

## A SUCCESSFUL AND CHALLENGING YEAR

2014 brought both challenges and significant success for Saab. It was a year when the company continued to build for the future. Thanks to a long-term strategy and focus on efficiency, the company is well positioned. Defence budgets, which have declined in the United States and Western Europe during the past couple of years, are expected to increase in the coming years. Meanwhile, the turnaround is expected to be slow and does not have any short-term impact on Saab.

### Platform for future growth

In 2014, an agreement was reached with Brazil regarding development and production of 36 Gripen NG. This, together with Sweden's order for 60 Gripen in 2013, makes Saab one of few aircraft manufacturers that are developing a new generation of fighters. This has strengthened Gripen's position in the global market. The acquisition of ThyssenKrupp Marine Systems (Saab Kockums) in July gives Saab the ability to develop, produce and deliver military solutions for land, air and sea.

Saab continues to invest in research and development to ensure long-term growth. In 2014 total investments in research and development amounted to approximately 25 per cent of sales. A number of new products with significant potential were launched during the year; a new generation of the weapon system Carl-Gustaf and five new surface radars for land and sea. Additional investments were made in the development of trainers for the coming T-X procurement process in the United States.

### Strong order backlog, challenging market

At year-end, the order backlog was in line with 2013. Increased competition and prolonged decision making processes had a negative impact on order bookings in 2014, especially within the business areas Dynamics and Electronic Defence Systems. Order bookings in 2014 amounted to MSEK 22,602 (49,809). During 2013, development orders for Gripen E amounting to SEK 29.8 billion were received.

Sales amounted to MSEK 23,527 (23,750) with an organic sales decline of -3 per cent, during 2014. A lower level of activity was seen especially within Dynamics, where market conditions have been challenging in recent years. This was compensated by growth within the business area Security and Defence Solutions, partly due to the acquisition of Saab Kockums.

Reported operating income amounted to MSEK 1,659 (1,345) with an operating margin of 7.1 per cent (5.7).

### Completed efficiency measures

The efforts to constantly improve operations and make them more efficient continue. The efficiency measures announced in 2013 were completed and the target of improving efficiency by approximately MSEK 500 was reached in 2014. This has predominantly been achieved by capacity adjustments and by reducing the total number of FTE's and external consultants by approximately 950 since the beginning of 2013, excluding the acquisition of Saab Kockums and the deconsolidation of Saab Grintek Technologies (Pty) Ltd in South Africa. The efficiencies have enabled additional room for investments primarily in development and marketing activities during the year.

We had a strong operational cash flow in the fourth quarter and came close to reaching our ambition of positive cash flow for the second half of the year. The operational cash flow for 2014 however amounted to MSEK -1,197 (-639), as a result of timing differences in deliveries and milestone payments. During the fourth quarter the operational cash flow amounted to MSEK 753 (548).

Earnings per share after dilution amounted to SEK 10.78 (6.79).

The Board proposes a dividend for 2014 of SEK 4.75 (4.50) per share.



Håkan Buskhe, CEO

### OUTLOOK STATEMENT 2015:

- In 2015, we estimate sales to increase more than Saab's long-term goal: annual organic sales growth of 5 per cent.
- The operating margin 2015 excluding material non-recurring items is expected to be in line with the operating margin in 2014. In 2015, increased internally funded research and development efforts within Aeronautics will have a negative impact on the operating margin.

### Financial highlights

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	22,602	49,809	-55	12,403	24,780
Order backlog	60,128	59,870	-		
Sales	23,527	23,750	-1	7,425	7,279
Gross income	6,077	6,328	-4	1,851	1,853
Gross margin, %	25.8	26.6		24.9	25.5
EBITDA	2,523	2,367	7	987	810
EBITDA margin, %	10.7	10.0		13.3	11.1
Operating income (EBIT)	1,659	1,345	23	758	534
Operating margin, %	7.1	5.7		10.2	7.3
Net income	1,168	742	57	586	287
Earnings per share before dilution, SEK	10.86	6.98		5.49	2.64
Earnings per share after dilution, SEK	10.78	6.79		5.45	2.57
Return on equity, % <sup>1)</sup>	9.9	6.3			
Free cash flow <sup>2)</sup>	-1,094	-1,460		1,006	553
Free cash flow per share after dilution, SEK	-10.23	-13.38		9.47	5.07

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

2) As of 1 January 2014, free cash flow is reported for the Group. It was previously named operating cash flow.

Comparative numbers for 2013 have been restated according to the changed accounting principles for joint arrangements (IFRS 11). See note 13. Where applicable, comparative numbers for 2013 and for 2014 for some business areas have been restated following organisational and structural changes, see notes 14 and 15. The latter have no impact on the Group as a whole.

## Major orders, 4th quarter

	MSEK
Gripen E support and maintenance systems	5,800
Extended Gripen lease in Czech Republic	576
Development order for Gripen E	385



**Defence/Civil**  
A total of 80 per cent (87) of order bookings was attributable to defence-related operations during 2014.



**Market**  
A total of 45 per cent (30) of order bookings was related to markets outside Sweden during 2014.



**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 61 per cent (80) of total order bookings during 2014.

## Orders

### Fourth quarter 2014

Major orders received during the fourth quarter of 2014 included an order from the Swedish Defence Material Administration (FMV), within the existing framework agreement related to Gripen E, concerning role equipment, along with support and maintenance equipment. The total order value amounts to approximately MSEK 5.8 billion and delivery will begin in 2016. In December, an order was received from FMV for the extended lease of Gripen from Sweden to the Czech Republic. This agreement provides for the continuing support and upgrade of the Czech aircraft for a further 12 years. FMV also ordered maintenance and technical system support and spare parts for Gripen during 2015 on behalf of the Swedish Armed Forces. Saab also received a development order regarding Gripen E from the FMV.

In October, a contract for a civil marine traffic services system was received from the Government of Hong Kong Special Administrative Region. Also, an order was received from FMV to overhaul the Swedish submarine HMS Halland. The order will be delivered during the years 2014-2016.

Saab was awarded a contract by the French Ministry of Defence procurement branch to supply the next generation shoulder-launched weapon system. The contract is a multi-stage agreement with one fixed element and eight consecutive options over the period 2015-2024. The total programme, including all options, is valued at approximately SEK 2 billion.

During the fourth quarter an agreement was reached with the Brazilian government regarding the development and production of 36 Gripen NG for the Brazilian Air Force. The initial order value amounts to approximately SEK 39.3 billion. The agreement, and the associated Industrial co-operation contract, will come into effect once certain conditions have been fulfilled. These include, among others, the necessary export control-related authorisations. All of these conditions are expected to be fulfilled during the first half of 2015 and at that time Saab will book the order.

### January–December 2014

Major orders received during 2014, in addition to the above mentioned, included orders from FMV regarding the construction and production plans for the next generation submarines. This includes the mid-life update and overhaul of a total of four submarines. These orders are part of a Letter of Intent between Saab and FMV regarding the Swedish Armed Forces' underwater capability. The Letter of Intent refers to the period 2015-2024 and comprises potential orders of approximately SEK 11.2 billion.

Saab also entered into an agreement with FMV to provide advanced aerial target services to the Swedish Armed Forces. FMV also ordered support and maintenance of Gripen for the Swedish Armed Forces throughout 2014. The order comprised support and maintenance operations and ensures the continued operation of Gripen in Sweden, the Czech Republic, Hungary and Thailand.

In June an order was received for the maintenance and capital expenditure works for the electronic security system for a 300 bed Correctional Centre in Southern Queensland, Australia.

The Finnish Defence Forces ordered military training systems, including support for seven years, beginning 2014. Saab also received a contract from the Norwegian army for development and production of the new generation vehicle simulators (a training system with laser simulators).

A three-year contract for support and service of weapon simulators was signed with the United Kingdom Ministry of Defence.

Brazil ordered the RBS 70 VSHORAD (Very Short Range Air Defence System) for the army. The order included deliveries of man-portable launchers, missiles and associated equipment.

A five-year framework contract regarding the weapon system Carl-Gustaf was signed with the U.S. SOCOM (Special Operations Command). The total value of the framework contract amounts to approximately SEK 1.3 billion and in connection with the award of the contract, U.S. SOCOM issued an initial order.

For a list of major orders received during the first nine months of 2014, see note 3.

During 2014, index and price changes had a positive effect on order bookings of MSEK 346 compared to MSEK 97 during 2013.

The order backlog at the end of the period amounted to MSEK 60,128 compared to MSEK 59,870 at the beginning of the year.

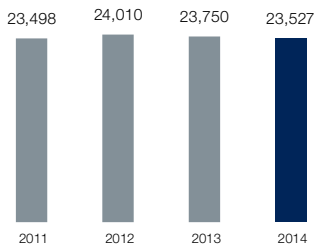
### Order backlog duration:

- 2015: SEK 17.8 billion
- 2016: SEK 10.2 billion
- 2017: SEK 5.7 billion
- 2018: SEK 5.6 billion
- After 2018: SEK 20.8 billion

### Order bookings by region

MSEK	Full Year 2014	Full Year 2013	Change, %
Sweden	12,320	34,967	-65
EU excluding Sweden	4,348	4,708	-8
Rest of Europe	498	555	-10
Americas	2,276	3,221	-29
Asia	1,906	4,636	-59
Africa	460	666	-31
Australia, etc.	794	1,056	-25
<b>Total</b>	<b>22,602</b>	<b>49,809</b>	<b>-55</b>

## Sales, MSEK



## Sales

### Fourth quarter 2014

Sales during the fourth quarter of 2014 amounted to MSEK 7,425 (7,279); an increase of 2 per cent. Acquisitions and the deconsolidation of Saab Grintek Technologies (Pty) Ltd had a positive net effect of 5 per cent on sales and currency effects had a positive effect of 2 per cent.

### January–December 2014

During 2014, sales declined 1 per cent compared to 2013. Acquisitions and the deconsolidation of Saab Grintek Technologies (Pty) Ltd had a positive effect of 2 per cent. Currency effects had no material impact on sales.

Sales in markets outside of Sweden amounted to MSEK 13,015 (13,936), or 55 per cent (59), of total sales. 79 per cent (81) of sales were related to the defence market.

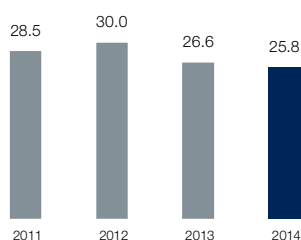
### Sales per region

MSEK	Full Year 2014	Full Year 2013	Change, %
Sweden	10,512	9,814	7
EU excluding Sweden	3,770	3,933	-4
Rest of Europe	592	621	-5
Americas	2,895	2,987	-3
Asia	4,007	4,311	-7
Africa	573	930	-38
Australia, etc.	1,178	1,154	2
<b>Total</b>	<b>23,527</b>	<b>23,750</b>	<b>-1</b>

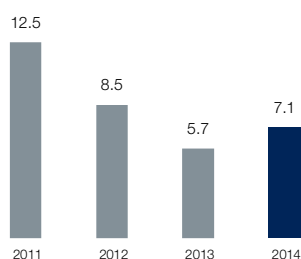
### Sales per market segment

MSEK	Full Year 2014	Full Year 2013	Change, %
Air	10,481	10,693	-2
Land	5,240	6,462	-19
Naval	3,192	2,292	39
Civil Security	2,330	1,979	18
Commercial Aeronautics	1,838	1,615	14
Other	446	709	-37
<b>Total</b>	<b>23,527</b>	<b>23,750</b>	<b>-1</b>

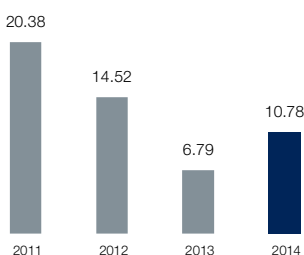
## Gross margin, %



## Operating margin, %



## Earnings per share after dilution, SEK



## Income

### Fourth quarter 2014

The gross margin during the fourth quarter amounted to 24.9 per cent (25.5). The operating income amounted to MSEK 758 (534) with an operating margin of 10.2 per cent (7.3). The amount includes a non-recurring item of MSEK 93 concerning a capital gain related to the divestment of a minority shareholding in Hawker Pacific Airservices Ltd. During the fourth quarter, an agreement for the right of use of an IT platform developed by Saab, had a positive effect on the operating income.

