

**SAAB****PRESS INFORMATION**Handläggare *Handled by*

Agneta Kammeby

Datum *Date*

2001-07-12

Referens *Reference*

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**INTERIM REPORT  
January - June 2001**

- **Order bookings after six months amounted to SEK 8 billion.**
- **Sales amounted to SEK 7,840 m. (8,337), an increase of 7% for comparable units.**
- **Operating income amounted to SEK 1,059 m. (656).**
- **Earnings per share amounted to SEK 7.47 (3.90).**
- **After-tax return on shareholders' equity 25.4% and pre-tax return on capital employed 17.9%.**
- **Streamlining of the Group and development of the core business have continued according to plan.**

**Statement by the CEO**

"Business continues to develop well and divestments and capital gains aside, both sales and operating income show an increase. Order inflow has also continued to be good for the second quarter. Training Systems, for example, won another order for a Combat Training Center, worth approximately half a billion SEK, this time for the Norwegian national defense forces and Finland has ordered an upgrade of the Rbs15 anti-ship missile. This means that we still have an order backlog amounting to some 40 billion SEK, equivalent to approximately two and half years' sales.

Also during the second quarter it became definite that Saab will be participating as an industrial partner in the Airbus A380 project, which will give us estimated revenues of more than 10 billion SEK over the next twenty years. We shall develop and manufacture advanced parts of the wings.

Streamlining and development of the Group have also continued during the second quarter. In addition to the value realization from defense technology, Celsius Aerotech in the USA and Hawker Pacific in Australia have been sold. Our co-operation with Grintek in South Africa around our joint venture Avitronics, has been broadened in the communications and Network Defense area. We have also acquired Ericsson's 50% holding in Ericsson Saab Avionics, which is now a wholly owned subsidiary under the name of Saab Avionics. We expect to incorporate Fokker Space within a few months.

Our new Venture Capital function, formed this year, has reinforced and further focused our strategy of continuously creating value through the application of defense technology in civil

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markets. During the second quarter, three interesting technologies with high growth potential, outside Saab's core areas, have acquired new principals, while we remain as minority owners or royalty owners and can thus share in any future appreciation.

In line with our forecast in the 2000 Report in February, the year began somewhat weaker than last year as regards operating income before capital gains. After six months, we can now see that operating income have improved compared with the same period last year and we are still confident that earnings per share for the whole year will be well on a par with last year."

### Major events and structural changes

During the second quarter, Celsius Aerotech in the USA was sold to Reliance Aviation-Tennessee Inc. and the military division of Hawker Pacific in Australia to EADS. An agreement was also reached to sell Hawker Pacific to Lynton International by stages, the first stage being that they take over 25% of the shares and management responsibility for the company. In addition, parts of Saab Aviocomp's operations in Holland have been sold. The effect on earnings of these divestments has been considered in the fair value analysis that was done in connection with the acquisition of Celsius, and will not affect the earnings of the Saab Group. The second quarter's divestments have had a positive effect of almost 200 million SEK on net liquidity.

Three companies have also been sold through the new Venture Capital function. Saab's holding in the associated company Triangle Equipment A/S, whose product for the oil industry is based on technology developed by Saab Avionics, has been sold to Global Geo Services, GGS, who are listed on the Oslo stock exchange, for both a cash payment and shares equivalent to about 3% of GGS. 60 percent of our subsidiary in the field of active sound control, A2 Acoustics AB, has been sold to WM-Data and the subsidiary Sanguistech, active in systems for blood centrifuging, has been sold to Gambro.

With effect from January 1 this year, Saab has acquired Ericsson's minority holding in Ericsson Saab Avionics from Ericsson for 225 million SEK. The acquisition will not affect sales or operating income, but is expected to have a positive effect on net income. Fokker Space, which will become part of the Saab Ericsson Space business area after the take-over comes into effect in a few months' time, has an annual turnover of approx. half a billion SEK and 400 employees.

Saab Marine Electronics was sold earlier this year with a capital gain of 650 million SEK. The sale of Celsius Amtec and Kockums Industries had no effect on income. These divestments have had a positive combined effect on net liquidity of approx. 1,300 million SEK.



## Operations

Saab is one of the world's leading high-technology companies, with its main activities focusing on aerospace and defense. The operation covers clearly defined areas within defense electronics, missile systems and space electronics as well as military and civil aviation. Saab also focuses on high technology services and maintenance. Saab comprises the business areas **Saab Systems & Electronics, Saab Aerospace, Saab Technical Support & Services, Saab Bofors Dynamics, Saab Ericsson Space** and **Saab Aviation Services**. For a brief description of the business areas see the last page in the report.

