



# YEAR-END REPORT

2012

# RESULTS AND SUMMARY

## JANUARY–DECEMBER 2012

### RESULTS JANUARY–DECEMBER 2012:

- Order bookings amounted to MSEK 20,683 (18,907) and the order backlog at the end of December 2012 was MSEK 34,151 (37,172).
- Sales increased 2 per cent to MSEK 24,010 (23,498). Excluding acquisitions sales decreased 2 per cent. Exchange rates had no significant impact on sales.
- Gross income amounted to MSEK 7,190 (6,707), corresponding to a gross margin of 29.9 per cent (28.5).
- Operating income was MSEK 2,032 (2,941), corresponding to an operating margin of 8.5 per cent (12.5). 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 7.6 per cent (7.5).
- Net income was MSEK 1,539 (2,217), with earnings per share after dilution of SEK 14.33 (20.38).
- The operating cash flow of MSEK -396 (2,477) in 2012 was negative mainly as a result of a higher utilisation of, and reduction in advances and milestone payments as well as a higher net amount spent on acquisitions and divestments than in 2011. In the fourth quarter the operating cash flow amounted to MSEK 264 (217).
- Proposed dividend for 2012 is SEK 4.50 per share (4.50).

### MAJOR EVENT AFTER THE CONCLUSION OF THE YEAR:

- Saab has announced, through a press release, the signing of an agreement with the Swedish Defence Materiel Administration (FMV) for Gripen E. The agreement includes development and modification of Gripen E for Sweden during the period 2013-2026 and a possible order for new production of Gripen E from Switzerland. FMV has today placed an initial development order of SEK 2.5 billion for operations during 2013-2014. Remaining orders from Sweden is expected in 2013-2014. The total value of possible orders under the agreement amounts to a total of SEK 47.2 billion.

### OUTLOOK STATEMENT 2013:

- In 2013, we estimate that sales will increase slightly compared to 2012.
- The operating margin in 2013, excluding material net capital gains and other non-recurring items, is expected to be in line with the operating margin in 2012, excluding material non-recurring items, of 7.6 per cent.

### FINANCIAL HIGHLIGHTS

MSEK	Jan–Dec 2012	Jan–Dec 2011	Change, %	Oct–Dec 2012	Oct–Dec 2011
Order bookings	20,683	18,907	9	4,928	5,114
Order backlog	34,151	37,172	-8	-2,180 <sup>3)</sup>	-2,239 <sup>3)</sup>
Sales	24,010	23,498	2	7,306	7,347
Gross income	7,190	6,707	7	2,270	2,256
Gross margin, %	29.9	28.5		31.1	30.7
Operating income (EBIT)	2,032	2,941	-31	650	659
Operating margin, %	8.5	12.5		8.9	9.0
Net income	1,539	2,217	-31	585	419
Earnings per share before dilution, SEK	14.81	21.19		5.52	3.92
Earnings per share after dilution, SEK	14.33	20.38		5.35	3.78
Return on equity, % <sup>1)</sup>	11.3	18.1			
Operating cash flow <sup>2)</sup>	-396	2,477	-116	264	217
Operating cash flow per share after dilution, SEK	-3.63	22.69		2.42	1.98

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 350 (2,392) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -746 (85)

3) Refer to quarterly change

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

Despite challenging market conditions throughout 2012, order bookings increased by nine per cent in the year. In the fourth quarter an order was received for our surface-to-surface missile RBS15 Mk3 and several other important orders were received during the year.

Sales grew driven by strategic acquisitions during the year. Acquisitions and partnerships are important means to create a stronger foothold in local markets and to complement our portfolio. During 2012 we made several acquisitions, for example the acquisition of 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. 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. This acquisition expands our technical consultancy business within Combitech. In the fourth quarter we announced the acquisition of MEDAV GmbH, specialised in the application of signal processing, pattern recognition and information technology. The acquisition strengthens Saab's product portfolio within radio monitoring and intelligence fusion systems. We also established several partnerships in local markets, such as in India where a joint venture with QuEST Global Manufacturing was announced in the fourth quarter.

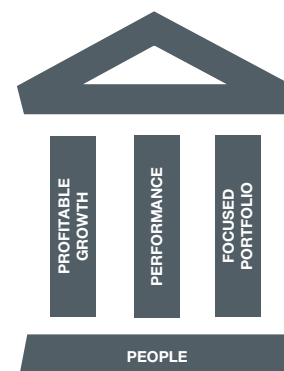
We reached an underlying operating margin in line with 2011, while we at the same time increased investments in marketing and sales. In order to strengthen our technology leadership and secure future offerings in current challenging market conditions, investments in internally funded development also increased. We spent about 7.5 per cent of our sales on internally funded development in 2012 compared to about 5.8 per cent in 2011.

A new Market Area organisation was established as of 1 January 2013 in order to further strengthen our local presence and ensure a closer cooperation with our customers.

Today, we announced that we signed an agreement with FMV concerning the development and modification of Gripen E, the next generation of Gripen, Saab's fighter aircraft. At the same time an initial development order was received for Gripen E. We are proud to continue to deliver a world leading fighter aircraft to the Swedish Air Force. The agreement includes potential orders concerning the Gripen E to a total of SEK 47.2 billion.

Despite challenging market conditions, we foresee a slight increase in sales for 2013 and an operating margin, excluding material net capital gains and non-recurring items, to be in line with 2012, excluding material non-recurring items.

### 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-Dec 2012	Jan-Dec 2011	Change, %	Oct-Dec 2012	Oct-Dec 2011
Order bookings	20,683	18,907	9	4,928	5,114
Order backlog	34,151	37,172	-8	-2,180 <sup>1)</sup>	-2,239 <sup>1)</sup>
Sales	24,010	23,498	2	7,306	7,347

<sup>1)</sup> Refer to quarterly change

## ORDERS, SALES AND INCOME

### Orders

#### Fourth quarter 2012

Order bookings in the fourth quarter decreased compared to the same period 2011. Orders received included several large orders, such as an order for the integration of surveillance systems in Piaggio Aero Industries' new surveillance aircraft, further development of systems for air traffic management and airbases for the Swedish armed forces, an upgrade of the heavyweight torpedo Torpedo 62, an order for the Surface-to-Surface Missile RBS15 Mk3 as well as orders for components for the Carl-Gustaf man-portable weapon system and support and maintenance of Gripen.

#### January–December 2012

Order bookings increased in the year compared to 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, 76 per cent (85) of order bookings were attributable to defence-related operations.

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

During 2012, index and price changes had a positive effect on order bookings of MSEK 148 (308).

Orders received, where the order sum was larger than MSEK 100, represented 52 per cent (48) of total order bookings.

The order backlog at the end of the year amounted to MSEK 34,151, compared to MSEK 37,172 at the beginning of the year.

## LARGE ORDERS RECEIVED DURING 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 RBS15 Mk3	France	701
	Germany	615
Upgrade of Combat Management System	Thailand	550
Fire control and radar systems	n.a.	450
Support and maintenance of Gripen and technical support	Sweden	330
Components to the Carl-Gustaf man-portable weapon system	n.a.	313
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
Upgrade of Torpedo 62 and support	Sweden	194
Carl-Gustaf man-portable weapon systems and ammunition	U.S.	187
Upgrade of command and control system on aircraft carrier RBS15 Mk3	Thailand	180
	Germany	168
Components to the Carl-Gustaf man-portable weapon system	n.a.	156
Systems for air traffic management and airbases	Sweden	152
Component to the Carl-Gustaf man-portable weapon system	n.a.	133
Integration of surveillance systems	Italy	135
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
Defensive aids suite	n.a.	100
Modernisation of all weather radar stations	Sweden	100

## ORDERS BY MARKET REGION

MSEK	Jan-Dec 2012	Jan-Dec 2011
Sweden	8,999	8,306
EU excluding Sweden	4,025	3,104
Rest of Europe	634	372
Americas	3,133	1,855
Asia	1,963	3,373
Africa	963	876
Australia, etc.	966	1,021
<b>Total</b>	<b>20,683</b>	<b>18,907</b>

ORDER BACKLOG DURATION:

- 2013: SEK 16.1 billion
- 2014: SEK 7.9 billion
- 2015: SEK 4.6 billion
- 2016: SEK 2.7 billion
- After 2016: SEK 2.9 billion

**Sales**

**Fourth quarter 2012**

Sales decreased 1 per cent in the fourth quarter 2012 compared to the same period 2011. Excluding acquisitions sales decreased 2 per cent in the period. Exchange rates had no significant impact on sales.

**January–December 2012**

Sales increased 2 per cent in the year compared to 2011 as a result of acquisitions. Excluding acquisitions sales decreased 2 per cent in the year.

Exchange rates had no significant impact on sales.

Sales in markets outside Sweden amounted to MSEK 15,245 (14,819), or 64 per cent (63) of total sales.

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

**SALES BY MARKET REGION**

MSEK	Jan–Dec 2012	Jan–Dec 2011
Sweden	8,765	8,679
EU excluding Sweden	4,640	4,514
Rest of Europe	390	320
Americas	2,780	1,899
Asia	4,886	5,176
Africa	1,345	1,789
Australia, etc.	1,204	1,121
<b>Total</b>	<b>24,010</b>	<b>23,498</b>

**SALES BY MARKET SEGMENT**

MSEK	Jan–Dec 2012	Jan–Dec 2011
Air	9,283	10,611
Land	7,997	7,201
Naval	2,569	2,065
Civil Security	1,837	1,479
Commercial Aeronautics	1,477	1,309
Other	847	833
<b>Total</b>	<b>24,010</b>	<b>23,498</b>

**Income, margin and profitability**

**Fourth quarter 2012**

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

**January–December 2012**

The gross margin improved in 2012 partly as a result of a different product and project mix compared to 2011.

