

The 2006 Report

Telephone Conference, February 15, 2007



Åke Svensson
President and CEO

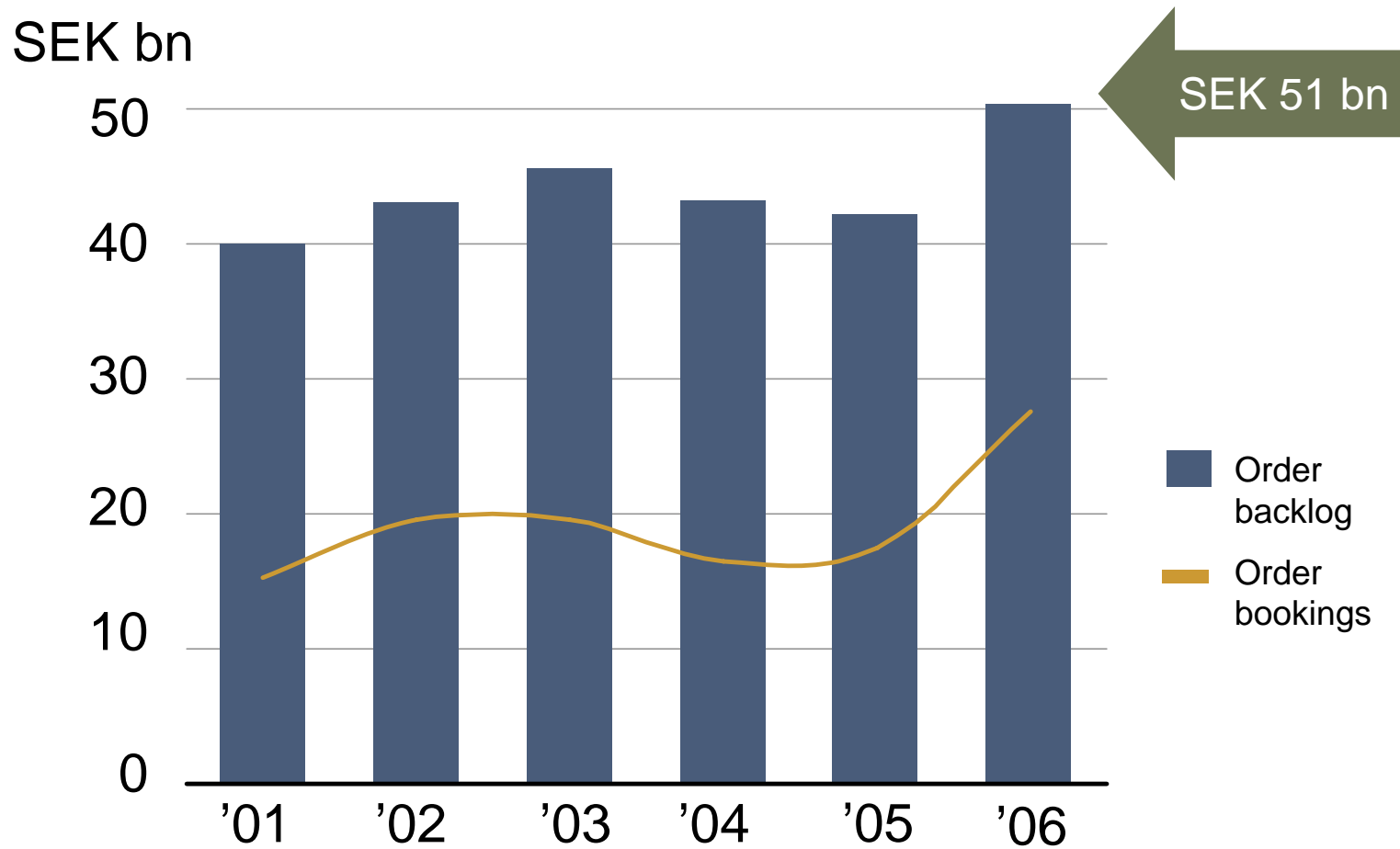
Continued growth with good profitability

