

Saab Q2 2022 Presentation

21 July 2022

Micael Johansson, President and CEO
Christian Luiga, CFO and Deputy CEO



SAAB

Market status

- Changed security landscape, European defence spend to significantly increase
- Growing importance of security of supply
- Increased opportunity for Saab with Swedish NATO membership
- Strong interest for Saab's product portfolio
- Saab well positioned to meet increased customer demand
- Different lead times for different parts of the product portfolio

Q2 2022 Highlights

Orders **Growth**
17,363 MSEK **76%**
(9,875 MSEK)

Sales **Growth**
10,171 MSEK **0.4%**
(10,131 MSEK)

EBITDA **Margin**
1,255 MSEK **12.3%**
(1,196 MSEK) (11.8%)

EBIT **Margin**
738 MSEK **7.3%**
(715 MSEK) (7.1%)

OCF
531 MSEK
(3,152 MSEK)

- Strong order intake
- Sales in line with last year
- Increased EBIT and EBIT margin
- Positive operational cash flow
- Keel-laying ceremony for first A26 submarine
- Completion of T-7A EMD-phase deliveries
- Sustainability efforts continued, all Climate Task Forces initiated

Key orders in Q2

Total orders
17.4 BSEK
+76%



Gripen C/D upgrade
for Sweden



Studies on future
fighter aircraft
capability to Sweden

Two GlobalEye for Sweden



RBS15 orders within Missiles Systems



Production batch contract for the
G/ATOR sensor system in the U.S.



Several Carl-Gustaf® orders including
ammunition to Sweden and M4
version to the U.S. and Denmark

Business area summary

Aeronautics

- Orders include part of GlobalEye contract to Sweden
- Good progress in the Gripen programme with high testing activity in the quarter
- Preparations for T-7 production setup impacted results negatively

Dynamics

- Orders growth driven by Ground Combat
- Sales declined due to a high comparison in Q2 2021
- Increased EBIT and margins as a result of higher production efficiency
- U.S. Barracuda closure cost of 60 MSEK in Q2 2021

MSEK	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Order intake	2,839	2,322	4,138	4,363
Sales	3,073	3,044	6,129	6,147
EBITDA	219	250	459	491
EBITDA margin	7.1	8.2	7.5	8.0
EBIT	178	219	377	432
EBIT margin	5.8	7.2	6.2	7.0

MSEK	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Order intake	3,663	3,406	6,296	4,747
Sales	2,208	2,789	4,001	4,444
EBITDA	424	403	702	585
EBITDA margin	19.2	14.4	17.5	13.2
EBIT	408	380	664	541
EBIT margin	18.5	13.6	16.6	12.2

Business area summary

Surveillance

- Strong order intake with GlobalEye to Sweden and several medium-sized orders
- Sales growth in all business units
- Good project execution and GlobalEye pre-start contributed to EBIT margin
- Capacity adjustments in SA of 21 MSEK in Q2 2021

Kockums

- Important milestone in the A26 programme with the keel-laying ceremony for first Swedish submarine
- Solid sales in the quarter, driven by Surface Ships
- Improved margins in both business units Surface Ships and Submarines

MSEK	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Order intake	9,861	3,316	12,170	5,019
Sales	3,562	3,036	6,671	6,335
EBITDA	423	338	856	693
EBITDA margin	11.9	11.1	12.8	10.9
EBIT	223	147	457	313
EBIT margin	6.3	4.8	6.9	4.9

MSEK	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Order intake	508	436	1,893	888
Sales	889	899	1,706	1,553
EBITDA	63	43	116	79
EBITDA margin	7.1	4.8	6.8	5.1
EBIT	55	32	101	59
EBIT margin	6.2	3.6	5.9	3.8

Note: 2021 restated due to a minor structural change between Surveillance and Combitech

Driving **innovation** for future growth



- Developed in Sweden and Finland
- Modular and scalable passive EW sensor
- Enhanced situational awareness
- Applicable from single sensor to network operations
- Rapidly deployable due to low size, weight and power
- Platform agnostic: drones, vehicles, vessels, masts or man-portable deployments

Sirius Compact – Lightweight EW sensor



Intelligent ammunition system for Carl-Gustaf®

- Developed in dialogue with users
- Communication between the new programmable round, fire control device and weapon
- Increased effectiveness, range and accuracy
- Even easier and faster to use
- Ready for delivery and already ordered by Sweden

