



INTERIM REPORT 2007

JANUARY–MARCH

Q1

- Sales SEK 4,917 m. (4,311)
- Net income for the period SEK 270 m. (428)
- Earnings per share SEK 2.39 (3.88)
- Operating income SEK 414 m. (549, excluding capital gains 379), income after financial items SEK 380 m. (533, excluding capital gains 363)
- Order bookings SEK 5,391 m. (4,149)
- Order backlog SEK 51.4 billion (41.9)

Statement by the CEO:

“Saab began 2007 solidly. Order bookings and sales increased compared with the same period last year. Income was in line with the previous year adjusted for last year’s capital gains. In addition to the first quarter’s important orders, we are pleased with the Swedish government’s continued commitment to the Gripen system.”



Stable first quarter

Statement by the CEO:

Saab began 2007 solidly. Order bookings and sales increased compared with the same period last year. Income was in line with the previous year adjusted for last year's capital gains. In addition to the first quarter's important orders, we are pleased with the Swedish government's continued commitment to the Gripen system.

Order bookings increased to a total of SEK 5.4 billion (4.1). In Defence and Security Solutions, the increase was attributable in part to our South African operations. Systems and Products reported the highest increase during the quarter, as a result of last year's acquisitions, though also owing to solid order bookings for the business units Saab Training Systems and Saab Bofors Dynamics. The Aeronautics segment noted a slight increase in order bookings as well. Of total order bookings, 72 percent was attributable to markets outside Sweden.

In total, this means that the order backlog has further increased since the start of the year – to SEK 51.4 billion.

Sales rose in the first quarter by 14 percent to slightly over SEK 4.9 billion (4.3). Saab Microwave Systems, which was acquired on September 1, 2006 and is reported in the Systems and Products segment, accounted for approximately 9 percentage points of the total growth. Defence and Security Solutions also reported higher sales, while Aeronautics saw a slight decrease, which is expected to be recouped during the year.

Operating income amounted to SEK 414 m. (549), corresponding to an operating margin of 8.4 (12.7) percent. Income thereby met our expectations. Last year's high level was a consequence of capital gains in connection with the divestment of Saab Metech. Excluding capital gains, the operating margin for the same period last year was 8.8 percent.

Important orders and events

Finland ordered the RBS 70 air defence missile system in a contract worth SEK 600 m. The first delivery is scheduled for late 2008, and the order secures production until 2010.

Together with the Euro-

pean missile producer MBDA, Saab will also supply Estonia with a short-range air defence system. Saab's commitment includes the Giraffe multi-role search and surveillance radar as well as command and communication centers. The total contract value for Saab and MBDA is approximately 60 million euros.

Late in the quarter, the Royal Netherlands Army awarded Saab a contract for a Mobile Battalion Combat Training Centre for training up to the battalion level. The order is valued at SEK 350 m. An important order was also received from EADS to develop and produce a Terrain Masking Low Level Flight Computer for Germany's A400M military transport aircraft. The contract is worth slightly over SEK 100 m.

In Sweden, Nordic Battlegroup 2008 continues to generate important orders. The latest is for a resource management system for forward based units. Saab is also supplying important components of a field hospital solution for



Åke Svensson
President and CEO.

the Nordic Battle Group. The agreement covers the supply and integration of equipment for a forward surgical team and dentistry unit.

Support solutions like this one are an important future market for Saab, as confirmed by the recently signed agreement with the Swedish Armed Forces for technical system support for operation and maintenance of military materiel systems, a contract worth up to SEK 230 m.

Two events during the quarter point to Saab's future opportunities in civil security. In mid-March, Saab unveiled a new system to protect military and commercial aircraft against missile attacks developed primarily for special missions in high-risk areas. We are also strengthening our partnership with Securitas, most recently in a collaboration on future guard monitoring and dispatch systems and through a security platform for the port of Stockholm.

Gripen

The Swedish government has reaffirmed its support for the long-term development of the Gripen system. In its supplementary budget for 2007, SEK 4.1 billion has been allocated to upgrade 31 Gripen aircraft to the C/D version over five years as well as for a demonstrator program for

further development of new functions and capabilities.

This reinforces the close, trusting cooperation between the government and Saab, while improving prospects for new exports of Gripen and securing important job opportunities in Sweden.

Amid allegations of bribery, the Director of Public Prosecutions for the Swedish Anti-Corruption Unit initiated an investigation during the first quarter in connection with the lease of Gripen aircraft to the Czech Republic.

It is our firm conviction that our business uses only legal methods. Bribes have never been allowed at Saab. Our rules in this respect are clear, and can be found on our website.

We are fully cooperating with the public prosecutor and providing all the information needed in the investigation. As a result, we cannot comment further before the prosecutor's work is done.

Forecast 2007

Saab's forecast for the full year was issued in the 2006 report in February. We expect growth in line with 2006 and an operating margin including structural costs slightly higher than 2006.

IMPORTANT EVENTS JANUARY-MARCH 2007

Saab received an order for the RBS 70 air defence missile system from the Finnish Army. The contract, valued at SEK 600 m., secures production of the RBS 70 until 2010.

Saab, together with MBDA, signed a contract with Estonia on a air defence missile system. Saab's commitment includes the Giraffe radar system as well as command and control and communication centers. The total contract value is approximately 60 million euros.

Saab received an order for development and production of a Terrain Masking Low Level Flight Computer for Germany's A400M military transport aircraft. The contract is worth slightly over SEK 100 m.

Saab signed an agreement with the Swedish Defence Materiel Administration, FMV, on technical system support for operation and maintenance of military materiel systems. The agreement is worth up to SEK 230 m.

