

ANNUAL REPORT 2000

Annual General Meeting

The Annual General Meeting of Shareholders (AGM) will be held at 6 p.m. on Thursday, 26 April 2001, at Scania-rinken, Södertälje, Sweden.

Participation

Shareholders who wish to participate in the AGM must be recorded in the shareholder list maintained by Värdepapperscentralen VPC AB (the Swedish Securities Register Centre) no later than Thursday, 12 April 2001, and also register with the company by post at Scania AB, SE-151 87 Södertälje, Sweden, or by telephone at +46 8 55 38 30 52 no later than 4 p.m. on Thursday, 19 April 2001.

Nominee shares

To be entitled to participate in the AGM, shareholders whose shares have been registered in the name of a nominee through the trust department of a bank or brokerage house must temporarily reregister their shares in their own name with VPC. Shareholders who wish to reregister their shares in this way must inform their nominees accordingly well before 12 April 2001.

Dividend

The Board of Directors proposes Wednesday, 2 May 2001 as the record date for the year 2000 dividend. The last day for trading shares that include the dividend is Thursday, 26 April 2001. Provided that the AGM approves this proposal, the dividend is expected to be sent on Monday, 7 May 2001.

Reports from Scania

Interim Report, January–March, on 26 April 2001
Interim Report, January–June, on 20 July 2001
Interim Report, January–September, on 30 October 2001

In addition to the Annual Report, the above informational material is found on Scania's website: www.scania.com.
The material may also be ordered from:

Scania AB, SE-151 87 Södertälje, Sweden.
Phone: +46 8 55 38 10 00
Fax: +46 8 55 38 55 59

The English version of the Annual Report is a translation of the Swedish language original.

Translation: Victor Kayfetz, Scan Edit



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Events of 2000

JANUARY

- The frame member and rear axle housing production unit in Luleå, Sweden, was reorganised into the subsidiary Ferruform AB.
- European bus operations were streamlined. Two distributors, Scania Bus Nordic and Scania Bus Europe, were established.

MARCH

- The European Commission did not approve Volvo's planned acquisition of Scania.
- Investor sold shares equivalent to 34.0 percent of voting rights and 18.7 percent of capital in Scania to Volkswagen AG.
- Scania acquired its distributor in Latvia.

MAY

- Scania Infotronics was reorganised into a subsidiary.
- A new 16-litre V8 engine was launched.
- Decision on bus production in Russia.
- Decision to start truck and bus assembly in Thailand.
- Scania acquired its distributor in Malaysia.
- Dr. Ferdinand Piëch, CEO of Volkswagen, was appointed new Chairman of Scania following his election to the Board by the Annual General Meeting.

JULY

- Scania's millionth vehicle was presented to the Red Cross to be used for relief efforts in the Balkans.

AUGUST

- Breakthrough for Scania in the Italian city bus market with an order for 44 OmniCity low-floor buses.

SEPTEMBER

- Scania to supply 16-litre V8 engines to the Swiss military for its new tracked vehicles.
- Scania Infotronics unveiled its Fleet Analysis System at the IAA 2000 commercial vehicle show in Frankfurt.

OCTOBER

- Scania acquired its distributor in Thailand.

NOVEMBER

- Scania presented a public offer for the remaining 50 percent of the shares in the Dutch distributor Beers.
- Scania made a breakthrough in the city bus segment in Russia with an order totalling 50 buses for Rostov.
- Scania became an engine supplier for the Finnish military's new combat vehicle.

JANUARY 2001

- Two leading local Scania distributors in Brazil were acquired.
- The acquisition of the Dutch distributor Beers was completed, and Beers became a wholly owned subsidiary of Scania.
- The 470 engine was unveiled at the Brussels International Motor Show.
- Scania, founded in 1891, turns 110 years old this year.



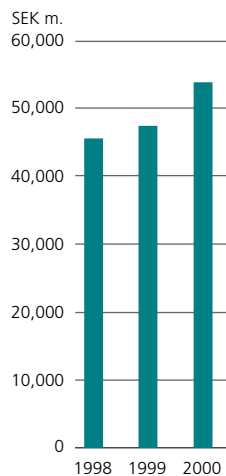
The millionth vehicle

During 2000 Scania produced its millionth vehicle, a three-axle tractor unit. The manufacture of this vehicle demonstrated the flexibility of Scania's global production system.

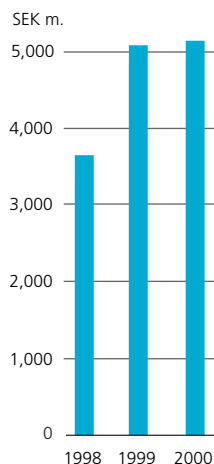
After its components were manufactured in Luleå, Falun, Södertälje, Oskarshamn and Sibbhult, Sweden; Tucumán, Argentina; and São Paulo, Brazil, the truck was assembled in Zwolle, the Netherlands and went through pre-delivery inspection in Angers, France. The millionth vehicle was then presented to the International Red Cross.

Highlights

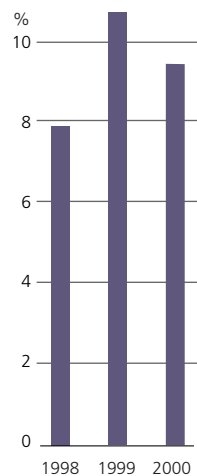
Sales



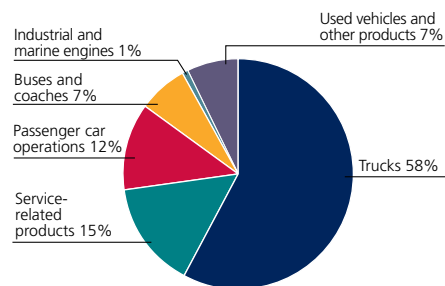
Operating income



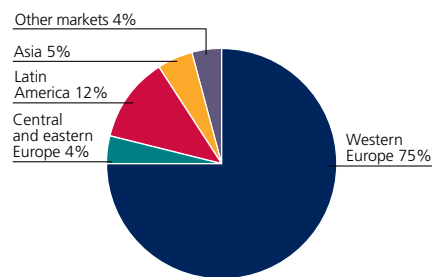
Operating margin



Sales by product area, 2000



Sales by market area, 2000



Key figures

	2000	1999	1998
Sales, units			
Trucks	52,318	46,651	45,553
Buses	4,174	3,763	4,117
Total	56,492	50,414	49,670
Sales, SEK m.			
Scania products	47,165	41,625	39,587
Passenger car operations	6,658	5,485	5,725
Total	53,823	47,110	45,312
Operating income, SEK m.			
Scania products	4,809	4,792	3,342
Passenger car operations	275	253	250
Total	5,084	5,045	3,592
Operating margin, %			
Scania products	10.2	11.5	8.4
Passenger car operations	4.1	4.6	4.4
Total	9.4	10.7	7.9
Income after financial items, SEK m.	4,454	4,500	3,214
Net income, SEK m.	3,080	3,146	2,250
Earnings per share, SEK	15.40	15.73	11.25
Earnings per share according to U.S. GAAP, SEK	14.93	16.37	11.21
Cash flows excluding customer finance operations, SEK m.	2,557	476	1,797
Return, %			
on shareholders' equity	21.6	25.1	20.7
on capital employed ¹	19.8	21.4	17.4
Net debt/equity ratio¹, times	0.49	0.61	0.55
Equity/assets ratio, %	26.5	26.0	26.5
Capital expenditures for property, plant and equipment, SEK m.	1,825	1,876	2,026
Research and development expenses, SEK m.	1,621	1,267	1,168
Number of employees at year-end	26,904	25,814	23,537

¹ With customer finance operations reported according to the equity method.

Scania in brief

Scania is a leader in the heavy truck and bus industry as well as industrial and marine engines. The company also markets and sells a broad range of service-related products.

Scania is the world's fourth largest make for heavy trucks of more than 16 tonnes (Class 8). In Europe, Scania is the second largest make and in Latin America the leading one. Scania is the world's fourth largest make in the heavy bus segment.

Scania is a global company with operations in Europe, Latin America, Asia, Africa and Australia. During 2000 its sales totalled 53.8 bn. Swedish kronor (SEK), or 6.4 bn. euro (EUR). Scania's operating income totalled SEK 5.1 bn. (EUR 0.6 bn.). Its income after financial items amounted to SEK 4.5 bn. (EUR 0.5 bn.).

Scania has 26,900 employees worldwide. Of these, 13,700 work at its production and development units and 13,200 in the marketing organisation and other units. In addition, about 25,000 people work in Scania's independent distribution and service network.

Scania shares are quoted on the OM Stockholm Stock Exchange and on the New York Stock Exchange.

Products

Vehicles

Scania develops, manufactures and distributes trucks with a gross vehicle weight of more than 16 tonnes (Class 8), intended for long-distance haulage, regional and local distribution of goods as well as construction haulage.

Scania's bus and coach range consists of bus chassis as well as fully-built buses for more than 30 passengers, intended for use in urban and intercity traffic or as tourist coaches.

Scania's industrial and marine engines are often built into products manufactured by other companies. These engines are used, among other things, in generator sets and in earthmoving and agricultural machinery, as well as aboard ships and pleasure craft.

Service-related products

In addition to vehicles, Scania sells service-related products, for example service contracts in which the customer pays on a per-kilometre basis, parts, repairs, maintenance and insurance solutions.

Customer financing

Scania also provides various types of financing solutions, for example financial leases and hire purchase contracts.

Focus

Scania vehicles are manufactured to fit individual needs, thereby enabling customers to optimise their earnings capacity. Scania's success is based on a strong focus on profitability and on:

- Its concentration on heavy vehicles designed for the transport of goods and passengers
- A modular product system and a global production system
- A complete range of products including vehicles, service-related products and financing products
- A focus on growth markets

Scania worldwide

Scania is represented in about 100 countries through 1,000 local distributors and 1,500 service points. The company's production system is global, with plants in a number of countries.

Scania's environmental policy

As a global manufacturer and distributor of commercial vehicles, engines and services, Scania develops products with the lowest possible impact on the environment. They are designed to consume less energy, raw materials and chemicals during their life cycle.

Passenger cars

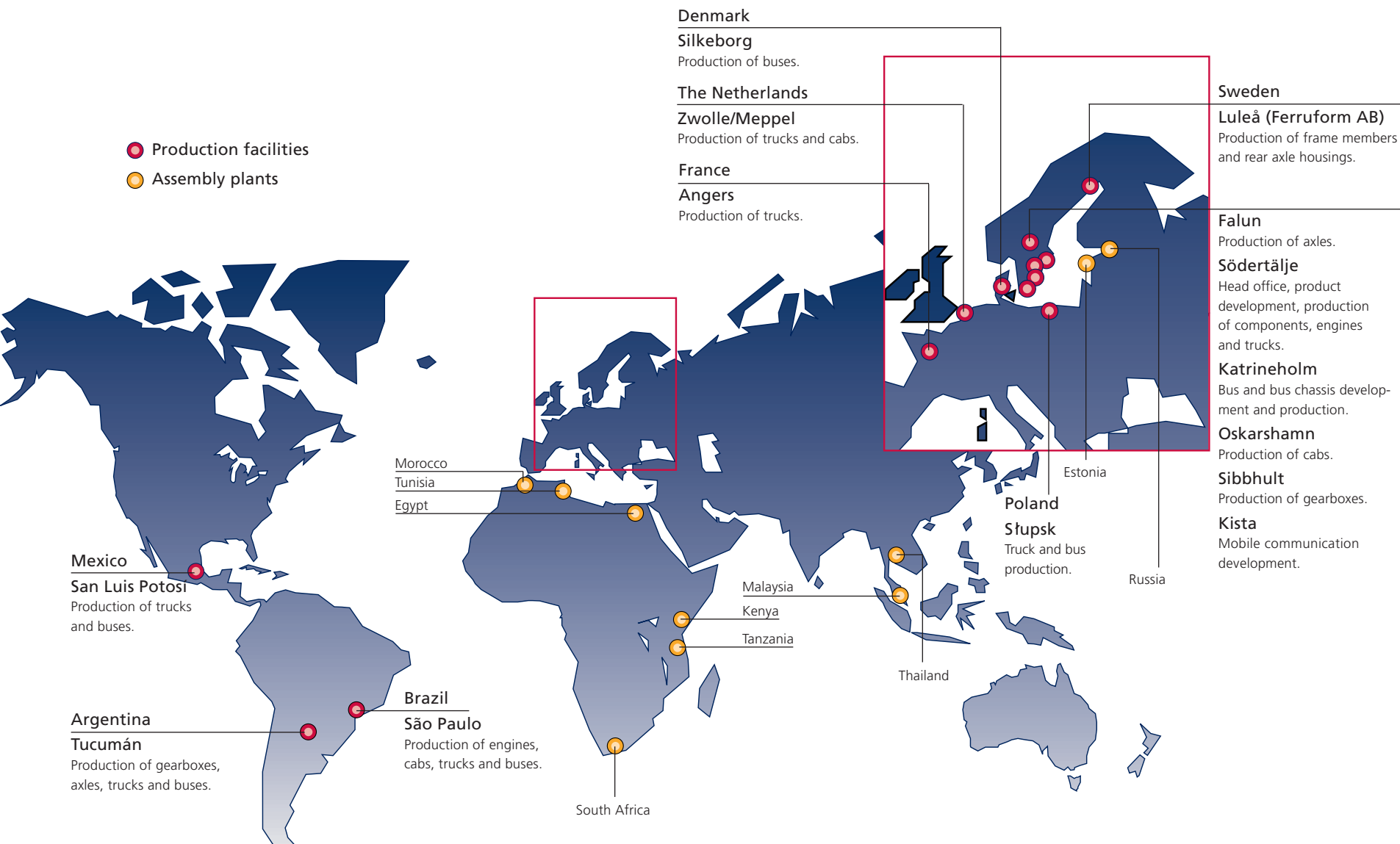
Scania and Volkswagen AG each own 50 percent of Svenska Volkswagen, the Swedish importer for Volkswagen, Audi, Seat, Skoda and Porsche. Scania also owns the Swedish car distributor Din Bil, which accounts for 40 percent of Svenska Volkswagen's sales.

Scania's ten largest truck markets

	Heavy truck registrations		Market share in %	
	2000	1999	2000	1999
Great Britain	6,743	5,649	20.7	18.1
Germany	5,793	5,558	10.1	9.5
Brazil	5,153	4,261	29.7	31.7
France	4,963	4,676	10.5	10.7
Spain	3,646	3,296	14.4	14.4
Italy	3,356	3,098	13.1	12.8
The Netherlands	3,152	2,727	22.4	19.4
Sweden	2,358	2,337	50.4	46.6
Belgium	1,556	1,605	18.6	18.8
Austria	1,138	1,095	15.4	14.8

Scania's five largest bus markets

	Heavy bus registrations		Market share in %	
	2000	1999	2000	1999
Brazil	1,100	724	10.4	9.0
Spain	364	555	16.5	21.5
Argentina	340	290	25.9	14.9
Sweden	223	300	21.5	30.3
Italy	147	212	5.2	7.4



Scania's global distribution system

Altogether, Scania is represented in about 100 countries through 1,000 local distributors and 1,500 service points.

Scania's global production system

Scania has production facilities in eight countries in Europe and Latin America. In addition, there are assembly plants in ten countries of Africa, Asia and Europe.

Statement of the Chairman

In my view, the beginning of the new millennium was very successful for Scania. Its profitability remained high and led the industry. Scania's volume of vehicles, service-related products and customer financing reached new record levels. The company strengthened its position in the most important markets.

The business climate was favourable, with good GDP growth, which led to increased transport volume and improved cash flow for Scania's customers. The need to replace older vehicles also contributed to increased demand.

Increased demand

The heavy truck market in western Europe broke previous records. The number of vehicles registered totalled 244,000.

Other important Scania markets – Latin America, central and eastern Europe and South East Asia – grew, but from low levels. These markets have begun to recover from the economic downturn that began in Asia a few years ago. Transport needs are increasing in various places, but a number of macroeconomic problems remain. Improved infrastructure and growing regional trade should gradually lead to increased demand for heavy transport vehicles.

Highest profitability in its industry

Despite increased demand in Scania's main markets, price competition intensified. However, Scania's oper-

ating margin of 9.4 percent was again substantially higher than the industry average.

Scania's leading position over the years in terms of profitability shows that the company's products are continuing to meet and surpass customers' expectations and that Scania has a very efficient structure and efficient working methods.

During the past decade, Scania's annual unit sales have increased from 30,000 to well over 50,000 vehicles. The number of Scania vehicles on the roads has grown from 275,000 to over 400,000, creating good opportunities for Scania's service organisation.

Scania has implemented this strong increase in volume organically, without acquisitions. Successful working methods, product renewal, far-reaching production improvements and strengthening of the distribution structure have laid the groundwork for long-term profitable growth.

Stabilised ownership structure

The uncertainty about Scania's ownership that began in January 1999 caused significant disruptions in the company's operations. In March 2000, when the European Commission rejected Volvo's planned acquisition of Scania, it was important to find a solution for Scania.

For a number of years, it has been Volkswagen's ambition to achieve a position in the heavy vehicle industry. It is no secret that Scania has always been at the top of my list and that I am a great admirer of the company.

Scania is also one of Volkswagen's oldest business partners, due to our joint distribution organisation in Sweden since 1948. I note with satisfaction that we managed to find a solution that fulfilled both Volkswagen's ambitions and Scania's need for a stabilised ownership structure.

A strong brand name

The strength of its brand is a success factor for any company, including manufacturers of capital goods, such as heavy vehicles. The Scania brand name is very strong and has a "King of the Road" image. The strength of this brand name is the result of many years of delivering vehicles and service-related products with the best characteristics to Scania's customers.

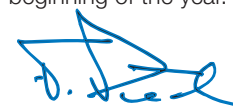
Trust is a very important component of the Scania brand name. Customers rely on Scania every time they use its products. All employees at Scania must therefore do their utmost to fulfil the promises that are built into the brand.

Scania's vibrant corporate culture has contributed to the company's leading position. Both Scania employees and the owners of Scania's products feel proud to be associated with the company. And I regard it as the duty of the Board to continue strengthening the foundations of this pride.

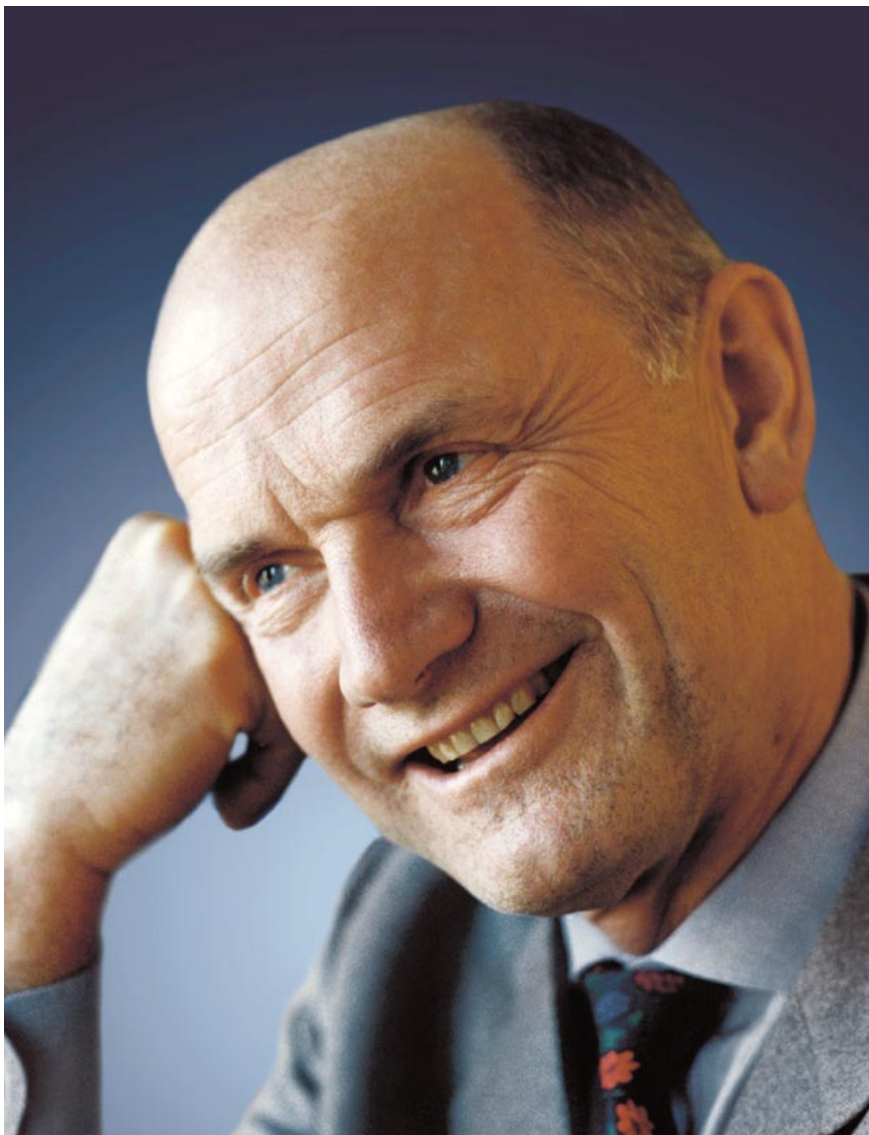
A sound strategy

I am convinced that Scania's strategy is sound. Gradual, profitable growth and continuous improvements, aimed at providing the best vehicles and service-related products to highly demanding customers, will continue to yield results.

Finally, I would like to convey the gratitude of the Board to the management and all employees of Scania for their fine contributions, which have helped the company to achieve good results despite a very turbulent beginning of the year.



Dr. Ferdinand Piëch, *Chairman*



The work of the Board

According to the work schedule adopted by the Board of Directors, it holds seven regular meetings per year. Beyond this, the Board may meet when circumstances so warrant.

The February, April, July/August and October/November meetings are devoted primarily to financial reporting. The statutory meeting after the Annual General Meeting focuses chiefly on the Board's work schedule, instructions to the President and compensation issues.

In June, the Board discusses capital expenditure issues. The December meeting focuses especially on operational planning and future-oriented issues. Beyond this, all meetings deal with matters of a more current nature as well as capital expenditures.

The Board's instructions to the President specify his duties and powers. Board policy documents on capital expenditures, financing, communication and reporting are also appended to the instructions.

With one exception, the Board has refrained from appointing sub-committees. Compensation issues for the President and certain other senior executives are handled by a committee consisting of Dr. Ferdinand Piëch, Rolf Stomberg and Marcus Wallenberg.

Owing to its limited number of members, the Board achieves efficiency, while all members receive full information on all matters that are dealt with by the Board.

Statement of the President and CEO

The millennium began well for Scania, with the highest volume ever and good earnings.

