

## STRONG ORDER BOOKINGS INCREASED MARKET RISK

At the end of June, Saab received an order from the Swedish Defence Materiel Administration (FMV) for the construction of two next generation submarines, Type A26, and for the mid-life upgrade of two Gotland class submarines for the Swedish navy. Deliveries of the A26 will begin in 2022 and be finalised in 2024. This marks the historic start of Saab as a submarine builder. Saab is thereby a unique defence company which now manufactures both a new generation of the world's most modern conventional submarine and the fighter system Gripen.

### Continued strong order bookings

The order bookings during the first half-year amounted to MSEK 18,996 (8,126). The increase is mainly attributable to the order for the construction of two submarines for Sweden. Business areas Dynamics and Electronic Defence Systems continue to show strong order bookings, which is expected to have a positive impact on sales in the second half-year.

The order backlog at the end of the period was MSEK 67,853 (57,180).

The agreement made with Brazil in October 2014 regarding 36 Gripen NG has not yet come into force. We expect to receive the order during this year.

### Large development efforts

Sales increased by 3 per cent during the first half-year compared to the same period last year, mainly as a result of growth within business area Security and Defence Solutions attributable to the acquisition of Saab Kockums in 2014. The business areas Dynamics and Electronic Defence Systems reported decreased sales following low order bookings in 2013 and 2014.

Due to seasonal variations, Saab often has a stronger second half-year and higher sales are expected during the remainder of 2015.

Reported operating income amounted to MSEK 367 (643) during the first half-year. The decrease, compared to last year, is mainly attributable to business area Dynamics that reports a loss for the period, and continued expenses related to product development within business area Aeronautics. The operating income is also affected by the fact that the contract regarding 36 Gripen NG for Brazil has not yet come into force. Also other expected orders have been deferred.

Saab's cooperation with Boeing where we together combine great engineering skills with cost efficiency to offer a trainer aircraft in the U.S. T-X program is proceeding according to plan.

Efforts to streamline operations continue in order to increase profitability.

The net income amounted to MSEK 257 (412).

The operational cash flow in the period amounted to MSEK -1,806 (-1,097). The negative cash flow is mainly a result of that the level of sale of trade receivables was lower as at 30 June 2015 compared to year-end 2014, as well as timing differences in deliveries and milestone payments, and product development spending.

Earnings per share after dilution amounted to SEK 2.21 (3.80).

### Unchanged outlook

The market is still characterised by challenging conditions. During the period, some areas have been burdened with expenses related to expected orders that have been deferred. Our assessment remains that the market risk has increased during the first half-year 2015, driven by both political positions and the macroeconomic environment. The outlook for 2015 is unchanged.

INTERIM REPORT  
JANUARY-JUNE 2015



Håkan Buskhe, President and CEO

### UNCHANGED OUTLOOK STATEMENT 2015:

- In 2015, we estimate sales to increase more than Saab's long-term goal: annual organic sales growth of 5 per cent.
- The operating margin 2015 excluding material non-recurring items is expected to be in line with the operating margin in 2014. In 2015, increased internally funded research and development efforts within Aeronautics will have a negative impact on the operating margin.

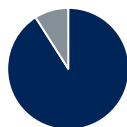
### Financial highlights

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	18,996	8,126	134	14,196	4,048	22,602
Order backlog	67,853	57,180	19			60,128
Sales	11,329	10,972	3	5,940	5,692	23,527
Gross income	2,674	2,896	-8	1,358	1,535	6,077
Gross margin, %	23.6	26.4		22.9	27.0	25.8
EBITDA	830	1,059	-22	392	583	2,523
EBITDA margin, %	7.3	9.7		6.6	10.2	10.7
Operating income (EBIT)	367	643	-43	157	373	1,659
Operating margin, %	3.2	5.9		2.6	6.6	7.1
Net income	257	412	-38	167	236	1,168
Earnings per share before dilution, SEK	2.23	3.83		1.43	2.19	10.86
Earnings per share after dilution, SEK	2.21	3.80		1.42	2.17	10.78
Return on equity, % <sup>1)</sup>	8.6	7.7				9.9
Free cash flow	-2,082	-1,390		-1,141	-1,074	-1,094
Free cash flow per share after dilution, SEK	-19.57	-12.95		-10.72	-10.00	-10.23

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

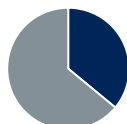
## Significant orders, 2nd quarter

	MSEK
A26 submarines and mid-life upgrade for Gotland-class submarines	8,650
Underwater systems	429



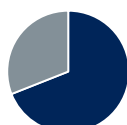
### Defence/Civil

A total of 91 per cent (72) of order bookings was attributable to defence-related operations during the first six months of 2015.



### Market

A total of 36 per cent (63) of order bookings was related to markets outside Sweden during the first six months of 2015.



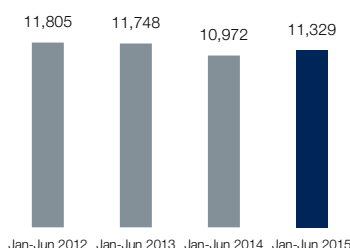
### Large orders

Orders where the total order value exceeded MSEK 100 represented 69 per cent (40) of total order bookings during the first six months of 2015.

### Order backlog duration:

- 2015: SEK 11.6 billion
- 2016: SEK 14.8 billion
- 2017: SEK 9.5 billion
- 2018: SEK 6.6 billion
- After 2018: SEK 25.4 billion

### Sales, MSEK



## Orders

### Second quarter 2015

In June, Saab signed a contract with FMV for the construction of two submarines, Type A26, as well as conducting mid-life upgrades of two Gotland class submarines. The orders cover the period 2015-2024 and the total order value is SEK 8.6 billion.

During the second quarter, Saab received a major order for delivery of underwater systems. The total order value amounts to approximately MSEK 429.

### January-June 2015

Orders received during the first half-year 2015, in addition to the above mentioned, included a contract with FMV signed in February for continued development of the New Lightweight Torpedo plus maintenance agreements for underwater weapon systems and the Hydra sonar system. Saab also received two orders for ammunition components for Carl-Gustaf, one of the world's most modern ground combat weapon systems.

In March, follow-on orders were received from Hindustan Aeronautic Limited (HAL), India, for an integrated electronic warfare self-protection system for installation on the Indian armed forces' Advanced Light Helicopter Dhruv.

For a list of significant orders received during 2015, see note 3.

During 2015, index and price changes had a positive effect on order bookings of MSEK 81 compared to MSEK 219 in the same period 2014.

The order backlog at the end of the period amounted to MSEK 67,853 compared to MSEK 60,128 at the beginning of the year.

### Order bookings by region

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %
Sweden	12,194	2,995	307
EU excluding Sweden	2,124	2,245	-5
Rest of Europe	681	221	208
Americas	957	1,019	-6
Asia	2,534	910	178
Africa	202	288	-30
Australia, etc.	304	448	-32
<b>Total</b>	<b>18,996</b>	<b>8,126</b>	<b>134</b>

## Sales

### Second quarter 2015

Sales during the second quarter 2015 amounted to MSEK 5,940 (5,692), an increase of 4 per cent. Acquisitions had a positive net effect of 8 per cent on sales and currency effects had a positive effect of 2 per cent. The organic sales decline was -6 per cent (-2).

### January-June 2015

Sales during the first half-year 2015 increased by 3 per cent compared to the same period 2014. Acquisitions and the deconsolidation of Saab Grintek Technologies (Pty) Ltd had a positive net effect of 7 per cent. Currency effects had a positive effect of 2 per cent on sales. The organic sales decline was -6 per cent (-6).

Sales in markets outside of Sweden amounted to MSEK 5,734 (6,090), or 51 per cent (56), of total sales. 77 per cent (78) of sales were related to the defence market.

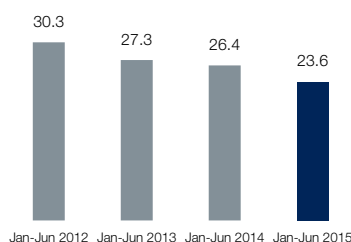
### Sales per region

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %
Sweden	5,595	4,882	15
EU excluding Sweden	1,934	1,789	8
Rest of Europe	260	212	23
Americas	1,297	1,263	3
Asia	1,541	1,969	-22
Africa	229	308	-26
Australia, etc.	473	549	-14
<b>Total</b>	<b>11,329</b>	<b>10,972</b>	<b>3</b>

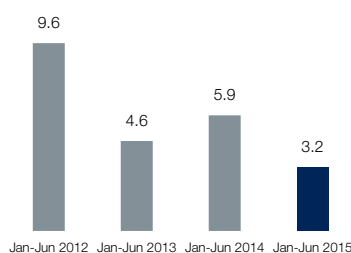
### Sales per market segment

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %
Air	4,666	5,185	-10
Land	2,385	2,374	0
Naval	1,952	1,194	63
Civil Security	1,028	1,085	-5
Commercial Aeronautics	1,077	860	25
Other	221	274	-19
<b>Total</b>	<b>11,329</b>	<b>10,972</b>	<b>3</b>

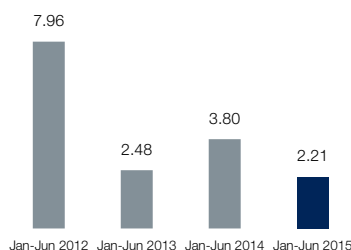
## Gross margin, %



## Operating margin, %



## Earnings per share after dilution, SEK



## Income

### Second quarter 2015

The gross margin during the second quarter was 22.9 per cent (27.0); the decrease is attributable to a changed product and project mix.

The operating income amounted to MSEK 157 (373) with an operating margin of 2.6 per cent (6.6). The decrease in operating margin was mainly due to a negative operating income in Dynamics for the quarter and to development expenses related to the T-X program, where Saab cooperates with Boeing in order to participate in the U.S. Air Force's upcoming procurement regarding trainer aircraft.

The operating income is also affected by the fact that the contract regarding 36 Gripen NG for Brazil has not yet come into force. Also other expected orders have been deferred.

During the second quarter 2015, reversal of risk provisions attributable to the remaining risks related to the ongoing termination of Saab's leasing fleet of turbo prop aircraft (SAL) had a more positive effect on the operating income than during the second quarter 2014.

### January–June 2015

The gross margin during the first half-year 2015 was 23.6 per cent (26.4), which was lower than in the same period 2014, mainly due to lower sales in Dynamics. Total depreciation and amortisation amounted to 463 (421). Depreciation of tangible fixed assets amounted to MSEK 216 (193).

Internally funded expenditures in research and development (R&D) amounted to MSEK 675 (666), of which a total of MSEK 98 (76) was capitalised. The internally funded investments in development are mainly attributable to radar and sensor technology as well as development related to the T-X program.

