

Saab Half Year Report

January – June 2004

Åke Svensson
President and CEO
Stockholm, July 9, 2004



SAAB



Jan - June 2004 in brief

- Sales SEK 8,370 m (8,273)
- Net income SEK 427 m (240)
- Earnings per share SEK 4.00 (2.25)
- Order bookings SEK 8,734 m (12,363)
- Order backlog amounts to SEK 46 bn
- Operating income SEK 673 m (441)
- Income after financial items SEK 638 m (362)
- Operating cash flow SEK 261 m (733)
- The Czech Republic signed an agreement to lease 14 Gripen aircraft

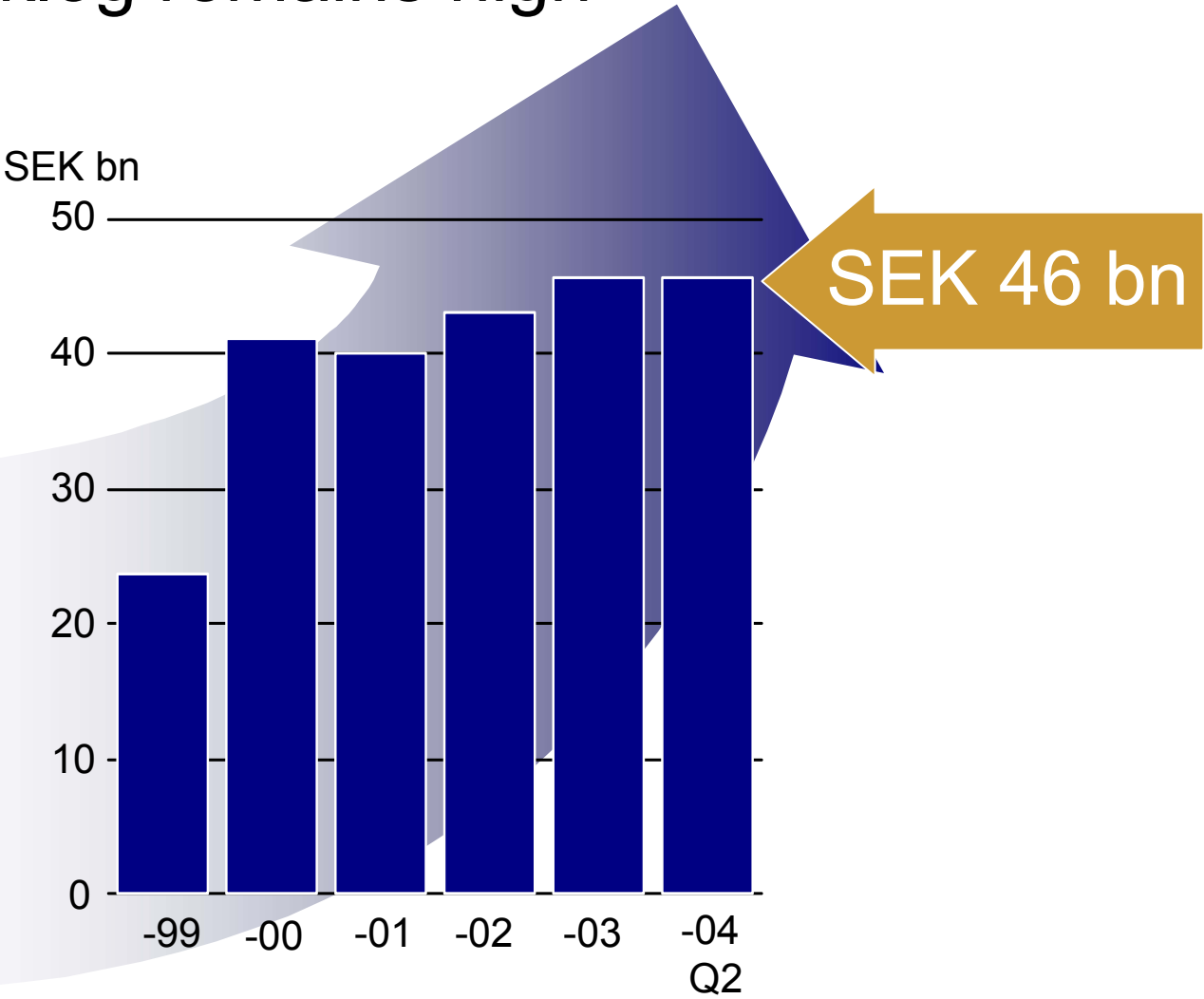


Highlights 2004 to date

Q2

- Contract signing – 14 Gripen to Czech Republic
- First order for AT4 CS from US Army
- US Army training contract worth USD 14 m
- Orders from Australian Army worth SEK 440 m
- First Saab 340 Cargo version delivered
- Breakthrough Space order from Lockheed Martin
- RAKEL - radio communications network for swedish public safety authorities. SEK ~500 m
(Not included in order intake. Pending approval of county administration)
- Order for fire control system worth SEK 150 m
(Order intake July)