## Sales, income and orders

### Sales

Group sales decreased to SEK 7,840 m. (8,337), due to divestments of companies and operations mainly within Systems and Electronics and Aviation Services. For comparable units, sales increased by 7 percent. During the first six months, eight (nine) Gripen aircraft were invoiced, of which six (five) in the second quarter. The sales increase in Technical Support & Services is mainly attributable to the defense related business within AerotechTelub. The increase in Dynamics is mainly related to anti-armor weapons and for Space the volume growth continues. Sixty-seven percent of sales were related to defense and the foreign markets' share of total sales was 45 percent.

### Income and profitability

Operating income amounted to SEK 1,059 m. (656). The half-year result includes the capital gain from the divestment of Saab Marine Electronics of SEK 650 m. and last year's income included capital gains of SEK 353 m. Operating income before capital gains was SEK 409 m. (303) corresponding to an increase of 35 percent, which mainly is due to the restructuring of Dynamics and continued good profitability in Saab Aviation Services.

Operating margin for the remaining operations in Systems & Electronics are on a level with the previous year. Due to fewer deliveries Aerospace has a somewhat lower operating income compared with the corresponding period last year, however, the margin is on level. Technical Support & Services is on a level with the previous year, but due to variations during the year the business area had a somewhat lower operating margin. For Dynamics the positive trend following last year's rationalization has continued. In the second quarter, operating margin for Space is back on level, but is for the total period still somewhat low as a result of internally financed development. Saab Aviation Services, which core consists of Saab's leasing and customer support operation in regional aviation and remaining activities from Celsius Aviation Services until these are divested, reports continued good profitability. Project interest on non-utilized advance payments, accounted for in the gross margin, amounted to SEK 49 m. (82).

Operating expenses are generally somewhat lower compared to the same period in the previous year. Other operating income during both the present and previous years consists mainly of capital gains, trading income in Treasury business and currency gains, etc.



Net financial income and expenses amounted to SEK -8 m. (-27). The average return on external investments amounted to 4.89 percent. Income after financial items amounted to SEK 1,051 m. (629). Current and deferred taxes amounted to SEK -215 m. (-183). The tax portion of income after financial items has been affected by the fact that certain capital gains have been assessed as tax-free and that certain capital losses have been assessed as non-deductible. The Group's effective tax rate for the year, excluding these one-recurrent items, is calculated at 29 percent.

Net income for the period was SEK 795 m. (415), corresponding to an income per share of SEK 7.47 (3.90).

**Orders**

Group order bookings during the first half-year amounted to SEK 7,920 m. (17,889), of which the second quarter SEK 3,922 m. (4,325). Second quarter order bookings included combat training center from Norway, upgrade of anti-ship missile RBS15 from Finland, add-on orders for the Swedish Gripen program, the first order to conduct a study related to the Swedish Defense's future command and control system, eye-safe laser rangefinder from Thales for French fighter aircraft, upgrade of the fire control on the Swedish Defense's Göteborg-class corvettes, next generation of separation system for Lockheed Martin's new Atlas V launch vehicle and Sweden's first commercial TETRA system (digital platform for two-way radio) from the city of Gothenburg. The order backlog at the end of the period amounted to SEK 40,748 m., compared to SEK 41,091 m. at the beginning of the year.

**Liquidity, finance and investments****Finance and liquidity**

Compared to opening balance, liquid funds less liabilities to credit institutions decreased by SEK 125 m. to SEK 3,817 m. (3,942). The decrease is mainly a net of high utilization of advances within Gripen, utilization of structural reserves, payment of dividend, acquisitions and divestments of businesses. The Group's net liquidity after deduction for allocations to pensions amounted to SEK 222 m., compared with SEK 415 m. at the beginning of the year.

Group equity/assets ratio amounted to 20.4 percent (14.0) compared with 18.2 percent in the opening balance. Shareholders' equity amounted to SEK 6,295 m. (4,849), corresponding to SEK 59.13 (45.55) per share, compared with SEK 53.26 at the beginning of the year.

