



SAAB

Saab Q4 2020 Presentation

11 February 2021

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Delivering growth and positive cash flow

Sales growth	
Reported	Adjusted*
Q4: +18%	+17%
FY: 0%	+4%

EBIT Margin	
Reported	Adjusted*
Q4: 6.1%	8.8%
FY: 3.7%	7.4%

Operational cash flow
Q4: 2.9 BSEK
FY: 2.8 BSEK

Order growth
Q4: +123%
FY: +56%

*Sales and EBIT adjusted for items affecting comparability.

Strong order intake in a growing market

High activity level in the industry

- Growing needs of defence capabilities globally
- Swedish defence bill, expect significant increase 2025
- Saab involved in several tender offers and campaigns

Order intake in 2020 highest since 2015

- Total order intake 42.3 BSEK, increase of 56%
 - International orders up 52%, Sweden up 63%
 - Order backlog increase 7%, close to ~100 BSEK
- Ground based air defence system to Sweden
- Strong growth in Ground Combat, framework deal signed with the US for the latest generation Carl Gustaf
- Orders in Australia and Europe significantly up
- Follow-on contract for the GlobalEye system



GlobalEye

The Uniqueness

- Cutting-edge sensor technology
- Surveillance of air, land and sea at the same time
- Sees beyond the horizon
- Cross domain information exchange

The Market Potential

- More than 23 BSEK in contract value since 2015
- Part of Finland Gripen offer
- In dialogue with handful of customers
- Demand for joint defence situational awareness

The Enablers

- 30+ years of experience, built on Erieye using a spiral development process
- Bombardier cooperation
- Saab as an aircraft manufacturer, sensor provider and system integrator

The Programme

- 5 GlobalEyes sold, including follow-on order for 2 GlobalEye received from UAE in 2020. Value \$1.018 B
- 2 out of 3 aircraft delivered, less than three years from roll-out.

Business Area Summary 1 (3)

MARKET

Aeronautics

- Several campaigns ongoing
- Croatia down-select expected first half 2021
- BAFO for Gripen to Finland released 29 Jan

FINANCIALS

MSEK	Q4 2020	Q4 2019	2020	2019
Order intake	785	1,778	2,025	2,979
Sales	2,594	2,329	7,307	8,218
Adj. EBIT %	5.9%	8.2%	7.7%	8.2%

OPERATIONS

- Establishment of T-7 production plant in the US
- Delivery of the first Gripen in Brazil
- FCAS
- Impact on supply chain from Covid-19

Dynamics

- Favourable market demand in most areas
- Customers transferring from Carl-Gustaf M3 to M4
- Order for Anti-Ship Missiles from Germany

MSEK	Q4 2020	Q4 2019	2020	2019
Order intake	1,776	2,203	9,231	6,706
Sales	2,695	2,251	6,913	6,140
Adj. EBIT %	15.1%	18.6%	12.2%	11.7%

- Completed takeover of training centre GÜZ in Germany
- Lightweight Torpedo fired from corvette & submarine
- Production ramp-up in Ground Combat

Business Area Summary 2 (3)

MARKET

Surveillance

- Strong market position - order intake all time high
- Two GlobalEye to UAE & Air Defence to Sweden
- Several radar and combat systems orders won

FINANCIALS

MSEK	Q4 2020	Q4 2019	2020	2019
Order intake	9,247	1,751	13,928	9,390
Sales	2,540	2,304	7,888	7,699
Adj. EBIT %	7.4%	15.7%	8.3%	11.1%

OPERATIONS

- Two GlobalEye delivered and third on the way
- Continued growth in US & Australian operations
- Air trials with new AESA GaN fighter radar
- Covid-19 had a negative impact on sales and result

Support and Services

- Entering support phase for large platforms
- Deployable Health capability to Australia
- Downturn in the after-market for Regional Aircraft

MSEK	Q4 2020	Q4 2019	2020	2019
Order intake	4,412	1,083	11,945	4,099
Sales	2,569	1,654	6,521	5,821
Adj. EBIT %	17.2%	15.8%	12.7%	12.7%

- Building up GlobalEye support in UAE
- Building up Gripen support in Brazil
- Supplying Sweden with firefighting capabilities

Business Area Summary 3 (3)

MARKET

IPS

- Civil aviation market severely affected by Covid-19
- High demand on Combitech's services
- Several orders booked late in the year

