

# Year-End Report 2007

Press Conference, Stockholm, February 14, 2008



Åke Svensson  
*President and CEO*



**SAAB**

# A strong year:

- Growth according to plan
- Order bookings stable and consistent
- Strong profit development
- Need to further improve efficiencies

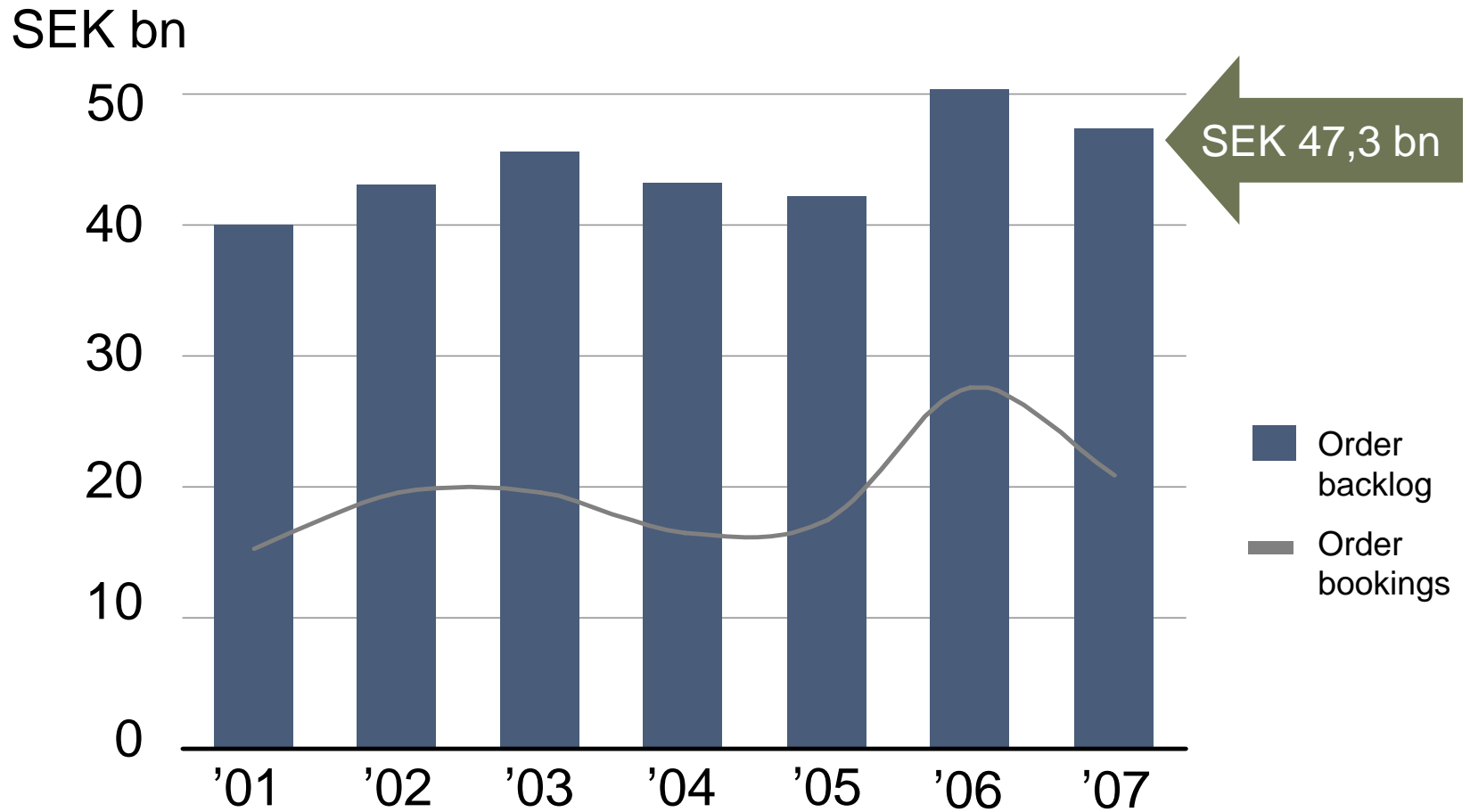


# January – December 2007 in brief

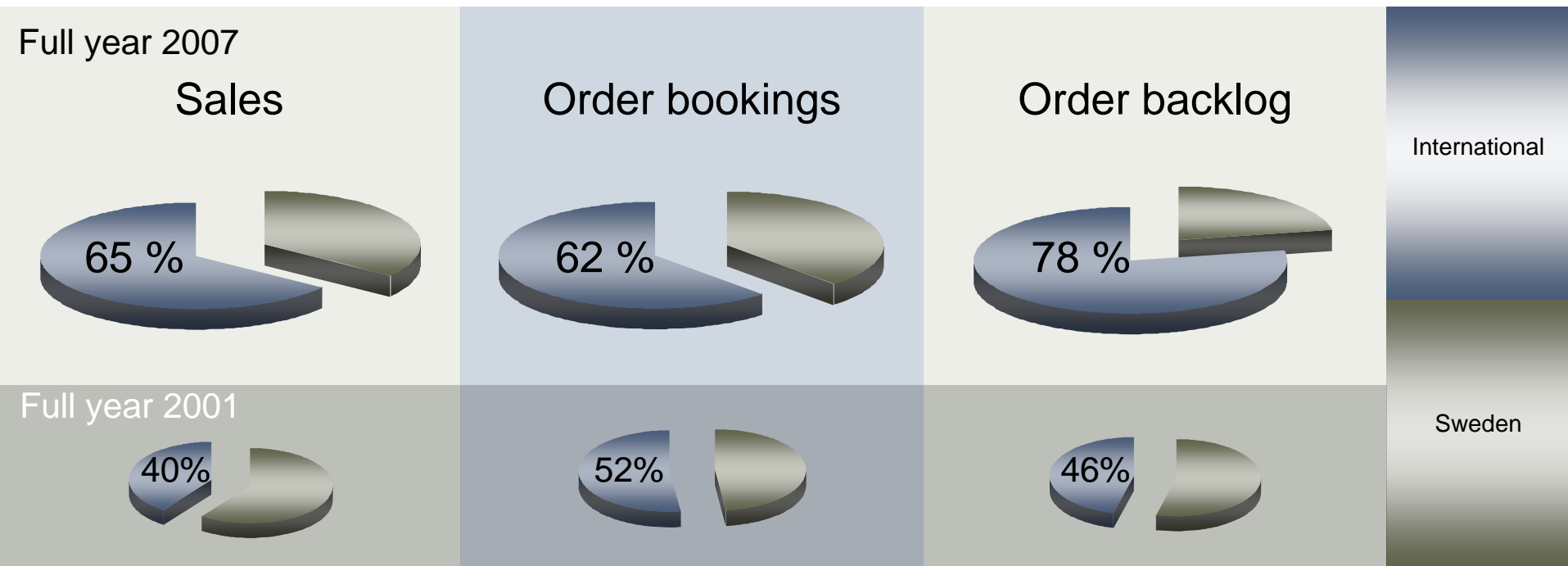
- Sales MSEK 23,021 (21,063)
- Net income for the period MSEK 1,941 (1,347)
- Earnings per share SEK 17,60 (11,91)
- Proposed dividend per share SEK 4.50 (4.25)
- Order bookings MSEK 20,846. (27,575), order backlog SEK 47 billion (50)
- Operating income MSEK 2,607 (1,745), corresponding to an operating margin of 11.3 percent (8.3)
- Operating income adjusted for non-recurring items MSEK 2,154 (2,290), corresponding to an operating margin of 9.4 percent (10.9)



# Order backlog and order bookings



# International business



# Major step for Gripen

The Swedish government decided to upgrade 31 aircraft to latest standard and to invest in a demonstrator program, laying the foundation for new technology for future generations of the aircraft

# Upgrade of combat management

Upgrade of the combat management system on the Australian Royal Navy's ANZAC class frigates (MSEK580)

# Design of new combat management

Order from Australia to design and develop the combat management system for a new amphibious class of ships (MSEK 600)



# Major orders for ARTHUR and BILL 2

Saab received two export orders for the ARTHUR artillery locating radar and BILL 2 anti-tank missile system (MSEK 1,000).

# First foreign order for NLAW

Finland ordered the Next  
Generation Light Anti-tank  
Weapon, NLAW (MSEK 360)

# Further order bookings from Airbus and Boeing

(MSEK 600 during the  
fourth quarter and MSEK  
2,200 for the full year)

# Surveillance and protection for Ringhals

Saab will supply a complete solution for Ringhals nuclear power station that includes systems for surveillance and protection

# Thailand sixth customer

Six Gripen fighters of the C/D version and two Saab 340 aircraft, of which one will be equipped with Saab's radar surveillance system Erieye (SEK 2 billion)

