

INFORMATION

Handläggare/Handled by

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Datum/Date

Referens/Reference

2001-02-16

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THE 2000 REPORT

- Order bookings amounted to SEK 28 billion.
- Sales amounted to SEK 17,840 m. (9,053, pro forma 18,018).
- Operating income increased to SEK 1,533 m. (1,104, pro forma 1,125).
- Earnings per share amounted to SEK 9.75 (8.82, pro forma 6.90).
- After-tax return on shareholders' equity 20,0% and pre-tax return on capital employed 14,6%.
- Proposed dividend per share: SEK 3.00 (2.50). In addition, the Board has today decided to propose to the Annual General Meeting that up to 10 per cent of the company's own shares be made repurchasable.
- Conditional acquisition of a 65% holding in the Dutch company Fokker Space.
- Financial Risk Insurance Program for the regional aircraft lease portfolio.
- Divestment of aircraft engine lease operation in the U.S.

Comment by the President

"The past year has involved major changes for Saab and has been characterized by intensive integration, among other things. The acquisition of Celsius doubled sales and gathered large parts of the Swedish defense industry under Saab. Against this backdrop, it is pleasing that we have been able to maintain good income and order development with an all-time high in both earnings per share and order bookings.

Order bookings amounted to SEK 28 billion and the order backlog at the end of the period was SEK 41 billion. This corresponds to over two years' invoicing. The good level of order development is also strengthened by a series of breakthrough orders signifying strategic advances in important growth areas.

At the same time, we are continuing to streamline the Group. Divesting mature businesses, such as Combitech Network, is also a way of realizing values. In January this year, we sold Marine Electronics to the American company Emerson, an industrially perfect deal that also generated excellent value for our shareholders.

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As expected, the fourth quarter was a strong quarter for our core business. At the same time, several activities in Other operations have been divested and in February this year we sold Celsius Amtec, which was part of Celsius Aviation Services. During the quarter, we also implemented an insurance solution for the leasing portfolio of regional aircraft. The insurance means that in practice we have eliminated the market risk in the portfolio and that further administration can be concentrated on increasing the value of our aircraft fleet and thereby the value for Saab's shareholders.

We are able to look back on a busy and successful year. Our core business has a clear focus and we have recently decided to set up a Venture Capital function to help our business areas realize further value from our technical know-how. After delivering a strong performance with a record high earnings per share in the year 2000, I look forward to a performance this year at least on the same level, after a somewhat slow start for the operations."

Important events and structural measures

Acquisition of the defense group Celsius

In February 2000, Saab stated that the company would fulfil the public offer for Celsius and on December 31, 2000 Saab became the owner of all the shares in Celsius. At year-end, the book value of the shares in Celsius amounted to SEK 5 billion. The acquisition has brought goodwill of SEK 700 million, which will be written off over a period of 20 years. The goodwill amount has been adjusted partly for Celsius' share of SPP's surplus, provisions for restructuring costs, effects of structural measures decided earlier by Celsius and income from divestments carried out during 2000.

In connection with the extensive structural measures necessitated through the acquisition of Celsius, a detailed review has been made of certain major projects. We then found that for certain development projects in the torpedo and missiles operations from the former Celsius Group further provisions of SEK 488 m. were necessary. These provisions were charged to income in the third quarter.

During the year, the integration and structuring process has entailed streamlining with the aid of divestments, outsourcing and rationalization in the business areas, closure of the head office functions in Celsius and new management structures. During the fourth quarter, the following operations have been divested: the surface treatment companies Yttec AB and Celsius Nussbaum GmbH, wind pylon manufacture at Kockums Industrier and the 49 per cent holding in Australian Submarine Corporation. In addition, the accredited calibration laboratory in Karlskoga was transferred on January 1, 2001 and in February Celsius Amtec and Celsius Materials Karlskoga AB were sold.

Other acquisitions and divestments during the fourth quarter

In November, Saab Ericsson Space purchased 65 per cent of the Dutch company Fokker Space, with access during 2001 provided that all the necessary licenses are obtained and that the due diligence will be finalized in a satisfactory way. Saab Ericsson Space has also acquired a further 13 per cent of Austrian Aerospace, which is thereby owned to 90 per cent. During the first quarter of 2001, Saab Marine Electronics was sold to the American company





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Emerson for approximately SEK 800 million, resulting in a capital gain of approximately SEK 650 million and a positive effect on net cash in the same magnitude as the purchase sum.

Financial risk insurance program for Saab Aircraft Leasing's regional aircraft lease portfolio

In November, Saab entered into a financial risk insurance program, which in practice isolate the performance of the lease portfolio from future market risk. During 15 years, from 2000, the policy provides a safeguard against risks such as market cycles, competition, obsolescence and customer default. The financial risk insurance program means, that lease income amounted to USD 1,170 m. after deduction of a first loss of 10 percent or USD 130 m. is now insured. The transaction cost, including fees to advisers, was USD 37 m. after tax and is covered by current provisions: therefore, it has not been charged to the year's income. The insurance policy covers 203 of the 302 aircraft in the portfolio. Of the 99 Saab 340 aircraft not included in the policy, 57 are funded with non-recourse long-term loans and 42 are covered by asset value insurance issued by EKN, the Swedish government agency for export guarantees. Saab will continue to actively manage the portfolio to enhance its value by maximizing income.

