



**SAAB**

# **INTERIM REPORT**

## JANUARY–MARCH

### 2009

## **RESULTS** AND SUMMARY JANUARY–MARCH 2009

- Order bookings amounted to MSEK 4,101 (7,749) and the order backlog to MSEK 44,158 (49,608)
- Sales increased 9 percent to MSEK 5,412 (4,979), adjusted for divestments and exchange rate effects sales increased 11 percent
- Gross income amounted to MSEK 1,365 (1,380), corresponding to a gross margin of 25.2 percent (27.7)
- Operating income was MSEK 150 (385), corresponding to an operating margin of 2.8 percent (7.7). A change in the application of accounting principles for development costs as of January 2009 contributed negatively by approximately 3 percentage points
- Net loss for the period of MSEK -27 (231), with earnings per share after dilution of SEK -0.24 (2.13)
- Billion+ programme continues, expected effects from the initiative to reduce 500 employees, mainly through attrition, has not yet shown
- Due to financial pressure in the Aeronautics segment, Saab gave notice of lay-offs of 300 employees within Saab AB in Linköping
- Outlook for 2009 unchanged

# SAAB CONTINUES TO FOCUS ON STRENGTHENING THE COMPANY FOR THE FUTURE

## STATEMENT BY THE CEO:

“Despite the continued uncertain market situation, sales showed a strong increase in the period, whereas orders declined. Our activities in the commercial aircraft market are still under pressure, affecting profitability. As a consequence of the current situation, we have given notice of lay-offs. We have to adjust our operations to the new situation and create a solid base for a more cost efficient and competitive organisation in the future. Our efforts to strengthen the company for coming years continue to be a priority.”

Saab's order bookings for the first quarter amounted to MSEK 4,101 (7,749). The order backlog amounted to MSEK 44,158 (49,608). Sales increased by 9 percent to MSEK 5,412 (4,979). Excluding Saab Space, which was divested on September 1, 2008, and adjusted for currency exchange rates, sales increased by 11 percent. Operating income for the period was MSEK 150 (385), corresponding to an operating margin of 2.8 percent (7.7). The change in the application of accounting principles for development costs as of January 2009 contribute negatively by 3 percentage points.

## Lay-offs as a consequence of weak profitability

Changes to production plans for some of our customer's major commercial aircraft programmes have resulted in a lower production rate in Saab's aerostructures business. The financial crisis will continue to impact the commercial aviation market. Our investments in marketing and technology development remain high and as a consequence of the reduced profitability within the Aeronautics segment, a careful analysis has been conducted of current resources in the organisation. This analysis has led us to give notice of lay-offs of 300 employees within Saab AB in Linköping. The Aeronautics segment and its business units Aerostructures, Aerosystems and Gripen International will be reorganised to create a more efficient organisation in order to sustain our business. This will strengthen our activities in connection with the Gripen-system, while securing key assets and necessary skills.

## Continued review of organisational structure

In total, about 800 employees will leave Saab in the next few years due to the announced lay-offs and the efficiency improvement programme.

A continued review of the organisational structure is ongoing, and further reductions cannot be ruled out.

## Efficiency improvement programme

The intensified efficiency improvement programme continues to be a key to the process of strengthening the company for coming years. We will create greater financial flexibility for own investments in mar-

keting and development of new products and services by gradually reducing costs. The cost base will be reduced by SEK 1.5 billion at the start of 2011, compared with the start of 2008. The programme continues, but the additional initiative to reduce 500 employees, mainly through attrition, until the start of 2011, has not yet shown the expected effects.

## Important orders

Despite a harsh economic climate, Saab succeeded in winning important orders in the first quarter. The Swedish Defence Materiel Administration, FMV, placed an order for studies of future capabilities for the Gripen. Saab has also received large orders in the civil security field. Within the air traffic management field Saab was selected to deliver an electronic flight strip system to Helsinki-Vantaa airport in Finland. The system replaces the paper strips still used in many towers to control the flow of traffic. An electronic flight strip system has also been implemented at Stockholm-Arlanda airport in Sweden in December 2008. In addition, Saab and the LFV Group (the former Swedish Civil Aviation Administration) presented the remotely operated airport tower concept with a live demonstration in the quarter. This represents a breakthrough for airport operators and addresses many of the issues airport operators are concerned with, for example cost-effectiveness, safety, and punctuality. Saab also won a MSEK 340 order for air defence systems for delivery in 2010-2013. At the end of March, Saab signed a data link contract in Australia to develop a multi-link communication capability for the ANZAC and Canberra class ships, valued at approximately MSEK 195.

### Continued interest in Gripen

The market's interest in Gripen remains strong, and Saab is involved in several marketing campaigns around the world. During the first quarter, Saab submitted its offer for 36 Gripen to the Brazilian Air Force, which is expected to come to a decision during the year. Currently, our campaigns are mainly focused on Brazil, India and Switzerland. The goal of selling 200 Gripen on the export market remains firm.

### Sweden's position on defence issues and its impact on Saab

The bill for the future of the Swedish Armed Forces presented by the Swedish Government in March reiterated the Armed Forces' long-term development plan for Gripen. In the bill, the Swedish government also points out the ambition to acquire more "off the shelf" equipment.

Development and procurement spending by the Swedish Armed Forces will remain critical to Saab's ability to develop future technology.

### Outlook

Saab's future development is dependent on Swedish defence plans and will continue to be affected by the global economy.

Saab is therefore facing uncertainties in the business environment.

We expect 2009 sales to be flat.

The profit margin will be reduced by about 4 percentage points due to our more conservative accounting for development costs.

#### IMPORTANT EVENTS JANUARY – MARCH 2009

- Saab submitted its offer for 36 Gripen NG (Next Generation) fighter aircraft to the Brazilian Air Force. Saab will provide a strong industrial co-operation package with positive effects on the national defence industry, such as direct involvement in the development, production and maintenance of the aircraft. Gripen NG will also generate transfers of key technology, which will allow full involvement in future capability development.
- Saab received an order from the Swedish Defence Materiel Administration, FMV, for studies in 2009 of future capabilities for Gripen. The contract value is MSEK 400.
- Saab received a contract in the civil security field worth approximately MZAR 200 (MSEK 165). As a subcontractor to Integcomm, Saab will deliver technology and installation services to a command and control network for the South African Police Service in the Eastern Cape.
- Saab signed a contract valued at MSEK 700 within the civil security area. The contract, which runs over four years and comprises a number of installations, is a part of Saab's efforts to develop solutions for protection of important public institutions and critical infrastructure.
- Saab signed an export contract for air defence systems for delivery in 2010-2013. The value of the contract is approximately MSEK 340.
- Saab signed a contract with the Australian Defence Materiel Organisation to develop a multi-link communication capability for the ANZAC and Canberra class ships. The order value for Saab is approximately MSEK 195, within a project worth a total of MSEK 252.

#### IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- Due to low production rates in the commercial aircraft business, Saab has given notice to 300 employees within Saab AB in Linköping. Both office workers and factory employees are affected. The cost for the lay-offs is estimated to MSEK 100. The main part of these costs will be booked during fourth quarter 2009.

**GROUP**

MSEK	Jan–March 2009	Jan–March 2008	Change, %	Jan–Dec 2008
Order bookings	4,101	7,749	-47	23,212
Order backlog	44,158	49,608	-11	45,324
Sales	5,412	4,979	9	23,796
Gross income	1,365	1,380	-1	4,634
Gross margin, %	25.2	27.7		19.5
Adjusted gross margin, <sup>1)</sup> %	25.2	27.7		26.5
Internally funded investments in research and development	275	345	-20	1,439
Operating income before depreciation/amortization and impairments (EBITDA)	435	587	-26	1,515
Margin, %	8.0	11.8		6.4
Operating income (EBIT)	150	385	-61	166
Operating margin, %	2.8	7.7		0.7
Adjusted operating margin, <sup>1, 2)</sup> %	2.8	7.7		8.4
Income before tax (EBT)	-37	324		-406
Net income/loss	-27	231		-242
Earnings per share after dilution	-0.24	2.13		-2.31
Operating cash flow	-456	303		659
Net liquidity/debt (-)	-2,215	-1,254		-1,693
Defence/Civil (% of revenues)	83/17	81/19		83/17
No. of employees	13,278	13,863		13,294
<sup>1)</sup> Non-recurring items impacting gross income				
Write-down of capitalized costs in commercial aircraft programmes	-	-		-1,187
Provision for commercial aircraft programmes	-	-		-232
Provision for helicopter project	-	-		-350
Gains on contractual settlements for regional aircraft	-	-		196
Goodwill impairment	-	-		-103
<sup>2)</sup> Non-recurring items also impacting operating income				
Write-down of capitalized development costs System and Products	-	-		-250
Capital gains	-	-		98
TOTAL NON-RECURRING ITEMS	-	-		-1,828

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 staff and departments and peripheral operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft.

