

# Q2 Interim Report 2007

Telephone Conference, Stockholm, July 13, 2007



Åke Svensson  
President and CEO

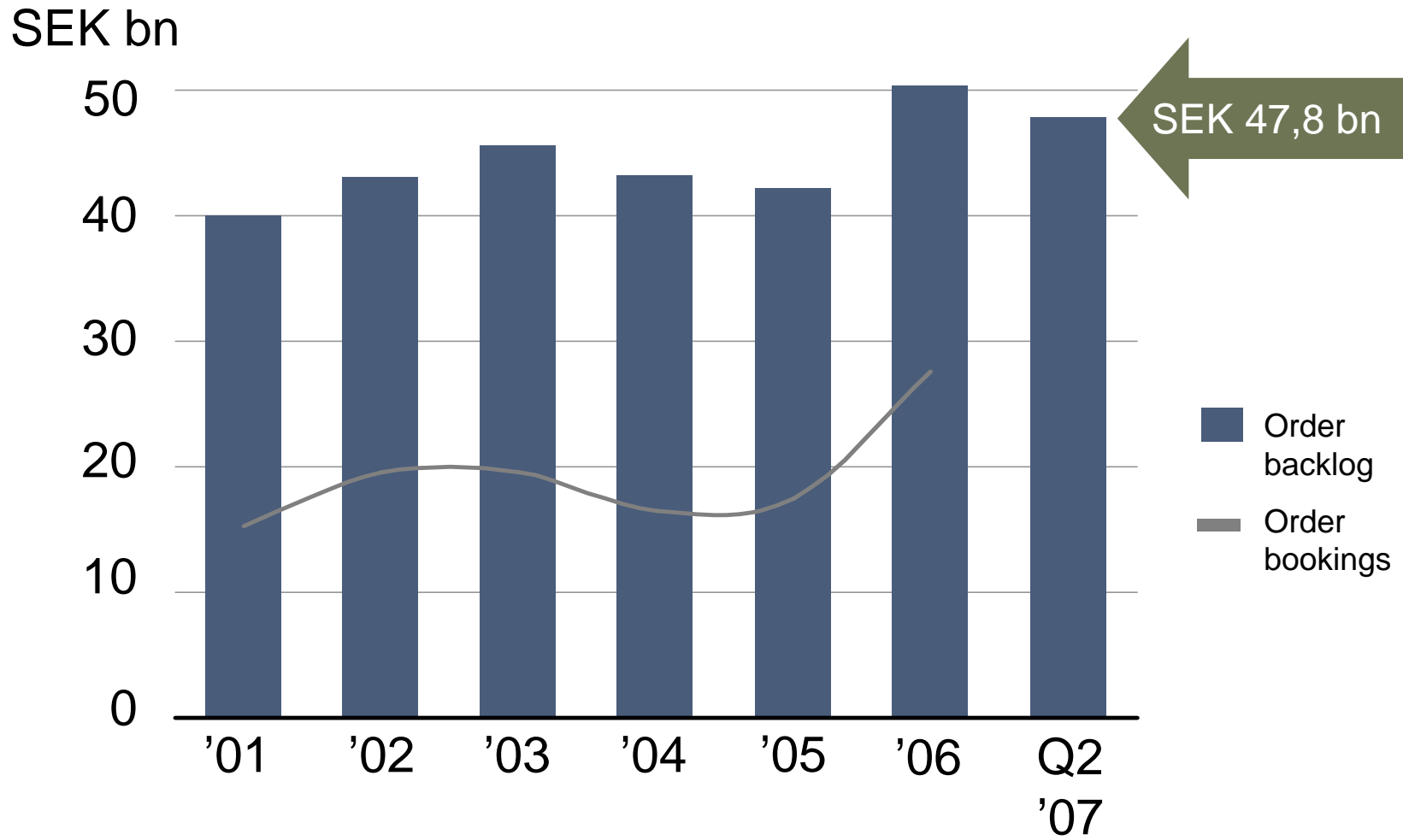
# Stable first half year

- Order bookings remained satisfactory
- Sales increased
- Income was stable
- Important acquisitions and future-oriented partnerships

