



SAAB

INTERIM REPORT

JANUARY–MARCH

2011

RESULTS AND SUMMARY

JANUARY–MARCH 2011

RESULTS JANUARY–MARCH 2011:

- Order bookings amounted to MSEK 5,215 (5,478) and the order backlog at the end of the period amounted to MSEK 40,957 (39,554)
- Sales increased by 1 per cent to MSEK 5,452 (5,384), an increase of 2 per cent adjusted for effects of exchange rates
- Gross income amounted to MSEK 1,427 (1,271), corresponding to a gross margin of 26.2 per cent (23.6).
- Operating income was MSEK 368 (126), corresponding to an operating margin of 6.7 per cent (2.3).
- Net income was MSEK 277 (72), with earnings per share after dilution of SEK 2.56 (0.63)
- Operating cash flow amounted to MSEK 559 (-73)
- The outlook for 2011 has been changed due to announced capital gains

OUTLOOK 2011:

In 2011, we estimate that sales will decline slightly compared to 2010.

The operating margin, excluding material net capital gains, is expected to increase slightly in 2011 compared to the adjusted operating margin 2010 of 6.5 per cent.

Previous outlook:

In 2011, we estimate that sales will decline slightly compared to 2010.

The operating margin is expected to increase slightly in 2011 compared to the adjusted operating margin 2010.

FINANCIAL HIGHLIGHTS

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings	5,215	5,478	-5	26,278
Order backlog	40,957	39,554	4	41,459
Sales	5,452	5,384	1	24,434
Gross income	1,427	1,271	12	5,591
Gross margin, %	26.2	23.6		22.9
Operating income (EBIT)	368	126	192	975
Operating margin, %	6.7	2.3		4.0
Net income	277	72	285	454
Earnings per share before dilution, SEK	2.66	0.65		4.12
Earnings per share after dilution, SEK	2.56	0.63		3.97
Return on equity, ¹⁾ %	5.8	7.9		4.1
Operating cash flow	559	-73	-	4,349
Operating cash flow per share after dilution, SEK	5.12	-0.67		39.84

¹⁾ The return on equity is measured over a rolling 12-month period

STATEMENT BY THE PRESIDENT AND CEO, HÅKAN BUSKHE:

”Priorities in defence and security budgets are continued to be debated across the globe, especially in the Western World. This creates a challenging market environment with opportunities and threats that Saab addresses on various levels in our operations.

In Sweden, we note a continued strong interest in maintaining the Gripen system as the backbone of the Swedish Air Force until at least 2040.

We continue to execute on our strategic goals to reach a stronger market presence in selected markets and in the first quarter we secured important orders both in Sweden and in other key markets such as the UK and in Asia.

Investments were further concentrated into core areas and non-core assets were divested. As a result, Saab established a research and development centre in India covering aerospace, defence and urban innovation including civil security, and strengthened its offering within virtual training and simulation through an agreed acquisition in the Czech Republic. An agreement was made to divest the shares in Grintek Ewation.

Our profitability level increased mainly due to on-going efforts to improve efficiency and cut costs throughout the organisation.

A strong operating cash flow and a strengthened balance sheet continue to support our growth ambitions.

We still have a way to go in order to reach our financial and strategic goals, but I am confident that we are on the right track to achieve these,” says President and CEO Håkan Buskhe.

As of 1 January 2010 Saab's operations are divided into five business areas for control and reporting purposes: 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.

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings*	5,215	5,478	-5	26,278
Order backlog	40,957	39,554	4	41,459
Sales	5,452	5,384	1	24,434

* See note 3, page 27, for more information about the order intake during January–March 2011.

ORDERS, SALES AND INCOME

Orders January–March 2011

In the first quarter 2011 large orders included several orders from the Swedish Procurement Agency (FMV) related to the Gripen system. An order was received regarding development work and modification to subsystems, another for ensuring the operative capability of the system and one order was received for the continuous system maintenance and updating tasks for the Gripen C/D.

A significant order was received for ammunition to the Carl-Gustaf man-portable weapon system and an order was received for an airborne Electronic Warfare self-protection system (named IDAS, Integrated Defence Aids Suite).

An order was received from LIG Nex1, the prime contractor of the Republic of Korea, for the weapon locating system ARTHUR.

Saab also received orders from the UK Ministry of Defence to enhance their existing provision of live training capabilities to the British Army abroad and in the UK.

Saab assumed responsibility for Scandinavian Air Ambulance Holding AB's (SAA) technical and maintenance personnel and operations for the helicopters and aircraft as the agreement signed in December 2010 between Saab and SAA came into force. At the same time, an order in this eight-year contract, was received.

For a detailed list of major orders received see Note 3, page 27.

In all, 83 per cent (90) of order bookings were attributable to defence-related operations and 64 per cent (36) of order bookings were from customers outside Sweden.

During the first quarter 2011 index and price changes had a positive effect on order bookings of MSEK 138 (-18).

Orders received where the order sum was larger than MSEK 100 represented 58 per cent (57) of total order bookings.

ORDER BACKLOG DURATION:

2011: SEK 14.2 billion

2012: SEK 11.5 billion

2013: SEK 6.1 billion

2014: SEK 4.4 billion

After 2014: SEK 4.8 billion

THE ORDER BACKLOG PRIMARILY INCLUDES:

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

Sales

January–March 2011

Exchange rates had a 1 per cent negative impact on sales in the first quarter 2011.

Sales in markets outside Sweden amounted to MSEK 3,085 (3,069), or 57 per cent (57) of total sales.

Of sales, 84 per cent (83) was related to the defence market.

TOTAL SALES BY REGION

MSEK	Jan–Mar 2011	Jan–Mar 2010
Sweden	2,367	2,315
EU excluding Sweden	780	943
Rest of Europe	62	65
Americas	318	498
Asia	1,172	695
Africa	545	664
Australia, etc.	208	204
Total	5,452	5,384

TOTAL SALES BY MARKET

MSEK	Jan–Mar 2011	Jan–Mar 2010
Air	2,410	2,369
Land	1,584	1,597
Naval	515	448
Civil Security	254	323
Commercial Aeronautics	332	364
Other	357	283
Total	5,452	5,384

Income, margin and profitability

January–March 2011

The gross margin amounted to 26.2 per cent (23.6). The gross income in the first quarter 2010 included expenses of MSEK 140 related to project overruns in Security and Defence Solutions and structural costs of MSEK 42 in Aeronautics related to lay-offs announced in January 2010 as well as the reorganisation announced in 2009.

Total depreciation, amortisation and write-down in the first quarter 2011 amounted to MSEK 299 (346).

Depreciation and write-down of tangible fixed assets amounted to MSEK 80 (79), while depreciation of the leasing fleet amounted to MSEK 31 (38).

The expenditures in research and development that are internally funded amounted

to MSEK 266 (285), of which a total of MSEK 4 (17) has been capitalised.

Amortisation and write-down of intangible fixed assets amounted to MSEK 188 (229), of which amortisation and write-down of capitalised development costs amounted to MSEK 144 (191). In 2010 a write-down of capitalised development costs were made in Security and Defence Solution of MSEK 20.

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Gross income	1,427	1,271	12	5,591
Gross margin, %	26.2	23.6		22.9
Internally funded investments in research and development	266	285	-7	1,203
Operating income before depreciation/amortisation and write-downs (EBITDA)	636	434	47	2,187
Margin, %	11.7	8.1		9.0
Operating income (EBIT)	368	126	192	975
Operating margin, %	6.7	2.3		4.0
Income before tax (EBT)	384	99	288	776
Net income	277	72	285	454
Earnings per share before dilution, SEK	2.66	0.65		4.12
Earnings per share after dilution, SEK	2.56	0.63		3.97

Operating income amounted to MSEK 368 (126), corresponding to an operating margin of 6.7 per cent (2.3).

