

## STABLE DEVELOPMENT

INTERIM REPORT  
JANUARY-MARCH 2016

Last year was characterised by record high order bookings, including signing of a contract regarding Gripen for Brazil, the submarine system A26 for Sweden and the airborne surveillance system GlobalEye. The start of 2016 has been about execution and progress in these major development projects. All projects are progressing well and on the 18<sup>th</sup> of May 2016, we will show Gripen E to the outside world, an important milestone in the development of our new generation fighter aircraft.

### Market development

The security situation in parts of the world is complicated. The need for systems that detect threats in time increases. Following years of decreased defence budgets, many countries have begun to review their need for modernised and increased defence capability. Countries in Eastern Europe increase their defence spending, while the decline in Western Europe has stalled. However, the process from identifying needs to a political decision and choice of supplier is time consuming.

### Sales growth and strong cash flow

During the first quarter, order bookings were in line with the same period last year. Order bookings included an order for ammunition to the weapon system Carl-Gustaf amounting to MSEK 1,433 and a large number of small orders. Order backlog at the end of the period amounted to MSEK 111,649.

Sales during the first quarter amounted to MSEK 6,790 (5,389), an increase of 26 percent. The increase is mainly related to the Gripen programmes in business area Aeronautics, an order for GlobalEye which is attributable to business areas Surveillance (previously named Electronic Defence Systems) and Support and Services, as well as the development of the submarine system A26 within the business unit Saab Kockums.

The operating income amounted to MSEK 294 (210) during the first quarter and the operating margin was 4.3 percent (3.9). The operating income was mainly positively impacted by business area Dynamics' increased sales and thereby completed turnaround to profitability, as well as good development in the technology consulting company Combitech within business area Industrial Products and Services.

The operating income was negatively impacted by investments in the development of a future trainer aircraft together with Boeing (T-X program), and in addition several large projects are at an early phase and thus generate lower profit. Moreover, the business unit Saab Kockums reported a very strong first quarter 2015 due to large deliveries in projects outside Sweden.

Our profitability going forward depends on execution of the large development projects in the order backlog. During 2016 we will continue to put attention to these proceeding according to plan.

The operational cash flow in the first quarter amounted to MSEK 3,056 (-805). The strong positive cash flow was mainly attributable to large payments received related to Gripen and GlobalEye. Net debt at the end of the period was MSEK 626, compared to MSEK 3,217 at year-end 2015.

### Attractive company

To attract, retain and develop employees is crucial for Saab to remain a successful company at the forefront of technology. Therefore it is encouraging that our determined efforts to increase Saab's attractiveness among potential employees pays off. Saab has climbed to sixth place in the company Universum's ranking of Sweden's most popular companies among engineering students. In particular, the interest for Saab among female students is increasing. To mix people, ideas, experiences and cultures makes a dynamic company with greater innovative power and increased profitability.



Håkan Buskhe, President and CEO

### UNCHANGED OUTLOOK STATEMENT 2016:

- In 2016, we estimate sales to be in line with Saab's long-term financial goal: annual organic sales growth of 5 percent.
- The operating margin 2016, excluding material non-recurring items, is expected to be in line with 2015.

### Financial highlights

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	4,614	4,800	-4	81,175
Order backlog	111,649	59,811	87	113,834
Sales	6,790	5,389	26	27,186
Gross income	1,511	1,316	15	6,486
Gross margin, %	22.3	24.4		23.9
EBITDA	524	438	20	2,859
EBITDA margin, %	7.7	8.1		10.5
Operating income (EBIT)	294	210	40	1,900
Operating margin, %	4.3	3.9		7.0
Net income	223	90	148	1,402
Earnings per share after dilution, SEK	1.99	0.79		12.79
Return on equity, % <sup>1)</sup>	12.7	9.3		11.5
Operational cash flow	3,056	-805		-500
Free cash flow	2,955	-941		-726
Free cash flow per share after dilution, SEK	27.65	-8.84		-6.82

1) The return on equity is measured over a rolling 12-month period.

## Significant orders, quarter 1

	MSEK
Ammunition for the Carl-Gustaf man-portable weapon system	1,433

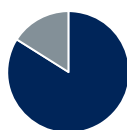


### Large orders

Orders exceeding MSEK 100 was 37% (47) of total orders during the period.

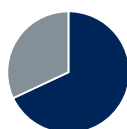
### Order backlog duration:

- 2016: SEK 18.2 billion
- 2017: SEK 17.2 billion
- 2018: SEK 12.4 billion
- 2019: SEK 11.9 billion
- After 2019: SEK 51.9 billion



### Defence/Civil

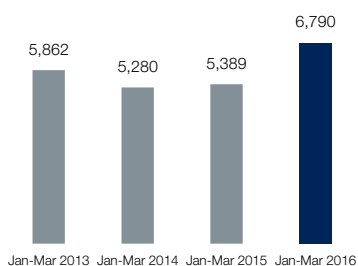
A total of 84% (80) of order bookings was attributable to defence-related operations in the period.



### Market

A total of 68% (59) of order bookings was related to markets outside Sweden in the period.

## Sales, MSEK



## Orders

### January-March 2016

In January, a contract was signed for the production and delivery of ammunition for the Carl-Gustaf man-portable weapon system. The total order value was approximately SEK 1.4 billion. Deliveries will take place during 2016-2019.

In total, Saab booked orders of SEK 4.6 billion during the first quarter of which SEK 2.9 billion was attributable to orders amounting to less than MSEK 100 (2,5 billion), an increase by 14 percent compared to the same period 2015.

For a list of significant orders received during 2016, see note 3.

During the first quarter 2016, index and price changes had a positive effect on order bookings of MSEK 66 compared to MSEK 43 during the same period 2015.

The order backlog at the end of the quarter amounted to MSEK 111,649 compared to MSEK 113,834 at the beginning of the year.

## Sales

### January-March 2016

Sales increased by 26 percent during the first quarter 2016 compared to the same period 2015.

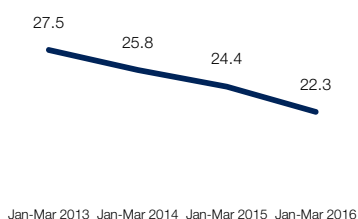
Currency effects had a negative effect of 1 percent on sales compared to a positive effect of 3 percent during the same period 2015. The organic sales growth was 27 percent (-6).

Sales in markets outside of Sweden amounted to MSEK 3,881 (2,771), or 57 percent (51), of total sales. 83 percent (77) of sales was related to the defence market.

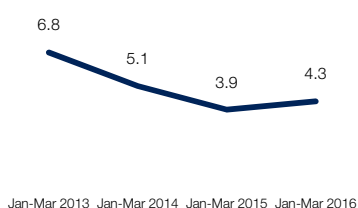
### Sales per market segment

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %
Air	2,948	2,247	31
Land	1,556	1,154	35
Naval	1,175	854	38
Civil Security	500	498	-
Commercial Aeronautics	503	517	-3
Other	108	119	-9
<b>Total</b>	<b>6,790</b>	<b>5,389</b>	<b>26</b>

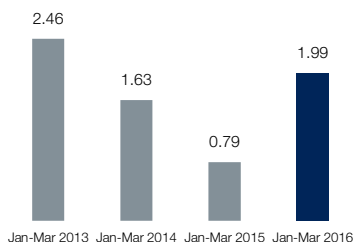
## Gross margin, %



## Operating margin, %



## Earnings per share after dilution, SEK



## Change in net debt Jan-Mar 2016

	MSEK
<b>Net liquidity (+) / net debt (-), 31 Dec 2015</b>	<b>-3,217</b>
Cash flow from operating activities	3,334
Change in net pension obligation	-419
Net investments	-379
Currency impact and unrealised results from financial investments	55
<b>Net liquidity (+) / net debt (-), 31 Mar 2016</b>	<b>-626</b>

## Income

### January-March 2016

Gross margin during the first quarter 2016 was 22.3 percent (24.4). The decline compared to the same period 2015 was mainly due to a changed product mix and that many large projects are at an early stage and thereby generate lower profit. Total depreciation and amortisation was MSEK 230 (228). Depreciation of tangible fixed assets amounted to MSEK 116 (104).

Internally funded expenditures in research and development (R&D) amounted to MSEK 470 (329), of which MSEK 154 (51) was capitalised. Internally funded expenditures in R&D was mainly related to radar and sensor technology and the T-X program. The increased capitalisation of development costs is related to a new version of an airborne surveillance system, GlobalEye.

Amortisation of intangible fixed assets amounted to MSEK 114 (124), of which amortisation of capitalised development expenditures amounted to MSEK 78 (80). The share of income in associated companies and joint ventures amounted to MSEK -12 (10).

The operating income amounted to MSEK 294 (210) with an operating margin of 4.3 percent (3.9). During the first quarter 2015 reversal of risk provisions attributable to the remaining risks related to the termination of Saab's leasing fleet of turbo prop aircraft (SAL), contributed positively to the operating income.

## Financial net

MSEK	Jan-Mar 2016	Jan-Mar 2015
Financial net related to pensions	-16	-16
Net interest items	5	-11
Currency gains/losses	7	-63
Other financial items	1	2
<b>Total</b>	<b>-3</b>	<b>-88</b>

Financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 10 for more information regarding defined-benefit pension plans.

Net interest items refer to return on liquid assets and short-term investments and to interest expenses on short-term and long-term interest-bearing liabilities.

