

Q1 Interim Report 2006

Telephone conference, Stockholm, April 24, 2006

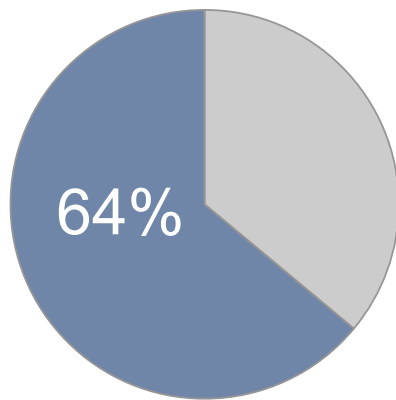


Åke Svensson
President and CEO

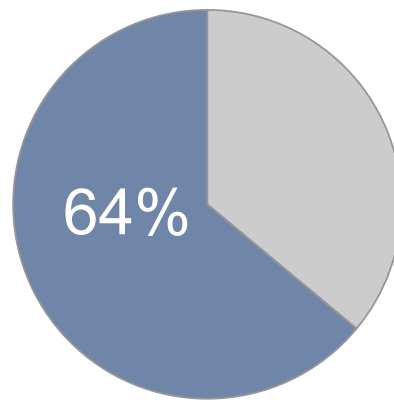
Jan – March 2006 in brief

- Sales SEK 4,311 m. (3,822)
- Net income for the period SEK 428 m. (232)
- Earnings per share SEK 3.88 (2.04)
- Operating income SEK 549 m. (345),
income after financial items SEK 533 m. (327)
- Order bookings SEK 4,149 m. (3,801)
- Order backlog SEK 42 billion (43)