During 2000, Scania achieved a double-digit operating margin for Scania products and a positive operating income in Latin America. The Group's operating income was more than five billion kronor. Production and sales achieved new peak levels. Sales of service-related products increased. Volume growth continued in our customer finance operations.

The total heavy truck market in western Europe improved for the third consecutive year, reaching a record level of 244,000 vehicles. Scania's share of this market rose to 15.6 percent. Scania was thus the second largest make in the region.

Thanks to our investments in recent years to increase capacity and flexibility, Scania was able to handle greater demand while maintaining short delivery times.

Recovery in many markets

Demand in central and eastern Europe continued to recover from the 1998 financial crisis in Russia and elsewhere. Scania's efforts in recent years to build up a first-class distribution and service network paid off. In Asia, too, there was a vigorous recovery, especially in Scania's segment. Order bookings more than doubled.

In Latin America, the economic situation gradually improved, although the picture was somewhat mixed. Demand rose, primarily in Brazil, while the Argentine market remained weak. Scania's programme to streamline its production, together with higher volume

and margins, helped Latin American operations reach break-even.

New ownership situation

The European Union's examination of Volvo's planned acquisition of Scania stretched over many months. During this period, uncertainty arose in the market and order bookings declined, especially for buses and industrial and marine engines. Scania endured costs as well as losses of revenue and time.

The change in Scania's ownership structure late in March 2000 was very positive. A new strong industrial owner, Volkswagen, took over the baton from Scania's traditional main owner, Investor.

Since the ownership situation stabilised so quickly, Scania was able to regain lost time and to continue devoting its full energy to further developing its products and production system, as well as its sales and service network.

The ownership structure remains complex. Scania shares are suffering from lower liquidity due to the fact that such a small proportion of the company's share capital can be traded in the stockmarket. The best way to satisfy the interests of all shareholders is for Scania to remain at the top of its industry in terms of earnings and position.

Strengthening the distribution network

The efforts of recent years to strengthen the European distribution network continued. The integration of our distribution network gives us a good base for continued profitable growth, especially in service-related operations. The successful distributor in the Netherlands, Beers, of which Scania previously owned 50 percent, is a wholly owned subsidiary beginning in 2001.

In other markets, too, we are making extensive efforts to improve the organisation and broaden the product range both at Scania-owned and independent distributors.

New efficient engines

During the year, Scania introduced new V8 engines. These new engines combine superior performance and good operating economy with sound environmental characteristics. They consolidate Scania's strong position in the highest output segment. In line with Scania's modular philosophy, many components in the V8 are shared with the 11- and 12-litre six-cylinder engines.

The V8 engines have been very well received by customers. Production quickly took off, providing a good contribution to earnings during the latter part of the year.

In January 2001, Scania introduced a new 470 horsepower turbocompound variant of our six-cylinder 12-litre engine. It features new fuel injection technology that boosts its efficiency and makes for quiet, comfortable driving. The new engine strengthens Scania's product range in a growing market segment of European long-haulage.

In harmony with the environment

Throughout Scania, there are continuous efforts to reduce our impact on the environment. Scania's industrial system has an environmental management system that is certified according to ISO 14001 international standards. Work is underway to certify the distribution and service organisation as well. Scania is also requiring major suppliers to be environmentally certified by the end of this year.

The aim of our development work is to reduce the environmental impact of Scania products throughout

their life cycle. Scania's unit cylinder concept and its engine management and fuel injection systems have laid a very good foundation for satisfying future needs and demands for quiet, fuel-efficient vehicles with ever-lower emission levels.

Lower demand in Europe

In western Europe, order bookings for heavy trucks peaked after mid-year. High fuel costs adversely affected the transport industry, triggering strikes and protest actions later in the year in various parts of Europe. The exchange rate of the euro is creating uncertainty in the European economy, and the US economic slowdown is increasing the risk of a general recession. There is every reason to expect lower demand in western Europe during 2001.

The good growth that Scania has experienced over the past few years provides a good base for the future, although, in the short-term perspective, I foresee a shrinking European market. As I judge it today, higher volumes in Latin America and Asia, combined with a weaker Swedish krona and greater efficiency in our organisation, should be able to offset these effects.

I would like to close by thanking all our employees for their solid dedication, outstanding contributions and very fine earnings performance despite an uncertain beginning of the year.



Leif Östling, *President and CEO*



Scania share data

Scania's share capital is distributed among 100 million A shares and 100 million B shares. Each A share represents one vote and each B share one tenth of a vote. Otherwise there are no difference between these types of shares. The nominal (par) value per share is SEK 10.

Market listings

Since 1 April 1996, both types of Scania shares – Series A and Series B – have been quoted on the OM Stockholm Stock Exchange (SSE) and on the New York Stock Exchange (NYSE). In Stockholm, both A shares and B shares are quoted on the SSE's A list. A round lot consists of 100 shares.

On the NYSE, Scania shares are traded in the form of American Depositary Receipts (ADRs), consisting of 10 shares, and Citibank is the depository bank. Scania shares are also traded on the London Stock Exchange Automated Quotations system for non-UK equities (SEAQ International).

Ownership structure

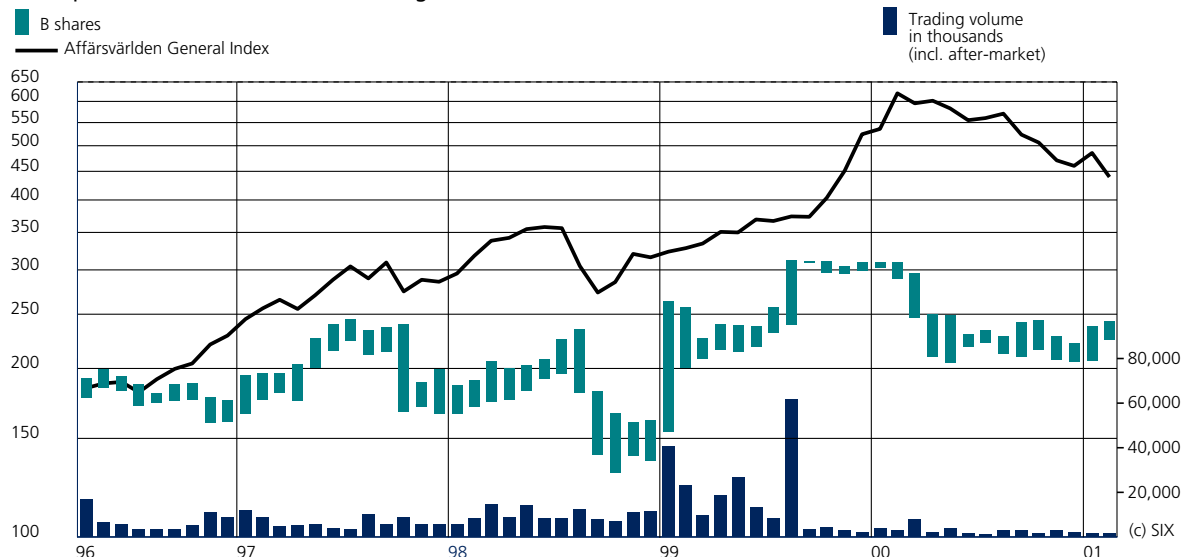
On 27 March 2000, Investor agreed with Volkswagen AG to sell 34.0 percent of the voting power and 18.7 percent of share capital in Scania. Since this transaction, Volkswagen AG has been Scania's largest owner in terms of votes. Investor's stake in Scania after the sale amounts to 15.3 percent of the votes and 9.1 percent of the capital. Investor is thus Scania's third-largest shareholder.

Volvo has 30.6 percent of the votes and 45.5 percent of the capital in Scania. Volvo is thus Scania's second-largest owner in terms of votes and largest owner in terms of capital. According to the European Commission, Volvo may not exercise any ownership influence. In September 2000, when the European Commission approved Volvo's acquisition of Renault's truck operations, it did so on the condition that Volvo divest its holding in Scania within three years from the approval of this transaction by US antitrust authorities, that is by the end of 2003.

Apart from the above-mentioned companies, Alecta (formerly SPP) remained as a major shareholder, with 2.4 percent of the capital and 3.8 percent of the votes.

On 31 January 2001, the number of shareholders in Scania was about 41,000, a decrease of 2,000 since the beginning of 2000. Non-Swedish ownership amounted to 23.3 percent of capital and 37.1 percent of votes. The corresponding figures for 1999 were 9.3 and 7.9 percent, respectively.

Share price, OM Stockholm Stock Exchange, Scania B shares



Share price and trading

The performance of the OM Stockholm Stock Exchange during 2000 was characterised by great volatility and record-high trading volume.

B shares – the more heavily traded of Scania's two series – fell by 31.0 percent in price during 2000. During the same period, the index of Swedish engineering companies fell by 18.9 percent and the SSE General Index fell by 12 percent.

At year-end, B shares were quoted at a market value of SEK 210. This was equivalent to a market capitalisation of SEK 41,600 m. The highest closing price for B shares during the year was SEK 310 on 7 January. The lowest, SEK 205, was paid on 3 May.

Scania share trading volume

On average, about 175,000 Scania shares changed hands each trading day in Stockholm, for a turnover rate of 23 (133) percent, compared to 107 (94) percent on the SSE as a whole. In New York, an average of about 1,300 Scania ADRs were traded per day, up by 200 from the year before. At year-end, there were 86,000 ADRs outstanding, the same number as in 1999.

Beta coefficient

According to SSE calculations, the beta coefficient for Scania's B shares was 0.66 at year-end. This means that on average, Scania shares fluctuated less than the average for the Exchange. The explanatory value for Scania shares was 0.14. This means that 14 percent of the changes in Scania shares could be explained by overall changes on the SSE.

Dividend

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 7.00 per share for the financial year 2000. The dividend for 1999 amounted to SEK 7.00 per share.

Dividend policy

The intention of the Board of Directors concerning dividends is that they should reflect the long-term performance of Scania's business rather than year-to-year fluctuations in earnings due to the cyclical nature of the heavy vehicle industry.

Scania on the Internet

Scania's website, www.scania.com, includes continuous information about Scania, Scania shares, quarterly reports and Annual Reports and provides a way to contact Scania's Investor Relations department.

Per share data			
SEK (unless otherwise stated)	2000	1999	1998
Earnings	15.40	15.73	11.25
Shareholders' equity	78.50	67.75	59.30
Dividend (2000: proposed)	7.00	7.00	6.50
Market prices, B shares (at closing)			
Highest for the year	310.00	312.50	230.00
Lowest for the year	205.00	157.50	132.50
Year-end	210.00	306.50	150.00
Price/earnings ratio, B shares	13.6	19.5	13.3
Dividend payout ratio, %	45.5	44.5	57.8
Dividend yield, % (B shares) ¹	3.3	2.3	4.3
Annual turnover rate, %	23	133	88
Number of shareholders	41,000 ²	43,000 ³	39,000 ⁴
Average daily number of shares traded, 2000:			
– OM Stockholm Stock Exchange		A	37,000
		B	138,000
		Total	175,000
– New York Stock Exchange		A ADRs	634
		B ADRs	650
		Total	1,284
¹ Dividend divided by the market price of a B share at year-end. ² On 31 January 2001. ³ On 29 February 2000. ⁴ On 29 January 1999.			

The ten largest shareholders, 31 January 2001		
	% of voting power	% of capital
Volkswagen	34.0	18.7
Volvo	30.6	45.5
Investor	15.3	9.1
Alecta (formerly SPP)	3.8	2.4
SHB sphere	2.0	1.8
Nordea mutual funds	1.1	1.0
Wallenberg sphere	0.8	3.8
SPP Livförsäkring	0.8	0.6
SEB sphere	0.8	0.6
AMF Pension	0.5	0.6
Total	89.7	84.1

Ownership structure, 31 January 2001			
Number of shares		% of shareholders	% of capital
1–	500	90.0	2.5
501–	2,000	7.6	1.6
2,001–	10,000	1.8	1.6
10,001–	50,000	0.4	1.8
50,001–	100,000	0.1	1.3
>	100,000	0.1	91.2
Total		100.0	100.0



POWDER-TRANS

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Vision, mission statement and focus

Vision

Scania shall be the leading company in its industry by creating lasting value for its customers, employees, shareholders and other stakeholders.

Mission statement

Scania's mission is to supply its customers with high-quality vehicles and services related to the transport of goods and passengers by road. By focusing on customer needs, Scania shall create value-added for the customer and grow with sustained profitability. Scania thereby generates shareholder value.

Scania's industrial operations specialise in developing and manufacturing vehicles, which shall lead the market in terms of performance, life-cycle cost, quality and environmental characteristics.

Scania's commercial operations, which include distributors and service points, shall supply customers with equipment and aftersales support that provides maximum availability at minimum cost over the service life of their vehicles.

Focus

Concentration on heavy transport vehicles

Scania's operations focus on heavy transport vehicles. In mature markets, demand for heavy trucks and buses increases with GDP growth. In developing countries, it increases as infrastructure expands and standards of efficiency improve in the transport industry.

Heavy vehicles are specialised products that are used as a highly efficient link in the logistics chain. Scania's trucks and buses as well as its industrial and marine engines have an established reputation as quality products, both in terms of performance and price.

Modular product system and global production system

The more closely a vehicle is adapted to its transport task, the better the customer's operating economy will be.

Scania's modular system is based on the use of common components for a number of different specifications. This creates customer benefit by making it possible to specify vehicles individually. It also leads to improved quality and simplified parts management and contributes to a higher degree of service.

The modular system limits the total number of components in Scania's product range. It thereby allows considerably longer production runs for these components than a conventional product system. Scania's modular product range and global quality standards make it possible to use the same process engineering at all Scania facilities.

Complete range of vehicles, services and financing

Offering the best package solutions in the market is the key to implementing Scania's growth targets. Scania's

customers demand round-the-clock access to their vehicles. This presupposes rapid access to service and repairs. In addition to its vehicle development work, Scania is continuously improving its distribution and service network. Customer financing is also an important element of Scania's complete product range.

Focus on growth markets

Scania's main markets – Europe, Latin America and Asia – have good potential for long-term growth.

A borderless Europe of growing economies is offering major opportunities to manufacturers with a well-developed distribution and service network.

In Latin America, a long-term increasing share of both goods and passenger traffic utilises heavy vehicles. The demand for vehicles, services and financing is increasing.

Asia is a long-term growth market. As the infrastructure improves, a streamlining of the transport sector will become possible.

Employees

One of Scania's most important resources is its advanced expertise. The experience, knowledge and resourcefulness of its employees are the foundations of profitability and growth at Scania.

The work of Scania is based on active collaboration. A guiding principle at Scania is coordinated independence. All departments apply overall quality and productivity guidelines, combined with far-reaching delegation of responsibility.

Human resource development

Human resource development is supported by work enrichment, job rotation and training.

Work enrichment and job rotation in the production mean that work is performed in teams, with the management position rotating among employees.

Scania's industrial research programme enables graduate engineers to combine permanent employment with research at the licentiate or doctoral level.

The Scania Marketing Academy provides academically accredited training that strengthens the business skills of Scania's marketing organisation and develops leadership talent. The Scania Marketing Academy is implemented in collaboration with the Stockholm School of Economics.

New vehicle technology creates new training needs, and Scania is continuously expanding its IT-related training. During 2000, for example, a new Technical Training Centre opened in partnership with Loughborough College in Leicestershire, England.

Scania continued to invest in training programmes for the employees of its distributors and service facilities. During 2000, one main theme was Dealer Operating Standards (DOS).



Collaboration between Scania employees in different countries facilitates exchanges of experience, here in connection with a field test in Portugal.

Scania runs a management development programme in collaboration with leading training institutes and universities.

Basic environmental training is a requirement for all employees at Scania.

Scania operates a technical upper secondary school in Södertälje. Scania-affiliated industrial schools are also located in Zwolle and São Paulo.

During the year, Scania continued to improve its trainee programme to ensure a long-term supply of employees for key positions.

Global corporate culture

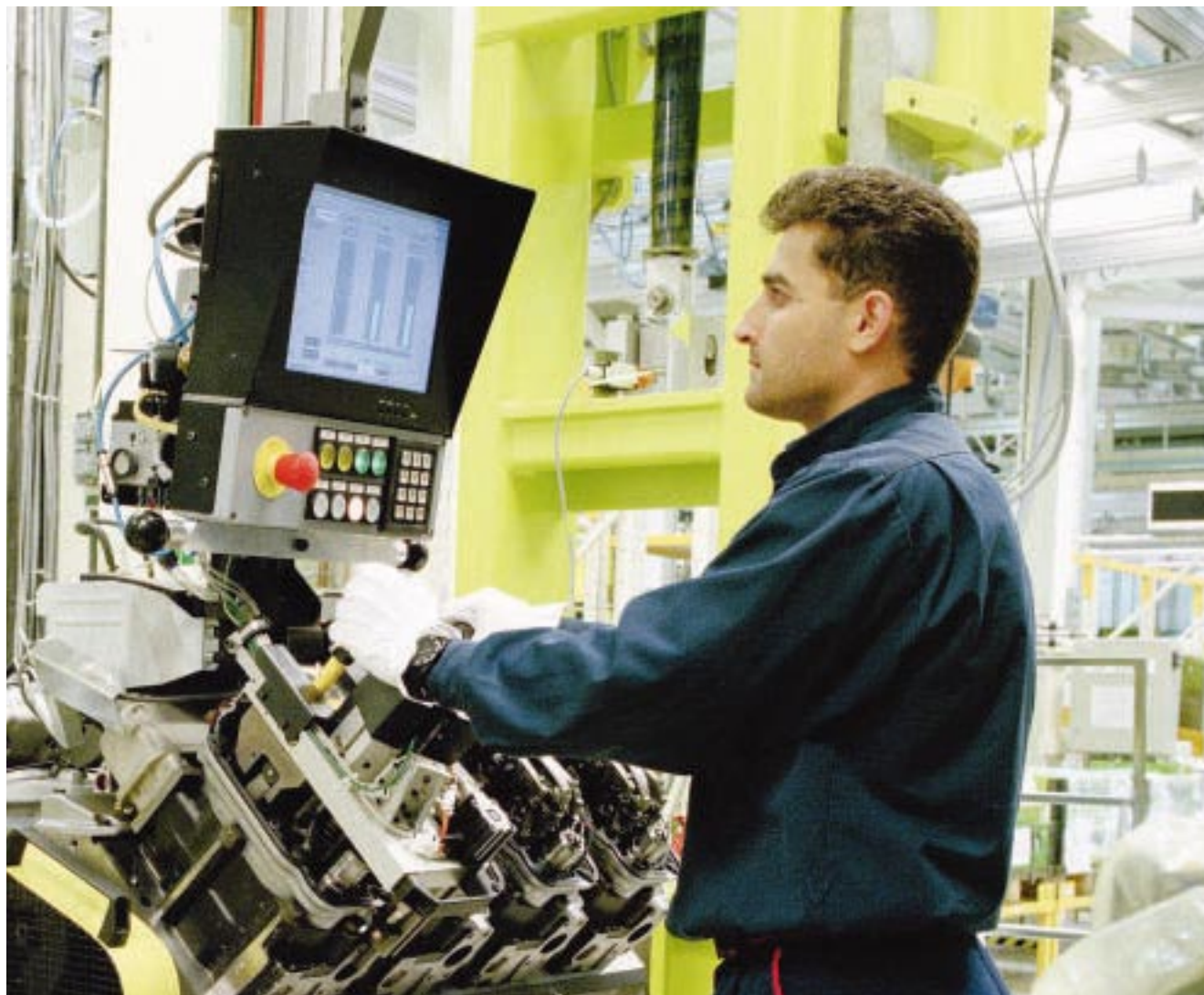
The Personnel Exchange Programme (PEP) broadens the skills of Scania employees and enables them to work in other countries.

Each year some 40 employees have an opportunity for supervised work during a limited period at a Scania unit abroad. Since 1988, nearly 500 Scania employees have completed the programme.

Motivating employees

A good working environment, personal responsibility and teamwork provide motivation. Combined with earning-based bonus systems, they increase employee participation and dedication. In Sweden, the bonus system is based on the year's delivery assurance and productivity growth. Funds are transferred to a foundation in which each employee holds shares. At year-end 2000, the foundation owned 0.4 percent of Scania's shares. In France, the bonus is determined by earnings, quality and delivery precision, and in the Netherlands by earnings and low absenteeism.

In Latin America, the bonus is based on production, low absenteeism, market leadership, teamwork and improvement efforts.



Assembly of the new 16-litre V8 engine is quickly learnt, since many of the components are shared with Scania's other engines.



Trucks

Scania develops, manufactures and markets trucks with a gross vehicle weight of more than 16 tonnes (Class 8), intended for long-distance haulage, construction haulage and local distribution of goods.



Buses

Scania's bus and coach operations focus on the heavy market segment. The product range consists of bus chassis and fully-built buses for more than 30 passengers intended for urban and intercity traffic and as tourist coaches.



Industrial and marine engines

Scania's industrial and marine engines are often built into products manufactured by others. About half of deliveries are for generator sets. One third are marine engines for ships and pleasure craft. The remaining engines are installed, for example, in earthmoving and agricultural machinery.

Product concept

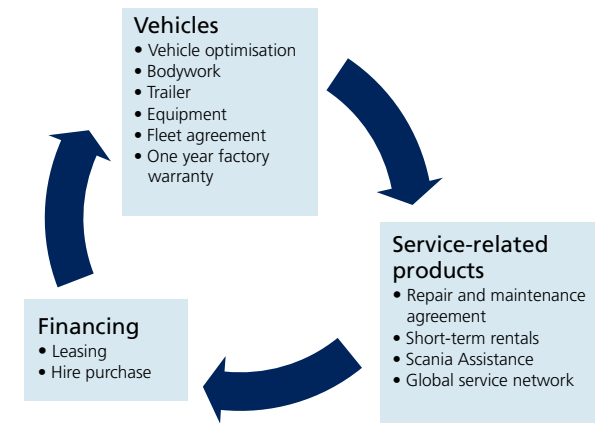
Scania focuses on the development and production of both vehicles and services. Service-related products are of growing importance, since customers utilise their vehicles more and more intensively. Customer financing is another important element of Scania's product concept.

To an increasing extent, buyers of heavy vehicles want specific solutions that enable them to utilise each vehi-

cle optimally. The better Scania's vehicles and service are adapted to the customer's transport task, the better the customer's earnings capacity will be.

Scania combines its broad selection of vehicles and service-related products on the basis of customer wishes and needs.

To give customers easy access to Scania's products and services, Scania has a broad, extensive network of 1,000 local distributors and 1,500 service points that cover about 100 of the world's countries.



By its collective knowledge concerning products, services and financing, Scania contributes to the profitability of its customers.

Production system

Scania has a global production system based on specialised component workshops and assembly plants. In its work, the priorities are safety and the environment, quality, delivery assurance and profitability.