- 2006 – a successful year:
 - Strong Order bookings – Order backlog is all-time-high
 - Sales up with 9 percent
 - Stable result in line with our long term objectives
- Important acquisitions and partnerships

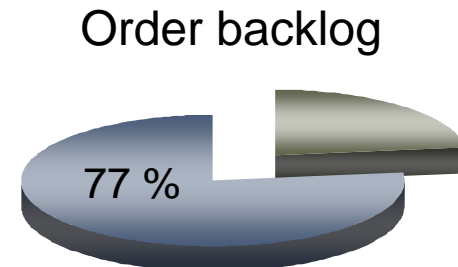
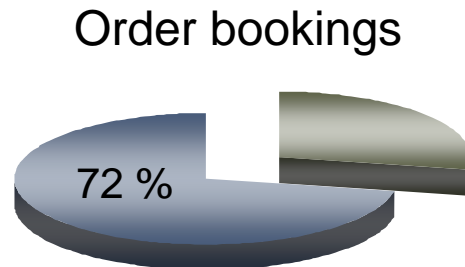
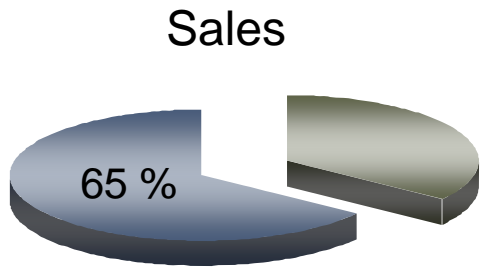
2006 in brief

- **Sales SEK 21,063 m.** (19,314)
- Net income SEK 1,347 m. (1,199)
- Earnings per share SEK 11,91 (10,89)
- Dividend per share SEK 4,25 (4,00)
- **Order bookings SEK 27,575 m.** (17,512)
- **Order backlog SEK 51,099 m.** (42,198)
- **Operating income SEK 1,745 m.** (1,652)
- Income after financial items SEK 1,693 m. (1,551)
- Operating margin 8,3% (8,6)
- **Operating margin excl structural costs, 10,4% (10,2)**

Order backlog and order bookings



Increasing international sales



Figures for 2001:

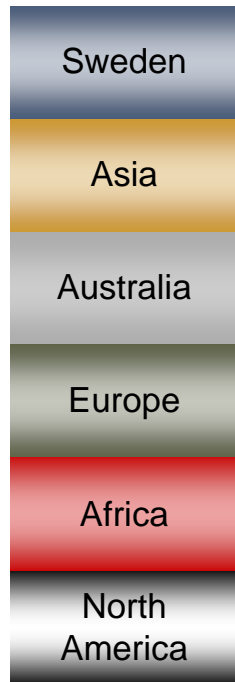
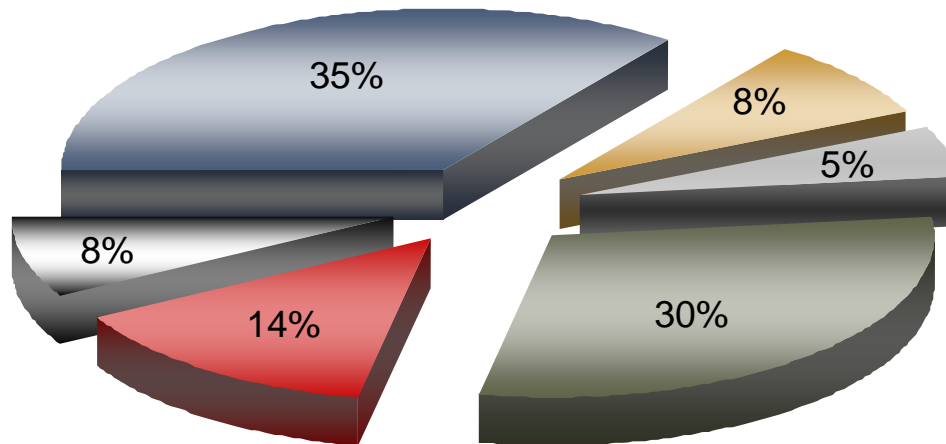
40%

