



SAAB

INTERIM REPORT

JANUARY–JUNE
2008

RESULTS AND SUMMARY JANUARY–JUNE 2008

- Sales MSEK 11,025 (10,852)
- Net income for the period MSEK 569 (708)
- Earnings per share after full dilution SEK 5.25 (6.37)
- Order bookings MSEK 12,955 (8,345), the order backlog amounts to SEK 48.6 billion (47.8)
- Operating income MSEK 944 (1,044), corresponding to an operating margin of 8.6 percent (9.6)
- The Billion Program is progressing according to plan and has improved the margin by approximately 1 percentage point
- Market interest in Gripen has never been greater
- The full-year forecast remains unchanged. For 2008, we expect 5 percent organic sales growth and an operating margin of 10 percent

NEXT STEP FOR **GRIPEN** AND **CIVIL SECURITY**

STATEMENT BY THE CEO:

“During the second quarter, Saab took two important steps in its continued development. First, the Gripen Demo, the platform for the aircraft’s long-term development, was rolled out and tested on its maiden flight. Secondly, a reorganization of the company was launched to further improve future opportunities in the area of civil security. At the same time, Saab consolidated its market position for several world-leading products.”

Saab’s order bookings increased during the first half year to MSEK 12,955 (8,345). The order backlog amounted to SEK 48.6 billion (47.8). The international share of the order backlog was 79 percent (81). Sales increased to MSEK 11,025 (10,852) and net income for the period was MSEK 569 (708). Operating income was MSEK 944 (1,044), corresponding to an operating margin of 8.6 percent (9.6). The lower operating income is mainly due to higher marketing expenses largely related to tenders for Gripen to a number of countries.

Saab’s business in South Africa and Saab Grintek has been negatively affected. During June and the beginning of July agreements have been closed with new partners in South Africa, and has already had a positive impact.

Great interest in Gripen

The next generation of the Gripen fighter aircraft was unveiled on April 23 and a month later made its successful maiden flight. By using a flying test platform called Gripen Demo, the aircraft can be equipped with new technology and capabilities that can serve as the basis of completely new versions or be integrated into current versions. Gripen’s development is being conducted together with leading companies such as Thales, General Electric, Volvo Aero, Kongsberg, Rockwell Collins, Honeywell, APPH, Terma, Martin-Baker and Meggitt.

Interest in Gripen is greater than ever, as manifested during the period when Saab responded to India’s Request for Proposal for 126 aircraft on the same day, April 28,

that it also participated in the Swedish Defence Material Administration’s tender to Norway for 48 aircraft. Market interest is further confirmed by the tender being submitted to Switzerland after the end of the period as well as by the ongoing task of answering requests from both Brazil and the Netherlands.

Important milestone for Erieye

Another successful maiden flight was conducted during the second quarter. In this case it was the first Saab 2000 Erieye AEW&C aircraft scheduled for delivery to Pakistan, which reached this important milestone in the project.

Continued focus on civil security

During the last three years, Saab has increased its annual sales in civil security from MSEK 400 to SEK 1 billion. During the second quarter, an important contract was signed with the Swedish Prison and Probation Service for advanced surveillance systems at new maximum security units and remand centres.

Saab anticipates great future opportunities in civil security. By consolidating the units currently active in the area in a new business unit, Saab Security (in the Defence and Security Solutions segment), opportunities in the international market will improve, as will the potential for stronger growth. Saab’s aim is to become an established, well-recognized brand in civil security.

World-leading products

Important new orders for radar and anti-armour weapons, among other things,

indicate that Saab's position in the global market remains strong. Several of these orders come from the U.S. market.

Billion SEK program

Saab is going to have to create greater financial flexibility in order to self-finance new product and service development and increase international marketing of products and services.

To afford these investments and at the same time reach and maintain a level of profitability that meets the company's long-term objectives, an efficiency improvement program was launched in connection with the

release of the third quarter results for 2007 which will reduce costs by SEK 1 billion yearly by 2011 compared with the start of 2008. During the first half-year 2008, these efforts continued according to plan, and improvements of MSEK 250 are expected for the full-year 2008.

Unstable World Economy

The weak dollar exchange rate puts pressure on the European industry's ability to compete with the addition of the high price of oil having a negative impact on the market for civilian aircraft during the period. These factors, together with delays in two major aircraft projects, have had repercussions

on Saab. At the same time, the Swedish Armed Forces are undergoing restructuring. Upcoming budget proposals for the future development of the Swedish Armed Forces will be released late in the autumn according to the Swedish Government. The total risk level has consequently increased. This will continue to affect Saab.

Outlook 2008

For 2008, we expect development in line with Saab's long-term financial objectives: 5 percent organic sales growth and an operating margin of 10 percent excluding non-recurring items.

IMPORTANT EVENTS APRIL – JUNE 2008

- Saab signed a contract for delivery of five GIRAFFE AMB radar systems to Lockheed Martin UK - INSYS for the United Kingdom. The order value is approximately MSEK 350.
- Saab signed a contract, with Securitas Systems as a subcontractor, with the Swedish Prison and Probation Service for advanced surveillance systems for new maximum security units and remand centres. The order value is MSEK 282.
- Gripen Demo – a flying development platform for current and future generations of Gripen – was introduced and conducted its maiden flight one month after the aircraft's roll-out. A completely new radar Saab is under development in cooperation with Thales of France, as well as a new, more powerful engine and a new modular avionics system, were among the new features.
- The maiden flight of the first Saab 2000 Erieye AEW&C aircraft scheduled for delivery to Pakistan was successfully conducted.
- The Swedish Defence Material Administration, FMV, on behalf of the Swedish government, handed over its compliant response to the Norwegian Ministry of Defence's Request for Binding Information for up to 48 Gripen aircraft.
- Saab handed over its compliant response to the Indian Ministry of Defence's Request for Proposal for 126 Gripen for the Indian Air Force.
- Saab signed a cooperation agreement with Kongsberg Defence & Aerospace, Thales of Norway, Nammo, Simrad Optronics, Natech and TotAl-group as part of the preparations for an extensive industrial cooperation with Norwegian industry in connection with a potential Gripen deal.
- A new business unit for civil security (Saab Security in the Defence and Security Solutions segment) was formed to make Saab's product and service portfolio clearer for customers. Gunilla Fransson was appointed Managing Director of the new unit.
- Saab received an order from the United States government for the Carl-Gustaf weapon system. The order, comprising both weapons and ammunition, is worth MUSD 48 (approximately MSEK 285).
- Saab received an order from the U.S. armed force for the AT4 CS anti-armour system valued at approximately MSEK 185.
- Saab and the U.S. company Sensis entered into a cooperation agreement to promote, enhance and support Saab's GIRAFFE AMB radar system in the U.S. market.
- Agreement on Black Economic Empowerment (BEE) partner signed for Saab Grintek Technologies.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- Saab submitted a Gripen proposal to Switzerland. Gripen is one of three potential suppliers. The exact number of required aircraft has not been disclosed.
- Imbani Amandaba (Pty) Ltd acquired 25 percent plus one share of Saab Grintek Defence (Pty) Ltd. The sale to Imbani Amandaba, a so-called Black Economic Empowerment consortium, demonstrates Saab's willingness to develop operations in South Africa and meet the requirements of the country's Black Economic Empowerment policy.
- Saab received an order from the Swedish Defence Materiel Administration for electronic warfare systems and supplementary weapons pylons for Gripen to a total value of MSEK 574.
- On July 15, Saab Space was divested to the Swiss RUAG Group.
- Lena Olving has been appointed new Executive Vice President at Saab, a member of Group Management and head of the Systems and Products segment.

