



Welcome to

Saab's Q4 2023 and Strategy Execution Update

February 9, 2024

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.

Welcome and introduction



Micael Johansson
President and CEO

A new era of geopolitical tension

**Predictions are
now realities**

**No visible end to
Russia's aggression**

**Shifting to a
multi-polar world**

**Europe moving to
be self-sufficient**

"Sweden finds itself in serious times. [...] An armed attack against Sweden cannot be ruled out. War can also come to us."

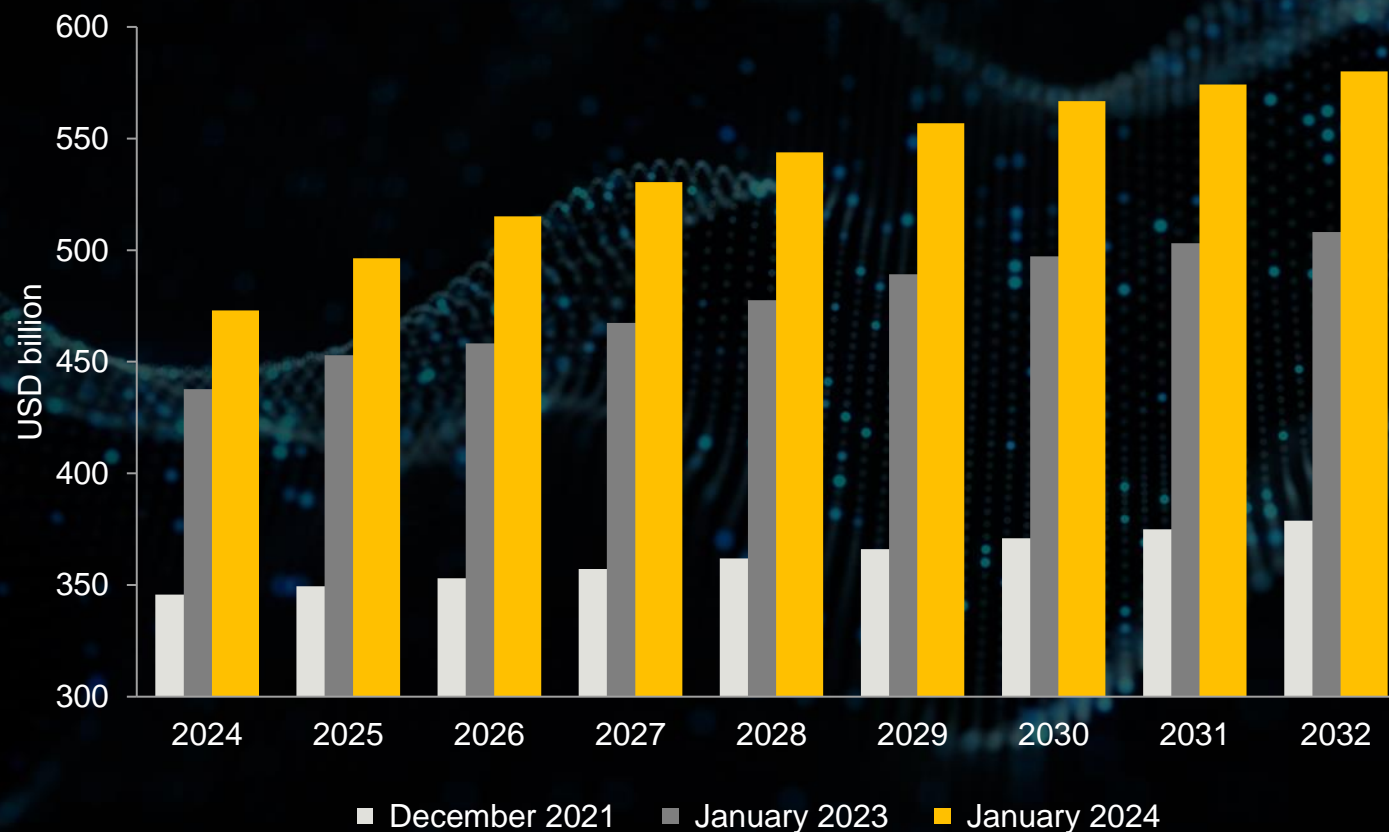
*Swedish Defence Minister
Pål Jonson
Jan 8, 2024*

"The era of the peace dividend is over."