Currency gains/losses reported in financial net are mainly related to hedges of the tender portfolio, which are valued at fair value through profit and loss. During the first quarter 2015, the valuation was negatively impacted by changes in the market valuation of derivatives with exposure in the currencies USD and EUR.

Other net financial items consist of costs attributable to the programme for the sale of trade receivables, unrealised results from the market valuation of short-term investments, and other currency effects, for example changes related to liquid assets in currencies other than SEK.

## Tax

Current and deferred taxes amounted to MSEK -68 (-32), the equivalent to an effective tax rate of 23 percent (26).

## Return on capital employed and equity

The pre-tax return on capital employed was 11.3 percent (10.6) and the after-tax return on equity was 12.7 percent (9.3), both measured over a rolling 12-month period.

## Financial position and liquidity

At the end of March 2016, the net debt amounted to MSEK 626, a reduction of MSEK 2,591 compared to MSEK 3,217 at year-end 2015.

Cash flow from operating activities was positive and amounted to MSEK 3,334.

Provisions for pensions, excluding special employers' contribution, as of 31 March 2016 amounted to MSEK 2,312, compared to MSEK 1,893 at year-end 2015. This had a negative impact on net debt of MSEK 419. The increase in provisions was mainly due to the decrease in the discount rate used in the valuation of pension obligations from 3.25 percent to 3.00 percent during the quarter. The inflation assumption for calculating the pension obligation was unchanged at 1.75 percent. For more information about Saab's defined-benefit plans, see note 10.

During the period, net investments amounted to MSEK 379.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had an impact on net debt of MSEK 55.

As of 31 March 2016, short-term investments and liquid assets amounted to MSEK 7,101 compared to MSEK 3,845 at year-end 2015, the increase is mainly attributable to advances from customers, which increased by MSEK 2,744 during the quarter.

Capitalised development costs on the balance sheet amounted to MSEK 1,231 as of 31 March 2016 compared to MSEK 1,157 as of 31 December 2015.

Inventories increased by MSEK 297 during the first quarter 2016, mainly due to preparations for future deliveries. Inventories are recognised after deducting utilised advances.

Tangible fixed assets amounted to MSEK 4,493, which was in line with year-end 2015.

Accounts receivables amounted to MSEK 3,140 as of 31 March 2016 and to MSEK 2,913 as of 31 December 2015. Accrued revenues amounted to MSEK 6,332 as of 31 March 2016 and MSEK 7,549 as of 31 December 2015, the decrease is primarily attributable to payments received related to orders for Gripen and GlobalEye.

## Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 145 (150).

Investments in intangible fixed assets amounted to MSEK 172 (75), of which MSEK 154 (51) was related to capitalised development costs and MSEK 18 (24) to other intangible fixed assets.

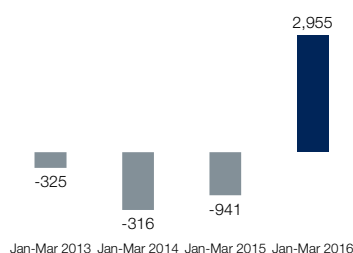
## Cash flow

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK 3,435 (-580), see note 8.

Saab has an established programme to sell trade receivables to strengthen its financial position and increase financial flexibility. As of 31 March 2016 net receivables of MSEK 215 were sold, compared to MSEK 1,299 as of 31 December 2015. This had a negative effect cash flow from operating activities amounting to MSEK 1,084 during the first quarter 2016.

The operational cash flow amounted to MSEK 3,056 (-805). It is defined as cash flow from operating activities, excluding taxes and other financial items, and acquisitions and divestments of intangible fixed assets and tangible fixed assets. The strong operational cash flow in the first quarter 2016 compared to the first quarter 2015 is mainly attributable to payments received related to the Gripen programmes and the order for an airborne surveillance system, GlobalEye. Free cash flow amounted to MSEK 2,955 (-941). For more detailed information about the cash flow, see note 8.

## Free cash flow, MSEK



	Total Group Jan-Mar 2016
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items</b>	<b>595</b>
Change in working capital	2,840
<b>Cash flow from operating activities excluding taxes and other financial items</b>	<b>3,435</b>
Cash flow from investing activities <sup>1)</sup>	-379
<b>Operational cash flow</b>	<b>3,056</b>
Taxes and other financial items	-101
<b>Free cash flow</b>	<b>2,955</b>

1) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

## Key indicators of financial position and liquidity

MSEK	31 Mar 2016	31 Mar 2015	Change	31 Dec 2015
Net liquidity / debt <sup>1)</sup>	-626	-3,919	3,293	-3,217
Intangible fixed assets	6,500	6,415	85	6,476
Goodwill	5,021	5,112	-91	5,045
Capitalised development costs	1,231	930	301	1,157
Other intangible fixed assets	248	373	-125	274
Tangible fixed assets, etc <sup>2)</sup>	4,817	4,581	236	4,796
Inventories	5,540	6,436	-896	5,243
Accounts receivable	3,140	2,616	524	2,913
Other receivables	6,864	4,640	2,224	8,102
Amounts due from customers <sup>3)</sup>	6,332	3,967	2,365	7,549
Advance payments from customers	3,842	784	3,058	1,098
Equity/assets ratio, %	33.9	37.0		36.8
Return on equity, % <sup>4)</sup>	12.7	9.3		11.5
Equity per share, SEK <sup>5)</sup>	120.17	106.54	13.63	121.28

1) The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 6.

2) Including tangible fixed assets, biological assets and investment properties.

3) Amounts due from customers relate to long-term customer contracts according to the percentage of completion method.

4) The return on equity is measured over a rolling 12-month period.

5) Number of shares excluding treasury shares; 2016 Mar: 106,027,804; 2015 Mar: 105,566,929; 2015 Dec: 105,957,065.

## Operating segments

Comparative numbers for 2015 have been restated, following structural changes. Comparative numbers for 2014 and 2015 are available at [saabgroup.com/Investor-relations](http://saabgroup.com/Investor-relations). Business area Electronic Defence Systems' name is changed to Surveillance as of April 2016. For more information, see note 3.

## BUSINESS AREA AERONAUTICS

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology.

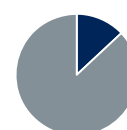
MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	294	204	44	39,349
Order backlog	58,148	25,494	128	59,476
Sales	1,622	1,098	48	6,262
EBITDA	76	65	17	548
EBITDA margin, %	4.7	5.9		8.8
Operating income (EBIT)	67	54	24	509
Operating margin, %	4.1	4.9		8.1
Operational cash flow	1,511	46		-632
Defence/Civil (% of sales)	99/1	98/2		99/1
No. of FTE's	2,749	2,707	2	2,723

### Sales, income and margin

- Sales increased much during the first quarter 2016, compared to the same period 2015. The increase is mainly attributable to Gripen NG for Brazil, where order was received during the third quarter 2015, and Gripen E for Sweden.
- During the first quarter, major investments were made in the T-X program, which had a negative impact on operating margin. These investments will continue during 2016.

### Cash flow

- Aeronautics reported a strong operational cash flow for the first quarter 2016 following substantial advances and milestone payments, mainly related to Gripen NG for Brazil.



### Large orders

Orders exceeding MSEK 100 was 13% (0) of total order bookings in the period.



### Market

Sales related to markets outside Sweden was 29% (11) in the period.

### Business units

Gripen E, Gripen C/D, Gripen Brazil, Advanced Pilot Training Systems and Operations Contracts.

## BUSINESS AREA DYNAMICS

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, training systems and signature management systems for armed forces around the world.

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	1,887	1,173	61	5,273
Order backlog	7,097	5,461	30	6,284
Sales	1,072	768	40	4,009
EBITDA	57	-22		249
EBITDA margin, %	5.3	-2.9		6.2
Operating income (EBIT)	40	-41		175
Operating margin, %	3.7	-5.3		4.4
Operational cash flow	-107	-28		-101
Defence/Civil (% of sales)	94/6	85/15		89/11
No. of FTE's	2,032	2,002	1	2,041

### Orders

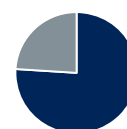
- During the first quarter 2016, Dynamics received an order for production and delivery of ammunition of the man-portable weapon system Carl-Gustaf. The total order value was approximately SEK 1.4 billion. Deliveries will take place during 2016-2019.

### Sales, income and margin

- Sales increased during the first quarter 2016, compared to the same period 2015, as a result of large order bookings in 2015 and in the first quarter 2016.
- The operating margin was strengthened during the first quarter 2016 compared to the same period 2015, mainly as a result of increased deliveries, but also due to a changed product mix.

### Cash flow

- The operational cash flow was negative during the first quarter 2016, as a result of activity related to future deliveries during the year.



### Large orders

Orders exceeding MSEK 100 was 76% (57) of total order bookings in the period.



### Market

Sales related to markets outside Sweden was 87% (78) in the period.

### Business units

Ground Combat, Missile Systems, Underwater Systems, Barracuda and Training and Simulation.

## BUSINESS AREA SURVEILLANCE

Surveillance's product portfolio includes airborne, land-based and naval radar systems, electronic warfare systems, combat systems and C4I solutions as well as traffic management systems.

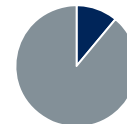
MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	1,187	1,723	-31	15,456
Order backlog	17,088	10,120	69	17,707
Sales	1,801	1,522	18	7,305
EBITDA	177	160	11	820
EBITDA margin, %	9.8	10.5		11.2
Operating income (EBIT)	55	38	45	320
Operating margin, %	3.1	2.5		4.4
Operational cash flow	1,566	-2		-49
Defence/Civil (% of sales)	81/19	81/19		81/19
No. of FTE's	3,570	3,595	4	3,563

### Sales, income and margin

- Activity related to the order for an airborne surveillance system, GlobalEye, had a positive impact on sales and the operating margin during the first quarter 2016.

