

## SCANIA SIX-MONTH REPORT – JANUARY – JUNE 2005

***“Scania’s operating income in the first half of 2005 rose by 16 percent to about SEK 3,500 m. The operating margin rose to 11.5 percent. Net income increased by 16 percent to SEK 2,316 m., which resulted in earnings per share of SEK 11.58 (10.00). Despite uncertain economic development in western Europe, our main market, order bookings for vehicles were largely unchanged. Service revenue and Customer Finance showed continued positive development”, says Leif Östling, President and CEO.***

FIRST HALF IN BRIEF	First half			Change in %	Q2	
	EUR m.*	2005	2004		2005	2004
<b>Units</b>						
Trucks and bus chassis						
– Order bookings		<b>31,536</b>	31,241	1	<b>16,095</b>	15,703
– Deliveries		<b>29,023</b>	26,552	9	<b>15,767</b>	14,111
<b>Revenues and earnings</b>						
<b>SEK m. (unless otherwise stated)</b>						
• Revenue, Scania Group	3,224	<b>30,434</b>	27,201	12	<b>16,561</b>	14,118
Operating income, Vehicles and Service	343	<b>3,245</b>	2,812	15	<b>1,692</b>	1,450
Operating income, Customer Finance	27	<b>251</b>	213	18	<b>125</b>	110
<b>Operating income</b>	370	<b>3,496</b>	3,025	16	<b>1,817</b>	1,560
<b>Income before taxes</b>	364	<b>3,440</b>	2,840	21	<b>1,742</b>	1,466
• Net income	245	<b>2,316</b>	2,000	16	<b>1,161</b>	1,026
Operating margin, percent		<b>11.5</b>	11.1		<b>11.0</b>	11.0
Return on equity, percent		<b>21.7</b>	18.5			
Return on capital employed, Vehicles and Service, percent		<b>29.0</b>	24.0			
• Earnings per share, SEK		<b>11.58</b>	10.00		<b>5.81</b>	5.13
Cash flow, Vehicles and Service	100	<b>941</b>	822		<b>669</b>	520
Number of employees, 30 June		<b>30,428</b>	29,793			
<b>Number of shares: 200 million**</b>						

\* Translated to EUR solely for the convenience of the reader at a balance sheet date exchange rate of SEK 9.4385 = EUR 1.00.

\*\* 26,296,508 shares owned by Scania’s subsidiary Ainax have been eliminated.

Unless otherwise stated, all comparisons in brackets refer to the same period of last year.

This report is also available at [www.scania.com](http://www.scania.com)

## **SCANIA, FIRST HALF OF 2005 – COMMENTS BY THE PRESIDENT AND CEO**

*Scania's operating income in the first half of 2005 rose by 16 percent to about SEK 3,500 m. The operating margin rose to 11.5 percent. Net income increased by 16 percent to SEK 2,316 m., which resulted in earnings per share of SEK 11.58 (10.00). Despite uncertain economic development in western Europe, our main market, order bookings for vehicles were largely unchanged. Service revenue and Customer Finance showed continued positive development.*

*In western Europe, order bookings for heavy trucks were largely unchanged, while deliveries rose 9 percent. Demand remained strong in the Nordic countries, while the continental European markets as a whole were weaker. Scania increased its market share somewhat in western Europe, to 13.5 (13.1) percent. The markets in central and eastern Europe showed signs of stabilisation after a weak start.*

*There was strong demand for trucks with Euro 4 engines, that is, engines that meet the emission standards that will apply to vehicles in the EU from 1 October 2006. To date, Scania has delivered more than 2,000 trucks with Euro 4 engines. But due to future emission standards and the economic incentives associated with them, customers face difficult investment decisions. This, together with high oil prices as well as the weak performance of the continental European economies, leads to uncertainty about the demand for heavy trucks in western Europe.*

*However, given Europe's ageing truck fleet, there is a continued large replacement need. It therefore remains our assessment that within a few years the market for heavy trucks in western Europe will surpass the previous peak achieved in 2000, when 244,000 heavy trucks were registered. A large flow of used vehicles to central and eastern Europe will also contribute to high demand.*

*In Latin America, interest rate hikes by the Brazilian central bank has created uncertainty about the country's economic development. Strong order bookings in Brazil turned to a substantial downturn towards the end of the period. This was partly offset by demand in Argentina and Chile.*

*In Asia, South Korea noted subdued demand while Indonesia and Taiwan showed good development.*

*For buses and coaches, both order bookings and deliveries increased during the first half. The Nordic market was strong, and in Finland, Scania signed its first contract for buses with Euro 4 engines. Demand in Great Britain continued to develop well, while it slowed in Latin America in the latter part of the period.*

*Increased material prices and production costs had a successively stronger impact on earnings during the first half. Steel prices have culminated, and we expect lower steel prices will have an impact on Scania's material costs in the first half of 2006. Scania is continuing the task of adjusting the number of employees at its European production units after last year's extra staffing in connection with the launch of the new truck series. Temporary employment contracts that expire during the second half of 2005 will not be renewed. Since year-end 2004 some employees have left Scania's European production units and by the end of 2005, more will have left. In Latin America, however, some new recruitment has been made.*

*Scania has acquired a Belgian dealership, the Universal Auto group, with revenue of about EUR 40 m. in 2004. This means that Scania owns about 80 percent of the sales and service network in Belgium. Scania is rewarding safety and fuel-efficient driving through the Young European Truck Driver competition. Interest in participating has doubled since last time the competition was held, and this year 13,000 European drivers are competing. The final takes place in Sweden this September. Similar initiatives are under way in Latin America, Asia and South Africa.*

## MARKET OVERVIEW

### Trucks

Scania's order bookings in the first half of 2005 amounted to 27,734 (28,385) trucks, a decrease of 2 percent. During the second quarter, order bookings amounted to 14,393 (14,263) units, an increase of 1 percent.

In western Europe, order bookings increased by 1 percent to 17,059 units during the first half. The Nordic markets performed strongly, and Scania was the market leader in all these countries. In other major markets, order bookings increased in France while they decreased in Germany, the Netherlands and Italy. The total market for heavy trucks in western Europe increased by 7 percent to about 129,200. Scania registered about 17,400 trucks, equivalent to a market share of about 13.5 (13.1) percent.

