

## SAAB BUILDS FOR LONG-TERM GROWTH

INTERIM REPORT  
JANUARY-SEPTEMBER 2014

The defence market is characterised by fierce competition and the market conditions are challenging as defence spending has decreased for a number of years. However, there is an ongoing discussion, particularly within the EU, about increasing defence spending, but no decisions have been made. In order to address this, we are strengthening Saab's competitiveness by continuously improving our offering. Our investments in research and development are made to create long-term growth in several areas.

During the first nine months this year, two large product launches have taken place; a new generation of the weapon system Carl-Gustaf M4 during the third quarter, and a new generation of the Giraffe AMB and Arthur radars during the second quarter. These are important areas where Saab is world-leading and focus ahead will be on market and sales.

The development of Gripen E for Sweden progresses according to plan and budget. In August, the Swedish government decided to move forward with Gripen E, also without a partnering country.

### Brazil negotiations on track

The negotiations with Brazil regarding Gripen NG (Gripen E/F) move forward according to plan and the ambition is to reach an agreement in the near future. In July, Saab and the Brazilian aircraft manufacturer Embraer, entered into a Memorandum of Understanding to partner in joint programme management for the development and production of Gripen for Brazil. This is thought to further strengthen Gripen's position in the market.

On 22 July, the acquisition of ThyssenKrupp Marine Systems AB (TKMS, now Saab Kockums) was closed. Now we focus on efficiently integrating the business, meanwhile the work with deliveries to the Swedish customer has begun.

Current market conditions and status in procurement processes had a negative impact on order bookings; this is mainly seen within business area Dynamics.

### Financial highlights

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	10,199	25,029	-59	2,073	2,993	49,809
Order backlog	54,910	42,407	29			59,870
Sales	16,102	16,471	-2	5,130	4,723	23,750
Gross income	4,226	4,475	-6	1,330	1,264	6,328
Gross margin, %	26.2	27.2		25.9	26.8	26.6
EBITDA	1,536	1,557	-1	477	515	2,367
EBITDA margin, %	9.5	9.5		9.3	10.9	10.0
Operating income (EBIT)	901	811	11	258	266	1,345
Operating margin, %	5.6	4.9		5.0	5.6	5.7
Net income	582	455	28	170	192	742
Earnings per share before dilution, SEK	5.40	4.34		1.57	1.78	6.98
Earnings per share after dilution, SEK	5.36	4.21		1.55	1.73	6.79
Return on equity, % <sup>1)</sup>	7.6	8.8				6.3
Free cash flow	-2,100	-2,013		-710	-940	-1,460
Free cash flow per share after dilution, SEK	-19.59	-18.44		-6.64	-8.61	-13.38

1) The return on equity is measured over a rolling 12-month period.

2) As of 1 January, free cash flow is reported for the Group. It was previously named operating cash flow.

Comparative numbers for 2013 have been restated according to the changed accounting principles for joint arrangements (IFRS 11). See note 13. Where applicable, comparative numbers for 2013 for some business areas have been restated following organisational and structural changes, see note 14. The latter has no impact on the Group as a whole.

Order bookings amounted to MSEK 10,199 (25,029) during the first nine months. In the same period last year, development orders for Gripen E amounting to SEK 13.2 billion was received.

During the third quarter, the Swedish Defence Materiel Administration (FMV) ordered overhaul of the submarine HMS Halland. This was included in the Letter of Intent regarding the Swedish defence's underwater capability totalling more than SEK 11 billion, communicated on 9 June this year.

Sales amounted to MSEK 16,102 (16,471). During the quarter, sales increased compared to the same period last year, mainly due to increased sales within Security and Defence Solutions, where the acquisition of Saab Kockums contributed.

Reported operating income amounted to MSEK 901 (811) with an operating margin of 5.6 per cent (4.9). The operating income adjusted for non-recurring items\* amounted to MSEK 901 (1,042) with an operating margin of 5.6 per cent (6.3).

The announced efficiency measures progress according to plan and the number of full time equivalents and external consultants has decreased by approximately 860 since the beginning of 2013.

### Outlook unchanged

Despite a market that is difficult to predict and expenses for the Gripen campaign for Brazil and for terminating the Gripen campaign for Switzerland during the third quarter, the outlook for 2014 remains unchanged.

The operational cash flow was negative as a result of high activity in large projects while we are also investing in development for future growth. Our estimate that the operational cash flow will be positive during the second half-year remains.

Earnings per share after dilution amounted to SEK 5.36 (4.21).

\*The operating income 2013 includes a non-recurring item of MSEK 231 related to a lost legal dispute.



Håkan Buskhe, CEO

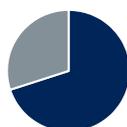
### OUTLOOK STATEMENT 2014:

- In 2014, we estimate that sales will be in line with 2013.
- The operating margin in 2014, excluding material non-recurring items, is expected to be somewhat higher than the operating margin in 2013, excluding material non-recurring items.

Excluding material non-recurring items, the operating margin was 6.6 per cent in 2013.

## Major orders, 3rd quarter

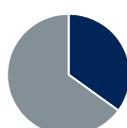
	MSEK
Development and serial deliveries of vehicle simulators	142
Overhaul of the submarine HMS Halland	130



**Defence/Civil**  
A total of 70 per cent (87) of order bookings was attributable to defence-related operations during the first nine months.



**Market**  
A total of 64 per cent (33) of order bookings was related to markets outside Sweden during the first nine months.

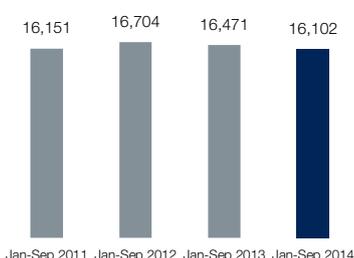


**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 35 per cent (71) of total order bookings during the first nine months.

### Order backlog duration:

- 2014: SEK 6.9 billion
- 2015: SEK 14.4 billion
- 2016: SEK 8.4 billion
- 2017: SEK 5.0 billion
- After 2017: SEK 20.2 billion

### Sales, MSEK



Jan-Sep 2011 Jan-Sep 2012 Jan-Sep 2013 Jan-Sep 2014

## Orders

### Third quarter 2014

Major orders received during the third quarter 2014 included an order from FMV to overhaul the submarine HMS Halland.

A five-year framework contract regarding the weapon system Carl-Gustaf was signed with U.S. SOCOM (Special Operations Command). The total value of the framework contract amounts to approximately SEK 1.3 billion and in connection with the award of the contract, U.S. SOCOM issued an initial order with a value of MSEK 99.

During the quarter, Saab received a contract from the Norwegian army for development and serial deliveries of the new generation GAMER vehicle simulators (a dual-simulator training system). The total order amounts to MSEK 142.

### January–September 2014

Major orders received during the first nine months 2014, in addition to the above mentioned, included orders from FMV regarding construction and production plans for the next generation submarines and to conduct a mid-life update of two Gotland-class submarines. These orders are part of a Letter of Intent between Saab and FMV regarding the Swedish armed forces' underwater capability. The Letter of Intent refers to the period 2015-2024 and comprises potential orders of approximately SEK 11.2 billion.

Saab also entered into an agreement with FMV to provide advanced aerial target services to the Swedish Armed Forces. FMV also ordered support and maintenance of Gripen for the Swedish Armed Forces throughout 2014. The order comprises support and maintenance operations and ensures the continued operation of Gripen in Sweden, the Czech Republic, Hungary and Thailand.

In June an order was received for the maintenance and capital expenditure works for the electronic security system for a 300 bed Correctional Centre in Southern Queensland, Australia.

The Finnish Defence Forces ordered military training systems, including support for seven years, starting 2014. A three-year contract for support and service of weapon simulators was signed with the UK Ministry of Defence.

Brazil ordered RBS 70 VSHORAD (Very Short Range Air Defence System) for the army. The order included deliveries of man-portable launchers, missiles and associated equipment.

For a list of major orders received during the first nine months of 2014, see note 3, page 24.

During the first nine months of 2014, index and price changes had a positive effect on order bookings of MSEK 294 compared to MSEK 9 during the same period in 2013.

The order backlog at the end of the period amounted to MSEK 54,910 compared to MSEK 59 870 at the beginning of the year.

### Order bookings by region

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %
Sweden	3,661	16,712	-78
EU excluding Sweden	2,615	2,155	21
Rest of Europe	432	346	25
Americas	1,485	2,159	-31
Asia	1,166	2,517	-54
Africa	333	327	2
Australia, etc.	507	813	-38
<b>Total</b>	<b>10,199</b>	<b>25,029</b>	<b>-59</b>

## Sales

### Third quarter 2014

Sales during the third quarter 2014 amounted to MSEK 5,130 (4,723); an increase of 9 per cent. Acquisitions had a positive effect of 2 per cent on sales and currency effects had a positive effect of 1 per cent.

### January–September 2014

During the first nine months 2014, sales declined 2 per cent compared to the same period 2013. Acquisitions and currency effects had no material impact on sales.

Sales in markets outside Sweden amounted to MSEK 9,149 (9,419), or 57 per cent (57), of total sales. 78 per cent (80) of sales were related to the defence market.

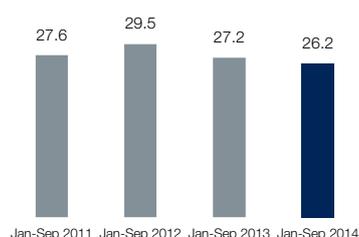
### Sales per region

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %
Sweden	6,953	7,052	-1
EU excluding Sweden	2,570	2,727	-6
Rest of Europe	382	347	10
Americas	1,987	2,005	-1
Asia	2,888	2,919	-1
Africa	430	614	-30
Australia, etc.	892	807	11
<b>Total</b>	<b>16,102</b>	<b>16,471</b>	<b>-2</b>

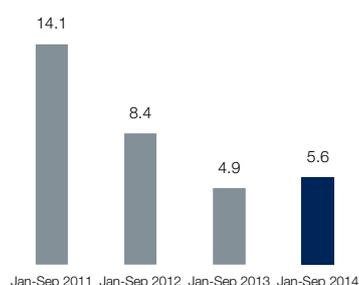
## Sales per market segment

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %
Air	7,176	7,447	-4
Land	3,607	4,259	-15
Naval	2,050	1,651	24
Civil Security	1,597	1,447	10
Commercial Aeronautics	1,321	1,139	16
Other	351	528	-34
<b>Total</b>	<b>16,102</b>	<b>16,471</b>	<b>-2</b>

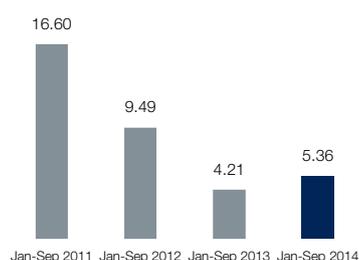
## Gross margin, %



## Operating margin, %



## Earnings per share after dilution, SEK



## Income

### Third quarter 2014

The gross margin during the third quarter amounted to 25.9 per cent (26.8). The operating income amounted to MSEK 258 (266) with an operating margin of 5.0 per cent (5.6).

TKMS (Saab Kockums) was acquired in July 2014. At that time the business had a declining order backlog, low activity level and poor profitability. The takeover, and hence new business conditions, had a positive impact on the operating income in the third quarter of MSEK 86.

### January-September 2014

The gross margin in the first nine months amounted to 26.2 per cent (27.2). Total depreciation and amortisation amounted to MSEK 642 (769). Depreciation of tangible fixed assets amounted to MSEK 291 (284) while depreciation of the leasing fleet amounted to MSEK 7 (23).

Internally funded expenditures in research and development (R&D) amounted to MSEK 951 (943), of which a total of MSEK 119 (11) was capitalised. The internally funded investments within the radar and sensor technology development focus continued during the period, and capitalisation was at a higher level than during the same period in 2013 as orders were received within this area.

Amortisation of intangible fixed assets amounted to MSEK 344 (462), of which amortisation of capitalised development expenditures amounted to MSEK 239 (340).

The share of income in associated companies amounted to MSEK -3 (15).

The operating income amounted to MSEK 901 (811) with an operating margin of 5.6 per cent (4.9). The second quarter 2013 was negatively impacted by a non-recurring item amounting to MSEK 231 related to a lost legal dispute. The operating income adjusted for non-recurring items amounted to MSEK 901 (1,042) and the operating margin was 5.6 per cent (6.3).

During the first nine months 2014 and 2013, reversal of risk provisions related to Saab's leasing fleet of turbo prop aircraft (SAL), contributed positively to the operating income.

The implementation of the efficiency measures that were initiated during 2013 progressed as planned.

## Financial net

MSEK	Jan-Sep 2014	Jan-Sep 2013
Financial net related to pensions	-42	-53
Net interest items	8	23
Currency losses/gains	2	-22
Other financial items	-86	-140
<b>Total</b>	<b>-118</b>	<b>-192</b>

The financial net related to pensions is the financial cost for net pension liabilities recognised in the balance sheet; see note 10, page 28, for more information regarding defined-benefit pension plans.

