

CONTINUED STRONG DEMAND

Demand for, and interest in, Saab's product portfolio remains high. This is a result of product development, investment in research and development, and a strong international presence.

Growing security concerns around the world seem to have created a state where tensions have now settled at an appreciably higher level. This is reflected in investments in defence and security, as evidenced by the great interest in Saab's product portfolio. At the same time, the demands faced by suppliers are increasing as well. Solutions and systems have to be cost-efficient, offer strong capabilities, and be delivered quickly.

After a number of years of study and political debate in Sweden, updated rules on defense exports were introduced in the second quarter. A long-term regulatory framework is essential for exports to work. We are a company that does business in many countries, and we feel that the new proposed rules will enable us to continue to support our customers with defence and security solutions while achieving growth in line with our goals.

Major orders

During the first half-year, order bookings increased to MSEK 20,554 (11,462). Major orders were received in several areas, including two in airborne surveillance and one for the Next generation Light Anti-Tank Weapon system (NLAW) to the Swiss Army. Sweden ordered the development and production of the next generation anti-ship missile, the modification and upgrading of the Gävle-class corvettes, a new signal intelligence vessel, and continued support and maintenance of Gripen C/D.

We also signed a contract for training systems with the U.S. Army.

The order backlog strengthened to MSEK 112,117 at the end of the period.

Sales growth

Sales increased by 11 per cent compared to the same period in 2016. All business areas saw higher sales.

Operating income amounted to MSEK 885 (611) with an operating margin of 5.8 per cent (4.4). The improved operating margin is mainly attributable to stronger income in the business area Dynamics and a higher activity level related to airborne surveillance systems.

Operational cash flow amounted to MSEK -443 (4,193), which is in line with our expectations, since we had a strong positive cash flow in previous periods due to large advances and milestone payments that have not been repeated now.

Earnings per share after dilution amounted to SEK 5.98 (3.71).

Successful first flight for Gripen E

In June, Saab completed a successful first flight of the next generation smart fighter, Gripen E. During the flight, the aircraft carried out a number of actions to demonstrate various test criterias and key embedded functions were tested. Since then, further test flights have been conducted, and we are gradually evaluating the aircraft's various functions as the programme is implemented.



Håkan Buskhe, President and CEO

OUTLOOK STATEMENT FOR 2017:

- We estimate that sales growth in 2017 will be higher than Saab's long-term financial goal: annual organic sales growth of 5 per cent.
- We expect the operating margin, excluding material non-recurring items, to improve compared to 2016 and thus the company will take a step towards its financial goal: an operating margin of 10 per cent.

Financial highlights

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	20,554	11,462	79	10,853	6,848	21,828
Order backlog	112,117	111,593	-			107,606
Sales	15,353	13,854	11	7,923	7,064	28,631
Gross income	3,468	3,080	13	1,732	1,569	6,883
Gross margin, %	22.6	22.2		21.9	22.2	24.0
EBITDA	1,313	1,075	22	614	551	2,743
EBITDA margin, %	8.6	7.8		7.7	7.8	9.6
Operating income (EBIT)	885	611	45	393	317	1,797
Operating margin, %	5.8	4.4		5.0	4.5	6.3
Net income	659	414	59	299	191	1,175
Earnings per share after dilution, SEK	5.98	3.71		2.68	1.71	10.60
Return on equity, % ¹⁾	11.2	13.0				9.0
Operational cash flow	-443	4,193		-1,429	1,137	2,603
Free cash flow	-532	4,051		-1,429	1,096	2,359
Free cash flow per share after dilution, SEK	-4.96	37.91		-13.30	10.25	22.07

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

Significant orders, quarter 2	MSEK
Continued Gripen support and maintenance	1,900
Airborne Early Warning and Control (AEW&C)	1,350
Swedish Marine's Gävle-class corvettes	1,249
Next generation Light Anti-Tank Weapon system (NLAW)	1,035



Large orders
Orders exceeding MSEK 100 accounted for 74% (51) of total orders in the period.

Order backlog duration:

2017: SEK 14.8 billion
2018: SEK 22.5 billion
2019: SEK 17.6 billion
2020: SEK 15.8 billion
After 2020: SEK 41.4 billion

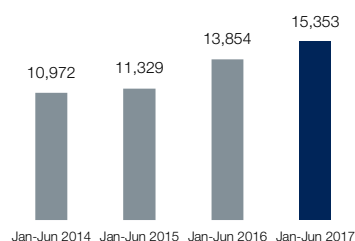


Defence/Civil
A total of 90% (87) of order bookings was attributable to defence-related operations in the period.



Market
A total of 47% (59) of order bookings was related to markets outside Sweden in the period.

Sales, MSEK



Orders

Second quarter 2017

In the second quarter 2017, Saab received an order for continued Gripen support and maintenance. The order value amounted to approximately SEK 1.9 billion. Deliveries will be made from June 2017 to December 2019.

Saab also received an order from armasuisse for deliveries of the Next generation Light Anti-Tank Weapon system, NLAW, to the Swiss Army. The order value amounted to approximately SEK 1 billion with deliveries during the period 2018 to 2021.

FMV ordered the modification and upgrading of the Swedish Marine's Gävle-class corvettes. The order value amounted to approximately SEK 1.2 billion and the work will be carried out during the period 2017 to 2020.

In addition, Saab received an order within the Airborne Early Warning and Control (AEW&C) segment amounting to SEK 1.35 billion. Deliveries are scheduled during the period 2017-2020.

January-June 2017

In January, Saab received an order within the Airborne Early Warning and Control (AEW&C) segment. The order value amounted to approximately MUSD 236 (approximately MSEK 2,000). Deliveries will be made from 2019 until 2021.

A contract was signed with FMV regarding development and production of the next generation anti-ship missile system. The total order value amounted to MSEK 3,200 and deliveries will take place during the period 2017-2026.

In total, Saab received orders of SEK 20.6 billion in the first half-year 2017, of which SEK 5.3 billion (SEK 5.6 billion) was from orders of less than MSEK 100.

For a list of significant orders received in 2017, see note 3.

During the first half-year 2017, index and price changes had a positive effect on order bookings of MSEK 135, compared to MSEK 116 during the same period in 2016.

The order backlog at the end of the period amounted to MSEK 112,117, compared to MSEK 107,606 at the beginning of the year.

Sales

Second quarter 2017

Sales amounted to MSEK 7,923 (7,064) in the second quarter. Sales increased in every business area. The business area Dynamics saw the biggest increase thanks to a stronger order backlog in recent quarters.

January-June 2017

Sales increased during the first half-year in every business area and amounted to MSEK 15,353 (13,854). The increase is mainly related to orders within airborne surveillance systems and increased sales in the business areas Dynamics and Industrial Products and Services.

Sales in markets outside Sweden amounted to MSEK 8,801 (7,909), or 57 per cent (57) of total sales. 83 per cent (83) of sales was related to the defence market.

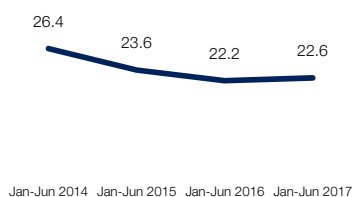
Sales growth

Per cent	Jan-Jun 2017	Jan-Jun 2016	Q2 2017	Q2 2016	Full Year 2016
Organic sales growth	10	23	11	20	5
Acquisitions	-	-	-	-	-
Currency effects regarding revaluation of foreign subsidiaries	1	-1	1	-1	-
Total sales growth	11	22	12	19	5

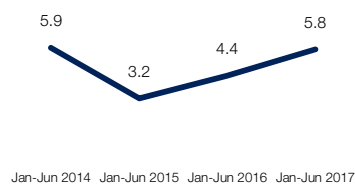
Sales per market segment

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %
Air	7,498	6,203	21
Land	2,875	3,071	-6
Naval	2,627	2,345	12
Civil Security	1,054	971	9
Commercial Aeronautics	888	1,046	-15
Other	411	218	89
Total	15,353	13,854	11

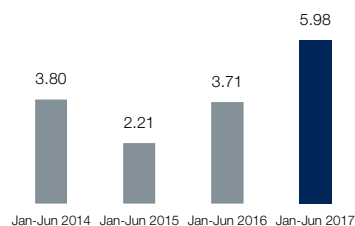
Gross margin, %



Operating margin, %



Earnings per share after dilution, SEK



Change in net debt Jan-Jun 2017

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2016	-1,836
Cash flow from operating activities	429
Change in net pension obligation	-266
Net investments	-955
Dividend	-559
Currency impact and unrealised results from financial investments	-9
Net liquidity (+) / net debt (-), 30 Jun 2017	-3,196

Income

Second quarter 2017

The gross margin during the second quarter amounted to 21.9 per cent (22.2).

Operating income amounted to MSEK 393 (317) with an operating margin of 5.0 per cent (4.5). The operating margin improved mainly due to the stronger margin in the business area Dynamics during the second quarter.

January-June 2017

The gross margin during the first half-year was 22.6 per cent (22.2).

Total depreciation and amortisation amounted to MSEK 428 (464). Depreciation of tangible fixed assets amounted to MSEK 273 (234).

Internally funded R&D expenditures amounted to MSEK 925 (1,086), of which MSEK 334 (412) was capitalised. The capitalisation of development costs is mainly related to GlobalEye. Internally funded R&D expenditures are mainly related to radar and sensor technology as well as to the T-X programme.

