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# Interim Report Q1

Åke Svensson

*Stockholm 2004-04-19*



**SAAB**



## Q1 2004 in brief

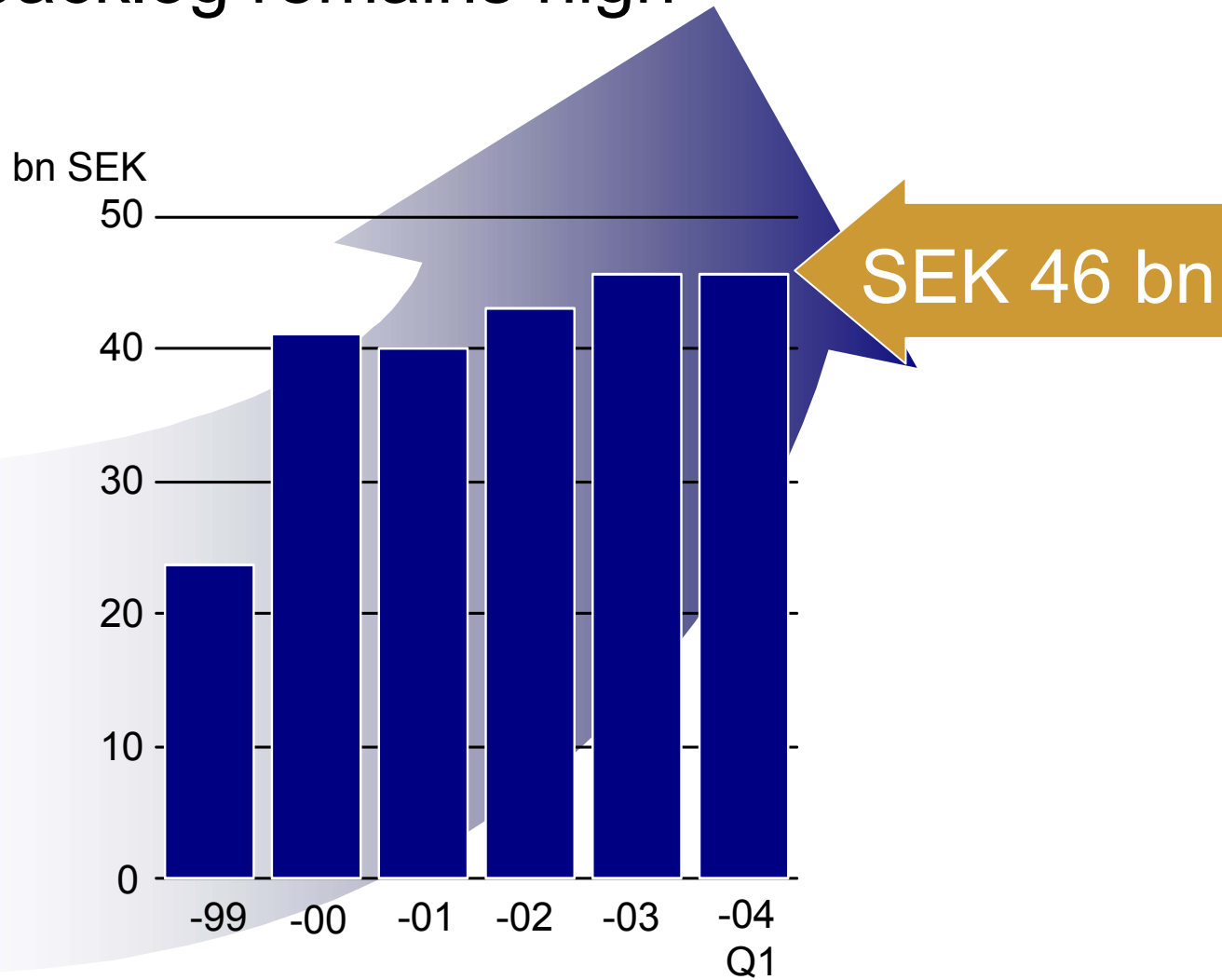
- Sales SEK 3,813 m (4,033)
- Net income SEK 205 m (119)
- Earnings per share SEK 1.92 (1.12)
- Order bookings SEK 4,223 m (6,316)
- Order backlog amounts to SEK 46 bn
- Operating income SEK 305 m (226)
- Income after financial items SEK 303 m (178)
- Continued reduction of personnel



