



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

INTERIM REPORT

JANUARY–SEPTEMBER 2012

RESULTS AND SUMMARY JANUARY–SEPTEMBER 2012

RESULTS JANUARY–SEPTEMBER 2012:

- Order bookings amounted to MSEK 15,755 (13,793) and the order backlog at the end of September 2012 was MSEK 36,331 (39,411).
- Sales increased 3 per cent to MSEK 16,704 (16,151). Excluding acquisitions sales decreased 1 per cent. Exchange rates had no significant impact on sales.
- Gross income amounted to MSEK 4,920 (4,451), corresponding to a gross margin of 29.5 per cent (27.6).
- Operating income was MSEK 1,382 (2,282), corresponding to an operating margin of 8.3 per cent (14.1). This included a non-recurring item of MSEK 207 from a reduction of a potential earn-out liability. 2011 included capital gains of MSEK 1,169. Adjusted for non-recurring items the operating margin was 7.0 per cent (6.9).
- Net income was MSEK 954 (1,798), with earnings per share after dilution of SEK 8.98 (16.60).
- Operating cash flow amounted to MSEK -660 (2,260). The operating cash flow was lower mainly as a result of utilisation of and reduction in advances and milestone payments compared to the same period 2011.

OUTLOOK STATEMENT 2012:

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

The operating margin in 2012, excluding material net capital gains and other non-recurring items, 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–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	15,755	13,793	14	4,111	3,147	18,907
Order backlog	36,331	39,411	-8	-738 ³⁾	-1,246 ³⁾	37,172
Sales	16,704	16,151	3	4,899	4,838	23,498
Gross income	4,920	4,451	11	1,354	1,411	6,707
Gross margin, %	29.5	27.6		27.6	29.2	28.5
Operating income (EBIT)	1,382	2,282	-39	258	1,217	2,941
Operating margin, %	8.3	14.1		5.3	25.2	12.5
Net income	954	1,798	-47	151	1,103	2,217
Earnings per share before dilution, SEK	9.28	17.27		1.40	10.55	21.19
Earnings per share after dilution, SEK	8.98	16.60		1.37	10.15	20.38
Return on equity, % ¹⁾	10.5	15.2				18.1
Operating cash flow ²⁾	-660	2,260	-129	-856	-74	2,477
Operating cash flow per share after dilution, SEK	-6.05	20.71		-7.84	-0.67	22.69

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

²⁾ Operating cash flow includes cash flow from operating activities of MSEK -424 (2,218) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -236 (42)

³⁾ Refer to quarterly change

STATEMENT BY THE PRESIDENT AND CEO, HÅKAN BUSKHE:

On 25 August, the Swedish Government announced it had signed a framework agreement with Switzerland concerning the procurement of Gripen E, the next generation of Gripen, Saab's multi-role fighter aircraft. The Swedish Government also, in the budget proposition to the Swedish Parliament, proposed that Sweden acquires 40-60 Gripen E aircraft. The announcements are a strong endorsement of Gripen and its capabilities. We have presented the Swedish Government with a tender and are discussing a future order of Gripen E. At the same time, global interest in Gripen remains high.

During the first six months we secured important orders, for example an order for the support and development of Gripen C/D in Sweden. Our third quarter order bookings reached the highest level in several years. In the quarter we for example received an order for the man-portable weapon system Carl-Gustaf from the U.S. Army; the second time the U.S. Army has purchased the system.

We announced three additional market areas and a new organisational structure that, with a total of six market areas, will be operational as of 1 January 2013. This is a step to establish an even stronger international foothold.

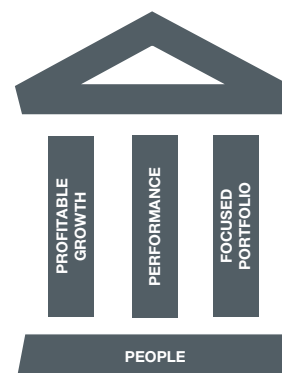
The process of acquiring HITT N.V., a leading provider of advanced software applications in the domains of navigation, traffic and logistics support for the aviation and marine markets, proceeded. The acquisition strengthens our leading position in air and marine traffic management. In July, we also acquired a majority stake in the Norwegian consulting company, Bayes Risk Management AS, which delivers services in the field of risk analysis for the oil and gas industry as well as the financial market. The acquisition expands our technical consultancy business within Combitech.

Saab's operating cash flow was lower as a result of utilised and reduced advances and milestone payments, compared to the same period in 2011. Working capital in our business can vary over time depending on our project mix and how customer advances and milestone payments are paid.

General market conditions are challenging and the situation will most likely continue. This is why, maybe more than ever, the Saab way, which combines quality, affordability, research and development with a global focus is our way forward.

The outlook statement for 2012 remains unchanged.

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 opera-

tions. It also includes the leasing fleet of Saab 340 and Saab 2000 aircraft.

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	15,755	13,793	14	4,111	3,147	18,907
Order backlog	36,331	39,411	-8	-738 ¹⁾	-1,246 ¹⁾	37,172
Sales	16,704	16,151	3	4,899	4,838	23,498

¹⁾ Refer to quarterly change

ORDERS, SALES AND INCOME

Orders

Third quarter 2012

Order bookings in the third quarter increased significantly compared to the same period 2011. Orders received included an order for an upgrade of the combat management systems on two frigates, a contract for prison security technology and new orders for the man-portable weapon system Carl-Gustaf.

January–September 2012

Order bookings increased in the period compared to the same period 2011, partly as a result of significant orders received in 2012 from FMV related to Gripen.

For a detailed list of major orders received, see below.

In all, 77 per cent (84) of order bookings were attributable to defence-related operations.

55 per cent (56) of order bookings were from customers outside Sweden.

During the first nine months 2012, index and price changes had a positive effect on order bookings of MSEK 122 (163).

ORDERS BY MARKET REGION

MSEK	Jan–Sep 2012	Jan–Sep 2011
Sweden	7,023	6,102
EU excluding Sweden	2,818	1,860
Rest of Europe	548	157
Americas	2,626	1,372
Asia	1,230	2,992
Africa	633	619
Australia, etc.	877	691
Total	15,755	13,793

Orders received, where the order sum was larger than MSEK 100, represented 51 per cent (49) of total order bookings.

The order backlog at the end of the period amounted to MSEK 36,331, compared to MSEK 37,172 at the beginning of the year.

ORDER BACKLOG DURATION:

2012: SEK 6.6 billion
 2013: SEK 13.3 billion
 2014: SEK 7.2 billion
 2015: SEK 4.0 billion
 After 2015: SEK 5.2 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-SEP 2012

Large orders received (approx. values MSEK)	Country	Order value
Support and development agreement for Gripen	Sweden	3,600
Contract extension, Airbus for the A320-family Aileron Airbus	France	701
Upgrade of Combat Management System	Thailand	550
Fire control and radar systems	n.a.	450
Prison Security Technology	New Zealand	290
Carl-Gustaf man-portable weapon system	U.S.	205
Ammunition to the Carl-Gustaf M3 weapon system	Australia	199
Carl-Gustaf man-portable weapon systems and ammunition	U.S.	187
Upgrade of command and control system on aircraft carrier	Thailand	180
RBS15 Mk3 system	Germany	168
Electronics for the Norwegian CV90 Infantry Fighting Vehicle	Norway	131
System maintenance and development studies reg. Gripen	Sweden	128
Maintenance of airborne radar system Erieye	Sweden	125
Deployable Tactical Engagement Simulation training system	UK	121
Next generation of laser-based training systems	U.S.	120
Data links	n.a.	119
Sight and Fire control system UTAAS (Universal Tank and Anti-Aircraft Sight)	Norway	110
Modernisation of all weather radar stations	Sweden	100

Sales

Third quarter 2012

Sales increased one per cent in the third quarter 2012 compared to the same period 2011. Excluding acquisitions sales decreased three per cent in the period. Exchange rates had no significant impact on sales.

January–September 2012

Sales increased three per cent in the first nine months compared to 2011 as a result of acquisitions. Excluding acquisitions sales decreased one per cent in the period.

During the period the process for acquiring the issued and outstanding shares in HITT N.V. continued. On 27 August, Saab acquired 53 per cent of the shares in HITT from the majority shareholder Hitt Holding. As of 30 September, Saab had acquired 78 per cent of the issued and outstanding shares in HITT.

Exchange rates had no significant impact on sales.

Sales in markets outside Sweden amounted to MSEK 10,487 (10,047), or 63 per cent (62) of total sales.

Of sales, 82 per cent (84) was related to the defence market.

SALES BY MARKET REGION

MSEK	Jan–Sep 2012	Jan–Sep 2011
Sweden	6,217	6,104
EU excluding Sweden	3,204	3,300
Rest of Europe	194	214
Americas	1,804	1,249
Asia	3,370	3,296
Africa	1,008	1,255
Australia, etc.	907	733
Total	16,704	16,151

SALES BY MARKET SEGMENT

MSEK	Jan–Sep 2012	Jan–Sep 2011
Air	6,550	7,284
Land	5,533	4,749
Naval	1,842	1,736
Civil Security	1,214	750
Commercial Aeronautics	973	952
Other	592	680
Total	16,704	16,151

Income, margin and profitability

Third quarter 2012

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

The operating income in the third quarter 2011 was positively impacted by capital gains of MSEK 916.

