

Q1

JANUARY-MARCH 2020

Sales

BSEK

8.0

Organic sales growth

-5%

Operating margin

7.0%

**Comment by the President and CEO, Micael Johansson:****Solid performance in a time of uncertainty**

COVID-19 is causing great uncertainty in a difficult time for individuals as well as the global economy. Saab has a substantial order backlog and long-term commitments. This means that the operations are stable and currently the production is continuing at a high speed, while the health of our employees are prioritized. The effect on Saab's operations has been limited so far, but the uncertainty for 2020 has increased. Our efforts to manage the challenging circumstances is proceeding in a proactive and structured way.

The focus of our work has been to ensure readiness and ability to continue delivering on our major projects. The defence business is showing a stable development, while the civil business has been affected by the sharp decline in demand related to the civil aviation industry. During the quarter, Saab took measures to mitigate future effects of COVID-19. Shorter working hours was implemented to adjust capacity within the business area IPS. In addition, Saab strengthened its financial flexibility by signing a new revolving credit facility.

Given the current disruption to the global economy, Saab cannot rule out a future impact on its business, as regards supply chains, delivery and new potential orders. Due to the uncertainty related to the scope and duration of the disruption, the previous forecast for the full-year 2020 can currently not be reconfirmed. Saab is, however, entering the second quarter with a strong order backlog, which supports a significant portion of this year's sales. Focus remains on the execution of major projects and deliveries for the year. Saab has a robust financial position in terms of capital and liquidity. For 2020, the aim remains that operational cash flow will be positive. Saab is continuing to execute on its strategic priorities and remains committed to its long-term goals of sales growth and profitability.

**Orders**

Order bookings in the first quarter showed an increase by 8 per cent to SEK 4,823 million (4,482). The volume of small orders increased by 4 per cent. These bookings included orders within Training and Simulation for the British Army, radars for the U.S. and modification of Visby-class corvettes for Sweden.

**Sales and operating income**

Sales in the first quarter amounted to SEK 8,040 million (8,496). Major programmes were executed on schedule. The lower volumes is explained by fewer planned deliveries within Dynamics and lower level of planned project completions within Aeronautics.

Operating income amounted to SEK 560 million (591) with a margin of 7.0 per cent (7.0). Profitability was in line with previous year, despite negative impact on the civil business. In the quarter, important steps in the Gripen project with the start of the production of Gripen F were taken. In addition, Saab started production of its parts for the trainer aircraft T-7A.

**Operational cash flow**

Operational cash flow amounted to SEK -1,582 million (-1,932). The negative cash flow in the quarter was due to continued project completions and less milestone payments in the major programmes, in addition to preparations for upcoming deliveries within Dynamics.

**OUTLOOK STATEMENT FOR 2020:**

Due to the uncertainty related to the scope and duration of the COVID-19 disruption, the previous forecast for the full-year 2020 can currently not be reconfirmed. Saab's previously delivered outlook for the full year was an organic sales growth in line with the long-term target of 5% and an improved operating margin compared to 2019.

**Financial highlights**

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	4,823	4,482	8	27,216
Order backlog	90,234	97,401	-7	93,293
Sales	8,040	8,496	-5	35,433
Gross income	1,880	1,851	2	8,035
Gross margin, %	23.4	21.8		22.7
EBITDA	914	919	-1	4,305
EBITDA margin, %	11.4	10.8		12.1
Operating income (EBIT)	560	591	-5	2,937
Operating margin, %	7.0	7.0		8.3
Net income	342	397	-14	2,025
of which Parent Company's shareholders' interest	334	398	-16	1,983
Earnings per share after dilution, SEK <sup>1)</sup>	2.50	2.97		14.81
Return on equity, % <sup>2)</sup>	9.3	8.6		10.0
Operational cash flow	-1,582	-1,923		-1,300
Free cash flow	-1,700	-2,137		-2,036
Free cash flow per share after dilution, SEK	-12.71	-15.93		-15.20
	133,701,893	134,137,373		133,929,292

<sup>1)</sup> Average number of shares after dilution

<sup>2)</sup> Return on equity is measured over a rolling 12-month period.

## Orders

### January-March 2020

Order bookings amounted to SEK 4,823 million (4,482) and corresponded to an increase of 8 per cent. Bookings of small orders grew 4 per cent compared to 2019 and amounted to SEK 3,422 million (3,281).

In the first quarter of 2020, index and price changes had a positive effect on order bookings of SEK 115 million, compared to SEK 70 million in 2019.

The order backlog at the end of the period amounted to SEK 90,234 million, compared to SEK 93,293 million at the beginning of the year. In total, 70 per cent (67) of the order backlog is attributable to markets outside Sweden.

For more information on orders received, see the business area comments on pages 7, 8 and 9.

## Sales

### January-March 2020

Sales amounted to SEK 8 040 million (8 496), corresponding to a decrease of 5 per cent. The lower volumes compared to the corresponding period in 2019 were a result of fewer planned deliveries within Dynamics and lower level of planned project completions within Aeronautics. The business areas Industrial Products and Services and Kockums reported growth while Surveillance had unchanged sales.

Sales from markets outside Sweden decreased to SEK 4,522 million (5,363), corresponding to 56 per cent (63) of total sales. 86 per cent (85) of sales were related to the defence market.

### Sales growth

Per cent	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Organic sales growth	-5	8	6
Acquisitions	-	-	-
Currency effects regarding revaluation of foreign subsidiaries	0	1	1
<b>Total sales growth</b>	<b>-5</b>	<b>9</b>	<b>7</b>

### Sales per region

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %
Sweden	3,518	3,133	12
Rest of Europe	1,321	1,261	5
North America	907	787	15
Latin America	927	1,183	-22
Asia	974	1,715	-43
Africa	56	56	-
Australia, etc.	337	361	-7
<b>Total</b>	<b>8,040</b>	<b>8,496</b>	<b>-5</b>

### Classification of orders

	MSEK
Small orders	<100
Medium-sized orders	100-1000
Large orders	>1000

### Order distribution

Orders exceeding MSEK 100 accounted for 29% (27) of total orders during the period.



### Order backlog duration:

2020: SEK **22.5** billion  
 2021: SEK **23.5** billion  
 2022: SEK **17.0** billion  
 2023: SEK **13.2** billion  
 After 2023: SEK **14.0** billion

### Defence/Civil

A total of 82% (76) of order bookings was attributable to defence-related operations during the period.

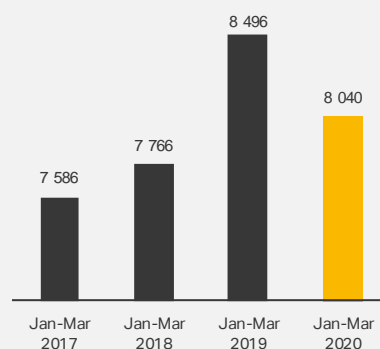


### Market

A total of 59% (69) of order bookings was related to markets outside Sweden during the period.



### Sales MSEK



## Income

### January-March 2020

The gross margin in the first quarter was 23.4 per cent (21.8).

Total depreciation, amortisation and write-downs amounted to SEK 354 million (328). Depreciation of tangible fixed assets amounted to SEK 289 million (266).

Expenditures for internally funded investments in R&D amounted to SEK 634 million (544), of which SEK 361 million (314) has been capitalised. Capitalised expenditures are mainly attributable to the development of Gripen E/F for future exports.

Amortisation and write-downs of intangible fixed assets amounted to SEK 65 million (62), of which amortisation and write-downs of capitalised development expenditures amounted to SEK 35 million (33). The share of income in associated companies and joint ventures amounted to SEK -10 million (-20).

Operating income amounted to SEK 560 million (591) with an operating margin of 7.0 per cent (7.0). Profitability was in line with the previous year despite the negative impact on the civil business.

## Financial net

MSEK	Jan-Mar 2020	Jan-Mar 2019
Financial net related to pensions	-19	-23
Net interest items	-13	-24
Currency gains/losses	-55	-21
Lease liability interest	-25	-26
Other financial items	-6	13
<b>Total</b>	<b>-118</b>	<b>-81</b>

The financial net related to pensions is the financial cost for net pension obligations recognised in the balance sheet. See note 12 for more information regarding defined-benefit pension plans.

Net interest items refer to the return on liquid assets and short-term investments as well as interest expenses on short- and long-term interest-bearing liabilities and realised interest-rate derivative results.

Currency gains/losses recognised in the financial net are mainly related to currency hedges of the tender portfolio, which are measured at fair value through profit and loss. During both 2020 and the comparative period 2019, the group was adversely affected by losses from derivatives that hedge tenders in foreign currency.

Lease liability interest consist of the interest portion related to lease liabilities recognised in the balance sheet.

Other net financial items consist of unrealised results from the market valuation of short-term investments and derivatives as well as other currency effects, e.g. changes in exchange rates for liquid assets in currencies other than SEK. Derivatives are used to reduce interest rate risk in the investment portfolio, which consists of long-term interest-bearing securities.

## Tax

Current and deferred taxes amounted to SEK -100 million (-113), equivalent to an effective tax rate of 23 per cent (22).

## Return on capital employed and equity

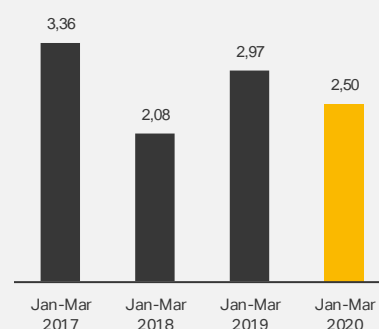
The return on capital employed was 8.5 per cent (8.5) and the return on equity was 9.3 per cent (8.6), both measured over a rolling 12-month period.

### Operating margin, %



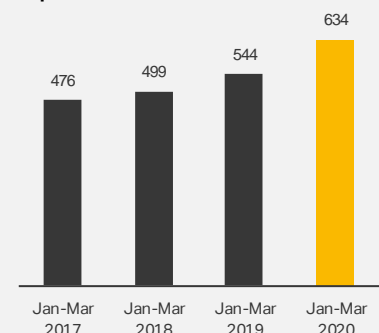
Jan-Mar 2017 Jan-Mar 2018 Jan-Mar 2019 Jan-Mar 2020

### Earnings per share after dilution, SEK



Earnings per share have been adjusted in accordance with the rights issue completed in 2018.

### Internally funded R&D expenditures, MSEK



## Financial position and liquidity

At the end of March 2020, net debt was SEK 8,449 million, an increase of SEK 1,380 million compared to year-end 2019, when net debt amounted to SEK 7,069 million.

Cash flow from operating activities amounted to SEK -813 million (-1,366).

Due to the level of completion of large projects, contract assets increased by SEK 1,558 million compared to year-end 2019, at the same time that contract liabilities decreased by SEK 822 million.

Inventories increased by SEK 897 million during the period. The increase mainly relates to future deliveries within the business areas Dynamics and Support and Services.

Net provisions for pensions, excluding the special employer's contribution, amounted to SEK 4,237 million as of 31 March 2020, compared to SEK 4,722 million at year-end 2019. The change had a positive effect on net debt of SEK 485 million. The decrease in provision is mainly due to the fact that the inflation assumption used to calculate the pension obligation was reduced to 1.25 per cent from 1.75 per cent. For further information on Saab's defined-benefit pension plans, see note 12.

