

**SAAB**

## PRESS INFORMATION

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### Saab acquires Ericsson Microwave Systems

**Saab AB is acquiring Ericsson Microwave Systems (EMW) which has approximately 1250 employees in Gothenburg. The acquisition adds world-leading radar and sensor operations to Saab's already broad and advanced product portfolio in defence, aviation, space and civil security. The purchase sum is SEK 3,8 billion. The purchase also includes the Ericsson 40 percent share in Saab Ericsson Space.**

"This is a strategically important, long-term deal for Saab. It enhances our opportunities to develop the Gripen's radar system and enables further new business in areas such as airborne surveillance," says Saab Group President and CEO Åke Svensson.

Saab and EMW have been working closely together for a long time. EMW currently delivers the radar for the Gripen fighter. The acquisition enables Saab to create scope of action to secure the Gripen's long-term development. Moreover, the advanced airborne surveillance system, with EMW's Erieye radar based on Saab 2000 aircraft, is already established on the international market.

"We are very pleased with this agreement since it gives EMW and its employees good possibilities to expand growth through Saab's strong market presence. Also, the EMW employees will now belong to a company with this area as a core business.", says Ericsson President and CEO Carl-Henrik Svanberg.

Saab is one of the world's leading high-tech companies. With the acquisition of EMW, Saab will further increase the position as by far, the predominant defence corporation in the Nordic region. EMW's advanced radar and sensor systems create new and long-term business opportunities for Saab. The acquisition also enhances Saab's opportunities for developing civil security solutions.

Furthermore, Ericsson and Saab intend to evaluate opportunities for a future co-operation between the two companies, within the area of National Security and Public Safety where the companies' relative strengths are complementary.

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Saab Ericsson Space, which at present is jointly owned by Saab and Ericsson, will now be totally owned by Saab, which also increases the potential to consolidate Saab's position as Europe's largest subcontractor for equipments to commercial satellites.

#### Facts about the acquisition

- Saab supplies world unique expertise within radar and sensors – central areas in the defence and surveillance systems of the future.
- Strong international market position with several successful products
- Closer collaboration on programs like Gripen and Erieye
- New opportunities to offer competitive, complete defence systems on the international market.

EMW will change its name to Saab Microwave Systems and become part of the Systems and Products business segment.

EMW's defence operation has over 50 years of experience within radar development and has supplied more than 3000 radar systems in over 30 countries. EMW's operations within National Security and Personal Safety as well as Power Systems, with a total of 300 employees, will remain part of Ericsson.

The defence operation within EMW turns over approximately 2 billion SEK with good profitability and at the start of 2006 had order backlog of approximately 3.5 billion SEK. Exports make up approximately 65 percent of turnover. The defence operation in EMW had total assets of some 3 billion SEK.

The purchase price for EMW's defence operation and the 40 percent stake in Saab Ericsson Space amounts to 3.8 billion SEK. The acquisition is financed by Saab's existing liquid funds. Taking into account the take over of a net cash balance of 0.6 billion SEK, the acquisition has led to Saab's liquid funds being reduced by 3.2 billion SEK. Liquid funds will be submitted on completion of the purchase which is anticipated to occur in September 2006.

From 2007 the purchase is expected to give a positive effect to profit per share for Saab, while depreciation and restructuring costs are anticipated to cause a reduction in the operating margins and profit per share for 2006. Saab' long term sustainable financial objective of a 10 percent operating margin remains.

The acquisition requires among other things approval of the monopolies- and competition authorities.

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*Saab is one of the world's leading high-technology companies, with its main operations focusing on defence, aviation and space. The Group covers a broad spectrum of competence and capability in systems integration.*

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