

STRONG ORDER BOOKINGS

The current security landscape has led to increased security and defence spending. At the same time, the demand for efficient systems to be delivered within a short timeframe increases.

Saab sees opportunities for growth in several areas, and offers cost efficient solutions in a competitive environment. We grow internationally with Sweden as our base. In this way, we contribute to our customers' and to Sweden's increased defence capability.

Strong start to the year

Order bookings in the first quarter 2017 was strong and amounted to MSEK 9,701. The order backlog strengthened and amounted to MSEK 109,381 at the end of the quarter. During the quarter, a large order within airborne surveillance was received from the United Arab Emirates. This is the second order for GlobalEye and now we have a basis for the system. We also signed an agreement with the Swedish Defence Materiel Administration (FMV) in the quarter for development and production of the next generation Anti-Ship Missile. These next generation missiles will provide the user with greatly improved capabilities. An order was received from INTERPOL for delivery of specially customised CBRN (Chemical, Biological, Radiological and Nuclear) sampling equipment. In addition, Saab signed a contract extension with the United Kingdom's Ministry of Defence for the provision of support and services to the Direct Fire Weapon Effects Simulator (DFWES) capability.

Focus on efficiency improvements

Sales increased by nine per cent compared to the same period 2016. As previously, we see a strong demand for large parts of our product portfolio. This is driven partly by the instable world situation, and partly by Saab's ability to develop and deliver

products with high technology capabilities. At the same time the demand for deliveries of these complex systems in a short amount of time increases, which is why we continuously focus on efficiency improvements in all parts of our operations.

Operating income amounted to MSEK 492 (294) with an operating margin of 6.6 per cent (4.3). Five out of six business areas strengthened their operating margins. The strengthened operating margin is mainly attributable to higher level of activity within operations related to airborne surveillance systems together with a changed product mix compared to the previous year.

Going forward our profitability is dependent on the large projects in the order backlog. This is why the execution of these has the company's full attention.

Operational cash flow amounted to MSEK 986 (3,056) and earnings per share after dilution amounted to SEK 3.30 (1.99).

Diversity and gender equality

The ability to attract labour is central to us as a high-technology company. We actively work with strengthening diversity and gender equality at Saab with the purpose of driving innovation and improve profitability. During the quarter, the Swedish company Universum published its ranking of the most attractive companies to work at for engineering students. It is gratifying to see that Saab climbed from the 22nd place to place number 16 among female engineering students. In total, among Swedish engineering students, Saab was the sixth most popular employer.

In 2017, we will continue our dedicated work with increasing Saab's attractiveness among potential employees.



Håkan Buskhe, President and CEO

OUTLOOK STATEMENT FOR 2017:

- We estimate that sales growth in 2017 will be higher than Saab's long-term financial goal: annual organic sales growth of 5 per cent.
- We expect the operating margin, excluding material non-recurring items, to improve compared to 2016 and thus the company will take a step towards its financial goal: an operating margin of 10 per cent.

Financial highlights

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	9,701	4,614	110	21,828
Order backlog	109,381	111,649	-2	107,606
Sales	7,430	6,790	9	28,631
Gross income	1,736	1,511	15	6,883
Gross margin, %	23.4	22.3		24.0
EBITDA	699	524	33	2,743
EBITDA margin, %	9.4	7.7		9.6
Operating income (EBIT)	492	294	67	1,797
Operating margin, %	6.6	4.3		6.3
Net income	360	223	61	1,175
Earnings per share after dilution, SEK	3.30	1.99		10.60
Return on equity, % ¹⁾	9.8	12.7		9.0
Operational cash flow	986	3,056	-68	2,603
Free cash flow	897	2,955	-70	2,359
Free cash flow per share after dilution, SEK	8.36	27.65		22.07

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

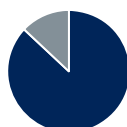
Significant orders, quarter 1	MSEK
Next Generation Anti-Ship Missile	3,200
Airborne Early Warning and Control (AEW&C)	2,000



Large orders
Orders exceeding MSEK 100 accounted for 74% (37) of total orders in the period.

Order backlog duration:

2017: SEK 20.1 billion
2018: SEK 19.7 billion
2019: SEK 15.2 billion
2020: SEK 15.5 billion
After 2020: SEK 38.9 billion

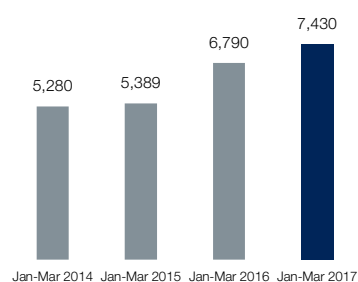


Defence/Civil
A total of 87 per cent (84) of order bookings was attributable to defence-related operations in the period.



Market
A total of 48% (68) of order bookings was related to markets outside Sweden in the period.

Sales, MSEK



Orders

January-March 2017

In January, Saab received an order within the Airborne Early Warning and Control (AEW&C) segment. The order amounted to approximately MUSD 236 (approximately MSEK 2,000). Deliveries will be made from 2019 until 2021.

A contract was signed with FMV regarding development and production of the next generation anti-ship missile system. The total order value amounted to MSEK 3,200 and deliveries will take place during the period 2017-2026.

In total, Saab received orders of SEK 9.7 billion during the first quarter 2017 of which SEK 2.6 billion (2.9 billion) was from orders of less than MSEK 100.

For a list of significant orders received during 2017, see note 3.

During the first quarter 2017, index and price changes had a positive effect on order bookings of MSEK 88 compared to MSEK 66 during the same period 2016.

The order backlog at the end of the quarter amounted to MSEK 109,381 compared to MSEK 107,606 at the beginning of the year.

Sales

January-March 2017

Sales during the quarter amounted to MSEK 7,430 (6,790). The increase is mainly related to orders within the airborne surveillance segment.

Sales in markets outside Sweden amounted to MSEK 4,350 (3,881), or 59 per cent (57) of total sales. 84 per cent (83) of sales was related to the defence market.

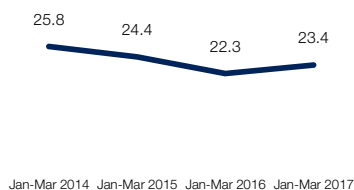
Sales growth

Per cent	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Organic sales growth	8	27	5
Acquisitions	-	-	-
Currency effects regarding revaluation of foreign subsidiaries	1	-1	-
Total sales growth	9	26	5

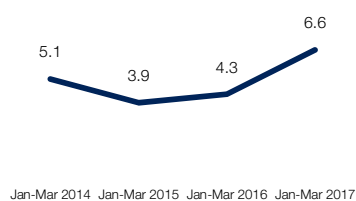
Sales per market segment

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %
Air	3,754	2,948	27
Land	1,349	1,556	-13
Naval	1,221	1,175	4
Civil Security	466	500	-7
Commercial Aeronautics	422	503	-16
Other	218	108	102
Total	7,430	6,790	9

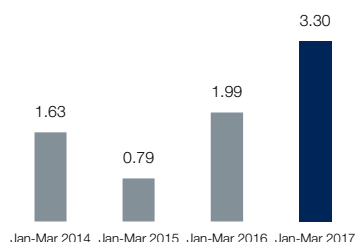
Gross margin, %



Operating margin, %



Earnings per share after dilution, SEK



Change in net debt Jan-Mar 2017

	MSEK
Net liquidity (+) / net debt (-), 31 Dec 2016	-1,836
Cash flow from operating activities	1,373
Change in net pension obligation	49
Net investments	-471
Currency impact and unrealised results from financial investments	12
Net liquidity (+) / net debt (-), 31 Mar 2017	-873

Income

January-March 2017

The gross margin during the first quarter of 23.4 per cent (22.3) strengthened compared to the same period the previous year due to a changed project and product mix.

Total depreciation and amortisation amounted to MSEK 207 (230). Depreciation of tangible fixed assets amounted to MSEK 132 (116).

Internally funded R&D expenditures amounted to MSEK 476 (470), of which MSEK 192 (154) was capitalised. The increased capitalisation of development costs is mainly related to GlobalEye. Internally funded R&D expenditures are mainly related to radar and sensor technology as well as to the T-X program.

Amortisation of intangible fixed assets amounted to MSEK 75 (114), of which amortisation of capitalised development expenditures amounted to MSEK 43 (78). The share of income in associated companies and joint ventures amounted to MSEK 1 (-12).

Operating income amounted to MSEK 492 (294) with an operating margin of 6.6 per cent (4.3). The business areas Dynamics and Support and Services saw the biggest improvements in operating income due to high activity in large projects, increased deliveries and a changed product mix.

