



SAAB | **75** YEARS OF
DEFENCE AND
SECURITY

YEAR-END REPORT 2011

RESULTS AND SUMMARY

JANUARY–DECEMBER 2011

RESULTS JANUARY–DECEMBER 2011:

- Order bookings amounted to MSEK 18,907 (26,278) and the order backlog at year-end amounted to MSEK 37,172 (41,459)
- Sales amounted to MSEK 23,498 (24,434), a decrease of 4 per cent adjusted for exchange rates effects and acquisitions
- Gross income amounted to MSEK 6,707 (5,591), corresponding to a gross margin of 28.5 per cent (22.9)
- Operating income was MSEK 2,941 (975), corresponding to an operating margin of 12.5 per cent (4.0). Capital gains of MSEK 1,169 (14) are included in 2011 compared to structural costs of MSEK 616 in 2010
- Net income was MSEK 2,217 (454), with earnings per share after dilution of SEK 20.38 (3.97)
- Operating cash flow amounted to MSEK 2,477 (4,349)
- Proposed dividend for 2011 SEK 4.50 per share (3.50)

OUTLOOK 2012:

In 2012, we estimate that sales will increase slightly compared to 2011.

The operating margin in 2012, excluding material net capital gains, is expected to be in line with the operating margin in 2011, excluding material net capital gains, of 7.5 per cent.

FINANCIAL HIGHLIGHTS

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Order bookings	18,907	26,278	-28	5,114	11,900
Order backlog	37,172	41,459	-10	-2,239 ²⁾	4,008 ²⁾
Sales	23,498	24,434	-4	7,347	8,053
Gross income	6,707	5,591	20	2,256	1,640
Gross margin, %	28.5	22.9		30.7	20.4
Operating income (EBIT)	2,941	975	202	659	251
Operating margin, %	12.5	4.0		9.0	3.1
Net income	2,217	454	388	419	20
Earnings per share before dilution, SEK	21.19	4.12		3.92	0.09
Earnings per share after dilution, SEK	20.38	3.97		3.78	0.08
Return on equity, ¹⁾ %	18.1	4.1			
Operating cash flow ³⁾	2,477	4,349	-43	217	2,200
Operating cash flow per share after dilution, SEK	22.69	39.84		1.98	20.16

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

²⁾ Refer to quarterly change

³⁾ Operating cash flow includes cash flow from operating activities of MSEK 2,392 (4,487) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK 85 (-138)

STATEMENT BY THE PRESIDENT AND CEO, HÅKAN BUSKHE:

“2011 was an important year for us, and we secured several key orders, such as further development and system maintenance orders for Gripen to the Swedish Defence Material Administration and for our multi-mission radar system Giraffe to the U.S. Department of State. With the current tough economic conditions in the western world our cost-efficient and cutting-edge technology products and solutions are a clear competitive advantage. I am also proud of the strong recognition Gripen received when the Swiss government down-selected it for negotiations as a future multirole fighter aircraft.

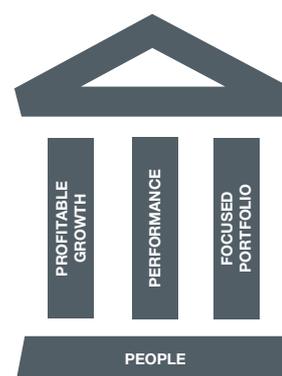
We saw an impact from the subdued market situation mainly in the second half of the year, with lower order intake as a consequence of continuous delays in customers’ decision making processes.

Sales declined slightly, but we have consistently throughout the year taken actions in line with our strategic targets in order to create a stronger platform for growth. We have increased our local presence in selected markets, established several local partnerships and made acquisitions to extend our market reach. All in all, we streamlined our company portfolio, acquired companies in growth areas and divested several non-core assets in 2011. In total more than 10 transactions were concluded.

In order to grow, an underlying profitable and efficient operation is a prerequisite. We increased our underlying profitability in 2011 and good project execution was one of the main drivers for this.

For 2012, we estimate that sales will increase slightly compared to 2011. Our balance sheet is solid and we closed the year with a strong net cash position. It is our aim to remain in a net cash position for a foreseeable future in order to stand strong amidst current economic conditions as well as to be able to handle potential large business opportunities,” says Saab’s President and CEO Håkan Buskhe.

SAAB’S STRATEGIC PRIORITIES



Saab's operations are divided into six business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence

Solutions, Support and Services and, as of end of 2011, the independent subsidiary Combitech is also defined as a business area.

In addition, Corporate comprises Group staff and departments and secondary operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft.

MSEK	Jan-Dec 2011	Jan-Dec 2010	Change, %	Oct-Dec 2011	Oct-Dec 2010
Order bookings	18,907	26,278	-28	5,114	11,900
Order backlog	37,172	41,459	-10	-2,239 ¹⁾	4,008 ¹⁾
Sales	23,498	24,434	-4	7,347	8,053

¹⁾ Refer to quarterly change

ORDERS, SALES AND INCOME

Orders

Fourth quarter 2011

The order intake in 2011 was lower compared to 2010, which included a large order from FMV (Swedish Defence Material Administration) for six Gripen aircraft intended for the Royal Thai Air Force of approximately SEK 2.2 billion and an order for an airborne surveillance system of approximately SEK 4.5 billion. 2011 did not include any orders of similar significant size.

January-December 2011

Order bookings were lower compared to last year partly as a result of large orders received in 2010 whereas 2011 did not include any orders of similar significant size.

In addition, we saw further delays in customers investment decision making processes during the second half of 2011 as a result of subdued global economic conditions.

For a detailed list of major orders received see below.

In all, 85 per cent (86) of order bookings were attributable to defence-related operations and 56 per cent (66) of order bookings were from customers outside Sweden. During 2011 index and price chan-

ges had a positive effect on order bookings of MSEK 308 (377).

Orders received where the order sum was larger than MSEK 100 represented 48 per cent (58) of total order bookings.

The order backlog at the end of the year amounted to MSEK 37,172, compared to MSEK 41,459 at the beginning of the year.

ORDER BACKLOG DURATION:

2012: SEK 17.7 billion

2013: SEK 8.4 billion

2014: SEK 4.8 billion

2015: SEK 2.7 billion

After 2015: SEK 3.6 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

LARGE ORDERS RECEIVED DURING 2011

Large orders received (appr. values MSEK)	Country	Order value
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
System maintenance and development studies regarding Gripen	Sweden	500
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
System maintenance and development studies regarding Gripen	Sweden	261
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
Carl-Gustaf man-portable weapon system	U.S.	209
Ammunition to the Carl-Gustaf M3 weapon system	Australia	160
Multi-mission radar system, GIRAFFE AMB	US	155
Extension of support contract for delivered training systems	UK	150
Sustainment and development of Air Command and Control Systems	Sweden	146
Continuous support of Gripen's operational capacity	Sweden	127
Ammunition to the Carl-Gustaf M3 weapon system	-	126
Components for the Carl-Gustaf M3 man-portable weapon system	-	105
Upgrade of steering control consoles on ULA class submarine	Norway	105
Deliveries of AT4 man-portable weapon system	-	104
Extension of an Air Command and Control System	Thailand	104

ORDERS BY MARKET REGION

MSEK	Jan-Dec 2011	Jan-Dec 2010
Sweden	8,306	9,035
EU excluding Sweden	3,104	3,557
Rest of Europe	372	229
Americas	1,855	1,288
Asia	3,373	8,639
Africa	876	2,498
Australia, etc.	1,021	1,032
Total	18,907	26,278

Sales

Fourth quarter 2011

Sales decreased compared to 2010 as a result of lower activity levels in major projects and the challenging business climate in South Africa.

