

A HISTORIC YEAR FOR SAAB



CEO Comment: Håkan Buskhe

2013 was a historic year for Saab. Order bookings were at an all time high and we had important breakthroughs and positive news for Saab. Meanwhile, market conditions are challenging and the competition fierce. Saab shall therefore continue its focus on being an innovative and cost efficient company, which are key factors for continued success in a changing market.

We have also completed the implementation of the new market organisation during the year, which has

increased our ability to understand and meet customer demands.

The business area Aeronautics received several groundbreaking orders during the year, especially related to Gripen. In February, an agreement was signed with FMV regarding the next generation fighter, Gripen E. In Switzerland, the parliament approved the procurement of Gripen E. In May 2014, the Swiss citizens will make the final decision in a referendum.

Also, during the fourth quarter the Brazilian government announced that it had selected Gripen for its next fighter system. Negotiations are ongoing, and the ambition is to sign an agreement during 2014. The interest in the high tech and cost effective fighter, Gripen, has never been greater.

During the year, a Joint Development Agreement was signed with Boeing to develop and build a completely new, advanced and cost-efficient training aircraft. The purpose is to participate in the U.S. Airforce's upcoming procurement of new training aircraft.

Order bookings increased by 141 per cent in 2013 compared to 2012. The increase is mainly attributable to the orders by FMV regarding development and production of Gripen E, but also many other significant orders were received. As an example, Saab received an order for development and integration of the radar and combat management systems on a new frigate for the Royal Thai Navy. Brazil placed orders for an upgrade of the airborne radar system Erieye, as well as for the electromagnetic signal-sensor part of their border security programme Sisfron.

Budget constraints in the U.S. had a negative impact on our training and traffic management operations in the U.S. Business area Dynamics was also affected by budget constraints and delays in customers' investment processes, which resulted in reduced order intake compared to 2012.

Sales amounted to MSEK 23,750, an organic decline of 2 per

cent. We saw a lower activity level primarily within the business area Dynamics. This was compensated by growth in the business areas Aeronautics and Combitech.

Reported operating income amounted to MSEK 1,345 (2,050) and the operating margin was 5.7 per cent (8.5), including a non-recurring item of MSEK 231 related to a lost legal dispute in Denmark concerning DACCIS. Excluding material non-recurring items the operating income amounted to MSEK 1,576 (1 843) and the operating margin was 6.6 per cent (7.7).

Additional efficiency measures were implemented during the year in all business areas, including reduction of headcount through restructuring measures, means of competence shift programmes and other individual solutions. The efficiency improvements are expected to amount to MSEK 500 by the end of 2014.

The business area Electronic Defence Systems made continuous investments in product development throughout the year to strengthen the product portfolio, moreover cost for efficiency improvements also impacted the result, leading to a loss for the business area.

A total of 28 per cent (25) of sales were invested in research and development during 2013. Two areas were Gripen E and radar and sensor technology. Research and development will continue to have priority in order to drive growth.

The lower operating cash flow in 2013 is mainly attributable to timing differences in milestone payments in large projects, investments and acquisitions, as well as a payment related to a legal dispute.

During the fourth quarter Saab, in accordance with accounting standards, reclassified the value decline of the investment in the Indian company Pipavav from equity to financial net. The value decline was caused by a share price decline of 46 per cent and a value decline of the Indian currency of 15 per cent against SEK, since the investment was done. The reclassification and write-down of the investment had a negative impact on the net income of MSEK 133.

Earnings per share after dilution amounted to SEK 6,79 (14.52).

The Board of Directors proposes a share dividend of SEK 4.50 (4.50).

OUTLOOK STATEMENT 2014:

- In 2014, we estimate that sales will be in line with 2013.
- The operating margin in 2014, excluding material non-recurring items, is expected to be somewhat higher than the operating margin 2013, excluding material non-recurring items.

Excluding material non-recurring items, the operating margin was 6.6 per cent in 2013.

Financial Highlights

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|--------------|-----------------|-----------------|
| Order bookings | 49,809 | 20,683 | 141 | 24,780 | 4,928 |
| Order backlog | 59,870 | 34,151 | 75 | | |
| Sales | 23,750 | 24,010 | -1 | 7,279 | 7,306 |
| Gross income | 6,328 | 7,208 | -12 | 1,853 | 2,275 |
| Gross margin, % | 26.6 | 30.0 | | 25.5 | 31.1 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 2,367 | 3,186 | -26 | 810 | 924 |
| EBITDA margin, % | 10.0 | 13.3 | | 11.1 | 12.6 |
| Operating income (EBIT) | 1,345 | 2,050 | -34 | 534 | 655 |
| Operating margin, % | 5.7 | 8.5 | | 7.3 | 9.0 |
| Net income | 742 | 1,560 | -52 | 287 | 550 |
| Earnings per share before dilution, SEK | 6.98 | 15.00 | | 2.64 | 5.19 |
| Earnings per share after dilution, SEK | 6.79 | 14.52 | | 2.57 | 5.03 |
| Return on equity, % ¹⁾ | 6.3 | 12.8 | | | |
| Operating cash flow ²⁾ | -1,480 | -396 | | 547 | 264 |
| Operating cash flow per share after dilution, SEK | -13.56 | -3.63 | | 5.01 | 2.42 |

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 -682 (350) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -798 (-746)

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 business area Combitech.

In addition, Corporate comprises Group staff and departments as well as secondary opera-

tions. It also includes the leasing fleet of Saab 340.

Orders and Sales

Orders

Fourth quarter 2013

Large orders received during the fourth quarter 2013 included an order from the Swedish Defence Materiel Administration (FMV) for serial production and modification of 60 Gripen C to Gripen E for Sweden, with initial deliveries in 2018.

A contract was signed with ASC Pty Ltd (Australian Submarine Corporation) to update and modernise the Integrated Ship Control Management and Monitoring System on the Royal Australian Navy's Collins Class Submarines. Moreover, Saab has signed a contract with Daewoo Shipbuilding and Marine Engineering Korea, for development and integration of combat management and radar systems on a new frigate for the Royal Thai Navy.

Saab signed an agreement with Airbus to supply the A350-1000 programme with design, development and manufacturing of the flap support structures. Saab also signed an agreement with Boeing on providing the Large Cargo Doors, Bulk Cargo Door and Access Doors for the Boeing 787-10, the latest version in the 787 family.

Several other large orders were received during the quarter.

January–December 2013

Order bookings in 2013 were on a much higher level than in 2012. The increase was mainly due to orders received in February, March and December from FMV, for the development and serial production of

Gripen E, totalling SEK 29.8 billion.

In addition to the orders mentioned above, an order was received from FMV for an upgrade of Sweden's ground based air defence. Also in the European area a first contract to deploy the Skeldar Unmanned Aerial System (UAS) for maritime operations was signed with the Spanish Navy. Three orders were received for self-protection equipment for the German Air Force's Tornado fleet.

In the Asia-Pacific area, a contract was signed for the installation and commissioning of electronic security systems for the Australian Department of Defence. Two orders were received from Hindustan Aeronautic Limited (HAL), India, for serial production of an integrated electronic warfare self-protection system for installation on the Indian Army's and Air force's Advanced Light Helicopter.

In the U.S., Saab was awarded the first option of a multi-year contract for the next generation of laser-based training systems for the U.S. Army's armored combat vehicles. An order was received for the electromagnetic signal-sensor part of the Brazilian border security programme Sisfron and two orders were received for the upgrade programme of the airborne surveillance system Erieye in Brazil.

For a detailed list of major orders received, see note 3, page 24.

In all, 87 per cent (76) of order bookings were attributable to defence-related operations and 30 per cent (57) were attributable

to customers outside Sweden.

During 2013, index and price changes had a positive effect on order bookings of MSEK 97 compared to MSEK 148 in 2012.

Orders received, where the total order value exceeded MSEK 100, represented 80 per cent (52) of total order bookings.

The order backlog at the year-end amounted to MSEK 59,870, compared to MSEK 34,151 at the beginning of the year.

Order backlog duration

- 2014: SEK 17.4 billion
- 2015: SEK 10.8 billion
- 2016: SEK 8.1 billion
- 2017: SEK 11.1 billion
- After 2017: SEK 12.5 billion

Sales

Fourth quarter 2013

Currency effects contributed negatively to sales by 1 per cent.

January–December 2013

Sales during 2013 decreased by 1 per cent compared to 2012.

Acquisitions contributed to the increase in sales by 2 per cent, however offset by a negative impact from currency effects of 1 per cent.

Sales in markets outside Sweden amounted to MSEK 13,936 (15,245), or 59 per cent (64) of total sales.

81 per cent (82) of sales were related to the defence market.

Order bookings by Market Region

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % |
|---------------------|---------------|---------------|------------|
| Sweden | 34,967 | 8,999 | 289 |
| EU excluding Sweden | 4,708 | 4,025 | 17 |
| Rest of Europe | 555 | 634 | -12 |
| Americas | 3,221 | 3,133 | 3 |
| Asia | 4,636 | 1,963 | 136 |
| Africa | 666 | 963 | -31 |
| Australia, etc. | 1,056 | 966 | 9 |
| Total | 49,809 | 20,683 | 141 |

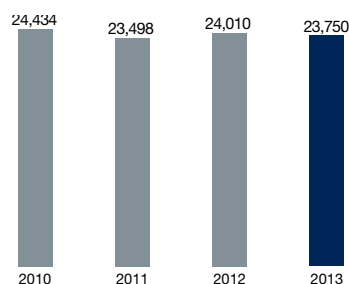
Sales by Market Region

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % |
|---------------------|---------------|---------------|-----------|
| Sweden | 9,814 | 8,765 | 12 |
| EU excluding Sweden | 3,933 | 4,640 | -15 |
| Rest of Europe | 621 | 390 | 59 |
| Americas | 2,987 | 2,780 | 7 |
| Asia | 4,311 | 4,886 | -12 |
| Africa | 930 | 1,345 | -31 |
| Australia, etc. | 1,154 | 1,204 | -4 |
| Total | 23,750 | 24,010 | -1 |

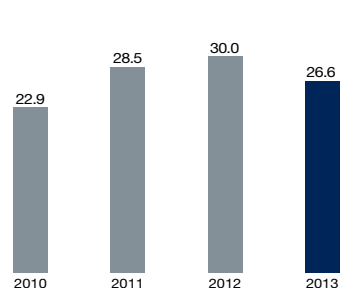
Sales by Market Segment

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % |
|----------------|---------------|---------------|-----------|
| Air | 10,693 | 9,283 | 15 |
| Land | 6,462 | 7,997 | -19 |
| Naval | 2,292 | 2,569 | -11 |
| Civil Security | 1,979 | 1,837 | 8 |
| Commercial | | | |
| Aeronautics | 1,615 | 1,477 | 9 |
| Other | 709 | 847 | -16 |
| Total | 23,750 | 24,010 | -1 |

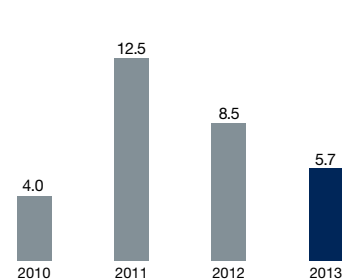
Sales, MSEK



Gross margin, %



Operating margin, %



Income

Fourth quarter 2013

The gross margin in the fourth quarter 2013 decreased to 25.5 per cent (31.1), compared to the same period 2012, mainly as a result of a different product and project mix.

Operating income amounted to MSEK 534 (655) with an operating margin of 7.3 per cent (9.0). The operating income was negatively impacted by costs for the ongoing efficiency programme.

January–December 2013

The gross margin in 2013 decreased to 26.6 per cent (30.0), compared to 2012, mainly as a result of a different product and project mix.

Total depreciation, amortisation and write-downs amounted to MSEK 1,047 (1,189). Depreciation and write-downs of tangible fixed assets amounted to MSEK 398 (403), while

depreciation of the leasing fleet amounted to MSEK 25 (53).

