# INVESTOR AB

## YEAREND REPORT

## 1997

- The 1997 total return for Investor's shareholders amounted to 32 percent, compared with an average of 28 percent for the Stockholm Stock Exchange as a whole.

- Investor acquired shares for a total of SEK 11,593 million in ABB, S-E-Banken, Ericsson, Electrolux, Scania and Astra. Shares were sold for a total of SEK 4,141 million in Incentive and TV4, producing total capital gains of SEK 3,117 million.

- Investor is looking into the possibilities of broadening the ownership in Saab AB and to list the company on the Stockholm Stock Exchange. In conjunction with a possible listing, the primary intention is to distribute purchase rights of shares in Saab AB to Investor's shareholders.

- The Group's net income amounted to SEK 206 million. In keeping with what was said in December 1997, in connection with the decision made on restructuring of civilian aicraft operations in Saab, the earnings reflect reserves amounting to SEK 4,100 million, after taxes.

- On December 31, 1997, the value of Investor's main holdings was SEK 80,880 million. On February 10, 1998, the value was SEK 86,845 million.The value of the main holdings appreciated by 19 percent during 1997.

- Investor's net worth on December 31, 1997, was SEK 88,409 million, or SEK 442 per share. On February 10, 1998, the net worth was SEK 94,447 million, or SEK 472 per share.

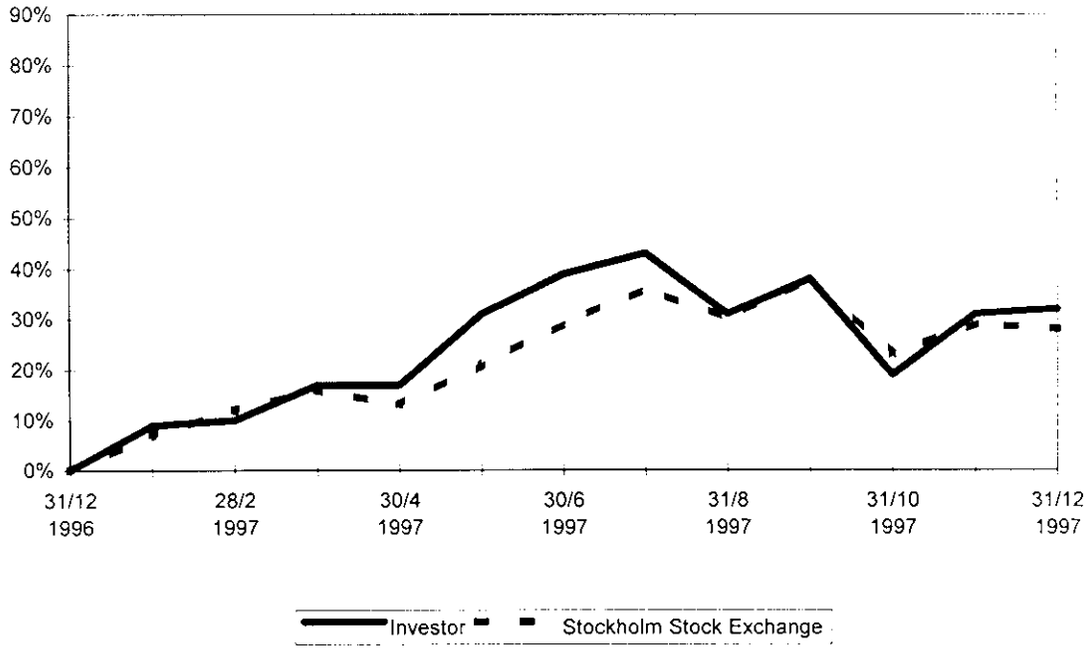
- The proposed ordinary dividend to shareholders is SEK 10.00 (10.00) per share. In addition, a dividend of purchase rights of shares in Saab AB may be proposed.

*This report can be accessed at **www.investor.se** on the Internet.*

# YEAREND REPORT

## 1997

### TOTAL RETURN




Investor's total return in 1997 was 32.1 percent, compared with 27.8 percent for the Stockholm Stock Exchange as a whole.[1] Investor's net worth[2] on December 31, 1997, amounted to SEK 88,409 million, equal to SEK 442 per share after full conversion. The net worth on February 10, 1998, amounted to SEK 94,477 million, equal to SEK 472 per share.

The Investor Group's income before taxes, not taking unrealized value appreciation into account, amounted to SEK -942 million. This includes reserves of a total SEK 5,421 million stemming from the decision to terminate production of regional aircraft in Saab. Of the total reserves, SEK 4,079 million is intended for closure costs in manufacturing and SEK 1,342 million for revaluation of leasing assets in Saab Aircraft Finance Group. Net after taxes, the reserves amount to SEK 4,100 million. Net income amounted to SEK 206 million.

