

Handläggare *Handled by*

Agneta Kammeby

October 8, 2003

CU 03:94 E

**INTERIM REPORT  
January - September 2003**

- **Sales SEK 11,722 m. (11,708).**
- **Net income amounted to SEK 327 m. (410).**
- **Earnings per share SEK 3.07 (3.85).**
- **Order bookings during the first nine months were SEK 15 billion (16), of which SEK 3 billion (3) in the third quarter. Order backlog amounted thereby to SEK 46 billion (44).**
- **Operating income SEK 625 m. (678) and income after financial items SEK 507 m. (593),incl. structural cost SEK 265 m. (40).**
- **Operating cash flow amounted to SEK 298 m. (-702).**
- **Operating Income, for the full year, including structural cost is forecast on a level with last year.**

**Statement by the CEO**

“In recent years, Saab’s growth has largely taken place outside Sweden and we have thereby become an increasingly international defense corporation with about half our sales going to export. This is in particular a result of changes in the outside world and of our strategy of continuing to develop broad, future-oriented and advanced systems for the Swedish market, at the same time as we have increased and continue to increase our drive towards exports of advanced products and systems.

We are also facing a number of challenges. One example is the current discussion on defense allocations and Sweden’s defense decision in 2004. Consequences of this can already be seen in the form of the 900 redundancy notices issued earlier this year, resulting in a serious impact on our operating income. The adaptation of resources is necessitated by the forthcoming conclusion of several major development projects, at the same time as recent years have brought a very limited number of new Swedish long-term development projects. The implications for next year and possible further adaptation of resources are something we are now addressing in particular.

In the marketplace, our customers are looking increasingly at the ability to solve complex defense problems, rather than procuring individual products, and therefore expect a broader systems approach and competence in systems integration from their suppliers. More and more business opportunities entail the combination of a number of units within Saab as well as partnerships with other companies. Operations within Saab are thus being increasingly

---

**Saab AB (publ)**Postadress  
*Postal address*SE-581 88 Linköping  
SwedenTelefon  
*Telephone*

+46 (0)13 18 00 00

Telefax

+46 (0)13 18 00 11

Organisationsnummer  
*Registered No*

556036-0793

Momsregnummer  
*VAT No*

SE556036079301



integrated through the ongoing reorganization process, which is moving the focus from the business areas to the business units in order to utilize the combined skills of the company in a better and more flexible manner. My conclusion is that by being more receptive to change and keeping to our two strategic main paths, we will have excellent prospects of continuing to grow, both organically and through acquisitions, as well as developing favorably. One justification for this conclusion is our continued good order bookings – SEK 15 billion for the first nine months of this year. This means that the order backlog remains at a record level of SEK 46 billion, corresponding to almost three year's invoicing. One of several important orders during the third quarter was the first order in the Meteor air-to-air missile project, where we are developing and manufacturing the proximity fuse. Order bookings continue to be dominated by orders from customers outside Sweden, whose share of the order backlog has increased to 63 %.

In the area of acquisitions and structuring, the third quarter has brought two smaller deals. We have expanded the cooperation with the South African company Grintek and also participated in the restructuring of the European explosives industry. Another important event during the quarter was the finalization of the contract with the National Debt Office for co-financing Saab's participation in the Airbus A380 project. This means that the Swedish government will share the potentials and risks in this important program for Saab and Swedish industry.

So far this year, we have seen that the underlying operations in the defense-oriented business units are continuing to develop well with increased margins and we also expect to see growth for the full year through a strong last quarter. The structural costs incurred during the year has burdened the result for the first nine months by SEK 265 m. and we foresee additional charges for the full year. The reason is, as mentioned, the situation in the Swedish market, where few new development programs and delays in others have forced immediate cutbacks. The scale of these measures and the entailed cost is larger than what we were able to foresee in June and the operating income for the full year is now forecast on a level with last year. The previous forecast comprised that Operating Income, including structural cost, for the full year would improve over last year.”

## Major events and structural developments

On 14 July this year, Åke Svensson became President and CEO of Saab. He succeeds Bengt Halse, who retired. Ingemar Andersson has been appointed Executive Vice President for business activities. Saab thereby has two Executive Vice Presidents, Ingemar Andersson and Göran Sjöblom, the latter having responsibility for the operative sphere.

During the third quarter, Saab has expanded its cooperation with the South African company, Grintek, through the formation of Grintron Integrated Defence Solutions, GrIDS, with operations in the field of command and control systems. GrIDS is part of the Grintron company, which is owned to 51% by Grintek and 49% by Saab.