## SALES, INCOME AND ORDERS

### First quarter 2009

#### Orders

Order bookings for the first quarter amounted to MSEK 4,101 (7,749). Order bookings during first quarter of 2008 included an order from Thailand for an air surveillance system, including Gripen aircraft, valued at SEK 2 billion.

Major orders during the period included an order from the Swedish Defence Material Administration, FMV, for studies in 2009 of future capabilities for Gripen, valued at MSEK 400. Saab also signed two major contracts in the civil security field. An export contract for air defence systems to be delivered in 2010–2013, valued at MSEK 340, was also signed in the period. Saab also received an order from the Australian Defence Material Organisation to develop a multi-link communication capability for the ANZAC and Canberra class ships, valued at approximately MSEK 195.

Sixty-nine percent of order bookings (74) is attributable to defence-related operations and 49 percent (71) is from customers outside of Sweden.

Large orders with a value of more than MSEK 100 and those with a smaller value represented 51 percent (60) and 49 percent (40), respectively.

The order backlog at the end of the first quarter was MSEK 44,158 (49,608).

#### ORDER BACKLOG DURATION:

2009: SEK 16.7 billion

2010: SEK 11.6 billion

2011: SEK 6.1 billion

2012: SEK 4.1 billion

After 2012: SEK 5.7 billion

#### 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
- Civil security solutions

#### Sales

Sales in the first quarter amounted to MSEK 5,412 (4,979), an increase of 9 percent. Adjusted for the divestment of Saab Space in September 2008 and exchange rate effects, sales increased with 11 percent.

Sales were affected positively by 1 percentage point by exchange rates during the quarter owing to a stronger USD and EUR relative to the SEK.

Of sales, 83 percent (81) related to the defence market. Sales in the international market amounted to MSEK 3,755 (3,181), or 69 percent (64) of total sales. Total sales in the EU, excluding Sweden, were MSEK 1,361 (1,288), Americas MSEK 259 (272) and rest of the world MSEK 2,135 (1,621).

Total sales by market area: Air MSEK 2,219, Land MSEK 1,417, Naval MSEK 428, Joint Operations MSEK 482, Civil Security MSEK 292, Commercial Aeronautics MSEK 300 and Other MSEK 274.

#### Income, margin and profitability

Gross income amounted to MSEK 1,365 (1,380), corresponding to a margin of 25.2 percent (27.7). The gross margin decreased mainly as a consequence of continued low capacity utilization and lower project profitability on major contracts in Aeronautics.

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

Marketing expenses amounted to MSEK 424 (442).

Administrative expenses amounted to MSEK 334 (343).

Internally funded investments in research and development amounted to MSEK 275 (345), of which a total of MSEK 25 (178) has been capitalized.

The lower rate of capitalization of internally funded R&D investments is due to the change in how we apply the accounting principles for development costs as of January 1, 2009. Due to this more conservative approach, development costs are now capitalized at a later stage in all projects, leading to the lower rate of capitalization. All development costs on the balance sheet are amortized over not more than ten years.

Our total level of R&D investments is not expected to change as a result of this change.

Other operating expenses of MSEK 59 (10) mainly consist of exchange rate differences.

Operating income before depreciation and amortization (EBITDA) was MSEK 435 (587), corresponding to a margin of 8.0 percent (11.8).

Operating income amounted to MSEK 150 (385), corresponding to a margin of 2.8 percent (7.7). A change in the application of accounting principles for development costs as of January 2009 accounted for 3 percentage points of the decrease during the period.

The share of income in associated companies, MSEK -31 (7), primarily relates to net income in Denel Saab Aerostructures, Taurus GmbH and associated companies in the venture portfolio.

Net financial income and expenses amounted to MSEK -187 (-61), of which the share in income of associated companies held as financial assets amounted to MSEK 0 (-6). Project interest from unutilized advance payments reduced financial income by MSEK 16 (38) and reduced the cost of goods sold correspondingly. Currency losses related to the tender portfolio of MSEK 111 (gains of 56) further reduced the financial net. Other net interest amounted to MSEK -60 (-73).

Income before taxes amounted to MSEK -37 (324).

Current and deferred taxes during the period amounted to MSEK 10 (-93), or an effective tax rate of 27 percent (29).

Net result for the period was MSEK -27 (231), of which the minority interest amounted to MSEK -1 (-1).

Diluted earnings per share for the interests of the Parent Company's shareholders amounted to SEK -0.24 (2.13).

The pre-tax return on capital employed was -0.2 percent (19.7) and the after-tax return on equity -4.9 percent (17.8).

#### ACQUISITIONS AND DIVESTMENTS

No significant acquisitions or divestments were made during the period.

#### FINANCIAL POSITION AND LIQUIDITY

##### Financial position

Intangible fixed assets amounted to MSEK 7,592 (7,951), of which goodwill amounts to MSEK 3,448 (3,378) 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 Saab Avitronics and Combitech.

Other intangible fixed assets amounted to MSEK 4,144 (4,573), of which capitalized development expenses amounted to MSEK 3,505 (3,803). 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.

As of January 1, 2009, development costs are capitalized at a later stage in all projects compared to previously. In addition, development costs on the balance sheet are amortized over a maximum ten-year period. This reduces the level of capitalized product development costs on the balance sheet compared to previous years.

Amortization of intangible fixed assets amounted to MSEK 201 (116) in the period, of which amortization of capitalized product development amounted to MSEK 157 (78).

Tangible fixed assets amount to MSEK 3,337 (3,523) and refer to property, plant and equipment used in core operations.

Investment properties refer to properties leased to outside parties and valued at estimated fair value. Lease assets amount to MSEK 1,926 (1,622) and primarily relate to the leasing fleet of regional aircraft. The increase is due to exchange rate effects. Depreciation during the period on tangible fixed assets amounted to MSEK 84 (86), while depreciation on the leasing fleet amounted to MSEK 50 (40).

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) according to percentage of completion accounting.

Shareholders' equity attributable to the Parent Company's shareholders amounted to MSEK 9,245 (11,045), or SEK 84.70 per share (101.19). The equity/assets ratio was 28.6 percent (34.4).

Provisions for pensions amounted to MSEK 4 (21). During the period, the Saab Pension Fund was capitalized with a total of MSEK 37. The purpose of the fund is to secure

defined-benefit pension plans. The market value of the Saab Pension Fund was MSEK 3,060 at end of the first quarter, compared with an obligation of MSEK 4,479 according to IAS 19. The solvency margin was 68 percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 82 percent.

Deferred tax refers to temporary differences between the carrying value of assets and liabilities and their value for tax purposes and tax loss carry forwards. Other provisions mainly 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, short-term investments and interest-bearing receivables. Since year-end net debt has increased by MSEK 522 and amounted to MSEK 2,215 at the end of the period.

#### Cash flow

Operating cash flow amounted to MSEK -456 (303) during the period and was distributed between cash flow from core operating activities of MSEK -247 (312), divestments of subsidiaries and associated companies of MSEK 0 (40) and the regional aircraft business, MSEK -209 (-49).

#### CAPITAL EXPENDITURES AND PERSONNEL

##### Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 56 (59). Investments in intangible assets amounted to MSEK 26 (180) and related primarily to capitalized product development.

### Personnel

At the end of the period, the Group had 13,278 employees, compared with 13,294 at the beginning of the year.