Amortisation of intangible fixed assets amounted to MSEK 155 (230), of which amortisation of capitalised development expenditures amounted to MSEK 91 (155). The share of income in associated companies and joint ventures amounted to MSEK -7 (-34).

Operating income amounted to MSEK 885 (611) with an operating margin of 5.8 per cent (4.4). The business area Dynamics saw the biggest improvement in operating income thanks to increased deliveries and a changed product mix.

Financial net

MSEK	Jan-Jun 2017	Jan-Jun 2016
Financial net related to pensions	-34	-32
Net interest items	-24	-33
Currency gains/losses	50	-1
Other financial items	-1	-12
Total	-9	-78

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 11 for more information regarding defined-benefit pension plans.

Net interest items refer to the return on liquid assets and short-term investments and to interest expenses on short- and long-term interest-bearing liabilities as well as realised derivative results.

Currency gains/losses recognised in the financial net are mainly related to hedges of the tender portfolio, which are valued at fair value through profit and loss.

Other net financial items consist of unrealised results from the market valuation of short-term investments and derivatives as well as other currency effects, e.g., changes in currency rates for liquid assets in currencies other than SEK. Derivatives are used to reduce interest rate risk in the investment portfolio, consisting of long-term interest-bearing securities.

Tax

Current and deferred taxes amounted to MSEK -217 (-119), equivalent to an effective tax rate of 25 per cent (22).

Return on capital employed and equity

The pre-tax return on capital employed was 10.5 per cent (11.3) and the after-tax return on equity was 11.2 per cent (13.0), both measured over a rolling 12-month period.

Financial position and liquidity

At the end of June 2017, net debt was MSEK 3,196, an increase of MSEK 1,360 compared to year-end 2016, when net debt amounted to MSEK 1,836.

Cash flow from operating activities amounted to MSEK 429.

Net provisions for pensions, excluding special employers' contribution, amounted to MSEK 2,690 as of 30 June 2017, compared to MSEK 2,424 at year-end 2016. This had a negative impact on net debt of MSEK 266. The increase in provisions was mainly due to the reduction in the discount rate used in the valuation of pension obligations to 2.50 per cent from 2.75 per cent during the period. The inflation assumption for calculating the pension obligation was 1.75 per cent, in line with the assumption at year-end 2016. For more information on Saab's defined-benefit plans, see note 11.

During the period, net investments amounted to approximately MSEK 955, with capitalised internally funded R&D expenditures amounting to MSEK 334. In addition, a payment of dividend to the Parent Company's shareholders of MSEK 559 was made.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had a negative impact on net debt of MSEK 9.

As of 30 June 2017, short-term investments and liquid assets amounted to MSEK 4,603, compared to MSEK 5,944 at year-end 2016.

Capitalised development costs on the balance sheet amounted to MSEK 1,893 as of 30 June 2017, compared to MSEK 1,652 as of 31 December 2016. The increase is mainly related to the development of GlobalEye.

Inventories increased by MSEK 818 during the first half-year 2017, mainly due to increased activity in the business area Dynamics.

Tangible fixed assets amounted to MSEK 4,976 at the end of the period, in line with year-end 2016.

Accounts receivable amounted to MSEK 3,711 as of 30 June 2017 and to MSEK 5,402 as of 31 December 2016. Amounts due from customers amounted to MSEK 7,414 as of 30 June 2017 and to MSEK 6,222 as of 31 December 2016.

Amounts due to customers amounted to MSEK 6,993 as of 30 June 2017 and to MSEK 7,884 as of 31 December 2016.

Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 556 (301).

Investments in intangible fixed assets amounted to MSEK 421 (476), of which MSEK 334 (412) was related to capitalised development costs and MSEK 87 (64) to other intangible fixed assets.

Changes in the consolidated statement of financial position

As of 1 January 2017, Saab has changed the structure of the consolidated statement of financial position. The following changes have been made:

Assets:

The previously reported "Other receivables" are now reported as "Amounts due from customers" and "Other receivables".

Liabilities:

The previously reported "Advance payments from customers" are now reported together with deferred income regarding long-term customer contracts according to the percentage of completion method and are denominated "Amounts due to customers".

The purpose of the structure change in the consolidated statement of financial position is to increase transparency on how activities and settlements are progressing in the long-term customer projects.

Key indicators of financial position and liquidity

MSEK	30 Jun 2017	31 Dec 2016	Change	30 Jun 2016
Net liquidity / debt ¹⁾	-3,196	-1,836	-1,360	-405
Intangible fixed assets	7,276	7,094	182	6,743
Goodwill	5,120	5,196	-76	5,069
Capitalised development costs	1,893	1,652	241	1,415
Other intangible fixed assets	263	246	17	259
Tangible fixed assets, etc ²⁾	5,360	5,135	225	4,842
Inventories	7,478	6,660	818	5,762
Accounts receivable	3,711	5,402	-1,691	3,295
Amounts due from customers ³⁾	7,414	6,222	1,192	5,170
Amounts due to customers ³⁾	6,993	7,884	-891	6,444
Equity/assets ratio, %	32.9	32.3		31.9
Return on equity, %	11.2	9.0		13.0
Equity per share, SEK ⁴⁾	123.67	123.64	0.03	113.25

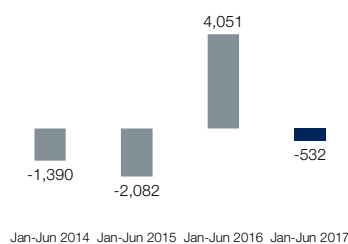
1) The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing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

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

3) Relate to long-term customer contracts according to the percentage of completion method.

4) Number of shares excluding treasury shares; 2017 Jun: 106,605,294; 2016 Jun: 106,160,381; 2016 Dec: 106,405,523.

Free cash flow, MSEK



Cash flow

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK 512 (5,010), see note 9.

Saab has an established programme to sell trade receivables to strengthen its financial position and increase financial flexibility. As of 30 June 2017, no receivables had been sold, just like as of 31 December 2016. Saab's aim is to utilise this programme in situations where greater financial flexibility is needed.

Operational cash flow amounted to MSEK -443 (4,193). It is defined as cash flow from operating activities excluding taxes and other financial items as well as acquisitions and divestments of intangible and tangible fixed assets. Cash flow is negative mainly as a result of utilisation of advances and milestone payments from major projects.

Free cash flow amounted to MSEK -532 (4,051). For more detailed information on cash flow, see note 9.

	Total Group Jan-Jun 2017	Total Group Jan-Jun 2016
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items	1,517	1,227
Change in working capital	-1,005	3,783
Cash flow from operating activities excluding taxes and other financial items	512	5,010
Cash flow from investing activities ¹⁾	-955	-817
Operational cash flow	-443	4,193
Taxes and other financial items	-83	-219
Sales and acquisitions	-6	77
Free cash flow	-532	4,051

1) 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 sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

Operating segments

As of 1 January 2017, the business unit Saab Kockums is a business area and has changed name to Kockums. For more information, see note 3.

BUSINESS AREA AERONAUTICS

Aeronautics is a world-leading manufacturer of innovative air systems and is engaged in development of military aviation technology.

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	1,718	493	248	1,104	199	1,789
Order backlog	52,301	56,607	-8			54,127
Sales	3,543	3,361	5	1,865	1,739	7,138
EBITDA	209	188	11	118	112	576
EBITDA margin, %	5.9	5.6		6.3	6.4	8.1
Operating income (EBIT)	186	169	10	106	102	535
Operating margin, %	5.2	5.0		5.7	5.9	7.5
Operational cash flow	232	1,120		-746	-391	435
Defence/Civil (% of sales)	99/1	99/1		99/1	99/1	99/1
No. of FTE's	3,013	2,809	7			2,932

Orders

- Saab received an order from FMV to provide operational and development support for Gripen during 2017.
- A contract was also signed with FMV on the continued support and maintenance of Gripen C/D valued in total at SEK 1.9 billion. The order value for Aeronautics amounted to MSEK 536 and the deliveries will be made from June 2017 to December 2019.



Large orders
Orders exceeding MSEK 100 accounted for 52% (8%) of total orders in the period.

Sales, income and margin

- The activity level within the Gripen programme to Sweden and to Brazil remained high.
- During the first half-year, investments in the T-X program were lower than in the same period 2016. Due to the great interest in Gripen, larger investments were made in marketing in the first half of 2017 compared to the same period in 2016.



Market
Sales in markets outside Sweden amounted to 34% (29%) in the period.

Cash flow

- Aeronautics received large milestone payments in the first quarter 2017. While this was not repeated in the second quarter, the level of project activity and completion remained high.

Business units

Gripen E/F, Gripen C/D, Gripen Brazil, Advanced Pilot Training Systems and Operations Contracts.

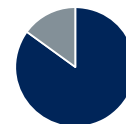
BUSINESS AREA DYNAMICS

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, training systems and signature management systems for armed forces around the world.

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	6,277	4,008	57	1,990	2,121	6,680
Order backlog	11,941	8,159	46			8,031
Sales	2,343	2,116	11	1,361	1,044	4,927
EBITDA	266	113	135	155	56	522
EBITDA margin, %	11.4	5.3		11.4	5.4	10.6
Operating income (EBIT)	224	79	184	134	39	447
Operating margin, %	9.6	3.7		9.8	3.7	9.1
Operational cash flow	183	138		46	245	282
Defence/Civil (% of sales)	93/7	94/6		93/7	94/6	94/6
No. of FTE's	2,117	2,071	2			2,094

Orders

- Dynamics signed a contract with FMV for the development and production of next generation anti-ship missiles. The total order value amounted to SEK 3.2 billion. In addition, a contract was signed with FMV regarding product support and maintenance of the Swedish Navy's underwater weapon systems.
- FMV also ordered production of next generation anti-ship missiles for MSEK 500 with the deliveries beginning in the mid-2020s.
- Saab received an order from the Swiss Federal Office for Defence Procurement, armasuisse, to deliver the Next generation Light Anti-Tank Weapon system (NLAW) to the Swiss Army. The order value amounted to about SEK 1.035 billion with deliveries during the period 2018-2021.