# Highlights Jan-March 2004

- RAKEL - radio communications network for swedish public safety authorities. SEK ~500 m
- Missile System for the German Navy. SEK 120 m
- IRIS-T - contract value EUR 12.5 m
- Maintenance and support of combat training system in Finland. SEK 165 m
- Definition of next generation of underwater systems – TMS. SEK 100 m
- Two Saab 340 to Swedish Defence Materiel Administration (FMV)
- Three orders for Space – slight overall market improvement
- Acquisitions approved – Grintek and EURENCO
- Continued reduction of personnel

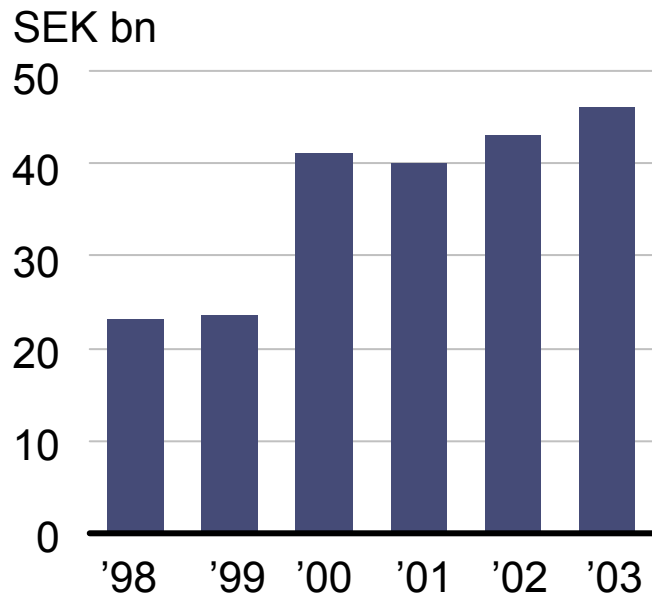
# Order backlog remains high



# Strong order backlog



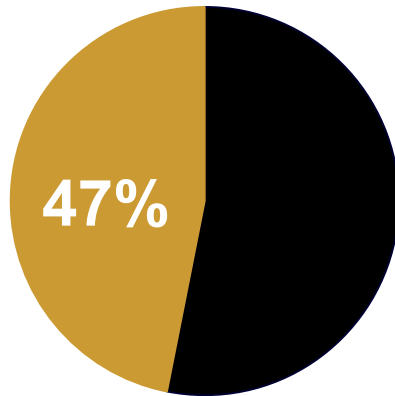
*Organic sales growth +5% per annum*



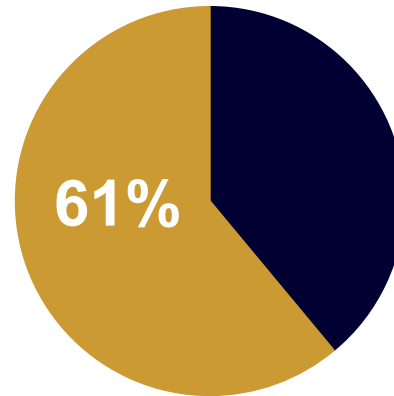
- High order backlog, SEK 46 bn
- Order backlog includes:
  - Gripen, Sweden and exports
  - Design Rules for Sweden's new Network-Based Defence
  - TMS, sonar and EW systems and fuselage for helicopters
  - Airbus A380, A320/340
  - Command and control systems, Display system (avionics), Electronic warfare
  - **Combat training centers** and laser simulators
  - **Air defence** and Anti-armour systems
  - **Torpedo systems and Anti-ship missiles**
  - Ultra light Camouflage Net systems