Business areas

During 2000, Saab consisted of the business areas Saab Systems and Electronics (formerly Infomatics), Saab Aerospace, Saab Technical Support and Services, Saab Bofors Dynamics, Saab Ericsson Space, Celsius Aviation Services and Other operations. From 2001 the leasing and customer support activities for Saab regional aircraft, together with parts of Celsius Aviation Services, will form the business area Saab Aviation Services.

Saab Systems and Electronics

The business area focuses on command and control systems, simulation systems, avionics, electronic warfare and signature management as well as commercial operations in IT and electronics. Operations are characterized by high activity in the export field with sales to over 70 countries. Order bookings during the year have been very good for most of the business units, with several market and product breakthroughs both in Sweden and internationally, and totaled SEK 5,523 m. (pro forma 4,126). During the fourth quarter, order bookings were SEK 2,257 m. and included fire control systems for combat vehicles for Switzerland and Finland (SEK 750 m.), marine command and control systems for the United Arab Emirates (SEK 250 m.), laser simulators and mobile systems for combat training for the USA (SEK 400 m.), electronic warfare equipment for the Eurofighter (SEK 135 m.) air surveillance systems for a country in South-east Asia (SEK 100 m.), and further orders within the ANZAC (ships) and BCSS (Battlefield Command Support System) programs in Australia. In November, the UN organ for maritime issues, IMO, made a decision requiring automatic identification systems (AIS) to be provided on vessels in the Solas classification from 1 July 2002. This is very positive for business potentials at Saab TransponderTech, which has already won several important orders as a result of that decision.





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Saab Aerospace

Business area Saab Aerospace develops and manufactures military aircraft systems, and is a partner and supplier in subsystems for manufacturers of large commercial aircraft. The business area produces the Gripen, an integrated and flexible information, command and weapon system that will remain modern for many years to come. Three squadrons of the first of the world's fourth generation combat aircraft are now operative in the Swedish defense. During 2000, 17 aircraft were delivered to the Swedish Air Force, bringing the total to 98 out of the 204 ordered by the Defence Materiel Administration, FMV.

In March, the first export order for the Gripen was formally received from South Africa, comprising 28 aircraft with a value for Saab of SEK 9.3 billion. Saab has been taking part in the concept study for the A380 Airbus Superjumbo since 1997. In December, Airbus made the final decision to develop the A380 and Saab is now negotiating on participation in the project as a partner and subcontractor. Order bookings were SEK 12,171 m. (pro forma 3,752), of which SEK 575 m. in the fourth quarter included further development and add-on orders for the Gripen.

Saab Technical Support and Services

The business area focuses on the growing market for high technology services in aviation, command and control, information, communications and sensors, and supplies these to both military and commercial customers. The export share is 11 per cent and 74 per cent of sales refer to military customers. The business area is dominated by AerotechTelub, which was formed on January 1, 2000 and is owned to 57 per cent by Saab and 43 per cent by TietoEnator. AerotechTelub is an advanced service company primarily oriented towards technical services, operation and maintenance, and customized system solutions for testing, simulation, traffic management and information. The business area also includes Saab Nyge Aero, which is active in aircraft maintenance, aerial target towing and special flight operations. During the year, Saab Nyge Aero won a breakthrough order for modification of amphibious aircraft. Order bookings, which amounted to SEK 2,672 m. (pro forma 2,099), increased strongly during the year due to acquisitions and a large number of smaller orders. During the fourth quarter, order bookings amounted to SEK 585 m. From 2001, Celsius Aviocomp, which is primarily active in component maintenance for commuter aircraft, and CSM Materialteknik form part of the Business area.

Saab Bofors Dynamics

Saab's activities in precision engagement have been gathered under business area Saab Bofors Dynamics, which develops and produces missile systems, portable anti-armor systems and underwater systems for land, sea and air applications. The business area has a long presence in many export markets throughout the world and in 2000 sales were distributed among almost 40 countries. During the year, intensive integration work has been carried on in the business area to realize cost synergies and focus the business. This produced a visible effect from the third quarter. Both the international collaboration projects, IRIS-T and Taurus, are at the end of their development phase and negotiations have been started concerning production contracts. Negotiations between the industry and participating countries on the development contract for the Meteor have also been initiated. Development of the RBS 23 Bamse is in its final phase and successful test firings have taken place. During the year, several countries have shown an interest in the RBS 15 anti-ship missile and in December an





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agreement was signed with the German company DIEHL on collaboration in production, maintenance and future upgrading for both the German and Swedish markets, as well as the export market. Order bookings amounted to SEK 2,853 m. (pro forma 2,793), of which SEK 245 m. in the fourth quarter.

