



**SAAB**

# **INTERIM REPORT**

## JANUARY–MARCH

### 2008

## **RESULTS** AND SUMMARY JANUARY - MARCH 2008

- Sales MSEK 4,979 (4,917)
- Net income for the period MSEK 231 (270)
- Earnings per share after dilution SEK 2.13 (2.39)
- Order bookings MSEK 7,749 (5,391),  
the order backlog amounts to SEK 49.6 billion (51.4)
- Operating income MSEK 385 (414), corresponding  
to an operating margin of 7.7 percent (8.4)

## SYSTEM SOLUTIONS AND **CIVIL SECURITY**

### STATEMENT BY THE CEO:

“Saab is developing according to plan. During the first quarter we were especially pleased with the order from Thailand for an integrated air defence system based on Gripen, making it the fifth nation to date choose Gripen as its future aircraft. We see the orders for physical security and surveillance systems for the nuclear power plants in Ringhals and Oskarshamn as further proof of the increasingly attractive market for civil security.”

Saab's order bookings increased during the first quarter to MSEK 7,749 (5,391). The order backlog amounted to SEK 49.6 billion (51.4). The international share of the order backlog is 78 percent. Sales increased to MSEK 4,979 (4,917) and net income for the period was MSEK 231 (270). Operating income was MSEK 385 (414), corresponding to an operating margin of 7.7 percent (8.4). The lower operating income is mainly due to higher marketing expenses largely related to tenders for Gripen to a number of countries.

### Success for Gripen

The agreement between the Swedish Defence Materiel Administration and Thailand to supply an integrated air defence system based on Gripen, which also includes an advanced surveillance system with Erieye radar on Saab 340 aircraft, demonstrates Saab's ability to combine technical solutions into complete system solutions. The order is worth SEK 2 billion for Saab.

### Protecting important infrastructure

The orders for surveillance and communication systems for the Swedish nuclear power plants in Ringhals and Oskarshamn, the latter worth MSEK 392, and for the Swedish Prison and Probation Service in early April, show that the civil security market is growing and that Saab's technology and experience from the military market, which requires robust systems, are an important success factor.

### Other important events

A service contract was signed for support, repair and overhaul of the Canadian Navy's Sea Giraffe surveillance radar worth approximately MSEK 150. In addition, an order was received early in the second quarter from Lockheed Martin UK for five Giraffe radar systems for the United Kingdom valued at MSEK 350.

During the period, a milestone was reached in the major order from Pakistan for an air surveillance system, signed in 2006, when the first Saab 2000 Erieye aircraft had its premiere.

### SEK 1 billion by 2010

Saab is going to have to self-finance a larger share of new product and service development and international marketing than before.

To afford these investments and at the same time reach and maintain a level of profitability that meets the company's long-term objective of an operating margin of 10 percent, an efficiency improvement program was launched in connection with the release of the third quarter results for 2007 which will reduce costs by SEK 1 billion by 2010 compared with year-end 2007. During the first quarter 2008, these efforts continued according to plan, and improvements of MSEK 250 are expected to be reached for the full-year 2008.

### Planning by defence authorities

Saab is actively participating in the Swedish defence authorities' procurement of military equipment. We firmly believe that the materiel we develop ourselves or in cooperation with other suppliers is cost-effective for the defence authorities, especially considering the total life cycle costs of a system. All systems involve development costs, regardless of who develops or produces them, and these costs are included in the price to the customer. Furthermore, defence products are rarely manufactured in advance and sold off the shelf. Even so, both options naturally have to be available. The military equipment market is political and often strongly protectionist. This is particularly apparent when it comes to more sophisticated and complex systems, such as aircraft or command and control systems. All production and sale of military

equipment requires a licence from the Swedish state. Saab wants to stress the Swedish state's importance as a reference customer to the success of domestic materiel development and of increasing Sweden's share of international business, while once again emphasising the national value of a high-tech, research-intensive industry.

### Outlook 2008

For 2008 we expected development in line with Saab's long-term financial objectives: 5 percent organic sales growth and an operating margin of 10 percent excluding non-recurring items.

### IMPORTANT EVENTS JANUARY – MARCH 2008

- At the beginning of the year, Switzerland requested a Gripen tender from Saab. Gripen is one of four candidates to upgrade the country's aircraft fleet around 2013. Norway, which has already started its procurement process, submitted a request to the Swedish government, which commissioned the Swedish Defence Materiel Administration (FMV) to submit a binding offer for up to 48 aircraft.
- Saab increased its holding in Cold Cut Systems Svenska AB (CCS) to 27 percent. The cooperation is an element in Saab's investment in civil security.
- Saab signed a contract with Ringhals AB to supply the Ringhals nuclear power plant with surveillance and protection that meets the Swedish Nuclear Power Inspectorate's requirements. The parties have agreed not to publicly announce the order value.
- Saab also signed a contract worth MSEK 392 with OKG Aktiebolag to provide physical security for the Oskarshamn nuclear power plant.
- Saab was awarded a service contract for support, repair and overhaul of the Canadian Navy's Sea Giraffe 150 HC surveillance radar installed on the Halifax Class frigates. The order value amounts to approximately MSEK 150.
- Following Thailand's decision to purchase an integrated air surveillance system from Sweden, Saab received an order from FMV valued at SEK 2 billion. The order includes six Gripen fighters, one Saab 340 aircraft equipped with Saab's Erieye radar surveillance system, one Saab 340 for transports and training, and related equipment and services. Also included in the agreement is a command and control system, which will be the link between the Erieye system and Gripen fighters.
- The Danish Defence Acquisition and Logistics Organization (FMT) terminated a contract with Saab for the DACCIS command and control system designed for the Danish Army. FMT has also requested a refund of approximately MDKK 143.
- In partnership with Krauss Maffei Wegmann (KMW), Saab received an order from FMV for the SUS (Gunnery training system) RB57. The total value of the order exceeds MSEK 100.

**GROUP**

MSEK	Jan - Mar 2008	Jan - Mar 2007	change	Jan - Dec 2007
Order bookings	7,749	5,391	44%	20,846
Order backlog	49,608	51,439	-4%	47,316
Sales	4,979	4,917	1%	23,021
Gross income	1,380	1,350	2%	6,172
Gross margin, %	27.7	27.5	-	26.8
Operating income before depreciation/amortization (EBITDA) <sup>1)</sup>	587	622	-6%	3,685
Margin, %	11.8	12.6	-	16.0
Operating income (EBIT) <sup>1)</sup>	385	414	-7%	2,607
Operating margin, %	7.7	8.4	-	11.3
Adjusted operating margin, %	7.7	8.4	-	9.4
Income before tax (EBT) <sup>1)</sup>	324	380	-15%	2,449
Net income	231	270	-14%	1,941
Earnings per share after dilution	2.13	2.39	-11%	17.60
Operating cash flow	303	316	-4%	-1,603
Net liquidity/debt (-)	-1,254	918	-	-1,627
<sup>1)</sup> OF WHICH, RESULT FROM DIVESTMENTS	-	-	-	362
NON-RECURRING INCOME/EXPENSES	-	-	-	91

Saab's business units are divided into the three business segments Defence and Security Solutions, Systems and Products, and Aeronautics for control and reporting purposes. In addition, Corporate comprises Group staffs, departments and peripheral operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft.