Financial net

MSEK	Jan-Mar 2017	Jan-Mar 2016
Financial net related to pensions	-17	-16
Net interest items	-13	-13
Currency gains/losses	20	7
Other financial items	-7	19
Total	-17	-3

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 11 for more information regarding defined-benefit pension plans.

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

Currency gains/losses recognised in the financial net are mainly related to hedges of the tender portfolio, which are valued at fair value through profit and loss.

Other net financial items consist of unrealised results from the market valuation of short-term investments and derivatives, and other currency effects, e.g., changes in liquid assets in currencies other than SEK. Derivatives are used to reduce interest rate risk in the investment portfolio, consisting of long-term interest-bearing securities.

Tax

Current and deferred taxes amounted to MSEK -115 (-68), equivalent to an effective tax rate of 24 per cent (23).

Return on capital employed and equity

The pre-tax return on capital employed was 9.6 per cent (11.3) and the after-tax return on equity was 9.8 per cent (12.7), both measured over a rolling 12-month period.

Financial position and liquidity

At the end of March 2017, net debt was MSEK 873, a decrease of MSEK 963 compared to year-end 2016, when net debt amounted to MSEK 1,836.

Cash flow from operating activities amounted to MSEK 1,373.

Net provisions for pensions, excluding special employers' contribution, amounted to MSEK 2,375 as of 31 March 2017 compared to MSEK 2,424 at year-end 2016. This had a positive impact on net debt of MSEK 49. The discount rate used in the valuation of pension obligations was 2.75 per cent, in line with at year-end 2016. The inflation assumption for calculating the pension obligation was 1.75 per cent, in line with the assumption at year-end 2016. For more information on Saab's defined-benefit plans, see note 11.

During the quarter, net investments amounted to approximately MSEK 471, with capitalised internally funded R&D expenditures amounting to MSEK 192.

Currency exchange rate differences in liquid assets and unrealised results from financial investments had a positive impact on net debt of MSEK 12.

As of 31 March 2017, short-term investments and liquid assets amounted to MSEK 6,826 compared to MSEK 5,944 at year-end 2016. The increase is mainly attributable to payments for milestone deliveries and advances from customers in large projects during the period.

Capitalised development costs on the balance sheet amounted to MSEK 1,799 as of 31 March 2017 compared to MSEK 1,652 as of 31 December 2016. The increase is mainly related to GlobalEye.

Inventories increased by MSEK 492 during the first quarter 2017, mainly due to increased activity in the business area Dynamics.

Tangible fixed assets amounted to MSEK 4,911 at the end of the quarter, in line with year-end 2016.

Accounts receivable amounted to MSEK 3,874 as of 31 March 2017 and to MSEK 5,402 as of 31 December 2016. The decrease is mainly due to milestone payments in the period. Amounts due from customers amounted to MSEK 6,518 as of 31 March 2017 and to MSEK 6,222 as of 31 December 2016.

Amounts due to customers amounted to MSEK 8,063 as of 31 March 2017 and to MSEK 7,884 as of 31 December 2016.

Capital expenditures

The cash flow effect of capital expenditures in tangible fixed assets amounted to MSEK 247 (145).

Investments in intangible fixed assets amounted to MSEK 228 (172), of which MSEK 192 (154) was related to capitalised development costs and MSEK 36 (18) to other intangible fixed assets.

Changes in the consolidated statement of financial position

As of 1 January 2017, Saab has changed the structure of the consolidated statement of financial position. The following changes have been made:

Assets:

The previously reported "Other receivables" are now reported as "Amounts due from customers" and "Other receivables".

Liabilities:

The previously reported "Advance payments from customers" are now reported together with deferred income regarding long-term customer contracts according to the percentage of completion method and are denominated "Amounts due to customers" as of this interim report.

The purpose of the structure change in the consolidated statement of financial position is to increase transparency on how activities and settlements are progressing in the long-term customer projects.

Key indicators of financial position and liquidity

MSEK	31 Mar 2017	31 Dec 2016	Change	31 Mar 2016
Net liquidity / debt ¹⁾	-873	-1,836	963	-626
Intangible fixed assets	7,222	7,094	128	6,500
Goodwill	5,175	5,196	-21	5,021
Capitalised development costs	1,799	1,652	147	1,231
Other intangible fixed assets	248	246	2	248
Tangible fixed assets, etc ²⁾	5,234	5,135	99	4,817
Inventories	7,152	6,660	492	5,540
Accounts receivable	3,874	5,402	-1,528	3,140
Amounts due from customers ³⁾	6,518	6,222	296	6,332
Amounts due to customers ³⁾	8,063	7,884	179	6,582
Equity/assets ratio, %	33.3	32.3		33.9
Return on equity, %	9.8	9.0		12.7
Equity per share, SEK ⁴⁾	128.57	123.64	4.93	120.17

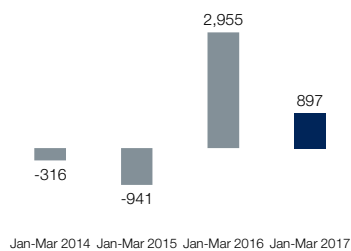
1) The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution. For a detailed break-down of interest-bearing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

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

3) Relate to long-term customer contracts according to the percentage of completion method.

4) Number of shares excluding treasury shares; 2017 Mar: 106,471,116; 2016 Mar: 106,027,804; 2016 Dec: 106,405,523.

Free cash flow, MSEK



Cash flow

Cash flow from operating activities excluding taxes and other financial items amounted to MSEK 1,457 (3,435), see note 9.

Saab has an established programme to sell trade receivables to strengthen its financial position and increase financial flexibility. As of 31 March 2017, no receivables had been sold, just like as of 31 December 2016. Saab's aim is to utilise this programme in situations where greater financial flexibility is needed.

Operational cash flow amounted to MSEK 986 (3,056). It is defined as cash flow from operating activities excluding taxes and other financial items, as well as acquisitions and divestments of intangible and tangible fixed assets. The strong operational cash flow during the first quarter 2016 compared to 2017 is mainly due to larger advances and milestone payments from customers related to the Gripen programmes and an order in the end of 2015 for the airborne surveillance system GlobalEye.

Free cash flow amounted to MSEK 897 (2,955). For more detailed information on cash flow, see note 9.

	Total Group Jan-Mar 2017	Total Group Jan-Mar 2016
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items	786	595
Change in working capital	671	2,840
Cash flow from operating activities excluding taxes and other financial items	1,457	3,435
Cash flow from investing activities ¹⁾	-471	-379
Operational cash flow	986	3,056
Taxes and other financial items	-84	-101
Sales and acquisitions	-5	-
Free cash flow	897	2,955

1) 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 sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

Operating segments

As of 1 January 2017 the business unit Saab Kockums is a business area and has changed name to Kockums. For more information, see note 3.

BUSINESS AREA AERONAUTICS

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology.

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	614	294	109	1,789
Order backlog	53,063	58,148	-9	54,127
Sales	1,678	1,622	3	7,138
EBITDA	91	76	20	576
EBITDA margin, %	5.4	4.7		8.1
Operating income (EBIT)	80	67	19	535
Operating margin, %	4.8	4.1		7.5
Operational cash flow	978	1,511		435
Defence/Civil (% of sales)	99/1	99/1		99/1
No. of FTE's	2,967	2,749	8	2,932

Orders

- During the first quarter 2017, Saab received an order from FMV to provide operational and development support for Gripen during 2017.

Sales, income and margin

- The activity level within the Gripen programme to Sweden and to Brazil was continuously high during the quarter.
- During the first quarter 2017, investments in the T-X program were somewhat lower than in 2016.

Cash flow

- Aeronautics received larger milestone payments in the first quarter 2017, which led to a positive cash flow.



Large orders
Orders exceeding MSEK 100 accounted for 55% (13%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 32% (29%) in the period.

Business units

Gripen E/F, Gripen C/D, Gripen Brazil, Advanced Pilot Training Systems and Operations Contracts.

BUSINESS AREA DYNAMICS

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, training systems and signature management systems for armed forces around the world.

