

Saab interim report January - June 2024



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# **Strong order intake and continuous focus on capacity increases**

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Christian Luiga, CFO and Deputy CEO  
Merton Kaplan, Head of IR

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## **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



- Capturing market share and strengthening Saab's position
- Strong long-term demand fundamentals, supported by the NATO alliance
- Ukraine continues to drive growth
- Focus on important deliveries and ongoing capacity build-up
- Continuous R&D efforts in core technology areas

# Key figures Q2 2024

Strong order intake with several large contracts

Order intake, BSEK

**39.6**

176% increase y-o-y

Double-digit growth in all business areas

Sales, BSEK

**15.2**

21% organic growth

EBIT margin improvement to 8.8% (8.5)

EBIT, BSEK

**1.3**

25% EBIT growth

Negative due to timing of large customer payments

Operational cash flow, BSEK

**-2.3**

(Q2 23: -1.5 BSEK)



# Order intake Q2 2024

## Total orders

Q2 2024

**39.6**

SEK billion  
(14.3)

H1 2024

**58.1**

SEK billion  
(31.3)

## International orders

**32.4**

SEK billion  
(7.1)

**46.2**

SEK billion  
(21.0)

## Order backlog

**183**

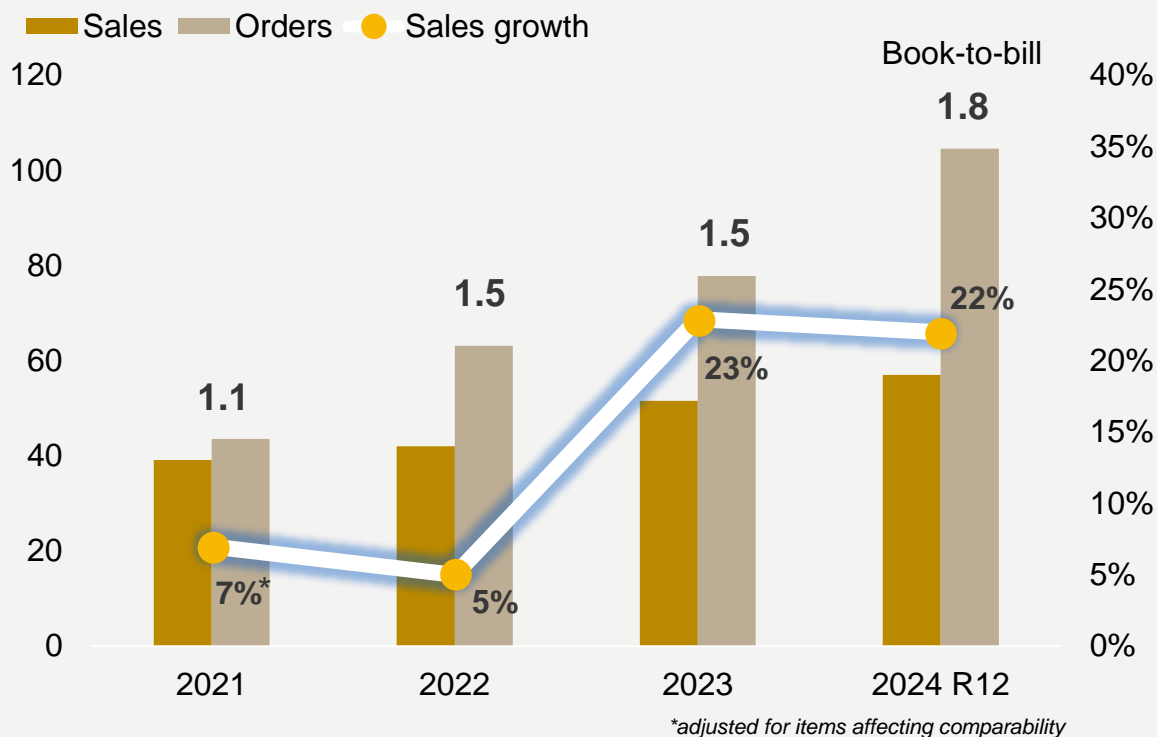
SEK billion  
(35% increase y-o-y)

## Key orders

- Major Carl-Gustaf contract with Poland
- Large defence equipment order to Western country
- Contract for 3<sup>rd</sup> GlobalEye aircraft to Sweden
- Next generation CB90 combat boats to Sweden
- Several orders in the naval domain

