

**SAAB**

PRESS INFORMATION

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Financial reports re-calculated based on new business segments and IFRS

With an increased focus on business and customer relations, the Saab Group's business units are divided into three business segments, in addition to Corporate, effective January 1, 2005. The three segments reflect the specific business conditions for each segment, and are called **Defense & Security Solutions**, **Systems & Products** and **Aeronautics**.

Effective January 1 2005, Saab's reporting will reflect the new business segments and IFRS.

The ambition with the new division of Saab's operations, is that the strategic control and the financial reporting shall reflect our business and customer relations, and that we shall become even more effective in our export efforts, in developing new systems for national security, and in promoting development in the aviation area, especially as regards the Gripen program.

Today, Saab's financial reports for 2004, re-calculated based on the new business segments and IFRS, are made available on www.saab.se Comments related to the transfer to IFRS can also be found in Saab's Annual Report under the section "Management Report".

Financial information dates:

The Interim Report for January – March 2005 will be published on April 21, 2005

The Interim Report for January – June 2005 will be published on July 12, 2005

The Interim Report for January – September 2005 will be published on October 21, 2005

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Three business segments in Saab

Saab operates with long-term customer relationships in some markets and with more short-term transactions with a larger number of customers in a broader international market.

Our operational management is based on our markets and our customers. With an increased focus on our business and customer relations, the Group's business units will, effective January 1, 2005, be divided into three business segments, in addition to Corporate. The three segments reflect the specific business conditions for each segment, and are called **Defense & Security Solutions**, **Systems & Products** and **Aeronautics**.

Our ambition with the new division of Saab's operations, is that the strategic control and the financial reporting shall reflect our business and customer relations, and that we shall become even more effective in our export efforts, in developing new systems for national security, and in promoting development in the aviation area, especially as regards the Gripen program.

Business segment 1: Defense & Security Solutions

Defense & Security Solutions supplies technical support and services, combat management system products, "system-of-system" solutions and lifecycle commitments for these services and solutions.

Modern society is becoming more complex at the same time that the threats military and civil authorities face are becoming more unpredictable. To make sure that resources work together optimally in a crisis, you need efficient, robust and reliable information and communication systems.

Saab has the competence to handle large, complex systems integration projects – to build systems of systems. Its capabilities include the development of command and control systems as well as lifecycle responsibility for operations, modifications and maintenance, so called insourcing. This competence has been developed through its long-term alliance with the Swedish defense forces, where Saab has had principal responsibility for advanced and in some cases unique development projects, and can also be transferred to the commercial sector, where military and civil systems are linked together to enhance safety and security.

In order to develop and supply this type of systems, you have to have a very close, confidential relationship with each customer. And the Swedish defense is naturally the most important customer in this regard. But we also see opportunities to develop similar relationships in some other markets, based on a strong local presence. This is a strategically important area, since systems of this type lead to very close relationships with the customer and give us the opportunity to develop our systems integration expertise.

Saab has a strong position in its home market, where its focus is to become a leader in net-centric defense and national security. Saab conducts development work on net-centric defense solutions to more flexibly link sensors, information systems, decision-makers and resources within a network. Saab's extensive experience integrating complex systems and getting them to work together in systems of systems is why it has been



given principal responsibility for developing the basic structure of the Swedish net-centric defense.

The international dimension is growing in importance. Multinational troops, who are assigned to peacekeeping missions, have to be sure that the systems supplied by various nations' militaries and civil authorities operate together. Saab can take responsibility for systems integration services from an overall level down to individual subsystems. Saab develops command and control systems for land, sea and air applications.

Saab's ability to assume systems integration responsibility is also sought after by civil authorities and companies with information and communication systems that place high demands on reliability and security. The Swedish railway authority and the Swedish Rescue Services Agency are two examples of such customers.

An important, new operating area is therefore national security, coordinating critical public services such as the police, emergency services and health care, to better protect society against various types of new threats. Saab's overall expertise in defense solutions provides a good basis for meeting the increasingly demanding needs in the area of national security. One example is the order for RAKEL, a digital radio communication system for public safety and security. The commitment of Saab and its partners encompasses systems and infrastructure built on the TETRA standard and includes construction, operation, maintenance and training for all of Sweden's safety and security authorities such as the police, municipal rescue services, customs, coast guard and armed forces.

New threats to society have led to a sharp focus on national security in many countries. Although this is an area that previously has not been especially noted for highly advanced technological solutions, there is now a shift toward international structures with integrated sensors, networks, information distribution and command functions.