Net interest items refer to return on liquid assets and short-term investments as well as interest expenses on short-term and long-term interest-bearing liabilities.

Currency gains/losses reported in financial net are related to hedges of the tender portfolio, which are valued at fair value.

Other net financial items consist of cost attributable to the programme for sales of accounts receivables, unrealised results from market valuation of short-term investments, project interest and other currency effects, for example changes related to liquid assets in currencies other than SEK. In the second quarter 2013, a non-recurring item of MSEK 83, related to a lost legal dispute, was reported in financial net.

In 2013, Saab invested in the Indian company Pipavav Defence and Offshore Engineering Company Limited. A combination of negative currency effects and share price development resulted in a value decline of MSEK 19 during the first quarter of 2014, which is recognised in financial net.

## Tax

Current and deferred taxes amounted to MSEK -201 (-164), equivalent to an effective tax rate of 26 per cent (26).

## Return on capital employed and on equity

The pre-tax return on capital employed was 9.7 per cent (10.2) and the after-tax return on equity was 7.6 per cent (8.8), both measured over a rolling 12-month period.

### Events in the 3rd quarter

- Saab and Embraer have signed a Memorandum of Understanding to partner in joint programme management for the F-X2 project, pursuant to the selection of the Gripen NG as Brazil's next generation fighter jet.
- The acquisition of TKMS was closed on 22 July.
- Saab announced changes to its business area structure to further develop and strengthen Saab's organisation. At the same time changes are being made within the Group Management. All changes will be effective as of 1 January 2015.

### Financial position and liquidity

At the end of September 2014 the net liquidity amounted to MSEK -2,994; a decrease of MSEK -3,807 during 2014 compared to year-end 2013.

Cash flow from operating activities amounted to MSEK -1,751. Provisions for pensions, excluding special employers' contribution, as of 30 September 2014 amounted to MSEK 2,385, compared to MSEK 1,389 at year-end 2013, and had a negative impact of MSEK 996 on net liquidity. The increase in provisions was mainly due to the decrease in the discount rate used in the valuation of pension obligations from 4.00 per cent to 3.00 per cent during the period, which was partly mitigated by a strong return on plan assets.

For more information about Saab's defined benefit plans, see note 10, page 28.

During the first nine months, net liquidity was negatively impacted by net investments amounting to approximately MSEK 349, by dividend to shareholders of MSEK 479 and repurchase of own shares of MSEK 252.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had a positive impact on net liquidity of MSEK 20.

In 2009, Saab changed its view on the application of accounting principles for development costs. As a result of this more conservative view, development costs are capitalised at a later stage in all projects and all capitalised development costs are amortised over a maximum period of ten years. Capitalised development costs have been reduced from MSEK 3,628 at the end of 2008 to MSEK 1,229 at the end of September 2014.

Inventories increased during the first nine months 2014 due to higher activity levels in projects where milestone deliveries will be made later this year. Inventories are recognised after deducting utilised advances.

### Capital expenditures

Gross capital expenditures in property, plant and equipment, amounted to MSEK 541 (383).

Investments in intangible assets amounted to MSEK 154 (43), of which MSEK 119 (11) was related to capitalised development costs and MSEK 35 (32) to other intangible assets.

### Cash flow

As of 2014, operational cash flow is recognised by business area unlike before when free cash flow was reported by business area and termed operating cash flow.

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK -1,354 (-839), see note 8, page 27.

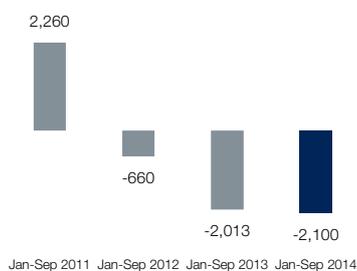
During the second quarter 2013, payments of MSEK 314 related to a lost legal dispute were made.

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. As of 30 September 2014, net receivables of MSEK 528 were sold, compared to MSEK 555 at 31 December 2013. This had a negative impact on cash flow from operating activities during 2014 of MSEK 27.

The operational cash flow amounted to MSEK -1,950 (-1,187). It is defined as cash flow from operating activities, excluding taxes and other financial items, acquisitions and divestments of intangible assets, tangible assets and lease assets. The lower level of operational cash flow in the first nine months 2014 compared to 2013 is mainly attributable to timing differences in invoicing, milestone deliveries and payments.

Free cash flow amounted to MSEK -2,100 (-2,013). For more detailed information about the free cash flow, see note 8, pages 26-27.

### Free cash flow, MSEK



### Financial position key indicators and liquidity

MSEK	30 Sep 2014	30 Sep 2013	Change	31 Dec 2013
Net liquidity / debt <sup>1)</sup>	-2,994	193	-3,187	813
Intangible fixed assets	6,547	6,451	96	6,340
Goodwill	4,942	4,587	355	4,605
Capitalised development costs	1,229	1,435	-206	1,338
Other intangible fixed assets	376	429	-53	397
Tangible fixed assets, etc <sup>2)</sup>	3,975	3,757	218	3,763
Inventories	5,777	4,974	803	4,563
Accounts receivable	2,883	2,530	353	3,295
Other receivables	3,779	2,841	938	3,727
Accrued revenues <sup>3)</sup>	3,280	2,409	871	3,074
Advance payments from customers	963	817	146	818
Equity/assets ratio, (%)	40.1	44.6		44.0
Return on equity, (%) <sup>4)</sup>	7.6	8.8		6.3
Equity per share, SEK <sup>5)</sup>	103.41	110.94	-7.53	114.04

1) The Group's net liquidity refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 6, page 24.

2) Including tangible fixed assets, lease assets, biological assets and investment properties.

3) Amounts due from customers relate to long-term customer contracts according to the percentage of completion method.

4) The return on equity is measured over a rolling 12-month period.

5) Number of shares excluding treasury shares; 2014 sep: 105 377 052; 2013 sep: 106 270 662; 2013 dec: 106 414 144.

Comparative numbers for 2013 have been restated according to the changed accounting principles for joint arrangements (IFRS 11).

## BUSINESS AREA AERONAUTICS

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	1,041	11,411	-91	50	172	29,677
Order backlog	30,624	17,843	72			34,113
Sales	4,531	4,873	-7	1,323	1,391	6,869
EBITDA	326	464	-30	60	153	603
EBITDA margin, %	7.2	9.5		4.5	11.0	8.8
Operating income (EBIT)	282	354	-20	46	117	456
Operating margin, %	6.2	7.3		3.5	8.4	6.6
Operational cash flow	-321	-417		8	-125	-227
Defence/Civil (% of sales)	79/21	84/16		75/25	83/17	83/17
No. of FTE's	3,257	3,143	4			3,210

For a description of the business area activities, see note 3.

### Orders

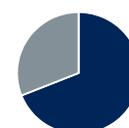
- Order bookings in the first nine months 2014 included an order from FMV regarding support and maintenance of Gripen.
- During 2013, several orders were received concerning the Gripen E programme, of which SEK 10.3 billion was attributable to the business area during the first nine months.

### Sales, income and margin

- Sales decreased during the first nine months 2014 compared to 2013, as 2013 included sales of previously incurred cost.
- The increased international interest in Gripen C/D and E resulted in somewhat higher marketing costs during the third quarter 2014. The quarter also included expenses related to the termination of the Gripen campaign for Switzerland.

### Cash flow

- Operational cash flow was negative due to timing differences in project execution and milestone payments from customers.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 69 per cent (95) of total order bookings during the first nine months.



#### Market

Sales related to markets outside Sweden accounted for 29 per cent (30) during the first nine months.

## BUSINESS AREA DYNAMICS

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	1,257	1,708	-26	408	349	3,345
Order backlog	3,769	4,088	-8			4,548
Sales	2,045	2,383	-14	599	535	3,566
EBITDA	84	219	-62	-11	-22	428
EBITDA margin, %	4.1	9.2		-1.8	-4.1	12.0
Operating income/loss (EBIT)	38	176	-78	-26	-37	366
Operating margin, %	1.9	7.4		-4.3	-6.9	10.3
Operational cash flow	-177	416		-144	-29	461
Defence/Civil (% of sales)	84/16	86/14		81/19	78/22	88/12
No. of FTE's	1,477	1,594	-7			1,523

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- Market conditions remain challenging, and this is reflected in low order bookings.
- During the period, an order for RBS 70 VSHORAD (Very Short Range Air Defence) was received from the Brazilian army. FMV ordered ten ROV systems. They also placed an order for design plans for a New Lightweight Torpedo (NLT), which is to be delivered in 2015.
- A five-year framework contract regarding the weapon system Carl-Gustaf was signed with U.S. SOCOM (Special Operations Command). The total value of the framework contract amounts to approximately SEK 1.3 billion and in connection with the award of the contract, U.S. SOCOM issued an initial order with a value of MSEK 99.

### Sales, income and margin

- Sales decreased during the first nine months 2014, compared to the same period 2013, following low order bookings in 2013 and 2014.
- Low sales and a changed product mix resulted in an operating loss during the third quarter 2014.

### Cash flow

- Operational cash flow was negative during the first nine months 2014, as a result of lower sales and timing differences in deliveries and milestone payments.

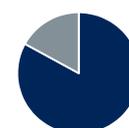
### Personnel

- The number of FTE's decreased in the first nine months 2014, as a result of the efficiency measures implemented in 2013 which included downsizing, mainly at the production unit in Karlskoga, Sweden.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 35 per cent (35) of total order bookings during the first nine months.



#### Market

Sales related to markets outside Sweden accounted for 83 per cent (84) during the first nine months.

## BUSINESS AREA ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	1,956	5,373	-64	369	763	7,587
Order backlog	7,907	8,392	-6			9,171
Sales	3,268	3,147	4	1,062	950	4,560
EBITDA	420	312	35	196	143	373
EBITDA margin, %	12.9	9.9		18.5	15.1	8.2
Operating income/loss (EBIT)	110	-44		95	25	-115
Operating margin, %	3.4	-1.4		8.9	2.6	-2.5
Operational cash flow	-784	-108		-366	-319	116
Defence/Civil (% of sales)	97/3	97/3		98/2	96/4	97/3
No. of FTE's	2,546	2,558	-			2,588

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- The market remains challenging. Order bookings for the first nine months 2014 included orders for the weapon locating system Arthur.
- During 2013, several orders were received concerning the Gripen E programme, of which SEK 3.2 billion was attributable to the business area during the first nine months.

### Sales, income and margin

- The operating income for the period was strengthened as a result of the efficiency measures implemented in 2013 and 2014, lower development cost and successful project execution.

### Cash flow

- The operational cash flow was negative due to continued investments in development, tangible assets and due to timing differences in milestone payments and deliveries.

### Personnel

- The number of FTE's decreased, compared to the year-end 2013, as a result of the ongoing efficiency measures.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 24 per cent (66) of total order bookings during the first nine months.



#### Market

Sales related to markets outside Sweden accounted for 72 per cent (74) during the first nine months.

## BUSINESS AREA SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	3,900	2,929	33	827	1,171	4,736
Order backlog	6,494	5,430	20			5,571
Sales	3,763	3,445	9	1,367	1,060	5,095
EBITDA	210	175	20	101	73	328
EBITDA margin, %	5.6	5.1		7.4	6.9	6.4
Operating income (EBIT)	134	89	51	71	44	213
Operating margin, %	3.6	2.6		5.2	4.2	4.2
Operational cash flow	-325	-92		-119	-32	122
Defence/Civil (% of sales)	65/35	65/35		68/32	66/34	67/33
No. of FTE's	3,318	2,898	14			2,843

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- Order bookings increased during the first nine months 2014, compared to the same period 2013, partly due to several orders for military training systems and FMV placed orders for construction and production plans for the next generation submarine and to conduct a mid-life update of two Gotland-class submarines, and overhaul of the submarine HMS Halland.

### Sales, income and margin

- TKMS (Saab Kockums) was acquired in July 2014. At that time the business had a declining order backlog, low activity level and poor profitability. The takeover, and hence new business conditions, had a positive impact on the operating income in the third quarter of MSEK 86.
- The acquisition of Saab Kockums had a positive contribution to sales of MSEK 180 during the first nine months.
- Profitability in the traffic management operations remained negatively affected by a challenging market situation.

### Cash flow

- The operational cash flow was negative, mainly due to timing differences between activity and milestone payments.

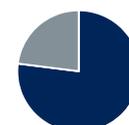
### Personnel

- The number of FTE's increased in the first nine months 2014, compared to year-end 2013. The deconsolidation of Saab Grintek Technologies (Pty) Ltd as of 31 March 2014 resulted in a decrease of 265 FTE's, while the acquisition of Saab Kockums increased the number of FTE's by 893 at the end of the period.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 42 per cent (17) of total order bookings during the first nine months.



#### Market

Sales related to markets outside Sweden accounted for 77 per cent (78) during the first nine months.

