

Scania Interim Report January–September 2021

Summary of the first nine months of 2021

- Net sales increased by 21 percent to SEK 107,594 m. (88,843)
- Operating income increased sharply and amounted to SEK 12,806 m. (5,249)
- Cash flow amounted to SEK 1,776 m. (3,358) in Vehicles and Services
- In the third quarter, net sales increased by 8 percent to SEK 32,818 m. (30,374) and operating income increased by 26 percent to SEK 3,073 m. (2,436).

Comments by Christian Levin, President and CEO

“The global recovery has continued during the first nine months of the year although at a weaker growth rate in the third quarter. Our customers’ transport activity remained high during the period and demand for Scania’s products and services was strong in essentially all markets.

Scania managed to keep up production for a long time and counteract unplanned stoppages caused by a shortage of components. During the third quarter, we had to eventually reduce our production volume periodically due to pandemic-related disruptions at our suppliers with consequences on our supply chain. This led to a loss of volume, mainly of trucks. The shortage of components has also caused increased costs in our supply and delivery flows. Both sales and earnings have been negatively affected by the disruptions in the third quarter. Through flexibility and an ability to quickly reduce costs, we have still managed to deliver strong earnings and a clear improvement from the comparative period in 2020, which was hard hit by the pandemic. The solution to the semiconductor shortage is still not here but we are continuing to deal with the situation through an agile production planning process and transparency in the dialogue with our customers and suppliers.

Deliveries of new vehicles have lagged but our service business has remained strong. Data from our connected vehicles shows that when new vehicles are delayed, older vehicles in the fleets are used more actively which contributes positively to the service business. During the first nine months of the year, service revenue increased by 14 percent in local currency. Financial Services reported strong earnings and our customers’ ability to pay is back at the same level as before the pandemic in most markets.

We now see a generally good level of demand for vehicles. On the truck side, this is not fully reflected in

the order intake, pending the introduction of Scania’s new Euro 6 range and as a result of the current long lead times.

The business environment outlook for the future is difficult to predict with some uncertainty in the global economy. In addition, we have a continued pandemic, component shortages and political uncertainty with strained trade relations. Increasing awareness about climate risks and their consequences is also affecting sentiment. The report from the UN’s climate change panel (IPCC) came as a wake-up call from science – the strongest warning to date that we have reached a tipping point.

As part of the run-up to the COP26 climate conference in Glasgow in November, Scania has come together with other companies, organisations and governments in a series of activities to chart the way forward. Scania has for example joined The Climate Pledge and is now one of the companies that is committing to reach net zero carbon emissions – 10 years ahead of the Paris Agreement. We also participated in the discussion at the UN’s Climate Week recently and in collaboration with a number of multinational companies signed an open letter to the G20 governments.

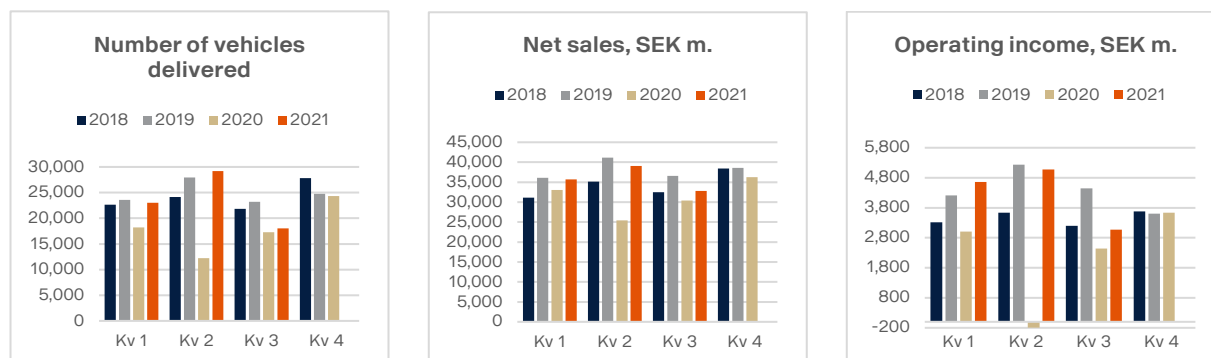
The message is crystal clear – we need to do more to limit global warming. We *can* already achieve net zero carbon emissions by 2040. Heavy commercial transport is no longer a sector that is difficult to transform. We know how to reduce our emissions and we have the technology. As early as 2023, Scania’s trucks will be able to carry 40 tonnes for four hours on a 45 minute charge. Now we need to get support from decision-makers in the form of guidelines and infrastructure investments in order to realise our vision of zero emissions.”