### Cash flow

- The operational cash flow was strong as a result of advance and milestone payments related to the order for GlobalEye.



**Large orders**  
Orders exceeding MSEK 100 was 11% (43) of total order bookings in the period.



**Market**  
Sales related to markets outside Sweden was 82% (74) in the period.

### Business units

Surface Radar Solutions, Airborne Surveillance Systems, Electronic Warfare Systems, Traffic Management and Combat Systems and C4I Solutions

## BUSINESS AREA SUPPORT AND SERVICES

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This primarily includes support solutions, technical maintenance and logistics, as well as products, solutions and services for military and civil missions.

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	1,003	569	76	10,557
Order backlog	13,112	8,448	55	13,393
Sales	1,284	1,100	17	6,012
EBITDA	103	92	12	570
EBITDA margin, %	8.0	8.4		9.5
Operating income (EBIT)	98	87	13	549
Operating margin, %	7.6	7.9		9.1
Operational cash flow	1,269	-220		-637
Defence/Civil (% of sales)	75/25	66/34		77/23
No. of FTE's	2,171	2,211	-4	2,185

### Orders

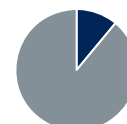
- An order was received from the Swedish Defence Materiele Administration (FMV) for support and maintenance for Gripen during 2016 on behalf of the Swedish Armed Forces.
- An agreement was signed with the Swedish electricity supply authority, Svenska kraftnät, to deliver equipment and services for the upgrade and expansion of the authority's telecommunications network.
- In total, order bookings related to small orders increased by 57 percent during the quarter, compared to the same period 2015.

### Sales, income and margin

- Sales increased during the first quarter 2016, compared to the same period 2015, mainly as a result of activity related to the order for an airborne surveillance system, GlobalEye.
- The operating margin showed a small decline due to a changed project mix.

### Cash flow

- The operational cash flow was strong as a result of advances and milestone payments related to the order for GlobalEye.



**Large orders**  
Orders exceeding MSEK 100 was 11% (0) of total order bookings in the period.



**Market**  
Sales related to markets outside Sweden was 46% (43) in the period.

### Business units

Air, Land, Maintenance Repair Operations, Life Cycle Logistics, Airborne ISR and Critical Systems and Communication Solutions.

## BUSINESS AREA INDUSTRIAL PRODUCTS AND SERVICES

The business units within Industrial Products and Services are focused on business-to-business (B2B) customers. There is also a minority portfolio containing Saab's ownership interest in companies in various stages of development.

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	753	1,034	-27	3,632
Order backlog	9,469	9,709	-2	9,587
Sales	873	866	1	3,562
EBITDA	62	43	44	260
EBITDA margin, %	7.1	5.0		7.3
Operating income (EBIT)	53	34	56	213
Operating margin, %	6.1	3.9		6.0
Operational cash flow	-123	45		-15
Defence/Civil (% of sales)	38/62	37/63		40/60
No. of FTE's	2,388	2,412	-6	2,381

### Orders

- Order bookings during the first quarter 2016 was at a lower level than during the same period 2015, mainly as a result of lower order bookings in the business units Aerostructures and Avionics Systems.

### Sales, income and margin

- The operating margin was strengthened during the first quarter 2016, compared to the same period 2015, primarily as a result of improved operating income in business units Avionics Systems and Combitech.

### Cash flow

- The operational cash flow was negative during the first quarter 2016, mainly as a result of activity related to future deliveries in Aerostructures.



### Large orders

Orders exceeding MSEK 100 was 0% (22) of total order bookings in the period.



### Market

Sales related to markets outside Sweden was 45% (47) in the period.

### Business units

Aerostructures, Avionics Systems, Combitech and the Venture portfolio.

## BUSINESS UNIT SAAB KOCKUMS

Saab Kockums' portfolio includes submarine systems with Stirling system for air-independent propulsion, surface combatants, mine hunting systems and autonomous vessels.

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	132	866	-85	10,268
Order backlog	9,429	2,034	364	9,928
Sales	632	339	86	1,847
EBITDA	43	63	-32	262
EBITDA margin, %	6.8	18.6		14.2
Operating income (EBIT)	34	55	-38	228
Operating margin, %	5.4	16.2		12.3
Operational cash flow	240	-21		808
Defence/Civil (% of sales)	100/0	100/0		100/0
No. of FTE's	804	830	-3	803

### Orders

- The high level of order bookings in the first quarter 2015 was due to orders for material related to the upgrade and half-time modification of the Gotland class submarines.

### Sales, income and margin

- Sales increased during the first quarter 2016, mainly due to activity in the A26 programme for Sweden.
- Large deliveries to markets outside Sweden had a positive impact on the operating margin in the first quarter 2015.

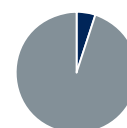
### Cash flow

- The operational cash flow during the first quarter 2016 was positive as a result of timing differences between milestone payments and activity.



### Large orders

Orders exceeding MSEK 100 was 0% (72) of total order bookings in the period.



### Market

Sales related to markets outside Sweden was 5% (9) in the period.

## Owners

According to Modular Finance, Saab's largest shareholders as of 31 March 2016:

	% of capital	% of votes
Investor AB	30.0	40.5
Wallenbergs foundation	8.7	7.7
Swedbank Robur funds	6.0	5.3
AFA Insurance	5.9	5.2
Unionen	2.7	2.4
Handelsbanken funds	1.8	1.6
DFA funds	1.5	1.4
Fidelity funds	1.5	1.3
Lannebo funds	1.1	1.0
SEB funds	0.9	0.8

The percentage of votes is calculated on number of shares excluding treasury shares at end of the period.

## Personnel

	31 Mar 2016	31 Dec 2015
Number of employees	14,678	14,685
FTE's	14,508	14,519

## Corporate

Corporate reported an operating income of MSEK -53 (-17) during the first quarter 2016.

Reversal of risk provisions, attributable to the remaining risks related to the termination of Saab's leasing fleet of turboprop aircraft (SAL), contributed positively to the operating income during 2015. The leasing portfolio was discontinued in 2015.

Operational cash flow attributable to Corporate amounted to MSEK -1 300 (-625) during the first quarter 2016. Sale of trade receivables had a negative effect of MSEK 1 084. See more information on cash flow on page 4.

## Acquisitions and divestments 2016

No significant acquisitions or divestments were made during the first quarter 2016.

## Share repurchase

Saab held 3,122,540 treasury shares as of 31 March 2016 compared to 3,193,279 at year-end 2015. The Annual General Meeting on 14 April 2016 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge the Share Matching Plan and Performance Share Plan.

## Risks and uncertainties

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world.

Projects generally entail significant investments, long periods of time and technological development or refinement of products. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as to the establishment of operations abroad.

Operations can entail various degrees of risk. The key risk areas are political, operating and financial. Various policies and instructions govern the management of significant risks. Saab conducts significant development projects and manages the associated risks.

The market is characterised by challenging conditions where customers' orders are deferred to the future partially due to financial reasons. During 2015, political standpoints have had a negative impact. Altogether, this has increased the market risk and the increased risk is expected to remain in 2016.

For a general description of the risk areas, see pages 44 to 47 of the annual report 2015.





#### **Order for ammunition for the man-portable Carl-Gustaf weapon system**

In January, Saab signed a contract for the production and delivery of ammunition for the Carl-Gustaf man-portable weapon system. The total order value is approximately SEK 1.4 billion. Deliveries will take place during 2016-2019.

#### **Other significant events January-March 2016**

- In February, Saab introduced the GlobalEye multi-role airborne surveillance system. GlobalEye combines Saab's all-new Erieye ER (Extended Range) radar and mission system with the high-end Global 6000 jet aircraft from Bombardier.

For information regarding significant orders received in January-March 2016, see page 2 and the comments regarding operating segments on pages 5 to 7 and also note 3.

#### **Significant events after the conclusion of the period**

- The Annual General Meeting (AGM) on 14 April 2016 decided on a dividend to shareholders of SEK 5.00 per share (total MSEK 530). The record date was set at 18 April 2015 and the payment date 21 April.
- The AGM decided to elect Bert Nordberg and re-elect Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh. Marcus Wallenberg was re-elected as Chairman of the Board.



## ABOUT SAAB

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

### Short facts

- Saab's series B share is listed on Nasdaq Stockholm Large Cap. Ticker: SAAB B.
- Saab has approximately 14,700 employees
- Local presence in 33 countries
- Customers in more than 100 countries

### Vision

It is a human right to feel safe.

### Mission

To make people safe by pushing intellectual and technological boundaries.

### Business concept

Saab constantly develops, adopts and improves new technology to meet changing customer needs. Saab serves the global market of governments, authorities and corporations with products, services and solutions for defence, aviation and civil security.

## ORGANISATION

Saab's operations are divided into six operating segments for control and reporting purposes: the business areas Aeronautics, Dynamics, Surveillance, Support and Services and Industrial Products and Services, and the business unit Saab Kockums. In addition, Corporate comprises Group staff, Group departments and secondary operations.

As of 1 January 2016, business area Security and Defence Solutions is dissolved and its business units moved to other operating segments.

To ensure presence in local key markets, Saab also has five market areas: Nordic & Baltic, Europe, Middle East & Africa, North America, Latin America, and Asia Pacific.

