

**SAAB**

PRESS INFORMATION

Handläggare *Handled by*
Göran Wedholm

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INTERIM REPORT January – March 2005

- **Sales amounted to SEK 3,822 m. (3,813)**
- **Net income for the period was SEK 232 m. (250)**
- **Earnings per share amounted to SEK 2.04 (2.26)**
- **Order bookings after the first quarter amounted to SEK 3,801 m. (4,223)**
- **The order backlog amounts to SEK 43 billion (46)**
- **Operating income was SEK 345 m. (353) and income after financial items was SEK 327 m. (349)**

Statement by the CEO

“The first quarter developed in line with our plans and previous estimates. Similar to previous years, sales were slightly lower than the annual rate. Income as a whole is stable and the margin before structural costs is in line with the previous year. Income has improved for the business segments Defense & Security Solutions and Systems & Products, while we are seeing a decrease in Aeronautics due to lower income in the Gripen program.

Order bookings continue to be dominated by foreign orders; 64 percent of our orders during the first quarter are attributable to the export market.

The largest order was for a fire control system and vehicle computers for the Dutch Army's CV9035 combat vehicles. The combined order value is SEK 700 million.

In Australia, Saab received an order to upgrade the command and control system for the ANZAC frigates. The contract value exceeds SEK 650 million and entails development work in both Sweden and Australia.

During the quarter Saab further extended its cooperation with Airbus through an agreement signed in March for avionics equipment for the A400M, the next-generation military transport aircraft. Based on Airbus' market estimates, the contract could be worth approximately SEK 400 million. Saab is a risk-sharing partner in the program.

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An historic milestone in the Gripen program was passed last Monday when six aircraft were delivered to the Czech Air Force. The Gripen system will now become operational for the first time in a NATO country.

In December 2004 the Swedish Parliament set the defense budget for the period 2005–2007, gradually reducing the annual budget. The government also decided on further cuts for 2005. The spring bill presented last week includes no changes in this regard. As a whole, this will lead to fewer development projects and shorter production series for the defense industry. Saab will therefore continue to improve efficiencies and adapt its Swedish operations at an undiminished rate. During the first quarter a total of 105 employees were laid off and in early April another 305 were let go.

The consequences stretch outside the defense industry. We are strongly convinced that a highly efficient, research intensive industrial company like Saab is important to Sweden.

Saab's strategy entails a continued internationalization with the aim of growing through acquisitions. Negotiations on the offer to acquire an additional 49 percent shareholding in Grintek Ltd in South Africa continue, and our hope is that the deal can be finalized during the second quarter. If the purchase is completed, Saab will become the majority owner with slightly over 70 percent of the shares and the number of employees outside Sweden will increase by approximately 1,500.

Our full-year forecast remains unchanged. We anticipate approximately 5 percent organic growth. Operating income is expected to generate an operating margin below last year's reported level of 9.3 percent. Income after structural costs will therefore be slightly lower than 2004. Our long-term objective of a 10 percent operating margin remains unchanged.

From 2005 Saab is reporting according to new business segments and the International Financial Reporting Standards, IFRS. The new financial reporting method for Saab's operations more clearly reflects the strategic direction of the company. A more detailed description of our business segments is provided in a press release dated April 7."

Important orders and events in the first quarter 2005

- In January Saab Systems received an order worth SEK 620 million for a fire control system from Land Systems Hägglunds AB for the Dutch Army's combat vehicles. AerotechTelub will deliver a vehicle computer system for the same combat vehicles valued at approximately SEK 80 million.
- Saab Systems in Australia received an order to upgrade the ANZAC class frigates. The contract value exceeds SEK 650 million.
- In March Saab signed a contract with Airbus for avionics equipment for the A400M. Based on Airbus' market estimates for the A400M, the contract could be worth approximately SEK 400 million. Saab has been a supplier to Airbus since 1997 and since November 2004 is a risk-sharing partner in the A400M program.
- Saab Underwater Systems received an order, worth SEK 70 m., in January from FMV, the Swedish Defence Materiel Administration, for underwater systems that will be used by the Swedish Navy primarily for minehunting.



