



# Saab Q4 2021 Presentation

11 February 2022

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**SAAB**



# FY 2021 Highlights

Orders Growth

**43,569 MSEK 3%**

(42,328 MSEK)

EBITDA Margin

**4,826 MSEK 12.3%**

(2,833 MSEK) (8.0%)

OCF

**3,276 MSEK**

(2,773 MSEK)

Sales Growth

**39,154 MSEK 11%**

(35,431 MSEK)

EBIT Margin

**2,888 MSEK 7.4%**

(1,315 MSEK) (3.7%)

- **Saab is growing** - a strong year with growth in order intake, order backlog and sales
- **Delivered on our outlook** on all metrics; sales growth, EBIT margin and cash flow
- **Gripen E entering serial delivery phase** for Brazilian and Swedish Air Forces
- **Delivering on our multi-domestic strategy**, including opening of U.S. T-7 facility and strengthening presence in Germany and Finland
- **Developing future capabilities** related to defence cloud, cyber defence and sensor systems
- **Acceleration** of our sustainability strategy
- **Strengthened balance sheet** and proposed increase of dividend to SEK 4.90 (4.70)

# Q4 Highlights

Orders	Growth
<b>12,218 MSEK</b>	<b>-33%</b>
(18,106 MSEK)	

Sales	Growth
<b>11,943 MSEK</b>	<b>-4%</b>
(12,491 MSEK)	

EBITDA	Margin
<b>1,587 MSEK</b>	<b>13.3%</b>
(1,229 MSEK)	(9.8%)

EBIT	Margin
<b>1,076 MSEK</b>	<b>9.0%</b>
(766 MSEK)	(6.1%)

<b>OCF</b>
<b>1,522 MSEK</b>
(2,901 MSEK)



# Market status and orders

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## High activity in the defence and security market

- Rising geopolitical tensions and security threats impact short and long-term demand
- Defence budgets to increase in several countries, e.g. Sweden, U.K. and Australia
- Increased demand in capabilities such as Defence Cloud, Space, Cyber Security and Autonomy
- Demand in civil aviation still weak

## Orders in Q4

- New equipment contract for the Gripen E fighter to Sweden
- Capability upgrade contract for the Hungarian Gripen C/D fleet
- Sea Giraffe AMB order to Royal Canadian Navy
- Several Carl-Gustaf orders, including next generation ammunition to Sweden
- Launch contract for G1X radar with short range air defence application
- HX-fighter campaign: Finland selects U.S. capability despite strong Swedish offer



# Business area summary

## Aeronautics

- Selected to final round in Canada campaign
- Gripen E programme entering delivery phase to both Brazil and Sweden
- Continued low sales in civil aviation operations
- T-7A operations continued to impact negatively

MSEK	Q4 2021	Q4 2020	FY 2021	FY 2020
Order intake	3,166	1,985	7,828	6,006
Sales	3,637	3,577	12,263	11,340*
EBITDA	301	-286*	871	-771*
EBITDA margin	8.3%	-8.0%	7.1%	-6.8%
EBIT margin	7.3%	-8.8%	6.1%	-7.7%

\*Impacted by project estimate adjustments

## Dynamics

- Continued favourable market position
- Several Carl-Gustaf M4 orders in Q4
- Next phase Heavyweight Torpedo 62 to Sweden and Saab Seaeye underwater robots to UK customer
- Q4 sales down due to lower seasonal sales variation
- Good performance in Ground Combat and Underwater Systems

MSEK	Q4 2021	Q4 2020	FY 2021	FY 2020
Order intake	2,972	1,830	10,909	12,028
Sales	2,790	2,924	8,690	7,608
EBITDA	393	458*	1,201	1,003*
EBITDA margin	14.1%	15.7%	13.8%	13.2%
EBIT margin	13.3%	14.7%	12.8%	12.0%

\*Impacted by project estimate adjustments

# Business area summary

## Surveillance

- Strong order backlog
- Progress in Traffic Management with Digital Towers to Belgium and U.S. certificate on Saab air traffic system
- Sweden decided to acquire GlobalEye
- Improved performance in several business units
- Strong cash flow of 3.8 billion for the full year

