

CHALLENGING MARKET CONDITIONS



CEO Comment: Håkan Buskhe

For the first time since 1998*, the total global defence spending declined in 2012. The challenging market conditions continued during the first half of 2013, particularly in Europe and the U.S. The sequestration in the U.S. hit hard against both the defence sector and other government-funded programmes. As a consequence, our training and air traffic management operations were affected negatively.

In light of this, it is especially pleasing to see an increase in order bookings in four of our six business areas during the period. Among other things, the Swedish Defence Materiel Administration (FMV) ordered development of the next generation of the Gripen fighter system, the Gripen E, and Brazil ordered upgrades of the airborne radar system Erieye.

Sales in the first half-year amounted to MSEK 11,748, an organic decline of 1 percent. As a result of the tough market situation, the activity level was lower, mainly in the business areas Electronic Defence Systems and Dynamics.

Excluding material non-recurring items, operating income amounted to MSEK 776 (926) and the operating margin was 6.6 percent (7.8) in the period. In the second quarter the operating income excluding non-recurring items amounted to MSEK 380 (523) and the operating margin was 6.5 per cent (8.4). Four of our six business areas improved their underlying profitability. The business area Electronic Defence Systems continued to make large investments in development to strengthen the product portfolio at the same time as sales declined, which here led to an operating loss in

the first half-year.

Including material non-recurring items, operating income amounted to MSEK 545 (1,133) and the operating margin was 4.6 percent (9.6). A non-recurring item of MSEK 231 related to a lost legal dispute in Denmark concerning the command and control system DACCIS was recorded in the period. It includes repayment of previous awarded damages, payments received under the DACCIS contract and court costs. In the first half-year 2012, a positive non-recurring item of MSEK 207 related to a potential earn-out liability was included.

Earnings before tax, excluding material non-recurring items of MSEK 314 related to DACCIS, amounted to MSEK 679 (918).

Earnings per share after dilution amounted to SEK 2.48.

Measures to increase efficiency were implemented during the first half-year, primarily in areas where the market situation is tough. It is estimated that such measures in 2013 will contribute with approximately MSEK 500 in efficiency improvements during coming years. The measures aim at creating prerequisites to achieve our long term targets. This includes both volume adjustments and the introduction of new working practices to reduce development, production and overhead costs across the company. It also includes an increased focus on prioritised areas within product development. To remain one of the most cost effective companies in the industry, it is a must to continuously adjust our operations.

The assessment is that the global market conditions will remain challenging during the remainder of 2013.

Due to current market conditions, continued high investments in product development and costs for measures to increase efficiency the outlook statement for the year is adjusted.

*Source: SIPRI = Stockholm International Peace Research Institute

ADJUSTED OUTLOOK STATEMENT 2013:

- In 2013, we estimate that sales will be in line with 2012.
- The operating margin in 2013, excluding material net capital gains and other non-recurring items, is expected to be in line with the operating margin in the first half-year 2013, excluding material non-recurring items.

Previous outlook: In 2013, we estimate that sales will increase slightly compared to 2012. The operating margin in 2013, excluding material net capital gains other non-recurring items, is expected to be in line with the operating margin in 2012, excluding material non recurring items, of 7.7 per cent.

Financial highlights

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	22,036	11,644	89	3,171	7,644	20,683
Order backlog	44,337	37,069	20			34,151
Sales	11,748	11,805	-	5,886	6,232	24,010
Gross income	3,211	3,575	-10	1,599	1,996	7,208
Gross margin, %	27.3	30.3		27.2	32.0	30.0
Operating income before depreciation/amortisation and write-downs (EBITDA)	1,042	1,695	-39	398	1,011	3,186
EBITDA margin	8.9	14.4		6.8	16.2	13.3
Operating income (EBIT)	545	1,133	-52	149	730	2,050
Operating margin, %	4.6	9.6		2.5	11.7	8.5
Net income	263	841	-69	1	558	1,560
Earnings per share before dilution, SEK	2.56	8.24		0.02	5.42	15.00
Earnings per share after dilution, SEK	2.48	7.96		0.02	5.24	14.52
Return on equity, % ¹⁾	8.7	20.7				12.8
Operating cash flow ²⁾	-1,091	196	-657	-742	244	-396
Operating cash flow per share after dilution, SEK	-10.00	1.80		-6.80	2.24	-3.63

1) The return on equity is measured over a rolling 12-month period

2) Operating cash flow includes cash flow from operating activities of MSEK -624 (107) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -467 (89)

Saab's operations are divided into six business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and

Services and the independent business area Combitech.

In addition, Corporate comprises Group staff and departments and secondary operations. It

also includes the leasing fleet of Saab 340.

Orders and Sales

Orders

Second quarter 2013

Large orders received during the second quarter 2013 included, among other things, an order for the electromagnetic signal-sensor part of the Brazilian border security program Sisfron and a contract on delivery of the Autonomous Underwater Vehicle systems, AUV62, in configuration as training target for Anti Submarine Warfare (ASW) training.

During the second quarter 2012, four major orders were received from FMV for the development, support and maintenance of the Gripen system totalling SEK 3.6 billion.

January–June 2013

Order bookings in the first half-year increased strongly compared to the same period 2012. The increase was mainly due to two major orders for the development of the next generation of the Gripen fighter system, Gripen E, received in February and March from FMV, totalling SEK 13.2 billion.

Several other large orders were received during the period, including two orders from FMV for an upgrade of Sweden's ground based air defence. The orders included delivery of new functions for the ground

based air defence control which Saab has developed based on the Giraffe multifunctional radar system.

Two orders were received regarding upgrades of the airborne mission system Erieye in Brazil.

A contract was signed for support of an airborne surveillance system.

For a detailed list of major orders received, see note 3, page 23.

In all, 91 per cent (77) of order bookings were attributable to defence-related operations. 29 per cent (46) of order bookings were from customers outside Sweden.

During the first half-year 2013, index and price changes had a negative effect on order bookings of MSEK 34, compared to a positive effect of MSEK 112 in the first half-year 2012.

Orders received, where the order sum was larger than MSEK 100, represented 77 per cent (53) of total order bookings.

The order backlog at the end of the first half-year 2013 amounted to MSEK 44,337 compared to MSEK 34,151 at the beginning of the year.

Order backlog duration

- 2013: SEK 10.5 billion
- 2014: SEK 13.4 billion
- 2015: SEK 9.4 billion
- 2016: SEK 6.7 billion
- After 2016: SEK 4.3 billion

Sales

Second quarter 2013

Currency effects negatively impacted sales by 2 per cent.

January–June 2013

Reported sales during the first half-year 2013 were on par with the first half-year 2012.

Acquisitions contributed to the increase in sales by 2 per cent, while exchange rates had a negative impact of 1 per cent.

Sales in markets outside Sweden amounted to MSEK 6,723 (7,414), or 57 per cent (63) of total sales.

Of sales, 81 per cent (84) was related to the defence market.

Orders by Market Region

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %
Sweden	15,737	6,282	151
EU excluding Sweden	1,664	1,973	-16
Rest of Europe	268	460	-42
Americas	1,817	1,682	8
Asia	2,096	402	421
Africa	180	380	-53
Australia, etc.	274	465	-41
Total	22,036	11 644	89

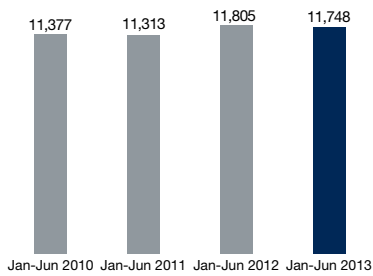
Sales by Market Region

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %
Sweden	5,025	4,391	14
EU excluding Sweden	1,898	2,243	-15
Rest of Europe	247	142	74
Americas	1,407	1,201	17
Asia	2,127	2,468	-14
Africa	462	698	-34
Australia, etc.	582	662	-12
Total	11,748	11,805	-

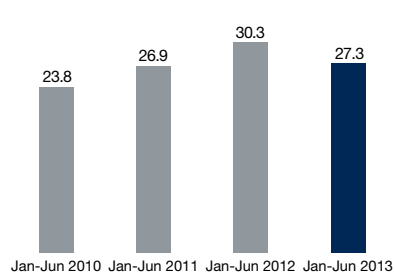
Sales by Market Segment

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %
Air	5,304	4,753	12
Land	3,167	4,028	-21
Naval	1,105	1,171	-6
Civil Security	997	836	19
Commercial			
Aeronautics	795	619	28
Other	380	398	-5
Total	11,748	11,805	-

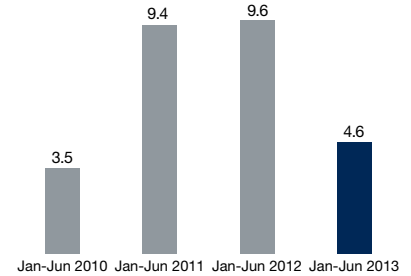
Sales, MSEK



Gross margin, %



Operating margin, %



Income

Second quarter 2013

The gross margin decreased in the second quarter 2013 compared to the same period 2012 to 27.2 per cent (32.0) as a result of a different product and project mix.

Excluding non-recurring items the operating income amounted to MSEK 380 (523) with an operating margin of 6.5 per cent (8.4). A non-recurring item of MSEK 231, related to a lost legal dispute, was booked during the second quarter 2013 (see note 11, page 26), the operating income. During 2012, the operating income was positively impacted by a reduction of the earn-out liability, related to the acquisition of Saab Sensis during 2011, amounting to MSEK 207.