GROUP

MSEK	Jan - Jun 2008	Jan - Jun 2007	change	Apr - Jun 2008	Apr - Jun 2007	change
Order bookings	12,955	8,345	55%	5,206	2,954	76%
Order backlog	48,571	47,767	2%	-1,037 ²⁾	-3,672 ²⁾	-
Sales	11,025	10,852	2%	6,046	5,935	2%
Gross income ¹⁾	3,045	2,814	8%	1,665	1,464	14%
Gross margin, %	27.6	25.9	-	27.5	24.7	-
Operating income before depreciation/amortization (EBITDA) ¹⁾	1,421	1,501	-5%	834	879	-5%
Margin, %	12.9	13.8	-	13.8	14.8	-
Operating income (EBIT) ¹⁾	944	1,044	-10%	559	630	-11%
Operating margin, %	8.6	9.6	-	9.2	10.6	-
Adjusted operating margin, % ³⁾	8.9	8.2	-	9.9	8.0	-
Income before tax (EBT) ¹⁾	802	952	-16%	478	572	-16%
Net income	569	708	-20%	338	438	-23%
Earnings per share after dilution	5.25	6.37	-	3.12	3.98	-
Operating cash flow	-936	9	-	-1,239	-307	-
Net liquidity/debt (-)	-2,963	190	-	-1,709 ²⁾	-728 ²⁾	-
¹⁾ OF WHICH, RESULT FROM DIVESTMENTS	-	154	-	-	154	-
GAINS FROM CONTRACTS AT CLOSURE REGIONAL AIRCRAFT	196	-	-	196	-	-
WRITEDOWNS REGARDING COMMERCIAL AIRCRAFT PROGRAM	-234	-	-	-234	-	-
²⁾ QUARTERLY CHANGE						
³⁾ ADJUSTED FOR ITEMS ACCORDING TO NOTE 1 ABOVE						

Saab's business units are divided into the three business segments Defence and Security Solutions, Systems and Products, and Aeronautics for control and reporting purposes. In addition, Corporate comprises Group staffs and departments and peripheral operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft.

SALES, INCOME AND ORDERS
Second quarter 2008

Order bookings for the second quarter amounted to MSEK 5,206 (2,954). The previous year's order bookings were negatively affected by a reduction in the order from Pakistan for airborne surveillance system of SEK 1.35 billion. Major orders include the GIRAFFE radar system (MSEK 350), AT4 anti-armor system and Carl-Gustaf weapon system (totaling MSEK 470) and new

surveillance systems for the Swedish Prison and Probation Service (MSEK 282).

Sales in the second quarter amounted to MSEK 6,046 (5,935), an increase of 2 percent.

Gross income increased to MSEK 1,665 (1,464), corresponding to a margin of 27.5 percent (24.7). Income has been positively affected by MSEK 196 through gains on contractual settlements regarding regional aircraft. In addition, impairment losses of MSEK 234 have been reported on the A340 program due to a new estimation of future sales volume. During the second quarter, the Billion Program positively affected the margin by approximately 1 percentage point.

Operating income before depreciation and amortization (EBITDA) decreased to MSEK 834 (879), corresponding to a margin of 13.8 percent (14.8). The decrease

is due to the fact that the second quarter of 2007 was affected by capital gains of MSEK 154 on business and property divestments. Marketing expenses increased with MSEK 49 and research and development with MSEK 67.

Operating income during the second quarter amounted to MSEK 559 (630). Quarterly information are shown on page 19.

January–June 2008 Orders

Order bookings for the first half year totaled MSEK 12,955 (8,345), of which 72 percent (71) was from customers outside Sweden and 67 percent (68) was attributable to defence-related operations.

The order backlog at the end of the period was MSEK 48,571 (47,767). International orders accounted for 79 percent (81).

The order backlog primarily includes:

- Gripen to Sweden and on export
- Airborne early warning systems
- Active and passive countermeasure systems
- Missile systems for air, sea and land
- Structures and subsystems for the aircraft producers Airbus and Boeing
- Anti-tank systems
- Command and control, avionics and fire control systems
- Radar systems

Sales

Sales during the first half year 2008 amounted to MSEK 11,025 (10,852), an increase of 2 percent. Organic growth was 2 percent after currency and structural adjustments. Sales year-to-year were negatively affected by exchange rate fluctuations of about MSEK 120, or 1 percent to sales. The effects relate to the translation of foreign subsidiaries from local currency to Swedish krona, largely due to South Africa and the U.S.

Of sales, 83 percent (82) related to the defence market. Sales in the international market amounted to MSEK 7,259 (6,889), or 66 percent (64) of total sales. Total sales in the EU, excluding Sweden, were MSEK 2,794 (3,025).

Income, margin and profitability

Gross income amounted to MSEK 3,045 (2,814), corresponding to a gross margin of 27.6 percent (25.9). The gross margin remains unchanged for Defence and Security Solutions and improved for Systems and Products, while Aeronautics' gross margin was lower than the previous year. The Billion Program positively affected the margin by approximately 1 percentage point during the first half year. The largest part of the savings has been in Systems and Products.

Other operating income, MSEK 99 (218), includes currency gains and results from secondary activities. The previous year was affected by gains of MSEK 154 on business and property divestments.

Marketing expenses for the first half year 2008 amounted to MSEK 925 (817). The increase is essentially attributable to tenders for Gripen to a number of countries. Ad-

ministrative expenses amounted to MSEK 711 (701). The period's internally funded investments in research and development amounted to MSEK 685 (601), of which a total of MSEK 349 (289) has been capitalized. Operating income for the period has been charged with MSEK 551 (471), including amortization of MSEK 215 (159).

Other operating expenses, MSEK 20 (23), consist of exchange rate differences, among other things.

The share of income in associated companies, MSEK 7 (24), primarily relates to net income in Taurus GmbH.

Operating income before depreciation and amortization (EBITDA) amounted to MSEK 1,421 (1,501). The EBITDA margin was 12.9 percent (13.8). Operating income (EBIT) amounted to MSEK 944 (1,044). The operating margin was 8.6 percent (9.6). The adjusted operating margin was 8.9 percent (8.2). Among the business segments, the adjusted operating margin fell for Defence and Security Solutions but improved for Aeronautics and Systems and Products year-to-year.

Net financial income and expenses amounted to MSEK -142 (-92), of which the share in income of associated companies held as financial assets amounted to MSEK -19 (-22). Project interest from unutilized advance payments has reduced the financial net by MSEK 68 (83) and reduced the cost of goods sold correspondingly. Other net interest amounted to MSEK -55 (13), which was due to the fact that the Group reported a net debt this year, against net liquidity last year. Income before taxes amounted to MSEK 802 (952).

Current and deferred taxes during the first half year 2008 amounted to MSEK -233 (-244), or an effective tax rate of 29 percent (26). The lower tax rate during the first half of 2007 was mainly due to tax-exempt gains on business divestments.

Net income for the period was MSEK 569 (708), of which the minority interest amounted to MSEK -4 (13). Diluted earnings per share for the interests of the Parent Company's shareholders amounted to SEK 5.25 (6.37).

The return on capital employed for the

last twelve month period was 17.8 percent (16.5) and the return on equity was 17.2 percent (13.5).

ACQUISITIONS AND DIVESTMENTS

No significant acquisitions or divestments were made during the first half year 2008.

FINANCIAL POSITION AND LIQUIDITY

Balance sheet

Intangible fixed assets amount to MSEK 8,090 (8,075), of which goodwill amounts to MSEK 3,520 (3,472) and is largely attributable to the acquisitions of Celsius in 2000 and Saab Microwave Systems in 2006. Remaining goodwill primarily relates to the acquisitions of Grintek, Saab Avionics and Combitech. Other intangible fixed assets amount to MSEK 4,570 (4,603), of which capitalized development expenses amount to MSEK 3,852 (3,766). Other intangible fixed assets consist of acquired product development/technology and customer relations primarily for radar and sensors as well as capitalized development expenses for the export version of Gripen, radar jamming systems and missile systems. Amortization of intangible fixed assets amounted to MSEK 305 (235) for the period, of which amortization of capitalized product development amounted to MSEK 215 (159).

Tangible fixed assets amount to MSEK 3,527 (4,204) and refer to property, plant and equipment used in core operations. The decrease is attributable to the sale of operating properties in the previous year. Investment properties refer to properties leased to outside parties and valued at estimated fair value. Lease assets amount to MSEK 1,574 (2,061) and primarily relate to the leasing fleet of regional aircraft. Depreciation for the period on tangible fixed assets amounted to MSEK 172 (222), while depreciation on the leasing fleet amounted to MSEK 80 (96).

