

## STRONG GROWTH 2015

During the past few years, Saab has invested significant resources in developing the company's world-leading technologies, on coming closer to key markets with a new global sales organisation and also implemented efficiency measures throughout the company. This has resulted in an improved organisational structure, a strong product portfolio and a record high order backlog. Sales growth 2015 shows the strength in these efforts.

### Challenging market

During the year, the security and defence market was influenced by major geopolitical shifts, political events and the world economic situation. The market continues to be challenging, meanwhile interest in Saab's products and services increases as they offer demanded functionality and cost efficiency.

### Order backlog at historical level

At year-end, the order backlog amounted to MSEK 113,834 (60,128), which is more than four times annual sales. During 2015, Saab received several large orders, including Gripen for Brazil, the submarine A26 for Sweden and an airborne surveillance system for the United Arab Emirates (UAE). In addition, the volume of small and medium sized orders increased by more than 30 percent.

During 2015, sales amounted to MSEK 27,186 (23,527), an increase of 16 percent. The organic sales growth amounted to 11 percent. All business areas reports growth. The increase is mainly attributable to business area Aeronautics following the order for Gripen to Brazil and the order for an airborne surveillance system that was received in November 2015. This order had a positive impact on sales in business areas Electronic Defence Systems and Support and Services during the fourth quarter as preparation work was recognised as sales upon signing of the contract.

Operating income amounted to MSEK 1,900 (1,659) during the year and the operating margin was 7.0 percent (7.1). The operating income in the fourth quarter was positively impacted by sales recognition in the large projects mentioned above, and by large deliveries in business area Dynamics.

The operational cash flow amounted to MSEK -500 (-1,197) for the full year and MSEK 653 (753) for the fourth quarter. Cash flow was positively impacted by milestone payments related to Gripen for Brazil and the submarine A26 for Sweden.

At the beginning of 2016, liquidity is strengthened by significant advance and milestone payments. This will lead to a strengthened balance sheet and that the net debt moves towards zero, depending on activity level, during the first quarter 2016.

### Strong foundation for future development

In an uncertain world, high efficiency and reduced lead times is a precondition to meet customer requirements. We focus on execution of the large deliveries that we have ahead of us the coming years. In addition, we strengthen the efforts to make the company more efficient. As part of this work, a reorganisation was implemented 1 January this year whereby business area Security and Defence Solutions was dissolved and its business units moved to other business areas. At the same time, we continue to increase sales efforts in selected markets and to grow the volume of small and medium sized orders.

Saab has during 2015 continued to invest in product renewal, mainly within the radar and sensor area and in the important T-X program, where the trainer aircraft of the future is developed together with Boeing. This work will continue during 2016.

Earnings per share after dilution amounted to SEK 12.79 (10.78).

The Board of Directors proposes a dividend for 2015 of SEK 5.00 per share (4.75).

### YEAR-END REPORT JANUARY-DECEMBER 2015



Håkan Buskhe, President and CEO

### OUTLOOK STATEMENT 2016:

- In 2016, we estimate sales to be in line with Saab's long-term financial goal: annual organic sales growth of 5 per cent.
- The operating margin 2016, excluding material non-recurring items, is expected to be in line with 2015.

### Financial highlights

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	81,175	22,602	259	18,576	12,403
Order backlog	113,834	60,128	89		
Sales	27,186	23,527	16	10,070	7,425
Gross income	6,486	6,077	7	2,530	1,851
Gross margin, %	23.9	25.8		25.1	24.9
EBITDA	2,859	2,523	13	1,600	987
EBITDA margin, %	10.5	10.7		15.9	13.3
Operating income (EBIT)	1,900	1,659	15	1,347	758
Operating margin, %	7.0	7.1		13.4	10.2
Net income	1,402	1,168	20	1,109	586
Earnings per share before dilution, SEK	12.88	10.86		10.40	5.49
Earnings per share after dilution, SEK	12.79	10.78		10.32	5.45
Return on equity, % <sup>1)</sup>	11.5	9.9			
Free cash flow	-726	-1,094		869	1,006
Free cash flow per share after dilution, SEK	-6.82	-10.23		8.15	9.47

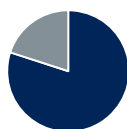
1) The return on equity is measured over a rolling 12-month period.

## Significant orders, 4th quarter

	MSEK
Advanced airborne surveillance systems	10,418
Operational capabilities for Gripen NG	1,862
Support agreement for SK60	400



**Defence/Civil**  
A total of 95 per cent (80) of order bookings was attributable to defence-related operations during 2015.



**Market**  
A total of 80 per cent (45) of order bookings was related to markets outside Sweden during 2015.

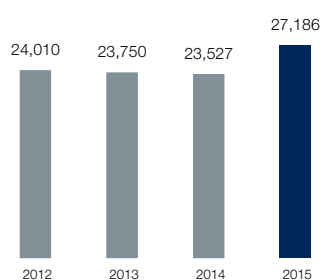


**Large orders**  
Orders where the total order value exceeded MSEK 100 represented 86 per cent (61) of total order bookings during 2015.

### Order backlog duration:

- 2016: SEK 21.8 billion
- 2017: SEK 15.9 billion
- 2018: SEK 12.3 billion
- 2019: SEK 11.7 billion
- After 2019: SEK 52.1 billion

### Sales, MSEK



## Orders

### Fourth quarter 2015

In October, it was announced that Saab has extended the support and maintenance agreement with the Swedish Defence Materiel Administration (FMV) for the SK60 trainer aircraft of the Swedish Armed Forces. The contract will be in place for three years starting on 1 July 2017.

In November, Saab signed a contract with the United Arab Emirates to deliver a new airborne Swing Role Surveillance System (SRSS).

In December, the contract with Brazil for operational capabilities for Gripen NG came into effect.

### January-December 2015

In February, a contract was signed with FMV for continued development of the New Lightweight Torpedo plus maintenance agreements for underwater weapon systems and the Hydra sonar system. Saab also received two orders for ammunition components for the weapon system Carl-Gustaf. In March, follow-on orders were received from Hindustan Aeronautic Limited (HAL), India, for an integrated electronic warfare self-protection system for installation on the Indian armed forces' Advanced Light Helicopter Dhruv.

In June, a contract with FMV for the construction of two submarines, Type A26, as well as conducting mid-life upgrades of two Gotland class submarines was signed. Saab also received a major order for delivery of underwater systems. In August, orders were received from the UK Ministry of Defence for Giraffe AMB radar systems plus upgrades of the existing British Giraffe systems.

The agreement with Brazil regarding Gripen came into effect in September and Saab received an order from the Brazilian government regarding development and production of 36 Gripen NG. Deliveries will be undertaken from 2019 to 2024.

For a list of significant orders received during 2015, see note 3.

During 2015, index and price changes had a positive effect on order bookings of MSEK 183 compared to MSEK 346 during 2014.

The order backlog at the end of the year amounted to MSEK 113,834 compared to MSEK 60,128 at the beginning of the year.

### Order bookings by region

MSEK	Full Year 2015	Full Year 2014	Change, %
Sweden	16,390	12,320	33
EU excluding Sweden	4,637	4,348	7
Rest of Europe	1,075	498	116
Americas	44,040	2,276	1,835
Asia	13,884	1,906	628
Africa	495	460	8
Australia, etc.	654	794	-18
<b>Total</b>	<b>81,175</b>	<b>22,602</b>	<b>259</b>

## Sales

### Fourth quarter 2015

Sales during the fourth quarter 2015 amounted to MSEK 10,070 (7,425), an increase of 36 per cent. The increase is mainly attributable to orders regarding Gripen for Brazil and an airborne surveillance system for the United Arab Emirates where preparation work was recognised as sales upon signing of the contract. Acquisitions had a net effect of 0 per cent (5) on sales and currency effects had a positive effect of 1 per cent (2). The organic sales growth was 35 per cent (-5).

### January-December 2015

Sales during 2015 increased by 16 per cent compared to 2014. Acquisitions, mainly related to Saab Kockums that was acquired in 2014, had a positive net effect of 3 per cent (2) on sales and currency effects had a positive effect of 2 per cent (0). The organic sales growth was 11 per cent (-3).

Sales in markets outside of Sweden amounted to MSEK 15,787 (13,015), or 58 per cent (55), of total sales. 82 per cent (79) of sales was related to the defence market.

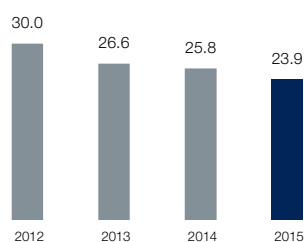
### Sales per region

MSEK	Full Year 2015	Full Year 2014	Change, %
Sweden	11,399	10,512	8
EU excluding Sweden	4,307	3,770	14
Rest of Europe	626	592	6
Americas	4,061	2,895	40
Asia	5,370	4,007	34
Africa	541	573	-6
Australia, etc.	882	1,178	-25
<b>Total</b>	<b>27,186</b>	<b>23,527</b>	<b>16</b>

## Sales per market segment

MSEK	Full Year 2015	Full Year 2014	Change, %
Air	12,642	10,481	21
Land	5,581	5,240	7
Naval	4,286	3,192	34
Civil Security	2,127	2,330	-9
Commercial Aeronautics	2,096	1,838	14
Other	454	446	2
<b>Total</b>	<b>27,186</b>	<b>23,527</b>	<b>16</b>

## Gross margin, %



## Income

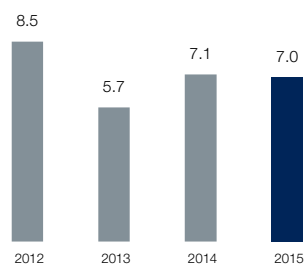
### Fourth quarter 2015

The gross margin during the fourth quarter was in line with the previous year and amounted to 25.1 per cent (24.9).

The operating income amounted to MSEK 1,347 (758) with an operating margin of 13.4 per cent (10.2). The operating margin was strengthened following income increases in the business areas Aeronautics, Dynamics, Electronic Defence Systems and Support and Services. The operating income includes a non-recurring capital gain of MSEK 117 attributable to a transfer of assets related to the unmanned helicopter Skeldar. On 23 October, Saab announced that business area Security and Defence Solutions would be dissolved as of 1 January 2016 and its business units moved to other business areas. The reorganisation resulted in restructuring costs of MSEK 106, which were recognised in Corporate in the fourth quarter. A divestment of a real estate company resulted in a capital gain of MSEK 107, which was also recognised in Corporate during the fourth quarter, see page 8.

