



SAAB

YEAR-END REPORT

2010

RESULTS AND SUMMARY

JANUARY–DECEMBER 2010

RESULTS JANUARY–DECEMBER 2010:

- Order bookings amounted to MSEK 26,278 (18,428) and the order backlog at year-end amounted to MSEK 41,459 (39,389)
- Sales decreased by 1 per cent to MSEK 24,434 (24,647), also adjusted for effects of exchange rates and termination of contracts
- Gross income amounted to MSEK 5,591 (6,137), corresponding to a gross margin of 22.9 per cent (24.9). Adjusted for non-recurring items, the gross margin was 25.0 per cent (24.6)¹
- Operating income was MSEK 975 (1,374), corresponding to an operating margin of 4.0 per cent (5.6). Adjusted for non-recurring items, the operating margin was 6.5 per cent (5.4)¹
- Net income was MSEK 454 (699), with earnings per share after dilution of SEK 3.97 (6.28)
- Operating cash flow amounted to MSEK 4,349 (1,447)
- Proposed dividend for 2010 SEK 3.50 per share (2.25)

1) As of 2011 Saab will no longer report income adjusted for non-recurring items.

OUTLOOK 2011

In 2011, we estimate that sales will decline slightly compared to 2010.

The operating margin is expected to increase slightly in 2011 compared to the adjusted operating margin 2010.

FINANCIAL HIGHLIGHTS

MSEK	Jan–Dec 2010	Jan–Dec 2009	Change, %	Oct–Dec 2010	Oct–Dec 2009
Order bookings	26,278	18,428	43	11,900	7,047
Order backlog	41,459	39,389	5	4,008 ²⁾	-918 ²⁾
Sales	24,434	24,647	-1	8,053	7,768
Gross income	5,591	6,137	-9	1,640	1,885
Gross margin, %	22.9	24.9		20.4	24.3
Adjusted gross margin, ¹⁾ %	25.0	24.6		25.9	24.3
Operating income (EBIT)	975	1,374	-29	251	503
Operating margin, %	4.0	5.6		3.1	6.5
Adjusted operating margin, ¹⁾ %	6.5	5.4		9.3	6.5
Net income	454	699	-35	20	323
Earnings per share before dilution, SEK	4.12	6.45		0.09	2.97
Earnings per share after dilution, SEK	3.97	6.28		0.08	2.87
Return on equity, ³⁾ %	4.1	7.0		-	-
Operating cash flow	4,349	1,447	201	2,200	1,270
Operating cash flow per share after dilution, SEK	39.84	13.26		20.16	11.64
	-602	50		-495	-

¹⁾ Adjusted for non-recurring items, for more information see page 5

²⁾ Refers to quarterly change

³⁾ The return on equity is measured over a rolling 12-month period

STATEMENT BY THE PRESIDENT AND CEO, HÅKAN BUSKHE:

"In 2010, order bookings increased and our order backlog grew, despite a continued challenging business environment throughout 2010. Our underlying profitability improved throughout the year and we successfully finalized our efficiency improvement program - the "Billion+ program", which has reduced our cost base with about SEK 1.5 billion since the start of 2008. We also improved the working capital level and generated a strong operating cash flow. Our focus on continuous efficiency improvements is still a main priority.

We confirm our long-term ambitions to grow sales organically with an average of 5 per cent yearly and to achieve an operating margin of 10 per cent.

However, in 2011, we see that sales will decline slightly compared to 2010 following lower level of order bookings in previous years. In order to achieve our long-term growth target we will stay focused on our strong markets, such as the Nordic Region, many European countries, South Africa and Australia, but also establish a stronger local presence in selected areas, including North America, the UK, South America (Brazil) and Asia (Thailand and India). To succeed with our growth ambition we must also invest in product innovation and renewal. Investments will be prioritized in areas where we have a competitive technology and/or a competitive market position and aim at strengthening our unique system knowledge. Over the coming years, growth may be supported by acquisitions if value creating opportunities arise within our prioritized areas.

The operating margin is expected to increase slightly in 2011 compared to the adjusted operating margin in 2010. Over the coming two years our amortisation of capitalised development costs will stay at the 2010 level and thereafter decline. Together with efficiency improvements, this will provide a platform for us to reach our long-term operating margin target.

We will continue to focus on improving capital efficiency and generating a strong operating cash flow. Given the size and character of the current tender portfolio and our growth ambitions we also aim at keeping a net cash position in the near-term and continue to target an equity to asset ratio above 30 per cent.

A strong balance sheet, a very competitive product offering and high quality employees provide a strong foundation to drive our operational priorities, with the ultimate target to create sustainable long-term value creation." says President and CEO Håkan Buskhe.

More information about previous long-term financial targets that as of 2011 are no longer reported, see page 25.

As of 1 January 2010 Saab's operations are divided into five business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions and Support and Services.

In addition, Corporate comprises Group staff and departments and secondary operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft. As of 1 January 2010, Combitech is reported as part of Corporate.

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009	Change, %
Order bookings*	26,278	18,428	43	11,900	7,047	69
Order backlog	41,459	39,389	5	4,008 ¹⁾	-918 ¹⁾	-
Sales	24,434	24,647	-1	8,053	7,768	4

¹⁾ Refers to quarterly change.

* See note 3, page 30, for more information about the order intake during January–December 2010.

ORDERS, SALES AND INCOME

Orders

Fourth quarter 2010

The strong improvement in 2010 compared to 2009 was mainly driven by the increase in large orders that included a major order for an airborne surveillance system and one major order from FMV (the Swedish Defence Materiel Administration) for six Gripen aircraft intended for the Royal Thai Air Force. Orders were also received from the British Army to provide Counter-IED training (Counter-Improvised Explosive Device) and two orders from FMV for army training and systems. Demand within the radar area continued to be strong where orders for the GIRAFFE- and ARTHUR system were received. Also, France placed an additional order for the Anti-Tank weapon AT4CS and an order from the Indian Maritime Authority, DGLL (Directorate General of Lighthouses and Lightships) was received for supply of a system for coastal surveillance for the entire Indian coastline.

Order bookings included index and price adjustments of approximately MSEK 250 (150).

January–December 2010

In addition to the orders mentioned above, orders in 2010 included orders from FMV for the integration of the active radar-guided Beyond Visual Range (BVR) missile, Meteor on the Gripen System. In 2010 Gripen was the only aircraft in the world that

had the capability to integrate this missile on a Fighter system. Several additional orders were received from FMV related to the Gripen system, including an order for the upgrade and further development of Gripen's reconnaissance system.

FMV also placed an order for the generation and subsequent delivery of 3-dimensional (3D) maps to the Swedish Armed Forces for use in national as well as international operations.

Another important order for Saab was the order from FMV for a Tactical Unmanned Aerial Vehicle system (TUAV).

An order was received from Prague Transport Company (PTC) for upgrading the security system in Prague's subway.

Kockums AB placed an order for an overall design of the combat management system for new submarines as well as solutions for integrating the system and subsystems.

Orders were also received for an upgrade of the combat management and fire control systems for the Finnish Navy's Rauma class missile boats and further deliveries of the RBS 70 ground-based air defence system to the Finnish Army.

For a complete list of major orders received see Note 3, page 30.

Orders of about MSEK 220 were cancelled within Security and Defence Solutions as a result of a terminated civil security contract.

In all, 86 per cent (76) of order bookings were attributable to defence-related operations and 66 per cent (62) of order bookings are from customers outside Sweden.

During 2010 index and price changes had a positive effect on order bookings of MSEK 377 (621).

Orders received where the order sum was larger than MSEK 100 represented 58 per cent (43) of total order bookings.

ORDER BACKLOG DURATION:

2011: SEK 16.8 billion

2012: SEK 10.4 billion

2013: SEK 6.3 billion

2014: SEK 3.7 billion

After 2014: SEK 4.3 billion

THE ORDER BACKLOG PRIMARILY INCLUDES:

- Gripen to Sweden and on export
- Structures and subsystems for the aircraft producers Airbus and Boeing
- Airborne early warning systems
- Active and passive countermeasure systems
- Missile systems for air, sea and land
- Anti-tank systems
- Command and control, avionics and fire control systems
- Radar systems
- Training systems
- Civil security solutions

Sales

Fourth quarter 2010

Exchange rate effects were not significant during the fourth quarter.

January–December 2010

Exchange rate effects were not significant during 2010.

Sales decreased with approximately MSEK 100 in 2010 compared to 2009 as an effect of lower revenue recognition for a terminated contract in Security and Defence Solutions (see more information on page 8).

Sales in markets outside Sweden amounted to MSEK 15,211 (16,933), or 62 per cent (69) of total sales.

Of sales, 83 per cent (83) was related to the defence market.

TOTAL SALES BY REGION

MSEK	Jan–Dec 2010	Jan–Dec 2009
Sweden	9,223	7,714
EU excluding Sweden	4,737	5,675
Rest of Europe	368	280
Americas	2,199	1,918
Asia	3,937	4,568
Africa	2,833	3,477
Australia, etc.	1,137	1,015
Total	24,434	24,647

TOTAL SALES BY MARKETS

MSEK	Jan–Dec 2010	Jan–Dec 2009
Air	10,393	10,940
Land	7,611	7,239
Naval	2,278	2,181
Civil Security	1,427	1,718
Commercial Aeronautics	1,348	1,374
Other	1,377	1,195
Total	24,434	24,647

As of 1 January 2010, Joint Operations are no longer reported as a separate market area.

Income, margin and profitability

Fourth quarter 2010

The gross margin amounted to 20.4 per cent (24.3). Adjusted for non-recurring items, the gross margin was 25.9 per cent (24.3). Non-recurring items included restructuring costs of MSEK 519 in the fourth quarter whereof MSEK 447 impacted cost of goods sold.

Operating income amounted to MSEK 251 (503), corresponding to an operating margin of 3.1 per cent (6.5). Adjusted for non-recurring items, the operating margin was 9.3 per cent (6.5).

January–December 2010

The gross margin amounted to 22.9 per cent (24.9). Adjusted for non-recurring

items, the gross margin was 25.0 per cent (24.6). Non-recurring items included restructuring costs of MSEK 616 with the majority, MSEK 512, impacting cost of goods sold.

Total depreciation and amortisation amounted to MSEK 1,358 (1,400).