## REVENUE MODEL

Saab's earnings are primarily generated by long-term customer contracts, service assignments and sale of goods. Sales, income and cash flow vary during the year depending on the nature of the project.

Long-term customer contracts are recognised in revenue as the project is completed, while cash flows depend on the timing of deliveries, advances and milestone payments during the contract period.

Service assignments consist of consulting and support services. Examples include education and ongoing maintenance associated with previous deliveries. Revenue from service assignments on current account is recognised when the services are rendered, while service assignments that are part of fixed-price contracts are recognised according to the same principles as long-term customer contracts.

The third part of the revenue model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers. This revenue is recognised when ownership has been transferred to the buyer.

## SAAB'S STRATEGY

Saab's strategy is built on four priority areas. Our aim is to create long-term value by accomplishing these strategic priorities.

Saab shall also maintain a solid balance sheet, focus on capital efficiency and generate strong cash flow.

### Profitable growth

Effective project execution, focused marketing investments and winning new orders.

### Performance

Efficient, functional processes, strong leadership, global research and development.

### Portfolio

Focus on core areas, market-driven renewal, international focus and sustainable innovations.

### People

Talent recruitment, skills development, increased diversity and performance-driven culture.

## FINANCIAL GOALS

### Sales

Average organic sales growth of 5 per cent per year over a business cycle.

### Operating margin

Average operating margin (EBIT) of at least 10 per cent per year over a business cycle.

### Equity/assets ratio

The equity/assets ratio will exceed 30 per cent.

### Dividend

The long-term dividend goal is to distribute 20–40 per cent of net income to the shareholders over a business cycle.

# CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Mar 2016	Jan-Mar 2015	Rolling 12 Months	Full Year 2015
Sales	3	6,790	5,389	28,587	27,186
Cost of goods sold		-5,279	-4,073	-21,906	-20,700
<b>Gross income</b>		<b>1,511</b>	<b>1,316</b>	<b>6,681</b>	<b>6,486</b>
<i>Gross margin, %</i>		<i>22.3</i>	<i>24.4</i>	<i>23.4</i>	<i>23.9</i>
Other operating income		39	22	388	371
Marketing expenses		-496	-479	-2,078	-2,061
Administrative expenses		-329	-297	-1,355	-1,323
Research and development costs		-394	-358	-1,601	-1,565
Other operating expenses		-25	-4	-69	-48
Share in income of associated companies and joint ventures		-12	10	18	40
<b>Operating income (EBIT) <sup>1)</sup></b>	3	<b>294</b>	<b>210</b>	<b>1,984</b>	<b>1,900</b>
<i>Operating margin, %</i>		<i>4.3</i>	<i>3.9</i>	<i>6.9</i>	<i>7.0</i>
Financial income		50	27	192	169
Financial expenses		-53	-115	-276	-338
<b>Net financial items</b>		<b>-3</b>	<b>-88</b>	<b>-84</b>	<b>-169</b>
<b>Income before taxes</b>		<b>291</b>	<b>122</b>	<b>1,900</b>	<b>1,731</b>
Taxes		-68	-32	-365	-329
<b>Net income for the period</b>		<b>223</b>	<b>90</b>	<b>1,535</b>	<b>1,402</b>
of which Parent Company's shareholders' interest		213	84	1,491	1,362
of which non-controlling interest		10	6	44	40
Earnings per share before dilution, SEK <sup>2)</sup>		2.01	0.80	14.09	12.88
Earnings per share after dilution, SEK <sup>3)</sup>		1.99	0.79	13.98	12.79
1) Includes depreciation/amortisation and write-downs		-230	-228	-961	-959
2) Average number of shares before dilution		105,992,435	105,533,455	105,829,550	105,714,805
3) Average number of shares after dilution		106,853,562	106,402,040	106,628,398	106,450,263

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Mar 2016	Jan-Mar 2015	Rolling 12 Months	Full Year 2015
<b>Net income for the period</b>	<b>223</b>	<b>90</b>	<b>1,535</b>	<b>1,402</b>
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	-513	-524	850	839
Tax attributable to revaluation of net pension obligations	113	115	-185	-183
<b>Total</b>	<b>-400</b>	<b>-409</b>	<b>665</b>	<b>656</b>
Items that may be reversed in the income statement:				
Translation differences	-41	265	-326	-20
Available-for-sale financial assets	-	72	-99	-27
Cash flow hedges	144	-79	203	-20
Tax attributable to cash flow hedges	-36	15	-40	11
<b>Total</b>	<b>67</b>	<b>273</b>	<b>-262</b>	<b>-56</b>
<b>Other comprehensive income/loss for the period</b>	<b>-333</b>	<b>-136</b>	<b>403</b>	<b>600</b>
<b>Net comprehensive income/loss for the period</b>	<b>-110</b>	<b>-46</b>	<b>1,938</b>	<b>2,002</b>
of which Parent Company's shareholders' interest	-127	-57	1,937	2,007
of which non-controlling interest	17	11	1	-5

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Mar 2016	31 Dec 2015	31 Mar 2015
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets	5	6,500	6,476	6,415
Tangible fixed assets		4,493	4,472	4,260
Biological assets		290	290	288
Investment properties		34	34	33
Shares in associated companies and joint ventures		662	602	433
Financial investments		188	190	366
Long-term receivables	10	438	444	226
Deferred tax assets		374	351	805
<b>Total fixed assets</b>		<b>12,979</b>	<b>12,859</b>	<b>12,826</b>
Current assets:				
Inventories		5,540	5,243	6,436
Derivatives		903	1,058	1,155
Tax receivables		171	106	84
Accounts receivable		3,140	2,913	2,616
Other receivables		6,864	8,102	4,640
Prepaid expenses and accrued income		1,115	962	1,255
Short-term investments		5,545	2,995	792
Liquid assets	8	1,556	850	869
<b>Total current assets</b>		<b>24,834</b>	<b>22,229</b>	<b>17,847</b>
<b>TOTAL ASSETS</b>		<b>37,813</b>	<b>35,088</b>	<b>30,673</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity:				
Parent Company's shareholders' interest		12,741	12,851	11,247
Non-controlling interest		78	61	93
<b>Total shareholders' equity</b>		<b>12,819</b>	<b>12,912</b>	<b>11,340</b>
Long-term liabilities:				
Long-term interest-bearing liabilities	6	5,471	4,872	2,558
Other liabilities		134	136	148
Provisions for pensions	10	2,868	2,373	3,758
Other provisions		873	1,097	1,160
Deferred tax liabilities		35	34	45
<b>Total long-term liabilities</b>		<b>9,381</b>	<b>8,512</b>	<b>7,669</b>
Current liabilities:				
Short-term interest-bearing liabilities	6	508	853	303
Advance payments from customers		3,842	1,098	784
Accounts payable		2,046	2,340	1,738
Derivatives		1,378	1,614	2,002
Tax liabilities		49	37	27
Other liabilities		568	725	738
Accrued expenses and deferred income		6,818	6,549	5,631
Provisions		404	448	441
<b>Total current liabilities</b>		<b>15,613</b>	<b>13,664</b>	<b>11,664</b>
<b>Total liabilities</b>		<b>24,994</b>	<b>22,176</b>	<b>19,333</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>37,813</b>	<b>35,088</b>	<b>30,673</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Available-for-sale and revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2015	1,746	543	-562	161	38	9,365	11,291	82	11,373
Net comprehensive income/loss for the period January-March 2015			-67	263	72	-325	-57	11	-46
Transactions with shareholders:									
Share matching plan						13	13		13
<b>Closing balance, 31 March 2015</b>	<b>1,746</b>	<b>543</b>	<b>-629</b>	<b>424</b>	<b>110</b>	<b>9,053</b>	<b>11,247</b>	<b>93</b>	<b>11,340</b>
Net comprehensive income/loss for the period April-December 2015			91	-271	-99	2,343	2,064	-16	2,048
Transactions with shareholders:									
Share matching plan						53	53		53
Dividend						-501	-501	-10	-511
Acquisition and sale of non-controlling interest						-12	-12	-6	-18
<b>Closing balance, 31 December 2015</b>	<b>1,746</b>	<b>543</b>	<b>-538</b>	<b>153</b>	<b>11</b>	<b>10,936</b>	<b>12,851</b>	<b>61</b>	<b>12,912</b>
Opening balance, 1 January 2016	1,746	543	-538	153	11	10,936	12,851	61	12,912
Net comprehensive income/loss for the period			101	-41	-	-187	-127	17	-110
Transactions with shareholders:									
Share matching plan						17	17		17
<b>Closing balance, 31 March 2016</b>	<b>1,746</b>	<b>543</b>	<b>-437</b>	<b>112</b>	<b>11</b>	<b>10,766</b>	<b>12,741</b>	<b>78</b>	<b>12,819</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan-Mar 2016	Jan-Mar 2015	Full Year 2015
Operating activities:				
Income after financial items		291	122	1,731
Adjustments for items not affecting cash flows		277	149	688
Dividend from associated companies and joint ventures		-	-	25
Income tax paid		-74	-64	-266
<b>Cash flow from operating activities before changes in working capital</b>		<b>494</b>	<b>207</b>	<b>2,178</b>
Cash flow from changes in working capital:				
Increase(-)/Decrease(+) in inventories		-313	-608	349
Increase(-)/Decrease(+) in current receivables		995	322	-3,573
Increase(+)/Decrease(-) in advance payments from customers		2,742	-85	284
Increase(+)/Decrease(-) in other current liabilities		-511	-391	1,426
Increase(+)/Decrease(-) in provisions		-73	-158	-306
<b>Cash flow from operating activities</b>		<b>3,334</b>	<b>-713</b>	<b>358</b>
Investing activities:				
Investments in intangible fixed assets		-18	-24	-70
Capitalised development costs		-154	-51	-524
Investments in tangible fixed assets		-145	-150	-799
Sales and disposals of tangible fixed assets		-	-	7
Sale of and investments in short-term investments		-2,506	480	-1,722
Investments in financial assets		-74	-13	-368
Sale of financial assets		5	4	226
Investments in operations, net effect on liquidity	9	-	-	-221
Sale of subsidiaries, net effect on liquidity		-	-	312
<b>Cash flow from investing activities</b>		<b>-2,892</b>	<b>246</b>	<b>-3,159</b>
Financing activities:				
Repayments of loans		-354	-	-1,865
Raising of loans		621	8	4,758
Dividend paid to Parent Company's shareholders		-	-	-501
Dividend paid to non-controlling interest		-	-	-10
<b>Cash flow from financing activities</b>		<b>267</b>	<b>8</b>	<b>2,382</b>
<b>Cash flow for the period</b>		<b>709</b>	<b>-459</b>	<b>-419</b>
Liquid assets at the beginning of the period		850	1,284	1,284
Exchange rate difference in liquid assets		-3	44	-15
<b>Liquid assets at end of period</b>	8	<b>1,556</b>	<b>869</b>	<b>850</b>

