



SAAB

YEAR-END REPORT

2009

RESULTS AND SUMMARY 2009

RESULTS JANUARY–DECEMBER 2009:

- Order bookings amounted to MSEK 18,428 (23,212) and the order backlog at year-end amounted to SEK 39.4 billion (45.3 billion)
- Sales rose by 4 percent to MSEK 24,647 (23,796), also adjusted for divestments and exchange rate effects
- Gross income amounted to MSEK 6,137 (4,634), corresponding to a gross margin of 24.9 percent (19.5). Adjusted for non-recurring items, the gross margin was 24.6 percent (26.5)
- Operating income was MSEK 1,374 (166), corresponding to an operating margin of 5.6 percent (0.7). Adjusted for non-recurring items, the operating margin was 5.4 percent (8.4). The operating margin was reduced by approximately 3 percentage points during 2009 due to the more conservative view on the application of accounting for development costs as of 1 January 2009
- Net income for 2009 was MSEK 699 (-242), with earnings per share after dilution of SEK 6.28 (-2.31)
- Operating cash flow amounted to MSEK 1,447 (659)
- Proposed dividend of SEK 2.25 per share (1.75)

RESULTS OCTOBER–DECEMBER 2009:

- Order bookings amounted to MSEK 7,047 (7,162)
- Sales declined by 5 percent to MSEK 7,768 (8,188), a decrease of 7 percent adjusted for divestments and exchange rate effects
- Gross income amounted to MSEK 1,885 (644), corresponding to a gross margin of 24.3 percent (7.9). Adjusted for non-recurring items, the gross margin was 24.3 percent (27.9)
- Operating income was MSEK 503 (-809), corresponding to an operating margin of 6.5 percent (-9.9). Adjusted for non-recurring items, the operating margin was 6.5 percent (13.2). The operating margin was reduced by approximately 3 percentage points during the period due to the more conservative view on the application of accounting for development costs as of 1 January 2009
- Net income for the fourth quarter was MSEK 323 (-708), with earnings per share after dilution of SEK 2.87 (-6.78)

OUTLOOK FOR 2010:

We remain cautious regarding order intake and foresee sales on the same level as 2009.

Due to the effect of continued business improvement activities we expect profitability to increase.

Our long term financial targets remain.

STATEMENT BY THE CEO

“The global economic environment impacted Saab’s markets during 2009. Postponed customer decision-making delayed larger orders, while the stream of smaller and medium sized orders continued.

Sales grew driven by increased project activities, but gross margin was reduced due to the business mix and some project overruns. However, the efficiency improvement initiatives delivered cost reductions according to plan.

Our strategy is to create a stronger market focus with a more streamlined business portfolio. To enable the execution of our strategy and further increase efficiency, a new organisational structure is operational as of 1 January 2010.

We remain cautious regarding order intake and foresee sales on the same level as 2009. Due to the effect of continued business improvement activities we expect profitability to increase. Our long term financial targets remain”, says CEO Åke Svensson.

GROUP

MSEK	Jan–Dec 2009	Jan–Dec 2008	Change, %	Oct-Dec 2009	Oct-Dec 2008	Change, %
Order bookings	18,428	23,212	-21	7,047	7,162	-2
Order backlog	39,389	45,324	-13	-918 ³⁾	-1,328 ³⁾	
Sales	24,647	23,796	4	7,768	8,188	-5
Gross income	6,137	4,634	32	1,885	644	193
Gross margin, %	24.9	19.5		24.3	7.9	
Adjusted gross margin, ¹⁾ %	24.6	26.5		24.3	27.9	
Internally funded investments in research and development	1,194	1,439	-17	370	487	-24
Operating income before depreciation/amortisation and impairments (EBITDA)	2,598	1,515	71	852	-130	-
Margin, %	10.5	6.4		11.0	-1.6	
Operating income (EBIT)	1,374	166	728	503	-809	-
Operating margin, %	5.6	0.7		6.5	-9.9	
Adjusted operating margin, ¹⁾²⁾ %	5.4	8.4		6.5	13.2	
Income/loss before tax (EBT)	976	-406	-	461	-1,030	-
Net income/loss	699	-242	-	323	-708	-
Earnings per share after dilution	6.28	-2.31		2.87	-6.78	
Operating cash flow	1,447	659	120	1,270	1,038	22
Net liquidity/debt (-)	-634	-1,693	63	1,273 ³⁾	1,035 ³⁾	23
Defence/Civil (% of sales)	83/17	83/17		83/17	84/16	
No. of employees	13,159	13,294	-1	-86 ³⁾	-112 ³⁾	
¹⁾ Non-recurring items impacting gross income						
Structural costs of lay-offs in Defence and Security Solutions	-20			-20		
Structural costs of lay-offs in Systems and Products	-180			-180		
Structural costs of lay-offs in Aeronautics	-75					
Revaluation of remaining risks in regional aircraft portfolio	350			200		
Gain on regional aircraft contracts at closure		196				
Write-downs in commercial aircraft programs		-1,187			-953	
Loss provisions		-582			-582	
Goodwill impairment		-103			-103	
²⁾ Additional non-recurring items impacting operating income						
Structural costs of lay-offs in Aeronautics	-25					
Write-down of capitalised development costs in Systems and Products		-250			-250	
Capital gains		98				
TOTAL NON-RECURRING ITEMS	50	-1,828			-1,888	
³⁾ Refers to quarterly change						

In 2009, Saab's operations were divided into the three business segments Defence and Security Solutions, Systems and Products and Aeronautics for control and reporting purposes.

As a result of a reorganisation announced on 9 September 2009, Saab's operating

and management structure as of 1 January 2010 is divided into five business areas: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, and Support and Services.

In addition, Corporate comprises Group staff and departments and secondary

operations. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft. As of 1 January 2010, Combitech is reported as part of Corporate.

See pages 30–32 of this report for quarterly pro forma financial information.

ORDERS, SALES AND INCOME

Orders

Fourth quarter 2009

Order bookings for the fourth quarter amounted to MSEK 7,047 (7,162) and included an order from LIG Nex1 for localisation of signal intelligence systems for submarines in South Korea, an agreement with Japan's Mitsubishi Aircraft Corporation for support solutions, further orders from FMV (the Swedish Defence Materiel Administration) for the continuous support of Gripen's operational capacity, an order for ARTHUR WLS (Weapon Locating System) from the Italian Army, two orders for Carl Gustaf (man-portable weapon system) as well as an order from the United Arab Emirates (UAE) for an airborne surveillance system.

January–December 2009

In addition to the orders mentioned above, 2009 included major defence-related orders, such as for the further development of the Gripen system, orders for training systems in support of British Army training exercises as well as a contract to produce training systems for the U.S. Marine Corps. Orders were also received for production and delivery of ultra lightweight camouflage net systems from the U.S. Department of Defense, for the BOL dispenser system from the Finnish Air Force and a contract to produce and field simulators and targets for five gunnery ranges for the U.S. Army, and contracts for an air defence system and to develop a multi-link communication capability in Australia.

Civil related orders included an order to provide a security solution for a prison in Australia, and for a modular medical system from FMV as well as technology and installation services for a South African command and control network and to develop solutions to protect important public institutions and critical infrastructure.

In all, 76 percent of order bookings (76) is attributable to defence-related operations and 62 percent (66) is from customers outside Sweden.

Index and price changes affected order bookings positively by SEK 1.3 billion (2.0).

Orders received where the order sum was more than MSEK 100 represented 43 percent (52) of total order bookings.

The order backlog at the end of 2009 decreased to MSEK 39,389 (45,324).

ORDER BACKLOG DURATION:

- 2010: SEK 18.5 billion
- 2011: SEK 9.2 billion
- 2012: SEK 3.7 billion
- 2013: SEK 2.6 billion
- After 2013: SEK 5.4 billion

THE ORDER BACKLOG PRIMARILY INCLUDES:

- Gripen to Sweden and on export
- Airborne early warning systems
- Active and passive countermeasure systems
- Missile systems for air, sea and land
- Structures and subsystems for the aircraft producers Airbus and Boeing
- Anti-tank systems
- Command and control, avionics and fire control systems
- Radar systems
- Civil security solutions

Sales

Fourth quarter 2009

Adjusted for exchange rate effects, sales decreased by 7 percent.

Sales were positively affected during the fourth quarter by 2 percentage points owing to the appreciation of the currencies USD, EUR and ZAR against the SEK.

January–December 2009

Adjusted for the divestment of Saab Space in September 2008 and exchange rate effects, sales increased by 4 percent.

Sales were positively affected by about 2 percentage points during 2009 due to the appreciation of the USD, EUR and ZAR against the SEK.

Sales in markets outside Sweden amounted to MSEK 16,933 (16,247), or 69 percent (68) of total sales.

Of sales, 83 percent (83) was related to the defence market.

TOTAL SALES BY REGION

MSEK	Jan–Dec 2009	Jan–Dec 2008
Sweden	7,714	7,549
EU excluding Sweden	5,675	6,000
Rest of Europe	280	300
Americas	1,918	1,527
Asia	4,568	3,381
Africa	3,477	4,201
Rest of the World	1,015	838
Total	24,647	23,796

TOTAL SALES BY MARKET AREA

MSEK	Jan–Dec 2009	% of total sales
Air	9,216	37
Land	6,901	28
Naval	2,181	9
Joint Operations	2,062	8
Civil Security	1,718	7
Commercial Aeronautics	1,374	6
Other	1,195	5
Total	24,647	100

As of 1 January 2010, Joint Operations are no longer reported as a separate market area.

Income, margin and profitability

Fourth quarter 2009

The gross margin amounted to 24.3 percent (7.9). Adjusted for non-recurring items, the gross margin was 24.3 percent (27.9). The gross margin was negatively impacted by the business mix as well as some project overruns.

Operating income in the fourth quarter amounted to MSEK 503 (-809), corresponding to an operating margin of 6.5 percent (-9.9). Adjusted for non-recurring items, the operating margin was 6.5 percent (13.2). Non-recurring items included a MSEK 180 charge in Systems and Products and a MSEK 20 charge in Defence and Security Solutions for structural costs related to lay-offs in 2009.

In addition, a revaluation of the remaining risks associated with the regional aircraft portfolio had a positive impact of MSEK 200 on Saab's operating income during the fourth quarter of 2009.

January–December 2009

The gross margin for 2009 amounted to 24.9 percent (19.5). Adjusted for non-recurring items, the gross margin was 24.6 percent (26.5). The gross margin was negatively impacted by the business mix as well as some project overruns.