Total expenditures in research and development (R&D) amounted to MSEK 6,543 (5,946). Of total R&D expenditures, MSEK 1,332 (1,798) was internally funded, of which a total of MSEK 24 (292) was capitalised. A large part was investments in development of radar and sensor technologies. Amortisation of intangible fixed assets amounted to MSEK 624 (733), of which amortisation of capitalised development expenditures amounted to MSEK 454 (590).

The share of income in associated companies amounted to MSEK 25 (25). The operating income amounted to MSEK 1,345 (2,050) with an operating margin of 5.7 per cent (8.5). Excluding material non-recurring items, the operating income amounted to MSEK 1,576 (1,843), with an operating margin of 6.6 per cent (7.7).

During 2013 and 2012, reversal of risk provi-

sions related to Saab's leasing fleet of turbo prop aircraft (SAL), contributed positively to the operating income. The positive contribution was less in 2013 than in 2012.

During 2012, the operating income was positively impacted by a significant reduction of the potential earn-out liability related to the acquisition of Saab Sensis during 2011, of MSEK 207. The result for 2013 was also positively impacted by such reductions as well as by a capital gain attributable to a divestment of property. At the same time, the operating income for 2013 was negatively impacted by the ongoing efficiency programme. In total, the costs were somewhat higher than the sum of the reductions and the capital gain.

A material non-recurring item of MSEK 231 related to a lost legal dispute was recognised during the year, see more in note 11, page 28.

Financial Net

| MSEK | Jan–Dec 2013 | Jan–Dec 2012 |
|---|--------------|--------------|
| Financial net related to pensions | -74 | -73 |
| Net interest items | 23 | 124 |
| Project interest from unutilised advance payments | -3 | -15 |
| Currency gains/losses | -26 | 15 |
| Other net financial items | -286 | -98 |
| Total | -366 | -47 |

Financial net related to pensions is based on the current net pension liability.

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

Project interest is the return 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.

Currency gains/losses reported are related to hedges of the tender portfolio which are valued at fair value.

Other net financial items consist of cost attributable to the programme for sales of accounts receivables and unrealised results from market valuation of short-term investments and other currency effects, for example changes related to liquid assets in currencies other than SEK. Also reported here, were two non-recurring items; MSEK 83 related to a lost legal dispute, see note 11, page 28, and a write-down of the value of shareholding in the Indian company Pipavav Defence and Offshore Engineering Company Limited (Pipavav, ISIN:

INE542F01012). During the second quarter, Saab invested MSEK 247 in Pipavav through a, to Saab, directed new share issue. A combination of negative currency effects and share price development resulted in a value decline totalling MSEK 133, of which MSEK 116 was recognised in Other comprehensive income/loss up to and including the third quarter. Following a continued value decline during the fourth quarter, Saab has, in accordance with IFRS, reclassified the value decline for the whole year to financial net. At year-end, the valuation of the Indian currency, rupie, showed a decline of 15 per cent and Pipavav's share price had dropped 46 per cent, since the investment was done. This led to a write-down and reclassification in accordance with accounting standards.

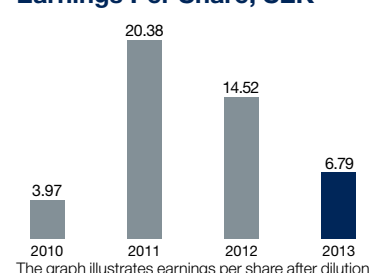
Tax

Current and deferred taxes amounted to MSEK -237 (-443), equivalent to an effective tax rate of 24 per cent (22).

Return on Capital Employed and on Equity

The pre-tax return on capital employed was 9.1 per cent (14.6) and the after-tax return on equity was 6.3 per cent (12.8), both measured over a rolling 12-month period.

Earnings Per Share, SEK



Financial Position and Liquidity

Financial position

At the end of December 2013, the net liquidity amounted to MSEK 1,013, a decrease of MSEK 983 compared to year-end 2012.

Cash flow from operating activities amounted to MSEK -682.

The lower provisions for pensions, excluding special employers' contribution at 31 December 2013 of MSEK 1,389 compared to MSEK 2,420 in December 2012, had a positive impact of MSEK 1,031 on net liquidity. The decrease in provisions was mainly due to the increase in discount rate used in the valuation of pension obligations from 3.00 per cent to 4.00 per cent during the year.

For more information about the Group's defined benefit plans, see note 10, page 27.

Net liquidity was negatively impacted during 2013 by net investments amounting to approximately MSEK 798 and paid dividend of MSEK 477. Net investments included investments in tangible fixed assets of MSEK 543, investments in intangible assets of MSEK 68, divestment of fixed assets of MSEK 127 and acquisitions of MSEK 314.

Currency exchange rate differences in liquid assets as well as unrealised results from financial investments had a negative impact of MSEK 57 on net liquidity.

In 2009, Saab changed its view on the application of 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. Capitalised development costs have been reduced from MSEK 3,628 at the end of 2008 to MSEK 1,338 at the end of December 2013.

Inventories are recognised after deducting utilised advances.

Other receivables increased compared to year-end 2012 as a result of the increase of accrued revenue from customers due to higher activity level in some large projects, mainly related to the development of Gripen E.

Capital expenditures

Gross capital expenditures in property, plant and equipment, amounted to MSEK 543 (328).

Investments in intangible assets amounted to MSEK 68 (343), of which MSEK 24 (292) related to capitalised product development and MSEK 44 (51) to other intangible assets.

Cash flow

Operating cash flow amounted to MSEK -1,480 (-396). The lower level of operating cash flow in 2013 compared to 2012 is mainly attributable to timing differences in milestone payments and investments mainly in Corporate, Dynamics and Support and Services.

The operating cash flow was distributed

between cash flow from operating activities of MSEK -682 (350) and cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets of MSEK -798 (-746), of which acquisitions and divestments amounted to MSEK -68 (-394).

A payment of MSEK 314 related to a lost legal dispute regarding the DACCIS command and control system was made, which had a negative effect on cash flow from operating activities. The amount Saab has paid includes repayments of damages and payments received under the previous contract, as well as interest and court costs.

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. As of 31 December 2013, net receivables of MSEK 555 were sold, compared to MSEK 852 at 31 December 2012. Hence, it had a negative impact on operating cash flow of MSEK 297 in 2013.

During the year, an investment was made in the publicly traded Indian company Pipavav, amounting to MSEK 247. The investment was reported as acquisition of other financial assets.

For more detailed information about the operating cash flow, see note 8, page 26-27.

Financial Position Key Indicators and Liquidity

| MSEK | 31 Dec 2013 | 31 Dec 2012 | Change |
|---|-------------|-------------|--------|
| Net liquidity ¹⁾ | 1,013 | 1,996 | -983 |
| Intangible fixed assets | 6,340 | 6,849 | -509 |
| Goodwill | 4,605 | 4,581 | 24 |
| Capitalised development costs | 1,338 | 1,751 | -413 |
| Other intangible fixed assets | 397 | 517 | -120 |
| Tangible fixed assets, etc. ²⁾ | 3,763 | 3,805 | -42 |
| Inventories | 4,563 | 4,420 | 143 |
| Accounts receivable | 3,314 | 3,454 | -140 |
| Other receivables | 3,823 | 2,548 | 1,275 |
| Accrued revenues ³⁾ | 3,074 | 1,724 | 1,350 |
| Advance payments from customers | 828 | 553 | 275 |
| Equity/assets ratio, (%) | 43.8 | 39.0 | |
| Return on equity, (%) ⁴⁾ | 6.3 | 12.8 | |
| Equity per share, SEK ⁵⁾ | 114.04 | 105.43 | 8.61 |

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 excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 6, page 24-25.

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; 2013 Dec: 106,414,144; 2012 Dec: 105,930,829.

AERONAUTICS

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|-----------|-----------------|-----------------|
| Order bookings | 29,677 | 4,289 | 592 | 18,266 | 373 |
| Order backlog | 34,113 | 11,305 | 202 | | |
| Sales | 6,869 | 6,076 | 13 | 1,996 | 1,678 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 603 | 592 | 2 | 139 | 183 |
| EBITDA margin, % | 8.8 | 9.7 | | 7.0 | 10.9 |
| Operating income (EBIT) | 456 | 359 | 27 | 102 | 125 |
| Operating margin, % | 6.6 | 5.9 | | 5.1 | 7.4 |
| Operating cash flow | -314 | -425 | | 164 | 48 |
| No. of FTEs | 3,210 | 2,932 | 9 | | |

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

ORDERS RECEIVED

- Order bookings in 2013 included orders from the Swedish Defence Materiel Administration (FMV) for the development of Gripen E and serial production of 60 Gripen E for Sweden, of which about SEK 25.4 billion was related to Aeronautics. FMV also ordered upgrades of the current Gripen C/D fleet and reserve materiel for the years 2014–2016.
- An order was received for integration of the weapon system Meteor on Gripen E.
- Orders received also included new order bookings of about SEK 2.9 billion for deliveries to the Boeing 787 programme and the Airbus A350, A380 and A320 programmes. This included a contract with Airbus to become a supplier for the A350-1000 regarding design, development and manufacturing of the flap support structures.

- A first contract was signed with the Spanish Navy regarding the use of the unmanned aircraft system Skeldar UAS during the EU mission in the Gulf of Aden.
- Orders received, where the order sum exceeded MSEK 100, represented 98 per cent (77) of total order bookings.

SALES, INCOME AND MARGIN

- Sales increased in 2013 compared to 2012 as a result of a higher activity level related to the development of Gripen E.
- The operating margin in 2013 increased compared to 2012, mainly due to efficient project execution and decreased amortisations. At the same time, costs of rationalisation measures were recognised. The rationalisations mainly consist of a competence shift programme.

- Markets outside Sweden accounted for 29 per cent (39) of sales.

CASH FLOW

- Operating cash flow was negative during 2013 mainly due to timing differences in milestone payments related to the development of Gripen E and upgrades of the Gripen C/D system.

EMPLOYEES

- The number of FTE's increased in 2013, as a result of a higher activity level in the Gripen E development.

DYNAMICS

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|-----------|-----------------|-----------------|
| Order bookings | 3,350 | 4,095 | -18 | 1,637 | 1,885 |
| Order backlog | 4,549 | 4,769 | -5 | | |
| Sales | 3,572 | 4,779 | -25 | 1,188 | 1,512 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 386 | 794 | -51 | 202 | 272 |
| EBITDA margin, % | 10.8 | 16.6 | | 17.0 | 18.0 |
| Operating income (EBIT) | 324 | 621 | -48 | 183 | 233 |
| Operating margin, % | 9.1 | 13.0 | | 15.4 | 15.4 |
| Operating cash flow | 394 | 498 | | 72 | 112 |
| No. of FTEs | 1,549 | 1,568 | -1 | | |

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

ORDERS RECEIVED

- Order bookings in 2013 were lower than in the same period 2012 due to a challenging market situation with postponements of customers' investments.
- Large orders received during 2013 included orders for missile components, components for the Carl-Gustaf man-portable weapon system, two orders for delivery of AUV62, the latest version of the advanced target training for Anti Submarine Warfare (ASW) training, one order for long-term maintenance and support of the AUV62, and one order for the delivery of explosive training artillery ammunition.
- Orders received, where the order sum exceeded MSEK 100, represented 47 per cent (54) of total order bookings.

SALES, INCOME AND MARGIN

- Sales decreased in 2013 compared to 2012 as a result of lower order bookings.
- Markets outside Sweden accounted for 85 per cent (88) of sales.
- The operating margin was lower during 2013 compared to 2012, as a result of decreased sales. Despite lower sales during the fourth quarter 2013, the operating margin was on par with the fourth quarter 2012, as a result of a different product mix.

CASH FLOW

- Operating cash flow decreased in 2013 compared to 2012, mainly due to a lower activity level.