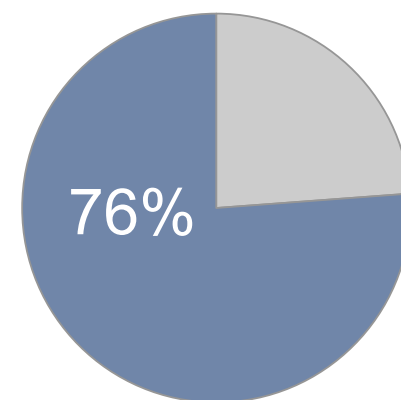
Increasing international sales



Sales



Order bookings

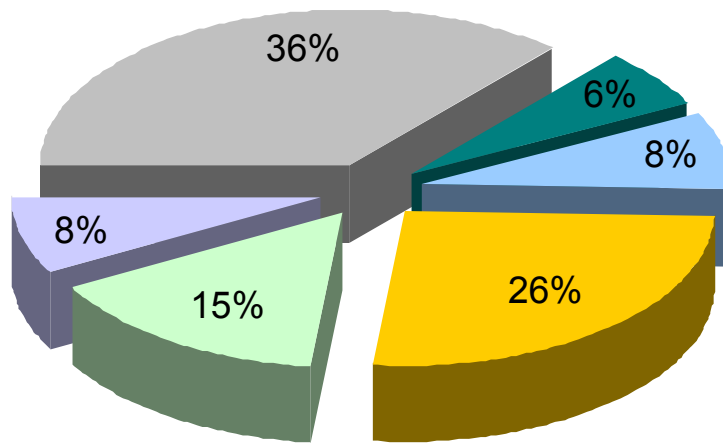


Order backlog

● International ● Sweden

Q1 2006

Geographical markets

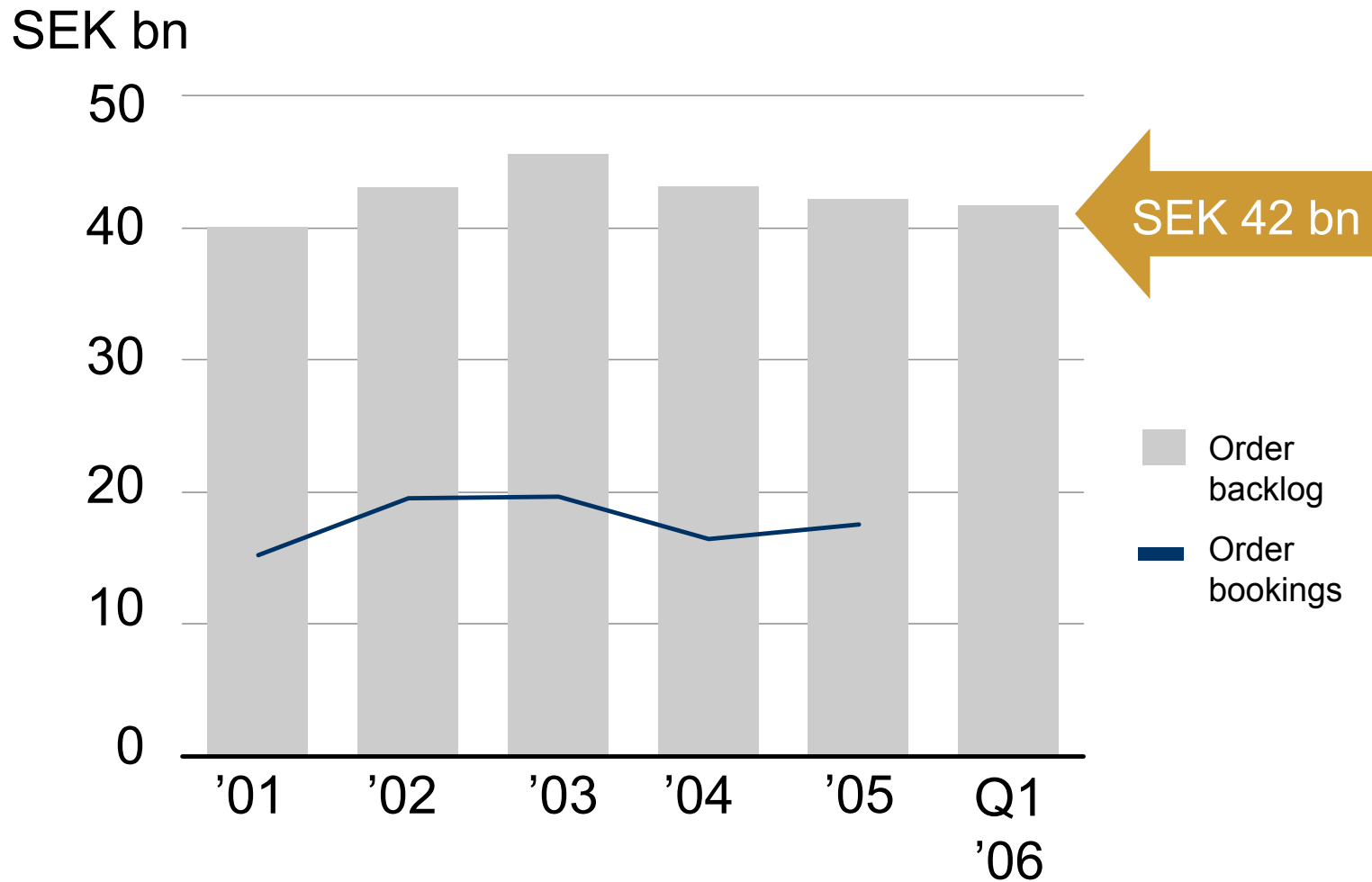


Sales



Q1 2006

Order backlog and order bookings



Highlights Jan – March 2006

- BOL, counter- measures dispensing system for Eurofighter Tranche 2 program. Order value ~SEK 190 m.
- Mobile training system to Austria. Includes Gamer manpack and equipment for training in urban environment. Order value SEK 88 m.
- Command and control systems on four Swedish submarines. Includes solutions for navigation, sensor management, weapons handling and crew training facility on land.
- Significant order bookings for Boeing Dreamliner. Saab risk-sharing partner, supplies design, development and manufacturing of cargo- and access doors
- The first five Gripen aircraft for Hungary were delivered to the customer

