



**SAAB** | **75** YEARS OF  
DEFENCE AND  
SECURITY

# **INTERIM REPORT**

## JANUARY–MARCH 2012

# RESULTS AND SUMMARY

## JANUARY-MARCH 2012

### RESULTS JANUARY-MARCH 2012:

- Order bookings amounted to MSEK 4,000 (5,215) and the order backlog at the end of March 2012 amounted to MSEK 35,657 (40,957).
- Sales increased 2 per cent to MSEK 5,573 (5,452), with a positive impact from acquisitions of 4 per cent.
- Gross income amounted to MSEK 1,574 (1,427), corresponding to a gross margin of 28.2 per cent (26.2).
- Operating income was MSEK 398 (368), corresponding to an operating margin of 7.1 per cent (6.7).
- Net income was MSEK 265 (277), with earnings per share after dilution of SEK 2.56 (2.56).
- Operating cash flow amounted to MSEK -48 (559). The operating cash flow was negative mainly as a result of utilisation of and reduction in advances and milestone payments compared to the same period 2011.
- The outlook for 2012 remains unchanged.

### OUTLOOK 2012:

In 2012, we estimate that sales will increase slightly compared to 2011.

The operating margin in 2012, excluding material net capital gains, is expected to be in line with the operating margin in 2011, excluding material net capital gains, of 7.5 per cent.

### FINANCIAL HIGHLIGHTS

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	4,000	5,215	-23	18,907
Order backlog	35,657	40,957	-13	37,172
Sales	5,573	5,452	2	23,498
Gross income	1,574	1,427	10	6,707
Gross margin, %	28.2	26.2		28.5
Operating income (EBIT)	398	368	8	2,941
Operating margin, %	7.1	6.7		12.5
Net income	265	277	-4	2,217
Earnings per share before dilution, SEK	2.65	2.66		21.19
Earnings per share after dilution, SEK	2.56	2.56		20.38
Return on equity, <sup>1)</sup> %	17.4	5.8		18.1
Operating cash flow <sup>2)</sup>	-48	559	-109	2,477
Operating cash flow per share after dilution, SEK	-0.44	5.12		22.69

<sup>1)</sup> The return on equity is measured over a rolling 12-month period

<sup>2)</sup> Operating cash flow includes cash flow from operating activities of MSEK -16 (655) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -32 (-96)

## **STATEMENT BY THE PRESIDENT AND CEO, HÅKAN BUSKHE:**

The market situation is challenging with many customers delaying their investment decisions due to restrained government budgets. However, we continue to see an increased interest in our cost-efficient high-technology products and solutions. Among European nations there is an increasing interest in co-operation in the field of research and development and defence material.

In Sweden, the Armed Forces presented their intention to upgrade the fighter aircraft fleet to Gripen E/F and gave a clear commitment to Gripen as the backbone of the Swedish Air Force. The Gripen is highly competitive in terms of capabilities, and can be upgraded in a cost-efficient way to meet future requirements of the Swedish Armed Forces.

The level of small and medium sized order bookings was stable during the first quarter 2012 compared to 2011, but the lack of large orders led to a lower level of order bookings.

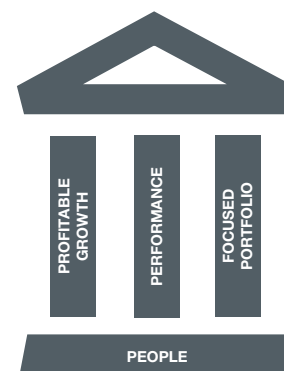
One of our main priorities is to increase our local presence in strategically important markets to drive future growth. In the period we for instance saw a strong order increase in the U.S.

Sales increased slightly and the operating margin improved mainly as the result of a changed product and project mix. Based on our order backlog and current market opportunities the outlook for 2012, with slightly increased sales and an operating margin in line with 7.5 per cent, excluding material net capital gains, remains firm.

Different delivery schedules impacted our operating cash flow, which was negatively affected by the utilisation of, and reduction in, advances and milestone payments compared to the same period 2011.

Switzerland also reconfirmed the commitment to their 2011 down selection of Gripen for further negotiations for a potential order.

### **SAAB'S STRATEGIC PRIORITIES**



Saab's operations are divided into six business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services and the

independent subsidiary Combitech. In addition, Corporate comprises Group staff and departments and secondary operations. It also includes the leasing fleet of

Saab 340 and Saab 2000 aircraft.

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	4,000	5,215	-23	18,907
Order backlog	35,657	40,957	-13	37,172
Sales	5,573	5,452	2	23,498

## ORDERS, SALES AND INCOME

### Orders

#### January-March 2012

Order bookings were lower in the first quarter 2012 compared to the same period 2011 partly as a result of several large orders received in 2011 not repeated in 2012.

For a detailed list of major orders received see below.

In all, 67 per cent (83) of order bookings were attributable to defence-related operations.

64 per cent (64) of order bookings were from customers outside Sweden.

During the first quarter 2012 index and price changes had a positive effect on order bookings of MSEK 69 (138).

Orders received where the order sum was larger than MSEK 100 represented 19 per cent (58) of total order bookings.

The order backlog at the end of the the first quarter 2012 amounted to MSEK 35,657, compared to MSEK 37,172 at the beginning of the year.

#### ORDER BACKLOG DURATION:

2012: SEK 14.3 billion

2013: SEK 9.3 billion

2014: SEK 5.2 billion

2015: SEK 3.1 billion

After 2015: SEK 3.8 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

## LARGE ORDERS RECEIVED JAN-MAR 2012

Large orders received (appr. values MSEK)	Country	Order value
Next generation of laser-based training systems	U.S.	120
System maintenance and development studies reg. Gripen	SE	128
Deployable Tactical Engagement Simulation training system	UK	121

## ORDERS BY MARKET REGION

MSEK	Jan-Mar 2012	Jan-Mar 2011
Sweden	1,431	1,903
EU excluding Sweden	749	757
Rest of Europe	42	14
Americas	1,181	209
Asia	111	1,828
Africa	294	353
Australia, etc.	192	151
<b>Total</b>	<b>4,000</b>	<b>5,215</b>

**Sales  
January–March 2012**

Sales increased 2 per cent in the first quarter 2012 compared to 2011 as a result of acquisitions made in the second half of 2011. These contributed with about 4 per cent of total sales.

Exchange rates had no significant impact on sales.

Sales in markets outside Sweden amounted to MSEK 3,451 (3,085), or 62 per cent (57) of total sales.

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

**SALES BY MARKET REGION**

MSEK	Jan–Mar 2012	Jan–Mar 2011
Sweden	2,122	2,367
EU excluding Sweden	940	780
Rest of Europe	56	62
Americas	527	318
Asia	1,303	1,172
Africa	371	545
Australia, etc.	254	208
<b>Total</b>	<b>5,573</b>	<b>5,452</b>

**SALES BY MARKET SEGMENT**

MSEK	Jan–Mar 2012	Jan–Mar 2011
Air	2,225	2,410
Land	1,938	1,584
Naval	522	515
Civil Security	385	254
Commercial Aeronautics	260	332
Other	243	357
<b>Total</b>	<b>5,573</b>	<b>5,452</b>

**Income, margin and profitability  
January–March 2012**

The gross margin improved in the first quarter 2012 as a result of a different product and project mix compared to the same period 2011.

Total depreciation, amortisation and write-downs amounted to MSEK 297 (299).

Depreciation and write-down of tangible fixed assets amounted to MSEK 95 (80), while depreciation of the leasing fleet amounted to MSEK 16 (31).

The expenditures in research and development that are internally funded amounted to MSEK 335 (266), of which a total of MSEK 8 (4) have been capitalised.

Amortisation and write-down of intangible fixed assets amounted to MSEK 186 (188), of which amortisation and write-down of capitalised development costs amounted to MSEK 152 (144).

The share of income in associated companies, MSEK -3 (-6), primarily related to net income in Hawker Pacific Airservices Ltd.