EMPLOYEES

- In September, union negotiations were initiated to reduce headcount at the production unit in Karlskoga, Sweden. The redundancy notice affects 70 positions.

ELECTRONIC DEFENCE SYSTEMS

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|-----------|-----------------|-----------------|
| Order bookings | 7,620 | 2,739 | 178 | 2,227 | 402 |
| Order backlog | 8,764 | 5,442 | 61 | | |
| Sales | 4,161 | 4,276 | -3 | 1,292 | 1,182 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 287 | 538 | -47 | 32 | -3 |
| EBITDA margin, % | 6.9 | 12.6 | | 2.5 | -0.3 |
| Operating income (EBIT) | -201 | 117 | -272 | -100 | -106 |
| Operating margin, % | -4.8 | 2.7 | | -7.7 | -9.0 |
| Operating cash flow | 213 | -238 | | -89 | -204 |
| No. of FTEs | 2,588 | 2,578 | - | | |

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

ORDERS RECEIVED

- Orders received included orders from FMV for the development of Gripen E and serial production of 60 Gripen E for Sweden. The total order value related to Electronic Defence Systems amounted to approximately SEK 3.2 billion. FMV also ordered an upgrade of Sweden's ground based air defence.
- Two orders were received regarding upgrades of the Erieye AEW&C Mission System in Brazil. An order was also received for signal-sensor equipment for the Brazilian border security programme Sisfron.
- Three orders were received for self-protection equipment for the German Air Force's Tornado fleet.
- Two orders were received for the serial production of an integrated electronic warfare self-protection system for installation on the Indian Army's and Air force's Advanced Light Helicopter.

- A contract was signed with Daewoo Shipbuilding and Marine Engineering Korea, for development and integration of combat management and radar systems on a new frigate for the Royal Thai Navy.
- Orders received, where the order sum exceeded MSEK 100, represented 70 per cent (37) of total order bookings.

SALES, INCOME AND MARGIN

- The main reason for the decrease in sales in 2013 compared to 2012 was a low level of order bookings in 2011 and 2012.
- Markets outside Sweden accounted for 69 per cent (76) of sales.
- The operating loss in 2013 was mainly attributable to increased investments in product development projects, and a different project mix compared to 2012.
- During 2012, a reduction in the potential earn-

out liability related to the acquisition of Sensis in 2011 contributed with MSEK 154 to the operating income.

CASH FLOW

- Final payments related to the completion of projects, as well as timing differences in milestone payments had a positive impact on operating cash flow in 2013.

EMPLOYEES

- In September, Saab announced its intention to reduce headcount by 150-175 employees in Gothenburg, Sweden. This will be achieved through a competence shift programme. The reductions are the result of decreased business volumes and the current technology shift.

SECURITY AND DEFENCE SOLUTIONS

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|-----------|-----------------|-----------------|
| Order bookings | 5,429 | 5,307 | 2 | 1,791 | 1,254 |
| Order backlog | 6,529 | 7,150 | -9 | | |
| Sales | 5,891 | 5,976 | -1 | 1,928 | 2,019 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 556 | 555 | - | 238 | 231 |
| EBITDA margin, % | 9.4 | 9.3 | | 12.3 | 11.4 |
| Operating income (EBIT) | 428 | 417 | 3 | 206 | 209 |
| Operating margin, % | 7.3 | 7.0 | | 10.7 | 10.4 |
| Operating cash flow | -255 | -191 | | 476 | 304 |
| No. of FTEs | 2,933 | 3,105 | -6 | | |

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

ORDERS RECEIVED

- A large order was received for support of an airborne surveillance system totalling SEK 1.1 billion, of which approximately MSEK 700 was related to Security and Defence Solutions.
- An order was received from Watpac Construction Pty Ltd for the installation and commissioning of electronic security systems for the Australian Department of Defence.
- A contract was signed with Daewoo Shipbuilding and Marine Engineering Korea, for development and integration of combat management and radar systems on a new frigate for the Royal Thai Navy.
- An order was received from the U.S. Army for radio systems which are used in data communications for live training. Also, a framework contract was signed with the Swedish Defence Materiel

Administration (FMV), for maintenance and upgrades of mobile airbase solutions for the Swedish Airforce.

- A contract was signed with ASC Pty Ltd (Australian Submarine Corporation) to update and modernise the Integrated Ship Control Management and Monitoring System on the Royal Australian Navy's Collins Class Submarines.
- Orders received, where the order sum exceeded MSEK 100, represented 44 per cent (44) of total order bookings.

SALES, INCOME AND MARGIN

- Markets outside Sweden accounted for 81 per cent (76) of sales.
- The operating income in 2013 was affected positively by an efficient project execution.
- During 2012, a reduction in a potential earn-out

liability contributed with MSEK 53 to the operating income. Also, such reductions had a positive impact on the operating income for 2013, while at the same time restructuring costs were recognised.

CASH FLOW

- Operating cash flow was negative in 2013 due to timing differences in milestone payments in some large projects.

EMPLOYEES

- The number of FTE's was reduced, mainly as a result of the new market organisation implemented on 1 January 2013 and general resource adjustments.

SUPPORT AND SERVICES

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|-----------|-----------------|-----------------|
| Order bookings | 3,942 | 4,540 | -13 | 963 | 1,045 |
| Order backlog | 6,186 | 5,678 | 9 | | |
| Sales | 3,419 | 3,411 | - | 1,027 | 1,091 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 383 | 429 | -11 | 104 | 220 |
| EBITDA margin, % | 11.2 | 12.6 | | 10.1 | 20.2 |
| Operating income (EBIT) | 364 | 410 | -11 | 99 | 215 |
| Operating margin, % | 10.6 | 12.0 | | 9.6 | 19.7 |
| Operating cash flow | -17 | 387 | | 50 | - |
| No. of FTEs | 1,802 | 1,805 | - | | |

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

ORDERS RECEIVED

- Order bookings in 2013 decreased compared to 2012 due to tougher market conditions.
- During 2013 orders were received from FMV for the development of Gripen E and serial production of 60 Gripen E for Sweden. The total order value for Support and Services related to these orders amounted to approximately SEK 1.3 billion.
- A large order was received for support of an airborne surveillance system totalling SEK 1.1 billion, of which about MSEK 300 was related to Support and Services.
- An order was received from FMV to provide technical system support to the Swedish Armed Forces during 2014. The order is a further option under an earlier agreement with FMV for performance-based support and maintenance of Gripen (PBL – Performance-Based Logistics).

- A five-year contract was signed with the airline British Midland Regional Ltd (BMI Regional) for component maintenance and the repair of BMI Regional's fleet of Embraer aircraft.
- Orders received, where the order sum exceeded MSEK 100, represented 47 per cent (41) of total order bookings.

SALES, INCOME AND MARGIN

- Markets outside Sweden accounted for 34 per cent (29) of sales.
- The operating margin in 2013 decreased compared to 2012, due to rationalisation measures and a change in project mix.

CASH FLOW

- In 2013, the operating cash flow was lower compared to 2012 partly as a result of a continued build-up of working capital in some projects.

EMPLOYEES

- Saab announced in November that the headcount should be reduced by about 50 people within Support and Services. The measures affect an additional 50 people within the business area and are carried out through restructuring and individual solutions.

COMBITECH

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change, % | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|-----------------|-----------|-----------------|-----------------|
| Order bookings | 1,634 | 1,436 | 14 | 501 | 461 |
| Order backlog | 483 | 446 | 8 | | |
| Sales | 1,598 | 1,410 | 13 | 456 | 439 |
| Operating income before depreciation/amortisation and write-downs (EBITDA) | 148 | 130 | 14 | 53 | 48 |
| EBITDA margin, % | 9.3 | 9.2 | | 11.6 | 10.9 |
| Operating income (EBIT) | 140 | 122 | 15 | 51 | 44 |
| Operating margin, % | 8.8 | 8.7 | | 11.2 | 10.0 |
| Operating cash flow | 159 | -43 | | 30 | 15 |
| No. of FTEs | 1,293 | 1,245 | 4 | | |

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

SALES

- Operations within the aircraft and engineering industries and the public sector showed the highest sales growth during 2013. The telecommunication segment has shown a lower demand during the year. Overall, we see a somewhat cautious industrial economy.
- Sales attributable to customers both within and outside the Saab Group increased in 2013 compared to 2012. The share of sales attributable to the Saab Group amounted to 46 per cent (42).
- Markets outside Sweden accounted for 5 per cent (3) of sales.

INCOME AND MARGIN

- The operating income increased during 2013, due to higher sales compared to 2012. The operating margin was on par with 2012.

CASH FLOW

- The operating cash flow was at a higher level in 2013 compared to 2012 due to acquisitions made during 2012.

EMPLOYEES

- The number of FTE's increased slightly as Combitech saw a continued high demand in several market segments.

CORPORATE

Corporate reported operating income of MSEK -166 (4).

During 2013 and 2012 reversal of risk provisions, attributable to the remaining risks related to Saab's lease fleet of turboprop aircraft, contributed positively to the operating income. The positive impact was smaller during 2013 than 2012.

In 1997 Saab discontinued the manufacturing of turboprop aircraft. As of 31 December 2013, Saab has a lease fleet consisting of 49 (61) turboprop Saab 340 and Saab 2000 aircraft. Of the fleet, 35 (42) are financed through U.S. leverage leases. Rents from these leases are insured through The Swedish Export Credits Guarantee Board, EKN. 14 (19) aircraft are financed internally and recognised as assets in the balance sheet. Provisions in the balance sheet related to the leasing portfolio are deemed sufficient for the remaining risks.

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

The operating income was also impacted by a capital gain attributable to divestment of property.

A payment, amounting to MSEK 314 related to a lost legal dispute regarding the command and control system DACCIS, was made. The payment Saab made includes repayment of damages, payments received under the previous contract, as well as interest and court costs. Of the MSEK 314, MSEK 231 was reported as operating income and MSEK 83 as interest cost in the financial net.

ACQUISITIONS AND DIVESTMENTS 2013

In August 2012, Saab announced that a Memorandum of Understanding (MoU) had been signed concerning a strategic investment in the Indian company Pipavav. The investment of MSEK 247 was made through a, to Saab, directed share issue during the second quarter 2013. After the investment, Saab holds approximately 3.3 per cent of the capital and votes in the company. The investment was financed from Saab's liquid assets.

In May, Saab announced the signing of an agreement to acquire Teknikinformation i Krokom AB (TIKAB) with 67 employees. In September, Saab announced the acquisition of Hydro-Lek Limited with 25 employees. The total consideration amounted to MSEK 50, of which MSEK 47 was paid in cash and MSEK 3 is an estimated earn-out liability depending on future results.

No other significant acquisitions or divestments were made during 2013.

PERSONNEL AND OTHER

Personnel (FTE's)

At 31 December 2013, the Group had 14,140 employees, compared to 13,968 at the beginning of the year. The number of Full Time Equivalents (FTE's) at the end of the year was 14,122, compared to 13,900 at the beginning of the year. The increase of FTE's is mainly related to acquisitions and the increased activity level in the Gripen E development.

Share repurchase

Saab held 2,736,200 treasury shares as of 31 December 2013 compared to 3,219,515 at year-end 2012. The Annual General Meeting on 17 April 2013 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. No shares were repurchased during 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 479 (477). This has been calculated based on the number of outstanding shares at 31 December 2013 amounting to 106,414,144 (105,930,829). 11 April 2014 has been proposed as the record day for the dividend, which is expected to be paid on 16 April 2014.

Nomination committee

The members have been appointed based on the shareholder structure on 31 August 2013 in accordance with a resolution by the Saab Annual General Meeting.

Members of the Saab Nomination Committee for the Annual General Meeting 2014 are;

Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Tomas Hedberg, Swedbank Robur Funds, Anders Algotsson, AFA Insurance.

