



SAAB

INTERIM REPORT

JANUARY–SEPTEMBER

2011

RESULTS AND SUMMARY JANUARY–SEPTEMBER 2011

RESULTS JANUARY–SEPTEMBER 2011:

- Order bookings amounted to MSEK 13,793 (14,378) and the order backlog at the end of the period amounted to MSEK 39,411 (37,451)
- Sales amounted to MSEK 16,151 (16,381), a decrease of one per cent adjusted for exchange rates effects and acquisitions
- Gross income amounted to MSEK 4,451 (3,951), corresponding to a gross margin of 27.6 per cent (24.1)
- Operating income was MSEK 2,282 (724), corresponding to an operating margin of 14.1 per cent (4.4). Capital gains are included with MSEK 1,169 (-10)
- Net income was MSEK 1,798 (434), with earnings per share after dilution of SEK 16.60 (3.89)
- Operating cash flow amounted to MSEK 2,260 (2,149)

THE OUTLOOK FOR 2011 HAS CHANGED:

In 2011, we estimate that sales will decline slightly compared to 2010, including the acquisition of Sensis.

The operating margin, excluding material net capital gains, is expected to increase slightly in 2011 compared to the adjusted operating margin 2010 of 6.5 per cent, including the acquisition of Sensis.

Previous outlook:

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

The operating margin, excluding material net capital gains, is expected to increase slightly in 2011 compared to the adjusted operating margin 2010 of 6.5 per cent.

FINANCIAL HIGHLIGHTS

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings	13,793	14,378	-4	3,147	3,862	26,278
Order backlog	39,411	37,451	5	-1,246 ²⁾	-1,408 ²⁾	41,459
Sales	16,151	16,381	-1	4,838	5,004	24,434
Gross income	4,451	3,951	13	1,411	1,239	5,591
Gross margin, %	27.6	24.1		29.2	24.8	22.9
Operating income (EBIT)	2,282	724	215	1,217	322	975
Operating margin, %	14.1	4.4		25.2	6.4	4.0
Net income	1,798	434	314	1,103	188	454
Earnings per share before dilution, SEK	17.27	4.03		10.55	1.70	4.12
Earnings per share after dilution, SEK	16.60	3.89		10.15	1.64	3.97
Return on equity, ¹⁾ %	15.2	7.0		-	-	4.1
Operating cash flow	2,260	2,149	5	-74	-84	4,349
Operating cash flow per share after dilution, SEK	20.71	19.69		-0.67	-0.77	39.84

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

²⁾ Refer to quarterly change

STATEMENT BY THE PRESIDENT AND CEO, HÅKAN BUSKHE:

“We kept a strong focus on driving efficiency improvements during the first nine months and secured important orders in strategic markets as well as strengthened our presence in for example North America, India, Brazil and the UK.

The acquisition of Sensis has strengthened our organization with wider market presence, especially in the US, and enhanced our product portfolio. Actions to capture synergies of the merged organizations are ongoing.

Market conditions are demanding, and defence budgets are being scrutinized in light of financial uncertainty, especially in Europe and the U.S. The potential impact from the uncertain market conditions is hard to assess and therefore it is important that we continue to build a readiness if the business climate further weakens.

At the same time, the market conditions creates both challenges and opportunities for Saab. We have for years focused on offering cost efficient products, solutions and services that can be bought off the shelf. We aim to achieve more with less.

Our focus going forward is to create profitable growth and to continuously assess our business portfolio. We need to grow organically as well as actively carry out structural activities in order to ensure future growth.

Our strong financial position is a competitive advantage in the current environment and we view it appropriate to remain in a net cash position,” says Saab’s President and CEO Håkan Buskhe.

SAAB’S STRATEGIC PRIORITIES



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, the consultancy business Combitech is reported as part of Corporate.

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings*	13,793	14,378	-4	3,147	3,862	26,278
Order backlog	39,411	37,451	5	-1,246 ¹⁾	-1,408 ¹⁾	41,459
Sales	16,151	16,381	-1	4,838	5,004	24,434

* See note 3, page 28, for more information about the order intake during January–September 2011.

¹⁾ Refer to quarterly change

ORDERS, SALES AND INCOME

Orders

Third quarter 2011

Significant orders received during the third quarter included orders from FMV for system maintenance and development studies regarding Gripen and for an upgrade of a naval sonar system. An order was received for components to the Carl-Gustaf man-portable weapon system.

The U.S. Department of State placed an order for the GIRAFFE AMB multi-mission radar system and related services.

January–September 2011

In addition to the orders received mentioned above several orders from FMV related to the Gripen system were received, including orders for development of the existing material system 39 (edition 19) on the Gripen system and for system maintenance and development studies for the Gripen system.

An order was received for the AT4 man-portable weapon system and a significant order was received for ammunition to the Carl-Gustaf man-portable weapon system.

An order was received from the Swedish Defence Material Administration (FMV) for the support and maintenance of Helicopter 15 (Agusta 109 LUHS), operated by the Swedish Armed Forces. Saab also assumed responsibility for Scandinavian Air Ambulance Holding AB's technical and maintenance

personnel as well as operations for their helicopters and aircraft.

The Royal Thai Navy placed two orders for the upgrading of combat management and fire control systems on two frigates of the Naresuan class.

A framework agreement was secured with the U.S. Army Program Executive Office of Simulation, Training and Instrumentation. The framework agreement covers radio systems for communication (LT2-IRS) for live training. Saab also received orders from the UK Ministry of Defence to enhance their existing provision of live training capabilities to the British Army abroad and in the UK.

An order was received for an airborne Electronic Warfare self-protection system (named IDAS, Integrated Defensive Aids Suite) and an order was also received from LIG Nex1, the prime contractor of the Republic of Korea, for the weapon locating system ARTHUR.

For a detailed list of major orders received see Note 3, page 28.

In all, 84 per cent (82) of order bookings were attributable to defence-related operations and 56 per cent (49) of order bookings were from customers outside Sweden.

During the first nine months index and price changes had a positive effect on order bookings of MSEK 163 (125).

Orders received where the order sum was larger than MSEK 100 represented 49 per cent (46) of total order bookings.

The order backlog at the end of the period amounted to MSEK 39,411 (37,451), compared to 41,459 at the beginning of the year.

ORDER BACKLOG DURATION:

2011: SEK 6.1 billion

2012: SEK 15.3 billion

2013: SEK 7.2 billion

2014: SEK 4.6 billion

After 2014: SEK 6.2 billion

THE ORDER BACKLOG PRIMARILY INCLUDES:

- Gripen system 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
- Command and control, avionics and fire control systems
- Radar systems
- Training systems
- Civil security solutions
- Support and service solutions

Sales

Third quarter 2011

Exchange rates had a one per cent negative impact on sales due to depreciation of the ZAR and USD to SEK.

Saab Sensis had an impact on sales of about MSEK 90.

January–September 2011

Exchange rates had a one per cent negative impact on sales due to depreciation of the ZAR and USD to SEK.

Saab Sensis had an impact on sales of about MSEK 90.

In the first nine months 2010 sales was decreased with approximately MSEK 100 as an effect of lower revenue recognition related to a terminated contract in Security and Defence Solutions.

Sales in markets outside Sweden amounted to MSEK 10,047 (10,271), or 62 per cent (63) of total sales.

Of sales, 84 per cent (83) was related to the defence market.

TOTAL SALES BY REGION

MSEK	Jan–Sept 2011	Jan–Sept 2010
Sweden	6,104	6,110
EU excluding Sweden	3,300	3,236
Rest of Europe	214	264
Americas	1,249	1,604
Asia	3,296	2,541
Africa	1,255	1,830
Australia, etc.	733	796
Total	16,151	16,381

TOTAL SALES BY MARKET

MSEK	Jan–Sept 2011	Jan–Sept 2010
Air	7,284	6,924
Land	4,749	4,982
Naval	1,736	1,597
Civil Security	750	977
Commercial Aeronautics	952	1,078
Other	680	823
Total	16,151	16,381

Income, margin and profitability

Third quarter 2011

The third quarter includes capital gains of MSEK 916. It also included a release of provisions of about MSEK 80 related to restructuring activities initiated during previous years.

This was partly offset by structural costs for Saab Sensis totalling MSEK 27, relocation costs of MSEK 17 as well as costs related to the acquisition process of Sensis of MSEK 25.

In addition, Sensis has contributed MSEK -24 from the date of the acquisition.

January–September 2011

In the first nine months 2010 the gross margin was negatively affected by structural costs of MSEK 65 and by MSEK 290 due to a terminated contract in Security and Defence Solutions.

Total depreciation, amortisation and write-downs amounted to MSEK 932 (1,003).

Depreciation and write-down of tangible fixed assets amounted to MSEK 252 (253), while depreciation of the leasing fleet amounted to MSEK 91 (113).

The expenditures in research and development that are internally funded amounted to MSEK 863 (768), of which a total of MSEK 2 (36) have been capitalised.