In central and eastern Europe, order bookings in the first half of 2005 decreased by 12 percent to 2,497 trucks.

In Latin America, order bookings fell by 7 percent. Order bookings in Asia fell by 8 percent. In Scania's other markets, order bookings increased by 17 percent.

During the second quarter, order bookings increased in western Europe by 6 percent. The Nordic countries and France showed good growth, while order bookings fell in Germany and Italy. In central and eastern Europe, order bookings were down by 2 percent, while the downturn in Latin America was 27 percent. Asia rose by 5 percent and other markets by 32 percent.

### Buses and coaches

In the first half of 2005, Scania's order bookings for buses and coaches increased by 33 percent and amounted to 3,802 units. During the second quarter, order bookings amounted to 1,702 (1,440), an increase of 18 percent.

In Europe, order bookings increased by 36 percent during the first half. In Latin America, order bookings rose by 47 percent. In other markets, Scania's order bookings increased by 14 percent. During the second quarter, order bookings in Europe increased by 39 percent, while the downturn in Latin America was 24 percent. Other markets grew by 46 percent.

### Industrial and marine engines

Scania's deliveries in the first half of 2005 decreased by 1 percent and amounted to 2,409 units. Order bookings fell by 7 percent to 2,726 units. Demand for industrial and marine engines decreased in China, while Germany, Great Britain and the Nordic countries showed a good trend.

### Number of Scania truck registrations, Scania's 10 largest markets, January-June

	2005	2004	Change in %
Great Britain	2,826	2,858	-1
Brazil	2,924	2,725	7
France	2,144	2,044	5
Germany	2,252	1,980	14
Italy	1,658	1,559	6
Spain	1,637	1,827	-10
The Netherlands	1,314	1,308	1
Sweden	1,133	902	26
Belgium	753	737	2
Turkey	819	993	-18

### Scania's market share, heavy trucks, Scania's 10 largest markets, January-June, percent

	2005	2004
Great Britain	16.1	17.4
Brazil	24.6	23.0
France	8.9	9.4
Germany	7.7	7.0
Italy	13.6	14.0
Spain	10.6	12.0
The Netherlands	19.9	19.1
Sweden	46.5	43.5
Belgium	15.1	16.4
Turkey	5.9	7.0

## REVENUE

During the first half of 2005, Scania **delivered** 26,116 (24,060) trucks, an increase of 9 percent. Bus chassis deliveries amounted to 2,907 (2,492) units, an increase of 17 percent.

**Revenue** increased by 12 percent to SEK 30,434 m. (27,201), mainly due to increased volume. Positive currency rate effects influenced revenue by about SEK 400 m.

**New vehicle sales revenue** increased by 15 percent.

**Service revenue** increased by 7 percent both in Swedish kronor and in foreign currencies and amounted to SEK 6,045 m. (5,636).

During the second quarter, revenue amounted to SEK 16,561 m. (14,118). Currency rate effects had a positive influence of about SEK 450 m. New vehicle sales revenue increased by 19 percent. Service revenue increased by 12 percent, equivalent to 10 percent in local currencies.

## EARNINGS

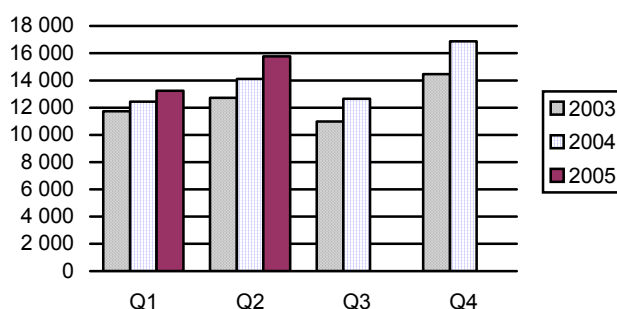
**Scania's operating income** increased by 16 percent to SEK 3,496 m. (3,025) during the first half of 2005. During the second quarter, operating income increased by 16 percent to SEK 1,817 m. (1,560).

**Operating income in Vehicles and Service** increased by 15 percent to SEK 3,245 m. (2,812) during the first half of 2005. The new truck range and higher vehicle volume were the main contributors to the earnings improvement. Increased service revenue also contributed favourably. The above positive effects were offset by increased material and production costs. Scania's research and development expenditures amounted to SEK 1,242 m. (1,122). After adjusting for SEK 181 m. (195) in capitalised expenditures and depreciation of SEK 137 m. (26) on previously capitalised expenditures, recognised expenses increased to SEK 1,198 m. (953).

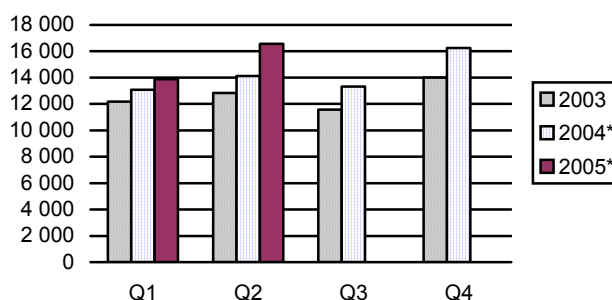
### Revenue by market (SEK m.), Scania's 10 largest markets, January-June

	2005	2004	Change in %
Great Britain	3,890	3,958	-2
Brazil	2,347	1,675	40
Sweden	2,016	1,718	17
France	1,905	1,710	11
Germany	1,875	1,860	1
Italy	1,730	1,549	12
Spain	1,596	1,677	-5
Finland	1,519	1,267	20
The Netherlands	1,479	1,219	21
Norway	1,462	1,032	42

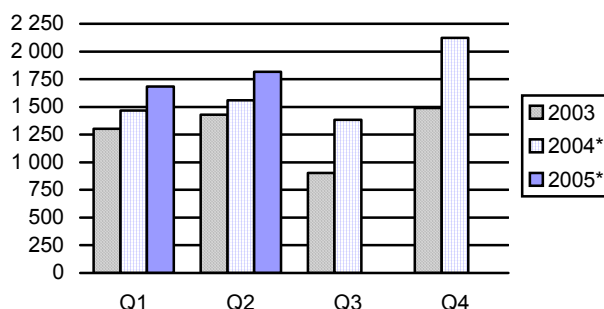
VEHICLES DELIVERED (units)



REVENUE (SEK m.)