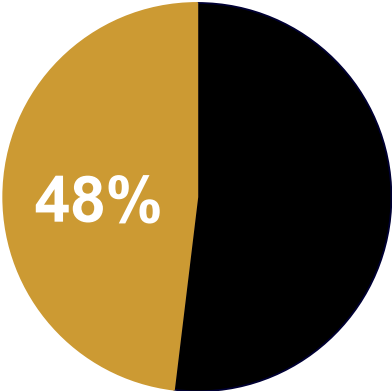
Order backlog remains high



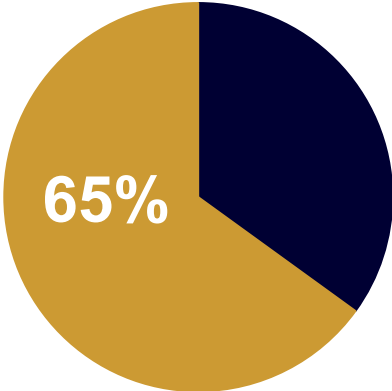
Increasing share of exports

2004 to date

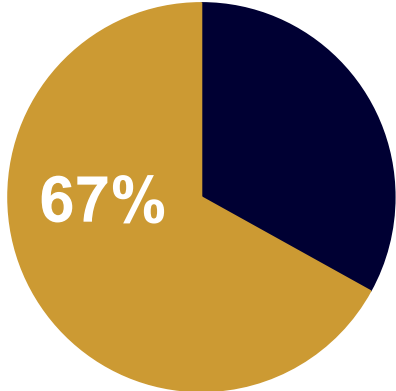
Sales



Order bookings

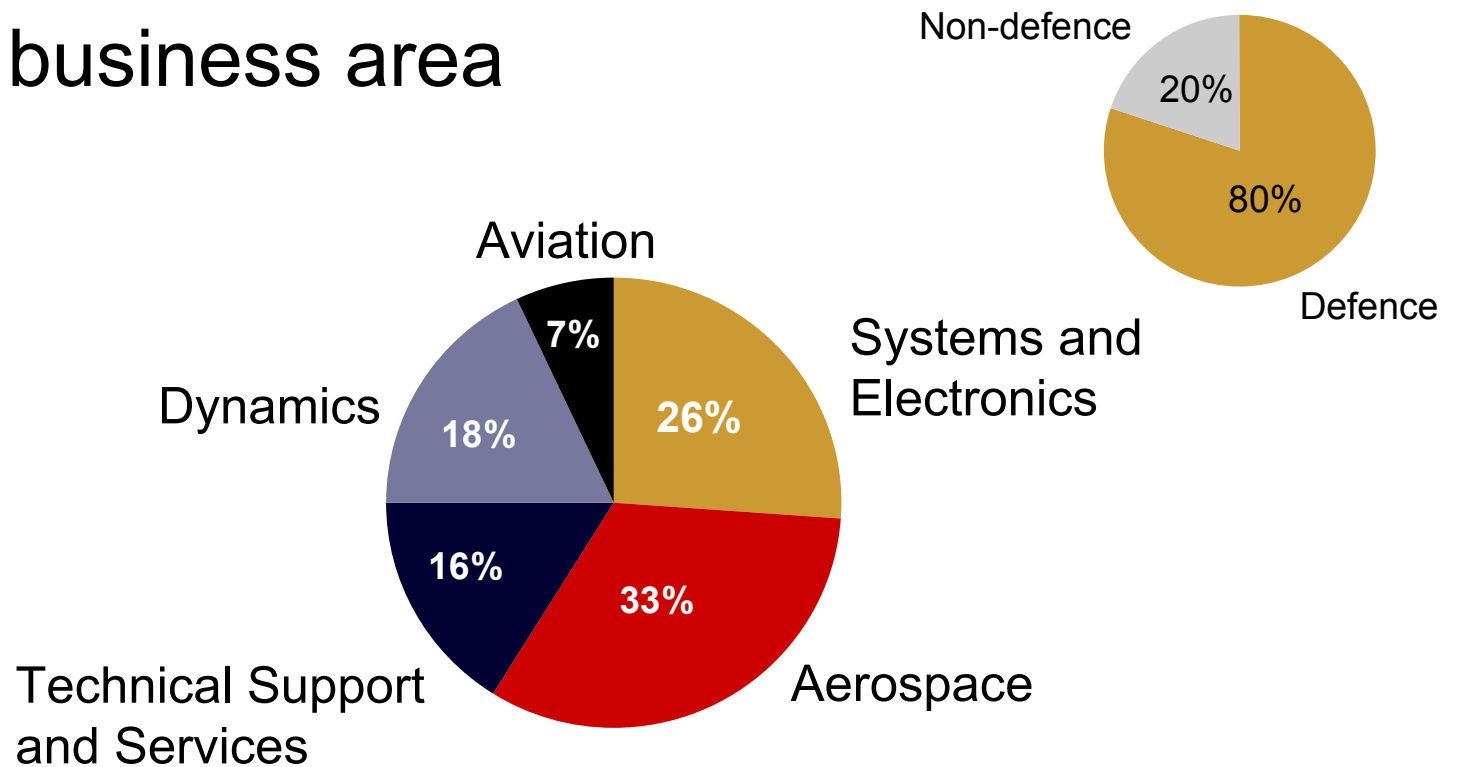


Order backlog



● International ● Domestic

Sales by business area



	Q2 2004	Q2 2003	2003	2002
Sales, SEK m.	8,370	8,273	17,250	16,538
EBIT, SEK m.	673	441	1,293	1,220
Operating margin, per cent	8,0	5.3	7.5	7.4
No. of employees, total	12,758	13,825	13,414	14,036

Executive Vice President
and deputy CEO



Ingemar Andersson

Executive
Vice Presidents



Jan Nygren

*Kenth-Åke
Jönsson*

Efficiency and Organisation

- Command and control operations form a new business unit: Saab Systems including Saab Systems Pty, AU, and GrIDS, ZA.
- Change in top management – two additional Executive Vice Presidents appointed
- Continued improved efficiency of internal infrastructure through shared services
- Continued reduction of personnel



Saab Half Year Report

Jan – June 2004

Lars Wahlund,
Group Senior Vice President, Financial Control
Stockholm, July 9, 2004



SAAB

Order bookings and order backlog

SEK millions	Order bookings 6 months		Order backlog
	2004	2003	June 30, 2004
Systems and Electronics	1,770	2,167	9,101
Aerospace	3,537	6,047	27,830
Technical Support and Services	1,721	1,750	1,260
Dynamics	1,513	2,143	9,692
Aviation Services	580	739	335
Corporate/ Other operations	10	272	55
Internal	-397	-755	-2,061
Saab Group	8,734	12,363	46,212

