

Q3 Interim Report 2007

Telephone Conference, Stockholm, October 19, 2007



Åke Svensson
President and CEO

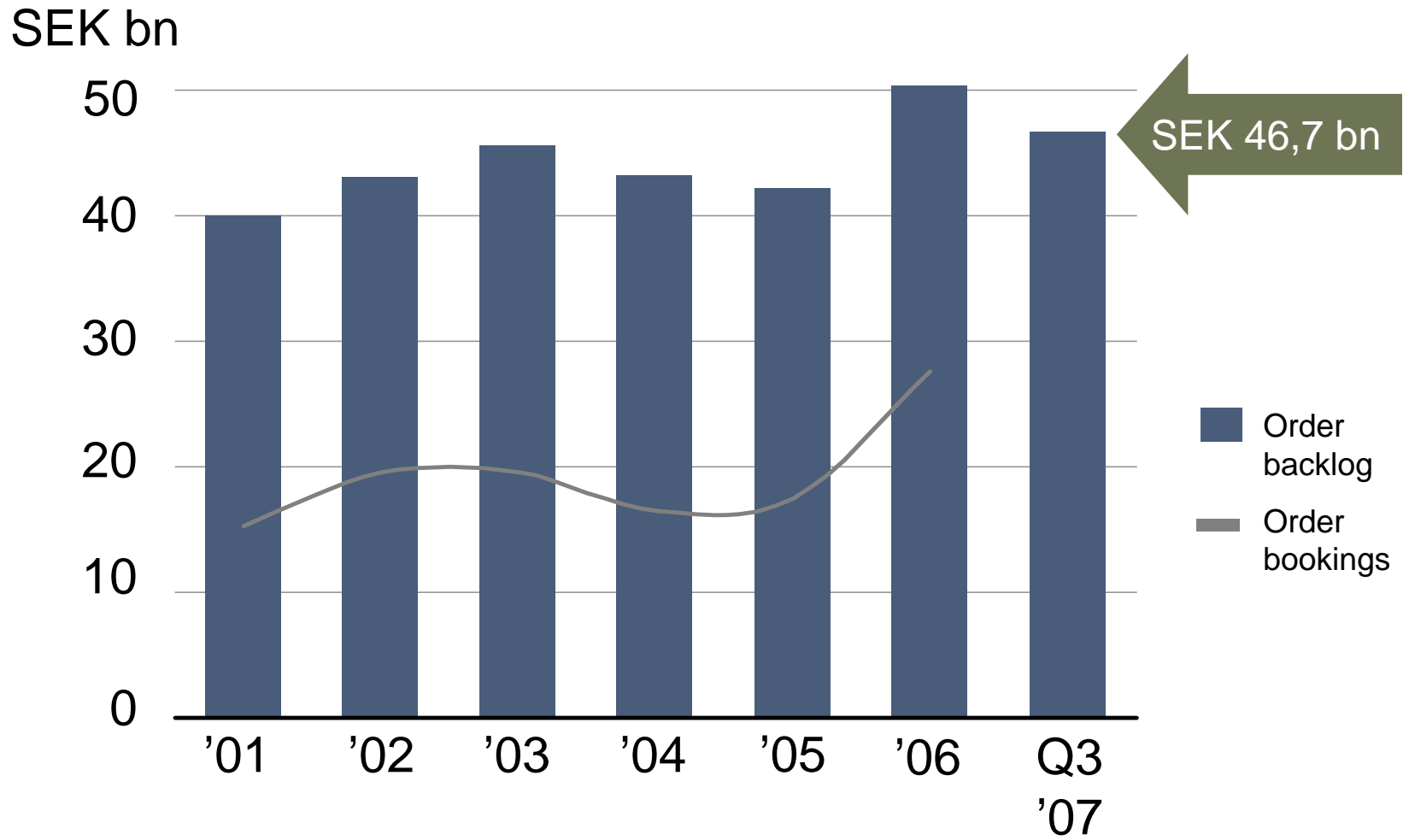
Nine months in line with expectations

- Growth according to plan
- Order bookings remain satisfactory
- Gripen: Sweden, Thailand
- Launch of efficiency improvement program with great potential.