Tangible fixed assets amounted to SEK 6,390 million at the end of the period.

Right-of-use assets recognised in the balance sheet amounted to SEK 2,572 million at the end of the period.

Net investments during the first quarter amounted to SEK 798 million (630). Investments in tangible fixed assets amounted to SEK 374 million (277).

Investments in intangible fixed assets amounted to SEK 428 million (358), of which SEK 361 million (314) related to capitalised R&D expenditures. Capitalised R&D expenditures in the balance sheet increased by SEK 328 million. The increase is mainly related to investments to develop Gripen E/F for future exports. Of the total investments in intangible fixed assets, SEK 67 million (44) related to other intangible fixed assets.

As of 31 March 2020, short-term investments and liquid assets amounted to SEK 6,752 million, a decrease of SEK 729 million compared to year-end 2019.

Capital employed increased by SEK 1,547 million during the period to SEK 37,513 million. The increase in capital employed is mainly related to the level of completion within the Gripen programmes and future deliveries within Dynamics.

During the first quarter of 2020, Saab signed a 24 months Revolving Credit Facility Agreement of SEK 4 Billion to strengthen the company's financial flexibility, and if needed, to be utilized to refinance upcoming and future loan maturities.

### Change in net debt Jan-Mar 2020

	MSEK
<b>Net liquidity (+) / net debt (-), 31 Dec 2019</b>	<b>-7,069</b>
Cash flow from operating activities	-813
Change in net pension obligation	485
Net investments	-798
Sale of and investments in financial assets	20
Dividend to and transactions with non-controlling interest	-1
Additional lease liabilities	-126
Currency impact and unrealised results from financial investments	-147
<b>Net liquidity (+) / net debt (-), 31 Mar 2020 <sup>1)</sup></b>	<b>-8,449</b>
<sup>1)</sup> Net debt excluding net provisions for pensions, lease liabilities and interest-bearing receivables, 31 Mar 2020	-2,201

## Key indicators of financial position and liquidity

MSEK	31 Mar 2020	31 Dec 2019	Change	31 Mar 2019
Net liquidity / debt <sup>2)</sup>	-8,449	-7,069	-1,380	-5,382
Intangible fixed assets	10,924	10,465	459	9,444
Goodwill	5,447	5,355	92	5,363
Capitalised development costs	4,908	4,580	328	3,611
Other intangible fixed assets	569	530	39	471
Tangible fixed assets, etc <sup>3)</sup>	6,758	6,591	167	6,134
Right of use assets <sup>4)</sup>	2,572	2,549	23	2,654
Inventories	11,372	10,475	897	9,541
Accounts receivable	3,523	5,198	-1,675	4,536
Contract assets	13,792	12,234	1,558	11,728
Contract liabilities	8,077	8,899	-822	7,808
Equity/assets ratio, %	35.3	34.8		35.4
Return on equity, %	9.3	10.0		8.6
Equity per share, SEK <sup>1)</sup>	160.89	154.48	6.41	152.12

1) Number of shares excluding treasury shares

133,000,600

132,926,363

133,569,408

2) The Group's net liquidity/debt refers to liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for special employers' contribution attributable to pensions. For a detailed break-down of interest-bearing receivables and interest-bearing liabilities, see note 7.

3) Including tangible fixed assets and biological assets.

4) Relate to right-of-use assets for leases.

## Cash flow

### January-March 2020

Cash flow from operating activities excluding taxes and other financial items amounted to SEK -784 million (-1,293), see note 10.

Saab has an established programme to sell trade receivables in order to increase financial flexibility. As of 31 March 2020, receivables with a value of SEK 548 million (0) had been sold.

Operational cash flow amounted to SEK -1,582 million (-1,923). It is defined as cash flow from operating activities and acquisitions and divestments of intangible and tangible fixed assets. Cash flow from operating activities excludes taxes and other financial items but includes amortisation of lease liabilities. Cash flow is negative mainly as a result of increased working capital related to contract assets and inventories and also utilisation of previous advances and milestone payments.

Free cash flow amounted to SEK -1,700 million (-2,137). For more detailed information on cash flow, see note 10.

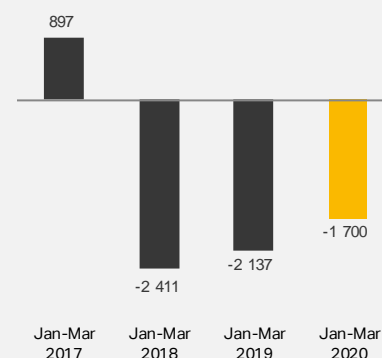
Cash flow can be very different between reporting periods as the timing of milestone payments in large projects vary greatly depending on when milestones are passed.

	Jan-Mar 2020	Jan-Mar 2019
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items <sup>1)</sup></b>	<b>831</b>	<b>1,127</b>
Change in working capital	-1,615	-2,420
<b>Cash flow from operating activities excluding taxes and other financial items</b>	<b>-784</b>	<b>-1,293</b>
Cash flow from investing activities <sup>2)</sup>	-798	-630
<b>Operational cash flow</b>	<b>-1,582</b>	<b>-1,923</b>
Taxes and other financial items	-138	-173
Sale of and investments in financial assets	20	-41
<b>Free cash flow</b>	<b>-1,700</b>	<b>-2,137</b>

1) Including amortisation of lease liabilities

2) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

### Free cash flow, MSEK



# Operating segments

For more information about the operating segments, see note 3.

The Group's operating segments recognise all lease contracts as expenses on straight-line basis over the lease term.

Page

7

## Business Area Aeronautics

Aeronautics is a world-leading manufacturer of innovative air systems and is engaged in development of military aviation technology.

## Business Area Dynamics

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, training systems and signature management systems for armed forces around the world.

8

## Business Area Surveillance

Surveillance's product portfolio includes airborne, ground-based and naval radar systems, self-protection systems, electronic warfare systems, combat systems and C4I solutions.

## Business Area Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This primarily includes support solutions, technical maintenance and logistics as well as products, solutions and services for military and civil missions.

9

## Business Area Industrial Products and Services

The business units within Industrial Products and Services are focused mainly on civilian customers. The business units Aerostructures, Avionics, Traffic Management and the wholly owned independent subsidiary Combitech are included in the business area.

## Business Area Kockums

Kockums' portfolio includes submarine systems with the Stirling system for air-independent propulsion, surface combatants, mine hunting systems and autonomous vessels.



## Business Area Aeronautics

### Business units

Gripen E/F, Gripen C/D, Advanced Pilot Training Systems and Aeronautical Solutions.

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	371	150	147	2,979
Order backlog	40,520	45,384	-11	42,120
Sales	1,971	2,124	-7	8,218
EBITDA	173	212	-18	737
EBITDA margin, %	8.8	10.0		9.0
Operating income (EBIT)	158	197	-20	677
Operating margin, %	8.0	9.3		8.2
Operational cash flow	-767	-1,636		-1,591
Defence/Civil (% of sales)	100/0	100/0		100/0
No. of FTE's	3,452	3,303	5	3,421

#### Sales, income and margin

Sales for the quarter decreased slightly compared to the same period in 2019 due to timing of project execution. Operating income and the margin also decreased slightly, mainly due to the lower volumes, but also due to higher marketing costs associated with major campaigns and tender work in 2020. The flight testing programmes for Gripen E continued during the quarter and production of the first Gripen F for Brazil was started.

#### Cash flow

Cash flow for the quarter was negative as a result of continued working capital build-up related to the ongoing aircraft programmes. The business area's cash flow is closely tied to key customer milestone payments.

#### Order distribution

Orders exceeding MSEK 100 accounted for 32% (0) of total orders during the period.



#### Market

Sales in markets outside Sweden amounted to 45% (54) during the period.



## Business Area Dynamics

### Business units

Ground Combat, Missile Systems, Underwater Systems, Barracuda, and Training and Simulation.

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	1,284	1,105	16	6,706
Order backlog	14,487	13,398	8	14,264
Sales	1,118	1,392	-20	6,140
EBITDA	109	132	-17	792
EBITDA margin, %	9.7	9.5		12.9
Operating income (EBIT)	87	113	-23	716
Operating margin, %	7.8	8.1		11.7
Operational cash flow	-553	135		158
Defence/Civil (% of sales)	94/6	94/6		94/6
No. of FTE's	2,619	2,304	14	2,353

#### Order distribution

Orders exceeding MSEK 100 accounted for 35% (28) of total orders during the period.



#### Market

Sales in markets outside Sweden amounted to 72% (80) during the period.



#### Orders

In the first quarter, Dynamics continued to secure orders. Order bookings increased compared to the same period last year. Saab received among other things an order within Training & Simulation for the British Army and deals on existing framework agreements from other customers. The order backlog for the business area is at a historically high level.

#### Sales, income and margin

Sales decreased compared to the first quarter of 2019 as fewer major deliveries were made. The operating margin decreased slightly due to the lower sales volumes. The business area has maintained a high rate of production with many planned deliveries during the year.

#### Cash flow

Operational cash flow decreased in the quarter due to a planned inventory build-up ahead of upcoming deliveries.

## Business Area Surveillance

### Business units

Radar Solutions, Electronic Warfare Systems, Combat Systems and C4I Solutions, and Cyber Security.

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	1,093	1,313	-17	9,390
Order backlog	15,795	14,464	9	16,465
Sales	1,728	1,724	0	7,699
EBITDA	296	161	84	1,151
EBITDA margin, %	17.1	9.3		14.9
Operating income (EBIT)	221	90	146	853
Operating margin, %	12.8	5.2		11.1
Operational cash flow	-501	-102		1,156
Defence/Civil (% of sales)	100/0	99/1		100/0
No. of FTE's	3,847	3,791	1	3,808

#### Orders

In the first quarter of 2020, Surveillance received several small and medium-sized orders. Small orders grew by 22 per cent compared to the same period in 2019. In addition to the order booking, Surveillance signed an Enterprise Partnership Agreement with the Australian Department of Defence to provide combat management systems to the Royal Australian Navy's ships. Saab has not yet booked or received order from the customer related to the contract.

#### Sales, income and margin

Sales in the first quarter were in line with the previous year, with continued high operating activity. Operating income improved due to strong project execution and a continued focus on costs.

#### Cash flow

Project completions continued in the first quarter. Combined with no major deliveries in the quarter, this resulted in negative operational cash flow.

#### Order distribution

Orders exceeding MSEK 100 accounted for 27% (51) of total orders during the period.



#### Market

Sales in markets outside Sweden amounted to 76% (81) during the period.



## Business Area Support and Services

### Business units

Aviation Services, Airborne ISR, Gripen Support and Communication and Tactical Solutions.

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	877	678	29	4,099
Order backlog	8,605	10,036	-14	8,986
Sales	1,310	1,349	-3	5,821
EBITDA	137	187	-27	762
EBITDA margin, %	10.5	13.9		13.1
Operating income (EBIT)	131	182	-28	742
Operating margin, %	10.0	13.5		12.7
Operational cash flow	-257	-217		11
Defence/Civil (% of sales)	88/12	86/14		86/14
No. of FTE's	1,984	1,884	5	1,912

#### Order distribution

Orders exceeding MSEK 100 accounted for 40% (0) of total orders during the period.



#### Market

Sales in markets outside Sweden amounted to 45% (57) during the period.