52%

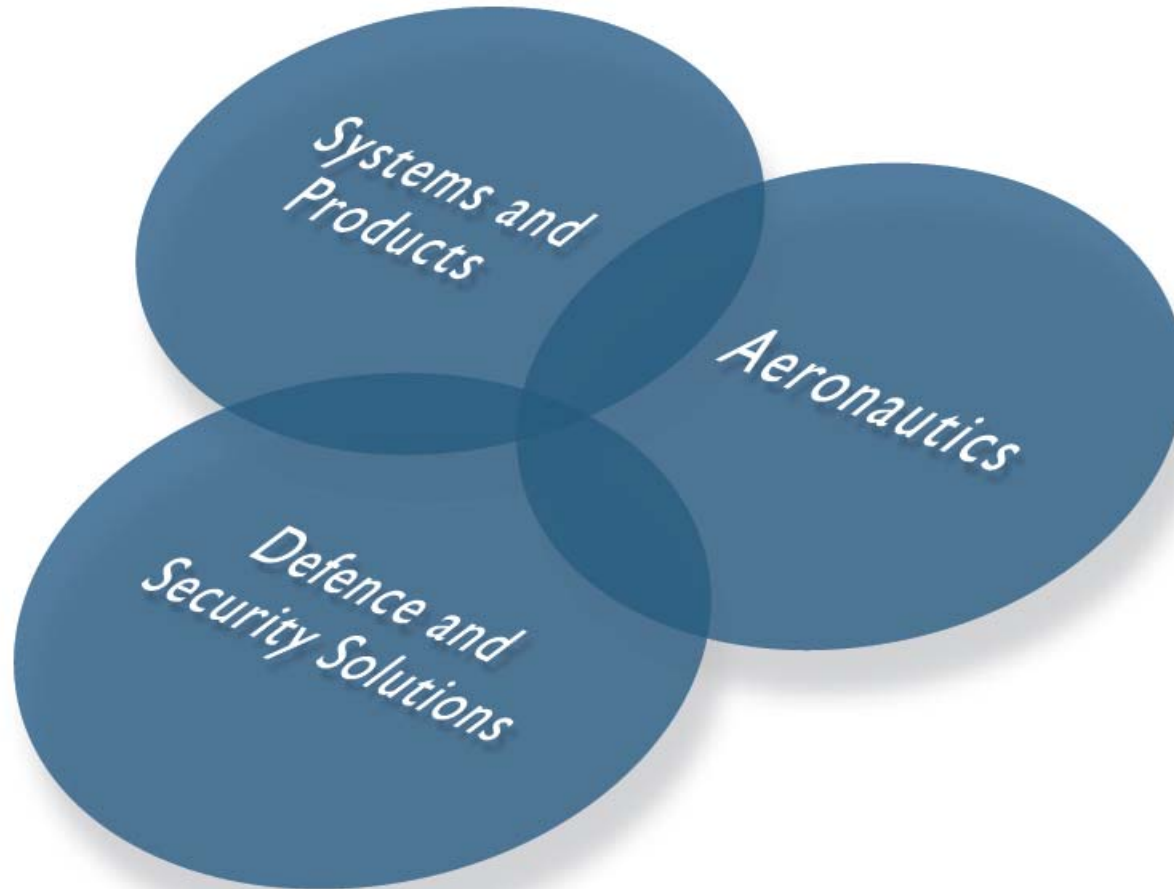
46%

Geographical markets

Sales 2006

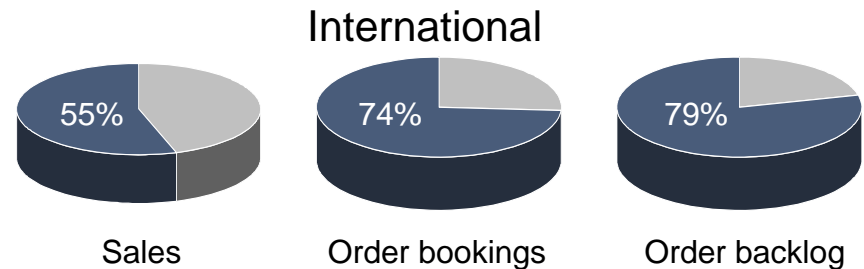
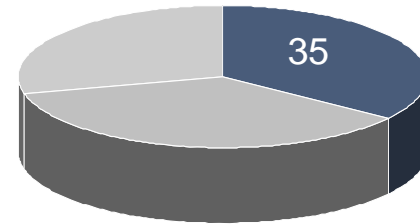