Work on divesting non-core operations is taking place continuously and during the third quarter Saab, Patria and Group SNPE signed an agreement on combining their respective explosives operations, SNPE Matériaux Energétiques and Nexplo Industries, into a single company with the name EURENCO, European Energetic Corporation, headquartered in Paris. Saab will own 19.9% of the new company.



Effective January 1, 2003, Combitech Systems was transferred from Saab Systems & Electronics to Saab Technical Support and Services as part of the coordination of the commercial consultancy activities within the group.

## Operations

Saab is one of the world's leading high-technology companies, with its main activities focusing on aerospace and defense. The operations cover clearly defined areas within defense electronics, missile Systems & space electronics as well as military and civil aviation. Saab also focuses on high technology services and maintenance. Saab is organized in some 20 business units which are reported in the six business areas **Saab Systems & Electronics, Saab Aerospace, Saab Technical Support and Services, Saab Bofors Dynamics, Saab Ericsson Space** and **Saab Aviation Services**. For a brief description of the business areas, see the end of the report.

## Sales, income and orders

### Sales

Group sales during the first nine months were on a par with last year and amounted to SEK 11,722 m. (11,708). Seventy-eight (75) percent of sales was related to defense. Sales to foreign markets increased to 48 (40) percent. Sales during the third quarter were SEK 3,449 m. (3,424).

Sales of all operations in Systems & Electronics have increased compared with the same period last year. At the same time, the business area's sales have decreased due to the internal transfer of Combitech Systems, with a yearly turnover of about SEK 200 m., to Technical Support and Services. The decrease in Aerospace is attributable to variations over the year and is mainly related to fewer Gripen deliveries compared with the same period last year. Sales include 11 (16) Gripen aircraft, of which 3 (4) in the third quarter. Sales of the operations in Technical Support and Services are on a par with or have decreased slightly compared with the same period last year and the increase for the business area as such is as a whole related to the internal takeover of Combitech Systems. The increase in Dynamics is mainly attributable to higher volumes for anti-armor weapons and development work on MBTLAW, a next generation light anti-armor weapon. The space business has been affected by the continued difficult situation in both the commercial telecom market and the market for publicly financed space programs. The decrease in Aviation Services is a result of the general situation for air travel and thereby lower utilization of the aircraft fleet.

### Income and profitability

Operating income amounted to SEK 625 m. (678), corresponding to a margin of 5.3 percent (5.8). Income from defense-related operations has continued to improve compared with the previous year. At the same time, however, the income has been affected by structural charges of totally SEK 265 m. (40) for the ongoing adaptation of resources. Operating income before structural costs improved to SEK 890 m. (718), corresponding to a margin of 7.6 percent (6.1). During the first quarter this year, a provision of SEK 75 m. was made for structural measures in the underwater sector and during the second quarter a provision of SEK 75 m. was made for coordination of the command and control and avionic businesses and SEK 35 m. for further



adaptation of the space business. During the third quarter, a provision of SEK 80 m. was made for adaptation of resources within Aerospace. Operating income, after the structural cost, for the third quarter amounted to SEK 184 m. (204). Both operating income and margin for Systems & Electronics have improved, mainly as a result of volume increases for Saab Barracuda, a more favorable product mix in SaabTech and due to the fact that Saab TransponderTech reached breakeven for the first nine months of the year. Operating income for Aerosystems and Aerostructures is on a par with last year and the improvement for the business area is related to Nyge Aero. Operating margin excluding capitalization of development costs was 8.6 percent (7.6). The increased operating income for Technical Support and Services is a result of improved margins mainly due to higher utilization ratio and cost reductions in AertechTelub. The improvement in income for Dynamics is mainly due to volume increases, a more favorable product mix and continued rationalization. The structural and rationalization work in Space has continued and resulted in a positive income before the structural provision. Lower volumes have affected operating income for Aviation Services, while margin is maintained on the same level as the previous year. Operating income for Corporate/Other Operations has slightly deteriorated compared with the same period last year due to lower income in some operating companies and deteriorated trading income. To increase transparency in the reporting, the structural provisions of totally SEK 265 m. (40) have been reported separately in the business area statement. Of the provision made for structural measures SEK 150 m. relates to the completion of the Celsius integration.

Administration and marketing expenses have slightly decreased compared with the previous year. The period's internally funded investments in research and development amounted to SEK 612 m. (493), of which SEK 333 m. (184) has been capitalized and SEK 279 m. (309) has been charged to income. Other operating income during both the present and previous years consist mainly of capital gains, currency gains and income from secondary activities. Other operating expenses consist mainly of currency and capital losses. The present year also includes the provision made for structural changes of SEK 265 m. (40). Project interest on non-utilized advance payments reduced the financial net by SEK 93 m. (133) and is reported in gross income.

