

Saab Q1 2023

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SAAB



Important information

This presentation may contain forward-looking statements which reflect Saab AB's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

Highlights Q1 2023

- High market interest and significant orders received
- NATO RFI on new generation of surveillance & control capabilities
- MoU with Embraer for future opportunities
- First flight milestone of the fourth GlobalEye aircraft for UAE
- Significant recruitment efforts with >500 net new FTEs
- New medium-term targets introduced for 2023-2027



Key figures Q1 2023

17.0

Order intake, SEK bn

Growth driven by
Dynamics and
Surveillance

110% order growth

11.5

Sales, SEK bn

High volumes and
good pace in
project activity

23% organic growth

928

EBIT, SEK m

EBIT margin increase
to 8.1% (7.1)

42% EBIT growth

3.1

Operational cash
flow, SEK bn

Strong cash flow
driven by customer
pre-payments

(Q1 22: -0.2 SEK bn)

Orders Q1 2023

Total
orders

17.0
SEK billion
+110%

International
orders

13.9
SEK billion
+244%

Order backlog

133
SEK billion

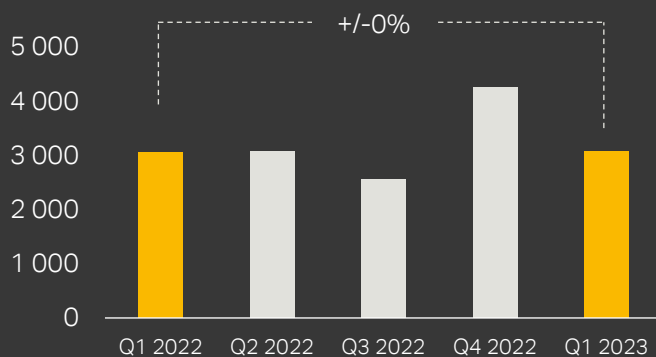
- Defence equipment to undisclosed Western country
- Gripen C/D development and support to Sweden
- Ground Combat within NATO framework agreements
- NLAW to Finland
- Carl-Gustaf® ammunition to Lithuania



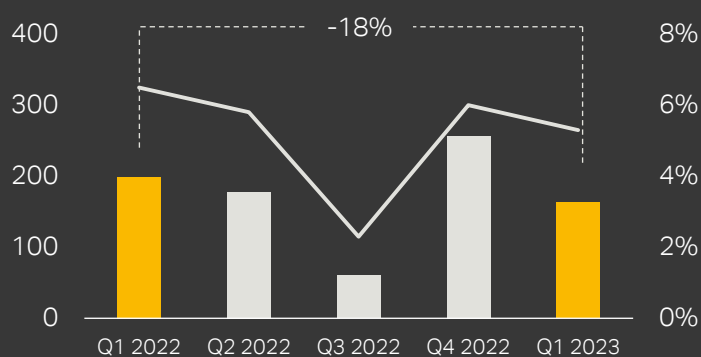
Aeronautics

- Ongoing market opportunities for Gripen fighters
- Saab and Embraer MoU to deepen aerospace collaboration
- Gripen F dual-seater in final stage of sub-assembly
- Lower Gripen project sales and T-7 ramp-up activities impact profitability

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order
Intake
SEK bn

1.4

Order
Backlog
SEK bn

41.0



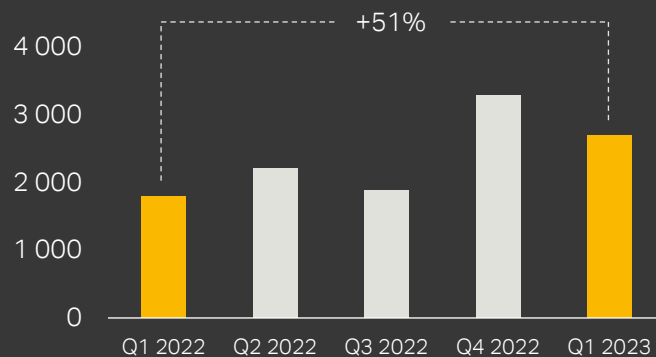
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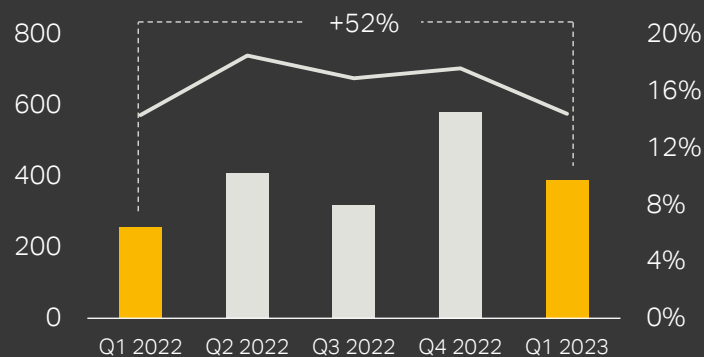
Dynamics