Internally funded investments in research and development amounted to MSEK 1,194 (1,439), of which a total of MSEK 67 (635) has been capitalised. Amortisation and impairment of intangible fixed assets amounted to MSEK 873 (1,016) in 2009, of which amortisation and impairment of capitalised development costs amounted to MSEK 686 (728).

KEY INDICATORS

MSEK	Dec 31 2009	Dec 31 2008	Change
Net debt ¹⁾	634	1,693	-1,059
Intangible fixed assets	7,108	7,690	-582
Goodwill	3,457	3,438	19
Other intangible fixed assets	613	624	-11
Capitalised development costs	3,038	3,628	-590
Tangible fixed assets, etc. ²⁾	4,919	5,724	-805
Inventories	4,698	4,305	393
Accounts receivable	2,837	4,194	-1,357
Accrued revenues ³⁾	3,010	3,354	-344
Advance payments	442	897	-455
Equity/assets ratio (%)	35.1	28.4	
Return on equity (%)	7.0	-2.4	

¹⁾ The Group's net debt refers to interest-bearing liabilities and provisions for pensions less cash, short-term investments and interest-bearing receivables.

²⁾ Including tangible fixed assets, lease assets, biological assets and investment properties.

³⁾ Amounts due from customers (long-term customer contracts according to the percentage of completion method).

As of 1 January 2009, Saab changed its view on the application of the accounting principles for development costs. As a result of this more conservative approach, development costs are now capitalised at a later stage in all projects, resulting in a lower rate of capitalisation compared to 2008. All development costs on the balance sheet are amortised over not more than ten years, which is a shorter time period than in 2008. The operating margin was reduced by approximately 3 percentage points during 2009 due to this change.

Depreciation and write-down of tangible fixed assets amounted to MSEK 351 (333) in 2009, while depreciation of the leasing fleet amounted to MSEK 176 (165).

A revaluation of the remaining risks associated with the regional aircraft portfolio had a positive impact of MSEK 350 on Saab's operating income during 2009.

Other operating expenses of MSEK 82 (68) mainly consist of exchange rate differences.

The Billion+ programme is progressing

to plan. During 2009, the cost reductions contributed about 3 percentage points to the reported operating margin (see page 11 for more information).

The share of income in associated companies, MSEK -43 (50), primarily relates to net income in Denel Saab Aerostructures and companies in the Saab Ventures portfolio.

Net financial income and expenses amounted to MSEK -398 (-572), of which project interest from unutilised advance payments reduced financial income by MSEK -36 (-151), while also reducing the cost of goods sold correspondingly. Net interest items for the Group amounted to MSEK -80 (-160). Currency losses of MSEK -85 (-227) related to the tender portfolio further reduced the financial net. The share in income of associated companies held as financial assets amounted to MSEK 2 (-36). Other net interest items amounted to MSEK -199 (2) and mainly consisted of amortisation of actuarial losses for pensions and exchange rate effects.

Current and deferred taxes during the year amounted to MSEK -277 (164), or an effective tax rate of 28 percent (40).

The pre-tax return on capital employed was 10.3 percent (1.4) and the after-tax return on equity was 7.0 percent (-2.4).

FINANCIAL POSITION AND LIQUIDITY

Financial position

Since the start of the year, net debt has decreased by SEK 1.1 billion to MSEK 634 at the end of the year. The decrease is mainly related to an improved operating cash flow in the fourth quarter as well as sale of accounts receivable in the second half of 2009. In November, Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market. Under the terms of this programme Saab issued bonds and Floating Rate Notes (FRN) of SEK 1.1 billion maturing in December 2013.

Intangible assets have decreased due to higher amortisation of capitalised product development.

Inventories increased during 2009 due to delivery preparations for major projects and delays in other projects. Inventories are recognised after deducting utilised advances. Other receivables mainly relate to accrued revenues (after deducting utilised advances).

Accounts receivable decreased due to milestone payments received in 2009 and a continued focus on working capital management. During the third quarter, Saab launched an accounts receivable sales programme to strengthen its financial position and increase financial flexibility. The customers in most cases are nations with high credit worthiness. In the programme one hundred percent of the value of the accounts receivable is sold at attractive funding levels. The net amount of accounts receivable of about MSEK 800 were sold in 2009, which had a positive impact on operating cash flow with MSEK 800.

The equity/assets ratio improved mainly due to higher equity and lower levels of mainly intangible assets and accounts receivable as well as exchange rate effects.

Provisions for pensions amounted to MSEK 4 (4). During 2009, the Saab Pension Fund was capitalised with a total of MSEK 157 (362). The purpose of the fund is to secure defined-benefit pension plans. The market value of the Saab Pension Fund was MSEK 3,609 (3,083) at end of 2009, compared to an obligation of MSEK 5,002 (4,454) according to IAS 19. The solvency margin was 72 (69) percent. In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 94 (84) percent.

Saab decided in 1997 to discontinue the manufacture of turboprop aircraft. As with other manufacturers, Saab had a business model that included lease financing in connection with aircraft sales on the market. Saab's lease assets at 31 December, 2009 consisted of 114 turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 42 are financed through US leverage leases. Rents from these leases are insured through the Export Credits Guarantee Board (EKN) in Sweden. 71 are financed internally and recognized as assets in the balance sheet. Rents from these leases previously were insured through a number of international insurance companies. In 2008 and 2009 agreements were reached with these reinsurers to unwind their interests in return for a consideration to Saab based on the calculated present value of future claims from the insurances. The consideration amounted to MUSD 78 and has been reserved on the balance sheet. In addition, one aircraft refers to an obligation to re-purchase the aircraft. Provisions on the balance sheet related to the leasing portfolio are deemed as sufficient for the remaining risks.

Saab estimates that the leasing portfolio will be phased-out at the end of 2015.

Cash flow

Operating cash flow amounted to MSEK 1,447 (659) during 2009 and was distributed between cash flow from core operating activities of MSEK 1,088 (-132), acquisitions and divestments of subsidiaries and associated companies of MSEK -57 (443) and the regional aircraft business, MSEK 416 (348).

ACQUISITIONS AND DIVESTMENTS

On 29 June 2009, Saab acquired Tieto's holding of 60 percent of the shares in the former joint venture TietoSaab Systems in Finland. The company is now fully owned by Saab and was integrated into Saab during 2009. The purchase price was MSEK 75, resulting in a surplus value of MSEK 62. The overall impact on Saab's net debt was MSEK 68. The acquisition has a marginal effect on future sales and income.

No other significant acquisitions or divestments were made during the year.

CAPITAL EXPENDITURES AND PERSONNEL

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 197 (386).

Investments in intangible assets amounted to MSEK 81 (636) and related primarily to capitalised product development.

Personnel

At the end of 2009, the Group had 13,159 employees, compared to 13,294 at the beginning of 2009. The amount of FTE's (Full Time Equivalents) at the end of 2009 was 12,737.

On 23 April, Saab announced the lay-off of 300 employees of Saab AB in Linköping. Salaried and factory employees were both affected. A charge of MSEK 100 related to the lay-offs was included in the second quarter of 2009 in the business segment Aeronautics. A charge of MSEK 20 related to lay-offs was included in the fourth quarter in the business segment Defence and Security Solutions. The process for the lay-off has been finalised and about 300 people have left the Group.

On 2 June, Saab announced the lay-off of 370 employees of Saab Bofors Dynamics AB in four locations. Only office personnel were affected. Structural costs of MSEK 180 were booked during the fourth quarter of 2009 in the segment Systems and Products. The lay-off process has not yet been finalised.

Research and development

To maintain a leading position in its business, Saab devotes considerable resources to research and development, where some

2,700 people are employed. Investments in research and development are primarily made for customers in the business segments Systems and Products and Aeronautics. Total research and development costs for the year amounted to MSEK 4,820 (4,141), of which MSEK 3,626 (2,702) related to customer funded development. Internally funded investments in research and development amounted to MSEK 1,194 (1,439), of which a total of MSEK 67 (635) has been capitalised.

RISKS AND UNCERTAINTIES

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world. The international part of the business is growing.

Projects generally entail significant investments, long periods of time and technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations entail significant risk-taking in various respects. The key risk areas are political, operating and financial risks. Various policies and instructions govern the management of significant risks.

Saab conducts significant development projects and manages the associated risks.

For a general description of the risk areas for 2009, see pages 58-60 of the annual report for 2008.

IMPORTANT EVENTS JANUARY – JUNE 2009

- An offer was submitted for 36 Gripen NG (Next Generation) fighter aircraft to the Brazilian Air Force. Saab offered a strong industrial co-operation package with positive impacts on the national defence industry, e.g., direct involvement in the development, production and maintenance of the aircraft. Gripen NG also generates transfers of key technology, which will allow full involvement in future capability development.
- An order was received from FMV for studies of Gripen's future capabilities in 2009. The contract value is MSEK 400.
- A contract was received in the civil security field worth approximately MZAR 200 (MSEK 165) to deliver technology and installation services for a command and control network in South Africa.
- A contract was signed valued at about MSEK 700 within civil security. The contract, which runs over four years and comprises a number of installations, is part of Saab's efforts to develop solutions for the protection of important public institutions and critical infrastructure.
- An export contract was signed for air defence systems for delivery in 2010-2013 valued at approximately MSEK 340.
- A contract was signed with the Australian Defence Material Organisation to develop a multi-link communication capability for the ANZAC and Canberra class ships. The value of the contract is approximately MSEK 195, within a project worth a total of MSEK 252.
- As a result of low production volumes in commercial aircraft production, Saab served notice of lay-offs to 300 employees of Saab AB in Linköping.
- A contract was signed to produce training systems for the U.S. Marine Corps. Within the framework of the contract, which has a potential value of MUSD 29 (MSEK 238), an initial order worth MUSD 22 (MSEK 181) has been placed.
- An order was received from FMV for a modular medical care system. The contract value is approximately MSEK 120 with options through 2013.
- A contract worth approximately MSEK 180 was signed with Lockheed Martin Canada to upgrade the 2D radar Sea Giraffe 150 HC for modernisation of the Canadian Navy's Halifax Class frigates. Deliveries are scheduled for 2010-2017.
- Saab served notice of redundancy to 370 employees of Saab Bofors Dynamics AB in four locations.
- The Swedish Chief Prosecutor Christer van der Kwast closed the preliminary investigation into Saab concerning alleged illegal methods in connection with the sale of Gripen.
- An order was received with a value of about MUSD 12.4 (MSEK 96) to produce and field simulators and targets for five gunnery ranges for the U.S. Army.