Amortisation of intangible fixed assets amounted to MSEK 247 (228), of which amortisation of capitalised development expenditures amounted to MSEK 161 (159).

The share of income in associated companies amounted to MSEK 23 (3).

The operating income amounted to MSEK 367 (643) with an operating margin of 3.2 per cent (5.9). The operating margin was lower mainly due to a negative operating income in Dynamics for the period and to expenses attributable to development related to the T-X program.

During the first half-year 2015 and 2014, reversal of risk provisions attributable to the remaining risks related to the ongoing termination of Saab's leasing fleet of turbo prop aircraft (SAL), contributed positively to the operating income.

## Financial net

MSEK	Jan-Jun 2015	Jan-Jun 2014
Financial net related to pensions	-33	-28
Net interest items	-27	8
Currency gains/losses	24	3
Other financial items	3	-72
<b>Total</b>	<b>-33</b>	<b>-89</b>

Financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 10 for more information regarding defined-benefit pension plans.

Net interest items refer to return on liquid assets and short-term investments and to interest expenses on short-term and long-term interest-bearing liabilities.

Currency gains/losses reported in financial net are mainly related to hedges of the tender portfolio, which are valued at fair value. In the first half-year, currency changes, primarily in USD and EUR, had a positive impact on the valuation.

Other net financial items consist of costs attributable to the programme for the sale of trade receivables, unrealised results from the market valuation of short-term investments, and other currency effects, for example changes related to liquid assets in currencies other than SEK.

In 2013, Saab invested in the Indian company Pipavav Defence and Offshore Engineering Company Limited. A combination of negative currency effects and share price development resulted in a value decline of MSEK 19 during the first half-year 2014, which is recognised in other financial items.

## Tax

Current and deferred taxes amounted to MSEK -77 (-142), the equivalent to an effective tax rate of 23 per cent (26).

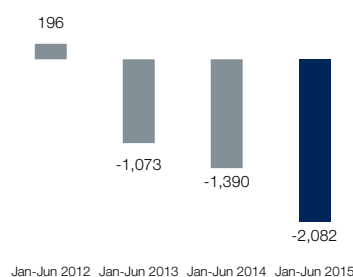
## Return on capital employed and equity

The pre-tax return on capital employed was 8.7 per cent (9.8) and the after-tax return on equity was 8.6 per cent (7.7), both measured over a rolling 12-month period.

## Change in net debt Jan-Jun 2015

	MSEK
<b>Net liquidity (+) / net debt (-), 31 Dec 2014</b>	<b>-2,113</b>
Cash flow from operating activities	-1,582
Change in net pension obligation	578
Net investments	-500
Financial lease	-442
Dividend	-501
Currency impact and unrealised results from financial investments	-32
<b>Net liquidity (+) / net debt (-), 30 Jun 2015</b>	<b>-4,592</b>

## Free cash flow, MSEK



## Financial position and liquidity

At the end of June 2015, the net debt amounted to MSEK 4,592; an increase of MSEK 2,479 during 2015 compared to the year-end 2014.

Cash flow from operating activities was negative and amounted to MSEK -1,582.

Provisions for pensions, excluding special employers' contribution, as of 30 June 2015 amounted to MSEK 1,950, compared to MSEK 2,528 at year-end 2014. This had a positive impact of MSEK 578 on net debt. The decrease in provisions was mainly due to the increase in the discount rate used in the valuation of pension obligations from 2.50 per cent to 3.00 per cent during the period and to a strong return on plan assets. This was partially offset by the change of the inflation assumption for calculating the pension obligation from 1.50 per cent to 1.75 per cent. For more information about Saab's defined-benefit plans, see note 10.

During the first half-year 2015, net debt was negatively impacted by net investments amounting to approximately MSEK 500. Saab also signed a financial lease agreement regarding an aircraft intended for business travel, education and training of MSEK 442. In addition, a payment of dividend to the parent company's shareholders of MSEK 501 was made during the period.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had an impact on net debt of MSEK -32.

In order to strengthen the company's financial flexibility, the long-term external funding was increased by MSEK 425 and the short-term external funding was increased by MSEK 2 412 during the first half-year 2015. As at 30 June 2015, short-term investments and liquid assets amounted to MSEK 2,754.

Capitalised development costs on the balance sheet amounted to MSEK 892 at 30 June 2015 and to MSEK 952 at 31 December 2014.

Inventories increased by more than one billion SEK during the first half-year 2015 due to activity in large projects in Aeronautics and Dynamics where deliveries will be made later during the year. Inventories are recognised after deducting utilised advances.

Tangible assets increased, mainly as a result of the above mentioned financial lease of an aircraft.

Trade receivables decreased in several large projects, meanwhile accrued revenues increased, which was mainly related to Gripen E.

## Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 350 (299).

Investments in intangible assets amounted to MSEK 139 (97), of which MSEK 98 (76) was related to capitalised development costs and MSEK 41 (21) to other intangible assets.

## Cash flow

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK -1,320 (-777), see note 8.

Saab has an established programme to sell trade receivables to strengthen its financial position and increase financial flexibility. As of 30 June 2015, net receivables of MSEK 386 were sold, compared to MSEK 1,071 as of 31 December 2014. This had a negative impact on cash flow from operating activities of MSEK 685 during the first half-year 2015.

The operational cash flow amounted to MSEK -1,806 (-1,097). It is defined as cash flow from operating activities, excluding taxes and other financial items, acquisitions and divestments of intangible assets, tangible assets and lease assets. The lower level of operational cash flow in the first half-year 2015, compared to the same period 2014, is mainly attributable to lower sales of trade receivables and to increased working capital in several large projects.

Free cash flow amounted to MSEK -2,082 (-1,390). For more detailed information about the cash flow, see note 8.

## Key indicators of financial position and liquidity

MSEK	30 Jun 2015	30 Jun 2014	Change	31 Dec 2014
Net liquidity / debt <sup>1)</sup>	-4,592	-1,598	-2,994	-2,113
Intangible fixed assets	6,299	6,264	35	6,351
Goodwill	5,061	4,652	409	5,015
Capitalised development costs	892	1,261	-369	952
Other intangible fixed assets	346	351	-5	384
Tangible fixed assets, etc <sup>2)</sup>	4,637	3,743	894	4,024
Inventories	6,871	5,497	1,374	5,819
Accounts receivable	2,612	2,636	-24	3,414
Other receivables	4,905	4,057	848	4,255
Accrued revenues <sup>3)</sup>	4,324	3,530	794	3,505
Advance payments from customers	978	926	52	856
Equity/assets ratio, %	37.2	42.7		38.5
Return on equity, % <sup>4)</sup>	8.6	7.7		9.9
Equity per share, SEK <sup>5)</sup>	111.48	108.20	3.28	107.02

1) The Group's net liquidity/debt 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.

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

3) Amounts due from customers relate to 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; 2015 Jun: 105,720,470; 2014 Jun: 106,604,525; 2014 Dec: 105,499,980.

## Business area structure

Saab implemented changes to the business area structure as of 1 January 2015. The new business area Industrial Products and Services includes the business units Aerostructures (previously in business area Aeronautics), Avionics Systems (previously in business area Electronic Defence Systems), the independent technology consulting firm Combitech (previously a business area), Saab Ventures' product portfolio (previously part of Saab Corporate) and a development project, which up until year-end 2014 was part of Saab Corporate.

## BUSINESS AREA AERONAUTICS

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	661	567	17	457	310	6,213
Order backlog	24,587	23,574	4			26,388
Sales	2,462	2,623	-6	1,364	1,295	5,454
EBITDA	104	236	-56	39	119	439
EBITDA margin, %	4.2	9.0		2.9	9.2	8.0
Operating income (EBIT)	84	215	-61	30	108	398
Operating margin, %	3.4	8.2		2.2	8.3	7.3
Operational cash flow	-159	-249		-205	-107	-401
Defence/Civil (% of sales)	98/2	98/2		99/1	98/2	99/1
No. of FTE's	2,677	2,650	1			2,690

For a description of the business area activities, see note 3. Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

### Sales, income and margin

- Sales declined during the first half-year 2015 compared to the same period 2014 primarily as a result of lower production volume in Gripen C/D.
- The operating margin during the first half-year 2015 was lower than for the same period 2014, mainly due to higher development costs related to the T-X program, where Saab is cooperating with Boeing to participate in the U.S. Air Force's upcoming procurement of trainer aircraft.
- The operating income is also affected by the fact that the contract regarding 36 Gripen NG for Brazil has not yet come into force.

### Cash flow

- Operational cash flow was negative, due to not yet invoiced activity in Gripen E and investments in the T-X program.

## BUSINESS AREA DYNAMICS

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	2,962	849	249	1,863	400	2,325
Order backlog	5,698	3,978	43			3,915
Sales	1,198	1,446	-17	570	730	2,974
EBITDA	-95	95	-200	-82	52	226
EBITDA margin, %	-7.9	6.6		-14.4	7.1	7.6
Operating income/loss (EBIT)	-122	64	-291	-94	36	165
Operating margin, %	-10.2	4.4		-16.5	4.9	5.5
Operational cash flow	-207	-33		-110	-138	-69
Defence/Civil (% of sales)	80/20	86/14		78/22	85/15	84/16
No. of FTE's	1,488	1,457	2			1,461

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

### Orders

- Order bookings were substantially higher during the first half-year 2015 compared to the same period 2014 and included an order from FMV regarding continued development of the New Lightweight Torpedo and maintenance agreements for underwater weapon systems and the Hydra sonar system.
- The Finnish Defence Forces ordered deliveries of the NLAW anti-tank weapon. In addition, an order was received from the European Defence Agency comprising production of ammunition for the man-portable weapon system Carl-Gustaf for deliveries to Estonia, Latvia, Lithuania, Czech Republic and Poland.
- The order bookings during the period also included a large order for underwater systems, the air defence missile system RBS 70 and a number of ground combat orders.

### Sales, income and margin

- Sales decreased during the first half-year 2015, compared to the same period 2014, following low order bookings in 2013 and 2014.
- The negative operating income during the first half-year is primarily attributable to a changed product mix and a lower activity level.

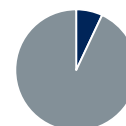
### Cash flow

- Operational cash flow was negative during the first half-year 2015 as a result of negative operating income and activity in large projects that will be delivered during 2015.



### Large orders

Orders where the total order value exceeded MSEK 100 represented 38 per cent (44) of total order bookings during the first six months of 2015.



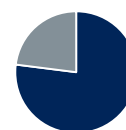
### Market

Sales related to markets outside Sweden accounted for 7 per cent (12) during the first six months of 2015.