- Strong demand for the Dynamics portfolio
- Significant order intake including NLAW, Carl-Gustaf® and RBS 70 NG
- Exceptionally strong sales in the quarter
- Ongoing activities to ramp up production capacity

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order
Intake
SEK bn

9.6

Order
Backlog
SEK bn

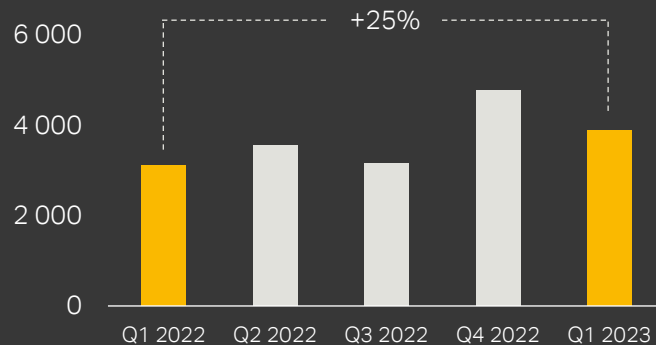
37.7



Surveillance

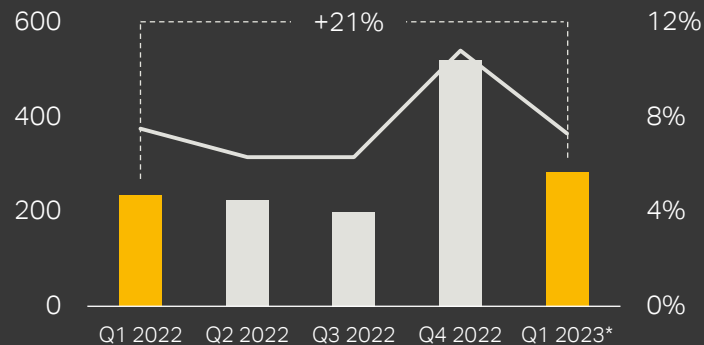
- Strong customer interest for the Surveillance portfolio
- Request for Information (RFI) from NATO on AEW&C solutions
- Orders captured within the naval domain in Australia
- Completion of the air traffic control & surveillance project in South Korea
- First flight milestone of the 4th GlobalEye aircraft to UAE

Sales, SEK million



EBIT and EBIT margin, SEK million and %

**adjusted for items affecting comparability*



Order
Intake
SEK bn

4.9

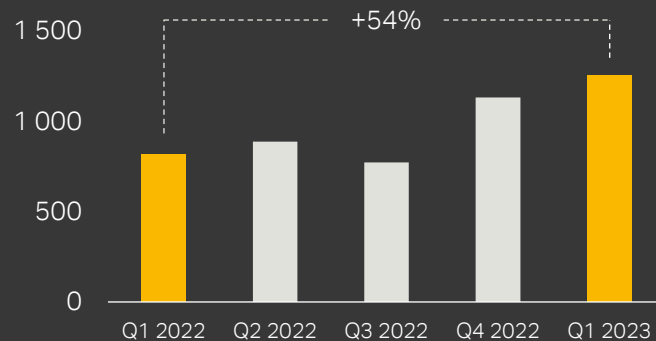
Order
Backlog
SEK bn

41.7

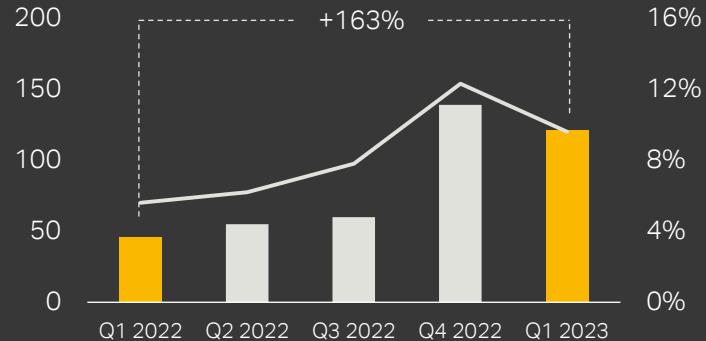


- Increased market opportunities in all segments
- Strong focus on customer deliveries
- Favourable project mix and aftermarket driving sales and EBIT