Saab Ericsson Space

Business area Saab Ericsson Space, which is owned to 60 per cent by Saab and 40 per cent by Ericsson, develops and manufactures computers, antennas, microwave electronics and mechanical systems for the space industry. More than 90 per cent of sales go to export. Sales to commercial telecommunication projects continued to grow. Other operations comprised publicly financed projects for organizations such as the European Space Agency (ESA) and bilateral and Swedish programs. In November, 65 per cent of the Dutch company Fokker Space was acquired, with access during 2001. The company specializes in manufacture of solar panels, robot-guided instruments and structures for launch rockets. The acquisition makes Saab Ericsson Space Europe's largest subcontractor in space equipment. The acquisition, however, implies that all the necessary licenses are obtained and that the due diligence will be finalized in a satisfactory way. During 2000, the most important projects in the institutional market were SPOT, which is a bilateral project between France and Sweden in global observation satellites, and the ESA projects METOP for meteorological satellites and ROSETTA, a scientific satellite. In the commercial market, the most important projects during the year have been participation in the Eutelsat and Intelsat telecommunications satellites, work in the Ariane program and deliveries of separation systems for a number of launch rockets. Order bookings, which were good during the year, amounted to SEK 765 m. (706), of which SEK 264 m. during the fourth quarter including computers for the Ariane 5.

Celsius Aviation Services

Celsius Aviation Services, CAS, is a commercial aircraft maintenance company with its focus on the USA. CAS lies outside the strategy and orientation chosen by Saab for its future. However, the work of finding a new owner for CAS has proved more complex than expected, partly as a result of the trade cycle. The structure of the business has therefore been reviewed and from 2001 Celsius Aviocomp forms part of the business area Technical Support and Services. For several of the other companies, discussions are in progress with potential buyers and in February 2001 Celsius Amtec was sold to a Spanish company. The result from the divestment has been taken against the purchase analysis and will therefore not affect the income 2001. There will be a positive effect on net cash of close to SEK 500 m. During the year, operations have been negatively influenced by a general business downturn in those markets where CAS operates. Order bookings amounted to SEK 3,408 m. (2,607) and it is an increase also in USD.

Other operations

Other operations comprises long-term commitments in the form of the leasing portfolio and maintenance activities for Saab's regional aircraft. There are also a number of niche companies. In order to ensure a long-term capital supply for these niche companies and to realize values, we are seeking structural solutions for several of these businesses. Order bookings for Other operations amounted to SEK 1,361 m. (pro forma 1,004) and related mainly to spare parts and customer support for the fleet of Saab 340 and Saab 2000 aircraft.





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Future development

Creation of one of the world's leading high-tech companies

The European defense industry is characterized by increasing competition and swelling research and development costs. This has led to a consolidation and internationalization of the industry and the formation of large multinational defense companies operating in a global market. Through the acquisition of Celsius, Saab has created one of the world's leading high-tech companies with operations focused on defense, aviation and space. At the same time, Saab has become a more comprehensive company in important parts of the future defense, greatly expanding its operations in the field of advanced services and increasing its international presence.

Products and systems

In systems and defense electronics, Saab now has an internationally competitive center for developing advanced defense systems, based partly on information technology, with a large share of exports. The order backlog for the Gripen is an important base for future operations. With the order for the RBS 23 Bamse and the decision on the Meteor, the foundation is laid for an internationally active and firmly established missile industry at Saab. The decision on the Meteor is also extremely important for the long-term export potential of the Gripen. During the past years, Saab has grown both organically and through acquisitions in the field of advanced technical services, which we consider to be an interesting future market. The space industry is currently undergoing major structural changes where the growth potential is expected to lie in the commercial market while growth in the institutional market is expected to be moderate.

Sales, income and orders

Sales

Group sales doubled to SEK 17,840 m. (9,053, pro forma 18,018). The acquisition of Celsius is the main reason for the increase. Sales have increased or are on the same level as last year for principally all companies except business area Saab Bofors Dynamics. Of sales 62 percent (pro forma 66) were related to defense. Sales to foreign markets amounted to SEK 8,523 m. (3.444) or 48 percent (38, pro forma 48) of total sales.

The sales increase in Saab Systems and Electronics is mainly attributable to simulation systems and the commercial operations, while defense electronics was on level with the proforma figure in the previous year. Sales of Saab Aerospace were on level with the previous year for all three business units. During the year, 17 (16) Gripen aircraft were invoiced, which corresponds with the current delivery plan. Invoicing of one Gripen aircraft more than previous year was offset by a slower rate in the Swedish further development program. The sales increase in Saab Technical Support and Services is attributable to acquisitions within AerotechTelub, as well as to organic growth in the defense-related operations and test systems for the telecommunications industry. The sales decrease for Saab Bofors Dynamics, whose operations were concentrated during the year, is mainly attributable to major deliveries of STRIX during 1999, for which there was no corresponding figure in 2000, and fewer deliveries of anti-armor munitions. Sales of Saab Ericsson Space increased through higher volumes. Sales in Celsius Aviation Services were unchanged in terms of US dollars compared





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with the preceding year and the increase is thus attributable to the higher dollar rate during 2000.