Global production system

Scania has a global production system, with plants in a number of countries and on different continents. The components are the same regardless of whether production occurs in Europe, Latin America or some other part of the world. Shared components are also increasingly utilised in trucks, buses and industrial and marine engines. Today's truck and bus chassis may share up to 85 per cent of their components. Scania's industrial and marine engines are also developed on the basis of truck engines.

Scania's production system is built around a number of common philosophies, principles and priorities. The foundation of Scania's work is putting the customer first, respecting the individual and eliminating waste.

Day-to-day production follows four main principles: a standardised working method, doing things right the first time at every stage, consumption-controlled production and continuous improvements.

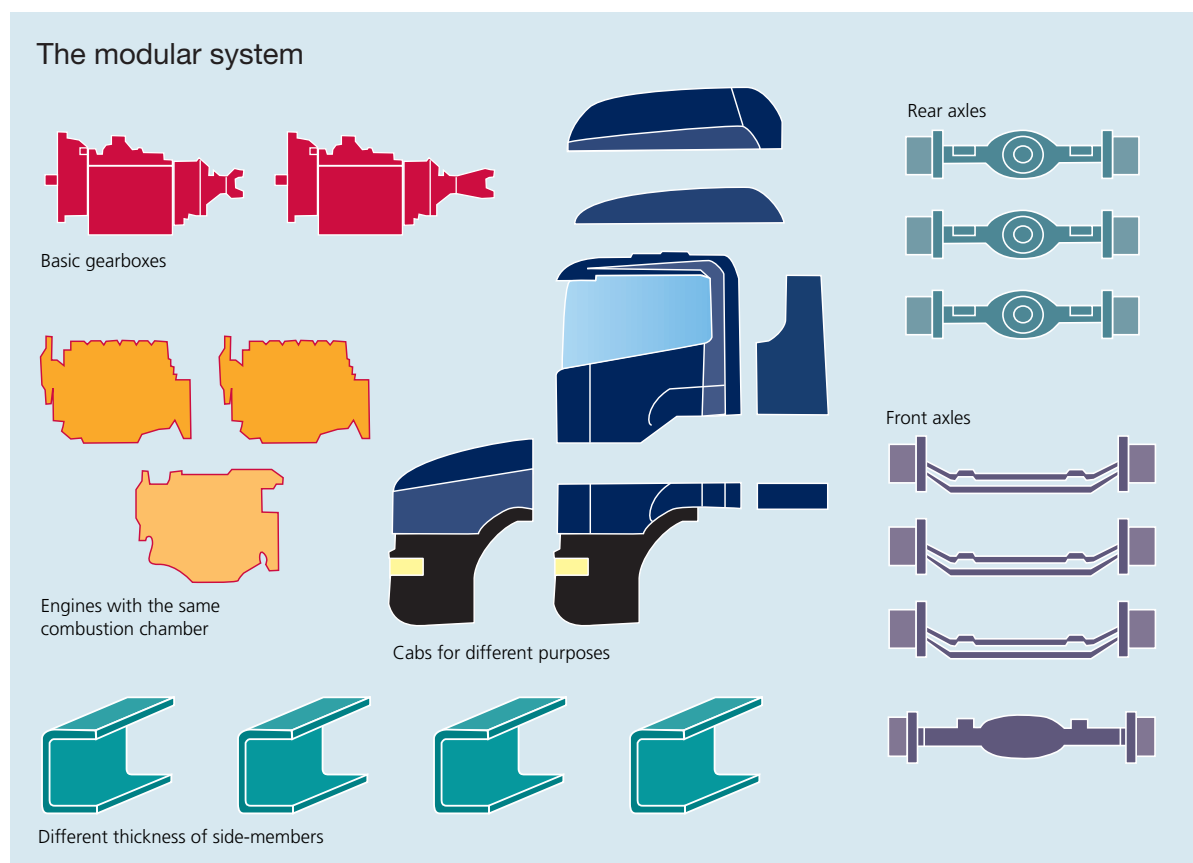
Modular product system

The modular system is based on the concept that most components can be used in many different specifications. This results in a nearly unlimited number of possible combinations and thus vehicles that are tailor-made for Scania's customers. At the same time, the total number of components included in Scania's product range is limited.

The modular system provides economies of scale in development, production and maintenance. Production runs are longer than in a conventional product system. The modular philosophy and uniform quality standards enable the same process engineering to be used at all Scania plants. Having fewer components in the product range also contributes to easier service and maintenance.

The modular system

Product specifications are based on customers' individual needs. The modular system enables Scania to offer tailor-made vehicles that increase the profitability of the customers, while ensuring Scania's cost-effectiveness.



Product development

The development of new product platforms and refinement of existing products are the main tasks of Scania's product development units.

This work is concentrated at the Scania Technical Centre in Södertälje.

Scania's research and development expenses rose during the year to SEK 1,621 m. (1,267). The new V8 engine and the 470 engine were tangible results of Scania's product development work. In addition, Scania launched new IT products from Scania Infotronics.

One consequence of Volvo's planned acquisition of Scania was that certain Scania R&D projects were halted early in 2000 in conjunction with the integration discussions that were taking place at that time. These projects were resumed at full intensity after the buyout did not materialise.

The new V8 – the leading high-output engine

During the spring, Scania launched a new high-output 16-litre V8 engine delivering up to 580 horsepower. It replaces Scania's 14-litre V8 engine from 1969, which once helped cement Scania's reputation as "King of the Road". The new V8 builds on a long tradition of technical prestige. Power, service life, operating economy, image and a unique rumbling sound are among the traits that have epitomised a Scania V8. Sales of the new engine began in May and increased gradually during the year.

Increased performance

The engine was developed to provide higher engine output, better driveability and lower fuel consumption.



Prestigious new V8 engine

Scania's new V8 is the most powerful Euro 3 engine in the market. It combines exceptional performance and excellent operating economy with good environmental characteristics.

The top 580 horsepower variant develops a torque of 2,700 Newtonmetres at low engine speeds.

Electronic engine management system

The engine has an electronic management system featuring an electrically controlled unit fuel injector developed by Scania's engineers to achieve the best possible performance and the least possible environmental impact. The engine management system works together with the vehicle's other electronic systems via a Computer Area Network (CAN bus). The CAN bus enables the vehicle to process and transfer larger quantities of data, among other things providing access to increased information.

The number of electrical connections is minimised, which enhances reliability. The new electronic management system also makes it possible to link the vehicle directly to the Internet, which will be standard in the future.

Efficient engines

The new V8 delivers higher output and more efficient combustion than earlier engine generations. To reduce fuel consumption further, it is possible to equip the vehicle with a newly developed electronically actuated cooling fan. This saves the customer fuel and results in more efficient engines.

The engine has been built to meet future emission restrictions, while maintaining low fuel consumption.

Forward-looking modularisation

Many of the components in the new V8 are the same as those used in Scania's latest six-cylinder engines. The engines were developed from the same platform, in keeping with Scania's modular philosophy, which reduces development costs.



Mobile computer

The system's handheld computer can store data on such parameters as fuel consumption and average speed.

Fleet Analysis System

The Fleet Analysis System analyses a vehicle's driving characteristics, based on road conditions and driving techniques. It is supplemented with a Performance analyser as an aid for driver training.

The advantages are clear when servicing vehicles. Mechanics are already familiar with the engine's basic structure, thereby reducing the time spent on servicing. At the same time, supplying parts is simplified.

Mobile telecommunications

Scania's development work in mobile communication and Internet products for use in vehicles is being concentrated at Scania Infotronics, which became a wholly

owned subsidiary in May. Scania Infotronics launched its first two products: a trip computer application known as the Fleet Analysis System and a related Performance analyser. These products make it easier to learn efficient driving techniques, thereby reducing customers' fuel and operating expenses.

The 470 engine

In January 2001, Scania introduced a new 470 horsepower version of its modular 12-litre 6-cylinder engine.

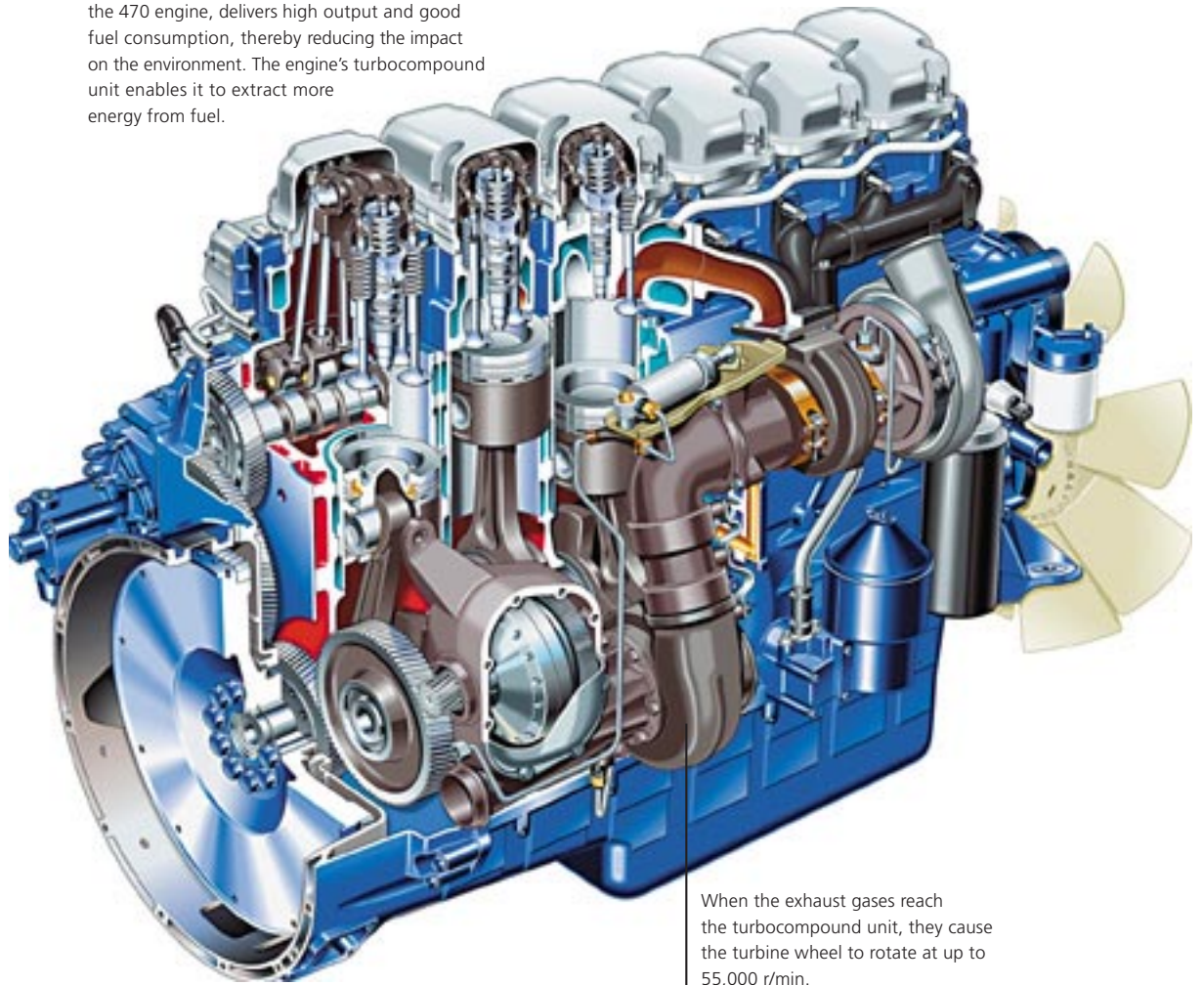
The engine has a turbocompound unit – an extra turbo – that extracts additional energy from the fuel. This reduces the engine's fuel consumption and environmental impact. The engine has been built to meet future emission standards.

The 470 engine has a Scania-developed electronic management system. A new fuel injection system allows more efficient combustion and quieter driving. This system was developed in partnership with the American engine manufacturer Cummins and is produced by the jointly owned company Cummins-Scania High Pressure Injection L.L.C.



Advanced engine technology and environmental focus

Scania's new 12-litre turbocompound engine, the 470 engine, delivers high output and good fuel consumption, thereby reducing the impact on the environment. The engine's turbocompound unit enables it to extract more energy from fuel.



When the exhaust gases reach the turbocompound unit, they cause the turbine wheel to rotate at up to 55,000 r/min.

Production

Production volume in European operations was record-breaking during 2000. Scania's flexible production system made it possible to meet demand while maintaining short delivery times.

Scania has production facilities in Europe and Latin America, plus assembly plants at a number of locations in Africa and Asia. The European production units supply the markets in Europe as well as in Asia, Africa and Australia. The production system in Latin America primarily supplies the Latin American market.

Production in Europe

During the year, a total of 46,300 (42,300) vehicles were produced in European operations, of which 44,200 (39,800) were trucks and 2,100 (2,500) buses. Industrial and marine engine production totalled 1,900 (2,100) units.

Productivity, measured as the number of vehicles manufactured divided by hours worked, rose by 9.6 percent.

The workforce at European production units grew during the year to a total of 10,000, with 71 percent working in Sweden, 21 percent in the Netherlands and 5 percent in France. The proportion of employees on time-limited contracts rose during the year, which improved flexibility.

The pay level rose by 3.5 percent in Sweden, compared to 5.5 percent in the Netherlands and 3.5 percent in France, calculated in local currency. The rapid pace of production resulted in substantial overtime work.

Material costs per truck produced, expressed in local currency and with an unchanged specification level, declined somewhat during the year.

Depreciation fell compared to 1999. Capital expenditures in production operations totalled SEK 830 m. (780).

Comprehensive projects

The task of improving the production system and creating a uniform working method continued throughout the organisation. Quality, delivery assurance and reduced impact on the environment are the top priorities. In day-to-day work, four main principles are to be followed: a standardised working method, getting things right the first time at every stage, consumption-controlled production and continuous improvements.

Scania involved its suppliers in projects related to quality and delivery assurance.

Increased coordination

The restructuring of the Södertälje chassis workshop into two chassis lines continued. One line is for regular production, and the other for fine-tuning of new products in order to streamline the transition to new production series.

Concentration and coordination of the production system continued during the year. The centralisation of axle and cab production was completed. Engine manufacture is being concentrated in Södertälje. In Zwolle, the Netherlands, capacity was expanded.

Production in Latin America

Thanks to some recovery in demand, primarily in Brazil, production volume rose during the year. A total of 9,300 (7,200) vehicles were produced. This included 7,200 (6,000) trucks and 2,100 (1,200) buses. In addition, 760 (740) industrial and marine engines were produced.



Cabs for Scania's European operations are made in Oskarshamn, Sweden. Here a rear-view mirror is being fitted to a cab. The cabs are then delivered to Södertälje, Sweden; Zwolle, the Netherlands; Angers, France; Slupsk, Poland or one of Scania's other assembly plants.



Production is carried out in teams. The role of team leader rotates among the members.

In order to ease work pressure at European plants, Latin American production units delivered engines, gearboxes and fully assembled trucks to Europe. In addition, they produced buses for Africa.

The proportion of components manufactured in the region increased. During the year, 82 percent of components came from local suppliers in Brazil and Argentina, compared to 69 percent when the production of the 4-series began.

The action programme aimed at adapting the cost situation to demand and decreasing the manufacturing cost per vehicle continued. Since 1998, the number of production employees has diminished by 9 percent.

The vehicle industry in Brazil suffered brief strikes. Good production flexibility enabled Scania to cope with strike interruptions without losing volume.

Procurement

Scania began an effort to integrate a number of advanced key suppliers into its operations. These suppliers are joining the development and production process at an earlier stage. They will participate in operations in the same way as Scania's own units.

Quality and delivery assurance

Scania's customer order-controlled production system places strict demands on all links in the value chain, from external to internal suppliers, to deliver the right products with the right quality at the right time.

Quality and delivery assurance are very important factors in choosing sub-contractors. Beginning on 1 January 2001, all of Scania's suppliers must be certified according to the QS 9000 quality programme. They must also have an ISO 14001 certified environmental management system by the end of the year.

Supplier structure

The restructuring of the supplier network continued. Forged components and foundry products were subjected to special review during the year.

The number of suppliers to the European production units decreased by 10 percent. At the end of the year, Scania had 840 production suppliers, of which 600 in Europe and 240 in Latin America.

Scania decided to establish procurement offices in additional countries. Suppliers of key components must be located close to the company's production facilities. Other suppliers are chosen more freely in order to obtain components at lower cost.

E-procurement

During the year, Scania installed and evaluated a number of pilot systems for e-procurement (purchasing via the Internet), mainly for obtaining indirect materials.

Concentrated transport systems

An updating of Scania's transport systems began. Scania intends to collaborate with a small number of logistics suppliers to create an integrated, optimised transport system for its European operations. This will improve delivery precision and reduce total costs. The installation of this transport system begins during 2001.



In Brazil, engines are manufactured mainly for the Latin American market. Here the engine block of Scania's millionth vehicle is being completed.

The environment

Scania works to reduce the impact of its products on the environment throughout their life cycle. On the basis of its ISO 14001 certified environmental management system, the company systematically examines and evaluates every element of its operations. Cleaner products, cleaner production and greater resource efficiency are the objectives.

Integrated environmental work

Environmental work is integrated into Scania's operations and has the same importance as quality, training and economic issues.

Today Scania's entire industrial system works under an environmental management system that is certified according to ISO 14001 international standards. It is Scania's ambition to introduce environmental management systems in its distribution and service network.

Scania is also requiring suppliers of products and components to be ISO 14001 certified by no later than the end of 2001.

Optimised vehicles

Scania's well-developed modular system makes it possible to specify a vehicle, both in terms of the customer's particular transport needs and standards of environmental performance. To support this, Scania has developed environmental declarations for its products.

All of Scania's new engines meet the EU's Euro 3 emissions standards. Customers who wish to lower emissions even further have the option of adding

particulate filters and catalytic converters. Scania also supplies engines powered by ethanol and gaseous fuels.

Environmental economic reporting

For Scania, it is important to examine the correlation between environment and economics, thereby making it possible to link environmental savings to financial results. This is why the company has been working in recent years to improve its environmental economic reporting. Based on Scania's environmental key figures, environmental and financial managers have drafted common definitions and reporting procedures.

Beyond continuous reporting in each operation, Scania conducts annual follow-ups of such items as raw material, chemical, energy and water use. Results, targets and actions are presented in Scania's separate Environmental Report.

During 2000, overall costs for raw material, chemical, energy and water use were about SEK 1,750 m., which is equivalent to 3.3 percent of Scania's sales.

Environmental investments are defined by Scania as investments, brought about only by environmental reasons, aimed at reducing the impact on the outside environment. An investment is often brought about by several different reasons of which the environment is an important aspect. During 2000, Scania invested SEK 1,825 m. in property, plant and equipment, of which SEK 23 m. are classified as environmental investments.

Operating permits and insurance

Most of Scania's facilities around the world are required to have operating permits. In Sweden, Scania's operations at all six of its production units require permits under the Environmental Code. Operations requiring permits employ 10,300 people. All production units have

been examined in recent years to receive new permits.

During 2000, no incidents were reported that led to any significant environmental impact and thus caused increased operating costs.

Insurance for environmental damage is not reported separately, but instead falls under general liability and producer liability insurance.

Scania's Environmental Policy

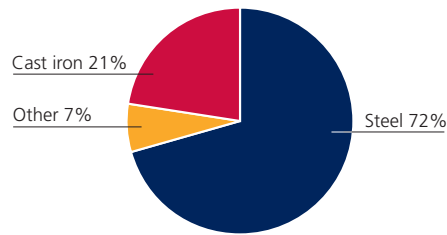
As a global manufacturer and distributor of heavy commercial vehicles, engines and related services, Scania is committed to develop products that pollute less and consume less energy, raw materials and chemicals during their life cycle.

In order to achieve this:

- we strive to maintain a lead in commercially applicable technologies
- we work well within legal demands and promote internationally harmonised, effective environmental requirements
- we prevent and continuously reduce the environmental impact through development of products, services and production processes
- we take the environmental aspects and objectives into account in our daily work
- we have an open and regular communication with our interest groups regarding our environmental work

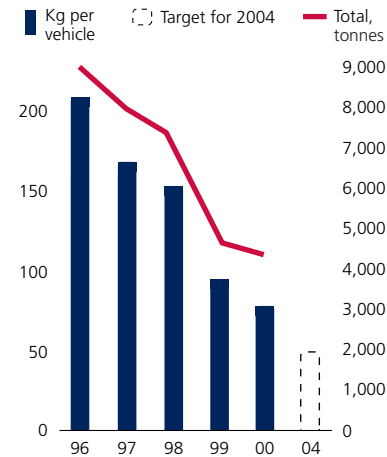
By this we contribute to economical and ecological advantages for our customers and for society. Proactive environmental work is therefore of vital importance to Scania.

Raw material use year 2000



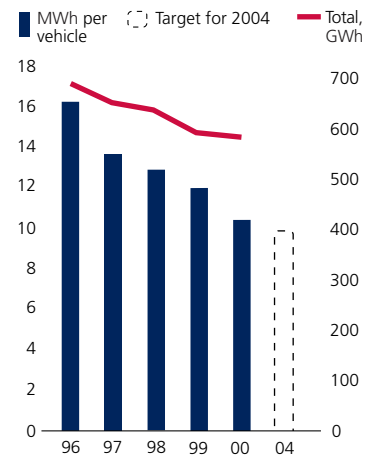
In 2000, total raw material consumption was about 180,000 tonnes, or 3.2 tonnes per vehicle.

Wastes sent to landfills



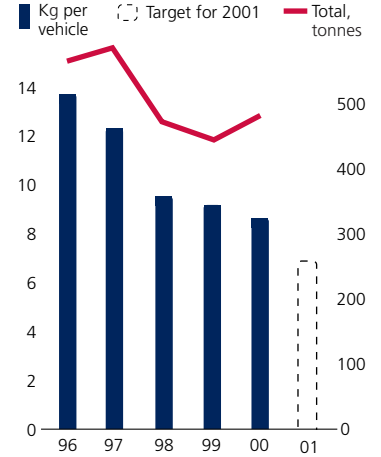
Wastes sent to landfills during 2000 totalled about 4,300 tonnes, or 77 kg per vehicle, excluding foundry sand.

Energy use



During 2000, energy consumption totalled about 580 GWh, equivalent to some 11 MWh per vehicle.

Emissions of organic solvents



In 2000, organic solvent emissions from painting/rust-proofing totalled some 480 tonnes, or 8.6 kg per vehicle.