The sale of aircraft in Saab's lease fleet of turboprop aircraft contributed positively to the gross margin in 2011 and 2012.

Marketing expenses increased in 2012 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 1,189 (1,261).

Depreciation and write-down of tangible fixed assets amounted to MSEK 403 (352), while depreciation of the leasing fleet amounted to MSEK 53 (114).

Total expenditures in research and development amounted to MSEK 5,946 (5,116). Of this MSEK 1,798 (1,355) were internally funded and a total of MSEK 292 (15) of that were capitalised. The increase of capitalised expenditures is mainly related to the development of the next generation Gripen, Gripen E. In order to strengthen our technology leadership and secure future offerings in current challenging market conditions, we see a continued need to invest in internally funded development going forward.

Amortisation and write-down of intangible fixed assets amounted to MSEK 733 (795), of which amortisation and write-down of capitalised development costs amounted to MSEK 590 (588).

The operating income was positively impacted by a reduced potential earn-out liability re-

MSEK	Jan–Dec 2012	Jan–Dec 2011	Change, %	Oct–Dec 2012	Oct–Dec 2011
Gross income	7,190	6,707	7	2,270	2,256
Gross margin, %	29.9	28.5		31.1	30.7
Internally funded investments in research and development	1,798	1,355	33	690	492
Operating income before depreciation/amortisation and write-downs (EBITDA)	3,168	4,088	-23	919	965
EBITDA margin, %	13.2	17.4		12.6	13.1
Operating income (EBIT)	2,032	2,941	-31	650	659
Operating margin, %	8.5	12.5		8.9	9.0
Income before tax (EBT)	1,906	2,783	-32	606	622
Net income	1,539	2,217	-31	585	419
Earnings per share before dilution, SEK	14.81	21.19		5.52	3.92
Earnings per share after dilution, SEK	14.33	20.38		5.35	3.78

lated 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 Federal Aviation Administration'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 operating income in 2011 included capital gains of MSEK 1,169.

The share of income in associated companies was MSEK 25 (-16).

#### FINANCIAL NET

MSEK	Jan-Dec 2012	Jan-Dec 2011
Project interest from unutilised advance payment	-15	-30
Net interest items	71	33
Currency gains/losses	15	-32
Financial net related to pensions	-152	-60
Other net financial items	-45	-69
<b>Total</b>	<b>-126</b>	<b>-158</b>

Project interest is the return received on unutilised advance payments from customers that are received in connection with 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. During 2012 lower interest rates in combination with an on average higher yearly cash position compared to 2011 led to a higher result.

The currency gains/losses 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.

#### FINANCIAL POSITION KEY INDICATORS

MSEK	31 Dec 2012	31 Dec 2011	Change
Net liquidity <sup>1)</sup>	4,405	5,333	-928
Intangible fixed assets	6,849	6,699	150
Goodwill	4,581	4,223	358
Capitalised development costs	1,751	1,950	-199
Other intangible fixed assets	517	526	-9
Tangible fixed assets, etc. <sup>2)</sup>	3,805	4,572	-767
Inventories	4,420	4,334	86
Accounts receivable	3,454	3,153	301
Other receivables	2,548	3,579	-1,031
Accrued revenues <sup>3)</sup>	1,724	2,643	-919
Advance payments from customers	553	1,022	-469
Equity/assets ratio, (%)	47.5	41.1	-
Return on equity, (%) <sup>4)</sup>	11.3	18.1	-
Equity per share, SEK <sup>5)</sup>	132.02	122.94	9.08

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 7, 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: 105,930,829; 2011: 105,331,958.

Current and deferred taxes amounted to MSEK -367 (-566), equivalent to an effective tax rate of 19 per cent (20). Current and deferred taxes decreased compared to 2011 as a result of a changed corporate tax in Sweden. As of 2013 the tax rate changes from 26.3 per cent previously to 22 per cent. The net impact from this change was MSEK 140 in the fourth quarter 2012.

The pre-tax return on capital employed was 14.2 per cent (22.2) and the after-tax return on equity was 11.3 per cent (18.1), both measured over a rolling 12-month period.

#### FINANCIAL POSITION AND LIQUIDITY

##### Financial position

Since the start of 2012, the net liquidity has decreased by MSEK 928 and amounted to MSEK 4,405 at the end of December 2012. During the year Saab has acquired Sörman Information and MEDAV GmbH, 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 1,751 at the end of 2012.

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 divestments of lease assets and investment properties.

Other receivables decreased as a result of lower accrued revenues.

Provisions for pensions amounted to MSEK 11 (12). During the year, the Saab Pension Fund was capitalised with a total of MSEK 0 (102).

For more information about the Group's defined-benefit plans, see note 10, page 33.

**Cash flow**

Operating cash flow amounted to MSEK -396 (2,477). The lower level of operating cash flow in 2012 compared to 2011 is mainly a result of the net amount spent on acquisitions and divestments as well as utilisation of and reduction in advances and milestone payments.

The operating cash flow was distributed between cash flow from operating activities of MSEK 350 (2,392) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -746 (85), of which acquisitions and divestments amounted to MSEK -394 (129).

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. As of 31 December 2012, net receivables of MSEK 852 were sold, compared to MSEK 872 at 31 December 2011. Hence, it had a negative impact of MSEK 20 on operating cash flow for the year.

For more detailed information about the operating cash flow, see note 8, pages 30-31.

**ACQUISITIONS AND DIVESTMENTS 2012**

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.

In June, 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.

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.

The 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.

On 6 August, Saab launched a recommended public cash offer for all issued and outstanding shares in HITT N.V. On 27 August, Saab acquired 53 per cent of the

shares in HITT from the majority shareholder HITT Holding B.V. Saab's offer thereby became an unconditional mandatory offer. As of 31 December, Saab had acquired 98.9 per cent of the issued and outstanding shares in HITT and approximately MSEK 240 had been paid for HITT as per 31 December 2012.

In October, Saab announced it had acquired 100 per cent of the German company MEDAV GmbH, specialised in the application of signal processing, pattern recognition and information technology, for approximately MEUR 27 on a cash and debt free basis (about MSEK 233). In addition, the parties agreed on a potential earn out payment of maximum MEUR 7 (about MSEK 60.5).

For more information regarding these acquisitions, see note 9, page 31-32.

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 328 (325).

Investments in intangible assets amounted to MSEK 343 (41) of which MSEK 292 (15) related to capitalised product development and MSEK 51 (26) to other intangible assets. The capitalised product development increased as a result of the development of the next generation of Gripen, Gripen E.

**Personnel**

At 31 December 2012, the Group had 13,968 employees, compared to 13,068 at the beginning of the year. The number of FTE's (Full Time Equivalents) at the end of the year was 13,900, compared to 12,850 at the beginning of the year. The increase of FTE's is partly related to the acquisitions of Sörman Information, HITT and MEDAV, as well as to on-going recruitments in areas with high demand.

During the second quarter 2012, Saab announced it would investigate how it could reorganise the business in South Africa to

meet local and global financial challenges.

The new organisational structure was defined during the third quarter and implemented in 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–DECEMBER 2012

- Saab announced that the subsidiary Combitech had acquired Sörman Information AB. The acquisition is part of Combitech's strategy to grow in the Nordic consultancy market.
- 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 Annual 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 took up his position on 1 November, and is part of the Group Management Team.
- In June, Saab announced it would set up a Saab Americas Market Area. 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. Complete List of Saab Market Areas as of 1 January, 2013:  
AMERICAS – Washington D.C., USA  
ASIA PACIFIC – Bangkok, Thailand  
EUROPE & GREATER MIDDLE EAST – London, Great Britain  
INDIA – New Delhi, India  
NORDIC & BALTIC – Stockholm, Sweden  
SUB-SAHARAN AFRICA – Centurion, South Africa
- 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.
- On 6 August, a recommended public cash offer by Saab for all issued and outstanding shares in HITT N.V. was launched. HITT develops technology and implements projects to improve safety and security at airports and in maritime environments. 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. As of 31 December, Saab had acquired 98.9 per cent of the issued and outstanding shares in HITT.
- In August, Saab announced it had signed a MoU (Memorandum of Understanding) regarding a strategic investment in the Indian company Pipavav Defence and Offshore Engineering Co Ltd (Pipavav). In conjunction to this, the companies have signed a Technical Partnership Agreement (TPA). The MoU covers an investment by Saab of approximately MSEK 250. In November, Saab announced it had signed a deal with Pipavav that the investment will be made in shares which will be issued through a directed share issue. After the investment, Saab will hold approximately 3.5 per cent of the capital and votes in Pipavav.
- 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. 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.

- In October, Saab announced it had acquired 100 per cent of the German company MEDAV GmbH, specialised in the application of signal processing, pattern recognition and information technology, for approximately MEUR 27 on a cash and debt free basis (about MSEK 233). In addition, the parties agreed on a potential earn out payment of maximum MEUR 7 (about MSEK 60.5). Saab used existing funds to finance the acquisition.
- Saab announced the shareholder representatives who, together with the Chairman of the Board, constitute the Nomination Committee for the Annual General Meeting 2013. Members are: Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Jan Andersson, Swedbank Robur Funds and Anders Algotsson, AFA Insurance. The Nomination Committee represents approximately 53 per cent of the total 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 Wednesday, 17 April, 2013.
- Saab announced that Görgen Johansson had been appointed Head of the business area Dynamics. He took up his position on 1 January 2013 and is part of the Group Management Team.
- In November, Saab announced it had established a joint venture, in which Saab holds 26 per cent ownership, with the Indian partner company QuEST Global Manufacturing. The joint venture will manufacture and supply assemblies for the commercial aerostructures market.