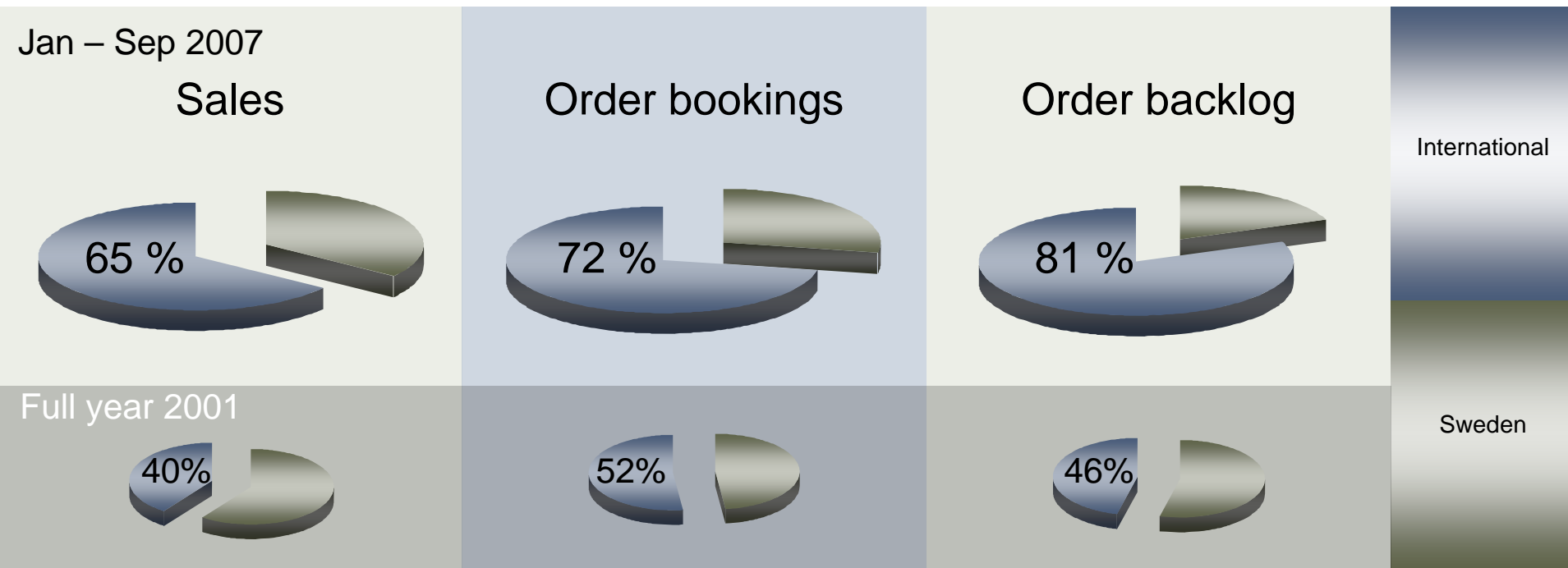
January – September 2007 in brief

- Sales SEK 15,663 m. (13,716)
- Net income for the period SEK 933 m. (979)
- Earnings per share SEK 8.36 (8.73)
- Operating income SEK 1,362 m. (1,322),
income after financial items SEK 1,269 m. (1,293)
- Order bookings SEK 12,285 m. (20,127)
- Order backlog SEK 46.7 billion (51)