Depreciation and write-down of tangible fixed assets amounted to MSEK 382 (351),

MSEK	Jan–Dec 2010	Jan–Dec 2009	Change, %	Oct–Dec 2010	Oct–Dec 2009	Change, %
Gross income	5,591	6,137	-9	1,640	1,885	-13
Gross margin, %	22.9	24.9		20.4	24.3	
Adjusted gross margin*, %	25.0	24.6		25.9	24.3	
Internally funded investments in research and development	1,203	1,194	1	435	370	18
Operating income before depreciation/amortisation and write-downs (EBITDA)	2,187	2,598	-16	573	852	-33
Margin, %	9.0	10.5		7.1	11.0	
Operating income (EBIT)	975	1,374	-29	251	503	-50
Operating margin, %	4.0	5.6		3.1	6.5	
Adjusted operating margin*, %	6.5	5.4		9.3	6.5	
Income before tax (EBT)	776	976	-20	192	461	-58
Net income	454	699	-35	20	323	-94
Earnings per share before dilution, SEK	4.12	6.45		0.09	2.97	
Earnings per share after dilution, SEK	3.97	6.28		0.08	2.87	

*See page 5 for more information about non-recurring items.

while depreciation of the leasing fleet amounted to MSEK 146 (176).

Amortization and write-down of intangible fixed assets amounted to MSEK 830 (873), of which amortization and write-down of capitalised development costs amounted to MSEK 664 (686).

Operating income amounted to MSEK 975 (1,374), corresponding to an operating margin of 4.0 per cent (5.6). Adjusted for non-recurring items, the operating margin was 6.5 per cent (5.4).

Operating income included expenses of MSEK 290 that were not reported as a non-recurring item related to projects in Security and Defence Solutions which impacted profitability negatively in the year.

Within Electronic Defence Systems a claim related to a finalized project where Saab reduced its estimated risk share impacted profitability positively.

On September 10, the Maritime and Commercial Court in Copenhagen informed that it in a judgement dismissed the Danish Defence Acquisition and Logistics Organization's (DALO) claim against Saab. DALO therefore should pay Saab damages plus interest on damages and cover Saab's court costs. An income of approximately MSEK 50 was recorded during the third quarter as a result of this. DALO has filed an appeal against the judgement.

Total expenditure for research and development amounted to MSEK 5,008 (4,820). The expenditures in research and development that are internally funded amounted to MSEK 1,203 (1,194), of which a total of MSEK 47 (67) has been capitalised.

The Billion+ programme progressed according to plan during 2010 and was finalized at the end of the year. The cost reductions contributed about 3 percentage points to

the reported operating margin in 2010 (see page 14 for more information).

The share of income in associated companies, MSEK 14 (-43), primarily relates to net income in Taurus GmbH and Hawker Pacific.

Net financial income and expenses amounted to MSEK -199 (-398), of which project interest from unutilised advance payments reduced financial income by MSEK -17 (-36), while also reducing the cost of goods sold correspondingly. Net interest items for the Group amounted to MSEK -40 (-80). Currency gains of MSEK 57 (-85) related to the tender portfolio where the hedged part of the portfolio was valued at market value that was relatively higher due to an appreciation of SEK. Other net interest items amounted to MSEK -199 (-197) and mainly consisted of amortisation of actuarial losses for pensions of MSEK -168 (-136), other

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009	Change, %
NON-RECURRING ITEMS						
Non-recurring items impacting gross income						
Structural costs	-512	-275	-86	-447	-200	-124
Revaluation of remaining risks in regional aircraft portfolio	-	350	-	-	200	-
Additional non-recurring items impacting operating income						
Structural costs	-104	-25	-316	-72	-	-
Results from divestments	14	-	-	24	-	-
Total non-recurring items	-602	50	-	-495	-	-

BALANCE SHEET KEY INDICATORS

MSEK	31 Dec 2010	31 Dec 2009	Change
Net liquidity/debt (-) ¹⁾	3,291	-634	3,925
Intangible fixed assets	6,413	7,108	-695
Goodwill	3,470	3,457	13
Capitalised development costs	2,428	3,038	-610
Other intangible fixed assets	515	613	-98
Tangible fixed assets, etc. ²⁾	4,741	4,919	-178
Inventories	4,100	4,698	-598
Accounts receivable	3,052	2,837	215
Accrued revenues ³⁾	2,472	3,010	-538
Advance payments from customers	643	442	201
Equity/assets ratio, (%)	39.1	35.1	-
Return on equity, ⁴⁾ (%)	4.1	7.0	-
Equity per share, ⁵⁾ SEK	107.66	99.91	7.75

¹⁾ The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 7, 8 and 9, page 31 and 32.

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

³⁾ Amounts due from customers (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; 2010: 104,717,729, 2009: 105,511,124

exchange rate effects and share in associated companies.

Current and deferred taxes during the year amounted to MSEK -322 (-277), or an effective tax rate of 41 per cent (28). The effective tax rate was affected by revaluation of deferred tax receivables relating to the leasing operations, differences between tax rate in Sweden and the US and tax related to previous years.

The pre-tax return on capital employed was 7.9 per cent (10.3) and the after-tax return on equity was 4.1 per cent (7.0), both measured over a rolling 12-month period.

FINANCIAL POSITION AND LIQUIDITY

Financial position

Since the start of 2010, the net cash position has increased by MSEK 3,925 to MSEK 3,291 at the end of 2010. The increase is mainly related to major milestone

payments received and increased level of sold trade receivables.

Intangible assets have decreased due to amortisation of capitalised product development. As of 1 January, 2009, Saab changed its view on the application of the 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 maximum ten years.

Inventories decreased due to deliveries in major projects during the fourth quarter. Inventories are recognised after deducting utilised advances. Other receivables decreased due to the reduction of accrued revenues (after deducting utilised advances) and other receivables.

Short-term interest-bearing liabilities decreased by MSEK 1,930 from the beginning of the year to MSEK 589 at 31 December.

Provisions for pensions amounted to MSEK 5 (4). During 2010, the Saab Pension Fund was capitalised with a total of MSEK 108 (157). The fund was set up in 2006 with the overall objective to secure the Group's defined-benefit pension plans and at the same time hedge the interest rate volatility of the pension liability and reduce the overall cost of pensions.

Cash flow

Operating cash flow amounted to MSEK 4,349 (1,447) in 2010. The increase was driven by significant improvements in working capital, larger milestone payments received in 2010 and increased amount of accounts receivable sold. It was distributed between cash flow from core operating activities of MSEK 4,043 (1,088), acquisitions and divestments of subsidiaries and associated companies of MSEK 161 (-57) and the leasing aircraft business of MSEK 145 (416).

During the third quarter 2009, Saab launched an accounts receivable sales programme to strengthen its financial position and increase financial flexibility. The accounts receivable sold are in most cases related to customers with high credit worthiness and one hundred per cent of the value of the receivables is sold at attractive funding levels. As per 31 December, receivables of MSEK 1,409 were sold, compared to MSEK 789 at 31 December 2009.

In Aeronautics, some projects entered into final stages of completion in 2010. This will lead to a reduction of customer advances and a lower cash flow generation as these projects are finalised.

ACQUISITIONS AND DIVESTMENTS

In May 2010, Saab divested a property holding company, Saab Bofors Industrier AB. The price was MSEK 133, which impacted cash flow positively. The transaction generated a capital gain of MSEK 12.

In May 2010, Saab acquired the remaining 66.7 per cent of the shares in the as-

sociated company Opax AS in Norway. The purchase price was MNOK 0.1. The purchase agreement contains a supplemental purchase price estimated at MNOK 15. The surplus value of MNOK 15 is allocated to goodwill. The acquisition has a marginal effect on future sales and income.

In June 2010, Saab divested all the shares in the associated company Eurengo S.A. (19.9 per cent) to the majority owner of the company. The transaction had no effect on the net liquidity and generated no capital gain or loss.

In June 2010, Saab divested 25 per cent of the votes, corresponding to five per cent of the capital, in Saab South Africa (Pty) Ltd to the South African holding company Sekunjalo Investment Ltd. Based on the company's performance, the buyer will over time be entitled to increase its share of the capital up to maximum 25 per cent. The transaction generated a loss of MSEK 22.

On 14 December 2010, Saab announced the signing of an eight-year agreement with Scandinavian Air Ambulance Holding AB. This means, that Saab from the start of 2011, will take over responsibility for the Group's technical and maintenance personnel and operations for their helicopters and aircraft. Saab will in 2011 invest MSEK 25 in Scandinavian Air Ambulance convertibles.

On 15 December 2010, Saab reduced its ownership in the associated company Hawker Pacific Ltd from 49 per cent to 33 per cent when SEACOR Capital (Asia) Limited acquired a shareholder position by investing MUSD 25 cash into Hawker Pacific Ltd in exchange for newly issued common equity. The transaction generated an increased book value of the shares in associated companies with a capital gain of MSEK 24. On 23 December 2010 Hawker Pacific also made a partial redemption of the preference shares with MSEK 28, in cash, to Saab AB.

No other significant acquisitions or divestments were made during the year.

CAPITAL EXPENDITURES AND PERSONNEL

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 262 (197).

Investments in intangible assets amounted to MSEK 117 (81) of which MSEK 47 (67) are related to capitalised product development and MSEK 70 (14) to other intangible assets.

Personnel

At the end of 2010, the Group had 12,536 employees, compared to 13,159 at the beginning of 2010. The number of FTE's (Full Time Equivalents) at the end of the period was 12,097, compared to 12,737 at the beginning of the year.

On 19 January 2010, Saab served notice to 115 factory employees at Saab AB in Linköping, Sweden, as a result of continued streamlining measures and synergies within the Aeronautics business area. Structural costs of approximately MSEK 30 were booked during the first quarter 2010.

On 8 March 2010, Saab announced that Saab Dynamics AB will be giving notice to 70 employees in Karlskoga, Sweden, as a result of low order volumes. No structural costs were announced as a result of this measure.

On 10 November 2010, Saab announced that the operations within the Dynamics business area will be reorganised as a part of a long-term strategic adaptation to changing market conditions. Saab intends to serve notice to more than 200 employees. Moreover, the Electronic Defence Systems business area and functions within Corporate will be made more efficient.

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 as well as the establishment of operations abroad.

Operations entail significant risk-taking in various respects. The key risk areas are political, operating 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 for 2010, see pages 52-55 of the annual report for 2009.