FINANCIALS

MSEK	Q4 2020	Q4 2019	2020	2019
Order intake	1,856	1,648	5,611	5,515
Sales	1,475	1,933	5,846	6,556
Adj. EBIT %	-1.7%	5.4%	-1.4%	3.6%

OPERATIONS

- Strong focus on cost reductions
- Adjusting for lower volumes in Aerostructures unit
- Further developed Combitech's strong offer

Kockums

- Sweden-Poland submarine opportunity
- Demand for next generation corvettes to Sweden
- Dutch submarine campaign

MSEK	Q4 2020	Q4 2019	2020	2019
Order intake	863	293	1,801	1,216
Sales	876	815	3,027	3,007
EBIT %	5.3%	4.4%	3.9%	2.9%

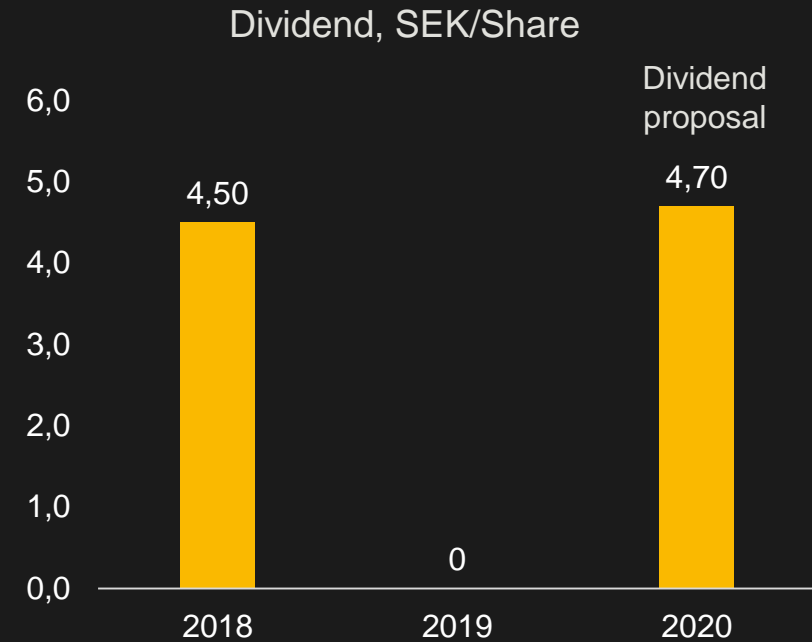
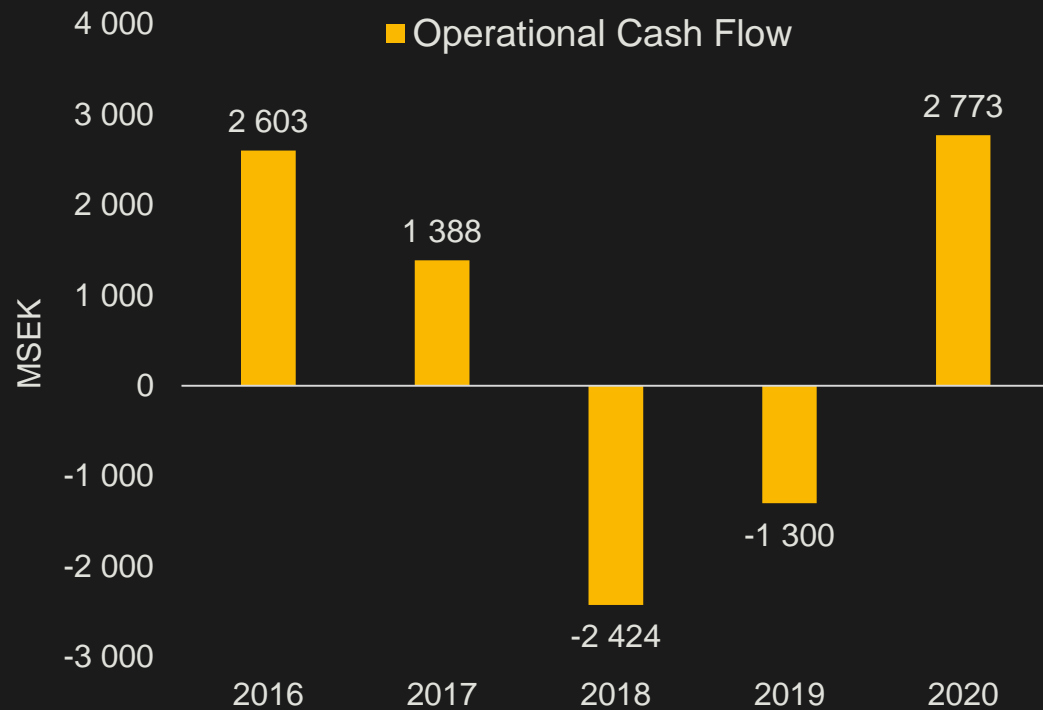
- Gotland-class submarine delivered to Sweden
- Focus on improving productivity