**SALES, INCOME AND ORDERS****January–March 2008 Orders**

Order bookings for the first quarter 2008 amounted to MSEK 7,749 (5,391). Major orders are listed in the section "Important orders."

Seventy-one percent (72) of order bookings came from customers outside Sweden and 74 percent (77) was attributable to defence-related operations.

The order backlog at the end of the period was MSEK 49,608 (51,439). International orders accounted for 78 percent (78) 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 the aircraft producers Airbus and Boeing
- Anti-tank systems
- Command and control, avionics and fire control systems
- Radar systems

## Sales

Sales in the first quarter 2008 amounted to MSEK 4,979 (4,917), an increase of 1 percent. The organic growth was 2 percent. Sales year-to-year were negatively affected by exchange rate fluctuations of about MSEK 50, or 1 percent. The effects relate to the translation of foreign subsidiaries from local currency to Swedish krona, which is largely attributable to South Africa and the U.S.

Of sales, 81 percent (82) related to the defence market. Sales in the international market amounted to MSEK 3,181 (3,157), or 64 percent (64) of total sales. Total sales in the EU, excluding Sweden, were MSEK 1,288 (1,126).

## Income, margin and profitability

Gross income amounted to MSEK 1,380 (1,350), corresponding to a gross margin of 27.7 percent (27.5). The gross margin improved for Systems and Products year-to-year thanks to a better product mix in some business units. For Defence and Security Solutions, a worse product mix led to a slightly lower gross margin compared with the previous year. The gross margin for Aeronautics was in line with the previous year.

Other operating income, MSEK 38 (40), includes currency gains and results from secondary activities.

Marketing expenses for the first quarter 2008 amounted to MSEK 442 (383). The increase is related to marketing efforts in all segments, primarily attributable to tenders for Gripen aircraft to a number of countries. Administrative expenses amounted to MSEK 343 (352). The period's internally funded investments in research and development amounted to MSEK 345 (286), of which a total of MSEK 178 (136) has been capitalized. Operating income for the period has been charged with MSEK 245 (232), including depreciation and amortization of MSEK 78 (82).

Other operating expenses, MSEK 10 (9), consist of exchange rate differences.

The share of income in associated companies, MSEK 7 (0), primarily relates to net income in Taurus GmbH.

Operating income before depreciation and amortization (EBITDA) amounted to MSEK 587 (622). The EBITDA margin was 11.8 percent (12.6). Operating income (EBIT) amounted to MSEK 385 (414). The operating margin was 7.7 percent (8.4). For the business segments, the operating margin fell for Defence and Security Solutions and Systems and Products, but improved for Aeronautics year-to-year. During the first quarter, the Danish Defence Acquisition and Logistics Organization (FMT) terminated a contract for the DACCIS command and control system for the Danish Army. Saab believes that FMT has no grounds to cancel the contract and therefore has not allocated any provisions for related expenses.

Net financial income and expenses amounted to MSEK -61 (-34), of which the share in income of associated companies held as financial assets amounted to MSEK -6 (-23). Project interest from unutilized advance payments has reduced the financial net by MSEK 38 (38) and reduced the cost of goods sold correspondingly. Other net interest amounted to MSEK -17 (27), which was due to the fact that the Group reported a net debt this year, against net liquidity last year. Income before taxes amounted to SEK 324 (380).

Current and deferred taxes during the first quarter 2008 amounted to MSEK -93 (-110), or an effective tax rate of 29 percent (29).

Net income for the period was MSEK 231 (270), of which the minority interest amounted to MSEK -1 (9). Earnings per share for the interests of the Parent Company's shareholders amounted to SEK 2.13 (2.39) after full dilution.

The pre-tax return on capital employed was 19.7 percent (14.3) and the after-tax return on equity was 17.8 percent (11.8).

## ACQUISITIONS AND DIVESTMENTS

No significant acquisitions or divestments were made during the first quarter 2008.

## FINANCIAL POSITION AND LIQUIDITY

### Balance sheet

Intangible fixed assets amount to MSEK 7,951 (7,853), of which goodwill amounts to MSEK 3,378 (3,297) and is largely attributable to the acquisitions of Celsius in 2000 and Saab Microwave Systems in 2006. Remaining goodwill primarily relates to the acquisitions of Grintek, Saab Avitronics and Combitech. Other intangible fixed assets consist of acquired product development/technology and customer relations primarily for radar and sensors as well as capitalized development expenses for the export version of Gripen, radar jamming systems and missile systems. Other intangible fixed assets amount to MSEK 4,573 (4,556), of which capitalized development expenses amount to MSEK 3,803 (3,628). Amortization of intangible fixed assets amounted to MSEK 116 (124) for the period, of which amortization of capitalized product development amounted to MSEK 78 (82).

Tangible fixed assets amount to MSEK 3,523 (4,287) and refer to property, plant and equipment used in core operations. The decrease is attributable to the sale of operating properties in the previous year. Investment properties refer to properties leased to outside parties and valued at estimated fair value. Lease assets amount to MSEK 1,622 (2,208) and primarily relate to the leasing fleet of regional aircraft. Depreciation for the period on tangible fixed assets amounted to MSEK 86 (84), while depreciation on the leasing fleet amounted to MSEK 40 (51).

Shares in associated companies include the shares in Hawker Pacific, Grintek Ewation and Denel Saab Aerostructures.

Inventories are recognized after deducting utilized advances. Other receivables primarily relate to receivables from customers (after deducting utilized advances).

Non-current assets held for sale refer to Saab Space and Saab Grintek Technologies.

Shareholders' equity related to the Parent Company's shareholders amounted to MSEK 11,045 (10,035), or SEK 101.19 per share (91.94) on a fully diluted basis. The equity/assets ratio was 34.4 percent, against 31.3 percent after the first quarter 2007.

Provisions for pensions amounted to MSEK 21, compared with MSEK 405 on March 31, 2007. During the period, the Saab Pension Fund was capitalized with a total of MSEK 126. The purpose of the fund is to secure defined-benefit pension plans. The market value of the Saab Pension Fund was MSEK 3,344 at the end of the period, compared with an obligation of MSEK 4,120 according to IAS 19, or a solvency margin of 81 percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 84 percent.

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

#### **Liquidity and finance**

The Group's net debt refers to interest-bearing liabilities and provisions for pensions less cash, marketable securities, short-term investments and interest-bearing receivables. Since year end, net debt has decreased by MSEK 373 to MSEK 1,254 at the end of the period.

#### **Cash flow**

Operating cash flow amounted to MSEK 303 (316) during the period and was distributed between cash flow from core operating activities of MSEK 312 (395), acquisitions of MSEK 0 (39), divestments of subsidiaries and associated companies MSEK 40 (0) and the regional aircraft business MSEK -49 (-118).