MSEK	Q4 2021	Q4 2020	FY 2021	FY 2020
Order intake	3,543	13,103	13,921	21,166
Sales	3,942	4,438*	13,175	12,324*
EBITDA	578	495*	1,648	1,276*
EBITDA margin	14.7%	11.2%	12.5%	10.4%
EBIT margin	9.8%	7.0%	6.7%	6.7%

\*Impacted by project estimate adjustments

## Kockums

- Order intake driven by several small and medium orders
- High activity in the Submarine area (A26)
- Improved margins from sales growth and productivity
- Dutch Walrus submarine campaign focus

MSEK	Q4 2021	Q4 2020	FY 2021	FY 2020
Order intake	1,582	863	8,853	1,801
Sales	1,128	876	3,388	3,027
EBITDA	123	54	243	153
EBITDA margin	10.9%	6.2%	7.2%	5.1%
EBIT margin	10.3%	5.3%	6.1%	3.9%



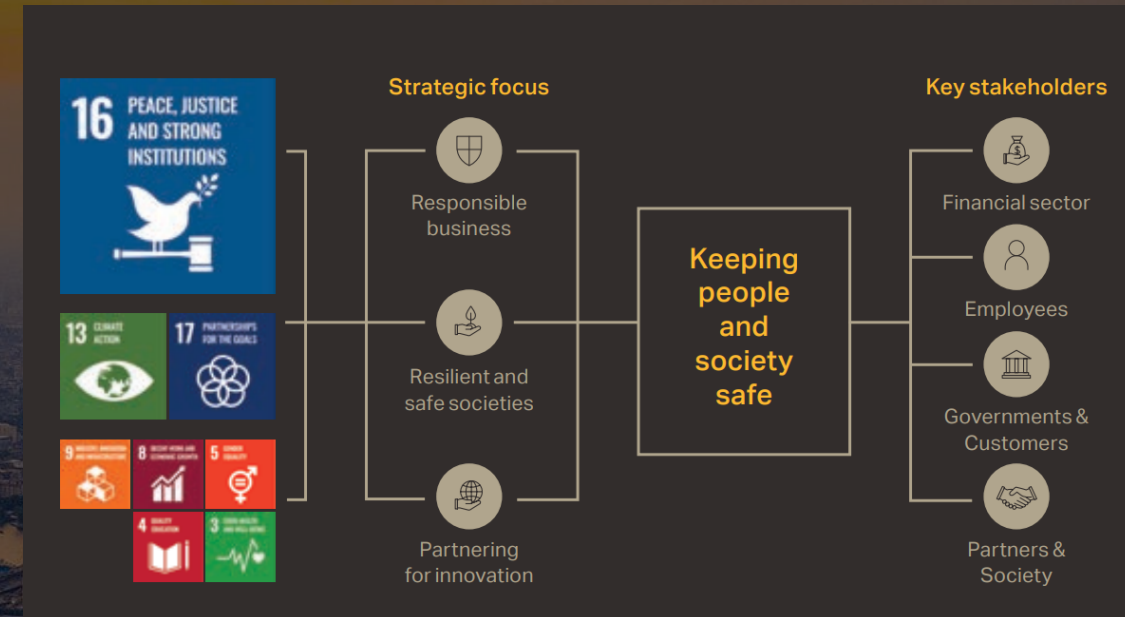
# Giraffe 1X – a software driven multi-mission radar for both civil and military purposes





# Sustainability strategy

- The framework illustrates Saab's sustainability strategy and priorities
- From 2022 this will be Saab's reporting framework for Sustainability Information in quarterly and annual reports
- During 2022 Saab will update and develop the specific sustainability goals and targets within the new framework
- Decision taken to implement a Climate project to set SBT KPIs during 2022
- For the third year in a row, Saab awarded an A- ranking by the international organisation CDP
- Decision taken to implement a Responsible Sales Policy
- Stakeholder interaction on EU taxonomy and sustainable finance restrictions, including initiatives with ASD\* towards the EU-commission