# January – June 2007 in brief

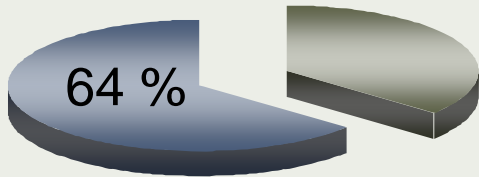
- Sales SEK 10,852 m. (9,456)
- Net income for the period SEK 708 m. (729)
- Earnings per share SEK 6.37 (6.56 )
- Operating income SEK 1,044 m. (953),  
income after financial items SEK 952 m. (936)
- Order bookings SEK 8,345 m. (15,580)
- Order backlog SEK 47.8 billion (47.7)

# Order backlog and order bookings

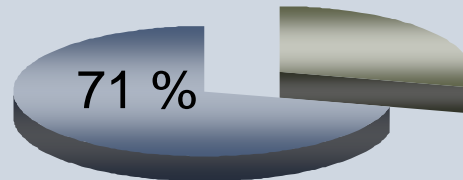


# International business

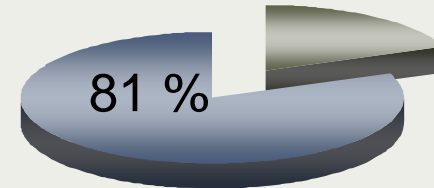
Sales



Order bookings



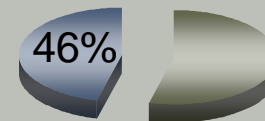
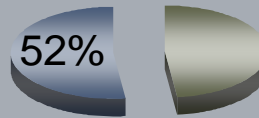
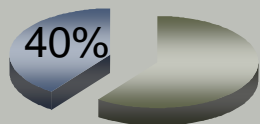
Order backlog