**Cash flow**

Group cash flow from operating activities continued to be good. Working capital decreased as a result of utilization of part of last year's provisions within Dynamics, utilization of advances within Gripen, payments related to the regional aircraft business and decreased lease obligations due to the divestment of Amtec. The cash flow from investments was positive as a result of the divestment of Amtec and lease assets included therein. Operating cash flow was positive and amounted to SEK 164 m. (-302).

**Capital expenditures**

The period's capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 197 m. (175).

**Personnel**

At the end of the period, the number of employees in the Group was 14,552, compared with 15,453 at the beginning of the year. The decrease is mainly related to divestment of operations.

**Parent Company**

During the first six months, parent company sales amounted to SEK 1,800 m. (1,871). Operating income was SEK 113 m. (179) and income after financial income and expenses was SEK 132 m. (455).

Cash and marketable securities, less liabilities to credit institutions, amounted to SEK 780 m., compared with SEK 1,785 m. at year-end. Capital expenditures in property, plant and equipment amounted to SEK 54 m. (59). The number of employees at the end of the period was 4,168, compared with 4,230 at the beginning of the year.

**Ownership**

Saab's principal owners are Investor AB, BAE SYSTEMS, the Wallenberg foundations, Fidelity Funds, AMF, Third AP fund, MFS Funds and Skandia.

**Accounting Principles**

The report has been drawn up in accordance with earlier accounting principles. This means that divested companies such as Saab Marine Electronics, Celsius Amtec and Celsius Aerotech are not included in the Group for any part of 2001. The figures for 2000 have not been adjusted for external acquisitions and divestments made during 2001. However, sales and operating income by business area for the year 2000 have been adjusted for internal reorganizations.

Linköping, July 12, 2001

Bengt Halse  
President and Chief Executive Officer

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants, FAR. A review is significantly limited compared to an audit. We have found nothing to suggest that this interim report does not comply with the requirements set out in the Exchange and Annual Accounts Acts.

Linköping, July 12, 2001

Gunnar Widhagen  
Authorized Public Accountant  
Ernst & Young AB

Caj Nackstad  
Authorized Public Accountant  
KPMG Bohlins AB

**Dates for financial information:**

*Interim Report for January-September will be published on October 19, 2001*

*The 2001 Report will be published on February 14, 2002*

**For further information, please contact:**

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**Telephone interview with President Bengt Halse:**

*Today, Thursday July 12, approx. 14.00 - 14.45*

*Contact Eva Aldenstedt*

*tel. +46 703 19 28 15*

**International teleconference:**

*Today, Thursday July 12, 15.00. Contact Marita Sidén  
for registration and further information.*

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***Interim report can also be accessed on the Internet at [www.saab.se](http://www.saab.se)***



**Income statement**

SEK m.	July 2000					
	6 mon 2001	6 mon 2000	2 <sup>nd</sup> Q 2001	2 <sup>nd</sup> Q 2000	to June 2001	12 mon 2000
<b>Sales</b>	<b>7,840</b>	<b>8,337</b>	<b>4,265</b>	<b>4,150</b>	<b>17,343</b>	<b>17,840</b>
Cost of goods sold	-5,856	-6,284	-3,200	-3,132	-12,999	-13,427
<b>Gross margin</b>	<b>1,984</b>	<b>2,053</b>	<b>1,065</b>	<b>1,018</b>	<b>4,344</b>	<b>4,413</b>
<i>Margin</i>	25.3%	24.6%	25.0%	24.5%	25.0%	24.7%
Marketing expenses	-706	-757	-354	-384	-1,527	-1,578
Administrative expenses	-564	-658	-254	-340	-1,157	-1,251
Research and development costs	-369	-433	-181	-234	-796	-860
Items affecting comparability	0	0	0	0	285	285
Other operating income	749	505	-7	373	857	613
Other operating expenses	-33	-45	-17	-17	-85	-97
Share in income of assoc. comp.	-2	-9	4	-7	15	8
<b>Operating income</b> <sup>1) 2)</sup>	<b>1,059</b>	<b>656</b>	<b>256</b>	<b>409</b>	<b>1,936</b>	<b>1,533</b>
<i>Margin</i>	13.5%	7.9%	6.0%	9.9%	11.2%	8.6%
Result from financial investments	-8	-27	-7	-35	-66	-85
<b>Income after financial items</b>	<b>1,051</b>	<b>629</b>	<b>249</b>	<b>374</b>	<b>1,870</b>	<b>1,448</b>
Taxes	-215	-183	-71	-110	-365	-333
Minority interest	-41	-31	-14	-10	-87	-77
<b>Net income</b>	<b>795</b>	<b>415</b>	<b>164</b>	<b>254</b>	<b>1,418</b>	<b>1,038</b>

