

A HISTORIC YEAR FOR SAAB



CEO Comment: Håkan Buskhe

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

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

increased our ability to understand and meet customer demands.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OUTLOOK STATEMENT 2014:

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

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

Financial Highlights

MSEK	Jan-Dec 2013	Jan-Dec 2012	Change, %	Oct-Dec 2013	Oct-Dec 2012
Order bookings	49,809	20,683	141	24,780	4,928
Order backlog	59,870	34,151	75		
Sales	23,750	24,010	-1	7,279	7,306
Gross income	6,328	7,208	-12	1,853	2,275
Gross margin, %	26.6	30.0		25.5	31.1
Operating income before depreciation/amortisation and write-downs (EBITDA)	2,367	3,186	-26	810	924
EBITDA margin, %	10.0	13.3		11.1	12.6
Operating income (EBIT)	1,345	2,050	-34	534	655
Operating margin, %	5.7	8.5		7.3	9.0
Net income	742	1,560	-52	287	550
Earnings per share before dilution, SEK	6.98	15.00		2.64	5.19
Earnings per share after dilution, SEK	6.79	14.52		2.57	5.03
Return on equity, % ¹⁾	6.3	12.8			
Operating cash flow ²⁾	-1,480	-396	274	547	264
Operating cash flow per share after dilution, SEK	-13.56	-3.63		5.01	2.42

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

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

Saab's operations are divided into six business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and

Services and the independent business area Combitech.

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

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

Orders and Sales

Orders

Fourth quarter 2013

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

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

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

Several other large orders were received during the quarter.

January–December 2013

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

Gripen E, totalling SEK 29.8 billion.

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

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

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

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

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

to customers outside Sweden.

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

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

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

Order backlog duration

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

Sales

Fourth quarter 2013

Currency effects contributed negatively to sales by 1 per cent.

January–December 2013

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

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

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

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

Order bookings by Market Region

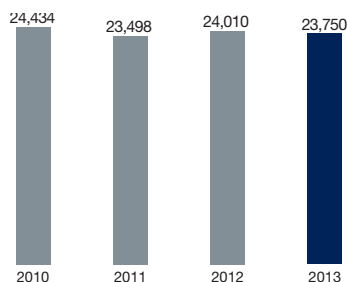
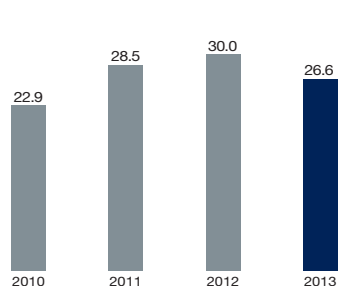
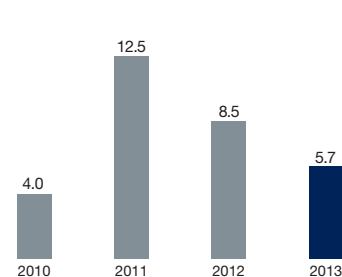
MSEK	Jan-Dec 2013	Jan-Dec 2012	Change, %
Sweden	34,967	8,999	289
EU excluding Sweden	4,708	4,025	17
Rest of Europe	555	634	-12
Americas	3,221	3,133	3
Asia	4,636	1,963	136
Africa	666	963	-31
Australia, etc.	1,056	966	9
Total	49,809	20,683	141

Sales by Market Region

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

Sales by Market Segment

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

Sales, MSEK**Gross margin, %****Operating margin, %****Income****Fourth quarter 2013**

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

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

January–December 2013

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

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

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

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

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

During 2013 and 2012, reversal of risk provi-

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

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

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

Financial Net

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

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

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

Project interest is the return on unutilised advance payments from customers that are

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

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

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

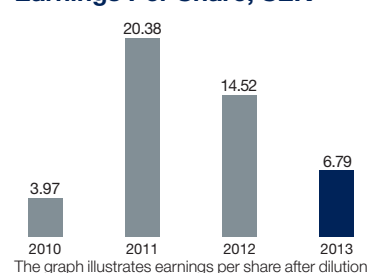
INE542F01012). During the second quarter, Saab invested MSEK 247 in Pipavav through a, to Saab, directed new share issue. A combination of negative currency effects and share price development resulted in a value decline totalling MSEK 133, of which MSEK 116 was recognised in Other comprehensive income/loss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

Tax

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

Return on Capital Employed and on Equity

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

Earnings Per Share, SEK

Financial Position and Liquidity

Financial position

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

Cash flow from operating activities amounted to MSEK -682.

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

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

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

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

In 2009, Saab changed its view on the application of accounting principles for development costs. As a result of this more conservative view, development costs are

capitalised at a later stage in all projects and all capitalised development costs are amortised over maximum ten years. Capitalised development costs have been reduced from MSEK 3,628 at the end of 2008 to MSEK 1,338 at the end of December 2013.