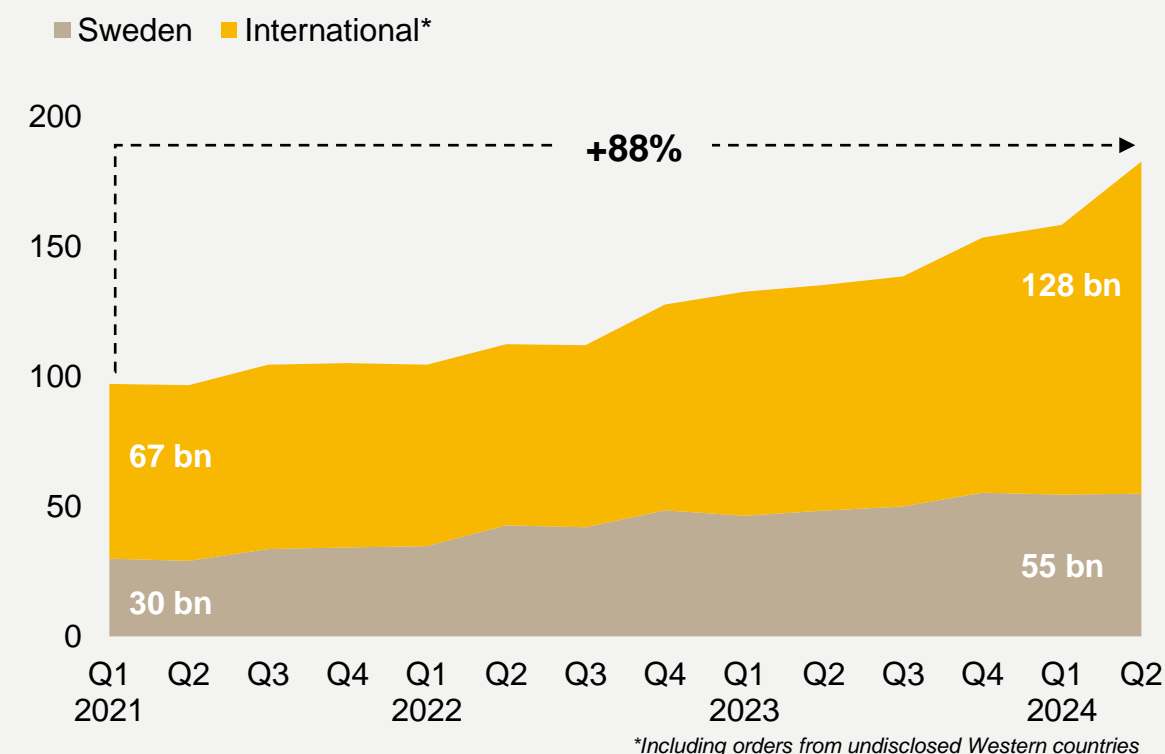
# Building backlog for future growth

Order, Sales and Book-to-bill, SEK billion



- Strengthened order intake, with an improved book-to-bill but also increase in sales growth
- Backlog supports future growth and puts focus on capacity
- Book-to-bill now at 1.8x R12M (1.5x in 2023) with a sales growth above 20%

Order backlog, SEK billion



- Significant backlog growth since 2021
- European markets growing in importance, without compromising on Sweden as an important home market
- Main increase in backlog from Dynamics and Surveillance



# Aeronautics

- Continued good pace in programme execution contributing to sales growth
- Improved profitability supported by the higher volumes and slight recovery in the civil business
- EBIT still impacted by T-7 production under-absorption
- Interest for Gripen fighter system from several countries

Order intake Q2

# 2.2

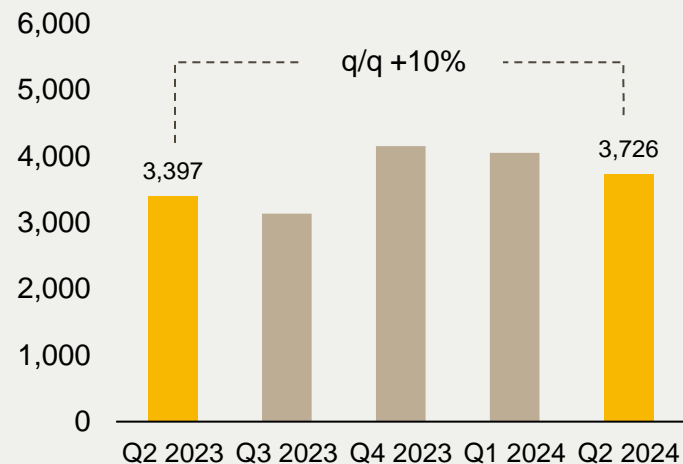
BSEK

Order backlog

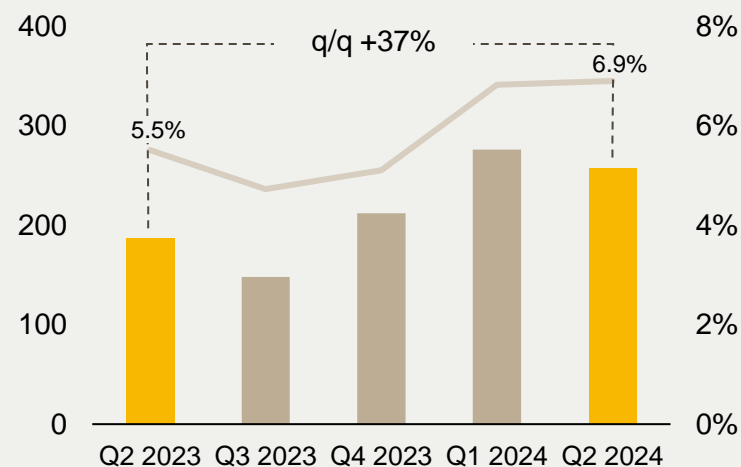
# 46.5

BSEK

Sales, SEK million



EBIT and EBIT margin, SEK million and %


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# Dynamics

- Significant customer interest, record-high order intake in the quarter, strengthening backlog with 84% y/y
- Strong sales growth driven primarily by Missile Systems and Training & Simulation
- Scale from high volumes resulted in improved EBIT and margin uplift in the quarter
- Continuous capacity expansion