Shares in associated companies include the shares in Hawker Pacific, Grintek Ewation and Denel Saab Aerostructures.

Inventories are recognized after deducting utilized advances. Other receivables primarily relate to receivables from customers (after deducting utilized advances).

Assets held for sale refer to Saab Space. During the second quarter 2008, a decision was made not to sell Saab Grintek Technologies when a prospective buyer decided not to acquire the company. Despite strong efforts, an alternative buyer has not been found.

Shareholders' equity related to the Parent Company's shareholders amounted to MSEK 10,830 (9,888), or SEK 99.22 per share (90.59) on a fully diluted basis. The equity/assets ratio was 32.5 percent (30.9).

Provisions for pensions amounted to MSEK 26, compared with MSEK 251 on June 30, 2007. During the period, the Saab Pension Fund was capitalized with a total of MSEK 127. The purpose of the fund is to secure defined-benefit pension plans. The market value of the Saab Pension Fund was MSEK 3,365 at the end of the period, compared with an obligation of MSEK 4,168 according to IAS 19. Solvency margin was 81 percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 84 percent. Because Saab applies the so-called corridor rule, the liability carried in the balance sheet before deducting assets under management amounts to MSEK 3,391.

Deferred tax refers to temporary differences between the carrying value of assets and liabilities and their value for tax purposes and tax loss carryforwards. Other provisions chiefly relate to obligations and anticipated deficits attributable to regional aircraft.

Liquidity and finance

The Group's net debt refers to interest-bearing liabilities and provisions for pensions less cash, short-term investments and interest-bearing receivables. Net debt has increased by MSEK 1,336 since the beginning of the year and amounted to MSEK 2,963 at the end of the period.

Cash flow

Operating cash flow amounted to MSEK -936 (9) during the period and was

distributed between cash flow from core operating activities of MSEK -1,058 (-470), acquisitions of MSEK 0 (-138), divestments of subsidiaries and associated companies of MSEK 40 (308) and the regional aircraft business, MSEK 82 (309). The negative operating cash flow was mainly caused by reduced advances and deferred income (milestone payments) and increased inventories.

CAPITAL EXPENDITURES AND PERSONNEL

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 133 (202).

Investments in intangible assets amounted to MSEK 349 (313) and relate to capitalized product development.

Personnel

At the end of the period, the Group had 13,793 employees, against 13,757 at the beginning of the year.

RISKS AND UNCERTAINTIES

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world. The international part of the business is growing. Projects generally entail significant amounts of money, long periods of time and the technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations entail significant risk-taking in various respects. The key risk areas are political, operating and financial risks. Various policies and instructions govern the management of significant risks.

Saab conducts significant development projects and manages the associated risks.

Saab applies the percentage-of-completion method to recognize revenue from long-term customer projects. An estimation of total costs is critical to this method, and the outcome of technical and commercial risks may affect income. The general description of the risk areas for 2008 can be found on pages 43-45 of the annual report for 2007.

SHARE REPURCHASE

In 2007, one million shares were repurchased for the Group's share matching plan. The number of repurchased Treasury shares as of June 30 was 999,808. In June 2008, the Board of Directors authorized the repurchase of 1,340,000 shares to hedge the year's share matching plan and performance share plan. The repurchases will begin on July 21, 2008.

EVENTS AFTER THE BALANCE SHEET DATE

On July 15, Saab Space was divested to the Swiss RUAG Group.

No other significant events have occurred since the balance sheet date that affect the Group's results of operations or financial position.

DEFENCE AND SECURITY SOLUTIONS

MSEK	Jan - Jun 2008	Jan - Jun 2007	change	Apr - Jun 2008	Apr - Jun 2007	change
Order bookings	4,098	2,933	40%	1,848	819	126%
Order backlog	10,208	12,255	-17%	-461 ²⁾	-1,452 ²⁾	-
Sales	4,461	4,317	3%	2,365	2,264	4%
Operating income before depreciation/amortization (EBITDA) ¹⁾	470	544	-14%	237	267	-11%
Margin, %	10.5	12.6	-	10.0	11.8	-
Operating income (EBIT) ¹⁾	380	446	-15%	187	216	-13%
Operating margin, %	8.5	10.3	-	7.9	9.5	-
Adjusted operating margin, % ³⁾	8.5	9.2	-	7.9	7.5	-
Operating cash flow	-348	312	-	-196	-250	-
No. of employees	4,812	4,902	-2%	-	-	-
¹⁾ OF WHICH, RESULT FROM DIVESTMENTS	-	47	-	-	47	-
²⁾ QUARTERLY CHANGE						
³⁾ ADJUSTED FOR ITEMS ACCORDING TO NOTE 1 ABOVE						

The Defence and Security Solutions business segment brings together Saab's capabilities in the development and integration of high-technology systems for reconnaissance, surveillance, command and control, and communication. In the international market, tactical command and combat systems for land, sea and airborne forces are among the areas where Saab has an especially strong position.

The segment also offers a wide range of lifecycle support solutions. Consulting services in systems development, systems integration, and information and system security for customers mainly in the defence, automotive and telecommunication industries as well as government agencies with responsibility for infrastructure are part of the portfolio as well.

The market for civil security systems continues to develop, creating new opportunities. Saab can supply robust systems for crisis management and protection of infrastructure.

On July 1, a new business unit, Saab Security, will be formed to consolidate the Group's resources in security in a new unit.

SALES, INCOME AND ORDERS
Second quarter 2008

Order bookings for the second quarter amounted to MSEK 1,848 (819). The previous year was affected by SEK 1.35 billion due to the reduced order for airborne surveillance system from Pakistan. Saab Grintek's order bookings, sales and operating income has been negatively affected due to the lack of so-called Black Economic Empowerment (BEE) partners in South Africa.

Sales rose by 4 percent to MSEK 2,365.

Operating income amounted to MSEK 187 (216) and the operating margin was 7.9 percent (9.5).

**January-June 2008
Orders**

Order bookings for Defence and Security Solutions amounted to MSEK 4,098 (2,933). Saab Communication's order bookings increased through orders from the Oskarshamn nuclear power plant and the Swedish Prison and Probation Service.

Sales

Sales for Defence and Security Solutions rose to MSEK 4,461 (4,317), an increase of 3 percent. The international market accounted for 51 percent (55) of sales. The business segment was negatively affected by approximately MSEK 60 from exchange rate fluctuations on the translation of Grintek's revenue in South African ZAR, corresponding to more than 1 percent of sales. All business units except Grintek contributed to the sales increase.

Income and margin

Operating income for Defence and Security Solutions amounted to MSEK 380 (446) with a margin of 8.5 percent (10.3). Income from Aerotech operations and surveillance systems improved, while income from command and control systems and Saab Grintek declined. The latter due to the lack of Black Economic Empowerment partners.

Operating cash flow

Operating cash flow amounted to MSEK -348 (312). The negative cash flow is mainly attributable to an increase in capital tied up in surveillance systems.

SYSTEMS AND PRODUCTS

MSEK	Jan - Jun 2008	Jan - Jun 2007	change	Apr - Jun 2008	Apr - Jun 2007	change
Order bookings	5,043	4,069	24%	2,207	1,731	27%
Order backlog	18,530	18,107	2%	-91 ²⁾	-1,193 ²⁾	-
Sales	3,972	4,302	-8%	2,238	2,417	-7%
Operating income before depreciation/amortization (EBITDA) ¹⁾	607	626	-3%	361	353	2%
Margin, %	15.3	14.6	-	16.1	14.6	-
Operating income (EBIT) ¹⁾	366	403	-9%	228	245	-7%
Operating margin, %	9.2	9.4	-	10.2	10.1	-
Adjusted operating margin, % ³⁾	9.2	8.3	-	10.2	8.2	-
Operating cash flow	727	-329	-	-201	-605	-
No. of employees	5,330	5,209	2%	-	-	-
¹⁾ OF WHICH, RESULT FROM DIVESTMENTS	-	47	-	-	47	-
²⁾ QUARTERLY CHANGE						
³⁾ ADJUSTED FOR ITEMS ACCORDING TO NOTE 1 ABOVE						

Customers in the Systems and Products business segment mainly consist of defence authorities and other defence contractors around the world. Saab has a broad-based portfolio of products and systems that in many cases are world leaders.