Interest-bearing liabilities increased by a total of SEK 1,993 million during the year. The Group's net cash at yearend 1997 amounted to SEK 3,910 million, compared with net cash of SEK 9,949 million on December 31, 1996.

## INVESTOR'S MAIN HOLDINGS

Shares were acquired for a total of SEK 11,593 million in ABB, S-E-Banken, Ericsson, Electrolux, Scania and Astra. The acquisitions were divided as follows: SEK 7,018 million in ABB, SEK 2,806 million in S-E-Banken, SEK 862 million in Ericsson, SEK 517 million in Electrolux, SEK 198 million in Scania and SEK 192 million in Astra. Acquisition of the shares in ABB was transacted with possession and payment in January 1998.

1) Source Findata. Total annual return is defined as appreciation in the value of Investor's shares, plus dividend paid.
2) Saab and Saab Automobile are reported at book value and subordinated loan, respectively, for the period.

Shares were sold for a total of SEK 4,141 million in Incentive and TV4, producing total capital gains of SEK 3,117 million. The sales and the capital gains were apportioned at SEK 3,433 million and SEK 2,682 million, respectively, for Incentive, and SEK 708 million and SEK 435 million, respectively, for TV4. The sale of shares in TV4 corresponds to Investor's entire holding in the company.

In November 1997, Investor arrived at an agreement to sell during 1998, a total of 700,000 shares in OM Gruppen and 100,464 shares, corresponding to its entire holding, in the Stockholm Stock Exchange. In addition, Investor issued a call option in December on a total of 1.4 million shares in OM. After the end of the year Investor further increased its holding through an acquisition of 220,000 shares in OM Gruppen and 11,052 shares in the Stockholm Stock Exchange.

At the beginning of 1995, in conjunction with the annual earnings statement for 1994 and the division of the then Saab-Scania group into two independent companies, Investor made known its intention to broaden the ownership in Scania as well as in Saab AB.

Investor's Board of Directors has now deemed conditions appropriate for exploring the possibilities of broadening the ownership in Saab AB and to list the company on the Stockholm Stock Exchange. In conjunction with a possible listing, the primary intention is to distribute purchase rights of shares in Saab AB to Investor's shareholders. Broadening the ownership in Saab AB is fully in line with Investor's strategy of moving toward a more refined focus on investment activities.

Dividends received by Investor during the year declined somewhat, amounting to SEK 1,683 million (1,804). In addition to cash dividends amounting to SEK 1.637 million, this amount includes the value of shares in Gränges that investor received through its holding in Electrolux. On December 31, 1997, these shares had a market value of SEK 58 million.

**Market value, main holdings**

| | 1998 | 1997 | 1996 |
|---|---|---|---|
| SEK m. | 10/02 | 12/31 | 12/31 |
| Market value, main holdings | 86.845 | 80.880 | 61 325 |

The value of the main holdings, adjusted for net changes, increased by 19 percent during the year. The OMX index increased by 28 percent over the same period.

Divergence with the index is attributed mainly to the fact that Astra, Investor's largest holding, performed weaker than the Stockholm Stock Exchange average.

## Investor's main holdings as of December 31, 1997

| Company | Number of shares (000) | Of which on loan (000) | Market value SEK m. | Share price* performance 1997, % | Share of portfolio % | Share of capital % | Share of voting rights % |
|---|---|---|---|---|---|---|---|
| Astra | 166 765 | | 22 920 | +9 | 28 | 10 | 12 |
| Incentive | 13 518 | 50 | 9 665 | +44 | 12 | 20 | 26 |
| Scania | 52 994 | 417 | 9 418 | +5 | 12 | 26 | 42 |
| Ericsson | 29 325 | 742 | 9 048 | +41 | 11 | 3 | 22 |
| Atlas Copco | 25 950 | 3 | 6 150 | +44 | 8 | 14 | 20 |
| ABB | 62 119 | | 5 839 | +22 | 7 | 7 | 9 |
| STORA | 52 729 | 12 | 5 273 | +6 | 6 | 16 | 20 |
| S-E-Banken | 48 471 | 989 | 4 871 | +44 | 6 | 9 | 10 |
| SKF | 14 955 | | 2 378 | +5 | 3 | 12 | 30 |
| SAS | 13 156 | 23 | 1 513 | +34 | 2 | 19 | 19 |
| WM-data | 10 061 | 530 | 1 444 | +22 | 2 | 14 | 6 |
| OM Gruppen | 4 795 | | 1 386 | +41 | 2 | 20 | 20 |
| Electrolux | 1 769 | | 975 | +39 | 1 | 2 | 45 |
| **Total** | | | **80.880** | | **100** | | |

* Relates to the 52,994,181 shares not encumbered by the distributed covered warrants.