Order intake Q2

# 27.0

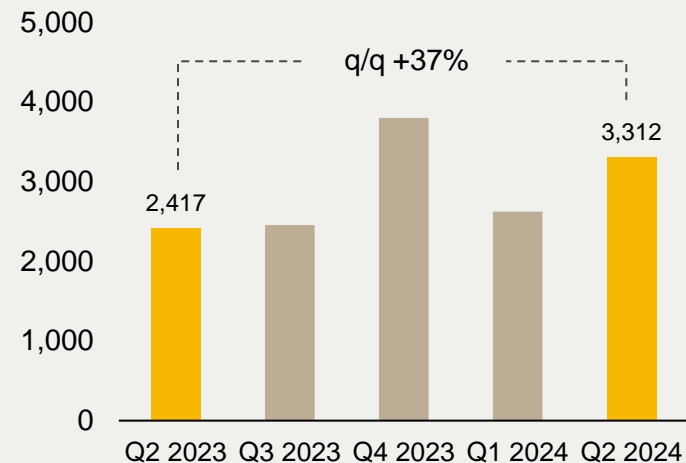
BSEK

Order backlog

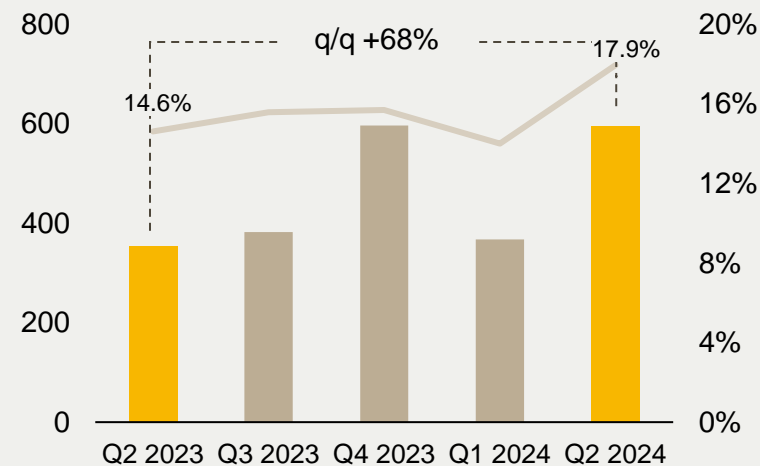
# 69.8

BSEK

Sales, SEK million



EBIT and EBIT margin, SEK million and %


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# Surveillance

- Strong order intake with continued high market interest for the portfolio
- Sales growth in Q2 driven by high activity level in several business units
- Margins impacted by unfavourable mix from a few legacy contracts and costs related to the high recruitment level
- Second Saab 340 AEW aircraft delivered to Poland in June

Order intake Q2

# 7.4

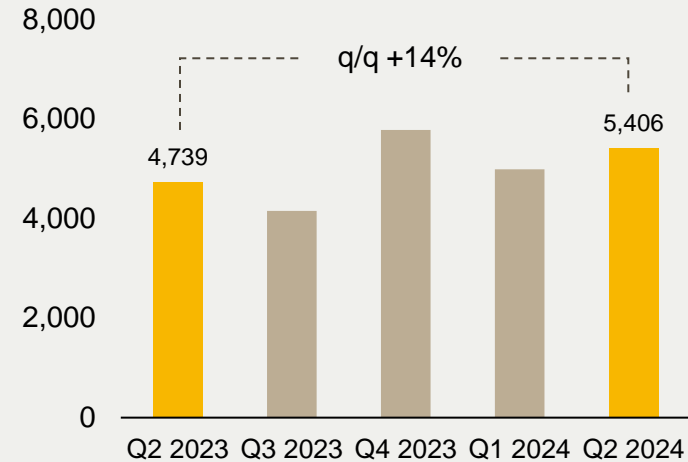
BSEK

Order backlog

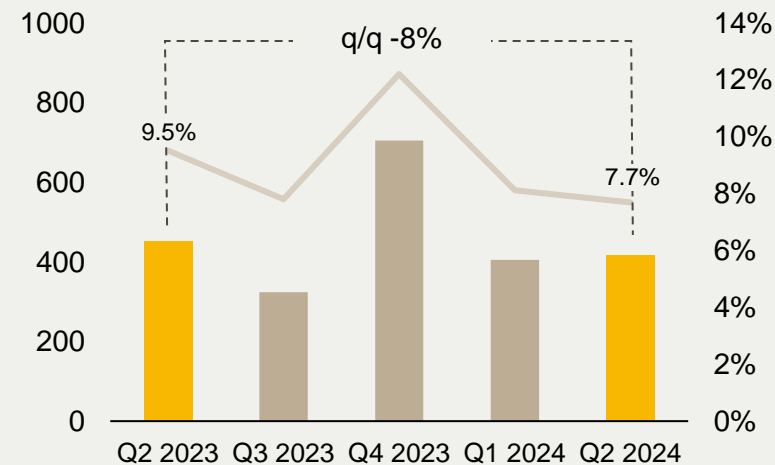
# 49.1

BSEK

Sales, SEK million



EBIT and EBIT margin, SEK million and %



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# Kockums

- Growing interest for Saab's surface ship solutions and for Combat Boat 90
- Strong sales reflected high activity in all units including high material flow in projects
- EBIT improvement from the strong volumes and a continued favourable mix
- Launch of submarine HMS Södermanland after extensive overhaul

Order intake Q2

## 2.5

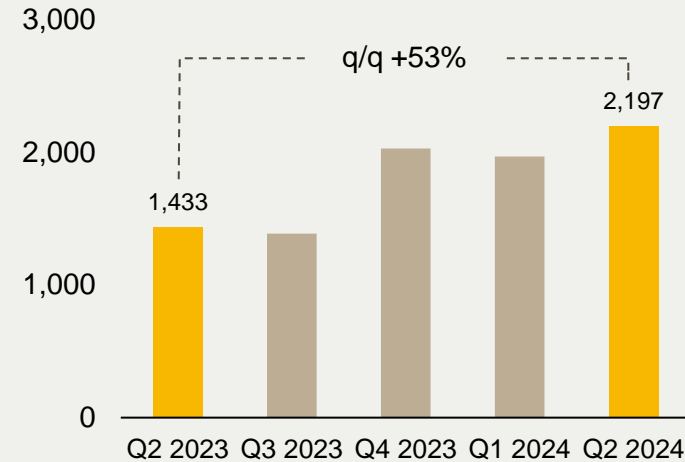
BSEK

Order backlog

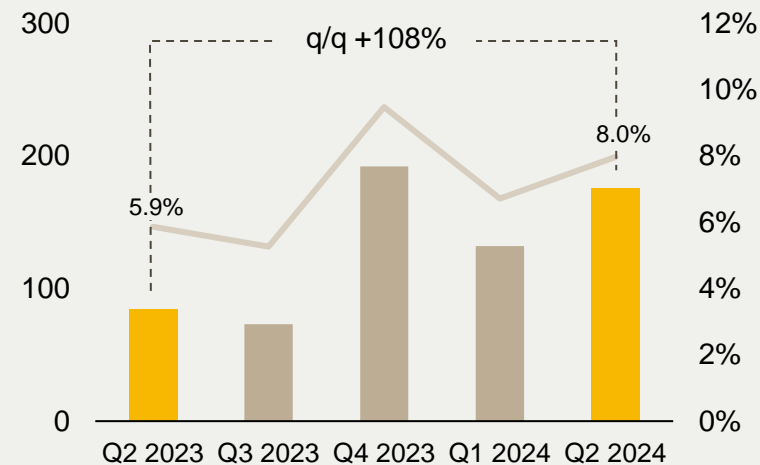
## 16.8

BSEK

Sales, SEK million



EBIT and EBIT margin, SEK million and %


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# Combitech

- Continued high demand in the defence segment
- Contracts signed with FMV and several other customers within the defence area
- All metrics increased y/y driven by good activity in the defence projects
- New service operations established in India
- Divestment of Norwegian entity with 30 employees, beginning of July