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order
Intake
SEK bn

0.5

Order
Backlog
SEK bn

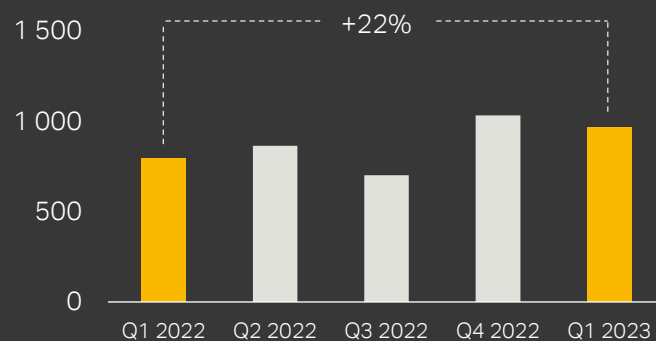
12.0



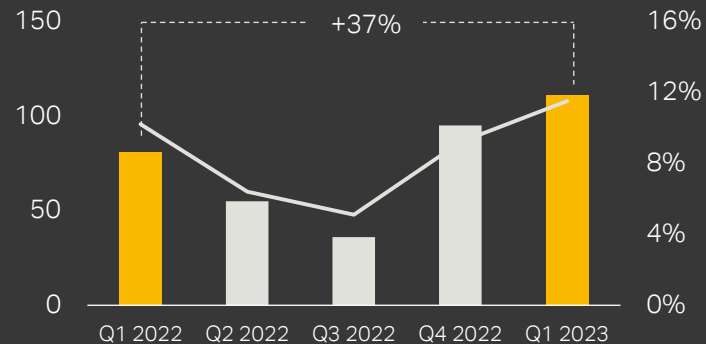
Combitech

- High demand and several new contracts within the defence segment
- Increased number of employees and higher utilisation rate drives sales and EBIT
- Intensive recruitment efforts continue

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order
Intake
SEK bn

1.1

Order
Backlog
SEK bn

1.3



Sustainability Q1 highlights

- New Group Code of Conduct launched, strengthening corporate values and guidelines
- Accelerating climate transition with a new “Climate Innovation Call” initiative
- Significant improvements made to minimise hazardous chemicals at Saab’s Linköping site

Keeping people and society safe



Priorities going forward

- Focus on delivery commitments
- Market opportunities and NATO defence capability needs
- Partner collaborations for future opportunities
- Retain and attract people
- Capacity expansion
- R&D investments in innovation and future capabilities

