



# Saab Q1 2022 Presentation

22 April 2022

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# A changing landscape

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- Humanitarian tragedy connected to the war in Ukraine
- Substantial support to Ukraine including weapon systems
- Heightened security situation in Europe
- Many initiatives to strengthen European countries' defence capabilities
- EU joint defence programmes accentuated
- National safety and security a foundation for a sustainable democracy
- Industry-wide supply challenges – early customer decision will support mitigation
- Strategic alliances forming and changing; increased importance of NATO and AUKUS



# Q1 2022 Highlights

Orders	Growth
<b>8,115 MSEK</b>	<b>38%</b>
(5,871 MSEK)	

Sales	Growth
<b>9,218 MSEK</b>	<b>1.4%</b>
(9,088 MSEK)	

EBITDA	Margin
<b>1,148 MSEK</b>	<b>12.5%</b>
(1,066 MSEK)	(11.7%)

EBIT	Margin
<b>654 MSEK</b>	<b>7.1%</b>
(597 MSEK)	(6.6%)

OCF
<b>-179 MSEK</b>
(-160 MSEK)

- Strong interest in Saab's portfolio with continued growth in order intake
- Solid start to the year, slight sales growth
- EBIT growth of 10% driven by improved gross margin and favourable product mix
- First two serially produced Gripen E arrived to Brazil and conducted first flights in country
- New product launch of the Mobile Short Range Air Defence System "MSHORAD"

# Key orders in Q1

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- Mid-Life Upgrade of 3<sup>rd</sup> Gotland-class submarine to Sweden
- Several important training contracts to the U.S. Marine Corps, Denmark and Finland
- Civil security solution to Australia
- Air defence system RBS 70 NG to Argentina
- AT4 Support Weapon to Indian Armed Forces
- Air traffic management solutions to airports in the U.S. and Romania



# Business area summary

## Aeronautics

- Medium-sized orders related to ongoing Gripen projects
- Canada selected competitor although Gripen met all requirements
- Negative impact on results from start-up of T-7 operations

## Dynamics

- High demand and strong interest for portfolio
- Order growth driven by Training & Simulation, Missile and Underwater Systems
- Higher volumes and favourable product mix contribute to increased EBIT and margins

MSEK	Jan-Mar 2022	Jan-Mar 2021	Change, %	FY 2021
Order intake	1,299	2,041	-36	7,828
Sales	3,056	3,103	-2	12,263
EBITDA	240	241	0	871
EBITDA margin	7.9	7.8		7.1
EBIT	199	213	-7	746
EBIT margin	6.5	6.9		6.1

MSEK	Jan-Mar 2022	Jan-Mar 2021	Change, %	FY 2021
Order intake	2,633	1,341	96	10,909
Sales	1,793	1,655	8	8,690
EBITDA	278	182	53	1,201
EBITDA margin	15.5	11.0		13.8
EBIT	256	161	59	1,113
EBIT margin	14.3	9.7		12.8

# Business area summary

## Surveillance

- Order growth of 36% in the quarter, driven by orders in the civil segment such as traffic management solutions
- Sales growth negative due to last year's very high growth levels in Q1
- Increased EBIT margin driven by improved project execution and favourable project mix

## Kockums

- Strong order intake with large submarine upgrade order to Sweden
- Solid quarter with high activity in the business unit Surface Ships and continued efficiency

MSEK	Jan-Mar 2022	Jan-Mar 2021	Change, %	FY 2021
Order intake	2,309	1,703	36	14,065
Sales	3,109	3,299	-6	13,373
EBITDA	433	355	22	1,684
EBITDA margin	13.9	10.8		12.6
EBIT	234	166	41	917
EBIT margin	7.5	5.0		6.9

MSEK	Jan-Mar 2022	Jan-Mar 2021	Change, %	FY 2021
Order intake	1,385	452	206	8,853
Sales	817	654	25	3,388
EBITDA	53	36	47	243
EBITDA margin	6.5	5.5		7.2
EBIT	46	27	70	208
EBIT margin	5.6	4.1		6.1