# RACE TO ZERO



# Focus going forward

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- Accelerate innovation and investing in future capabilities, including autonomous systems, distributed sensors and defence cloud
- Growth within core areas and through our multi-domestic strategy
- Delivery on our key programmes
- Ongoing productivity and efficiency improvements
- Our sustainability agenda and commitment to society



# Outlook 2022

## OUTLOOK 2022

### ORGANIC SALES GROWTH

Organic sales growth  
to be around 5%

### EBIT

EBIT improvement between  
8-12% compared to 2021

### CASH FLOW

Operational cash flow  
expected to be positive for  
2022, however at a lower level  
than in 2021

### ORGANIC SALES GROWTH

Organic sales growth will  
average 5% per year over a  
business cycle

### EBIT MARGIN


Operating margin will average  
at least 10% per year over a  
business cycle

### EQUITY/ASSETS RATIO

Exceed 30%

## LONG-TERM TARGET





# Financial Summary

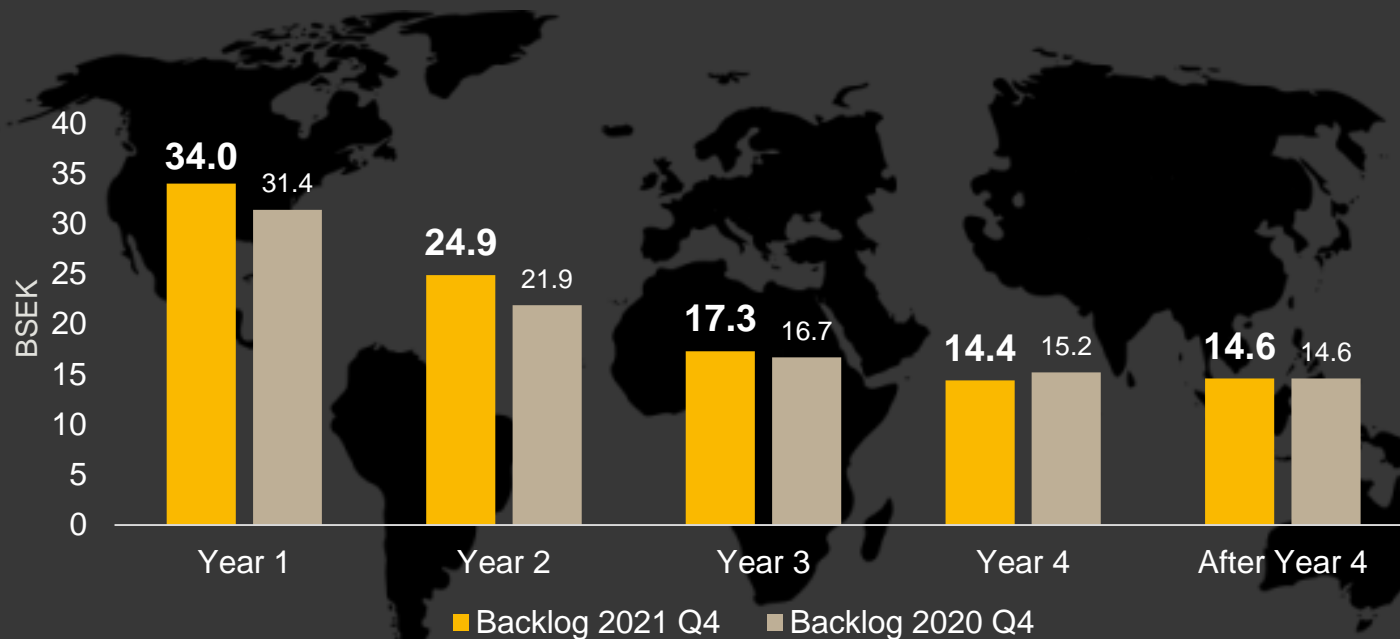
Christian Luiga, CFO and Deputy CEO



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# Order backlog supports continued growth