Saab is supplying a field hospital solution for the Nordic Battle Group. The agreement covers the supply and integration of equipment as well as a complete support commitment. The initial order is worth approximately SEK 105 m.

Sweden ordered a resource management system for forward based units, which is to be used by Nordic Battle Group 2008. The system will be delivered during the latter part of 2007.

Securitas and Saab entered into an agreement to develop the next generation of systems for efficient management of guard services and improved guard safety.

Saab was awarded an extended agreement to supply component service for Skyways Express's Fokker 50 fleet. The contract is valued at approximately SEK 100 m. over a three-year period.

In early April, Saab, through the business unit Combitech, became the sole owner of Caran Saab Engineering, CSE, at the same time that Caran took over ownership of A2 Acoustics. At the same time, Combitech transferred its operations in the automotive industry to Caran. In all, around 230 personnel are affected.

OPERATIONS

Since January 1, 2005, the Group's business units are divided into three business segments – Defence and Security Solutions, Systems and Products, and Aeronautics – which are used for reporting and oversight purposes.

Corporate comprises Group staffs and departments and peripheral operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft. Operational responsibility for the leasing fleet lies with Aeronautics.

Defence and Security Solutions

The Defence and Security Solutions business segment brings together Saab's capabilities in the development and integration of high-technology systems for reconnaissance, surveillance, communication and command and control. In the international market, tactical command and combat systems for land, sea and airborne forces are among the areas where Saab has an especially strong position.

The segment also offers a wide range of lifecycle support solutions. Consulting services in systems development, systems integration, and information and system security for customers in the defence, automotive and telecommunication industries as well as government agencies with responsibility for infrastructures are part of the portfolio as well.

The market for civil security systems continues to develop, creating new opportunities. Saab can supply robust systems for crisis management and protection of infrastructure.

Systems and Products

Customers in the Systems and Products business segment mainly consist of defence authorities and other defence contractors around the world. Saab has a broad-based portfolio of products and systems that in many cases are world leaders.

In avionics (aeronautical electronics), Saab is a leading supplier to both military and civil aviation manufacturers.

In weapon systems, Saab's portfolio ranges from man-portable weapons such as the Carl-Gustaf anti-armor weapon and its successors AT4 and NLAW to the missile systems RBS 15, RBS 70 and Bamse.

Electronic warfare – warning, jamming and protection against detection and weapons – is another area where

Saab has developed world-leading products for a large number of combat vehicles, aircraft, helicopters, submarines and surface vessels the world over.

The radar and sensor operations are vital components of Saab's major systems solutions such as the Bamse missile platform, the Gripen combat fighter and Saab's airborne surveillance system. But they also include products that in and of themselves command a leading position in the global market. The weapon detecting radar Arthur and the search radar Giraffe are two examples.

Signature management, which prevents detection by even the most advanced technical equipment, is another area where Saab has a world-leading position.

Saab also has a strong position in advanced training systems for land-based forces and now lists special police units among its customers.

Underwater technology for shallow water and harbors is another area where Saab has leading expertise. Significant potential exists is autonomous, unmanned underwater vehicles for both military and commercial applications.

Saab is also Europe's leading independent supplier of advanced equipment for the space industry.

Aeronautics

Saab's aeronautics operations are dominated by the Gripen program.

Gripen, the world's most modern fighter aircraft in operational service, is currently used in Sweden and NATO members the Czech Republic and Hungary. South Africa will begin flying Gripen in 2008. Export potential is high, and Saab is working aggressively in a number of markets to win new contracts. The Gripen program includes significant sales of modifications, training and maintenance.

Saab is also a leader in the development of unmanned aerial vehicles, UAVs. In-house products are combined with participation in international development programs. Saab has primary responsibility for key subsystems in the Neuron program, a European project to develop an unmanned combat air vehicle and next-generation fighter aircraft.

In its role as a subsystem supplier, Saab develops complex structural units and subsystems for commercial and military aircraft manufacturers.

SALES, INCOME AND ORDERS

Sales

Sales in the first quarter amounted to SEK 4,917 m. (4,311), an increase of SEK 606 m. or 14 percent. Organic growth amounted to 5 percent adjusted for the acquisition of Saab Microwave Systems on September 1, 2006.

Of sales, 82 percent (76) related to the defence market. Sales in foreign markets amounted to SEK 3,157 m. (2,775), exceeding revenue in the Swedish home market and accounting for 64 percent (64) of total sales. Total sales in the EU, excluding Sweden, were SEK 1,126 m. (1,133).

Sales for Defence and Security Solutions rose to SEK 2,053 m. (1,738), a gain of 18 percent mainly due to the increased scope of the new business unit Saab Surveillance Systems. Sales for other business units within Defence and Security Solutions rose or remained in line with the previous year. Foreign markets accounted for 56 percent (52) of sales.

Sales for Systems and Products rose to SEK 1,885 m. (1,482), an increase of 27 percent. The increase was positively affected by the acquisition of Saab Microwave Systems on September 1, 2006. Other business units raised their sales with the exceptions of Saab Barracuda, which decreased due to lower revenue in the U.S., and Saab Bofors Dynamics, which decreased due to slower activity compared with the previous year. Foreign markets accounted for 67 percent (66) of sales.

Aeronautics' sales decreased to SEK 1,383 m. (1,591). Saab Aerosystems and Saab Aerostructures both decreased slightly. Of total sales, 46 percent (46) relates to the Swedish market, including deliveries of Gripen in batch 3. The sales decrease is expected to be recouped during the year.