### Large orders

Orders where the total order value exceeded MSEK 100 represented 60 per cent (0) of total order bookings during the first six months of 2015.



### Market

Sales related to markets outside Sweden accounted for 77 per cent (82) during the first six months of 2015.

## BUSINESS AREA ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	2,444	1,315	86	1,211	447	2,484
Order backlog	7,014	7,205	-3			6,365
Sales	1,797	1,945	-8	922	1,093	4,052
EBITDA	240	232	3	109	154	625
EBITDA margin, %	13.4	11.9		11.8	14.1	15.4
Operating income/loss (EBIT)	33	25	32	4	50	211
Operating margin, %	1.8	1.3		0.4	4.6	5.2
Operational cash flow	-229	-379		-130	19	-589
Defence/Civil (% of sales)	98/2	97/3		98/2	97/3	97/3
No. of FTE's	2,160	2,168	-			2,190

For a description of the business area activities, see note 3. Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

### Orders

- Order bookings during the first half-year 2015 increased compared to the same period 2014 and included an order from the Indian armed forces related to an integrated self-protection system. In addition, an order was received from the Norwegian Defence's logistics department (FLO) for a prototype for upgrade of the radar based weapon location system Arthur.

### Sales, income and margin

- Sales decreased following lower order bookings in 2013 and 2014.

### Cash flow

- The operational cash flow was negative during the first half-year 2015 due to a high activity level in some projects and continued high investments in product development.



**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 60 per cent (36) of total order bookings during the first six months of 2015.



**Market**  
Sales related to markets outside Sweden accounted for 73 per cent (76) during the first six months of 2015.

## BUSINESS AREA SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	11,314	3,073	268	9,866	1,752	6,110
Order backlog	15,218	6,307	141			6,823
Sales	2,918	2,396	22	1,626	1,240	5,762
EBITDA	198	109	82	102	98	468
EBITDA margin, %	6.8	4.5		6.3	7.9	8.1
Operating income (EBIT)	132	63	110	68	75	356
Operating margin, %	4.5	2.6		4.2	6.0	6.2
Operational cash flow	14	-206		-121	-70	157
Defence/Civil (% of sales)	73/27	63/37		75/25	64/36	68/32
No. of FTE's	3,190	2,533	26			3,234

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

### Orders

- During the second quarter, orders were received from FMV for the construction, verification and delivery of two submarines type A26, and mid-life upgrade of two Gotland class submarines. The total order value in the quarter amounted to SEK 8.6 billion.
- An order was received from the Irish Aviation Authority (IAA) for delivery of a Remote Tower Centre to Dublin Airport and two Remote Tower installations for Cork Airport and Shannon Airport.

### Sales, income and margin

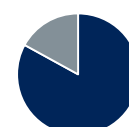
- Sales increased during the first half-year 2015, compared to the same period 2014, primarily as a result of the acquisition of Saab Kockums.
- The operating income for the first half-year 2015 was higher, compared to the same period 2014, as a result of a strong operating income in the business unit Saab Kockums 2014.

### Cash flow

- The operational cash flow was positive as a result of timing differences between activity and milestone payments during the period.

### Personnel

- The number of FTE's decreased during the first half-year 2015, compared to year-end 2014, following continuous adjustments of operations. The number of FTE's increased compared to the first half-year 2014, following the acquisition of Saab Kockums in July 2014.



**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 83 per cent (46) of total order bookings during the first six months of 2015.



**Market**  
Sales related to markets outside Sweden accounted for 57 per cent (77) during the first six months of 2015.

## BUSINESS AREA SUPPORT AND SERVICES

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	1,002	1,746	-43	531	1,009	4,720
Order backlog	7,078	6,725	5			7,976
Sales	1,939	1,737	12	1,010	898	3,570
EBITDA	165	218	-24	77	127	394
EBITDA margin, %	8.5	12.6		7.6	14.1	11.0
Operating income (EBIT)	156	209	-25	73	122	376
Operating margin, %	8.0	12.0		7.2	13.6	10.5
Operational cash flow	-221	81		-9	-323	-32
Defence/Civil (% of sales)	71/29	78/22		71/29	77/23	76/24
No. of FTE's	1,833	1,775	3			1,818

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

### Orders

- Order bookings in the first half-year 2015 were lower than in the same period 2014, as no large orders were received in the period.

### Sales, income and margin

- Sales increased during the first half-year 2015, compared to the same period 2014, as a result of a favourable invoicing pace in small and mid-sized projects.
- The operating margin decreased in the first half-year 2015, compared to the first half-year 2014, due to a changed product and project mix.

### Cash flow

- Operational cash flow was negative during the first half-year 2015, mainly due to timing differences between activity and milestone payments during the period.



**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 38 per cent (38) of total order bookings during the first six months of 2015.



**Market**  
Sales related to markets outside Sweden accounted for 43 per cent (35) during the first six months of 2015.

## BUSINESS AREA INDUSTRIAL PRODUCTS AND SERVICES

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Order bookings	1,760	1,478	19	726	645	2,604
Order backlog	9,517	10,195	-7			9,537
Sales	1,778	1,675	6	912	888	3,465
EBITDA	120	47	155	77	27	143
EBITDA margin, %	6.7	2.8		8.4	3.0	4.1
Operating income (EBIT)	101	32	216	67	20	112
Operating margin, %	5.7	1.9		7.3	2.3	3.2
Operational cash flow	-32	-108		-77	-110	-320
Defence/Civil (% of sales)	38/62	43/57		40/60	40/60	43/57
No. of FTE's	2,365	2,309	2			2,370

For a description of the business area activities, see note 3. Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

### Orders

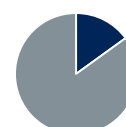
- Orders bookings increased during the first half-year 2015, compared to the same period 2014, mainly due to orders received in the business unit Avionics Systems related to Gripen and increased order bookings in the business unit Combitech.

### Sales, income and margin

- Sales were higher in the first half-year 2015, compared to the same period 2014, mainly due to more deliveries within the business unit Aerostructures and growth in Combitech.
- The operating margin was higher in the first half-year 2015, compared to the same period 2014, as a result of improved operating income in Aerostructures, Avionics Systems and Combitech.
- In May, Saab and DigitalGlobe Inc., a leading global provider of high-resolution earth imagery solutions, announced the creation of a joint venture – Vricon Inc. The reporting of the joint venture resulted in a positive effect on the operating income during the second quarter,

### Cash flow

- The operational cash flow was negative in the first half-year 2015, mainly due to a high activity level connected to preparations for deliveries from Aerostructures during the second half-year.



**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 15 per cent (28) of total order bookings during the first six months of 2015.



**Market**  
Sales related to markets outside Sweden accounted for 46 per cent (43) during the first six months of 2015.

## Owners

According to SIS Ägarservice, Saab's largest shareholders as of 30 June 2015 were:

Investor AB  
Wallenberg foundations  
Swedbank Robur funds  
AFA Insurance  
Unionen  
SHB funds  
Nordea funds  
DFA funds (USA)  
Lannebo funds  
SEB funds

## Personnel

	30 Jun 2015	1 Jan 2015
Number of employees	14,733	14,716
FTE's	14,549	14,561

## Corporate

Corporate reported an operating income of MSEK -17 (35) in the first half-year 2015.

During the first half-year, the reversal of risk provisions, attributable to the remaining risks related to the ongoing termination of Saab's leasing fleet of turboprop aircraft, contributed positively to the operating income during the first half-year 2015 and 2014.

In 2014, the owned share of the portfolio was divested and the part held via operating leases was reduced. As of 30 June 2015, Saab has a lease portfolio of 0 (19) aircraft, consisting of an owned share of 0 (5) and a leased share of 0 (14). The agreements for the leased aircraft expired in January and the lease portfolio will be discontinued during 2015.

Operational cash flow attributable to Corporate during the period amounted to MSEK -972, of which MSEK -685 is related to lower sale of trade receivables. See more information on cash flow on page 4.

## Acquisitions and divestments 2015

No significant acquisitions or divestments were made or announced during the first half-year 2015.

## Share repurchase

Saab held 3,429,874 treasury shares as of 30 June 2015, compared to 3,650,364 at year-end 2014. The Annual General Meeting on 15 April 2015 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.

## Risks and uncertainties

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

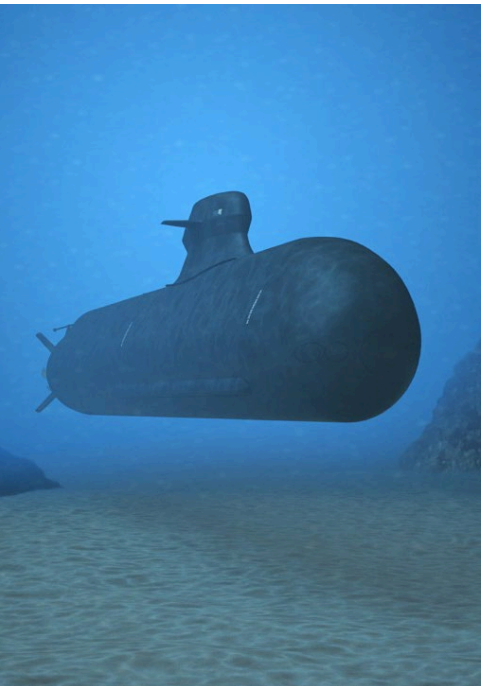
Projects generally entail significant investments, long periods of time and technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries in addition to the establishment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

Operations can entail various degrees of risk. The key risk areas are political, operating and financial. Various policies and instructions govern the management of significant risks. Saab conducts significant development projects and manages the associated risks.

The market is characterised by challenging conditions where customers' orders are deferred to the future partially due to financial reasons. During the first half-year, political standpoints have had a negative impact. Altogether, this has increased the market risk and the increased risk is expected to remain in 2015.

For a general description of the risk areas, see pages 50-53 of the annual report 2014.





### Order for two A26 submarines

On 30 June 2015, Saab signed contracts with FMV for the construction of two Type A26 submarines for the Swedish navy. Deliveries start 2022 and will be finalised in 2024.

The submarines will be powered by conventional diesel-electric propulsion machinery and equipped with the Kockums Stirling AIP (air-independent propulsion) system. The Stirling system will make the Type A26 very stealthy and difficult to detect.

