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Saab's Results January-March 2021: Continued good order and sales growth

Saab presents the results for January-March 2021.

Key highlights Q1 2021

- Order intake up 22%, strengthening position in strategic markets.
- Sales growth of 13%, supported by a solid order backlog and activity level.
- EBITDA increased to SEK 1,066m (914), corresponding to a margin of 11.7%.
- Operating income amounted to SEK 597m (560), margin of 6.6%.
- Operational cash flow was SEK -160m (-1,582).
- Orders/milestones: Gripen C/D support contract to Sweden, orders for Carl-Gustaf and delivery of the third GlobalEye to UAE.
- New organizational structure to be implemented July 1, 2021, for increased focus on efficiency and a clearer connection between business areas, core areas, services and a simplified customer interaction.

Statement by the President and CEO Micael Johansson:

Continued good order and sales growth

In the first quarter, we continued to execute on our growth strategy to become a multi-domestic company and strengthen our position in strategic markets, despite the challenging pandemic environment. Saab continued to record good order intake in the first quarter, which increased 22%, supported by large orders from our defence related business. Order intake improved in several regions and was particularly strong in Sweden.

During the quarter, we secured a support contract for the Gripen C/D to Sweden and continued to drive growth in Ground Combat through orders for Carl-Gustaf M4 to the U.S. and Estonia as well as orders from Australia. During the quarter, Saab also signed a contract for delivery of the fire and control system UTAAS. The order backlog ended up at SEK 97 billion.

Sales grew 13% in the quarter, supported by a solid order backlog and high activity level in Saab's key programmes. Four out of six business areas showed organic growth. The downturn in the civil aviation market, however, continued to affect the civil business, primarily within IPS, negatively.

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Earnings showed an improvement in the first quarter. EBITDA for the Group increased 17% and amounted to SEK 1, 066 million, primarily driven by Dynamics, Surveillance and Support and Services. Operating income increased 7% compared to the same quarter last year and amounted to SEK 597 million (560), corresponding to a margin of 6.6% (7.0). Even if risks related to Covid-19 remain and the civil aviation market is down, we are managing the effects from the pandemic within the risk provisions and activities initiated in 2020.

Operational cash flow in the quarter improved compared to the first quarter 2020 and came in at SEK -160 million (-1,582). The improvement in cash flow was a result of higher EBITDA and lower investments as well as cash flow from milestone payments.

Apart from international expansion, our priority in 2021 is to increase focus on operational efficiency. We recently announced a new organisational structure, where six business areas becomes four, creating a clearer connection between businesses, core areas, services and a simplified customer interaction. This is to be implemented as of July 1, with the aim to support improved efficiency. Within the change, Saab is creating a new Operational Excellence function with focus on driving efficiency in the areas; project execution, quality, supply chain, sourcing and IT. The new structure will contribute to Saab's long-term goals.

Saab has a healthy financial position and we continue with our actions to improve efficiency, maintain our technological leadership and strengthen our market position. Altogether, this puts us in a good position to deliver on our targets. We reiterate our outlook for the full year 2021.

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Financial highlights

MSEK	Jan-Mar 2021	Jan-Mar 2020	Change, %	Full Year 2020
Order bookings	5 871	4 823	22	42 328
Order backlog	97 211	90 234	8	99 816
Sales	9 088	8 040	13	35 431
Gross income	1 934	1 880	3	5 676
Gross margin, %	21.3	23.4		16.0
EBITDA	1 066	914	17	2 833
EBITDA margin, %	11.7	11.4		8.0
Operating income (EBIT)	597	560	7	1 315
Operating margin, %	6.6	7.0		3.7
Net income	396	342	16	1 092
of which Parent Company's shareholders' interest	392	334	17	1 073
Earnings per share after dilution, SEK ¹⁾	2.94	2.50		8.01
Return on equity, % ²⁾	5.2	9.3		5.1
Operational cash flow	-160	-1 582		2 773
Free cash flow	-265	-1 700		3 753
Free cash flow per share after dilution, SEK	-1.99	-12.71		28.03
¹⁾ Average number of shares after dilution	133 213 468	133 701 893		133 877 141
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://saab.com/investors/financial-data/key-ratios/>

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Saab's Interim Report January-March 2021 Presentation

Saab's CEO and President Micael Johansson and CFO and deputy CEO Christian Luiga will present the Saab interim report for January-March 2021.

Date: Friday, 23 April at 10:00 (CET).

The report is published at <http://www.saab.com>.

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

Live webcast: <http://saab-interimreport.creo.se/210423>

Conference call:

Please, dial in using one of the numbers below.

Sweden: +46 8 505 583 65

United Kingdom: +44 333 300 9270

United States: +1 833 249 8407

The interim report, the presentation material and the webcast will be available on <http://www.saab.com/investors>.

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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. The information was submitted for publication, through the agency of the contact person set out above, on 23 April 2021 at 07.30 (CET).

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