Income, margin and profitability

Operating income for the first quarter amounted to SEK 414 m. (549). The decrease in income is mainly due to Corporate, which reported a gain of SEK 170 m. on the sale of the subsidiary Saab Metech in the first quarter 2006. The gain was subsequently adjusted to SEK 180 m. in 2006. The operating margin was 8.4 percent (12.7). The year-earlier operating margin excluding capital gains was 8.8 percent.

The gross margin improved compared with the previous year to 27.5 percent (25.8). In recent years, Saab has focused on improved gross margins through cost

reductions and efficiency improvements in processes and routines, among other things.

Other operating income, SEK 40 m. (185), during present and previous years includes capital gains, currency gains and results from secondary activities. As a whole, administrative and marketing expenses were SEK 120 m. higher than the previous year, mainly due to the acquisitions of Saab Microwave Systems and Saab Denmark (Maersk Data Defence). The period's internally funded investments in research and development amounted to SEK 286 m. (187); SEK 232 m. (119) has been charged to operating income for the year, which includes depreciation of SEK 82 m. (26). Of the year's expenditures, a total of SEK 136 m. (94) has been capitalized. Other operating expenses, SEK -9 m. (-21), consist of exchange rate differences. The share of income in associated companies, SEK 0 m. (5), primarily relates to after-tax income in Hawker Pacific and Caran Saab Engineering.

Net financial income and expenses amounted to SEK -34 m. (-16), of which the share in income of associated companies held as financial assets amounted to SEK -23 m. (-1). Project interest from utilized advanced payments reduced the financial net by SEK 38 m. (9) and is recognized as a part of cost of goods sold. Income after financial items amounted to SEK 380 m. (533).

Current and deferred taxes amounted to SEK -110 m. (-105), which means an effective tax rate of 29 percent (20). The low effective tax rate in the previous year is due to tax-exempt revenue and the utilization of previously uncapitalized tax loss carryforwards.

Net income for the period was SEK 270 m. (428), of which the minority interest amounts to SEK 9 m. (5). Earnings per share for the Parent Company's shareholders' interest amounted to SEK 2.39 (3.88).

The pre-tax return on capital employed during the last 12-month period was 14.3 percent (17.3) and the after-tax return on equity was 11.8 percent (15.2).

Operating income for Defence and Security Solutions improved to SEK 230 m. (192), with a margin of 11.2 percent (11.0). The income improvement is due to the new business unit Saab Surveillance Systems, among other things.

Operating income for Systems and Products improved to SEK 158 m. (143) with an operating margin of 8.4 percent (9.6). Income increased through the acquisition of

Saab Microwave Systems. The margin was adversely affected by higher amortization of development expenditures attributable to Saab Microwave Systems.

Operating income for Aeronautics marginally decreased to SEK 67 m. (72). The operating margin of 4.8 percent (4.5) remains under pressure from low margins on certain Gripen contracts as well as low capacity utilization in civilian programs.

Corporate reported operating income of SEK -41 m. (142). Income in the first quarter 2006 was positively affected by a gain of SEK 170 m. on the sale of the subsidiary Saab Metech, which was subsequently adjusted to SEK 180 m. in 2006. Corporate consists of shared Group expenses, income and expenses attributable to support operations, trading, results from certain operating companies and results in connection with liquidations. Consequently, results can vary between periods. Results from leasing operations for the Saab 340 and Saab 2000 fleet, which are reported in Corporate, had no impact on income during the year.

Orders

Order bookings for the first quarter amounted to SEK 5,391 m. (4,149). Major orders are listed in the section, "Important orders".

Seventy-two percent (64) of orders came from customers outside Sweden and 77 percent (59) was attributable to defence-related operations.

Order bookings for Defence and Security Solutions rose to SEK 2,114 m. (1,889). All business units raised their order bookings with the exception of Saab Systems, where order bookings were shifted to later in the year.

Order bookings for Systems and Products rose to SEK 2,338 m. (1,481). The increase is attributable in part to the acquisition of Saab Microwave Systems. Among other business units, order bookings rose for Saab Bofors Dynamics, Saab Space, Saab Training Systems and Saab Barracuda, while order bookings decreased for Saab Avitronics and Saab Underwater Systems due to variations during the year.

Order bookings for Aeronautics amounted to SEK 1,289 m. (1,146). Order bookings rose for Saab Aerosystems and related to the continued development of Gripen.

The order backlog at the end of the period was

SEK 51,439 m. (41,902). Foreign orders account for 78 percent (76) of the backlog.

The order backlog primarily includes:

- Gripen to Sweden and on export
- Airborne early warning systems
- Active and passive countermeasure systems
- Missile systems for air, sea and land
- Structures and subsystems for Airbus and Boeing
- Anti-tank systems
- Command and control, avionics and fire control systems
- Radar systems
- Signature management systems

ACQUISITIONS AND DIVESTMENTS DURING THE YEAR

During the first quarter, there were no acquisitions or divestments.

FINANCIAL POSITION AND LIQUIDITY

Balance sheet

Goodwill and other intangible fixed assets amounted to SEK 7,853 m. (3,228). The increase relates to the acquisition of Saab Microwave Systems. Goodwill amounted to SEK 3,297 m. (1,824) and is largely attributable to the acquisition of Celsius in 2000 and the acquisition of Saab Microwave Systems on September 1, 2006. Remaining goodwill mainly relates to the acquisitions of Saab Grintek, Saab Avitronics and Combitech. Amortization of intangible assets for the period amounted to SEK 124 m. (34), of which capitalized product development amounted to SEK 82 m. (26).

Property, plant and equipment are used in core operations. Investment properties refer to properties leased to outside parties and valued at estimated fair value. Lease assets primarily relate to the leasing fleet of regional aircraft. During the period, 10 aircraft have been sold. Depreciation for the period on tangible fixed assets amounted to SEK 84 m. (82), while depreciation on the leasing fleet amounted to SEK 51 m. (79).