### January-December 2014

The gross margin during 2014 amounted to 25.8 per cent (26.6) and was less than 2013, mainly due to a changed product and project mix. Total depreciation and amortisation amounted to MSEK 872 (1,047). Depreciation of tangible fixed assets amounted to MSEK 398 (398) while depreciation of the leasing fleet amounted to MSEK 8 (25).

Total investments in research and development (R&D) amounted to MSEK 5 970 (6 543). Internally funded expenditures in R&D amounted to MSEK 1,338 (1,332), of which a total of MSEK 171 (24) was capitalised. The internally funded investments within radar and sensor technology development continued during the year, and capitalisation was at a higher level than during 2013 as orders were received in this area.

Amortisation of intangible fixed assets amounted to MSEK 466 (624), of which amortisation of capitalised development expenditures amounted to MSEK 320 (454).

The share of income in associated companies amounted to MSEK 18 (25).

The operating income amounted to MSEK 1,659 (1,345) with an operating margin of 7.1 per cent (5.7). 2013 was negatively impacted by a non-recurring item amounting to MSEK 231 as a result of a lost legal dispute. The operating income adjusted for non-recurring items amounted to MSEK 1,566 (1,576) and the operating margin was 6.7 per cent (6.6).

TKMS (Saab Kockums) was acquired in July 2014. At that time the business had a declining order backlog, low activity level and poor profitability. The takeover, and hence new business conditions, had a positive impact on the operating income of MSEK 86 in the third quarter. During the fourth quarter operations had a positive contribution to the operating income.

During 2014, reversal of risk provisions relating to Saab's leasing fleet of turbo prop aircraft (SAL), contributed positively to the operating income. The positive impact was at the same level as for 2013.

The implementation of the efficiency measures that were initiated during 2013 were finished in 2014 as the objective of efficiencies of approximately MSEK 500 were reached, mainly through capacity adjustments.

## Financial net

MSEK	Full Year 2014	Full Year 2013
Financial net related to pensions	-57	-74
Net interest items	7	23
Currency losses/gains	-5	-26
Other financial items	-81	-289
<b>Total</b>	<b>-136</b>	<b>-366</b>

The financial net related to pensions is the financial cost for net pension liabilities recognised in the balance sheet; see note 10, for more information regarding defined-benefit pension plans.

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

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

Other net financial items consist of costs attributable to the programme for the sale of accounts receivables, unrealised results from the market valuation of short-term investments, project interest and other currency effects, for example changes related to liquid assets in currencies other than SEK. In the second quarter 2013, a non-recurring item of MSEK 83, relating to a lost legal dispute, was reported in financial net.

In 2013, Saab invested in the Indian company Pipavav Defence and Offshore Engineering Company Limited. A combination of negative currency effects and share price development resulted in a value decline of MSEK 133 in 2013 and MSEK 19 during the first quarter of 2014, which are recognised in financial net.

## Tax

Current and deferred taxes amounted to MSEK -355 (-237), the equivalent to an effective tax rate of 23 per cent (24).

## Return on capital employed and equity

The pre-tax return on capital employed was 11.1 per cent (9.1) and the after-tax return on equity was 9.9 per cent (6.3), both measured over a rolling 12-month period.

## Financial position and liquidity

At the end of December 2014, the net liquidity amounted to MSEK -2,113; a decrease of MSEK -2,926 during 2014 compared to the year-end liquidity for 2013.

Cash flow from operating activities amounted to MSEK -713. Provisions for pensions, excluding special employers' contribution, as of 31 December 2014 amounted to MSEK 2,528, compared to MSEK 1,389 at year-end 2013, and had a negative impact of MSEK 1,139 on net liquidity. The increase in provisions was mainly due to the decrease in the discount rate used in the valuation of pension obligations from 4.00 per cent to 2.50 per cent during the period. This was partly mitigated by a strong return on plan assets and by the amendment of the inflation assumption for calculating the pension obligation from 2.00 per cent to 1.50 per cent. For more information about Saab's defined benefit plans, see note 10.

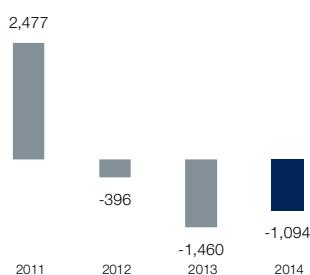
During 2014, net liquidity was negatively impacted by net investments amounting to approximately MSEK 381, by dividend to shareholders of MSEK 479 and repurchase of own shares of MSEK 252.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had a positive impact on net liquidity of MSEK 43. Dividend to non-controlling interest amounted to MSEK 5.

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 a maximum period of ten years. Capitalised development costs have been reduced from MSEK 3,628 at the end of 2008 to MSEK 952 at the end of 2014.

Inventories increased during 2014 due to larger projects. Inventories are recognised after deducting utilised advances.

## Free cash flow, MSEK



## Capital expenditures

Gross capital expenditures in property, plant and equipment, amounted to MSEK 732 (543).

Investments in intangible assets amounted to MSEK 239 (68), of which MSEK 171 (24) was related to capitalised development costs and MSEK 68 (44) to other intangible assets.

## Cash flow

As of 2014, operational cash flow is reported by business area as opposed to previously when free cash flow was reported by business area and named operating cash flow.

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK -346 (-155), see note 8.

During the second quarter of 2013, payments of MSEK 314 relating to a lost legal dispute were made.

Saab has an established programme to sell accounts receivable to strengthen its financial position and increase financial flexibility. As of 31 December 2014, net receivables of MSEK 1,071 were sold, compared to MSEK 555 as of 31 December 2013. This had a positive impact on the cash flow of MSEK 516 from operating activities during 2014.

The operational cash flow amounted to MSEK -1,197 (-639). It is defined as cash flow from operating activities, excluding taxes and other financial items, acquisitions and divestments of intangible assets, tangible assets and lease assets. The lower level of operational cash flow in 2014 compared to 2013 is mainly attributable to investments, timing differences in invoicing, milestone deliveries and payments.

Free cash flow amounted to MSEK -1,094 (-1,460). For more detailed information about the free cash flow, see note 8.

## Financial position key indicators and liquidity

MSEK	31 Dec 2014	31 Dec 2013	Change
Net liquidity / debt <sup>1)</sup>	-2,113	813	-2,926
Intangible fixed assets	6,351	6,340	11
Goodwill	5,015	4,605	410
Capitalised development costs	952	1,338	-386
Other intangible fixed assets	384	397	-13
Tangible fixed assets, etc <sup>2)</sup>	4,024	3,763	261
Inventories	5,819	4,563	1,256
Accounts receivable	3,414	3,295	119
Other receivables	4,255	3,727	528
Accrued revenues <sup>3)</sup>	3,505	3,074	431
Advance payments from customers	856	818	38
Equity/assets ratio, (%)	38.5	44.0	
Return on equity, (%) <sup>4)</sup>	9.9	6.3	
Equity per share, SEK <sup>5) 6)</sup>	107.02	114.04	-7.02

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.

2) Including tangible fixed assets, lease assets, biological assets and investment properties.

3) Amounts due from customers relate to 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; 2014: 105,499,980; 2013: 106,414,144.

6) Other comprehensive income has had a negative effect on equity amounting to MSEK 1,320, see page 13 for further information.

Comparative numbers for 2013 have been restated according to the changed accounting principles for joint arrangements (IFRS 11).

## BUSINESS AREA AERONAUTICS

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	6,890	29,677	-77	5,849	18,266
Order backlog	34,283	34,113	0		
Sales	6,720	6,869	-2	2,189	1,996
EBITDA	539	603	-11	213	139
EBITDA margin, %	8.0	8.8		9.7	7.0
Operating income (EBIT)	480	456	5	198	102
Operating margin, %	7.1	6.6		9.0	5.1
Operational cash flow	-656	-227		-335	190
Defence/Civil (% of sales)	80/20	83/17		83/17	81/19
No. of FTE's	3,263	3,210	2		

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

### Orders

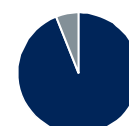
- Order bookings in 2014 included an order from FMV regarding role equipment in addition to support and maintenance equipment for Gripen E.
- During 2013, several orders were received concerning the Gripen E programme, of which SEK 25.4 billion was attributable to the business area during 2013.

### Sales, income and margin

- Sales attributable to Gripen C/D operations decreased slightly during 2014, which was offset by a growth in Gripen E operations.
- Increased deliveries of aircraft components to Boeing and Airbus had a positive impact on sales.
- The operating margin was positively affected by lower capitalisation of development costs in 2014 compared to 2013.

### Cash flow

- Operational cash flow was negative due to timing differences in project execution and milestone payments from customers.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 94 per cent (98) of total order bookings during 2014.



#### Market

Sales related to markets outside Sweden accounted for 27 per cent (29) during 2014.

## BUSINESS AREA DYNAMICS

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	2,325	3,345	-30	1,068	1,637
Order backlog	3,915	4,548	-14		
Sales	2,974	3,566	-17	929	1,183
EBITDA	226	428	-47	142	209
EBITDA margin, %	7.6	12.0		15.3	17.7
Operating income/loss (EBIT)	165	366	-55	127	190
Operating margin, %	5.5	10.3		13.7	16.1
Operational cash flow	-69	503		108	87
Defence/Civil (% of sales)	84/16	88/12		84/16	91/9
No. of FTE's	1,461	1,523	-4		

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- Market conditions were challenging in 2014, which is reflected in low order bookings.
- During 2014, an order was received from the French Ministry of Defence procurement branch to supply the next generation of shoulder-launched weapon system. Also, an order for RBS 70 VSHORAD was received from the Brazilian army and FMV ordered design plans for a New Lightweight Torpedo (NLT).
- A five-year framework agreement regarding the weapon system Carl-Gustaf was signed with United States SOCOM (Special Operations Command).



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 23 per cent (47) of total order bookings during 2014.

### Sales, income and margin

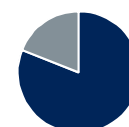
- Sales decreased during 2014, compared to 2013, following low order bookings in 2013 and 2014.
- The operating margin was at a lower level during 2014 compared to 2013 due to lower sales.

### Cash flow

- Operational cash flow was negative during 2014, as a result of lower sales and timing differences in deliveries and milestone payments.

### Personnel

- The number of FTE's decreased in 2014, as a result of the efficiency measures implemented in 2013 which included downsizing, mainly at the production unit in Karlskoga, Sweden.



#### Market

Sales related to markets outside Sweden accounted for 81 per cent (85) during 2014.

## BUSINESS AREA ELECTRONIC DEFENCE SYSTEMS

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	2,943	7,587	-61	987	2,214
Order backlog	7,619	9,171	-17		
Sales	4,629	4,560	2	1,361	1,413
EBITDA	622	373	67	202	61
EBITDA margin, %	13.4	8.2		14.8	4.3
Operating income/loss (EBIT)	205	-115		95	-71
Operating margin, %	4.4	-2.5		7.0	-5.0
Operational cash flow	-677	116		107	224
Defence/Civil (% of sales)	97/3	97/3		96/4	96/4
No. of FTE's	2,550	2,588	-1		

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- The market remains challenging. Order bookings for 2014 included orders for the weapon locating system Arthur, an order for advanced vehicle protection and a number of service orders within radar.
- During 2013, several orders were received concerning the Gripen E programme, of which SEK 3.2 billion was attributable to the business area during 2014.

### Sales, income and margin

- The operating income for 2014 was strengthened as a result of the efficiency measures implemented in 2013 and 2014, lower development cost and successful project execution.

### Cash flow

- The operational cash flow was negative due to continued investments in development and tangible assets and due to timing differences in milestone payments and deliveries.

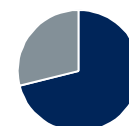
### Personnel

- The number of FTE's decreased slightly, compared to the year-end 2013, as a result of the efficiency measures initiated in 2013.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 36 per cent (70) of total order bookings during 2014.



#### Market

Sales related to markets outside Sweden accounted for 71 per cent (72) during 2014.

## BUSINESS AREA SECURITY AND DEFENCE SOLUTIONS

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	6,110	4,736	29	2,210	1,807
Order backlog	6,823	5,571	22		
Sales	5,762	5,095	13	1,999	1,650
EBITDA	468	328	43	258	153
EBITDA margin, %	8.1	6.4		12.9	9.3
Operating income (EBIT)	356	213	67	222	124
Operating margin, %	6.2	4.2		11.1	7.5
Operational cash flow	157	122		482	214
Defence/Civil (% of sales)	68/32	67/33		74/26	71/29
No. of FTE's	3,234	2,843	14		

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- Order bookings increased during 2014, compared to 2013, partly due to several orders for military training systems. In addition, FMV also placed orders for construction and production plans for the next generation of submarine and for conducting mid-life updates and overhaul of four submarines.