Additional highlights

- Saab divested Saab Metech AB and its subsidiaries to Bodycote International Plc
- TietoSaab Systems Oy started its operations
- Saab laid off a total of 165 employees in Linköping, Karlskoga and Arboga

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- Marcus Wallenberg elected new Chairman
- Saab the dominating supplier of on-board computers and processors to Galileo. Order value Euro 30 m. for initial phase.
- Rakel, the single and common radio system for all Swedish public safety authorities, in operational use

Q1 2006 - Financials

Telephone conference, Stockholm, April 24, 2006



Lars Wahlund
CFO

Order bookings and order backlog

	Order bookings 3 months	Order bookings 3 months	Order backlog
SEK millions	2006	2005	March 31, 2006
Defence & Security Solutions	1,889	2,479	5,468
Systems & Products	1,481	819	16,310
Aeronautics	1,146	568	21,405
Corporate	10	57	104
Internal	-377	-122	-1,385
Saab Group	4,149	3,801	41,902

Sales

SEK millions	Q1 2006	Q1 2005	Change	2005	2004*
Defence & Security Sol.	1,738	1,261	37.8%	6,303	4,577
Systems & Products	1,482	1,546	-4.1%	7,397	6,826
Aeronautics	1,591	1,280	24.3%	6,775	6,796
Corporate	69	25		82	659
Internal	-569	-290		-1,243	-990
Saab Group	4,311	3,822	12.8%	19,314	17,848

* Not restated to new organization

Operating income, EBIT

SEK millions	Q1 '06	<i>margin</i>	Q1 '05	<i>margin</i>	2005	<i>margin</i>
Defence & Security Sol.	192	11.0%	113	9.0%	635	10.1%
Systems & Products	143	9.6%	169	10,9%	818	11.1%
Aeronautics	72	4.5%	97	7.6%	144	2.1%
Corporate	142		-34		55	
Saab Group	549	12.7%	345	9.0%	1,652	8.6%

Operating income, EBIT excl. structural costs

SEK millions	Q1 '06	<i>margin</i>	Q1 '05	<i>margin</i>	2005	<i>margin</i>
Defence & Security Sol.	192	11.0%	123	9.8%	679	10.8%
Systems & Products	144	9.7%	169	10,9%	862	11.7%
Aeronautics	108	6,8%	116	9.1%	271	4.0%
Corporate	143		-34		161	
Total	587	13.7%	374	9.8%	1,973	10.2%
Structural costs	-38		-29		-321	
Saab Group	549	12.7%	345	9.0%	1,652	8.6%

Income statement

SEK millions	Q1 2006	Q1 2005	2005	2004
Sales	4,311	3,822	19,314	17,848
Cost of goods sold	-3,197	-2,907	-15,003	-13,596
Gross margin	1,114	915	4,311	4,252
<i>Gross margin</i>	25.8%	23.9%	22.3%	23.8%
Other operating income	185	26	322	175
Marketing expenses	-335	-292	-1,203	-1,286
Administrative expenses	-280	-231	-1,132	-948
Research and development costs	-119	-81	-522	-388
Other operating expenses	-21	-5	-159	-27
Share in income of associated companies	5	13	65	75
Operating income	549	345	1,652	1,853
<i>Operating margin</i>	12.7%	9.0%	8.6%	10.4%
Result from financial investments	-16	-18	-101	-141
Income after financial items	533	327	1,551	1,712
Taxes	-105	-95	-352	-402
Net income	428	232	1,199	1,310
Earnings per share, SEK	3.88	2.04	10.89	11.78