OPERATING INCOME (SEK m.)



\* 2004 and 2005 in accordance with IFRS

Compared to the first half of 2004, currency spot rate effects amounted to about SEK 170 m. Currency hedging income amounted to SEK -170 m. During the first half of 2004, the impact of currency hedging on earnings was SEK -50 m. Compared to the first half of 2004, the **total positive currency effect** was thus SEK 50 m.

Operating income in the second quarter increased by 17 percent and amounted to SEK 1,692 m. (1,450). Compared to the second quarter of 2004, currency spot rate effects amounted to about SEK 235 m. Currency hedging income amounted to about SEK -140 m. During the second quarter of 2004, currency hedging had a positive impact of SEK 30 m. on earnings. The total positive currency effect thus amounted to SEK 65 m.

**Operating income in Customer Finance** increased by 18 percent and amounted to SEK 251 m. (213). Income was favourably influenced by increased volume in markets with higher interest margins. This was somewhat offset by increased operating expenses. Earnings were also improved by lower expenses for both potential and actual credit losses. At the end of June, the size of the portfolio amounted to about SEK 29,200 m., which represents an increase of about SEK 2,600 m. since the end of 2004. In local currencies, the portfolio increased by 3 percent.

**Scania's net financial items** amounted to SEK -56 m. (-185). Net interest items improved by SEK 60 m. to SEK -90 m., mainly due to lower interest expenses in Latin America. Other financial revenue and expenses amounted to SEK 34 m. (-35). This included SEK 16 m. (0) in positive valuation effects related to financial instruments where hedge accounting was not applied. In addition, the acquisition of Ainax had a positive effect of SEK 50 m. on financial revenue. Other financial expenses were mainly bank expenses related to the restructuring of a funding programme.

The Scania Group's **tax expenses** were equivalent to 32.7 (29.6) percent of income after financial items. For the full year 2004, the corresponding percentage was 31.3.

**Net income** increased by 16 percent and amounted to SEK 2,316 m. (2,000).

## CASH FLOW

**Scania's cash flow** for Vehicles and Service amounted to SEK 941 m. (822). Excluding acquisitions, cash flow amounted to SEK 1,093 m. (862). In the second quarter, cash flow excluding acquisitions amounted to SEK 907 m. (520).

**Working capital** increased by SEK 90 m. during the first half of 2005, mainly due to seasonal inventory build up during the first quarter, which was partly offset by decreased receivables.

**Net investments excluding acquisitions** amounted to SEK 1,768 m. (1,321), including SEK 181 m. (195) in capitalisation of development expenditures. The net effect of acquisitions amounted to SEK 152 m. The acquisition of Ainax had a positive effect of SEK 86 m. during the first quarter, while net investments related to acquisitions during the second quarter amounted to SEK 238 m.

## MISCELLANEOUS

### **President and CEO's terms of employment**

Scania's Board of Directors has extended the President and CEO's employment contract for a period of three years, until 31 March 2009. The fixed annual salary will be SEK 7,500,000 plus an annual extra pension provision of SEK 4,410,000, applicable from 1 January 2006 and for the entire extension period. The new employment contract prescribes that the agreed salary and incentive benefits, with the exception of the extra pension provision, will apply even if the employment should cease due to termination by the company. The previous condition that the employment would end automatically twelve months after Volkswagen AG reduced its holding in Scania AB – direct or indirect - below 5 percent is no longer applicable. Other terms and conditions have been left unchanged in the new contract.

### **Number of employees**

The number of employees at the end of the first half of 2005 was 30,428, compared to 29,993 at the end of 2004. In industrial operations, the total number of employees was largely unchanged. In European operations, staffing decreased by about 200, which was offset by a corresponding increase in Latin American operations. In the global sales network, the number of employees increased by 400, partly due to organic growth and partly due to acquisitions.

### **Accounting principles**

In accordance with the IAS regulation adopted by the European Union (EU) in 2002, it is prescribed that listed companies throughout the EU shall apply International Financial Reporting Standards (IFRS) when preparing their consolidated financial statements as of 2005. Scania's Interim Report for the first half of 2005 is thus designed in accordance with the IFRS standards adopted by the EU, as well as the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) adopted by the EU. This report has been designed in accordance with IAS 34, Interim Financial Reporting. The differences between IFRS and Swedish GAAP are presented on pages 18 and 19.

Scania's Annual Report for the financial year 2004 presents a description of what accounting principles were affected by the transition to IFRS. For a description of the accounting principles that Scania is applying in the Interim Report for the first half of 2005, see the section entitled "Changes in accounting principles in 2005" in the Annual Report for 2004.

### **Acquisitions of businesses**

During the first half, Scania carried out four acquisitions, of which two were deemed substantial and are reported separately. The other acquisitions are reported together. See also the table on page 11.

Södertälje, 27 July 2005

LEIF ÖSTLING  
*President and CEO*

This Six-Month Report has not been subjected to special review by the company's auditors.

## Financial information from Scania

Scania's Interim Report for January-September 2005 will be published on 1 November 2005.