Covid-19

- Severe decline in civil aviation
- Supply chain disruptions
- Negative financial impact in 2020
- Risk remains - actions to minimize negative impact



Delivering on positive cash flow in 2020



Positioned for further growth

- Strong backlog supporting future growth
- Executing on our long term projects
- Ensuring productivity and efficiency improvements
- Investments in innovation capability and technology edge
- Strengthening our position in key markets and accelerating international growth
 - Secure local market presence – marketing & sales
 - Establish footprint in key markets – operations



Outlook 2021

2021
OUTLOOK*

ORGANIC GROWTH

Organic growth in line with
long term target (5%)

EBIT MARGIN

EBIT-margin in line with
adjusted EBIT-margin for
2020 (7.4%)**

OPERATIONAL CASH FLOW

Positive

LONG TERM
TARGETS

5%

Over a business cycle

10%

Over a business cycle

EQUITY RATIO

>30%

*The uncertainty surrounding Covid-19 and its future effects remains high

**Adjusted for items affecting comparability

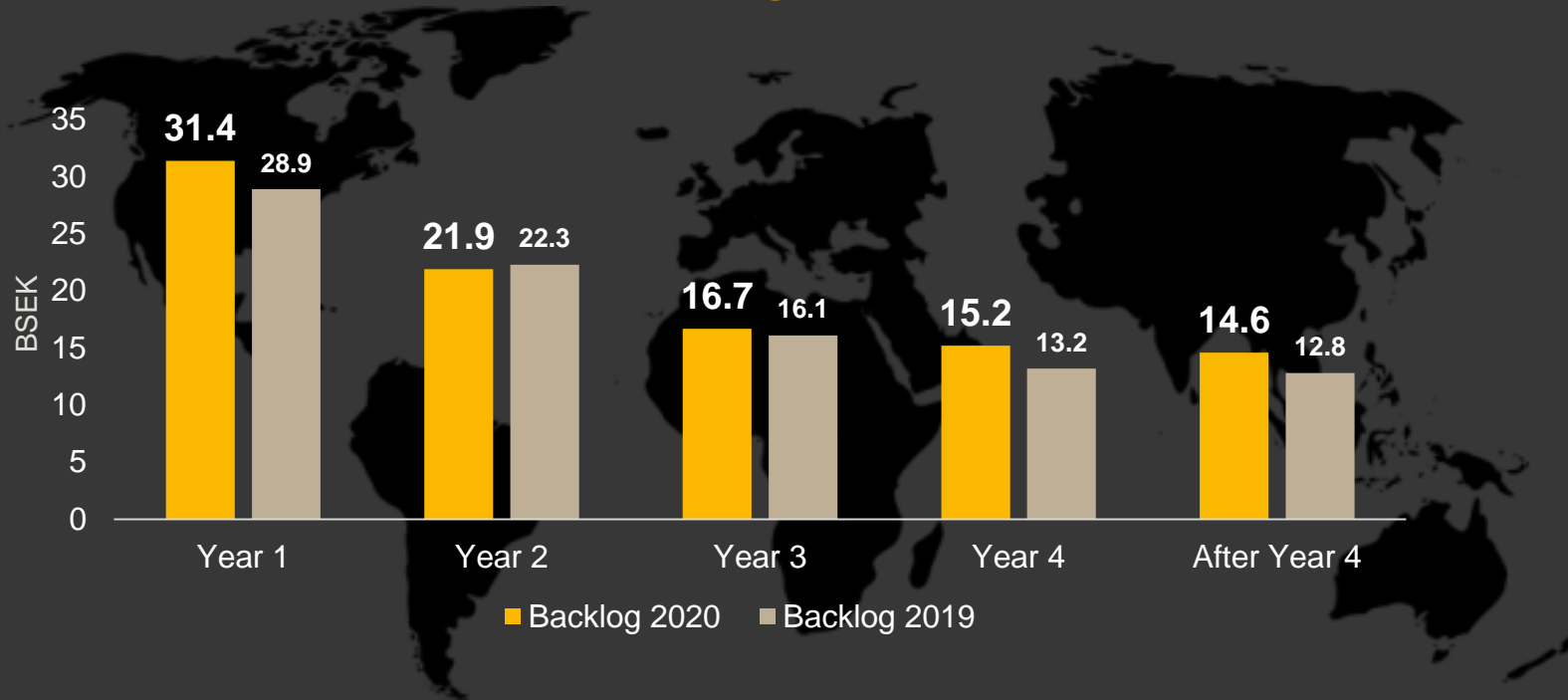
Financial Summary

Christian Luiga, CFO & Deputy CEO



Order intake supports growth

Order backlog of 99.8 BSEK



*Next years sales from the order backlog +9% y-o-y,
supporting future growth*

- **Full year orders at 42.3 BSEK**
 - Best order intake since 2015
 - Positive Book-to-Bill of 1.2
 - Order backlog increased 7%
- **Q4 order intake 18 BSEK, 123% growth YoY**
- **Strong performance on large and medium sized-orders, accounting to 70% of total**
- **Small orders at 13.3 BSEK, in line with 2019**
- **71% of the backlog outside Sweden**

Financial summary FY2020

MSEK	FY 2020	FY 2019	Change
Sales	35,431	35,433	0
Operating income	1,315	2,937	-55%
Operating margin, %	3.7	8.3	
Adj. operating income*	2,738	2,937	-7%
Adj. Operating margin, %*	7.4	8.3	
Net income	1,092	2,025	-46%
EPS after dilution (SEK)	8.01	14.81	
Operational cash flow	2,773	-1,300	

*Adjusted for items affecting comparability.

Comments

- Sales in line with last year despite Covid-19 impact
 - Organic growth of 1%
 - Adjusted sales growth 4%
 - Positive growth in several BA's
- Earnings decline vs last year
 - Negative impact Covid-19
 - Items affecting comparability of 1.4 BSEK
 - Higher R&D costs, partly driven by increased depreciation
- Net income and EPS impacted by one-time charges
- Strong cash flow, working capital improved from project executions and program deliveries

Financial summary Q4 2020

MSEK	Q4 2020	Q4 2019	Change
Sales	12,491	10,578	18%
Operating income	766	1,198	-36%
Operating margin, %	6.1	11.3	
Adj. operating income*	1,081	1,198	-10%
Adj. Operating margin, %*	8.8	11.3	
Net income	603	904	-33%
EPS after dilution (SEK)	4.48	6.60	
Operational cash flow	2,901	3,056	

*Adjusted for items affecting comparability.