#### Orders

In the first quarter of 2020, order bookings increased by 29 per cent compared to the same period in 2019. This was mainly attributable to upgrade and support contracts signed during the period.

#### Sales, income and margin

Sales and volumes were in line with the first quarter of 2019, driven by a continued high project execution level, but were offset by deteriorating market conditions in the civil business. Operating income decreased following lower project mix and lower volumes in the civil operations.

#### Cash flow

Operational cash flow was negative due to preparations for upcoming deliveries within airborne surveillance, which led to increased working capital.



## Business Area Industrial Products and Services

### Business units

Aerostructures, Avionics Systems, Traffic Management, and Combitech.

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	1,196	1,306	-8	5,515
Order backlog	8,672	9,808	-12	9,035
Sales	1,599	1,574	2	6,556
EBITDA	46	90	-49	324
EBITDA margin, %	2.9	5.7		4.9
Operating income (EBIT)	27	69	-61	238
Operating margin, %	1.7	4.4		3.6
Operational cash flow	66	-128		-302
Defence/Civil (% of sales)	33/67	30/70		30/70
No. of FTE's	3,701	3,600	3	3,635

#### Order backlog

In the first quarter of 2020, market activity slowed down due to COVID-19. As a result, a number of orders were delayed, which caused the business area's lower order bookings compared to 2019.

#### Sales, income and margin

Sales for the first quarter increased slightly compared to the previous year. A strong start to the year, especially within Avionics and Combitech, contributed positively. Operating income however decreased as a result of a lower demand and production rates in the aeronautics industry. The business area has taken measures to mitigate the negative effects, including introducing shorter working hours for employees in the business unit Aerostructures.

#### Cash flow

Operational cash flow strengthened due to Combitech's positive development at the start of the year.

#### Order distribution

Orders exceeding MSEK 100 accounted for 0% (17) of total orders during the period.



#### Market

Sales in markets outside Sweden amounted to 55% (55) during the period.



## Business Area Kockums

### Business units

Submarines and Surface Ships.

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	490	245	100	1,216
Order backlog	4,540	6,096	-26	4,852
Sales	806	797	1	3,007
EBITDA	35	44	-20	124
EBITDA margin, %	4.3	5.5		4.1
Operating income (EBIT)	26	34	-24	88
Operating margin, %	3.2	4.3		2.9
Operational cash flow	34	166		-70
Defence/Civil (% of sales)	100/0	100/0		100/0
No. of FTE's	1,216	1,208	1	1,197

#### Order distribution

Orders exceeding MSEK 100 accounted for 36% (0) of total orders during the period.



#### Market

Sales in markets outside Sweden amounted to 4% (6) during the period.



#### Order backlog

Saab Kockums started the first quarter of the year with increased order bookings compared to 2019 with important contracts signed with FMV in Sweden.

#### Sales, income and margin

Sales in the first quarter were in line with the corresponding quarter in 2019. A high activity level contributed positively, while the transition from development to production continued to be a challenge for the business. The focus is on strengthening the business area's long-term profitability.

#### Cash flow

Operational cash flow was positive but decreased compared to the first quarter of 2019. This was mainly due to the timing of milestone payments.

## Corporate

Corporate comprises Group staff, Group departments and other operations outside the core operations. Since 1 January 2018, Saab's minority portfolio is also reported in Corporate. The minority portfolio contains Saab's interests in Vicon Inc, UMS Skeldar AG and Ventures.

Corporate reported operating income of SEK -90 million (-94) in the period. Operational cash flow attributable to Corporate amounted to SEK 396 million (-141) during the period.

## Acquisitions and divestments 2020

No significant acquisitions or divestments were made in the first quarter of 2020.

## Share repurchase

Saab held 2,845,247 treasury shares as of 31 March 2020, compared to 2,919,484 at year-end 2019. The Annual General Meeting in 2020 authorised the Board of Directors to repurchase a maximum of 1,465,000 Series B shares to secure delivery of shares to participants in Saab's incentive programme and for subsequent transfers on the stock exchange to cover certain costs associated with LTI 2021, mainly social security costs. The Annual General Meeting also decided to authorise the Board, before the next Annual General Meeting, to decide on the acquisition of Series B shares up to a maximum of 10 percent of the total number of shares in the company. The purpose of the authorisation is to be able to adjust the company's capital structure and thereby contribute to increased shareholder value as well as to enable continued use of repurchased shares in connection with potential acquisitions of companies and for the company's share-related incentive programmes.

## Risks and uncertainties

Saab's operations primarily involve the development, production and supply of technologically advanced hardware and software to military and civilian customers around the world. Operations largely consist of major projects carried out over long periods of time, usually several years, in close cooperation with customers, suppliers, partners and institutions.

Projects generally entail significant investments, long periods of time and technological development or refinement of products. In addition to customer and supplier relations, international operations involve joint ventures and collaborations with other industries as well as the establishment of operations abroad.

Operations entail risk in various respects. The key risk areas are strategic, market and political, operating, financial and compliance. Various policies and instructions govern the management of material risks. Saab today conducts more projects involving large share of development than before, and their inherent complexity entails a higher level of risk.

The market is characterised by challenging conditions where orders can be deferred to the future partly for financial and political reasons.

For a general description of the risk areas, see the annual report 2019, pages 48-52.

### Description of risks and uncertainties associated with COVID-19

Given COVID-19's impact on the global economy, the Group cannot rule out a future impact on its operations, which has reduced the visibility to assess and the ability to create reliable long-term forecasts.

The Group sees the following risks that could affect Saab's financial results:

- Lower order bookings due to limitations on meetings, travel and restrictions by government authorities.
- Operations are dependent on access to and subcontractors' ability to supply components and subsystems. Access to raw materials is good today, but the risk of delays of key deliveries cannot be ruled out.
- Operations could be affected by high sick leave and decisions by authorities that affect the ability of employees to work effectively.
- Delays from suppliers or disruptions in Saab's own operations can result in that deliveries and milestone payments of contracts cannot be ensured in time.

## Owners

Saab's largest shareholders as of 31 March 2020:

	% of capital	% of votes
Investor AB	30.2	40.4
Knut och Alice Wallenbergs stiftelse	8.8	7.8
Första AP-fonden	5.6	4.9
AFA Försäkring	2.6	2.3
Vanguard	2.1	1.8
Swedbank Robur fonder	1.8	1.5
Nordea Fonder	1.6	1.4
Unionen	1.2	1.1
BlackRock	1.0	0.8
Amundi	0.8	0.7

Source: Modular Finance

The percentage of votes is calculated on the number of shares excluding treasury shares.

## Personnel

	31 Mar 2020	31 Dec 2019
Number of employees	17,778	17,420
FTE's	17,792	17,299

Number of employees has increased by 174 and FTEs by 170 during the first quarter of 2020 related to Dynamics contract to support Germany's training center GÜZ.

## Other events in January-March 2020 in brief:

- In January, Saab started assembly production of its section of the T-7A advanced trainer in Linköping. The T-7A has been developed and is being produced together with Boeing for the U.S. Air Force.
- In January it was announced that Gunnar Wieslander leaves the role as head of the business area Kockums and member of Saab's Group Management.
- On 29 January, Saab appointed Lars Tossman as the new head of business area Kockums. Lars Tossman assumed his new position 1 February at which point he also became a member of Saab's Group Management.
- In March, Saab presented "Gripen for Canada Team", which also includes the Canadian companies IMP Aerospace & Defence, CAE, Peraton Canada and GE Aviation. With the support of the Swedish government, Saab is offering Gripen E for Canada's future fighter requirement of 88 new aircraft to replace the Royal Canadian Air Force's existing CF-18 Hornet fleet.
- On March 4th, it was announced that Saab Digital Air Traffic Solutions (SDATS) has been selected to provide a Digital Tower system as an Operational Concept Demonstrator for the Royal Air Force at their air force base by Lossiemouth in the United Kingdom.
- In March, Saab announced an order from the United Kingdom's Ministry of Defence for a mid-life extension and support for the Arthur weapon locating system. The order value of SEK 482 million was reported as order booking in Q4 2019.
- On March 16, Saab announced that Chief Financial Officer Magnus Örnberg leaves his position during Q2 2020.
- In March the production of the two-seater fighter aircraft Gripen F for Brazil started in Linköping.
- On March 26, it was announced that Saab has signed a 24 months Revolving Credit Facility Agreement of SEK 4 Billion with a group of three banks.

For more information on significant order received during the year, see page 2 and the comments on the business areas on pages 7-9 and in note 3. All press releases can be found on <http://saabgroup.com/Media/news-press/>.

## Events after the conclusion of the period:

- Saab held its Annual General Meeting in Stockholm on 1 April. The Annual General Meeting decided that no dividend should be made to the shareholders, in accordance with The Board's revised proposal. In accordance with the Nomination Committee's proposal, Micael Johansson was elected as new Board member and all current Board members were re-elected, i.e.; Sten Jakobsson, Danica Kragic Jensfelt, Sara Mazur, Johan Menckel, Daniel Nodhäll, Bert Nordberg, Cecilia Stegö Chilò, Erika Söderberg Johnson, Marcus Wallenberg and Joakim Westh. Marcus Wallenberg was re-elected as Chairman of the Board. At the Board Meeting following the Annual General Meeting, Sten Jakobsson was re-elected as Deputy Chairman of the Board.
- On April 3, Saab announced that the company has received an order from MSB, the Swedish Civil Contingencies Agency, regarding Sweden's aerial firefighting capabilities. The contract is valid during the years 2020-2023 and is reported as order booking in the first quarter 2020.
- Saab decided on April 8 to introduce reduced working hours for 500 employees at the business unit Aerostructures within the business area Industrial Product and Services (IPS). A majority of these employees will work 60 percent of their regular hours. The agreement is valid from April 14.

### Production of Gripen F has started in Linköping



The production of Gripen F started recently in Linköping as the first metal component was produced. The joint industrial programme on Gripen F is between Saab and the Brazilian partner companies Embraer, AEL Sistemas, Akaer and Atech.

### Saab starts production in support of U.S. Air Force T-7A Programme



T-7A aircraft is an advanced trainer developed and produced together with Boeing for the United States Air Force. Saab is responsible for the development and production of the aft fuselage section for the advanced trainer, with seven aft units being produced in Linköping, Sweden for later delivery to Boeing.

## About Saab

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. The company has operations and employees on all continents and constantly develops, adapts and improves new technology to meet customers' changing needs.

### Short facts

Saab's Series B share is listed on Nasdaq Stockholm Large Cap Ticker: SAAB B.

- Approximately 17,000 employees
- Local presence in approximately 35 countries
- Customers in more than 100 countries

### Vision

It is a human right to feel safe.

### Mission

To make people safe by pushing intellectual and technological boundaries.

### Business concept

Saab constantly develops, adapts and improves new technology to meet changing customer needs. Saab serves the global market of governments, authorities and corporations with products, services and solutions for defence, aviation and civil security.

### Organisation

Saab's operations are divided into six operating segments for control and reporting purposes: the business areas Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, Corporate comprises Group staff, Group departments and other operations outside the core operations.

To strengthen Saab's market focus and manage global sales priorities, Saab has a central marketing organisation managed by a marketing and sales manager.



### Revenue model

Saab's sales are primarily generated from long-term customer contracts, service assignments and the sale of goods. Sales, income and cash flow fluctuate over the course of the year depending on the nature of the project.