Sustainability highlights in the quarter

Supporting nations in keeping people and society safe

- All Climate Task Forces initiated within Saab's Science Based Targets project
- Saab Sustainability Council established in Q2
- Continued implementation of the new Responsible Sales Policy

Priorities going forward

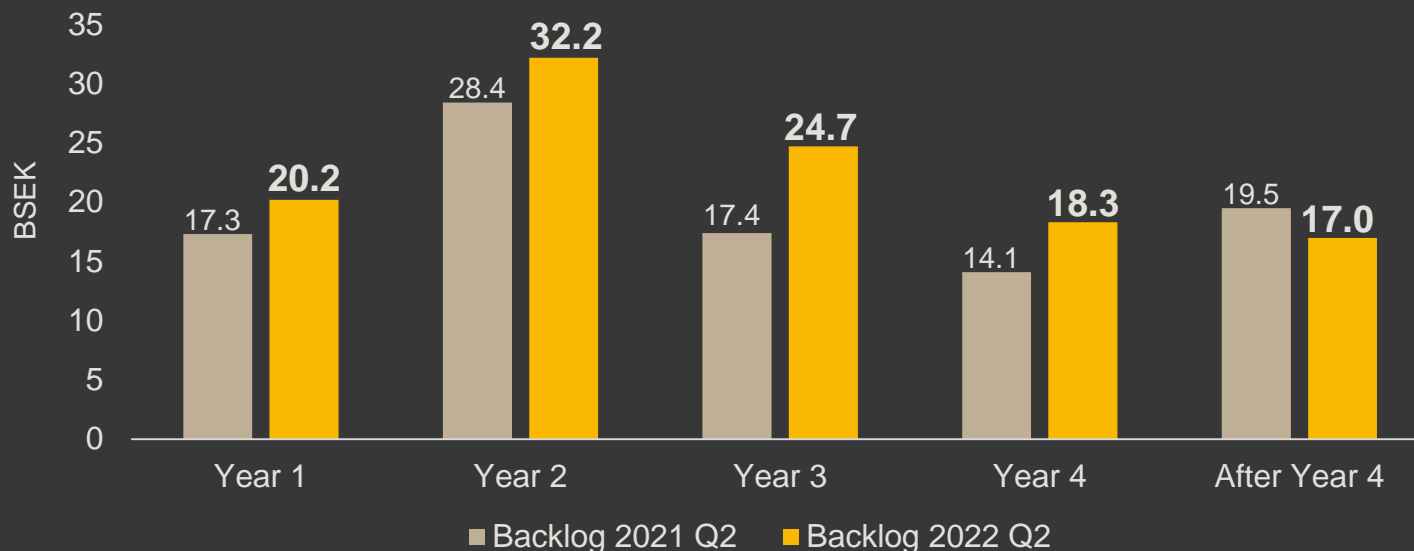
- Capture market opportunities – intensified dialogue with customers
- Continuous focus on core areas and multi-domestic strategy
- Invest in future capabilities; Autonomous Systems, Distributed Sensor Systems, Cyber Security and Defence Cloud offering
- Initiatives to increase future capacity
- Mitigating inflation and supply chain challenges
- Attract and secure right competencies

***“Our opportunities for growth
have improved”***

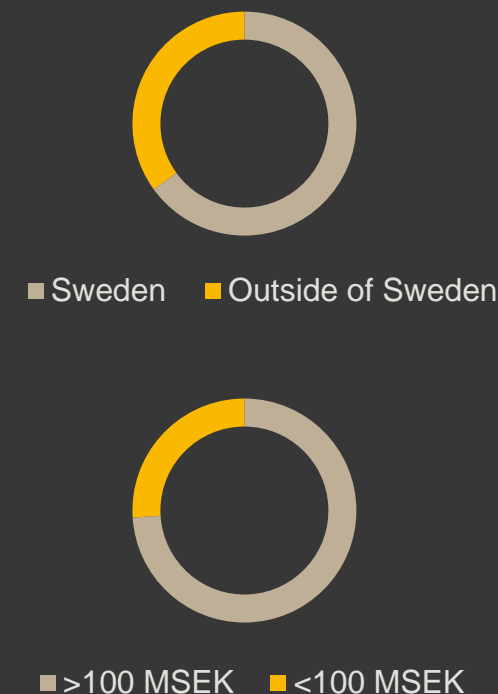
Financial Summary

Strengthened order backlog

Order Backlog duration



H1 2022 Order Bookings



- Order growth of 76% in quarter, driven by large and medium orders
- Backlog at 112 BSEK (105) and 62% outside Sweden
- Current year's backlog to sales conversion shows an increase of 17% and for the coming year the increase is 13%