In avionics (aeronautical electronics), Saab is a leading supplier to both military and civil aviation manufacturers.

In weapon systems, Saab's portfolio ranges from man-portable weapons such as the Carl-Gustaf anti-armour weapon and its successors AT4 and NLAW to the missile systems RBS 15, RBS 70 and Bamse.

Electronic warfare – warning, jamming and protection against detection and weapons – is another area where Saab has developed world-leading products for a large number of combat vehicles, aircraft, helicopters, submarines and surface vessels around the world.

The radar and sensor operations contribute vital components to Saab's major systems solutions such as the Bamse missile platform, the Gripen combat fighter and Saab's airborne surveillance system. But they also include products that command a leading position in the global market. The weapon detecting radar ARTHUR and the search radar GIRAFFE are two examples.

Signature management, camouflage which prevents detection by even the most advanced technical equipment, is another area where Saab has a world-leading position.

Saab also has a strong position in advanced training systems for land-based forces and now lists special police units among its customers.

Underwater technology for shallow water and harbours is another area where Saab has leading expertise. Significant potential exists in autonomous, unmanned underwater vehicles for both military and commercial applications.

Saab is also one of Europe's leading independent suppliers of advanced equipment for the space industry.

SALES, INCOME AND ORDERS

Second quarter 2008

Order bookings for the second quarter amounted to MSEK 2,207 (1,731) and among others relate to orders for AT4 and Carl-Gustaf.

Sales amounted to MSEK 2,238 (2,417). The decrease was again due to low sales of NLAW, signature management systems in the U.S. and Saab Microwave Systems due to variations over time on projects.

Operating income decreased to MSEK 228 (245). The operating margin was 10.2 percent (10.1).

January-June 2008

Orders

Order bookings for Systems and Products rose to MSEK 5,043 (4,069). Among major orders received during the period, the GIRAFFE radar system and avionics systems account for a large share of the segment's increase. Order bookings also rose for underwater systems and space systems.

Sales

Sales for Systems and Products decreased by 8 percent to MSEK 3,972 (4,302). International sales accounted for 72 percent (71). Sales decreased for signature management systems due to lower revenue in the U.S. and for radar systems due to temporarily lower activity in certain programs. Sales were negatively affected by approximately MSEK 60 by the effects of exchange rate fluctuations on the translation of foreign subsidiaries, corresponding to slightly over 1 percent of sales.

Income and margin

Operating income for Systems and Products amounted to MSEK 366 (403) with an operating margin of 9.2 percent (9.4). Income for missile systems was lower because last year's result contained a gain on a property sale, while signature management systems had lower operating income year-to-year due to lower sales volume in the U.S. Operating income increased for radar systems compared with the same period of the previous year thanks to a better product mix. The Billion Program has positively affected the operating margin by around 2 percentage points.

Operating cash flow

Operating cash flow amounted to MSEK 727 (-329). The positive cash flow is mainly due to improved working capital in missile and radar systems.

AERONAUTICS

MSEK	Jan - Jun 2008	Jan - Jun 2007	change	Apr - Jun 2008	Apr - Jun 2007	change
Order bookings	5,425	2,221	144%	2,103	932	126%
Order backlog	22,767	19,507	17%	-104 ²⁾	-865 ²⁾	-
Sales	3,652	3,004	22%	2,040	1,621	26%
Operating income before depreciation/amortization (EBITDA) ¹⁾	148	254	-42%	2	157	-99%
Margin, %	4.1	8.5	-	0.1	9.7	-
Operating income (EBIT) ¹⁾	45	188	-76%	-66	121	-155%
Operating margin, %	1.2	6.3	-	-3.2	7.5	-
Adjusted operating margin, % ³⁾	7.6	6.3	-	8.2	7.5	-
Operating cash flow	-1,162	-85	-	-993	39	-
No. of employees	3,023	2,945	3%	-	-	-
¹⁾ OF WHICH: WRITEDOWNS REGARDING COMMERCIAL AIRCRAFT PROGRAM	-234	-	-	-234	-	-
²⁾ QUARTERLY CHANGE						
³⁾ ADJUSTED FOR ITEMS ACCORDING TO NOTE 1 ABOVE						

Saab's aeronautics operations are dominated by the Gripen program. Gripen, the world's most modern fighter aircraft in operational service, is currently used in Sweden and NATO members Czech Republic and Hungary. South Africa will place Gripen in operational service in 2008. Export potential is high, and Saab is working actively in a number of markets to win new contracts. The Gripen program includes significant sales of modifications, training and maintenance.

Saab is also a leader in the development of unmanned aerial vehicles, UAVs. In-house products are blended with participation in international development programs. Saab has primary responsibility for key subsystems in the Neuron program, a European project to develop an unmanned combat air vehicle and next-generation fighter aircraft.

In its role as a subsystem supplier, Saab develops complex structural units and subsystems for commercial and military aircraft manufacturers.

SALES, INCOME AND ORDERS

Second quarter 2008

Order bookings for Aeronautics increased to MSEK 2,103 (932). A large part of the increase in order bookings relates to indexes and improved prices.

Sales amounted to MSEK 2,040 (1,621). Sales rose for both Gripen and the aerostructure operations.

Operating income decreased to MSEK -66 (121). During the quarter, the A340 program was written down by MSEK 234 due to a new estimate of future sales volume.

January-June 2008 Orders

Order bookings for Aeronautics amounted to MSEK 5,425 (2,221). Among major orders was an export contract from Thailand worth slightly more than SEK 2 billion, for six Gripen fighters of the C/D version, two Saab 340 aircraft, and related equipment and services. Order bookings for Saab Aerostructures increased, mainly due to good development for the Boeing 787.

Sales

Aeronautics' sales increased to MSEK 3,652 (3,004). The increase was significant for both Gripen and aerostructure operations. Of total sales, 42 percent (51) relates to the Swedish market, including deliveries of Gripen in batch 3. International sales mainly refer to Gripen in South Africa and aerostructures for Airbus and Boeing.

Income and margin

Operating income for Aeronautics decreased to MSEK 45 (188). The operating margin of 1.2 percent (6.3) remains under pressure from low margins on certain Gripen contracts and low capacity utilization in civil programs as well as the write-down mentioned above.

Operating cash flow

Operating cash flow amounted to MSEK -1,162 (-85). Cash flow has been negatively affected by lower advances from Gripen customers and increased inventories in aerostructure operations.

Strong interest in Gripen on the world market

Gripen have six customers at present. In addition to Sweden, the NATO member countries of Hungary and the Czech Republic both operate the aircraft, and the UK ETPS (Empire Test Pilots School) uses Gripen as its training platform. In February Thailand placed an order for Gripen and deliveries to South Africa have been underway since April this year.

At present, there are binding Gripen tenders for Denmark, Norway, India, Romania and Switzerland. In addition, Saab has responded to, or is working on responses to requests for information of differing degrees from Bulgaria, Croatia, Brazil and the Netherlands. Saab is also marketing Gripen in several other countries. Saab's business objective to sell at least 200 Gripen aircraft on the world market remains.

Countries and requested number of aircraft

- Denmark 48 aircraft
- Norway 48 aircraft
- India 126 aircraft
- Romania 48 aircraft
- Switzerland App. 30 aircraft
- Bulgaria 16 aircraft
- Croatia 12 aircraft
- Brazil 36 aircraft
- The Netherlands 85 aircraft

CORPORATE

Corporate reported operating income of MSEK 153 (7). During the second quarter, gains from completion of contracts of MSEK 196 were reported with respect to regional aircraft. During the previous year, a property was sold with a gain of MSEK 60.

THE BILLION PROGRAM

Saab's market situation is rapidly changing. We are going to have to self-finance a larger share of new product and service development than before and increase the international marketing. To afford these investments and at the same time reach and maintain a level of profitability that meets the company's long-term objective, an efficiency improvement program was launched at the start of the year.

