

A grayscale photograph of a city skyline, likely Stockholm, viewed across a body of water. In the foreground, a large, dark telescope is mounted on a tripod, pointing towards the city. The city features several prominent buildings, including a large church with a tall spire on the left and another church with a clock tower on the right. A white ferry or boat is visible in the water on the right side. The overall scene is dimly lit, suggesting an overcast day or early morning/late afternoon.

Saab Q1 2021 Presentation

23 April 2021

Micael Johansson, President and CEO

Continued good order and sales growth

		Sales	Growth	
		9,088 MSEK	+13%	
		(8,040 MSEK)		
Orders	Growth			
5,871 MSEK	+22%			
(4,823 MSEK)				
		EBITDA	Margin	Operational cash flow
		1,066 MSEK	11.7%	
		(914 MSEK)	(11.4%)	
		EBIT	Margin	
		597 MSEK	6.6%	
		(560 MSEK)	(7.0%)	

Market highlights



Continued favourable activity in defence

- Growing needs of defence capabilities globally
- Saab involved in several tender offers and campaigns
- Finland HX fighter campaign, handing in BAFO end of April
- Civil aviation market continues to be impacted by Covid-19

Good order growth in Q1 2021

- Total order intake 5.9 BSEK, increase of 22%
 - Sweden driver with orders up 81%
 - Order backlog of 97 BSEK
- Support and maintenance contract for Gripen C/D to Sweden
- Continued growth in Ground Combat, Carl-Gustaf M4 orders to the U.S. and Estonia as well as orders to Australia
- Contract for delivery of UTAAS sight and fire-control system



Business area summary



Aeronautics

- Good order intake driven by Gripen C/D support contract
- Several campaigns ongoing, BAFO to Finland end of April
- Trainer aircraft T-7 EMD phase production progressing
- High activity level supporting sales, EBITDA in line Y/Y

MSEK	Q1 2021	Q1 2020	Change
Order intake	868	371	134%
Sales	2,293	1,971	16%
EBITDA	177	173	2%
EBITDA margin	7.7%	8.8%	-
EBIT margin	6.9%	8.0%	-

Dynamics

- Market demand remains favourable in most areas
- Customers transferring from Carl-Gustaf M3 to M4
- Sales and margin improvement in several BU
- Production ramp-up in Ground Combat continues

MSEK	Q1 2021	Q1 2020	Change
Order intake	1,079	1,284	-16%
Sales	1,498	1,118	34%
EBITDA	174	109	60%
EBITDA margin	11.6%	9.7%	-
EBIT margin	10.2%	7.8%	-

Business area summary



Surveillance

- Order intake driven by UTAAS and parts of Gripen support
- Good project activity level contributing positively to sales
- Delivery of the third GlobalEye to UAE
- Margin impacted by mix in projects and low utilization in parts of the foreign operations

MSEK	Q1 2021	Q1 2020	Change
Order intake	1,320	1,093	21%
Sales	2,385	1,728	38%
EBITDA	348	296	18%
EBITDA margin	14.6%	17.1%	-
EBIT margin	9.4%	12.8%	-

Kockums

- Market activities directed to export opportunities
- Good potential for future orders from Sweden
- Focus on improving productivity and over time support a positive margin development

MSEK	Q1 2021	Q1 2020	Change
Order intake	452	490	-8%
Sales	654	806	-19%
EBITDA	36	35	3%
EBITDA margin	5.5%	4.3%	-
EBIT margin	4.1%	3.2%	-

Business area summary



Support and Services

- Entering support phase for large platforms
- Many small orders within defense but continuous slow in aviation market
- Margin improvement from good project execution
- Building up Gripen support in Brazil

MSEK	Q1 2021	Q1 2020	Change
Order intake	1,574	877	79%
Sales	1,457	1,310	11%
EBITDA	212	137	55%
EBITDA margin	14.6%	10.5%	-
EBIT margin	10.5%	10.0%	-