IMPORTANT EVENTS JANUARY – SEPTEMBER 2010

- It was announced that Åke Svensson would resign as President and CEO of Saab. He had been appointed Director General of the Association of Swedish Engineering Industries and took up his new position in September 2010.
- Ahead of the Annual General Meeting 2010, Saab announced that the nomination committee had recommended Joakim Westh, Cecilia Stegö Chilö and Johan Forssell for election to the Board of Directors. Marcus Wallenberg, Erik Belfrage, Sten Jakobsson, George Rose, Per-Arne Sandström, Åke Svensson and Lena Treschow Torell were recommended for re-election. Marcus Wallenberg was recommended as Chairman of the Board. Lennart Johansson, Peter Nygårds and Michael J. O'Callaghan declined re-election.
- Expenses of MSEK 290 were recorded in Security and Defence Solutions to cover for costs mainly related to a terminated contract originally signed with OKG Aktiebolag in March 2008. The contract had an order sum of MSEK 392 and it covered the supply of physical security for the Oskarshamn nuclear power station for Saab as a general contractor. In addition, a write-down of capitalised development costs of MSEK 20 was made.
- Håkan Buskhe was appointed as the new President and CEO of Saab. At this time he was the CEO of E.ON Sweden and President of E.ON Nordic, with operations in the Nordic countries and Poland. He took office as President and CEO of Saab on 1 September 2010.
- On request by shareholders, 3,347,180 A-shares in Saab AB were converted into B-shares. Through the conversion the total voting rights in the company have been reduced from 156,439,071 to 126,314,451. Saab AB has a total of 109,150,344 registered shares, of which 1,907,123 A-shares and 107,243,221 B-shares.
- A new strategic partner to Saab AB was announced, Investment holding company Sekunjalo Investment Ltd led by Chairman Dr M. Iqbal Survé. The company took up a shareholding position in Saab South Africa (Pty) Ltd.
- The Maritime and Commercial Court in Copenhagen issued a judgement dismissing the Danish Defence Acquisition and Logistics Organization's (DALO) claim against Saab. DALO therefore was ordered to pay damages plus interest on damages to Saab as well as to reimburse Saab's court costs. Approximately MSEK 50 was recorded during the third quarter as a result of this and impacted profitability positively. The background for the judgement is the cancelled contract for the DACCIS command and control system. DALO has filed an appeal against the judgement.

IMPORTANT EVENTS OCTOBER – DECEMBER 2010

- An eight-year agreement was signed with Scandinavian Air Ambulance Holding AB, where Saab will take over responsibility for the Group's technical and maintenance personnel and operations for their helicopters and aircraft starting 2011. Saab will in 2011 invest MSEK 25 in Scandinavian Air Ambulance convertibles.
- It was announced that the operations within the Dynamics business area will be reorganised as a part of a long-term strategic adaptation to changing market conditions. Saab intends to serve notice to more than 200 employees as a consequence of this. It was also announced that the Electronic Defence Systems business area and functions within Corporate will be made more efficient. The total costs for these measures amounted to MSEK 519.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE YEAR

- An order was received from FMV regarding development of the existing material system in Gripen C/D 39 (edition 19). The order amount is MSEK 127. The work will be carried out in 2011 and 2012.
- An order was received for weapon locating system ARTHUR from LIG Nex1 which is the prime contractor towards Defence Acquisition Program Administration, Republic of Korea. The order sum is MSEK 450.
- Saab announced that the Nomination Committee proposes Håkan Buskhe and Michael O'Callaghan for election to the Saab Board of Directors. Marcus Wallenberg, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilö, Åke Svensson, Lena Treschow Torell and Joakim Westh are proposed for re-election. Marcus Wallenberg is proposed as Chairman of the Board. Erik Belfrage and George Rose have declined re-election. The Nomination Committee also proposes that the accounting firm PricewaterhouseCoopers AB is elected as new auditor for a term of four years.
- Saab announced it had signed an agreement to acquire assets from the Czech company E-COM, with its main operations in development and production of virtual simulators. The acquisition strengthens Saab's product portfolio within training and simulation with a number of new capabilities and services within the virtual domain. The acquisition of assets of E-COM is expected to have no material effect on Saab's consolidated financial statements in 2011.

For information on major orders received during January–December 2010 see page 3, the business area comments on pages 9–13 and note 3 on page 30.

AERONAUTICS

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009	Change, %
Order bookings	6,901	3,417	102	2,379	1,789	33
Order backlog	15,636	15,476	1	317 ²⁾	-343 ²⁾	
Sales	6,741	7,571	-11	2,062	2,133	-3
Operating income before depreciation/amortisation and write-downs (EBITDA)	438	255	72	126	138	-9
Margin, %	6.5	3.4		6.1	6.5	
Operating income (EBIT)	191	6		63	73	-14
Operating margin, %	2.8	0.1		3.1	3.4	
Adjusted operating margin, ¹⁾ %	4.3	1.4		3.8	3.4	
Operating cash flow	30	-434	-	-276	68	-
Defence/Civil (% of sales)	89/11	91/9		88/12	88/12	
No. of employees	2,874	3,015	-5	-34 ²⁾	-25 ²⁾	
¹⁾ Non-recurring items						
Structural costs	-98	-100		-16	-	

²⁾ Refers to quarterly change

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

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2010 included an order from FMV for six Gripen aircraft intended for the Royal Thai Air Force and several orders concerning development of the Gripen system, including an order for the integration of the active radar-guided Beyond Visual Range (BVR) missile, Meteor. An order for a Tactical Unmanned Aerial Vehicle system (TUAV) was also received from FMV.
- Airbus received orders related to the A380 programme that resulted in an increase in order bookings of MSEK 480 for Aeronautics in 2010.
- Orders received where the order sum was more than MSEK 100 represented 89 per cent (79) of total order bookings.

SALES

- Sales in 2010 decreased by 11 per cent compared to 2009. The decrease is mainly related to lower project activity levels in major contracts, such as the Gripen aircraft deliveries to Thailand and South Africa, compared to last year.
- Markets outside Sweden accounted for 44 per cent (60) of sales in 2010.

INCOME AND MARGIN

- Profitability in 2010 improved compared to 2009 due the effects of the reorganisation of Aeronautics, announced lay-offs and the Billion+ programme.
- A restructuring charge of MSEK 16 was recorded in the fourth quarter related to the ongoing restructuring of Aeronautics announced 2009.

In total restructuring charges of MSEK 98 were taken in 2010.

CASH FLOW

- Operating cash flow in 2010 improved mainly as a result of advances received in major projects.
- As major projects were finalized and some started in the fourth quarter operating cash flow was negative due to timing differences.
- During 2010 some projects entered into final stages of completion. This will lead to a reduction of customer advances and a lower cash-flow generation as these projects are finalised.

EMPLOYEES

- The Aeronautics business area was reorganised in 2009. As a consequence, Saab served notice of lay-offs to 300 employees at Saab AB in Linköping, Sweden on 24 April 2009. On 19 January, 2010 Saab announced that it would serve notice to further 115 factory employees at Saab AB in Linköping as a result of continued streamlining measures and synergies within the Aeronautics business area.

DYNAMICS

MSEK	Jan–Dec 2010	Jan–Dec 2009	Change, %	Oct–Dec 2010	Oct–Dec 2009	Change, %
Order bookings	3,312	3,133	6	614	738	-17
Order backlog	5,546	6,980	-21	-951 ²⁾	-728 ²⁾	
Sales	4,741	4,580	4	1,565	1,481	6
Operating income before depreciation/amortisation and write-downs (EBITDA)	516	466	11	109	79	38
Margin, %	10.9	10.2		7.0	5.3	
Operating income (EBIT)	322	269	20	32	17	88
Operating margin, %	6.8	5.9		2.0	1.1	
Adjusted operating margin, ¹⁾ %	12.4	9.8		19.8	13.3	
Operating cash flow	1,044	369	183	449	390	15
Defence/Civil (% of sales)	94/6	91/9		95/5	94/6	
No. of employees	1,483	1,739	-15	-33 ²⁾	-26 ²⁾	
¹⁾ Non-recurring items						
Structural costs	-278	-180		-278	-180	
Results from divestments	12	-		-	-	

²⁾ Refers to quarterly change

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

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2010 included an order for the air defence system RBS 70 from Finland. Contracts were signed for components to, and for delivery of, the Carl-Gustaf man-portable weapon system and France placed an order for the anti-tank weapon AT4CS. Saab also received a significant order for multispectral camouflage products and services.
- An order was received from FMV for the generation and subsequent delivery of 3-dimensional (3D) maps to the Swedish Armed Forces for use in national as well as international operations.
- Orders received where the order sum was more than MSEK 100 represented 61 per cent (20) of total order bookings.

SALES

- Sales increased mainly as a result of a higher activity level within the weapon system area.
- Markets outside Sweden accounted for 81 per cent (86) of sales in 2010.

INCOME AND MARGIN

- Profitability in 2010 increased mainly as a result of the effects from the Billion+ programme. Due to an increased level of deliveries at the end of the year, the adjusted profitability increased in the fourth quarter.
- In the fourth quarter a restructuring charge of MSEK 278 was recorded related to the restructuring measures announced on 10 November 2010 where Dynamics will terminate its operations in

Eskilstuna, Sweden, during 2012 and part of the remaining production will be moved to Karlskoga in 2011. In addition, the underwater vehicles operations, based in Motala, Sweden, will be integrated with UK-based Saab Seaeye Ltd. All employees within the Underwater Weapons and Sensors operations in Motala were served notice. Under the condition that the ongoing discussions with potential clients lead to a long-term agreement, parts of the operations will instead be combined and integrated with Dynamics in Linköping.

- A property holding company was divested in 2010 for MSEK 133, which impacted cash flow positively. The transaction generated a capital gain of MSEK 12.

CASH FLOW

- Operating cash flow in 2010 was positive due to deliveries and major milestone payments.