Large orders
Orders exceeding MSEK 100 accounted for 85% (74%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 70% (82%) in the period.

Sales, income and margin

- Sales increased due to strong order bookings in recent quarters.
- The operating margin improved in the period due to high capacity utilisation and a changed product mix.

Cash flow

- Operational cash flow was positive in the period due to received payments for deliveries as well as received advances and milestone payments.

Business units

Ground Combat, Missile Systems, Underwater Systems, Barracuda and Training and Simulation.

BUSINESS AREA SURVEILLANCE

Surveillance's product portfolio includes airborne, ground-based and naval radar systems, electronic warfare systems, combat systems and C4I solutions as well as traffic management systems.

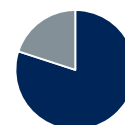
MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	5,085	2,911	75	2,933	1,724	5,993
Order backlog	16,876	16,856	-			16,415
Sales	3,872	3,852	1	2,089	2,051	7,659
EBITDA	361	376	-4	188	199	940
EBITDA margin, %	9.3	9.8		9.0	9.7	12.3
Operating income (EBIT)	185	128	45	97	73	449
Operating margin, %	4.8	3.3		4.6	3.6	5.9
Operational cash flow	188	1,955		-331	389	1,865
Defence/Civil (% of sales)	81/19	82/18		82/18	83/17	82/18
No. of FTE's	4,122	3,627	14			3,963

Orders

- Surveillance and Support and Services received an order in the Airborne Early Warning and Control (AEW&C) segment valued at MUSD 236, approximately SEK 2 billion, of which approximately MSEK 550 was related to Surveillance.
- Another AEW&C contract was signed as well, with an order value of SEK 1.35 billion and deliveries during the period 2017-2020, of which MSEK 789 was related to Surveillance.
- Saab received an order for the electronic warfare self-protection and countermeasures system BOZ-101 EC on behalf of the German Air Force through the NATO Eurofighter 2000 and Tornado Management Agency (NETMA).
- Surveillance and Kockums also signed a contract for the modification and upgrading of the Swedish Navy's Gävle-class Corvettes. The order value amounted to SEK 1.249 billion, of which MSEK 501 was related to Surveillance. The work will be carried out during the period 2017-2020.



Large orders
Orders exceeding MSEK 100 accounted for 61% (40%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 80% (82%) in the period.

Sales, income and margin

- Investments in research and development increased slightly at the same time that amortisation of capitalised development costs decreased in the first half of 2017 compared to the same period in 2016.

Cash flow

- Surveillance received large advances in the first quarter of 2017. While this was not repeated in the second quarter, the level of project activity and completion remained high.

Business units

Surface Radar Solutions, Airborne Surveillance Systems, Electronic Warfare Systems, Traffic Management and Combat Systems and C4I Solutions.

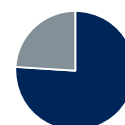
BUSINESS AREA SUPPORT AND SERVICES

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This primarily includes support solutions, technical maintenance and logistics as well as products, solutions and services for military and civil missions.

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	5,408	2,230	143	3,273	1,227	4,473
Order backlog	15,145	13,063	16			12,938
Sales	3,209	2,610	23	1,447	1,326	5,081
EBITDA	299	243	23	138	140	470
EBITDA margin, %	9.3	9.3		9.5	10.6	9.3
Operating income (EBIT)	289	235	23	133	137	454
Operating margin, %	9.0	9.0		9.2	10.3	8.9
Operational cash flow	-84	1,714		157	445	1,243
Defence/Civil (% of sales)	81/19	75/25		77/23	75/25	73/27
No. of FTE's	2,082	2,163	-4			2,119

Orders

- Support and Services and Surveillance received an order in the Airborne Early Warning and Control (AEW&C) segment valued at MUSD 236, approximately SEK 2 billion, of which approximately MSEK 1,450 was related to Support and Services.
- Another AEW&C contract was signed as well, with an order value of SEK 1.35 billion and deliveries during the period 2017-2020, of which MSEK 561 was related to Support and Services.
- A contract was also signed with FMV on the continued support and maintenance of Gripen C/D valued in total at SEK 1.9 billion. The order value for Support and Services amounted to MSEK 1,164 and deliveries will be made from June 2017 to December 2019.



Large orders
Orders exceeding MSEK 100 accounted for 76% (24%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 60% (47%) in the period.

Sales, income and margin

- Sales increased mainly due to a high activity level within the AEW&C segment.

Cash flow

- Operational cash flow was negative, mainly due to high activity in large projects.

Business units

Aviation Services, Airborne ISR, Gripen Support, Networks and Public Safety, Tactical Solutions and Maintenance Production.

BUSINESS AREA INDUSTRIAL PRODUCTS AND SERVICES

The business units within Industrial Products and Services are focused on business-to-business (B2B) customers. There is also a minority portfolio containing Saab's ownership interest in companies in various stages of development.

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	1,703	2,055	-17	880	1,302	3,358
Order backlog	9,038	9,806	-8			9,361
Sales	2,050	1,842	11	1,034	969	3,605
EBITDA	105	96	9	26	34	170
EBITDA margin, %	5.1	5.2		2.5	3.5	4.7
Operating income (EBIT)	87	78	12	17	25	134
Operating margin, %	4.2	4.2		1.6	2.6	3.7
Operational cash flow	-347	-41		-122	82	-54
Defence/Civil (% of sales)	38/62	40/60		37/63	42/58	40/60
No. of FTE's	2,758	2,405	15			2,679

Orders

- Order bookings were slightly lower due to a major order within Aerostructures in the first half of 2016.

Sales, income and margin

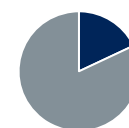
- Sales increased, mainly due to stronger sales in Combitech. This was caused by increased demand, by the transfer of Ericsson's development organisation in October 2016, and by the acquisition of Watchcom AS in 2016 and transfer of the Tikab operations from the business area Support and Services as of 2017.
- Operating income increased largely as a result of a high utilisation rate and additional project work within Combitech, while the business units Avionics and Aerostructures were affected by delayed deliveries.

Cash flow

- Operational cash flow was negative, mainly due to currency transactions related to projects in the business unit Aerostructures.

Personnel

- The number of employees increased mainly due to the transfer of Ericsson's development organisation in October 2016 when approximately 300 Ericsson engineers transferred to Combitech.



Large orders
Orders exceeding MSEK 100 accounted for 18% (34%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 38% (43%) in the period.

Business units
Aerostructures, Avionics Systems, Combitech and Ventures Portfolio.

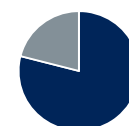
BUSINESS AREA KOCKUMS

Kockums' portfolio includes submarine systems with Stirling system for air-independent propulsion, surface combatants, mine hunting systems and autonomous vessels.

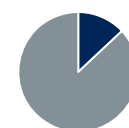
MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
Order bookings	1,834	812	126	1,685	680	1,293
Order backlog	9,360	9,619	-3			8,910
Sales	1,384	1,121	23	706	489	2,311
EBITDA	87	76	14	46	33	165
EBITDA margin, %	6.3	6.8		6.5	6.7	7.1
Operating income (EBIT)	75	59	27	40	25	134
Operating margin, %	5.4	5.3		5.7	5.1	5.8
Operational cash flow	-140	227		-254	-13	639
Defence/Civil (% of sales)	100/0	100/0		100/0	100/0	100/0
No. of FTE's	939	825	14			853

Orders

- A contract was signed with FMV for delivery of a Special Purpose Ship for Signal Intelligence (SIGINT). The order covers the period 2017-2020, with a total value of MSEK 730.
- Kockums and Surveillance also signed a contract for the modification and upgrading of the Swedish Navy's Gävle-class Corvettes. The order value amounted to SEK 1.249 billion, of which MSEK 748 was related to Kockums. The work will be carried out during the period 2017-2020.
- A framework agreement was signed with FMV on submarine maintenance and support as well as submarine rescue systems covering the period 2017-2019.



Large orders
Orders exceeding MSEK 100 accounted for 79% (50%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 13% (6%) in the period.

Sales, income and margin

- Sales increased due to higher activity in the ongoing half-time modifications of two Gotland-class submarines and high activity related to maintenance of surface vessels.

Cash flow

- Kockums has received large advances and milestone payments in recent quarters. While this was not repeated in the second quarter 2017, the level of project activity and completion remained high.

Business units
Submarines and Surface Ships.

Owners

According to Modular Finance, Saab's largest shareholders as of 30 June 2017 were:

	% of capital	% of votes
Investor AB	30.0	40.4
Knut and Alice Wallenberg Foundation	8.7	7.7
Swedbank Robur funds	4.7	4.1
AFA Insurance	2.4	2.1
Fidelity	2.3	2.0
Unionen	1.7	1.5
Handelsbanken funds	1.6	1.4
Norges Bank	1.4	1.2
Andra AP-fonden	1.2	1.1
AllianceBernstein	1.1	1.0

The percentage of votes is calculated on the number of shares excluding treasury shares at the end of the period.