The operating income for the fourth quarter 2014 included a non-recurring capital gain of MSEK 93 related to the divestment of a minority interest in Hawker Pacific Airservices Ltd. Operating income excluding non-recurring items amounted to MSEK 1,229 (665) with an operating margin of 12.2 per cent (9.0).

## Operating margin, %



### January-December 2015

The gross margin during 2015 was 23.9 per cent (25.8), which was lower than in 2014, mainly due to a changed product mix as Saab has more large projects with a substantial share of customer funded research and development. Total depreciation and amortisation amounted to 959 (872). Depreciation of tangible fixed assets amounted to MSEK 451 (406).

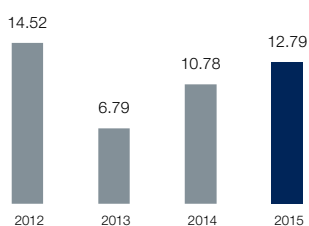
Total investments in research and development (R&D) amounted to 6,841 (5,970). Internally funded expenditures in R&D amounted to MSEK 1,765 (1,338), of which MSEK 524 (171) was capitalised. The internally funded investments in development are mainly attributable to radar and sensor technology as well as development related to the T-X program. The increased capitalisation of development costs is related to a new version of an airborne surveillance system.

Amortisation of intangible fixed assets amounted to MSEK 508 (466), of which amortisation of capitalised development expenditures amounted to MSEK 323 (320). The share of income in associated companies and joint ventures amounted to MSEK 40 (18).

The operating income amounted to MSEK 1,900 (1,659) with an operating margin of 7.0 per cent (7.1). Adjusted operating income amounted to MSEK 1,782 (1,566) and the adjusted operating margin was 6.6 per cent (6.7).

During 2015 and 2014, reversal of risk provisions attributable to the remaining risks related to the termination of Saab's leasing fleet of turbo prop aircraft (SAL), contributed positively to the operating income.

## Earnings per share after dilution, SEK



## Financial net

MSEK	Full Year 2015	Full Year 2014
Financial net related to pensions	-64	-57
Net interest items	-79	7
Currency gains/losses	-118	-5
Other financial items	92	-81
<b>Total</b>	<b>-169</b>	<b>-136</b>

Financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 10 for more information regarding defined-benefit pension plans.

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

Currency gains/losses reported in financial net are mainly related to hedges of the tender portfolio, which are valued at fair value. In 2015, the valuation was to a large extent impacted by changes in the market valuation of derivatives with exposure in the currencies USD and EUR.

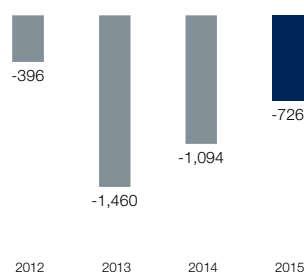
Other net financial items consist of costs attributable to the programme for the sale of trade receivables, unrealised results from the market valuation of short-term investments, and other currency effects, for example changes related to liquid assets in currencies other than SEK.

In December 2015, Saab divested its holding in the Indian company Pipavav Defence and Offshore Engineering Company Limited. The divestment resulted in a capital gain of MSEK 117, which is recognised in other financial items. A combination of negative currency effects and share price development resulted in a value decline of MSEK 19 in 2014, which is also recognised in other financial items.

## Change in net debt Jan-Dec 2015

	MSEK
<b>Net liquidity (+) / net debt (-), 31 Dec 2014</b>	<b>-2,113</b>
Cash flow from operating activities	358
Change in net pension obligation	635
Net investments	-1,084
Financial lease	-435
Dividend	-501
Currency impact and unrealised results from financial investments	-77
<b>Net liquidity (+) / net debt (-), 31 Dec 2015</b>	<b>-3,217</b>

## Free cash flow, MSEK



## Tax

Current and deferred taxes amounted to MSEK -329 (-355), the equivalent to an effective tax rate of 19 per cent (23). The lower tax rate is mainly attributable to non-taxable income such as capital gains.

## Return on capital employed and equity

The pre-tax return on capital employed was 11.2 per cent (11.1) and the after-tax return on equity was 11.5 per cent (9.9), both measured over a rolling 12-month period.

## Financial position and liquidity

At the end of December 2015, the net debt amounted to MSEK 3,217, an increase of MSEK 1,104 compared to year-end 2014.

Cash flow from operating activities was positive and amounted to MSEK 358.

Provisions for pensions, excluding special employers' contribution, as of 31 December 2015 amounted to MSEK 1,893, compared to MSEK 2,528 at year-end 2014. This had a positive impact of MSEK 635 on net debt. The decrease in provisions was mainly due to the increase in the discount rate used in the valuation of pension obligations from 2.50 per cent to 3.25 per cent during the year. This was partially offset by the change of the inflation assumption for calculating the pension obligation from 1.50 per cent to 1.75 per cent. For more information about Saab's defined-benefit plans, see note 10.

During 2015, net debt also increased due to net investments amounting to approximately MSEK 1,084. Saab has also signed a financial lease agreement regarding an aircraft intended for business travel, education and training. This has increased net debt with MSEK 435 during the year. Dividend to the parent company's shareholders of MSEK 501 was paid out during the year.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had an impact on net debt of MSEK -77.

In order to strengthen the company's financial flexibility, the long-term external funding was increased by MSEK 2,360 and the short-term external funding was increased by MSEK 533 during 2015. As of 31 December 2015, short-term investments and liquid assets amounted to MSEK 3,845.

Capitalised development costs on the balance sheet amounted to MSEK 1,157 at 31 December 2015 and to MSEK 952 at 31 December 2014.

Inventories decreased by MSEK 576 during 2015 following large deliveries during mainly the fourth quarter. Inventories are recognised after deducting utilised advances.

Tangible fixed assets increased, mainly as a result of the above mentioned financial lease of an aircraft.

Trade receivables decreased, while accrued revenues increased, primarily relating to Gripen E.

## Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 799 (732).

Investments in intangible fixed assets amounted to MSEK 594 (239), of which MSEK 524 (171) was related to capitalised development costs and MSEK 70 (68) to other intangible fixed assets.

## Cash flow

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK 886 (-346), see note 8.

Saab has an established programme to sell trade receivables to strengthen its financial position and increase financial flexibility. As of 31 December 2015, net receivables of MSEK 1,299 were sold, compared to MSEK 1,071 as of 31 December 2014. This had a positive impact on cash flow from operating activities amounting to MSEK 228 during 2015.

The operational cash flow amounted to MSEK -500 (-1,197). It is defined as cash flow from operating activities, excluding taxes and other financial items, and acquisitions and divestments of intangible fixed assets, tangible fixed assets and lease assets. The improved operational cash flow in 2015, compared to 2014, is mainly attributable to milestone payments in Saab Kockums and the Gripen programmes. Free cash flow amounted to MSEK -726 (-1,094). For more detailed information about the cash flow, see note 8.

## Key indicators of financial position and liquidity

MSEK	31 Dec 2015	31 Dec 2014	Change
Net liquidity / debt <sup>1)</sup>	-3,217	-2,113	-1,104
Intangible fixed assets	6,476	6,351	125
Goodwill	5,045	5,015	30
Capitalised development costs	1,157	952	205
Other intangible fixed assets	274	384	-110
Tangible fixed assets, etc <sup>2)</sup>	4,796	4,024	772
Inventories	5,243	5,819	-576
Accounts receivable	2,913	3,414	-501
Other receivables	8,102	4,255	3,847
Amounts due from customers <sup>3)</sup>	7,549	3,505	4,044
Advance payments from customers	1,098	856	242
Equity/assets ratio, %	36.8	38.5	
Return on equity, % <sup>4)</sup>	11.5	9.9	
Equity per share, SEK <sup>5)</sup>	121.28	107.02	14.26

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

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

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

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

5) Number of shares excluding treasury shares; 2015 Dec: 105,957,065; 2014 Dec: 105,499,980.

## Business area structure

Saab implemented changes to the business area structure as of 1 January 2015. The new business area Industrial Products and Services includes the business units Aerostructures (previously in business area Aeronautics), Avionics Systems (previously in business area Electronic Defence Systems), the independent technology consulting firm Combitech (previously a business area), Saab Ventures' product portfolio (previously part of Saab Corporate) and a development project, which up until year-end 2014 was part of Saab Corporate.

## BUSINESS AREA AERONAUTICS

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	39,349	6,213	533	2,999	5,712
Order backlog	59,476	26,388	125		
Sales	6,262	5,454	15	2,114	1,833
EBITDA	548	439	25	315	170
EBITDA margin, %	8.8	8.0		14.9	9.3
Operating income (EBIT)	509	398	28	305	160
Operating margin, %	8.1	7.3		14.4	8.7
Operational cash flow	-632	-401		-280	-180
Defence/Civil (% of sales)	99/1	99/1		99/1	99/1
No. of FTE's	2,723	2,690	1		

For a description of the business area activities, see note 3. Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

### Orders

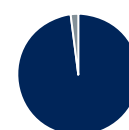
- During 2015, the agreement with the Brazilian government regarding development and production of 36 Gripen NG came into effect. Of the total order of SEK 39.3 billion, approximately SEK 35.5 billion was attributable to Aeronautics.

### Sales, income and margin

- Sales increased during 2015, compared to 2014, mainly related to Gripen NG for Brazil and Gripen E for Sweden.
- The operating margin was negatively impacted by the significant investments in the T-X program. This work will continue in 2016.
- In December, Saab and UMS Aero Group AG formed a joint venture under the name UMS Skeldar AG. The cooperation means that Saab transferred all assets relating to the Skeldar unmanned helicopter to UMS Skeldar. The transfer generated a capital gain of MSEK 117.
- Excluding non-recurring items, the operating margin amounted to 8.9 percent during the fourth quarter.

### Cash flow

- The operational cash flow 2015 was negative due to timing differences between activity and milestone payments, and to investments in the T-X program.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 98 per cent (95) of total order bookings during 2015.



#### Market

Sales related to markets outside Sweden accounted for 26 per cent (10) during 2015.