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	4,287	1,887	127	6,680
Order backlog	11,333	7,097	60	8,031
Sales	982	1,072	-8	4,927
EBITDA	111	57	95	522
EBITDA margin, %	11.3	5.3		10.6
Operating income (EBIT)	90	40	125	447
Operating margin, %	9.2	3.7		9.1
Operational cash flow	137	-107		282
Defence/Civil (% of sales)	93/7	94/6		94/6
No. of FTE's	2,111	2,032	4	2,094

Orders

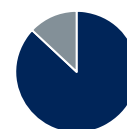
- During the first quarter 2017, Dynamics signed a contract with FMV for the development and production of the next generation anti-ship missile system. The total order value amounted to SEK 3.2 billion. In addition, a contract with FMV was signed regarding product support and maintenance of the Swedish Navy's underwater weapon systems.
- Saab also signed a contract extension with the United Kingdom's Ministry of Defence for provision of support and services to the Direct Fire Weapon Effects Simulator (DFWES) capability. The three-year extension has an order value of MSEK 245.

Sales, income and margin

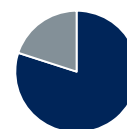
- Sales in the first quarter 2017 was lower than in the same period the previous year, due to differences in product delivery timing.
- The operating margin improved in the period due to a changed product mix.

Cash flow

- Operational cash flow was positive in the period due to received payments for deliveries at the end of 2016 as well as received advances and milestone payments.



Large orders
Orders exceeding MSEK 100 accounted for 87% (76%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 80% (87%) in the period.

Business units

Ground Combat, Missile Systems, Underwater Systems, Barracuda and Training and Simulation.

BUSINESS AREA SURVEILLANCE

Surveillance's product portfolio includes airborne, ground-based and naval radar systems, electronic warfare systems, combat systems and C4I solutions as well as traffic management systems.

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	2,152	1,187	81	5,993
Order backlog	16,167	17,088	-5	16,415
Sales	1,783	1,801	-1	7,659
EBITDA	173	177	-2	940
EBITDA margin, %	9.7	9.8		12.3
Operating income (EBIT)	88	55	60	449
Operating margin, %	4.9	3.1		5.9
Operational cash flow	519	1,566		1,865
Defence/Civil (% of sales)	81/19	81/19		82/18
No. of FTE's	4,047	3,570	13	3,963

Orders

- During the first quarter 2017, Surveillance and Support and Services received an order in the Airborne Early Warning and Control (AEW&C) segment. The order value amounted to MUSD 236, approximately SEK 2 billion, of which approximately MSEK 550 was related to Surveillance.
- In addition, a number of orders were received within the traffic management segment. Saab received an order from NATS, the United Kingdom's leading provider of air traffic control services, of Wide Area Multilateration (WAM) equipment at two key sites in the UK and an order to install a remote tower demonstrator suite at Swanwick Control Centre. Also, Belgocontrol ordered Advanced – Surface Movement Guidance & Control Systems (A-SMGCS), an air traffic control system, at Liège Airport and Brussels South Charleroi Airport.

Sales, income and margin

- The operating margin was strengthened during the first quarter 2017 due to lower amortisation of capitalised development costs.

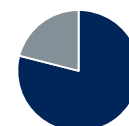
Cash flow

- Operational cash flow was positive, mainly due to advance payments in the period.



Large orders

Orders exceeding MSEK 100 accounted for 54% (11%) of total orders in the period.



Market

Sales in markets outside Sweden amounted to 79% (82%) in the period.

Business units

Surface Radar Solutions, Airborne Surveillance Systems, Electronic Warfare Systems, Traffic Management and Combat Systems and C4I Solutions.

BUSINESS AREA SUPPORT AND SERVICES

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

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	2,135	1,003	113	4,473
Order backlog	13,381	13,112	2	12,938
Sales	1,762	1,284	37	5,081
EBITDA	161	103	56	470
EBITDA margin, %	9.1	8.0		9.3
Operating income (EBIT)	156	98	59	454
Operating margin, %	8.9	7.6		8.9
Operational cash flow	-241	1,269		1,243
Defence/Civil (% of sales)	85/15	75/25		73/27
No. of FTE's	2,056	2,171	-5	2,119

Orders

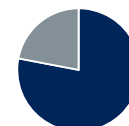
- During the first quarter 2017, Support and Services and Surveillance received an order in the AEW&C segment. The order value amounted to MUSD 236, approximately SEK 2 billion, of which approximately MSEK 1,450 was related to Support and Services.
- A framework agreement was signed with Loomis Group regarding logistic solutions for secure transportations. The agreement was signed for seven years.

Sales, income and margin

- Sales increased during the first quarter 2017 due to larger orders within the AEW&C segment.
- The operating margin was strengthened in the first quarter 2017, mainly due to higher sales where activity levels in large projects were high in the period and to a changed product mix.

Cash flow

- Operational cash flow was negative, mainly due to high activity in large projects.



Large orders

Orders exceeding MSEK 100 accounted for 78% (11%) of total orders in the period.



Market

Sales in markets outside Sweden amounted to 65% (46%) in the period.

Business units

Aviation Services, Airborne ISR, Gripen Support, Networks and Public Safety, Tactical Solutions and Maintenance Production.

BUSINESS AREA INDUSTRIAL PRODUCTS AND SERVICES

The business units within Industrial Products and Services are focused on business-to-business (B2B) customers. There is also a minority portfolio containing Saab's ownership interest in companies in various stages of development.

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	823	753	9	3,358
Order backlog	9,195	9,469	-3	9,361
Sales	1,016	873	16	3,605
EBITDA	79	62	27	170
EBITDA margin, %	7.8	7.1		4.7
Operating income (EBIT)	70	53	32	134
Operating margin, %	6.9	6.1		3.7
Operational cash flow	-225	-123		-54
Defence/Civil (% of sales)	38/62	38/62		40/60
No. of FTE's	2,757	2,388	15	2,679

Orders

- Order bookings increased somewhat during the first quarter 2017 due to orders within the existing programmes in business unit Aerostructures as well as small and middle-sized orders in Combitech.

Sales, income and margin

- Sales in the first quarter 2017 increased, mainly due to stronger sales in Combitech. This was caused by increased demand, by the transfer of Ericsson's development organisation with focus on radio software development in October 2016 and also by the acquisition of Watchcom AS in 2016 and the transfer of the Tikab operations from business area Support and Services as of 2017.
- The operating margin was strengthened in the first quarter, mainly due to a good utilisation rate in Combitech.

Cash flow

- Operational cash flow was negative in the first quarter 2017, mainly due to high activity to prepare for deliveries in the business units Aerostructures and Avionics Systems.



Large orders
Orders exceeding MSEK 100 accounted for 29% (0%) of total orders in the period.



Market
Sales in markets outside Sweden amounted to 37% (45%) in the period.

Business units

Aerostructures, Avionics Systems, Combitech and Ventures Portfolio.

BUSINESS AREA KOCKUMS

Kockums' portfolio includes submarine systems with Stirling system for air-independent propulsion, surface combatants, mine hunting systems and autonomous vessels.

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Full Year 2016
Order bookings	149	132	13	1,293
Order backlog	8,381	9,429	-11	8,910
Sales	678	632	7	2,311
EBITDA	41	43	-5	165
EBITDA margin, %	6.0	6.8		7.1
Operating income (EBIT)	35	34	3	134
Operating margin, %	5.2	5.4		5.8
Operational cash flow	114	240		639
Defence/Civil (% of sales)	100/0	100/0		100/0
No. of FTE's	882	804	10	853

Sales, income and margin

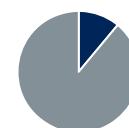
- Sales increased during the first quarter 2017 due to higher activity in the A26 programme to Sweden and also regarding the ongoing half-time modifications of two Gotland class submarines.

Cash flow

- Operational cash flow was positive in the first quarter 2017 due to timing differences between milestone payments and activity.



Large orders
Orders exceeding MSEK 100 accounted for 0% (0%) of total orders in the period.



Market Sales in markets outside Sweden amounted to 11% (5%) in the period.

Business units

Submarines and Surface Ships.

Owners

According to Modular Finance, Saab's largest shareholders as of 31 March 2017 were:

	% of capital	% of votes
Investor AB Knut and Alice Wallenberg Foundation	30.0	40.4
Swedbank Robur funds	8.7	7.7
AFA Insurance	4.8	4.2
Fidelity	2.4	2.1
Unionen	2.2	2.0
Handelsbanken funds	1.9	1.7
SEB Funds	1.6	1.4
Norges Bank	1.2	1.1
Dimensional Fund Advisors	1.2	1.0

The percentage of votes is calculated on the number of shares excluding treasury shares at the end of the period.

Personnel

	31 Mar 2017	31 Dec 2016
Number of employees	15,695	15,465
FTE's	15,672	15,474

Corporate

Corporate reported operating income of MSEK -27 (-53) during the first quarter 2017.

Operational cash flow attributable to Corporate amounted to MSEK -296 (-1,300) in the first quarter 2017.