The program will reduce costs by MSEK 250 in 2008, another MSEK 350 in 2009 and MSEK 400 in 2010. In other words, by the

end of 2010 they will be SEK 1 billion lower than at the start of 2008. Around 75 percent of the savings will be generated by reducing the cost of goods sold (development, project implementation, purchasing and production) and will therefore positively affect the gross margin. The rest will be generated through lower operating expenses, mainly in administration.

The results during the first half year are slightly better than targeted and the positive effect on the gross margin is approximately 1 percentage point. The program is progressing in stable fashion. The costs associated with the program are slightly lower than planned. Efficiency improvements were mainly achieved during the first half year in purchasing and production, which is currently slightly over 70 percent of the improvements. No layoffs were announced during the period as a direct result of the program.

PARENT COMPANY

Sales and income

The Parent Company includes the business units Saab Aerosystems, Saab Aerostructures and the Swedish units within Saab Systems, Saab Avionics, Saab Aerotech, Saab Microwave Systems and Saab Communication. Group staffs and Group support are included as well.

The Parent Company's sales amounted to MSEK 7,328 (7,053). Operating income was MSEK 465 (434).

Net financial income and expenses amounted to MSEK -115 (186). After appropriations of MSEK 0 (0) and income tax of MSEK -77 (-133), net income for the period amounted to MSEK 273 (487).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 8,333 (4,410). Gross capital expenditures in property, plant and equipment amounted to MSEK 95 (120). At the end of the period, the Parent Company had 8,314 employees, compared with 8,143 in the previous year.

Share repurchase

The Annual General Meeting on April 15, 2008 decided to renew the Board of Directors' mandate to decide to repurchase up to

10 percent of the shares outstanding. The purpose of the authorization is to provide the Board with greater scope in working with the company's capital structure and enable acquisitions when considered appropriate, as well as to secure the Group's share matching plan. As proposed, the mandate would apply until the next Annual General Meeting. Repurchases may be effected over the stock exchange or through offerings to shareholders. It is also proposed that the Board's mandate include the possibility to transfer repurchased shares as allowed by law.

Owners

Saab's largest shareholders are BAE Systems, Investor AB, the Wallenberg foundations, Odin funds, Swedbank Robur funds, AMF Pension, Nordea funds, SEB funds, Orkla ASA and Lannebo funds.

Saab AB discloses the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 8:00 a.m. on July 18.

FOR FURTHER INFORMATION, PLEASE CONTACT

Media:

Toni Eriksson, Acting Press Secretary

Tel. +46-734-18 00 18

**Cecilia Schön Jansson, Group Senior Vice President,
Corporate Communications and Public Affairs**

Tel. +46-8-463 01 80, +46-734-18 71 80

Financial market:

Göran Wedholm, Manager Investor Relations

Tel. +46-13-18 71 21, +46-734-18 71 21

Lars Granlöf, CFO

Tel. +46-8-463 01 48, +46-734-18 71 48

Press conference with CEO Åke Svensson
and CFO Lars Granlöf

Today, Friday, July 18, 2008, 10:00 a.m. (CET)

World Trade Center, Stockholm

Contact Toni Eriksson, Acting Press Secretary

Tel. +46-734-18 00 18

International teleconference:

Today, Friday, July 18, 2008, 4:00 p.m. (CET)

Contact Annika Widell to register

and for further information

Tel. +46-8-463 01 47, +46-734-18 71 47

INTERIM REPORT JANUARY–SEPTEMBER 2008
YEAR-END REPORT 2008

PUBLISHED OCTOBER 17, 2008
PUBLISHED FEBRUARY 13, 2009

CONSOLIDATED INCOME STATEMENT

MSEK	Not	6 mos. 2008	6 mos. 2007	Rolling12	12 mos. 2007
Sales	3	11,025	10,852	23,194	23,021
Cost of goods sold		-7,980	-8,038	-16,791	-16,849
Gross income		3,045	2,814	6,403	6,172
Gross margin		27.6%	25.9%	27.6%	26.8%
Other operating income		99	218	666	785
Marketing expenses		-925	-817	-1,833	-1,725
Administrative expenses		-711	-701	-1,385	-1,375
Research and development costs		-551	-471	-1,333	-1,253
Other operating expenses		-20	-23	-46	-49
Share in income of associated companies		7	24	35	52
Operating income ¹⁾	3	944	1,044	2,507	2,607
Operating margin		8.6%	9.6%	10.8%	11.3%
Share in income of associated companies		-19	-22	-37	-40
Financial income		47	47	4	4
Financial expenses		-170	-117	-175	-122
Net financial items		-142	-92	-208	-158
Income before taxes		802	952	2,299	2,449
Taxes	4	-233	-244	-497	-508
Net income for the period		569	708	1,802	1,941
of which Parent Company shareholders' interest		573	695	1,799	1,921
of which minority interest		-4	13	3	20
Earnings per share before dilution, SEK ²⁾		5.30	6.37	16.61	17.68
Earnings per share after dilution, SEK ³⁾		5.25	6.37	16.48	17.60
¹⁾ INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT		-557	-553	-1,262	-1,258
OF WHICH DEPRECIATION OF LEASE ASSETS		-80	-96	-164	-180
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		108,150,440	109,113,144	108,308,248	108,668,700
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION		109,150,344	109,150,344	109,150,344	109,150,344

QUARTERLY INCOME STATEMENT

MSEK	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Sales	6,046	4,979	7,358	4,811	5,935	4,917
Cost of goods sold	-4,381	-3,599	-5,295	-3,516	-4,471	-3,567
Gross income	1,665	1,380	2,063	1,295	1,464	1,350
Gross margin	27.5%	27.7%	28.0%	26.9%	24.7%	27.5%
Other operating income	61	38	521	46	178	40
Marketing expenses	-483	-442	-479	-429	-434	-383
Administrative expenses	-368	-343	-330	-344	-349	-352
Research and development costs	-306	-245	-520	-262	-239	-232
Other operating expenses	-10	-10	-18	-8	-14	-9
Share in income of associated companies	-	7	8	20	24	-
Operating income ¹⁾	559	385	1,245	318	630	414
Operating margin	9.2%	7.7%	16.9%	6.6%	10.6%	8.4%
Share in income of associated companies	-13	-6	-10	-8	1	-23
Financial income	25	22	-37	-6	17	30
Financial expenses	-93	-77	-18	13	-76	-41
Net financial items	-81	-61	-65	-1	-58	-34
Income before taxes	478	324	1,180	317	572	380
Taxes	-140	-93	-172	-92	-134	-110
Net income for the period	338	231	1,008	225	438	270
of which Parent Company's shareholders' interest	341	232	1,008	218	434	261
of which minority interest	-3	-1	-	7	4	9
Earnings per share before dilution, SEK ²⁾	3.15	2.15	9.29	2.02	3.98	2.39
Earnings per share after dilution, SEK ³⁾	3.12	2.13	9.24	1.99	3.98	2.39
¹⁾ INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT	-315	-242	-449	-256	-294	-259
OF WHICH DEPRECIATION OF LEASE ASSETS	-40	-40	-40	-44	-45	-51
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	108,150,517	108,150,421	108,150,344	108,667,722	109,075,944	109,150,344
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

CONSOLIDATED BALANCE SHEET

MSEK	Not	6/30/2008	12/31/2007	6/30/2007
ASSETS				
Fixed assets				
Intangible fixed assets	6	8,090	7,940	8,075
Tangible fixed assets		3,527	3,619	4,204
Lease assets		1,574	1,822	2,061
Biological assets		241	241	231
Investment properties		72	72	67
Shares in associated companies		284	318	232
Financial investments		168	233	261
Long-term receivables		749	960	965
Deferred tax assets		518	542	494
Total fixed assets		15,223	15,747	16,590
Current assets				
Inventories		5,608	5,383	5,467
Derivatives		784	479	352
Tax receivables		139	122	112
Accounts receivable		3,002	3,724	3,390
Prepaid expenses and accrued income		824	556	900
Other receivables		5,899	5,862	5,179
Liquid Assets	7	1,311	858	796
Total current assets		17,567	16,984	16,196
Assets held for sale	8	597	1,070	-
TOTAL ASSETS	13	33,387	33,801	32,786

CONSOLIDATED BALANCE SHEET (CONT.)