** Most heavily traded share class. *** After full dilution.

Among the medium-term investment activities, the holding in MedImmune was increased and new investments were made in the American education company Edison. Several investments were made during the year in the Investor part-owned Scandinavian Equity Partners. As of late 1997 Novare Kapital is wholly owned by Investor and the number of investments just about doubled during the year.

Operations in GHH Grand Hôtel Holdings grew with the aquisition of the hotel, conference and restaurant operations in Berns, and overall also developed positively over the year.

Effective from 1997, customer-financing activities regarding civil aircraft in Saab are being returned to Saab Group through a Group internal transfer. Thus, Saab Aircraft Finance Group is consolidated again within the Saab Group. This measure is a direct result of the decision made in December 1997 to terminate production of regional aircraft within Saab.

## SAAB AB

Investor's wholly owned subsidiary Saab AB is the parent company of the Saab Group, which is active in high technology products for aircraft, space and defense.

Saab is in the process of adopting a new structure with five business areas: *Military Aerospace, Space, Training Systems, Commercial Aircraft and Combitech.* The structure clarifies Saab's focus on Aerospace i.e. military aviation and other high technology applications for aviation, defense and space. Saab has decided to terminate production of the Saab 340 and Saab 2000 regional aircraft during 1999. The reason is the deterioration in the market situation and the high level of overcapacity among manufacturers of regional aircraft, which has made the operation unprofitable.

Saab will continue to supply customer support and spare parts for its regional aircraft, totaling over 500, in service throughout the world. Saab will also continue to have responsibility for the 300 aircraft financed through its leasing operation. This means

that the Saab Aircraft Finance Group (SAFG) will be consolidated in the Saab Group. During 1996, SAFG was a unit organized directly under the Investor Group . SAFG is reported in the Saab Group's income statement under "Other operating costs," but is fully consolidated in the balance sheet.

At the same time, efforts are being intensified to become a partner and subcontractor in other manufacturers' aircraft projects. These activities are expected to expand in the future.

Since 1997, the jointly owned company Saab Ericsson Space has formed a separate business area.The organizational change reflects the increasing importance that the rapidly growing market for space systems is expected to have for the Saab Group. There are many synergies with the defense operations, and the prospects of translating the skills and experience of Saab and Ericsson into profitable projects are considered good.

Saab Combitech has been restructured. The subsidiaries report directly to the business areas in the parent company, Saab AB. This clarifies the purpose of *Combitech* – exploiting technologies and business ideas from the military programs, which are then commercialized. The value growth can then be realized at a suitable time through a Stock Exchange listing, divestment or other change in ownership.

The model for technical cooperation developed within Saab Combitech is to be utilized more efficiently and applied throughout the Saab Group. Operations without organic connection to other activities in the Saab Group have been, or will be, divested.

Sales of the Group during the year increased six percent to SEK 8,674 million (8,159). Sales in foreign markets amounted to SEK 4,449 million (4,420) or 51 percent (54) of total sales. The increase in sales is mainly due to a larger number of military aircraft sold. During the year, 20 Gripen aircraft were invoiced, compared with 14 the preceding year. Sales of *Training Systems* increased as a result of larger deliveries of laser simulators.

Sales by *Space* increased following market expansion in commercial satellites. On the commercial aircraft side, 26 (26) Saab 340 and 9 (11) Saab 2000 aircraft were sold. Sales of *Combitech* rose, mainly through an increase for Saab Marine Electronics and Combitech Software.

Following the decision to end production, provisions totaling SEK 5,421 million were made, of which costs for terminating production accounted for SEK 4,079 million and revaluation of the leasing portfolio SEK 1,342 million. After tax, the provisions amount to SEK 4,100 million. During 1996, provisions and writedowns for regional aircraft amounting to SEK 1,219 million were made.

Operating income was affected by a reversal of the loss risk reserve of SEK 313 million (300) through a reduction of technical risks in the basic contract for development and delivery of batch 3 of the Gripen. The original provision was SEK -2,300 million.

Other operating revenues, mainly consisting of trading income in the Treasury operation and exchange rate gains on receivables and payables of an operating character, amounted to SEK 133 million (154). Other operating costs, consisting of income from the aircraft finance operation and restructuring costs in *Combitech*, amounted to SEK -364 million (-788). Operating income, excluding regional aircraft, SAFG and reversal of the loss risk reserve, amounted to SEK 557 million (610).