Industrial Products and Services

- Strong utilization and performance in Combitech
- Activity in civil aviation market remains weak
- Cost measures taken to compensate for lower volumes in Aerostructures unit

MSEK	Q1 2021	Q1 2020	Change
Order intake	1,141	1,196	-5%
Sales	1,302	1,599	-19%
EBITDA	44	46	-4%
EBITDA margin	3.4%	2.9%	-
EBIT margin	2.1%	1.7%	-

The Uniqueness

- Strong portfolio: Carl-Gustaf, AT4 & NLAW
- Tactical flexibility
- Broad variety of ammunition
- Ease of use

The enablers

- 7 decades of experience
- Modular design
- More than 40 customers worldwide
- Strong position in Europe, USA & India

The market potential

- Increase in defence spendings
- Build on the installed base
- Migration into new version of Carl-Gustaf M4
- Guided munition in cooperation with Raytheon

The operations

- Doubled sales in the last 5 years
- Stable profitability >10%
- Need to increase production capacity
- Multiple-site strategy

Driving growth in Ground Combat



SAAB

Making progress in the T-7 program



EMD* phase underway and expected to be completed in 2021

- Aft fuselage in production and being moved to installation phase
- First aft delivered on 20 April
- Delivery of all EMD aft's planned in 2021
- Next contract phase expected in 2022

Saab West Lafayette will create capability for US growth

- Cutting edge technology, industry leading talent and partners
- Assemblers/engineers from West Lafayette in Sweden for training
- Factory utilizing industry 4.0 and automation

* EMD; Engineering & Manufacturing Development phase



New organisation for further growth



New business area structure

- Six business areas becomes four
- Merging S&S and IPS into BA structure
- Combitech more independent for future growth
- Clearer connection between businesses, defined core areas, services and simplified customer interaction
- To be implemented as of July 1, 2021

Creating a new function for Operational Excellence

- New head of function to support operational efficiency
- Focus on driving efficiency in the areas; project execution, quality, supply chain, sourcing and IT



Accelerating growth & internationalisation

Improved efficiency

Contributing to Saab's long-term goals

Way forward

- **Strengthening our position in key markets and accelerating international growth**
- **Focus on executing on our projects, Gripen/T-7/GlobalEye/A26**
- **Ensuring productivity and efficiency improvements**
- **Implementation of new organisational structure**
- **Outlook for 2021 reiterated**
 - Organic sales growth to be in line with our long-term target of 5%
 - EBIT margin for the full year to be in line with adjusted EBIT margin, 7.4% for 2020
 - Positive Operational Cash Flow

A scenic sunset over a lake with trees in the foreground and mountains in the background. The sun is low on the horizon, casting a warm glow across the sky and reflecting on the water. The sky is filled with large, dark clouds. The foreground is dominated by the silhouettes of trees, and the background shows a range of mountains under the twilight sky.