Three strategic business segments



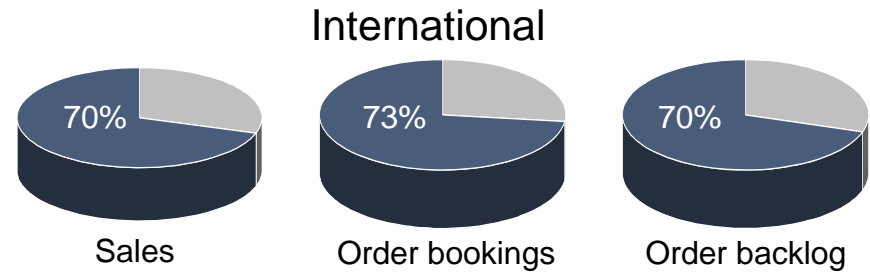
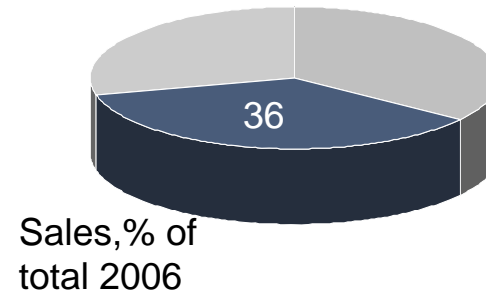
Defence and Security Solutions

<i>SEK m.</i>	2006	2005
Sales	8,028	6,303
EBIT, excl struct costs	933	679
Operating margin, %	11.6	10.8
Order bookings	16,415	7,648
Order backlog	13,654	5,300



Systems and Products

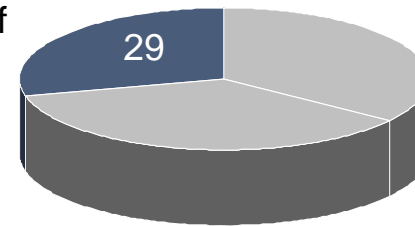
<i>SEK m.</i>	2006	2005
Sales	8,580	7,397
EBIT, excl struct costs	876	862
Operating margin, %	10.2	11.7
Order bookings	7,691	6,726
Order backlog	18,950	16,325



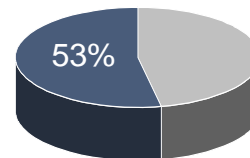
Aeronautics

<i>SEK m.</i>	2006	2005
Sales	6,010	6,775
EBIT, excl struct costs	281	271
Operating margin, %	4.7	4.0
Order bookings	4,956	3,603
Order backlog	20,440	21,970