Saab has a very competitive system for transponders for automatic identification, which are used to identify ships and facilitate traffic management as well as to support search and rescue missions.

The segment's business units include Saab Systems, AerotechTelub, Saab Transpondertech, Saab Contracting, Saab Metech and CSM Materialteknik.

The Defense & Security Solutions segment accounted for 24 percent of consolidated sales in 2004, of which approximately 40 percent is generated in the export market. We anticipate that medium and long term growth will mainly come in the area of national security.

Business segment 2: Systems & Products

Systems & Products develops and manufactures complete systems at various levels, including further development and upgrades, studies and demonstrators, and often maintenance and components. Lifecycle commitments, including operation of supplied systems, are also part of the offering.



Saab develops world-leading systems and products for military and civil customers in the international market. Its products are distinguished by a systems approach and are well adapted to work in various environments and together with other systems.

Saab's unique systems integration expertise is critical to ensuring that its products can be linked with defense and security systems today and in the future. The possibility of continuous upgrades guarantees a long useful life and also means that many products are already adapted for use in a future interoperable and net-centric system. Operational and maintenance services, where Saab takes responsibility for its own as well as other manufacturers' products through their entire lifecycles, are also an important part of the company's offering.

Saab develops systems and products for the international market, including anti-armor systems, air defense and anti-ship missiles, underwater systems, combat training systems, signature management systems, avionics and electronic warfare systems. It also has considerable expertise in space technology, an area with both commercial and military users. In all these areas, Saab has cutting-edge international competence and market presence.

Our success in this area is a reflection of our ability to create strong partnerships and relationships. But this area does not have the same political dimension that characterizes the previous area, which is why it is not distinguished by quite the same close relationships that we see in the Swedish market, for instance. On the other hand, this means that we can sell these systems to many more customers. And this is exactly what is driving growth in Systems & Products. Customers are increasingly demanding long term commitments, and Saab often assumes responsibility for a system or product through its entire lifecycle.

Air

Saab's *electronic warfare systems* such as jammers, warners and countermeasures dispenser systems for fighter aircraft have been supplied to Sweden and a number of other countries. One highly successful system is BOL, a countermeasures dispenser to deceive incoming missiles. The system is especially suited for relatively low heights, which has helped to attain great international success.

In the areas of *avionics and reconnaissance systems*, Saab is established in both military and civil markets. Another example of a unique product now being introduced on the market is Saab's tactic Modular Reconnaissance Pod System.

Saab has a wealth of experience in *missiles* and is participating in cooperations with the IRIS-T short-range air-to-air missile and the Meteor. The latter, a medium-range air-to-air missile, is being developed for Gripen and a number of other sophisticated fighter aircraft. Saab is also participating in a bilateral joint venture on TAURUS KEPD 350, a long range stand-off weapon system designed to precisely penetrate dense air defenses.

In *air defense missiles*, Saab offers several systems, from the RBS70 portable air defense missile and vehicle-mounted ASRAD-R to BAMSE, an advanced medium-range mobile system that defends against aircraft, missiles and unmanned aerial vehicles.

**Sea**

Saab develops *systems to combat naval targets* on or below the water's surface. RBS15 is a very powerful system with a versatile anti-ship missile that works both day and night and in all types of weather conditions. RBS15 is designed for naval warfare in anything from an archipelago to the open seas and the system can also be used from the air.

Saab's special expertise in *underwater technology*, particularly shallow and difficult underwater environments, is internationally renowned. Torpedo 2000 is effective against surface vessels and submarines in deep or shallow water. For mine hunting, Saab has developed Double Eagle, a world leader in remote controlled underwater vehicles.

Land

Saab is a leader in the development of *anti-armor and support systems*. Carl Gustaf, AT4 and AT4CS are world-leading, proven systems that are easy to handle and highly reliable. AT4CS is the world's only anti-armor weapon that is fully operational in confined spaces. For the British and Swedish defense forces Saab is developing NLAW, the next-generation portable anti-armor system, which meets stringent demands in terms of robust design and ease of use. Like AT4CS, NLAW can be fired from confined spaces.

Signature management is another area where Saab is among the world leaders. Its products provide protection against detection across the electromagnetic spectrum, from visible to infrared light, as well as against radar and guided weapons.

Saab is currently the world leader in the development of *military combat training systems*. The systems are based on realistic and robust simulators and comprise everything from target equipment to advanced systems combat training centers up to the battalion level.

