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## Extract from speech by CEO Bengt Halse, at Saab's Annual General Meeting in Linköping, April 8 2002

### Growing defence market

"We are seeing a shift in defence in the Western World toward greater use of high technology. Investments in advanced defence materiel are growing", said CEO Bengt Halse at Saab's Annual General Meeting in Linköping today.

The reasons for the growth of the defence market are according to Bengt Halse the latent investment needs that have arisen in many countries as a result of the budget cutbacks in recent years and the willingness to participate in international peacekeeping missions driving new investments in the ability to co-operate with units from other defence forces.

"We are strategically well situated to benefit from the growth now taking place. Saab is active in the fastest-growing segments. Defence electronics and software, systems integration and high technology services are our focus areas."

### 2001 a good year

"Financially, 2001 was a good year", established Bengt Halse. "It is well in line with the year before, and cash flow was strongly positive."

Net sales amounted to SEK 15.6 billion, an increase of 5 per cent for comparable units. Operating income rose by 4 per cent to nearly SEK 1.6 billion. Excluding capital gain, income was nearly SEK 950 million, an increase of 5 per cent and an improvement in the underlying operating margin from 5 to 6 per cent. Earnings rose to SEK 10.59 per share and the return on equity exceeded 18 per cent after tax. Order bookings amounted to slightly over SEK 15 billion.

"During the year we continued to streamline the Group through extensive divestments and the development of our core business", said Bengt Halse. During 2001 Ericsson's share of Saab Avionics and the remaining

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43 per cent of AerotechTelub were acquired. Earlier this year a signature management business in the U.S. was acquired.

**Saab since going public**

Bengt Halse further showed that the growth since 1998 totals 90 per cent, of which Celsius accounts for the dominant share. The underlying organic growth has averaged 5 per cent per year.

“Our order backlog is about SEK 40 billion or more than two and a half times our annual sales. The majority of order bookings in 2001 were from markets outside Sweden, even though this year we didn’t have anything the size of the Gripen order from South Africa.”

Saab is building for the long term by maintaining focus on the defence market and investing in research and development. In recent years research and development has corresponded to nearly 25 per cent of invoiced sales, of which we pay about 5 of the 25 per cent ourselves directly in the income statement.

In the last two years Saab has acquired, among others, Celsius, AerotechTelub, and Avionics.

Saab’s operating margin compares well with that of colleagues in the industry and the competition. And the operating income has risen every year since 1998.

Saab’s policy is to distribute between 20 and 40 per cent of net income. This year the dividend was set to 31 per cent. Since Saab went public in 1998 Saab has distributed over SEK 1 billion to our shareholders.

“I feel that we more than well have delivered what we had hoped to when we went public in 1998. We should therefore have every reason to continue to deliver value to our shareholders in the future”, concludes CEO Bengt Halse the address to Saab’s Annual General Meeting.