*This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Such forward-looking statements involve risks and uncertainties that could significantly alter potential results. These statements are based on certain assumptions, including assumptions related to general economic and financial conditions in the company's markets and the level of demand for the company's products.*

*This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with Stockholmsbörsen, if and when circumstances arise that will lead to changes compared to the date when these statements were issued.*

*In the Interim Report for the first quarter of 2005, the following was stated by Leif Östling, President and CEO:*

*"The strengthening of the euro against the US dollar and fluctuating oil prices are restraining economic activity in Europe. In a number of markets, for example in Germany, France and Italy, economic growth is at low levels. This affects private consumption and industrial demand and leads to uncertainty about the demand for heavy trucks. The current year is thus to be regarded as an off year for western European growth. In Latin America, we expect to see a continued strong market during the first half of 2005. In Asia, we are currently seeing positive signals from South Korea. In Turkey as well, demand has begun to rebound after a weak patch early in the year.*

*"In light of the large volume of trucks that were registered in the late 1990s, over the next few years there will be a continued replacement need. Within a few years, the market for heavy trucks in western Europe is expected to surpass the previous peak achieved in 2000, when 244,000 heavy trucks were registered. Also contributing to market growth are continued exports of used vehicles to central and eastern Europe."*

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## Income statement

Amounts in SEK m. unless otherwise stated	First half			Change in %	Q2		Full year 2004	Jul 04- Jun 05
	EUR m.*	2005	2004		2005	2004		
<b>Vehicles and Service</b>								
Sales revenue	3,224	<b>30,434</b>	27,201	12	<b>16,561</b>	14,118	56,788	60,021
Cost of goods sold	-2,431	<b>-22,942</b>	-20,441	12	<b>-12,624</b>	-10,534	-42,554	-45,055
Gross income	793	<b>7,492</b>	6,760	11	<b>3,937</b>	3,584	14,234	14,966
Research and development expenses <sup>1</sup>	-127	<b>-1,198</b>	-953	26	<b>-631</b>	-561	-1,987	-2,232
Selling expenses	-278	<b>-2,630</b>	-2,634	0	<b>-1,398</b>	-1,381	-5,372	-5,368
Administrative expenses	-45	<b>-423</b>	-365	16	<b>-217</b>	-194	-806	-864
Share of income in associated companies	0	<b>4</b>	4	0	<b>1</b>	2	12	12
<b>Operating income, Vehicles and Service</b>	<b>343</b>	<b>3,245</b>	2,812	15	<b>1,692</b>	1,450	6,081	6,514
<b>Customer Finance</b>								
Interest and rental revenue	181	<b>1,713</b>	1,695	1	<b>858</b>	836	3,427	4,281
Interest and depreciation	-134	<b>-1,264</b>	-1,276	-1	<b>-631</b>	-624	-2,572	-3,184
Net interest revenue	48	<b>449</b>	419	7	<b>227</b>	212	855	885
Other revenue and expenses	2	<b>15</b>	4	275	<b>2</b>	3	2	13
Gross income	50	<b>464</b>	423	10	<b>229</b>	215	857	898
Credit losses	-4	<b>-36</b>	-58	38	<b>-16</b>	-25	-89	-67
Selling and administrative expenses	-19	<b>-177</b>	-152	-16	<b>-88</b>	-80	-318	-343
<b>Operating income, Customer Finance</b>	<b>27</b>	<b>251</b>	213	18	<b>125</b>	110	450	488
<b>Operating income</b>	<b>370</b>	<b>3,496</b>	3,025	16	<b>1,817</b>	1,560	6,531	7,002
Net interest items	-10	<b>-90</b>	-150	40	<b>-41</b>	-82	-292	-232
Other financial revenue and expenses	4	<b>34</b>	-35	197	<b>-34</b>	-12	-31	38
<b>Financial revenue and expenses</b>	<b>-6</b>	<b>-56</b>	-185	-70	<b>-75</b>	-94	-323	-194
<b>Income before taxes</b>	<b>364</b>	<b>3,440</b>	2,840	21	<b>1,742</b>	1,466	6,208	6,808
Taxes	-119	<b>-1,124</b>	-840	34	<b>-581</b>	-440	-1,943	-2,227
<b>Net income</b>	<b>245</b>	<b>2,316</b>	2,000	16	<b>1,161</b>	1,026	4,265	4,581
Minority interest	0	<b>0</b>	2		<b>0</b>	0	2	0
Includes depreciation of		<b>-1,233</b>	-947		<b>-642</b>	-503	-1,990	-2,256
Number of shares: 200 million <sup>2</sup>								
Operating margin, in percent		<b>11.5</b>	11.1		<b>11.0</b>	11.0	11.5	11.7
Return on equity, in percent <sup>3</sup>		<b>21.7</b>	18.5				21.5	
Earnings per share, SEK		<b>11.58</b>	10.00		<b>5.81</b>	5.13	21.33	22.91

<sup>1</sup> Total research and development expenditures amounted to SEK 1.242 m. (1.122), of which SEK 44 m. (169) was capitalised net.

<sup>2</sup> After the issue of shares when acquiring Ainax, the total number of Scania AB shares issued amounts to 226,296,508. The total number of Scania shares amounts to 200 million after adjusting for internal holding by the Scania Group.

<sup>3</sup> Calculations are based on rolling 12-month income.

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.



## Revenue and deliveries, Vehicles and Service

Amounts in SEK m.  
unless otherwise stated

	<i>EUR m.*</i>	<b>First half 2005</b>	2004	Change in %	2004	Jul 04- Jun 05
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### Revenue

Trucks	1,933	<b>18,242</b>	15,717	16	33,407	35,932
Buses**	295	<b>2,790</b>	2,579	8	5,504	5,715
Engines	35	<b>330</b>	304	9	658	684
Service-related products	640	<b>6,045</b>	5,636	7	11,418	11,827
Used vehicles etc.	397	<b>3,745</b>	3,423	9	6,792	7,114
Revenue deferral <sup>4</sup>	-76	<b>-718</b>	-458		-991	-1,251
<b>Total</b>	<b>3,224</b>	<b>30,434</b>	27,201	12	56,788	60,021

### Revenue<sup>5</sup>

Western Europe	2,218	<b>20,942</b>	19,081	10	38,730	40,591
Central and eastern Europe	254	<b>2,396</b>	2,240	7	4,941	5,097
Latin America	361	<b>3,405</b>	2,466	38	5,653	6,592
Asia	208	<b>1,962</b>	1,919	2	3,995	4,038
Other markets	183	<b>1,729</b>	1,495	16	3,469	3,703
<b>Total</b>	<b>3,224</b>	<b>30,434</b>	27,201	12	56,788	60,021

### Total delivery volume, units

Trucks	<b>26,116</b>	24,060	9	50,563	52,619
Buses**	<b>2,907</b>	2,492	17	5,519	5,934
Engines	<b>2,409</b>	2,431	-1	5,014	4,992

<sup>4</sup> Refers to the difference between sales recognised as revenue and sales based on deliveries.