Net financial income and expenses amounted to SEK 471 million (494). The deterioration was mainly due to lower interest rates and the average return on liquid funds was 6.2 percent (7.9). Average net liquidity was higher compared to previous years. Income after financial income and expenses before the above costs for regional aircraft amounted to SEK 576 million (-353). Income after provisions deteriorated to SEK -4,845 million (-1,572).

Group order bookings amounted to SEK 16,612 million (7,736). During the year, orders were received for further development and batch 3 of 64 Gripen aircraft, in addition to 21 Saab 340 and 12 Saab 2000 aircraft. Order bookings at the end of 1997 totaled SEK 27,122 million (20,042), including military orders worth SEK 23,000 million (16,000). The order backlog for regional aircraft had a value of SEK 2,734 million (2,857).

*(Saab's yearend report for 1997 will be published on February 19, 1998, and may be obtained by calling +46-13-18 71 61 or by fax +46-13-18 71 70).*

## SAAB AUTOMOBILE AB

Saab Automobile AB, which is 50-percent owned by Investor and 50-percent owned by General Motors, reported a pretax loss for 1997 of SEK1,834 million, compared with a loss of SEK 1,777 million for 1996. Invoicing increased during the year by 14 percent to SEK 22,376 million (19,681).

The result for 1997 is in line with expectations for the company's development that is shared by the company's management and its joint owners, Investor and General Motors. The new Saab 9-5 model has had a positive reception and is now showing increasing demand. With a reinforced model program and an increased focus on marketing, management in Saab Automobile reckons with increased sales and considerably improved earnings during 1998, compared with 1997.

Saab Automobile is treated as a main holding in Investor's accounts.

*(Saab Automobile's yearend report for 1997 was published on February 4, 1998, and may be obtained by calling +46-520-841 90 or by fax +46-520-815 38).*

## STRUCTURE OF SHARE CAPITAL AND CONVERTIBLES

On December 31, 1997, Investor's share capital amounted to SEK 4,772 million, represented by 191 million shares. On the same date, the total nominal amount of Investor's convertible debenture loans was SEK 1,323 million. Of this amount, SEK 1,030 pertained to the loan denominated in Swedish kronor and SEK 293 million to the loan denominated in ECU. On December 31, 1997, Investor's own holding in the loan denominated in Swedish kronor amounted to SEK 899 million, and its holding in the loan denominated in ECU was SEK 293 million. In total, it corresponds to 90 percent of the volume of the convertible loans outstanding.

| Before conversion<br>Class of share | Number of shares | Number of voting rights | Percentage of capital | Percentage of voting rights |
|---|---|---|---|---|
| A 1 vote | 77 922 711 | 77 922 711 | 40.8 | 87.3 |
| B 1/10 vote | 112 948 591 | 11 294 859 | 59.2 | 12.7 |
| Total | 190 871 302 | 89 217 570 | 100.0 | 100.0 |
| Convertible debenture loans * | | | | |
| B 1/10 vote | 9 106 384 | 910 638 | | |
| After full conversion | | | | |
| A 1 vote | 77 922 711 | 77 922 711 | 39.0 | 86.5 |
| B 1/10 vote | 122 054 975 | 12 205 498 | 61.0 | 13.5 |
| Total | 199 977 686 | 90 128 209 | 100.0 | 100.0 |

* The nominal amount of the loans is SEK 1,323 million and it carries an interest rate of 8 percent up to and including June 21, 2001. The conversion price is SEK 145.30.

## PARENT COMPANY INVESTOR AB

Income after financial items amounted to SEK 3,281 million (10,027), of which SEK 2,937 million (8,453), accounted for capital gains. Net profit amounted to SEK 3,404 million (9,153). During the year share purchases were made for SEK 663 million. Above and beyond this, a call option was issued for a total of 1.4 million shares in OM Gruppen.

Cash, short-term investments and current receivables amounted to SEK 0 (2) million. Current liabilities amounted to SEK 14,779 (744) million.

## PROPOSED DIVIDEND

The Board of Directors and the President propose that a dividend of SEK 10.00 (10.00) be paid per share, corresponding to a total of not more than SEK 1,909 million (1,908).