#### IMPORTANT EVENTS AFTER THE CONCLUSION OF THE YEAR

- Saab announced it had received an order for delivery, maintenance and support of the autonomous underwater vehicles systems, AUV62, the latest version of the advanced training target for Anti Submarine Warfare (ASW) training.
- Saab announced it has partnered with Tawazun, a strategic investment company focusing on defence and strategic manufacturing, to create a new UAE-based radar company. It is a joint venture where 51 per cent is owned by Tawazun and 49 per cent by Saab.
- Saab announced the signing of an agreement with the Swedish Defence Materiel Administration (FMV) for Gripen E. The agreement includes development and modification of Gripen E for Sweden during the period 2013-2026 and a possible order for new production of Gripen E from Switzerland. FMV placed an initial development order of SEK 2.5 billion for operations during 2013-2014. Remaining orders from Sweden is expected in 2013-2014. The total value of possible orders under the agreement amounts to a total of SEK 47.2 billion.

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



## AERONAUTICS

MSEK	Jan-Dec 2012	Jan-Dec 2011	Change, %	Oct-Dec 2012	Oct-Dec 2011
Order bookings	4,289	3,807	13	373	1,057
Order backlog	11,305	13,091	-14	-1,305 <sup>1)</sup>	-684 <sup>1)</sup>
Sales	6,076	6,351	-4	1,678	1,740
Operating income before depreciation/amortisation and write-downs (EBITDA)	592	579	2	183	134
EBITDA margin, %	9.7	9.1		10.9	7.7
Operating income (EBIT)	359	332	8	125	74
Operating margin, %	5.9	5.2		7.4	4.3
Operating cash flow	-425	223	-291	48	-538
Defence/Civil (% of sales)	83/17	86/14		77/23	86/14
No. of employees	2,997	2,748	9	60 <sup>1)</sup>	- <sup>1)</sup>
No. FTEs	2,932	2,670	10	55 <sup>1)</sup>	-1 <sup>1)</sup>

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

<sup>1)</sup> Refer to a quarterly change

### HIGHLIGHTS

#### ORDERS RECEIVED

- Orders received in 2012 included an order received from FMV for continued support and 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 1,130 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 77 per cent (84) of total order bookings.

#### SALES

- Sales decreased compared to 2011, mainly 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 39 per cent (43) 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.

#### CASH FLOW

- Operating cash flow was negative in 2012 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 the development of Gripen.

## DYNAMICS

MSEK	Jan–Dec 2012	Jan–Dec 2011	Change, %	Oct–Dec 2012	Oct–Dec 2011
Order bookings	4,095	4,246	-4	1,885	1,176
Order backlog	4,769	5,460	-13	380 <sup>1)</sup>	-394 <sup>1)</sup>
Sales	4,779	4,335	10	1,512	1,565
Operating income before depreciation/amortisation and write-downs (EBITDA)	794	652	22	272	257
EBITDA margin, %	16.6	15.0		18.0	16.4
Operating income (EBIT)	621	484	28	233	212
Operating margin, %	13.0	11.2		15.4	13.5
Operating cash flow	498	588	-15	112	-10
Defence/Civil (% of sales)	92/8	92/8		92/8	95/5
No. of employees	1,529	1,475	4	-9 <sup>1)</sup>	-5 <sup>1)</sup>
No. FTE	1,568	1,494	5	-5 <sup>1)</sup>	49 <sup>1)</sup>

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

<sup>1)</sup> Refer to a quarterly change

## HIGHLIGHTS

### ORDERS RECEIVED

- Orders received in 2012 were lower compared to 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 the Surface-to-Surface Missile RBS15 Mk3 was received as well as an order from FMV for an upgrade of the heavyweight torpedo Torpedo 62 and support for underwater weapon systems.
- Orders received, where the order sum exceeded MSEK 100, represented 54 per cent (59) of total order bookings.

### SALES

- Sales increased compared to 2011 as a result of a continued high activity level in large projects.
- Markets outside Sweden accounted for 88 per cent (82) of sales.

### INCOME AND MARGIN

- The operating margin in 2012 increased due to a more favourable product mix in combination with increased sales.

### CASH FLOW

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

### EMPLOYEES

- The number of employees increased due to a higher activity level.
- In the fourth quarter, it was announced that Görgen Johansson had been appointed Head of the business area Dynamics. He took up his position on 1 January 2013 and is part of the Group Management Team.

## ELECTRONIC DEFENCE SYSTEMS

MSEK	Jan-Dec 2012	Jan-Dec 2011	Change, %	Oct-Dec 2012	Oct-Dec 2011
Order bookings	2,739	3,229	-15	402	554
Order backlog	5,442	6,855	-21	-571 <sup>1)</sup>	-946 <sup>1)</sup>
Sales	4,276	4,561	-6	1,182	1,453
Operating income before depreciation/amortisation and write-downs (EBITDA)	538	785	-31	-3	158
EBITDA margin, %	12.6	17.2		-0.3	10.9
Operating income (EBIT)	117	297	-61	-106	38
Operating margin, %	2.7	6.5		-9.0	2.6
Operating cash flow	-238	413	-158	-204	-229
Defence/Civil (% of sales)	98/2	99/1		96/4	99/1
No. of employees	2,620	2,557	2	23 <sup>1)</sup>	-44 <sup>1)</sup>
No. FTEs	2,578	2,494	3	15 <sup>1)</sup>	-48 <sup>1)</sup>

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

<sup>1)</sup> Refer to a quarterly change

### HIGHLIGHTS

#### ORDERS RECEIVED

- Orders received decreased in 2012 compared to 2011, mainly as a result of a continued challenging market situation and delays in customers' investment decision processes.
- In 2012 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.
- In addition, a large order for data links was received from an undisclosed customer and from AugustaWestland Ltd an order for helicopter self-protection and electronic intelligence systems was received.
- Smaller orders received in 2012 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 37 per cent (23) of total order bookings.

#### SALES

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

#### INCOME AND MARGIN

- The operating loss in the fourth quarter 2012 resulted from increased investments in several early stage product development projects, lower sales volume and a different project mix.

- 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 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 was finalised in the second half of 2012.

#### CASH FLOW

- The acquisition of MEDAV was made in the fourth quarter 2012 for approximately MSEK 193. The acquisition was financed through existing funds. More information related to this transaction can be found on page 32, in note 9.
- Timing differences in milestone payments had a negative impact on operating cash flow in 2012.

#### EMPLOYEES

- During the second quarter Saab announced it would investigate how it could reorganise the business in South Africa to meet local and global financial challenges. The new organisational structure was defined during the third quarter and was implemented in the fourth quarter 2012.

**SECURITY AND DEFENCE SOLUTIONS**

MSEK	Jan–Dec 2012	Jan–Dec 2011	Change, %	Oct–Dec 2012	Oct–Dec 2011
Order bookings	5,307	4,582	16	1,254	1,381
Order backlog	7,150	7,712	-7	-773 <sup>1)</sup>	-392 <sup>1)</sup>
Sales	5,976	5,704	5	2,019	1,819
Operating income before depreciation/amortisation and write-downs (EBITDA)	555	502	11	231	183
EBITDA margin, %	9.3	8.8		11.4	10.1
Operating income (EBIT)	417	394	6	209	147
Operating margin, %	7.0	6.9		10.4	8.1
Operating cash flow	-191	584	-133	304	900
Defence/Civil (% of sales)	71/29	74/26		71/29	76/24
No. of employees	3,079	2,994	3	5 <sup>1)</sup>	-30 <sup>1)</sup>
No. of FTEs	3,105	2,995	4	-2 <sup>1)</sup>	-21 <sup>1)</sup>

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

<sup>1)</sup> Refer to a quarterly change

**HIGHLIGHTS**
**ORDERS RECEIVED**

- Orders received increased in 2012 due to several large orders received in the year 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 2012 amounted to about MSEK 228.
- 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. A multi-year contract for the next generation laser-based training systems for the U.S. Army's armored combat vehicles was also secured. 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. FMV also ordered further development of systems for air traffic management and airbases for the Swedish Armed Forces.
- 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 44 per cent (40) of total order bookings.

**SALES**

- Sales increased in 2012 as a result of the acquisition of Sensis in 2011 and HITT during the autumn of 2012. Market conditions in South Africa remained challenging throughout the year.
- Markets outside Sweden accounted for 76 per cent (77) of sales.

**INCOME AND MARGIN**

- 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 was finalised in the second half of 2012.

**CASH FLOW**

- Operating cash flow was negative in 2012. The decrease compared to 2011 is due to timing differences of milestone payments as well as the acquisition of HITT. Approximately MSEK 240 had been paid for HITT at the end of December 2012. The acquisition was financed through existing funds. More information related to this transaction can be found on pages 31 and 32, in note 9.

**EMPLOYEES**

- During the second quarter Saab announced it would investigate how to reorganise the business in South Africa to meet local and global financial challenges. The new organisational structure was defined during the third quarter and was implemented in 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 2012.
- The number of employees increased as a result of the acquisition of HITT that had 188 employees.