Long-term interest-bearing receivables primarily consist of receivables from asset sales. Shares in associated

companies include the shares in Hawker Pacific, Eurenco and Wah Nobel. Deferred tax assets mainly relate to unutilized tax deductions for provisions and unutilized tax loss carryforwards.

Inventories are reported after deducting advances. Other receivables primarily relate to receivables from customers (after deducting advances) and receivables from divested financial assets.

Assets held for sale refer to real estate.

Provisions for pensions amounted to SEK 405 m., compared with SEK 412 m. on December 31, 2006. During the first quarter, another business unit joined the Saab Pension Fund. The market value of the Saab Pension Fund was SEK 3,251 m. at the end of the period.

Deferred tax refers to temporary differences between the carrying value of assets and liabilities and their value for tax purposes. Other provisions chiefly relate to obligations, and anticipated deficits attributable to regional aircraft.

Liquidity and finance

Compared with the beginning of the year, cash, marketable securities and short-term investments, less liabilities to credit institutions, decreased by SEK 166 m. As a result, the Group has net debt of SEK 95 m., against net debt of SEK 261 m. at the beginning of the year. The Group's net liquidity, including interest-bearing receivables, after deduction of provisions for pensions, amounted to SEK 918 m., against SEK 605 m. at the beginning of the year. The equity/assets ratio was 31.3 percent, against 30.6 percent at the beginning of the year. Shareholders' equity related to the Parent Company's shareholders amounted to SEK 10,035 m., compared with SEK 9,802 m. at the beginning of the year, or SEK 91.94 per share (89.80).

Cash flow

Operating cash flow amounted to SEK 316 m. (28) during the period and was distributed between cash flow from core operating activities of SEK 395 m. (-196), acquisitions SEK 39 m. (-48), divestments of subsidiaries and associated companies SEK 0 m. (401) and the regional aircraft business SEK -118 m. (-129). During the period, a net of 10 Saab 340 were sold, due to which working capital decreased and cash flow from investing activities was positively affected.

CAPITAL EXPENDITURES, PERSONNEL AND OWNERS

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 95 m. (86).

Personnel

At the end of the period, the Group had 13,583 employees, against 13,577 at the beginning of the year.

Owners

Saab's 15 largest shareholders are BAE Systems, Investor AB, the Wallenberg foundations, AMF Pension funds, Swedbank Robur funds, JP Morgan Chase Bank, Odin funds, SEB funds, Nordea funds, Ssb CI Omnibus Ac, SHB/SPP funds, Skandia Liv, Nordea Bank Finland, Öresund and HQ funds.

This interim report has not been reviewed by the company's auditors.

Linköping, April 24, 2007

Åke Svensson

President and Chief Executive Officer

Financial information dates:

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Press conference

with Åke Svensson, CEO, and Lars Wahlund,

SVP Finance:

Today, Tuesday, April 24, 2007, 9:30 a.m. (CET)
World Trade Center, Stockholm
Contact Peter Larsson, Press Secretary, tel. +46-734-18 00 18

International teleconference:

Today, Tuesday, April 24, 2007, 4:00 p.m. (CET)
Contact Marita Sidén to register and for further information
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INTERIM REPORT JANUARY-MARCH 2007

Income statement

SEK m.	Note	3 mos. 2007	3 mos. 2006	Rolling 12 mos.	12 mos. 2006
Sales	3	4,917	4,311	21,669	21,063
Cost of goods sold		-3,567	-3,197	-16,145	-15,775
Gross income		1,350	1,114	5,524	5,288
Gross margin		27.5%	25.8%	25.5%	25.1%
Other operating income		40	185	185	330
Marketing expenses		-383	-335	-1,694	-1,646
Administrative expenses		-352	-280	-1,351	-1,279
Research and development costs		-232	-119	-918	-805
Other operating expenses		-9	-21	-153	-165
Share in income of associated companies		-	5	17	22
Operating income ¹⁾	3	414	549	1,610	1,745
Operating margin		8.4%	12.7%	7.4%	8.3%
Share in income of associated companies		-23	-1	-50	-28
Financial income		30	59	85	114
Financial expenses		-41	-74	-105	-138
Net financial items		-34	-16	-70	-52
Income before taxes		380	533	1,540	1,693
Taxes	4	-110	-105	-351	-346
Net income for the period		270	428	1,189	1,347
of which Parent Company shareholders' interest		261	423	1,138	1,300
of which minority interest		9	5	51	47
Earnings per share before and after dilution, SEK ²⁾		2.39	3.88	10.42	11.91
¹⁾ Includes depreciation/amortization and impairments of		-259	-195	-1,120	-1,056
of which depreciation of lease assets		-51	-79	-254	-282
²⁾ Average number of shares		109,150,344	109,150,344	109,150,344	109,150,344