As part of the Billion+ Programme, savings of MSEK 500 will be achieved in 2009 and 2010 by reducing the number of employees, primarily through attrition.

In addition, Saab has given notice of lay-offs to 300 employees within Saab AB in Linköping. Both office workers and factory employees are affected.

### 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 investments, long periods of time and 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.

For a general description of the risk areas for 2009, see pages 58-60 of the annual report for 2008.

### SHARE REPURCHASE

The number of repurchased treasury shares as of December 31, 2008, was 2,320,451. At the Annual General Meeting on April 16, 2009, the Board of Directors was authorized to repurchase 1,340,000 shares to hedge the year's share matching plan and performance share plan. The repurchases have not yet begun.

### EVENTS AFTER THE BALANCE SHEET DATE

Saab has given notice of lay-offs to 300 employees within Saab AB in Linköping. Both office workers and factory employees are affected. The cost for the lay-offs is estimated to MSEK 100. The main part of these costs will be booked during fourth quarter 2009.

**DEFENCE AND SECURITY SOLUTIONS**

MSEK	Jan–March 2009	Jan–March 2008	Change, %	Jan–Dec 2008
Order bookings	2,249	2,250	-	9,997
Order backlog	11,221	10,669	5	10,918
Sales	2,042	2,096	-3	9,443
Operating income before depreciation/amortization and impairments (EBITDA)	182	233	-22	1,019
Margin, %	8.9	11.1		10.8
Operating income (EBIT)	136	193	-30	732
Operating margin, %	6.7	9.2		7.8
Adjusted operating margin, <sup>1)</sup> %	6.7	9.2		8.8
Operating cash flow	17	-152		-322
Defence/Civil (% of revenues)	65/35	71/29		70/30
No. of employees	4,665	4,938		4,666
<sup>1)</sup> Non-recurring items				
Goodwill impairment	-	-		-103
TOTAL NON-RECURRING ITEMS	-	-		-103

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 life-cycle support solutions. Consulting services in systems development, systems integration and information and system security for customers mainly in the defence and telecommunication industries as well as government agencies with responsibility for infrastructure are part of the portfolio as well.

Growth in the civil security market continues, creating new opportunities for Saab in the areas of crisis management systems and protection of infrastructure.

## SALES, INCOME AND ORDERS

### First quarter 2009 Orders

Order bookings for Defence and Security Solutions amounted to MSEK 2,249 (2,250).

Large orders with a value of more than MSEK 100 and those with a smaller value represented 39 percent (24) and 61 percent (76), respectively.

### Sales

Sales for Defence and Security Solutions amounted to MSEK 2,042 (2,096), a decrease of 3 percent. The generally weak market in Africa continued to negatively impact the business. In particular, Saab Grintek Technologies in South Africa continued to develop weakly.

The international market accounted for 49 percent (50) of sales. The split between defence and civil sales was 65/35 (71/29).

Thanks to Saab Security's strong development, the civil market generated an increasing share of the business during the period.

### Income and margin

Operating income for Defence and Security Solutions amounted to MSEK 136 (193) with a margin of 6.7 percent (9.2).

Lower profitability during the period compared to first quarter 2008 was mainly due to the weak market in Africa as well as the change in the application of accounting principles for development costs (see page 5-6).

### Operating cash flow

Operating cash flow amounted to MSEK 17 (-152).

### Employees

The number of employees was 4,665, compared to 4,666 at the beginning of the year.

**SYSTEMS AND PRODUCTS**

MSEK	Jan–March 2009	Jan–March 2008	Change, %	Jan–Dec 2008
Order bookings	1,438	2,836	-49	9,345
Order backlog	16,985	18,621	-9	17,390
Sales	1,994	1,734	15	9,095
Operating income before depreciation/amortization and impairments (EBITDA)	256	246	4	1,518
Margin, %	12.8	14.2		16.7
Operating income (EBIT)	104	138	-25	756
Operating margin, %	5.2	8.0		8.3
Adjusted operating margin, <sup>1)</sup> %	5.2	8.0		11.1
Operating cash flow	312	928		1,484
Defence/Civil (% of revenues)	95/5	85/15		91/9
No. of employees	4,805	5,347		4,869
<sup>1)</sup> Non-recurring items				
Write-down of capitalized development costs	-	-		-250
TOTAL NON-RECURRING ITEMS	-	-		-250

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 commercial aviation manufacturers. In weapon systems, Saab's portfolio ranges from man-portable weapons such as the Carl-Gustaf anti-armour weapon and its successors AT4 and NLAW to the missile systems RBS 15, RBS 70 and BAMSE, as well as torpedo systems.

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, fighters, transportation and commercial aircraft, helicopters, submarines and surface vessels around the world. 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 individually command a leading position in the global market. The weapon detecting radar ARTHUR and the surveillance 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 lists special police units among its customers.

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

## SALES, INCOME AND ORDERS

### First quarter 2009 Orders

Order bookings for Systems and Products decreased to MSEK 1,438 (2,836). An order for an air defence system, RBS 70, valued at MSEK 340, was received during the period. Orders were also received from several customers for the man-portable weapons Carl-Gustaf and AT4. The first quarter of 2008 included large orders for surveillance radars from several countries.

Smaller orders accounted for 66 percent (68) of the order backlog and large orders valued at more than MSEK 100 for 34 percent (32).

### Sales

Sales for Systems and Products increased by 15 percent to MSEK 1,994 (1,734). Excluding Saab Space, which was divested on September 1, 2008, sales increased approximately 30 percent. Sales improved in all areas. High overall growth was mainly due to differences in the timing of large projects.

International sales accounted for 79 percent (71). The split between defence and civil sales was 95/5 (85/15).

### Income and margin

Operating income amounted to MSEK 104 (138), corresponding to an operating margin of 5.2 percent (8.0).

Weaker profitability during the period compared to first quarter 2008 was mainly due to the change in the application of accounting principles for development costs (see page 5-6).

### Operating cash flow

Operating cash flow amounted to MSEK 312 (928).

### Employees

The number of employees was 4,805, compared to 4,869 at the beginning of the year.

**AERONAUTICS**

MSEK	Jan–March 2009	Jan–March 2008	Change, %	Jan–Dec 2008
Order bookings	1,090	3,322	-67	6,153
Order backlog	18,780	22,871	-18	19,626
Sales	1,843	1,612	14	7,269
Operating income before depreciation/amortization and impairments (EBITDA)	65	146	-55	-1,313
Margin, %	3.5	9.1		-18.1
Operating income/loss (EBIT)	3	111	-97	-1,508
Operating margin, %	0.2	6.9		-20.7
Adjusted operating margin, <sup>1)</sup> %	0.2	6.9		3.6
Operating cash flow	-310	-169		-1,007
Defence/Civil (% of revenues)	93/7	93/7		93/7
No. of employees	3,091	2,979		3,100

<sup>1)</sup> Non-recurring items

Write-down of capitalized costs in commercial aircraft programmes	-	-		-1,187
Provision for commercial aircraft programmes	-	-		-232
Provision for helicopter project	-	-		-350
TOTAL NON-RECURRING ITEMS	-	-		-1,769

Saab's aeronautics operations are dominated by the Gripen programme. Gripen, one of the world's most modern fighter aircraft in operational service, is currently used in Sweden and NATO members Czech Republic and Hungary. During 2008, Saab commenced test flights within the Gripen demonstrator programme.

The objective is to develop future generations of Gripen aircraft as well as develop and enhance existing versions. Export potential is high, and Saab is working actively in a number of markets to win new contracts. The Gripen programme 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 programmes. Saab has primary responsibility for key subsystems in the Neuron programme, 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

### First quarter 2009 Orders

Order bookings for Aeronautics decreased to MSEK 1,090 (3,322). During first quarter of 2008, orders included an integrated air surveillance system with Gripen aircraft for Thailand, valued at SEK 2 billion.

A major order was received from the Swedish Defence Material Administration, FMV, to support the Gripen system's operating capabilities and study its future capabilities, valued at MSEK 400.

Orders were reduced during the period through cancellations within some commercial aircraft programmes. The first quarter of 2008 included several large orders from these programmes.