Financial overview

	9 months			Q3			
	2021	2020	Change, %	2021	2020	Change, %	
Trucks and buses, units							
Order intake	100,460	60,207	67	25,023	25,934	-4	
Deliveries	67,235	47,735	41	18,006	17,298	4	
Net sales and earnings	<i>EUR m.*</i>						
Net sales, Scania Group, SEK m.,	<i>10,567</i>	107,594	88,843	21	32,818	30,374	8
Operating income, Vehicles and Services, SEK m.	<i>1,095</i>	11,149	4,386	-	2,430	2,049	19
Operating income, Financial Services, SEK m.	<i>162</i>	1,657	863	92	643	387	66
Operating income, SEK m.	<i>1,257</i>	12,806	5,249	-	3,073	2,436	26
Income before taxes, SEK m.	<i>1,235</i>	12,580	4,212	-	2,886	2,225	30
Net income for the period, SEK m.	<i>924</i>	9,412	2,766	-	2,178	1,527	43
Operating margin, %		11.9	5.9		9.4	8.0	
Return on capital employed, Vehicles and Services, %		20.8	12.1				
Cash flow, Vehicles and Services, SEK m.	<i>174</i>	1,776	3,358		-1,885	1,491	

* Translated to EUR solely for the convenience of the reader at a closing day rate of SEK 10.18 = EUR 1.00. Unless otherwise stated, all comparisons refer to the corresponding period of the preceding year. This interim report has not been subject to review by the company’s auditors. This report is also available on www.scania.com

Business overview



Sales performance

During the first nine months of 2021, total vehicle deliveries increased by 41 percent to 67,235 (47,735) units, compared to the year-earlier period. Net sales increased by 21 percent to SEK 107,594 m. (88,843).

Continued strong demand in most regions

Our customer's transport activity remained high during the first nine months and demand for Scania's products and services has reflected this in essentially all markets.

Demand for trucks remained at a relatively good level during the third quarter, but the development was somewhat weaker than before. Our customers are currently slightly hesitant about placing orders as they await the upcoming introduction of Scania's substantially updated Euro 6 truck range and also due the long lead times at present.

On the bus and coach side, demand during the first nine months of the year was relatively low but in the third quarter order intake increased sharply, mainly due to large orders to Africa and Oceania and Latin America. Demand for tourist buses and coaches is still weak which is related to the pandemic.

The truck market

Order intake

Scania's order intake decreased by 7 percent during the third quarter of 2021, compared to 2020, and totalled 23,784 (25,478) trucks.

Order intake in Europe decreased by 11 percent to 9,007 (10,076) units during the third quarter of 2021 compared to the year-earlier period. Demand decreased in several major European markets such as Germany, Poland and Great Britain, which was partly offset by an increase in Norway.

Order intake in Latin America increased by 2 percent during the third quarter of 2021 compared to the same period in 2020 and amounted to 8,832 (8,683) trucks, mainly related to an upturn in Chile and Mexico which was partly offset by a decrease in Argentina.

In Eurasia, order intake decreased by 29 percent during the third quarter compared to the year-earlier period and total order intake amounted to 1,985 (2,795) trucks, a decrease that was primarily related to Russia.

In Asia, order intake decreased by 16 percent to 2,417 (2,874) trucks during the third quarter of 2021 compared to the same period in 2020. The decrease was related to China and Taiwan.

In Africa and Oceania, order intake increased by 47 percent compared to the third quarter of 2020 and amounted to 1,543 (1,050) units, primarily related to South Africa.

Deliveries

Scania's total truck deliveries increased by 6 percent to 16,733 (15,788) units during the third quarter of 2021 compared to the year-earlier period.

In Europe, deliveries decreased by 12 percent to 7,111 (8,075) units during the third quarter of 2021 compared to the third quarter of 2020.

In Eurasia, deliveries fell by 11 percent to 1,468 (1,654) trucks during the third quarter of 2021 compared to the year-earlier period.

In Latin America, deliveries increased by 95 percent to 5,179 (2,659) units during the third quarter of 2021 compared to the third quarter of 2020.

In Asia, deliveries decreased by 22 percent during the third quarter of 2021 compared to the third quarter of 2020 to 1,789 (2,284) trucks.

In Asia and Oceania, deliveries increased by 6 percent during the third quarter of 2021 compared to the third quarter of 2020 to 1,186 (1,116) trucks.

Net sales

Net sales of trucks increased by 41 percent to SEK 65,492 m. (46,498) during the first nine months of 2021. During the third quarter, sales increased by 11 percent to SEK 17,855 m. (16,036).

The total European market for heavy trucks

The total market for heavy trucks in 27 of the European Union member countries (all EU countries except Malta) plus Norway, Great Britain, Switzerland and Iceland increased by about 27 percent to about 205,500 (161,900) units during the first nine months of 2021. Scania truck registrations amounted to some 33,400 (26,500) units, equivalent to a market share of about 16.2 (16.4) percent.

Scania trucks

	Order intake			Deliveries		
	9 months 2021	9 months 2020	Change, %	9 months 2021	9 months 2020	Change, %
Europe	55,671	29,058	92	30,909	23,960	29
Eurasia	5,658	5,448	4	6,053	3,087	96
America*	21,532	12,190	77	15,536	7,743	-
Asia	8,812	7,445	18	7,915	6,006	32
Africa and Oceania	5,460	2,764	98	3,592	2,647	36
Total	97,133	56,905	71	64,005	43,443	47

*Refers to Latin America

The bus and coach market

Order intake

Order intake for buses and coaches during the first nine months of 2021 increased by 1 percent compared to the previous year to 3,327 (3,302) units. During the third quarter, order intake increased to 1,239 (456), compared to the third quarter of 2020.