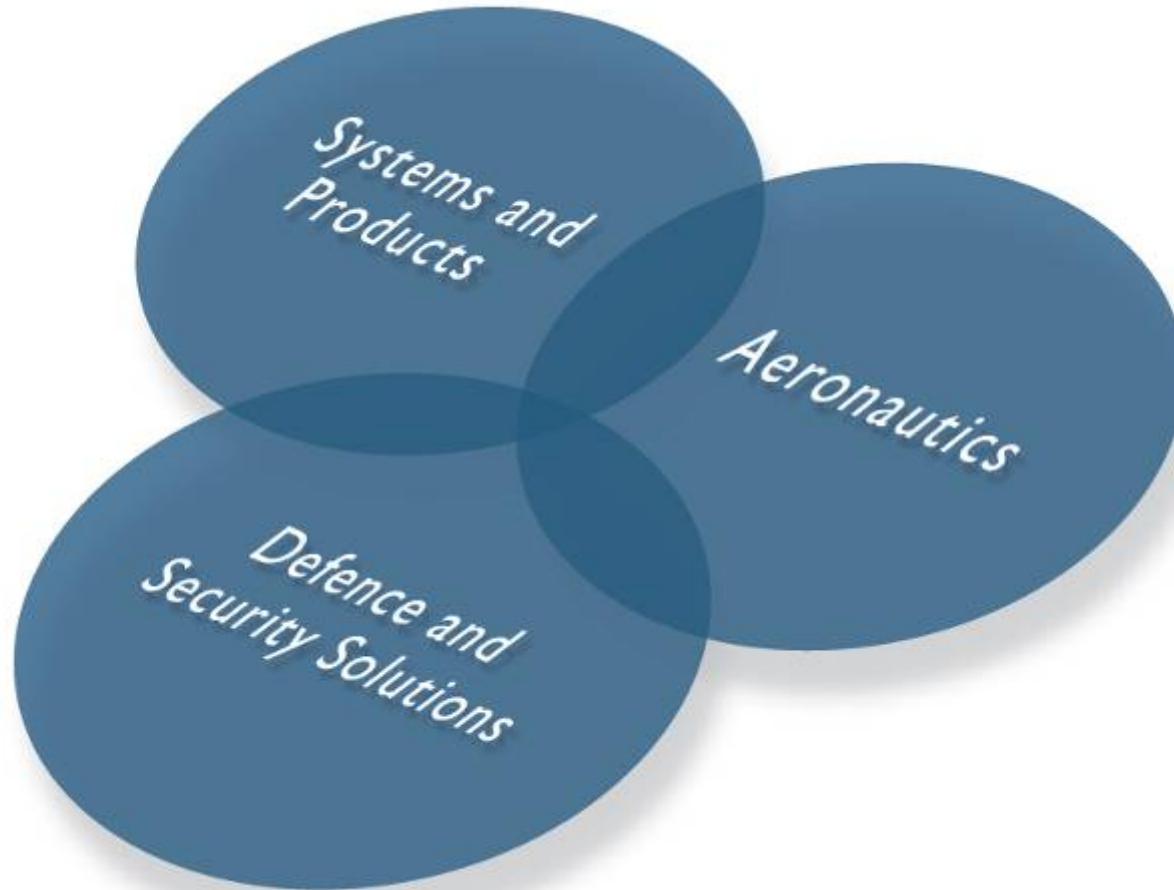
International

Sweden

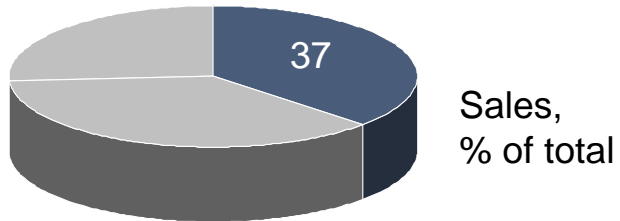
Full year 2001



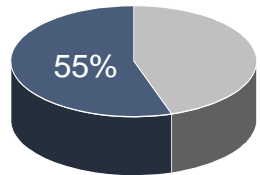
# Three strategic business segments



# Defence and Security Solutions

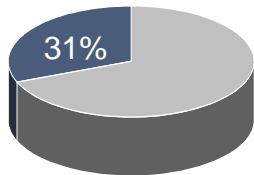


Sales,  
% of total

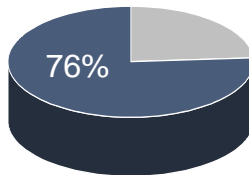


Sales

International



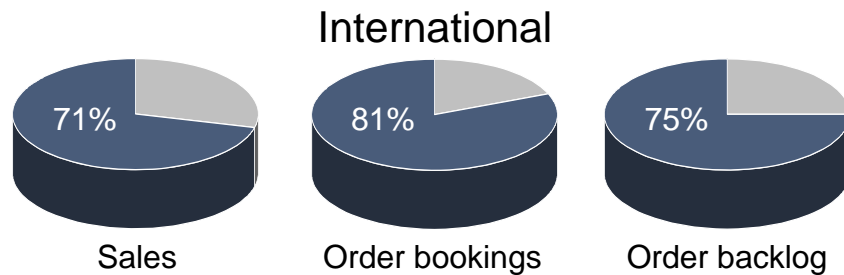
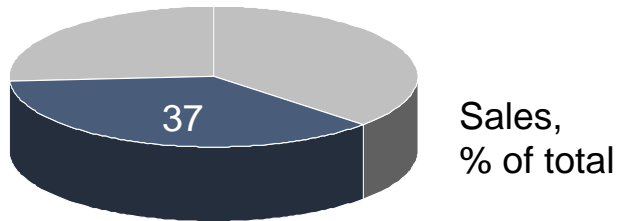
Order bookings



Order backlog

<i>SEK m.</i>	Q2'07	2006
Sales	4,317	8,028
EBIT	446	875
Operating margin, %	10.3	10.9
Order bookings	2,993	16,415
Order backlog	12,255	13,654