EMPLOYEES

- On 8 March 2010, Saab announced that it will serve notice of 70 redundancies in Karlskoga, Sweden, due to reduced order volumes. This downsizing was made in 2010.
- On 10 November 2010, it was announced that all employees in Eskilstuna will be served notice following the decision to terminate the operations there. Also all employees within the Underwater Weapons and Sensors operations in Motala were served notice in December 2010 following this announcement.
- The number of employees decreased mainly as a result of lay-offs announced in June 2009.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009	Change, %
Order bookings	5,494	2,625	109	3,360	1,084	210
Order backlog	8,240	7,159	15	2,043 ²⁾	-514 ²⁾	
Sales	4,354	4,670	-7	1,350	1,403	-4
Operating income before depreciation/amortisation and write-downs (EBITDA)	589	551	7	42	53	-21
Margin, %	13.5	11.8		3.1	3.8	
Operating income (EBIT)	99	24	313	-58	-69	-
Operating margin, %	2.3	0.5		-4.3	-4.9	
Adjusted operating margin, ¹⁾ %	4.3	0.5		2.3	-4.9	
Operating cash flow	594	506	17	162	307	-47
Defence/Civil (% of sales)	99/1	99/1		99/1	99/1	
No. of employees	2,453	2,601	-6	-43 ²⁾	-32 ²⁾	

¹⁾ Non-recurring items

Structural costs

-89

-

-89

-

²⁾ Refers to quarterly change

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

HIGHLIGHTS
ORDERS RECEIVED

- Orders received in 2010 increased strongly as a result of the orders from FMV for the development of the Gripen system and a strong demand in the radar business where several orders were received for the GIRAFFE system (from for example Lockheed Martin and the Australian Defence Material Organisation). Orders were also received for the weapon locating system ARTHUR that has been delivered to for example Czech Republic, Denmark, Greece, Norway, Spain, Sweden and the UK. Orders also increased due to an order received for an Airborne surveillance systems, including the advanced ERIEYE radar system.
- Orders received where the order sum was more than MSEK 100 represented 58 per cent (49) of total order bookings.

SALES

- Sales in 2010 decreased mainly as a result of delays in major projects in 2010 compared to 2009.
- Markets outside Sweden accounted for 62 per cent (67) of sales in 2010.

INCOME AND MARGIN

- Despite structural costs the profitability improved in 2010. A major part of the improvement resulted from a claim recorded related to a finalized project where Saab has reduced its estimated risk share.
- In the fourth quarter a restructuring charge of MSEK 89 was recorded related to the restructuring measures announcement on 10 November 2010. In connection with this Electronic Defence Systems announced 2010 that the sites in Gothenburg will be consolidated in 2010 and 2011. Also, the microwave and antenna construction in Järfälla is terminated and the component construction and production activities within the microwave area are consolidated to Gothenburg and Centurion, South Africa. In addition all operations in the Stockholm area are moved to one location in Järfälla.

CASH FLOW

- Operating cash flow improved in 2010 due to project milestone deliveries.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009	Change, %
Order bookings	6,647	6,045	10	3,819	1,865	105
Order backlog	8,434	7,746	9	1,706 ²⁾	-299 ²⁾	
Sales	6,210	5,800	7	2,201	2,240	-2
Operating income before depreciation/amortisation and write-downs (EBITDA)	265	397	-33	245	180	36
Margin, %	4.3	6.8		11.1	8.0	
Operating income (EBIT)	137	278	-51	209	121	73
Operating margin, %	2.2	4.8		9.5	5.4	
Adjusted operating margin, ¹⁾ %	2.8	4.8		10.4	5.4	
Operating cash flow	1,066	-217	-	384	-176	-
Defence/Civil (% of sales)	67/33	67/33		63/37	70/30	
No. of employees	2,525	2,568	-2	-4 ²⁾	25 ²⁾	

¹⁾ Non-recurring items

Structural cost

-36

-

-21

-

²⁾ Refers to quarterly change

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

HIGHLIGHTS
ORDERS RECEIVED

- Orders received in 2010 included a billion order for an airborne surveillance system concerning delivery of Saab 2000 AEW&C (Airborne Early Warning & Control) system, including the advanced ERIEYE radar system.
- Orders received included several orders for army training systems. Orders were received from the British Army to provide Counter-IED (Counter-Improvised Explosive Device) training and to provide maintenance and support of a combat training system. FMV placed two orders for various army training systems.
- Within the command and control area Saab received an order from Kockums AB for the overall design of the combat management system as well as solutions for integrating the system aboard next-generation submarines for Sweden. An order was also received for an upgrade of the combat management and fire control systems for the Finnish Navy's Rauma class missile boats.
- Orders within the civil security area included an order from the Prague Transport Company (PTC) for upgrading the security system in Prague's subway and an order was received from the Indian Maritime Authority, DGLL (Directorate General of Lighthouses and Lightships) for supply of a system for coastal surveillance for the entire Indian coast. Furthermore, Saab and the Swedish company LfV signed a contract for remote air traffic control.
- Orders of about MSEK 220 were cancelled as a result of the terminated contract with OKG Aktiebolag.
- Orders received where the order sum was more than MSEK 100 represented 40 per cent (41) of total order bookings.

SALES

- Sales increased in 2010 as a result of higher project activity levels and a good order intake, especially in Training and Simulation.
- Lower revenue recognition for the terminated contract with OKG Aktiebolag reduced sales with about MSEK 100 in 2010 compared to 2009.
- Markets outside Sweden accounted for 77 per cent (74) of sales in 2010.

INCOME AND MARGIN

- In 2010, profitability was negatively impacted by costs of about MSEK 310 mainly related to a terminated contract with OKG Aktiebolag. The charges included a write-down of capitalised development costs of MSEK 20.
- The Maritime and Commercial Court in Copenhagen issued a judgement dismissing the Danish Defence Acquisition and Logistics Organization's (DALO) claim against Saab in September 2010. DALO therefore should pay Saab damages plus interest on damages and cover Saab's court costs. An income of approximately MSEK 50 was recorded as a result of this. DALO has filed an appeal against the judgement.
- In the fourth quarter a restructuring charge of MSEK 21 was recorded related to the restructuring measures announcement on 10 November 2010 related to initiatives aiming at lowering overhead costs.

CASH FLOW

- Operating cash flow improved due to milestone payments received, mainly related to major airborne surveillance system orders.

SUPPORT AND SERVICES

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009	Change, %
Order bookings	4,124	4,057	2	1,715	1,757	-2
Order backlog	4,743	4,011	18	651 ²⁾	788 ²⁾	
Sales	3,403	3,564	-5	1,070	1,032	4
Operating income before depreciation/amortisation and write-downs (EBITDA)	366	426	-14	110	152	-28
Margin, %	10.8	12.0		10.3	14.7	
Operating income (EBIT)	351	410	-14	107	148	-28
Operating margin, %	10.3	11.5		10.0	14.3	
Adjusted operating margin, ¹⁾ %	11.8	12.1		14.7	16.3	
Operating cash flow	894	81	-	371	-64	-
Defence/Civil (% of sales)	78/22	77/23		80/20	77/23	
No. of employees	1,721	1,749	-2	-10 ²⁾	-8 ²⁾	
¹⁾ Non-recurring items						
Structural costs	-50	-20		-50	-20	

²⁾ Refers to quarterly change

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

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2010 increased, driven by orders received related to the Gripen system and airborne surveillance systems orders within Saab and by smaller orders received mainly in Sweden.
- An eight-year agreement was also signed with Scandinavian Air Ambulance Holding AB, where Saab will take over responsibility for operations for their helicopters and aircraft starting 2011.
- Orders received where the order sum was more than MSEK 100 represented 32 per cent (25) of total order bookings.

SALES

- Sales in 2010 decreased as a result of lower demand in the regional commercial aviation market and delays in some major projects compared to 2009.
- Markets outside Sweden accounted for 26 per cent (28) of sales during 2010.

INCOME AND MARGIN

- Profitability decreased in 2010 compared to 2009 mainly as a result of a restructuring charge of MSEK 50 recorded in the fourth quarter. This is related to initiatives aiming at lowering overhead costs that are part of the restructuring measures announced on 10 November 2010.

CASH FLOW

- Operating cash flow improved significantly due to received milestone payments from large projects and an improved level of working capital.

CORPORATE

Corporate reported operating income of MSEK -125 (387). In 2009 operating income was positively impacted by a revaluation related to the remaining risks associated with the regional aircraft portfolio of MSEK 350.

The operating income includes restructuring costs of MSEK 65 related to efforts to lower the Group's administrative and overhead costs announced 10 November 2010.

It also includes a loss of MSEK 22 from June 2010 when Saab divested 25 per cent of the votes, corresponding to five per cent of the capital, in Saab South Africa (Pty) Ltd to the South African holding company Sekunjalo Investment Ltd.

It also includes a capital gain of MSEK 24 from the divestment of 16 per cent of the capital in Hawker Pacific in December 2010.

THE BILLION+ PROGRAMME

At the start of 2008 Saab initiated a programme aiming at improving internal efficiency called "The Billion+ programme". This was expanded in 2009 to include a programme whereby cost reductions of additional MSEK 500 would be achieved through a reduction in the workforce of about 500 employees, mainly through attrition. These two measures were initiated to ensure that Saab will have the capability to make the investments necessary going forward to sustain its competitiveness. The target was to reduce the cost base by about SEK 1.5 billion over a three-year period 2008-2010. In order to deliver on this target Saab aimed at reducing its cost base by about MSEK 650 in 2010, which was achieved. In 2010, the cost reductions contributed about 3 percentage points to the reported operating margin.

About 70 per cent of the cost reduction over the three year 2008-2010 has been generated through a reduction in cost of goods sold.

A major part of the cost reductions have

been achieved through an aligned and improved development process, increased production efficiency and reduction of sites as well as lowered procurement and travel costs.

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 staffs and Group support are included as well. The Parent Company's sales in 2010 amounted to MSEK 14,745 (15,385). Operating income was MSEK 623 (1,485) and included provisions of MSEK 290 related to projects in Security and Defence Solutions that impacted profitability negatively. A total of MSEK 338 in restructuring costs impacted operating income negatively.

Net financial income and expenses was MSEK 1,279 (747). The deviation between the result for 2010 and 2009 is explained by currency gains in the tender portfolio, positive currency differences, increased net interest and internal dividends. After appropriations of MSEK -83 (3) and taxes of MSEK -430 (-560), net income for the year amounted to MSEK 1,389 (1,675).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 2,395 (6,369). Gross capital expenditures in property, plant and equipment amounted to MSEK 150 (126). At the end of 2010, the Parent Company had 7,915 employees, compared to 8,337 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 year-end report.

Share repurchase

Saab held 4,432,615 treasury shares as of 31 december 2010, which is 793,395 more than at year-end 2009.

The Annual General Meeting on 15 April 2010 authorised the Board of Directors to repurchase 1,340,000 shares to hedge the year's share matching plan and performance share plan.

Saab announced on 16 June 2010 that the Board has decided to utilise its authorization for this purpose. Between 26 July and 28 August 2010, 838,131 shares were acquired on NASDAQ OMX Stockholm at a total cost of MSEK 80.

