	**238,323**	200,950
Equity and liabilities								
Equity	47,721	47,927	10,138	8,360	-3,172	-3,496	54,687	52,791
Interest-bearing liabilities	5,090	-	94,212	82,481	-1,315	-9,609	97,987	72,872
Provisions for pensions	12,163	10,359	99	80	-	-	12,262	10,439
Other non-current provisions	6,765	6,380	11	9	-	-	6,776	6,389
Other liabilities, non-current	31,820	26,960	689	712	-13,488	-11,853	19,021	15,819
Liabilities to group companies	6,201	1,568	-	-	-	-	6,201	1,568
Current provisions	3,924	3,476	62	93	-	-	3,986	3,569
Other liabilities current	42,935	42,812	2,619	2,089	-8,151	-7,398	37,403	37,503
Total equity and liabilities	**156,619**	139,482	**107,830**	93,824	**-26,126**	-32,356	**238,323**	200,950

	Vehicles and Services		Financial Services		Eliminations		Scania CV Group	
Gross investment for the period in								
- Intangible assets	1,901	2,107	29	11	-	-	1,930	2,118
- Tangible assets	7,328	5,008	7,818	26	-7,792	-	7,354	5,034
- Lease assets	13,867	11,884	24	30	-	-	13,891	11,914

GEOGRAPHIC AREAS	Europe		Eurasia		Asia		America[3]		Africa and Oceania		Scania CV Group	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2018**	2018
Vehicles and Services												
Net sales, January – December [1,4]	96,289	84,113	7,427	8,393	12,610	14,759	21,030	16,511	10,201	9,446	147,557	133,222
Assets, 31 December [2]	132,294	117,950	1,378	1,165	3,522	2,704	16,170	15,280	3,255	2,383	156,619	139,482
Gross investments [2]	7,470	5,843	29	35	304	141	1,212	1,054	214	42	9,229	7,115
Non-current assets [5]	79,558	70,314	573	475	1,431	1,177	9,030	8,118	2,201	1,387	92,793	81,291
Financial Services												
Revenue, January – December[1, 6]	6,398	5,743	734	613	206	182	1,125	798	529	461	8,992	7,797
Assets, 31 December [2]	80,365	72,117	5,660	4,514	3,892	3,369	13,043	9,747	4,870	4,077	107,830	93,824
New financing to customers	38,260	34,915	3,770	3,841	1,628	1,560	7,497	4,612	3,066	2,708	54,221	47,636
Non-current assets[7]	52,521	42,972	2,859	2,521	2,542	2,280	7,772	5,632	2,840	2,236	68,534	55,641

1 Revenue from external customers is allocated by location of customers.
2 Assets and gross investments, respectively (excluding lease assets), by geographic location.
3 Refers mainly to Latin America.
4 Of which Sweden 7,205 (6,847).
5 Of which Sweden 26,418 (23,969)
6 Of which Sweden 395 (363).
7 Of which Sweden 4,537 (4,554)

The geographic areas of Scania are based on where the customers are located. In the section definitions the countries in each geographic area are listed. Sales and financing of Scania's products occur in all five geographic areas. Most of Scania's research and development work occurs in Sweden. Manufacturing of trucks, buses and industrial and marine engines occurs in Sweden, Argentina, Brazil, Finland, France, the Netherlands, Poland and Russia.

NOTE 4 Revenue from external customers

Vehicles and Service	2019	2018
Trucks[1]	**98,292**	85,231
Buses[2]	**11,958**	11,658
Engines	**2,409**	2,769
Service	**28,971**	26,588
Used vehicles[3]	**8,411**	7,726
Other products	**4,615**	4,843
Total delivery value	**154,656**	138,815
Adjustment for lease income [4]	**-7,099**	-5,593
Net sales	**147,557**	133,222
Financial Services	**8,992**	7,797
Eliminations [5]	**-4,130**	-3,893
Revenue from external customers	**152,419**	137,126

1 Of which SEK 6,368 m. (5,665) relates to lease income 2019.
2 Of which SEK 761 m. (718) relates to lease income 2019.
3 Of which SEK 250 m. (163) relates to lease income 2019.
4 Refers mainly to new trucks, SEK 6,353 m. (-4,549) and new buses, SEK -262 m. (-662). The adjustment amount consists of the difference between sales value based on delivery and revenue recognised as income. This difference arises when a lease or delivery is combined with a residual value guarantee or a repurchase obligation. Significant risks remain, therefore recognition is based on an operating lease contract. This means that recognition of revenue and earnings is allocated based on the term of the obligation.
5 Elimination of the amount that corresponds to depreciation/amortisation of operating leases in Financial Services. At group level, the revenue from operating leases shall consist of accrued income in Vehicles and Services and interest income in Financial Services, which is achieved by elimination of depreciation/amortisation.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period and the expected timing of revenue recognition are as follows:

Msek	2019	2018
Expected timing of revenue recognition		
Within a year	**38,747**	40,838
1-5 years	**15,463**	12,412
More than 5 years	**2,042**	1,642

The transaction price allocated to remaining performance obligations for which revenue recognition is expected within a year primarily relates to the delivery of trucks. Expected revenue recognition in more than one year mainly stems from long-term service.

NOTE 5 Operating expenses

Scania Group	**2019**	2018
Cost of goods sold		
Cost of goods	**72,345**	65,457
Staff	**21,428**	20 491
Depreciation/amortisation[1]	**9,108**	7,095
Other	**10,808**	9,845
Total	**113,689**	102,888

1 of which an impairment loss of SEK 12 m. (145)

Research and development expenses		
Staff	**2,737**	2,434
Depreciation/amortisation	**916**	964
Other	**2,509**	2,936
Total	**6,162**	6,334

1 of which an impairment loss of SEK 0 m. (0)

Selling expenses		
Staff	**7,336**	6,856
Depreciation/amortisation[1]	**856**	376
Other	**4,488**	4,764
Total	**12,680**	11,996

1 of which an impairment loss of SEK 0 m. (0)

Administrative expenses		
Staff	**1,428**	1,283
Depreciation/amortisation	**34**	17
Other	**844**	709
Total	**2,306**	2,009

Cost of goods includes new trucks, buses, engines, parts, used vehicles, bodywork and cars. The cost of goods may vary, depending on the degree of integration in different markets. Capitalised product development expenditures have reduced the expense categories “Staff” and “Other”.

NOTE 6 Financial Services

Financial Services offers various forms of financing solutions, ordinarily with maturities of between 3–5 years, with the vehicle as underlying collateral. Market conditions as well as civil law and tax rules in each country often determine what financing solution is offered. Financing consists mainly of financial leases, in which the right of ownership of the vehicle remains with Scania during the lease term, but material risks and rewards have been transferred to the lessee. If hire purchase contracts are offered, the right of ownership is transferred to the customer on the date of sale, but Financial Services receives collateral in the form of a lien on the vehicle. If Financial Services offers a lease when delivering vehicles for which substantial risks remain with Scania, primarily attributable to guaranteed residual values, the contract is recognised as an operating lease.

	2019	2018
Interest income	**4,035**	3,371
Lease income	**4,640**	4,150
Depreciation/Lease expenses	**-4,070**	-3,638
Interest expenses	**-1,696**	-1,361
Insurance commission	**317**	276
Net interest income and insurance commission	**3,226**	2,798
Other income and expenses	**-94**	-67
Gross income	**3,132**	2,731
Selling and administrative expenses	**-1,307**	-1,110
Bad debt expenses [1]	**-314**	-181
Operating income	**1,511**	1,440

[1] These expenses were equivalent to 0,33 (0.22) percent of the average credit portfolio.

Operating leases	**2019**	2018
1 January	**18,258**	16,665
New contracts	**9,714**	8,775
Depreciation/Prepaid lease expenses	**-4,070**	-3,638
Terminated contracts	**-4,158**	-3,967
Change in value adjustment, transition impact IFRS 9	**-**	-125
Change in value adjustments	**-41**	-43
Exchange rate differences	**488**	591
Carrying amount, 31 December [2]	**20,191**	18,258

2 The consolidated balance sheet also includes elimination of deferred profit of SEK 3,152 m. (2,652).

Financial receivables (hire purchase contracts and financial leases)	**2019**	2018
1 January	**70,908**	60,363
New receivables	**44,507**	38,861
Loan principal payments/terminated contracts	**-33,996**	-29,079
Change in value adjustment, IFRS 9 transition	**-**	-21
Change in value adjustments	**-2**	-56
Exchange rate differences	**2,173**	840
Carrying amount, 31 December	**83,590**	70,908
Total receivables and lease assets [3]	**103,781**	89,166

3 The number of contracts in the portfolio on 31 December totalled about 176,000 (162,000).

Net investments in financial leases	**2019**	2018
Receivables related to future minimum lease payments	**50,461**	44,526
Imputed interest	**-3,454**	-3,169
Net investment [4]	**47,007**	41,357
Reserve for bad debts	**-601**	-608
Total	**46,406**	40,749

4 Included in the consolidated financial statements under “current“ and ”non-current interest-bearing receivables”.

Future minimum lease payments [5]	**Operating leases**	**Financial leases**
2020	**3,260**	**18,116**
2021	**3,085**	**13,801**
2022	**2,020**	**9,632**
2023	**1,043**	**5,527**
2024	**421**	**2,353**
2025 and later	**236**	**1,032**
Total	**10,065**	**50,461**

5 Minimum lease payments” refers to the future flows of incoming payments related to the contract portfolio, including interest. For operating leases, the residual value is not included since this is not a minimum lease payment for these contracts.

NOTE 7 Financial income and expense

	2019	2018
Interest income		
Bank balances and financial investments	**144**	177
Derivatives[1]	**357**	242
Total interest income	**501**	419
Interest expenses		
Borrowings	**-500**	-441
Derivatives[1]	**-1 349**	-849
Total borrowings and derivatives	**-1 849**	-1,290
Less interest expenses recognised in Financial Services[2]	**1 179**	799
Pension liability	**-287**	-266
Total interest expenses	**-957**	-757
Total interest net	**-456**	-338
Net income from associated companies and joint ventures	**46**	40
Other financial income[3]	**253**	378
Other financial expenses[3]	**-855**	-593
Total other financial income and expenses	**-602**	-215
Net financial items	**-1 012**	-513

1 Refers to interest on derivatives that are used to match interest on borrowings and lending as well as the interest component in derivatives that are used to convert borrowing currencies to lending currencies.

2 Recognised in the operating income of Financial Services.

3 Refers primarily to SEK -150 m. (-44) in market value effects of financial instruments for which hedge accounting in not applied, as well as exchange rate differences and unrealised/realised gains of SEK 20 873 m. (20,661) and unrealised/realised losses of SEK 21 009 m. (20,689) attributable to foreign exchange derivatives and bank-related costs and as well as interest on lease liabilities.

NOTE 8 Taxes

Tax expense/income for the year	**2019**	2018
Current tax [1]	**-4,166**	-3,662
Deferred tax	**74**	77
Total	**-4,092**	-3,585
[1] Of which, taxes paid	**-3,885**	-3,897
Deferred tax is attributable to the following		
Tax related to temporary differences	**258**	-117
Tax related to changes in tax rates and tax rules [2]	**-23**	154
Tax income due to tax value of loss carry-forwards recognised during the year	**103**	168
Tax expense due to utilisation/revaluation of previously recognised tax value of tax loss carry-forwards	**-25**	0
Tax related to change in provision to tax allocation reserve	**-234**	-130
Other changes in deferred tax liabilities/assets	**-5**	2
Total	**74**	77

2 The effect of changes in tax rates mainly refers to Spain (Sweden)

Reconciliation of effective tax	2019		2018	
	Amount	%	Amount	%
Income before tax	**16,476**		13,319	
Tax calculated using Swedish tax rate	**-3,526**	**21**	-2,930	22
Tax effect and percentage influence:				
Difference between Swedish and foreign tax rates	**-436**	**3**	-450	3
Tax-exempt income	**118**	**-1**	195	-1
Non-deductible expenses	**-162**	**1**	-239	2
Utilisation of tax value of loss carry-forwards not previously recognised	**0**	**0**	0	0
Not recognised tax loss carry-forward	**-17**	**0**	-125	1
Derecognised deferred tax assets not utilised	**0**	**0**	0	0
Adjustment for taxes pertaining to previous years	**-61**	**0**	-171	1
Changed tax rates	**-17**	**0**	172	-1
Others	**9**	**0**	-37	0
Tax recognised	**-4,092**	**25**	-3,585	27

Deferred tax assets and liabilities are attributable to the following:	2019	2018
Deferred tax assets		
Provisions and other current liabilities	**8,626**	5,466
Provisions for pensions	**2,356**	1,751
Non-current assets	**1,284**	1,356
Inventories	**898**	924
Unutilised tax loss carry-forwards [3]	**344**	272
Other	**0**	0
Offset within tax jurisdictions	**-7,948**	-4,943
Total deferred tax assets	**5,561**	4,826
Deferred tax liabilities		
Provisions and other current liabilities	**913**	434
Non-current assets	**10,157**	7,730
Tax allocation reserve [4]	**750**	515
Offset within tax jurisdictions	**-7,948**	-4,943
Total deferred tax liabilities	**3,873**	3,736
Deferred tax assets (-)/ Tax liabilities (+), net amount	**-1,688**	-1,090

3 Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is likely that the loss carry-forwards can be utilised to offset profits in future tax returns. Deferred tax assets related to unutilised tax loss carry-forwards of SEK 358 m. (514 m.) were not assigned a value.

4 In Sweden, tax laws permit provisions to an untaxed reserve called a tax allocation reserve. Deductions for provisions to this reserve are allowed up to a maximum of 25 percent of taxable profits. Each provision to this reserve may be freely withdrawn and face taxation, and must be withdrawn no later than the sixth year after the provision was made.

Reconciliation of deferred tax assets (-)/ liabilities (+), net amount	2019	2018
Carrying value on 1 January	**-1,090**	-1,039
Deferred taxes recognised in the year's income	**-74**	-77
Exchange rate differences	**-1**	70
Tax assets/tax liabilities in acquired businesses	**0**	-10
IFRS Transition adjustment	**0**	-70
Recognised in “Other comprehensive income”, changes attributable to		
Remeasurements of defined benefit plans	**-513**	-85
Translation adjustment	**0**	112
Fair value adjustment equity instruments	**-10**	9
Deferred tax assets (-)/ Tax liabilities (+), net amount	**-1,688**	-1,090

NOTE 9 Depreciation/amortisation

Depreciation/amortisation	Vehicles and Services 2019	Vehicles and Services 2018	Financial Services 2019	Financial Services 2018	Eliminations[2] 2019	Eliminations[2] 2018	Scania Group 2019	Scania Group 2018
Intangible non-current assets								
Research and development expenses	713	745	-	-	-	-	713	745
Selling expenses	130	109	15	10	-	-	145	119
Total	843	854	15	10	-	-	858	864
Tangible non-current assets								
Costs of goods sold and services rendered	9,099	7,095	4,070	-	-4,061	-	9,108	7,095
Research and development expenses	203	219	-	-	-	-	203	219
Selling expenses	690	227	51	30	-30	-	711	257
Administrative expenses	34	17	-	-	-	-	34	17
Total	10,026	7,558	4,121	30	-4,091	-	10,056	7,588
Total depreciation/amortisation[1]	10,896	8,411	4,136	40	-4,091	-	10,914	8,451

1 Of wich SEK 12 m. (145) is an impairment loss.
2 Elimination relates to depreciation on right of use assets for Scanuia group internal leases.

NOTE 10 Intangible assets

2019	Goodwill	Development	Other intangibles [1]	Total
Accumulated cost				
1 January	1,442	13,843	1,422	**16,707**
Additions	-	1,788	142	**1,930**
Divestments and disposals	-	-	-33	**-33**
Reclassifications	-	0	49	**49**
Exchange rate differences	24	1	16	**41**
Total	**1,466**	**15,632**	**1,596**	**18,694**
Accumulated amortisation				
1 January	36	5,053	857	**5,946**
Amortisation for the year	-	706	152	**858**
Impairment loss of the year	-	-	-	**-**
Divestments and disposals	-	-	-28	**-28**
Reclassifications	-	-	1	**1**
Exchange rate differences	0	0	12	**12**
Total	**36**	**5,759**	**994**	**6,789**
Carrying amount, 31 December	**1,430**	**9,873**	**602**	**11,905**
- of which capitalised expenditures for projects that have been placed in service		6,091		
- of which capitalised expenditures for projects under development		3,782		

1 Refers mainly to software, which is purchased externally in its entirety.

Group borrowing expenditures

Borrowing expenditures included in cost for the item “Development during the year”	-
Interest rate for determination of borrowing expenditures included in cost	-

2018	Goodwill	Development	Other intangibles [1]	Total
Accumulated cost				
1 January	1,369	11,851	1,297	**14,517**
Acquisitions/divestments of subsidiaries	0	-	0	**0**
Additions	-	1,996	122	**2,118**
Divestments and disposals	0	-	-27	**-27**
Reclassifications	-	-	29	**29**
Exchange rate differences	73	-4	1	**70**
Total	**1,442**	**13,843**	**1,422**	**16,707**
Accumulated amortisation				
1 January	28	4,326	742	**5,096**
Amortisation for the year	-	728	136	**864**
Impairment loss of the year	0	0	-	**0**
Divestments and disposals	0	-	-26	**-26**
Exchange rate differences	8	-1	5	**12**
Total	**36**	**5,053**	**857**	**5,946**
Carrying amount, 31 December	**1,406**	**8,790**	**565**	**10,761**
- of which capitalised expenditures for projects that have been placed in service		6,088		
- of which capitalised expenditures for projects under development		2,702		

1 Refers mainly to software, which is purchased externally in its entirety.

Group borrowing expenditures		
Borrowing expenditures included in cost for the item “Development during the year”		-
Interest rate for determination of borrowing expenditures included in cost		-

Scania tests the value of goodwill and other intangible assets not available for use at least yearly. Goodwill has been allocated to the cash-generating unit to which it belongs, which usually correspond to a reporting unit. Goodwill has been allocated among a number of cash-generating units, and the amount allocated to each unit is not significant compared to the Group’s total carrying amount for goodwill. Goodwill that has been allocated to cash-generating units coincides with the total carrying value of goodwill. Goodwill is tested for impairment on the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. The assumptions used in estimating recoverable amounts are disclosed in Note 2, “Key judgements and estimates”.

Intangible assets are essentially attributable to capitalised product development expenditures and “acquisition goodwill”. All goodwill items are attributable to acquisitions of previously independent importers/dealers that comprise separate cash-generating units.