January–June 2013

The gross margin decreased in the first half-year 2013 compared to the same period 2012 to 27.3 per cent (30.3), mainly as a result of a different product and project mix.

Total depreciation and amortisation amounted to MSEK 513 (593). Depreciation of tangible fixed assets amounted to MSEK 189 (188), while depreciation of the leasing fleet amounted to MSEK 16 (31).

Internally funded expenditures in research and development amounted to MSEK 676 (768) of which a total of MSEK 11 (17) was capitalised. A large part of the expenditures was invested in development of radar and sensor technologies.

Amortisation of intangible fixed assets

amounted to MSEK 308 (374), of which amortisation of capitalised development costs amounted to MSEK 227 (306). A risk assessment of the remaining risks related to Saab's lease fleet of turboprop aircraft led to a reversal of risk provisions, which contributed positively to the operating income in the first half-year.

The share of income in associated companies was MSEK 15 (-2).

The operating income amounted to MSEK 545 (1,133) with an operating margin of 4.6 per cent (9.6). Excluding material non-recurring items, the operating income amounted to MSEK 776 (926), with an operating margin of 6.6 per cent (7.8).

Financial Net

MSEK	Jan-Jun 2013	Jan-Jun 2012
Project interest from unutilised advance payments	-2	-8
Net interest items	-4	24
Currency gains/losses	-33	21
Financial net related to pensions	-35	-32
Other net financial items	-106	-13
Total	-180	-8

Project interest is the return received on unutilised advance payments from customers that are received in connection with

some orders. The return generated from this advance financing is recognised in gross income and reduces financial net.

Net interest items refer to return on liquid assets and short-term investments and interest expenses on short and long-term interest-bearing liabilities. The market value of marketable securities decreased as a consequence of higher interest rates compared to at year-end 2012. This led to negative net interest items. The currency gains/losses reported in financial net are related to the tender portfolio where the hedges were valued at fair value.

The financial net related to pensions is based on the current net pension liability.

Other net financial items consist of income from shares in associated companies and other exchange rate effects, for example exchange rate changes related to liquid assets in currencies other than SEK. Also booked here is a non-recurring item of MSEK 83, related to a lost legal dispute during the second quarter (see note 11, page 26).

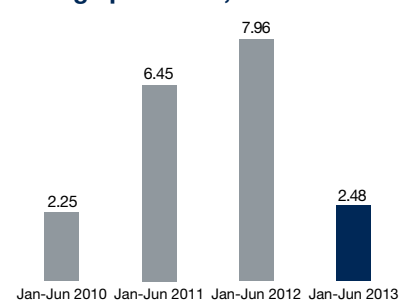
Tax

Current and deferred taxes amounted to MSEK -102 (-284), equivalent to an effective tax rate of 28 per cent (25). During 2012, tax exempt sales, mainly attributable to a reduction of the earn-out liability related to the acquisition of Sensis, were included in the result leading to a lower tax rate in 2012.

Return on capital employed and equity

The pre-tax return on capital employed was 10.6 per cent (22.6) and the after-tax return on equity was 8.7 per cent (20.7), both measured over a rolling 12-month period.

Earnings per share, SEK



The graph illustrates earnings per share after dilution

Financial position and liquidity

Financial position

At the end of June 2013, net liquidity amounted to MSEK 1,264, a decrease of MSEK 732 during the first half-year 2013 compared to year-end 2012. The cash flow from operating activities amounted to MSEK -624.

The discount rate used in the valuation of pension obligations increased from 3.00 per cent to 3.75 per cent during the period. At the same time the rate of return on the plan assets was lower than the actuarial assumption. Together this had a positive impact on the net liquidity of MSEK 871.

The net liquidity was negatively impacted during the first half-year 2013 by investments amounting to approximately MSEK 467 and dividend paid of MSEK 477.

Exchangerate differences on liquid assets and unrealised results from financial investments had a negative impact on net liquidity of MSEK 35.

In 2009, Saab changed its view on the application of the accounting principles for development costs. As a result of this more conservative view, development costs are capitalised at a later stage in all projects and all capitalised development costs are amortised over maximum ten years. As a consequence of this, the capitalised development costs have been reduced from MSEK 3,628 at the end of 2008 to MSEK 1,540 at the end of June 2013.

Inventories are recognised after deducting utilised advances. Tangible fixed assets were at approximately the same level as at year-end 2012. Compared to end of June 2012, tangible fixed assets decreased mainly as a result of divestments of lease assets.

Other receivables increased compared to year-end 2012 as a result of the increase of accrued revenue from customers due to higher activity level in some large projects.

Provisions for pensions amounted to MSEK 1,549 (2,071) excluding special employers' contribution. During the first half-year 2013, the Saab Pension Fund was capitalised with a total of MSEK 0 (0).

For more information about Saab's defined-benefit plans, see note 10, page 26.

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 231 (185).

Investments in intangible assets amounted to MSEK 35 (28) of which MSEK 11 (17) was related to capitalised product development and MSEK 24 (11) to other intangible assets.

Cash flow

Operating cash flow amounted to MSEK -1,091 (196). The lower level of operating cash flow in the first half-year 2013 compared to 2012 is mainly attributable to

timing differences in milestone payments and investments made.

The operating cash flow was distributed between cash flow from operating activities of MSEK -624 (107) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -467 (89), of which acquisitions and divestments amounted to MSEK -15 (79).

During the period an investment was made in the listed Indian company Pipavav Defence and Offshore Engineering Company Limited (Pipavav) amounting to MSEK 247 and a payment of MSEK 314 related to a lost legal dispute related to the DACCIS command and control system was made. The payment Saab made included repayments of damages and received payments according to an earlier contract, as well as interest and court costs.

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. As of 30 June 2013, net receivables of MSEK 762 were sold, compared to MSEK 852 at 31 December 2012. Hence, this had a negative impact of MSEK 90 on operating cash flow in the first half-year 2013.

For more detailed information about the operating cash flow, see note 8, page 25.

Financial Position Key Indicators and Liquidity

MSEK	30 Jun 2013	30 Jun 2012	Change	31 Dec 2012
Net liquidity ¹⁾	1,264	2,988	-1,724	1,996
Intangible fixed assets	6,605	6,493	112	6,849
Goodwill	4,597	4,345	252	4,581
Capitalised development costs	1,540	1,668	-128	1,751
Other intangible fixed assets	468	480	-12	517
Tangible fixed assets, etc. ²⁾	3,752	4,119	-367	3,805
Inventories	4,568	4,671	-103	4,420
Accounts receivable	2,956	2,945	11	3,454
Other receivables	3,030	2,726	304	2,548
Accrued revenues ³⁾	2,226	2,005	221	1,724
Advance payments from customers	801	862	-61	553
Equity/assets ratio, (%)	42.7	37.6		39.0
Return on equity, (%) ⁴⁾	8.7	20.7		12.8
Equity per share, SEK ⁵⁾	108.69	103.82	4.87	105.43

1) The Group's net liquidity refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 6, page 23.

2) Including tangible fixed assets, lease assets, biological assets and investment properties.

3) Amounts due from customers (long-term customer contracts according to the percentage of completion method).

4) The return on equity is measured over a rolling 12-month period.

5) Number of shares excluding treasury shares; 2013 Jun: 106,123,078; 2012 June: 105,658,633; 2012 Dec: 105,930,829.

AERONAUTICS

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	11,239	3,873	190	406	3,056	4,289
Order backlog	19,061	13,841	38			11,305
Sales	3,482	3,123	11	1,717	1,704	6,076
Operating income before depreciation/amortisation and write-downs (EBITDA)	311	278	12	158	142	592
EBITDA margin, %	8.9	8.9		9.2	8.3	9.7
Operating income (EBIT)	237	162	46	121	84	359
Operating margin, %	6.8	5.2		7.0	4.9	5.9
Operating cash flow	-341	-129		141	-7	-425
No. of FTEs	3,101	2,764	12			2,932

For a description of the business area activities, see note 3.

ORDERS RECEIVED

- Orders received in the first half-year 2013 included two orders from FMV for the development of Gripen E, of which SEK 10.3 billion was related to Aeronautics. An order was also received from FMV for upgrades of the current Gripen C/D fleet.
- Orders received also included new order bookings of about MSEK 413 for deliveries to the Boeing 787 programme, the Airbus A380 programme and the Airbus A320 programme.
- Orders received, where the order sum exceeded MSEK 100, represented 96 per cent (82) of total order bookings.

SALES, INCOME AND MARGIN

- Sales increased in the first half-year 2013 compared to the same period 2012 as a result of a higher activity level related to the development of Gripen E.
- The operating margin increased in the first half-year 2013 compared to 2012, mainly as a result of a more efficient project execution and lower amortisations.
- Markets outside Sweden accounted for 28 per cent (37) of sales.

CASH FLOW

- Operating cash flow was negative in the first half-year 2013 due to timing differences in milestone payments mainly related to the development of Gripen E.

EMPLOYEES (FTEs)

- The number of FTEs increased in the first half-year 2013 as a result of a higher activity level in the development of Gripen E.