MSEK	Jan–Mar 2012	Jan–Mar 2011	Change, %	Jan–Dec 2011
Gross income	1,574	1,427	10	6,707
Gross margin, %	28.2	26.2		28.5
Internally funded investments in research and development	335	266	26	1,355
Operating income before depreciation/amortisation and write-downs (EBITDA)	679	636	7	4,088
Margin, %	12.2	11.7		17.4
Operating income (EBIT)	398	368	8	2,941
Operating margin, %	7.1	6.7		12.5
Income before tax (EBT)	368	384	-4	2,783
Net income	265	277	-4	2,217
Earnings per share before dilution, SEK	2.65	2.66		21.19
Earnings per share after dilution, SEK	2.56	2.56		20.38

## FINANCIAL NET

MSEK	Jan-Mar 2012	Jan-Mar 2011
Project interest from unutilised advance payment	-5	-7
Net interest items	11	2
Currency gains	16	37
Financial net related to pensions	-36	-14
Other net financial items	-16	-2
<b>Total</b>	<b>-30</b>	<b>16</b>

Project interest from unutilised advance payment refers to orders that are financed to a significant extent with advance payment from customers. The effect on interest of advance financing is recognised in gross income and reduces financial net.

The currency gains reported above related to the tender portfolio where the hedged part was valued at market value. Other net financial items consisted of income from shares in associated companies and other exchange rate effects.

The financial net related to pensions decreased as a result of an increased unreported actuarial loss during 2011, which led to an increased amortisation of actuarial losses.

Current and deferred taxes amounted to MSEK -103 (-107), or an effective tax rate of 28 per cent (28).

The pre-tax return on capital employed was 21.7 per cent (9.9) and the after-tax return on equity was 17.4 per cent (5.8), both measured over a rolling 12-month period.

## FINANCIAL POSITION AND LIQUIDITY

### Financial position

Since the start of 2012, the net cash position has decreased by MSEK 73 and amounted to MSEK 5,260 at the end of March 2012.

In 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

## BALANCE SHEET KEY INDICATORS

MSEK	31 Mar 2012	31 Mar 2011	Change	31 Dec 2011
Net liquidity <sup>1)</sup>	5,260	3,833	1,427	5,333
Intangible fixed assets	6,558	6,225	333	6,699
Goodwill	4,245	3,453	792	4,223
Capitalised development costs	1,809	2,273	-464	1,950
Other intangible fixed assets	504	499	5	526
Tangible fixed assets, etc. <sup>2)</sup>	4,380	4,537	-157	4,572
Inventories	4,498	4,336	162	4,334
Accounts receivable	2,868	2,654	214	3,153
Other receivables	3,144	3,502	-358	3,579
Accrued revenues <sup>3)</sup>	2,159	2,200	-41	2,643
Advance payments from customers	865	1,294	-429	1,022
Equity/assets ratio, (%)	43.4	40.4		41.1
Return on equity, <sup>4)</sup> (%)	17.4	5.8		18.1
Equity per share, <sup>5)</sup> SEK	125.86	111.06	14.80	122.94

<sup>1)</sup> The Group's net liquidity 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 6, page 31.

<sup>2)</sup> Including tangible fixed assets, lease assets, biological assets and investment properties.

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

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

<sup>5)</sup> Number of shares excluding treasury shares; 2012 Mar: 105,435,146; 2011 Dec: 105,331,958; 2011 Mar 104,831,791.

amortised over maximum ten years.

Inventories are recognised after deducting utilised advances.

Short-term interest-bearing liabilities decreased by MSEK 46 from the beginning of the year.

Provisions for pensions amounted to MSEK 12 (5). During the period, the Saab Pension Fund was capitalised with a total of MSEK 0 (0). 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 Group's defined-benefit plans, see note 9, page 32.

### Cash flow

Operating cash flow amounted to MSEK -48 (559). The negative operating

cash flow in the first quarter 2012 compared to the same period 2011 was mainly a result of utilisation of and reduction in advances and milestone payments.

The operating cash flow was distributed between cash flow from core operating activities of MSEK 151 (799), acquisitions and divestments of operations and associated companies of MSEK -61 (-86) and the leasing aircraft business of MSEK -138 (-154).

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 favourable funding levels. As per 31 March 2012, net receivables of MSEK 785 were sold, compared to MSEK 819 at 31 March 2011 and MSEK 872 at 31 December 2011. Hence, it had a negative impact of MSEK 87

on operating cash flow for the the first quarter 2012.

For more detailed information about the operating cash flow, see note 7, pages 31-32.

#### **ACQUISITIONS AND DIVESTMENTS**

In January 2012, Saab announced that the independent subsidiary Combitech had acquired the consulting firm Sörman Intressenter AB, parent company of Sörman Information AB (Sörman). Sörman had 168 employees. The consideration was not disclosed.

No other significant acquisitions or divestments were made during the first quarter 2012.

#### **CAPITAL EXPENDITURES AND PERSONNEL**

##### **Capital expenditures**

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 86 (51).

Investments in intangible assets amounted to MSEK 17 (12) of which MSEK 8 (4) related to capitalised product development and MSEK 9 (8) to other intangible assets.

##### **Personnel**

At 31 March 2012, the Group had 13,443 employees, compared to 13,068 at the beginning of the year. The number of FTE's (Full Time Equivalentents) at the end of the period was 13,283, compared to 12,850 at the beginning of the year. The increase of FTE's is partly related to the acquisition of Sörman Information in January 2012.

#### **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 2012, SEE PAGES 62-65 OF THE ANNUAL REPORT FOR 2011.

#### OTHER IMPORTANT EVENTS JANUARY – MARCH 2012

- Saab announced that Combitech had acquired Sörman Information AB. The acquisition is part of Combitech's strategy to expand its range of services and grow in the Nordic consultancy market. Following the acquisition of Sörman, Combitech has an annual turnover of approximately SEK 1.1 billion and 1,100 employees.
- Saab Sensis Corporation was selected by the U.S. Federal Aviation Administration (FAA) for the Airport Surface Surveillance Capability (ASSC) programme. FAA incrementally funded MUSD 5 (MSEK 34) of the MUSD 54 (MSEK 370) five year contract. In addition, options for deliveries beyond the five year period were valued at MUSD 65 (MSEK 442), for a total contract value of MUSD 119 (MSEK 825).

#### IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- Saab received a contract extension with Airbus for ailerons for the A320-family for the life of this programme. Based on the current Airbus order backlog for the A320-family the initial contract was valued at MSEK 701. Further Airbus sales will lead to additional orders and thereby increase the total contract value. Saab has delivered ailerons for the wings of the Airbus A320-family since 2000.

For information on major orders received during January–March 2012 see page 3 and the business area comments on pages 8–13.



## AERONAUTICS

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	817	963	-15	3,807
Order backlog	12,489	15,090	-17	13,091
Sales	1,419	1,508	-6	6,351
Operating income before depreciation/amortisation and write-downs (EBITDA)	136	141	-4	579
Margin, %	9.6	9.4		9.1
Operating income (EBIT)	78	79	-1	332
Operating margin, %	5.5	5.2		5.2
Operating cash flow	-122	440	-128	223
Defence/Civil (% of sales)	89/11	88/12		86/14
No. of employees	2,799	2,824	-1	2,748
No. FTEs	2,722	2,675	2	2,670

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

### HIGHLIGHTS

#### ORDERS RECEIVED

- Orders received in the first quarter 2012 included new order bookings of about MSEK 260 for deliveries to the Boeing 787 programme and about MSEK 130 for the Airbus A380 programme.
- An order was also received from FMV of about MSEK 128 for continual maintenance and updates for the Gripen C/D in compliance with the Swedish Armed Forces' long-term planning for the Gripen system. Saab will also maintain the Gripen C/D system's operational capability. The order includes technical support, product maintenance, flight testing and flight simulator operation to ensure the operational capability of the Gripen system.
- Orders received where the order sum exceeded MSEK 100 represented 48 per cent (70) of total order bookings.

#### SALES

- Sales decreased compared to the same period 2011 as 2011 included deliveries of Gripen aircraft to South Africa. Final deliveries of Gripen to South Africa were made in 2011.
- Markets outside Sweden accounted for 34 per cent (39) of sales.