Space

Saab is the majority owner of the space company Saab Ericsson Space, whose ties to defense technology and commercial telecommunications makes it Europe's leading independent supplier of advanced equipment to the space industry. Saab's space operations are based on systems expertise and advanced electronics, competencies that can also be found in its other operations.

Saab's main products are *computer systems, microwave electronics and antennas* for satellites, and *guidance and separation systems* for launchers. In the latter area, Saab has a dominant share of the world's commercial market.

The Systems & Products segment's business units include SaabTech, Saab Training Systems, Saab Barracuda, Saab Bofors Dynamics, Saab Underwater Systems and Saab Ericsson Space.

Operations, which are global, are developed through acquisitions and effective international alliances and partnerships.

The segment accounted for 36 percent of consolidated sales in 2004, of which approximately 65 percent is generated in the export market. There are good opportunities for continued growth in export markets.

**Business segment 3: Aeronautics**

Aeronautics, which includes both military and commercial operations, is dominated by the advanced Gripen program. Commercial operations are expanding in the area of subsystems and components for the major manufacturers of passenger and transport aircraft, Airbus and Boeing. Maintenance and support for the fleet of Saab 340 and Saab 2000 as well as certain other aircraft are also included in these operations. Saab's business model is to offer lifecycle commitments for the Gripen program in the home market and to support an effective export program.

The business segment Aeronautics can not be described in terms such as relationship marketing of defense systems, or export product sales. That is because it comprises the ultimate in systems integration expertise with long and close customer relationships, as illustrated by Gripen, and related systems for training and maintenance alongside with subcontractor products for other aircraft manufacturers and operators.

The strong home market is based on deliveries of Gripen to Sweden. The order backlog is more heavily weighted toward exports and includes orders for Gripen from South Africa, Hungary and the Czech Republic

Few companies in the world have the ability to develop advanced fighter aircraft. Saab is one of them. Gripen is the world's first fourth generation fighter aircraft and the first and only to be in operational service, which it has been since the mid-1990's. Gripen is being used by more countries, and Saab is investing aggressively to achieve further success in the export market. With respect to Gripen, this includes continuous upgrades of the aircraft and service and support for the air forces that use it. Gripen has been selected by the air forces of Sweden, South Africa, the Czech Republic and Hungary, a commitment that marks the start of a long-term relationship between the procuring country and Saab.

The Gripen program is extremely important. In addition to the system's business potential and ability to generate sales from modifications, training and maintenance, Gripen is representative of our base of expertise and is therefore our ticket to advanced, international development programs.

Saab is also a strong partner in international aeronautics development programs. This includes military projects such as unmanned aerial vehicles and commercial projects where it supplies components to the world's leading aerospace industries.

Intensive development work is under way on new, more advanced unmanned aerial vehicles (UAV), which already are used as sensor and weapons platforms. When they are integrated in a net-centric defense, UAVs can be used for information gathering in areas where conditions are dangerous. They also have potential commercial applications in emergency services, the coast guard, medical transports, etc.

By utilizing systems expertise from Gripen, together with its range of competencies in command systems, Saab has been able to assume turn-key responsibility for the tactical system in Sweden's new medium-weight helicopter, an important new area of operations. Saab's commitment also includes the manufacture of the helicopter's forward fuselage.



Saab has applied its experience in military aviation to its commercial operations as a supplier of components and subsystems to commercial and military aircraft manufacturers. Saab is a partner to both Boeing and Airbus. The cooperation with Airbus has led to an agreement to develop and manufacture the mid and outer fixed leading edge of the wing of the Airbus A380 superjumbo. Saab is also participating as a partner in the Airbus A400M project to develop and manufacture the next generation of military transport aircraft.

Saab has a leasing portfolio of its previous Saab 340 and Saab 2000 regional aircraft. More than 500 aircraft are in operational service, and Saab offers extensive support operations to keep the aircraft attractive in the global market. Saab has substantial experience and competence in the support and maintenance of its own as well as other manufacturers' aircraft. Maintenance and component service are provided for aircraft manufactured by Embraer, Boeing, Bombardier and Fokker, among others. Saab also provides maintenance for regional aircraft in Australia and Asia. Saab is also active in target towing and special flight operations.

The Aeronautics segment's business units include Saab Aerosystems, Gripen International, Saab Aerostructures, Saab Aviation Services, Saab Aviocomp and Saab Nyge Aero.

