



THE 2005 REPORT

- Sales SEK 19,314 m. (17,848)
- Net income SEK 1,199 m. (1,310)
- Earnings per share SEK 10.89 (11.78)
- Proposed dividend per share SEK 4.00 (3.75)
- Order bookings SEK 17,512 m. (16,444),
order backlog totaled SEK 42 billion (43)
- Operating income SEK 1,652 m. (1,853),
income after financial items SEK 1,551 m. (1,712)



CEO: Stable result in line with expectations

“Saab again delivers a stable result well in line with our expectations and with an underlying earnings capacity comparable to the previous year. Several important orders have been received in the international market, and more than half of sales revenue is now generated from customers outside Sweden.”

Orders rose to SEK 17,512 million (16,444) and the order backlog remains strong. Substantial order bookings were reported in the fourth quarter and Saab was awarded important orders in all its business segments.

Sales rose by 8 percent to SEK 19,314 million, of which about SEK 1 billion is due to the acquisition of Grintek in South Africa. Excluding acquisitions and disposals, growth was approximately 6 percent.

Income, which was charged with the previously announced provision for the helicopter project and structural costs, decreased to SEK 1,652 million (1,853). The operating margin was 8.6 percent (10.4). Excluding structural costs, the operating margin was 10.2 percent, in line with our long-term objective.

Income improved during the fourth quarter compared with the previous forecast, mainly owing to the capital gain on the sale of our interest in Nammo.

Saab is successfully conducting a paradigm shift as more of our business is generated outside Sweden's borders and dependence on the Swedish market is reduced. In 2005, 56 percent (48) of sales were from customers outside Sweden; 63 percent (62) of order bookings and 75 percent (70) of the order backlog consist of international orders. The internationalization is taking place on several fronts, in part through strategic acquisitions and in part through export orders and international alliances and development projects.

The acquisition of the majority interest in Grintek of South Africa adds slightly over SEK 1 billion to Saab's

sales and around 1,400 employees. Saab sees further opportunities to develop operations in South Africa. In the Nordic market, Saab strengthened its relationships through a joint venture with TietoEnator in Finland.

In 2005 Saab received a number of strategically important international orders. Australia ordered an upgrade of its ANZAC frigates. Germany placed orders for subsystems for the IRIS-T air-to-air missile, radar warning equipment for the Tornado fighter aircraft and the RBS15 Mk3 antiship missile system. The U.S. placed another order for the Ultra Lightweight Camouflage Net System (ULCANS). Saab will also develop and produce subsystems for Boeing's 787 Dreamliner.

Important orders were won in Sweden as well. The Swedish Defence Materiel Administration (FMW) placed orders for NLAW, Next generation Light Antitank Weapon, and a new battle management system to command units up to battalion level.

Sweden's decision to participate in Neuron, where Saab is working with the European aerospace industry to develop an advanced UCAV demonstrator, is another important



Åke Svensson
President and Chief Executive Officer

example of Saab's participation in international research and development projects.

Neuron is crucial in order to maintain aeronautics expertise in Sweden and is an important component in ensuring Gripen's future development. Gripen passed an international milestone in 2005 when the Czech Republic was the first NATO country to place the system in operational service.

Saab's future is increasingly being affected by the new threat scenarios that have arisen in recent years. Saab can contribute with expertise, products and systems that prevent various types of serious disruptions and also facilitate the tough task of managing ongoing crises and their consequences. The market for civil security has great future potential but is still in the development stage.

In 2005 Pakistan signed an conditional agreement for an airborne surveillance system with great international potential. Saab's hope is to be able to book the contract and begin the extensive development work in 2006. The Japanese Coast Guard ordered modified Saab 340 aircraft for

search and rescue operations. And in the Swedish market the work began with the Rakel project, a new shared radio communication system for Sweden's safety and security authorities.

Saab continues the work to improve efficiency and realize synergies within the Group. At the start of the year we launched a new organization that reduces the number of business units from 19 to 15. Saab continues to focus on improving its operations and raising efficiency.

We expect to have to complete the previously announced layoffs, which are affecting a total of 1,500 employees in 2005 and 2006.

Saab's long-term financial objectives remain unchanged: 5 percent organic growth and an operating margin of 10 percent. In 2006 we expect growth of nearly 10 percent including the effect of acquisitions in 2005. The underlying operating margin is expected to reach the 10-percent target before the effect of structural costs of approximately SEK 250 million.

IMPORTANT ORDERS AND EVENTS IN THE FOURTH QUARTER

Contract for the design, development and manufacture of cargo doors as well as avionics equipment for the Boeing 787 Dreamliner valued at USD 108 m.

Order for ULCANS (Ultra Lightweight Camouflage Net System) from the U.S. Army valued at USD 65 m.

Saab received an order from the Japan Coast Guard for two Saab 340Bplus modified for search and rescue.

Saab received an order from the Swedish Defence Materiel Administration (FMW) worth SEK164 m. to develop and supply a new battle management system, Bataljon (SLB).

Saab Systems received an order worth SEK 105 m. for the continued development of StriC, the Swedish Air Defence System, and Strics, a customized air simulator system.

FMV ordered NLAW, Next generation Light Antitank Weapon, with the Swedish designation Robot 57, worth SEK 500 m.

Saab received an order worth SEK 140 m. for the UTAAS Fire Control System for the Danish Army's CV9035 Combat Vehicles.

Saab received an order worth SEK 150 m. for the integration of the air-to-air missile IRIS-T on Gripen.

Saab received an order for robot 15 from the German Navy worth SEK 350 m.

Saab received a Swedish order to modify assault rifles worth SEK 260 m.

Saab and TietoEnator formed a joint venture called Tieto-Saab Systems Oy in Finland.

Saab acquired the South African avionics company AMS.

Saab sold its shares in the associated company Nammo A/S.

Saab's participation in the Neuron program is assured.

Conditional agreement for an airborne surveillance system to Pakistan.

STRUCTURAL CHANGES

Acquisitions and divestments during the year

On May 16, 2005 Saab acquired 56 percent of Grintek Ltd of South Africa at the price of SEK 406 m. Having previously owned 21 percent of the company, which was acquired for SEK 108 m., Saab raised its interest to 77 percent of the capital. The remainder is owned by Kunene Bros Holding. Grintek is a defence and technology company with operations in defence electronics and telecommunications.

Saab Training Systems formed a joint venture with EADS Deutschland GmbH. Saab acquired 70 percent of the part of EADS Defense Electronics in Friedrichshafen, Germany active in the development and sale of live training products.