NOTE 11 Tangible assets

2019	Buildings and land	Machinery and equipment	Construction in progress and advanced payments	Lease assets[1]	Total
Accumulated cost					
1 January	23,518	40,944	5,186	36,722	**106,370**
Transition, IFRS 16	3,542	1,048	-	-	**4,590**
Additions	1,411	1,455	4,488	13,891	**21,245**
Divestments and disposals	-376	-1,255	-4	-9,001	**-10,636**
Reclassifications	399	4,571	-5,073	-2,501	**-2,604**
Exchange rate differences	452	145	129	1,167	**1,893**
Total	**28,946**	**46,908**	**4,726**	**40,278**	**120,858**
Accumulated depreciation					
1 January	10,148	28,014	-	8,449	**46,611**
Depreciation for the year	1,232	3,641	-	5,171	**10,044**
Impairment loss of the year	11	1	**-**	-	**12**
Divestments and disposals	-125	-1,142	**-**	-4,183	**-5,450**
Reclassifications	3	-9	**-**	-806	**-812**
Exchange rate differences	150	175	**-**	311	**636**
Total	**11,419**	**30,680**	**-**	**8,942**	**51,041**
Carrying amount, 31 December	**17,527**	**16,228**	**4,726**	**31,336**	**69,817**
-of which “Buildings”	10,325				
-of which “Land”	3,382				
-of which “Right of use”	3,820	1,168			
-of which Financial Services	52	112	0	49	

1) Including assets for short-term rentals, as well as assets capitalised due to repurchase obligations.

2018	Buildings and land	Machinery and equipment	Construction in progress and advanced payments	Lease assets[1]	Total
Accumulated cost					
1 January	21,895	39,413	4,527	32,964	**98,799**
Acquisitions/divestments of subsidiaries[2]	-10	15	33	-	**38**
Additions	206	863	3,965	11,914	**16,948**
Divestments and disposals	-81	-2,245	-36	-5,495	**-7,857**
Reclassifications	976	2,197	-3,221	-3,948	**-3,996**
Exchange rate differences	532	701	-82	1,287	**2,438**
Total	**23,518**	**40,944**	**5,186**	**36,772**	**106,370**
Accumulated depreciation					
1 January	9,280	26,844	-	7,148	**43,272**
Acquisitions/divestments of subsidiaries[2]	-9	9	-	-	**0**
Depreciation for the year	561	2,610	-	4,272	**7,443**
Impairment loss of the year	110	35	**-**	0	**145**
Divestments and disposals	-48	-2,148	**-**	-2,297	**-4,493**
Reclassifications	4	-5	**-**	-1,023	**-1,024**
Exchange rate differences	250	669	**-**	349	**1,268**
Total	**10,148**	**28,014**	**-**	**8,449**	**46,611**
Carrying amount, 31 December	**13,370**	**12,930**	**5,186**	**28,273**	**59,759**
-of which “Buildings”	10,033				
-of which “Land”	3,337				
-of which Financial Services	60	55	0	36	

1) Including assets for short-term rentals, as well as assets capitalised due to repurchase obligations.
2) Whereof increase through acquisition amounts to SEK 59 m.

NOTE 12 Lease obligations

The Scania Group acts as a lessee in many areas of the Company. These transactions relate primarily to leases of office equipment, real estate, and other production facilities. The leases are individually negotiated and contain a large number of contractual terms and conditions. Right-of-use assets arising from leases are reported in the following balance sheet items:

2019	Buildings and land	Machinery and equipment	Total
Accumulated cost			
1 January	3,542	1,048	**4,590**
Acquisitions/divestments of subsidiaries	-	-	**-**
Additions	982	613	**1,595**
Disposals	-184	-35	**-219**
Transfers	0	-1	**-1**
Exchange rate differences	86	6	**92**
Total	**4,426**	**1,631**	**6,057**
Accumulated amortisation			
1 January	5	12	**17**
Acquisitions/divestments of subsidiaries	-	0	**0**
Depreciation for the year	624	471	**1,095**
Impairment loss of the year	-	-	**-**
Disposals	-18	-18	**-36**
Transfers	-	0	**0**
Reversal of impairment losses	-	-	**-**
Exchange rate differences	-5	-3	**-8**
Total	**606**	**462**	**1,068**
Carrying amount, 31 December	**3,820**	**1,168**	**4,988**

Amounts recognised in profit and loss	2019
Depreciation expense on right-of-use assets	-1,095
Interest expense on lease liabilities	-190
Expense relating to short-term leases	-103
Expense relating to leases of low value assets	-168

At 31 December 2019, the Group is committed to SEK 70 m. for short-term leases.

The total cash outflow for leases amount to SEK 1,235 m.

The following table shows an overview of potential future cash outflows from leases that were not included in the measurement of lease liabilities:

Potential exposure to future cash outflow from	2019
Extension options	-350
Termination options	-4
Leases not yet commenced (contractual commitment)	-575

Lease liabilities	2019
Interest bearing liabilities - noncurrent	4,041
Interest bearing liabilities - current	1,054
Total	**5,095**

Maturity analysis	2019
No later than 1 year	**1,054**
Later than 1 year and not later than 5 years	**2,863**
Later than 5 years	**1,178**
Total	**5,095**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

NOTE 13 Holdings in associated companies and joint ventures

	2019	2018
Carrying amount, 1 January	560	529
Acquisitions, capital contributions, divestments and impairment losses during the year[1, 2]	128	-47
Exchange rate differences	18	43
Share in income for the year	46	40
Dividend	-5	-5
Carrying amount, 31 December	747	560
Contingent liabilities	-	-

1 SEK 127 m. refers sennder GmbH, which in 2019 has been reclassified from Other shares and participations to associated companies.

2 During 2018 Scania has acquired additional shares in Laxå Specialvehicles AB. Scania now owns 90.1% of the shares and the subsidiary is therefore consolidated in the Scania Group.

Associated companies/ Corporate ID number/ Country of registration	**Owner-ship %**	**Carrying amount in Parent Company**	**Value of Scania CV's share in consolidated financial statements**	
			2019	2018
BITS DATA i Södertälje AB, 556121-2613, Sweden	33,0	2	6	6
ScaValencia S.A., A46332995, Spain	26,0	16	30	27
N.W.S.S.R.L, IT1541500227, Italy	46,5	4	1	1
sennder GmbH, HRB 170455B, Germany	16,85	127	117	-
Holdings in associated companies		149	154	34
Share of:				
Net income			-3	4
Total comprehensive income			-3	4

Joint ventures/ Corporate ID number/ Country of registration	Owner-ship %	Carrying amount in Parent Company	Value of Scania CV's share in consolidated financial statements 2019	2018
Cummins-Scania XPI Manufacturing LLC, 20-3394999, USA	50	515	579	514
Oppland Tungbilservice A/S, 982 787 602, Norway	50	1	8	7
Tynset Diesel A/S, 982 787 580, Norway	50	1	6	5
Holdings in joint ventures		517	593	526
Share of:				
Net income			49	36
Total comprehensive income			49	36
Holdings in associated companies and joint ventures			747	560
Other shares and participations			217	263
Total			964	823

Summarised financial information of Scania's holdings in the joint venture Cummins-Scania XPI Manufacturing LLC is set out below:

Summarised income statement	2019	2018
Net sales	2,995	2,759
Operating income[1]	94	78
Interest income/expenses and Other financial expenses	7	18
Taxes	-10	-29
Net income for the year	91	67
Other comprehensive income for the year	-	-
Total comprehensive income for the year	91	67
Scania Group's share (50%)	45	33

1 Depreciation amounting to SEK 121 m. (114) is included in Operating income

Summarised balance sheet	2019	2018
Non-current assets	828	434
Current investments and cash and cash equivalents	129	295
Other current assets	806	1,171
Total assets	1,763	1,900
Equity	1,159	1,028
Other current liabilities	604	872
Total equity and liabilities	1,763	1,900
Scania Group's share of equity (50%)	579	514
Carrying amount	579	514

Dividends from Cummins-Scania XPI Manufacturing LLC amounted to SEK 0 m. (0).

Cummins-Scania XPI Manufacturing LLC is a joint venture with Scania and Cummins as partners. The joint venture manufactures fuel injection systems with extra high pressure injection (XPI). Cummins-Scania XPI Manufacturing LLC is recognized using the equity method.

NOTE 14 Inventories

	2019	2018
Raw materials, components and supplies	**3,598**	2,781
Work in progress	**1,631**	1,621
Finished goods[1]	**20,836**	21,402
Total [2]	**26,065**	25,804

1 Whereof used vehicles SEK 3,193 m. (2,315).
2 Whereof value adjustment reserv SEK –1,274 m. (–896).

NOTE 15 Other receivables

	2019	2018
Prepaid expenses and accrued income	**461**	438
Derivatives with positive market value	**370**	274
Advance payments	**41**	38
Pension asset	**30**	86
Other receivables	**542**	1,025
Total other non-current receivables	**1,444**	1,861
Prepaid expenses and accrued income	**2,079**	1,687
Derivatives with positive market value	**182**	564
Value-added tax	**2,623**	2,933
Advance payments	**411**	265
Other receivables	**2,218**	1,764
Total other current receivables	**7,513**	7,213
Total other receivables	**8,957**	9,074

NOTE 16 Equity

The consolidated statements of changes in equity shows a complete reconciliation of all changes in equity.

The share capital of Scania CV AB consists of 1,000,000 shares outstanding with voting rights of one vote per share. The nominal value is SEK 100 per share. All shares are fully paid and no shares are reserved for transfer of ownership. The Parent company Scania AB (publ), Swedish corp no. 556184-8564, is the owner of all shares.

Currency translation reserve arises when translating net assets outside Sweden according to the current method of accounting. The currency translation reserve also includes currency rate differences related to monetary items for businesses outside Sweden deemed to be a part of the company's net investment. The exchange rate difference of SEK 945 m. (-529) arose as a result of the Swedish krona's depreciation against currencies important to Scania CV. The exchange rate differences were mainly due to the krona's depreciation against the EUR and RUB.

Retained earnings consist not only of accrued profits but also of the change in pension liability attributable to remeasururement of defined-benefit plans etc. recognised directly in "Total other comprehensive income". Regarding changes in actuarial assumptions see also Note 17, "Provisions for pensions and similar commitments".

For the Annual General Meeting in 2020 the board of directors propose no dividend for 2019.
Retained earnings in parent company, amounting to SEK 40,886 m., will be carried forward.

Non-controlling interest refers to the share of equity held by external owners without a controlling influence in certain subsidiaries in the Scania CV Group. Scania Group has a few non-wholly owned subsidiaries of which one is considered to have a substantial non-controlling interests. Scania owns 90.1 procent of the shares in Laxå Specialvehicles AB with a non-controlling interest of 9.9 percent. In 2019, net income attributable to non-controlling interests amounted to SEK 3 m. (1) and accumulated noncontrolling interests in the company amounted to SEK 18 m. (14) as of 31 December 2019.

The equity of the Scania CV Group consists of the sum of equity attributable to Scania CV's shareholders and eguity attributable to non-controlling interests. At year-end 2019, the Group's equity totalled SEK 54,687 m. (52,791). According to the Group's Financial Policy, the Group's financial position shall meet the requirements of business objectives it has established. At present this is deemed to presuppose a financial position equivalent to the requirements for obtaining a Standard & Poor´s Investment Grade Stand Alone Rating of BBB+.

In order to maintain the necessary capital structure, the Group may adjust the amount of its dividend to shareholders, distribute capital to the shareholders or sell assets and thereby reduce debt.

Financial Services includes 12 companies that are subject to oversight by national financial inspection authorities. In some countries, Scania must comply with local capital adequacy requirements. During 2019, these units met their capital adequacy requirements.

The Group's Financial Policy contains targets for key ratios related to the Group's financial position. These coincide with the ratios used by Standard & Poor´s. At the end of 2019 Scania's Credit Rating according to Standard and Poor´s was:

- long-term borrowing: BBB+
- outlook: Negative
- short-term borrowing: A-2
- short-term borrowing: Sweden: K-1

Reconciliation of change in number of shares outstanding	**2019**	2018
Number of shares outstanding, 1 January	1,000,000	1,000,000
Number of shares outstanding, 31 December	1,000,000	1,000,000

NOTE 17 Provisions for pensions and similar commitments

The Group's employees, former employees and their survivors may be included in both defined-contribution and defined-benefit plans related to post-employment compensation. The plans include retirement pensions, early retirement pensions, survivor pensions, health care and severance pay. For defined-contribution plans, Scania makes continuous payments to public authorities and independent organisations, which thus take over obligations towards employees.
The Group's expenses for defined-contribution plans amounted to SEK 1,949 m. (1,274) during 2019. The commitment that is recognised in the balance sheet stems from the defined-benefit plans. The plans are secured through reinsured provisions in the balance sheet, foundations and funds. Calculations are performed according to the Projected Unit Credit Method, using the assumptions presented under each country below. Scania's forecast pension payments related to defined-benefit plans, both funded and unfunded plans, is SEK 766 m. for 2020.
The largest plans are described in more detail below.

Sweden
Blue-collar workers are covered by the Avtalspension SAF-LO plan, which is a defined-contribution multi-employer plan based on collective agreements, covering a number of different sectors.
Salaried employees are covered by the ITP plan, which is also a multi-employer plan based on collective agreements, covering a number of different sectors. The ITP plan has two parts, firstly, ITP1, which is a defined-contribution pension plan applying to employees born in 1979 or later, and secondly, ITP2, which is a defined-benefit pension plan applying to employees born before 1979.
Most of the ITP2 plan is managed internally by Scania in the PRI system. Financing occurs partly through provisions to an account in the balance sheet and partly through provisions to a pension foundation, both safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti. However, a portion of the ITP2 plan is safeguarded via premiums to the retirement insurance company Alecta. These obligations are recognised under the heading "Multi-employer defined-benefit plans".
Aside from these obligations, there are early retirement defined-benefit obligations in Scania CV relating to blue-collar workers who at the age of 62 have worked for 30 years or who at the age of 63 have worked for 25 years in the company, as well as to a limited number of persons in managerial positions. Special payroll tax is now included in the provision for pensions.

Switzerland
The Pensionskasse and the Wohlfahrtsstiftung are the legal carriers of the pension plans.
There are three pension plans:
1. A basic pension plan for employees and management, covering retirement pension, disability pension, spouse pension, children's pension and life insurance.
2. A supplementary plan for members of the management, covering retirement pension, disability pension, spouse pension, children's pension and life insurance.This plan also includeds early retirement pension, which covers employees with at least five years of service or who have retired prematurely at the request of the company.
Contributions are split between employer and employees for the basic pension plan and in the supplementary plan for members of the management.
Switzerland recognises the net pension assets in the balance sheet and an asset ceiling is thus applied.

Brazil
Employees at Scania Latin America Ltda are covered by four post-employment defined-benefit plans. Three health care plans cover medical, dental and pharmaceutical expenses as well as the cost of a life insurance plan. The health care plans became unfunded in February 2018.The plans are open to personnel retiring at a minimum age of 55 with at least 10 years' service.

Great Britain
Employees at Scania Great Britain (SGB) are covered by a premium-based occupational pension. Both the company and employees contribute to the plan. There are defined-benefit plans, which are closed for future accruals since 31 May 2003. The defined- benefit plans operated by SGB include the following:
1. The Scania Staff Pension Plan
2. The Scania Executive Pension Plan
3. The Scania Reliable Vehicles Staff Pension Plan

All plans are administered by trustees who are responsible for ensuring that SGB has sufficient financing to fully meet all vested/ earned benefits for all members.

The normal retirement age in the schemes is 65.

Multi-Employer defined-benefit plans

Sweden
A portion of the ITP2 plan is safeguarded by premiums to Alecta.
These obligations are also defined-benefit but Alecta does not have information about allocation of vested/earned benefits, premiums and assets among various employers and therefore these obligations are recognised as a defined-contribution plan.
At year-end 2019, Alecta's surplus, in the form of a collective consolidation level (assets in relation to the insurance obligation), amounted to 148 percent (142). If the consolidation level falls below or exceeds the normal range (125-175), Alecta shall take measures, for example raise agreed subscription prices and extension of existing benefits, or introduce premium reductions.
Alecta's insurance obligation is calculated according to Alecta's actuarial methods and assumptions, which deviate from the methods and assumptions applied in measurement of defined-benefit pensions according to IAS19.
Premiums to Alecta excluding redemption amounted to SEK 111 m. (103).

The Netherlands
Employees at Scania's Dutch company are covered by the Dutch collectively-agreed pension plans, which are multi-employer defined benefit plans. The plans Pensioenfonds Metaal en Techniek (PMT) and Bedrijfstakpensioenfonds Metalelktro (PME) are administered by MN Services. PMT and PME do not have information about allocation and therefore these obligations are recognised as a defined-contribution plan.
In the Dutch plans, both companies and employees contribute to the plan.
Companies' premiums to MN Services totalled SEK 134 m. (120). The consolidation level of PMT was 100 percent (99) and for PME 99 percent (98).