The segment accounted for 36 percent of consolidated sales in 2004, of which approximately 40 percent is generated in the export market. We do not expect this area to grow in the years immediately ahead since deliveries of Gripen batch 3 to the Swedish Air Force wind up in 2007. Our goal is to maintain the current level, so that we can keep our strategic Aeronautics expertise intact.

Management and reporting

Management of the business segments is executed by Group Management, which lays down its strategic direction and initiates implementation of plans that have been drafted for each segment. Follow-ups are made through Group Management's chairmanship of the business units, all of which are part of one of the three business segments. Overall responsibility for each segment will be delegated within Group Management.

Reports to Group Management, the Board of Directors, the stock market and other outside stakeholders will reflect the new organization.

Corporate

Corporate comprises Group staffs and departments, certain central investments and peripheral operations being held for sale. The leasing fleet of Saab 340 and Saab 2000 is also included in Corporate. Operational responsibility for the leasing fleet lies with Aeronautics. The elimination of internal sales corresponds to approximately 5 percent of consolidated sales.

**Transition to International Financial Reporting Standards, IFRS**

As of January 1, 2005 Saab will apply the International Financial Reporting Standards approved by the EU in the consolidated accounts. Reporting for 2005 will include comparative figures for 2004 restated in accordance with IFRS.

The transition to IFRS means that comparative figures for 2004 will have to be restated with the exception of recommendations IAS 32/IAS 39 Financial Instruments and IFRS 5 Non-current Assets Held for Sale. These recommendations will be applied from 2005, which means that the opening balance for 2005 will contain the effects of these recommendations. The rules on introduction of IFRS and restatements can be found in IFRS 1, First-time Adoption of International Financial Reporting Standards.

According to the Stockholm Stock Exchange's recommendation from November 2004, listed companies must provide information on the most significant effects of the transition to IFRS in their year-end reports for 2004, as Saab has done below.

Quarterly information for 2004 restated according to IFRS will be presented as regards the balance sheet for each quarter in each interim report.

IFRS project

The Annual Report for 2003 reported that a project organization had been formed to identify the differences between IFRS and current reporting, estimate the transitional effects and assume responsibility for implementing IFRS.

In 2004 the project group reported continuously to the CFO, who in turn informed the Audit Committee and the Board of Directors.

Effects of transition to IFRS

The following recommendations have affected Saab's reporting.

IFRS 3	Business combinations
IFRS 5	Non-current Assets Held for Sale
IAS 7	Statement of cash flow
IAS 16	Property, Plant and Equipment
IAS 19	Employee benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 27	Consolidated and Separate Financial Statements
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 32/39	Financial Instruments

IFRS 1, First-time Adoption of International Financial Reporting Standards, grants a number of voluntary exemptions when introducing IFRS. Saab has decided to utilize the following exemptions:

- Only business combinations after January 1, 2004 will be restated according to IFRS 3.
- Certain tangible fixed assets will be recognized at fair value as of January 1, 2004, using it as their assumed acquisition value.
- Comparative figures for IAS 39 Financial Instruments will not be restated.



Amendments to the rules are still a possibility, as are changes in their application due to differences in international interpretations. Following are descriptions of the most significant changes and preliminary effects on income and financial position.

IFRS 3 Business combinations

IFRS 3 creates changes in the way business acquisitions are reported and eliminates the systematic amortization of goodwill. The purchase price of a business combination must also be allocated across identifiable intangible assets such as trademarks, customer relations, etc. Intangible assets are amortized over their estimated useful lives, with the exception of those with an indeterminate economic life, such as goodwill. Goodwill must be tested annually to determine whether the asset has been impaired. Furthermore, allocations for restructuring measures are not permitted in the acquisition analysis.

Saab has not restated any acquisitions prior to January 1, 2004. Impairment tests for goodwill will be done at least once a year. Write-downs in 2004 amounted to SEK 21 m. Goodwill amortization according to Swedish accounting rules amounted to SEK 129 m. in 2004. This amortization is reversed in the IFRS accounts for the comparative year 2004. No additional amortization requirements were identified when goodwill amortization for 2004 was reversed. For acquisitions in 2004, the application of IFRS 3 has not caused any differences compared with the previous accounting principles.

IFRS 5 Non-current Assets Held for Sale

IFRS 5 applies from 2005 and Saab will apply IFRS 5 for the first time in its opening balance for 2005. IFRS 5 means that non-current assets held for sale are reported separately in the balance sheet. Assets held for sale are valued at the lower of reported value and net realizable value and are not depreciated.