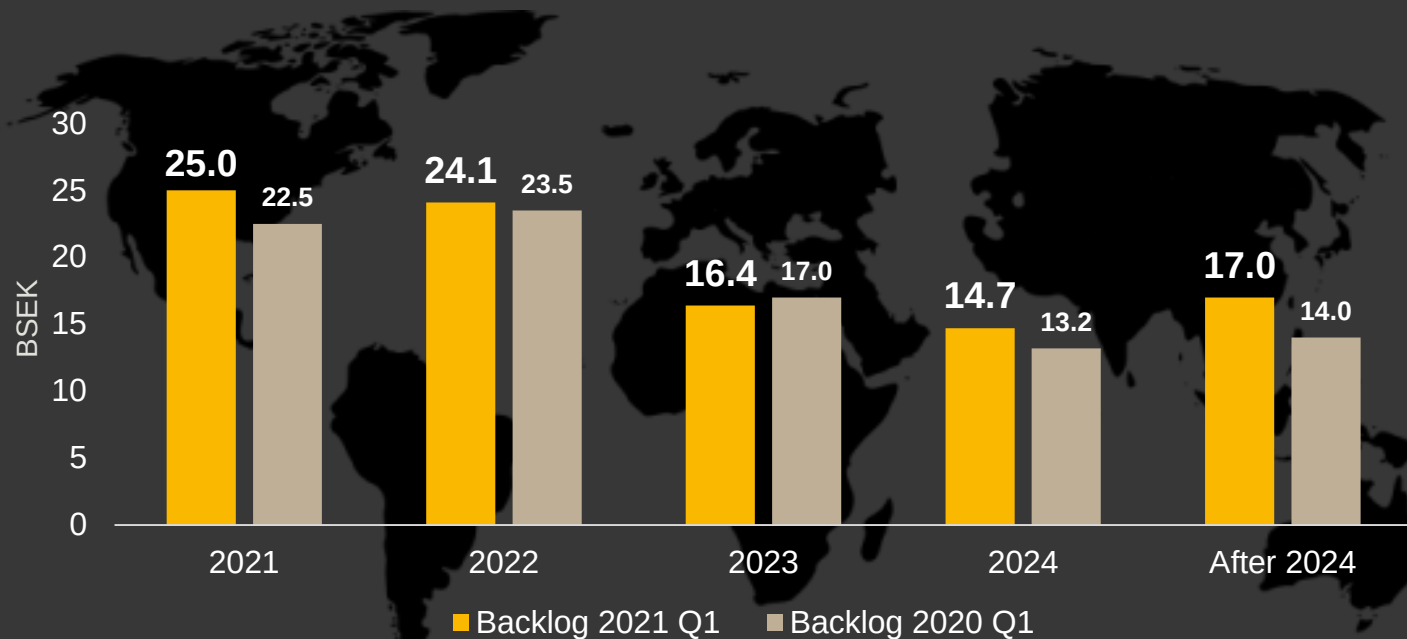
Financial Summary

Christian Luiga, CFO & Deputy CEO

Order backlog supports growth



Order backlog of 97.2 BSEK (+8% vs Q1 2020)



- Q1 order intake 5.9 BSEK, up 22%
- Large and medium sized-orders, accounting to 45% of total
- Small orders at 3.3 BSEK, down 5%
- Strong Order backlog
 - 70% of the backlog outside Sweden
- This years sales from order backlog
 - Up 11% Y/Y

