

Handläggare *Handled by*

Agneta Kammeby

Datum *Date*

April 24, 2002

Referens *Reference*

CU 02:32 E

INTERIM REPORT January – March 2002

- **Order bookings during the first quarter were SEK 6 billion and order backlog amounted thereby to more than SEK 42 billion.**
- **Sales SEK 3,530 m. (3,362), an increase of 5%.**
- **Operating income SEK 146 m. (153 m., excluding capital gains).**
- **The Czech government on Monday approved the purchase of 24 Gripen fighters.**

Statement by the CEO

"The positive announcement from the Czech government on Monday that it has approved the purchase of 24 Gripen fighters is very good news, but it still remains a few more steps in the Czech political process before everything is completely settled.

Order bookings during the first quarter have been very good and the order backlog has increased to just over SEK 42 billion, or more than two and a half years' sales.

The largest individual order during the quarter was the order for development of a completely new tactical system for NH Industries' helicopter NH90, but order bookings also include a renewed maintenance contract for our laser simulators used in the British Army, orders connected with the Gripen, and anti-tank weapons and underwater vehicles. Last week, Saab Ericsson Space was in addition appointed prime contractor of computer equipment for two new large scientific satellites.

Development of the core activities continues. During the first quarter, we acquired a signature management operation in the USA. The acquisition complements Saab Barracuda's operations and reflects our strategic orientation in the field of high technology defense systems. It is also a natural step in our ambition to grow both organically and through acquisitions on both sides of the Atlantic. We are strengthening our presence in the market which is expected to show the strongest growth during the coming years. We have also acquired Enea Data's minority share in Combitech Systems.

The customary variation in income over the year means that the first quarter is usually weak in this respect, and 2002 is no exception. This picture is reinforced by the costs we have taken for structural measures in the space field. For the whole year, however, I continue to anticipate further improvement in operating income and operating margin, excluding capital gains."

Saab AB (publ)Postadress
*Postal address*SE-581 88 Linköping
SwedenTelefon
Telephone

+46 (0)13 18 00 00

Telefax

+46 (0)13 18 00 11

Organisationsnummer
Registered No

556036-0793

Momsregnummer
VAT No

SE556036079301



Major events and structural changes

During the first quarter, Saab acquired BAE SYSTEMS' signature management operation in the U.S. Since 1994, the company has developed, marketed and produced advanced camouflage for the American defense on license from Saab Barracuda.

During the first quarter, Saab also acquired the 35 percent minority share in Combitech Systems for SEK 87.5 million, as well as an additional purchase sum based on future growth in value. Combitech Systems thereby becomes a wholly owned subsidiary.

Kentth-Åke Jönsson has been appointed business area manager for the Saab business area Technical Support and Services after Jan Eiborn, who will be joining Saab's group management. Kentth-Åke Jönsson has earlier been President of the former Telub AB and Executive Vice President of TietoEnator. He comes from the English investment company 3i, where he was President of the Swedish operation.

Operations

Saab is one of the world's leading high-technology companies, with its main activities focusing on aerospace and defense. The operation covers clearly defined areas within defense electronics, missile systems and space electronics as well as military and civil aviation. Saab also focuses on high technology services and maintenance. Saab comprises the business areas **Saab Systems & Electronics, Saab Aerospace, Saab Technical Support & Services, Saab Bofors Dynamics, Saab Ericsson Space** and **Saab Aviation Services**. For a brief description of the business areas see the end of the report.

Sales, income and orders

Sales

Group sales increased by 5 percent to SEK 3,530 m. (3,362). Seventy percent of sales were related to defense and 40 percent of total sales were export. The acquisitions' during the quarter have not affected sales.

Sales of all operations in Systems & Electronics have increased compared with the same period last year. The increase in Aerospace is mainly attributable to the military operation, but sales of the commercial operation have also increased through more deliveries to Airbus. Sales for the first quarter include 3 (2) Gripen aircraft. The changes compared with the previous year for Technical Support & Services are mainly due to variations over the year in AerotechTelub and lower volumes for the aircraft maintenance operation in Saab Aviocomp. Total sales for Dynamics are on a level with the first quarter of the preceding year, which also applies to the constituent business units. The decrease in sales for Space is mainly attributable to the situation in the commercial telecom market, as well as to reduced public funding of space research. The decrease in Aviation Services is a result of the general situation for air travel. The decrease in sales for Other Operations is attributable to continued structuring.