Large orders with a value of more than MSEK 100 and those with a smaller value accounted for 68 (95) and 32 (5) percent, respectively.

### Sales

Aeronautics' sales rose by 14 percent to MSEK 1,843 (1,612). Greater activity from the Thailand order contributed strongly to the increase, as did ongoing deliveries of Gripen aircraft to South Africa. All areas of the business segment saw increased sales.

International sales accounted for 65 percent (57). The split between defence and civil sales was 93/7 (93/7).

### Income and margin

Operating income for Aeronautics decreased to MSEK 3 (111). The operating margin of 0.2 percent (6.9) remains under pressure from low capacity utilization in commercial aircraft programmes and a lower project profitability on major contracts compared to previous period.

Weaker profitability in the quarter compared to first quarter 2008 was also impacted by the change in the application of accounting principles for development costs (see page 5-6).

### Operating cash flow

Operating cash flow amounted to MSEK -310 (-169). Cash flow has been affected by low capacity utilization in commercial aircraft programmes and lower milestone payments in Aerosystems.

### Employees

The number of employees was 3,091, compared to 3,100 at the beginning of the year.

### Reorganisation

The Aeronautics segment and its business units Aerostructures, Aerosystems and Gripen International will be reorganised in to create a more efficient organisation in order to sustain our business. This will strengthen our activities in connection with the Gripen-system, while securing key assets and necessary skills. The costs related to the reorganisation are estimated to MSEK 100 and will mainly be taken in 2010.

### Gripen on the world market

At present, Gripen has six customers. In addition to Sweden, NATO members Hungary and Czech Republic both operate the aircraft, and the UK ETPS (Empire Test Pilots School) uses Gripen as its training platform and in February 2008, Thailand placed an order for Gripen. Deliveries to South Africa have been under way since April 2008. In the fall of 2008, Saab was selected as one of three possible suppliers of fighter aircraft for the Brazilian Air Force and during the first quarter this year we submitted our offer for 36 Gripen NG.

Saab's objective to sell at least 200 Gripen aircraft on the world market remains firm.

## CORPORATE

Corporate reported operating income of MSEK -93 (-57).

## THE BILLION+ PROGRAM

Saab's market situation is changing rapidly. We will continue to invest in marketing and product and service development. 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 2008. This programme was expanded in the fall of 2008 with actions aiming at avoiding replacement of employees who leave the Group. The target is a reduction of 500 people during a two-year period, mainly through attrition.

The program had sought to reduce costs by MSEK 250 in 2008, which was achieved. The target is to reduce costs by MSEK 600 in 2009 and MSEK 650 in 2010. In other words, by the start of 2011 costs will be SEK 1.5 billion lower than at the end of 2007. Around 70 percent of the savings will be generated by reducing the cost of goods sold (development, project implementation, purchasing and production) and will therefore positively affect the gross margin. The rest will be generated through lower operating expenses, mainly in administration.

The programme continues, but the additional initiative to reduce 500 employees, mainly through attrition, until the start of 2011, has not yet shown the expected effects.

## 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, Saab Surveillance Systems and Saab Security. Group staffs and Group support are included as well. The Parent Company's sales for the period amounted to MSEK 3,474 (3,315). Operating income was MSEK 133 (35).

Net financial income and expenses amounted to MSEK -297 (-20). After appropriations of MSEK 0 (0) and income tax of MSEK 44 (-3), net income for the period amounted to MSEK -120 (12).

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

The Parent Company's net debt amounted to MSEK 9,944 (6,605). Gross capital expenditures in property, plant and equipment amounted to MSEK 34 (43). At the end of the first quarter 2009, the Parent Company had 8,406 employees, compared with 8,317 at the beginning of the year.

### Share repurchase

The Annual General Meeting on April 16, 2009 decided to renew the Board of Directors' mandate to decide to repurchase up to 10 percent of all shares in the company. 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 as of March 31, 2009 are BAE Systems, Investor AB, the Wallenberg foundations, Swedbank Robur funds, Odin funds, Nordea funds, Lannebo funds, JP Morgan Chase, SEB Investment Management and Orkla ASA.

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

Linköping, April 23, 2009

**ÅKE SVENSSON**  
PRESIDENT AND CEO

Saab AB is disclosing the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7:30 a.m. on April 23, 2009.

FOR FURTHER INFORMATION, PLEASE CONTACT

*Media:*

**Ulrika Fager, Press Secretary**

Tel. +46-8-463 00 32

**Cecilia Schön Jansson, Group Senior Vice President,  
Corporate Communications and Public Affairs**

Tel. +46-8-463 01 80

**Press center**

Tel. +46-734-18 00 18

*Financial market:*

**Ann-Sofi Jönsson, Investor Relations**

Tel. +46-8-463 02 14, +46-734-18 72 14

**Lars Granlöf, CFO**

Tel. +46-8-463 01 48

**Press and financial analyst conference**

CEO, Åke Svensson and CFO, Lars Granlöf

Today, Thursday, April 23, 2009, 10:00 a.m. (CET)

World Trade Center, Stockholm

Contact Annika Widell to register

and for further information

Tel. +46-8-463 01 47, +46-734-18 71 47

**International teleconference:**

Today, Thursday, April 23, 2009, 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

**CONSOLIDATED INCOME STATEMENT**

MSEK	Note	Jan–March 2009	Jan–March 2008	Rolling 12 months	Jan–Dec. 2008
Sales	3	5,412	4,979	24,229	23,796
Cost of goods sold		-4,047	-3,599	-19,610	-19,162
Gross Income		1,365	1,380	4,619	4,634
Gross margin, %		25.2	27.7	19.1	19.5
Other operating income		40	38	293	291
Marketing expenses		-424	-442	-1,787	-1,805
Administrative expenses		-334	-343	-1,395	-1,404
Research and development costs		-407	-245	-1,694	-1,532
Other operating expenses		-59	-10	-117	-68
Share in income of associated companies		-31	7	12	50
Operating income/loss (EBIT) <sup>1)</sup>	3	150	385	-69	166
Operating margin, %		2.8	7.7	-0.3	0.7
Share in income of associated companies		-	-6	-30	-36
Financial income		33	22	40	29
Financial expenses		-220	-77	-708	-565
Net financial items		-187	-61	-698	-572
Income/loss before taxes		-37	324	-767	-406
Taxes	4	10	-93	267	164
Net income/loss for the period		-27	231	-500	-242
Of which Parent Company shareholders' interest		-26	232	-506	-248
Of which minority interest		-1	-1	6	6
Earnings per share before dilution, SEK <sup>2)</sup>		-0.24	2.15	-4.72	-2.31
Earnings per share after dilution, SEK <sup>3)</sup>		-0.24	2.13	-4.72	-2.31
<sup>1)</sup> INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT		-335	-242	-1,607	-1,514
OF WHICH DEPRECIATION OF LEASE ASSETS		-50	-40	-175	-165
<sup>2)</sup> AVERAGE NUMBER OF SHARES BEFORE DILUTION		106,831,419	108,150,421	107,226,403	107,515,049
<sup>3)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION. THERE IS NO DILUTION IMPACT IF THE RESULT FOR THE PERIOD IS NEGATIVE.		106,831,419	109,150,344	107,226,403	107,515,049

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

MSEK	Jan–March 2009	Jan–March 2008	Rolling 12 months	Jan–Dec. 2008
Net income/loss for the period	-27	231	-500	-242
Other comprehensive income:				
Translation differences for the period	140	-346	374	-112
Net gain/loss on cash flow hedges	-118	246	-1,290	-926
Revaluation in connection with reclassification of fixed assets	-	-	51	51
Tax attributable to comprehensive income	31	-69	324	224
Other comprehensive income/loss for the period	53	-169	-541	-763
<b>Net comprehensive income/loss for the period</b>	<b>26</b>	<b>62</b>	<b>-1,041</b>	<b>-1,005</b>
OF WHICH PARENT COMPANY SHAREHOLDERS' INTEREST	18	63	-1,046	-1,001
OF WHICH MINORITY INTEREST	8	-1	5	-4