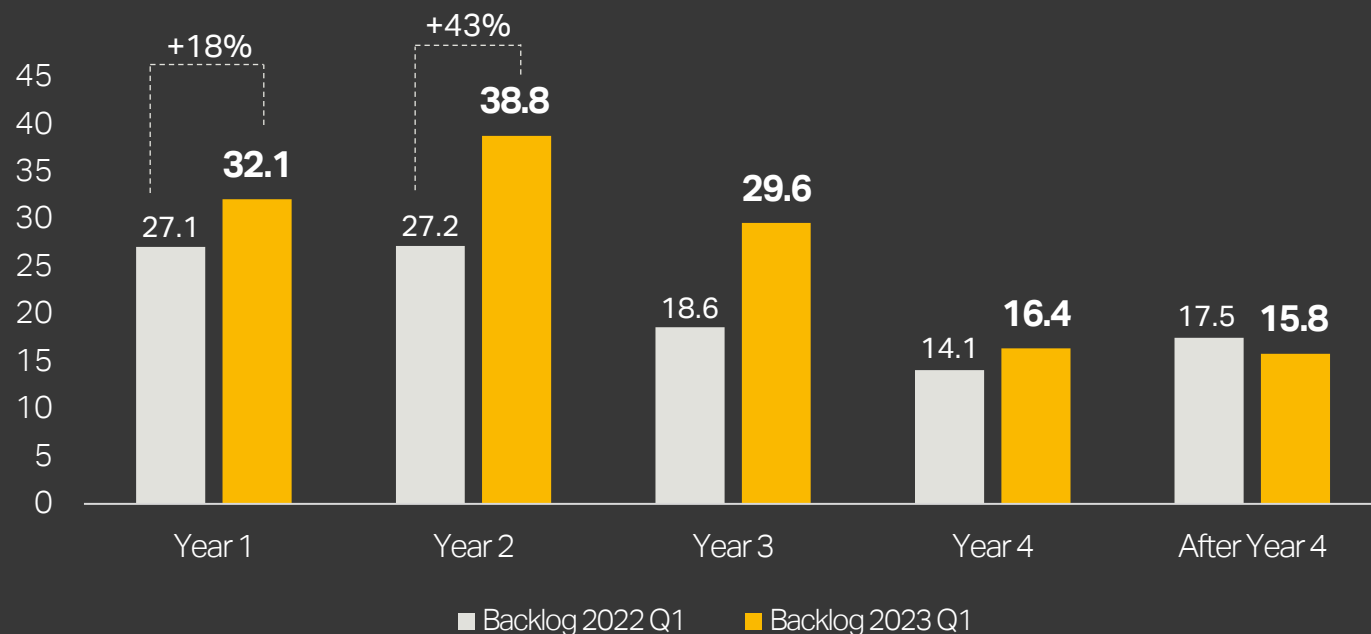


Financial summary



Strong order momentum

Order backlog duration, SEK billion



81%

Order bookings outside
of Sweden, Q1 2023

(50% in Q1 2022)

19%

Order bookings in
Sweden, Q1 2023

(50% in Q1 2022)

- Further strengthening the backlog. Increased to 133 BSEK by end of Q1
- 65% of backlog outside Sweden
- Increased backlog conversion for 2023 and 2024
- Backlog to sales (12R) of 3x

Financial summary



Saab Group, SEK million unless otherwise stated

	Q1 2023	Q1 2022	Change	FY 2022
Sales	11,485	9,218	25%	42,006
Gross Income	2,502	2,034	23%	8,886
<i>Gross margin</i>	21.8%	22.1%		21.2%
EBITDA	1,484	1,148	29%	5,401
<i>EBITDA margin</i>	12.9%	12.5%		12.9%
EBIT	928	654	42%	3,274
<i>EBIT margin</i>	8.1%	7.1%		7.8%
Financial net	2	-169		-455
<i>Tax rate</i>	21.0%	23.3%		19.0%
Net income	735	372	98%	2,283
EPS (SEK)	5.45	2.66	105%	16.41