## Order backlog of 105 BSEK (+5% vs Q4 2020)



- Full year order intake of 43.6 BSEK, increase of 3%
- Growth of small and medium-sized orders in Q4 driven by Dynamics, Surveillance and Kockums
- 2021 orders mainly to Sweden and Europe
  - 67% of backlog outside Sweden (71% in 2020)
- Strong backlog to sales conversion for 2022, an increase of 8% y-o-y



# Financial summary FY 2021

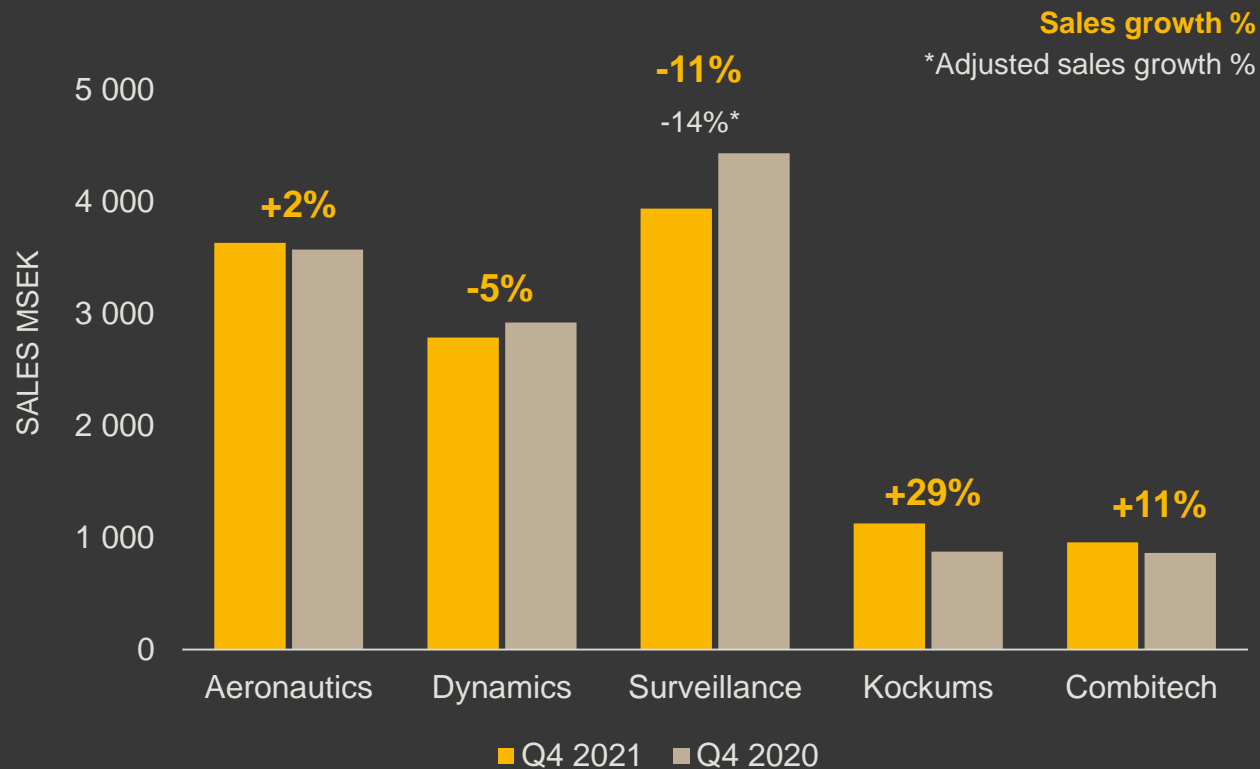
MSEK	FY		Change	
	2021	2020	Rep	Adj*
Sales	39,154	35,431	11%	7%
Gross income	8,205	5,676	45%	8%
Gross margin, %	21.0	16.0		
EBITDA	4,826	2,833	70%	13%
EBITDA margin, %	12.3	8.0		
EBIT	2,888	1,315	120%	5%
EBIT margin, %	7.4	3.7		
Net income	2,025	1,092	85%	
EPS (SEK)	14.45	8.01	80%	