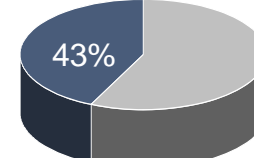
Sales, % of total 2006



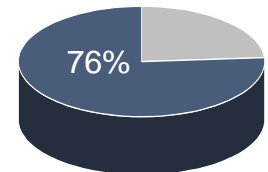
International



Sales



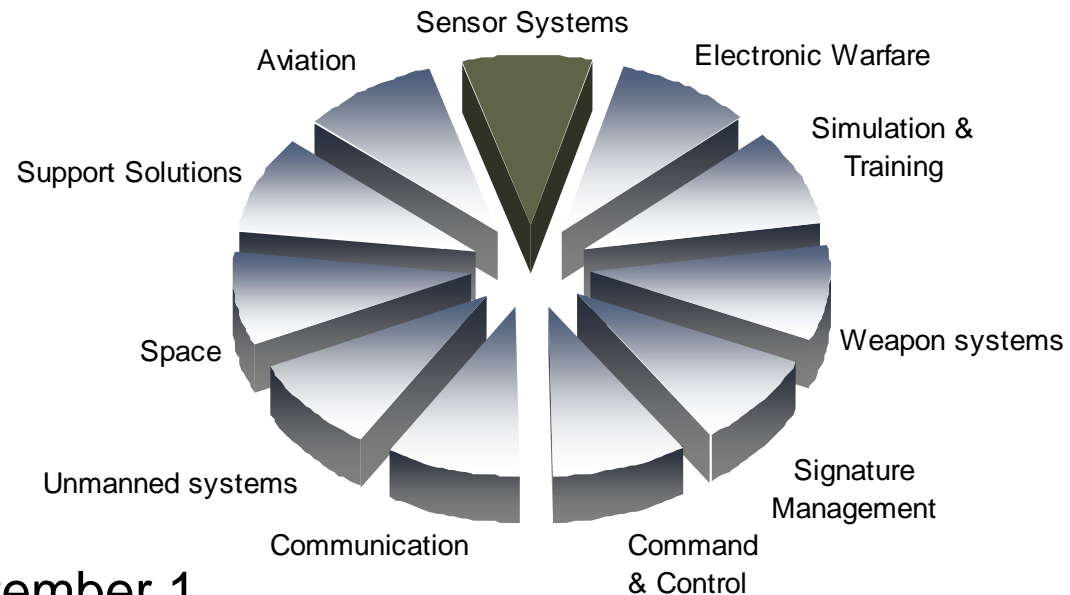
Order bookings



Order backlog

Saab Microwave Systems

- 1 200 employees
- Sales: SEK 2.5 bn
- International sales: 65%
- Order backlog: SEK 3 bn
- Good profitability
- Part of the Systems and Products segment since September 1



Highlights 2006

- ARTHUR Weapon Locating radars, training simulator and logistics to Spain. Order value NOK 476 m. (EUR 59 m.)
- R&D partnership for future radar and EW with Italy
- Order for Surveillance system to Pakistan confirmed
- Acquisitions and partnership:
 - Maersk Data Defence, Communications, Command and control systems, Sales DKK 187 m., 210 employees
 - New aerostructures company in South Africa with Denel
- Gripen: South Africa, Hungary, Sweden, India, Red Flag
- RBS15 Mk3 to Poland. Order value SEK 1 bn.
- 10-year program with U.S. Army: Ultra lightweight camouflage net systems. High future potential

Highlights 2006 (cont.)

- Saab the dominating supplier of on-board computers and processors to Galileo. Order value EUR 30 m. for initial phase
- Saab Venture - Investments in technologies and markets with relevance to Saab's present and future business. Total investment mandate: SEK 200 m.
- Rakel - Single radio system for all public safety authorities - in operational use
- Partnership with Securitas:
 - Saab to supply a technological security platform for both Arlanda and Bromma airport
 - 2007: Collaboration on future guard monitoring and dispatch system
- Complete RBS 70 system Air defence missile system to Finland. Order value SEK 600 m.

The 2006 Report - financials

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Lars Wahlund
Group Senior Vice President,
Finance

Order bookings and order backlog

	Order bookings 12 months	Order bookings 12 months	Order backlog
SEK millions	2006	2005	Dec 31, 2006
Defence & Security Solutions	16,415	7,648	13,654
Systems & Products	7,691	6,726	18,950
Aeronautics	4,956	3,603	20,440
Corporate	53	243	12
Internal	-1,540	-708	-1,957
Saab Group	27,575	17,512	51,099

Sales

SEK millions	2006	2005	Change	2004*
Defence & Security	8,028	6,303	27.4%	4,557
Systems & Products	8,580	7,397	16.0%	6,826
Aeronautics	6,010	6,775	-11.3%	6,796
Corporate	204	82		659
Internal	-1,759	-1,243		-990
Saab Group	21,063	19,314	9.1%	17,848

* Not restated to new organization

Operating income, EBIT

SEK millions	2006	<i>margin</i>	2005	<i>margin</i>
Defence & Security	875	10.9%	635	10.1%
Systems & Products	631	7.4%	818	11.1%
Aeronautics	190	3.2%	144	2.1%
Corporate	49		55	
Saab Group	1,745	8.3%	1,652	8.6%