## BUSINESS AREA SUPPORT AND SERVICES

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	2,085	3,637	-43	339	414	4,602
Order backlog	6,338	6,867	-8			6,683
Sales	2,531	2,604	-3	794	802	3,772
EBITDA	266	359	-26	48	110	517
EBITDA margin, %	10.5	13.8		6.0	13.7	13.7
Operating income (EBIT)	252	345	-27	43	105	498
Operating margin, %	10.0	13.2		5.4	13.1	13.2
Operational cash flow	-90	-185		-171	-40	-149
Defence/Civil (% of sales)	76/24	78/22		73/27	80/20	79/21
No. of FTE's	1,798	1,858	-3			1,840

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- During the first nine months 2014, an order was received from FMV regarding support and maintenance of Gripen in Sweden, the Czech Republic, Hungary and Thailand. FMV also ordered advanced aerial target services for the Swedish Armed Forces.
- During 2013, an order was received concerning the Gripen E programme, of which SEK 1.3 billion was attributable to the business area during the first nine months.

### Sales, income and margin

- Sales decreased slightly during the first nine months 2014, compared to the same period 2013, due to fewer large orders. Meanwhile, sales attributable to small orders increased.
- The operating margin was negatively impacted by a change in product mix during the first nine months 2014.

### Cash flow

- Operational cash flow was negative during the first nine months 2014 due to timing differences in project execution and milestone payments.

### Personnel

- The number of FTE's decreased during the first nine months 2014, compared to year-end 2013, as a result of the efficiency measures initiated in 2013.

## BUSINESS AREA COMBITECH

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Order bookings	1,188	1,209	-2	325	387	1,740
Order backlog	446	505	-12			540
Sales	1,283	1,184	8	375	337	1,684
EBITDA	64	101	-37	11	19	157
EBITDA margin, %	5.0	8.5		2.9	5.6	9.3
Operating income (EBIT)	58	94	-38	9	17	148
Operating margin, %	4.5	7.9		2.4	5.0	8.8
Operational cash flow	32	142		-3	-14	162
Defence/Civil (% of sales)	57/43	59/41		56/44	62/38	59/41
No. of FTE's	1,370	1,345	2			1,345

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Sales

- Sales increased during the first nine months 2014, compared to the same period 2013, as a result of increased sales to both Saab and external customers.

### Income and margin

- The operating margin was at a lower level during the first nine months 2014, compared to the same period 2013, mainly due to a lower utilisation of consultants in the beginning of the year.

### Cash flow

The operational cash flow was at a lower level in the first nine months 2014 compared to the same period 2013, as working capital increased as a result of higher sales.



### Large orders

Orders where the total order value exceeded MSEK 100 represented 35 per cent (65) of total order bookings during the first nine months.



### Market

Sales related to markets outside Sweden accounted for 36 per cent (34) during the first nine months.



### Market

Sales related to markets outside Sweden accounted for 8 per cent (8) during the first nine months.

## Owners

According to SIS Ägarservice, Saab's largest shareholders as of 30 September 2014 were:

Investor AB  
Wallenberg foundations  
Swedbank Robur funds  
AFA Insurance  
Unionen  
SHB funds  
Nordea funds  
SEB funds  
Första AP-fonden  
Norges Bank Investment Mgt

## Personnel

	30 Sep 2014	1 Jan 2014
Number of employees	14,700	14,140
FTE's	14,562	14,122

As of 30 September 2014, the Group had 14,700 employees, compared to 14,140 at the beginning of the year. The number of full time equivalents (FTE's) at the end of the period was 14,562 compared to 14,122 at the beginning of the year. The acquisition of Saab Kockums increased the number of FTE's by 893. The deconsolidation of operations in the South African subsidiary Saab Grintek Technologies (Pty) Ltd reduced the number of FTE's by 265.

## Corporate

Corporate reported operating income of MSEK 27 (-203) in the first nine months.

During the same period 2014 and 2013 reversal of risk provisions, attributable to the remaining risks related to Saab's lease fleet of turboprop aircraft, contributed positively to the operating income.

In 1997, Saab discontinued the manufacturing of turboprop aircraft. As of 30 September, Saab had a lease fleet consisting of 13 (49) turboprop Saab 340. Of the fleet, 9 (35) are financed through US leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board, EKN. 4 (14) aircraft are financed internally and recognised as assets in the balance sheet. Provisions in the balance sheet related to the leasing portfolio are deemed sufficient for the remaining risks. Saab estimates that the leasing portfolio will be phased out by 2015.

During the third quarter, sales of a Group company, whose assets were mainly related to property, had a positive impact on the operating income.

During the second quarter 2013, a payment amounting to MSEK 314 related to a lost legal dispute was made. MSEK 231 of the payment was reported in operating income and MSEK 83 related to interest cost in financial net.

## Acquisitions and divestments 2014

During the first quarter, Saab's subsidiary Saab South Africa (Pty) Ltd deconsolidated its stake in the South African subsidiary Saab Grintek Technologies (Pty) Ltd. The deconsolidation of the operations resulted in a capital gain before taxes of MZAR 20 (approx. MSEK 12), which was reported in the business area Security and Defence Solutions. See Saab's interim report for January-March 2014 for further information.

In July, Saab announced the closing of the acquisition of the Swedish shipyard ThyssenKrupp Marine Systems AB (TKMS, now Saab Kockums). The purchase price amounted to MSEK 340 and existing funds were used to finance the acquisition. TKMS (Saab Kockums) designs, builds and maintains naval systems such as submarines and surface vessels. The company had, at the time of the acquisition, approximately 850 employees. The acquisition is in line with Saab's ambition to increase its capabilities in the naval domain. This move further strengthens Saab's status as a comprehensive supplier of military systems. For more information about the acquisition, see note 9, page 27.

No other significant acquisitions or divestments were made during the period January-September 2014.

## Share repurchase

Saab held 3,773,292 treasury shares as of 30 September 2014, compared to 2,736,200 at year-end 2013. The Annual General Meeting on 8 April 2014 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge the Share Matching Plan and Performance Share Plan. On 5 June 2014, the Board of Directors decided to use the authorisation and 1,340,000 shares were purchased during the third quarter 2014 at a total cost of MSEK 252.

## Risks and uncertainties

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world.

Projects generally entail significant investments, long periods of time and technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries in addition to the establishment of operations abroad.

Operations entail not insignificant risk taking in various respects. The key risk areas are political, operational and financial risks. Various policies and instructions govern the management of significant risks. Saab conducts significant development projects and manages the associated risks.

For a general description of the risk areas, see pages 51-54 of the Annual Report 2013.

## Nomination committee

The members have been appointed based on the shareholder structure on 31 August 2014 in accordance with a resolution by the Saab Annual General Meeting. Members of the Saab Nomination Committee for the Annual General Meeting 2015 are; Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Tomas Hedberg, Swedbank Robur Funds, and Anders Algotsson, AFA Insurance.

The Nomination Committee is assigned to prepare proposals regarding Chairman of the Annual General Meeting, Board of Directors, Chairman of the Board, Auditor and remuneration to the Board and the Auditor.

The Annual General Meeting of Saab AB will be held on Wednesday, 15 April, 2015.



### Saab Kockums

On 22 July, Saab announced the closing of the acquisition of the Swedish shipyard ThyssenKrupp Marine Systems. The acquisition further strengthens Saab's status as a comprehensive supplier of naval systems. The company became a business unit within Saab's business area Security and Defence Solutions and named Saab Kockums.

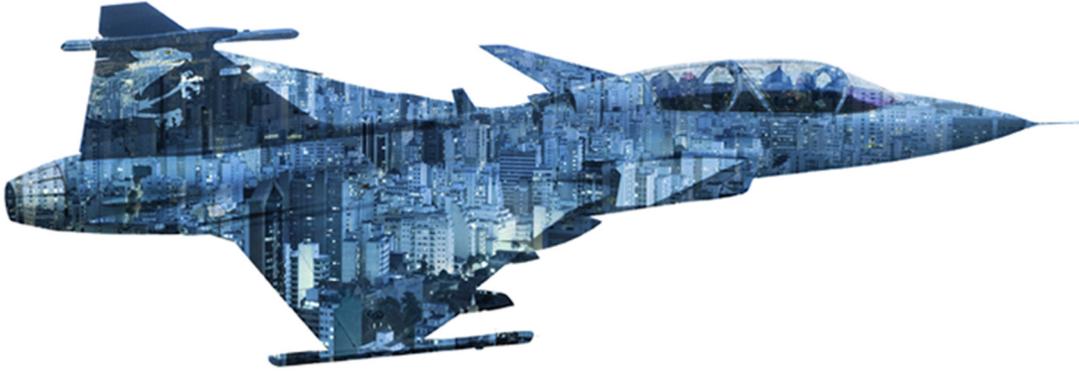
### Other significant events January–September 2014

- On 8 April 2014, Saab held its Annual General Meeting of shareholders in Stockholm, Sweden. In accordance with the nomination committee's proposal Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Marcus Wallenberg, and Joakim Westh were re-elected to the Board of Directors. Marcus Wallenberg was re-elected Chairman of the Board. At the statutory Board meeting following the annual General meeting, Sten Jakobsson was re-elected Vice Chairman of the Board.
- The Swiss people voted "no" to the proposed financing of the Gripen procurement in a referendum held in May.
- In June, Saab announced that the Board of Directors made the decision to repurchase own shares of series B in order to ensure delivery of shares to participants in Saab's long-term Share Matching Plan and Performance Share Plan.
- In June, Saab issued bonds of MSEK 600 with maturity on 19 December 2019 under the existing Medium Term Note programme.
- In July, Saab and the European Defence Agency (EDA) signed a framework agreement for potential orders of Carl-Gustaf ammunition to Estonia, Latvia, Lithuania, the Czech Republic and Poland. It is a five-year framework agreement with a possible renewal of two more years. The framework agreement includes potential orders of approximately MSEK 460.
- Saab and Embraer announced in July the signing of a Memorandum of Understanding to partner in joint programme management for the F-X2 Project, pursuant to the selection of the Gripen NG as Brazil's next generation fighter jet. Under this agreement, Embraer will perform a leading role in the overall programme performance as well as undertake an extensive share of work in the production and delivery of both the single and two-seat versions of the Gripen NG aircraft for the Brazilian Air Force.
- On 22 July, Saab announced the closing of the acquisition of the Swedish shipyard ThyssenKrupp Marine Systems. The acquisition further strengthens Saab's status as a comprehensive supplier of military systems. The company became a business unit within Saab's business area Security and Defence Solutions and named Saab Kockums. Operations are conducted mainly in Malmö, Karlskrona and Muskö, Sweden. For more information about the acquisition, see note 9, page 27.
- Saab announced changes to its business area structure to further develop and strengthen the organisation. At the same time changes are being made within the Group Management. All changes will be effective as of 1 January 2015.

For information regarding large orders received between January and September 2014, see page 2 and the comments regarding Business Areas on pages 5 to 7 and also note 3 on page 24.

### Significant events after the conclusion of the period

- A contract for civil marine traffic services system in Hong Kong was received from the Government of Hong Kong Special Administrative Region. The order value is MSEK 360.
- In October, Saab issued bonds of MSEK 400 with maturity on 19 December 2019 under the existing Medium Term Note programme.
- As part of Saab's existing framework agreement with FMV regarding Gripen E, an order was received for role equipment, along with support and maintenance equipment. The order value amounts to approximately SEK 5.8 billion and delivery will begin in 2016.



## ABOUT SAAB

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adopts and improves new technology to meet customers' changing needs.

### Short facts

- Saab's series B share is listed on NASDAQ OMX Stockholm Large Cap. Ticker: SAAB B.
- Saab has 14,700 employees
- Local presence in 33 countries
- Customers in more than 100 countries

### Vision

It is a human right to feel safe.

### Mission

To make people safe by pushing intellectual and technological boundaries.

### Business concept

Saab constantly develops, adopts and improves new technology to meet changing customer needs. Saab serves the global market of governments, authorities and corporations with products, services and solutions for defence, aviation and civil security.

## ORGANISATION

Saab's operations are divided into six business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services and the independent business area Combitech. In addition, Corporate comprises Group staff and departments as well as secondary operations. It also includes the leasing fleet of Saab 340.

To ensure presence in local key markets, Saab also has six market areas: Nordic & Baltic, Europe & Greater Middle East, Americas, India, Sub-Saharan Africa and Asia Pacific.

## REVENUE MODEL

Saab's earnings are primarily generated by long-term customer contracts, service assignments and sale of goods. Margins vary depending on the nature of the project.

Long-term customer contracts entail the development and manufacture of complex systems. These account for nearly 60 per cent of sales. Long-term contracts are continually recognised in revenue, meaning that income and expenses are recognised as the project is completed. Cash flows for these contracts depend on the timing of advance payments and milestone payments during the order and execution period.

Service assignments, which account for around 25 per cent of Saab's sales, are comprised of consulting and support services. Examples include training and ongoing maintenance associated with previous deliveries.