IAS 7 Cash Flow Statements

According to IAS 7, Cash Flow Statements, cash and cash equivalents with a remaining maturity of over three months on the closing date may not be classified as liquid assets. According to Swedish practice, they are included in the balance sheet item "Cash and marketable securities" despite that they were exposed to a slight risk of a change in value and were intended for cash management purposes. In the opening balance for 2004, SEK 4,243 m. was reported as cash and marketable securities, of which SEK 1,911 m. had a maturity of longer than three months. In the closing balance for 2004, cash and marketable securities amounted to SEK 4,319 m., of which SEK 3,030 m. had a maturity of longer than three months.

IAS 16 Property, Plant and Equipment

IAS 16 requires that depreciation is applied on a component basis if the components have different useful lives. Generalized depreciation schedules are not acceptable.

In the case of certain assets, book value cannot be used in a retroactive application of IAS 16. In accordance with the transitional rules, fair value has instead been used as the assumed acquisition value. This applies to around 800 of Saab's buildings.

This means that book value increases by SEK 609 m. as of January 1, 2004, which creates a deferred tax liability of SEK 170 m. As a result, shareholders' equity increases



by SEK 439 m. Depreciation for 2004 decreases by SEK 13 m. compared with the previous accounting principles.

IAS 19 Employee benefits

As of January 1, 2004 Saab applies RR 29 "Employee benefits," which essentially agrees with IAS 19. According to the transitional rules in IFRS 1, actuarial gains and losses prior to January 1, 2004 can be set at zero and reported directly against shareholders' equity as per the transition date. Since the timing of the introduction of RR 29 agrees with the introduction of IAS 19, there is no transitional effect owing to IFRS. The effects of the introduction of RR 29 includes a decrease in provisions for pensions of SEK 83 m., an increase in deferred tax receivables of SEK 51 m. and an increase in the liability for special employer's contribution of SEK 36 m. This means that unrestricted shareholders' equity rose by SEK 98 m.

IAS 21 The Effects of Changes in Foreign Exchange Rates

IAS 21 states that an operating report must be prepared in the functional currency, which means that valuations are made in this currency as well. According to RR 8, foreign operations are classified as independent or integrated, where independent subsidiaries are translated at the closing rate and integrated subsidiaries are translated according to the monetary method. The terms integrated and independent are not found in IAS 21; the key is which currency is most important to the operation (the functional currency). Financial statements are prepared in the functional currency and translated to Swedish kronor at the closing rate in terms of the balance sheet and the average rate for the income statement.

In 2004 Saab had subsidiaries classified as integrated, which were therefore translated to Saab's reporting currency according to the monetary method. Within Saab Aviation Services, certain operations utilize USD as their functional currency. This means that valuations are made in the functional currency and translated according to the current method, in spite of the fact that the operations are conducted primarily in Sweden. The change in reporting in the balance sheet for opening balances for 2004 has the greatest effect on lease assets SEK +410 m., lease obligations SEK +255 m., provisions SEK +399 m., inventories SEK -156 m. and shareholders' equity SEK -313 m., which are now translated at the closing rate, not historical acquisition rates. Income for 2004 improves by SEK 42 m. compared with the previous accounting principles.

Accumulated exchange rate differences as of January 1, 2004 will not be set at zero.

IAS 27 Consolidated and Separate Financial Statements

According to IAS 27, the minority interest in net income does not reduce income. The minority interest in the balance sheet must be reported as a separate item in shareholders' equity. The effect on net income amounts to SEK 35 m. and in the opening balance for 2005 shareholders' equity increases by SEK 93 m.

IAS 36 Impairment of Assets

According to the previously applied principles, Saab tested whether revaluations were needed when there were indications of reduced value. According to the new principles, an impairment test must be done at least once a year for intangible assets with an



indefinite useful life, which therefore are not amortized. No need for revaluations was identified as of January 1 or December 31, 2004.

IAS 38 Intangible assets

The Swedish Financial Accounting Standards Council's recommendation RR15 Intangible Assets has been applied as of 2002; the restatement of prior years was not permitted. IAS 38, on the other hand, will be applied retroactively. IAS 38 has not necessitated any changes with regard to capitalized development expenses during the period 2002 to 2004. For the period prior to 2002, no development expenses have been identified that could be capitalized.

IAS 32/39 Financial Instruments

Reporting and valuations according to IAS 32/39 will be applied from 2005 without restating the comparative year 2004.