Exchange rates had a 1 per cent negative impact on sales due to depreciation of the ZAR and USD to SEK.

Saab Sensis contributed to sales with MSEK 75.

January–December 2011

Sales decreased slightly compared to 2010 as a result of lower activity levels in major projects and the challenging business climate in South Africa.

Exchange rates had a 1 per cent negative impact on sales due to depreciation of the ZAR and USD to SEK.

Saab Sensis contributed to sales with MSEK 265.

In 2010 sales 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 14,819 (15,211), or 63 per cent (62) of total sales.

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

SALES BY MARKET REGION

MSEK	Jan–Dec 2011	Jan–Dec 2010
Sweden	8,679	9,223
EU excluding Sweden	4,514	4,737
Rest of Europe	320	368
Americas	1,899	2,199
Asia	5,176	3,937
Africa	1,789	2,833
Australia, etc.	1,121	1,137
Total	23,498	24,434

SALES BY MARKET SEGMENT

MSEK	Jan–Dec 2011	Jan–Dec 2010
Air	10,611	10,393
Land	7,201	7,611
Naval	2,065	2,278
Civil Security	1,479	1,427
Commercial Aeronautics	1,309	1,348
Other	833	1,377
Total	23,498	24,434

Income, margin and profitability

Fourth quarter 2011

The fourth quarter gross margin was positively impacted by several sales transactions by Saab Aircraft Leasing and reversals of risk provisions related to these transactions.

Saab Sensis made an operating loss of MSEK -10 in the fourth quarter 2011.

January–December 2011

In 2011, gross margin was positively impacted by several sales transactions by Saab Aircraft Leasing and reversals of risk provisions related to these transactions.

The operating income in 2011 included capital gains of MSEK 1,169. It also included structural costs for Saab Sensis totalling MSEK 27 and costs related to the acquisition process of Sensis of MSEK 25.

Saab Sensis made a loss before structural costs of MSEK -34 in 2011.

In 2010, the operating income was impacted by structural costs and other non-recurring items of MSEK -616 and capital gains of MSEK 14.

Total depreciation, amortisation and write-downs amounted to MSEK 1,261 (1,358).

Depreciation and write-down of tangible fixed assets amounted to MSEK 352 (382), while depreciation of the leasing fleet amounted to MSEK 114 (146).

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Gross income	6,707	5,591	20	2,256	1,640
Gross margin, %	28.5	22.9		30.7	20.4
Internally funded investments in research and development	1,355	1,203	13	492	435
Operating income before depreciation/amortisation and write-downs (EBITDA)	4,088	2,187	87	965	573
Margin, %	17.4	9.0		13.1	7.1
Operating income (EBIT)	2,941	975	202	659	251
Operating margin, %	12.5	4.0		9.0	3.1
Income before tax (EBT)	2,783	776	259	622	192
Net income	2,217	454	388	419	20
Earnings per share before dilution, SEK	21.19	4.12		3.92	0.09
Earnings per share after dilution, SEK	20.38	3.97		3.78	0.08

Total expenditures in research and development amounted to MSEK 5,116 (5,008). Of this MSEK 1,355 (1,203) were internally funded, of which a total of MSEK 15 (47) have been capitalised.

Amortisation and write-down of intangible fixed assets amounted to MSEK 795 (830), of which amortisation and write-down of capitalised development costs amounted to MSEK 588 (664). In 2010, it included a write-down of capitalised development costs of MSEK 20.

The share of income in associated companies, MSEK -16 (14), primarily related to net income in Hawker Pacific Airservices Ltd.

FINANCIAL NET

MSEK	Jan-Dec 2011	Jan-Dec 2010
Project interest from unutilised advance payment	-30	-17
Net interest items	33	-40
Currency losses/gains	-32	57
Financial net related to pensions	-60	-168
Other net financial items	-69	-31
Total	-158	-199

Project interest on unutilised advance payment refers to orders that are financed to a significant extent with advance payment from customers. The effect on interest of advance financing is recognised in gross income and reduces financial net.

The currency losses/gains reported above related to the tender portfolio where the hedged part was valued at market value. Other net financial 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 -566 (-322), or an effective tax rate of 20 per cent (41). Tax-exempt income in 2011 led to a lower tax rate in the year.

BALANCE SHEET KEY INDICATORS

MSEK	31 Dec 2011	31 Dec 2010	Change
Net liquidity ¹⁾	5,333	3,291	2,042
Intangible fixed assets	6,699	6,413	286
Goodwill	4,223	3,470	753
Capitalised development costs	1,950	2,428	-478
Other intangible fixed assets	526	515	11
Tangible fixed assets, etc. ²⁾	4,572	4,741	-169
Inventories	4,334	4,100	234
Accounts receivable	3,153	3,052	101
Other receivables	3,579	3,630	-51
Accrued revenues ³⁾	2,643	2,472	171
Advance payments from customers	1,022	643	379
Equity/assets ratio, (%)	41.1	39.1	
Return on equity, ⁴⁾ (%)	18.1	4.1	
Equity per share, ⁵⁾ SEK	122.94	107.66	15.28

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 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; 2011: 105,331,958; 2010: 104,717,729.

The pre-tax return on capital employed was 22.2 per cent (7.9) and the after-tax return on equity was 18.1 per cent (4.1), 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 2,042 and amounted to MSEK 5,333 at the end of December 2011. Major reasons for the improvement in the net cash position are an increased profitability, an increased level of customer advances and milestone payments.

Intangible assets increased mainly 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.

Short-term interest-bearing liabilities decreased by MSEK 69 from the beginning of the year.

Provisions for pensions amounted to MSEK 12 (5). During 2011, the Saab Pension Fund was capitalised with a total of MSEK 102 (108). 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 2,477 (4,349). The lower level in 2011 compared to 2010 is mainly caused by some projects which entered into final stages of completion in Aeronautics in 2010 and 2011. These projects were successfully delivered to the customer and Saab managed to execute the projects at a lower cost level than originally planned. Therefore a final price adjustment was done in the fourth quarter 2011 of MSEK 850. It had a negative impact on the operating cash flow of both Aeronautics and Electronic Defence Systems.

The operating cash flow was distributed between cash flow from core operating activities of MSEK 2,123 (4,043), acquisitions and divestments of operations and associated companies of MSEK 129 (161) and the leasing aircraft business of MSEK 225 (145).

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 31 December 2011, net receivables of MSEK 872 were sold, compared to MSEK 1,409 at 31 December 2010. Hence it had a negative impact of MSEK 537 on cash flow for the year.

For more detailed information about the operating cash flow, see Note 9, page 31-32.

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. Saab also 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. The assets have been 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 the South African system engineering company Grintek Ewation (Pty) Ltd to Casidian, 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 179, 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 which was recorded in Aeronautics.

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

On 19 April, Saab 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 utilised 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 of MSEK 130 in the second quarter. The transaction had no impact on the results.

On 30 May, Saab 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 962). In addition, the parties agreed on a potential earn out payment of maximum MUSD 40.

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-Dec 2011
C3 Technologies	916
Grintek Ewation	122
Saab Space	60
Denel Saab Aerostructures	58
Image Systems	13
Total	1,169

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 325 (262).

Investments in intangible assets amounted to MSEK 41 (117) of which MSEK 15 (47) related to capitalised product development and MSEK 26 (70) to other intangible assets.

