

EFFICIENCY MEASURES FOR GROWTH



CEO Comment: Håkan Buskhe

During the third quarter, the Swiss Parliament confirmed its support for the procurement of Gripen E, the next generation of Gripen. A potential public referendum remains before an order could be received in 2014. We also note a great interest for Gripen from other countries.

Order intake increased by 59 per cent during the first nine months of 2013 compared to 2012. We received several

important orders, e.g. from FMV regarding the development of Gripen E, and a contract for the installation and commission of electronic security systems for the Australian Department of Defence. Particularly pleasing is the contract with the Spanish Navy regarding the use of the unmanned aircraft system Skeldar UAS for surveillance during the EU mission in the Gulf of Aden.

At the same time, reduced state budgets, primarily in the U.S. and Europe, affects the defence and security industry as appropriations to the defence sector and other state funded programmes decline and competition intensifies. Within the defence sector, investments in the land area are declining and with a stronger focus on the air and naval area.

Sales amounted to MSEK 16,471 in the period, an organic decline of 2 per cent. We saw a lower activity level primarily within the business areas Dynamics and Electronic Defence Systems.

The reported operating income during the first nine months amounted to MSEK 811 (1,395) and the operating margin was 4.9 per cent (8.4).

Excluding material non-recurring items, operating income

amounted to MSEK 1,042 (1,188) and the operating margin was 6.3 per cent (7.1).

The business area Electronic Defence Systems showed a positive operating income during the third quarter, but the large investments to strengthen our product portfolio as well as ongoing restructuring measures continue. Dynamics reported a loss in the third quarter as a consequence of a low activity level.

In July we announced that further efficiency measures will be implemented in order to create larger scope for investments that will help us reach our long term targets.

Efficiency measures during 2013 are expected to contribute with approximately MSEK 500 in efficiency improvements by the end of 2014.

During the third quarter Dynamics announced that negotiations have been initiated aiming at reducing headcount by 70 people at the production facility in Karlskoga, Sweden. Electronic Defence Systems in Gothenburg, Sweden, announced that headcount is planned to be reduced by 150-175 employees by means of a competence shift programme. Furthermore, measures have been initiated to strengthen efficiency within group wide functions.

The lower operating cash flow is mainly attributable to timing differences in milestone payments in large projects and investments and acquisitions, together with a payment related to the command and control system DACCIS that was made during the period.

Earnings per share after dilution amounted to SEK 4.21.

After the conclusion of the period we received an order for radar and combat management systems for the royal Thai navy frigate amounting to MSEK 850 as well as an order for components for the weapon system Carl-Gustaf of MSEK 434.

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.

Excluding material non-recurring items, operating income in the first half-year 2013 amounted to MSEK 776 and the operating margin was 6.6 per cent.

Financial Highlights

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	25,029	15,755	59	2,993	4,111	20,683
Order backlog	42,407	36,331	17			34,151
Sales	16,471	16,704	-1	4,723	4,899	24,010
Gross income	4,475	4,933	-9	1,264	1,358	7,208
Gross margin, %	27.2	29.5		26.8	27.7	30.0
Operating income before depreciation/amortisation and write-downs (EBITDA)	1,557	2,262	-31	515	567	3,186
EBITDA margin	9.5	13.5		10.9	11.6	13.3
Operating income (EBIT)	811	1,395	-42	266	262	2,050
Operating margin, %	4.9	8.4		5.6	5.3	8.5
Net income	455	1,010	-55	192	169	1,560
Earnings per share before dilution, SEK	4.34	9.81		1.78	1.58	15.00
Earnings per share after dilution, SEK	4.21	9.49		1.73	1.53	14.52
Return on equity, % ¹⁾	8.8	12.2				12.8
Operating cash flow ²⁾	-2,027	-660		-936	-856	-396
Operating cash flow per share after dilution, SEK	-18.57	-6.05		-8.58	-7.84	-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 -1,382 (-424) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -645 (-236)

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

Third quarter 2013

Large orders received during the third quarter 2013 included an order from the Swedish Defence Materiel Administration (FMV) for reserve materiel regarding Gripen for the years 2014–2016.

We signed a contract for the installation and commissioning of electronic security systems for the Australian Department of Defence and a first contract to deploy the Skeldar Unmanned Aerial System (UAS) for maritime operations was signed with the Spanish Navy.

Two orders were received from Hindustan Aeronautic Limited (HAL), India, for serial production of an integrated electronic warfare self-protection system for installation on the Indian Army's and Air force's Advanced Light Helicopter.

January–September 2013

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

In addition to the orders mentioned above two orders were received from FMV for

an upgrade of Sweden's ground based air defence as well as several orders for the development, support and maintenance of the Gripen system.

An order was received for the electro-magnetic signal-sensor part of the Brazilian border security program Sisfron.

Two orders were received for the upgrade program of the Erieye AEW&C Mission System in Brazil and a contract was signed for support of an airborne surveillance system.

For a detailed list of major orders received, see note 3, page 24.

In all, 87 per cent (77) of order bookings were attributable to defence-related operations and 33 per cent (55) were from customers outside Sweden.

During the first nine months of 2013, index and price changes had a positive effect on order bookings of MSEK 9 compared with MSEK 122 in the same period 2012.

Orders received, where the order sum was larger than MSEK 100, represented 71 per cent (51) of total order bookings.

The order backlog at the end of the first nine months 2013 amounted to MSEK 42,407, compared with MSEK 34,151 at the beginning of the year.

Order backlog duration

- 2013: SEK 6.4 billion
- 2014: SEK 14.5 billion
- 2015: SEK 9.8 billion
- 2016: SEK 6.9 billion
- After 2016: SEK 4.8 billion

Sales

Third quarter 2013

Currency effects contributed negatively to sales with 1 per cent.

January–September 2013

Sales during the first nine months 2013 decreased by 1 per cent compared with the same period 2012.

Acquisitions contributed to the increase in sales by 2 per cent, however offset by a negative impact from currency effects of 1 per cent.

Sales in markets outside Sweden amounted to MSEK 9,419 (10,487), or 57 per cent (63) of total sales.

Of sales, 80 per cent (82) were related to the defence market.

Orders by Market Region

MSEK	Jan–Sep 2013	Jan–Sep 2012	Change, %
Sweden	16,712	7,023	138
EU excluding Sweden	2,155	2,818	-24
Rest of Europe	346	548	-37
Americas	2,159	2,626	-18
Asia	2,517	1,230	105
Africa	327	633	-48
Australia, etc.	813	877	-7
Total	25,029	15,755	59

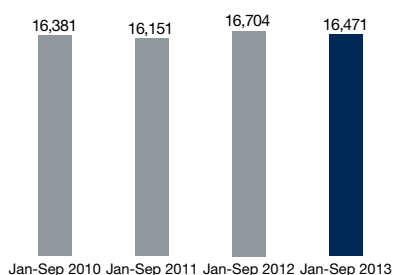
Sales by Market Region

MSEK	Jan–Sep 2013	Jan–Sep 2012	Change, %
Sweden	7,052	6,217	13
EU excluding Sweden	2,727	3,204	-15
Rest of Europe	347	194	79
Americas	2,005	1,804	11
Asia	2,919	3,370	-13
Africa	614	1,008	-39
Australia, etc.	807	907	-11
Total	16,471	16,704	-1