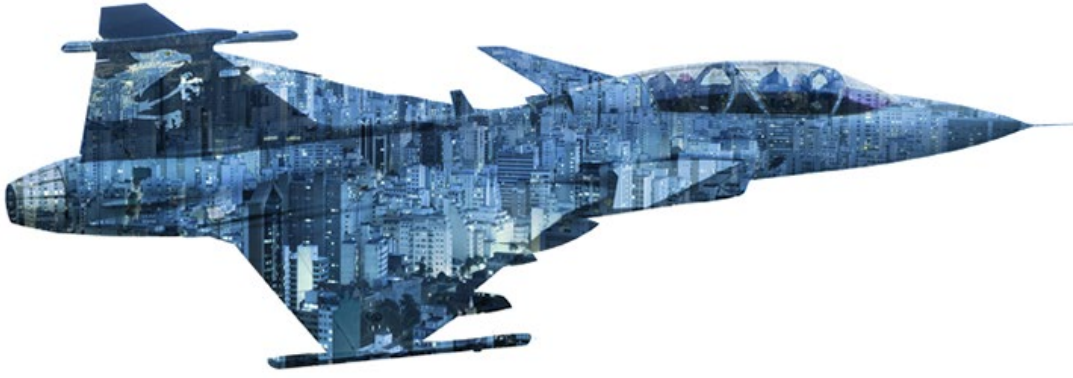
### Other significant events January–June 2015

- In January 2015, Saab signed a revolving credit facility of SEK 4 billion with an initial term of five years and a possibility to extend the term with one plus one year. This is done in order to refinance the existing facility with maturity 2016 and to be used for general corporate purposes.
- Saab announced that it is teaming with Dutch shipbuilder Damen Shipyards Group to explore future opportunities in the international submarine market.
- The Annual General Meeting (AGM) on 15 April 2015 decided on a dividend to shareholders of SEK 4.75 per share (total MSEK 501).
- The AGM decided to re-elect all Board members: Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilö, Lena Treschow Torell, Marcus Wallenberg, and Joakim Westh. Marcus Wallenberg was re-elected as Chairman of the Board.
- The AGM decided to re-elect PricewaterhouseCoopers AB as Auditor for the term until the close of the Annual General Meeting of 2019.
- Saab and Embraer have signed an agreement that establishes a partnership regarding the procurement of Gripen for Brazil. The partnership agreement is part of Saab's commitment to deliver industrial co-operation in relation to the procurement. Embraer will have a leading role in the programme and also undertake an extensive share of work in the production and delivery of both the single and two-seat versions of the Gripen NG, Brazil's next-generation fighter jet.
- In April, Saab signed a revolving credit facility of SEK 2 billion with maturity 2020-01-15 and a possibility to extend the term with one plus one year. The facility will be used for general corporate purposes and strengthens Saab's financial flexibility in connection with expansion.
- As of April 2015 air traffic control at Örnsköldsvik Airport is operated with Remote Tower Services by the Swedish air navigation service provider LFV at the Remote Tower Center in Sundsvall, Sweden.
- In May, Saab and DigitalGlobe, Inc., a leading global provider of high-resolution earth imagery solutions, announced the creation of a joint venture – Vricon, Inc. to produce photo-realistic 3D products and digital elevation models globally for enterprise and government geospatial markets.
- In June, Saab issued a 5 year Floating Rate Note (FRN) under the existing Medium Term Note programme (MTN). The FRN amounts to MSEK 425, with maturity on 22 May 2020. The total size of the programme is SEK 3 billion and in total Saab has issued MSEK 2,425 under the programme.

For information regarding significant orders received between January and June 2015, see page 2 and the comments regarding Business Areas on pages 5 to 7 and also note 3.

### Significant events after the conclusion of the period

There are no significant events after the conclusion of the period to report.



## ABOUT SAAB

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adopts and improves new technology to meet customers' changing needs.

### Short facts

- Saab's series B share is listed on Nasdaq Stockholm Large Cap. Ticker: SAAB B.
- Saab has approximately 14,700 employees
- Local presence in 33 countries
- Customers in more than 100 countries

### Vision

It is a human right to feel safe.

### Mission

To make people safe by pushing intellectual and technological boundaries.

### Business concept

Saab constantly develops, adopts and improves new technology to meet changing customer needs. Saab serves the global market of governments, authorities and corporations with products, services and solutions for defence, aviation and civil security.

## ORGANISATION

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 Industrial Products and Services. In addition, Corporate comprises Group staff and departments as well as secondary operations such as Saab Aircraft Leasing.

To ensure presence in local key markets, Saab also has five market areas: Nordic & Baltic, Europe, Middle East & Africa, North America, Latin America, and Asia Pacific.

## REVENUE MODEL

Saab's earnings are primarily generated by long-term customer contracts, service assignments and sale of goods. Margins vary depending on the nature of the project.

Long-term customer contracts entail the development and manufacture of complex systems. These account for nearly 60 per cent of sales. Long-term contracts are continually recognised in revenue, meaning that income and expenses are recognised as the project is completed. Cash flows for these contracts depend on the timing of advance payments and milestone payments during the order and execution period.

Service assignments, which account for around 25 per cent of Saab's sales, are comprised of consulting and support services. Examples include training and ongoing maintenance associated with previous deliveries.

The third part of Saab's sales model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers.

## SAAB'S STRATEGY

Saab's strategy is built on four priority areas. Our aim is to create long-term value by accomplishing these strategic priorities.

Saab shall also maintain a solid balance sheet, focus on capital efficiency and generate strong cash flow.

### Profitable growth

Local presence on prioritised markets enables us to strengthen the relationship with our customers. We focus on markets where we have a strong market position and on product areas with good growth opportunities.

### Performance

We have a long tradition of integrating high-tech systems and we reconsider and develop our tools, methods, and work procedures continuously. This enables us to offer high performance and cost efficient solutions.

### Portfolio

The portfolio is focused on areas with significant competitive advantages and growth potential. Investments are made in product innovation, development of prioritised products and system integration expertise. Acquisition of businesses shall strengthen key areas and add to our local presence.

### People

Saab shall be an employer of choice in the global market. We are focusing on securing and developing the right skills for current and future needs. Motivated, driven and high performing employees are the backbone of our offering, efficiency and growth.

## FINANCIAL TARGETS

### Sales

The organic sales growth should average 5 per cent annually over a business cycle.

### Operating margin

The operating margin (EBIT) should be at least 10 per cent per year – the target is formulated as an average over a business cycle.

### Equity/assets ratio

The equity/assets ratio should be over 30 per cent.

### Dividend

The long-term dividend objective is to distribute 20–40 per cent of net income to shareholders over a business cycle.

# CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Jun 2015	Jan-Jun 2014	Rolling 12 Months	Full Year 2014
Sales	3	11,329	10,972	23,884	23,527
Cost of goods sold		-8,655	-8,076	-18,029	-17,450
<b>Gross income</b>		<b>2,674</b>	<b>2,896</b>	<b>5,855</b>	<b>6,077</b>
<i>Gross margin, %</i>		<i>23.6</i>	<i>26.4</i>	<i>24.5</i>	<i>25.8</i>
Other operating income		76	92	414	430
Marketing expenses		-1,032	-1,004	-2,172	-2,144
Administrative expenses		-626	-581	-1,259	-1,214
Research and development costs		-738	-749	-1,476	-1,487
Other operating expenses		-10	-14	-17	-21
Share in income of associated companies and joint ventures		23	3	38	18
<b>Operating income (EBIT) <sup>1)</sup></b>	3	<b>367</b>	<b>643</b>	<b>1,383</b>	<b>1,659</b>
<i>Operating margin, %</i>		<i>3.2</i>	<i>5.9</i>	<i>5.8</i>	<i>7.1</i>
Financial income		73	32	144	103
Financial expenses		-106	-121	-224	-239
<b>Net financial items</b>		<b>-33</b>	<b>-89</b>	<b>-80</b>	<b>-136</b>
<b>Income before taxes</b>		<b>334</b>	<b>554</b>	<b>1,303</b>	<b>1,523</b>
Taxes		-77	-142	-290	-355
<b>Net income for the period</b>		<b>257</b>	<b>412</b>	<b>1,013</b>	<b>1,168</b>
of which Parent Company's shareholders' interest		235	408	980	1,153
of which non-controlling interest		22	4	33	15
Earnings per share before dilution, SEK <sup>2)</sup>		2.23	3.83	9.27	10.86
Earnings per share after dilution, SEK <sup>3)</sup>		2.21	3.80	9.20	10.78
1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft		-463 -	-421 -5	-914 -3	-872 -8
2) Average number of shares before dilution		105,588,578	106,501,737	105,669,086	106,125,666
3) Average number of shares after dilution.		106,378,369	107,344,747	106,493,004	106,916,255

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Jun 2015	Jan-Jun 2014	Rolling 12 Months	Full Year 2014
<b>Net income for the period</b>	<b>257</b>	<b>412</b>	<b>1,013</b>	<b>1,168</b>
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	733	-723	236	-1,220
Tax attributable to revaluation of net pension obligations	-161	159	-54	266
<b>Total</b>	<b>572</b>	<b>-564</b>	<b>182</b>	<b>-954</b>
Items that may be reversed in the income statement:				
Translation differences	109	174	452	517
Available-for-sale financial assets	69	94	2	27
Cash flow hedges	-23	-331	-855	-1,163
Tax attributable to cash flow hedges	1	72	182	253
<b>Total</b>	<b>156</b>	<b>9</b>	<b>-219</b>	<b>-366</b>
<b>Other comprehensive income/loss for the period</b>	<b>728</b>	<b>-555</b>	<b>-37</b>	<b>-1,320</b>
<b>Net comprehensive income/loss for the period</b>	<b>985</b>	<b>-143</b>	<b>976</b>	<b>-152</b>
of which Parent Company's shareholders' interest	967	-150	950	-167
of which non-controlling interest	18	7	26	15

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets	5	6,299	6,351	6,264
Tangible fixed assets		4,315	3,702	3,416
Biological assets		289	289	296
Investment properties		33	33	31
Shares in associated companies and joint ventures		460	397	455
Financial investments		382	292	369
Long-term receivables	10	212	152	122
Deferred tax assets		429	656	255
<b>Total fixed assets</b>		<b>12,419</b>	<b>11,872</b>	<b>11,208</b>
Current assets:				
Inventories		6,871	5,819	5,497
Derivatives		846	469	254
Tax receivables		186	60	206
Accounts receivable		2,612	3,414	2,636
Other receivables		4,905	4,255	4,057
Prepaid expenses and accrued income		1,400	1,113	1,189
Short-term investments		1,773	1,270	969
Liquid assets	8	981	1,284	1,188
<b>Total current assets</b>		<b>19,574</b>	<b>17,684</b>	<b>15,996</b>
<b>TOTAL ASSETS</b>		<b>31,993</b>	<b>29,556</b>	<b>27,204</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity:				
Parent Company's shareholders' interest		11,786	11,291	11,535
Non-controlling interest		100	82	79
<b>Total shareholders' equity</b>		<b>11,886</b>	<b>11,373</b>	<b>11,614</b>
Long-term liabilities:				
Long-term interest-bearing liabilities	6	2,949	2,105	1,692
Other liabilities		143	141	194
Provisions for pensions	10	2,479	3,149	2,412
Other provisions		939	1,234	882
Deferred tax liabilities		46	48	262
<b>Total long-term liabilities</b>		<b>6,556</b>	<b>6,677</b>	<b>5,442</b>
Current liabilities:				
Short-term interest-bearing liabilities	6	2,714	264	334
Advance payments from customers		978	856	926
Accounts payable		1,760	1,840	1,647
Derivatives		1,376	1,400	510
Tax liabilities		40	47	138
Other liabilities		629	978	769
Accrued expenses and deferred income		5,565	5,609	5,322
Provisions		489	512	502
<b>Total current liabilities</b>		<b>13,551</b>	<b>11,506</b>	<b>10,148</b>
<b>Total liabilities</b>		<b>20,107</b>	<b>18,183</b>	<b>15,590</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>31,993</b>	<b>29,556</b>	<b>27,204</b>