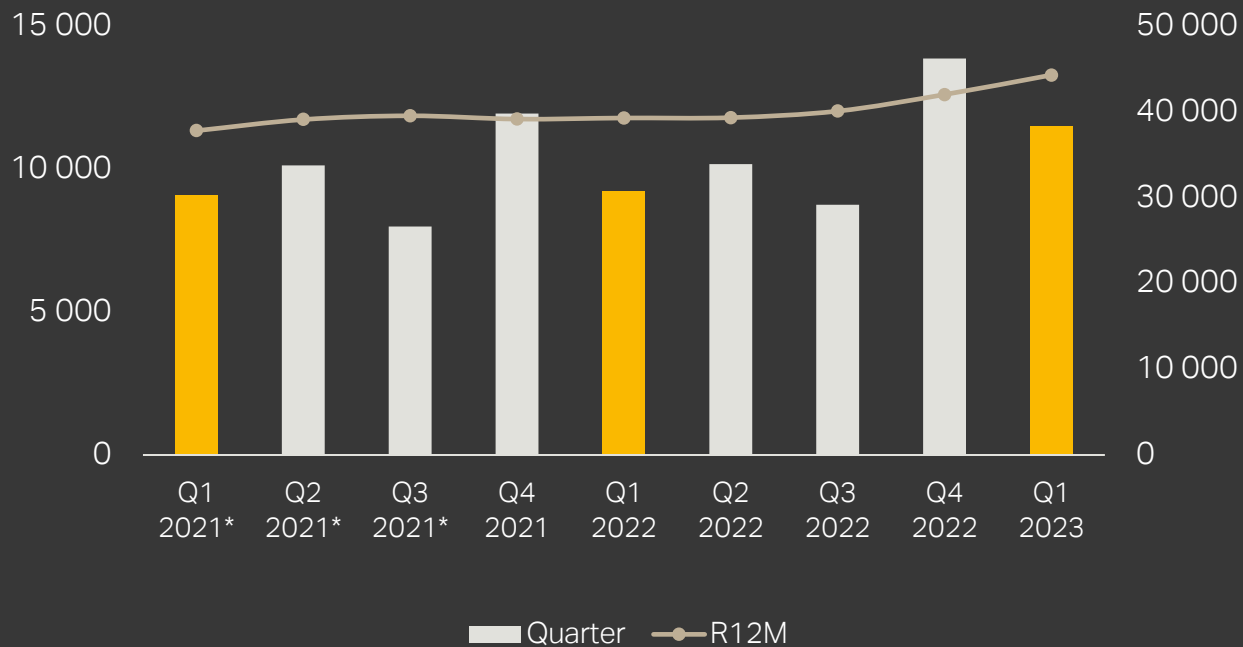
Comments

- Gross income up +23% by strong sales growth, gross margin decline to 21.8% (22.1) due to mix effects
- EBIT improvement driven by the volume increases and scale effects on OPEX
- Items affecting comparability of SEK 10m net, from MTM divestment and write-downs in minority portfolio
- 2022 financial net impacted by negative unrealised results from short-term investments, supports strong increase in net income and EPS

Sales development



Group Sales, SEK million



Q1 2023

11.5
Sales, SEK bn
(Q1 22: 9.2)

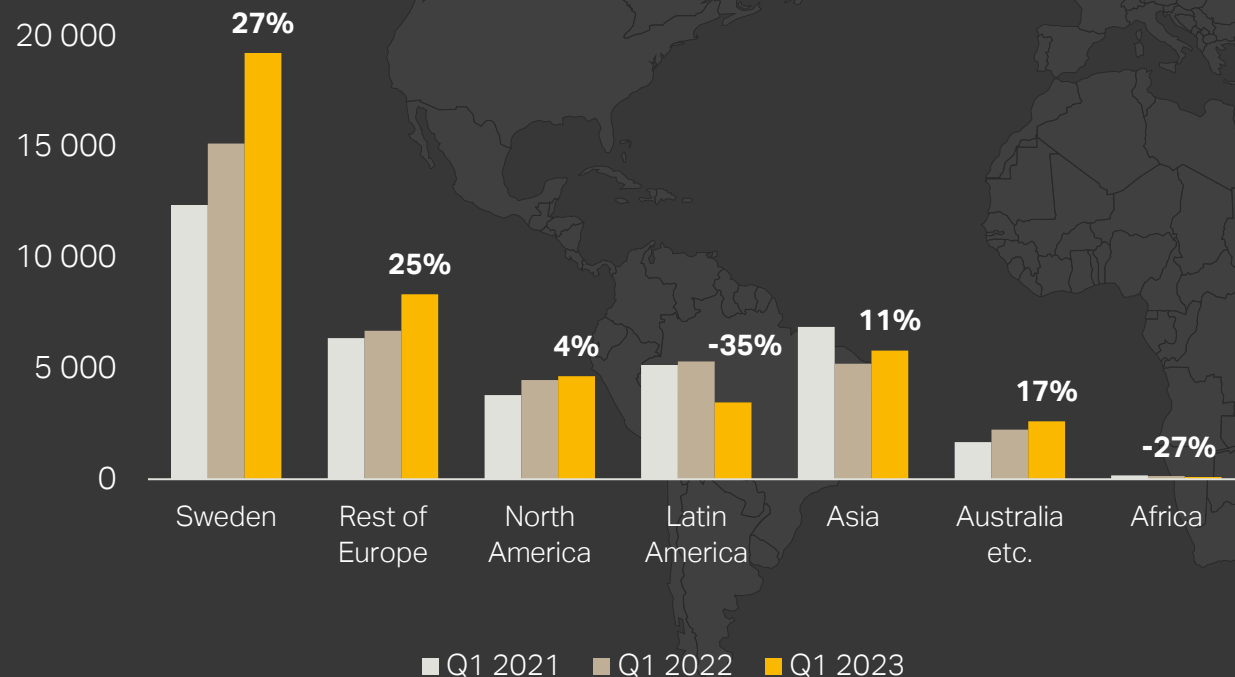
+23%
Organic sales growth
25% total growth

