



Saab Nine Months Interim Report January – September 2004

Åke Svensson
President and CEO
Husqvarna, 22 October, 2004





Jan – Sept 2004 in brief

- Sales SEK 12,089 m (11,722)
- Net income SEK 560 m (327)
- Earnings per share SEK 5.22 (2.99)
- Order bookings SEK 11,300 m (15,123)
- Order backlog amounts to SEK 45 bn (46)
- Operating income SEK 931 m (625)
- Income after financial items SEK 839 m (507)
- Operating cash flow SEK -467 m (298)
- Reduction of personnel over the period, 275



Highlights during the third quarter 2004

- **Ultra Lightweight Camouflage Net Systems**
 - Customer U.S: Defense
 - Order value ~ SEK 720 m. Order intake October.
- **PETRA – New tactical support and training system for Gripen fighter**
 - Customer Swedish Defence Material Administration
 - Deliveries to Sweden, Hungary and Czech Republic
 - Order value SEK 500 m. Order intake October.
- **Maiden flight of first Czech Gripen**
 - First take-off of first Gripen fighter ordered for export
 - The Czech Air Force first NATO country to operate Gripen
 - Flight take-off in October



Highlights during the third quarter 2004

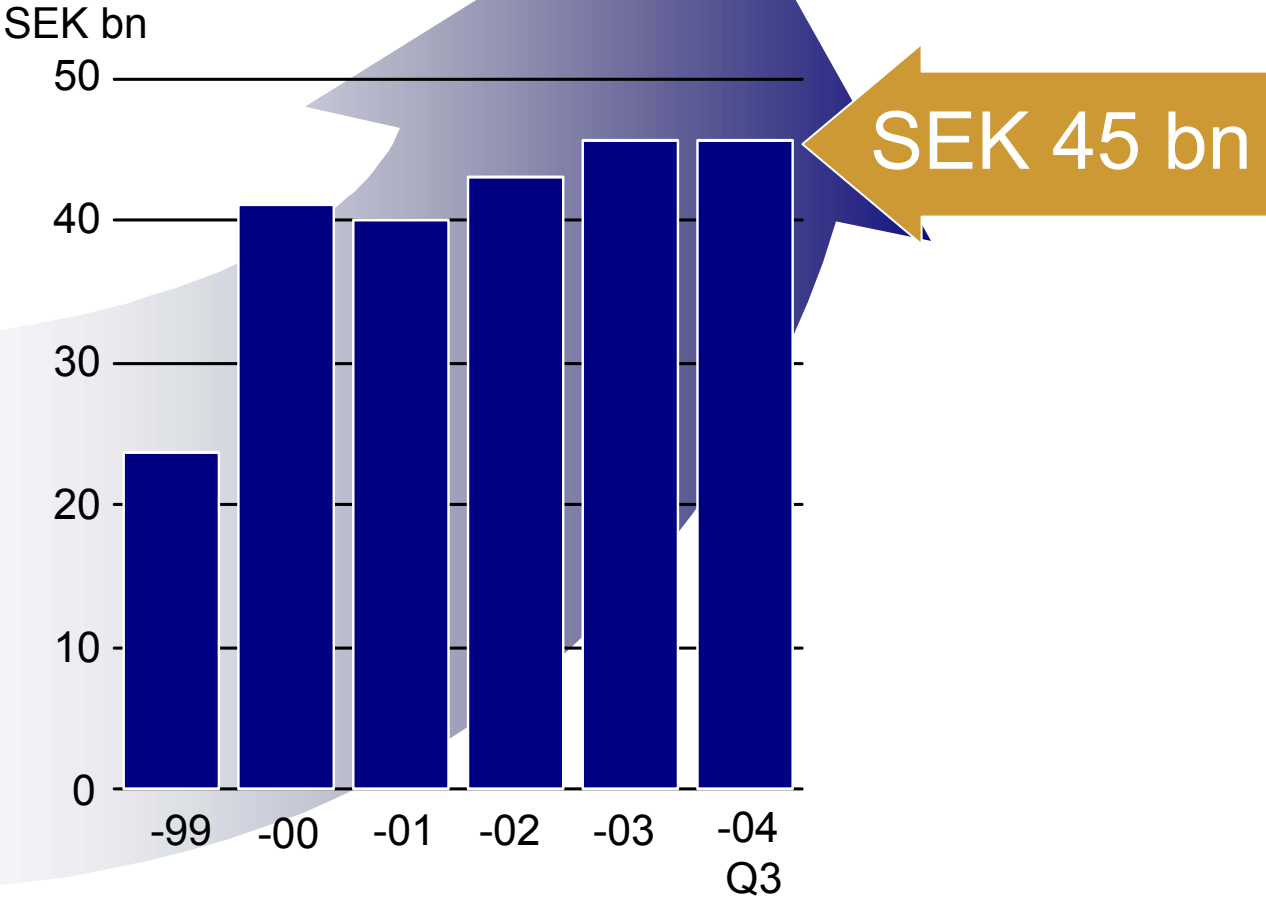
- **First autonomous unmanned flight with SHARC**
 - Milestone for future international UAV-cooperations
- **BOL Countermeasures Dispensing System**
 - Order for test and trials for the Australian Air Force's F-18
- **Fire Control System for Finnish Army's CV9030**
 - Order value SEK 150 m.
- **Saab 2000 aircraft lease to Golden Air**
 - Major Saab operator in Europe