In Europe, order intake increased by 16 percent to 201 (174) units during the third quarter, mainly related to Italy and Estonia, which was partly offset by a decrease in Germany and Norway. In Latin America, order intake increased to 414 (90) buses and coaches. In Asia, order intake decreased by 11 percent to 71 (80) buses and coaches compared to the third quarter of 2020. In Eurasia, order intake was unchanged at 5 (5) units compared to the third quarter of 2020. Order intake in Africa and Oceania increased to 548 (107) buses and coaches.

Deliveries

Scania's bus and coach deliveries totalled 1,273 (1,510) units during the third quarter of 2021, a decrease of 16 percent. In Europe, deliveries increased by 11 percent to 438 (396) units compared to the third quarter of 2020. Deliveries in Latin America decreased by 41 percent to 543 (920) units. In Asia, deliveries decreased by 21 percent to 89 (112) units, while deliveries of buses and coaches in Africa and Oceania increased to 190 (81) units. Deliveries to Eurasia increased to 13 (1) units.

Scania's market share in buses and coaches in Europe was around 6.1 percent in the first nine months of 2021 compared to 7.0 percent in 2020.

Net sales

Net sales of buses and coaches decreased by 32 percent during the first nine months of 2021 to SEK 5,481 m. (8,062), compared to 2020. During the third quarter, sales decreased by 23 percent to SEK 2,101 m. (2,735).

Scania buses and coaches

	Order intake			Deliveries		
	9 months 2021	9 months 2020	Change, %	9 months 2021	9 months 2020	Change, %
Europe	1,069	856	25	1,078	1,431	-25
Eurasia	28	68	-59	29	65	-55
America*	1,000	1,690	-41	1,202	1,922	-37
Asia	404	214	89	239	507	-53
Africa and Oceania	826	474	74	682	367	86
Total	3,327	3,302	1	3,230	4,292	-25

*Refers to Latin America

Power solutions

Order intake

Total engine order intake increased by 54 percent to 11,933 (7,773) units during the first nine months of 2021 compared to 2020. The upturn was primarily related to Brazil, Great Britain and Germany. During the third quarter, order intake increased by 17 percent to 2,240 (1,908) engines, mainly related to Brazil, Italy and Germany, which was partly offset by a downturn in South Korea.

Deliveries

Engine deliveries increased by 16 percent to 8,168 (7,056) units during the first nine months of 2021. The increase was mainly attributable to Brazil, Germany and China. During the third quarter, deliveries increased by 16 percent to 2,660 (2,303) engines, mainly related to Brazil, Great Britain and Belgium, which was partly offset by South Korea.

Net sales

During the first nine months of 2021, sales increased by 8 percent to SEK 1,704 m. (1,585). Net sales in the third quarter amounted to SEK 552 m. (503), an increase of 10 percent.

Services

Service revenue amounted to SEK 7,511 m. (6,635) during the third quarter of 2021, an increase of 13 percent. Higher volume in most markets impacted revenue positively. In local currencies, revenue increased by 13 percent.

Service revenue amounted to SEK 22,020 m. (20,173) during the first nine months of 2021, an increase of 9 percent. In local currencies, revenue increased by 14 percent.

In Europe, service revenue increased by 9 percent to SEK 15,605 m. (14,327) compared to the first nine months of 2020. In Latin America, revenue increased by 17 percent to SEK 2,232 m. (1,905) compared to the previous year and service revenue in Eurasia increased by 16 percent to SEK 751 m. (645) compared to the first nine months of 2020. Revenue in Asia was 6 percent lower than the previous year at SEK 1,887 m. (2,015). In Africa and Oceania, service revenue increased by 21 percent to SEK 1,545 m. (1,281).

Earnings

Vehicles and Services

The first nine months of 2021

Operating income in Vehicles and Services totalled SEK 11,149 m. (4,386) during the first nine months of 2021. Higher vehicle and service volume impacted earnings positively. Compared to the first nine months of 2020, the total currency effect was negative and amounted to about SEK 1,925 m.

Scania's research and development expenditures amounted to SEK 5,084 m. (4,689). After adjusting for SEK 1,251 m. (1,125) in capitalised expenditures and SEK 704 m. (514) in amortisation of previously capitalised expenditures, recognised expenses increased to SEK 4,537 (4,078).

Third quarter

Operating income in Vehicles and Services totalled SEK 2,429 m. (2,049) during the third quarter of 2021. Higher vehicle and service volume impacted earnings positively. Compared to the same period in 2020, the total currency effect was positive and amounted to about SEK 210 m.

Scania's research and development expenditures amounted to SEK 1,422 m. (1,329). After adjusting for SEK 418 m. (241) in capitalised expenditures, and SEK 248 m. (169) in amortisation of previously capitalised expenditures, recognised expenses decreased to SEK 1,252 (1,257).

Financial Services

Customer finance portfolio

At the end of the third quarter of 2021, the size of Scania's customer finance portfolio amounted to SEK 104 billion, which was SEK 8.6 billion higher than the end of 2020. In local currencies, the portfolio increased by SEK 6.1 billion.

Penetration rate

The penetration rate for new trucks was 44 (42) percent during the first nine months of 2021 in those markets where Scania has its own financing operations.