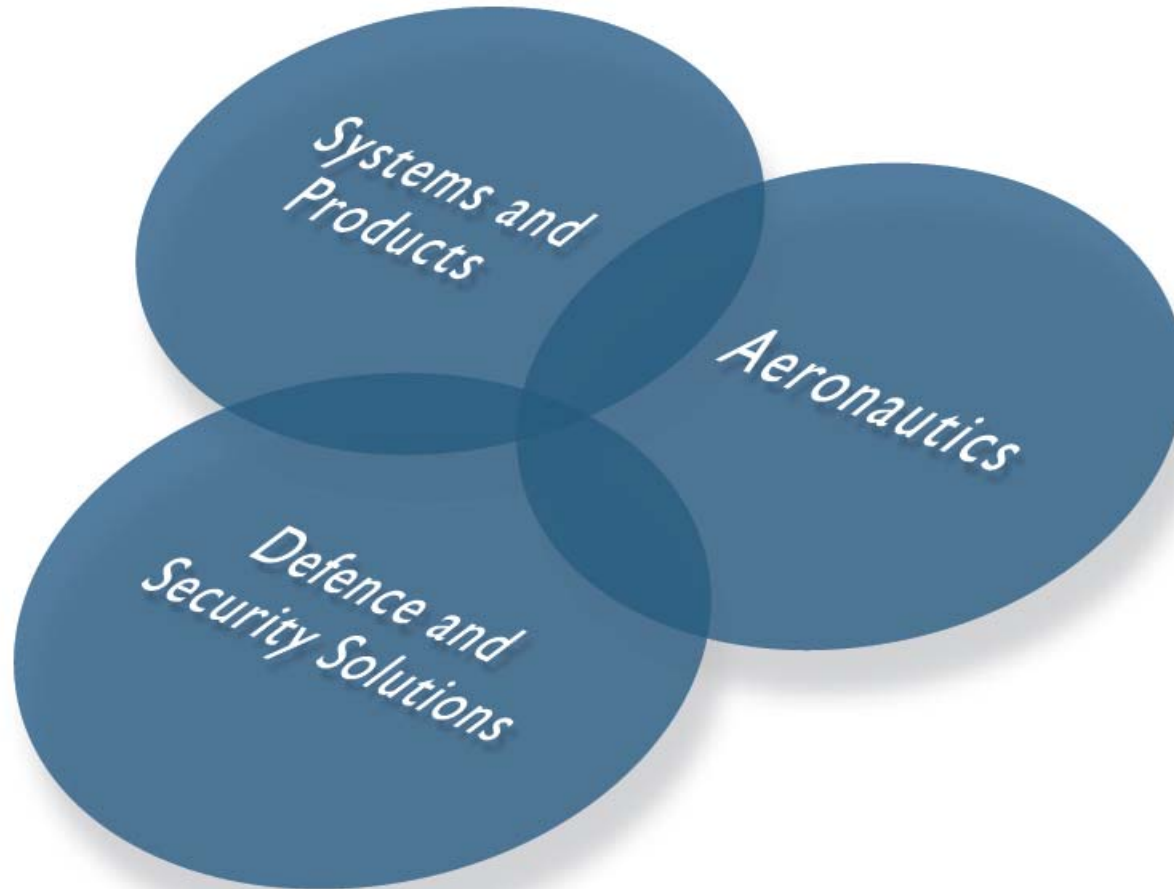
# Saab evaluating sale of Saab Space

Saab is examining if there is any interest among other companies in acquiring Saab Space AB. If any of the feelers that have been put out leads to a deal this will take place during 2008.