Personnel

At 31 December 2011, the Group had 13,068 employees, compared to 12,536 at the beginning of the year. The number of FTE's (Full Time Equivalents) at the end of the year was 12,850, compared to 12,097 at the beginning of the year. The increase of FTE's 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 – DECEMBER 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 reflect the Saab Group's strong financial position and contain 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 an MSEK 500 commitment each.
- Saab AB held its Annual General Meeting 2011 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 Chilo, 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 were 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 utilise its authorisation 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 Anne Gynnerstedt, Senior Vice President and Head of Group Legal Affairs for the defence and security company Saab, would leave her position at Saab in the late autumn of 2011.
- Saab announced that Carina Brorman had been appointed as new Senior Vice President and Head of Group Communications. She assumed the position on 1 October 2011.
- 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 per cent 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.
- Switzerland announced that it had done a type-selection of Gripen for negotiations as a future multirole fighter aircraft for the Swiss Air Force.
- Saab announced that Lena Eliasson had been appointed as new Senior Vice President and Head of Group Human Resources and that Annika Bäreemo had been appointed new Senior Vice President, General Counsel and Head of Group Legal Affairs at Saab.
- Saab announced that Lars Granlöf, Senior Vice President and Chief Financial Officer will leave his position at the end of February 2012. He will thereafter be available during a transition period.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE YEAR

- Saab announced that Combitech had acquired Sörman Information AB. The acquisition is part of Combitech's strategy to expand its range of services and grow in the Nordic consultancy market. Following the acquisition of Sörman, Combitech has an annual turnover of approximately SEK 1.1 billion and 1,100 employees.
- Saab Sensis Corporation was selected by the U.S. Federal Aviation Administration (FAA) for the Airport Surface Surveillance Capability (ASSC) program. FAA incrementally funded MUSD 5 (MSEK 34) of the MUSD 54 (MSEK 370) five year contract. In addition, options for deliveries beyond the five year period were valued at MUSD 65 (MSEK 442), for a total contract value of MUSD 119 (MSEK 825).
- Saab received a framework order worth MSEK 98 from FMV concerning technical system support for materiel operated by the Swedish Armed Forces during 2012.
- Saab received a multi-year contract for the next generation of laser-based training systems for the U.S. Army's armored combat vehicles. The order value was MUSD 17.2. The indefinite delivery/indefinite quantity (ID/IQ) contract consists of this order and options that can be exercised over a time period of five years with a potential value of MUSD 90.

For information on major orders received during January–December 2011 see page 3 and the business area comments on pages 9–14.

AERONAUTICS

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Order bookings	3,807	6,901	-45	1,057	2,379
Order backlog	13,091	15,636	-16	-684 ¹⁾	317 ¹⁾
Sales	6,351	6,741	-6	1,740	2,062
Operating income before depreciation/amortisation and write-downs (EBITDA)	579	438	32	134	126
Margin, %	9.1	6.5		7.7	6.1
Operating income (EBIT)	332	191	74	74	63
Operating margin, %	5.2	2.8		4.3	3.1
Operating cash flow	223	30	643	-538	-276
Defence/Civil (% of sales)	86/14	89/11		86/14	88/12
No. of employees	2,748	2,874	-4	- ¹⁾	-34 ¹⁾
No. FTEs	2,670	2,670	-	-1 ¹⁾	-50 ¹⁾

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2011 included several orders from FMV related to the Gripen system, including orders for system maintenance and development studies, development of the existing material system 39 (edition 19) on the Gripen system and an order for the continuous support of Gripen's operational capacity.
- Orders received in 2011 were substantially lower than in 2010 mainly as 2010 included a large order from FMV for six Gripen aircraft intended for the Royal Thai Air Force of SEK 1.6 billion and an order for a Tactical Unmanned Aerial Vehicle system (TUAV) of MSEK 407.
- Orders received where the order sum exceeded MSEK 100 represented 84 per cent (89) of total order bookings.

SALES

- Sales decreased mainly as a result of the lower activity of deliveries of Gripen to South Africa. All 26 aircraft ordered by South Africa have been delivered.
- Markets outside Sweden accounted for 43 per cent (44) of sales.

INCOME AND MARGIN

- During 2011 the ownership in Denel Saab Aerostructures (Pty) Ltd. was divested and the transaction generated a capital gain before tax of MSEK 58.
- During 2010 structural costs of MSEK 98 were recorded, related to lay-offs, as a consequence of the reorganisation of Aeronautics announced in 2009.

CASH FLOW

- Operating cash flow in 2011 increased due to improved working capital.
- 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 final price adjustment was done in the fourth quarter 2011 of MSEK 680.

DYNAMICS

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Order bookings	4,246	3,312	28	1,176	614
Order backlog	5,460	5,546	-2	-394 ¹⁾	-951 ¹⁾
Sales	4,335	4,741	-9	1,565	1,565
Operating income before depreciation/amortisation and write-downs (EBITDA)	652	516	26	257	109
Margin, %	15.0	10.9		16.4	7.0
Operating income (EBIT)	484	322	50	212	32
Operating margin, %	11.2	6.8		13.5	2.0
Operating cash flow	588	1,044	-44	-10	449
Defence/Civil (% of sales)	92/8	94/6		95/5	95/5
No. of employees	1,475	1,483	-1	-5 ¹⁾	-33 ¹⁾
No. FTE	1,494	1,469	2	49 ¹⁾	41 ¹⁾

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2011 included several larger orders for ammunition to the Carl-Gustaf man-portable weapon system and contracts for further deliveries of components for the system. An order for the system was also received from the U.S. Army. A large order for the AT4 man-portable weapon system was also received.
- Orders received where the order sum exceeded MSEK 100 represented 59 per cent (61) of total order bookings.

SALES

- Sales decreased as a result of a lower order intake during 2010 and consequently lower activity levels in the first half of 2011 compared to 2010.
- Markets outside Sweden accounted for 82 per cent (81) of sales.

INCOME AND MARGIN

- The operating margin in 2010 was impacted negatively with structural costs of MSEK 278, which were partly reversed in 2011.

CASH FLOW

- Operating cash flow in 2011 was lower compared to 2010 due to timing differences of milestone deliveries in large projects.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Order bookings	3,229	5,494	-41	554	3,360
Order backlog	6,855	8,240	-17	-946 ¹⁾	2,043 ¹⁾
Sales	4,561	4,354	5	1,453	1,350
Operating income before depreciation/amortisation and write-downs (EBITDA)	785	589	33	158	42
Margin, %	17.2	13.5		10.9	3.1
Operating income (EBIT)	297	99	200	38	-58
Operating margin, %	6.5	2.3		2.6	-4.3
Operating cash flow	413	594	-30	-229	162
Defence/Civil (% of sales)	99/1	99/1		99/1	99/1
No. of employees	2,557	2,453	4	-44 ¹⁾	-43 ¹⁾
No. FTEs	2,494	2,356	6	-48 ¹⁾	-56 ¹⁾

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2011 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 23 per cent (58) of total order bookings.

SALES

- Sales in 2011 increased mainly as a result of a higher activity level in a significant airborne early warning project throughout the year. The project was finalised at the end of the year.
- Markets outside Sweden accounted for 76 per cent (62) of sales.

INCOME AND MARGIN

- The profitability in 2011 increased as a result of the divestment of the ownership share of 42.4 per cent in the South African system engineering company Grintek Ewation to Cassidian, a division of EADS. The transaction generated a capital gain before tax of MSEK 122.
- During the second half of 2011 the operating income was negatively affected by structural costs related to the acquisition of Sensis.
- In 2010 profitability improved as a result of a claim related to a finalised project where Saab has reduced its estimated risk share.