Long-term customer contracts relate to the development and manufacturing of complex systems that stretch over several reporting periods. Revenue from long-term customer contracts are recognised as the project is completed, while cash flows depend on the timing of deliveries, advances and milestone payments during the contract period.

Service assignments consist of consulting and support services. Examples include education and ongoing maintenance associated with previous deliveries. Revenues from service assignments are normally recognised when the services are rendered.

The third part of the revenue model is the sale of products and spare parts that Saab manufactures and stocks or purchases on behalf of customers. This revenue is recognised when control has been transferred to the buyer.

### Financial goals

#### Sales

Average organic sales growth of 5 per cent per year over a business cycle.

#### Operating margin

Average operating margin (EBIT) of at least 10 per cent per year over a business cycle.

#### Equity/assets ratio

The equity/assets ratio will exceed 30 per cent.

#### Dividend

The long-term dividend goal is to distribute 20–40 per cent of net income to the shareholders over a business cycle.



### Saab's strategy

Saab's strategy is based on four priority areas: working closely with customers, focusing on operational efficiency, innovation as a business critical means, and continuously optimizing our portfolio. Sustainability affects everything we do and is the core of our strategy. Engaged employees who develop their skills through continuous learning makes all parts of the strategy work together and supports Saab to reach its goals.

#### Market

Further increase local presence and partnerships in strategic markets while maintaining position in Sweden. Focus export sales efforts to established markets.

#### Innovation

Explore and enable scaling of new opportunities through managing innovation as business critical, supporting our innovation performance and promoting an innovation friendly culture.

#### Portfolio

Improve product portfolio efficiency by concentrating product development and industrialization to core areas. Investments in product development and innovation in strategic markets.

#### Performance

Focus on fulfilling current commitments and continuously work to increase efficiency, not least with the help of digitisation.

## Consolidated income statement

MSEK	Note	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 Months	Full Year 2019
Sales	4	8,040	8,496	34,977	35,433
Cost of goods sold		-6,160	-6,645	-26,913	-27,398
<b>Gross income</b>		<b>1,880</b>	<b>1,851</b>	<b>8,064</b>	<b>8,035</b>
Gross margin, %		23.4	21.8	23.1	22.7
Other operating income		19	18	218	217
Marketing expenses		-639	-620	-2,628	-2,609
Administrative expenses		-365	-374	-1,479	-1,488
Research and development costs		-309	-264	-1,182	-1,137
Other operating expenses		-16	-	-92	-76
Share in income of associated companies and joint ventures		-10	-20	5	-5
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>3</b>	<b>560</b>	<b>591</b>	<b>2,906</b>	<b>2,937</b>
Operating margin, %		7.0	7.0	8.3	8.3
Financial income		60	46	204	190
Financial expenses		-178	-127	-571	-520
<b>Net financial items</b>		<b>-118</b>	<b>-81</b>	<b>-367</b>	<b>-330</b>
<b>Income before taxes</b>		<b>442</b>	<b>510</b>	<b>2,539</b>	<b>2,607</b>
Taxes		-100	-113	-569	-582
<b>Net income for the period</b>		<b>342</b>	<b>397</b>	<b>1,970</b>	<b>2,025</b>
of which Parent Company's shareholders' interest		334	398	1,919	1,983
of which non-controlling interest		8	-1	51	42
Earnings per share before dilution, SEK <sup>2)</sup>		2.51	2.98	14.42	14.88
Earnings per share after dilution, SEK <sup>3)</sup>		2.50	2.97	14.35	14.81
1) Of which depreciation/amortisation and write-downs		-354	-328	-1,394	-1,368
2) Average number of shares before dilution		132,963,482	133,526,144	133,104,694	133,245,360
3) Average number of shares after dilution		133,701,893	134,137,373	133,749,468	133,929,292

## Consolidated statement of comprehensive income

MSEK	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 Months	Full Year 2019
<b>Net income for the period</b>	<b>342</b>	<b>397</b>	<b>1,970</b>	<b>2,025</b>
Other comprehensive income/loss:				
Items that will not be reversed in the income statement:				
Revaluation of net pension obligations	642	410	-380	-612
Tax attributable to revaluation of net pension obligations	-132	-84	76	124
<b>Total</b>	<b>510</b>	<b>326</b>	<b>-304</b>	<b>-488</b>
Items that may be reversed in the income statement:				
Translation differences	72	176	111	215
Cash flow hedges	-151	-38	88	201
Tax attributable to cash flow hedges	34	10	-19	-43
<b>Total</b>	<b>-45</b>	<b>148</b>	<b>180</b>	<b>373</b>
<b>Other comprehensive income/loss for the period</b>	<b>465</b>	<b>474</b>	<b>-124</b>	<b>-115</b>
<b>Net comprehensive income/loss for the period</b>	<b>807</b>	<b>871</b>	<b>1,846</b>	<b>1,910</b>
of which Parent Company's shareholders' interest	820	873	1,804	1,857
of which non-controlling interest	-13	-2	42	53

## Consolidated statement of financial position

MSEK	Note	31 Mar 2020	31 Dec 2019	31 Mar 2019
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets	6	10,924	10,465	9,444
Tangible fixed assets		6,390	6,223	5,785
Biological assets		368	368	349
Right of use assets		2,572	2,549	2,654
Shares in associated companies and joint ventures		665	672	658
Financial investments		28	26	28
Long-term receivables	12	655	752	632
Deferred tax assets		208	266	299
<b>Total fixed assets</b>		<b>21,810</b>	<b>21,321</b>	<b>19,849</b>
Current assets:				
Inventories		11,372	10,475	9,541
Derivatives		2,199	1,444	1,413
Tax receivables		81	26	156
Accounts receivable		3,523	5,198	4,536
Contract assets		13,792	12,234	11,728
Other receivables		743	710	513
Prepaid expenses and accrued income		1,095	969	888
Short-term investments		5,341	5,794	6,802
Liquid assets	10	1,411	1,687	2,560
<b>Total current assets</b>		<b>39,557</b>	<b>38,537</b>	<b>38,137</b>
<b>TOTAL ASSETS</b>		<b>61,367</b>	<b>59,858</b>	<b>57,986</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity:				
Parent Company's shareholders' interest		21,398	20,535	20,318
Non-controlling interest		262	274	226
<b>Total shareholders' equity</b>		<b>21,660</b>	<b>20,809</b>	<b>20,544</b>
Long-term liabilities:				
Long-term lease liabilities		2,194	2,138	2,232
Other long-term interest-bearing liabilities	7	8,017	6,513	6,939
Other liabilities		166	180	191
Provisions for pensions	12	5,270	6,014	4,785
Other provisions		1,241	1,344	1,198
Deferred tax liabilities		150	40	14
<b>Total long-term liabilities</b>		<b>17,038</b>	<b>16,229</b>	<b>15,359</b>
Current liabilities:				
Short-term lease liabilities		441	434	413
Other short-term interest-bearing liabilities	7	937	1,322	1,886
Contract liabilities		8,077	8,899	7,808
Accounts payable		3,210	3,221	3,366
Derivatives		3,063	1,706	1,723
Tax liabilities		63	71	243
Other liabilities		575	1,193	767
Accrued expenses and deferred income		5,647	5,272	5,244
Provisions		656	702	633
<b>Total current liabilities</b>		<b>22,669</b>	<b>22,820</b>	<b>22,083</b>
<b>Total liabilities</b>		<b>39,707</b>	<b>39,049</b>	<b>37,442</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>61,367</b>	<b>59,858</b>	<b>57,986</b>



## Consolidated statement of changes in equity

MSEK	Capital stock	Ongoing rights issue	Other capital contributions	Net result of cash flow hedges	Translation reserve	Revaluation reserve	Retained earnings	Total parent company's shareholders' interest	Non-controlling interest	Total shareholders' equity
<b>Opening balance, 1 January 2019</b>	1,746	428	6,099	-386	447	11	11,067	<b>19,412</b>	221	<b>19,633</b>
Net comprehensive income/loss for the period January-March 2019				-23	172		724	<b>873</b>	-2	<b>871</b>
Transactions with shareholders:										
Rights issue	428	-428								
Share matching plan							37	<b>37</b>		<b>37</b>
Acquisition and sale of non-controlling interest							-4	<b>-4</b>	7	<b>3</b>
<b>Closing balance, 31 March 2019</b>	<b>2,174</b>	<b>-</b>	<b>6,099</b>	<b>-409</b>	<b>619</b>	<b>11</b>	<b>11,824</b>	<b>20,318</b>	<b>226</b>	<b>20,544</b>
Net comprehensive income/loss for the period April-December 2019				181	32		771	<b>984</b>	55	<b>1,039</b>
Transactions with shareholders:										
Repurchase of shares							-301	<b>-301</b>		<b>-301</b>
Share matching plan							148	<b>148</b>		<b>148</b>
Dividend							-601	<b>-601</b>	-4	<b>-605</b>
Acquisition and sale of non-controlling interest							-13	<b>-13</b>	-3	<b>-16</b>
<b>Closing balance, 31 December 2019</b>	<b>2,174</b>	<b>-</b>	<b>6,099</b>	<b>-228</b>	<b>651</b>	<b>11</b>	<b>11,828</b>	<b>20,535</b>	<b>274</b>	<b>20,809</b>
Opening balance, 1 January 2020	2,174	-	6,099	-228	651	11	11,828	<b>20,535</b>	274	<b>20,809</b>
Net comprehensive income/loss for the period				-107	83		844	<b>820</b>	-13	<b>807</b>
Transactions with shareholders:										
Share matching plan							44	<b>44</b>		<b>44</b>
Acquisition and sale of non-controlling interest							-1	<b>-1</b>	1	<b>-</b>
<b>Closing balance, 31 March 2020</b>	<b>2,174</b>	<b>-</b>	<b>6,099</b>	<b>-335</b>	<b>734</b>	<b>11</b>	<b>12,715</b>	<b>21,398</b>	<b>262</b>	<b>21,660</b>

## Consolidated statement of cash flows

MSEK	Note	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Operating activities:				
Income after financial items		442	510	2,607
Adjustments for items not affecting cash flows		448	652	2,132
Dividend from associated companies and joint ventures		2	-	20
Income tax paid		-90	-109	-408
<b>Cash flow from operating activities before changes in working capital</b>		<b>802</b>	<b>1,053</b>	<b>4,351</b>
Cash flow from changes in working capital:				
Contract assets and liabilities		-2,365	-2,333	-1,649
Inventories		-901	-230	-1,141
Other current receivables		1,869	760	176
Other current liabilities		-103	-566	-218
Provisions		-115	-50	-325
<b>Cash flow from operating activities</b>		<b>-813</b>	<b>-1,366</b>	<b>1,194</b>
Investing activities:				
Capitalised development costs		-361	-314	-1,392
Investments in other intangible fixed assets		-67	-44	-196
Investments in tangible fixed assets		-374	-277	-1,213
Sales and disposals of tangible fixed assets		4	5	32
Investments in and sale of short-term investments		420	2,229	3,219
Investments in financial assets		-51	-100	-171
Sale of financial assets		21	28	35
<b>Cash flow from investing activities</b>		<b>-408</b>	<b>1,527</b>	<b>314</b>
Financing activities:				
Repayments of loans		-1,275	-	-990
Amortisation of lease liabilities		-109	-100	-415
Raising of loans		2,328	9	8
Rights issue		-	11	11
Repurchase of shares		-	-	-301
Dividend paid to Parent Company's shareholders		-	-	-601
Dividend paid to non-controlling interest		-	-	-24
Transactions with non-controlling interest		-1	3	8
<b>Cash flow from financing activities</b>		<b>943</b>	<b>-77</b>	<b>-2,304</b>
<b>Cash flow for the period</b>		<b>-278</b>	<b>84</b>	<b>-796</b>
Liquid assets at the beginning of the period		1,687	2,451	2,451
Exchange rate difference in liquid assets		2	25	32
<b>Liquid assets at end of period</b>	<b>10</b>	<b>1,411</b>	<b>2,560</b>	<b>1,687</b>