**SUPPORT AND SERVICES**

MSEK	Jan-Dec 2012	Jan-Dec 2011	Change, %	Oct-Dec 2012	Oct-Dec 2011
Order bookings	4,540	3,174	43	1,045	731
Order backlog	5,678	4,455	27	-57 <sup>1)</sup>	-220 <sup>1)</sup>
Sales	3,411	3,428	-	1,091	954
Operating income before depreciation/amortisation and write-downs (EBITDA)	429	444	-3	220	169
EBITDA margin, %	12.6	13.0		20.2	17.7
Operating income (EBIT)	410	426	-4	215	165
Operating margin, %	12.0	12.4		19.7	17.3
Operating cash flow	387	420	-8	-	-53
Defence/Civil (% of sales)	78/22	80/20		79/21	78/22
No. of employees	1,791	1,742	3	- <sup>1)</sup>	32 <sup>1)</sup>
No. FTEs	1,805	1,737	4	-8 <sup>1)</sup>	28 <sup>1)</sup>

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

<sup>1)</sup> Refer to a quarterly change

**HIGHLIGHTS**
**ORDERS RECEIVED**

- Orders received in 2012 increased compared to 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. An order was also received for the integration of surveillance systems in Piaggio Aero's new surveillance aircraft and a significant support agreement with Sikorsky was also signed regarding technical maintenance and support for the Swedish Armed Forces' Black Hawk helicopters. In addition, several new support agreements with Saab 340 and Saab 2000 operators were signed in 2012.
- Orders received, where the order sum exceeded MSEK 100, represented 41 per cent (26) of total order bookings.

**SALES**

- Markets outside Sweden accounted for 29 per cent (24) of sales.

**CASH FLOW**

- The operating cash flow in 2012 was at a slightly lower level than in 2011, mainly as a result of a temporary build up of working capital in some projects.

**EMPLOYEES**

- In 2012 Support and Services implemented a new organisational structure centered around key capabilities, with an aligned customer focus across the organisation. The new structure provides a stronger platform to capture envisioned future growth opportunities.

## COMBITECH

MSEK	Jan-Dec 2012	Jan-Dec 2011	Change, %	Oct-Dec 2012	Oct-Dec 2011
Order bookings	1,436	1,118	28	461	372
Order backlog	446	344	30	22 <sup>1)</sup>	68 <sup>1)</sup>
Sales	1,410	1,000	41	439	304
Operating income before depreciation/amortisation and write-downs (EBITDA)	130	94	38	48	41
EBITDA margin, %	9.2	9.4		10.9	13.5
Operating income (EBIT)	122	92	33	44	41
Operating margin, %	8.7	9.2		10.0	13.5
Operating cash flow	-43	87	-149	15	34
Defence/Civil (% of sales)	51/49	52/48		52/48	48/52
No. of employees	1,287	923	39	13 <sup>1)</sup>	50 <sup>1)</sup>
No. FTEs	1,245	856	45	22 <sup>1)</sup>	24 <sup>1)</sup>

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

<sup>1)</sup> Refer to a quarterly change

## HIGHLIGHTS

### SALES

- Sales increased in 2012, compared to 2011, mainly as a result of the acquisition of Sörman Information in January 2012, the establishment of a development centre in Trollhättan, Sweden and the investment in Bayes Risk Management, Norway, in August 2012. Sales to customers other than Saab increased as well as sales within the Saab Group. Business activities with customers other than Saab accounted for 58 per cent (62).
- Markets outside Sweden accounted for 3 per cent (2) of sales.

### INCOME AND MARGIN

- The operating income increased in 2012 compared to 2011, as a result of acquisitions made during the year and a strong organic growth. The operating margin decreased due to integration costs related to acquisitions made in 2012.

### CASH FLOW

- The operating cash flow was negative in 2012 as a result of the acquisitions of Sörman Information and Bayes Risk Management.

### EMPLOYEES

- The number of employees increased by 364 persons in 2012 (FTEs increased by 389). The acquisitions, together with the start of the development centre in Trollhättan, accounted for the main part of the increase in number of employees. During the year, 115 employees were hired to the development centre in Trollhättan. In addition, the acquisition of Sörman Information increased the number of employees by 168 and the investment in Bayes Risk Management by 28 persons.

## CORPORATE

Corporate reported operating income of MSEK -14 (916).

2011 included capital gains of MSEK 989 from divestments.

The sale of aircraft in Saab's lease fleet of turboprop aircraft contributed positively to the operating income in 2011 and 2012.

In 1997 Saab discontinued the manufacturing of turboprop aircraft. Today Saab still has a lease fleet that as of 31 December 2012 consisted of 61 (82) turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 42 (42) are financed through U.S. leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board (EKN). 19 (40) 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.

We estimate that the leasing portfolio will be phased out in 2015.

## 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 2012 amounted to MSEK 15,338 (15,415). Operating income was MSEK 1,031 (819).

The operating income in 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 914 (1,525). After appropriations of MSEK -481 (-293) and taxes of MSEK -499 (-462), net income for the year amounted to MSEK 965 (1,589).

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

The Parent Company's net debt amounted to MSEK 38 at 31 December 2012 compared to a net liquidity of MSEK 516 at 31 December 2011.

Gross capital expenditures in property, plant and equipment amounted to MSEK 185 (168). Investments in intangible assets amounted to MSEK 48 (22). At the end of December

2012, the Parent Company had 8,737 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 year-end report.

### Share repurchase

Saab held 3,219,515 treasury shares as of 31 December 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 and 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.

### Proposed dividend

The Board of Directors proposes that shareholders receive a dividend of SEK 4.50 per share (4.50), or a total of MSEK 477 (474). This has been calculated based on the amount of outstanding shares on 31 December 2012 of 105,930,829 (105,331,958). 22 April 2013 has been proposed as the record day for the dividend, which is expected to be paid on 25 April 2013.

### Owners

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

This year-end report has not been reviewed by the company's auditors.

**CONSOLIDATED INCOME STATEMENT**

MSEK	Note	Jan-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Sales	3	24,010	23,498	7,306	7,347
Cost of goods sold		-16,820	-16,791	-5,036	-5,091
Gross income		7,190	6,707	2,270	2,256
Gross margin, %		29.9	28.5	31.1	30.7
Other operating income		338	1,351	6	47
Marketing expenses		-2,191	-1,879	-640	-619
Administrative expenses		-1,215	-1,217	-368	-374
Research and development costs		-2,096	-1,928	-638	-621
Other operating expenses		-19	-77	-7	-27
Share of income in associated companies		25	-16	27	-3
Operating income (EBIT) <sup>1)</sup>	3	2,032	2,941	650	659
Operating margin, %		8.5	12.5	8.9	9.0
Share of income in associated companies		2	4	-	2
Financial income		153	162	31	32
Financial expenses		-281	-324	-75	-71
Net financial items		-126	-158	-44	-37
Income before taxes		1,906	2,783	606	622
Taxes		-367	-566	-21	-203
Net income for the period		1,539	2,217	585	419
of which Parent Company's shareholders' interest		1,564	2,225	584	413
of which non-controlling interest		-25	-8	1	6
Earnings per share before dilution, SEK <sup>2)</sup>		14.81	21.19	5.52	3.92
Earnings per share after dilution, SEK <sup>3)</sup>		14.33	20.38	5.35	3.78
<sup>1)</sup> Includes depreciation/amortisation and write-downs		-1,189	-1,261	-279	-329
of which depreciation of leasing aircraft		-53	-114	-10	-23
<sup>2)</sup> Average number of shares before dilution		105,632,911	104,982,315	105,868,651	105,214,551
<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-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Net income for the period	1,539	2,217	585	419
Other comprehensive income:				
Translation differences	-181	-60	-18	42
Net gain/loss on cash flow hedges	60	-256	-118	-27
Share of other comprehensive income in associated companies	-	-26	-	-
Tax attributable to other comprehensive income	14	69	61	7
Other comprehensive income for the period	-107	-273	-75	22
<b>Net comprehensive income for the period</b>	<b>1,432</b>	<b>1,944</b>	<b>510</b>	<b>441</b>
of which Parent Company's shareholders' interest	1,463	1,995	515	434
of which non-controlling interest	-31	-51	-5	7

**QUARTERLY INCOME STATEMENT**

MSEK	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Sales	7,306	4,899	6,232	5,573	7,347	4,838	5,861	5,452
Cost of goods sold	-5,036	-3,545	-4,240	-3,999	-5,091	-3,427	-4,248	-4,025
Gross income	2,270	1,354	1,992	1,574	2,256	1,411	1,613	1,427
Gross margin, %	31.1	27.6	32.0	28.2	30.7	29.2	27.5	26.2
Other operating income	6	60	231	41	47	958	273	73
Marketing expenses	-640	-472	-622	-457	-619	-432	-430	-398
Administrative expenses	-368	-280	-292	-275	-374	-243	-290	-310
Research and development costs	-638	-401	-578	-479	-621	-445	-456	-406
Other operating expenses	-7	-3	-6	-3	-27	-28	-10	-12
Share of income in associated companies	27	-	1	-3	-3	-4	-3	-6
Operating income (EBIT) <sup>1)</sup>	650	258	726	398	659	1,217	697	368
Operating margin, %	8.9	5.3	11.6	7.1	9.0	25.2	11.9	6.7
Share of income in associated companies	-	1	-	1	2	1	-	1
Financial income	31	42	37	43	32	78	-13	65
Financial expenses	-75	-78	-54	-74	-71	-67	-136	-50
Net financial items	-44	-35	-17	-30	-37	12	-149	16
Income before taxes	606	223	709	368	622	1,229	548	384
Taxes	-21	-72	-171	-103	-203	-126	-130	-107
Net income for the period	585	151	538	265	419	1,103	418	277
of which Parent Company's shareholders' interest	584	149	552	279	413	1,108	425	279
of which non-controlling interest	1	2	-14	-14	6	-5	-7	-2
Earnings per share before dilution, SEK <sup>2)</sup>	5.52	1.40	5.23	2.65	3.92	10.55	4.06	2.66
Earnings per share after dilution, SEK <sup>3)</sup>	5.35	1.37	5.06	2.56	3.78	10.15	3.89	2.56
<sup>1)</sup> Includes depreciation/amortisation and write-downs	-279	-317	-296	-297	-329	-332	-301	-299
of which depreciation of leasing aircraft	-10	-12	-15	-16	-23	-30	-30	-31
<sup>2)</sup> Average number of shares before dilution	105,868,651	105,732,553	105,546,890	105,383,552	105,214,551	104,904,903	104,903,636	104,774,760
<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	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Net income for the period	585	151	538	265	419	1,103	418	277
Other comprehensive income:								
Translation differences	-18	-214	99	-48	42	-9	55	-148
Net gain/loss on cash flow hedges	-118	246	-184	116	-27	-412	-107	290
Share of other comprehensive income in associated companies	-	-	-	-	-	-	-18	-8
Tax attributable to other comprehensive income	61	-65	49	-31	7	109	29	-76
Other comprehensive income for the period	-75	-33	-36	37	22	-312	-41	58
<b>Net comprehensive income for the period</b>	<b>510</b>	<b>118</b>	<b>502</b>	<b>302</b>	<b>441</b>	<b>791</b>	<b>377</b>	<b>335</b>
of which Parent Company's shareholders' interest	515	120	518	310	434	821	382	358
of which non-controlling interest	-5	-2	-16	-8	7	-30	-5	-23