Personnel

	30 Jun 2017	31 Dec 2016
Number of employees	15,879	15,465
FTE's	15,899	15,474

Corporate

Corporate reported operating income of MSEK -161 (-137) during the first half-year 2017.

Operational cash flow attributable to Corporate amounted to MSEK -475 (-920) in the first half-year 2017.

For more information on cash flow, see page 5.

Acquisitions and divestments 2017

No significant acquisitions or divestments were made in the first half-year 2017.

Share repurchase

Saab held 2,545,050 treasury shares as of 30 June 2017, compared to 2,744,821 at year-end 2016. The Annual General Meeting on 5 April 2017 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge Saab's long-term incentive programmes.

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 products. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations can entail various degrees of risk. The key risk areas are political, operating and financial. Various policies and instructions govern the management of material risks. Saab today conducts more projects with major development parts than before, and their inherent complexity raises risk in several dimensions.

The market is characterised by challenging conditions where orders are deferred to the future partly for financial reasons, at the same time that customers are also dealing with shorter timeframes.

For a general description of the risk areas, see pages 66-69 of the annual report 2016.



Gripen E

In June, Saab completed a successful first flight of the next generation smart fighter, Gripen E.

Other events in January-June 2017

- Saab and Aalto University signed an agreement for a ten year programme with the aim of strengthening their research cooperation, especially in long-term sensor technology research. Aalto University and Saab have been working together in this field for some time, and the newly signed agreement further strengthens this cooperation. The total value of the agreement is approximately 20 million euro spread over ten years.
- Saab made changes within the Group Management in the first quarter. Ulf Nilsson left his position as Head of the business area Aeronautics and thus Saab's Group Management. Lennart Sindahl became acting Head of the business area Aeronautics and an adjunct member of the Group Management. In the second quarter, Saab announced that Jonas Hjelm was appointed new Head of Business Area Aeronautics.
- Saab rose in popularity among women when Universum ranked the most popular places to work among Swedish engineering students. Saab climbed from 22nd to 16th place among female engineering students and among male students Saab went from third to fourth place. In total, Saab remained the sixth most popular employer among Swedish engineering students.
- Saab was selected by the Civil Aviation Authority of Singapore (CAAS) to deploy its Advanced – Surface Movement Guidance & Control System (A-SMGCS) and latest generation Multilateration System at Singapore Changi Airport.
- The Annual General Meeting on 5 April 2017 decided on a dividend of SEK 5.25 per share (totalling MSEK 559) to the shareholders. The record date for the dividend was set at 7 April 2017 and payment to 12 April 2017.
- The Annual General Meeting decided to elect Danica Kragic Jensfelt, Daniel Nodhäll, and Erika Söderberg Johnson as new Board members, to re-elect Håkan Buskhe, Sten Jakobsson, Sara Mazur, Cecilia Stegö Chilò, Marcus Wallenberg, Joakim Westh, and Bert Nordberg as Board Members, and to re-elect Marcus Wallenberg as Chairman of the Board.
- Saab announced that it had selected Poland's Nauta Shiprepair Yard, based in Gdynia, a part of the Polish Armaments Group (PGZ), to build the ship platform for the special purpose Signal Intelligence (SIGINT) vessel for the Swedish Navy.
- Saab launched the company Hyker Security, which offers security for communicating applications.
- Saab was awarded a contract to enhance security measures at strategic Australian government facilities under a transformation project in response to increased threats in and around Australian government agencies.
- On June 15, Saab completed a successful first flight of the next generation smart fighter, Gripen E. The maiden flight was conducted over the eastern parts of Östergötland for 40 minutes. During the flight, the aircraft's performance capabilities and key embedded functions were tested.
- Saab implemented changes within the Group Management in the second quarter. Ellen Molin was appointed the new Head of the business area Support and Services and Jessica Öberg the new Head of business area Industrial Products and Services. Dan Jangblad, currently Head of the business area Industrial Products and Services, leaves Group Management as of October 1 to take a position as Senior Advisor to the CEO.

For information on significant orders received in 2017, see page 2 and the comments on the business segments on pages 6-8 and in note 3.

Events after the conclusion of the period

- Saab signed a contract on deliveries of components for the Carl-Gustaf man-portable weapon system. The order value amounted to MSEK 106 and deliveries will take place in 2018.
- Saab Digital Air Traffic Solutions AB and Storuman municipality signed a letter of intent regarding the establishment of the world's first Remote Tower Centre for smaller regional airports (AFIS). The letter of intent means that Saab Digital Air Traffic Solutions (SDATS) and Storuman municipality will initiate a feasibility study aimed at establishing a "Remote AFIS Centre" for remote tower services and digital air traffic control services for smaller regional airports. The development of the technology and methodology will initially be carried out at Hemavan - Tärnaby Airport, with the objective of expanding the dialogue to several other airports.



ABOUT SAAB

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. The company has operations and employees on all continents and constantly develops, adapts 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 15,900 employees
- Local presence in 36 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, adapts 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 operating segments for control and reporting purposes: the business areas Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, Corporate comprises Group staff, Group departments and secondary operations.

To ensure a presence in key local markets, Saab also has five market areas: 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 the sale of goods. Sales, income and cash flow vary during the year depending on the nature of the project.

Long-term customer contracts relate to the development and manufacture of complex systems that stretch over several reporting periods. Long-term customer contracts are recognised in revenue as the project is completed, while cash flows depend on the timing of deliveries, advances and milestone payments during the contract period.

Service assignments consist of consulting and support services. Examples include education and ongoing maintenance associated with previous deliveries. Revenue from service assignments on current account is recognised when the services are rendered, while service assignments that are part of fixed-price contracts are recognised according to the same principles as long-term customer contracts.

The third part of the revenue model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers. This revenue is recognised when ownership has been transferred to the buyer.

SAAB'S STRATEGY

To stay a step ahead in an optimal way and meet our customers' needs, we have based our strategy on three priorities: market, efficiency and innovation. The aim is to create long-term value by working to achieve them. Sustainability issues affect our entire business, and engaged employees are the key to success.

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

Market

We focus on areas where we have a strong market position and on strengthening our position in areas with good growth opportunities. Our global presence and diversity will be strengthened in part through partnerships and local collaborations. We have zero tolerance for corruption and work actively to create a thoroughly transparent defence market.

Efficiency

The focus is on making functional processes more efficient, developing an even more business-oriented culture and developing leaders and employees.

Innovation

We concentrate our product portfolio on innovations in five core areas and feel that diversity and engaged employees drive innovation.

FINANCIAL GOALS

Sales

Average organic sales growth of 5 per cent per year over a business cycle.

Operating margin

Average operating margin (EBIT) of at least 10 per cent per year over a business cycle.

Equity/assets ratio

The equity/assets ratio will exceed 30 per cent.

Dividend

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

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Jun 2017	Jan-Jun 2016	Rolling 12 Months	Full Year 2016
Sales	3	15,353	13,854	30,130	28,631
Cost of goods sold		-11,885	-10,774	-22,859	-21,748
Gross income		3,468	3,080	7,271	6,883
<i>Gross margin, %</i>		<i>22.6</i>	<i>22.2</i>	<i>24.1</i>	<i>24.0</i>
Other operating income		66	139	128	201
Marketing expenses		-1,192	-1,039	-2,376	-2,223
Administrative expenses		-731	-666	-1,429	-1,364
Research and development costs		-682	-830	-1,444	-1,592
Other operating expenses		-37	-39	-68	-70
Share in income of associated companies and joint ventures		-7	-34	-11	-38
Operating income (EBIT) ¹⁾	3	885	611	2,071	1,797
<i>Operating margin, %</i>		<i>5.8</i>	<i>4.4</i>	<i>6.9</i>	<i>6.3</i>
Financial income		113	41	162	90
Financial expenses		-122	-119	-279	-276
Net financial items		-9	-78	-117	-186
Income before taxes		876	533	1,954	1,611
Taxes		-217	-119	-534	-436
Net income for the period		659	414	1,420	1,175
of which Parent Company's shareholders' interest		642	396	1,379	1,133
of which non-controlling interest		17	18	41	42
Earnings per share before dilution, SEK ²⁾		6.03	3.73	12.96	10.67
Earnings per share after dilution, SEK ³⁾		5.98	3.71	12.86	10.60
1) Includes depreciation/amortisation and write-downs		-428	-464	-910	-946
2) Average number of shares before dilution		106,488,262	106,043,264	106,386,649	106,164,150
3) Average number of shares after dilution		107,332,919	106,852,757	107,234,176	106,906,726