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Gross income	4,451	3,951	13	1,411	1,239	5,591
Gross margin, %	27.6	24.1		29.2	24.8	22.9
Internally funded investments in research and development	863	768	12	292	246	1,203
Operating income before depreciation/amortisation and write-downs (EBITDA)	3,123	1,614	93	1,519	616	2,187
Margin, %	19.3	9.9		31.4	12.3	9.0
Operating income (EBIT)	2,282	724	215	1,217	322	975
Operating margin, %	14.1	4.4		25.2	6.4	4.0
Income before tax (EBT)	2,161	584	270	1,229	274	776
Net income	1,798	434	314	1,103	188	454
Earnings per share before dilution, SEK	17.27	4.03		10.55	1.70	4.12
Earnings per share after dilution, SEK	16.60	3.89		10.15	1.64	3.97

Amortisation and write-down of intangible fixed assets amounted to MSEK 589 (637), of which amortisation and write-down of capitalised development costs amounted to MSEK 446 (509). In 2010, it included a write-down of capitalised development costs of MSEK 20.

2011 includes capital gains of MSEK 1,169 (-10) and a release of provisions of about MSEK 80 related to restructuring activities initiated during previous years. This was partly offset by structural costs for Saab Sensis totalling MSEK 27, relocation costs of MSEK 17 as well as costs related to the acquisition process of Sensis of MSEK 25.

In addition, Sensis has contributed MSEK -24 from the date of the acquisition.

The share of income in associated companies, MSEK -13 (13), primarily relates to net income in Hawker Pacific Ltd.

FINANCIAL NET

MSEK	Jan–Sept 2011	Jan–Sept 2010
Project interest from unutilised advance payment	-24	-11
Net interest items	29	-27
Currency losses/gains	-46	52
Financial net related to pensions	-43	-126
Other net interest items	-37	-28
Total	-121	-140

The currency losses/gains reported above related to the tender portfolio where the hedged part was valued at market value. Other net interest items consisted of income from shares in associated companies and other exchange rate effects. Other exchange rate effects included an accounting loss related to a pre-maturity closing of an interest rate swap.

Current and deferred taxes amounted to MSEK -363 (-150), or an effective tax rate of 17 per cent (26). Tax-exempt income in 2011 led to a lower tax rate in the period.

The pre-tax return on capital employed was 19.2 per cent (10.1) and the after-tax return

BALANCE SHEET KEY INDICATORS

MSEK	30 Sept 2011	30 Sept 2010	Change	31 Dec 2010
Net liquidity ¹⁾	5,081	1,151	3,930	3,291
Intangible fixed assets	6,899	6,538	361	6,413
Goodwill	4,236	3,466	770	3,470
Capitalised development costs	2,079	2,564	-485	2,428
Other intangible fixed assets	584	508	76	515
Tangible fixed assets, etc. ²⁾	4,791	4,741	50	4,741
Inventories	4,207	4,987	-780	4,100
Accounts receivable	3,565	2,149	1,416	3,052
Other receivables	3,333	3,489	-156	3,630
Accrued revenues ³⁾	2,392	2,412	-20	2,472
Advance payments from customers	1,048	435	613	643
Equity/assets ratio, (%)	39.7	41.1	-	39.1
Return on equity, ⁴⁾ (%)	15.2	7.0	-	4.1
Equity per share, ⁵⁾ SEK	119.01	106.94	12.07	107.66

¹⁾ The Group's net liquidity refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 7, 8 and 9, page 30 and 31.

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; 2011 Sept: 105,097,144; 2010 Sept: 104,703,975; 2010 Dec: 104,717,729.

on equity was 15.2 per cent (7.0), both measured over a rolling 12-month period.

FINANCIAL POSITION AND LIQUIDITY

Financial position

Since the start of 2011, the net cash position has increased by MSEK 1,790 and amounted to MSEK 5,081 at the end of September 2011. Major reasons for the improvement in the net cash position is an increased profitability, an increased level of customer advances, milestone payments and proceeds from divestitures.

Intangible assets have increased as a result of the acquisition of Sensis.

In 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 are recognised after deducting utilised advances.

Other receivables decreased as a result of the divestment of the shares in Aker Holding AS and the reduction of accrued revenues (after deducting utilised advances).

Short-term interest-bearing liabilities decreased by MSEK 143 from the beginning of the year to MSEK 446 at 30 September.

Provisions for pensions amounted to MSEK 4 (4). During the first nine months, the Saab Pension Fund was capitalised with a total of MSEK 0 (99). 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.

For more information about the Saab Pension fund, see Note 11, page 33.

Cash flow

Operating cash flow amounted to MSEK 2,260 (2,149) in the first nine months. The increase is mainly related to milestone and advance payments received. It was distributed between cash flow from core operating activities of MSEK 2,074 (1,949), acquisitions and divestments of operations and associated companies of MSEK 153 (133) and the leasing aircraft business of MSEK 33 (67).

Saab has an established programme to sell accounts receivable 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 30 September 2011, net receivables of MSEK 778 were sold, compared to MSEK 482 at 30 September 2010 and MSEK 1,409 at 31 December 2010. Hence it had a negative impact of MSEK 631 on cash flow for the period.

In Aeronautics, some projects entered into final stages of completion in 2010 and 2011. These projects have been successfully delivered to the customer and Saab has managed to execute the projects at a lower cost level than originally planned. Therefore a repayment will be done in the fourth quarter 2011 of around MSEK 850 that has a negative impact on the operating cash flow of both Aeronautics and Electronic Defence Systems.

For more detailed information about the operating cash flow, see Note 9, page 31.

ACQUISITIONS AND DIVESTMENTS 2011

On 14 December 2010, Saab announced the signing of an eight-year agreement with Scandinavian Air Ambulance Holding AB and in addition Saab acquired inventories and equipment. In addition, Saab invested MSEK 25 in convertibles in Scandinavian

Air Ambulance during the first quarter 2011.

On 7 February, Saab signed an agreement to acquire the assets of the Czech company E-COM, with its main operations in development and production of virtual simulators. E-COM has approximately 120 employees. The assets were acquired for MSEK 17 during the second quarter. It is integrated into the Security and Defence Solutions business area.

On 14 March, Saab signed an agreement to divest its ownership share of 42.4 per cent in South African system engineering company Grintek Ewation to Cassidian, a division of EADS. The transaction closed in the second quarter and generated a capital gain before tax of MSEK 122 and a positive cash flow of MSEK 189, which was recorded in business area Electronic Defence Systems.

In the second quarter Saab divested its 20 per cent share in the South African company Denel Saab Aerostructures (Pty) Ltd. The transaction generated a capital gain of MSEK 58 and a positive cash flow of MSEK 61. This was recorded in Aeronautics during the second quarter.

On 8 April, Saab announced it has received additional consideration for the divestment of Saab Space of MSEK 60. The consideration has been recorded as a capital gain in Corporate in the second quarter.

On 19 April, Saab announced it had divested its 36 per cent share in the image processing company Image Systems AB to Digital Vision AB. Image Systems AB has been a part of Saab Venture's portfolio since 2008. The price received was MSEK 17, which impacted cash flow positively in the second quarter. The transaction generated a capital gain of MSEK 13, which was recorded in Corporate during the first quarter.

On 16 May, Saab announced it intended to utilize its option to divest its shares in Aker Holding AS, which were acquired in 2007. The exercise of the put option generated cash of MSEK 400 to Saab and had a positive impact on the operating cash flow and

net liquidity by MSEK 130 in the second quarter. The transaction had no impact on the results.

On 30 May, Saab announced it had increased its co-operation with the Swedish systems development company ISD Technologies Int AB. Saab Ventures also acquired 30 per cent of the shares in the company for MSEK 11.

On 29 June, Saab announced a definitive agreement to acquire the U.S. company Sensis Corporation (Sensis), a leading provider of air traffic management solutions and surveillance technologies. The acquisition was completed 12 August for approximately MUSD 150 (about MSEK 961). In addition, the parties agreed on a potential earn out payment of maximum MUSD 40 (about MSEK 260) by 2013. The acquisition is estimated to have a negative effect of about SEK 0.5-1 on earnings per share after dilution in 2011.

On 14 July, Saab announced it had agreed to divest its shares, corresponding to 57.8 per cent on a fully diluted base, in the 3D mapping company C3 Technologies AB. The transaction closed in the third quarter and the consideration amounted to MSEK 1,007 and generated a capital gain of MSEK 916.

OVERVIEW CAPITAL GAINS 2011

MSEK	Jan–Sept 2011
C3 Technologies	916
Grintek Ewation	122
Saab Space	60
Image Systems	13
Denel Saab Aerostructures	58
Total	1,169

No other significant acquisitions or divestments were made during the first nine months.

CAPITAL EXPENDITURES AND PERSONNEL

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 188 (160).

Investments in intangible assets amounted to MSEK 25 (63) of which MSEK 2 (36) are related to capitalised product development and MSEK 23 (27) to other intangible assets.