Financial summary Q2 2022

MSEK	Saab Group		
	Q2 2022	Q2 2021	Change
Sales	10,171	10,131	0.4%
Gross income	2,122	2,113	0.4%
Gross margin, %	20.9	20.9	
EBITDA	1,255	1,196	5%
EBITDA margin, %	12.3	11.8	
EBIT	738	715	3%
EBIT margin, %	7.3	7.1	
Net income	433	514	-16%
EPS (SEK)	3.15	3.78	-17%

P&L comments

- Sales growth of 0.4% against a strong Q2 2021 (14.7%)
- Gross margin flat, low growth compensated by favourable mix
- EBIT and EBIT margin increase
- Higher corporate costs in the quarter
- Comparison period included 85 MSEK for right-sizing measures and closure of site
- Decrease in net income and EPS due to unrealised negative results from short-term investments (-106 MSEK)

Financial summary H1 2022

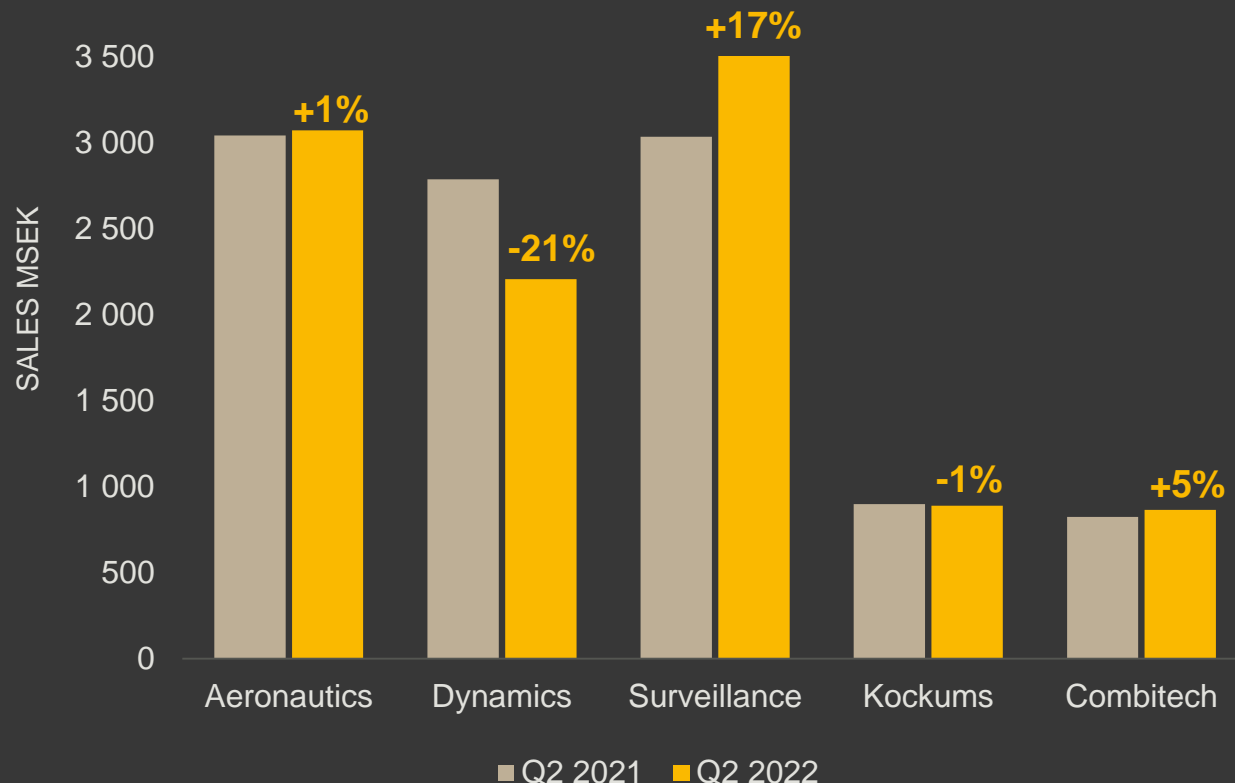
MSEK	Saab Group			
	H1 2022	H1 2021	Change	FY 2021
Sales	19,389	19,219	0.9%	39,154
Gross income	4,156	4,047	3%	8,205
Gross margin, %	21.4	21.1		21.0
EBITDA	2,403	2,262	6%	4,826
EBITDA margin, %	12.4	11.8		12.3
EBIT	1,392	1,312	6%	2,888
EBIT margin, %	7.2	6.8		7.4
Net income	805	910	-12%	2,025
EPS (SEK)	5.80	6.73	-14%	14.45

