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Saab's Results January-June 2020

Saab presents the results for January-June 2020.

Statement by the President and CEO Micael Johansson:

Strong orders and continued good profitability

During the second quarter of 2020, the COVID-19 pandemic had a major impact on people, countries and companies around the world. The situation affects Saab as well, but our defence business remains strong. Our civil business, on the other hand, is facing a larger impact from the pandemic, with demand in civil aviation being significantly down. Despite these challenges, Saab showed a strong performance in the second quarter and results for the first half-year were in line with last year.

Since the COVID-19 outbreak, Saab has effectively utilised modern technology to interact with existing and new customers. This enabled further increases in orders during the quarter and successful execution of key milestones. A number of measures were taken to adjust costs in operations that have been adversely impacted by the ongoing crisis. This work is expected to continue in 2020. Given the ongoing pandemic, Saab cannot however rule out further impact on its business, particularly in the supply chain. Saab is entering the third quarter with a strong order backlog, which continues to support a significant portion of this year's expected sales. For 2020, the aim remains that operational cash flow will be positive.

Saab continues to execute on its strategy with a focus on further internationalisation and investments in the product portfolio's core areas. Focus is also on project execution and Saab remains committed to its long-term financial goals for growth and profitability.

Orders

Order bookings in the first half of 2020 increased by 45 per cent to SEK 14,070 million (9,710). The increase was a result of continued demand for defence products and solutions, where Saab in this challenging time, signed both large and mid-sized orders. Growth in small orders was 9 per cent. Orders in the second quarter included support contracts for both Gripen and SK60 for Sweden, orders for Airborne Early Warning and Control (AEW&C) systems and orders from the U.S., Estonia and Latvia for Carl-Gustaf systems.

Sales and operating income

Sales in the first half of 2020 were in line with the same period in 2019 at SEK 16,876 million (16,941). In the second quarter, Saab reported sales growth of 5 per cent driven by good project execution and increased deliveries in several business areas.

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Operating income amounted to SEK 1,212 million (1,221) in the first half of the year, corresponding to a margin of 7.2 per cent (7.2). The negative impact on the civil business was offset by higher sales volumes within the defence business and cost reductions.

During the quarter, Saab delivered the first GlobalEye Swing Role Surveillance System to the United Arab Emirates. In addition, the first flight trials were completed with the new fighter X-band AESA radar. During the quarter, the partnership with the UK regarding the Future Combat Air System (FCAS) was intensified and new studies were conducted.

Outlook statement

Due to uncertainty related to the scope and duration of COVID-19, it was stated in the first quarter interim report of 2020 that the previous forecast for the full-year 2020 could not be confirmed. Saab reiterates this assessment.

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Financial highlights

MSEK	Jan-Jun 2020	Jan-Jun 2019	Change, %	Q2 2020	Q2 2019	Change, %	Full Year 2019
Order bookings	14,070	9,710	45	9,247	5,228	77	27,216
Order backlog	90,458	94,236	-4				93,293
Sales	16,876	16,941	0	8,836	8,445	5	35,433
Gross income	3,711	3,788	-2	1,831	1,937	-5	8,035
Gross margin, %	22.0	22.4		20.7	22.9		22.7
EBITDA	1,918	1,893	1	1,004	974	3	4,305
EBITDA margin, %	11.4	11.2		11.4	11.5		12.1
Operating income (EBIT)	1,212	1,221	-1	652	630	3	2,937
Operating margin, %	7.2	7.2		7.4	7.5		8.3
Net income	860	826	4	518	429	21	2,025
of which Parent Company's shareholders' interest	855	831	3	521	433	20	1,983
Earnings per share after dilution, SEK ¹⁾	6.40	6.20		3.90	3.23		14.81
Return on equity, % ²⁾	10.0	10.5					10.0
Operational cash flow	235	-2,702		1,817	-779		-1,300
Free cash flow	22	-3,126		1,722	-989		-2,036
Free cash flow per share after dilution, SEK	0.16	-23.32		12.89	-7.38		-15.20
¹⁾ Average number of shares after dilution	133,690,023	134,064,875		133,625,118	134,039,937		133,929,292
²⁾ Return on equity is measured over a rolling 12-month period.							

For more information and explanations regarding the usage of these key ratios, please see <http://saabgroup.com/investor-relations/financial-data/key-ratios/>

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Press and analyst meeting

Saab is pleased to invite press, investors and financial analysts to a press and analyst meeting where President and CEO Micael Johansson and acting CFO Thomas Hendel present the Saab interim report for January-June 220.

Date: Friday, 17 July at 10:00 (CET).

The report is published at 07.30 a.m. (CET) the same day at <http://www.saabgroup.com>.

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

Live webcast: <http://saab-interimreport.creo.se/200717>

Conference call:

Please, dial in using one of the numbers below.

Sweden: +46 8 566 427 05
United Kingdom: +44 333 300 9032 (WITH PIN: 94196298#)
United States: +1 833 526 8381

The interim report, the presentation material and the webcast will be available on <http://www.saabgroup.com/investor-relations>.

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Saab serves the global market with world-leading products, services and solutions within military defence and civil security. Saab has operations and employees on all continents around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.

The information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 17 July 2020 at 07.30 (CET).

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