Order intake Q2

# 1.4

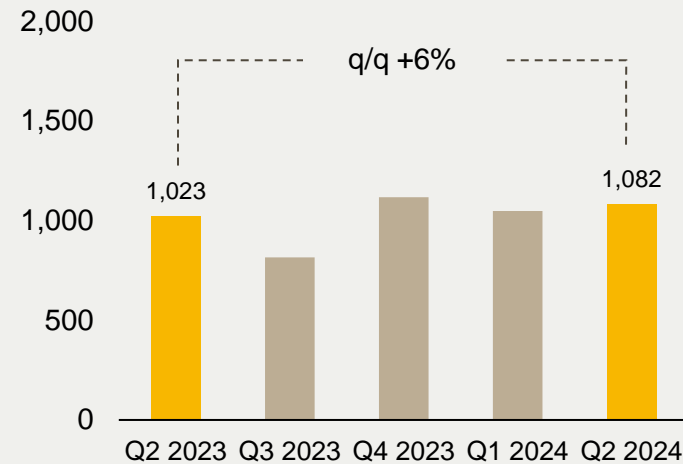
BSEK

Order backlog

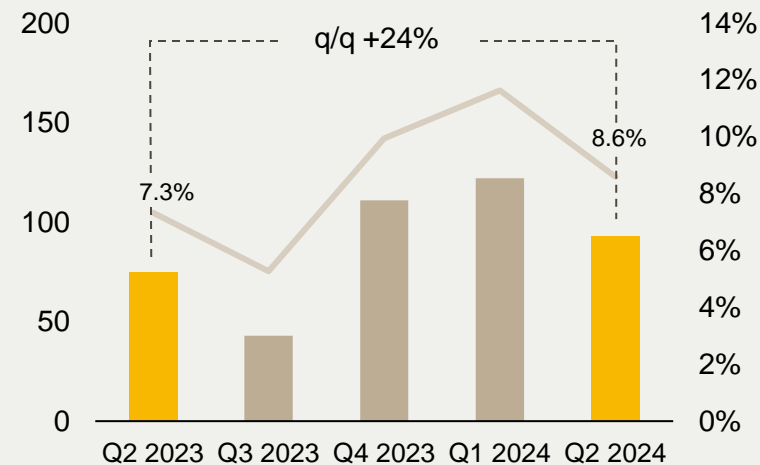
# 1.9

BSEK

Sales, SEK million



EBIT and EBIT margin, SEK million and %


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# Capacity increases Q2 status

## Sweden

### Karlskoga

- Fuze assembly facility inaugurated in Q2
- Additional assembly lines in Dynamics

### Stockholm

- Expansion and relocation to cater for growth in all domains

### Linköping

- Gripen/GlobalEye production ramp-up, including new surface treatment and painting facility
- Tube production line for support weapons

### Landskrona/Lund

- New Kockums sites for increased production capability and development

### U.S.

- New manufacturing capability in the U.S. with production from 2026
- Gradual increase of workforce for T-7 deliveries

### U.K.

- Further ramp-up of G1X production in Fareham
- New underwater production facility

### Finland

- New facility for serial production of Sirius Compact

### India

- Construction of Carl-Gustaf production facility
- Establishment of Combitech service operation

### Australia

- New site finalised, supporting growth of naval business

**+1,600** Net new employees, year-to-date

# Sustainability Q2 highlights

- Saab the first major defence company to receive SBTi approval for its 2050 greenhouse gas emission reduction targets
- Diversity and inclusion target integrated in Saab's Performance Share Plan for senior management - driving efforts to increase the share of women employees
- Saab's anti-corruption training programme expanding globally to new employees