# QUARTERLY CONSOLIDATED INCOME STATEMENT

MSEK	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Sales	6,790	10,070	5,787	5,940	5,389	7,425	5,130	5,692
Cost of goods sold	-5,279	-7,540	-4,505	-4,582	-4,073	-5,574	-3,800	-4,157
<b>Gross income</b>	<b>1,511</b>	<b>2,530</b>	<b>1,282</b>	<b>1,358</b>	<b>1,316</b>	<b>1,851</b>	<b>1,330</b>	<b>1,535</b>
<i>Gross margin, %</i>	<i>22.3</i>	<i>25.1</i>	<i>22.2</i>	<i>22.9</i>	<i>24.4</i>	<i>24.9</i>	<i>25.9</i>	<i>27.0</i>
Other operating income	39	272	23	54	22	261	77	47
Marketing expenses	-496	-569	-460	-553	-479	-629	-511	-520
Administrative expenses	-329	-392	-305	-329	-297	-333	-300	-301
Research and development costs	-394	-481	-346	-380	-358	-416	-322	-385
Other operating expenses	-25	-30	-8	-6	-4	3	-10	-7
Share of income in associated companies and joint ventures	-12	17	-	13	10	21	-6	4
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>294</b>	<b>1,347</b>	<b>186</b>	<b>157</b>	<b>210</b>	<b>758</b>	<b>258</b>	<b>373</b>
<i>Operating margin, %</i>	<i>4.3</i>	<i>13.4</i>	<i>3.2</i>	<i>2.6</i>	<i>3.9</i>	<i>10.2</i>	<i>5.0</i>	<i>6.6</i>
Financial income	50	132	-36	46	27	52	19	10
Financial expenses	-53	-143	-89	9	-115	-70	-48	-64
<b>Net financial items</b>	<b>-3</b>	<b>-11</b>	<b>-125</b>	<b>55</b>	<b>-88</b>	<b>-18</b>	<b>-29</b>	<b>-54</b>
<b>Income before taxes</b>	<b>291</b>	<b>1,336</b>	<b>61</b>	<b>212</b>	<b>122</b>	<b>740</b>	<b>229</b>	<b>319</b>
Taxes	-68	-227	-25	-45	-32	-154	-59	-83
<b>Net income for the period</b>	<b>223</b>	<b>1,109</b>	<b>36</b>	<b>167</b>	<b>90</b>	<b>586</b>	<b>170</b>	<b>236</b>
of which Parent Company's shareholders' interest	213	1,101	26	151	84	579	166	233
of which non-controlling interest	10	8	10	16	6	7	4	3
Earnings per share before dilution, SEK <sup>2)</sup>	2.01	10.40	0.25	1.43	0.80	5.49	1.57	2.19
Earnings per share after dilution, SEK <sup>3)</sup>	1.99	10.32	0.24	1.42	0.79	5.45	1.55	2.17
1) includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft	-230 -	-253 -	-243 -	-235 -	-228 -	-230 -1	-221 -2	-211 -1
2) average number of shares before dilution	105,992,435	105,900,182	105,781,884	105,643,700	105,533,455	105,438,516	106,060,673	106,549,332
3) average number of shares after dilution	106,853,562	106,688,771	106,529,247	106,442,012	106,402,040	106,239,161	106,888,805	107,422,230



# QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<b>Net income for the period</b>	<b>223</b>	<b>1,109</b>	<b>36</b>	<b>167</b>	<b>90</b>	<b>586</b>	<b>170</b>	<b>236</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	-513	339	-233	1,257	-524	-173	-324	-42
Tax attributable to revaluation of net pension obligations	113	-73	51	-276	115	36	71	9
<b>Total</b>	<b>-400</b>	<b>266</b>	<b>-182</b>	<b>981</b>	<b>-409</b>	<b>-137</b>	<b>-253</b>	<b>-33</b>
Items that may be reversed in the income statement:								
Translation differences	-41	-66	-63	-156	265	174	169	148
Net gain/loss on available-for-sale financial assets	-	-90	-6	-3	72	10	-77	94
Net gain/loss on cash flow hedges	144	190	-187	56	-79	-315	-517	-251
Tax attributable to net gain/loss on cash flow hedges	-36	-39	49	-14	15	67	114	53
<b>Total</b>	<b>67</b>	<b>-5</b>	<b>-207</b>	<b>-117</b>	<b>273</b>	<b>-64</b>	<b>-311</b>	<b>44</b>
<b>Other comprehensive income/loss for the period</b>	<b>-333</b>	<b>261</b>	<b>-389</b>	<b>864</b>	<b>-136</b>	<b>-201</b>	<b>-564</b>	<b>11</b>
<b>Net comprehensive income/loss for the period</b>	<b>-110</b>	<b>1,370</b>	<b>-353</b>	<b>1,031</b>	<b>-46</b>	<b>385</b>	<b>-394</b>	<b>247</b>
of which Parent Company's shareholders' interest	-127	1,375	-335	1,024	-57	381	-398	237
of which non-controlling interest	17	-5	-18	7	11	4	4	10

## KEY RATIOS BY QUARTER

MSEK	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Equity/assets ratio, (%)	33.9	36.8	35.1	37.2	37.0	38.5	40.1	42.7
Return on capital employed, % <sup>1)</sup>	11.3	11.2	8.1	8.7	10.6	11.1	9.7	9.8
Return on equity, % <sup>1)</sup>	12.7	11.5	7.8	8.6	9.3	9.9	7.6	7.7
Equity per share, SEK <sup>2)</sup>	120.17	121.28	108.36	111.48	106.54	107.02	103.41	108.20
Free cash flow, MSEK	2,955	869	487	-1,141	-941	1,006	-710	-1,074
Free cash flow per share after dilution, SEK <sup>3)</sup>	27.65	8.15	4.57	-10.72	-8.84	9.47	-6.64	-10.00
1) Measured over a rolling 12-month period								
2) Number of shares excluding treasury shares	106,027,804	105,957,065	105,843,298	105,720,470	105,566,929	105,499,980	105,377,052	106,604,525
3) Average number of shares after dilution	106,853,562	106,688,771	106,529,247	106,442,012	106,402,040	106,239,161	106,888,805	107,422,230

# QUARTERLY INFORMATION PER OPERATING SEGMENT

MSEK	Q1 2016	Operating margin	Q4 2015	Operating margin	Q3 2015	Operating margin	Q2 2015	Operating margin
<b>Sales</b>								
Aeronautics	1,622		2,114		1,686		1,364	
Dynamics	1,072		1,555		892		794	
Surveillance	1,801		2,613		1,458		1,712	
Support and Services	1,284		2,795		934		1,183	
Industrial Products and Services	873		1,022		762		912	
Saab Kockums	632		599		433		476	
Internal sales	-498		-628		-378		-501	
<b>Total</b>	<b>6,790</b>		<b>10,070</b>		<b>5,787</b>		<b>5,940</b>	
<b>Operating income/loss</b>								
Aeronautics	67	4.1%	305	14.4%	120	7.1%	30	2.2%
Dynamics	40	3.7%	294	18.9%	28	3.1%	-106	-13.4%
Surveillance	55	3.1%	318	12.2%	3	0.2%	-39	-2.3%
Support and Services	98	7.6%	417	14.9%	-27	-2.9%	72	6.1%
Industrial Products and Services	53	6.1%	104	10.2%	8	1.0%	67	7.3%
Saab Kockums	34	5.4%	-19	-3.2%	68	15.7%	124	26.1%
Corporate	-53		-72		-14		9	
<b>Total</b>	<b>294</b>	<b>4.3%</b>	<b>1,347</b>	<b>13.4%</b>	<b>186</b>	<b>3.2%</b>	<b>157</b>	<b>2.6%</b>

MSEK	Q1 2015	Operating margin
<b>Sales</b>		
Aeronautics	1,098	
Dynamics	768	
Surveillance	1,522	
Support and Services	1,100	
Industrial Products and Services	866	
Saab Kockums	339	
Internal sales	-304	
<b>Total</b>	<b>5,389</b>	
<b>Operating income/loss</b>		
Aeronautics	54	4.9%
Dynamics	-41	-5.3%
Surveillance	38	2.5%
Support and Services	87	7.9%
Industrial Products and Services	34	3.9%
Saab Kockums	55	16.2%
Corporate	-17	
<b>Total</b>	<b>210</b>	<b>3.9%</b>

2015 has been restated according to the structural changes described in the annual report 2015, page 35.