January–September 2012

The gross margin improved in the first nine months, partly as a result of a different product and project mix compared to the same period 2011.

The sale of aircraft in Saab's lease fleet of turboprop aircraft contributed positively to the gross margin.

Marketing expenses increased in the first nine months as a result of an increased level of marketing activities across the Group as well as activities related to the build-up of a stronger local presence in selected markets.

Total depreciation, amortisation and write-downs amounted to MSEK 910 (932).

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Gross income	4,920	4,451	11	1,354	1,411	6,707
Gross margin, %	29.5	27.6		27.6	29.2	28.5
Internally funded investments in research and development	1,108	863	28	340	292	1,355
Operating income before depreciation/amortisation and write-downs (EBITDA)	2,249	3,123	-28	563	1,519	4,088
EBITDA margin, %	13.5	19.3		11.5	31.4	17.4
Operating income (EBIT)	1,382	2,282	-39	258	1,217	2,941
Operating margin, %	8.3	14.1		5.3	25.2	12.5
Income before tax (EBT)	1,300	2,161	-40	223	1,229	2,783
Net income	954	1,798	-47	151	1,103	2,217
Earnings per share before dilution, SEK	9.28	17.27		1.40	10.55	21.19
Earnings per share after dilution, SEK	8.98	16.60		1.37	10.15	20.38

Depreciation and write-down of tangible fixed assets amounted to MSEK 293 (252), while depreciation of the leasing fleet amounted to MSEK 43 (91).

The expenditures in research and development that are internally funded increased to MSEK 1,108 (863), of which a total of MSEK 113 (2) have been capitalised. In order to develop our technology leadership and secure future offerings in current challenging market conditions, we see a continued need to invest in internally funded development.

Amortisation and write-down of intangible fixed assets amounted to MSEK 574 (589), of which amortisation and write-down of capitalised development costs amounted to MSEK 463 (446).

The operating income was positively impacted by a reduced potential earn-out liability related to the acquisition of Sensis of MSEK 207. We estimate it to be unlikely that we will pay the level previously provided for the agreed additional consideration related to the Sensis acquisition in 2011. This is based on the current published information regarding the United States Air Force's acquisition strategy and schedules, including funding profiles for specific programmes where Saab Sensis is involved. Therefore, the potential earn-out liability has been reduced by MSEK 207.

The share of income in associated companies was MSEK -2 (-13).

FINANCIAL NET

MSEK	Jan-Sep 2012	Jan-Sep 2011
Project interest from unutilised advance payment	-11	-24
Net interest items	53	29
Currency gains	21	-46
Financial net related to pensions	-107	-43
Other net financial items	-38	-37
Total	-82	-121

Project interest is the return received on unutilised advance payments from customers that are received in connection with

FINANCIAL POSITION KEY INDICATORS

MSEK	30 Sep 2012	30 Sep 2011	Change	31 Dec 2011
Net liquidity ¹⁾	4,176	5,081	-905	5,333
Intangible fixed assets	6,564	6,899	-335	6,699
Goodwill	4,471	4,236	235	4,223
Capitalised development costs	1,650	2,079	-429	1,950
Other intangible fixed assets	443	584	-141	526
Tangible fixed assets, etc. ²⁾	3,887	4,791	-904	4,572
Inventories	4,890	4,207	683	4,334
Accounts receivable	2,439	3,565	-1,126	3,153
Other receivables	2,769	3,333	-564	3,579
Accrued revenues ³⁾	1,984	2,392	-408	2,643
Advance payments from customers	887	1,048	-161	1,022
Equity/assets ratio, (%)	46.7	39.7	-	41.1
Return on equity, (%) ⁴⁾	10.5	15.2	-	18.1
Equity per share, SEK ⁵⁾	127.20	119.01	8.19	122.94

¹⁾ 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 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; 2012 Sep: 105,806,472; 2011 Dec: 105,331,958; 2011 Sep 105,097,144.

some orders. The return generated from this advance financing is recognised in gross income and reduces financial net.

Net interest items refer to return on liquid assets and short-term investments and interest expenses on short and long-term interest-bearing liabilities.

The currency gains reported above are related to the tender portfolio where the hedges were valued at fair value.

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.

Other net financial items consisted of income from shares in associated companies and other exchange rate effects, for example exchange rate changes related to liquid assets in currencies other than SEK.

Current and deferred taxes amounted to MSEK -346 (-363), equivalent to an effective tax rate of 27 per cent (17).

The pre-tax return on capital employed was 14.9 per cent (19.2) and the after-tax return on equity was 10.5 per cent (15.2), 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 1,157 and amounted to MSEK 4,176 at the end of September 2012. During the period Saab has acquired Sörman Information, shares in HITT N.V. and Bayes Risk Management AS as well as paid out dividend to shareholders.

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 amortised over maximum ten years. As a result of this, the capitalised development costs have been reduced from MSEK 3,628

at the end of 2008 to MSEK 1,650 at the end of September 2012.

The intangible fixed assets decreased during the first nine months 2012, compared to the same period 2011.

Inventories increased as a result of timing differences in procurement, production and deliveries during the year. Inventories are recognised after deducting utilised advances.

Tangible fixed assets decreased as a result of divestment of lease assets and investment properties.

Accounts receivable and other receivables decreased. Other receivables decreased as a result of finalised milestone deliveries.

Short-term interest-bearing liabilities decreased by MSEK 93 from the beginning of the year.

Provisions for pensions amounted to MSEK 12 (4). During the period, the Saab Pension Fund was capitalised with a total of MSEK 0 (0).

For more information about the Group's defined-benefit plans, see note 9, page 32.

Cash flow

Operating cash flow amounted to MSEK -660 (2,260). The lower level of operating cash flow in the first nine months 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, that is Saab excluding acquisitions, divestments and Saab Aircraft Leasing, of MSEK -464 (2,074), acquisitions and divestments of MSEK -153 (153) and the leasing aircraft business of MSEK -43 (33).

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. As at 30 September 2012, net receivables of MSEK 869 were sold, compared to MSEK 778 at 30 September 2011 and MSEK 872 at 31 December 2011. Hence, it had a negative impact of MSEK 3 on operating cash flow for the the first nine months 2012.

For more detailed information about the operating cash flow, see note 7, pages 30-31.

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.

In June 2012, Saab announced it had acquired 100 per cent of the shares in Täby Displayteknik AB, a subsidiary of ISD Technologies AB. Täby Displayteknik had 12 employees and develops simulator solutions. It has for example developed the Joint Fires Synthetic Training (JFIST®) for virtual joint exercises with the various weapons systems used by air, naval and ground forces.

In July, Saab announced that it, through the subsidiary Combitech, had acquired 70 per cent of the shares and capital in the Norwegian company Bayes Risk Management AS.

On 6 August, Saab launched a recommended public cash offer for all issued and outstanding shares in HITT N.V. On 27 August, Saab thereafter acquired 53 per cent of the shares in HITT N.V. from the majority shareholder Hitt Holding. Saab's offer thereby became an unconditional mandatory offer. As of 30 September, Saab had acquired 78 per cent of the issued and outstanding shares in HITT.

For more information regarding these acquisitions, see note 8 and page 31.

Security and Defence Solution's radio communications business in South Africa, with about 100 employees, was sold as part of the reorganisation in South Africa during the third quarter.

CAPITAL EXPENDITURES AND PERSONNEL

Capital expenditures

Gross capital expenditures in property, plant and equipment, excluding lease assets, amounted to MSEK 234 (188).

Investments in intangible assets amounted to MSEK 135 (25) of which MSEK 113 (2) rela-

ted to capitalised product development and MSEK 22 (23) to other intangible assets.

Personnel

At 30 September 2012, the Group had 13,879 employees, compared to 13,068 at the beginning of the year. The number of FTE's (Full Time Equivalents) at the end of the period was 13,824, compared to 12,850 at the beginning of the year. The increase of FTE's is related to the acquisition of Sörman Information in January 2012 and HITT in August 2012, as well as on-going recruitments in areas with high demand.