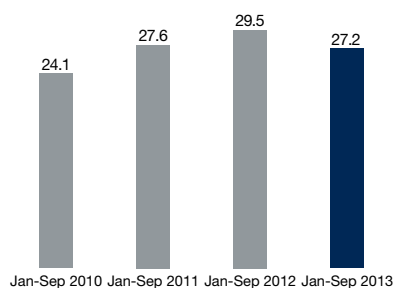
Sales by Market Segment

MSEK	Jan–Sep 2013	Jan–Sep 2012	Change, %
Air	7,447	6,550	14
Land	4,259	5,533	-23
Naval	1,651	1,842	-10
Civil Security	1,447	1,214	19
Commercial			
Aeronautics	1,139	973	17
Other	528	592	-11
Total	16,471	16,704	-1

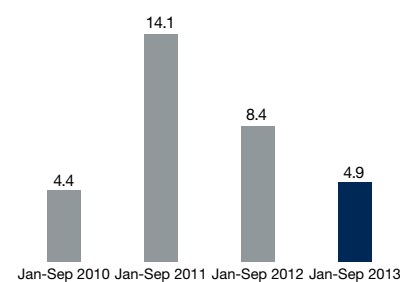
Sales, MSEK



Gross margin, %



Operating margin, %



Income

Third quarter 2013

The gross margin decreased in the third quarter 2013 compared with the same period 2012 to 26.8 per cent (27.7), mainly as a result of a different product and project mix.

During the quarter, the potential earnout liability was reduced at the same time as restructuring costs were booked. In all, this contributed slightly positive to the operating profit.

Operating income amounted to MSEK 266 (262) with an operating margin of 5.6 per cent (5.3).

January–September 2013

The gross margin decreased in the first nine months 2013 compared with the same period 2012 to 27.2 per cent (29.5), mainly as a result of a different product and project mix.

Total depreciation amounted to MSEK 769 (910). Depreciation of tangible fixed assets amounted to MSEK 284 (293), while depreciation of the leasing fleet amounted to MSEK 23 (43).

Internally funded expenditures in research and development amounted to MSEK 943 (1,108) of which a total of MSEK 11 (113) was capitalised. A large part of the expenditures was invested in development of radar and sensor technologies.

Amortisation and write-down of intangible fixed assets amounted to MSEK 462 (574), of which amortisation and write-downs of capitalised development costs amounted to MSEK 340 (463).

Reversal of risk provisions, related to the remaining risks related to Saab's lease fleet of turboprop aircraft contributed positively

to the operating income in the first nine months of 2013 and 2012.

A material non-recurring item of MSEK 231 related to a lost legal dispute was booked during the period (see more in note 11, page 28). During the same period 2012, the operating income was positively impacted by a material reduction of the potential earn-out liability related to the acquisition of Saab Sensis during 2011, of MSEK 207.

The share of income in associated companies amounted to MSEK 15 (-2). The operating income amounted to MSEK 811 (1,395) with an operating margin of 4.9 per cent (8.4). Excluding material non-recurring items, the operating income amounted to MSEK 1,042 (1,188), with an operating margin of 6.3 per cent (7.1).

Financial Net

MSEK	Jan-Sep 2013	Jan-Sep 2012
Project interest from un-utilised advance payments	-2	-11
Net interest items	-4	53
Currency gains/losses	-22	21
Financial net related to pensions	-53	-48
Other net financial items	-111	-38
Total	-192	-23

Project interest is the return 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 as well as 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.

Currency gains/losses reported are related to hedges of the tender portfolio which are valued at fair value.

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

Other net financial items consisted of income from shares in associated companies and other currency effects, for example changes related to liquid assets in currencies other than SEK. Also reported here was a non-recurring item of MSEK 83, related to a lost legal dispute (see note 11, page 28).

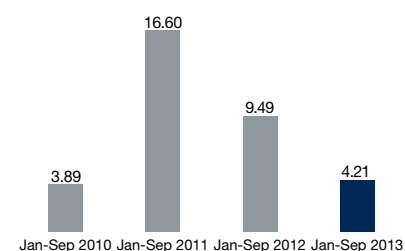
Tax

Current and deferred taxes amounted to MSEK -164 (-362), equivalent to an effective tax rate of 26 per cent (26).

Return on Capital Employed and on Equity

The pre-tax return on capital employed was 10.3 per cent (15.1) and the after-tax return on equity was 8.8 per cent (12.2), 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 September 2013, the net liquidity amounted to MSEK 399, a decrease of MSEK 1,597 during the first nine months compared with at year-end 2012.

The operating cash flow amounted to MSEK -1,382.

The lower provision for pensions, excluding special employers' contribution, at 30 September 2013 of MSEK 1,467 compared with MSEK 2,420 in December 2012, had a positive impact of MSEK 953 on liquidity. The decrease in provisions was mainly due to the increase in discount rate used in the valuation of pension obligations from 3.00 per cent to 3.75 per cent during the period.

During the first nine months 2013, the Saab Pension Fund was capitalised with a total of MSEK 0 (0).

For more information about the Group's defined-benefit plans, see note 10, page 27.

Net liquidity was negatively impacted during the first nine months 2013 by net investments amounting to approximately MSEK 645 and paid share dividend of MSEK 477.

Currency exchange rate differences in liquid assets as well as unrealised results from financial investments had a negative impact of MSEK 46 on net liquidity.

In 2009, Saab changed its view on the application of 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. Capitalised development costs have been reduced from MSEK 3,628 at the end of 2008 to MSEK 1,435 at the end of September 2013.

Inventories are recognised after deducting utilised advances. Tangible fixed assets were on par with the level at year-end 2012. Compared to end of September 2012, tangible fixed assets decreased 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.

Capital expenditures

Gross capital expenditures in property, plant and equipment, amounted to MSEK 383 (234).

Investments in intangible assets amounted to MSEK 43 (135) of which MSEK 11 (113) related to capitalised product development and MSEK 32 (22) to other intangible assets.

Cash flow

Operating cash flow amounted to MSEK -2,027 (-660). The lower level of operating cash flow in the first nine months 2013 compared to 2012 is mainly attributable to timing differences in milestone payments and investments mainly in Security and Defence Solutions and Support and

Services.

The operating cash flow was distributed between cash flow from operating activities of MSEK -1,382 (-424) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -645 (-236), of which acquisitions and divestments amounted to MSEK -47 (-153).

During the period, an investment was made in the listed Indian company Pipavav Defence and Offshore Engineering Company Limited (Pipavav) amounting to MSEK 247. Also a repayment of MSEK 314 related to a lost legal dispute for the DAC-CIS command and control system was made. The payment Saab made included repayments of damages, and payments received under the previous 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 September 2013, net receivables of MSEK 687 were sold, compared to MSEK 852 at 31 December 2012. Hence, it had a negative impact of MSEK 165 on operating cash flow in the first nine months 2013.

For more detailed information about the operating cash flow, see note 8, page 26.

Financial Position Key Indicators and Liquidity

MSEK	30 Sep 2013	30 Sep 2012	Change	31 Dec 2012
Net liquidity ¹⁾	399	1,754	-1,355	1,996
Intangible fixed assets	6,451	6,564	-113	6,849
Goodwill	4,587	4,471	116	4,581
Capitalised development costs	1,435	1,650	-215	1,751
Other intangible fixed assets	429	443	-14	517
Tangible fixed assets, etc. ²⁾	3,757	3,887	-130	3,805
Inventories	4,974	4,890	84	4,420
Accounts receivable	2,540	2,439	101	3,454
Other receivables	3,151	2,769	382	2,548
Accrued revenues ³⁾	2,409	1,984	425	1,724
Advance payments from customers	820	887	-67	553
Equity/assets ratio, (%)	44.8	38.4		39.0
Return on equity, (%) ⁴⁾	8.8	12.2		12.8
Equity per share, SEK ⁵⁾	110.94	101.88	9.06	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 24.