Proposed dividend

The Board of Directors proposes that shareholders receive a dividend of SEK 3.50 per share (2.25), or a total of MSEK 367 (237). 12 April has been proposed as the record day for the dividend, which is expected to be paid on 15 April 2011.

Nomination committee of Saab AB for the Annual General Meeting 2011

In accordance with a resolution taken at the Annual General Meeting of Saab AB on 15 April 2010, Saab has announced the shareholder representatives who, together with the Chairman of the Board, constitute the nomination committee.

Members of the nomination committee: Marcus Wallenberg, Chairman of Saab AB, Petra Hedengran, Investor, Peter Wallenberg Jr, Knut och Alice Wallenberg's Foundation, Erik Feldt, Nordea Investment Funds and Thomas Eriksson, Swedbank Robur Funds.

The nomination committee has provided proposals to the Annual General Meeting for a Board of Directors, the Chairman of the Board and proposal for auditor. They will provide proposals to the Annual General Meeting for the remuneration to the Board and to the auditors, and appointment of the new nomination committee for the Annual General Meeting 2012.

The nomination committee represents approximately 50 per cent of the voting rights of Saab AB based on the ownership structure as of 31 August 2010.

BAE Systems has abstained from its right to participate in the nomination committee.

The Annual General Meeting of Saab AB will be held on Thursday, 7 April 2011.

Owners

Saab's largest shareholders as of 31 December 2010 are Investor AB, BAE Systems, the Wallenberg foundations, Nordea Funds, Swedbank Robur funds, the Fourth AP-Fund, Länsförsäkringar Funds, SEB Funds, Orkla ASA and SHB Funds.

Linköping, 16 February 2011

Håkan Buskhe

President and CEO

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Sales	3	24,434	24,647	8,053	7,768
Cost of goods sold		-18,843	-18,510	-6,413	-5,883
Gross income		5,591	6,137	1,640	1,885
Gross margin, %		22.9	24.9	20.4	24.3
Other operating income		222	149	101	2
Marketing expenses		-1,727	-1,776	-480	-515
Administrative expenses		-1,235	-1,198	-431	-285
Research and development costs		-1,820	-1,813	-579	-567
Other operating expenses		-70	-82	-1	-38
Share of income in associated companies		14	-43	1	21
Operating income (EBIT) ¹⁾	3	975	1,374	251	503
Operating margin, %		4.0	5.6	3.1	6.5
Share of income in associated companies		26	2	2	1
Financial income		116	50	-30	20
Financial expenses		-341	-450	-31	-63
Net financial items		-199	-398	-59	-42
Income before taxes		776	976	192	461
Taxes	4	-322	-277	-172	-138
Net income for the period		454	699	20	323
of which Parent Company's shareholders' interest		433	686	8	313
of which non-controlling interest		21	13	12	10
Earnings per share before dilution, SEK ²⁾		4.12	6.45	0.09	2.97
Earnings per share after dilution, SEK ³⁾		3.97	6.28	0.08	2.87
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-1,358 -146	-1,400 -176	-355 -33	-387 -38
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		105,217,786	106,335,553	104,710,852	105,506,219
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION		109,150,344	109,150,344	109,150,344	109,150,344

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Net income for the period	454	699	20	323
Other comprehensive income:				
Translation differences for the period	16	215	77	103
Net gain/loss on cash flow hedges	766	944	-19	15
Share of other comprehensive income in associated companies	2	31	-8	1
Tax attributable to other comprehensive income	-201	-247	6	1
Other comprehensive income for the period	583	943	56	120
Net comprehensive income for the period	1,037	1,642	76	443
of which Parent Company's shareholders' interest	1,006	1,583	65	441
of which non-controlling interest	31	59	11	2

QUARTERLY INCOME STATEMENT

MSEK	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Sales	8,053	5,004	5,993	5,384	7,768	5,184	6,283	5,412
Cost of goods sold	-6,413	-3,765	-4,552	-4,113	-5,883	-3,969	-4,611	-4,047
Gross income	1,640	1,239	1,441	1,271	1,885	1,215	1,672	1,365
Gross margin, %	20.4	24.8	24.0	23.6	24.3	23.4	26.6	25.2
Other operating income	101	40	45	36	2	74	33	40
Marketing expenses	-480	-379	-483	-385	-515	-371	-466	-424
Administrative expenses	-431	-217	-271	-316	-285	-249	-330	-334
Research and development costs	-579	-390	-392	-459	-567	-405	-434	-407
Other operating expenses	-1	7	-60	-16	-38	-4	19	-59
Share of income in associated companies	1	22	-4	-5	21	-11	-22	-31
Operating income/loss (EBIT) ¹⁾	251	322	276	126	503	249	472	150
Operating margin, %	3.1	6.4	4.6	2.3	6.5	4.8	7.5	2.8
Share of income in associated companies	2	-	24	-	1	-	1	-
Financial income	-30	41	33	72	20	12	-15	33
Financial expenses	-31	-89	-122	-99	-63	-109	-58	-220
Net financial items	-59	-48	-65	-27	-42	-97	-72	-187
Income/loss before taxes	192	274	211	99	461	152	400	-37
Taxes	-172	-86	-37	-27	-138	-41	-108	10
Net income/loss for the period	20	188	174	72	323	111	292	-27
of which Parent Company's shareholders' interest	8	179	177	69	313	105	294	-26
of which non-controlling interest	12	9	-3	3	10	6	-2	-1
Earnings per share before dilution, SEK ²⁾	0.09	1.70	1.68	0.65	2.97	0.99	2.75	-0.24
Earnings per share after dilution, SEK ³⁾	0.08	1.64	1.62	0.63	2.87	0.96	2.69	-0.24
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS	-355	-331	-326	-346	-387	-326	-352	-335
OF WHICH DEPRECIATION OF LEASING AIRCRAFT	-33	-37	-38	-38	-38	-42	-46	-50
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	104,710,852	105,118,070	105,526,371	105,515,851	105,506,219	106,169,379	106,835,194	106,831,419
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION. THERE IS NO DILUTION IMPACT IF THE RESULT FOR THE PERIOD IS NEGATIVE.	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	106,831,419

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net income/loss for the period	20	188	174	72	323	111	292	-27
Other comprehensive income:								
Translation differences	77	-158	90	7	103	-180	152	140
Net gain/loss on cash flow hedges	-19	638	-54	201	15	616	431	-118
Share of other comprehensive income in associated companies	-8	9	1	-	1	9	21	-
Tax attributable to other comprehensive income	6	-168	14	-53	1	-163	-116	31
Other comprehensive income for the period	56	321	51	155	120	282	488	53
Net comprehensive income for the period	76	509	225	227	443	393	780	26
of which Parent Company's shareholders' interest	65	504	217	220	441	378	746	18
of which non-controlling interest	11	5	8	7	2	15	34	8

KEY RATIOS BY QUARTER

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Equity/assets ratio (%)	39.1	41.1	37.7	37.9	35.1	32.9	30.0	28.6
Return on capital employed, % ¹⁾	7.9	10.1	9.5	10.8	10.3	0.6	-1.0	-0.2
Return on equity, % ¹⁾	4.1	7.0	6.5	7.9	7.0	-3.3	-5.3	-4.9
Equity per share, SEK ²⁾	107.66	106.94	102.02	101.98	99.91	95.63	91.83	86.54
Operating cash flow, MSEK	2,200	-84	2,306	-73	1,270	420	213	-456
Operating cash flow per share after dilution, SEK ³⁾	20.16	-0.77	21.13	-0.67	11.64	3.85	1.95	-4.27
¹⁾ MEASURED OVER A ROLLING 12-MONTH PERIOD								
²⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES	104,717,729	104,703,975	105,532,164	105,520,577	105,511,124	105,501,314	106,837,443	106,832,945
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	106,831,419

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31/12/2010	31/12/2009
ASSETS			
Fixed assets			
Intangible fixed assets	6	6,413	7,108
Tangible fixed assets		3,052	3,174
Lease assets		1,154	1,464
Biological assets		299	256
Investment properties		236	25
Shares in associated companies		251	356
Financial investments		203	116
Long-term receivables		856	1,327
Deferred tax assets		-	284
Total fixed assets		12,464	14,110
Current assets			
Inventories		4,100	4,698
Derivatives		1,105	1,002
Tax receivables		46	43
Accounts receivable		3,052	2,837
Other receivables		3,630	4,696
Prepaid expenses and accrued income		680	705
Short-term investments		1,544	551
Liquid assets	9	2,544	1,463
Total current assets		16,701	15,995
Assets held for sale	10	113	325
TOTAL ASSETS	15	29,278	30,430

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	31/12/2010	31/12/2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Parent Company's shareholders' interest		11,274	10,542
Non-controlling interest		170	140
Total shareholders' equity		11,444	10,682
Long-term liabilities			
Long-term interest-bearing liabilities	7	1,117	1,126
Other liabilities		294	287
Provisions for pensions	12	5	4
Other provisions		2,207	2,146
Deferred tax liabilities		803	905
Total long-term liabilities		4,426	4,468
Current liabilities			
Short-term interest-bearing liabilities	7	589	2,519
Advance payments from customers		643	442
Accounts payable		1,799	1,730
Derivatives		750	1,181
Tax liabilities		265	212
Other liabilities		819	746
Accrued expenses and deferred income		7,751	7,668
Provisions		792	753
Total current liabilities		13,408	15,251
Liabilities attributable to assets held for sale	10	-	29
Total liabilities		17,834	19,748
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15	29,278	30,430

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	CAPITAL STOCK	OTHER CAPITAL CONTRIBUTIONS	NET RESULT OF CASH FLOW HEDGES	TRANSLATION RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL PARENT COMPANY'S SHARE HOLDERS' INTEREST	NON-CONTROLLING INTEREST	TOTAL SHARE HOLDERS' EQUITY
Opening balance, 1 January 2009	1,746	543	-612	-222	51	7,734	9,240	90	9,330
Net comprehensive income for the year			696	201		686	1,583	59	1,642
Transactions with shareholders:									
Repurchase of shares						-110	-110		-110
Share matching plan						35	35		35
Dividend						-187	-187		-187
Purchase and sale of non-controlling interest						-19	-19	-9	-28
Closing balance, 31 December 2009	1,746	543	84	-21	51	8,139	10,542	140	10,682
Opening balance, 1 January 2010	1,746	543	84	-21	51	8,139	10,542	140	10,682
Net comprehensive income for the year			564	9		433	1,006	31	1,037
Transactions with shareholders:									
Repurchase of shares						-80	-80		-80
Share matching plan						43	43		43
Dividend						-237	-237		-237
Purchase and sale of non-controlling interest							-	-1	-1
Closing balance, 31 December 2010	1,746	543	648	-12	51	8,298	11,274	170	11,444