# Sustainability in focus

*Peace, security and stability is the foundation for a sustainable society*

- Continued extensive work on sustainability and further strengthened our governance
- Proposed climate targets submitted to the Science-Based Targets initiative
- Inclusion of CO<sub>2</sub> emission reduction as target in Saab's Performance Share Plan
- Implementation of the new Responsible Sales Policy





# Long-term growth from increases in defence spending

## Germany



2022 DB: USD 60.8bn / 1.33%GDP  
(USD 91.1bn / 2%GDP)

27 Feb 22 – Chancellor: EUR100bn special fund for defence, budget of 2% of GDP 'from now on'

## Norway



2022 DB: USD 7.8bn / 1.70%GDP

18 Mar 22 – NOK 3bn (USD 339m) added to 2022 defence budget for border defence. Long Term Defense Plan (April 2020) to reach 2% of GDP by 2028.

## Sweden



2022 DB: USD 9.1bn / 1.37%GDP

10 Mar 22 – Prime Minister: defence budget will increase from 1.4% to 2% of GDP.

## Finland



2022 DB: USD 6.6bn / 2.11% of GDP  
(USD 7.5bn / 2.38% of GDP)

5 Apr 22 – EUR2.2bn additional funding for defence in 2023-2026 fiscal plan. EUR700m more for 2022.

## Denmark



2022 DB: USD 5.5bn / 1.34%GDP

6 Mar 22 – Prime Minister : Defence budget will reach 2% of GDP by 2033

## Netherlands



2022 DB: USD 14.7bn / 1.37%GDP

7 Mar 22 – Prime Minister: Country already working towards 2% of GDP goal - will now look at implementing further increases to defence.

## Belgium



2022 DB: USD 7.2bn / 1.17%GDP

21 Jan 22 (pre-invasion) – Defence Minister: Update of the Strategic Defense Vision for 2030 - defence budget will be increased from 1.17% to 1.54% of GDP by 2030.

## France



2022 DB: USD 62.2bn / 1.98%GDP

2 Mar 22 – President: France will increase defence investment from LPM 2019-25.

## Italy



2022 DB: USD 34.5bn

/ 1.52%GDP, 31 Mar 22 – Considering increasing 2022 defence budget by EUR1.5bn. Goal to reach 2%GDP by 2028.

## Austria



2022 DB: USD 3.8bn

/ 0.72%GDP, 7 Mar 22 – Chancellor: Need to increase defence budget from 0.7% to 1% of GDP.

## Romania



2022 DB: USD 6.0bn

/ 1.90%GDP, 1 Mar 22 – President: Romania should raise budget from 2% to 2.5% of GDP.

## Poland



2022 DB: USD 15.2bn / 2.11%GDP

3 Mar 22 – Defence Minister: Defence budget should increase from the 2% to 3% of GDP in 2023.

## Estonia



2022 DB: USD 0.9bn / 2.27%GDP

25 Mar 22 – Government approved EUR476m uplift to defence between 2022-2026 to boost air defence capabilities. Increases budget to over 2.5% of GDP.

## Latvia



2022 DB: USD 0.89bn / 2.20%GDP

1 Mar 22 – Latvian cabinet approves increase in defence spending from 2.2% to 2.5% of GDP by 2025.

## Lithuania



2022 DB: USD 1.4bn / 2.01%GDP  
(USD 1.7bn/2.5%GDP)

14 Mar 22 –State Budget amendment to add EUR298m to 2022 defence budget, increase from 2.0% to 2.5% of GDP.





# Strategic priorities remain intact

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- Continuous focus on core areas
- Execute on multi-domestic strategy
- Invest in future capabilities; Autonomous Systems, Distributed Sensor Systems, Cyber Security and Defence Cloud offering
- Support customers' defence capability growth
- Boost production capacity to meet higher demand
- Work proactively with supply chain challenges
- Attract and secure right competencies