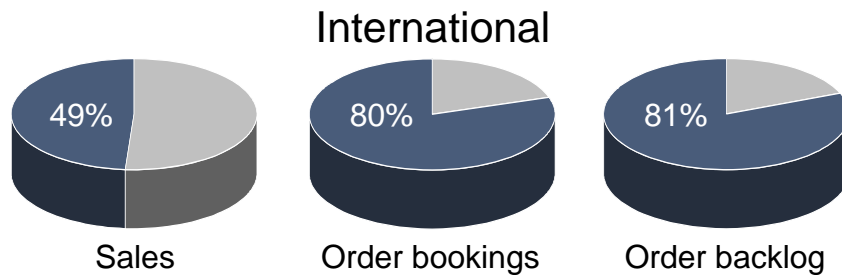
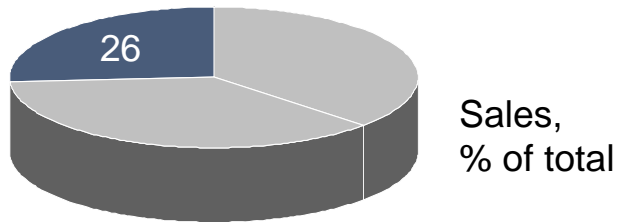
# Systems and Products



<i>SEK m.</i>	Q2 '07	2006
Sales	4,302	8,580
EBIT	403	631
Operating margin, %	9.4	7.4
Order bookings	4,069	7,691
Order backlog	18,107	18,296



# Aeronautics



<i>SEK m.</i>	Q2'07	2006
Sales	3,004	6,010
EBIT	188	190
Operating margin, %	6.3	3.2
Order bookings	2,221	4,956
Order backlog	19,507	20,440

# Gripen around the world

## CUSTOMERS



## POTENTIAL CUSTOMERS



# Gripen in Sweden

- 100 Gripen C/D versions for SwAF
  - Gripen A/B versions to be modified
  - Remaining aircraft available for export
- Gripen Demonstrator Programme

# Gripen Demonstrator Programme = Partnership



# Norway invests €15 000 000 in Gripen's future



# Acquisitions January – June 2007

## Long-term collaboration in Norway:

- Saab invests in Aker Holding AS, majority shareholder in Aker Kvaerner ASA
- Investment: NOK 1.2 Billion = 7.5 percent of the shares
- Creates additional business opportunities in Saab's core competence areas

## Acquisition of Seaeye in the U.K

- Complements portfolio and brings new markets within offshore
- Purchase price is GBP 13 m.

## Acquisition of RUAG warhead division

- First establishment in Switzerland
- Development, production and testing of advanced munitions

# Additional highlights January – June 2007

## Continued success story in Australia

- Upgrade and maintenance of the ANZAC class frigates
- Initial order value 104 million AUD

## Mobile combat training centre contract

- Order value SEK 350 m.
- Customer: The Royal Netherlands Army

## Long-term support to Swedish Defence

- A single consolidated support solution for aircraft and helicopters
- Order value up to SEK 170 m.

## Pakistan renegotiates airborne surveillance

- Order value decreased by approximately SEK 1.35 bn
- No impact on sales or income for 2007
- A new system with strong international potential

## Boeing 787 Dreamliner Roll out

# Q2 2007 - Financials

Telephone Conference, Stockholm, July 13, 2007



Lars Wahlund  
Group Senior Vice President,  
Finance



# Order bookings and order backlog

	Order bookings 6 months	Order bookings 6 months	Order backlog
<b>SEK millions</b>	<b>2007</b>	<b>2006</b>	<b>June 30, 2007</b>
Defence & Security Solutions	2,933	11,901	12,255
Systems & Products	4,069	2,411	18,107
Aeronautics	2,221	1,947	19,507
Corporate/Internal	-878	-679	-2,102
<b>Saab Group</b>	<b>8,345</b>	<b>15,580</b>	<b>47,767</b>

# Sales

SEK millions	6 months 2007	6 months 2006	Change	2006
Defence & Security	4,317	3,672	17.6%	8,028
Systems & Products	4,302	3,361	28.0%	8,580
Aeronautics	3,004	3,125	-3.9%	6,010
Corporate/Internal	-771	-702		-1,555
<b>Saab Group</b>	<b>10,852</b>	<b>9,456</b>	<b>14.8%</b>	<b>21,063</b>