# Increasing share of exports, Q1 2004

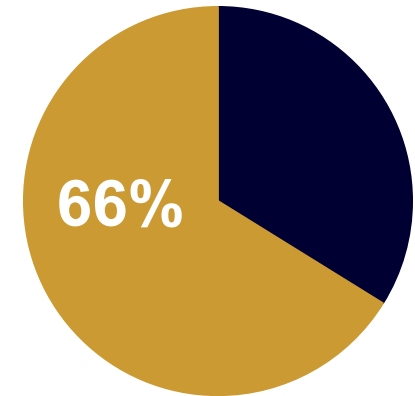
## Sales



## Order bookings

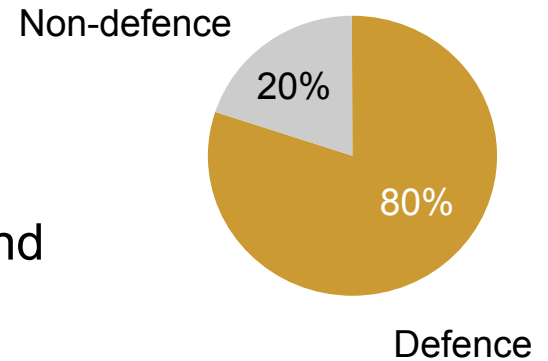
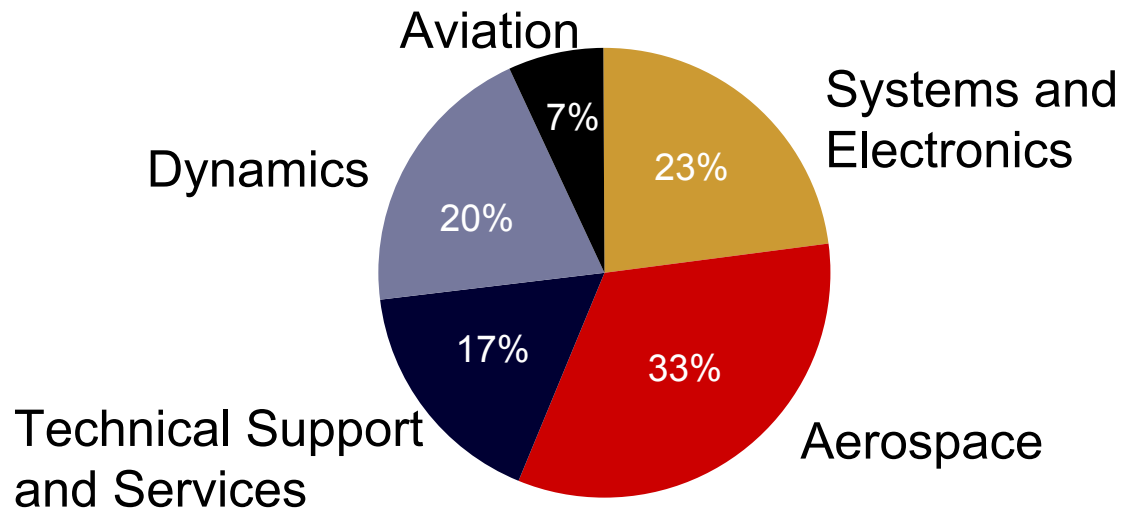


## Order backlog



● International    ● Domestic

# Sales by business area



	3 months 2004	3 months 2003	12 months 2003
Sales, SEK m.	3,813	4,033	17,250
EBIT, SEK m.	305	226	1,293
Operating margin, per cent	8.0	5.6	7.5
No. of employees, total	12,998	13,807	13,414



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# Interim Report Q1

Lars Wahlund

*Stockholm 2004-04-19*



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# Order bookings and order backlog

SEK millions	Order bookings 3 months		Order backlog
	2004	2003	March 31, 2004
Systems and Electronics	781	931	9,108
Aerospace	1,580	3,033	27,433
Technical Support and Services	988	877	1,223
Dynamics	747	1,134	9,747
Aviation Services	297	505	375
Corporate/ Other operations	5	77	55
Internal	-175	-241	-2,190
<b>Saab Group</b>	<b>4,223</b>	<b>6,316</b>	<b>45,751</b>

# Sales

SEK millions	3 months 2004	3 months 2003	Change	12 months 2003
Systems and Electronics	959	925	4%	4,677
Aerospace	1.272	1,294	-2%	5,775
Technical Support and Services	719	732	-2%	3,032
Dynamics	795	882	-10%	3,113
Aviation Services	276	267	3%	1,095
Corporate/ Other operations	5	98		407
Internal	-213	-165		-849
<b>Saab Group</b>	<b>3,813</b>	<b>4,033</b>	<b>-5%</b>	<b>17,250</b>