**Income and profitability**

Operating income amounted to SEK 146 m. (803). The result for the previous year included a capital gain from the divestment of Saab Marine Electronics of SEK 650 m. Operating income before capital gains was thus SEK 146 m. (153), corresponding to a margin of 4.1 percent (4.6). The decrease is mainly attributable to structural costs in the space operation and to the fact that sales of mainly Dynamics during the quarter related to a certain extent to projects with a low gross margin. Operating income has, in accordance with new accounting principles, been positively affected by capitalization of development costs, mainly related to the export version of Gripen.

From January 1, 2002, operating income per business area is reported before goodwill amortization, see table on page 7. During the quarter, operating margin in Systems & Electronics has been affected by older projects with low margin in the command and control systems field. Operating income for Aerospace has improved as a result of volume increases and capitalization of development costs. The operating margin excluding capitalization is on a level with previous years. Operating income for Technical Support & Services is on a level with last year with an improved margin. During the first quarter, the product mix has affected operating income for Dynamics. Operations in Space have been affected both by the situation in the telecom industry and by a decrease in public-funded orders. Measures have been taken and SEK 40 m. has been reserved in the first quarter for structural changes. The lower volumes have affected operating income for Aviation Services, but the margin continues to be on the 8 percent level, the same as for the whole year 2001. Operating income for Corporate/Other operations has improved as a result of continued structuring and costs of a non-recurrent nature in the preceding year.

Administration and marketing expenses have decreased, mainly as a result of continued cost rationalization. Of the period's research and development costs, a total of SEK 55 m. (0) has been capitalized in accordance with new accounting principles and SEK 120 m. (188) has been charged to income. If these rules had been applied in 2001, SEK 30 m. would have been capitalized in the balance sheet for the first quarter of that year. Other operating income during both the present and previous years consist mainly of trading income in Treasury and currency gains etc. The previous year also included a capital gain of SEK 650 m. Other operating expenses consist mainly of currency and capital losses. The present year also include the provision made for structural changes in Space of SEK 40 m. Project interest on non-utilized advance payments, shown in the gross margin, amounted to SEK 44 m. (31).

Net financial income and expenses amounted to SEK -48 m. (-1). The average return on external investments was 2,84 percent (4,87). The decrease in return is mainly attributable to revaluation of the obligation portfolio due to increasing market interests. The financial net has also been negatively affected by a major increase in the interest level on the pension debt. Income after financial items amounted to SEK 98 m. (802). Current and deferred taxes amounted to SEK -32 m. (-144). Minority interest in income is positive as a result of the negative income in Saab Ericsson Space. It has also decreased as a result of the acquisition of the outstanding minority in Combitech Systems.



Net income for the period was SEK 78 m. compared with SEK 631 m. for the same period previous year including the capital gain from the divestment of Saab Marine Electronics. This corresponds to an income per share of SEK 0.73 (5.93). Income per share before goodwill amortization amounted to SEK 1.15 (6.28). Pre-tax return on capital employed was 9.3 percent (19.0). After-tax return on shareholders' equity was 8.8 percent (26.8).

Orders

Group order bookings amounted to SEK 6,060 m. (3,794). Of order bookings, two thirds came from customers outside Sweden. Order bookings included tactical mission systems and production of 200 forward fuselages for NH Industries' helicopter NH90, a renewed maintenance contract with the British defense regarding simulator systems previously delivered, separate orders and spare parts for Gripen, anti-armor weapons and air defense systems for several export customers, and remote control underwater vehicles for mine-hunting in the Dutch and Belgian navies. In addition, Saab Aviocomp has signed a Service Center agreement with Embraer covering authorized component maintenance. The order backlog at the end of the period amounted to SEK 42,236 m. compared to SEK 40,034 m. at the beginning of the year.