P&L comments

- Sales growth of 0.9% due to the sales and delivery pattern of the year
- Gross income and margin improvement driven by Dynamics, Surveillance and Kockums
- EBIT increase of 6% and higher margin driven by improved gross margin
- Higher corporate costs in the period
- Decrease in net income and EPS due to unrealised negative results from short-term investments (-209 MSEK)

Sales per Business Area Q2

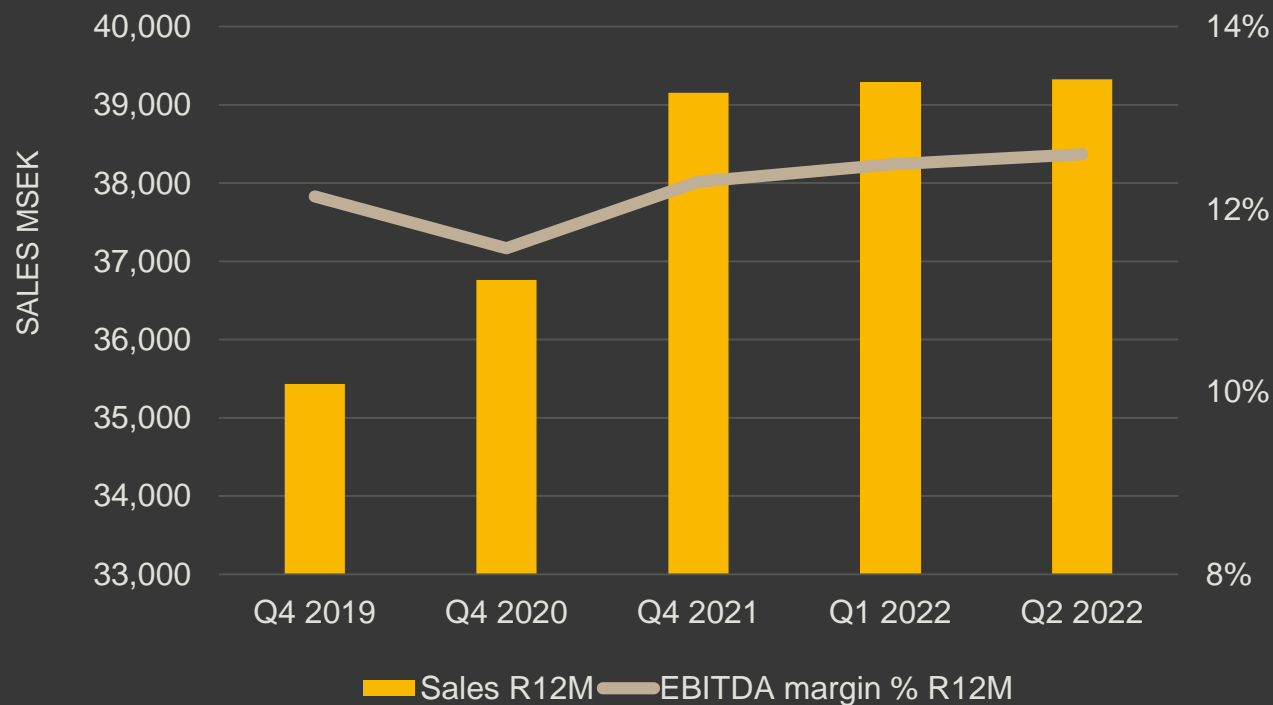
Sales growth %



Business Area comments

- Aeronautics' sales impacted by timing effects on the Gripen programme
- Dynamics down due to strong comparison in Q2 2021
- High activity level and pre-start work on GlobalEye to Sweden in Surveillance
- Kockums sales flat, but up in business unit Surface Ships
- Combitech growth driven by higher sales to external customers