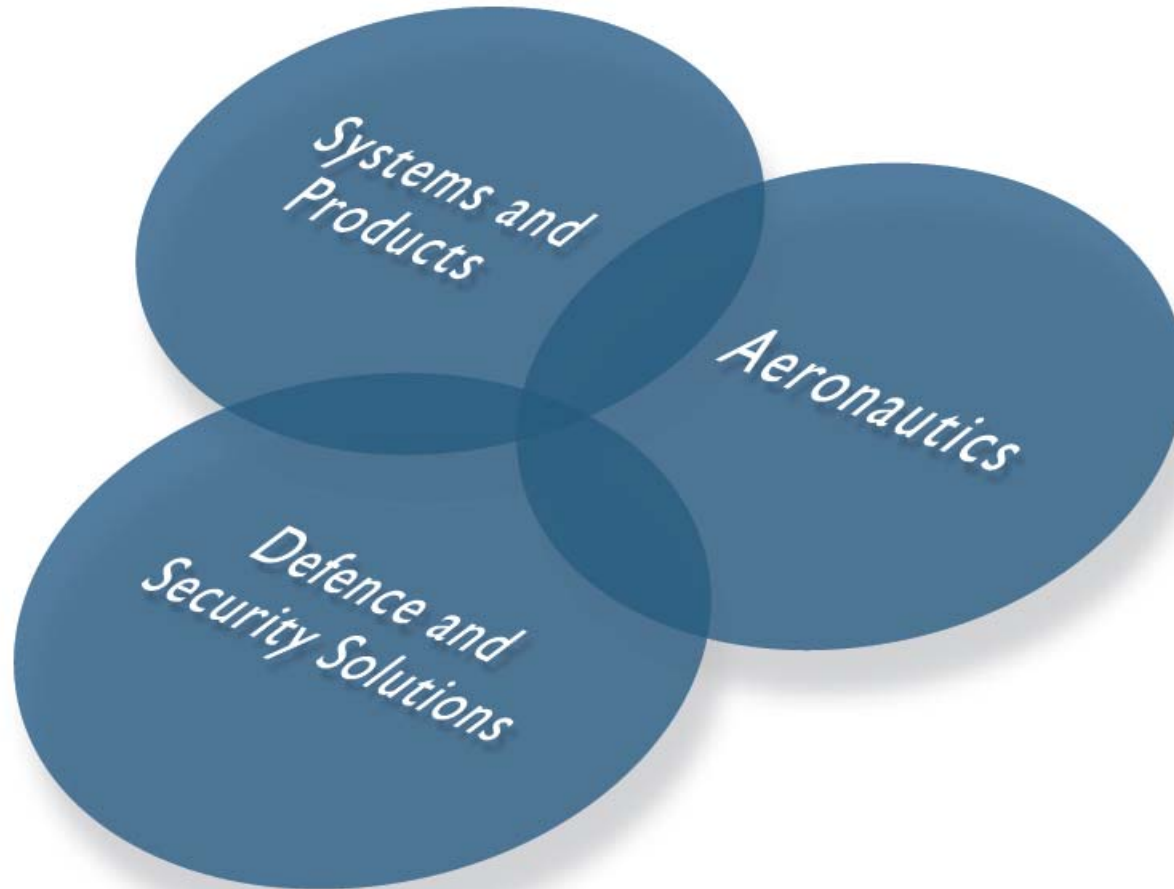
Order backlog and order bookings



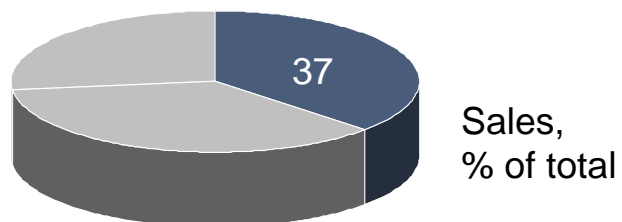
International business



Three strategic business segments

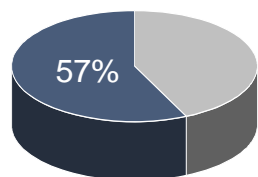


Defence and Security Solutions

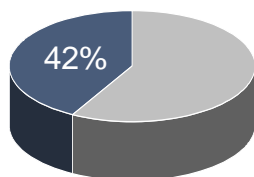


<i>SEK m.</i>	YtD 07	2006
Sales	6,386	8,028
EBIT	581	875
Operating margin, %	9.1	10.9
Order bookings	4,647	16,415
Order backlog	11,825	13,654