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 Sep: 106,270,662; 2012 Sep: 105,806,472; 2012 Dec: 105,930,829.

AERONAUTICS

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	11,411	3,916	191	172	43	4,289
Order backlog	17,843	12,610	41			11,305
Sales	4,873	4,398	11	1,391	1,275	6,076
Operating income before depreciation/amortisation and write-downs (EBITDA)	464	409	13	153	131	592
EBITDA margin, %	9.5	9.3		11.0	10.3	9.7
Operating income (EBIT)	354	234	51	117	72	359
Operating margin, %	7.3	5.3		8.4	5.6	5.9
Operating cash flow	-478	-473		-137	-344	-425
No. of FTEs	3,143	2,877	9			2,932

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

ORDERS RECEIVED

- Orders received in the first nine months 2013 included two orders from the Swedish Defence Materiel Administration (FMV) for the development of Gripen E, of which about SEK 10.3 billion was related to Aeronautics. An order was also received from FMV for upgrades of the current Gripen C/D fleet and an order for reserve material regarding Gripen for the years 2014–2016.
- A first contract with the Spanish Navy regarding the use of the unmanned aircraft system Skeldar UAS during the EU mission in the Gulf of Aden was signed.
- Orders received also included new order bookings of about MSEK 477 for deliveries to the Boeing 787 programme, the Airbus A380 programme and the Airbus A320 programme.

gramme and the Airbus A320 programme.

- Orders received, where the order sum exceeded MSEK 100, represented 95 per cent (80) of total order bookings.

SALES, INCOME AND MARGIN

- Sales increased in the first nine months 2013 compared to the same period 2012 as a result of a higher activity level related to development of Gripen E.
- The operating margin increased during the period compared with 2012, mainly as a result of efficient project execution and decreased amortisations.
- Markets outside Sweden accounted for 30 per cent (37) of sales.

CASH FLOW

- Operating cash flow was negative during the first nine months 2013 due to timing differences in milestone payments mainly related to the development of Gripen E and upgrades of the Gripen C/D system.

EMPLOYEES (FTEs)

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

DYNAMICS

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	1,713	2,210	-22	349	783	4,095
Order backlog	4,092	4,389	-7			4,769
Sales	2,384	3,267	-27	536	873	4,779
Operating income before depreciation/amortisation and write-downs (EBITDA)	184	522	-65	-31	154	794
EBITDA margin, %	7.7	16.0		-5.8	17.6	16.6
Operating income (EBIT)	141	388	-64	-46	105	621
Operating margin, %	5.9	11.9		-8.6	12.0	13.0
Operating cash flow	322	386		-74	4	498
No. of FTEs	1,594	1,573	1			1,568

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

ORDERS RECEIVED

- Order bookings in the first nine months 2013 was weaker than in the same period 2012. The market situation is challenging with postponements of investments.
- Large orders received during the first nine months included an order for missile components, two orders for delivery of AUV62, the latest version of the advanced target training for Anti Submarine Warfare (ASW) training, one order for long-term maintenance and support of the AUV62, and one order for the delivery of explosive training artillery ammunition.
- Orders received, where the order sum exceeded MSEK 100, represented 35 per cent (36) of total order bookings.

SALES, INCOME AND MARGIN

- Sales decreased in the first nine months 2013 compared to the same period 2012 as a result of a lower order intake and reduced order backlog during 2012 and 2013.
- The operating margin was lower during the first nine months 2013 compared to the same period 2012, as a result of a low activity level.
- Markets outside Sweden accounted for 84 per cent (88) of sales.

CASH FLOW

- Operating cash flow decreased in the first nine months 2013 compared to the same period 2012 due to a low activity level and to timing differences in milestone payments.

EMPLOYEES

- In September, union negotiations were initiated to reduce the number of employees at the production unit in Karlskoga, Sweden. The redundancy notice affects 70 positions.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	5,393	2,337	131	760	790	2,739
Order backlog	7,849	6,013	31			5,442
Sales	2,869	3,094	-7	900	805	4,276
Operating income before depreciation/amortisation and write-downs (EBITDA)	255	541	-53	142	26	538
EBITDA margin, %	8.9	17.5		15.8	3.2	12.6
Operating income (EBIT)	-101	223	-145	24	-78	117
Operating margin, %	-3.5	7.2		2.7	-9.7	2.7
Operating cash flow	302	-34		-130	-109	-238
No. of FTEs	2,558	2,563	-			2,578

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

ORDERS RECEIVED

- Order bookings increased strongly in the first nine months 2013 compared to the same period 2012.
- Orders received included two orders from FMV for the development of Gripen E. The total order value for Electronic Defence Systems amounted to about SEK 1.6 billion. FMV also ordered an upgrade of Sweden's ground based air defence.
- Two orders were received regarding upgrades of the Erieye AEW&C Mission System in Brazil.
- An order was also received for signal-sensor equipment for the Brazilian border security program Sisfron.
- Two orders were received for the serial production of an integrated electronic warfare self-protection system for installation on the Indian Army's and Air force's Advanced Light Helicopter.
- Orders received, where the order sum exceeded MSEK 100, represented 66 per cent (39) of total order bookings.

SALES, INCOME AND MARGIN

- The main reason for the decrease in sales the first nine months 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 nine months 2013 was a result of lower sales, increased investments in early stage product development projects and a different project mix compared with 2012.
- During the first nine months 2012 a reduction in the potential 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 nine months 2013.

EMPLOYEES

- In September, Saab announced its intention to reduce headcount by 150-175 employees in Gothenburg, Sweden. This will be done through a competence shift programme. The reductions are the result of decreased business volumes and a current technological shift.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	3,638	4,053	-10	1,174	1,947	5,307
Order backlog	6,672	7,923	-16			7,150
Sales	3,963	3,957	-	1,189	1,280	5,976
Operating income before depreciation/amortisation and write-downs (EBITDA)	318	324	-2	112	107	555
EBITDA margin, %	8.0	8.2		9.4	8.4	9.3
Operating income (EBIT)	222	208	7	80	59	417
Operating margin, %	5.6	5.3		6.7	4.6	7.0
Operating cash flow	-731	-495		-249	-171	-191
No. of FTEs	2,985	3,107	-4			3,105

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

ORDERS RECEIVED

- Order bookings during the first nine months 2013 was negatively impacted by the challenging market situation.
- 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 system for surface surveillance, for two international Brazilian airports.
- An order was received from Watpac Construction Pty Ltd for the installation and commission-

ing of electronic security systems for the Australian Department of Defence.

- Orders received, where the order sum exceeded MSEK 100, represented 33 per cent (46) of total order bookings.

SALES, INCOME AND MARGIN

- Markets outside Sweden accounted for 81 per cent (76) of sales.
- The operating income in the first nine months 2013 was affected positively by an efficient project execution.
- During the first nine months a reduction in potential earn-out liabilities impacted the operating income at the same time as restructuring costs were booked. During 2012, a reduction in a potential earn-out liability contributed with

MSEK 53 to the operating income.

CASH FLOW

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

EMPLOYEES

- The number of FTE's was reduced, mainly as a result of the Market Area implementation and general resource adjustments.