Quarterly income statement

SEK m.	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Sales	4,917	7,347	4,260	5,145	4,311
Cost of goods sold	-3,567	-5,602	-3,067	-3,909	-3,197
Gross income	1,350	1,745	1,193	1,236	1,114
Gross margin	27.5%	23.8%	28.0%	24.0%	25.8%
Other operating income	40	68	23	54	185
Marketing expenses	-383	-585	-368	-358	-335
Administrative expenses	-352	-370	-330	-299	-280
Research and development costs	-232	-404	-152	-130	-119
Other operating expenses	-9	-47	5	-102	-21
Share in income of associated companies	-	16	-2	3	5
Operating income ¹⁾	414	423	369	404	549
Operating margin	8.4%	5.8%	8.7%	7.8%	12.7%
Share in income of associated companies	-23	-13	-2	-12	-1
Financial income	30	-23	39	39	59
Financial expenses	-41	13	-49	-28	-74
Net financial items	-34	-23	-12	-1	-16
Income before taxes	380	400	357	403	533
Taxes	-110	-32	-107	-102	-105
Net income for the period	270	368	250	301	428
of which Parent Company shareholders' interest	261	347	237	293	423
of which minority interest	9	21	13	8	5
Earnings per share before and after dilution, SEK, kr ²⁾	2.39	3.18	2.17	2.68	3.88
¹⁾ Includes depreciation/amortization and impairments of	-259	-435	-235	-191	-195
of which depreciation of lease assets	-51	-65	-67	-71	-79
²⁾ Average number of shares	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

Balance sheet

SEK m.	Note	3/31/2007	12/31/2006	3/31/2006
ASSETS				
Fixed assets				
Intangible fixed assets		7,853	7,821	3,328
Tangible fixed assets		4,287	4,295	4,194
Lease assets		2,208	2,417	3,618
Biological assets		230	230	217
Investment properties		66	66	62
Shares in associated companies		253	270	312
Financial investments		130	122	122
Long-term receivables		987	991	1,074
Deferred tax receivables		385	362	265
Total fixed assets		16,399	16,574	13,192
Current assets				
Inventories		5,406	4,957	4,276
Derivatives		277	538	372
Tax receivables		136	146	119
Account receivables		3,082	3,324	2,543
Prepaid expenses and accrued income		816	652	615
Other receivables		5,001	5,053	2,898
Short-term investments		0	0	2,759
Cash and marketable securities	6	1,557	1,393	952
Total current assets		16,275	16,063	14,534
Assets held for sale		124	134	-
Total assets	11	32,798	32,771	27,726

INTERIM REPORT JANUARY-MARCH 2007

SEK m.	Note	3/31/2007	12/31/2006	3/31/2006
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		10,035	9,802	9,547
Minority interest		231	223	319
Total shareholders' equity		10,266	10,025	9,866
Long-term liabilities				
Long-term interest-bearing liabilities		591	590	733
Lease obligations		206	245	390
Other liabilities		341	342	380
Provisions for pensions	8	405	412	491
Other provisions		1,936	1,961	2,228
Deferred tax liabilities		830	789	28
Total long-term liabilities		4,309	4,339	4,250
Current liabilities				
Short-term interest-bearing liabilities		1,061	1,064	316
Advance payments from customers		4,292	3,642	2,862
Accounts payable		984	1,422	1,040
Lease obligations		110	212	803
Derivatives		254	172	219
Tax liabilities		455	298	177
Other liabilities		825	1,115	1,020
Accrued expenses and deferred income		9,221	9,371	6,604
Provisions		1,021	1,109	569
Total current liabilities		18,223	18,405	13,610
Liabilities attributable to assets held for sale		-	2	-
Total liabilities		22,532	22,746	17,860
Total shareholders' equity and liabilities	11	32,798	32,771	27,726

Changes in shareholders' equity

SEK m.	Equity attributable to Parent Company's shareholders					Total	Minority interest	Total shareholders' equity
	Capital stock	Other capital contributions	Net gain on cash flow hedges	OTHER RESERVES Translation reserve	Retained earnings			
Opening balance, January 1, 2007	1,746	543	72	-8	7,449	9,802	223	10,025
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	42	-	42	-3	39
Net gain on cash flow hedges	-	-	-68	-	-	-68	-	-68
Other changes in shareholders' equity:								
Net income for the period	-	-	-	-	261	261	9	270
Transactions with owners:								
Dividend	-	-	-	-	-	-	-	-
Acquisition and sale of operations	-	-	-	-	-2	-2	2	-
Closing balance, March 31, 2007	1,746	543	4	34	7,708	10,035	231	10,266
Opening balance, January 1, 2006	1,746	543	6	298	6,586	9,179	314	9,493
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	-112	-	-112	-	-112
Net gain on cash flow hedges	-	-	57	-	-	57	-	57
Other changes in shareholders' equity:								
Net income for the period	-	-	-	-	423	423	5	428
Transactions with owners:								
Dividend	-	-	-	-	-	-	-	-
Acquisition and sale of operations	-	-	-	-	-	-	-	-
Closing balance, March 31, 2006	1,746	543	63	186	7,009	9,547	319	9,866

Statement of cash flows

SEK m.	Note	3 mos. 2007	3 mos. 2006	12 mos. 2006
Operating activities				
Income after financial items		380	533	1,693
Establishment of pension fund		-	-2,511	-2,566
Adjustments for items not affecting cash flow		272	88	1,454
Income tax paid		-20	-31	-115
Cash flow from operating activities before changes in working capital		632	-1,921	466
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-440	-367	-767
Increase(-)/Decrease(+) in current receivables		153	-73	-1,700
Increase(+)/Decrease(-) in advance payments from customers		654	-664	-853
Increase(+)/Decrease(-) in lease obligations		-485	-291	-832
Increase(+)/Decrease(-) in other current liabilities		-145	437	2,290
Increase(+)/Decrease(-) in provisions		-125	-67	-201
Cash flow from operating activities		244	-2,946	-1,597
Investing activities				
Investments in intangible fixed assets		-5	-	-67
Capitalized development costs		-136	-94	-463
Investments in tangible fixed assets		-95	-86	-433
Sale of tangible fixed assets		55	15	31
Sale of lease assets		224	276	823
Investments in and sale of financial assets		-149	2,262	4,606
Investments in subsidiaries, net effect on liquidity	7	39	-48	-3,403
Sale of subsidiaries, net effect on liquidity	7	-	-	219
Cash flow from investing activities		-67	2,325	1,313
Financing activities				
Loans raised		-	21	630
Amortization of loans		-11	-	-
Dividend paid to Parent Company's shareholders		-	-	-437
Dividend paid to minority interest		-	-	-4
Cash flow from financing activities		-11	21	189
Cash flow for the period	6	166	-600	-95
Liquid assets at beginning of year		1,389	1,557	1,557
Exchange rate difference in liquid assets		-2	-5	-73
Liquid assets at end of period	6	1,553	952	1,389