Net financial income and expenses amounted to SEK -118 m. (-85). The average return on external investments was 3.84 percent (4.37). Compared with the previous year, the financial net has been positively affected by lower interest rate on pension debt but negatively affected by lower average liquidity and lower return. Income after financial items amounted to SEK 507 m. (593). Current and deferred taxes amounted to SEK -167 m. (-193).

Net income for the period was SEK 327 m. (410). This corresponds to earnings per share of SEK 3.07 (3.85). Pre-tax return on capital employed was 11.4 percent (10.0). After-tax return on shareholders' equity was 9.8 percent (10.0).

### **Orders**

Group order bookings amounted to SEK 15,123 m. (15,714), of which SEK 2,760 m. (3,258) in the third quarter. Of order bookings, more than sixty percent came from customers outside Sweden. Order bookings during the third quarter included among others the development of the proximity fuse for the European air-to-air missile Meteor, German and British orders for laser simulation systems, US orders for ultra lightweight camouflage net systems, anti-armor weapons



for the US and other countries, separate orders for the Gripen, and an order for space equipment for the Galileo satellite system. The order backlog at the end of the period amounted to SEK 46,366 m. compared to SEK 43,082 m. at the beginning of the year.

## Liquidity, finance and investments

### Finance and liquidity

Liquid funds less liabilities to credit institutions compared to the beginning of the year have decreased by SEK 113 m. to 3.650 m. (3,103). The Group's net liquidity after deduction of provisions for pensions decreased to SEK 167 m. from SEK 352 m. at the beginning of the year.

Group equity/assets ratio amounted to 24.5 percent (23.0), compared to 24.3 percent at the beginning of the year. Shareholders' equity amounted to SEK 6,677 m. (6,578), corresponding to SEK 62.69 (61.79) per share, compared with SEK 64.17 at the beginning of the year.

### Cash flow

Operating cash flow was positive during the first nine months; SEK 298 m (-702) and is distributed between cash flow from operations of 419 m. (-634), acquisitions SEK 0 m. (-77) and from the regional aircraft business SEK -121 m. (9).

### Capital expenditures

The period's capital expenditures in property, plant and equipment, excluding leasing assets, amounted to SEK 330 m. (425).

### Personnel

At the end of the period, the number of employees in the Group was 13,601, compared with 14,036 at the beginning of the year.

### Ownership

Saab's principal owners are BAE SYSTEMS, Investor AB, the Wallenberg foundations, Robur funds, AMF, Eikos fund, SEB funds, Nordea funds, SEB-Trygg Insurance, Pictet & Cie, Banco funds, Skandia and several U.S. and U.K funds.

### Accounting Principles

The Group follows all the recommendations of the Swedish Financial Accounting Standards Council, which are applicable to 2003. The new recommendations have not had any material impact on the Group's financial results and position; the only effect is additional disclosures. Sales and operating income by business area for the year 2002 has not been adjusted for the internal re-organization regarding Combitech Systems.

Linköping, October 8, 2003

Åke Svensson  
President and Chief Executive Officer

This Interim Report has not been subject to review by the Company's auditors.

**Income statement**

SEK m.	Sept 2002					
	9 mos. 2003	9 mos. 2002	3 <sup>rd</sup> Q 2003	3 <sup>rd</sup> Q 2002	to Sept 2003	12 mos. 2002
<b>Sales</b>	<b>11,722</b>	<b>11,708</b>	<b>3,449</b>	<b>3,424</b>	<b>16,552</b>	<b>16,538</b>
Cost of goods sold	-8,859	-8,974	-2,598	-2,578	-12,381	-12,496
<b>Gross margin</b>	<b>2,863</b>	<b>2,734</b>	<b>851</b>	<b>846</b>	<b>4,171</b>	<b>4,042</b>
<i>Margin</i>	24.4%	23.4%	24.7%	24.7%	25.2%	24.4%
Marketing expenses	-957	-990	-307	-314	-1,292	-1,325
Administrative expenses	-748	-776	-215	-241	-1,015	-1,043
Research and development costs	-279	-309	-70	-93	-427	-457
Other operating income	44	110	16	19	216	282
Other operating expenses	-317	-101	-109	-23	-490	-274
Share in income of assoc. comp.	19	10	18	10	4	-5
<b>Operating income <sup>1)</sup></b>	<b>625</b>	<b>678</b>	<b>184</b>	<b>204</b>	<b>1,167</b>	<b>1,220</b>
<i>Margin</i>	5.3%	5.8%	5.3%	6.0%	7.1%	7.4%
Result from financial investments	-118	-85	-39	15	-260	-227
<b>Income after financial items</b>	<b>507</b>	<b>593</b>	<b>145</b>	<b>219</b>	<b>907</b>	<b>993</b>
Taxes	-167	-193	-51	-71	-247	-273
Minority interest	-13	10	-7	-1	-11	12
<b>Net income</b>	<b>327</b>	<b>410</b>	<b>87</b>	<b>147</b>	<b>649</b>	<b>732</b>
Earnings per share, SEK <sup>2)</sup>	3.07	3.85	0.82	1.38	6.09	6.87
after full conversion, SEK <sup>3)</sup>	2.99	3.75	0.79	1.34	5.94	6.70