Other operations increased mainly through volume expansion in customer support to the fleet of Saab 340 and Saab 2000 aircraft, which amounted to SEK 994 m. (666).

Income and profitability

The increase in operating income, which amounted to SEK 1,533 m. (1,104, pro forma 1,125), is mainly attributable to improved income for Saab Systems and Electronics, the result of structuring work at Saab Bofors Dynamics and capital gains from value realization of commercial spin-off companies totaling SEK 353 m. During 1999, operating income included a reversal of the loss risk reserve for the base contract for the Gripen of SEK 135 m., for which there was no corresponding figure in 2000. Operating income includes a reversal of the reserve regarding phase-out of regional aircraft of SEK 246 m. (255).

The improvement in operating income for Saab Systems and Electronics is mainly attributable to the military systems business and the phase-out of certain commercial development projects. Operating income of Saab Aerospace is on level with the previous year, excluding the reversal of the loss risk reserve of SEK 135 m. which was made in 1999. Also in 2000, income is burdened with high costs in regard to marketing and development for the export version of the Gripen. Operating income and operating margin have improved somewhat during the year for Saab Technical Support and Services as a result of the increased volume. Intensive integration work has been carried on during the year at Saab Bofors Dynamics to realize cost synergies and concentrate operations. This produced a positive result after threequarters. Operating income for Saab Ericsson Space deteriorated as a result of increased efforts in the commercial telecommunications market and associated internally financed development. Income from Group activities improved, primarily through capital gains. The decrease in income of Celsius Aviation Services is mainly due to a poorer market for engine operations in the USA and lower activity in the markets in Southeast Asia and Australia as a result of the stronger dollar. Operating income for Other operations, excluding reversal of reserve in regard to Regional Aircraft, was somewhat better than in the previous year, but continued to be negative SEK -98 m. (pro forma -123). Structuring work regarding several of these operations is in progress. Development in operations at Saab Aircraft and Saab Aircraft Leasing followed the plans set up in 1997. For Saab Aircraft, income for the year before reversals against the loss risk reserve amounted to SEK -21 m. (-47) and for Saab Aircraft Leasing to SEK -113 m. (-35).

The year's income regarding Regional Aircraft of SEK -593 m. (-771) has been set against the termination reserve. Project interest on non-utilized advance payments, which is reported in operating income, amounted to SEK 172 m. (218).

The increase in marketing expenses compared with pro forma 1999 has increased because marketing activities in general have been more intensive in every business area this year. This should be seen in relation to the excellent order bookings this year. Administrative expenses have decreased compared with pro forma as a result of the integration work.

Research and development costs, which are on level with pro forma last year, derived mainly from business areas Saab Systems and Electronics and Saab Aerospace. Development costs for the export version of the Gripen were on level with last year.





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Other operating income consist mainly of capital gains following divestment of companies SEK 356 m. (21), reversal of reserves corresponding to the deficit in Saab Aircraft SEK 21 m. (47), trading income in Treasury business SEK 45 m. (12), currency gains, etc. SEK 82 m. (57) and income from secondary activities such as insurance business, property rentals and sales of machines. Other operating expenses include pension costs SEK 42 m. and capital losses SEK 17 m.

Items affecting comparability amounted to SEK 285 m. and consisted of company related funds of SEK 527 m. received from SPP, reversal of reserves of SEK 246 m. concerning Regional Aircraft, and provisions mainly regarding certain development projects in the torpedo and missiles operation from the former Celsius Group amounting to SEK 488 m. Items affecting comparability in the previous year concerned reversal of reserves of SEK 255 m. regarding Regional Aircraft.

Net financial income and expenses amounted to SEK -85 m. (pro forma -9), of which Saab Aircraft Leasing SEK 68 m. (74). The decrease is mainly attributable to lower liquid funds. The decrease in net financial income compared with the outcome in the previous year is mainly due to the fact, that Celsius was purchased for cash, which corresponds to lost interest revenue of approximately SEK 250 m. The income share in HDW, which amounted to SEK 30 m., is reported as financial income. The average return on external investments amounted to SEK 4.72 per cent (4.75) and the average liquidity was SEK 5,400 m. (11,600). Income after financial items amounted to SEK 1,448 m. (pro forma 1,116).

Current and deferred taxes amounted to SEK -333 m. (pro forma -352), corresponding to an effective tax of 23 per cent (pro forma 32) on income after financial items. The deviation of the effective tax rate in certain years from the Swedish tax rate of 28 per cent is due to permanent differences in taxation and the fact that the Group has operations in countries, primarily the USA, with higher tax rates than in Sweden.

