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Extract from CEO Åke Svensson's address to Saab's Annual General Meeting in Stockholm, March 30, 2004

In his address to Saab's Annual General Meeting in Stockholm today, President and CEO Åke Svensson described last year as a show of strength by the company. Profitability improved and the order backlog at year-end was record-high. He also stressed the role of the defence industry in creating good protection against the threats to Sweden's security, while at the same time serving as a growth engine for the economy.

2003 – a show of strength

Åke Svensson opened his address at today's Annual General Meeting by listing a number of orders that confirm Saab's leading position in key areas.

Important orders

He mentioned Gripen, which achieved further success in Hungary and was recommended in the Czech Republic, the Meteor air-to-air missile program, the wing sections of the Airbus 380, and an order won together with IBM, Boeing and Ericsson to begin creating Sweden's new network-based defence.

Level of incoming orders

At year-end, Saab had a record-high order backlog of SEK 46 billion. This surpasses the previous all-time high from 2002 by SEK 3 billion. Order bookings in 2003 totaled SEK 19.6 billion, in line with the previous year.

Exports

Exports continue to increase in importance. Last year, 60 percent of order bookings came from outside Sweden, and exports' share of the order backlog reached 65 percent at year-end.

“The historically high share of exports in the order backlog is largely a conscious effort on our part to grow in the international market,” said Åke Svensson.

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**Structural transactions**

Åke Svensson described acquisitions and divestments as an important element in Saab's goal to focus on its core business, which also entails establishing new home markets other than Sweden.

As an example, he mentioned that Saab acquired 21 percent of the South African company Grintek, and together with SPNE of France and Patria of Finland created a new European propellant and explosives company, Eurenco.

Financial results

The financial results for 2003 were also a show of strength. Sales rose to slightly over SEK 17.2 billion, corresponding to growth of 4.3 percent, and operating income rose to SEK 1.3 billion.

The operating margin, excluding structural costs, improved substantially, from 7.6 percent till 9.3 percent. This is close to Saab's target of 10 percent.

"The significant improvement in the margin, excluding structural costs, shows that the measures we have taken are producing results," said Åke Svensson.

Earnings per share amounted to SEK 7. The Board of Directors has proposed a dividend of SEK 3.50, unchanged from the previous year.

Global changes and new threats

With the events of March 11 of this year in Madrid and September 11, 2001 in New York fresh in our memories, Åke Svensson noted that the threat assessment from the Cold War has been replaced by new threats.

Network-based civil defence

He described initiatives to create a "network-based civil defence," where civil and military units are linked together to protect society against the threats to its security in a much more efficient way than is now possible.

Defence decision 2004

Against this background, Åke Svensson stressed the importance of Defence Decision 2004. It stakes out the direction and assumptions by which Swedish defence will be organized and how it will be equipped for many years to come, and therefore also has a major impact on the defence industry.

Åke Svensson described the benefit to Sweden of a well-oiled defence industry and how important it is that the industry remains competitive enough



to participate in international research, technological development and product development projects.

He hopes to see further investments from the Swedish defence in areas where the defence industry is strong.

“It would benefit Sweden, since the defence industry can then continue to provide the country with access to advanced technology, help to ensure that high-tech competence remains within the country, spread technology to commercial industry and generate considerable export sales,” said Åke Svensson. “Further investments would basically give the defence industry the opportunity to continue to serve as a growth engine, at the same time that it helps to defend society.

“Hopefully we will see a defence decision this year that gives Sweden an effective, sophisticated defence against today’s threats, contributes to good growth opportunities, and at the same time offers Saab stable, long-term operating conditions,” he continued.

Outlook for 2004

Åke Svensson reaffirmed the forecast for 2004 that he gave in the 2003 report.

“This year we expect to maintain organic growth of around 5 percent,” he said. “And we feel that our objective of an operating margin of 10 percent is within reach, provided that no further structural adjustments are needed due to the status of development orders.”

Lastly, Åke Svensson reviewed his priorities for 2004.

“The emphasis in our work will be on airborne systems and missiles, command and control systems and advanced electronics, and service and maintenance. We will continue in our efforts to expand in the international market, and we will continue to focus on acquisitions to strengthen our presence in key markets and enter new ones,” he concluded.