- In January the Swedish Supreme Administrative Court gave the go-ahead to FMV's procurement of the RAKEL shared radio communication system for Sweden's safety and security authorities, which means that the consortium of Saab, Nokia and Eltel Networks can begin the project.
- In March Saab signed a 5 +1+1 year credit facility of SEK 4 billion to increase the Saab Group's long-term financial stability.
- The Swedish Armed Forces' contract with AerotechTelub to operate the spare parts warehouse in Arboga was signed in April and affects a total of around 100 people, all of whom will be offered employment at AerotechTelub.

Organization

Saab's Annual General Meeting on April 6 reelected board members Anders Scharp, Erik Belfrage, Stephen Henwood, Peter Nygårds, George Rose, Åke Svensson and Marcus Wallenberg. Per-Arne Sandström, the former deputy CEO of Telefonaktiebolaget L M Ericsson, and Lena Torell, President of the Royal Swedish Academy of Engineering Sciences, were elected to the board. Björn Svedberg and Alison Wood had declined reelection. Anders Scharp was elected Chairman.

As part of an increased internationalization, Gripen International's Managing Director, Ian McNamee, has been appointed to Saab's Group Management. Ian McNamee has responsibility for Saab's overall marketing efforts within Saab International.

Helena Stålnert has been appointed the new Communications Director and a member of Saab's Group Management. She will begin her new position at Saab on June 1.

Description of operations

Saab is one of the world's leading high-technology companies, with its main operations in defense, aviation and space. Operations focus on select areas in defense electronics, missile systems and space electronics, as well as military and commercial aviation. Saab is also active in technical services and maintenance.

Business segments

Defense & Security Solutions provides technical support and services, command and control products, "system of systems" solutions and lifecycle commitments for these services and solutions.

Systems & Products develops and produces complete systems at various levels, including further development and upgrades, studies and demonstrators, and often provides maintenance and components. Lifecycle commitments, including the operation of the systems it delivers, are offered as well.



Aeronautics focuses on both military and commercial operations and is dominated by the advanced and important Gripen program. Commercial operations are shifting toward the delivery of subsystems and components to the major manufacturers of passenger and transport aircraft, Airbus and Boeing.

Sales, income and orders

Sales

Group sales rose compared with the previous year to SEK 3,822 m. (3,813). Organic growth was approximately 4 percent after adjusting for the deconsolidation of Hawker Pacific, which is now reported as an associated company.

82 percent (80) of sales was related to defense. Sales to foreign markets exceeded sales in the home market and amounted to 51 percent (47).

Sales for *Defense & Security Solutions* rose to SEK 1,064 m. (1,023). The increase is mainly due to higher systems deliveries and services from Saab Systems and AerotechTelub.

Sales for *Systems & Products* rose to SEK 1,546 m. (1,417) through higher volumes in the US market for Saab Barracuda as well as increased sales of avionics and electronic warfare systems from SaabTech. Saab Ericsson Space and Saab Training Systems also noted slight sales increases, while sales for Saab Bofors Dynamics decreased slightly compared with the previous year due to a slight delay in deliveries in 2005.

Aeronautics' sales rose to SEK 1,492 m. (1,437). Sales for Saab Aerosystems rose through higher invoicing in the export market. Sales include 3 (3) Gripen aircraft. Saab Aerostructures raised its invoicing for Airbus programs according to plan. Aircraft's sales of support and spares for the Saab340/Saab2000 fleet decreased compared with the previous year in a market that remains under pressure. Aviocomp has also been adversely affected by difficult market conditions.

Income, margin and profitability

Consolidated operating income amounted to SEK 345 m. (353), corresponding to a margin of 9.0 percent (9.3). Operating income was affected by costs for structural measures in Aeronautics of SEK 29 m. Excluding structural costs, the margin was 9.8 percent.

Operating income for *Defense & Security Solutions* amounted to SEK 114 m. (88) and the margin was 10.7 percent (8.6). The income improvement was mainly due to higher margins in Saab Systems' operations.

Systems & Products improved its operating income to SEK 170 m. (89). Most units improved their margin, with the exception of Saab Bofors Dynamics, where lower volumes affected the margin negatively. Operating margin was 11.0 percent (6.3)



Operating income for *Aeronautics* decreased to SEK 98 m. (176) due to lower margins in the Gripen program and lower volumes in Saab Aircraft and Saab Aviocomp. Structural costs of SEK 29 m. (0) were charged against income. The operating margin was 6.6 percent (12.2). Excluding structural costs, the margin was 8.5 percent.