Highlights during the third quarter 2004

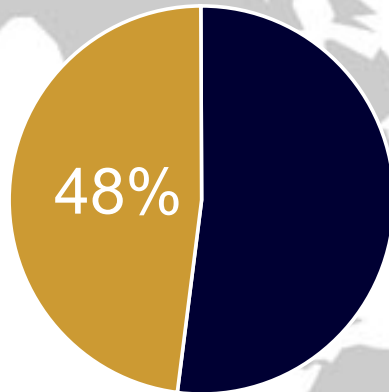
- **Saab ranked number one of IT consultancy services**
 - Two years framework agreement worth 1-1.5 bn per year
- **NCOIC – Network Centric Operation Industry Consortium**
 - Saab one of founding members
 - Objectives:
 - Interoperability of information systems
 - Recommend standars
- **Saab's convertible bond loan has expired**
 - Total SEK 245 m converted to 2,690,671 B shares
 - The share capital diluted by 2.53 % and the voting rights by 1.67 %
 - Now total share capital SEK 1,746 m.

Order backlog remains high

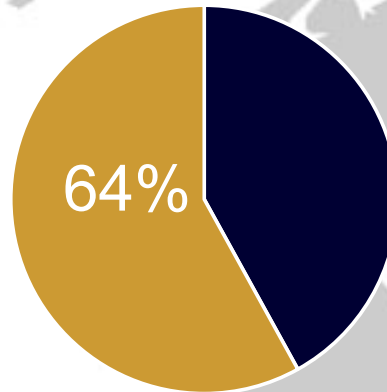


Trend towards increased exports 2004 to date (accumulated)