**KEY RATIOS BY QUARTER**

	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Equity/assets ratio (%)	47.5	46.7	44.4	43.4	41.1	39.7	39.1	40.4
Return on capital employed, % <sup>1)</sup>	14.2	14.9	22.3	21.7	22.2	19.2	13.0	9.9
Return on equity, % <sup>1)</sup>	11.3	10.5	18.4	17.4	18.1	15.2	7.9	5.8
Equity per share, SEK <sup>2)</sup>	132.02	127.20	126.11	125.86	122.94	119.01	111.16	111.06
Operating cash flow, MSEK	264	-856	244	-48	217	-74	1,775	559
Operating cash flow per share after dilution, SEK <sup>3)</sup>	2.42	-7.84	2.24	-0.44	1.99	-0.68	16.26	5.12

<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

105,930,829	105,806,472	105,658,633	105,435,146	105,331,958	105,097,144	104,975,480	104,831,791
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	31/12/2012	31/12/2011
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	6	6,849	6,699
Tangible fixed assets		3,162	3,272
Lease assets		304	771
Biological assets		306	305
Investment properties		33	224
Shares in associated companies		300	288
Financial investments		193	197
Long-term receivables		879	1,046
Deferred tax assets		213	86
<b>Total fixed assets</b>		<b>12,239</b>	<b>12,888</b>
<b>Current assets</b>			
Inventories		4,420	4,334
Derivatives		514	520
Tax receivables		39	23
Accounts receivable		3,454	3,153
Other receivables		2,548	3,579
Prepaid expenses and accrued income		886	829
Short-term investments		3,963	4,555
Liquid assets	8	1,616	1,918
<b>Total current assets</b>		<b>17,440</b>	<b>18,911</b>
<b>TOTAL ASSETS</b>		<b>29,679</b>	<b>31,799</b>

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

MSEK	Note	31/12/2012	31/12/2011
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Parent Company's shareholders' interest		13,985	12,950
Non-controlling interest		112	119
<b>Total shareholders' equity</b>		<b>14,097</b>	<b>13,069</b>
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	7	105	1,218
Other liabilities		305	439
Provisions for pensions	10	11	12
Other provisions		1,286	1,728
Deferred tax liabilities		981	1,012
<b>Total long-term liabilities</b>		<b>2,688</b>	<b>4,409</b>
<b>Current liabilities</b>			
Short-term interest-bearing liabilities	7	1,637	520
Advance payments from customers		553	1,022
Accounts payable		1,904	1,785
Derivatives		254	628
Tax liabilities		228	244
Other liabilities		760	747
Accrued expenses and deferred income		6,993	8,629
Provisions		565	746
<b>Total current liabilities</b>		<b>12,894</b>	<b>14,321</b>
<b>Total liabilities</b>		<b>15,582</b>	<b>18,730</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>29,679</b>	<b>31,799</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 year			-191	-39		2,225	1,995	-51	<b>1,944</b>
Transactions with shareholders:									
Share matching plan						47	47		<b>47</b>
Dividend						-367	-367		<b>-367</b>
Acquisition and sale of non-controlling interest						1	1	-	<b>1</b>
Closing balance, 31 December 2011	1,746	543	457	-51	51	10,204	12,950	119	<b>13,069</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 year			74	-175		1,564	1,463	-31	<b>1,432</b>
Reallocation of revaluation reserve					-40	40	-		<b>-</b>
Transactions with shareholders:									
Share matching plan						46	46		<b>46</b>
Dividend						-474	-474		<b>-474</b>
Acquisition and sale of non-controlling interest						-	-	24	<b>24</b>
Closing balance, 31 December 2012	1,746	543	531	-226	11	11,380	13,985	112	<b>14,097</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

MSEK	Note	Jan-Dec 2012	Jan-Dec 2011
<b>Operating activities</b>			
Income after financial items		1,906	2,783
Transferred to pension fund		-	-132
Adjustments for items not affecting cash flows		1,179	141
Income tax paid		-574	-450
<b>Cash flow from operating activities before changes in working capital</b>		<b>2,511</b>	<b>2,342</b>
<b>Cash flow from changes in working capital</b>			
Increase(-)/Decrease(+) in inventories		-199	-243
Increase(-)/Decrease(+) in current receivables		707	-96
Increase(+)/Decrease(-) in advance payments from customers		-459	409
Increase(+)/Decrease(-) in other current liabilities		-1,701	610
Increase(+)/Decrease(-) in provisions		-509	-630
<b>Cash flow from operating activities</b>		<b>350</b>	<b>2,392</b>
<b>Investing activities</b>			
Investments in intangible fixed assets		-51	-26
Capitalised development costs		-292	-15
Investments in tangible fixed assets		-328	-325
Investments in lease assets		-1	-1
Sale of tangible fixed assets		10	23
Sale of lease assets		312	301
Sale of and investments in short-term investments		585	-2,967
Sale of an investments in other financial assets		26	306
Investments in operations and associated companies, net effect on liquidity	9	-568	-1,135
Sale of subsidiaries and associated companies, net effect on liquidity		174	1,264
<b>Cash flow from investing activities</b>		<b>-133</b>	<b>-2,575</b>
<b>Financing activities</b>			
Repayments of loans		-19	-50
Dividend paid to Parent Company's shareholders		-474	-367
<b>Cash flow from financing activities</b>		<b>-493</b>	<b>-417</b>
<b>Cash flow for the year</b>		<b>-276</b>	<b>-600</b>
Liquid assets at the beginning of the year		1,918	2,544
Exchange rate difference in liquid assets		-26	-26
<b>Liquid assets at end of year</b>	<b>8</b>	<b>1,616</b>	<b>1,918</b>

**QUARTERLY INFORMATION**

MSEK	Q4 2012	Operating margin	Q3 2012	Operating margin	Q2 2012	Operating margin	Q1 2012	Operating margin
<b>Sales</b>								
Aeronautics	1,678		1,275		1,704		1,419	
Dynamics	1,512		873		1,359		1,035	
Electronic Defence Systems	1,182		805		1,108		1,181	
Security and Defence Solutions	2,019		1,280		1,354		1,323	
Support and Services	1,091		697		844		779	
Combitech	439		299		361		311	
Corporate	-		-		-		-	
Internal sales	-615		-330		-498		-475	
<b>Total</b>	<b>7,306</b>		<b>4,899</b>		<b>6,232</b>		<b>5,573</b>	
<b>Operating income</b>								
Aeronautics	125	7.4%	72	5.6%	84	4.9%	78	5.5%
Dynamics	233	15.4%	105	12.0%	175	12.9%	108	10.4%
Electronic Defence Systems	-106	-9.0%	-78	-9.7%	210	19.0%	91	7.7%
Security and Defence Solutions	209	10.4%	59	4.6%	89	6.6%	60	4.5%
Support and Services	215	19.7%	34	4.9%	94	11.1%	67	8.6%
Combitech	44	10.0%	18	6.0%	21	5.8%	39	12.5%
Corporate	-70	-	48	-	53	-	-45	-
<b>Total</b>	<b>650</b>	<b>8.9%</b>	<b>258</b>	<b>5.3%</b>	<b>726</b>	<b>11.6%</b>	<b>398</b>	<b>7.1%</b>

MSEK	Q4 2011	Operating margin	Q3 2011	Operating margin	Q2 2011	Operating margin	Q1 2011	Operating margin
<b>Sales</b>								
Aeronautics	1,740		1,268		1,835		1,508	
Dynamics	1,565		724		1,084		962	
Electronic Defence Systems	1,453		979		1,094		1,035	
Security and Defence Solutions	1,819		1,310		1,272		1,303	
Support and Services	954		786		781		907	
Combitech	304		200		257		239	
Corporate	-		-		4		4	
Internal sales	-488		-429		-466		-506	
<b>Total</b>	<b>7,347</b>		<b>4,838</b>		<b>5,861</b>		<b>5,452</b>	
<b>Operating income</b>								
Aeronautics	74	4.3%	22	1.7%	157	8.6%	79	5.2%
Dynamics	212	13.5%	60	8.3%	123	11.3%	89	9.3%
Electronic Defence Systems	38	2.6%	42	4.3%	181	16.5%	36	3.5%
Security and Defence Solutions	147	8.1%	109	8.3%	67	5.3%	71	5.4%
Support and Services	165	17.3%	79	10.1%	107	13.7%	75	8.3%
Combitech	41	13.5%	3	1.5%	20	7.8%	28	11.7%
Corporate	-18	-	902	-	42	-	-10	-
<b>Total</b>	<b>659</b>	<b>9.0%</b>	<b>1,217</b>	<b>25.2%</b>	<b>697</b>	<b>11.9%</b>	<b>368</b>	<b>6.7%</b>