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

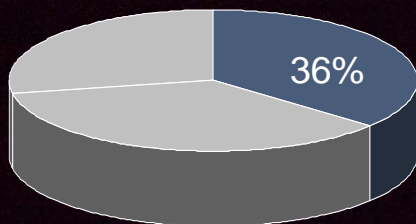


# Three strategic business segments

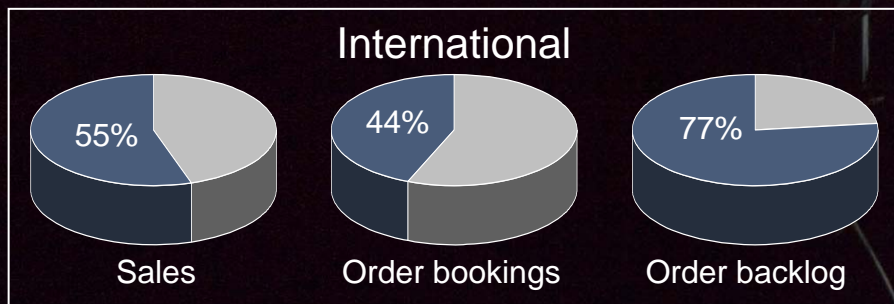




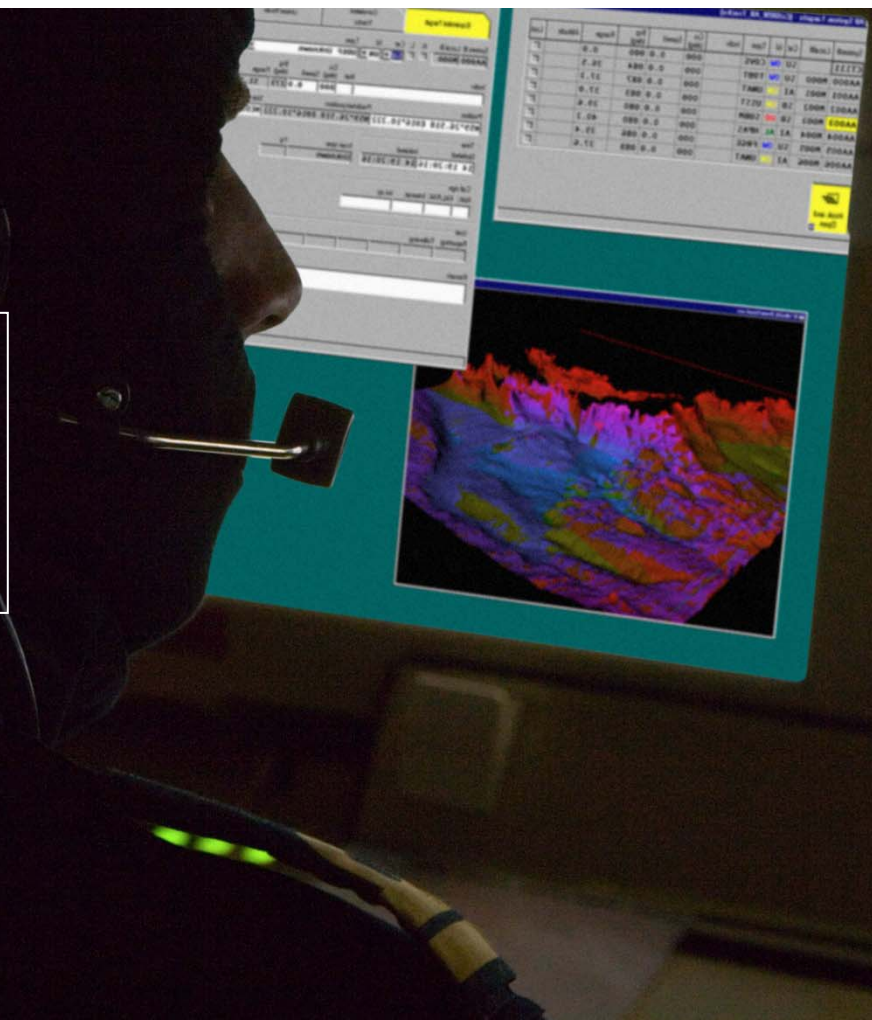
# Defence and Security Solutions



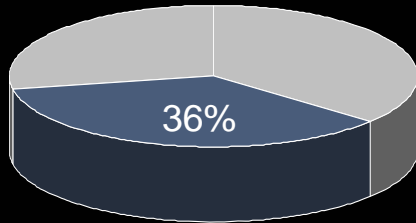
Sales,  
% of total



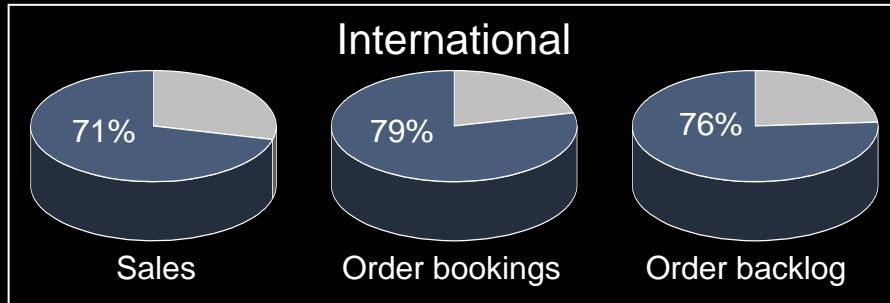
<i>MSEK</i>	2007	2006
Sales	9,300	8,028
EBIT	934	875
Operating margin, %	10.0	10.9
Order bookings	7,259	16,415
Order backlog	10,764	13,654



# Systems and Products

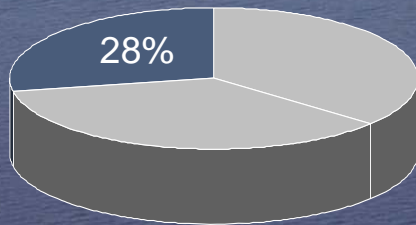


Sales,  
% of total



<i>MSEK</i>	2007	2006
Sales	9,091	8,580
EBIT	756	631
Operating margin, %	8.3	7.4
Order bookings	8,470	7,691
Order backlog	17,830	18,296

# Aeronautics



Sales,  
% of total



<i>MSEK</i>	2007	2006
Sales	6,510	6,010
EBIT	454	190
Operating margin, %	7.0	3.2
Order bookings	7,516	4,956
Order backlog	21,158	20,440

# Year-End 2007 Financials

Press Conference, Stockholm, February 14, 2008



Lars Granlöv  
*CFO*



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# Order bookings and order backlog

<b>MSEK</b>	Order bookings	Order bookings	Order backlog
	<b>2007</b>	<b>2006</b>	<b>Dec 31, 2007</b>
Defence & Security Solutions	7,259	16,415	10,764
Systems & Products	8,470	7,691	17,830
Aeronautics	7,516	4,956	21,158
Corporate/Internal	-2,399	-1,487	-2,436
<b>Saab Group</b>	<b>20,846</b>	<b>27,575</b>	<b>47,316</b>

# Sales

<b>MSEK</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Defence & Security	9,300	8,028	16%
Systems & Products	9,091	8,580	6%
Aeronautics	6,510	6,010	8%
Corporate/Internal	-1,880	-1,555	
<b>Saab Group</b>	<b>23,021</b>	<b>21,063</b>	<b>9%</b>