The share of income in associated companies, MSEK -6 (-5), primarily relates to net income in Hawker Pacific.

Net financial income and expenses amounted to MSEK 16 (-27), of which project interest from unutilised advance payments reduced financial income by MSEK -7 (-3), while also reducing the cost of goods sold correspondingly. Net interest items for the Group amounted to MSEK 2 (-16). Currency gains of MSEK 37 (40) related to the tender portfolio where the hedged part of the portfolio was valued at market value that was relatively higher due to an appreciation of SEK. Other net interest items amounted to MSEK -16 (-48) and mainly consisted of amortisation of actuarial losses for pensions of MSEK -14 (-34), other exchange rate effects and share in associated companies.

Current and deferred taxes amounted to MSEK -107 (-27), or an effective tax rate of 28 per cent (27).

The pre-tax return on capital employed was 9.9 per cent (10.8) and the after-tax return on equity was 5.8 per cent (7.9), both measured over a rolling 12-month period.

BALANCE SHEET KEY INDICATORS

MSEK	31 Mar 2011	31 Mar 2010	Change	31 Dec 2010
Net liquidity/debt (-) ¹⁾	3,833	-717	4,550	3,291
Intangible fixed assets	6,225	6,899	-674	6,413
Goodwill	3,453	3,453	-	3,470
Capitalised development costs	2,273	2,866	-593	2,428
Other intangible fixed assets	499	580	-81	515
Tangible fixed assets, etc. ²⁾	4,537	4,822	-285	4,741
Inventories	4,336	5,042	-706	4,100
Accounts receivable	2,654	2,940	-286	3,052
Accrued revenues ³⁾	2,200	3,050	-850	2,474
Advance payments from customers	1,294	372	922	643
Equity/assets ratio, (%)	40.4	37.9	-	39.1
Return on equity, ⁴⁾ (%)	5.8	7.9	-	4.1
Equity per share, ⁵⁾ SEK	111.06	101.97	9.09	107.66

¹⁾ The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 7, 8 and 9, page 29 and 30.

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).

⁴⁾ The return on equity is measured over a rolling 12-month period.

⁵⁾ Number of shares excluding treasury shares; 2011 March:104,831,791; 2010 Dec: 104,717,729; 2010 March: 105,520,577

FINANCIAL POSITION AND LIQUIDITY

Financial position

Since the start of 2011, the net cash position has increased by MSEK 542 and amounted to MSEK 3,833 at the end of March 2011.

Intangible assets have decreased due to amortisation of capitalised product development. 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 view, development costs are capitalised at a later stage in all projects and all capitalised development costs are amortised over maximum ten years.

During the first quarter 2011 inventories increased as a result of a high activity level related to orders received in the fourth quarter 2010. Inventories are recognised after deducting utilised advances. Other receivables decreased due to the reduction of

accrued revenues (after deducting utilised advances).

Short-term interest-bearing liabilities decreased by MSEK 99 from the beginning of the period to MSEK 490 at 31 March.

Provisions for pensions amounted to MSEK 5 (4). During the period, the Saab Pension Fund was capitalised with a total of MSEK 0 (56). The fund was set up in 2006 with the overall objective to secure the Group's defined-benefit pension plans and at the same time hedge the interest rate volatility of the pension liability and reduce the overall cost of pensions.

For more information about the Saab Pension fund, see Note 12, page 31.

Cash flow

Operating cash flow amounted to MSEK 559 (-73) in the first quarter 2011. The increase is mainly related to milestone

and advance payments received. It was distributed between cash flow from core operating activities of MSEK 799 (106), acquisitions and divestments of operations of MSEK -86 (0) and the leasing aircraft business of MSEK -154 (-179).

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. The accounts receivable sold are in most cases related to customers with high credit worthiness and one hundred per cent of the value of the receivables is sold at attractive funding levels. As per 31 March 2011, net receivables of MSEK 819 were sold, compared to MSEK 411 at 31 March 2010 and MSEK 1,409 at 31 December 2010. Hence it had a negative impact on cash flow in the period by MSEK 590.

In Aeronautics, some projects entered into final stages of completion in 2010 and 2011. This will lead to a reduction of customer advances and a lower cash flow generation as these projects are finalised.

For more detailed information about the operating cash flow, see Note 9, page 30.

ACQUISITIONS AND DIVESTMENTS

On 14 December 2010, Saab announced the signing of an eight-year agreement with Scandinavian Air Ambulance Holding AB and in addition Saab acquired inventories and equipment. The purchase price, including the mentioned assets, amounted to MSEK 41 and the surplus value is estimated to MSEK 24. The surplus value is preliminary allocated to other intangible assets. The eight-year agreement consisted of Saab taking over the responsibility of the Group's technical and maintenance personnel and operations of their helicopters and aircraft. In addition, Saab invested MSEK 25 in convertibles in Scandinavian Air Ambulance during the first quarter 2011.

Saab signed an agreement to acquire assets from the Czech company E-COM, with its main operations in development and production of virtual simulators. E-COM

has approximately 120 employees. The acquisition of assets of E-COM is expected to have no material effect on Saab's consolidated financial statements in 2011. It will be integrated into the Security and Defence Solutions business area.

Saab announced it has signed an agreement to divest its ownership share of 42.4 per cent in South African system engineering company Grintek Ewation to Cassidian, a division of EADS. The transaction is pending approval from among others the competition authorities of South Africa and is expected to be concluded in the second quarter of 2011. The transaction will generate a capital gain before tax of approximately MSEK 120 and will be recorded in business area Electronic Defence Systems.

Saab divested its 36 per cent share in the image processing company Image Systems AB to Digital Vision AB. Image Systems AB has been a part of Saab Venture's portfolio since 2008. The price received was approximately MSEK 17, which will impact cash flow positively in the second quarter 2011. The transaction generated a capital gain of MSEK 13, which was recorded in Corporate during the first quarter 2011.

No other significant acquisitions or divestments were made during the first quarter 2011.

CAPITAL EXPENDITURES AND PERSONNEL

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 51 (55).

Investments in intangible assets amounted to MSEK 12 (27) of which MSEK 4 (17) are related to capitalised product development and MSEK 8 (10) to other intangible assets.

Personnel

At 31 March 2011, the Group had 12,414 employees, compared to 12,536 at the end of 2010. The number of FTE's (Full Time Equivalents) at the end of the period was

12,043, compared to 12,097 at the beginning of the year.

RISKS AND UNCERTAINTIES

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world.

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 2011, see pages 56-58 of the annual report for 2010.