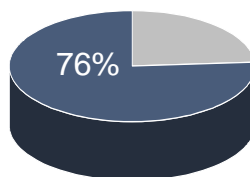
International



Sales

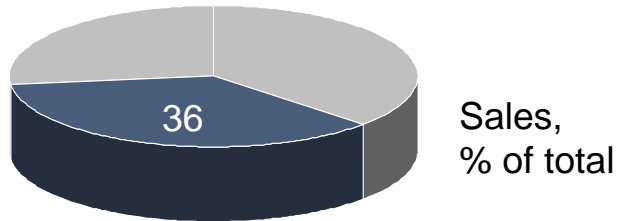


Order bookings



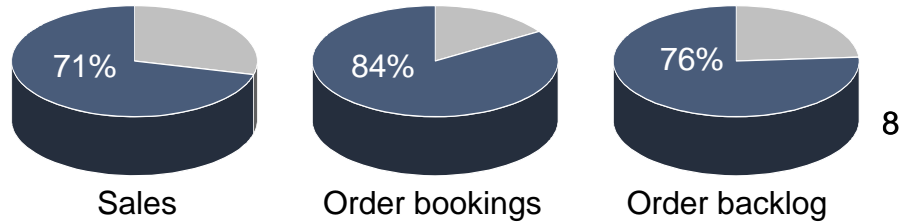
Order backlog

Systems and Products

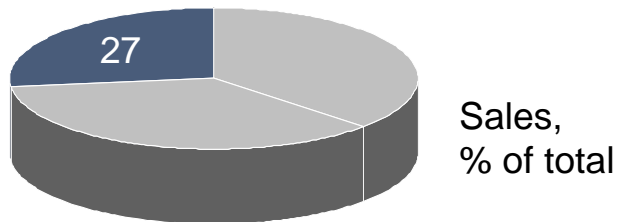


<i>SEK m.</i>	<i>YtD 07</i>	<i>2006</i>
Sales	6,141	8,580
EBIT	503	631
Operating margin, %	8.2	7.4
Order bookings	5,432	7,691
Order backlog	17,542	18,296

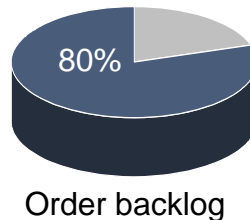
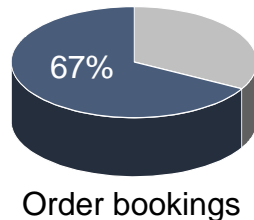
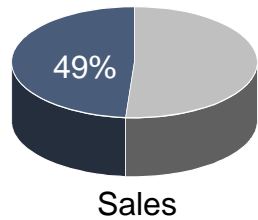
International



Aeronautics



International



<i>SEK m.</i>	<i>YtD 07</i>	<i>2006</i>
Sales	4,283	6,010
EBIT	256	190
Operating margin, %	6.0	3.2
Order bookings	3,633	4,956
Order backlog	19,574	20,440

Highlights during Q3

- Helmet mounted display system for Gripen. Order from FMV worth SEK 345 m.
- Underwater vehicles to the Finnish Navy. Order value including options exceeds SEK 80 million
- 100 Gripen C/D versions for Swedish Air force. Order value SEK 3.9 bn
- Thailand start negotiations with Sweden regarding comprehensive defence package
- Saab – a vital part of Swedish and European defence industry

Q3 2007 Financials

Telephone Conference, Stockholm, October 19, 2007



Lars Granlöf
CFO

Order bookings and order backlog

	Order bookings 9 months	Order bookings 9 months	Order backlog
SEK millions	2007	2006	Sept 30, 2007
Defence & Security Solutions	4,647	13,672	11,825
Systems & Products	5,432	3,804	17,542
Aeronautics	3,633	3,510	19,574
Corporate/Internal	-1,427	-859	-2,222
Saab Group	12,285	20,127	46,719

Sales

SEK millions	9 months 2007	9 months 2006	Change	2006
Defence & Security	6,386	5,585	14.3%	8,028
Systems & Products	6,141	4,778	28.5%	8,580
Aeronautics	4,283	4,358	-1.7%	6,010
Corporate/Internal	-1,147	-1,105		-1,555
Saab Group	15,663	13,716	14.2%	21,063

Operating income, EBIT

SEK millions	9 months		9 months	
	2007	<i>margin</i>	2006	<i>margin</i>
Defence & Security	581	9.1%	543	9.7%
Systems & Products	503	8.2%	488	10.2%
Aeronautics	256	6.0%	212	4.9%
Corporate	22		79	
Saab Group	1,362	8.7%	1,322	9.6%