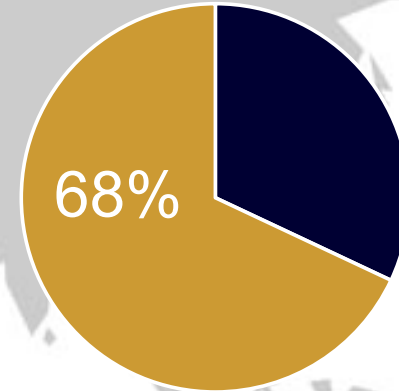
● Exports ● Sweden



Sales

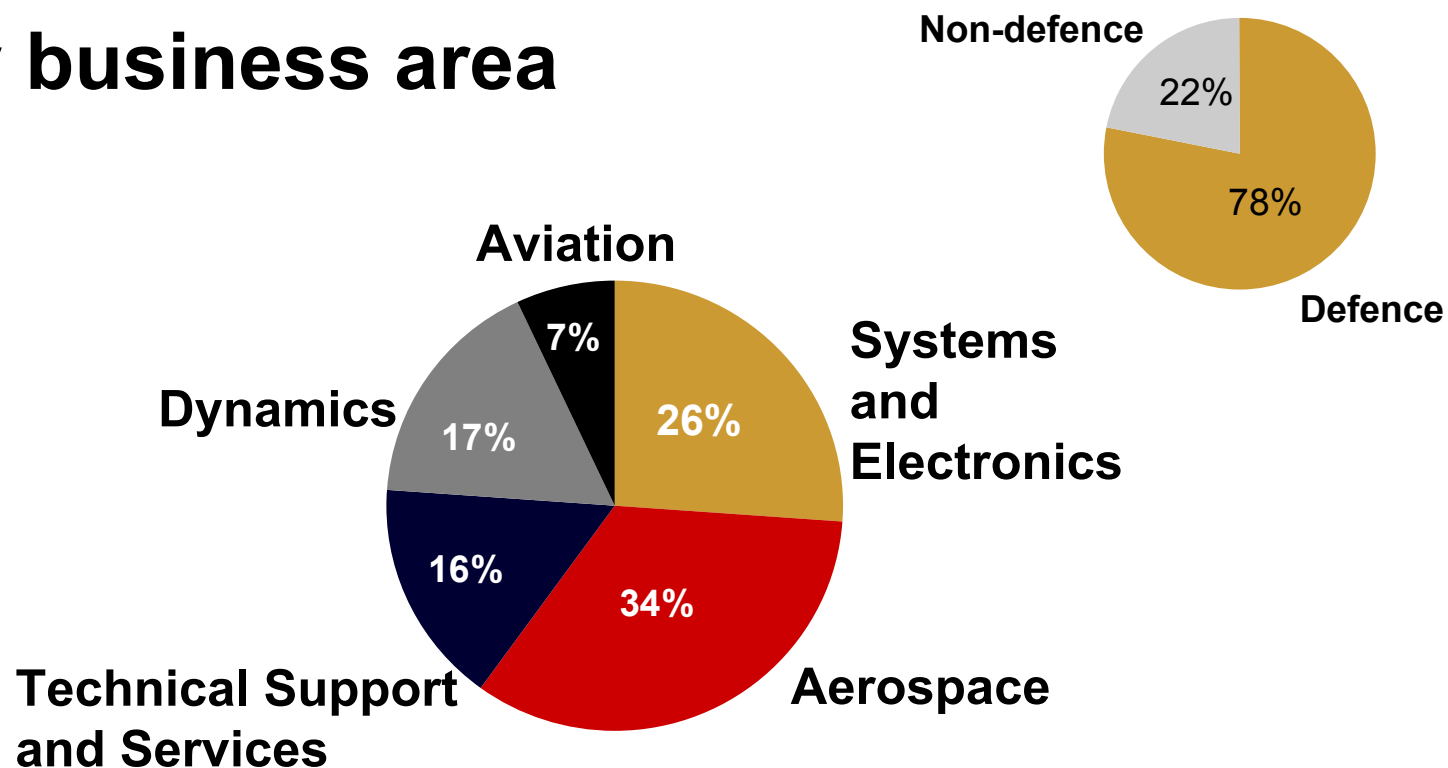


Order bookings



Order backlog

Sales by business area



	Q3 2004	Q3 2003	2003	2002
Sales, SEK m.	12,089	11,722	17,250	16,538
EBIT, SEK m.	931	625	1,293	1,220
Operating margin, per cent	7.7	5.3	7.5	7.4
No. of employees, total	12,539	13,601	13,414	14,036