CASH FLOW

- In the fourth quarter the operating cash flow was negatively impacted by delays in a few projects.
- Operating cash flow was impacted positively with MSEK 179 as a result of the divestment of the ownership share in Grintek Ewation.
- The acquisition of Sensis had a negative impact on operating cash flow 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 final price adjustment was done in the fourth quarter 2011 of MSEK 170.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan-Dec 2011	Jan-Dec 2010	Change, %	Oct-Dec 2011	Oct-Dec 2010
Order bookings	4,582	6,647	-31	1,381	3,819
Order backlog	7,712	8,434	-9	-392 ¹⁾	1,706 ¹⁾
Sales	5,704	6,210	-8	1,819	2,201
Operating income before depreciation/amortisation and write-downs (EBITDA)	502	265	89	183	245
Margin, %	8.8	4.3		10.1	11.1
Operating income (EBIT)	394	137	188	147	209
Operating margin, %	6.9	2.2		8.1	9.5
Operating cash flow	584	1,066	-45	900	384
Defence/Civil (% of sales)	74/26	67/33		76/24	63/37
No. of employees	2,994	2,525	19	-30 ¹⁾	-4 ¹⁾
No. of FTEs	2,995	2,498	20	-21 ¹⁾	-27 ¹⁾

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2011 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 Tacticalll consisting of ten operator positions to be used for prisons in Sweden. Two orders were also received from the Royal Thai Navy for the upgrading of combat management and fire control systems on two frigates of the Naresuan class. Orders were 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 and for Air Command and Control Systems.
- 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 40 per cent (40) of total order bookings.

SALES

- Sales declined as a result of a challenging market situation in South Africa.
- Markets outside Sweden accounted for 77 per cent (77) of sales.

INCOME AND MARGIN

- During the second half of 2011 the operating income was negatively affected by structural costs related to the acquisition of Sensis.
- During 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 operating cash flow improved in the fourth quarter 2011 as a result of major milestone payments received in several projects.
- The acquisition of Sensis had a negative impact on operating cash flow 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 Sensis that together added more than 500 FTEs to the business area.

SUPPORT AND SERVICES

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Order bookings	3,174	4,124	-23	731	1,715
Order backlog	4,455	4,743	-6	-220 ¹⁾	651 ¹⁾
Sales	3,428	3,403	1	954	1,070
Operating income before depreciation/amortisation and write-downs (EBITDA)	444	366	21	169	110
Margin, %	13.0	10.8		17.7	10.3
Operating income (EBIT)	426	351	21	165	107
Operating margin, %	12.4	10.3		17.3	10.0
Operating cash flow	420	894	-53	-53	371
Defence/Civil (% of sales)	80/20	78/22		78/22	80/20
No. of employees	1,742	1,721	1	32 ¹⁾	-10 ¹⁾
No. FTEs	1,737	1,688	3	28 ¹⁾	-17 ¹⁾

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2011 were at a lower level compared to 2010 as 2010 included significant orders received related to air surveillance projects.
- Orders received in 2011 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 Norwegian Defence Logistics Organisation placed an order for an upgrade of the steering control consoles on the ULA class submarine, which will secure new high technology components in the steering control consoles regarding autopilot functionality and integration for the Norwegian ULA Class Submarines.
- Orders received where the order sum exceeded MSEK 100 represented 26 per cent (32) of total order bookings.

SALES

- Sales remained at the same level as in 2010, unaffected by the lower orders received, due to a strong inflow of smaller orders in 2011.
- Markets outside Sweden accounted for 24 per cent (26) of sales.

INCOME AND MARGIN

- Profitability in 2011 improved as a result of improved project execution and finalisation of a major airborne early warning project.

CASH FLOW

- The operating cash flow in 2011 was lower compared to 2010 due to timing differences of milestone payments.

COMBITECH

MSEK	Jan–Dec 2011	Jan–Dec 2010	Change, %	Oct–Dec 2011	Oct–Dec 2010
Order bookings	1,118	964	16	372	279
Order backlog	344	226	52	68 ¹⁾	3 ¹⁾
Sales	1,000	915	9	304	277
Operating income before depreciation/amortisation and write-downs (EBITDA)	94	83	13	41	35
Margin, %	9.4	9.1		13.5	12.6
Operating income (EBIT)	92	81	14	41	35
Operating margin, %	9.2	8.9		13.5	12.6
Operating cash flow	87	65	34	34	4
Defence/Civil (% of sales)	52/48	55/45		48/52	54/46
No. of employees	923	818	13	50 ¹⁾	22 ¹⁾
No. FTEs	856	770	11	24 ¹⁾	10 ¹⁾

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

¹⁾ Refer to quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in 2011 improved as a result of an increased demand and several larger orders received. Important frame contracts have also been signed throughout the year.

SALES

- Sales increased as a result of a good order intake. In order to achieve this about 100 new employees have been hired. The highest growth rates have been seen within the industry and defence segment. Business activities with customers other than Saab accounted for 62 per cent (65).
- Markets outside Sweden accounted for 2 per cent (5) of sales.

INCOME AND MARGIN

- The increased profitability is a result of the increased sales volume, a high utilisation rate and an increased productivity.

CASH FLOW

- The operating cash flow increased due to a higher sales volume.

CORPORATE

Corporate reported operating income of MSEK 916 (-206). 2011 included 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 included 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.

In addition, Saab Aircraft Leasing made several sale transactions of Saab aircraft and reversals of risk provisions related to these transactions which impacted earnings positively.

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 2011 amounted to MSEK 15,415 (14,745). Operating income was MSEK 819 (296).

The operating income 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 2010 included expenses of MSEK 290 mainly related to a terminated contract in Security and Defence Solutions and structural costs of MSEK 98 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 1,525 (1,251). After appropriations of MSEK -293 (-83) and taxes of MSEK -462

(-423), net income for the year amounted to MSEK 1,589 (1,041).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net liquidity amounted to MSEK 516 at 31 December 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 positively by approximately MSEK 1,500 as well as the divestment of the shares in C3 Technologies AB that impacted the net cash position positively by MSEK 149.

Gross capital expenditures in property, plant and equipment amounted to MSEK 168 (150). Investments in intangible assets amounted to MSEK 22 (68). At the end of December 2011, the Parent Company had 7,873 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 year-end report.

Share repurchase

Saab held 3,818,386 treasury shares as of 31 December 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 had decided to utilise its authorisation 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.

Proposed dividend

The Board of Directors proposes that shareholders receive a dividend of SEK 4.50 per share (3.50), or a total of MSEK 474 (367). 24 April 2012 has been proposed as the record day for the dividend, which is expected to be paid on 27 April 2012.

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, and 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 per cent 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 31 December 2011 are Investor AB, the Wallenberg foundations, Swedbank Robur Funds, Unionen, AFA Insurance, SEB Funds, the Fourth AP-Fund, SHB Funds, Orkla ASA and Länsförsäkringar funds.

This year-end report has not been reviewed by the company's auditors.

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Sales	3	23,498	24,434	7,347	8,053
Cost of goods sold		-16,791	-18,843	-5,091	-6,413
Gross income		6,707	5,591	2,256	1,640
Gross margin, %		28.5	22.9	30.7	20.4
Other operating income		1,351	222	47	101
Marketing expenses		-1,879	-1,727	-619	-480
Administrative expenses		-1,217	-1,235	-374	-431
Research and development costs		-1,928	-1,820	-621	-579
Other operating expenses		-77	-70	-27	-1
Share of income in associated companies		-16	14	-3	1
Operating income (EBIT) ¹⁾	3	2,941	975	659	251
Operating margin, %		12.5	4.0	9.0	3.1
Share of income in associated companies		4	26	2	2
Financial income		162	116	32	-30
Financial expenses		-324	-341	-71	-31
Net financial items		-158	-199	-37	-59
Income before taxes		2,783	776	622	192
Taxes	4	-566	-322	-203	-172
Net income for the period		2,217	454	419	20
of which Parent Company's shareholders' interest		2,225	433	413	8
of which non-controlling interest		-8	21	6	12
Earnings per share before dilution, SEK ²⁾		21.19	4.12	3.92	0.09
Earnings per share after dilution, SEK ³⁾		20.38	3.97	3.78	0.08
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS		-1,261	-1,358	-329	-355
OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-114	-146	-23	-33
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		104,982,315	105,217,786	105,214,551	104,710,852
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 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Net income for the period	2,217	454	419	20
Other comprehensive income:				
Translation differences	-60	16	42	77
Net gain/loss on cash flow hedges	-256	766	-27	-19
Share of other comprehensive income in associated companies	-26	2	-	-8
Tax attributable to other comprehensive income	69	-201	7	6
Other comprehensive income for the period	-273	583	22	56
Net comprehensive income for the period	1,944	1,037	441	76
of which Parent Company's shareholders' interest	1,995	1,006	434	65
of which non-controlling interest	-51	31	7	11