#### INCOME AND MARGIN

- The operating margin improved as a result of continuous operational efficiency improvements.

#### CASH FLOW

- Operating cash flow was negative in the first quarter 2012 due to utilisation of and reduction in advances and milestone payments

#### EMPLOYEES

- The number of employees increased in the first quarter 2012 compared to year-end 2011 as a result of a higher activity level.

## DYNAMICS

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	554	1,528	-64	4,246
Order backlog	4,977	6,102	-18	5,460
Sales	1,035	962	8	4,335
Operating income before depreciation/amortisation and write-downs (EBITDA)	150	126	19	652
Margin, %	14.5	13.1		15.0
Operating income (EBIT)	108	89	21	484
Operating margin, %	10.4	9.3		11.2
Operating cash flow	61	340	-82	588
Defence/Civil (% of sales)	94/6	94/6		92/8
No. of employees	1,481	1,426	4	1,475
No. FTE	1,520	1,416	7	1,494

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

### HIGHLIGHTS

#### ORDERS RECEIVED

- Orders received in the first quarter 2012 was lower than the same period 2011, mainly as 2011 included a large order for ammunition to the Carl-Gustaf man-portable weapon system of MSEK 1,155.
- Smaller orders received in the period for example included orders for the Carl-Gustaf and AT4 man-portable weapon systems and for underwater ROVs (Remotely Operated Vehicles).
- No orders were received where the order sum exceeded MSEK 100, compared to 76 per cent of the order bookings in the first quarter 2011.

#### SALES

- Sales increased in the first quarter 2012 compared to 2011 as a result of a high activity level in larger projects.
- Markets outside Sweden accounted for 89 per cent (68) of sales.

#### INCOME AND MARGIN

- The operating margin in the first quarter 2012 increased due to a more favourable product mix.

#### CASH FLOW

- Operating cash flow was lower in the first quarter 2012 compared to 2011 due to timing differences in advance payments related to new orders.

**ELECTRONIC DEFENCE SYSTEMS**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	520	1,234	-58	3,229
Order backlog	6,204	8,382	-26	6,855
Sales	1,181	1,035	14	4,561
Operating income before depreciation/amortisation and write-downs (EBITDA)	197	166	19	785
Margin, %	16.7	16.0		17.2
Operating income (EBIT)	91	36	153	297
Operating margin, %	7.7	3.5		6.5
Operating cash flow	185	446	-59	413
Defence/Civil (% of sales)	99/1	99/1		99/1
No. of employees	2,565	2,438	5	2,557
No. FTEs	2,508	2,346	7	2,494

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

**HIGHLIGHTS**

**ORDERS RECEIVED**

- Orders received in the first quarter 2012 was lower than the same period 2011, as a result of the challenging market situation and delays in customers' investment decision processes.
- Smaller orders received in the period for example included an order for the Sea Giraffe radar to General Dynamics for the Littoral Combat Ships in the U.S.
- No orders were received where the order sum exceeded MSEK 100, compared to 68 per cent of the order bookings in the first quarter 2011.

**SALES**

- Sales in the first quarter 2012 increased compared to the same period last year as a result of higher activity level in the surface based radar area, such as the weapon locating radar Arthur and multi-mission radars.
- Markets outside Sweden accounted for 79 per cent (64) of sales.

**INCOME AND MARGIN**

- The profitability in the first quarter 2012 improved compared to the same period 2011 due to a more favourable product and project mix.
- The integration of Saab Sensis continued as planned in the period.

**CASH FLOW**

- Operating cash flow was lower in the first quarter 2012 compared to 2011 due to timing differences in advance payments related to new orders.

**SECURITY AND DEFENCE SOLUTIONS**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	1,247	777	60	4,582
Order backlog	7,609	7,752	-2	7,712
Sales	1,323	1,303	2	5,704
Operating income before depreciation/amortisation and write-downs (EBITDA)	94	92	2	502
Margin, %	7.1	7.1		8.8
Operating income (EBIT)	60	71	-15	394
Operating margin, %	4.5	5.4		6.9
Operating cash flow	-171	106	-261	584
Defence/Civil (% of sales)	68/32	69/31		74/26
No. of employees	2,986	2,505	19	2,994
No. of FTEs	2,995	2,491	20	2,995

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

**HIGHLIGHTS**

**ORDERS RECEIVED**

- Orders received increased in the first quarter 2012 compared to the same period 2011 as a result of a good order level in 2012 and the acquisition of Saab Sensis.
- Orders received in the first quarter 2012 included a small order, part of a five year contract, from the U.S. Federal Aviation Administration (FAA) of MUSD 5 (MSEK 34) for the Airport Surface Surveillance Capability (ASSC) programme. Saab Sensis has been selected by the FAA for the Airport Surface Surveillance Capability (ASSC) programme. It is a programme that will bring enhanced surface situational awareness and advanced warning of potential runway incursions to nine U.S. airports for increased safety and efficiency, including options for additional sites. Each ASSC deployment will incorporate Saab Sensis multilateration, safety logic conflict detection and alerting software, air traffic controller working positions, and recording/playback functionality.
- In addition, Saab signed a two year extension for the Deployable Tactical Engagement Simulation training system (DTES) managed service from the UK Ministry of Defence.
- Saab also secured multi-year contract for the next generation laser-based training systems for the U.S. Army's armored combat vehicles.
- Orders received where the order sum exceeded MSEK 100 represented 30 per cent (18) of total order bookings.

**SALES**

- Excluding the sales contribution from Saab Sensis, sales declined in the first quarter 2012 compared to the same period 2011.
- Markets outside Sweden accounted for 74 per cent (78) of sales.

**INCOME AND MARGIN**

- The operating income in the first quarter 2012 declined compared to the same period 2011 as a result of a different project mix.
- The integration of Saab Sensis continued as planned in the period.

**CASH FLOW**

- Operating cash flow was negative in the first quarter 2012 due to timing differences of milestone payments.

## SUPPORT AND SERVICES

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	955	923	3	3,174
Order backlog	4,634	4,738	-2	4,455
Sales	779	907	-14	3,428
Operating income before depreciation/amortisation and write-downs (EBITDA)	72	79	-9	444
Margin, %	9.2	8.7		13.0
Operating income (EBIT)	67	75	-11	426
Operating margin, %	8.6	8.3		12.4
Operating cash flow	422	135	213	420
Defence/Civil (% of sales)	76/24	82/18		80/20
No. of employees	1,763	1,741	1	1,742
No. FTEs	1,769	1,717	3	1,737

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

### HIGHLIGHTS

#### ORDERS RECEIVED

- Orders received in the first quarter 2012 increased compared to the same period 2011. Orders received included for example a framework order worth MSEK 98 from the Swedish Defence Materiel Administration (FMV) concerning technical system support for materiel operated by the Swedish Armed Forces during 2012.
- No orders were received where the order sum exceeded MSEK 100, compared to 24 per cent of the order bookings in the first quarter 2011.

#### SALES

- Sales in the first quarter 2012 decreased compared to same period in 2011 as a result of a different project mix leading to an overall lower activity level.
- Markets outside Sweden accounted for 23 per cent (18) of sales.

#### INCOME AND MARGIN

- Profitability in the first quarter 2012 was in line with the same period 2011.

#### CASH FLOW

- The operating cash flow in the first quarter 2012 was at a higher level than in 2011 due to a payment for one major milestone in a large project.

#### EMPLOYEES

- The number of employees increased in the first quarter 2012 compared to 2011 as a result of the ongoing recruitments.

**COMBITECH**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Order bookings	246	242	2	1,118
Order backlog	358	230	56	344
Sales	311	239	30	1,000
Operating income before depreciation/amortisation and write-downs (EBITDA)	41	29	41	94
Margin, %	13.2	12.1		9.4
Operating income (EBIT)	39	28	39	92
Operating margin, %	12.5	11.7		9.2
Operating cash flow	-14	53	-126	87
Defence/Civil (% of sales)	46/54	55/45		52/48
No. of employees	1,198	846	42	923
No. FTEs	1,146	800	43	856

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

**HIGHLIGHTS**

**SALES**

- Sales increased in the first quarter 2012 compared to 2011 as a result of the good market demand situation and the acquisition of Sörman Information acquired in January 2012. In order to achieve the sales growth the number of full time equivalents increased by 290 persons, of which 168 were related to the acquisition of Sörman Information. Business activities with customers other than Saab accounted for 64 per cent (64).
- Markets outside Sweden accounted for 1 per cent (3) of sales.