Personnel

At 30 September 2011, the Group had 13,040 employees, compared to 12,536 at the beginning of the year. The number of FTE's (Full Time Equivalents) at the end of the period was 12,798, compared to 12,097 at the beginning of the year. The increase of FTEs is related to the integration of the acquired companies E-COM and Sensis.

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 2011, see pages 56-58 of the annual report for 2010.

OTHER IMPORTANT EVENTS JANUARY – SEPTEMBER 2011

- Saab announced it has signed a 5 year credit facility of SEK 4 billion to refinance the existing credit facility with maturity in March 2012. The terms of the credit facility reflects the Saab Group's strong financial position and contains no financial covenants. The credit margin is 0.65 per cent with commitment fee of 35 per cent of margin. The facility is self-arranged and the agreement was signed with a total of 8 banks with a MSEK 500 commitment each.
- Saab held the Annual General Meeting 2011 of Saab AB on Thursday 7 April 2011 in Stockholm. Håkan Buskhe and Michael O'Callaghan were elected to the Saab Board of Directors and Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh were re-elected as Board Members. Erik Belfrage and George Rose declined re-election. Marcus Wallenberg was re-elected as Chairman of the Board of Saab AB.
- Saab announced it had received information from the Indian Ministry of Defence that Gripen has not been shortlisted for the Indian Medium Multi-Role Combat Aircraft (MMRCA) programme.
- Saab launched an investigation after details emerged in the Swedish media about a contract with a South African consultant about which Saab had no prior knowledge. After having completed a review of the contract and the financial transactions of the company Sanip Pty Ltd during the period in question it was revealed that approximately MZAR 24 was paid from BAE Systems to Sanip. These payments were transferred to the South African consultant shortly thereafter. The investigation and assembled materials were submitted to the attorney Tomas Nilsson who thereafter commented on the investigation and handed it over to the Swedish National Anti-Corruption Unit.
- Saab announced that the Board has decided to utilize its authorization to repurchase the company's own shares of series B in order to hedge the company's Share Matching Plans and Performance Share Plans. Acquisitions will be made on NASDAQ OMX Stockholm at a price within the registered share price interval on each occasion. Acquisitions can be made as of 20 July 2011 until next year's Annual General Meeting. However no acquisitions will be made during a 30-day period prior to the public release of quarterly results, including the date of release.
- On 16 June, 2011 Saab announced that Michael O'Callaghan, member of Saab's Board of Directors, had notified the Board of Directors that he with immediate effect resigns from his position as a result of BAE Systems' sale of its shareholding in Saab AB.
- Saab announced that it will form an Academy with stronger focus on training and competence development of Saab employees. The Academy will be headed by Mikael Grodzinsky, who will leave his position as Head of Group Human Resources within the Saab Group Management during the autumn 2011.
- Saab announced that Carina Brorman has been appointed as new Senior Vice President and Head of Group Communications and will be assuming the position on 1 October 2011.
- Saab announced that Anne Gynnerstedt, Senior Vice President and Head of Group Legal Affairs will be leaving her position at Saab in the late autumn of 2011 and take on a new position as Head of Legal Affairs at Vattenfall AB.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- Saab received an order from the Royal Thai Air Force regarding extension of an Air Command and Control System. The order amounts to MSEK 104.
- Saab announced the shareholder representatives who, together with the Chairman of the Board, constitute the Nomination Committee for the Annual General Meeting 2012:

Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Thomas Eriksson, Swedbank Robur Funds and Thomas Ehlin, Nordea Investment Funds.

The Nomination Committee represents approximately 52 percent of the voting rights of Saab AB based on the ownership structure as of 31 August, 2011. The Annual General Meeting of Saab AB will be held on Thursday, 19 April, 2012.

For information on major orders received during January–September 2011 see page 3, the business area comments on pages 9–13 and note 3 on page 28.

AERONAUTICS

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings	2,750	4,522	-39	195	993	6,901
Order backlog	13,775	15,319	-10	1,073 ¹⁾	-284 ¹⁾	15,636
Sales	4,611	4,679	-1	1,268	1,278	6,741
Operating income before depreciation/amortisation and write-downs (EBITDA)	445	312	43	84	118	438
Margin, %	9.7	6.7		6.6	9.2	6.5
Operating income (EBIT)	258	128	102	22	57	191
Operating margin, %	5.6	2.7		1.7	4.5	2.8
Operating cash flow	761	306	149	96	44	30
Defence/Civil (% of sales)	86/14	89/11		81/19	87/13	89/11
No. of employees	2,748	2,908	-6	-48 ¹⁾	-33 ¹⁾	2,874
No. FTEs	2,671	2,720	-2	11 ¹⁾	-12 ¹⁾	2,670

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first nine months included several orders from FMV related to the Gripen system, including an order for development of the existing material system 39 (edition 19) on the Gripen system and an order for system maintenance and development studies for the Gripen system.
- Orders received where the order sum exceeded MSEK 100 represented 78 per cent (85) of total order bookings.

SALES

- Sales decreased slightly in the first nine months as a result of a changed project mix. Gripen aircraft deliveries to South Africa had a lower project activity level in 2011 compared to 2010, whereas the activity level on the order received in 2010 for the Gripen system to Thailand increased. There was also a slight ramp up in deliveries to Boeing 787 and Airbus 380.
- Markets outside Sweden accounted for 44 per cent (47) of sales.

INCOME AND MARGIN

- During the first nine months the ownership in Denel Saab Aerostructures (Pty) Ltd. was divested and the transaction generated a capital gain before tax of MSEK 58.
- The profitability decreased in the third quarter mainly due to increased research and development expenses.
- During 2010 structural costs of MSEK 82 were recorded, related to lay-offs, as a consequence of the reorganisation of Aeronautics announced in 2009.

CASH FLOW

- Operating cash flow in the first nine months improved strongly compared to 2010 as a result of several milestone payments received in major projects.
- During 2010 and 2011 some projects entered into final stages of completion. These projects have been successfully delivered to the customer and Saab has managed to execute the projects at a lower cost level than originally planned. Therefore a repayment will be done in the fourth quarter 2011 of around MSEK 680.

EMPLOYEES

- The amount of employees and FTEs have decreased since the beginning of the year as a result of efficiency measures taken in 2009 and 2010.

DYNAMICS

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings	3,070	2,698	14	691	938	3,312
Order backlog	5,854	6,497	-10	-31 ¹⁾	-100 ¹⁾	5,546
Sales	2,770	3,176	-13	724	1,023	4,741
Operating income before depreciation/amortisation and write-downs (EBITDA)	395	407	-3	103	70	516
Margin, %	14.3	12.8		14.2	6.8	10.9
Operating income (EBIT)	272	290	-6	60	31	322
Operating margin, %	9.8	9.1		8.3	3.0	6.8
Operating cash flow	598	595	1	206	5	1,044
Defence/Civil (% of sales)	90/10	94/6		85/15	94/6	94/6
No. of employees	1,480	1,516	-2	7 ¹⁾	-98 ¹⁾	1,483
No. FTE	1,445	1,510	-4	-28 ¹⁾	-77 ¹⁾	1,469

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

¹⁾ Refer to quarterly change

HIGHLIGHTS
ORDERS RECEIVED

- Orders received in the first nine months increased mainly due to one significant order received for ammunition to the Carl-Gustaf man-portable weapon amounting to MSEK 1,155.
- Orders received where the order sum exceeded MSEK 100 represented 62 per cent (63) of total order bookings.

SALES

- Sales decreased in the first nine months mainly as a result of a lower order intake during previous years.
- Markets outside Sweden accounted for 79 per cent (79) of sales.

INCOME AND MARGIN

- The operating margin in the first nine months increased as a result of a release of a provision of MSEK 75 related to finalized restructuring activities initiated during previous years.
- A relocation cost of MSEK 17 impacted the operating income negatively in the first nine months 2011.

CASH FLOW

- Operating cash flow in the first nine months is at about the same level as in 2010.

EMPLOYEES

- The amount of employees and FTEs have decreased since the beginning of the year as a result of restructuring activities in 2010.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings	2,675	2,134	25	511	285	5,494
Order backlog	7,801	6,197	26	-444 ¹⁾	-709 ¹⁾	8,240
Sales	3,108	3,004	3	979	905	4,354
Operating income before depreciation/amortisation and write-downs (EBITDA)	627	547	15	163	134	589
Margin, %	20.2	18.2		16.6	14.8	13.5
Operating income (EBIT)	259	157	65	42	6	99
Operating margin, %	8.3	5.2		4.3	0.7	2.3
Operating cash flow	642	432	49	-81	105	594
Defence/Civil (% of sales)	99/1	99/1		99/1	99/1	99/1
No. of employees	2,601	2,496	4	154 ¹⁾	-31 ¹⁾	2,453
No. FTEs	2,542	2,412	5	175 ¹⁾	-15 ¹⁾	2,356

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first nine months included an airborne Electronic Warfare self-protection system (named IDAS, Integrated Defensive Aids Suite) and an order from LIG Nex1, the prime contractor of the Republic of Korea, for the weapon locating system ARTHUR. An order was also received for the GIRAFFE AMB multi-mission radar system and related services from the U.S. Department of State.
- Orders received where the order sum exceeded MSEK 100 represented 41 per cent (15) of total order bookings.