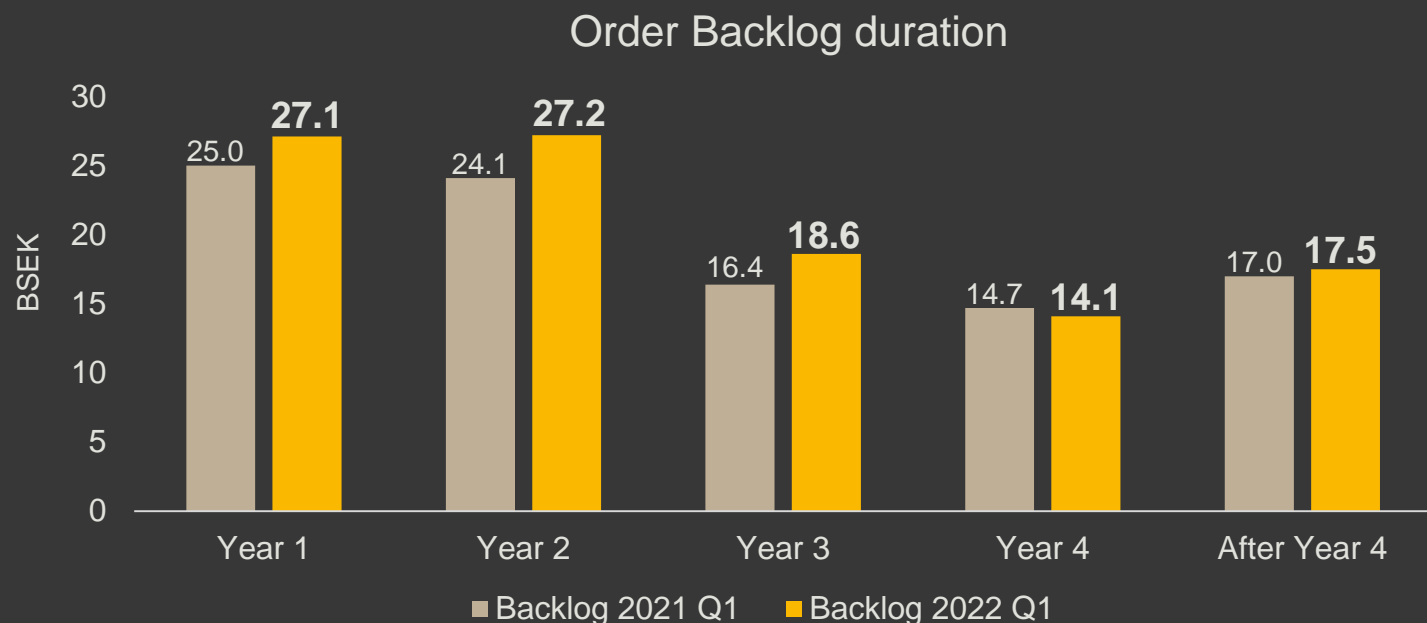
# Financial Summary



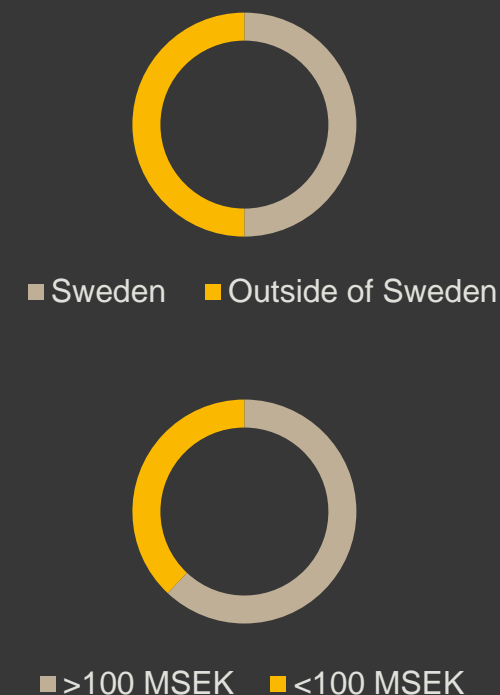
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# Order backlog supports continued growth