## Quarterly consolidated income statement

MSEK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Sales	8,040	10,578	7,914	8,445	8,496	11,018	6,419	7,953
Cost of goods sold	-6,160	-8,009	-6,236	-6,508	-6,645	-8,230	-4,980	-6,154
<b>Gross income</b>	<b>1,880</b>	<b>2,569</b>	<b>1,678</b>	<b>1,937</b>	<b>1,851</b>	<b>2,788</b>	<b>1,439</b>	<b>1,799</b>
Gross margin, %	23.4	24.3	21.2	22.9	21.8	25.3	22.4	22.6
Other operating income	19	81	24	94	18	57	10	66
Marketing expenses	-639	-742	-589	-658	-620	-735	-611	-700
Administrative expenses	-365	-385	-338	-391	-374	-378	-365	-352
Research and development costs	-309	-325	-248	-300	-264	-277	-326	-348
Other operating expenses	-16	-69	11	-18	-	-22	-224	5
Share of income in associated companies and joint ventures	-10	69	-20	-34	-20	-11	16	-12
<b>Operating income (EBIT) <sup>1)</sup></b>	<b>560</b>	<b>1,198</b>	<b>518</b>	<b>630</b>	<b>591</b>	<b>1,422</b>	<b>-61</b>	<b>458</b>
Operating margin, %	7.0	11.3	6.5	7.5	7.0	12.9	-1.0	5.8
Financial income	60	35	77	32	46	113	48	18
Financial expenses	-178	-100	-195	-98	-127	-211	-90	-232
<b>Net financial items</b>	<b>-118</b>	<b>-65</b>	<b>-118</b>	<b>-66</b>	<b>-81</b>	<b>-98</b>	<b>-42</b>	<b>-214</b>
<b>Income before taxes</b>	<b>442</b>	<b>1,133</b>	<b>400</b>	<b>564</b>	<b>510</b>	<b>1,324</b>	<b>-103</b>	<b>244</b>
Taxes	-100	-229	-105	-135	-113	-316	11	-45
<b>Net income for the period</b>	<b>342</b>	<b>904</b>	<b>295</b>	<b>429</b>	<b>397</b>	<b>1,008</b>	<b>-92</b>	<b>199</b>
of which Parent Company's shareholders' interest	334	883	269	433	398	982	-94	183
of which non-controlling interest	8	21	26	-4	-1	26	2	16
Earnings per share before dilution, SEK <sup>2)</sup>	2.51	6.63	2.02	3.24	2.98	8.28	-0.81	1.58
Earnings per share after dilution, SEK <sup>3)</sup>	2.50	6.60	2.01	3.23	2.97	8.23	-0.81	1.57
1) Of which depreciation/amortisation and write-downs	-354	-365	-331	-344	-328	-232	-266	-211
2) Average number of shares before dilution	132,963,482	132,875,322	133,103,705	133,476,269	133,526,144	118,568,062	115,728,074	115,849,107
3) Average number of shares after dilution	133,701,893	133,553,690	133,702,351	134,039,937	134,137,373	119,253,394	116,499,013	116,610,780

## Quarterly consolidated statement of comprehensive income

MSEK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Net income for the period</b>	<b>342</b>	<b>904</b>	<b>295</b>	<b>429</b>	<b>397</b>	<b>1,008</b>	<b>-92</b>	<b>199</b>
Other comprehensive income/loss:								
Items that will not be reversed in the income statement:								
Revaluation of net pension obligations	642	757	-649	-1,130	410	-742	-28	-901
Tax attributable to revaluation of net pension obligations	-132	-158	134	232	-84	153	6	139
<b>Total</b>	<b>510</b>	<b>599</b>	<b>-515</b>	<b>-898</b>	<b>326</b>	<b>-589</b>	<b>-22</b>	<b>-762</b>
Items that may be reversed in the income statement:								
Translation differences	72	-167	177	29	176	18	-110	141
Net gain/loss on cash flow hedges	-151	216	-110	133	-38	-257	67	-152
Tax attributable to net gain/loss on cash flow hedges	34	-45	23	-31	10	64	-11	25
<b>Total</b>	<b>-45</b>	<b>4</b>	<b>90</b>	<b>131</b>	<b>148</b>	<b>-175</b>	<b>-54</b>	<b>14</b>
<b>Other comprehensive income/loss for the period</b>	<b>465</b>	<b>603</b>	<b>-425</b>	<b>-767</b>	<b>474</b>	<b>-764</b>	<b>-76</b>	<b>-748</b>
<b>Net comprehensive income/loss for the period</b>	<b>807</b>	<b>1,507</b>	<b>-130</b>	<b>-338</b>	<b>871</b>	<b>244</b>	<b>-168</b>	<b>-549</b>
of which Parent Company's shareholders' interest	820	1,484	-158	-342	873	212	-159	-547
of which non-controlling interest	-13	23	28	4	-2	32	-9	-2

## Key ratios by quarter

MSEK	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Equity/assets ratio, (%)	35.3	34.8	33.6	34.0	35.4	35.0	29.0	28.7
Return on capital employed, % <sup>3)</sup>	8.5	9.1	11.0	9.1	8.5	8.7	7.7	9.6
Return on equity, % <sup>3)</sup>	9.3	10.0	13.1	10.5	8.6	8.1	7.1	9.7
Equity per share, SEK <sup>1) 3)</sup>	160.89	154.48	142.99	144.44	152.12	145.43	114.05	116.51
Free cash flow, MSEK <sup>3)</sup>	-1,700	2,955	-1,865	-989	-2,137	2,504	-2,507	-781
Free cash flow per share after dilution, SEK <sup>2) 3)</sup>	-12.71	22.13	-13.95	-7.38	-15.93	21.00	-21.52	-6.70
1) Number of shares excluding treasury shares	133,000,600	132,926,363	132,824,280	133,383,129	133,569,408	133,482,880	115,524,571	115,931,576
2) Average number of shares after dilution	133,701,893	133,553,690	133,702,351	134,039,937	134,137,373	119,253,394	116,499,013	116,610,780
3) For more information and explanations regarding the usage of these key ratios, please see saabgroup.com, investor, financial data, key ratios.								

## Quarterly information per operating segment

MSEK	Q1 2020	Operating margin	Q4 2019	Operating margin	Q3 2019	Operating margin	Q2 2019	Operating margin
<b>Sales</b>								
Aeronautics	1,971		2,329		1,794		1,971	
Dynamics	1,118		2,251		960		1,537	
Surveillance	1,728		2,304		1,876		1,795	
Support and Services	1,310		1,654		1,526		1,292	
Industrial Products and Services	1,599		1,933		1,377		1,672	
Kockums	806		815		690		705	
Internal sales	-492		-708		-309		-527	
<b>Total</b>	<b>8,040</b>		<b>10,578</b>		<b>7,914</b>		<b>8,445</b>	
<b>Operating income/loss</b>								
Aeronautics	158	8.0%	192	8.2%	122	6.8%	166	8.4%
Dynamics	87	7.8%	419	18.6%	24	2.5%	160	10.4%
Surveillance	221	12.8%	361	15.7%	189	10.1%	213	11.9%
Support and Services	131	10.0%	262	15.8%	158	10.4%	140	10.8%
Industrial Products and Services	27	1.7%	105	5.4%	-7	-0.5%	71	4.2%
Kockums	26	3.2%	36	4.4%	21	3.0%	-3	-0.4%
Corporate	-90		-177		11		-117	
<b>Total</b>	<b>560</b>	<b>7.0%</b>	<b>1,198</b>	<b>11.3%</b>	<b>518</b>	<b>6.5%</b>	<b>630</b>	<b>7.5%</b>
MSEK	Q1 2019	Operating margin	Q4 2018	Operating margin	Q3 2018	Operating margin	Q2 2018	Operating margin
<b>Sales</b>								
Aeronautics	2,124		2,654		1,489		1,871	
Dynamics	1,392		2,287		912		1,064	
Surveillance	1,724		2,302		1,518		1,799	
Support and Services	1,349		1,657		1,077		1,400	
Industrial Products and Services	1,574		1,879		1,278		1,559	
Kockums	797		1,029		637		880	
Internal sales	-464		-790		-492		-620	
<b>Total</b>	<b>8,496</b>		<b>11,018</b>		<b>6,419</b>		<b>7,953</b>	
<b>Operating income/loss</b>								
Aeronautics	197	9.3%	309	11.6%	113	7.6%	95	5.1%
Dynamics	113	8.1%	422	18.5%	23	2.5%	44	4.1%
Surveillance	90	5.2%	371	16.1%	41	2.7%	150	8.3%
Support and Services	182	13.5%	320	19.3%	32	3.0%	159	11.4%
Industrial Products and Services	69	4.4%	139	7.4%	-18	-1.4%	54	3.5%
Kockums	34	4.3%	45	4.4%	44	6.9%	42	4.8%
Corporate	-94		-184		-296		-86	
<b>Total</b>	<b>591</b>	<b>7.0%</b>	<b>1,422</b>	<b>12.9%</b>	<b>-61</b>	<b>-1.0%</b>	<b>458</b>	<b>5.8%</b>

## Multi-year overview

MSEK	2019	2018	2017	2016	2015
Order bookings	27,216	27,975	30,841	21,828	81,175
Order backlog at 31 December	93,293	102,184	107,233	107,606	113,834
Sales	35,433	33,156	31,666	28,631	27,186
<i>Sales in Sweden, %</i>	37	41	42	43	42
<i>Sales in Europe excluding Sweden, %</i>	16	14	14	17	18
<i>Sales in North America, %</i>	11	10	9	10	9
<i>Sales in Latin America, %</i>	12	12	8	7	6
<i>Sales in Rest of the World, %</i>	24	24	27	23	25
Operating income (EBIT)	2,937	2,266	2,250	1,797	1,900
<i>Operating margin, %</i>	8.3	6.8	7.1	6.3	7.0
Depreciation/amortisation and write-downs less depreciation/ amortisation and write-downs of lease aircraft	1,368	916	839	946	959
EBITDA	4,305	3,182	3,089	2,743	2,859
<i>EBITDA margin, %</i>	12.1	9.6	9.8	9.6	10.5
Income after financial items	2,607	1,796	2,099	1,611	1,731
Net income for the year	2,025	1,366	1,508	1,175	1,402
Total assets	59,858	56,128	44,998	41,211	35,088
Equity	20,809	19,633	14,285	13,301	12,912
Free cash flow <sup>1)</sup>	-2,036	-3,195	852	2,359	-726
<i>Return on capital employed, % <sup>1)</sup></i>	9.1	8.7	10.5	8.9	11.2
<i>Return on equity, % <sup>1)</sup></i>	10.0	8.1	10.9	9.0	11.5
<i>Equity/assets ratio, %</i>	34.8	35.0	31.7	32.3	36.8
Earnings per share before dilution, SEK <sup>1)2)</sup>	14.88	11.27	12.79	9.85	11.90
Earnings per share after dilution, SEK <sup>1)2)</sup>	14.81	11.21	12.70	9.79	11.81
Dividend per share, SEK	-	4.50	5.50	5.25	5.00
Equity per share, SEK <sup>1)2)</sup>	154.48	145.43	121.86	114.17	111.99
Number of employees at year-end	17,420	17,096	16,427	15,465	14,685
Number of shares excluding treasury shares as of 31 December <sup>2)</sup>	132,926,363	133,482,880	115,685,451	115,232,495	114,746,834
Average number of shares before dilution <sup>2)</sup>	133,245,360	116,467,822	115,444,915	114,971,098	114,484,478
Average number of shares after dilution <sup>2)</sup>	133,929,292	117,144,915	116,310,466	115,775,275	115,280,946

1) For more information and explanations regarding the usage of these key ratios, please see [saabgroup.com](http://saabgroup.com), investor, financial data, key ratios.