**QUARTERLY INCOME STATEMENT**

MSEK	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Sales	5,412	8,188	4,583	6,046	4,979
Cost of goods sold	-4,047	-7,544	-3,638	-4,381	-3,599
Gross Income	1,365	644	945	1,665	1,380
Gross margin, %	25.2	7.9	20.6	27.5	27.7
Other operating income	40	103	89	61	38
Marketing expenses	-424	-472	-408	-483	-442
Administrative expenses	-334	-357	-336	-368	-343
Research and development costs	-407	-738	-243	-306	-245
Other operating expenses	-59	-30	-18	-10	-10
Share in income of associated companies	-31	41	2	-	7
Operating income/loss (EBIT) <sup>1)</sup>	150	-809	31	559	385
Operating margin, %	2.8	-9.9	0.7	9.2	7.7
Share in income of associated companies	-	-11	-6	-13	-6
Financial income	33	-6	-12	25	22
Financial expenses	-220	-204	-191	-93	-77
Net financial items	-187	-221	-209	-81	-61
Income/loss before taxes	-37	-1,030	-178	478	324
Taxes	10	322	75	-140	-93
Net income/loss for the period	-27	-708	-103	338	231
Of which Parent Company shareholders' interest	-26	-724	-97	341	232
Of which minority interest	-1	16	-6	-3	-1
Earnings per share before dilution, SEK <sup>2)</sup>	-0.24	-6.78	-0.89	3.15	2.15
Earnings per share after dilution, SEK <sup>3)</sup>	-0.24	-6.78	-0.89	3.12	2.13
<sup>1)</sup> INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT	-335	-725	-232	-315	-242
OF WHICH DEPRECIATION OF LEASE ASSETS	-50	-46	-39	-40	-40
<sup>2)</sup> AVERAGE NUMBER OF SHARES BEFORE DILUTION	106,831,419	106,828,876	107,094,803	108,150,517	108,150,421
<sup>3)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION	106,831,419	106,828,876	107,094,803	109,150,344	109,150,344

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

MSEK	Note	31/3/2009	31/12/2008	31/3/2008
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible fixed assets	6	7,592	7,690	7,951
Tangible fixed assets		3,337	3,407	3,523
Lease assets		1,926	1,835	1,622
Biological assets		243	243	241
Investment properties		238	239	72
Share in associated companies		341	334	270
Financial investments		142	142	175
Long-term receivables		1,312	1,321	843
Deferred tax assets		942	841	494
<b>Total fixed assets</b>		<b>16,073</b>	<b>16,052</b>	<b>15,191</b>
<b>Current assets</b>				
Inventories		4,831	4,305	5,597
Derivatives		1,436	1,315	984
Tax receivables		37	55	165
Accounts receivable		3,315	4,194	2,688
Prepaid expenses and accrued income		577	503	673
Other receivables		5,791	5,567	5,335
Liquid assets	8	530	822	497
<b>Total current assets</b>		<b>16,517</b>	<b>16,761</b>	<b>15,939</b>
<b>Assets held for sale</b>	9	<b>77</b>	<b>77</b>	<b>1,032</b>
<b>TOTAL ASSETS</b>	14	<b>32,667</b>	<b>32,890</b>	<b>32,162</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONT.)**

MSEK	Note	31/3/2009	31/12/2008	31/3/2008
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Parent company shareholders' interest		9,245	9,240	11,045
Minority interest		92	90	32
<b>Total shareholders' equity</b>		<b>9,337</b>	<b>9,330</b>	<b>11,077</b>
<b>Long-term liabilities</b>				
Long-term interest-bearing liabilities	7	39	13	23
Other liabilities		318	336	254
Provisions for pensions	11	4	4	21
Other provisions		2,542	2,402	1,866
Deferred tax liabilities		1,113	1,105	1,283
<b>Total long-term liabilities</b>		<b>4,016</b>	<b>3,860</b>	<b>3,447</b>
<b>Current liabilities</b>				
Short-term interest-bearing liabilities	7	3,897	3,870	2,752
Advance payments from customers		1,219	897	2,359
Accounts payable		1,667	1,712	1,014
Lease obligations		-	-	151
Derivatives		2,539	2,363	681
Tax liabilities		201	149	247
Other liabilities		919	1,131	807
Accrued expenses and deferred income		8,243	8,868	8,590
Provisions		629	710	651
<b>Total current liabilities</b>		<b>19,314</b>	<b>19,700</b>	<b>17,252</b>
Liabilities attributable to assets held for sale	9	-	-	386
<b>Total liabilities</b>		<b>23,330</b>	<b>23,560</b>	<b>21,085</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	14	<b>32,667</b>	<b>32,890</b>	<b>32,162</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

MSEK	CAPITAL STOCK	OTHER CAPITAL CONTRIBUTIONS	NET RESULT OF CASH FLOW HEDGES	TRANSLATION RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	MINORITY INTEREST	TOTAL
Opening balance, January 1, 2009	1,746	543	-612	-222	51	7,734	9,240	90	<b>9,330</b>
<b>Total net income/loss of the period</b>			-92	136		-26	18	8	<b>26</b>
<b>Transactions with shareholders:</b>									
Share matching plan						6	6	-	<b>6</b>
Acquisition and sale of operations						-19	-19	-6	<b>-25</b>
Closing balance, March 31, 2009	1,746	543	-704	-86	51	7,695	9,245	92	<b>9,337</b>
Opening balance, January 1, 2008	1,746	543	80	-110	-	8,722	10,981	27	<b>11,008</b>
<b>Total net income/loss of the period</b>			177	-346		232	63	-1	<b>62</b>
<b>Transactions with shareholders:</b>									
Share matching plan						1	1	-	<b>1</b>
Acquisition and sale of operations							-	6	<b>6</b>
Closing balance, March 31, 2008	1,746	543	257	-456	-	8,955	11,045	32	<b>11,077</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

MSEK	Note	Jan–March 2009	Jan–March 2008	Jan–Dec. 2008
<b>Operating activities</b>				
Income after financial items		-37	324	-406
Transferred to pension fund		-37	-126	-408
Adjustments for items not affecting cash flows		434	248	3,068
Income tax paid		-32	-173	-182
<b>Cash flow from operating activities before changes in working capital</b>		<b>328</b>	<b>273</b>	<b>2,072</b>
<b>Cash flow from changes in working capital</b>				
Increase(-)/Decrease(+) in inventories		-483	-274	-27
Increase(-)/Decrease(+) in current receivables		495	1,019	312
Increase(+)/Decrease(-) in advance payments from customers		310	-158	-1,618
Increase(+)/Decrease(-) in lease obligations		-	-53	-220
Increase(+)/Decrease(-) in other current liabilities		-904	-262	708
Increase(+)/Decrease(-) in provisions		-97	-128	-273
<b>Cash flow from operating activities</b>		<b>-351</b>	<b>417</b>	<b>954</b>
<b>Investing activities</b>				
Investments in intangible fixed assets		-1	-2	-1
Capitalized development costs		-25	-178	-635
Investments in tangible fixed assets		-56	-59	-386
Sale of tangible fixed assets		6	8	41
Sale of lease assets		-	20	212
Investments in and sale of financial assets		96	288	-58
Sale of subsidiaries, net effect on liquidity	10	-	40	443
<b>Cash flow from investing activities</b>		<b>20</b>	<b>117</b>	<b>-384</b>
<b>Financing activities</b>				
Loans raised		20	-	85
Loans amortized		-	-870	-
Repurchase of shares		-	-	-209
Dividend paid to Parent Company's shareholders		-	-	-487
Contribution from/dividend to minority interest		-	-	10
<b>Cash flow from financing activities</b>		<b>20</b>	<b>-870</b>	<b>-601</b>
<b>Cash flow for the period</b>				
<b>Cash flow for the period</b>		<b>-311</b>	<b>-336</b>	<b>-31</b>
Liquid assets at the beginning of the year		822	858	858
Exchange rate difference in liquid assets		19	-25	-5
<b>Liquid assets at end of period</b>	8	<b>530</b>	<b>497</b>	<b>822</b>