# Operating income, EBIT

<b>MSEK</b>	<b>2007</b>	<i>margin</i>	<b>2006</b>	<i>margin</i>
Defence & Security	934	10.0%	875	10.9%
Systems & Products	756	8.3%	631	7.4%
Aeronautics	454	7.0%	190	3.2%
Corporate	463		49	
<b>Saab Group</b>	<b>2,607</b>	<b>11.3%</b>	<b>1,745</b>	<b>8.3%</b>

# Operating income and non-recurring items

<b>MSEK</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
EBIT, non-recurring excl.	2,154	2,290	-136
Result from divestments	362	180	182
Impairment write-offs	-108	-80	-28
Financial receivable	139	-100	239
Structural costs	0	-445	445
Other	60	-100	160
<b>EBIT</b>	<b>2,607</b>	<b>1,745</b>	<b>862</b>



# Operating income, EBIT/EBITDA

MSEK		2007	<i>margin</i>	2006	<i>margin</i>
Defence & Security	EBIT	934	10.0%	875	10.9%
	EBITDA	1,104	11.9%	1,006	12.5%
Systems & Products	EBIT	756	8.3%	631	7.4%
	EBITDA	1,367	15.0%	1,023	11.9%
Aeronautics	EBIT	454	7.0%	190	3.2%
	EBITDA	617	9.5%	318	5.3%
Corporate	EBIT	463		49	
	EBITDA	597		172	
<b>Saab Group</b>	<b>EBIT</b>	<b>2,607</b>	<b>11.3%</b>	<b>1,745</b>	<b>8.3%</b>
	<b>EBITDA</b>	<b>3,685</b>	<b>16.0%</b>	<b>2,519</b>	<b>12.0%</b>

# Income statement

MSEK	2007	2006
<b>Sales</b>	<b>23,021</b>	<b>21,063</b>
Cost of goods sold	-16,849	-15,775
<b>Gross income</b>	<b>6,172</b>	<b>5,288</b>
<i>Gross margin</i>	26.8%	25.1%
Other operating income	785	330
Marketing expenses	-1,725	-1,646
Administrative expenses	-1,375	-1,279
Research and development costs	-1,253	-805
Other operating expenses	-49	-165
Share in income of associated companies	52	22
<b>Operating income</b>	<b>2,607</b>	<b>1,745</b>
<i>Operating margin</i>	11.3%	8.3%
Result from financial investments	-158	-52
<b>Income before taxes</b>	<b>2,449</b>	<b>1,693</b>
Taxes	-508	-346
<b>Net income</b>	<b>1,941</b>	<b>1,347</b>
Earnings per share after dilution, SEK	17.60	11.91
Tax rate	21%	20%

# Balance sheet

MSEK	Dec 31 2007	Dec 31 2006	Change 2007
<b>Assets</b>			
Fixed assets	15,747	16,574	-827
Current assets	18,054	16,197	1,857
<b>Total assets</b>	<b>33,801</b>	<b>32,771</b>	<b>1,030</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	11,008	10,025	983
Long-term liabilities	3,652	4,339	-687
Short-term liabilities	19,141	18,407	734
Total liabilities	22,793	22,746	47
<b>Total shareholders' equity &amp; liabilities</b>	<b>33,801</b>	<b>32,771</b>	<b>1,030</b>
<b>Equity/assets ratio</b>	<b>32.6%</b>	<b>30.6%</b>	
<b>Total net liquidity/debt (-)</b>	<b>-1,627</b>	<b>605</b>	<b>-2,232</b>