### Sales, income and margin

- In 2014, sales increase was mainly due to the acquisition of Saab Kockums.
- The takeover of Saab Kockums and hence new business conditions had a positive impact of MSEK 86 on the operating income for the third quarter. The operations had a positive impact on the operating income also during the fourth quarter.
- Profitability increased as a result of the efficiency efforts that were initiated in 2013.

### Cash flow

- The operational cash flow was at a high level during the fourth quarter, as a positive effect of timing differences between delivery, activity and milestone payments.

### Personnel

- The deconsolidation of Saab Grintek Technologies (Pty) Ltd as of 31 March 2014 resulted in a decrease of 265 FTE's, while the acquisition of Saab Kockums increased the number of FTE's by 855 at year-end. Excluding this, the number of FTE's was further decreased following the efficiency measures initiated in 2013.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 47 per cent (35) of total order bookings during 2014.



#### Market

Sales related to markets outside Sweden accounted for 73 per cent (78) during 2014.

## BUSINESS AREA SUPPORT AND SERVICES

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	4,720	4,602	3	2,635	965
Order backlog	7,976	6,683	19		
Sales	3,570	3,772	-5	1,039	1,168
EBITDA	394	517	-24	128	158
EBITDA margin, %	11.0	13.7		12.3	13.5
Operating income (EBIT)	376	498	-24	124	153
Operating margin, %	10.5	13.2		11.9	13.1
Operational cash flow	-32	-149		58	36
Defence/Civil (% of sales)	76/24	79/21		75/25	82/18
No. of FTE's	1,818	1,840	-1		

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders

- During 2014, an order was received from FMV regarding the support and maintenance of Gripen in Sweden, the Czech Republic, Hungary and Thailand. FMV also ordered advanced aerial target services for the Swedish Armed Forces. An order was also received from DSME (Daewoo Shipbuilding & Marine Engineering Co. Ltd to design and integrate healthcare capability aboard a Norwegian support vessel.
- During 2013, an order was received concerning the Gripen E programme, of which SEK 1.3 billion was attributable to the business area.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 58 per cent (55) of total order bookings during 2014.

### Sales, income and margin

- Sales decreased slightly during 2014, compared to 2013, due to fewer large orders. Meanwhile, underlying operations were stable and sales from smaller orders were at the same level as 2013.
- The operating margin was negatively impacted by a change in product mix in 2014 compared to 2013.



#### Market

Sales related to markets outside Sweden accounted for 37 per cent (40) during 2014.

### Cash flow

- Operational cash flow was negative during 2014 due to timing differences in project execution, milestone payments and investments.

### Personnel

- The number of FTE's decreased slightly, compared to year-end 2013, as a result of the efficiency measures initiated in 2013.

## BUSINESS AREA COMBITECH

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Order bookings	1,494	1,740	-14	403	531
Order backlog	387	540	-28		
Sales	1,649	1,684	-2	462	500
EBITDA	100	157	-36	36	56
EBITDA margin, %	6.1	9.3		7.8	11.2
Operating income (EBIT)	92	148	-38	34	54
Operating margin, %	5.6	8.8		7.4	10.8
Operational cash flow	76	162		44	20
Defence/Civil (% of sales)	56/44	59/41		56/44	58/42
No. of FTE's	1,405	1,345	4		

For a description of the business area activities, see note 3. Comparative numbers for 2013 have been restated following organisational and structural changes, see note 14.

### Orders and sales

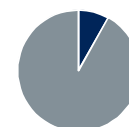
- Orders bookings decreased and sales decreased slightly in 2014 compared to 2013, following a challenging market situation and hence a lower utilization rate.

### Income and margin

- The operating margin was at a lower level in 2014, compared to the same period in 2013, mainly due to the challenging market situation.

### Cash flow

- The operational cash flow was at a lower level in 2014, compared to 2013, mainly due to decreased income.



#### Market

Sales related to markets outside Sweden accounted for 8 per cent (8) during 2014.



## Owners

According to SIS Ägarservice, Saab's largest shareholders as of 30 December 2014 were:

Investor AB  
Wallenberg foundations  
Swedbank Robur funds  
AFA Insurance  
Unionen  
SHB funds  
Nordea funds  
Odey funds  
Första AP-fonden  
SEB funds

## Personnel

	31 Dec 2014	1 Jan 2014
Number of employees	14,716	14,140
FTE's	14,561	14,122

As of 31 December 2014, the Group had 14,716 employees, compared to 14,140 at the beginning of 2014. The number of full time equivalents (FTE's) at the end of 2014 was 14,561 compared to 14,122 at the beginning of the year. The acquisition of Saab Kockums increased the number of FTE's by 855. The deconsolidation of operations in the South African subsidiary Saab Grintek Technologies (Pty) Ltd reduced the number of FTE's by 265.

## Corporate

Corporate reported an operating income of MSEK -15 (-221) in 2014.

During 2014, the 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 effect was at the same level as in 2013.

In 2014, the owned share of the portfolio was divested and the part held via operating leases has been reduced. As of 31 December 2014, Saab has a lease portfolio of 6 (49) aircraft, consisting of an owned share of 0 (14) and a leased share of 6 (35). The agreements for the leased aircraft expired in January and the lease portfolio will be discontinued during 2015.

In October, Saab divested its holding in Hawker Pacific Airservices Ltd., which resulted in a capital gain amounting to MSEK 93. During the year, the divestment of a Group company, whose assets were mainly related to property, had a positive impact on the operating income.

During the second quarter of 2013, a payment of MSEK 314 was made relating to a lost legal dispute was made. MSEK 231 of the payment was reported in operating income and MSEK 83 related to interest cost in financial net.

## Acquisitions and divestments 2014

During the first quarter, Saab's subsidiary Saab South Africa (Pty) Ltd deconsolidated its stake in the South African subsidiary Saab Grintek Technologies (Pty) Ltd. The deconsolidation of the operations resulted in a capital gain before taxes of MZAR 20 (approx. MSEK 12), which was reported in the business area Security and Defence Solutions. See Saab's interim report for January-March 2014 for further information.

In July, Saab finalized the acquisition of the Swedish shipyard ThyssenKrupp Marine Systems AB (TKMS, now Saab Kockums). The purchase price amounted to MSEK 340 and existing funds were used to finance the acquisition. Saab Kockums designs, builds and maintains naval systems such as submarines and surface vessels. The company had, at the time of the acquisition, approximately 850 employees. The acquisition is in line with Saab's ambition to increase its capabilities in the naval domain. This move further strengthens Saab's status as a comprehensive supplier of military systems. For more information about the acquisition, see note 9.

In October, Saab divested its minority shareholding in Hawker Pacific Airservices Ltd., which resulted in a capital gain amounting to MSEK 93.

No other significant acquisitions or divestments were made during 2014.

## Share repurchase

Saab held 3,650,364 treasury shares as of 31 December 2014, compared to 2,736,200 at year-end 2013. The Annual General Meeting on 8 April 2014 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge the Share Matching Plan and Performance Share Plan. On 5 June 2014, the Board of Directors decided to use the authorisation and 1,340,000 shares were purchased during the third quarter of 2014 at a total cost of MSEK 252.

## 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 in addition to the establishment of operations abroad.

Operations can entail various degrees of risk. The key risk areas are political, operational and financial. 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 51-54 of the Annual Report 2013.

## Proposed dividend

The Board of Directors proposes a dividend to shareholders of 4.75 per share (4.50), or a total of MSEK 501 (479). This has been calculated based on the number of outstanding shares as of 31 December 2014 amounting to 105,499,980 (106,414,144). 17 April 2015 has been proposed as the record day for the dividend, which is expected to be paid on 22 April 2015.

## Nomination committee

The members of the nomination committee have been appointed based on the shareholder structure 31 August 2014 in accordance with a resolution by the Saab Annual General Meeting. Members of the Saab Nomination Committee for the Annual General Meeting 2015 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, and Anders Algotsson, AFA Insurance.

The Nomination Committee is assigned to prepare proposals regarding the Chairman of the Annual General Meeting, Board of Directors, Chairman of the Board, Auditor and remuneration to the Board and the Auditor.

The Annual General Meeting of Saab AB will be held on Wednesday, 15 April, 2015.



### Gripen for Brazil

During the fourth quarter an agreement was reached with the Brazilian government regarding development and production of 36 Gripen NG for the Brazilian Air Force. The total order value amounts to approximately SEK 39.3 billion. The agreement will come into effect once certain conditions have been fulfilled, which is expected during the first half-year 2015 and then Saab will book the order.

### Other significant events January–December 2014

- On 8 April 2014, Saab held its Annual General Meeting of shareholders in Stockholm, Sweden. In accordance with the nomination committee's proposal Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilò, Lena Treschow Torell, Marcus Wallenberg, and Joakim Westh were re-elected to the Board of Directors. 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.
- The Swiss people voted no to the proposed financing of the Gripen procurement in a referendum held in May.
- In June, Saab announced that the Board of Directors made the decision to repurchase own shares of series B in order to ensure delivery of shares to participants in Saab's long-term Share Matching Plan and Performance Share Plan.
- During 2014, Saab issued bonds of SEK 1 billion with maturity on 19 December 2019 under the existing Medium Term Note programme.
- In July, Saab and the European Defence Agency (EDA) signed a framework agreement for potential orders of Carl-Gustaf ammunition to Estonia, Latvia, Lithuania, the Czech Republic and Poland. It is a five-year framework agreement with a possible renewal of two more years. The framework agreement includes potential orders of approximately MSEK 460.
- Saab and Embraer announced in July the signing of a Memorandum of Understanding to partner in joint programme management for the F-X2 Project, pursuant to the selection of the Gripen NG as Brazil's next generation fighter jet. Under this agreement, Embraer will perform a leading role in the overall programme performance as well as undertake an extensive share of work in the production and delivery of both the single and two-seat versions of the Gripen NG aircraft for the Brazilian Air Force.
- On 22 July, Saab announced the closing of the acquisition of the Swedish shipyard ThyssenKrupp Marine Systems. The acquisition further strengthens Saab's status as a comprehensive supplier of military systems. The company became a business unit within Saab's business area Security and Defence Solutions and named Saab Kockums. Operations are conducted mainly in Malmö, Karlskrona and Muskö, Sweden. For more information about the acquisition, see note 9.
- Saab announced changes to its business area structure to further develop and strengthen the organisation. At the same time changes are being made within the Group Management. All changes are effective as of 1 January 2015.
- A contract for civil marine traffic services system in Hong Kong was received from the Government of Hong Kong Special Administrative Region. The order value is MSEK 360.
- An order was received from FMV, within the existing framework agreement related to Gripen E, regarding role equipment, along with support and maintenance equipment. The total order value amounts to approximately MSEK 5.8 billion and delivery will begin in 2016.

For information regarding large orders received between January and September 2014, see page 2 and the comments regarding Business Areas on pages 5 to 7 and also note 3.

### Significant events after the conclusion of the period

- In January, Saab signed a revolving credit facility of SEK 4 billion with an initial term of five years and with a possibility to extend the term with one plus one year. This is done in order to refinance the existing facility with maturity 2016 and to be used for general corporate purposes.
- Saab announced it has teamed up with Dutch shipbuilder Damen Shipyards Group to explore future opportunities in the international submarine market.



## ABOUT SAAB

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adopts and improves new technology to meet customers' changing needs.

### Short facts

- Saab's series B share is listed on NASDAQ OMX Stockholm Large Cap. Ticker: SAAB B.
- Saab has 14,700 employees
- Local presence in 33 countries
- Customers in more than 100 countries

### Vision

It is a human right to feel safe.

### Mission

To make people safe by pushing intellectual and technological boundaries.

### Business concept

Saab constantly develops, adopts and improves new technology to meet changing customer needs. Saab serves the global market of governments, authorities and corporations with products, services and solutions for defence, aviation and civil security.

## ORGANISATION

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. As of 1 January 2015, Combitech is included in the new business area Industrial Products and Services. In addition, Corporate comprises Group staff and departments as well as secondary operations such as Saab Aircraft Leasing.

To ensure presence in local key markets, Saab also has six market areas: Nordic & Baltic, Europe & Greater Middle East, Americas, India, Sub-Saharan Africa and Asia Pacific.