## BUSINESS AREA DYNAMICS

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	4,261	2,325	83	731	1,068
Order backlog	4,963	3,915	27		
Sales	3,199	2,974	8	1,238	929
EBITDA	227	226	-	261	142
EBITDA margin, %	7.1	7.6		21.1	15.3
Operating income (EBIT)	171	165	4	246	127
Operating margin, %	5.3	5.5		19.9	13.7
Operational cash flow	-251	-69		375	108
Defence/Civil (% of sales)	87/13	84/16		92/8	84/16
No. of FTE's	1,533	1,461	5		

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

### Orders

- Order bookings were substantially higher in 2015, compared to 2014, and included an order from FMV regarding continued development of the New Lightweight Torpedo and maintenance agreements for underwater weapon systems and the Hydra sonar system. The Finnish Defence Forces ordered deliveries of the NLAW anti-tank weapon and Saab also received orders for the new weapon system Carl-Gustaf M4, including an order from the Slovak army. In addition, an order was received from the US army for the portable anti-tank weapon system AT4 CS RS (Reduced Sensitivity).

### Sales, income and margin

- Sales increased during 2015, compared to 2014, following strong order bookings in 2015.
- During the fourth quarter 2015, sales and the operating income were strengthened compared to 2014, following increased deliveries and changed product mix. This also resulted in a positive operating income for the year.

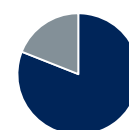
### Cash flow

- The operational cash flow was negative during 2015 as a result of activity related to future deliveries.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 45 per cent (23) of total order bookings during 2015.



#### Market

Sales related to markets outside Sweden accounted for 81 per cent (81) during 2015.

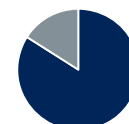
## BUSINESS AREA ELECTRONIC DEFENCE SYSTEMS

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	11,982	2,484	382	6,515	847
Order backlog	14,005	6,365	120		
Sales	4,132	4,052	2	1,604	1,154
EBITDA	642	625	3	303	192
EBITDA margin, %	15.5	15.4		18.9	16.6
Operating income (EBIT)	221	211	5	195	86
Operating margin, %	5.3	5.2		12.2	7.5
Operational cash flow	-295	-589		-38	200
Defence/Civil (% of sales)	98/2	97/3		98/2	97/3
No. of FTE's	2,180	2,190	-		

For a description of the business area activities, see note 3. Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

### Orders

- Order bookings during 2015 increased compared to 2014 and included an order for an airborne surveillance system for the United Arab Emirates where SEK 5.6 billion was related to Electronic Defence Systems, an order of SEK 1.7 billion related to the Brazilian government's Gripen order, and an order from the Indian armed forces related to an integrated self-protection system.
- The UK Ministry of Defence ordered additional Giraffe AMB radar systems plus upgrades of the existing British Giraffe radars and associated equipment.

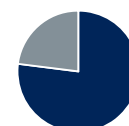


#### Large orders

Orders where the total order value exceeded MSEK 100 represented 84 per cent (42) of total order bookings during 2015.

### Sales, income and margin

- Sales and the operating margin were positively impacted in the fourth quarter by preparation work related to the order for an airborne surveillance system for the United Arab Emirates that was recognised as sales upon signing of the contract.



#### Market

Sales related to markets outside Sweden accounted for 77 per cent (76) during 2015.

### Cash flow

- The operational cash flow was negative during 2015 due to timing differences in activity and milestone payments within large projects and continued high investments in product development related to radar and sensor technology.

## BUSINESS AREA SECURITY AND DEFENCE SOLUTIONS

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	15,651	6,110	156	2,962	2,210
Order backlog	16,056	6,823	135		
Sales	6,387	5,762	11	2,075	1,999
EBITDA	470	468	-	201	258
EBITDA margin, %	7.4	8.1		9.7	12.9
Operating income (EBIT)	336	356	-6	166	222
Operating margin, %	5.3	6.2		8.0	11.1
Operational cash flow	1,096	157		786	482
Defence/Civil (% of sales)	76/24	68/32		80/20	74/24
No. of FTE's	3,054	3,234	-6		

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

### Orders

- During 2015, FMV ordered two submarines type A26 as well as mid-life upgrade of two Gotland class submarines. The total order for the year amounted to SEK 8.6 billion.
- In the fourth quarter, a contract was signed with FMV for the regular, yearly overhaul and modification of two of the Swedish Navy's corvettes.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 73 per cent (47) of total order bookings during 2015.

### Sales, income and margin

- Sales increased during 2015, compared to 2014, primarily as a result of the acquisition of Saab Kockums.
- The operating margin was at a lower level in 2015 than in 2014, mainly due to a challenging market and delays in certain procurements related to Training and Simulation and to Critical Systems and Communication Solutions.
- Saab Kockums generated a strong operating income in 2015.



#### Market

Sales related to markets outside Sweden accounted for 57 per cent (73) during 2015.

### Cash flow

- The operational cash flow was positive in 2015 as a result of timing differences between activity and milestone payments, mainly within Saab Kockums.

### Personnel

- The number of FTE's decreased during 2015, compared to year-end 2014, following continuous adjustments of operations.

## BUSINESS AREA SUPPORT AND SERVICES

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	9,417	4,720	100	5,604	2,635
Order backlog	12,053	7,976	51		
Sales	5,345	3,570	50	2,602	1,039
EBITDA	596	394	51	430	128
EBITDA margin, %	11.2	11.0		16.5	12.3
Operating income (EBIT)	578	376	54	426	124
Operating margin, %	10.8	10.5		16.4	11.9
Operational cash flow	-513	-32		-298	58
Defence/Civil (% of sales)	80/20	76/24		89/11	75/25
No. of FTE's	1,825	1,818	-		

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

### Orders

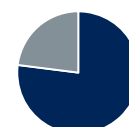
- Order bookings in 2015, compared to 2014, increased primarily due to an order for an airborne surveillance system to the United Arab Emirates, where SEK 4.0 billion was attributable to Support and Services as well as the Brazilian Government's order for Gripen NG where SEK 2.1 billion was attributable to Support and Services. Moreover, the volume of small and medium sized orders was significant.

### Sales, income and margin

- Sales increased during 2015, compared to 2014, and the operating margin was strengthened, primarily because preparation work related to the order for an airborne surveillance system for the United Arab Emirates was recognised as sales upon signing of the contract. Also, a strong invoicing pace in small and medium sized projects contributed.

### Cash flow

- The operational cash flow was negative in 2015, mainly due to timing differences between activity and milestone payments during the year.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 77 per cent (58) of total order bookings during 2015.



#### Market

Sales related to markets outside Sweden accounted for 59 per cent (37) during 2015.

## BUSINESS AREA INDUSTRIAL PRODUCTS AND SERVICES

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Order bookings	3,632	2,604	39	879	673
Order backlog	9,587	9,537	1		
Sales	3,562	3,465	3	1,022	1,017
EBITDA	260	143	82	121	87
EBITDA margin, %	7.3	4.1		11.8	8.6
Operating income (EBIT)	213	112	90	104	79
Operating margin, %	6.0	3.2		10.2	7.8
Operational cash flow	-15	-320		43	-144
Defence/Civil (% of sales)	40/60	43/57		45/55	45/55
No. of FTE's	2,381	2,370	-		

For a description of the business area activities, see note 3. Comparative numbers for 2014 have been restated following structural changes, see the annual report 2014, note 50, for more information.

### Orders

- Orders bookings during 2015 increased, compared to 2014, mainly due to orders received in the business unit Avionics Systems related to the Brazilian government's order for Gripen NG.

### Sales, income and margin

- Sales were somewhat higher in 2015, compared to 2014, mainly due to more deliveries within the business unit Aerostructures and good development both within the business unit Avionics Systems and the technology consultancy Combitech.
- The operating margin was strengthened in 2015, compared to 2014, as a result of improved operating income in Avionics Systems and holdings in Saab Ventures.
- In May, Saab and DigitalGlobe Inc., a world-leading provider of high-resolution earth imagery solutions, announced the creation of a joint venture – Vricon Inc.

### Cash flow

- The operational cash flow was negative in 2015, mainly due to a high activity level connected to preparations for future deliveries within Aerostructures.



#### Large orders

Orders where the total order value exceeded MSEK 100 represented 30 per cent (22) of total order bookings during 2015.



#### Market

Sales related to markets outside Sweden accounted for 45 per cent (46) during 2015.

## Owners

According to Modular Finance, Saab's largest shareholders as of 31 December 2015 were:

Investor AB  
Wallenberg foundations  
Swedbank Robur funds  
AFA Insurance  
Unionen  
Handelsbanken funds  
DFA funds (USA)  
Lannebo funds  
Nordea funds  
SEB funds

## Personnel

	31 Dec 2015	31 Dec 2014
Number of employees	14,685	14,716
FTE's	14,519	14,561

## Corporate

Corporate reported an operating income of MSEK -128 (41) in 2015.

Reversal of risk provisions, attributable to the remaining risks related to the termination of Saab's leasing fleet of turboprop aircraft (SAL), contributed positively to the operating income during 2015 and 2014. In 2014, the owned share of the lease portfolio was divested and the part held via operating leases was reduced. As of 31 December 2015, Saab has a lease portfolio of 0 (6) aircraft, consisting of an owned share of 0 (0) and a leased share of 0 (6). The agreements for the leased aircraft expired in January 2015 and the lease portfolio was discontinued during 2015.

On 23 October, Saab announced that business area Security and Defence Solutions would be dissolved as of 1 January 2016 and its business units moved to other business areas. The reorganisation resulted in restructuring costs of MSEK 106.

A divestment of a real estate company resulted in a capital gain of MSEK 107, see below.

In October 2014, Saab divested its minority interest in Hawker Pacific Airservices, which resulted in a capital gain of MSEK 93. Also, in 2014 the divestment of a Group company, whose assets were mainly attributable to property, had a positive impact on the operating income.

Operational cash flow attributable to Corporate amounted to MSEK 110 (57) during 2015. Sale of trade receivables had a positive effect of MSEK 228. See more information on cash flow on page 4.

## Acquisitions and divestments 2015

In December, Saab and UMS Aero Group AG, a Swiss supplier of tactical unmanned aerial vehicles (UAVs), formed a joint venture under the name UMS Skeldar AG. The cooperation means that Saab transferred all assets relating to the Skeldar unmanned helicopter to UMS Skeldar. The transfer resulted in a capital gain of MSEK 117 attributable to business area Aeronautics.

During the fourth quarter 2015, Saab acquired a real estate company, which owns the property where Saab has its operations in Järfälla, Sweden. The real estate company was then divested at a price corresponding to estimated fair value, to Järfälla Veddesta Holding AB, a jointly owned company where Saab holds 35 percent and Saab Pension Fund holds 65 percent. Järfälla Veddesta Holding AB is classified as a joint venture. The acquisition was financed through loans from Saab AB and Saab Pension Fund. Saab's loan to Järfälla Veddesta Holding AB amounts to MSEK 254. The loan is on market conditions. The transaction resulted in a capital gain of MSEK 107, which is recognised in Corporate.