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Dec 2010	Jan–Dec 2009
Operating activities			
Income after financial items		776	976
Transferred to pension funds		-147	-190
Adjustments for items not affecting cash flows		2,317	1,835
Income tax paid		-196	-183
Cash flow from operating activities before changes in working capital		2,750	2,438
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		586	-401
Increase(-)/Decrease(+) in current receivables		855	1,927
Increase(+)/Decrease(-) in advance payments from customers		194	-485
Increase(+)/Decrease(-) in other current liabilities		399	-1,522
Increase(+)/Decrease(-) in provisions		-297	-261
Cash flow from operating activities		4,487	1,696
Investing activities			
Investments in intangible fixed assets		-70	-14
Capitalised development costs		-47	-67
Investments in tangible fixed assets		-262	-197
Investments in lease assets		-2	-3
Sale of tangible fixed assets		11	9
Sale of lease assets		65	130
Sale of and investments in short-term investments	9	-993	-551
Sale of and investments in other financial assets		-6	224
Investments in subsidiaries, net effect on liquidity	11	-	-68
Sale of subsidiaries and associated companies, net effect on liquidity	11	161	11
Cash flow from investing activities		-1,143	-526
Financing activities			
Repayments of loans		-1,950	-279
Repurchase of shares		-80	-110
Dividend paid to Parent Company's shareholders		-237	-187
Contribution from non-controlling interest		-	6
Cash flow from financing activities		-2,267	-570
Cash flow for the year			
Cash flow for the year		1,077	600
Liquid assets at the beginning of the year		1,463	822
Exchange rate difference in liquid assets		4	41
Liquid assets at the end of year	9	2,544	1,463

QUARTERLY INFORMATION

MSEK	Q4 2010	Operating margin	Q3 2010	Operating margin	Q2 2010	Operating margin	Q1 2010	Operating margin
Sales								
Aeronautics	2,062		1,278		1,698		1,703	
Dynamics	1,565		1,023		1,167		986	
Electronic Defence Systems	1,350		905		1,159		940	
Security and Defence Solutions	2,201		1,382		1,427		1,200	
Support and Services	1,070		756		834		743	
Corporate	313		224		233		219	
Internal sales	-508		-564		-525		-407	
Total	8,053		5,004		5,993		5,384	
Operating income								
Aeronautics	63	3.1%	57	4.5%	18	1.1%	53	3.1%
Dynamics	32	2.0%	31	3.0%	174	14.9%	85	8.6%
Electronic Defence Systems	-58	-4.3%	6	0.7%	114	9.8%	37	3.9%
Security and Defence Solutions	209	9.5%	130	9.4%	-106	-7.4%	-96	-8.0%
Support and Services	107	10.0%	69	9.1%	119	14.3%	56	7.5%
Corporate	-102	-	29	-	-43	-	-9	-
Total	251	3.1%	322	6.4%	276	4.6%	126	2.3%

MSEK	Q4 2009	Operating margin	Q3 2009	Operating margin	Q2 2009	Operating margin	Q1 2009	Operating margin
Sales								
Aeronautics	2,133		1,482		2,113		1,843	
Dynamics	1,481		944		1,150		1,005	
Electronic Defence Systems	1,403		1,180		1,099		988	
Security and Defence Solutions	2,240		1,161		1,339		1,060	
Support and Services	1,032		752		966		814	
Corporate	249		223		304		226	
Internal sales	-770		-558		-688		-524	
Total	7,768		5,184		6,283		5,412	
Operating income								
Aeronautics	73	3.4%	-26	-1.8%	-44	-2.1%	3	0.2%
Dynamics	17	1.1%	83	8.8%	94	8.2%	75	7.5%
Electronic Defence Systems	-69	-4.9%	18	1.5%	48	4.4%	27	2.7%
Security and Defence Solutions	121	5.4%	52	4.5%	94	7.0%	11	1.0%
Support and Services	148	14.3%	47	6.3%	112	11.6%	103	12.7%
Corporate	213	-	75	-	168	-	-69	-
Total	503	6.5%	249	4.8%	472	7.5%	150	2.8%

MULTI-YEAR OVERVIEW

MSEK	2010	2009	2008	2007	2006
Order bookings	26,278	18,428	23,212	20,846	27,575
Order backlog at 31 Dec.	41,459	39,389	45,324	47,316	50,445
Sales	24,434	24,647	23,796	23,021	21,063
Sales in Sweden, %	38	31	32	35	35
Sales in EU excluding Sweden, %	19	23	25	28	29
Sales in Americas, %	9	8	6	7	9
Sales in Rest of the World, %	34	38	37	30	27
Operating income (EBIT)	975	1,374	166	2,607	1,745
Operating margin, %	4.0	5.6	0.7	11.3	8.3
Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA)	2,187	2,598	1,515	3,685	2,519
EBITDA margin, %	9.0	10.5	6.4	16.0	12.0
Income/loss after financial items	776	976	-406	2,449	1,693
Net income/loss for the year	454	699	-242	1,941	1,347
Total assets	29,278	30,430	32,890	33,801	32,771
Operating cash flow	4,349	1,447	659	-1,603	-1,900
Return on capital employed, %	7.9	10.3	1.4	19.4	14.5
Return on equity, %	4.1	7.0	-2.4	18.5	13.8
Equity/assets ratio, %	39.1	35.1	28.4	32.6	30.6
Earnings per share before dilution, SEK ^{2) 4)}	4.12	6.45	-2.31	17.68	11.91
Earnings per share after dilution, SEK ^{3) 4)}	3.97	6.28	-2.31	17.60	11.91
Dividend per share, SEK	3.50 ⁵⁾	2.25	1.75	4.50	4.25
Equity per share, SEK ¹⁾	107.66	99.91	86.49	101.53	89.80
Number of employees at year-end	12,536	13,159	13,294	13,757	13,577

¹⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES AS OF 31 DECEMBER 2010: 104,717,729; 2009:105,511,124; 2008: 106,829,893; 2007: 108,150,344; 2006: 109,150,344

²⁾ AVERAGE NUMBER OF SHARES 2010: 105,217,786; 2009: 106,335,553; 2008: 107,515,049; 2007: 108,668,700; 2006: 109,150,344

³⁾ AVERAGE NUMBER OF SHARES 2010/2009: 109,150,344; 2008: 107,515,049; 2007/2006: 109,150,344

⁴⁾ NET INCOME FOR THE YEAR LESS NON-CONTROLLING INTEREST DIVIDED BY THE AVERAGE NUMBER OF SHARES

⁵⁾ PROPOSED DIVIDEND

KEY RATIOS AND TARGETS

	Long-term target	Jan-Dec 2010	Jan-Dec 2009
Organic sales growth	5	-1	4
Operating margin, %	10	4.0	5.6
Equity/assets ratio, %	30	39.1	35.1

Previous long-term financial targets that as of 2011 are no longer reported:

The previous target for the operating margin before depreciation/amortisation (EBITDA) target was to achieve at least 15 per cent as an average over a business cycle. Due to the development of the level of amortisation of capitalised development costs this target is no longer aligned with the long-term target for the operating margin after depreciation/amortisation (EBIT). EBITDA will not be reported as a long-term financial target in the future.

Saab previously had a target for return on equity, which was to achieve a return on average of 15 per cent. This target will not be reported as a long-term financial in the future.

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Sales	14,745	15,385	4,690	4,811
Cost of goods sold	-11,523	-11,276	-3,713	-3,495
Gross income	3,222	4,109	977	1,316
Gross margin, %	21.9	26.7	20.8	27.4
Marketing expenses	-1,114	-1,138	-279	-348
Administrative expenses	-727	-675	-284	-158
Research and development costs	-824	-811	-293	-245
Other operating income	82	68	23	-23
Other operating expenses	-16	-68	21	-17
Operating income (EBIT)	623	1,485	165	525
Operating margin, %	4.2	9.7	3.5	10.9
Financial income and expenses:				
Result from shares in Group companies	1,199	1,178	808	998
Result from shares in associated companies/joint ventures	32	7	27	6
Result from other securities and receivables held as fixed assets	107	-238	-28	-41
Other interest income and similar items	114	109	70	89
Interest expenses and similar items	-173	-309	-88	-107
Income after financial items	1,902	2,232	954	1,470
Appropriations	-83	3	-83	3
Income before taxes	1,819	2,235	871	1,473
Taxes	-430	-560	-234	-348
Net income for the period	1,389	1,675	637	1,125

PARENT COMPANY BALANCE SHEET

MSEK	Note	31/12/2010	31/12/2009
ASSETS			
Fixed assets			
Intangible fixed assets		127	96
Tangible fixed assets		2,205	2,280
Shares in Group companies		9,405	9,520
Receivables from Group companies		557	760
Shares in associated companies and joint ventures		491	430
Receivables from associated companies and joint ventures		32	116
Other long-term securities holdings		1,457	1,495
Other long-term receivables		10	44
Deferred tax assets		417	689
Total fixed assets		14,701	15,430
Current assets			
Inventories, etc.		2,782	3,310
Receivables from Group companies		2,108	2,828
Receivables from associated companies and joint ventures		26	100
Other receivables		3,841	7,953
Short-term investments		1,543	551
Liquid assets		1,935	788
Total current assets		12,235	15,530
TOTAL ASSETS		26,936	30,960
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		5,821	4,441
Net income for the year		1,389	1,675
Total shareholders' equity		7,210	6,116
Untaxed reserves		502	419
Provisions			
Provisions for pensions and similar commitments		192	379
Other provisions		1,465	1,513
Total provisions		1,657	1,892
Liabilities			
Interest-bearing liabilities	7	2,223	4,112
Liabilities to Group companies		7,084	7,913
Advance payments from customers		98	3,182
Liabilities to associated companies and joint ventures		69	139
Tax liabilities		83	-
Other liabilities		8,010	7,187
Total liabilities		17,567	22,533
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,936	30,960

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with its registered office in Linköping, Sweden. The address of the company's head office is Kungsbron 1, Stockholm, with the mailing address Box 70 363, SE-107 24 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on NASDAQ OMX Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report for 2009.