SCIENCE  
BASED  
TARGETS

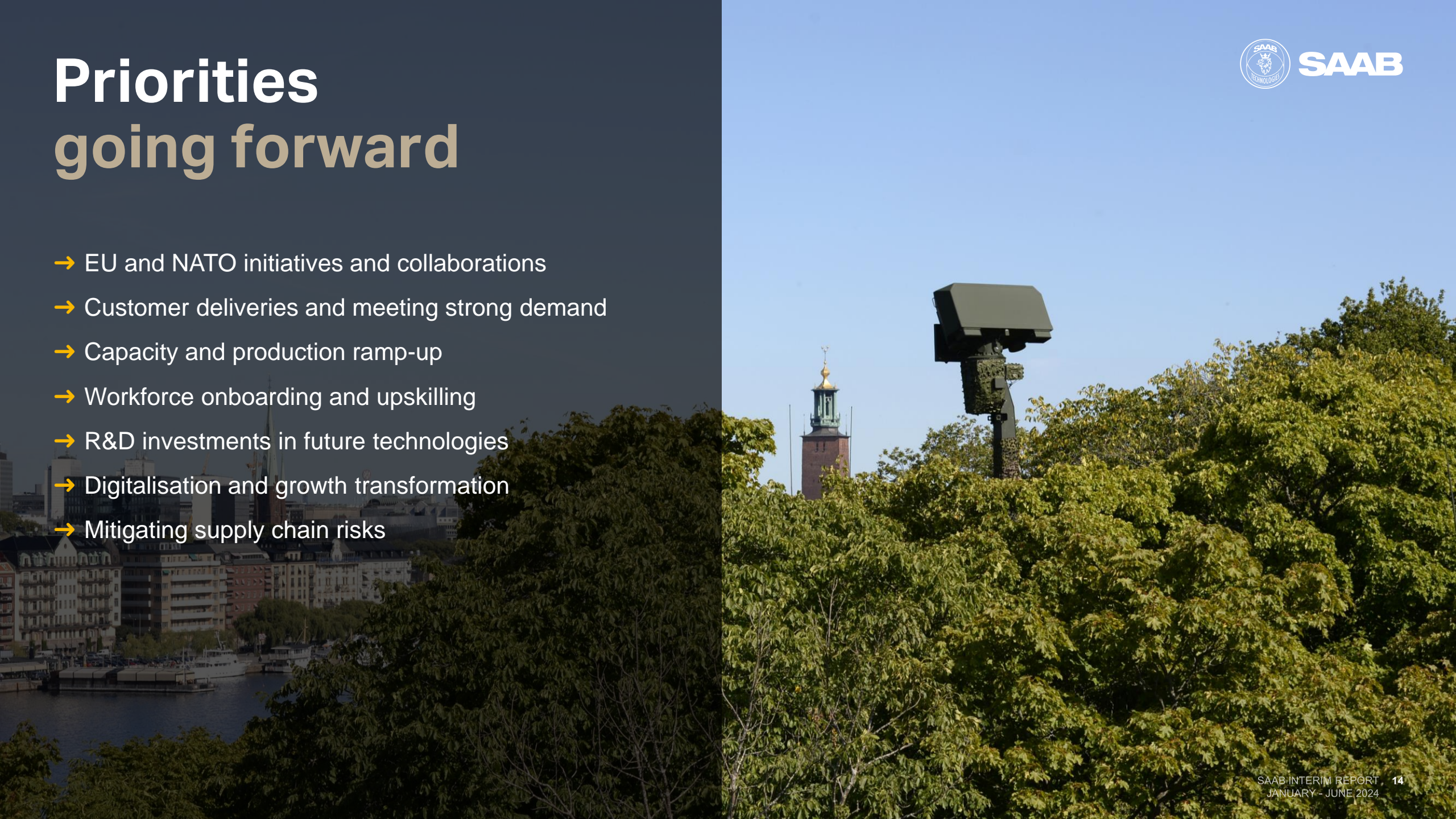
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION





# Priorities going forward

- EU and NATO initiatives and collaborations
- Customer deliveries and meeting strong demand
- Capacity and production ramp-up
- Workforce onboarding and upskilling
- R&D investments in future technologies
- Digitalisation and growth transformation
- Mitigating supply chain risks







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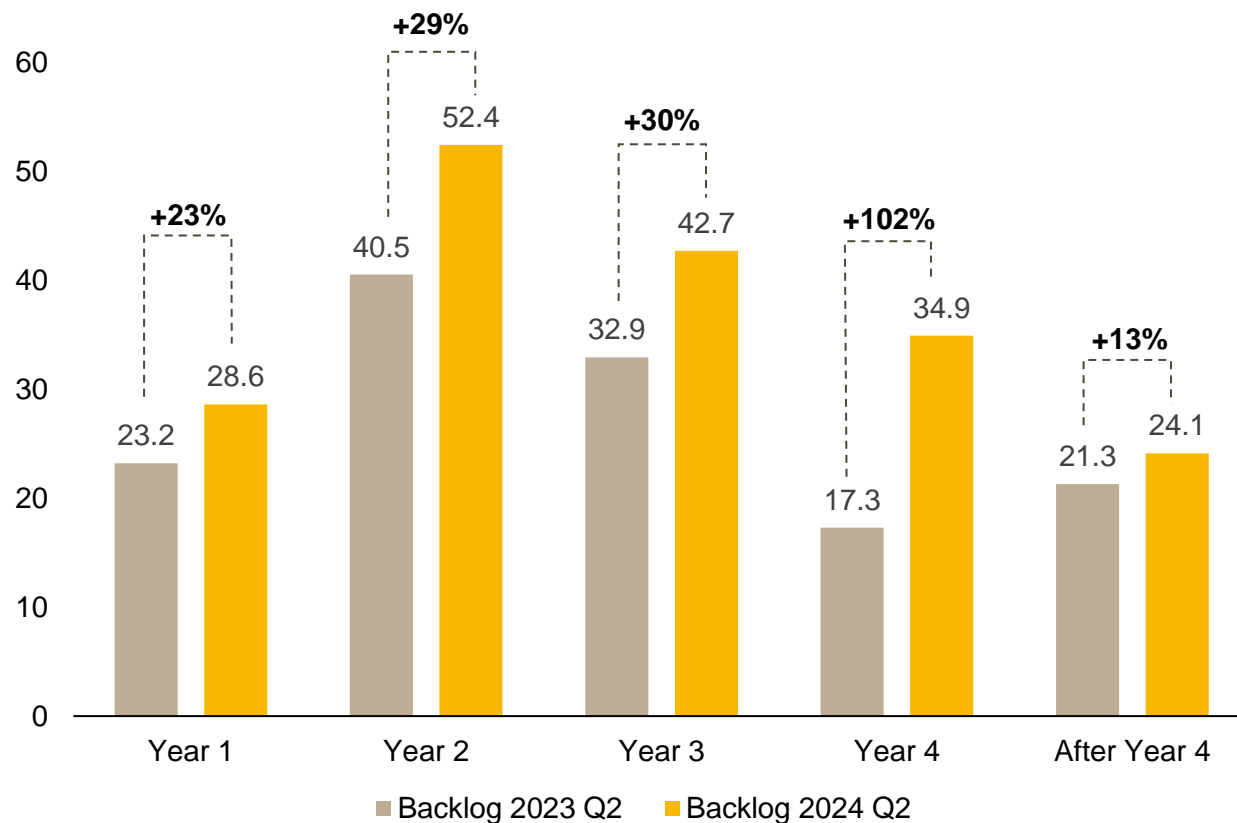
# Financial Summary