SUPPORT AND SERVICES

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	2,979	3,495	-15	416	512	4,540
Order backlog	6,241	5,735	9			5,678
Sales	2,392	2,320	3	732	697	3,411
Operating income before depreciation/amortisation and write-downs (EBITDA)	279	209	33	75	39	429
EBITDA margin, %	11.7	9.0		10.2	5.6	12.6
Operating income (EBIT)	265	195	36	70	34	410
Operating margin, %	11.1	8.4		9.6	4.9	12.0
Operating cash flow	-67	387		-30	-148	387
No. of FTEs	1,823	1,813	1			1,805

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

ORDERS RECEIVED

- Order bookings in the first nine months 2013 decreased compared to the same period 2012 due to tougher market conditions.
- During the first nine months 2013 two orders were received from FMV for the development of Gripen E. The total order value related to Support and Services amounted to about 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 56 per cent (39) of total order bookings.

SALES, INCOME AND MARGIN

- Sales increased slightly as a result of a high activity level in major projects.
- Markets outside Sweden accounted for 28 per cent (28) of sales.
- The operating margin improved in the first nine months 2013, compared with the same period 2012, due to improved project execution, a reduction of administrative and marketing costs, and a change in project mix.

CASH FLOW

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

COMBITECH

MSEK	Jan-Sep 2013	Jan-Sep 2012	Change, %	Jul-Sep 2013	Jul-Sep 2012	Jan-Dec 2012
Order bookings	1,133	975	16	384	338	1,436
Order backlog	438	424	3			446
Sales	1,142	971	18	322	299	1,410
Operating income before depreciation/amortisation and write-downs (EBITDA)	95	82	16	16	19	130
EBITDA margin, %	8.3	8.4		5.0	6.4	9.2
Operating income (EBIT)	89	78	14	14	18	122
Operating margin, %	7.8	8.0		4.3	6.0	8.7
Operating cash flow	129	-58		-20	-61	-43
No. of FTEs	1,293	1,223	6			1,245

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

SALES

- Sales increased in the first nine months 2013 compared with the same period 2012, mainly as a result of the establishment of a development centre in Trollhättan, Sweden during 2013.
- Markets outside Sweden accounted for 5 per cent (2) of sales.

CASH FLOW

- The operating cash flow was at a higher level in the first nine months 2013 compared with 2012 due to a different project mix and the acquisition of Sörman Information, which was acquired and paid for during the first nine months 2012.

EMPLOYEES

- The number of FTEs increased slightly as a result of the increased demand within primarily the defence and the public sectors.

INCOME AND MARGIN

- The operating margin was on par with the same period 2012.

CORPORATE

Corporate reported operating income of MSEK -159 (69).

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

In 1997 Saab discontinued the manufacturing of turboprop aircraft. As of 30 September 2013, Saab has a lease fleet consisting of 49 (64) turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 35 (42) are financed through U.S. leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board, EKN. 14 (22) 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.

Saab estimates 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 payment Saab made includes repayment of damages, payments received under the previous contract, as well as interest and court costs. Of the MSEK 314, was

MSEK 231 booked as operating income and MSEK 83 as interest cost in the 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 the Indian company Pipavav. The investment of MSEK 247 was made in shares issued through a, to Saab, directed share issue during the second quarter 2013. 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 estimated earn-out liability that may be realised depending on future results. The effect on liquid funds amounts to MSEK -11.

In September, Saab announced the acquisition of Hydro-Lek Limited with 25 employees. The total consideration amounted to MSEK 32.

No other significant acquisitions or divestments were made during the first nine months 2013.

PERSONNEL AND OTHER

Personnel (FTEs)

At 30 September 2013, the Group had 14,156 employees, compared to 13,968 at the beginning of the year. The number of Full Time Equivalent (FTEs) at the end of the period was 14,103, compared to 13,900 at the beginning of the year. The increase of FTEs is mainly related to acquisitions and the increased activity level in the Gripen E development.

Share repurchase

Saab held 2,879,682 treasury shares as of 30 September 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 the shares of Saab to hedge the share matching plan and performance share plan.

Owners

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

Nomination committee

The members have been appointed based on the shareholder structure on 31 August

2013 in accordance with a resolution by the Saab Annual General Meeting.

Members of the Saab Nomination Committee for the Annual General Meeting 2014 are;

Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Tomas Hedberg, Swedbank Robur Funds, Anders Algotsson, AFA Insurance.

The Nomination Committee is assigned to prepare proposals regarding Chairman of the Board and of the Annual General Meeting, Board of Directors as well as remuneration to the Board and the Auditor.

The Annual General Meeting of Saab AB will be held on Tuesday, 8 April, 2014.

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, 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 significant 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–SEPTEMBER 2013

- Saab AB's previous deputy CEO and Chief Operating Officer (COO), Lena Olving, left her position at the end of the second quarter 2013 and assumed 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, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, 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 at the statutory Board meeting following the Annual General Meeting, Sten Jakobsson was re-elected Vice Chairman of the Board.

For information regarding large orders received between January and September 2013, see page 2 and the comments regarding Business Areas on pages 5 to 7 as well as Note 3 on page 23.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- Saab signed a contract with Daewoo Shipbuilding and Marine Engineering Korea, for development and integration of radar and combat management systems on a new frigate for the Royal Thai Navy. The order amounts to MSEK 850.
- Saab signed a contract on deliveries of components for the Carl-Gustaf man-portable weapon system. The order has a total value of MSEK 434.