Inventories are recognised after deducting utilised advances.

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

Capital expenditures

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

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

Cash flow

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

The operating cash flow was distributed

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

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

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

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

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

Financial Position Key Indicators and Liquidity

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

1) The Group's net liquidity refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 6, page 24-25.

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

3) Amounts due from customers (long-term customer contracts according to the percentage of completion method).

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

5) Number of shares excluding treasury shares; 2013 Dec: 106,414,144; 2012 Dec: 105,930,829.

AERONAUTICS

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

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

ORDERS RECEIVED

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

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

SALES, INCOME AND MARGIN

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

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

CASH FLOW

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

EMPLOYEES

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

DYNAMICS

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

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

ORDERS RECEIVED

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

SALES, INCOME AND MARGIN

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

CASH FLOW

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

EMPLOYEES

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

ELECTRONIC DEFENCE SYSTEMS

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

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

ORDERS RECEIVED

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

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

SALES, INCOME AND MARGIN

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

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

CASH FLOW

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

EMPLOYEES

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

SECURITY AND DEFENCE SOLUTIONS

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

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

ORDERS RECEIVED

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

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

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

SALES, INCOME AND MARGIN

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

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

CASH FLOW

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

EMPLOYEES

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

SUPPORT AND SERVICES

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

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

ORDERS RECEIVED

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

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

SALES, INCOME AND MARGIN

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

CASH FLOW

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

EMPLOYEES

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

COMBITECH

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

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

SALES

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

INCOME AND MARGIN

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

CASH FLOW

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

EMPLOYEES

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

CORPORATE

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

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

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

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

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

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

ACQUISITIONS AND DIVESTMENTS 2013

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

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

No other significant acquisitions or divestments were made during 2013.

PERSONNEL AND OTHER

Personnel (FTE's)

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

Share repurchase

Saab held 2,736,200 treasury shares as of 31 December 2013 compared to 3,219,515 at year-end 2012. The Annual General Meeting on 17 April 2013 authorised the Board of Directors to repurchase up to 10 per cent of the shares of Saab to hedge the share matching plan and performance share plan. No shares were repurchased during 2013.

Proposed dividend.

The Board of Directors proposes that shareholders receive a dividend of SEK 4.50 per share (4.50), or a total of MSEK 479 (477). This has been calculated based on the number of outstanding shares at 31 December 2013 amounting to 106,414,144 (105,930,829). 11 April 2014 has been proposed as the record day for the dividend, which is expected to be paid on 16 April 2014.

Nomination committee

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

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

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

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

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

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

Owners

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

RISKS AND UNCERTAINTIES

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to customers around the world.

Projects generally entail significant investments, long periods of time and technological development or refinement of the product. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations entail significant risk-taking in various respects. The key risk areas are political, operating and financial risks. Various policies and instructions govern the management of significant risks. Saab conducts significant development projects and manages the associated risks.

For a general description of the risk areas, see pages 52-55 of the annual report 2012.

OTHER SIGNIFICANT EVENTS JANUARY-DECEMBER 2013

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

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

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

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

SIGNIFICANT EVENTS AFTER THE CONCLUSION OF THE PERIOD

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

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

CONSOLIDATED INCOME STATEMENT

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

QUARTERLY INCOME STATEMENT

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

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

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

KEY RATIOS BY QUARTER

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

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average number of shares after dilution