IMPORTANT EVENTS JULY-DECEMBER 2009

- Two orders were received from FMV for further development of the Gripen system with an order value of approximately MSEK 580. The contracts is part of Gripen's continuous development and upgrade. In addition, FMV placed an order for spare parts for the current Gripen fleet with a value of about MSEK 200.
- A contract was signed to provide security services for the South Queensland Correctional Precinct near Gatton, Queensland, Australia.
- A contract was awarded by the UK Ministry of Defense (MOD) to deliver training systems in support of British Army Training exercises in Kenya. The order value is between MSEK 250 to MSEK 300 dependent upon options.
- Two production and delivery contracts with an order value of MUSD 18.4 (approximately MSEK 130) for ultra lightweight camouflage net systems were received from the U.S. Department of Defense.
- A new operating and management structure was presented in September, whereby the company would be reorganising into five business areas. The new structure is effective as of 1 January 2010.
- An integration and production contract with an order value of MEUR 14 (approximately MSEK 137) for the BOL dispenser system was received from the Finnish Air Force (Air Force Command Finland, AFCOMFIN).
- The contract for provision of spare parts to the Swedish Armed Forces was extended for an additional 3 years. The order is valued at MSEK 162.
- An order valued at MSEK 130 was received from FMV for the development and upgrade of the Armed Forces' SK60 training aircraft.
- Saab announced it has entered into a trade receivables sales programme in order to strengthen its financial position and increase financial flexibility.
- An update of the proposal offering 36 Gripen Next Generation (NG) was submitted to the Brazilian Air Force (FAB) on 2 October.
- Two orders were received for Carl Gustaf (man-portable weapon system) with a total order value of about MSEK 192.
- In November, Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market.
- Mitsubishi Aircraft Corporation and Saab signed an agreement for support solutions and a first significant order was achieved.
- An order was received from the Italian Army for ARTHUR WLS (Weapon Locating System) with an order value of about MSEK 475.
- The United Arab Emirates (UAE) placed an order for an airborne surveillance system with a value of about SEK 1.5 billion.
- A contract was signed with LIG Nex1 for the localisation of Saab's naval ESM system for the South Korean second batch of Class 214 submarines. The order value is about MSEK 114.

IMPORTANT EVENTS AFTER THE CONCLUSION OF 2009

- As a result of continued streamlining measures and synergies within the Aeronautics business area, Saab announced that it is to serve notice to 115 factory employees at Saab AB in Linköping.
- A contract was signed for further deliveries of the RBS 70 ground based air defence system to the Finnish Army. The order value is about MSEK 260.

DEFENCE AND SECURITY SOLUTIONS

MSEK	Jan–Dec 2009	Jan–Dec 2008	Change, %	Oct–Dec 2009	Oct–Dec 2008	Change, %
Order bookings	9,939	9,997	-1	3,900	4,410	-12
Order backlog	11,726	10,918	7	925 ²⁾	1,140 ²⁾	
Sales	9,697	9,443	3	3,114	3,078	1
Operating income before depreciation/amortisation and impairments (EBITDA)	881	1,019	-14	265	400	-34
Margin, %	9.1	10.8		8.5	13.0	
Operating income (EBIT)	678	732	-7	198	240	-18
Operating margin, %	7.0	7.8		6.4	7.8	
Adjusted operating margin, ¹⁾ %	7.2	8.8		7.0	11.1	
Operating cash flow	38	-322	-	-213	-201	-6
Defence/Civil (% of sales)	68/32	70/30		68/32	68/32	
No. of employees	4,723	4,666	1	3 ²⁾	-225 ²⁾	
¹⁾ Non-recurring items						
Structural costs for lay-offs	-20			-20		
Goodwill impairment		-103			-103	
TOTAL NON-RECURRING ITEMS	-20	-103		-20	-103	
²⁾ Refers to quarterly change						
For a description of the business segment activities, see note 3.						

HIGHLIGHTS

ORDERS RECEIVED

- Order bookings during the fourth quarter of 2009 decreased by 12 percent compared to the same period 2008. Orders received during the quarter included an order from Mitsubishi Aircraft Corporation for support solutions and from the UAE for an airborne surveillance system with a value of about SEK 1.5 billion.
- Orders received during 2009 decreased by 1 percent compared to 2008. Major orders included two contracts in the civil security field, a multi-link communication capability for the ANZAC and Canberra class ships in Australia and orders from FMV for medical care systems.
- Orders received where the order sum was more than MSEK 100 represented 33 percent (32) of total order bookings.

SALES

- Sales in the fourth quarter of 2009 increased by 1 percent and sales in 2009 increased by 3 percent compared to the respective periods of 2008.
- Sales were positively affected by about 3 percentage points in 2009 due to the appreciation of the AUD and ZAR against the SEK.
- Markets outside Sweden accounted for 52 percent (54) of sales during 2009.

INCOME AND MARGIN

- During 2009 profitability was impacted by an unfavourable project mix. In addition, the profitability was negatively impacted by project overruns during the fourth quarter. Structural costs of MSEK 20 were recorded during the fourth quarter for lay-offs related to the support and services business. The lay-offs were announced in April 2009.

CASH FLOW

- Operating cash flow improved 2009 compared to 2008 due to a major milestone payment received in the second quarter of 2009, whereas working capital increased in the second half of 2009. The increase is related to preparations for deliveries of projects during 2010.

EMPLOYEES

- The number of employees increased by 57 during the year mainly due to the acquisition of 60 percent of the shares in the former joint venture TietoSaab Systems in Finland. The amount of FTE's (Full Time Equivalents) at the end of 2009 was 4,646.

SYSTEMS AND PRODUCTS

MSEK	Jan–Dec 2009	Jan–Dec 2008	Change, %	Oct–Dec 2009	Oct–Dec 2008	Change, %
Order bookings	6,572	9,345	-30	1,782	3,005	-41
Order backlog	14,288	17,390	-18	-1,558 ²⁾	-182 ²⁾	
Sales	9,602	9,095	6	3,194	3,352	-5
Operating income before depreciation/amortisation and impairments (EBITDA)	1,038	1,518	-32	226	750	-70
Margin, %	10.8	16.7		7.1	22.4	
Operating income (EBIT)	379	756	-50	44	328	-87
Operating margin, %	3.9	8.3		1.4	9.8	
Adjusted operating margin, ¹⁾ %	5.8	11.1		7.0	17.2	
Operating cash flow	795	1,484	-46	682	1,154	-41
Defence/Civil (% of sales)	96/4	91/9		97/3	95/5	
No. of employees	4,717	4,869	-3	-51 ²⁾	45 ²⁾	
¹⁾ Non-recurring items						
Structural costs for lay-offs	-180			-180		
Write-down of capitalised development costs		-250			-250	
TOTAL NON-RECURRING ITEMS	-180	-250		-180	-250	
²⁾ Refers to quarterly change						
For a description of the business segment activities, see note 3.						

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the fourth quarter included a contract with LIG Nex1 for Saab's naval ESM system for the South Korean second batch of Class 214 submarines as well as orders for ARTHUR WLS (Weapon Locating System) and Carl Gustaf (man-portable weapon system).
- Orders received during the year decreased by 30 percent compared to 2008. In addition to the orders mentioned above, major orders included several for Carl Gustaf and AT4, an order for an air defence system, an upgrade of the 2D radar for the Canadian Navy's Halifax Class frigates and orders to produce training systems for the British Army and the U.S. Marine Corps. An integration and production contract for the BOL dispenser system was received from the Finnish Air Force (Air Force Command Finland, AFKOMFIN).
- Orders received where the order sum was more than MSEK 100 represented 33 percent (37) of total order bookings.

SALES

- Sales in 2009 increased year-on-year by 6 percent. Adjusted for the divestment of Saab Space on 1 September 2008 and exchange rate effects, sales increased by about 9 percent. The increase is related to a higher activity level in large projects and the relatively higher share of smaller orders in 2009 compared to 2008.
- Markets outside Sweden accounted for 76 percent (72) of sales during 2009.

INCOME AND MARGIN

- Profitability was negatively impacted by identified project overruns. Higher development costs due to Saab's more conservative view on the application of accounting for development costs as of 1 January 2009 had a negative impact on profitability. In addition, as announced in June 2009, structural costs of MSEK 180 related to lay-offs were recorded during the fourth quarter 2009.

CASH FLOW

- Operating cash flow was lower in 2009 compared to 2008 mainly due to time differences in payments in large projects.

EMPLOYEES

- The number of employees was reduced by 152 during the year as a result of ongoing efficiency improvement initiatives and the lay-off announced in June 2009. The amount of FTE's (Full Time Equivalents) at the end of 2009 was 4,632.

AERONAUTICS

MSEK	Jan–Dec 2009	Jan–Dec 2008	Change, %	Oct–Dec 2009	Oct–Dec 2008	Change, %
Order bookings	3,417	6,153	-44	1,789	533	236
Order backlog	15,476	19,626	-21	-343 ²⁾	-2,107 ²⁾	
Sales	7,571	7,269	4	2,133	2,356	-9
Operating income before depreciation/amortisation and impairments (EBITDA)	255	-1,313	-	138	-1,358	-
Margin, %	3.4	-18.1		6.5	-57.6	
Operating income/loss (EBIT)	6	-1,508	-	73	-1,416	-
Operating margin, %	0.1	-20.7		3.4	-60.1	
Adjusted operating margin, ¹⁾ %	1.4	3.6		3.4	5.1	
Operating cash flow	-434	-1,007	57	68	61	11
Defence/Civil (% of sales)	91/9	93/7		88/12	92/8	
No. of employees	3,015	3,100	-3	-25 ²⁾	57 ²⁾	
¹⁾ Non-recurring items						
Structural costs for lay-offs	-100					
Write-downs in commercial aircraft programmes		-1,187			-953	
Provisions for commercial aircraft programmes		-232			-232	
Provisions for helicopter project		-350			-350	
TOTAL NON-RECURRING ITEMS	-100	-1,769			-1,535	

²⁾ Refers to quarterly change

For a description of business segment activities, see note 3.

HIGHLIGHTS

ORDERS RECEIVED

- Order bookings during the fourth quarter 2009 increased due to an adjustment in the value of existing orders related to the Boeing 787 programme as a result of agreed amendments as well as an order from FMV for the continuous support of Gripen's operational capacity.
- During 2009, the order intake decreased significantly compared to the previous year. In addition to the orders mentioned above, major orders during the year included contracts from FMV for studies of Gripen's future capabilities. 2008 included an order from FMV for an integrated air surveillance system for Thailand worth SEK 2 billion. In addition, index and price changes positively affected 2009 by SEK 1.3 billion (2.0). Orders related to the commercial air market valued at about MSEK 280 were cancelled during 2009.
- Orders received where the order sum was more than MSEK 100 represented 79 percent (90) of total order bookings.