# Operating income EBIT

SEK millions	3 months		3 months		12 months	
	2004	<i>margin</i>	2003	<i>margin</i>	2003	<i>margin</i>
Systems and Electronics	33	3.4%	55	5.9%	327	7.0%
Aerospace	138	10.8%	158	12.2%	558	9.7%
Technical Supp & Serv	60	8.3%	55	7.5%	232	7.7%
Dynamics	69	8.7%	-36	neg	172	5.5%
Aviation Services	18	6.5%	19	7.1%	87	7.9%
Corporate/Other op.	-13	N/a	-25	N/a	-83	N/a
<b>Saab Group</b>	<b>305</b>	<b>8.0%</b>	<b>226</b>	<b>5.6%</b>	<b>1,293</b>	<b>7.5%</b>

# Operating income

SEK millions	3 months 2004		3 months 2003	
		<i>margin</i>		<i>margin</i>
Defence	300	8.5%	232	6.3%
Aviation Serv	18	6.5%	19	7.1%
Corporate/Other op.	-13		-25	
<b>Total</b>	<b>305</b>	<b>8.0%</b>	<b>226</b>	<b>5.6%</b>

# Income statement

SEK millions	3 months 2004	3 months 2003	12 months 2003
<b>Sales</b>	<b>3,813</b>	<b>4,033</b>	<b>17,250</b>
Cost of goods sold	-2,920	-3,070	-12,997
<b>Gross margin</b>	<b>893</b>	<b>963</b>	<b>4,253</b>
<i>Gross margin</i>	23.4%	23.9%	24.7%
Marketing expenses	-314	-305	-1,250
Administrative expenses	-218	-256	-983
Research and development costs	-78	-97	-414
Other operating income	23	18	157
Other operating expenses	-14	-95	-517
Share in income of associated companies	13	-2	47
<b>Operating income</b>	<b>305</b>	<b>226</b>	<b>1,293</b>
<i>Operating margin</i>	8.0%	5.6%	7.5%
Result from financial investments	-2	-48	-220
<b>Income after financial items</b>	<b>303</b>	<b>178</b>	<b>1,073</b>
Taxes	-95	-57	-315
Minority interest	-3	-2	-12
<b>Net income</b>	<b>205</b>	<b>119</b>	<b>746</b>
Earnings per share, SEK	1.92	1.12	7.00

# Balance sheet

SEK millions	March 31, 2004	Jan. 1, 2004	Change
<b>Assets</b>			
Goodwill and other intangible assets	2,534	2,497	37
Property, plant and equipment, etc.	4,047	4,230	-183
Lease assets	4,965	5,038	-73
Long-term interest bearing receivables	805	765	40
Shares, etc	639	415	224
Deferred tax receivables	941	981	-40
Inventories, etc.	4,356	4,133	223
Short-term interest bearing receivables	98	39	59
Other receivables	5,569	6,363	-794
Cash and marketable securities	3,624	4,243	-619
<b>Total assets</b>	<b>27,578</b>	<b>28,704</b>	<b>-1,126</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	7,349	7,086	263
Minority interest in subsidiaries	92	147	-55
Provision for pensions	2,901	3,375	-474
Other provisions	2,145	2,234	-89
Liabilities to credit institutions	866	862	4
Convertible debenture loan	232	232	
Lease obligations	2,538	2,597	-59
Advance payments from customers, net	3,593	3,990	-397
Other liabilities	7,862	8,181	-319
<b>Total shareholders' equity and liabilities</b>	<b>27,578</b>	<b>28,704</b>	<b>-1,126</b>
Equity/assets ratio, %	26.6	24.7	

# Balance sheet, March 31, 2004, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Elimi- nations	Saab Group
Goodwill and other intangible assets	2,534			2,534
Property, plant and equipment	4,045	2		4,047
Lease assets		4,965		4,965
Long-term interest bearing receivables	805			805
Shares, etc	2,139		-1,500	639
Deferred tax receivables	1,232		-291	941
Inventories, etc.	4,351	5		4,356
Short-term interest bearing receivables	98			98
Other receivables	4,698	871		5,569
Cash and marketable securities	3,409	215		3,624
<b>Total assets</b>	<b>23,311</b>	<b>6,058</b>	<b>-1,791</b>	<b>27,578</b>
Shareholders' equity	7,106	1,743	-1,500	7,349
Minority interest in subsidiaries	90	2		92
Provision for pensions	2,901			2,901
Other provisions	1,861	575	-291	2,145
Liabilities to credit institutions	866			866
Convertible debenture loan	232			232
Lease obligations		2,538		2,538
Advance payments from customers, net	3,593			3,593
Other liabilities	6,662	1,200		7,862
<b>Total shareholders' equity &amp; liabilities</b>	<b>23,311</b>	<b>6,058</b>	<b>-1,791</b>	<b>27,578</b>