<sup>1)</sup> Includes depreciation of	-862	-894	-273	-298	-1,136	-1,168
of which depr. on leasing assets	-403	-400	-124	-132	-531	-528
of which goodwill amortization	-127	-130	-42	-43	-173	-176

<sup>2)</sup> Average number of shares Jan - Sept 2003: 106,510,374 and 2002: 106,459,675

<sup>3)</sup> after full conversion 109,247,175

**Sales by business area**

SEK m.	Sept 2002						
	9 mos. 2003	9 mos. 2002	Chg	3 <sup>rd</sup> Q 2003	3 <sup>rd</sup> Q 2002	to Sept 2003	12 mos. 2002
Saab Systems & Electr	3,157	3,017	5%	968	879	4,639	4,499
Saab Aerospace	3,301	3,565	-7%	1,005	977	4,518	4,782
Saab Tech Supp & Serv	2,128	2,016	6%	618	550	3,034	2,922
Saab Bofors Dynamics	2,179	1,938	12%	574	581	3,066	2,825
Saab Ericsson Space	420	407	3%	131	107	618	605
Saab Aviation Services	806	1,019	-21%	275	321	1,115	1,328
Corporate/Other	306	356		105	93	443	493
Internal sales	-575	-610		-227	-84	-881	-916
<b>Saab Group</b>	<b>11,722</b>	<b>11,708</b>	<b>0%</b>	<b>3,449</b>	<b>3,424</b>	<b>16,552</b>	<b>16,538</b>

**Operating income by business area including structural costs**

SEK m.	9 mos. 2003	% of sales	9 mos. 2002	% of sales	12 mos. 2002	% of sales
Saab Systems & Electr	106	3.4%	126	4.2%	311	6.9%
Saab Aerospace	376	11.3%	417	11.7%	579	12.1%
Saab Techn Supp & Serv	166	7.8%	139	6.9%	207	7.1%
Saab Bofors Dynamics	50	2.3%	61	3.1%	102	3.6%
Saab Ericsson Space	-33	neg	-60	neg	-62	neg
Saab Aviation Services	72	8.9%	84	8.2%	136	10.2%
Corporate/Other	-112	N/a	-89	N/a	-53	N/a
<b>Saab Group</b>	<b>625</b>	<b>5.3%</b>	<b>678</b>	<b>5.8%</b>	<b>1.220</b>	<b>7.4%</b>

**Operating income by business area, excluding structural costs**

SEK m.	9 mos. 2003	% of sales	9 mos. 2002	% of sales	Oct '02 – Sept '03	% of sales	12 mos. 2002	% of sales
Saab Systems & Electr	181	5.7%	126	4.2%	366	7.2%	311	6.9%
Saab Aerospace	456	13.8%	417	11.7%	618	13.2%	579	12.1%
Saab Techn Supp & Serv	166	7.8%	139	6.9%	234	7.8%	207	7.1%
Saab Bofors Dynamics	125	5.7%	61	3.1%	166	5.8%	102	3.6%
Saab Ericsson Space	2	0.5%	-20	neg	0	0%	-22	neg
Saab Aviation Services	72	8.9%	84	8.2%	124	10.6%	136	10.2%
Corporate/Other	-112	N/a	-89	N/a	-76	N/a	-53	N/a
Structural costs	-265	N/a	-40	N/a	-265	N/a	-40	N/a
<b>Saab Group</b>	<b>625</b>	<b>5.3%</b>	<b>678</b>	<b>5.8%</b>	<b>1.167</b>	<b>7.1%</b>	<b>1.220</b>	<b>7.4%</b>