#### **CAPITAL EXPENDITURES AND PERSONNEL**

##### **Capital expenditures**

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 59 (95).

##### **Personnel**

At the end of the period, the Group had 13,863 employees, against 13,757 at the beginning of the year.

#### **RISKS AND UNCERTAINTIES**

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world. The international part of the business is growing. Projects generally entail significant amounts of money, long periods of time and the technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations entail significant risk-taking in various respects. The key risk areas are political, operating and financial risks. Various policies and instructions govern the management of significant risks.

Saab conducts significant development projects and manages the associated risks. Saab applies the percentage-of-completion method to recognize revenue from long-term customer projects. An estimation of total costs is critical to this method, and the outcome of technical and commercial risks may affect income. The general description of the risk areas for 2008 can be found on pages 43–45 of the annual report for 2007.

#### **SHARE REPURCHASE**

In 2007, one million shares were repurchased for the Group's share matching plan. The number of repurchased Treasury shares as of March 31 was 999,846.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

During the first quarter, the Danish Defence Acquisition and Logistics Organization (FMT) terminated a contract for the DACCIS command and control system. This will lead to necessary layoffs; negotiations with employees and their representatives have begun. The cost of the layoffs is expected to have a margin impact on the company's results of operations and financial position.

No other significant events have occurred after the balance sheet date that affect the Group's results of operations or financial position.



**DEFENCE AND SECURITY SOLUTIONS**

MSEK	Jan - Mar 2008	Jan - Mar 2007	change	Jan - Dec 2007
Order bookings	2,250	2,114	6%	7,259
Order backlog	10,669	13,707	-22%	10,764
Sales	2,096	2,053	2%	9,300
Operating income before depreciation/amortization (EBITDA) <sup>1)</sup>	233	277	-16%	1,104
Margin, %	11.1	13.5	-	11.9
Operating income (EBIT) <sup>1)</sup>	193	230	-16%	934
Operating margin, %	9.2	11.2	-	10.0
Adjusted operating margin, %	9.2	11.2	-	9.5
Operating cash flow	-152	562	-	380
No. of employees	4,938	4,861	2%	5,031
1) OF WHICH, RESULT FROM DIVESTMENTS	-	-	-	53
NON-RECURRING INCOME/EXPENSES	-	-	-	0

The Defence and Security Solutions business segment brings together Saab's capabilities in the development and integration of high-technology systems for reconnaissance, surveillance, command and control, and communication. 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 mainly in the defence, automotive and telecommunication industries as well as government agencies with responsibility for infrastructure 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.

**SALES, INCOME AND ORDERS****Orders**

Order bookings for Defence and Security Solutions increased to MSEK 2,250 (2,114). The increase is mainly attributable to Saab Communication, primarily through the order from Oskarshamn nuclear power station.

**Sales**

Sales for Defence and Security Solutions rose to MSEK 2,096 (2,053), an increase of 2 percent. The business segment was negatively affected by approximately SEK 25 from exchange rate fluctuations on the translation of Grintek's revenue in South African ZAR, corresponding to 1 percent of sales. The business units contributing to the sales increase were Saab Aerotech, Saab Communication and Combitech, while sales decreased for Saab Systems and Saab Surveillance Systems. International markets accounted for 50 percent (56) of sales.

**Income and margin**

Operating income for Defence and Security Solutions amounted to MSEK 193 (230) with a margin of 9.2 percent (11.2). The income trend was positive for Saab Aerotech, Combitech and Saab Communication, while Saab Systems reported lower income due to a worse product mix and delays in some projects, mainly in Australia.

**Operating cash flow**

Operating cash flow amounted to MSEK -152 (562). The negative cash flow is mainly attributable to lower advances from customers of Saab Surveillance Systems.



**SYSTEMS AND PRODUCTS**

MSEK	Jan - Mar 2008	Jan - Mar 2007	change	Jan - Dec 2007
Order bookings	2,836	2,338	21%	8,470
Order backlog	18,621	19,300	-4%	17,830
Sales	1,734	1,885	-8%	9,091
Operating income before depreciation/amortization (EBITDA) <sup>1)</sup>	246	273	-10%	1,367
Margin, %	14.2	14.5	-	15.0
Operating income (EBIT) <sup>1)</sup>	138	158	-13%	756
Operating margin, %	8.0	8.4	-	8.3
Adjusted operating margin, %	8.0	8.4	-	9.0
Operating cash flow	928	276	-	-1,287
No. of employees	5,347	5,155	4%	5,213
1) OF WHICH, RESULT FROM DIVESTMENTS	-	-	-	45
NON-RECURRING INCOME/EXPENSES	-	-	-	-108

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 around the world.

The radar and sensor operations contribute vital components to 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 command a leading position in the global market. The weapon detecting radar ARTHUR and the search radar Giraffe are two examples.

Signature management, camouflage 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 in autonomous, unmanned underwater vehicles for both military and commercial applications.

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

## **SALES, INCOME AND ORDERS**

### **Orders**

Order bookings for Systems and Products rose to MSEK 2,836 (2,338). Saab Microwave Systems reported the largest increase. Major orders were received during the period for the Giraffe radar system, which accounts for a large share of the business unit's increase. Order bookings also rose for Saab Avitronics, Saab Underwater Systems and Saab Space.

### **Sales**

Sales for Systems and Products decreased to MSEK 1,734 (1,885), a decrease of 8 percent. Sales decreased for Saab Barracuda, due to lower revenue in the U.S., and for Saab Avitronics, due to temporarily slower activity in certain programs. Sales for other business units were at the same level as the previous year. Sales were negatively affected by approximately MSEK 25 by the effects of exchange rate fluctuations on the translation of foreign subsidiaries, corresponding to 1 percent of sales. The international share of sales accounted for 71 percent (67).

### **Income and margin**

Operating income for Systems and Products amounted to MSEK 138 (158) with an operating margin of 8.0 percent (8.4). Saab Avitronics and Saab Barracuda posted lower operating income compared with the previous year due to lower sales volume. Saab Bofors Dynamics and Saab Microwave Systems raised their operating income year-to-year thanks to a better product mix.

### **Operating cash flow**

Operating cash flow amounted to MSEK 928 (276). The positive cash flow is mainly due to improved working capital in Saab Bofors Dynamics and Saab Microwave Systems.