Operating income

Operating income in Financial Services increased to SEK 1,657 m. (863) during the first nine months of 2021, compared to the same period in 2020. A larger average portfolio and higher margins impacted earnings positively, which was partly offset by increased operating cost and negative currency effects.

Scania Group

During the first nine months of 2021, Scania's operating income amounted to SEK 12,806 m. (5,249). Operating margin amounted to 11.9 (5.9) percent. Scania's net financial items amounted to SEK -226 m. (-1,037).

The Scania Group's tax expense amounted to SEK 3,168 m. (1,446), equivalent to 25.2 (34.3) percent of income before taxes. Net income for the period totalled SEK 9,412 m. (2,766), equivalent to a net margin of 8.7 (3.1) percent.

Cash flow

Vehicles and Services

Scania's cash flow in Vehicles and Services amounted to SEK 1,776 m. (3,358) during the first nine months of 2021. Net investments amounted to SEK 6,148 m. (5,867), including SEK 1,250 m. (1,125) in capitalisation of development expenditure. At the end of the third quarter of 2021, the net cash position in Vehicles and Services amounted to SEK 21,481 m. compared to a net cash position of SEK 21,824 m. at the end of 2020.

Scania Group

Scania's cash flow in Financial Services amounted to SEK negative 4,549 m. (positive 2,976) during the first nine months of 2021. Together with the positive cash flow in Vehicles and Services, the Group's net debt increased by about SEK 6.7 billion compared to the end of 2020.

Parent Company

The assets of the Parent Company, Scania AB, consist of shares in Scania CV AB. Scania CV AB is the Parent Company of the Group that comprises all production and sales and service companies as well as other companies. Income before taxes of Scania AB totalled SEK 0 m. (0) during the first nine months of 2021.

Miscellaneous

Number of employees

At the end of the third quarter of 2021, the number of employees totalled 53,741, compared to 49,743 at the end of the third quarter of 2020.

Material risks and uncertainties

During 2020 Scania continuously assessed the impact of the COVID-19 outbreak and continues in 2021 to assess potential impacts on future development and/or risks that can affect the future financial position.

It is difficult to assess the impact, and dependent on how COVID-19 develops and which measures different countries take to handle the situation, this can lead to:

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

The text above is not an exhaustive list and one or several of them can occur independently or in combination and could have a negative impact on the Scania Groups' business and financial development and performance. During the period production disturbances have occurred due to component shortages.

The section entitled "Risks and risk management" in Scania's Annual and Sustainability Report describes Scania's strategic, operational, legal and financial risks. Note 2 of the same report provides a detailed account of key judgements and estimates. Note 27 of the same report describes the financial risks, such as currency risk and interest rate risk. The risks that have the greatest impact on financial performance and on reporting for the Group and the Parent Company are summarised as follows:

a) Sales with obligations

About 10 percent of the vehicles Scania sells are delivered with repurchase obligations. These are recognised as operating lease contracts, with the consequence that recognition of revenue and earnings is allocated over the life of the obligation (contract).

b) Credit risks

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

c) Legal risks

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

Accounting principles

Scania applies International Financial Reporting Standards (IFRSs) as adopted by the EU. The accounting policies and definitions are consistently applied with those described in Scania's Annual and Sustainability Report 2020. This Interim Report for the Scania Group has been prepared in accordance with IAS 34, "Interim Financial Reporting" and the Annual Accounts Act.

Parent Company

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

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Consolidated income statements, condensed

Amounts in SEK m. unless otherwise stated	Nine months		2020	Change in %	Q3	
	EUR m.*	2021			2021	2020
Revenue	10,567	107,594	88,843	21	32,818	30,374
Cost of goods sold and services rendered	-7,927	-80,714	-69,502	16	-25,415	-23,660
Gross income	2,640	26,880	19,341	39	7,403	6,714
Research and development expenses	-446	-4,537	-4,078	11	-1,252	-1,257
Selling expenses	-792	-8,061	-8,458	-5	-2,655	-2,528
Administrative expenses	-151	-1,535	-1,504	2	-454	-471
Other operating income	24	245	121	102	74	51
Other operating expenses	-18	-186	-173	8	-43	-73
Operating income	1,257	12,806	5,249	144	3,073	2,436
Interest income	47	483	465	4	185	248
Interest expenses	-69	-701	-809	-13	-295	-385
Share of income from associated companies and joint ventures	1	11	11	0	-24	-7
Other financial income	69	697	704	-1	220	129
Other financial expenses	-70	-716	-1,408	-49	-273	-196
Total financial items	-22	-226	-1,037	-78	-187	-211
Income before taxes	1,235	12,580	4,212	199	2,886	2,225
Taxes	-311	-3,168	-1,446	119	-708	-698
Net income for the period	924	9,412	2,766	240	2,178	1,527
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences	100	1,017	-3,131		-140	-708
Income tax	2	24	50		6	1
	102	1,041	-3,081		-134	-707
Items that will not be reclassified to profit or loss						
Re-measurement defined benefit plans ¹⁾	128	1,302	-134		305	-238
Fair value adjustment equity instruments	40	402	0		0	0
Income tax	-34	-344	29		-56	52
	134	1,360	-105		249	-186
Other comprehensive income for the period	236	2,401	-3,186		115	-893
Total comprehensive income for the period	1,160	11,813	-420		2,293	634
Net income attributable to:						
Scania shareholders	924	9,409	2,764		2,177	1,526
Non-controlling interest	0	3	2		1	1
Total comprehensive income attributable to:						
Scania shareholders	1,160	11,810	-422		2,292	633
Non-controlling interest	0	3	2		1	1
Operating income includes depreciation of	-818	-8,331	-8,303		-2,831	-2,788
Operating margin, percent		11.9	5.9		9.4	8.0

1) Discount rate in calculating the Swedish pension liability is 2.00% and inflation 2.00%.