## P&L comments

- Strong sales growth with high project activity and deliveries
- Higher sales volume drives increased gross income
- Gross margin improved even when adjusting for items affecting comparability
- EBIT margin of 7.4% in line with outlook and adjusted margin in 2020
- Depreciation/amortisation increased to 1,938 MSEK (1,518)
- Right-sizing measures in total 167 MSEK

\*Adjusted for items affecting comparability in 2020.

# Sales per business area

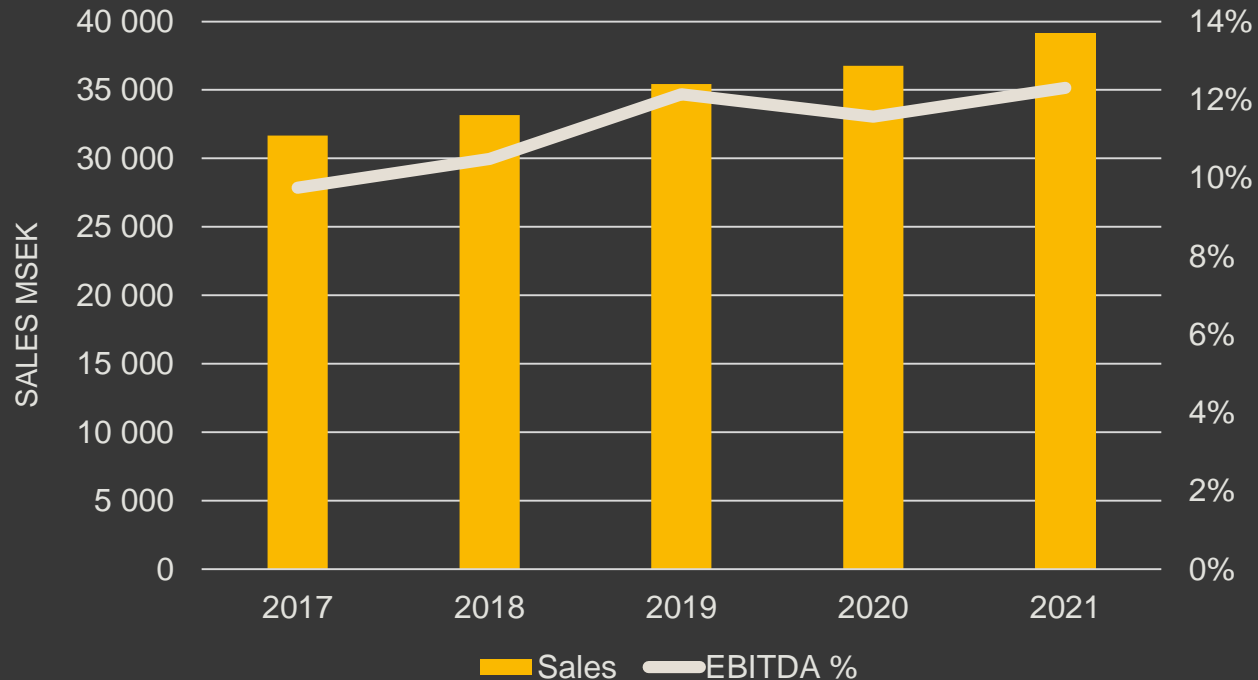


## Business area comments

- Aeronautics sales driven by high activity level in the Gripen programmes, decline in civil aviation continues to have negative impact
- More even sales over the year for Dynamics in 2021 reason for Q4 sales decline
- Surveillance sales lower due to a strong comparison quarter in 2020 related to GlobalEye project
- Kockums increase driven by good performance in Submarine (A26)