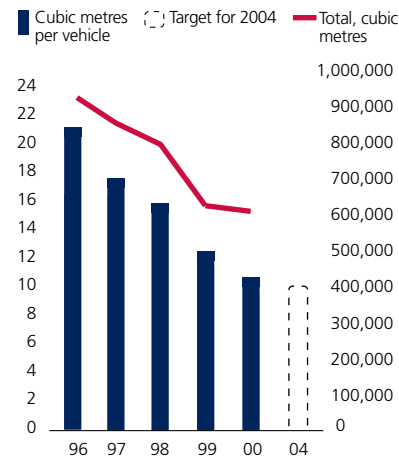
Carbon dioxide emissions related to energy use year 2000

	Energy use, GWh		Carbon dioxide emissions, Ktonnes	
	2000	1996	2000	1996
Electricity	360	360	22	23
District heat	50	130	3	9
Fossil fuels	180	200	46	51
Total	580*	690*	71	83
Per vehicle	11 MWh		1.3 tonnes	

* Subtotals and totals are rounded to multiples of ten.

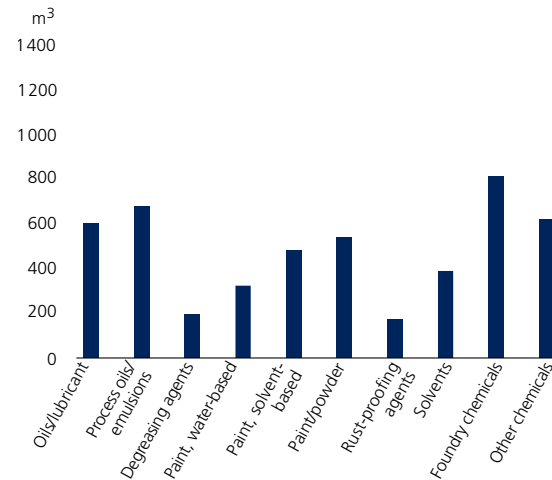
In 2000, carbon dioxide emissions from Scania's production amounted to 1.3 tonnes per vehicle, or a total of 71,000 tonnes.

Water use



During 2000, water consumption was about 600,000 cubic metres, equivalent to 11 cubic metres per vehicle.

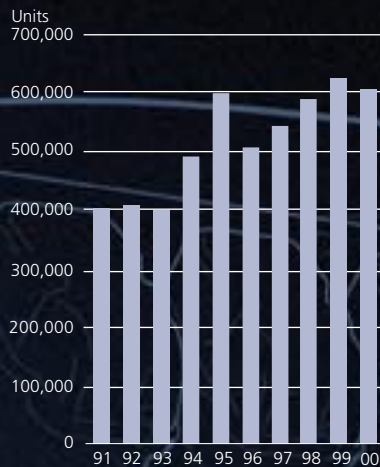
Chemical use year 2000



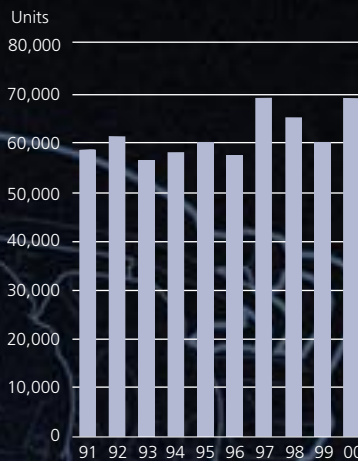
The consumption of chemicals in 2000 was about 4,800 cubic metres, equivalent to 86 litres per vehicle.



World production of heavy trucks
(excluding the former East bloc countries)



World production of heavy buses
(excluding the former East bloc countries)



Vehicles

World production of heavy trucks declined by 4.2 percent to 611,000 (638,000) vehicles. Scania was the fourth largest heavy truck make in the world with a share of 8.4 percent.

World production of buses in Scania's segment – city and intercity buses and tourist coaches for more than 30 passengers – totalled 69,000 (60,000) buses. Scania was the world's fourth largest bus make in the heavy segment with 6.0 percent of the market.

Scania's sales of industrial and marine engines totalled 3,300 (3,300) units.

World production of heavy trucks The ten largest makes		
Make	2000	1999
Volvo	79,091	81,069
Mercedes-Benz	74,057	78,546
Freightliner	70,590	88,517
Scania	51,409	45,795
MAN	43,394	36,576
Navistar	35,862	50,151
RVI	34,490	31,386
Mack	34,361	38,528
Iveco	31,726	32,188
Peterbilt	28,843	31,426

Europe

The demand for heavy vehicles in western Europe reached new record levels. In central and eastern Europe, the market recovered. Scania improved its positions in most markets.

Trucks in western Europe

The total market remained strong and reached a new record level. A total of 244,000 heavy trucks were registered, compared to 236,000 during 1999 and 207,000 during 1998.

All of the large markets in western Europe developed favourably during the year. Despite growing demand, prices could not be raised.

Scania increased its market share to 15.6 (14.9) percent and consolidated its position as the second largest make. Thanks to good flexibility in its production system, Scania was able to respond to increases in demand while maintaining short delivery times.

Scania's order bookings rose by 2.1 percent to 37,000 (36,200) heavy trucks. The number of heavy trucks sold rose by 6.6 percent to 38,500 (36,100).

Mercedes-Benz and Volvo are the competitors Scania encounters in every market. Mercedes-Benz' share of the western European heavy truck market declined to 19.6 (20.9) percent. Volvo's share was 14.9 (14.9) percent.

In Germany, the largest truck market in Europe, 57,500 (58,400) heavy trucks were registered. Scania was the largest imported make, with a market share of 10.1 (9.5) percent.

The French heavy truck market expanded by 7.7 percent to 47,100 (43,800) units. Scania's share was 10.5 (10.7) percent.

The British heavy truck market recovered after its 1999 decline, growing by 3.9 percent to 32,500 (31,300) vehicles. Scania's share amounted to 20.7 (18.1) percent.

The Spanish market increased by 10.3 percent to a new record level of 25,300 (22,900) trucks. Scania maintained its market share of 14.4 percent. In Italy, where the market grew to 25,500 (24,200) heavy trucks, Scania enlarged its market share to 13.1 (12.8) percent.

In the Netherlands, 14,100 (14,000) heavy trucks were registered. Scania boosted its market share to 22.4 (19.4) percent.

The Nordic markets remained at a high level, with 13,700 (14,600) heavy truck registrations in all. Scania's market share in the Nordic countries amounted to 36.7 (35.5) percent. In Sweden, Scania was the market leader with a 50.4 (46.6) percent share.

The markets in Austria, Switzerland, Ireland, Luxembourg and Portugal performed strongly during the year and Scania maintained or strengthened its position.

Due to shorter replacement cycles and lower demand for used vehicles in central and eastern Europe, stocks of used trucks in western Europe sold at a slower pace. This kept down the prices of new vehicles.

Trucks in central and eastern Europe

Demand in central and eastern Europe recovered after a few years of decline and rose to the same level as before the 1998 downturn.

The markets in Russia, the Czech Republic, Hungary and Poland increased strongly and Scania improved its positions. In Poland, Scania became the market leader.

The number of registered new heavy trucks of western European origin rose by about 30 percent to 15,000

(11,600). Scania delivered 2,300 (1,600) trucks to the region.

Scania-owned distribution network

Scania continued to strengthen and expand its own distribution and service network in Europe.

Late in the year, Scania presented an offer to acquire the remaining shares in the listed company Beers N.V., the distributor of Scania products in the Netherlands and part of Germany. Scania previously held 50 percent of the shares in Beers. The transaction was completed in January 2001, making Beers a wholly owned subsidiary.

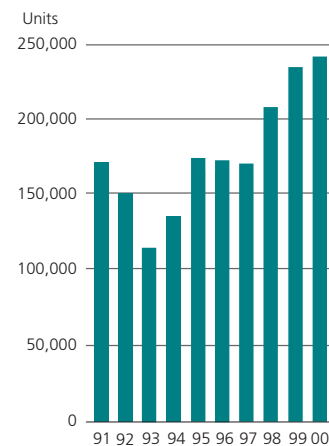
The proportion of new Scania trucks delivered by the company's own distributors rose to about 35 percent of volume. At year-end, Scania owned about 28 (27) percent of its local distributors in Europe. The aim is to gather experience from the entire value chain, from development work to final customer.

Service-related products

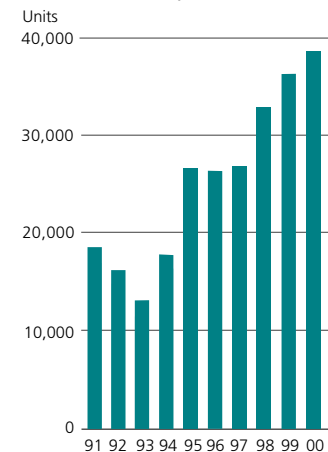
Scania's sales of service-related products in Europe rose by 14 percent and the company's share of the parts market climbed. The demand for service and maintenance packages was largest in Great Britain and the Netherlands. The sharpest growth in sales of service-related products occurred in Germany.



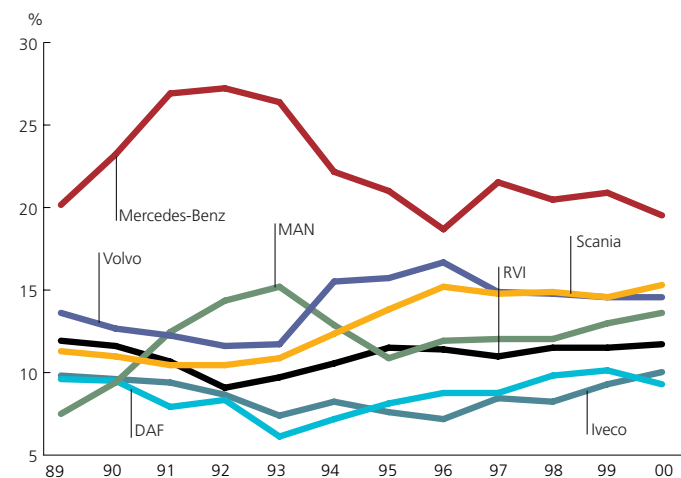
Registrations of heavy trucks in western Europe



Sales of Scania trucks in western Europe



Market shares, heavy trucks in western Europe



Buses in Europe

The total market for heavy buses in western Europe remained at a high level. A total of 23,200 (22,400) buses were registered.

Scania's sales in Europe decreased by 15 percent to 1,700 (2,000) buses and bus chassis. Most fully-built buses were delivered to the Nordic markets.

Scania's market share decreased to 6.1 (8.3) percent. Order bookings totalled 1,900 (1,700) buses and bus chassis. The lack of clarity about Scania's ownership situation until March 2000 created uncertainty among customers about the future of Scania buses. This uncertainty was strongest in the Nordic market, where Scania's market share declined. During the second half of 2000, order bookings recovered.

Despite lower sales, Spain was again Scania's foremost bus market in Europe, with 360 (560) Scania buses registered. Scania's market share weakened somewhat in a shrinking market where prices were strongly depressed.

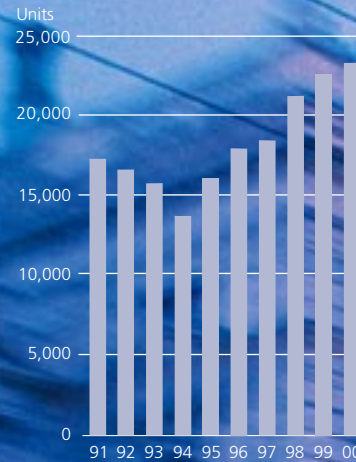
The British bus market shrank during the year and Scania's market share declined, partly due to a change in customer structure.

During the year, Scania made breakthroughs in the city bus markets in Italy, Russia and Luxembourg. In recent years, city buses have represented a growing share of Scania's European bus sales. Of Scania's bus sales in Europe, tourist coaches now account for 50 percent and intercity and city buses for 25 percent each.

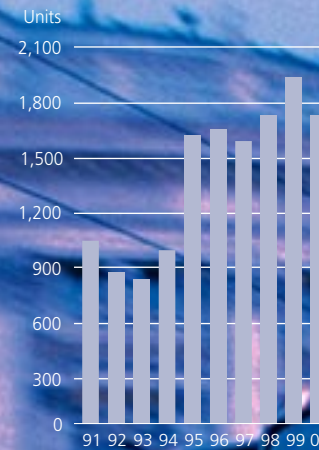
Coordinated bus operations

In order to streamline and coordinate bus operations in 15 European markets, two central distribution organisations, Scania Bus Europe and Scania Bus Nordic, were established during the year. They are independent of the

Registrations of heavy buses in western Europe



Sales of Scania heavy buses in western Europe





truck distribution organisation, since bus sales take place according to an entirely different concept.

Bus Nordic, with its head office in Katrineholm, Sweden, deals with the Nordic and Baltic countries as well as Russia and Ukraine. Bus Europe, centred in Brussels, covers Germany, France, the Netherlands, Belgium, Austria and Switzerland.

This new structure provides a sales organisation closer to the customer that is focused on bus-related issues and well adapted to respond to changes in customer structures in Europe.

In order to improve the profitability of its European bus and coach operations, Scania has initiated a major restructuring programme.

New market conditions

The deregulation of public transport and the concentration in the number of bus operators in western Europe continued. Today there are fewer but larger operators, which enjoy a stronger negotiating position with bus manufacturers. Deregulation also enables Scania to enter markets that were previously dominated by domestic brands.

Customers are demanding a higher degree of vehicle utilisation and comprehensive service packages. Scania offers a total concept that includes service, maintenance and financing, which makes things easier for customers. This increases Scania's share of the after sales service market, which translates to higher revenues.

Customers want to buy their bus from a single supplier that takes overall responsibility. Scania is therefore investing in increasing the share of fully-built buses in its overall bus and coach sales. Scania has also begun strategic partnerships in product development,

after sales market issues and other fields with a number of bodyworking companies in various countries.



Industrial and marine engines in Europe

In Europe, Scania's sales of industrial and marine engines reached 2,100 units, an increase of 20 engines compared to 1999. Early in the year, there was some decline in two important markets, Norway and Great Britain. The strong pound reduced exports of British products that incorporate Scania engines.

To an increasing extent, Scania is channelling its sales of industrial and marine engines via specialised engine distributors. This gives these products a clearer image and more natural exposure.

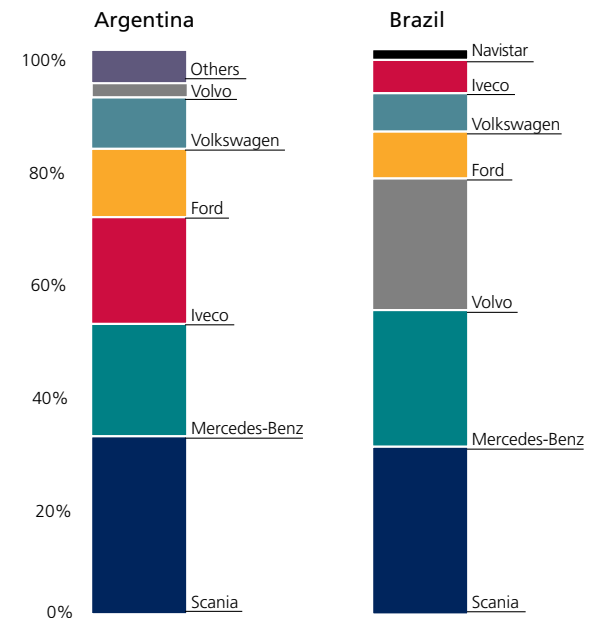
Latin America

Economic stabilisation, especially in Brazil, meant that demand for trucks, buses and industrial and marine engines rose in Latin America.

During the year, demand in Latin America began to recover. The past few years have put the transport industry to a difficult test. Economic turbulence, increased taxes, higher fuel prices and highway tolls have squeezed the profitability of transport companies, leading to a sharp decline in demand for new vehicles.



Market shares, heavy trucks in Argentina and Brazil



Trucks in Latin America

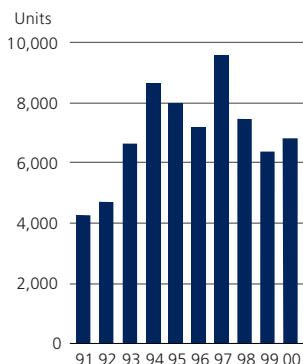
Scania's truck sales in Latin America rose by 8.4 percent to 6,800 (6,300) units.

The total market in Brazil showed a clear upturn during the year, reaching 17,300 (13,500) trucks. New players in the low-price segment continued to capture market share. Scania's market share amounted to 29.7 (31.7) percent, while sales climbed to 5,300 (4,400) trucks.

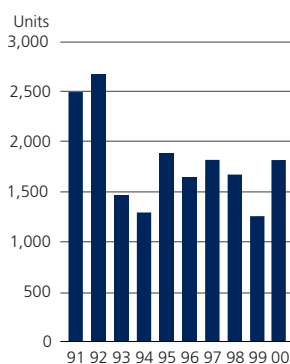
In Argentina, Scania maintained its relative position in a total market that continued to shrink. The total market fell to 3,300 (4,200) trucks. Scania's share was 31.5 (32.5) percent.

The Chilean truck market showed signs of recovery during 2000. The total market amounted to 1,700 (1,200) trucks. Scania's share was 12.1 percent and sales amounted to 200 (110) trucks. Scania expanded its sales and service network during the year.

Sales of Scania trucks in Latin America



Sales of Scania buses in Latin America



In Mexico, the total market remained at a high level, 20,900 (14,800) trucks. Scania's sales amounted to 150 (290) trucks. Scania is establishing its own distribution and service network in Mexico.

Buses in Latin America

Scania's deliveries of bus chassis in the region rose by 50 percent to 1,800 (1,200). This contributed noticeably to the improvement in earnings. Sales increased primarily in Brazil, Argentina and Mexico.

In Brazil, the total market grew to 10,600 (8,100) buses. Scania's deliveries increased to 1,100 (700), and its market share climbed to 10.4 (9.0) percent. In the medium- and long-distance bus segment, Scania dominated the market with a market share of about 30 percent.

In Argentina, Scania increased its sales to a record of 340 (290) buses in a dwindling market. Scania has begun strategic partnerships with leading bus operators, especially in the medium- and long-distance segment. In that segment, Scania's market share during the year amounted to about 50 percent.

In Mexico, Scania resumed bus sales. Deliveries consisted of intercity and tourist coaches. Ethanol-powered city buses in Scania's Omni series operated in test service in Mexico City and Guadalajara.

Industrial and marine engines in Latin America

Scania's sales of industrial and marine engines in Latin America rose to 760 (740) units.

In Brazil, there was an increase in deliveries of engines for mobile telephone network generator sets, as well as engines for compressors and other types of generator sets.



Asia, Australia and Africa

The truck market developed favourably, especially in Asia. Scania's long-term investments in buses that deliver high-level environmental performance made a strong breakthrough during the year.

Scania's truck sales in Asia, Africa and Australia rose by about 75 percent to 4,800 (2,700) units. Order bookings nearly doubled to 5,000 (2,600) vehicles.

Trucks in Asia

Most Asian markets began to recover following the economic problems of recent years in the region. Scania strengthened its presence in South East Asia and took over distribution operations in Thailand and Malaysia.

Scania showed robust growth figures in most countries of East and South East Asia. Sales in Asia rose by almost 130 percent to 3,400 (1,500) trucks.

In Hong Kong, Scania's sales tripled. Sales also climbed significantly in Taiwan, Thailand, Malaysia, Singapore and South Korea.

Demand remained weak in most countries of the Middle East. Deliveries within the framework of the United Nations "Oil for Food" programme increased, however. Scania's independent distributors in Jordan and Lebanon invested in new importing and service facilities. Deliveries to Israel rose sharply and Scania enlarged its market share.

In Turkey, demand recovered temporarily early in the year and Scania's deliveries rose.



Trucks in Australia

In Australia, the market weakened, partly due to shifts in demand when new goods and services tax (GST) rules were introduced.

Trucks in Africa

In North Africa, Scania consolidated its leading position in Morocco with a market share of about 32 percent. In Egypt, the total market was weak, at the same time as Scania changed distributor. In southern Africa, too, markets were weak.

Buses

Scania's sales of buses and coaches in Asia, Africa and Australia totalled 630 (520) units, an increase of 20.0 percent. The most important bus markets were South Africa, Morocco, Australia and Taiwan.

In South Africa, deliveries of the 340 buses ordered by Great North Transport in Northern Province began. Scania has designed a complete public transport system including vehicles, service contracts, workshops, driver training and traffic planning.

In Morocco, Scania continued to be successful in the city bus segment.

To date, Australia is Scania's largest market for buses powered by gaseous fuels. At the region's most influential public transport exhibition, the UITP Asia Pacific Congress in Australia, Scania premiered its new 9-litre gas-powered engine. Late in the year, Scania began deliveries of 120 gas-powered buses to Brisbane.

As early as 1965, Scania sold 2,000 timber trucks in China. In the expansive Shanghai area, there are about 350 Scania tractor units today.

Industrial and marine engines

Scania's sales of industrial and marine engines in Asia, Australia and Africa were at the same level as in 1999, totalling 370 units.

Sales increased especially in Saudi Arabia, South Africa and Turkey. Prestige orders during the year included engine deliveries for coast guard vessels in New Zealand and for Sydney police boats in conjunction with the Olympic Games.

Tourist coaches

Tourist coaches are Scania's largest bus segment. Scania delivers chassis. The bodywork is often fitted locally, as here in South Africa.



Back-up generator

Scania delivered a back-up power generating set to Cape Town, South Africa for the cableway that carries passengers to the top of Table Mountain, one of the world's best known tourist destinations. The engine was lifted into place by helicopter.

Service-related products

Service-related products continued to grow in importance. The product range was broadened and improved to give comprehensive, tailor-made solutions to an increasing number of customers.

Scania's sales of service-related products rose by 17 percent to SEK 8,113 m. (6,927). Sales of maintenance and repair contracts continued to increase. On average, 30 (25) percent of Scania's new truck sales in Europe included a maintenance and repair or financing package.

Agreements on a fixed price per kilometre

More and more customers are buying transport capacity at a per-kilometre price instead of merely buying a vehicle. The focus is on vehicle utilisation, and downtime must be minimised. This places greater demands on Scania's service organisation.

Maintenance and repair contracts

Scania's maintenance and repair contracts make it possible to create a closer business relationship between the customer and Scania's service organisation. In case of unplanned stoppages, the contract guarantees that the vehicle will be in service again within 24 hours at the latest.

Round-the-clock assistance

Scania Assistance minimises customer downtime round the clock, every day of the year. Sixteen regional call centres in Europe enable customers to get help in their own language. In case of unplanned stoppages, Scania Assistance coordinates towing, workshop services, payment, overnight lodgings and replacement vehicle rentals if necessary.

Scania's local distributors and service staff build up long-term customer relationships based on mutual exchange of experience.

Short-term rentals

Short-term truck rentals are becoming an increasingly common service, which is beneficial to many customers and contributes to greater cost-effectiveness. By renting Scania vehicles to cover temporary peaks in transport demand, customers achieve greater flexibility and can increase their revenues.

Effective insurance services

Scania provides insurance services to meet customer demands for package solutions. The number of insurance agreements rose during 2000. Through general agreements with insurers, Scania can offer competitive premiums.