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Jun 2017	Jan-Jun 2016	Rolling 12 Months	Full Year 2016
Net income for the period	659	414	1,420	1,175
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	-304	-946	19	-623
Tax attributable to revaluation of net pension obligations	67	208	-4	137
Total	-237	-738	15	-486
Items that may be reversed in the income statement:				
Translation differences	-219	93	75	387
Cash flow hedges	467	-35	253	-249
Tax attributable to cash flow hedges	-104	-2	-63	39
Total	144	56	265	177
Other comprehensive income/loss for the period	-93	-682	280	-309
Net comprehensive income/loss for the period	566	-268	1,700	866
of which Parent Company's shareholders' interest	540	-308	1,626	778
of which non-controlling interest	26	40	74	88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	30 Jun 2017	31 Dec 2016	30 Jun 2016
ASSETS				
Fixed assets:				
Intangible fixed assets	5	7,276	7,094	6,743
Tangible fixed assets		4,976	4,811	4,517
Biological assets		351	291	291
Investment properties		33	33	34
Shares in associated companies and joint ventures		751	788	646
Financial investments		162	165	187
Long-term receivables	11	588	505	457
Deferred tax assets		156	252	440
Total fixed assets		14,293	13,939	13,315
Current assets:				
Inventories		7,478	6,660	5,762
Derivatives		1,106	1,290	827
Tax receivables		132	120	286
Accounts receivable		3,711	5,402	3,295
Amounts due from customers		7,414	6,222	5,170
Other receivables		559	599	514
Prepaid expenses and accrued income		1,250	1,035	1,274
Short-term investments		3,024	4,542	5,746
Liquid assets	9	1,579	1,402	1,832
Total current assets		26,253	27,272	24,706
TOTAL ASSETS		40,546	41,211	38,021
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Parent Company's shareholders' interest		13,184	13,156	12,023
Non-controlling interest		168	145	88
Total shareholders' equity		13,352	13,301	12,111
Long-term liabilities:				
Long-term interest-bearing liabilities	6	5,590	5,624	5,593
Other liabilities		195	202	168
Provisions for pensions	11	3,433	3,069	3,316
Other provisions		848	811	972
Deferred tax liabilities		38	30	28
Total long-term liabilities		10,104	9,736	10,077
Current liabilities:				
Short-term interest-bearing liabilities	6	127	292	308
Amounts due to customers		6,993	7,884	6,444
Accounts payable		2,554	2,880	2,277
Derivatives		1,055	1,955	1,435
Tax liabilities		183	81	31
Other liabilities		708	695	770
Accrued expenses and deferred income		4,945	3,988	4,181
Provisions		525	399	387
Total current liabilities		17,090	18,174	15,833
Total liabilities		27,194	27,910	25,910
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		40,546	41,211	38,021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2016	1,746	543	-538	153	11	10,936	12,851	61	12,912
Net comprehensive income/loss for the period January-June 2016			-56	90		-342	-308	40	-268
Transactions with shareholders:									
Share matching plan						37	37		37
Dividend						-530	-530		-530
Acquisition and sale of non-controlling interest						-27	-27	-13	-40
Closing balance, 30 June 2016	1,746	543	-594	243	11	10,074	12,023	88	12,111
Net comprehensive income/loss for the period July-December 2016			-185	282		989	1,086	48	1,134
Transactions with shareholders:									
Share matching plan						47	47		47
Dividend								-18	-18
Acquisition and sale of non-controlling interest								27	27
Closing balance, 31 December 2016	1,746	543	-779	525	11	11,110	13,156	145	13,301
Opening balance, 1 January 2017	1,746	543	-779	525	11	11,110	13,156	145	13,301
Net comprehensive income/loss for the period			352	-216		404	540	26	566
Transactions with shareholders:									
Share matching plan						47	47		47
Dividend						-559	-559	-3	-562
Closing balance, 30 June 2017	1,746	543	-427	309	11	11,002	13,184	168	13,352

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan-Jun 2017	Jan-Jun 2016	Full Year 2016
Operating activities:				
Income after financial items		876	533	1,611
Adjustments for items not affecting cash flows		614	650	1,226
Dividend from associated companies and joint ventures		18	14	16
Income tax paid		-74	-189	-120
Cash flow from operating activities before changes in working capital		1,434	1,008	2,733
Cash flow from changes in working capital:				
Amounts due from and to customers		-2,084	4,699	5,092
Inventories		-841	-509	-1,329
Other current receivables		1,207	-530	-2,540
Other current liabilities		744	237	521
Provisions		-31	-114	-323
Cash flow from operating activities		429	4,791	4,154
Investing activities:				
Investments in intangible fixed assets		-87	-64	-98
Capitalised development costs		-334	-412	-784
Investments in tangible fixed assets		-556	-301	-807
Sales and disposals of tangible fixed assets		22	22	27
Investments in and sale of short-term investments		1,515	-2,700	-1,525
Investments in financial assets		-45	-97	-169
Sale of financial assets		-	9	25
Investments in operations, net effect on liquidity	10	-	-	-49
Sale of subsidiaries, net effect on liquidity		-	77	77
Cash flow from investing activities		515	-3,466	-3,303
Financing activities:				
Repayments of loans		-176	-564	-582
Raising of loans		-	732	732
Dividend paid to Parent Company's shareholders		-559	-530	-530
Dividend paid to non-controlling interest		-3	-	-5
Transactions with non-controlling interest		-	-	15
Cash flow from financing activities		-738	-362	-370
Cash flow for the period		206	963	481
Liquid assets at the beginning of the period		1,402	850	850
Exchange rate difference in liquid assets		-29	19	71
Liquid assets at end of period	9	1,579	1,832	1,402

QUARTERLY CONSOLIDATED INCOME STATEMENT

MSEK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Sales	7,923	7,430	9,016	5,761	7,064	6,790	10,070	5,787
Cost of goods sold	-6,191	-5,694	-6,565	-4,409	-5,495	-5,279	-7,540	-4,505
Gross income	1,732	1,736	2,451	1,352	1,569	1,511	2,530	1,282
<i>Gross margin, %</i>	<i>21.9</i>	<i>23.4</i>	<i>27.2</i>	<i>23.5</i>	<i>22.2</i>	<i>22.3</i>	<i>25.1</i>	<i>22.2</i>
Other operating income	47	19	25	37	100	39	272	23
Marketing expenses	-629	-563	-660	-524	-543	-496	-569	-460
Administrative expenses	-379	-352	-404	-294	-337	-329	-392	-305
Research and development costs	-354	-328	-435	-327	-436	-394	-481	-346
Other operating expenses	-16	-21	-21	-10	-14	-25	-30	-8
Share of income in associated companies and joint ventures	-8	1	4	-8	-22	-12	17	-
Operating income (EBIT) ¹⁾	393	492	960	226	317	294	1,347	186
<i>Operating margin, %</i>	<i>5.0</i>	<i>6.6</i>	<i>10.6</i>	<i>3.9</i>	<i>4.5</i>	<i>4.3</i>	<i>13.4</i>	<i>3.2</i>
Financial income	76	37	30	19	-9	50	132	-36
Financial expenses	-68	-54	-88	-69	-66	-53	-143	-89
Net financial items	8	-17	-58	-50	-75	-3	-11	-125
Income before taxes	401	475	902	176	242	291	1,336	61
Taxes	-102	-115	-263	-54	-51	-68	-227	-25
Net income for the period	299	360	639	122	191	223	1,109	36
of which Parent Company's shareholders' interest	288	354	624	113	183	213	1,101	26
of which non-controlling interest	11	6	15	9	8	10	8	10
Earnings per share before dilution, SEK ²⁾	2.70	3.33	5.87	1.06	1.72	2.01	10.40	0.25
Earnings per share after dilution, SEK ³⁾	2.68	3.30	5.82	1.06	1.71	1.99	10.32	0.24
1) Includes depreciation/amortisation and write-downs	-221	-207	-246	-236	-234	-230	-253	-243
2) Average number of shares before dilution	106,538,205	106,438,320	106,346,321	106,223,750	106,094,093	105,992,435	105,900,182	105,781,884
3) Average number of shares after dilution	107,423,697	107,320,873	107,167,229	107,024,906	106,912,764	106,853,562	106,688,771	106,529,247

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net income for the period	299	360	639	122	191	223	1,109	36
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	-378	74	650	-327	-433	-513	339	-233
Tax attributable to revaluation of net pension obligations	83	-16	-143	72	95	113	-73	51
Total	-295	58	507	-255	-338	-400	266	-182
Items that may be reversed in the income statement:								
Translation differences	-208	-11	169	125	134	-41	-66	-63
Net gain/loss on available-for-sale financial assets	-	-	-	-	-	-	-90	-6
Net gain/loss on cash flow hedges	300	167	-344	130	-179	144	190	-187
Tax attributable to net gain/loss on cash flow hedges	-62	-42	80	-39	34	-36	-39	49
Total	30	114	-95	216	-11	67	-5	-207
Other comprehensive income/loss for the period	-265	172	412	-39	-349	-333	261	-389
Net comprehensive income/loss for the period	34	532	1,051	83	-158	-110	1,370	-353
of which Parent Company's shareholders' interest	29	511	1,026	60	-181	-127	1,375	-335
of which non-controlling interest	5	21	25	23	23	17	-5	-18

KEY RATIOS BY QUARTER

MSEK	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Equity/assets ratio, (%)	32.9	33.3	32.3	32.5	31.9	33.9	36.8	35.1
Return on capital employed, % ³⁾	10.5	9.6	8.9	11.8	11.3	11.3	11.2	8.1
Return on equity, % ³⁾	11.2	9.8	9.0	13.8	13.0	12.7	11.5	7.8
Equity per share, SEK ^{1) 3)}	123.67	128.57	123.64	113.88	113.25	120.17	121.28	108.36
Free cash flow, MSEK ³⁾	-1,429	897	619	-2,311	1,096	2,955	869	487
Free cash flow per share after dilution, SEK ^{2) 3)}	-13.30	8.36	5.78	-21.59	10.25	27.65	8.15	4.57
1) Number of shares excluding treasury shares	106,605,294	106,471,116	106,405,523	106,287,119	106,160,381	106,027,804	105,957,065	105,843,298
2) Average number of shares after dilution	107,423,697	107,320,873	107,167,229	107,024,906	106,912,764	106,853,562	106,688,771	106,529,247

3) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.