Financial summary Q1 2021

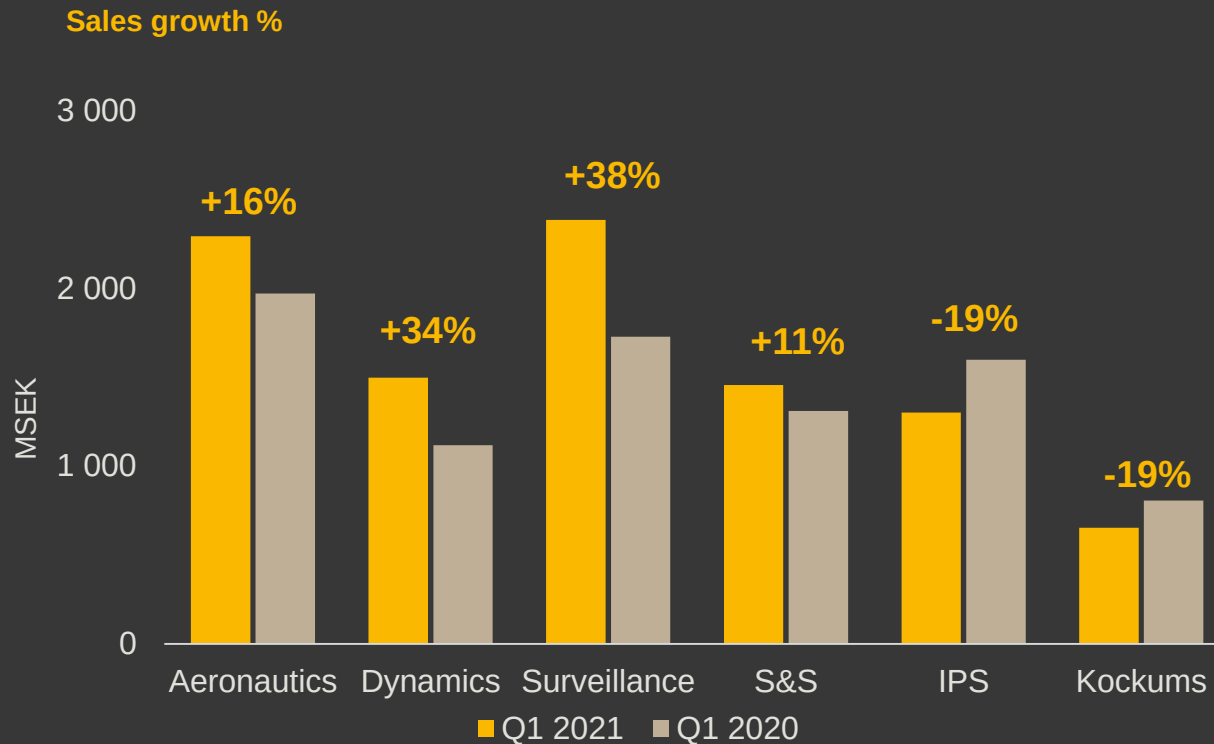


MSEK	Q1 2021	Q1 2020	Change
Sales	9,088	8,040	13%
EBITDA	1,066	914	17%
EBITDA margin, %	11.7	11.4	
EBIT	597	560	7%
EBIT margin, %	6.6	7.0	
Net income	396	342	16%
EPS after dilution (SEK)	2.94	2.50	18%

P&L comments

- Organic sales increase of 14%
- Positive sales contribution in 4 of 6 business areas
- Earnings improvement driven by higher sales volumes and good activity level
- Increased amortization and depreciation of 115m
- Growth supported 18% uplift in EPS