Information regarding the largest plans during 2019	**Sweden**	**Switzer-land**	**Brazil**	**Great Britain**
Present value of defined-benefit obligations	11,771	1224	548	1,011
Fair value of plan assets	-997	-1254	-74	-971
Net assets not fully valued due to curtailment rule	-	-	2	-
Recognised as pension liability (asset) in the balance sheet, SEK m.	**10,774**	**-30**	**476**	**40**

Breakdown into categories	**Sweden**	**Switzer-land**	**Brazil**	**Great Britain**
Present value of defined-benefit obligations for persons in active employment, SEK m.	7,618	690	-253	-
Persons in active employment, number	10,814	296	2,544	-
Present value of defined-benefit obligations for paid-up policy holders, SEK m.	1,848	-	-	664
Paid-up policy holders, number	2,778	-	-	399
Present value of defined-benefit obligations for retired employees, SEK m.	2,305	534	801	347
Retired employees, number	2,600	112	1,124	208

Assumptions/conditions	**Sweden**	**Switzer-land**	**Brazil**	**Great Britain**
Discount rate, %	1,5	0,1	7,8	2,0
Average life expectancy, women/men, years	89	88	86	88
Average duration of obligations, years	23,1	15,9	12,2	20,0

Sensitivity analysis concerning change in present value of obligations, SEK m.	**Sweden**	**Switzer-land**	**Brazil**	**Great Britain**
0.5% increase in discount rate	-1,246	-91	-12	-91
0.5% decrease in discount rate	1,438	104	4	107
1 year increase in life expectancy	507	36	57	44

Information regarding the largest plans during 2018	Sweden	Switzer-land	Brazil	Great Britain
Present value of defined-benefit obligations	9,164	1,034	503	849
Fair value of plan assets	-	-1,120	-66	-793
Net assets not fully valued due to curtailment rule	-	-	17	-
Recognised as pension liability (asset) in the balance sheet, SEK m.	**9,164**	**-86**	**454**	**56**

Breakdown into categories	Sweden	Switzer-land	Brazil	Great Britain
Present value of defined-benefit obligations for persons in active employment, SEK m.	5,956	568	-129	-
Persons in active employment, number	11,439	292	2,727	-
Present value of defined-benefit obligations for paid-up policy holders, SEK m.	1,339	-	-	545
Paid-up policy holders, number	2,683	-	-	399
Present value of defined-benefit obligations for retired employees, SEK m.	1,869	466	632	304
Retired employees, number	2,503	108	1,071	208

Assumptions/conditions	Sweden	Switzer-land	Brazil	Great Britain
Discount rate, %	2.5	0.7	9.2	2.9
Average life expectancy, women/men, years	88	87	83	88
Average duration of obligations, years	22.7	14.6	11.1	18.4

Sensitivity analysis concerning change in present value of obligations, SEK m.	Sweden	Switzer-land	Brazil	Great Britain
0.5% increase in discount rate	-942	-72	-15	-70
0.5% decrease in discount rate	1,084	82	26	80
1 year increase in life expectancy	368	28	55	35

Expenses for pensions and other defined-benefit payments recognised in the income statement	Expenses for pensions and similar commitments	
	2019	2018
Current service expenses	**-472**	-391
Net interest income/expenses	**-287**	-266
Past service expenses	**12**	7
Net gains (+) and losses (–) due to curtailments and settlements	**-**	0
Total expense for defined-benefit payments recognised in the income statement	**-747**	-650

Pension expenses and other defined-benefit payments are found in the income statement under the headings “Research and development expenses”, SEK 102 m. (148), “Cost of goods sold”, SEK 210 m. (119), “Selling expenses”, SEK 99 m. (101) and “Administrative expenses”, SEK 50 m. (16). The interest portion of the net liability is recognised as an interest expense and the interest portion in net assets is recognised as interest income.

Great Britain: During 2018 an additional MSEK 6 has been recognised as past service cost to the three combined schemes in relation to Guaranteed Minimum Pension (“GMP”) equalisation. This represents an estimate of the cost that may be incurred in equalising the benefits paid to both male and female members a High Court case concluding on 26 October 2018. The estimate has been based on professional market experiences and represents 0.65% of liabilities as at the date of the court ruling.

Expenses for pensions and other defined-benefit payments recognised in "Other comprehensive income"	Expenses related to pensions and similar commitments	
	2019	2018
Experience-based adjustments in net liabilities	**-321**	-263
Effects of changes in demographic assumptions	**-2**	1
Effects of changes in financial assumptions	**-2,217**	-388
Actual return on plan assets excluding amount included in interest income	**101**	-59
Changes in present value of asset ceiling not included in interest expense	**12**	-7
Total expense/revenue for defined-benefit payments recognised in "Other comprehensive income"	**-2,427**	-716

Recognised as provision for pensions in the balance sheet	Pension commitments	
	2019	2018
Present value of defined-benefit obligations, wholly or partly funded	**13,578**	2,492
Present value of defined-benefit obligations, unfunded	**2,369**	10,217
Present value of defined-benefit obligations	**15,947**	12,709
Fair value of plan assets	**-3,717**	-2,368
Net assets not fully valued due to curtailment rule	**2**	12
Recognised in the balance sheet	**12,232**	10,353
Of which, pension liabilities recognised under the heading "Provisions for pensions"	**12,262**	10,439
Of which, pension assets recognised under the heading "Other long-term receivables"	**-30**	-86

Present value of defined-benefit obligations changed during the year as follows:	Liabilities related to pensions and similar commitments	
	2019	2018
Present value of defined-benefit obligations, 1 January	**12,709**	11,515
Present value of reclassified obligations, 1 January	**-3**	19
Current service expenses	**472**	391
Interest expenses	**328**	305
Payments made by pension plan participants	**19**	18
Experience-based actuarial gains and losses	**321**	263
Adjustment effects from changes in demographic assumptions	**2**	-1
Adjustment effects from changes in financial assumptions	**2,323**	388
Exchange rate differences	**146**	118
Disbursements of pension payments	**-358**	-300
Past service expenses	**-12**	-7
Present value of defined-benefit obligations in acquired/divested companies	**-**	-
Settlements	**-**	0
Gains and losses due to net settlements for the year	**-**	0
Present value of defined-benefit obligations, 31 December	**15,947**	12,709

Fair value of plan assets changed as follows during the year:	Plan assets related to pensions and similar commitments	
	2019	2018
Fair value of plan assets, 1 January	**2,368**	2,283
Fair value of plan assets related to reclassified obligations, 1 January	**-2**	-9
Interest income on plan assets	**42**	39
Actual return on plan assets excluding amount included in interest income	**101**	-59
Effects of changes in financial assumptions	**106**	0
Exchange rate differences	**132**	122
Payments to pension plan	**1,201**	68
Payments made by pension plan participants	**19**	18
Disbursements of pension payments	**-250**	-94
Settlements	**-**	-
Fair value of plan assets, 31 December	**3,717**	2,368

		Asset ceiling
Present value of asset ceiling	**2019**	2018
Present value of asset ceiling, 1 January	**12**	5
Interest expenses	**1**	0
Changes in present value of asset ceiling not included in interest expense	**-12**	7
Exchange rate differences	**1**	0
Present value of asset ceiling, 31 December	**2**	12

	2019	**2019**	**2018**	**2018**
Allocation of fair value in plan assets	**Quoted price in an active market**	**Unquoted price**	Quoted price in an active market	Unquoted price
Cash and cash equivalents	**19**	**-**	14	23
Equity instruments issued by others	**1,090**	**-**	418	-
Debt instruments issued by Scania	**-**	**51**	-	38
Debt instruments issued by others	**744**	**-**	245	-
Properties leased to Scania companies	**-**	**40**	-	38
Investment properties	**-**	**-**	-	-
Equity mutual funds	**621**	**-**	496	-
Fixed income mutual funds	**219**	**3**	202	-
Real estate funds	**266**	**-**	232	-
Other investment funds	**115**	**-**	48	3
Other plan assets	**51**	**498**	184	427
Total	**3,125**	**592**	1,839	529

NOTE 18 Other provisions

During the year, the Scania CVs provisions changed as follows:

2019	Product obligations	Legal and tax risks [2]	Other provisions [1]	Total
1 January	1,575	4,673	3,710	9,958
Provisions during the year	1,264	143	1,871	3,278
Provisions used during the year	-920	-81	-1,246	-2,247
Provisions reversed during the year	-92	-104	-16	-212
Exchange rate difference	1	-7	-9	-15
31 December	**1,828**	**4,624**	**4,310**	10,762
-of which, current provisions	1,495	204	2,287	3,986
-of which, non-current provisions	333	4,420	2,023	6,776

2018	Product obligations	Legal and tax risks [2]	Other provisions [1]	Total
1 January	1,747	4,748	3,403	9,898
Provisions during the year	1,092	94	1,631	2,817
Provisions used during the year	-1,004	-114	-1,208	-2,327
Provisions reversed during the year	-259	-51	-88	-398
Exchange rate difference	0	-4	-28	-32
31 December	**1,575**	**4,673**	**3,710**	9,958
-of which, current provisions	1,256	273	2,040	3,569
-of which, non-current provisions	319	4,400	1,670	6,389

1 “Other provisions” include provisions for potential losses on service agreements. Total number of contracts increased during 2019 by 3,500 contracts (40,800) and amounted to 252,300contracts (248,800) at year-end.

2 “EU investigation” consists of provision of SEK 3,800 m. recognised in June 2016 for the investigation conducted by the European Commission concerning inappropriate cooperation.

Uncertainty about the expected outflow dates is greatest for legal and tax disputes as well as the EU claim regarding inappropriate cooperation. Otherwise outflow is expected to occur within one to two years. Provisions are recognised without discounting and at nominal amounts, as the time factor is not deemed to have a major influence on the size of the amounts, since the future outflow is relatively close in time. For a description of the nature of the obligations, see also Note 1, “Accounting principles,” and Note 2, “Key judgements and estimates.”

NOTE 19 Accrued expenses and deferred income

	2019	2018
Accrued employee-related expenses	**6,764**	6,130
Deferred income related to service and repair contracts	**7,176**	6,237
Deferred income related to repurchase obligations[1]	**6,724**	5,596
Other accrued expenses and deferred income	**3,877**	3,086
Total	**24,541**	21,049
- of which current	**15,973**	14,032
- of which long-term	**8,568**	7,017
Of the above total, the following was attributable to Financial Services operations	**687**	609

[1]Of the above deferred income related to vehicles sold with repurchase obligations, SEK 2,172 m. (1,845) is expected to be recognised as revenue within 12 months. SEK 407 m. (352) is expected to be recognised as revenue after more than five years.

The following table provides an explanation of the changes of contract liabilities during the reporting period:

MSEK	**2019**	2018
Contract liabilities as of 1 January	**6,133**	5,654
Additions and disposals	**796**	306
Currency translation adjustments	**247**	173
Contract liabilities as of 31 December	**7,176**	6,133

Sales revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period totalled SEK 2,840 m. (2,427)

NOTE 20 Assets pledged and contingent liabilities

Assets pledged	2019	2018
Financial receivables[2]	**-**	37
Other	**5**	-
Total [1]	**5**	37

[1] Of which, assets pledged for:		
Borrowings	**-**	37
Liabilities of others	**5**	-

[2] Refers mainly to pledged leases in Financial Services, SEK 0 m. (37).

Contingent liabilities	2019	2018
Contingent liability related to FPG credit insurance	**86**	79
Other guarantees	**327**	278
Other contingent liability related to tax	**863**	733
Total	**1,276**	1,090

In addition to the above contingent liabilities, the Group has issued vehicle repurchase guarantees worth SEK 11 m. (31) to customers' creditors.

NOTE 21 Government grants and assistance

During 2019, the Scania Group received government grants amounting to SEK 87 m. (121) attributable to operating expenses of SEK 425 m. (600).

NOTE 22 Cash flow statement

In those cases a breakdown in segment is not done, the cash flow specification below refers to Scania group.

	2019	2018
a. Interest and dividends received/paid		
Dividends received from associated companies	**5**	5
Interest received	**4,451**	3,749
Interest paid	**-3,074**	-1,629
b. Items not affecting cash flow		
Depreciation/amortisation	**10,914**	8,451
Associated companies	**-41**	-35
Provision for pensions	**-562**	404
Other	**105**	630
Total	**10,416**	9,450
c. Financial services: Net investments in credit portfolio etc.		
New financing[1]	**-54,221**	-47,636
Payments of principal and completed contracts	**43,777**	37,909
Total	**-10,444**	-9,727

[1] Refers mainly to financing of customer purchases of Scania vehicles.

d. Net investments through acquisitions/divestments of businesses[2]		
Divestments of businesses	**0**	-5
Acquisitions of businesses	**-**	7
Total	**0**	2

[2] See Note 23, "Businesses acquired/divested".

e. Vehicles and Services: Acquisitions of non-current assets		
Investments in non-current assets[3]	**-7,787**	-7,263
Divestments of non-current assets	**269**	122
Total	**-7,518**	-7,141

[3] Of which, SEK 1,788 m. (1,996) in capitalised research and development expenditures.

f. Change in debt through financing activities		
Net change in current borrowings	**-3,586**	-10,635
Decrease in non-current borrowings	**-400**	-964
Increase in non-current borrowings	**26,954**	23,933
Lease liabilities	**-976**	-
Total	**21,992**	12,334

g. Cash and cash equivalents		
Cash and bank balances	**5,838**	3,297
Short-term investments comprising cash and cash equivalents	**15,143**	3,925
Total	**20,981**	7,222

Reconciliation of liabilities arising from financing activites

	2018	Cash flow	Non-cash changes			2019
			Foreign exchange movements	Re-classifications	New leases	
Non-current interest-bearing liabilities	42,950	26,554	-128	-19,409	-	**49,967**
Current interest-bearing liabilities	29,237	-3,586	2,090	19,409	-	**47,150**
Lease liabilities[1]	4,544	-976	-15	-	1,563	**5,116**
	76,731	21,992	1,947	0	1,563	**102,233**
Cash and cash equivalents	7,222	13,628	131	-	-	**20,981**
	83,953	35,620	2,078	0	1,563	**123,214**

1 Including adjustment opening balance lease liability of SEK 4,544 m.

NOTE 23 Businesses acquired/divested

Scania is not an acquisition-intensive Group or a Group that divests businesses to a large extent and no significant acquisitions or divestments have occurred during the years 2018–2019s.

NOTE 24 Wages, salaries and other remuneration and number of employees

Wages, salaries and other remuneration, pension expenses and other mandatory payroll fees (excluding personnel on hire)	2019	2018
Boards of Directors, Presidents and Executive (or Group) Vice Presidents [1]	**512**	462
of which bonuses	**193**	176
Other employees	**20,696**	18,951
Subtotal	**21,208**	19,413
Pension expenses and other mandatory payroll fees	**7,535**	6,859
of which pension expenses [2]	**2,430**	1,735
Total	**28,743**	26,272

1 The number of Board members and executive officers in Scania CV Group in Sweden was 538 (541).
2 Of the pension expense in the Scania CV Group, SEK 50 m. (24) was for Boards of Directors and executive officers in the Scania CV Group. At year-end, the total pension obligation was SEK 146 m. (122) for this category.

	2019		2018	
Average number of employees (excluding personnel on hire)	**Total**	**Women**	Total	Women
Sweden	**17,998**	**23%**	**16,958**	**22%**
Europe (excluding Sweden)	**16,589**	**14%**	**15,822**	**15%**
Eurasia	**802**	**26%**	**788**	**27%**
America	**7,928**	**13%**	**7,694**	**12%**
Asia	**2,149**	**21%**	**2,157**	**20%**
Africa and Oceania	**2,023**	**19%**	**1,816**	**19%**

Total	**47,489**	**18%**	**45,235**	**18%**

Gender distribution	**2019**	2018
Board members in subsidiaries and the Parent company	**421**	427
Of whom, men	**392**	400
Of whom, women	**29**	27
Presidents/Managing Directors of subsidiaries and the Parent Company, plus the Group's Executive Board	**117**	114
Of whom, men	**112**	109
Of whom, women	**5**	5

Number of employees, 31 December	**2019**	2018[1]
Vehicles and Services		
Production and corporate units	**25,224**	27,176
Research and development	**4,651**	4,293
Sales and service companies	**20,345**	19,688
Subtotal	**50,220**	51,157
Financial Services	**1,058**	993
Total	**51,278**	52,150
Of whom, on temporary contracts and on hire	4,684	6,831

1 As a result from reorganisations from 2019 employees are presented in Production and corporate units and Research and development which were previous presented in Sales and service companies. Comparative figures have been restated.

NOTE 25 Related party transactions

	Revenue		**Expenses**		**Receivables**		**Liabilities**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Volkswagen Group	**1,295**	1,427	**4,465**	704	**14,234**	2,931	1,178	4,226
Associated companies and joint ventures								
BITS DATA i Södertälje AB	**0**	0	**1**	13	**0**	0	1	1
Cummins-Scania XPI Manufacturing L.L.C	**155**	163	**706**	839	**12**	23	0	0
ScaValencia S.A.	**247**	161	**175**	79	**4**	6	1	1
Others	**13**	11	**4**	9	**2**	1	0	0

Disclosures of relationships with related parties that include a controlling influence are provided in the list of subsidiaries. See also the presentation of Scania's Board of Directors and Executive Board as well as Note 26, "Compensation to executive officers". Disclosures of dividends from, and capital contributions to, associated companies and joint ventures etc. are provided in Note 12, "Holdings in associated companies and joint ventures". Disclosures of pension plans are provided in Note 16, "Provisions for pensions and similar commitments" and Note 24, "Wages, salaries and other remuneration and number of employees".

NOTE 26 Compensation to executive officers

Principles for compensation to executive officers
The principles for compensation to Scania executive officers are adopted by Scania's Board of Directors. The purpose is to offer a market-related compensation package that will enable the company to recruit and retain executive officers. Compensation to executive officers consists of the following parts:

1. Fixed salary
2. Variable earnings-dependent salary
3. Pension

The fixed salary of executive officers shall be competitive in relation to position, individual qualifications and performance. The fixed salary is reviewed annually. The size of the variable salary is dependent on Scania Group´s operating income, TRATON SE's return of sales and a Volkswagen long-term incentive index. For the CEO, part of the annual fixed salary is paid from TRATON SE. The CEO has variable earnings-dependent salary based on the TRATON GROUP's return on sales, return on invested capital and a sharerelated program TRATON SE. Executive officers are covered under the ITP Plan. Executive officers covered under the defined benefit ITP Plan are also covered under a defined contribution pension plan that applies in addition to the public pension and the ITP Plan.

The share-related program relates to a long-term incentive (LTI) bonus which is determined by the Supervisory Board of TRATON SE at its reasonable discretion. The LTI was introduced in January 2019. The terms and conditions for the LTI provide for a period of three years for calculating the target achievement, and may be amended from time to time. In this plan, a new performance period ("performance period") starts at the beginning of each fiscal year.

At the beginning of each new performance period the CEO is conditionally awarded a certain number of performance shares. The number of performance shares depends (i) on the individual target amounts and (ii) on the calculated price of Volkswagen AG preferred shares (in the pre-IPO phase) or the price of TRATON SE shares (in the post-IPO phase), with the arithmetic mean of the closing prices of the 30 trading days preceding the performance period being used to calculate the price.

If the employment contract begins or ends in the course of a year, the target amount for the LTI is calculated ratably for the period of service.

The number of performance shares at the end of a performance period ("final number of performance shares") depends on the number of performance shares conditionally awarded at the beginning of the performance period and the achievement of the "earnings per share" target amounts. These are determined at the beginning of the performance period. The payout amount depends on the final number of performance shares and the calculated price of Volkswagen AG preferred shares (in the pre-IPO phase) or the price of TRATON SE shares (in the post-IPO phase), using the arithmetic mean of the closing prices of the last 30 trading days of the performance period and including any dividends paid out during the performance period.

The amount paid out is capped at 200% of the target amount.

In the case of extraordinary events or developments, e.g., a business combination, significant changes in the shareholder structure, or certain corporate actions or structural measures implemented by the Company, the Company is entitled, under certain conditions, to modify the terms and conditions of the plan or the number of performance shares. In "bad leaver" cases, which are defined in the relevant performance share plan (in particular in the case of the extraordinary termination of an Executive Board member), all the performance shares of a current performance period are forfeited and not replaced or otherwise compensated.