During the second quarter 2012, Saab announced it will start investigating how its local defence divisions could be reorganised in South Africa to meet local and global financial challenges. The new organisational structure was defined during the third quarter and will be implemented during the fourth quarter 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–SEPTEMBER 2012

- Saab announced that the business area 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 held its Annual General Meeting in Stockholm on 19 April. All members of the Saab Board of Directors were re-elected. The Saab Board of Directors therefore consists of Håkan Buskhe, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Åke Svensson, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh. Marcus Wallenberg was re-elected by the General Meeting as Chairman of the Board of Saab AB. At the statutory Board meeting following the Annual General Meeting, Sten Jakobsson was elected Vice Chairman of the Board.
- Saab announced that Magnus Örnberg had been appointed new Chief Financial Officer (CFO). He takes up his position on 1 November, and will become part of the group management team.
- Saab announced that it intended to make a cash offer for 100 per cent of the issued and outstanding shares of HITT N.V. HITT develops technology and implements projects to improve safety and security at airports and in maritime environments. HITT is headquartered in Apeldoorn, the Netherlands, and is listed on the NYSE Euronext Amsterdam stock exchange. It has 188 employees who are mainly based in the Netherlands, North America and Hong Kong. On 6 August, a recommended public cash offer by Saab for all issued and outstanding shares in HITT N.V. was launched. On 27 August, Saab announced it had agreed to acquire 53 per cent of the shares in HITT from the majority shareholder Hitt Holding. Saab's offer thereby became an unconditional mandatory offer.
- In June, Saab announced it will set up a Saab Americas Market Area. The business will be headed by Jonas Hjelm, who will leave his present post as Marketing Director in Saab's Management Group at the same time, on 1 January 2013. Further, in September Saab announced that two additional Market Areas – Europe & Greater Middle East as well as Nordic & Baltic – would be set up and both starting 1 January, 2013. These Market Areas will be headed by Tomas Samuelsson and Anders Carp, respectively. Tomas Samuelsson will hence leave his present position as Senior Vice President and Head of Business Area Dynamics at the same time and Anders Carp will leave his position as Head of Region Middle East.

Complete List of Saab Market Areas as of 1 January, 2013:

AMERICAS – Washington DC, USA, headed by Jonas Hjelm

ASIA PACIFIC – Bangkok, Thailand, headed by Dan-Åke Enstedt

EUROPE & GREATER MIDDLE EAST – London, Great Britain, headed by Tomas Samuelsson

INDIA – New Delhi, India, headed by Lars-Olof Lindgren

NORDIC & BALTIC – Stockholm, Sweden, headed by Anders Carp

SUB-SAHARAN AFRICA – Centurion, South Africa, headed by Magnus Lewis-Olsson

- In July, Saab announced that the subsidiary Combitech had acquired 70 per cent of the shares in Bayes Risk Management AS, Norway,

with an option to acquire the additional 30 per cent of the shares within 18 months. Bayes Risk Management has about 30 employees.

- In August Saab announced it has signed a MOU (Memorandum of Understanding) regarding a strategic investment in the Indian company Pipavav Defence and Offshore Engineering Co Ltd. In conjunction to this, the companies have signed a Technical Partnership Agreement (TPA). These agreements are a step in Saab's strategy to increase the presence in an important and large market and offer business possibilities for several parts of the organisation. The MOU covers an investment by Saab of approximately MSEK 250 through a suitable structure, subject to all necessary approvals, during the coming months.
- In September, Saab announced that an agreement had been made between the official receiver for Saab Automobile, Saab AB, Scania and NEVS regarding the Saab brand. NEVS has signed a licence agreement with Saab AB regarding the use of the name SAAB as the brand for NEVS future electric cars, which both parties are satisfied with. Rights and responsibilities about how to use the name and the brand SAAB are, as is customary, regulated in the licence agreement. The purpose is to diversify the two companies' activities from one another, i.e. distinguish the cars from the defence and security products.

IMPORTANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

- After closing of the acceptance period for the public offer by Saab AB for all the issued and outstanding ordinary shares in the capital of HITT N.V. on 2 October 2012, Saab and HITT announced that 776,705 shares had been tendered for acceptance under the offer, representing 17.3 percent of the issued and outstanding capital of HITT. Together with the 3,566,782 shares already held by Saab, Saab, upon settlement 8 October, held 4,343,487 shares, representing 92.5 per cent of the issued capital, and 96.7 per cent of the issued and outstanding capital of HITT.

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

AERONAUTICS

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	3,916	2,750	42	43	195	3,807
Order backlog	12,610	13,775	-8	-1,231 ¹⁾	-1,073 ¹⁾	13,091
Sales	4,398	4,611	-5	1,275	1,268	6,351
Operating income before depreciation/amortisation and write-downs (EBITDA)	409	445	-8	131	84	579
EBITDA margin, %	9.3	9.7		10.3	6.6	9.1
Operating income (EBIT)	234	258	-9	72	22	332
Operating margin, %	5.3	5.6		5.6	1.7	5.2
Operating cash flow	-473	761	-162	-344	96	223
Defence/Civil (% of sales)	85/15	86/14		81/19	81/19	86/14
No. of employees	2,937	2,748	7	74 ¹⁾	-48 ¹⁾	2,748
No. FTEs	2,877	2,671	8	113 ¹⁾	11 ¹⁾	2,670

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

¹⁾ Refer to a quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first nine months included an order received from FMV for continual maintenance and updates for the Gripen C/D. Saab also received four orders from FMV for Gripen development, support and maintenance through 2016. The sum of total orders for Aeronautics related to these four orders amounted to MSEK 1,883.
- Orders received also included new order bookings of about MSEK 950 in the first nine months for deliveries to the Boeing 787 programme, the Airbus A380 programme and the Airbus A320 programme.
- Orders received, where the order sum exceeded MSEK 100, represented 80 per cent (78) of total order bookings.

SALES

- Sales decreased compared to the same period 2011, as 2011 included production and deliveries of Gripen aircraft for South Africa as well as a higher activity level related to Thailand.
- Markets outside Sweden accounted for 37 per cent (44) of sales.

INCOME AND MARGIN

- In 2011 the divestment of the ownership in Denel Saab Aerostructures (Pty) Ltd. generated a capital gain before tax of MSEK 58 in the first nine months.

CASH FLOW

- Operating cash flow was negative in the first nine months due to utilisation of and reduction in advances and milestone payments.

EMPLOYEES

- The number of employees was higher compared to year-end 2011 as a result of a higher activity level in Gripen development.

DYNAMICS

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	2,210	3,070	-28	783	691	4,246
Order backlog	4,389	5,854	-25	-92 ¹⁾	-31 ¹⁾	5,460
Sales	3,267	2,770	18	873	724	4,335
Operating income before depreciation/amortisation and write-downs (EBITDA)	522	395	32	154	103	652
EBITDA margin, %	16.0	14.3		17.6	14.2	15.0
Operating income (EBIT)	388	272	43	105	60	484
Operating margin, %	11.9	9.8		12.0	8.3	11.2
Operating cash flow	386	598	-35	4	206	588
Defence/Civil (% of sales)	92/8	90/10		92/8	85/15	92/8
No. of employees	1,538	1,480	4	36 ¹⁾	7 ¹⁾	1,475
No. FTE	1,573	1,445	9	37 ¹⁾	-28 ¹⁾	1,494

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

¹⁾ Refer to a quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first nine months were lower compared to the same period 2011, partly as a result of a challenging market situation and delays in customers' investment decision processes.
- Large orders received included several contracts related to the man-portable weapon system Carl-Gustaf. The U.S. Army for the second time placed an order to equip its forces, a contract was signed with the U.S. Special Operations Command to supply additional Carl-Gustaf man-portable weapon systems and ammunition. An order for ammunition to the Carl-Gustaf weapon system was also placed under a standing offer signed with Australia in early 2011.
- An order was also received from our German partner Diehl BGT for the heavy weight Surface-to-Surface Missile RBS15 Mk3 system with a range of more than 200 km. The system has previously been sold to Germany, Poland and Sweden.
- Smaller orders received in the period included for example orders for the Carl-Gustaf and AT4 man-portable weapon systems and for underwater ROVs (Remotely Operated Vehicles).
- Orders received, where the order sum exceeded MSEK 100, represented 36 per cent (62) of total order bookings.

SALES

- Sales increased in the first nine months compared to 2011 as a result of a continued high activity level in large projects.
- Markets outside Sweden accounted for 88 per cent (79) of sales.

INCOME AND MARGIN

- The operating margin in the first nine months increased due to a more favourable product mix in combination with increased sales.

CASH FLOW

- Operating cash flow was low in the third quarter 2012, compared to 2011, due to timing differences in advance payments related to large orders.

ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	2,337	2,675	-13	790	511	3,229
Order backlog	6,013	7,801	-23	-53 ¹⁾	-444 ¹⁾	6,855
Sales	3,094	3,108	-	805	979	4,561
Operating income before depreciation/amortisation and write-downs (EBITDA)	541	627	-14	26	163	785
EBITDA margin, %	17.5	20.2		3.2	16.6	17.2
Operating income (EBIT)	223	259	-14	-78	42	297
Operating margin, %	7.2	8.3		-9.7	4.3	6.5
Operating cash flow	-34	642	-105	-109	-81	413
Defence/Civil (% of sales)	98/2	99/1		97/3	99/1	99/1
No. of employees	2,597	2,601	-	25 ¹⁾	154 ¹⁾	2,557
No. FTEs	2,563	2,542	1	30 ¹⁾	175 ¹⁾	2,494

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

¹⁾ Refer to a quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received decreased in the first nine months, compared to the same period 2011, mainly as a result of a continued challenging market situation and delays in customers' investment decision processes.
- In the period Saab received four orders from FMV for Gripen development, support and maintenance through 2016. The sum of total orders for Electronic Defence Systems related to these four orders amounted to MSEK 476.
- FMV also placed an order for maintenance of the Erieye airborne radar system.
- A large order for data links was received from an undisclosed customer.
- Smaller orders received in the period included for example an order for the Sea Giraffe radar to General Dynamics for the Littoral Combat Ships in the U.S.
- Orders received, where the order sum exceeded MSEK 100, represented 39 per cent (41) of total order bookings.

