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Extract from CEO Åke Svensson's address to Saab's Annual General Meeting, April 6, 2005

In his address to Saab's Annual General Meeting in Stockholm today, President and CEO Åke Svensson described last year as a good year financially. Åke Svensson also stressed the role of the defense industry to meet the new threats to society's security and the role as a technology engine in the Swedish society.

Åke Svensson opened his address at today's Annual General Meeting by going through the financial outcome. 2004 was a good year financially.

Sales rose to SEK 17.8 billion. Operating income was Saab's best ever, amounting to SEK 1.6 billion and the operating margin rose by nearly two whole percentage points, to 9.3 percent. When one-time restructuring costs and the cancelled torpedo contract from Brazil are taken away, Saab were a bit over 10 percent – over the margin objective set by the Board of Directors.

"I am very pleased that we were able to meet these tough goals in terms of both growth and profitability", said Åke Svensson.

Earnings per share rose by over 40 percent to just over SEK 10.

Trend toward higher exports

Nearly half of Saab's sales are now outside Sweden. Last year 62 percent of new orders were from abroad and 70 percent of order backlog is international. The order backlog at year-end was SEK 43 billion.

Overall objectives

Saab's long-term objective of a 10-percent operating margin remains firm.

"In my estimation, sales will grow by about 5 percent, in line with 2004", said Åke Svensson.

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The Swedish market

Åke Svensson described the implication of the parliament's decision last autumn to reduce defense allocations in the years 2005 – 2007. Orders to the Swedish defense industry will be greatly limited for some time to come.

"The current lack of decisiveness in the defense's orders is creating major problems for us and our ability to maintain competencies and key employees. I also believe it will create problems for Sweden. The defense industry is an important technology engine in Swedish society. And if the engine sputters, so will the society", said Åke Svensson.

Last year Saab were forced to lay off nearly 250 employees in Sweden, which means that Saab has lost around 1,000 employees in the last two years. Saab expects to have to reduce perhaps another 1,000 to 1,500 employees totally this year and next.

"We are therefore turning increasingly to the international market where the number of Saab employees is gradually growing", said Åke Svensson.

Export

Important export orders in 2004 were the Czech Republic's lease of 14 Gripen fighters, orders for the PETRA tactical support and training system for Gripen, new orders from Airbus for the A400M, RBS70 air defense missile system to the Czech Republic and Latvia, Ultra Lightweight Camouflage Net System to the U.S. defense, anti-ship missile system and IRIS-T air-to-air missile to Germany and fire control system to the Dutch Army.

Acquisitions

Åke Svensson described Saab's work to identify potential acquisitions that fit Saab's strategic areas.

He exemplified with the acquisitions of the outstanding shares in Grintek and the Finnish defense company Elesco, which specializes in systems integration for the Finnish defense.

Saab's strategic areas

Åke Svensson also described Saab's three new strategic areas: Defense and security solutions, Systems and products, and Aeronautics.



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Saab uses these three areas as the basis of the strategic control. Saab will also be reporting according to these three areas.

Outlook for 2005

Lastly, Åke Svensson gave his view on Saab's future.

"By always looking ahead and by changing our range of systems and products in pace with the changes we see in society, we will be able to continue to grow and benefit our customers, our employees, and you, our shareholders, as well as Sweden as a nation", he concluded.