# 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 2014	1,746	543	346	-353	11	9,843	12,136	91	12,227
Net comprehensive income/loss for the period January-June 2014			-260	172	94	-156	-150	7	-143
Transactions with shareholders:									
Share matching plan						25	25		25
Dividend						-479	-479		-479
Acquisition and sale of non-controlling interest						3	3	-19	-16
<b>Closing balance, 30 June 2014</b>	<b>1,746</b>	<b>543</b>	<b>86</b>	<b>-181</b>	<b>105</b>	<b>9,236</b>	<b>11,535</b>	<b>79</b>	<b>11,614</b>
Net comprehensive income/loss for the period July-December 2014			-648	342	-67	356	-17	8	-9
Transactions with shareholders:									
Repurchase of shares						-252	-252		-252
Share matching plan						25	25		25
Dividend						-	-	-5	-5
<b>Closing balance, 31 December 2014</b>	<b>1,746</b>	<b>543</b>	<b>-562</b>	<b>161</b>	<b>38</b>	<b>9,365</b>	<b>11,291</b>	<b>82</b>	<b>11,373</b>
Opening balance, 1 January 2015	1,746	543	-562	161	38	9,365	11,291	82	11,373
Net comprehensive income/loss for the period			-18	109	69	807	967	18	985
Transactions with shareholders:									
Share matching plan						29	29		29
Dividend						-501	-501	-	-501
<b>Closing balance, 30 June 2015</b>	<b>1,746</b>	<b>543</b>	<b>-580</b>	<b>270</b>	<b>107</b>	<b>9,700</b>	<b>11,786</b>	<b>100</b>	<b>11,886</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan-Jun 2015	Jan-Jun 2014	Full Year 2014
Operating activities:				
Income after financial items		334	554	1,523
Adjustments for items not affecting cash flows		171	521	725
Income tax paid		-154	-225	-394
<b>Cash flow from operating activities before changes in working capital</b>		<b>351</b>	<b>850</b>	<b>1,854</b>
Cash flow from changes in working capital:				
Increase(-)/Decrease(+) in inventories		-1,070	-920	-856
Increase(-)/Decrease(+) in current receivables		-166	28	-282
Increase(+)/Decrease(-) in advance payments from customers		121	102	21
Increase(+)/Decrease(-) in other current liabilities		-562	-806	-914
Increase(+)/Decrease(-) in provisions		-256	-269	-536
<b>Cash flow from operating activities</b>		<b>-1,582</b>	<b>-1,015</b>	<b>-713</b>
Investing activities:				
Investments in intangible fixed assets		-41	-21	-68
Capitalised development costs		-98	-76	-171
Investments in tangible fixed assets		-350	-299	-732
Sales and disposals of tangible fixed assets		3	4	15
Sales and disposals of lease assets		-	72	105
Sale of and investments in short-term investments		-514	1,033	720
Investments in other financial assets		-60	-	-
Sale of other financial assets		-	25	40
Investments in operations and associated companies, net effect on liquidity	9	-18	-38	152
Sale of subsidiaries and associated companies, net effect on liquidity		4	-18	299
<b>Cash flow from investing activities</b>		<b>-1,074</b>	<b>682</b>	<b>360</b>
Financing activities:				
Repayments of loans		-	-393	-468
Raising of loans		2,837	600	1,000
Repurchase of shares		-	-	-252
Dividend paid to Parent Company's shareholders		-501	-479	-479
Dividend paid to non-controlling interest		-	-	-5
<b>Cash flow from financing activities</b>		<b>2,336</b>	<b>-272</b>	<b>-204</b>
<b>Cash flow for the period</b>		<b>-320</b>	<b>-605</b>	<b>-557</b>
Liquid assets at the beginning of the period		1,284	1,764	1,764
Exchange rate difference in liquid assets		17	29	77
<b>Liquid assets at end of period</b>	8	<b>981</b>	<b>1,188</b>	<b>1,284</b>

# QUARTERLY INCOME STATEMENT

MSEK	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Sales	5,940	5,389	7,425	5,130	5,692	5,280	7,279	4,723
Cost of goods sold	-4,582	-4,073	-5,574	-3,800	-4,157	-3,919	-5,426	-3,459
<b>Gross income</b>	<b>1,358</b>	<b>1,316</b>	<b>1,851</b>	<b>1,330</b>	<b>1,535</b>	<b>1,361</b>	<b>1,853</b>	<b>1,264</b>
<i>Gross margin, %</i>	<i>22.9</i>	<i>24.4</i>	<i>24.9</i>	<i>25.9</i>	<i>27.0</i>	<i>25.8</i>	<i>25.5</i>	<i>26.8</i>
Other operating income	54	22	261	77	47	45	83	63
Marketing expenses	-553	-479	-629	-511	-520	-484	-565	-471
Administrative expenses	-329	-297	-333	-300	-301	-280	-338	-219
Research and development costs	-380	-358	-416	-322	-385	-364	-490	-380
Other operating expenses	-6	-4	3	-10	-7	-7	-19	9
Share of income in associated companies and joint ventures	13	10	21	-6	4	-1	10	-
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>157</b>	<b>210</b>	<b>758</b>	<b>258</b>	<b>373</b>	<b>270</b>	<b>534</b>	<b>266</b>
<i>Operating margin, %</i>	<i>2.6</i>	<i>3.9</i>	<i>10.2</i>	<i>5.0</i>	<i>6.6</i>	<i>5.1</i>	<i>7.3</i>	<i>5.6</i>
Share of income in associated companies	-	-	-	-	-	-	-	-1
Financial income	46	27	52	19	10	22	15	16
Financial expenses	9	-115	-70	-48	-64	-57	-189	-27
<b>Net financial items</b>	<b>55</b>	<b>-88</b>	<b>-18</b>	<b>-29</b>	<b>-54</b>	<b>-35</b>	<b>-174</b>	<b>-12</b>
<b>Income before taxes</b>	<b>212</b>	<b>122</b>	<b>740</b>	<b>229</b>	<b>319</b>	<b>235</b>	<b>360</b>	<b>254</b>
Taxes	-45	-32	-154	-59	-83	-59	-73	-62
<b>Net income for the period</b>	<b>167</b>	<b>90</b>	<b>586</b>	<b>170</b>	<b>236</b>	<b>176</b>	<b>287</b>	<b>192</b>
of which Parent Company's shareholders' interest	151	84	579	166	233	175	281	189
of which non-controlling interest	16	6	7	4	3	1	6	3
Earnings per share before dilution, SEK <sup>2)</sup>	1.43	0.80	5.49	1.57	2.19	1.64	2.64	1.78
Earnings per share after dilution, SEK <sup>3)</sup>	1.42	0.79	5.45	1.55	2.17	1.63	2.57	1.73
1) includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft	-235 -	-228 -	-230 -1	-221 -2	-211 -1	-210 -4	-278 -2	-256 -7
2) average number of shares before dilution	105,643,700	105,533,455	105,438,516	106,060,673	106,549,332	106,454,142	106,342,403	106,196,870
3) average number of shares after dilution	106,442,012	106,402,040	106,239,161	106,888,805	107,422,230	107,299,002	109,150,344	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

As of 2014, the dilution of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.



# QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
<b>Net income for the period</b>	<b>167</b>	<b>90</b>	<b>586</b>	<b>170</b>	<b>236</b>	<b>176</b>	<b>287</b>	<b>192</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	1,257	-524	-173	-324	-42	-681	68	101
Tax attributable to revaluation of net pension obligations	-276	115	36	71	9	150	-24	-22
<b>Total</b>	<b>981</b>	<b>-409</b>	<b>-137</b>	<b>-253</b>	<b>-33</b>	<b>-531</b>	<b>44</b>	<b>79</b>
Items that may be reversed in the income statement:								
Translation differences	-156	265	174	169	148	26	28	-122
Net gain/loss on available-for-sale financial assets	-3	72	10	-77	94	-	116	-53
Net gain/loss on cash flow hedges	56	-79	-315	-517	-251	-80	-174	196
Tax attributable to net gain/loss on cash flow hedges	-14	15	67	114	53	19	39	-44
<b>Total</b>	<b>-117</b>	<b>273</b>	<b>-64</b>	<b>-311</b>	<b>44</b>	<b>-35</b>	<b>9</b>	<b>-23</b>
<b>Other comprehensive income/loss for the period</b>	<b>864</b>	<b>-136</b>	<b>-201</b>	<b>-564</b>	<b>11</b>	<b>-566</b>	<b>53</b>	<b>56</b>
<b>Net comprehensive income/loss for the period</b>	<b>1,031</b>	<b>-46</b>	<b>385</b>	<b>-394</b>	<b>247</b>	<b>-390</b>	<b>340</b>	<b>248</b>
of which Parent Company's shareholders' interest	1,024	-57	381	-398	237	-387	335	242
of which non-controlling interest	7	11	4	4	10	-3	5	6

## KEY RATIOS BY QUARTER

MSEK	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Equity/assets ratio, (%)	37.2	37.0	38.5	40.1	42.7	44.4	44.0	44.6
Return on capital employed, % <sup>1)</sup>	8.7	10.6	11.1	9.7	9.8	8.3	9.1	10.2
Return on equity, % <sup>1)</sup>	8.6	9.3	9.9	7.6	7.7	5.5	6.3	8.8
Equity per share, SEK <sup>2)</sup>	111.48	106.54	107.02	103.41	108.20	110.47	114.04	110.94
Free cash flow, MSEK	-1,141	-941	1,006	-710	-1,074	-316	553	-940
Free cash flow per share after dilution, SEK <sup>3)</sup>	-10.72	-8.84	9.47	-6.64	-10.00	-2.95	5.07	-8.61