# Operating income, EBIT

SEK millions	6 months		6 months	
	2007	<i>margin</i>	2006	<i>margin</i>
Defence & Security	446	10.3%	344	9.4%
Systems & Products	403	9.4%	382	11.4%
Aeronautics	188	6.3%	173	5.5%
Corporate	7		54	
<b>Saab Group</b>	<b>1,044</b>	<b>9.6%</b>	<b>953</b>	<b>10.1%</b>

# Operating income, EBIT/EBITDA

SEK millions		6 months		6 months	
		2007	<i>margin</i>	2006	<i>margin</i>
Defence & Security	EBIT	446	10.3%	344	9.4%
	EBITDA	544	12.6%	385	10.5%
Systems & Products	EBIT	403	9.4%	382	11.4%
	EBITDA	626	14.6%	474	14.1%
Aeronautics	EBIT	188	6.3%	173	5.5%
	EBITDA	254	8.5%	230	7.4%
Corporate	EBIT	7		54	
	EBITDA	77		100	
<b>Saab Group</b>	<b>EBIT</b>	<b>1,044</b>	<b>9.6%</b>	<b>953</b>	<b>10.1%</b>
	<b>EBITDA</b>	<b>1,501</b>	<b>13.8%</b>	<b>1,189</b>	<b>12.6%</b>

# Income statement

SEK millions	6 months 2007	6 months 2006	12 months 2006
<b>Sales</b>	<b>10,852</b>	<b>9,456</b>	<b>21,063</b>
Cost of goods sold	-8,038	-7,106	-15,775
<b>Gross income</b>	<b>2,814</b>	<b>2,350</b>	<b>5,288</b>
<i>Gross margin</i>	25.9%	24.9%	25.1%
Other operating income	218	239	330
Marketing expenses	-817	-693	-1,646
Administrative expenses	-701	-579	-1,279
Research and development costs	-471	-249	-805
Other operating expenses	-23	-123	-165
Share in income of associated companies	24	8	22
<b>Operating income</b>	<b>1,044</b>	<b>953</b>	<b>1,745</b>
<i>Operating margin</i>	9.6%	10.1%	8.3%
Result from financial investments	-92	-17	-52
<b>Income before taxes</b>	<b>952</b>	<b>936</b>	<b>1,693</b>
Taxes	-244	-207	-346
<b>Net income</b>	<b>708</b>	<b>729</b>	<b>1,347</b>
Earnings per share, SEK	6.37	6.56	11.91

# Balance sheet

SEK millions	June, 30 2007	Dec. 31 2006	Change
<b>Assets</b>			
Intangible fixed assets	8,075	7,821	254
Tangible fixed assets	4,204	4,295	-91
Lease assets	2,061	2,417	-356
Biological assets	231	230	1
Investment properties	67	66	1
Shares in associated companies	232	270	-38
Financial investments	261	122	139
Long-term receivables	965	991	-26
Deferred tax receivables	494	362	132
<b>Total fixed assets</b>	<b>16,590</b>	<b>16,574</b>	<b>16</b>
Inventories	5,467	4,957	510
Derivatives	352	538	-186
Tax receivables	112	146	-34
Accounts receivables	3,390	3,324	66
Prepaid expenses and accrued income	900	652	248
Other receivables	5,179	5,053	126
Short-term investments	0	0	0
Liquid assets	796	1,393	-597
<b>Total current assets</b>	<b>16,196</b>	<b>16,063</b>	<b>133</b>
Assets held for sale	-	134	-134
<b>Total assets</b>	<b>32,786</b>	<b>32,771</b>	<b>15</b>