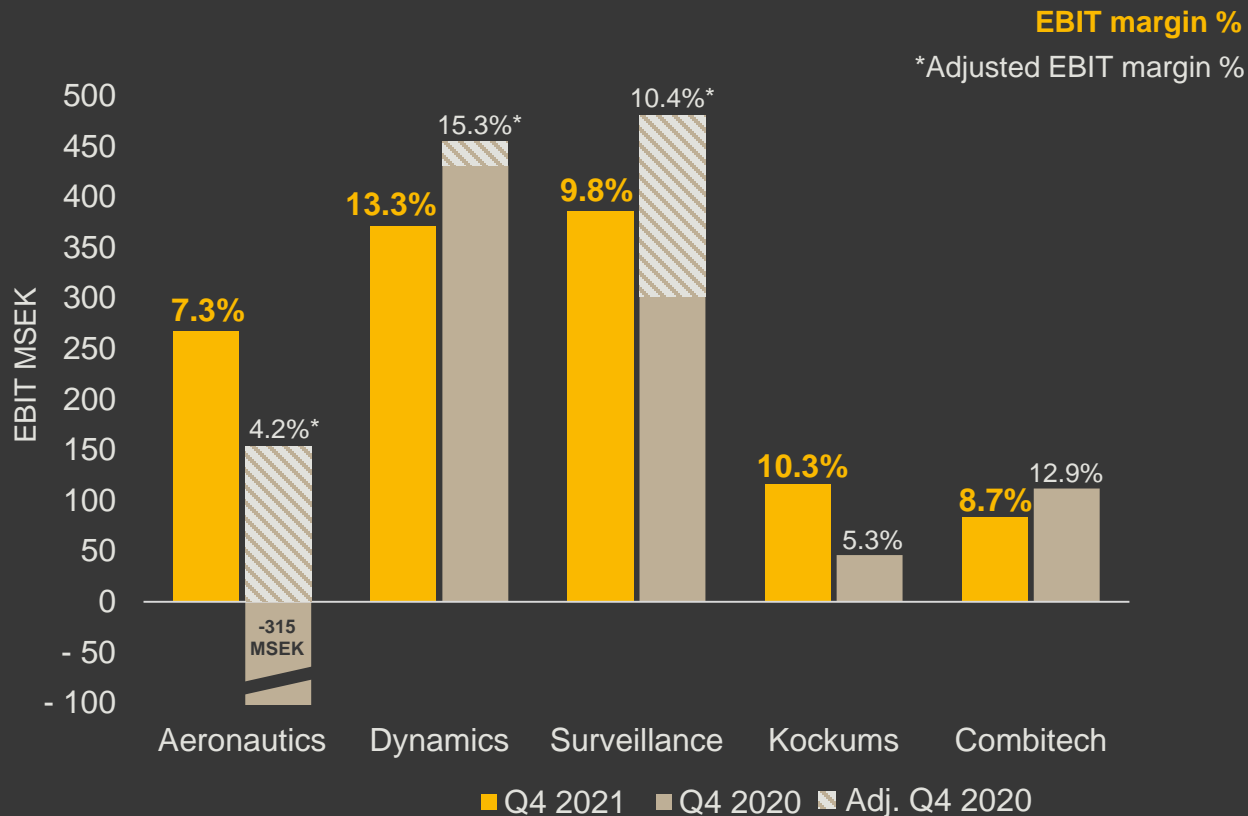
# Adj. Sales and EBITDA margin trend



## EBITDA comments

- Continuous growth in line with our long term target
- Sales CAGR of 5.4% since 2017
- EBITDA margin improved driven by sales growth and better gross margin
- The downturn in the civil aviation market impacts profitability in 2020 and 2021

# EBIT and margins per business area



## Business area comments

- Increased margins in Aeronautics but still negative impact from T-7A and civil aviation
- Slight decline in Dynamics due to a more even earnings profile in 2021, still at a high level
- Solid margin in Surveillance with good performance across business units
  - EBIT margin lower in Q4 compared to Q4 2020 due to lower sales
- Higher margins in Kockums in the quarter driven by project results