Christian Luiga, CFO and Deputy CEO



# Orders supporting long-term growth

Order backlog duration, SEK billion



Q2 2024

## 82%

Order bookings from markets outside Sweden  
(50% in Q2 2023)

- Second strongest order intake quarter
- Q2 book-to-bill of 1.8x (R12M) leading to order backlog extension
- Compared to last year, a substantial increase in secured orders for the coming three years
- Order backlog of 183 BSEK (up 35% y/y) supporting long-term growth
- 70% of backlog outside Sweden

# Financial summary

## Q2 2024

Saab Group, SEK million unless otherwise stated

	Q2 2024	Q2 2023	Change
Sales	15,170	12,475	22%
<b>Gross Income</b>	<b>3,380</b>	<b>2,760</b>	22%
<i>Gross margin</i>	22.3%	22.1%	
<b>EBITDA</b>	<b>1,961</b>	<b>1,618</b>	21%
<i>EBITDA margin</i>	12.9%	13.0%	
<b>EBIT</b>	<b>1,331</b>	<b>1,065</b>	25%
<i>EBIT margin</i>	8.8%	8.5%	
Financial net	-23	-53	
<i>Tax rate</i>	22.6%	21.1%	
<b>Net income</b>	<b>1,012</b>	<b>798</b>	27%
<b>EPS (SEK)</b>	<b>1.85</b>	<b>1.44</b>	28%

## Comments

- Sales growth of 21.6% of which 21.2% organic and 0.4% M&A related
- Gross income driven by higher sales in all BAs and improved gross margin in Dynamics and Kockums
- EBIT increased 25%, from the gross income improvement and scale effects on OPEX
- Financial net improvement related to currency effects
- Tax rate now at normalised levels compared to Q2 2023, which included a positive income of non-taxable capital gains from divestments
- Net income and EPS growth driven by EBIT improvement



# Financial summary

## H1 2024

Saab Group, SEK million unless otherwise stated

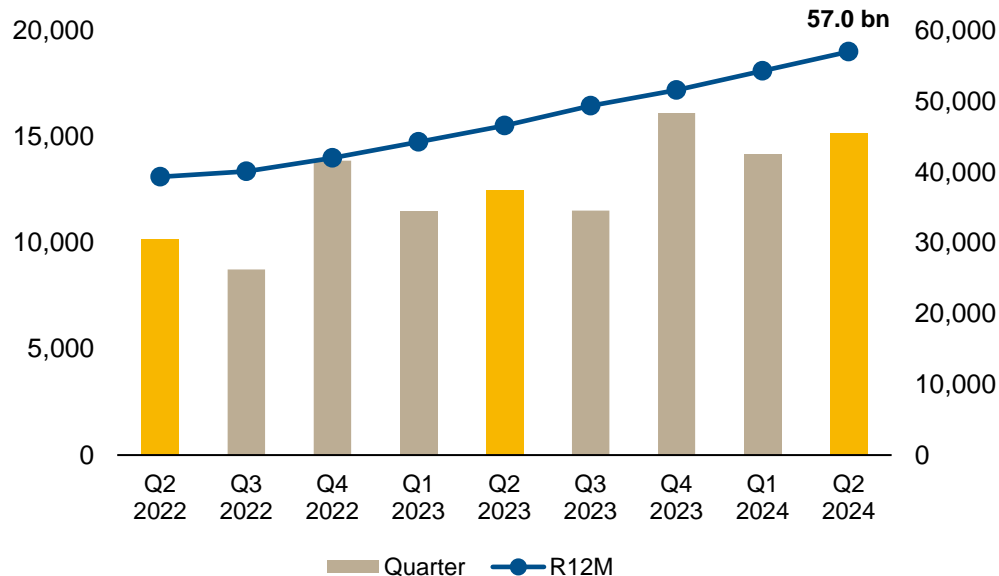
	Jan-Jun 2024	Jan-Jun 2023	Change	FY 2023
Sales	29,355	23,960	23%	51,609
<b>Gross Income</b>	<b>6,465</b>	<b>5,262</b>	<b>23%</b>	<b>11,260</b>
<i>Gross margin</i>	<i>22.0%</i>	<i>22.0%</i>		<i>21.8%</i>
<b>EBITDA</b>	<b>3,780</b>	<b>3,102</b>	<b>22%</b>	<b>6,558</b>
<i>EBITDA margin</i>	<i>12.9%</i>	<i>12.9%</i>		<i>12.7%</i>
<b>EBIT</b>	<b>2,522</b>	<b>1,993</b>	<b>27%</b>	<b>4,272</b>
<i>EBIT margin</i>	<i>8.6%</i>	<i>8.3%</i>		<i>8.3%</i>
Financial net	-205	-51		146
<i>Tax rate</i>	<i>22.5%</i>	<i>21.1%</i>		<i>22.1%</i>
<b>Net income</b>	<b>1,796</b>	<b>1,533</b>	<b>17%</b>	<b>3,443</b>
<b>EPS (SEK)</b>	<b>3.28</b>	<b>2.80</b>	<b>17%</b>	<b>6.29</b>

## Comments

- Reported sales growth of 22.5%, of which 22.4% organic and 0.1% M&A related
- Increased gross income driven by the higher sales volumes, gross margin flat
- EBIT increase from higher sales and gross margin improvement in all business areas except Surveillance
- Financial net impacted by unfavourable currency effects in Q1
- Tax rate in the comparison period was positively affected by the divestment of MTM
- Net income and EPS driven by EBIT growth but impacted by the negative financial net