## Share repurchase

Saab held 3,193,279 treasury shares as of 31 December 2015, compared to 3,650,364 at year-end 2014. The Annual General Meeting on 15 April 2015 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge the Share Matching Plan and Performance Share Plan. No share repurchases were made during 2015.

## 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 products. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as to the establishment of operations abroad.

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

The market is characterised by challenging conditions where customers' orders are deferred to the future partially due to financial reasons. During 2015, political standpoints have had a negative impact. Altogether, this has increased the market risk and the increased risk is expected to remain in 2016.

For a general description of the risk areas, see pages 50-53 of the annual report 2014.

## Proposed dividend

The Board of Directors proposes a dividend to shareholders of SEK 5.00 per share (4.75), or a total of MSEK 530 (501). This has been calculated based on the number of outstanding shares as of 31 December 2015 amounting to 105,957,065 (105,499,980). 18 April 2016 has been proposed as the record day for the dividend, which is expected to be paid on 21 April 2016.

## Nomination committee

The members have been appointed based on the shareholder structure on 31 August 2015 in accordance with a resolution by the Saab Annual General Meeting.

Members of the Saab Nomination Committee for the Annual General Meeting 2016 are; Marcus Wallenberg, Chairman of the Board of Saab AB, Petra Hedengran, Investor AB, Peter Wallenberg Jr, Knut and Alice Wallenberg's Foundation, Tomas Hedberg, Swedbank Robur Funds, and Anders Algotsson, AFA Insurance.

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

The Annual General Meeting of Saab AB will be held in Linköping on Thursday, 14 April, 2016.





### Order for new advanced airborne surveillance systems

In November 2015, Saab signed a contract with the United Arab Emirates to expand and enhance the Emirates' airborne surveillance capabilities. Saab will deliver a new airborne Swing Role Surveillance System (SRSS) incorporating a new version of the Saab Erieye radar system. The order value amounts to approximately USD 1.27 billion.

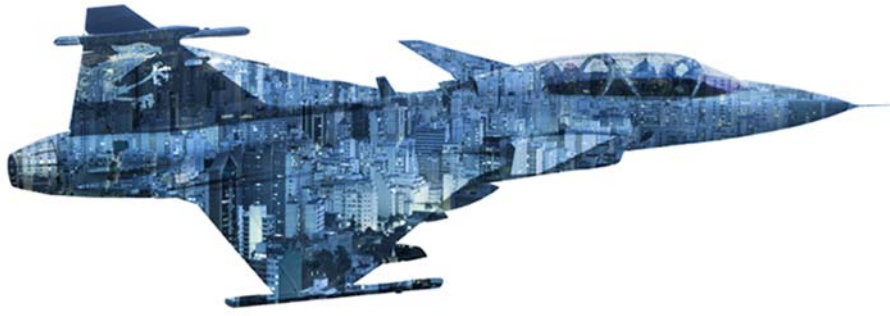
### Other significant events January-December 2015

- In January 2015, Saab signed a revolving credit facility of SEK 4 billion with an initial term of five years and a possibility to extend the term with one plus one year. This was done in order to refinance the existing facility with maturity 2016 and to be used for general corporate purposes.
- Saab announced that it is teaming with Dutch shipbuilder Damen Shipyards Group to explore future opportunities in the international submarine market.
- The Annual General Meeting (AGM) on 15 April 2015 decided on a dividend to shareholders of SEK 4.75 per share (total MSEK 501).
- The AGM decided to re-elect all Board members: Håkan Buskhe, Johan Forssell, Sten Jakobsson, Sara Mazur, Per-Arne Sandström, Cecilia Stegö Chilö, Lena Treschow Torell, Marcus Wallenberg, and Joakim Westh. Marcus Wallenberg was re-elected as Chairman of the Board.
- The AGM decided to re-elect PricewaterhouseCoopers AB as Auditor until the close of the Annual General Meeting of 2019.
- Saab and Embraer have signed an agreement that establishes a partnership regarding the procurement of Gripen for Brazil. The partnership agreement is part of Saab's commitment to deliver industrial co-operation in relation to the procurement. Embraer will have a leading role in the programme and also undertake an extensive share of work in the production and delivery of both the single and two-seat versions of the Gripen NG, Brazil's next-generation fighter jet.
- In April, Saab signed a revolving credit facility of SEK 2 billion with maturity 2020-01-15 and a possibility to extend the term with one plus one year. The facility will be used for general corporate purposes and strengthens Saab's financial flexibility.
- As of April 2015 air traffic control at Örnsköldsvik Airport is operated with Remote Tower Services by the Swedish air navigation service provider LFV at the Remote Tower Center in Sundsvall, Sweden.
- In May, Saab and DigitalGlobe, Inc., a leading global provider of high-resolution earth imagery solutions, announced the creation of a joint venture – Vricon, Inc. to produce photo-realistic 3D products and digital elevation models globally for enterprise and government geospatial markets.
- In September, Saab increased the existing Medium Term Note programme (MTN) from SEK 3 billion to SEK 6 billion.
- In October, Saab issued 3 year Medium Term Notes of total MSEK 350 with maturity on 10 December 2018. The total size of the MTN programme is SEK 6 billion and Saab has now issued bonds amounting to SEK 4.15 billion under the programme.
- In October, Saab announced changes to its business area structure and Group management. Business area Security and Defence Solutions was dissolved as of 1 January 2016 and its business units were moved to other business areas.
- In December, Saab and UMS Aero Group AG, a Swiss supplier of tactical unmanned aerial vehicles (UAVs), announced the forming of a joint venture under the name UMS Skeldar AG. Saab's assets relating to the Skeldar unmanned helicopter were transferred to UMS Skeldar.
- In December 2015, Saab signed Schuldschein loan agreements of MEUR 100. The total loans amount to MEUR 100, of which MEUR 23 was settled in the fourth quarter 2015 and MEUR 77 in the first half-year 2016.

For information regarding significant orders received in 2015, see page 2 and the comments regarding Business Areas on pages 5 to 7 and also note 3.

### Significant events after the conclusion of the period

In January, Saab signed a contract for the production and delivery of ammunition for the Carl-Gustaf man-portable weapon system. The total order value is approximately SEK 1.4 billion. Deliveries will take place during 2016-2019.



## ABOUT SAAB

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

### Short facts

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

### Vision

It is a human right to feel safe.

### Mission

To make people safe by pushing intellectual and technological boundaries.

### Business concept

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

## ORGANISATION

Saab's operations are divided into six business areas for control and reporting purposes: Aeronautics, Dynamics, Electronic Defence Systems, Security and Defence Solutions, Support and Services and Industrial Products and Services. In addition, Corporate comprises Group staff and departments as well as secondary operations such as Saab Aircraft Leasing.

As of 1 January 2016, business area Security and Defence Solutions is dissolved and its business units moved to other business areas.

To ensure presence in local key markets, Saab also has five market areas: Nordic & Baltic, Europe, Middle East & Africa, North America, Latin America, and Asia Pacific.

## REVENUE MODEL

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

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

Service assignments, which account for around 25 per cent of Saab's sales, are comprised of consulting and support services. Examples include training and ongoing maintenance associated with previous deliveries.

The third part of Saab's sales model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers.

## SAAB'S STRATEGY

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

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

### Profitable growth

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

### Performance

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

### Portfolio

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

### People

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

## FINANCIAL TARGETS

### Sales

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

### Operating margin

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

### Equity/assets ratio

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

### Dividend

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

# CONSOLIDATED INCOME STATEMENT

MSEK	Note	Full Year 2015	Full Year 2014	Q4 2015	Q4 2014
Sales	3	27,186	23,527	10,070	7,425
Cost of goods sold		-20,700	-17,450	-7,540	-5,574
<b>Gross income</b>		<b>6,486</b>	<b>6,077</b>	<b>2,530</b>	<b>1,851</b>
<i>Gross margin, %</i>		<i>23.9</i>	<i>25.8</i>	<i>25.1</i>	<i>24.9</i>
Other operating income		371	430	272	261
Marketing expenses		-2,061	-2,144	-569	-629
Administrative expenses		-1,323	-1,214	-392	-333
Research and development costs		-1,565	-1,487	-481	-416
Other operating expenses		-48	-21	-30	3
Share in income of associated companies and joint ventures		40	18	17	21
<b>Operating income (EBIT) <sup>1)</sup></b>	3	<b>1,900</b>	<b>1,659</b>	<b>1,347</b>	<b>758</b>
<i>Operating margin, %</i>		<i>7.0</i>	<i>7.1</i>	<i>13.4</i>	<i>10.2</i>
Financial income		169	103	132	52
Financial expenses		-338	-239	-143	-70
<b>Net financial items</b>		<b>-169</b>	<b>-136</b>	<b>-11</b>	<b>-18</b>
<b>Income before taxes</b>		<b>1,731</b>	<b>1,523</b>	<b>1,336</b>	<b>740</b>
Taxes		-329	-355	-227	-154
<b>Net income for the period</b>		<b>1,402</b>	<b>1,168</b>	<b>1,109</b>	<b>586</b>
of which Parent Company's shareholders' interest		1,362	1,153	1,101	579
of which non-controlling interest		40	15	8	7
Earnings per share before dilution, SEK <sup>2)</sup>		12.88	10.86	10.40	5.49
Earnings per share after dilution, SEK <sup>3)</sup>		12.79	10.78	10.32	5.45
1) Includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft		-959 -	-872 -8	-253 -	-230 -1
2) Average number of shares before dilution		105,714,805	106,125,666	105,900,182	105,438,516
3) Average number of shares after dilution		106,450,263	106,916,255	106,688,771	106,239,161

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Full Year 2015	Full Year 2014	Q4 2015	Q4 2014
<b>Net income for the period</b>	<b>1,402</b>	<b>1,168</b>	<b>1,109</b>	<b>586</b>
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	839	-1,220	339	-173
Tax attributable to revaluation of net pension obligations	-183	266	-73	36
<b>Total</b>	<b>656</b>	<b>-954</b>	<b>266</b>	<b>-137</b>
Items that may be reversed in the income statement:				
Translation differences	-20	517	-66	174
Available-for-sale financial assets	-27	27	-90	10
Cash flow hedges	-20	-1,163	190	-315
Tax attributable to cash flow hedges	11	253	-39	67
<b>Total</b>	<b>-56</b>	<b>-366</b>	<b>-5</b>	<b>-64</b>
<b>Other comprehensive income/loss for the period</b>	<b>600</b>	<b>-1,320</b>	<b>261</b>	<b>-201</b>
<b>Net comprehensive income/loss for the period</b>	<b>2,002</b>	<b>-152</b>	<b>1,370</b>	<b>385</b>
of which Parent Company's shareholders' interest	2,007	-167	1,375	381
of which non-controlling interest	-5	15	-5	4