IAS 39 requires that financial assets and liabilities are classified in different categories and are then reported and valued according to the principles that apply to each category.

Financial derivatives such as forward contracts, options and swaps will be reported in the balance sheet at fair value. The change in the value of these instruments will be reported in the income statement, except in cases of hedging instruments.



Balance sheet according to IFRS, as of January 1, 2004

SEK m.	Acc. to previous accounting principles	Consolidated accounts and business acquisitions	Tangible fixed assets	Effects of changes in exchange rates	Acc. to IFRS Jan. 1, 2004
Assets					
Goodwill and other intangible assets	2,497				2,497
Property, plant and equipment, etc.	4,230		609	1	4,840
Lease assets	5,038			410	5,448
Long-term interest-bearing receivables	765				765
Shares, etc.	415				415
Deferred taxes	1,032		-170	233	1,095
Inventories, etc.	4,133			-156	3,977
Short-term interest-bearing receivables	39				39
Other receivables	6,383				6,383
Cash and marketable securities	4,243				4,243
Total assets	28,775		439	488	29,702
Shareholders' equity and liabilities					
Shareholders' equity	7,101	147	439	-313	7,374
Minority interest in subsidiaries	147	-147			0
Provisions for pensions	3,375				3,375
Other provisions	2,234			399	2,633
Liabilities to credit institutions	862				862
Convertible debenture loan	232				232
Lease obligations	2,597			255	2,852
Advance payments from customers, net	3,990				3,990
Other liabilities	8,237			147	8,384
Total shareholder's equity and liabil	28,775	0	439	488	29,702

Balance sheet according to IFRS, as of December 31, 2004

SEK m.	Acc. to previous accounting principles	Consolidated accounts and business acquisitions	Tangible fixed assets	Effects of changes in exchange rates	Acc. to IFRS Dec. 31, 2004
Assets					
Goodwill and other intangible assets	2,693	129			2,822
Property, plant and equipment, etc.	3,772		656		4,428
Lease assets	4,230			141	4,371
Long-term interest-bearing receivables	459				459
Shares, etc.	770				770
Deferred taxes	690		-184	221	727
Inventories, etc.	4,091			-171	3,920
Short-term interest-bearing receivables	145				145
Other receivables	5,609			-136	5,473
Cash and marketable securities	4,319				4,319
Total assets	26,778	129	472	55	27,434
Shareholders' equity and liabilities					
Shareholders' equity	7,964	222	472	-381	8,277
Minority interest in subsidiaries	93	-93			0
Provisions for pensions	3,034				3,034
Deferred tax liabilities	50				50
Other provisions	1,714			491	2,205
Liabilities to credit institutions	1,108				1,108
Lease obligations	2,179			46	2,225
Advance payments from customers, net	2,860				2,860
Other liabilities	7,776			-101	7,675
Total shareholders' equity and liabil	26,778	129	472	55	27,434


Income statement according to IFRS 2004

SEK m.	Note	Acc. to Annual Accounts Act	Effects of harmonization with IFRS	After harmonization with IFRS
Sales		17,848		17,848
Cost of goods sold	1	-13,776	180	-13,596
Gross income		4,072	180	4,252
<i>Margin</i>		22.8%		23.8%
Marketing expenses	2	-1,290	4	-1,286
Administrative expenses		-948		-948
Research and development costs		-388		-388
Other operating income		175		175
Other operating expenses	5	-39	12	-27
Share in income of associated comp.		75		75
Operating income		1,657	196	1,853
<i>Margin</i>		9.3%		10.4%
Result from securities and receivables classified as fixed assets		-11		-11
Other interest inc. and similar profit/loss items		218		218
Interest expense and similar profit/loss items	3	-353	5	-348
Income after financial items		1,511	201	1,712
Income tax	4	-385	-17	-402
Minority interest in net income	5	-35	35	0
Net income for the year		1,091	219	1,310
Earnings per share		10.08	2.02	12.10

Note 1

The change in cost of goods sold consists of the following:

Goodwill amortization	125
Inventories revalued at closing day rate	42
Lower depreciation of buildings	<u>13</u>
	180

Note 2

Relates to goodwill amortization

Note 3

Relates to translation difference from the application of the monetary method

Note 4

Tax on income for the year consists of:

Revaluation of inventories	-12
Lower depreciation/amortization	-4
Higher net financial income and expenses	<u>-1</u>
	-17