SALES

- Sales in the first nine months increased due to a more favourable project mix.
- Markets outside Sweden accounted for 75 per cent (63) of sales.

INCOME AND MARGIN

- The profitability in the first nine months increased as a result of the divestment of its ownership share of 42.4 per cent in South African system engineering company Grintek Ewation to Cassidian, a division of EADS. The transaction generated a capital gain before tax of MSEK 122.
- In the third quarter the operating income was negatively affected by structural costs related to the acquisition of Saab Sensis.
- In the first nine months 2010 profitability improved as a result of a claim related to a finalized project where Saab has reduced its estimated risk share.

CASH FLOW

- Operating cash flow improved due to milestone payments and the divestment of the ownership share in Grintek Ewation, which impacted cash flow with MSEK 189.
- The acquisition of Sensis had a negative impact on operating cash flow in the third quarter of about MSEK 230.
- During 2010 and 2011 some projects in Aeronautics entered into final stages of completion to which Electronic Defence Systems is a supplier. These projects have been successfully delivered to the customer and Saab has managed to execute the projects at a lower cost level than originally planned. Therefore a repayment will be done in the fourth quarter 2011 of around MSEK 170.

EMPLOYEES

- The number of employees increased mainly as a result of the integration of Saab Sensis that added 129 FTEs to the business area.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings	3,201	2,828	13	1,396	1,120	6,647
Order backlog	8,104	6,728	20	543 ¹⁾	-381 ¹⁾	8,434
Sales	3,885	4,009	-3	1,310	1,382	6,210
Operating income before depreciation/amortisation and write-downs (EBITDA)	319	20	-	138	157	265
Margin, %	8.2	0.5	-	10.5	11.4	4.3
Operating income (EBIT)	247	-72	-	109	130	137
Operating margin, %	6.4	-1.8	-	8.3	9.4	2.2
Operating cash flow	-316	682	-	-961	-6	1,066
Defence/Civil (% of sales)	73/27	69/31	-	74/26	67/33	67/33
No. of employees	3,024	2,529	20	421 ¹⁾	-35 ¹⁾	2,525
No. of FTEs	3,016	2,525	19	412 ¹⁾	-10 ¹⁾	2,498

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

¹⁾ Refer to quarterly change

HIGHLIGHTS
ORDERS RECEIVED

- Orders received in the first nine months included orders from the UK Ministry of Defence to enhance their existing provision of live training capabilities to the British Army abroad and in the UK. An order was also received from Kriminalvården, the Swedish Prison and Probation Service, for the communication solution Tactical consisting of ten operator positions to be used for prisons in Sweden. Two orders was also received from the Royal Thai Navy for the upgrading of combat management and fire control systems on two frigates of the Naresuan class. An order was received from FMV for hardware in the Hydra sonar system 135/137 to the combat management system, used by the Swedish Armed Forces' Gävle- and Visby-class corvettes.
- In addition a framework agreement was secured with the U.S. Army Program Executive Office of Simulation, Training and Instrumentation. The framework agreement covers radio systems for communication (LT2-IRS) for live training.
- Orders received where the order sum exceeded MSEK 100 represented 32 per cent (16) of total order bookings.

SALES

- Sales decreased mainly as a result of a challenging market situation in South Africa.
- Markets outside Sweden accounted for 78 per cent (76) of sales.

INCOME AND MARGIN

- In the third quarter the profitability was lower compared to the same period 2010 mainly as a result of structural costs related to the acquisition of Sensis.
- During the first nine months 2010, profitability was negatively impacted by costs related to a terminated contract of about MSEK 290. A write-down of capitalised development was also made of MSEK 20.

CASH FLOW

- The acquisition of Sensis had a negative impact on operating cash flow in the third quarter of about MSEK 730.

EMPLOYEES

- The number of employees increased mainly as a result of the integration of the acquired training and simulation company E-COM and Saab Sensis that together added more than 500 FTEs to the business area.

SUPPORT AND SERVICES

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	July–Sept 2011	July–Sept 2010	Jan–Dec 2010
Order bookings	2,443	2,409	1	484	522	4,124
Order backlog	4,675	4,092	14	-322 ¹⁾	-247 ¹⁾	4,743
Sales	2,474	2,333	6	786	756	3,403
Operating income before depreciation/amortisation and write-downs (EBITDA)	275	256	7	84	73	366
Margin, %	11.1	11.0		10.7	9.7	10.8
Operating income (EBIT)	261	244	7	79	69	351
Operating margin, %	10.5	10.5		10.1	9.1	10.3
Operating cash flow	473	523	-10	82	117	894
Defence/Civil (% of sales)	80/20	76/24		80/20	79/21	78/22
No. of employees	1,710	1,731	-1	-34 ¹⁾	-32 ¹⁾	1,721
No. FTEs	1,709	1,705	-	-1 ¹⁾	-24 ¹⁾	1,688

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first nine months included an order related to the eight-year agreement signed with Scandinavian Air Ambulance Holding AB in December 2010 and that came into force during the first quarter. A major order was also received from FMV for the support and maintenance of Helicopter 15 (Agusta 109 LUHS), operated by the Swedish Armed Forces.
- The order inflow of smaller orders was strong.
- Orders received where the order sum exceeded MSEK 100 represented 24 per cent (15) of total order bookings.

SALES

- Sales in the first nine months increased due to a strong inflow of smaller orders during the period.
- Markets outside Sweden accounted for 22 per cent (27) of sales.

INCOME AND MARGIN

- Profitability in the first nine months remained at about the same level as in the same period in 2010.

CASH FLOW

- The operating cash flow in the first nine months was lower compared to 2010 due to timing differences of milestone payments.

EMPLOYEES

- The amount of FTEs increased compared to the end of 2010 due to the expansion within operations related to support and services of helicopter platforms.

CORPORATE

Corporate reported operating income of MSEK 985 (-23). The first nine months includes a capital gain of MSEK 13 from the sale of Image Systems AB to Digital Vision AB and an additional consideration for the divestment of Saab Space of MSEK 60. It also includes a capital gain of MSEK 916 from the divestment of the shares in the 3D mapping technology company, C3 Technologies AB. C3 Technologies was created by Saab Ventures in 2008 and the technology is based on Saab's, in particular the business area Saab Dynamic's, more than 40 years of experience in image processing for target seekers and expertise in navigation system.

It also included costs related to the acquisition process of Sensis of MSEK 25.

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 the first nine months amounted to MSEK 10,833 (10,055). Operating income was MSEK 709 (458).

The operating income in the first nine months included expenses of approximately MSEK 330 regarding increased pension obligations according to the FPG/PRI system due to changed mortality assumptions, see also note 11 on page 33.

The operating income in the first nine months 2010 included expenses of MSEK 290 mainly related to a terminated contract in Security and Defence Solutions and structural costs of MSEK 82 in Aeronautics related to lay-offs announced in January 2010 as well as the reorganisation announced in 2009.

Net financial income and expenses was MSEK 315 (490). After appropriations of MSEK 0 (0) and taxes of MSEK -166 (-196), net income for the period amounted to MSEK 858 (752).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net liquidity amounted to MSEK 60 at 30 September 2011 compared to a net debt of MSEK 2,395 at 31 December 2010.

The change in net liquidity is related to a strong operating cash flow and the divestment of shares in Aker Holding AS that impacted the net cash position positive by approximately MSEK 1,500 as well as the divestment of the shares in C3 Technologies AB that impacted the net cash position positive by MSEK 149.

Gross capital expenditures in property, plant and equipment amounted to MSEK 91 (90). Investments in intangible assets amounted to MSEK 24 (27). At the end of September 2011, the Parent Company had 7,825 employees, compared to 7,915 at the beginning of the year.

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

Share repurchase

Saab held 4,053,200 treasury shares as of 30 September, 2011 compared to 4,432,615 at year-end 2010.

The Annual General Meeting on 7 April, 2011 authorised the Board of Directors to repurchase 1,340,000 shares to hedge the year's share matching plan and performance share plan. During the second quarter Saab announced that the Board has decided to utilize its authorization and that acquisitions will be made on NASDAQ OMX Stockholm at a price within the registered share price interval on each occasion. Acquisitions can be made as of 20 July, 2011 until next year's Annual General Meeting. However no acquisitions will be made during a 30-day period prior to the public release of quarterly results, including the date of release.

Nomination committee of Saab AB for the Annual General Meeting 2012

According to a resolution adopted at the Annual General Meeting of Saab AB on 7 April, 2011, the shareholder representatives who, together with the Chairman of the Board, constitute the Nomination Committee were announced in the third quarter.

Members of the Nomination Committee for the Annual General Meeting 2012:

Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Thomas Eriksson, Swedbank Robur Funds, Thomas Ehlin, Nordea Investment Funds.

