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Saab's results January-December 2013

Defence and security company Saab presents the results for 2013.

CEO Comment: Håkan Buskhe

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

We have also completed the implementation of the new market organisation during the year, which has increased our ability to understand and meet customer demands.

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

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

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

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

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

Sales amounted to MSEK 23,750, an organic decline of 2 per cent. We saw a lower activity level primarily within the business area Dynamics. This was compensated by growth in the business areas Aeronautics and Combitech.

Reported operating income amounted to MSEK 1,345 (2,050) and the operating margin was 5.7 per cent (8.5), including a non-recurring item of MSEK 231 related to a lost legal dispute in

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Denmark concerning DACCIS. Excluding material non-recurring items the operating income amounted to MSEK 1,576 (1 843) and the operating margin was 6.6 per cent (7.7).

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

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

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

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

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

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

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

Outlook statement 2014

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

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

Financial highlights

MSEK	Jan-Dec 2013	Jan-Dec 2012	Change, %	Oct-Dec 2013	Oct-Dec 2012
Order bookings	49,809	20,683	141	24,780	4,928
Order backlog	59,870	34,151	75		
Sales	23,750	24,010	-1	7,279	7,306
Gross income	6,328	7,208	-12	1,853	2,275
Gross margin, %	26.6	30.0		25.5	31.1

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Operating income before depreciation/amortisation and write-downs (EBITDA)	2,367	3,186	-26	810	924
EBITDA margin, %	10.0	13.3		11.1	12.6
Operating income (EBIT)	1,345	2,050	-34	534	655
Operating margin, %	5.7	8.5		7.3	9.0
Net income	742	1,560	-52	287	550
Earnings per share before dilution, SEK	6.98	15.00		2.64	5.19
Earnings per share after dilution, SEK	6.79	14.52		2.57	5.03
Return on equity, %*	6.3	12.8			
Operating cash flow **	-1,480	-396	274	547	264
Operating cash flow per share after dilution, SEK	-13.56	-3.63		-5.01	2.42

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

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

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

Press and analyst meeting

Press and financial analysts are invited to a press and analyst meeting where CEO Håkan Buskhe together with CFO Magnus Örnberg present the year-end report 2013.

Thursday, 13 February, 10.00 am C.E.T
Grand Hotel, Blasieholmshamnen 8, Stockholm, Sweden, venue: New York.

R.S.V.P

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Live webcast

If you are unable to attend in person, please visit <http://www.saabgroup.com/en/About-Saab/Investor-relations/> where a live webcast of the presentation will be available together with the presentation material. All viewers will be able to post questions to the presenters. The webcast will also be available at Saab's website afterwards.

For further information, please contact:

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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.

The information is that which Saab AB is required to declare by the Securities Business Act and/or the Financial Instruments Trading Act. The information was submitted for publication on February 13 at 07.30 am CET.

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