2) The average number of shares outstanding have for the comparative periods 2018-2015 been adjusted in accordance with IAS 33, Earnings per share, in accordance with the terms of the rights issue completed in 2018.

2017 has been restated according to the accounting principles regarding revenue recognition (IFRS 15).

## Key ratios and goals

	Long-term target	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Organic sales growth, %	5	-5	8	6
Operating margin, %	10	7.0	7.0	8.3
Equity/assets ratio, %	30	35.3	35.4	34.8

## Parent company

The Parent Company includes units within the business areas Aeronautics, Surveillance, Support and Services, and Industrial Products and Services as well as one unit within Dynamics. Group staff and Group support are also included. A major part of the Group's operations is included in the Parent Company. Separate notes to the Parent Company's financial statements and a separate description of risks and uncertainties for the Parent Company have therefore not been included in this interim report.

## Parent company income statement

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Sales	5,182	5,425	21,960
Cost of goods sold	-4,053	-4,180	-17,341
<b>Gross income</b>	<b>1,129</b>	<b>1,245</b>	<b>4,619</b>
Gross margin, %	21.8	22.9	21.0
Operating income and expenses	-1,192	-1,040	-4,437
<b>Operating income (EBIT)</b>	<b>-63</b>	<b>205</b>	<b>182</b>
Operating margin, %	-1.2	3.8	0.8
Financial income and expenses	-59	35	962
<b>Income after financial items</b>	<b>-122</b>	<b>240</b>	<b>1,144</b>
Appropriations	-	-	-103
<b>Income before taxes</b>	<b>-122</b>	<b>240</b>	<b>1,041</b>
Taxes	20	-54	-248
<b>Net income for the period</b>	<b>-102</b>	<b>186</b>	<b>793</b>

## Parent company balance sheet

MSEK	Note	31 Mar 2020	31 Dec 2019	31 Mar 2019
<b>ASSETS</b>				
Fixed assets:				
Intangible fixed assets		441	658	633
Tangible fixed assets		4,319	3,967	3,777
Financial fixed assets		7,359	7,275	7,258
<b>Total fixed assets</b>		<b>12,119</b>	<b>11,900</b>	<b>11,668</b>
Current assets:				
Inventories		7,492	6,996	6,605
Current receivables		18,315	18,366	16,393
Short term investments		5,331	5,783	6,788
Liquid assets		789	1,007	1,847
<b>Total current assets</b>		<b>31,927</b>	<b>32,152</b>	<b>31,633</b>
<b>TOTAL ASSETS</b>		<b>44,046</b>	<b>44,052</b>	<b>43,301</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Equity:				
Restricted equity		3,380	3,380	3,386
Unrestricted equity		10,873	10,931	11,072
<b>Total shareholders' equity</b>		<b>14,253</b>	<b>14,311</b>	<b>14,458</b>
Untaxed reserves, provisions and liabilities:				
Untaxed reserves		2,508	2,508	2,405
Provisions		1,534	1,582	1,456
Liabilities	7	25,751	25,651	24,982
<b>Total untaxed reserves, provisions and liabilities</b>		<b>29,793</b>	<b>29,741</b>	<b>28,843</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>44,046</b>	<b>44,052</b>	<b>43,301</b>

### Liquidity, financing, capital expenditures and number of employees

The Parent Company's net debt amounted to SEK 4,311 million as of 31 March 2020 compared to SEK 2,777 million as of 31 December 2019.

Investments in tangible fixed assets amounted to SEK 216 million (197). Investments in intangible assets amounted to SEK 57 million (17). At the end of the period, the Parent Company had 10,044 employees compared to 9,885 at the beginning of the year.



## Notes

### To the financial statements

#### NOTE 1 Corporate information

Saab AB (publ.), corporate identity no. 556036-0793, has its registered office in Linköping, Sweden. The company's head office is located at Olof Palmes gata 17, 5tr, SE-111 22 Stockholm, Sweden, and the telephone number +46-8-463 00 00. Saab's B shares are listed on Nasdaq Stockholm since 1998 and on the large cap list as of October 2006. The company's operations, including subsidiaries, associated companies and joint ventures, are described in the annual report 2019.

#### NOTE 2 Accounting principles

The consolidated accounts for the first quarter 2020 have been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Group's and Parent Company's accounting principles are described on pages 96-97, and concerning significant income statement and balance sheet items in each note disclosure in the annual report 2019.

The interim report is condensed and does not contain all the information and disclosures in the annual report and should therefore be read together with the annual report 2019. All the information on pages 1-28 constitutes the interim report for the period 1 January to 31 March 2020.

The Group and the Parent Company use the accounting principles and calculation methods as described in the annual report 2019.

#### NOTE 3 Segment reporting

Saab is a leading high-technology company, with its main operations in defence, aviation and civil security. Operations are primarily focused on well-defined areas in defence electronics, missile systems, and naval systems as well as military and commercial aviation. Saab is also active in technical services and maintenance. Saab has a strong position in Sweden and the main part of sales is generated in Europe. In addition, Saab has a local presence in Australia, the US, South Africa, and in other selected countries. Saab's operating and management structure is divided into six business areas, which are also operating segments: Aeronautics, Dynamics, Surveillance, Support and Services, Industrial Products and Services, and Kockums. In addition, Corporate comprises Group staff and departments, a minority portfolio containing Saab's ownership interests in companies in various stages of development as well as other operations outside the core operations.

The Group's operating segments recognise all lease contracts as operating leases.

##### Aeronautics

Aeronautics is a world-leading manufacturer of innovative aerial systems and is engaged in development of military aviation technology. It also conducts long-term future studies of manned and unmanned aircraft as preparation for new systems and further development of existing products.

##### Dynamics

Dynamics offers a market-leading product portfolio comprising ground combat weapons, missile systems, torpedoes, unmanned underwater vehicles, systems for training and simulation, signature management systems for armed forces around the world, and niche products for the civil and defence markets.

##### Surveillance

Surveillance provides efficient solutions for safety and security, for surveillance and decision support, and for threat detection, location, and protection. The portfolio covers airborne, ground-based and naval radar, electronic warfare and combat systems and C4I solutions.

##### Support and Services

Support and Services offers reliable, cost-efficient service and support for all of Saab's markets. This includes support solutions, technical

maintenance and logistics as well as products, solutions and services for military and civil missions.

#### Industrial Products and Services

The business units within Industrial Products and Services are focused on mainly civilian customers.

#### Kockums

Kockums develops, delivers, and maintains world-class solutions for naval environments. Its portfolio includes submarines with the Stirling system for air independent propulsion, surface combatants, mine hunting systems and autonomous vessels. Kockums' unique competence is in signature management, impact strength and advanced stealth technology.

#### Order bookings per operating segment

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Rolling 12 Months	Full Year 2019
Aeronautics	371	150	147	3,200	2,979
Dynamics	1,284	1,105	16	6,885	6,706
Surveillance	1,093	1,313	-17	9,170	9,390
Support and Services	877	678	29	4,298	4,099
Industrial Products and Services	1,196	1,306	-8	5,405	5,515
Kockums	490	245	100	1,461	1,216
Internal	-488	-315		-2,862	-2,689
<b>Total</b>	<b>4,823</b>	<b>4,482</b>	<b>8</b>	<b>27,557</b>	<b>27,216</b>

#### Order bookings per region

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Sweden	2,000	1,398	43	7,901
Rest of Europe	1,340	1,408	-5	10,039
North America	854	785	9	3,646
Latin America	24	56	-57	1,012
Asia	402	435	-8	2,849
Africa	8	102	-92	324
Australia, etc.	195	298	-35	1,445
<b>Total</b>	<b>4,823</b>	<b>4,482</b>	<b>8</b>	<b>27,216</b>

#### Order backlog per operating segment

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
Aeronautics	40,520	42,120	45,384
Dynamics	14,487	14,264	13,398
Surveillance	15,795	16,465	14,464
Support and Services	8,605	8,986	10,036
Industrial Products and Services	8,672	9,035	9,808
Kockums	4,540	4,852	6,096
Internal	-2,385	-2,429	-1,785
<b>Total</b>	<b>90,234</b>	<b>93,293</b>	<b>97,401</b>

#### Order backlog per region

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
Sweden	27,162	28,661	32,197
Rest of Europe	15,949	15,911	11,638
North America	6,748	6,644	6,838
Latin America	30,706	31,619	33,787
Asia	6,226	6,697	8,979
Africa	486	553	695
Australia etc.	2,957	3,208	3,267
<b>Total</b>	<b>90,234</b>	<b>93,293</b>	<b>97,401</b>

## Sales per operating segment

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Rolling 12 Months	Year 2019
Aeronautics	1,971	2,124	-7	8,065	8,218
Dynamics	1,118	1,392	-20	5,866	6,140
Surveillance	1,728	1,724	0	7,703	7,699
Support and Services	1,310	1,349	-3	5,782	5,821
Industrial Products and Services	1,599	1,574	2	6,581	6,556
Kockums	806	797	1	3,016	3,007
Internal	-492	-464		-2,036	-2,008
<b>Total</b>	<b>8,040</b>	<b>8,496</b>	<b>-5</b>	<b>34,977</b>	<b>35,433</b>

## Sales per region

MSEK	Jan-Mar 2020	% of sales	Jan-Mar 2019	% of sales	Full Year 2019	% of sales
Sweden	3,518	44	3,133	37	13,188	37
Rest of Europe	1,321	16	1,261	15	5,677	16
North America	907	11	787	9	3,889	11
Latin America	927	12	1,183	14	4,314	12
Asia	974	12	1,715	20	6,464	18
Africa	56	1	56	1	357	1
Australia, etc.	337	4	361	4	1,544	4
<b>Total</b>	<b>8,040</b>	<b>100</b>	<b>8,496</b>	<b>100</b>	<b>35,433</b>	<b>100</b>

## Information on large customers

During the first three months of 2020, Saab had two customers that separately accounted for 10 per cent or more of the Group's sales. The Swedish Defence is a customer of all business areas and total sales amounted to SEK 2,834 million (2,511). The Brazilian State is a customer primarily to business area Aeronautics and total sales amounted to SEK 860 million (1,118).