Balance sheet

SEK millions	March, 31 2006	Jan. 1, 2006	Change
Assets			
Intangible fixed assets	3,328	3,222	106
Tangible fixed assets	4,194	4,208	-14
Lease assets	3,618	4,077	-459
Biological assets	217	217	0
Investments properties	62	62	0
Shares in associated	312	316	-4
Financial investments	122	128	-6
Long-term receivables	1,074	1,090	-16
Deferred tax receivables	265	319	-54
Total fixed assets	13,192	13,639	-447
Inventories	4,276	3,962	314
Derivates	372	434	-62
Tax receivables	119	93	26
Accounts receivables	2,543	3,017	-474
Prepaid expenses and accrued income	615	608	7
Other receivables	2,898	2,578	320
Short-term investments	2,759	4,624	-1,865
Cash and marketable securities	952	1,574	-622
Total current assets	14,534	16,890	-2,356
Assets held for sale	0	65	-65
Total assets	27,726	30,594	-2,868

Balance sheet

SEK millions	March, 31 2006	Jan. 1, 2006	Change
Shareholders' equity and liabilities			
Parent Company's shareholders' interest	9,547	9,179	368
Minority interest	319	314	5
Total shareholders' equity	9,866	9,493	373
Long-term interest-bearing liabilities	733	739	-6
Lease obligations	390	665	-275
Other long-term liabilities	380	388	-8
Provision for pensions	491	2,939	-2,448
Other provisions	2,228	2,214	14
Deferred tax liabilities	28	28	0
Total long-term liabilities	4,250	6,973	-2,723
Short-term interest-bearing liabilities	316	315	1
Advance payments from customers	2,862	3,528	-666
Accounts payable	1,040	1,263	-223
Lease obligations	803	858	-55
Derivatives	219	365	-146
Tax liabilities	177	167	10
Other liabilities	1,020	827	193
Accrued expenses and deferred income	6,604	6,152	452
Provisions	569	616	-47
Total current liabilities	13,610	14,091	-481
Liabilities related to fixed assets held for sale	0	37	-37
Total shareholders' equity and liabilities	27,726	30,594	-2,792
Equity/assets ratio, %	35.6	31.0	

Balance sheet, March 31, 2006, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Intangible assets	3,328			3,328
Tangible assets	4,473			4,473
Lease assets		3,618		3,618
Long-term interest bearing receivables	480			480
Shares, etc	1,904		-1,500	404
Deferred tax receivables	372		-107	265
Inventories, etc.	4,272	4		4,276
Short-term interest bearing receivables	168			168
Other assets	6,305	698		7,003
Cash and marketable securities	3,638	73		3,711
Total assets	24,940	4,393	-1,607	27,726
Shareholders' equity	9,954	1,488	-1,500	9,942
Provision for pensions	491			491
Other provisions	2,028	769		2,797
Deferred tax liabilities	28	107	-107	28
Liabilities to credit institutions	886	163		1,049
Lease obligations		1,193		1,193
Advance payments from customers, net	2,862			2,862
Other liabilities	8,691	749		9,440
Total shareholders' equity & liabilities	24,940	4,393	-1,607	27,726

Summarised Cash flow Q1 2006

SEK millions	Actual	Saab	SAL
Cash flow from operations	590	498	92
Inventories	-367	-371	4
Advances	-664	-664	-
Liabilities	437	648	-211
Lease obligations	-291	-	-291
Provisions	-67	-56	-11
Other working capital	-73	-73	-
Change in working capital	-1,025	-516	-509
Product development	-94	-94	-
Fixed assets	-86	-86	-
Leasing assets	276	-	276
Acquisitions	-48	-48	-
Divestments	400	400	-
Other	15	3	12
Cash flow from investments	463	175	288
Operating cash flow	28	157	-129

Operating cash flow vs Statement of Cash flow

SEK millions	Actual
Operating cash flow	28
Cash flow from financing:	
Pensions amortized and paid	-2 511
Loans raised	21
Cash flow from investments –	
Interest bearing:	
Short-term investments	1 859
Financial investments	3
Statement of Cash flow	-600