NOTE 2

ACCOUNTING PRINCIPLES

The consolidated accounts for 2010 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 2.3, Reporting by Legal Entities. The accounting principles have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting principles and methods of computation as described in the annual report for 2009 except for changes described below. The Group's accounting principles are described on pages 71-78 of the annual report 2009.

The year-end 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 for 2010.

New and changed accounting principles in 2010

A number of new and changed standards and interpretations from IASB and IFRIC are applied as from 2010. Only the revised IFRS 3 Business Combinations and the amended IAS 27 Consolidated and Separate Financial Statements have impacts on Saab's accounting principles. The changes have not had any material effect on the Group's financial reports.

IFRS 3 and IAS 27 are applied for reporting acquisitions and disposals of businesses. The new rules can be summarised as follows:

- Transaction costs incurred in connection with business combinations must be expensed in the income statement.
- Contingent consideration shall be recognised and measured at fair value at the acquisition date and the effect of remeasurement shall be recognised in the income statement.
- Purchase price allocation according to IFRS 3 is prepared only at the date that control is achieved. In step acquisition, consequently, net assets are remeasured to fair value only in respect of the transaction that achieved control. Any previously held interests in the acquiree are remeasured to fair value, with any gain or loss recognised in the income statement.
- Once control has been achieved, any subsequent transactions in subsidiary equity interests between the parent and non-controlling interests are accounted for within equity.
- Non-controlling interests (formerly minority interests) can be measured either at their fair value or at their proportionate interest in the net identifiable assets of the acquiree.
- The definition of business has been changed.

These changes are applied prospectively.

NOTE 3

SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, 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 are generated in Europe. In addition Saab has a local presence in South Africa, Australia, the US and selected other countries globally. Saab's operating and management structure was changed as a result of a reorganisation as of 1 January 2010 and is as of that date divided into five business areas, which also represent operating segments, Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions and Support and Services. The business areas are described below.

Aeronautics

These operations include the development of civil and military aviation technology at a high level. 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 passenger aircraft produced by others.

Dynamics

The product portfolio comprises various types of advanced weapon systems such as support weapons, missiles, torpedos, Remotely Operated Vehicles (ROVs) and signature management systems that are used to make it more difficult for various types of sensors to detect and identify people or objects.

Electronic Defence Systems

These operations, which are based on Saab's extensive expertise in radar and electronic warfare, develop sophisticated solutions for detection, localisation and protection. The product portfolio includes air and land-based sensor and radar systems, systems for electronic warfare, defence electronics and aeronautics.

Security and Defence Solutions

These operations address both the military and civil security market with a competitive product portfolio consisting of C4ISR (computerized command, control, communications and intelligence) systems, airborne early warning systems, solutions for civil security, training and simulation systems, and solutions for telecom operators.

Support and Services

These operations offer reliable, cost-effective service and support for all markets where Saab is active. 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.

SALES AND ORDER INFORMATION

Sales by business area

MSEK	Jan– Dec 2010	Jan–Dec 2009	Change, %	Oct– Dec 2010	Oct– Dec 2009
Aeronautics	6,741	7,571	-11	2,062	2,133
of which external sales	6,482	7,297	-11	1,991	2,063
of which internal sales	259	274	-5	71	70
Dynamics	4,741	4,580	4	1,565	1,481
of which external sales	4,648	4,460	4	1,527	1,447
of which internal sales	93	120	-23	38	34
Electronic Defence Systems	4,354	4,670	-7	1,350	1,403
of which external sales	3,366	3,725	-10	1,058	1,127
of which internal sales	988	945	5	292	276
Security and Defence Solutions	6,210	5,800	7	2,201	2,240
of which external sales	6,086	5,621	8	2,160	2,180
of which internal sales	124	179	-31	41	60
Support and Services	3,403	3,564	-5	1,070	1,032
of which external sales	3,084	2,903	6	1,004	799
of which internal sales	319	661	-52	66	233
Corporate/eliminations	-1,015	-1,538	34	-195	-521
of which external sales	768	641	20	313	152
of which internal sales	-1,783	-2,179	18	-508	-673
Total	24,434	24,647	-1	8,053	7,768

Sales by geographical market

MSEK	Jan– Dec 2010	% of sales	Jan– Dec 2009	% of sales	Change, %
Sweden	9,223	38	7,714	31	20
Rest of EU	4,737	19	5,675	23	-17
Rest of Europe	368	2	280	1	31
Total Europe	14,328	59	13,669	55	5
North America	2,083	9	1,764	7	18
Latin America	116	-	154	1	-25
Asia	3,937	15	4,568	19	-14
Australia, etc.	1,137	5	1,015	4	12
Africa	2,833	12	3,477	14	-19
Total	24,434	100	24,647	100	-1

Information on large customers

Saab has one customer that accounts for 10 per cent or more of the Group's sales: the Swedish Defense Materiel Administration (FMV). FMV is a customer of all our business areas, and total sales during 2010 amounted to MSEK 6,404 (5,499).

NOTE 3 CONTINUED

Order bookings by business area

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009
Aeronautics	6,901	3,417	102	2,379	1,789
Dynamics	3,312	3,133	6	614	738
Electronic Defence Systems	5,494	2,625	109	3,360	1,084
Security and Defence Solutions	6,647	6,045	10	3,819	1,865
Support and Services	4,124	4,057	2	1,715	1,757
Corporate	1,057	978	8	296	256
Internal	-1,257	-1,827	-	-283	-442
Total	26,278	18,428	43	11,900	7,047

LARGE ORDERS RECEIVED DURING THE YEAR

Large orders received	Country	Order value (appr. values MSEK)
Airborne surveillance system	-	4,500
Gripen aircraft and Erieye upgrade	Thailand	2,200
Development of the existing Gripen fleet	Sweden	2,000
GIRAFFE AMB radar system	Australia	740
Carl-Gustaf man-portable weapon system	-	670
Multispectral camouflage products and services	-	670
System maintenance of Gripen	Sweden	600
Tactical Unmanned Aerial Vehicle system (TUAV)	Sweden	500
Development of avionics system for Gripen	Sweden	450
Upgrade and further development of Gripen's reconnaissance system	Sweden	400
Continuous support of Gripen's operational capabilities	Sweden	350
Integration of active radar-guided missile Meteor	Sweden	310
RBS 70 ground-based air defence system	Finland	260
Weapon locating system ARTHUR	-	200
Combat management and fire control systems upgrade	Finland	200
Anti-tank weapon AT4CS	France	150
Maintenance and support of training systems	UK	150
Army training systems	-	130
Security solutions and installations	-	120
Counter-IED training (Counter-Improvised Explosive Device)	UK	120
Costal surveillance system	India	120
Radar enhancement for Halifax-class frigates	Canada	110
Design of combat management system for next-generation submarines	Sweden	100
Upgrading of security system in Prague's subway	Czech Rep	100
Delivery of 3-dimensional maps	Sweden	40

Order backlog by business area

MSEK	31/12/2010	31/12/2009
Aeronautics	15,636	15,476
Dynamics	5,546	6,980
Electronic Defence Systems	8,240	7,159
Security and Defence Solutions	8,434	7,746
Support and Services	4,743	4,011
Corporate	242	176
Internal	-1,382	-2,159
Total	41,459	39,389

OPERATING INCOME

Operating income by business area

MSEK	Jan-Dec 2010	% of sales	Jan-Dec 2009	% of sales	Oct-Dec 2010	Oct-Dec 2009
Aeronautics	191	2.8	6	0.1	63	73
Dynamics	322	6.8	269	5.9	32	17
Electronic Defence Systems	99	2.3	24	0.5	-58	-69
Security and Defence Solutions	137	2.2	278	4.8	209	121
Support and Services	351	10.3	410	11.5	107	148
The business areas' total operating income	1,100	4.6	987	4.1	353	290
Corporate	-125	-	387	-	-102	213
Total operating income	975	4.0	1,374	5.6	251	503

Depreciation/amortisation and write-downs by business area

MSEK	Jan-Dec 2010	Jan-Dec 2009	Change, %	Oct-Dec 2010	Oct-Dec 2009
Aeronautics	247	249	-1	63	65
Dynamics	194	197	-2	77	62
Electronic Defence Systems	490	527	-7	100	122
Security and Defence Solutions	128	119	8	35	59
Support and Services	15	16	-6	3	4
Corporate – lease aircraft	146	176	-17	33	38
Corporate – other	138	116	19	44	37
Total	1,358	1,400	-3	355	387

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan-Dec 2010	Jan-Dec 2009	Oct-Dec 2010	Oct-Dec 2009
Aeronautics	30	-434	-276	68
Dynamics	1,044	369	449	390
Electronic Defence Systems	594	506	162	307
Security and Defence Solutions	1,066	-217	384	-176
Support and Services	894	81	371	-64
Corporate	721	1,142	1,110	745
Total	4,349	1,447	2,200	1,270

NOTE 3 CONTINUED

Capital employed by business area

MSEK	31/12/2010	31/12/2009
Aeronautics	2,118	2,147
Dynamics	2,496	2,880
Electronic Defence Systems	4,584	5,621
Security and Defence Solutions	2,282	3,157
Support and Services	1,248	1,807
Corporate	427	-1,281
Total	13,155	14,331

EMPLOYEES

Employees by business area

Number at end of year	31/12/2010	31/12/2009	Change
Aeronautics	2,874	3,015	-141
Dynamics	1,483	1,739	-256
Electronic Defence Systems	2,453	2,601	-148
Security and Defence Solutions	2,525	2,568	-43
Support and Services	1,721	1,749	-28
Corporate	1,480	1,487	-7
Total	12,536	13,159	-623

NOTE 4

TAXES

MSEK	Jan-Dec 2010	Jan-Dec 2009
Current tax	-348	-183
Deferred tax	26	-94
Total	-322	-277

Current and deferred taxes during the year amounted to MSEK -322 (-277), or an effective tax rate of 41 per cent (28). The effective tax rate was affected by revaluation of deferred tax receivables relating to the leasing portfolio, differences between tax rate in Sweden and the US and tax related to previous years.

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 15 February 2011, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 3.50 per share, totaling MSEK 367.