The Nomination Committee will provide proposals to be submitted to the Annual General Meeting for a Board of Directors, the Chairman of the Board and of the Annual General Meeting, and remuneration to the Board and to the auditor. The Nomination Committee represents approximately 52 percent of the voting rights of Saab AB based on the ownership structure as of 31 August, 2011. The Annual General Meeting of Saab AB will be held on Thursday, 19 April, 2012.

Owners

According to SIS Ägarservice, Saab's largest shareholders as of 30 September 2011 are Investor AB, the Wallenberg foundations, Swedbank Robur Funds, Nordea Funds, Unionen, AFA Insurance, Fourth AP-Fund, SHB Funds and Orkla ASA.

On 8 June, 2011 Saab AB was notified that BAE Systems had sold all shares in Saab AB. Prior to this they held 10.2 per cent of the capital and 8.8 per cent of the votes.

This interim report has not been reviewed by the company's auditors.

Linköping, 19 October 2011

Håkan Buskhe
PRESIDENT AND CEO

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Sept 2011	Jan-Sept 2010	Rolling 12- months	Jan-Dec 2010
Sales	3	16,151	16,381	24,204	24,434
Cost of goods sold		-11,700	-12,430	-18,113	-18,843
Gross income		4,451	3,951	6,091	5,591
Gross margin, %		27.6	24.1	25.2	22.9
Other operating income		1,304	121	1,405	222
Marketing expenses		-1,260	-1,247	-1,740	-1,727
Administrative expenses		-843	-804	-1,274	-1,235
Research and development costs		-1,307	-1,241	-1,886	-1,820
Other operating expenses		-50	-69	-51	-70
Share of income in associated companies		-13	13	-12	14
Operating income (EBIT) ¹⁾	3	2,282	724	2,533	975
Operating margin, %		14.1	4.4	10.5	4.0
Share of income in associated companies		2	24	4	26
Financial income		130	146	100	116
Financial expenses		-253	-310	-284	-341
Net financial items		-121	-140	-180	-199
Income before taxes		2,161	584	2,353	776
Taxes	4	-363	-150	-535	-322
Net income for the period		1,798	434	1,818	454
of which Parent Company's shareholders' interest		1,812	425	1,820	433
of which non-controlling interest		-14	9	-2	21
Earnings per share before dilution, SEK ²⁾		17.27	4.03	17.36	4.12
Earnings per share after dilution, SEK ³⁾		16.60	3.89	16.68	3.97
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS		-932	-1,003	-1,287	-1,358
OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-91	-113	-124	-146
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		104,904,903	105,386,764	104,856,390	105,217,786
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-Sept 2011	Jan-Sept 2010	Rolling 12- months	Jan-Dec 2010
Net income for the period	1,798	434	1,818	454
Other comprehensive income:				
Translation differences for the period	-102	-61	-25	16
Net gain/loss on cash flow hedges	-229	785	-248	766
Share of other comprehensive income in associated companies	-26	10	-34	2
Tax attributable to other comprehensive income	62	-207	68	-201
Other comprehensive income for the period	-295	527	-239	583
Net comprehensive income for the period	1,503	961	1,579	1,037
of which Parent Company's shareholders' interest	1,561	941	1,626	1,006
of which non-controlling interest	-58	20	-47	31

QUARTERLY INCOME STATEMENT

MSEK	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Sales	4,838	5,861	5,452	8,053	5,004	5,993	5,384	7,768
Cost of goods sold	-3,427	-4,248	-4,025	-6,413	-3,765	-4,552	-4,113	-5,883
Gross income	1,411	1,613	1,427	1,640	1,239	1,441	1,271	1,885
Gross margin, %	29.2	27.5	26.2	20.4	24.8	24.0	23.6	24.3
Other operating income	958	273	73	101	40	45	36	2
Marketing expenses	-432	-430	-398	-480	-379	-483	-385	-515
Administrative expenses	-243	-290	-310	-431	-217	-271	-316	-285
Research and development costs	-445	-456	-406	-579	-390	-392	-459	-567
Other operating expenses	-28	-10	-12	-1	7	-60	-16	-38
Share of income in associated companies	-4	-3	-6	1	22	-4	-5	21
Operating income/loss (EBIT) ¹⁾	1,217	697	368	251	322	276	126	503
Operating margin, %	25.2	11.9	6.7	3.1	6.4	4.6	2.3	6.5
Share of income in associated companies	1	-	1	2	-	24	-	1
Financial income	78	-13	65	-30	41	33	72	20
Financial expenses	-67	-136	-50	-31	-89	-122	-99	-63
Net financial items	12	-149	16	-59	-48	-65	-27	-42
Income/loss before taxes	1,229	548	384	192	274	211	99	461
Taxes	-126	-130	-107	-172	-86	-37	-27	-138
Net income/loss for the period	1,103	418	277	20	188	174	72	323
of which Parent Company's shareholders' interest	1,108	425	279	8	179	177	69	313
of which non-controlling interest	-5	-7	-2	12	9	-3	3	10
Earnings per share before dilution, SEK ²⁾	10.55	4.06	2.66	0.09	1.70	1.68	0.65	2.97
Earnings per share after dilution, SEK ³⁾	10.15	3.89	2.56	0.08	1.64	1.62	0.63	2.87
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS	-332	-301	-299	-355	-331	-326	-346	-387
OF WHICH DEPRECIATION OF LEASING AIRCRAFT	-30	-30	-31	-33	-37	-38	-38	-38
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	104,904,903	104,903,636	104,774,760	104,710,852	105,118,070	105,526,371	105,515,851	105,506,219
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	109,150,344

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Net income/loss for the period	1,103	418	277	20	188	174	72	323
Other comprehensive income:								
Translation differences	-9	55	-148	77	-158	90	7	103
Net gain/loss on cash flow hedges	-412	-107	290	-19	638	-54	201	15
Share of other comprehensive income in associated companies	-	-18	-8	-8	9	1	-	1
Tax attributable to other comprehensive income	109	29	-76	6	-168	14	-53	1
Other comprehensive income for the period	-312	-41	58	56	321	51	155	120
Net comprehensive income for the period	791	377	335	76	509	225	227	443
of which Parent Company's shareholders' interest	821	382	358	65	504	217	220	441
of which non-controlling interest	-30	-5	-23	11	5	8	7	2

KEY RATIOS BY QUARTER

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Equity/assets ratio (%)	39.7	39.1	40.4	39.1	41.1	37.7	37.9	35.1
Return on capital employed, % ¹⁾	19.2	13.0	9.9	7.9	10.1	9.5	10.8	10.3
Return on equity, % ¹⁾	15.2	7.9	5.8	4.1	7.0	6.5	7.9	7.0
Equity per share, SEK ²⁾	119.01	111.16	111.06	107.66	106.94	102.02	101.98	99.91
Operating cash flow, MSEK	-74	1,775	559	2,200	-84	2,306	-73	1,270
Operating cash flow per share after dilution, SEK ³⁾	-0.68	16.26	5.12	20.16	-0.77	21.13	-0.67	11.64
¹⁾ MEASURED OVER A ROLLING 12-MONTH PERIOD								
²⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES	105,097,144	104,975,480	104,831,791	104,717,729	104,703,975	105,532,164	105,520,577	105,511,124
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	109,150,344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30/9/2011	31/12/2010	30/9/2010
ASSETS				
Fixed assets				
Intangible fixed assets	6	6,899	6,413	6,538
Tangible fixed assets		3,245	3,052	3,069
Lease assets		1,017	1,154	1,179
Biological assets		302	299	257
Investment properties		227	236	236
Shares in associated companies		308	251	359
Financial investments		191	203	93
Long-term receivables		941	856	1,325
Deferred tax assets		25	-	-
Total fixed assets		13,155	12,464	13,056
Current assets				
Inventories		4,207	4,100	4,987
Derivatives		470	1,105	1,038
Tax receivables		30	46	37
Accounts receivable		3,565	3,052	2,149
Other receivables		3,333	3,630	3,489
Prepaid expenses and accrued income		765	680	957
Short-term investments		4,113	1,544	536
Liquid assets	9	2,114	2,544	1,423
Total current assets		18,597	16,701	14,616
Assets held for sale		-	113	-
TOTAL ASSETS	14	31,752	29,278	27,672

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	30/9/2011	31/12/2010	30/9/2010
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		12,508	11,274	11,197
Non-controlling interest		112	170	169
Total shareholders' equity		12,620	11,444	11,366
Long-term liabilities				
Long-term interest-bearing liabilities	7	1,218	1,117	1,116
Other liabilities		189	294	292
Provisions for pensions	11	4	5	4
Other provisions		1,985	2,207	2,010
Deferred tax liabilities		959	803	887
Total long-term liabilities		4,355	4,426	4,309
Current liabilities				
Short-term interest-bearing liabilities	7	446	589	605
Advance payments from customers		1,048	643	435
Accounts payable		1,435	1,799	1,526
Derivatives		750	750	711
Tax liabilities		248	265	199
Other liabilities		1,952	819	646
Accrued expenses and deferred income		8,155	7,751	7,321
Provisions		743	792	554
Total current liabilities		14,777	13,408	11,997
Liabilities attributable to assets held for sale		-	-	-
Total liabilities		19,132	17,834	16,306
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14	31,752	29,278	27,672