**INCOME AND MARGIN**

- The increased profitability in the first quarter 2012, compared to 2011, is a result of the increased sales volume.

**CASH FLOW**

- Excluding the Sörman Information acquisition, the operating cash flow increased due to a higher sales volume.

**EMPLOYEES**

- At the beginning of 2012 a development centre was established in Trollhättan, Sweden, where 90 employees have been hired during the first quarter 2012. The development centre offers complete engineering development packages on a consultancy basis on the Nordic industrial market, including but not limited to the automotive sector.
- The total number of full time equivalent increased by 290 persons and recruitments are ongoing in several areas.

## CORPORATE

Corporate reported operating income of MSEK -45 (-10).

## 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 2012 amounted to MSEK 3,621 (3,625). Operating income was MSEK 435 (218). The operating income was positively influenced by lower costs related to pensions due to a higher return on assets under management. This improvement does not impact the operating income for the group.

Net financial income and expenses was MSEK 8 (-6). After appropriations of MSEK 0 (0) and taxes of MSEK -150 (-109), net income for the period amounted to MSEK 293 (103).

### Liquidity, finance, capital expenditures and number of employees

The Parent Company's net liquidity amounted to MSEK 798 at 31 March 2012 compared to MSEK 516 at 31 December 2011.

Gross capital expenditures in property, plant and equipment amounted to MSEK 46 (30). Investments in intangible assets amounted to MSEK 9 (7). At the end of March 2012, the Parent Company had 8,019 employees, compared to 7,873 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 3,715,198 treasury shares as of 31 March 2012 compared to 3,818,386 at year-end 2011. 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. During the second quarter 2011 Saab announced that the Board had decided to utilise its authorisation and that acquisitions could be made on NASDAQ OMX Stockholm at a price within the registered share price interval on each occasion. Acquisitions could be made as of 20 July, 2011 until the Annual General Meeting 2012, which will be held on 19 April 2012.

No shares have been repurchased between 7 April 2011 and 19 April 2012.

The Board of Directors has proposed to the Annual General Meeting 2012 to resolve to renew the share matching plan and performance share plan. The share matching plan comprises all employees, including senior executives and key persons. The performance share plan is directed to senior executives and key persons.

The Board of Directors has also proposed to the Annual General Meeting 2012 to renew the Board of Directors' mandate to repurchase up to 10 per cent of the shares of Saab to hedge the share matching plan and performance share plan.

### Annual General Meeting 2012

The shareholders in Saab Aktiebolag (publ) have been invited to attend the Annual General Meeting at Annexet, Stockholm Globe Arenas, Globentorget 2, Stockholm, Sweden, on Thursday, 19 April 2012, at 3:00 p.m. (CET). Admission and registration will commence at 1.30 p.m.

The agenda for the Annual General Meeting 2012 along with information related to the resolutions on the agenda was communicated on 14 March 2012 in a press release as well as on [www.saabgroup.com](http://www.saabgroup.com).

### Proposed dividend

The Board of Directors propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.50 per share (3.50), totalling MSEK 474 (367). 24 April 2012 has been proposed as the record day for the dividend, which is expected to be paid on 27 April 2012.

## Owners

According to SIS Ägarservice, Saab's largest shareholders as of 31 March 2012 are Investor AB, the Wallenberg foundations, Swedbank Robur Funds, Unionen, AFA Insurance, SHB Funds, the Fourth AP-Fund, SEB Funds, Orkla ASA and Länsförsäkringar funds.

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

Linköping 19 April 2012

## Håkan Buskhe

President and CEO

**CONSOLIDATED INCOME STATEMENT**

MSEK	Note	Jan-Mar 2012	Jan-Mar 2011	Rolling 12- months	Jan-Dec 2011
Sales	3	5,573	5,452	23,619	23,498
Cost of goods sold		-3,999	-4,025	-16,765	-16,791
Gross income		1,574	1,427	6,854	6,707
Gross margin, %		28.2	26.2	29.0	28.5
Other operating income		41	73	1,319	1,351
Marketing expenses		-457	-398	-1,938	-1,879
Administrative expenses		-275	-310	-1,182	-1,217
Research and development costs		-479	-406	-2,001	-1,928
Other operating expenses		-3	-12	-68	-77
Share of income in associated companies		-3	-6	-13	-16
Operating income (EBIT) <sup>1)</sup>	3	398	368	2,971	2,941
Operating margin, %		7.1	6.7	12.6	12.5
Share of income in associated companies		1	1	4	4
Financial income		43	65	140	162
Financial expenses		-74	-50	-348	-324
Net financial items		-30	16	-204	-158
Income before taxes		368	384	2,767	2,783
Taxes		-103	-107	-562	-566
Net income for the period		265	277	2,205	2,217
of which Parent Company's shareholders' interest		279	279	2,225	2,225
of which non-controlling interest		-14	-2	-20	-8
Earnings per share before dilution, SEK <sup>2)</sup>		2.65	2.66	21.18	21.19
Earnings per share after dilution, SEK <sup>3)</sup>		2.56	2.56	20.38	20.38
<sup>1)</sup> INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS		-297	-299	-1,259	-1,261
OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-16	-31	-99	-114
<sup>2)</sup> AVERAGE NUMBER OF SHARES BEFORE DILUTION		105,383,552	104,774,760	105,134,513	104,982,315
<sup>3)</sup> 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 2012	Jan-Mar 2011	Rolling 12- months	Jan-Dec 2011
Net income for the period	265	277	2,205	2,217
Other comprehensive income:				
Translation differences	-48	-148	40	-60
Net gain/loss on cash flow hedges	116	290	-430	-256
Share of other comprehensive income in associated companies	-	-8	-18	-26
Tax attributable to other comprehensive income	-31	-76	114	69
Other comprehensive income for the period	37	58	-294	-273
<b>Net comprehensive income for the period</b>	<b>302</b>	<b>335</b>	<b>1,911</b>	<b>1,944</b>
of which Parent Company's shareholders' interest	310	358	1,947	1,995
of which non-controlling interest	-8	-23	-36	-51