# MULTI-YEAR OVERVIEW

MSEK	2015	2014	2013	2012	2011
Order bookings	81,175	22,602	49,809	20,683	18,907
Order backlog at 31 December	113,834	60,128	59,870	34,151	37,172
Sales	27,186	23,527	23,750	24,010	23,498
<i>Sales in Sweden, %</i>	<i>42</i>	<i>45</i>	<i>41</i>	<i>36</i>	<i>37</i>
<i>Sales in Europe excluding Sweden, %</i>	<i>18</i>	<i>19</i>	<i>20</i>	<i>21</i>	<i>20</i>
<i>Sales in North America, %</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>11</i>	<i>8</i>
<i>Sales in Latin America, %</i>	<i>6</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>-</i>
<i>Sales in Rest of the world, %</i>	<i>25</i>	<i>24</i>	<i>26</i>	<i>31</i>	<i>35</i>
Operating income (EBIT)	1,900	1,659	1,345	2,050	2,941
<i>Operating margin, %</i>	<i>7.0</i>	<i>7.1</i>	<i>5.7</i>	<i>8.5</i>	<i>12.5</i>
EBITDA	2,859	2,523	2,367	3,186	4,088
<i>EBITDA margin, %</i>	<i>10.5</i>	<i>10.7</i>	<i>10.0</i>	<i>13.3</i>	<i>17.4</i>
Income after financial items	1,731	1,523	979	2,003	2,783
Net income for the year	1,402	1,168	742	1,560	2,217
Total assets	35,088	29,556	27,789	28,938	31,799
Free cash flow	-726	-1,094	-1,460	-396	2,477
<i>Return on capital employed, %</i>	<i>11.2</i>	<i>11.1</i>	<i>9.1</i>	<i>14.6</i>	<i>22.2</i>
<i>Return on equity, %</i>	<i>11.5</i>	<i>9.9</i>	<i>6.3</i>	<i>12.8</i>	<i>18.1</i>
<i>Equity/assets ratio, %</i>	<i>36.8</i>	<i>38.5</i>	<i>44.0</i>	<i>39.0</i>	<i>41.1</i>
Earnings per share before dilution, SEK <sup>1)</sup>	12.88	10.86	6.98	15.00	21.19
Earnings per share after dilution, SEK <sup>1)</sup>	12.79	10.78	6.79	14.52	20.38
Dividend per share, SEK	5.00	4.75	4.50	4.50	4.50
Equity per share, SEK	121.28	107.02	114.04	105.43	122.94
Number of employees at year-end	14,685	14,716	14,140	13,968	13,068
Number of shares excluding treasury shares as of 31 December	105,957,065	105,499,980	106,414,144	105,930,829	105,331,958
Average number of shares before dilution	105,714,805	106,125,666	106,125,107	105,632,911	104,982,315
Average number of shares after dilution	106,450,263	106,916,255	109,150,344	109,150,344	109,150,344

1) Net income for the year less non-controlling interest divided by the average number of shares.

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

2012 has been restated according to the changed accounting principles for pensions (IAS 19).

Financials for 2011 are not restated.

# KEY RATIOS AND GOALS

	Long-term target	Jan-Mar 2016	Jan-Mar 2015	Full Year 2015
Organic sales growth, %	5	27	-6	11
Operating margin, %	10	4.3	3.9	7.0
Equity/assets ratio, %	30	33.9	37.0	36.8

# PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Mar 2016	Jan-Mar 2015	Full Year 2015
Sales	4,287	3,547	18,022
Cost of goods sold	-3,471	-2,698	-14,209
<b>Gross income</b>	<b>816</b>	<b>849</b>	<b>3,813</b>
<i>Gross margin, %</i>	<i>19.0</i>	<i>23.9</i>	<i>21.2</i>
Operating income and expenses	-888	-758	-3,605
<b>Operating income (EBIT)</b>	<b>-72</b>	<b>91</b>	<b>208</b>
<i>Operating margin, %</i>	<i>-1.7</i>	<i>2.6</i>	<i>1.2</i>
Financial income and expenses	-64	26	68
<b>Income after financial items</b>	<b>-136</b>	<b>117</b>	<b>276</b>
Appropriations	-	-	-160
<b>Income before taxes</b>	<b>-136</b>	<b>117</b>	<b>116</b>
Taxes	12	-44	-153
<b>Net income for the period</b>	<b>-124</b>	<b>73</b>	<b>-37</b>

## Parent company

The Parent Company includes units within the business areas Aeronautics, Surveillance, Support and Services, and Industrial Products and Services as well as one unit within Dynamics. Group staff and Group support are also included.

# PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Mar 2016	31 Dec 2015	31 Mar 2015
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets		735	803	1,050
Tangible fixed assets		2,907	2,882	2,627
Financial fixed assets		7,568	7,474	8,111
<b>Total fixed assets</b>		<b>11,210</b>	<b>11,159</b>	<b>11,788</b>
Current assets:				
Inventories		3,777	3,668	4,959
Current receivables		9,668	10,133	7,986
Short term investments		5,505	2,994	789
Liquid assets		967	211	258
<b>Total current assets</b>		<b>19,917</b>	<b>17,006</b>	<b>13,992</b>
<b>TOTAL ASSETS</b>		<b>31,127</b>	<b>28,165</b>	<b>25,780</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity:				
Restricted equity		2,977	2,977	2,983
Unrestricted equity		4,912	5,020	5,572
<b>Total shareholders' equity</b>		<b>7,889</b>	<b>7,997</b>	<b>8,555</b>
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,139	2,139	1,979
Provisions		770	755	690
Liabilities	6	20,329	17,274	14,556
<b>Total untaxed reserves, provisions and liabilities</b>		<b>23,238</b>	<b>20,168</b>	<b>17,225</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>31,127</b>	<b>28,165</b>	<b>25,780</b>

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

The Parent Company's net debt amounted to MSEK 2,476 at 31 March 2016 compared to MSEK 5,154 at 31 December 2015.

Gross capital expenditure in tangible fixed assets amounted to MSEK 106 (105). Investments in intangible assets amounted to MSEK 17 (22). At the end of the period, the Parent Company had 8,664 employees, compared to 8,632 at the beginning of the year.

A major part of the Group's operations are included in the Parent Company. Separate notes to the Parent Company's financial statements and a separate description of risks and uncertainties for the Parent Company have therefore not been included in this interim report.

# NOTES

## TO THE FINANCIAL STATEMENTS

### NOTE 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The company's head office is located at Gustavslundsvägen 42, Bromma, with the mailing address P.O. Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab's B shares are listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries, associated companies, and joint ventures, are described in the annual report 2015.

### NOTE 2 Accounting principles

The consolidated accounts for the first three months of 2016 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, Reporting by Legal Entities. The Group's accounting principles are described on pages 72 to 73 as well as in the respective note disclosure concerning significant profit /loss and balance sheet items in the annual report 2015.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2015.

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 2015. The interim report information on pages 1 to 29 constitutes an integrated part of this financial report.

### NOTE 3 Segment reporting

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics, missile systems, and naval systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition Saab has a local presence in South Africa, Australia, the US, and in other selected countries. Saab's operating and management structure is divided into five business areas and one business unit, which also represent operating segments; Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Saab Kockums. In addition, Corporate comprises Group staff and departments as well as other operations that are not core operations.

#### Aeronautics

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology. It also conducts long-term future studies of manned and unmanned aircraft as preparation for new systems and further development of existing products.

#### Dynamics

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, systems for training and simulation and signature management systems for armed forces as well as niche products for the civil and defence markets.

#### Surveillance

Surveillance provides efficient solutions for safety and security, for surveillance and decision support, and for threat detection and protection. The portfolio covers airborne, ground-based and naval radar, electronic warfare, combat systems and C4I solutions, and traffic management systems.

#### Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This includes support solutions, technical maintenance and logistics as well as products, solutions and services for military and civil missions.

#### Industrial Products and Services

The business units within Industrial Products and Services are focused on business-to-business (B2B) customers. There is also a minority portfolio containing Saab's ownership interests in companies in various stages of development.

#### Business unit Saab Kockums

Saab Kockums develops, delivers and maintains world-class solutions for naval environment. The business unit's portfolio includes submarines with the Stirling system for air independent propulsion, surface combatants, mine hunting systems and autonomous vessels. Saab Kockums' unique competence is within signature management impact strength and advanced stealth technology.