Operating income, EBIT/EBITDA

SEK millions		9 months		9 months	
		2007	<i>margin</i>	2006	<i>margin</i>
Defence & Security	EBIT	581	9.1%	543	9.7%
	EBITDA	708	11.1%	602	10.8%
Systems & Products	EBIT	503	8.2%	488	10.2%
	EBITDA	851	13.9%	670	14.0%
Aeronautics	EBIT	256	6.0%	212	4.9%
	EBITDA	351	8.2%	300	6.9%
Corporate	EBIT	22		79	
	EBITDA	121		154	
Saab Group	EBIT	1,362	8.7%	1,322	9.6%
	EBITDA	2,031	13.0%	1,726	12.6%

Income statement

SEK millions	9 months 2007	9 months 2006	12 months 2006
Sales	15,663	13,716	21,063
Cost of goods sold	-11,554	-10,173	-15,775
Gross income	4,109	3,543	5,288
<i>Gross margin</i>	26.2%	25.8%	25.1%
Other operating income	264	262	330
Marketing expenses	-1,246	-1,061	-1,646
Administrative expenses	-1,045	-909	-1,279
Research and development costs	-733	-401	-805
Other operating expenses	-31	-118	-165
Share in income of associated companies	44	6	22
Operating income	1,362	1,322	1,745
<i>Operating margin</i>	8.7%	9.6%	8.3%
Result from financial investments	-93	-29	-52
Income before taxes	1,269	1,293	1,693
Taxes	-336	-314	-346
Net income	933	979	1,347
Earnings per share, SEK	8.36	8.73	11.91

Balance sheet

SEK millions	Sept 30 2007	Dec 31 2006	Change 2007	Sept 30 2006
Assets				
Fixed assets	16,240	16,574	-334	17,047
Current assets	16,405	16,197	208	15,505
Total assets	32,645	32,771	-126	32,555
Shareholders' equity and liabilities				
Shareholders' equity	10,110	10,025	85	9,706
Long-term liabilities	3,967	4,339	-372	4,387
Short-term liabilities	18,568	18,407	161	18,462
Total liabilities	22,535	22,746	-211	22,849
Total shareholders' equity & liabilities	32,645	32,771	-126	32,555
Total net liquidity/debt (-)	-358	605	-963	22

Summarised Cash flow January - Sept 2007

SEK millions	Actual	Saab	SAL	Divestments/ Investments
Cash flow from operations	1,769	1,338	431	0
Inventories	-828	-889	61	-
Receivables	-262	-388	126	-
Advances	71	71	-	-
Lease obligations	-241	-	-241	-
Liabilities	-253	34	-287	-
Provisions	-316	-163	-153	-
Change in working capital	-1,829	-1,335	-494	0
Intangible assets	-446	-446	-	-
Fixed assets	-244	-244	-	-
Leasing assets	327	-	327	-
Acquisitions	-263	-	-	-263
Divestments	308	-	-	308
Acq/sales of financial assets	28	28	-	-
Cash flow from investments	-290	-662	327	45
Operating cash flow	-350	-659	264	45

Operating cash flow vs Statement of Cash flow

SEK millions	9 months 2007	9 months 2006
Operating cash flow	-350	-2,342
Cash flow from financing:		
Establishment of pension fund	-43	-2,620
Loans raised/amortized	460	991
Dividend	-467	-437
Share repurchase	-184	-
Cash flow from investments – Interest bearing:		
Short-term investments	-	4,813
Financial investments	-155	-176
Statement of Cash flow	-739	229

Repurchase of shares

- Purpose: to guarantee Share Matching Plan
- Approved by the Annual General Meeting 2007
- 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>
Q2	334,800	334,800
Q3	665,200	1,000,000