<sup>5</sup> Revenue from external customers by location of customers.

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.

\*\* Including body-built buses and coaches.

## Earnings by quarter

Amounts in SEK m. unless otherwise stated	2005			2004				
	EUR m.*	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Vehicles and Service</b>								
Sales revenue	1,755	16,561	13,873	56,788	16,264	13,323	14,118	13,083
Cost of goods sold	-1,338	-12,624	-10,318	-42,554	-11,997	-10,116	-10,534	-9,907
Gross income	417	3,937	3,555	14,234	4,267	3,207	3,584	3,176
Research and development expenses	-67	-631	-567	-1,987	-563	-471	-561	-392
Selling expenses	-148	-1,398	-1,232	-5,372	-1,446	-1,292	-1,381	-1,253
Administrative expenses	-23	-217	-206	-806	-251	-190	-194	-171
Share of income in associated companies	0	1	3	12	1	7	2	2
<b>Operating income, Vehicles and Service</b>	179	1,692	1,553	6,081	2,008	1,261	1,450	1,362
<b>Customer Finance</b>								
Interest and rental revenue	91	858	855	3,427	851	881	836	859
Interest and depreciation expenses	-67	-631	-633	-2,572	-633	-663	-624	-652
Net interest revenue	24	227	222	855	218	218	212	207
Other revenue and expenses	0	2	13	2	-4	2	3	1
Gross income	24	229	235	857	214	220	215	208
Credit losses	-2	-16	-20	-89	-10	-21	-25	-33
Selling and administrative expenses	-8	-88	-89	-318	-89	-77	-80	-72
<b>Operating income, Customer Finance</b>	14	125	126	450	115	122	110	103
Operating income	193	1,817	1,679	6,531	2,123	1,383	1,560	1,465
Net interest items	-4	-41	-49	-292	-72	-70	-82	-68
Other financial revenue and expenses	-4	-34	68	-31	10	-6	-12	-23
Financial revenue and expenses	-8	-75	19	-323	-62	-76	-94	-91
Income before taxes	185	1,742	1,698	6,208	2,061	1,307	1,466	1,374
Taxes	-62	-581	-543	-1,943	-694	-409	-440	-400
Net income	123	1,161	1,155	4,265	1,367	898	1,026	974
Minority interest	0	0	0	2	-1	1	0	2
Earnings per share, SEK		5.81	5.78	21.33	6.84	4.49	5.13	4.87
Operating margin, in percent		11.0	12.1	11.5	13.1	10.4	11.0	11.2

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.

## Balance sheet

Amounts in SEK m. unless otherwise stated	2005			2004			
	<i>EUR m.*</i>	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
<b>ASSETS</b>							
Intangible non-current assets	300	<b>2,832</b>	2,679	2,626	2,610	2,569	2,566
Tangible non-current assets	2,717	<b>25,647</b>	24,321	23,910	23,797	24,112	24,498
Shares and participations	13	<b>121</b>	96	92	105	107	127
Inventories	1,216	<b>11,479</b>	10,999	9,487	10,082	10,125	9,725
Other receivables <sup>6</sup>	1,387	<b>13,094</b>	11,446	11,458	10,408	10,377	10,214
Interest-bearing receivables	2,439	<b>23,015</b>	21,555	20,632	20,051	20,230	19,844
Liquid investments	295	<b>2,788</b>	2,890	2,498	1,590	1,310	1,405
<b>Total assets</b>	<b>8,367</b>	<b>78,976</b>	73,986	70,703	68,643	68,830	68,379
<b>EQUITY AND LIABILITIES</b>							
Equity	2,298	<b>21,688</b>	22,810	21,433	20,271	19,374	19,803
Provisions for pensions	281	<b>2,654</b>	2,566	2,499	2,290	2,278	2,326
Other provisions	570	<b>5,379</b>	5,074	4,907	5,037	5,000	5,039
Other liabilities	1,859	<b>17,551</b>	15,990	16,251	15,557	15,512	15,109
Borrowings	3,359	<b>31,704</b>	27,546	25,613	25,488	26,666	26,102
<b>Total equity and liabilities</b>	<b>8,367</b>	<b>78,976</b>	73,986	70,703	68,643	68,830	68,379
<sup>6</sup> Incl. market value of derivatives for hedging of borrowings							
	85	<b>801</b>	547	N/A	N/A	N/A	N/A
Equity/assets ratio, in percent		<b>27.5</b>	30.8	30.3	29.5	28.1	29.0

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.

## Acquisitions of businesses

Amounts in SEK m. unless otherwise stated		Purchase sum	Net assets	Goodwill	Number of employees
<b>Q1</b>	Ainax	-	86	-	2
<b>Q2</b>	Dealer network, Belgium	243	193	50	171
	Other <sup>7</sup>	35	33	2	76

Complete disclosure will be made in the Annual Report for 2005.

<sup>7</sup> Refers to small acquisitions in France and Namibia.

## Statement of changes in equity

### First half

Amounts in SEK m. unless otherwise stated	EUR m.*	IFRS 2005	Swedish GAAP 2004
Equity, 1 January	2,271	21,433	18,251
Effect of changes in accounting principles, opening balance <sup>8</sup>	2	22	-
Equity, 1 January, IFRS adjusted	2,273	21,455	-
Effect of changes in accounting principles (RR29)		-	26
Revaluation reserve cash flow hedge	-36	-338	-
Exchange rate differences	133	1,249	98
Net income	245	2,316	1,894
Dividend to shareholders	-318	-3,000	-1,200
Total equity attributable to shareholders in Scania AB, 30 June	2,297	21,682	19,069
Minority interest	1	6	-
Equity, 30 June	2,298	21,688	19,069

### Full year 2004

Amounts in SEK m. unless otherwise stated	EUR m.*	IFRS 2004	Swedish GAAP 2004
Equity, 1 January	1,934	18,251	18,251
Effect of changes in accounting principles, opening balance <sup>9</sup>	20	190	-
Equity, 1 January, IFRS adjusted	1,954	18,441	-
Effect of changes in accounting principles (RR29)	3	26	26
Exchange rate differences	-11	-104	-104
Net income	451	4,265	4,077
Dividend to shareholders	-127	-1,200	-1,200
Total equity attributable to shareholders in Scania AB, 31 December	2,270	21,428	21,050
Minority interest	1	5	-
Equity, 31 December	2,271	21,433	21,050

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.