INTERIM REPORT JANUARY-MARCH 2007

Quarterly information ¹⁾

SEK m.	JANUARY-MARCH				APRIL-JUNE	
	2007		2006		2007	2006
Sales						
Defence and Security Solutions	2,053		1,738			1,934
Systems and Products	1,885		1,482			1,879
Aeronautics	1,383		1,591			1,534
Corporate	20		69			49
Internal sales	-424		-569			-251
Total	4,917		4,311			5,145
Operating income						
Defence and Security Solutions	230	11.2%	192	11.0%		152
Systems and Products	158	8.4%	143	9.6%		239
Aeronautics	67	4.8%	72	4.5%		101
Corporate	-41		142			-88
Total	414	8.4%	549	12.7%		404
Net financial items	-34		-16			-1
Income before taxes	380		533			403
Net income for the period	270		428			301
Attributable to Parent Company's shareholders	261		423			293
Earnings per share	2.39		3.88			2.68
No. of shares, thousands	109,150		109,150			109,150

SEK m.	JULY-SEPTEMBER				OCTOBER-DECEMBER	
	2007		2006		2007	2006
Sales						
Defence and Security Solutions			1,913			2,443
Systems and Products			1,417			3,802
Aeronautics			1,233			1,652
Corporate			49			37
Internal sales			-352			-587
Total			4,260			7,347
Operating income						
Defence and Security Solutions			199	10.4%		332
Systems and Products			106	7.5%		143
Aeronautics			39	3.2%		-22
Corporate			25			-30
Total			369	8.7%		423
Net financial items			-12			-23
Income before taxes			357			400
Net income for the period			250			368
Attributable to Parent Company's shareholders			237			347
Earnings per share			2.17			3.18
No. of shares, thousands			109,150			109,150

¹⁾ For information on the business segments see note 3 on page 17.

Five-year overview

SEK m., unless otherwise stated	2006	2005	2004 ⁵⁾	2003	2002
Order bookings	27,575	17,512	16,444	19,606	19,521
Order backlog at Dec. 31	51,099	42,198	43,162	45,636	43,082
Sales	21,063	19,314	17,848	17,250	16,538
Foreign market sales, %	65	56	48	46	41
Operating income	1,745	1,652	1,853	1,293	1,220
Operating margin, %	8.3	8.6	10.4	7.5	7.4
Operating margin before depreciation/amortization and impairments, excluding leasing, %	12.0	11.3	13.1	11.1	11.2
Income after financial items	1,693	1,551	1,712	1,073	993
Net income for the year	1,347	1,199	1,310	746	732
Total assets	32,771	30,594	27,509	28,704	28,109
Operating cash flow	-1,900	2,645	325	545	-92
Return on capital employed, %	14.5	14.6	17.3	12.7	11.6
Return on equity, %	13.8	13.5	16.7	10.8	10.8
Equity/assets ratio, %	30.6	31.0	29.9	24.4	24.3
Earnings per share, SEK ^{2) 4)}	11.91	10.89	11.78	7.00	6.87
after full conversion, SEK ^{3) 4)}	11.91	10.89	11.78	6.91	6.78
Dividend per share, SEK	4.25	4.00	3.75	3.50	3.50
Equity per share, SEK ¹⁾	89.80	84.10	74.89	65.75	64.17
Number of employees at year-end	13,577	12,830	11,936	13,414	14,036

¹⁾ Number of shares as of December 31, 2006/2005/2004: 109,150,344; 2003: 106,517,563 and 2002: 106,510,374

²⁾ Average number of shares 2006/2005: 109,150,344; 2004: 108,234,126; 2003: 106,513,969 and 2002: 106,487,407

³⁾ Average number of shares 2006/2005: 109,150,344; 2004: 108,234,126, after full conversion 2002-2003: 109,247,175. Conversion of the debenture loan concluded on July 15, 2004.

⁴⁾ Net income for the year less minority interest divided by the average number of shares.

⁵⁾ Restated according to IFRS, previous years are not restated

Key ratios and targets

Percent	target	3 mos. 2007	3 mos. 2006	12 mos. 2006
Operating margin before depreciation/amortization and impairments excluding leasing, %	15.0	12.6	15.4	12.0
Operating margin, %	10.0	8.4	12.7	8.3
Earnings per share, SEK ¹⁾		2.39	3.88	11.91
Return on capital employed before tax, %		14.3	17.3	14.5
Return on equity after tax, %	15.0	11.8	15.2	13.8
Equity/assets ratio, %	30.0	31.3	35.6	30.6
Equity per share, SEK ¹⁾		91.4	87.47	89.80

¹⁾ Average number of shares 109,150,344

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, registered office in Linköping, Sweden, has been listed on the OMX Stockholm since 1998 and on the new large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described on pages 4.

The Board of Directors and the President approved this interim report for the period January 1 – March 31, 2007 for publication on April 24, 2007.

NOTE 2

ACCOUNTING PRINCIPLES

This interim report is prepared according to the Annual Accounts Act and IAS 34.