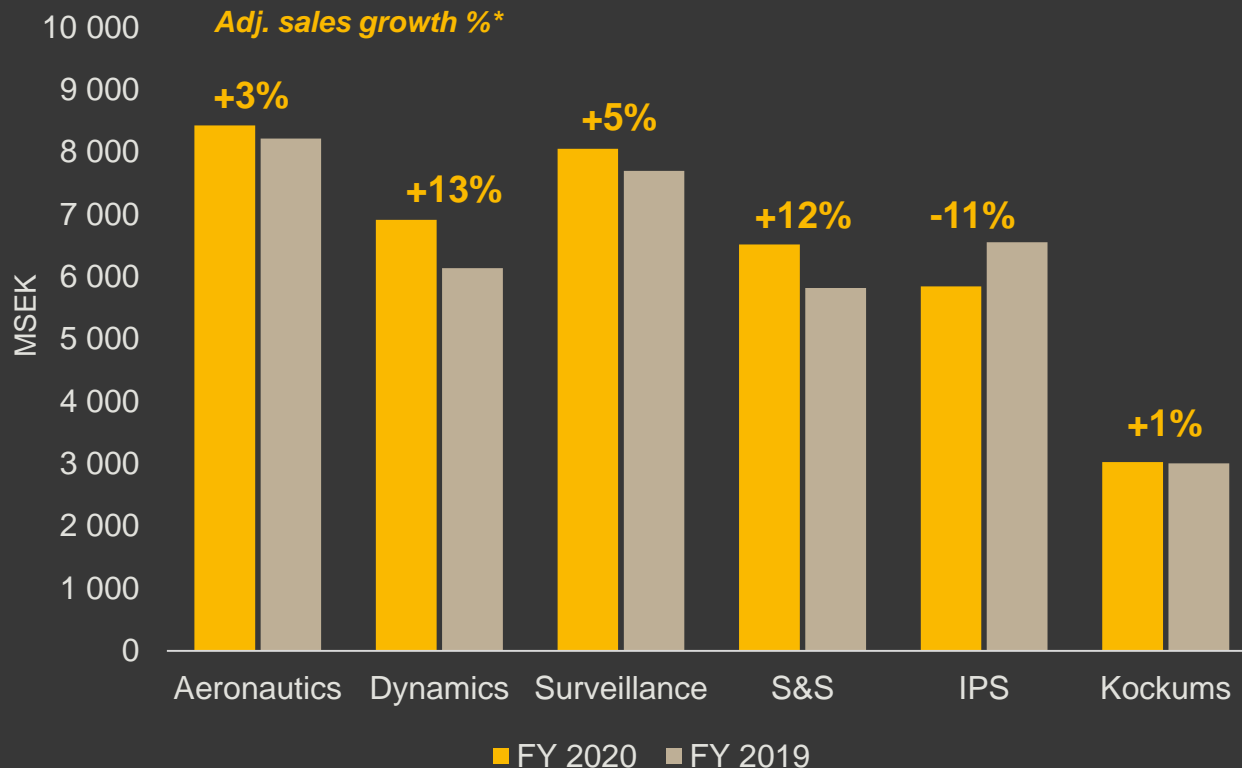
Comments

- Sales growth of 18%
 - Organic sales increase of 20%
 - Positive contribution from 5 of 6 business areas
 - Positive GlobalEye effect
- EBIT negative impact from;
 - Provision for IPS of -315 MSEK
 - Depreciation impact of 94m related to GlobalEye from Q4
- Strong cash collection in the quarter

Covid-19 had an impact on 2020 financials

Items affecting comparability	Effects	Q4	FY2020
<i>Covid-19 related risks in programs:</i>			
Aeronautics	Sales		-1,121
Surveillance	Sales	-166	-166
Dynamics	COGS	-15	-15
Corporate	Sales	331	-44
Covid-19 related loss contract provision, IPS	COGS	-315	-315
Covid-19 related write-down inventory, Support & Services	COGS	-118	-118
Portfolio adjustment write-down, Corporate	COGS		-137
Write-down related to associated companies, Corporate & Aeronautics	Share in income & other operating expenses	-32	-204
Provisions litigations and ongoing legal disputes	Other operating income		-300
Capital gain Vricon	Other operating income		997
Sum items affecting comparability		-315	-1,423