## MULTI-YEAR OVERVIEW

MSEK	2012	2011	2010	2009	2008
Order bookings	20,683	18,907	26,278	18,428	23,212
Order backlog at 31 Dec.	34,151	37,172	41,459	39,389	45,324
Sales	24,010	23,498	24,434	24,647	23,796
Sales in Sweden, %	36	37	38	31	32
Sales in EU excluding Sweden, %	19	19	19	23	25
Sales in Americas, %	12	8	9	8	6
Sales in Rest of the World, %	33	36	34	38	37
Operating income (EBIT)	2,032	2,941	975	1,374	166
Operating margin, %	8.5	12.5	4.0	5.6	0.7
Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA)	3,168	4,088	2,187	2,598	1,515
EBITDA margin, %	13.2	17.4	9.0	10.5	6.4
Income/loss after financial items	1,906	2,783	776	976	-406
Net income/loss for the year	1,539	2,217	454	699	-242
Total assets	29,679	31,799	29,278	30,430	32,890
Operating cash flow	-396	2,477	4,349	1,447	659
Return on capital employed, %	14.2	22.2	7.9	10.3	1.4
Return on equity, %	11.3	18.1	4.1	7.0	-2.4
Equity/assets ratio, %	47.5	41.1	39.1	35.1	28.4
Earnings per share before dilution, SEK <sup>2) 4)</sup>	14.81	21.19	4.12	6.45	-2.31
Earnings per share after dilution, SEK <sup>3) 4)</sup>	14.33	20.38	3.97	6.28	-2.31
Dividend per share, SEK	4.50 <sup>5)</sup>	4.50	3.50	2.25	1.75
Equity per share, SEK <sup>1)</sup>	132.02	122.94	107.66	99.91	86.49
Number of employees at year-end	13,968	13,068	12,536	13,159	13,294

1) Number of shares excluding treasury shares as of 31 December 2012: 105,930,829; 2011: 105,331,958; 2010: 104,717,729; 2009: 105,511,124; 2008: 106,829,893

2) Average number of shares 2012: 105,868,651; 2011: 105,214,551; 2010: 105,217,786; 2009: 106,335,553; 2008: 107,515,049

3) Average number of shares 2012/2011/2010/2009: 109,150,344; 2008: 107,515,049

4) Net income for the year less non-controlling interest divided by the average number of shares

5) Proposed dividend

## KEY RATIOS AND TARGETS

	Long-term target	Jan-Dec 2012	Jan-Dec 2011
Organic sales growth	5	-2	-4
Operating margin, % <sup>1)</sup>	10	8.5	12.5
Equity/assets ratio, %	30	47.5	41.1

1) In 2011, operating income included capital gains of MSEK 1,169

**PARENT COMPANY INCOME STATEMENT**

MSEK	Jan-Dec 2012	Jan-Dec 2011	Oct-Dec 2012	Oct-Dec 2011
Sales	15,338	15,415	4,820	4,582
Cost of goods sold	-10,723	-11,785	-3,339	-3,217
Gross income	4,615	3,630	1,481	1,365
Gross margin, %	30.1	23.5	30.7	29.8
Operating income and expenses	-3,584	-2,811	-1,255	-1,018
Operating income (EBIT)	1,031	819	226	347
Operating margin, %	6.7	5.3	4.7	7.6
Financial income and expenses	914	1,525	829	1,210
Income after financial items	1,945	2,344	1,055	1,557
Appropriations	-481	-293	-481	-293
Income before taxes	1,464	2,051	574	1,264
Taxes	-499	-462	-178	-296
Net income for the period	965	1,589	396	968

**PARENT COMPANY BALANCE SHEET**

MSEK	Note	31/12/2012	31/12/2011
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets		1,661	1,938
Tangible fixed assets		2,126	2,137
Financial fixed assets		8,146	8,178
<b>Total fixed assets</b>		<b>11,933</b>	<b>12,253</b>
<b>Current assets</b>			
Inventories, etc.		3,385	3,152
Current receivables		5,778	6,395
Short-term investments		3,926	4,511
Liquid assets		949	1,237
<b>Total current assets</b>		<b>14,038</b>	<b>15,295</b>
<b>TOTAL ASSETS</b>		<b>25,971</b>	<b>27,548</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity		2,996	3,002
Unrestricted equity		4,531	3,988
<b>Total shareholders' equity</b>		<b>7,527</b>	<b>6,990</b>
<b>Provisions and liabilities</b>			
Untaxed reserves		1,276	795
Provisions		1,169	1,503
Liabilities	7	15,999	18,260
<b>Total provisions and liabilities</b>		<b>18,444</b>	<b>20,558</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>25,971</b>	<b>27,548</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 of 2011.

## NOTE 2

### ACCOUNTING PRINCIPLES

The consolidated accounts for the year-end report 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 2011.

The year-end 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 2011.

For information on the new pension accounting standards, IAS 19 Employee Benefits (Amendments), as of 2013, see note 10.

## NOTE 3

### SEGMENT REPORTING

Saab is a leading high-technology company, 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**

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>	<b>Change, %</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>
Aeronautics	6,076	6,351	-4	1,678	1,740
of which external sales	5,876	6,168	-5	1,617	1,697
of which internal sales	200	183	9	61	43
Dynamics	4,779	4,335	10	1,512	1,565
of which external sales	4,667	4,219	11	1,486	1,538
of which internal sales	112	116	-3	26	27
Electronic Defence Systems	4,276	4,561	-6	1,182	1,453
of which external sales	3,652	3,928	-7	981	1,298
of which internal sales	624	633	-1	201	155
Security and Defence Solutions	5,976	5,704	5	2,019	1,819
of which external sales	5,852	5,507	6	1,981	1,792
of which internal sales	124	197	-37	38	27
Support and Services	3,411	3,428	-	1,091	954
of which external sales	3,172	3,143	1	1,016	873
of which internal sales	239	285	-16	75	81
Combitech	1,410	1,000	41	439	304
of which external sales	819	618	33	233	185
of which internal sales	591	382	55	206	119
Corporate/eliminations	-1,918	-1,881	-	-615	-488
of which external sales	-28	-85	-	-8	-36
of which internal sales	-1,890	-1,796	-	-607	-452
<b>Total</b>	<b>24,010</b>	<b>23,498</b>	<b>2</b>	<b>7,306</b>	<b>7,347</b>

**Sales by geographical market**

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>% of sales</b>	<b>Jan-Dec 2011</b>	<b>% of sales</b>	<b>Change %</b>
Sweden	8,765	36	8,679	37	1
Rest of EU	4,640	19	4,514	19	3
Rest of Europe	390	2	320	1	22
<b>Total Europe</b>	<b>13,795</b>	<b>57</b>	<b>13,513</b>	<b>57</b>	<b>2</b>
North America	2,609	11	1,803	8	45
Latin America	171	1	96	-	78
Asia	4,886	20	5,176	22	-6
Africa	1,345	6	1,789	8	-25
Australia, etc.	1,204	5	1,121	5	7
<b>Total</b>	<b>24,010</b>	<b>100</b>	<b>23,498</b>	<b>100</b>	<b>2</b>

**Information on large customers**

In 2012, Saab had one customer that accounted 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 2012 amounted to MSEK 6,524 (6,555).

**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**

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>	<b>Change, %</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>
Aeronautics	4,289	3,807	13	373	1,057
Dynamics	4,095	4,246	-4	1,885	1,176
Electronic Defence Systems	2,739	3,229	-15	402	554
Security and Defence Solutions	5,307	4,582	16	1,254	1,381
Support and Services	4,540	3,174	43	1,045	731
Combitech	1,436	1,118	28	461	372
Corporate	-	1	-	-	-
Internal	-1,723	-1,250	-	-492	-157
<b>Total</b>	<b>20,683</b>	<b>18,907</b>	<b>9</b>	<b>4,928</b>	<b>5,114</b>

**Order backlog by business area**

<b>MSEK</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Aeronautics	11,305	13,091
Dynamics	4,769	5,460
Electronic Defence Systems	5,442	6,855
Security and Defence Solutions	7,150	7,712
Support and Services	5,678	4,455
Combitech	446	344
Corporate	-	-
Internal	-639	-745
<b>Total</b>	<b>34,151</b>	<b>37,172</b>

OPERATING INCOME

**Operating income by business area**

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>% of sales</b>	<b>Jan-Dec 2011</b>	<b>% of sales</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>
Aeronautics	359	5.9	332	5.2	125	74
Dynamics	621	13.0	484	11.2	233	212
Electronic Defence Systems	117	2.7	297	6.5	-106	38
Security and Defence Solutions	417	7.0	394	6.9	209	147
Support and Services	410	12.0	426	12.4	215	165
Combitech	122	8.7	92	9.2	44	41
The business areas' total operating income	2,046	8.5	2,025	8.6	720	677
Corporate	-14	-	916	-	-70	-18
<b>Total operating income</b>	<b>2,032</b>	<b>8.5</b>	<b>2,941</b>	<b>12.5</b>	<b>650</b>	<b>659</b>

