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Saab - Northern Europes leading high-technology company

Two of Swedens most knowledge intensive companies - Saab and Celsius are merging to create Northern Europes leading high-technology company.

"With the acquisition of Celsius, Saab is further strengthening its position as a growth oriented and innovative knowledge company, with the ambition and ability to be the natural choice of customers. We will continue to be a leading supplier in our home markets. Independently, or together with partners, we will focus on international growth markets within our areas of expertise. In addition, we have the ability to take our advanced technology to the civilian markets, where it is in demand", said Bengt Halse when he presented the company on Wednesday.

Together, these two companies have broad and in-depth knowledge that comprises everything from aviation technology, aerodynamics, space technology and underwater technology, to areas such as information gathering, command and control, precision engagement, sensors, image processing and communication technology. Today, a substantial portion of Swedens most advanced skills within electronics and information technology can be found within Saab.

There is a strong logic to the merger. It shows that Saab is taking an active part in the restructuring of the Swedish defense industry, which will save money for the companies customers and shareholders. Annual cost saving synergies are expected to total SEK 400 million and one-time costs for the merger amount to SEK 600 million.

"But this merger is especially important as the company strengthens its position in the areas that we are seeing the defense market and defense organizations develop, especially in Sweden. The English term Revolution in Military Affairs (RMA) is used to describe the technological and strategic changes that defense organizations are going through. RMA means that the combined development within three areas information gathering, decision-making support and precision engagement are changing, in a comprehensive way, a defense organization "possibilities to operate", continued Halse.

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Therefore, the Swedish National Defense, like a large number of defense organizations in other countries, is planning to modernize, using perspectives that are based on the RMA concept. The ability to use firepower is being complemented with increasingly important systems for information and command and control. The defense against invasion is being transformed into a defense of information.

Saab is strong within all three areas of this perspective and also has the ability to carry out systems integration. Today, Gripen is an example of a combined information-, command and control, and engagement system, with the capacity to play a broad and varying role in the total defense.

The skills of Saab and Celsius complement each other in a way that puts us in a very good position to face these developments within the defense markets growth segments.

From an international perspective, the BAE SYSTEMS partnership and partial ownership is of great importance. The Saab that is evolving will gain even greater utilization of this link to the rest of Europe and to other international markets. This will also result in noticeable marketing synergies.

Saab shall continue to grow within its core areas organically in those markets where we are focused, but also through acquiring skills and operations that complement and strengthen our focus and core operations.

Celsius Aviation Services

Against the background of Saabs focus, and in order to provide Celsius Aviation Services the best possibilities to develop to its full potential, we are seeking to broaden the ownership of the company. The intention is to seek out new majority shareholders in Celsius Aviation Services, with a long-term interest and focus on the aviation market.

Bofors Weapon Systems

Bofors Weapon Systems has operations focusing on artillery pieces and ammunition as well as fire control, that is, the entire competence chain from target data to neutralizing the target. The intention is to seek out new majority shareholders in Bofors Weapon Systems with a long-term interest and focus on the current market.

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Additional information concerning business areas and other companies**Infomatics**

The business area, Infomatics, comprises Saabs operations within command and control, and information systems. The business area also develops, manufactures and sells advanced systems for electronic warfare, avionics, sensors, simulation and training as well as signature management. In addition, this business area is also active within civilian growth niches.

The business area has a strong position in important markets today and good conditions to play a central role in the development of information defense both in Sweden and internationally. In addition, the business area has good possibilities to reach the civilian markets with its technology.

Business area manager is the former President of Celsius, Lars Josefsson, who is also a senior vice-president in Saab.

Aerospace

Aerospace has the comprehensive systems integration competence that is required in order to construct entire aerospace and defense systems, and to, in cooperation with others, develop total and partial solutions for the fighter aircraft of the future.

Today, Gripen is the business areas most important product. By being the only fourth-generation fighter aircraft in operative service, Gripen offers a unique defense system and the export potential is very good. From a longer perspective, Aerospace is well advanced in the development of tomorrows aerospace technology and is working with the solutions, which within 20-30 years, are expected to begin replacing the technology that Gripen represents. Aerospace also develops and produces subassemblies for commercial aircraft in cooperation with the Airbus-company and others.

Business area manager is Åke Svensson, former manager of the business unit, Future Products and Technology.

Dynamics

The business area Dynamics develops missile systems, mobile anti-tank weapons and underwater systems for use in the air, on land and at sea. Through the merger of Saab and Celsius, the business area can offer a complete range within its core areas. The business area has also been a consistent presence in many export markets.

The Swedish National Defenses long-term supply strategy provides a base for Dynamics operation. Swedish participation in international cooperative programs is an important part of this base. Dynamics foremost growth potential lies in the development and success of international programs and in continued export of the systems in focused product and market segments

Business area manager is Ingemar Anderson, former manager of the business area, Defense, within Celsius.

Technical Support and Services

The business area, Technical Support and Services, focuses on the growing military and civilian markets for high-technological services within aviation, command and control, information, communication and sensors. The business area is dominated by AerotechTelub, which was formed at the beginning of the year through the merger of Celsius Aerotech and parts of TietoEnator. Saab owns 57% of AerotechTelub and TietoEnator owns 43%. In addition to AerotechTelub, the business area also includes Saab Nyge Aero and parts of the after-market operations within Saab.

The business area offers

- Technological services, primarily consultation-, integration-, information-, maintenance- and testing services
- Operation and maintenance
- Systems supplier primarily for testing/measuring, simulation, traffic control, tele-contractors and customers adapted information systems.
- Aerial target towing and calibration

Business area manager is Jan Eiborn, also President of AerotechTelub.

Space

Together, Saab and Ericsson run Saab Ericsson Space (60/40), which develops and manufactures different types of space equipment. Space is a leading and independent manufacturer of computer systems, microwave electronics and antennas as well as separation systems, and markets the business areas products throughout the entire accessible international market. The business area has shown good growth and profitability for several years and sees the greatest growth potential in the commercial telecommunications market.

Business area manager is Bengt Mörtberg, former manager of Mechanical Products at Saab Ericsson Space

Aviation Services

Aviation Services carries out commercial flight maintenance primarily in the US. The operation offers a wide selection of services in the maintenance market and also within asset management services such as leasing, and within the sales of aircraft engines, components and aircraft.

The area is working towards a growing market with a consolidated industrial structure. Celsius Aviation Services has shown very strong growth with profitability in recent years. Future growth possibilities are assessed as good.

Business area manager is Christer Persson, also a former manager for Celsius Aviation Services.

Other Operations

Other Operations contains the wholly owned subsidiaries, Saab Aircraft Leasing, Saab Aircraft AB and Bofors Weapon Systems, which are active in both artillery pieces and ammunition as well as fire control and forms the complete competence chain from target data to neutralization of the target.

Operations are also managed in a number of additional companies that are outside Saabs primary focus. In the coming years, Saab will be reducing its commitments in the majority of these companies that are outside the core operations. Efforts to find a good owner both for the employees and for Saab is a continuous job. The different operations nature and focus determine the rate of the structuring work.