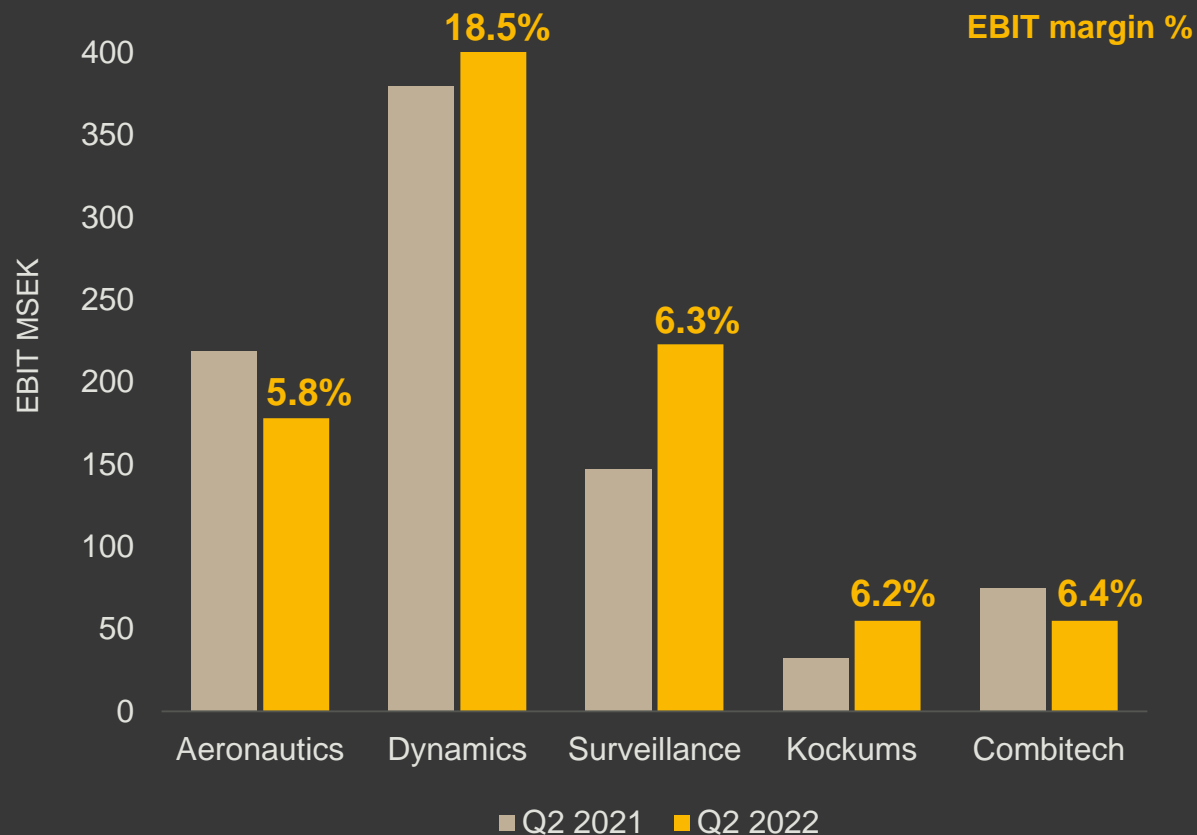
Adj. Sales and EBITDA margin trend



EBITDA comments

- Long-term growth trend positive
- Sales CAGR of 4.5% since 2019
- EBITDA margin shows steady increase despite slower sales growth

EBIT and margins per Business Area Q2



Business Area comments

- Aeronautics' earnings declined as a result of low volumes and negative currency effects
- Good project mix and execution within Dynamics and Surveillance
- Margin improvement in Kockums, driven by business units Surface Ships and Submarines

Note: 2021 restated due to a minor structural change between Surveillance and Combitech