A potential proposal from the Board of Directors regarding the dividend of purchase rights will be made public, at the latest, in conjunction with the invitation to the ordinary Annual General Meeting. If the decision is made on the dividend of purchase rights of shares in Saab AB, this leads to further distributable earnings being utilized.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 6 P.M. on Monday, April 20, 1998, at the Kungliga Tennishallen (the Royal Tennis Hall), Lidingövägen 75, Stockholm. Investor's audited Annual Report will be made available at the company's head office at Arsenalsgatan 8C in Stockholm as of the end of March 1998.

## CHANGE IN ACCOUNTING PRINCIPLES

This yearend report is drawn up in line with previously defined accounting principles. In keeping with the new laws regarding company earnings reports, which apply from and including 1997, certain of Investor's main holdings are being accounted for as associate companies according to the equity method. This Group accounting, which has been amended in accordance with the Swedish Financial Accounting Standards Council's new recommendations, is completed and is included in Investor's 1997 Annual Report, which will be available at the end of March.

## FINANCIAL REPORTS

3-month report, to be published on April 20, 1998.

6-month report, to be published on August 11, 1998.

9-month report, to be published on October 22, 1998.

1998 yearend report, to be published on February 11, 1999.

Stockholm, February 19, 1998.

Claes Dahlbäck,

President and Chief Executive Officer

For further information:

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*This yearend report has not been subject to specific review by the Company's auditors.*

# PRESIDENT'S COMMENTS

## An eventful 1997

The year 1997, to say the least, was an eventful one. The start of the stock market trading year was marked in the West by strong company earnings reports, large funds inflow and a strong dollar, at the same time as there was concern that the U.S. central bank, the Federal Reserve, would raise short-term rates with the aim of limiting upcoming inflation. The Fed's chairman, Alan Greenspan, said at the beginning of the year that the American stock market was overvalued, but it constantly saw new record listings both for individual shares and the market index during the the year.

Asia, which grew in significance for increasingly more Swedish companies, was hit during the second half by a crisis that led to share prices halving and with currencies losing more than half their value in just a few months. During recent months, the interest of the financial world has centered on these events. One asks oneself when and if it will all return to normal. But what is normal for an area that consists of a number of countries with different problems and with different conditions?

In late summer, currency concern spread via the Asian stock exchanges to other markets. Certain Swedish companies with substantial Asian presence were unjustifiably hard hit. It is inevitable that crisis leads to threat, which implies that those affected react in different ways. If the crisis is the result of various incidents such as overinvesting, overborrowing and currency exposure, it should, nevertheless, be seen as a sound and necessary correction. In this perspective, we should ask ourselves whether the crisis could also lead to opportunities.

The worst fears now appear to be easing in Asia. The crisis is certainly by no means over, but the markets now seem to have a more nuanced view and are focusing instead on the positive effects that the crisis brought with it, among other things in the form of lower global interest rates and a necessary economic cooling in certain regions. For companies included among Investor's main holdings, new possibilities are being created in the form of investment opportunities, though at the same time, however, as competition is getting tougher.

As regards economic developments elsewhere, we can confirm that they have been relatively strong in the Nordic and Anglo-Saxon countries while Central Europe has had significantly weaker development. For 1998, the prospects look good, even though a certain dampening effect can be expected from difficulties in the Asian economies. The American dollar has shown a significant upturn against the European currencies, not least against the Swedish krona – which led to hefty export performances for the European companies. During the year international bond rates have been falling as the result of favorable inflation developments. Taking into account expected pricing pressure from Asian companies and low prices for raw materials, we can assume there will be continuing low inflation during 1998.

## Investment activities

When Peter Wallenberg handed over the chairmanship of Investor to Percy Barnevik at the Annual General Meeting last year, the outgoing chairman could look back at fifteen years of major changes and strong growth in Investor. Subsequently, we can confirm that for Investor's part we also came out well in 1997. Investor's total return for the year amounted to 32 percent, compared with an average of 28 percent for the Stockholm Stock Exchange.

The number of shareholders more than doubled during the year, reaching 138,000 by the end of the year. A large portion of the increase is attributed to the fact that many

shareholders in Stadshypotek chose to place their proceeds in shares in Investor. According to surveys conducted, another reason for the growth is our increased investments in being more visible to and in communicating with our shareholders and potential shareholders at investment fairs, tennis tournaments and ocean racing events. During the year, for example, the Investor boat won the Gotland Runt race.

During the year we have worked a great deal with structural changes in our holdings. Some very important decisions were made regarding our wholly owned subsidiary Saab AB. After the increasingly difficult market situation with continuing losses, the company made a definitive decision to terminate production of regional aircraft in order to dedicate its efforts, instead, more on other aircraft and high technology operations. By so doing, a basically strong company such as Saab will have greater possibilities to invest in areas that have the best growth possibilities for the future.