*UK Defence Secretary
Grant Shapps
Jan 15, 2024*

Defence expenditures higher for long-term

European defence budgets forecasts (in 2024 USD)



500+ USD bn

increase in aggregated defence spending forecasts through the next decade, compared to last year's forecast

Industry plays a critical role

Industrial base critical
in large scale conflicts

Both volume and
technology

National and common
funds are formed

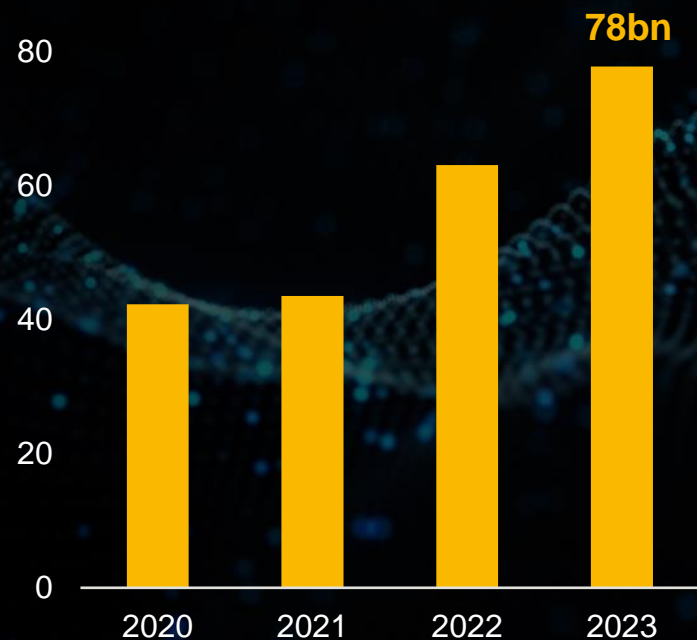
*“Without industry, there is
no defence, no deterrence
and no security”*