Note 5

According to IAS 27, minority interests do not adjust income. Transactions with the minority are considered as owner transactions


Balance sheet according to IFRS, as of January 1, 2005

SEK m.	Acc. to IFRS Dec. 31, 2004	Financial instruments	Fixed assets held for sale	Acc. to IFRS Jan. 1, 2005
Assets				
Goodwill and other intangible assets	2,822			2,822
Property, plant and equipment, etc.	4,428		-39	4,389
Lease assets	4,371			4,371
Long-term interest-bearing receivables	459			459
Shares, etc.	770			770
Deferred taxes	727			727
Inventories, etc.	3,920	-1,038		2,882
Short-term interest-bearing receivabl	145			145
Other receivables	5,473	-58	-143	5,272
Receivables related to unrealized financial instruments		1,227		1,227
Cash and marketable securities	4,319			4,319
Fixed assets held for sale			182	182
Total assets	27,434	131	0	27,565
Shareholders' equity and liabilities				
Shareholders' equity	8,277	-36		8,241
Provisions for pensions	3,034			3,034
Provisions for deferred taxes	50			50
Other provisions	2,205	-97		2,108
Liabilities to credit institutions	1,108			1,108
Lease obligations	2,225			2,225
Advance payments fr customers, net	2,860			2,860
Liabilities related to unrealized financial instruments		266		266
Other liabilities	7,675	-2	-5	7,668
Liabilities related to fixed assets held for sale			5	5
Total shareholders' equity and liab	27,434	131	0	27,565


Comparative figures for 2004 adjusted to the new business segments and IFRS
Income Statement
January - March

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS
Sales	3,813		3,813
Cost of goods sold	-2,920	47	-2,873
Gross income	893	47	940
<i>Margin</i>	23,4%		24,7%
Marketing expenses	-314	1	-313
Administrative expenses	-218		-218
Research and development costs	-78		-78
Other operating income	23		23
Other operating expenses	-14		-14
Share in income of associated comp.	13		13
Operating income	305	48	353
<i>Margin</i>	8,0%		9,3%
Financial income and expenses	-2	-2	-4
Income after financial items	303	46	349
Income tax	-95	-4	-99
Minority interest in net income	-3	3	0
Net income for the year	205	45	250
Earnings per share, SEK	1,92	0,42	2,34
No. of shares, thousands	106,523	106,523	106,523

Income Statement
April - June

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS
Sales	4,557		4,557
Cost of goods sold	-3,563	41	-3,522
Gross income	994	41	1,035
<i>Margin</i>	21,8%		22,7%
Marketing expenses	-335	1	-334
Administrative expenses	-240		-240
Research and development costs	-82		-82
Other operating income	24		24
Other operating expenses	-14		-14
Share in income of associated comp.	21		21
Operating income	368	42	410
<i>Margin</i>	8,1%		9,0%
Financial income and expenses	-33	-1	-34
Income after financial items	335	41	376
Income tax	-105	-2	-107
Minority interest in net income	-8	8	0
Net income for the year	222	47	269
Earnings per share, SEK	2,08	0,44	2,52
No. of shares, thousands	107,229	107,229	107,229



Income Statement, July - September

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS
Sales	3,719		3,719
Cost of goods sold	-2,886	35	-2,851
Gross income	833	35	868
<i>Margin</i>	22,4%		23,3%
Marketing expenses	-329	1	-328
Administrative expenses	-207		-207
Research and development costs	-87		-87
Other operating income	45		45
Other operating expenses	-7		-7
Share in income of associated comp.	10		10
Operating income	258	36	294
<i>Margin</i>	6,9%		7,9%
Financial income and expenses	-57	3	-54
Income after financial items	201	39	240
Income tax	-61	-2	-63
Minority interest in net income	-7	7	0
Net income for the year	133	44	177
Earnings per share, SEK	1,22	0,41	1,63
No. of shares, thousands	109,150	109,150	109,150

Income Statement, October - December

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS
Sales	5,759		5,759
Cost of goods sold	-4,407	57	-4,350
Gross income	1,352	57	1,409
<i>Margin</i>	23,5%		24,5%
Marketing expenses	-312	1	-311
Administrative expenses	-283		-283
Research and development costs	-141		-141
Other operating income	83		83
Other operating expenses	-4	12	8
Share in income of associated comp.	31		31
Operating income	726	70	796
<i>Margin</i>	12,6%		13,8%
Financial income and expenses	-54	5	-49
Income after financial items	672	75	747
Income tax	-124	-9	-133
Minority interest in net income	-17	17	0
Net income for the year	531	83	614
Earnings per share, SEK	4,86	0,75	5,61
No. of shares, thousands	109,150	109,150	109,150