Corporate reported an operating loss of SEK -37 m. (0). The previous year was affected by a nonrecurring gain of SEK 19 m. attributable to structural measures at the former Celsius Aviation Services. Corporate and other operations comprise shared Group expenses, expenses and income related to support operations, trading, results from certain operating companies and results in connection with liquidations. Results can therefore vary between periods. The leasing portfolio comprising the Saab 340 and Saab 2000 aircraft are included in other operations. The leasing portfolio is accounted for as a financial asset. There was no impact on income for the period.

As a whole, administrative and marketing expenses are unchanged compared with the previous year. Of the period's internally funded investments in research and development, a total of SEK 77 m. (87) has been capitalized and SEK 81 m. (78) has been charged to operating income for the year, which includes depreciation of SEK 15 m. (9). Other operating income during past and present years includes capital gains, currency gains and results from secondary activities. Other operating expenses consist of exchange rate differences and capital losses. Project interest on unutilized advance payments reduced the financial net by SEK 18 m. (16) and is reported in gross income.

Net financial income and expenses amounted to SEK -18 m. (-4). The average return on external investments was 3.22 percent (6.34). In the previous year the financial net was positively affected by settlement gains, which had no equivalent this year. The Group's income after financial items amounted to SEK 327 m. (349). Current and deferred taxes amounted to SEK -95 m. (-99).

Net income for the period was SEK 232 m. (250), of which the minority interest amounts to SEK 9 m. (3). Earnings per share amounted to SEK 2.04 (2.26).

The pre-tax return on capital employed was 16.6 percent. The after-tax return on shareholders' equity was 16.1 percent .

Orders

Group order bookings amounted to SEK 3,801 m. (4,223), of which 64 (61) percent came from customers outside Sweden. Important orders during the first quarter are covered in the section "Major orders." The order backlog at the end of the period was SEK 43,156 m., against SEK 43,162 m. at the beginning of the year. Export markets account for 71 (66) percent of the order backlog.

Liquidity, finance and investments

Finance and liquidity

Liquid assets, including interest-bearing receivables, less liabilities to credit institutions and the convertible debenture loan, have decreased by SEK 217 m. since the beginning of the year to SEK 3,598 m. (3,815). The Group's net liquidity after deducting provisions for pensions decreased to SEK 547 m. from SEK 781 m. at the beginning of the year.



The Group's equity/assets ratio was 30.4 percent, against 29.8 percent at the beginning of the year. Shareholders' equity amounted to SEK 8,512 m. (7,581), compared with SEK 8,241 m. at the beginning of the year, corresponding to SEK 76.94 (70,21) per share.

Cash flow

Operating cash flow was negative during the quarter, amounting to SEK -211 m. (-88), and was distributed between cash flow from operations of SEK -73 m. (28), acquisitions/divestments SEK -15 m. (-88), and the regional aircraft business SEK 123 m. (-28). Cash flow by business segment is indicated in the table on page 14.

Capital expenditures

The Group's gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 52 m. (78).

Personnel

At the end of the period the Group had 11,810 employees, against 11,936 at the beginning of the year.

Owners

Saab's 15 largest shareholders are Investor AB, BAE SYSTEMS, the Wallenberg foundations, Robur funds, SEB funds, Odin funds, Eikos fund, AMF Pensionsfonder, Nordea funds, AMF Pension, SHB/SPP funds, Skandia Liv, Catella funds, Banco funds and FPG/AMFK.

Accounting principles

This interim report is prepared according to IAS 34 Interim Financial Reporting, which corresponds to the requirements in the Swedish Financial Accounting Standards Council's recommendation RR 31 Interim reports for groups.

The accounting principles are those described in the annual report for 2004 on pages 18 – 24 and in a press release dated April 7, 2005, which state that IFRS is applied as of 2005 and that comparative figures for 2004 are restated in accordance with the new principles, with the exception of those that apply to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and IAS 39, Financial Instruments: Recognition and Measurement. These recommendations are applied in the financial statements for 2005.

The effects of the translation of comparative income figures for each quarter are indicated in the press release dated April 7, 2005 and below in this interim report. Balance sheets and effects on shareholders' equity for the first quarter are reported below in this report, while the effects for the second and third quarters will be reported in future interim reports. Corresponding figures for the full-year 2004 are included in the above-mentioned press release.



Rule changes are still possible, as are changes in their application, due to differences in international interpretations.