Outlook 2007

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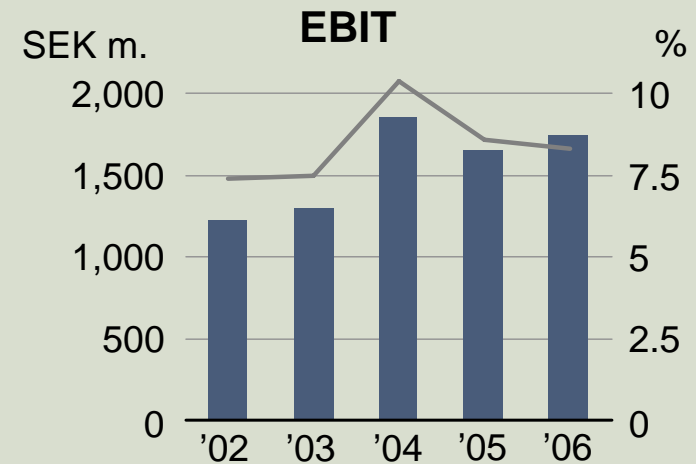
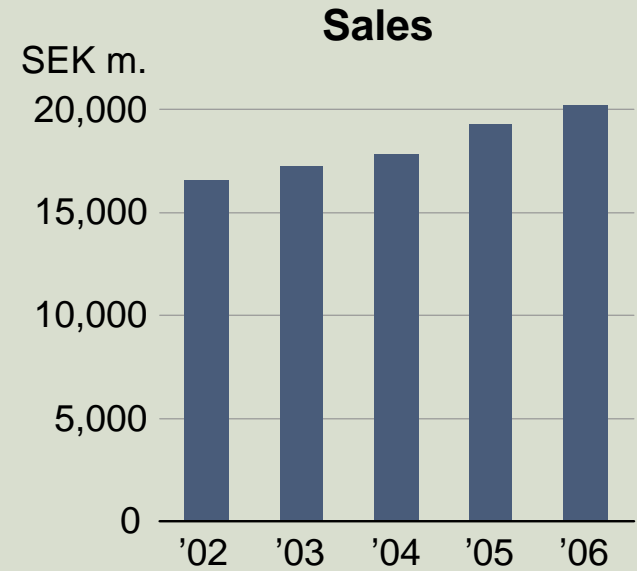


Åke Svensson
President and CEO

Outlook 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 higher than last year, assuming no negative effect from the recently announced Swedish defence budget cuts.

Operating margin
 Operating income



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 when 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

Operational excellence program

Objectives:

- Savings of approximately SEK 1 bn per year by end of 2010 to improve gross margin
- To create the necessary resources to finance technological development and increased international marketing efforts
- To sustain our 10 percent operating margin target

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SAAB

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2007

Appendix



Order bookings and order backlog

	Order bookings Q3	Order bookings Q3	Order backlog
SEK millions	2007	2006	Sept 30, 2007
Defence & Security Solutions	1,714	1,771	11,825
Systems & Products	1,363	1,393	17,542
Aeronautics	1,412	1,563	19,574
Corporate/Internal	-549	-180	-2,222
Saab Group	3,940	4,547	46,719

Order backlog



NLAW



Meteor/
Iris-T



Airborne
surveillance
system



RBS70



Tornado



Boeing



RBS15



ANZAC



Airbus



AT4/
Carl-Gustaf



Arthur

Sales

SEK millions	Q3 2007	Q3 2006	Change	2006
Defence & Security	2,069	1,913	8.2%	8,028
Systems & Products	1,839	1,417	29.8%	8,580
Aeronautics	1,279	1,233	3.7%	6,010
Corporate/Internal	-376	-303		-1,555
Saab Group	4,811	4,260	12.9%	21,063

Operating income, EBIT

SEK millions	Q3		Q3	
	2007	<i>margin</i>	2006	<i>margin</i>
Defence & Security	135	6.5%	199	10.4%
Systems & Products	100	5.4%	106	7.5%
Aeronautics	68	5.3%	39	3.2%
Corporate	15		25	
Saab Group	318	6.6%	369	8.7%

Income statement

SEK millions	Q3 2007	Q3 2006	12 months 2006
Sales	4,811	4,260	21,063
Cost of goods sold	-3,516	-3,067	-15,775
Gross income	1,295	1,193	5,288
<i>Gross margin</i>	26.9%	28.0%	25.1%
Other operating income	46	23	330
Marketing expenses	-429	-368	-1,646
Administrative expenses	-344	-330	-1,279
Research and development costs	-262	-152	-805
Other operating expenses	-8	5	-165
Share in income of associated companies	20	-2	22
Operating income	318	369	1,745
<i>Operating margin</i>	6.6%	8.7%	8.3%
Result from financial investments	-1	-12	-52
Income before taxes	317	357	1,693
Taxes	-92	-107	-346
Net income	225	250	1,347
Earnings per share, SEK	1.99	2.17	11.91