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

QUARTERLY INFORMATION

MSEK	Q4 2013	Operating margin	Q3 2013	Operating margin	Q2 2013	Operating margin	Q1 2013	Operating margin
Sales								
Aeronautics	1,996		1,391		1,717		1,765	
Dynamics	1,188		536		971		877	
Electronic Defence Systems	1,292		900		931		1,038	
Security and Defence Solutions	1,928		1,189		1,503		1,271	
Support and Services	1,027		732		838		822	
Combitech	456		322		410		410	
Corporate	-		-		-		-	
Internal sales	-608		-347		-484		-321	
Total	7,279		4,723		5,886		5,862	
Operating income								
Aeronautics	102	5.1%	117	8.4%	121	7.0%	116	6.6%
Dynamics	183	15.4%	-46	-8.6%	115	11.8%	72	8.2%
Electronic Defence Systems	-100	-7.7%	24	2.7%	-80	-8.6%	-45	-4.3%
Security and Defence Solutions	206	10.7%	80	6.7%	120	8.0%	22	1.7%
Support and Services	99	9.6%	70	9.6%	107	12.8%	88	10.7%
Combitech	51	11.2%	14	4.3%	31	7.6%	44	10.7%
Corporate	-7	-	7	-	-265	-	99	-
Total	534	7.3%	266	5.6%	149	2.5%	396	6.8%
MSEK	Q4 2012	Operating margin	Q3 2012	Operating margin	Q2 2012	Operating margin	Q1 2012	Operating margin
Sales								
Aeronautics	1,678		1,275		1,704		1,419	
Dynamics	1,512		873		1,359		1,035	
Electronic Defence Systems	1,182		805		1,108		1,181	
Security and Defence Solutions	2,019		1,280		1,354		1,323	
Support and Services	1,091		697		844		779	
Combitech	439		299		361		311	
Corporate	-		-		-		-	
Internal sales	-615		-330		-498		-475	
Total	7,306		4,899		6,232		5,573	
Operating income								
Aeronautics	125	7.4%	72	5.6%	84	4.9%	78	5.5%
Dynamics	233	15.4%	105	12.0%	175	12.9%	108	10.4%
Electronic Defence Systems	-106	-9.0%	-78	-9.7%	210	19.0%	91	7.7%
Security and Defence Solutions	209	10.4%	59	4.6%	89	6.6%	60	4.5%
Support and Services	215	19.7%	34	4.9%	94	11.1%	67	8.6%
Combitech	44	10.0%	18	6.0%	21	5.8%	39	12.5%
Corporate	-65	-	52	-	57	-	-40	-
Total	655	9.0%	262	5.3%	730	11.7%	403	7.2%

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

MULTI-YEAR OVERVIEW

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

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

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

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

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

5) Proposed dividend

KEY RATIOS AND TARGETS

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

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

PARENT COMPANY INCOME STATEMENT

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

PARENT COMPANY

Sales and income

The Parent Company includes units within the business areas Aero-nautics, Electronic Defence Systems, Security and Defence Solutions and Support and Services. Group staff and Group support are included as well. The Parent Company's sales in 2013 amounted to MSEK 16,521 (15,338). Operating income was MSEK 662 (1,031).

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

Liquidity, finance, capital expenditures and number of employees

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

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

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

PARENT COMPANY BALANCE SHEET

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 CORPORATE INFORMATION

Saab AB (publ), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The address of the company's head office is Gustavslundsvägen 42, Bromma, with the mailing address Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab has been listed on NASDAQ OMX Stockholm since 1998 and on the large cap list from October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report 2012.

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated accounts for the year-end report 2013 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities. The Group's accounting principles are described on pages 71-78 of the annual report 2012.

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

The year-end report is abbreviated and does not contain all the information and disclosures available in the annual report and as such should be read together with the annual report 2012.

NOTE 3 SEGMENT REPORTING

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics and missile systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition Saab has a local presence in South Africa, Australia, the U.S. and other selected countries globally. Saab's operating and management structure is divided into six business areas which also represent operating segments; Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services, and the independent business area Combitech.

Aeronautics

Aeronautics engages in advanced development of military and civil aviation technology. The product portfolio includes the Gripen fighter and Unmanned Aerial Systems (UAS). Aeronautics also manufactures aircraft components for Saab's own aircraft as well as for passenger aircraft produced by others.

Dynamics

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

Electronic Defence Systems

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

Security and Defence Solutions

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

Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This primarily includes integrated support solutions, technical maintenance and logistics, and products, solutions and services for military and civil missions in locations with limited infrastructure.

Combitech

Combitech, an independent company in the Saab Group, is one of Sweden's largest technology consulting firms. Combitech combines technological excellence with deep industry knowledge, comprehensive understanding and a particular focus on environment and security.

NOTE 3 CONTINUED

SALES AND ORDER INFORMATION

Sales by business area

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

Sales by geographical market

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

Information on large customers

In 2013, Saab had one customer that accounted for 10 per cent or more of the Group's sales: the Swedish Defence Materiel Administration (FMV). FMV is a customer of all our business areas, and total sales amounted to MSEK 7,814 (6,524).

Seasonal variation

A major part of our business is related to large projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared with the other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

Order bookings by business area

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

Order backlog by business area

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

OPERATING INCOME

Operating income by business area

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

Depreciation/amortisation and write-downs by business area

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

NOTE 3 CONTINUED

LARGE ORDERS RECEIVED JAN-DEC 2013

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

OPERATING CASH FLOW AND CAPITAL EMPLOYED

Operating cash flow by business area

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

Capital employed by business area

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

PERSONNEL

Full Time Equivalents (FTEs) by business area

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

NOTE 4 DIVIDEND TO PARENT COMPANY'S SHAREHOLDERS

At its meeting on 12 February 2014, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 4.50 per share, totalling MSEK 479.

