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President and CEO Åke Svensson's address to Saab's Annual General Meeting 2008

Chairman and shareholders.

2007 was a good and eventful year for Saab. We had a continued strong order volume; we increased our sales and achieved a good result – Saab's best results ever! At the same time, the world in which we operate is changing at a fast pace and this has consequences for us as a company. It creates new challenges and also brings new opportunities.

The Saab of tomorrow will look different to that of today – and, to a certain extent, do new things...things that one may not immediately associate with Saab but which we have, in fact, already started to carry out.

For example, during 2007, Saab had an increasing share of its sales within the civil security (community safety) sector. Furthermore, we have employees in Afghanistan who assist the Swedish contingent there on site with infrastructure, maintenance and logistics.

We have taken the initiative to establish a broad industrial partnership between Norway and Sweden in order to find new ways of reducing impacts on our climate. We are also participating in an important EU project called Clean Sky under which significant sums of money will be invested in making aviation more environment-friendly.

These are just some of the developments that impact on our current and future operations. I shall come back to these a little later but let us first review the year that has passed.

2007 was, as I mentioned above, a very good year. We achieved sales growth of 9 % and reported sales of SEK 23 billion for the year as a whole.

This growth in sales is partly due to the growth in our different divisions and partly to the acquisition of Saab Microwave Systems in 2006. This business has developed very well and we have achieved the goals we set ourselves at the time of the acquisition.

Our sales also reflect an increasing share from markets outside Sweden – a clear objective for Saab over a number of years. We have now achieved a proportion of 65 per cent and our ambition is that this shall further increase in future. Our international footprint is becoming increasingly evident.

Orders received amounted to SEK 21 billion. This was lower than in 2006 when the order volume was over SEK 27 billion, but those with a good memory will recall that we received a very large order from Pakistan for an early warning system during 2006. And which, by the way, we showed for the first time at a ceremony in Linköping just a few weeks ago. This

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order per se explains the entire difference between 2006 and 2007. If, for the sake of comparison, we exclude this order for both years our orders received actually increased during 2007.

The operating income increased by no less than 49 per cent to reach SEK 2.6 billion – a record for Saab. This, in fact, corresponds to a profit margin of 11 per cent. At the same time, we should remember that part of the increase in net income was due to one-off items and, if we make an adjustment for these, the margin was 9 per cent...that is to say we did not completely meet our objective of having a profit margin of 10 per cent.

In discussing a little the development of the share price in respect of Saab, I can say that we saw a decline during last year but we have also seen a good recovery during the early months of 2008. The assessment of our future business opportunities, our competitiveness and our capacity to manage our fine companies in an effective and successful manner are, of course, important factors for creating value for all our shareholders. These areas therefore occupy a central role in our day-to-day work within the company's management groups at all levels.

Let us look a little more closely at certain of the orders we received last year and that merit comment.

Gripen is indeed, as you all know, a very important part of Saab, both commercially and for our technological development. This is an industrial project that is of decisive importance for Sweden as a whole and one that we can all be very proud of.

For the Gripen system there were two important events during 2007 and at the start of this year.

In the first place, we received an order from Swedish Defence for the upgrading of 31 Gripen aircraft to the latest and most modern versions. And in connection with this also, an order for a demonstrator programme for Gripen – a large and important step to secure Gripen's long-term development. This means, in brief, that a test aircraft is now being developed for use as a platform for development of new technology and enhanced performance.

This is a very important order which implies a continued development of cutting-edge technology and that also opens the door to future Gripen business opportunities.

As you may have read in the newspapers, we are in the process of working on this aircraft at present which has its premier display on 23rd April.

At the current time we are also working on submitting binding offers for Gripen to a number of countries: Switzerland, Norway and India. Last year we submitted an offer to Denmark, and work is in progress on several important campaigns including for countries in eastern Europe.

The interest in Gripen in the export market has never been as great as it is now. At the same time, we know that the process before the procurement decision is taken is a long one – so it is important to have staying power and patience.

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In the second place, at the start of 2008, Thailand made an order for a complete defence system based on Gripen, which also includes an advanced airborne surveillance system with the Erieye radar on the Saab 340 aircraft and associated communication and command systems. The agreement was concluded at a national level between Thailand and Sweden, thereby demonstrating the importance of our co-operation with the Swedish government in creating business opportunities with advanced defence systems.

This contract clearly demonstrates that Saab has the capacity to supply more than part systems or products. The fact that we are able to tie together different technological solutions into entire system solutions is, to a degree, a unique capacity that we now possess and that will become even more important in future.

Gripen has thereby established itself in the three important market segments that we have identified: to replace Russian aircraft, to replace French aircraft and now also to replace American aircraft.