The next natural step in our restructuring is to look into the possibilities for broadening the ownership in Saab by listing the company on the Stockholm Stock Exchange, something that we already previously indicated as a possibility. In the event of these plans coming to fruition, the primary intention is to offer purchase rights of shares in Saab AB to Investor's shareholders.

We have also been involved in the merger of OM and the Stockholm Stock Exchange, where we see advantages in the form of cost savings, integrated trade with derivatives and shares as well as joint development of world-leading transaction technology. We have also been very involved in the merger of S-E-Banken and Trygg Hansa. In addition, we continue to participate in the restructuring of Incentive, which has led to ABB now being one of our directly owned main holdings.

During the year additional shares were acquired in Ericsson and Electrolux. The holding in TV4 was sold since we, as a major owner, did not feel we had sufficient competence to bring to the company in its particular field.

In order to be able to further focus on our active ownership as well as on expanded investment activities, we implemented certain organizational changes during the year. The aim is for the most qualified and experienced employees in Investor's management group to be able to dedicate more time to their main tasks with ownership and investing matters. We furthermore decided to hold off for the time being on listing Investor in New York since we observe that more and more American investors prefer to acquire foreign shares on the local markets.

Investor's competitive strength is dependent on the competence of our employees. In order for us also in the future to be able to attract the best qualified, a year ago we arranged Investor Day, where about a thousand students participated and where we were able to discuss together and exchange thoughts about the job market of the future. There's a lot to be done to create an attractive workplace. A very small but much appreciated gesture was our introduction of Casual Friday, permitting casual wear at the office on Fridays.

Externally, we continue to participate in the debate about Corporate Governance, how work on company boards generally could be more effective and fruitful.

## Outlook for 1998

This year is an election year in Sweden. A crucial prerequirement for well-being is economic growth. After more than two decades of weak growth, Sweden has come far down the line in the OECD's world economic league. Measures have been taken to turn the trend around, for example, the Swedish central bank, the Riksbank, became independent and has set an inflation ceiling to guarantee price stability, but this is not enough. Further reforms of a more comprehensive type must be enacted if Sweden is to catch up with the other OECD countries. For example, we feel that labor market laws in their present form are ineffective and do not contribute to increasing employment.

EMU is another current topic. In May, heads of state and government leaders in the European Union will decide which member countries have achieved the Maastricht convergence criteria. The Swedish parliament has decided that Sweden will not be in the European Economic and Monetary Union when it comes on stream on January 1, 1999.

What does the connection to a common currency really mean? The main goal is that the euro will sustain price stability, but it also has to do with welding together Europe economically. For companies, it means, primarily, that you can do away with currency risks and costs for trading in different currencies. Companies get the same currency as their biggest competitors. Even if Sweden does not join initially, there will be keen interest on the part of many companies, one way or the other, to switch over to the Euro.

The historically high price level on the Swedish stock market, at the time of writing, implies continued low interest rates as well as an improved business outlook for European industry. For the present, the outlook appears favorable for both these important factors, added to which is the continuing strong inflow to the market from increasing Swedish mutual fund savings as well as from international institutional investors.

Additional stimulants to the share market could come from continuing structural deals in, for example, finance, pharmaceuticals and forest products. I am convinced that we are going to see an increasing number of such deals, not least cross-borders, that is to say mergers across borders, in Europe in the next few years.

All in all, 1998 will surely turn out to be as eventful a year as 1997 and, hopefully, will be yet another favorable one for Investor's shareholders.