SALES

- Markets outside Sweden accounted for 78 per cent (75) of sales.

INCOME AND MARGIN

- The operating loss in the third quarter resulted from lower sales volume and a different project mix, as well as a challenging market situation in South Africa.
- During the second quarter 2012, a positive non-recurring item from a reduction in the potential earn-out liability related to the acquisition of Sensis contributed with MSEK 154 to the operating income. The operating income in the first nine months 2011 included a capital gain before tax of MSEK 122 from the divestment of the ownership share of 42.4 per cent in the South African system engineering company Grintek Ewation.
- The integration of Saab Sensis has been finalised.

CASH FLOW

- Operating cash flow was negative in the first nine months due to timing differences in milestone payments.

EMPLOYEES

- During the second quarter Saab announced that it will start investigating how its local defence divisions could be reorganised in South Africa to meet local and global financial challenges. The new organisational structure was defined during the third quarter and will be implemented during the fourth quarter 2012.

SECURITY AND DEFENCE SOLUTIONS

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	4,053	3,201	27	1,947	1,396	4,582
Order backlog	7,923	8,104	-2	759 ¹⁾	543 ¹⁾	7,712
Sales	3,957	3,885	2	1,280	1,310	5,704
Operating income before depreciation/amortisation and write-downs (EBITDA)	324	319	2	107	138	502
EBITDA margin, %	8.2	8.2		8.4	10.5	8.8
Operating income (EBIT)	208	247	-16	59	109	394
Operating margin, %	5.3	6.4		4.6	8.3	6.9
Operating cash flow	-495	-316		-171	-961	584
Defence/Civil (% of sales)	70/30	73/27		69/31	74/26	74/26
No. of employees	3,074	3,024	2	55 ¹⁾	421 ¹⁾	2,994
No. of FTEs	3,107	3,016	3	66 ¹⁾	412 ¹⁾	2,995

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

¹⁾ Refer to a quarterly change

HIGHLIGHTS
ORDERS RECEIVED

- Orders received increased in the first nine months compared to the same period 2011 due to several large orders received in the period and the acquisition of Sensis in 2011.
- Saab signed a five year contract with the U.S. Federal Aviation Administration (FAA) for the Airport Surface Surveillance Capability (ASSC) programme in the beginning of 2012. Orders from the programme in the period amounted to about MSEK 180.
- 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. We also secured a multi-year contract for the next generation laser-based training systems for the U.S. Army's armored combat vehicles. BAE Systems, Sweden, placed an order for the sight and fire control system UTAAS (Universal Tank and Anti-Aircraft Sight) on combat vehicle CV9030N, for the Norwegian Army, and an order was also received from the Royal Thai Navy for the upgrading of the command and control system on the aircraft carrier H.T.M.S. Chakri Naruebet.
- In New Zealand, Saab received an order from SecureFuture to provide the security management system for a new prison at Wiri, South Auckland.
- Orders received, where the order sum exceeded MSEK 100, represented 46 per cent (32) of total order bookings.

SALES

- Sales increased in the first nine months as a result of the acquisition of Saab Sensis in 2011. Market conditions in South Africa remained challenging.

- Markets outside Sweden accounted for 76 per cent (78) of sales.

INCOME AND MARGIN

- The operating margin in the first nine months was lower compared to the same period 2011 due to a different project mix and a challenging market situation in South Africa.
- During the second quarter 2012, a positive non-recurring item from a reduction in the potential earn-out liability related to the acquisition of Sensis contributed with MSEK 53 to the operating income.
- The integration of Saab Sensis has been finalised.

CASH FLOW

- Operating cash flow was negative in the first nine months 2012. The decrease compared to 2011 is due to timing differences of milestone payments.

EMPLOYEES

- During the second quarter Saab announced that it will start investigating how its local defence divisions could be reorganised in South Africa to meet local and global financial challenges. The new organisational structure was defined during the third quarter and will be implemented during the fourth quarter 2012. A part of Security and Defence Solution's business in South Africa, regarding radio communications with about 100 employees, was sold as part of the reorganisation in the third quarter.
- The number of employees increased as a result of the acquisition of HITT N.V. that had 188 employees.

SUPPORT AND SERVICES

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	3,495	2,443	43	512	484	3,174
Order backlog	5,735	4,675	23	-207 ¹⁾	-322 ¹⁾	4,455
Sales	2,320	2,474	-6	697	786	3,428
Operating income before depreciation/amortisation and write-downs (EBITDA)	209	275	-24	39	84	444
EBITDA margin, %	9.0	11.1		5.6	10.7	13.0
Operating income (EBIT)	195	261	-25	34	79	426
Operating margin, %	8.4	10.5		4.9	10.1	12.4
Operating cash flow	387	473	-18	-148	82	420
Defence/Civil (% of sales)	77/23	80/20		74/26	80/20	80/20
No. of employees	1,791	1,710	5	17 ¹⁾	-34 ¹⁾	1,742
No. FTEs	1,813	1,709	6	38 ¹⁾	-1 ¹⁾	1,737

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

¹⁾ Refer to a quarterly change

HIGHLIGHTS

ORDERS RECEIVED

- Orders received in the first nine months increased compared to the same period 2011, mainly as a result of four orders from FMV for Gripen development, support and maintenance through 2016. The sum of total orders for Support and Services related to these four orders amounted to MSEK 1,242.
- A long-term contract with the Swedish Meteorological and Hydrological Institute (SMHI) and FMV was also signed for the modernisation and systems upgrade of all twelve weather radar stations in Sweden.
- An order was received from BAE Systems, Sweden, for the supply of automotive electronics for displaying vehicle, command and sensor information. The deliveries include a computer network and operator displays as well as digital video systems with cameras.
- Orders received, where the order sum exceeded MSEK 100, represented 39 per cent (24) of total order bookings.

SALES

- Sales in the first nine months decreased compared to the same period 2011, mainly as a result of a different project mix and a lower delivery rate to the Swedish Defence Forces, caused by delays due to their introduction of a new logistics system.
- Markets outside Sweden accounted for 28 per cent (22) of sales.

INCOME AND MARGIN

- The operating income in the first nine months was lower than in the same period 2011 as a result of a different project mix and lower sales.

CASH FLOW

- The operating cash flow in the first nine months was at a lower level than in 2011, mainly as a result of a temporary build up of working capital in some projects.

EMPLOYEES

- The number of employees was higher compared to year-end 2011, mainly as a result of the growing demand related to helicopter maintenance and service operations.
- During the second quarter Saab announced that it will start investigating how its local defence divisions could be reorganised in South Africa to meet local and global financial challenges. The new organisational structure was defined during the third quarter and will be implemented during the fourth quarter 2012.

COMBITECH

MSEK	Jan–Sep 2012	Jan–Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Jan–Dec 2011
Order bookings	975	746	31	338	205	1,118
Order backlog	424	276	54	39 ¹⁾	4 ¹⁾	344
Sales	971	696	40	299	200	1,000
Operating income before depreciation/amortisation and write-downs (EBITDA)	82	53	55	19	4	94
EBITDA margin, %	8.4	7.6		6.4	2.0	9.4
Operating income (EBIT)	78	51	53	18	3	92
Operating margin, %	8.0	7.3		6.0	1.5	9.2
Operating cash flow	-58	53	-209	-61	-30	87
Defence/Civil (% of sales)	50/50	54/46		47/53	51/49	52/48
No. of employees	1,274	873	46	58 ¹⁾	21 ¹⁾	923
No. FTEs	1,223	832	47	79 ¹⁾	40 ¹⁾	856

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

¹⁾ Refer to a quarterly change

HIGHLIGHTS

SALES

- Sales increased in the first nine months, compared to 2011, as a result of the acquisition of Sörman Information acquired in January 2012, the establishment of a development centre in Trollhättan, Sweden and the investment in Bayes Risk Management, Norway, in August 2012. In order to achieve the sales growth, the number of full time equivalents was increased by 367 persons, of which 168 were related to the acquisition of Sörman Information. Business activities with customers other than Saab accounted for 60 per cent (62).
- Markets outside Sweden accounted for 2 per cent (2) of sales.

INCOME AND MARGIN

- The operating income and profitability increased in the first nine months, compared to 2011, as a result of the acquisition of Sörman Information, the establishment of a development centre in Trollhättan, Sweden and a good utilisation rate in several areas.

CASH FLOW

- The operating cash flow was lower in the first nine months 2012 as a result of the acquisition of Sörman Information and Bayes Risk Management.