The third part of Saab's sales model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers.

## SAAB'S STRATEGY

Saab's strategy is built on four priority areas. Our aim is to create long-term value by accomplishing these strategic priorities.

Saab shall also maintain a solid balance sheet, focus on capital efficiency and generate strong cash flow.

### Profitable growth

Local presence on prioritised markets enables us to strengthen the relationship with our customers. We focus on markets where we have a strong market position and on product areas with good growth opportunities.

### Performance

We have a long tradition of integrating high-tech systems and we reconsider and develop our tools, methods, and work procedures continuously. This enables us to offer high performance and cost efficient solutions.

### Portfolio

The portfolio is focused on areas with significant competitive advantages and growth potential. Investments are made in product innovation, development of prioritised products and system integration expertise. Acquisition of businesses shall strengthen key areas and add to our local presence.

### People

Saab shall be an employer of choice in the global market. We are focusing on securing and developing the right skills for current and future needs. Motivated, driven and high performing employees are the backbone of our offering, efficiency and growth.

## FINANCIAL TARGETS

### Sales

The organic sales growth should average 5 per cent annually over a business cycle.

### Operating margin

The operating margin (EBIT) should be at least 10 per cent per year – the target is formulated as an average over a business cycle.

### Equity/assets ratio

The equity/assets ratio should be over 30 per cent.

### Dividend

The long-term dividend objective is to distribute 20–40 per cent of net income to shareholders over a business cycle.

# CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Sep 2014	Jan-Sep 2013	Rolling 12 Months	Full Year 2013
Sales	3	16,102	16,471	23,381	23,750
Cost of goods sold		-11,876	-11,996	-17,302	-17,422
<b>Gross income</b>		<b>4,226</b>	<b>4,475</b>	<b>6,079</b>	<b>6,328</b>
<i>Gross margin, %</i>		<i>26.2</i>	<i>27.2</i>	<i>26.0</i>	<i>26.6</i>
Other operating income		169	121	252	204
Marketing expenses		-1,515	-1,517	-2,080	-2,082
Administrative expenses		-881	-773	-1,219	-1,111
Research and development costs		-1,071	-1,272	-1,561	-1,762
Other operating expenses		-24	-238	-43	-257
Share in income of associated companies		-3	15	7	25
<b>Operating income (EBIT) <sup>1)</sup></b>	3	<b>901</b>	<b>811</b>	<b>1,435</b>	<b>1,345</b>
<i>Operating margin, %</i>		<i>5.6</i>	<i>4.9</i>	<i>6.1</i>	<i>5.7</i>
Financial income		51	47	66	62
Financial expenses		-169	-239	-358	-428
<b>Net financial items</b>		<b>-118</b>	<b>-192</b>	<b>-292</b>	<b>-366</b>
<b>Income before taxes</b>		<b>783</b>	<b>619</b>	<b>1,143</b>	<b>979</b>
Taxes		-201	-164	-274	-237
<b>Net income for the period</b>		<b>582</b>	<b>455</b>	<b>869</b>	<b>742</b>
of which Parent Company's shareholders' interest		574	460	855	741
of which non-controlling interest		8	-5	14	1
Earnings per share before dilution, SEK <sup>2)</sup>		5.40	4.34	8.04	6.98
Earnings per share after dilution, SEK <sup>3)</sup>		5.36	4.21	7.94	6.79
1) Includes depreciation/amortisation and write-downs		-642	-769	-920	-1,047
of which depreciation of leasing aircraft		-7	-23	-9	-25
2) Average number of shares before dilution		106,354,716	106,052,675	106,351,638	106,125,107
3) Average number of shares after dilution.		107,175,504	109,150,344	107,690,095	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

As of 2014, the dilution of number of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Sep 2014	Jan-Sep 2013	Rolling 12 Months	Full Year 2013
<b>Net income for the period</b>	<b>582</b>	<b>455</b>	<b>869</b>	<b>742</b>
Other comprehensive income:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	-1,047	1,187	-979	1,255
Tax attributable to revaluation of net pension obligations	230	-261	206	-285
<b>Total</b>	<b>-817</b>	<b>926</b>	<b>-773</b>	<b>970</b>
Items that may be reversed in the income statement:				
Translation differences	343	-160	371	-132
Net gain/loss on available-for-sale financial assets	17	-116	133	-
Net gain/loss on cash flow hedges	-848	-81	-1,022	-255
Tax attributable to net gain/loss on cash flow hedges	186	20	225	59
<b>Total</b>	<b>-302</b>	<b>-337</b>	<b>-293</b>	<b>-328</b>
<b>Other comprehensive income/loss for the period</b>	<b>-1,119</b>	<b>589</b>	<b>-1,066</b>	<b>642</b>
<b>Net comprehensive income/loss for the period</b>	<b>-537</b>	<b>1,044</b>	<b>-197</b>	<b>1,384</b>
of which Parent Company's shareholders' interest	-548	1,064	-213	1,399
of which non-controlling interest	11	-20	16	-15

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Sep 2014	31 Dec 2013	30 Sep 2013
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets	5	6,547	6,340	6,451
Tangible fixed assets		3,603	3,239	3,222
Lease assets		44	197	197
Biological assets		297	296	305
Investment properties		31	31	33
Shares in associated companies and joint ventures		479	367	763
Financial investments		295	295	317
Long-term receivables	10	123	122	98
Deferred tax assets		644	239	232
<b>Total fixed assets</b>		<b>12,063</b>	<b>11,126</b>	<b>11,618</b>
Current assets:				
Inventories		5,777	4,563	4,974
Derivatives		229	396	461
Tax receivables		112	62	165
Accounts receivable		2,883	3,295	2,530
Other receivables		3,779	3,727	2,841
Prepaid expenses and accrued income		1,244	854	989
Short-term investments		333	2,002	1,679
Liquid assets	8	947	1,764	1,369
<b>Total current assets</b>		<b>15,304</b>	<b>16,663</b>	<b>15,008</b>
<b>TOTAL ASSETS</b>		<b>27,367</b>	<b>27,789</b>	<b>26,626</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity:				
Parent Company's shareholders' interest		10,897	12,136	11,790
Non-controlling interest		83	91	87
<b>Total shareholders' equity</b>		<b>10,980</b>	<b>12,227</b>	<b>11,877</b>
Long-term liabilities:				
Long-term interest-bearing liabilities	6	1,694	1,095	102
Other liabilities		154	179	213
Provisions for pensions	10	2,926	1,680	1,703
Other provisions		1,426	1,043	1,117
Deferred tax liabilities		87	501	406
<b>Total long-term liabilities</b>		<b>6,287</b>	<b>4,498</b>	<b>3,541</b>
Current liabilities:				
Short-term interest-bearing liabilities	6	419	718	1,970
Advance payments from customers		963	818	817
Accounts payable		1,480	1,918	1,372
Derivatives		815	316	252
Tax liabilities		29	61	139
Other liabilities		741	839	719
Accrued expenses and deferred income		5,138	5,735	5,495
Provisions		515	659	444
<b>Total current liabilities</b>		<b>10,100</b>	<b>11,064</b>	<b>11,208</b>
<b>Total liabilities</b>		<b>16,387</b>	<b>15,562</b>	<b>14,749</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>27,367</b>	<b>27,789</b>	<b>26,626</b>

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Available-for-sale and revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2013	1,746	543	531	-226	11	8,563	11,168	112	11,280
Net comprehensive income/loss for the period January-September 2013			-55	-151	-116	1,386	1,064	-20	1,044
Transactions with shareholders:									
Share matching plan						35	35		35
Dividend						-477	-477		-477
Acquisition and sale of non-controlling interest								-5	-5
<b>Closing balance, 30 September 2013</b>	<b>1,746</b>	<b>543</b>	<b>476</b>	<b>-377</b>	<b>-105</b>	<b>9,507</b>	<b>11,790</b>	<b>87</b>	<b>11,877</b>
Net comprehensive income/loss for the period October-December 2013			-130	24	116	325	335	5	340
Transactions with shareholders:									
Share matching plan						11	11		11
Dividend						-	-	-1	-1
<b>Closing balance, 31 December 2013</b>	<b>1,746</b>	<b>543</b>	<b>346</b>	<b>-353</b>	<b>11</b>	<b>9,843</b>	<b>12,136</b>	<b>91</b>	<b>12,227</b>
Opening balance, 1 January 2014	1,746	543	346	-353	11	9,843	12,136	91	12,227
Net comprehensive income/loss for the period January-September 2014			-663	341	17	-243	-548	11	-537
Transactions with shareholders:									
Repurchase of shares						-252	-252		-252
Share matching plan						37	37		37
Dividend						-479	-479	-	-479
Acquisition and sale of non-controlling interest						3	3	-19	-16
<b>Closing balance, 30 September 2014</b>	<b>1,746</b>	<b>543</b>	<b>-317</b>	<b>-12</b>	<b>28</b>	<b>8,909</b>	<b>10,897</b>	<b>83</b>	<b>10,980</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013
Operating activities:				
Income after financial items		783	619	979
Adjustments for items not affecting cash flows		669	702	1,224
Income tax paid		-385	-431	-368
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,067</b>	<b>890</b>	<b>1,835</b>
Cash flow from changes in working capital:				
Increase(-)/Decrease(+) in inventories		-1,134	-586	-147
Increase(-)/Decrease(+) in current receivables		409	179	-1,346
Increase(+)/Decrease(-) in advance payments from customers		135	276	278
Increase(+)/Decrease(-) in other current liabilities		-1,890	-1,913	-1,005
Increase(+)/Decrease(-) in provisions		-338	-215	-277
<b>Cash flow from operating activities</b>		<b>-1,751</b>	<b>-1,369</b>	<b>-662</b>
Investing activities:				
Investments in intangible fixed assets		-35	-32	-44
Capitalised development costs		-119	-11	-24
Investments in tangible fixed assets		-541	-383	-543
Sales and disposals of tangible fixed assets		6	7	46
Sales and disposals of lease assets		93	71	81
Sale of and Investments in short-term investments	8	1,663	2,254	1,936
Dividend from joint ventures		-	-	430
Sale of other financial assets		27	4	10
Investments in other financial assets		-1	-251	-248
Investments in operations and associated companies, net effect on liquidity	9	162	-47	-68
Sale of subsidiaries and associated companies, net effect on liquidity		86	-	-
<b>Cash flow from investing activities</b>		<b>1,341</b>	<b>1,612</b>	<b>1,576</b>
Financing activities:				
Repayments of loans		-314	-	-1,100
Raising of loans		600	16	845
Repurchase of shares		-252	-	-
Dividend paid to Parent Company's shareholders		-479	-477	-477
Dividend paid to non-controlling interest		-	-	-1
<b>Cash flow from financing activities</b>		<b>-445</b>	<b>-461</b>	<b>-733</b>
<b>Cash flow for the period</b>		<b>-855</b>	<b>-218</b>	<b>181</b>
Liquid assets at the beginning of the period		1,764	1,616	1,616
Exchange rate difference in liquid assets		38	-29	-33
<b>Liquid assets at end of period</b>	8	<b>947</b>	<b>1,369</b>	<b>1,764</b>

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

# QUARTERLY INCOME STATEMENT

MSEK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Sales	5,130	5,692	5,280	7,279	4,723	5,886	5,862	7,306
Cost of goods sold	-3,800	-4,157	-3,919	-5,426	-3,459	-4,287	-4,250	-5,031
<b>Gross income</b>	<b>1,330</b>	<b>1,535</b>	<b>1,361</b>	<b>1,853</b>	<b>1,264</b>	<b>1,599</b>	<b>1,612</b>	<b>2,275</b>
<i>Gross margin, %</i>	<i>25.9</i>	<i>27.0</i>	<i>25.8</i>	<i>25.5</i>	<i>26.8</i>	<i>27.2</i>	<i>27.5</i>	<i>31.1</i>
Other operating income	77	47	45	83	63	29	29	6
Marketing expenses	-511	-520	-484	-565	-471	-533	-513	-640
Administrative expenses	-300	-301	-280	-338	-219	-291	-263	-368
Research and development costs	-322	-385	-364	-490	-380	-434	-458	-638
Other operating expenses	-10	-7	-7	-19	9	-238	-9	-7
Share of income in associated companies	-6	4	-1	10	-	17	-2	27
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>258</b>	<b>373</b>	<b>270</b>	<b>534</b>	<b>266</b>	<b>149</b>	<b>396</b>	<b>655</b>
<i>Operating margin, %</i>	<i>5.0</i>	<i>6.6</i>	<i>5.1</i>	<i>7.3</i>	<i>5.6</i>	<i>2.5</i>	<i>6.8</i>	<i>9.0</i>
Share of income in associated companies	-	-	-	-	-1	-	1	-
Financial income	19	10	22	15	16	13	18	31
Financial expenses	-48	-64	-57	-189	-27	-151	-61	-55
<b>Net financial items</b>	<b>-29</b>	<b>-54</b>	<b>-35</b>	<b>-174</b>	<b>-12</b>	<b>-138</b>	<b>-42</b>	<b>-24</b>
<b>Income before taxes</b>	<b>229</b>	<b>319</b>	<b>235</b>	<b>360</b>	<b>254</b>	<b>11</b>	<b>354</b>	<b>631</b>
Taxes	-59	-83	-59	-73	-62	-10	-92	-81
<b>Net income for the period</b>	<b>170</b>	<b>236</b>	<b>176</b>	<b>287</b>	<b>192</b>	<b>1</b>	<b>262</b>	<b>550</b>
of which Parent Company's shareholders' interest	166	233	175	281	189	2	269	549
of which non-controlling interest	4	3	1	6	3	-1	-7	1
Earnings per share before dilution, SEK <sup>2)</sup>	1.57	2.19	1.64	2.64	1.78	0.02	2.54	5.19
Earnings per share after dilution, SEK <sup>3)</sup>	1.55	2.17	1.63	2.57	1.73	0.02	2.46	5.03
1) includes depreciation/amortisation and write-downs	-221	-211	-210	-278	-256	-256	-257	-279
of which depreciation of leasing aircraft	-2	-1	-4	-2	-7	-7	-9	-10
2) average number of shares before dilution	106,060,673	106,549,332	106,454,142	106,342,403	106,196,870	106,028,640	105,932,515	105,868,651
3) average number of shares after dilution	106,888,805	107,422,230	107,299,002	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

2012 has been restated according to the changed accounting principles for pensions (IAS 19).