OTHER IMPORTANT EVENTS JANUARY – MARCH 2011

- Saab announced it has signed a 5 year credit facility of SEK 4 billion to refinance the existing credit facility with maturity in March 2012. The terms of the credit facility reflects Saab Group's strong financial position and contains no financial covenants. The credit margin is 0.65 per cent with commitment fee of 35 per cent of margin. The facility is self-arranged and the agreement was signed with a total of 8 banks with a MSEK 500 commitment each.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- Saab held the Annual General Meeting 2011 of Saab AB on Thursday 7 April 2011 in Stockholm. Håkan Buskhe and Michael O'Callaghan were elected to the Saab Board of Directors and Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh were re-elected as Board Members. Erik Belfrage and George Rose declined re-election. Marcus Wallenberg was re-elected as Chairman of the Board of Saab AB. In accordance with the Board's proposal, the Annual General Meeting also approved the dividend of SEK 3.50 per share to the shareholders and that the record date shall be Tuesday, April 12, 2011. Payment of the dividend was made on Friday, April 15, 2011. The Board's proposal of the long-term incentive programs for 2011 were approved. Just as in earlier years, the shareholders' meeting approved both a general Share Matching Plan, that now is offered to all employees, and a Performance Share Plan that is offered to key employees.
A complete report from the meeting can be found on Saab's webpage, www.saabgroup.com, Investor Relations, Corporate Governance, Annual General Meeting.
- On 8 April 2011, Saab announced it has received additional consideration for the divestment of Saab Space of MSEK 60. The consideration will be recorded as a capital gain in Corporate in the second quarter 2011. On July 15, 2008, Saab announced the divestment of Saab Space to Swiss Aerospace and Defence group RUAG Holding AG. In addition to the fixed purchase price of MSEK 335 Saab was entitled to an additional consideration if Saab Space generated a positive performance over a certain time period.
- Saab announced it has secured a long-term framework agreement with the U.S. Army Program Executive Office of Simulation, Training and Instrumentation (PEO STRI). The framework agreement covers Live Training Transformation Interim Range System (LT2-IRS) with a potential total sum of approximately MSEK 260 (MUSD 41). An initial order of approximately MSEK 23.5 (MUSD 3.7) was received. The framework agreement covers an initial one year term with options for two more years.
- Saab announced it had received information from the Indian Ministry of Defence that Gripen has not been shortlisted for the Indian Medium Multi-Role Combat Aircraft (MMRCA) programme.
- Saab announced it had signed a contract on further deliveries of the AT4 man-portable weapon system. The order will be delivered during 2012 and has a total value of MSEK 104 and comprises order for the AT4 CS RS version of the system.

For information on major orders received during January–March 2011 see page 3, the business area comments on pages 8–12 and note 3 on page 27.

AERONAUTICS

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings	963	2,082	-54	6,901
Order backlog	15,090	15,855	-5	15,636
Sales	1,508	1,703	-11	6,741
Operating income before depreciation/amortisation and write-downs (EBITDA)	141	114	24	438
Margin, %	9.4	6.7		6.5
Operating income (EBIT)	79	53	49	191
Operating margin, %	5.2	3.1		2.8
Operating cash flow	440	-33	-	30
Defence/Civil (% of sales)	88/12	87/13		89/11
No. of employees	2,824	2,988	-5	2,874
No. FTEs	2,675	2,788	-4	2,670

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

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first quarter 2011 included several orders from FMV related to the Gripen system. An order was received regarding development work and modification to subsystems, another order for ensuring the operative capability of the system and one order was received for the continuous system maintenance and updating tasks for the Gripen C/D.
- Orders received in the first quarter 2010 included an order of BSEK 2 from FMV concerning development of the existing Gripen fleet.
- Orders received where the order sum was more than MSEK 100 represented 70 per cent (93) of total order bookings.

SALES

- Sales in the first quarter 2011 decreased 11 per cent compared to 2010. The decline is mainly related to lower project activity levels in major contracts related to the Gripen system, such as the Gripen aircraft deliveries to South Africa and for orders related to the Gripen system in Sweden.
- Markets outside Sweden accounted for 39 per cent (46) of sales.

INCOME AND MARGIN

- During 2010 structural costs of MSEK 42 was recorded, related to lay-offs, as a consequence of the reorganisation of Aeronautics announced in 2009.

CASH FLOW

- Operating cash flow in the first quarter 2011 improved strongly compared to 2010 as a result of a milestone payment in a major project.
- During 2010 and 2011 some projects entered into final stages of completion. This will lead to a reduction of customer advances and a lower cash-flow generation as these projects are finalised.

EMPLOYEES

- The amount of employees have been reduced since the beginning of the year whereas the FTEs have increased by 5 employees from 2,670 at the start of the year. The increase is a result of a higher activity level within Aerostructures.

DYNAMICS

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings	1,528	634	141	3,312
Order backlog	6,102	6,623	-8	5,546
Sales	962	986	-2	4,741
Operating income before depreciation/amortisation and write-downs (EBITDA)	126	124	2	516
Margin, %	13.1	12.6		10.9
Operating income (EBIT)	89	85	5	322
Operating margin, %	9.3	8.6		6.8
Operating cash flow	340	-11	-	1,044
Defence/Civil (% of sales)	94/6	93/7		94/6
No. of employees	1,426	1,682	-15	1,483
No. FTE	1,416	1,689	-16	1,469

For a description of the business area activities, see note 3.

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first quarter 2011 compared to 2010 increased strongly. The increase was due to a significant order received for ammunition to the Carl-Gustaf man-portable weapon amounting to MSEK 1,155.
- Orders received where the order sum was more than MSEK 100 represented 76 per cent (57) of total order bookings.

SALES

- Sales decreased slightly in the first quarter 2011 compared to 2010 as a result of a slightly lower activity level in the areas of missile systems and camouflage solutions.
- Markets outside Sweden accounted for 68 per cent (60) of sales.

INCOME AND MARGIN

- Profitability in the first quarter 2011 compared to 2010 increased slightly mainly as a result of ongoing efficiency improvements.

CASH FLOW

- Operating cash flow in the first quarter 2011 improved compared to 2010 due to customer advances received.

EMPLOYEES

- The amount of employees have declined since the beginning of the year by 57 employees from 1,483 at the start of the year. The reduction is a result of the lay-offs announced in 2009 related to the production sites in Karlskoga, Linköping and Eskilstuna in Sweden.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings	1,234	1,101	12	5,494
Order backlog	8,382	7,275	15	8,240
Sales	1,035	940	10	4,354
Operating income before depreciation/amortisation and write-downs (EBITDA)	166	171	-3	589
Margin, %	16.0	18.2		13.5
Operating income (EBIT)	36	37	-3	99
Operating margin, %	3.5	3.9		2.3
Operating cash flow	446	375	19	594
Defence/Civil (% of sales)	99/1	99/1		99/1
No. of employees	2,438	2,553	-5	2,453
No. FTEs	2,346	2,500	-6	2,356

For a description of the business area activities, see note 3.

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first quarter 2011 increased compared to 2010 as a result of some large orders received. These included an airborne Electronic Warfare self-protection system (named IDAS, Integrated Defensive Aids Suite) and an order from LIG Nex1, the prime contractor of the Republic of Korea, for the weapon locating system ARTHUR.
- Orders received where the order sum was more than MSEK 100 represented 68 per cent (44) of total order bookings.

SALES

- Sales in the first quarter 2011 increased compared to 2010 due to a higher activity level in a major project.
- Markets outside Sweden accounted for 64 per cent (66) of sales.

INCOME AND MARGIN

- The profitability in the first quarter 2011 declined slightly compared to 2010 due to project mix.

CASHFLOW

- Operating cash flow improved in the first quarter 2011 compared to 2010 due to customer advances received.

EMPLOYEES

- The number of employees reduced slightly as a result of ongoing efficiency improvement measures.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings	777	920	-16	6,647
Order backlog	7,752	7,586	2	8,434
Sales	1,303	1,200	9	6,210
Operating income before depreciation/amortisation and write-downs (EBITDA)	92	-53	-	265
Margin, %	7.1	-4.4		4.3
Operating income (EBIT)	71	-96	-	137
Operating margin, %	5.4	-8.0		2.2
Operating cash flow	106	-15	-	1,066
Defence/Civil (% of sales)	69/31	66/34		67/33
No. of employees	2,505	2,563	-2	2,525
No. of FTEs	2,491	2,547	-2	2,498

For a description of the business area activities, see note 3.

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first quarter 2011 included orders from the UK Ministry of Defence to enhance their existing provision of live training capabilities to the British Army abroad and in the UK. An order was also received from Kriminalvården, the Swedish Prison and Probation Service, for the communication solution Tactical. The contract consists of ten operator positions to be used for prisons in Sweden. The solution will be put into service during the first half year of 2011.
- Orders received where the order sum was more than MSEK 100 represented 18 per cent (19) of total order bookings.

SALES

- Sales increased in the first quarter 2011 compared to 2010 as a result of higher project activities within the command and control operations and deliveries of solutions for telecom operators in South Africa.
- Markets outside Sweden accounted for 78 per cent (72) of sales.