SALES

- Sales in the fourth quarter of 2009 decreased by 9 percent and sales for the full year increased by 4 percent compared to the respective periods of 2008. The increase in 2009 is mainly due to a higher activity in the South African Gripen-programme and the order from FMV for an integrated air surveillance system for Thailand.
- Markets outside Sweden accounted for 60 percent (64) of sales in 2009.

INCOME AND MARGIN

- Profitability in 2009 was negatively affected by higher development costs due to Saab's more conservative view on the application of accounting for development costs as of 1 January 2009. Also, a structural cost of MSEK 100 recorded in the second quarter related to lay-offs impacted profitability negatively.
- The operating margin remains under pressure from low capacity utilisation in commercial aircraft projects and a change in project mix compared to 2008.

CASH FLOW

- Operating cash flow in 2009 was impacted by an increase in working capital due to utilisation of milestone payments in 2009.

REORGANISATION

- The Aeronautics segment and its business units Aerostructures, Aerosystems and Gripen International were reorganised in 2009. As a consequence, Saab served notice of lay-offs to 300 employees of Saab AB in Linköping on 24 April 2009. The remaining structural cost related to this reorganisation, estimated at MSEK 100, will be reported in 2010.

EMPLOYEES

- The number of employees was reduced by 85 during the year as a result of ongoing efficiency improvement initiatives and the lay-off announced in April 2009. The amount of FTE's (Full Time Equivalents) at the end of 2009 was 2,776.

CORPORATE

Corporate reported operating income of MSEK 311 (186). The improved operating income is mainly related to the revaluation of the remaining risks associated with the regional aircraft portfolio, which had a positive impact of MSEK 350 on Saab's operating income during 2009. During 2008, gains from completion of contracts with respect to regional aircraft had a positive impact of MSEK 196. A capital gain of MSEK 98 from the divestiture of Saab Space was also reported in 2008.

THE BILLION+ PROGRAMME

Saab's market situation is changing rapidly. Saab will continue to invest in marketing, and in product and service development. The programme was launched at the start of 2008 to improve internal efficiency, so that Saab can remain profitable in keeping with the Group's long-term objective. The programme was expanded in the fall of 2008 to avoid replacing employees who leave the Group.

When introduced, the programme aimed to reduce costs by MSEK 250 in 2008 and to reduce costs an additional MSEK 600 in 2009, which has been achieved. In 2010, Saab is aiming at reducing the cost base by an additional MSEK 650. The programme include the effects of the reduction of 500 employees in 2009 and 2010, mainly through attrition. By the start of 2011, annual costs should have been reduced by about SEK 1.5 billion compared to the end of 2007.

Saab previously estimated that around 70 percent of the cost reductions would be generated by reducing the cost of goods sold (development, project implementation, purchasing and production). In 2009, about 60 percent of the cost reduction was generated through a reduction in cost of goods sold. For 2010, it is estimated that the cost reductions will be distributed as in 2009.

The programme is progressing to plan. During 2009, the cost reductions contributed about 3 percentage points to the reported profit margin. A major part of the cost reductions was achieved in aligned processes across the Group as well as within the segments Systems and Products and Aeronautics.

PARENT COMPANY

Sales and income

The Parent Company includes the business units Saab Aerosystems and Saab Aerostructures and the Swedish units within Saab Systems, Saab Avionics, Saab Aerotech, Saab Microwave Systems, Saab Surveillance Systems and Saab Security. Group staffs and Group support are included as well. The Parent Company's sales for 2009 amounted to MSEK 15,385 (15,496). Operating income was MSEK 1,485 (-1,293).

Net financial income and expenses was MSEK 747 (255). After appropriations of MSEK 3 (41) and taxes of MSEK -560 (342), net income for the year amounted to MSEK 1,675 (-655).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 6,369 (9,701). Gross capital expenditures in property, plant and equipment amounted to MSEK 126 (253). At the end of 2009, the Parent Company had 8,337 employees, compared to 8,317 at the beginning of the year.

SHARE REPURCHASE

The number of repurchased treasury shares as of 31 December 2008 was 2,320,451. The Annual General Meeting on 16 April 2009 authorised the Board of Directors to repurchase 1,340,000 shares to hedge the year's share matching plan and performance share plan. As proposed, the mandate would apply until the next Annual General Meeting.

On 23 June 2009, Saab announced that the Board had decided to utilise its authorisation for this purpose. Between 28 July 2009 and 28 August 2009, 1,340,000 shares were acquired on NASDAQ OMX Stockholm at an average price of SEK 82.10.

Saab held 3,639,220 treasury shares as of 31 December 2009.

Proposed dividend

The Board of Directors proposes that shareholders receive a dividend of SEK 2.25 per share (1.75), or a total of MSEK 237 (187). 20 April has been proposed as the record day for the dividend, which is expected to be paid on 23 April 2010, at 15.00 (CET).

Annual General Meeting 2010

The Annual General Meeting of Saab AB will be held in Stockholm, Sweden at Annexet, Ericsson Globe Arenas, on Thursday, 15 April 2010, at 15.00 (CET). The printed annual report will be available at Saab's office in Linköping before this date. The printed annual report will be distributed to shareholders upon request around 15 March 2010.

The nomination committee of Saab AB for the Annual General Meeting 2010

In accordance with a resolution taken at the Annual General Meeting of Saab AB on 16 April 2009, Saab has announced the names of the shareholder representatives, together with the Chairman of the Board, who will provide proposals to be submitted to the Annual General Meeting for the Board of Directors, the Chairman of the Board and of the Annual General Meeting, and proposals for remuneration to the Board and fees to the auditors.

Representatives: Marcus Wallenberg, Chairman of Saab AB, Petra Hedengran, Investor, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Peter Rydell, Swedbank Robur Funds, Erik Feldt, Nordea Funds.

Owners

Saab's largest shareholders as of 31 December 2009 are BAE Systems, Investor AB, the Wallenberg foundations, Swedbank Robur funds, Nordea funds, Odin funds, SEB funds, Orkla ASA, the Fourth AP-Fund and SHB Funds.

Linköping, 12 February 2010

ÅKE SVENSSON
PRESIDENT AND CEO

Saab AB is disclosing the information herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 7:30 a.m. on 12 February 2010.

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the year-end report for 2009 for Saab AB (publ) for the period 1 January 2009 to 31 December 2009. The Board of Directors and the President are responsible for the preparation and presentation of this year-end financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this year-end financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end financial information, in all material respects, is not prepared for the Group's part in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company's part in accordance with the Annual Accounts Act.

LINKÖPING, 12 FEBRUARY 2010

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Erik Åström
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Accountant

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Press and financial analyst conference and web-cast

with CEO Åke Svensson and CFO Lars Granlöv
Today, Friday, 12 February 2010, 10:00 a.m. (CET)
World Trade Center, Stockholm
Contact Annika Widell to register
and for further information
Tel. +46-8-463 01 47, +46-734-18 71 47

ANNUAL GENERAL MEETING 2010
ANNUAL REPORT 2010
INTERIM REPORT JANUARY-MARCH 2010
INTERIM REPORT JANUARY-JUNE 2010
INTERIM REPORT JANUARY-SEPTEMBER 2010

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CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan–Dec 2009	Jan–Dec 2008	Oct–Dec 2009	Oct–Dec 2008
Sales	3	24,647	23,796	7,768	8,188
Cost of goods sold		-18,510	-19,162	-5,883	-7,544
Gross income		6,137	4,634	1,885	644
Gross margin, %		24.9	19.5	24.3	7.9
Other operating income		149	291	2	103
Marketing expenses		-1,776	-1,805	-515	-472
Administrative expenses		-1,198	-1,404	-285	-357
Research and development costs		-1,813	-1,532	-567	-738
Other operating expenses		-82	-68	-38	-30
Share in income of associated companies		-43	50	21	41
Operating income/loss (EBIT) ¹⁾	3	1,374	166	503	-809
Operating margin, %		5.6	0.7	6.5	-9.9
Share in income of associated companies		2	-36	1	-11
Financial income		50	29	20	-6
Financial expenses		-450	-565	-63	-204
Net financial items		-398	-572	-42	-221
Income/loss before taxes		976	-406	461	-1,030
Taxes	4	-277	164	-138	322
Net income/loss for the period		699	-242	323	-708
of which Parent Company's shareholders' interest		686	-248	313	-724
of which minority interest		13	6	10	16
Earnings per share before dilution, SEK ²⁾		6.45	-2.31	2.97	-6.78
Earnings per share after dilution, SEK ³⁾		6.28	-2.31	2.87	-6.78
¹⁾ INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT		-1,400	-1,514	-387	-725
OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-176	-165	-38	-46
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		106,335,553	107,515,049	105,506,219	106,828,876
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION. THERE IS NO DILUTION IMPACT IF THE RESULT FOR THE PERIOD IS NEGATIVE.		109,150,344	107,515,049	109,150,344	106,828,876

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Dec 2009	Jan-Dec 2008	Oct-Dec 2009	Oct-Dec 2008
Net income/loss for the period	699	-242	323	-708
Other comprehensive income:				
Translation differences for the period	215	-112	103	84
Net gain/loss on cash flow hedges	944	-926	15	-255
Revaluation in connection with reclassification of fixed assets	-	51	-	51
Share of other comprehensive income in associated companies	31	-	1	-
Tax attributable to comprehensive income	-247	224	1	48
Other comprehensive income/loss for the period	943	-763	120	-72
Net comprehensive income/loss for the period	1,642	-1,005	443	-780
OF WHICH PARENT COMPANY'S SHAREHOLDERS' INTEREST	1,583	-1,001	441	-786
OF WHICH MINORITY INTEREST	59	-4	2	6