Net income for the year was SEK 1,038 m. (939, pro forma 735), corresponding to an income per share of SEK 9.75 (8.82, pro forma 6.90). Pre-tax return on capital employed was 14.6 per cent (21.3). Pre-tax return on capital employed before items affecting comparability was 12.3 per cent (17.6). After-tax return on shareholders' equity was 20.0 per cent (21.5).

Order bookings

Group order bookings were all time high and amounted to SEK 28,141 m. (6,849, pro forma 15,267). Order bookings during the fourth quarter amounted to SEK 5,043 m. The order backlog at year-end amounted to SEK 41,091 m. (23,637, pro forma 29,891), and includes military orders worth SEK 38,300 m.

Liquidity, finance and investments

Finance and liquidity

Compared with the pro forma opening balance, liquid funds less liabilities to credit institutions decreased by SEK -1,876 m. to SEK 3,942 m. (5,818). The decrease is net, consisting mainly of nominal SEK 1,464 m. in funds received from SPP and payment of the insurance premium





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for the leasing portfolio of regional aircraft of SEK 528 m., payments regarding the phase-out of regional aircraft manufacture of SEK 604 m., tax paid of SEK 648 m., repurchase of property in accordance with agreements SEK 400 m. and paid dividend of SEK 266 m., in addition to continued high utilization in the Gripen program. The Group's net liquidity after deduction for allocations to pensions amounted to SEK 415 m., compared with SEK 2,412 m. in pro forma opening balance. Compared with the closing balance in 1999, net liquidity has decreased by SEK 7,983 m., mainly due to the above mentioned causes, the acquisition of shares in Celsius during the year for SEK 3.7 bn and the net liability taken over from Celsius of SEK 1.8 bn.

Group equity/assets ratio amounted to 18.2 per cent compared with 12.8 per cent in the proforma opening balance and 16.8 per cent at the end of 1999. The interest coverage ratio, excluding items affecting comparability, was 4.5 (13.9). Shareholders' equity amounted to SEK 5,670 m. (4,708), corresponding to SEK 53.26 (44.23) per share.

Cash flow

The cash flow analysis and following comments apply to the period January 1 – December 31 2000, as if Celsius had already been included in the Group December 31, 1999. Group cash flow from operating activities continued to be good and amounted to SEK 1,882 m. (1,861). Working capital decreased as a result of planned continued utilization regarding the Gripen, which resulted in a heavy decrease in advance payments from customers. Provisions have decreased, mainly as a result of the year's deficit in Regional Aircraft and Saab Aircraft Leasing totaling SEK 706 m. and payment of the insurance premium for the leasing fleet of SEK 528 m. Lease obligations have decreased as a result of sales of aircraft from the leasing portfolio. The cash flow from investments amounted to SEK -502 m. (-1.780). In 1999, investments in shares in Celsius AB accounted for SEK -1,267 m. Operating cash flow amounted to SEK -1,908 m. (-2,368), of which Regional Aircraft SEK -593 m. (-404) and Saab Aircraft Leasing SEK -715 m. (218). The outflow is mainly due to phase-out of Regional Aircraft production, payment of the insurance premium for the leasing fleet, payment of tax, repurchase of property, payment of dividend and continued high utilization in the Gripen program.

Capital expenditures

The year's capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 1,077 m. (447, pro forma 652). Net investments including lease assets and intangible fixed assets amounted to SEK 494 m. (467), including lease assets of SEK -476 m. (83). Included in capital expenditures is a re-purchase of a building according to agreement.

Research and development

The year's expenditure on research and development amounted to SEK 3,808 m. (3,081, pro forma 4,462), of which SEK 2,948 m. (2.477, pro forma 3.604) relates to development paid for by customers.

The internally funded research and development concerned mainly the export version of Gripen, which was on level with last year, and further development of the Gamer system and the new generation laser simulators, upgrading of the RBS 70, further development of the AT4





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munitions, technical development in the area of space, mainly in telecommunications, and the development of a new generation of separation systems.

Personnel

At the end of 2000, the number of employees in the Group was 15,453, compared with 16,665 at the beginning of the year. At year-end 1999 the number of employees was 8,031.

Restructuring

In December 1997, Saab made the decision to end production of regional aircraft and allocated a reserve for restructuring the industrial operation. Restructuring is proceeding according to plan. During 2000, a further number of structural measures were completed, among others commitments to suppliers. This has enabled a more reliable assessment of the costs and a decision has therefore been made on reversal of the reserve of SEK 246 m. (255) in the 2000 financial statements. At year-end 2000, the restructuring reserve amounted to SEK 1,537 m. The view is that remaining reserves are now well adapted to continued restructuring.