Linköping, 29 October 2013

Håkan Buskhe
President and CEO

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan–Sep 2013	Jan–Sep 2012	Rolling 12-months	Jan–Dec 2012
Sales	3	16,471	16,704	23,777	24,010
Cost of goods sold		-11,996	-11,771	-17,027	-16,802
Gross income		4,475	4,933	6,750	7,208
Gross margin, %		27.2	29.5	28.4	30.0
Other operating income		121	332	127	338
Marketing expenses		-1,517	-1,551	-2,157	-2,191
Administrative expenses		-773	-847	-1,141	-1,215
Research and development costs		-1,272	-1,458	-1,910	-2,096
Other operating expenses		-238	-12	-245	-19
Share of income in associated companies		15	-2	42	25
Operating income (EBIT) ¹⁾	3	811	1,395	1,466	2,050
Operating margin, %		4.9	8.4	6.2	8.5
Share of income in associated companies		-	2	-	2
Financial income		47	122	78	153
Financial expenses		-239	-147	-294	-202
Net financial items		-192	-23	-216	-47
Income before taxes		619	1,372	1,250	2,003
Taxes		-164	-362	-245	-443
Net income for the period		455	1,010	1,005	1,560
of which Parent Company's shareholders' interest		460	1,036	1,009	1,585
of which non-controlling interest		-5	-26	-4	-25
Earnings per share before dilution, SEK ²⁾		4.34	9.81	9.52	15.00
Earnings per share after dilution, SEK ³⁾		4.21	9.49	9.24	14.52
1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft		-769 -23	-910 -43	-1,048 -33	-1,189 -53
2) Average number of shares before dilution		106,052,675	105,554,331	106,006,669	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–Sep 2013	Jan–Sep 2012	Rolling 12-months	Jan–Dec 2012
Net income for the period	455	1,010	1,005	1,560
Other comprehensive income:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	1,187	-408	1,210	-385
Tax attributable to revaluation of net pension obligations	-261	107	-283	85
Total	926	-301	927	-300
Items that may be reversed in the income statement:				
Translation differences	-160	-163	-178	-181
Net loss on available-for-sale financial assets	-116	-	-116	-
Net gain/loss on cash flow hedges	-81	178	-199	60
Tax attributable to net gain/loss on cash flow hedges	20	-47	81	14
Total	-337	-32	-412	-107
Other comprehensive income/loss for the period	589	-333	515	-407
Net comprehensive income for the period	1,044	677	1,520	1,153
of which Parent Company's shareholders' interest	1,064	703	1,545	1,184
of which non-controlling interest	-20	-26	-25	-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	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Sales	4,723	5,886	5,862	7,306	4,899	6,232	5,573	7,347
Cost of goods sold	-3,459	-4,287	-4,250	-5,031	-3,541	-4,236	-3,994	-5,091
Gross income	1,264	1,599	1,612	2,275	1,358	1,996	1,579	2,256
Gross margin, %	26.8	27.2	27.5	31.1	27.7	32.0	28.3	30.7
Other operating income	63	29	29	6	60	231	41	47
Marketing expenses	-471	-533	-513	-640	-472	-622	-457	-619
Administrative expenses	-219	-291	-263	-368	-280	-292	-275	-374
Research and development costs	-380	-434	-458	-638	-401	-578	-479	-621
Other operating expenses	9	-238	-9	-7	-3	-6	-3	-27
Share of income in associated companies	-	17	-2	27	-	1	-3	-3
Operating income (EBIT)¹⁾	266	149	396	655	262	730	403	659
Operating margin, %	5.6	2.5	6.8	9.0	5.3	11.7	7.2	9.0
Share of income in associated companies	-1	-	1	-	1	-	1	2
Financial income	16	13	18	31	42	37	43	32
Financial expenses	-27	-151	-61	-55	-58	-35	-54	-71
Net financial items	-12	-138	-42	-24	-15	2	-10	-37
Income before taxes	254	11	354	631	247	732	393	622
Taxes	-62	-10	-92	-81	-78	-174	-110	-203
Net income for the period	192	1	262	550	169	558	283	419
of which Parent Company's shareholders' interest	189	2	269	549	167	572	297	413
of which non-controlling interest	3	-1	-7	1	2	-14	-14	6
Earnings per share before dilution, SEK ²⁾	1.78	0.02	2.54	5.19	1.58	5.42	2.82	3.92
Earnings per share after dilution, SEK ³⁾	1.73	0.02	2.46	5.03	1.53	5.24	2.72	3.78
1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft	-256 -7	-256 -7	-257 -9	-279 -10	-317 -12	-296 -15	-297 -16	-329 -23
2) Average number of shares before dilution	106,196,870	106,028,640	105,932,515	105,868,651	105,732,553	105,546,890	105,383,552	105,214,551
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	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Net income for the period	192	1	262	550	169	558	283	419
Other comprehensive income:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	101	647	439	23	-462	-316	370	-
Tax attributable to revaluation of net pension obligations	-22	-142	-97	-22	121	83	-97	-
Total	79	505	342	1	-341	-233	273	-
Items that may be reversed in the income statement:								
Translation differences	-122	42	-80	-18	-214	99	-48	42
Net loss on available-for-sale financial assets	-53	-63	-	-	-	-	-	-
Net gain/loss on cash flow hedges	196	-300	23	-118	246	-184	116	-27
Tax attributable to net gain/loss on cash flow hedges	-44	68	-4	61	-65	49	-31	7
Total	-23	-253	-61	-75	-33	-36	37	22
Other comprehensive income/loss for the period	56	252	281	-74	-374	-269	310	22
Net comprehensive income for the period	248	253	543	476	-205	289	593	441
of which Parent Company's shareholders' interest	242	262	560	481	-203	305	601	434
of which non-controlling interest	6	-9	-17	-5	-2	-16	-8	7

KEY RATIOS BY QUARTER

MSEK	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Equity/assets ratio (%)	44.8	42.7	41.6	39.0	38.4	37.6	37.4	41.1
Return on capital employed, % ¹⁾	10.3	10.6	14.3	14.6	15.1	22.6	22.1	22.2
Return on equity, % ¹⁾	8.8	8.7	13.3	12.8	12.2	20.7	19.3	18.1
Equity per share, SEK ²⁾	110.94	108.69	110.81	105.43	101.88	103.82	105.53	122.94
Operating cash flow, MSEK	-936	-742	-349	-396	-660	196	-48	217
Operating cash flow per share after dilution, SEK ³⁾	-8.58	-6.80	-3.20	-3.63	-6.05	1.80	-0.44	1.99

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average Number of shares after dilution

106,270,662	106,123,078	105,934,201	105,930,829	105,806,472	105,658,633	105,435,146	105,331,958
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	30/9/2013	31/12/2012	30/9/2012
ASSETS				
Fixed assets				
Intangible fixed assets	5	6,451	6,849	6,564
Tangible fixed assets		3,222	3,162	3,184
Lease assets		197	304	360
Biological assets		305	306	309
Investment properties		33	33	34
Shares in associated companies		305	300	275
Financial investments		317	193	194
Long-term receivables		105	138	171
Deferred tax assets		232	213	209
Total fixed assets		11,167	11,498	11,300
Current assets				
Inventories		4,974	4,420	4,890
Derivatives		461	514	629
Tax receivables		165	39	42
Accounts receivable		2,540	3,454	2,439
Other receivables		3,151	2,548	2,769
Prepaid expenses and accrued income		1,012	886	1,058
Short-term investments		1,679	3,963	3,452
Liquid assets	8	1,369	1,616	1,784
Total current assets		15,351	17,440	17,063
TOTAL ASSETS		26,518	28,938	28,363

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	30/9/2013	31/12/2012	30/9/2012
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		11,790	11,168	10,780
Non-controlling interest		87	112	110
Total shareholders' equity		11,877	11,280	10,890
Long-term liabilities				
Long-term interest-bearing liabilities	6	102	105	1,212
Other liabilities		213	315	272
Provisions for pensions	10	1,703	2,874	2,876
Other provisions		1,117	1,286	1,413
Deferred tax liabilities		406	184	53
Total long-term liabilities		3,541	4,764	5,826
Current liabilities				
Short-term interest-bearing liabilities	6	1,649	1,637	427
Advance payments from customers		820	553	887
Accounts payable		1,372	1,904	1,480
Derivatives		252	254	289
Tax liabilities		139	228	278
Other liabilities		720	760	793
Accrued expenses and deferred income		5,704	6,993	6,968
Provisions		444	565	525
Total current liabilities		11,100	12,894	11,647
Total liabilities		14,641	17,658	17,473
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,518	28,938	28,363

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 share holders' interest	Non-controlling interest	Total share holders' 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-September 2012			128	-160		735	703	-26	677
Reallocation of revaluation reserve					-40	40	0		0
Transactions with shareholders:									
Share matching plan						35	35		35
Dividend						-474	-474		-474
Acquisition and sale of non-controlling interest								17	17
Closing balance, 30 September 2012	1,746	543	585	-211	11	8,106	10,780	110	10,890
Net comprehensive income for the period October-December 2012			-54	-15		550	481	-5	476
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						11	11		11
Acquisition and sale of non-controlling interest								7	7
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-September 2013			-55	-151	-116	1,386	1,064	-20	1,044
Transactions with shareholders:									
Share matching plan						35	35		35
Dividend						-477	-477		-477
Acquisition and sale of non-controlling interest								-5	-5
Closing balance, 30 September 2013	1,746	543	476	-377	-105	9,507	11,790	87	11,877