For more information on cash flow, see page 4.

Acquisitions and divestments 2017

No significant acquisitions or divestments were made in the first quarter 2017.

Share repurchase

Saab held 2,679,228 treasury shares as of 31 March 2017, compared to 2,744,821 at year-end 2016.

The Annual General Meeting on 5 April 2017 authorised the Board of Directors to repurchase up to 10 per cent of Saab's shares to hedge Saab's long-term incentive programmes.

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 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 material risks. Saab today conducts more projects with major development parts than before, and their inherent complexity raises risk in several dimensions.

The market is characterised by challenging conditions where orders are deferred to the future partly for financial reasons, at the same time that customers are also dealing with shorter timeframes.

For a general description of the risk areas, see pages 66-69 of the annual report 2016.



GlobalEye

In January, Saab received a large order within the AEW&C segment from the United Arab Emirates. This was the second order for GlobalEye and the order value amounted to approximately MUSD 236 (approximately MSEK 2,000). Deliveries will take place between 2019 and 2021.

Other events in January-March 2017

- Saab and Aalto University signed an agreement for a ten-year programme with the aim of strengthening their research cooperation, especially in long-term sensor technology research. Aalto University and Saab have been working together in this field for some time, and the newly signed agreement further strengthens this cooperation. The total value of the agreement is approximately 20 million Euro spread over ten years.
- Saab made changes within the Group Management. Ulf Nilsson left his position as head of business area Aeronautics and thus Saab's Group Management. Lennart Sindahl became acting head of business area Aeronautics and an adjunct member of the Group Management.
- Saab rose in popularity among women when Universum ranked the most popular places to work among Swedish engineering students. Saab climbed from 22nd to 16th place among female engineering students and among male student Saab went from third to fourth place. In total, Saab remained the sixth most popular employer among Swedish engineering students.

For information on significant orders received in 2017, see page 2 and the comments on the business segments on pages 6-8 and in note 3.

Events after the conclusion of the period

- Saab was selected by the Civil Aviation Authority of Singapore (CAAS) to deploy its Advanced – Surface Movement Guidance & Control System (A-SMGCS) and latest generation Multilateration System at Singapore Changi Airport.
- Saab signed a contract with FMV for delivery of a Special Purpose Ship for Signal Intelligence (SIGINT). The order covers the period 2017– 2020, with a total value of SEK 730 million.
- Saab received an order for the electronic warfare self-protection and countermeasures system BOZ-101 EC from the NATO Eurofighter 2000 and Tornado Management Agency (NETMA) on behalf of the German Air Force.
- Under a joint procurement process with Denmark and Norway, Saab signed framework agreements with the respective countries for the supply of static and mobile camouflage systems to their armed forces. The agreements allow the countries to place orders for camouflage systems over a four-year contract period.
- The Annual General Meeting on 5 April 2017 decided on a dividend of SEK 5.25 per share (totaling MSEK 559) to the shareholders. The record date for the dividend was set at 7 April 2017 and the payment of dividend to 12 April 2017.
- The Annual General Meeting decided to elect Danica Kragic Jensfelt, Daniel Nodhäll, and Erika Söderberg Johnson as new Board members, to re-elect Håkan Buskhe, Sten Jakobsson, Sara Mazur, Cecilia Stegö Chilò, Marcus Wallenberg, Joakim Westh, and Bert Nordberg as Board Members, and to re-elect Marcus Wallenberg as Chairman of the Board.



ABOUT SAAB

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. The company has operations and employees on all continents and constantly develops, adapts 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 15,700 employees
- Local presence in 36 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, adapts 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 operating segments for control and reporting purposes: the business areas Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, Corporate comprises Group staff, Group departments and secondary operations.

To ensure a presence in key local markets, Saab also has five market areas: 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 the sale of goods. Sales, income and cash flow vary during the year depending on the nature of the project.

Long-term customer contracts are recognised in revenue as the project is completed, while cash flows depend on the timing of deliveries, advances and milestone payments during the contract period.

Service assignments consist of consulting and support services. Examples include education and ongoing maintenance associated with previous deliveries. Revenue from service assignments on current account is recognised when the services are rendered, while service assignments that are part of fixed-price contracts are recognised according to the same principles as long-term customer contracts.

The third part of the revenue model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers. This revenue is recognised when ownership has been transferred to the buyer.

SAAB'S STRATEGY

To stay a step ahead in an optimal way and meet our customers' needs, we have based our strategy on three priorities. The aim is to create long-term value by working to achieve them. Sustainability issues affect our entire business, and engaged employees are the key to success.

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

Market

We focus on areas where we have a strong market position and on strengthening our position in areas with good growth opportunities. Our global presence and diversity will be strengthened in part through partnerships and local collaborations. We have zero tolerance for corruption and work actively to create a thoroughly transparent defence market.

Efficiency

The focus is on making functional processes more efficient, developing an even more business-oriented culture and developing leaders and employees.

Innovation

We concentrate our product portfolio on innovations in five core areas and feel that diversity and engaged employees drive innovation.

FINANCIAL GOALS

Sales

Average organic sales growth of 5 per cent per year over a business cycle.

Operating margin

Average operating margin (EBIT) of at least 10 per cent per year over a business cycle.

Equity/assets ratio

The equity/assets ratio will exceed 30 per cent.

Dividend

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

CONSOLIDATED INCOME STATEMENT

MSEK	Note	Jan-Mar 2017	Jan-Mar 2016	Rolling 12 Months	Full Year 2016
Sales	3	7,430	6,790	29,271	28,631
Cost of goods sold		-5,694	-5,279	-22,163	-21,748
Gross income		1,736	1,511	7,108	6,883
<i>Gross margin, %</i>		<i>23.4</i>	<i>22.3</i>	<i>24.3</i>	<i>24.0</i>
Other operating income		19	39	181	201
Marketing expenses		-563	-496	-2,290	-2,223
Administrative expenses		-352	-329	-1,387	-1,364
Research and development costs		-328	-394	-1,526	-1,592
Other operating expenses		-21	-25	-66	-70
Share in income of associated companies and joint ventures		1	-12	-25	-38
Operating income (EBIT) ¹⁾	3	492	294	1,995	1,797
<i>Operating margin, %</i>		<i>6.6</i>	<i>4.3</i>	<i>6.8</i>	<i>6.3</i>
Financial income		37	50	77	90
Financial expenses		-54	-53	-277	-276
Net financial items		-17	-3	-200	-186
Income before taxes		475	291	1,795	1,611
Taxes		-115	-68	-483	-436
Net income for the period		360	223	1,312	1,175
of which Parent Company's shareholders' interest		354	213	1,274	1,133
of which non-controlling interest		6	10	38	42
Earnings per share before dilution, SEK ²⁾		3.33	2.01	11.99	10.67
Earnings per share after dilution, SEK ³⁾		3.30	1.99	11.89	10.60
1) Includes depreciation/amortisation and write-downs		-207	-230	-923	-946
2) Average number of shares before dilution		106,438,320	105,992,435	106,275,621	106,164,150
3) Average number of shares after dilution		107,320,873	106,853,562	107,106,443	106,906,726