# Business summary - Combitech



MSEK	Q4 2021	Q4 2020	FY 2021	FY 2020
Order intake	1,130	1,130	3,472	3,419
Sales	959	865	3,295	3,038
EBITDA	87	114	309	279
EBITDA margin	9.1%	13.2%	9.4%	9.2%
EBIT margin	8.7%	12.9%	8.9%	9.0%

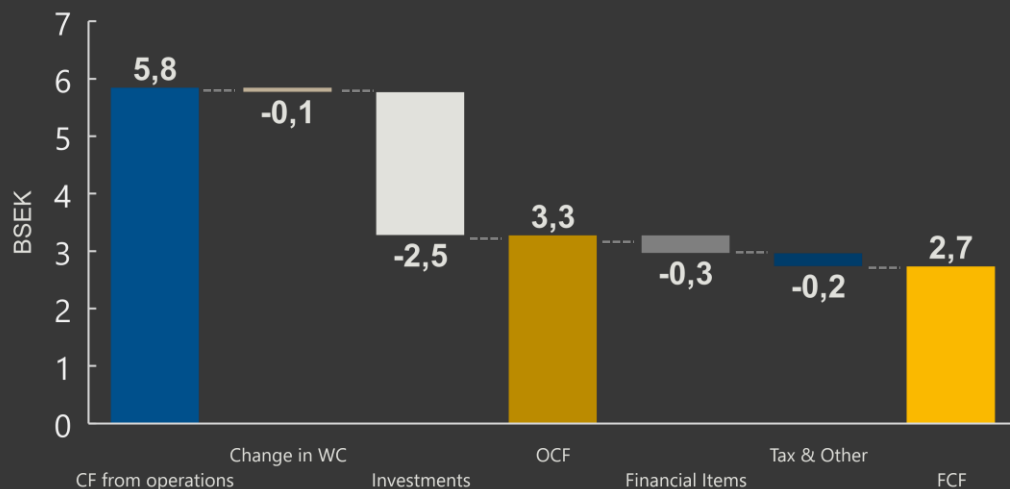
## Comments

- Favourable market demand not least in the civil segment
- Contracts won in cyber security and digital transformation in Q4
- Ongoing projects with Swedish customers within mining, smart manufacturing and connectivity
- Q4 2021 EBIT margin down due to variation in business mix. Full year margin in line with 2020
- Focus on HR activities to meet increased competition for competences