QUARTERLY INFORMATION PER OPERATING SEGMENT

MSEK	Q2 2017	Operating margin	Q1 2017	Operating margin	Q4 2016	Operating margin	Q3 2016	Operating margin
Sales								
Aeronautics	1,865		1,678		2,215		1,562	
Dynamics	1,361		982		2,036		775	
Surveillance	2,089		1,783		2,224		1,583	
Support and Services	1,447		1,762		1,504		967	
Industrial Products and Services	1,034		1,016		1,066		697	
Kockums	706		678		646		544	
Internal sales	-579		-469		-675		-367	
Total	7,923		7,430		9,016		5,761	
Operating income/loss								
Aeronautics	106	5.7%	80	4.8%	215	9.7%	151	9.7%
Dynamics	134	9.8%	90	9.2%	374	18.4%	-6	-0.8%
Surveillance	97	4.6%	88	4.9%	231	10.4%	90	5.7%
Support and Services	133	9.2%	156	8.9%	198	13.2%	21	2.2%
Industrial Products and Services	17	1.6%	70	6.9%	78	7.3%	-22	-3.2%
Kockums	40	5.7%	35	5.2%	49	7.6%	26	4.8%
Corporate	-134		-27		-185		-34	
Total	393	5.0%	492	6.6%	960	10.6%	226	3.9%

MSEK	Q2 2016	Operating margin	Q1 2016	Operating margin	Q4 2015	Operating margin	Q3 2015	Operating margin
Sales								
Aeronautics	1,739		1,622		2,114		1,686	
Dynamics	1,044		1,072		1,555		892	
Surveillance	2,051		1,801		2,613		1,458	
Support and Services	1,326		1,284		2,795		934	
Industrial Products and Services	969		873		1,022		762	
Kockums	489		632		599		433	
Internal sales	-554		-494		-628		-378	
Total	7,064		6,790		10,070		5,787	
Operating income/loss								
Aeronautics	102	5.9%	67	4.1%	305	14.4%	120	7.1%
Dynamics	39	3.7%	40	3.7%	294	18.9%	28	3.1%
Surveillance	73	3.6%	55	3.1%	318	12.2%	3	0.2%
Support and Services	137	10.3%	98	7.6%	417	14.9%	-27	-2.9%
Industrial Products and Services	25	2.6%	53	6.1%	104	10.2%	8	1.0%
Kockums	25	5.1%	34	5.4%	-19	-3.2%	68	15.7%
Corporate	-84		-53		-72		-14	
Total	317	4.5%	294	4.3%	1,347	13.4%	186	3.2%

2015 has been restated according to the structural changes described in the annual report 2015, page 35.

MULTI-YEAR OVERVIEW

MSEK	2016	2015	2014	2013	2012
Order bookings	21,828	81,175	22,602	49,809	20,683
Order backlog at 31 December	107,606	113,834	60,128	59,870	34,151
Sales	28,631	27,186	23,527	23,750	24,010
<i>Sales in Sweden, %</i>	<i>43</i>	<i>42</i>	<i>45</i>	<i>41</i>	<i>36</i>
<i>Sales in Europe excluding Sweden, %</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>20</i>	<i>21</i>
<i>Sales in North America, %</i>	<i>10</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>11</i>
<i>Sales in Latin America, %</i>	<i>7</i>	<i>6</i>	<i>2</i>	<i>2</i>	<i>1</i>
<i>Sales in Rest of the World, %</i>	<i>23</i>	<i>25</i>	<i>24</i>	<i>26</i>	<i>31</i>
Operating income (EBIT)	1,797	1,900	1,659	1,345	2,050
<i>Operating margin, %</i>	<i>6.3</i>	<i>7.0</i>	<i>7.1</i>	<i>5.7</i>	<i>8.5</i>
Depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft	946	959	864	1,022	1,136
EBITDA	2,743	2,859	2,523	2,367	3,186
<i>EBITDA margin, %</i>	<i>9.6</i>	<i>10.5</i>	<i>10.7</i>	<i>10.0</i>	<i>13.3</i>
Income after financial items	1,611	1,731	1,523	979	2,003
Net income for the year	1,175	1,402	1,168	742	1,560
Total assets	41,211	35,088	29,556	27,789	28,938
Equity	13,301	12,912	11,373	12,227	11,280
Free cash flow ¹⁾	2,359	-726	-1,094	-1,460	-396
<i>Return on capital employed, % ¹⁾</i>	<i>8.9</i>	<i>11.2</i>	<i>11.1</i>	<i>9.1</i>	<i>14.6</i>
<i>Return on equity, % ¹⁾</i>	<i>9.0</i>	<i>11.5</i>	<i>9.9</i>	<i>6.3</i>	<i>12.8</i>
<i>Equity/assets ratio, %</i>	<i>32.3</i>	<i>36.8</i>	<i>38.5</i>	<i>44.0</i>	<i>39.0</i>
Earnings per share before dilution, SEK ¹⁾	10.67	12.88	10.86	6.98	15.00
Earnings per share after dilution, SEK ¹⁾	10.60	12.79	10.78	6.79	14.52
Dividend per share, SEK	5.25	5.00	4.75	4.50	4.50
Equity per share, SEK ¹⁾	123.64	121.28	107.02	114.04	105.43
Number of employees at year-end	15,465	14,685	14,716	14,140	13,968
Number of shares excluding treasury shares as of 31 December	106,405,523	105,957,065	105,499,980	106,414,144	105,930,829
Average number of shares before dilution	106,164,150	105,714,805	106,125,666	106,125,107	105,632,911
Average number of shares after dilution	106,906,726	106,450,263	106,916,255	109,150,344	109,150,344

1) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.

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).

KEY RATIOS AND GOALS

	Long-term target	Jan-Jun 2017	Jan-Jun 2016	Full Year 2016
Organic sales growth, %	5	10	23	5
Operating margin, %	10	5.8	4.4	6.3
Equity/assets ratio, %	30	32.9	31.9	32.3

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Jun 2017	Jan-Jun 2016	Full Year 2016
Sales	9,998	8,855	17,988
Cost of goods sold	-7,882	-7,123	-14,125
Gross income	2,116	1,732	3,863
<i>Gross margin, %</i>	<i>21.2</i>	<i>19.6</i>	<i>21.5</i>
Operating income and expenses	-1,909	-1,952	-3,869
Operating income (EBIT)	207	-220	-6
<i>Operating margin, %</i>	<i>2.1</i>	<i>-2.5</i>	<i>-0.0</i>
Financial income and expenses	38	-43	317
Income after financial items	245	-263	311
Appropriations	-	-	-141
Income before taxes	245	-263	170
Taxes	-86	24	-73
Net income for the period	159	-239	97

Parent Company

The Parent Company includes units within the business areas Aeronautics, Surveillance, Support and Services, and Industrial Products and Services as well as one unit within Dynamics. Group staff and Group support are also included.

PARENT COMPANY BALANCE SHEET

MSEK	Note	30 Jun 2017	31 Dec 2016	30 Jun 2016
ASSETS				
Fixed assets:				
Intangible fixed assets		504	545	692
Tangible fixed assets		3,133	3,033	2,904
Financial fixed assets		6,703	6,725	7,623
Total fixed assets		10,340	10,303	11,219
Current assets:				
Inventories		5,262	4,980	4,012
Current receivables		12,637	12,798	8,655
Short term investments		3,009	4,524	5,699
Liquid assets		792	651	1,212
Total current assets		21,700	22,953	19,578
TOTAL ASSETS		32,040	33,256	30,797
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Restricted equity		2,971	2,971	2,977
Unrestricted equity		4,320	4,676	4,288
Total shareholders' equity		7,291	7,647	7,265
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,280	2,280	2,139
Provisions		1,001	807	852
Liabilities	6	21,468	22,522	20,541
Total untaxed reserves, provisions and liabilities		24,749	25,609	23,532
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		32,040	33,256	30,797

Liquidity, financing, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 4,380 as of 30 June 2017 compared to MSEK 3,041 as of 31 December 2016.

Investments in tangible fixed assets amounted to MSEK 277 (176). Investments in intangible assets amounted to MSEK 74 (61). At the end of the period, the Parent Company had 9,135 employees, compared to 8,941 at the beginning of the year.

A major part of the Group's operations is 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.

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's B shares are listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries, associated companies and joint ventures, are described in the annual report 2016.

NOTE 2 Accounting principles

The consolidated accounts for the first half-year of 2017 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 96 to 97 as well as in the notes on material profit/loss and balance sheet items in the annual report 2016.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2016.

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 2016. All information on pages 1-30 constitute the interim report January-June 2017.

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 in other selected countries. Saab's operating and management structure is divided into six business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, Corporate comprises Group staff and departments as well as other operations outside the core operations.

Aeronautics

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology. It also conducts long-term future studies of manned and unmanned aircraft as preparation for new systems and further development of existing products.

Dynamics

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, systems for training and simulation, signature management systems for armed forces around the world, and niche products for the civil and defence markets.

Surveillance

Surveillance provides efficient solutions for safety and security, for surveillance and decision support, and for threat detection, location, and protection. The portfolio covers airborne, ground-based and naval radar, electronic warfare, combat systems and C4I solutions, and traffic management systems.

Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This includes support solutions, technical maintenance and logistics as well as products, solutions and services for military and civil missions.

Industrial Products and Services

The business units within Industrial Products and Services are focused on business-to-business (B2B) customers. There is also a minority portfolio containing Saab's ownership interests in companies in various stages of development.