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–Sep 2013	Jan–Sep 2012	Jan–Dec 2012
Operating activities				
Income after financial items		619	1,372	2,003
Adjustments for items not affecting cash flows		702	612	1,082
Income tax paid		-431	-493	-574
Cash flow from operating activities before changes in working capital		890	1,491	2,511
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-586	-586	-199
Increase(-)/Decrease(+) in current receivables		168	1,283	707
Increase(+)/Decrease(-) in advance payments from customers		279	-125	-459
Increase(+)/Decrease(-) in other current liabilities		-1,918	-2,095	-1,701
Increase(+)/Decrease(-) in provisions		-215	-392	-509
Cash flow from operating activities		-1,382	-424	350
Investing activities				
Investments in intangible fixed assets		-32	-22	-51
Capitalised development costs		-11	-113	-292
Investments in tangible fixed assets		-383	-234	-328
Investments in lease assets		-	-	-1
Sale of tangible fixed assets		7	8	10
Sale of lease assets		71	283	312
Sale of and investments in short-term investments		2,254	1,092	585
Sale of and investments in other financial assets		-243	11	26
Investments in operations and associated companies, net effect on liquidity	9	-47	-327	-568
Sale of group and associated companies, net effect on liquidity		-	174	174
Cash flow from investing activities		1,616	872	-133
Financing activities				
Repayments of loans		-	-86	-19
Raising of loans		25	-	-
Dividend paid to Parent Company's shareholders		-477	-474	-474
Cash flow from financing activities		-452	-560	-493
Cash flow for the period		-218	-112	-276
Liquid assets at the beginning of the year		1,616	1,918	1,918
Exchange rate difference in liquid assets		-29	-22	-26
Liquid assets at end of period	8	1,369	1,784	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	Q3 2013	Operating margin	Q2 2013	Operating margin	Q1 2013	Operating margin	Q4 2012	Operating margin
Sales								
Aeronautics	1,391		1,717		1,765		1,678	
Dynamics	536		971		877		1,512	
Electronic Defence Systems	900		931		1,038		1,182	
Security and Defence Solutions	1,189		1,503		1,271		2,019	
Support and Services	732		838		822		1,091	
Combitech	322		410		410		439	
Corporate	-		-		-		-	
Internal sales	-347		-484		-321		-615	
Total	4,723		5,886		5,862		7,306	
Operating income								
Aeronautics	117	8.4%	121	7.0%	116	6.6%	125	7.4%
Dynamics	-46	-8.6%	115	11.8%	72	8.2%	233	15.4%
Electronic Defence Systems	24	2.7%	-80	-8.6%	-45	-4.3%	-106	-9.0%
Security and Defence Solutions	80	6.7%	120	8.0%	22	1.7%	209	10.4%
Support and Services	70	9.6%	107	12.8%	88	10.7%	215	19.7%
Combitech	14	4.3%	31	7.6%	44	10.7%	44	10.0%
Corporate	7	-	-265	-	99	-	-65	-
Total	266	5.6%	149	2.5%	396	6.8%	655	9.0%

MSEK	Q3 2012	Operating margin	Q2 2012	Operating margin	Q1 2012	Operating margin	Q4 2011	Operating margin
Sales								
Aeronautics	1,275		1,704		1,419		1,740	
Dynamics	873		1,359		1,035		1,565	
Electronic Defence Systems	805		1,108		1,181		1,453	
Security and Defence Solutions	1,280		1,354		1,323		1,819	
Support and Services	697		844		779		954	
Combitech	299		361		311		304	
Corporate	-		-		-		-	
Internal sales	-330		-498		-475		-488	
Total	4,899		6,232		5,573		7,347	
Operating income								
Aeronautics	72	5.6%	84	4.9%	78	5.5%	74	4.3%
Dynamics	105	12.0%	175	12.9%	108	10.4%	212	13.5%
Electronic Defence Systems	-78	-9.7%	210	19.0%	91	7.7%	38	2.6%
Security and Defence Solutions	59	4.6%	89	6.6%	60	4.5%	147	8.1%
Support and Services	34	4.9%	94	11.1%	67	8.6%	165	17.3%
Combitech	18	6.0%	21	5.8%	39	12.5%	41	13.5%
Corporate	52	-	57	-	-40	-	-18	-
Total	262	5.3%	730	11.7%	403	7.2%	659	9.0%

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.

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, %	39.0	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–Sep 2013	Jan–Sep 2012	Jan–Dec 2012
Organic sales growth, %	5	-2	-1	-2
Operating margin, %	10	4.9	8.4	8.5
Equity/assets ratio, %	30	44.8	38.4	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–Sep 2013	Jan–Sep 2012	Jan–Dec 2012
Sales	11,555	10,518	15,338
Cost of goods sold	-8,686	-7,384	-10,723
Gross income	2,869	3,134	4,615
Gross margin, %	24.8	29.8	30.1
Operating income and expenses	-2,443	-2,329	-3,584
Operating income (EBIT)	426	805	1,031
Operating margin, %	3.7	7.7	6.7
Financial income and expenses	514	85	914
Income after financial items	940	890	1,945
Appropriations	-	-	-481
Income before taxes	940	890	1,464
Taxes	-127	-321	-499
Net income for the period	813	569	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 nine months 2013 amounted to MSEK 11,555 (10,518). Operating income was MSEK 426 (805).

Net financial income and expenses was MSEK 514 (85). After appropriations of MSEK 0 (0) and taxes of MSEK -127 (-321), net income for the period amounted to MSEK 813 (569).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 2,186 at 30 September 2013 compared to MSEK 38 at 31 December 2012.

Gross capital expenditures in property, plant and equipment amounted to MSEK 294 (138). Investments in intangible assets amounted to MSEK 32 (107). At the end of the period, the Parent Company had 8,825 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	30/9/2013	31/12/2012	30/9/2012
ASSETS				
Fixed assets				
Intangible fixed assets		1,439	1,661	1,716
Tangible fixed assets		2,246	2,126	2,113
Financial fixed assets		8,215	8,146	7,951
Total fixed assets		11,900	11,933	11,780
Current assets				
Inventories, etc.		3,770	3,385	3,386
Current receivables		5,560	5,778	4,675
Short-term investments		1,672	3,926	3,419
Liquid assets		902	949	1,090
Total current assets		11,904	14,038	12,570
TOTAL ASSETS		23,804	25,971	24,350
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Restricted equity		2,996	2,996	2,997
Unrestricted equity		4,899	4,531	4,123
Total shareholders' equity		7,895	7,527	7,120
Provisions and liabilities				
Untaxed reserves		1,276	1,276	795
Provisions		997	1,169	1,177
Liabilities	6	13,636	15,999	15,258
Total provisions and liabilities		15,909	18,444	17,230
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		23,804	25,971	24,350

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 nine months 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 of 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 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–Sep 2013	Jan–Sep 2012	Change %	Jul–Sep 2013	Jul–Sep 2012	Rolling 12-months	Jan–Dec 2012
Aeronautics	4,873	4,398	11	1,391	1,275	6,551	6,076
of which external sales	4,762	4,259	12	1,361	1,230	6,379	5,876
of which internal sales	111	139	-20	30	45	172	200
Dynamics	2,384	3,267	-27	536	873	3,896	4,779
of which external sales	2,304	3,181	-28	519	854	3,790	4,667
of which internal sales	80	86	-7	17	19	106	112
Electronic Defence Systems	2,869	3,094	-7	900	805	4,051	4,276
of which external sales	2,551	2,671	-4	810	701	3,532	3,652
of which internal sales	318	423	-25	90	104	519	624
Security and Defence Solutions	3,963	3,957	-	1,189	1,280	5,982	5,976
of which external sales	3,896	3,871	1	1,178	1,266	5,877	5,852
of which internal sales	67	86	-22	11	14	105	124
Support and Services	2,392	2,320	3	732	697	3,483	3,411
of which external sales	2,278	2,156	6	686	654	3,294	3,172
of which internal sales	114	164	-30	46	43	189	239
Combitech	1,142	971	18	322	299	1,581	1,410
of which external sales	635	586	8	182	183	868	819
of which internal sales	507	385	32	140	116	713	591
Corporate/eliminations	-1,152	-1,303	-347	-330	-1,767	-1,918	
of which external sales	45	-20	-13	11	37	-28	
of which internal sales	-1,197	-1,283	-334	-341	-1,804	-1,890	
Total	16,471	16,704	-1	4,723	4,899	23,777	24,010