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jan-Mar 2017	Jan-Mar 2016	Rolling 12 Months	Full Year 2016
Net income for the period	360	223	1,312	1,175
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	74	-513	-36	-623
Tax attributable to revaluation of net pension obligations	-16	113	8	137
Total	58	-400	-28	-486
Items that may be reversed in the income statement:				
Translation differences	-11	-41	417	387
Cash flow hedges	167	144	-226	-249
Tax attributable to cash flow hedges	-42	-36	33	39
Total	114	67	224	177
Other comprehensive income/loss for the period	172	-333	196	-309
Net comprehensive income/loss for the period	532	-110	1,508	866
of which Parent Company's shareholders' interest	511	-127	1,416	778
of which non-controlling interest	21	17	92	88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Mar 2017	31 Dec 2016	31 Mar 2016
ASSETS				
Fixed assets:				
Intangible fixed assets	5	7,222	7,094	6,500
Tangible fixed assets		4,911	4,811	4,493
Biological assets		290	291	290
Investment properties		33	33	34
Shares in associated companies and joint ventures		799	788	662
Financial investments		165	165	188
Long-term receivables	11	543	505	438
Deferred tax assets		180	252	374
Total fixed assets		14,143	13,939	12,979
Current assets:				
Inventories		7,152	6,660	5,540
Derivatives		1,178	1,290	903
Tax receivables		125	120	171
Accounts receivable		3,874	5,402	3,140
Amounts due from customers		6,518	6,222	6,332
Other receivables		649	599	532
Prepaid expenses and accrued income		1,157	1,035	1,115
Short-term investments		4,771	4,542	5,545
Liquid assets	9	2,055	1,402	1,556
Total current assets		27,479	27,272	24,834
TOTAL ASSETS		41,622	41,211	37,813
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity:				
Parent Company's shareholders' interest		13,689	13,156	12,741
Non-controlling interest		166	145	78
Total shareholders' equity		13,855	13,301	12,819
Long-term liabilities:				
Long-term interest-bearing liabilities	6	5,610	5,624	5,471
Other liabilities		200	202	134
Provisions for pensions	11	3,029	3,069	2,868
Other provisions		800	811	873
Deferred tax liabilities		42	30	35
Total long-term liabilities		9,681	9,736	9,381
Current liabilities:				
Short-term interest-bearing liabilities	6	294	292	508
Amounts due to customers		8,063	7,884	6,582
Accounts payable		2,600	2,880	2,046
Derivatives		1,448	1,955	1,378
Tax liabilities		129	81	49
Other liabilities		634	695	568
Accrued expenses and deferred income		4,430	3,988	4,078
Provisions		488	399	404
Total current liabilities		18,086	18,174	15,613
Total liabilities		27,767	27,910	24,994
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		41,622	41,211	37,813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Capital stock	Other capital contributions	Net result of cash flow hedges	Translation reserve	Revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
Opening balance, 1 January 2016	1,746	543	-538	153	11	10,936	12,851	61	12,912
Net comprehensive income/loss for the period January-March 2016			101	-41		-187	-127	17	-110
Transactions with shareholders:									
Share matching plan						17	17		17
Closing balance, 31 March 2016	1,746	543	-437	112	11	10,766	12,741	78	12,819
Net comprehensive income/loss for the period April-December 2016			-342	413		834	905	71	976
Transactions with shareholders:									
Share matching plan						67	67		67
Dividend						-530	-530	-18	-548
Acquisition and sale of non-controlling interest						-27	-27	14	-13
Closing balance, 31 December 2016	1,746	543	-779	525	11	11,110	13,156	145	13,301
Opening balance, 1 January 2017	1,746	543	-779	525	11	11,110	13,156	145	13,301
Net comprehensive income/loss for the period			110	-11		412	511	21	532
Transactions with shareholders:									
Share matching plan						22	22		22
Closing balance, 31 March 2017	1,746	543	-669	514	11	11,544	13,689	166	13,855

CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Operating activities:				
Income after financial items		475	291	1,611
Adjustments for items not affecting cash flows		271	277	1,226
Dividend from associated companies and joint ventures		-	-	16
Income tax paid		-44	-74	-120
Cash flow from operating activities before changes in working capital		702	494	2,733
Cash flow from changes in working capital:				
Amounts due from and to customers		-121	3,673	5,092
Inventories		-483	-313	-1,329
Other current receivables		1,134	-223	-2,540
Other current liabilities		163	-224	521
Provisions		-22	-73	-323
Cash flow from operating activities		1,373	3,334	4,154
Investing activities:				
Investments in intangible fixed assets		-36	-18	-98
Capitalised development costs		-192	-154	-784
Investments in tangible fixed assets		-247	-145	-807
Sales and disposals of tangible fixed assets		4	-	27
Investments in and sale of short-term investments		-229	-2,506	-1,525
Investments in financial assets		-18	-74	-169
Sale of financial assets		-	5	25
Investments in operations, net effect on liquidity	10	-	-	-49
Sale of subsidiaries, net effect on liquidity		-	-	77
Cash flow from investing activities		-718	-2,892	-3,303
Financing activities:				
Repayments of loans		-6	-354	-582
Raising of loans		-	621	732
Dividend paid to Parent Company's shareholders		-	-	-530
Dividend paid to non-controlling interest		-	-	-5
Transactions with non-controlling interest		-	-	15
Cash flow from financing activities		-6	267	-370
Cash flow for the period		649	709	481
Liquid assets at the beginning of the period		1,402	850	850
Exchange rate difference in liquid assets		4	-3	71
Liquid assets at end of period	9	2,055	1,556	1,402

QUARTERLY CONSOLIDATED INCOME STATEMENT

MSEK	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Sales	7,430	9,016	5,761	7,064	6,790	10,070	5,787	5,940
Cost of goods sold	-5,694	-6,565	-4,409	-5,495	-5,279	-7,540	-4,505	-4,582
Gross income	1,736	2,451	1,352	1,569	1,511	2,530	1,282	1,358
<i>Gross margin, %</i>	<i>23.4</i>	<i>27.2</i>	<i>23.5</i>	<i>22.2</i>	<i>22.3</i>	<i>25.1</i>	<i>22.2</i>	<i>22.9</i>
Other operating income	19	25	37	100	39	272	23	54
Marketing expenses	-563	-660	-524	-543	-496	-569	-460	-553
Administrative expenses	-352	-404	-294	-337	-329	-392	-305	-329
Research and development costs	-328	-435	-327	-436	-394	-481	-346	-380
Other operating expenses	-21	-21	-10	-14	-25	-30	-8	-6
Share of income in associated companies and joint ventures	1	4	-8	-22	-12	17	-	13
Operating income (EBIT) ¹⁾	492	960	226	317	294	1,347	186	157
<i>Operating margin, %</i>	<i>6.6</i>	<i>10.6</i>	<i>3.9</i>	<i>4.5</i>	<i>4.3</i>	<i>13.4</i>	<i>3.2</i>	<i>2.6</i>
Financial income	37	30	19	-9	50	132	-36	46
Financial expenses	-54	-88	-69	-66	-53	-143	-89	9
Net financial items	-17	-58	-50	-75	-3	-11	-125	55
Income before taxes	475	902	176	242	291	1,336	61	212
Taxes	-115	-263	-54	-51	-68	-227	-25	-45
Net income for the period	360	639	122	191	223	1,109	36	167
of which Parent Company's shareholders' interest	354	624	113	183	213	1,101	26	151
of which non-controlling interest	6	15	9	8	10	8	10	16
Earnings per share before dilution, SEK ²⁾	3.33	5.87	1.06	1.72	2.01	10.40	0.25	1.43
Earnings per share after dilution, SEK ³⁾	3.30	5.82	1.06	1.71	1.99	10.32	0.24	1.42
1) Includes depreciation/amortisation and write-downs	-207	-246	-236	-234	-230	-253	-243	-235
2) Average number of shares before dilution	106,438,320	106,346,321	106,223,750	106,094,093	105,992,435	105,900,182	105,781,884	105,643,700
3) Average number of shares after dilution	107,320,873	107,167,229	107,024,906	106,912,764	106,853,562	106,688,771	106,529,247	106,442,012

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Net income for the period	360	639	122	191	223	1,109	36	167
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	74	650	-327	-433	-513	339	-233	1,257
Tax attributable to revaluation of net pension obligations	-16	-143	72	95	113	-73	51	-276
Total	58	507	-255	-338	-400	266	-182	981
Items that may be reversed in the income statement:								
Translation differences	-11	169	125	134	-41	-66	-63	-156
Net gain/loss on available-for-sale financial assets	-	-	-	-	-	-90	-6	-3
Net gain/loss on cash flow hedges	167	-344	130	-179	144	190	-187	56
Tax attributable to net gain/loss on cash flow hedges	-42	80	-39	34	-36	-39	49	-14
Total	114	-95	216	-11	67	-5	-207	-117
Other comprehensive income/loss for the period	172	412	-39	-349	-333	261	-389	864
Net comprehensive income/loss for the period	532	1,051	83	-158	-110	1,370	-353	1,031
of which Parent Company's shareholders' interest	511	1,026	60	-181	-127	1,375	-335	1,024
of which non-controlling interest	21	25	23	23	17	-5	-18	7

KEY RATIOS BY QUARTER

MSEK	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Equity/assets ratio, (%)	33.3	32.3	32.5	31.9	33.9	36.8	35.1	37.2
Return on capital employed, % ³⁾	9.6	8.9	11.8	11.3	11.3	11.2	8.1	8.7
Return on equity, % ³⁾	9.8	9.0	13.8	13.0	12.7	11.5	7.8	8.6
Equity per share, SEK ^{1) 3)}	128.57	123.64	113.88	113.25	120.17	121.28	108.36	111.48
Free cash flow, MSEK ³⁾	897	619	-2,311	1,096	2,955	869	487	-1,141
Free cash flow per share after dilution, SEK ^{2) 3)}	8.36	5.78	-21.59	10.25	27.65	8.15	4.57	-10.72
1) Number of shares excluding treasury shares	106,471,116	106,405,523	106,287,119	106,160,381	106,027,804	105,957,065	105,843,298	105,720,470
2) Average number of shares after dilution	107,320,873	107,167,229	107,024,906	106,912,764	106,853,562	106,688,771	106,529,247	106,442,012

3) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.