# Cash flow

SEK millions	3 months 2004	3 months 2003	12 months 2003
<b>Cash flow from operating activities</b>			
Income after financial items excl share in income of associated companies	303	178	1,073
Adjustments for items not affecting cash flow	261	310	1,170
Tax paid	-16	-5	-57
<b>Cash flow from operating activities before changes in working capital</b>	<b>548</b>	<b>483</b>	<b>2,186</b>
<b>Working capital</b>			
Inventories etc.	-342	-28	-378
Receivables	710	-118	-855
Advance payments from customers	-393	-458	215
Other liabilities	-248	153	875
Lease obligations	-59	-83	-329
Provisions	-76	-12	-366
<b>Change in working capital</b>	<b>-408</b>	<b>-546</b>	<b>-838</b>
<b>Cash flow from operating activities</b>	<b>140</b>	<b>-63</b>	<b>1,348</b>
Investments in intangible fixed assets	-87	-119	-397
Investments in/Sales of shares etc.	-88	2	30
Investments in tangible fixed assets	-78	-111	-472
Investments in lease assets	-2	-4	-37
Sales of intangible and tangible assets	27	24	73
<b>Cash flow from investments</b>	<b>-228</b>	<b>-208</b>	<b>-803</b>
<b>Operating cash flow</b>	<b>-88</b>	<b>-271</b>	<b>545</b>





# Cash flow summary

SEK millions	Q1 2004	2003	2002
<b>Operations pre advances</b>	<b>437</b>	<b>517</b>	<b>598</b>
Change in advances	-393	215	-419
<b>Operations</b>	<b>44</b>	<b>732</b>	<b>179</b>
Acquisitions/divestments	-88	42	-80
Saab Aircraft Leasing and regional aircraft	-28	-172	-166
Tax paid	-16	-57	-25
<b>Total</b>	<b>-88</b>	<b>545</b>	<b>-92</b>

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# Outlook

Forecast and important issues 2004

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*Stockholm 2004-04-19*



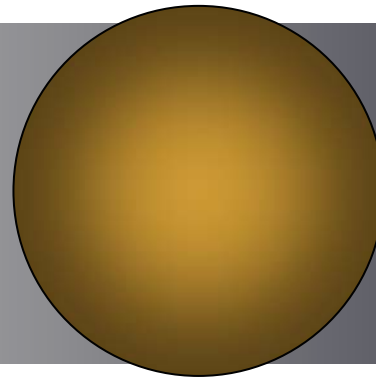
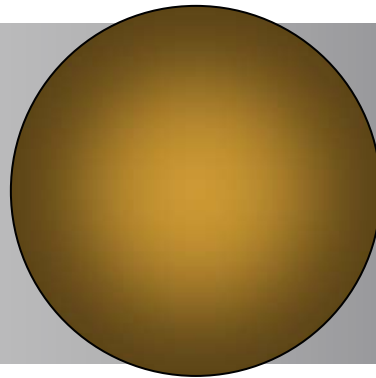
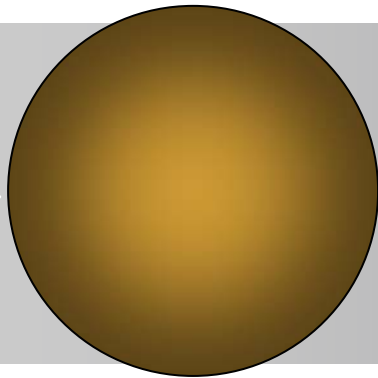
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# Defence decision 2004