In connection with the decision to cease production of regional aircraft, a decision was also made to put a market value on the leasing portfolio of Saab Aircraft Leasing and to make a provision in order to adjust the book value to calculated market value. During 2000, the aircraft included in own balance sheet were written down by SEK 1,451 m., of which SEK 989 m. against the loss risk reserve and the remaining portion against other liabilities. During 2000, the insurance cost of SEK 528 m. has also been set against the loss risk reserve, which thereby amounted to SEK 1,008 m. at the end of 2000. No reversals of the reserve have been made so far, since the leasing portfolio has a remaining life of about 15 years.

The restructuring costs, related to the acquisition of Celsius are included in the purchase analysis and has not affected Group earnings.

Parent Company Sales and income

Sales of the parent company amounted to SEK 3,921 m. (4,933). Operating income amounted to SEK 838 m. (626). Net financial income and expenses amounted to SEK 843 m. (1,147) and income after financial income and expenses was SEK 1,681 m. (1,773). Of the financial net SEK 743 m. (648) are group contributions and dividends. After appropriations of SEK - 148 m. (-45) and paid and deferred tax of SEK -305 m. (-321), net income for the year amounted to SEK 1,228 m. (1,407).

Proposed dividend and repurchase of own shares

The Board of Directors long-term dividend policy is for 20-40 percent of the Group's net income to be distributed. For 2000, the Board of Directors and the President propose to distribute to the shareholders SEK 3.00 (2.50) per share or a total of SEK 319 m. (266), corresponding to 31 (28) percent of the Group's net income. April 9, 2001 has been proposed as the record date and the dividend is expected to be distributed, April 12, 2001.

Further, the Board of Directors will propose the Annual General Meeting authorization for the Board to decide on repurchase of the company's shares up to 10 percent of the total shares





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outstanding. The purpose of the empowerment is to provide the Board with increased scope for action in working with the company's capital structure and to enable acquisitions to be made where considered appropriate. The mandate is proposed to be valid until the next Annual General Meeting. Such repurchases may be effected over the stock exchange or through offerings to shareholders. It is also proposed that the Board's mandate include the possibility to transfer repurchased shares in accordance with current legislation.

Annual General Meeting

The Annual General Meeting will be held at Saab, Linköping on Wednesday, April 4, 2001 at 18.00. Saab's revised annual report will be available at the company's head office in Linköping. The printed Annual Report will be distributed upon request to shareholders from March 5, 2001.

Ownership

Saab's principal owners are Investor AB, BAE SYSTEMS, the Wallenberg foundations, Fidelity funds, 3rd AP fund, AMF, MFS funds and Skandia.

Accounting Principles

The report has been drawn up in accordance with earlier accounting principles. Celsius is included in the Saab Group as from January 1, 2000. For comparability pro forma figures are published, which refers to the Saab Group including Celsius for the whole year 1999 and the quarters of 1999. The pro forma figures have been adjusted during the year in connection with major restructurings of the Group

Linköping February 16, 2001

Bengt Halse
President and Chief Executive Officer

Dates for financial information:

Interim Report for January – March will be published on April 26, 2001 Interim Report for January – June will be published on July 12, 2001 Interim Report for January – September will be published on October 19, 2001 The 2001 Report will be published on February 14, 2002.

For further information, please contact:

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International teleconference:

Today, Friday 16 February, 15.00. Contact Marita Sidén tel. +46 13 18 71 49 for registration and further information.

Telephone interview with President Bengt Halse:

Today, Friday 16 February, approx. 16.00. tel. +46 13 18 71 75 Contact Anders Stålhammar, Press Officer





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The 2000 Report can also be accessed on the Internet at www.saab.se





Sales by business area

		Pro forma		4"' Q	Pro forma
SEK m.	2000	1999	Change	2000	4 th Q 1999
Saab Systems & Electronics	4,364	4,294	2%	1,369	1,419
Saab Aerospace	3,921	3,964	-1%	1,204	991
Saab Technical Supp & Serv	2,511	2,367	6%	851	718
Saab Bofors Dynamics	2,348	3,393	-31%	846	1,394
Saab Ericsson Space	713	676	5%	195	170
Internal sales	-733	-797		-174	-261
	13,124	13,897	-6%	4,291	4,431
CAS	3,241	3,009	8%	885	839
Other operations	1,475	1,112		351	349
Saab Group	17,840	18,018	-1%	5,527	5,619

Sales by market

SEK m.	2000	1999	Change
Sweden	9,317	5,609	66%
Other EU countries	2,734	1,493	83%
Other European countries	608	512	19%
Total Europe	12,659	7,614	66%
North America	2,899	644	
Central and South America	464	21	
Asia	764	546	40%
Australia, etc	997	217	
Other markets	57	11	
Saab Group	17.840	9.053	97%