Sales and Operating Income by business segment, 2004

SEK m.	Sales	Operating Income	Margin
Defense & Security Solutions	4,557	455	10,0%
Systems & Products	6,826	706	10,3%
Aeronautics	6,796	779	11,5%
Corporate	659	96	14,6%
Internal sales	-990		
Total	17,848	2,036	11,4%
Structural costs		-183	
Saab Group	17,848	1,853	10,4%

Quarterly information by business segment

SEK m.	Q 1	Marg %	Q2	Marg %	Q3	Marg %	Q4	Marg %
Sales								
Defense & Sec. Solutions	1,023		1,200		940		1,394	
Systems & Products	1,417		1,846		1,294		2,269	
Aeronautics	1,437		1,622		1,486		2,251	
Corporate	143		156		166		194	
Internal sales	-207		-267		-167		-349	
	3,813		4,557		3,719		5,759	
Operating Income								
Defense & Sec Solutions	88	8,6	88	7,3	81	8,6	145	10,4
Systems & Products	89	6,3	190	10,3	2	0,2	336	14,8
Aeronautics	176	12,2	157	9,7	181	12,2	237	10,5
Corporate/Other	0		-25		30		78	
	353	9,3	410	9,0	294	7,9	796	13,8
Net financial income	-4		-34		-54		-49	
Income after financial net	349	9,2	376	8,3	240	6,5	747	13,0
Net income for the period	250		269		177		614	
Earnings per share, SEK	2,34		2,52		1,63		5,63	
No. of shares, thousands	106,523		107,229		109,150		109,150	

Total depreciation by business segment

SEK m.	Q1	Q2	Q3	Q4	Total
Defense & Security Solutions	-22	-29	-23	-21	-95
Systems & Products	-48	-40	-44	-48	-180
Aeronautics	-22	-22	-29	-32	-105
Corporate – lease assets	-122	-121	-119	-112	-474
Corporate - other	-29	-31	-28	-25	-113
Saab Group	-243	-243	-243	-238	-967


Order bookings by business segment

SEK m.	Q1	Q2	Q3	Q4	Total
Defense & Security Solutions	1,155	1,163	1,065	1,177	4,560
Systems & Products	1,592	1,324	524	2,694	6,134
Aeronautics	1,507	2,040	899	1,524	5,970
Corporate	163	146	183	182	674
Internal	-194	-162	-105	-433	-894
Saab Group	4,223	4,511	2,566	5,144	16,444

Order backlog by business segment

SEK m.	Q1	Q2	Q3	Q4
Defense & Security Solutions	3,025	2,969	2,983	2,895
Systems & Products	17,172	17,131	16,071	16,212
Aeronautics	27,274	27,684	27,090	26,088
Corporate	430	391	410	0
Internal	-2,150	-1,963	-1,886	-2,033
Saab Group	45,751	46,212	44,668	43,162

Condensed statement of cash flows

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS 2004
Cash flow from operating activities			
Income after financial items	1,511	201	1,712
Adjustments for items not affecting cash flow	1,080	-159	921
Tax paid	-26		-26
Cash flow from operating activities before changes in working capital	2,565	42	2,607
Working capital			
Inventories etc.	-264	-42	-306
Receivables	573		573
Advance payments from customers, net	-1,126		-1,126
Other liabilities	-135		-135
Lease obligations	-418		-418
Provisions	-330		-330
Change in working capital	-1,700	-42	-1,742
Cash flow from operating activities	865	0	865
Investments in intangible fixed assets	-420		-420
Investments in tangible fixed assets	-348		-348
Sale of lease assets	41		41
Sale of intangible and tangible fixed assets	116		116
Divestment and acquisition of subsidiaries	184		184
Acquisition/sale of other long-term securities	-113		-113
Cash flow from investing activities	-540	0	-540
Operating cash flow	325	0	325

**Equity**

Equity in the Group changed as follows during the year:

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS Dec. 31, 2004
At beginning of year	7,101	371	7,374
Net income for the year	1,091	219	1,310
Change in minority interest		-89	-89
Dividend to shareholder	-373		-373
Conversion of convertible debenture loan	240		240
Translation differences etc	-95	-90	-185
At year end	7,964	313	8,277