QUARTERLY INFORMATION PER OPERATING SEGMENT

MSEK	Q1 2017	Operating margin	Q4 2016	Operating margin	Q3 2016	Operating margin	Q2 2016	Operating margin
Sales								
Aeronautics	1,678		2,215		1,562		1,739	
Dynamics	982		2,036		775		1,044	
Surveillance	1,783		2,224		1,583		2,051	
Support and Services	1,762		1,504		967		1,326	
Industrial Products and Services	1,016		1,066		697		969	
Kockums	678		646		544		489	
Internal sales	-469		-675		-367		-554	
Total	7,430		9,016		5,761		7,064	
Operating income/loss								
Aeronautics	80	4.8%	215	9.7%	151	9.7%	102	5.9%
Dynamics	90	9.2%	374	18.4%	-6	-0.8%	39	3.7%
Surveillance	88	4.9%	231	10.4%	90	5.7%	73	3.6%
Support and Services	156	8.9%	198	13.2%	21	2.2%	137	10.3%
Industrial Products and Services	70	6.9%	78	7.3%	-22	-3.2%	25	2.6%
Kockums	35	5.2%	49	7.6%	26	4.8%	25	5.1%
Corporate	-27		-185		-34		-84	
Total	492	6.6%	960	10.6%	226	3.9%	317	4.5%

MSEK	Q1 2016	Operating margin	Q4 2015	Operating margin	Q3 2015	Operating margin	Q2 2015	Operating margin
Sales								
Aeronautics	1,622		2,114		1,686		1,364	
Dynamics	1,072		1,555		892		794	
Surveillance	1,801		2,613		1,458		1,712	
Support and Services	1,284		2,795		934		1,183	
Industrial Products and Services	873		1,022		762		912	
Kockums	632		599		433		476	
Internal sales	-494		-628		-378		-501	
Total	6,790		10,070		5,787		5,940	
Operating income/loss								
Aeronautics	67	4.1%	305	14.4%	120	7.1%	30	2.2%
Dynamics	40	3.7%	294	18.9%	28	3.1%	-106	-13.4%
Surveillance	55	3.1%	318	12.2%	3	0.2%	-39	-2.3%
Support and Services	98	7.6%	417	14.9%	-27	-2.9%	72	6.1%
Industrial Products and Services	53	6.1%	104	10.2%	8	1.0%	67	7.3%
Kockums	34	5.4%	-19	-3.2%	68	15.7%	124	26.1%
Corporate	-53		-72		-14		9	
Total	294	4.3%	1,347	13.4%	186	3.2%	157	2.6%

2015 has been restated according to the structural changes described in the annual report 2015, page 35.

MULTI-YEAR OVERVIEW

MSEK	2016	2015	2014	2013	2012
Order bookings	21,828	81,175	22,602	49,809	20,683
Order backlog at 31 December	107,606	113,834	60,128	59,870	34,151
Sales	28,631	27,186	23,527	23,750	24,010
<i>Sales in Sweden, %</i>	<i>43</i>	<i>42</i>	<i>45</i>	<i>41</i>	<i>36</i>
<i>Sales in Europe excluding Sweden, %</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>20</i>	<i>21</i>
<i>Sales in North America, %</i>	<i>10</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>11</i>
<i>Sales in Latin America, %</i>	<i>7</i>	<i>6</i>	<i>2</i>	<i>2</i>	<i>1</i>
<i>Sales in Rest of the world, %</i>	<i>23</i>	<i>25</i>	<i>24</i>	<i>26</i>	<i>31</i>
Operating income (EBIT)	1,797	1,900	1,659	1,345	2,050
<i>Operating margin, %</i>	<i>6.3</i>	<i>7.0</i>	<i>7.1</i>	<i>5.7</i>	<i>8.5</i>
Depreciation/amortisation less depreciation/amortisation of lease aircraft	946	959	864	1,022	1,136
EBITDA	2,743	2,859	2,523	2,367	3,186
<i>EBITDA margin, %</i>	<i>9.6</i>	<i>10.5</i>	<i>10.7</i>	<i>10.0</i>	<i>13.3</i>
Income after financial items	1,611	1,731	1,523	979	2,003
Net income for the year	1,175	1,402	1,168	742	1,560
Total assets	41,211	35,088	29,556	27,789	28,938
Equity	13,301	12,912	11,373	12,227	11,280
Free cash flow ¹⁾	2,359	-726	-1,094	-1,460	-396
<i>Return on capital employed, % ¹⁾</i>	<i>8.9</i>	<i>11.2</i>	<i>11.1</i>	<i>9.1</i>	<i>14.6</i>
<i>Return on equity, % ¹⁾</i>	<i>9.0</i>	<i>11.5</i>	<i>9.9</i>	<i>6.3</i>	<i>12.8</i>
<i>Equity/assets ratio, %</i>	<i>32.3</i>	<i>36.8</i>	<i>38.5</i>	<i>44.0</i>	<i>39.0</i>
Earnings per share before dilution, SEK ¹⁾	10.67	12.88	10.86	6.98	15.00
Earnings per share after dilution, SEK ¹⁾	10.60	12.79	10.78	6.79	14.52
Dividend per share, SEK	5.25	5.00	4.75	4.50	4.50
Equity per share, SEK ¹⁾	123.64	121.28	107.02	114.04	105.43
Number of employees at year-end	15,465	14,685	14,716	14,140	13,968
Number of shares excluding treasury shares as of 31 December	106,405,523	105,957,065	105,499,980	106,414,144	105,930,829
Average number of shares before dilution	106,164,150	105,714,805	106,125,666	106,125,107	105,632,911
Average number of shares after dilution	106,906,726	106,450,263	106,916,255	109,150,344	109,150,344

1) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.

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).

KEY RATIOS AND GOALS

	Long-term target	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Organic sales growth, %	5	8	27	5
Operating margin, %	10	6.6	4.3	6.3
Equity/assets ratio, %	30	33.3	33.9	32.3

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Sales	5,023	4,287	17,988
Cost of goods sold	-3,902	-3,471	-14,125
Gross income	1,121	816	3,863
<i>Gross margin, %</i>	<i>22.3</i>	<i>19.0</i>	<i>21.5</i>
Operating income and expenses	-957	-888	-3,869
Operating income (EBIT)	164	-72	-6
<i>Operating margin, %</i>	<i>3.3</i>	<i>-1.7</i>	<i>-0.0</i>
Financial income and expenses	34	-64	317
Income after financial items	198	-136	311
Appropriations	-	-	-141
Income before taxes	198	-136	170
Taxes	-60	12	-73
Net income for the period	138	-124	97

Parent Company

The Parent Company includes units within the business areas Aeronautics, Surveillance, Support and Services, and Industrial Products and Services as well as one unit within Dynamics. Group staff and Group support are also included.

PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Mar 2017	31 Dec 2016	31 Mar 2016
ASSETS				
Fixed assets:				
Intangible fixed assets		500	545	735
Tangible fixed assets		3,085	3,033	2,907
Financial fixed assets		6,692	6,725	7,568
Total fixed assets		10,277	10,303	11,210
Current assets:				
Inventories		5,021	4,980	3,777
Current receivables		11,955	12,798	9,668
Short term investments		4,754	4,524	5,505
Liquid assets		1,203	651	967
Total current assets		22,933	22,953	19,917
TOTAL ASSETS		33,210	33,256	31,127
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity:				
Restricted equity		2,971	2,971	2,977
Unrestricted equity		4,837	4,676	4,912
Total shareholders' equity		7,808	7,647	7,889
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,280	2,280	2,139
Provisions		630	807	770
Liabilities	6	22,492	22,522	20,329
Total untaxed reserves, provisions and liabilities		25,402	25,609	23,238
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		33,210	33,256	31,127

Liquidity, financing, capital expenditures and number of employees

The Parent Company's net debt amounted to MSEK 2,645 as of 31 March 2017 compared to MSEK 3,041 as of 31 December 2016.

Investments in tangible fixed assets amounted to MSEK 142 (106). Investments in intangible assets amounted to MSEK 33 (17). At the end of the period, the Parent Company had 9,071 employees, compared to 8,941 at the beginning of the year.

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

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, associated companies and joint ventures, are described in the annual report 2016.