INCOME AND MARGIN

- In the first quarter 2011 profitability improved compared to 2010. In the same period in 2010, profitability was negatively impacted by project overruns and costs of about MSEK 140. These were mainly related to a terminated contract with OKG Aktiebolag. 2010 also included a write-down of capitalised development costs of MSEK 20.

CASH FLOW

- Operating cash flow improved in the first quarter 2011 due to a more favourable project mix.

EMPLOYEES

- The number of employees reduced slightly as a result of ongoing efficiency improvement measures.

SUPPORT AND SERVICES

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Order bookings	923	924	-	4,124
Order backlog	4,738	4,196	13	4,743
Sales	907	743	22	3,403
Operating income before depreciation/amortisation and write-downs (EBITDA)	79	60	32	366
Margin, %	8.7	8.1		10.8
Operating income (EBIT)	75	56	34	351
Operating margin, %	8.3	7.5		10.3
Operating cash flow	135	250	-46	894
Defence/Civil (% of sales)	82/18	76/24		78/22
No. of employees	1,741	1,768	-2	1,721
No. FTEs	1,717	1,733	-1	1,688

For a description of the business area activities, see note 3.

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first quarter 2011 included an order received related to the eight-year agreement signed with Scandinavian Air Ambulance Holding AB in December 2010 and that came into force during the quarter.
- Orders received where the order sum was more than MSEK 100 represented 24 per cent (17) of total order bookings.

SALES

- Sales in the first quarter 2011 increased compared to 2010 due to a higher general market demand, in particular a more stable market demand in commercial aviation as well as a higher activity level in some large projects.
- Markets outside Sweden accounted for 18 per cent (26) of sales.

INCOME AND MARGIN

- Profitability in the first quarter 2011 increased compared to 2010 mainly as a result of a more stable demand and a higher activity level.

CASH FLOW

- The operating cash flow in the first quarter 2011 was lower compared to 2010 due to timing differences of milestone payments.

EMPLOYEES

- Following the higher activity level, the number of employees increased slightly during the first quarter 2011.

CORPORATE

Corporate reported operating income of MSEK 18 (-9). The first quarter 2011 includes a capital gain of MSEK 13 from the sale of Image Systems AB to Digital Vision AB.

PARENT COMPANY

Sales and income

The Parent Company includes units within the business areas Aeronautics, Electronic Defence Systems, Security and Defence Solutions and Support and Services. Group staffs and Group support are included as well. The Parent Company's sales in the first quarter 2011 amounted to MSEK 3,625 (3,462). Operating income was MSEK 302 (157). The operating income in the first quarter 2010 included expenses of MSEK 140 related to project overruns in Security and Defence Solutions and structural costs of MSEK 42 in Aeronautics related to lay-offs announced in January 2010 as well as the reorganisation announced in 2009.

Net financial income and expenses was MSEK -6 (180). After appropriations of MSEK 0 (0) and taxes of MSEK -109 (-62), net income for the period amounted to MSEK 187 (275).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 2,203 (5,966) at 31 March 2011 compared to MSEK 2,395 at 31 December 2010. Gross capital expenditures in property, plant and equipment amounted to MSEK 30 (34). Investments in intangible assets amounted to MSEK 7 (10). At the end of March 2011, the Parent Company had 7,860 employees, compared to 7,915 at the beginning of the year.

A major part of the group's operations are included in the parent company. Separate notes to the parent company's financial statements and a separate description of risks and uncertainties for the parent company have therefore not been included in this interim report.

Share repurchase

Saab held 4,318,553 treasury shares as of 31 March 2011 compared to 4,432,615 at year-end 2010.

The Annual General Meeting on 7 April 2011 authorised the Board of Directors to repurchase 1,340,000 shares to hedge the year's share matching plan and performance share plan.

Owners

Saab's largest shareholders as of 31 March 2011 are Investor AB, BAE Systems, the Wallenberg foundations, Swedbank Robur funds, Nordea Funds, the Fourth AP-Fund, SHB Funds, Orkla ASA, Länsförsäkringar Funds and SEB Funds.

This interim report has not been reviewed by the company's auditors.

Linköping, 29 April 2011

Håkan Buskhe
President and CEO

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Mar 2011	Jan-Mar 2010	Rolling 12- months	Jan-Dec 2010
Sales	3	5,452	5,384	24,502	24,434
Cost of goods sold		-4,025	-4,113	-18,755	-18,843
Gross income		1,427	1,271	5,747	5,591
Gross margin, %		26.2	23.6	23.5	22.9
Other operating income		73	36	259	222
Marketing expenses		-398	-385	-1,740	-1,727
Administrative expenses		-310	-316	-1,229	-1,235
Research and development costs		-406	-459	-1,767	-1,820
Other operating expenses		-12	-16	-66	-70
Share of income in associated companies		-6	-5	13	14
Operating income (EBIT) ¹⁾	3	368	126	1,217	975
Operating margin, %		6.7	2.3	5.0	4.0
Share of income in associated companies		1	-	27	26
Financial income		65	72	109	116
Financial expenses		-50	-99	-292	-341
Net financial items		16	-27	-156	-199
Income before taxes		384	99	1,061	776
Taxes	4	-107	-27	-402	-322
Net income for the period		277	72	659	454
of which Parent Company's shareholders' interest		279	69	643	433
of which non-controlling interest		-2	3	16	21
Earnings per share before dilution, SEK ²⁾		2.66	0.65	6.13	4.12
Earnings per share after dilution, SEK ³⁾		2.56	0.63	5.90	3.97
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS		-299	-346	-1,311	-1,358
OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-31	-38	-139	-146
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		104,774,760	105,515,851	105,032,513	105,217,786
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION		109,150,344	109,150,344	109,150,344	109,150,344

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Mar 2011	Jan-Mar 2010	Rolling 12- months	Jan-Dec 2010
Net income for the period	277	72	659	454
Other comprehensive income:				
Translation differences for the period	-148	7	-139	16
Net gain/loss on cash flow hedges	290	201	855	766
Share of other comprehensive income in associated companies	-8	-	-6	2
Tax attributable to other comprehensive income	-76	-53	-224	-201
Other comprehensive income for the period	58	155	486	583
Net comprehensive income for the period	335	227	1,145	1,037
of which Parent Company's shareholders' interest	358	220	1,144	1,006
of which non-controlling interest	-23	7	1	31