QUARTERLY INCOME STATEMENT

MSEK	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Sales	7,347	4,838	5,861	5,452	8,053	5,004	5,993	5,384
Cost of goods sold	-5,091	-3,427	-4,248	-4,025	-6,413	-3,765	-4,552	-4,113
Gross income	2,256	1,411	1,613	1,427	1,640	1,239	1,441	1,271
Gross margin, %	30.7	29.2	27.5	26.2	20.4	24.8	24.0	23.6
Other operating income	47	958	273	73	101	40	45	36
Marketing expenses	-619	-432	-430	-398	-480	-379	-483	-385
Administrative expenses	-374	-243	-290	-310	-431	-217	-271	-316
Research and development costs	-621	-445	-456	-406	-579	-390	-392	-459
Other operating expenses	-27	-28	-10	-12	-1	7	-60	-16
Share of income in associated companies	-3	-4	-3	-6	1	22	-4	-5
Operating income (EBIT) ¹⁾	659	1,217	697	368	251	322	276	126
Operating margin, %	9.0	25.2	11.9	6.7	3.1	6.4	4.6	2.3
Share of income in associated companies	2	1	-	1	2	-	24	-
Financial income	32	78	-13	65	-30	41	33	72
Financial expenses	-71	-67	-136	-50	-31	-89	-122	-99
Net financial items	-37	12	-149	16	-59	-48	-65	-27
Income before taxes	622	1,229	548	384	192	274	211	99
Taxes	-203	-126	-130	-107	-172	-86	-37	-27
Net income for the period	419	1,103	418	277	20	188	174	72
of which Parent Company's shareholders' interest	413	1,108	425	279	8	179	177	69
of which non-controlling interest	6	-5	-7	-2	12	9	-3	3
Earnings per share before dilution, SEK ²⁾	3.92	10.55	4.06	2.66	0.09	1.70	1.68	0.65
Earnings per share after dilution, SEK ³⁾	3.78	10.15	3.89	2.56	0.08	1.64	1.62	0.63
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS	-329	-332	-301	-299	-355	-331	-326	-346
OF WHICH DEPRECIATION OF LEASING AIRCRAFT	-23	-30	-30	-31	-33	-37	-38	-38
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	105,214,551	104,904,903	104,903,636	104,774,760	104,710,852	105,118,070	105,526,371	105,515,851
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	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net income for the period	419	1,103	418	277	20	188	174	72
Other comprehensive income:								
Translation differences	42	-9	55	-148	77	-158	90	7
Net gain/loss on cash flow hedges	-27	-412	-107	290	-19	638	-54	201
Share of other comprehensive income in associated companies	-	-	-18	-8	-8	9	1	-
Tax attributable to other comprehensive income	7	109	29	-76	6	-168	14	-53
Other comprehensive income for the period	22	-312	-41	58	56	321	51	155
Net comprehensive income for the period	441	791	377	335	76	509	225	227
of which Parent Company's shareholders' interest	434	821	382	358	65	504	217	220
of which non-controlling interest	7	-30	-5	-23	11	5	8	7

KEY RATIOS BY QUARTER

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Equity/assets ratio (%)	41.1	39.7	39.1	40.4	39.1	41.1	37.7	37.9
Return on capital employed, % ¹⁾	22.2	19.2	13.0	9.9	7.9	10.1	9.5	10.8
Return on equity, % ¹⁾	18.1	15.2	7.9	5.8	4.1	7.0	6.5	7.9
Equity per share, SEK ²⁾	122.94	119.01	111.16	111.06	107.66	106.94	102.02	101.98
Operating cash flow, MSEK	217	-74	1,775	559	2,200	-84	2,306	-73
Operating cash flow per share after dilution, SEK ³⁾	1.99	-0.68	16.26	5.12	20.16	-0.77	21.13	-0.67
¹⁾ MEASURED OVER A ROLLING 12-MONTH PERIOD								
²⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES	105,331,958	105,097,144	104,975,480	104,831,791	104,717,729	104,703,975	105,532,164	105,520,577
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	31/12/2011	31/12/2010
ASSETS			
Fixed assets			
Intangible fixed assets	6	6,699	6,413
Tangible fixed assets		3,272	3,052
Lease assets		771	1,154
Biological assets		305	299
Investment properties		224	236
Shares in associated companies		288	251
Financial investments		197	203
Long-term receivables		1,046	856
Deferred tax assets		86	-
Total fixed assets		12,888	12,464
Current assets			
Inventories		4,334	4,100
Derivatives		520	1,105
Tax receivables		23	46
Accounts receivable		3,153	3,052
Other receivables		3,579	3,630
Prepaid expenses and accrued income		829	680
Short-term investments		4,555	1,544
Liquid assets	9	1,918	2,544
Total current assets		18,911	16,701
Assets held for sale		-	113
TOTAL ASSETS	14	31,799	29,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	31/12/2011	31/12/2010
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Parent Company's shareholders' interest		12,950	11,274
Non-controlling interest		119	170
Total shareholders' equity		13,069	11,444
Long-term liabilities			
Long-term interest-bearing liabilities	7	1,218	1,117
Other liabilities		439	294
Provisions for pensions	11	12	5
Other provisions		1,728	2,207
Deferred tax liabilities		1,012	803
Total long-term liabilities		4,409	4,426
Current liabilities			
Short-term interest-bearing liabilities	7	520	589
Advance payments from customers		1,022	643
Accounts payable		1,785	1,799
Derivatives		628	750
Tax liabilities		244	265
Other liabilities		747	819
Accrued expenses and deferred income		8,629	7,751
Provisions		746	792
Total current liabilities		14,321	13,408
Liabilities attributable to assets held for sale		-	-
Total liabilities		18,730	17,834
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14	31,799	29,278

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 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
Acquisition 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
Opening balance, 1 January 2011	1,746	543	648	-12	51	8,298	11,274	170	11,444
Net comprehensive income for the year			-191	-39		2,225	1,995	-51	1,944
Transactions with shareholders:									
Share matching plan						47	47		47
Dividend						-367	-367		-367
Acquisition and sale of non-controlling interest						1	1		1
Closing balance, 31 December 2011	1,746	543	457	-51	51	10,204	12,950	119	13,069

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Dec 2011	Jan–Dec 2010
Operating activities			
Income after financial items		2,783	776
Transferred to pension fund		-132	-147
Adjustments for items not affecting cash flows		141	2,317
Income tax paid		-450	-196
Cash flow from operating activities before changes in working capital		2,342	2,750
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-243	586
Increase(-)/Decrease(+) in current receivables		-96	855
Increase(+)/Decrease(-) in advance payments from customers		409	194
Increase(+)/Decrease(-) in other current liabilities		610	399
Increase(+)/Decrease(-) in provisions		-630	-297
Cash flow from operating activities		2,392	4,487
Investing activities			
Investments in intangible fixed assets		-26	-70
Capitalised development costs		-15	-47
Investments in tangible fixed assets		-325	-262
Investments in lease assets		-1	-2
Sale of tangible fixed assets		23	11
Sale of lease assets		301	65
Investments in and sale of short-term investments	9	-2,967	-993
Sale of and investments in other financial assets		306	-6
Investments in operations and associated companies, net effect on liquidity	10	-1,135	-
Sale of subsidiaries and associated companies, net effect on liquidity		1,264	161
Cash flow from investing activities		-2,575	-1,143
Financing activities			
Repayments of loans		-50	-1,950
Repurchase of shares		-	-80
Dividend paid to Parent Company's shareholders		-367	-237
Cash flow from financing activities		-417	-2,267
Cash flow for the year		-600	1,077
Liquid assets at the beginning of the year		2,544	1,463
Exchange rate difference in liquid assets		-26	4
Liquid assets at end of year	9	1,918	2,544