QUARTERLY INCOME STATEMENT

MSEK	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Sales	7,768	5,184	6,283	5,412	8,188	4,583	6,046	4,979
Cost of goods sold	-5,883	-3,969	-4,611	-4,047	-7,544	-3,638	-4,381	-3,599
Gross income	1,885	1,215	1,672	1,365	644	945	1,665	1,380
Gross margin, %	24.3	23.4	26.6	25.2	7.9	20.6	27.5	27.7
Other operating income	2	74	33	40	103	89	61	38
Marketing expenses	-515	-371	-466	-424	-472	-408	-483	-442
Administrative expenses	-285	-249	-330	-334	-357	-336	-368	-343
Research and development costs	-567	-405	-434	-407	-738	-243	-306	-245
Other operating expenses	-38	-4	19	-59	-30	-18	-10	-10
Share in income of associated companies	21	-11	-22	-31	41	2	-	7
Operating income/loss (EBIT) ¹⁾	503	249	472	150	-809	31	559	385
Operating margin, %	6.5	4.8	7.5	2.8	-9.9	0.7	9.2	7.7
Share in income of associated companies	1	-	1	-	-11	-6	-13	-6
Financial income	20	12	-15	33	-6	-12	25	22
Financial expenses	-63	-109	-58	-220	-204	-191	-93	-77
Net financial items	-42	-97	-72	-187	-221	-209	-81	-61
Income/loss before taxes	461	152	400	-37	-1,030	-178	478	324
Taxes	-138	-41	-108	10	322	75	-140	-93
Net income/loss for the period	323	111	292	-27	-708	-103	338	231
of which Parent Company's shareholders' interest	313	105	294	-26	-724	-97	341	232
of which minority interest	10	6	-2	-1	16	-6	-3	-1
Earnings per share before dilution, SEK ²⁾	2.97	0.99	2.75	-0.24	-6.78	-0.89	3.15	2.15
Earnings per share after dilution, SEK ³⁾	2.87	0.96	2.69	-0.24	-6.78	-0.89	3.12	2.13
¹⁾ INCLUDES DEPRECIATION/AMORTIZATION AND IMPAIRMENT	-367	-326	-352	-335	-725	-232	-315	-242
OF WHICH DEPRECIATION OF LEASE AIRCRAFTS	-38	-42	-46	-50	-46	-39	-40	-40
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	105,506,219	106,169,379	106,835,194	106,831,419	106,828,876	107,094,803	108,150,517	108,150,421
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION	109,150,344	109,150,344	109,150,344	106,831,419	106,828,876	107,094,803	109,150,344	109,150,344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31/12/2009	31/12/2008
ASSETS			
Fixed assets			
Intangible fixed assets	6	7,108	7,690
Tangible fixed assets		3,174	3,407
Lease assets		1,464	1,835
Biological assets		256	243
Investment properties		25	239
Shares in associated companies		356	334
Financial investments		116	142
Long-term receivables		1,327	1,321
Deferred tax assets		284	841
Total fixed assets		14,110	16,052
Current assets			
Inventories		4,698	4,305
Derivatives		1,002	1,315
Tax receivables		43	55
Accounts receivable		2,837	4,194
Other receivables		4,696	5,567
Prepaid expenses and accrued income		705	503
Short-term investments		551	-
Liquid assets	8	1,463	822
Total current assets		15,995	16,761
Assets held for sale	9	325	77
TOTAL ASSETS	14	30,430	32,890

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	31/12/2009	31/12/2008
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Parent Company's shareholders' interest		10,542	9,240
Minority interest		140	90
Total shareholders' equity		10,682	9,330
Long-term liabilities			
Long-term interest-bearing liabilities	7	1,126	13
Other liabilities		287	336
Provisions for pensions	11	4	4
Other provisions		2,146	2,402
Deferred tax liabilities		905	1,105
Total long-term liabilities		4,468	3,860
Current liabilities			
Short-term interest-bearing liabilities	7	2,519	3,870
Advance payments from customers		442	897
Accounts payable		1,730	1,712
Derivatives		1,181	2,363
Tax liabilities		212	149
Other liabilities		746	1,131
Accrued expenses and deferred income		7,668	8,868
Provisions		753	710
Total current liabilities		15,251	19,700
Liabilities attributable to assets held for sale	9	29	-
Total liabilities		19,748	23,560
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14	30,430	32,890

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	CAPITAL STOCK	OTHER CAPITAL CONTRIBUTIONS	NET RESULT OF CASH FLOW HEDGES	TRANSLATION RESERVE	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL	MINORITY INTEREST	TOTAL
Opening balance, 1 January 2008	1,746	543	80	-110	-	8,722	10,981	27	11,008
Net comprehensive income for the year			-692	-112	51	-248	-1,001	-4	-1,005
Transactions with shareholders:									
Repurchase of shares						-209	-209		-209
Share matching plan						13	13		13
Dividend						-487	-487	10	-477
Acquisition and sale of operations						-57	-57	57	-
Closing balance, 31 December 2008	1,746	543	-612	-222	51	7,734	9,240	90	9,330
Opening balance, 1 January 2009	1,746	543	-612	-222	51	7,734	9,240	90	9,330
Net comprehensive income for the year			696	201		686	1,583	59	1,642
Transactions with shareholders:									
Repurchase of shares						-110	-110		-110
Share matching plan						35	35		35
Dividend						-187	-187		-187
Acquisition and sale of operations						-19	-19	-9	-28
Closing balance, 31 December 2009	1,746	543	84	-21	51	8,139	10,542	140	10,682

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Dec 2009	Jan–Dec 2008
Operating activities			
Income after financial items		976	-406
Transferred to pension funds		-190	-408
Adjustments for items not affecting cash flows		1,835	3,068
Income tax paid		-183	-182
Cash flow from operating activities before changes in working capital		2,438	2,072
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-401	-27
Increase(-)/Decrease(+) in current receivables		1,927	312
Increase(+)/Decrease(-) in advance payments from customers		-485	-1,618
Increase(+)/Decrease(-) in lease obligations		-	-220
Increase(+)/Decrease(-) in other current liabilities		-1,522	708
Increase(+)/Decrease(-) in provisions		-261	-273
Cash flow from operating activities		1,696	954
Investing activities			
Investments in intangible fixed assets		-14	-1
Capitalised development expenditure		-67	-635
Investments in tangible fixed assets		-197	-386
Investments in lease assets		-3	-
Sale of tangible fixed assets		9	41
Sale of lease assets		130	212
Short-term investments		-551	-
Investments in and sale of other financial assets		224	-58
Investment in subsidiaries, net effect on liquidity	10	-68	-
Sale of subsidiaries, net effect on liquidity	10	11	443
Cash flow from investing activities		-526	-384
Financing activities			
Loans raised		-	85
Loans amortised		-279	-
Repurchase of shares		-110	-209
Dividend paid to Parent Company's shareholders		-187	-487
Contribution from minority interest		6	10
Cash flow from financing activities		-570	-601
Cash flow for the year			
Cash flow for the year		600	-31
Liquid assets at the beginning of the year		822	858
Exchange rate difference in liquid assets		41	-5
Liquid assets at year-end	8	1,463	822

QUARTERLY INFORMATION		JANUARY–MARCH				APRIL–JUNE			
		MSEK	2009	Operating margin	2008	Operating margin	2009	Operating margin	2008
Sales									
Defence and Security Solutions		2,042		2,096		2,427		2,365	
Systems and Products		1,994		1,734		2,336		2,238	
Aeronautics		1,843		1,612		2,113		2,040	
Corporate		12		10		61		12	
Internal sales		-479		-473		-654		-609	
Total		5,412		4,979		6,283		6,046	
Operating income									
Defence and Security Solutions		136	6.7%	193	9.2%	198	8.2%	187	7.9%
Systems and Products		104	5.2%	138	8.0%	168	7.2%	228	10.2%
Aeronautics		3	0.2%	111	6.9%	-44	-2.1%	-66	-3.2%
Corporate		-93		-57		150		210	
Total		150	2.8%	385	7.7%	472	7.5%	559	9.2%
Net financial items		-187		-61		-72		-81	
Income/loss before taxes		-37		324		400		478	
Net income/loss for the period		-27		231		292		338	
Attributable to Parent Company's shareholders		-26		232		294		341	
Earnings per share after dilution		-0.24		2.13		2.69		3.12	
Average no. of shares after dilution, thousands		106,831		109,150		109,150		109,150	
		JULY–SEPTEMBER				OCTOBER–DECEMBER			
MSEK	2009	Operating margin	2008	Operating margin	2009	Operating margin	2008	Operating margin	
Sales									
Defence and Security Solutions		2,114		1,904		3,114		3,078	
Systems and Products		2,078		1,771		3,194		3,352	
Aeronautics		1,482		1,261		2,133		2,356	
Corporate		53		11		18		100	
Internal sales		-543		-364		-691		-698	
Total		5,184		4,583		7,768		8,188	
Operating income									
Defence and Security Solutions		146	6.9%	112	5.9%	198	6.4%	240	7.8%
Systems and Products		63	3.0%	62	3.5%	44	1.4%	328	9.8%
Aeronautics		-26	-1.8%	-137	-10.9%	73	3.4%	-1,416	-60.1%
Corporate		66		-6		188		39	
Total		249	4.8%	31	0.7%	503	6.5%	-809	-9.9%
Net financial items		-97		-209		-42		-221	
Income/loss before taxes		152		-178		461		-1,030	
Net income/loss for the period		111		-103		323		-708	
Attributable to Parent Company's shareholders		105		-97		313		-724	
Earnings per share after dilution		0.96		-0.89		2.87		-6.78	
Average no. of shares after dilution, thousands		109,150		107,095		109,150		106,829	

MULTI-YEAR OVERVIEW

MSEK	2009	2008	2007	2006	2005
Order bookings	18,428	23,212	20,846	27,575	17,512
Order backlog at 31 Dec.	39,389	45,324	47,316	50,445	42,198
Sales	24,647	23,796	23,021	21,063	19,314
Sales in Sweden, %	31	32	35	35	44
Sales in EU excluding Sweden, %	23	25	28	29	28
Sales in Americas, %	8	6	7	9	9
Sales in Rest of the World, %	38	37	30	27	19
Operating income	1,374	166	2,607	1,745	1,652
Operating margin, %	5.6	0.7	11.3	8.3	8.6
Operating margin before depreciation/amortization and impairments, excluding leasing aircraft, %	10.5	6.4	16.0	12.0	11.3
Income/loss after financial items	976	-406	2,449	1,693	1,551
Net income/loss for the year	699	-242	1,941	1,347	1,199
Total assets	30,430	32,890	33,801	32,771	30,594
Operating cash flow	1,447	659	-1,603	-1,900	2,645
Return on capital employed, %	10.3	1.4	19.4	14.5	14.6
Return on equity, %	7.0	-2.4	18.5	13.8	13.5
Equity/assets ratio, %	35.1	28.4	32.6	30.6	31.0
Earnings per share, SEK ^{2) 4)}	6.45	-2.31	17.68	11.91	10.89
After dilution, SEK ^{3) 4)}	6.28	-2.31	17.60	11.91	10.89
Dividend per share, SEK	2.25 ⁵⁾	1.75	4.50	4.25	4.00
Equity per share, SEK ¹⁾	99.91	86.49	101.53	89.80	84.10
Number of employees at year-end	13,159	13,294	13,757	13,577	12,830