**QUARTERLY INCOME STATEMENT**

MSEK	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Sales	5,573	7,347	4,838	5,861	5,452	8,053	5,004	5,993
Cost of goods sold	-3,999	-5,091	-3,427	-4,248	-4,025	-6,413	-3,765	-4,552
Gross income	1,574	2,256	1,411	1,613	1,427	1,640	1,239	1,441
Gross margin, %	28.2	30.7	29.2	27.5	26.2	20.4	24.8	24.0
Other operating income	41	47	958	273	73	101	40	45
Marketing expenses	-457	-619	-432	-430	-398	-480	-379	-483
Administrative expenses	-275	-374	-243	-290	-310	-431	-217	-271
Research and development costs	-479	-621	-445	-456	-406	-579	-390	-392
Other operating expenses	-3	-27	-28	-10	-12	-1	7	-60
Share of income in associated companies	-3	-3	-4	-3	-6	1	22	-4
Operating income (EBIT) <sup>1)</sup>	398	659	1,217	697	368	251	322	276
Operating margin, %	7.1	9.0	25.2	11.9	6.7	3.1	6.4	4.6
Share of income in associated companies	1	2	1	-	1	2	-	24
Financial income	43	32	78	-13	65	-30	41	33
Financial expenses	-74	-71	-67	-136	-50	-31	-89	-122
Net financial items	-30	-37	12	-149	16	-59	-48	-65
Income before taxes	368	622	1,229	548	384	192	274	211
Taxes	-103	-203	-126	-130	-107	-172	-86	-37
Net income for the period	265	419	1,103	418	277	20	188	174
of which Parent Company's shareholders' interest	279	413	1,108	425	279	8	179	177
of which non-controlling interest	-14	6	-5	-7	-2	12	9	-3
Earnings per share before dilution, SEK <sup>2)</sup>	2.65	3.92	10.55	4.06	2.66	0.09	1.70	1.68
Earnings per share after dilution, SEK <sup>3)</sup>	2.56	3.78	10.15	3.89	2.56	0.08	1.64	1.62
<sup>1)</sup> INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS	-297	-329	-332	-301	-299	-355	-331	-326
OF WHICH DEPRECIATION OF LEASING AIRCRAFT	-16	-23	-30	-30	-31	-33	-37	-38
<sup>2)</sup> AVERAGE NUMBER OF SHARES BEFORE DILUTION	105,383,552	105,214,551	104,904,903	104,903,636	104,774,760	104,710,852	105,118,070	105,526,371
<sup>3)</sup> 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 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Net income for the period	265	419	1,103	418	277	20	188	174
Other comprehensive income:								
Translation differences	-48	42	-9	55	-148	77	-158	90
Net gain/loss on cash flow hedges	116	-27	-412	-107	290	-19	638	-54
Share of other comprehensive income in associated companies	-	-	-	-18	-8	-8	9	1
Tax attributable to other comprehensive income	-31	7	109	29	-76	6	-168	14
Other comprehensive income for the period	37	22	-312	-41	58	56	321	51
<b>Net comprehensive income for the period</b>	<b>302</b>	<b>441</b>	<b>791</b>	<b>377</b>	<b>335</b>	<b>76</b>	<b>509</b>	<b>225</b>
of which Parent Company's shareholders' interest	310	434	821	382	358	65	504	217
of which non-controlling interest	-8	7	-30	-5	-23	11	5	8

**KEY RATIOS BY QUARTER**

	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Equity/assets ratio (%)	43.4	41.1	39.7	39.1	40.4	39.1	41.1	37.7
Return on capital employed, % <sup>1)</sup>	21.7	22.2	19.2	13.0	9.9	7.9	10.1	9.5
Return on equity, % <sup>1)</sup>	17.4	18.1	15.2	7.9	5.8	4.1	7.0	6.5
Equity per share, SEK <sup>2)</sup>	125.86	122.94	119.01	111.16	111.06	107.66	106.94	102.02
Operating cash flow, MSEK	-48	217	-74	1,775	559	2,200	-84	2,306
Operating cash flow per share after dilution, SEK <sup>3)</sup>	-0.44	1.99	-0.68	16.26	5.12	20.16	-0.77	21.13

<sup>1)</sup> MEASURED OVER A ROLLING 12-MONTH PERIOD

<sup>2)</sup> NUMBER OF SHARES EXCLUDING TREASURY SHARES

<sup>3)</sup> AVERAGE NUMBER OF SHARES AFTER DILUTION

105,435,146	105,331,958	105,097,144	104,975,480	104,831,791	104,717,729	104,703,975	105,532,164
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	31/3/2012	31/12/2011	31/3/2011
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible fixed assets	5	6,558	6,699	6,225
Tangible fixed assets		3,255	3,272	3,000
Lease assets		596	771	1,002
Biological assets		305	305	299
Investment properties		224	224	236
Shares in associated companies		274	288	229
Financial investments		196	197	245
Long-term receivables		995	1,046	850
Deferred tax assets		81	86	-
<b>Total fixed assets</b>		<b>12,484</b>	<b>12,888</b>	<b>12,086</b>
<b>Current assets</b>				
Inventories		4,498	4,334	4,336
Derivatives		490	520	1,155
Tax receivables		26	23	17
Accounts receivable		2,868	3,153	2,654
Other receivables		3,144	3,579	3,502
Prepaid expenses and accrued income		1,015	829	785
Short-term investments		3,855	4,555	2,798
Liquid assets	7	2,487	1,918	1,755
<b>Total current assets</b>		<b>18,383</b>	<b>18,911</b>	<b>17,002</b>
<b>Assets held for sale</b>		<b>-</b>	<b>-</b>	<b>97</b>
<b>TOTAL ASSETS</b>	12	<b>30,867</b>	<b>31,799</b>	<b>29,185</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)**

MSEK	Note	31/3/2012	31/12/2011	31/3/2011
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Parent Company's shareholders' interest		13,270	12,950	11,643
Non-controlling interest		111	119	147
<b>Total shareholders' equity</b>		<b>13,381</b>	<b>13,069</b>	<b>11,790</b>
<b>Long-term liabilities</b>				
Long-term interest-bearing liabilities	6	1,217	1,218	1,128
Other liabilities		424	439	230
Provisions for pensions	9	12	12	5
Other provisions		1,729	1,728	1,978
Deferred tax liabilities		913	1,012	854
<b>Total long-term liabilities</b>		<b>4,295</b>	<b>4,409</b>	<b>4,195</b>
<b>Current liabilities</b>				
Short-term interest-bearing liabilities	6	474	520	490
Advance payments from customers		865	1,022	1,294
Accounts payable		1,681	1,785	1,515
Derivatives		394	628	583
Tax liabilities		415	244	305
Other liabilities		778	747	753
Accrued expenses and deferred income		7,954	8,629	7,529
Provisions		630	746	731
<b>Total current liabilities</b>		<b>13,191</b>	<b>14,321</b>	<b>13,200</b>
<b>Liabilities attributable to assets held for sale</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>17,486</b>	<b>18,730</b>	<b>17,395</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	12	<b>30,867</b>	<b>31,799</b>	<b>29,185</b>

**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 2011	1,746	543	648	-12	51	8,298	11,274	170	<b>11,444</b>
Net comprehensive income for the period			216	-137		279	358	-23	<b>335</b>
Transactions with shareholders:									
Share matching plan						11	11		<b>11</b>
Dividend							-		<b>-</b>
Closing balance, 31 March 2011	1,746	543	864	-149	51	8,588	11,643	147	<b>11,790</b>
Opening balance, 1 January 2012	1,746	543	457	-51	51	10,204	12,950	119	<b>13,069</b>
Net comprehensive income for the period			82	-51		279	310	-8	<b>302</b>
Transactions with shareholders:									
Share matching plan						10	10		<b>10</b>
Dividend							-		<b>-</b>
Closing balance, 31 March 2012	1,746	543	539	-102	51	10,493	13,270	111	<b>13,381</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

MSEK	Note	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
<b>Operating activities</b>				
Income after financial items		368	384	2,783
Transferred to pension fund		-	-	-132
Adjustments for items not affecting cash flows		278	261	141
Income tax paid		-139	-185	-450
<b>Cash flow from operating activities before changes in working capital</b>		<b>507</b>	<b>460</b>	<b>2,342</b>
<b>Cash flow from changes in working capital</b>				
Increase(-)/Decrease(+) in inventories		-163	-295	-243
Increase(-)/Decrease(+) in current receivables		549	370	-96
Increase(+)/Decrease(-) in advance payments from customers		-160	670	409
Increase(+)/Decrease(-) in other current liabilities		-627	-377	610
Increase(+)/Decrease(-) in provisions		-122	-173	-630
<b>Cash flow from operating activities</b>		<b>-16</b>	<b>655</b>	<b>2,392</b>
<b>Investing activities</b>				
Investments in intangible fixed assets		-9	-8	-26
Capitalised development costs		-8	-4	-15
Investments in tangible fixed assets		-86	-51	-325
Investments in lease assets		-	-	-1
Sale of tangible fixed assets		1	1	23
Sale of lease assets		131	52	301
Sale of and investments in short-term investments	7	682	-1,254	-2,967
Investments in and sale of other financial assets		-13	4	306
Investments in operations and associated companies, net effect on liquidity	8	-78	-86	-1,135
Sale of subsidiaries and associated companies, net effect on liquidity		17	-	1,264
<b>Cash flow from investing activities</b>		<b>637</b>	<b>-1,346</b>	<b>-2,575</b>
<b>Financing activities</b>				
Repayments of loans		-49	-69	-50
Dividend paid to Parent Company's shareholders		-	-	-367
<b>Cash flow from financing activities</b>		<b>-49</b>	<b>-69</b>	<b>-417</b>
<b>Cash flow for the period</b>		<b>572</b>	<b>-760</b>	<b>-600</b>
Liquid assets at the beginning of the year		1,918	2,544	2,544
Exchange rate difference in liquid assets		-3	-29	-26
<b>Liquid assets at end of period</b>	7	<b>2,487</b>	<b>1,755</b>	<b>1,918</b>