There are, so far, five nations that have chosen Gripen as the foundation of their future air force. Sweden and Thailand I have already mentioned, Hungary and the Czech Republic have had deliveries of all their ordered aircraft while deliveries to South Africa start this year.

Another example of our capacity to implement systems integration is the order, last year, from the Australian Navy. They have ordered two new ships and Saab shall supply systems for command and communication. This order is one more feather in our hat and one that demonstrates our capacity to develop and supply advanced solutions to our customers.

Other orders worth mentioning are the purchase by the Estonian Defence of air defence systems and the acquisition by the Finnish Army of the new anti-tank weapon NLAW. We also won an extensive contract for a training facility from the Netherlands Armed Forces and had a continued good order volume from Airbus and Boeing.

As you are aware, an enquiry is in progress into suspected bribery in connection with export sales of Gripen. I touched on this subject at the last AGM and, at that time, made clear that bribes are self-evidently not permitted in Saab.

I shall not repeat myself but, instead, describe somewhat the work we are carrying out internally in Saab in relation to our code of conduct. We adopt a crystal-clear attitude that all business we conduct shall take place on the basis of the highest ethical standards. In order to clarify once again the rules that apply in respect of this issue a project is now being carried out, directed at all our employees.

Our values, that in recent years we have diffused widely throughout our organisation, constitute the foundation of this work. This work is set to continue with undiminished energy during 2008 and in future years also.

All employees in the group shall undergo an interactive training in order to embed a revised and expanded code of conduct. With ever more complex business operations and in a

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widening international arena, high standards are set on the way we operate with these issues. There must be no hesitation here: we take these issues seriously and we understand the rules that apply.

Saab has also compiled an abbreviated information brochure that is now being distributed to all employees. This brochure is also to be found in the folders that have been distributed to you here today. This shows the ever wider social responsibility that Saab accepts on a range of different issues, ranging from our social responsibility with, for instance, our efforts to ensure employee diversity and fair employment conditions to our work on behalf of the climate and environmental care. In fact, the increasing demands within the environmental area demonstrate how new challenges can also create new business opportunities for us.

We have, for example, invested in a company called Usitall. They are specialists in waste management and energy recovery. We are thus able to offer industrial co-operation and export of environmental knowledge within an area where several of our future markets are facing major challenges.

We are increasing our attractiveness as partner in industrial collaboration – as ever an important component of large international business transactions. And we contribute to simplifying and speeding up the changeover to environmental care in the receiving country.

We have also taken the initiative for a new environmental co-operation between Sweden and Norway, namely Nordic Climate Cluster, which was presented last week. The goal is to stimulate projects that are able to develop future solutions in the energy and environmental area. A first task is to examine in detail the production of transport fuel from biological raw materials.

Another environmental issue that one can read about frequently in the media is the negative impact of aviation on our climate. Here, too, Saab is playing an active role through Clean Sky, which I mentioned at the beginning.

Thanks to the technical advances made in recent decades, the emissions from aircraft have already been reduced considerably. In fact, air traffic only contributes 2 per cent of the total emissions of carbon dioxide.

However, Clean Sky shall now, with a budget of SEK 1.6 billion Euros and with the aviation industry and the EU sharing the costs equally, further reduce the emissions of carbon dioxide, nitric oxide and noise from European aviation by 20-40 per cent up to the year 2020.

Saab is participating in Clean Sky together with twelve European aviation companies in order to jointly achieve these new objectives with new technology.

Our advanced technological competence within aviation engineering will play a leading role in e.g. the work of developing a new aircraft wing and other systems that will adapt aviation further to meet climate concerns.

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Dear shareholders!

Saab was formed 70 years ago and then developed within a context which was essentially Swedish.

Swedish Defence ordered Swedish solutions from the Swedish defence industry, in order to be able to defend the country - free of alliances - against an invasion.

The relationship between the defence sector and Saab has acted as an engine of development over the years; there is a long history of successful systems and solutions which will continue to live on in future. The research results have also been of benefit to other Swedish industry and the defence materiel investments have thereby been an important part of Sweden's social and industrial development.

In line with the changes in our surrounding geopolitical environment, the preconditions for the defence industry have changed and Saab's international business has grown markedly.

The Swedish defence sector – and its orders – will continue to be important for Saab through the challenges that are posed in developing the technology of the future.

But, at the same time, we must reckon that the customer-funded projects will be fewer in number and thereby smaller in volume. In future, therefore, we must be in a position ourselves to finance an increased share of our own development and, furthermore, intensify our marketing efforts. This, then, is an important factor behind the launching, during the autumn, of an efficiency programme the object of which is to make available SEK 1 billion per year from 2010. One billion kronor that is certainly a lot of money, but it is possible – and necessary – to meet this objective in order to create opportunities to invest in the future. And to continue to focus on the areas where we have the greatest possibility of achieving success.