Kockums

Kockums develops, delivers, and maintains world-class solutions for naval environments. Its portfolio includes submarines with the Stirling system for air independent propulsion, surface combatants, mine hunting systems and autonomous vessels. Kockums' unique competence is in signature management, impact strength and advanced stealth technology.

Order bookings per operating segment

	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Full Year 2016
MSEK						
Aeronautics	1,718	493	248	1,104	199	1,789
Dynamics	6,277	4,008	57	1,990	2,121	6,680
Surveillance	5,085	2,911	75	2,933	1,724	5,993
Support and Services	5,408	2,230	143	3,273	1,227	4,473
Industrial Products and Services	1,703	2,055	-17	880	1,302	3,358
Kockums	1,834	812	126	1,685	680	1,293
Internal	-1,471	-1,047		-1,012	-405	-1,758
Total	20,554	11,462	79	10,853	6,848	21,828

Order bookings per region

	Jan-Jun 2017	Jan-Jun 2016	Change, %	Full Year 2016
MSEK				
Sweden	10,818	4,695	130	8,957
Rest of Europe	2,707	2,164	25	3,702
North America	1,255	629	100	1,904
Latin America	134	-89		199
Asia	4,301	3,427	26	5,278
Africa	145	271	-46	467
Australia, etc.	1,194	365	227	1,321
Total	20,554	11,462	79	21,828

Order backlog per operating segment

	30 Jun 2017	31 Dec 2016	30 Jun 2016
MSEK			
Aeronautics	52,301	54,127	56,607
Dynamics	11,941	8,031	8,159
Surveillance	16,876	16,415	16,856
Support and Services	15,145	12,938	13,063
Industrial Products and Services	9,038	9,361	9,806
Kockums	9,360	8,910	9,619
Internal	-2,544	-2,176	-2,517
Total	112,117	107,606	111,593

NOTE 3 Continued

Order backlog per region

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Sweden	42,276	38,010	40,198
Rest of Europe	9,835	9,386	10,522
North America	4,868	5,000	4,995
Latin America	37,922	38,940	39,800
Asia	14,534	14,178	14,550
Africa	573	711	771
Australia etc.	2,109	1,381	757
Total	112,117	107,606	111,593

Significant orders received (approx. values MSEK)

	Order value
Next Generation Anti-Ship Missile	3,200
Airborne Early Warning and Control (AEW&C)	2,000
Continued Gripen support and maintenance	1,900
Airborne Early Warning and Control (AEW&C)	1,350
Modification and upgrading of the Swedish Marine's Gävle-class corvettes	1,249
Next generation Light Anti-Tank Weapon system (NLAW)	1,035

Sales per operating segment

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Rolling 12 Months	Full Year 2016
Aeronautics	3,543	3,361	5	1,865	1,739	7,320	7,138
of which external sales	3,323	3,163	5	1,766	1,633	6,888	6,728
of which internal sales	220	198	11	99	106	432	410
Dynamics	2,343	2,116	11	1,361	1,044	5,154	4,927
of which external sales	2,264	2,067	10	1,321	1,021	4,983	4,786
of which internal sales	79	49	61	40	23	171	141
Surveillance	3,872	3,852	1	2,089	2,051	7,679	7,659
of which external sales	3,659	3,730	-2	1,976	1,990	7,312	7,383
of which internal sales	213	122	75	113	61	367	276
Support and Services	3,209	2,610	23	1,447	1,326	5,680	5,081
of which external sales	3,125	2,494	25	1,396	1,280	5,532	4,901
of which internal sales	84	116	-28	51	46	148	180
Industrial Products and Services	2,050	1,842	11	1,034	969	3,813	3,605
of which external sales	1,525	1,270	20	753	651	2,765	2,510
of which internal sales	525	572	-8	281	318	1,048	1,095
Kockums	1,384	1,121	23	706	489	2,574	2,311
of which external sales	1,383	1,119	24	705	488	2,570	2,306
of which internal sales	1	2		1	1	4	5
Corporate/eliminations	-1,048	-1,048		-579	-554	-2,090	-2,090
of which external sales	74	11		6	1	80	17
of which internal sales	-1,122	-1,059		-585	-555	-2,170	-2,107
Total	15,353	13,854	11	7,923	7,064	30,130	28,631

Sales per region

MSEK	Jan-Jun 2017	% of sales	Jan-Jun 2016	% of sales	Full Year 2016	% of sales
Sweden	6,552	43	5,945	43	12,389	43
Rest of Europe	2,275	15	2,294	17	4,981	17
North America	1,289	8	1,366	10	2,740	10
Latin America	1,136	7	848	6	2,014	7
Asia	3,394	22	2,683	19	5,107	18
Africa	277	2	218	2	495	2
Australia, etc.	430	3	500	4	905	3
Total	15,353	100	13,854	100	28,631	100

Information on large customers

In the first half-year 2017, 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 5,449 (4,834).

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 other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

NOTE 3 Continued

Operating income per operating segment

MSEK	Jan-Jun 2017	% of sales	Jan-Jun 2016	% of sales	Rolling 12 Months	Full Year 2016
Aeronautics	186	5.2	169	5.0	552	535
Dynamics	224	9.6	79	3.7	592	447
Surveillance	185	4.8	128	3.3	506	449
Support and Services	289	9.0	235	9.0	508	454
Industrial Products and Services	87	4.2	78	4.2	143	134
Kockums	75	5.4	59	5.3	150	134
The operating segments' operating income	1,046	6.8	748	5.4	2,451	2,153
Corporate	-161		-137		-380	-356
Total	885	5.8	611	4.4	2,071	1,797

Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Jun 2017	Jan-Jun 2016	Change, %	Q2 2017	Q2 2016	Rolling 12 Months	Full Year 2016
Aeronautics	23	19	21	12	10	45	41
Dynamics	42	34	24	21	17	83	75
Surveillance	176	248	-29	91	126	419	491
Support and Services	10	8	25	5	3	18	16
Industrial Products and Services	18	18	-	9	9	36	36
Kockums	12	17	-29	6	8	26	31
Corporate	147	120	23	77	61	283	256
Total	428	464	-8	221	234	910	946

Operational cash flow per operating segment

MSEK	Jan-Jun 2017	Jan-Jun 2016	Q2 2017	Q2 2016	Rolling 12 Months	Full Year 2016
Aeronautics	232	1,120	-746	-391	-453	435
Dynamics	183	138	46	245	327	282
Surveillance	188	1,955	-331	389	98	1,865
Support and Services	-84	1,714	157	445	-555	1,243
Industrial Products and Services	-347	-41	-122	82	-360	-54
Kockums	-140	227	-254	-13	272	639
Corporate	-475	-920	-179	380	-1,362	-1,807
Total	-443	4,193	-1,429	1,137	-2,033	2,603

Capital employed per operating segment

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Aeronautics		2,286	2,303
Dynamics		3,352	3,320
Surveillance		7,138	7,206
Support and Services		2,941	2,614
Industrial Products and Services		2,821	2,326
Kockums		798	749
Corporate		2,473	3,173
Total		21,809	21,691

Full time equivalents (FTE's) per operating segment

Number at end of the period	30 Jun 2017	31 Dec 2016	30 Jun 2016
Aeronautics	3,013	2,932	2,809
Dynamics	2,117	2,094	2,071
Surveillance	4,122	3,963	3,627
Support and Services	2,082	2,119	2,163
Industrial Products and Services	2,758	2,679	2,405
Kockums	939	853	825
Corporate	868	834	821
Total	15,899	15,474	14,721

NOTE 4 Dividend to Parent Company's shareholders

At the Annual General Meeting on 5 April 2017, it was decided that the Parent Company's shareholders should receive a dividend of SEK 5.25 per share, totalling MSEK 559.

The record date for the dividend was set at 7 April 2017 and payment of dividend at 12 April 2017.

NOTE 5 Intangible fixed assets

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Goodwill	5,120	5,196	5,069
Capitalised development costs	1,893	1,652	1,415
Other intangible assets	263	246	259
Total	7,276	7,094	6,743

NOTE 6 Net liquidity/debt

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Assets:			
Liquid assets	1,579	1,402	1,832
Short-term investments	3,024	4,542	5,746
Total liquid investments	4,603	5,944	7,578
Short-term interest-bearing receivables	27	29	47
Long-term interest-bearing receivables	445	391	396
Long-term receivables attributable to pensions	51	51	49
Long-term interest-bearing financial investments	136	140	139
Total interest-bearing assets	5,262	6,555	8,209
Liabilities:			
Liabilities to credit institutions	5,156	5,107	5,093
Liabilities to associated companies and joint ventures	55	239	218
Other interest-bearing liabilities	506	570	590
Provisions for pensions ¹⁾	2,741	2,475	2,713
Total interest-bearing liabilities and provisions for pensions	8,458	8,391	8,614
Net liquidity (+) / net debt (-)	-3,196	-1,836	-405

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

NOTE 6 Continued

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2021)	6,000	-	6,000
Overdraft facility (Maturity 2018)	42	-	42
Total	6,042	-	6,042

Parent Company

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Long-term liabilities to credit institutions	5,122	5,107	5,092
Short-term liabilities to credit institutions	33	-	1
Total	5,155	5,107	5,093

Since 2009, Saab has a Medium Term Note programme (MTN) to enable the issuance of long-term loans on the capital market. In 2015, the MTN programme was increased from SEK 3 billion to SEK 6 billion. Under the terms of this programme, Saab has issued fixed rate bonds as well as Floating Rate Notes (FRN) totalling SEK 4.2 billion. In December 2015, Saab signed Schuldschein loan agreements amounting to MEUR 100.