MSEK	JANUARY–MARCH				APRIL–JUNE			
	2009	Operating margin	2008	Operating margin	2009	Operating margin	2008	Operating margin
<b>QUARTERLY INFORMATION</b>								
<b>Sales</b>								
Defence and Security Solutions	2,042		2,096				2,365	
Systems and Products	1,994		1,734				2,238	
Aeronautics	1,843		1,612				2,040	
Corporate	12		10				12	
Internal sales	-479		-473				-609	
<b>Total</b>	<b>5,412</b>		<b>4,979</b>				<b>6,046</b>	
<b>Operating income</b>								
Defence and Security Solutions	136	6.7%	193	9.2%			187	7.9%
Systems and Products	104	5.2%	138	8.0%			228	10.2%
Aeronautics	3	0.2%	111	6.9%			-66	-3.2%
Corporate	-93		-57				210	
<b>Total</b>	<b>150</b>	<b>2.8%</b>	<b>385</b>	<b>7.7%</b>			<b>559</b>	<b>9.2%</b>
Net financial items	-187		-61				-81	
<b>Income/loss before taxes</b>	<b>-37</b>		<b>324</b>				<b>478</b>	
<b>Net income/loss for the period</b>	<b>-27</b>		<b>231</b>				<b>338</b>	
<b>Attributable to Parent Company's shareholders</b>	<b>-26</b>		<b>232</b>				<b>341</b>	
<b>Earnings per share after dilution</b>	<b>-0.24</b>		<b>2.13</b>				<b>3.12</b>	
<b>Average no. of shares after dilution, thousands</b>	<b>106,831</b>		<b>109,150</b>				<b>109,150</b>	
<b>QUARTERLY INFORMATION</b>								
<b>Sales</b>								
Defence and Security Solutions			1,904				3,078	
Systems and Products			1,771				3,352	
Aeronautics			1,261				2,356	
Corporate			11				100	
Internal sales			-364				-698	
<b>Total</b>			<b>4,583</b>				<b>8,188</b>	
<b>Operating income</b>								
Defence and Security Solutions			112	5.9%			240	7.8%
Systems and Products			62	3.5%			328	9.8%
Aeronautics			-137	-10.9%			-1,416	-60.1%
Corporate			-6				39	
<b>Total</b>			<b>31</b>	<b>0.7%</b>			<b>-809</b>	<b>-9.9%</b>
Net financial items			-209				-221	
<b>Income/loss before taxes</b>			<b>-178</b>				<b>-1,030</b>	
<b>Net income/loss for the period</b>			<b>-103</b>				<b>-708</b>	
<b>Attributable to Parent Company's shareholders</b>			<b>-97</b>				<b>-724</b>	
<b>Earnings per share after dilution</b>			<b>-0.89</b>				<b>-6.78</b>	
<b>Average no. of shares after dilution, thousands</b>			<b>107,095</b>				<b>106,829</b>	

**MULTI-YEAR OVERVIEW**

MSEK	2008	2007	2006	2005	2004 <sup>5)</sup>
Order bookings	23,212	20,846	27,575	17,512	16,444
Order backlog at Dec. 31	45,324	47,316	50,445	42,198	43,162
Sales	23,796	23,021	21,063	19,314	17,848
Sales in Sweden, %	32	35	35	44	52
Sales in EU excluding Sweden, %	25	28	29	28	26
Sales in Americas, %	6	7	9	9	8
Sales in Rest of the World, %	37	30	27	19	14
Operating income	166	2,607	1,745	1,652	1,853
Operating margin, %	0.7	11.3	8.3	8.6	10.4
Operating margin before depreciation/amortization and impairments, excluding leasing, %	6.4	16.0	12.0	11.3	13.1
Income after financial items	-406	2,449	1,693	1,551	1,712
Net income/loss for the year	-242	1,941	1,347	1,199	1,310
Total assets	32,890	33,801	32,771	30,594	27,509
Operating cash flow	659	-1,603	-1,900	2,645	325
Return on capital employed, %	1.4	19.4	14.5	14.6	17.3
Return on equity, %	-2.4	18.5	13.8	13.5	16.7
Equity/assets ratio, %	28.4	32.6	30.6	31.0	29.9
Earnings per share, SEK <sup>2) 4)</sup>	-2.31	17.68	11.91	10.89	11.78
After dilution, SEK <sup>3) 4)</sup>	-2.31	17.60	11.91	10.89	11.78
Dividend per share, SEK	1.75	4.50	4.25	4.00	3.75
Equity per share, SEK <sup>1)</sup>	86.49	101.53	89.80	84.10	74.89
Number of employees at year-end	13,294	13,757	13,577	12,830	11,936

<sup>1)</sup> NUMBER OF SHARES AS OF DECEMBER 31, 2008: 106,829,893; 2007: 108,150,344; 2006/2005/2004: 109,150,344

<sup>2)</sup> AVERAGE NUMBER OF SHARES 2008: 107,515,049; 2007: 108,668,700; 2006/2005: 109,150,344; 2004: 108,234,126

<sup>3)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION 2008: 107,515,049; 2007/2006/2005: 109,150,344; 2004: 108,234,126. 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.

**KEY RATIOS AND TARGETS**

	Long-term target	Jan-March 2009	Jan-March 2008	Jan-Dec. 2008
Operating margin before depreciation/amortization and impairments, excluding leasing, %	15	8.0	11.8	6.4
Operating margin, %	10	2.8	7.7	0.7
Earnings per share after dilution, SEK <sup>1)</sup>		-0.24	2.13	-2.31
Return on capital employed, %		-0.2	19.7	1.4
Return on equity, %	15	-4.9	17.8	-2.4
Equity/assets ratio, %	30	28.6	34.4	28.4

<sup>1)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION Q1 2009: 106,831,419; Q1 2008: 109,150,344; 2008: 107,515,049

**PARENT COMPANY INCOME STATEMENT**

MSEK	Jan–March 2009	Jan–March 2008	Jan–Dec. 2008
Sales	3,474	3,315	15,496
Cost of goods sold	-2,682	-2,568	-13,927
<b>Gross Income</b>	<b>792</b>	<b>747</b>	<b>1,569</b>
Gross margin, %	22.8	22.5	10.1
Marketing expenses	-265	-259	-1,115
Administrative expenses	-202	-200	-841
Research and development costs	-181	-247	-931
Other operating income	9	32	58
Other operating expenses	-20	-38	-33
<b>Operating income/loss (EBIT)</b>	<b>133</b>	<b>35</b>	<b>-1,293</b>
Operating margin, %	3.8	1.1	-8.3
Financial income and expenses:			
Results from securities and receivables held as fixed assets	-231	30	972
Other interest income and similar items	5	5	101
Interest expenses and similar items	-71	-55	-818
<b>Income/loss after financial items</b>	<b>-164</b>	<b>15</b>	<b>-1,038</b>
Appropriations	-	-	41
<b>Income/loss before taxes</b>	<b>-164</b>	<b>15</b>	<b>-997</b>
Taxes	44	-3	342
<b>Net income/loss for the period</b>	<b>-120</b>	<b>12</b>	<b>-655</b>

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION**

MSEK	31/3/2009	31/12/2008	31/3/2008
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	98	51	64
Tangible fixed assets	2,396	2,478	2,465
Shares in Group companies	11,661	11,662	11,971
Receivables from Group companies	160	140	153
Shares in associated companies and joint ventures	299	317	205
Receivables from associated companies and joint ventures	56	31	10
Other long-term securities holdings	1,512	1,512	1,520
Other long-term receivables	41	44	43
Deferred tax assets	1,251	1,207	497
<b>Total fixed assets</b>	<b>17,474</b>	<b>17,442</b>	<b>16,928</b>
<b>Current assets</b>			
Inventories, etc.	3,698	2,649	4,348
Receivables from Group companies	2,602	2,877	2,638
Receivables from associated companies and joint ventures	228	513	259
Other receivables	8,274	9,032	6,770
Liquid assets	21	237	31
<b>Total current assets</b>	<b>14,823</b>	<b>15,308</b>	<b>14,046</b>
<b>TOTAL ASSETS</b>	<b>32,297</b>	<b>32,750</b>	<b>30,974</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Shareholders' equity	4,829	5,479	7,243
Net income for the year	-120	-655	12
<b>Total shareholders' equity</b>	<b>4,709</b>	<b>4,824</b>	<b>7,255</b>
Untaxed reserves	422	422	463
<b>Provisions</b>			
Provisions for pensions and similar commitments	626	606	299
Other provisions	1,977	1,929	1,394
<b>Total provisions</b>	<b>2,603</b>	<b>2,535</b>	<b>1,693</b>
<b>Liabilities</b>			
Interest-bearing liabilities	4,130	3,832	3,023
Liabilities to Group companies	9,326	9,939	7,756
Advance payments from customers	3,361	3,310	3,039
Liabilities to associated companies and joint ventures	190	126	150
Other liabilities	7,556	7,762	7,595
<b>Total liabilities</b>	<b>24,563</b>	<b>24,969</b>	<b>21,563</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>32,297</b>	<b>32,750</b>	<b>30,974</b>

# 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 NASDAQ OMX 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 2008.