DYNAMICS

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	1,364	1,427	-4	611	873	4,095
Order backlog	4,282	4,481	-4			4,769
Sales	1,848	2,394	-23	971	1,359	4,779
Operating income before depreciation/amortisation and write-downs (EBITDA)	215	368	-42	132	218	794
EBITDA margin, %	11.6	15.4		13.6	16.0	16.6
Operating income (EBIT)	187	283	-34	115	175	621
Operating margin, %	10.1	11.8		11.8	12.9	13.0
Operating cash flow	396	382	4	166	321	498
No. of FTEs	1,577	1,536	3			1,568

For a description of the business area activities, see note 3.

ORDERS RECEIVED

- Orders received in the first half-year 2013 declined compared to the same period 2012. The market situation is challenging with postponements of investments in the defence sector.
- Large orders received during the first half-year included an order for missile components, two orders for delivery of the autonomous underwater vehicles systems AUV62, the latest version of the advanced training target for Anti Submarine Warfare (ASW) training, and an order for long-term maintenance and support of the AUV62.
- Orders received, where the order sum exceeded MSEK 100, represented 43 per cent (27) of total order bookings.

SALES, INCOME AND MARGIN

- Sales decreased in the first half-year 2013 compared to the same period 2012 as a result of a low order intake throughout 2012 and challenging market conditions.
- As a result of a lower activity level, the operating margin was at a lower level than in the same period 2012.
- Markets outside Sweden accounted for 85 per cent (88) of sales.

CASH FLOW

- Operating cash flow increased in the first half-year 2013 compared to the same period 2012, due to less timing differences in milestone payments.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	4,633	1,547	199	940	1,027	2,739
Order backlog	8,044	6,066	33			5,442
Sales	1,969	2,289	-14	931	1,108	4,276
Operating income before depreciation/amortisation and write-downs (EBITDA)	113	515	-78	35	318	538
EBITDA margin, %	5.7	22.5		3.8	28.7	12.6
Operating income (EBIT)	-125	301	-142	-80	210	117
Operating margin, %	-6.3	13.1		-8.6	19.0	2.7
Operating cash flow	432	75		136	-110	-238
No. of FTEs	2,574	2,533	2			2,578

For a description of the business area activities, see note 3.

ORDERS RECEIVED

- Orders received increased substantially in the first half-year 2013 compared to 2012, however we see continued challenging market conditions with delays in the investment decisions within the defence industry.
- Orders received included two orders from FMV for the development of Gripen E, of which SEK 1.6 billion was related to Electronics Defence Systems. FMV also ordered an upgrade of Sweden's ground based air defence.
- Two orders were received regarding upgrades of the airborne mission system Erieeye in Brazil.
- An order was also received for signal-sensor equipment for the Brazilian border security program Sisfron.

- Orders received, where the order sum exceeded MSEK 100, represented 69 per cent (42) of total order bookings.

SALES, INCOME AND MARGIN

- The main reason for the decrease in sales the first half-year 2013 compared to 2012 was a low level of order bookings in 2011 and 2012.
- Markets outside Sweden accounted for 72 per cent (78) of sales.
- The operating loss in the first half-year 2013 was a result of lower sales, increased investments in different early stage product development projects and a different project mix compared to 2012.

- During the first half-year 2012 a reduction of the earn-out liability related to the acquisition of Sensis in 2011 contributed with MSEK 154 to the operating income.

CASH FLOW

- Final payments related to the completion of projects as well as timing differences in milestone payments had a positive impact on operating cash flow in the first half-year 2013 compared to 2012.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	2,464	2,106	17	844	859	5,307
Order backlog	6,804	7,164	-5			7,150
Sales	2,774	2,677	4	1,503	1,354	5,976
Operating income before depreciation/amortisation and write-downs (EBITDA)	206	217	-5	152	123	555
EBITDA margin, %	7.4	8.1		10.1	9.1	9.3
Operating income (EBIT)	142	149	-5	120	89	417
Operating margin, %	5.1	5.6		8.0	6.6	7.0
Operating cash flow	-482	-324		-183	-153	-191
No. of FTEs	3,034	3,041	-			3,105

For a description of the business area activities, see note 3.

ORDERS RECEIVED

- Orders received increased in the first half-year 2013 compared to the same period 2012. The market conditions remained challenging and the sequestration of federal spending in the U.S. has affected mainly the training and traffic management operations negatively.
- A large order was received for support of an airborne surveillance system totalling SEK 1.1 billion, of which about MSEK 700 was related to Security and Defence Solutions.
- A consortium consisting of Saab's subsidiary HITT Traffic, Ambriex and RRJ Engenharia received a contract from the Brazilian airport operator Infraero to provide the A3000 A-SMGCS system, an advanced guidance and control sys-

tem for surface surveillance, for two international Brazilian airports.

- Orders received, where the order sum exceeded MSEK 100, represented 29 per cent (32) of total order bookings.

SALES, INCOME AND MARGIN

- Sales increased in the first half-year 2013 compared to the same period 2012 as a result of a higher activity level in surveillance systems.
- Markets outside Sweden accounted for 79 per cent (74) of sales.
- The operating income in the first half-year 2013 was strengthened compared to the same period 2012, excluding non-recurring items, as a result of an efficient project execution.

- During the first half-year 2012, a reduction in the potential earn-out liability related to the acquisition of Sensis in 2011 contributed with MSEK 53 to the operating income.

CASH FLOW

- Operating cash flow was negative in the first half-year 2013 due to timing differences in milestone payments in some larger projects.

SUPPORT AND SERVICES

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	2,563	2,983	-14	497	2,028	4,540
Order backlog	6,586	5,942	11			5,678
Sales	1,660	1,623	2	838	844	3,411
Operating income before depreciation/amortisation and write-downs (EBITDA)	204	170	20	111	98	429
EBITDA margin, %	12.3	10.5		13.2	11.6	12.6
Operating income (EBIT)	195	161	21	107	94	410
Operating margin, %	11.7	9.9		12.8	11.1	12.0
Operating cash flow	-37	535		-61	113	387
No. of FTEs	1,815	1,775	2			1,805

For a description of the business area activities, see note 3.

ORDERS RECEIVED

- Orders received in the first half-year 2013 decreased compared to the same period 2012 due to tougher market conditions.
- During the first half-year 2013 two orders were received from FMV for the development of Gripen E. The total order value related to Support and Services amounted to SEK 1.3 billion.
- A large order was received for support of an airborne surveillance system totalling SEK 1.1 billion, of which about MSEK 300 was related to Support and Services.
- A five-year contract was signed with the airline British Midland Regional Ltd (BMI Regional) for component maintenance and the repair of BMI

Regional's fleet of Embraer aircraft.

- Orders received, where the order sum exceeded MSEK 100, represented 64 per cent (46) of total order bookings.

SALES, INCOME AND MARGIN

- Sales increased slightly in the first half-year 2013 compared to the same period 2012 as a result of a higher activity level in major projects.
- Markets outside Sweden accounted for 28 per cent (26) of sales.
- The operating margin improved due to improved project execution and changed project mix in the first half-year 2013, compared to the same period 2012.

CASH FLOW

- The operating cash flow was lower in the first half-year 2013 compared to the same period 2012, partly as a result of a continued build up of working capital in some projects and partly as a major milestone payment was received in the first half year 2012, which was not repeated in 2013.

COMBITECH

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Jan–Dec 2012
Order bookings	749	637	18	362	391	1,436
Order backlog	376	385	-2			446
Sales	820	672	22	410	361	1,410
Operating income before depreciation/amortisation and write-downs (EBITDA)	79	63	25	33	22	130
EBITDA margin, %	9.6	9.4		8.0	6.1	9.2
Operating income (EBIT)	75	60	25	31	21	122
Operating margin, %	9.1	8.9		7.6	5.8	8.7
Operating cash flow	149	3		67	17	-43
No. of FTEs	1,278	1,144	12			1,245

For a description of the business area activities, see note 3.

SALES

- Sales increased in the first half-year 2013, compared to 2012, mainly as a result of the establishment of a development centre in Trollhättan, Sweden.
- Markets outside Sweden accounted for 5 per cent (1) of sales.

INCOME AND MARGIN

- The operating margin was in line with the first half-year 2012.

CASH FLOW

- The operating cash flow was at a higher level in the first half-year 2013 compared to 2012 due to a different project mix and the acquisition of Sörman Information that was acquired and paid for during the first quarter 2012.

EMPLOYEES (FTEs)

- The number of FTEs increased slightly during the first half-year 2013 as a result of the increased activity level at the development centre in Trollhättan.

CORPORATE

Corporate reported operating income of MSEK -166 (17).

A risk assessment of the remaining risks related to Saab's lease fleet of turboprop aircraft led to a reversal of risk provisions during the first half-year 2013, which contributed positively to the operating income.

In 1997 Saab discontinued the manufacturing of turboprop aircraft. Today Saab still has a lease fleet that as of 30 June 2013, consisted of 57 (68) turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 42 (42) are financed through U.S. leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board (EKN). 15 (26) aircraft are financed internally and recognised as assets in the balance sheet. Provisions in the balance sheet related to the leasing portfolio are deemed sufficient for the remaining risks.

We estimate that the leasing portfolio will be phased out in 2015.

During the period, an investment of MSEK 247 was made in the company Pipavav.

A payment, amounting to MSEK 314 related to a lost legal dispute regarding the command and control system DACCIS, was made. The amount that Saab has paid includes repayment of damages and payments received under the previous contract, as well as interest and court costs. Of the MSEK 314, MSEK 231 was booked in the operating income and MSEK 83 of interest costs in financial net.