The Swedish Armed Forces signed an agreement with AerotechTelub to outsource operation of the central spare parts warehouse in Arboga and the Garrison warehouse. The Armed Forces retains ownership and procures all spare parts. The initial stage affects some 50 personnel at the central warehouse in Arboga, who have been hired by AerotechTelub.

Saab and TietoEnator formed a joint venture, TietoSaab Systems Oy, with the aim of becoming a major supplier in defence and civil security solutions in Finland. At the same time Saab extended its cooperation with TietoEnator in IT support. The joint venture, which launched operations on January 1, 2006, is based in Finland. TietoEnator owns 60 percent and Saab 40 percent of Tieto Saab Systems Oy, which also includes the Saab-owned company Elesco.

Saab signed an agreement to acquire Aerospace Monitoring and Systems Pty Ltd (AMS) in South Africa. AMS develops and produces advanced avionics for military and commercial aircraft. The acquisition is subject to approval by regulatory authorities, which is expected in April 2006. The company will become part of the business unit Saab Avitronics.

The streamlining of Saab's operations continued during the year. Among other things, CSM Materialteknik, was sold to Bodycote International Plc.

Saab sold its entire holding in Nammo – Nordic Ammunition Company – to Patria Oy of Finland and the Norwegian state. Nammo had previously been owned jointly by the Norwegian State (45 percent), Patria (27.5 percent)

and Saab (27.5 percent). The sale means that Nammo is now owned in equal parts by the Norwegian state and Patria

Through its sale of the shares in Celsius Fastighets AB, Saab sold the property Hamnen 21:149 in Malmö, Sweden, to Peab. The property encompasses the original inner Kockums area of Malmö.

OPERATIONS

Since January 1, 2005 the Group's business units are divided into three business segments – Defence and Security Solutions, Systems and Products, and Aeronautics – which are used for reporting and oversight purposes.

Corporate comprises Group staffs and departments and peripheral operations. It also includes the leasing fleet of 217 Saab 340 and Saab 2000 aircraft. Operational responsibility for the leasing fleet lies with Aeronautics.

Defence and Security Solutions

The business segment Defence and Security Solutions develops and manufactures advanced command and communication systems. Operations also comprise a wide range of integration services, integrated support and logistical solutions, and sophisticated technical consulting services. The emerging market for civil security is an important element.

The segment's business units include Saab Systems, Saab TransponderTech, AerotechTelub, Saab Contracting, Saab Grintek and Saab Metech. In 2005 the segment accounted for 27 percent of consolidated sales, of which 45 percent was generated in the export market.

Defence and security solutions are designed in close cooperation with the customer and generally entail a close, long-term relationship. For years Saab has developed, supplied and maintained combat and command and communication systems and coordinated system solutions in the Swedish market. Operations have gradually been broadened through international alliances and expansion to new markets. Higher growth is expected in the emerging market for civil security.

Systems and Products

The business segment Systems and Products develops and sells unique systems, products and components for de-

fence, aviation, space and civil security in the international market. Many contracts include system maintenance and operation, often for their entire lifecycle.

The segment's business units include Saab Avionics, Saab Training Systems, Saab Barracuda, Saab Bofors Dynamics, Saab Underwater Systems and Saab Ericsson Space. The segment accounted for 34 percent of consolidated sales in 2005, of which 67 percent was generated in the export market.

Customers consist of defence authorities, other government agencies, aircraft manufacturers and air carriers in a number of countries. Saab focuses on selected market sectors, and the potential for higher sales in international markets is significant.

Aeronautics

The business segment Aeronautics comprises both military and civilian operations and is dominated by the advanced, and important, Gripen program. Civilian operations are growing through the development and supply of sub-systems to the major aircraft manufacturers Airbus and Boeing. Access to future technology is assured through participation in international research and development programs such as Neuron.

The segment's business units include Saab Aerosystems, Gripen International, Saab Aerostructures, Saab Nyge Aero, Saab Aircraft, Saab Aviocomp and Saab Aircraft Leasing. The segment accounted for 39 percent of consolidated sales in 2005, of which 44 percent was generated in the export market.

The business segment Aeronautics is distinguished by close, long-term customer relationships and serves as a base for Saab's other products and services.

The Gripen program entails continual updates as well as service and support for the air forces that use the fighter. International markets offer growth potential for Saab as a partner in aircraft development programs such as UAVs. Saab is also strengthening its position as a partner and supplier of aircraft structures, advanced products and complex systems for both world-leading commercial aircraft manufacturers, Airbus and Boeing, and as a service company providing training, repairs and maintenance.

Deliveries of Gripen to the Swedish Air Force will gradually conclude. Through orders for modifications and

upgrades of the Swedish program as well as orders from other customers, activity in the aeronautics area will be maintained at a level that will ensure that Saab's strategic aeronautics competence remains intact.

Internal restructurings

During the year Saab decided to implement an organizational change with the aim of better utilizing resources and paving the way for new orders by combining operations that closely cooperate with each other. This change means that as of January 1, 2006 Saab consists of 15 business units instead of the previous 19. The following segments and business units now apply:

Defence and Security Solutions	Systems and Products	Aeronautics
Saab Aerotech	Saab Avionics	Saab Aerosystems
Saab Communication	Saab Barracuda	Saab Aerostructures
Saab Grintek	Saab Bofors Dynamics	Saab Aircraft Leasing
Saab Systems	Saab Ericsson Space	Gripen International
Combitech	Saab Training Systems	
	Saab Underwater Systems	

The following business units were transferred to new business units: AerotechTelub, Saab Aircraft, Saab Aviocomp, Saab Contracting, Saab Metech, Saab TransponderTech and Saab Nyge Aero.

The largest changes are due to the new business units Combitech, Saab Communication and Saab Aerotech. The business unit Combitech, which was previously part of the business unit AerotechTelub, provides consulting services. The mission of Saab Communication is to supply robust communication systems and services to military and commercial customers. The business unit Saab Aerotech offers customized support and logistics solutions to defence and commercial customers in select markets and regional aircraft operators in the global market.

The new organizational structure means that SEK 970 m. of the business segment Aeronautics' sales has been shifted to the business segment Defence and Security Solutions. The corresponding figures for operating income and employees are SEK 110 m. and 500. Figures refer to 2005.