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average number of shares after dilution

105,720,470	105,566,929	105,499,980	105,377,052	106,604,525	106,494,139	106,414,144	106,270,662
106,442,012	106,402,040	106,239,161	106,888,805	107,422,230	107,299,002	109,150,344	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

As of 2014, the dilution of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# QUARTERLY INFORMATION PER BUSINESS AREA

MSEK	Q2 2015	Operating margin	Q1 2015	Operating margin	Q4 2014	Operating margin	Q3 2014	Operating margin
<b>Sales</b>								
Aeronautics	1,364		1,098		1,833		998	
Dynamics	570		628		929		599	
Electronic Defence Systems	922		875		1,154		953	
Security and Defence Solutions	1,626		1,292		1,999		1,367	
Support and Services	1,010		929		1,039		794	
Industrial Products and Services	912		866		1,017		773	
Internal sales	-464		-299		-546		-354	
<b>Total</b>	<b>5,940</b>		<b>5,389</b>		<b>7,425</b>		<b>5,130</b>	
<b>Operating income/loss</b>								
Aeronautics	30	2.2%	54	4.9%	160	8.7%	23	2.3%
Dynamics	-94	-16.5%	-28	-4.5%	127	13.7%	-26	-4.3%
Electronic Defence Systems	4	0.4%	29	3.3%	86	7.5%	100	10.5%
Security and Defence Solutions	68	4.2%	64	5.0%	222	11.1%	71	5.2%
Support and Services	73	7.2%	83	8.9%	124	11.9%	43	5.4%
Industrial Products and Services	67	7.3%	34	3.9%	79	7.8%	1	0.1%
Corporate	9		-26		-40		46	
<b>Total</b>	<b>157</b>	<b>2.6%</b>	<b>210</b>	<b>3.9%</b>	<b>758</b>	<b>10.2%</b>	<b>258</b>	<b>5.0%</b>

MSEK	Q2 2014	Operating margin	Q1 2014	Operating margin
<b>Sales</b>				
Aeronautics	1,295		1,328	
Dynamics	730		716	
Electronic Defence Systems	1,093		852	
Security and Defence Solutions	1,240		1,156	
Support and Services	898		839	
Industrial Products and Services	888		787	
Internal sales	-452		-398	
<b>Total</b>	<b>5,692</b>		<b>5,280</b>	
<b>Operating income/loss</b>				
Aeronautics	108	8.3%	107	8.1%
Dynamics	36	4.9%	28	3.9%
Electronic Defence Systems	50	4.6%	-25	-2.9%
Security and Defence Solutions	75	6.0%	-12	-1.0%
Support and Services	122	13.6%	87	10.4%
Industrial Products and Services	20	2.3%	12	1.5%
Corporate	-38		73	
<b>Total</b>	<b>373</b>	<b>6.6%</b>	<b>270</b>	<b>5.1%</b>

2014 has been restated according to the structural changes described in the annual report 2014, note 50.

# MULTI-YEAR OVERVIEW

MSEK	2014	2013	2012	2011	2010
Order bookings	22,602	49,809	20,683	18,907	26,278
Order backlog at 31 December	60,128	59,870	34,151	37,172	41,459
Sales	23,527	23,750	24,010	23,498	24,434
<i>Sales in Sweden, %</i>	<i>45</i>	<i>41</i>	<i>36</i>	<i>37</i>	<i>38</i>
<i>Sales in EU excluding Sweden, %</i>	<i>16</i>	<i>17</i>	<i>19</i>	<i>19</i>	<i>19</i>
<i>Sales in Americas, %</i>	<i>12</i>	<i>13</i>	<i>12</i>	<i>8</i>	<i>9</i>
<i>Sales in Rest of the world, %</i>	<i>27</i>	<i>30</i>	<i>33</i>	<i>36</i>	<i>34</i>
Operating income (EBIT)	1,659	1,345	2,050	2,941	975
<i>Operating margin, %</i>	<i>7.1</i>	<i>5.7</i>	<i>8.5</i>	<i>12.5</i>	<i>4.0</i>
EBITDA	2,523	2,367	3,186	4,088	2,187
<i>EBITDA margin, %</i>	<i>10.7</i>	<i>10.0</i>	<i>13.3</i>	<i>17.4</i>	<i>9.0</i>
Income after financial items	1,523	979	2,003	2,783	776
Net income for the year	1,168	742	1,560	2,217	454
Total assets	29,556	27,789	28,938	31,799	29,278
Free cash flow	-1,094	-1,460	-396	2,477	4,349
<i>Return on capital employed, %</i>	<i>11.1</i>	<i>9.1</i>	<i>14.6</i>	<i>22.2</i>	<i>7.9</i>
<i>Return on equity, %</i>	<i>9.9</i>	<i>6.3</i>	<i>12.8</i>	<i>18.1</i>	<i>4.1</i>
<i>Equity/assets ratio, %</i>	<i>38.5</i>	<i>44.0</i>	<i>39.0</i>	<i>41.1</i>	<i>39.1</i>
Earnings per share before dilution, SEK <sup>2) 4)</sup>	10.86	6.98	15.00	21.19	4.12
Earnings per share after dilution, SEK <sup>3) 4)</sup>	10.78	6.79	14.52	20.38	3.97
Dividend per share, SEK	4.75	4.50	4.50	4.50	3.50
Equity per share, SEK <sup>1)</sup>	107.02	114.04	105.43	122.94	107.66
Number of employees at year-end	14,716	14,140	13,968	13,068	12,536

1) Number of shares excluding treasury shares as of 31 December 2014: 105,499,980; 2013: 106,414,144; 2012: 105,930,829; 2011: 105,331,958; 2010: 104,717,729.

2) Average number of shares 2014: 106,125,666; 2013: 106,125,107; 2012: 105,632,911; 2011: 104,982,315; 2010: 105,217,786.

3) Average number of shares 2014: 106,916,255; 2010-2013: 109,150,344.

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

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

2012 has been restated according to the changed accounting principles for pensions (IAS 19).

Financials for 2011 and earlier periods are not restated.

# KEY RATIOS AND TARGETS

	Long-term target	Jan-Jun 2015	Jan-Jun 2014	Full Year 2014
Organic sales growth, %	5	-6	-6	-3
Operating margin, %	10	3.2	5.9	7.1
Equity/assets ratio, %	30	37.2	42.7	38.5

# PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Jun 2015	Jan-Jun 2014	Full Year 2014
Sales	7,284	7,919	16,175
Cost of goods sold	-5,719	-5,927	-11,869
<b>Gross income</b>	<b>1,565</b>	<b>1,992</b>	<b>4,306</b>
<i>Gross margin, %</i>	<i>21.5</i>	<i>25.2</i>	<i>26.6</i>
Operating income and expenses	-1,568	-1,539	-3,106
<b>Operating income (EBIT)</b>	<b>-3</b>	<b>453</b>	<b>1,200</b>
<i>Operating margin, %</i>	<i>-0.0</i>	<i>5.7</i>	<i>7.4</i>
Financial income and expenses	52	104	706
<b>Income after financial items</b>	<b>49</b>	<b>557</b>	<b>1,906</b>
Appropriations	-	-	-419
<b>Income before taxes</b>	<b>49</b>	<b>557</b>	<b>1,487</b>
Taxes	-46	-121	-317
<b>Net income for the period</b>	<b>3</b>	<b>436</b>	<b>1,170</b>

## Parent company

### Sales and income

The Parent Company includes units within the business areas Aeronautics, Electronic Defence Systems, Security and Defence Solutions, Support and Services, and Industrial Products and Services. Group staff and Group support are included as well. The business area Dynamics is a subsidiary to Saab AB and is not a part of the Parent Company.

The Parent Company's sales in the first half-year 2015 amounted to MSEK 7,284 (7,919). Operating income was MSEK -3 (453).

Net financial income and expenses was MSEK 52 (104). After appropriations of MSEK 0 (0) and taxes of MSEK -46 (-121), net income for the period amounted to MSEK 3 (436).

### Liquidity, financing, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 4,921 at 30 June 2015 compared to MSEK 2,577 at 31 December 2014.

Gross capital expenditure in tangible fixed assets amounted to MSEK 265 (237). Investments in intangible assets amounted to MSEK 34 (19). At the end of the period, the Parent Company had 8,716 employees, compared to 8,695 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 Jun 2015	31 Dec 2014	30 Jun 2014
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets		975	1,117	1,243
Tangible fixed assets		2,714	2,574	2,399
Financial fixed assets		7,759	8,057	7,664
<b>Total fixed assets</b>		<b>11,448</b>	<b>11,748</b>	<b>11,306</b>
Current assets				
Inventories, etc.		5,301	4,490	4,231
Current receivables		8,448	8,251	7,200
Short term investments		1,773	1,270	957
Liquid assets		337	377	494
<b>Total current assets</b>		<b>15,859</b>	<b>14,388</b>	<b>12,882</b>
<b>TOTAL ASSETS</b>		<b>27,307</b>	<b>26,136</b>	<b>24,188</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity:				
Restricted equity		2,983	2,983	2,989
Unrestricted equity		5,016	5,486	4,974
<b>Total shareholders' equity</b>		<b>7,999</b>	<b>8,469</b>	<b>7,963</b>
Provisions and liabilities:				
Untaxed reserves		1,979	1,979	1,560
Provisions		593	778	907
Liabilities	6	16,736	14,910	13,758
<b>Total provisions and liabilities</b>		<b>19,308</b>	<b>17,667</b>	<b>16,225</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>27,307</b>	<b>26,136</b>	<b>24,188</b>

# NOTES

## TO THE FINANCIAL STATEMENTS

### NOTE 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The company's head office is located at Gustavslundsvägen 42, Bromma, with the mailing address P.O. Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab is listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report 2014.

### NOTE 2 Accounting principles

The consolidated accounts for the first half year of 2015 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 78 to 84 in the annual report 2014.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2014.

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 2014.

### 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, missile systems, and naval 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 US 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 Industrial Products and Services. In addition, Corporate comprises Group staff and departments as well as other operations that are not core operations.

#### Aeronautics

Aeronautics operates in the aerospace and defence industry and engages in advanced development of military and civil aviation technology. The product portfolio consists mainly of the Gripen fighter. Aeronautics also manufactures aircraft components for Saab's own passenger aircraft.

#### Dynamics

Dynamics offers a highly competitive product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles and signature management systems for armed forces as well as unmanned underwater vehicles for the offshore industry.

#### Electronic Defence Systems

These operations are based on Saab's close interaction with customers requiring efficient solutions for surveillance and for threat detection, location and protection. This has created a unique competence in the area of radar, self-protection, and electronic warfare, and a product portfolio covering airborne, land-based and naval radar, electronic support measures and self-protection systems.