Sales by geographical market

MSEK	Jan–Sep 2013	% of sales	Jan–Sep 2012	% of sales	Jan–Dec 2012	% of sales
Sweden	7,052	43	6,217	38	8,765	36
Rest of EU	2,727	17	3,204	19	4,640	19
Rest of Europe	347	2	194	1	390	2
Total Europe	10,126	61	9,615	58	13,795	57
North America	1,789	11	1,719	10	2,609	11
Latin America	216	1	85	1	171	1
Asia	2,919	18	3,370	20	4,886	20
Africa	614	4	1,008	6	1,345	6
Australia, etc.	807	5	907	5	1,204	5
Total	16,471	100	16,704	100	24,010	100

Information on large customers

In the first nine months 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 5,465 (4,467).

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 with the other quarters. The fourth quarter is also usually affected by higher deliveries, mainly within Dynamics.

Order bookings by business area

MSEK	Jan–Sep 2013	Jan–Sep 2012	Change %	Jan–Dec 2012
Aeronautics	11,411	3,916	191	4,289
Dynamics	1,713	2,210	-22	4,095
Electronic Defence Systems	5,393	2,337	131	2,739
Security and Defence Solutions	3,638	4,053	-10	5,307
Support and Services	2,979	3,495	-15	4,540
Combitech	1,133	975	16	1,436
Internal	-1,238	-1,231		-1,723
Total	25,029	15,755	59	20,683

Order backlog by business area

MSEK	30/9/2013	31/12/2012	30/9/2012
Aeronautics	17,843	11,305	12,610
Dynamics	4,092	4,769	4,389
Electronic Defence Systems	7,849	5,442	6,013
Security and Defence Solutions	6,672	7,150	7,923
Support and Services	6,241	5,678	5,735
Combitech	438	446	424
Internal	-728	-639	-763
Total	42,407	34,151	36,331

OPERATING INCOME

Operating income by business area

MSEK	Jan–Sep 2013	% of sales	Jan–Sep 2012	% of sales	Rolling 12-months	Jan–Dec 2012
Aeronautics	354	7.3	234	5.3	479	359
Dynamics	141	5.9	388	11.9	374	621
Electronic Defence Systems	-101	-3.5	223	7.2	-207	117
Security and Defence Solutions	222	5.6	208	5.3	431	417
Support and Services	265	11.1	195	8.4	480	410
Combitech	89	7.8	78	8.0	133	122
The business areas' total operating income	970	5.9	1,326	7.9	1,690	2,046
Corporate	-159		69		-224	4
Total operating income	811	4.9	1,395	8.4	1,466	2,050

Depreciation/amortisation and write-downs by business area

MSEK	Jan–Sep 2013	Jan–Sep 2012	Change, %	Jul–Sep 2013	Jul–Sep 2012	Rolling 12-months	Jan–Dec 2012
Aeronautics	110	175	-37	36	59	168	233
Dynamics	43	134	-68	15	49	82	173
Electronic Defence Systems	356	318	12	118	104	459	421
Security and Defence Solutions	96	117	-18	32	49	117	138
Support and Services	14	14	-	5	5	19	19
Combitech	6	4	50	2	1	10	8
Corporate – lease aircraft	23	43	-47	7	12	33	53
Corporate – other	121	105	15	41	38	160	144
Total	769	910	-15	256	317	1,048	1,189

NOTE 3 CONTINUED

LARGE ORDERS RECEIVED JAN–SEP 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
Integrated security solution for Defence Base Security	Australia	470
Upgrade of Erieye mission system	Brazil	380
Upgrade of Erieye mission system	Brazil	325
Autonomous underwater vehicles systems, AUV62	n/a	269
Self-protection system	India	216
Gripen support and maintenance	Sweden	184
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
Artillery ammunition	n/a	100

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan–Sep 2013	Jan–Sep 2012	Rolling 12-months	Jan–Dec 2012
Aeronautics	-478	-473	-430	-425
Dynamics	322	386	434	498
Electronic Defence Systems	302	-34	98	-238
Security and Defence Solutions	-731	-495	-427	-191
Support and Services	-67	387	-67	387
Combitech	129	-58	144	-43
Corporate	-1,504	-373	-1,515	-384
Total	-2,027	-660	-1,763	-396

Capital employed by business area

MSEK	30/9/2013	31/12/2012	30/9/2012
Aeronautics	2,396	2,285	2,164
Dynamics	1,927	2,284	2,139
Electronic Defence Systems	4,284	4,690	4,435
Security and Defence Solutions	4,271	3,879	3,823
Support and Services	1,640	1,301	1,114
Combitech	457	493	462
Corporate	120	510	826
Total	15,095	15,442	14,963

FULL TIME EQUIVALENTS (FTEs)

FTEs by business area

Number at end of period	30/9/2013	31/12/2012	Change	30/9/2012
Aeronautics	3,143	2,932	211	2,877
Dynamics	1,594	1,568	26	1,573
Electronic Defence Systems	2,558	2,578	-20	2,563
Security and Defence Solutions	2,985	3,105	-120	3,107
Support and Services	1,823	1,805	18	1,813
Combitech	1,293	1,245	48	1,223
Corporate	707	667	40	668
Total	14,103	13,900	203	13,824

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	30/9/2013	31/12/2012	30/9/2012
Goodwill	4,587	4,581	4,471
Capitalised development costs	1,435	1,751	1,650
Other intangible assets	429	517	443
Total	6,451	6,849	6,564

NOTE 6 NET LIQUIDITY

MSEK	30/9/2013	31/12/2012	30/9/2012
Assets			
Liquid assets	1,369	1,616	1,784
Short-term investments	1,679	3,963	3,452
Total liquid investments	3,048	5,579	5,236
Short-term interest-bearing receivables	344	326	341
Long-term interest-bearing receivables	84	109	110
Long-term interest-bearing financial investments	141	144	140
Total interest-bearing assets	3,617	6,158	5,827
Liabilities			
Liabilities to credit institutions	1,101	1,104	1,103
Liabilities to associates and JVs	354	378	416
Other interest-bearing liabilities	296	260	120
Provisions for pensions ¹⁾	1,467	2,420	2,434
Total interest-bearing liabilities	3,218	4,162	4,073
NET LIQUIDITY	399	1,996	1,754

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)	109	1	108
Total	4,109	1	4,108