ACQUISITIONS AND DIVESTMENTS 2013

In August 2012, Saab announced that a Memorandum of Understanding (MoU) had been signed concerning a strategic investment in Pipavav. The investment of MSEK 247 was made in shares issued through a, to Saab, directed new share issue during the second quarter. After the investment, Saab holds approximately 3.3 per cent of the capital and votes in the company. The investment was financed from Saab's liquid assets.

In May, Saab announced the signing of an agreement to acquire Teknikinformation i Krokomb AB (TIKAB) with 67 employees. The total consideration amounted to MSEK 18, of which MSEK 15 was paid in cash and MSEK 3 in an earn-out liability that may be realised depending on future results. The effect on liquid assets amounts to MSEK -11.

No other significant acquisitions or divestments were made during the first half-year 2013.

PERSONNEL AND OTHER

Personnel (FTEs)

At 30 June 2013, the Group had 14,147 employees, compared to 13,968 at the beginning of the year. The number of Full Time Equivalents (FTEs) as of 30 June 2013 was 14,096, compared to 13,900 at the beginning of the year. The increase of FTEs is mainly related to the increased activity level in the Gripen E development.

Share repurchase

Saab held 3,027,266 treasury shares as of 30 June 2013 compared to 3,219,515 at year-end 2012. The Annual General Meeting on 17 April 2013 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge the share matching plan and performance share plan.

Owners

According to SIS Ägarservice, Saab's largest shareholders as of 30 June 2013, are Investor AB, the Wallenberg foundations, Swedbank Robur Funds, AFA Insurance, SHB Funds, Unionen, SEB Funds, the Fourth AP-Fund, Norges Bank Investment Management and Nordea Funds.

RISKS AND UNCERTAINTIES

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world.

Projects generally entail significant investments, over long periods of time and technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations entail a non insignificant risk-taking in various respects. The key risk areas are political, operating and financial risks. Various policies and instructions govern the management of significant risks. Saab conducts significant development projects and manages the associated risks.

For a general description of the risk areas, see pages 52-55 of the annual report 2012.

OTHER IMPORTANT EVENTS JANUARY–JUNE 2013

- Saab announced that Saab AB's deputy CEO and Chief Operating Officer (COO), Lena Olving, would leave her position at the end of the second quarter 2013 in order to assume the position of CEO and President of the listed technology company Micronic Mydata AB.
- At April 17 2013, Saab held its Annual General Meeting of shareholders in Stockholm. In accordance with the nomination committee's proposal Håkan Buskhe, Johan Forssell, Stan Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Troell, Marcus Wallenberg, and Joakim Westh were re-elected to the Board of Directors. Sara Mazur was elected new member of the Board of Directors and Marcus Wallenberg was re-elected Chairman of the Board. At the statutory Board meeting following the annual General meeting, Sten Jakobsson was re-elected Vice Chairman of the Board.

For information on major orders received during January–June 2013 see page 2, the business area comments on pages 5–7 and note 3, page 23.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE SECOND QUARTER 2013

- Saab announced that it has signed a contract to deploy the Skeldar Unmanned Aerial System (UAS) for maritime operations. Skeldar UAS will be operationally deployed with the customer before the end of this year and will be used in naval operations where the benefits of a Vertical Take Off and Landing UAS are most prominent.
- Saab announced that an order was received from FMV for Gripen support and maintenance for the years 2014–2016. The order's total value amounted to approximately MSEK 184.
- Saab announced the signing of a contract with Watpac Construction Pty Ltd for the installation and commissioning of electronic security systems for the Australian Department of Defence. The contract amounts to MSEK 470 and deliveries will take place 2013–2014.

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan–Jun 2013	Jan–Jun 2012	Rolling 12-months	Jan–Dec 2012
Sales	3	11,748	11,805	23,953	24,010
Cost of goods sold		-8,537	-8,230	-17,109	-16,802
Gross income		3,211	3,575	6,844	7,208
Gross margin, %		27.3	30.3	28.6	30.0
Other operating income		58	272	124	338
Marketing expenses		-1,046	-1,079	-2,158	-2,191
Administrative expenses		-554	-567	-1,202	-1,215
Research and development costs		-892	-1,057	-1,931	-2,096
Other operating expenses		-247	-9	-257	-19
Share of income in associated companies		15	-2	42	25
Operating income (EBIT) ¹⁾	3	545	1,133	1,462	2,050
Operating margin, %		4.6	9.6	6.1	8.5
Share of income in associated companies		1	1	2	2
Financial income		31	80	104	153
Financial expenses		-212	-89	-325	-202
Net financial items		-180	-8	-219	-47
Income before taxes		365	1,125	1,243	2,003
Taxes		-102	-284	-261	-443
Net income for the period		263	841	982	1,560
of which Parent Company's shareholders' interest		271	869	987	1,585
of which non-controlling interest		-8	-28	-5	-25
Earnings per share before dilution, SEK ²⁾		2.56	8.24	9.32	15.00
Earnings per share after dilution, SEK ³⁾		2.48	7.96	9.04	14.52
1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft		-513 -16	-593 -31	-1,109 -38	-1,189 -53
2) Average number of shares before dilution		105,980,577	105,465,221	105,890,589	105,632,911
3) Average number of shares after dilution		109,150,344	109,150,344	109,150,344	109,150,344

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan–Jun 2013	Jan–Jun 2012	Rolling 12-months	Jan–Dec 2012
Net income for the period	263	841	982	1,560
Other comprehensive income:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	1,086	54	647	-385
Tax attributable to revaluation of net pension obligations	-239	-14	-140	85
Total	847	40	507	-300
Items that may be reversed in the income statement:				
Translation differences	-38	51	-270	-181
Net loss on available-for-sale financial assets	-63	-	-63	-
Net gain/loss on cash flow hedges	-277	-68	-149	60
Tax attributable to net gain/loss on cash flow hedges	64	18	60	14
Total	-314	1	-422	-107
Other comprehensive income/loss for the period	533	41	85	-407
Net comprehensive income for the period	796	882	1,067	1,153
of which Parent Company's shareholders' interest	822	906	1,100	1,184
of which non-controlling interest	-26	-24	-33	-31

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

QUARTERLY INCOME STATEMENT

MSEK	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Sales	5,886	5,862	7,306	4,899	6,232	5,573	7,347	4,838
Cost of goods sold	-4,287	-4,250	-5,031	-3,541	-4,236	-3,994	-5,091	-3,427
Gross income	1,599	1,612	2,275	1,358	1,996	1,579	2,256	1,411
Gross margin, %	27.2	27.5	31.1	27.7	32.0	28.3	30.7	29.2
Other operating income	29	29	6	60	231	41	47	958
Marketing expenses	-533	-513	-640	-472	-622	-457	-619	-432
Administrative expenses	-291	-263	-368	-280	-292	-275	-374	-243
Research and development costs	-434	-458	-638	-401	-578	-479	-621	-445
Other operating expenses	-238	-9	-7	-3	-6	-3	-27	-28
Share of income in associated companies	17	-2	27	-	1	-3	-3	-4
Operating income (EBIT) ¹⁾	149	396	655	262	730	403	659	1,217
Operating margin, %	2.5	6.8	9.0	5.3	11.7	7.2	9.0	25.2
Share of income in associated companies	-	1	-	1	-	1	2	1
Financial income	13	18	31	42	37	43	32	78
Financial expenses	-151	-61	-55	-58	-35	-54	-71	-67
Net financial items	-138	-42	-24	-15	2	-10	-37	12
Income before taxes	11	354	631	247	732	393	622	1,229
Taxes	-10	-92	-81	-78	-174	-110	-203	-126
Net income for the period	1	262	550	169	558	283	419	1,103
of which Parent Company's shareholders' interest	2	269	549	167	572	297	413	1,108
of which non-controlling interest	-1	-7	1	2	-14	-14	6	-5
Earnings per share before dilution, SEK ²⁾	0.02	2.54	5.19	1.58	5.42	2.82	3.92	10.55
Earnings per share after dilution, SEK ³⁾	0.02	2.46	5.03	1.53	5.24	2.72	3.78	10.15
1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft	-256 -7	-257 -9	-279 -10	-317 -12	-296 -15	-297 -16	-329 -23	-332 -30
2) Average number of shares before dilution	106,028,640	105,932,515	105,868,651	105,732,553	105,546,890	105,383,552	105,214,551	104,904,903
3) Average number of shares after dilution	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net income for the period	1	262	550	169	558	283	419	1,103
Other comprehensive income:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	647	439	23	-462	-316	370	-	-
Tax attributable to revaluation of net pension obligations	-142	-97	-22	121	83	-97	-	-
Total	505	342	1	-341	-233	273	-	-
Items that may be reversed in the income statement:								
Translation differences	42	-80	-18	-214	99	-48	42	-9
Net loss on available-for-sale financial assets	-63	-	-	-	-	-	-	-
Net gain/loss on cash flow hedges	-300	23	-118	246	-184	116	-27	-412
Tax attributable to net gain/loss on cash flow hedges	68	-4	61	-65	49	-31	7	109
Total	-253	-61	-75	-33	-36	37	22	-312
Other comprehensive income/loss for the period	252	281	-74	-374	-269	310	22	-312
Net comprehensive income for the period	253	543	476	-205	289	593	441	791
of which Parent Company's shareholders' interest	262	560	481	-203	305	601	434	821
of which non-controlling interest	-9	-17	-5	-2	-16	-8	7	-30