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

Linköping, April 21, 2005

Åke Svensson
President and CEO

Financial information dates:

The Interim Report for January – June 2005 will be published on July 12, 2005

The Interim Report for January – September 2005 will be published on October 21, 2005

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Press conference with CEO Åke Svensson and CFO Lars Wahlund

Today, Thursday, April 21, 2005, 10:00 a.m. (CET)

World Trade Center, Stockholm

Contact Peter Larsson, Press Secretary, tel. +46-734-18 00 18

International teleconference:

Today, Thursday, April 21, 2005, 4:00 p.m. (CET)

Contact Marita Sidén to register and for further information

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**Income statement**

SEK m.	3 mos. 2005	3 mos. 2004	Rolling 12 mos.	12 mos. 2004
Sales	3,822	3,813	17,857	17,848
Cost of goods sold	-2,907	-2,873	-13,630	-13,596
Gross income	915	940	4 227	4 252
<i>Margin</i>	23.9%	24.7%	23.7%	23.8%
Marketing expenses	-292	-313	-1,265	-1,286
Administrative expenses	-231	-218	-961	-948
Research and development costs	-81	-78	-391	-388
Other operating income	26	23	178	175
Other operating expenses	-5	-14	-18	-27
Share in income of associated cos.	13	13	75	75
Operating income ¹⁾	345	353	1,845	1,853
<i>Margin</i>	9.0%	9.3%	10.3%	10.4%
Financial income and expenses	-18	-4	-155	-141
Income after financial items	327	349	1,690	1,712
Taxes ²⁾	-95	-99	-398	-402
Net income for the period	232	250	1,292	1,310
Of which Parent Company's shareholders	223	247	1,251	1,275
Of which minority interest	9	3	41	35
Earnings per share, SEK ³⁾	2.04	2.32	11.50	11.78
after full conversion, SEK ⁴⁾	2.04	2.26	11.56	11.78
¹⁾ Includes depreciation of	-228	-243	- 952	-967
of which depreciation of lease assets	-109	-122	-461	-474
²⁾ Share in tax of associated cos.	-3	-4	-21	-22
³⁾ Average number of shares 3 mos. 2005: 109,150,344 and 3 mos. 2004: 106,522,595.				
⁴⁾ Number of shares after full conversion for 3 mos. 2004: 109,247,175				

**Sales by business segment**

SEK m.	3 mos. 2005	3 mos. 2004	Change	Rolling 12 mos.	12 mos. 2004
Defense & Security Solutions	1,064	1,023	4.0%	4,598	4,557
Systems & Products	1,546	1,417	9.1%	6,955	6,826
Aeronautics	1,492	1,437	3.8%	6,851	6,796
Corporate	14	143		530	659
Internal sales	-294	-207		-1,077	-990
Saab Group	3,822	3,813	0.2%	17,857	17,848

Operating income by business segment

SEK m.	3 mos. 2005	% of sales	3 mos. 2004	% of sales	Rolling 12 mos.	% of sales	12 mos. 2004	% of sales
Defense & Security Sol.	114	10.7%	88	8.6%	428	9.3%	402	8.8%
Systems & Products	170	11.0%	89	6.3%	698	10.0%	617	9.0%
Aeronautics	98	6.6%	176	12.2%	673	9.8%	751	11.1%
Corporate/Other	-37		0		46		83	
Saab Group	345	9.0%	353	9.3%	1,845	10.3%	1,853	10.4%

Quarterly information

SEK m.	January-March		April-June		
	2005	2004	2005	2004	
Sales					
Defense & Security Sol.	1,064	1,023		1,200	
Systems & Products	1,546	1,417		1,846	
Aeronautics	1,492	1,437		1,622	
Corporate	14	143		156	
Internal sales	-294	-207		-267	
	3,822	3,813		4,557	
Operating income					
Defense & Security Sol.	114	88	10.7%	88	7.3%
Systems & Products	170	89	11.0%	190	10.3%
Aeronautics	98	176	6.6%	157	9.7%
Corporate	-37	0		-25	
	345	353	9.0%	410	9.0%
Net financial items	-18	-4		-34	
Income after financial net	327	349		376	
Net income for the period	232	250		269	
Earnings per share	2.04	2.32		2.43	
No. of shares, thousands	109,150	106,523		107,229	



Quarterly information, cont.