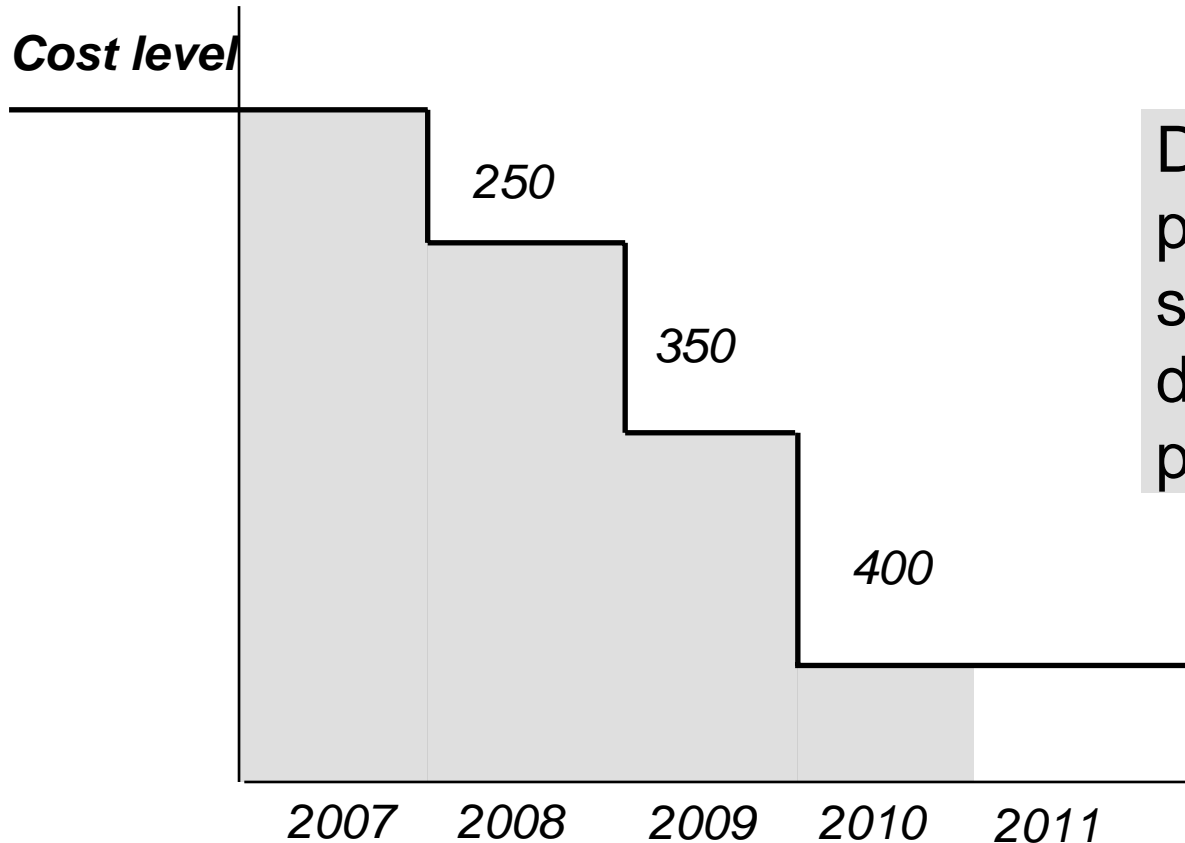
# Summarised Cash flow 2007

MSEK	Actual	Saab	SAL	Divestments/ Investments
<b>Cash flow from operations</b>	<b>2,860</b>	<b>2,386</b>	<b>474</b>	<b>0</b>
Inventories	-644	-655	11	-
Receivables	-1,605	-1,805	200	-
Advances	-934	-934	-	-
Lease obligations	-251	-	-251	-
Liabilities	-287	-4	-283	-
Provisions	-443	-259	-184	-
<b>Change in working capital</b>	<b>-4,164</b>	<b>-3,657</b>	<b>-507</b>	<b>0</b>
Intangible assets	-666	-666	-	-
Fixed assets	-350	-350	-	-
Leasing assets	325	-	325	-
Acquisitions	-515	-	-	-515
Divestments	970	-	-	970
Acq/sales of financial assets	-63	-63	-	-
<b>Cash flow from investments</b>	<b>-299</b>	<b>-1,079</b>	<b>325</b>	<b>455</b>
<b>Operating cash flow</b>	<b>-1,603</b>	<b>-2,350</b>	<b>292</b>	<b>455</b>

# Operating cash flow vs Statement of Cash flow

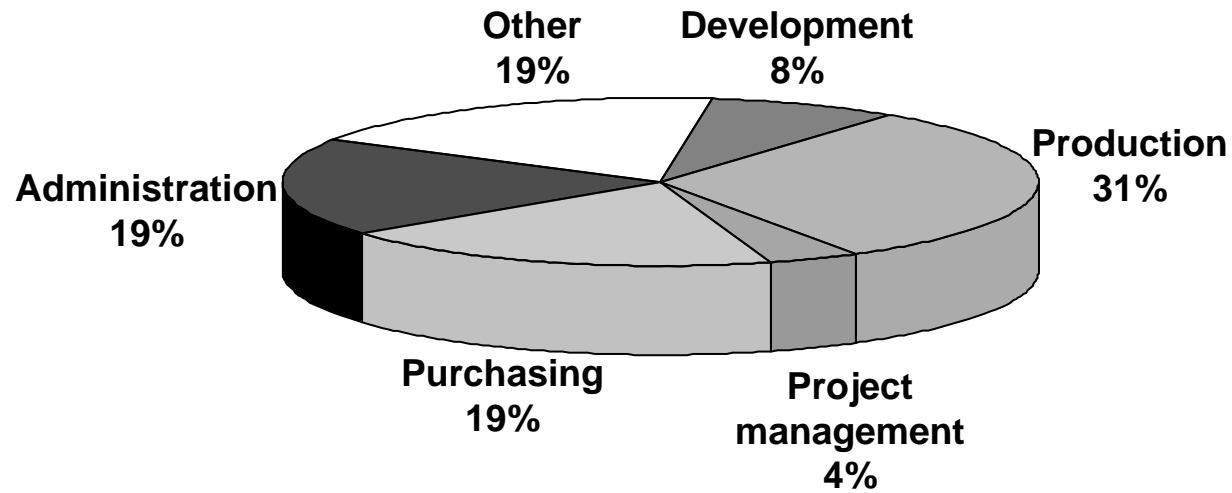
<b>MSEK</b>	<b>Year-End 2007</b>	<b>Year-End 2006</b>
<b>Operating cash flow</b>	<b>-1,603</b>	<b>-1,900</b>
<b>Cash flow from financing:</b>		
Establishment of pension fund	-43	-2,566
Loans raised/amortized	2,017	630
Dividend	-466	-441
Share repurchase	-184	-
<b>Cash flow from investments – Interest bearing:</b>		
Short-term investments	-	4,868
Financial investments	-247	-686
<b>Statement of Cash flow</b>	<b>-526</b>	<b>-95</b>