Q1 2022 Order Bookings



- Order growth of 38% in quarter, driven by medium orders
- Backlog to sales conversion for current year, an increase of 8.4%
- Backlog at 105 BSEK and 67% outside Sweden



# Financial summary Q1 2022

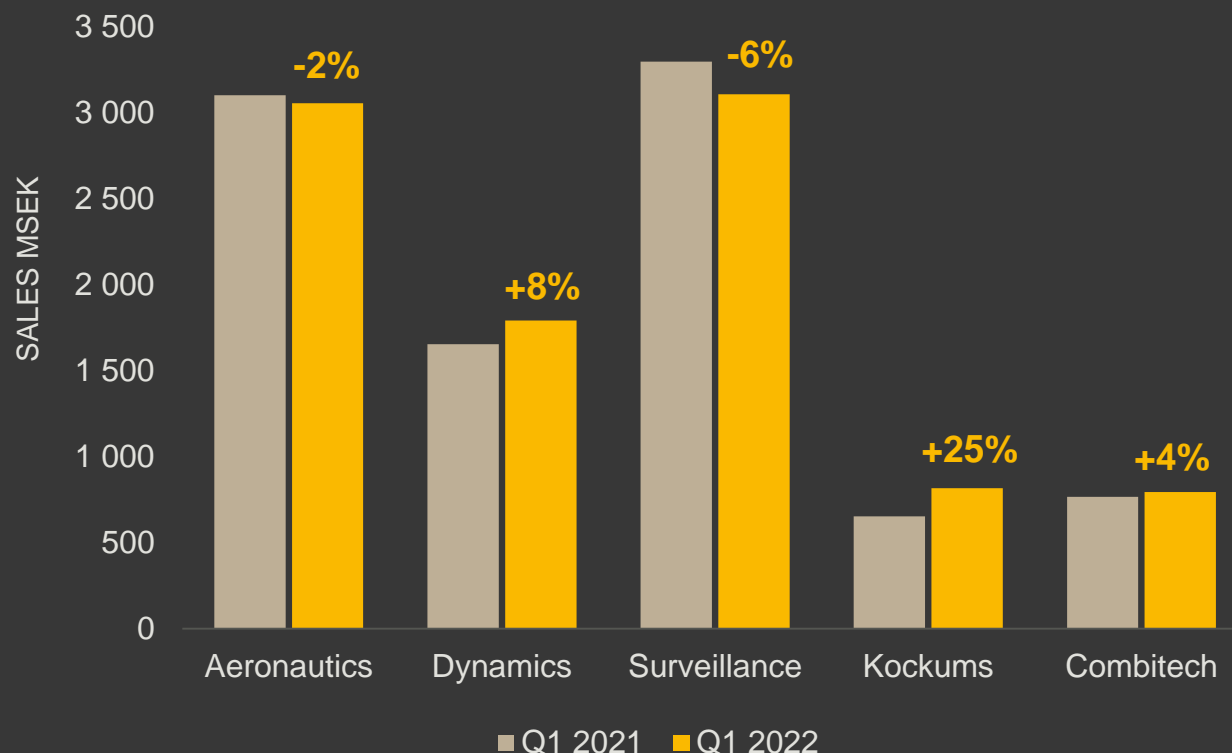
MSEK	Saab Group			
	Q1 2022	Q1 2021	Change	FY 2021
Sales	9,218	9,088	1%	39,154
Gross income	2,034	1,934	5%	8,205
Gross margin, %	22.1	21.3		21.0
EBITDA	1,148	1,066	8%	4,826
EBITDA margin, %	12.5	11.7		12.3
EBIT	654	597	10%	2,888
EBIT margin, %	7.1	6.6		7.4
Net income	372	396	-6%	2,025
EPS (SEK)	2.66	2.94	-10%	14.45