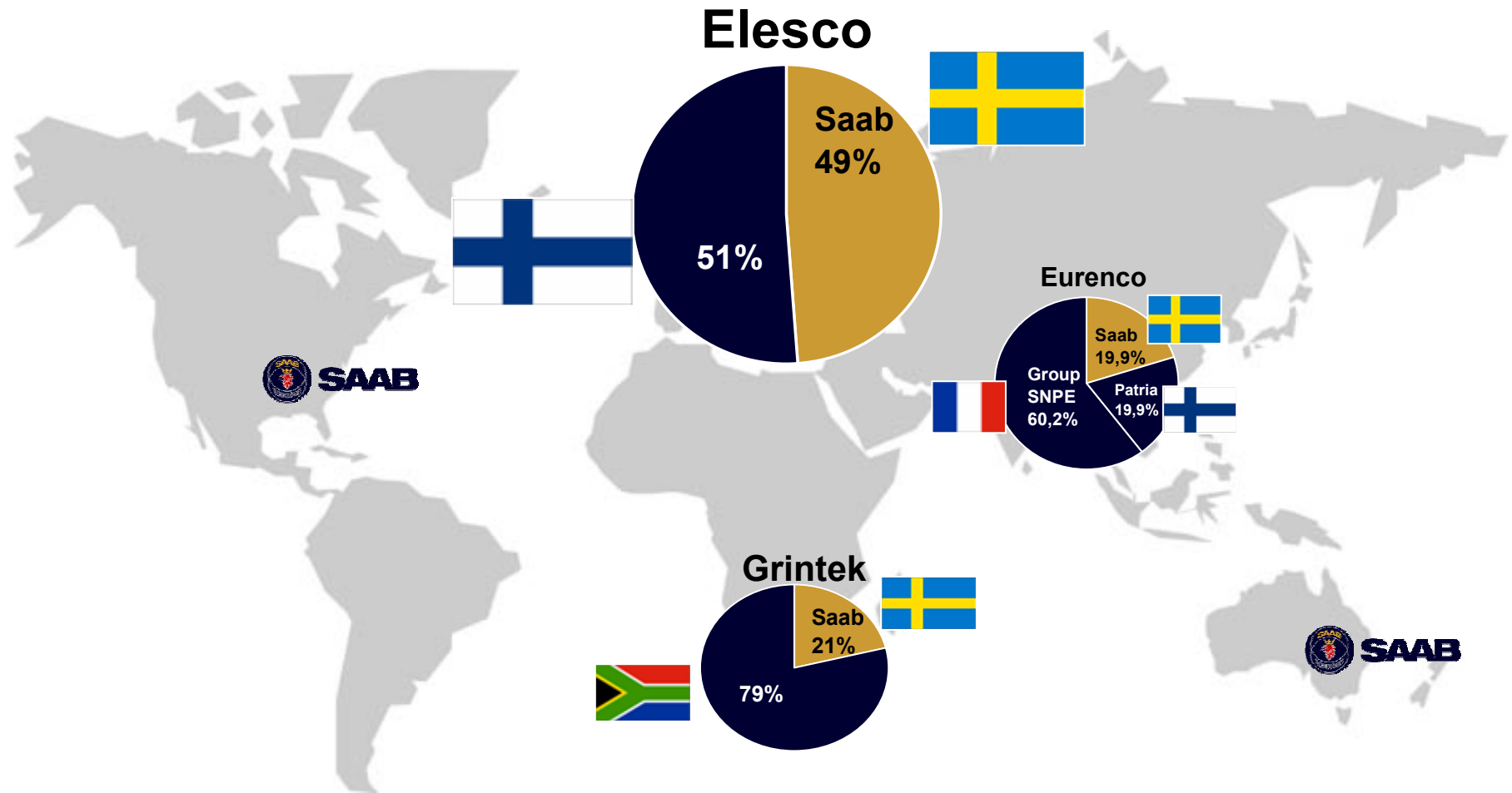


Organizational changes

- **Executive vice President Göran Sjöblom retired 30 September 2004**
 - Duties assumed by Lars Wahlund, CFO, and Peter Sandehed, GSVP
- **Anne Gynnerstedt new General Counsel**

Aquisitions 2004 to date

Saab acquires 49 % of Finnish defence company Elesco





Nine Months Interim Report

Jan – Sept 2004

Lars Wahlund

Group Senior Vice President, Financial Control

Husqvarna 22 October, 2004

Order bookings and order backlog

SEK millions	Order bookings 9 months		Order backlog
	2004	2003	Sept 30, 2004
Systems and Electronics	2,633	3,028	8,705
Aerospace	4,299	6,459	27,217
Technical Support and Services	2,229	2,252	1,143
Dynamics	1,734	3,093	9,172
Aviation Services	891	1,009	355
Corporate/ Other operations	16	367	55
Internal	-502	-1,085	-1,979
Saab Group	11,300	15,123	44,668

Sales

SEK millions	9 months 2004	9 months 2003	Change	12 months 2003
Systems and Electronics	3,546	3,157	12%	4,677
Aerospace	4,188	3,721	13%	5,775
Technical Support and Services	2,061	2,128	-3%	3,032
Dynamics	2,089	2,179	-4%	3,113
Aviation Services	865	806	7%	1,095
Corporate/ Other operations	16	306		407
Internal	-676	-575		-849
Saab Group	12,089	11,722	3%	17,250

Operating income EBITDA

SEK millions	9 months		9 months		12 months	
	2004	margin	2003	margin	2003	margin
Systems and Electronics	511	14.4%	320	10.1%	604	12.9%
Aerospace	593	14.2%	593	15.9%	874	15.1%
Technical Supp & Serv	247	12.0%	256	12.0%	387	12.8%
Dynamics	79	3.8%	189	8.7%	249	8.0%
Aviation Services ¹⁾	60	6.9%	82	10.2%	100	9.1%
Corporate/Other op.	-8	N/a	-91	N/a	-56	N/a
Structural costs	-79		-265		-309	
Saab Group	1,403	11.6%	1,084	9.2%	1,912	11.1%

¹⁾ Depreciation on lease assets excl.