Earnings per share, SEK <sup>3)</sup>	7.47	3.90	1.54	2.39	13.32	9.75
after full conversion, SEK <sup>4)</sup>	7.28	3.80	1.50	2.33	12.98	9.50

<sup>1)</sup> Includes depreciation of  
of which depr. on leasing assets

<sup>2)</sup> Includes goodwill amortization of

<sup>3)</sup> Number of shares: 106,459,675 as per June 30, 2001 <sup>4)</sup> after full conversion: 109,247,175

**Sales by business area**

SEK m.	July 2000						
	6 mon 2001	6 mon 2000	Chg	2 <sup>nd</sup> Q 2001	2 <sup>nd</sup> Q 2000	to June 2001	12 mon 2000
Saab Systems & Electr	1,767	2,080	-15%	936	1,017	4,051	4,364
Saab Aerospace	1,800	1,871	-4%	1,141	909	3,850	3,921
Saab Tech Supp & Serv	1,596	1,359	17%	819	676	3,169	2,932
Saab Bofors Dynamics	1,221	1,018	20%	649	446	2,551	2,348
Saab Ericsson Space	425	339	25%	221	176	799	713
Saab Aviation Serv	1,171	1,827	-36%	566	858	3,203	3,859
Corporate/Other	313	516	-39%	152	332	767	970
Internal sales	-453	-673		-219	-264	-1,047	-1,267



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**Saab Group**

**7,840**

**8,337**

**-6%**

**4,265**

**4,150**

**17,343**

**17,840**

**Operating income by business area**

SEK m.	Jul 2000						
	6 mon 2001	% of sales	6 mon 2000	% of sales	to Jun 2001	12 mon 2000	% of sales
Saab Systems & Electr	83	4.7%	100	4.8%	272	289	6.6%
Saab Aerospace	164	9.1%	174	9.3%	323	333	8.5%
Saab Techn Supp & Serv	89	5.6%	87	6.4%	184	182	6.2%
Saab Bofors Dynamics	32	2.6%	-27	-2.7%	105	46	2.0%
Saab Ericsson Space	34	8.0%	30	8.8%	57	53	7.4%
Saab Aviation Services	105	9.0%	56	3.1%	199	150	3.9%
Corporate/Other	552		236		796	480	n/a
<b>Saab Group</b>	<b>1,059</b>	<b>13.5%</b>	<b>656</b>	<b>7.9%</b>	<b>1,936</b>	<b>1,533</b>	<b>8.6%</b>

**Operating income by business area, quarterly**

SEK m.	2 <sup>nd</sup> Q	% of	2 <sup>nd</sup> Q	% of	1 <sup>st</sup> Q	% of	1 <sup>st</sup> Q	% of
	2001	sales	2000	sales	2001	sales	2000	sales
Saab Systems & Electr	43	4.6%	39	3.8%	40	4.8%	61	5.7%
Saab Aerospace	100	8.8%	74	8.1%	64	9.7%	100	10.4%
Saab Techn Supp & Serv	44	5.4%	41	6.1%	45	5.8%	46	6.7%
Saab Bofors Dynamics	18	2.8%	-4	-0.9%	14	2.4%	-23	-4.0%
Saab Ericsson Space	20	9.0%	14	8.0%	14	6.9%	16	9.8%
Saab Aviation Services	53	9.4%	36	4.2%	52	8.6%	20	2.1%
Corporate/Other	-22		209		574	n/a	27	n/a
<b>Saab Group</b>	<b>256</b>	<b>6.0%</b>	<b>409</b>	<b>9.9%</b>	<b>803</b>	<b>22.5%</b>	<b>247</b>	<b>5.9%</b>

**Sales and income per quarter**

SEK m.	2001		2000			
	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q
Sales	3,575	4,265	4,187	4,150	3,976	5,527
Operating income	803	256	247	409	220	657
<i>Operating margin</i>	22.5%	6.0%	5.9%	9.9%	5.5%	11.9%
Net financial income	-1	-7	8	-35	-40	-18
Income after financial items	802	249	255	374	180	639
Net income	631	164	161	254	97	526
Earnings per share, SEK <sup>1)</sup>	5.93	1.54	1.51	2.39	0.91	4.94

<sup>1)</sup> Number of shares: 106,459,675 as per June 30, 2001.