The terms and conditions of the LTI for each performance period are determined by the Supervisory Board of TRATON SE at its reasonable discretion. The Supervisory Board of TRATON SE has introduced provisions governing penalties and salary clawbacks in the event of misconduct (including breaches of oversight or organizational duties as a "cultural and integrity corrective"), which can lead to a reduction or the complete forfeiture of the LTI or to the clawback of an LTI that has already been paid out.

A total of 5,180 performance shares were awarded to the CEO. The fair value of the performance shares obligation as of December 31, 2019, was SEK 4,158 m. The expenses under the plan amounting to SEK 4,158 m. were recognised in personnel expenses. If the beneficiaries of the performance share plan had left the Company as of December 31, 2019, the obligation (intrinsic value) would have been SEK 0 m.

Termination conditions for the executive board
If the President and CEO resigns of his own volition, he is entitled to his salary for a 12-month notice period. Any variable salary during the year in question is disbursed according to conditions adopted by Scania's Board of Directors. In case of termination by the company, a 12-month notice period applies with retained benefits and severance pay equivalent to 24 months of salary is payable.

If the company terminates their employment, the other members of the Executive Board are entitled to severance pay equivalent to a maximum of 18 months of salary, in addition to their salary during the six-month notice period. If they obtain new employ-ment within 18 months, counting from their termination date, the severance pay ceases.

2019, SEK thousand.	Fixed salary	Board remuneration[1]	Variable salary	LTI	Other remunerations	Total salary and remuneration	Pension expenses, defined contribution system	Pension expenses, defined benefit system	Total pension expenses	Pension obligations
Chairman of the Board	-	-	-	-	-	**-**	-	-	**-**	-
President and CEO	6,180	-	7,336	4,158	305	**17,979**	2,898	480	**3,378**	3,319
Rest of Executive Board (7 persons)	23,564	-	48,993	-	1,849	**74,406**	6,685	3,520	**10,205**	25,008

1) Other Board members' total fees: Andreas Renschler 0; Peter Wallenberg Jr. 550; Markus S. Piëch 0; Stephanie Porsche-Schröder 0; Nina Macpherson 700; Christian Schulz 0; Lilian Fossum Biner 350; Lisa Lorentzon 0; Michael Lyngsie 0.
Markus S. Piëch resigned on 20 November 2019 and Lilian Fossum Biner was appointed on 23 May 2019.

2018, SEK thousand.	Fixed salary	Board remuneration[1]	Variable salary	Other remunerations	Total salary and remuneration	Pension expenses, defined contribution system	Pension expenses, defined benefit system	Total pension expenses	Pension obligations
Chairman of the Board	-	-	-	-	**0**	-	-	0	-
President and CEO	7,547	-	14,293	271	**22,111**	2,826	436	**3,262**	2,907
Rest of Executive Board (7 persons)	25,068	-	47,478	1,721	**74,267**	8,673	3,674	**12,346**	21,329

1) Other Board members' total fees: Andreas Renschler 0; Helmut Aurenz 250; Peter Wallenberg Jr. 525; Christian Porsche 0; Matthias Gründler 0; Markus S. Piëch 0; Stephanie Porsche-Schröder 0; Nina Macpherson 275; Christian Schulz 0; Johan Järvklo 0; Lisa Lorentzon 0; Michael Lyngsie 0.
Helmut Aurenz resigned on 8 February 2018 and Matthias Gründler resigned on 15 May 2018. Nina Macpherson was appointed on 25 April 2018 and Christian Schulz was appointed on 28 June 2018. Johan Järvklo resigned on 25 June 2018 and was replaced by Michael Lyngsie on 28 June 2018.

Pension expenses, defined-contribution system: annual premiums according to a defined contribution pension system and ITPK (defined contribution portion of the ITP occupational pension).

Pension expenses, defined-benefit system (ITP): risk insurance premiums and the increase of retirement pension liability according to the ITP occupational pension plan.

Other remuneration: taxable portion of car allowance, newspaper subscriptions and other perquisites.

Retirement age: the President and CEO is covered by the ITP plan and a defined contribution pension plan with premiums up to 65 years. Members of the Executive Board are covered by the ITP Plan with premiums up to 65 years. Members of the Executive Board covered under the defined benefit ITP Plan are also covered under defined contribution pension plan with premiums payments up to 65 years and, to a lesser extent, with premium payments up to 60 year

NOTE 27 Fees and other remunerations to auditors

Fees and other remuneration to auditors that were expensed during the year are reported below. Remuneration for consultations is reported in cases where the same public accountancy firm has the assignment to audit an individual company. "Auditing assignments" refers to statutory examination of the annual accounts as well as the administration of the Board of Directors and the President and CEO. "Auditing activities beyond auditing assignments" refers to examination of administration or financial information that shall be performed in accordance with laws, articles of association, statutes or agreements that is also intended for parties other than the client, and which is not included in the auditing assignment. "Tax consultancy" is consultation on matters of tax law. "Other services" refers to consultancy that cannot be attributed to any of the other categories. Auditing expenses that have arisen because Scania is a subsidiary of Volkswagen have been reinvoiced.

	2019		**2018**	
Auditing firm	**PwC**	**Other auditors**	**PwC**	**Other auditors**
Auditing assignments	**44**	**1**	42	1
Auditing activities beyond auditing assignments	**1**	**1**	1	0
Tax consultancy	**2**	**-**	2	0
Other services	**1**	**0**	1	-
Total	**48**	**2**	46	1

NOTE 28 FINANCIAL RISK MANAGEMENT

In addition to business risks, Scania CV is exposed to various financial risks in its operations. The financial risks that are of the greatest importance are currency, interest rate, credit and refinancing risk, which are regulated by a Financial Policy adopted by Scania's Board of Directors.

Credit risk related to customer commitments is managed, within established limits, on a decentralised basis by means of local credit assessments. Decisions on major credit commitments are made in corporate credit committees. Other risks are managed primarily at corporate level by Scania's treasury unit. On a daily basis, the corporate treasury unit measures the risks of outstanding positions, which are managed within established limits in compliance with the Financial Policy.

LIQUIDITY RISK

Liquidity risk describes the risk that the Scania Group will have difficulty in meeting its obligations associated with financial liabilities or that it can only procure liquidity at a higher price. To counter this risk, cash inflows and outflows and due dates are continuously monitored and managed. Cash requirements are primarily met by our operating business and by external financing arrangements. As a result, there are no material concentrations of risk. The solvency and liquidity of Scania are ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and the issuance of securities on the international money and capital markets. For Scania Financial Services, there shall be dedicated funding to cover the estimated funding demands during the next six months. There shall also always be borrowings that safeguard the existing portfolio.
Local cash funds in certain countries (e.g. Brazil, China, India, Russia and South Korea) are only available to the Group for cross-border transactions subject to exchange controls. There are no significant restrictions over and above these.

CURRENCY RISK

Currency Risk is the risk of negative effects on earnings and balance sheet items denominated in foreign currency, due to currency movements. Changes in exchange rates also affect Scania's income statement and balance sheet as follows:

– An individual company may have monetary assets and liabilities in a currency other than its functional currency, which are translated to the functional currency using the exchange rate on the balance sheet date. When settling monetary assets and liabilities, an exchange rate difference arises between the exchange rate on the balance sheet date and on the payment date. All changes in exchange rates attributable to translation or settlement of monetary items are recognised in the income statement. (Transaction effect).

– Revenue, expenses, assets and liabilities in a functional currency other than the reporting currency of the Parent Company (SEK) are translated at the average exchange rate during the year and the exchange rate on the balance sheet date, respectively. The effect that arises because the exchange rate on the balance sheet date is changed from the beginning of the year and the average exchange rate of the year deviates from the balance sheet rate is recognised in the translation reserve in other comprehensive income. (Translation effect).

During 2019, 95 (95) percent of Scania's sales occurred in countries outside Sweden. Since a large proportion of production occurs in Sweden, at costs denominated in Swedish kronor, this means that Scania has large net inflows of foreign currencies. During 2019, total net revenue in foreign currencies amounted to about SEK 54,200 m. (49,000). The largest currencies in this flow were GBP, EUR and PLN. The table below shows currency exposure in Scania's operating income in the most commonly occurring currencies.

Currency exposure in operating income, Vehicles and Services	**2019**	2018
British pound, (GBP)	**10,300**	7,600
Euro, (EUR)	**5,200**	4,900
Polish zloty, (PLN)	**5,000**	4,600
Russian rouble, (RUB)	**4,800**	5,300
Norwegian krone, (NOK)	**4,200**	3,300
Australian dollar, (AUD)	**2,100**	2,200
Chinese yuan renminbi, (CNY)	**2,100**	1,800
Danish krone, (DKK)	**2,000**	1,700
South African rand, (ZAR)	**2,000**	2,000
Swiss franc ,(CHF)	**2,000**	1,600
Korean won, (KRW)	**1,900**	2,100
Czech krone, (CZK)	**1,700**	1,200
Brazilian real, (BRL)	**-1,300**	-3,700
Other currencies	**10,400**	12,900
Total currency exposure in operating income	**52,400**	47,500

Currency exposury in operating income, Financial Services	**2019**	2018
Euro, (EUR)	**600**	600
Other currencies	**1,200**	900
Total currency exposure in operating income	**1,800**	1,500

Based on revenue and expenses in foreign currencies during 2019, a one percentage point change in the Swedish krona against other currencies, excluding currency hedges, has an impact on operating income of about SEK 542 m. (490) on an annual basis.

In Vehicles and Services, compared to 2018, the total positive currency rate effects totalled about SEK 1,900 m. (2,678).

According yo Scania's financial policy, Scania´s Management may hedge future cash flows with a hedging period varying between 0 and 12 months. Maturity over 12 months is decided by the Board of Directors. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used. At year-end 2019, no future currency flows were hedged.

To ensure efficiency and risk control, borrowings in Scania's subsidiaries largely occur through the corporate treasury unit, mainly in EUR and SEK, and are then transferred to the subsidiaries in Vehicles and Services in the form of internal loans in the local currencies of the subsidiaries.

By means of derivative contracts, corporate-level borrowings are converted to lending currencies. In Financial Services, assets should be financed by liabilities in the same currency. Scania's borrowings in various currencies excluding and including currency derivatives can be seen in the table "Borrowings" in the section on interest rate risk.

At the end of 2019, Scania's net assets in foreign currencies amounted to SEK 39,100 m. (32,900). The net foreign assets of subsidiaries are normally not hedged. To the extent subsidiaries have significant net monetary assets in functional currencies, however, they may be hedged. At year-end 2019 no foreign net assets were hedged (-).

Net assets, Vehicles and Services	**2019**	2018
Brazilian real, (BRL)	**9,200**	6,400
Euro, (EUR)	**5,500**	7,400
US dollar, (USD)	**2,100**	-100
Russian rouble, (RUB)	**1,200**	1,100
Norwegian krone,(NOK)	**1,000**	800
Colombian pesos, (COP)	**800**	0
South African rand, (ZAR)	**800**	300
Polish zloty, (PLN)	**700**	800
Australian dollar, (AUD)	**700**	500
Danish krone, (DKK)	**600**	500
Swiss franc, (CHF)	**600**	600
Thai baht, (TBH))	**500**	200
Korean won, (KRW)	**500**	300
Other currencies	**3,800**	4,800
Total net assets in foreign currencies, Vehicles and Services	**28,000**	23,600

Net assets, Financial Services	**2019**	2018
Euro, (EUR)	**5,200**	5,300
Other currencies	**5,900**	4,000
Total net assets in foreign currencies, Financial Services	**11,100**	9,300
Total net assets in foreign currencies, Scania Group	**39,100**	32,900

Effect on exchange rate differences on net income

Net income for the year was affected by exchange rate differences (excluding flow-related forward contracts) as shown in the following table:

	2019	2018
Operating income	**156**	335
Financial income and expenses	**-52**	-28
Taxes	**-26**	-83
Effect on net income for the year	**78**	224

INTEREST RATE RISK

Interest Rate Risk is the risk of negative effects on interest income and expenses due to movements in interest rates. For Scania's assets and liabilities that carry variable interest rates, a change in market interest rates has a direct effect on cash flow, while for fixed-interest assets and liabilities, the fair value of the portfolio is instead affected. To manage interest rate risks, Scania primarily uses interest rate derivatives in the form of interest rate swap agreements.

At year-end 2019, Scania's interest-bearing assets mainly consisted of assets in Financial Services and of short-term investments and cash and cash equivalents. Interest-bearing liabilities consisted mainly of loans, to a great extent intended to fund lending in Financial Services operations and to a lesser extent to fund working capital in Vehicles and Services.

Interest rate risk in Vehicles and Services

Borrowings in Vehicles and Services are mainly used for funding of working capital. To match the turnover rate of working capital, a short interest rate refixing period is used in the borrowing portfolio. Scania's policy concerning interest rate risks in the Vehicles and Services segment is that the interest rate refixing period on its net debt should normally be within 0-6 month range, but that divergences are allowed up to 24 months. The Board of Directors approves maturities of more than 24 months.

Net cash in Vehicles and Services was 17,057 m. (16,419) at year-end 2019. The borrowing portfolio amounted to SEK 0 m. (0). Short-term investments and cash and cash equivalents amounted to SEK 21,196 m. (7,338) and the average interest rate refixing period on these assets was less than 2 (1) month. The net cash does not include derivatives that hedge borrowings as of 2019.

Given the same loan liabilities, short-term investments, cash and cash equivalents and interest rate refixing periods as at year-end 2019, a change in market interest rates of 100 basis points (1 percentage point) would change the interest income in Vehicles and Services by about SEK 175 m. (75) on an annual basis.

Interest rate risk in Financial Services

Scania's financial policy regarding interest rate risks in the Financial Services segment is that lending and borrowing should match in terms of interest rates and maturity periods. Interest rate refixing related to the credit portfolio and borrowing in Financial Services had the following structure as of 31 December 2019:

Interest rate refixing in Financial Services, 31 December 2019	**Interest-bearing portfolio [1]**	**Interest-bearing liabilities [2]**
2020	51,559	50,251
2021	21,589	21,137
2022	16,047	14,427
2023	9,553	6,873
2024	3,880	1,219
2025 and later	1,153	150
Total	**103,781**	**94,057**

Interest rate refixing in Financial Services, 31 December 2018	Interest-bearing portfolio [1]	Interest-bearing liabilities [2]
2019	45,250	46,336
2020	18,323	18,785
2021	13,778	11,714
2022	7,766	4,839
2023	3,184	685
2024 and later	865	121
Total	89,166	82,480

1 Including operating leases.
2 Including the effect of interest rate derivates. Other funding consists mostly of equity.

Given the same lending and borrowing structure as at year-end 2019 a change in market interest rate of 50 basis points (0.5 percentage point) would change the interest in Financial Services by about SEK 4,2 m. (15,6) on an annual basis.

Scania's total borrowing portfolio amounted to SEK 92,871 m. (72,873) at year-end 2019.

Borrowings, 31 December 2019	**Borrowings including currency swap agreements**	**Borrowings excluding currency swap agreements**
EUR	56,782	49,047
GBP	7,871	3,065
BRL	7,533	3,247
USD	4,628	897
ZAR	3,180	724
NOK	2,238	2,645
KRW	1,783	23
CLP	1,350	1,321
AUD	1,336	0
OTH	1,215	1,389
CHF	1,162	46
THB	1,101	42
PEN	237	0
HKD	186	0
MXN	121	0
OTHE	53	0
SEK	-4,139	30,025
Other Currencies	5,848	14
Total [1]	**92,484**	**92,484**
Accrued interest	387	387
Total	**92,871**	**92,871**

1 Total borrowing excluded SEK 387 m. (685) related to accrued interest.

CREDIT RISK

Credit risk is the risk that the counterparty in a transaction will not fulfil its contractual obligations and that any collateral will not cover the company's claim. An overwhelming share of the credit risk for Scania is related to receivables from customers. Scania sales are distributed among a large number of end customers with a large geographic dispersion, which limits the concentration of credit risk.

Reconciliation of loss allowance for financial assets at amortized cost, including lease receivables

	General approach				
SEK m.	12 month expected credit loss (Stage 1)	Life time expected credit loss - not impaired (Stage 2)	Life time expected credit loss - impaired (Stage 3)	Simplified approach	Total
Loss allowance as at 1/1/19	57	48	305	1,168	1,578
Changes due to financial instruments recognised as at 1 January					
Transfer to stage 1	0	-9	-7		-16
Transfer to stage 2	-25	37	-1		11
Transfer to stage 3	-18	-11	60		31
Write-offs (Utilization)			-8	-104	-112
New originated or purchased financial assets	75			527	602
Changes in models/ risk parameters	-	-	-	-	-
Reversals	-31	-32	-106	-497	-666
Foreign exchange movements	1	3	10	28	42
Other changes within a stage	0	9	53	167	229
Loss allowance as at 31/12/19	**59**	**45**	**306**	**1,289**	**1,699**

Reconciliation of loss allowance for financial assets at amortized cost, including lease receivables

	General approach				
SEK m.	12 month expected credit loss (Stage 1)	Life time expected credit loss - not impaired (Stage 2)	Life time expected credit loss - impaired (Stage 3)	Simplified approach	Total
Loss allowance as at 1/1/18	64	96	173	1,127	1,460
Changes due to financial instruments recognised as at 1 January					
Transfer to stage 1	1	-16	-6		-21
Transfer to stage 2	-23	33	-4		6
Transfer to stage 3	-17	-47	182		118
Write-offs (Utilization)			-11	-53	-64
New originated or purchased financial assets	64	-	-	353	417
Changes in models/ risk parameters	-	-	-	-	-
Reversals	-34	-24	-58	-444	-560
Foreign exchange movements	1	5	2	1	9
Other changes within a stage	1	1	27	184	213
Loss allowance as at 31/12/18	**57**	**48**	**305**	**1,168**	**1,578**

Reconciliation of gross carrying amount for financial assets at amortized cost, including lease receivables

SEK m.	General approach 12 month expected credit loss (Stage 1)	Life time expected credit loss - not impaired (Stage 2)	Life time expected credit loss - impaired (Stage 3)	Simplified approach in SEK	Total
Gross carrying amount as at 1/1/19	37,878	1,190	1,155	52,020	92,243
Transfer to stage 1	209	-190	-19		0
Transfer to stage 2	-521	527	-6		0
Transfer to stage 3	-95	-175	270		0
Changes in gross carrying amount (non significant changes)	-	-	-	-	-
Changes in gross carrying amount (additions and disposals, significant modifications)	20,680	23	-449	2,824	23,078
Foreign exchange movements	735	44	44	1,804	2,627
Gross carrying amount as at 31/12/19	**58,886**	**1,419**	**995**	**56,648**	**117,948**

Gross carrying amount of Scania´s irrevocable credit commitments at 31 December 2019 amounts to SEK 4,345 m. (5,985) with a loss allowance of SEK 2 m (2).