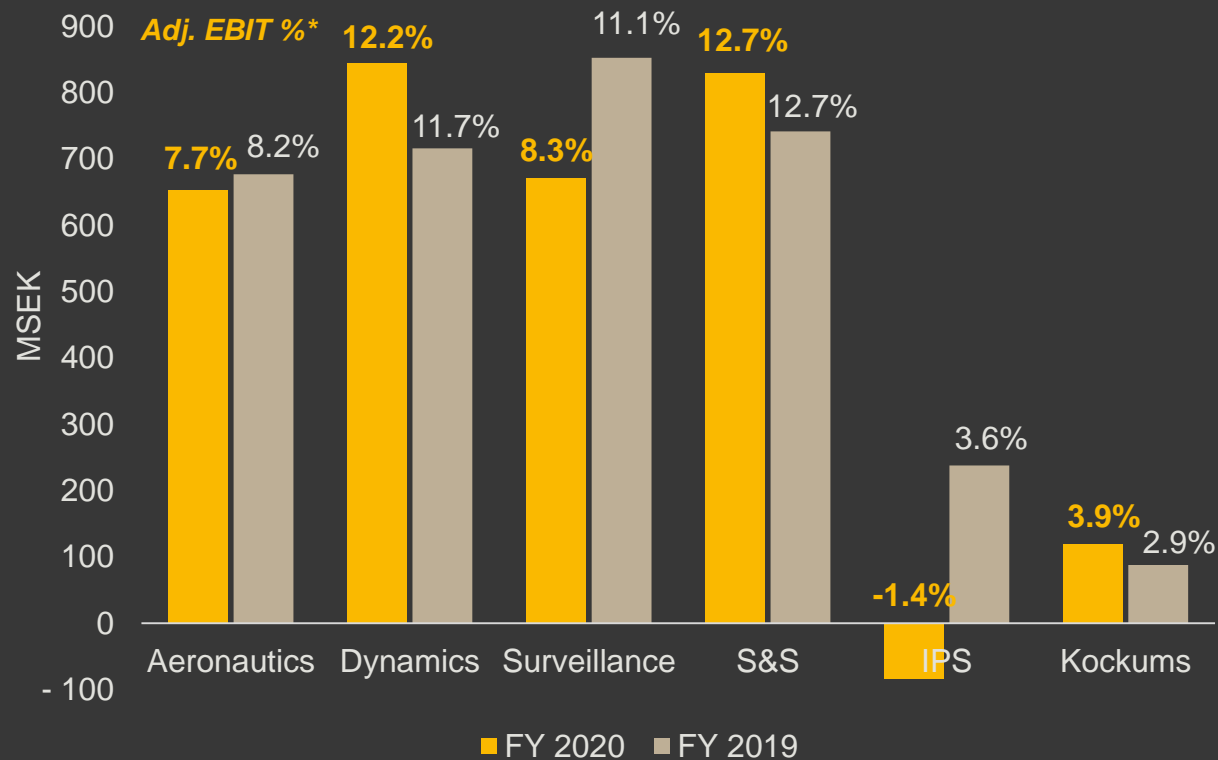
Adjusted sales per business area



Comments

- Strong growth in business area Dynamics driven by Ground Combat
- Continued high activity level in Aeronautics, Surveillance & Kockums
- Surveillance and S&S strong increase supported by GlobalEye
- IPS impacted by civil aviation decline