- Strong Q1 from high delivery volumes and good pace in projects
- CAGR of 8.2% over the last 3 years
- Reiterating sales growth outlook of around 15% for 2023. With high growth in Q1, we expect sales growth to be lower for the rest of the year

Sales by region



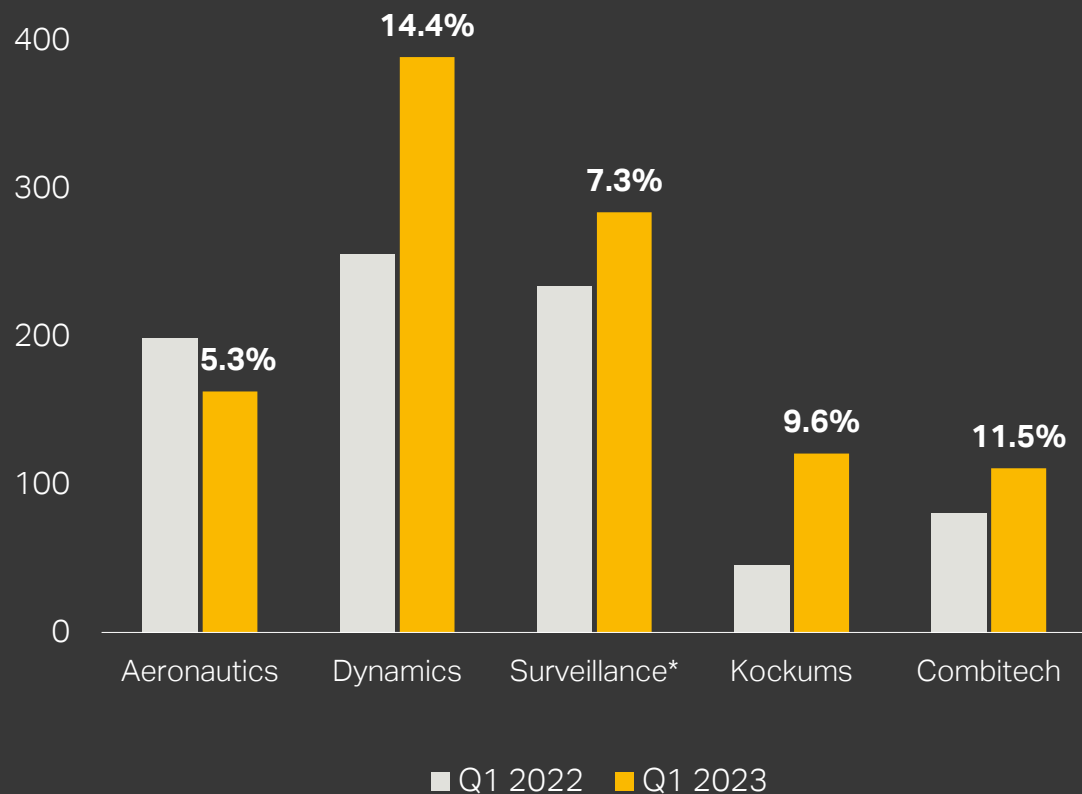
Sales per region, SEK million rolling 12 months



- Group growth of 12.7% last 12 months
- Sweden shows strong sales growth, driven by Aeronautics, Surveillance and Combitech
- Growth in Saab's strategic markets U.S., U.K., Germany and Australia
- 54% of sales from outside of Sweden