Reconciliation of gross carrying amount for financial assets at amortized cost, including lease receivables

SEK m.	General approach 12 month expected credit loss (Stage 1)	Life time expected credit loss - not impaired (Stage 2)	Life time expected credit loss - impaired (Stage 3)	Simplified approach in SEK	Total
Gross carrying amount as at 1/1/18	32,412	1,364	480	46,526	80,782
					0
Transfer to stage 1	250	-230	-20		0
Transfer to stage 2	-444	458	-14		0
Transfer to stage 3	-456	-339	795		0
Changes in gross carrying amount (non significant changes)	-	-	-	-	-
Changes in gross carrying amount (additions and disposals, significant modifications)	6,165	-136	-88	5,544	11,485
Foreign exchange movements	-49	73	2	-50	-24
Gross carrying amount as at 31/12/18	**37,878**	**1,190**	**1,155**	**52,020**	**92,243**

Gross carrying amounts of other financial assets by rating category

SEK m.	12 month expected credit loss (Stage 1)	Life time expected credit loss - not impaired (Stage 2)	Life time expected credit loss - impaired (Stage 3)	Financial assets - simplified approach	Total
Rating Grade 2019					
Credit Risk Rating Grade 1	58,886			49,780	108,666
Credit Risk Rating Grade 2		1,419		5,546	6,965
Credit Risk Rating Grade 3			995	1,322	2,317
Total	**58,886**	**1,419**	**995**	**56,648**	**117,948**

Gross carrying amounts of other financial assets by rating category

SEK m.	12 month expected credit loss (Stage 1)	Life time expected credit loss - not impaired (Stage 2)	Life time expected credit loss - impaired (Stage 3)	Financial assets - simplified approach	Total
Rating Grade 2018					
Credit Risk Rating Grade 1	37,878	-	-	45,742	83,620
Credit Risk Rating Grade 2	-	1,190	-	4,948	6,138
Credit Risk Rating Grade 3	-	-	1,155	1,330	2,485
Total	**37,878**	**1,190**	**1,155**	**52,020**	**92,243**

Credit risk, Vehicles and Services

In the Vehicles and Services segment, carried receivables from customers totalled SEK 9,265 m. (9,362), most of which consisted of receivables from independent dealerships and end customers. The total estimated fair value of collateral was SEK 1,838 m. Most of the collateral consisted of repossession rights and bank guarantees. During the year, collateral valued at SEK 359 m. was repossessed.

Timing analysis of portfolio assets past due but not recognised as impairment losses	**Past-due payments 2019**	Past-due payments 2018
< 30 days	**1,064**	572
30-90 days	**300**	269
91-180 days	**163**	25
>180 days	**355**	303
Total	**1,882**	1,169

Provisions for bad debts amounted to SEK 455 m. (362), equivalent to 5.4 (4.0) percent of total receivables. The year’s bad debt expense amounted to SEK 173 m. (63). Provisions for bad debts changed as follows:

Provisions for bad debts	**2019**	2018
Provisions, 1 January	**362**	292
Adjustment transition IFRS 9	**0**	64
Adjusted provision, 1 January	**362**	356
Provision for potential losses	**202**	63
Withdrawals due to actual credit losses	**-146**	-69
Currency rate effect	**10**	6
Other	**27**	6
Provisions, 31 December	**455**	362

Credit risk in Financial Services

The credit portfolio including operating leases in the Financial Services segment can be seen in the table below:

Credit portfolio	**2019**	2018
Exposure	**105,024**	90,365
- of which, Repurchase obligations including operating leases	**20,418**	18,440
Credit risk reserve	**1,243**	1,199
Carrying amount	**103,781**	89,166
- of which, Repurchase obligations including operating leases	**20,184**	18,258

To maintain a controlled level of credit risk in the segment, the process of issuing credit is supported by a credit policy as well as credit instructions. Credit risks are limited by active credit assessment, management of the loan portfolio and its underlying assets as well as an intensive focus and constructive dialogue with those customers who do not follow the agreed payment plan. Collateral in Financial Services operations mainly exists in the form of the possibility of repossessing the financed assets.

The portfolio mainly consists of financing of trucks, buses and trailers for small and medium-sized companies. The credit risk concentration in 2019 was equivalent to that of 2018.

A description of credit risk exposure can be seen in the table below:

	31 December, 2019			31 December, 2018		
Concentration of credit risk	**Number of customers**	**Percentage of total number of customers**	**Percentage of portfolio value**	Number of customers	Percentage of total number of customers	Percentage of portfolio value
Exposure < SEK 15 m.	39,426	97.5	65.0	36,753	97.9	66.1
Exposure SEK 15-50 m.	806	2.0	19.0	649	1.7	18.0
Exposure > SEK 50 m.	193	0.5	16.0	137	0.4	15.9
Total	**40,425**	**100.0**	**100.0**	**37,539**	**100.0**	**100.0**

Accounts with past-due receivables ordinarily lead to relatively quick repossession of the item being financed. Renegotiation only occurs in those cases where, after a new credit evaluation, Financial Services deems the customer's payment problems to be of a short-term, temporary nature and where renegotiation can take place without greatly worsening its risk position.

For Scania's customers the renegotiation need was at the same level during 2019 as in 2018. The carrying amount of the financial assets whose terms had been renegotiated was SEK 1,847 m. (2,001) at year-end. Contracts are regarded as bad debts when payment is more than 90 days past due or when there is information that causes Scania to terminate the contracts early.

The resale market for repossessed and used vehicles functioned smoothly during 2019. During the year 2,392 (1,490) financed vehicles were repossessed. At year-end, the number of repossessed but not yet sold vehicles amounted to 591 (425), with a total carrying amount of SEK 321 m. (195). Repossessed vehicles are sold off by means of a new financing contract with another customer, direct sale to an end customer or sale via Scania's dealership network.

Timing analysis of portfolio assets

Past due receivables	**Past due payments 2019**	**Total exposure 2019[1]**	**Estimated fair value of collateral 2019**	Past due payments 2018	Total exposure 2018[1]	Estimated fair value of collateral 2018
< 30 days	**158**	**5,552**	**5,366**	102	4,711	**4,636**
30-90 days	**149**	**2,154**	**2,037**	294	2,379	**2,106**
91-180 days	**76**	**733**	**652**	68	613	**528**
> 180 days	**97**	**399**	**384**	130	357	**343**
Inactive contracts	**316**	**1,383**	**848**	225	1,213	**812**
Total	**796**	**10,221**	**9,287**	819	9,273	**8,425**

[1] Exposure is defined as maximum potential loss, without regard to the value of any collateral.

Provisions for bad debts changed as follows:

Provisions for bad debts	**2019**	2018
Provisions, 1 January	**1,199**	954
IFRS9 transition impact	**-**	146
Adjusted Provision, 1 January	**1,199**	1,100
Provision for potential losses	**155**	173
Withdrawals due to actual credit losses	**-142**	-79
Exchange rate differences	**31**	5
Provisions, 31 December	**1,243**	1,199
Provisions as percentage of gross portfolio	**1.2**	1.3

The year's expenses for actual and potential credit losses amounted to SEK 314 m. (181).

Asset-Backed Securities Transactions

A private asset-backed securities transaction amounting to SEK 3,068 m. entered into to refinance the financial services business are included in bonds. The corresponding carrying amount of the receivables amounted to SEK 3,477 m. Collateral of SEK 3,477 m. in total was furnished as part of asset-backed securities transaction. The expected payments were assigned to a structured entity and the equitable liens in the financed vehicles were transferred. These asset-backed securities transaction did not result in the receivables from financial services business being derecognised, as the Group retains non-payment and late payment risks. The difference between the assigned receivables and the related liabilities is the result of different terms and conditions and the share of the securitised paper and notes held by the Scania Group itself, as well as the proportion of vehicles financed within the Group.

The assigned receivables cannot be assigned again or pledged elsewhere as collateral. The claims of the holders of commercial paper and notes are limited to the assigned receivables and the receipts from those receivables are earmarked for the repayment of the corresponding liability.

As of 31 December 2019, the fair value of the assigned receivables still recognised in the balance sheet was SEK 3,477 m. The fair value of the related liabilities was SEK 3,064 m. at that reporting date.

Other credit risks at Scania

The administration of the financial credit risks that arise primarily in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania's Financial Policy. Transactions occur only within established limits and with selected, creditworthy counterparties. To reduce credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating. To further limit credit risk, Scania has entered into International Swaps and Derivatives Association (ISDA) netting contracts with all of its counterparties.

The corporate treasury unit is responsible for ensuring compliance with the rules of Scania's Financial Policy. Net exposure to counterparty risk related to derivatives trading amounted to SEK -1,154 m. (-515). Estimated gross exposure to counterparty risks related to derivatives trading totalled SEK 552 m. (838). Estimated gross exposure to cash and cash equivalents and short-term investments amounted to SEK 21,818 m. (8,834). Short-term investments are deposited with various banks.

Scania had short-term investments worth SEK 15,956 m. (5,537) of which SEK 15,954 (4,884) consists of investments with a maturity of less than 90 days and SEK 2 m. (652) consisted of investments with a maturity of 91–365 days. In addition to short-term investments, Scania had bank balances worth SEK 5,862 m. (3,297).

REFINANCING RISK

Refinancing risk is the risk of not being able to meet the need for future funding. Scania applies a conservative policy concerning refinancing risk. For Vehicles and Services, there shall be a liquidity reserve consisting of available cash and cash equivalents as well as unutilised credit facilities which exceeds the funding needs for the next two years. For Financial Services, there shall be dedicated funding that covers the estimated demand for funding during the next six month. There shall also always be borrowings that safeguard the refinancing of the existing portfolio.

At the end of 2019, Scania's liquidity reserve, consisting of unutilised guaranteed credit facilities, cash and cash equivalents and short-term investments, amounted to SEK 51 064 m. (41,136).Scania's credit facilities include customary change in control clauses, which means that the counterparty could demand early payment in case of significant changes in ownership involving a change in control of the company.

At year-end, Scania had borrowings, in some cases with related ceilings, as follows (in SEK m.):

Borrowings	**Total borrowings 2019**	**Ceiling 2019**	Total borrowings 2018	Ceiling 2018
European Medium Term Note Programme	**63 872**	**83 560**	49,393	71,755
Credit facility (EUR, SEK)	**-**	**29 246**	-	32,302
Commercial paper, Sweden	**80**	**10 000**	50	10,000
Commercial paper, Belgium	**9233**	**15 668**	3,188	10,251
Bank loans	**19 299**	**0**	19,557	-
Total[1, 2]	**92 484**	**138 474**	72,188	124,308

[1] Of the total ceiling, SEK 29 246 m. (32,302) consisted of guaranteed revolving credit facilities.
[2] Total borrowings excluded SEK 387 m. (685) related to accrued interest

Controlling Scania's refinancing risk includes safeguarding access to credit facilities and ensuring that the maturity structure of borrowings is diversified. At year-end, Scania's total borrowings had the following maturity structure (in SEK m.):

Maturity structure of Scania`s borrowings	**2019**	2018
2019		29,237
2020	**42 517**	21,315
2021	**32 417**	13,250
2022	**14 192**	7,090
2023	**1 276**	494
2024	**1 025**	802
2025 and later	**1 057**	0
Total[1]	**92 484**	72,188

[1] Total borrowings excluded SEK 375 m. (685) related to accrued interest and fair value adjustments on bonds for which hedge accounting was previously applied, and lease liabilities IFRS 16. For details on maturity structure for lease liabilities IFRS 16, please see note 12.

	2019		2018	
Maturity structure of derivates attributable to borrowings	**Derivates with positive value**	**Derivates with negative value**	Derivates with positive value	Derivates with negative value
2019			**1**	**-8**
2020	**2**	**-15**	**28**	**-2**
2021	**0**	**-104**	**-**	**-83**
2022	**40**	**-15**	**10**	**-2**
2023	**1**	**0**	**-**	**-**
2024 and later	**0**	**-12**	**-**	**-**
Total [1]	**43**	**-146**	**39**	**-95**

[1]Does not include accrued interest.

NOTE 29 Financial instruments

Financial assets in the Scania CV Group mainly consist of financial leases and hire purchase receivables that have arisen in the Financial Services segment due to financing of customers' vehicle purchases. Other financial assets of significance are trade receivables from independent dealerships and end customers in the Vehicles and Services segment plus short-term investments and cash and cash equivalents. Scania's financial liabilities consist largely of loans, mainly taken out to fund Financial Services' lending and leasing to customers and, to a lesser extent, to fund capital employed in Vehicles and Services. Financial assets and liabilities give rise to various kinds of risks, which are largely managed by means of various derivative instruments. Scania uses derivative instruments, mainly for the purpose of:

- Transforming corporate-level borrowings in a limited number of currencies to the currencies in which the financed assets are denominated.
- Transforming the interest rate refixing period for borrowings in Financial Services as well as achieving the desired interest rate refixing period for other borrowings.
- Converting future commercial payments to functional currency.
- To a lesser extent, converting surplus liquidity in foreign currencies to SEK.

FAIR VALUE OF FINANCIAL INSTRUMENTS

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. For derivatives for which hedge accounting is not applied, fair value adjustment is carried via the income statement.. 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 86 m. (1,005). 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. Scania applies a valuation technique that consists of estimating the present value of future cash flows based on observable yield curves. The yield curve applied is derived from relevant listed yields for the respective period during which cash flows are received or paid. The derivatives are carried under other non-current assets, other current assets, other non-current liabilities and other current liabilities and amounted to SEK -1 154 m. (-515) net.

For financial instruments that are carried at accrued cost, fair value disclosures are provided in the table below. The carrying amounts of interest-bearing assets and liabilities in the balance sheet may diverge from their fair value, among other things as a consequence of changes in market interest rates. To establish the fair value of financial assets and liabilities, official market quotations have been used for those assets and liabilities that are traded in an active market.

In those cases where assets and liabilities are not traded in an active market, fair value has been established by discounting future payment flows at current market interest rates and then converting to SEK at the current exchange rate.

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. Fair value disclosures on all financial instruments that are not carried at fair value are attributable to Level 2. Impairment losses on assets occur only when there is reason to believe that the counterparty will not fulfil its contractual obligations, not as a consequence of changes in market interest rates. Financial assets and liabilities that can be offset against each other consist of derivatives covered by legally binding master netting agreements. Carrying amounts of assets and liabilities amounted to SEK 537 m. (836) and SEK 1 696 m. (1,260). The amount that can be offset from each amount was SEK 475 m. (662).

Scania Group, 2019, SEK m.	Measured at fair value	Measured at amortized cost	Financial liabilities measured at amortized cost	**Total carrying amount**	**Total fair value**
Equtiy instruments	143	-	-	143	143
Non-current interest-bearing receivables	-	50 938	-	50 938	51 149
Current interest-bearing receivables	-	32 792	-	32 792	33 000
Non-interest-bearing trade receivables	-	8 368	-	8 368	8 368
Current investments and Cash and cash equivalents	86	21 708	-	21 794	21 790
Other non-current receivables[1]	370	46	-	416	416
Other current receivable[2]	182	291	-	473	473
Total assets	**781**	**114 143**	**-**	**114 924**	**115 339**
Non-current interest-bearing liabilities	-	-	49 967	49 967	50 280
Current interest-bearing liabilities	-	-	42 904	42 904	42 880
Trade payables	-	-	12 738	12 738	12 738
Other non-current liabilities [3]	1 076	-	-	1 076	1 076
Other current liabilites [4]	630	-	-	630	630
Total liabilities	**1 706**	**-**	**105 609**	**107 315**	**107 604**

[1] Financial instruments included in the balance sheet under “Other long-term receivables”, SEK 1 444 m.
[2] Financial instruments included in the balance sheet under “Other current receivables”, SEK 15 881 m.
[3] Financial instruments included in the balance sheet under “Other non-current liabilities”, SEK 6 580 m.
[4] Financial instruments included in the balance sheet under “Other current liabilities”, SEK 6 146 m.

Scania Group, 2018, SEK m.	Measured at fair value	Measured at amortized cost	Financial liabilities measured at amortized cost	Total carrying amount	Total fair value
Equtiy instruments	256		-	256	256
Non-current interest-bearing receivables	-	43,250	-	43,251	42,902
Current interest-bearing receivables	-	27,797	-	27,797	27,758
Non-interest-bearing trade receivables	-	9,071	-	9,071	9,071
Current investments and Cash and cash equivalents	1,005	7,828	-	8,834	8,834
Other non-current receivables[1]	274	25	-	299	299
Other current receivable[2]	564	8	-	572	572
Total assets	2,099	87,980	-	90,080	89,682
Non-current interest-bearing liabilities	-	-	42,951	42,950	43,016
Current interest-bearing liabilities	-	-	29,922	29,922	29,734
Trade payables	-	-	15,579	15,579	15,579
Other non-current liabilities [3]	372	-	-	372	372
Other current liabilites [4]	981	-	-	981	981
Total liabilities	1,353	-	88,452	89,804	89,682

[1] Financial instruments included in the balance sheet under “Other long-term receivables”, SEK 1,861 m.
[2] Financial instruments included in the balance sheet under “Other current receivables”, SEK 16,284 m.
[3] Financial instruments included in the balance sheet under “Other non-current liabilities”, SEK 5,066 m.
[4] Financial instruments included in the balance sheet under “Other current liabilities”, SEK 5,953 m.

HEDGE ACCOUNTING
During 2019 Scania did not apply hedge accounting

Scania considers that it is hedged economically, and risk management follows the financial policy approved by the Board. For more detailed information on accounting of hedging instruments and hedged items, see Note 1, “Accounting principles”.

NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS RECOGNISED IN THE INCOME STATEMENT
The table below shows the following items that are recognised in the income statement:

- Gains and losses related to currency rate differences, including gains and losses attributable to cash flow hedge accounting.
- Gains and losses related to financial instruments for which hedge accounting is applied.

Net gains/losses	**2019**	2018
Financial assets and liabilities held for trading, carried at fair value	**60**	-324
Loan and trade receivables[1]	**-861**	1,444
Other financial liabilities	**900**	-1,192
Total	**99**	-72

[1] Also includes operating leases.