## REVENUE MODEL

Saab's earnings are primarily generated by long-term customer contracts, service assignments and sale of goods. Margins vary depending on the nature of the project.

Long-term customer contracts entail the development and manufacture of complex systems. These account for nearly 60 per cent of sales. Long-term contracts are continually recognised in revenue, meaning that income and expenses are recognised as the project is completed. Cash flows for these contracts depend on the timing of advance payments and milestone payments during the order and execution period.

Service assignments, which account for around 25 per cent of Saab's sales, are comprised of consulting and support services. Examples include training and ongoing maintenance associated with previous deliveries. The third part of Saab's sales model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers.

## SAAB'S STRATEGY

Saab's strategy is built on four priority areas. Our aim is to create long-term value by accomplishing these strategic priorities.

Saab shall also maintain a solid balance sheet, focus on capital efficiency and generate strong cash flow.

### Profitable growth

Local presence on prioritised markets enables us to strengthen the relationship with our customers. We focus on markets where we have a strong market position and on product areas with good growth opportunities.

### Performance

We have a long tradition of integrating high-tech systems and we reconsider and develop our tools, methods, and work procedures continuously. This enables us to offer high performance and cost efficient solutions.

### Portfolio

The portfolio is focused on areas with significant competitive advantages and growth potential. Investments are made in product innovation, development of prioritised products and system integration expertise. Acquisition of businesses shall strengthen key areas and add to our local presence.

### People

Saab shall be an employer of choice in the global market. We are focusing on securing and developing the right skills for current and future needs. Motivated, driven and high performing employees are the backbone of our offering, efficiency and growth.

## FINANCIAL TARGETS

### Sales

The organic sales growth should average 5 per cent annually over a business cycle.

### Operating margin

The operating margin (EBIT) should be at least 10 per cent per year – the target is formulated as an average over a business cycle.

### Equity/assets ratio

The equity/assets ratio should be over 30 per cent.

### Dividend

The long-term dividend objective is to distribute 20–40 per cent of net income to shareholders over a business cycle.

# CONSOLIDATED INCOME STATEMENT

MSEK	Note	Full Year 2014	Full Year 2013	Q4 2014	Q4 2013
Sales	3	23,527	23,750	7,425	7,279
Cost of goods sold		-17,450	-17,422	-5,574	-5,426
<b>Gross income</b>		<b>6,077</b>	<b>6,328</b>	<b>1,851</b>	<b>1,853</b>
<i>Gross margin, %</i>		<i>25.8</i>	<i>26.6</i>	<i>24.9</i>	<i>25.5</i>
Other operating income		430	204	261	83
Marketing expenses		-2,144	-2,082	-629	-565
Administrative expenses		-1,214	-1,111	-333	-338
Research and development costs		-1,487	-1,762	-416	-490
Other operating expenses		-21	-257	3	-19
Share in income of associated companies and joint ventures		18	25	21	10
<b>Operating income (EBIT) <sup>1)</sup></b>	3	<b>1,659</b>	<b>1,345</b>	<b>758</b>	<b>534</b>
<i>Operating margin, %</i>		<i>7.1</i>	<i>5.7</i>	<i>10.2</i>	<i>7.3</i>
Financial income		103	62	52	15
Financial expenses		-239	-428	-70	-189
<b>Net financial items</b>		<b>-136</b>	<b>-366</b>	<b>-18</b>	<b>-174</b>
<b>Income before taxes</b>		<b>1,523</b>	<b>979</b>	<b>740</b>	<b>360</b>
Taxes		-355	-237	-154	-73
<b>Net income for the period</b>		<b>1,168</b>	<b>742</b>	<b>586</b>	<b>287</b>
of which Parent Company's shareholders' interest		1,153	741	579	281
of which non-controlling interest		15	1	7	6
Earnings per share before dilution, SEK <sup>2)</sup>		10.86	6.98	5.49	2.64
Earnings per share after dilution, SEK <sup>3)</sup>		10.78	6.79	5.45	2.57
1) Includes depreciation/amortisation and write-downs		-872	-1,047	-230	-278
of which depreciation of leasing aircraft		-8	-25	-1	-2
2) Average number of shares before dilution		106,125,666	106,125,107	105,438,516	106,342,403
3) Average number of shares after dilution.		106,916,255	109,150,344	106,239,161	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

As of 2014, the dilution of number of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Full Year 2014	Full Year 2013	Q4 2014	Q4 2013
<b>Net income for the period</b>	<b>1,168</b>	<b>742</b>	<b>586</b>	<b>287</b>
Other comprehensive income:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	-1,220	1,255	-173	68
Tax attributable to revaluation of net pension obligations	266	-285	36	-24
<b>Total</b>	<b>-954</b>	<b>970</b>	<b>-137</b>	<b>44</b>
Items that may be reversed in the income statement:				
Translation differences	517	-132	174	28
Net gain/loss on available-for-sale financial assets	27	-	10	116
Net gain/loss on cash flow hedges	-1,163	-255	-315	-174
Tax attributable to net gain/loss on cash flow hedges	253	59	67	39
<b>Total</b>	<b>-366</b>	<b>-328</b>	<b>-64</b>	<b>9</b>
<b>Other comprehensive income/loss for the period</b>	<b>-1,320</b>	<b>642</b>	<b>-201</b>	<b>53</b>
<b>Net comprehensive income/loss for the period</b>	<b>-152</b>	<b>1,384</b>	<b>385</b>	<b>340</b>
of which Parent Company's shareholders' interest	-167	1,399	381	335
of which non-controlling interest	15	-15	4	5

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>			
Fixed assets:			
Intangible fixed assets	5	6,351	6,340
Tangible fixed assets		3,702	3,239
Lease assets		-	197
Biological assets		289	296
Investment properties		33	31
Shares in associated companies and joint ventures		397	367
Financial investments		292	295
Long-term receivables	10	152	122
Deferred tax assets		656	239
<b>Total fixed assets</b>		<b>11,872</b>	<b>11,126</b>
Current assets:			
Inventories		5,819	4,563
Derivatives		469	396
Tax receivables		60	62
Accounts receivable		3,414	3,295
Other receivables		4,255	3,727
Prepaid expenses and accrued income		1,113	854
Short-term investments		1,270	2,002
Liquid assets	8	1,284	1,764
<b>Total current assets</b>		<b>17,684</b>	<b>16,663</b>
<b>TOTAL ASSETS</b>		<b>29,556</b>	<b>27,789</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity:			
Parent Company's shareholders' interest		11,291	12,136
Non-controlling interest		82	91
<b>Total shareholders' equity</b>		<b>11,373</b>	<b>12,227</b>
Long-term liabilities:			
Long-term interest-bearing liabilities	6	2,105	1,095
Other liabilities		141	179
Provisions for pensions	10	3,149	1,680
Other provisions		1,234	1,043
Deferred tax liabilities		48	501
<b>Total long-term liabilities</b>		<b>6,677</b>	<b>4,498</b>
Current liabilities:			
Short-term interest-bearing liabilities	6	264	718
Advance payments from customers		856	818
Accounts payable		1,840	1,918
Derivatives		1,400	316
Tax liabilities		47	61
Other liabilities		978	839
Accrued expenses and deferred income		5,609	5,735
Provisions		512	659
<b>Total current liabilities</b>		<b>11,506</b>	<b>11,064</b>
<b>Total liabilities</b>		<b>18,183</b>	<b>15,562</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>29,556</b>	<b>27,789</b>

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

# 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 shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2013	1,746	543	531	-226	11	8,563	11,168	112	11,280
Net comprehensive income/loss 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
<b>Closing balance, 31 December 2013</b>	<b>1,746</b>	<b>543</b>	<b>346</b>	<b>-353</b>	<b>11</b>	<b>9,843</b>	<b>12,136</b>	<b>91</b>	<b>12,227</b>
Opening balance, 1 January 2014	1,746	543	346	-353	11	9,843	12,136	91	12,227
Net comprehensive income/loss for the year			-908	514	27	200	-167	15	-152
Transactions with shareholders:									
Repurchase of shares						-252	-252		-252
Share matching plan						50	50		50
Dividend						-479	-479	-5	-484
Acquisition and sale of non-controlling interest						3	3	-19	-16
<b>Closing balance, 31 December 2014</b>	<b>1,746</b>	<b>543</b>	<b>-562</b>	<b>161</b>	<b>38</b>	<b>9,365</b>	<b>11,291</b>	<b>82</b>	<b>11,373</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Full Year 2014	Full Year 2013
Operating activities:			
Income after financial items		1,523	979
Adjustments for items not affecting cash flows		725	1,224
Income tax paid		-394	-368
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,854</b>	<b>1,835</b>
Cash flow from changes in working capital:			
Increase(-)/Decrease(+) in inventories		-856	-147
Increase(-)/Decrease(+) in current receivables		-282	-1,346
Increase(+)/Decrease(-) in advance payments from customers		21	278
Increase(+)/Decrease(-) in other current liabilities		-914	-1,005
Increase(+)/Decrease(-) in provisions		-536	-277
<b>Cash flow from operating activities</b>		<b>-713</b>	<b>-662</b>
Investing activities:			
Investments in intangible fixed assets		-68	-44
Capitalised development costs		-171	-24
Investments in tangible fixed assets		-732	-543
Sales and disposals of tangible fixed assets		15	46
Sales and disposals of lease assets		105	81
Sale of and Investments in short-term investments		720	1,936
Dividend from joint ventures		-	430
Investments in other financial assets		-	-248
Sale of other financial assets		40	10
Investments in operations and associated companies, net effect on liquidity	9	152	-68
Sale of subsidiaries and associated companies, net effect on liquidity		299	-
<b>Cash flow from investing activities</b>		<b>360</b>	<b>1,576</b>
Financing activities:			
Repayments of loans		-468	-1,100
Raising of loans		1,000	845
Repurchase of shares		-252	-
Dividend paid to Parent Company's shareholders		-479	-477
Dividend paid to non-controlling interest		-5	-1
<b>Cash flow from financing activities</b>		<b>-204</b>	<b>-733</b>
<b>Cash flow for the period</b>		<b>-557</b>	<b>181</b>
Liquid assets at the beginning of the period		1,764	1,616
Exchange rate difference in liquid assets		77	-33
<b>Liquid assets at end of period</b>	8	<b>1,284</b>	<b>1,764</b>

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).



# QUARTERLY INCOME STATEMENT

MSEK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Sales	7,425	5,130	5,692	5,280	7,279	4,723	5,886	5,862
Cost of goods sold	-5,574	-3,800	-4,157	-3,919	-5,426	-3,459	-4,287	-4,250
<b>Gross income</b>	<b>1,851</b>	<b>1,330</b>	<b>1,535</b>	<b>1,361</b>	<b>1,853</b>	<b>1,264</b>	<b>1,599</b>	<b>1,612</b>
<i>Gross margin, %</i>	<i>24.9</i>	<i>25.9</i>	<i>27.0</i>	<i>25.8</i>	<i>25.5</i>	<i>26.8</i>	<i>27.2</i>	<i>27.5</i>
Other operating income	261	77	47	45	83	63	29	29
Marketing expenses	-629	-511	-520	-484	-565	-471	-533	-513
Administrative expenses	-333	-300	-301	-280	-338	-219	-291	-263
Research and development costs	-416	-322	-385	-364	-490	-380	-434	-458
Other operating expenses	3	-10	-7	-7	-19	9	-238	-9
Share of income in associated companies and joint ver	21	-6	4	-1	10	-	17	-2
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>758</b>	<b>258</b>	<b>373</b>	<b>270</b>	<b>534</b>	<b>266</b>	<b>149</b>	<b>396</b>
<i>Operating margin, %</i>	<i>10.2</i>	<i>5.0</i>	<i>6.6</i>	<i>5.1</i>	<i>7.3</i>	<i>5.6</i>	<i>2.5</i>	<i>6.8</i>
Share of income in associated companies	-	-	-	-	-	-1	-	1
Financial income	52	19	10	22	15	16	13	18
Financial expenses	-70	-48	-64	-57	-189	-27	-151	-61
<b>Net financial items</b>	<b>-18</b>	<b>-29</b>	<b>-54</b>	<b>-35</b>	<b>-174</b>	<b>-12</b>	<b>-138</b>	<b>-42</b>
<b>Income before taxes</b>	<b>740</b>	<b>229</b>	<b>319</b>	<b>235</b>	<b>360</b>	<b>254</b>	<b>11</b>	<b>354</b>
Taxes	-154	-59	-83	-59	-73	-62	-10	-92
<b>Net income for the period</b>	<b>586</b>	<b>170</b>	<b>236</b>	<b>176</b>	<b>287</b>	<b>192</b>	<b>1</b>	<b>262</b>
of which Parent Company's shareholders' interest	579	166	233	175	281	189	2	269
of which non-controlling interest	7	4	3	1	6	3	-1	-7
Earnings per share before dilution, SEK <sup>2)</sup>	5.49	1.57	2.19	1.64	2.64	1.78	0.02	2.54
Earnings per share after dilution, SEK <sup>3)</sup>	5.45	1.55	2.17	1.63	2.57	1.73	0.02	2.46
1) includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft	-230 -1	-221 -2	-211 -1	-210 -4	-278 -2	-256 -7	-256 -7	-257 -9
2) average number of shares before dilution	105,438,516	106,060,673	106,549,332	106,454,142	106,342,403	106,196,870	106,028,640	105,932,515
3) average number of shares after dilution	106,239,161	106,888,805	107,422,230	107,299,002	109,150,344	109,150,344	109,150,344	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