NOTE 5 INTANGIBLE FIXED ASSETS

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

NOTE 6 NET LIQUIDITY

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

NOTE 6 CONTINUED

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

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

Committed credit lines

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

Parent Company

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

In December 2009 Saab established a Medium Term Note programme (MTN) of SEK 3 billion in order to enable the issuance of long-term loans on the capital market. Under the terms of this programme Saab has issued bonds and Floating Rate Notes of MSEK 1,000.

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

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

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

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

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

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

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

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

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

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

There has been no change between levels in 2013.

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

Assets at fair value

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

Liabilities at fair value

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

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

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

Operating cash flow vs. statement of cash flows

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

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

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

NOTE 9 BUSINESS COMBINATIONS

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

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

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

No other significant acquisitions were made in 2013.

NOTE 10 DEFINED-BENEFIT PLANS

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. According to IAS 19, the estimated value of the defined-benefit obligation amounted to MSEK 6,413 at 31 December 2013, compared to MSEK 7,164 at 31 December 2012, and the value of the plan assets amounted to MSEK 5,024 at 31 December 2013, compared to MSEK 4,744 at 31 December 2012. Provisions for pensions attributable to special employers' contribution amounted to MSEK 255 at 31 December 2013 and to MSEK 454 at 31 December 2012. Total provisions for pensions amount to MSEK 1,644, of which MSEK 36 are reported as long-term receivables.

Amendments to IAS 19 Employee Benefits

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

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

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

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

NOTE 10 CONTINUED

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

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

Statement of financial position MSEK	31/12/2012 actual	Adjustment IAS 19R	31/12/2012 restated
Fixed assets	12,026	-741	11,285
Deferred tax assets	213	-	213
Current assets	17,440	-	17,440
Total assets	29,679	-741	28,938
Equity	14,097	-2,817	11,280
Provision for pension	11	2,863	2,874
Deferred tax liabilities	981	-797	184
Other long-term liabilities	1,696	10	1,706
Current liabilities	12,894	-	12,894
Total liabilities	15,582	2,076	17,658
Total equity and liabilities	29,679	-741	28,938
Equity/assets ratio	47.5%		39.0%

Income statement MSEK	2012 actual	Adjustment IAS 19R	2012 restated
EBIT	2,032	18	2,050
Financial net	-126	79	-47
Taxes	-367	-76	-443
Net income	1,539	21	1,560
EPS before dilution, SEK	14.81	0.19	15.00
EPS after dilution, SEK	14.33	0.19	14.52
Other comprehensive income after tax	-107	-300	-407
Net comprehensive income	1,432	-279	1,153

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

NOTE 11 CONTINGENT LIABILITIES

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

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

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

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

No significant transactions have occurred during the year.

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

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

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

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

Year-end 2013

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

End of third quarter 2013

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

End of second quarter 2013

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

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

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

Opening balance 2013

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

NOTE 14 DEFINITIONS**Capital employed**

Total capital less non-interest-bearing liabilities.

Earnings per share

Net income for the period attributable to Parent Company shareholders' interest, divided by the average number of shares before and after full dilution. There is no dilution impact if the result is negative.

EBITDA margin

Operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft as a percentage of sales revenue.

Equity/assets ratio

Equity in relation to total assets.

Equity per share

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

Gross margin

Gross income as a percentage of sales revenue.

Net liquidity/net debt

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.

Operating cash flow per share

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

Operating margin

Operating income as a percentage of sales revenue.

Return on capital employed

Operating income plus financial income as a percentage of average capital employed (measured over a rolling 12-month period).

Return on equity

Net income for the period as a percentage of average equity (measured over a rolling 12-month period).

Linköping 13 February 2014
Saab AB
Board of Directors

Saab AB is disclosing the information here in pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.
The information was submitted for publication at 7:30 a.m. on 13 February 2014.

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Press and financial analyst conference and webcast

with CEO Håkan Buskhe and CFO Magnus Örnberg

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

Grand Hôtel, Room: New York

Blasieholmshamnen 8, Stockholm, Sweden

Contact Karoline Sandar to register

and for further information

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www.saabgroup.com

To see a live webcast of the event, visit <http://www.saabgroup.com/en/InvestorRelations> where it will be available together with the presentation material. All viewers will be able to post questions to the presenters. The webcast will also be available on Saab's website after the event.

ANNUAL REPORT 2013
ANNUAL GENERAL MEETING 2014
INTERIM REPORT JANUARY–MARCH 2014
INTERIM REPORT JANUARY–JUNE 2014
INTERIM REPORT JANUARY–SEPTEMBER 2014

PUBLISHED FIRST WEEK OF MARCH ON WWW.SAABGROUP.COM
8 APRIL 2014
PUBLISHED 25 APRIL 2014
PUBLISHED 18 JULY 2014
PUBLISHED 23 OCTOBER 2014