Outlook and forecast

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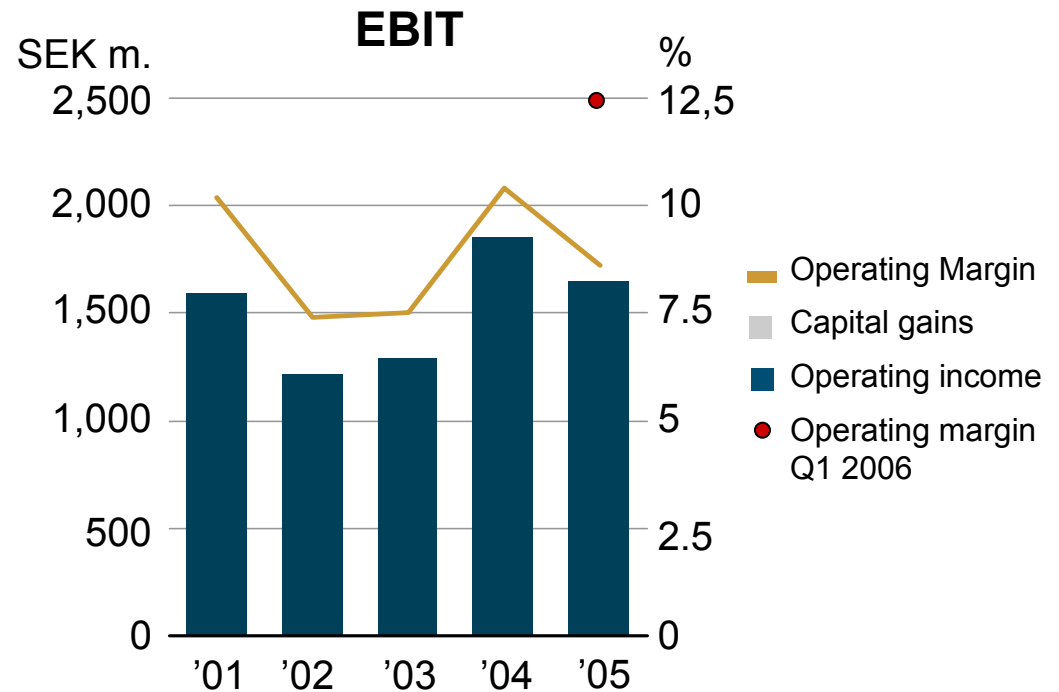
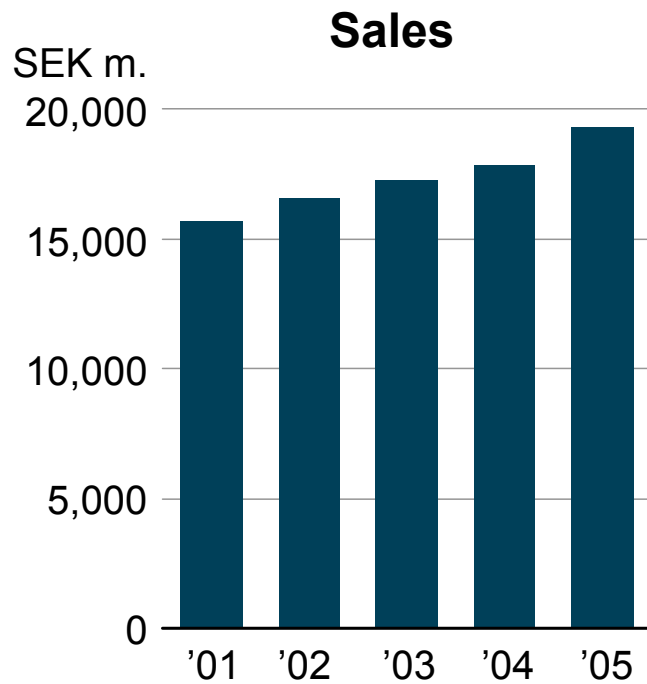


Åke Svensson
President and CEO

A paradigm shift



Forecast 2006



- 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 incl. the effect of acquisitions in 2005.
- The underlying operating margin is expected to reach the 10-percent target before structural costs of approximately SEK 250 million.

Conclusions

- Jan – March well in line with expectations
- International sales continues to grow
- Growing interest in Gripen from new markets
- Broadened scope into civil security and a greater role throughout the entire lifecycle of systems we supply



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