As of 2014, the dilution of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
<b>Net income for the period</b>	<b>170</b>	<b>236</b>	<b>176</b>	<b>287</b>	<b>192</b>	<b>1</b>	<b>262</b>	<b>550</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	-324	-42	-681	68	101	647	439	23
Tax attributable to revaluation of net pension obligations	71	9	150	-24	-22	-142	-97	-22
<b>Total</b>	<b>-253</b>	<b>-33</b>	<b>-531</b>	<b>44</b>	<b>79</b>	<b>505</b>	<b>342</b>	<b>1</b>
Items that may be reversed in the income statement:								
Translation differences	169	148	26	28	-122	42	-80	-18
Net gain/loss on available-for-sale financial assets	-77	94	-	116	-53	-63	-	-
Net gain/loss on cash flow hedges	-517	-251	-80	-174	196	-300	23	-118
Tax attributable to net gain/loss on cash flow hedges	114	53	19	39	-44	68	-4	61
<b>Total</b>	<b>-311</b>	<b>44</b>	<b>-35</b>	<b>9</b>	<b>-23</b>	<b>-253</b>	<b>-61</b>	<b>-75</b>
<b>Other comprehensive income/loss for the period</b>	<b>-564</b>	<b>11</b>	<b>-566</b>	<b>53</b>	<b>56</b>	<b>252</b>	<b>281</b>	<b>-74</b>
<b>Net comprehensive income/loss for the period</b>	<b>-394</b>	<b>247</b>	<b>-390</b>	<b>340</b>	<b>248</b>	<b>253</b>	<b>543</b>	<b>476</b>
of which Parent Company's shareholders' interest	-398	237	-387	335	242	262	560	481
of which non-controlling interest	4	10	-3	5	6	-9	-17	-5

## KEY RATIOS BY QUARTER

MSEK	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Equity/assets ratio, (%)	40.1	42.7	44.4	44.0	44.6	42.4	41.5	39.0
Return on capital employed, % <sup>1)</sup>	9.7	9.8	8.3	9.1	10.2	10.5	14.2	14.6
Return on equity, % <sup>1)</sup>	7.6	7.7	5.5	6.3	8.8	8.7	13.3	12.8
Equity per share, SEK <sup>2)</sup>	103.41	108.20	110.47	114.04	110.94	108.69	110.81	105.43
Free cash flow, MSEK	-710	-1,074	-316	553	-940	-748	-325	264
Free cash flow per share after dilution, SEK <sup>3)</sup>	-6.64	-10.00	-2.95	5.07	-8.61	-6.85	-2.98	2.42
1) Measured over a rolling 12-month period								
2) Number of shares excluding treasury shares	105,377,052	106,604,525	106,494,139	106,414,144	106,270,662	106,123,078	105,934,201	105,930,829
3) Average number of shares after dilution	106,888,805	107,422,230	107,299,002	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

2012 has been restated according to the changed accounting principles for pensions (IAS 19).

As of 2014, the dilution of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# QUARTERLY INFORMATION PER BUSINESS AREA

MSEK	Q3 2014	Operating margin	Q2 2014	Operating margin	Q1 2014	Operating margin	Q4 2013	Operating margin
<b>Sales</b>								
Aeronautics	1,323		1,631		1,577		1,996	
Dynamics	599		730		716		1,183	
Electronic Defence Systems	1,062		1,232		974		1,413	
Security and Defence Solutions	1,367		1,240		1,156		1,650	
Support and Services	794		898		839		1,168	
Combitech	375		461		447		500	
Corporate	-		-		1		-	
Internal sales	-390		-500		-430		-631	
<b>Total</b>	<b>5,130</b>		<b>5,692</b>		<b>5,280</b>		<b>7,279</b>	
<b>Operating income/loss</b>								
Aeronautics	46	3.5%	118	7.2%	118	7.5%	102	5.1%
Dynamics	-26	-4.3%	36	4.9%	28	3.9%	190	16.1%
Electronic Defence Systems	95	8.9%	51	4.1%	-36	-3.7%	-71	-5.0%
Security and Defence Solutions	71	5.2%	75	6.0%	-12	-1.0%	124	7.5%
Support and Services	43	5.4%	122	13.6%	87	10.4%	153	13.1%
Combitech	9	2.4%	24	5.2%	25	5.6%	54	10.8%
Corporate	20		-53		60		-18	
<b>Total</b>	<b>258</b>	<b>5.0%</b>	<b>373</b>	<b>6.6%</b>	<b>270</b>	<b>5.1%</b>	<b>534</b>	<b>7.3%</b>

MSEK	Q3 2013	Operating margin	Q2 2013	Operating margin	Q1 2013	Operating margin	Q4 2012	Operating margin
<b>Sales</b>								
Aeronautics	1,391		1,717		1,765		1,678	
Dynamics	535		971		877		1,512	
Electronic Defence Systems	950		1,046		1,151		1,182	
Security and Defence Solutions	1,060		1,288		1,097		2,019	
Support and Services	802		931		871		1,091	
Combitech	337		424		423		439	
Corporate	-		-		-		-	
Internal sales	-352		-491		-322		-615	
<b>Total</b>	<b>4,723</b>		<b>5,886</b>		<b>5,862</b>		<b>7,306</b>	
<b>Operating income/loss</b>								
Aeronautics	117	8.4%	121	7.0%	116	6.6%	125	7.4%
Dynamics	-36	-6.7%	128	13.2%	84	9.6%	233	15.4%
Electronic Defence Systems	25	2.6%	-57	-5.4%	-12	-1.0%	-106	-9.0%
Security and Defence Solutions	44	4.2%	67	5.2%	-22	-2.0%	209	10.4%
Support and Services	105	13.1%	138	14.8%	102	11.7%	215	19.7%
Combitech	17	5.0%	33	7.8%	44	10.4%	44	10.0%
Corporate	-6		-281		84		-65	
<b>Total</b>	<b>266</b>	<b>5.6%</b>	<b>149</b>	<b>2.5%</b>	<b>396</b>	<b>6.8%</b>	<b>655</b>	<b>9.0%</b>

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11) and to the structural change described in note 14.

2012 has been restated according to the changed accounting principles for pensions (IAS 19).

# MULTI-YEAR OVERVIEW

MSEK	2013	2012	2011	2010	2009
Order bookings	49,809	20,683	18,907	26,278	18,428
Order backlog at 31 December	59,870	34,151	37,172	41,459	39,389
Sales	23,750	24,010	23,498	24,434	24,647
<i>Sales in Sweden, %</i>	<i>41</i>	<i>36</i>	<i>37</i>	<i>38</i>	<i>31</i>
<i>Sales in EU excluding Sweden, %</i>	<i>17</i>	<i>19</i>	<i>19</i>	<i>19</i>	<i>23</i>
<i>Sales in Americas, %</i>	<i>13</i>	<i>12</i>	<i>8</i>	<i>9</i>	<i>8</i>
<i>Sales in Rest of the world, %</i>	<i>30</i>	<i>33</i>	<i>36</i>	<i>34</i>	<i>38</i>
Operating income (EBIT)	1,345	2,050	2,941	975	1,374
<i>Operating margin, %</i>	<i>5.7</i>	<i>8.5</i>	<i>12.5</i>	<i>4.0</i>	<i>5.6</i>
EBITDA	2,367	3,186	4,088	2,187	2,598
<i>EBITDA margin, %</i>	<i>10.0</i>	<i>13.3</i>	<i>17.4</i>	<i>9.0</i>	<i>10.5</i>
Income after financial items	979	2,003	2,783	776	976
Net income for the year	742	1,560	2,217	454	699
Total assets	27,789	28,938	31,799	29,278	30,430
Free cash flow	-1,460	-396	2,477	4,349	1,447
<i>Return on capital employed, %</i>	<i>9.1</i>	<i>14.6</i>	<i>22.2</i>	<i>7.9</i>	<i>10.3</i>
<i>Return on equity, %</i>	<i>6.3</i>	<i>12.8</i>	<i>18.1</i>	<i>4.1</i>	<i>7.0</i>
<i>Equity/assets ratio, %</i>	<i>44.0</i>	<i>39.0</i>	<i>41.1</i>	<i>39.1</i>	<i>35.1</i>
Earnings per share before dilution, SEK <sup>2)</sup> <sup>4)</sup>	6.98	15.00	21.19	4.12	6.45
Earnings per share after dilution, SEK <sup>3)</sup> <sup>4)</sup>	6.79	14.52	20.38	3.97	6.28
Dividend per share, SEK	4.50	4.50	4.50	3.50	2.25
Equity per share, SEK <sup>1)</sup>	114.04	105.43	122.94	107.66	99.91
Number of employees at year-end	14,140	13,968	13,068	12,536	13,159

1) Number of shares excluding treasury shares as of 31 December 2013: 106,414,144; 2012: 105,930,829; 2011: 105,331,958; 2010: 104,717,729; 2009: 105,511,124.

2) Average number of shares 2013: 106,125,107; 2012: 105,632,911; 2011: 104,982,315; 2010: 105,217,786; 2009: 106,335,553.

3) Average number of shares 2009-2013: 109,150,344.

4) Net income for the year less non-controlling interest divided by the average number of shares.

# KEY RATIOS AND TARGETS

	Long-term target	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013
Organic sales growth, %	5	-2	-2	-2
Operating margin, %	10	5.6	4.9	5.7
Equity/assets ratio, %	30	40.1	44.8	44.0

# PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013
Sales	11,175	11,555	16,521
Cost of goods sold	-8,326	-8,686	-12,556
<b>Gross income</b>	<b>2,849</b>	<b>2,869</b>	<b>3,965</b>
<i>Gross margin, %</i>	<i>25.5</i>	<i>24.8</i>	<i>24.0</i>
Operating income and expenses	-2,291	-2,443	-3,303
<b>Operating income (EBIT)</b>	<b>558</b>	<b>426</b>	<b>662</b>
<i>Operating margin, %</i>	<i>5.0</i>	<i>3.7</i>	<i>4.0</i>
Financial income and expenses	217	514	707
<b>Income after financial items</b>	<b>775</b>	<b>940</b>	<b>1,369</b>
Appropriations	-	-	-284
<b>Income before taxes</b>	<b>775</b>	<b>940</b>	<b>1,085</b>
Taxes	-192	-127	-200
<b>Net income for the period</b>	<b>583</b>	<b>813</b>	<b>885</b>

## Parent company

### Sales and income

The Parent Company includes units within the business areas Aeronautics, Electronic Defence Systems, Security and Defence Solutions, and Support and Services. Group staff and Group support are included as well. The business areas Dynamics and Combitech are subsidiaries to Saab AB and are not a part of the Parent Company.

The Parent Company's sales in the first nine months 2014 amounted to MSEK 11,175 (11,555). Operating income was MSEK 558 (426).

Net financial income and expenses was MSEK 217 (514). After appropriations of MSEK 0 (0) and taxes of MSEK -192 (-127), net income for the period amounted to MSEK 583 (813).

### Liquidity, financing, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 3,622 at 30 September 2014 compared to MSEK 984 at 31 December 2013.

Gross capital expenditures in property, plant and equipment amounted to MSEK 445 (294). Investments in intangible assets amounted to MSEK 32 (32). At the end of the period, the Parent Company had 8,654 employees, compared to 8,825 at the beginning of the year.

A major part of the Group's operations are included in the Parent Company. Separate notes to the Parent Company's financial statements and a separate description of risks and uncertainties for the Parent Company have therefore not been included in this interim report.