<sup>8</sup> The transition to IFRS with respect to IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39, Financial Instruments: Recognition and Measurement occurred as of 1 January 2005, which means that no recalculation of comparative figures occurs. According to IAS 39, all derivatives must be valued at market value and be recognised in the balance sheet. As a result of this, derivatives that were previously outside the balance sheet have been included since the beginning of 2005. Beyond this, IAS 32 requires that certain financial instruments previously recognised in a net amount be recognised on a gross basis. Due to recognition in accordance with IAS 32 and IAS 39 as of 1 January 2005, total assets rose by SEK 1,189 m. and long-term and current liabilities rose by SEK 835 m. and SEK 323 m., respectively. Unrestricted reserves were affected in an amount totalling SEK 22 m., taking the tax effect into account.

<sup>9</sup> Scania is presenting comparative figures applying IFRS rules, beginning with 1 January 2004. The transitional effects that arose in the opening balance for 1 January 2004 were attributable to component depreciation of buildings in accordance with IAS 16 Property, Plant and Equipment. The transition had an overall impact on tangible assets in the balance sheet of SEK 282 m., of which SEK 190 m. affected equity. Beyond this adjustment of the opening balance, a reclassification of minority interest, which in accordance with IFRS are recognised as part of equity, also occurred.

Statement of cash flow<sup>10</sup>

Amounts in SEK m. unless otherwise stated	First half			2005		2004	
	EUR m.*	2005	2004	Q2	Q1	Q2	Q1
<b>Operating activities</b>							
Income after financial items	365	3,440	2,840	1,742	1,698	1,466	1,374
Items not affecting cash flow	145	1,368	1,248	796	572	666	582
Taxes paid	-174	-1,641	-1,134	-624	-1,017	-457	-677
<b>Cash flow from operating activities before change in working capital</b>	336	3,167	2,954	1,914	1,253	1,675	1,279
Of which: Vehicles and Service	313	2,951	2,777	1,830	1,121	1,577	1,200
Customer Finance	23	216	177	84	132	98	79
Change in working capital etc., Vehicles and Service	-10	-90	-594	120	-210	-311	-283
<b>Cash flow from operating activities</b>	326	3,077	2,360	2,034	1,043	1,364	996
<b>Investing activities</b>							
Net investments, Vehicles and Service	-203	-1,920	-1,361	-1,281	-639	-746	-615
Net investments in credit portfolio etc., Customer Finance	-122	-1,155	-336	-431	-724	-295	-41
<b>Cash flow from investing activities</b>	-325	-3,075	-1,697	-1,712	-1,363	-1,041	-656
<b>Cash flow from Vehicles and Service</b>	100	941	822	669	272	520	302
<b>Cash flow from Customer Finance</b>	-99	-939	-159	-347	-592	-197	38
<b>Financing activities</b>							
Change in net debt from financing activities	287	2,713	-15	1,849	864	866	-881
Dividend to shareholders	-318	-3,000	-1,200	-3,000	-	-1,200	-
<b>Cash flow from investing activities</b>	-31	-287	-1,215	-1,151	864	-334	-881
<b>Cash flow for the year</b>	-30	-285	-552	-829	544	-11	-541
<b>Liquid assets at beginning of period</b>	168	1,589	1,663	2,170	1,589	1,158	1,663
<b>Effect of exchange rate fluctuations on liquid assets</b>	19	177	10	140	37	-26	36
<b>Liquid assets at end of period</b>	157	1,481	1,121	1,481	2,170	1,121	1,158

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.

<sup>10</sup> The IFRS transition has not materially affected Scania's statement of cash flow.

## Number of employees

	2005		2004			
	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Industrial operations etc.	<b>17,907</b>	17,982	17,892	18,014	17,760	17,516
Sales and service companies	<b>12,153</b>	11,871	11,747	11,747	11,691	11,627
Vehicles and Service	<b>30,060</b>	29,853	29,639	29,761	29,451	29,143
Customer Finance	<b>368</b>	362	354	350	342	329
Total number of employees	<b>30,428</b>	30,215	29,993	30,111	29,793	29,472