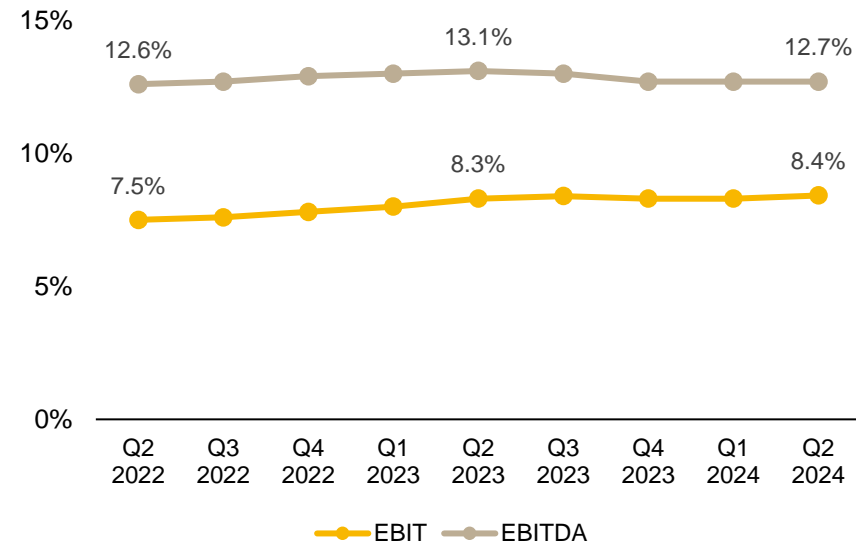
# Sales and EBIT development

Group Sales, SEK million



- Rolling 12M Sales CAGR of 13% over the last three years, and last 12M sales growth was 22%
- Strong sales development across all business areas driven by high project activity and more deliveries
- Growth in Q2 driven by strong momentum in Dynamics and Kockums

Group EBIT and EBITDA margin, %R12M



- EBITDA decreased as a result of R&D cost increases, which was up 37% in the first half-year
- OPEX excl. R&D increased 14%, i.e. below sales growth and depreciation & amortisation increased 13%
- Main driver for the increased EBIT is the higher sales and gross margin improvement in all BAs except Surveillance

# Key figures per business area

SEK million unless otherwise stated

<b>Aeronautics</b>	Q2 2024	Q2 2023	Change
Sales	3,726	3,397	10%
Operating income	257	187	37%
Operating margin	6.9%	5.5%	+1.4 pp
Operational cash flow	-360	-123	

<b>Dynamics</b>	Q2 2024	Q2 2023	Change
Sales	3,312	2,417	37%
Operating income	594	353	68%
Operating margin	17.9%	14.6%	+3.3 pp
Operational cash flow	-887	362	

## Comments

- Aeronautics performance driven by higher volumes and improvement in the civil business
- Dynamics sequentially up 26% with a margin uplift, driven by Missiles Systems and T&S
- Surveillance margins impacted by unfavorable mix from a few legacy contracts and recruitment costs
- Surface Ships and inflow of materials drives growth in Kockums

<b>Surveillance</b>	Q2 2024	Q2 2023	Change
Sales	5,406	4,739	14%
Operating income	416	451	-8%
Operating margin	7.7%	9.5%	-1.8 pp
Operational cash flow	511	-686	

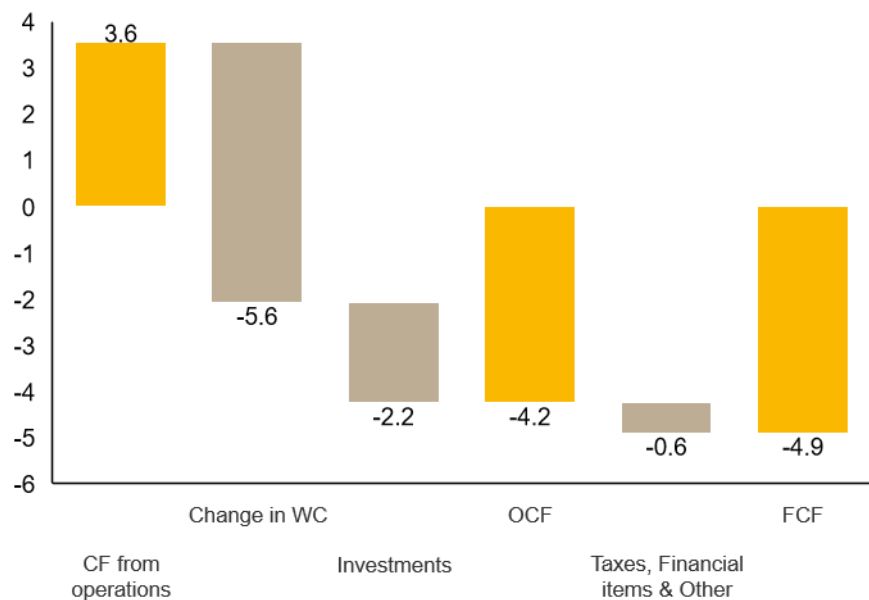
<b>Kockums</b>	Q2 2024	Q2 2023	Change
Sales	2,197	1,433	53%
Operating income	175	84	108%
Operating margin	8.0%	5.9%	+2.1 pp
Operational cash flow	-1,072	-829	

<b>Combitech</b>	Q2 2024	Q2 2023	Change
Sales	1,082	1,023	6%
Operating income	93	75	24%
Operating margin	8.6%	7.3%	+1.3 pp
Operational cash flow	112	-47	