# PARENT COMPANY BALANCE SHEET

MSEK	Note	30 Sep 2014	31 Dec 2013	30 Sep 2013
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets		1,171	1,392	1,439
Tangible fixed assets		2,540	2,279	2,246
Financial fixed assets		8,043	7,695	8,215
<b>Total fixed assets</b>		<b>11,754</b>	<b>11,366</b>	<b>11,900</b>
Current assets				
Inventories, etc.		4,381	3,653	3,770
Current receivables		7,285	6,738	5,560
Short term investments		327	1,990	1,672
Liquid assets		163	1,268	902
<b>Total current assets</b>		<b>12,156</b>	<b>13,649</b>	<b>11,904</b>
<b>TOTAL ASSETS</b>		<b>23,910</b>	<b>25,015</b>	<b>23,804</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity:				
Restricted equity		2,989	2,989	2,996
Unrestricted equity		4,880	4,992	4,899
<b>Total shareholders' equity</b>		<b>7,869</b>	<b>7,981</b>	<b>7,895</b>
Provisions and liabilities:				
Untaxed reserves		1,560	1,560	1,276
Provisions		1,438	1,051	997
Liabilities	6	13,043	14,423	13,636
<b>Total provisions and liabilities</b>		<b>16,041</b>	<b>17,034</b>	<b>15,909</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>23,910</b>	<b>25,015</b>	<b>23,804</b>

# NOTES

## TO THE FINANCIAL STATEMENTS

### NOTE 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The company's head office is located at Gustavslundsvägen 42, Bromma, with the mailing address P.O. Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab is listed on NASDAQ OMX Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report 2013.

### NOTE 2 Accounting principles

The consolidated accounts for the first nine months 2014 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities. The Group's accounting principles are described on pages 70-77 in the annual report 2013.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2013 except for joint venture accounting (see note 13 for further information).

The interim report is abbreviated and does not contain all the information and disclosures available in the annual report and as such should be read together with the annual report 2013.

### NOTE 3 Segment reporting

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics and missile systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition Saab has a local presence in South Africa, Australia, the US and other selected countries globally. Saab's operating and management structure is divided into six business areas which also represent operating segments; Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services, and the independent business area Combitech. Comparative numbers for 2013 have been adjusted due to a new structure, see note 14 for more information.

#### Aeronautics

Aeronautics engages in advanced development of military and civil aviation technology. The product portfolio includes the Gripen fighter and Unmanned Aerial Systems (UAS). Aeronautics also manufactures aircraft components for Saab's own aircraft as well as for passenger aircraft produced by others.

#### Dynamics

Dynamics offers a highly competitive product range comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles and signature management systems for armed forces as well as niche products for the civil and the defence market, such as unmanned underwater vehicles for the off-shore industry.

#### Electronic Defence Systems

These operations are based on Saab's close interaction with customers requiring efficient solutions for surveillance and for threat detection, location and protection. This has created a unique competence in the area of radar and electronic warfare, and a product portfolio covering airborne, land-based and naval radar, electronic support measures and self-protection systems. Moreover, avionics for increased flight mission efficiency and flight safety is supplied to civil and military customers.

#### Security and Defence Solutions

The operations comprise combat management systems for the navy, air force and army, and also design, construction and maintenance of submarines. The portfolio in addition includes systems for training and simulation, security systems, solutions for secure communication as well as systems for maritime and air traffic management.

#### Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This primarily includes integrated support solutions, technical maintenance and logistics, and products, solutions and services for military and civil missions in locations with limited infrastructure.

#### Combitech

Combitech, an independent company within the Saab Group, is one of Sweden's largest technology consulting firms. Combitech combines technological excellence with deep industry knowledge, comprehensive understanding and a particular focus on environment and security.

#### Order bookings per business area

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Full Year 2013
Aeronautics	1,041	11,411	-91	50	172	29,677
Dynamics	1,257	1,708	-26	408	349	3,345
Electronic Defence Systems	1,956	5,373	-64	369	763	7,587
Security and Defence Solutions	3,900	2,929	33	827	1,171	4,736
Support and Services	2,085	3,637	-43	339	414	4,602
Combitech	1,188	1,209	-2	325	387	1,740
Internal	-1,228	-1,238	-1	-245	-263	-1,878
<b>Total</b>	<b>10,199</b>	<b>25,029</b>	<b>-59</b>	<b>2,073</b>	<b>2,993</b>	<b>49,809</b>

#### Order backlog per business area

MSEK	30 Sep 2014	31 Dec 2013	30 Sep 2013
Aeronautics	30,624	34,113	17,843
Dynamics	3,769	4,548	4,088
Electronic Defence Systems	7,907	9,171	8,392
Security and Defence Solutions	6,494	5,571	5,430
Support and Services	6,338	6,683	6,867
Combitech	446	540	505
Internal	-668	-756	-718
<b>Total</b>	<b>54,910</b>	<b>59,870</b>	<b>42,407</b>

## NOTE 3 Continued

Large orders received (approx. values MSEK)	Country	Order value
Construction and production plans for the next generation submarines	Sweden	467
Military training systems	Finland	360
Aerial target services	Sweden	300
Support and service of weapon simulators	UK	220
Military training systems	UK	200
Support and maintenance of Gripen	Sweden	174
Security systems for correctional centre	Australia	166
Development and serial deliveries of vehicle simulators	Norway	142
Overhaul of the submarine HMS Halland	Sweden	130

## Sales per business area

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Rolling 12 Months	Full Year 2013
<b>Aeronautics</b>	<b>4,531</b>	<b>4,873</b>	<b>-7</b>	<b>1,323</b>	<b>1,391</b>	<b>6,527</b>	<b>6,869</b>
of which external sales	4,399	4,762	-8	1,276	1,361	6,340	6,703
of which internal sales	132	111	19	47	30	187	166
<b>Dynamics</b>	<b>2,045</b>	<b>2,383</b>	<b>-14</b>	<b>599</b>	<b>535</b>	<b>3,228</b>	<b>3,566</b>
of which external sales	1,952	2,303	-15	578	518	3,079	3,430
of which internal sales	93	80	16	21	17	149	136
<b>Electronic Defence Systems</b>	<b>3,268</b>	<b>3,147</b>	<b>4</b>	<b>1,062</b>	<b>950</b>	<b>4,681</b>	<b>4,560</b>
of which external sales	2,975	2,830	5	982	861	4,195	4,050
of which internal sales	293	317	-8	80	89	486	510
<b>Security and Defence Solutions</b>	<b>3,763</b>	<b>3,445</b>	<b>9</b>	<b>1,367</b>	<b>1,060</b>	<b>5,413</b>	<b>5,095</b>
of which external sales	3,673	3,369	9	1,348	1,044	5,295	4,991
of which internal sales	90	76	18	19	16	118	104
<b>Support and Services</b>	<b>2,531</b>	<b>2,604</b>	<b>-3</b>	<b>794</b>	<b>802</b>	<b>3,699</b>	<b>3,772</b>
of which external sales	2,392	2,490	-4	749	756	3,473	3,571
of which internal sales	139	114	22	45	46	226	201
<b>Combitech</b>	<b>1,283</b>	<b>1,184</b>	<b>8</b>	<b>375</b>	<b>337</b>	<b>1,783</b>	<b>1,684</b>
of which external sales	726	672	8	216	195	979	925
of which internal sales	557	512	9	159	142	804	759
<b>Corporate/eliminations</b>	<b>-1,319</b>	<b>-1,165</b>		<b>-390</b>	<b>-352</b>	<b>-1,950</b>	<b>-1,796</b>
of which external sales	-15	45		-19	-12	20	80
of which internal sales	-1,304	-1,210		-371	-340	-1,970	-1,876
<b>Total</b>	<b>16,102</b>	<b>16,471</b>	<b>-2</b>	<b>5,130</b>	<b>4,723</b>	<b>23,381</b>	<b>23,750</b>

## Sales per geographical market

MSEK	Jan-Sep 2014	% of sales	Jan-Sep 2013	% of sales	Full Year 2013	% of sales
Sweden	6,953	43	7,052	43	9,814	41
Rest of EU	2,570	16	2,727	17	3,933	17
Rest of Europe	382	2	347	2	621	3
<b>Total Europe</b>	<b>9,905</b>	<b>62</b>	<b>10,126</b>	<b>61</b>	<b>14,368</b>	<b>60</b>
North America	1,615	10	1,789	11	2,611	11
Latin America	372	2	216	1	376	2
Asia	2,888	18	2,919	18	4,311	18
Africa	430	3	614	4	930	4
Australia, etc.	892	6	807	5	1,154	5
<b>Total</b>	<b>16,102</b>	<b>100</b>	<b>16,471</b>	<b>100</b>	<b>23,750</b>	<b>100</b>

## Information on large customers

In the first nine months 2014, Saab had one customer that accounted for 10 per cent or more of the Group's sales: the Swedish Defence Materiel Administration (FMV). FMV is a customer of all business areas, and total sales amounted to MSEK 5,263 (5,465).

## Seasonal variation

A major part of Saab's business is related to large projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared to the other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

## NOTE 3 Continued

### Operating income per business area

MSEK	Jan-Sep 2014	% of sales	Jan-Sep 2013	% of sales	Rolling 12 Months	Full Year 2013
Aeronautics	282	6.2	354	7.3	384	456
Dynamics	38	1.9	176	7.4	228	366
Electronic Defence Systems	110	3.4	-44	-1.4	39	-115
Security and Defence Solutions	134	3.6	89	2.6	258	213
Support and Services	252	10.0	345	13.2	405	498
Combitech	58	4.5	94	7.9	112	148
<b>The business area's total operating income</b>	<b>874</b>	<b>5.4</b>	<b>1,014</b>	<b>6.2</b>	<b>1,426</b>	<b>1,566</b>
Corporate	27		-203		9	-221
<b>Total</b>	<b>901</b>	<b>5.6</b>	<b>811</b>	<b>4.9</b>	<b>1,435</b>	<b>1,345</b>

### Depreciation/amortisation and write-downs per business area

MSEK	Jan-Sep 2014	Jan-Sep 2013	Change, %	Q3 2014	Q3 2013	Rolling 12 Months	Full Year 2013
Aeronautics	44	110	-60	14	36	81	147
Dynamics	46	43	7	15	15	65	62
Electronic Defence Systems	310	356	-13	101	118	442	488
Security and Defence Solutions	76	86	-12	30	29	105	115
Support and Services	14	14	-	5	5	19	19
Combitech	6	7	-14	2	2	8	9
Corporate – lease aircraft	7	23	-70	2	7	9	25
Corporate – other	139	130	7	52	44	191	182
<b>Total</b>	<b>642</b>	<b>769</b>	<b>-17</b>	<b>221</b>	<b>256</b>	<b>920</b>	<b>1,047</b>

### Operational cash flow per business area

MSEK	Jan-Sep 2014	Jan-Sep 2013	Q3 2014	Q3 2013	Rolling 12 Months	Full Year 2013
Aeronautics	-321	-417	8	-125	-131	-227
Dynamics	-177	416	-144	-29	-132	461
Electronic Defence Systems	-784	-108	-366	-319	-560	116
Security and Defence Solutions	-325	-92	-119	-32	-111	122
Support and Services	-90	-185	-171	-40	-54	-149
Combitech	32	142	-3	-14	52	162
Corporate	-285	-943	-58	-228	-466	-1,124
<b>Total</b>	<b>-1,950</b>	<b>-1,187</b>	<b>-853</b>	<b>-787</b>	<b>-1,402</b>	<b>-639</b>

### Capital employed per business area

MSEK	30 Sep 2014	31 Dec 2013	30 Sep 2013
Aeronautics		2,333	2,396
Dynamics		2,178	1,927
Electronic Defence Systems		4,774	4,284
Security and Defence Solutions		4,283	4,256
Support and Services		2,160	2,511
Combitech		513	452
Corporate		-727	-409
<b>Total</b>		<b>15,514</b>	<b>15,465</b>

### Full time equivalents (FTE's) per business area

Number at end of period	30 Sep 2014	31 Dec 2013	30 Sep 2013
Aeronautics	3,257	3,210	3,143
Dynamics	1,477	1,523	1,594
Electronic Defence Systems	2,546	2,588	2,558
Security and Defence Solutions	3,318	2,843	2,898
Support and Services	1,798	1,840	1,858
Combitech	1,370	1,345	1,345
Corporate	796	773	707
<b>Total</b>	<b>14,562</b>	<b>14,122</b>	<b>14,103</b>

### NOTE 4 Dividend to Parent Company's shareholders

At the Annual General Meeting 2014 on 8 April, it was decided that the Parent Company's shareholders should receive a dividend of SEK 4.50 per share, totalling MSEK 479, which was paid on 16 April 2014.