Gains and losses due to currency rate differences related to derivatives, loan receivables and borrowings mainly arise in Scania’s treasury unit. Most of the loan receivables that give rise to currency rate differences comprise the treasury unit’s receivables from Group companies.

INTEREST INCOME AND EXPENSES ON FINANCIAL INSTRUMENTS
The table below shows interest income and interest expenses for all of Scania’s financial assets and financial liabilities:

	2019	2018
Interest income on financial assets[1]	**4 368**	3,641
Interest expenses on financial liabilities[2,3]	**-2 320**	- 1,826
Total	**2 048**	1,815

[1] SEK 357 m. (241) consists of interest income generated from financial investments carried at fair value.

[2] Also includes operating leases and interest expenses related to Financial Services that were recognised in the operating income.

[3] SEK -1 376 m. (-843) consists of interest expenses generated from financial liabilities carried at fair value.

The reason why income diverges from recognised interest income in net financial items is largely that Financial Services is included in the table and that interest income and interest expenses attributable to pensions are excluded.

NOTE 30 Shares and participations in subsidiaries

The following listing shows shareholdings owned directly and indirectly by the Parent company as of 31 December, 2019.

Company	Corporate ID no.	Registered office	Country	% Ownership
Vehicles and Services				
DynaMate AB	556528-9286	Södertälje	Sweden	100
Fastighetsaktiebolaget Flygmotorn	556528-9112	Södertälje	Sweden	100
Fastighetsaktiebolaget Hjulnavet	556084-1198	Södertälje	Sweden	100
Fastighetsaktiebolaget Vindbron	556040-0938	Södertälje	Sweden	100
Kai Tak Holding AB	556548-4739	Södertälje	Sweden	100
LOTS Group AB	556593-3057	Södertälje	Sweden	100
MW-Hallen Restaurang AB	556616-7747	Södertälje	Sweden	100
Mälardalens Tekniska Gymnasium AB	556548-4754	Södertälje	Sweden	80,00
Scania Bus Financing AB	556728-9433	Södertälje	Sweden	100
Scania Delivery Center AB	556593-2976	Södertälje	Sweden	100
Scania Growth Capital AB	559090-6524	Södertälje	Sweden	90,10
Scania Industrial Maintenance AB	556070-4818	Södertälje	Sweden	100
Scania IT AB	556084-1206	Södertälje	Sweden	100
Scania Overseas AB	556593-2984	Södertälje	Sweden	100
Scania Real Estate Lund AB	556791-9823	Södertälje	Sweden	100
Scania Real Estate Services AB	556593-3024	Södertälje	Sweden	100
Scania Sales and Services AB	556593-3073	Södertälje	Sweden	100
Scania Sverige AB	556051-4621	Södertälje	Sweden	100
Scania Transportlaboratorium AB	556528-9294	Södertälje	Sweden	100
Scania Treasury AB	556528-9351	Södertälje	Sweden	100
Scania Trucks & Buses AB	556267-1585	Södertälje	Sweden	100
Sågverket 6 AB	556528-9062	Södertälje	Sweden	100
Vabis Försäkringsaktiebolag	516401-7856	Södertälje	Sweden	100
Vindbron Arendal AB	556822-2367	Södertälje	Sweden	100
TRATON AB	556528-9104	Södertälje	Sweden	100
Laxå Specialvehicles AB	556548-4705	Laxå	Sweden	90,10
Ferruform AB	556528-9120	Luleå	Sweden	100
CNC Factory AB	556387-4659	Värnamo	Sweden	100
Scania Argentina S.A.	30-51742430-3	Buenos Aires	Argentina	100
Scania Australia Pty Ltd.	000537333	Melbourne	Australia	100
Scania Real Estate Österreich GmbH	FN95419y	Brunn am Gebirge	Austria	100
Scania Österreich GmbH	FN366024x	Brunn am Gebirge	Austria	100
Scania Belgium N.V.	BE0402.607.507	Neder-Over-Heembeek	Belgium	100
Scania Real Estate Belgium N.V.	BE0423.251.481	Neder-Over-Heembeek	Belgium	100
Scania BH d.o.o., Sarajevo	4200363460007	Sarajevo	Bosnia-Herzegovina	100
Scania Botswana (Pty) Ltd.	CO.2000/6045	Gaborone	Botswana	100
Santa Catarina Veículos e Serviços Ltda.	22.416.982/0001-30	Biguaçu	Brazil	100
Scania Administradora de Consórcios Ltda.	96.479.258/0001-91	Cotia	Brazil	99,99
Suvesa Super Veics Pesados Ltda.	88.301.668/0001-10	Eldorado do Sul	Brazil	99,98
Codema Comercial e Importadora Ltda.	60.849.197/0001-60	Guarulhos	Brazil	99,98
LOTS Latin América Logística de Transportes Ltda.	29.094.173/0001-06	São Bernardo do Campo	Brazil	100
Scania Latin America Ltda.	59.104.901/0001-76	São Bernardo do Campo	Brazil	100
Scania Bulgaria EOOD	BG121796861	Sofia	Bulgaria	100
Scania Real Estate Bulgaria EOOD	BG201589120	Sofia	Bulgaria	100
Scania Chile S.A.	96.538.460-K	Santiago de Chile	Chile	100
Lots Logistics (Guangxi) Co.Ltd	32956526-9	Beihai, Guangxi Province	China	100
Scania Sales (China) Co., Ltd.	110000450001661	Beijing	China	100
Scania Sales and Service (Guangzhou) Co., Ltd.	440101400126397	Guangzhou	China	100
Scania (Hong Kong) Ltd.	1205987	Hongkong	China	100
Scania Colombia S.A.S.	900.353.873-2	Bogotá	Colombia	100
Scania Hrvatska d.o.o.	080213913	Zagreb	Croatia	100
Scania Czech Republic s.r.o.	CZ61251186	Prague	Czech Republic	100
Scania Real Estate Czech Republic s.r.o.	24196746	Prague	Czech Republic	100

Company	Corporate ID no.	Registered office	Country	% Ownership
Scania Danmark A/S	DK17045210	Ishøj	Denmark	100
Scania Danmark Ejendom Aps	33156332	Ishøj	Denmark	100
Scania Eesti AS	10238872	Tallinn	Estonia	100
Scania Real Estate Finland Oy	2559582-1	Helsinki	Finland	100
Scania Real Estate Holding Oy	2566377-5	Helsinki	Finland	100
Scania Suomi Oy	0202014-4	Helsinki	Finland	100
SOE Busproduction Finland Oy	26121679	Lahti	Finland	100
Scania France S.A.S.	307166934	Angers	France	100
Scania Holding France S.A.S.	403092786	Angers	France	100
Scania IT France S.A.S.	412282626	Angers	France	100
Scania Production Angers S.A.S.	378442982	Angers	France	100
Scania Real Estate France S.A.S.	78961241300011	Angers	France	100
B. + V. Grundstücksverwertungs-GmbH & Co. KG	HRA 3377	Koblenz	Germany	100
B. + V. Grundstücks- Verwaltungs- und Verwertungs-GmbH	HRB 2277	Koblenz	Germany	100
Scania CV Deutschland Holding GmbH	HRB 6077	Koblenz	Germany	100
SCANIA DEUTSCHLAND GmbH	HRB 532	Koblenz	Germany	100
SCANIA Real Estate Deutschland GmbH	HRB 23796	Koblenz	Germany	100
SCANIA Real Estate Deutschland Holding GmbH	HRB 23798	Koblenz	Germany	100
SCANIA Vertrieb und Service GmbH	HRB 20490	Koblenz	Germany	100
Scania West Africa Ltd.	CS450862014	Accra	Ghana	100
Scania Great Britain Ltd.	831017	Milton Keynes	Great Britain	100
Scania Real Estate (UK) Ltd.	7648886	Milton Keynes	Great Britain	100
Griffin Automotive Ltd.	27922106	Road Town	Great Britain	100
Scania Hungaria Kft.	10415577	Biatorbágy	Hungary	100
Scania Real Estate Hungaria Kft.	13-09-159119	Biatorbágy	Hungary	100
Scania Commercial Vehicles India Pvt. Ltd.	U35999KA2011FTC05698	Bangalore	India	100
SST Sustainable Transport Solutions India Private Ltd	U74999MH2017PTC29098	Nagpur	India	99,99
PT Scania Parts Indonesia	AHU-09655.40.10.2014	Balikpapan	Indonesia	100
Italscania S.p.A.	11749110158	Trento	Italy	100
Scania Commerciale S.p.A.	IT 01184460226	Trento	Italy	100
Scania Milano S.p.A.	IT 02170120220	Trento	Italy	100
Scania Japan Ltd.	0104-01-083452	Tokyo	Japan	100
Scania Central Asia LLP	84931-1910-TOO	Almaty	Kazakhstan	100
Scania East Africa Ltd.	PO51426902Z	Nairobi	Kenya	100
Scania Real Estate Kenya Ltd	PVT-XYUME96	Nairobi	Kenya	100
Scania Latvia SIA	50003118401	Riga	Latvia	100
UAB Scania Lietuva	123873025	Vilnius	Lithuania	100
Scania Luxembourg S.A.	B53.044	Münsbach	Luxembourg	100
Scania Real Estate Holding Luxembourg S.àr.l	B160795	Münsbach	Luxembourg	100
Scania Makedonija d.o.o.e.l	7027532	Ilinden	Macedonia	100
Scania (Malaysia) Sdn. Bhd.	518606-D	Shah Alam	Malaysia	100
Scania Comercial, S.A. de C.V.	SCO031124MF5	Queretaro	Mexico	100
Scania Servicios, S.A. de C.V.	SSE031124MF5	Queretaro	Mexico	100
Scania Maroc S.A.	06100472	Casablanca	Morocco	100
Scania Moçambique, S.A.	100453150	Beira	Mozambique	100
Scania Namibia (Pty) Ltd.	2004/438	Windhoek	Namibia	100
Scania New Zealand Limited	9429047066823	Wellington	New Zealand	100
Norsk Scania A/S	879263662	Oslo	Norway	100
Norsk Scania Eiendom A/S	996036545	Oslo	Norway	100
Scania del Perú S.A.	20101363008	Lima	Peru	100
Scania Polska S.A.	KRS0000091840	Nadarzyn	Poland	100
Scania Real Estate Polska Sp.z o.o.	435941	Nadarzyn	Poland	100
Scania Production Slupsk S.A.	KRS0000083601	Slupsk	Poland	100
Scania Power Polska Sp. z o.o.	517301	Warszawa	Poland	100
Scania Portugal S.A.	PT502929995	Santa Iria de Azóia	Portugal	100
Scania Investimentos Imobiliários S.A.	PT508948118	Vialonga	Portugal	100
Scania Real Estate Romania S.R.L.	J23/2019/29.07.2011	Ciorogârla	Romania	100
Scania Romania S.R.L.	J23/588/27.04.2004	Ciorogârla	Romania	100
OOO Scania Service	1035006456044	Golitsino	Russia	100

Company	Corporate ID no.	Registered office	Country	% Ownership
OOO Scania-Rus	1025004070079	Golitsino	Russia	100
OOO Scania Peter	1027804908372	St. Petersburg	Russia	100
Scania Senegal SUARL	SN.DKR.2018B.25840	Dakar	Senegal	100
Scania Real Estate d.o.o. Beograd	20659874	Beograd	Serbia	100
Scania Srbija d.o.o.	17333321	Krnjesevci	Serbia	100
Scania Singapore Pte. Ltd.	200309593R	Singapore	Singapore	100
Scania Real Estate Slovakia s.r.o.	44767668	Senec	Slovakia	100
Scania Slovakia s.r.o.	35826649	Senec	Slovakia	100
Scania Slovenija d.o.o.	1124773	Ljubljana	Slovenia	100
Scania South Africa Pty Ltd.	1995/001275/07	Aeroton	South Africa	100
Scania Korea Group Ltd.	110111-5304681	Seoul	South Korea	100
Scania Hispania Holding S.L.	B82853938	San Fernando de Henares	Spain	100
Scania Hispania S.A.	A59596734	San Fernando de Henares	Spain	100
Scania Real Estate Hispania, S.L.U.	B36682003	San Fernando de Henares	Spain	100
Scania Schweiz AG	CH-020.3.926.624-8	Kloten	Switzerland	100
Scania Real Estate Schweiz AG	CH-020.3.035.714-4	Kloten	Switzerland	100
Scania Tanzania Ltd.	39320	Dar es Salaam	Tanzania	100
Power Vehicle Co. Ltd.	01055547132895	Bangkok	Thailand	100
Scan Siam Service Co. Ltd.	0105545023525	Bangkok	Thailand	100
Scania Siam Co Ltd.	0105543060121	Bangkok	Thailand	100
Scania Thailand Co Ltd.	0105534098031	Bangkok	Thailand	100
Scania Group (Thailand) Co., Ltd.	0115560001383	Smutprakarn	Thailand	100
Scania Manufacturing (Thailand) Co., Ltd.	0115560001375	Smutprakarn	Thailand	100
Scania Nederland B.V.	27136821	Breda	The Netherlands	100
Scania Real Estate The Netherlands B.V.	50687921	Breda	The Netherlands	100
Scania Production Meppel B.V.	05046846	Meppel	The Netherlands	100
Scania IT Nederland B.V.	05062402	Zwolle	The Netherlands	100
Scania Logistics Netherlands B.V.	56552793	Zwolle	The Netherlands	100
Scania Production Zwolle B.V.	05020370	Zwolle	The Netherlands	100
Scania Middle East FZE	150175	Dubai	The United Arab Emirates	100
TOV Kyiv-Scan	35706433	Kiev	Ukraine	100
TOV Scania Ukraine	30107866	Kiev	Ukraine	100
TOV Scania-Lviv	37497108	Lviv	Ukraine	100
TOV Donbas-Scan-Service	34516735	Makijivka	Ukraine	100
Scania USA Inc.	06-1288161	San Antonio/ TX	United States	100
Scania Holding Inc.	4019619	Wilmington	United States	100
Scanexpo International S.A.	21.490591.0012	Montevideo	Uruguay	100
Scania de Venezuela S.A.	J-30532829-3	Valencia	Venezuela	100

Financial Services

Scania Credit AB	556062-7373	Södertälje	Sweden	100
Scania Finance Holding AB	556548-4697	Södertälje	Sweden	100
Scania Finans AB	556049-2570	Södertälje	Sweden	100
Scania Finance Australia Pty Ltd.	609637596	Melbourne	Australia	100
Scania Leasing Österreich GmbH	FN246699v	Brunn am Gebirge	Austria	100
Scania Österreich Holding GmbH	FN 316321 d	Brunn am Gebirge	Austria	100
Scania Finance Belgium N.V.	BE0413.545.048	Neder-Over-Heembeek	Belgium	100
Scania Banco Brasil S.A.	CNPJ11.417.016/00011	São Bernardo do Campo	Brazil	100
Scania Corretora de Seguros Ltda.	CNPJ11.513.179/00105	São Bernardo do Campo	Brazil	100
Scania Finance Bulgaria EOOD	BG175108126	Sofia	Bulgaria	100
Scania Finance Chile S.A.	76.574.810-0	Santiago de Chile	Chile	100
Scania Finance Leasing (China) Co Ltd.	41000002201903280018	Shanghai	China	100
Scania Finance Colombia S.AS.	901197448	Bogotá	Colombia	100
Scania Credit Hrvatska d.o.o.	80516047	Lucko	Croatia	100
Scania Finance Czech Republic spol. s r.o.	CZ25657496	Praha	Czech Republic	100
Scania Finance France S.A.S.	350890661	Angers	France	100
Scania Location S.A.S.	402496442	Angers	France	100

Company	Corporate ID no.	Registered office	Country	% Ownership
Scania Finance Deutschland GmbH	HRB 3917	Koblenz	Germany	100
Scania Versicherungsvermittlung GmbH	HRB 22831	Koblenz	Germany	100
Scania Finance Great Britain Ltd.	2173954	London	Great Britain	100
Scania Finance Magyarország Zrt.	13-10-040959	Biatorbágy	Hungary	100
Scania Lízing Kft.	13-09-107823	Biatorbágy	Hungary	100
Scania Finance Ireland Ltd.	482137	Dublin	Ireland	100
Scania Finance Italy S.p.A.	03333020158	Milano	Italy	100
Scania Finance Luxembourg S.A.	B0082907	Münsbach	Luxembourg	100
Scania Credit (Malaysia) Sdn. Bhd.	1011611-H	Shah Alam	Malaysia	100
Scania Finance New Zealand Limited	7857037	Auckland	New Zealand	100
Scania Services del Perú S.A.	20392923277	Lima	Peru	100
Scania Finance Polska Sp.z.o.o.	0000036594	Stara Wies	Poland	100
Scania Insurance Polska Sp.z o.o.	0000478529	Stara Wies	Poland	100
Scanrent - Alguer de Viaturas sem Condutor, S.A.	502631910	Santa Iria de Azóia	Portugal	100
Scania Credit Romania IFN S.A.	J23/1818/2005	Ciorogârla	Romania	100
Scania Regional Agent de Asigurare S.R.L.	J23/534/2011	Ciorogârla	Romania	100
Scania Rent Romania S.R.L.	J23/1669/2008	Ciorogârla	Romania	100
OOO Scania Finance	1045005504774	Moscow	Russia	100
OOO Scania Leasing	1027700203970	Moscow	Russia	100
OOO Scania Strachovanie	1127747003097	Moscow	Russia	100
Scania Leasing RD d.o.o.	21401625	Krnjesevci	Serbia	100
Scania Credit Singapore Pte.Ltd.	201816765C	Singapore	Singapore	100
Scania Finance Slovak Republic s.r.o.	43874746	Senec	Slovakia	100
Scania Leasing d.o.o.	356417700	Ljubljana	Slovenia	100
Scania Credit Solutions Pty Ltd.	2009/016998/07	Aeroton, Gauteng	South Africa	100
Scania Finance Southern Africa (Pty) Ltd.	2000/025215/07	Aeroton, Guateng	South Africa	100
Scania Finance Korea Ltd.	195411-0007994	Chung-Ang	South Korea	100
Scania Commercial Vehicles Renting S.A.	A82853995	San Fernando de Henares	Spain	100
Scania Finance Hispania EFC S.A.	A82853987	San Fernando de Henares	Spain	100
Scania Finance Schweiz AG	CH-020.3.029.627-6	Kloten	Switzerland	100
Scania Credit Taiwan Ltd.	54330725	Taipeh	Taiwan	100
Scania Siam Leasing Co. Ltd.	0105550082925	Bangkok	Thailand	100
Scania Finance Nederland B.V.	3446773	Breda	The Netherlands	100
Scania Insurance Nederland B.V.	1745773	Middelharnis	The Netherlands	100
TOV Scania Credit Ukraine	33052443	Kiev	Ukraine	100

Dormant companies are not included.