SEK m.	July-September		October-December		
	2005	2004	2005	2004	
Sales					
Defense & Security Sol.		940		1,394	
Systems & Products		1,294		2,269	
Aeronautics		1,486		2,251	
Corporate		166		194	
Internal sales		-167		-349	
		3,719		5,759	
Operating income					
Defense & Security Sol.		81	8.6%	145	10.4%
Systems & Products		2	0.2%	336	14.8%
Aeronautics		181	12.2%	237	10.5%
Corporate		30		78	
		294	7.9%	796	13.8%
Net financial items		-54		-49	
Income after financial net		240		747	
Net income for the period		177		614	
Earnings per share		1.56		5.47	
No. of shares, thousands		109,150		109,150	

Total depreciation/amortization by business segment

SEK m.	3 mos.	3 mos.	12 mos.
	2005	2004	2004
Defense & Security Solutions	22	22	95
Systems & Products	41	48	180
Aeronautics	30	22	105
Corporate – lease assets	109	122	474
Corporate – other	26	29	113
Saab Group	228	243	967

Sales by geographic market

SEK m.	3 mos.	% of	3 mos.	% of	12 mos.	% of
	2005	sales	2004	sales	2004	sales
Sweden	1,877	49%	2,038	53%	9,265	52%
Rest of EU	1,139	30%	983	26%	4,604	25%
Rest of Europe	54	1%	75	2%	474	3%
Total, Europe	3,070	80%	3,096	81%	14,343	80%
North America	344	9%	248	6%	1,335	7%
Latin America	9	0%	32	1%	106	1%
Asia	261	7%	216	6%	887	5%
Australia, etc.	137	4%	219	6%	1,171	7%
Africa	1	-	2	-	6	-
Saab Group	3,822	100%	3,813	100%	17,848	100%

Balance sheet

SEK m.	March 31, 2005	Jan. 1, 2005	Dec 31, 2004	March 31, 2004	Jan. 1, 2004
Assets					
Fixed assets					
Goodwill and other intangible assets	2,868	2,822	2,822	2,568	2,497
Property, plant and equipment, etc.	4,344	4,389	4,428	4,672	4,840
Lease assets	4,586	4,371	4,371	5,534	5,448
Long-term interest-bearing receivables	478	459	459	805	765
Shares, etc.	805	770	770	639	415
Deferred tax receivables	608	727	727	907	1,095
Other receivables	564	580	580	747	757
Total fixed assets	14,253	14,118	14,157	15,872	15,817
Current assets					
Inventories, etc.	3,402	2,882	3,920	4,242	3,977
Current interest-bearing receivables	120	145	145	98	39
Other receivables	5,186	4,823	5,024	4,783	5,626
Receivables, unrealized financial instruments	801	1,227			
Cash and bank balances	4,098	4,319	4,319	3,624	4,243
Fixed assets held for sale	182	182			
Total fixed assets	13,789	13,578	13,408	12,747	13,885
Total assets	28,042	27,696	27,565	28,619	29,702
Shareholders' equity and liabilities					
Shareholders' equity					
Parent Company's shareholders' equity	8,398	8,138	8,174	7,479	7,217
Minority interest	114	103	103	102	157
Total shareholders' equity	8,512	8,241	8,277	7,581	7,374
Long-term liabilities and provisions					
Provisions for pensions	2,882	2,865	2,865	2,764	3,248
Provisions for deferred tax	50	50	50		
Other provisions	1,789	1,817	1,914	2,363	2,147
Liabilities to credit institutions and other interest-bearing liabilities	750	793	793	303	272
Convertible debenture loan				232	232
Lease obligations	1,398	1,315	1,315	2,523	2,411
Other liabilities	339	344	344	410	434
Total long-term liabilities and provisions	7,208	7,184	7,281	8,595	8,744
Current liabilities and provisions					
Provisions for pensions	169	169	169	137	127
Other provisions	416	422	422	535	486
Advance payments from customers	2,862	2,860	2,860	3,593	3,990
Lease obligations	910	910	910	398	441
Liabilities to credit institutions and other interest-bearing liabilities	348	315	315	563	590
Liabilities for unrealized financial instruments	272	266			
Other liabilities	7,340	7,324	7,331	7,217	7,950
Liabilities for fixed assets held for sale	5	5			
Total long-term liabilities and provisions	12,322	12,271	12,007	12,443	13,584
Total shareholders' equity and liabilities	28,042	27,696	27,565	28,619	29,702

Shareholders' equity

Changes in the Group's shareholders' equity:

SEK m.	March 31, 2005			March 31, 2004		
	Attributable to Parent Company's shareholders	Attributable to minority	Total	Attributable to Parent Company's shareholders	Attributable to minority	Total
Opening balance	8,138	103	8,241	7,217	157	7,374
Translation difference, etc.	37	2	39	15	1	16
Divestment of operations					-59	-59
Net income for the period	223	9	232	247	3	250
Closing balance	8,398	114	8,512	7,479	102	7,581

Equity in the Group changed as follows as of March 31, 2004

SEK m.	Acc. to previous accounting principles	IFRS adjustments	Acc. to IFRS March 31 2004
At beginning of year	7,101	273	7,374
Translation differences etc	58	-42	16
Change in minority interest		-59	-59
Net income for the year	205	45	250
At end of period	7,364	217	7,581

Reconciliation of net income for the period January - March 2004 between previous accounting principles and IFRS

SEK m.

Acc. previous accounting principles	205
Goodwill amortization	34
Change to functionell currency	6
Lower depreciation on buildings	2
Minority interest in net income	3
According to IFRS	250

**Condensed subdivided balance sheet as of March 31, 2005**

SEK m.	Saab Aircraft		Elimina-	Saab Group
	Saab	Leasing	tions	
Assets				
Goodwill and other intangible assets	2,868			2,868
Property, plant and equipment, etc.	4,342	2		4,344
Lease assets		4,586		4,586
Long-term interest-bearing receivables	478			478
Shares, etc.	2,305		-1,500	805
Deferred tax receivables	755		-147	608
Inventories, etc.	3,398	4		3,402
Current interest-bearing receivables	120			120
Other receivables	6,064	669		6,733
Cash and marketable securities	4,077	21		4,098
Total assets	24,407	5,282	-1,647	28,042
Shareholders' equity and liabilities				
Shareholders' equity	8,642	1,370	-1,500	8,512
Provisions for pensions	3,051			3,051
Deferred tax liabilities	50	147	-147	50
Other provisions	1,441	764		2,205
Liabilities to credit institutions	1,098			1,098
Lease obligations		2,308		2,308
Advance payments from customers	2,862			2,862
Other liabilities	7,263	693		7,956
Total shareholders' equity and liabilities	24,407	5,282	-1,647	28,042

Statement of cash flows

SEK m.	3 mos. 2005	3 mos. 2004	12 mos. 2004
Cash flow from operating activities			
Income after financial items	327	349	1,712
Adjustments for items not affecting cash flow	221	215	921
Tax paid	-16	-16	-26
Cash flow from operating activities before changes in working capital	532	548	2,607
Working capital			
Inventories etc.	-3	-342	-306
Receivables	-403	710	573
Advance payments from customers, net	2	-393	-1,126
Other liabilities	15	-248	-135
Lease obligations	-70	-59	-418
Provisions	-110	-76	-330
Change in working capital	-569	-408	-1,742
Cash flow from operating activities	-37	140	865
Investments in intangible fixed assets	-77	-87	-420
Investments in tangible fixed assets	-52	-78	-348
Sale/acquisition of lease assets	-48	-2	41
Divestment of subsidiaries		9	184
Acquisition/sale of other long-term securities	-15	-97	-113
Sale of intangible and tangible fixed assets	18	27	116
Cash flow from investing activities	-174	-228	-540
Operating cash flow	-211	-88	325
Financing activities			
Change in interest-bearing receivables	6	-124	216
Change in short-term investments	68	-1,138	-1,119
Dividend to shareholders			-373
Amortization of liability	-10		
Loans raised		97	238
Provisions for pensions	17	-474	-341
Cash flow from financing activities	81	-1,639	-1,379
Cash flow for the year	-130	-1,727	-1,054
Liquid assets at beginning of year	1,289	2,332	2,332
Exchange rate difference in liquid assets	-23	-30	11
Liquid assets at year-end	1,136	575	1,289
Liquid assets			
<i>Components included in liquid assets:</i>			
Cash and bank balances	592	558	394
Short-term investments	544	17	895
	1,136	575	1,289

**Cash flow by business segment**

SEK m.	3 mos. 2005	3 mos. 2004	12 mos. 2004
Defense & Security Solutions	127	99	266
Systems & Products	253	73	-377
Aeronautics	-333	-134	326
Corporate	-258	-126	110
Saab Group	-211	-88	325