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Dec 2015	31 Dec 2014
<b>ASSETS</b>			
Fixed assets:			
Intangible fixed assets	5	6,476	6,351
Tangible fixed assets		4,472	3,702
Biological assets		290	289
Investment properties		34	33
Shares in associated companies and joint ventures		602	397
Financial investments		190	292
Long-term receivables	10	444	152
Deferred tax assets		351	656
<b>Total fixed assets</b>		<b>12,859</b>	<b>11,872</b>
Current assets:			
Inventories		5,243	5,819
Derivatives		1,058	469
Tax receivables		106	60
Accounts receivable		2,913	3,414
Other receivables		8,102	4,255
Prepaid expenses and accrued income		962	1,113
Short-term investments		2,995	1,270
Liquid assets	8	850	1,284
<b>Total current assets</b>		<b>22,229</b>	<b>17,684</b>
<b>TOTAL ASSETS</b>		<b>35,088</b>	<b>29,556</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity:			
Parent Company's shareholders' interest		12,851	11,291
Non-controlling interest		61	82
<b>Total shareholders' equity</b>		<b>12,912</b>	<b>11,373</b>
Long-term liabilities:			
Long-term interest-bearing liabilities	6	4,872	2,105
Other liabilities		136	141
Provisions for pensions	10	2,373	3,149
Other provisions		1,097	1,234
Deferred tax liabilities		34	48
<b>Total long-term liabilities</b>		<b>8,512</b>	<b>6,677</b>
Current liabilities:			
Short-term interest-bearing liabilities	6	853	264
Advance payments from customers		1,098	856
Accounts payable		2,340	1,840
Derivatives		1,614	1,400
Tax liabilities		37	47
Other liabilities		725	978
Accrued expenses and deferred income		6,549	5,609
Provisions		448	512
<b>Total current liabilities</b>		<b>13,664</b>	<b>11,506</b>
<b>Total liabilities</b>		<b>22,176</b>	<b>18,183</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>35,088</b>	<b>29,556</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Available-for-sale and revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2014	1,746	543	346	-353	11	9,843	12,136	91	12,227
Net comprehensive income/loss for the year			-908	514	27	200	-167	15	-152
Transactions with shareholders:									
Repurchase of shares						-252	-252		-252
Share matching plan						50	50		50
Dividend						-479	-479	-5	-484
Acquisition and sale of non-controlling interest						3	3	-19	-16
<b>Closing balance, 31 December 2014</b>	<b>1,746</b>	<b>543</b>	<b>-562</b>	<b>161</b>	<b>38</b>	<b>9,365</b>	<b>11,291</b>	<b>82</b>	<b>11,373</b>
Opening balance, 1 January 2015	1,746	543	-562	161	38	9,365	11,291	82	11,373
Net comprehensive income/loss for the year			24	-8	-27	2,018	2,007	-5	2,002
Transactions with shareholders:									
Share matching plan						66	66		66
Dividend						-501	-501	-10	-511
Acquisition and sale of non-controlling interest						-12	-12	-6	-18
<b>Closing balance, 31 December 2015</b>	<b>1,746</b>	<b>543</b>	<b>-538</b>	<b>153</b>	<b>11</b>	<b>10,936</b>	<b>12,851</b>	<b>61</b>	<b>12,912</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Full Year 2015	Full Year 2014
Operating activities:			
Income after financial items		1,731	1,523
Adjustments for items not affecting cash flows		688	723
Dividend from associated companies and joint ventures		25	2
Income tax paid		-266	-394
<b>Cash flow from operating activities before changes in working capital</b>		<b>2,178</b>	<b>1,854</b>
Cash flow from changes in working capital:			
Increase(-)/Decrease(+) in inventories		349	-856
Increase(-)/Decrease(+) in current receivables		-3,573	-282
Increase(+)/Decrease(-) in advance payments from customers		284	21
Increase(+)/Decrease(-) in other current liabilities		1,426	-914
Increase(+)/Decrease(-) in provisions		-306	-536
<b>Cash flow from operating activities</b>		<b>358</b>	<b>-713</b>
Investing activities:			
Investments in intangible fixed assets		-70	-68
Capitalised development costs		-524	-171
Investments in tangible fixed assets		-799	-732
Sales and disposals of tangible fixed assets		7	15
Sales and disposals of lease assets		-	105
Sale of and investments in short-term investments		-1,722	720
Investments in other financial assets		-354	-
Sale of other financial assets		222	40
Investments in operations and associated companies, net effect on liquidity	9	-235	152
Sale of subsidiaries and associated companies, net effect on liquidity		316	299
<b>Cash flow from investing activities</b>		<b>-3,159</b>	<b>360</b>
Financing activities:			
Repayments of loans		-1,865	-468
Raising of loans		4,758	1,000
Repurchase of shares		-	-252
Dividend paid to Parent Company's shareholders		-501	-479
Dividend paid to non-controlling interest		-10	-5
<b>Cash flow from financing activities</b>		<b>2,382</b>	<b>-204</b>
<b>Cash flow for the period</b>		<b>-419</b>	<b>-557</b>
Liquid assets at the beginning of the period		1,284	1,764
Exchange rate difference in liquid assets		-15	77
<b>Liquid assets at end of period</b>	8	<b>850</b>	<b>1,284</b>

# QUARTERLY INCOME STATEMENT

MSEK	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Sales	10,070	5,787	5,940	5,389	7,425	5,130	5,692	5,280
Cost of goods sold	-7,540	-4,505	-4,582	-4,073	-5,574	-3,800	-4,157	-3,919
<b>Gross income</b>	<b>2,530</b>	<b>1,282</b>	<b>1,358</b>	<b>1,316</b>	<b>1,851</b>	<b>1,330</b>	<b>1,535</b>	<b>1,361</b>
<i>Gross margin, %</i>	<i>25.1</i>	<i>22.2</i>	<i>22.9</i>	<i>24.4</i>	<i>24.9</i>	<i>25.9</i>	<i>27.0</i>	<i>25.8</i>
Other operating income	272	23	54	22	261	77	47	45
Marketing expenses	-569	-460	-553	-479	-629	-511	-520	-484
Administrative expenses	-392	-305	-329	-297	-333	-300	-301	-280
Research and development costs	-481	-346	-380	-358	-416	-322	-385	-364
Other operating expenses	-30	-8	-6	-4	3	-10	-7	-7
Share of income in associated companies and joint ventures	17	-	13	10	21	-6	4	-1
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>1,347</b>	<b>186</b>	<b>157</b>	<b>210</b>	<b>758</b>	<b>258</b>	<b>373</b>	<b>270</b>
<i>Operating margin, %</i>	<i>13.4</i>	<i>3.2</i>	<i>2.6</i>	<i>3.9</i>	<i>10.2</i>	<i>5.0</i>	<i>6.6</i>	<i>5.1</i>
Financial income	132	-36	46	27	52	19	10	22
Financial expenses	-143	-89	9	-115	-70	-48	-64	-57
<b>Net financial items</b>	<b>-11</b>	<b>-125</b>	<b>55</b>	<b>-88</b>	<b>-18</b>	<b>-29</b>	<b>-54</b>	<b>-35</b>
<b>Income before taxes</b>	<b>1,336</b>	<b>61</b>	<b>212</b>	<b>122</b>	<b>740</b>	<b>229</b>	<b>319</b>	<b>235</b>
Taxes	-227	-25	-45	-32	-154	-59	-83	-59
<b>Net income for the period</b>	<b>1,109</b>	<b>36</b>	<b>167</b>	<b>90</b>	<b>586</b>	<b>170</b>	<b>236</b>	<b>176</b>
of which Parent Company's shareholders' interest	1,101	26	151	84	579	166	233	175
of which non-controlling interest	8	10	16	6	7	4	3	1
Earnings per share before dilution, SEK <sup>2)</sup>	10.40	0.25	1.43	0.80	5.49	1.57	2.19	1.64
Earnings per share after dilution, SEK <sup>3)</sup>	10.32	0.24	1.42	0.79	5.45	1.55	2.17	1.63
1) includes depreciation/amortisation and write-downs of which depreciation of leasing aircraft	-253 -	-243 -	-235 -	-228 -	-230 -1	-221 -2	-211 -1	-210 -4
2) average number of shares before dilution	105,900,182	105,781,884	105,643,700	105,533,455	105,438,516	106,060,673	106,549,332	106,454,142
3) average number of shares after dilution	106,688,771	106,529,247	106,442,012	106,402,040	106,239,161	106,888,805	107,422,230	107,299,002



# QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Net income for the period</b>	<b>1,109</b>	<b>36</b>	<b>167</b>	<b>90</b>	<b>586</b>	<b>170</b>	<b>236</b>	<b>176</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	339	-233	1,257	-524	-173	-324	-42	-681
Tax attributable to revaluation of net pension obligations	-73	51	-276	115	36	71	9	150
<b>Total</b>	<b>266</b>	<b>-182</b>	<b>981</b>	<b>-409</b>	<b>-137</b>	<b>-253</b>	<b>-33</b>	<b>-531</b>
Items that may be reversed in the income statement:								
Translation differences	-66	-63	-156	265	174	169	148	26
Net gain/loss on available-for-sale financial assets	-90	-6	-3	72	10	-77	94	-
Net gain/loss on cash flow hedges	190	-187	56	-79	-315	-517	-251	-80
Tax attributable to net gain/loss on cash flow hedges	-39	49	-14	15	67	114	53	19
<b>Total</b>	<b>-5</b>	<b>-207</b>	<b>-117</b>	<b>273</b>	<b>-64</b>	<b>-311</b>	<b>44</b>	<b>-35</b>
<b>Other comprehensive income/loss for the period</b>	<b>261</b>	<b>-389</b>	<b>864</b>	<b>-136</b>	<b>-201</b>	<b>-564</b>	<b>11</b>	<b>-566</b>
<b>Net comprehensive income/loss for the period</b>	<b>1,370</b>	<b>-353</b>	<b>1,031</b>	<b>-46</b>	<b>385</b>	<b>-394</b>	<b>247</b>	<b>-390</b>
of which Parent Company's shareholders' interest	1,375	-335	1,024	-57	381	-398	237	-387
of which non-controlling interest	-5	-18	7	11	4	4	10	-3