# SEK 1 Billion 2008–2010



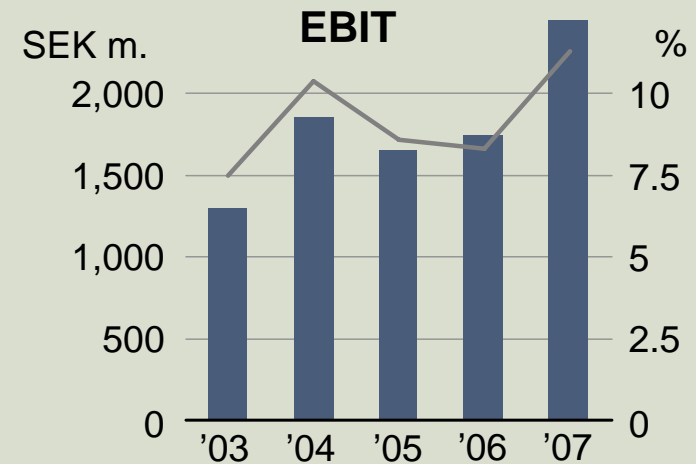
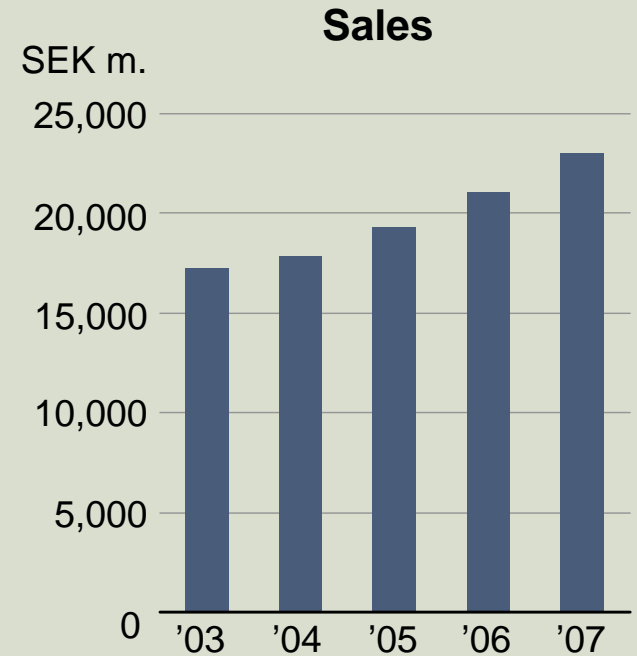
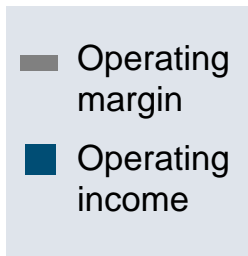
During a three-year period the program will strengthen the development of new products and services

# Distribution of initiatives



# Outlook 2008

- For 2008 we expect development in line with Saab's long-term financial objectives: 5 percent organic growth and an operating margin of 10 percent excluding non-recurring items





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

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1937  
2007



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# Appendix



# Order bookings and order backlog

	Order bookings	Order bookings	Order backlog
<b>MSEK</b>	<b>Q4 2007</b>	<b>Q4 2006</b>	<b>Dec 31, 2007</b>
Defence & Security Solutions	2,612	2,743	10,764
Systems & Products	3,038	3,887	17,830
Aeronautics	3,883	1,446	21,158
Corporate/Internal	-972	-626	-2,436
<b>Saab Group</b>	<b>8,561</b>	<b>7,448</b>	<b>47,316</b>

# Sales

<b>MSEK</b>	<b>Q4 2007</b>	<b>Q4 2006</b>	<b>Change</b>
Defence & Security	2,914	2,443	19%
Systems & Products	2,950	3,802	-22%
Aeronautics	2,227	1,652	35%
Corporate/Internal	-733	-550	
<b>Saab Group</b>	<b>7,358</b>	<b>7,347</b>	<b>0%</b>

# Operating income, EBIT

<b>MSEK</b>	<b>Q4 2007</b>	<b><i>margin</i></b>	<b>Q4 2006</b>	<b><i>margin</i></b>
Defence & Security	353	12.1%	332	13.6%
Systems & Products	253	8.6%	143	3.8%
Aeronautics	198	8.9%	-22	-1.3%
Corporate	441		-30	
<b>Saab Group</b>	<b>1,245</b>	<b>16.9%</b>	<b>423</b>	<b>5.8%</b>