Operating income EBIT

SEK millions	9 months		9 months		12 months	
	2004	<i>margin</i>	2003	<i>margin</i>	2003	<i>margin</i>
Systems and Electronics	321	9.1%	106	3.4%	327	7.0%
Aerospace	421	10.1%	343	9.2%	558	9.7%
Technical Supp & Serv	137	6.6%	166	7.8%	232	7.7%
Dynamics	16	0.8%	50	2.3%	172	5.5%
Aviation Services	50	5.8%	72	8.9%	87	7.9%
Corporate/Other op.	-14	N/a	-112	N/a	-83	N/a
Saab Group	931	7.7%	625	5.3%	1,293	7.5%

Operating income EBIT, excl. structural costs

SEK millions	9 months		9 months		12 months	
	2004	<i>margin</i>	2003	<i>margin</i>	2003	<i>margin</i>
Systems and Electronics	366	10.3%	181	5.7%	410	8.8%
Aerospace	435	10.4%	458	12.3%	694	12.0%
Technical Supp & Serv	157	7.6%	166	7.8%	267	8.8%
Dynamics	16	0.8%	125	5.7%	227	7.3%
Aviation Services	50	5.8%	72	8.9%	87	7.9%
Corporate/Other op.	-14	N/a	-112	N/a	-83	N/a
Structural costs	-79		-265		-309	
Saab Group	931	7.7%	625	5.3%	1,293	7.5%

Operating income

SEK millions	9 months 2004		9 months 2003	
		<i>margin</i>		<i>margin</i>
Operations	974	8.7%	930	8.8%
<i>Structural costs</i>	-79		-265	
<i>Total Operations</i>	895	8.0%	665	6.3%
Aviation Serv	50	5.8%	72	8.9%
Corporate/Other op.	-14		-112	
Total	931	7.7%	625	5.3%

Income statement

SEK millions	9 months 2004	9 months 2003	12 months 2003
Sales	12,089	11,722	17,250
Cost of goods sold	-9,369	-9,121	-13,303
Gross margin	2,720	2,601	3,947
<i>Gross margin</i>	22.5%	22.2%	22.9%
Marketing expenses	-978	-958	-1,251
Administrative expenses	-665	-750	-985
Research and development costs	-247	-279	-414
Other operating income	92	44	157
Other operating expenses	-35	-52	-208
Share in income of associated companies	44	19	47
Operating income	931	625	1,293
<i>Operating margin</i>	7.7%	5.3%	7.5%
Result from financial investments	-92	-118	-220
Income after financial items	839	507	1,073
Taxes	-261	-167	-315
Minority interest	-18	-13	-12
Net income	560	327	746
Earnings per share, SEK	5.22	2.99	6.91

Balance sheet

SEK millions	Sept 30, 2004	Jan. 1, 2004	Change
Assets			
Goodwill and other intangible assets	2,664	2,497	167
Property, plant and equipment, etc.	3,941	4,230	-289
Lease assets	4,654	5,038	-384
Long-term interest bearing receivables	476	765	-289
Shares, etc	637	415	222
Deferred tax receivables	781	958	-177
Inventories, etc.	4,699	4,133	566
Short-term interest bearing receivables	97	39	58
Other receivables	5,644	6,383	-739
Cash and marketable securities	3,376	4,243	-867
Total assets	26,969	28,701	-1,732
Shareholders' equity and liabilities			
Shareholders' equity	7,499	7,083	416
Minority interest in subsidiaries	106	147	-41
Provision for pensions	2,953	3,375	-422
Other provisions	1,893	2,234	-341
Liabilities to credit institutions	1,021	862	159
Convertible debenture loan		232	-232
Lease obligations	2,302	2,597	-295
Advance payments from customers, net	2,894	3,990	-1,096
Other liabilities	8,301	8,181	120
Total shareholders' equity and liabilities	26,969	28,701	-1,732
Equity/assets ratio, %	27.8	24.7	