**Quarterly information**

SEK m.	January - March		April - June			
	2003	2002	2003	2002	2003	2002
<b>Sales</b>						
Saab Systems & Electronics	981	893	1,208	1,245		
Saab Aerospace	1,145	1,086	1,151	1,502		
Saab Techn Supp & Services	676	671	834	795		
Saab Bofors Dynamics	882	580	723	777		
Saab Ericsson Space	149	135	140	165		
Saab Aviation Services	267	362	264	336		
Corporate/Other	98	136	103	127		
Internal sales	-165	-333	-183	-193		
	<b>4,033</b>	<b>3,530</b>	<b>4,240</b>	<b>4,754</b>		
<b>Operating income</b>						
Saab Systems & Electronics	51	34	72	72	5.8%	5.8%
Saab Aerospace	158	133	161	173	11.5%	11.5%
Saab Techn Supp & Services	59	41	60	54	6.8%	6.8%
Saab Bofors Dynamics	39	-5	49	17	2.2%	2.2%
Saab Ericsson Space	0	-2	6	2	1.2%	1.2%
Saab Aviation Services	19	29	29	32	9.5%	9.5%
Corporate/Other	-25	-44	-52	-22	N/a	N/a
Structural costs	-75	-40	-110			
	<b>226</b>	<b>146</b>	<b>215</b>	<b>328</b>	<b>6.9%</b>	<b>6.9%</b>
Net financial income	-48	-48	-31	-52		
<b>Income after financial net</b>	<b>178</b>	<b>98</b>	<b>184</b>	<b>276</b>		
<b>Net income</b>	<b>119</b>	<b>78</b>	<b>121</b>	<b>185</b>		
<b>Earnings per share <sup>1)</sup></b>	<b>1.12</b>	<b>0.73</b>	<b>1.13</b>	<b>1.74</b>		

**Quarterly information, cont.**

SEK m.	July - September		October - December			
	2003	2002	2003	2002		
<b>Sales</b>						
Saab Systems & Electr	968	879		1,482		
Saab Aerospace	1,005	977		1,217		
Saab Techn Supp & Serv	618	550		906		
Saab Bofors Dynamics	574	581		887		
Saab Ericsson Space	131	107		198		
Saab Aviation Services	275	321		309		
Corporate/Other	105	93		137		
Internal sales	-227	-84		-306		
	<b>3,449</b>	<b>3,424</b>		<b>4,830</b>		
<b>Operating income</b>						
Saab Systems & Electr	58	6.0%	20	2.3%	185	12.5%
Saab Aerospace	137	13.6%	111	11.4%	162	13.3%
Saab Techn Supp & Serv	47	7.6%	44	8.0%	68	7.5%
Saab Bofors Dynamics	37	6.4%	49	8.4%	41	4.6%
Saab Ericsson Space	-4	neg	-20	neg	-2	neg
Saab Aviation Services	24	8.7%	23	7.2%	52	16.8%
Corporate/Other	-35	N/a	-23	N/a	36	N/a
Structural costs	-80	N/A				
	<b>184</b>	<b>5.3%</b>	<b>204</b>	<b>6.0%</b>	<b>542</b>	<b>11.2%</b>
Net financial income	-39		15		-142	
<b>Income after financial net</b>	<b>145</b>		<b>219</b>		<b>400</b>	
<b>Net income</b>	<b>87</b>		<b>147</b>		<b>322</b>	
<b>Earnings per share <sup>1)</sup></b>	<b>0.82</b>		<b>1.38</b>		<b>3.02</b>	

<sup>1)</sup> Average number of shares 2003: 106,510,374 and 2002: 106,487,407

**Total depreciation/amortization by business area**

SEK m.	9 mos.	9 mos.	3 <sup>rd</sup> Q	3 <sup>rd</sup> Q	12 mos.
	2003	2002	2003	2002	2002
Saab Systems & Electronics	139	170	45	60	198
Saab Aerospace	110	107	38	36	143
Saab Technical Support & Services	90	79	24	26	113
Saab Bofors Dynamics	64	73	22	23	97
Saab Ericsson Space	25	27	9	10	35
Saab Aviation Services – lease assets	403	400	124	132	528
Saab Aviation Services - other	10	10	4	3	15
Corporate/Other	21	28	7	8	39
<b>Saab Group</b>	<b>862</b>	<b>894</b>	<b>273</b>	<b>298</b>	<b>1,168</b>