QUARTERLY INCOME STATEMENT

MSEK	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Sales	5,452	8,053	5,004	5,993	5,384	7,768	5,184	6,283
Cost of goods sold	-4,025	-6,413	-3,765	-4,552	-4,113	-5,883	-3,969	-4,611
Gross income	1,427	1,640	1,239	1,441	1,271	1,885	1,215	1,672
Gross margin, %	26.2	20.4	24.8	24.0	23.6	24.3	23.4	26.6
Other operating income	73	101	40	45	36	2	74	33
Marketing expenses	-398	-480	-379	-483	-385	-515	-371	-466
Administrative expenses	-310	-431	-217	-271	-316	-285	-249	-330
Research and development costs	-406	-579	-390	-392	-459	-567	-405	-434
Other operating expenses	-12	-1	7	-60	-16	-38	-4	19
Share of income in associated companies	-6	1	22	-4	-5	21	-11	-22
Operating income/loss (EBIT) ¹⁾	368	251	322	276	126	503	249	472
Operating margin, %	6.7	3.1	6.4	4.6	2.3	6.5	4.8	7.5
Share of income in associated companies	1	2	-	24	-	1	-	1
Financial income	65	-30	41	33	72	20	12	-15
Financial expenses	-50	-31	-89	-122	-99	-63	-109	-58
Net financial items	16	-59	-48	-65	-27	-42	-97	-72
Income/loss before taxes	384	192	274	211	99	461	152	400
Taxes	-107	-172	-86	-37	-27	-138	-41	-108
Net income/loss for the period	277	20	188	174	72	323	111	292
of which Parent Company's shareholders' interest	279	8	179	177	69	313	105	294
of which non-controlling interest	-2	12	9	-3	3	10	6	-2
Earnings per share before dilution, SEK ²⁾	2.66	0.09	1.70	1.68	0.65	2.97	0.99	2.75
Earnings per share after dilution, SEK ³⁾	2.56	0.08	1.64	1.62	0.63	2.87	0.96	2.69
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS	-299	-355	-331	-326	-346	-387	-326	-352
OF WHICH DEPRECIATION OF LEASING AIRCRAFT	-31	-33	-37	-38	-38	-38	-42	-46
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	104,774,760	104,710,852	105,118,070	105,526,371	105,515,851	105,506,219	106,169,379	106,835,194
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Net income/loss for the period	277	20	188	174	72	323	111	292
Other comprehensive income:								
Translation differences	-148	77	-158	90	7	103	-180	152
Net gain/loss on cash flow hedges	290	-19	638	-54	201	15	616	431
Share of other comprehensive income in associated companies	-8	-8	9	1	-	1	9	21
Tax attributable to other comprehensive income	-76	6	-168	14	-53	1	-163	-116
Other comprehensive income for the period	58	56	321	51	155	120	282	488
Net comprehensive income for the period	335	76	509	225	227	443	393	780
of which Parent Company's shareholders' interest	358	65	504	217	220	441	378	746
of which non-controlling interest	-23	11	5	8	7	2	15	34

KEY RATIOS BY QUARTER

	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Equity/assets ratio (%)	40.4	39.1	41.1	37.7	37.9	35.1	32.9	30.0
Return on capital employed, % ¹⁾	9.9	7.9	10.1	9.5	10.8	10.3	0.6	-1.0
Return on equity, % ¹⁾	5.8	4.1	7.0	6.5	7.9	7.0	-3.3	-5.3
Equity per share, SEK ²⁾	111.06	107.66	106.94	102.02	101.98	99.91	95.63	91.83
Operating cash flow, MSEK	559	2,200	-84	2,306	-73	1,270	420	213
Operating cash flow per share after dilution, SEK ³⁾	5.12	20.16	-0.77	21.13	-0.67	11.64	3.85	1.95
¹⁾ MEASURED OVER A ROLLING 12-MONTH PERIOD								
²⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES	104,831,791	104,717,729	104,703,975	105,532,164	105,520,577	105,511,124	105,501,314	106,837,443
³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344	109,150,344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31/3/2011	31/12/2010	31/3/2010
ASSETS				
Fixed assets				
Intangible fixed assets	6	6,225	6,413	6,899
Tangible fixed assets		3,000	3,052	3,151
Lease assets		1,002	1,154	1,390
Biological assets		299	299	256
Investment properties		236	236	25
Shares in associated companies		229	251	354
Financial investments		245	203	102
Long-term receivables		850	856	1,265
Deferred tax assets		-	-	183
Total fixed assets		12,086	12,464	13,625
Current assets				
Inventories		4,336	4,100	5,042
Derivatives		1,155	1,105	1,046
Tax receivables		17	46	30
Accounts receivable		2,654	3,052	2,940
Other receivables		3,502	3,630	4,121
Prepaid expenses and accrued income		785	680	945
Short-term investments		2,798	1,544	-
Liquid assets	9	1,755	2,544	728
Total current assets		17,002	16,701	14,852
Assets held for sale	10	97	113	318
TOTAL ASSETS	15	29,185	29,278	28,795

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	31/3/2011	31/12/2010	31/3/2010
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		11,643	11,274	10,761
Non-controlling interest		147	170	147
Total shareholders' equity		11,790	11,444	10,908
Long-term liabilities				
Long-term interest-bearing liabilities	7	1,128	1,117	1,125
Other liabilities		230	294	295
Provisions for pensions	12	5	5	4
Other provisions		1,978	2,207	2,225
Deferred tax liabilities		854	803	854
Total long-term liabilities		4,195	4,426	4,503
Current liabilities				
Short-term interest-bearing liabilities	7	490	589	1,234
Advance payments from customers		1,294	643	372
Accounts payable		1,515	1,799	1,356
Derivatives		583	750	1,105
Tax liabilities		305	265	215
Other liabilities		753	819	680
Accrued expenses and deferred income		7,529	7,751	7,733
Provisions		731	792	660
Total current liabilities		13,200	13,408	13,355
Liabilities attributable to assets held for sale	10	-	-	29
Total liabilities		17,395	17,834	17,887
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15	29,185	29,278	28,795

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 PARENT COMPANY'S SHARE HOLDERS' INTEREST	NON-CONTROLLING INTEREST	TOTAL SHARE HOLDERS' EQUITY
Opening balance, 1 January 2010	1,746	543	84	-21	51	8,139	10,542	140	10,682
Net comprehensive income for the period			145	6		69	220	7	227
Transactions with shareholders:									
Share matching plan						11	11		11
Purchase and sale of operations						-12	-12		-12
Closing balance, 31 March 2010	1,746	543	229	-15	51	8,207	10,761	147	10,908
Opening balance, 1 January 2011	1,746	543	648	-12	51	8,298	11,274	170	11,444
Net comprehensive income for the period			216	-137		279	358	-23	335
Transactions with shareholders:									
Share matching plan						11	11		11
Closing balance, 31 March 2011	1,746	543	864	-149	51	8,588	11,643	147	11,790

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Mar 2011	Jan–Mar 2010	Jan–Dec 2010
Operating activities				
Income after financial items		384	99	776
Transferred to pension funds		-	-56	-147
Adjustments for items not affecting cash flows		261	612	2,317
Income tax paid		-185	-30	-196
Cash flow from operating activities before changes in working capital		460	625	2,750
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-295	-293	586
Increase(-)/Decrease(+) in current receivables		370	160	855
Increase(+)/Decrease(-) in advance payments from customers		670	-72	194
Increase(+)/Decrease(-) in other current liabilities		-377	-318	399
Increase(+)/Decrease(-) in provisions		-173	-109	-297
Cash flow from operating activities		655	-7	4,487
Investing activities				
Investments in intangible fixed assets		-8	-10	-70
Capitalised development costs		-4	-17	-47
Investments in tangible fixed assets		-51	-55	-262
Investments in lease assets		-	-	-2
Sale of tangible fixed assets		1	6	11
Sale of lease assets		52	9	65
Sale of and investments in short-term investments	9	-1,254	551	-993
Sale of and investments in other financial assets		4	75	-6
Investments in operations, net effect on liquidity	11	-86	-	-
Sale of subsidiaries and associated companies, net effect on liquidity	11	-	-	161
Cash flow from investing activities		-1,346	559	-1,143
Financing activities				
Repayments of loans		-69	-1,290	-1,950
Repurchase of shares		-	-	-80
Dividend paid to Parent Company's shareholders		-	-	-237
Cash flow from financing activities		-69	-1,290	-2,267
Cash flow for the period				
		-760	-738	1,077
Liquid assets at the beginning of the year		2,544	1,463	1,463
Exchange rate difference in liquid assets		-29	3	4
Liquid assets at the end of period	9	1,755	728	2,544