### NOTE 5 Intangible fixed assets

MSEK	30 Sep 2014	31 Dec 2013	30 Sep 2013
Goodwill	4,942	4,605	4,587
Capitalised development costs	1,229	1,338	1,435
Other intangible assets	376	397	429
<b>Total</b>	<b>6,547</b>	<b>6,340</b>	<b>6,451</b>

### NOTE 6 Net liquidity

MSEK	30 Sep 2014	31 Dec 2013	30 Sep 2013
<b>Assets:</b>			
Liquid assets	947	1,764	1,369
Short-term investments	333	2,002	1,679
<b>Total liquid investments</b>	<b>1,280</b>	<b>3,766</b>	<b>3,048</b>
Short-term interest-bearing receivables	5	34	37
Liquid assets related to joint ventures	-	-	430
Long-term interest-bearing receivables	78	75	76
Long-term receivables attributable to pensions	36	36	-
Long-term interest-bearing financial investments	141	141	141
<b>Total interest-bearing assets</b>	<b>1,540</b>	<b>4,052</b>	<b>3,732</b>
<b>Liabilities:</b>			
Liabilities to credit institutions	1,760	1,001	1,101
Liabilities to associated companies and joint ventures	223	244	675
Other interest-bearing liabilities	130	569	296
Provisions for pensions <sup>1)</sup>	2,421	1,425	1,467
<b>Total interest-bearing liabilities</b>	<b>4,534</b>	<b>3,239</b>	<b>3,539</b>
<b>Net liquidity / debt</b>	<b>-2,994</b>	<b>813</b>	<b>193</b>

1) Excluding provisions for pensions attributable to special employers' contribution.

## NOTE 6 Continued

### Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2014)	92	-	92
<b>Total</b>	<b>4,092</b>	<b>-</b>	<b>4,092</b>

### Parent Company

MSEK	30 Sep 2014	31 Dec 2013	30 Sep 2013
Long-term liabilities to credit institutions	1,600	1,000	-
Short-term liabilities to credit institutions	160	-	1,100
<b>Total</b>	<b>1,760</b>	<b>1,000</b>	<b>1,100</b>

In December 2009 Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market. Under the terms of this programme Saab has issued bonds and Floating Rate Notes (FRN) of MSEK 1,600.

## NOTE 7 Financial instruments

### Classification and categorisation of financial assets and liabilities\*

30 Sep 2014	Fair value through profit and loss for trading	Fair value through other comprehensive income as available for sale	Designated as at fair value through profit and loss	Held-to-maturity investments	Loans receivable and accounts receivable	Financial liabilities	Derivatives identified as cash flow hedges	Derivatives identified as fair value hedges	Total financial assets and liabilities	Measured at fair value
Financial assets:										
Financial investments	-	111	43	141	-	-	-	-	295	296
Long-term receivables	-	-	-	-	123	-	-	-	123	123
Derivatives										
Forward exchange contracts	6	-	-	-	-	-	200	6	212	212
Currency options	15	-	-	-	-	-	-	-	15	15
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Electricity derivatives	2	-	-	-	-	-	-	-	2	2
<b>Total derivatives</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>6</b>	<b>229</b>	<b>229</b>
Accounts receivable and other receivables	-	-	-	-	7,311	-	-	-	7,311	7,311
Short-term investments	-	-	333	-	-	-	-	-	333	333
Liquid assets	-	-	-	-	947	-	-	-	947	947
<b>Total financial assets</b>	<b>23</b>	<b>111</b>	<b>376</b>	<b>141</b>	<b>8,381</b>	<b>-</b>	<b>200</b>	<b>6</b>	<b>9,238</b>	<b>9,239</b>
Financial liabilities:										
Interest-bearing liabilities	-	-	-	-	-	2,113	-	-	2,113	2,148
Derivatives										
Forward exchange contracts	27	-	-	-	-	-	695	2	724	724
Currency options	31	-	-	-	-	-	-	-	31	31
Interest rate swaps	8	-	-	-	-	-	47	-	55	55
Electricity derivatives	2	-	-	-	-	-	3	-	5	5
<b>Total derivatives</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>745</b>	<b>2</b>	<b>815</b>	<b>815</b>
Other liabilities	-	-	-	-	-	4,730	-	-	4,730	4,730
<b>Total financial liabilities</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,843</b>	<b>745</b>	<b>2</b>	<b>7,658</b>	<b>7,693</b>

\* Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to MSEK 183.

### Valuation methods for financial assets and liabilities

The fair value of listed financial assets is determined using market prices. Saab also applies various valuation methods to determine the fair value of financial assets that are traded on an inactive market or are unlisted holdings. These valuation methods are based on the valuation of similar instruments, discounted cash flows or customary valuation methods such as Black-Scholes.

The following instruments were valued at fair value according to listed (unadjusted) prices on an active market on the closing date (Level 1):

- Bonds and interest-bearing securities
- Electricity derivatives
- Shares and participations

The following instruments were valued at fair value according to accepted valuation models based on observable market data (Level 2):

- Forward exchange contracts: Future payment flows in each currency are discounted by current market rates to the valuation day and valued to SEK at period-end exchange rates.
- Options: The Black-Scholes option pricing model is used in the market valuation of all options.
- Interest rate swaps: Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted to the valuation date using current market rates. The market value of interest rate swaps is obtained by contrasting the discounted variable interest payments with the discounted present value of fixed interest payments.

Unlisted shares and participations: Valued according to accepted principles; e.g. for venture capital firms (Level 3).

## NOTE 7 Continued

There has been no change between levels in 2014. As of 30 September 2014, the Group had the following financial assets and liabilities at fair value:

### Assets at fair value

MSEK	30 Sep 2014	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	333	333	-	-
Forward exchange contracts	212	-	212	-
Currency options	15	-	15	-
Interest rate swaps	-	-	-	-
Electricity derivatives	2	2	-	-
Shares and participations	154	111	-	43
<b>Total</b>	<b>716</b>	<b>446</b>	<b>227</b>	<b>43</b>

### Liabilities at fair value

MSEK	30 Sep 2014	Level 1	Level 2	Level 3
Forward exchange contracts	724	-	724	-
Currency options	31	-	31	-
Interest rate swaps	55	-	55	-
Electricity derivatives	5	5	-	-
<b>Total</b>	<b>815</b>	<b>5</b>	<b>810</b>	<b>-</b>

### Specification of free cash flow

MSEK	Saab excl. Acquisitions/ divestments	Acquisitions and divestments	Total Group Jan-Sep 2014	Total Group Jan-Sep 2013
<b>Cash flow from operating activities before changes in working capital <sup>1)</sup></b>	<b>1,464</b>	<b>-</b>	<b>1,464</b>	<b>1,420</b>
Cash flow from changes in working capital:				
Inventories	-1,134	-	-1,134	-586
Receivables	409	-	409	179
Advance payments from customers	135	-	135	276
Other current liabilities	-1,890	-	-1,890	-1,913
Provisions	-338	-	-338	-215
<b>Change in working capital</b>	<b>-2,818</b>	<b>-</b>	<b>-2,818</b>	<b>-2,259</b>
<b>Cash flow from operating activities <sup>2)</sup></b>	<b>-1,354</b>	<b>-</b>	<b>-1,354</b>	<b>-839</b>
Investing activities:				
Investments in intangible fixed assets	-154	-	-154	-43
Investments in tangible fixed assets	-541	-	-541	-383
Sales and disposals of tangible fixed assets	6	-	6	7
Sales and disposals of lease assets	93	-	93	71
<b>Cash flow from investing activities <sup>3)</sup></b>	<b>-596</b>	<b>-</b>	<b>-596</b>	<b>-348</b>
<b>Operational cash flow</b>	<b>-1,950</b>	<b>-</b>	<b>-1,950</b>	<b>-1,187</b>
Taxes and other financial items	-397	-	-397	-530
Sale of and investments in shares etc.	-1	-	-1	-249
Acquisitions of subsidiaries and associated companies	-	162	162	-47
Sale of subsidiaries and associated companies	-	86	86	-
<b>Free cash flow</b>	<b>-2,348</b>	<b>248</b>	<b>-2,100</b>	<b>-2,013</b>

1) Cash flow from operating activities before changes in working capital excluding taxes and other financial items.

2) Cash flow from operating activities excluding taxes and other financial items.

3) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and associated companies and sale of subsidiaries and associated companies.

## NOTE 8 Supplemental information on Statement of cash flows

### Liquid assets

MSEK	30 Sep 2014	31 Dec 2013	30 Sep 2013
The following components are included in liquid assets:			
Cash and bank balances	947	651	649
Bank deposits	-	1,113	720
<b>Total according to balance sheet</b>	<b>947</b>	<b>1,764</b>	<b>1,369</b>
<b>Total according to statement of cash flows</b>	<b>947</b>	<b>1,764</b>	<b>1,369</b>

### Free cash flow vs. statement of cash flows

MSEK	Jan-Sep 2014	Jan-Sep 2013	Full Year 2013
Free cash flow	-2,100	-2,013	-1,460
Investing activities – interest-bearing:			
Short-term investments	1,663	2,254	1,936
Other financial investments and receivables	27	2	8
Dividend from joint ventures	-	-	430
Financing activities:			
Repayments of loans	-314	-	-1,100
Raising of loans	600	16	845
Repurchase of shares	-252	-	-
Dividend paid to the Parent Company's shareholders	-479	-477	-477
Dividend paid to non-controlling interest	-	-	-1
<b>Cash flow for the period</b>	<b>-855</b>	<b>-218</b>	<b>181</b>

## NOTE 9 Business combinations

On June 29, Saab announced an agreement to acquire 100 per cent of ThyssenKrupp Marine Systems AB (Saab Kockums), which designs, builds and maintains military naval systems such as submarines and surface vessels. TKMS had approximately 850 employees at the time of the acquisition. The acquisition was closed on 22 July at a purchase price MSEK 340.

The acquisition is in line with Saab's ambition to increase its capabilities in the naval domain, and further strengthens Saab's status as a comprehensive supplier of military systems. TKMS has a unique offering and strong presence in Sweden concerning submarines and warships. Saab also sees potential to expand TKMS' current market position through opportunities in the export market.

### Preliminary Purchase Analysis

	MSEK
<b>Purchase price</b>	
Purchase price paid 22 July	340
<b>Total consideration</b>	<b>340</b>
<b>Effect on liquid assets</b>	
Purchase price paid 22 July	340
Less: Liquid assets in the acquired company	-540
<b>Effect on liquid assets (positive (-) / negative (+))</b>	<b>-200</b>
<b>Fair value of identifiable assets and liabilities in TKMS at the date of the acquisition was:</b>	
Intangible fixed assets	41
Tangible fixed assets	157
Financial fixed assets	12
Deferred tax assets	284
Current assets	407
Liquid assets	540
<b>Total assets</b>	<b>1,441</b>
Provision for pensions	186
Other provisions	613
Other liabilities	530
<b>Total liabilities</b>	<b>1,329</b>
<b>Total identifiable net assets at fair value</b>	<b>112</b>
Goodwill	228
<b>Purchase consideration</b>	<b>340</b>

Goodwill related to the acquisition amounts to MSEK 228, and comprises the value of the workforce and expected synergy effects achieved by merging Saab Group's and TKMS' operations. No part of acquired goodwill is expected to be deductible for income tax purposes.

As of the acquisition date, Saab Kockums has contributed MSEK 180 to Group sales and MSEK 81 to income before tax. Saab Kockums' total sales for the period 1 January to 30 September 2014 amounts to MSEK 816 and income before tax to MSEK 30.

Transaction costs of MSEK 5 have been expensed and are included in administrative expenses. These costs are included in cash flow from operating activities in the statement of cash flows.

No other significant acquisitions were made or announced during the period January to September 2014.

## NOTE 10 Defined-benefit plans

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. According to IAS 19, the estimated value of the defined-benefit obligation amounted to MSEK 7,778 at 30 September 2014 compared to MSEK 6,338 at 30 September 2013 and the value of the plan assets amounted to MSEK 5,393 at 30 September 2014 compared to MSEK 4,871 at 30 September 2013. Provisions for pensions attributable to special employers' contribution amounted to MSEK 505 at 30 September 2014 and to MSEK 236 at 30 September 2013. Total provisions for pensions amount to MSEK 2,890, of which MSEK 36 is reported as long-term receivables.

## NOTE 11 Contingent liabilities

No additional significant commitments have arisen during the period. With regard to the Group's performance guarantees for commitments to customers, the likelihood of an outflow of resources is estimated as remote and, as a result, no value is recognised.

## NOTE 12 Transactions with related parties

Saab has signed an agreement about the sale of Saab Grintek Technologies Ltd. The transaction involves related parties to the company and has been carried through on commercial bases.

No other significant transactions have occurred during the period. Related parties with which the Group has transactions are described in the annual report 2013, note 43.

## NOTE 13 Effects of amended accounting principles regarding joint ventures

The Group has a 50 per cent holding in the joint venture Gripen International KB. Group holdings were reported using the proportional method through 2013; however, application of IFRS 11, Joint Arrangements, requires that holdings be reported using the equity method as of 2014. The Group's remaining holdings in joint ventures are of an insignificant amount.