**Of which goodwill amortization by business area**

SEK m.	9 mos.	9 mos.	3 <sup>rd</sup> Q	3 <sup>rd</sup> Q	12 mos.
	2003	2002	2003	2002	2002
Saab Systems & Electronics	64	71	22	24	95
Saab Aerospace	6	7	2	2	10
Saab Technical Support & Services	32	27	8	9	36
Saab Bofors Dynamics	22	22	8	7	29
Saab Ericsson Space	1	1	1	1	1
Saab Aviation Services	1	-	1	-	1
Corporate/Other	1	2	-	-	4
<b>Saab Group</b>	<b>127</b>	<b>130</b>	<b>42</b>	<b>43</b>	<b>176</b>



**Balance sheet**

SEK m.	Sept 30, 2003	Dec. 31, 2002	Sept 30, 2002
<b>Assets</b>			
Goodwill and other intangible assets	2,492	2,297	2,141
Property, plant and equipment, etc.	4,251	4,325	4,271
Lease assets	5,125	5,672	5,807
Long-term interest bearing receivables	918	1,053	1,166
Shares, etc.	390	413	502
Deferred tax receivables	1,129	1,279	1,352
Inventories, etc.	3,780	3,745	4,083
Short-term interest bearing receivables	16	55	0
Other receivables	5,189	5,413	5,588
Cash and marketable securities	4,008	3,857	3,711
<b>Total assets</b>	<b>27,298</b>	<b>28,109</b>	<b>28,621</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	6,677	6,833	6,578
Minority interest in subsidiaries	123	110	120
Provision for pensions	3,483	3,411	3,460
Other provisions	2,393	2,600	2,639
Liabilities to credit institutions	1,061	972	1,545
Convertible debenture loan	231	230	229
Lease obligations	2,694	2,926	3,130
Advance payments from customers, net	3,295	3,775	4,033
Other liabilities	7,341	7,252	6,887
<b>Total shareholders' equity and liabilities</b>	<b>27,298</b>	<b>28,109</b>	<b>28,621</b>

**Shareholders' equity**

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

SEK m.	Total
At the beginning of the year	6,833
Net income for the period	327
Dividend	-373
Translation differences etc.	-110
<b>Total at the end of the period</b>	<b>6,677</b>

**Personnel by business area**

Number	Sept 30, 2003	Dec. 31, 2002	Change	Sept 30, 2002
Saab Systems & Electronics	2,725	3,026	-301	3,003
Saab Aerospace	4,210	4,379	-169	4,389
Saab Technical Supp & Serv	3,039	2,760	279	2,775
Saab Bofors Dynamics	1,723	1,904	-181	1,913
Saab Ericsson Space	571	634	-63	638
Saab Aviation Services	799	815	-16	804
Corporate/Other operations	534	518	16	587
<b>Saab Group</b>	<b>13,601</b>	<b>14,036</b>	<b>-435</b>	<b>14,109</b>

**Subdivided summary of balance sheet, September 30, 2003**

SEK m.	Saab	Saab Aircraft Leasing	Elimi- nations	Saab Group
<b>Assets</b>				
Goodwill and other intangible assets	2,492			2,492
Property, plant and equipment, etc.	4,249	2		4,251
Lease assets		5,125		5,125
Long-term interest bearing receivables	918			918
Shares, etc.	1,890		-1,500	390
Deferred tax receivables	1,420		-291	1,129
Inventories, etc.	3,761	19		3,780
Short-term interest bearing receivables	16			16
Other receivables	4,278	911		5,189
Cash and marketable securities	3,824	184		4,008
<b>Total assets</b>	<b>22,848</b>	<b>6,241</b>	<b>-1,791</b>	<b>27,298</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	6,335	1,842	-1,500	6,677
Minority interest in subsidiaries	117	6		123
Provision for pensions	3,483			3,483
Other provisions	2,121	563	-291	2,393
Liabilities to credit institutions	1,061			1,061
Convertible debenture loan	231			231
Lease obligations		2,694		2,694
Advance payments from customers, net	3,295			3,295
Other liabilities	6,205	1,136		7,341
<b>Total shareholders' equity and liabilities</b>	<b>22,848</b>	<b>6,241</b>	<b>-1,791</b>	<b>27,298</b>

**Capital employed by business area**

SEK m.	Sept 30, 2003	Dec. 31, 2002	Sept 30, 2002
Saab Systems & Electr	3,606	3,211	3,124
Saab Aerospace	1,984	2,235	2,055
Saab Tech Supp & Serv	1,569	1,536	1,560
Saab Bofors Dynamics	1,233	1,214	1,199
Saab Ericsson Space	406	442	434
Saab Aviation Services	3,285	3,516	3,698
Corporate/Other	-508	-598	-138
<b>Saab Group</b>	<b>11,575</b>	<b>11,556</b>	<b>11,932</b>