Operating income by business area

		Per-		Per-		Pro forma
		centage	Pro forma	centage	4 th Q	4 th Q
SEK m.	2000	of sales	1999	of sales	2000	1999
Saab Systems & Electronics	289	6.6%	199	4.6%	131	141
Saab Aerospace	333	8.5%	450	11.4%	95	189
Saab Technical Supp & Serv	167	6.7%	146	6.2%	61	45
Saab Bofors Dynamics	46	2.0%	-39		45	-16
Saab Ericsson Space	53	7.4%	65	9.6%	9	14
Corporate	340		-40		31	-58
	1,228	9.4%	781	5.6%	372	315
CAS	157	4.8%	212	7.0%	52	62
Other operations	148		132		233	23
Saab Group	1,533	8.6%	1,125	6.2%	657	400





Income statement

		Pro forma	4 th Q	Pro forma 4 th Q	
SEK m.	2000	1999	2000	1999	1999
Sales	17,840	18,018	5,527	5,619	9,053
Cost of goods sold	-13,427	-13,882	-4,123	-4,347	-6,363
Gross margin	4,413	4,136	1,404	1,272	2,690
Marketing expenses	-1,578	-1,390	-484	-400	-798
Administrative expenses	-1,251	-1,309	-413	-347	-550
Research and development costs	-860	-858	-257	-288	-604
Items affecting comparability	285	255	252	43	255
Other operating income	613	347	159	108	181
Other operating expenses	-97	-65	-16	2	-71
Share in income of associated companies	8	9	12	10	1
Operating income 1)	1,533	1,125	657	400	1,104
Result from financial investments	-85	-9	-18	2	273
Income after financial items	1,448	1,116	639	402	1,377
Taxes	-333	-352	-99	-138	-391
Minority interest	-77	-29	-14	0	-47
Net income	1,038	735	526	264	939
Earnings per share, SEK ²⁾	9.75	6.90	4.94	2.48	8.82
Earnings per share after full conversion, SEK ³⁾	9.73	6.73	4.81	2.40	8.60
Earlings per shall after fall conversions, CER	9.50	0.73	4.01	2.42	0.00
1) Includes depreciation of	-1,336	-1,311	-417	-367	-918
of which depreciation on leasing assets	-534	-511	-144	-158	-511

of which depreciation on leasing assets
2) Number of shares: 106,459,675 as per Dec. 31, 2000

Sales and income per quarter

Sales and income per quarter						Pro form	ma	
-	-	2000)			1999		
SEK m.	1 st Q	2 nd Q	3 rd Q	4 th Q	1 st Q	2 nd Q	3 rd Q	4 th Q
Sales	4,187	4,150	3,976	5,527	3,896	4,970	3,533	5,619
Operating income	247	409	220	657	192	406	127	400
Operating margin	5.9%	9.9%	5.5%	11.9%	4.9%	8.2%	3.6%	7.1%
Net financial income	8	-35	-40	-18	-28	30	-13	2
Income after financial items	255	374	180	639	164	436	114	402
Net income	161	254	97	526	103	290	78	264
Earnings per share, SEK 1)	1.51	2.39	0.91	4.94	0.97	2.72	0.73	2.48

¹⁾ Number of shares: 106,459,675 as per Dec.31 2000.

³⁾ Number of shares after full conversion: 109,247,175





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Five year overview						
		Pro				Pro
		forma				forma
SEK m., unless otherwise stated	2000	1999	1999	1998	1997	1996
Saab Group						
Order bookings	28,141	15,267	6,849	5,797	16,612	7,736
Order backlog at year-end	41,091	29,891	23,637	23,132	27,122	20,042
Sales	17,840	18,018	9,053	8,248	8,674	8,159
Foreign market sales, %	48	48	38	41	51	54
Operating income	1,533	1,125	1,104	875	-5,316	-2,066
Operating margin, %	8.6	6.2	12.2	10.6	neg	neg
Operating margin before depr., %	13.5	10.7	17.1	14.7	neg	neg
Income after financial items	1,448	1,116	1,377	1,218	-4,845	-1,572
before items affecting comparability	1,163	861	1,122	1,018	576	-353
Total assets	31,119	36,641	28,079	29,680	30,320	28,140
Of which aircraft leasing operation	6,456	8,877	8,877	9,119	9,604	8,817
Operating cash flow	-1,908	-	-2,368	-1,105	-2,229	1,195
Capital employed, average	12,183	-	6,866	6,352	6,440	8,975
Return on capital employed, %	14.6	-	21.3	21.4	neg	neg
before items affecting comparability, %	12.3	-	17.6	18.2	8.8	neg
Return on shareholders' equity, %	20.0	-	21.5	25.6	neg	neg
before items affecting comparability, %	16.1	-	17.3	21.6	2.4	neg
Profit margin before items affecting						
comparability, %	8.4	-	13.4	14.1	7.8	neg
Capital turnover rate	1.46	-	1.32	1.29	1.13	0.92
Equity / assets ratio, %	18.2	12.8	16.8	13.6	10.2	22.5
Interest coverage ratio, before items			40.0	= 00	0 =0	
affecting comparability	4.5	-	13.9	7.88	6.76	neg
Essilves and an OEK	0.75	0.00	0.00	0.55		
Earnings per share, SEK	9.75	6.90	8.82	8.55	-	-
Earnings per share after full conversion,	9.50	6.73	8.60	8.35	-	-
SEK	2.00		0.50	0.00		
Dividend, SEK ¹	3.00	-	2.50	2.00	-	-
Number of employees at year-end 12000 proposed dividend.	15,453	16,665	8,031	7,891	7,716	8,110