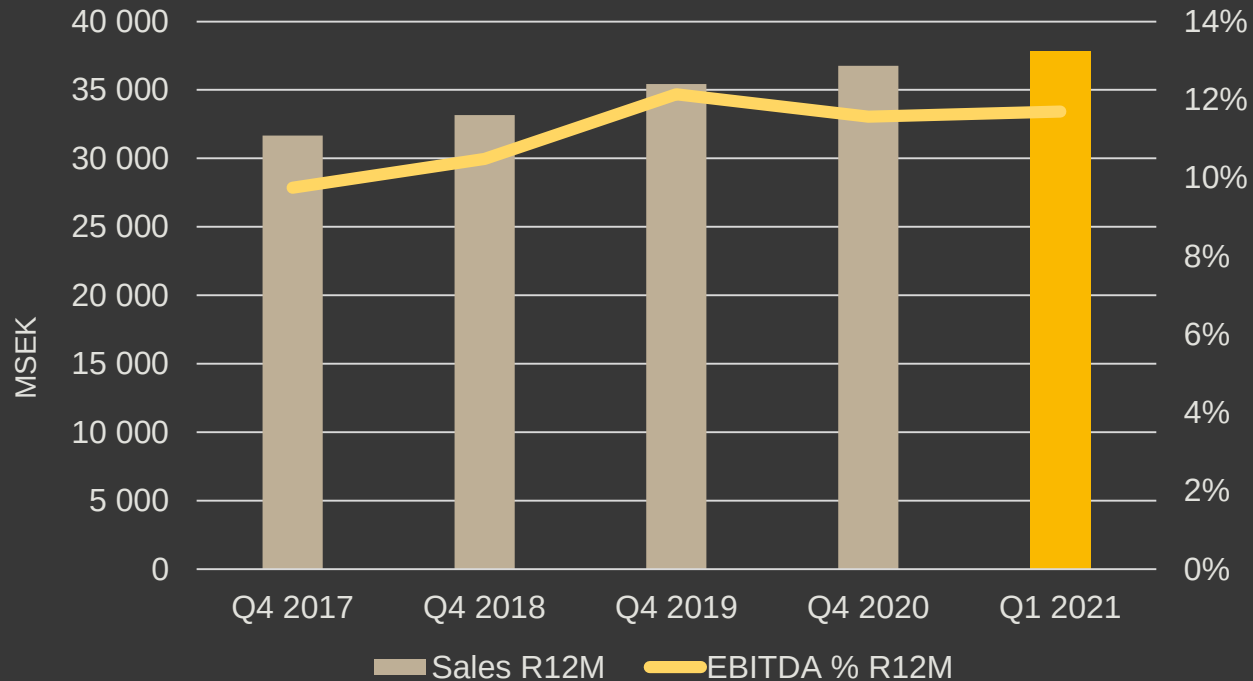
Sales per business area



Business area comments

- High project activities and increased deliveries drives sales growth
- Aeronautics - high activity level in the Gripen E programmes
- Growth in most business units in Dynamics
- Growth in Surveillance driven by AEW
- IPS impacted by civil aviation decline
- Kockums operational sales down 4%