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

SEK m.	Order bookings				Order backlog	
	9 mos. 2003	9 mos. 2002	3 <sup>rd</sup> Q 2003	3 <sup>rd</sup> Q 2002	Sept 30, 2003	Sept 30, 2002
Saab Systems & Electr	3,028	3,917	861	1,182	9,449	9,703
Saab Aerospace	6,129	2,469	261	271	27,500	24,675
Saab Tech Supp & Serv	2,252	2,290	502	476	1,087	1,006
Saab Bofors Dynamics	3,093	6,188	950	997	9,241	8,300
Saab Ericsson Space	330	362	151	116	646	736
Saab Aviation Services	1,009	1,013	270	308	414	210
Corporate/Other	367	250	95	61	285	224
Internal	-1,085	-775	-330	-153	-2,256	-1,772
<b>Saab Group</b>	<b>15,123</b>	<b>15,714</b>	<b>2,760</b>	<b>3,258</b>	<b>46,366</b>	<b>43,082</b>

**Summary of cash flow statement**

<b>SEK m.</b>	<b>9 mos. 2003</b>	<b>9 mos. 2002</b>	<b>12 mos. 2002</b>
<b>Cash flow from operating activities</b>			
Income after financial items, excl share in income of associated companies	488	583	998
Depreciation and write-down charged to income	862	894	1,176
Taxes	-12	-33	-18
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,338</b>	<b>1,444</b>	<b>2,156</b>
<b>Working capital</b>			
Inventories etc.	-35	-354	-16
Receivables	234	-179	6
Advance payments from customers, net	-480	-161	-419
Other liabilities	89	-420	-55
Lease obligations	-232	9	-195
Provisions	-207	-344	-383
<b>Change in working capital</b>	<b>-631</b>	<b>-1,449</b>	<b>-1,062</b>
<b>Cash flow from operating activities</b>	<b>707</b>	<b>-5</b>	<b>1,094</b>
Investments in intangible fixed assets	-327	-297	-508
Investments in shares etc.	37	-26	36
Investments in tangible fixed assets	-253	-262	-415
Investments in lease assets	144	-104	-97
Change in long-term receivables	-10	-8	-18
<b>Cash flow from investments</b>	<b>-409</b>	<b>-697</b>	<b>-1,002</b>
<b>Operating cash flow</b>	<b>298</b>	<b>-702</b>	<b>92</b>

**Operating cash flow by business area**

<b>SEK m.</b>	<b>9 mos. 2003</b>	<b>9 mos. 2002</b>	<b>12 mos. 2002</b>
Saab Systems & Electronics	258	-518	-641
Saab Aerospace	-410	-185	427
Saab Technical Support & Services	198	28	245
Saab Bofors Dynamics	260	68	30
Saab Ericsson Space	15	-34	-32
Saab Aviation Services	31	177	239
Corporate/Other	-54	-238	-176
<b>Saab Group</b>	<b>298</b>	<b>-702</b>	<b>92</b>

**Key ratios**

	9 mos. 2003	9 mos. 2002	12 mos. 2002
Operating margin before depreciation	9.2%	6.9%	11.2%
Operating margin before goodwill amort.	6.4%	10.0%	8.4%
Operating margin after depreciation	5.3%	5.8%	7.4%
Earnings per share, SEK <sup>1)</sup>	3.07	3.85	6.87
after full conversion, SEK <sup>1)</sup>	2.99	3.75	6.70
Earnings per share before goodwill, SEK <sup>1)</sup>	4.26	5.07	8.52
Pre-tax return on capital employed	11.4%	10.0%	11.6%
After-tax return on shareholders' equity	9.8%	10.0%	10.8%
Equity/assets ratio	24.5%	23.0%	24.3%
Shareholders' equity per share, SEK <sup>1)</sup>	62.69	61.79	64.17

1) Average no of shares Jan – Sept 2003: 106,510,374 and Jan - Sept 2002: 106,459,675.