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 2010	1,746	543	84	-21	51	8,139	10,542	140	10,682
Net comprehensive income for the period			578	-62		425	941	20	961
Transactions with shareholders:									
Repurchase of shares						-80	-80		-80
Share matching plan						30	30		30
Dividend						-237	-237		-237
Acquisition and sale of non-controlling interest						1	1	9	10
Closing balance, 30 September 2010	1,746	543	662	-83	51	8,278	11,197	169	11,366
Opening balance, 1 January 2011	1,746	543	648	-12	51	8,298	11,274	170	11,444
Net comprehensive income for the period			-168	-83		1,812	1,561	-58	1,503
Transactions with shareholders:									
Share matching plan						39	39		39
Dividend						-367	-367		-367
Acquisition and sale of non-controlling interest						1	1		1
Closing balance, 30 September 2011	1,746	543	480	-95	51	9,783	12,508	112	12,620

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Sept 2011	Jan–Sept 2010	Jan–Dec 2010
Operating activities				
Income after financial items		2,161	584	776
Transferred to pension fund		-	-99	-147
Adjustments for items not affecting cash flows		-295	1,291	2,317
Income tax paid		-220	-102	-196
Cash flow from operating activities before changes in working capital		1,646	1,674	2,750
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-113	-284	586
Increase(-)/Decrease(+) in current receivables		-332	1,523	855
Increase(+)/Decrease(-) in advance payments from customers		433	-4	194
Increase(+)/Decrease(-) in other current liabilities		907	-384	399
Increase(+)/Decrease(-) in provisions		-323	-335	-297
Cash flow from operating activities		2,218	2,190	4,487
Investing activities				
Investments in intangible fixed assets		-23	-27	-70
Capitalised development costs		-2	-36	-47
Investments in tangible fixed assets		-188	-160	-262
Investments in lease assets		-	-1	-2
Sale of tangible fixed assets		8	6	11
Sale of lease assets		85	60	65
Investments in and sale of short-term investments	9	-2,569	15	-993
Sale of and investments in other financial assets		403	39	-6
Investments in operations and associated companies, net effect on liquidity		-1,121	-	-
Sale of subsidiaries and associated companies, net effect on liquidity		1,274	133	161
Cash flow from investing activities		-2,133	29	-1,143
Financing activities				
Repayments of loans		-126	-1,923	-1,950
Repurchase of shares		-	-80	-80
Dividend paid to Parent Company's shareholders		-367	-237	-237
Cash flow from financing activities		-493	-2,240	-2,267
Cash flow for the period				
		-408	-21	1,077
Liquid assets at the beginning of the year		2,544	1,463	1,463
Exchange rate difference in liquid assets		-22	-19	4
Liquid assets at the end of period	9	2,114	1,423	2,544

QUARTERLY INFORMATION

MSEK	Q3 2011	Operating margin	Q2 2011	Operating margin	Q1 2011	Operating margin	Q4 2010	Operating margin
Sales								
Aeronautics	1,268		1,835		1,508		2,062	
Dynamics	724		1,084		962		1,565	
Electronic Defence Systems	979		1,094		1,035		1,350	
Security and Defence Solutions	1,310		1,272		1,303		2,201	
Support and Services	786		781		907		1,070	
Corporate	200		261		243		313	
Internal sales	-429		-466		-506		-508	
Total	4,838		5,861		5,452		8,053	
Operating income								
Aeronautics	22	1.7%	157	8.6%	79	5.2%	63	3.1%
Dynamics	60	8.3%	123	11.3%	89	9.3%	32	2.0%
Electronic Defence Systems	42	4.3%	181	16.5%	36	3.5%	-58	-4.3%
Security and Defence Solutions	109	8.3%	67	5.3%	71	5.4%	209	9.5%
Support and Services	79	10.1%	107	13.7%	75	8.3%	107	10.0%
Corporate	905	-	62	-	18	-	-102	-
Total	1,217	25.2%	697	11.9%	368	6.7%	251	3.1%

MSEK	Q3 2010	Operating margin	Q2 2010	Operating margin	Q1 2010	Operating margin	Q4 2009	Operating margin
Sales								
Aeronautics	1,278		1,698		1,703		2,133	
Dynamics	1,023		1,167		986		1,481	
Electronic Defence Systems	905		1,159		940		1,403	
Security and Defence Solutions	1,382		1,427		1,200		2,240	
Support and Services	756		834		743		1,032	
Corporate	224		233		219		249	
Internal sales	-564		-525		-407		-770	
Total	5,004		5,993		5,384		7,768	
Operating income								
Aeronautics	57	4.5%	18	1.1%	53	3.1%	73	3.4%
Dynamics	31	3.0%	174	14.9%	85	8.6%	17	1.1%
Electronic Defence Systems	6	0.7%	114	9.8%	37	3.9%	-69	-4.9%
Security and Defence Solutions	130	9.4%	-106	-7.4%	-96	-8.0%	121	5.4%
Support and Services	69	9.1%	119	14.3%	56	7.5%	148	14.3%
Corporate	29	-	-43	-	-9	-	213	-
Total	322	6.4%	276	4.6%	126	2.3%	503	6.5%

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	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

KEY RATIOS AND TARGETS

	Long-term target	Jan-Sept 2011	Jan-Sept 2010	Jan-Dec 2010
Organic sales growth	5	-2	-3	-1
Operating margin, %*	10	14.1	4.4	4.0
Equity/assets ratio, %	30	39.7	41.1	39.1

*IN THE FIRST NINE MONTHS 2011, OPERATING INCOME INCLUDED CAPITAL GAINS OF MSEK 1,169, WHEREAS THE GROUP IN THE FIRST NINE MONTHS 2010 HAD STRUCTURAL COSTS AND NEGATIVE RESULTS FROM DIVESTMENTS OF MSEK 107 AND COSTS RELATED TO A TERMINATED PROJECT OF MSEK 310.

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Sept 2011	Jan-Sept 2010	Jan-Dec 2010
Sales	10,833	10,055	14,745
Cost of goods sold	-8,481	-7,810	-11,523
Gross income	2,352	2,245	3,222
Gross margin, %	21.7	22.3	21.9
Operating income and expenses	-1,643	-1,787	-2,599
Operating income (EBIT)	709	458	623
Operating margin, %	6.5	4.6	4.2
Financial income and expenses	315	490	1,279
Income after financial items	1,024	948	1,902
Appropriations	-	-	-83
Income before taxes	1,024	948	1,819
Taxes	-166	-196	-430
Net income for the period	858	752	1,389

PARENT COMPANY BALANCE SHEET

MSEK	Note	30/9/2011	31/12/2010	30/9/2010
ASSETS				
Fixed assets				
Intangible fixed assets		137	127	98
Tangible fixed assets		2,130	2,205	2,202
Financial fixed assets		10,705	12,369	12,586
Total fixed assets		12,972	14,701	14,886
Current assets				
Inventories, etc.		2,851	2,782	3,413
Current receivables		6,610	5,974	9,413
Short-term investments		4,113	1,544	536
Liquid assets		1,485	1,935	799
Total current assets		15,059	12,235	14,161
TOTAL ASSETS		28,031	26,936	29,047
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Restricted equity		3,003	3,007	3,013
Unrestricted equity		4,736	4,203	3,567
Total shareholders' equity		7,739	7,210	6,580
Provisions and liabilities				
Untaxed reserves		502	502	419
Provisions		1,787	1,657	1,613
Liabilities	7	18,003	17,567	20,435
Total provisions and liabilities		20,292	19,726	22,467
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		28,031	26,936	29,047

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 2010.

NOTE 2

ACCOUNTING PRINCIPLES

The consolidated accounts for this interim report 2011 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities. The Group's accounting principles are described on pages 73-80 of the annual report 2010.

The Group and the Parent Company applies the same accounting principles and methods of computation as described in the annual report for 2010 and no significant changes with impact on Saab's accounting have been applied from 2011.

The interim report is abbreviated and does not contain all the information and disclosures available in the annual report and as such should be read together with the annual report for 2010.

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.