Liquidity, finance and investments**Finance and liquidity**

Liquid funds less liabilities to credit institutions compared to the beginning of the year have decreased by SEK 394 m. to 4,169 m. (4,563). The decrease is mainly related to utilization of advances and previously made provisions as well as increase in inventory related to among others the A380 project. The Group's net liquidity after deduction for allocations to pensions decreased to SEK 418 m., compared with SEK 885 m. at the beginning of the year.

Group equity/assets ratio amounted to 23.2 percent (20.9), compared to SEK 22.3 percent at the beginning of the year. Shareholders' equity amounted to SEK 6,723 m. (6,387), corresponding to SEK 63.15 (60.00) per share, compared with SEK 62.74 at the beginning of the year.

Cash flow

Operating cash flow was negative during the quarter by SEK 425 m. Working capital has increased mainly due to variations in the level of advances during the year, increase in inventory and payments related to the regional aircraft business. Operating cash flow of SEK -425 m. is distributed between cash flow from the operations of SEK -130 m., acquisitions SEK -77 m. and from the regional aircraft leasing business -218 m.

Capital expenditures

The period's capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 125 m. (97).

**Personnel**

At the end of the period, the number of employees in the Group was 14,026, compared with 14,028 at the beginning of the year.

Ownership

Saab's principal owners are Investor AB, BAE SYSTEMS, the Wallenberg foundations, AMF, Fidelity funds, GMO International Funds, Third AP fund, Eikos fund, Skandia, SHB funds and several U.S. funds.

Accounting Principles

The Group follows all the recommendations of the Swedish Financial Accounting Standards Council which are applicable to 2002. This means that from 2002 onwards, the new accounting principles will be applied also in regard to intangible assets, allocations and depreciation, etc. Only the recommendation on intangible assets, RR 15, has been of material significance for the Group's income and financial position. In all other respects, the report has been drawn up in accordance with earlier applied accounting principles.

Linköping, April 24, 2002

Bengt Halse
President and Chief Executive Officer

This Interim Report has not been subject to review by the Company's auditors.



Income statement

SEK m.	Apr 2001			
	3 mos. 2002	3 mos. 2001	to Mar 2002	12 mos. 2001
Sales	3,530	3,362	15,857	15,689
Cost of goods sold	-2,690	-2,480	-11,907	-11,697
Gross margin	840	882	3,950	3,992
<i>Margin</i>	23.8%	26.2%	24.9%	25.4%
Marketing expenses	-303	-341	-1,347	-1,385
Administrative expenses	-260	-284	-1,038	-1,062
Research and development costs	-120	-188	-650	-718
Other operating income	53	756	124	827
Other operating expenses	-64	-16	-142	-94
Share in income of assoc. comp.	-	-6	40	34
Operating income ¹⁾	146	803	937	1,594
<i>Margin</i>	4.1%	23.9%	5.9%	10.2%
Result from financial investments	-48	-1	-87	-40
Income after financial items	98	802	850	1,554
Taxes	-32	-144	-267	-379
Minority interest	12	-27	-9	-48
Net income	78	631	574	1,127
Earnings per share, SEK ³⁾	0,73	5,93	5,39	10,59
after full conversion, SEK ⁴⁾	0,71	5,78	5,25	10,32
Earnings per share before goodwill, SEK ¹⁾	1,15	6,28	6,98	12,11

¹⁾ Includes depreciation of	-303	-300	-1,230	-1,227
of which depr. on leasing assets	-135	-126	-528	-519
of which goodwill amortization of	-44	-38	-168	-162

³⁾ Number of shares: 106,459,675 as per March 31, 2002 ⁴⁾ after full conversion 109,247,175