Sales

SEK millions	6 months 2004	6 months 2003	Change	12 months 2003
Systems and Electronics	2,382	2,189	9%	4,677
Aerospace	2,824	2,585	9%	5,775
Technical Support and Services	1,476	1,510	-2%	3,032
Dynamics	1,611	1,605	0%	3,113
Aviation Services	570	531	7%	1,095
Corporate/ Other operations	10	201		407
Internal	-503	-348		-849
Saab Group	8,370	8,273	1%	17,250

Operating income EBIT

SEK millions	6 months		6 months		12 months	
	2004	<i>margin</i>	2003	<i>margin</i>	2003	<i>margin</i>
Systems and Electronics	169	7.1%	48	2.2%	327	7.0%
Aerospace	276	9.8%	290	11.2%	558	9.7%
Technical Supp & Serv	103	7.0%	119	7.9%	232	7.7%
Dynamics	137	8.5%	13	0.8%	172	5.5%
Aviation Services	27	4.7%	48	9.0%	87	7.9%
Corporate/Other op.	-39	N/a	-77	N/a	-83	N/a
Saab Group	673	8.0%	441	5.3%	1,293	7.5%

Operating income

SEK millions	6 months 2004		6 months 2003	
		<i>margin</i>		<i>margin</i>
Operations	742	9.5%	655	8.7%
<i>Structural costs</i>	-57		-185	
<i>Total Operations</i>	685	8.8%	470	6.2%
Aviation Serv	27	4.7%	48	9.0%
Corporate/Other op.	-39		-77	
Total	673	8.0%	441	5.3%

Income statement

SEK millions	6 months 2004	6 months 2003	12 months 2003
Sales	8,370	8,273	17,250
Cost of goods sold	-6,426	-6,261	-12,997
Gross margin	1,944	2,012	4,253
<i>Gross margin</i>	23.2%	24.3%	24.7%
Marketing expenses	-649	-650	-1,250
Administrative expenses	-458	-533	-983
Research and development costs	-160	-209	-414
Other operating income	47	28	157
Other operating expenses	-85	-208	-517
Share in income of associated companies	34	1	47
Operating income	673	441	1,293
<i>Operating margin</i>	8.0%	5.3%	7.5%
Result from financial investments	-35	-79	-220
Income after financial items	638	362	1,073
Taxes	-200	-116	-315
Minority interest	-11	-6	-12
Net income	427	240	746
Earnings per share, SEK	4.00	2.25	7.00

Balance sheet

SEK millions	June 30, 2004	Jan. 1, 2004	Change
Assets			
Goodwill and other intangible assets	2,640	2,497	143
Property, plant and equipment, etc.	3,997	4,230	-233
Lease assets	4,770	5,038	-268
Long-term interest bearing receivables	789	765	24
Shares, etc	648	415	233
Deferred tax receivables	840	981	-141
Inventories, etc.	4,087	4,133	-46
Short-term interest bearing receivables	98	39	59
Other receivables	5,945	6,363	-418
Cash and marketable securities	3,494	4,243	-749
Total assets	27,308	28,704	-1,396
Shareholders' equity and liabilities			
Shareholders' equity	7,268	7,086	182
Minority interest in subsidiaries	98	147	-49
Provision for pensions	2,930	3,375	-445
Other provisions	2,081	2,234	-153
Liabilities to credit institutions	685	862	-177
Convertible debenture loan	151	232	-81
Lease obligations	2,441	2,597	-156
Advance payments from customers, net	3,520	3,990	-470
Other liabilities	8,134	8,181	-47
Total shareholders' equity and liabilities	27,308	28,704	-1,396
Equity/assets ratio, %	26.6	24.7	