MSEK	Note	6/30/2008	12/31/2007	6/30/2007
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		10,830	10,981	9,888
Minority interest		29	27	236
Total shareholders' equity		10,859	11,008	10,124
Long-term liabilities				
Long-term interest-bearing liabilities		21	25	619
Lease obligations		-	-	185
Other liabilities		251	284	316
Provisions for pensions	10	26	101	251
Other provisions		1,937	1,979	2,209
Deferred tax liabilities		1,253	1,263	811
Total long-term liabilities		3,488	3,652	4,391
Current liabilities				
Short-term interest-bearing liabilities		5,202	3,635	1,040
Advance payments from customers		2,009	2,558	3,868
Accounts payable		1,208	1,229	1,299
Lease obligations		72	204	78
Derivatives		598	414	271
Tax liabilities		345	368	533
Other liabilities		825	806	875
Accrued expenses and deferred income		7,978	8,788	9,402
Provisions		561	752	905
Total current liabilities		18,798	18,754	18,271
Liabilities attributable to assets held for sale	8	242	387	-
Total liabilities		22,528	22,793	22,662
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	13	33,387	33,801	32,786

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Equity attributable to Parent Company's shareholders					TOTAL	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
	CAPITAL STOCK	OTHER CAPITAL CONTRIBUTIONS	NET GAIN ON CASH FLOW HEDGES	TRANSLATION RESERVE	RETAINED EARNINGS			
Opening balance, January 1, 2008	1,746	543	80	-110	8,722	10,981	27	11,008
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	-249	-	-249	-	-249
Net gain on cash flow hedges	-	-	9	-	-	9	-	9
Net income of the period	-	-	-	-	573	573	-4	569
Transactions with shareholders:								
Dividend	-	-	-	-	-487	-487	-	-487
Share matching plan	-	-	-	-	3	3	-	3
Acquisitions in and sale of operations	-	-	-	-	-	-	6	6
Closing balance, June 30, 2008	1,746	543	89	-359	8,811	10,830	29	10,859
Opening balance, January 1, 2007	1,746	543	72	-8	7,449	9,802	223	10,025
Items reported directly in shareholders' equity:								
Translation differences for the period	-	-	-	16	-	16	1	17
Net loss on cash flow hedges	-	-	-101	-	-	-101	-	-101
Net income of the period	-	-	-	-	695	695	13	708
Transactions with shareholders:								
Dividend	-	-	-	-	-464	-464	-3	-467
Repurchase of shares	-	-	-	-	-58	-58	-	-58
Acquisitions in and sales of operations	-	-	-	-	-2	-2	2	-
Closing balance, June 30, 2007	1,746	543	-29	8	7,620	9,888	236	10,124

STATEMENT OF CASH FLOWS

MSEK	Note	6 mos. 2008	6 mos. 2007	12 mos. 2007
Operating activities				
Income after financial items		802	952	2,449
Transferred to pension fund		-127	-161	-283
Adjustments for items not affecting cash flow		548	706	867
Income tax paid		-139	-147	-216
Cash flow from operating activities before changes in working capital		1,084	1,350	2,817
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-428	-455	-644
Increase(-)/Decrease(+) in current receivables		120	-642	-1,605
Increase(+)/Decrease(-) in advance payments from customers		-520	210	-934
Increase(+)/Decrease(-) in lease obligations		-142	-193	-251
Increase(+)/Decrease(-) in other current liabilities		-592	-73	-287
Increase(+)/Decrease(-) in provisions		-192	-210	-443
Cash flow from operating activities		-670	-13	-1,347
Investing activities				
Investments in intangible fixed assets		-	-24	-8
Capitalized development costs		-349	-289	-658
Investments in tangible fixed assets		-133	-202	-395
Sale of tangible fixed assets		16	24	45
Sale of lease assets		85	307	325
Investments in and sale of financial assets		376	-33	-310
Investments in subsidiaries and ass. comp, net effect on liquidity	9	-	-138	-515
Sale of subsidiaries, net effect on liquidity	9	40	308	970
Cash flow from investing activities		35	-47	-546
Financing activities				
Loans raised		1,576	-	2,017
Loans amortized		-	-18	-
Share repurchase		-	-58	-184
Dividend paid to Parent Company's shareholders		-487	-464	-464
Contribution from/dividend to minority interest		7	-3	-2
Cash flow from financing activities		1,096	-543	1,367
Cash flow for the period	7	461	-603	-526
Liquid assets at beginning of the year		858	1,389	1,389
Exchange rate difference in liquid assets		-8	10	-5
Liquid assets at end of period	7	1,311	796	858

MSEK	QUARTERLY INFORMATION ¹⁾				JANUARY-MARCH		APRIL-JUNE	
	2008		2007		2008		2007	
Sales								
Defence and Security Solutions	2,096		2,053		2,365		2,264	
Systems and Products	1,734		1,885		2,238		2,417	
Aeronautics	1,612		1,383		2,040		1,621	
Corporate	10		20		12		11	
Internal sales	-473		-424		-609		-378	
Total	4,979		4,917		6,046		5,935	
Operating income								
Defence and Security Solutions	193	9.2%	230	11.2%	187	7.9%	216	9.5%
Systems and Products	138	8.0%	158	8.4%	228	10.2%	245	10.1%
Aeronautics	111	6.9%	67	4.8%	-66	-3.2%	121	7.5%
Corporate	-57		-41		210		48	
Total	385	7.7%	414	8.4%	559	9.2%	630	10.6%
Net financial items	-61		-34		-81		-58	
Income before taxes	324		380		478		572	
Net income for the period	231		270		338		438	
Attributable to Parent Company's shareholders	232		261		341		434	
Earnings per share after dilution	2.13		2.39		3.12		3.98	
No. of shares after dilution, thousands	109,150		109,150		109,150		109,150	

MSEK	QUARTERLY INFORMATION ¹⁾				JULY-SEPTEMBER		OCTOBER-DECEMBER	
	2008		2007		2008		2007	
Sales								
Defence and Security Solutions			2,069				2,914	
Systems and Products			1,839				2,950	
Aeronautics			1,279				2,227	
Corporate			9				11	
Internal sales			-385				-744	
Total			4,811				7,358	
Operating income								
Defence and Security Solutions			135	6.5%			353	12.1%
Systems and Products			100	5.4%			253	8.6%
Aeronautics			68	5.3%			198	8.9%
Corporate			15				441	
Total			318	6.6%			1,245	16.9%
Net financial items			-1				-65	
Income before taxes			317				1,180	
Net income for the period			225				1,008	
Attributable to Parent Company's shareholders			218				1,008	
Earnings per share after dilution			1.99				9.24	
No. of shares after dilution, thousands			109,150				109,150	

¹⁾ FOR INFORMATION ON THE BUSINESS SEGMENTS, SEE NOTE 3 ON PAGE 23-24.

MULTI-YEAR OVERVIEW

MSEK unless otherwise stated	2007	2006	2005	2004 ⁵⁾	2003
Order bookings	20,846	27,575	17,512	16,444	19,606
Order backlog at Dec. 31	47,316	50,445	42,198	43,162	45,636
Sales	23,021	21,063	19,314	17,848	17,250
Foreign market sales, %	65	65	56	48	46
Operating income	2,607	1,745	1,652	1,853	1,293
Operating margin, %	11.3	8.3	8.6	10.4	7.5
Operating margin before depreciation/amortization and impairments, excluding leasing, %	16.0	12.0	11.3	13.1	11.1
Income after financial items	2,449	1,693	1,551	1,712	1,073
Net income for the year	1,941	1,347	1,199	1,310	746
Total assets	33,801	32,771	30,594	27,509	28,704
Operating cash flow	-1,603	-1,900	2,645	325	545
Return on capital employed, %	19.4	14.5	14.6	17.3	12.7
Return on equity, %	18.5	13.8	13.5	16.7	10.8
Equity/assets ratio, %	32.6	30.6	31.0	29.9	24.4
Earnings per share, SEK ^{2) 4)}	17.68	11.91	10.89	11.78	7.00
after dilution, SEK ^{3) 4)}	17.60	11.91	10.89	11.78	6.91
Dividend per share, SEK	4.50	4.25	4.00	3.75	3.50
Equity per share, SEK ¹⁾	101.53	89.80	84.10	74.89	65.75
Number of employees at year-end	13,757	13,577	12,830	11,936	13,414

¹⁾NUMBER OF SHARES AS OF DECEMBER 31, 2007: 108 150 344; 2006/2005/2004: 109,150,344 AND 2003: 106,517,563

²⁾AVERAGE NUMBER OF SHARES 2007: 108 668 700; 2006/2005: 109,150,344; 2004: 108,234,126 AND 2003: 106,513,969

³⁾AVERAGE NUMBER OF SHARES AFTER DILUTION 2007/2006/2005: 109,150,344; 2004: 108,234,126; 2003: 109,247,175. CONVERSION OF THE DEBENTURE LOAN CONCLUDED ON JULY 15, 2004.