Operating income, EBIT excl. structural costs

SEK millions	2006	<i>margin</i>	2005	<i>margin</i>
Defence & Security	933	11.6%	679	10.8%
Systems & Products	876	10.2%	862	11.7%
Aeronautics	281	4.7%	271	4.0%
Corporate	100		161	
Total	2,190	10.4%	1,973	10.2%
Structural costs	-445		-321	
Saab Group	1,745	8.3%	1,652	8.6%

Income statement

SEK millions	2006	2005	2004
Sales	21,063	19,314	17,848
Cost of goods sold	-15,775	-15,003	-13,596
Gross margin	5,288	4,311	4,252
<i>Gross margin</i>	25.1%	22.3%	23.8%
Other operating income	330	322	175
Marketing expenses	-1,646	-1,203	-1,286
Administrative expenses	-1,279	-1,132	-948
Research and development costs	-805	-552	-388
Other operating expenses	-165	-159	-27
Share in income of associated companies	22	65	75
Operating income	1,745	1,652	1,853
<i>Operating margin</i>	8.3%	8.6%	10.4%
Result from financial investments	-52	-101	-141
Income after financial items	1,693	1,551	1,712
Taxes	-346	-352	-402
Net income	1,347	1,199	1,310
Earnings per share, SEK	11.91	10.89	11.78

Balance sheet

SEK millions	Dec. 31 2006	Dec. 31 2005	Change
Assets			
Intangible fixed assets	7,821	3,222	4,599
Tangible fixed assets	4,295	4,208	87
Lease assets	2,417	4,077	-1,660
Biological assets	230	217	13
Investments properties	66	62	4
Shares in associated companies	270	316	-46
Financial investments	122	128	-6
Long-term receivables	991	1,090	-99
Deferred tax receivables	362	319	43
Total fixed assets	16,574	13,639	2,935
Inventories	4,957	3,962	995
Derivatives	538	434	104
Tax receivables	146	93	53
Accounts receivables	3,324	3,017	307
Prepaid expenses and accrued income	652	608	44
Other receivables	5,053	2,578	2,475
Short-term investments	0	4,624	-4,624
Liquid assets	1,393	1,574	-181
Total current assets	16,063	16,890	-827
Assets held for sale	134	65	69
Total assets	32,771	30,594	2,177

Balance sheet

SEK millions	Dec. 31 2006	Dec. 31 2005	Change
Shareholders' equity and liabilities			
Parent Company's shareholders' interest	9,802	9,179	623
Minority interest	223	314	-91
Total shareholders' equity	10,025	9,493	532
Long-term interest-bearing liabilities	590	739	-149
Lease obligations	245	665	-420
Other long-term liabilities	342	388	-46
Provision for pensions	412	2,939	-2,527
Other provisions	1,961	2,214	-253
Deferred tax liabilities	789	28	761
Total long-term liabilities	4,339	6,973	-2,634
Short-term interest-bearing liabilities	1,064	315	749
Advance payments from customers	3,642	3,528	114
Accounts payable	1,422	1,263	159
Lease obligations	212	858	-646
Derivatives	172	365	-193
Tax liabilities	298	167	131
Other liabilities	1,115	827	288
Accrued expenses and deferred income	9,371	6,152	3,219
Provisions	1,109	616	493
Total current liabilities	18,405	14,091	4,314
Liabilities related to fixed assets held for sale	2	37	-35
Total shareholders' equity and liabilities	32,771	30,594	2,177
Equity/assets ratio, %	30.6	31.0	

Summarised Cash flow January - Dec 2006

SEK millions	Actual	Saab	SAL	Divestments/ Investments
Cash flow from operations	3.032	2,753	279	0
Inventories	-767	-753	-14	-
Advances	-853	-853	-	-
Liabilities	2,290	2,433	-143	-
Lease obligations	-832	-	-832	-
Provisions	-201	-99	-102	-
Other assets	-1,700	-1,806	106	-
Change in working capital	-2,063	-1,078	-985	0
Intangible assets	-530	-530	-	-
Fixed assets	-402	-403	1	-
Leasing assets	823	-	823	-
Acquisitions	-3,403	-	-	-3,403
Divestments	219	-	-	219
Acq/sales of financial assets	424	23	-	401
Cash flow from investments	-2,869	-910	824	-2,783
Operating cash flow	-1,900	765	118	-2,783