EMPLOYEES

- At the beginning of 2012, a development centre was established in Trollhättan, Sweden, where 115 employees have been hired during the first nine months 2012. The development centre offers complete engineering development packages on a consultancy basis in the Nordic industrial market including, but not limited to, the automotive sector. The acquisitions together with the start of development centre in Trollhättan stood for the main part of the increase in number of employees.

CORPORATE

Corporate reported operating income of MSEK 56 (934).

The sale of aircraft in Saab's lease fleet of turboprop aircraft contributed positively to the operating income.

The first nine months 2011 included a capital gain of MSEK 13 from the sale of Image Systems AB to Digital Vision AB, a capital gain of MSEK 916 from the divestment of shares in the 3D mapping company, C3 Technologies AB, and an additional consideration for the divestment of Saab Space of MSEK 60.

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 staff and Group support are included as well. The Parent Company's sales in the first nine months amounted to MSEK 10,518 (10,833). Operating income was MSEK 805 (471). The operating income in the first nine months 2011 included expenses of approximately MSEK 330 regarding increased pension obligations according to the FPG/PRI system due to changed mortality assumptions.

Net financial income and expenses was MSEK 85 (315). After appropriations of MSEK 0 (0) and taxes of MSEK -321 (-166), net income for the period amounted to MSEK 569 (620).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK -634 at 30 September 2012 compared to a net liquidity of MSEK 516 at 31 December 2011.

Gross capital expenditures in property, plant and equipment amounted to MSEK 138 (91). Investments in intangible assets amounted to MSEK 107 (24). At the end of September 2012, the Parent Company had 8,273 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 3,343,872 treasury shares as of 30 September 2012 compared to 3,818,386 at year-end 2011. The Annual General Meeting on 19 April 2012 authorised the Board of Directors to repurchase up to 10 per cent of the shares of Saab to hedge the share matching plan and performance share plan.

Nomination committee of Saab for the Annual General meeting 2013

According to a resolution adopted by the Annual General Meeting of Saab AB, the shareholder representatives who, together with the Chairman of the Board, constitute the Nomination Committee were announced on October 12, 2012.

The Nomination Committee shall, according to a Nomination Committee process adopted by the Annual General Meeting, consist of one representative from each of the four shareholders with the largest numbers of votes, who wish to appoint a representative, as well as the Chairman of the Board of Directors.

Members of the Nomination Committee for the Annual General Meeting 2013:

- Marcus Wallenberg, Chairman of the Board in Saab AB
- Petra Hedengran, Investor AB
- Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation
- Jan Andersson, Swedbank Robur Funds
- Anders Algotsson, AFA Insurance

The Nomination Committee will provide proposals to be submitted to the Annual General Meeting for a Board of Directors, the Chairman of the Board and of the Annual General Meeting, and remuneration to the Board and the Auditor.

The Nomination Committee represents approximately 53 per cent of the voting rights of Saab AB based on the ownership structure as of 31 August 2012.

The Annual General Meeting of Saab AB will be held on 17 April 2013.

Owners

According to SIS Ägarservice, Saab's largest shareholders as of 28 September, 2012, are Investor AB, the Wallenberg foundations, Swedbank Robur Funds, SHB Funds, AFA Insurance, Unionen, SEB Funds, the Fourth AP-Fund, Länsförsäkringar funds and Nordea Funds.

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan–Sep 2012	Jan–Sep 2011	Rolling 12- months	Jan–Dec 2011
Sales	3	16,704	16,151	24,051	23,498
Cost of goods sold		-11,784	-11,700	-16,875	-16,791
Gross income		4,920	4,451	7,176	6,707
Gross margin, %		29.5	27.6	29.8	28.5
Other operating income		332	1,304	379	1,351
Marketing expenses		-1,551	-1,260	-2,170	-1,879
Administrative expenses		-847	-843	-1,221	-1,217
Research and development costs		-1,458	-1,307	-2,079	-1,928
Other operating expenses		-12	-50	-39	-77
Share of income in associated companies		-2	-13	-5	-16
Operating income (EBIT) ¹⁾	3	1,382	2,282	2,041	2,941
Operating margin, %		8.3	14.1	8.5	12.5
Share of income in associated companies		2	2	4	4
Financial income		122	130	154	162
Financial expenses		-206	-253	-277	-324
Net financial items		-82	-121	-119	-158
Income before taxes		1,300	2,161	1,922	2,783
Taxes		-346	-363	-549	-566
Net income for the period		954	1,798	1,373	2,217
of which Parent Company's shareholders' interest		980	1,812	1,393	2,225
of which non-controlling interest		-26	-14	-20	-8
Earnings per share before dilution, SEK ²⁾		9.28	17.27	13.20	21.19
Earnings per share after dilution, SEK ³⁾		8.98	16.60	12.76	20.38
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS		-910	-932	-1,239	-1,261
OF WHICH DEPRECIATION OF LEASING AIRCRAFT		-43	-91	-66	-114
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION		105,554,331	104,904,903	105,469,386	104,982,315
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–Sep 2012	Jan–Sep 2011	Rolling 12- months	Jan–Dec 2011
Net income for the period	954	1,798	1,373	2,217
Other comprehensive income:				
Translation differences	-163	-102	-121	-60
Net gain/loss on cash flow hedges	178	-229	151	-256
Share of other comprehensive income in associated companies	-	-26	-	-26
Tax attributable to other comprehensive income	-47	62	-40	69
Other comprehensive income for the period	-32	-295	-10	-273
Net comprehensive income for the period	922	1,503	1,363	1,944
of which Parent Company's shareholders' interest	948	1,561	1,382	1,995
of which non-controlling interest	-26	-58	-19	-51

QUARTERLY INCOME STATEMENT

MSEK	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Sales	4,899	6,232	5,573	7,347	4,838	5,861	5,452	8,053
Cost of goods sold	-3,545	-4,240	-3,999	-5,091	-3,427	-4,248	-4,025	-6,413
Gross income	1,354	1,992	1,574	2,256	1,411	1,613	1,427	1,640
Gross margin, %	27.6	32.0	28.2	30.7	29.2	27.5	26.2	20.4
Other operating income	60	231	41	47	958	273	73	101
Marketing expenses	-472	-622	-457	-619	-432	-430	-398	-480
Administrative expenses	-280	-292	-275	-374	-243	-290	-310	-431
Research and development costs	-401	-578	-479	-621	-445	-456	-406	-579
Other operating expenses	-3	-6	-3	-27	-28	-10	-12	-1
Share of income in associated companies	-	1	-3	-3	-4	-3	-6	1
Operating income (EBIT) ¹⁾	258	726	398	659	1,217	697	368	251
Operating margin, %	5.3	11.6	7.1	9.0	25.2	11.9	6.7	3.1
Share of income in associated companies	1	-	1	2	1	-	1	2
Financial income	42	37	43	32	78	-13	65	-30
Financial expenses	-78	-54	-74	-71	-67	-136	-50	-31
Net financial items	-35	-17	-30	-37	12	-149	16	-59
Income before taxes	223	709	368	622	1,229	548	384	192
Taxes	-72	-171	-103	-203	-126	-130	-107	-172
Net income for the period	151	538	265	419	1,103	418	277	20
of which Parent Company's shareholders' interest	149	552	279	413	1,108	425	279	8
of which non-controlling interest	2	-14	-14	6	-5	-7	-2	12
Earnings per share before dilution, SEK ²⁾	1.40	5.23	2.65	3.92	10.55	4.06	2.66	0.09
Earnings per share after dilution, SEK ³⁾	1.37	5.06	2.56	3.78	10.15	3.89	2.56	0.08
¹⁾ INCLUDES DEPRECIATION/AMORTISATION AND WRITE-DOWNS	-317	-296	-297	-329	-332	-301	-299	-355
OF WHICH DEPRECIATION OF LEASING AIRCRAFT	-12	-15	-16	-23	-30	-30	-31	-33
²⁾ AVERAGE NUMBER OF SHARES BEFORE DILUTION	105,732,553	105,546,890	105,383,552	105,214,551	104,904,903	104,903,636	104,774,760	104,710,852
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	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Net income for the period	151	538	265	419	1,103	418	277	20
Other comprehensive income:								
Translation differences	-214	99	-48	42	-9	55	-148	77
Net gain/loss on cash flow hedges	246	-184	116	-27	-412	-107	290	-19
Share of other comprehensive income in associated companies	-	-	-	-	-	-18	-8	-8
Tax attributable to other comprehensive income	-65	49	-31	7	109	29	-76	6
Other comprehensive income for the period	-33	-36	37	22	-312	-41	58	56
Net comprehensive income for the period	118	502	302	441	791	377	335	76
of which Parent Company's shareholders' interest	120	518	310	434	821	382	358	65
of which non-controlling interest	-2	-16	-8	7	-30	-5	-23	11