NOTE 3 CONTINUED

SALES AND ORDER INFORMATION

Sales by business area

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	Jul –Sept 2011	Jul –Sept 2010	Rolling 12 months	Jan–Dec 2010
Aeronautics	4,611	4,679	-1	1,268	1,278	6,673	6,741
of which external sales	4,471	4,491	-	1,221	1,194	6,462	6,482
of which internal sales	140	188	-26	47	84	211	259
Dynamics	2,770	3,176	-13	724	1,023	4,335	4,741
of which external sales	2,681	3,121	-14	703	1,003	4,208	4,648
of which internal sales	89	55	62	21	20	127	93
Electronic Defence Systems	3,108	3,004	3	979	905	4,458	4,354
of which external sales	2,630	2,308	14	872	648	3,688	3,366
of which internal sales	478	696	-31	107	257	770	988
Security and Defence Solutions	3,885	4,009	-3	1,310	1,382	6,086	6,210
of which external sales	3,715	3,926	-5	1,217	1,359	5,875	6,086
of which internal sales	170	83	105	93	23	211	124
Support and Services	2,474	2,333	6	786	756	3,544	3,403
of which external sales	2,270	2,080	9	731	635	3,274	3,084
of which internal sales	204	253	-19	55	121	270	319
Corporate/eliminations	-697	-820	-	-229	-340	-892	-1,015
of which external sales	384	455	-16	94	165	697	768
of which internal sales	-1,081	-1,275	-	-323	-505	-1,589	-1,783
Total	16,151	16,381	-1	4,838	5,004	24,204	24,434

Sales by geographical market

MSEK	Jan–Sept 2011	% of sales	Jan–Sept 2010	% of sales	Jan–Dec 2010	% of sales
Sweden	6,104	38	6,110	37	9,223	38
Rest of EU	3,300	21	3,236	20	4,737	19
Rest of Europe	214	1	264	2	368	2
Total Europe	9,618	60	9,610	59	14,328	59
North America	1,186	7	1,519	9	2,083	9
Latin America	63	-	85	1	116	-
Asia	3,296	20	2,541	15	3,937	15
Africa	1,255	8	1,830	11	2,833	12
Australia, etc.	733	5	796	5	1,137	5
Total	16,151	100	16,381	100	24,434	100

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 the first nine months 2011 amounted to MSEK 4,655 (4,442).

Order bookings by business area

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	Jan–Dec 2010
Aeronautics	2,750	4,522	-39	6,901
Dynamics	3,070	2,698	14	3,312
Electronic Defence Systems	2,675	2,134	25	5,494
Security and Defence Solutions	3,201	2,828	13	6,647
Support and Services	2,443	2,409	1	4,124
Corporate	747	761	-2	1,057
Internal	-1,093	-974	-	-1,257
Total	13,793	14,378	-4	26,278

LARGE ORDERS RECEIVED DURING THE FIRST NINE MONTHS 2011

Large orders received	Country	Order value (appr. values MSEK)
Ammunition to the Carl-Gustaf man-portable weapon system	-	1,517
System maintenance and development studies regarding Gripen	Sweden	1,034
Development and maintenance of the Gripen system	Sweden	754
Upgrade of combat management and fire control systems	Thailand	454
Weapon locating system ARTHUR	Korea	450
Upgrade of hardware to a naval sonar system	Sweden	400
Complete support and maintenance of Helicopter 15	Sweden	350
Airborne Electronic Warfare self-protection system (IDAS)	-	250
Order within the eight year contract with Scandinavian Air Ambulance Holding AB	Sweden	225
Live training capabilities to the British Army	UK	220
Multi-mission radar system, GIRAFFE AMB	US	155
Deliveries of AT4 man-portable weapon system	-	104

Order backlog by business area

MSEK	30/9/2011	31/12/2010	30/9/2010
Aeronautics	13,775	15,636	15,319
Dynamics	5,854	5,546	6,497
Electronic Defence Systems	7,801	8,240	6,197
Security and Defence Solutions	8,104	8,434	6,728
Support and Services	4,675	4,743	4,092
Corporate	276	242	261
Internal	-1,074	-1,382	-1,643
Total	39,411	41,459	37,451

NOTE 3 CONTINUED

OPERATING INCOME

Operating income by business area

MSEK	Jan–Sept 2011	% of sales	Jan–Sept 2010	% of sales	Rolling 12 month	Jan–Dec 2010
Aeronautics	258	5.6	128	2.7	321	191
Dynamics	272	9.8	290	9.1	304	322
Electronic Defence Systems	259	8.3	157	5.2	201	99
Security and Defence Solutions	247	6.4	-72	-1.8	456	137
Support and Services	261	10.5	244	10.5	368	351
The business areas' total operating income	1,297	8.2	747	4.7	1,650	1,100
Corporate	985	-	-23	-	883	-125
Total operating income	2,282	14.1	724	4.4	2,533	975

Depreciation/amortisation and write-downs by business area

MSEK	Jan–Sept 2011	Jan–Sept 2010	Change, %	Jul–Sept 2011	Jul–Sept 2010	Rolling 12 month	Jan–Dec 2010
Aeronautics	187	184	1.6	62	61	250	247
Dynamics	123	117	5.1	43	39	200	194
Electronic Defence Systems	368	390	-5.6	121	128	468	490
Security and Defence Solutions	72	93	-22.6	29	28	107	128
Support and Services	14	12	16.7	5	4	17	15
Corporate – lease aircraft	91	113	-19.5	30	37	124	146
Corporate – other	77	94	-18.1	42	34	121	138
Total	932	1,003	-7.1	332	331	1,287	1,358

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan–Sept 2011	Jan–Sept 2010	Rolling 12 month	Jan–Dec 2010
Aeronautics	761	306	485	30
Dynamics	598	595	1,047	1,044
Electronic Defence Systems	642	432	804	594
Security and Defence Solutions	-316	682	68	1,066
Support and Services	473	523	844	894
Corporate	102	-389	1,212	721
Total	2,260	2,149	4,460	4,349

Capital employed by business area

MSEK	30/9/2011	31/12/2010	30/9/2010
Aeronautics	2,030	2,118	2,113
Dynamics	2,226	2,496	2,659
Electronic Defence Systems	4,805	4,584	4,595
Security and Defence Solutions	3,132	2,282	2,332
Support and Services	1,043	1,248	1,528
Corporate	1,051	427	-136
Total	14,287	13,155	13,091

EMPLOYEES

Employees by business area

Number at end of period	30/9/2011	31/12/2010	Change	30/9/2010
Aeronautics	2,748	2,874	-126	2,908
Dynamics	1,480	1,483	-3	1,516
Electronic Defence Systems	2,601	2,453	148	2,496
Security and Defence Solutions	3,024	2,525	499	2,529
Support and Services	1,710	1,721	-11	1,731
Corporate	1,477	1,480	-3	1,456
Total	13,040	12,536	504	12,636

NOTE 4

TAXES

MSEK	Jan–Sept 2011	Jan–Sept 2010
Current tax	-220	-102
Deferred tax	-143	-48
Total	-363	-150

Current and deferred taxes during the period amounted to MSEK -363 (-150), or an effective tax rate of 17 per cent (26). Tax-exempt income in 2011 led to a lower tax rate in the period.

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Annual General Meeting on 7 April 2011 approved the Board's dividend proposal for 2011. Dividend of SEK 3.50 per share was paid on 15 April 2011.

NOTE 6

INTANGIBLE FIXED ASSETS

MSEK	30/9/2011	31/12/2010	30/9/2010
Goodwill	4,236	3,470	3,466
Capitalised development costs	2,079	2,428	2,564
Other intangible assets	584	515	508
Total	6,899	6,413	6,538

The increase in intangible fixed assets refers to the acquisition of Sensis, for details see note 10.

NOTE 7

INTEREST-BEARING LIABILITIES

MSEK	30/9/2011	31/12/2010	30/9/2010
Liabilities to credit institutions	1,167	1,181	1,177
Liabilities to associates and JVs	353	428	454
Other interest-bearing liabilities	144	97	90
Total	1,664	1,706	1,721

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2012)	119	1	118
Total	4,119	1	4,118

In the first quarter 2011, Saab signed a 5 year credit facility of SEK 4 billion to refinance the existing credit facility with maturity in March 2012.

Parent Company

MSEK	30/9/2011	31/12/2010	30/9/2010
Long-term liabilities to credit institutions	1,100	1,100	2,221
Short-term liabilities to credit institutions	-	1,123	-
Other interest-bearing liabilities	20	-	62
Total	1,120	2,223	2,283

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 had MNOK 975 in financing arranged in connection with the acquisition of 7.5 per cent of the shares in Aker Holding AS in 2007. Saab's investment amounted to approximately NOK 1.2 billion, of which about 80 per cent was financed through the above-mentioned loans.

Saab has utilized the put-option that gave Saab the right to sell the shares in Aker Holding AS. The loan was fully amortized and interest rate swap arrangement was closed. The net amount in NOK was hedged with forward contracts. The divestment had impact on the net cash position in the parent company with approximately MSEK 1,500 and on the net liquidity in the Group with approximately MSEK 130.