As of 2014, the dilution of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
<b>Net income for the period</b>	<b>586</b>	<b>170</b>	<b>236</b>	<b>176</b>	<b>287</b>	<b>192</b>	<b>1</b>	<b>262</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	-173	-324	-42	-681	68	101	647	439
Tax attributable to revaluation of net pension obligations	36	71	9	150	-24	-22	-142	-97
<b>Total</b>	<b>-137</b>	<b>-253</b>	<b>-33</b>	<b>-531</b>	<b>44</b>	<b>79</b>	<b>505</b>	<b>342</b>
Items that may be reversed in the income statement:								
Translation differences	174	169	148	26	28	-122	42	-80
Net gain/loss on available-for-sale financial assets	10	-77	94	-	116	-53	-63	-
Net gain/loss on cash flow hedges	-315	-517	-251	-80	-174	196	-300	23
Tax attributable to net gain/loss on cash flow hedges	67	114	53	19	39	-44	68	-4
<b>Total</b>	<b>-64</b>	<b>-311</b>	<b>44</b>	<b>-35</b>	<b>9</b>	<b>-23</b>	<b>-253</b>	<b>-61</b>
<b>Other comprehensive income/loss for the period</b>	<b>-201</b>	<b>-564</b>	<b>11</b>	<b>-566</b>	<b>53</b>	<b>56</b>	<b>252</b>	<b>281</b>
<b>Net comprehensive income/loss for the period</b>	<b>385</b>	<b>-394</b>	<b>247</b>	<b>-390</b>	<b>340</b>	<b>248</b>	<b>253</b>	<b>543</b>
of which Parent Company's shareholders' interest	381	-398	237	-387	335	242	262	560
of which non-controlling interest	4	4	10	-3	5	6	-9	-17

## KEY RATIOS BY QUARTER

MSEK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Equity/assets ratio, (%)	38.5	40.1	42.7	44.4	44.0	44.6	42.4	41.5
Return on capital employed, % <sup>1)</sup>	11.1	9.7	9.8	8.3	9.1	10.2	10.5	14.2
Return on equity, % <sup>1)</sup>	9.9	7.6	7.7	5.5	6.3	8.8	8.7	13.3
Equity per share, SEK <sup>2)</sup>	107.02	103.41	108.20	110.47	114.04	110.94	108.69	110.81
Free cash flow, MSEK	1,006	-710	-1,074	-316	553	-940	-748	-325
Free cash flow per share after dilution, SEK <sup>3)</sup>	9.47	-6.64	-10.00	-2.95	5.07	-8.61	-6.85	-2.98

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average number of shares after dilution

105,499,980	105,377,052	106,604,525	106,494,139	106,414,144	106,270,662	106,123,078	105,934,201
106,239,161	106,888,805	107,422,230	107,299,002	109,150,344	109,150,344	109,150,344	109,150,344

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

As of 2014, the dilution of shares is calculated based on the effects of all potential shares (Share Matching Plan and Performance Share Plan) that give rise to a dilution effect. Previously, a simplified method was used where the dilution effect was calculated based on all treasury shares.

# QUARTERLY INFORMATION PER BUSINESS AREA

MSEK	Q4 2014	Operating margin	Q3 2014	Operating margin	Q2 2014	Operating margin	Q1 2014	Operating margin
<b>Sales</b>								
Aeronautics	2,189		1,323		1,631		1,577	
Dynamics	929		599		730		716	
Electronic Defence Systems	1,361		1,062		1,232		974	
Security and Defence Solutions	1,999		1,367		1,240		1,156	
Support and Services	1,039		794		898		839	
Combitech	462		347		419		421	
Corporate	-		-		-		1	
Internal sales	-554		-362		-458		-404	
<b>Total</b>	<b>7,425</b>		<b>5,130</b>		<b>5,692</b>		<b>5,280</b>	
<b>Operating income/loss</b>								
Aeronautics	198	9.0%	46	3.5%	118	7.2%	118	7.5%
Dynamics	127	13.7%	-26	-4.3%	36	4.9%	28	3.9%
Electronic Defence Systems	95	7.0%	95	8.9%	51	4.1%	-36	-3.7%
Security and Defence Solutions	222	11.1%	71	5.2%	75	6.0%	-12	-1.0%
Support and Services	124	11.9%	43	5.4%	122	13.6%	87	10.4%
Combitech	34	7.4%	9	2.6%	24	5.7%	25	5.9%
Corporate	-42		20		-53		60	
<b>Total</b>	<b>758</b>	<b>10.2%</b>	<b>258</b>	<b>5.0%</b>	<b>373</b>	<b>6.6%</b>	<b>270</b>	<b>5.1%</b>

MSEK	Q4 2013	Operating margin	Q3 2013	Operating margin	Q2 2013	Operating margin	Q1 2013	Operating margin
<b>Sales</b>								
Aeronautics	1,996		1,391		1,717		1,765	
Dynamics	1,183		535		971		877	
Electronic Defence Systems	1,413		950		1,046		1,151	
Security and Defence Solutions	1,650		1,060		1,288		1,097	
Support and Services	1,168		802		931		871	
Combitech	500		337		424		423	
Corporate	-		-		-		-	
Internal sales	-631		-352		-491		-322	
<b>Total</b>	<b>7,279</b>		<b>4,723</b>		<b>5,886</b>		<b>5,862</b>	
<b>Operating income/loss</b>								
Aeronautics	102	5.1%	117	8.4%	121	7.0%	116	6.6%
Dynamics	190	16.1%	-36	-6.7%	128	13.2%	84	9.6%
Electronic Defence Systems	-71	-5.0%	25	2.6%	-57	-5.4%	-12	-1.0%
Security and Defence Solutions	124	7.5%	44	4.2%	67	5.2%	-22	-2.0%
Support and Services	153	13.1%	105	13.1%	138	14.8%	102	11.7%
Combitech	54	10.8%	17	5.0%	33	7.8%	44	10.4%
Corporate	-18		-6		-281		84	
<b>Total</b>	<b>534</b>	<b>7.3%</b>	<b>266</b>	<b>5.6%</b>	<b>149</b>	<b>2.5%</b>	<b>396</b>	<b>6.8%</b>

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11) and to the structural change described in note 14.

Sales related to Combitech in quarters 1-3 have been adjusted for sales where Combitech has acted as agent on behalf of Group companies.

# MULTI-YEAR OVERVIEW

MSEK	2014	2013	2012	2011	2010
Order bookings	22,602	49,809	20,683	18,907	26,278
Order backlog at 31 December	60,128	59,870	34,151	37,172	41,459
Sales	23,527	23,750	24,010	23,498	24,434
<i>Sales in Sweden, %</i>	45	41	36	37	38
<i>Sales in EU excluding Sweden, %</i>	16	17	19	19	19
<i>Sales in Americas, %</i>	12	13	12	8	9
<i>Sales in Rest of the world, %</i>	27	30	33	36	34
Operating income (EBIT)	1,659	1,345	2,050	2,941	975
<i>Operating margin, %</i>	7.1	5.7	8.5	12.5	4.0
EBITDA	2,523	2,367	3,186	4,088	2,187
<i>EBITDA margin, %</i>	10.7	10.0	13.3	17.4	9.0
Income after financial items	1,523	979	2,003	2,783	776
Net income for the year	1,168	742	1,560	2,217	454
Total assets	29,556	27,789	28,938	31,799	29,278
Free cash flow	-1,094	-1,460	-396	2,477	4,349
<i>Return on capital employed, %</i>	11.1	9.1	14.6	22.2	7.9
<i>Return on equity, %</i>	9.9	6.3	12.8	18.1	4.1
<i>Equity/assets ratio, %</i>	38.5	44.0	39.0	41.1	39.1
Earnings per share before dilution, SEK <sup>2)</sup> <sup>4)</sup>	10.86	6.98	15.00	21.19	4.12
Earnings per share after dilution, SEK <sup>3)</sup> <sup>4)</sup>	10.78	6.79	14.52	20.38	3.97
Dividend per share, SEK	4.75 <sup>5)</sup>	4.50	4.50	4.50	3.50
Equity per share, SEK <sup>1)</sup>	107.02	114.04	105.43	122.94	107.66
Number of employees at year-end	14,716	14,140	13,968	13,068	12,536

1) Number of shares excluding treasury shares as of 31 December 2014: 105,499,980; 2013: 106,414,144; 2012: 105,930,829; 2011: 105,331,958; 2010: 104,717,729.

2) Average number of shares 2014: 106,125,666; 2013: 106,125,107; 2012: 105,632,911; 2011: 104,982,315; 2010: 105,217,786.

3) Average number of shares 2014: 106,916,255; 2010-2013: 109,150,344.

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

5) Proposed dividend

2013 has been restated according to the changed accounting principles for joint arrangements (IFRS 11).

2012 has been restated according to the changed accounting principles for pensions (IAS 19).

Financials for 2011 and earlier periods are not restated.

# KEY RATIOS AND TARGETS

	Long-term target	Full Year 2014	Full Year 2013
Organic sales growth, %	5	-3	-2
Operating margin, %	10	7.1	5.7
Equity/assets ratio, %	30	38.5	44.0

# PARENT COMPANY INCOME STATEMENT

MSEK	Full Year 2014	Full Year 2013	Q4 2014	Q4 2013
Sales	16,175	16,521	5,000	4,966
Cost of goods sold	-11,869	-12,556	-3,543	-3,870
<b>Gross income</b>	<b>4,306</b>	<b>3,965</b>	<b>1,457</b>	<b>1,096</b>
<i>Gross margin, %</i>	<i>26.6</i>	<i>24.0</i>	<i>29.1</i>	<i>22.1</i>
Operating income and expenses	-3,106	-3,303	-815	-860
<b>Operating income (EBIT)</b>	<b>1,200</b>	<b>662</b>	<b>642</b>	<b>236</b>
<i>Operating margin, %</i>	<i>7.4</i>	<i>4.0</i>	<i>12.8</i>	<i>4.8</i>
Financial income and expenses	706	707	489	193
<b>Income after financial items</b>	<b>1,906</b>	<b>1,369</b>	<b>1,131</b>	<b>429</b>
Appropriations	-419	-284	-419	-284
<b>Income before taxes</b>	<b>1,487</b>	<b>1,085</b>	<b>712</b>	<b>145</b>
Taxes	-317	-200	-125	-73
<b>Net income for the period</b>	<b>1,170</b>	<b>885</b>	<b>587</b>	<b>72</b>

## Parent company

### Sales and income

The Parent Company includes units within the business areas Aeronautics, Electronic Defence Systems, Security and Defence Solutions, and Support and Services. Group staff and Group support are included as well. The business areas Dynamics and Combitech are subsidiaries to Saab AB and are not a part of the Parent Company.

The Parent Company's sales in 2014 amounted to MSEK 16,175 (16,521). Operating income was MSEK 1,200 (662).

Net financial income and expenses was MSEK 706 (707). After appropriations of MSEK -419 (-284) and taxes of MSEK -317 (-200), net income for the year amounted to MSEK 1,170 (885).

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

The Parent Company's net debt amounted to MSEK 2,577 at 31 December 2014 compared to MSEK 984 at 31 December 2013.