SAAB

Balance sheet, June 30, 2004, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Goodwill and other intangible assets	2,640			2,640
Property, plant and equipment	3,995	2		3,997
Lease assets		4,770		4,770
Long-term interest bearing receivables	789			789
Shares, etc	2,148		-1,500	648
Deferred tax receivables	1,124		-284	840
Inventories, etc.	4,082	5		4,087
Short-term interest bearing receivables	98			98
Other receivables	5,101	844		5,945
Cash and marketable securities	3,272	222		3,494
Total assets	23,249	5,843	-1,784	27,308
Shareholders' equity	7,014	1,754	-1,500	7,268
Minority interest in subsidiaries	91	7		98
Provision for pensions	2,930			2,930
Other provisions	1,853	512	-284	2,081
Liabilities to credit institutions	685			685
Convertible debenture loan	151			151
Lease obligations		2,441		2,441
Advance payments from customers, net	3,520			3,520
Other liabilities	7,005	1,129		8,134
Total shareholders' equity & liabilities	23,249	5,843	-1,784	27,308

Cash flow

SEK millions	6 months 2004	6 months 2003	12 months 2003
Cash flow from operating activities			
Income after financial items excl share in income of associated companies	638	362	1,073
Adjustments for items not affecting cash flow	515	589	1,170
Tax paid	-26	-16	-57
Cash flow from operating activities before changes in working capital	1,127	935	2,186
Working capital			
Inventories etc.	-73	-7	-378
Receivables	343	32	-855
Advance payments from customers	-466	-448	215
Other liabilities	27	761	875
Lease obligations	-156	-176	-329
Provisions	-119	-172	-366
Change in working capital	-444	-10	-838
Cash flow from operating activities	683	925	1,348
Investments in intangible fixed assets	-243	-220	-397
Investments in/Sales of shares etc.	-97	49	30
Investments in tangible fixed assets	-162	-238	-472
Investments in lease assets	46	146	-37
Sales of intangible and tangible assets	34	71	73
Cash flow from investments	-422	-192	-803
Operating cash flow	261	733	545