The same accounting principles have been applied during the period as in 2006, as described on pages 56-62 of the annual report 2006. The interim report does not contain all the information and disclosures available in the annual report, and the interim report should be read together with the annual report for 2006.

NOTE 3

SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, with its main operations in defence, aviation and space. Operations are primarily focused on well-defined areas in defence electronics, missile systems and space electronics as well as military and commercial aviation. Saab is also active in technical services and maintenance.

While Europe is its main market, Saab has growing markets in Australia, South Africa and the U.S.

For description of business segments see page 4.

SALES AND ORDER INFORMATION

Sales by business segment

SEK m.	3 mos 2007	3 mos 2006	Change	Rolling 12	
				mos.	12 mos. 2006
Defence & Security Solutions	2,053	1,738	18.1%	8,343	8,028
Systems & Products	1,885	1,482	27.2%	8,983	8,580
Aeronautics	1,383	1,591	-13.1%	5,802	6,010
Corporate	20	69		155	204
Internal sales	-424	-569		-1,614	-1,759
Total	4,917	4,311	14.1%	21,669	21,063

NOTE 3 continued

Sales by geographic market

SEK m.	3 mos. 2007	% of sales	3 mos. 2006	% of sales	12 mos. 2006	% of sales
Sweden	1,760	36%	1,536	36%	7,349	35%
Rest of EU	1,126	23%	1,133	26%	6,080	29%
Rest of Europe	136	3%	57	1%	292	1%
Total, Europe	3,022	62%	2,726	63%	13,721	65%
North America	285	6%	326	8%	1,746	8%
Latin America	17	0%	9	0%	57	0%
Asia	587	12%	269	6%	1,757	8%
Australia, etc.	202	4%	340	8%	975	5%
Africa	804	16%	641	15%	2,807	14%
Total	4,917	100%	4,311	100%	21,063	100%

Order bookings by business segment

SEK m.	3 mos 2007	3 mos 2006	12 mos. 2006
Defence & Security Solutions	2,114	1,889	16,415
Systems & Products	2,338	1,481	7,691
Aeronautics	1,289	1,146	4,956
Corporate	15	10	53
Internal	-365	-377	-1,540
Total	5,391	4,149	27,575

Order backlog by business segment

SEK m.	March 31,2007	Dec. 31,2006	March 31,2006
Defence & Security Solutions	13,707	13,654	5,468
Systems & Products	19,300	18,950	16,310
Aeronautics	20,372	20,440	21,405
Corporate	-	12	104
Internal	- 1,940	-1,957	-1,385
Total	51,439	51,099	41,902

NOTE 3 continued

OPERATING INCOME

Operating income by business segment

SEK m.	3 mos. 2007	% of sales	3 mos. 2006	% of sales	Rolling 12 mos.	% of sales	12 mos. 2006	% of sales
Defence & Security Solutions	230	11.2%	192	11.0%	913	10.9%	875	10.9%
Systems & Products	158	8.4%	143	9.6%	646	7.2%	631	7.4%
Aeronautics	67	4.8%	72	4.5%	185	3.2%	190	3.2%
Corporate	-41		142		-134		49	
Total	414	8.4%	549	12.7%	1,610	7.4%	1,745	8.3%

Depreciation/amortization and impairments by business segment

SEK m.	3 mos 2007	3 mos 2006	12 mos. 2006
Defence & Security Solutions	47	19	128
Systems & Products	115	45	390
Aeronautics	30	29	128
Corporate - lease assets	51	79	282
Corporate - other	16	23	123
Total	259	195	1,051

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Cash flow by business segment

SEK m.	3 mos. 2007	3 mos. 2006	12 mos. 2006
Defence & Security Solutions	562	228	619
Systems & Products	276	181	-33
Aeronautics	-124	-390	-71
Corporate	-398	9	-2,415
Total	316	28	-1,900

NOTE 3 continued

Capital employed by business segment

SEK m.	March 31,2007	Dec. 31,2006	March 31,2006
Defence & Security Solutions	4,257	4,663	3,343
Systems & Products	7,596	7,523	3,992
Aeronautics	3,441	2,158	1,364
Corporate	-2,971	-2,253	2,707
Total	12,323	12,091	11,406

PERSONNEL

Personnel by business segment

Number at end of period	March 2007	Dec. 2006	Change	March 2006
Defence & Security Solutions	4,861	4,843	18	4,618
Systems & Products	5,155	5,197	-42	4,119
Aeronautics	2,912	2,904	8	3,001
Corporate	655	633	22	721
Total	13,583	13,577	6	12,459

NOTE 4

TAXES

SEK m.	3 mos. 2007	3 mos. 2006
Current tax	-107	-31
Deferred tax	-3	-74
Total	-110	-105

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on February 15, 2007, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.25 per share, totaling SEK 464 m. The Board's dividend motivation can be found on page 104 of the annual report 2006.

The Annual General Meeting on April 12, 2007 approved the Board's proposal and set April 17, 2007 as the record day and decided that the dividend would be paid on April 20, 2007.