**NOTE 3 CONTINUED**

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

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>	<b>Change, %</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>
Aeronautics	233	247	-6	58	60
Dynamics	173	168	3	39	45
Electronic Defence Systems	421	488	-14	103	120
Security and Defence Solutions	138	108	28	21	36
Support and Services	19	18	6	5	4
Combitech	8	2	300	4	-
Corporate – lease aircraft	53	114	-54	10	23
Corporate – other	144	116	24	39	41
<b>Total</b>	<b>1,189</b>	<b>1,261</b>	<b>-6</b>	<b>279</b>	<b>329</b>

**OPERATING CASH FLOW AND CAPITAL EMPLOYED**

**Operating cash flow by business area**

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>	<b>Oct-Dec 2012</b>	<b>Oct-Dec 2011</b>
Aeronautics	-425	223	48	-538
Dynamics	498	588	112	-10
Electronic Defence Systems	-238	413	-204	-229
Security and Defence Solutions	-191	584	304	900
Support and Services	387	420	-	-53
Combitech	-43	87	15	34
Corporate	-384	162	-11	113
<b>Total</b>	<b>-396</b>	<b>2,477</b>	<b>264</b>	<b>217</b>

**Capital employed by business area**

<b>MSEK</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Aeronautics	2,285	2,103
Dynamics	2,284	2,359
Electronic Defence Systems	4,690	5,037
Security and Defence Solutions	3,879	3,309
Support and Services	1,301	1,243
Combitech	493	381
Corporate	918	387
<b>Total</b>	<b>15,850</b>	<b>14,819</b>

**EMPLOYEES**

**Employees by business area**

<b>Number at end of year</b>	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>Change</b>
Aeronautics	2,997	2,748	249
Dynamics	1,529	1,475	54
Electronic Defence Systems	2,620	2,557	63
Security and Defence Solutions	3,079	2,994	85
Support and Services	1,791	1,742	49
Combitech	1,287	923	364
Corporate	665	629	36
<b>Total</b>	<b>13,968</b>	<b>13,068</b>	<b>900</b>

**NOTE 4**

**TAXES**

<b>MSEK</b>	<b>Jan-Dec 2012</b>	<b>Jan-Dec 2011</b>
Current tax	-571	-424
Deferred tax	204	-142
<b>Total</b>	<b>-367</b>	<b>-566</b>

Current and deferred taxes during the year amounted to MSEK -367 (-566), or an effective tax rate of 19 per cent (20). Current and deferred taxes decreased compared to 2011 as a result of a changed corporate tax in Sweden. As of 2013 the tax rate changes from 26.3 per cent previously to 22 per cent. Tax-exempt income in 2011 led to a lower tax rate in 2011.

**NOTE 5**

**DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS**

At its meeting on 14 February 2013, 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 477.

**NOTE 6**

**INTANGIBLE FIXED ASSETS**

<b>MSEK</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
Goodwill	4,581	4,223
Capitalised development costs	1,751	1,950
Other intangible assets	517	526
<b>Total</b>	<b>6,849</b>	<b>6,699</b>

**NOTE 7**

## NET LIQUIDITY

MSEK	31/12/2012	31/12/2011
<b>Assets</b>		
Liquid assets	1,616	1,918
Short-term investments	3,963	4,555
<b>Total liquid investments</b>	<b>5,579</b>	<b>6,473</b>
Short-term interest-bearing receivables	326	368
Long-term interest-bearing receivables	109	99
Long-term interest-bearing financial investments	144	143
<b>Total interest-bearing assets</b>	<b>6,158</b>	<b>7,083</b>
<b>Liabilities</b>		
Liabilities to credit institutions	1,104	1,149
Liabilities to associates and JVs	378	449
Other interest-bearing liabilities	260	140
Provisions for pensions	11	12
<b>Total interest-bearing liabilities</b>	<b>1,753</b>	<b>1,750</b>
<b>NET LIQUIDITY</b>	<b>4,405</b>	<b>5,333</b>

**Committed credit lines**

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2013)	117	10	107
<b>Total</b>	<b>4,117</b>	<b>10</b>	<b>4,107</b>

**Parent Company**

MSEK	31/12/2012	31/12/2011
Long-term liabilities to credit institutions	-	1,100
Short-term liabilities to credit institutions	1,100	-
<b>Total</b>	<b>1,100</b>	<b>1,100</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 8**

## SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS

MSEK	31/12/2012	31/12/2011
<b>Liquid assets</b>		
The following components are included in liquid assets:		
Cash and bank balances	622	681
Bank deposits	862	1,083
Funds in escrow account	131	139
Deposits on behalf of customers	1	15
<b>Total according to balance sheet</b>	<b>1,616</b>	<b>1,918</b>
<b>Total according to statement of cash flows</b>	<b>1,616</b>	<b>1,918</b>

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

MSEK	Jan-Dec 2012	Jan-Dec 2011
<b>Operating cash flow</b>	<b>-396</b>	<b>2,477</b>
Investing activities – interest-bearing:		
Short-term investments	585	-2,967
Other financial investments and receivables	28	307
Financing activities:		
Repayments of loans	-19	-50
Dividend paid to the Parent Company's shareholders	-474	-367
<b>Cash flow for the year</b>	<b>-276</b>	<b>-600</b>

**NOTE 8 CONTINUED**
**Specification of operating cash flow**

<b>MSEK</b>	<b>Saab excl. acquisitions/divestments</b>	<b>Acquisition and divestments</b>	<b>Total Group 2012</b>	<b>Total Group 2011</b>
Cash flow from operating activities before changes in working capital	2,511	-	2,511	2,342
<b>CASH FLOW FROM CHANGES IN WORKING CAPITAL</b>				
Inventories	-199	-	-199	-243
Receivables	707	-	707	-96
Advance payments from customers	-459	-	-459	409
Other liabilities	-1,701	-	-1,701	610
Provisions	-509	-	-509	-630
Change in working capital	-2,161	-	-2,161	50
<b>Cash flow from operating activities</b>	<b>350</b>	<b>-</b>	<b>350</b>	<b>2,392</b>
<b>INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets	-343	-	-343	-41
Investments in tangible fixed assets	-328	-	-328	-325
Investments in lease assets	-1	-	-1	-1
Sale of tangible fixed assets	10	-	10	23
Sale of lease assets	312	-	312	301
Investment in and sale of financial assets	-2	-	-2	-1
Investments in operations and associated companies, net effect on liquidity	-	-568	-568	-1,135
Sale of subsidiaries and associated companies, net effect on liquidity	-	174	174	1,264
<b>Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets</b>	<b>-352</b>	<b>-394</b>	<b>-746</b>	<b>85</b>
<b>OPERATING CASH FLOW</b>	<b>-2</b>	<b>-394</b>	<b>-396</b>	<b>2,477</b>

**NOTE 9**

## BUSINESS COMBINATIONS

**HITT**

On 6 August 2012, Saab announced 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 had 188 employees mainly based in the Netherlands, North America and Hong Kong.

On 27 August, Saab announced that it had entered into a purchase agreement with HITT's majority shareholder, which held 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, 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 31 December 2012, Saab had acquired 98.9 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 provide a strong portfolio of products, combining innovative software systems with state of the art sensor systems.

**Purchase price analysis for HITT**

	<b>MEUR</b>	<b>MSEK</b>
<b>Purchase consideration</b>		
Purchase price paid as of 31 December	32	259
Debt for remaining shares	-	3
<b>Total consideration</b>	<b>32</b>	<b>262</b>

**Effect on liquid assets**

Purchase price paid as of 31 December	32	259
Less: Liquid assets in the acquired company	-2	-19
<b>Effect on liquid assets</b>	<b>30</b>	<b>240</b>

**The fair value of the identifiable assets and liabilities of HITT as at the date of the acquisition were:**

Intangible fixed assets:		
Order backlog	1	9
Development costs / Software	3	26
Tangible fixed assets	1	4
Financial fixed assets	-	3
Other current assets	18	144
Liquid assets	2	19
<b>Total assets</b>	<b>25</b>	<b>205</b>
<b>Total liabilities</b>	<b>12</b>	<b>104</b>
<b>Total identifiable net assets at fair value</b>	<b>13</b>	<b>101</b>
Goodwill	19	161
<b>Purchase consideration</b>	<b>32</b>	<b>262</b>



**NOTE 9 CONTINUED**

The goodwill of MSEK 161 comprises the value of expected synergies through the consolidation of the operations of Saab and HITT arising from the acquisition. None of the acquired goodwill is expected to be deductible for income tax purposes.

The fair value of intangible fixed assets amounted to MSEK 35.

From the date of acquisition, HITT has contributed MSEK 119 to sales and MSEK 4 to income before taxes. If the acquisition had taken place at the beginning of the year, sales would have increased by MSEK 309 and income before taxes would have decreased by approximately MSEK 2. The transaction costs of MSEK 12 have been expensed and are included in administrative expenses (included in cash flows from operating activities).

**MEDAV**

On October 26 2012, Saab announced an agreement to acquire 100 per cent of the German company MEDAV GmbH, specialised in the application of signal processing, pattern recognition and information technology. MEDAV had 75 employees. The acquisition was completed on 28 November for approximately MEUR 22, about MSEK 193 (effect on liquid assets). In addition, the parties agreed on a maximum potential earn out payment of MEUR 7. Saab has estimated the earn out payment at MEUR 5.

The acquisition advances Saab's position in radio monitoring and intelligence fusion systems and strengthens the market presence globally as well as in Europe. The acquisition provides a growth platform from which Saab can build on the combined installed base and skills in systems engineering, design and integration. MEDAV's customers and partners will benefit from Saab's overall product portfolio and global support operations.