KEY RATIOS BY QUARTER

MSEK	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Equity/assets ratio (%)	42.7	41.6	39.0	38.4	37.6	37.4	41.1	39.7
Return on capital employed, % ¹⁾	10.6	14.3	14.6	15.1	22.6	22.1	22.2	19.2
Return on equity, % ¹⁾	8.7	13.3	12.8	12.2	20.7	19.3	18.1	15.2
Equity per share, SEK ²⁾	108.69	110.81	105.43	101.88	103.82	105.53	122.94	119.01
Operating cash flow, MSEK	-742	-349	-396	-660	196	-48	217	-74
Operating cash flow per share after dilution, SEK ³⁾	-6.80	-3.20	-3.63	-6.05	1.80	-0.44	1.99	-0.68

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average Number of shares after dilution

106,123,078	105,934,201	105,930,829	105,806,472	105,658,633	105,435,146	105,331,958	105,097,144
109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30/6/2013	31/12/2012	30/6/2012
ASSETS				
Fixed assets				
Intangible fixed assets	5	6,605	6,849	6,493
Tangible fixed assets		3,182	3,162	3,273
Lease assets		233	304	507
Biological assets		304	306	305
Investment properties		33	33	34
Shares in associated companies		319	300	284
Financial investments		378	193	196
Long-term receivables		115	138	190
Deferred tax assets		237	213	131
Total fixed assets		11,406	11,498	11,413
Current assets				
Inventories		4,568	4,420	4,671
Derivatives		312	514	435
Tax receivables		45	39	34
Accounts receivable		2,956	3,454	2,945
Other receivables		3,030	2,548	2,726
Prepaid expenses and accrued income		1,077	886	1,054
Short-term investments		1,620	3,963	3,874
Liquid assets	8	2,207	1,616	2,256
Total current assets		15,815	17,440	17,995
TOTAL ASSETS		27,221	28,938	29,408

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	30/6/2013	31/12/2012	30/6/2012
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		11,535	11,168	10,969
Non-controlling interest		81	112	92
Total shareholders' equity		11,616	11,280	11,061
Long-term liabilities				
Long-term interest-bearing liabilities	6	103	105	1,220
Other liabilities		309	315	287
Provisions for pensions	10	1,792	2,874	2,410
Other provisions		1,144	1,286	1,536
Deferred tax liabilities		371	184	51
Total long-term liabilities		3,719	4,764	5,504
Current liabilities				
Short-term interest-bearing liabilities	6	1,485	1,637	465
Advance payments from customers		801	553	862
Accounts payable		1,738	1,904	1,657
Derivatives		406	254	500
Tax liabilities		37	228	312
Other liabilities		661	760	740
Accrued expenses and deferred income		6,262	6,993	7,720
Provisions		496	565	587
Total current liabilities		11,886	12,894	12,843
Total liabilities		15,605	17,658	18,347
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		27,221	28,938	29,408

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Available-for-sale and revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2012	1,746	543	457	-51	51	10,204	12,950	119	13,069
Effects of change in accounting principles						-2,434	-2,434		-2,434
Adjusted opening balance, 1 January 2012	1,746	543	457	-51	51	7,770	10,516	119	10,635
Net comprehensive income for the period January-June 2012			-54	51		909	906	-24	882
Reallocation of revaluation reserve					-40	40	-		-
Transactions with shareholders:									
Share matching plan						21	21		21
Dividend						-474	-474		-474
Acquisition and sale of non-controlling interest								-3	-3
Closing balance, 30 June 2012	1,746	543	403	-	11	8,266	10,969	92	11,061
Net comprehensive income for the period July-December 2012			128	-226		376	278	-7	271
Adjustment due to change of accounting principles for pensions attributable to change in tax rate in Sweden						-104	-104		-104
Transactions with shareholders:									
Share matching plan						25	25		25
Acquisition and sale of non-controlling interest								27	27
Closing balance, 31 December 2012	1,746	543	531	-226	11	8,563	11,168	112	11,280
Net comprehensive income for the period January-June 2013			-201	-32	-63	1,118	822	-26	796
Transactions with shareholders:									
Share matching plan						22	22		22
Dividend						-477	-477		-477
Acquisition and sale of non-controlling interest								-5	-5
Closing balance, 30 June 2013	1,746	543	330	-258	-52	9,226	11,535	81	11,616

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Operating activities				
Income after financial items		365	1,125	2,003
Adjustments for items not affecting cash flows		556	301	1,082
Income tax paid		-299	-243	-574
Cash flow from operating activities before changes in working capital		622	1,183	2,511
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-162	-331	-199
Increase(-)/Decrease(+) in current receivables		-180	879	707
Increase(+)/Decrease(-) in advance payments from customers		257	-158	-459
Increase(+)/Decrease(-) in other current liabilities		-1,015	-1,159	-1,701
Increase(+)/Decrease(-) in provisions		-146	-307	-509
Cash flow from operating activities		-624	107	350
Investing activities				
Investments in intangible fixed assets		-24	-11	-51
Capitalised development costs		-11	-17	-292
Investments in tangible fixed assets		-231	-185	-328
Investments in lease assets		-	-	-1
Sale of tangible fixed assets		6	2	10
Sale of lease assets		56	221	312
Sale of and investments in short-term investments		2,314	672	585
Sale of and investments in other financial assets		-244	-5	26
Investments in operations and associated companies, net effect on liquidity	9	-15	-95	-568
Sale of group and associated companies, net effect on liquidity		-	174	174
Cash flow from investing activities		1,851	756	-133
Financing activities				
Repayments of loans		-144	-54	-19
Dividend paid to Parent Company's shareholders		-477	-474	-474
Cash flow from financing activities		-621	-528	-493
Cash flow for the period		606	335	-276
Liquid assets at the beginning of the year		1,616	1,918	1,918
Exchange rate difference in liquid assets		-15	3	-26
Liquid assets at end of period	8	2,207	2,256	1,616

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

QUARTERLY INFORMATION

MSEK	Q2 2013	Operating margin	Q1 2013	Operating margin	Q4 2012	Operating margin	Q3 2012	Operating margin
Sales								
Aeronautics	1,717		1,765		1,678		1,275	
Dynamics	971		877		1,512		873	
Electronic Defence Systems	931		1,038		1,182		805	
Security and Defence Solutions	1,503		1,271		2,019		1,280	
Support and Services	838		822		1,091		697	
Combitech	410		410		439		299	
Corporate	-		-		-		-	
Internal sales	-484		-321		-615		-330	
Total	5,886		5,862		7,306		4,899	
Operating income								
Aeronautics	121	7.0%	116	6.6%	125	7.4%	72	5.6%
Dynamics	115	11.8%	72	8.2%	233	15.4%	105	12.0%
Electronic Defence Systems	-80	-8.6%	-45	-4.3%	-106	-9.0%	-78	-9.7%
Security and Defence Solutions	120	8.0%	22	1.7%	209	10.4%	59	4.6%
Support and Services	107	12.8%	88	10.7%	215	19.7%	34	4.9%
Combitech	31	7.6%	44	10.7%	44	10.0%	18	6.0%
Corporate	-265	-	99	-	-65	-	52	-
Total	149	2.5%	396	6.8%	655	9.0%	262	5.3%

MSEK	Q2 2012	Operating margin	Q1 2012	Operating margin	Q4 2011	Operating margin	Q3 2011	Operating margin
Sales								
Aeronautics	1,704		1,419		1,740		1,268	
Dynamics	1,359		1,035		1,565		724	
Electronic Defence Systems	1,108		1,181		1,453		979	
Security and Defence Solutions	1,354		1,323		1,819		1,310	
Support and Services	844		779		954		786	
Combitech	361		311		304		200	
Corporate	-		-		-		-	
Internal sales	-498		-475		-488		-429	
Total	6,232		5,573		7,347		4,838	
Operating income								
Aeronautics	84	4.9%	78	5.5%	74	4.3%	22	1.7%
Dynamics	175	12.9%	108	10.4%	212	13.5%	60	8.3%
Electronic Defence Systems	210	19.0%	91	7.7%	38	2.6%	42	4.3%
Security and Defence Solutions	89	6.6%	60	4.5%	147	8.1%	109	8.3%
Support and Services	94	11.1%	67	8.6%	165	17.3%	79	10.1%
Combitech	21	5.8%	39	12.5%	41	13.5%	3	1.5%
Corporate	57	-	-40	-	-18	-	902	-
Total	730	11.7%	403	7.2%	659	9.0%	1,217	25.2%