Capital employed by business segment

SEK m.	March 31, 2005	Jan. 1, 2005	March 31, 2004
Defense & Security Solutions	2,568	2,671	2,524
Systems & Products	3,591	4,083	3,416
Aeronautics	1,959	2,043	1,833
Corporate	4,543	3,587	3,807
Saab Group	12,661	12,384	11,580

Personnel by business segment

Number	31/3 2005	31/12 2004	Change	31/3 2004
Defense & Security Solutions	3,547	3,552	-5	3,835
Systems & Products	3,802	3,850	-48	3,970
Aeronautics	3,804	3,832	-28	3,930
Corporate	657	702	-45	1,263
Saab Group	11,810	11,936	-126	12,998

Order bookings and order backlog by business segment

SEK m.	Order bookings		Order backlog	
	3 mos. 2005	3 mos. 2004	3/31/05	12/31/04
Defense & Security Solutions	2,328	1,155	4,178	2,895
Systems & Products	819	1,592	15,605	16,212
Aeronautics	771	1,507	25,260	26,088
Corporate	14	163	0	0
Internal	-131	-194	-1,887	-2,033
Saab Group	3,801	4,223	43,156	43,162

Key ratios

	3 mos. 2005	3 mos. 2004	12 mos. 2004
Operating margin before depreciation/amortization	12.1%	12.4%	13.1%
Operating margin after depreciation/amortization	9.0%	9.3%	10.4%
Earnings per share, SEK ¹⁾	2.04	2.32	11.78
Earnings per share after dilution, SEK ¹⁾	2.04	2.26	11.78
Return on capital employed before tax	16.6%	n/a	17.0%
Return on equity after tax	16.1%	n/a	16.7%
Equity/assets ratio	30.4%	26.5%	30.0%
Equity per share, SEK ¹⁾	76.94	70,21	74.89

1) Average number of shares Jan – March 2005: 109,150,344, Jan – March 2004: 106,522,595
Average number of shares 2004: 108,234,126. After full conversion 3 mos. 2004: 109,247,175
Number of shares: March 2005 and December 2004: 109,150,344, March 2004: 106,527,627

Five-year overview

SEK m., unless otherwise stated	2004	2003	2002	2001	2000
Order bookings	16,444	19,606	19,521	15,274	28,141
Order backlog at Dec. 31	43,162	45,636	43,082	40,034	41,091
Sales	17,848	17,250	16,538	15,689	17,840
Foreign market sales, %	48	46	41	40	48
Operating income	1,853	1,293	1,220	1,594	1,533
Operating margin, %	10.4	7.5	7.4	10.2	8.6
Operating margin before deprec., %	13.1	11.1	11.2	14.4	13.5
Operating income excl. capital gains	1,853	1,293	1,220	944	895
Operating margin excl. capital gains, %	10.4	7.5	7.4	6.0	5.0
Income after financial items	1,712	1,073	993	1,554	1,448
Net income for the year	1,310	746	732	1,127	1,038
Total assets	27,565	28,704	28,109	29,901	31,119
Operating cash flow	325	545	-92	1,642	-1,908
Return on capital employed, %	17.0	12.7	11.6	15.5	14.6
Return on equity, %	16.7	10.8	10.8	18.3	20.0
Equity/assets ratio, %	30.0	24.4	24.3	22.3	18.2
Earnings per share, SEK ^{2) 4)}	11.78	7.00	6.87	10.59	9.75
after full conversion, SEK ^{3) 4)}	11.78	6.91	6.78	10.40	9.58
before goodwill amortization, SEK ^{2) 4)}	11.78	8.59	8.52	12.11	11.47
Dividend per share, SEK	3.75	3.50	3.50	3.25	3.00
Equity per share, SEK ¹⁾	74.89	65.75	64.17	62.74	53.26
Number of employees at year-end	11,936	13,414	14,036	14,028	15,453

¹⁾ Number of shares as of December 31, 2004: 109,150,344; 2003: 106,517,563; 2002: 106,510,374; and 2000-2001: 106,459,675

²⁾ Average number of shares 2004: 108,234,126; 2003: 106,513,969; 2002: 106,487,407; and 2000-2001: 106,459,675

³⁾ Average number of shares 2004: 108,234,126, after dilution 2000-2003: 109,247,175. Conversion of the debenture loan concluded on July 15, 2004.

⁴⁾ Net income for the period less minority interest divided with average number of shares