#### Order bookings per business area

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Rolling 12 Months	Full Year 2015
Aeronautics	294	204	44	39,439	39,349
Dynamics	1,887	1,173	61	5,987	5,273
Surveillance	1,187	1,723	-31	14,920	15,456
Support and Services	1,003	569	76	10,991	10,557
Industrial Products and Services	753	1,034	-27	3,351	3,632
Saab Kockums	132	866	-85	9,534	10,268
Internal	-642	-769		-3,233	-3,360
<b>Total</b>	<b>4,614</b>	<b>4,800</b>	<b>-4</b>	<b>80,989</b>	<b>81,175</b>

#### Order bookings per region

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %
Sweden	1,457	1,981	-26
Rest of Europe	790	641	23
North America	233	412	-43
Latin America	-102	9	-1,233
Asia	1,913	1,625	18
Africa	201	59	241
Australia, etc.	122	73	67
<b>Total</b>	<b>4,614</b>	<b>4,800</b>	<b>-4</b>

#### Order backlog per business area

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
Aeronautics	58,148	59,476	25,494
Dynamics	7,097	6,284	5,461
Surveillance	17,088	17,707	10,120
Support and Services	13,112	13,393	8,448
Industrial Products and Services	9,469	9,587	9,709
Saab Kockums	9,429	9,928	2,034
Internal	-2,694	-2,541	-1,455
<b>Total</b>	<b>111,649</b>	<b>113,834</b>	<b>59,811</b>

## NOTE 3 Continued

### Order backlog per region

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
Sweden	39,828	41,276	35,667
Rest of Europe	10,383	10,688	9,649
North America	5,215	5,699	5,619
Latin America	40,244	40,732	751
Asia	14,168	13,679	6,139
Africa	951	886	945
Australia etc.	860	874	1,041
<b>Total</b>	<b>111,649</b>	<b>113,834</b>	<b>59,811</b>

### Significant orders received (approx. values MSEK)

Country	Order value
Ammunition for the Carl-Gustaf man-portable weapon system	1,433

### Sales per business area

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Rolling 12 Months	Full Year 2015
<b>Aeronautics</b>	<b>1,622</b>	<b>1,098</b>	<b>48</b>	<b>6,786</b>	<b>6,262</b>
of which external sales	1,530	1,092	40	6,372	5,934
of which internal sales	92	6	1,433	414	328
<b>Dynamics</b>	<b>1,072</b>	<b>768</b>	<b>40</b>	<b>4,313</b>	<b>4,009</b>
of which external sales	1,046	724	44	4,206	3,884
of which internal sales	26	44	-41	107	125
<b>Surveillance</b>	<b>1,801</b>	<b>1,522</b>	<b>18</b>	<b>7,584</b>	<b>7,305</b>
of which external sales	1,740	1,477	18	7,294	7,031
of which internal sales	61	45	36	290	274
<b>Support and Services</b>	<b>1,284</b>	<b>1,100</b>	<b>17</b>	<b>6,196</b>	<b>6,012</b>
of which external sales	1,214	1,065	14	5,961	5,812
of which internal sales	70	35	100	235	200
<b>Industrial Products and Services</b>	<b>873</b>	<b>866</b>	<b>1</b>	<b>3,569</b>	<b>3,562</b>
of which external sales	619	670	-8	2,562	2,613
of which internal sales	254	196	30	1,007	949
<b>Saab Kockums</b>	<b>632</b>	<b>339</b>	<b>86</b>	<b>2,140</b>	<b>1,847</b>
of which external sales	631	339	86	2,137	1,845
of which internal sales	1	-	-	3	2
<b>Corporate/eliminations</b>	<b>-494</b>	<b>-304</b>		<b>-2,001</b>	<b>-1,811</b>
of which external sales	10	22		54	66
of which internal sales	-504	-326		-2,055	-1,877
<b>Total</b>	<b>6,790</b>	<b>5,389</b>	<b>26</b>	<b>28,587</b>	<b>27,186</b>

### Sales per region

MSEK	Jan-Mar 2016	% of sales	Jan-Mar 2015	% of sales	Full Year 2015	% of sales
Sweden	2,909	43	2,618	49	11,399	42
Rest of Europe	1,094	16	1,000	19	4,933	18
North America	704	10	513	10	2,477	9
Latin America	386	6	101	2	1,584	6
Asia	1,415	21	839	16	5,370	20
Africa	139	2	114	2	541	2
Australia, etc.	143	2	204	4	882	3
<b>Total</b>	<b>6,790</b>	<b>100</b>	<b>5,389</b>	<b>100</b>	<b>27,186</b>	<b>100</b>

### Information on large customers

In the first quarter 2016, Saab had one customer that accounted for 10 per cent or more of the Group's sales: the Swedish Defence Materiel Administration (FMV). FMV is a customer of all business areas and total sales amounted to MSEK 2,351 (2,017).

### Seasonal variation

A major part of Saab's business is related to large projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared to the other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

## NOTE 3 Continued

### Operating income per business area

MSEK	Jan-Mar 2016	% of sales	Jan-Mar 2015	% of sales	Rolling 12 Months	Full Year 2015
Aeronautics	67	4.1	54	4.9	522	509
Dynamics	40	3.7	-41	-5.3	256	175
Surveillance	55	3.1	38	2.5	337	320
Support and Services	98	7.6	87	7.9	560	549
Industrial Products and Services	53	6.1	34	3.9	232	213
Saab Kockums	34	5.4	55	16.2	207	228
<b>The business area's total operating income</b>	<b>347</b>	<b>5.1</b>	<b>227</b>	<b>4.2</b>	<b>2,114</b>	<b>1,994</b>
Corporate	-53		-17		-130	-94
<b>Total</b>	<b>294</b>	<b>4.3</b>	<b>210</b>	<b>3.9</b>	<b>1,984</b>	<b>1,900</b>

### Depreciation/amortisation and write-downs per business area

MSEK	Jan-Mar 2016	Jan-Mar 2015	Rolling 12 Months	Full Year 2015
Aeronautics	9	10	38	39
Dynamics	17	19	72	74
Surveillance	122	122	500	500
Support and Services	5	5	21	21
Industrial Products and Services	9	9	47	47
Saab Kockums	9	8	35	34
Corporate – other	59	55	248	244
<b>Total</b>	<b>230</b>	<b>228</b>	<b>961</b>	<b>959</b>

### Operational cash flow per business area

MSEK	Jan-Mar 2016	Jan-Mar 2015	Rolling 12 Months	Full Year 2015
Aeronautics	1,511	46	833	-632
Dynamics	-107	-28	-180	-101
Surveillance	1,566	-2	1,519	-49
Support and Services	1,269	-220	852	-637
Industrial Products and Services	-123	45	-183	-15
Saab Kockums	240	-21	1,069	808
Corporate	-1,300	-625	-549	126
<b>Total</b>	<b>3,056</b>	<b>-805</b>	<b>3,361</b>	<b>-500</b>

### Capital employed per business area

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
Aeronautics	1,843	2,186	1,877
Dynamics	3,303	3,243	2,928
Surveillance	6,460	7,445	7,197
Support and Services	2,234	3,389	2,706
Industrial Products and Services	2,186	2,028	1,640
Saab Kockums	678	647	498
Corporate	4,456	1,641	368
<b>Total</b>	<b>21,160</b>	<b>20,579</b>	<b>17,214</b>

### Full time equivalents (FTE's) per business area

Number at end of the period	31 Mar 2016	31 Dec 2015	31 Mar 2015
Aeronautics	2,749	2,723	2,707
Dynamics	2,032	2,041	2,002
Surveillance	3,570	3,563	3,595
Support and Services	2,171	2,185	2,211
Industrial Products and Services	2,388	2,381	2,412
Saab Kockums	804	803	830
Corporate	794	823	841
<b>Total</b>	<b>14,508</b>	<b>14,519</b>	<b>14,598</b>

### NOTE 4 Dividend to Parent Company's shareholders

At the Annual General Meeting 2016, held 14 April, it was decided that the Parent Company's shareholders should receive a dividend of SEK 5.00 per share, totalling MSEK 530.

The record date for the dividend was set at 18 April 2016 and payment of dividend at 21 April 2016.

### NOTE 5 Intangible fixed assets

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
Goodwill	5,021	5,045	5,112
Capitalised development costs	1,231	1,157	930
Other intangible assets	248	274	373
<b>Total</b>	<b>6,500</b>	<b>6,476</b>	<b>6,415</b>

### NOTE 6 Net liquidity/debt

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
<b>Assets:</b>			
Liquid assets	1,556	850	869
Short-term investments	5,545	2,995	792
<b>Total liquid investments</b>	<b>7,101</b>	<b>3,845</b>	<b>1,661</b>
Short-term interest-bearing receivables	47	48	7
Long-term interest-bearing receivables	378	367	85
Long-term receivables attributable to pensions	49	49	59
Long-term interest-bearing financial investments	139	141	144
<b>Total interest-bearing assets</b>	<b>7,714</b>	<b>4,450</b>	<b>1,956</b>
<b>Liabilities:</b>			
Liabilities to credit institutions	5,131	4,762	2,001
Liabilities to associated companies and joint ventures	244	251	257
Other interest-bearing liabilities	604	712	603
Provisions for pensions <sup>1)</sup>	2,361	1,942	3,014
<b>Total interest-bearing liabilities and provisions for pensions</b>	<b>8,340</b>	<b>7,667</b>	<b>5,875</b>
<b>Net liquidity (+) / net debt (-)</b>	<b>-626</b>	<b>-3,217</b>	<b>-3,919</b>

1) Excluding provisions for pensions attributable to special employers' contribution.



## NOTE 6 Continued

### Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2021)	6,000	-	6,000
Overdraft facility (Maturity 2017)	99	-	99
<b>Total</b>	<b>6,099</b>	<b>-</b>	<b>6,099</b>

### Parent Company

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
Long-term liabilities to credit institutions	4,981	4,360	2,000
Short-term liabilities to credit institutions	149	402	-
<b>Total</b>	<b>5,130</b>	<b>4,762</b>	<b>2,000</b>

Since 2009 Saab has a Medium Term Note programme (MTN) in order to enable the issuance of long-term loans on the capital market. In 2015 the MTN programme was increased from SEK 3 billion to SEK 6 billion. Under the terms of this programme Saab has issued bonds at a fixed rate, but also at a floating rate, so-called Floating Rate Notes (FRN), of SEK 4.2 billion in total. In December 2015, Saab signed Schuldschein loan agreements amounting to MEUR 100, of which MEUR 90 was settled in the fourth quarter 2015 and in the first quarter 2016. The remaining MEUR 10 will be settled in the second quarter 2016.