NOTE 2 Accounting principles

The consolidated accounts for the first three months of 2017 are prepared according to IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared according to the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities. The Group's accounting principles are described on pages 96 to 97 as well as in the notes on material profit/loss and balance sheet items in the annual report 2016.

The Group and the Parent Company apply the same accounting principles and methods of computation as described in the annual report 2016.

The interim 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 2016. All information on pages 1-30 constitute the interim report January-March 2017.

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 are also operating segments: Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, Corporate comprises Group staff and departments as well as other operations outside the core operations.

Aeronautics

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology. It also conducts long-term future studies of manned and unmanned aircraft as preparation for new systems and further development of existing products.

Dynamics

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, systems for training and simulation, signature management systems for armed forces around the world, and niche products for the civil and defence markets.

Surveillance

Surveillance provides efficient solutions for safety and security, for surveillance and decision support, and for threat detection, location, and protection. The portfolio covers airborne, ground-based and naval radar, electronic warfare, combat systems and C4I solutions, and traffic management systems.

Support and Services

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

Industrial Products and Services

The business units within Industrial Products and Services are focused on business-to-business (B2B) customers. There is also a minority portfolio containing Saab's ownership interests in companies in various stages of development.

Kockums

Kockums develops, delivers, and maintains world-class solutions for naval environments. Its portfolio includes submarines with the Stirling system for air independent propulsion, surface combatants, mine hunting systems and autonomous vessels. Kockums' unique competence is in signature management, impact strength and advanced stealth technology.

Order bookings per operating segment

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, % 12 Months	Rolling 12 Months	Full Year 2016
Aeronautics	614	294	109	2,109	1,789
Dynamics	4,287	1,887	127	9,080	6,680
Surveillance	2,152	1,187	81	6,958	5,993
Support and Services	2,135	1,003	113	5,605	4,473
Industrial Products and Services	823	753	9	3,428	3,358
Kockums	149	132	13	1,310	1,293
Internal	-459	-642		-1,575	-1,758
Total	9,701	4,614	110	26,915	21,828

Order bookings per region

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %
Sweden	5,059	1,457	247
Rest of Europe	1,319	790	67
North America	602	233	158
Latin America	121	-102	
Asia	2,360	1,913	23
Africa	31	201	-85
Australia, etc.	209	122	71
Total	9,701	4,614	110

Order backlog per operating segment

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Aeronautics	53,063	54,127	58,148
Dynamics	11,333	8,031	7,097
Surveillance	16,167	16,415	17,088
Support and Services	13,381	12,938	13,112
Industrial Products and Services	9,195	9,361	9,469
Kockums	8,381	8,910	9,429
Internal	-2,139	-2,176	-2,694
Total	109,381	107,606	111,649

NOTE 3 Continued

Order backlog per region

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Sweden	39,988	38,010	39,828
Rest of Europe	9,657	9,386	10,383
North America	4,929	5,000	5,215
Latin America	38,551	38,940	40,244
Asia	14,210	14,178	14,168
Africa	615	711	951
Australia etc.	1,431	1,381	860
Total	109,381	107,606	111,649

Significant orders received (approx. values MSEK)

	Order value
Next Generation Anti-Ship Missile	3,200
Airborne Early Warning and Control (AEW&C)	2,000

Sales per operating segment

MSEK	Jan-Mar 2017	Jan-Mar 2016	Change, %	Rolling 12 Months	Full Year 2016
Aeronautics	1,678	1,622	3	7,194	7,138
of which external sales	1,557	1,530	2	6,755	6,728
of which internal sales	121	92	32	439	410
Dynamics	982	1,072	-8	4,837	4,927
of which external sales	943	1,046	-10	4,683	4,786
of which internal sales	39	26	50	154	141
Surveillance	1,783	1,801	-1	7,641	7,659
of which external sales	1,683	1,740	-3	7,326	7,383
of which internal sales	100	61	64	315	276
Support and Services	1,762	1,284	37	5,559	5,081
of which external sales	1,729	1,214	42	5,416	4,901
of which internal sales	33	70	-53	143	180
Industrial Products and Services	1,016	873	16	3,748	3,605
of which external sales	772	619	25	2,663	2,510
of which internal sales	244	254	-4	1,085	1,095
Kockums	678	632	7	2,357	2,311
of which external sales	678	631	7	2,353	2,306
of which internal sales	-	1		4	5
Corporate/eliminations	-469	-494		-2,065	-2,090
of which external sales	68	10		75	17
of which internal sales	-537	-504		-2,140	-2,107
Total	7,430	6,790	9	29,271	28,631

Sales per region

MSEK	Jan-Mar 2017	% of sales	Jan-Mar 2016	% of sales	Full Year 2016	% of sales
Sweden	3,080	41	2,909	43	12,389	43
Rest of Europe	1,063	14	1,094	16	4,981	17
North America	651	9	704	10	2,740	10
Latin America	498	7	386	6	2,014	7
Asia	1,815	24	1,415	21	5,107	18
Africa	123	2	139	2	495	2
Australia, etc.	200	3	143	2	905	3
Total	7,430	100	6,790	100	28,631	100

Information on large customers

In the first quarter 2017, 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 2,502 (2,351).

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 with other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

NOTE 3 Continued

Operating income per operating segment

MSEK	Jan-Mar 2017	% of sales	Jan-Mar 2016	% of sales	Rolling 12 Months	Full Year 2016
Aeronautics	80	4.8	67	4.1	548	535
Dynamics	90	9.2	40	3.7	497	447
Surveillance	88	4.9	55	3.1	482	449
Support and Services	156	8.9	98	7.6	512	454
Industrial Products and Services	70	6.9	53	6.1	151	134
Kockums	35	5.2	34	5.4	135	134
The operating segments' operating income	519	7.0	347	5.1	2,325	2,153
Corporate	-27		-53		-330	-356
Total	492	6.6	294	4.3	1,995	1,797

Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Mar 2017	Jan-Mar 2016	Rolling 12 Months	Full Year 2016
Aeronautics	11	9	43	41
Dynamics	21	17	79	75
Surveillance	85	122	454	491
Support and Services	5	5	16	16
Industrial Products and Services	9	9	36	36
Kockums	6	9	28	31
Corporate	70	59	267	256
Total	207	230	923	946

Operational cash flow per operating segment

MSEK	Jan-Mar 2017	Jan-Mar 2016	Rolling 12 Months	Full Year 2016
Aeronautics	978	1,511	-98	435
Dynamics	137	-107	526	282
Surveillance	519	1,566	818	1,865
Support and Services	-241	1,269	-267	1,243
Industrial Products and Services	-225	-123	-156	-54
Kockums	114	240	513	639
Corporate	-296	-1,300	-803	-1,807
Total	986	3,056	533	2,603

Capital employed per operating segment

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Aeronautics	1,952	2,303	1,843
Dynamics	3,259	3,320	3,303
Surveillance	7,209	7,206	6,460
Support and Services	2,938	2,614	2,234
Industrial Products and Services	2,617	2,326	2,186
Kockums	776	749	678
Corporate	3,435	3,173	4,456
Total	22,186	21,691	21,160

Full time equivalents (FTE's) per operating segment

Number at end of the period	31 Mar 2017	31 Dec 2016	31 Mar 2016
Aeronautics	2,967	2,932	2,749
Dynamics	2,111	2,094	2,032
Surveillance	4,047	3,963	3,570
Support and Services	2,056	2,119	2,171
Industrial Products and Services	2,757	2,679	2,388
Kockums	882	853	804
Corporate	852	834	794
Total	15,672	15,474	14,508

NOTE 4 Dividend to Parent Company's shareholders

At the Annual General Meeting on 5 April 2017, it was decided that the Parent Company's shareholders should receive a dividend of SEK 5.25 per share, totalling MSEK 559.

The record date for the dividend was set at 7 April 2017 and payment of dividend at 12 April 2017.