QUARTERLY INFORMATION

MSEK	Q1 2011	Operating margin	Q4 2010	Operating margin	Q3 2010	Operating margin	Q2 2010	Operating margin
Sales								
Aeronautics	1,508		2,062		1,278		1,698	
Dynamics	962		1,565		1,023		1,167	
Electronic Defence Systems	1,035		1,350		905		1,159	
Security and Defence Solutions	1,303		2,201		1,382		1,427	
Support and Services	907		1,070		756		834	
Corporate	243		313		224		233	
Internal sales	-506		-508		-564		-525	
Total	5,452		8,053		5,004		5,993	
Operating income								
Aeronautics	79	5.2%	63	3.1%	57	4.5%	18	1.1%
Dynamics	89	9.3%	32	2.0%	31	3.0%	174	14.9%
Electronic Defence Systems	36	3.5%	-58	-4.3%	6	0.7%	114	9.8%
Security and Defence Solutions	71	5.4%	209	9.5%	130	9.4%	-106	-7.4%
Support and Services	75	8.3%	107	10.0%	69	9.1%	119	14.3%
Corporate	18	-	-102	-	29	-	-43	-
Total	368	6.7%	251	3.1%	322	6.4%	276	4.6%

MSEK	Q1 2010	Operating margin	Q4 2009	Operating margin	Q3 2009	Operating margin	Q2 2009	Operating margin
Sales								
Aeronautics	1,703		2,133		1,482		2,113	
Dynamics	986		1,481		944		1,150	
Electronic Defence Systems	940		1,403		1,180		1,099	
Security and Defence Solutions	1,200		2,240		1,161		1,339	
Support and Services	743		1,032		752		966	
Corporate	219		249		223		304	
Internal sales	-407		-770		-558		-688	
Total	5,384		7,768		5,184		6,283	
Operating income								
Aeronautics	53	3.1%	73	3.4%	-26	-1.8%	-44	-2.1%
Dynamics	85	8.6%	17	1.1%	83	8.8%	94	8.2%
Electronic Defence Systems	37	3.9%	-69	-4.9%	18	1.5%	48	4.4%
Security and Defence Solutions	-96	-8.0%	121	5.4%	52	4.5%	94	7.0%
Support and Services	56	7.5%	148	14.3%	47	6.3%	112	11.6%
Corporate	-9	-	213	-	75	-	168	-
Total	126	2.3%	503	6.5%	249	4.8%	472	7.5%

MULTI-YEAR OVERVIEW

MSEK	2010	2009	2008	2007	2006
Order bookings	26,278	18,428	23,212	20,846	27,575
Order backlog at 31 Dec.	41,459	39,389	45,324	47,316	50,445
Sales	24,434	24,647	23,796	23,021	21,063
Sales in Sweden, %	38	31	32	35	35
Sales in EU excluding Sweden, %	19	23	25	28	29
Sales in Americas, %	9	8	6	7	9
Sales in Rest of the World, %	34	38	37	30	27
Operating income (EBIT)	975	1,374	166	2,607	1,745
Operating margin, %	4.0	5.6	0.7	11.3	8.3
Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA)	2,187	2,598	1,515	3,685	2,519
EBITDA margin, %	9.0	10.5	6.4	16.0	12.0
Income/loss after financial items	776	976	-406	2,449	1,693
Net income/loss for the year	454	699	-242	1,941	1,347
Total assets	29,278	30,430	32,890	33,801	32,771
Operating cash flow	4,349	1,447	659	-1,603	-1,900
Return on capital employed, %	7.9	10.3	1.4	19.4	14.5
Return on equity, %	4.1	7.0	-2.4	18.5	13.8
Equity/assets ratio, %	39.1	35.1	28.4	32.6	30.6
Earnings per share before dilution, SEK ^{2) 4)}	4.12	6.45	-2.31	17.68	11.91
Earnings per share after dilution, SEK ^{3) 4)}	3.97	6.28	-2.31	17.60	11.91
Dividend per share, SEK	3.50	2.25	1.75	4.50	4.25
Equity per share, SEK ¹⁾	107.66	99.91	86.49	101.53	89.80
Number of employees at year-end	12,536	13,159	13,294	13,757	13,577

¹⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES AS OF 31 DECEMBER 2010: 104,717,729; 2009:105,511,124; 2008: 106,829,893; 2007: 108,150,344; 2006: 109,150,344

²⁾ AVERAGE NUMBER OF SHARES 2010: 105,217,786; 2009: 106,335,553; 2008: 107,515,049; 2007: 108,668,700; 2006: 109,150,344

³⁾ AVERAGE NUMBER OF SHARES 2010/2009: 109,150,344; 2008: 107,515,049; 2007/2006: 109,150,344

⁴⁾ NET INCOME FOR THE YEAR LESS NON-CONTROLLING INTEREST DIVIDED BY THE AVERAGE NUMBER OF SHARES

KEY RATIOS AND TARGETS

	Long-term target	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Organic sales growth	5	2	-1	-1
Operating margin, %	10	6.7	2.3	4.0
Equity/assets ratio, %	30	40.4	37.9	39.1

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Sales	3,625	3,462	14,745
Cost of goods sold	-2,738	-2,675	-11,523
Gross income	887	787	3,222
Gross margin, %	24.5	22.7	21.9
Operating income and expenses	-585	-630	-2,599
Operating income (EBIT)	302	157	623
Operating margin, %	8.3	4.5	4.2
Financial income and expenses	-6	180	1,279
Income after financial items	296	337	1,902
Appropriations	-	-	-83
Income before taxes	296	337	1,819
Taxes	-109	-62	-430
Net income for the period	187	275	1,389

PARENT COMPANY BALANCE SHEET

MSEK	Note	31/3/2011	31/12/2010	31/3/2010
ASSETS				
Fixed assets				
Intangible fixed assets		145	127	99
Tangible fixed assets		2,182	2,205	2,257
Financial fixed assets		12,564	12,369	12,943
Total fixed assets		14,891	14,701	15,299
Current assets				
Inventories, etc.		2,918	2,782	3,470
Current receivables		4,464	5,974	10,706
Short-term investments		2,798	1,544	-
Liquid assets		1,267	1,935	83
Total current assets		11,447	12,235	14,259
TOTAL ASSETS		26,338	26,936	29,558
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Restricted equity		3,005	3,007	3,011
Unrestricted equity		4,403	4,203	3,391
Total shareholders' equity		7,408	7,210	6,402
Provisions and liabilities				
Untaxed reserves		502	502	419
Provisions		1,514	1,657	1,859
Liabilities	7	16,914	17,567	20,878
Total provisions and liabilities		18,930	19,726	23,156
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,338	26,936	29,558

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 2010.

NOTE 2

ACCOUNTING PRINCIPLES

The consolidated accounts for the first quarter 2011 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, Reporting by Legal Entities. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Group's accounting principles are described on pages 73-80 of the annual report 2010.

The Group applies the same accounting principles and methods of computation as described in the annual report for 2010 and no significant changes with impact on Saab's accounting have been applied from 2011.

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 2010.

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. Saab has a strong position in Sweden and the main part of sales are generated in Europe. In addition Saab has a local presence in South Africa, Australia, the US and selected other countries globally. Saab's operating and management structure was changed as a result of a reorganisation as of 1 January 2010 and is as of that date divided into five business areas, which also represent operating segments, Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions and Support and Services. The business areas are described below.