# Balance sheet

SEK millions	June, 30 2007	Dec. 31 2006	Change
<b>Shareholders' equity and liabilities</b>			
Parent Company's shareholders' interest	9,888	9,802	86
Minority interest	236	223	13
<b>Total shareholders' equity</b>	<b>10,124</b>	<b>10,025</b>	<b>99</b>
Long-term interest-bearing liabilities	619	590	29
Lease obligations	185	245	-60
Other liabilities	316	342	-26
Provision for pensions	251	412	-161
Other provisions	2,209	1,961	248
Deferred tax liabilities	811	789	22
<b>Total long-term liabilities</b>	<b>4,391</b>	<b>4,339</b>	<b>52</b>
Short-term interest-bearing liabilities	1,040	1,064	-24
Advance payments from customers	3,868	3,642	226
Accounts payable	1,299	1,422	-123
Lease obligations	78	212	-134
Derivatives	271	172	99
Tax liabilities	533	298	235
Other liabilities	875	1,115	-240
Accrued expenses and deferred income	9,402	9,371	31
Provisions	905	1,109	-204
<b>Total current liabilities</b>	<b>18,271</b>	<b>18,405</b>	<b>-134</b>
Liabilities related to fixed assets held for sale	-	2	-2
<b>Total shareholders' equity and liabilities</b>	<b>32,786</b>	<b>32,771</b>	<b>15</b>
Equity/assets ratio, %	30.9	30.6	

# Summarised Cash flow January - June 2007

SEK millions	Actual	Saab	SAL	Divestments/ Investments
<b>Cash flow from operations</b>	<b>1,393</b>	<b>1,008</b>	<b>385</b>	<b>0</b>
Inventories	-455	-471	16	-
Receivables	-642	-774	132	-
Advances	210	210	-	-
Lease obligations	-193	-	-193	-
Liabilities	-73	182	-255	-
Provisions	-210	-127	-83	-
<b>Change in working capital</b>	<b>-1,363</b>	<b>-980</b>	<b>-383</b>	<b>0</b>
Intangible assets	-313	-313	-	-
Fixed assets	-178	-178	-	-
Leasing assets	307	-	307	-
Acquisitions	-138	-	-	-138
Divestments	308	-	-	308
Acq/sales of financial assets	-7	-7	-	-
<b>Cash flow from investments</b>	<b>-21</b>	<b>-498</b>	<b>307</b>	<b>170</b>
<b>Operating cash flow</b>	<b>9</b>	<b>-470</b>	<b>309</b>	<b>170</b>



# Liquidity

<b>SEK millions</b>	<b>June,30 2007</b>
<b>Liquid investments at the beginning of the period</b>	<b>1,393</b>
Operating cash flow from operations	-161
Acquisition and divestments of companies	170
Pension fund	-43
Amoritization of loans	-18
Share repurchase	-58
Dividend to shareholders	-467
Other changes, translation differencies etc	-20
<b>Liquid investments at the end of the period</b>	<b>796</b>

# Net liquidity / Net debt

SEK millions	June 30 2007	Dec 31 2006
<b>Assets</b>		
Short-term investments	0	0
Liquid assets	796	1,393
<b>Total liquid investments</b>	<b>796</b>	<b>1,393</b>
<b>Liabilities</b>		
Liabilities to credit institutions	-604	-579
Other interest-bearing liabilities	-1,055	-1,075
<b>Total interest-bearing liabilities</b>	<b>-1,659</b>	<b>-1,654</b>
<b>Net debt</b>	<b>-863</b>	<b>-261</b>
Plus: interest-bearing receivables	1,304	1,278
Less: provisions for pensions	-251	-412
<b>Total net liquidity</b>	<b>190</b>	<b>605</b>

# Balance sheet, June 30, 2007, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Intangible assets	8,075			8,075
Tangible assets	4,502			4,502
Lease assets	3	2,058		2,061
Long-term interest-bearing receivables	509			509
Shares, etc	1,832	119	-1,500	451
Deferred tax assets	340	154		494
Inventories	5,461	6		5,467
Short-term interest-bearing receivables	206	589		795
Other receivables	9,179	457		9,636
Cash and marketable securities	764	32		796
<b>Total assets</b>	<b>30,871</b>	<b>3,415</b>	<b>-1,500</b>	<b>32,786</b>
Shareholders' equity	10,031	1,593	-1,500	10,124
Provision for pensions	251			251
Other provisions	2,122	992		3,114
Deferred tax liabilities	811			811
Interest-bearing liabilities	1,659			1,659
Lease obligations		263		263
Advance payments from customers	3,868			3,868
Other liabilities	12,129	567		12,696
<b>Total shareholders' equity &amp; liabilities</b>	<b>30,871</b>	<b>3,415</b>	<b>-1,500</b>	<b>32,786</b>