Gross capital expenditures in property, plant and equipment amounted to MSEK 551 (387). Investments in intangible assets amounted to MSEK 63 (63). At the end of the year, the Parent Company had 8,695 employees, compared to 8,781 at the beginning of the year.

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

# PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>			
Fixed assets:			
Intangible fixed assets		1,117	1,392
Tangible fixed assets		2,574	2,279
Financial fixed assets		8,059	7,695
<b>Total fixed assets</b>		<b>11,749</b>	<b>11,366</b>
Current assets			
Inventories, etc.		4,490	3,653
Current receivables		8,250	6,738
Short term investments		1,270	1,990
Liquid assets		377	1,268
<b>Total current assets</b>		<b>14,387</b>	<b>13,649</b>
<b>TOTAL ASSETS</b>		<b>26,136</b>	<b>25,015</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity:			
Restricted equity		2,983	2,989
Unrestricted equity		5,486	4,992
<b>Total shareholders' equity</b>		<b>8,469</b>	<b>7,981</b>
Provisions and liabilities:			
Untaxed reserves		1,979	1,560
Provisions		778	1,051
Liabilities	6	14,910	14,423
<b>Total provisions and liabilities</b>		<b>17,667</b>	<b>17,034</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>26,136</b>	<b>25,015</b>

# NOTES

## TO THE FINANCIAL STATEMENTS

### NOTE 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The company's head office is located at Gustavslundsvägen 42, Bromma, with the mailing address P.O. Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab is listed on NASDAQ OMX Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report 2013.

### NOTE 2 Accounting principles

The consolidated accounts for 2014 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 70-77 in the annual report 2013.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2013 except for joint venture accounting (see note 13 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 2013.

### 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 US 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. Comparative numbers for 2013 have been adjusted due to a new structure, see note 14 for more information. Comparative numbers for 2014, adjusted for the new organisational structure implemented as of 1 January 2015 can be found in note 15.

#### 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.

### 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. Moreover, avionics for increased flight mission efficiency and flight safety is supplied to civil and military customers.

### Security and Defence Solutions

The operations comprise combat management systems for the navy, air force and army, and also design, construction and maintenance of submarines. The portfolio in addition includes systems for training and simulation, security systems, solutions for secure communication as well as systems for maritime and air traffic management.

### 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 within 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.

### Order bookings per business area

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Aeronautics	6,890	29,677	-77	5,849	18,266
Dynamics	2,325	3,345	-30	1,068	1,637
Electronic Defence Systems	2,943	7,587	-61	987	2,214
Security and Defence Solutions	6,110	4,736	29	2,210	1,807
Support and Services	4,720	4,602	3	2,635	965
Combitech	1,494	1,740	-14	403	531
Internal	-1,880	-1,878		-749	-640
<b>Total</b>	<b>22,602</b>	<b>49,809</b>	<b>-55</b>	<b>12,403</b>	<b>24,780</b>

### Order backlog per business area

MSEK	31 Dec 2014	31 Dec 2013
Aeronautics	34,283	34,113
Dynamics	3,915	4,548
Electronic Defence Systems	7,619	9,171
Security and Defence Solutions	6,823	5,571
Support and Services	7,976	6,683
Combitech	387	540
Internal	-875	-756
<b>Total</b>	<b>60,128</b>	<b>59,870</b>

## NOTE 3 Continued

Large orders received (approx. values MSEK)	Country	Order value	Large orders received (approx. Values MSEK)	Country	Order value
Gripen E support and maintenance systems	Sweden	5,800	Aerial target services	Sweden	300
Extended Gripen lease in the Czech Republic	Sweden	576	Shoulder-launched weapon system Roquette NG	France	295
Construction and production plans for the next generation submarines	Sweden	467	Missile subsystems		250
A26 and Gotland-class submarine sensor systems	Sweden	420	Support and service of weapon simulators	UK	220
Maintenance, technical system support and spare parts for Gripen	Sweden	385	Military training systems	UK	200
Development order for Gripen E	Sweden	385	Support and maintenance of Gripen	Sweden	174
Military training systems	Finland	360	Security systems for correctional centre	Australia	166
Civil marine traffic services system	Hong Kong	360	Development and serial deliveries of vehicle simulators	Norway	142
Gripen development and operational support	Sweden	355	Overhaul of the submarine HMS Halland	Sweden	130
			Overhaul of submarine HMS Södermanland	Sweden	121

## Sales per business area

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013	Change, %
<b>Aeronautics</b>	<b>6,720</b>	<b>6,869</b>	<b>-2</b>	<b>2,189</b>	<b>1,996</b>	<b>10</b>
of which external sales	6,508	6,703	-3	2,109	1,941	9
of which internal sales	212	166	28	80	55	45
<b>Dynamics</b>	<b>2,974</b>	<b>3,566</b>	<b>-17</b>	<b>929</b>	<b>1,183</b>	<b>-21</b>
of which external sales	2,840	3,430	-17	888	1,127	-21
of which internal sales	134	136	-1	41	56	-27
<b>Electronic Defence Systems</b>	<b>4,629</b>	<b>4,560</b>	<b>2</b>	<b>1,361</b>	<b>1,413</b>	<b>-4</b>
of which external sales	4,205	4,050	4	1,230	1,220	1
of which internal sales	424	510	-17	131	193	-32
<b>Security and Defence Solutions</b>	<b>5,762</b>	<b>5,095</b>	<b>13</b>	<b>1,999</b>	<b>1,650</b>	<b>21</b>
of which external sales	5,635	4,991	13	1,962	1,622	21
of which internal sales	127	104	22	37	28	32
<b>Support and Services</b>	<b>3,570</b>	<b>3,772</b>	<b>-5</b>	<b>1,039</b>	<b>1,168</b>	<b>-11</b>
of which external sales	3,371	3,571	-6	979	1,081	-9
of which internal sales	199	201	-1	60	87	-31
<b>Combitech</b>	<b>1,649</b>	<b>1,684</b>	<b>-2</b>	<b>462</b>	<b>500</b>	<b>-8</b>
of which external sales	982	925	6	256	253	1
of which internal sales	667	759	-12	206	247	-17
<b>Corporate/eliminations</b>	<b>-1,777</b>	<b>-1,796</b>		<b>-554</b>	<b>-631</b>	
of which external sales	-14	80		1	35	
of which internal sales	-1,763	-1,876		-555	-666	
<b>Total</b>	<b>23,527</b>	<b>23,750</b>	<b>-1</b>	<b>7,425</b>	<b>7,279</b>	<b>2</b>

## Sales per geographical market

MSEK	Full Year 2014	% of sales	Full Year 2013	% of sales
Sweden	10,512	45	9,814	41
Rest of EU	3,770	16	3,933	17
Rest of Europe	592	3	621	3
<b>Total Europe</b>	<b>14,874</b>	<b>64</b>	<b>14,368</b>	<b>60</b>
North America	2,387	10	2,611	11
Latin America	508	2	376	2
Asia	4,007	17	4,311	18
Africa	573	2	930	4
Australia, etc.	1,178	5	1,154	5
<b>Total</b>	<b>23,527</b>	<b>100</b>	<b>23,750</b>	<b>100</b>

## Information on large customers

In 2014, 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 business areas, and total sales amounted to MSEK 8,086 (7,814).

## Seasonal variation

A major part of Saab's 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 to the other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.



## NOTE 3 Continued

### Operating income per business area

MSEK	Full Year 2014	% of sales	Full Year 2013	% of sales	Q4 2014	Q4 2013
Aeronautics	480	7.1	456	6.6	198	102
Dynamics	165	5.5	366	10.3	127	190
Electronic Defence Systems	205	4.4	-115	-2.5	95	-71
Security and Defence Solutions	356	6.2	213	4.2	222	124
Support and Services	376	10.5	498	13.2	124	153
Combitech	92	5.6	148	8.8	34	54
<b>The business area's total operating income</b>	<b>1,674</b>	<b>7.1</b>	<b>1,566</b>	<b>6.6</b>	<b>800</b>	<b>552</b>
Corporate	-15		-221		-42	-18
<b>Total</b>	<b>1,659</b>	<b>7.1</b>	<b>1,345</b>	<b>5.7</b>	<b>758</b>	<b>534</b>

### Depreciation/amortisation and write-downs per business area

MSEK	Full Year 2014	Full Year 2013	Change, %	Q4 2014	Q4 2013
Aeronautics	59	147	-60	15	37
Dynamics	61	62	-2	15	19
Electronic Defence Systems	417	488	-15	107	132
Security and Defence Solutions	112	115	-3	36	29
Support and Services	18	19	-5	4	5
Combitech	8	9	-11	2	2
Corporate – lease aircraft	8	25	-68	1	2
Corporate – other	189	182	4	50	52
<b>Total</b>	<b>872</b>	<b>1,047</b>	<b>-17</b>	<b>230</b>	<b>278</b>

### Operational cash flow per business area

MSEK	Full Year 2014	Full Year 2013	Q4 2014	Q4 2013
Aeronautics	-656	-227	-335	190
Dynamics	-69	503	108	87
Electronic Defence Systems	-677	116	107	224
Security and Defence Solutions	157	122	482	214
Support and Services	-32	-149	58	36
Combitech	76	162	44	20
Corporate	4	-1,166	289	-223
<b>Total</b>	<b>-1,197</b>	<b>-639</b>	<b>753</b>	<b>548</b>

### Capital employed per business area

MSEK	31 Dec 2014	31 Dec 2013
Aeronautics	2,689	2,447
Dynamics	2,186	2,007
Electronic Defence Systems	4,743	4,294
Security and Defence Solutions	4,257	3,994
Support and Services	2,214	2,479
Combitech	496	505
Corporate	-256	-261
<b>Total</b>	<b>16,329</b>	<b>15,465</b>

### Full time equivalents (FTE's) per business area

Number at end of the year	31 Dec 2014	31 Dec 2013
Aeronautics	3,263	3,210
Dynamics	1,461	1,523
Electronic Defence Systems	2,550	2,588
Security and Defence Solutions	3,234	2,843
Support and Services	1,818	1,840
Combitech	1,405	1,345
Corporate	830	773
<b>Total</b>	<b>14,561</b>	<b>14,122</b>

### NOTE 4 Dividend to Parent Company's shareholders

At its meeting on 9 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 4.75 per share, totalling MSEK 501.

### NOTE 5 Intangible fixed assets

MSEK	31 Dec 2014	31 Dec 2013
Goodwill	5,015	4,605
Capitalised development costs	952	1,338
Other intangible assets	384	397
<b>Total</b>	<b>6,351</b>	<b>6,340</b>

### NOTE 6 Net liquidity

MSEK	31 Dec 2014	31 Dec 2013
<b>Assets:</b>		
Liquid assets	1,284	1,764
Short-term investments	1,270	2,002
<b>Total liquid investments</b>	<b>2,554</b>	<b>3,766</b>
Short-term interest-bearing receivables	5	33
Long-term interest-bearing receivables	83	75
Long-term receivables attributable to pensions	59	36
Long-term interest-bearing financial investments	142	141
<b>Total interest-bearing assets</b>	<b>2,843</b>	<b>4,051</b>
<b>Liabilities:</b>		
Liabilities to credit institutions	2,001	1,001
Liabilities to associated companies and joint ventures	244	244
Other interest-bearing liabilities	124	568
Provisions for pensions <sup>1)</sup>	2,587	1,425
<b>Total interest-bearing liabilities and provisions for pensions</b>	<b>4,956</b>	<b>3,238</b>
<b>Net liquidity / debt</b>	<b>-2,113</b>	<b>813</b>

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

## NOTE 6 Continued

### Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2016)	4,000	-	4,000
Overdraft facility (Maturity 2014)	95	1	94
<b>Total</b>	<b>4,095</b>	<b>1</b>	<b>4,094</b>

### Parent Company

MSEK	31 Dec 2014	31 Dec 2013
Long-term liabilities to credit institutions	2,000	1,000
Short-term liabilities to credit institutions	-	-
<b>Total</b>	<b>2,000</b>	<b>1,000</b>

In December 2009 Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market. Under the terms of this programme Saab has issued bonds and Floating Rate Notes (FRN) of MSEK 2,000.