## P&L comments

- Sales growth of 1.4% (13%)
- Higher gross income driven by improved project execution and favourable product mix
- EBIT and EBIT margin growth driven by improved gross margin
- Decrease in net income and EPS due to negative results from short-term investments

# Sales per Business Area

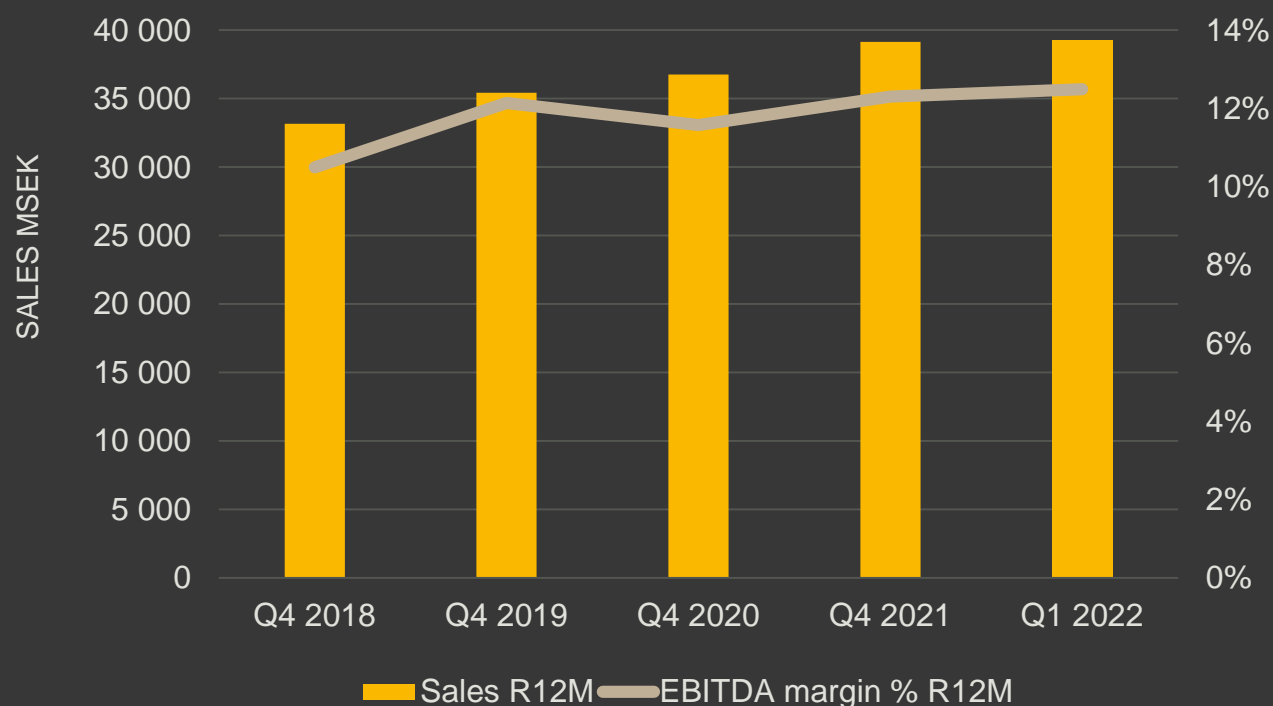
Sales growth %



## Business Area comments

- Aeronautics' sales impacted by timing effects on project execution
- High delivery volumes in Dynamics
- Strong comparison quarter for Surveillance (38% in Q1 2021)
- High activity level in Kockums driven by Surface Ships
- Continued high activity in Combitech