Proposal from Swedish  
Armed Forces

Defence  
bill

Parliamentary  
resolution



2005-2007

February 2004

September 2004

December 2004

# Integration of civil and military technology

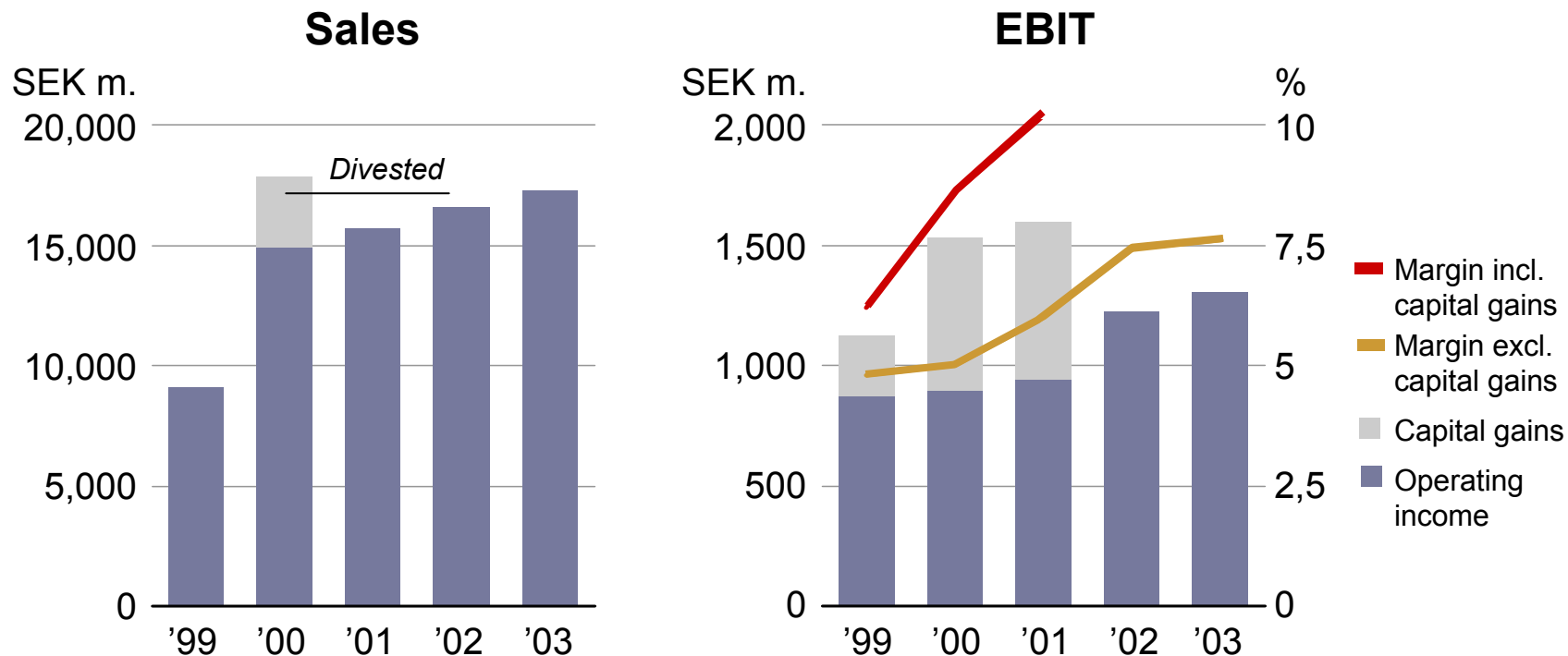


**For a safer society**

# Forecast 2004

**Top-line** in the order of a 5% organic growth

**EBIT** margin 10% within reach, with caution for further reconstructions

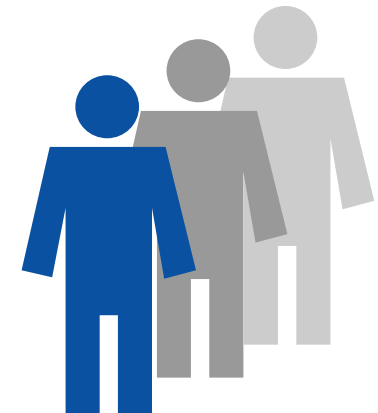


# Our strategy stands strong

				Airborne Systems
				Air Defence Systems
				Electronic Warfare Systems
				Simulation and Training Systems
				Shoulder-launched Anti-armour and Support Weapons
				Signature Management Systems
				Naval Systems
				Command and Control Systems

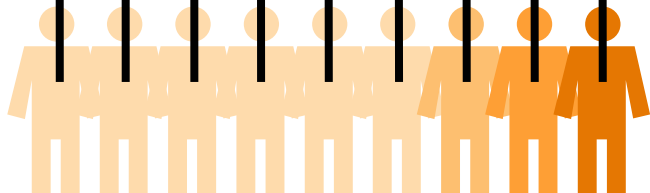
## Home markets

- development of future systems in international cooperations
- systems integration
- technical services



## World market

- sale of nisch products
- development in international cooperations
- growth by acquisitions





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