Claes Dahlbäck

# INVESTOR GROUP
## NET WORTH

| | 12/31 1997 | | 12/31 1996 | |
|---|---|---|---|---|
| | SEK/share | SEK m. | SEK/share | SEK m. |
| Astra | 115 | 22 920 | 104 | 20 881 |
| Incentive | 48 | 9 665 | 46 | 9 166 |
| Scania | 47 | 9 418 | 44 | 8 826 |
| Ericsson | 45 | 9 048 | 28 | 5 682 |
| Atlas Copco | 31 | 6 150 | 21 | 4 282 |
| ABB | 29 | 5 839 | - | - |
| STORA | 26 | 5 273 | 25 | 4 957 |
| S-E-Banken | 24 | 4 871 | 5 | 916 |
| SKF | 12 | 2 378 | 12 | 2 341 |
| SAS | 8 | 1 513 | 6 | 1 131 |
| WM-data | 7 | 1 444 | 6 | 1 187 |
| Other main holdings [1] | 12 | 2 361 | 9 | 1 956 |
| Other holdings and equity trading [2] | 44 | 8 760 | 34 | 6 756 |
| **Total** | **448** | **89 640** | **340** | **68 081** |
| | | | | |
| Saab [3] | 16 | 3 091 | 26 | 5 110 |
| Saab Automobile 50% [4] | 15 | 2 890 | 14 | 2 890 |
| Saab Aircraft Finance [5] | | | 1 | 129 |
| GHH Grand Hôtel Holdings | 4 | 850 | 4 | 850 |
| Land and real estate | 2 | 480 | 4 | 700 |
| Other assets and liabilities | 1 | 260 | -2 | -319 |
| **Total investments** | **486** | **97 211** | **387** | **77 441** |
| | | | | |
| Net cash excluding Saab | 6 | 1 093 | 28 | 5 528 |
| Debt ABB purchase [6] | -32 | -6 368 | - | - |
| Scania shares restricted by warrants [7] | 28 | 5 577 | 27 | 5 333 |
| Liabilities, Saab Automobile | - | - | -4 | -690 |
| Internal debts etc. [8] | -46 | -9 104 | -44 | -8 732 |
| **Total net worth** | **442** | **88 409** | **394** | **78 880** |

1) Including OM Gruppen valued at SEK 1,386 m. representing 20.3% of capital and voting rights.

2) Including Investor's holding of its own convertibles, market value SEK 3,073 m. (nom. value SEK 1,192 m.) as of December 31, 1997.

3) Shareholders' equity.

4) Subordinated loan.

5) Excluding liquid assets, including internal capital contribution.

6) Debt according to agreement with Incentive, effectuated in January 1998.

7) As of December 31, 1997, 38,070,752 shares valued at market price less market value of warrants.

8) Including internal eliminations.

# INVESTOR GROUP
## CONSOLIDATED INCOME STATEMENT

| SEK m. | 1997 1/1-12/31 | 1996 1/1-12/31 |
|---|---|---|
| Net turnover | | |
| Dividend income, main holdings | 1 683 | 1 804 |
| Other operations | | |
| Income other holdings and equity trading | 11 303 | 3 760 |
| Saab | 8 674 | 8 374 |
| Saab Aircraft Finance Group | 1 706 | 1 475 |
| GHH Grand Hôtel Holdings | 294 | 241 |
| Others | 27 | 113 |
| Manufacturing-, selling and administrative expenses | | |
| Expenses other holdings and equity trading | -10 933 | -3 391 |
| Saab | -12 436 | -9 776 |
| Saab Aircraft Finance Group | -3 260 | -2 173 |
| GHH Grand Hôtel Holdings | -220 | -192 |
| Others | -101 | -132 |
| Administrative expenses for the industrial investments | -608 | -456 |
| Other operating income and expenses | | |
| Capital gain etc. | 3 197 | 9 919 |
| **Operating income** | **-674** | **9 566** |
| Net financial expense/income | -268 | 32 |
| **Income after financial items** | **-942** | **9 598** |
| Taxes | 1 168 | -105 |
| Minority interest | -20 | -14 |
| **Consolidated net income** | **206** | **9 479** |

| **Specification of operating income:** | | |
|---|---|---|
| Dividend income, main holdings | 1 683 | 1 804 |
| Other holdings and equity trading | 370 | 369 |
| Saab [1] | -3 762 | -1 402 |
| Saab Aircraft Finance Group [1] | -1 554 | -698 |
| GHH Grand Hôtel Holdings | 74 | 49 |
| Others | -74 | -19 |
| Administrative expenses for the industrial investments | -608 | -456 |
| Capital gains main holdings and Scania | 3 197 | 12 400 |
| Capital contribution to Saab Automobile, etc. | - | -2 481 |
| | **-674** | **9 566** |

| 1) Operating revenues in Saab/SAFG 1997 include provisions as a result of the decision that was made in December to discontinue manufacture of regional aircraft: | SEK m. |
|---|---|
| Closure of manufacturing | -4 079 |
| Revaluation of leasing portfolio | -1 342 |
| | -5 421 |
| Less: | |
| Deferred tax in provisions made | 1 321 |
| **Earnings impact after taxes** | **-4 100** |