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

MULTI-YEAR OVERVIEW

MSEK	2012	2011	2010	2009	2008
Order bookings	20,683	18,907	26,278	18,428	23,212
Order backlog at 31 Dec.	34,151	37,172	41,459	39,389	45,324
Sales	24,010	23,498	24,434	24,647	23,796
Sales in Sweden, %	36	37	38	31	32
Sales in EU excluding Sweden, %	19	19	19	23	25
Sales in Americas, %	12	8	9	8	6
Sales in Rest of the World, %	33	36	34	38	37
Operating income (EBIT)	2,050	2,941	975	1,374	166
Operating margin, %	8.5	12.5	4.0	5.6	0.7
Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA)	3,186	4,088	2,187	2,598	1,515
EBITDA margin, %	13.3	17.4	9.0	10.5	6.4
Income/loss after financial items	2,003	2,783	776	976	-406
Net income/loss for the year	1,560	2,217	454	699	-242
Total assets	28,938	31,799	29,278	30,430	32,890
Operating cash flow	-396	2,477	4,349	1,447	659
Return on capital employed, %	14.6	22.2	7.9	10.3	1.4
Return on equity, %	12.8	18.1	4.1	7.0	-2.4
Equity/assets ratio, %	39	41.1	39.1	35.1	28.4
Earnings per share before dilution, SEK ^{2) 4)}	15.00	21.19	4.12	6.45	-2.31
Earnings per share after dilution, SEK ^{3) 4)}	14.52	20.38	3.97	6.28	-2.31
Dividend per share, SEK	4.50	4.50	3.50	2.25	1.75
Equity per share, SEK ¹⁾	105.43	122.94	107.66	99.91	86.49
Number of employees at year-end	13,968	13,068	12,536	13,159	13,294

1) Number of shares excluding treasury shares as of 31 December 2012: 105,930,829; 2011: 105,331,958; 2010: 104,717,729; 2009: 105,511,124; 2008: 106,829,893

2) Average number of shares 2012: 105,868,651; 2011: 105,214,551; 2010: 105,217,786; 2009: 106,335,553; 2008: 107,515,049

3) Average number of shares 2012/2011/2010/2009: 109,150,344; 2008: 107,515,049

4) Net income for the year less non-controlling interest divided by the average number of shares

KEY RATIOS AND TARGETS

	Long-term target	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Organic sales growth, %	5	-1	-	-2
Operating margin, %	10	4.6	9.6	8.5
Equity/assets ratio, %	30	42.7	37.6	39.0

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

PARENT COMPANY INCOME STATEMENT

MSEK	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Sales	8,254	7,500	15,338
Cost of goods sold	-6,250	-5,235	-10,723
Gross income	2,004	2,265	4,615
Gross margin, %	24.3	30.2	30.1
Operating income and expenses	-1,812	-1,639	-3,584
Operating income (EBIT)	192	626	1,031
Operating margin, %	2.3	8.3	6.7
Financial income and expenses	-64	91	914
Income after financial items	128	717	1,945
Appropriations	-	-	-481
Income before taxes	128	717	1,464
Taxes	-62	-221	-499
Net income for the period	66	496	965

PARENT COMPANY

Sales and income

The Parent Company includes units within the business areas Aeronautics, Electronic Defence Systems, Security and Defence Solutions and Support and Services. Group staff and Group support are included as well. The Parent Company's sales in the first half-year 2013 amounted to MSEK 8,254 (7,500). Operating income was MSEK 192 (626).

Net financial income and expenses amounted to MSEK -64 (91). After appropriations of MSEK 0 (0) and taxes of MSEK -62 (-221), net income for the period amounted to MSEK 66 (496).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 2,079 at 30 June 2013 compared to MSEK 38 at 31 December 2012.

Gross capital expenditures in property, plant and equipment amounted to MSEK 183 (113). Investments in intangible fixed assets amounted to MSEK 23 (10). At the end of June 2013, the Parent Company had 8,993 employees, compared to 8,737 at the beginning of the year.

A major part of the Group's operations are included in the Parent Company. Separate notes to the Parent Company's financial statements and a separate description of risks and uncertainties for the Parent Company have therefore not been included in this interim report.

PARENT COMPANY BALANCE SHEET

MSEK	Note	30/6/2013	31/12/2012	30/6/2012
ASSETS				
Fixed assets				
Intangible fixed assets		1,516	1,661	1,786
Tangible fixed assets		2,194	2,126	2,144
Financial fixed assets		8,287	8,146	8,097
Total fixed assets		11,997	11,933	12,027
Current assets				
Inventories, etc.		3,538	3,385	3,306
Current receivables		5,598	5,778	4,937
Short-term investments		1,612	3,926	3,839
Liquid assets		1,576	949	1,597
Total current assets		12,324	14,038	13,679
TOTAL ASSETS		24,321	25,971	25,706
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Restricted equity		2,996	2,996	2,999
Unrestricted equity		4,140	4,531	4,034
Total shareholders' equity		7,136	7,527	7,033
Provisions and liabilities				
Untaxed reserves		1,276	1,276	795
Provisions		1,087	1,169	1,292
Liabilities	6	14,822	15,999	16,586
Total provisions and liabilities		17,185	18,444	18,673
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		24,321	25,971	25,706

NOTES

TO THE FINANCIAL STATEMENTS

NOTE 1 CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The address of the company's head office is Gustavslundsvägen 42, Bromma, with the mailing address Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on NASDAQ OMX Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report 2012.

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated accounts for the first half-year 2013 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities. The Group's accounting principles are described on pages 71-78 in the annual report 2012.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2012 except for pension accounting (see note 10 for further information).

The January-June interim report is abbreviated and does not contain all the information and disclosures available in the annual report and as such should be read together with the annual report 2012.

NOTE 3 SEGMENT REPORTING

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics and missile systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition Saab has a local presence in South Africa, Australia, the U.S. and other selected countries globally. Saab's operating and management structure is divided into six business areas, which also represent operating segments, Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services, and the independent business area Combitech.

Aeronautics

These operations include the development of civil and military aviation technology at a high level. The product portfolio includes the Gripen fighter and Unmanned Aerial Systems (UAS). Aeronautics also manufactures aircraft components for Saab's own aircraft as well as for passenger aircraft produced by others.

Dynamics

The product portfolio comprises various types of advanced weapon systems such as support weapons, missiles, torpedoes, Remotely Operated Vehicles (ROVs) and signature management systems that are used to make it more difficult for various types of sensors to detect and identify people or objects.

Electronic Defence Systems

These operations, which are based on Saab's extensive expertise in radar and electronic warfare, develop sophisticated solutions for detection, localisation and protection. The product portfolio includes air and land-based sensor and radar systems, systems for electronic warfare, defence electronics and aeronautics.

Security and Defence Solutions

These operations address both the military and the civil security market with a competitive product portfolio consisting of C4ISR (computerized command, control, communications and intelligence) systems, airborne early warning systems, solutions for civil security, training and simulation systems, and solutions for telecom operators.

Support and Services

These operations offer reliable, cost-effective service and support for all markets where Saab is active. This primarily includes integrated support solutions, technical maintenance and logistics, and products, solutions and services for military and civil missions in locations with limited infrastructure.

Combitech

Combitech, an independent business area in the Saab Group, is one of Sweden's largest technology consulting firms. They create solutions for our customers' specific needs through a combination of high technology and strong competence within environment and security.

NOTE 3 CONTINUED
SALES AND ORDER INFORMATION
Sales by business area

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change %	Apr–Jun 2013	Apr–Jun 2012	Rolling 12-months	Jan–Dec 2012
Aeronautics	3,482	3,123	11	1,717	1,704	6,435	6,076
of which external sales	3,401	3,029	12	1,678	1,657	6,248	5,876
of which internal sales	81	94	-14	39	47	187	200
Dynamics	1,848	2,394	-23	971	1,359	4,233	4,779
of which external sales	1,785	2,327	-23	930	1,319	4,125	4,667
of which internal sales	63	67	-6	41	40	108	112
Electronic Defence Systems	1,969	2,289	-14	931	1,108	3,956	4,276
of which external sales	1,741	1,970	-12	797	936	3,423	3,652
of which internal sales	228	319	-29	134	172	533	624
Security and Defence Solutions	2,774	2,677	4	1,503	1,354	6,073	5,976
of which external sales	2,718	2,605	4	1,462	1,311	5,965	5,852
of which internal sales	56	72	-22	41	43	108	124
Support and Services	1,660	1,623	2	838	844	3,448	3,411
of which external sales	1,592	1,502	6	809	792	3,262	3,172
of which internal sales	68	121	-44	29	52	186	239
Combitech	820	672	22	410	361	1,558	1,410
of which external sales	453	403	12	208	205	869	819
of which internal sales	367	269	36	202	156	689	591
Corporate/eliminations	-805	-973	-484	-498	-1,750	-1,918	
of which external sales	58	-31	2	12	61	-28	
of which internal sales	-863	-942	-486	-510	-1,811	-1,890	
Total	11,748	11,805	-	5,886	6,232	23,953	24,010

Sales by geographical market

MSEK	Jan–Jun 2013	% of sales	Jan–Jun 2012	% of sales	Jan–Dec 2012	% of sales
Sweden	5,025	43	4,391	37	8,765	36
Rest of EU	1,898	16	2,243	19	4,640	19
Rest of Europe	247	2	142	1	390	2
Total Europe	7,170	61	6,776	57	13,795	57
North America	1,296	11	1,161	10	2,609	11
Latin America	111	1	40	-	171	1
Asia	2,127	18	2,468	21	4,886	20
Africa	462	4	698	6	1,345	6
Australia, etc.	582	5	662	6	1,204	5
Total	11,748	100	11,805	100	24,010	100

Information on large customers

In the first half-year 2013, Saab had one customer that accounted for 10 per cent or more of the Group's sales: the Swedish Defence Materiel Administration (FMV). FMV is a customer of all our business areas, and total sales amounted to MSEK 3,931 (3,166).

Seasonal variation

A major part of our business is related to larger projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared to the other quarters. The fourth quarter is also usually affected by higher deliveries, mainly within Dynamics.