Parent Company

MSEK	30/9/2013	31/12/2012	30/9/2012
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
30/9/2013										
Financial assets										
Financial investments	-	131	45	141	-	-	-	-	317	314
Long-term receivables	-	-	-	-	105	-	-	-	105	105
Derivatives										
Forward exchange contracts	19	-	-	-	-	-	407	8	434	434
Currency options	22	-	-	-	-	-	-	-	22	22
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Electricity derivatives	3	-	-	-	-	-	2	-	5	5
Total derivatives	44	-	-	-	-	-	409	8	461	461
Accounts receivable and other receivables	-	-	-	-	6,169	-	-	-	6,169	6,169
Short-term investments	-	-	1,679	-	-	-	-	-	1,679	1,679
Liquid assets	-	-	-	-	1,369	-	-	-	1,369	1,369
Total financial assets	44	131	1,724	141	7,643	-	409	8	10,100	10,097
Financial liabilities										
Interest-bearing liabilities	-	-	-	-	-	1,751	-	-	1,751	1,760
Derivatives										
Forward exchange contracts	9	-	-	-	-	-	217	-	226	226
Currency options	10	-	-	-	-	-	-	-	10	10
Interest rate swaps	9	-	-	-	-	-	-	-	9	9
Electricity derivatives	2	-	-	-	-	-	5	-	7	7
Total derivatives	30	-	-	-	-	-	222	-	252	252
Other liabilities	-	-	-	-	-	4,721	-	-	4,721	4,721
Total financial liabilities	30	-	-	-	-	6,472	222	-	6,724	6,733

* 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 (un-adjusted) prices on an active market on the closing date (Level 1):

- Bonds and interest-bearing securities
- Electricity derivatives
- Shares and participations

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 rate swaps:** Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted

to the valuation date using current market rates. The market value of interest 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 nine months 2013.

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

Assets at fair value

MSEK	30/9/2013	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	1,679	1,679	-	-
Forward exchange contracts	434	-	434	-
Currency options	22	-	22	-
Interest rate swaps	-	-	-	-
Electricity derivatives	5	5	-	-
Shares and participations	176	131	-	45
Total	2,316	1,815	456	45

NOTE 7 CONTINUED
Liabilities at fair value

MSEK	30/9/2013	Level 1	Level 2	Level 3
Forward exchange contracts	226	-	226	-
Currency options	10	-	10	-
Interest rate swaps	9	-	9	-
Electricity derivatives	7	7	-	-
Total	252	7	245	-

**NOTE 8 SUPPLEMENTAL INFORMATION ON
STATEMENT OF CASH FLOWS**
Liquid assets

MSEK	30/9/2013	31/12/2012	30/9/2012
The following components are included in liquid assets:			
Cash and bank balances	649	622	637
Bank deposits	720	862	1,015
Funds in escrow account	-	131	131
Deposits on behalf of customers	-	1	1
Total according to balance sheet	1,369	1,616	1,784
Total according to statement of cash flows	1,369	1,616	1,784

Operating cash flow vs. statement of cash flows

MSEK	Jan–Sep 2013	Jan–Sep 2012	Jan–Dec 2012
Operating cash flow	-2,027	-660	-396
Investing activities – interest-bearing:			
Short-term investments	2,254	1,092	585
Other financial investments and receivables	7	16	28
Financing activities:			
Repayments of loans	-	-86	-19
Raising of loans	25	-	-
Dividend paid to the Parent Company's shareholders	-477	-474	-474
Cash flow for the period	-218	-112	-276

Specification of operating cash flow

MSEK	Saab excl. acquisitions/divestments	Acquisitions and divestments	Total Group Jan–Sep 2013	Total Group Jan–Sep 2012
Cash flow from operating activities before changes in working capital	890	-	890	1,491
CASH FLOW FROM CHANGES IN WORKING CAPITAL				
Inventories	-586	-	-586	-586
Receivables	168	-	168	1,283
Advance payments from customers	279	-	279	-125
Other liabilities	-1,918	-	-1,918	-2,095
Provisions	-215	-	-215	-392
Change in working capital	-2,272	-	-2,272	-1,915
Cash flow from operating activities	-1,382	-	-1,382	-424
INVESTING ACTIVITIES				
Investments in intangible fixed assets	-43	-	-43	-135
Investments in tangible fixed assets	-383	-	-383	-234
Sale of tangible fixed assets	7	-	7	8
Sale of lease assets	71	-	71	283
Sale of and investments in financial assets	-250	-	-250	-5
Investments in operations and associated companies, net effect on liquidity	-	-47	-47	-327
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	-598	-47	-645	-236
OPERATING CASH FLOW	-1,980	-47	-2,027	-660

NOTE 9 BUSINESS COMBINATIONS

In May 2013, Saab announced the signing of 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 supplier of support solutions.

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 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.

In September 2013, Saab announced the acquisition of Hydro-Lek Limited, a UK manipulator and tooling manufacturer for underwater vehicles with 25 employees. The acquisition strengthens Saab Seaeeye's product portfolio of remotely operated, autonomous and hybrid underwater vehicles with the ambition to further grow the company.

The total consideration amounted to MGBP 3,1 (MSEK 32). Acquired assets primarily consist of product development, working capital and operating properties, which, according to a preliminary acquisition analysis, amount to MGBP 1,9 (MSEK 20). Goodwill from the acquisition amounts to MGBP 1,2 (MSEK 12) and is mainly attributed to the combined workforce and future synergies. The effect on liquid assets amounts to MGBP -3,1 (MSEK -32).

No other significant acquisitions were made during the first nine months 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 6,338 at 30 September 2013, compared to MSEK 7,082 at 30 September 2012, and the value of the plan assets amounted to MSEK 4,871 at 30 September 2013, compared to MSEK 4,648 at 30 September 2012. Provisions for pensions attributable to special employers' contribution amounted to MSEK 236 at 30 September 2013 and to MSEK 442 at 30 September 2012.

Amendments to IAS 19 Employee Benefits

In the first nine months 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 nine months 2012 are as follows.

Statement of financial position MSEK	30/9/2012 actual	Adjustment IAS 19R	30/9/2012 restated
Fixed assets	11,875	-784	11,091
Deferred tax assets	120	89	209
Current assets	17,063	-	17,063
Total assets	29,058	-695	28,363
Equity	13,569	-2,679	10,890
Provision for pension	12	2,864	2,876
Deferred tax liabilities	933	-880	53
Other long-term liabilities	2,897	-	2,897
Current liabilities	11,647	-	11,647
Total liabilities	15,489	1,984	17,473
Total equity and liabilities	29,058	-695	28,363
Equity/assets ratio	46.7%		38.4%

Income statement MSEK	Jan-Sep 2012 actual	Adjustment IAS 19R	Jan-Sep 2012 restated
EBIT	1,382	13	1,395
Financial net	-82	59	-23
Taxes	-346	-16	-362
Net income	954	56	1,010
EPS before dilution, SEK	9.28	0.53	9.81
EPS after dilution, SEK	8.98	0.51	9.49
Other comprehensive income after tax	-32	-301	-333
Net comprehensive income	922	-245	677

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 with the Danish Defence acquisition and logistics organisation, Forsvarets Meraltjeneste (FMT). The context of the dispute is the termination of an agreement regarding the command and control system, DACCIS. On 25 April 2013, the Danish Supreme Court ruled that Saab should pay FMT MSEK 314. The payment includes the repayment of damages ruled by the Maritime and Commercial Court in Copenhagen 2010, payments received under the DACCIS contract, as well as court costs amounting to MSEK 231 and interest amounting to MSEK 83.

In 2012 Saab received a claim for alleged patent infringement in the U.S. A settlement has been reached. No material amounts have been paid.

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).

REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information of Saab AB for the period from 1 January to 30 September 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, 29 October 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 29 October 2013.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Magnus Örnberg

Today, Tuesday, 29 October, 2013 at 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.

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