## NOTE 7 Financial instruments

### Classification and categorisation of financial assets and liabilities\*

31 Dec 2014	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
Financial assets:										
Financial investments	-	121	29	142	-	-	-	-	292	294
Long-term receivables	-	-	-	-	152	-	-	-	152	152
Derivatives										
Forward exchange contracts	14	-	-	-	-	-	401	7	422	422
Currency options	45	-	-	-	-	-	-	-	45	45
Interest rate swaps	-	-	-	-	-	-	-	-	-	-
Electricity derivatives	2	-	-	-	-	-	-	-	2	2
<b>Total derivatives</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>7</b>	<b>469</b>	<b>469</b>
Accounts receivable and other receivables	-	-	-	-	8,152	-	-	-	8,152	8,152
Short-term investments	-	-	1,270	-	-	-	-	-	1,270	1,270
Liquid assets	-	-	-	-	1,284	-	-	-	1,284	1,284
<b>Total financial assets</b>	<b>61</b>	<b>121</b>	<b>1,299</b>	<b>142</b>	<b>9,588</b>	<b>-</b>	<b>401</b>	<b>7</b>	<b>11,619</b>	<b>11,621</b>
Financial liabilities:										
Interest-bearing liabilities	-	-	-	-	-	2,369	-	-	2,369	2,406
Derivatives										
Forward exchange contracts	61	-	-	-	-	-	1,192	5	1,258	1,258
Currency options	48	-	-	-	-	-	-	-	48	48
Interest rate swaps	9	-	-	-	-	-	78	-	87	87
Electricity derivatives	2	-	-	-	-	-	5	-	7	7
<b>Total derivatives</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,275</b>	<b>5</b>	<b>1,400</b>	<b>1,400</b>
Other liabilities	-	-	-	-	-	5,243	-	-	5,243	5,243
<b>Total financial liabilities</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,612</b>	<b>1,275</b>	<b>5</b>	<b>9,012</b>	<b>9,049</b>

\* 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 415.

### 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).

## NOTE 7 Continued

There has been no change between levels in 2014. As of 31 December 2014, the Group had the following financial assets and liabilities at fair value:

### Assets at fair value

MSEK	31 Dec 2014	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	1,270	1,270	-	-
Forward exchange contracts	422	-	422	-
Currency options	45	-	45	-
Interest rate swaps	-	-	-	-
Electricity derivatives	2	2	-	-
Shares and participations	150	121	-	29
<b>Total</b>	<b>1,889</b>	<b>1,393</b>	<b>467</b>	<b>29</b>

### Liabilities at fair value

MSEK	31 Dec 2014	Level 1	Level 2	Level 3
Forward exchange contracts	1,258	-	1,258	-
Currency options	48	-	48	-
Interest rate swaps	87	-	87	-
Electricity derivatives	7	7	-	-
<b>Total</b>	<b>1,400</b>	<b>7</b>	<b>1,393</b>	<b>-</b>

### Specification of free cash flow

MSEK	Saab excl. Acquisitions/divestments	Acquisitions and divestments	Total Group Jan-Dec 2014	Total Group Jan-Dec 2013
<b>Cash flow from operating activities before changes in working capital <sup>1)</sup></b>	<b>2,221</b>	<b>-</b>	<b>2,221</b>	<b>2,342</b>
Cash flow from changes in working capital:				
Inventories	-856	-	-856	-147
Current receivables	-282	-	-282	-1,346
Advance payments from customers	21	-	21	278
Other current liabilities	-914	-	-914	-1,005
Provisions	-536	-	-536	-277
<b>Change in working capital</b>	<b>-2,567</b>	<b>-</b>	<b>-2,567</b>	<b>-2,497</b>
<b>Cash flow from operating activities <sup>2)</sup></b>	<b>-346</b>	<b>-</b>	<b>-346</b>	<b>-155</b>
Investing activities:				
Investments in intangible fixed assets	-239	-	-239	-68
Investments in tangible fixed assets	-732	-	-732	-543
Sales and disposals of tangible fixed assets	15	-	15	46
Sales and disposals of lease assets	105	-	105	81
<b>Cash flow from investing activities <sup>3)</sup></b>	<b>-851</b>	<b>-</b>	<b>-851</b>	<b>-484</b>
<b>Operational cash flow</b>	<b>-1,197</b>	<b>-</b>	<b>-1,197</b>	<b>-639</b>
Taxes and other financial items	-367	-	-367	-506
Sale of and investments in shares etc.	19	-	19	-247
Acquisitions of subsidiaries and associated companies	-	152	152	-68
Sale of subsidiaries and associated companies	-	299	299	-
<b>Free cash flow</b>	<b>-1,545</b>	<b>451</b>	<b>-1,094</b>	<b>-1,460</b>

1) Cash flow from operating activities before changes in working capital excluding taxes and other financial items.

2) Cash flow from operating activities excluding taxes and other financial items.

3) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and associated companies and sale of subsidiaries and associated companies.

## NOTE 8 Supplemental information on Statement of cash flows

### Liquid assets

MSEK	31 Dec 2014	31 Dec 2013
The following components are included in liquid assets:		
Cash and bank balances	1,284	651
Bank deposits	-	1,113
<b>Total according to balance sheet</b>	<b>1,284</b>	<b>1,764</b>
<b>Total according to statement of cash flows</b>	<b>1,284</b>	<b>1,764</b>

### Free cash flow vs. statement of cash flows

MSEK	Full Year 2014	Full Year 2013
Free cash flow	-1,094	-1,460
Investing activities – interest-bearing:		
Short-term investments	720	1,936
Other financial investments and receivables	21	8
Dividend from joint ventures	-	430
Financing activities:		
Repayments of loans	-468	-1,100
Raising of loans	1,000	845
Repurchase of shares	-252	-
Dividend paid to the Parent Company's shareholders	-479	-477
Dividend paid to non-controlling interest	-5	-1
<b>Cash flow for the period</b>	<b>-557</b>	<b>181</b>

## NOTE 9 Business combinations

On June 29, Saab announced an agreement to acquire 100 per cent of TKMS (now Saab Kockums), which designs, builds and maintains military naval systems such as submarines and surface vessels. TKMS had approximately 850 employees at the time of the acquisition. The acquisition was closed on 22 July at a purchase price MSEK 340.

The acquisition is in line with Saab's ambition to increase its capabilities in the naval domain, and further strengthens Saab's status as a comprehensive supplier of military systems. Saab Kockums has a unique offering and strong presence in Sweden concerning submarines and warships. Saab also sees potential to expand Saab Kockums' current market position through opportunities in the export market.

### Preliminary Purchase Analysis

	MSEK
<b>Purchase price</b>	
Purchase price paid 22 July	340
<b>Total consideration</b>	<b>340</b>
<b>Effect on liquid assets</b>	
Purchase price paid 22 July	340
Less: Liquid assets in the acquired company	-540
<b>Effect on liquid assets (positive (-) / negative (+))</b>	<b>-200</b>
<b>Fair value of identifiable assets and liabilities at the date of the acquisition was:</b>	
Intangible fixed assets	41
Tangible fixed assets	157
Financial fixed assets	12
Deferred tax assets	281
Current assets	407
Liquid assets	540
<b>Total assets</b>	<b>1,438</b>
Provision for pensions	186
Other provisions	601
Other liabilities	529
<b>Total liabilities</b>	<b>1,316</b>
Total identifiable net assets at fair value	122
Goodwill	218
<b>Purchase consideration</b>	<b>340</b>

Goodwill related to the acquisition amounts to MSEK 218, and comprises the value of the workforce and expected synergy effects achieved by merging Saab Group's and Saab Kockums' operations. No part of acquired goodwill is expected to be deductible for income tax purposes.

As of the acquisition date, Saab Kockums has contributed MSEK 612 to Group sales and MSEK 138 to income before tax. Saab Kockums' total sales for the period 1 January to 31 December 2014 amounts to MSEK 1,248 and income before tax to MSEK 88.

Transaction costs of MSEK 5 have been expensed and are included in administrative expenses. These costs are included in cash flow from operating activities in the statement of cash flows.

No other significant acquisitions were made or announced during 2014.

## 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 8,153 at 31 December 2014 compared to MSEK 6,413 at 31 December 2013 and the value of the plan assets amounted to MSEK 5,625 at 31 December 2014 compared to MSEK 5,024 at 31 December 2013. Provisions for pensions attributable to special employers' contribution amounted to MSEK 562 at 31 December 2014 and to MSEK 255 at 31 December 2013. Total provisions for pensions amount to MSEK 3,090, of which MSEK 59 is reported as long-term receivables.

## NOTE 11 Contingent liabilities

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

## NOTE 12 Transactions with related parties

Saab has signed an agreement about the sale of Saab Grintek Technologies Ltd. The transaction involves related parties to the company and has been carried through on commercial bases.

No other significant transactions have occurred during the period. Related parties with which the Group has transactions are described in the annual report 2013, note 43.

## NOTE 13 Effects of amended accounting principles regarding 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 at the end of 2013 are reported in accordance with the equity method as shown below. The change has not had a significant effect on the Group's income statement. For information about the other quarters and the opening balance 2013, please see the annual report 2013, note 22.

### Year-end 2013

MSEK	31 Dec 2013 Actual	Adjustment IFRS 11	31 Dec 2013 Restated
Fixed assets	11,104	-7	11,097
Shares in joint ventures	-	29	29
Current assets	16,801	-138	16,663
<b>Total assets</b>	<b>27,905</b>	<b>-116</b>	<b>27,789</b>
<b>Total equity</b>	<b>12,227</b>	<b>-</b>	<b>12,227</b>
Long-term liabilities	4,498	-	4,498
Current liabilities	11,180	-116	11,064
<b>Total liabilities</b>	<b>15,678</b>	<b>-116</b>	<b>15,562</b>
<b>Total equity and liabilities</b>	<b>27,905</b>	<b>-116</b>	<b>27,789</b>

## NOTE 14 Restated accounting 2013 regarding new structure

Saab has implemented a new structure where the operations within Security and Defence Solutions which were related to Airborne Surveillance have been moved to corresponding operations within either Electronic Defence Systems or Support and Services. The reorganisation was carried through as of 1 January 2014. Additionally, a development project in Dynamics was moved to Corporate and a part of Security Defence Solutions' operations in Finland was moved to Combitech as of 1 January 2014.

### Order bookings 2013

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	29,677	-	29,677
Dynamics	3,350	-5	3,345
EDS	7,620	-33	7,587
SDS	5,429	-693	4,736
S&S	3,942	660	4,602
Combitech	1,634	106	1,740
Internal	-1,843	-35	-1,878
<b>Total</b>	<b>49,809</b>	<b>-</b>	<b>49,809</b>

### Sales 2013

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	6,869	-	6,869
Dynamics	3,572	-6	3,566
EDS	4,161	399	4,560
SDS	5,891	-796	5,095
S&S	3,419	353	3,772
Combitech	1,598	86	1,684
Corporate/Internal	-1,760	-36	-1,796
<b>Total</b>	<b>23,750</b>	<b>-</b>	<b>23,750</b>

### Operating income/loss (EBIT) 2013

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	456	-	456
Dynamics	324	42	366
EDS	-201	86	-115
SDS	428	-215	213
S&S	364	134	498
Combitech	140	8	148
Corporate	-166	-55	-221
<b>Total</b>	<b>1,345</b>	<b>-</b>	<b>1,345</b>

### Order backlog 2013

MSEK	31 Dec Actual	Adjustment structural change	31 Dec restated
Aeronautics	34,113	-	34,113
Dynamics	4,549	-1	4,548
EDS	8,764	407	9,171
SDS	6,529	-958	5,571
S&S	6,186	497	6,683
Combitech	483	57	540
Internal	-754	-2	-756
<b>Total</b>	<b>59,870</b>	<b>-</b>	<b>59,870</b>

### EBITDA 2013

MSEK	Jan-Dec Actual	Adjustment structural change	Jan-Dec restated
Aeronautics	603	-	603
Dynamics	386	42	428
EDS	287	86	373
SDS	556	-228	328
S&S	383	134	517
Combitech	148	9	157
Corporate	4	-43	-39
<b>Total</b>	<b>2,367</b>	<b>-</b>	<b>2,367</b>

## NOTE 15 Restated accounting 2014 regarding new structure

Saab has implemented changes to the business area structure as of 1 January 2015. In order to create a stronger and more coherent platform for business-to-business focused business units the new business area Industrial Products and Services was formed. Industrial Products and Services will include the business units Aerostructures (previously in business area Aeronautics), Avionics (previously in business area Electronic Defence Systems), the independent technology consulting firm Combitech, Saab ventures' product portfolio (previously in Saab Corporate) and a development project, which up until year-end 2014 was a part of Saab Corporate.