Average no of shares 2002: 106,487,407. After full conversion 109,247,175

**Five-year overview**

SEK m., unless otherwise stated	2002	2001	2000	Proforma		
				1999	1999	1998
Order bookings	19,521	15,274	28,141	15,267	6,849	5,797
Order backlog at year-end	43,082	40,034	41,091	29,891	23,637	23,132
Sales	16,538	15,689	17,840	18,018	9,053	8,248
Foreign market sales, %	41	40	48	48	38	41
Operating income	1,220	1,594	1,533	1,125	1,104	875
Operating margin, %	7.4	10.2	8.6	6.2	12.2	10.6
Operating margin before depr., %	11.2	14.4	13.5	10.7	17.1	14.7
Operating income excl capital gains	1,220	944	895	870	849	875
Operating margin excl capital gains, %	7.4	6.0	5.0	4.8	9.4	10.6
Income after financial items	993	1,554	1,448	1,116	1,377	1,218
Net income	732	1,127	1,038	735	939	912
Total assets	28,109	29,901	31,119	36,641	28,079	29,680
Operating cash flow	92	1,642	-1,908	N/a	-2,368	-1,105
Pre-tax return on capital employed, %	11.6	15.5	14.6	N/a	21.3	21.4
After-tax return on equity, %	10.8	18.3	20.0	N/a	21.5	25.6
Equity/assets ratio, %	24.3	22.3	18.2	12.8	16.8	13.6
Earnings per share, SEK <sup>2)</sup>	6.87	10.59	9.75	6.90	8.82	8.55
after full conversion, SEK <sup>3)</sup>	6.70	10.32	9.50	6.73	8.60	8.35
before goodwill amortization, SEK <sup>2)</sup>	8.52	12.11	11.47	8.62	9.36	8.70
Dividend per share, SEK	3.50	3.25	3.00	N/a	2.50	2.00
Equity per share, SEK <sup>1)</sup>	64.17	62.74	53.26	44.15	44.23	37.90
Number of employees at year-end	14,036	14,028	15,453	16,665	8,031	7,891

Aside from the pro forma figures for 1999, the figures have not been revised and match those in the published information for each year.

<sup>1)</sup> Number of shares as of December 31, 2002: 106,510,374 1998-2001: 106,459,675

<sup>3)</sup> Number of shares after full conversion:

109,247,175

<sup>2)</sup> Average number of shares 2002: 106,487,407. 1998-,2001:106,459,675

**Sales by market**

<b>SEK m.</b>	<b>9 mos. 2003</b>	<b>% of sales</b>	<b>9 mos. 2002</b>	<b>% of sales</b>	<b>12 mos. 2002</b>	<b>% of sales</b>
Sweden	6,111	52%	7,081	61%	9,707	59%
Rest of EU	2,665	23%	2,028	18%	3,280	20%
Rest of Europe	499	4%	385	3%	616	4%
North America	753	6%	976	8%	1,267	8%
Latin America	139	1%	149	1%	185	1%
Asia	777	7%	396	3%	536	3%
Australia, etc.	771	7%	685	6%	937	5%
Other	7	-	8	-	10	-
<b>Saab Group</b>	<b>11,722</b>	<b>100%</b>	<b>11,708</b>	<b>100%</b>	<b>16,538</b>	<b>100%</b>

**Business areas**

**Saab Systems & Electronics** focuses on command and control systems, simulation systems, avionics, electronic warfare and signature management, as well as commercial operations of IT.

**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.

**Saab Technical Support and Services** focuses on the growing market for high technology services in aviation, command and control, information, communications and sensors.

**Saab Bofors Dynamics**, gathers Saab's operations in precision engagement, develops and produces missile systems, portable anti-armor systems and underwater systems.

**Saab Ericsson Space** develops and produces computers, antennas, microwave electronics and mechanical systems for the space industry.

**Saab Aviation Services** core consists of Saab's leasing and customer support operation in regional aviation. The commercial risk in the leasing portfolio was eliminated in the year 2000 through an insurance solution.

**Dates for financial information:**

*The 2003 Report will be published on February 12, 2004*

*Interim Report for January – March 2004, will be published on April 19, 2004*

**For further information, please contact:**

*Lars Wahlund, SVP, Corporate Financial Control*

*tel. +46 13 18 71 35*

*Iréne Svensson, SVP, Corporate Communications*

*tel. +46 8 463 01 30*

**Press conference with CEO Åke Svensson:**

*Today Wednesday October 8, 14.30, World Trade Center, Stockholm*

**Telephone interview with CEO Åke Svensson:**

*Today Wednesday October 8*

*tel.+46 13 18 00 18*

*Contact Peter Larsson*

*tel.+46 734 18 00 18*

**International teleconference:**

*Today Wednesday October 8, 16.00 (CET).*

*tel. +46 13 18 71 49*

*Contact Marita Sidén for registration and further information.*

*tel.+46 734 18 71 49*

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