Notes to the Parent Company financial statements

All amounts are stated in millions of Swedish kronor (SEK m.) unless otherwise indicated.

NOTE 1 Net sales

	2019	2018
Trucks	**69,864**	64,908
Buses	**5,432**	6,198
Engines	**1,750**	2,226
Gearboxes	**1,230**	1,347
Service-related products	**10,884**	10,400
Components	**4,167**	4,582
Other products	**296**	290
Total	**93,623**	89,951

Of the total net sales, SEK 93,623 m. (89,951), SEK 4,796 m. (4,445), is referable to sales within Sweden, SEK 64,168 m. (56,554) sales to countries within Europe and SEK 24,660 m. (28,952) sales to countries outside Europe. Sales to Group companies amounted to SEK 86,894 m. (80,105).

NOTE 2 Financial income and expenses

	2019	2018
Income from participations in group companies		
Sales of shares	**0**	5
Dividends received	**5,890**	4,449
Write-down of shares	**-174**	-728
Total income from participations in group companies	**5,716**	3,726
Income from participations in associated companies and other companies		
Dividends received	**-**	-
Write-down of shares	**-**	-3
Total income from participations in associated companies and other companies	**-**	-3
Interest income and other financial income		
Interest income from Group companies	**1,028**	703
Interest income from others	**388**	231
Other financial income 1)	**11**	-
Total interest income and other financial income	**1,427**	934
Interest expenses and other financial expenses		
Interest expenses to Group companies	**-114**	-43
Interest expenses on borrowings	**-1,624**	-1,091
Interest on pension liabilities (PRI)	**-150**	-156
Adjustment marketvalue derivatives	**-142**	-27
Other interest bearing liabilities	**-58**	-58
Other financial expenses 1)	**-103**	-120
Total interest expenses and other financial expenses	**-2,191**	-1,495
Net financial items	**4,952**	3,162

1) Exchange rate differences and unrealised gains of SEK 11,883 m. (11,364) and unrealised losses of SEK 11,873 m. (11,368) attributable to foreign exchange included net.

NOTE 3 Allocations

	2019	2018
Allocated to excess depreciation:		
Machinery and Equipment	**-175**	-230
Allocated to tax allocation reserve	**-1,100**	-592
Group contribution from subsidiaries	**757**	691
Group contribution to subsidiaries	**-207**	-225
Total	**-725**	-356

NOTE 4 Taxes

Tax income/expense for the year	**2019**	2018
Current tax	**-1,029**	-637
Deferred tax	**60**	-16
Total	**-969**	-653

Deferred tax is attributable to the following	**2019**	2018
Deferred tax related to temporary differences	**60**	-16
Deferred tax reated to new accounting principe	**-**	2
Total	**60**	-14

Reconciliation of effective tax	**2019 Amount**	**%**	2018 Amount	%
Income before tax	**9,585**		5,020	
Tax calculated using Swedish tax rate	**-2,051**	**21,4**	-1,104	22
Tax effect and percentage influence:				
Tax-exempt dividends	**1,186**	**-12**	911	-18
Non-deductible expenses	**-103**	**1**	-61	1
Tax on standard income concerning the tax allocation reserve	**-3**	**0**	0	0
Write down of shares	**-37**	**1**	-160	3
Valuation of deferred tax assets previously not recognised	**52**	**-1**	-7	0
Effect on change in tax rate on allocation reservs	**-10**	**0**	-20	0
Adjustment for taxes pertaining to previous years	**-3**	**0**	-212	5
Tax recognised	**-969**	**10**	-653	13

Deferred tax assets and tax liabilities are attributable to the following:	**2019**	2018
Deferred tax assets		
Provisions for pensions	**456**	398
Warranty	**120**	117
Total deferred tax assets	**576**	515
Deferred tax liabilities		
Buildings and land	**-184**	-183
Total deferred tax liabilities	**-184**	-183
Net deferred tax liabilities	**392**	332

Reconciliation of net deferred tax liabilities	**2019**	2018
Carrying values 1 January	**332**	346
Deferred tax recognised in the year’s income	**60**	-14
Deferred tax liabilities, 31 December	**392**	332

NOTE 5 Depreciation/Amortisation

The operating income has been charged with depreciation/amortisation distributed by function according to the table below:

	2019	2018
Intangible fixed assets		
Cost of goods sold	**-10**	-11
Research and development expenses	**-7**	-15
Selling expenses	**-7**	-7
Administrative expenses	**-13**	-11
Total amortisation	**-37**	-44
Tangible fixed assets		
Cost of goods sold	**-2,081**	-1,809
Research and development expenses	**-172**	-199
Selling expenses	**-2**	-2
Administrative expenses	**-5**	-5
Total depreciation	**-2,260**	-2,015
Total depreciation/amortisation	**-2,297**	-2,059

NOTE 6 Intangible fixed assets

	Software	
	2019	2018
Accumulated acquisition value		
1 January	**414**	403
New acquisitions	**63**	14
Reclassification from tangible fixed assets	**16**	17
Divestments and disposals	**-10**	-20
Total	**483**	414
Accumulated amortisation		
1 January	**265**	241
Divestments and disposals	**-6**	-20
Depreciation for the year	**37**	44
Total	**296**	265
Carrying amount, 31 December	**187**	149

Of the reported value of capitalised software, none is related to internally developed assets.

NOTE 7 Tangible fixed assets

	Buildings and land	Machinery and equipment	Construction in progress
2019			
Accumulated acquisition value			
1 January	**5,914**	**27,445**	**2,884**
Additions	**29**	**204**	**2,993**
Reclassifications to other BS items	**-5**	**-**	**-**
Reclassifications	**41**	**2,150**	**-2,191**
Reclassification to intangible fixed assets	**-**	**-7**	**-9**
Divestments and disposals	**0**	**-472**	**-4**
Total	**5,979**	**29,320**	**3,673**
Accumulated depreciation			
1 January	**2,015**	**17,968**	-
Additions	**-**	**-2**	-
Divestments and disposals	**0**	**-442**	-
Depreciation for the year	**166**	**2,094**	-
Reclassifications	**0**	**-**	-
Total	**2,181**	**19,618**	-
Accumulated revaluation			
1 January	**27**	**-**	**-**
Total	**27**	**-**	**-**
Carrying amount, 31 December	**3,825**	**9,702**	**3,673**
-of which Machinery		**6,755**	
-of which Special Tools		**1,569**	
-of which Equipment		**1,378**	

	Buildings and land	Machinery and equipment	Construction in progress
2018			
Accumulated acquisition value			
1 January	5,573	27,335	2,277
Additions	30	233	2,440
Merger	145	72	-
Reclassifications	166	1,650	-1,815
Reclassification to intangible fixex assets	-	-	-17
Divestments and disposals	-	-1,845	-1
Total	5,914	27,445	2,884
Accumulated depreciation			
1 January	1,806	17,849	-
Merger	55	56	-
Additions	-	4	
Divestments and disposals	-	-1,802	-
Reclassifications	-	-	
Depreciation for the year	154	1,861	-
Total	2,015	17,968	-
Accumulated revaluation			
1 January	27	-	-
Total	27	-	-
Carrying amount, 31 December	3,926	9,477	2,884
-of which Machinery		7,463	
-of which Special Tools		720	
-of which Equipment		1,294	

NOTE 8 Shares and participation

Shares and participations	Subsidiaries	Associated companies	Other companies
2019			
Accumulated acquistions			
1 January	**105,200**	**11**	**117**
New acquisitions	**6**	**74**	**22**
New share issue/contribution	**13,637**	**-**	**-**
Sales	**-279**	**-**	**-**
Capital reduction	**-391**	**-**	**-**
Liquidation	**-**	**-11**	**-**
Reclassification	**-**	**-**	**0**
Total	**118,173**	**74**	**139**
Accumulated write-downs			
1 January	**-12,482**	**-10**	**-2**
Write-downs of the year	**-174**	**-**	**-**
Reduction of share capital	**278**	**-**	**-**
Liquidation	**-**	**10**	**-**
Total	**-12,378**	**0**	**-2**
Carrying amount, 31 December	**105,795**	**74**	**137**

Shares and participations	Subsidiaries	Associated companies	Other companies
2018			
Accumulated acquistions			
1 January	**92,570**	**35**	**15**
New acquisitions	**90**	**0**	**99**
New share issue/contribution	**12,641**	**0**	**3**
Reduction of share capital	**-88**	**-**	**-**
Merger	**-38**	**-**	**-**
Liquidation	**-**	**-**	**-**
Reclassification	**25**	**-25**	**-**
Total	**105,200**	**10**	**117**
Accumulated write-downs			
1 January	**-11,842**	**-6**	**-2**
Write-downs of the year	**-728**	**-4**	**-**
Reduction of share capital	**88**	**-**	**-**
Liquidation	**-**	**-**	**0**
Total	**-12,482**	**-10**	**-2**
Carrying amount, 31 December	**92,718**	**0**	**115**

Subsidiary	**Corporate ID number**	**Registered office**	**% Owner -ship [1]**	**Carrying amount 2019**	Carrying amount 2018
DynaMate AB	556528-9286	Södertälje/Sweden	100	12	12
Ferruform AB	556528-9120	Luleå/Sweden	100	150	150
Griffin Automotive Ltd	6569 78	Road Town/Great Britain	100	11	11
Laxå Specialvehicles AB	556548-4705	Laxå/Sweden	90,1	55	55
LOTS group AB	556593-3057	Södertälje/Sweden	100	56	26
MW-hallen Restaurang AB	556616-7747	Södertälje/Sweden	100	2	2
Mälardalens Tekniska Gymnasium AB	556548-4754	Södertälje/Sweden	80	1	1
OOO Scania Rus	1025004070079	Golitsino/Russia	100	341	340
Scania (Malaysia) Sdn Bhd	518606-D	Kuala Lumpur/Malaysia	100	37	37
Scania Argentina S.A	30-517 424 30-3	Buenos Aires/Argentina	100	358	358
Scania Australia Pty Ltd	000537333	Melbourne/Australia	100	181	181
Scania Banco Brazil	CNPJ11.417.016/00011	Sao Bernando do Campo/Brazil	0,01	0	0

Scania Belgium SA-NV	BE0402.607.507	Neder-Over-Heembeek/Belgium	99.99	76	76
Scania Bosnia Hertzegovina d.o.o.	4200363460007	Sarajevo/Bosnien-Hercegovina	100	13	13
Scania Bulgaria EOOD	BG121796861	Sofia/Bulgaria	100	14	14
Scania Central Asia LLP	84931-1910-TOO	Almaty/Kazakhstan	100	22	31
Scania Chile S.A.	96.538.460-K	Santiago/Chile	99.99	0	0
Scania Commercial Vehicles Pvt Ltd, India	CIN U35999KA2011 FTC056984	Bangalore/India	99.99	0	0
Scania Czech Republic s.r.o.	CZ61251186	Prague/Czech Republic	100	30	30
Scania del Peru S.A.	101-36300	Lima/Peru	3.6	15	15
Scania Delivery Center AB	556593-2976	Södertälje/Sweden	100	5	5
Scania Eesti AS	10238872	Tallin/Estonia	100	8	8
Scania Finance LLC	1045005504774	Moscow/Russia	100	80	-
Scania Finance Czech Republic s.r.o.	CZ25657496	Prague/Czech Republic	100	158	158
Scania Finance Deutschland GmbH	DE811292425	Koblenz/Germany	100	299	299
Scania Finance Great Britain Ltd	02173954	London/ Great Britain	100	115	53
Scania Finance Hispania EFC S.A.	A82853987	Madrid/Spain	100	341	708
Scania Finance Holding AB	556548-4697	Södertälje/Sweden	100	427	427
Scania Finance Italy S.P.A	03333020158	Milano/Italy	100	227	227
Scania Finance Leasing China Co Ltd	410000022019 03280018	Shanghai/China	100	136	-
Scania Finance Korea	6138127196	Chung-Ang/South Korea	100	164	156
Scania Finance Luxembourg S.A.	20012217359	Luxembourg/Luxembourg	99.9	23	23
Scania Finans AB	556049-2570	Södertälje/Sweden	100	562	562
Scania Holding France S.A.S	403092786	Angers/France	99.99	478	478
Scania Group Thailand Co, Ltd	0115560001383	Bangkok/Thailand	99,99	15	15
Scania Growth Capital AB	559090-6524	Södertälje/Sweden	90.1	170	108
Scania Holding Inc	4019619	Wilmington/USA	100	100	100
Scania (Hong Kong) Limited	1205987	Hong Kong/China	100	0	0
Scania Hungaria KFT	HU 10415577	Biatorbágy/Hungary	100	35	35
Scania Insurance OOO	1127747003097	Moscow/Russia	100	0	-
Scania IT AB	556084-1206	Södertälje/Sweden	100	62	62
Scania IT France S.A.S	412282626	Angers/France	100	1	1
Scania IT Nederland B.V.	05062402	Zwolle/The Netherlands	100	2	2
Scania Japan Limited	0104-01-083452	Tokyo/Japan	100	0	0
Scania Korea Seoul Ltd	110111-5304681	Seoul/South Korea	100	44	44
Scania Kringlan AB	556053-7903	Södertälje/Sweden	100	5	5
Scania Latin America Ltd	59.104.901/0001-76	Sao Bernardo/Brazil	100	2,257	2,257
Scania Latvia SIA	LV000311840	Riga/Latvia	100	11	11
Scania Leasing RS d.o.o.	21401625	Belgrade/Serbia	100	10	7
Scania Leasing LLC	1027700203970	Moscow/Russia	100	3	-
Scania Logistics Netherlands B.V.	NL8521.82.697.B.01	Zwolle/The Netherlands	100	9	9
Scania Luxembourg S.A.	LU165291-18	Münsbach/Luxembourg	99.96	25	25
Scania Industrial Maintenance AB	556070-4818	Södertälje/Sweden	100	49	49
Scania Makedonija d.o.o.e.l	7027532	Llinden/Macedonia	100	1	1
Scania Manufacturing (Thailand) Co, Ltd	0115560001375	Bangkok/Thailand	99,99	35	35
Scania Middle East FZE	150175	Jebel Ali Free zone/Dubai	100	2	2
Scania New Zealand Ltd	9429047066823	Wellington/New Zealand	100	93	-
Scania Omni AB	556060-5809	Södertälje/Sweden	100	3	3
Scania Overseas AB	556593-2984	Södertälje/Sweden	100	133	133
Scania Peter OOO	1027804908372	St.Petersburg/Russia	100	41	41
Scania Polska S.A.	5521-10-14-579	Warsaw/Poland	100	80	80
Scania Portugal S.A.	PT502929995	Santa Iria da Azóia/Potugal	100	110	110
Scania Power Polska SP.ZO.O.	517,301	Warsaw/Poland	100	2	2
Scania Production Meppel B.V.	05046846	Meppel/The Netherlands	100	96	96
Scania Production Slupsk S.A.	839-000-53-10	Slupsk/Poland	100	9	9
Scania Production Zwolle B.V.	05020370	Zwolle/The Netherlands	100	418	418
Scania Real Estate Services AB	556593-3024	Södertälje/Sweden	100	915	915
Scania Romania S.r.L	J40/10908/1999	Bukarest/Rumania	99.99	21	21
Scania Sales and Services AB	556593-3073	Södertälje/Sweden	100	15,795	15,795

Scania Schweiz AG	CH-020.3.926.624-8	Kloten/Switzerland	100	166	166
Scania Senegal Suarl	SN.DKR.2018B 25840	Dakar/Senegal	100	0	0
Scania Siam Co., Ltd	3030112774	Bangkok/Thailand	99.99	95	95
Scania Singapore Pte Ltd	200309593R	Singapore/Singapore	100	9	9
Scania Slovakia s.r.o	35826649	Senec/Slovakia	100	0	-
Scania Slovenija d.o.o.	1124773	Ljubljana/Slovenia	100	35	35
Scania Serbia d.o.o.	17333321	Belgrad/Serbia	100	11	11
Scania Sverige Bussar AB	556060-0586	Södertälje/Sweden	100	25	25
Scania Tanzania Ltd	39320	Dar Es Saalam/Tanzania	100	62	62
Scania Thailand Co Ltd	3011041239	Bangkok/Thailand	99.99	3	3
Scania Trade Development	556013-2002	Södertälje/Sweden	100	-	26
Scania Transportlaboratorium AB	556528-9294	Södertälje/Sweden	100	1	1
Scania Treasury AB	556528-9351	Södertälje/Sweden	100	80,073	67,073
Scania Truck and Buses	556267-1585	Södertälje/Sweden	100	68	68
Scania Ukraine LLC	30107866	Kiev/Ukraine	100	4	4
Scania USA Inc	06-1288161	San Antonio/USA	100	14	14
Scania Österreich GmbH	ATU66643000	Brunn am Geb/Austria	100	141	141
Scania Österreich Holding GmbH	FN 316321 D	Brunn am Geb/Austria	100	0	-
SOE Busproduction Finland OY	26121679	Lahti/Finland	100	19	19
Traton AB	556528-9104	Södertälje/Sweden	100	6	6
UAB Scania Lietuva	123873025	Vilnius/Lithuania	100	10	10
Vabis Försäkringsaktiebolag	516401-7856	Södertälje/Sweden	100	100	100
Övriga				3	4
Shares in subsidiaries, carrying amount				**105,795**	92,718

[1] Refers to both proportion of equity and share of voting power.

Associated companies	Corporate ID number	Registered office	% Owner-ship [2]	**Carrying amount 2019**	Carrying amount 2018
sennder GmbH	HRB 170455 B	Berlin/Germany	3	**74**	-
Södertälje Science Park	559066-0394	Södertälje/Sweden	25	**0**	-
Stoxy solutions AB	559099-3910	Södertälje/Sweden	-	**-**	5
Shares in associated companies				**74**	5

[2] Refers to both proportion of equity and share of voting power.