Key ratios

-	Pro forma			Long-term
	2000	1999	1999	goal
Operating margin before depreciation	13.5%	10.7%	17.1%	15%
Operating margin after depreciation	8.6%	6.2%	12.2%	10%
Pre-tax return on capital employed	14.6%	-	21.3%	-
After-tax return on shareholders' equity	20.0%	-	21.5%	15%
Dividend, share of profit	31%	-	28%	20-40%









Balance sheet

	Pro forma		
	Dec. 31,	Dec. 31,	Dec. 31,
SEK m.	2000	1999	1999
Assets			
Goodwill and other intangible assets	1,619	1,824	375
Property, plant and equipment, etc.	4,712	4,339	2,615
Lease assets	6,502	8,963	8,236
Long-term interest bearing receivables	1,345	1,180	
Shares, etc.	950	1,003	1,327
Deferred tax receivables	1,440	1,093	507
Inventories, etc.	3,684	3,954	1,717
Short-term interest bearing receivables	606	231	
Other receivables	6,079	6,349	2,511
Cash and marketable securities	4,182	7,705	10,791
Total assets	31,119	36,641	28,079
Shareholders' equity and liabilities			
Shareholders' equity	5,670	4,700	4,708
Minority interest in subsidiaries	821	752	206
Provision for pensions	3,527	3,406	1,995
Other provisions	3,821	6,606	5,042
Liabilities to credit institutions	1,963	3,081	181
Convertible debenture loan	228	217	217
Lease obligations	3,916	4,633	4,591
Advance payments from customers, net 1)	3,619	4,631	4,055
Other liabilities	7,554	8,615	7,084
Total shareholders' equity and liabilities	31,119	36,641	28,079
¹ Advance payments from customers, gross	6,768	7,796	6,645
Less portion used, which has been reduced from inventories	-3,149	-3,165	-2,590
Advance payments from customers, net	3,619	4,631	4,055

Personnel by business area

		Pro forma	
Number	2000	1999	Change
Saab Systems & Electronics	3,023	3,081	-58
Saab Aerospace	4,146	4,196	-50
Saab Technical Supp & Serv	2,794	2,705	89
Saab Bofors Dynamics	1,884	2,565	-681
Saab Ericsson Space	663	644	19
Corporate	161	233	-72
	12,671	13,424	-753
CAS	1,450	1,545	-95
Other operations	1,332	1,696	-364





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Saab Group 15,453 16,665 -1,212





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Summary of cash flow statement

SEK m.	2000 ¹⁾	1999 ²⁾
Cash flow from operating activities		
Income after financial items excl. share in		
income of associated companies	1,440	1,380
Depreciation and write-down charged to income	1,336	918
Items affecting comparability	-246	-255
Tax	-648	-182
Cash flow from operating activities before		
changes in working capital	1,882	1,861
Working capital		
Inventories etc.	270	524
Receivables	320	8
Advance payments from customers, net	-1,012	-1,136
Other liabilities	-612	-554
Lease obligations	-717	-362
Provisions	-1,537	-929
Change in working capital	-3,288	-2,449
Cash flow from operating activities	-1,406	-588
Investments in intangible fixed assets	-59	-104
Investments in shares etc.	43	-1,285
Investments in tangible fixed assets	-911	-280
Investments in lease assets	476	-83
Change in long-term receivables	-51	-28
Cash flow from investments	-502	-1,780
Operating cash flow	-1,908	-2,368

Order bookings and order backlog by business area

	Order bookings		Order backlog	
	Pro forma		Pro forma	
SEK m.	2000	1999	2000	1999
Saab Systems & Electronics	5,523	4,126	8,689	7,250
Saab Aerospace	12,171	3,752	27,097	18,847
Saab Technical Supp & Serv	2,672	2,099	1,253	778
Saab Bofors Dynamics	2,853	2,793	4,219	3,765
Saab Ericsson Space	765	706	816	764
Corporate/internal	-612	-1,820	-1,997	-2,1 <u>56</u>
	23,372	11,656	40,077	29,248
CAS	3,408	2,607	540	338
Other operations	1,361	1,004	474	305

¹⁾ Change compared to pro forma balance sheet as per December 31, 1999.
2) Change compared to pro forma balance sheet as per December 31, 1998.





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Saab Group 28,141 15,267 41,091 29,891