In connection with the reorganization of its business units, Saab also decided to streamline its legal corporate structure. As of January 1, 2006 the operations of Saab

Nyge Aero AB, Saab Contracting AB and Saab Aircraft AB were transferred to Saab AB. All operations, excluding the consulting portion of AerotechTelub AB, were also transferred to Saab AB, while the consulting operations remained in the company, which has changed its name to Combitech AB. The operations of Combitech Systems AB were transferred to Combitech AB. Saab Aviocomp's operations will be transferred to Saab AB during the first half of 2006.

In 2005, 829 employees were laid off, of whom 678 left Saab during the year. The business units mainly affected by layoffs are Saab Aerostructures, Saab Aerosystems, AerotechTelub, Saab Avitronics and Saab Training Systems.

SALES, INCOME AND ORDERS

Sales

Group sales rose compared with the previous year to SEK 19,314 m. (17,848), a gain of 8 percent. Organic growth was approximately 6 percent adjusted for the acquisition of Grintek and divested units. During the fourth quarter sales amounted to SEK 6,856 m. (5,759). Sales by quarter and business segment are shown on page 13.

Of sales, 82 percent (80) related to the defence market. Sales in foreign markets amounted to SEK 10,773 m. (8,583), exceeding revenue in the home market and accounting for 56 percent (48) of total sales. Total exports from the Group's Swedish companies were SEK 7,912 m. (6,608). The Group's exports to the EU market amounted to SEK 5,012 m. (4,319) and total sales in the EU, excluding Sweden, were SEK 5,420 m. (4,604).

Sales in the EU relate primarily to Germany, England, Hungary and France. Revenue of SEK 1,440 m. in Africa relates mainly to Saab Grintek's and Saab Aerosystems' sales in South Africa.

Sales for Defence and Security Solutions rose to SEK 5,458 m. (4,557). The increase is mainly due to the consolidation of Grintek in June and increased system deliveries and services from Saab Systems. Other units were in line with the previous year.

Sales for Systems and Products rose to SEK 7,397 m. (6,826) through higher volumes in the U.S. market for Saab Barracuda as well as Saab Bofors Dynamics' increased sales of NLAW and the RBS 70 missile system. Sales for Saab Avitronics rose through the consolidation of the South African operations. Saab Ericsson Space was in line with the previous year, while volumes for Saab Underwater Sys-

tems and Saab Training Systems were lower year-to-year.

Aeronautics' sales rose to SEK 7,685 m. (6,796). Sales for Saab Aerosystems rose through higher invoicing in export markets. Of total sales, 56 percent (67) relates to the Swedish market, including deliveries of batch 3 of Gripen, representing 16 (16) Gripen. Gripen deliveries to the Czech Republic were finalized in September. During the year Saab Aerostructures increased its sales to Airbus, which amount to approximately SEK 450 m. Aircraft's sales of support and spares for the Saab 340/Saab 2000 fleet decreased compared with the previous year due to continued market pressures. Saab Aviocomp was also adversely affected by difficult market conditions. The restructuring of Saab Nyge Aero has led to a concentration of operations, resulting in lower sales.

Income, margin and profitability

Operating income amounted to SEK 1,652 m. (1,853), corresponding to a margin of 8.6 percent (10.4). Operating income was affected by structural costs of SEK 321 m. (183), of which costs for environmental commitments amounted to SEK 82 m. (0). Excluding structural costs, the margin was 10.2 percent (11.4) and income before structural costs amounted to SEK 1,973 m. (2,036). Income was also charged with provisions for the helicopter program of SEK 250 m. in the second quarter of 2005. In 2004 income was charged with termination costs for a torpedo contract of SEK 160 m. Operating income for the fourth quarter amounted to SEK 708 m. (796), corresponding to a margin for the fourth quarter of 10.3 percent (13.8). Income was affected by structural costs of SEK 158 m. (104).

Income for defence-related operations, excluding the helicopter program, has continued to improve for most units. Anticipated lower margins from the Gripen program are reducing Saab Aerosystems' income and margin, however.

The gross margin was slightly lower than the previous year at 22.3 percent (23.8) and was affected by provisions for the helicopter program.

As a whole, administrative and marketing expenses were slightly higher than the previous year due to higher administrative expenses mainly resulting from acquisitions. Marketing expenses, which often vary over time, were slightly lower. The year's internally funded investments in research and development amounted to SEK 737 m. (758),

of which a total of SEK 292 m. (419) has been capitalized and SEK 552 m. (388) has been charged to operating income for the year, which includes amortization of SEK 107 m. (49). Other operating income during present and previous years includes capital gains, currency gains and results from secondary activities. The capital gains on the sale of CSM Materialteknik and the associated company Nammo amounted to SEK 58 m. and SEK 160 m., respectively. Other operating expenses consist of exchange rate differences and provisions for environmental commitments of SEK 82 m. The share of income in associated companies relates primarily to after-tax income in Nammo and Hawker Pacific.

Net financial income and expenses amounted to SEK -101 m. (-141), of which the share in income of associated companies held as financial assets amounted to SEK -20 m. The average return on external investments was 2.37 percent (3.96). The financial net was affected negatively by unrealized changes in the value of liquidity investments of SEK 16 m. Project interest from unutilized advanced payments reduced the financial net by SEK 64 m. (76) and is reported as gross income. The Group's income after financial items amounted to SEK 1,551 m. (1,712).

Current and deferred taxes amounted to SEK -352 m. (-402).

Net income for the period was SEK 1,199 m. (1,310), of which the minority interest amounts to SEK 10 m. (35). Earnings per share for the Parent Company's shareholders' interest amounted to SEK 10.89 (11.78).

The pretax return on capital employed was 14.6 percent and the after-tax return on equity was 13.5 percent.

To increase transparency, structural provisions totaling SEK 321 m. (183) are reported both separately by business segment and at the aggregate level in operating results.

Provisions for structural costs are divided by line item in the income statement. Thus, restructuring costs of SEK 192 m. (178) are included in gross income, SEK 47 m. (5) in administrative and marketing expenses, and SEK 82 m. in other operating expenses.

Operating income for Defence and Security Solutions amounted to SEK 563 m. (402), with an operating margin of 10.3 percent (8.8). The income improvement was mainly due to higher margins for Saab Systems. Structural costs amounted to SEK 29 m. (53).

Systems and Products improved its operating income to SEK 826 m. (617), with an operating margin of 11.2 percent (9.0). Structural costs amounted to SEK 44 m. (89). Operating income before structural costs for most units was in line with the previous year. Income for Saab Training Systems decreased due to lower volumes. Last year's income was charged with termination costs of SEK 160 m.