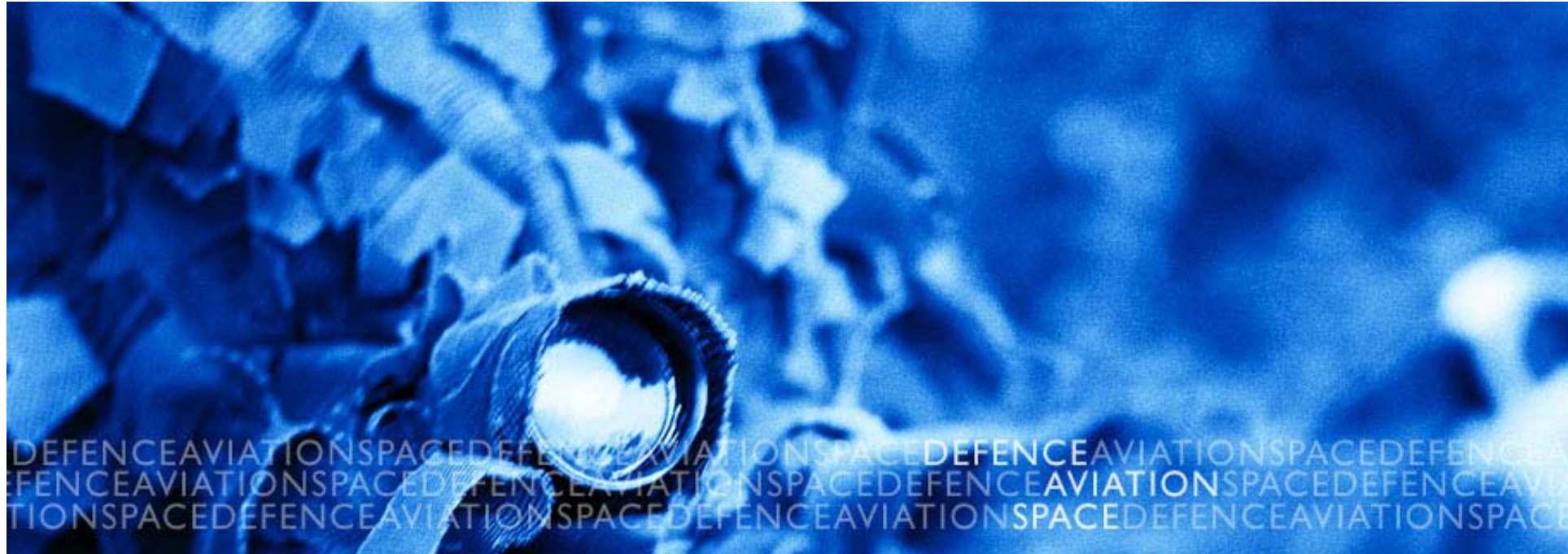
SAAB

Cash flow summary

SEK millions	Q2 2004	2003	2002
Operations pre advances	890	517	598
Change in advances	-466	215	-419
Operations	417	732	179
Acquisitions/divestments	-88	42	-80
Saab Aircraft Leasing and regional aircraft	-49	-172	-166
Tax paid	-26	-57	-25
Total	261	545	-92