¹⁾ NUMBER OF SHARES AS OF 31 DECEMBER 2009: 105,511,124; 2008: 106,829,893; 2007: 108,150,344; 2006/2005: 109,150,344

²⁾ AVERAGE NUMBER OF SHARES 2009: 106,335,553; 2008: 107,515,049; 2007: 108,668,700; 2006/2005: 109,150,344

³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION 2009: 109,150,344; 2008: 107,515,049; 2007/2006/2005: 109,150,344

⁴⁾ NET INCOME FOR THE YEAR LESS MINORITY INTEREST DIVIDED BY THE AVERAGE NUMBER OF SHARES

⁵⁾ PROPOSED DIVIDEND

KEY RATIOS AND TARGETS

	Long-term target	2009	2008	2007
Operating margin before depreciation/amortization and impairments, excluding leasing, %	15	10.5	6.4	16.0
Operating margin, %	10	5.6	0.7	11.3
Earnings per share after dilution, SEK ¹⁾		6.28	-2.31	17.6
Return on capital employed, %		10.3	1.4	19.4
Return on equity, %	15	7.0	-2.4	18.5
Equity/assets ratio, %	30	35.1	28.4	32.6

¹⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION 2009: 109,150,344; 2008: 107,515,049; 2007: 109,150,344

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Dec 2009	Jan-Dec 2008	Oct-Dec 2009	Oct-Dec 2008
Sales	15,385	15,496	4,811	5,246
Cost of goods sold	-11,276	-13,927	-3,495	-5,904
Gross income	4,109	1,569	1,316	-658
Gross margin, %	26.7	10.1	27.4	-12.5
Marketing expenses	-1,138	-1,115	-348	-296
Administrative expenses	-675	-841	-158	-229
Research and development costs	-811	-931	-245	-278
Other operating income	68	58	-23	-31
Other operating expenses	-68	-33	-17	1
Operating income/loss (EBIT)	1,485	-1,293	525	-1,491
Operating margin, %	9.7	-8.3	10.9	-28.4
Financial income and expenses:				
Results from securities and receivables held as fixed assets	947	717	963	-60
Other interest income and similar items	43	101	23	81
Interest expenses and similar items	-243	-563	-41	-219
Income/loss after financial items	2,232	-1,038	1,470	-1,689
Appropriations	3	41	3	41
Income/loss before taxes	2,235	-997	1,473	-1,648
Taxes	-560	342	-348	330
Net income/loss for the period	1,675	-655	1,125	-1,318

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

MSEK

31/12/2009

31/12/2008

ASSETS		
Fixed assets		
Intangible fixed assets	96	51
Tangible fixed assets	2,280	2,478
Shares in Group companies	9,520	11,662
Receivables from Group companies	760	140
Shares in associated companies and joint ventures	430	317
Receivables from associated companies and joint ventures	116	31
Other long-term securities holdings	1,495	1,512
Other long-term receivables	44	44
Deferred tax assets	689	1,207
Total fixed assets	15,430	17,442
Current assets		
Inventories, etc.	3,310	2,649
Receivables from Group companies	2,828	2,877
Receivables from associated companies and joint ventures	100	513
Other receivables	7,953	9,032
Short-term investments	551	-
Liquid assets	788	237
Total current assets	15,530	15,308
TOTAL ASSETS	30,960	32,750
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Shareholders' equity	4,441	5,479
Net income for the year	1,675	-655
Total shareholders' equity	6,116	4,824
Untaxed reserves	419	422
Provisions		
Provisions for pensions and similar commitments	379	606
Other provisions	1,513	1,929
Total provisions	1,892	2,535
Liabilities		
Interest-bearing liabilities	4,112	3,832
Liabilities to Group companies	7,913	9,939
Advance payments from customers	3,182	3,310
Liabilities to associated companies and joint ventures	139	126
Other liabilities	7,187	7,762
Total liabilities	22,533	24,969
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	30,960	32,750

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with its registered office in Linköping, Sweden. The address of the company's head office is Kungsbron 1, Stockholm, with the mailing address Box 70 363, SE-107 24 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on NASDAQ OMX Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report for 2008.

NOTE 2

ACCOUNTING PRINCIPLES

The consolidated accounts for 2009 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Reporting by Legal Entities. The accounting principles have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting principles as described in the annual report for 2008, with the exception of new or revised standards as adopted by the EU for application as of 1 January 2009, as shown below. The Group's accounting principles are described on pages 72-78 of the annual report 2008.

The interim report is abbreviated and does not contain all the information and disclosures available in the annual report and as such should be read together with the annual report for 2009.

IAS 1 Presentation of Financial Statements (revised)

The changes in IAS 1 mean that items previously reported directly against equity are now reported in the income statement as a part of comprehensive income. This refers to items in equity that are not transactions with shareholders. Saab has chosen to report the result down to net income for the period in one statement and the result below this down to comprehensive income in a separate statement.

IAS 23 Borrowing Costs (revised)

The revised standard requires the capitalisation of borrowing costs directly attributable to the acquisition, construction or production of an asset which takes a substantial period of time to prepare for its intended use or sale. As indicated in the Group's accounting principles in the annual report for 2008, the Group's previous principle was to expense borrowing costs as they arose. The type of assets that could qualify for capitalisation of borrowing costs includes self-financed long-term projects and intangible assets. Saab capitalises borrowing costs on projects beginning after 1 January 2009 in

accordance with the transitional rules in IAS 23. No assets that qualify for capitalisation of borrowing costs were reported during 2009.

IFRS 8 Operating Segments

As of 1 January 2009, the Group applies the new standard IFRS 8 Operating Segments for its segment reporting. According to the previous standard, IAS 14 Segment Reporting, two types of segments (business segments and geographical areas) were identified using a model based on risks and opportunities. According to IFRS 8, segment information is presented from management's perspective and operating segments are identified based on internal reporting to the company's chief operating decision maker. The Group has identified the Chief Executive Officer as its chief operating decision maker. The internal reporting used by the CEO to monitor operations and decide on resource allocations serves as the basis of the segment information that is presented. Application of IFRS 8 has not necessitated a change in the Group's reportable segments.

The Group has the following three reportable segments:

- Defence and Security Solutions
- Systems and Products
- Aeronautics

A detailed description of the segments can be found in note 3 as well as on pages 39-45 of the annual report for 2008.

The definition of segment assets has not changed compared with the most recent annual report.

Application of IFRS 8 has not required a reallocation of goodwill to new cash-generating units.

NOTE 3

SEGMENT REPORTING

Saab is one of the world's leading high-technology companies, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics and missile systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. While Europe is its main market, Saab has growing markets in Australia, South Africa and Asia. In 2009, Saab's operation was divided into three business segments. As a result of a reorganisation announced on 9 September 2009, Saab's operating and management structure as of 1 January 2010 is divided into five business areas, which also represents operating segments, Aeronautics, Electronic Defence Systems, Dynamics, Security and Defence Solutions and Support and Services. Pro forma summary financials are included on pages 30-32 in this report. The business segments in 2009 are described below.

NOTE 3 CONTINUED

Defence and Security Solutions

The Defence and Security Solutions business segment brought together Saab's capabilities in the development and integration of high-technology systems for reconnaissance, surveillance, communication and command and control.

In the international market, Saab has especially strong positions in the areas of tactical command and combat systems for land, sea and airborne forces.

The segment offers a wide range of life-cycle support solutions. The portfolio also includes consulting services in systems development, systems integration and information and system security for customers mainly in the defence and telecommunication industries as well as government agencies with responsibility for infrastructure.

Growth in the civil security market continues, creating new opportunities for Saab in the areas for crisis management systems and protection of infrastructure.

Systems and Products

Customers in the Systems and Products business segment mainly consist of defence authorities and other defence contractors around the world. Saab has a broad-based portfolio of products and systems.

In avionics (aeronautical electronics), Saab is a leading supplier to both military and commercial aviation manufacturers. In weapon systems, Saab's portfolio ranges from man-portable weapons such as the Carl-Gustaf anti-armour weapon and its successors AT4 and NLAW to the missile systems RBS 15, RBS 70 and BAMSE as well as torpedo systems.

Electronic warfare – warning, jamming and protection against detection and weapons – is another area where Saab has developed world-leading products for a large number of combat vehicles, aircraft, helicopters, submarines and surface vessels around the world. Radar and sensor operations contribute vital components to Saab's major systems solutions such as the BAMSE missile platform, the Gripen combat fighter and Saab's airborne surveillance system. But they also include products that individually command a leading position in the global market. The weapon detecting radar ARTHUR and the search radar GIRAFFE are two examples.

Signature management, camouflage which prevents detection by even the most advanced technical equipment, is another area where Saab has a world-leading position. Saab also has a strong position in advanced training systems for land-based forces and now lists special police units among its customers.

Underwater technology for shallow water and harbours is another area where Saab has leading expertise. Significant potential exists in autonomous, unmanned underwater vehicles for both military and commercial applications.

Aeronautics

Saab's aeronautics operations are dominated by the Gripen programme. Gripen, one of the world's most modern fighter aircraft in operational service, is currently used in Sweden and NATO members Czech Republic and Hungary as well as South Africa. During 2008, Saab commenced test flights within the Gripen demonstrator programme.

The objective is to develop the next generation of Gripen aircraft and enhance existing Gripen versions. Export potential is high, and Saab is working actively in a number of markets to win new contracts. The Gripen programme includes significant sales of modifications, training and maintenance.

Saab is also a leader in the development of unmanned aerial vehicles, UAVs. In-house products are combined with participation in international development programmes. Saab has primary responsibility for key subsystems in the Neuron programme, a European project to develop an unmanned combat air vehicle and next generation fighter aircraft.

In its role as a subsystem supplier, Saab develops complex structural units and subsystems for commercial and military aircraft manufacturers.