## Seasonal variation

A major part of Saab's business is related to large projects where the revenue is recognised by using the percentage of completion method. The costs incurred in these projects are normally lower during the third quarter compared to other quarters. The fourth quarter is also usually affected by a higher number of deliveries, mainly within Dynamics.

## Operating income per operating segment

MSEK	Jan-Mar 2020	% of sales	Jan-Mar 2019	% of sales	Rolling 12 Months	Full Year 2019
Aeronautics	158	8.0	197	9.3	638	677
Dynamics	87	7.8	113	8.1	690	716
Surveillance	221	12.8	90	5.2	984	853
Support and Services	131	10.0	182	13.5	691	742
Industrial Products and Services	27	1.7	69	4.4	196	238
Kockums	26	3.2	34	4.3	80	88
<b>The operating segments' operating income</b>	<b>650</b>	<b>8.1</b>	<b>685</b>	<b>8.1</b>	<b>3,279</b>	<b>3,314</b>
Corporate	-90		-94		-373	-377
<b>Total</b>	<b>560</b>	<b>7.0</b>	<b>591</b>	<b>7.0</b>	<b>2,906</b>	<b>2,937</b>

## Depreciation/amortisation and write-downs per operating segment

MSEK	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 Months	Full Year 2019
Aeronautics	15	15	60	60
Dynamics	22	19	79	76
Surveillance	75	71	302	298
Support and Services	6	5	21	20
Industrial Products and Services	19	21	84	86
Kockums	9	10	35	36
Corporate	208	187	813	792
<b>Total</b>	<b>354</b>	<b>328</b>	<b>1,394</b>	<b>1,368</b>

## Operational cash flow per operating segment

MSEK	Jan-Mar 2020	Jan-Mar 2019	Rolling 12 Months	Full Year 2019
Aeronautics	-767	-1,636	-722	-1,591
Dynamics	-553	135	-530	158
Surveillance	-501	-102	757	1,156
Support and Services	-257	-217	-29	11
Industrial Products and Services	66	-128	-108	-302
Kockums	34	166	-202	-70
Corporate	396	-141	-125	-662
<b>Total</b>	<b>-1,582</b>	<b>-1,923</b>	<b>-959</b>	<b>-1,300</b>

## Capital employed per operating segment

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
Aeronautics	6,095	5,237	4,968
Dynamics	4,640	4,182	3,524
Surveillance	8,258	7,813	8,057
Support and Services	4,460	4,255	3,687
Industrial Products and Services	5,266	5,064	4,682
Kockums	1,263	1,236	1,180
Corporate	7,531	8,179	9,721
<b>Total</b>	<b>37,513</b>	<b>35,966</b>	<b>35,819</b>

## Full time equivalents (FTE's) per operating segment

Number at end of the period	31 Mar 2020	31 Dec 2019	31 Mar 2019
Aeronautics	3,452	3,421	3,303
Dynamics	2,619	2,353	2,304
Surveillance	3,847	3,808	3,791
Support and Services	1,984	1,912	1,884
Industrial Products and Services	3,701	3,635	3,600
Kockums	1,216	1,197	1,208
Corporate	973	973	925
<b>Total</b>	<b>17,792</b>	<b>17,299</b>	<b>17,015</b>

## NOTE 4 Distribution of sales

	Aeronautics		Dynamics		Surveillance		Support and Services		Industrial Products and Services		Kockums		Corporate/elimination		Group	
MSEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
External sales	1,911	2,052	1,077	1,359	1,642	1,667	1,276	1,325	1,288	1,276	802	794	44	23	8,040	8,496
Internal sales	60	72	41	33	86	57	34	24	311	298	4	3	-536	-487	-	-
<b>Total sales</b>	<b>1,971</b>	<b>2,124</b>	<b>1,118</b>	<b>1,392</b>	<b>1,728</b>	<b>1,724</b>	<b>1,310</b>	<b>1,349</b>	<b>1,599</b>	<b>1,574</b>	<b>806</b>	<b>797</b>	<b>-492</b>	<b>-464</b>	<b>8,040</b>	<b>8,496</b>
<b>Sales by customer:</b>																
Military customers	1,911	2,052	1,024	1,289	1,640	1,653	1,114	1,141	369	301	802	794	33	14	6,893	7,244
Civilian customers	-	-	53	70	2	14	162	184	919	975	-	-	11	9	1,147	1,252
<b>Total external sales</b>	<b>1,911</b>	<b>2,052</b>	<b>1,077</b>	<b>1,359</b>	<b>1,642</b>	<b>1,667</b>	<b>1,276</b>	<b>1,325</b>	<b>1,288</b>	<b>1,276</b>	<b>802</b>	<b>794</b>	<b>44</b>	<b>23</b>	<b>8,040</b>	<b>8,496</b>
<b>Sales by significant source:</b>																
Long-term customer contracts	1,641	1,852	354	589	1,175	1,206	451	624	695	744	595	567	20	14	4,931	5,596
Services	267	199	178	168	360	328	641	514	520	491	190	214	19	9	2,175	1,923
Products	3	1	545	602	107	133	184	187	73	41	17	13	5	-	934	977
<b>Total external sales</b>	<b>1,911</b>	<b>2,052</b>	<b>1,077</b>	<b>1,359</b>	<b>1,642</b>	<b>1,667</b>	<b>1,276</b>	<b>1,325</b>	<b>1,288</b>	<b>1,276</b>	<b>802</b>	<b>794</b>	<b>44</b>	<b>23</b>	<b>8,040</b>	<b>8,496</b>
<b>Sales by domain:</b>																
Air	1,911	2,052	80	81	767	905	839	884	91	89	-	-	19	6	3,707	4,017
Land	-	-	707	943	268	239	248	249	164	164	-	-	3	-	1,390	1,595
Naval	-	-	286	290	581	506	39	49	3	2	802	794	17	17	1,728	1,658
Civil Security	-	-	3	44	-	14	47	42	490	422	-	-	1	-	541	522
Commercial Aeronautics	-	-	-	-	-	-	103	101	348	399	-	-	2	-	453	500
Other	-	-	1	1	26	3	-	-	192	200	-	-	2	-	221	204
<b>Total external sales</b>	<b>1,911</b>	<b>2,052</b>	<b>1,077</b>	<b>1,359</b>	<b>1,642</b>	<b>1,667</b>	<b>1,276</b>	<b>1,325</b>	<b>1,288</b>	<b>1,276</b>	<b>802</b>	<b>794</b>	<b>44</b>	<b>23</b>	<b>8,040</b>	<b>8,496</b>
<b>Sales recognition method:</b>																
Over time	1,889	2,049	513	767	1,464	1,410	992	1,016	822	748	791	791	35	13	6,506	6,794
Point in time	22	3	564	592	178	257	284	309	466	528	11	3	9	10	1,534	1,702
<b>Total external sales</b>	<b>1,911</b>	<b>2,052</b>	<b>1,077</b>	<b>1,359</b>	<b>1,642</b>	<b>1,667</b>	<b>1,276</b>	<b>1,325</b>	<b>1,288</b>	<b>1,276</b>	<b>802</b>	<b>794</b>	<b>44</b>	<b>23</b>	<b>8,040</b>	<b>8,496</b>

## NOTE 5 Dividend to Parent Company's shareholders

The Annual General Meeting 2020, held on 1 April decided that no dividend will be paid to the Parent Company's shareholders. This due to current circumstances related to COVID-19. The Saab Board of Directors still confirms its assessment of the company's dividend capacity for the financial year 2019 but due to the uncertainty the COVID-19 outbreak creates in the surrounding world, the Board decided to withdraw its dividend proposal to the Annual General Meeting of SEK 4.70 per share. When the situation can be better analysed, the Board can assess the possibility of a new dividend proposal for 2019.

## NOTE 6 Intangible fixed assets

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
Goodwill	5,447	5,355	5,363
Capitalised development costs	4,908	4,580	3,611
Other intangible assets	569	530	471
<b>Total</b>	<b>10,924</b>	<b>10,465</b>	<b>9,444</b>

## NOTE 7 Net liquidity/debt

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
<b>Assets:</b>			
Liquid assets	1,411	1,687	2,560
Short-term investments	5,341	5,794	6,802
<b>Total liquid investments</b>	<b>6,752</b>	<b>7,481</b>	<b>9,362</b>
Short-term interest-bearing receivables	60	58	43
Long-term interest-bearing receivables	564	521	481
Long-term receivables attributable to pensions	28	28	6
<b>Total interest-bearing assets</b>	<b>7,404</b>	<b>8,088</b>	<b>9,892</b>
<b>Liabilities:</b>			
Lease liabilities	2,635	2,572	2,645
Liabilities to credit institutions	8,903	7,789	8,773
Liabilities to associated companies and joint ventures	48	45	44
Other interest-bearing liabilities	2	1	7
Provisions for pensions <sup>1)</sup>	4,265	4,750	3,805
<b>Total interest-bearing liabilities and provisions for pensions</b>	<b>15,853</b>	<b>15,157</b>	<b>15,274</b>
<b>Net liquidity (+) / net debt (-)</b>	<b>-8,449</b>	<b>-7,069</b>	<b>-5,382</b>

1) Excluding provisions for special employers' contribution attributable to pensions.

## Committed credit lines

MSEK	Facilities	Drawings	Available
Revolving credit facility (Maturity 2022)	10,000	1,500	8,500
Overdraft facility (Maturity 2020)	74	-	74
<b>Total</b>	<b>10,074</b>	<b>1,500</b>	<b>8,574</b>

## Parent Company

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
Long-term liabilities to credit institutions	8,016	6,512	6,937
Short-term liabilities to credit institutions	887	1,276	1,836
<b>Total</b>	<b>8,903</b>	<b>7,788</b>	<b>8,773</b>

Since 2009, Saab has a Medium Term Note programme (MTN) to enable the issuance of long-term loans on the capital market. During 2018, the MTN programme was increased up to SEK 10,000 million.

Under the terms of this programme, Saab has issued fixed rate bonds as well as Floating Rate Notes (FRN). During March 2020, bonds amounting to MSEK 850 matured. Furthermore, loans amounting to MSEK 425 expiring May 2020 were repurchased. Three new bonds expiring 2028, 2029 and 2030 were issued to a total amount of MSEK 825. Altogether, loans outstanding under the MTN programme amounts to MSEK 6,295 at the end of the reporting period. In December 2015, Saab signed Schuldschein loan agreements amounting to MEUR 100.

During the first quarter of 2020, Saab has signed a 24 months Revolving Credit Facility Agreement of SEK 4 Billion to strengthen the company's financial flexibility, and if needed, to be utilised to refinance upcoming and future loan maturities.