## KEY RATIOS BY QUARTER

MSEK	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Equity/assets ratio, (%)	36.8	35.1	37.2	37.0	38.5	40.1	42.7	44.4
Return on capital employed, % <sup>1)</sup>	11.2	8.1	8.7	10.6	11.1	9.7	9.8	8.3
Return on equity, % <sup>1)</sup>	11.5	7.8	8.6	9.3	9.9	7.6	7.7	5.5
Equity per share, SEK <sup>2)</sup>	121.28	108.36	111.48	106.54	107.02	103.41	108.20	110.47
Free cash flow, MSEK	869	487	-1,141	-941	1,006	-710	-1,074	-316
Free cash flow per share after dilution, SEK <sup>3)</sup>	8.15	4.57	-10.72	-8.84	9.47	-6.64	-10.00	-2.95

1) Measured over a rolling 12-month period

2) Number of shares excluding treasury shares

3) Average number of shares after dilution

105,957,065	105,843,298	105,720,470	105,566,929	105,499,980	105,377,052	106,604,525	106,494,139
106,688,771	106,529,247	106,442,012	106,402,040	106,239,161	106,888,805	107,422,230	107,299,002

# QUARTERLY INFORMATION PER BUSINESS AREA

MSEK	Q4 2015	Operating margin	Q3 2015	Operating margin	Q2 2015	Operating margin	Q1 2015	Operating margin
<b>Sales</b>								
Aeronautics	2,114		1,686		1,364		1,098	
Dynamics	1,238		763		570		628	
Electronic Defence Systems	1,604		731		922		875	
Security and Defence Solutions	2,075		1,394		1,626		1,292	
Support and Services	2,602		804		1,010		929	
Industrial Products and Services	1,022		762		912		866	
Internal sales	-585		-353		-464		-299	
<b>Total</b>	<b>10,070</b>		<b>5,787</b>		<b>5,940</b>		<b>5,389</b>	
<b>Operating income/loss</b>								
Aeronautics	305	14.4%	120	7.1%	30	2.2%	54	4.9%
Dynamics	246	19.9%	47	6.2%	-94	-16.5%	-28	-4.5%
Electronic Defence Systems	195	12.2%	-7	-1.0%	4	0.4%	29	3.3%
Security and Defence Solutions	166	8.0%	38	2.7%	68	4.2%	64	5.0%
Support and Services	426	16.4%	-4	-0.5%	73	7.2%	83	8.9%
Industrial Products and Services	104	10.2%	8	1.0%	67	7.3%	34	3.9%
Corporate	-95		-16		9		-26	
<b>Total</b>	<b>1,347</b>	<b>13.4%</b>	<b>186</b>	<b>3.2%</b>	<b>157</b>	<b>2.6%</b>	<b>210</b>	<b>3.9%</b>

MSEK	Q4 2014	Operating margin	Q3 2014	Operating margin	Q2 2014	Operating margin	Q1 2014	Operating margin
<b>Sales</b>								
Aeronautics	1,833		998		1,295		1,328	
Dynamics	929		599		730		716	
Electronic Defence Systems	1,154		953		1,093		852	
Security and Defence Solutions	1,999		1,367		1,240		1,156	
Support and Services	1,039		794		898		839	
Industrial Products and Services	1,017		773		888		787	
Internal sales	-546		-354		-452		-398	
<b>Total</b>	<b>7,425</b>		<b>5,130</b>		<b>5,692</b>		<b>5,280</b>	
<b>Operating income/loss</b>								
Aeronautics	160	8.7%	23	2.3%	108	8.3%	107	8.1%
Dynamics	127	13.7%	-26	-4.3%	36	4.9%	28	3.9%
Electronic Defence Systems	86	7.5%	100	10.5%	50	4.6%	-25	-2.9%
Security and Defence Solutions	222	11.1%	71	5.2%	75	6.0%	-12	-1.0%
Support and Services	124	11.9%	43	5.4%	122	13.6%	87	10.4%
Industrial Products and Services	79	7.8%	1	0.1%	20	2.3%	12	1.5%
Corporate	-40		46		-38		73	
<b>Total</b>	<b>758</b>	<b>10.2%</b>	<b>258</b>	<b>5.0%</b>	<b>373</b>	<b>6.6%</b>	<b>270</b>	<b>5.1%</b>

2014 has been restated according to the structural changes described in the annual report 2014, note 50.

# MULTI-YEAR OVERVIEW

MSEK	2015	2014	2013	2012	2011
Order bookings	81,175	22,602	49,809	20,683	18,907
Order backlog at 31 December	113,834	60,128	59,870	34,151	37,172
Sales	27,186	23,527	23,750	24,010	23,498
<i>Sales in Sweden, %</i>	<i>42</i>	<i>45</i>	<i>41</i>	<i>36</i>	<i>37</i>
<i>Sales in EU excluding Sweden, %</i>	<i>16</i>	<i>16</i>	<i>17</i>	<i>19</i>	<i>19</i>
<i>Sales in Americas, %</i>	<i>15</i>	<i>12</i>	<i>13</i>	<i>12</i>	<i>8</i>
<i>Sales in Rest of the world, %</i>	<i>27</i>	<i>27</i>	<i>30</i>	<i>33</i>	<i>36</i>
Operating income (EBIT)	1,900	1,659	1,345	2,050	2,941
<i>Operating margin, %</i>	<i>7.0</i>	<i>7.1</i>	<i>5.7</i>	<i>8.5</i>	<i>12.5</i>
EBITDA	2,859	2,523	2,367	3,186	4,088
<i>EBITDA margin, %</i>	<i>10.5</i>	<i>10.7</i>	<i>10.0</i>	<i>13.3</i>	<i>17.4</i>
Income after financial items	1,731	1,523	979	2,003	2,783
Net income for the year	1,402	1,168	742	1,560	2,217
Total assets	35,088	29,556	27,789	28,938	31,799
Free cash flow	-726	-1,094	-1,460	-396	2,477
<i>Return on capital employed, %</i>	<i>11.2</i>	<i>11.1</i>	<i>9.1</i>	<i>14.6</i>	<i>22.2</i>
<i>Return on equity, %</i>	<i>11.5</i>	<i>9.9</i>	<i>6.3</i>	<i>12.8</i>	<i>18.1</i>
<i>Equity/assets ratio, %</i>	<i>36.8</i>	<i>38.5</i>	<i>44.0</i>	<i>39.0</i>	<i>41.1</i>
Earnings per share before dilution, SEK <sup>2)</sup> <sup>4)</sup>	12.88	10.86	6.98	15.00	21.19
Earnings per share after dilution, SEK <sup>3)</sup> <sup>4)</sup>	12.79	10.78	6.79	14.52	20.38
Dividend per share, SEK	5.00 <sup>5)</sup>	4.75	4.50	4.50	4.50
Equity per share, SEK <sup>1)</sup>	121.28	107.02	114.04	105.43	122.94
Number of employees at year-end	14,685	14,716	14,140	13,968	13,068

1) Number of shares excluding treasury shares as of 31 December 2015: 105,957,065; 2014: 105,499,980; 2013: 106,414,144; 2012: 105,930,829; 2011: 105,331,958.

2) Average number of shares 2015: 105,714,805; 2014: 106,125,666; 2013: 106,125,107; 2012: 105,632,911; 2011: 104,982,315.

3) Average number of shares 2015: 106,450,263; 2014: 106,916,255; 2011-2013: 109,150,344.

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

5) Board of Directors' proposal.

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

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

Financials for 2011 are not restated.

# KEY RATIOS AND TARGETS

	Long-term target	Full Year 2015	Full Year 2014
Organic sales growth, %	5	11	-3
Operating margin, %	10	7.0	7.1
Equity/assets ratio, %	30	36.8	38.5

# PARENT COMPANY INCOME STATEMENT

MSEK	Full Year 2015	Full Year 2014	Q4 2015	Q4 2014
Sales	18,022	16,175	7,043	5,000
Cost of goods sold	-14,209	-11,869	-5,433	-3,543
<b>Gross income</b>	<b>3,813</b>	<b>4,306</b>	<b>1,610</b>	<b>1,457</b>
<i>Gross margin, %</i>	<i>21.2</i>	<i>26.6</i>	<i>22.9</i>	<i>29.1</i>
Operating income and expenses	-3,605	-3,106	-1,298	-815
<b>Operating income (EBIT)</b>	<b>208</b>	<b>1,200</b>	<b>312</b>	<b>642</b>
<i>Operating margin, %</i>	<i>1.2</i>	<i>7.4</i>	<i>4.4</i>	<i>12.8</i>
Financial income and expenses	68	706	-9	489
<b>Income after financial items</b>	<b>276</b>	<b>1,906</b>	<b>303</b>	<b>1,131</b>
Appropriations	-160	-419	-160	-419
<b>Income before taxes</b>	<b>116</b>	<b>1,487</b>	<b>143</b>	<b>712</b>
Taxes	-153	-317	-94	-125
<b>Net income for the period</b>	<b>-37</b>	<b>1,170</b>	<b>49</b>	<b>587</b>

## Parent company

### Sales and income

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

The Parent Company's sales during 2015 amounted to MSEK 18,022 (16,175). Operating income was MSEK 208 (1,200).

Net financial income and expenses was MSEK 68 (706). After appropriations of MSEK -160 (-419) and taxes of MSEK -153 (-317), net income for the year amounted to MSEK -37 (1,170).

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

The Parent Company's net debt amounted to MSEK 5,144 at 31 December 2015 compared to MSEK 2,577 at 31 December 2014.

Gross capital expenditure in tangible fixed assets amounted to MSEK 602 (551). Investments in intangible assets amounted to MSEK 49 (63). At the end of the year, the Parent Company had 8,632 employees, compared to 8,695 at the beginning of the year.