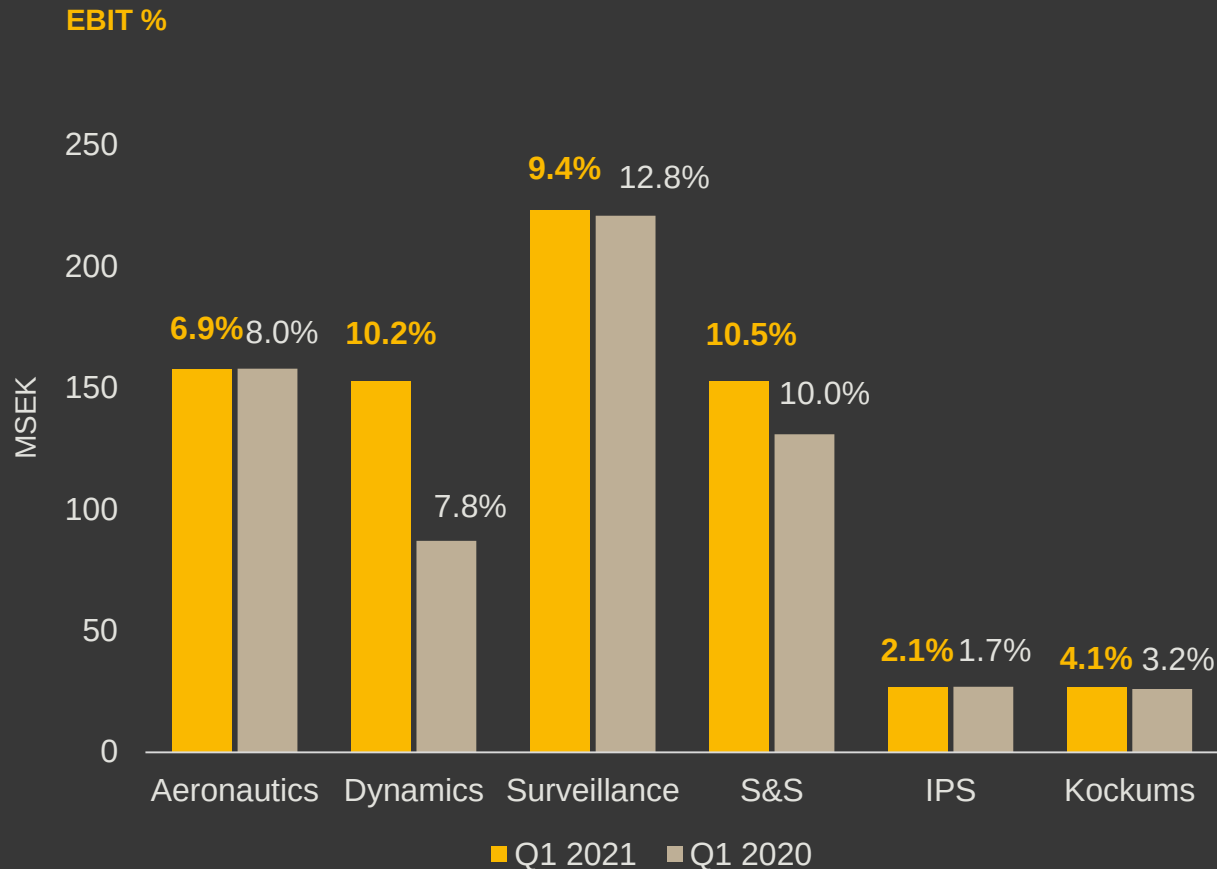
Adj. Sales and EBITDA margin trend



EBITDA comments

- Growth supports increased EBITDA
- EBITDA improved year over year
- Driven by Dynamics, Surveillance and Support & Services
- 2020 impacted by downturn in civil aviation

EBIT per business area



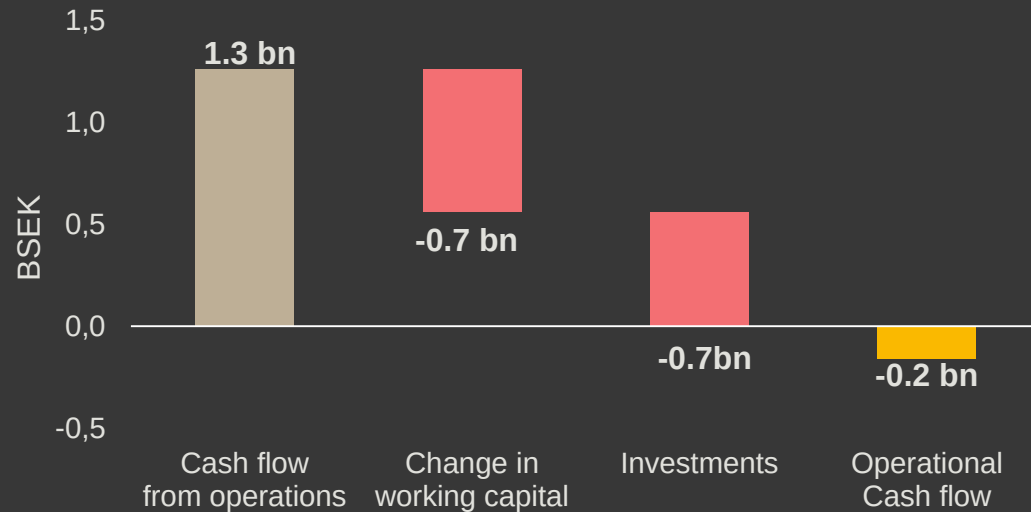
Business area comments

- Improvement in Dynamics in Training & Simulation and Ground Combat
- Surveillance impacted negatively by project mix and units outside Sweden
- Increased amortization of GlobalEye development impact Surveillance and Support & Services
- Volume decline in IPS from civil aviation mitigated by cost reduction and strong performance in Combitech
- Kockums continue to improve productivity