# INVESTOR GROUP
## BALANCE SHEET AT MARKET VALUE

| SEK m. | 1997 12/31 | 1996 12/31 |
|---|---|---|
| **Assets** | | |
| Machinery, equipment and real estate, etc. | 11 235 | 9 230 |
| Shares and participations [1] | 95 291 | 73 469 |
| Inventories | 5 001 | 4 970 |
| Receivables | 6 590 | 5 041 |
| Cash and short-term investments | 10 991 | 15 017 |
| **Total assets** | **129 108** | **107 727** |
| | | |
| **Shareholders' equity and liabilities** | | |
| Shareholders' equity | 26 878 | 27 855 |
| Surplus values arising from market valuation | 60 171 | 49 662 |
| Convertible debenture loans | 1 360 | 1 363 |
| Provision for pensions | 2 556 | 2 536 |
| Other provisions | 6 868 | 1 849 |
| Loan liabilities | 4 525 | 2 532 |
| Advance payments from customers | 7 538 | 8 027 |
| Other liabilities [2] | 19 208 | 13 903 |
| **Total shareholders' equity and liabilities** | **129 104** | **107 727** |
| | | |
| **Equity/assets ratio** [3] | **68%** | **73%** |
| | | |
| **Net cash** | | |
| Cash and short-term investments | 10 991 | 15 017 |
| Short- and long-term loans | -4 525 | -2 532 |
| Provision for pensions | -2 556 | -2 536 |
| **Total net cash** | **3 910** | **9 949** |

1) Including OM Gruppen valued at SEK 1,386 m. representing 20.3% of capital and voting rights.

2) Including debt of SEK 6,368 m. according to agreement with Incentive, effectuated in January 1998.

3) Shareholders' equity including convertible debenture loans in relation to total assets.

# INVESTOR GROUP

## BALANCE SHEET AT MARKET VALUE PER COMPANY

| SEK m. | Industrial investments and other operations | Saab | Elimi-nations | Investor consolidated 12/31 1997 |
|---|---|---|---|---|
| **Assets** | | | | |
| Machinery, equipment and real estate, etc. | 1 599 | 9 636 | | 11 235 |
| Shares and participations | 95 251 | 40 | | 95 291 |
| Shareholders' equity Saab | 3 091 | - | -3 091 | - |
| Inventories | 5 | 4 996 | | 5 001 |
| Receivables | 3 594 | 2 996 | | 6 590 |
| Internal receivables | - | 9 104 | -9 104 | - |
| Cash and short-term investments | 4 983 | 6 008 | | 10 991 |
| **Total assets** | **108 523** | **32 780** | **-12 195** | **129 108** |
| | | | | |
| **Shareholders' equity and liabilities** | | | | |
| Shareholders' equity | 26 878 | 3 091 | -3 091 | 26 878 |
| Surplus values arising from market valuation | 60 171 | - | | 60 171 |
| Convertible debenture loans | 1 360 | - | | 1 360 |
| Provision for pensions | 313 | 2 243 | | 2 556 |
| Other provisions | - | 6 868 | | 6 868 |
| Loan liabilities | 3 577 | 948 | | 4 525 |
| Internal loans | 9 104 | - | -9 104 | - |
| Advance payments from customers | - | 7 538 | | 7 538 |
| Other liabilities | 7 120 | 12 092 | | 19 212 |
| **Total shareholders' equity and liabilities** | **108 523** | **32 780** | **-12 195** | **129 108** |

# INVESTOR GROUP
## STATEMENT OF CHANGES IN FINANCIAL POSITION

| SEK m. | 1997 1/1-12/31 | 1996 1/1-12/31 |
|---|---|---|
| Dividend income | 1 637 | 1 701 |
| Sales, main holdings etc. [1] | 4 141 | 16 905 |
| Operating income before depreciation [2] | -5 034 | -995 |
| Net financial expense/income | -257 | 232 |
| Tax paid | -121 | -446 |
| **Total funds provided** | **366** | **17 397** |
| | | |
| Ordinary dividends paid | -1 908 | -1 713 |
| Extraordinary dividends paid | - | -3 808 |
| Purchases of shares, main holdings | -5 225 | -397 |
| Net change in other holdings | -326 | -472 |
| Other investments, net | -1 869 | -561 |
| Receivable from Scania | - | 6 833 |
| Increase in other provisions | 5 019 | 913 |
| Increase/Decrease in working capital, other receivables and liabilities | -2 096 | 819 |
| **Total funds applied** | **-6 405** | **1 614** |
| | | |
| **Financial deficit/surplus** | **-6 039** | **19 011** |
| | | |
| **Financing** | | |
| Decrease/Increase in liquid assets (+/-) | 4 026 | -10 201 |
| Increase/Decrease in loan liabilities (+/-) | 1 993 | -8 949 |
| Increase in provision for pensions (+) | 20 | 139 |
| **Total financing** | **6 039** | **-19 011** |

1) The figures for 1996 consist of sale of Scania shares and payments of transactions relating to the agreement with GM/Opel regarding Saab Automobile.

2) Excluding dividends, capital gains and equity trading.