The Nomination Committee is assigned to prepare proposals regarding Chairman of the

Board and of the Annual General Meeting, Board of Directors as well as remuneration to the Board and the auditor.

The Annual General Meeting of Saab AB will be held on Tuesday, 8 April, 2014.

Owners

According to SIS Ägarservice, Saab's largest shareholders at 30 December 2013, were Investor AB, the Wallenberg foundations, Swedbank Robur Funds, AFA Insurance, Unionen, Norges Bank Investment Management, SEB Funds, SHB Funds, the Fourth AP-Fund, and Nordea Funds.

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, see pages 52-55 of the annual report 2012.

OTHER SIGNIFICANT EVENTS JANUARY-DECEMBER 2013

- Saab AB's previous deputy CEO and Chief Operating Officer (COO), Lena Olving, left her position at the end of the second quarter 2013 and assumed the position of CEO and President of the listed technology company Micronic Mydata AB.
- At April 17 2013, Saab held its Annual General Meeting of shareholders in Stockholm. In accordance with the nomination committee's proposal Håkan Buskhe, Johan Forssell, Sten Jakobsson, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Marcus Wallenberg and Joakim Westh were re-elected to the Board of Directors. Sara Mazur was elected new member of the Board of Directors and Marcus Wallenberg was re-elected Chairman of the Board. At the statutory Board meeting following the Annual General Meeting, Sten Jakobsson was re-elected Vice Chairman of the Board.
- In November, Saab issued a five-year loan under the existing Medium Term Note programme (MTN). Under the terms of this programme, Saab issued fixed interest bonds and Floating Rate Notes (FRN) of SEK 1 billion, maturing in December 2018. The total size of the programme amounted to SEK 3 billion. The purpose of the transaction is to refinance loans of SEK 1.1 billion maturing in the beginning of December 2013. Saab previously had an unused Swedish commercial paper programme of SEK 5 billion.
- On 6 December, Saab and Boeing announced the signing of a Joint Develop-

ment Agreement (JDA) to develop and build a new advanced, cost-efficient T-X Family of Systems training solution for the upcoming competition to replace the U.S. Air Force's aging T-38 aircrew training system. The JDA, with Boeing as the prime contractor and Saab AB as primary partner, covers areas including design, development, production, support, sales and marketing.

- The Brazilian government announced on 18 December that it had selected Gripen NG for its next fighter system. Following the announcement, negotiations have begun between Saab and the Brazilian Airforce regarding the procurement of 36 Gripen NG. An order for Gripen NG can be placed after the completion of negotiations and an agreement has been entered into by Saab and Brazil.

For information regarding large orders received between January and December 2013, see page 2 and the comments regarding Business Areas on pages 5 to 7 as well as Note 3 on page 24.

SIGNIFICANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

No significant events after the conclusion of the period to report.

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

CONSOLIDATED INCOME STATEMENT

| MSEK | Note | Jan-Dec 2013 | Jan-Dec 2012 | Oct-Dec 2013 | Oct-Dec 2012 |
|--|----------|---------------|---------------|--------------|--------------|
| Sales | 3 | 23,750 | 24,010 | 7,279 | 7,306 |
| Cost of goods sold | | -17,422 | -16,802 | -5,426 | -5,031 |
| Gross income | | 6,328 | 7,208 | 1,853 | 2,275 |
| Gross margin, % | | 26.6 | 30.0 | 25.5 | 31.1 |
| Other operating income | | 204 | 338 | 83 | 6 |
| Marketing expenses | | -2,082 | -2,191 | -565 | -640 |
| Administrative expenses | | -1,111 | -1,215 | -338 | -368 |
| Research and development costs | | -1,762 | -2,096 | -490 | -638 |
| Other operating expenses | | -257 | -19 | -19 | -7 |
| Share of income in associated companies | | 25 | 25 | 10 | 27 |
| Operating income (EBIT)¹⁾ | 3 | 1,345 | 2,050 | 534 | 655 |
| Operating margin, % | | 5.7 | 8.5 | 7.3 | 9.0 |
| Share of income in associated companies | | - | 2 | - | - |
| Financial income | | 62 | 153 | 15 | 31 |
| Financial expenses | | -428 | -202 | -189 | -55 |
| Net financial items | | -366 | -47 | -174 | -24 |
| Income before taxes | | 979 | 2,003 | 360 | 631 |
| Taxes | | -237 | -443 | -73 | -81 |
| Net income for the period | | 742 | 1,560 | 287 | 550 |
| of which Parent Company's shareholders' interest | | 741 | 1,585 | 281 | 549 |
| of which non-controlling interest | | 1 | -25 | 6 | 1 |
| Earnings per share before dilution, SEK ²⁾ | | 6.98 | 15.00 | 2.64 | 5.19 |
| Earnings per share after dilution, SEK ³⁾ | | 6.79 | 14.52 | 2.57 | 5.03 |
| 1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft | | -1,047 -25 | -1,189 -53 | -278 -2 | -279 -10 |
| 2) Average number of shares before dilution | | 106,125,107 | 105,632,911 | 106,342,403 | 105,868,651 |
| 3) Average number of shares after dilution | | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Oct-Dec 2013 | Oct-Dec 2012 |
|--|---------------------|---------------------|---------------------|---------------------|
| Net income for the period | 742 | 1,560 | 287 | 550 |
| Other comprehensive income: | | | | |
| Items that will not be reversed in the income statement: | | | | |
| Revaluation of net pension obligations | 1,255 | -385 | 68 | 23 |
| Tax attributable to revaluation of net pension obligations | -285 | 85 | -24 | -22 |
| Total | 970 | -300 | 44 | 1 |
| Items that may be reversed in the income statement: | | | | |
| Translation differences | -132 | -181 | 28 | -18 |
| Net loss on available-for-sale financial assets | - | - | 116 | - |
| Net gain/loss on cash flow hedges | -255 | 60 | -174 | -118 |
| Tax attributable to net gain/loss on cash flow hedges | 59 | 14 | 39 | 61 |
| Total | -328 | -107 | 9 | -75 |
| Other comprehensive income/loss for the period | 642 | -407 | 53 | -74 |
| Net comprehensive income/loss for the period | 1,384 | 1,153 | 340 | 476 |
| of which Parent Company's shareholders' interest | 1,399 | 1,184 | 335 | 481 |
| of which non-controlling interest | -15 | -31 | 5 | -5 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

QUARTERLY INCOME STATEMENT

| MSEK | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 | Q1 2012 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sales | 7,279 | 4,723 | 5,886 | 5,862 | 7,306 | 4,899 | 6,232 | 5,573 |
| Cost of goods sold | -5,426 | -3,459 | -4,287 | -4,250 | -5,031 | -3,541 | -4,236 | -3,994 |
| Gross income | 1,853 | 1,264 | 1,599 | 1,612 | 2,275 | 1,358 | 1,996 | 1,579 |
| Gross margin, % | 25.5 | 26.8 | 27.2 | 27.5 | 31.1 | 27.7 | 32.0 | 28.3 |
| Other operating income | 83 | 63 | 29 | 29 | 6 | 60 | 231 | 41 |
| Marketing expenses | -565 | -471 | -533 | -513 | -640 | -472 | -622 | -457 |
| Administrative expenses | -338 | -219 | -291 | -263 | -368 | -280 | -292 | -275 |
| Research and development costs | -490 | -380 | -434 | -458 | -638 | -401 | -578 | -479 |
| Other operating expenses | -19 | 9 | -238 | -9 | -7 | -3 | -6 | -3 |
| Share of income in associated companies | 10 | - | 17 | -2 | 27 | - | 1 | -3 |
| Operating income (EBIT)¹⁾ | 534 | 266 | 149 | 396 | 655 | 262 | 730 | 403 |
| Operating margin, % | 7.3 | 5.6 | 2.5 | 6.8 | 9.0 | 5.3 | 11.7 | 7.2 |
| Share of income in associated companies | - | -1 | - | 1 | - | 1 | - | 1 |
| Financial income | 15 | 16 | 13 | 18 | 31 | 42 | 37 | 43 |
| Financial expenses | -189 | -27 | -151 | -61 | -55 | -58 | -35 | -54 |
| Net financial items | -174 | -12 | -138 | -42 | -24 | -15 | 2 | -10 |
| Income before taxes | 360 | 254 | 11 | 354 | 631 | 247 | 732 | 393 |
| Taxes | -73 | -62 | -10 | -92 | -81 | -78 | -174 | -110 |
| Net income for the period | 287 | 192 | 1 | 262 | 550 | 169 | 558 | 283 |
| of which Parent Company's shareholders' interest | 281 | 189 | 2 | 269 | 549 | 167 | 572 | 297 |
| of which non-controlling interest | 6 | 3 | -1 | -7 | 1 | 2 | -14 | -14 |
| Earnings per share before dilution, SEK ²⁾ | 2.64 | 1.78 | 0.02 | 2.54 | 5.19 | 1.58 | 5.42 | 2.82 |
| Earnings per share after dilution, SEK ³⁾ | 2.57 | 1.73 | 0.02 | 2.46 | 5.03 | 1.53 | 5.24 | 2.72 |
| 1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft | -278 -2 | -256 -7 | -256 -7 | -257 -9 | -279 -10 | -317 -12 | -296 -15 | -297 -16 |
| 2) Average number of shares before dilution | 106,342,403 | 106,196,870 | 106,028,640 | 105,932,515 | 105,868,651 | 105,732,553 | 105,546,890 | 105,383,552 |
| 3) Average number of shares after dilution | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| MSEK | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 | Q1 2012 |
|--|------------|------------|------------|------------|------------|-------------|------------|------------|
| Net income for the period | 287 | 192 | 1 | 262 | 550 | 169 | 558 | 283 |
| Other comprehensive income: | | | | | | | | |
| Items that will not be reversed in the income statement: | | | | | | | | |
| Revaluation of net pension obligations | 68 | 101 | 647 | 439 | 23 | -462 | -316 | 370 |
| Tax attributable to revaluation of net pension obligations | -24 | -22 | -142 | -97 | -22 | 121 | 83 | -97 |
| Total | 44 | 79 | 505 | 342 | 1 | -341 | -233 | 273 |
| Items that may be reversed in the income statement: | | | | | | | | |
| Translation differences | 28 | -122 | 42 | -80 | -18 | -214 | 99 | -48 |
| Net loss on available-for-sale financial assets | 116 | -53 | -63 | - | - | - | - | - |
| Net gain/loss on cash flow hedges | -174 | 196 | -300 | 23 | -118 | 246 | -184 | 116 |
| Tax attributable to net gain/loss on cash flow hedges | 39 | -44 | 68 | -4 | 61 | -65 | 49 | -31 |
| Total | 9 | -23 | -253 | -61 | -75 | -33 | -36 | 37 |
| Other comprehensive income/loss for the period | 53 | 56 | 252 | 281 | -74 | -374 | -269 | 310 |
| Net comprehensive income for the period | 340 | 248 | 253 | 543 | 476 | -205 | 289 | 593 |
| of which Parent Company's shareholders' interest | 335 | 242 | 262 | 560 | 481 | -203 | 305 | 601 |
| of which non-controlling interest | 5 | 6 | -9 | -17 | -5 | -2 | -16 | -8 |

KEY RATIOS BY QUARTER

| MSEK | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 | Q3 2012 | Q2 2012 | Q1 2012 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Equity/assets ratio (%) | 43.8 | 44.8 | 42.7 | 41.6 | 39.0 | 38.4 | 37.6 | 37.4 |
| Return on capital employed, % ¹⁾ | 9.1 | 10.3 | 10.6 | 14.3 | 14.6 | 15.1 | 22.6 | 22.1 |
| Return on equity, % ¹⁾ | 6.3 | 8.8 | 8.7 | 13.3 | 12.8 | 12.2 | 20.7 | 19.3 |
| Equity per share, SEK ²⁾ | 114.04 | 110.94 | 108.69 | 110.81 | 105.43 | 101.88 | 103.82 | 105.53 |
| Operating cash flow, MSEK | 547 | -936 | -742 | -349 | 264 | -856 | 244 | -48 |
| Operating cash flow per share after dilution, SEK ³⁾ | 5.01 | -8.58 | -6.80 | -3.20 | 2,42 | -7,84 | 2,24 | -0.44 |