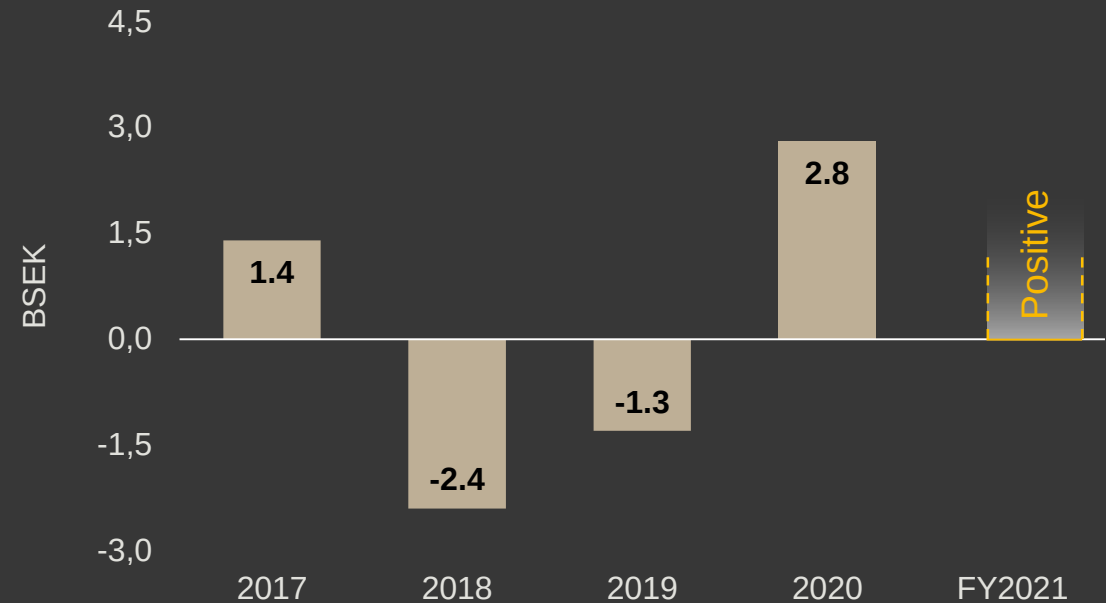
Cash flow improving



Operational cash flow Q1 2021

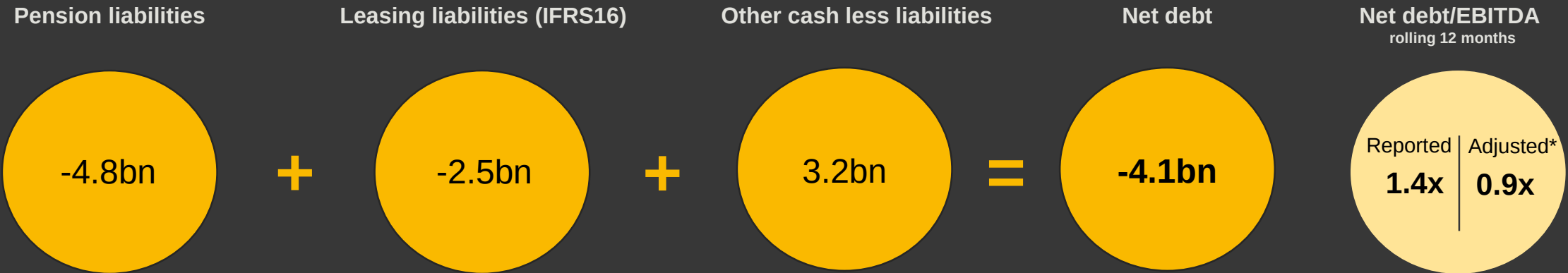


Operational cash flow full year



- Cash flow improved from SEK -1,6 bn in Q1 2020
- Improvement from increased EBITDA, somewhat lower investments and customer payments
- Free cash flow amounted to SEK -265m

Net debt Q1 2021



- Unutilized Revolving Credit facilities 10 BSEK
- Maturity 6 BSEK in 2023 and 4 BSEK in 2022
- Debt with maturity less than 12 months equals 1.3 BSEK
- Equity / Asset ratio of 36.8% (35.3)

Outlook 2021*



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

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

**Adjusted for items affecting comparability

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