KEY RATIOS BY QUARTER

	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Equity/assets ratio (%)	46.7	44.4	43.4	41.1	39.7	39.1	40.4	39.1
Return on capital employed, % ¹⁾	14.9	22.3	21.7	22.2	19.2	13.0	9.9	7.9
Return on equity, % ¹⁾	10.5	18.4	17.4	18.1	15.2	7.9	5.8	4.1
Equity per share, SEK ²⁾	127.20	126.11	125.86	122.94	119.01	111.16	111.06	107.66
Operating cash flow, MSEK	-856	244	-48	217	-74	1,775	559	2,200
Operating cash flow per share after dilution, SEK ³⁾	-7.84	2.24	-0.44	1.99	-0.68	16.26	5.12	20.16

¹⁾ MEASURED OVER A ROLLING 12-MONTH PERIOD

²⁾ NUMBER OF SHARES EXCLUDING TREASURY SHARES

³⁾ AVERAGE NUMBER OF SHARES AFTER DILUTION

105,806,472	105,658,633	105,435,146	105,331,958	105,097,144	104,975,480	104,831,791	104,717,729
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	30/9/2012	31/12/2011	30/9/2011
ASSETS				
Fixed assets				
Intangible fixed assets	5	6,564	6,699	6,899
Tangible fixed assets		3,184	3,272	3,245
Lease assets		360	771	1,017
Biological assets		309	305	302
Investment properties		34	224	227
Shares in associated companies		275	288	308
Financial investments		194	197	191
Long-term receivables		955	1,046	941
Deferred tax assets		120	86	25
Total fixed assets		11,995	12,888	13,155
Current assets				
Inventories		4,890	4,334	4,207
Derivatives		629	520	470
Tax receivables		42	23	30
Accounts receivable		2,439	3,153	3,565
Other receivables		2,769	3,579	3,333
Prepaid expenses and accrued income		1,058	829	765
Short-term investments		3,452	4,555	4,113
Liquid assets	7	1,784	1,918	2,114
Total current assets		17,063	18,911	18,597
TOTAL ASSETS	12	29,058	31,799	31,752

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

MSEK	Note	30/9/2012	31/12/2011	30/9/2011
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Parent Company's shareholders' interest		13,459	12,950	12,508
Non-controlling interest		110	119	112
Total shareholders' equity		13,569	13,069	12,620
Long-term liabilities				
Long-term interest-bearing liabilities	6	1,212	1,218	1,218
Other liabilities		272	439	189
Provisions for pensions	9	12	12	4
Other provisions		1,413	1,728	1,985
Deferred tax liabilities		933	1,012	959
Total long-term liabilities		3,842	4,409	4,355
Current liabilities				
Short-term interest-bearing liabilities	6	427	520	446
Advance payments from customers		887	1,022	1,048
Accounts payable		1,480	1,785	1,435
Derivatives		289	628	750
Tax liabilities		278	244	248
Other liabilities		793	747	1,952
Accrued expenses and deferred income		6,968	8,629	8,155
Provisions		525	746	743
Total current liabilities		11,647	14,321	14,777
Total liabilities		15,489	18,730	19,132
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12	29,058	31,799	31,752

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	11,444
Net comprehensive income for the period			-168	-83		1,812	1,561	-58	1,503
Transactions with shareholders:									
Share matching plan						39	39		39
Dividend						-367	-367		-367
Acquisition and sale of non-controlling interest						1	1	-	1
Closing balance, 30 September 2011	1,746	543	480	-95	51	9,783	12,508	112	12,620
Opening balance, 1 January 2012	1,746	543	457	-51	51	10,204	12,950	119	13,069
Net comprehensive income for the period			128	-160		980	948	-26	922
Reallocation of revaluation reserve					-40	40	-		-
Transactions with shareholders:									
Share matching plan						35	35		35
Dividend						-474	-474		-474
Acquisition and sale of non-controlling interest						-	-	17	17
Closing balance, 30 September 2012	1,746	543	585	-211	11	10,785	13,459	110	13,569

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan–Sep 2012	Jan–Sep 2011	Jan–Dec 2011
Operating activities				
Income after financial items		1,300	2,161	2,783
Transferred to pension fund		-	-	-132
Adjustments for items not affecting cash flows		684	-295	141
Income tax paid		-493	-220	-450
Cash flow from operating activities before changes in working capital		1,491	1,646	2,342
Cash flow from changes in working capital				
Increase(-)/Decrease(+) in inventories		-586	-113	-243
Increase(-)/Decrease(+) in current receivables		1,283	-332	-96
Increase(+)/Decrease(-) in advance payments from customers		-125	433	409
Increase(+)/Decrease(-) in other current liabilities		-2,095	907	610
Increase(+)/Decrease(-) in provisions		-392	-323	-630
Cash flow from operating activities		-424	2,218	2,392
Investing activities				
Investments in intangible fixed assets		-22	-23	-26
Capitalised development costs		-113	-2	-15
Investments in tangible fixed assets		-234	-188	-325
Investments in lease assets		-	-	-1
Sale of tangible fixed assets		8	8	23
Sale of lease assets		283	85	301
Sale of and investments in short-term investments		1,092	-2,569	-2,967
Investments in and sale of other financial assets		11	403	306
Investments in operations and associated companies, net effect on liquidity	8	-327	-1,121	-1,135
Sale of subsidiaries and associated companies, net effect on liquidity		174	1,274	1,264
Cash flow from investing activities		872	-2,133	-2,575
Financing activities				
Repayments of loans		-86	-126	-50
Dividend paid to Parent Company's shareholders		-474	-367	-367
Cash flow from financing activities		-560	-493	-417
Cash flow for the period				
		-112	-408	-600
Liquid assets at the beginning of the year		1,918	2,544	2,544
Exchange rate difference in liquid assets		-22	-22	-26
Liquid assets at end of period	7	1,784	2,114	1,918

QUARTERLY INFORMATION

MSEK	Q3 2012	Operating margin	Q2 2012	Operating margin	Q1 2012	Operating margin	Q4 2011	Operating margin
Sales								
Aeronautics	1,275		1,704		1,419		1,740	
Dynamics	873		1,359		1,035		1,565	
Electronic Defence Systems	805		1,108		1,181		1,453	
Security and Defence Solutions	1,280		1,354		1,323		1,819	
Support and Services	697		844		779		954	
Combitech	299		361		311		304	
Corporate	-		-		-		-	
Internal sales	-330		-498		-475		-488	
Total	4,899		6,232		5,573		7,347	
Operating income								
Aeronautics	72	5.6%	84	4.9%	78	5.5%	74	4.3%
Dynamics	105	12.0%	175	12.9%	108	10.4%	212	13.5%
Electronic Defence Systems	-78	-9.7%	210	19.0%	91	7.7%	38	2.6%
Security and Defence Solutions	59	4.6%	89	6.6%	60	4.5%	147	8.1%
Support and Services	34	4.9%	94	11.1%	67	8.6%	165	17.3%
Combitech	18	6.0%	21	5.8%	39	12.5%	41	13.5%
Corporate	48	-	53	-	-45	-	-18	-
Total	258	5.3%	726	11.6%	398	7.1%	659	9.0%

MSEK	Q3 2011	Operating margin	Q2 2011	Operating margin	Q1 2011	Operating margin	Q4 2010	Operating margin
Sales								
Aeronautics	1,268		1,835		1,508		2,062	
Dynamics	724		1,084		962		1,565	
Electronic Defence Systems	979		1,094		1,035		1,350	
Security and Defence Solutions	1,310		1,272		1,303		2,201	
Support and Services	786		781		907		1,070	
Combitech	200		257		239		277	
Corporate	-		4		4		36	
Internal sales	-429		-466		-506		-508	
Total	4,838		5,861		5,452		8,053	
Operating income								
Aeronautics	22	1.7%	157	8.6%	79	5.2%	63	3.1%
Dynamics	60	8.3%	123	11.3%	89	9.3%	32	2.0%
Electronic Defence Systems	42	4.3%	181	16.5%	36	3.5%	-58	-4.3%
Security and Defence Solutions	109	8.3%	67	5.3%	71	5.4%	209	9.5%
Support and Services	79	10.1%	107	13.7%	75	8.3%	107	10.0%
Combitech	3	1.5%	20	7.8%	28	11.7%	35	12.6%
Corporate	902	-	42	-	-10	-	-137	-
Total	1,217	25.2%	697	11.9%	368	6.7%	251	3.1%

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 ^{2) 4)}	21.19	4.12	6.45	-2.31	17.68
Earnings per share after dilution, SEK ^{3) 4)}	20.38	3.97	6.28	-2.31	17.60
Dividend per share, SEK	4.50	3.50	2.25	1.75	4.50
Equity per share, SEK ¹⁾	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

¹⁾ 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

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

³⁾ AVERAGE NUMBER OF SHARES 2011/2010/2009: 109,150,344; 2008: 107,515,049; 2007: 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–Sep 2012	Jan–Sep 2011	Jan–Dec 2011
Organic sales growth	5	-1	-2	-4
Operating margin, % ¹⁾	10	8.3	14.1	12.5
Equity/assets ratio, %	30	46.7	39.7	41.1