### Order backlog 2014

MSEK	31 Mar Actual	Adjustment structural change	31 Mar restated
Aeronautics	33,167	-8,609	24,558
Dynamics	4,278	-	4,278
EDS	9,129	-1,311	7,818
SDS	5,666	-	5,666
S&S	6,590	-	6,590
Combitech	512	-512	-
IPS	-	10,432	10,432
Internal	-734	-	-734
<b>Total</b>	<b>58,608</b>	<b>-</b>	<b>58,608</b>

MSEK	30 Jun Actual	Adjustment structural change	30 Jun restated
Aeronautics	31,896	-8,322	23,574
Dynamics	3,978	-	3,978
EDS	8,582	-1,377	7,205
SDS	6,307	-	6,307
S&S	6,725	-	6,725
Combitech	497	-497	-
IPS	-	10,195	10,195
Internal	-805	1	-804
<b>Total</b>	<b>57,180</b>	<b>-</b>	<b>57,180</b>

MSEK	30 Sep Actual	Adjustment structural change	30 Sep restated
Aeronautics	30,624	-8,115	22,509
Dynamics	3,769	-	3,769
EDS	7,907	-1,316	6,591
SDS	6,494	-	6,494
S&S	6,338	-	6,338
Combitech	446	-446	-
IPS	-	9,876	9,876
Internal	-668	1	-667
<b>Total</b>	<b>54,910</b>	<b>-</b>	<b>54,910</b>

MSEK	31 Dec Actual	Adjustment structural change	31 Dec restated
Aeronautics	34,283	-7,895	26,388
Dynamics	3,915	-	3,915
EDS	7,619	-1,254	6,365
SDS	6,823	-	6,823
S&S	7,976	-	7,976
Combitech	387	-387	-
IPS	-	9,537	9,537
Internal	-875	-1	-876
<b>Total</b>	<b>60,128</b>	<b>-</b>	<b>60,128</b>

MSEK	Q1 Actual	Adjustment structural change	Q1 restated
Aeronautics	631	-374	257
Dynamics	449	-	449
EDS	938	-70	868
SDS	1,321	-	1,321
S&S	737	-	737
Combitech	392	-392	-
IPS	-	833	833
Internal	-390	3	-387
<b>Total</b>	<b>4,078</b>	<b>-</b>	<b>4,078</b>

MSEK	Q2 Actual	Adjustment structural change	Q2 restated
Aeronautics	360	-50	310
Dynamics	400	-	400
EDS	649	-202	447
SDS	1,752	-	1,752
S&S	1,009	-	1,009
Combitech	403	-403	-
IPS	-	645	645
Internal	-525	10	-515
<b>Total</b>	<b>4,048</b>	<b>-</b>	<b>4,048</b>

MSEK	Q3 Actual	Adjustment structural change	Q3 restated
Aeronautics	50	-116	-66
Dynamics	408	-	408
EDS	369	-47	322
SDS	827	-	827
S&S	339	-	339
Combitech	296	-296	-
IPS	-	453	453
Internal	-216	6	-210
<b>Total</b>	<b>2,073</b>	<b>-</b>	<b>2,073</b>

MSEK	Q4 Actual	Adjustment structural change	Q4 restated
Aeronautics	5,849	-137	5,712
Dynamics	1,068	-	1,068
EDS	987	-140	847
SDS	2,210	-	2,210
S&S	2,635	-	2,635
Combitech	403	-403	-
IPS	-	673	673
Internal	-749	7	-742
<b>Total</b>	<b>12,403</b>	<b>-</b>	<b>12,403</b>

MSEK	Full Year Actual	Adjustment structural change	Full Year restated
Aeronautics	6,890	-677	6,213
Dynamics	2,325	-	2,325
EDS	2,943	-459	2,484
SDS	6,110	-	6,110
S&S	4,720	-	4,720
Combitech	1,494	-1,494	-
IPS	-	2,604	2,604
Internal	-1,880	26	-1,854
<b>Total</b>	<b>22,602</b>	<b>-</b>	<b>22,602</b>

### Order bookings 2014

## Sales 2014

MSEK	Q1 Actual	Adjustment structural change	Q1 restated
Aeronautics	1,577	-249	1,328
Dynamics	716	-	716
EDS	974	-122	852
SDS	1,156	-	1,156
S&S	839	-	839
Combitech	421	-421	-
IPS	-	787	787
Corporate/Internal	-403	5	-398
<b>Total</b>	<b>5,280</b>	<b>-</b>	<b>5,280</b>

MSEK	Q2 Actual	Adjustment structural change	Q2 restated
Aeronautics	1,631	-336	1,295
Dynamics	730	-	730
EDS	1,232	-139	1,093
SDS	1,240	-	1,240
S&S	898	-	898
Combitech	419	-419	-
IPS	-	888	888
Corporate/Internal	-458	6	-452
<b>Total</b>	<b>5,692</b>	<b>-</b>	<b>5,692</b>

MSEK	Q3 Actual	Adjustment structural change	Q3 restated
Aeronautics	1,323	-325	998
Dynamics	599	-	599
EDS	1,062	-109	953
SDS	1,367	-	1,367
S&S	794	-	794
Combitech	347	-347	-
IPS	-	773	773
Corporate/Internal	-362	8	-354
<b>Total</b>	<b>5,130</b>	<b>-</b>	<b>5,130</b>

MSEK	Q4 Actual	Adjustment structural change	Q4 restated
Aeronautics	2,189	-356	1,833
Dynamics	929	-	929
EDS	1,361	-207	1,154
SDS	1,999	-	1,999
S&S	1,039	-	1,039
Combitech	462	-462	-
IPS	-	1,017	1,017
Corporate/Internal	-554	8	-546
<b>Total</b>	<b>7,425</b>	<b>-</b>	<b>7,425</b>

MSEK	Full Year Actual	Adjustment structural change	Full Year restated
Aeronautics	6,720	-1,266	5,454
Dynamics	2,974	-	2,974
EDS	4,629	-577	4,052
SDS	5,762	-	5,762
S&S	3,570	-	3,570
Combitech	1,649	-1,649	-
IPS	-	3,465	3,465
Corporate/Internal	-1,777	27	-1,750
<b>Total</b>	<b>23,527</b>	<b>-</b>	<b>23,527</b>

## EBITDA 2014

MSEK	Q1 Actual	Adjustment structural change	Q1 restated
Aeronautics	133	-16	117
Dynamics	43	-	43
EDS	68	10	78
SDS	11	-	11
S&S	91	-	91
Combitech	27	-27	-
IPS	-	20	20
Corporate	103	13	116
<b>Total</b>	<b>476</b>	<b>-</b>	<b>476</b>

MSEK	Q2 Actual	Adjustment structural change	Q2 restated
Aeronautics	133	-14	119
Dynamics	52	-	52
EDS	156	-2	154
SDS	98	-	98
S&S	127	-	127
Combitech	26	-26	-
IPS	-	27	27
Corporate	-9	15	6
<b>Total</b>	<b>583</b>	<b>-</b>	<b>583</b>

MSEK	Q3 Actual	Adjustment structural change	Q3 restated
Aeronautics	60	-27	33
Dynamics	-11	-	-11
EDS	196	5	201
SDS	101	-	101
S&S	48	-	48
Combitech	11	-11	-
IPS	-	9	9
Corporate	72	24	96
<b>Total</b>	<b>477</b>	<b>-</b>	<b>477</b>

MSEK	Q4 Actual	Adjustment structural change	Q4 restated
Aeronautics	213	-43	170
Dynamics	142	-	142
EDS	202	-10	192
SDS	258	-	258
S&S	128	-	128
Combitech	36	-36	-
IPS	-	87	87
Corporate	8	2	10
<b>Total</b>	<b>987</b>	<b>-</b>	<b>987</b>

MSEK	Full Year Actual	Adjustment structural change	Full Year restated
Aeronautics	539	-100	439
Dynamics	226	-	226
EDS	622	3	625
SDS	468	-	468
S&S	394	-	394
Combitech	100	-100	-
IPS	-	143	143
Corporate	174	54	228
<b>Total</b>	<b>2,523</b>	<b>-</b>	<b>2,523</b>

## NOTE 16 Definitions

### Operating income/loss (EBIT) 2014

MSEK	Q1 Actual	Adjustment structural change	Q1 restated
Aeronautics	118	-11	107
Dynamics	28	-	28
EDS	-36	11	-25
SDS	-12	-	-12
S&S	87	-	87
Combitech	25	-25	-
IPS	-	12	12
Corporate	60	13	73
<b>Total</b>	<b>270</b>	<b>-</b>	<b>270</b>

MSEK	Q2 Actual	Adjustment structural change	Q2 restated
Aeronautics	118	-10	108
Dynamics	36	-	36
EDS	51	-1	50
SDS	75	-	75
S&S	122	-	122
Combitech	24	-24	-
IPS	-	20	20
Corporate	-53	15	-38
<b>Total</b>	<b>373</b>	<b>-</b>	<b>373</b>

MSEK	Q3 Actual	Adjustment structural change	Q3 restated
Aeronautics	46	-23	23
Dynamics	-26	-	-26
EDS	95	5	100
SDS	71	-	71
S&S	43	-	43
Combitech	9	-9	-
IPS	-	1	1
Corporate	20	26	46
<b>Total</b>	<b>258</b>	<b>-</b>	<b>258</b>

MSEK	Q4 Actual	Adjustment structural change	Q4 restated
Aeronautics	198	-38	160
Dynamics	127	-	127
EDS	95	-9	86
SDS	222	-	222
S&S	124	-	124
Combitech	34	-34	-
IPS	-	79	79
Corporate	-42	2	-40
<b>Total</b>	<b>758</b>	<b>-</b>	<b>758</b>

MSEK	Full Year Actual	Adjustment structural change	Full Year restated
Aeronautics	480	-82	398
Dynamics	165	-	165
EDS	205	6	211
SDS	356	-	356
S&S	376	-	376
Combitech	92	-92	-
IPS	-	112	112
Corporate	-15	56	41
<b>Total</b>	<b>1,659</b>	<b>-</b>	<b>1,659</b>

### 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

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft.

### 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.

### Free cash flow per share

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

### Operating margin

Operating income (EBIT) 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).



# GLOSSARY

**EDA**

European Defence Agency

**EKN**

The Swedish Export Credits Guarantee Board

**FMV**

Swedish Defence Materiel Administration

**FRN**

Floating Rate Note

**FTE**

Full Time Equivalent, corresponds to one employee working full time for one year

**IAS**

International Accounting Standards

**IFRS**

International Financial Reporting Standards

**MTN**

Medium Term Note, bonds with a duration of 1-15 years

**RBS**

Missile system

**ROV**

Remotely Operated Vehicle

**SAL**

Saab Aircraft Leasing, relates to Saab's leasing fleet of turboprop aircraft

**TKMS**

ThyssenKrupp Marine Systems AB, now renamed Saab Kockums

**VSHORAD**

Very Short Range Air Defence System

**U.S. SOCOM**

U.S. Special Operations Command

Linköping 10 February 2015  
Saab AB (publ)  
The Board of Directors

*This year-end report has not been subject to review by the company's auditors.*

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**

10 February 2015 at 10.00 (CET)

Grand Hôtel, Venue: New York, Blasieholmshamnen 8, Stockholm

Contact Marie Bergström to register and more information,  
ph +46-8-463 02 45, [www.saabgroup.com](http://www.saabgroup.com)

You are welcome to participate on site at Grand Hôtel, watch the live webcast or dial in to the conference call. It is possible to post questions also over the web and conference call.

#### **Live webcast:**

[saab-interimreport.creo.se/150210](http://saab-interimreport.creo.se/150210)

#### **Conference call:**

Please, dial in using one of the numbers below.

UK: +44 2076602077

US: +18 552692606

SE: +46 851999359

The year-end report, the presentation material and the webcast will be available on <http://www.saabgroup.com/en/InvestorRelations>.

## CALENDAR

ANNUAL GENERAL MEETING

**15 APRIL 2015**

INTERIM REPORT JANUARY–MARCH 2015

**PUBLISHED 24 APRIL 2015**

CAPITAL MARKETS DAY

**13 MAY 2015**

INTERIM REPORT JANUARY–JUNE 2015

**PUBLISHED 17 JULY 2015**

INTERIM REPORT JANUARY–SEPTEMBER 2015

**PUBLISHED 23 OCTOBER 2015**

YEAR-END REPORT 2015

**PUBLISHED 10 FEBRUARY 2016**



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