# Adj. Sales and EBITDA margin trend

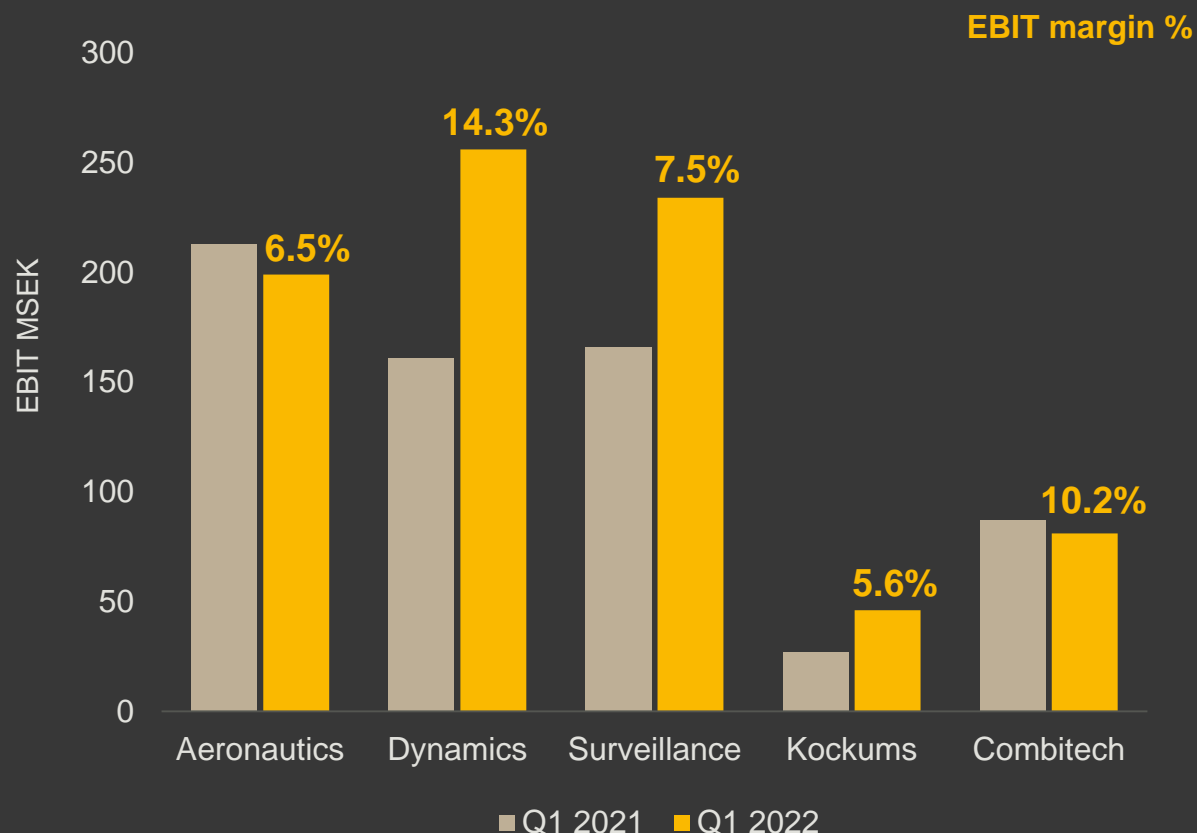


## EBITDA comments

- Positive long-term growth trend
- Sales CAGR of 4.3% since 2018
- EBITDA margin improvement driven by better gross margin



# EBIT and margins per Business Area



## Business Area comments

- Aeronautics' earnings impacted by civil business and start-up of T-7 operations
- Favourable product and project mix within Dynamics and Surveillance
- Higher sales volumes drive margin in Kockums