QUARTERLY INFORMATION

MSEK	Q4 2011	Operating margin	Q3 2011	Operating margin	Q2 2011	Operating margin	Q1 2011	Operating margin
Sales								
Aeronautics	1,740		1,268		1,835		1,508	
Dynamics	1,565		724		1,084		962	
Electronic Defence Systems	1,453		979		1,094		1,035	
Security and Defence Solutions	1,819		1,310		1,272		1,303	
Support and Services	954		786		781		907	
Combitech	304		200		257		239	
Corporate	-		-		4		4	
Internal sales	-488		-429		-466		-506	
Total	7,347		4,838		5,861		5,452	
Operating income								
Aeronautics	74	4.3%	22	1.7%	157	8.6%	79	5.2%
Dynamics	212	13.5%	60	8.3%	123	11.3%	89	9.3%
Electronic Defence Systems	38	2.6%	42	4.3%	181	16.5%	36	3.5%
Security and Defence Solutions	147	8.1%	109	8.3%	67	5.3%	71	5.4%
Support and Services	165	17.3%	79	10.1%	107	13.7%	75	8.3%
Combitech	41	13.5%	3	1.5%	20	7.8%	28	11.7%
Corporate	-18	-	902	-	42	-	-10	-
Total	659	9.0%	1,217	25.2%	697	11.9%	368	6.7%

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	
Combitech	277		187		232		219	
Corporate	36		37		1		-	
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%
Combitech	35	12.6%	7	3.7%	21	9.1%	18	8.2%
Corporate	-137	-	22	-	-64	-	-27	-
Total	251	3.1%	322	6.4%	276	4.6%	126	2.3%

MULTI-YEAR OVERVIEW

MSEK	2011	2010	2009	2008	2007
Order bookings	18,907	26,278	18,428	23,212	20,846
Order backlog at 31 Dec.	37,172	41,459	39,389	45,324	47,316
Sales	23,498	24,434	24,647	23,796	23,021
Sales in Sweden, %	37	38	31	32	35
Sales in EU excluding Sweden, %	19	19	23	25	28
Sales in Americas, %	8	9	8	6	7
Sales in Rest of the World, %	36	34	38	37	30
Operating income (EBIT)	2,941	975	1,374	166	2,607
Operating margin, %	12.5	4.0	5.6	0.7	11.3
Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA)	4,088	2,187	2,598	1,515	3,685
EBITDA margin, %	17.4	9.0	10.5	6.4	16.0
Income/loss after financial items	2,783	776	976	-406	2,449
Net income/loss for the year	2,217	454	699	-242	1,941
Total assets	31,799	29,278	30,430	32,890	33,801
Operating cash flow	2,477	4,349	1,447	659	-1,603
Return on capital employed, %	22.2	7.9	10.3	1.4	19.4
Return on equity, %	18.1	4.1	7.0	-2.4	18.5
Equity/assets ratio, %	41.1	39.1	35.1	28.4	32.6
Earnings per share before dilution, SEK ^{2) 4)}	21.19	4.12	6.45	-2.31	17.68
Earnings per share after dilution, SEK ^{3) 4)}	20.38	3.97	6.28	-2.31	17.60
Dividend per share, SEK	4.50 ⁵⁾	3.50	2.25	1.75	4.50
Equity per share, SEK ¹⁾	122.94	107.66	99.91	86.49	101.53
Number of employees at year-end	13,068	12,536	13,159	13,294	13,757

¹⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES AS OF 31 DECEMBER 2011: 105,331,958; 2010: 104,717,729; 2009:105,511,124; 2008: 106,829,893; 2007: 108,150,344

²⁾ AVERAGE NUMBER OF SHARES 2011: 105,214,551; 2010: 105,217,786; 2009: 106,335,553; 2008: 107,515,049; 2007: 108,668,700

³⁾ AVERAGE NUMBER OF SHARES 2011/2010/2009: 109,150,344; 2008: 107,515,049; 2007: 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 2011	Jan-Dec 2010
Organic sales growth	5	-4	-1
Operating margin, %*	10	12.5	4.0
Equity/assets ratio, %	30	41.1	39.1

*IN 2011, OPERATING INCOME INCLUDED CAPITAL GAINS OF MSEK 1,169 (14), WHEREAS THE GROUP IN 2010 HAD STRUCTURAL COSTS OF MSEK 616.

PARENT COMPANY INCOME STATEMENT*

MSEK	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Sales	15,415	14,745	4,582	4,690
Cost of goods sold	-11,785	-11,650	-3,217	-3,741
Gross income	3,630	3,095	1,365	949
Gross margin, %	23.5	21.0	29.8	20.2
Operating income and expenses	-2,811	-2,799	-1,018	-862
Operating income (EBIT)	819	296	347	87
Operating margin, %	5.3	2.0	7.6	1.9
Financial income and expenses	1,525	1,251	1,210	761
Income after financial items	2,344	1,547	1,557	848
Appropriations	-293	-83	-293	-83
Income before taxes	2,051	1,464	1,264	765
Taxes	-462	-423	-296	-227
Net income for the period	1,589	1,041	968	538

*The income statement for the parent company has been restated for the year 2010 due to a correction of classification and valuation of intangible and financial fixed assets. The income statement for the year 2010 has also been restated due to changes in accounting principles regarding group contributions paid to subsidiaries.

PARENT COMPANY BALANCE SHEET*

MSEK	Note	31/12/2011	31/12/2010
ASSETS			
Fixed assets			
Intangible fixed assets		1,938	2,273
Tangible fixed assets		2,137	2,205
Financial fixed assets		8,178	8,734
Total fixed assets		12,253	13,212
Current assets			
Inventories, etc.		3,152	2,782
Current receivables		6,395	5,975
Short-term investments		4,511	1,543
Liquid assets		1,237	1,935
Total current assets		15,295	12,235
TOTAL ASSETS		27,548	25,447
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity		3,001	3,007
Unrestricted equity		3,989	2,714
Total shareholders' equity		6,990	5,721
Provisions and liabilities			
Untaxed reserves		795	502
Provisions		1,503	1,657
Liabilities	7	18,260	17,567
Total provisions and liabilities		20,558	19,726
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		27,548	25,447

*The balance sheet for the parent company has been restated for the year 2010 due to a correction of classification and valuation of intangible and financial fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with 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 the year-end 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 apply 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 since 2010.

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.

As of end of 2011 Combitech, an independent subsidiary within the Saab Group, has been defined as a separate segment.

The income statement and the balance sheet for the Parent Company Saab AB has been restated for the year 2010 due to a correction of classification and valuation of intangible and financial fixed assets. The income statement for the year 2010 has also been restated due to changes in accounting principles regarding group contributions paid to subsidiaries.