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

# PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Dec 2015	31 Dec 2014
<b>ASSETS</b>			
Fixed assets:			
Intangible fixed assets		803	1,117
Tangible fixed assets		2,882	2,574
Financial fixed assets		7,474	8,057
<b>Total fixed assets</b>		<b>11,159</b>	<b>11,748</b>
Current assets:			
Inventories, etc.		3,668	4,490
Current receivables		10,132	8,251
Short term investments		2,995	1,270
Liquid assets		211	377
<b>Total current assets</b>		<b>17,006</b>	<b>14,388</b>
<b>TOTAL ASSETS</b>		<b>28,165</b>	<b>26,136</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Equity:			
Restricted equity		2,977	2,983
Unrestricted equity		5,020	5,486
<b>Total shareholders' equity</b>		<b>7,997</b>	<b>8,469</b>
Untaxed reserves, provisions and liabilities:			
Untaxed reserves		2,139	1,979
Provisions		755	778
Liabilities	6	17,274	14,910
<b>Total untaxed reserves, provisions and liabilities</b>		<b>20,168</b>	<b>17,667</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>28,165</b>	<b>26,136</b>

# NOTES

## TO THE FINANCIAL STATEMENTS

### NOTE 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, with registered office in Linköping, Sweden. The company's head office is located at Gustavslundsvägen 42, Bromma, with the mailing address P.O. Box 12062, SE-102 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab's B shares are listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries and associated companies, are described in the annual report 2014.

### NOTE 2 Accounting principles

The year-end report 2015 is 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 78 to 84 in the annual report 2014.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2014.

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 2014.

### 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, missile systems, and naval systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition Saab has a local presence in South Africa, Australia, the US, and in other selected countries. 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 Industrial Products and Services. In addition, Corporate comprises Group staff and departments as well as other operations that are not core operations.

#### Aeronautics

Aeronautics operates in the aerospace and defence industry and engages in advanced development of military and civil aviation technology. The product portfolio consists mainly of the Gripen fighter. Aeronautics also manufactures aircraft components for Saab's own passenger aircraft.

#### Dynamics

Dynamics offers a highly competitive product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles and signature management systems for armed forces as well as unmanned underwater vehicles for the offshore industry.

#### Electronic Defence Systems

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

#### Security and Defence Solutions

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

#### Support and Services

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

#### Industrial Products and Services

Business units within business area Industrial Product and Services are dominated by business-to-business (B2B) customers, or work independently of Saab's main customers. The business area includes Combitech, one of Sweden's largest technology consulting firms, Aerostructures with production for commercial aircraft manufacturers and Avionics Systems with safety critical structures and systems for aircraft and helicopters. In addition, the business area includes a Venture portfolio where Saab holds shares in companies in different growth phases.

#### Order bookings per business area

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Aeronautics	39,349	6,213	533	2,999	5,712
Dynamics	4,261	2,325	83	731	1,068
Electronic Defence Systems	11,982	2,484	382	6,515	847
Security and Defence Solutions	15,651	6,110	156	2,962	2,210
Support and Services	9,417	4,720	100	5,604	2,635
Industrial Products and Services	3,632	2,604	39	879	673
Internal	-3,117	-1,854		-1,114	-742
<b>Total</b>	<b>81,175</b>	<b>22,602</b>	<b>259</b>	<b>18,576</b>	<b>12,403</b>

#### Order backlog per business area

MSEK	31 Dec 2015	31 Dec 2014
Aeronautics	59,476	26,388
Dynamics	4,963	3,915
Electronic Defence Systems	14,005	6,365
Security and Defence Solutions	16,056	6,823
Support and Services	12,053	7,976
Industrial Products and Services	9,587	9,537
Internal	-2,306	-876
<b>Total</b>	<b>113,834</b>	<b>60,128</b>

## NOTE 3 Continued

Significant orders received (approx. values MSEK)	Country	Order value
Gripen NG	Brazil	39,334
	United Arab	
Advanced airborne surveillance systems	Emirates	10,418
Submarine A26 and mid-life upgrade for Gotland-class submarines	Sweden	8,650
Operational capabilities for Gripen NG	Brazil	1,862
Self-protection system for the Indian armed forces' Dhruv helicopter	India	740
Giraffe AMB radar systems	UK	610
Underwater systems		429
Support agreement for SK60	Sweden	400

## Sales per business area

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014	Change, %
<b>Aeronautics</b>	<b>6,262</b>	<b>5,454</b>	<b>15</b>	<b>2,114</b>	<b>1,833</b>	<b>15</b>
of which external sales	5,934	5,242	13	1,998	1,752	14
of which internal sales	328	212	55	116	81	43
<b>Dynamics</b>	<b>3,199</b>	<b>2,974</b>	<b>8</b>	<b>1,238</b>	<b>929</b>	<b>33</b>
of which external sales	3,109	2,840	9	1,218	888	37
of which internal sales	90	134	-33	20	41	-51
<b>Electronic Defence Systems</b>	<b>4,132</b>	<b>4,052</b>	<b>2</b>	<b>1,604</b>	<b>1,154</b>	<b>39</b>
of which external sales	3,977	3,867	3	1,548	1,127	37
of which internal sales	155	185	-16	56	27	107
<b>Security and Defence Solutions</b>	<b>6,387</b>	<b>5,762</b>	<b>11</b>	<b>2,075</b>	<b>1,999</b>	<b>4</b>
of which external sales	6,264	5,635	11	2,029	1,962	3
of which internal sales	123	127	-3	46	37	24
<b>Support and Services</b>	<b>5,345</b>	<b>3,570</b>	<b>50</b>	<b>2,602</b>	<b>1,039</b>	<b>150</b>
of which external sales	5,222	3,371	55	2,555	979	161
of which internal sales	123	199	-38	47	60	-22
<b>Industrial Products and Services</b>	<b>3,562</b>	<b>3,465</b>	<b>3</b>	<b>1,022</b>	<b>1,017</b>	<b>0</b>
of which external sales	2,613	2,588	1	701	717	-2
of which internal sales	949	877	8	321	300	7
<b>Corporate/eliminations</b>	<b>-1,701</b>	<b>-1,750</b>		<b>-585</b>	<b>-546</b>	
of which external sales	67	-16		21	-	
of which internal sales	-1,768	-1,734		-606	-546	
<b>Total</b>	<b>27,186</b>	<b>23,527</b>	<b>16</b>	<b>10,070</b>	<b>7,425</b>	<b>36</b>

## Sales per region

MSEK	Full Year 2015	% of sales	Full Year 2014	% of sales
Sweden	11,399	42	10,512	45
Rest of EU	4,307	16	3,770	16
Rest of Europe	626	2	592	3
<b>Total Europe</b>	<b>16,332</b>	<b>60</b>	<b>14,874</b>	<b>64</b>
North America	2,477	9	2,387	10
Latin America	1,584	6	508	2
Asia	5,370	20	4,007	17
Africa	541	2	573	2
Australia, etc.	882	3	1,178	5
<b>Total</b>	<b>27,186</b>	<b>100</b>	<b>23,527</b>	<b>100</b>

## Information on large customers

In 2015, Saab had one customer that accounted for 10 per cent or more of the Group's sales: the Swedish Defence Materiel Administration (FMV). FMV is a customer of all business areas and total sales amounted to MSEK 9,252 (8,086).

## Seasonal variation

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

## NOTE 3 Continued

### Operating income per business area

MSEK	Full Year 2015	% of sales	Full Year 2014	% of sales	Q4 2015	Q4 2014
Aeronautics	509	8.1	398	7.3	305	160
Dynamics	171	5.3	165	5.5	246	127
Electronic Defence Systems	221	5.3	211	5.2	195	86
Security and Defence Solutions	336	5.3	356	6.2	166	222
Support and Services	578	10.8	376	10.5	426	124
Industrial Products and Services	213	6.0	112	3.2	104	79
<b>The business area's total operating income</b>	<b>2,028</b>	<b>7.5</b>	<b>1,618</b>	<b>6.9</b>	<b>1,442</b>	<b>798</b>
Corporate	-128		41		-95	-40
<b>Total</b>	<b>1,900</b>	<b>7.0</b>	<b>1,659</b>	<b>7.1</b>	<b>1,347</b>	<b>758</b>

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

MSEK	Full Year 2015	Full Year 2014	Change, %	Q4 2015	Q4 2014
Aeronautics	39	41	-5	10	10
Dynamics	56	61	-8	15	15
Electronic Defence Systems	421	414	2	108	106
Security and Defence Solutions	134	112	20	35	36
Support and Services	18	18	-	4	4
Industrial Products and Services	47	31	52	17	8
Corporate – lease aircraft	-	8	-100	-	1
Corporate – other	244	187	30	64	50
<b>Total</b>	<b>959</b>	<b>872</b>	<b>10</b>	<b>253</b>	<b>230</b>

### Operational cash flow per business area

MSEK	Full Year 2015	Full Year 2014	Q4 2015	Q4 2014
Aeronautics	-632	-401	-280	-180
Dynamics	-251	-69	375	108
Electronic Defence Systems	-295	-589	-38	200
Security and Defence Solutions	1,096	157	786	482
Support and Services	-513	-32	-298	58
Industrial Products and Services	-15	-320	43	-144
Corporate	110	57	65	229
<b>Total</b>	<b>-500</b>	<b>-1,197</b>	<b>653</b>	<b>753</b>

### Capital employed per business area

MSEK	31 Dec 2015	31 Dec 2014
Aeronautics	2,186	2,152
Dynamics	2,687	2,186
Electronic Defence Systems	4,702	4,621
Security and Defence Solutions	4,194	4,257
Support and Services	3,052	2,214
Industrial Products and Services	2,028	1,626
Corporate	1,730	-727
<b>Total</b>	<b>20,579</b>	<b>16,329</b>

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

Number at end of the period	31 Dec 2015	31 Dec 2014
Aeronautics	2,723	2,690
Dynamics	1,533	1,461
Electronic Defence Systems	2,180	2,190
Security and Defence Solutions	3,054	3,234
Support and Services	1,825	1,818
Industrial Products and Services	2,381	2,370
Corporate	823	798
<b>Total</b>	<b>14,519</b>	<b>14,561</b>

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

At its meeting on 9 February 2016, the Board of Directors decided to propose to the Annual General Meeting that the Parent Company's shareholders receive a dividend of SEK 5.00 per share, totalling MSEK 530.