# Business summary – Combitech

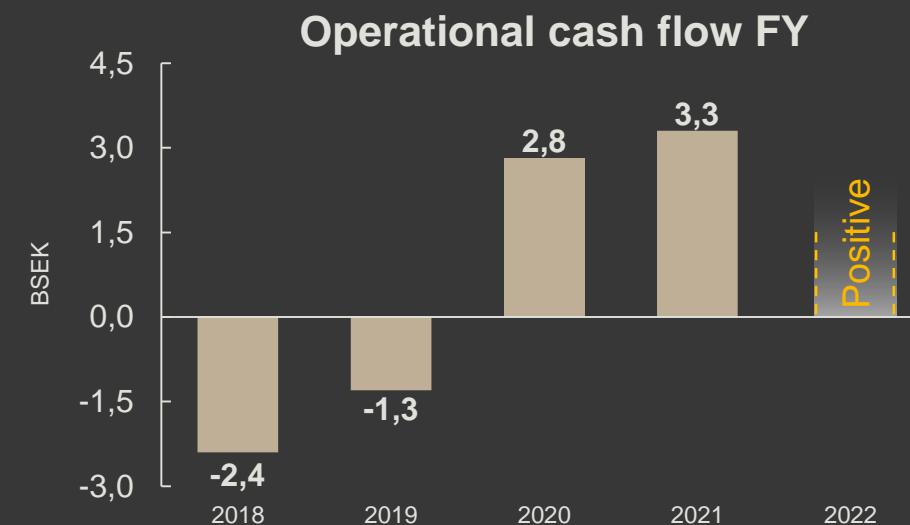
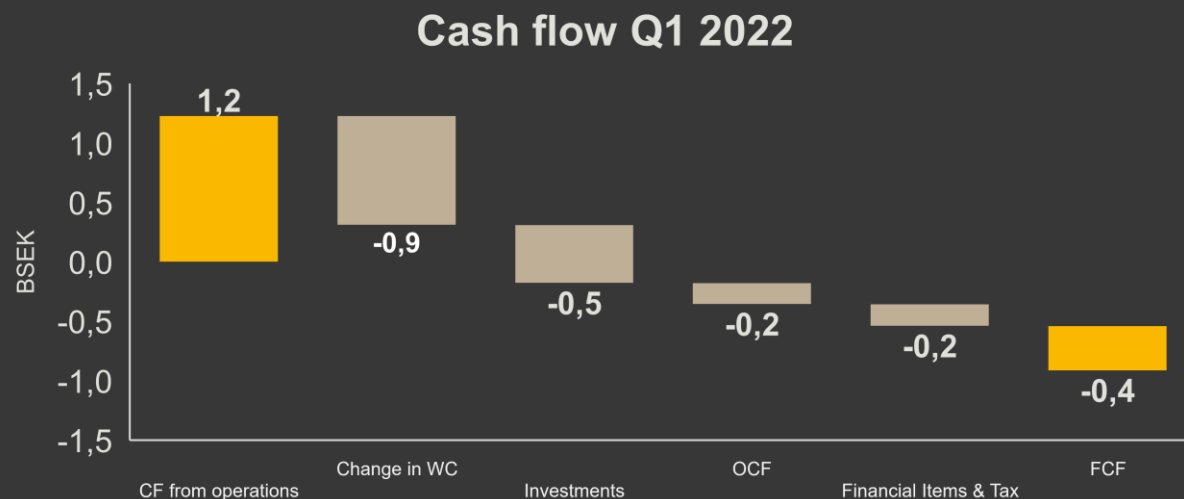


## Comments

- Continued high market demand
- Contract signed for “Combitech SAINT” data system to Sweden (FMV)
- New projects towards the finance industry within cyber security
- Sales increase driven by higher project deliveries
- Decrease in operating income due to slightly higher cost

MSEK	Jan-Mar 2022	Jan-Mar 2021	Change, %	FY 2021
Order intake	806	844	-5	3,344
Sales	795	766	4	3,116
EBITDA	83	89	-7	273
EBITDA margin	10.4	11.6		8.8
EBIT	81	87	-7	265
EBIT margin	10.2	11.4		8.5