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average number of shares after dilution

| | | | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 106,414,144 | 106,270,662 | 106,123,078 | 105,934,201 | 105,930,829 | 105,806,472 | 105,658,633 | 105,435,146 |
| 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 | 109,150,344 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| MSEK | Note | 31/12/2013 | 31/12/2012 | 1/1/2012 |
|-------------------------------------|------|---------------|---------------|---------------|
| ASSETS | | | | |
| Fixed assets | | | | |
| Intangible fixed assets | 5 | 6,340 | 6,849 | 6,699 |
| Tangible fixed assets | | 3,239 | 3,162 | 3,272 |
| Lease assets | | 197 | 304 | 771 |
| Biological assets | | 296 | 306 | 305 |
| Investment properties | | 31 | 33 | 224 |
| Shares in associated companies | | 338 | 300 | 288 |
| Financial investments | | 295 | 193 | 197 |
| Long-term receivables | 10 | 129 | 138 | 125 |
| Deferred tax assets | | 239 | 213 | 86 |
| Total fixed assets | | 11,104 | 11,498 | 11,967 |
| Current assets | | | | |
| Inventories | | 4,563 | 4,420 | 4,334 |
| Derivatives | | 396 | 514 | 520 |
| Tax receivables | | 62 | 39 | 23 |
| Accounts receivable | | 3,314 | 3,454 | 3,153 |
| Other receivables | | 3,823 | 2,548 | 3,579 |
| Prepaid expenses and accrued income | | 877 | 886 | 829 |
| Short-term investments | | 2,002 | 3,963 | 4,555 |
| Liquid assets | 8 | 1,764 | 1,616 | 1,918 |
| Total current assets | | 16,801 | 17,440 | 18,911 |
| TOTAL ASSETS | | 27,905 | 28,938 | 30,878 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

| MSEK | Note | 31/12/2013 | 31/12/2012 | 1/1/2012 |
|---|------|---------------|---------------|---------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | |
| Shareholders' equity | | | | |
| Parent Company's shareholders' interest | | 12,136 | 11,168 | 10,516 |
| Non-controlling interest | | 91 | 112 | 119 |
| Total shareholders' equity | | 12,227 | 11,280 | 10,635 |
| Long-term liabilities | | | | |
| Long-term interest-bearing liabilities | 6 | 1,095 | 105 | 1,218 |
| Other liabilities | | 179 | 315 | 439 |
| Provisions for pensions | 10 | 1,680 | 2,874 | 2,427 |
| Other provisions | | 1,043 | 1,286 | 1,728 |
| Deferred tax liabilities | | 501 | 184 | 110 |
| Total long-term liabilities | | 4,498 | 4,764 | 5,922 |
| Current liabilities | | | | |
| Short-term interest-bearing liabilities | 6 | 614 | 1,637 | 520 |
| Advance payments from customers | | 828 | 553 | 1,022 |
| Accounts payable | | 1,918 | 1,904 | 1,785 |
| Derivatives | | 316 | 254 | 628 |
| Tax liabilities | | 61 | 228 | 244 |
| Other liabilities | | 839 | 760 | 747 |
| Accrued expenses and deferred income | | 5,945 | 6,993 | 8,629 |
| Provisions | | 659 | 565 | 746 |
| Total current liabilities | | 11,180 | 12,894 | 14,321 |
| Total liabilities | | 15,678 | 17,658 | 20,243 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 27,905 | 28,938 | 30,878 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| MSEK | Capital stock | Other capital contributions | Net result of cash flow hedges | Translation reserve | Available-for-sale and revaluation reserve | Retained earnings | Total parent company's share holders' interest | Non-controlling interest | Total share holders' equity |
|---|---------------|-----------------------------|--------------------------------|---------------------|--|-------------------|--|--------------------------|-----------------------------|
| Opening balance, 1 January 2012 | 1,746 | 543 | 457 | -51 | 51 | 10,204 | 12,950 | 119 | 13,069 |
| Effects of change in accounting principles | | | | | | -2,434 | -2,434 | | -2,434 |
| Adjusted opening balance, 1 January 2012 | 1,746 | 543 | 457 | -51 | 51 | 7,770 | 10,516 | 119 | 10,635 |
| Net comprehensive income for the year | | | 74 | -175 | | 1,285 | 1,184 | -31 | 1,153 |
| Reallocation of revaluation reserve | | | | | -40 | 40 | - | | - |
| Adjustment due to change of accounting principles for pensions attributable to change in tax rate in Sweden | | | | | | -104 | -104 | | -104 |
| Transactions with shareholders: | | | | | | | | | |
| Share matching plan | | | | | | 46 | 46 | | 46 |
| Dividend | | | | | | -474 | -474 | | -474 |
| Acquisition and sale of non-controlling interest | | | | | | | | 24 | 24 |
| Closing balance, 31 December 2012 | 1,746 | 543 | 531 | -226 | 11 | 8,563 | 11,168 | 112 | 11,280 |
| Opening balance, 1 January 2013 | 1,746 | 543 | 531 | -226 | 11 | 8,563 | 11,168 | 112 | 11,280 |
| Net comprehensive income for the year | | | -185 | -127 | | 1,711 | 1,399 | -15 | 1,384 |
| Transactions with shareholders: | | | | | | | | | |
| Share matching plan | | | | | | 46 | 46 | | 46 |
| Dividend | | | | | | -477 | -477 | -1 | -478 |
| Acquisition and sale of non-controlling interest | | | | | | | | -5 | -5 |
| Closing balance, 31 December 2013 | 1,746 | 543 | 346 | -353 | 11 | 9,843 | 12,136 | 91 | 12,227 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

CONSOLIDATED STATEMENT OF CASH FLOWS

| MSEK | Note | Jan–Dec 2013 | Jan–Dec 2012 |
|--|------|--------------|--------------|
| Operating activities | | | |
| Income after financial items | | 979 | 2,003 |
| Adjustments for items not affecting cash flows | | 1,224 | 1,082 |
| Income tax paid | | -368 | -574 |
| Cash flow from operating activities before changes in working capital | | 1,835 | 2,511 |
| Cash flow from changes in working capital | | | |
| Increase(-)/Decrease(+) in inventories | | -147 | -199 |
| Increase(-)/Decrease(+) in current receivables | | -1,370 | 707 |
| Increase(+)/Decrease(-) in advance payments from customers | | 287 | -459 |
| Increase(+)/Decrease(-) in other current liabilities | | -1,010 | -1,701 |
| Increase(+)/Decrease(-) in provisions | | -277 | -509 |
| Cash flow from operating activities | | -682 | 350 |
| Investing activities | | | |
| Investments in intangible fixed assets | | -44 | -51 |
| Capitalised development costs | | -24 | -292 |
| Investments in tangible fixed assets | | -543 | -328 |
| Investments in lease assets | | - | -1 |
| Sale of tangible fixed assets | | 46 | 10 |
| Sale of lease assets | | 81 | 312 |
| Sale of and investments in short-term investments | | 1,936 | 585 |
| Sale of and investments in other financial assets | | -14 | 26 |
| Investments in operations and associated companies, net effect on liquidity | 9 | -68 | -568 |
| Sale of group and associated companies, net effect on liquidity | | - | 174 |
| Cash flow from investing activities | | 1,370 | -133 |
| Financing activities | | | |
| Repayments of loans | | -1,100 | -19 |
| Raising of loans | | 1,071 | - |
| Dividend paid to Parent Company's shareholders | | -477 | -474 |
| Dividend paid to non-controlling interest | | -1 | - |
| Cash flow from financing activities | | -507 | -493 |
| Cash flow for the year | | 181 | -276 |
| Liquid assets at the beginning of the year | | 1,616 | 1,918 |
| Exchange rate difference in liquid assets | | -33 | -26 |
| Liquid assets at end of year | 8 | 1,764 | 1,616 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

QUARTERLY INFORMATION

| MSEK | Q4 2013 | Operating margin | Q3 2013 | Operating margin | Q2 2013 | Operating margin | Q1 2013 | Operating margin |
|--------------------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|
| Sales | | | | | | | | |
| Aeronautics | 1,996 | | 1,391 | | 1,717 | | 1,765 | |
| Dynamics | 1,188 | | 536 | | 971 | | 877 | |
| Electronic Defence Systems | 1,292 | | 900 | | 931 | | 1,038 | |
| Security and Defence Solutions | 1,928 | | 1,189 | | 1,503 | | 1,271 | |
| Support and Services | 1,027 | | 732 | | 838 | | 822 | |
| Combitech | 456 | | 322 | | 410 | | 410 | |
| Corporate | - | | - | | - | | - | |
| Internal sales | -608 | | -347 | | -484 | | -321 | |
| Total | 7,279 | | 4,723 | | 5,886 | | 5,862 | |
| Operating income | | | | | | | | |
| Aeronautics | 102 | 5.1% | 117 | 8.4% | 121 | 7.0% | 116 | 6.6% |
| Dynamics | 183 | 15.4% | -46 | -8.6% | 115 | 11.8% | 72 | 8.2% |
| Electronic Defence Systems | -100 | -7.7% | 24 | 2.7% | -80 | -8.6% | -45 | -4.3% |
| Security and Defence Solutions | 206 | 10.7% | 80 | 6.7% | 120 | 8.0% | 22 | 1.7% |
| Support and Services | 99 | 9.6% | 70 | 9.6% | 107 | 12.8% | 88 | 10.7% |
| Combitech | 51 | 11.2% | 14 | 4.3% | 31 | 7.6% | 44 | 10.7% |
| Corporate | -7 | - | 7 | - | -265 | - | 99 | - |
| Total | 534 | 7.3% | 266 | 5.6% | 149 | 2.5% | 396 | 6.8% |
| MSEK | Q4 2012 | Operating margin | Q3 2012 | Operating margin | Q2 2012 | Operating margin | Q1 2012 | Operating margin |
| Sales | | | | | | | | |
| 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 | |
| Total | 7,306 | | 4,899 | | 6,232 | | 5,573 | |
| Operating income | | | | | | | | |
| 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 | -65 | - | 52 | - | 57 | - | -40 | - |
| Total | 655 | 9.0% | 262 | 5.3% | 730 | 11.7% | 403 | 7.2% |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19).