#### Security and Defence Solutions

The operations comprise combat management systems for the navy, air force and army, and also design, construction and maintenance of submarines and surface vessels. The portfolio in addition includes systems for training and simulation, security systems, solutions for secure communication as well as systems for maritime and air traffic management.

#### Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. 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.

#### Industrial Products and Services

Operations are dominated by business with industrial clients, some of which require that integrity towards Saab's other operations is maintained. The portfolio includes one of Sweden's largest technology consulting firms, Combitech, as well as development, production and global sales of flight safety critical structures and systems in civil and military aircraft. The business area also includes the Venture portfolio, which develops spin-in and spin-off businesses to and from Saab.

#### Order bookings per business area

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Full Year 2014
Aeronautics	661	567	17	457	310	6,213
Dynamics	2,962	849	249	1,863	400	2,325
Electronic Defence Systems	2,444	1,315	86	1,211	447	2,484
Security and Defence Solutions	11,314	3,073	268	9,866	1,752	6,110
Support and Services	1,002	1,746	-43	531	1,009	4,720
Industrial Products and Services	1,760	1,478	19	726	645	2,604
Internal	-1,147	-902		-458	-515	-1,854
<b>Total</b>	<b>18,996</b>	<b>8,126</b>	<b>134</b>	<b>14,196</b>	<b>4,048</b>	<b>22,602</b>

#### Order backlog per business area

MSEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
Aeronautics	24,587	26,388	23,574
Dynamics	5,698	3,915	3,978
Electronic Defence Systems	7,014	6,365	7,205
Security and Defence Solutions	15,218	6,823	6,307
Support and Services	7,078	7,976	6,725
Industrial Products and Services	9,517	9,537	10,195
Internal	-1,259	-876	-804
<b>Total</b>	<b>67,853</b>	<b>60,128</b>	<b>57,180</b>

## NOTE 3 Continued

Significant orders received (approx. values MSEK)	Country	Order value
Submarine A26 and mid-life upgrade for Gotland-class submarines	Sweden	8,650
Self-protection system for the Indian armed forces' Dhruv helicopter	India	740
Underwater systems		429

## Sales per business area

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Rolling 12 Months	Full Year 2014
<b>Aeronautics</b>	<b>2,462</b>	<b>2,623</b>	<b>-6</b>	<b>1,364</b>	<b>1,295</b>	<b>5,293</b>	<b>5,454</b>
of which external sales	2,320	2,537	-9	1,228	1,248	5,025	5,242
of which internal sales	142	86	65	136	47	268	212
<b>Dynamics</b>	<b>1,198</b>	<b>1,446</b>	<b>-17</b>	<b>570</b>	<b>730</b>	<b>2,726</b>	<b>2,974</b>
of which external sales	1,145	1,374	-17	551	702	2,611	2,840
of which internal sales	53	72	-26	19	28	115	134
<b>Electronic Defence Systems</b>	<b>1,797</b>	<b>1,945</b>	<b>-8</b>	<b>922</b>	<b>1,093</b>	<b>3,904</b>	<b>4,052</b>
of which external sales	1,739	1,831	-5	893	1,034	3,775	3,867
of which internal sales	58	114	-49	29	59	129	185
<b>Security and Defence Solutions</b>	<b>2,918</b>	<b>2,396</b>	<b>22</b>	<b>1,626</b>	<b>1,240</b>	<b>6,284</b>	<b>5,762</b>
of which external sales	2,854	2,325	23	1,593	1,204	6,164	5,635
of which internal sales	64	71	-10	33	36	120	127
<b>Support and Services</b>	<b>1,939</b>	<b>1,737</b>	<b>12</b>	<b>1,010</b>	<b>898</b>	<b>3,772</b>	<b>3,570</b>
of which external sales	1,889	1,643	15	986	846	3,617	3,371
of which internal sales	50	94	-47	24	52	155	199
<b>Industrial Products and Services</b>	<b>1,778</b>	<b>1,675</b>	<b>6</b>	<b>912</b>	<b>888</b>	<b>3,568</b>	<b>3,465</b>
of which external sales	1,341	1,258	7	671	665	2,671	2,588
of which internal sales	437	417	5	241	223	897	877
<b>Corporate/eliminations</b>	<b>-763</b>	<b>-850</b>		<b>-464</b>	<b>-452</b>	<b>-1,663</b>	<b>-1,750</b>
of which external sales	41	4		18	-7	21	-16
of which internal sales	-804	-854		-482	-445	-1,684	-1,734
<b>Total</b>	<b>11,329</b>	<b>10,972</b>	<b>3</b>	<b>5,940</b>	<b>5,692</b>	<b>23,884</b>	<b>23,527</b>

## Sales per region

MSEK	Jan-Jun 2015	% of sales	Jan-Jun 2014	% of sales	Full Year 2014	% of sales
Sweden	5,595	49	4,882	44	10,512	45
Rest of EU	1,934	17	1,789	16	3,770	16
Rest of Europe	259	2	212	2	592	3
<b>Total Europe</b>	<b>7,788</b>	<b>68</b>	<b>6,883</b>	<b>62</b>	<b>14,874</b>	<b>64</b>
North America	1,102	10	978	9	2,387	10
Latin America	196	2	285	3	508	2
Asia	1,541	14	1,969	18	4,007	17
Africa	229	2	308	3	573	2
Australia, etc.	473	4	549	5	1,178	5
<b>Total</b>	<b>11,329</b>	<b>100</b>	<b>10,972</b>	<b>100</b>	<b>23,527</b>	<b>100</b>

## Information on large customers

In the first half-year 2015, 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 business areas and total sales amounted to MSEK 4,414 (3,755).

## Seasonal variation

A major part of Saab's business is related to large 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 a higher number of deliveries, mainly within Dynamics.

## NOTE 3 Continued

### Operating income per business area

MSEK	Jan-Jun 2015	% of sales	Jan-Jun 2014	% of sales	Rolling 12 Months	Full Year 2014
Aeronautics	84	3.4	215	8.2	267	398
Dynamics	-122	-10.2	64	4.4	-21	165
Electronic Defence Systems	33	1.8	25	1.3	219	211
Security and Defence Solutions	132	4.5	63	2.6	425	356
Support and Services	156	8.0	209	12.0	323	376
Industrial Products and Services	101	5.7	32	1.9	181	112
<b>The business area's total operating income</b>	<b>384</b>	<b>3.4</b>	<b>608</b>	<b>5.5</b>	<b>1,394</b>	<b>1,618</b>
Corporate	-17		35		-11	41
<b>Total</b>	<b>367</b>	<b>3.2</b>	<b>643</b>	<b>5.9</b>	<b>1,383</b>	<b>1,659</b>

### Depreciation/amortisation and write-downs per business area

MSEK	Jan-Jun 2015	Jan-Jun 2014	Change, %	Q2 2015	Q2 2014	Rolling 12 Months	Full Year 2014
Aeronautics	20	21	-5	9	11	40	41
Dynamics	27	31	-13	12	16	57	61
Electronic Defence Systems	207	207	-	105	104	414	414
Security and Defence Solutions	66	46	43	34	23	132	112
Support and Services	9	9	-	4	5	18	18
Industrial Products and Services	19	15	27	10	7	35	31
Corporate – lease aircraft	-	5	-100	-	1	3	8
Corporate – other	115	87	32	61	44	215	187
<b>Total</b>	<b>463</b>	<b>421</b>	<b>10</b>	<b>235</b>	<b>211</b>	<b>914</b>	<b>872</b>

### Operational cash flow per business area

MSEK	Jan-Jun 2015	Jan-Jun 2014	Q2 2015	Q2 2014	Rolling 2 Months	Full Year 2014
Aeronautics	-159	-249	-205	-107	-311	-401
Dynamics	-207	-33	-110	-138	-243	-69
Electronic Defence Systems	-229	-379	-130	19	-439	-589
Security and Defence Solutions	14	-206	-121	-70	377	157
Support and Services	-221	81	-9	-323	-334	-32
Industrial Products and Services	-32	-108	-77	-110	-244	-320
Corporate	-972	-203	-349	-200	-712	57
<b>Total</b>	<b>-1,806</b>	<b>-1,097</b>	<b>-1,001</b>	<b>-929</b>	<b>-1,906</b>	<b>-1,197</b>

### Capital employed per business area

MSEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
Aeronautics		1,903	2,006
Dynamics		2,282	2,046
Electronic Defence Systems		4,698	4,267
Security and Defence Solutions		4,289	3,418
Support and Services		2,490	2,047
Industrial Products and Services		1,753	1,309
Corporate		2,143	539
<b>Total</b>		<b>19,558</b>	<b>16,329</b>

### Full time equivalents (FTE's) per business area

Number at end of the period	30 Jun 2015	31 Dec 2014	30 Jun 2014
Aeronautics	2,677	2,690	2,650
Dynamics	1,488	1,461	1,457
Electronic Defence Systems	2,160	2,190	2,168
Security and Defence Solutions	3,190	3,234	2,533
Support and Services	1,833	1,818	1,775
Industrial Products and Services	2,365	2,370	2,309
Corporate	836	798	766
<b>Total</b>	<b>14,549</b>	<b>14,561</b>	<b>13,658</b>

### NOTE 4 Dividend to Parent Company's shareholders

At the Annual General Meeting 2015 on 15 April, it was decided that the Parent Company's shareholders should receive a dividend of SEK 4.75 per share, totalling MSEK 501.

The record date for the dividend was 17 April 2015 and payment was made on 22 April 2015.

### NOTE 5 Intangible fixed assets

MSEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
Goodwill	5,061	5,015	4,652
Capitalised development costs	892	952	1,261
Other intangible assets	346	384	351
<b>Total</b>	<b>6,299</b>	<b>6,351</b>	<b>6,264</b>

### NOTE 6 Net liquidity/debt

MSEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Assets:</b>			
Liquid assets	981	1,284	1,188
Short-term investments	1,773	1,270	969
<b>Total liquid investments</b>	<b>2,754</b>	<b>2,554</b>	<b>2,157</b>
Short-term interest-bearing receivables	22	5	11
Long-term interest-bearing receivables	103	83	77
Long-term receivables attributable to pensions	59	59	36
Long-term interest-bearing financial investments	142	142	140
<b>Total interest-bearing assets</b>	<b>3,080</b>	<b>2,843</b>	<b>2,421</b>
<b>Liabilities:</b>			
Liabilities to credit institutions	4,845	2,001	1,600
Liabilities to associated companies and joint ventures	234	244	231
Other interest-bearing liabilities	584	124	195
Provisions for pensions <sup>1)</sup>	2,009	2,587	1,993
<b>Total interest-bearing liabilities and provisions for pensions</b>	<b>7,672</b>	<b>4,956</b>	<b>4,019</b>
<b>Net liquidity (+) / net debt (-)</b>	<b>-4,592</b>	<b>-2,113</b>	<b>-1,598</b>

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



## NOTE 6 Continued

### Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2020)	6,000	-	6,000
Overdraft facility (Maturity 2015)	96	22	74
<b>Total</b>	<b>6,096</b>	<b>22</b>	<b>6,074</b>

### Parent Company

MSEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
Long-term liabilities to credit institutions	2,425	2,000	1,600
Short-term liabilities to credit institutions	2,420	-	-
<b>Total</b>	<b>4,845</b>	<b>2,000</b>	<b>1,600</b>

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 (FRN) of MSEK 2,425.