Operating income for Aeronautics declined to SEK 223 m. (751) due to lower margins in the Gripen program and lower volumes in Saab Aircraft and Saab Aviocomp. Structural costs of SEK 142 m. (28) were charged against income. Provisions for the helicopter program resulted in a charge against income of SEK 250 m. The operating margin was 2.9 percent (11.1). Excluding structural costs, the margin was 4.7 percent (11.5).

Corporate reported operating income of SEK 40 m. (83). Income was affected positively by gains on the sales of the associated company Nammo and CSM Materialteknik. In total, capital gains on the sale of subsidiaries and associated companies amounted to SEK 238 m. during the year. Structural costs were SEK 106 m. (13), of which environmental commitments amounted to SEK 82 m. The previous year was also affected positively by nonrecurring items. Corporate consist of shared Group expenses, income and expenses attributable to support operations, trading, results from certain operating companies and results in connection with liquidations. Consequently, results can vary between periods. Results from leasing operations for the Saab 340 and Saab 2000 fleet, which are reported in Corporate, had no impact on income during the period. In September Northwest Airlines filed for Chapter 11 bankruptcy protection. This will affect leasing operations, since Mesaba Aviation operates 63 Saab 340 on behalf of Northwest Airlines. In October Mesaba Aviation also applied for bankruptcy protection. Of the 63 aircraft, 17 are guaranteed by the Swedish Export Credits Guarantee Board and 46 are covered by portfolio insurance. The outcome of bankruptcy negotiations will not be known until sometime in spring 2006.

Orders

The Group's order bookings amounted to SEK 17,512 m. (16,444). Sixty-three percent (62) of orders came from customers outside Sweden and 72 percent (78) were

attributable to defence-related operations. Order bookings for the fourth quarter amounted to SEK 6,376 m. (5,144). Major orders are listed in the section, "Important orders". The order backlog at year-end amounted to SEK 42,198 m. (43,162).

Order bookings for Defence and Security Solutions rose by SEK 2,178 m. in 2005 to SEK 6,738 m. (4,560), a gain of 48 percent. Excluding Saab Grintek, which was acquired in 2005, the increase was 23 percent. Within the business segment, order bookings rose for all business units. Major orders received during the year included a fire control system for the Dutch Army's CV9035 combat vehicles valued at SEK 650 m. and an upgrade of the combat system capability of Australia's ANZAC frigates worth approximately SEK 680 m.

Order bookings for Systems and Products rose by SEK 592 m., 10 percent, to SEK 6,726 m. (6,134). Within the business segment, orders rose for Saab Avionics and Saab Bofors Dynamics, while order bookings decreased for other business units. Among major orders received during the year were for radar warning equipment for the German Air Force's Tornado aircraft valued at SEK 1 billion. In addition, a production order was received for the IRIS-T air-to-air missile worth SEK 850 m. The German Navy placed an order for the RBS15 antiship missile system valued at SEK 350 m. Saab Barracuda received an order for the Ultra Lightweight Camouflage Net System (ULCANS) from the U.S. Army worth SEK 500 m. In December an order was received from the Swedish Army for a new antitank weapon system, NLAW, with the Swedish designation Robot 57, worth SEK 500 m.

Order bookings for Aeronautics amounted to SEK 4,572 m. (5,970), a decrease of SEK 1,398 m. Order bookings for Saab Aerostructures rose and were received for, among other things, design, development and production of cargo doors for the Boeing 787. The order value was approximately SEK 800 m. Order bookings for Saab Aerosystems, which decreased, related primarily to modifications and aftermarket services for Gripen.

The order backlog at the end of the period was SEK 42,198 m., against SEK 43,162 m. at the beginning of the year. The acquisition of Grintek raised the order backlog by approximately SEK 1 billion. Foreign orders account for 75 percent (70) of the backlog, while 88 percent (92) was attributable to defence-related operations.

The order backlog includes:

- Gripen to Sweden and on export
- Active and passive countermeasure systems
- Missile systems for air, sea and land
- Structures and subsystems for Airbus and Boeing
- Anti-tank systems
- Command and control, avionics and fire control systems
- Signature management systems

FINANCIAL POSITION AND LIQUIDITY

Balance sheet

Goodwill and other intangible assets amounted to SEK 3,222 m. (2,822), of which SEK 1,777 m. (1,616) was goodwill primarily attributable to the acquisition of Celsius in 2000. The remaining goodwill relates mainly to the acquisitions of Saab Grintek, Saab Avionics and Combi-tech Systems. As of 2004 goodwill is no longer amortized; instead it is tested annually for impairment. In 2005 no write-down was needed. Intangible assets also consist of capitalized development expenses for the export version of Gripen, radar jamming systems and missile systems. Capitalized development expenses are amortized over the estimated sales volume. Amortization for the year amounted to SEK 107 m. (49).

Property, plant and equipment are used in core operations. Investment properties refer to properties leased to outside parties and valued at estimated fair value. Investment properties are not depreciated; instead, both realized and unrealized changes in value are recognized through profit and loss. Biological assets consist of forest assets. In the event of a change in fair value, the change is included in income. Lease assets relate primarily to the leasing fleet of regional aircraft. During the year 46 aircraft were sold and 3 purchased.

Long-term interest-bearing receivables consist primarily of receivables from asset sales. Shares in associated companies include the shares in Hawker Pacific, EURENCO and Wah Nobel. Deferred tax receivables relate mainly to unutilized tax deductions for provisions and unutilized tax loss carryforwards.

Inventories are reported after deducting utilized advances. Other receivables relate primarily to receivables from customers (after deducting utilized advances) and receivables from divested financial assets.

Assets held for sale refer to a small business currently for sale.

Provisions for pensions decreased due to a redemption of the FPG/PRI pension obligation of SEK 208 m. during the year. Future pension obligations have been restated to reflect a change in actuarial assumptions. The change relates primarily to a lower discount rate. The cumulative unreported actuarial loss amounted to SEK 410 m. (243).

Provisions for deferred taxes relate to non-offsetable items in partly owned and foreign companies. Other provisions and lease obligations consist mainly of future commitments and liabilities for regional aircraft.