¹⁾ IN 2011, OPERATING INCOME INCLUDED CAPITAL GAINS OF MSEK 1,169

PARENT COMPANY INCOME STATEMENT

MSEK	Jan–Sep 2012	Jan–Sep 2011	Jan–Dec 2011
Sales	10,518	10,833	15,415
Cost of goods sold	-7,384	-8,568	-11,785
Gross income	3,134	2,265	3,630
Gross margin, %	29.8	20.9	23.5
Operating income and expenses	-2,329	-1,794	-2,811
Operating income (EBIT)	805	471	819
Operating margin, %	7.7	4.3	5.3
Financial income and expenses	85	315	1,525
Income after financial items	890	786	2,344
Appropriations	-	-	-293
Income before taxes	890	786	2,051
Taxes	-321	-166	-462
Net income for the period	569	620	1,589

PARENT COMPANY BALANCE SHEET

MSEK	Note	30/9/2012	31/12/2011	30/9/2011
ASSETS				
Fixed assets				
Intangible fixed assets		1,716	1,938	2,046
Tangible fixed assets		2,113	2,137	2,130
Financial fixed assets		7,951	8,178	7,069
Total fixed assets		11,780	12,253	11,245
Current assets				
Inventories, etc.		3,386	3,152	2,851
Current receivables		4,675	6,395	6,610
Short-term investments		3,419	4,511	4,113
Liquid assets		1,090	1,237	1,485
Total current assets		12,570	15,295	15,059
TOTAL ASSETS		24,350	27,548	26,304
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Restricted equity		2,997	3,001	3,003
Unrestricted equity		4,123	3,989	3,009
Total shareholders' equity		7,120	6,990	6,012
Provisions and liabilities				
Untaxed reserves		795	795	502
Provisions		1,177	1,503	1,787
Liabilities	6	15,258	18,260	18,003
Total provisions and liabilities		17,230	20,558	20,292
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		24,350	27,548	26,304

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 nine months 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.

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 other selected 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-Sep 2012	Jan-Sep 2011	Change, %	Jul-Sep 2012	Jul-Sep 2011	Rolling 12-months	Jan-Dec 2011
Aeronautics	4,398	4,611	-5	1,275	1,268	6,138	6,351
of which external sales	4,259	4,471	-5	1,230	1,221	5,956	6,168
of which internal sales	139	140	-1	45	47	182	183
Dynamics	3,267	2,770	18	873	724	4,832	4,335
of which external sales	3,181	2,681	19	854	703	4,719	4,219
of which internal sales	86	89	-3	19	21	113	116
Electronic Defence Systems	3,094	3,108	-	805	979	4,547	4,561
of which external sales	2,671	2,630	2	701	872	3,969	3,928
of which internal sales	423	478	-12	104	107	578	633
Security and Defence Solutions	3,957	3,885	2	1,280	1,310	5,776	5,704
of which external sales	3,871	3,715	4	1,266	1,217	5,663	5,507
of which internal sales	86	170	-49	14	93	113	197
Support and Services	2,320	2,474	-6	697	786	3,274	3,428
of which external sales	2,156	2,270	-5	654	731	3,029	3,143
of which internal sales	164	204	-20	43	55	245	285
Combitech	971	696	40	299	200	1,275	1,000
of which external sales	586	433	35	183	128	771	618
of which internal sales	385	263	46	116	72	504	382
Corporate/eliminations	-1,303	-1,393		-330	-429	-1,791	-1,881
of which external sales	-20	-49		11	-34	-56	-85
of which internal sales	-1,283	-1,344		-341	-395	-1,735	-1,796
Total	16,704	16,151	3	4,899	4,838	24,051	23,498

Sales by geographical market

MSEK	Jan-Sep 2012	% of sales	Jan-Sep 2011	% of sales	Jan-Dec 2011	% of sales
Sweden	6,217	38	6,104	38	8,679	37
Rest of EU	3,204	19	3,300	21	4,514	19
Rest of Europe	194	1	214	1	320	1
Total Europe	9,615	58	9,618	60	13,513	57
North America	1,719	10	1,186	7	1,803	8
Latin America	85	1	63	-	96	-
Asia	3,370	20	3,296	20	5,176	22
Africa	1,008	6	1,255	8	1,789	8
Australia, etc.	907	5	733	5	1,121	5
Total	16,704	100	16,151	100	23,498	100

Information on large customers

Saab has one customer that accounts for 10 per cent or more of the Group's sales: the Swedish Defence Materiel Administration (FMV). FMV is a customer of all our business areas, and total sales during the nine months 2012 amounted to MSEK 4,467 (4,655).

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-Sep 2012	Jan-Sep 2011	Change, %	Jan-Dec 2011
Aeronautics	3,916	2,750	42	3,807
Dynamics	2,210	3,070	-28	4,246
Electronic Defence Systems	2,337	2,675	-13	3,229
Security and Defence Solutions	4,053	3,201	27	4,582
Support and Services	3,495	2,443	43	3,174
Combitech	975	746	31	1,118
Corporate	-	1	-	1
Internal	-1,231	-1,093		-1,250
Total	15,755	13,793	14	18,907

Order backlog by business area

MSEK	30/9/2012	31/12/2011	30/9/2011
Aeronautics	12,610	13,091	13,775
Dynamics	4,389	5,460	5,854
Electronic Defence Systems	6,013	6,855	7,801
Security and Defence Solutions	7,923	7,712	8,104
Support and Services	5,735	4,455	4,675
Combitech	424	344	276
Corporate	-	-	-
Internal	-763	-745	-1,074
Total	36,331	37,172	39,411

OPERATING INCOME

Operating income by business area

MSEK	Jan-Sep 2012	% of sales	Jan-Sep 2011	% of sales	Rolling 12-months	Jan-Dec 2011
Aeronautics	234	5.3	258	5.6	308	332
Dynamics	388	11.9	272	9.8	600	484
Electronic Defence Systems	223	7.2	259	8.3	261	297
Security and Defence Solutions	208	5.3	247	6.4	355	394
Support and Services	195	8.4	261	10.5	360	426
Combitech	78	8.0	51	7.3	119	92
The business areas' total operating income	1,326	7.9	1,348	8.3	2,003	2,025
Corporate	56		934		38	916
Total operating income	1,382	8.3	2,282	14.1	2,041	2,941

NOTE 3 CONTINUED

Depreciation/amortisation and write-downs by business area

MSEK	Jan– Sep 2012	Jan– Sep 2011	Change, %	Jul–Sep 2012	Jul–Sep 2011	Rolling 12- months	Jan–Dec 2011
Aeronautics	175	187	-6	59	62	235	247
Dynamics	134	123	9	49	43	179	168
Electronic Defence Systems	318	368	-14	104	121	438	488
Security and Defence Solutions	117	72	63	49	29	153	108
Support and Services	14	14	-	5	5	18	18
Combitech	4	2	100	1	1	4	2
Corporate – lease aircraft	43	91	-53	12	30	66	114
Corporate – other	105	75	40	38	41	146	116
Total	910	932	-2	317	332	1,239	1,261

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

MSEK	Jan–Sep 2012	Jan–Sep 2011	Rolling 12- months	Jan–Dec 2011
Aeronautics	-473	761	-1,011	223
Dynamics	386	598	376	588
Electronic Defence Systems	-34	642	-263	413
Security and Defence Solutions	-495	-316	405	584
Support and Services	387	473	334	420
Combitech	-58	53	-24	87
Corporate	-373	49	-260	162
Total	-660	2,260	-443	2,477

Capital employed by business area

MSEK	30/9/2012	31/12/2011	30/9/2011
Aeronautics	2,164	2,103	2,030
Dynamics	2,139	2,359	2,226
Electronic Defence Systems	4,435	5,037	4,805
Security and Defence Solutions	3,823	3,309	3,132
Support and Services	1,114	1,243	1,043
Combitech	462	381	342
Corporate	1,083	387	709
Total	15,220	14,819	14,287

EMPLOYEES

Employees by business area

Number at end of period	30/9/2012	31/12/2011	Change	30/9/2011
Aeronautics	2,937	2,748	189	2,748
Dynamics	1,538	1,475	63	1,480
Electronic Defence Systems	2,597	2,557	40	2,601
Security and Defence Solutions	3,074	2,994	80	3,024
Support and Services	1,791	1,742	49	1,710
Combitech	1,274	923	351	873
Corporate	668	629	39	604
Total	13,879	13,068	811	13,040

NOTE 4

DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

The Annual General Meeting on 19 April 2012, approved the Board of Directors' dividend proposal. A dividend of SEK 4.50 per share (3.50), totalling MSEK 474 (367), was paid on 27 April 2012.