SALES AND ORDER INFORMATION

Sales by business segment

MSEK	Jan-Dec 2009	Jan-Dec 2008	Change, %	Oct-Dec 2009	Oct-Dec 2008
Defence and Security Solutions	9,697	9,443	3	3,114	3,078
of which external sales	8,717	8,491	3	2,789	2,728
of which internal sales	980	952	3	325	350
Systems and Products	9,602	9,095	6	3,194	3,352
of which external sales	8,520	8,163	4	2,898	3,062
of which internal sales	1,082	932	16	296	290
Aeronautics	7,571	7,269	4	2,133	2,356
of which external sales	7,297	6,967	5	2,063	2,306
of which internal sales	274	302	-9	70	50
Corporate/eliminations	-2,223	-2,011	-11	-673	-598
of which external sales	113	175	-35	18	92
of which internal sales	-2,336	-2,186	-7	-691	-690
Total	24,647	23,796	4	7,768	8,188

Sales by geographical market

MSEK	Jan-Dec 2009	% of sales	Jan-Dec 2008	% of sales	Change, %
Sweden	7,714	31	7,549	32	2
Rest of EU	5,675	23	6,000	25	-5
Rest of Europe	280	1	300	1	-7
Total Europe	13,669	55	13,849	58	-1
North America	1,764	7	1,346	6	31
Latin America	154	1	181	1	-15
Asia	4,568	19	3,381	14	35
Australia, etc.	1,015	4	838	3	21
Africa	3,477	14	4,201	18	-17
Total	24,647	100	23,796	100	4

Information on large customers

Saab has two customers that account for 10 percent or more of the Group's sales: the Swedish Defense Materiel Administration (FMV) and the South African state through its procurement agency. FMV is a customer of all our segments, and total sales during 2009 amounted to MSEK 5,499 (4,900). Deliveries to South Africa were made primarily by the Aeronautics segment; sales during 2009 amounted to MSEK 2,167 (3,117).

Order bookings by business segment

MSEK	Jan-Dec 2009	Jan-Dec 2008	Change, %	Oct-Dec 2009	Oct-Dec 2008
Defence and Security Solutions	9,939	9,997	-1	3,900	4,410
Systems and Products	6,572	9,345	-30	1,782	3,005
Aeronautics	3,417	6,153	-44	1,789	533
Corporate	117	156	-25	19	19
Internal	-1,617	-2,439	34	-443	-805
Total	18,428	23,212	-21	7,047	7,162

NOTE 3 CONTINUED
Order backlog by business segment

MSEK	31/12/2009	31/12/2008
Defence and Security Solutions	11,726	10,918
Systems and Products	14,288	17,390
Aeronautics	15,476	19,626
Corporate	-	28
Internal	-2,101	-2,638
Total	39,389	45,324

OPERATING INCOME

Operating income by business segment

MSEK	Jan-Dec 2009	% of sales	Jan-Dec 2008	% of sales	Oct-Dec 2009	Oct-Dec 2008
Defence and Security Solutions	678	7.0	732	7.8	198	240
Systems and Products	379	3.9	756	8.3	44	328
Aeronautics	6	0.1	-1,508	-20.7	73	-1,416
The segments' total operating income	1,063	4.0	-20	-0.1	315	-848
Corporate	311	-	186	-	188	39
Total operating income	1,374	5.6	166	0.7	503	-809

Depreciation/amortization and impairments by business segment

MSEK	Jan-Dec 2009	Jan-Dec 2008	Change, %	Oct-Dec 2009	Oct-Dec 2008
Defence and Security Solutions	203	287	-29	67	160
Systems and Products	659	762	-14	182	422
Aeronautics	249	195	28	65	58
Corporate – lease aircrafts	176	165	7	38	46
Corporate – other	113	105	8	35	39
Total	1,400	1,514	-8	387	725

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business segment

MSEK	Jan-Dec 2009	Jan-Dec 2008	Oct-Dec 2009	Oct-Dec 2008
Defence and Security Solutions	38	-322	-213	-201
Systems and Products	795	1,484	682	1,154
Aeronautics	-434	-1,007	68	61
Corporate	1,048	504	733	24
Total	1,447	659	1,270	1,038

Capital employed by business segment

MSEK	31/12/2009	31/12/2008
Defence and Security Solutions	5,679	4,510
Systems and Products	8,150	8,431
Aeronautics	2,146	3,022
Corporate	-1,644	-2,745
Total	14,331	13,218

PERSONNEL

Personnel by business segment

Number at end of period	31/12/2009	31/12/2008	Change
Defence and Security Solutions	4,723	4,666	57
Systems and Products	4,717	4,869	-152
Aeronautics	3,015	3,100	-85
Corporate	704	659	45
Total	13,159	13,294	-135

NOTE 4

TAXES

MSEK	Jan-Dec 2009	Jan-Dec 2008
Current tax	-183	-30
Deferred tax	-94	194
Total	-277	164

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 11 February 2010, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 2.25 per share, totaling MSEK 237.

NOTE 6

INTANGIBLE FIXED ASSETS

MSEK	31/12/2009	31/12/2008
Goodwill	3,457	3,438
Capitalised development costs	3,038	3,628
Other intangible assets	613	624
Total	7,108	7,690

NOTE 7

INTEREST-BEARING LIABILITIES

MSEK	31/12/2009	31/12/2008
Liabilities to credit institutions	2,971	2,832
Liabilities to associates and JVs	632	1,029
Other interest-bearing liabilities	42	22
Total	3,645	3,883

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2012)	4,000	-	4,000
Back-up facility (Maturity 2010)	2,100	-	2,100
Overdraft facility (Maturity 2010)	124	-	124
Total	6,224	-	6,224

Parent Company

MSEK	31/12/2009	31/12/2008
Long-term liabilities to credit institutions	2,312	1,076
Short-term liabilities to credit institutions	1,800	2,756
Total	4,112	3,832

Of liabilities to credit institutions, MSEK 1,800 are issued under the Commercial Paper programme with the limit of MSEK 5,000.

In December Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market. Under the terms of this programme Saab has issued bonds and Floating Rate Notes (FRN) of SEK 1.1 billion during 2009, maturing in December 2013. The loans are carried at amortised cost.

The Parent Company also has MNOK 975 in financing arranged in connection with the acquisition of 7.5 per cent of the shares in Aker Holding AS in 2007. Saab's investment amounted to approximately NOK 1.2 billion, of which about 80 per cent was financed through the above-mentioned loans. The risk associated with the loans has been reduced through agreements that secure this part of the invested amount, because of which the transactions in the financial position for the Group are netted as a receivable.

NOTE 8

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

MSEK	31/12/2009	31/12/2008
The following components are included in liquid assets:		
Cash and bank balances (incl. available overdraft facilities)	1,447	795
Deposits	16	27
Total according to balance sheet	1,463	822
Total according to statement of cash flows	1,463	822

Operating cash flow vs. statement of cash flows

MSEK	Jan-Dec 2009	Jan-Dec 2008
Operating cash flow	1,447	659
Investing activities – interest-bearing:		
Short-term investments	-551	-
Other financial investments and receivables	274	-89
Financing activities:		
Loans raised	-	85
Loans amortised	-279	-
Repurchase of shares	-110	-209
Dividend paid to the Parent Company's shareholders	-187	-487
Contribution from minority interest	6	10
Cash flow for the year	600	-31

Specification of operating cash flow 2009

MSEK	Saab excl. acquisitions / divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group
Cash flow from operating activities before changes in working capital	2,315	-	123	2,438

CASH FLOW FROM CHANGES IN WORKING CAPITAL

Inventories	-426	-	25	-401
Receivables	1,927	-	-	1,927
Advance payments from customers	-473	-	-12	-485
Other liabilities	-1,724	-	202	-1,522
Provisions	-206	-	-55	-261
Change in working capital	-902	-	160	-742

Cash flow from operating activities	1,413	-	283	1,696
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INVESTING ACTIVITIES

Investments in intangible fixed assets	-81	-	-	-81
Investments in tangible fixed assets	-197	-	-	-197
Investments in lease assets	-3	-	-	-3
Sale of tangible fixed assets	9	-	-	9
Sale of lease assets	-	-	130	130
Sale of and investment in shares, etc.	-53	-	3	-50
Investments in subsidiaries, net effect on liquidity	-	-68	-	-68
Sale of subsidiaries, net effect on liquidity	-	11	-	11

Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-325	-57	133	-249
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OPERATING CASH FLOW	1,088	-57	416	1,447
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NOTE 9

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale comprise investment properties and operating properties, and a real estate company.

NOTE 10

ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

On 29 June 2009, Saab acquired Tieto's 60 percent of the shares in the former joint venture TietoSaab Systems in Finland. After the transaction, the company is wholly owned by Saab and has been integrated in Saab Systems. The purchase price was MSEK 75, resulting in a surplus value of MSEK 62. The overall impact on Saabs' net debt was MSEK 68. The acquisition has a marginal effect on future sales and income.

No other significant acquisitions or divestments were made during the year.

NOTE 11

DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. The predominant plan is the ITP plan, which is secured through a pension fund. The Saab Pension Fund had assets of MSEK 3,609 (3,083) as of 31 December 2009, compared to an obligation of MSEK 5,002 (4,454) according to IAS 19, or a solvency margin of 72 percent (69). In a comparison with the obligation according to the FPG/PRI system, the solvency margin was 94 percent (84).

NOTE 12

CONTINGENT LIABILITIES

No additional obligations have been added during the year. With regard to the Group's performance guarantees regarding commitments to customers, the likelihood of an outflow of resources is extremely small and, as a result, no value is recognized.

NOTE 13

TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during 2009.

Related parties with which the Group has transactions are described in the annual report for 2008, note 43.

NOTE 14

CONDENSED SUBDIVIDED FINANCIAL POSITION AS OF DECEMBER 31, 2009

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	7,108	-	-	7,108
Tangible fixed assets, etc.	3,455	-	-	3,455
Lease assets	4	1,460	-	1,464
Long-term interest-bearing receivables	426	-	-	426
Shares, etc.	1,941	-	-1,500	441
Other long-term receivables	910	22	-	932
Deferred tax assets	73	211	-	284
Inventories	4,686	12	-	4,698
Short-term interest-bearing receivables	575	1,594	-1,594	575
Other current assets	7,659	47	-	7,706
Derivatives	1,002	-	-	1,002
Liquid assets and short-term investments	1,998	16	-	2,014
Assets held for sale	325	-	-	325
Total assets	30,162	3,362	-3,094	30,430
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	10,594	1,588	-1,500	10,682
Provisions for pensions	4	-	-	4
Deferred tax liabilities	905	-	-	905
Other provisions	2,102	797	-	2,899
Interest-bearing liabilities	5,239	-	-1,594	3,645
Advance payments from customers	442	-	-	442
Derivatives	1,181	-	-	1,181
Other liabilities	9,666	977	-	10,643
Liabilities regarding assets held for sale	29	-	-	29
Total shareholders' equity and liabilities	30,162	3,362	-3,094	30,430

NOTE 15

FORECAST 2010

We remain cautious regarding order intake and foresee sales on the same level as 2009.

Due to the effect of continued business improvement activities we expect profitability to increase.

Our long term financial targets remain.

NEW ORGANISATIONAL STRUCTURE

On 9 September 2009, Saab announced that a new organisational structure will take effect on 1 January 2010. The Group is now organised in five business areas: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions and Support and Services.