**QUARTERLY INFORMATION**

MSEK	Q1 2012	Operating margin	Q4 2011	Operating margin	Q3 2011	Operating margin	Q2 2011	Operating margin
<b>Sales</b>								
Aeronautics	1,419		1,740		1,268		1,835	
Dynamics	1,035		1,565		724		1,084	
Electronic Defence Systems	1,181		1,453		979		1,094	
Security and Defence Solutions	1,323		1,819		1,310		1,272	
Support and Services	779		954		786		781	
Combitech	311		304		200		257	
Corporate	-		-		-		4	
Internal sales	-475		-488		-429		-466	
<b>Total</b>	<b>5,573</b>		<b>7,347</b>		<b>4,838</b>		<b>5,861</b>	
<b>Operating income</b>								
Aeronautics	78	5.5%	74	4.3%	22	1.7%	157	8.6%
Dynamics	108	10.4%	212	13.5%	60	8.3%	123	11.3%
Electronic Defence Systems	91	7.7%	38	2.6%	42	4.3%	181	16.5%
Security and Defence Solutions	60	4.5%	147	8.1%	109	8.3%	67	5.3%
Support and Services	67	8.6%	165	17.3%	79	10.1%	107	13.7%
Combitech	39	12.5%	41	13.5%	3	1.5%	20	7.8%
Corporate	-45	-	-18	-	902	-	42	-
<b>Total</b>	<b>398</b>	<b>7.1%</b>	<b>659</b>	<b>9.0%</b>	<b>1,217</b>	<b>25.2%</b>	<b>697</b>	<b>11.9%</b>

MSEK	Q1 2011	Operating margin	Q4 2010	Operating margin	Q3 2010	Operating margin	Q2 2010	Operating margin
<b>Sales</b>								
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	
Combitech	239		277		187		232	
Corporate	4		36		37		1	
Internal sales	-506		-508		-564		-525	
<b>Total</b>	<b>5,452</b>		<b>8,053</b>		<b>5,004</b>		<b>5,993</b>	
<b>Operating income</b>								
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%
Combitech	28	11.7%	35	12.6%	7	3.7%	21	9.1%
Corporate	-10	-	-137	-	22	-	-64	-
<b>Total</b>	<b>368</b>	<b>6.7%</b>	<b>251</b>	<b>3.1%</b>	<b>322</b>	<b>6.4%</b>	<b>276</b>	<b>4.6%</b>



**MULTI-YEAR OVERVIEW**

MSEK	2011	2010	2009	2008	2007
Order bookings	18,907	26,278	18,428	23,212	20,846
Order backlog at 31 Dec.	37,172	41,459	39,389	45,324	47,316
Sales	23,498	24,434	24,647	23,796	23,021
Sales in Sweden, %	37	38	31	32	35
Sales in EU excluding Sweden, %	19	19	23	25	28
Sales in Americas, %	8	9	8	6	7
Sales in Rest of the World, %	36	34	38	37	30
Operating income (EBIT)	2,941	975	1,374	166	2,607
Operating margin, %	12.5	4.0	5.6	0.7	11.3
Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA)	4,088	2,187	2,598	1,515	3,685
EBITDA margin, %	17.4	9.0	10.5	6.4	16.0
Income/loss after financial items	2,783	776	976	-406	2,449
Net income/loss for the year	2,217	454	699	-242	1,941
Total assets	31,799	29,278	30,430	32,890	33,801
Operating cash flow	2,477	4,349	1,447	659	-1,603
Return on capital employed, %	22.2	7.9	10.3	1.4	19.4
Return on equity, %	18.1	4.1	7.0	-2.4	18.5
Equity/assets ratio, %	41.1	39.1	35.1	28.4	32.6
Earnings per share before dilution, SEK <sup>2) 4)</sup>	21.19	4.12	6.45	-2.31	17.68
Earnings per share after dilution, SEK <sup>3) 4)</sup>	20.38	3.97	6.28	-2.31	17.60
Dividend per share, SEK	4.50 <sup>5)</sup>	3.50	2.25	1.75	4.50
Equity per share, SEK <sup>1)</sup>	122.94	107.66	99.91	86.49	101.53
Number of employees at year-end	13,068	12,536	13,159	13,294	13,757

<sup>1)</sup> NUMBER OF SHARES EXCLUDING TREASURY SHARES AS OF 31 DECEMBER 2011: 105,331,958; 2010: 104,717,729; 2009:105,511,124; 2008: 106,829,893; 2007: 108,150,344

<sup>2)</sup> AVERAGE NUMBER OF SHARES 2011: 105,214,551; 2010: 105,217,786; 2009: 106,335,553; 2008: 107,515,049; 2007: 108,668,700

<sup>3)</sup> AVERAGE NUMBER OF SHARES 2011/2010/2009: 109,150,344; 2008: 107,515,049; 2007: 109,150,344

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

<sup>5)</sup> PROPOSED DIVIDEND

**KEY RATIOS AND TARGETS**

	Long-term target	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Organic sales growth	5	-2	2	-4
Operating margin, %*	10	7.1	6.7	12.5
Equity/assets ratio, %	30	43.4	40.4	41.1

\*IN JAN-DEC 2011, OPERATING INCOME INCLUDED CAPITAL GAINS OF MSEK 1,169

**PARENT COMPANY INCOME STATEMENT**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Sales	3,621	3,625	15,415
Cost of goods sold	-2,456	-2,771	-11,785
Gross income	1,165	854	3,630
Gross margin, %	32.2	23.6	23.5
Operating income and expenses	-730	-636	-2,811
Operating income (EBIT)	435	218	819
Operating margin, %	12.0	6.0	5.3
Financial income and expenses	8	-6	1,525
Income after financial items	443	212	2,344
Appropriations	-	-	-293
Income before taxes	443	212	2,051
Taxes	-150	-109	-462
Net income for the period	293	103	1,589

**PARENT COMPANY BALANCE SHEET**

MSEK	Note	31/3/2012	31/12/2011	31/3/2011
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible fixed assets		1,866	1,938	2,209
Tangible fixed assets		2,130	2,137	2,182
Financial fixed assets		8,118	8,178	8,928
<b>Total fixed assets</b>		<b>12,114</b>	<b>12,253</b>	<b>13,319</b>
<b>Current assets</b>				
Inventories, etc.		3,217	3,152	2,918
Current receivables		5,249	6,395	4,464
Short-term investments		3,827	4,511	2,798
Liquid assets		1,777	1,237	1,267
<b>Total current assets</b>		<b>14,070</b>	<b>15,295</b>	<b>11,447</b>
<b>TOTAL ASSETS</b>		<b>26,184</b>	<b>27,548</b>	<b>24,766</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity		3,001	3,001	3,005
Unrestricted equity		4,291	3,989	2,831
<b>Total shareholders' equity</b>		<b>7,292</b>	<b>6,990</b>	<b>5,836</b>
<b>Provisions and liabilities</b>				
Untaxed reserves		795	795	502
Provisions		1,273	1,503	1,514
Liabilities	6	16,824	18,260	16,914
<b>Total provisions and liabilities</b>		<b>18,892</b>	<b>20,558</b>	<b>18,930</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>26,184</b>	<b>27,548</b>	<b>24,766</b>

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1

### CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The address of the company's head office is Gustavslundsvägen 42, Stockholm, with the mailing address Box 12062, SE-102 22 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 2011.

## NOTE 2

### ACCOUNTING PRINCIPLES

The consolidated accounts for the first quarter 2012 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 Group's accounting principles are described on pages 82-89 of the annual report 2011.

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

For information of the new pension accounting standards, IAS 19 Employee Benefits (Amendments), as of 2013, see note 9.