# Cash flow from operations

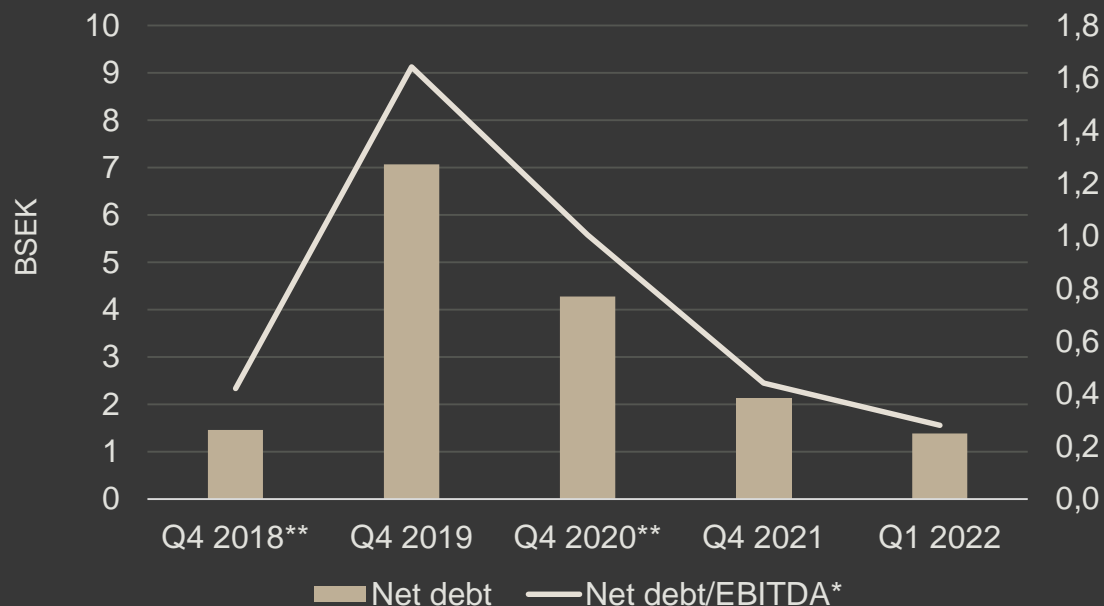


- Cash flow in line with Q1 last year
- No large milestone payments in the quarter
- Change in inventory at same level as last year
- Lower investments in capitalized R&D

*“Full year positive cash flow, however at a lower level than in 2021”*



# Net debt development



BSEK	Q1 2022
Pension liabilities	3.7
Leasing liabilities	2.5
- Other cash less liabilities	-4.8
= Net debt	1.4
Net debt/EBITDA*	0.28x

- Continued decrease in Net debt, driven by change in pension obligation
- Debt with maturity less than 12 months equals 1.7 BSEK
- Total liquid investments of 11.3 BSEK
- Unutilized Revolving credit facilities 6 BSEK
  - Maturity of 2 BSEK in 2023 and 4 BSEK in 2026

Net  
Debt/EBITDA\*  
**0.28x**  
(0.9x\*\*)

Equity/Asset  
ratio:  
**38.0%**  
(36.8)

\*EBITDA rolling 12 months

\*\*Adjusted for items affecting comparability

# Outlook 2022

## OUTLOOK 2022

### ORGANIC SALES GROWTH

Organic sales growth  
to be around 5%

### EBIT

EBIT improvement between  
8-12% compared to 2021

### CASH FLOW

Operational cash flow  
expected to be positive for  
2022, however at a lower  
level than in 2021

### ORGANIC SALES GROWTH

Organic sales growth will  
average 5% per year over a  
business cycle

### EBIT MARGIN

Operating margin will average  
at least 10% per year over a  
business cycle

### EQUITY/ASSETS RATIO

Exceed 30%

## LONG-TERM TARGET

# Important information

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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.



# Q&A



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