This means that Saab's structure and organisation will, in future, continue to be subject to a process of change, and we are working on both possible acquisitions and possible disposals.

We carried out two acquisitions during 2007. On the one hand, we purchased the Swiss company Ruag which establishes Saab in Switzerland. On the other hand, we acquired the British company Seaeye which provides interesting underwater competence and strengthens our military and non-military capacity in this area.

An example of our focus on core operations is that in 2007 we announced that we were examining the possibilities of selling Saab Space. As a result of the unique business conditions in the space industry, Saab Space does not have the synergy opportunities with the rest of Saab, despite its high-tech business, that would be required to achieve the profitability that is necessary.

We are therefore striving to find a suitable industrial home for the business where it has enhanced prospects for continued development.

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While we focus our business, our customers do likewise. For example, they wish to place a greater overall responsibility on their suppliers. This creates an opportunity for us to become an even more vital partner for our customers. It means in practice that Saab not only assumes responsibility for development and production but also that we combine different systems in a holistic manner, that we handle operations and maintenance; that we manage the financing issues involved and, finally, also the phasing out of the system delivered.

These solutions are sometimes called Public Private Partnerships and we see them growing in importance and creating possibilities in more global markets.

As an example of this trend, I could mention the fact that, last year, we signed a contract with Swedish Defence for the supply of maintenance and support solutions for the new intervention force, the Nordic Battle Group. And that – in the field – we assist the Swedish contingent in Afghanistan with the building up of infrastructure, maintenance and technical support. These then are interesting examples of a development we can see within defence forces around the world – and that create business opportunities for Saab.

Another area in development is the emerging market of community safety or civil security. The changes in our geo-political environment after the collapse of the Berlin Wall and growing globalisation are leading to an increased flow of e.g. goods, energy and information. And naturally also of people as we travel more and more. With these increased flows there is an increase in the vulnerability of the global infrastructure.

The need for co-ordinated international emergency and rescue interventions, for example in the event of natural disasters and an increased collaboration on global health and environmental issues are becoming ever more important.

Last year, I was part of a large Swedish industrial delegation that visited Norway. Among other subjects discussed, there was a focus on the new preconditions and demands for security that arise for oil and gas production in the Arctic Ocean... and the new northern transport route that is now emerging as a result of the retreat of the Polar ice.

There are, in fact, a whole host of such examples around us. The market for civil security, in its broadest sense, is increasing and becoming increasingly interesting.

Of our turnover during 2007, approximately five per cent derived from business in the civil security areas. During the year we established collaboration with Securitas and won important contracts to build new security systems for Arlanda and Bromma airports and we are undertaking a security study on behalf of the Port of Stockholm.

At the beginning of 2008 Saab obtained two interesting new orders: complete external protection for the nuclear power plants at Ringhals and Oskarshamn. Saab will design and implement comprehensive surveillance and protection systems for the plants. I am also pleased to state that last week we also obtained a contract for surveillance systems for new prison facilities here in Sweden.

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So, to conclude: our journey of change continues into the future. Our restructuring and efficiency programme shall establish the foundation to enable us to invest even more in our future development – of new technology and new business.

We want to continue being the most important industrial partner for the Swedish defence forces and contribute to maintaining advanced technology research and development in Sweden.

At the same time, we are becoming an increasingly international company. We have already advanced a good part of the way and this journey will – and must continue. For the market is becoming increasingly transnational in character, international collaboration is becoming more normal and more important and we shall be present there as a sought-after and reliable supplier and collaborative partner.

Our relations with our customers within our core areas of business are becoming deeper. We offer a broader supply of integrated systems, logistics and support solutions. Thereby, we assume a greater overall responsibility for what we deliver and are able to offer new services linked to our solutions and systems.

We are intensifying our efforts to establish Saab as supplier of security solutions to the civil security market. This is an area of growth potential where we are able to contribute with solutions that derive from our military technology.

Chairman, shareholders; today I have focused on the future so much that I have failed to mention the celebrations of our 70th birthday as a company which took place during 2007. It was a sunny late summer day when 20 000 employees and their families gathered in Linköping to see examples of everything we are doing at Saab...and in order to meet and enjoy the company of others.

But the history behind us and our hopes for the future can, nevertheless, be tied together for one of our battle-cries during these 70 years has been to create business opportunities out of the necessity for change – and this is something that I am sure we shall also be able to do in future.

Thank you very much!

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adopts and improves new technology to meet customers' changing needs.

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