## NOTE 8 Capital employed

MSEK	31 Mar 2020	31 Dec 2019
Total assets	61,367	59,858
Less non-interest bearing liabilities	23,854	23,892
<b>Capital employed</b>	<b>37,513</b>	<b>35,966</b>

## NOTE 9 Financial instruments

Classification and categorisation of financial assets and liabilities <sup>2)</sup>

Carrying amount	31 Mar 2020	31 Dec 2019	31 Mar 2019
<b>Financial assets:</b>			
Valued at amortised cost <sup>4)</sup> :			
Accounts receivable, contract assets and other receivables	18,451	18,542	16,932
Liquid assets	1,411	1,687	2,560
Long-term receivables	627	724	625
Valued at fair value through profit and loss <sup>3)</sup> :			
Short-term investments	5,341	5,794	6,802
Derivatives for trading	228	146	117
Financial investments	28	26	28
Derivatives identified as hedges	1,971	1,298	1,296
<b>Total financial liabilities</b>	<b>28,057</b>	<b>28,217</b>	<b>28,360</b>
<b>Financial liabilities:</b>			
Valued at amortised cost:			
Interest-bearing liabilities <sup>1)</sup>	11,589	10,407	11,469
Other liabilities <sup>4)</sup>	8,033	7,960	7,741
Valued at fair value through profit and loss <sup>3)</sup> :			
Derivatives for trading	102	15	27
Derivatives identified as hedges	2,961	1,691	1,696
<b>Total financial liabilities</b>	<b>22,685</b>	<b>20,073</b>	<b>20,933</b>
<sup>1)</sup> Fair value	11,427	10,485	11,534

<sup>2)</sup> Derivatives with positive values are recognised as assets and derivatives with negative values are recognised as liabilities. Derivatives with a legal right of offset amount to MSEK 1,975.

<sup>3)</sup> The impact of credit risk on these instruments is considered low given the limits in the current investment policy

<sup>4)</sup> Carrying amount, in Saab's assessment, essentially corresponds to fair value.

The Group has used the same valuation methods as in the year-end closing 2019. These are described in the annual report 2019 on page 127, note 36.

As of 31 March 2020, the Group had the following financial assets and liabilities at fair value:

## Assets at fair value

MSEK	31 Mar 2020	Level 1	Level 2	Level 3
Bonds and interest-bearing securities	5,341	5,341	-	-
Forward exchange contracts	2,009	-	2,009	-
Currency options	4	-	4	-
Interest rate swaps	6	-	6	-
Cross currency basis swaps	180	-	180	-
Shares, participations and long-term receivables	28	-	-	28
<b>Total</b>	<b>7,568</b>	<b>5,341</b>	<b>2,199</b>	<b>28</b>

## Liabilities at fair value

MSEK	31 Mar 2020	Level 1	Level 2	Level 3
Forward exchange contracts	2,915	-	2,915	-
Currency options	19	-	19	-
Interest rate swaps	97	-	97	-
Electricity derivatives	32	32	-	-
<b>Total</b>	<b>3,063</b>	<b>32</b>	<b>3,031</b>	<b>-</b>

**NOTE 10 Supplemental information on statement of cash flows****Free cash flow**

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
<b>Cash flow from operating activities before changes in working capital, excluding taxes and other financial items <sup>1)</sup></b>	<b>831</b>	<b>1,127</b>	<b>4,626</b>
Cash flow from changes in working capital:			
Contract assets and liabilities	-2,365	-2,333	-1,649
Inventories	-901	-230	-1,141
Other current receivables	1,869	760	176
Other current liabilities	-103	-567	-218
Provisions	-115	-50	-325
<b>Change in working capital</b>	<b>-1,615</b>	<b>-2,420</b>	<b>-3,157</b>
<b>Cash flow from operating activities excluding taxes and other financial items</b>	<b>-784</b>	<b>-1,293</b>	<b>1,469</b>
Investing activities:			
Investments in intangible fixed assets	-428	-358	-1,588
Investments in tangible fixed assets	-374	-277	-1,213
Sales and disposals of tangible fixed assets	4	5	32
<b>Cash flow from investing activities <sup>2)</sup></b>	<b>-798</b>	<b>-630</b>	<b>-2,769</b>
<b>Operational cash flow</b>	<b>-1,582</b>	<b>-1,923</b>	<b>-1,300</b>
Taxes and other financial items	-138	-173	-690
Sale of and investments in financial assets	20	-41	-46
<b>Free cash flow</b>	<b>-1,700</b>	<b>-2,137</b>	<b>-2,036</b>

1) Including amortisation of lease liabilities

2) Cash flow from investing activities excluding change in short-term investments and other interest-bearing financial assets and excluding sale of and investment in financial assets, investments in operations and sale of subsidiaries. If investments in and sale of financial fixed assets are considered to be of operating nature, the item is included in investing activities.

**Free cash flow vs. statement of cash flows**

MSEK	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Free cash flow	-1,700	-2,137	-2,036
Investing activities – interest-bearing:			
Short-term investments	420	2,229	3,219
Other financial investments and receivables	-50	-31	-90
Financing activities:			
Repayments of loans	-1,275	-	-990
Raising of loans	2,328	9	8
Rights issue	-	11	11
Repurchase of shares	-	-	-301
Dividend paid to the Parent Company's shareholders	-	-	-601
Dividend paid to non-controlling interest	-	-	-24
Transactions with non-controlling interest	-1	3	8
<b>Cash flow for the period</b>	<b>-278</b>	<b>84</b>	<b>-796</b>

**Liquid assets**

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
The following components are included in liquid assets:			
Cash and bank balances	811	891	1,058
Bank deposits	600	796	1,502
<b>Total according to balance sheet</b>	<b>1,411</b>	<b>1,687</b>	<b>2,560</b>
<b>Total according to statement of cash flows</b>	<b>1,411</b>	<b>1,687</b>	<b>2,560</b>

**NOTE 11 Business combinations**

No significant acquisitions through business combinations were made during the first three months of 2020.

**NOTE 12 Defined-benefit plans**

Saab has defined-benefit pension plans where post-employment compensation is based on a percentage of the recipient's salary. Defined-benefit plans mainly relate to the Swedish operations, where the ITP2 plan accounts for more than 90 per cent of the total obligation.

**Pension obligation according to IAS 19**

MSEK	31 Mar 2020	31 Dec 2019	31 Mar 2019
Defined-benefit obligation	11,175	12,132	10,797
Special employers' contribution	1,005	1,264	980
Less assets under management	6,938	7,410	6,998
<b>Total provisions for pensions</b>	<b>5,242</b>	<b>5,986</b>	<b>4,779</b>
of which reported as long-term receivable	28	28	6

Actuarial gains and losses are recognised in other comprehensive income. Actuarial gains related to pensions for the Swedish operations amounted to SEK 642 million net in the first quarter of 2020 primarily due to the following:

The assumed discount rate is unchanged compared to the beginning of the year. The inflation assumption has been reduced by 50 basis points, from 1.75% to 1.25%, during the first quarter, which has resulted in an actuarial gain of SEK 1021 million.

Negative experience adjustment has resulted in an actuarial loss of SEK -9 million.

The actuarial gain related to the special employer's contribution amounted to SEK 125 million.

The return on assets under management was lower than expected, which produced an actuarial loss of SEK -495 million.

**NOTE 13 Contingent liabilities**

No additional significant commitments have arisen during the period. With regard to the Group's so-called performance guarantees for commitments to customers, the likelihood of an outflow of resources is estimated as remote and, as a result, no value is recognised.

**NOTE 14 Transactions with related parties**

No significant transactions have occurred during the period.

Related parties with which the Group has transactions are described in the annual report 2019, note 38.

**NOTE 15 Definitions**

Below are definitions of financial key ratios that are used in the report. For more information and explanations regarding the usage of these key ratios, please see [saabgroup.com](http://saabgroup.com), investor, financial data, key ratios.

**Capital employed**

Total assets less non-interest-bearing liabilities.

**Earnings per share**

Net income for the period attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution.

**EBITDA**

Operating income before depreciation/amortisation and write-downs.

**EBITDA margin**

Operating income before depreciation/amortisation and write-downs as a percentage of sales.

**Effective tax rate**

Current and deferred taxes as a percentage of income before tax.

**Equity/assets ratio**

Equity in relation to total assets.

**Equity per share**

Equity attributable to the Parent Company's shareholders divided by the number of shares, excluding treasury shares, at the end of the period.

**Free cash flow**

Cash flow from operating activities including amortisation of lease liabilities and cash flow from investing activities, excluding acquisitions and divestments of short-term investments and other interest-bearing financial assets.

**Free cash flow per share**

Free cash flow divided by the average number of shares after dilution.

**Gross margin**

Gross income as a percentage of sales.

**Net investments**

Investments, sales and disposals of intangible and tangible fixed assets.

**Net liquidity/net debt**

Liquid assets, short-term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pensions excluding provisions for pensions attributable to special employers' contribution.

**Items affecting comparability**

Items affecting comparability comprise the financial effects from events or transactions with material impact that are relevant to understand the result when comparing periods. Such events or transactions can relate to restructuring programs, costs related to disputes and legal proceedings, impairment charges and gains and losses from divestments of group companies, joint ventures or associated companies.

**Operating income**

Income before financial items and tax.

**Operating income adjusted for items affecting comparability**

Operating income (EBIT) adjusted for items classified as affecting comparability.

**Operating margin adjusted for items affecting comparability**

Operating income adjusted for items affecting comparability as a percentage of sales.

**Operating margin**

Operating income (EBIT) as a percentage of sales.



### Operational cash flow

Cash flow from operating activities, excluding taxes and other financial items, amortisation of lease liabilities and investments, sales and disposals of intangible and tangible fixed assets.

### Order backlog

Total value of orders at the end of the period.

### Order bookings

Total value of orders received during the period.

### Organic sales growth

Change in sales in percentage adjusted for effects from exchange rate due to the translation of foreign subsidiaries, and structural changes such as acquisitions and divestments of subsidiaries.

### Research and development

Research and development costs are recognised separately in the income statement and comprise the cost of self-financed new and continued product development as well as amortisation and any write-down of capitalised development costs.

Research and development expenses comprise both expenses incurred as costs excluding amortization and write-downs, and expenses capitalised as development costs in the statement of financial position.

### Return on capital employed

Operating income plus financial income (rolling 12 months) as a percentage of average capital employed.

### Return on equity

Net income for the period (rolling 12 months) as a percentage of average equity.

## Glossary

**C4I** Command, Control, Communications, Computers, and Intelligence

**FMV** Swedish Defence Materiel Administration

**FRN** Floating Rate Note

**FTE** Full Time Equivalent, corresponds to one employee working full-time for one year

**IAS** International Accounting Standards

**IFRS** International Financial Reporting Standards

**ISR** Intelligence, Surveillance and Reconnaissance systems

**MTN** Medium Term Note, bonds with a duration of 1-15 years

Linköping 24 April 2020

Micael Johansson

President and CEO

*This interim report has not been subject to review by the company's auditors.*

## Important information

This interim report 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.

*This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on 24 April 2020 at 07.30 (CET).*

## Contact

### Media:

Saab press center  
ph +46 734 18 00 18

### Financial market:

Merton Kaplan, Head of Investor Relations  
ph +46 734 18 20 71  
Karl Förander, Manager Investor Relations  
ph +46 734 18 51 66

### Press and financial analyst conference

24 April 2020 at 10.00 (CET),

You are welcome to participate by the live webcast or dial in to the conference call. It is possible to post questions both over the web and in the conference call.

### Live webcast:

<http://saab-interimreport.creo.se/200424>

### Conference call:

Please, dial in using one of the numbers below:

Sweden: +46 8 566 427 05

UK: +44 333 300 9032

US: +1 833 526 8381

The interim report, the presentation material and the webcast will be available on [saabgroup.com](http://saabgroup.com).

## Calendar

Interim report January–June 2020

Published 17 July 2020

Interim report January–September 2020

Published 21 October 2020

Year-end report 2020

Published 11 February 2021



2020 : Q1