Adjusted EBIT per business area

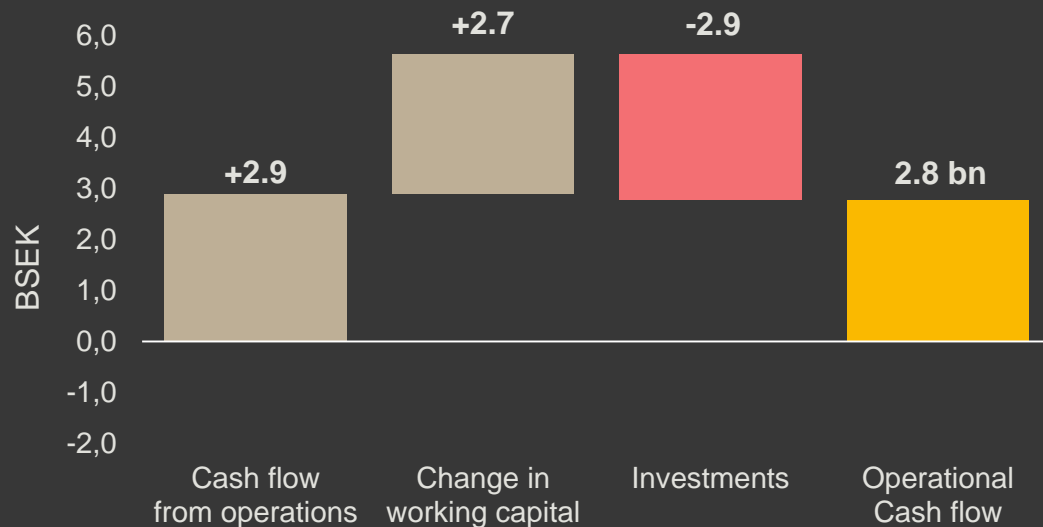


Comments

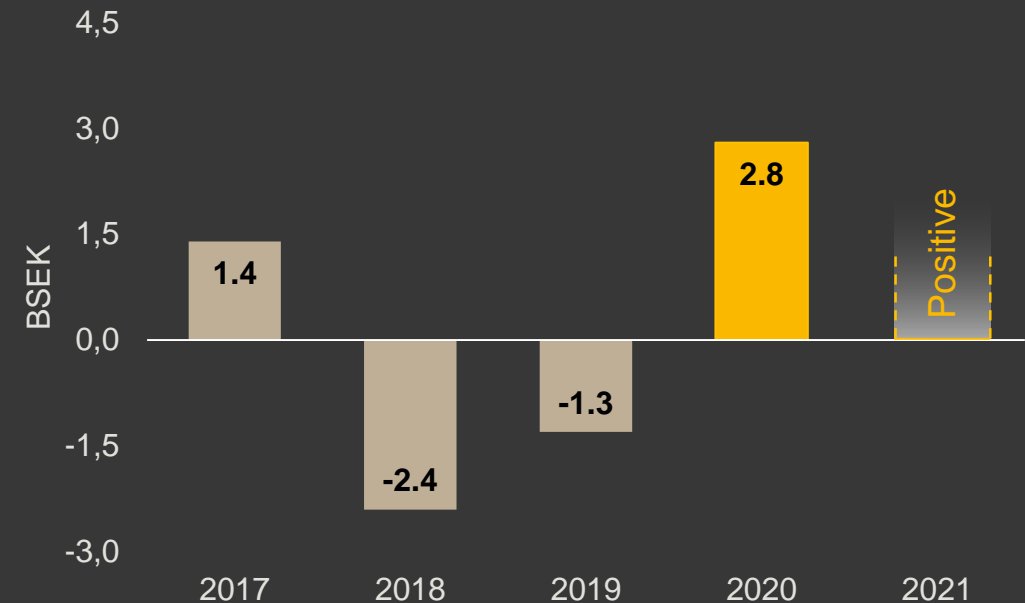
- Aeronautics – increased campaign activity
- Sharp volume decline in IPS only partly mitigated by cost reduction activities.
 - Primarily hit business unit Aerostructures
- Improvement in Dynamics due to increased sales within Ground Combat
- Surveillance impacted by project mix and Covid-19 impact mainly on units outside Sweden
- Amortization of GlobalEye development started to impact Surveillance and Support & Services
- Kockums continue to improve productivity

Cash flow positive from project execution

Cash flow development 2020



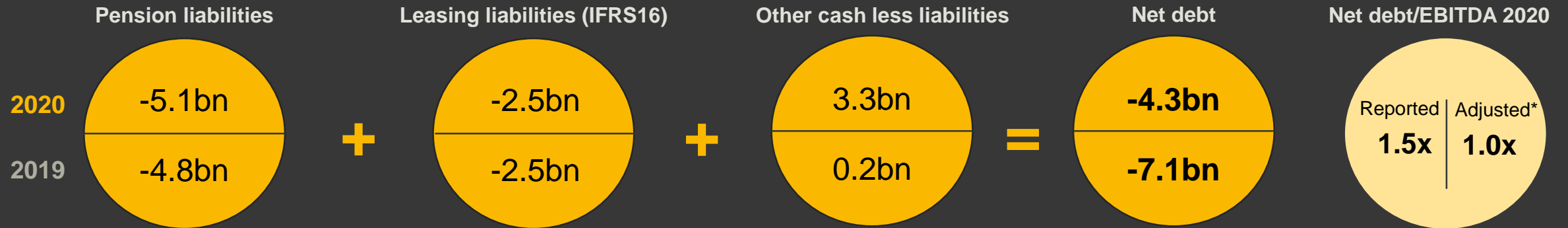
Operational cash flow



- Good project execution and deliveries in several programmes resulted in improved working capital
- Internally funded R&D of 2.5 BSEK (1.4 BSEK capitalized)
- Total investments in line with last year
- Free cash flow amounted to 3.8 BSEK

- Reaching our ambition of positive cash flow for 2020
- Expect positive operational cash flow for 2021

Net debt improved by ~2.8 BSEK FY 2020



- Unutilized Revolving Credit facilities 10 BSEK
- Maturity 6 BSEK in 2023 and 4 BSEK in 2022
- Debt with maturity less than 12 months equals 2.1 BSEK
- Equity / Asset ratio of 35.7%
- Dividend payment of 622 MSEK, 4.70 SEK/Share
- Payout ratio 58% to reported net income

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2021
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Important information

This presentation may contain forward-looking statements which reflect Saab AB's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

Q&A



Sustainability – climate initiatives in 2020

Q1: Instalment of dedicated *Climate Strategist* at Group Environment (planning, reporting and innovation)

Q2: Established *Saab Climate Fund*, thus far provided funding for

Remote Support (at BA S&S)

ALBUS research thesis (at BA Kockums)

Q3: Initiated *Climate Impact Portfolio*

Currently ~20 products/services

More in Saab Annual Report

Q4: Initiated phase out of fossil-only staff vehicles