EBIT per business area Q1

EBIT and EBIT margin, SEK million and %



Q1 2023

+42%
EBIT growth

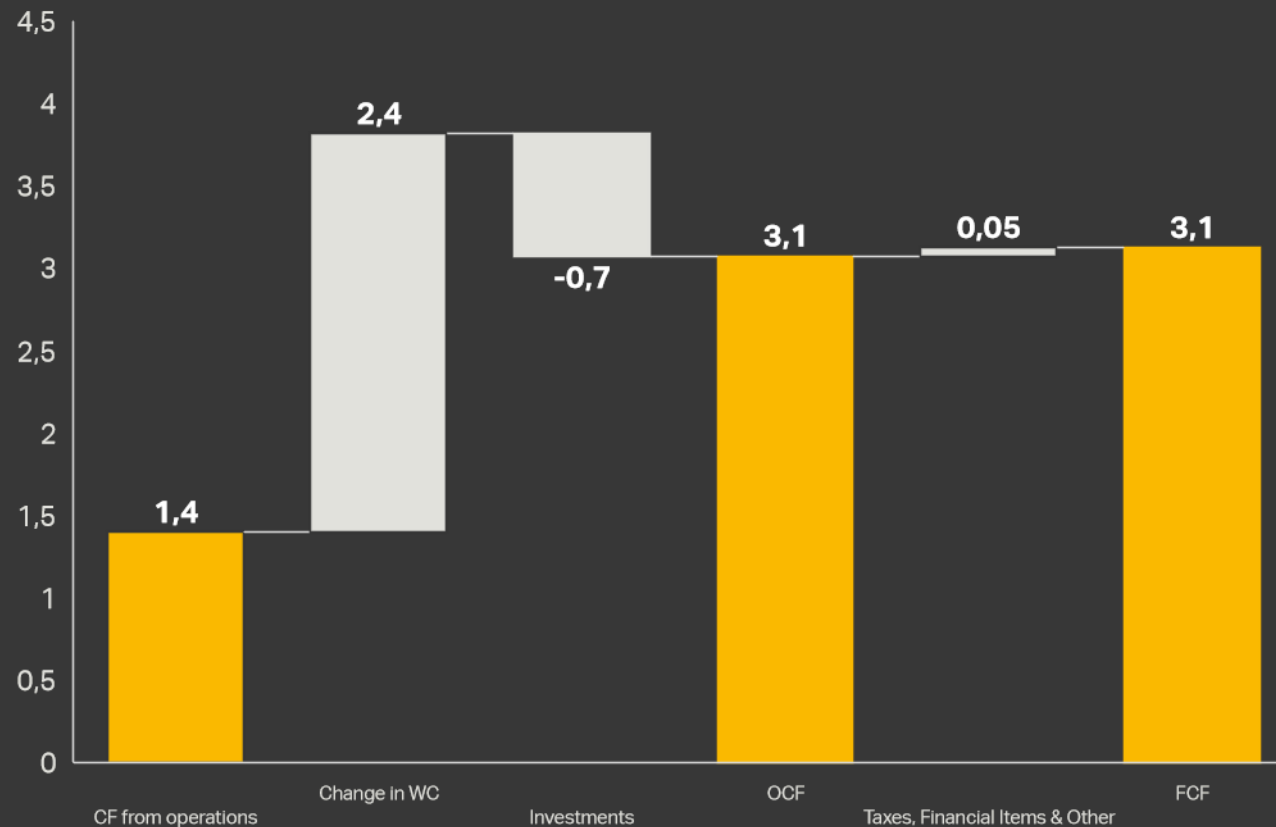
8.1%
EBIT margin

- Dynamics, Surveillance, Kockums and Combitech driving EBIT SEK contribution
- Aeronautics EBIT impacted by lower sales in Gripen and T-7 ramp-up
- Dynamics margins declined sequentially, reflecting a normalisation compared to the favourable mix in 2022
- Surveillance margin flat Y/Y excluding capital gain from divestment of MTM
- Kockums EBIT and margins driven by favourable project mix and aftermarket
- Combitech utilisation rate improved Y/Y

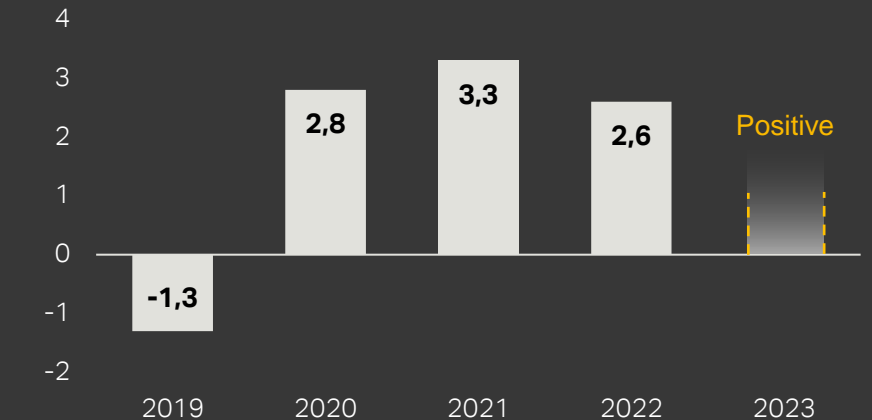
**Adjusted for items affecting comparability*