NOTE 7 Capital employed

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Total assets	40,546	41,211	38,021
Less non-interest bearing liabilities	18,736	19,520	17,297
Capital employed	21,810	21,691	20,724

NOTE 8 Financial instruments

Classification and categorisation of financial assets and liabilities ¹⁾

Carrying amount	30 Jun 2017	31 Dec 2016	30 Jun 2016
Financial assets:			
Financial investments at fair value through profit and loss	26	25	48
Financial investments held to maturity ²⁾	136	140	139
Long-term receivables	456	505	457
Derivatives identified as hedges	1,020	1,225	786
Derivatives at fair value through profit and loss for trading	86	65	41
Accounts receivable and other receivables	12,231	12,740	9,520
Short-term investments at fair value	3,024	4,542	5,746
Liquid assets	1,579	1,402	1,832
Total financial assets	18,558	20,644	18,569
Financial liabilities:			
Interest-bearing liabilities ³⁾	5,717	5,916	5,901
Derivatives identified as hedges	1,008	1,862	1,389
Derivatives at fair value through profit and loss for trading	47	93	46
Other liabilities	6,342	6,284	5,810
Total financial liabilities	13,114	14,155	13,146

¹⁾ 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 757.

²⁾ Fair value 2017 Jun: MSEK 139; 2016 Dec MSEK 140; 2016 Jun: MSEK 141.

³⁾ Fair value 2017 Jun: MSEK 5,839; 2016 Dec MSEK 6,052; 2016 Jun: MSEK 5,908.

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 Garman-Kohlhagens.

Level 1

According to listed (unadjusted) prices on an active market on the closing date:

- Bonds and interest-bearing securities
- Electricity derivatives
- Interest rate forwards

Level 2

According to accepted valuation models based on observable market data:

- Forward exchange contracts: Future payment flows in each currency are discounted by current market rates to the valuation day and valued in SEK at period-end exchange rates.
- Options: The Garman-Kohlhagens option-pricing model is used in the market valuation of all options.
- Interest swaps and cross currency basis 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.

Level 3

According to accepted principles, e.g. for venture capital firms:

- Unlisted shares and participations

As of 30 June 2017 the Group had the following financial assets and liabilities at fair value:

Assets at fair value

MSEK	30 Jun 2017	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	3,024	3,024	-	-
Forward exchange contracts	1,025	-	1,025	-
Currency options	39	-	39	-
Cross currency basis swaps	34	-	34	-
Electricity derivatives	8	8	-	-
Shares and participations	26	-	-	26
Total	4,156	3,032	1,098	26

Liabilities at fair value

MSEK	30 Jun 2017	Level 1	Level 2	Level 3
Forward exchange contracts	932	-	932	-
Currency options	17	-	17	-
Interest rate swaps	103	-	103	-
Electricity derivatives	3	3	-	-
Total	1,055	3	1,052	-

NOTE 9 Supplemental information on statement of cash flows

Free cash flow

MSEK	Total Group Jan-Jun 2017	Total Group Jan-Jun 2016	Q2 2017	Q2 2016	Total Group Full Year 2016
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items	1,517	1,227	731	632	2,927
Cash flow from changes in working capital:					
Amounts due from and to customers	-2,084	4,699	-1,963	1,026	5,092
Inventories	-841	-509	-358	-196	-1,329
Other current receivables	1,207	-530	73	-307	-2,540
Other current liabilities	744	237	581	461	521
Provisions	-31	-114	-9	-41	-323
Change in working capital	-1,005	3,783	-1,676	943	1,421
Cash flow from operating activities excluding taxes and other financial items	512	5,010	-945	1,575	4,348
Investing activities:					
Investments in intangible fixed assets	-421	-476	-193	-304	-882
Investments in tangible fixed assets	-556	-301	-309	-156	-807
Sales and disposals of tangible fixed assets	22	22	18	22	27
Investments in financial fixed assets	-	-62	-	-	-83
Cash flow from investing activities ¹⁾	-955	-817	-484	-438	-1,745
Operational cash flow	-443	4,193	-1,429	1,137	2,603
Taxes and other financial items	-83	-219	1	-118	-194
Sale of and investments in financial assets	-6	-	-1	-	-78
Investments in operations	-	-	-	-	-49
Sale of subsidiaries	-	77	-	77	77
Free cash flow	-532	4,051	-1,429	1,096	2,359

1) 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 sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

Free cash flow vs. statement of cash flows

MSEK	Jan-Jun 2017	Jan-Jun 2016	Q2 2017	Q2 2016	Full Year 2016
Free cash flow	-532	4,051	-1,429	1,096	2,359
Investing activities – interest-bearing:					
Short-term investments	1,515	-2,700	1,744	-194	-1,525
Other financial investments and receivables	-39	-26	-26	-19	17
Financing activities:					
Repayments of loans	-176	-564	-170	-210	-582
Raising of loans	-	732	-	111	732
Dividend paid to the Parent Company's shareholders	-559	-530	-559	-530	-530
Dividend paid to non-controlling interest	-3	-	-3	-	-5
Transactions with non-controlling interest	-	-	-	-	15
Cash flow for the period	206	963	-443	254	481

Liquid assets

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
The following components are included in liquid assets:			
Cash and bank balances	879	1,102	1,232
Bank deposits	700	300	600
Total according to balance sheet	1,579	1,402	1,832
Total according to statement of cash flows	1,579	1,402	1,832

NOTE 10 Business combinations

No significant acquisitions through business combinations were made during the first half-year 2017.

NOTE 11 Defined-benefit plans

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary.

Pension obligation according to IAS 19

MSEK	30 Jun 2017	31 Dec 2016	30 Jun 2016
Defined-benefit obligation	9,087	8,608	8,494
Special employers' contribution	692	594	603
Less plan assets	6,397	6,184	5,830
Total provisions for pensions	3,382	3,018	3,267
of which reported as long-term receivable	51	51	49

NOTE 12 Contingent liabilities

No additional significant commitments have arisen during the period. With regard to the Group's so-called 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 13 Transactions with related parties

No significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report 2016, note 40.

NOTE 14 Definitions

Below are definitions of financial key ratios that are used in the report. For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.

Capital employed

Total assets less non-interest-bearing liabilities.

Earnings per share

Net income for the period attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution.

EBITDA

Operating income before depreciation/amortisation and write-downs.

EBITDA margin

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

Effective tax rate

Current and deferred taxes as a percentage of income before tax.

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.

Free cash flow

Cash flow from operating activities and from investing activities, excluding acquisitions and divestments of short-term investments and other interest-bearing financial assets.

Free cash flow per share

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

Gross margin

Gross income as a percentage of sales.

Net investments

Acquisitions and divestments of intangible and tangible fixed assets, and acquisitions and divestments of non-interest-bearing financial assets.

Net liquidity/net debt

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

Operating margin

Operating income (EBIT) as a percentage of sales.

Operational cash flow

Cash flow from operating activities, excluding taxes and other financial items, and acquisitions and divestments of intangible fixed assets and tangible fixed assets.

Order backlog

Total value of orders at the end of the period.

Order bookings

Total value of orders received during the period.

Organic sales growth

Change in sales in percentage adjusted for effects from exchange rate due to the translation of foreign subsidiaries, and structural changes such as acquisitions and divestments of subsidiaries.

Return on capital employed

Operating income plus financial income (rolling 12 months) as a percentage of average capital employed.

Return on equity

Net income for the period (rolling 12 months) as a percentage of average equity.

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

MTN

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

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 20 July 2017

Marcus Wallenberg
Chairman

Sten Jakobsson
Deputy chairman

Danica Kragic Jensfelt
Board member

Sara Mazur
Board member

Daniel Nodhäll
Board member

Bert Nordberg
Board member

Erika Söderberg Johnson
Board member

Cecilia Stegö Chiló
Board member

Joakim Westh
Board member

Stefan Andersson
Board member

Göran Gustavsson
Board member

Nils Lindskog
Board member

Håkan Buskhe
President and CEO and Board member

REVIEW REPORT

Saab AB (publ.), organisation number 556036-0793

Introduction

We have reviewed the condensed interim financial information (interim report) of Saab AB as of 30 June 2017 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report 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, ISA, 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, we do not express an audit opinion.

Conclusion

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

Stockholm 20 July 2017
PricewaterhouseCoopers AB

Bo Hjalmarrsson
Authorised Public Accountant

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, on 20 July 2017 at 07.30 (CET).

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Press and financial analyst conference

20 July 2017 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:

<http://saab-interimreport.creo.se/170720>

Conference call:

Please, dial in using one of the numbers below.

UK: +442030089819

US: +18558315948

SE: +46856642698

The interim report, the presentation material and the webcast will be available on saabgroup.com.

CALENDAR

INTERIM REPORT JANUARY–SEPTEMBER 2017

PUBLISHED 24 OCTOBER 2017

YEAR-END REPORT 2017

PUBLISHED 16 FEBRUARY 2018

INTERIM REPORT JANUARY–MARCH 2018

PUBLISHED 26 APRIL 2018

INTERIM REPORT JANUARY–JUNE 2018

PUBLISHED 20 JULY 2018

INTERIM REPORT JANUARY–SEPTEMBER 2018

PUBLISHED 23 OCTOBER 2018