**AERONAUTICS**

MSEK	Jan - Mar 2008	Jan - Mar 2007	change	Jan - Dec 2007
Order bookings	3,322	1,289	158%	7,516
Order backlog	22,871	20,372	12%	21,158
Sales	1,612	1,383	17%	6,510
Operating income before depreciation/amortization (EBITDA) <sup>1)</sup>	146	97	51%	617
Margin, %	9.1	7.0	-	9.5
Operating income (EBIT) <sup>1)</sup>	111	67	66%	454
Operating margin, %	6.9	4.8	-	7.0
Adjusted operating margin, %	6.9	4.8	-	7.0
Operating cash flow	-169	-124	-	-773
No. of employees	2,979	2,912	2%	2,911
1) OF WHICH, RESULT FROM DIVESTMENTS	-	-	-	-
NON-RECURRING INCOME/EXPENSES	-	-	-	-

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 the NATO members Czech Republic and Hungary. South Africa will place Gripen in operational service 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 blended 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****Orders**

Order bookings for Aeronautics amounted to MSEK 3,322 (1,289). Among major orders was an export contract from Thailand worth approximately SEK 2 billion, for six Gripen fighters of the C/D version, two Saab 340 aircraft, and related equipment and services. Order bookings for Saab Aerostructures increased, mainly due to good order bookings for the Boeing 787.

**Sales**

Aeronautics' sales increased to MSEK 1,612 (1,383). The increase was significant in Saab Aerosystems and Saab Aerostructures. Of total sales, 43 percent (46) relates to the Swedish market, including deliveries of Gripen in batch 3.

**Income and margin**

Operating income for Aeronautics improved to MSEK 111 (67). The operating margin of 6.9 percent (4.8) remains under pressure from low margins on certain Gripen contracts as well as low capacity utilization in civil programs, although higher volumes of both Gripen deliveries and civil deliveries produced a better operating margin than the previous year.

**Operating cash flow**

Operating cash flow amounted to MSEK -169 (-124). Cash flow has been negatively affected by lower advances from customers in Saab Aerosystems and increased inventories in Saab Aerostructures.

## CORPORATE

Corporate reported an operating loss of SEK -57 (-41).

### THE BILLION PROGRAM

Saab's market situation is rapidly changing. We are going to have to self-finance a larger share of new product and service development and international marketing than before. To afford these investments and at the same time reach and maintain a level of profitability that meets the company's long-term objective, an efficiency improvement program was launched at the start of the year.

The program will reduce costs by MSEK 250 in 2008, another MSEK 350 in 2009 and MSEK 400 in 2010. In other words, by the end of 2010 they will be SEK 1 billion lower than at the start of 2008. Around 75 percent of the savings will be generated by reducing the cost of goods sold (purchasing, production, development and project implementation) and will therefore positively affect gross margin. The rest will be generated through lower operating expenses, mainly in administration.

The results during the first quarter were slightly better than one fourth of the target for the year. In other words, the program has started well. The costs associated with the program are in line with our plan, while the net result is higher. Efficiency improvements were mainly achieved during the quarter in purchasing and production. No layoffs were announced during the period as a direct result of this program.

## PARENT COMPANY

### Sales and income

The Parent Company includes the business units Saab Aerosystems, Saab Aerostructures and the Swedish units within Saab Systems, Saab Avionics, Saab Aerotech, Saab Microwave Systems and Saab Communication. Group staffs and Group support are included as well.

The Parent Company's sales amounted to MSEK 3,315 (3,170). Operating income was MSEK 35 (294).

Net financial income and expenses amounted to MSEK -20 (-29). After appropriations of MSEK 0 (0) and income tax of MSEK -3 (-74), net income for the year amounted to MSEK 12 (191).

### Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 6,307 (2,856). Gross capital expenditures in property, plant and equipment amounted to MSEK 43 (54). At the end of the period the Parent Company had 8,289 employees, compared with 8,056 in the previous year.

### Share repurchase

The Annual General Meeting on April 15, 2008 decided to renew the Board of Directors' mandate to decide to repurchase up to 10 percent of the shares out-standing. The purpose of the authorization is to provide the Board with greater scope in working with the company's capital structure and enable acquisitions when considered appropriate, as well as to secure the Group's share matching plan. As proposed, the mandate would apply until the next Annual General Meeting. Repurchases may be effected over the stock exchange or through offerings to shareholders. It is also proposed that the Board's mandate include the possibility to transfer repurchased shares as allowed by law.

## Owners

Saab's largest shareholders are BAE Systems, Investor AB, the Wallenberg foundations, Swedbank Robur funds, Odin funds, AMF Pension, Nordea funds, Öresund, Orkla ASA, SEB funds, Nordea Bank Finland and JP Morgan.

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

LINKÖPING, APRIL 23, 2008

### ÅKE SVENSSON

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Saab AB discloses the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 06:30 a.m. on April 23.

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**Press conference** with CEO Åke Svensson  
and CFO Lars Granlöf

Today, Wednesday, April 23, 2008,  
9:30 a.m. (CET) at Saab's office in Linköping  
Contact Toni Eriksson, Acting Press Secretary  
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**International teleconference:**

Today, Wednesday,  
April 23, 2008, 4:00 p.m. (CET)  
Contact Annika Widell to register  
and for further information  
Tel. +46-8-463 01 47, +46-734-18 71 47

INTERIM REPORT JANUARY–JUNE 2008  
INTERIM REPORT JANUARY–SEPTEMBER 2008

**PUBLISHED JULY 18, 2008**  
**PUBLISHED OCTOBER 17, 2008**

**CONSOLIDATED INCOME STATEMENT**

MSEK	Note	3 mos. 2008	3 mos. 2007	Rolling 12	12 mos. 2007
Sales	3	4,979	4,917	23,083	23,021
Cost of goods sold		-3,599	-3,567	-16,881	-16,849
Gross income		1,380	1,350	6,202	6,172
Gross margin		27.7%	27.5%	26.9%	26.8%
Other operating income		38	40	783	785
Marketing expenses		-442	-383	-1,784	-1,725
Administrative expenses		-343	-352	-1,366	-1,375
Research and development costs		-245	-232	-1,266	-1,253
Other operating expenses		-10	-9	-50	-49
Share in income of associated companies		7	-	59	52
Operating income <sup>1)</sup>	3	385	414	2,578	2,607
Operating margin		7.7%	8.4%	11.2%	11.3%
Share in income of associated companies		-6	-23	-23	-40
Financial income		22	30	-4	4
Financial expenses		-77	-41	-158	-122
Net financial items		-61	-34	-185	-158
Income before taxes		324	380	2,393	2,449
Taxes	4	-93	-110	-491	-508
Net income for the period		231	270	1,902	1,941
of which Parent Company shareholders' interest		232	261	1,892	1,921
of which minority interest		-1	9	10	20
Earnings per share before dilution, SEK <sup>2)</sup>		2.15	2.39	17.44	17.68
Earnings per share after dilution, SEK <sup>3)</sup>		2.13	2.39	17.34	17.60
<sup>1)</sup> INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT		-242	-259	-1,241	-1,258
OF WHICH DEPRECIATION OF LEASE ASSETS		-40	-51	-169	-180
<sup>2)</sup> AVERAGE NUMBER OF SHARES BEFORE DILUTION		108,150,421	109,150,344	108,511,108	108,668,700
<sup>3)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION		109,150,344	109,150,344	109,150,344	109,150,344