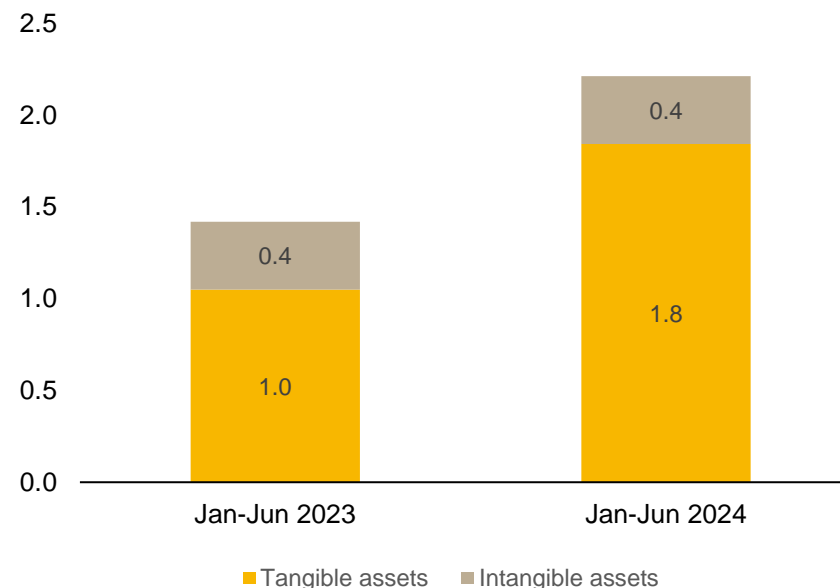
# Cash flow and investments

Group Cash Flow YTD, SEK billion



- Negative cash flow from timing of customer payments, inventory and investments
- Inventory build-up in Dynamics and Surveillance to meet backlog deliveries and future demand
- Large customer payments and positive cash flow expected in the third and fourth quarter

Investments, SEK billion



- Increase in investments mainly driven by capacity investments in Dynamics and Surveillance
- Capitalised R&D in line with last year, while total internally funded R&D (capitalised and charged to the P&L) increased 16% y/y

H1 2024

**11.2**

Return on equity, %

(10.4% in H1 2023)

H1 2024

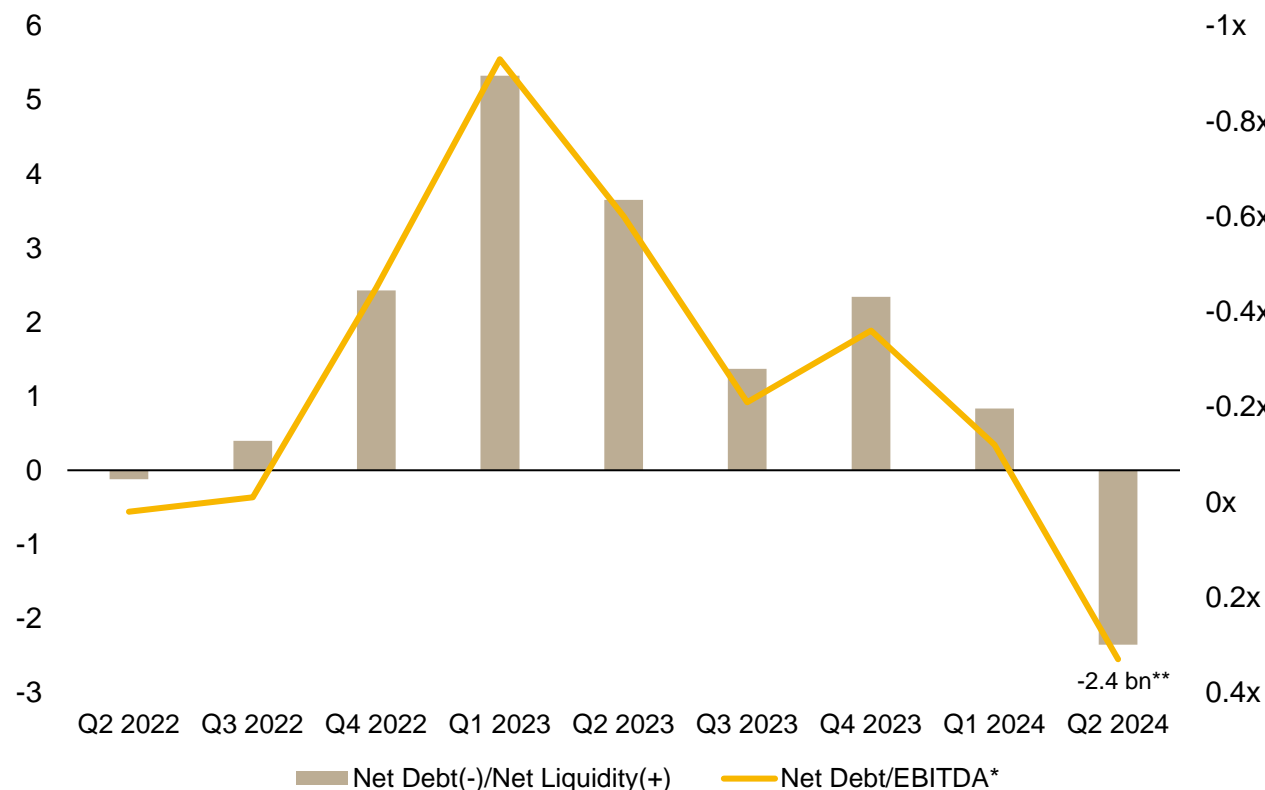
**12.8**

Return on capital employed, %

(10.5% in H1 2023)

# Solid balance sheet

## Liquidity/debt position, SEK billion



\*EBITDA rolling 12 months, adjusted for items affecting comparability  
 \*\*Including lease liabilities of SEK 2.8 bn

Q2 2024

**0.33x**

Net debt/EBITDA\*

Q2 2024

**39.6%**

Equity/Asset ratio

Q2 2024

**7.5**

Cash and short term  
investments, SEK bn

Q2 2024

**6.0**

Unutilised Revolving Credit  
Facilities, SEK bn

**In the quarter, Saab secured a BBB+ investment-grade rating from S&P Global, enabling more flexibility and potential in the credit market for future financing**

# Outlook and targets

## Organic sales growth

## Operating income

## Cash flow

### Outlook 2024

Organic sales growth  
between 15-20%

Operating income growth  
**higher** than organic  
sales growth

**Positive** operational  
cash flow

### Medium term 2023-2027

~15% CAGR\*

Operating income growth  
**higher** than organic  
sales growth

**>70%** cash conversion\*\*  
(cumulative 5 yrs)

\*CAGR base year 2022, \*\*Cash conversion = Operational cash flow / Operating income



# Q&A



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