NOTE 6

INTANGIBLE FIXED ASSETS

MSEK	31/12/2010	31/12/2009
Goodwill	3,470	3,457
Capitalised development costs	2,428	3,038
Other intangible assets	515	613
Total	6,413	7,108

NOTE 7

INTEREST-BEARING LIABILITIES

MSEK	31/12/2010	31/12/2009
Liabilities to credit institutions	1,181	2,970
Liabilities to associates and JVs	428	632
Other interest-bearing liabilities	97	43
Total	1,706	3,645

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2012)	4,000	-	4,000
Overdraft facility (Maturity 2011)	131	-	131
Total	4,131	-	4,131

Parent Company

MSEK	31/12 2010	31/12/2009
Long-term liabilities to credit institutions	1,100	2,312
Short-term liabilities to credit institutions	1,123	1,800
Total	2,223	4,112

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 had issued bonds and Floating Rate Notes of MSEK 1,100.

The Parent Company has MNOK 975 in financing arranged in connection with the acquisition of 7.5 per cent of the shares in Aker Holding AS in 2007. The loan amounts to MSEK 1,123. Saab's investment amounted to approximately NOK 1.2 billion, of which about 80 per cent was financed through the above-mentioned loans. The risk associated with the loans has been reduced through agreements that secure this part of the invested amount, because of which the transactions in the financial position for the Group are netted as a receivable.

NOTE 8

NET LIQUIDITY

MSEK	31/12/2010	31/12/2009
Assets		
Liquid assets	2,544	1,463
Short-term investments	1,544	551
Total liquid investments	4,088	2,014
Short-term interest-bearing receivables	617	575
Long-term interest-bearing receivables	150	394
Long-term interest-bearing financial investments	147	32
Total interest-bearing assets	5,002	3,015
Liabilities		
Short-term interest-bearing liabilities	589	2,519
Long-term interest-bearing liabilities	1,117	1,126
Provisions for pensions	5	4
Total interest-bearing liabilities	1,711	3,649
NET LIQUIDITY/DEBT (-)	3,291	-634

NOTE 9

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

MSEK	31/12/2010	31/12/2009
The following components are included in liquid assets:		
Cash and bank balances	703	747
Bank deposits	1,830	700
Deposits on behalf of customers	11	16
Total according to balance sheet	2,544	1,463
Total according to statement of cash flows	2,544	1,463

Operating cash flow vs. statement of cash flows

MSEK	Jan-Dec 2010	Jan-Dec 2009
Operating cash flow	4,349	1,447
Investing activities – interest-bearing:		
Short-term investments ¹⁾	-993	-551
Other financial investments and receivables	-12	274
Financing activities:		
Repayments of loans	-1,950	-279
Repurchase of shares	-80	-110
Dividend paid to the Parent Company's shareholders	-237	-187
Contribution from non-controlling interest	-	6
Cash flow for the year	1,077	600

1) Short-term investments refer to government bonds, mortgage bonds and papers, corporate bonds and commercial papers.

Specification of operating cash flow 2010

MSEK	Saab excl. acquisitions / divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group 2010	Total Group 2009
Cash flow from operating activities before changes in working capital	2,676	-	74	2,750	2,438
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Inventories	541	-	45	586	-401
Receivables	838	-	17	855	1,927
Advance payments from customers	194	-	-	194	-485
Other liabilities	548	-	-149	399	-1,522
Provisions	-391	-	94	-297	-261
Change in working capital	1,730	-	7	1,737	-742
Cash flow from operating activities	4,406	-	81	4,487	1,696
INVESTING ACTIVITIES					
Investments in intangible fixed assets	-117	-	-	-117	-81
Investments in tangible fixed assets	-262	-	-	-262	-197
Investments in lease assets	-2	-	-	-2	-3
Sale of tangible fixed assets	11	-	-	11	9
Sale of lease assets	-	-	65	65	130
Sale of and investment in financial assets	7	-	-1	6	-50
Investments in subsidiaries, net effect on liquidity	-	-	-	-	-68
Sale of subsidiaries and associated companies, net effect on liquidity	-	161	-	161	11
Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-363	161	64	-138	-249
OPERATING CASH FLOW	4,043	161	145	4,349	1,447

NOTE 10

ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale refer to an associated company within Electronic Defence Systems.

NOTE 11

ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

In May 2010, Saab divested the shares in a property holding company, Saab Bofors Industrier AB, to the associated company, Kontorsbolaget i Karlskoga AB. The sales price was MSEK 133. The transaction generated a capital gain of MSEK 12. The divestment has a marginal effect on future sales and income.

In May 2010, Saab acquired the remaining 66.7 per cent of the shares in the associated company Opax AS in Norway. The purchase price was MNOK 0.1. The purchase agreement contains a supplemental purchase price estimated at MNOK 15. The surplus value of MNOK 15 is allocated to goodwill. The acquisition has a marginal effect on future sales and income.

In June 2010, Saab divested 25 per cent of the votes, corresponding to five per cent of the capital, in Saab South Africa (Pty) Ltd to the South African holding company Sekunjalo Investment Ltd. Based on the company's performance, the buyer will over time be entitled to increase its share of the capital up to maximum 25 per cent. The transaction generated a loss of MSEK 22.

In June 2010, Saab divested all the shares in the associated company Eurengo S.A. (19.9 per cent) to the majority owner of the company. The transaction generated no capital gain/loss or effect on the net liquidity.

On 14 December 2010, Saab announced that an eight-year agreement had been signed with Scandinavian Air Ambulance Holding AB. This means, that Saab from the start of 2011, will take over responsibility for the Group's technical and maintenance personnel and operations for their helicopters and aircraft.

On 15 December 2010, Saab reduced its ownership share in the associated company Hawker Pacific Ltd from 49 per cent to 33 per cent when SEA-COR Capital (Asia) Limited acquired a shareholder position by investing MUSD 25 cash into Hawker Pacific Ltd in exchange for newly issued common equity. The transaction generated an increased book value of the shares in associated companies with a capital gain of MSEK 24. On 23 December 2010 Hawker Pacific also made a partial redemption of the preference shares with MSEK 28, in cash, to Saab AB.

No other significant acquisitions or divestments were made during the year.

NOTE 12

DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. The predominant plan is the ITP plan, which is secured through a pension fund. The Saab Pension Fund had assets of MSEK 3,969 (3,609) as of 31 December 2010, compared to an obligation of MSEK 4,675 (5,002) according to IAS 19, or a solvency margin of 85 per cent (72). In comparison with the obligation according to the FPG/PRI system, the solvency margin was 98 per cent (94).

NOTE 13

CONTINGENT LIABILITIES

Saab has an ongoing legal dispute in Denmark with the Danish Defence Acquisition and Logistics Organization (DALO). The Maritime and Commercial Court in Copenhagen issued a judgement dismissing DALO's claim against Saab. DALO has filed an appeal against the judgement. DALO's counterclaim amounts to approximately MDKK 250.

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

NOTE 14

TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during 2010.

Related parties with which the Group has transactions are described in the annual report for 2009, note 43.

NOTE 15

CONDENSED SUBDIVIDED FINANCIAL POSITION AS OF 31 DECEMBER 2010

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	6,413	-	-	6,413
Tangible fixed assets, etc.	3,587	-	-	3,587
Lease assets	4	1,150	-	1,154
Long-term interest-bearing receivables	297	-	-	297
Shares, etc.	1,806	1	-1,500	307
Other long-term receivables	679	27	-	706
Deferred tax assets	153	238	-391	-
Inventories	4,084	16	-	4,100
Short-term interest-bearing receivables	617	1,577	-1,577	617
Other current assets	6,762	29	-	6,791
Derivatives	1,105	-	-	1,105
Liquid assets and short-term investments	4,077	11	-	4,088
Assets held for sale	113	-	-	113
Total assets	29,697	3,049	-3,468	29,278
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	11,530	1,414	-1,500	11,444
Provisions for pensions	5	-	-	5
Deferred tax liabilities	1,194	-	-391	803
Other provisions	2,148	851	-	2,999
Interest-bearing liabilities	3,283	-	-1,577	1,706
Advance payments from customers	643	-	-	643
Derivatives	750	-	-	750
Other liabilities	10,144	784	-	10,928
Total shareholders' equity and liabilities	29,697	3,049	-3,468	29,278

Saab decided in 1997 to discontinue the manufacture of turboprop aircraft. As with other manufacturers, Saab had a business model that included lease financing in connection with aircraft sales on the market. Saab's lease assets at 31 December 2010 consisted of 106 turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 42 are financed through US leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board (EKN). 64 aircraft are financed internally and recognised as assets in the balance sheet. Provisions on 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 year 2015.

NOTE 16

OUTLOOK 2011

In 2011, we estimate that sales will decline slightly compared to 2010.

The operating margin is expected to increase slightly in 2011 compared to the adjusted operating margin 2010.

NOTE 17

DEFINITIONS

Gross margin

Gross income as a percentage of sales revenue.

Adjusted gross margin

Gross income adjusted for the result from divestments and non-recurring income/expenses as a percentage of sales revenue.

Operating margin

Operating income as a percentage of sales revenue.

Adjusted operating margin

Operating income adjusted for the result from divestments and non-recurring income/expenses as a percentage of sales revenue.

EBITDA margin

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

Capital employed

Total capital less non-interest-bearing liabilities.

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).

Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions.

Equity/assets ratio

Equity in relation to total assets.

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.

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.

Operating cash flow per share

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

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the year-end report for the period 1 January 2010 to 31 December 2010 for Saab AB (publ). The Board of Directors and the President are responsible for the preparation and presentation of this year-end financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this year-end financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information 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 has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end financial information, in all material respects, is not prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company's part in accordance with the Annual Accounts Act.

LINKÖPING, 16 FEBRUARY 2011

Ernst & Young AB
Erik Åström
Authorised Public
Accountant

Deloitte AB
Tommy Mårtensson
Authorised Public
Accountant

Saab AB is disclosing the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7:30 a.m. on 16 February 2011.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Lars Granlöv

Today, Wednesday, 16 February 2011, 10:00 a.m. (CET)

World Trade Center, Stockholm

Contact Carin Edman to register

and for further information

Tel. +46 8 463 01 17

www.saabgroup.com

To see a live webcast of the event, visit <http://www.saabgroup.com/en/InvestorRelations> where it will be available together with the presentation material. All viewers will be able to post questions to the presenters. The webcast will also be available on Saab's website after the event.

ANNUAL REPORT 2010

ANNUAL GENERAL MEETING 2011

INTERIM REPORT JANUARY–MARCH 2011

INTERIM REPORT JANUARY–JUNE 2011

INTERIM REPORT JANUARY–SEPTEMBER 2011

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