Balance sheet

SEK millions	Sept, 30 2007	Dec. 31 2006	Change
Assets			
Intangible fixed assets	8,099	7,821	278
Tangible fixed assets	4,207	4,295	-88
Lease assets	1,869	2,417	-548
Biological assets	231	230	1
Investment properties	67	66	1
Shares in associated companies	282	270	12
Financial investments	224	122	102
Long-term receivables	946	991	-45
Deferred tax receivables	315	362	-47
Total fixed assets	16,240	16,574	-334
Inventories	5,835	4,957	878
Derivatives	703	538	165
Tax receivables	188	146	42
Accounts receivables	2,637	3,324	-687
Prepaid expenses and accrued income	758	652	106
Other receivables	5,652	5,053	599
Short-term investments	0	0	0
Liquid assets	632	1,393	-761
Total current assets	16,405	16,063	342
Assets held for sale	-	134	-134
Total assets	32,645	32,771	-126

Balance sheet

SEK millions	June, 30 2007	Dec. 31 2006	Change
Shareholders' equity and liabilities			
Parent Company's shareholders' interest	9,867	9,802	65
Minority interest	243	223	20
Total shareholders' equity	10,110	10,025	85
Long-term interest-bearing liabilities	584	590	-6
Lease obligations	172	245	-73
Other liabilities	289	342	-53
Provision for pensions	201	412	-211
Other provisions	1,998	1,961	37
Deferred tax liabilities	723	789	-66
Total long-term liabilities	3,967	4,339	-372
Short-term interest-bearing liabilities	1,643	1,064	579
Advance payments from customers	3,723	3,642	81
Accounts payable	1,210	1,422	-212
Lease obligations	38	212	-174
Derivatives	388	172	216
Tax liabilities	505	298	207
Other liabilities	1,093	1,115	-22
Accrued expenses and deferred income	9,018	9,371	-353
Provisions	950	1,109	-159
Total current liabilities	18,568	18,405	163
Liabilities related to fixed assets held for sale	-	2	-2
Total shareholders' equity and liabilities	32,645	32,771	-126
Equity/assets ratio, %	31.0	30.6	

Balance sheet, Sept 30, 2007, subdivided

SEK millions	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Intangible assets	8,099			8,099
Tangible assets	4,505			4,505
Lease assets	3	1,866		1,869
Long-term interest-bearing receivables	490			490
Shares, etc	1,882	86	-1,500	468
Deferred tax assets	166	149		315
Inventories	5,824	11		5,835
Short-term interest-bearing receivables	309	639		948
Other receivables	9,047	437		9,484
Cash and marketable securities	600	32		632
Total assets	30,925	3,220	-1,500	32,645
Shareholders' equity	10,034	1,576	-1,500	10,110
Provision for pensions	201			201
Other provisions	2,068	880		2,948
Deferred tax liabilities	723			723
Interest-bearing liabilities	2,227			2,227
Lease obligations	1	209		210
Advance payments from customers	3,723			3,723
Other liabilities	11,948	555		12,503
Total shareholders' equity & liabilities	30,925	3,220	-1,500	32,645

Net liquidity / Net debt

SEK millions	Sept 30 2007	Dec 31 2006
Liabilities		
Long-term interest-bearing liabilities	-584	-590
Short-term interest-bearing liabilities	-1,643	-1,064
Provisions for pensions	-201	-412
Total interest-bearing liabilities	-2,428	-2,066
Assets		
Short-term investments	0	0
Liquid assets	632	1,393
Interest-bearing receivables	1,438	1,278
Total liquid investments	2,070	2,671
Total net liquidity/debt (-)	-358	605

Liquidity

SEK millions	Sept,30 2007
Liquid investments at the beginning of the period	1,393
Operating cash flow from operations	-395
Acquisition and divestments of companies	45
Pension fund	-43
Loans raised	460
Share repurchase	-184
Dividend to shareholders	-467
Other changes, translation differences etc	-177
Liquid investments at the end of the period	632