Balance sheet, September 30, 2004, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Elimi- nations	Saab Group
Goodwill and other intangible assets	2,664			2,664
Property, plant and equipment	3,939	2		3,941
Lease assets		4,654		4,654
Long-term interest bearing receivables	476			476
Shares, etc	2,137		-1,500	637
Deferred tax receivables	1,094		-313	781
Inventories, etc.	4,695	4		4,699
Short-term interest bearing receivables	97			97
Other receivables	4,892	752		5,644
Cash and marketable securities	3,118	258		3,376
Total assets	23,112	5,670	-1,813	26,969
Shareholders' equity	7,280	1,719	-1,500	7,499
Minority interest in subsidiaries	94	12		106
Provision for pensions	2,953			2,953
Other provisions	1,759	447	-313	1,893
Liabilities to credit institutions	1,021			1,021
Lease obligations		2,302		2,302
Advance payments from customers, net	2,894			2,894
Other liabilities	7,111	1,190		8,301
Total shareholders' equity & liabilities	23,112	5,670	-1,813	26,969

Cash flow

SEK millions	9 months 2004	9 months 2003	12 months 2003
Cash flow from operating activities			
Income after financial items excl share in income of associated companies	839	488	1,073
Adjustments for items not affecting cash flow	757	862	1,170
Tax paid	-41	-12	-57
Cash flow from operating activities before changes in working capital	1,555	1,338	2,186
Working capital			
Inventories etc.	-688	-35	-378
Receivables	650	234	-855
Advance payments from customers	-1,092	-480	215
Other liabilities	198	89	875
Lease obligations	-295	-232	-329
Provisions	-339	-207	-366
Change in working capital	-1,566	-631	-838
Cash flow from operating activities	-11	707	1,348
Investments in intangible fixed assets	-322	-327	-397
Investments in/Sales of shares etc.	54	27	30
Investments in tangible fixed assets	-262	-330	-472
Investments in lease assets	42	144	-37
Sales of intangible and tangible assets	32	77	73
Cash flow from investments	-456	-409	-803
Operating cash flow	-467	298	545

Cash flow summary

SEK millions	Q3 2004	2003	2002
Operations pre advances	634	517	598
Change in advances	-1,092	215	-419
Operations	-458	732	179
Acquisitions/divestments	54	42	-80
Saab Aircraft Leasing and regional aircraft	-22	-172	-166
Tax paid	-41	-57	-25
Total	-467	545	-92



Outlook

Forecast and important issues 2004

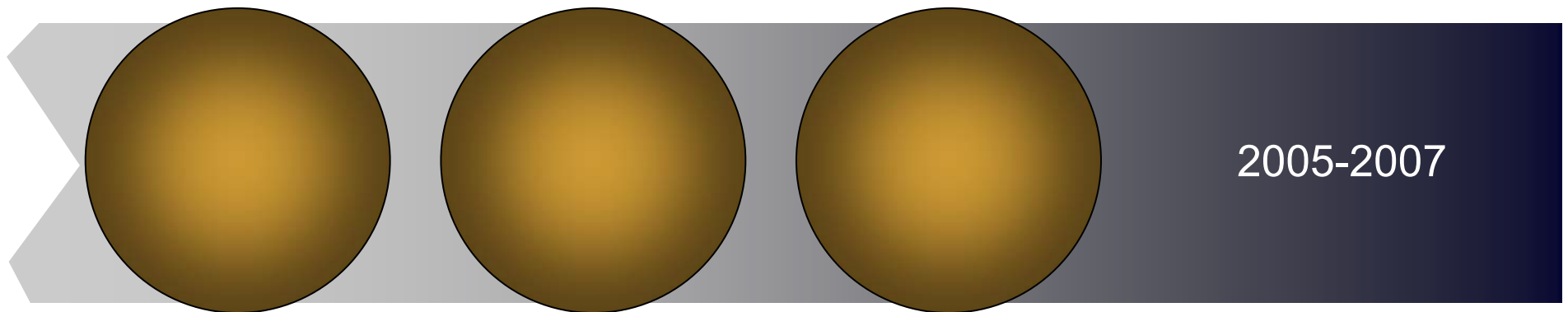
Åke Svensson
President and CEO
Husqvarna 22 October, 2004