**Balance sheet**

<b>SEK m.</b>	<b>June 30, 2001</b>	<b>June 30, 2000</b>	<b>Dec 31, 2000</b>
<b>Assets</b>			
Goodwill and other intangible assets	1,532	1,816	1,619
Property, plant and equipment, etc.	4,511	4,282	4,712
Lease assets	5,711	8,345	6,502
Long-term interest bearing receivables	1,566	1,048	1,345
Shares, etc.	1,012	971	950
Deferred tax receivables	1,326	949	1,440
Inventories, etc.	3,978	4,115	3,684
Short-term interest bearing receivables	224	178	606
Other receivables	6,348	6,615	6,079
Cash and marketable securities	4,717	6,318	4,182
<b>Total assets</b>	<b>30,925</b>	<b>34,637</b>	<b>31,119</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	6,295	4,849	5,670
Minority interest in subsidiaries	695	773	821
Provision for pensions	3,595	3,454	3,527
Other provisions	3,555	5,995	3,821
Liabilities to credit institutions	2,460	2,071	1,963
Convertible debenture loan	230	227	228
Lease obligations	3,311	4,411	3,916
Advance payments from customers, net	3,100	3,930	3,619
Other liabilities	7,684	8,927	7,554
<b>Total shareholders' equity and liabilities</b>	<b>30,925</b>	<b>34,637</b>	<b>31,119</b>

**Key ratios**

	<b>6 months 2001</b>	<b>6 months 2000</b>	<b>12 months 2000</b>
Operating margin before depreciation	17.9%	12.0%	13.5%
Operating margin after depreciation	13.5%	7.9%	8.6%
Earnings per share, SEK <sup>1)</sup>	7.47	3.90	9.75
after full conversion, SEK <sup>1)</sup>	7.28	3.80	9.50
Pre-tax return on capital employed <sup>2)</sup>	17.9%	13.1%	14.6%
After-tax return on shareholders' equity <sup>2)</sup>	25.4%	16.7%	20.0%
Equity/assets ratio	20.4%	14.0%	18.2%
Shareholders' equity per share, SEK <sup>1)</sup>	59.13	45.55	53.26



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- 1) Number of shares: 106,459,675 as per June 30, 2001 and after full conversion 109,247,175.
- 2) Calculated for the period July 2000 to June 2001,

**Subdivided summary of balance sheet, June 30, 2001**

SEK m.	Saab	Saab Aircraft Leasing	Elimi- nations	Saab Group
<b>Assets</b>				
Goodwill and other intangible assets	1,532			1,532
Property, plant and equipment, etc,	4,507	4		4,511
Lease assets	0	5,711		5,711
Long-term interest bearing receivables	1,566			1,566
Shares, etc,	2,512		-1,500	1,012
Deferred tax receivables	1,491		-165	1,326
Inventories, etc,	3,978			3,978
Short-term interest bearing receivables	224			224
Other receivables	5,171	1,177		6,348
Cash and marketable securities	3,793	924		4,717
<b>Total assets</b>	<b>24,774</b>	<b>7,816</b>	<b>-1,665</b>	<b>30,925</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	5,722	2,073	-1500	6,295
Minority interest in subsidiaries	693	2		695
Provision for pensions	3,595			3,595
Other provisions	2,513	1,207	-165	3,555
Liabilities to credit institutions	2,460			2,460
Convertible debenture loan	230			230
Lease obligations	0	3,311		3,311
Advance payments from customers, net	3,100			3,100
Other liabilities	6,461	1,223		7,684
<b>Total shareholders' equity and liabilities</b>	<b>24,774</b>	<b>7,816</b>	<b>-1,665</b>	<b>30,925</b>

**Shareholders' equity**

Equity in the Group has changed as follows during the period:

SEK m.	Totalt
At the beginning of the year	5,670
Net income for the period	795
Dividend	-319
Translation differences etc.	149
<b>Total at the end of the period</b>	<b>6,295</b>