## NOTE 2

### ACCOUNTING PRINCIPLES

The consolidated accounts for the first quarter 2009 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Reporting by Legal Entities. The accounting principles have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting principles as described in the annual report for 2008, with the exception of new or revised standards as adopted by the EU for application as of 1 January 2009, as shown below. The Group's accounting principles are described on pages 72-78 of the annual report 2008.

The interim report is abbreviated and does not contain all the information and disclosures available in the annual report and as such should be read together with the annual report for 2008.

#### IAS 1 Presentation of financial statements (revised)

The changes in IAS 1 mean that items previously reported directly against equity are now reported in the income statement as a part of a comprehensive income. This refers to items in equity that are not transactions with shareholders. Saab has chosen to report the result down to net income for the year in one statement and the result below this down to comprehensive income in a separate statement.

#### IAS 23 Borrowing costs (revised)

The revised standard requires the capitalization of borrowing costs directly attributable to the acquisition, construction or production of an asset which takes a substantial period of time to prepare for its intended use or sale. As indicated in the Group's accounting principles in the annual report for 2008, the Group's previous principle was to expense borrowing costs as they arose. The type of assets that could qualify for capitalization of borrowing costs include self-financed long-term projects and intangible assets. Saab will capitalize borrowing costs on projects that begin after 1 January 2009 in accordance with the transitional rules in IAS 23. No assets that qualify

for capitalization of borrowing costs were reported during the first quarter 2009.

#### IFRS 8 Operating Segments

As of 1 January 2009, the Group applies the new standard IFRS 8 Operating Segments for its segment reporting. According to the previous standard, IAS 14 Segment Reporting, two types of segments (business segments and geographical areas) were identified using a model based on risks and opportunities. According to IFRS 8, segment information is presented from management's perspective and operating segments are identified based on internal reporting to the company's chief operating decision maker. The Group has identified the Chief Executive Officer as its chief operating decision maker. The internal reporting used by the CEO to monitor operations and decide on resource allocations serves as the basis of the segment information that is presented. Application of IFRS 8 has not necessitated a change in the Group's reportable segments.

#### The Group has the following three reportable segments:

- Defence and Security Solutions
- Systems and Products
- Aeronautics

A detailed description of the segments can be found on pages 40-45 of the annual report for 2008.

The definition of segment assets has not changed compared with the most recent annual report.

Application of IFRS 8 has not required a reallocation of goodwill to new cash-generating units.

## NOTE 3

### SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics and missile systems 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 Asia. For a description of the business segments, see previous section.

**NOTE 3 CONTINUED**

SALES AND ORDER INFORMATION

**Sales by business segment**

MSEK	Jan– March 2009	Jan– March 2008	Change, %	Rolling 12 months	Jan–Dec. 2008
Defence and Security Solutions	2,042	2,096	-3	9,389	9,443
of which external sales	1,860	1,945	-4	8,406	8,491
of which internal sales	182	151	21	983	952
Systems and Products	1,994	1,734	15	9,355	9,095
of which external sales	1,769	1,511	17	8,421	8,163
of which internal sales	225	223	1	934	932
Aeronautics	1,843	1,612	14	7,500	7,269
of which external sales	1,779	1,519	17	7,227	6,967
of which internal sales	64	93	-31	273	302
Corporate/eliminations	-467	-463	-1	-2,015	-2,011
of which external sales	4	4	-	175	175
of which internal sales	-471	-467	-1	-2,190	-2,186
<b>Total</b>	<b>5,412</b>	<b>4,979</b>	<b>9</b>	<b>24,229</b>	<b>23,796</b>

**Sales by geographic market**

MSEK	Jan– March 2009	% of sales	Jan– March 2008	% of sales	Jan– Dec. 2008	% of sales
Sweden	1,658	31	1,798	36	7,549	32
Rest of EU	1,361	25	1,288	26	6,000	25
Rest of Europe	67	1	45	1	300	1
<b>Total Europe</b>	<b>3,086</b>	<b>57</b>	<b>3,131</b>	<b>63</b>	<b>13,849</b>	<b>58</b>
North America	240	5	243	5	1,346	6
Latin America	19	-	29	1	181	1
Asia	1,087	20	640	13	3,381	14
Australia, etc.	127	2	113	2	838	3
Africa	853	16	823	16	4,201	18
<b>Total</b>	<b>5,412</b>	<b>100</b>	<b>4,979</b>	<b>100</b>	<b>23,796</b>	<b>100</b>

**Information, large customers**

Saab has two customers that account for 10 percent or more of the Group's sales: the Swedish Defense Materiel Administration (FMV) and the South African state through its procurement agency. FMV is a customer of all our segments, and sales during the first quarter totalled approximately MSEK 1,300 (1,100). Deliveries to South Africa are made primarily by the Aeronautics segment; sales during the first quarter amounted to approximately MSEK 600 (600).

**Order bookings by business segment**

MSEK	Jan– March 2009	Jan– March 2008	Jan– Dec. 2008
Defence and Security Solutions	2,249	2,250	9,997
Systems and Products	1,438	2,836	9,345
Aeronautics	1,090	3,322	6,153
Corporate	12	117	156
Internal	-688	-776	-2,439
<b>Total</b>	<b>4,101</b>	<b>7,749</b>	<b>23,212</b>

**Order backlog by business segment**

MSEK	31/3/2009	31/12/2008	31/3/2008
Defence and Security Solutions	11,221	10,918	10,669
Systems and Products	16,985	17,390	18,621
Aeronautics	18,780	19,626	22,871
Corporate	30	28	101
Internal	-2,858	-2,638	-2,654
<b>Total</b>	<b>44,158</b>	<b>45,324</b>	<b>49,608</b>

OPERATING INCOME

**Operating income by business segment**

MSEK	Jan– Mar. 2009	% of sales	Jan– Mar. 2008	% of sa- les	Roll- ing 12 months	% of sa- les	Jan– Dec. 2008	% of sa- les
Defence and Security Solutions	136	6.7	193	9.2	675	7.2	732	7.8
Systems and Products	104	5.2	138	8.0	722	7.7	756	8.3
Aeronautics	3	0.2	111	6.9	-1,616	-21.5	-1,508	-20.7
<b>The segments' total operating income</b>	<b>243</b>	<b>4.1</b>	<b>442</b>	<b>8.1</b>	<b>-219</b>	<b>-0.8</b>	<b>-20</b>	<b>-0.1</b>
Corporate	-93	-	-57	-	150	-	186	-
<b>Total operating income</b>	<b>150</b>	<b>2.8</b>	<b>385</b>	<b>7.7</b>	<b>-69</b>	<b>-0.3</b>	<b>166</b>	<b>0.7</b>

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

MSEK	Jan– March 2009	Jan– March 2008	Rolling 12 months	Jan–Dec. 2008
Defence and Security Solutions	46	40	293	287
Systems and Products	152	108	806	762
Aeronautics	62	35	222	195
Corporate – lease assets	50	40	175	165
Corporate – other	25	19	111	105
<b>Total</b>	<b>335</b>	<b>242</b>	<b>1,607</b>	<b>1,514</b>