Defence decision 2004

Proposal from Swedish
Armed Forces

Defence
bill

Parliamentary
resolution



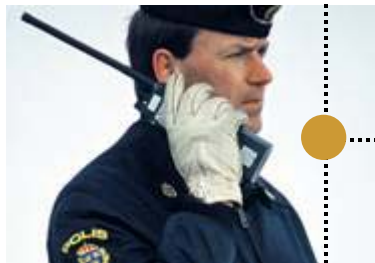
February 2004

September 2004

December 2004

2005-2007

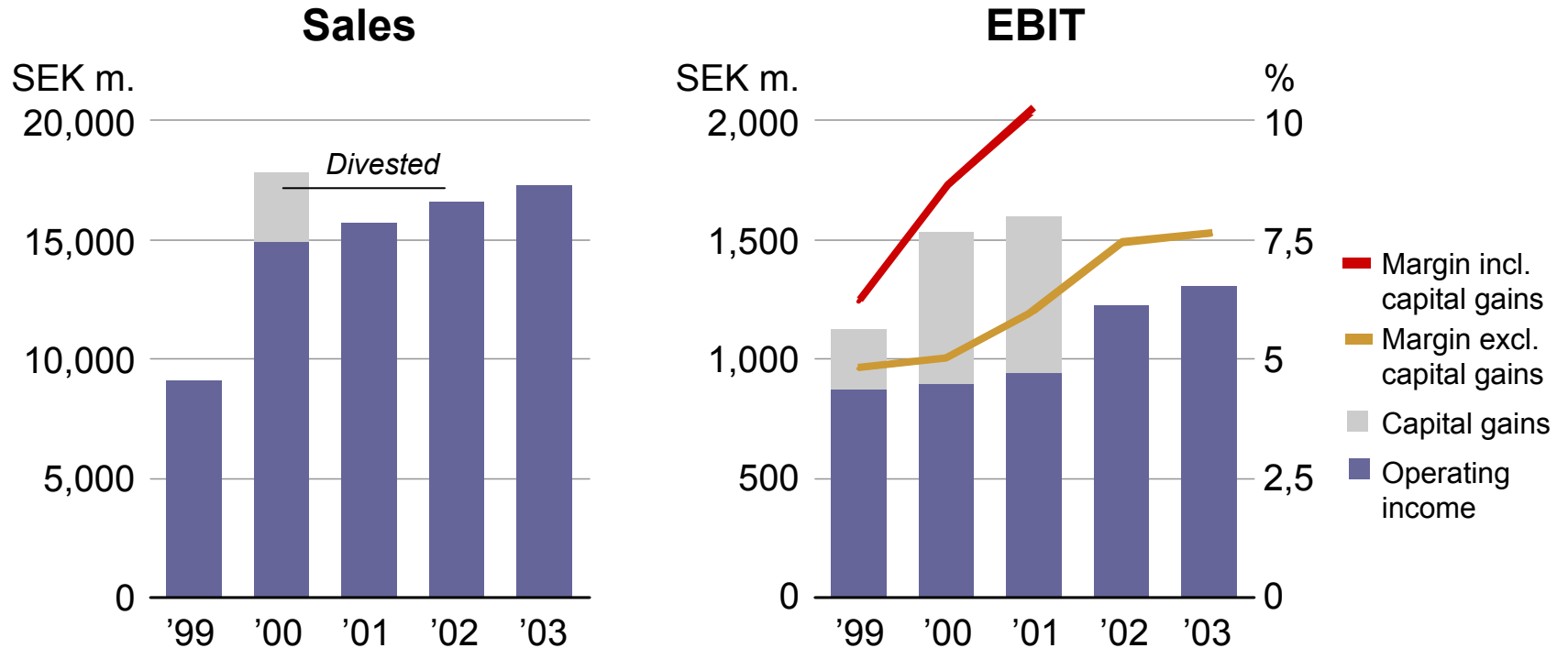
Civilian and military technology integrated - For a secure society



Forecast 2004

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

EBIT margin 10% within reach, excluding the SEK 160 m. cost for the terminated torpedo contract, and with caution for further reconstructions

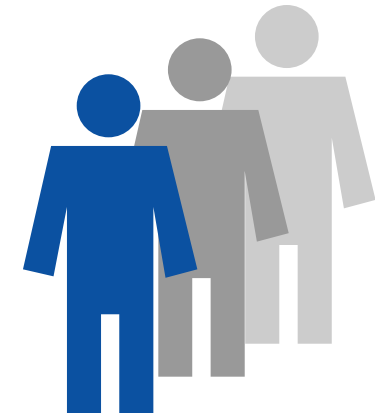


Our strategy stands strong



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's focus areas





SAAB