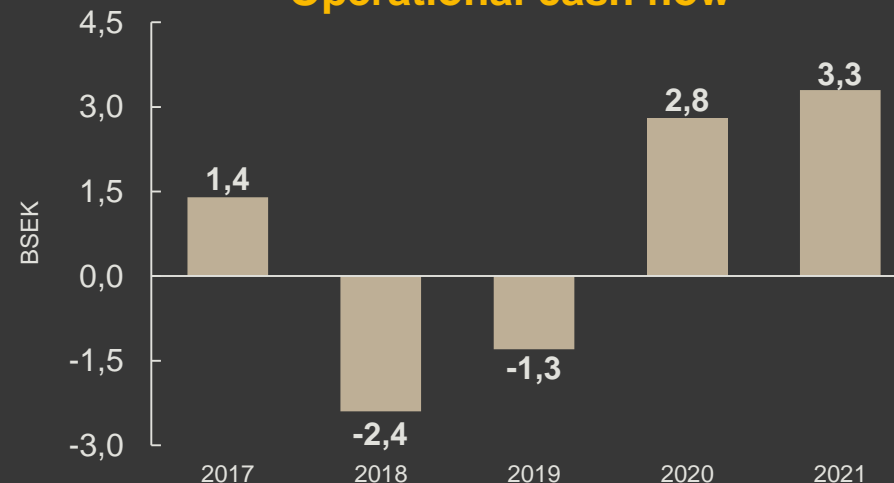


# Cash flow improving from operations

**Cash flow bridge FY 2021**



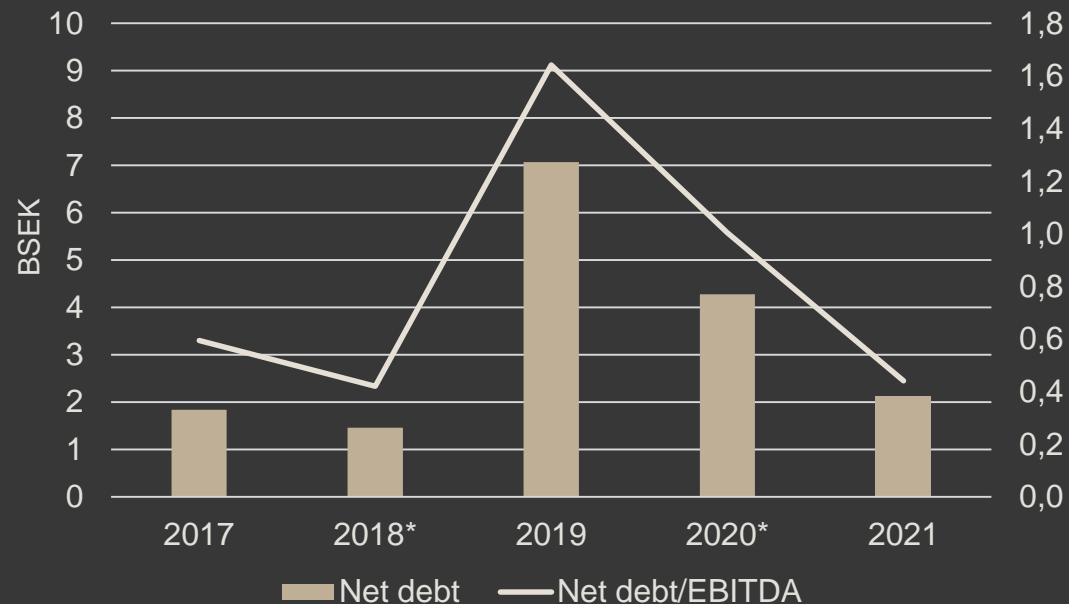
**Operational cash flow**



- Generating strong operational cash flow of 3.3 BSEK FY 2021
  - Driven by higher EBITDA and large milestone payments
  - Cash conversion\* of 135% for FY 2021
- Investments 0.4 BSEK lower compared to 2020
- Total internally funded R&D at 2 BSEK (2.5), 5% of sales

*“Looking ahead, we estimate operational cash flow to continue to be positive, however at a lower level than in 2021 for the coming two years.”*

# Net debt



## BSEK

Q4 2021

Pension liabilities	4.8
Leasing liabilities (IFRS16)	2.5
- Other cash less liabilities	-5.2
= Net debt	2.1
Net debt/EBITDA	0.44x

- Improvement in Net debt/EBITDA last two years
- Debt with maturity less than 12 months equals 1.4 BSEK
- Unutilized Revolving credit facilities 6 BSEK
  - Maturity of 2 BSEK in 2023 and 4 BSEK in 2026
- Dividend per share proposal of 4.90 SEK, a pay-out ratio of 34%

Net  
Debt/EBITDA:  
**0.44x**  
(1.0x\*)

Equity/Asset  
ratio:  
**35.7%**  
(35.7)

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# Important information

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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



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# The Giraffe 1X Radar system

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## Unique capability

- Lightweight, mobile and simultaneous multi-mission for Air and Sea surveillance
- Detect drones in all domains (air, land, sea)
- NATO interoperability – plug and play
- Man portable and easy to integrate into any platform

## Operational

- Fully operational in several countries, in use and protects societies every day
- >20 systems contracted and delivered to several international customers
- Customers within
  - Critical Infrastructure Protection
  - Drone Detection
  - Air Surveillance
  - GBAD
  - Naval Domain

## Growth potential

- Detects and counters unmanned aerial systems and drones
- Increase from civil authorities - protection of critical assets such as power plants, airports, gov. buildings
- Unique capability for mobile and critical military missions
- Designed and validated for windfarm resilience
- Continuous software upgrades for new threats