OPERATING CASH FLOW AND CAPITAL EMPLOYED

**Operating cash flow by business segment**

MSEK	Jan– March 2009	Jan– March 2008	Rolling 12 months	Jan–Dec. 2008
Defence and Security Solutions	17	-152	-153	-322
Systems and Products	312	928	868	1,484
Aeronautics	-310	-169	-1,148	-1,007
Corporate	-475	-304	333	504
<b>Total</b>	<b>-456</b>	<b>303</b>	<b>-100</b>	<b>659</b>

**Capital employed by business segment**

MSEK	31/3/2009	31/12/2008	31/3/2008
Defence and Security Solutions	4,800	4,510	4,269
Systems and Products	7,823	8,431	8,376
Aeronautics	2,648	3,022	3,984
Corporate	-1,994	-2,745	-2,755
<b>Total</b>	<b>13,277</b>	<b>13,218</b>	<b>13,874</b>

**NOTE 3 CONTINUED**

PERSONNEL

**Personnel by business segment**

Number at end of period	31/3/2009	31/12/2008	Change	31/3/2008
Defence and Security Solutions	4,665	4,666	-1	4,938
Systems and Products	4,805	4,869	-64	5,347
Aeronautics	3,091	3,100	-9	2,979
Corporate	717	659	58	599
<b>Total</b>	<b>13,278</b>	<b>13,294</b>	<b>-16</b>	<b>13,863</b>

**NOTE 4**

TAXES

MSEK	Jan–March 2009	Jan–March 2008
Current tax	-32	-96
Deferred tax	42	3
<b>Total</b>	<b>10</b>	<b>-93</b>

**NOTE 5**

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on February 12, 2009, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 1.75 per share, totaling MSEK 187.

The Annual General Meeting on April 16, 2009 approved the Board's proposal and set April 20, 2009 as the record day and decided that the dividend would be paid on April 23, 2009.

**NOTE 6**

INTANGIBLE FIXED ASSETS

MSEK	31/3/2009	31/12/2008	31/3/2008
Goodwill	3,448	3,438	3,378
Capitalized development costs	3,505	3,628	3,803
Other intangible assets	639	624	770
<b>Total</b>	<b>7,592</b>	<b>7,690</b>	<b>7,951</b>

**NOTE 7**

INTEREST-BEARING LIABILITIES

MSEK	31/3/2009	31/12/2008	31/3/2008
Liabilities to credit institutions	3,009	2,832	1,960
Liabilities to associates and JVs	880	1,029	798
Other interest-bearing liabilities	47	22	17
<b>Total</b>	<b>3,936</b>	<b>3,883</b>	<b>2,775</b>

**Committed credit lines**

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2012)	4,000	-	4,000
Back-up facility (Maturity 2009)	2,100	-	2,100
Overdraft facility (Maturity 2009)	436	44	392
<b>Total</b>	<b>6,536</b>	<b>44</b>	<b>6,492</b>

**Parent Company**

MSEK	31/3/2009	31/12/2008	31/3/2008
Long-term liabilities to credit institutions	1,197	1,076	1,136
Short-term liabilities to credit institutions	2,933	2,756	1,887
<b>Total</b>	<b>4,130</b>	<b>3,832</b>	<b>3,023</b>

Of short-term liabilities to credit institutions, MSEK 2,136 is issued under the Commercial Paper program with a limit of MSEK 5,000.

**NOTE 8**

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

**Liquid assets**

MSEK	31/3/2009	31/12/2008	31/3/2008
The following components are included in liquid assets:			
Cash and bank balances (incl. available overdraft facilities)	501	795	470
Deposits	29	27	27
<b>Total according to balance sheet</b>	<b>530</b>	<b>822</b>	<b>497</b>
<b>Total according to statement of cash flows</b>	<b>530</b>	<b>822</b>	<b>497</b>

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

MSEK	Jan–March 2009	Jan–Dec. 2008	Jan–March 2008
<b>Operating cash flow</b>	<b>-456</b>	<b>659</b>	<b>303</b>
Investing activities – interest-bearing:			
Financial investments and receivables	125	-89	231
Financing activities:			
Loans raised	20	85	-
Loans amortized	-	-	-870
Repurchase of shares	-	-209	-
Dividend paid to the Parent Company's shareholders	-	-487	-
Contribution from/dividend to minority interest	-	10	-
<b>Cash flow for the period</b>	<b>-311</b>	<b>-31</b>	<b>-336</b>

**NOTE 8 CONTINUED**

**Specification of operating cash flow for Jan-March 2009**

MSEK	Saab excl. acquisitions / divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group
Cash flow from operating activities before changes in working capital	279	-	49	328
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>				
Inventories	-483	-	-	-483
Receivables	552	-	-57	495
Advance payments from customers	309	-	1	310
Other liabilities	-763	-	-141	-904
Provisions	-36	-	-61	-97
Change in working capital	-421	-	-258	-679
<b>Cash flow from operating activities</b>	<b>-142</b>	<b>-</b>	<b>-209</b>	<b>-351</b>
<b>INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets	-26	-	-	-26
Investments in tangible fixed assets	-56	-	-	-56
Sale of tangible fixed assets	6	-	-	6
Sale of and investment in shares, etc.	-29	-	-	-29
<b>Cash flow from investing activities excluding change in interest-bearing financial assets</b>	<b>-105</b>	<b>-</b>	<b>-</b>	<b>-105</b>
<b>OPERATING CASH FLOW</b>	<b>-247</b>	<b>-</b>	<b>-209</b>	<b>-456</b>

**NOTE 9**

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale comprise investment properties.

**NOTE 10**

ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

No significant acquisitions or divestments were made during the first quarter 2009.

**NOTE 11**

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 3,060 as of March 31, 2009, compared with an obligation of MSEK 4,479 according to IAS 19, or a solvency margin of 68 percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 82 percent.

**NOTE 12**

CONTINGENT LIABILITIES

No additional obligations were added during the first quarter 2009. With regard to the Group's so-called fulfillment guarantees regarding commitments to customers, the likelihood of an outflow of resources is extremely small and, as a result, no value is recognized.

**NOTE 13**

TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the first quarter 2009. Related parties with which the Group has transactions are described in the annual report for 2008, note 43.

**NOTE 14**

CONDENSED SUBDIVIDED FINANCIAL POSITION AS OF MARCH 31, 2009

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
<b>ASSETS</b>				
Intangible fixed assets	7,592	-	-	7,592
Tangible fixed assets, etc.	3,818	-	-	3,818
Lease assets	1	1,925	-	1,926
Long-term interest-bearing receivables	414	-	-	414
Shares, etc.	1,941	2	-1,500	443
Other long-term receivables	917	21	-	938
Deferred tax assets	806	136	-	942
Inventories	4,790	41	-	4,831
Other current assets	8,860	79	-	8,939
Derivatives	1,436	-	-	1,436
Short-term interest-bearing receivables	781	851	-851	781
Liquid assets	501	29	-	530
Assets held for sale	77	-	-	77
<b>Total assets</b>	<b>31,934</b>	<b>3,084</b>	<b>-2,351</b>	<b>32,667</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity	9,039	1,798	-1,500	9,337
Provisions for pensions	4	-	-	4
Deferred tax liabilities	1,113	-	-	1,113
Other provisions	2,266	905	-	3,171
Interest-bearing liabilities	4,787	-	-851	3,936
Advance payments from customers	1,219	-	-	1,219
Derivatives	2,539	-	-	2,539
Other liabilities	10,967	381	-	11,348
<b>Total shareholders' equity and liabilities</b>	<b>31,934</b>	<b>3,084</b>	<b>-2,351</b>	<b>32,667</b>

**NOTE 15**

FORECAST 2009

Saab's future development is dependent on Swedish defence plans and will continue to be affected by the global economy. Saab is therefore facing uncertainties in the business environment.

We expect 2009 sales to be flat.

The profit margin in 2009 compared to 2008 will be reduced by about 4 percentage points due to our more conservative accounting for development costs.