MULTI-YEAR OVERVIEW

| MSEK | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------------------|--------|--------|--------|--------|
| Order bookings | 49,809 | 20,683 | 18,907 | 26,278 | 18,428 |
| Order backlog at 31 Dec. | 59,870 | 34,151 | 37,172 | 41,459 | 39,389 |
| Sales | 23,750 | 24,010 | 23,498 | 24,434 | 24,647 |
| Sales in Sweden, % | 41 | 36 | 37 | 38 | 31 |
| Sales in EU excluding Sweden, % | 17 | 19 | 19 | 19 | 23 |
| Sales in Americas, % | 13 | 12 | 8 | 9 | 8 |
| Sales in the rest of the world, % | 30 | 33 | 36 | 34 | 38 |
| Operating income (EBIT) | 1,345 | 2,050 | 2,941 | 975 | 1,374 |
| Operating margin, % | 5.7 | 8.5 | 12.5 | 4.0 | 5.6 |
| Operating income before depreciation/amortisation and write-downs, excluding leasing aircraft (EBITDA) | 2,367 | 3,186 | 4,088 | 2,187 | 2,598 |
| EBITDA margin, % | 10.0 | 13.3 | 17.4 | 9.0 | 10.5 |
| Income/loss after financial items | 979 | 2,003 | 2,783 | 776 | 976 |
| Net income/loss for the year | 742 | 1,560 | 2,217 | 454 | 699 |
| Total assets | 27,905 | 28,938 | 31,799 | 29,278 | 30,430 |
| Operating cash flow | -1,480 | -396 | 2,477 | 4,349 | 1,447 |
| Return on capital employed, % | 9.1 | 14.6 | 22.2 | 7.9 | 10.3 |
| Return on equity, % | 6.3 | 12.8 | 18.1 | 4.1 | 7.0 |
| Equity/assets ratio, % | 43.8 | 39.0 | 41.1 | 39.1 | 35.1 |
| Earnings per share before dilution, SEK ^{2) 4)} | 6.98 | 15.00 | 21.19 | 4.12 | 6.45 |
| Earnings per share after dilution, SEK ^{3) 4)} | 6.79 | 14.52 | 20.38 | 3.97 | 6.28 |
| Dividend per share, SEK | 4.50 ⁵⁾ | 4.50 | 4.50 | 3.50 | 2.25 |
| Equity per share, SEK ¹⁾ | 114.04 | 105.43 | 122.94 | 107.66 | 99.91 |
| Number of employees at year-end | 14,140 | 13,968 | 13,068 | 12,536 | 13,159 |

1) Number of shares excluding treasury shares as of 31 December 2013: 106,414,144; 2012: 105,930,829; 2011: 105,331,958; 2010: 104,717,729; 2009: 105,511,124

2) Average number of shares 2013: 106,125,107; 2012: 105,632,911; 2011: 104,982,315; 2010: 105,217,786; 2009: 106,335,553

3) Average number of shares 2013/2012/2011/2010/2009: 109,150,344

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 2013 | Jan-Dec 2012 |
|-------------------------|------------------|--------------|--------------|
| Organic sales growth, % | 5 | -2 | -2 |
| Operating margin, % | 10 | 5.7 | 8.5 |
| Equity/assets ratio, % | 30 | 43.8 | 39.0 |

All figures presented for 2012 are restated according to the changed accounting principles for pensions (IAS 19). Financials for 2011 and earlier periods are not restated.

PARENT COMPANY INCOME STATEMENT

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Oct-Dec 2013 | Oct-Dec 2012 |
|-------------------------------|--------------|--------------|--------------|--------------|
| Sales | 16,521 | 15,338 | 4,966 | 4,820 |
| Cost of goods sold | -12,556 | -10,723 | -3,870 | -3,339 |
| Gross income | 3,965 | 4,615 | 1,096 | 1,481 |
| Gross margin, % | 24.0 | 30.1 | 22.1 | 30.7 |
| Operating income and expenses | -3,303 | -3,584 | -860 | -1,255 |
| Operating income (EBIT) | 662 | 1,031 | 236 | 226 |
| Operating margin, % | 4.0 | 6.7 | 4.8 | 4.7 |
| Financial income and expenses | 707 | 914 | 193 | 829 |
| Income after financial items | 1,369 | 1,945 | 429 | 1,055 |
| Appropriations | -284 | -481 | -284 | -481 |
| Income before taxes | 1,085 | 1,464 | 145 | 574 |
| Taxes | -200 | -499 | -73 | -178 |
| Net income for the period | 885 | 965 | 72 | 396 |

PARENT COMPANY

Sales and income

The Parent Company includes units within the business areas Aero-nautics, 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 2013 amounted to MSEK 16,521 (15,338). Operating income was MSEK 662 (1,031).

Net financial income and expenses was MSEK 707 (914). After appropriations of MSEK -284 (-481) and taxes of MSEK -200 (-499), net income for the period amounted to MSEK 885 (965).

Liquidity, finance, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 984 at 31 December 2013 compared to MSEK 38 at 31 December 2012.

Gross capital expenditures in property, plant and equipment amounted to MSEK 387 (185). Investments in intangible assets amounted to MSEK 63 (48). At the end of the period, the Parent Company had 8,781 employees, compared to 8,737 at the beginning of the year.

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

PARENT COMPANY BALANCE SHEET

| MSEK | Note | 31/12/2013 | 31/12/2012 |
|---|------|---------------|---------------|
| ASSETS | | | |
| Fixed assets | | | |
| Intangible fixed assets | | 1,392 | 1,661 |
| Tangible fixed assets | | 2,279 | 2,126 |
| Financial fixed assets | | 7,695 | 8,146 |
| Total fixed assets | | 11,366 | 11,933 |
| Current assets | | | |
| Inventories, etc. | | 3,653 | 3,385 |
| Current receivables | | 6,738 | 5,778 |
| Short-term investments | | 1,990 | 3,926 |
| Liquid assets | | 1,268 | 949 |
| Total current assets | | 13,649 | 14,038 |
| TOTAL ASSETS | | 25,015 | 25,971 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Restricted equity | | 2,989 | 2,996 |
| Unrestricted equity | | 4,992 | 4,531 |
| Total shareholders' equity | | 7,981 | 7,527 |
| Provisions and liabilities | | | |
| Untaxed reserves | | 1,560 | 1,276 |
| Provisions | | 1,051 | 1,169 |
| Liabilities | 6 | 14,423 | 15,999 |
| Total provisions and liabilities | | 17,034 | 18,444 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 25,015 | 25,971 |

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, Bromma, 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 2012.

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated accounts for the year-end report 2013 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 71-78 of the annual report 2012.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2012 except for pension accounting (see note 10 for further information).

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 2012.

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 business area Combitech.

Aeronautics

Aeronautics engages in advanced development of military and civil aviation technology. 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

Dynamics offers a highly competitive product range comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles and signature management systems for armed forces as well as niche products for the civil and the defence market, such as unmanned underwater vehicles for the off-shore industry and 3D-mapping for the defence market.

Electronic Defence Systems

These operations are based on Saab's close interaction with customers requiring efficient solutions for surveillance and for threat detection, location and protection. This has created a unique competence in the area of radar and electronic warfare, and a product portfolio covering airborne, land-based and naval radar, electronic support measures and self-protection systems. For increased flight mission efficiency and flight safety we supply avionics for both civil and military customers.

Security and Defence Solutions

The operations comprise products and solutions in the area of command, control, airborne early warning, training and simulation, air traffic management, maritime security, security and surveillance and secure robust communication.

Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. 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 company in the Saab Group, is one of Sweden's largest technology consulting firms. Combitech combines technological excellence with deep industry knowledge, comprehensive understanding and a particular focus on environment and security.

NOTE 3 CONTINUED

SALES AND ORDER INFORMATION

Sales by business area

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change % | Oct-Dec 2013 | Oct-Dec 2012 |
|--------------------------------|-----------------|-----------------|-------------|-----------------|-----------------|
| Aeronautics | 6,869 | 6,076 | 13 | 1,996 | 1,678 |
| of which external sales | 6,703 | 5,876 | 14 | 1,941 | 1,617 |
| of which internal sales | 166 | 200 | -17 | 55 | 61 |
| Dynamics | 3,572 | 4,779 | -25 | 1,188 | 1,512 |
| of which external sales | 3,434 | 4,667 | -26 | 1,130 | 1,486 |
| of which internal sales | 138 | 112 | 23 | 58 | 26 |
| Electronic Defence Systems | 4,161 | 4,276 | -3 | 1,292 | 1,182 |
| of which external sales | 3,651 | 3,652 | - | 1,100 | 981 |
| of which internal sales | 510 | 624 | -18 | 192 | 201 |
| Security and Defence Solutions | 5,891 | 5,976 | -1 | 1,928 | 2,019 |
| of which external sales | 5,800 | 5,852 | -1 | 1,904 | 1,981 |
| of which internal sales | 91 | 124 | -27 | 24 | 38 |
| Support and Services | 3,419 | 3,411 | - | 1,027 | 1,091 |
| of which external sales | 3,208 | 3,172 | 1 | 930 | 1,016 |
| of which internal sales | 211 | 239 | -12 | 97 | 75 |
| Combitech | 1,598 | 1,410 | 13 | 456 | 439 |
| of which external sales | 869 | 819 | 6 | 234 | 233 |
| of which internal sales | 729 | 591 | 23 | 222 | 206 |
| Corporate/eliminations | -1,760 | -1,918 | - | -608 | -615 |
| of which external sales | 85 | -28 | - | 40 | -8 |
| of which internal sales | -1,845 | -1,890 | - | -648 | -607 |
| Total | 23,750 | 24,010 | -1 | 7,279 | 7,306 |

Sales by geographical market

| MSEK | Jan-Dec 2013 | % of sales | Jan-Dec 2012 | % of sales | Change % |
|---------------------|-----------------|---------------|-----------------|---------------|-------------|
| Sweden | 9,814 | 41 | 8,765 | 36 | 12 |
| Rest of EU | 3,933 | 17 | 4,640 | 19 | -15 |
| Rest of Europe | 621 | 3 | 390 | 2 | 59 |
| Total Europe | 14,368 | 60 | 13,795 | 57 | 4 |
| North America | 2,611 | 11 | 2,609 | 11 | - |
| Latin America | 376 | 2 | 171 | 1 | 120 |
| Asia | 4,311 | 18 | 4,886 | 20 | -12 |
| Africa | 930 | 4 | 1,345 | 6 | -31 |
| Australia, etc. | 1,154 | 5 | 1,204 | 5 | -4 |
| Total | 23,750 | 100 | 24,010 | 100 | -1 |

Information on large customers

In 2013, 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 amounted to MSEK 7,814 (6,524).

Seasonal variation

A major part of our business is related to large 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 with the other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

Order bookings by business area

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change % | Oct-Dec 2013 | Oct-Dec 2012 |
|--------------------------------|-----------------|-----------------|-------------|-----------------|-----------------|
| Aeronautics | 29,677 | 4,289 | 592 | 18,266 | 373 |
| Dynamics | 3,350 | 4,095 | -18 | 1,637 | 1,885 |
| Electronic Defence Systems | 7,620 | 2,739 | 178 | 2,227 | 402 |
| Security and Defence Solutions | 5,429 | 5,307 | 2 | 1,791 | 1,254 |
| Support and Services | 3,942 | 4,540 | -13 | 963 | 1,045 |
| Combitech | 1,634 | 1,436 | 14 | 501 | 461 |
| Internal | -1,843 | -1,723 | - | -605 | -492 |
| Total | 49,809 | 20,683 | 141 | 24,780 | 4,928 |

Order backlog by business area

| MSEK | 31/12/2013 | 31/12/2012 |
|--------------------------------|---------------|---------------|
| Aeronautics | 34,113 | 11,305 |
| Dynamics | 4,549 | 4,769 |
| Electronic Defence Systems | 8,764 | 5,442 |
| Security and Defence Solutions | 6,529 | 7,150 |
| Support and Services | 6,186 | 5,678 |
| Combitech | 483 | 446 |
| Internal | -754 | -639 |
| Total | 59,870 | 34,151 |

OPERATING INCOME

Operating income by business area

| MSEK | Jan-Dec 2013 | % of sales | Jan-Dec 2012 | % of sales | Oct-Dec 2013 | Oct-Dec 2012 |
|--|-----------------|---------------|-----------------|---------------|-----------------|-----------------|
| Aeronautics | 456 | 6.6 | 359 | 5.9 | 102 | 125 |
| Dynamics | 324 | 9.1 | 621 | 13.0 | 183 | 233 |
| Electronic Defence Systems | -201 | -4.8 | 117 | 2.7 | -100 | -106 |
| Security and Defence Solutions | 428 | 7.3 | 417 | 7.0 | 206 | 209 |
| Support and Services | 364 | 10.6 | 410 | 12.0 | 99 | 215 |
| Combitech | 140 | 8.8 | 122 | 8.7 | 51 | 44 |
| The business areas' total operating income | 1,511 | 6.4 | 2,046 | 8.5 | 541 | 720 |
| Corporate | -166 | - | 4 | - | -7 | -65 |
| Total operating income | 1,345 | 5.7 | 2,050 | 8.5 | 534 | 655 |