# Operating cash flow vs Statement of Cash flow

SEK millions	6 months 2007	6 months 2006
<b>Operating cash flow</b>	<b>9</b>	<b>758</b>
<b>Cash flow from financing:</b>		
Establishment of pension fund	-43	-2,581
Loans raised/amortized	-18	70
Dividend	-467	-437
Share repurchase	-58	-
<b>Cash flow from investments – Interest bearing:</b>		
Short-term investments	-	1,731
Financial investments	-26	-189
<b>Statement of Cash flow</b>	<b>-603</b>	<b>-648</b>

# Repurchase of shares

- Purpose: to guarantee Share Matching Plan
- Approved by the Annual General Meeting 2007
- Acquisitions can be made until the conclusion of next year's Annual General Meeting
- No acquisitions made during "silent period"
- The highest number of shares which are intended to be repurchased is 1,000,000.



<u>Date</u>	<u>Number of shares bought</u>	<u>Saab's holding in own shares</u>
2007-06-08	223.300	223.300
2007-06-11	40.200	263.500
2007-06-12	59.000	322.500
2007-06-13	12.300	334.800

# Outlook 2007

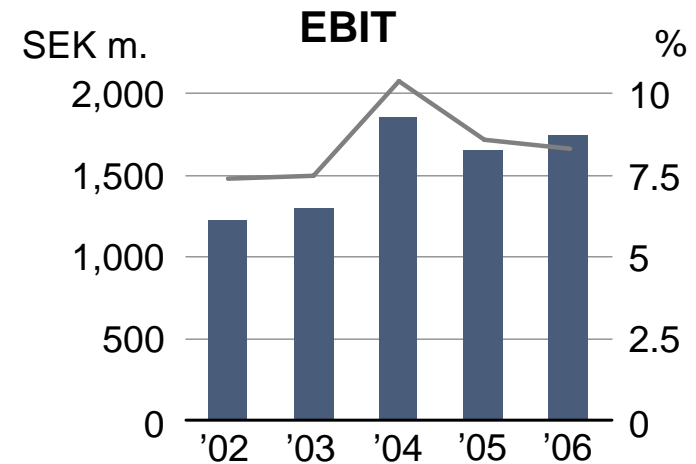
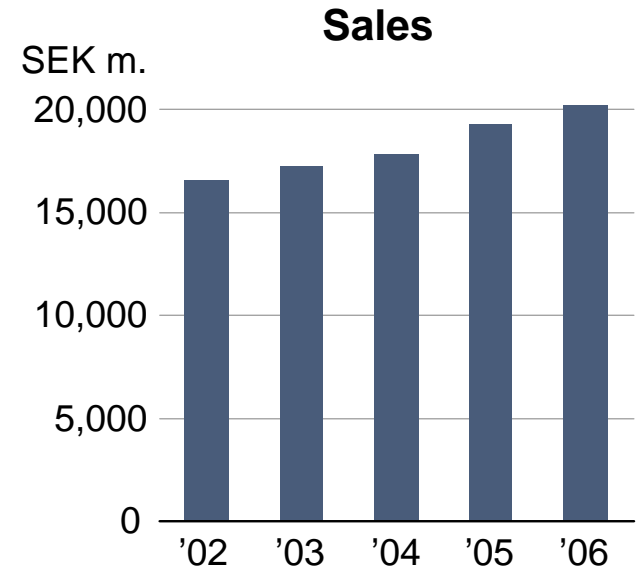
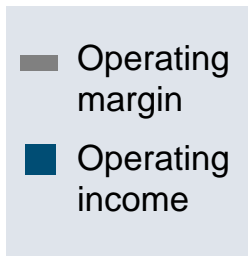
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Åke Svensson  
President and CEO

# 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

- Stable first half year:
  - Satisfactory order bookings
  - Increased sales
  - Stable income
- Important acquisitions and future-oriented partnerships





Invitation to Saab's 70<sup>th</sup> anniversary  
August 31, 2007

SAAB  
1937  
2007

[www.saabgroup.com](http://www.saabgroup.com)

SAAB  
1937  
2007