**QUARTERLY INCOME STATEMENT**

MSEK	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Sales	4,979	7,358	4,811	5,935	4,917
Cost of goods sold	-3,599	-5,295	-3,516	-4,471	-3,567
Gross income	1,380	2,063	1,295	1,464	1,350
Gross margin	27.7%	28.0%	26.9%	24.7%	27.5%
Other operating income	38	521	46	178	40
Marketing expenses	-442	-479	-429	-434	-383
Administrative expenses	-343	-330	-344	-349	-352
Research and development costs	-245	-520	-262	-239	-232
Other operating expenses	-10	-18	-8	-14	-9
Share in income of associated companies	7	8	20	24	-
Operating income <sup>1)</sup>	385	1,245	318	630	414
Operating margin	7.7%	16.9%	6.6%	10.6%	8.4%
Share in income of associated companies	-6	-10	-8	1	-23
Financial income	22	-37	-6	17	30
Financial expenses	-77	-18	13	-76	-41
Net financial items	-61	-65	-1	-58	-34
Income before taxes	324	1,180	317	572	380
Taxes	-93	-172	-92	-134	-110
Net income for the period	231	1,008	225	438	270
of which Parent Company's shareholders' interest	232	1,008	218	434	261
of which minority interest	-1	-	7	4	9
Earnings per share before dilution, SEK <sup>2)</sup>	2.15	9.29	2.02	3.98	2.39
Earnings per share after dilution, SEK <sup>3)</sup>	2.13	9.24	1.99	3.98	2.39
<sup>1)</sup> INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT	-242	-449	-256	-294	-259
OF WHICH DEPRECIATION OF LEASE ASSETS	-40	-40	-44	-45	-51
<sup>2)</sup> AVERAGE NUMBER OF SHARES BEFORE DILUTION	108,150,421	108,150,344	108,667,722	109,075,944	109,150,344
<sup>3)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344



**CONSOLIDATED BALANCE SHEET**

MSEK	Note	3/31/2008	12/31/2007	3/31/2007
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible fixed assets		7,951	7,940	7,853
Tangible fixed assets		3,523	3,619	4,287
Lease assets		1,622	1,822	2,208
Biological assets		241	241	230
Investment properties		72	72	66
Shares in associated companies		270	318	253
Financial investments		175	233	130
Long-term receivables		843	960	987
Deferred tax assets		494	542	385
<b>Total fixed assets</b>		<b>15,191</b>	<b>15,747</b>	<b>16,399</b>
<b>Current assets</b>				
Inventories		5,597	5,383	5,406
Derivatives		984	479	277
Tax receivables		165	122	136
Accounts receivable		2,688	3,724	3,082
Prepaid expenses and accrued income		673	556	816
Other receivables		5,335	5,862	5,001
Liquid Assets	6	497	858	1,557
<b>Total current assets</b>		<b>15,939</b>	<b>16,984</b>	<b>16,275</b>
<b>Assets held for sale</b>	7	<b>1,032</b>	<b>1,070</b>	<b>124</b>
<b>TOTAL ASSETS</b>	12	<b>32,162</b>	<b>33,801</b>	<b>32,798</b>

**CONSOLIDATED BALANCE SHEET (CONT.)**

MSEK	Note	3/31/2008	12/31/2007	3/31/2007
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Parent Company's shareholders' interest		11,045	10,981	10,035
Minority interest		32	27	231
<b>Total shareholders' equity</b>		<b>11,077</b>	<b>11,008</b>	<b>10,266</b>
<b>Long-term liabilities</b>				
Long-term interest-bearing liabilities		23	25	591
Lease obligations		-	-	206
Other liabilities		254	284	341
Provisions for pensions	9	21	101	405
Other provisions		1,866	1,979	1,936
Deferred tax liabilities		1,283	1,263	830
<b>Total long-term liabilities</b>		<b>3,447</b>	<b>3,652</b>	<b>4,309</b>
<b>Current liabilities</b>				
Short-term interest-bearing liabilities		2,752	3,635	1,061
Advance payments from customers		2,359	2,558	4,292
Accounts payable		1,014	1,229	984
Lease obligations		151	204	110
Derivatives		681	414	254
Tax liabilities		247	368	455
Other liabilities		807	806	825
Accrued expenses and deferred income		8,590	8,788	9,221
Provisions		651	752	1,021
<b>Total current liabilities</b>		<b>17,252</b>	<b>18,754</b>	<b>18,223</b>
Liabilities attributable to assets held for sale	7	386	387	-
<b>Total liabilities</b>		<b>21,085</b>	<b>22,793</b>	<b>22,532</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	12	<b>32,162</b>	<b>33,801</b>	<b>32,798</b>

# CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Equity attributable to Parent Company's shareholders					TOTAL	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
	CAPITAL STOCK	OTHER CAPITAL CONTRIBUTIONS	NET GAIN ON CASH FLOW HEDGES	TRANSLATION RESERVE	RETAINED EARNINGS			
Opening balance, January 1, 2008	1,746	543	80	-110	8,722	10,981	27	11,008
<b>Items reported directly in shareholders' equity:</b>								
Translation differences for the period	-	-	-	-346	-	-346	-	-346
Net gain on cash flow hedges	-	-	177	-	-	177	-	177
<b>Net income of the period</b>	-	-	-	-	232	232	-1	231
<b>Transactions with shareholders:</b>								
Dividend	-	-	-	-	-	-	-	-
Share matching plan	-	-	-	-	1	1	-	1
Acquisitions in and sale of operations	-	-	-	-	-	-	6	6
Closing balance, March 31, 2008	1,746	543	257	-456	8,955	11,045	32	11,077
Opening balance, January 1, 2007	1,746	543	72	-8	7,449	9,802	223	10,025
<b>Items reported directly in shareholders' equity:</b>								
Translation differences for the period	-	-	-	42	-	42	-3	39
Net loss on cash flow hedges	-	-	-68	-	-	-68	-	-68
<b>Net income of the period</b>	-	-	-	-	261	261	9	270
<b>Transactions with shareholders:</b>								
Dividend	-	-	-	-	-	-	-	-
Acquisitions in and sales of operations	-	-	-	-	-2	-2	2	-
Closing balance, March 31, 2007	1,746	543	4	34	7,708	10,035	231	10,266