NOTE 5

INTANGIBLE FIXED ASSETS

MSEK	30/9/2012	31/12/2011	30/9/2011
Goodwill	4,471	4,223	4,236
Capitalised development costs	1,650	1,950	2,079
Other intangible assets	443	526	584
Total	6,564	6,699	6,899

NOTE 6

NET LIQUIDITY

MSEK	30/9/2012	31/12/2011	30/9/2011
Assets			
Liquid assets	1,784	1,918	2,114
Short-term investments	3,452	4,555	4,113
Total liquid investments	5,236	6,473	6,227
Short-term interest-bearing receivables	341	368	268
Long-term interest-bearing receivables	110	99	110
Long-term interest-bearing financial investments	140	143	144
Total interest-bearing assets	5,827	7,083	6,749
Liabilities			
Liabilities to credit institutions	1,103	1,149	1,167
Liabilities to associates and JVs	416	449	353
Other interest-bearing liabilities	120	140	144
Provisions for pensions	12	12	4
Total interest-bearing liabilities	1,651	1,750	1,668
NET LIQUIDITY	4,176	5,333	5,081

Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2013)	117	1	116
Total	4,117	1	4,116

Parent Company

MSEK	30/9/2012	31/12/2011	30/9/2011
Long-term liabilities to credit institutions	1,100	1,100	1,100
Other interest-bearing liabilities	-	-	20
Total	1,100	1,100	1,120

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	30/9/2012	31/12/2011	30/9/2011
Liquid assets			
The following components are included in liquid assets:			
Cash and bank balances	637	681	589
Bank deposits	1,015	1,083	1,368
Funds in escrow account	131	139	137
Deposits on behalf of customers	1	15	20
Total according to balance sheet	1,784	1,918	2,114
Total according to statement of cash flows	1,784	1,918	2,114

Operating cash flow vs. statement of cash flows

MSEK	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Operating cash flow	-660	2,260	2,477
Investing activities – interest-bearing:			
Short-term investments	1,092	-2,569	-2,967
Other financial investments and receivables	16	394	307
Financing activities:			
Repayments of loans	-86	-126	-50
Dividend paid to the Parent Company's shareholders	-474	-367	-367
Cash flow for the period	-112	-408	-600

NOTE 7 CONTINUED
Specification of operating cash flow during the first nine months 2012 and 2011

MSEK	Saab excl. acquisitions / divestments and SAL	Acquisitions and divestments	Saab Aircraft Leasing	Total Group Jan–Sep 2012	Total Group Jan–Sep 2011
Cash flow from operating activities before changes in working capital	1,467	-	24	1,491	1,646
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Inventories	-586	-	-	-586	-113
Receivables	1,321	-	-38	1,283	-332
Advance payments from customers	-125	-	-	-125	433
Other liabilities	-1,894	-	-201	-2,095	907
Provisions	-281	-	-111	-392	-323
Change in working capital	-1,565	-	-350	-1,915	572
Cash flow from operating activities	-98	-	-326	-424	2,218
INVESTING ACTIVITIES					
Investments in intangible fixed assets	-135	-	-	-135	-25
Investments in tangible fixed assets	-234	-	-	-234	-188
Sale of tangible fixed assets	8	-	-	8	8
Sale of lease assets	-	-	283	283	85
Investment in and sale of financial assets	-5	-	-	-5	9
Investments in operations and associated companies, net effect on liquidity	-	-327	-	-327	-1,121
Sale of subsidiaries and associated companies, net effect on liquidity	-	174	-	174	1,274
Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets	-366	-153	283	-236	42
OPERATING CASH FLOW	-464	-153	-43	-660	2,260

NOTE 8

BUSINESS COMBINATIONS

On 6 August, Saab announced that it had made a public cash offer of EUR 6.60 per share for all issued and outstanding ordinary shares of the Dutch company HITT N.V. HITT is a leading player in the worldwide markets for traffic management and navigation systems. It has 188 employees who are mainly based in the Netherlands, North America and Hong Kong.

On 27 August, Saab announced that it had entered into a purchase agreement with the majority shareholder in HITT which represented 53 per cent of the issued and outstanding shares for the purchase price of EUR 7.00 per share. As a result of the transaction, Saab gained control over HITT and the offer thereby continued as an unconditional mandatory offer for the offer price of EUR 7.00 per share. The offer period ended on 2 October. As of 30 September, Saab had acquired 78 per cent of the issued and outstanding shares in HITT.

The acquisition of HITT is in line with Saab's overall strategy to become a leading player in the market for traffic management. The combination of HITT and Saab will strengthen Saab's market presence and give a strong portfolio of products, combining innovative software systems with state of the art sensor systems.

As of 30 September, HITT is still listed on NYSE Euronext Amsterdam stock exchange and Saab only has access to publicly available information about the company. A preliminary purchase price allocation has therefore been prepared based on book values in HITT, and all excess value has been allocated to goodwill. Saab's intention is to prepare a complete purchase price allocation including disclosures during the fourth quarter.

Preliminary purchase price analysis for HITT

	MEUR	MSEK
Purchase consideration		
Purchase price paid 30 September	25	205
Debt for remaining shares	7	57
Total consideration	32	262
Effect on liquid assets		
Purchase price paid 30 September	25	205
Less: Liquid assets in the acquired company	-2	-14
Effect on liquid assets	23	191
The book value of the identifiable assets and liabilities of HITT as at the date of the acquisition were:		
Intangible fixed assets	7	55
Other fixed assets	1	9
Other current assets	16	131
Liquid assets	2	14
Total assets	26	209
Total liabilities	11	90
Total identifiable net assets at book value	15	119
Goodwill	17	143
Purchase consideration	32	262

From the date of the acquisition, HITT has contributed MSEK 32 to sales and MSEK 0 to income before taxes. If the acquisition had taken place at the beginning of the year, sales would have increased by MSEK 220 and income before taxes would have decreased by approximately MSEK 10.

The transaction costs of MSEK 10 have been expensed and are included in administrative expenses (included in cash flows from operating activities).

Other acquisitions during the period:

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.

In June 2012, Saab announced that it had acquired 100 per cent of the shares in Täby Displayteknik AB, a subsidiary of ISD Technologies AB. Täby Displayteknik AB had twelve employees and develops simulator solutions. It has for example developed the Joint Fires Synthetic Training (JFIST*) for virtual joint exercises with the various weapons system used by air, naval and ground forces.

In July 2012, Saab announced that the subsidiary Combitech had signed an agreement to acquire 70 per cent of the Norwegian consulting firm Bayes Risk Management AS. The company delivers services in field of risk analysis for the oil and gas industry as well as for the financial market. It has approximately 30 employees. Combitech has an option to acquire the remaining 30 per cent of the shares within 18 months.

Total consideration for these acquisitions amounted to MSEK 176, of which MSEK 134 was paid up-front in cash and MSEK 42 is estimated additional consideration that may be paid out based on future earnings. The additional consideration is capped at MSEK 105. Acquired assets consist of capitalised development costs and working capital items and amount to a total of MSEK 28. Goodwill arising from the acquisitions amount to MSEK 168, and is mainly explained by future synergies and assembled workforce. Sales from the acquired entities amount to approximately MSEK 120.

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 7,070 at 30 September 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 4,652 at 30 September 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. The updated standard also contains rules regarding the reporting of the special employer's contribution. If the standard had been applied as of 30 September 2012, the net pension obligation would have been about MSEK 2,800 higher, including special employer's contribution of MSEK 440, and retained earnings about MSEK 2,700 lower than as reported in this first nine months 2012 results.

The effect on operating and net income for the first nine months 2012 would not have been material.

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 estimated as 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 30 SEPTEMBER 2012

MSEK	Saab	Saab Aircraft Leasing	Eliminations	Saab Group
ASSETS				
Intangible fixed assets	6,564	-	-	6,564
Tangible fixed assets, etc.	3,527	-	-	3,527
Lease assets	2	358	-	360
Long-term interest-bearing receivables	248	2	-	250
Shares, etc.	1,829	-	-1,500	329
Other long-term receivables	841	4	-	845
Deferred tax assets	120	262	-262	120
Inventories	4,876	14	-	4,890
Short-term interest-bearing receivables	341	1,458	-1,458	341
Other current assets	5,928	39	-	5,967
Derivatives	629	-	-	629
Liquid assets and short-term investments	5,235	1	-	5,236
Total assets	30,140	2,138	-3,220	29,058
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	13,823	1,246	-1,500	13,569
Provisions for pensions	12	-	-	12
Deferred tax liabilities	1,195	-	-262	933
Other provisions	1,457	481	-	1,938
Interest-bearing liabilities	3,097	-	-1,458	1,639
Advance payments from customers	887	-	-	887
Derivatives	289	-	-	289
Other liabilities	9,380	411	-	9,791
Total shareholders' equity and liabilities	30,140	2,138	-3,220	29,058

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 fleet at 30 September 2012 consisted of 64 turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 42 are financed through U.S. leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board (EKN). 22 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 in 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.

REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information of Saab AB for the period from 1 January to 30 September 2012. The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as conclusion expressed based on an audit.

Conclusion

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

Stockholm, 18 October 2012
PricewaterhouseCoopers AB

Håkan Malmström
Authorised Public Accountant

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 18 October, 2012.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and the Interim CFO, Görgen Johansson Today, Thursday, 18 October 2012, 10:00 a.m. (CET) Grand Hôtel, Blaiseholmshamnen 8, Stockholm, Sweden Contact Ann-Sofi Jönsson to register and for further information Tel. +46 8 463 02 14 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.

YEAR END REPORT 2012
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