Liquidity and finance

From the start of the year cash and marketable securities and short-term investments, less liabilities to credit institutions, rose by SEK 1,933 m. to SEK 5,144 m. (3,211). The Group's net liquidity after deducting provisions for pensions rose to SEK 2,205 m. from SEK 781 m. at the beginning of the year. In March Saab AB signed a 5+1+1 year credit facility of SEK 4 billion to increase its long-term financial flexibility. As of December 31, 2005 the credit facility had not been utilized. In December 2005 the Board of Directors decided to establish a new pension fund, Saab Pensionsstiftelse, and allocate approximately SEK 2,500 m. to it, equivalent to the Group's PRI liability. The Group's total assets will therefore decrease by the same amount, due to the reduction in cash and cash equivalents. Capitalization of the pension fund will be completed in the first quarter of 2006.

The Group's equity/assets ratio was 31.0 (29.9) percent, against 28.9 percent at the beginning of the year. Shareholders' equity related to the Parent Company's shareholders amounted to SEK 9,179 m. (8,118), compared with SEK 8,198 m. at the beginning of the year, or SEK 84.10 per share (74.37).

Cash flow

Operating cash flow amounted to SEK 2,540 m. (325) during the period and was distributed between cash flow from operating activities of SEK 2,599 m. (259), the acquisition of Grintek SEK -277 m. (-108), other acquisitions SEK -16 m. (-5), divestments of subsidiaries SEK 257 m. (184) and the regional aircraft business SEK -23 m. (-5). The improvement compared with the previous year was

attributable to higher advance payments from customers and an increase in other liabilities due to higher advance invoicing. Cash flow from investing activities improved through lower investments in tangible and intangible fixed assets. During the year 43 Saab 340 were sold, due to which working capital decreased and cash flow from investing activities was affected positively. The net of these items was positive at approximately SEK 90 m.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT, AND PERSONNEL

Capital expenditures

The Group's gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to SEK 296 m. (348).

Research and development

To maintain a leading position in its businesses, the Group allocates considerable resources to research and development, where approximately 2,000 persons are employed. Investments in research and development are made primarily for customers in the business segments Systems and Products and Aeronautics. The year's total expenditures for research and development amounted to SEK 3,546 m. (3,929), of which SEK 2,810 m. (3,171) relates to customer-funded development.

Internally financed development related mainly to the export version of Gripen and the further development of electronic warfare and missile systems. Research and development expenditures are classified as intangible assets and under certain circumstances are capitalized. Capitalization for the year amounted to SEK 292 m. After the year's amortization of SEK 107 m. (49) and acquisitions/divestments of SEK 75 m., the closing balance of capitalized product development amounts to SEK 1,408 m. (1,148).

Personnel

At the end of the period the Group had 12,830 employees, against 11,936 at the beginning of the year. The number of employees in recently acquired Grintek is 1,387.

CONTINGENT LIABILITIES

No significant new contingent liabilities were added during the year.

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 38–40 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

New accounting principles

As of January 1, 2005 the Group applies IAS 39 and IFRS 5.

IAS 39 means that financial derivatives such as forward contracts and futures, options and swaps are reported in the balance sheet at fair value. The change in the value of these instruments is recognized through profit or loss, except in cases of hedging instruments. Valuation of derivatives at fair value increased the hedge reserve by SEK 104 m. and reduced retained earnings by SEK 24 m. as of January 1, 2005. The hedge reserve was reduced by SEK 28 m. in 2005 and amounted to SEK 6 m. at year-end. In 2005 SEK 10 m. from the hedge reserve was returned to income. The Group also applies hedging of contracted cash flows at fair value. Derivatives are then recognized at fair value in the balance sheet and in a similar way the hedged contracted cash flow is booked at fair value for the hedged risk. The change in the value of the derivative is recognized through profit or loss together with the change in the value of the hedged item. As of January 1, 2005 unrealized gains on financial instruments amounted to SEK 1,227 m. and unrealized losses to SEK 266 m. As of December 31 unrealized gains amounted to SEK 434 m. and unrealized losses to SEK 365 m.

Financial assets are recognized at fair value with changes in value recognized through profit or loss, which affected financial income in 2005 by SEK -16 m.

IFRS 5 Non-current Assets Held for Sale applies from 2005 and was applied for the first time in the opening balance for 2005. IFRS 5 means that non-current assets held for sale are reported separately in the balance sheet

PARENT COMPANY

Sales and income

The Parent Company includes the business units Saab Aerosystems, Saab Aerostructures and Saab TransponderTech and from 2005 the Swedish units in Saab Systems and Saab Avionics. Group staffs and Group support are included as well.

Sales of the Parent Company amounted to SEK 8,792 m. (5,715). Operating income was SEK 100 m. (535).

Net financial income and expenses amounted to SEK 368 m. (402). Of the financial net, SEK -137 m. (485) consists of Group contributions, dividends and write-downs of shares in subsidiaries. After appropriations of SEK 39 m. (215) and income tax of SEK -212 m. (-324), net income for the year amounted to SEK 295 m. (828).

Liquidity, finance and investments

Net liquidity amounted to SEK 3,220 m. (1,318). Gross capital expenditures in property, plant and equipment amounted to SEK 104 m. (81). At year-end the Parent Company had 5,070 employees, compared with 3,715 at the beginning of the year.

Proposed dividend and share repurchase

The Board of Directors and the President propose that shareholders receive a dividend of SEK 4.00 (3.75) per share for 2005, or a total of SEK 437 m. (409), corresponding to 37 percent (38) of the Group's net income 2005. April 10 has been proposed as the record date, and the dividend is expected to be distributed on April 13, 2006.

The Board of Directors will propose that the Annual General Meeting give the Board a new mandate to repurchase up to 10 percent of the company's shares outstanding. The purpose of the authorization is to provide the Board with greater scope in working with the company's capital structure and enable acquisitions where considered appropriate. As proposed, the mandate would apply until the next Annual General Meeting. Repurchases may be effected over the stock exchange or through offerings to shareholders. It is also proposed that the Board's mandate include the possibility to transfer repurchased shares in accordance with current legislation.

Annual General Meeting

The Annual General Meeting will be held at Kungliga Tennishallen in Stockholm on Wednesday, April 5, 2006 at 6:00 p.m. (CET). Saab's Annual Report will be available at the company's office in Linköping. The printed Annual Report will be distributed to shareholders upon request from March 1, 2006.

Owners and nomination committee

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

Four shareholder representatives have been selected to work with Chairman Anders Scharp to draft a proposal for the Board of Directors to be presented to the Annual General Meeting for approval. The representatives are Adine Grate Axén, Investor; Peter Wallenberg Jr, Knut and Alice Wallenberg Foundation; Mats Lagerqvist, Robur; and Christer Elmehagen, AMF Pension.