Aeronautics

These operations include the development of civil and military aviation technology at a high level. The product portfolio includes the Gripen fighter and Unmanned Aerial Systems (UAS). Aeronautics also manufactures aircraft components for Saab's own aircraft as well as passenger aircraft produced by others.

Dynamics

The product portfolio comprises various types of advanced weapon systems such as support weapons, missiles, torpedoes, Remotely Operated Vehicles (ROVs) and signature management systems that are used to make it more difficult for various types of sensors to detect and identify people or objects.

Electronic Defence Systems

These operations, which are based on Saab's extensive expertise in radar and electronic warfare, develop sophisticated solutions for detection, localisation and protection. The product portfolio includes air and land-based sensor and radar systems, systems for electronic warfare, defence electronics and aeronautics.

Security and Defence Solutions

These operations address both the military and civil security market with a competitive product portfolio consisting of C4ISR (computerized command, control, communications and intelligence) systems, airborne early warning systems, solutions for civil security, training and simulation systems, and solutions for telecom operators.

Support and Services

These operations offer reliable, cost-effective service and support for all markets where Saab is active. This primarily includes integrated support solutions, technical maintenance and logistics, and products, solutions and services for military and civil missions in locations with limited infrastructure.

NOTE 16

PRO FORMA SUMMARY

MSEK	Jan-Dec 2009	Jan-Sep 2009	Jan-June 2009	Jan-Mar 2009	Jan-Dec 2008	Jan-Sep 2008	Jan-June 2008	Jan-Mar 2008	Jan-Dec 2007
ORDER BOOKINGS									
Aeronautics	3,417	1,628	1,468	1,090	6,153	5,620	5,425	3,322	7,516
Dynamics	3,133	2,395	1,789	969	3,743	2,374	1,834	704	3,870
Electronic Defence Systems	2,625	1,541	1,002	403	4,534	3,022	2,575	1,792	2,421
Security and Defence Solutions	6,045	4,180	2,742	1,509	6,240	3,655	2,499	1,360	5,566
Support and Services	4,057	2,300	1,469	620	3,800	1,990	1,517	909	2,629
Corporate	978	722	515	247	1,588	1,293	1,050	511	1,532
Internal	-1,827	-1,385	-889	-737	-2,846	-1,904	-1,945	-849	-2,688
Total	18,428	11,381	8,096	4,101	23,212	16,050	12,955	7,749	20,846
ORDER BACKLOG									
Aeronautics	15,476	15,819	17,179	18,780	19,626	21,733	22,767	22,871	21,158
Dynamics	6,980	7,708	8,103	8,447	8,453	8,821	8,938	8,795	8,882
Electronic Defence Systems	7,159	7,673	8,374	8,775	9,248	9,132	9,608	10,083	9,390
Security and Defence Solutions	7,746	8,045	7,944	7,676	7,129	6,676	6,645	6,709	6,659
Support and Services	4,011	3,223	3,143	3,262	3,455	2,663	2,873	3,092	3,016
Corporate	176	170	187	224	201	275	1,014	911	815
Internal	-2,159	-2,331	-2,516	-3,006	-2,788	-2,648	-3,274	-2,853	-2,604
Total	39,389	40,307	42,414	44,158	45,324	46,652	48,571	49,608	47,316
SALES									
Aeronautics	7,571	5,438	3,956	1,843	7,269	4,913	3,652	1,612	6,510
Dynamics	4,580	3,099	2,155	1,005	4,281	2,489	1,785	775	3,812
Electronic Defence Systems	4,670	3,267	2,087	988	4,474	2,984	1,983	808	4,440
Security and Defence Solutions	5,800	3,560	2,399	1,060	5,278	3,367	2,288	1,055	5,665
Support and Services	3,564	2,532	1,780	814	3,439	2,341	1,659	820	3,212
Corporate	1,002	753	530	226	1,511	1,163	871	442	1,590
Internal	-2,540	-1,770	-1,212	-524	-2,456	-1,649	-1,213	-533	-2,208
Total	24,647	16,879	11,695	5,412	23,796	15,608	11,025	4,979	23,021
EBITDA									
Aeronautics	255	117	82	65	-1,313	45	148	146	617
Dynamics	466	387	259	118	497	225	181	86	494
Electronic Defence Systems	476	498	342	151	997	531	411	164	776
Security and Defence Solutions	472	217	155	37	501	260	171	61	715
Support and Services	426	274	223	107	433	289	235	123	338
Corporate	503	253	152	-43	400	295	275	7	745
Total	2,598	1,746	1,213	435	1,515	1,645	1,421	587	3,685

NOTE 16 CONTINUED

PRO FORMA SUMMARY

MSEK	Jan-Dec 2009	Jan-Sep 2009	Jan-June 2009	Jan-Mar 2009	Jan-Dec 2008	Jan-Sep 2008	Jan-June 2008	Jan-Mar 2008	Jan-Dec 2007
EBITDA MARGIN, %									
Aeronautics	3.4	2.2	2.1	3.5	-18.1	0.9	4.1	9.1	9.5
Dynamics	10.2	12.5	12.0	11.7	11.6	9.0	10.1	11.1	13.0
Electronic Defence Systems	10.2	15.2	16.4	15.3	22.3	17.8	20.7	20.3	17.5
Security and Defence Solutions	8.1	6.1	6.5	3.5	9.5	7.7	7.5	5.8	12.6
Support and Services	12.0	10.8	12.5	13.1	12.6	12.3	14.2	15.0	10.5
Total	10.5	10.3	10.4	8.0	6.4	10.5	12.9	11.8	16.0
OPERATING INCOME									
Aeronautics	6	-67	-41	3	-1,508	-92	45	111	454
Dynamics	269	252	169	75	112	149	129	59	406
Electronic Defence Systems	24	93	75	27	524	213	184	75	216
Security and Defence Solutions	278	157	105	11	331	213	137	38	615
Support and Services	410	262	215	103	413	274	225	118	321
Corporate	387	174	99	-69	294	218	224	-16	595
Total	1,374	871	622	150	166	975	944	385	2,607
EBIT MARGIN, %									
Aeronautics	0.1	-1.2	-1.0	0.2	-20.7	-1.9	1.2	6.9	7.0
Dynamics	5.9	8.1	7.8	7.5	2.6	6.0	7.2	7.6	10.7
Electronic Defence Systems	0.5	2.8	3.6	2.7	11.7	7.1	9.3	9.3	4.9
Security and Defence Solutions	4.8	4.4	4.4	1.0	6.3	6.3	6.0	3.6	10.9
Support and Services	11.5	10.3	12.1	12.7	12.0	11.7	13.6	14.4	10.0
Total	5.6	5.2	5.3	2.8	0.7	6.2	8.6	7.7	11.3
ADJUSTED OPERATING MARGIN, %									
Aeronautics	1.4	0.6	1.5	0.2	3.6	2.9	7.6	6.9	7.0
Dynamics	9.8	8.1	7.8	7.5	8.5	6.0	7.2	7.6	9.5
Electronic Defence Systems	0.5	2.8	3.6	2.7	11.7	7.1	9.3	9.3	7.3
Security and Defence Solutions	4.8	4.4	4.4	1.0	8.2	6.3	6.0	3.6	10.3
Support and Services	12.1	10.3	12.1	12.7	12.0	11.7	13.6	14.4	10.0
Total	5.4	4.9	4.9	2.8	8.4	5.9	8.9	7.7	9.4
OPERATING CASH FLOW									
Aeronautics	-434	-502	-475	-310	-1,007	-1,068	-1,162	-169	-773
Dynamics	369	-21	-75	103	830	186	301	438	-822
Electronic Defence Systems	506	199	168	333	175	-340	136	437	-521
Security and Defence Solutions	-217	-41	370	-193	308	561	222	92	55
Support and Services	81	145	-88	60	-285	-281	-269	-182	243
Corporate	1,142	397	-143	-449	638	563	-164	-313	215
Total	1,447	177	-243	-456	659	-379	-936	303	-1,603

NOTE 16 CONTINUED

PRO FORMA SUMMARY

MSEK	Jan-Dec 2009	Jan-Sep 2009	Jan-June 2009	Jan-Mar 2009	Jan-Dec 2008	Jan-Sep 2008	Jan-June 2008	Jan-Mar 2008	Jan-Dec 2007
CAPITAL EMPLOYED									
Aeronautics	2,146	2,675	2,665	2,648	3,022	4,180	4,168	3,984	4,202
Dynamics	2,880	3,169	3,175	2,873	2,942	3,533	3,435	3,187	3,698
Electronic Defence Systems	5,621	5,789	5,564	5,206	5,571	5,401	5,235	4,981	5,130
Security and Defence Solutions	3,159	2,841	2,858	2,599	2,496	2,291	2,806	2,597	2,979
Support and Services	1,807	1,620	1,836	1,623	1,518	1,413	1,414	1,209	977
Corporate	-1,282	-1,567	-1,647	-1,672	-2,331	-1,993	-950	-2,084	-2,217
Total	14,331	14,527	14,451	13,277	13,218	14,825	16,108	13,874	14,769
NUMBER OF EMPLOYEES									
Aeronautics	3,015	3,040	3,065	3,091	3,100	3,043	3,023	2,979	2,911
Dynamics	1,739	1,765	1,781	1,805	1,805	1,793	1,812	1,851	1,849
Electronic Defence Systems	2,601	2,633	2,632	2,615	2,670	2,638	2,631	2,613	2,491
Security and Defence Solutions	2,568	2,543	2,518	2,462	2,449	2,657	2,656	2,769	2,875
Support and Services	1,749	1,757	1,765	1,796	1,814	1,839	1,718	1,742	1,734
Corporate	1,487	1,507	1,515	1,509	1,456	1,436	1,953	1,909	1,897
Total	13,159	13,245	13,276	13,278	13,294	13,406	13,793	13,863	13,757
SPLIT OF SALES (%)									
DEFENCE/CIVIL									
Aeronautics	91/9	92/8	93/7	93/7	93/7	94/6	95/5	93/7	94/6
Dynamics	91/9	90/10	90/10	91/9	90/10	89/11	90/10	87/13	92/8
Electronic Defence Systems	99/1	99/1	99/1	100/0	100/0	100/0	100/0	100/0	100/0
Security and Defence Solutions	67/33	65/35	68/32	65/35	72/28	73/27	76/24	77/23	74/26
Support and Services	77/23	77/23	70/30	67/33	74/26	75/25	72/28	71/29	61/39
Total	83/17	84/16	87/13	83/17	83/17	82/18	83/17	81/19	81/19