Cash flow analysis

Group Cash Flow YTD, SEK billion



Operational cash flow to be positive for 2023, SEK billion

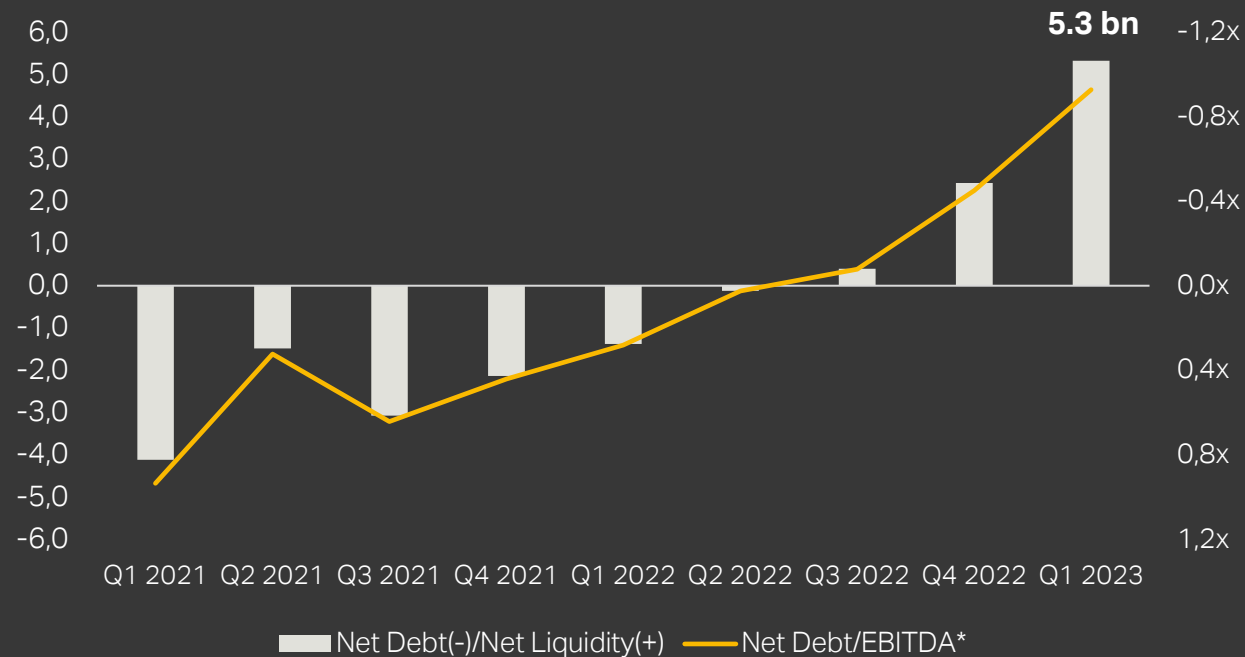


- Q1 customer pre-payments result in a decrease in the working capital
- Inventory levels relative to COGS increased Y/Y driven by Dynamics
- Higher investment in equipment and production/office facilities
- FCF positively impacted by SEK 0.3bn from MTM divestment

Strong balance sheet



Liquidity/debt position, SEK billion



Q1 2023

-0.93x
Net debt/EBITDA*

39.6%
Equity/Asset ratio

15.6
Cash and short term
investments, SEK bn

6.0
Revolving Credit Facilities,
SEK bn

*EBITDA rolling 12 months, adjusted for items affecting comparability

Outlook and targets



	Organic growth	Operating income	Cash flow
Outlook 2023	Organic sales growth of around 15%	Operating income growth higher than organic sales growth	Operational cash flow to be positive
Medium-term: 2023-2027	Around 10% CAGR*	Growth higher than organic sales growth	Cash conversion** >70% (cumulative over 5 years)

*CAGR base year 2022

**Cash conversion = Operational cash flow / Operating income

Q&A

Clear Channel



**En del av att
vara förberedd**

Våra världsledande innovationer är
en del av försvarets förmåga att vara
rätt rustat när det verkligen behövs.

 **SAAB** | En del av Sverige
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