Effects of application of IFRS 11 on shares in joint ventures at the end of the third quarter of 2013 are reported in accordance with the equity method as shown below. The change has not had a significant effect on the Group's income statement. For information about the other quarters and the opening balance 2013, please see the annual report 2013, note 22.

### End of third quarter 2013

MSEK	30 Sep 2013 Actual	Adjustment IFRS 11	30 Sep 2013 Restated
Fixed assets	11,167	-8	11,159
Shares in joint ventures	-	459	459
Current assets	15,351	-343	15,008
<b>Total assets</b>	<b>26,518</b>	<b>108</b>	<b>26,626</b>
<b>Total equity</b>	<b>11,877</b>	<b>-</b>	<b>11,877</b>
Long-term liabilities	3,541	-	3,541
Current liabilities	11,100	108	11,208
<b>Total liabilities</b>	<b>14,641</b>	<b>108</b>	<b>14,749</b>
<b>Total equity and liabilities</b>	<b>26,518</b>	<b>108</b>	<b>26,626</b>

## NOTE 14 Restated accounting 2013 regarding new structure

Saab has implemented a new structure where the operations within Security and Defence Solutions which were related to Airborne Surveillance have been moved to corresponding operations within either Electronic Defence Systems or Support and Services. The reorganisation was carried through as of 1 January 2014. Additionally, a development project in Dynamics was moved to Corporate and a part of Security Defence Solutions' operations in Finland was moved to Combitech as of 1 January 2014.

### Order bookings 2013

MSEK	Jan-Mar Actual	Adjustment structural change	Jan-Mar restated
Aeronautics	10,833	-	10,833
Dynamics	753	-	753
EDS	3,693	-	3,693
SDS	1,620	-695	925
S&S	2,066	659	2,725
Combitech	387	37	424
Internal	-487	-1	-488
<b>Total</b>	<b>18,865</b>	<b>-</b>	<b>18,865</b>

MSEK	Jan-Jun Actual	Adjustment structural change	Jan-Jun restated
Aeronautics	11,239	-	11,239
Dynamics	1,364	-5	1,359
EDS	4,633	-23	4,610
SDS	2,464	-706	1,758
S&S	2,563	660	3,223
Combitech	749	73	822
Internal	-976	1	-975
<b>Total</b>	<b>22,036</b>	<b>-</b>	<b>22,036</b>

MSEK	Jan-Sep Actual	Adjustment structural change	Jan-Sep restated
Aeronautics	11,411	-	11,411
Dynamics	1,713	-5	1,708
EDS	5,393	-20	5,373
SDS	3,638	-709	2,929
S&S	2,979	658	3,637
Combitech	1,133	76	1,209
Internal	-1,238	-	-1,238
<b>Total</b>	<b>25,029</b>	<b>-</b>	<b>25,029</b>

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	29,677	-	29,677
Dynamics	3,350	-5	3,345
EDS	7,620	-33	7,587
SDS	5,429	-693	4,736
S&S	3,942	660	4,602
Combitech	1,634	106	1,740
Internal	-1,843	-35	-1,878
<b>Total</b>	<b>49,809</b>	<b>-</b>	<b>49,809</b>

### Order backlog 2013

MSEK	31 Mar Actual	Adjustment structural change	31 Mar restated
Aeronautics	20,373	-	20,373
Dynamics	4,633	-1	4,632
EDS	8,043	721	8,764
SDS	7,485	-1,586	5,899
S&S	6,906	809	7,715
Combitech	423	57	480
Internal	-804	-	-804
<b>Total</b>	<b>47,059</b>	<b>-</b>	<b>47,059</b>

MSEK	30 Jun Actual	Adjustment structural change	30 Jun restated
Aeronautics	19,061	-	19,061
Dynamics	4,282	-5	4,277
EDS	8,044	589	8,633
SDS	6,804	-1,393	5,411
S&S	6,586	722	7,308
Combitech	376	81	457
Internal	-816	6	-810
<b>Total</b>	<b>44,337</b>	<b>-</b>	<b>44,337</b>

MSEK	30 Sep Actual	Adjustment structural change	30 Sep restated
Aeronautics	17,843	-	17,843
Dynamics	4,092	-4	4,088
EDS	7,849	543	8,392
SDS	6,672	-1,242	5,430
S&S	6,241	626	6,867
Combitech	438	67	505
Internal	-728	10	-718
<b>Total</b>	<b>42,407</b>	<b>-</b>	<b>42,407</b>

MSEK	31 Dec Actual	Adjustment structural change	31 Dec restated
Aeronautics	34,113	-	34,113
Dynamics	4,549	-1	4,548
EDS	8,764	407	9,171
SDS	6,529	-958	5,571
S&S	6,186	497	6,683
Combitech	483	57	540
Internal	-754	-2	-756
<b>Total</b>	<b>59,870</b>	<b>-</b>	<b>59,870</b>

## Sales 2013

MSEK	Jan-Mar Actual	Adjustment structural change	Jan-Mar restated
Aeronautics	1,765	-	1,765
Dynamics	877	-	877
EDS	1,038	113	1,151
SDS	1,271	-174	1,097
S&S	822	49	871
Combitech	410	13	423
Corporate/Internal	-321	-1	-322
<b>Total</b>	<b>5,862</b>	<b>-</b>	<b>5,862</b>

MSEK	Jan-Jun Actual	Adjustment structural change	Jan-Jun restated
Aeronautics	3,482	-	3,482
Dynamics	1,848	-	1,848
EDS	1,969	228	2,197
SDS	2,774	-389	2,385
S&S	1,660	142	1,802
Combitech	820	27	847
Corporate/Internal	-805	-8	-813
<b>Total</b>	<b>11,748</b>	<b>-</b>	<b>11,748</b>

MSEK	Jan-Sep Actual	Adjustment structural change	Jan-Sep restated
Aeronautics	4,873	-	4,873
Dynamics	2,384	-1	2,383
EDS	2,869	278	3,147
SDS	3,963	-518	3,445
S&S	2,392	212	2,604
Combitech	1,142	42	1,184
Corporate/Internal	-1,152	-13	-1,165
<b>Total</b>	<b>16,471</b>	<b>-</b>	<b>16,471</b>

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	6,869	-	6,869
Dynamics	3,572	-6	3,566
EDS	4,161	399	4,560
SDS	5,891	-796	5,095
S&S	3,419	353	3,772
Combitech	1,598	86	1,684
Corporate/Internal	-1,760	-36	-1,796
<b>Total</b>	<b>23,750</b>	<b>-</b>	<b>23,750</b>

## EBITDA 2013

MSEK	Jan-Mar Actual	Adjustment structural change	Jan-Mar restated
Aeronautics	153	-	153
Dynamics	83	12	95
EDS	78	33	111
SDS	54	-47	7
S&S	93	14	107
Combitech	46	-	46
Corporate	137	-12	125
<b>Total</b>	<b>644</b>	<b>-</b>	<b>644</b>

MSEK	Jan-Jun Actual	Adjustment structural change	Jan-Jun restated
Aeronautics	311	-	311
Dynamics	215	26	241
EDS	113	56	169
SDS	206	-104	102
S&S	204	45	249
Combitech	79	3	82
Corporate	-86	-26	-112
<b>Total</b>	<b>1,042</b>	<b>-</b>	<b>1,042</b>

MSEK	Jan-Sep Actual	Adjustment structural change	Jan-Sep restated
Aeronautics	464	-	464
Dynamics	184	35	219
EDS	255	57	312
SDS	318	-143	175
S&S	279	80	359
Combitech	95	6	101
Corporate	-38	-35	-73
<b>Total</b>	<b>1,557</b>	<b>-</b>	<b>1,557</b>

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	603	-	603
Dynamics	386	42	428
EDS	287	86	373
SDS	556	-228	328
S&S	383	134	517
Combitech	148	9	157
Corporate	4	-43	-39
<b>Total</b>	<b>2,367</b>	<b>-</b>	<b>2,367</b>

## NOTE 15 Definitions

### Operating income/loss (EBIT) 2013

MSEK	Jan-Mar Actual	Adjustment structural change	Jan-Mar restated
Aeronautics	116	-	116
Dynamics	72	12	84
EDS	-45	33	-12
SDS	22	-44	-22
S&S	88	14	102
Combitech	44	-	44
Corporate	99	-15	84
<b>Total</b>	<b>396</b>	<b>-</b>	<b>396</b>

MSEK	Jan-Jun Actual	Adjustment structural change	Jan-Jun restated
Aeronautics	237	-	237
Dynamics	187	26	213
EDS	-125	56	-69
SDS	142	-97	45
S&S	195	45	240
Combitech	75	2	77
Corporate	-166	-32	-198
<b>Total</b>	<b>545</b>	<b>-</b>	<b>545</b>

MSEK	Jan-Sep Actual	Adjustment structural change	Jan-Sep restated
Aeronautics	354	-	354
Dynamics	141	35	176
EDS	-101	57	-44
SDS	222	-133	89
S&S	265	80	345
Combitech	89	5	94
Corporate	-159	-44	-203
<b>Total</b>	<b>811</b>	<b>-</b>	<b>811</b>

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	456	-	456
Dynamics	324	42	366
EDS	-201	86	-115
SDS	428	-215	213
S&S	364	134	498
Combitech	140	8	148
Corporate	-166	-55	-221
<b>Total</b>	<b>1,345</b>	<b>-</b>	<b>1,345</b>

### Capital employed

Total capital less non-interest-bearing liabilities.

### Earnings per share

Net income for the period attributable to Parent Company shareholders' interest, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.

### EBITDA

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft.

### EBITDA margin

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft as a percentage of sales revenue.

### Equity/assets ratio

Equity in relation to total assets.

### Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

### Gross margin

Gross income as a percentage of sales revenue.

### Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.

### Free cash flow per share

Free cash flow divided by the average number of shares after dilution.

### Operating margin

Operating income (EBIT) as a percentage of sales revenue.

### Return on capital employed

Operating income plus financial income as a percentage of average capital employed (measured over a rolling 12-month period).

### Return on equity

Net income for the period as a percentage of average equity (measured over a rolling 12-month period).

# GLOSSARY

**EDA**

European Defence Agency

**EKN**

The Swedish Export Credits Guarantee Board

**FMV**

Swedish Defence Materiel Administration

**FRN**

Floating Rate Note

**FTE**

Full Time Equivalent, corresponds to one employee working full time for one year

**IAS**

International Accounting Standards

**IFRS**

International Financial Reporting Standards

**MTN**

Medium Term Note, bonds with a duration of 1-15 years

**RBS**

Missile system

**ROV**

Remotely Operated Vehicle

**SAL**

Saab Aircraft Leasing, relates to Saab's leasing fleet of turboprop aircraft

**TKMS**

ThyssenKrupp Marine Systems AB, now renamed Saab Kockums

**VSHORAD**

Very Short Range Air Defence System

**U.S. SOCOM**

U.S. Special Operations Command

Linköping, 23 October 2014

Håkan Buskhe  
President and CEO

# REVIEW REPORT

## Introduction

We have reviewed the condensed interim financial information of Saab AB for the period from 1 January to 30 September 2014. The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim report performed by the Independent auditor of the entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is

substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts act for the Group, and with the Swedish Annual Accounts act for the parent company.

Stockholm 23 October 2014  
PricewaterhouseCoopers AB

**Håkan Malmström**  
*Authorised Public Accountant*  
*Auditor in charge*

**Anna-Clara af Ekenstam**  
*Authorised Public Accountant*

Saab AB is disclosing the information here in pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.  
The information was submitted for publication at 7:30 (CET) on 23 October 2014.

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### Press and financial analyst conference

23 October 2014 at 10.00 (CET)

Grand Hôtel, Venue: New York, Blasieholmshamnen 8, Stockholm

Contact Karoline Sandar to register and more information,  
ph +46-8-463 02 45, [www.saabgroup.com](http://www.saabgroup.com)

You are welcome to participate on site at Grand Hôtel, watch the live webcast or dial in to the conference call. It is possible to post questions also over the web and conference call.

### Live webcast:

[saab-interimreport.creo.se/141023](http://saab-interimreport.creo.se/141023)

### Conference call:

Please, dial in using one of the numbers below.

UK: +44 2076602077

US: +18 552692606

SE: +46 851999359

The interim report, the presentation material and the webcast will be available on <http://www.saabgroup.com/en/InvestorRelations>.

## CALENDAR

YEAR-END REPORT 2014

**PUBLISHED 10 FEBRUARY 2015**

ANNUAL GENERAL MEETING

**15 APRIL 2015**

INTERIM REPORT JANUARY–MARCH 2015

**PUBLISHED 24 APRIL 2015**

DELÅRSRAPPORT JANUARI–JUNI 2015

**PUBLISHED 17 JULY 2015**

DELÅRSRAPPORT JANUARI–SEPTEMBER 2015

**PUBLISHED 23 OCTOBER 2015**

YEAR-END REPORT 2015

**PUBLISHED 10 FEBRUARY 2016**



# SAAB