**Summary of cash flow statement**

<b>SEK m.</b>	<b>6 months 2001</b>	<b>6 months 2000<sup>1)</sup></b>	<b>12 months 2000<sup>1)</sup></b>
<b>Cash flow from operating activities</b>			
Income after financial items excl, Share in income of associated companies	1,053	638	1,440
Depreciation and write-down charged to income	592	581	1,336
Items affecting comparability	0	0	-246
Tax	-77	-173	-648
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,568</b>	<b>1,046</b>	<b>1,882</b>
<b>Working capital</b>			
Inventories etc.	-294	-161	270
Receivables	-256	-141	320
Advance payments from customers, net	-519	-701	-1,012
Other liabilities	130	312	-612
Lease obligations	-605	-180	-717
Provisions	-266	-601	-1,537
<b>Change in working capital</b>	<b>-1,810</b>	<b>-1,472</b>	<b>-3,288</b>
<b>Cash flow from operating activities</b>	<b>-242</b>	<b>-426</b>	<b>-1,406</b>
Investments in intangible fixed assets	7	-78	-59
Investments in shares etc.	-68	37	43
Investments in tangible fixed assets	-60	-149	-911
Investments in lease assets	540	332	476
Change in long-term receivables	-13	-18	-51
<b>Cash flow from investments</b>	<b>406</b>	<b>124</b>	<b>-502</b>
<b>Operating cash flow</b>	<b>164</b>	<b>-302</b>	<b>-1,908</b>

1) Change compared to pro forma balance sheet as per December 31, 1999.

**Order bookings and order backlog by business area**

<b>SEK m.</b>	<b>Order bookings</b>				<b>Order backlog</b>	
	<b>6 mon 2001</b>	<b>6 mon 2000</b>	<b>2<sup>nd</sup> Q 2001</b>	<b>2<sup>nd</sup> Q 2000</b>	<b>June 30, 2001</b>	<b>Dec. 31, 2000</b>
Saab Systems & Electronics	2,180	2,485	1,320	1,530	8,765	8,689
Saab Aerospace	1,572	10,688	557	343	26,872	27,097
Saab Technical Supp & Serv	1,755	1,757	775	915	1,338	1,268
Saab Bofors Dynamics	1,355	909	873	471	4,389	4,219
Saab Ericsson Space	420	329	211	162	811	816
Saab Aviation Services	1,148	1,989	560	1,004	523	540
Corporate/Other operations	242	485	101	291	448	612
Internal	-752	-753	-475	-391	-2,398	-2,150



<b>Saab Group</b>	<b>7,920</b>	<b>17,889</b>	<b>3,922</b>	<b>4,325</b>	<b>40,748</b>	<b>41,091</b>
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**Business areas**

**Saab Systems and Electronics** focuses on command and control systems, simulation systems, avionics, electronic warfare and signature management, as well as commercial operations of IT and electronics. The most important products are naval command and control systems, electronic warfare systems for combat aircraft, electronic warfare equipment such as radar warners, jammers and decoys, display systems, air defense systems, laser simulators and combat training centers, and automatic identification systems (AIS) for ships and aircraft.

**Saab Aerospace**, which has the overall system integration capability required for building complete aircraft and defense systems, develops and manufactures military aircraft systems and act as a partner in subsystems to manufacturers of large commercial aircraft. The individually biggest product is the Gripen combat aircraft. The Swedish Defence Material Administration, FMV, has ordered a total of 204 Gripen aircraft, of which 106 have been delivered. In 2000, the first export order for the Gripen, comprising 28 aircraft, was formally received from South Africa.

**Saab Technical Support and Services** focuses on the growing market for high technology services in aviation, command and control, information, communications and sensors, and supplies both military and commercial customers. More than half of sales go to the defense sector.

**Saab Bofors Dynamics**, gathers Saab's operations in precision engagement, develops and produces missile systems, portable anti-armor systems and underwater systems. Today, the business area is a complete missile systems house with products such as air-to-air, air defense, anti-ship and ground target missiles, anti-armor weaponry and torpedoes. Saab Bofors Dynamics is involved in several international collaboration projects in the missiles area.

**Saab Ericsson Space** develops and produces computers, antennas, microwave electronics and mechanical systems for the space industry. About half of the business relates to commercial telecommunication projects and the other half concerns publicly financed projects within organizations such as the European Space Agency, ESA, and bilateral and national programs.

**Saab Aviation Services** is a new business area started in 2001. Its core consists of Saab's leasing and customer support operation in regional aviation. Since the commercial risk in the leasing portfolio was eliminated last year through an insurance solution, the operation is now oriented towards developing portfolio value and the customer support operation. The business area includes remaining activities from Celsius Aviation Services until these are divested or taken care of in another way.