Liquidity

SEK millions	2006
Liquid investments at the beginning of the period	6 198
Operating cash flow from operations	883
Acquisition and divestments of companies	-2 783
Pension fund	-2,566
Loans raised	630
Dividend to shareholders	-437
Other changes, translation differences etc	-532
Liquid investments at the end of the period	1 393

Net liquidity / Net debt

SEK millions	Dec 31 2006	Dec 31 2005
Assets		
Short-term investments	0	4,624
Liquid assets	1,393	1,574
Total liquid investments	1,393	6,198
Liabilities		
Liabilities to credit institutions	-579	-634
Other interest-bearing liabilities	-1,075	-420
Total interest-bearing liabilities	-1,654	-1,054
Net debt/net liquidity	-261	5,144
Plus: interest-bearing receivables	1,278	651
Less: provisions for pensions	-412	-2,939
Total net liquidity	605	2,856

Total M&A - January - December 2006

Liquidity impact

SEK millions

Acquisitions

TietoSaab Systems OY	48	
Aerospace Monitoring and Systems	31	
Ericsson Microwave Systems AB	3,763	
Saab Ericsson Space AB (40%)	100	
Maersk Data Defence A/S	58	
TAE, South Africa	17	
Total purchase price	4,017	4,017

Divestments

Nammo (settlement Q1)	-402	
Saab Metech AB	-253	
Total	-655	3,362

Effects on Group's liquidity, acquired/sold liquid assets

Aerospace Monitoring and Systems	6	
Ericsson Microwave Systems AB	582	
Maersk Data Defence	25	
Saab Metech AB	-34	
Total liquidity impact	579	2,783

Total M&A - January - December 2006

SEK millions

Acquisitions, Purchase Price

TietoSaab Systems OY	48	
Aerospace Monitoring and Systems + TAE South Africa	48	
Ericsson Microwave Systems AB	3,763	
Saab Ericsson Space AB (40%)	100	
Maersk Data Defence A/S	66	4,020
Acquired Equity		-263

Total

3,757

Intangible Assets

Ericsson Microwave Systems AB	2,957	
Maersk Data Defence A/S	86	3,043

Deferred Tax Liabilities

Ericsson Microwave Systems	-828	
Maersk Data Defence	-24	-852

Goodwill

TietoSaab Systems OY	48	
Aerospace Monitoring and Systems + TAR South Africa	38	
Ericsson Microwave Systems AB	1,460	
Saab Ericsson Space	25	1,571

Total

3,757

Balance sheet

December 31, 2006, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Elimi- nations	Saab Group
Intangible assets	7,821			7,821
Tangible assets	4,591			4,591
Lease assets		2,417		2,417
Long-term interest-bearing receivables	508			508
Shares, etc	1,866		-1,500	366
Deferred tax receivables	303	59		362
Inventories	4,952	5		4,957
Short-term interest-bearing receivables	770			770
Other assets	8,773	813		9,586
Cash and marketable securities	1,290	103		1,393
Total assets	30,874	3,397	-1,500	32,771
Shareholders' equity	10,030	1,495	-1,500	10,025
Provision for pensions	412			412
Other provisions	2,407	663		3,070
Deferred tax liabilities	789			789
Liabilities to credit institutions	1,654			1,654
Lease obligations		457		457
Advance payments from customers	3,642			3,642
Other liabilities	11,940	782		12,722
Total shareholders' equity & liabilities	30,874	3,397	-1,500	32,771

Operating cash flow vs Statement of Cash flow

SEK millions	12 months 2006	12 months 2005
Operating cash flow	-1,900	2,645
Cash flow from financing:		
Pensions amortized and paid	-2,566	-200
Loans raised/amortized	630	-36
Dividend	-441	-413
Cash flow from investments –		
Interest bearing:		
Short-term investments	4,868	-1,553
Financial investments	-686	-47
Statement of Cash flow	-95	396