**STATEMENT OF CASH FLOWS**

MSEK	Note	3 mos. 2008	3 mos. 2007	12 mos. 2007
<b>Operating activities</b>				
Income after financial items		324	380	2,449
Transferred to pension fund		-126	-	-283
Adjustments for items not affecting cash flow		248	272	867
Income tax paid		-173	-20	-216
Cash flow from operating activities before changes in working capital		273	632	2,817
<b>Cash flow from changes in working capital</b>				
Increase(-)/Decrease(+) in inventories		-274	-440	-644
Increase(-)/Decrease(+) in current receivables		1,019	153	-1,605
Increase(+)/Decrease(-) in advance payments from customers		-158	654	-934
Increase(+)/Decrease(-) in lease obligations		-53	-485	-251
Increase(+)/Decrease(-) in other current liabilities		-262	-145	-287
Increase(+)/Decrease(-) in provisions		-128	-125	-443
<b>Cash flow from operating activities</b>		<b>417</b>	<b>244</b>	<b>-1,347</b>
<b>Investing activities</b>				
Investments in intangible fixed assets		-2	-5	-8
Capitalized development costs		-178	-136	-658
Investments in tangible fixed assets		-59	-95	-395
Sale of tangible fixed assets		8	55	45
Sale of lease assets		20	224	325
Investments in and sale of financial assets		288	-149	-310
Investments in subsidiaries and ass. comp, net effect on liquidity	8	-	39	-515
Sale of subsidiaries, net effect on liquidity	8	40	-	970
<b>Cash flow from investing activities</b>		<b>117</b>	<b>-67</b>	<b>-546</b>
<b>Financing activities</b>				
Loans raised		-	-	2,017
Loans amortized		-870	-11	-
Share repurchase		-	-	-184
Dividend paid to Parent Company's shareholders		-	-	-464
Dividend paid to minority interest		-	-	-2
<b>Cash flow from financing activities</b>		<b>-870</b>	<b>-11</b>	<b>1,367</b>
<b>Cash flow for the period</b>	6	<b>-336</b>	<b>166</b>	<b>-526</b>
Liquid assets at beginning of the year		858	1,389	1,389
Exchange rate difference in liquid assets		-25	-2	-5
<b>Liquid assets at end of period</b>	6	<b>497</b>	<b>1,553</b>	<b>858</b>

**QUARTERLY INFORMATION <sup>1)</sup>**

JANUARY–MARCH

APRIL–JUNE

MSEK	2008		2007		2008		2007	
<b>Sales</b>								
Defence and Security Solutions	2,096		2,053				2,264	
Systems and Products	1,734		1,885				2,417	
Aeronautics	1,612		1,383				1,621	
Corporate	10		20				11	
Internal sales	-473		-424				-378	
<b>Total</b>	<b>4,979</b>		<b>4,917</b>				<b>5,935</b>	
<b>Operating income</b>								
Defence and Security Solutions	193	9.2%	230	11.2%			216	9.5%
Systems and Products	138	8.0%	158	8.4%			245	10.1%
Aeronautics	111	6.9%	67	4.8%			121	7.5%
Corporate	-57		-41				48	
<b>Total</b>	<b>385</b>	<b>7.7%</b>	<b>414</b>	<b>8.4%</b>			<b>630</b>	<b>10.6%</b>
Net financial items	-61		-34				-58	
<b>Income before taxes</b>	<b>324</b>		<b>380</b>				<b>572</b>	
<b>Net income for the period</b>	<b>231</b>		<b>270</b>				<b>438</b>	
<b>Attributable to Parent Company's shareholders</b>	<b>232</b>		<b>261</b>				<b>434</b>	
<b>Earnings per share after dilution</b>	<b>2.13</b>		<b>2.39</b>				<b>3.98</b>	
<b>No. of shares after dilution, thousands</b>	<b>109,150</b>		<b>109,150</b>				<b>109,150</b>	

JULY–SEPTEMBER

OCTOBER–DECEMBER

MSEK	2008	2007	2008	2007

<sup>1)</sup> FOR INFORMATION ON THE BUSINESS SEGMENTS, SEE NOTE 3 ON PAGE 23-24.

**MULTI-YEAR OVERVIEW**

MSEK unless otherwise stated	2007	2006	2005	2004 <sup>5)</sup>	2003
Order bookings	20,846	27,575	17,512	16,444	19,606
Order backlog at Dec. 31	47,316	50,445	42,198	43,162	45,636
Sales	23,021	21,063	19,314	17,848	17,250
Foreign market sales, %	65	65	56	48	46
Operating income	2,607	1,745	1,652	1,853	1,293
Operating margin, %	11.3	8.3	8.6	10.4	7.5
Operating margin before depreciation/amortization and impairments, excluding leasing, %	16.0	12.0	11.3	13.1	11.1
Income after financial items	2,449	1,693	1,551	1,712	1,073
Net income for the year	1,941	1,347	1,199	1,310	746
Total assets	33,801	32,771	30,594	27,509	28,704
Operating cash flow	-1,603	-1,900	2,645	325	545
Return on capital employed, %	19.4	14.5	14.6	17.3	12.7
Return on equity, %	18.5	13.8	13.5	16.7	10.8
Equity/assets ratio, %	32.6	30.6	31.0	29.9	24.4
Earnings per share, SEK <sup>2) 4)</sup>	17.68	11.91	10.89	11.78	7.00
after dilution, SEK <sup>3) 4)</sup>	17.60	11.91	10.89	11.78	6.91
Dividend per share, SEK	4.50	4.25	4.00	3.75	3.50
Equity per share, SEK <sup>1)</sup>	101.53	89.80	84.10	74.89	65.75
Number of employees at year-end	13,757	13,577	12,830	11,936	13,414

<sup>1)</sup>NUMBER OF SHARES AS OF DECEMBER 31, 2007: 108 150 344; 2006/2005/2004: 109,150,344 AND 2003: 106,517,563

<sup>2)</sup>AVERAGE NUMBER OF SHARES 2007: 108 668 700; 2006/2005: 109,150,344; 2004: 108,234,126 AND 2003: 106,513,969

<sup>3)</sup>AVERAGE NUMBER OF SHARES 2007/2006/2005: 109,150,344; 2004: 108,234,126 AND AFTER DILUTION 2003: 109,247,175. CONVERSION OF THE DEBENTURE LOAN CONCLUDED ON JULY 15, 2004.

<sup>4)</sup>NET INCOME FOR THE YEAR LESS MINORITY INTEREST DIVIDED BY THE AVERAGE NUMBER OF SHARES.

<sup>5)</sup>RESTATEd ACCORDING TO IFRS, PREVIOUS YEARS ARE NOT RESTATEd

**KEY RATIOS AND TARGETS**

	target	3 mos. 2008	3 mos. 2007	12 mos. 2007
Operating margin before depreciation/amortization and impairments excluding leasing, %	15.0	11.8	12.6	16.0
Operating margin, %	10.0	7.7	8.4	11.3
Earnings per share after dilution, SEK <sup>1)</sup>		2.13	2.39	17.60
Return on capital employed before tax, %		19.7	14.3	19.4
Return on equity after tax, %	15.0	17.8	11.8	18.5
Equity/assets ratio, %	30.0	34.4	31.3	32.6
Equity per share after dilution, SEK <sup>1)</sup>		101.19	91.94	100.60