New pension accounting standards, IAS 19 Employee Benefits (Amendments¹⁾), as of 2013

Saab applies the current standard's option to use the so-called corridor approach. This means that the impact of changes in so-called actuarial assumptions on the pension obligation and plan assets are not recognised immediately, but instead over the remaining service period of the employees (see Note 1 in the 2010 Annual Report for details). The amended standard removes that option. This means that changes in actuarial assumptions (e.g. discount rates) are recognised immediately in other comprehensive income. The amended standard also requires the entity to apply the same discount rate for calculating the return on plan assets as when calculating the present

value of the pension obligation.

The amended standard will be applied as of Q1 2013 with full retrospective application. For Saab this means an instantaneous increase in the net pension obligation (classified as a financial liability) and a corresponding net-of-tax reduction of retained earnings. Had the standard been applied at 31 December 2011, the net pension obligation would have been approximately MSEK 2,700 higher, and retained earnings approximately MSEK 2,000 lower. The impact on 2011 operating and net profit would not have changed significantly. The amended standard also includes specific rules in the accounting for special employer's contribution and tax on returns from pension funds. For the Swedish part of the net pension obligation there are still uncertainties regarding the accounting for special employer's contribution and tax on returns from pension funds. These effects have not been considered in the amounts above.

1) This amendment has not been adopted by the EU at the writing day.

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 is 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 is divided into six business areas, which also represent operating segments, Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services, and the independent subsidiary Combitech. 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, torpedoes, 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

NOTE 3 CONTINUED

and radar systems, systems for electronic warfare, defence electronics and aeronautics.

Security and Defence Solutions

These operations address both the military and the 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.

Combitech

Combitech, an independent subsidiary in the Saab Group, is one of Sweden's largest technology consulting firms. They create solutions for our customers' specific needs through a combination of high technology and strong competence within environment and security.

SALES AND ORDER INFORMATION

Sales by business area

MSEK	Jan-Dec 2011	Jan-Dec 2010	Change %	Oct-Dec 2011	Oct-Dec 2010
Aeronautics	6,351	6,741	-6	1,740	2,062
of which external sales	6,168	6,482	-5	1,697	1,991
of which internal sales	183	259	-29	43	71
Dynamics	4,335	4,741	-9	1,565	1,565
of which external sales	4,219	4,648	-9	1,538	1,527
of which internal sales	116	93	25	27	38
Electronic Defence Systems	4,561	4,354	5	1,453	1,350
of which external sales	3,928	3,366	17	1,298	1,058
of which internal sales	633	988	-36	155	292
Security and Defence Solutions	5,704	6,210	-8	1,819	2,201
of which external sales	5,507	6,086	-10	1,792	2,160
of which internal sales	197	124	59	27	41
Support and Services	3,428	3,403	1	954	1,070
of which external sales	3,143	3,084	2	873	1,004
of which internal sales	285	319	-11	81	66
Combitech	1,000	915	9	304	277
of which external sales	618	595	4	185	178
of which internal sales	382	320	19	119	99
Corporate/eliminations	-1,881	-1,930	-488	-472	-472
of which external sales	-85	173	-36	135	135
of which internal sales	-1,796	-2,103	-452	-607	-607
Total	23,498	24,434	-4	7,347	8,053

Sales by geographical market

MSEK	Jan-Dec 2011	% of sales	Jan-Dec 2010	% of sales	Change %
Sweden	8,679	37	9,223	38	-6
Rest of EU	4,514	19	4,737	19	-5
Rest of Europe	320	1	368	2	-13
Total Europe	13,513	57	14,328	59	-6
North America	1,803	8	2,083	9	-13
Latin America	96	-	116	-	-17
Asia	5,176	22	3,937	15	31
Australia, etc.	1,121	5	1,137	5	-1
Africa	1,789	8	2,833	12	-37
Total	23,498	100	24,434	100	-4

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 2011 amounted to MSEK 6,555 (6,404).

Seasonal variation

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

Order bookings by business area

MSEK	Jan-Dec 2011	Jan-Dec 2010	Change %	Oct-Dec 2011	Oct-Dec 2010
Aeronautics	3,807	6,901	-45	1,057	2,379
Dynamics	4,246	3,312	28	1,176	614
Electronic Defence Systems	3,229	5,494	-41	554	3,360
Security and Defence Solutions	4,582	6,647	-31	1,381	3,819
Support and Services	3,174	4,124	-23	731	1,715
Combitech	1,118	964	16	372	279
Corporate	1	93	-99	-	17
Internal	-1,250	-1,257	-157	-283	-283
Total	18,907	26,278	-28	5,114	11,900

Order backlog by business area

MSEK	12/31/2011	12/31/2010
Aeronautics	13,091	15,636
Dynamics	5,460	5,546
Electronic Defence Systems	6,855	8,240
Security and Defence Solutions	7,712	8,434
Support and Services	4,455	4,743
Combitech	344	226
Corporate	-	16
Internal	-745	-1,382
Total	37,172	41,459

NOTE 3 CONTINUED

OPERATING INCOME

Operating income by business area

MSEK	Jan-Dec 2011	% of sales	Jan-Dec 2010	% of sales	Oct-Dec 2011	Oct-Dec 2010
Aeronautics	332	5.2	191	2.8	74	63
Dynamics	484	11.2	322	6.8	212	32
Electronic Defence Systems	297	6.5	99	2.3	38	-58
Security and Defence Solutions	394	6.9	137	2.2	147	209
Support and Services	426	12.4	351	10.3	165	107
Combitech	92	9.2	81	8.9	41	35
The business areas' total operating income	2,025	8.6	1,181	4.9	677	388
Corporate	916		-206		-18	-137
Total operating income	2,941	12.5	975	4.0	659	251

Depreciation/amortisation and write-downs by business area

MSEK	Jan-Dec 2011	Jan-Dec 2010	Change %	Oct-Dec 2011	Oct-Dec 2010
Aeronautics	247	247	-	60	63
Dynamics	168	194	-13	45	77
Electronic Defence Systems	488	490	-	120	100
Security and Defence Solutions	108	128	-16	36	35
Support and Services	18	15	20	4	3
Combitech	2	2	-	-	-
Corporate – lease aircraft	114	146	-22	23	33
Corporate – other	116	136	-15	41	44
Total	1,261	1,358	-7	329	355

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan-Dec 2011	Jan-Dec 2010	Oct-Dec 2011	Oct-Dec 2010
Aeronautics	223	30	-538	-276
Dynamics	588	1,044	-10	449
Electronic Defence Systems	413	594	-229	162
Security and Defence Solutions	584	1,066	900	384
Support and Services	420	894	-53	371
Combitech	87	65	34	4
Corporate	162	656	113	1,106
Total	2,477	4,349	217	2,200

Capital employed by business area

MSEK	12/31/2011	12/31/2010
Aeronautics	2,103	2,118
Dynamics	2,359	2,496
Electronic Defence Systems	5,037	4,584
Security and Defence Solutions	3,309	2,282
Support and Services	1,243	1,248
Combitech	381	355
Corporate	387	72
Total	14,819	13,155

EMPLOYEES

Employees by business area

Number at end of year	12/31/2011	12/31/2010	Change
Aeronautics	2,748	2,874	-126
Dynamics	1,475	1,483	-8
Electronic Defence Systems	2,557	2,453	104
Security and Defence Solutions	2,994	2,525	469
Support and Services	1,742	1,721	21
Combitech	923	818	105
Corporate	629	662	-33
Total	13,068	12,536	532

NOTE 4

TAXES

MSEK	Jan-Dec 2011	Jan-Dec 2010
Current tax	-424	-348
Deferred tax	-142	26
Total	-566	-322

Current and deferred taxes during the year amounted to MSEK -566 (-322), or an effective tax rate of 20 per cent (41). Tax-exempt income in 2011 led to a lower tax rate in the year.

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 9 February 2012, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.50 per share, totalling MSEK 474.