Order bookings by business area

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change %	Jan–Dec 2012
Aeronautics	11,239	3,873	190	4,289
Dynamics	1,364	1,427	-4	4,095
Electronic Defence Systems	4,633	1,547	199	2,739
Security and Defence Solutions	2,464	2,106	17	5,307
Support and Services	2,563	2,983	-14	4,540
Combitech	749	637	18	1,436
Corporate	-	-	-	-
Internal	-976	-929	-	-1,723
Total	22,036	11,644	89	20,683

Order backlog by business area

MSEK	30/6/2013	31/12/2012	30/6/2012
Aeronautics	19,061	11,305	13,841
Dynamics	4,282	4,769	4,481
Electronic Defence Systems	8,044	5,442	6,066
Security and Defence Solutions	6,804	7,150	7,164
Support and Services	6,586	5,678	5,942
Combitech	376	446	385
Corporate	-	-	-
Internal	-816	-639	-810
Total	44,337	34,151	37,069

OPERATING INCOME
Operating income by business area

MSEK	Jan–Jun 2013	% of sales	Jan–Jun 2012	% of sales	Rolling 12-months	Jan–Dec 2012
Aeronautics	237	6.8	162	5.2	434	359
Dynamics	187	10.1	283	11.8	525	621
Electronic Defence Systems	-125	-6.3	301	13.1	-309	117
Security and Defence Solutions	142	5.1	149	5.6	410	417
Support and Services	195	11.7	161	9.9	444	410
Combitech	75	9.1	60	8.9	137	122
The business areas' total operating income	711	6.1	1,116	9.5	1,641	2,046
Corporate	-166		17		-179	4
Total operating income	545	4.6	1,133	9.6	1,462	2,050

Depreciation/amortisation and write-downs by business area

MSEK	Jan–Jun 2013	Jan–Jun 2012	Change, %	Apr–Jun 2013	Apr–Jun 2012	Rolling 12-months	Jan–Dec 2012
Aeronautics	74	116	-36	37	58	191	233
Dynamics	28	85	-67	17	43	116	173
Electronic Defence Systems	238	214	11	115	108	445	421
Security and Defence Solutions	64	68	-6	32	34	134	138
Support and Services	9	9	-	4	4	19	19
Combitech	4	3	33	2	1	9	8
Corporate – lease aircraft	16	31	-48	7	15	38	53
Corporate – other	80	67	19	42	33	157	144
Total	513	593	-13	256	296	1,109	1,189

NOTE 3 CONTINUED

LARGE ORDERS RECEIVED JAN–JUN 2013

Large orders received (approx. values MSEK)	Country	Order value
Development of Gripen E	Sweden	10,700
Development of Gripen E	Sweden	2,500
Support contract for Airborne Surveillance System	n/a	1,100
Upgrade of ground based air defence	Sweden	600
Upgrade of mission system Erieye	Brazil	380
Upgrade of mission system Erieye	Brazil	325
Autonomous underwater vehicles systems, AUV62	n/a	269
Missile components	n/a	175
Autonomous underwater vehicles systems, AUV62	n/a	148
Upgrade contract for Gripen C/D	Sweden	140
Weapon locating system Arthur	n/a	128

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan–Jun 2013	Jan–Jun 2012	Rolling 12-months	Jan–Dec 2012
Aeronautics	-341	-129	-637	-425
Dynamics	396	382	512	498
Electronic Defence Systems	432	75	119	-238
Security and Defence Solutions	-482	-324	-349	-191
Support and Services	-37	535	-185	387
Combitech	149	3	103	-43
Corporate	-1,208	-346	-1,246	-384
Total	-1,091	196	-1,683	-396

Capital employed by business area

MSEK	30/6/2013	31/12/2012	30/6/2012
Aeronautics	2,318	2,285	2,125
Dynamics	1,986	2,284	2,165
Electronic Defence Systems	4,187	4,690	4,568
Security and Defence Solutions	4,115	3,879	3,573
Support and Services	1,490	1,301	1,018
Combitech	445	493	380
Corporate	212	510	988
Total	14,753	15,442	14,817

FULL TIME EQUIVALENTS (FTEs)

FTEs by business area

Number at end of period	30/6/2013	31/12/2012	Change	30/6/2012
Aeronautics	3,101	2,932	169	2,764
Dynamics	1,577	1,568	9	1,536
Electronic Defence Systems	2,574	2,578	-4	2,533
Security and Defence Solutions	3,034	3,105	-71	3,041
Support and Services	1,815	1,805	10	1,775
Combitech	1,278	1,245	33	1,144
Corporate	717	667	50	668
Total	14,096	13,900	196	13,461

NOTE 4 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At the Annual General Meeting 2013 on 17 April 2013, it was decided that the Parent Company's shareholders should receive a dividend of SEK 4.50 per share, totalling MSEK 477. The dividend was paid on 25 April 2013.

NOTE 5 INTANGIBLE FIXED ASSETS

MSEK	30/6/2013	31/12/2012	30/6/2012
Goodwill	4,597	4,581	4,345
Capitalised development costs	1,540	1,751	1,668
Other intangible assets	468	517	480
Total	6,605	6,849	6,493

NOTE 6 NET LIQUIDITY

MSEK	30/6/2013	31/12/2012	30/6/2012
Assets			
Liquid assets	2,207	1,616	2,256
Short-term investments	1,620	3,963	3,874
Total liquid investments	3,827	5,579	6,130
Short-term interest-bearing receivables	346	326	351
Long-term interest-bearing receivables	85	109	121
Long-term interest-bearing financial investments	143	144	142
Total interest-bearing assets	4,401	6,158	6,744
Liabilities			
Liabilities to credit institutions	1,105	1,104	1,104
Liabilities to associates and JVs	365	378	423
Other interest-bearing liabilities	118	260	158
Provisions for pensions ¹⁾	1,549	2,420	2,071
Total interest-bearing liabilities	3,137	4,162	3,756
NET LIQUIDITY	1,264	1,996	2,988

1) Excluding provisions for pensions attributable to special employers' contribution

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2013)	116	1	115
Total	4,116	1	4,115

Parent Company

MSEK	30/6/2013	31/12/2012	30/6/2012
Long-term liabilities to credit institutions	-	-	1,100
Short-term liabilities to credit institutions	1,100	1,100	-
Total	1,100	1,100	1,100

In December 2009 Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market. Under the terms of this programme Saab has issued bonds and Floating Rate Notes of MSEK 1,100.

NOTE 7 FINANCIAL INSTRUMENTS
Classification and categorisation of financial assets and liabilities*

	Fair value through profit and loss for trading	Fair value through other comprehensive income as available for sale	Designated as at fair value through profit and loss	Held-to-maturity investments	Loans receivable and accounts receivable	Financial liabilities	Derivatives identified as cash flow hedges	Derivatives identified as fair value hedges	Total financial assets and liabilities	Measured at fair value
30/6/2013										
Financial assets										
Financial investments	-	183	52	143	-	-	-	-	378	375
Long-term receivables	-	-	-	-	115	-	-	-	115	115
Derivatives										
Forward exchange contracts	9	-	-	-	-	-	278	9	296	296
Currency options	12	-	-	-	-	-	-	-	12	12
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Electricity derivatives	-	-	-	-	-	-	4	-	4	4
Total derivatives	21	-	-	-	-	-	282	9	312	312
Accounts receivable and other receivables	-	-	-	-	6,476	-	-	-	6,476	6,476
Short-term investments	-	-	1,620	-	-	-	-	-	1,620	1,620
Liquid assets	-	-	-	-	2,207	-	-	-	2,207	2,207
Total financial assets	21	183	1,672	143	8,798	-	282	9	11,108	11,105
Financial liabilities										
Interest-bearing liabilities	-	-	-	-	-	1,588	-	-	1,588	1,599
Derivatives										
Forward exchange contracts	31	-	-	-	-	-	330	-	361	361
Currency options	17	-	-	-	-	-	-	-	17	17
Interest rate swaps	13	-	-	-	-	-	-	-	13	13
Electricity derivatives	-	-	-	-	-	-	15	-	15	15
Total derivatives	61	-	-	-	-	-	345	-	406	406
Other liabilities	-	-	-	-	-	5,569	-	-	5,569	5,569
Total financial liabilities	61	-	-	-	-	7,157	345	-	7,563	7,574

* Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities.

Valuation methods for financial assets and liabilities

The fair value of listed financial assets is determined using market prices. Saab also applies various valuation methods to determine the fair value of financial assets that are traded on an inactive market or are unlisted holdings. These valuation methods are based on the valuation of similar instruments, discounted cash flows or customary valuation methods such as Black Scholes.

The following instruments were valued at fair value according to listed (unadjusted) prices on an active market on the closing date (Level 1):

- Bonds
- Electricity derivatives
- Interest derivatives

The following instruments were valued at fair value according to accepted valuation models based on observable market data (Level 2):

- **Forward exchange contracts:** Future payment flows in each currency are discounted by current market rates to the valuation day and valued to SEK at period-end exchange rates.
- **Options:** The Black-Scholes option pricing model is used in the market valuation of all options.
- **Interest swaps:** Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted on the valuation date using current market rates. The market value of inter-

est rate swaps is obtained by contrasting the discounted variable interest payments with the discounted present value of fixed interest payments.

Unlisted shares and participations: Valued according to accepted principles; e.g. for venture capital firms (Level 3).

There has been no change between levels in the first half-year 2013.