## 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 is generated in Europe. In addition Saab has a local presence in South Africa, Australia, the U.S. and selected other countries globally. Saab's operating and management structure is divided into six business areas, which also represent operating segments, Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services, and the independent subsidiary Combitech. 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 for 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 the 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.

### Combitech

Combitech, an independent subsidiary in the Saab Group, is one of Sweden's largest technology consulting firms. They create solutions for our customers' specific needs through a combination of high technology and strong competence within environment and security.

**NOTE 3 CONTINUED**

SALES AND ORDER INFORMATION

**Sales by business area**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Rolling 12-months	Jan-Dec 2011
Aeronautics	1,419	1,508	-6	6,262	6,351
of which external sales	1,372	1,462	-6	6,078	6,168
of which internal sales	47	46	2	184	183
Dynamics	1,035	962	8	4,408	4,335
of which external sales	1,008	915	10	4,312	4,219
of which internal sales	27	47	-43	96	116
Electronic Defence Systems	1,181	1,035	14	4,707	4,561
of which external sales	1,034	808	28	4,154	3,928
of which internal sales	147	227	-35	553	633
Security and Defence Solutions	1,323	1,303	2	5,724	5,704
of which external sales	1,294	1,276	1	5,525	5,507
of which internal sales	29	27	7	199	197
Support and Services	779	907	-14	3,300	3,428
of which external sales	710	833	-15	3,020	3,143
of which internal sales	69	74	-7	280	285
Combitech	311	239	30	1,072	1,000
of which external sales	198	153	29	663	618
of which internal sales	113	86	31	409	382
Corporate/eliminations	-475	-502	-	-1,854	-1,881
of which external sales	-43	5	-	-133	-85
of which internal sales	-432	-507	-	-1,721	-1,796
<b>Total</b>	<b>5,573</b>	<b>5,452</b>	<b>2</b>	<b>23,619</b>	<b>23,498</b>

**Sales by geographical market**

MSEK	Jan-Mar 2012	% of sales	Jan-Mar 2011	% of sales	Jan-Dec 2011	% of sales
Sweden	2,122	38	2,367	43	8,679	37
Rest of EU	940	17	780	15	4,514	19
Rest of Europe	56	1	62	1	320	1
<b>Total Europe</b>	<b>3,118</b>	<b>56</b>	<b>3,209</b>	<b>59</b>	<b>13,513</b>	<b>57</b>
North America	507	9	304	6	1,803	8
Latin America	20	-	14	-	96	-
Asia	1,303	23	1,172	21	5,176	22
Australia, etc.	254	5	208	4	1,121	5
Africa	371	7	545	10	1,789	8
<b>Total</b>	<b>5,573</b>	<b>100</b>	<b>5,452</b>	<b>100</b>	<b>23,498</b>	<b>100</b>

**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 2012 amounted to MSEK 1,533 (1,710).

**Seasonal variation**

A major part of our business is related to larger projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared to the other quarters. The fourth quarter is also usually affected by higher deliveries, mainly within Dynamics.

**Order bookings by business area**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Jan-Dec 2011
Aeronautics	817	963	-15	3,807
Dynamics	554	1,528	-64	4,246
Electronic Defence Systems	520	1,234	-58	3,229
Security and Defence Solutions	1,247	777	60	4,582
Support and Services	955	923	3	3,174
Combitech	246	242	2	1,118
Corporate	-	1	-	1
Internal	-339	-453	-	-1,250
<b>Total</b>	<b>4,000</b>	<b>5,215</b>	<b>-23</b>	<b>18,907</b>

**Order backlog by business area**

MSEK	31/3/2012	31/12/2011	31/3/2011
Aeronautics	12,489	13,091	15,090
Dynamics	4,977	5,460	6,102
Electronic Defence Systems	6,204	6,855	8,382
Security and Defence Solutions	7,609	7,712	7,752
Support and Services	4,634	4,455	4,738
Combitech	358	344	230
Corporate	-	-	13
Internal	-614	-745	-1,350
<b>Total</b>	<b>35,657</b>	<b>37,172</b>	<b>40,957</b>

OPERATING INCOME

**Operating income by business area**

MSEK	Jan-Mar 2012	% of sales	Jan-Mar 2011	% of sales	Rolling 12-months	Jan-Dec 2011
Aeronautics	78	5.5	79	5.2	331	332
Dynamics	108	10.4	89	9.3	503	484
Electronic Defence Systems	91	7.7	36	3.5	352	297
Security and Defence Solutions	60	4.5	71	5.4	383	394
Support and Services	67	8.6	75	8.3	418	426
Combitech	39	12.5	28	11.7	103	92
<b>The business areas' total operating income</b>	<b>443</b>	<b>7.9</b>	<b>378</b>	<b>6.9</b>	<b>2,090</b>	<b>2,025</b>
Corporate	-45	-	-10	-	881	916
<b>Total operating income</b>	<b>398</b>	<b>7.1</b>	<b>368</b>	<b>6.7</b>	<b>2,971</b>	<b>2,941</b>

**NOTE 3 CONTINUED**

**Depreciation/amortisation and write-downs by business area**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Change, %	Rolling 12- months	Jan-Dec 2011
Aeronautics	58	62	-6	243	247
Dynamics	42	37	14	173	168
Electronic Defence Systems	106	130	-18	464	488
Security and Defence Solutions	34	21	62	121	108
Support and Services	5	4	25	19	18
Combitech	2	1	100	3	2
Corporate – lease aircraft	16	31	-48	99	114
Corporate – other	34	13	162	137	116
<b>Total</b>	<b>297</b>	<b>299</b>	<b>-1</b>	<b>1,259</b>	<b>1,261</b>

OPERATING CASH FLOW AND CAPITAL EMPLOYED

**Operating cash flow by business area**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Rolling 12- months	Jan-Dec 2011
Aeronautics	-122	440	-339	223
Dynamics	61	340	309	588
Electronic Defence Systems	185	446	152	413
Security and Defence Solutions	-171	106	307	584
Support and Services	422	135	707	420
Combitech	-14	53	20	87
Corporate	-409	-961	714	162
<b>Total</b>	<b>-48</b>	<b>559</b>	<b>1,870</b>	<b>2,477</b>

**Capital employed by business area**

MSEK	31/3/2012	31/12/2011	31/3/2011
Aeronautics	2,071	2,103	1,927
Dynamics	2,171	2,359	2,008
Electronic Defence Systems	4,314	5,037	4,207
Security and Defence Solutions	3,231	3,309	1,998
Support and Services	916	1,243	1,170
Combitech	368	381	303
Corporate	2,013	387	1,800
<b>Total</b>	<b>15,084</b>	<b>14,819</b>	<b>13,413</b>

EMPLOYEES

**Employees by business area**

Number at end of period	31/3/2012	31/12/2011	Change	31/3/2011
Aeronautics	2,799	2,748	51	2,824
Dynamics	1,481	1,475	6	1,426
Electronic Defence Systems	2,565	2,557	8	2,438
Security and Defence Solutions	2,986	2,994	-8	2,505
Support and Services	1,763	1,742	21	1,741
Combitech	1,198	923	275	846
Corporate	651	629	22	634
<b>Total</b>	<b>13,443</b>	<b>13,068</b>	<b>375</b>	<b>12,414</b>

**NOTE 4**

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 9 February 2012, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.50 per share, totalling MSEK 474.