Depreciation/amortisation and write-downs by business area

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Change % | Oct-Dec 2013 | Oct-Dec 2012 |
|--------------------------------|-----------------|-----------------|-------------|-----------------|-----------------|
| Aeronautics | 147 | 233 | -37 | 37 | 58 |
| Dynamics | 62 | 173 | -64 | 19 | 39 |
| Electronic Defence Systems | 488 | 421 | 16 | 132 | 103 |
| Security and Defence Solutions | 128 | 138 | -7 | 32 | 21 |
| Support and Services | 19 | 19 | - | 5 | 5 |
| Combitech | 8 | 8 | - | 2 | 4 |
| Corporate – lease aircraft | 25 | 53 | -53 | 2 | 10 |
| Corporate – other | 170 | 144 | 18 | 49 | 39 |
| Total | 1,047 | 1,189 | -12 | 278 | 279 |

NOTE 3 CONTINUED

LARGE ORDERS RECEIVED JAN-DEC 2013

| Large orders received (approx. values MSEK) | Country | Order value |
|--|--------------|-------------|
| Serial production order of Gripen E | Sweden | 16,400 |
| Development of Gripen E | Sweden | 10,700 |
| Development of Gripen E | Sweden | 2,500 |
| Support contract for Airborne Surveillance System | n/a | 1,100 |
| Flap support structures for Airbus A350-1000 | Germany | 1 100 |
| Combat management and radar systems for frigates | Thailand | 850 |
| Upgrade of ground based air defence | Sweden | 600 |
| Cargo and access doors for the Boeing B787-10 | USA | 600 |
| Orders within the Airbus A380 program | UK | 580 |
| Integrated security solution for Defence Base Security | Australia | 470 |
| Missile components | n/a | 437 |
| Components to the Carl-Gustaf man-portable weapon system | n/a | 434 |
| Upgrade of Erieye mission system | Brazil | 380 |
| Development resources for Gripen | Sweden | 355 |
| Upgrade of Erieye mission system | Brazil | 325 |
| Autonomous underwater vehicles systems, AUV62 | n/a | 269 |
| Self-protection system | India | 216 |
| Integration support of weapon system for Gripen E | Sweden | 186 |
| Gripen support and maintenance | Sweden | 184 |
| Update and modernisation of submarine sub-system | Australia | 180 |
| Steady state support for Gripen | South Africa | 180 |
| Missile components | n/a | 175 |
| Autonomous underwater vehicles systems, AUV62 | n/a | 148 |
| Upgrade contract for Gripen C/D | Sweden | 140 |
| Training equipment | USA | 135 |
| Weapon locating system Arthur | n/a | 128 |
| Components to the Carl-Gustaf man-portable weapon system | n/a | 114 |
| Technical system support for the Swedish Armed Forces | Sweden | 107 |
| Self protection equipment for Tornado aircraft | Germany | 100 |
| Artillery ammunition | n/a | 100 |

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 | Oct-Dec 2013 | Oct-Dec 2012 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Aeronautics | -314 | -425 | 164 | 48 |
| Dynamics | 394 | 498 | 72 | 112 |
| Electronic Defence Systems | 213 | -238 | -89 | -204 |
| Security and Defence Solutions | -255 | -191 | 476 | 304 |
| Support and Services | -17 | 387 | 50 | - |
| Combitech | 159 | -43 | 30 | 15 |
| Corporate | -1,660 | -384 | -156 | -11 |
| Total | -1,480 | -396 | 547 | 264 |

Capital employed by business area

| MSEK | 31/12/2013 | 31/12/2012 |
|--------------------------------|---------------|---------------|
| Aeronautics | 2,447 | 2,285 |
| Dynamics | 2,007 | 2,284 |
| Electronic Defence Systems | 4,199 | 4,690 |
| Security and Defence Solutions | 4,225 | 3,879 |
| Support and Services | 1,596 | 1,301 |
| Combitech | 508 | 493 |
| Corporate | 378 | 510 |
| Total | 15,360 | 15,442 |

PERSONNEL

Full Time Equivalents (FTEs) by business area

| Number at end of period | 31/12/2013 | 31/12/2012 | Change % |
|--------------------------------|---------------|---------------|------------|
| Aeronautics | 3,210 | 2,932 | 278 |
| Dynamics | 1,549 | 1,568 | -19 |
| Electronic Defence Systems | 2,588 | 2,578 | 10 |
| Security and Defence Solutions | 2,933 | 3,105 | -172 |
| Support and Services | 1,802 | 1,805 | -3 |
| Combitech | 1,293 | 1,245 | 48 |
| Corporate | 747 | 667 | 80 |
| Total | 14,122 | 13,900 | 222 |

NOTE 4 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 12 February 2014, 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 479.

NOTE 5 INTANGIBLE FIXED ASSETS

| MSEK | 31/12/2013 | 31/12/2012 |
|-------------------------------|--------------|--------------|
| Goodwill | 4,605 | 4,581 |
| Capitalised development costs | 1,338 | 1,751 |
| Other intangible assets | 397 | 517 |
| Total | 6,340 | 6,849 |

NOTE 6 NET LIQUIDITY

| MSEK | 31/12/2013 | 31/12/2012 |
|--|--------------|--------------|
| Assets | | |
| Liquid assets | 1,764 | 1,616 |
| Short-term investments | 2,002 | 3,963 |
| Total liquid investments | 3,766 | 5,579 |
| Short-term interest-bearing receivables | 121 | 326 |
| Long-term interest-bearing receivables | 83 | 109 |
| Long-term receivables attributable to pensions | 36 | - |
| Long-term interest-bearing financial investments | 141 | 144 |
| Total interest-bearing assets | 4,147 | 6,158 |

NOTE 6 CONTINUED

| MSEK | 31/12/2013 | 31/12/2012 |
|---|--------------|--------------|
| Liabilities | | |
| Liabilities to credit institutions | 1,001 | 1,104 |
| Liabilities to associates and JVs | 139 | 378 |
| Other interest-bearing liabilities | 569 | 260 |
| Provisions for pensions ¹⁾ | 1,425 | 2,420 |
| Total interest-bearing liabilities | 3,134 | 4,162 |
| NET LIQUIDITY | 1,013 | 1,996 |

1) Excluding provisions for pensions attributable to special employers' contribution

Committed credit lines

| MSEK | Facilities | Drawings | Available |
|---|--------------|----------|--------------|
| Revolving credit facility (Maturity 2016) | 4,000 | - | 4,000 |
| Overdraft facility (Maturity 2013) | 88 | 1 | 87 |
| Total | 4,088 | 1 | 4,087 |

Parent Company

| MSEK | 31/12/2013 | 31/12/2012 |
|---|--------------|--------------|
| Long-term liabilities to credit institutions | 1,000 | - |
| Short-term liabilities to credit institutions | - | 1,100 |
| Total | 1,000 | 1,100 |

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 1,000.

NOTE 7 FINANCIAL INSTRUMENTS**Classification and categorisation of financial assets and liabilities***

| | Fair value through profit and loss for trading | Fair value through other comprehensive income as available for sale | Designated as at fair value through profit and loss | Held-to-maturity investments | Loans receivable and accounts receivable | Financial liabilities | Derivatives identified as cash flow hedges | Derivatives identified as fair value hedges | Total financial assets and liabilities | Measured at fair value |
|---|--|---|---|------------------------------|--|-----------------------|--|---|--|------------------------|
| 31/12/2013 | | | | | | | | | | |
| Financial assets | | | | | | | | | | |
| Financial investments | - | 114 | 40 | 141 | - | - | - | - | 295 | 293 |
| Long-term receivables | - | - | - | - | 129 | - | - | - | 129 | 129 |
| Derivatives | | | | | | | | | | |
| Forward exchange contracts | 24 | - | - | - | - | - | 347 | 5 | 376 | 376 |
| Currency options | 8 | - | - | - | - | - | - | - | 8 | 8 |
| Interest rate swaps | - | - | - | - | - | - | 6 | - | 6 | 6 |
| Electricity derivatives | 6 | - | - | - | - | - | - | - | 6 | 6 |
| Total derivatives | 38 | - | - | - | - | - | 353 | 5 | 396 | 396 |
| Accounts receivable and other receivables | - | - | - | - | 7,378 | - | - | - | 7,378 | 7,378 |
| Short-term investments | - | - | 2,002 | - | - | - | - | - | 2,002 | 2,002 |
| Liquid assets | - | - | - | - | 1,764 | - | - | - | 1,764 | 1,764 |
| Total financial assets | 38 | 114 | 2,042 | 141 | 9,271 | - | 353 | 5 | 11,964 | 11,962 |
| Financial liabilities | | | | | | | | | | |
| Interest-bearing liabilities | - | - | - | - | - | 1,709 | - | - | 1,709 | 1,714 |
| Derivatives | | | | | | | | | | |
| Forward exchange contracts | 11 | - | - | - | - | - | 269 | 1 | 281 | 281 |
| Currency options | 12 | - | - | - | - | - | - | - | 12 | 12 |
| Interest rate swaps | 5 | - | - | - | - | - | - | - | 5 | 5 |
| Electricity derivatives | 7 | - | - | - | - | - | 11 | - | 18 | 18 |
| Total derivatives | 35 | - | - | - | - | - | 280 | 1 | 316 | 316 |
| Other liabilities | 0 | - | - | - | - | 5,300 | - | - | 5,300 | 5,300 |
| Total financial liabilities | 35 | - | - | - | - | 7,009 | 280 | 1 | 7,325 | 7,330 |

* Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to MSEK 163.

NOTE 7 CONTINUED**Valuation methods for financial assets and liabilities**

The fair value of listed financial assets is determined using market prices. Saab also applies various valuation methods to determine the fair value of financial assets that are traded on an inactive market or are unlisted holdings. These valuation methods are based on the valuation of similar instruments, discounted cash flows or customary valuation methods such as Black-Scholes.

The following instruments were valued at fair value according to listed (unadjusted) prices on an active market on the closing date (Level 1):

- Bonds and interest-bearing securities
- Electricity derivatives
- Shares and participations

The following instruments were valued at fair value according to accepted valuation models based on observable market data (Level 2):

- **Forward exchange contracts:** Future payment flows in each currency are discounted by current market rates to the valuation day and valued to SEK at period-end exchange rates.
- **Options:** The Black-Scholes option pricing model is used in the market valuation of all options.
- **Interest rate swaps:** Future variable interest rates are calculated with the help of current forward rates. These implicit interest payments are discounted to the valuation date using current market rates. The market value of interest rate swaps is obtained by contrasting the discounted variable interest payments with the discounted present value of fixed interest payments.

Unlisted shares and participations: Valued according to accepted principles; e.g. for venture capital firms (Level 3).

There has been no change between levels in 2013.