Sales by business area

SEK m.	Apr 2001				
	3 mos. 2002	3 mos. 2001	Change	to Mar 2002	12 mos. 2001
Saab Systems & Electronics	893	831	7%	4,026	3,964
Saab Aerospace	1,015	659	54%	4,453	4,097
Saab Technical Supp & Serv	742	777	-5%	3,109	3,144
Saab Bofors Dynamics	580	572	1%	2,501	2,493
Saab Ericsson Space	135	204	-34%	731	800
Saab Aviation Services	362	392	-8%	1,509	1,539
Corporate/Other	136	161	-16%	590	615
Internal sales	-333	-234		-1,062	-963
Saab Group	3,530	3,362	5%	15,857	15,689



Operating income by business area

SEK m.	3 mos. 2002	% of sales	3 mos. 2001	% of sales	Apr 2001 to Mar 2002	% of sales	12 mos. 2001	% of sales
Saab Systems & Electr	57	6.4%	57	6.9%	330	8.2%	330	8.3%
Saab Aerospace	131	12.9%	64	9.7%	418	9.4%	351	8.6%
Saab Techn Supp & Serv	55	7.4%	55	7.1%	241	7.8%	241	7.7%
Saab Bofors Dynamics	2	0.3%	14	2.4%	73	2.9%	85	3.4%
Saab Ericsson Space	-42	neg	14	6.9%	-26	neg	30	3.8%
Saab Aviation Services	29	8.0%	52	13.3%	117	7.8%	140	9.1%
Corporate/Other	-42	n/a	-65	n/a	-48	n/a	-71	n/a
	190	5.4%	191	5.7%	1,105	7.0%	1,106	7.0%
Goodwill amortization	-44		-38		-168		-162	
Capital gains	-		650		-		650	
Saab Group	146	4.1%	803	23.9%	937	5.9%	1,594	10.2%

Quarterly information

SEK m.	January - March		April - June	
	2002	2001	2002	2001
Sales				
Saab Systems & Electr	893	831		936
Saab Aerospace	1,015	659		1,141
Saab Techn Supp & Serv	742	777		819
Saab Bofors Dynamics	580	572		649
Saab Ericsson Space	135	204		221
Saab Aviation Services	362	392		397
Corporate/Other	136	161		152
Internal sales	-333	-234		-219
	3,530	3,362		4,096
Operating income				
Saab Systems & Electr	57	57	63	6.7%
Saab Aerospace	131	64	100	8.8%
Saab Techn Supp & Serv	55	55	54	6.6%
Saab Bofors Dynamics	2	14	18	2.8%
Saab Ericsson Space	-42	14	20	9.0%
Saab Aviation Services	29	52	55	13.8%
Corporate/Other	-42	-65	-12	n/a
	190	191	298	7.3%
Goodwill amortization	-44	-38	-42	
Capital gains		650	-	
	146	803	256	6.3%
Net financial income	-48	-1	-7	
Income after financial net	98	802	249	
Net income	78	631	164	
Earnings per share ¹⁾	0.73	5.93	1.54	

¹⁾ Number of shares:

106,459,675



SAAB

PRESS INFORMATION

Sida Page

8


Quarterly information, cont.

SEK m.	July - September		October - December	
	2002	2001	2002	2001
Sales				
Saab Systems & Electr		795		1,402
Saab Aerospace		821		1,476
Saab Techn Supp & Serv		591		957
Saab Bofors Dynamics		476		796
Saab Ericsson Space		185		190
Saab Aviation Services		368		382
Corporate/Other		92		203
Internal sales		-181		-322
		3,147		5,084
Operating income				
Saab Systems & Electr		52	6.6%	158 11.3%
Saab Aerospace		68	8.3%	119 8.1%
Saab Techn Supp & Serv		50	8.5%	82 8.6%
Saab Bofors Dynamics		15	3.2%	38 4.8%
Saab Ericsson Space		10	5.4%	-14 -7.4%
Saab Aviation Services		25	6.8%	8 2.1%
Corporate/Other		-13	n/a	19 n/a
		207	6.6%	410 8.1%
Goodwill amortization		-36		-46
Capital gains		-		-
		171	5.4%	364 7.2%
Net financial income		-25		-7
Income after financial net		146		357
Net income		87		245
Earnings per share ¹⁾		0.81		2.31

¹⁾ Number of shares:

106,459,675

Goodwill amortization by business area

SEK m.	3 mos.	3 mos.	12 mos.
	2002	2001	2001
Saab Systems & Electronics	23	17	70
Saab Aerospace	-	-	-
Saab Technical Support & Services	12	10	46
Saab Bofors Dynamics	7	-	-
Saab Ericsson Space	-	-	1
Saab Aviation Services	-	-	3
Corporate/Other	2	11	42
Saab Group	44	38	162

Balance sheet

SEK m.	March 31, 2002	Dec. 31, 2001	March 31, 2001
Assets			
Goodwill and other intangible assets	2,090	1,978	1,451
Property, plant and equipment, etc.	4,201	4,369	4,658
Lease assets	5,991	6,103	5,902
Long-term interest bearing receivables	1,250	1,296	1,678
Shares, etc.	470	466	945
Deferred tax receivables	1,485	1,521	1,340
Inventories, etc.	3,945	3,729	3,818
Short-term interest bearing receivables	276	332	220
Other receivables	4,779	5,401	5,677
Cash and marketable securities	4,485	4,706	4,847
Total assets	28,972	29,901	30,536
Shareholders' equity and liabilities			
Shareholders' equity	6,723	6,679	6,387
Minority interest in subsidiaries	139	168	842
Provision for pensions	3,751	3,678	3,543
Other provisions	2,760	2,983	3,695
Liabilities to credit institutions	1,609	1,539	1,786
Convertible debenture loan	233	232	228
Lease obligations	3,120	3,121	3,748
Advance payments from customers, net	3,557	4,194	3,372
Other liabilities	7,080	7,307	6,935
Total shareholders' equity and liabilities	28,972	29,901	30,536

Shareholders' equity

Equity in the Group has changed as follows during the period:

SEK m.	Total
At the beginning of the year	6,679
Net income for the period	78
Translation differences etc.	-34
Total at the end of the period	6,723

Personnel by business area

Number	Mar 31, 2002	Dec 31, 2001	Change	Mar 31, 2001
Saab Systems & Electronics	2,822	2,744	78	2,680
Saab Aerospace	4,104	4,121	-17	4,081
Saab Technical Supp & Serv	3,069	3,061	8	3,132
Saab Bofors Dynamics	1,889	1,903	-14	1,926
Saab Ericsson Space	682	678	4	660
Saab Aviation Services	846	842	4	1,594
Corporate/Other operations	614	679	-65	772
Saab Group	14,026	14,028	-2	14,845


Subdivided summary of balance sheet, March 31, 2002

SEK m.	Saab	Saab Aircraft Leasing	Elimi- nations	Saab Group
Assets				
Goodwill and other intangible assets	2,090			2,090
Property, plant and equipment, etc.	4,197	4		4,201
Lease assets		5,991		5,991
Long-term interest bearing receivables	1,250			1,250
Shares, etc.	1,970		-1,500	470
Deferred tax receivables	1,704		-219	1,485
Inventories, etc.	3,945			3,945
Short-term interest bearing receivables	276			276
Other receivables	3,729	1,050		4,779
Cash and marketable securities	4,485			4,485
Total assets	23,646	7,045	-1,719	28,972
Shareholders' equity and liabilities				
Shareholders' equity	6,368	1,855	-1,500	6,723
Minority interest in subsidiaries	141	-2		139
Provision for pensions	3,751			3,751
Other provisions	2,314	665	-219	2,760
Liabilities to credit institutions	1,253	356		1,609
Convertible debenture loan	233			233
Lease obligations		3,120		3,120
Advance payments from customers, net	3,557			3,557
Other liabilities	6,029	1,051		7,080
Total shareholders' equity and liabilities	23,646	7,045	-1,719	28,972

Order bookings and order backlog by business area

SEK m.	Order bookings		Order backlog	
	1 st Q 2002	1 st Q 2001	Mar 31, 2002	Dec 31, 2001
Saab Systems & Electr	1,996	860	9,764	8,591
Saab Aerospace	1,781	1,015	27,888	27,122
Saab Tech Supp & Serv	1,014	980	1,360	1,046
Saab Bofors Dynamics	922	482	4,428	4,088
Saab Ericsson Space	132	209	394	772
Saab Aviation Services	388	384	142	139
Corporate/Other	100	139	368	398
Internal	-273	-275	-2,108	-2,122
Saab Group	6,060	3,794	42,236	40,034