NOTE 8

NET LIQUIDITY

MSEK	30/9/2011	31/12/2010	30/9/2010
Assets			
Liquid assets	2,114	2,544	1,423
Short-term investments	4,113	1,544	536
Total liquid investments	6,227	4,088	1,959

Short-term interest-bearing receivables	268	617	387
Long-term interest-bearing receivables	110	150	500
Long-term interest-bearing financial investments	144	147	30
Total interest-bearing assets	6,749	5,002	2,876

Liabilities

Short-term interest-bearing liabilities	446	589	605
Long-term interest-bearing liabilities	1,218	1,117	1,116
Provisions for pensions	4	5	4
Total interest-bearing liabilities	1,668	1,711	1,725

NET LIQUIDITY	5,081	3,291	1,151
----------------------	--------------	--------------	--------------

NOTE 9

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

MSEK	30/9/2011	30/9/2010	31/12/2010
The following components are included in liquid assets:			
Cash and bank balances	726	710	703
Bank deposits	1,368	700	1,830
Deposits on behalf of customers	20	13	11
Total according to balance sheet	2,114	1,423	2,544
Total according to statement of cash flows	2,114	1,423	2,544

Operating cash flow vs. statement of cash flows

MSEK	Jan–Sept 2011	Jan–Sept 2010	Jan–Dec 2010
Operating cash flow	2,260	2,149	4,349
Investing activities – interest-bearing:			
Short-term investments ¹⁾	-2,569	15	-993
Other financial investments and receivables	394	55	-12
Financing activities:			
Repayments of loans	-126	-1,923	-1,950
Repurchase of shares	-	-80	-80
Dividend paid to the Parent Company's shareholders	-367	-237	-237
Cash flow for the period	-408	-21	1,077

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

Specification of operating cash flow during the first nine months 2011 and 2010

MSEK	Saab excl. acquisitions / divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group Jan–Sept 2011	Total Group Jan–Sept 2010
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Cash flow from operating activities before changes in working capital	1,544	-	102	1,646	1,674
Inventories	-113	-	-	-113	-284
Receivables	-323	-	-9	-332	1,523
Advance payments from customers	433	-	-	433	-4
Other liabilities	1,048	-	-141	907	-384
Provisions	-319	-	-4	-323	-335
Change in working capital	726	-	-154	572	516
Cash flow from operating activities	2,270	-	-52	2,218	2,190
INVESTING ACTIVITIES					
Investments in intangible fixed assets	-25	-	-	-25	-63
Investments in tangible fixed assets	-188	-	-	-188	-160
Investments in lease assets	-	-	-	-	-1
Sale of tangible fixed assets	8	-	-	8	6
Sale of lease assets	-	-	85	85	60
Sale of and investment in financial assets	9	-	-	9	-16
Investments in operations and associated companies, net effect on liquidity	-	-1,121	-	-1,121	-
Sale of subsidiaries and associated companies, net effect on liquidity	-	1,274	-	1,274	133
Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-196	153	85	42	-41
OPERATING CASH FLOW	2,074	153	33	2,260	2,149

NOTE 10

BUSINESS COMBINATIONS AND ACQUISITIONS

On 29 June, Saab announced a definitive agreement to acquire 100 per cent of the U.S. company Sensis Corporation. Sensis is a leading provider of air traffic management (ATM) solutions and surveillance technologies. The acquisition was completed on 12 August for approximately MUSD 150, about MSEK 961 (effect on liquid assets). In addition, the parties agreed on a potential earn out payment of maximum MUSD 40 (about MSEK 260) by 2013. Net present value of the earn out is approximately MUSD 38.

The acquisition of Sensis strengthens Saab's existing offer within radar, sensors, ATM, and defence solutions and establishes a stronger market presence globally as well as in the U.S. The acquisition provides a growth platform from which Saab can build on the combined installed base and skills in systems engineering, design and integration. Sensis customers and partners will benefit from Saab's product portfolio and global support operations.

**Preliminary purchase price analysis for Sensis:
Purchase consideration**

	MUSD	MSEK
Purchase price paid 12 August	170	1,088
Contingent consideration	38	247
Total consideration	208	1,335

Effect on liquid assets

	MUSD	MSEK
Purchase price paid	170	1,088
Less; liquid assets in the acquired company	-20	-127
Effect on liquid assets	150	961

The fair value of the identifiable assets and liabilities of Sensis as at the date of the acquisition were:

Acquired assets and liabilities

	MUSD	MSEK
Intangible fixed assets:		
Developed technologies	17	109
Customer relationships	18	115
Trade mark	2	13
Tangible fixed assets	26	166
Lease assets	16	102
Inventories	7	45
Other current assets	50	319
Liquid assets	20	127
Total assets	156	996
Interest bearing finance lease obligation	16	102
Provisions	1	6
Current liabilities	41	264
Deferred tax liabilities	7	44
Total liabilities	65	416
Total identifiable net assets at fair value	91	580
Goodwill	117	755
Purchase consideration	208	1,335

The goodwill of MSEK 755 comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Fair value of intangible fixed assets amounted to MSEK 237.

Earn out merger consideration:

The seller and the buyer has agreed on a two year earn out period between 1 July 2011 and 30 June 2013. The contingent consideration of MUSD 40 is split into two parts, one part if some determined EBIT-targets are achieved and one part depending of order intake regarding new technologies.

Of the purchase price MUSD 20 is deposited in an escrow account to cover warranties and representations.

From the date of the acquisition, Sensis has contributed MSEK 90 of sales and MSEK -25 to income before taxes. If the acquisition had taken place at the beginning of the year, sales would have increased with MSEK 558 and income before taxes would have decreased with MSEK 139.

The transaction costs of MSEK 25 have been expensed and are included in administrative expenses (included in cash flow from operating activities).

Other acquisitions during the period:

On 14 December 2010, Saab announced the signing of an eight-year agreement with Scandinavian Air Ambulance Holding AB and in addition Saab acquired inventories and equipment. The purchase price amounted to MSEK 41 and was paid on 1 March 2011.

Saab also acquired assets from the Czech company E-COM, with its main operations in development and production of virtual simulators. The purchase price amounted to MSEK 17 and was paid on 1 May 2011.

These acquisitions only have a minor impact on the consolidated income and financial position.

The fair value of the identifiable assets and liabilities as at the date of the acquisition were:

Purchase consideration in summary

MSEK	Scandinavian Air Ambulance	E-COM
Intangible fixed assets	24	1
Tangible fixed assets	3	13
Inventories	14	4
Other current assets	-	1
Total assets	41	19
Provisions	-	2
Total liabilities	-	2
Total identifiable net assets at fair value	41	17
Goodwill	-	-
Purchase consideration	41	17

NOTE 11

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 3,813 (3,887) as of 30 September 2011, compared to an obligation of MSEK 4,815 (5,160) according to IAS 19, or a solvency margin of 79 per cent (75). In comparison with the obligation according to the FPG/PRI system, the solvency margin was 85 per cent (97).

The obligation according to the FPG/PRI system has increased with approximately MSEK 330 due to changed mortality assumptions, where the expected length of life increased by approximately two years, which led to a lower solvency FPG/PRI margin. These changed assumptions has affected the result in the Parent company accordingly, but the Group's income or financial position has not been affected since other accounting principles are applied for the Group. For more information, see the Annual report 2010 note 1 and note 37.

NOTE 12

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 period. 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 13

TRANSACTIONS WITH RELATED PARTIES

BAE Systems announced on 8 June that it is selling its last Saab shares, since then BAE Systems is no longer classified as a related party. No other significant transactions have occurred during the first nine months 2011.

Related parties with which the Group has transactions are described in the annual report for 2010, note 44.

NOTE 14

CONDENSED SUBDIVIDED FINANCIAL POSITION AS OF 30 SEPTEMBER 2011

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	6,899	-	-	6,899
Tangible fixed assets, etc.	3,774	-	-	3,774
Lease assets	2	1,015	-	1,017
Long-term interest-bearing receivables	254	-	-	254
Shares, etc.	1,854	1	-1,500	355
Other long-term receivables	818	13	-	831
Deferred tax assets	151	265	-391	25
Inventories	4,191	16	-	4,207
Short-term interest-bearing receivables	268	1,588	-1,588	268
Other current assets	7,399	26	-	7,425
Derivatives	470	-	-	470
Liquid assets and short-term investments	6,207	20	-	6,227
Total assets	32,287	2,944	-3,479	31,752
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	12,681	1,439	-1,500	12,620
Provisions for pensions	4	-	-	4
Deferred tax liabilities	1,350	-	-391	959
Other provisions	1,869	859	-	2,728
Interest-bearing liabilities	3,252	-	-1,588	1,664
Advance payments from customers	1,048	-	-	1,048
Derivatives	750	-	-	750
Other liabilities	11,333	646	-	11,979
Total shareholders' equity and liabilities	32,287	2,944	-3,479	31,752

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 30 September 2011 consisted of 99 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). 57 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 15

DEFINITIONS

Gross margin

Gross income as a percentage of sales revenue.

Operating margin

Operating income as a percentage of sales revenue.

EBITDA margin

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

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 19 October 2011.

FOR FURTHER INFORMATION, PLEASE CONTACT

Media:

Press center

Tel. +46-734-18 00 18

Ulrika Fager, Press Secretary

Tel. +46-8-463 00 32

Financial market:

Ann-Sofi Jönsson, Investor Relations

Tel. +46-8-463 02 14, +46-734-18 72 14

Lars Granlöv, CFO

Tel. +46-8-463 01 48

Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Lars Granlöv

Today, Wednesday, 19 October 2011, 10:00 a.m. (CET)

Grand Hotel, Stockholm

Contact Karin Frisk to register

and for further information

Tel. +46 8 463 02 30

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.