Linköping, February 15, 2006

Åke Svensson

President and Chief Executive Officer

Annual General Meeting

April 5 at 6:00 pm (CET)

Financial information dates:

The Annual Report 2005 – will be published around March 1, 2006

The Interim Report for January–March 2006 – will be published on April 24, 2006

The Interim Report for January–June 2006 – will be published on July 14, 2006

The Interim Report for January–September 2006 – will be published on October 20, 2006

For further information, please contact

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Lars Wahlund, CFO
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Press conference

with CEO Åke Svensson and CFO Lars Wahlund

Today, Wednesday, February 15, 2006, 2:00 p.m. (CET)
World Trade Center, Stockholm
Contact Peter Larsson, Press Secretary,
tel +46-734-18 00 18

International teleconference:

Today, Wednesday, February 15, 2006, 4:00 p.m. (CET)
Contact Marita Sidén to register and for further
information tel +46-13-18 71 49, +46-734-18 71 49

AUDITORS' REPORT

We have reviewed the interim report for Saab AB(publ) for the twelve month period ended 31 December 2005. We conducted our review in accordance with the recommendation issued by FAR.

A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements for interim reports in the Annual Accounts Act and IAS 34.

Stockholm, 15 February 2006

Ernst&Young AB

Björn Fernström

Authorized Public Accountant

Deloitte AB

Tommy Mårtensson

Authorized Public Accountant

Income statement

SEK m.	2005	2004
Sales	19,314	17,848
Cost of goods sold	-15,003	-13,596
Gross income	4,311	4,252
Gross margin	22.3%	23.8%
Other operating income	322	175
Marketing expenses	-1,203	-1,286
Administrative expenses	-1,132	-948
Research and development costs	-552	-388
Other operating expenses	-159	-27
Share in income of associated cos.	65	75
Operating income ¹⁾	1,652	1,853
Operating margin	8.6%	10.4%
Share in income of associated cos.	-20	-
Financial income	228	243
Financial expenses	-309	-384
Income after financial items	1,551	1,712
Taxes	-352	-402
Net income for the period	1,199	1,310
Of which Parent Company shareholders' interest	1,189	1,275
Of which minority interest	10	35
Earnings per share before and after dilution, SEK ²⁾	10.89	11.78
¹⁾ Includes depreciation of	-939	-967
of which depreciation of lease assets	-419	-474
²⁾ Average number of shares	109,150,344	108,234,126

Sales by business segment

SEK m.	2005	2004	Change
Defence & Security Solutions	5,458	4,557	19.8%
Systems & Products	7,397	6,826	8.4%
Aeronautics	7,685	6,796	13.1%
Corporate	30	659	
Internal sales	-1,256	-990	
Saab Group	19,314	17,848	8.2%

Operating income by business segment

SEK m.	2005	% of sales	2004	% of sales
Defence & Security Solutions	563	10.3%	402	8.8%
Systems & Products	826	11.2%	617	9.0%
Aeronautics	223	2.9%	751	11.1%
Corporate	40		83	
Saab Group	1,652	8.6%	1,853	10.4%

Operating income by business segment with structural costs reported separately

SEK m.	2005	% of sales	2004	% of sales
Defence & Security Solutions	592	10.8%	455	10.0%
Systems & Products	870	11.8%	706	10.3%
Aeronautics	365	4.7%	779	11.5%
Corporate	146		96	
Total	1,973	10.2%	2,036	11.4%
Structural costs	-321		-183	
Saab Group	1,652	8.6%	1,853	10.4%

Quarterly information

SEK m.	JANUARY-MARCH				APRIL-JUNE			
	2005		2004		2005		2004	
Sales								
Defence & Security Solutions	1,064		1,023		1,379		1,200	
Systems & Products	1,546		1,417		1,874		1,846	
Aeronautics	1,492		1,437		1,786		1,622	
Corporate	14		143		6		156	
Internal sales	-294		-207		-434		-267	
	3,822		3,813		4,611		4,557	
Operating income								
Defence & Security Solutions	114	10.7%	88	8.6%	163	11.8%	88	7.3%
Systems & Products	170	11.0%	89	6.3%	219	11.7%	190	10.3%
Aeronautics	98	6.6%	176	12.2%	-139		157	9.7%
Corporate	-37		0		-18		-25	
	345	9.0%	353	9.3%	225	4.9%	410	9.0%
Net financial items	-18		-4		-8		-34	
Income after financial net	327		349		217		376	
Net income for the period	232		250		154		269	
Earnings per share	2.04		2.32		1.48		2.43	
No. of shares, thousands	109,150		106 523		109,150		107,229	

SEK m.	JULY-SEPTEMBER				OCTOBER-DECEMBER			
	2005		2004		2005		2004	
Sales								
Defence & Security Solutions	1,207		940		1,808		1,394	
Systems & Products	1,297		1,294		2,680		2,269	
Aeronautics	1,610		1,486		2,797		2,251	
Corporate	2		166		8		194	
Internal sales	-91		-167		-437		-349	
	4,025		3,719		6,856		5,759	
Operating income								
Defence & Security Solutions	72	6.0%	81	8.6%	214	11.8%	145	10.4%
Systems & Products	128	9.9%	2	0.2%	309	11.5%	336	14.8%
Aeronautics	110	6.8%	181	12.2%	154	5.5%	237	10.5%
Corporate	64		30		31		78	
	374	9.3%	294	7.9%	708	10.3%	796	13.8%
Net financial items	-29		-54		-46		-49	
Income after financial net	345		240		662		747	
Net income for the period	245		177		568		614	
Earnings per share	2.11		1.56		5.26		5.47	
No. of shares, thousands	109,150		109,150		109,150		109,150	

Depreciation/amortization by business segment

SEK m.	2005	2004
Defence & Security Solutions	116	95
Systems & Products	167	180
Aeronautics	130	105
Corporate - lease assets	419	474
Corporate - other	107	113
Saab Group	939	967

Sales by geographic market

SEK m.	2005	% of sales	2004	% of sales	Change
Sweden	8,541	44%	9,265	52%	-724
Rest of EU	5,420	28%	4,604	25%	816
Rest of Europe	343	2%	474	3%	-131
Total, Europe	14,304	74%	14,343	80%	-39
North America	1,608	8%	1,335	7%	273
Latin America	83	-	106	1%	-23
Asia	684	4%	887	5%	-203
Australia, etc.	1,195	6%	1,171	7%	24
Africa	1,440	8%	6	-	1,434
Saab Group	19,314	100%	17,848	100%	1,466