**Preliminary purchase price analysis for MEDAV**

	MEUR	MSEK
<b>Purchase consideration</b>		
Purchase price paid 28 November	22	194
Contingent consideration	5	40
<b>Total consideration</b>	<b>27</b>	<b>234</b>

**Effect on liquid assets**

Purchase price paid 28 November	22	194
Less: Liquid assets in the acquired company	-	-1
<b>Effect on liquid assets</b>	<b>22</b>	<b>193</b>

**The fair value of the identifiable assets and liabilities of MEDAV as at the date of the acquisition were:**

Intangible fixed assets:

Technology	9	77
Patents	3	22
Order backlog	5	42
Tangible fixed assets	-	3
Financial fixed assets	-	1
Other current assets	13	111
Liquid assets	-	1
<b>Total assets</b>	<b>30</b>	<b>257</b>

Total liabilities

Total liabilities	15	130
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**Total identifiable net assets at fair value**

<b>Total identifiable net assets at fair value</b>	<b>15</b>	<b>127</b>
Goodwill	12	107
<b>Purchase consideration</b>	<b>27</b>	<b>234</b>

The goodwill of MSEK 107 comprises the value of expected synergies through the consolidation of the operations of Saab and MEDAV arising from the acquisition. None of the acquired goodwill is expected to be deductible for income tax purposes.

The fair value of intangible fixed assets amounted to MSEK 141.

The seller and the buyer have agreed on a two-year earn out period between 1 January 2013 and 31 December 2014. The contingent consideration of MEUR 7 is split into two parts: one if determined EBIT targets are achieved and one if determined EBIT targets are exceeded.

Of the purchase price, MEUR 3 is deposited in an escrow account to cover warranties and representations.

From the date of the acquisition, MEDAV has contributed MSEK 5 to sales and MSEK -4 to income before taxes. If the acquisition had taken place at the beginning of the year, sales would have increased by MSEK 153 and income before taxes would have decreased by approximately MSEK 1.

The transaction costs of MSEK 2 have been expensed and are included in administrative expenses (included in cash flows from operating activities).

**Other acquisitions during the year:**

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, which develops simulator solutions, had twelve employees. 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, which had approximately 30 employees, delivers services in the field of risk analysis for the oil and gas industry as well as for the financial market. 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, customer relationships, working capital items and deferred tax liability and amount to a total net of MSEK 43. Goodwill arising from the acquisitions amount to MSEK 153, and is mainly explained by future synergies and assembled workforce. Sales from the acquired entities amount to approximately MSEK 170.

**NOTE 10**

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 7,165 at 31 December 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 4,744 at 31 December 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 2011). The updated standard eliminates this option. This means that changes in actuarial 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 31 December 2012, the net pension obligation would have been about MSEK 2,863 higher, including special employer's contribution of MSEK 454, and retained earnings about MSEK 2,817 lower than as reported in this year-end 2012 results. The effects as of each quarter end 2012, including opening balance 2012, are shown in the tables below.

Today the Swedish portion represents 98 per cent of the Saab Group's total provision for pension.

**Year-end 2012**

Statement of financial position MSEK	31/12/2012 actual	Adjustment IAS 19R	31/12/2012 restated
Fixed assets	12,026	-741	11,285
Deferred tax assets	213	515	728
Current assets	17,440	-	17,440
<b>Total assets</b>	<b>29,679</b>	<b>-226</b>	<b>29,453</b>
Equity	14,097	-2,817	11,280
Provision for pension	11	2,863	2,874
Deferred tax liabilities	981	-282	699
Other long-term liabilities	1,696	10	1,706
Current liabilities	12,894	-	12,894
Total liabilities	15,582	2,591	18,173
<b>Total equity and liabilities</b>	<b>29,679</b>	<b>-226</b>	<b>29,453</b>
Equity/assets ratio	47.5%		38.3%

Income statement MSEK	2012 actual	Adjustment IAS 19R	2012 restated
EBIT	2,032	18	2,050
Financial net	-126	79	-47
Taxes	-367	-76	-443
Net income	1,539	21	1,560
EPS, SEK	14.33	0.19	14.52
Other comprehensive income after tax	-107	-300	-407
<b>Net comprehensive income</b>	<b>1,432</b>	<b>-279</b>	<b>1,153</b>

**End of third quarter 2012**

Statement of financial position MSEK	30/9/2012 actual	Adjustment IAS 19R	30/9/2012 restated
Fixed assets	11,875	-784	11,091
Deferred tax assets	120	596	716
Current assets	17,063	-	17,063
<b>Total assets</b>	<b>29,058</b>	<b>-188</b>	<b>28,870</b>
Equity	13,569	-2,679	10,890
Provision for pension	12	2,864	2,876
Deferred tax liabilities	933	-373	560
Other long-term liabilities	2,897	-	2,897
Current liabilities	11,647	-	11,647
Total liabilities	15,489	2,491	17,980
<b>Total equity and liabilities</b>	<b>29,058</b>	<b>-188</b>	<b>28,870</b>
Equity/assets ratio	46.7%		37.7%

Income statement MSEK	Jan-Sep 2012 actual	Adjustment IAS 19R	Jan-Sep 2012 restated
EBIT	1,382	13	1,395
Financial net	-82	59	-23
Taxes	-346	-16	-362
Net income	954	56	1,010
EPS, SEK	8.98	0.51	9.49
Other comprehensive income after tax	-32	-301	-333
<b>Net comprehensive income</b>	<b>922</b>	<b>-245</b>	<b>677</b>

**NOTE 10 CONTINUED**

**End of second quarter 2012**

Statement of financial position MSEK	30/6/2012 actual	Adjustment IAS 19R	30/6/2012 restated
Fixed assets	12,111	-829	11,282
Deferred tax assets	86	458	544
Current assets	17,995	-	17,995
<b>Total assets</b>	<b>30,192</b>	<b>-371</b>	<b>29,821</b>
Equity	13,417	-2,356	11,061
Provision for pension	12	2,398	2,410
Deferred tax liabilities	877	-413	464
Other long-term liabilities	3,043	-	3,043
Current liabilities	12,843	-	12,843
Total liabilities	16,775	1,985	18,760
<b>Total equity and liabilities</b>	<b>30,192</b>	<b>-371</b>	<b>29,821</b>

Equity/assets ratio 44.4% 37.1%

Income statement MSEK	Jan-Jun 2012 actual	Adjustment IAS 19R	Jan-Jun 2012 restated
EBIT	1,124	9	1,133
Financial net	-47	39	-8
Taxes	-274	-10	-284
Net income	803	38	841
EPS, SEK	7.61	0.35	7.96
Other comprehensive income after tax	1	40	41
<b>Net comprehensive income</b>	<b>804</b>	<b>78</b>	<b>882</b>

**End of first quarter 2012**

Statement of financial position MSEK	31/3/2012 actual	Adjustment IAS 19R	31/3/2012 restated
Fixed assets	12,403	-809	11,594
Deferred tax assets	81	404	485
Current assets	18,383	-	18,383
<b>Total assets</b>	<b>30,867</b>	<b>-405</b>	<b>30,462</b>
Equity	13,381	-2,143	11,238
Provision for pension	12	2,122	2,134
Deferred tax liabilities	913	-384	529
Other long-term liabilities	3,370	-	3,370
Current liabilities	13,191	-	13,191
Total liabilities	17,486	1,738	19,224
<b>Total equity and liabilities</b>	<b>30,867</b>	<b>-405</b>	<b>30,462</b>

Equity/assets ratio 43.4% 36.9%

Income statement MSEK	Jan-Mar 2012 actual	Adjustment IAS 19R	Jan-Mar 2012 restated
EBIT	398	5	403
Financial net	-30	20	-10
Taxes	-103	-7	-110
Net income	265	18	283
EPS, SEK	2.56	0.16	2.72
Other comprehensive income after tax	37	273	310
<b>Net comprehensive income</b>	<b>302</b>	<b>291</b>	<b>593</b>

**Opening balance 2012**

Statement of financial position MSEK	1/1/2012 actual	Adjustment IAS 19R	1/1/2012 restated
Fixed assets	12,802	-921	11,881
Deferred tax assets	86	457	543
Current assets	18,911	-	18,911
<b>Total assets</b>	<b>31,799</b>	<b>-464</b>	<b>31,335</b>
Equity	13,069	-2,434	10,635
Provision for pension	12	2,415	2,427
Deferred tax liabilities	1,012	-445	567
Other long-term liabilities	3,385	-	3,385
Current liabilities	14,321	-	14,321
Total liabilities	18,730	1,970	20,700
<b>Total equity and liabilities</b>	<b>31,799</b>	<b>-464</b>	<b>31,335</b>
Equity/assets ratio	41.1%		33.9%

**NOTE 11**

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 plus interest rates.

No additional obligations have been added during the year. 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 12**

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 year.

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

**NOTE 13**

DEFINITIONS

**Capital employed**

Total capital less non-interest-bearing liabilities.

**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.

**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.

**Equity/assets ratio**

Equity in relation to total assets.

**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.

**Gross margin**

Gross income as a percentage of sales revenue.

**Net liquidity/net debt**

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

**Operating cash flow per share**

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

**Operating margin**

Operating income as a percentage of sales revenue.

**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).

LINKÖPING 15 February 2013  
Saab AB  
Board of Directors

Saab AB is disclosing the information here in  
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 15 February, 2013.

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**Press and financial analyst conference and webcast**

with CEO Håkan Buskhe and CFO, Magnus Örnberg  
Today, Friday, 15 February 2013, 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](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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INTERIM REPORT JANUARY-MARCH 2013	<b>PUBLISHED 25 APRIL 2013</b>
INTERIM REPORT JANUARY-JUNE 2013	<b>PUBLISHED 19 JULY 2013</b>
INTERIM REPORT JANUARY-SEPTEMBER 2013	<b>PUBLISHED 29 OCTOBER 2013</b>