## Balance sheet by business segment

Amounts in SEK m. unless otherwise stated	2005			2004			
	EUR m.	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
<b>Vehicles and Service</b>							
<b>ASSETS</b>							
Intangible non-current assets	299	<b>2,819</b>	2,667	2,613	2,596	2,554	2,551
Tangible non-current assets	2,088	<b>19,707</b>	18,520	18,173	17,952	18,002	18,063
Shares and participations	13	<b>121</b>	96	92	105	107	127
Inventories	1,215	<b>11,470</b>	10,957	9,446	10,050	10,082	9,674
Other receivables <sup>11</sup>	1,375	<b>12,981</b>	11,258	11,460	10,191	10,117	9,922
Interest-bearing receivables	120	<b>1,135</b>	1,010	1,074	1,029	1,156	1,107
Liquid investments	273	<b>2,574</b>	2,679	2,196	1,454	1,094	1,239
Total assets	5,383	<b>50,807</b>	47,187	45,054	43,377	43,112	42,683
<b>EQUITY AND LIABILITIES</b>							
Equity	1,938	<b>18,295</b>	19,418	18,336	17,077	16,140	16,546
Provisions for pensions	280	<b>2,644</b>	2,557	2,490	2,281	2,269	2,317
Other provisions	500	<b>4,719</b>	4,455	4,307	4,400	4,259	4,289
Other liabilities	1,930	<b>18,207</b>	16,589	16,871	16,175	16,234	15,789
Borrowings	735	<b>6,942</b>	4,168	3,050	3,444	4,210	3,742
Total equity and liabilities	5,383	<b>50,807</b>	47,187	45,054	43,377	43,112	42,683
<sup>11</sup> Incl. market value of derivatives for hedging of borrowings	85	<b>801</b>	547	N/A	N/A	N/A	N/A
Net debt, excluding provisions for pensions, excl. derivatives as above <sup>11</sup>	378	<b>3,567</b>	942	854	1,990	3,116	2,503
<b>Customer Finance</b>							
<b>ASSETS</b>							
Intangible non-current assets	1	<b>13</b>	12	13	14	15	15
Lease assets	771	<b>7,279</b>	7,075	7,043	7,147	7,438	7,767
Other tangible non-current assets	2	<b>23</b>	22	22	23	22	21
Inventories	1	<b>9</b>	42	41	32	43	52
Other receivables	60	<b>562</b>	585	658	484	561	594
Financial receivables	2,318	<b>21,880</b>	20,545	19,558	19,022	19,074	18,737
Liquid investments	23	<b>214</b>	211	302	136	216	166
Total assets	3,176	<b>29,980</b>	28,492	27,637	26,858	27,369	27,352
<b>EQUITY AND LIABILITIES</b>							
Equity	359	<b>3,393</b>	3,392	3,097	3,194	3,234	3,257
Provisions for pensions	1	<b>10</b>	9	9	9	9	9
Other provisions	69	<b>660</b>	619	600	637	741	750
Other liabilities	123	<b>1,155</b>	1,094	1,368	974	929	976
Borrowings	2,624	<b>24,762</b>	23,378	22,563	22,044	22,456	22,360
Total equity and liabilities	3,176	<b>29,980</b>	28,492	27,637	26,858	27,369	27,352

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.

## Balance sheet by business segment

Amounts in SEK m. unless otherwise stated	2005			2004			
	<i>EUR m.*</i>	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
<b>Eliminations</b>							
<b>ASSETS</b>							
Tangible non-current assets	-144	<b>-1,362</b>	-1,296	-1,328	-1,325	-1,350	-1,353
Other receivables	-48	<b>-449</b>	-397	-660	-267	-301	-303
Total assets	-192	<b>-1,811</b>	-1,693	-1,988	-1,592	-1,651	-1,656
<b>EQUITY AND LIABILITIES</b>							
Other liabilities	-192	<b>-1,811</b>	1,693	-1,988	-1,592	-1,651	-1,656
Total equity and liabilities	-192	<b>-1,811</b>	1,693	-1,988	-1,592	-1,651	-1,656
<b>Scania Group</b>							
<b>ASSETS</b>							
Intangible non-current assets	300	<b>2,832</b>	2,679	2,626	2,610	2,569	2,566
Tangible non-current assets	2,717	<b>25,647</b>	24,321	23,910	23,797	24,112	24,498
Shares and participations	13	<b>121</b>	96	92	105	107	127
Inventories	1,216	<b>11,479</b>	10,999	9,487	10,082	10,125	9,725
Other receivables <sup>12</sup>	1,387	<b>13,094</b>	11,446	11,458	10,408	10,377	10,214
Interest-bearing receivables	2,438	<b>23,015</b>	21,555	20,632	20,051	20,230	19,844
Liquid investments	296	<b>2,788</b>	2,890	2,498	1,590	1,310	1,405
Total assets	8,367	<b>78,976</b>	73,986	70,703	68,643	68,830	68,379
<b>EQUITY AND LIABILITIES</b>							
Equity	2,297	<b>21,688</b>	22,810	21,433	20,271	19,374	19,803
Provisions to pensions	281	<b>2,654</b>	2,566	2,499	2,290	2,278	2,326
Other provisions	569	<b>5,379</b>	5,074	4,907	5,037	5,000	5,039
Other liabilities	1,861	<b>17,551</b>	15,990	16,251	15,557	15,512	15,109
Borrowings	3,359	<b>31,704</b>	27,546	25,613	25,488	26,666	26,102
Total equity and liabilities	8,367	<b>78,976</b>	73,986	70,703	68,643	68,830	68,379
<sup>12</sup> Incl. market value of derivatives for hedging of borrowings	85	<b>801</b>	547	N/A	N/A	N/A	N/A

\* Translated solely for the convenience of the reader at a closing exchange rate of SEK 9.4385 = EUR 1.00.



## Units by quarter (by geographic area)

	2005		2004				
	Q2	Q1	Full year	Q4	Q3	Q2	Q1
<b>Order bookings, trucks</b>							
Western Europe	8,863	8,196	32,645	8,899	6,790	8,349	8,607
Central and eastern Europe	1,495	1,002	5,727	1,618	1,260	1,532	1,317
Latin America	1,560	2,008	7,644	1,863	1,935	2,141	1,705
Asia	1,862	1,501	5,816	918	1,232	1,778	1,889
Other markets	613	634	2,096	640	388	463	604
Total	14,393	13,341	53,928	13,938	11,605	14,263	14,122
<b>Trucks delivered</b>							
Western Europe	8,689	7,435	30,312	9,276	6,198	7,554	7,284
Central and eastern Europe	1,339	1,186	5,272	1,678	1,216	1,509	869
Latin America	2,078	1,760	7,604	2,095	2,126	1,912	1,471
Asia	1,516	1,125	5,464	1,637	1,200	1,248	1,379
Other markets	491	497	1,911	550	527	438	396
Total	14,113	12,003	50,563	15,236	11,267	12,661	11,399
<b>Order bookings, buses**</b>							
Western Europe	673	830	2,333	693	591	505	544
Central and eastern Europe	121	131	491	101	149	67	174
Latin America	388	782	1,621	289	535	512	285
Asia	237	205	955	197	250	193	315
Other markets	283	152	653	211	181	163	98
Total	1,702	2,100	6,053	1,491	1,706	1,440	1,416
<b>Buses delivered**</b>							
Western Europe	573	487	2,157	648	426	550	533
Central and eastern Europe	89	84	424	129	95	98	102
Latin America	633	386	1,472	355	524	342	251
Asia	183	156	947	320	214	325	88
Other markets	176	140	519	174	142	135	68
Total	1,654	1,253	5,519	1,626	1,401	1,450	1,042

\*\* Including body-built buses and coaches.