In Great Britain, a new insurance solution was launched during the year: Gap insurance. In case of accidents, it covers the difference between the insured amount and the owner's remaining liability to Scania. It was very favourably received.

Dealer Operating Standards (DOS)

No matter where they are, Scania's customers must receive the same high level and quality of service, in terms of knowledge and efficiency. Scania has therefore developed the Dealer Operating Standards (DOS) certification programme, which is adapted to the special needs of Scania customers.

DOS is based on pledges to customers in five areas:

- availability
- sales and delivery
- access to parts
- maintenance
- repairs

In Europe, the programme was expanded to 21 (18) markets. In addition, distributors have been trained on ways to achieve new targets in the DOS programme. In Latin America, Scania is developing a DOS concept adapted to the markets in that region.

The first DOS-certified distributor outside Europe was the Scania distributor in Dubai. Additional distributors were certified in Abu Dhabi, Hong Kong, Taiwan and Saudi Arabia.

Pan-European customers

Early in the year, a new common sales unit was established for the purpose of providing support to and working together with distributors when they sell to customers with cross-border operations. The unit will respond to the desire of these customers to deal with a single negotiating partner, regardless of what country they choose for the delivery of vehicles, services and financing.

Scania's dealership facility just outside Luzern, Switzerland, is one of the country's most modern facilities. It is a pacesetter in terms of environmental protection. Oils and other environmentally hazardous wastes are separated at source. Rain and dirty water are purified in a biotopic treatment unit.



Customer financing

Scania's customer finance operations were very successful in 2000, both in terms of volume and earnings. Total financing volume rose by 21.4 percent to SEK 18,620 m. (15,339).

During the year, 10,000 new trucks, 220 new buses and 1,800 used Scania vehicles were financed. The number of contracts in the portfolio at year-end totalled 39,000 (33,000). Of the total portfolio, 41 percent consisted of operating leases and 26 percent financial leases. The remaining 33 percent represented loan financing.

Positive trend

The income of customer finance operations rose by 27.9 percent to SEK 179 m. (140). This was equivalent to an operating income of 1.06 (1.01) percent of the year's average portfolio.

The increase in volume and earnings was due, among other things, to Scania's earlier acquisitions of finance companies in Italy and South Korea. In addition, Scania's finance company in Great Britain showed very strong growth.

Actual credit losses amounted to SEK 49 m. (53). The effect of credit losses on earnings was SEK -66 m. (-57), which was equivalent to 0.39 (0.41) percent of the average portfolio. At year-end, the total reserve for possible credit losses was SEK 226 m. (212), equivalent to 1.2 (1.4) percent of the portfolio. The foremost reason for the percentage decline was a strong improvement in the business climate in central and eastern Europe.

Local presence

The number of employees in Scania's finance companies increased by 28. At year-end, 197 people worked in the business area, 3 of them at the head office.

Scania endeavours to work on a local basis in its customer finance operations. Proximity to the customer

and local know-how make the credit evaluation process more effective, and products can be developed in close collaboration with customers.

Risk exposure

Offering various packages of services that include financing is becoming an increasingly important competitive tool. More and more customers are requesting financing solutions. This increases Scania's risk exposure in its customer finance operations.

Aside from interest rate and credit risks, market value risks have arisen for vehicles that are returned during or at the end of financing agreements. This requires a high standard of risk management, continuous credit evaluations and monitoring of the credit portfolio. Scania continued to strengthen its resources, among other things by updating its portfolio systems and by new recruitments.

Overhead, expressed in relation to the average portfolio, rose from 0.94 percent to 0.98 percent.

Europe

In Europe, customer financing mainly takes place through nine Scania-owned finance companies that cover Great Britain, France, Germany, Italy, Belgium, Poland, the Czech Republic and the Nordic region plus the countries of central and eastern Europe.

During the year, branch operations were established in Luxembourg. Scania also decided to establish a finance company in Spain.

In those countries where Scania pursues customer finance operations, the proportion of trucks financed via its own companies averaged 33 (33) percent.

The demand for financing in central and eastern Europe increased again as the markets recovered.



Latin America

Scania offers financing in Latin America on the basis of collaboration with outside lenders.

In Brazil, Scania offers a customer-financed savings programme, in which customers are organised into consortia. Through regular savings in consortia, the customer is guaranteed the allocation of a vehicle within the savings period. During 2000, 37 (42) percent of sales in Brazil occurred via consortia.

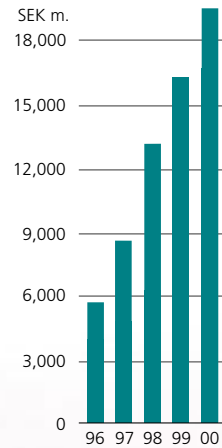
Other markets

Scania started customer finance operations in South Africa during the year. The South Korean finance company that Scania established in 1999 expanded very strongly.

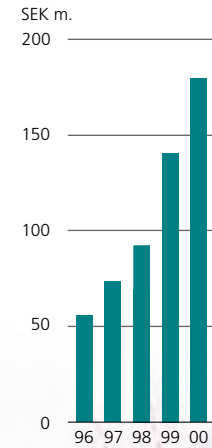
Design and technology in harmony

Scania commenced the new century with blazing colours. A truck became a work of art by Bengt Lindström. The power and dynamism of this Swedish painter's artistry correspond well with what Scania's products stand for.

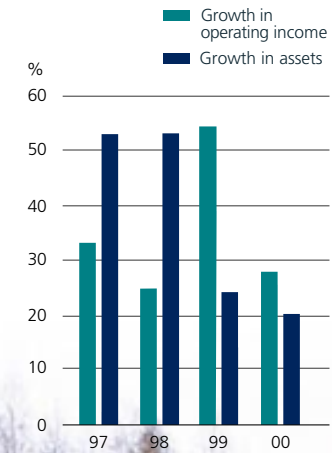
Total assets in finance companies



Growth in operating income, 1996–2000



Growth in operating income and assets, 1997–2000



Financial review

Sales

During 2000, the Scania Group sold 56,492 (50,414) trucks and buses, an increase of 12 percent. In monetary terms, sales rose by 14 percent to SEK 53,823 m. (47,110). Sales of Scania products rose by 13 percent.

Sales by product			
SEK m.	2000	1999	1998
Trucks	31,101	27,888	27,030
Buses	3,704	3,601	3,548
Engines	437	444	398
Service-related products	8,113	6,927	6,269
Used vehicles and other products	3,810	2,765	2,342
Total Scania products	47,165	41,625	39,587
Passenger car operations	6,658	5,485	5,725
Total	53,823	47,110	45,312

Sales by market area, Scania products			
SEK m.	2000	1999	1998
Western Europe	35,370	33,146	28,874
Central and eastern Europe	1,826	1,330	1,814
Total Europe	37,196	34,476	30,688
Latin America	5,472	4,196	5,957
Asia	2,390	1,118	1,018
Other markets	2,107	1,835	1,924
Total Scania products	47,165	41,625	39,587

Operating income

The Scania Group's operating income amounted to SEK 5,084 m. (5,045), equivalent to a margin of 9.4 (10.7) percent. The operating margin for Scania products amounted to 10.2 (11.5) percent.

Operating income in European operations declined by 7 percent to SEK 4,621 m. (4,980) during the year. European operations are the portion of Scania's operations that, in principle, supply all markets except Latin American ones with the company's products, services and financing.

Earnings in European operations were favourably influenced by:

- a 12 percent increase in unit sales of vehicles
- larger sales of service-related products
- nonrecurring items of about SEK 200 m.

This was offset by:

- lower average revenue per truck, caused by an unfavourable geographic mix and more intensive price competition, which had an overall negative impact on margins of about SEK 500 m.
- an increase of more than SEK 300 m. in R&D expenses
- a higher level of activity in the sales and distribution network, which increased expenses by about SEK 300 m.
- negative currency rate effects inclusive of currency hedging activities, totalling about SEK 200 m.
- a decline of about SEK 150 m. in earnings from bus and coaches and from industrial and marine engine operations.

The above comments on the changes in Scania's earnings exclude the effects of acquisitions. Acquired and

divested companies increased Scania's revenues during the year by SEK 2,535 m. and its operating income by SEK 2 m.

Operating income in Latin American operations for the year as a whole totalled SEK 9 m. (-328). Higher volumes and margins due to both higher prices and the internal cost adjustment programme contributed to the improvement in earnings. Among other things, this programme included a higher share of locally produced components, productivity increases and general reductions in expenses.

Sales of service-related products, an important element of Scania's strategy of expanding its total business to integrate vehicles and service-related products, rose by 17 percent to SEK 8,113 m. (6,927).

Earnings of customer finance operations rose to SEK 179 m. (140) due to higher financing volume. At year-end, the portfolio amounted to SEK 18,620 m. (15,339).

Operating income in passenger car operations rose to SEK 275 m. (253).

Financial income and expenses

Net financial items totalled SEK -630 m. (-545). It deteriorated primarily in Latin American operations, due to an increase in working capital that was financed in local currencies. In European operations, the positive effects of good cash flows were offset by both higher interest rates and increased credit margins.

Taxes

The Scania Group's tax expenses were equivalent to 31 (30) percent of income after financial items. The increase was explained by changes in the geographic distribution of earnings.

Cash flows

Scania's cash flows, excluding customer finance operations, rose during the year to SEK 2,557 m. (476). Excluding acquisitions of companies, cash flows amounted to SEK 3,014 m. (1,597).

Cash from operating activities amounted to SEK 4,951 m.

Tied-up working capital rose by SEK 416 m. It declined on a full-year basis in Europe, while it increased in Latin America.

Net investments totalled SEK 1,978 m. (2,775).

Excluding acquisitions, net investments amounted to SEK 1,521 m. (1,654).

The Group's gross investments totalled SEK 1,815 m. (1,868).

Starting with the first quarter of 2001, two Brazilian distributors and the Netherlands-based distributor, Beers, – which Scania has acquired – will be consolidated in the financial statements.

Net indebtedness and refinancing

Net indebtedness, excluding net borrowing of customer finance operations, decreased by SEK 549 m. to SEK 7,683 m. (8,232). Net indebtedness as a ratio of shareholders' equity decreased to 0.49 (0.61). Net indebtedness including customer finance operations totalled SEK 23,777 m. (21,677).

Scania has a committed revolving credit facility of USD 1,850 m. from an international banking syndicate, which expires in December 2004. At year-end 2000, USD 613 m. (570) of this facility was being utilised.

The Group has a medium-term note programme, under which Scania can issue notes and bonds with maturities ranging from one to ten years. At year-end, the maximum amount was SEK 7,000 m. and SEK 4,680 m. worth of such debt securities had been issued under the programme.

Number of vehicles sold by market area			
Units	2000	1999	1998
Trucks			
Western Europe	38,476	36,106	32,686
Central and eastern Europe	2,287	1,551	2,237
Total Europe	40,763	37,657	34,923
Latin America	6,777	6,253	7,621
Asia	3,438	1,481	1,410
Other markets	1,340	1,260	1,599
Total trucks	52,318	46,651	45,553
Buses			
Western Europe	1,618	1,935	1,731
Central and eastern Europe	84	67	106
Total Europe	1,702	2,002	1,837
Latin America	1,843	1,237	1,697
Asia	278	160	78
Other markets	351	364	505
Total buses	4,174	3,763	4,117
Total vehicles	56,492	50,414	49,670

Sales by area of operations			
Number of vehicles	2000	1999	1998
European operations	47,867	42,919	40,375
Latin American operations	8,625	7,495	9,295
Total Scania vehicles sold	56,492	50,414	49,670

Sales value			
SEK m.	2000	1999	1998
European operations	42,522	38,107	34,984
Latin American operations	6,104	4,560	6,151
Internal sales	-1,461	-1,042	-1,548
Total Scania products	47,165	41,625	39,587
Passenger car operations	6,658	5,485	5,725
Total	53,823	47,110	45,312

Operating income			
SEK m.	2000	1999	1998
European operations	4,621	4,980	3,913
Latin American operations	9	-328	-662
Customer finance operations	179	140	91
Total Scania products	4,809	4,792	3,342
Passenger car operations	275	253	250
Total	5,084	5,045	3,592

Operating margin			
%	2000	1999	1998
European operations	10.9	13.1	11.2
Latin American operations	0.1	-7.2	-10.8
Total Scania products	10.2	11.5	8.4
Passenger car operations	4.1	4.6	4.4
Total	9.4	10.7	7.9

Interest and credit risk

Scania's policy concerning interest rate risk is that the duration of its loan portfolio should normally be 6 months but that maturities may be allowed to vary from 0 to 24 months. One exception is Scania's finance companies, in which the fixed interest period on loans is matched with the fixed interest period on assets.

During 2000, the average funding cost was 6.3 per cent (5.8). The average fixed interest period on Scania's loan portfolio (excluding finance companies) was approximately 3 months. At year-end, the average fixed interest period was 3 months.

Derivative instruments are used to manage interest rate risks within the Group. All the above data include the effects of these derivatives. Management of credit risks that arise in Scania's treasury unit, among other things when investing liquid assets and engaging in derivatives trading, is regulated in Scania's financial policy. Transactions take place only within established ceilings and with carefully selected, creditworthy counterparties.

Currencies

Net currency transaction exposure during 2000 was about SEK 16 bn. The largest inflow currencies were EUR along with GBP and USD. Based on the 2000 geographic breakdown of revenues and expenses, a one percent change in the Swedish krona would change operating income by about SEK 160 m. on a full-year basis. Currency exposure in operating income by region is presented in Note 26 on page 56.

In a static calculation compared to the currency situation in 1999, operating income in 2000 for European operations was adversely affected by SEK 235 m. In this comparison, the effect of changed spot exchange rates totals SEK -175 m. The net effect of currency

Hedging of currency flows						
Quarter	GBP/SEK		USD/SEK		EUR/SEK	
	Volume	Rate*	Volume	Rate*	Volume	Rate*
Q1** 2001	40.0	13.63	40.0	8.65	140.0	8.75
Q2 2001	72.0	13.74	60.0	8.95	-	-
Q3 2001	40.0	14.24	85.0	9.65	-	-
Q4 2001	56.43	14.24	30.0	9.81	-	-
Total (in millions)	208.43		215.0		140.0	
Rate of balance sheet date 31 Dec. 2000	14.22		9.535		8.857	
Unrealised gain/loss 31 Dec. 2000 (SEK m.)	-11		-9		-11	

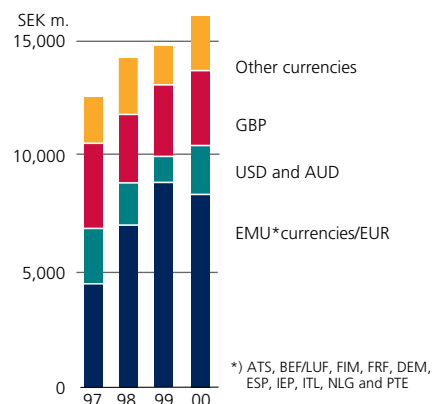
* Average forward price and lowest redemption price for currency options.
** January volumes are not included, since the unrealised gain/loss effect was reported in December.

hedging activities and exchange rate gains/losses on the reassessment of receivables and liabilities adversely affected the comparison by SEK 60 m. For Latin American operations, changes in currency rates comprise an even more integral element of overall business. A calculation of static currency effects thus does not provide any added benefits from an analytic perspective.

Scania's policy is to hedge its net currency transaction exposure during a period of time equivalent to the projected orderbook until the date of payment. This normally means a hedging period of 3 to 4 months. However, the hedging period is allowed to vary between 0 and 12 months.

Scania's net assets abroad amounted to SEK 11,476 m. at the end of 2000 (see Note 25 on page 56). The net assets of foreign subsidiaries are not hedged under normal circumstances. To the extent a subsidiary has a significant monetary exposure in local currency, however, it may be hedged. As of 31 December 2000, SEK 845 m. (810) of the net assets of foreign subsidiaries were hedged, which was equivalent to 7 (8) percent of the Group's net foreign assets.

Currency transaction exposure



Residual value exposure

Vehicle sales through Scania's marketing companies occur partly with fixed repurchase obligations or with guaranteed residual value in the case of sale via customer finance operations. During 2000, the volume of such transactions was more than 4,700 vehicles. The value of all obligations at year-end was SEK 5,449 m. (4,499). In the case of sales with the above obligations, profit recognition occurs gradually over the period of the obligation. Residual value and repurchase obligations are regulated by written company policies and are regularly monitored both at the Group and subsidiary level.

Consolidated income statement

Insurance

The insurance department coordinates Scania's global insurance procurement. Most of Scania's insurance coverage is obtained in the international insurance market, at a cost of SEK 44 m. in 2000. A large proportion of premium volume is placed in Scania's own insurance company, Vabis Försäkrings AB, which in turn manages risks by means of reinsurance in the international reinsurance market.

Human resources

At year-end, the number of employees – including contract employees – totalled 26,904 (25,814), an increase of 1,090 since the beginning of 2000. In European operations, the number of employees rose by 1,146, of whom 706 in the marketing organisation. In Latin American operations, the number of employees declined by 56.

Passenger car operations

Passenger car operations include half the importer operations of the Svenska Volkswagen Group, the wholly owned Swedish car dealership network Din Bil and a car dealership network in Finland which is part of the Finnish distributor Oy Scan-Auto Ab. Operating income rose to SEK 275 m. (253).

Svenska Volkswagen's share of the Swedish passenger car market was 22.1 (22.9) percent. For light transport vehicles, it was 37.6 percent (35.5).

January–December, SEK m.	Note	2000	1999	1998
Sales¹	1	53,823	47,110	45,312
Cost of goods sold		-40,177	-34,669	-34,547
Gross income¹		13,646	12,441	10,765
Research and development expenses		-1,621	-1,267	-1,168
Selling expenses ¹		-6,621	-5,729	-5,730
Administrative expenses		-856	-866	-679
Income from customer finance operations	2	179	140	91
Share of income of associated companies ¹	3	357	326	313
Operating income		5,084	5,045	3,592
Financial income and expenses	4			
Interest income		415	381	259
Interest expenses		-1,007	-909	-627
Other financial income and expenses		-38	-17	-10
Net financial items		-630	-545	-378
Income after financial items		4,454	4,500	3,214
Taxes	5	-1,371	-1,353	-959
Minority interests		-3	-1	-5
Net income		3,080	3,146	2,250
<i>Depreciation included in operating income</i>	6	-2,043	-1,948	-1,883

¹ Acquired companies affected sales by SEK 2,535 m., gross income by SEK 661 m., selling expenses by SEK -647 m. and share of income of associated companies by SEK -12 m.

Consolidated balance sheet

31 December, SEK m.	Note				Including customer finance companies according to the equity method of accounting, pro forma		
		2000	1999	1998	2000	1999	1998
ASSETS							
Fixed assets							
Intangible fixed assets	7	545	555	113	545	555	113
Tangible fixed assets	8	20,247	18,860	17,445	14,108	13,975	13,703
Financial fixed assets							
Shares in associated companies etc	9	2,037	1,388	1,411	3,631	2,616	2,258
Interest-bearing receivables	10	7,312	6,356	5,527	804	711	474
Deferred tax assets	16	635	502	288	633	499	268
Other long-term receivables		604	525	356	604	525	356
Total fixed assets		31,380	28,186	25,140	20,325	18,881	17,172
Current assets							
Inventories	11	7,467	7,437	7,571	7,429	7,279	7,456
Receivables	12						
Interest-bearing trade receivables		5,483	4,180	3,480	941	650	796
Other trade receivables		8,953	7,560	5,004	8,905	7,519	4,894
Other receivables		2,316	2,116	1,833	2,005	1,934	1,577
Total receivables		16,752	13,856	10,317	11,851	10,103	7,267
Short-term investments	13	1,939	1,713	929	1,926	1,713	929
Cash and bank balances		1,642	997	845	1,542	830	781
Total current assets		27,800	24,003	19,662	22,748	19,925	16,433
Total assets		59,180	52,189	44,802	43,073	38,806	33,605

31 December, SEK m.	Note	2000	1999	1998	Including customer finance companies according to the equity method of accounting, pro forma		
					2000	1999	1998
SHAREHOLDERS' EQUITY AND LIABILITIES							
Shareholders' equity	14						
Share capital		2,000	2,000	2,000	2,000	2,000	2,000
Restricted reserves		5,370	4,353	3,677	5,370	4,353	3,677
Total restricted equity		7,370	6,353	5,677	7,370	6,353	5,677
Unrestricted reserves		5,248	4,049	3,924	5,248	4,049	3,924
Net income		3,080	3,146	2,250	3,080	3,146	2,250
Total unrestricted equity		8,328	7,195	6,174	8,328	7,195	6,174
Total shareholders' equity		15,698	13,548	11,851	15,698	13,548	11,851
Minority interests in subsidiaries		22	23	21	22	23	21
Provisions							
Provisions for pensions	15	1,929	1,842	1,913	1,925	1,839	1,910
Provisions for deferred taxes	16	2,271	2,044	1,735	1,626	1,515	1,295
Other provisions	17	1,800	1,961	1,833	1,795	2,108	1,826
Total provisions		6,000	5,847	5,481	5,346	5,462	5,031
Liabilities							
Long-term borrowings	18	15,372	11,268	6,620	5,599	5,366	2,667
Short-term borrowings	18	11,986	13,119	12,659	5,552	5,409	5,572
Advance payments from customers		530	563	618	446	446	515
Trade accounts payable		3,616	2,801	2,767	3,433	2,661	2,550
Tax liabilities		527	872	1,047	521	871	1,047
Other liabilities		1,842	1,561	1,186	1,614	1,321	1,039
Accrued expenses and prepaid income	19	3,587	2,587	2,552	4,842	3,699	3,312
Total liabilities		37,460	32,771	27,449	22,007	19,773	16,702
Total shareholders' equity and liabilities		59,180	52,189	44,802	43,073	38,806	33,605
Assets pledged and contingent liabilities							
Assets pledged	20	245	231	187			
Contingent liabilities	21	881	645	529			

Consolidated statement of cash flows

January–December, SEK m.	Note	2000	1999	1998
Cash flows from operating activities				
Net income, excluding customer finance operations		2,954	3,034	2,194
Items not affecting cash flows	22	1,997	2,322	2,140
Cash from operating activities		4,951	5,356	4,334
Change in working capital etc				
Inventories		74	693	-611
Receivables		-1,394	-2,746	-1,284
Provisions for pensions		75	-95	41
Non-interest-bearing liabilities and provisions		829	43	1,129
Total change in working capital etc	22	-416	-2,105	-725
Total cash flows from operating activities		4,535	3,251	3,609
Net investments excluding acquisitions/divestments of companies				
	22	-1,521	-1,654	-1,817
Cash flows before acquisitions/divestments of companies		3,014	1,597	1,792
Net investments through acquisitions/divestments of companies	22	-457	-1,121	5
Cash flows excluding customer finance operations		2,557	476	1,797
Expansion in customer finance operations	2	-2,444	-2,708	-3,692
Change in financial position including customer finance operations		113	-2,232	-1,895
Change in net indebtedness from financing activities	22	2,020	4,431	2,586
Dividend to shareholders		-1,400	-1,300	-1,100
Net change in liquid assets and short-term investments		733	899	-409
Effect of exchange rate fluctuations on liquid assets and short-term investments		138	37	50
Cash, bank balances and short-term investments at beginning of year		2,710	1,774	2,133
Cash, bank balances and short-term investments at end of year		3,581	2,710	1,774

Parent Company financial statements

Income statement

January–December, SEK m.	Note	2000	1999	1998
Operating income		–	–	–
Financial income and expenses	1	–13	–42	–81
Dividends and group contributions received etc	1	3,184	3,619	3,320
Provision to tax allocation reserve		–634	–706	–637
Taxes		–711	–790	–697
Net income		1,826	2,081	1,905

Balance sheet

31 December, SEK m.		2000	1999	1998
ASSETS				
Financial fixed assets				
Shares	2	10,971	10,971	11,269
Current assets				
Due from subsidiaries		4,409	3,427	1,581
Other receivables		13	13	–
Total assets		15,393	14,411	12,850
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	3	11,570	11,144	10,363
Untaxed reserves	4	3,111	2,477	1,771
Current liabilities				
Tax liabilities		711	790	714
Accrued expenses and prepaid income		1	0	2
Total current liabilities		712	790	716
Total shareholders' equity and liabilities		15,393	14,411	12,850
Assets pledged and contingent liabilities				
Assets pledged		None	None	None
Contingent liabilities	5	19,476	18,139	11,960

Statement of cash flows

January–December, SEK m.	2000	1999	1998
Cash flows from operating activities			
Net income	1,826	2,081	1,905
Items not affecting cash flows			
Group contributions received	–3,255	–3,569	–3,268
Group contributions provided	71	–	–
Provision to tax allocation reserve	634	706	637
Cash from operating activities	–724	–782	–726
Change in working capital			
Receivables	–	–13	–
Current liabilities	–79	74	373
Total cash flows from operating activities	–803	–721	–353
Investment activities			
Shares	–	298	–
Change in net indebtedness from financing activities			
Change in liabilities to subsidiaries	2,203	1,723	1,453
Dividend to shareholders	–1,400	–1,300	–1,100
Net cash provided by financing activities	803	423	353
Liquid assets and short-term investments at end of year	–	–	–

Accounting principles

Consolidated accounts

The Scania Group follows the recommendations enacted by the Swedish Financial Accounting Standards Council. These recommendations comply in all material respects with the principles of the International Accounting Standards Committee (IASC). In the case of the Scania Group, there are limited differences compared to U.S. generally accepted accounting principles (GAAP). A description can be found on page 58.