SAAB



Outlook

Forecast and important issues 2004

Åke Svensson
President and CEO
Stockholm July 9, 2004

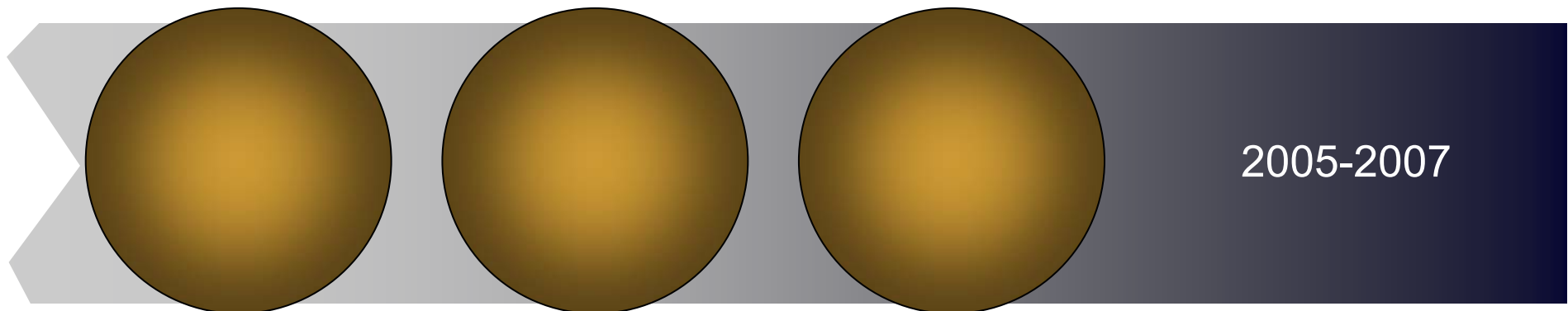


Defence decision 2004

Proposal from Swedish
Armed Forces

Defence
bill

Parliamentary
resolution



February 2004

September 2004

December 2004

2005-2007

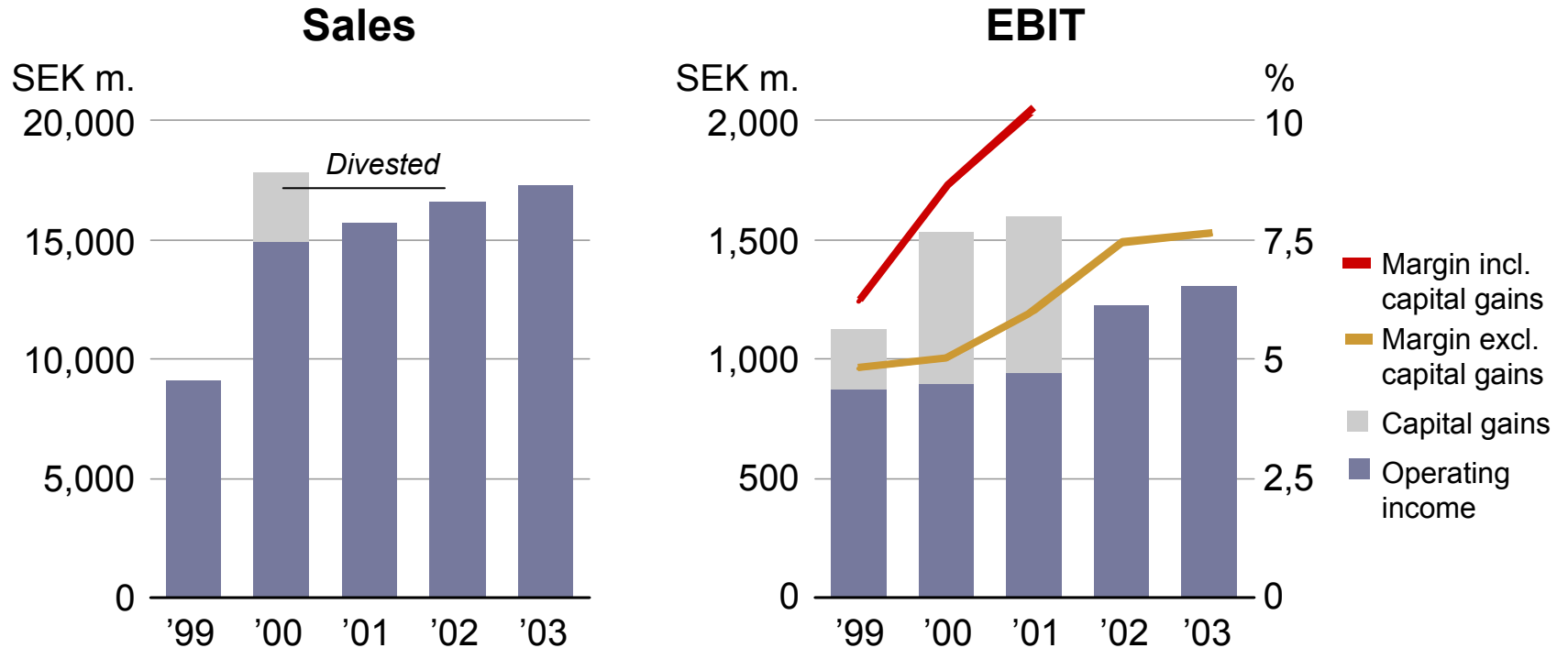


SAAB

Forecast 2004

Top-line in the order of a 5% organic growth

EBIT margin 10% within reach, with caution for further reconstructions



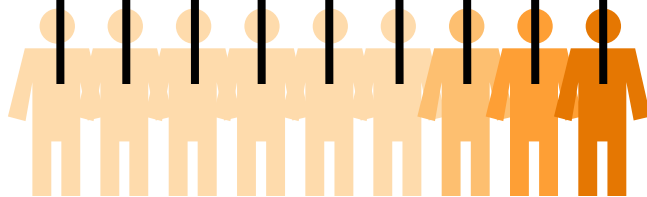
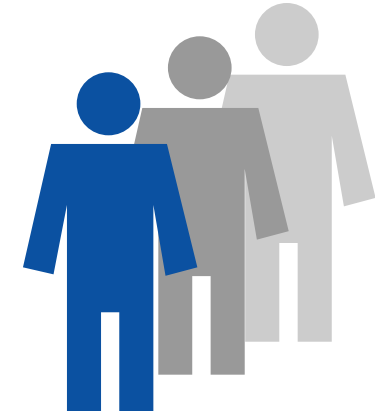
SAAB

Our strategy stands strong

				Airborne Systems
				Air Defence Systems
				Electronic Warfare Systems
				Simulation and Training Systems
				Shoulder-launched Anti-armour and Support Weapons
				Signature Management Systems
				Naval Systems
				Command and Control Systems

Home markets

- development of future systems in international cooperations
- systems integration
- technical services



World market

- sale of nisch products
- development in international cooperations
- growth by acquisitions



SAAB

Conclusions

- Net income almost doubled and financial targets well within reach
- Saab has key competencies in systems integration and a strong portfolio of world class niche products
- Saab is a unique resource for the society, contributing to growth and public security



SAAB



SAAB