NOTE 6

INTANGIBLE FIXED ASSETS

MSEK	31/12/2011	31/12/2010
Goodwill	4,223	3,470
Capitalised development costs	1,950	2,428
Other intangible assets	526	515
Total	6,699	6,413

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

NOTE 7

INTEREST-BEARING LIABILITIES

MSEK	31/12/2011	31/12/2010
Liabilities to credit institutions	1,149	1,181
Liabilities to associates and JVs	449	428
Other interest-bearing liabilities	140	97
Total	1,738	1,706

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	31/12/2011	31/12/2010
Long-term liabilities to credit institutions	1,100	1,100
Short-term liabilities to credit institutions	-	1,123
Total	1,100	2,223

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 utilised the put-option that gave Saab the right to sell the shares in Aker Holding AS. The loan was fully amortised 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	31/12/2011	31/12/2010
Assets		
Liquid assets	1,918	2,544
Short-term investments	4,555	1,544
Total liquid investments	6,473	4,088
Short-term interest-bearing receivables	368	617
Long-term interest-bearing receivables	99	150
Long-term interest-bearing financial investments	143	147
Total interest-bearing assets	7,083	5,002

Liabilities

Short-term interest-bearing liabilities	520	589
Long-term interest-bearing liabilities	1,218	1,117
Provisions for pensions	12	5
Total interest-bearing liabilities	1,750	1,711

NET LIQUIDITY	5,333	3,291
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NOTE 9

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

MSEK	31/12/2011	31/12/2010
The following components are included in liquid assets:		
Cash and bank balances	681	703
Bank deposits	1,083	1,830
Funds in escrow account	139	-
Deposits on behalf of customers	15	11
Total according to balance sheet	1,918	2,544

Total according to statement of cash flows	1,918	2,544
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Operating cash flow vs. statement of cash flows

MSEK	Jan-Dec 2011	Jan-Dec 2010
Operating cash flow	2,477	4,349
Investing activities – interest-bearing:		
Short-term investments ¹⁾	-2,967	-993
Other financial investments and receivables	307	-12
Financing activities:		
Repayments of loans	-50	-1,950
Repurchase of shares	-	-80
Dividend paid to the Parent Company's shareholders	-367	-237
Cash flow for the year	-600	1,077

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

NOTE 9 CONTINUED
Specification of operating cash flow for 2011

MSEK	Saab excl. acqui- sitions / divest- ments and SAL	Acqui- sitions and divest- ments	Saab Aircraft Leasing	Total Group 2011	Total Group 2010
Cash flow from operating activities before changes in working capital	2,178	-	164	2,342	2,750
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Inventories	-245	-	2	-243	586
Receivables	-98	-	2	-96	855
Advance payments from customers	409	-	-	409	194
Other liabilities	762	-	-152	610	399
Provisions	-538	-	-92	-630	-297
Change in working capital	290	-	-240	50	1,737
Cash flow from operating activities	2,468	-	-76	2,392	4,487
INVESTING ACTIVITIES					
Investments in intangible fixed assets	-41	-	-	-41	-117
Investments in tangible fixed assets	-325	-	-	-325	-262
Investments in lease assets	-1	-	-	-1	-2
Sale of tangible fixed assets	23	-	-	23	11
Sale of lease assets	-	-	301	301	65
Investments in and sale of financial assets	-1	-	-	-1	6
Investments in operations and associated companies, net effect on liquidity	-	-1,135	-	-1,135	-
Sale of subsidiaries and associated companies, net effect on liquidity	-	1,264	-	1,264	161
Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-345	129	301	85	-138
OPERATING CASH FLOW	2,123	129	225	2,477	4,349

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 962 (effect on liquid assets). In addition, the parties agreed on a potential earn out payment of maximum MUSD 40. Saab has recognised MUSD 36 as contingent consideration. The acquisition of Sensis strengthened Saab's existing offer within radar, sensors, ATM, and defence solutions

and established 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	1,089
Contingent consideration	36	231
Total consideration	206	1,320

Effect on liquid assets

	MUSD	MSEK
Purchase price paid	170	1,089
Less; liquid assets in the acquired company	-20	-127
Effect on liquid assets	150	962

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 marks	2	13
Tangible fixed assets	27	173
Lease assets	16	102
Inventories	7	45
Other current assets	51	326
Liquid assets	20	127
Total assets	158	1,010
Interest-bearing finance lease obligation	16	102
Provisions	5	32
Current liabilities	40	256
Deferred tax liabilities	6	38
Total liabilities	67	428
Total identifiable net assets at fair value	91	582
Goodwill	115	738
Purchase consideration	206	1,320

The goodwill of MSEK 738 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 have agreed on a two year earn out period between 1 July 2011 and 30 June 2013. The potential contingent consideration of MUSD 40 is split into two parts, one part if some determined EBIT-targets are achieved and one part depending on order intake regarding new technologies.

NOTE 10 CONTINUED

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

From the date of the acquisition, Sensis has contributed MSEK 265 of sales and MSEK -66 to income before taxes. If the acquisition had taken place at the beginning of the year, sales would have increased by MSEK 558 and income before taxes would have decreased by 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 year:

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 4,050 (3,969) as of 31 December 2011, compared to an obligation of MSEK 5,866 (4,675) according to IAS 19, or a solvency margin of 69 per cent (85). In comparison with the obligation according to the FPG/PRI system, the solvency margin was 90 per cent (98).

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 have 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 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 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.

In January 2012, Combitech AB, a wholly owned subsidiary to Saab AB, acquired Sörman Information AB. The largest shareholder in Sörman was Investor AB. According to Saab's assessments, the purchase price was equivalent to a fair market price.

No other significant transactions have occurred during the year.

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 31 DECEMBER 2011

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	6,699	-	-	6,699
Tangible fixed assets, etc.	3,801	-	-	3,801
Lease assets	3	768	-	771
Long-term interest-bearing receivables	242	-	-	242
Shares, etc.	1,842	-	-1,500	342
Other long-term receivables	936	11	-	947
Deferred tax assets	86	293	-293	86
Inventories	4,319	15	-	4,334
Short-term interest-bearing receivables	368	1,503	-1,503	368
Other current assets	7,196	20	-	7,216
Derivatives	520	-	-	520
Liquid assets and short-term investments	6,458	15	-	6,473
Total assets	32,470	2,625	-3,296	31,799
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	13,401	1,168	-1,500	13,069
Provisions for pensions	12	-	-	12
Deferred tax liabilities	1,305	-	-293	1,012
Other provisions	1,663	811	-	2,474
Interest-bearing liabilities	3,241	-	-1,503	1,738
Advance payments from customers	1,022	-	-	1,022
Derivatives	628	-	-	628
Other liabilities	11,198	646	-	11,844
Total shareholders' equity and liabilities	32,470	2,625	-3,296	31,799

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 2011 consisted of 82 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). 40 aircraft are financed internally and recognised as assets in the balance sheet. Provisions in the balance sheet related to the leasing portfolio are deemed sufficient for the remaining risks.

Saab estimates that the leasing portfolio will be phased out 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.

LINKÖPING 10 FEBRUARY 2012
Saab AB
Board of Directors

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 10 February 2012.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Lars Granlöf

Today, Friday, 10 February 2012, 10:00 a.m. (CET)

World Trade Center, Kungsbron 1, 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.

ANNUAL REPORT 2011	PUBLISHED MID MARCH
INTERIM REPORT JANUARY-MARCH 2012	PUBLISHED 19 APRIL 2012
ANNUAL GENERAL MEETING	19 APRIL 2012
INTERIM REPORT JANUARY-JUNE 2012	PUBLISHED 19 JULY 2012
INTERIM REPORT JANUARY-SEPTEMBER 2012	PUBLISHED 18 OCTOBER 2012