The consolidated financial statements encompass Scania AB and all subsidiaries and associated companies in Sweden and abroad. Subsidiaries are companies in which Scania directly or indirectly owns more than 50 percent of the voting rights of the shares and in which Scania otherwise has a decisive influence. Associated companies are companies in which Scania has a long-term ownership interest and voting rights of between 20 and 50 percent.

Associated companies are reported in accordance with the equity accounting method. This means that the shares and participations in associated companies are reported in the consolidated balance sheet as the Group's share of their equity after adjusting for the Group's share of surplus or deficit value, respectively. Thus, consolidated income includes Scania's share of the income of associated companies.

The consolidated accounts are prepared in accordance with the recommendation of the Swedish Financial Accounting Standards Council (RR1:96) and in accordance with the purchase accounting method. This means that an acquired subsidiary's assets and liabilities are accounted for at fair market value according to an analysis of the acquisition. If the acquisition cost of the shares in the subsidiary exceeds the estimated fair market value of the company's net assets according

to the analysis, the difference is reported as goodwill. The goodwill depreciation period is decided from case to case and was 5 or 10 years during 2000. Only income that arises after the date of acquisition is included in consolidated shareholders' equity.

The minority interests' share of net income and shareholders' equity of partially owned subsidiaries is reported separately in the calculation of net income and shareholders' equity.

Foreign subsidiaries and associated companies

European production companies, Latin American operations and certain holding companies are integral to Scania and their financial statements are thus translated to Swedish kronor using the monetary/non-monetary method of accounting. Latin American operations, which are predominantly industrial in nature, are an integral part of Scania's total industrial system, with common product development, common products and a common production structure. Other foreign subsidiaries are regarded as independent and their financial statements are translated using the current method.

Under the current method, assets and liabilities are translated at the year-end exchange rate, while income and expenses are translated at the average exchange rate for the year. The translation difference, which arises in part from translating net assets of foreign companies at a different rate at the beginning of the year than at year-end, and in part from translating net income at other than the year-end rate, is reported directly in shareholders' equity in the balance sheet.

Under the monetary/non-monetary method, monetary items are translated at the year-end rate, while non-monetary items are translated at the rate in effect on the

acquisition date. Inventories, property, plant and equipment and shareholders' equity are translated at the acquisition date rate and other assets and liabilities at the year-end rate. With the exception of consumption of goods and depreciation of property, plant and equipment, which are translated at the acquisition date rate, income and expenses are translated at a weighted average exchange rate for the year.

The translation difference on monetary assets and liabilities is included in net income for the year and is reported in the income statement as follows. The portion of the translation difference attributable to operating items, is included in operating income. The portion of the translation difference attributable to interest-bearing items is included in financial income and expenses and the portion related to tax items in income taxes in the income statement.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the year-end exchange rate. Unrealised exchange rate gains and losses are included in income. Exchange rate effects related to hedging of the net flow in foreign currencies are included in earnings. The unrealised portion of recognised exchange rate hedging, including accrued interest, is reported as accrued income or an accrued expense.

Short-term investments

Short-term investments are valued at the lower of acquisition cost or market value.

Inventories

Inventories are valued at the lower of cost according to the first in, first out principle (FIFO) or market value. An allocable portion of indirect expenses is included in the value of the inventories.

Property, plant and equipment

Property, plant and equipment are reported at acquisition cost less accumulated depreciation.

Leasing contracts

Leasing contracts with customers are reported as financial leases in cases where substantially all risks and benefits associated with ownership have been transferred to the lessee. Other leasing contracts are accounted for as operating leases.

Profit recognition

Profits are recognised upon delivery of the products and services, on the date when substantially all the risks and rights of ownership pass to the buyer. In the case of “operating leases”, Scania recognises profit as it receives principal payments over the life of the lease. A profit reserve equivalent to a fair valuation of residual value risk remains at the end of the contract period.

Depreciation

Depreciation is based on an asset's historical cost and estimated economic life. The estimated economic life of machinery and equipment is 5–15 years. Industrial buildings are depreciated over 25 years.

Research and development expenses

The expenses of research and development are charged to operating income as they arise.

Warranty expenses

Estimated expenses for product warranties are charged to operating income when the product is sold.

Selling expenses

Selling expenses are defined as all overhead in marketing companies, including goodwill and warranty expenses, in addition to factory obligations and costs of central marketing resources.

Administrative expenses

Administrative expenses are defined as Group-wide costs of corporate management plus corporate staff units in European and Latin American operations.

Exchange rate differences

Exchange rate differences in addition to translation differences pertaining to short- and long-term borrowings are reported as financial income or expenses, while other exchange rate differences are reported under operating income.

Exchange rate differences attributable to loans and forward exchange contracts in foreign currencies that are designated as a hedge of the net assets of foreign subsidiaries are reported, with consideration given to tax effects, directly in shareholders' equity in the consolidated balance sheet, where it offsets the translation difference on translated net assets. The portion of these forward exchange contracts that pertains to interest is amortised over the life of the contract and is reported among financial income and expenses.

Taxes

Taxes are reported mainly according to the recommendation of the Swedish Financial Accounting Standards Council concerning the reporting of income taxes. The Group's total tax consists of current tax and deferred tax. Deferred tax is the tax on the difference between

the book value of assets and liabilities and their tax value. Deferred tax assets are recognised to the extent they are considered likely to be realised in the future.

Notes to the consolidated financial statements

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

Note 1 Sales

	2000	1999	1998
Trucks	31,101	27,888	27,030
Buses	3,704	3,601	3,548
Engines	437	444	398
Service-related products	8,113	6,927	6,269
Used vehicles and other products	3,810	2,765	2,342
Total Scania products	47,165	41,625	39,587
Passenger car operations ¹	6,658	5,485	5,725
Total	53,823	47,110	45,312

¹ Refers to Scania's sales through the Group's wholly-owned car dealership network Din Bil and a car dealership network which is part of the Finnish distributor Oy Scan-Auto Ab.

Note 2 Customer finance operations

The Group's customer finance operations are conducted primarily by separate subsidiaries. Their financial statements are summarised below.

	2000	1999	1998
Income statement			
Interest income	718	559	480
Leasing income	1,687	1,287	942
Interest expenses	-792	-581	-486
Depreciation	-1,198	-921	-668
Bad debts	-66	-57	-44
Other expenses	-170	-147	-133
Income before taxes	179	140	91
Balance sheet			
ASSETS			
Leasing assets	7,569	6,164	4,605
Financial receivables	11,051	9,175	7,737
Other assets	804	835	690
Total	19,424	16,174	13,032
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	1,594	1,229	848
Borrowings	16,207	13,612	11,047
Other liabilities	1,623	1,333	1,137
Total	19,424	16,174	13,032

The statement of cash flows below describes the expansion in customer finance operations.

Statement of cash flows	2000	1999	1998
Net income	126	112	56
Items not affecting cash flows	194	133	156
Cash from operating activities	320	245	212
Increase in leasing assets	-1,246	-1,606	-1,211
Increase in financial receivables	-1,680	-1,304	-2,668
Change in other assets and liabilities	162	38	-25
Acquisition of subsidiary	-	-81	-
Expansion in customer finance operations	-2,444	-2,708	-3,692

Leasing assets	2000	1999	1998
Costs	9,746	7,804	5,868
Accumulated depreciation	-2,177	-1,640	-1,263
Book value at year-end ¹	7,569	6,164	4,605

¹ Included in the consolidated accounts under "Machinery and equipment" after subtracting deferred profit recognition.

Net investments in financial leases	2000	1999	1998
Minimum lease payments receivable	8,543	7,176	5,431
Less:			
Executory costs and reserve for doubtful receivables	-242	-194	-138
Imputed interest	-934	-860	-658
Net investment ²	7,367	6,122	4,635

² Included in "Interest-bearing trade accounts receivable" and "Long-term interest-bearing receivables."

Future payments	Operating leases	Financial leases
2001	1,813	3,219
2002	1,296	2,374
2003	958	1,666
2004	498	915
2005	305	339
2006 and thereafter	229	30
Total	5,099	8,543

Note 3 Share of income of associated companies

The Group's share of income before taxes of associated companies consisted of the following:

	2000	1999	1998
Scania products	195	162	183
Passenger car operations	162	164	130
Total	357	326	313

Note 4 Financial income and expenses

	2000	1999	1998
Interest income			
Bank balances and short-term investments	237	242	122
Interest-bearing receivables	121	96	93
Interest portion of forward exchange contracts used to hedge net assets	14	13	13
Other	43	30	31
Total interest income	415	381	259
Interest expenses			
Borrowings	-945	-865	-559
Interest on pension liability (PRI)	-62	-44	-68
Total interest expenses	-1,007	-909	-627
Other	-38	-17	-10
Net financial items	-630	-545	-378

Note 5 Taxes

	2000	1999	1998
Income tax	-1,088	-1,138	-811
Deferred tax	-168	-112	-39
Share of tax of associated companies	-115	-103	-109
Total	-1,371	-1,353	-959
Geographic distribution of income before taxes and minority interests:			
Sweden	3,564	3,903	3,168
Rest of the world	890	597	46
Total	4,454	4,500	3,214

Geographic distribution of tax expense:

Income tax			
Sweden	-857	-869	-766
Rest of the world	-231	-269	-45
Total	-1,088	-1,138	-811

Deferred tax			
Sweden	-65	-194	-56
Rest of the world	-103	82	17
Total	-168	-112	-39

Tax of associated companies	-115	-103	-109
Total	-1,371	-1,353	-959

The main reasons behind the difference between the statutory tax rate in Sweden and the effective tax rate in relation to income before taxes are indicated in the table below:

	2000	1999	1998
	%	%	%
Swedish statutory income tax rate	28	28	28
Valuation of tax loss carry-forwards	1	1	1
Difference between Swedish and foreign tax rates	1	2	1
Tax-exempt income	-1	-2	-1
Non-deductible expenses including goodwill depreciation	2	2	2
Adjustment for taxes pertaining to previous years	0	1	-1
Other	0	-2	0
Effective income tax rate	31	30	30

Note 6 Depreciation

Distribution of depreciation by function, excluding depreciation in customer finance operations (see Note 2). "Selling expenses" include SEK 83 m. in depreciation of goodwill.

	2000	1999	1998
Cost of goods sold	-1,455	-1,477	-1,474
Research and development expenses	-84	-70	-85
Selling expenses	-446	-360	-284
Administrative expenses	-58	-41	-40
Total	-2,043	-1,948	-1,883

Note 7 Intangible fixed assets

Goodwill	2000	1999	1998
Accumulated cost			
Opening balance	681	173	161
Additions during the year	61	494	5
Indirect acquisitions	-	20	-
Translation differences for the year	18	-6	7
Total	760	681	173
Accumulated depreciation			
Opening balance	126	60	27
Depreciation for the year	83	62	30
Indirect acquisitions	-	7	-
Translation differences for the year	6	-3	3
Total	215	126	60
Book value at year-end	545	555	113

Note 8 Tangible fixed assets

	Building and land	Machinery and equipment	Constr. in progr. and adv. paym.
Book value, 1 January 1998	5,584	9,392	1,282
Change in accumulated cost, 1998	246	3,335	-498
Change in accumulated depreciation, 1998	-177	-1,719	-
Book value, 31 December 1998	5,653	11,008	784
Change in accumulated cost, 1999	819	2,436	207
Change in accumulated depreciation, 1999	-433	-1,614	-
Book value, 31 December 1999	6,039	11,830	991

2000

Accumulated cost	2000	1999	1998
Opening balance	8,765	23,305	991
Additions during the year	317	3,866	749
Acquisition/divestments of subsidiaries	40	10	-
Disposals	-308	-1,978	-
Reclassifications	263	763	-1,026
Translation differences for the year	161	882	18
Total	9,238	26,848	732

Accumulated depreciation

Opening balance	2,778	11,444	-
Acquisition/divestments of subsidiaries	-13	-10	-
Disposals	-134	-1,113	-
Depreciation for the year on cost:			
- industrial and sales operations	319	1,641	-
- customer finance operations	-	1,205	-
Translation differences for the year	58	389	-
Total	3,008	13,556	-

Accumulated revaluations

Opening balance	52	-	-
Reclassifications	-19	-	-
Total	33	-	-

Accumulated write-downs

Opening balance	-	31	-
Write-downs for the year	1	8	-
Total	1	39	-

Book value at year-end	6,262	13,253	732
of which "Machinery"		6,008	
of which "Equipment"		943	
of which "Leasing assets" ¹		6,302	

Tax assessment value, buildings (in Sweden)	1,110
equivalent book value	2,595

Tax assessment value, land (in Sweden)	365
equivalent book value	437

Firm obligations pertaining to leasing of premises are distributed as follows:

	2000	2001	2002	2003	2004	2005	2006 and thereafter
Rent payment							
103	96	88	85	76	69	378	

¹ After subtracting deferred profit recognition.

Note 9 Shares in associated companies, etc

Shares in associated companies	2000	1999	1998
Accumulated cost	750	739	796
Accumulated share of income	827	639	605
Book value	1,577	1,378	1,401

Specification of the Group's holdings of shares and participations in associated companies etc.

Associated company/ corporate ID number/ country of registration	% owner- ship	Book value in owner comp. accounts	Value of share in consolidated accounts		
			2000	1999	1998
Beers N.V., NL003779439B01, The Netherlands ¹	50	493	836	711	730
Oy Scan-Auto Ab, FI0202014-4, Finland ²		–	–	–	114
Svenska Volkswagen AB, 556084-0968, Sweden	50	21	659	593	524
Cummins-Scania High Pressure Injection L.L.C., 043650113, USA	30	25	36	40	–
WM-Data Scania AB, 556084-1206, Sweden	50	7	46	34	33
Shares in ass. comp.			1,577	1,378	1,401
Shares in other comp. Conv. debenture loan ³			14	10	10
Total			2,037	1,388	1,411

1 The shares in Beers N.V. are publicly listed and the market value of the investment was SEK 1,271 m. (943 and 1,286, respectively) at year-end. In January 2001, Scania acquired the remaining shares in Beers' N.V. by means of a public offer at a total cost of SEK 1,254 m.

2 During 1999, the remaining 50 percent of the shares in Oy Scan-Auto Ab were acquired, thus changing the company into a subsidiary.

3 Refers to two Brazilian dealership companies that were acquired in their entirety in January 2001.

The difference between the value of Scania's share in the consolidated financial statements using the equity method of accounting (SEK 1,577 m.) and the Group's ownership stake in the shareholders' equity of associated companies (SEK 1,567 m.) amounted to SEK 10 m.

The Group's share of undistributed accumulated profit in associated companies comprised part of restricted reserves in the consolidated accounts. It amounted to SEK 827 m. (639 and 605, respectively).

Note 10 Interest-bearing receivables (long-term)

	2000	1999	1998
Receivables in customer finance operations	6,508	5,645	5,053
Other receivables	804	711	474
Total	7,312	6,356	5,527

Included in "Other receivables" were deposits of SEK 107 m. (151 and 206, respectively) with financial institutions which were restricted in their use by agreement with third parties.

Note 11 Inventories

	2000	1999	1998
Raw materials	781	987	1,183
Work in progress	359	458	452
Finished goods	6,327	5,992	5,936
Total	7,467	7,437	7,571

Note 12 Receivables

	2000	1999	1998
Interest-bearing trade accounts receivable	940	650	796
Receivables in customer finance operations	4,543	3,530	2,684
Sub-total, interest-bearing trade accounts receivable	5,483	4,180	3,480
Trade accounts receivable	8,953	7,560	5,004
Other receivables	1,594	1,559	1,388
Prepaid expenses and accrued income	722	557	445
Sub-total, other receivables	2,316	2,116	1,833
Total	16,752	13,856	10,317

As of 31 December 2000, receivables from associated companies pertaining to products and services delivered were SEK 15.7 m. Trade accounts payable to associated companies pertaining to services and products purchased were SEK 56.8 m. and receivables pertaining to interest-bearing financing SEK 40.6 m.

Note 13 Short-term investments

	2000	1999	1998
Cash equivalents (maturities of less than 90 days)	991	1,395	468
Short-term investments	948	318	461
Total	1,939	1,713	929

More than half of the Group's short-term investments are found in the Latin American subsidiaries. The remainder was related to investments of surplus liquidity in Europe.

Investments totalling SEK 866 m. (653 and 557, respectively) in value were restricted by agreement with third parties. See also Note 10.

Note 14 Shareholders' equity

The shareholders' equity of the Group has changed as follows:

	Share capital	Restricted reserves	Unrestr. shareholders' equity	Acc.trans- lation differ- ences	Total
1999					
Opening balance	2,000	3,677	5,572	602	11,851
Dividend to shareholders	–	–	–1,300	–	–1,300
Net income for 1999	–	–	3,146	–	3,146
Translation differences for the year	–	–	0	–150	–150
Transfer between restricted and unrestricted equity ¹	–	676	–676	–	0
Other	–	–	1	–	1
Closing balance, 31 December 1999	2,000	4,353	6,743	452	13,548
2000					
Opening balance	2,000	4,353	6,743	452	13,548
Dividend to shareholders	–	–	–1,400	–	–1,400
Net income for 2000	–	–	3,080	–	3,080
Translation differences for the year	–	–	0	470	470
Transfer between restricted and unrestricted equity ¹	–	1,017	–1,017	–	0
Other	–	–	0	–	0
Closing balance, 31 December 2000	2,000	5,370	7,406	922	15,698

Scania AB has 100,000,000 A shares outstanding with voting rights of one per share and 100,000,000 B shares outstanding with voting rights of 1/10 per share. No provisions to restricted reserves are required.

1 Transfers to restricted equity are explained mainly by increased deferred tax assets and tax allocations.

Note 15 Provisions for pensions and similar commitments

	2000	1999	1998
Provisions for FPG/PRI pensions	1,350	1,273	1,213
Provisions for other pensions, vested	312	290	316
Special pension allocation	64	74	116
Provisions for medical care benefits	203	205	268
Total	1,929	1,842	1,913

The amount under "Provisions for pensions" corresponds to the actuarial projections of all mandatory and voluntary pension obligations.

The Swedish plan for salaried employees is administered by a Swedish multi-employer pension institution, the Pension Registration Institute (PRI). The level of benefits and actuarial assumptions are established by PRI. Scania's pension liability consists of the sum of the discounted current value of the company's estimated future pension payments. Pension liability is based on current wages and salaries.

"Provisions for pensions" include foreign subsidiaries, whose pension commitments are reported in accordance with the principles that apply in each country, provided that they permit earned pension benefits to be reported as an expense.

For obligations related to medical care benefits, which are attributable to its operations in Brazil, Scania applies SFAS 106, "Employers' Accounting for Postretirement Benefits". This means that medical care benefits, etc that are earned by the employees but not utilised until after retirement are expensed as they arise.

Note 16 Deferred tax assets/liabilities

	2000	1999	1998
Deferred tax assets			
Provisions	269	329	298
Property, plant and equipment	77	66	49
Inventories	308	251	233
Tax loss carry-forwards	525	398	198
Other	295	148	93
Offset within tax units	-839	-690	-583
Total	635	502	288

Deferred tax liabilities

Property, plant and equipment	1,951	1,863	1,662
Tax allocation reserve	873	702	524
Other	286	169	132
Offset within tax units	-839	-690	-583
Total	2,271	2,044	1,735
Net deferred tax liabilities	1,636	1,542	1,447

Tax loss carry-forwards stem mainly from Latin America, France, England and Germany. For Latin American operations, deferred tax assets of SEK 284 m. related to tax loss carry-forwards were not reported due to a ceiling on annual future utilisation. Of the deferred tax assets attributable to tax loss carry-forwards, SEK 460 m. may be utilised without time constraints.

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 20 percent of the company's taxable profits. Each provision to this reserve may be freely withdrawn and face taxation, but must be withdrawn no later than the sixth year following the year the provision was made.

Note 17 Other provisions

	2000	1999	1998
Warranty provisions	1,245	1,267	1,312
Other	555	694	521
Total	1,800	1,961	1,833

Note 18 Borrowings

Borrowings for customer finance operations are effectively matched against contracted payment flows with regard to currency and fixed-interest periods. Financing of industrial operations in Europe is mainly converted to Swedish currency, normally with a fixed-interest period of 6 months.