<sup>1)</sup>AVERAGE NUMBER OF SHARES AFTER DILUTION 109,150,344

**PARENT COMPANY INCOME STATEMENT**

MSEK	3 mos. 2008	3 mos. 2007	12 mos. 2007
Sales	3,315	3,170	14,779
Cost of goods sold	-2,568	-2,319	-11,430
Gross income	747	851	3 349
Gross margin	22.5%	26.8%	22.7%
Marketing expenses	-259	-220	-1,024
Administrative expenses	-200	-181	-747
Research and development costs	-247	-181	-864
Other operating income	32	28	173
Other operating expenses	-38	-3	-23
Operating income	35	294	864
Operating margin	1.1%	9.3%	5.8%
Financial income and expenses:			
Result from securities and receivables held as fixed assets	30	20	1,352
Other interest income and similar items	5	33	88
Interest expenses and similar items	-55	-82	-324
Income after financial items	15	265	1,980
Appropriations	-	-	-25
Income before taxes	15	265	1,955
Taxes	-3	-74	-311
Net income for the period	12	191	1,644



**PARENT COMPANY BALANCE SHEET**

MSEK

3/31/2008

12/31/2007

3/31/2007

**ASSETS****Fixed assets**

Intangible fixed assets	64	55	64
Tangible fixed assets	2,465	2,506	2,319
Shares in Group companies	11,971	11,964	12,076
Receivables from Group companies	153	166	308
Shares in associated companies and joint ventures	205	204	398
Receivables from associated companies and joint ventures	10	25	-
Other long-term securities holdings	1,520	1,514	65
Other long-term receivables	43	45	52
Deferred tax assets	497	487	734

<b>Total fixed assets</b>	<b>16,928</b>	<b>16,966</b>	<b>16,016</b>
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**Current assets**

Inventories, etc	4,348	4,524	4,636
Receivables from Group companies	2,638	3,461	3,172
Receivables from associated companies and joint ventures	259	349	129
Other receivables	6,770	6,274	3,022
Liquid assets	31	387	897

<b>Total current assets</b>	<b>14,046</b>	<b>14,995</b>	<b>11,856</b>
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<b>TOTAL ASSETS</b>	<b>30,974</b>	<b>31,961</b>	<b>27,872</b>
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**SHAREHOLDERS' EQUITY AND LIABILITIES****Equity**

Shareholders' equity	7,243	5,599	6,577
Net income for the period	12	1,644	191

<b>Total shareholders' equity</b>	<b>7,255</b>	<b>7,243</b>	<b>6,768</b>
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<b>Untaxed reserves</b>	<b>463</b>	<b>463</b>	<b>438</b>
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**Provisions**

Provisions for pensions and similar commitments	299	270	164
Other provisions	1,394	1,463	1,741

<b>Total provisions</b>	<b>1,693</b>	<b>1,733</b>	<b>1,905</b>
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**Liabilities**

Interest-bearing liabilities	3,023	3,658	95
Liabilities to Group companies	7,756	8,229	8,258
Advance payments from customers	3,039	3,164	2,435
Liabilities to associated companies and joint ventures	150	80	16
Other liabilities	7,595	7,391	7,957

<b>Total liabilities</b>	<b>21,563</b>	<b>22,522</b>	<b>18,761</b>
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<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>30,974</b>	<b>31,961</b>	<b>27,872</b>
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# NOTES

## TO THE FINANCIAL STATEMENTS

### NOTE 1

#### CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The address of the company's head office is Kungsbron 1, Stockholm, with the mailing address Box 70 363, SE-107 24 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on OMX Nordic Exchange in Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report for 2007.

### NOTE 2

#### ACCOUNTING PRINCIPLES

This interim report is prepared applied to the regulation for the interim reporting in the Annual Accounts Act and IAS 34.

The same accounting principles have been applied during the period as in 2007, as described on pages 60-66 in the annual report 2007. The 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 2007.

### 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 a description of the business segments, see previous section.

#### SALES AND ORDER INFORMATION

##### Sales by business segment

MSEK	3 mos. 2008	3 mos. 2007	Change	Roll 12	12 mos. 2007
Defence and Security Solutions	2,096	2,053	2%	9,343	9,300
Systems and Products	1,734	1,885	-8%	8,940	9,091
Aeronautics	1,612	1,383	17%	6,739	6,510
Corporate	10	20		41	51
Internal sales	-473	-424		-1,980	-1,931
<b>Total</b>	<b>4,979</b>	<b>4,917</b>	<b>1%</b>	<b>23,083</b>	<b>23,021</b>

##### Sales by geographic market

MSEK	3 mos. 2008	% of sales	3 mos. 2007	% of sales	12 mos. 2007	% of sales
Sweden	1,798	36	1,760	36	8,006	35
Rest of EU	1,288	26	1,126	23	6,527	28
Rest of Europe	45	1	136	3	297	1
<b>Total, Europe</b>	<b>3,131</b>	<b>63</b>	<b>3,022</b>	<b>62</b>	<b>14,830</b>	<b>64</b>
North America	243	5	285	6	1,534	7
Latin America	29	1	17	-	85	-
Asia	640	13	587	12	2,203	10
Australia, etc.	113	2	202	4	848	4
Africa	823	16	804	16	3,521	15
<b>Total</b>	<b>4,979</b>	<b>100</b>	<b>4,917</b>	<b>100</b>	<b>23,021</b>	<b>100</b>

**NOTE 3 CONTINUED**
**Order bookings by business segment**

MSEK	3 mos. 2008	3 mos. 2007	12 mos. 2007
Defence and Security Solutions	2,250	2,114	7,259
Systems and Products	2,836	2,338	8,470
Aeronautics	3,322	1,289	7,516
Corporate	117	15	46
Internal	-776	-365	-2,445
<b>Total</b>	<b>7,749</b>	<b>5,391</b>	<b>20,846</b>

**Order backlog by business segment**

MSEK	3/31/2008	12/31/2007	3/31/2007
Defence and Security Solutions	10,669	10,764	13,707
Systems and Products	18,621	17,830	19,300
Aeronautics	22,871	21,158	20,372
Corporate	101	-	-
Internal	-2,654	-2,436	-1,940
<b>Total</b>	<b>49,608</b>	<b>47,316</b>	<b>51,439</b>

**OPERATING INCOME**
**Operating income by business segment**

MSEK	3 mos. 2008	% of sales	3 mos. 2007	% of sales	rolling 12	% of sales	12 mos. 2007	% of sales
Defence and Security Solutions	193	9.2	230	11.2	897	9.6	934	10.0
Systems and Products	138	8.0	158	8.4	736	8.2	756	8.3
Aeronautics	111	6.9	67	4.8	498	7.4	454	7.0
Corporate	-57	-	-41	-	447	-	463	-
<b>Total</b>	<b>385</b>	<b>7.7</b>	<b>414</b>	<b>8.4</b>	<b>2,578</b>	<b>11.2</b>	<b>2,607</b>	<b>11.3</b>

**Depreciation/amortization and impairments by business segment**

MSEK	3 mos. 2008	3 mos. 2007	Rolling 12	12 mos. 2007
Defence and Security Solutions	40	47	163	170
Systems and Products	108	115	604	611
Aeronautics	35	30	168	163
Corporate - lease assets	40	51	169	180
Corporate - other	19	16	137	134
<b>Total</b>	<b>242</b>	<b>259</b>	<b>1,241</b>	<b>1,258</b>