NOTE 9 Inventories

	2019	2018
Raw materials, components and supplies	**2,196**	1,716
Work in progress	**694**	573
Finished goods	**5,290**	7,638
Total	**8,180**	9,927
Value adjustment reserve, 31 December	**-884**	-769

NOTE 10 Short and long-term interest-bearing receivables, Group Companies

	2019	2018
Receivables, Financial Services	**13,389**	12,502
Receivables, Vehicles and Service	**3,700**	3,650
Total	**17,089**	16,152

NOTE 11 Other short-term receivables

	2019	2018
Prepaid expenses and deferred income	**569**	369
Other short-term receivables	**830**	1,307
Total	**1,399**	1,676

NOTE 12 Shareholders' equity

The shareholders' equity of the Parent company has changed as follows:

2019	**Share capital**	**Stautory reserve**	**Revaluation reserve**	**Unrestricted shareholders equity**	**Total**
1 January according to adopted balance sheet	100	20	27	41,813	41,960
Dividend				-9,500	-9,500
IFRS9 transition				-43	-43
Mergers				-	-
Net income for the year				8,616	8,616
Balance, 31 December	**100**	**20**	**27**	**40,886**	**41,033**

2018	**Share capital**	**Stautory reserve**	**Revaluation reserve**	**Unrestricted shareholders equity**	**Total**
1 January according to adopted balance sheet	100	20	27	41,751	41,898
Dividend				-4,353	-4,353
IFRS9 transition				2	2
Mergers				46	46
Net income for the year				4,367	4,367
Balance, 31 December	**100**	**20**	**27**	**41,813**	**41,960**

Scania CV AB consists of a share capital of 1,000,000 shares with a nominal value of SEK 100 a piece.

Under Swedish law, equity shall be allocated between non-distributable (restricted) and distributable (unrestricted) equity.

Restricted equity consists of share capital and non-distributable equity. Scania CV AB has 1,000,000 shares outstanding with voting rights of one vote per share. The shares have the nominal value of SEK 100 a piece. All shares are fully paid and no shares are reserved for transfer of ownership. No shares are held by the company itself or its subsidiaries.

Unrestricted equity consists of distributable funds and includes net income for the year. The income statement and balance sheet are adopted at the Annual Meeting. Legally required transfer to statutory reserve is not necessary.

The board decided on a proposal that no dividend will be distributed for 2019. Retained earnings amounting to MSEK 40,886 m. will therefore be carried forward.

NOTE 13 Untaxed reserves

	2019	2018
Accumulated excess depreciation		
Machinery and equipment	**4,225**	4,050
Total	**4,225**	4,050
Transfer to tax allocation fund		
Transferred at assessment 2019	**1,100**	
Transferred at assessment 2018	**592**	592
Transferred at assessment 2017	**455**	455
Transferred at assessment 2016	**845**	845
Transferred at assessment 2015	**448**	448
Total	**3,440**	2,340
Total	**7,665**	6,390

SEK 1,579 m. (1,316) of “Untaxed reserves” consists of a deferred tax liability, which is part of the Scania CV Group’s deferred tax liability but not the tax liability for the parent company.

NOTE 14 Provisions for pensions and similar commitments

Provisions for pensions consist mainly of the collectively agreed ITP plan, safequarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti. During 2019 a pension fund has been started.
During the year payments have been made to endowment insurances, the fair value of the insurances amounted to SEK 1,880 m (1,672) at year end, equal to the value of the pension obligation.

Specification of amounts recognised in the Balance sheet:	2019	2018
Present value of obligations (calculated according to Swedish principles)	**4,476**	4,103
Present value of plan assets	**-997**	-
Net liability in Balance sheet	**3,479**	4,103
Whereof PRI pensions	**3,309**	3,926
Whereof covered by the Act on the Safeguarding of Pension Obligations	**3,460**	4,086

The present value of provisions for pensions is calculated according to the Swedish principles stated in The Act on Safeguarding of Pension Obligations. These principles differ from IFRS projected unit credit method, among other things, by not taking into account expected salary and pension increases. Discount rate set by the Swedish Pension Registration Institute: 3,84% (3.84).

Change in net liability pertaining to pensions	2019	2018
Net liability at start of year	**4,103**	3,745
Expense recognised in the income statement	**546**	515
Payment to pension fund	**-1,000**	-
Pension payments	**-170**	-157
Net liability at end of year	**3,479**	4,103

Present value of plan assets	2019	2018
Cash and cash equivalents	**3**	-
Equity instruments	**561**	-
Debt instruments	**433**	-
Total present value of plan assets	**997**	-

Next year´s disbursement pertaining to defined-benefit pension plans totals SEK 637 m. (171).

Specification of expense and income for the period pertaining to pensions	2019	2018
Pension under own auspices		
Cost of earning pensions etc.	**393**	359
Interest expense (calculated discount effect)	**150**	156
Return on plan assets	**3**	-
Cost of pensions under own auspieces excl. taxes	**546**	515
Pension through insurance		
Insurance premiums or equivalent	**727**	606
Pension expense for year excl. taxes	**1,273**	1,121
Tax on returns from pensions funds	**3**	3
Special employer´s contribution on pension expenses	**337**	250
Expense for credit insurance	**21**	17
Pension expense for year	**1,634**	1,391
Percentage return on specially identified assets		

Interest expense is recognised in the net financial items, other expenses are recognised in operational items.

NOTE 15 Other provisions

2019	**Product obligations**	**EU Commissions' investigation [1]**	**Miscellaneous provisions**	**Total**
1 January 2018	**835**	**3,800**	**576**	**5,211**
Provisions during the year	**638**	**-**	**190**	**828**
Provisions used during the year	**-601**	**-**	**-54**	**-655**
Provisions reactivated during the year	**-80**	**-**	**-20**	**-100**
31 December 2018	**792**	**3,800**	**692**	**5,284**

2018	Product obligations	EU Commissions' investigation [1]	Miscellaneous provisions	Total
1 January 2018	944	3,800	515	5,259
Provisions during the year	751	-	126	877
Provisions used during the year	-628	-	-22	-650
Provisions reactivated during the year	-232	-	-43	-275
31 December 2018	835	3,800	576	5,211

Provisions for factory warranties on vehicles sold during the year are based on the terms of factory warranties and the projected quality situation. For other product obligations, the provisions reflected the net amount of funds set aside and provisions used. Of the above provisions, about SEK 670 m. (694), are expected to be utilised within twelve months.

1 Provisions related to the European Commissions´competition investigation

NOTE 16 Borrowings

Short- and long-term borrowings distributed by currency[1]

	2019	2018
SEK	**30,070**	25,906
EUR	**45,878**	33,228
Other currencies	**5,756**	3,874
Total	**81,704**	63,008

1 Does not take into account any currency hedging that has been used to match the borrowing per currency towards the financing need per currency.

The above loans fall due for repayment as follows:

2020	**37,234**
2021	**29,602**
2022	**12,589**
2023	**449**
2024	**846**
2025 and later	**984**
Total	**81,704**

For further information on Scania CV AB's borrowing program and financial risk management, see Note 22.

NOTE 17 Accrued expenses and prepaid income

	2019	2018
Accrued employee-related expenses	**4,077**	3,567
Other	**721**	678
Total	**4,798**	4,245

NOTE 18 Contingent liabilities

	2019	2018
Loan guarantees	**8,089**	6,924
Other guarantees	**102**	86
Total	**8,191**	7,010
Of which, on behalf of Group companies	**8,089**	6,924

NOTE 19 Wages, salaries and other remuneration and number of employees

Wages, salaries and other remuneration	**2019**	2018
Boards of Directors, Presidents and Executive Officers	**93**	97
-of which, bonuses	**60**	62
Other employees	**7,884**	6,964
Total	**7,997**	7,061
Pension costs and mandatory payroll fees	**4,173**	3,865
- of which, pension costs	**1,484**	981
Total wages, salaries and remuneration pension costs and mandatory payroll fees	**12,150**	10,926

Average number of employees (excl. Temporary staff)	**2019**	2018
Operations in Sweden		
Average number of employees	**15,389**	14,325
- of whom men	**11,598**	10,870
- of whom women	**3,791**	3,455
Operations outside Sweden		
Number of countries	**1**	1
Average number of employees [1)]	**777**	721
- of whom men [2)]	**481**	452
- of whom women [3)]	**296**	269
Average total number of employees	**16,166**	15,046

[1)] Whereof Belgium 717 (653)
[2)] Whereof Belgium 452 (399)
[3)] Whereof Belgium 265 (254)

Number of employees on 31 December	**2019**	2018
Production operations and corporate staff units	**18,326**	18,869
-Temporary staff	**1,784**	2,371

Gender distribution	**2019**	2018
Board members	**9**	9
- of whom men	**5**	6
- of whom women	**4**	3
Executive officers	**9**	9
- of whom men	**8**	8
- of whom women	1	1

NOTE 20 Fees and other remuneration to auditors

Fees and other remuneration to auditors that were expensed during the year are reported below. Remuneration for consultations is reported in cases where the same public accountancy firm has the assignment to audit an individual company. “Auditing assignments” refers to statutory examination of the annual accounts as well as the administration of the Board of Directors and the President and CEO. “Auditing activities beyond auditing assignments” refers to examination of administration or financial information that shall be performed in accordance with laws, articles of association, statutes or agreements that is also intended for parties other than the client, and which is not included in the auditing assignment. “Tax consultancy” is consultation on matters of tax law. “Other services” refers to consultancy that cannot be attributed to any of the other categories.

	2019		2018	
	PwC	Other Auditors	PWC	Other Auditors
Auditing assignments	**6**	**-**	5	-
Auditing activities beyond auditing assignments	**1**	**-**	1	-
Tax consultancy	**0**	**-**	0	-
Other services	**-**	**-**	1	-
Total	**7**	**-**	7	-

NOTE 21 Effect of exchange rate differences on net income

Net income for the year was affected by exchange rate differences (excluding flow-related forward contracts) as shown in the table below:

	2019	2018
Net sales	**506**	**900**
Cost of goods sold	**-101**	**-493**
Operating income	**405**	**407**
Financial income and expenses	**10**	**-4**
Effect on the net income for the year	**415**	**403**

The amounts above refer to exchange rate gains minus exchange rate losses on the difference between the invoicing exchange rate and the exchange rate on the payment date, on receivables and liabilities.

NOTE 22 Financial instruments and financial risk management

Scania CV’s treasury operation is partly included in Scania CV AB, which means that parts of the financial risks are managed within the parent company. A detailed description of financial instruments and financial risk management can be seen in Note 28 and in Note 29 for Scania CV Group.

Currency risk
A large part of Scania CV’s total commercial flows of payments in foreign currencies take place within Scania CV AB, which give rise to currency risks. Hedging of currency flows is managed by the treasury operation. According to Scania’s policy, future currency flows may be hedged with a hedging period varying between 0 and 12 months. Maturity over 12 months is decided by the Board of Directors. When currency risks are hedged, currencies are mainly sold by means of forward contracts, but currency options may also be used. During 2019, no currency flows were hedged.

Interest rate risk
Please see Note 28 for the Scania CV Group, for a more extensive description of interest rate risk within Scania. Borrowings within Scania CV AB are mainly used for investments in shares in subsidiaries and for loans to subsidiaries.

At year-end, the external loan portfolio within Scania CV AB amounted to SEK 81,593 m. (46,771) and loans from entities within the Scania CV Group amounted to SEK 21,518 m. (13,559). Hereafter, only the external loan portfolio will be described. The average interest rate refixing period at year end was less than 6 (6) months. Borrowing occurs largely at the corporate level in a small number of currencies. By means of currency swaps, these loans are then converted to the desired currencies.

	Borrowings including currency swaps [1]	Borrowings excluding currency swaps [1]
EUR	**53,607**	**45,872**
GBP	**7,871**	**3,065**
RUB	**4,223**	**-**
DKK	**1,918**	**-**
USD	**3,877**	**-**
NOK	**2,238**	**2,645**
SEK	**-4,154**	**30,011**
Other	**12,013**	**-**
Total[2]	**81,593**	**81,593**

[1]Including currency and interest derivatives
[2]Total borrowings exclude accrued interests of SEK 111 m.(459).

The interest rate refixing related to the credit portfolio and borrowings in Financial Services is shown in the corresponding table in Note 28 for the Scania CV Group.

Credit risk
See Note 28 for the Scania CV Group, for a more extensive description of the credit risk within Scania CV. The receivables of Scania CV AB amounted to SEK 37,696 m. (25,423), whereof SEK 36,949 m. (24,354) receivables within the Scania CV Group.

The administration of the credit risks that mainly arise in corporate treasury operations, among other things when investing liquidity and in derivatives trading, is regulated in Scania CV's financial policy. Transactions occur only within established limits and with selected, creditworthy counterparties. "Creditworthy counterparty" means that the counterparty has received an approved credit rating from Standard and Poor's and/or Moody's. To further limit credit risk, the volume of exposure allowed per counterparty is limited, depending on the counterparty's credit rating. Net exposure to counterparty risk, which are not Scania CV entities, related to derivatives trading, amounted to SEK -1,134 m. (-452) as per 31 December 2019. Estimated gross exposure to counterparty risk, which are not Scania CV, entities related to derivatives trading, amounted to SEK 562 m. (1,018). As per 31 December 2019, the gross exposure of liquidity amounted to SEK 3,210 m. (1,253).

For information for the Financial Service segment on the portfolio, concentration of credit risk, timing analyses of the portfolio and provisions for bad debts, see the corresponding note for Scania CV Group.

For information on receivables from customers, timing analyses on the portfolio and provisions for bad debts, see the corresponing note for Scania CV Group.

Refinancing risk

See Note 28 for the Scania CV Group, for a detailed description of refinancing risk within Scania CV.

External borrowing and ceiling, SEK m.	**Total borrowing 2019**	**Ceiling 2019**	Total borrowing 2018	Ceiling 2018
European Medium Term Note Programme	**63,872**	**83,560**	49,393	71,755
Credit facility (EUR)	**-**	**29,246**	-	32,302
Commercial paper, Sweden	**80**	**10,000**	50	10,000
Commercial paper, Belgium	**9,233**	**15,668**	3,188	10,251
Other bonds and loans	**8,408**	**-**	9,918	-
Total [1]	**81,593**	**138,474**	62,549	124,308

1. Of the total amounts guaranteed credit promises SEK 29,246 m. (32 302).
2. Total borrowings exclude accrued interests of SEK 111 m. (459).

Aside from safeguarding access to credit facilities, Scania CV AB controls its refinancing risk by diversifying the maturity structure of its borrowing portfolio. The maturity structure of Scania CV AB can be found in Note 16.

Fair value of financial instruments
See Note 29 Scania CV Group, for a detailed description of principles and methods used when establishing the fair value of financial instruments.

	2019	
Assets	**Carrying amount**	**Fair value**
Equity instruments	**137**	**137**
Non-current interest-bearing receivables	**0**	**0**
Current interest-bearing receivables	**0**	**0**
Non-interest-bearing trade receivables	**747**	**747**
Cash and cash equivalents	**18,051**	**18,049**
Other non-current receivables	**410**	**410**
Other current receivables	**192**	**192**
Total assets	**19,537**	**19,535**
Liabilities		
Non-current interest-bearing liabilities	**44,470**	**44,747**
Current interest-bearing liabilities	**37,234**	**37,251**
Trade payables	**8,201**	**8,201**
Other non-current liabilities	**1,076**	**1,076**
Other current liabilities	**620**	**620**
Total liabilities	**91,601**	**91,895**

	2018	
Assets	**Carrying amount**	**Fair value**
Equity instruments	**116**	**116**
Non-current interest-bearing receivables	**0**	**0**
Current interest-bearing receivables	**0**	**0**
Non-interest-bearing trade receivables	**1,069**	**1,069**
Cash and cash equivalents	**3,524**	**3,524**
Other non-current receivables	**239**	**239**
Other current receivables	**512**	**512**
Total assets	**5,460**	**5,460**
Liabilities		
Non-current interest-bearing liabilities	**38,812**	**38,982**
Current interest-bearing liabilities	**24,196**	**24,232**
Trade payables	**10,764**	**10,764**
Other non-current liabilities	**294**	**294**
Other current liabilities	**836**	**836**
Total liabilities	**74,902**	**74,902**

Accounting and valuation
Net gains and losses on financial instruments accounted in the income statement and interest income/expenses on financial instruments, see Note 29 Scania CV Group.

NOTE 23 Related party

The parent company has a related party relationship with its subsidiaries. Please see note 8.

Related party relationship		Revenue	Expenses	Liabilities	Receivables
Subsidiary	2019	86,894	14,877	15,317	23,234
	2018	80,105	18,553	11,977	24,335
Associated companies	2019	148	706	-	12
	2018	156	839	-	23
Other related parties	2019	1,256	749	327	14,202
	2018	1,350	526	3,312	2,214
Parent company	2019	-	-	6,201	-
	2018	-	-	1,568	-

Prices for transactions with related parties are adjusted to conditions on the market. See also note 26 Compensation to executive officers and the note 25 Related party transactions for the Scania CV Group. Within Other related parties are Volkswagen AG and other VW Group companies included.

NOTE 24 Compensation to executive officers

The principles for compensation and pension to the executive officers, salary, pension and other remunerations to the President and CEO and termination conditions for executive board, see Note 26 Scania CV group.

NOT 25 Sustainability report in accordance with the Swedish Annual Accounts Act

Scania CV AB, subsidiary to the parent company Scania AB (corporate identity number, 556184-8564) with domicile in Södertälje, Sweden, refers to the Sustainability report in accordance with the Swedish Annual Accounts Act of the parent company and the group which is available on www.scania.com at the publication of this report.

Proposed distribution of earnings

The board decided on a proposal that no dividend will be distributed for 2019.

Amounts in SEK m.	
Retained earnings	32,270
Net income for the year	8,616
Total	**40,886**

shall be distributed as follows:	
To the shareholders, a dividend of SEK m.	0
To be carried forward	40,886
Total	**40,886**

After implementing the proposed distribution of earnings the equity of the Parent Company, Scania CV AB, is as follows:

Amounts in SEK m.	
Share capital	100
Statutory reserve	20
Revaluation reserve	27
Retained earnings	40,886
Total	**41,033**

The undersigned certify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted for use in the European Union, and generally accepted accounting principles respectively, and give a true and fair view of the financial positions and results of the Group and the Parent Company, and that the Report of the Directors for the Group and the Parent Company gives a true and fair review of the development of the operations, financial positions and results of the Group and the Parent company and describes substantial risks and uncertainties faced by the companies in the Group. The annual accounts and the consolidated financial statements were approved for issuance by the Board of Directors on 12 March 2020. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 13 May 2020.

Södertälje, 12 March 2020

Andreas Renschler
Chairman of the Board

Lilian Fossum Biner
Board member

Nina Macpherson
Board member

Stephanie Porsche-Schröder
Board member

Christian Schulz
Board member

Peter Wallenberg Jr
Board member

Henrik Henriksson
Board member
President and CEO

Lisa Lorentzon
Board member
Employee representative

Michael Lyngsie
Board member
Employee representative

Our auditiors' report was submitted on 20 March 2020

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor-in-charge

Björn Irle
Authorised Public Accountant