* Translated solely for the convenience of the reader at a closing exchange rate of SEK 10.18 = EUR 1.00.

Revenue and deliveries, Vehicles and Services

	Nine months			Change in %	Q3	
	EUR m.	2021	2020		2021	2020
Amounts in SEK m. unless otherwise stated						
Revenue						
Trucks	6,432	65,492	46,498	41	17,855	16,036
Buses*	538	5,481	8,062	-32	2,101	2,735
Power Solutions	167	1,704	1,585	8	552	503
Service-related products	2,163	22,020	20,173	9	7,511	6,635
Used vehicles	603	6,137	6,161	0	2,003	2,438
Miscellaneous	339	3,454	2,870	20	1,085	994
Delivery sales value	10,242	104,288	85,349	22	31,107	29,341
Revenue deferrals ¹⁾	-21	-217	58		461	-51
Revenue	10,221	104,071	85,407	22	31,568	29,290
Revenue²⁾						
Europe	6,181	62,938	54,548	15	18,320	18,172
Eurasia	679	6,912	3,943	75	1,941	1,704
America**	1,582	16,103	11,735	37	5,989	4,229
Asia	1,050	10,695	9,330	15	2,884	3,079
Africa and Oceania	729	7,423	5,851	27	2,434	2,106
Revenue	10,221	104,071	85,407	22	31,568	29,290
Total delivery volume, units						
Trucks		64,005	43,443	47	16,733	15,788
Buses*		3,230	4,292	-25	1,273	1,510
Power Solutions		8,168	7,056	16	2,660	2,303

¹⁾ Refers to the difference between sales value based on deliveries and revenue recognised as income

²⁾ Revenues from external customers by location of customers

* Including body-built buses and coaches

** Refers mainly to Latin America

Consolidated balance sheets, condensed

Amounts in SEK m. unless otherwise stated	2021		2020	
	EUR m.	30 Sep	31 Dec	30 Sep
Assets				
Non-current assets				
Intangible assets	1,282	13,049	12,513	12,333
Tangible assets	3,945	40,167	38,254	37,898
Lease assets	2,613	26,604	27,460	28,395
Shares and participations	237	2,410	1,248	1,052
Interest-bearing receivables	5,339	54,360	48,004	49,894
Other receivables ¹⁾	750	7,639	8,698	8,155
Current assets				
Inventories	2,358	24,012	21,105	22,095
Interest-bearing receivables	3,392	34,542	30,817	29,709
Other receivables	1,674	17,047	14,960	15,422
Current investments	19	191	54	54
Cash and cash equivalents	2,740	27,894	32,268	25,165
Total assets	24,349	247,915	235,381	230,172
Equity and liabilities				
Equity				
Scania shareholders	6,939	70,646	61,535	60,448
Non-controlling interest	1	12	12	20
Total equity	6,940	70,658	61,547	60,468
Non-current liabilities				
Interest-bearing liabilities	5,908	60,151	53,564	52,057
Provisions for pensions	1,123	11,440	12,384	12,605
Other provisions ²⁾	694	7,067	6,865	6,835
Other liabilities ¹⁾	1,590	16,190	16,297	16,558
Current liabilities				
Interest-bearing liabilities	3,756	38,244	42,478	41,684
Provisions	436	4,438	3,962	3,868
Other liabilities	3,902	39,727	38,284	36,097
Total equity and liabilities	24,349	247,915	235,381	230,172
¹⁾ Including deferred tax				
²⁾ Including provision related to the European Commission's competition investigation				
Equity/assets ratio, percent		28.5	26.1	26.3

Statement of changes in equity, condensed

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2021	2020
Equity, 1 January	6,045	61,547	60,888
Net income for the period	924	9,412	2,766
Other comprehensive income for the period	236	2,401	-3,186
Dividend to shareholders	-265	-2,700	-
Capital contribution	-	-	-
Change in non-controlling interest	0	-2	-
Total equity at the end of the period	6,940	70,658	60,468
Attributable to:			
Scania AB shareholders	6,939	70,646	60,448
Non-controlling interest	1	12	20