Short- and long-term borrowing distributed by currency¹

	2000	1999	1998
SEK	10,505	8,168	7,366
EUR	8,495	7,405	-
GBP	1,417	2,540	2,249
USD	4,567	2,245	4,600
Other currencies	2,374	4,029	5,064
Total²	27,358	24,387	19,279

1 Does not take into account any currency hedging.

2 These amounts include SEK 16,207 m. (13,612 and 11,047, respectively) in borrowings for customer finance operations. The average interest rate on borrowings, including borrowings for customer finance operations, was 6.3 percent (5.8 and 5.5, respectively) at year-end.

The above loans fall due for repayment as follows:

2001	11,986
2002	2,129
2003	2,554
2004	8,005
2005	952
2006 and later	1,732
Total	27,358

Scania has a committed credit facility of USD 1,850 m. from an international banking syndicate, which expires in December 2004. At year-end 2000, the equivalent of USD 613 m. of this facility was being utilised. This means that USD 1,237 m., equivalent to SEK 11,794 m. translated at the year-end exchange rate, was available under this credit facility on 31 December 2000.

Scania's medium term note programme enables the Group to issue notes and bonds with maturities of 1 to 10 years. At year-end, the maximum amount was SEK 7,000 m. and SEK 4,680 m. worth of such debt securities had been issued under the programme.

Scania also has commercial paper programmes in Sweden and Belgium, with ceilings of SEK 6,000 m. and EUR 400 m., respectively. At year-end, SEK 2,085 m. and EUR 106 m., respectively, were being utilised.

Net indebtedness

	2000	1999	1998
Cash, bank balances and short-term investments	3,581	2,710	1,774
Short-term borrowings	-11,986	-13,119	-12,659
Long-term borrowings	-15,372	-11,268	-6,620
Total	-23,777	-21,677	-17,505

Of which, attributable to customer finance operations	-16,094	-13,445	-10,983
Net indebtedness	-7,683	-8,232	-6,522

Note 19 Accrued expenses and prepaid income

This item consist mainly of the customary accrual items, of which about SEK 325 m. (200) are financial items.

Note 20 Assets pledged

	2000	1999	1998
Real estate mortgages	240	214	47
Receivables	5	17	140
Total	245	231	187

All assets pledged consisted of collateral for the Group's own liabilities. In 2000, all collateral was pledged to credit institutions and amounted to SEK 36 m. for short-term borrowings and SEK 209 m. for long-term borrowings.

Note 21 Contingent liabilities

	2000	1999	1998
FPG/PRI pension guarantee obligations on behalf of Group companies	27	25	23
FPG/PRI pension guarantee obligations on behalf of associated companies	147	138	125
Loan guarantees	144	106	89
Discounted bills and contracts	133	112	94
Other guarantees	430	264	198
Total	881	645	529

In addition to the above contingent liabilities, the Group has issued vehicle repurchase guarantees worth SEK 727 m. (737 and 650, respectively) to customers' creditors. Furthermore, the Group issued SEK 1,376 m. (1,039 and 510, respectively) worth of pledges direct to customers to buy back vehicles after their period of possession at a pre-determined price. Repurchase obligations related to guaranteed residual values in operating leases under Scania's own auspices amounted to SEK 4,073 m. (3,460 and 3,047, respectively). The Group has given repurchase commitments without risks related to future prices to Svenska Volkswagen Finans AB in an amount estimated at SEK 601 m. (610 and 500, respectively).

The Group is party to legal proceedings and related claims arising in the normal course of business. Management believes, however – based on its assessments of these claims – that the ultimate resolution of these proceedings will not have a material impact on the Group's financial position.

Note 22 Consolidated statement of cash flows

Items not affecting cash flows	2000	1999	1998
Depreciation	2,043	1,948	1,883
Unrealised exchange rate differences	-66	-13	14
Doubtful receivables	61	100	72
Share of income of associated companies	-356	-326	-313
Share of taxes of associated companies	115	103	109
Dividends from associated companies	98	114	100
Deferred tax	68	47	-50
Deferred profit recognition, operating leases	154	315	309
Other	-120	34	16
Total	1,997	2,322	2,140

Change in working capital

Interest-bearing long-term receivables	-32	50	-112
Other receivables	-1,362	-2,796	-1,172
Inventories	74	693	-611
Provisions for pensions	75	-95	41
Advance payments from customers	-40	-84	94
Trade accounts payable	699	131	246
Other liabilities and provisions	170	-4	789
Total	-416	-2,105	-725

Net investments excluding acquisitions/divestments of companies

Investments in tangible fixed assets	-1,968	-1,965	-2,104
Divestments of tangible fixed assets	447	311	287
Total	-1,521	-1,654	-1,817

Net investments through acquisitions/divestments of companies

Divestments of companies ¹	44	-7	12
Acquisitions of companies ¹	-73	-1,114	-7
Acquisitions of convertible debenture loans ²	-428	-	-
Total	-457	-1,121	5

Change in net indebtedness through financing activities

Net change in short-term borrowings	-2,070	-134	3,051
Repayment of long-term borrowings	-190	-536	-457
Increase in long-term borrowings	4,221	5,033	61
Net change in restricted deposits	59	68	-69
Total	2,020	4,431	2,586

Interest and taxes paid	2000	1999	1998
Interest received during the year	484	382	262
Interest paid during the year	882	909	565
Taxes paid during the year	1,373	1,320	479

¹ During 2000, Scania acquired its distributor in Latvia (100 percent) and dealership companies in Denmark, Spain, France and Argentina. During the year distributors in France and Sweden were sold. According to acquisition analyses, the value of the liabilities and assets acquired/sold was as follows:

	Acquisitions	Divestments
Tangible and intangible fixed assets	125	-17
Inventories	55	-39
Receivables	27	-35
Liquid assets	15	-1
Borrowings	-41	-
Other liabilities and provisions	-113	67
Shares in associated companies and other companies	20	-
Gain/loss from divestments of companies	-	-20
Purchase price paid	88	-45
Liquid assets in acquired/divested companies	-15	1
Impact on consolidated liquid assets and short-term investments	73	-44

² Refers to two Brazilian dealership companies which were acquired in their entirety in January 2001.

Note 23 Wages, salaries and other remuneration, average number of employees and number of employees

Wages, salaries and other remuneration	2000	1999	1998
<i>Operations in Sweden:</i>			
Boards of Directors, Presidents and Executive Vice Presidents	35	35	30
– Of which, bonuses	7	6	5
Other employees	3,165	3,000	2,884
<i>Operations outside Sweden:</i>			
Boards of Directors, Presidents and Executive Vice Presidents	132	124	107
– Of which, bonuses	15	19	8
Other employees	3,159	2,490	2,554
Total	6,491	5,649	5,575
Pension costs and mandatory payroll fees	2,338	2,148	2,213
– Of which, pension costs ¹	486	365	390
Total wages, salaries and remuneration, pension costs and mandatory payroll fees	8,829	7,797	7,788

Wages, salaries and other remuneration, pension costs and mandatory payroll fees by country	2000			1999			1998		
	Wages, salaries and other remuneration	Mandatory payroll fees (pensions)		Wages, salaries and other remuneration	Mandatory payroll fees (pensions)		Wages, salaries and other remuneration	Mandatory payroll fees (pensions)	
<i>Operations in Sweden:</i>	3,200	1,551	(328)	3,035	1,442	(265)	2,914	1,382	(303)
<i>Operations outside Sweden:</i>									
Brazil	489	172	(0)	385	133	(0)	619	305	(0)
Great Britain	454	93	(18)	290	71	(21)	275	59	(23)
The Netherlands	355	78	(31)	366	84	(34)	388	84	(32)
Norway	234	32	(6)	70	7	(0)	1	0	(0)
Argentina	219	88	(0)	207	78	(0)	212	89	(0)
Germany	218	47	(9)	193	45	(10)	177	41	(8)
France	200	117	(34)	221	139	(15)	217	137	(1)
Denmark	188	16	(8)	216	28	(4)	232	10	(8)
Finland	177	62	(33)	1	0	(0)	1	0	(0)
Austria	131	2	(2)	121	2	(1)	107	3	(1)
Belgium	110	1	(0)	102	50	(0)	95	51	(6)
Switzerland	110	22	(0)	95	22	(0)	91	20	(0)
31 countries with <SEK 100 m. ²	406	57	(17)	347	47	(15)	246	32	(8)
Total	3,291	787	(158)	2,614	706	(100)	2,661	831	(87)
Group total	6,491	2,338	(486)	5,649	2,148	(365)	5,575	2,213	(390)

1 Of the pension cost in the consolidated financial statements, SEK 33 m. (35 and 39, respectively) was for Boards of Directors and Presidents in the Scania Group. At year-end, the total pension commitment for this group was SEK 79 m.

2 In 1999, 29 countries had less than SEK 100 m. in wages, salaries and other remuneration. In 1998, the figure was 24 countries.

Refunds of surplus premiums from SPP during 2000 were reported in operating income at their net current value, SEK 124 m. The amount is expected to be utilised in full by 2003.

Average number of employees	2000	1999	1998
<i>Operations in Sweden:</i>			
Average number of employees	12,060	11,440	10,380
<i>Operations outside Sweden:</i>			
Number of countries	43	45	43
Average number of employees	13,396	11,544	11,456
Average total number of employees	25,456	22,984	21,836

Average number of employees, by country	2000	1999	1998
<i>Operations in Sweden:</i>			
Average number of employees	12,060	11,440	10,380
– of whom men	10,333	9,965	9,189
– of whom women	1,727	1,475	1,191

Average number of employees	2000	1999	1998
<i>Operations outside Sweden:</i>			
Brazil	2,151	1,932	2,489
Great Britain	1,586	1,467	1,240
The Netherlands	1,510	1,614	1,668
France	871	918	954
Norway	863	217	4
Argentina	833	1,040	1,112
Finland	743	3	3
Germany	695	591	530
Denmark	551	680	724
Belgium	423	534	438
Poland	406	332	332
Austria	396	349	342
Australia	295	303	295
Switzerland	272	255	244
South Africa	230	169	133
Italy	174	174	–
Mexico	150	73	63
South Korea	121	69	33
Russia	108	96	65
Czech Republic	107	95	74
Spain	102	84	82
22 countries with < 100 employees ³	809	549	631
Total	13,396	11,544	11,456
– of whom men	11,887	10,267	10,261
– of whom women	1,509	1,277	1,195
Average total number of employees	25,456	22,984	21,836

Number of employees on 31 December 2000	1999	1998	
<i>European operations</i>			
Production operations and corporate staff units	13,758	13,346	13,478
Marketing companies	9,348	8,642	6,201
Total	23,106	21,988	19,679
<i>Latin American operations</i>			
Customer finance operations	3,604	3,660	3,714
Total	194	166	144
Total	26,904	25,814	23,537
– of whom, contract employees	1,395	953	795

3 In 1999, 22 countries had fewer than 100 Scania employees. In 1998, the figure was 21 countries.

Note 24 Information regarding compensation to executive officers and auditors

According to the decision of the Annual Meeting, the 2000 compensation to the members of the Board of Directors elected by the Annual Meeting amounted to SEK 2,625,000. The Chairman received compensation of SEK 700,000.

The President and CEO received a salary of SEK 5,095,000. Furthermore, a bonus of SEK 5,804,000 has been deposited for future pensions.

Scania's incentive programme for executive officers, among them the President and CEO, includes a bonus based on operating return, defined as Scania Group net income after subtracting the cost of shareholders' equity. Certain executive officers were also included in an extra bonus programme for 2000.

The pension plan (in addition to the ITP occupational pension, with a retirement age of 65) for executive officers is a defined-contribution plan. Benefits accrue by means of annual payment of premiums by the company, totalling 15–20 percent of fixed salary in the 20–30 base amount interval (base amount = *basbelopp* as defined by Swedish social insurance legislation) and 25–30 percent of fixed salary above 30 base amounts. Added to this is the value of annual employee co-payments, amounting to 2–5 percent of fixed salary.

Certain high-level executive officers are entitled, or may be obliged, to retire with a pension at age 60 or 62. The President is entitled – or if the company so demands, obliged – to retire with a pension upon reaching the age of 60.

The President – in addition to the ITP plan with a retirement age of 65 – is entitled to a defined-contribution pension programme. The pension cost to Scania AB consists of pension premiums amounting to 35 percent of fixed salary for as long as the President remains an employee of the company.

The President holds a non-transferable employee stock option without market value, entitling him, after five years but no later than after seven years, to purchase a maximum of 220,285 shares in Scania AB at a price of SEK 196 per share. The employee stock option has been secured financially in the market, so that Scania's costs for this programme are known. The option carries an entitlement to purchase existing Series B shares and thus will not lead to dilution for Scania's shareholders.

If he resigns of his own volition, or is terminated by the company, the President is entitled to his salary for a six month notice period. If terminated by the company, in addition he is entitled to severance pay equivalent to a maximum of two years' salary, including the average annual value of his bonus over the latest three-year period. Income

from another employer during these periods shall be subtracted from his notice period salary and his severance pay, respectively. If the company is transferred to another owner, the President – for one year after the take-over – is entitled to two years' severance pay as described earlier.

The other members of the Executive Board, if terminated by the company, are entitled to severance pay equivalent to a maximum of two years' salary, in addition to their salary during the six month notice period. If they obtain new employment within 18 months, counting from their termination date, their severance pay ceases. In case of a substantial change in the ownership structure of Scania, the members of the Executive Board are entitled to resign of their own volition with severance pay amounting to two years' salary.

Fees and other compensation to external auditors are shown in the following table:

	2000		1999	
	Auditing assignm.	Other assignm.	Auditing assignm.	Other assignm.
KPMG	11	3	12	2
Ernst & Young	3	1	3	0
Other auditors	9	4	9	5
Total	23	8	24	7

Note 25 Net assets outside Sweden

Currency	2000	1999	1998
Europe			
EUR	5,383	4,236	2,601
GBP	719	54	465
Other European currencies	1,130	1,006	702
Latin America			
USD	477	1,262	1,092
Real, Peso and other local currencies	3,097	2,600	2,878
Other countries			
USD	111	72	117
Other currencies	559	344	258
Total	11,476	9,574	8,113

Net assets in Real, Peso and other local currencies in Latin America consist primarily of fixed assets, which are translated at the exchange rate on the acquisition date.

Note 26 Currency exposure in operating income, by region

The table shows the net amount of the Group's operating revenues and operating expenses exposed to foreign currencies, by region/country.

	2000	1999	1998
Europe			
EMU countries (local currencies)	6,856	7,218	5,463
Great Britain (local currency)	3,290	3,049	2,996
Denmark/Norway (local currencies)	1,014	1,325	1,510
Switzerland (local currency)	770	492	424
Central and eastern Europe (local currencies, EUR)	1,552	1,190	1,669
Total Europe	13,482	13,274	12,062
Asia/Oceania (USD, AUD, EUR)	1,871	883	1,026
Africa (USD, ZAR, EUR)	517	555	670
Latin America (USD)	248	15	486
Total	16,118	14,727	14,244

Notes to the Parent Company financial statements

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

Note 1 Financial income and expenses

	2000	1999	1998
Interest income			
From subsidiaries	54	6	–
Sub-total	54	6	–
Interest expenses			
To subsidiaries	–2	–17	–67
Interest portion of forward exchange contracts used for hedging net assets	–10	–8	–7
Sub-total	–12	–25	–74
Exchange rate differences on forward exchange contracts for hedging net assets of foreign subsidiaries	–55	–23	–7
Total financial income and expenses	–13	–42	–81

Dividends, Group contributions etc

Group contributions etc	3,184	3,569	3,268
Dividends from associated companies	0	50	52
Sub-total	3,184	3,619	3,320
Total	3,171	3,577	3,239

Note 2 Shares

Subsidiary/ corp. ID/country of registr.	% owner- ship	2000 Book value	1999 Book value	1998 Book value
Scania CV AB, 556084-0976, Sweden	100	8,401	8,401	8,401
Scania Latin America Ltda, 635,010,727,112, Brazil	100	2,257	2,257	2,257
Scania Argentina S.A. ¹ 30-51742430-3, Argentina	73.6	298	298	298
Scania del Peru S.A. ¹ 101, 36300, Peru	54.7	15	15	15
Associated company				
Svenska Volkswagen AB 556084-0968, Sweden	–	–	–	298
Total ²		10,971	10,971	11,269

¹ The Group's ownership interest is 100 percent.

² The acquisition value of these shares for tax purposes is significantly lower than their book value.

Scania CV AB, in turn, directly or indirectly owns a number of sales companies, of which the largest are located in Australia, Austria, Belgium, Denmark, France, Germany, Great Britain, Italy, Norway, Spain and Sweden. It also owns production facilities in Denmark, France, the Netherlands and Poland.

A complete list of associated companies and other companies was included in the annual report filed with the Swedish Patent and Registration Office and may be obtained from Scania's Head Office in Södertälje, Group Financial Reporting.

Note 3 Shareholders' equity

	Share capital	Statutory reserv	Unrestr. share- holders' equity	Total
Balance on 1 January 1999	2,000	1,120	7,243	10,363
Dividend to shareholders			–1,300	–1,300
Net income for 1999			2,081	2,081
Balance on 31 December 1999	2,000	1,120	8,024	11,144
Dividend to shareholders			–1,400	–1,400
Net income for 2000			1,826	1,826
Balance on 31 December 2000	2,000	1,120	8,450	11,570

Note 4 Untaxed reserves

	2000	1999	1998
Tax allocation reserve	3,111	2,477	1,771
Total	3,111	2,477	1,771

SEK 871 m. (693 and 496, respectively) of "Untaxed reserves" consists of deferred taxes. Deferred taxes are not included in the Parent Company balance sheet, but are included in the consolidated balance sheet.

Note 5 Contingent liabilities

	2000	1999	1998
FPG/PRI pension guarantees in behalf of Group companies	1,377	1,298	1,239
FPG/PRI pension guarantees on behalf of associated companies	148	138	125
Loan guarantees on behalf of Group companies ³	17,951	16,703	10,596
Total	19,476	18,139	11,960

³ Most of this item is related to loan guarantees on behalf of borrowings by Scania CV AB.

Note 6 Information regarding compensation to executive officers and auditors

The President of Scania AB and the other members of the executive management hold identical positions in Scania CV AB. Wages, salaries and other remuneration are paid by Scania CV AB. The reader is therefore referred to Notes 23 and 24 in the consolidated financial statements.

No compensation to outside auditors was paid for the financial year 2000 with respect to the Parent Company.

Financial information in accordance with U.S. generally accepted accounting principles (U.S. GAAP)

Swedish accounting principles differ in certain respects from U.S. GAAP. The differences that have a material effect on the net income and shareholders' equity of the Scania Group are as follows:

(a) Goodwill

In June 1991, Saab-Scania AB became a wholly owned subsidiary of Investor AB through an acquisition of all outstanding shares in the market. In January 1994, the net assets of Scania's operations were transferred to a separate company. According to U.S. GAAP, push-down accounting is applied in such instances, which means that a goodwill value plus the tax effects of pre-1995 equity hedges is assigned to the Scania operations. Goodwill is amortised over 40 years.

(b) Pension costs

The pension commitments reported in the consolidated financial statements have been based on actuarial calculations in accordance with Swedish accounting principles.

For U.S. GAAP, the Group applies SFAS No. 87 "Employers' Accounting for Pensions" for the most significant stipulated pension plans. SFAS No. 87 is more controlled in particular as to the use of actuarial assumptions and requires that the projected unit credit method be used.

Refunds of surplus premiums from the Swedish retirement insurance company SPP were allocated to the company during the year. According to Swedish accounting principles, a still unused portion of the surplus was taken up as revenue and reported as a receivable in 2000. According to U.S. GAAP, a revenue and asset may not be recognised until the period the allocated amount can be utilised.

(c) Transactions in foreign currencies

The Group uses forward contracts to hedge certain future transactions. Unrealised gains and losses on forward contracts are accrued and recognised as income during the same period in which the hedged flow is reported.

According to U.S. GAAP, gains and losses on forward contracts are only accrued to the extent the future contract

is intended for a specific purpose and effectively hedges a firm commitment. Forward contracts that do not meet these criteria are reported at fair market value and unrealised gains and losses are reported as income.

Latin American operations are an integral part of Scania, and translation of their financial statements to Swedish kronor occurs according to the monetary/non-monetary method of accounting. According to U.S. GAAP, translation of Latin American operations must occur according to the current method.

(d) Capitalisation of expenses

In accordance with Swedish accounting principles, the company has capitalised pre-operating expenses pertaining to a production facility. According to U.S. GAAP, such expenses are charged to income in the period they actually arise.

(e) Reporting of divestments

During 2000, Scania reported divestment of properties. According to U.S. GAAP, divestments are not to be reported until full proceeds have been received and the transactions have thereby been completed in their entirety.

U.S. accounting standards not yet adopted

In June 1998, the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". This set of rules encompasses accounting principles for derivative instruments, including special derivative instruments that are embedded in other contracts (collectively referred to as derivatives) and hedging transactions. SFAS 133 prescribes that all financial instruments shall be reported as assets or liabilities in the balance sheet and that they shall be assigned fair value. SFAS 133 shall be applied to financial years that begin after 15 June 2000. The Group is currently completing its determination of the effect of adoption of SFAS 133.

The application of U.S. GAAP would have resulted in the following changes in net income and shareholders' equity:

Net income	2000	1999	1998
Net income according to Swedish GAAP	3,080	3,146	2,250
Goodwill (a)	-12	-12	-12
Pension costs (b)	-130	-43	-2
Transactions in foreign currency (c)	47	175	-17
Capitalisation of expenses (d)	-	10	12
Reporting of divestments (e)	-92	-	-
Tax effect of U.S. GAAP adjustments	93	-2	11
Change in net income	-94	128	-8
Net income according to U.S. GAAP	2,986	3,274	2,242
Earnings per share according to U.S. GAAP	14.93	16.37	11.21
Shareholders' equity	2000	1999	1998
Shareholders' equity according to Swedish GAAP	15,698	13,548	11,851
Reporting of goodwill etc (a)	312	324	336
Pension costs (b)	91	200	243
Transactions in foreign currency (c)	-905	-769	-220
Capitalisation of expenses (d)	-	-	-10
Reporting of divestments (e)	-92	-	-
Tax effect of U.S. GAAP adjustments	20	-52	-50
Change in shareholders' equity	-574	-297	299
Shareholders' equity according to U.S. GAAP	15,124	13,251	12,150

Proposed distribution of earnings

The Scania Group's unrestricted shareholders' equity according to the consolidated balance sheet amounts to SEK 8,328 m., of which net income for the year is SEK 3,080 m. The Board of Directors and the President propose that the following amounts at the disposal of the Annual Meeting:

SEK m.	
Retained earnings	6,624
Net income for the year	1,826
Total	8,450

be distributed as follows:

To the shareholders, a dividend of SEK 7.00 per share	1,400
To be carried forward	7,050
Total	8,450

After implementing the proposed distribution of earnings, the shareholders' equity of the Parent Company is as follows:

SEK m.	
Share capital	2,000
Statutory reserve	1,120
Retained earnings	7,050
Total	10,170

Södertälje, 6 February 2001

Dr. Ferdinand Piëch
Chairman

Peggy Bruzelius	Clas Åke Hedström	Rolf Stomberg
Lothar Sander	Kjell Wallin	Marcus Wallenberg
Detlef Wittig	Cees J.A. van Lede	Jan Westberg

Leif Östling
President and CEO

Our auditors' report was submitted on 22 February 2001

Caj Nackstad
Authorised Public Accountant

Gunnar Widhagen
Authorised Public Accountant

Auditors' report

To the Annual General Meeting of the shareholders of Scania AB (publ). Corporate identity number: 556184-8564.