Summary of cash flow statement

SEK m.	3 mos. 2002	3 mos. 2001	12 mos. 2001
Cash flow from operating activities			
Income after financial items excl, Share in income of associated companies	98	808	1,520
Depreciation and write-down charged to income	303	300	1,227
Tax	-5	-46	-95
Cash flow from operating activities before changes in working capital	396	1,062	2,652
Working capital			
Inventories etc.	-216	-134	-45
Receivables	633	400	671
Advance payments from customers, net	-637	-247	575
Other liabilities	-227	-619	-247
Lease obligations	-1	-168	-795
Provisions	-223	-126	-838
Change in working capital	-671	-894	-679
Cash flow from operating activities	-275	168	1,973
Investments in intangible fixed assets	-156	130	-568
Investments in shares etc.	-4	-2	506
Investments in tangible fixed assets	44	-82	-156
Investments in lease assets	-23	474	-120
Change in long-term receivables	-11	2	7
Cash flow from investments	-150	522	-331
Operating cash flow	-425	690	1,642

Key ratios

	3 mos. 2002	3 mos. 2001	12 mos. 2001
Operating margin before goodwill amortization and capital gains	5.4%	5.7%	7.0%
Operating margin before depreciation	8.9%	27.3%	14.7%
Operating margin after depreciation	4.1%	22.5%	10.2%
Earnings per share, SEK ¹⁾	0.73	5.93	10.59
after full conversion, SEK ¹⁾	0.71	5.78	10.32
Earnings per share before goodwill, SEK ¹⁾	1.15	6.28	12.11
Pre-tax return on capital employed	9.3%	19.0%	15.5%
After-tax return on shareholders' equity	8.8%	26.8%	18.3%
Equity/assets ratio	23.2%	20.9%	22.3%
Shareholders' equity per share, SEK ¹⁾	63.15	60.00	62.74

1) Number of shares: 106,459,675 and after full conversion: 109,247,175

**Business areas**

Saab Systems and Electronics focuses on command and control systems, simulation systems, avionics, electronic warfare and signature management, as well as commercial operations of IT.

Saab Aerospace, which has the overall system integration capability required for building complete aircraft and defense systems, develops and manufactures military aircraft systems and act as a partner in subsystems to manufacturers of large commercial aircraft.

Saab Technical Support and Services focuses on the growing market for high technology services in aviation, command and control, information, communications and sensors.

Saab Bofors Dynamics, gathers Saab's operations in precision engagement, develops and produces missile systems, portable anti-armor systems and underwater systems.

Saab Ericsson Space develops and produces computers, antennas, microwave electronics and mechanical systems for the space industry.

Saab Aviation Services core consists of Saab's leasing and customer support operation in regional aviation. The commercial risk in the leasing portfolio was eliminated in the year 2000 through an insurance solution.

Dates for financial information:

Interim Report for January - June will be published on July 11, 2002.

Interim Report for January - September will be published on October 16, 2002.

The 2002 Report will be published on February 14, 2003.

For further information, please contact:

Agneta Kammeby, Manager Investor Relations

tel. +46 13 18 71 25

Jan Nygren, Head of Corporate Communications

tel. +46 13 18 19 99

Press conference with CEO Bengt Halse in Stockholm

Today Wednesday April 24, 10.00. World Trade Center, Stockholm

Telephone interview with CEO Bengt Halse:

Today Wednesday April 24, approx. 11.30 – 12.00

tel. +46 13 18 71 75

Contact Anders Stålhammar, Press Officer

tel. +46 70 889 7096

International teleconference:

Today Wednesday April 24, 12.30. Contact Marita Sidén

tel. +46 13 18 71 49

For registration and further information.



SAAB

PRESS INFORMATION

Sida Page

14

The Interim report can also be accessed on the Internet at www.saab.se