As of 31 December 2013, the Group had the following financial assets and liabilities at fair value:

Assets at fair value

| MSEK | 31/12/2013 | Level 1 | Level 2 | Level 3 |
|---------------------------------------|--------------|--------------|------------|-----------|
| Bonds and interest-bearing securities | 2,002 | 2,002 | - | - |
| Forward exchange contracts | 376 | - | 376 | - |
| Currency options | 8 | - | 8 | - |
| Interest rate swaps | 6 | - | 6 | - |
| Electricity derivatives | 6 | 6 | - | - |
| Shares and participations | 154 | 114 | - | 40 |
| Total | 2,552 | 2,122 | 390 | 40 |

Liabilities at fair value

| MSEK | 31/12/2013 | Level 1 | Level 2 | Level 3 |
|----------------------------|------------|-----------|------------|----------|
| Forward exchange contracts | 281 | - | 281 | - |
| Currency options | 12 | - | 12 | - |
| Interest rate swaps | 5 | - | 5 | - |
| Electricity derivatives | 18 | 18 | - | - |
| Total | 316 | 18 | 298 | - |

NOTE 8 SUPPLEMENTAL INFORMATION ON STATEMENT OF CASH FLOWS**Liquid assets**

| MSEK | 31/12/2013 | 31/12/2012 |
|---|--------------|--------------|
| The following components are included in liquid assets: | | |
| Cash and bank balances | 651 | 622 |
| Bank deposits | 1,113 | 862 |
| Funds in escrow account | - | 131 |
| Deposits on behalf of customers | - | 1 |
| Total according to balance sheet | 1,764 | 1,616 |
| Total according to statement of cash flows | 1,764 | 1,616 |

Operating cash flow vs. statement of cash flows

| MSEK | Jan-Dec 2013 | Jan-Dec 2012 |
|--|---------------|--------------|
| Operating cash flow | -1,480 | -396 |
| Investing activities – interest-bearing: | | |
| Short-term investments | 1,936 | 585 |
| Other financial investments and receivables | 232 | 28 |
| Financing activities: | | |
| Repayments of loans | -1,100 | -19 |
| Raising of loans | 1,071 | - |
| Dividend paid to the Parent Company's shareholders | -477 | -474 |
| Dividend paid to non-controlling interest | -1 | - |
| Cash flow for the period | 181 | -276 |

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

| MSEK | Saab excl.acquisitions/ divestments | Acquisitions and divestments | Total Group Jan-Dec 2013 | Total Group Jan-Dec 2012 |
|---|--|---|-------------------------------------|-------------------------------------|
| Cash flow from operating activities before changes in working capital | 1,835 | - | 1,835 | 2,511 |
| CASH FLOW FROM CHANGES IN WORKING CAPITAL | | | | |
| Inventories | -147 | - | -147 | -199 |
| Receivables | -1,370 | - | -1,370 | 707 |
| Advance payments from customers | 287 | - | 287 | -459 |
| Other current liabilities | -1,010 | - | -1,010 | -1,701 |
| Provisions | -277 | - | -277 | -509 |
| Change in working capital | -2,517 | - | -2,517 | -2,161 |
| Cash flow from operating activities | -682 | - | -682 | 350 |
| INVESTING ACTIVITIES | | | | |
| Investments in intangible fixed assets | -68 | - | -68 | -343 |
| Investments in tangible fixed assets | -543 | - | -543 | -328 |
| Investments in lease assets | - | - | - | -1 |
| Sale of tangible fixed assets | 46 | - | 46 | 10 |
| Sale of lease assets | 81 | - | 81 | 312 |
| Sale of and investments in financial assets | -246 | - | -246 | -2 |
| Investments in operations and associated companies, net effect on liquidity | - | -68 | -68 | -568 |
| Sale of group and associated companies, net effect on liquidity | - | - | - | 174 |
| Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets | -730 | -68 | -798 | -746 |
| OPERATING CASH FLOW | -1,412 | -68 | -1,480 | -396 |

NOTE 9 BUSINESS COMBINATIONS

In May 2013, Saab announced the signing of an agreement to acquire Teknikinformation i Krokomb AB (TIKAB), a company that produces and supplies technical documentation for the civilian and military market and has 67 employees. The acquisition expands Saab's service portfolio in technical services, further strengthening the company's competitiveness as a supplier of support solutions.

In September 2013, Saab announced the acquisition of Hydro-Lek Limited, a UK manipulator and tooling manufacturer for underwater vehicles with 25 employees. The acquisition strengthens Saab Seaeye's product portfolio of remotely operated, autonomous and hybrid underwater vehicles with the ambition to make the company grow further.

The total consideration of these acquisitions amounted to MSEK 50 of which MSEK 47 was paid in cash and MSEK 3 in an earn-out liability that may be paid out based on future earnings. Acquired assets primarily consist of intangible assets, working capital and operating properties, and amount to MSEK 31. Goodwill from the acquisitions amounts to MSEK 19 and is mainly attributable to the combined workforce and future synergies. The effect on liquid assets amounts to MSEK -43.

No other significant acquisitions were made in 2013.

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 6,413 at 31 December 2013, compared to MSEK 7,164 at 31 December 2012, and the value of the plan assets amounted to MSEK 5,024 at 31 December 2013, compared to MSEK 4,744 at 31 December 2012. Provisions for pensions attributable to special employers' contribution amounted to MSEK 255 at 31 December 2013 and to MSEK 454 at 31 December 2012. Total provisions for pensions amount to MSEK 1,644, of which MSEK 36 are reported as long-term receivables.

Amendments to IAS 19 Employee Benefits

During 2013 the financial reporting has been affected by amendments to IAS 19 Employee Benefits.

The amendments eliminate the option to use the so-called corridor approach, i.e. the possibility to recognise only a part of actuarial gains and losses as income or expenses. Instead changes in actuarial assumptions are recognised directly in other comprehensive income.

The revised standard also entails that the return on plan assets shall not be recognised as expected return as it used to be, but instead as interest income in the income statement based on the prevailing discount rate at the beginning of the year.

The accounting principles for defined-benefit plans have changed compared to the Group's accounting principles in the annual report 2012 and the previously published interim and year-end reports in 2012. The new principles are applied retroactively and therefore the opening balance as of 1 January 2012 as well as the quarterly numbers for 2012 have been adjusted.

NOTE 10 CONTINUED

The statement of financial position 2012 has been adjusted for netting of deferred tax assets and liabilities compared to the summarised statement of financial position presented in the annual report 2012.

The adjusted statement of financial position and the adjusted income statement for 2012 are as follows.

| 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 | - | 213 |
| Current assets | 17,440 | - | 17,440 |
| Total assets | 29,679 | -741 | 28,938 |
| Equity | 14,097 | -2,817 | 11,280 |
| Provision for pension | 11 | 2,863 | 2,874 |
| Deferred tax liabilities | 981 | -797 | 184 |
| Other long-term liabilities | 1,696 | 10 | 1,706 |
| Current liabilities | 12,894 | - | 12,894 |
| Total liabilities | 15,582 | 2,076 | 17,658 |
| Total equity and liabilities | 29,679 | -741 | 28,938 |
| Equity/assets ratio | 47.5% | | 39.0% |

| 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 before dilution, SEK | 14.81 | 0.19 | 15.00 |
| EPS after dilution, SEK | 14.33 | 0.19 | 14.52 |
| Other comprehensive income after tax | -107 | -300 | -407 |
| Net comprehensive income | 1,432 | -279 | 1,153 |

For further information about the effects of the changes in accounting principles regarding pensions, see note 37 in the annual report 2012.

NOTE 11 CONTINGENT LIABILITIES

Saab has had a legal dispute with the Danish Defence acquisition and logistics organisation, Forsvarets Meraltjeneste (FMT). The context of the dispute is the termination of an agreement regarding the command and control system, DACCS. On 25 April 2013, the Danish Supreme Court ruled that Saab should pay FMT MSEK 314. The payment includes the repayment of damages ruled by the Maritime and Commercial Court in Copenhagen 2010, payments received under the DACCS contract, as well as court costs amounting to MSEK 231 and interest amounting to MSEK 83.

In 2012 Saab received a claim for alleged patent infringement in the U.S. A settlement has been reached. No significant amounts have been paid.

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

No significant transactions have occurred during the year.

Related parties with which the Group has transactions are described in the annual report 2012, note 43.

NOTE 13 RESTATED REPORTING 2013 DUE TO NEW ACCOUNTING PRINCIPLES FOR JOINT VENTURES

The Group has a 50 per cent holding in the joint venture Gripen International KB. Group holdings were reported using the proportional method through 2013; however, application of IFRS 11, Joint Arrangements, requires that holdings be reported using the equity method as of 2014. The Group's remaining holdings in joint ventures are of an insignificant amount.

Effects of application of IFRS 11 on shares in joint ventures are reported in accordance with the equity method. The change has not had a significant effect on the Group's income statement.

Year-end 2013

| Financial position MSEK | 31/12/2013 Actual | Adjustment IFRS 11 | 31/12/2013 Restated |
|-------------------------------------|----------------------|-----------------------|------------------------|
| Fixed assets | 11,104 | -8 | 11,096 |
| Shares in joint ventures | - | 29 | 29 |
| Current assets | 16,801 | -143 | 16,658 |
| Total assets | 27,905 | -122 | 27,783 |
| Total equity | 12,227 | - | 12,227 |
| Long-term liabilities | 4,498 | - | 4,498 |
| Current liabilities | 11,180 | -122 | 11,058 |
| Total liabilities | 15,678 | -122 | 15,556 |
| Total equity and liabilities | 27,905 | -122 | 27,783 |

End of third quarter 2013

| Financial position MSEK | 30/09/2013 Actual | Adjustment IFRS 11 | 30/09/2013 Restated |
|-------------------------------------|----------------------|-----------------------|------------------------|
| Fixed assets | 11,167 | -8 | 11,159 |
| Shares in joint ventures | - | 459 | 459 |
| Current assets | 15,351 | -343 | 15,008 |
| Total assets | 26,518 | 108 | 26,626 |
| Total equity | 11,877 | - | 11,877 |
| Long-term liabilities | 3,541 | - | 3,541 |
| Current liabilities | 11,100 | 108 | 11,208 |
| Total liabilities | 14,641 | 108 | 14,749 |
| Total equity and liabilities | 26,518 | 108 | 26,626 |

End of second quarter 2013

| Financial position MSEK | 30/06/2013 Actual | Adjustment IFRS 11 | 30/06/2013 Restated |
|-------------------------------------|----------------------|-----------------------|------------------------|
| Fixed assets | 11,406 | -1 | 11,405 |
| Shares in joint ventures | - | 459 | 459 |
| Current assets | 15,815 | -341 | 15,474 |
| Total assets | 27,221 | 117 | 27,338 |
| Total equity | 11,616 | - | 11,616 |
| Long-term liabilities | 3,719 | - | 3,719 |
| Current liabilities | 11,886 | 117 | 12,003 |
| Total liabilities | 15,605 | 117 | 15,722 |
| Total equity and liabilities | 27,221 | 117 | 27,338 |

NOTE 13 CONTINUED**End of first quarter 2013**

| Financial position MSEK | 31/03/2013 Actual | Adjustment IFRS 11 | 31/03/2013 Restated |
|-------------------------------------|----------------------|-----------------------|------------------------|
| Fixed assets | 11,282 | -2 | 11,280 |
| Shares in joint ventures | - | 459 | 459 |
| Current assets | 17,153 | -362 | 16,791 |
| Total assets | 28,435 | 95 | 28,530 |
| Total equity | 11,829 | - | 11,829 |
| Long-term liabilities | 4,408 | - | 4,408 |
| Current liabilities | 12,198 | 95 | 12,293 |
| Total liabilities | 16,606 | 95 | 16,701 |
| Total equity and liabilities | 28,435 | 95 | 28,530 |

Opening balance 2013

| Financial position MSEK | 01/01/2013 Actual | Adjustment IFRS 11 | 01/01/2013 Restated |
|-------------------------------------|----------------------|-----------------------|------------------------|
| Fixed assets | 11,498 | -2 | 11,496 |
| Shares in joint ventures | - | 459 | 459 |
| Current assets | 17,440 | -358 | 17,082 |
| Total assets | 28,938 | 99 | 29,037 |
| Total equity | 11,280 | - | 11,280 |
| Long-term liabilities | 4,764 | - | 4,764 |
| Current liabilities | 12,894 | 99 | 12,993 |
| Total liabilities | 17,658 | 99 | 17,757 |
| Total equity and liabilities | 28,938 | 99 | 29,037 |

NOTE 14 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 aircraft 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 excluding provisions for pensions attributable to special employers' contribution.

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 13 February 2014
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.
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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Magnus Örnberg

Today, Thursday, 13 February, 2014 at 10:00 a.m. (CET)

Grand Hôtel, Room: New York

Blasieholmshamnen 8, Stockholm, Sweden

Contact Karoline Sandar to register

and for further information

Tel. +46-8-463 02 45

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.

ANNUAL REPORT 2013
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