### NOTE 5 Intangible fixed assets

MSEK	31 Dec 2015	31 Dec 2014
Goodwill	5,045	5,015
Capitalised development costs	1,157	952
Other intangible assets	274	384
<b>Total</b>	<b>6,476</b>	<b>6,351</b>

### NOTE 6 Net liquidity/debt

MSEK	31 Dec 2015	31 Dec 2014
<b>Assets:</b>		
Liquid assets	850	1,284
Short-term investments	2,995	1,270
<b>Total liquid investments</b>	<b>3,845</b>	<b>2,554</b>
Short-term interest-bearing receivables	48	5
Long-term interest-bearing receivables	367	83
Long-term receivables attributable to pensions	49	59
Long-term interest-bearing financial investments	141	142
<b>Total interest-bearing assets</b>	<b>4,450</b>	<b>2,843</b>
<b>Liabilities:</b>		
Liabilities to credit institutions	4,762	2,001
Liabilities to associated companies and joint ventures	251	244
Other interest-bearing liabilities	712	124
Provisions for pensions <sup>1)</sup>	1,942	2,587
<b>Total interest-bearing liabilities and provisions for pensions</b>	<b>7,667</b>	<b>4,956</b>
<b>Net liquidity (+) / net debt (-)</b>	<b>-3,217</b>	<b>-2,113</b>

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



## NOTE 6 Continued

### Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2021)	6,000	-	6,000
Overdraft facility (Maturity 2016)	100	3	97
<b>Total</b>	<b>6,100</b>	<b>3</b>	<b>6,097</b>

### Parent Company

MSEK	31 Dec 2015	31 Dec 2014
Long-term liabilities to credit institutions	4,360	2,000
Short-term liabilities to credit institutions	402	-
<b>Total</b>	<b>4,762</b>	<b>2,000</b>

Since 2009 Saab has a Medium Term Note programme (MTN) in order to enable the issuance of long-term loans on the capital market. In September 2015, the MTN programme was increased from SEK 3 billion to SEK 6 billion. Under the terms of this programme Saab has issued bonds at a fixed rate and Floating Rate Notes (FRN) of SEK 4.2 billion. In December 2015, Saab signed Schuldschein loan agreements amounting to MEUR 100 of which MEUR 23 was settled in the fourth quarter 2015 and MEUR 77 will be settled in the first half-year 2016.

## NOTE 7 Financial instruments

### Classification and categorisation of financial assets and liabilities <sup>1)</sup>

31 Dec	2015 Carrying amount	2014 Carrying amount
Financial assets:		
Financial investments at fair value through other comprehensive income	-	121
Financial investments at fair value through profit and loss	49	29
Financial investments held to maturity <sup>2)</sup>	141	142
Long-term receivables	444	152
Derivatives identified as hedges	972	408
Derivatives at fair value through profit and loss	86	61
Accounts receivable and other receivables	11,540	8,152
Short-term investments at fair value	2,995	1,270
Liquid assets	850	1,284
<b>Total financial assets</b>	<b>17,077</b>	<b>11,619</b>
Financial liabilities:		
Interest-bearing liabilities <sup>3)</sup>	5,725	2,369
Derivatives identified as hedges	1,561	1,280
Derivatives at fair value through profit and loss	53	120
Other liabilities	5,486	5,243
<b>Total financial liabilities</b>	<b>12,825</b>	<b>9,012</b>

<sup>1)</sup> 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 898.

<sup>2)</sup> Fair value 2015: MSEK 142; 2014: 144.

<sup>3)</sup> Fair value 2015: MSEK 5,749; 2014: 2,406.

## 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 Garman-Kohlhagens.

#### Level 1

According to listed (unadjusted) prices on an active market on the closing date:

- Bonds
- Electricity derivatives
- Interest rate forwards

#### Level 2

According to accepted valuation models based on observable market data:

- Forward exchange contracts: Future payment flows in each currency are discounted by current market rates to the valuation day and valued in SEK at period-end exchange rates.
- Options: The Garman-Kohlhagens option pricing model is used in the market valuation of all options.
- Interest swaps and cross currency basis 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.

#### Level 3

According to accepted principles, e.g. for venture capital firms:

- Unlisted shares and participations

As of 31 December 2015, the Group had the following financial assets and liabilities at fair value:

### Assets at fair value

MSEK	31 Dec 2015	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	2,995	2,995	-	-
Forward exchange contracts	1,043	-	1,043	-
Currency options	4	-	4	-
Interest rate swaps	5	-	5	-
Cross currency basis swaps	1	-	1	-
Electricity derivatives	5	5	-	-
Shares and participations	49	-	-	49
<b>Total</b>	<b>4,102</b>	<b>3,000</b>	<b>1,053</b>	<b>49</b>

### Liabilities at fair value

MSEK	31 Dec 2015	Level 1	Level 2	Level 3
Forward exchange contracts	1,505	-	1,505	-
Currency options	1	-	1	-
Interest rate swaps	83	-	83	-
Cross currency basis swaps	5	-	5	-
Electricity derivatives	20	20	-	-
<b>Total</b>	<b>1,614</b>	<b>20</b>	<b>1,594</b>	<b>-</b>

## NOTE 8 Supplemental information on Statement of cash flows

### Liquid assets

MSEK	31 Dec 2015	31 Dec 2014
The following components are included in liquid assets:		
Cash and bank balances	850	1,284
<b>Total according to balance sheet</b>	<b>850</b>	<b>1,284</b>
<b>Total according to statement of cash flows</b>	<b>850</b>	<b>1,284</b>

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

MSEK	Full Year 2015	Full Year 2014
Free cash flow	-726	-1,094
Investing activities – interest-bearing:		
Short-term investments	-1,722	720
Other financial investments and receivables	-353	21
Financing activities:		
Repayments of loans	-1,865	-468
Raising of loans	4,758	1,000
Repurchase of shares	-	-252
Dividend paid to the Parent Company's shareholders	-501	-479
Dividend paid to non-controlling interest	-10	-5
<b>Cash flow for the period</b>	<b>-419</b>	<b>-557</b>

### Specification of free cash flow

MSEK	Saab excl. Acquisitions/ divestments	Acquisitions and divestments	Total Group Jan-Dec 2015	Total Group Jan-Dec 2015
<b>Cash flow from operating activities before changes in working capital <sup>1)</sup></b>	<b>2,706</b>	<b>-</b>	<b>2,706</b>	<b>2,221</b>
Cash flow from changes in working capital:				
Inventories	349	-	349	-856
Current receivables	-3,573	-	-3,573	-282
Advance payments from customers	284	-	284	21
Other current liabilities	1,426	-	1,426	-914
Provisions	-306	-	-306	-536
<b>Change in working capital</b>	<b>-1,820</b>	<b>-</b>	<b>-1,820</b>	<b>-2,567</b>
<b>Cash flow from operating activities <sup>2)</sup></b>	<b>886</b>	<b>-</b>	<b>886</b>	<b>-346</b>
Investing activities:				
Investments in intangible fixed assets	-594	-	-594	-239
Investments in tangible fixed assets	-799	-	-799	-732
Sales and disposals of tangible fixed assets	7	-	7	15
Sales and disposals of lease assets	-	-	-	105
<b>Cash flow from investing activities <sup>3)</sup></b>	<b>-1,386</b>	<b>-</b>	<b>-1,386</b>	<b>-851</b>
<b>Operational cash flow</b>	<b>-500</b>	<b>-</b>	<b>-500</b>	<b>-1,197</b>
Taxes and other financial items	-528	-	-528	-367
Sale of and investments in shares etc.	221	-	221	19
Acquisitions of subsidiaries and associated companies	-	-235	-235	152
Sale of subsidiaries and associated companies	-	316	316	299
<b>Free cash flow</b>	<b>-807</b>	<b>81</b>	<b>-726</b>	<b>-1,094</b>

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

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

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

## NOTE 9 Business combinations

No significant acquisitions were made during 2015.

## NOTE 10 Defined-benefit plans

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. According to IAS 19, the estimated value of the defined-benefit obligation amounted to MSEK 7,742 at 31 December 2015 compared to MSEK 8,153 at 31 December 2014 and the value of the plan assets amounted to MSEK 5,849 at 31 December 2015 compared to MSEK 5,625 at 31 December 2014. Provisions for pensions attributable to special employers' contribution amounted to MSEK 431 at 31 December 2015 and to MSEK 562 at 31 December 2014. Total provisions for pensions amount to MSEK 2,324, of which MSEK 49 is reported as long-term receivables.

## NOTE 11 Contingent liabilities

During the year guarantees related to the order of Gripen NG for Brazil and to an airborne surveillance system for the United Arab Emirates have arisen. 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

During the fourth quarter 2015, Saab acquired a real estate company, which owns the property where Saab has its operations in Järfälla, Sweden. The real estate company was then divested at a price corresponding to estimated fair value, to Järfälla Veddesta Holding AB, a jointly owned company where Saab holds 35 percent and Saab Pension Fund holds 65 percent. Järfälla Veddesta Holding AB is classified as a joint venture. The acquisition was financed through loans from Saab AB and Saab Pension Fund. Saab's loan to Järfälla Veddesta Holding AB amounts to MSEK 254. The loan is on market conditions. The transaction resulted in a capital gain of MSEK 107.

No other significant transactions have occurred during the year.

Related parties with which the Group has transactions are described in the annual report 2014, note 43.

## NOTE 13 Definitions

### Capital employed

Total assets less non-interest-bearing liabilities.

### Earnings per share

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

### EBITDA

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

### EBITDA margin

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

### 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.

### Net liquidity/net debt

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

### Free cash flow per share

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

### Operating margin

Operating income (EBIT) as a percentage of sales.

### Return on capital employed

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

### Return on equity

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

# GLOSSARY

**EKN**

The Swedish Export Credits Guarantee Board

**FMV**

Swedish Defence Materiel Administration

**FRN**

Floating Rate Note

**FTE**

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

**IAS**

International Accounting Standards

**IFRS**

International Financial Reporting Standards

**LFV**

Air Navigation Services of Sweden

**MTN**

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

**SAL**

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

Linköping 10 February 2016  
Saab AB (publ)  
The Board of Directors

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

*Saab AB is disclosing the information here in pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act.  
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**Press and financial analyst conference**

10 February 2016 at 10.00 (CET)

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

Contact Marie Bergström to register and more information,

ph +46 8 463 02 45

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

**Live webcast:**

[saab-interimreport.creo.se/160210](http://saab-interimreport.creo.se/160210)

**Conference call:**

Please, dial in using one of the numbers below.

UK: +44 20 300 89 808

US: +1 855 831 5944

SE: +46 8 566 426 66

The year-end report, the presentation material and the webcast will be available on [saabgroup.com](http://saabgroup.com).

# CALENDAR

ANNUAL GENERAL MEETING

**14 APRIL 2016**

INTERIM REPORT JANUARY–MARCH 2016

**PUBLISHED 21 APRIL 2016**

INTERIM REPORT JANUARY–JUNE 2016

**PUBLISHED 21 JULY 2016**

INTERIM REPORT JANUARY–SEPTEMBER 2016

**PUBLISHED 25 OCTOBER 2016**

YEAR-END REPORT 2016

**PUBLISHED 15 FEBRUARY 2017**