## NOTE 7 Financial instruments

### Classification and categorisation of financial assets and liabilities\*

30 Jun 2015	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
Financial assets:										
Financial investments	-	190	50	142	-	-	-	-	382	384
Long-term receivables	-	-	-	-	212	-	-	-	212	212
Derivatives										
Forward exchange contracts	24	-	-	-	-	-	675	9	708	708
Currency options	11	-	-	-	-	-	123	-	134	134
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Electricity derivatives	4	-	-	-	-	-	-	-	4	4
<b>Total derivatives</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>798</b>	<b>9</b>	<b>846</b>	<b>846</b>
Accounts receivable and other receivables	-	-	-	-	8,081	-	-	-	8,081	8,081
Short-term investments	-	-	1,773	-	-	-	-	-	1,773	1,773
Liquid assets	-	-	-	-	981	-	-	-	981	981
<b>Total financial assets</b>	<b>39</b>	<b>190</b>	<b>1,823</b>	<b>142</b>	<b>9,274</b>	<b>-</b>	<b>798</b>	<b>9</b>	<b>12,275</b>	<b>12,277</b>
Financial liabilities:										
Interest-bearing liabilities	-	-	-	-	-	5,663	-	-	5,663	5,685
Derivatives										
Forward exchange contracts	38	-	-	-	-	-	1,220	1	1,259	1,259
Currency options	12	-	-	-	-	-	-	-	12	12
Interest rate swaps	-	-	-	-	-	-	91	-	91	91
Electricity derivatives	4	-	-	-	-	-	10	-	14	14
<b>Total derivatives</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,321</b>	<b>1</b>	<b>1,376</b>	<b>1,376</b>
Other liabilities	-	-	-	-	-	5,116	-	-	5,116	5,116
<b>Total financial liabilities</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,779</b>	<b>1,321</b>	<b>1</b>	<b>12,155</b>	<b>12,177</b>

\* Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to MSEK 614.

### 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 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).

## NOTE 7 Continued

There has been no change between levels in 2015. As of 30 June 2015, the Group had the following financial assets and liabilities at fair value:

### Assets at fair value

MSEK	30 Jun 2015	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	1,773	1,773	-	-
Forward exchange contracts	708	-	708	-
Currency options	134	-	134	-
Interest rate swaps	-	-	-	-
Electricity derivatives	4	4	-	-
Shares and participations	240	190	-	50
<b>Total</b>	<b>2,859</b>	<b>1,967</b>	<b>842</b>	<b>50</b>

### Liabilities at fair value

MSEK	30 Jun 2015	Level 1	Level 2	Level 3
Forward exchange contracts	1,259	-	1,259	-
Currency options	12	-	12	-
Interest rate swaps	91	-	91	-
Electricity derivatives	14	14	-	-
<b>Total</b>	<b>1,376</b>	<b>14</b>	<b>1,362</b>	<b>-</b>

### Specification of free cash flow

MSEK	Saab excl. Acquisitions/divestments	Acquisitions and divestments	Total Group Jan-Jun 2015	Total Group Jan-Jun 2014
<b>Cash flow from operating activities before changes in working capital <sup>1)</sup></b>	<b>613</b>	<b>-</b>	<b>613</b>	<b>1,088</b>
Cash flow from changes in working capital:				
Inventories	-1,070	-	-1,070	-920
Current receivables	-166	-	-166	28
Advance payments from customers	121	-	121	102
Other current liabilities	-562	-	-562	-806
Provisions	-256	-	-256	-269
<b>Change in working capital</b>	<b>-1,933</b>	<b>-</b>	<b>-1,933</b>	<b>-1,865</b>
<b>Cash flow from operating activities <sup>2)</sup></b>	<b>-1,320</b>	<b>-</b>	<b>-1,320</b>	<b>-777</b>
Investing activities:				
Investments in intangible fixed assets	-139	-	-139	-97
Investments in tangible fixed assets	-350	-	-350	-299
Sales and disposals of tangible fixed assets	3	-	3	4
Sales and disposals of lease assets	-	-	-	72
<b>Cash flow from investing activities <sup>3)</sup></b>	<b>-486</b>	<b>-</b>	<b>-486</b>	<b>-320</b>
<b>Operational cash flow</b>	<b>-1,806</b>	<b>-</b>	<b>-1,806</b>	<b>-1,097</b>
Taxes and other financial items	-262	-	-262	-238
Sale of and investments in shares etc.	-	-	-	1
Acquisitions of subsidiaries and associated companies	-	-18	-18	-38
Sale of subsidiaries and associated companies	-	4	4	-18
<b>Free cash flow</b>	<b>-2,068</b>	<b>-14</b>	<b>-2,082</b>	<b>-1,390</b>

1) Cash flow from operating activities before changes in working capital excluding taxes and other financial items.

2) Cash flow from operating activities excluding taxes and other financial items.

3) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and associated companies and sale of subsidiaries and associated companies.

## NOTE 8 Supplemental information on Statement of cash flows

### Liquid assets

MSEK	30 Jun 2015	31 Dec 2014	30 Jun 2014
The following components are included in liquid assets:			
Cash and bank balances	981	1,284	829
Bank deposits	-	-	359
<b>Total according to balance sheet</b>	<b>981</b>	<b>1,284</b>	<b>1,188</b>
<b>Total according to statement of cash flows</b>	<b>981</b>	<b>1,284</b>	<b>1,188</b>

### Free cash flow vs. statement of cash flows

MSEK	Jan-Jun 2015	Jan-Jun 2014	Full Year 2014
Free cash flow	-2,082	-1,390	-1,094
Investing activities – interest-bearing:			
Short-term investments	-514	1,033	720
Other financial investments and receivables	-60	24	21
Financing activities:			
Repayments of loans	-	-393	-468
Raising of loans	2,837	600	1,000
Repurchase of shares	-	-	-252
Dividend paid to the Parent Company's shareholders	-501	-479	-479
Dividend paid to non-controlling interest	-	-	-5
<b>Cash flow for the period</b>	<b>-320</b>	<b>-605</b>	<b>-557</b>

## NOTE 9 Business combinations

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No significant acquisitions were made or announced during the first half-year 2015.

## NOTE 10 Defined-benefit plans

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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 7,814 at 30 June 2015 compared to MSEK 7,217 at 30 June 2014 and the value of the plan assets amounted to MSEK 5,864 at 30 June 2015 compared to MSEK 5,260 at 30 June 2014. Provisions for pensions attributable to special employers' contribution amounted to MSEK 470 at 30 June 2015 and to MSEK 419 at 30 June 2014. Total provisions for pensions amount to MSEK 2,420, of which MSEK 59 is reported as long-term receivables.

## NOTE 11 Contingent liabilities

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No additional significant commitments have arisen during the period. 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

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No significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report 2014, note 43.

## NOTE 13 Restated accounting 2014 regarding new structure

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Saab has implemented changes to the business area structure as of 1 January 2015. In order to create a stronger and more coherent platform for business-to-business focused business units the new business area Industrial Products and Services was formed. Industrial Products and Services will include the business units Aerostructures (previously in business area Aeronautics), Avionics Systems (previously in business area Electronic Defence Systems), the independent technology consulting firm Combitech, Saab Ventures' product portfolio (previously in Saab Corporate) and a development project, which up until year-end 2014 was a part of Saab Corporate.

Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

## NOTE 14 Definitions

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### Capital employed

Total assets less non-interest-bearing liabilities.

### Earnings per share

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

### EBITDA

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft.

### EBITDA margin

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

### 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.

### 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.

### Free cash flow per share

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

### Operating margin

Operating income (EBIT) as a percentage of sales.

### 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).

# GLOSSARY

**EKN**

The Swedish Export Credits Guarantee Board

**FMV**

Swedish Defence Materiel Administration

**FRN**

Floating Rate Note

**FTE**

Full Time Equivalent, corresponds to one employee working full-time for one year

**IAS**

International Accounting Standards

**IFRS**

International Financial Reporting Standards

**LFV**

Air Navigation Services of Sweden

**MTN**

Medium Term Note, bonds with a duration of 1-15 years

**SAL**

Saab Aircraft Leasing, relates to Saab's leasing fleet of turboprop aircraft

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, 17 July 2015

Marcus Wallenberg  
Chairman

Johan Forssell  
Board member

Sten Jakobsson  
Deputy chairman

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 2015. 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 International Standard on Review Engagements ISRE 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 17 July 2015  
PricewaterhouseCoopers AB

**Håkan Malmström**  
*Authorised Public Accountant*  
*Auditor in charge*

**Anna-Clara af Ekenstam**  
*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 (CET) on 17 July 2015.

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### Press and financial analyst conference

17 July 2015 at 10.00 (CET)

Grand Hôtel, Venue: New York, Blasieholmshamnen 8, Stockholm

Contact Marie Bergström to register and more information,  
ph +46 8 463 02 45

You are welcome to participate on site at Grand Hôtel, watch the live webcast or dial in to the conference call. It is possible to post questions also over the web and conference call.

### Live webcast:

[saab-interimreport.creo.se/150717](http://saab-interimreport.creo.se/150717)

### Conference call:

Please, dial in using one of the numbers below.

UK: +44 20 342 814 10

US: +1 855 831 59 45

SE: +46 8 566 426 66

The interim report, the presentation material and the webcast will be available on [saabgroup.com](http://saabgroup.com).

## CALENDAR

INTERIM REPORT JANUARY–SEPTEMBER 2015  
**PUBLISHED 23 OCTOBER 2015**

YEAR-END REPORT 2015  
**PUBLISHED 10 FEBRUARY 2016**

INTERIM REPORT JANUARY–MARCH 2016  
**PUBLISHED 21 APRIL 2016**

INTERIM REPORT JANUARY–JUNE 2016  
**PUBLISHED 21 JULY 2016**

INTERIM REPORT JANUARY–SEPTEMBER 2016  
**PUBLISHED 25 OCTOBER 2016**



# SAAB