**NOTE 5**

INTANGIBLE FIXED ASSETS

MSEK	31/3/2012	31/12/2011	31/3/2011
Goodwill	4,245	4,223	3,453
Capitalised development costs	1,809	1,950	2,273
Other intangible assets	504	526	499
<b>Total</b>	<b>6,558</b>	<b>6,699</b>	<b>6,225</b>

**NOTE 6**

NET LIQUIDITY

MSEK	31/3/2012	31/12/2011	31/3/2011
<b>Assets</b>			
Liquid assets	2,487	1,918	1,755
Short-term investments	3,855	4,555	2,798
<b>Total liquid investments</b>	<b>6,342</b>	<b>6,473</b>	<b>4,553</b>
Short-term interest-bearing receivables	375	368	589
Long-term interest-bearing receivables	104	99	170
Long-term interest-bearing financial investments	142	143	144
<b>Total interest-bearing assets</b>	<b>6,963</b>	<b>7,083</b>	<b>5,456</b>
<b>Liabilities</b>			
Liabilities to credit institutions	1,103	1,149	1,178
Liabilities to associates and JVs	449	449	394
Other interest-bearing liabilities	139	140	46
Provisions for pensions	12	12	5
<b>Total interest-bearing liabilities</b>	<b>1,703</b>	<b>1,750</b>	<b>1,623</b>
<b>NET LIQUIDITY</b>	<b>5,260</b>	<b>5,333</b>	<b>3,833</b>

**Committed credit lines**

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2012)	118	1	117
<b>Total</b>	<b>4,118</b>	<b>1</b>	<b>4,117</b>

**Parent Company**

MSEK	31/3/2012	31/12/2011	31/3/2011
Long-term liabilities to credit institutions	1,100	1,100	1,100
Short-term liabilities to credit institutions	-	-	1,106
<b>Total</b>	<b>1,100</b>	<b>1,100</b>	<b>2,206</b>

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 has issued bonds and Floating Rate Notes of MSEK 1,100.

**NOTE 7**

SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

MSEK	31/3/2012	31/12/2011	31/3/2011
<b>Liquid assets</b>			
The following components are included in liquid assets:			
Cash and bank balances	772	681	585
Bank deposits	1,581	1,083	1,160
Funds in escrow account	133	139	-
Deposits on behalf of customers	1	15	10
<b>Total according to balance sheet</b>	<b>2,487</b>	<b>1,918</b>	<b>1,755</b>
<b>Total according to statement of cash flows</b>	<b>2,487</b>	<b>1,918</b>	<b>1,755</b>

**Operating cash flow vs. statement of cash flows**

MSEK	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
<b>Operating cash flow</b>	<b>-48</b>	<b>559</b>	<b>2,477</b>
Investing activities – interest-bearing:			
Short-term investments <sup>1)</sup>	682	-1,254	-2,967
Other financial investments and receivables	-13	4	307
Financing activities:			
Repayments of loans	-49	-69	-50
Dividend paid to the Parent Company's shareholders	-	-	-367
<b>Cash flow for the period</b>	<b>572</b>	<b>-760</b>	<b>-600</b>

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

**NOTE 7 CONTINUED**
**Specification of operating cash flow during the first quarters 2012 and 2011**

MSEK	Saab excl. acqui- sitions / divest- ments and SAL	Acqui- sitions and divest- ments	Saab Aircraft Leasing	Total Group Jan-Mar 2012	Total Group Jan-Mar 2011
Cash flow from operating activities before changes in working capital	514	-	-7	507	460
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>					
Inventories	-163	-	-	-163	-295
Receivables	674	-	-125	549	370
Advance payments from customers	-160	-	-	-160	670
Other liabilities	-502	-	-125	-627	-377
Provisions	-110	-	-12	-122	-173
Change in working capital	-261	-	-262	-523	195
<b>Cash flow from operating activities</b>	<b>253</b>	<b>-</b>	<b>-269</b>	<b>-16</b>	<b>655</b>
<b>INVESTING ACTIVITIES</b>					
Investments in intangible fixed assets	-17	-	-	-17	-12
Investments in tangible fixed assets	-86	-	-	-86	-51
Sale of tangible fixed assets	1	-	-	1	1
Sale of lease assets	-	-	131	131	52
Investments in operations and associated companies, net effect on liquidity	-	-78	-	-78	-86
Sale of subsidiaries and associated companies, net effect on liquidity	-	17	-	17	-
<b>Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets</b>	<b>-102</b>	<b>-61</b>	<b>131</b>	<b>-32</b>	<b>-96</b>
<b>OPERATING CASH FLOW</b>	<b>151</b>	<b>-61</b>	<b>-138</b>	<b>-48</b>	<b>559</b>

**NOTE 8**

## BUSINESS COMBINATIONS AND ACQUISITIONS

In January, Saab announced that the independent subsidiary Combitech had acquired the consulting firm Sörman Intressenter AB, parent company of Sörman Information AB (Sörman). Sörman had 168 employees. The consideration was not disclosed.

**NOTE 9**

## DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. According to IAS 19, the estimated value of the defined-benefit obligation amounted to MSEK 6,583 at 31 March 2012, compared to MSEK 6,541 at 31 December 2011, and the estimated value of the assets under management, according to assumed return on assets, amounted to MSEK 4,508 at 31 March 2012, compared to MSEK 4,446 at 31 December 2011.

**Effects of amendments to IAS 19 Employee Benefits**

Saab applies the current standard's option to apply the so-called corridor approach. This means that the effects of changes in so-called actuarial assumptions about pension liabilities and assets under management are not recognised directly but rather over the remaining period of employment (see also Note 1 and Note 37 in the Annual Report for 2011). The updated standard eliminates this option. This means that changes in actuary of assumptions, e.g., discount rates, are recognised directly in other comprehensive income. The updated standard also requires the company to use the same interest rate to discount pension liabilities as in the calculation of the projected return on assets under management.

The updated standard will be applied retroactively as of the first quarter of 2013. For Saab, this means an immediate increase in its net pension liability (classified as a financial liability) and a corresponding decrease in retained earnings after taking into account the tax effects. If the standard had been applied as of 31 March 2012, the net pension obligation would have been about MSEK 2,400 higher and retained earnings about MSEK 1,700 lower than as reported in this first quarter 2012 results. The effect on operating and net results for the first quarter 2012 would not have been material. The updated standard also contains rules regarding the reporting of the special employer's contribution and tax on returns from pension funds. It is not yet certain how these reporting rules will impact the Swedish portion of the net pension debt. Today the Swedish portion represents 95 per cent of the Saab Group's total pension liability.

**NOTE 10**

## 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 11**

## TRANSACTIONS WITH RELATED PARTIES

In January 2012, Combitech AB, a wholly owned independent subsidiary to Saab AB, acquired Sörman Information AB. The largest shareholder in Sörman was Investor AB. According to Saab's assessments, the purchase price was equivalent to a fair market price.



No other significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report for 2011, note 43.

**NOTE 12**

CONDENSED SUBDIVIDED FINANCIAL POSITION AS OF 31 MARCH 2012

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
<b>ASSETS</b>				
Intangible fixed assets	6,558	-	-	6,558
Tangible fixed assets, etc.	3,784	-	-	3,784
Lease assets	3	593	-	596
Long-term interest-bearing receivables	246	-	-	246
Shares, etc.	1,828	-	-1,500	328
Other long-term receivables	882	9	-	891
Deferred tax assets	81	308	-308	81
Inventories	4,484	14	-	4,498
Short-term interest-bearing receivables	375	1,351	-1,351	375
Other current assets	6,548	130	-	6,678
Derivatives	490	-	-	490
Liquid assets and short-term investments	6,341	1	-	6,342
<b>Total assets</b>	<b>31,620</b>	<b>2,406</b>	<b>-3,159</b>	<b>30,867</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity	13,720	1,161	-1,500	13,381
Provisions for pensions	12	-	-	12
Deferred tax liabilities	1,221	-	-308	913
Other provisions	1,605	754	-	2,359
Interest-bearing liabilities	3,042	-	-1,351	1,691
Advance payments from customers	865	-	-	865
Derivatives	394	-	-	394
Other liabilities	10,761	491	-	11,252
<b>Total shareholders' equity and liabilities</b>	<b>31,620</b>	<b>2,406</b>	<b>-3,159</b>	<b>30,867</b>

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 2012 consisted of 73 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). 31 aircraft are financed internally and recognised as assets in the balance sheet. Provisions in 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 13**

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.  
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**Press and financial analyst conference and webcast**

with CEO Håkan Buskhe and the Interim CFO, Görgen Johansson  
Today, Thursday, 19 April 2012, 10:00 a.m. (CET)

Grand Hôtel, Blaiseholmshamnen 8, Stockholm, Sweden

Contact Ann-Sofi Jönsson to register

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