Cash flow statement, condensed

Amounts in SEK m. unless otherwise stated	Nine months			Q3	
	EUR m.	2021	2020	2021	2020
Operating activities					
Income before tax	1,236	12,580	4,212	2,886	2,225
Items not affecting cash flow	827	8,416	9,945	3,022	3,391
Taxes paid	-330	-3,362	-2,291	-1,006	-639
Cash flow from operating activities before change in working capital	1,733	17,634	11,866	4,902	4,977
Change in working capital	-1,431	-14,569	311	-3,920	-1,427
Cash flow from operating activities	302	3,065	12,177	982	3,550
Investing activities					
Net investments	-604	-6,148	-5,867	-2,108	-1,454
Cash flow from investing activities attributable to operating activities	-604	-6,148	-5,867	-2,108	-1,454
Cash flow after investing activities attributable to operating activities	-302	-3,083	6,310	-1,126	2,096
Investments in securities and loans	-13	-128	762	-131	0
Cash flow from investing activities	-617	-6,276	-5,105	-2,239	-1,454
Cash flow before financing activities	-315	-3,211	7,072	-1,257	2,096
Financing activities					
Change in debt from financing activities	122	1,247	-2,777	1,220	-7,482
Dividend	-265	-2,700	-	0	-
Dividends paid to non-controlling interests in subsidiaries	0	-2	-	0	-
Cash flow from financing activities	-143	-1,455	-2,777	1,220	-7,482
Cash flow for the period	-458	-4,666	4,295	-37	-5,386
Cash and cash equivalents at beginning of period	3,170	32,268	20,981	27,917	30,626
Exchange rate differences in cash and cash equivalents	29	292	-111	14	-75
Cash and cash equivalents at end of period	2,741	27,894	25,165	27,894	25,165
Cash flow statement, Vehicles and services					
Cash flow from operating activities before change in working capital	1,615	16,445	10,688	4,292	4,441
Change in working capital	-839	-8,538	-1,483	-4,072	-1,502
Cash flow from operating activities	776	7,907	9,205	220	2,939
Cash flow from investing activities attributable to operating activities	-602	-6,131	-5,847	-2,105	-1,448
Cash flow after investing activities attributable to operating activities	174	1,776	3,358	-1,885	1,491

Fair value of financial instruments

Amounts in SEK m. unless otherwise stated

In Scania's balance sheet, items carried at fair value are mainly derivatives and current investments. Fair value is established according to various levels, defined in IFRS 13, that reflect the extent to which market values have been utilised. Current investments are carried according to Level 1, i.e. quoted prices in active markets for identical assets, and amounted to SEK 76 m. (130). Other assets that are carried at fair value refer to derivatives. These assets are carried according to Level 2, which is based on data other than the quoted prices that are part of Level 1 and refer to directly or indirectly observable market data, such as discount rate and credit risk. These items are carried under Other non-current receivables SEK 946 m. (2,565), Other current receivables SEK 802 m. (826), Other non-current liabilities SEK 390 m. (355) and Other current liabilities SEK 313 m. (350). Equity instrument assets are carried according to Level 3 based on unobservable data and amount to SEK 1,154 m. (341).

For financial assets that are carried at amortised cost, book value amounts to SEK 125,786 m. (117,997) and fair value to SEK 125,844 m. (118,181). For financial liabilities that are carried at amortised cost, book value amounts to SEK 106,524 m. (105,091) and fair value to SEK 106,702 m. (106,225). Fair value of financial instruments such as trade receivables, trade payables and other non-interest-bearing financial assets and liabilities that are recognised at amortised cost minus any impairment losses, is regarded as coinciding with the carrying amount.

For further information about financial instruments, see Note 28 Financial instruments in Scania's Annual Report for 2020.

Quarterly data, units by geographic area

	2021			2020				
	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1
Order bookings, trucks								
Europe	9,007	22,586	24,078	43,494	14,436	10,076	8,229	10,753
Eurasia	1,985	1,230	2,443	10,049	4,601	2,795	1,108	1,545
America *	8,832	8,566	4,134	20,707	8,517	8,683	1,351	2,156
Asia	2,417	3,229	3,166	10,250	2,805	2,874	1,942	2,629
Africa and Oceania	1,543	1,801	2,116	4,408	1,644	1,050	739	975
Total	23,784	37,412	35,937	88,908	32,003	25,478	13,369	18,058
Trucks delivered								
Europe	7,111	11,992	11,806	36,747	12,787	8,075	5,707	10,178
Eurasia	1,468	2,848	1,737	5,148	2,061	1,654	811	622
America*	5,179	5,739	4,618	12,173	4,430	2,659	2,394	2,690
Asia	1,789	3,289	2,837	9,072	3,066	2,284	1,413	2,309
Africa and Oceania	1,186	1,381	1,025	3,759	1,112	1,116	725	806
Total	16,733	25,249	22,023	66,899	23,456	15,788	11,050	16,605
Order bookings, buses**								
Europe	201	469	399	1,329	473	174	222	460
Eurasia	5	12	11	80	12	5	2	61
America *	414	209	377	1,831	141	90	-62	1,662
Asia	71	230	103	286	72	80	-10	144
Africa and Oceania	548	161	117	506	32	107	81	286
Total	1,239	1,081	1,007	4,032	730	456	233	2,613
Buses delivered**								
Europe	438	432	208	1,827	396	396	602	433
Eurasia	13	4	12	84	19	1	8	56
America *	543	294	365	2,182	260	920	301	701
Asia	89	44	106	582	75	112	148	247
Africa and Oceania	190	173	319	511	144	81	144	142
Total	1,273	947	1,010	5,186	894	1,510	1,203	1,579