Outlook 2007

Telephone Conference, February 15, 2007



Åke Svensson
President and CEO

70 years of high technology



1937
Saab
is founded

**Swedish
Aeroplanes**



1969
Saab Scania
is founded

**Aircraft
and Cars**



1990
Saab Automobile
is founded

**Means of
Transportation**



2000
Saab acquires
Celsius

Defence

2006
Saab acquires
EMW

A major market transformation

- From one dominating customer with high focus on future needs to multiple customers focusing on here and now
- From unique Swedish to internationally interoperable
- From defending borders to protecting flows

Status and focus entering 2007

STRATEGY

- Three interacting business segments
- Organic growth supported by acquisitions
- Market/products – leading positions and technology
- R&D efforts continue

PERFORMANCE

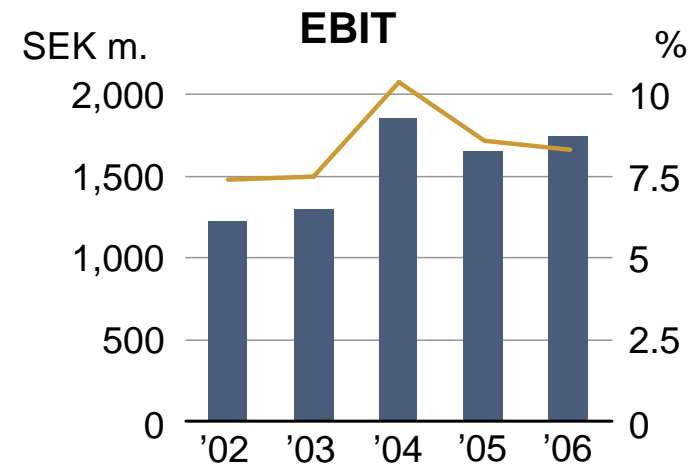
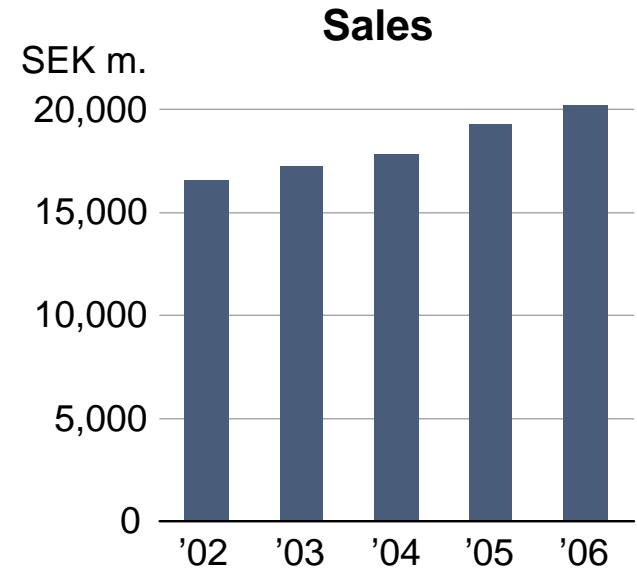
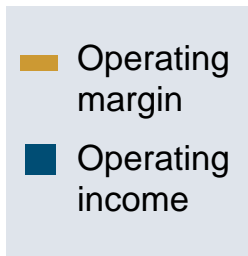
- Asset management – increased return on capital employed
- Gross margin improvements – establish a common process for business winning and project execution
- Intensified cost savings with regard to each business unit's different possibilities

PEOPLE

- Vision, values and business concept - basic foundation in place
- Branding – leverage on the strong common brand
- Leadership and culture – focus on execution

Forecast 2007

- Long-term financial objectives remain unchanged: 5 percent organic growth, operating margin 10 percent
- For 2007 we expect growth in line with 2006 and an operating margin including structural costs slightly improved



Conclusions

- 2006: Stable result in line with our long term objectives
- Well positioned for continued growth with good profitability
- 2007: focus on operational excellence

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