NOTE 6

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets at end of period

SEK m.	March 2007	March 2006	Dec. 2006
The following components are included in liquid assets:			
Cash and bank balances (incl. available overdraft facilities)	1,511	879	1,290
Deposits	46	73	103
Short-term investments equated with liquid assets	-	-	-
Total according to balance sheet	1,557	952	1,393
Immediately cancelable overdraft facilities	-4	-	-4
Total according to statement of cash flows	1,553	952	1,389

Operating cash flow vs. statement of cash flows

SEK m.	3 mos. 2007	3 mos. 2006	12 mos. 2006
Operating cash flow	316	28	-1,900
Investing activities – interest-bearing:			
Short-term investments	-	1,859	4,868
Financial investments and receivables	-139	3	-686
Financing activities:			
Loans raised	-	21	630
Amortization of loans	-11	-	-
Establishment of pension fund	-	-2,511	-2,566
Dividend paid to the Parent Company's shareholders	-	-	-437
Dividend paid to minority interest	-	-	-4
Cash flow for the period	166	-600	-95

NOTE 6 continued

Specification of operating cash flow 3 mos. 2007

SEK m.	Saab excl. acquisitions/divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group
Cash flow from operating activities before changes in working capital	578	-	54	632
<i>Cash flow from changes in working capital</i>				
Inventories	-456	-	16	-440
Receivables	70	-	83	153
Advance payments from customers	654	-	-	654
Lease obligations	-	-	-145	-145
Other liabilities	-200	-	-285	-485
Provisions	-60	-	-65	-125
Change in working capital	8	-	-396	-388
Cash flow from operating activities	586	-	-342	244
<i>Investing activities</i>				
Investments in intangible fixed assets	-141	-	-	-141
Investments in tangible fixed assets	-95	-	-	-95
Sale of tangible fixed assets	55	-	-	55
Sale of lease assets	-	-	224	224
Sale of and investment in shares, etc.	-10	-	-	-10
Investments in subsidiaries, net effect on liquidity	-	39	-	39
Sale of subsidiaries, net effect on liquidity	-	-	-	-
Cash flow from investing activities	-191	39	224	72
OPERATING CASH FLOW	395	39	-118	316

NOTE 7

ACQUISITIONS AND DIVESTMENTS

On September 1, 2006, Saab acquired all the shares (100 percent) in Ericsson Microwave Systems AB, Maersk Data Defence A/S and 40 percent of the shares in Saab Ericsson Space AB.

The acquisition of Saab Ericsson Space AB is reported as a step-by-step acquisition, since Saab's interest prior to the acquisition was 60 percent and it was already consolidated in the Group.

The acquisitions of Ericsson Microwave Systems AB and Maersk Data Defence A/S have the following effects on the Group's assets and liabilities:

Ericsson Microwave Systems AB (preliminary)

SEK m.	Reported value at acquisition	Fair value reported in Group
Intangible fixed assets	2,000	2,957
Tangible fixed assets	223	223
Financial fixed assets	87	87
Deferred tax assets	125	125
Inventories	171	171
Other receivables	1,730	1,730
Liquid assets	582	582
Provisions	-280	-280
Deferred tax liabilities	-615	-883
Advance payments from customers	-1,482	-1,482
Accounts payable and other liabilities	-927	-927
Net identified assets and liabilities	1,614	2,303
Goodwill		1,460
Purchase price		3,763
Liquid assets (acquired)		-582
Net cash flow out		3,181

The acquisition analysis remains preliminary, since the final purchase price has not been determined.

Description of identified intangible assets

Intangible assets primarily consist of expenditures for product development/technology and customer relations. The estimated amortization schedule is at 5 to 15 years.

Maersk Data Defence A/S (definitive)

SEK m.	Reported value at acquisition	Fair value reported in Group
Intangible fixed asset	15	15
Tangible fixed assets	2	2
Deferred tax assets	16	16
Inventories	19	19
Other receivables	23	23
Liquid assets	25	25
Provisions	-11	-11
Deferred tax liabilities	-4	-4
Interest-bearing liabilities	-12	-12
Accounts payable and other liabilities	-61	-61
Net identified assets and liabilities	12	12
Goodwill		-
Purchase price		12
Liquid assets (acquired)		-25
Net cash flow in		13

The acquisition analysis is definitive, since the final purchase price has been determined as SEK 12 m.

Description of identified intangible assets

Product development/technology primarily consists of investments in a number of key technologies, the most prominent of which is the DACCIS command and control system. The amortization period is estimated at 10 years.

NOTE 8

DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. The predominant plan is the ITP plan, which is secured through a pension fund. The Saab Pension Fund had assets of SEK 3,251 m. as of March 31, 2007.

NOTE 9

COMMITMENTS AND CONTINGENT LIABILITIES

No additional obligations or commitments were added during the period.

NOTE 10

TRANSACTIONS WITH RELATED PARTIES

Related parties with which the Group has transactions are described in the annual report for 2006, note 43.

NOTE 11

CONDENSED SUBDIVIDED BALANCE SHEET AS OF MARCH 31, 2007

SEK m.	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Assets				
Intangible fixed assets	7,853	-	-	7,853
Tangible fixed assets	4,583	-	-	4,583
Lease assets	-	2,208	-	2,208
Long-term interest-bearing receivables	494	-	-	494
Shares etc.	1,855	-	-1,500	355
Deferred tax assets	329	56	-	385
Inventories	5,401	5	-	5,406
Short-term interest-bearing receivables	924	-	-	924
Other receivables	8,367	666	-	9,033
Cash and marketable securities	1,511	46	-	1,557
Total assets	31,317	2,981	-1,500	32,798
Shareholders' equity and liabilities				
Shareholders' equity	10,245	1,521	-1,500	10,266
Provisions for pensions	405	-	-	405
Deferred tax liabilities	830	-	-	830
Other provisions	2,349	608	-	2,957
Interest-bearing liabilities	1,652	-	-	1,652
Lease obligations	-	316	-	316
Advance payments from customers	4,292	-	-	4,292
Other liabilities	11,544	536	-	12,080
Total shareholders' equity and liabilities	31,317	2,981	-1,500	32,798

NOTE 12

FORECAST 2007

For 2007 we expect growth in line with 2006 and an operating margin including structural costs slightly higher than 2006.