## NOTE 7 Financial instruments

### Classification and categorisation of financial assets and liabilities <sup>1)</sup>

Carrying amount	31 Mar 2016	31 Dec 2015
Financial assets:		
Financial investments at fair value through profit and loss	49	49
Financial investments held to maturity <sup>2)</sup>	139	141
Long-term receivables	438	444
Derivatives identified as hedges	837	972
Derivatives at fair value through profit and loss for trading	66	86
Accounts receivable and other receivables	10,612	11,540
Short-term investments at fair value	5,545	2,995
Liquid assets	1,556	850
<b>Total financial assets</b>	<b>19,242</b>	<b>17,077</b>
Financial liabilities:		
Interest-bearing liabilities <sup>3)</sup>	5,979	5,725
Derivatives identified as hedges	1,327	1,561
Derivatives at fair value through profit and loss for trading	51	53
Other liabilities	5,447	5,486
<b>Total financial liabilities</b>	<b>12,804</b>	<b>12,825</b>

<sup>1)</sup> Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to MSEK 725.

<sup>2)</sup> Fair value 2016 Mar: MSEK 141; 2015 Dec: MSEK 142.

<sup>3)</sup> Fair value 2016 Mar: MSEK 5,999; 2015 Dec: MSEK 5,749.

### Valuation methods for financial assets and liabilities

The fair value of listed financial assets is determined using market prices. Saab also applies various valuation methods to determine the fair value of financial assets that are traded on an inactive market or are unlisted holdings. These valuation methods are based on the valuation of similar instruments, discounted cash flows or customary valuation methods such as Garman-Kohlhagens.

#### Level 1

According to listed (unadjusted) prices on an active market on the closing date:

- Bonds and interest-bearing securities
- Electricity derivatives
- Interest rate forwards

#### Level 2

According to accepted valuation models based on observable market data:

- Forward exchange contracts: Future payment flows in each currency are discounted by current market rates to the valuation day and valued in SEK at period-end exchange rates.
- Options: The Garman-Kohlhagens option pricing model is used in the market valuation of all options.
- Interest swaps and cross currency basis swaps: Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted to the valuation date using current market rates. The market value of interest rate swaps is obtained by contrasting the discounted variable interest payments with the discounted present value of fixed interest payments.

#### Level 3

According to accepted principles, e.g. for venture capital firms:

- Unlisted shares and participations

As of 31 March 2016 the Group had the following financial assets and liabilities at fair value:

#### Assets at fair value

MSEK	31 Mar 2016	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	5,545	5,545	-	-
Forward exchange contracts	892	-	892	-
Currency options	5	-	5	-
Cross currency basis swaps	3	-	3	-
Electricity derivatives	3	3	-	-
Shares and participations	49	-	-	49
<b>Total</b>	<b>6,497</b>	<b>5,548</b>	<b>900</b>	<b>49</b>

#### Liabilities at fair value

MSEK	31 Mar 2016	Level 1	Level 2	Level 3
Forward exchange contracts	1,225	-	1,225	-
Currency options	3	-	3	-
Interest rate swaps	131	-	131	-
Cross currency basis swaps	1	-	1	-
Electricity derivatives	18	18	-	-
<b>Total</b>	<b>1,378</b>	<b>18</b>	<b>1,360</b>	<b>-</b>

## NOTE 8 Supplemental information on Statement of cash flows

### Liquid assets

MSEK	31 Mar 2016	31 Dec 2015	31 Mar 2015
The following components are included in liquid assets:			
Cash and bank balances	956	850	869
Bank deposits	600	-	-
<b>Total according to balance sheet</b>	<b>1,556</b>	<b>850</b>	<b>869</b>
<b>Total according to statement of cash flows</b>	<b>1,556</b>	<b>850</b>	<b>869</b>

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

MSEK	Jan-Mar 2016	Jan-Mar 2015	Full Year 2015
Free cash flow	2,955	-941	-726
Investing activities – interest-bearing:			
Short-term investments	-2,506	480	-1,722
Other financial investments and receivables	-7	-6	-353
Financing activities:			
Repayments of loans	-354	-	-1,865
Raising of loans	621	8	4,758
Dividend paid to the Parent Company's shareholders	-	-	-501
Dividend paid to non-controlling interest	-	-	-10
<b>Cash flow for the period</b>	<b>709</b>	<b>-459</b>	<b>-419</b>

### Specification of free cash flow

MSEK	Total Group Jan-Mar 2016	Total Group Jan-Mar 2015
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items</b>	<b>595</b>	<b>340</b>
Cash flow from changes in working capital:		
Inventories	-313	-608
Current receivables	995	322
Advance payments from customers	2,742	-85
Other current liabilities	-511	-391
Provisions	-73	-158
<b>Change in working capital</b>	<b>2,840</b>	<b>-920</b>
<b>Cash flow from operating activities excluding taxes and other financial items</b>	<b>3,435</b>	<b>-580</b>
Investing activities:		
Investments in intangible fixed assets	-172	-75
Investments in tangible fixed assets	-145	-150
Investments in financial fixed assets	-62	-
<b>Cash flow from investing activities <sup>1)</sup></b>	<b>-379</b>	<b>-225</b>
<b>Operational cash flow</b>	<b>3,056</b>	<b>-805</b>
Taxes and other financial items	-101	-133
Sale of and investments in shares etc.	-	-3
<b>Free cash flow</b>	<b>2,955</b>	<b>-941</b>

1) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

## NOTE 9 Business combinations

No significant acquisitions were made during the first three months 2016.

## NOTE 10 Defined-benefit plans

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary.

### Pension obligation according to IAS 19

MSEK	31 Mar 2016	31 Mar 2015
Defined-benefit obligation	8,087	8,920
Special employers' contribution	507	744
Less plan assets	5,775	5,965
<b>Total provisions for pensions</b>	<b>2,819</b>	<b>3,699</b>
of which reported as long-term receivable	49	59

## NOTE 11 Contingent liabilities

No additional significant commitments have arisen during the period. With regard to the Group's performance guarantees for commitments to customers, the likelihood of an outflow of resources is estimated as remote and, as a result, no value is recognised.

## NOTE 12 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 2015, note 40.

## NOTE 13 Definitions

### Capital employed

Total assets less non-interest-bearing liabilities.

### Earnings per share

Net income for the period attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.

### EBITDA

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft.

### EBITDA margin

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft as a percentage of sales.

### Equity/assets ratio

Equity in relation to total assets.

### Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

### Gross margin

Gross income as a percentage of sales.

### Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.

### Free cash flow per share

Free cash flow divided by the average number of shares after dilution.

### Operating margin

Operating income (EBIT) as a percentage of sales.

### Operational cash flow

Cash flow from operating activities, excluding taxes and other financial items, and acquisitions and divestments of intangible fixed assets and tangible fixed assets.

### Return on capital employed

Operating income plus financial income as a percentage of average capital employed (measured over a rolling 12-month period).

### Return on equity

Net income for the period as a percentage of average equity (measured over a rolling 12-month period).

# GLOSSARY

**EKN**

The Swedish Export Credits Guarantee Board

**FMV**

Swedish Defence Materiel Administration

**FRN**

Floating Rate Note

**FTE**

Full Time Equivalent, corresponds to one employee working full-time for one year

**IAS**

International Accounting Standards

**IFRS**

International Financial Reporting Standards

**MTN**

Medium Term Note, bonds with a duration of 1-15 years

**SAL**

Saab Aircraft Leasing, relates to Saab's leasing fleet of turboprop aircraft. This was discontinued in 2015.

Linköping, 21 April 2016

Håkan Buskhe  
President and CEO

# REVIEW REPORT

## Introduction

We have reviewed the condensed interim financial information of Saab AB for the period from 1 January to 31 March 2016. The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim report performed by the Independent auditor of the entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is

substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts act for the Group, and with the Swedish Annual Accounts act for the parent company.

Stockholm 21 April 2016  
PricewaterhouseCoopers AB

**Bo Hjalmarsson**  
*Authorised Public Accountant*

Saab AB is disclosing the information here in pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.  
The information was submitted for publication at 7:30 (CET) on 21 April 2016.

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### Press and financial analyst conference

21 April 2016 at 10.00 (CET)

Grand Hôtel, Venue: New York, Blasieholmshamnen 8, Stockholm

Contact Marie Bergström to register and more information,  
ph +46 8 463 02 45

You are welcome to participate on site at Grand Hôtel, watch the live webcast or dial in to the conference call. It is possible to post questions also over the web and conference call.

### Live webcast:

[saab-interimreport.creo.se/160421](http://saab-interimreport.creo.se/160421)

### Conference call:

Please, dial in using one of the numbers below.

UK: +44 20 300 89 813

US: +1 855 753 2235

SE: +46 8 566 427 00

The interim report, the presentation material and the webcast will be available on [saabgroup.com](http://saabgroup.com).

## CALENDAR

INTERIM REPORT JANUARY–JUNE 2016

**PUBLISHED 21 JULY 2016**

INTERIM REPORT JANUARY–SEPTEMBER 2016

**PUBLISHED 25 OCTOBER 2016**

YEAR-END REPORT 2016

**PUBLISHED 15 FEBRUARY 2017**