NOTE 5 Intangible fixed assets

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Goodwill	5,175	5,196	5,021
Capitalised development costs	1,799	1,652	1,231
Other intangible assets	248	246	248
Total	7,222	7,094	6,500

NOTE 6 Net liquidity/debt

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Assets:			
Liquid assets	2,055	1,402	1,556
Short-term investments	4,771	4,542	5,545
Total liquid investments	6,826	5,944	7,101
Short-term interest-bearing receivables	29	29	47
Long-term interest-bearing receivables	411	391	378
Long-term receivables attributable to pensions	51	51	49
Long-term interest-bearing financial investments	140	140	139
Total interest-bearing assets	7,457	6,555	7,714
Liabilities:			
Liabilities to credit institutions	5,113	5,107	5,131
Liabilities to associated companies and joint ventures	240	239	244
Other interest-bearing liabilities	551	570	604
Provisions for pensions ¹⁾	2,426	2,475	2,361
Total interest-bearing liabilities and provisions for pensions	8,330	8,391	8,340
Net liquidity (+) / net debt (-)	-873	-1,836	-626

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 2017)	44	-	44
Total	6,044	-	6,044

Parent Company

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Long-term liabilities to credit institutions	5,112	5,107	4,981
Short-term liabilities to credit institutions	-	-	149
Total	5,112	5,107	5,130

Since 2009, Saab has a Medium Term Note programme (MTN) to enable the issuance of long-term loans on the capital market. In 2015, the MTN programme was increased from SEK 3 billion to SEK 6 billion. Under the terms of this programme, Saab has issued fixed rate bonds as well as Floating Rate Notes (FRN) totalling SEK 4.2 billion. In December 2015, Saab signed Schuldschein loan agreements amounting to MEUR 100.

NOTE 7 Capital employed

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Total assets	41,622	41,211	37,813
Less non-interest bearing liabilities	19,436	19,520	16,653
Return on capital capital employed	22,186	21,691	21,160

NOTE 8 Financial instruments

Classification and categorisation of financial assets and liabilities ¹⁾

Carrying amount	31 Mar 2017	31 Dec 2016	31 Mar 2016
Financial assets:			
Financial investments at fair value through profit and loss	25	25	49
Financial investments held to maturity ²⁾	140	140	139
Long-term receivables	543	505	438
Derivatives identified as hedges	1,137	1,225	837
Derivatives at fair value through profit and loss for trading	41	65	66
Accounts receivable and other receivables	11,591	12,740	10,612
Short-term investments at fair value	4,771	4,542	5,545
Liquid assets	2,055	1,402	1,556
Total financial assets	20,303	20,644	19,242
Financial liabilities:			
Interest-bearing liabilities ³⁾	5,904	5,916	5,979
Derivatives identified as hedges	1,402	1,862	1,327
Derivatives at fair value through profit and loss for trading	46	93	51
Other liabilities	6,367	6,284	5,447
Total financial liabilities	13,719	14,155	12,804

¹⁾ 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 937.

²⁾ Fair value 2017 Mar: MSEK 141; 2016 Dec MSEK 140; 2016 Mar: MSEK 141.

³⁾ Fair value 2017 Mar: MSEK 6,023; 2016 Dec MSEK 6,052; 2016 Mar: MSEK 5,999.

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 and interest-bearing securities
- 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 March 2017 the Group had the following financial assets and liabilities at fair value:

Assets at fair value

MSEK	31 Mar 2017	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	4,771	4,771	-	-
Forward exchange contracts	1,130	-	1,130	-
Currency options	20	-	20	-
Cross currency basis swaps	23	-	23	-
Electricity derivatives	5	5	-	-
Shares and participations	25	-	-	25
Total	5,974	4,776	1,173	25

Liabilities at fair value

MSEK	31 Mar 2017	Level 1	Level 2	Level 3
Forward exchange contracts	1,322	-	1,322	-
Currency options	13	-	13	-
Interest rate swaps	107	-	107	-
Electricity derivatives	6	6	-	-
Total	1,448	6	1,442	-

NOTE 9 Supplemental information on statement of cash flows

Liquid assets

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
The following components are included in liquid assets:			
Cash and bank balances	1,355	1,102	956
Bank deposits	700	300	600
Total according to balance sheet	2,055	1,402	1,556
Total according to statement of cash flows	2,055	1,402	1,556

Free cash flow vs. statement of cash flows

MSEK	Jan-Mar 2017	Jan-Mar 2016	Full Year 2016
Free cash flow	897	2,955	2,359
Investing activities – interest-bearing:			
Short-term investments	-229	-2,506	-1,525
Other financial investments and receivables	-13	-7	17
Financing activities:			
Repayments of loans	-6	-354	-582
Raising of loans	-	621	732
Dividend paid to the Parent Company's shareholders	-	-	-530
Dividend paid to non-controlling interest	-	-	-5
Transactions with non-controlling interest	-	-	15
Cash flow for the period	649	709	481

Free cash flow

MSEK	Total Group Jan-Mar 2017	Total Group Jan-Mar 2016	Total Group Full Year 2016
Cash flow from operating activities before changes in working capital, excluding taxes and other financial items	786	595	2,927
Cash flow from changes in working capital:			
Amounts due from and to customers	-121	3,673	5,092
Inventories	-483	-313	-1,329
Other current receivables	1,134	-223	-2,540
Other current liabilities	163	-224	521
Provisions	-22	-73	-323
Change in working capital	671	2,840	1,421
Cash flow from operating activities excluding taxes and other financial items	1,457	3,435	4,348
Investing activities:			
Investments in intangible fixed assets	-228	-172	-882
Investments in tangible fixed assets	-247	-145	-807
Sales and disposals of tangible fixed assets	4	-	27
Investments in financial fixed assets	-	-62	-83
Cash flow from investing activities ¹⁾	-471	-379	-1,745
Operational cash flow	986	3,056	2,603
Taxes and other financial items	-84	-101	-194
Sale of and investments in financial assets	-5	-	-78
Investments in operations	-	-	-49
Sale of subsidiaries	-	-	77
Free cash flow	897	2,955	2,359

1) 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 sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

NOTE 10 Business combinations

No significant acquisitions through business combinations were made during the first three months 2017.

NOTE 11 Defined-benefit plans

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary.

Pension obligation according to IAS 19

MSEK	31 Mar 2017	31 Dec 2016	31 Mar 2016
Defined-benefit obligation	8,693	8,608	8,087
Special employers' contribution	603	594	507
Less plan assets	6,318	6,184	5,775
Total provisions for pensions	2,978	3,018	2,819
of which reported as long-term receivable	51	51	49

NOTE 12 Contingent liabilities

No additional significant commitments have arisen during the period. With regard to the Group's so-called 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 13 Transactions with related parties

No significant transactions have occurred during the period. Related parties with which the Group has transactions are described in the annual report 2016, note 40.

NOTE 14 Definitions

Below are definitions of financial key ratios that are used in the report. For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.

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.

EBITDA

Operating income before depreciation/amortisation and write-downs.

EBITDA margin

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

Effective tax rate

Current and deferred taxes as a percentage of income before tax.

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.

Free cash flow

Cash flow from operating activities and from investing activities, excluding acquisitions and divestments of short-term investments and other interest-bearing financial assets.

Free cash flow per share

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

Gross margin

Gross income as a percentage of sales.

Net investments

Acquisitions and divestments of intangible and tangible fixed assets, and acquisitions and divestments of non-interest-bearing financial assets.

Net liquidity/net debt

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

Operating margin

Operating income (EBIT) as a percentage of sales.

Operational cash flow

Cash flow from operating activities, excluding taxes and other financial items, and acquisitions and divestments of intangible fixed assets and tangible fixed assets.

Order backlog

Total value of orders at the end of the period.

Order bookings

Total value of orders received during the period.

Organic sales growth

Change in sales in percentage adjusted for effects from exchange rate due to the translation of foreign subsidiaries, and structural changes such as acquisitions and divestments of subsidiaries.

Return on capital employed

Operating income plus financial income (rolling 12 months) as a percentage of average capital employed.

Return on equity

Net income for the period (rolling 12 months) as a percentage of average equity.

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

MTN

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

Stockholm, 26 April 2017

Håkan Buskhe
President and CEO

REVIEW REPORT

Introduction

We have reviewed the condensed interim financial information of Saab AB for the period from 1 January to 31 March 2017. The board of directors and the president are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim report performed by the Independent auditor of the entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is

substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts act for the Group, and with the Swedish Annual Accounts act for the parent company.

Stockholm 26 April 2017
PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorised Public Accountant

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on 26 April 2017 at 07.30 (CET).

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Press and financial analyst conference

26 April 2017 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:

<http://saab-interimreport.creo.se/170426>

Conference call:

Please, dial in using one of the numbers below.

UK: +442030089819

US: +18558315948

SE: +46856642694

The interim report, the presentation material and the webcast will be available on saabgroup.com.

CALENDAR

INTERIM REPORT JANUARY–JUNE 2017

PUBLISHED 20 JULY 2017

INTERIM REPORT JANUARY–SEPTEMBER 2017

PUBLISHED 24 OCTOBER 2017

YEAR-END REPORT 2017

PUBLISHED 16 FEBRUARY 2018