⁴⁾NET INCOME FOR THE YEAR LESS MINORITY INTEREST DIVIDED BY THE AVERAGE NUMBER OF SHARES.

⁵⁾RESTATEMENT ACCORDING TO IFRS, PREVIOUS YEARS ARE NOT RESTATEMENT

KEY RATIOS AND TARGETS

	target	6 mos. 2008	6 mos. 2007	12 mos. 2007
Operating margin before depreciation/amortization and impairments excluding leasing, %	15.0	12.9	13.8	16.0
Operating margin, %	10.0	8.6	9.6	11.3
Earnings per share after dilution, SEK ¹⁾		5.25	6.37	17.60
Return on capital employed, % ²⁾		17.8	16.5	19.4
Return on equity, % ²⁾	15.0	17.2	13.5	18.5
Equity/assets ratio, %	30.0	32.5	30.9	32.6
Equity per share after dilution, SEK ¹⁾		99.22	90.59	100.60

¹⁾AVERAGE NUMBER OF SHARES AFTER DILUTION 109,150,344

²⁾REGARDING THE PREVIOUS TWELVE MONTH PERIOD

PARENT COMPANY INCOME STATEMENT

MSEK	6 mos. 2008	6 mos. 2007	12 mos. 2007
Sales	7,328	7,053	14,779
Cost of goods sold	-5,379	-5,432	-11,430
Gross income	1,949	1,621	3,349
Gross margin	26.6%	23.0%	22.7%
Marketing expenses	-569	-460	-1,024
Administrative expenses	-414	-383	-747
Research and development costs	-479	-381	-864
Other operating income	32	44	173
Other operating expenses	-54	-7	-23
Operating income	465	434	864
Operating margin	6.3%	6.2%	5.8%
Financial income and expenses:			
Result from securities and receivables held as fixed assets	33	303	1,352
Other interest income and similar items	39	55	88
Interest expenses and similar items	-187	-172	-324
Income after financial items	350	620	1,980
Appropriations	-	-	-25
Income before taxes	350	620	1,955
Taxes	-77	-133	-311
Net income for the period	273	487	1,644

PARENT COMPANY BALANCE SHEET

MSEK	6/30/2008	12/31/2007	6/30/2007
ASSETS			
Fixed assets			
Intangible fixed assets	59	55	80
Tangible fixed assets	2,452	2,506	2,281
Shares in Group companies	11,971	11,964	12,125
Receivables from Group companies	154	166	294
Shares in associated companies and joint ventures	219	204	182
Receivables from associated companies and joint ventures	11	25	15
Other long-term securities holdings	1,524	1,514	66
Other long-term receivables	44	45	48
Deferred tax assets	504	487	503
Total fixed assets	16,938	16,966	15,594
Current assets			
Inventories, etc	3,880	4,524	4,583
Receivables from Group companies	2,883	3,461	3,118
Receivables from associated companies and joint ventures	304	349	158
Other receivables	7,645	6,274	3,863
Liquid assets	609	387	57
Total current assets	15,321	14,995	11,779
TOTAL ASSETS	32,259	31,961	27,373
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	6,759	5,599	6,055
Net income for the period	273	1,644	487
Total shareholders' equity	7,032	7,243	6,542
Untaxed reserves	463	463	438
Provisions			
Provisions for pensions and similar commitments	273	270	255
Other provisions	1,393	1,463	1,481
Total provisions	1,666	1,733	1,736
Liabilities			
Interest-bearing liabilities	5,523	3,658	223
Liabilities to Group companies	7,795	8,229	8,348
Advance payments from customers	2,728	3,164	2,030
Liabilities to associated companies and joint ventures	93	80	6
Other liabilities	6,959	7,391	8,050
Total liabilities	23,098	22,522	18,657
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	32,259	31,961	27,373

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The address of the company's head office is Kungsbron 1, Stockholm, with the mailing address Box 70 363, SE-107 24 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on OMX Nordic Exchange in Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report for 2007.

NOTE 2

ACCOUNTING PRINCIPLES

This interim report is prepared applied to the regulation for the interim reporting in the Annual Accounts Act and IAS 34. The same accounting principles have been applied during the period as in 2007, as described on pages 60-66 in the annual report 2007. The report does not contain all the information and disclosures available in the annual report, and the interim report should be read together with the annual report for 2007.

NOTE 3

SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, with its main operations in defence, aviation and space. Operations are primarily focused on well-defined areas in defence electronics, missile systems and space electronics as well as military and commercial aviation. Saab is also active in technical services and maintenance. While Europe is its main market, Saab has growing markets in Australia, South Africa and the U.S..

For a description of the business segments, see previous section.

SALES AND ORDER INFORMATION

Sales by business segment

MSEK	6 mos. 2008	6 mos. 2007	Change	Q2 2008	Q2 2007	Rolling 12 mos.	12 mos. 2007
Defence and Security Solutions	4,461	4,317	3%	2,365	2,264	9,444	9,300
Systems and Products	3,972	4,302	-8%	2,238	2,417	8,761	9,091
Aeronautics	3,652	3,004	22%	2,040	1,621	7,158	6,510
Corporate	22	31		12	11	42	51
Internal sales	-1,082	-802		-609	-378	-2,211	-1,931
Total	11,025	10,852	2%	6,046	5,935	23,194	23,021

Sales by geographic market

MSEK	6 mos. 2008	% of sales	6 mos. 2007	% of sales	12 mos. 2007	% of sales
Sweden	3,766	34	3,963	36	8,006	35
Rest of EU	2,794	25	3,025	28	6,527	28
Rest of Europe	110	1	169	2	297	1
Total, Europe	6,670	60	7,157	66	14,830	64
North America	598	6	634	6	1,534	7
Latin America	38	-	20	-	85	-
Asia	1,491	14	1,085	10	2,203	10
Australia, etc.	319	3	456	4	848	4
Africa	1,909	17	1,500	14	3,521	15
Total	11,025	100	10,852	100	23,021	100

NOTE 3 CONTINUED

Order bookings by business segment

MSEK	6 mos. 2008	6 mos. 2007	Q2 2008	Q2 2007	12 mos. 2007
Defence and Security Solutions	4,098	2,933	1,848	819	7,259
Systems and Products	5,043	4,069	2,207	1,731	8,470
Aeronautics	5,425	2,221	2,103	932	7,516
Corporate	126	26	9	11	46
Internal	-1,737	-904	-961	-539	-2,445
Total	12,955	8,345	5,206	2,954	20,846

Order backlog by business segment

MSEK	6/30/2008	12/31/2007	6/30/2007
Defence and Security Solutions	10,208	10,764	12,255
Systems and Products	18,530	17,830	18,107
Aeronautics	22,767	21,158	19,507
Corporate	102	-	-
Internal	-3,036	-2,436	-2,102
Total	48,571	47,316	47,767