Balance sheet

SEK m.	31/12 2005	1/1 2005	31/12 2004
ASSETS			
Fixed assets			
Intangible fixed assets	3,222	2,822	2,822
Tangible fixed assets	4,208	4,100	4,139
Lease assets	4,077	4,371	4,371
Biological assets	217	213	213
Investment properties	62	59	59
Shares in associated companies	316	540	540
Financial investments	128	263	263
Long-term receivables	1,090	1,006	1,006
Deferred tax receivables	319	675	675
Total fixed assets	13,639	14,049	14,088
Current assets			
Inventories	3,962	3,773	3,773
Derivatives	434	1,227	
Tax receivables	93	108	108

Account receivables	3,017	2,657	2,722
Prepaid expenses and accrued income	608	635	635
Other receivables	2,578	1,727	1,864
Short-term investments	4,624	3,183	3,183
Cash and marketable securities	1,574	1,136	1,136
Total current assets	16,890	14,446	13,421
Assets held for sale	65	182	
Total assets	30,594	28,677	27,509

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

Parent Company's shareholders' interest	9,179	8,198	8,118
Minority interest	314	103	103
Total shareholders' equity	9,493	8,301	8,221

Long-term liabilities

Long-term interest-bearing liabilities	739	793	793
Lease obligations	665	1,315	1,315
Other long-term liabilities	388	344	344
Provisions for pensions	2,939	3,034	3,034
Other provisions	2,214	1,817	1,914
Deferred tax liabilities	28	50	50
Total long-term liabilities	6,973	7,353	7,450

Current liabilities

Short-term interest-bearing liabilities	315	315	315
Advance payments from customers	3,528	2,860	2,860
Accounts payable	1,263	1,173	1,175
Lease obligations	858	910	910
Derivatives	365	266	
Tax liabilities	167	92	92
Other liabilities	827	712	712
Accrued expenses and deferred income	6,152	6,268	5,352
Provisions	616	422	422
Total current liabilities	14,091	13,018	11,838
Liabilities attributable to assets held for sale	37	5	
Total liabilities	21,101	20,376	19,288

Total shareholders' equity and liabilities	30,594	28,677	27,509
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**Condensed subdivided balance sheet
as of December 31, 2005**

SEK m.	Saab	Saab Aircraft Leasing	Elimina- tions	Saab Group
Assets				
Intangible assets	3,222			3,222
Tangible fixed assets	4,485	2		4,487
Lease assets		4,077		4,077
Long-term interest-bearing receivables	489			489
Shares etc.	1,908		-1,500	408
Deferred tax assets	486		-167	319
Inventories	3,954	8		3,962
Short-term interest-bearing receivables	162			162
Other receivables	6,567	703		7,270
Cash and marketable securities	6,101	97		6,198
Total assets	27,374	4,887	-1,667	30,594
Shareholders' equity and liabilities				
Shareholders' equity	9,556	1,437	-1,500	9,493
Provisions for pensions	2,939			2,939
Deferred tax liabilities	28	167	-167	28
Other provisions	2,068	762		2,830
Liabilities to credit institutions	1,033	21		1,054
Lease obligations		1,523		1,523
Advance payments from customers	3,528			3,528
Other liabilities	8,222	977		9,199
Total shareholders' equity and liabilities	27,374	4,887	-1,667	30,594

Order bookings by business segment

SEK m.	2005	2004
Defence & Security Solutions	6,738	4,560
Systems & Products	6,726	6,134
Aeronautics	4,572	5,970
Corporate	193	674
Internal	-717	-894
Saab Group	17,512	16,444

Order backlog by business segment

SEK m.	2005	2004
Defence & Security Solutions	5,021	2,895
Systems & Products	16,325	16,212
Aeronautics	22,248	26,088
Corporate	163	
Internal	-1,559	-2,033
Saab Group	42,198	43,162

Statement of cash flows

SEK m.	2005	2004
Cash flow from operating activities		
Income after financial items	1,551	1,712
Adjustments for items not affecting cash flow	1,137	921
Tax paid	-110	-26
Cash flow from operating activities before changes in working capital	2,578	2,607

Working capital

Inventories	356	-306
Receivables	-43	573
Advance payments from customers	481	-1,126
Other liabilities	417	-135
Lease obligations	-1,022	-418
Provisions	-331	-330
Change in working capital	-142	-1,742
Cash flow from operating activities	2,436	865
Investments in intangible fixed assets	-293	-420
Investments in tangible fixed assets	-296	-348
Sales/acquisition of lease assets	690	41
Acquisition of companies	-293	-108
Sale of subsidiaries	257	184
Acquisition/sale of shares etc.	2	-5
Sale of tangible and intangible fixed assets	37	116
Cash flow from investing activities	104	-540
Operating cash flow	2,540	325

Operating cash flow by business segment

SEK m.	2005	2004
Defence & Security Solutions	466	266
Systems & Products	485	-377
Aeronautics	1,643	326
Corporate	-54	110
Saab Group	2,540	325

Gross capital expenditures

SEK m.	2005	2004
Defence & Security Solutions	78	56
Systems & Products	128	160
Aeronautics	52	69
Corporate	38	63
Saab Group	296	348

Capital employed by business segment

SEK m.	2005	2004
Defence & Security Solutions	3,473	2,713
Systems & Products	4,191	4,302
Aeronautics	2,389	2,101
Corporate	3,434	3,326
Saab Group	13,487	12,442

Research and development expenditures

SEK m.	2005	2004
Defence & Security Solutions	544	594
Systems & Products	1,760	2,062
Aeronautics	1,242	1,265
Corporate		8
Saab Group	3,546	3,929
as % of sales	18	22

Key ratios

Percent	Target	2005	2004
Operating margin after depreciation/ amortization	10.0	8.6	10.4
Operating margin before depreciation/ amortization	15.0	13.4	15.8
Return on equity	15.0	13.5	16.7
Equity/assets ratio	30.0	31.0	29.9

Personnel by business segment

Number at end of period	2005	2004	Change
Defence & Security Solutions	4,378	3,552	826
Systems & Products	4,168	3,850	318
Aeronautics	3,680	3,832	-152
Corporate	604	702	-98
Saab Group	12,830	11,936	894

Shareholders' equity

Changes in the Group's shareholders' equity:

SEK m.	2005			2004		
	Attributable to Parent Company's shareholders	Attributable to minority	Total	Attributable to Parent Company's shareholders	Attributable to minority	Total
Opening balance	8,118	103	8,221	7,134	147	7,281
Effects of changing accounting principles	80		80			
Dividend to shareholders	-409		-409	-373		-373
Conversion of convertible debenture loan				240		240
Translation difference, etc.	299	27	326	-158	-20	-178
Cash flow hedges	-98		-98			
Acquisition and divestment of operations		174	174		-59	-59
Net income for the year	1,189	10	1,199	1,275	35	1,310
Closing balance	9,179	314	9,493	8,118	103	8,221

Reconciliation of shareholders' equity compared with previous accounting principles as of December 31, 2004

SEK m.	According to previous accounting principles	IFRS adjustments	According to IFRS Dec. 31, 2004
Opening balance	7,101	180	7,281
Dividend to shareholders	-373		-373
Conversion of convertible debenture loan	240		240
Translation difference, etc.	-95	-83	-178
Change in minority interest		-59	-59
Net income for the year	1,091	219	1,310
Closing balance	7,964	257	8,221

Reconciliation of net income for the period January - December 2004 compared with previous accounting principles and IFRS

SEK m.	January-March	April-June	July-Sept	Okt-Dec	Total
According to previous principles	205	222	133	531	1 091
Goodwill amortization	34	32	30	33	129
Inventories revalued at closing day rates	6	5	5	18	34
Lower depreciation on buildings	2	2	2	3	9
Other operating expenses				12	12
Minority profit	3	8	7	17	35
According to IFRS	250	269	177	614	1 310

Business combinations

On May 16, 2005 Saab acquired 55.6 percent of the South African company Grintek Ltd. It had previously owned 21.4 percent of the company.

Grintek is a defence and technology company with operations in defense electronics and telecommunications.

The reported share of income in associated companies amounted to SEK -9 m. during the first five months of the year.

During the seven months subsequent to the acquisition, the subsidiary contributed SEK 1,025 m. to the Group's sales and SEK 96 m. to operating income.

Net income subsequent to the acquisition date amounted to SEK 56 m.

If the acquisition had taken place effective January 1, 2005, the Group's sales would have increased by SEK 673 m. to SEK 19,987 m. and net income would have decreased by SEK 12 m. to SEK 1,187 m.

If other minor acquisitions and disposals had been made effective January 1, 2005, the Group's sales would have decreased by SEK 38 m. to SEK 19,287 m. and net income for the year would have decreased by SEK 56 m. to SEK 1,143 m.

The acquisition of Grintek had the following effect on the Group's assets and liabilities.

The acquired company's net assets on the acquisition date were as follows:

SEK m.	
Intangible fixed assets	87
Tangible fixed assets	218
Shares and long-term receivables	20
Deferred tax receivables	23
Inventories	333
Other receivables	652
Liquid assets	232
Total assets	1,565
Shareholders' equity	521
Minority interest	122
Total shareholders' equity	643
Provisions	202
Interest-bearing liabilities	104

Accounts payable and other liabilities	616
Total liabilities	1,565

Reported goodwill from acquisition of Grintek

Acquired net assets, May 16, 2005 (55.6% of SEK 521 m.)	290
Purchase price paid in cash ^{*)}	-405
Goodwill	115
Acquired net assets, February 1, 2004 (21.4% of SEK 407 m.)	87
Purchase price paid in cash ^{*)}	-108
Goodwill	21
Total goodwill	136

^{*)} Including legal fees of SEK 3 m.

Goodwill consists in its entirety of the effects of synergies between the operations of Defense and Security Solutions and Systems and Products. No surplus values have been identified in intangible assets

Effect on the Group's liquidity:

Purchase price paid in cash, May 31, 2005	-405
Liquid assets (acquired)	232
Net cash outlay	-173
Interest-bearing liabilities	-104
Effect on the Group's net liquidity (liquid assets less interest-bearing liabilities)	-277

Total effect on the Group's net liquidity:

Purchase price paid, February 1, 2004	-108
Purchase price paid, May 16, 2005	-405
Net liquidity	128
Total	-385

Five-year overview

SEK m., unless otherwise stated	2005	2004 ⁵⁾	2003	2002	2001
Order bookings	17,512	16,444	19,606	19,521	15,274
Order backlog at Dec. 31.	42,198	43,162	45,636	43,082	40,034
Sales	19,314	17,848	17,250	16,538	15,689
Foreign market sales, %	56	48	46	41	40
Operating income	1,652	1,853	1,293	1,220	1,594
Operating margin, %	8.6	10.4	7.5	7.4	10.2
Operating margin before depreciation, exclusive of depreciation on lease assets, %	11.2	13.1	11.1	11.2	14.4
Income after financial items	1,551	1,712	1,073	993	1,554
Net income for the year	1,199	1,310	746	732	1,127
Total assets	30,594	27,509	28,704	28,109	29,901
Operating cash flow	2,540	325	545	-92	1,642
Return on capital employed, %	14.6	17.0	12.7	11.6	15.5
Return on equity, %	13.5	16.7	10.8	10.8	18.3
Equity/assets ratio, %	31.0	29.9	24.4	24.3	22.3
Earnings per share, SEK ^{2) 4)}	10.89	11.78	7.00	6.87	10.59
after full conversion, SEK ^{3) 4)}	10.89	11.78	6.91	6.78	10.40
before goodwill amortization, SEK ^{2) 4)}	10.89	11.78	8.59	8.52	12.11
Dividend per share, SEK ⁶⁾	4.00	3.75	3.50	3.50	3.25
Equity per share, SEK ¹⁾	84.10	74.89	65.75	64.17	62.74
Number of employees at year-end	12,830	11,936	13,414	14,036	14,028

¹⁾ Number of shares as of December 31, 2005: 109,150,344; 2004: 109,150,344; 2003: 106,517,563; 2002: 106,510,374; and 2001: 106,459,675

²⁾ Average number of shares as of December 31, 2005: 109,150,344; 2004: 108,234,126; 2003: 106,513,969; 2002: 106,487,407; and 2001: 106,459,675

³⁾ Average number of shares 2004: 108,234,126, after full conversion 2001-2003: 109,247,175. Conversion of the debenture loan concluded on July 15, 2004.

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

⁵⁾ Restated according to IFRS, previous years are not restated.

⁶⁾ For the year 2005 proposed dividend.