## SWE GAAP Summary

## Income statement

	SWE GAAP	SWE GAAP	IFRS	IFRS		SWE GAAP	IFRS	
Amounts in SEK m. unless otherwise stated	Q2	Q1	Q2	Q1		Full year	Full year	
	2004	2004	2004	2004	Change	2004	2004	Change
<b>Vehicles and Service</b>								
Sales revenue	14,118	13,083	14,118	13,083	0	56,788	56,788	0
Cost of goods sold <sup>13</sup>	-10,545	-9,917	-10,534	-9,907	11	-42,570	-42,554	16
Gross income	3,573	3,166	3,584	3,176	11	14,218	14,234	16
Research and development expenses	-561	-392	-561	-392	0	-1,987	-1,987	0
Selling expenses <sup>13</sup>	-1,424	-1,297	-1,381	-1,253	43	-5,550	-5,372	178
Administrative expenses <sup>13</sup>	-195	-170	-194	-171	1	-806	-806	0
Share of income in associated companies	2	2	2	2	0	12	12	0
<b>Operating income, Vehicles and Service</b>	1,395	1,309	1,450	1,362	55	5,887	6,081	194
<b>Customer Finance</b>								
Interest and rental revenue	836	859	836	859	0	3,427	3,427	0
Interest and depreciation expenses	-624	-652	-624	-652	0	-2,572	-2,572	0
Net interest revenue	212	207	212	207	0	855	855	0
Other revenue and expenses	3	1	3	1	0	2	2	0
Gross income	215	208	215	208	0	857	857	0
Credit losses	-25	-33	-25	-33	0	-89	-89	0
Selling and administrative expenses	-80	-72	-80	-72	0	-318	-318	0
<b>Operating income, Customer Finance</b>	110	103	110	103	0	450	450	0
<b>Operating income</b>	1,505	1 412	1,560	1 465	55	6 337	6 531	194
Financial revenue and expenses	-94	-91	-94	-91	0	-323	-323	0
<b>Income before taxes</b>	1,411	1,321	1,466	1,374	55	6,014	6,208	194
Taxes <sup>14</sup>	-438	-398	-440	-400	-2	-1,935	-1,943	-8
Minority interest <sup>15</sup>	0	-2	0	0	0	-2	0	2
<b>Net income</b>	973	921	1,026	974	53	4,077	4,265	188
<i>Minority interest<sup>15</sup></i>	0	0	0	2	0	0	2	2
<i>Includes depreciation of</i>	-559	-497	-503	-444		-2 184	-1 990	
Operating margin, in percent	10.7	10.8	11.0	11.2		11.2	11.5	
Return on equity, in percent	18.1	17.6	18.5	17.9		20.8	21.5	
Earnings per share, SEK	4.86	4.61	5.13	4.87		20.39	21.33	

## SWE GAAP Summary

## Balance sheet

Amounts in SEK m. unless otherwise stated	SWE GAAP	IFRS	Change	SWE GAAP	IFRS	Change
	2004	2004		2004	2004	
	30 June	30 June		31 Dec	31 Dec	
<b>ASSETS</b>						
Intangible non-current assets <sup>16</sup>	2,489	2,569	80	2,460	2,626	166
Tangible non-current assets <sup>17</sup>	23,793	24,112	319	23,598	23,910	312
Shares and participations	107	107	0	92	92	0
Inventories	10,125	10,125	0	9,487	9,487	0
Other receivables	10,379	10,377	-2	11,458	11,458	0
Interest-bearing receivables	20,230	20,230	0	20,632	20,632	0
Liquid investments	1,310	1,310	0	2,498	2,498	0
<b>Total assets</b>	<b>68,433</b>	<b>68,830</b>	<b>397</b>	<b>70,225</b>	<b>70,703</b>	<b>478</b>
<b>EQUITY AND LIABILITIES</b>						
Equity	19,069	19,374	305	21,050	21,433	383
Provisions for pensions	2,278	2,278	0	2,499	2,499	0
Other provisions <sup>18</sup>	4,898	5,000	102	4,804	4,907	103
Other liabilities	15,522	15,512	-10	16,259	16,251	-8
Borrowings	26,666	26,666	0	25,613	25,613	0
<b>Total equity and liabilities</b>	<b>68,433</b>	<b>68,830</b>	<b>397</b>	<b>70,225</b>	<b>70,703</b>	<b>478</b>
Equity/ assets ratio, %	27.9%	28.1%		30.0%	30.3%	

<sup>13</sup> The IFRS transition affects operating expenses positively, due to the reversal of goodwill amortisation carried out during 2004 according to Swedish GAAP, as well as component depreciation, which was adjusted as a consequence of changes in depreciation periods for tangible non-current assets.

<sup>14</sup> Taxes are affected by the changes in depreciation periods for tangible non-current assets according to IAS 16.

<sup>15</sup> In accordance with IAS 27, Consolidated and Separate Financial Statements, net income for the year is reported without taking minority interest into account. Instead a separate disclosure is provided of how much of earnings constitute the minority's interest.

<sup>16</sup> In accordance with IFRS 3, Business Combinations, no goodwill amortisation has been carried out in the recalculated balance sheet for 2004 according to IFRS. The total effect on the full year 2004 was an increase in recognised goodwill value of about SEK 166 m. The effect of reversing the goodwill amortisation for the first half of 2004 amounted to SEK 80 m.

<sup>17</sup> Scania's tangible non-current assets have been affected by the IFRS transition, since component depreciation has been applied to Scania's buildings. IAS 16, Property, Plant and Equipment, states that the capitalised cost of an asset shall be allocated among the various significant constituent parts of the asset. As a result of this adjustment, depreciation periods have been affected by the transition to IFRS. The effect as a consequence of the use of component depreciation at Scania during the full year 2004 was that the carrying amount of tangible non-current assets rose by SEK 312 m.; the effect on the first half was an increase of SEK 319 m.

<sup>18</sup> Other provisions are influenced by the tax effect attributable to changed depreciation periods for tangible non-current assets according to IAS 16.