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, torpedos, 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 3 CONTINUED

SALES AND ORDER INFORMATION

Sales by business area

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Rolling 12-months	Jan–Dec 2010
Aeronautics	1,508	1,703	-11	6,546	6,741
of which external sales	1,462	1,650	-11	6,294	6,482
of which internal sales	46	53	-13	252	259
Dynamics	962	986	-2	4,717	4,741
of which external sales	915	971	-6	4,592	4,648
of which internal sales	47	15	213	125	93
Electronic Defence Systems	1,035	940	10	4,449	4,354
of which external sales	808	770	5	3,404	3,366
of which internal sales	227	170	34	1,045	988
Security and Defence Solutions	1,303	1,200	9	6,313	6,210
of which external sales	1,276	1,170	9	6,192	6,086
of which internal sales	27	30	-10	121	124
Support and Services	907	743	22	3,567	3,403
of which external sales	833	672	24	3,245	3,084
of which internal sales	74	71	4	322	319
Corporate/eliminations	-263	-188	-	-1,090	-1,015
of which external sales	158	151	5	775	768
of which internal sales	-421	-339	-	-1,865	-1,783
Total	5,452	5,384	1	24,502	24,434

Sales by geographical market

MSEK	Jan–Mar 2011	% of sales	Jan–Mar 2010	% of sales	Jan–Dec 2010	% of sales
Sweden	2,367	43	2,315	43	9,223	38
Rest of EU	780	15	943	18	4,737	19
Rest of Europe	62	1	65	1	368	2
Total Europe	3,209	59	3,323	62	14,328	59
North America	304	6	475	9	2,083	9
Latin America	14	-	23	-	116	-
Asia	1,172	21	695	13	3,937	15
Africa	545	10	664	12	2,833	12
Australia, etc.	208	4	204	4	1,137	5
Total	5,452	100	5,384	100	24,434	100

Information on large customers

Saab has one customer that accounts for 10 per cent or more of the Group's sales: the Swedish Defense Materiel Administration (FMV). FMV is a customer of all our business areas, and total sales during the first quarter 2011 amounted to MSEK 1,710 (1,409).

Order bookings by business area

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Jan–Dec 2010
Aeronautics	963	2,082	-54	6,901
Dynamics	1,528	634	141	3,312
Electronic Defence Systems	1,234	1,101	12	5,494
Security and Defence Solutions	777	920	-16	6,647
Support and Services	923	924	-	4,124
Corporate	243	236	3	1,057
Internal	-453	-419	-	-1,257
Total	5,215	5,478	-5	26,278

LARGE ORDERS RECEIVED DURING THE FIRST QUARTER 2011

Large orders received	Country	Order value (appr. values MSEK)
Ammunition to the Carl-Gustaf man-portable weapon	-	1,155
Development and maintenance of the Gripen system	Sweden	450
Weapon locating system ARTHUR	Korea	450
Airborne Electronic Warfare self-protection system (IDAS)	-	250
Order within the eight year contract with Scandinavian Air Ambulance Holding AB	Sweden	225
Live training capabilities to the British Army	UK	220

Order backlog by business area

MSEK	31/3/2011	31/12/2010	31/3/2010
Aeronautics	15,090	15,636	15,855
Dynamics	6,102	5,546	6,623
Electronic Defence Systems	8,382	8,240	7,275
Security and Defence Solutions	7,752	8,434	7,586
Support and Services	4,738	4,743	4,196
Corporate	230	242	193
Internal	-1,337	-1,382	-2,174
Total	40,957	41,459	39,554

NOTE 3 CONTINUED

OPERATING INCOME

Operating income by business area

MSEK	Jan–Mar 2011	% of sales	Jan–Mar 2010	% of sales	Rolling 12 month	Jan–Dec 2010
Aeronautics	79	5.2	53	3.1	217	191
Dynamics	89	9.3	85	8.6	326	322
Electronic Defence Systems	36	3.5	37	3.9	98	99
Security and Defence Solutions	71	5.4	-96	-8.0	304	137
Support and Services	75	8.3	56	7.5	370	351
The business areas' total operating income	350	6.6	135	2.4	1,315	1,100
Corporate	18	-	-9	-	-98	-125
Total operating income	368	6.7	126	2.3	1,217	975

Depreciation/amortisation and write-downs by business area

MSEK	Jan–Mar 2011	Jan–Mar 2010	Change, %	Rolling 12 month	Jan–Dec 2010
Aeronautics	62	61	2	248	247
Dynamics	37	39	-5	192	194
Electronic Defence Systems	130	134	-3	486	490
Security and Defence Solutions	21	43	-51	106	128
Support and Services	4	4	-	15	15
Corporate – lease aircraft	31	38	-18	139	146
Corporate – other	14	27	-48	125	138
Total	299	346	-14	1,311	1,358

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan–Mar 2011	Jan–Mar 2010	Rolling 12 month	Jan–Dec 2010
Aeronautics	440	-33	503	30
Dynamics	340	-11	1,395	1,044
Electronic Defence Systems	446	375	665	594
Security and Defence Solutions	106	-15	1,187	1,066
Support and Services	135	250	779	894
Corporate	-908	-639	452	721
Total	559	-73	4,981	4,349

Capital employed by business area

MSEK	31/3/2011	31/12/2010	31/3/2010
Aeronautics	1,927	2,118	2,017
Dynamics	2,008	2,496	2,912
Electronic Defence Systems	4,207	4,584	4,553
Security and Defence Solutions	1,998	2,282	2,977
Support and Services	1,170	1,248	1,624
Corporate	2,103	427	-812
Total	13,413	13,155	13,271

EMPLOYEES

Employees by business area

Number at end of period	31/3/2011	31/12/2010	Change	31/3/2010
Aeronautics	2,824	2,874	-50	2,988
Dynamics	1,426	1,483	-57	1,682
Electronic Defence Systems	2,438	2,453	-15	2,553
Security and Defence Solutions	2,505	2,525	-20	2,563
Support and Services	1,741	1,721	20	1,768
Corporate	1,480	1,480	-	1,411
Total	12,414	12,536	-122	12,965

NOTE 4

TAXES

MSEK	Jan–Mar 2011	Jan–Mar 2010
Current tax	-153	-30
Deferred tax	46	3
Total	-107	-27

Current and deferred taxes during the period amounted to MSEK -107 (-27), or an effective tax rate of 28 per cent (27).

NOTE 5

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 15 February 2011, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 3.50 per share, totaling MSEK 367.

The Annual General Meeting on 7 April 2011 approved the Board's proposal and set 12 April 2011 as the record day and decided that the dividend would be paid on 15 April 2011.

NOTE 6

INTANGIBLE FIXED ASSETS

MSEK	31/3/2011	31/12/2010	31/3/2010
Goodwill	3,453	3,470	3,453
Capitalised development costs	2,273	2,428	2,866
Other intangible assets	499	515	580
Total	6,225	6,413	6,899

NOTE 7

INTEREST-BEARING LIABILITIES

MSEK	31/3/2011	31/12/2010	31/3/2010
Liabilities to credit institutions	1,178	1,181	1,712
Liabilities to associates and JVs	394	428	555
Other interest-bearing liabilities	46	97	92
Total	1,618	1,706	2,359

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2012)	4,000	-	4,000
Overdraft facility (Maturity 2011)	127	5	122
Total	4,127	5	4,122

In the first quarter 2011, Saab signed a 5 year credit facility of SEK 4 billion to refinance the existing credit facility with maturity in March 2012.

Parent Company

MSEK	31/3/2011	31/12/2010	31/3/2010
Long-term liabilities to credit institutions	1,100	1,100	2,283
Short-term liabilities to credit institutions	1,106	1,123	535
Other interest-bearing liabilities	-	-	55
Total	2,206	2,223	2,873

In december 2009 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 had issued bonds and Floating Rate Notes of MSEK 1,100.