Business summary – Combitech



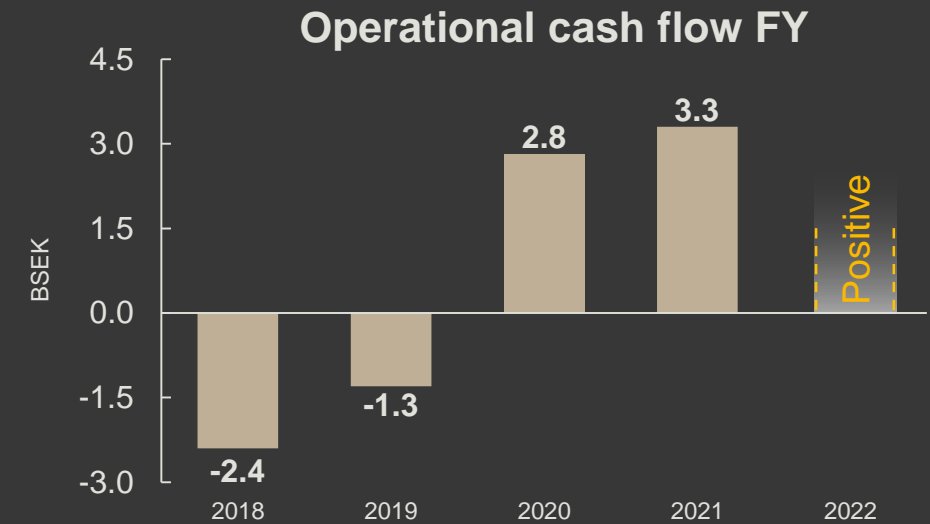
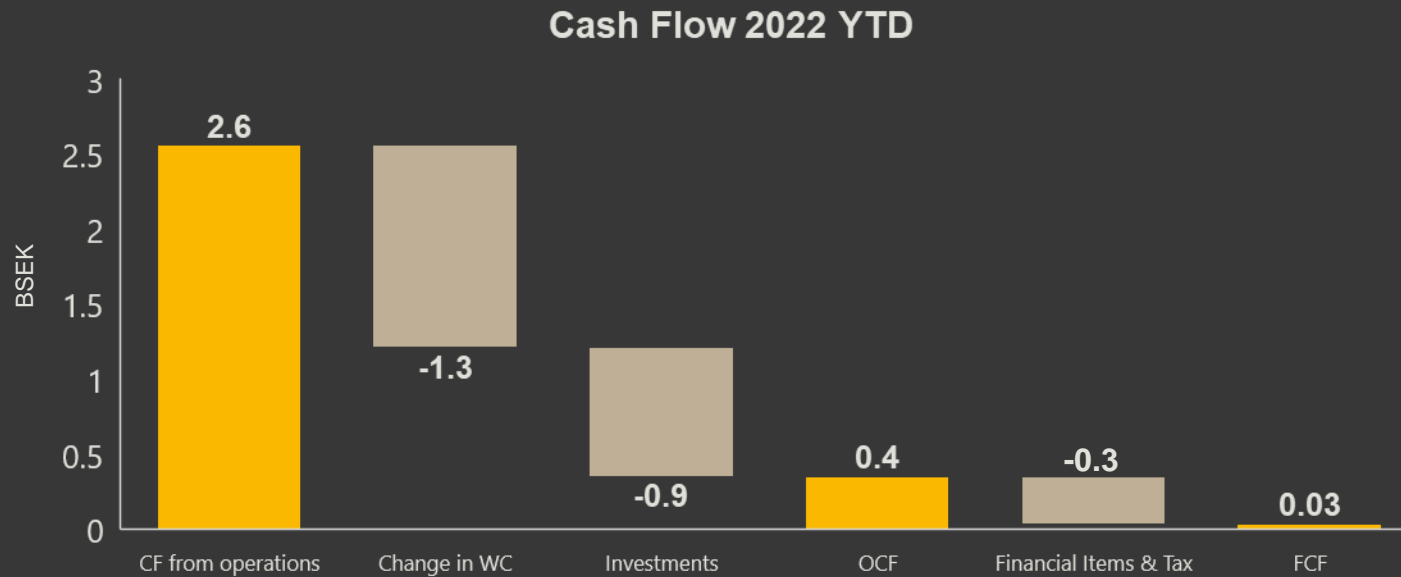
Comments