OPERATING INCOME

Operating income by business segment

MSEK	6 mos. 2008	% of sales	6 mos. 2007	% of sales	Rolling 12	% of sales	12 mos. 2007	% of sales
Defence and Security Solutions	380	8.5	446	10.3	868	9.2	934	10.0
Systems and Products	366	9.2	403	9.4	719	8.2	756	8.3
Aeronautics	45	1.2	188	6.3	311	4.3	454	7.0
Corporate	153	-	7	-	609	-	463	-
Total	944	8.6	1,044	9.6	2,507	10.8	2,607	11.3

Depreciation/amortization and impairments by business segment

MSEK	6 mos. 2008	6 mos. 2007	Q2 2008	Q2 2007	12 mos. 2007
Defence and Security Solutions	90	98	50	51	170
Systems and Products	241	223	133	108	611
Aeronautics	103	66	68	36	163
Corporate - lease assets	80	96	40	45	180
Corporate - other	43	70	24	54	134
Total	557	553	315	294	1,258

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Cash flow by business segment

MSEK	6 mos. 2008	6 mos. 2007	12 mos. 2007
Defence and Security Solutions	-348	312	380
Systems and Products	727	-329	-1,287
Aeronautics	-1,162	-85	-773
Corporate	-153	111	77
Total	-936	9	-1,603

Capital employed by business segment

MSEK	6/30/2008	12/31/2007	6/30/2007
Defence and Security Solutions	4,689	4,417	4,761
Systems and Products	8,901	9,115	8,246
Aeronautics	4,168	4,202	3,547
Corporate	-1,650	-2,965	-4,520
Total	16,108	14,769	12,034

PERSONNEL

Personnel by business segment

Number at end of period	6/30/2008	12/31/2007	Change	6/30/2007
Defence and Security Solutions	4,812	5,031	-219	4,902
Systems and Products	5,330	5,213	117	5,209
Aeronautics	3,023	2,911	112	2,945
Corporate	628	602	26	616
Total	13,793	13,757	36	13,672

NOTE 4

TAXES

MSEK	6 mos. 2008	6 mos. 2007
Current tax	-223	-298
Deferred tax	-10	54
Total	-233	-244

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on February 14, 2008, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.50 per share, totaling MSEK 487. The Board's dividend motivation can be found on page 114 of the annual report 2007. The Annual General Meeting on April 15, 2008 approved the Board's proposal and the dividend was paid on April 23, 2008.

NOTE 6

INTANGIBLE FIXED ASSETS

MSEK	6/30/2008	12/31/2007	6/30/2007	12/31/2006
Goodwill	3,520	3,404	3,472	3,294
Capitalized development costs	3,852	3,732	3,766	3,561
Other intangible assets	718	804	837	966
Total	8,090	7,940	8,075	7,821

NOTE 7

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

MSEK	6/30/2008	12/31/2007	6/30/2007
The following components are included in liquid assets:			
Cash and bank balances (incl. available overdraft facilities)	1,283	825	764
Deposits	28	33	32
Total according to balance sheet	1,311	858	796

Total according to statement of cash flows	1,311	858	796
--	-------	-----	-----

Operating cash flow vs. statement of cash flows

MSEK	6 mos. 2008	6 mos. 2007	12 mos. 2007
Operating cash flow	-936	9	-1,603
Investing activities – interest-bearing:			
Financial investments and receivables	301	-26	-247
Financing activities:			
Loans raised	1,576	-	2,017
Loans amortized	-	-18	-
Establishment of pension fund	-	-43	-43
Share repurchase	-	-58	-184
Dividend paid to the Parent Company's shareholders	-487	-464	-464
Contribution from/dividend to minority interest	7	-3	-2
Cash flow for the period	461	-603	-526

Specification of operating cash flow 6 month 2008

MSEK	Saab excl. acquisitions/ divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL				
Cash flow from operating activities before changes in working capital	988	-	96	1,084
CASH FLOW FROM CHANGES IN WORKING CAPITAL				
Inventories	-429	-	1	-428
Receivables	-110	-	230	120
Advance payments from customers	-520	-	-	-520
Lease obligations	-	-	-142	-142
Other liabilities	-431	-	-161	-592
Provisions	-97	-	-95	-192
Change in working capital	-1,587	-	-167	-1,754

Cash flow from operating activities	-599	-	-71	-670
-------------------------------------	------	---	-----	------

INVESTING ACTIVITIES

Investments in intangible fixed assets	-349	-	-	-349
Investments in tangible fixed assets	-133	-	-	-133
Sale of tangible fixed assets	16	-	-	16
Sale of lease assets	-	-	85	85
Sale of and investment in shares, etc.	7	-	68	75
Sale of subsidiaries, net effect on liquidity	-	40	-	40

Cash flow from investing activities excluding change in interest bearing financial assets	-459	40	153	-266
---	------	----	-----	------

OPERATING CASH FLOW	-1,058	40	82	-936
---------------------	--------	----	----	------

NOTE 8

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale refer to Saab Space. During the second quarter 2008, a decision was made not to sell Saab Grintek Technologies when a prospective buyer decided not to acquire the company. Despite strong efforts, an alternative buyer has not been found.

NOTE 9

ACQUISITIONS AND DIVESTMENTS

No significant acquisitions or divestments were made during the period.

NOTE 10

DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. The predominant plan is the ITP plan, which is secured through a pension fund. The Saab Pension Fund had assets of MSEK 3,365 as of June 30, 2008, compared with an obligation of MSEK 4,168 according to IAS 19, or a solvency margin of 81 percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 84 percent. Because Saab applies the so-called corridor rule, the liability carried in the balance sheet before deducting assets under management amounts to MSEK 3,391.

NOTE 11

CONTINGENT LIABILITIES

No additional obligations were added during the period.

NOTE 12

TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the period. Related parties with which the Group has transactions are described in the annual report for 2007, note 43.

NOTE 13

CONDENSED SUBDIVIDED BALANCE SHEET AS OF JUNE 30, 2008

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	8,090	-	-	8,090
Tangible fixed assets	3,840	-	-	3,840
Lease assets	-	1,574	-	1,574
Long-term interest-bearing receivables	354	-	-	354
Shares, etc.	1,916	2	-1,500	418
Other long-term receivables	275	154	-	429
Deferred tax assets	365	153	-	518
Inventories	5,598	10	-	5,608
Other current assets	9,203	40	-	9,243
Derivatives	784	-	-	784
Short-term interest-bearing receivables	621	1,053	-1,053	621
Cash and marketable securities	1,283	28	-	1,311
Assets held for sale	597	-	-	597
Total assets	32,926	3,014	-2,553	33,387

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	10,565	1,794	-1,500	10,859
Provisions for pensions	26	-	-	26
Deferred tax liabilities	1,253	-	-	1,253
Other provisions	1,774	724	-	2,498
Interest-bearing liabilities	6,276	-	-1,053	5,223
Lease obligations	-	72	-	72
Advance payments from customers	2,009	-	-	2,009
Other liabilities	10,183	424	-	10,607
Derivatives	598	-	-	598
Liabilities for assets held for sale	242	-	-	242
Total shareholders' equity and liabilities	32,926	3,014	-2,553	33,387

NOTE 14

FORECAST 2008

For 2008, we expect a development in line with Saab's long-term financial objectives; 5 percent organic growth and an operating margin of 10 percent, excluding non-recurring items.

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, JULY 18, 2008

Marcus Wallenberg
Chairman

Lennart Johansson
Board member

Erik Belfrage
Board member

Catarina Carlqvist
Board member

Peter Nygårds
Board member

Sten Jakobsson
Board member

George Rose
Board member

Lena Treschow Torell
Board member

Per-Arne Sandström
Board member

Conny Holm
Board member

Ann Rhodén
Board member

Michael O'Callaghan
Board member

Åke Svensson
President and CEO

AUDITOR'S REPORT

Introduction

We have reviewed the interim report for the period January 1, 2008 to June 30, 2008 for Saab AB (publ). 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 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information 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 Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a 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, in all essential respects, has not been prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company's part in accordance with the Annual Accounts Act.

LINKÖPING, JULY 18, 2008

ERNST & YOUNG AB
Erik Åström
AUTHORIZED PUBLIC
ACCOUNTANT

DELOITTE AB
Tommy Mårtensson
AUTHORIZED PUBLIC
ACCOUNTANT