* Refers mainly to Latin America

** Including body-built buses and coaches.

Parent Company Scania AB, financial statements

Amounts in SEK m. unless otherwise stated	Nine months		
	EUR m.	2021	2020
Income statement			
Financial income and expenses	0	0	0
Net income for the period	0	0	0

	2021			2020
	EUR m.	30 Sep	30 Sep	30 Sep
Balance sheet				
Assets				
Financial non-current assets				
Shares in subsidiaries	828	8,435	8,435	
Current assets				
Due from subsidiaries	344	3,501	6,201	
Total assets	1,172	11,936	14,636	
Equity				
Equity	1,172	11,936	14,636	
Total shareholders' equity	1,172	11,936	14,636	
Total equity and liabilities	1,172	11,936	14,636	

	2021			2020
	EUR m.	30 Sep	30 Sep	30 Sep
Statement of changes in equity				
Equity, 1 January	1,437	14,636	14,636	
Total comprehensive income	0	0	0	
Dividend	-265	-2,700	-	
Capital injection	-	-	-	
Equity	1,172	11,936	14,636	

Note 1 Segment Reporting

Income statements

Vehicles and Services

	2021 Nine months	2020 Nine months	2021 Q3	2020 Q3
Amounts in SEK m. unless otherwise stated				
Revenue	104,071	85,407	31,568	29,290
Cost of goods sold	-79,696	-68,450	-25,035	-23,351
Gross income	24,375	16,957	6,533	5,939
Research and development expenses	-4,537	-4,078	-1,252	-1,257
Selling expenses	-7,154	-6,989	-2,398	-2,162
Administrative expenses	-1,535	-1,504	-454	-471
Operating income	11,149	4,386	2,429	2,049
Interest income	483	465	185	248
Interest expenses	-700	-808	-294	-385
Share of income in associated companies and joint ventures	11	11	-24	-7
Dividends in between segments	67	-	-	-
Other financial income	697	704	220	129
Other financial expenses	-716	-1,408	-273	-196
Total financial items	-158	-1,036	-186	-211
Income before taxes	10,991	3,350	2,243	1,838
Taxes	-2,768	-1,149	-567	-560
Net income for the period	8,223	2,201	1,676	1,278

Financial Services

	2021 Nine months	2020 Nine months	2021 Q3	2020 Q3
Amounts in SEK m. unless otherwise stated				
Interest and lease income	6,229	6,237	2,138	1,991
Insurance commission	238	231	86	77
Interest and prepaid expenses	-3,962	-4,084	-1,354	-1,293
Interest surplus and insurance commission	2,505	2,384	870	775
Other income	245	121	74	51
Other expenses	-186	-173	-43	-73
Gross income	2,564	2,332	901	753
Selling and administration expenses	-1,028	-910	-356	-275
Bad debt expenses, realised and anticipated	121	-559	99	-91
Operating income	1,657	863	644	387
Financial Net	-1	-1	-1	0
Income before tax	1,656	862	643	387
Taxes	-393	-302	-138	-138
Net income for the period	1,263	560	505	249

Reconciliation of segments to the Scania Group

January-September

	Vehicles & Services		Financial Services		Eliminations		Scania Group	
	2021 Nine months	2020 Nine months	2021 Nine months	2020 Nine months	2021 Nine months	2020 Nine months	2021 Nine months	2020 Nine months
Amounts in SEK m. unless otherwise stated								
Revenue	104,071	85,407	6,467	6,468	-2,944	-3,032	107,594	88,843
Cost of sales	-79,696	-68,450	-3,962	-4,084	2,944	3,032	-80,714	-69,502
Gross income	24,375	16,957	2,505	2,384	0	0	26,880	19,341
Research and development expenses	-4,537	-4,078					-4,537	-4,078
Selling expenses	-7,154	-6,989	-907	-1,469			-8,061	-8,458
Administrative expenses	-1,535	-1,504					-1,535	-1,504
Other operating income	-	-	245	121			245	121
Other operating expenses			-186	-173			-186	-173
Operating income	11,149	4,386	1,657	863			12,806	5,249
Interest income	483	465					483	465
Interest expenses	-700	-808	-1	-1			-701	-809
Share of income in associated companies and joint ventures	11	11					11	11
Dividends in between segments	67				-67		-	-
Other financial income	697	704					697	704
Other financial expenses	-716	-1,408					-716	-1,408
Total financial items	-158	-1,036	-1	-1	-67		-226	-1,037
Income before taxes	10,991	3,350	1,656	862	-67	0	12,580	4,212
Taxes	-2,768	-1,149	-393	-302	-7	5	-3,168	-1,446
Net income for the period	8,223	2,201	1,263	560	-74	5	9,412	2,766