- Digital transformation contract, including 5G private network, signed in Q2
- Sales increase driven by higher activity towards external customers in Q2
- EBIT impacted by higher cost
- Competition for competence and resources remains challenging

MSEK	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Order intake	877	881	1,683	1,725
Sales	866	825	1,661	1,591
EBITDA	57	76	140	165
EBITDA margin	6.6	9.2	8.4	10.4
EBIT	55	75	136	162
EBIT margin	6.4	9.1	8.2	10.2

Note: 2021 restated due to a minor structural change between Surveillance and Combitech

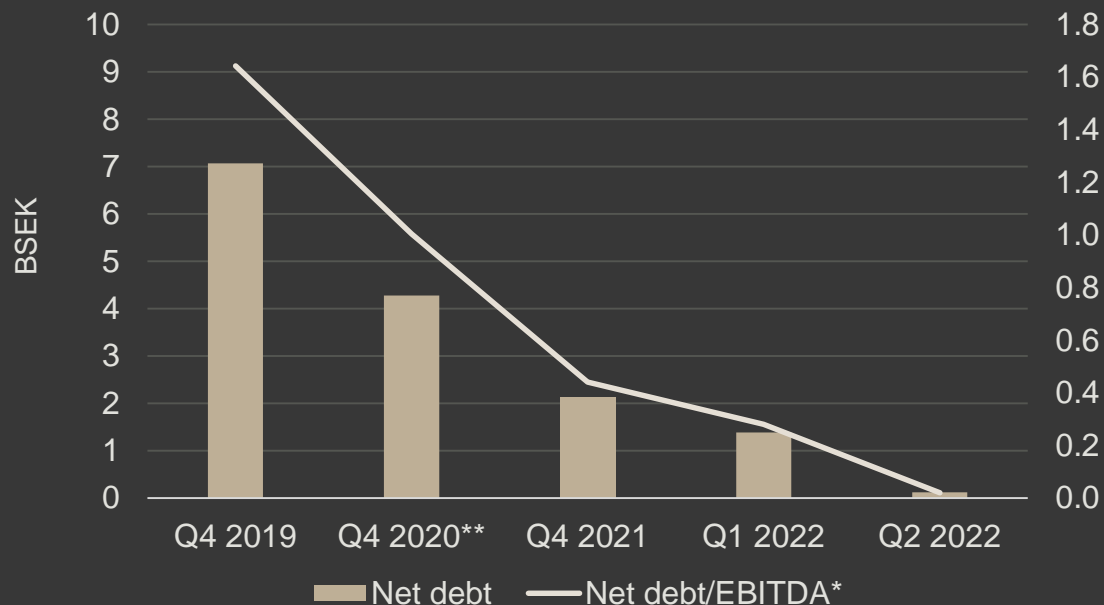
Cash flow from operations



- Operational cash flow of 0.5 BSEK in Q2 (3.2), in line with our milestone plans
- Lower investments mainly due to lower capitalized R&D
- Taking initiatives for capacity and production investments for future growth
- Inventory build-up higher in 2022 to secure future deliveries

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

Solid net debt position



- Continued decrease in net debt, driven by change in pension obligation and positive cash flow
- Net debt/EBITDA at historical low, reflects a healthy balance sheet
- Cash and short-term investments at 12.4 BSEK, debt with maturity less than 12 months equals 1.7 BSEK
- Unutilized Revolving credit facilities 6 BSEK

BSEK	Q2 2022
Pension liabilities	2.1
Leasing liabilities	2.5
- Other cash less liabilities	-4.5
= Net debt	0.1
Net debt/EBITDA*	0.02x

Net Debt/EBITDA*
0.02x

Equity/Asset ratio:
38.7%

*EBITDA rolling 12 months
**Adjusted for items affecting comparability

Outlook 2022

ORGANIC SALES GROWTH

Organic sales growth
of around 5%

OPERATING INCOME

Operating income
improvement between
8-12% compared to 2021

CASH FLOW

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

*“For the full year, we estimate
operating income improvement
to be at the upper end of our
outlook range of 8-12%.”*

Q&A



SAAB