The Parent Company 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. The loan amounts to MSEK 1,106. 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

NET LIQUIDITY

MSEK	31/3/2011	31/12/2010	31/3/2010
Assets			
Liquid assets	1,755	2,544	728
Short-term investments	2,798	1,544	-
Total liquid investments	4,553	4,088	728

Short-term interest-bearing receivables	589	617	496
Long-term interest-bearing receivables	170	150	390
Long-term interest-bearing financial investments	144	147	32
Total interest-bearing assets	5,456	5,002	1,646

Liabilities

Short-term interest-bearing liabilities	490	589	1,234
Long-term interest-bearing liabilities	1,128	1,117	1,125
Provisions for pensions	5	5	4
Total interest-bearing liabilities	1,623	1,711	2,363

NET LIQUIDITY/DEBT (-)	3,833	3,291	-717
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NOTE 9

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

Liquid assets

MSEK	31/3/2011	31/3/2010	31/12/2010
The following components are included in liquid assets:			
Cash and bank balances	585	714	703
Bank deposits	1,160	-	1,830
Deposits on behalf of customers	10	14	11
Total according to balance sheet	1,755	728	2,544
Total according to statement of cash flows	1,755	728	2,544

Operating cash flow vs. statement of cash flows

MSEK	Jan–Mar 2011	Jan–Mar 2010	Jan–Dec 2010
Operating cash flow	559	-73	4,349
Investing activities – interest-bearing:			
Short-term investments ¹⁾	-1,254	551	-993
Other financial investments and receivables	4	74	-12
Financing activities:			
Repayments of loans	-69	-1,290	-1,950
Repurchase of shares	-	-	-80
Dividend paid to the Parent Company's shareholders	-	-	-237
Cash flow for the period	-760	-738	1,077

¹⁾ Short-term investments refer to government bonds, mortgage bonds, corporate bonds, bank bonds and commercial papers.

Specification of operating cash flow during the first quarters 2011 and 2010

MSEK	Saab excl. acquisitions / divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group Jan-Mar 2011	Total Group Jan-Mar 2010
Cash flow from operating activities before changes in working capital	415	-	45	460	625
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Inventories	-295	-	-	-295	-293
Receivables	450	-	-80	370	160
Advance payments from customers	670	-	-	670	-72
Other liabilities	-256	-	-121	-377	-318
Provisions	-123	-	-50	-173	-109
Change in working capital	446	-	-251	195	-632
Cash flow from operating activities	861	-	-206	655	-7
INVESTING ACTIVITIES					
Investments in intangible fixed assets	-12	-	-	-12	-27
Investments in tangible fixed assets	-51	-	-	-51	-55
Sale of tangible fixed assets	1	-	-	1	6
Sale of lease assets	-	-	52	52	9
Sale of and investment in financial assets	-	-	-	-	1
Investments in operations, net effect on liquidity	-	-86	-	-86	-
Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-62	-86	52	-96	-66
OPERATING CASH FLOW	799	-86	-154	559	-73

NOTE 10

ASSETS AND LIABILITIES HELD FOR SALE

Assets held for sale refer to the associated company Grintek Ewation within Electronic Defence Systems.

NOTE 11

ACQUISITIONS AND DIVESTMENTS OF OPERATIONS

On 14 December 2010, Saab announced the signing of an eight-year agreement with Scandinavian Air Ambulance Holding AB and in addition Saab acquired inventories and equipment. The purchase price, including the mentioned assets, amounted to MSEK 41 and the surplus value is estimated to MSEK 24. The surplus value is preliminary allocated to other intangible assets. The eight-year agreement consisted of Saab taking over the responsibility of the Group's technical and maintenance personnel and operations of their helicopters and aircraft. In addition, Saab invested MSEK 25 in convertibles in Scandinavian Air Ambulance during the first quarter 2011.

Saab signed an agreement to acquire assets from the Czech company E-COM, with its main operations in development and production of virtual simulators. E-COM has approximately 120 employees. The acquisition of assets of E-COM is expected to have no material effect on Saab's consolidated financial statements in 2011.

Saab announced it has signed an agreement to divest its ownership share of 42.4 per cent in South African system engineering company Grintek Ewation to Cassidian, a division of EADS. The transaction is pending approval from among others the competition authorities of South Africa and is expected to be concluded in second quarter of 2011. The transaction will generate a capital gain before tax of approximately MSEK 120 and will be recorded in business area Electronic Defence Systems.

Saab divested its 36 per cent share in the image processing company Image Systems AB to Digital Vision AB. Image Systems AB has been a part of Saab Venture's portfolio since 2008. The price received was approximately MSEK 17, which will impact cash flow positively in the second quarter 2011. The transaction generated a capital gain of MSEK 13, which was recorded in Corporate during the first quarter 2011.

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

NOTE 12

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 3,999 (3,762) as of 31 March 2011, compared to an obligation of MSEK 4,722 (5,055) according to IAS 19, or a solvency margin of 85 per cent (74). In comparison with the obligation according to the FPG/PRI system, the solvency margin was 97 per cent (96).

NOTE 13

CONTINGENT LIABILITIES

Saab has an ongoing legal dispute in Denmark with the Danish Defence Acquisition and Logistics Organization (DALO). The Maritime and Commercial Court in Copenhagen issued a judgement dismissing DALO's claim against Saab. DALO has filed an appeal against the judgement. DALO's counterclaim amounts to approximately MDKK 250.

No additional obligations have been added during the period. With regard to the Group's performance guarantees for commitments to customers, the likelihood of an outflow of resources is remote and, as a result, no value is recognised.

NOTE 14

TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the first quarter 2011.

Related parties with which the Group has transactions are described in the annual report for 2010, note 44.

NOTE 15

CONDENSED SUBDIVIDED FINANCIAL POSITION AS OF 31 MARCH 2011

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	6,225	-	-	6,225
Tangible fixed assets, etc.	3,535	-	-	3,535
Lease assets	2	1,000	-	1,002
Long-term interest-bearing receivables	314	-	-	314
Shares, etc.	1,829	1	-1,500	330
Other long-term receivables	663	17	-	680
Deferred tax assets	152	239	-391	-
Inventories	4,321	15	-	4,336
Short-term interest-bearing receivables	589	1,421	-1,421	589
Other current assets	6,263	106	-	6,369
Derivatives	1,155	-	-	1,155
Liquid assets and short-term investments	4,543	10	-	4,553
Assets held for sale	97	-	-	97
Total assets	29,688	2,809	-3,312	29,185
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	11,831	1,459	-1,500	11,790
Provisions for pensions	5	-	-	5
Deferred tax liabilities	1,245	-	-391	854
Other provisions	1,979	730	-	2,709
Interest-bearing liabilities	3,039	-	-1,421	1,618
Advance payments from customers	1,294	-	-	1,294
Derivatives	583	-	-	583
Other liabilities	9,712	620	-	10,332
Total shareholders' equity and liabilities	29,688	2,809	-3,312	29,185

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 March 2011 consisted of 102 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 Swedish Export Credits Guarantee Board (EKN). 60 aircraft are financed internally and recognised as assets in the balance sheet. Provisions on the balance sheet related to the leasing portfolio are deemed sufficient for the remaining risks.

Saab estimates that the leasing portfolio will be phased out year 2015.

NOTE 16

OUTLOOK 2011

In 2011, we estimate that sales will decline slightly compared to 2010.

The operating margin, excluding material net capital gains, is expected to increase slightly in 2011 compared to the adjusted operating margin 2010 of 6.5 per cent.

NOTE 17

DEFINITIONS

Gross margin

Gross income as a percentage of sales revenue.

Operating margin

Operating income as a percentage of sales revenue.

EBITDA margin

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircrafts as a percentage of sales revenue.

Capital employed

Total capital less non-interest-bearing liabilities.

Return on capital employed

Operating income plus financial income as a percentage of average capital employed (measured over a rolling 12-month period).

Return on equity

Net income for the period as a percentage of average equity (measured over a rolling 12-month period).

Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions.

Equity/assets ratio

Equity in relation to total assets.

Earnings per share

Net income for the period attributable to Parent Company shareholders' interest, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.

Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

Operating cash flow per share

Operating cash flow divided by the average number of shares after dilution.

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 29 April 2011.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Lars Granlöv

Today, Friday, 29 April 2011, 10:00 a.m. (CET)

World Trade Center, Stockholm

Contact Karin Frisk to register

and for further information

Tel. +46 8 463 02 30

www.saabgroup.com

To see a live webcast of the event, visit <http://www.saabgroup.com/en/InvestorRelations> where it will be available together with the presentation material. All viewers will be able to post questions to the presenters. The webcast will also be available on Saab's website after the event.

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