July-September

	Vehicles & Services		Financial Services		Eliminations		Scania Group	
	2021 Q3	2020 Q3	2021 Q3	2020 Q3	2021 Q3	2020 Q3	2021 Q3	2020 Q3
Amounts in SEK m. unless otherwise stated								
Revenue	31,568	29,290	2,224	2,068	-974	-984	32,818	30,374
Cost of sales	-25,035	-23,351	-1,354	-1,293	974	984	-25,415	-23,660
Gross income	6,533	5,939	870	775	0	0	7,403	6,714
Research and development expenses	-1,252	-1,257	-	-	-	-	-1,252	-1,257
Selling expenses	-2,398	-2,162	-257	-366	-	-	-2,655	-2,528
Administrative expenses	-454	-471	-	-	-	-	-454	-471
Other operating income	-	-	74	51	-	-	74	51
Other operating expenses	-	-	-43	-73	-	-	-43	-73
Operating income	2,429	2,049	644	387	-	-	3,073	2,436
Interest income	185	248	-	-	-	-	185	248
Interest expenses	-294	-385	-1	0	-	-	-295	-385
Share of income in associated companies and joint ventures	-24	-7	-	-	-	-	-24	-7
Dividends in between segments	0	-	-	-	-	-	0	-
Other financial income	220	129	-	-	-	-	220	129
Other financial expenses	-273	-196	-	-	-	-	-273	-196
Total financial items	-186	-211	-1	0	0	0	-187	-211
Income before taxes	2,243	1,838	643	387	0	-	2,886	2,225
Taxes	-567	-560	-138	-138	-3	-	-708	-698
Net income for the period	1,676	1,278	505	249	-3	0	2,178	1,527

Note 2 Government grants

During the interim period January-September 2021 Scania has received grants related to COVID-19 of SEK 0 m. (834). In 2020, Scania received government grants amounting to SEK 953 m. attributable to operating expenses of SEK 14,144 m., whereof SEK 873 m related to short-term allowances of employees due to COVID-19.

Note 3 Financial risk management

Credit risk Vehicles and Services

During 2020 the third quarter the Vehicles and Services segment applied a risk premium of 20% based on the valuation allowance by means of which the expected credit loss (ECL) on trade receivables due to COVID-19. This resulted in an increased loss allowance of SEK 18 m. for the full year 2020. From the second quarter 2021 the risk premium has ceased. For the first nine month of 2021 the risk premium has resulted in a loss allowance of SEK 0 m. (18).

Credit risk Financial Services

Scania is continuously assessing the credit risk and during the first half of 2020 Scania rescheduled a number of its finance contracts in the Financial Services operation. The underlying reason for agreed reschedulings was temporary liquidity constraints with our customers due to the COVID-19. During the second half of 2020 the reschedulings returned to normal levels, which is still valid during the first three quarters of 2021.

Key financial ratios and figures

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

DEFINITIONS

Operating margin

Operating income as a percentage of revenue.

Net margin

Net income as a percentage of revenue.

Net debt, net cash excluding provision for pensions

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

Capital employed ¹⁾

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

Return on capital employed ^{1) 2)}

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

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

²⁾ Operating income is calculated on rolling 12 months.

Amounts in SEK m. unless otherwise stated

Scania Group

Operating and net income	Nine months		Q3		
	<i>EUR m.</i>	2021	2020	2021	2020
<i>Revenue</i>	10,567	107,594	88,843	32,818	30,374
<i>Operating income</i>	1,257	12,806	5,249	3,073	2,436
<i>Net income for the period</i>	924	9,412	2,766	2,178	1,527
<i>Operating margin, % (Operating income/Revenue)</i>		11.9	5.9	9.4	8.0
<i>Net margin, % (Net income/Revenue)</i>		8.7	3.1	6.6	5.0

RECONCILIATIONS

Amounts in SEK m. unless otherwise stated

Scania Group 2021 2020

Net debt, excluding provision for pensions

Assets	<i>EUR m.</i>	30 Sep	31 Dec
Current investments	19	191	54
Cash and cash equivalents	2,740	27,894	32,268
Loans to Volkswagen entities	0	4	4
Accrued interest in current investments	-1	-8	-1
	2,758	28,081	32,325

Liabilities

Interest-bearing liabilities, non-current	5,909	60,151	53,564
Interest-bearing liabilities, current	3,756	38,244	42,478
Accrued interest in interest-bearing liabilities	-30	-307	-361
	9,635	98,088	95,681

Net debt 6,877 **70,007** 63,356

Vehicles and Services 2021 2020

Net debt, excluding provision for pensions

Assets	<i>EUR m.</i>	30 Sep	31 Dec
Current investments	19	190	54
Cash and cash equivalents	2,647	26,952	31,535
Accrued interest in current investments	-1	-7	0
	2,665	27,135	31,589

Liabilities

Interest-bearing liabilities, non-current	411	4,182	3,837
Interest-bearing liabilities, current	145	1,472	5,928
	556	5,654	9,765

Net debt -2,109 **-21,481** -21,824

Capital employed 2021 2020

	<i>EUR m.</i>	30 Sep	30 Sep
Total assets, excl. shares and participations in group companies	15,349	156,279	153,690
Operating liabilities			
Other provisions, non-current and current	712	7,246	6,661
Other liabilities, non-current and current	7,033	71,608	72,798
Net derivatives	129	1,309	29
Capital employed	7,475	76,116	74,202

Return on capital employed 2021 2020

	<i>EUR m.</i>	30 Sep	30 Sep
Operating income	1,427	14,527	7,582
Financial income	130	1,321	1,399
Capital employed	7,475	76,116	74,202
Return on capital employed		20.8%	12.1%