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Scania AB for the financial year 2000. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We

also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the Report of Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Södertälje, 22 February 2001

Caj Nackstad
Authorised Public Accountant
KPMG

Gunnar Widhagen
Authorised Public Accountant
Ernst & Young AB

Sales and income by quarter

	January–March				April–June				July–September				October–December			
	2000	1999	1998	1997	2000	1999	1998	1997	2000	1999	1998	1997	2000	1999	1998	1997
Sales, units																
Trucks	12,054	12,013	10,679	9,190	13,557	11,039	11,881	11,023	10,900	10,223	10,080	9,441	15,807	13,376	12,913	12,738
Buses	952	897	990	969	1,084	920	1,160	1,251	869	957	958	1,160	1,269	989	1,009	1,204
Total	13,006	12,910	11,669	10,159	14,641	11,959	13,041	12,274	11,769	11,180	11,038	10,601	17,076	14,365	13,922	13,942
Sales, SEK m.																
European operations	10,165	9,743	8,195	6,412	10,818	9,189	8,839	7,403	9,050	8,536	7,686	6,470	12,489	10,639	10,352	8,776
Latin American operations	1,120	962	1,404	1,400	1,421	1,139	1,658	1,831	1,619	1,193	1,709	1,950	1,944	1,266	1,380	1,792
Less intra-Group sales	-305	-183	-498	-95	-417	-249	-431	-313	-436	-292	-404	-252	-303	-318	-215	-287
Total Scania products	10,980	10,522	9,101	7,717	11,822	10,079	10,066	8,921	10,233	9,437	8,991	8,168	14,130	11,587	11,517	10,281
Passenger car operations	1,695	1,257	1,322	1,087	1,871	1,561	1,538	1,216	1,581	1,210	1,394	1,079	1,511	1,457	1,383	1,250
Total	12,675	11,779	10,423	8,804	13,693	11,640	11,604	10,137	11,814	10,647	10,385	9,247	15,641	13,044	12,900	11,531
Operating income, SEK m.																
European operations	1,133	1,244	761	554	1,003	1,311	978	513	791	1,122	860	404	1,694	1,303	1,314	838
Latin American operations	-122	-96	-216	13	-61	-158	-55	194	35	-68	-96	132	157	-6	-295	68
Customer finance operations	38	30	23	18	42	39	15	15	46	32	25	17	53	39	28	23
Total Scania products	1,049	1,178	568	585	984	1,192	938	722	872	1,086	789	553	1,904	1,336	1,047	929
Passenger car operations	56	62	61	57	67	71	72	59	29	53	62	67	123	67	55	75
Total	1,105	1,240	629	642	1,051	1,263	1,010	781	901	1,139	851	620	2,027	1,403	1,102	1,004
Income after financial items, SEK m.																
	955	1,110	552	577	891	1,130	937	771	742	984	753	503	1,866	1,276	972	900
Net income, SEK m.																
	661	770	390	409	616	784	664	571	514	709	526	339	1,289	883	670	624
Earnings per share, SEK																
	3.31	3.85	1.95	2.05	3.08	3.92	3.32	2.85	2.57	3.55	2.63	1.70	6.45	4.42	3.35	3.12
Operating margin, percent																
European operations	11.1	12.8	9.3	8.6	9.3	14.3	11.1	6.9	8.7	13.1	11.2	6.2	13.6	12.2	12.7	9.5
Latin American operations	-10.9	-10.0	-15.4	0.9	-4.3	-13.9	-3.3	10.6	2.2	-5.7	-5.6	6.8	8.1	-0.5	-21.4	3.8
Scania products	9.6	11.2	6.2	7.6	8.3	11.8	9.3	8.1	8.5	11.5	8.8	6.8	13.5	11.5	9.1	9.0
Passenger car operations	3.3	5.0	4.6	5.2	3.6	4.4	4.7	4.9	1.8	4.4	4.4	6.2	8.1	4.7	4.0	6.0
Total	8.7	10.5	6.0	7.3	7.7	10.9	8.7	7.7	7.6	10.7	8.2	6.7	13.0	10.8	8.5	8.7

Key financial ratios¹ and definitions

	2000	1999	1998	1997
Earnings per share, SEK	15.40	15.73	11.25	9.72
Earnings per share according to U.S. GAAP, SEK	14.93	16.37	11.21	11.08
Return on shareholders' equity, %	21.6	25.1	20.7	20.2
Profit margin, %	9.9	11.2	8.3	8.6
Capital turnover rate, times	1.98	1.90	2.09	1.89
Return on capital employed, %	19.8	21.4	17.4	16.2
Debt/equity ratio	0.49	0.61	0.55	0.69
Interest coverage, times	5.3	5.9	6.1	4.8
Equity/assets ratio, %	26.5	26.0	26.5	27.0

¹ Unless otherwise indicated, calculations are based on an average for five measurement points (quarters).

Earnings per share

Net income divided by the number of shares.

Return on shareholders' equity

Net income as a percentage of shareholders' equity.

Profit margin

Operating income excluding customer finance operations plus financial income as a percentage of sales.

Capital turnover rate

Sales divided by capital employed (total assets less

non-interest-bearing liabilities), with customer finance operations reported according to the equity method.

Return on capital employed

Operating income excluding customer finance operations plus financial income as a percentage of capital employed, with customer finance operations reported according to the equity method.

Debt/equity ratio

Short- and long-term borrowings (excluding pension liabilities and net indebtedness in customer finance

operations) less liquid assets, divided by shareholders' equity.

Interest coverage

Operating income plus financial income divided by financial expenses.

Equity/assets ratio

Shareholders' equity as a percentage of total assets, including customer finance operations, on each respective balance sheet date.

Multi-year statistical review

SEK m. unless otherwise indicated	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Sales by market area												
Western Europe	35,370	33,146	28,874	23,102	21,009	21,715	14,880	10,920	11,424	12,218	12,838	12,612
Central and eastern Europe	1,826	1,330	1,814	1,398	827	732	266	195	289	133	114	34
Europe	37,196	34,476	30,688	24,500	21,836	22,447	15,146	11,115	11,713	12,351	12,952	12,646
Latin America	5,472	4,196	5,957	6,784	4,800	5,742	6,109	4,619	3,040	2,566	2,920	2,982
Asia	2,390	1,118	1,018	1,932	1,740	1,904	1,504	1,171	1,084	2,286	863	1,257
Other markets	2,107	1,835	1,924	1,871	1,578	1,623	1,329	1,062	715	787	936	1,046
Total, Scania products	47,165	41,625	39,587	35,087	29,954	31,716	24,088	17,967	16,552	17,990	17,671	17,931
Sales by area of operations												
European operations	42,522	38,107	34,984	29,061	25,656	26,547	18,542	13,651	13,682	15,626	14,914	15,088
Latin American operations	6,104	4,560	6,151	6,973	4,754	5,933	6,108	4,619	3,040	2,566	2,920	2,982
Less intra-Group sales	-1,461	-1,042	-1,548	-947	-456	-764	-562	-303	-170	-202	-163	-139
Total, Scania products	47,165	41,625	39,587	35,087	29,954	31,716	24,088	17,967	16,552	17,990	17,671	17,931
Passenger car operations	6,658	5,485	5,725	4,632	3,776	3,124	2,560	2,222	1,470	1,399	1,377	1,602
Total	53,823	47,110	45,312	39,719	33,730	34,840	26,648	20,189	18,022	19,389	19,048	19,533
Operating income												
European operations	4,621	4,980	3,913	2,309	2,276	4,598	2,816	488	1,069	1,452	2,072	2,526
Latin American operations	9	-328	-662	407	511	413	915	483	242	136	441	501
Customer finance operations	179	140	91	73	55	98	5	-91	-38	-23	-	-
Total, Scania products	4,809	4,792	3,342	2,789	2,842	5,109	3,736	880	1,273	1,565	2,513	3,027
Passenger car operations	275	253	250	258	215	243	173	121	33	86	17	155
Total	5,084	5,045	3,592	3,047	3,057	5,352	3,909	1,001	1,306	1,651	2,530	3,182
Operating margin, %												
European operations	10.9	13.1	11.2	7.9	8.9	17.3	15.2	3.6	7.8	9.3	13.9	16.7
Latin American operations	0.1	-7.2	-10.8	5.8	10.7	7.0	15.0	10.5	8.0	5.3	15.1	16.8
Total, Scania products	10.2	11.5	8.4	7.9	9.5	16.1	15.5	4.9	7.7	8.7	14.2	16.9
Passenger car operations	4.1	4.6	4.4	5.6	5.7	7.8	6.8	5.4	2.2	6.1	1.2	9.7
Total	9.4	10.7	7.9	7.7	9.1	15.4	14.7	5.0	7.2	8.5	13.3	16.3
Gross capital expenditures for property, plant and equipment, excluding leasing assets												
European operations	1,589	1,522	1,582	1,592	1,908	1,727	1,851	1,209	1,319	1,201	1,380	967
Latin American operations	236	354	444	974	671	455	298	276	182	107	154	157
Total	1,825	1,876	2,026	2,566	2,579	2,182	2,149	1,485	1,501	1,308	1,534	1,124
Research and development expenses												
Research and development	1,621	1,267	1,168	1,248	1 084	923	805	783	738	761	619	466
Inventory turnover rate, times												
Inventory turnover rate, times ¹	7.0	6.5	6.3	6.3	5.7	6.7	6.5	4.9	4.3	4.4	4.2	4.6

¹ Calculated as sales divided by average inventory.

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Vehicles produced, units												
European operations												
Trucks	44,235	39,794	38,886	33,092	31,316	33,459	23,367	16,014	19,893	23,721	23,853	26,616
Buses	2,118	2,528	2,818	2,817	2,326	2,373	1,542	1,176	1,557	1,321	1,462	2,119
Latin American operations												
Trucks	7,174	5,985	6,660	10,463	7,139	8,515	8,570	6,610	4,587	4,234	4,765	5,744
Buses	2,054	1,175	1,697	1,769	1,575	2,091	1,303	1,393	2,533	2,626	1,688	1,771
Total	55,581	49,482	50,061	48,141	42,356	46,438	34,782	25,193	28,570	31,902	31,768	36,250
Trucks sold by market area, units												
Western Europe	38,476	36,106	32,686	26,756	26,249	26,596	17,814	13,052	16,366	18,463	20,749	22,912
Central and eastern Europe	2,287	1,551	2,237	1,833	1,030	951	312	248	507	260	254	80
Latin America	6,777	6,253	7,621	9,649	7,377	7,964	8,713	6,678	4,734	4,293	4,558	5,067
Asia	3,438	1,481	1,410	3,096	2,997	3,329	2,818	2,256	2,440	5,530	1,731	2,549
Other markets	1,340	1,260	1,599	1,058	1,375	1,627	1,178	851	611	587	991	1,110
Total	52,318	46,651	45,553	42,392	39,028	40,467	30,835	23,085	24,658	29,133	28,283	31,718
Buses and coaches sold by market area, units												
Western Europe	1,618	1,935	1,731	1,595	1,655	1,642	983	835	879	1,067	1,199	1,448
Central and eastern Europe	84	67	106	95	83	45	40	35	16	2	2	0
Latin America	1,843	1,237	1,697	1,829	1,641	1,878	1,287	1,459	2,677	2,493	1,645	1,676
Asia	278	160	78	308	309	304	140	133	249	144	224	499
Other markets	351	364	505	757	275	301	237	215	355	276	233	261
Total	4,174	3,763	4,117	4,584	3,963	4,170	2,687	2,677	4,176	3,982	3,303	3,884
Total market for heavy trucks and buses, units												
Western Europe												
Trucks	243,700	235,900	207,300	170,300	172,000	173,300	133,300	114,100	149,000	170,000	176,000	189,000
Buses	23,200	21,800	21,000	18,300	17,800	15,900	13,600	15,600	16,500	17,200	19,000	19,000
Brazil												
Trucks	17,341	13,456	15,763	17,861	13,682	19,299	18,931	13,938	8,402	9,389	9,524	9,606
Buses	10,626	8,057	13,438	13,424	15,087	16,969	12,266	11,073	13,222	16,220	9,730	8,994
Employees, number²												
European operations												
Production companies	13,758	13,346	13,478	13,197	13,004	14,364	12,374	10,493	11,417	12,736	13,218	13,830
Marketing companies	9,348	8,642	6,201	6,160	4,877	4,050	3,694	3,823	4,278	4,043	4,219	4,332
Total	23,106	21,988	19,679	19,357	17,881	18,414	16,068	14,316	15,695	16,779	17,437	18,162
Latin American operations	3,604	3,660	3,714	4,299	4,250	4,520	4,285	4,217	4,433	4,941	4,767	4,713
Customer finance companies	194	166	144	107	75	90	72	60	65	52	34	33
Total	26,904	25,814	23,537	23,763	22,206	23,024	20,425	18,593	20,193	21,772	22,238	22,908

² Including contract employees.

Board of Directors



Lothar Sander

Detlef Wittig

Rolf Stomberg

Peggy Bruzelius

Clas Åke Hedström

Leif Östling

Dr. Ferdinand Piëch

Born 1937. Chairman since 2000.

Chairman of the Management Board of Volkswagen AG. Other directorships: Münchner Rückversicherungs AG, Dr. ing. h.c. F Porsche AG, Porsche Holding GesmbH, Salzburg and Porsche GesmbH, Salzburg, plus a number of directorships in subsidiaries of the Volkswagen Group.

Shares in Scania: 0.

Leif Östling

Born 1945. Member since 1994.

President and CEO of Scania AB. Other directorships: BT Industries AB, Beers N.V., Inexa Profil, Eldon Thule and ADR Haanpää.

Shares in Scania: 50,000.

Lothar Sander

Born 1950. Member since 2000.

Member of the Board of Management Volkswagen Brand. Other directorships: Svenska Volkswagen AB, Flughafen Braunschweig GmbH, and TAS Tvrnica Automobilia Sarajevo GmbH, plus a number of directorships in subsidiaries of the Volkswagen Group.

Shares in Scania: 0.

Detlef Wittig

Born 1942. Member since 2000.

Member of the Board of Management Volkswagen Brand. Other directorships: Svenska Volkswagen AB, Sweden, Autogerma S.p.A., Italy, Region Asien-Pazifik, Germany and North American Region, USA, plus a number of directorships in subsidiaries of the Volkswagen Group.

Shares in Scania: 0.

Rolf Stomberg

Born 1940. Member since 1998.

Chairman of John Mowlem & Co. PLC, Great Britain, Management Consulting Group PLC, Great Britain, Unipoly SA, Luxembourg. Other directorships: Reed Elsevier PLC, Great Britain, Smith & Nephew PLC, Great Britain, Cordiant Communications PLC, Great Britain, TPG Group, the Netherlands, Stinnes AG, Germany and Aral AG, Germany.

Shares in Scania: 1,000.

Peggy Bruzelius

Born 1949. Member since 1998.

Chairman of Grand Hotel Holdings AB, Lancelot Asset Management AB. Other directorships: Electrolux AB, Industry and Commerce Stock Exchange Committee, Securities Council, Axel Johnson AB, Förvaltnings AB Ratos, Drott AB, Axfood AB and Syngenta AG.

Shares in Scania: 2,000.

Clas Åke Hedström

Born 1939. Member since 1995.

President and CEO of Sandvik AB. Other directorships: Association of Swedish Engineering Industries and AB SKF.

Shares in Scania: 1,000.



Dr. Ferdinand Piëch

Marcus Wallenberg

Cees J. A. van Lede

Monica Torgrip

Lars-Åke Eriksson

Kjell Wallin

Jan Westberg

Marcus Wallenberg

Born 1956. Member since 1994. President and CEO of Investor AB. Vice Chairman of Telefon AB L M Ericsson and Saab AB. Other directorships: AstraZeneca AB, AstraZeneca UK, SAS Assembly of Representatives, Stora Enso Oy and the Knut and Alice Wallenberg Foundation, among others.

Shares in Scania: 51,000.

Cees J.A. van Lede

Born 1942. Member since 1999. Chairman of Akzo Nobel N.V., the Netherlands. Other directorships: Dutch Central Bank, the Netherlands and International Council JP Morgan, USA.

Shares in Scania: 0.

Monica Torgrip

Born 1966. Deputy Member since 1998. Employee Representative for the Federation of Salaried Employees in Industry and Services at Scania.

Shares in Scania: 0.

Lars-Åke Eriksson

Born 1948. Deputy Member since 2000. Employee Representative for the Metal Workers' Union at Scania.

Shares in Scania: 0.

Kjell Wallin

Born 1943. Member since 1998. Employee Representative for the Metal Workers' Union at Scania.

Shares in Scania: 0.

Jan Westberg

Born 1944. Member since 1996. Employee Representative for the Federation of Salaried Employees in Industry and Services at Scania.

Shares in Scania: 0.

Auditors

Caj Nackstad
Authorised Public Accountant,
KPMG

Gunnar Widhagen
Authorised Public Accountant,
Ernst & Young AB

Deputy Auditors

Thomas Thiel
Authorised Public Accountant,
KPMG

Björn Fernström
Authorised Public Accountant,
Ernst & Young AB

Group Management

Executive Board



Kaj Lindgren

Leif Östling

Hasse Johansson

Urban Erdtman

Per Hallberg

Arne Karlsson

Executive Board

Leif Östling

Born 1945. Joined Scania in 1972.
 President and CEO
 Shares in Scania: 50,000
 Reporting to Leif Östling:
 Buses & Coaches
 Industrial & Marine Engines

Urban Erdtman

Born 1945. Joined Scania in 1981.
 Group Vice President
 Sales and Marketing
 Shares in Scania: 3,226
 Reporting to Urban Erdtman:
 Sales and Marketing Europe
 Sales and Marketing Overseas
 And certain corporate staff units

Per Hallberg

Born 1952. Joined Scania in 1977.
 Group Vice President
 Production and Procurement
 Shares in Scania: 0
 Reporting to Per Hallberg:
 Chassis and Cabs
 Powertrain
 Purchasing

Hasse Johansson

Born 1949. Joined Scania in 2001.
 Group Vice President
 Research and Development
 Shares in Scania: 0
 Reporting to Hasse Johansson:
 Truck and Cab Development
 Powertrain Development

Arne Karlsson

Born 1944. Joined Scania in 1978.
 Executive Vice President
 Finance and Business Control
 Shares in Scania: 166
 Reporting to Arne Karlsson:
 Corporate Control
 Finance
 Latin American Operations
 And certain corporate staff units

Kaj Lindgren

Born 1945. Joined Scania in 1977,
 employed until 1984. Rejoined Scania
 in 1989.
 Group Vice President
 Corporate Development
 Shares in Scania: 0
 Reporting to Kaj Lindgren:
 Business Communications
 Corporate Human Resources
 General Counsel
 And certain corporate staff units

Group Management

Corporate Units, Corporate Sectors and Business Units

Corporate Units

Ulf Egestrand
 Born 1956. Joined Scania in 1998.
 Senior Vice President
 Finance
 Shares in Scania: 0

Magnus Hahn
 Born 1955. Joined Scania in 1985.
 Senior Vice President
 Business Communications
 Shares in Scania: 0

Peter Härnwall
 Born 1955. Joined Scania in 1983.
 Senior Vice President
 Corporate Control
 Shares in Scania: 166

Carl Riben
 Born 1950. Joined Scania in 1986.
 Senior Vice President
 General Counsel
 Shares in Scania: 400

Corporate Sectors

Thomas Karlsson
 Born 1953. Joined Scania in 1988.
 Senior Vice President
 Powertrain
 Shares in Scania: 185
 (not in picture)

Lars Orehall
 Born 1947. Joined Scania in 1974.
 Senior Vice President
 Truck and Cabs Development
 Shares in Scania: 2,000

P O Svedlund
 Born 1955. Joined Scania in 1976.
 Senior Vice President
 Purchasing
 Shares in Scania: 166

Kjell Svensson
 Born 1938. Joined Scania in 1972.
 Senior Vice President
 Chassis and Cabs
 Shares in Scania: 25

Claes Torén
 Born 1939. Joined Scania in 1962.
 Senior Vice President
 Sales and Marketing Overseas
 Shares in Scania: 875

Business Units

Arne Carlsson
 Born 1943. Joined Scania in 1969, employed until 1987. Rejoined Scania 1991.
 Acting Managing Director
 Latin American Operations
 Shares: 0
 (not in picture)

Håkan Ericsson
 Born 1947. Joined Scania in 1975.
 Senior Vice President
 Buses & Coaches
 Shares in Scania: 166

Lennart Hjelte
 Born 1945. Joined Scania in 1966.
 Senior Vice President
 Industrial & Marine Engines
 Shares in Scania: 4,125



Ulf Egestrand

P O Svedlund

Lars Orehall

Claes Torén

Kjell Svensson

Lennart Hjelte

Peter Härnwall

Håkan Ericsson

Carl Riben

Magnus Hahn

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Production units

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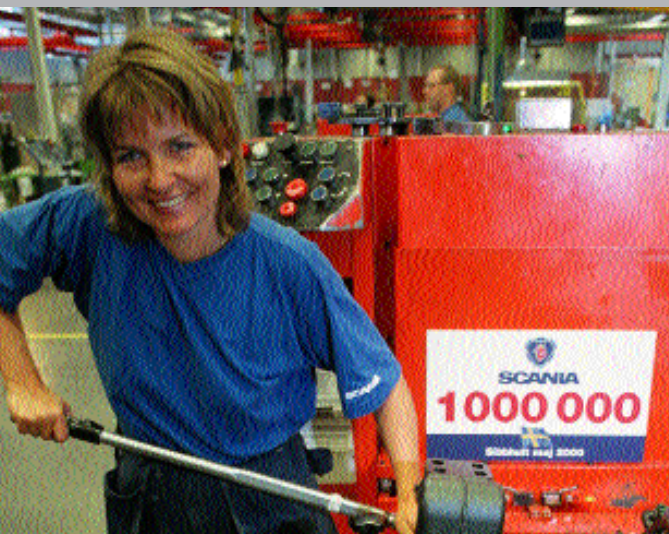
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