**OPERATING CASH FLOW AND CAPITAL EMPLOYED**
**Cash flow by business segment**

MSEK	3 mos. 2008	3 mos. 2007	Rolling 12	12 mos. 2007
Defence and Security Solutions	-152	562	-334	380
Systems and Products	928	276	-635	-1,287
Aeronautics	-169	-124	-818	-773
Corporate	-304	-398	171	77
<b>Total</b>	<b>303</b>	<b>316</b>	<b>-1,616</b>	<b>-1,603</b>

**Capital employed by business segment**

MSEK	3/31/2008	12/31/2007	3/31/2007
Defence and Security Solutions	4,269	4,417	4,257
Systems and Products	8,376	9,115	7,596
Aeronautics	3,984	4,202	3,441
Corporate	-2,755	-2,965	-2,971
<b>Total</b>	<b>13,874</b>	<b>14,769</b>	<b>12,323</b>

**PERSONNEL**
**Personnel by business segment**

Number at end of period	3/31/2008	12/31/2007	Change	3/31/2007
Defence and Security Solutions	4,938	5,031	-93	4,861
Systems and Products	5,347	5,213	134	5,155
Aeronautics	2,979	2,911	68	2,912
Corporate	599	602	-3	655
<b>Total</b>	<b>13,863</b>	<b>13,757</b>	<b>106</b>	<b>13,583</b>

#### NOTE 4

##### TAXES

MSEK	3 mos. 2008	3 mos. 2007
Current tax	-96	-107
Deferred tax	3	-3
<b>Total</b>	<b>-93</b>	<b>-110</b>

#### NOTE 5

##### DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on February 14, 2008, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.50 per share, totaling MSEK 491. The Board's dividend motivation can be found on page 114 of the annual report 2007.

The Annual General Meeting on April 15, 2008 approved the Board's proposal and set April 18, 2008 as the record day and decided that the dividend would be paid on April 23, 2008.

#### NOTE 6

##### SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

##### Liquid assets at end of period

MSEK	3/31 2008	12/31 2007	3/31 2007
The following components are included in liquid assets:			
Cash and bank balances (incl. available overdraft facilities)	470	825	1,511
Deposits	27	33	46
Total according to balance sheet	497	858	1,557
Immediately cancelable overdraft facilities	-	-	-4
<b>Total according to statement of cash flows</b>	<b>497</b>	<b>858</b>	<b>1,553</b>

##### Operating cash flow vs. statement of cash flows

MSEK	3 month 2008	3 month 2007	12 month 2007
Operating cash flow	303	316	-1,603
Investing activities – interest-bearing:			
Financial investments and receivables	231	-139	-247
Financing activities:			
Loans raised	-	-	2,017
Loans amortized	-870	-11	-
Establishment of pension fund	-	-	-43
Share repurchase	-	-	-184
Dividend paid to the Parent Company's shareholders	-	-	-464
Dividend paid to minority interest	-	-	-2
<b>Cash flow for the period</b>	<b>-336</b>	<b>166</b>	<b>-526</b>

##### Specification of operating cash flow 3 month 2008

MSEK	Saab excl. acquisitions/ divestments and SAL	Acquisitions and divest- ments	Saab Aircraft Leasing	Total Group
Cash flow from operating activities before changes in working capital	215	-	58	273

##### CASH FLOW FROM CHANGES IN WORKING CAPITAL

Inventories	-275	-	1	-274
Receivables	920	-	99	1,019
Advance payments from customers	-158	-	-	-158
Lease obligations	-	-	-53	-53
Other liabilities	-64	-	-198	-262
Provisions	-99	-	-29	-128
Change in working capital	324	-	-180	144

<b>Cash flow from operating activities</b>	<b>539</b>	<b>-</b>	<b>-122</b>	<b>417</b>
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##### INVESTING ACTIVITIES

Investments in intangible fixed assets	-180	-	-	-180
Investments in tangible fixed assets	-59	-	-	-59
Sale of tangible fixed assets	8	-	-	8
Sale of lease assets	-	-	20	20
Sale of and investment in shares, etc.	4	-	53	57
Sale of subsidiaries, net effect on liquidity	-	40	-	40

<b>Cash flow from investing activities excluding change in interest bearing financial assets</b>	<b>-227</b>	<b>40</b>	<b>73</b>	<b>-114</b>
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<b>OPERATING CASH FLOW</b>	<b>312</b>	<b>40</b>	<b>-49</b>	<b>303</b>
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**NOTE 7**
**ASSETS AND LIABILITIES HELD FOR SALE**

Assets and liabilities held for sale refer to Saab Space and Saab Grintek Technologies.

**NOTE 8**
**ACQUISITIONS AND DIVESTMENTS**

No significant acquisitions or divestments were made during the first quarter 2008.

**NOTE 9**
**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 MSEK 3,344 as of March 31, 2008, compared with an obligation of MSEK 4,120 according to IAS 19, or a solvency margin of 81 percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 84 percent.

**NOTE 10**
**CONTINGENT LIABILITIES**

No additional obligations were added during the period.

**NOTE 11**
**TRANSACTIONS WITH RELATED PARTIES**

No significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report for 2007, note 43.

**NOTE 12**
**CONDENSED SUBDIVIDED BALANCE SHEET AS OF MARCH 31, 2008**

MSEK	Saab	Saab Aircraft Leasing	Elimina- tions	Saab Group
<b>ASSETS</b>				
Intangible fixed assets	7,951	-	-	7,951
Tangible fixed assets	3,836	-	-	3,836
Lease assets	-	1,622	-	1,622
Long-term interest-bearing receivables	340	-	-	340
Shares, etc.	1,894	18	-1,500	412
Other long-term receivables	254	282	-	536
Deferred tax assets	332	162	-	494
Inventories	5,587	10	-	5,597
Other current assets	8,116	40	-	8,156
Derivatives	984	-	-	984
Short-term interest-bearing receivables	705	945	-945	705
Cash and marketable securities	470	27	-	497
Assets held for sale	1,032	-	-	1,032
<b>Total assets</b>	<b>31,501</b>	<b>3,106</b>	<b>-2,445</b>	<b>32,162</b>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

Shareholders' equity	10,786	1,791	-1,500	11,077
Provisions for pensions	21	-	-	21
Deferred tax liabilities	1,283	-	-	1,283
Other provisions	1,742	775	-	2,517
Interest-bearing liabilities	3,720	-	-945	2,775
Lease obligations	-	151	-	151
Advance payments from customers	2,359	-	-	2,359
Other liabilities	10,523	389	-	10,912
Derivatives	681	-	-	681
Liabilities for assets held for sale	386	-	-	386
<b>Total shareholders' equity and liabilities</b>	<b>31,501</b>	<b>3,106</b>	<b>-2,445</b>	<b>32,162</b>

**NOTE 13**
**FORECAST 2008**

For 2008 we expect a development in line with Saabs long-term financial objectives; 5 percent organic growth and an operating margin of 10 percent, excluding non recurring items.