# Order backlog



NLAW



Meteor/  
Iris-T



Airborne  
surveillance  
system



RBS70



Tornado



Boeing



RBS15



ANZAC



Airbus



AT4/  
Carl-Gustaf



Arthur

# Balance sheet

MSEK	Dec, 31 2007	Dec, 31 2006	Change
<b>Assets</b>			
Intangible fixed assets	7,940	7,821	119
Tangible fixed assets	3,619	4,295	-676
Lease assets	1,822	2,417	-595
Biological assets	241	230	11
Investment properties	72	66	6
Shares in associated companies	318	270	48
Financial investments	233	122	111
Long-term receivables	960	991	-31
Deferred tax receivables	542	362	180
<b>Total fixed assets</b>	<b>15,747</b>	<b>16,574</b>	<b>-827</b>
Inventories	5,383	4,957	426
Derivatives	479	538	-59
Tax receivables	122	146	-24
Accounts receivables	3,724	3,324	400
Prepaid expenses and accrued income	556	652	-96
Other receivables	5,862	5,053	809
Liquid assets	858	1,393	-535
<b>Total current assets</b>	<b>16,984</b>	<b>16,063</b>	<b>921</b>
Assets held for sale	1,070	134	936
<b>Total assets</b>	<b>33,801</b>	<b>32,771</b>	<b>1,030</b>

# Balance sheet

MSEK	Dec, 31 2007	Dec. 31 2006	Change
<b>Shareholders' equity and liabilities</b>			
Parent Company's shareholders' interest	10,981	9,802	1,179
Minority interest	27	223	-196
<b>Total shareholders' equity</b>	<b>11,008</b>	<b>10,025</b>	<b>983</b>
Long-term interest-bearing liabilities	25	590	-565
Lease obligations	-	245	-245
Other liabilities	284	342	-58
Provision for pensions	101	412	-311
Other provisions	1,979	1,961	18
Deferred tax liabilities	1,263	789	474
<b>Total long-term liabilities</b>	<b>3,652</b>	<b>4,339</b>	<b>-687</b>
Short-term interest-bearing liabilities	3,635	1,064	2,571
Advance payments from customers	2,558	3,642	-1,084
Accounts payable	1,229	1,422	-193
Lease obligations	204	212	-8
Derivatives	414	172	242
Tax liabilities	368	298	70
Other liabilities	806	1,115	-309
Accrued expenses and deferred income	8,788	9,371	-583
Provisions	752	1,109	-357
<b>Total current liabilities</b>	<b>18,754</b>	<b>18,405</b>	<b>349</b>
Liabilities related to fixed assets held for sale	387	2	385
<b>Total shareholders' equity and liabilities</b>	<b>33,801</b>	<b>32,771</b>	<b>1,030</b>
Equity/assets ratio, %	32,6	30,6	



# Balance sheet, Dec 31, 2007, subdivided

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
Intangible assets	7,940			7,940
Tangible assets	3,932			3,932
Lease assets	0	1,822		1,822
Long-term interest-bearing receivables	397			397
Shares, etc	1,945	72	-1,500	517
Deferred tax assets	380	162		542
Inventories	5,372	11		5,383
Short-term interest-bearing receivables	365	514		879
Other receivables	10,729	802		11,531
Cash and marketable securities	826	32		858
<b>Total assets</b>	<b>31,886</b>	<b>3,415</b>	<b>-1,500</b>	<b>33,801</b>
Shareholders' equity	10,726	1,782	-1,500	11,008
Provision for pensions	101			101
Other provisions	1,872	859		2,731
Deferred tax liabilities	1,263			1,263
Liabilities to credit institutions	3,660			3,660
Lease obligations	0	204		204
Advance payments from customers	2,558			2,558
Other liabilities	11,706	570		12,276
<b>Total shareholders' equity &amp; liabilities</b>	<b>31,886</b>	<b>3,415</b>	<b>-1,500</b>	<b>33,801</b>

# Net liquidity / Net debt

MSEK	Year-End 2007	Year-End 2006
<b>Liabilities</b>		
Long-term interest-bearing liabilities	-25	-590
Short-term interest-bearing liabilities	-3,635	-1,064
Provisions for pensions	-101	-412
<b>Total interest-bearing liabilities</b>	<b>-3,761</b>	<b>-2,066</b>
<b>Assets</b>		
Short-term investments	0	0
Liquid assets	858	1,393
Interest-bearing receivables	1,276	1,278
<b>Total liquid investments</b>	<b>2,134</b>	<b>2,671</b>
<b>Total net liquidity/debt (-)</b>	<b>-1 627</b>	<b>605</b>

# Liquidity

<b>MSEK</b>	<b>Year-End 2007</b>
<b>Liquid investments at the beginning of the year</b>	<b>1,393</b>
Operating cash flow from operations	-2,058
Acquisition and divestments of companies	455
Pension fund	-43
Loans raised	2,017
Share repurchase	-184
Dividend to shareholders	-464
Other changes, translation differences etc	-258
<b>Liquid investments at the end of the year</b>	<b>858</b>