As of 30 June 2013, the Group had the following financial assets and liabilities at fair value:

Assets at fair value

MSEK	30/6/2013	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	1,620	1,620	-	-
Forward exchange contracts	296	-	296	-
Currency options	12	-	12	-
Interest rate swaps	-	-	-	-
Electricity derivatives	4	4	-	-
Shares and participations	235	183	-	52
Total	2,167	1,807	308	52

NOTE 7 CONTINUED

Liabilities at fair value

MSEK	30/6/2013	Level 1	Level 2	Level 3
Forward exchange contracts	361	-	361	-
Currency options	17	-	17	-
Interest rate swaps	13	-	13	-
Electricity derivatives	15	15	-	-
Total	406	15	391	-

NOTE 8 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS
Liquid assets

MSEK	30/6/2013	31/12/2012	30/6/2012
The following components are included in liquid assets:			
Cash and bank balances	647	622	621
Bank deposits	1,486	862	1,492
Funds in escrow account	74	131	142
Deposits on behalf of customers	-	1	1
Total according to balance sheet	2,207	1,616	2,256
Total according to statement of cash flows	2,207	1,616	2,256

Operating cash flow vs. statement of cash flows

MSEK	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Operating cash flow	-1,091	196	-396
Investing activities – interest-bearing:			
Short-term investments	2,314	672	585
Other financial investments and receivables	4	-5	28
Financing activities:			
Repayments of loans	-144	-54	-19
Dividend paid to the Parent Company's shareholders	-477	-474	-474
Cash flow for the period	606	335	-276

Specification of operating cash flow

MSEK	Saab excl. acquisitions/divestments	Acquisitions and divestments	Total Group Jan–Jun 2013	Total Group Jan–Jun 2012
Cash flow from operating activities before changes in working capital	622	-	622	1,183
CASH FLOW FROM CHANGES IN WORKING CAPITAL				
Inventories	-162	-	-162	-331
Receivables	-180	-	-180	879
Advance payments from customers	257	-	257	-158
Other liabilities	-1,015	-	-1,015	-1,159
Provisions	-146	-	-146	-307
Change in working capital	-1,246	-	-1,246	-1,076
Cash flow from operating activities	-624	-	-624	107
INVESTING ACTIVITIES				
Investments in intangible fixed assets	-35	-	-35	-28
Investments in tangible fixed assets	-231	-	-231	-185
Sale of tangible fixed assets	6	-	6	2
Sale of lease assets	56	-	56	221
Sale of and investments in financial assets	-248	-	-248	-
Investments in operations and associated companies, net effect on liquidity	-	-15	-15	-95
Sale of group and associated companies, net effect on liquidity	-	-	-	174
Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-452	-15	-467	89
OPERATING CASH FLOW	-1,076	-15	-1,091	196

NOTE 9 BUSINESS COMBINATIONS

In May 2013, Saab announced that it had signed an agreement to acquire Teknikinformation i Krokomb AB (TIKAB), a company that produces and supplies technical documentation for the civilian and military market and has 67 employees. The acquisition expands Saab's service portfolio in technical services, further strengthening the company's competitiveness as a provider of support solutions.

Total consideration amounted to MSEK 18, of which MSEK 15 was paid in cash and MSEK 3 is an earn-out liability that may be paid out based on future earnings. Acquired assets primarily consist of intangible assets and working capital items, amounting to a total of MSEK 11. Goodwill arising from the acquisition amounts to MSEK 7, and is mainly explained by workforce and future synergies. The effect on liquid assets amounts to MSEK -11.

No other significant acquisitions were made during the first half-year 2013.

NOTE 10 DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. According to IAS 19, the estimated value of the defined-benefit obligation amounted to MSEK 6,349 at 30 June 2013, compared to MSEK 6,628 at 30 June 2012, and the value of the plan assets amounted to MSEK 4,801 at 30 June 2013, compared to MSEK 4,557 at 30 June 2012. Provisions for pensions attributable to special employers' contribution amounted to MSEK 243 at 30 June 2013 and to MSEK 339 at 30 June 2012.

Amendments to IAS 19 Employee Benefits

In the first half-year 2013 the financial reporting has been affected by amendments to IAS 19 Employee Benefits.

The amendments to IAS 19 eliminate the option to use the so-called corridor approach, i.e. the possibility to recognise only a part of actuarial gains and losses as income or expenses. Instead changes in actuarial assumptions are recognised directly in other comprehensive income.

The revised standard also implies that the return on plan assets shall not be recognised as expected return as it used to be, but instead as interest income in the income statement based on the prevailing discount rate at the beginning of the year.

The accounting principles for defined-benefit plans have changed compared to the Group's accounting principles in the annual report 2012 and the previously published interim and year-end reports in 2012. The new principles are applied retroactively and therefore the opening balance as of 1 January 2012 as well as the quarterly numbers for 2012 have been adjusted.

The statement of financial position 2012 has been adjusted for netting of deferred tax assets and liabilities compared to the summarised statement of financial position presented in the annual report 2012.

The adjusted statement of financial position and the adjusted income statement for the first half-year 2012 are as follows.

Statement of financial position MSEK	30/6/2012 actual	Adjustment IAS 19R	30/6/2012 restated
Fixed assets	12,111	-829	11,282
Deferred tax assets	86	45	131
Current assets	17,995	-	17,995
Total assets	30,192	-784	29,408
Equity	13,417	-2,356	11,061
Provision for pension	12	2,398	2,410
Deferred tax liabilities	877	-826	51
Other long-term liabilities	3,043	-	3,043
Current liabilities	12,843	-	12,843
Total liabilities	16,775	1,572	18,347
Total equity and liabilities	30,192	-784	29,408
Equity/assets ratio	44.4%		37.6%

Income statement MSEK	Jan-Jun 2012 actual	Adjustment IAS 19R	Jan-Jun 2012 restated
EBIT	1,124	9	1,133
Financial net	-47	39	-8
Taxes	-274	-10	-284
Net income	803	38	841
EPS before dilution, SEK	7.88	0.36	8.24
EPS after dilution, SEK	7.61	0.35	7.96
Other comprehensive income after tax	1	40	41
Net comprehensive income	804	78	882

For further information about the effects of the changes in accounting principles regarding pensions, see note 37 in the annual report 2012.

NOTE 11 CONTINGENT LIABILITIES

Saab has had a legal dispute in Denmark with the Danish Defence Acquisition and Logistics Organization (DALO). The dispute originates from a terminated contract concerning the command and control system DACCIS. On 25 April 2013 the Danish Supreme Court ordered Saab to repay a total of MSEK 314 to DALO. The payment consisted of repayment of the damages awarded Saab by the Maritime and Commercial Court in 2010, payments received under the DACCIS contract and court costs of MSEK 231 and interest costs of MSEK 83.

In 2012 Saab received a claim for alleged patent infringement in the U.S. The claim is currently being evaluated but is not estimated to be material.

With regard to the Group's performance guarantees for commitments to customers, the likelihood of an outflow of resources is estimated as remote and, as a result, no value is recognised.

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report 2012, note 43.

NOTE 13 DEFINITIONS

Capital employed

Total capital less non-interest-bearing liabilities.

Earnings per share

Net income for the period attributable to Parent Company shareholders' interest, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.

EBITDA margin

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft as a percentage of sales revenue.

Equity/assets ratio

Equity in relation to total assets.

Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

Gross margin

Gross income as a percentage of sales revenue.

Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.

Operating cash flow per share

Operating cash flow divided by the average number of shares after dilution.

Operating margin

Operating income as a percentage of sales revenue.

Return on capital employed

Operating income plus financial income as a percentage of average capital employed (measured over a rolling 12-month period).

Return on equity

Net income for the period as a percentage of average equity (measured over a rolling 12-month period).

The Board of Directors and the President have ensured that the six-month report provides an accurate overview of the Parent Company's and the Group's operations, financial position and results, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Linköping, 19 July 2013

Marcus Wallenberg
Chairman

Johan Forssell
Board member

Sten Jakobsson
Board member

Sara Mazur
Board member

Per-Arne Sandström
Board member

Cecilia Stegö Chilò
Board member

Lena Treschow Torell
Board member

Joakim Westh
Board member

Stefan Andersson
Board member

Catarina Carlqvist
Board member

Conny Holm
Board member

Håkan Buskhe
President and CEO and Board member

REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information of Saab AB for the period from 1 January to 30 June 2013. The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying

analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group, and with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, 19 July 2013.
PricewaterhouseCoopers AB

Håkan Malmström
Authorised Public Accountant

Saab AB is disclosing the information here in pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.
The information was submitted for publication at 7:30 a.m. on 19 July, 2013.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Magnus Örnberg

Today, Thursday, 19 July 2013, 10:00 a.m. (CET)
Grand Hôtel, Blasieholmshamnen 8, Stockholm, Sweden
Contact Ann-Sofi Jönsson to register
and for further information
Tel. +46-8-463 02 14
www.saabgroup.com

To see a live webcast of the event, visit <http://www.saabgroup.com/en/InvestorRelations> where it will be available together with the presentation material. All viewers will be able to post questions to the presenters. The webcast will also be available on Saab's website after the event.

CAPITAL MARKETS DAY
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YEAR END REPORT JANUARY-DECEMBER 2013
ANNUAL GENERAL MEETING 2014
INTERIM REPORT JANUARY-MARCH 2014
INTERIM REPORT JANUARY-JUNE 2014

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