NATO Sec Gen,
Jens Stoltenberg
Oct 25, 2023

Step-up in Saab's growth journey

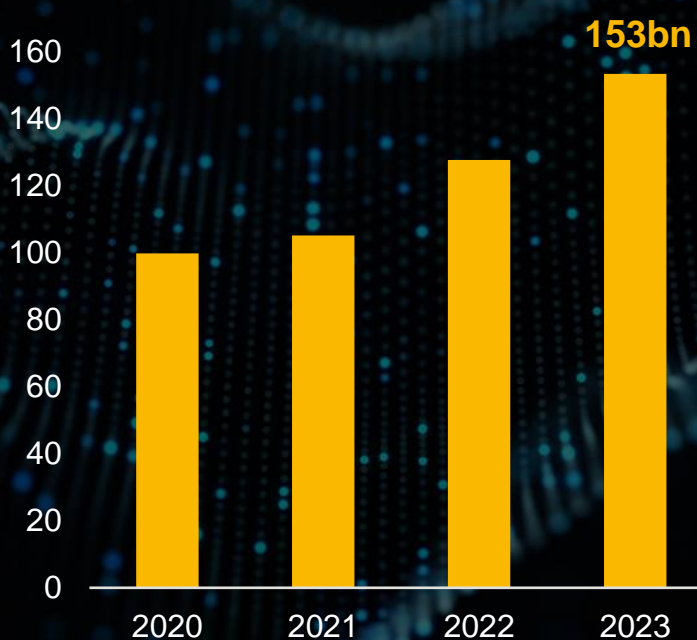
Capturing order intake

Order intake, SEK billion



Building backlog

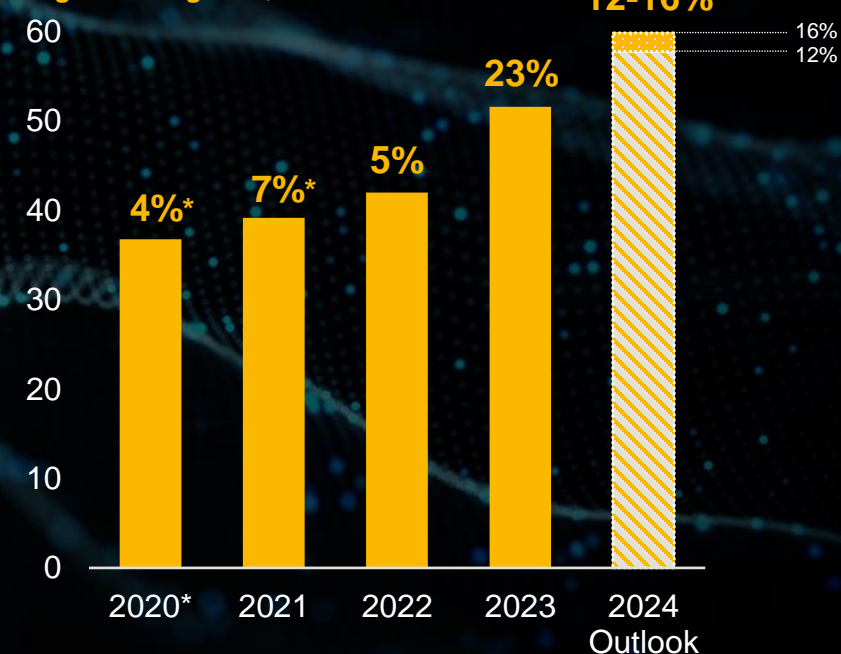
Order backlog, SEK billion



Growing sales

Sales, SEK billion

Organic sales growth, %

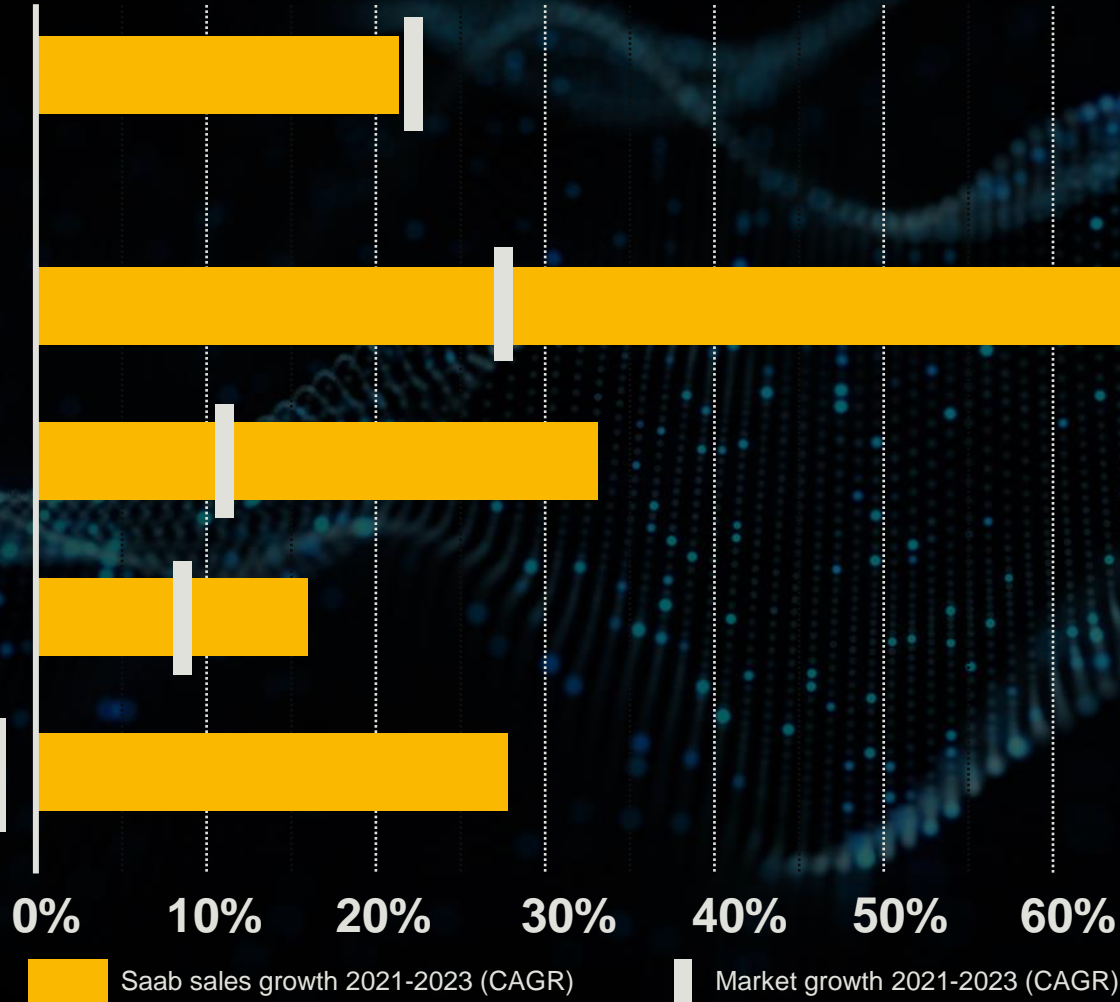


Strategy under execution



Growing in our strategic markets

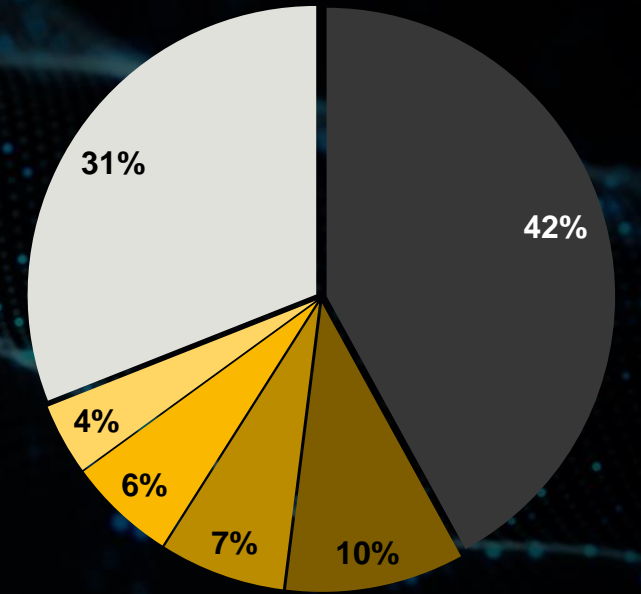
Growth in CAGR between 2021-2023 of Defence procurement (nominal USD) and Saab Sales in respective countries



Significant market share

Growing in niches and by adding niches

Share of sales, 2023



■ Sweden ■ US ■ Australia ■ Germany ■ UK ■ RoW



Investing to 2X capacity in Ground Combat



Financial background

- Order backlog doubled in 2023
- Doubling of the Book-to-bill
- Investment of 1.5 to 2.0 BSEK for 2023-2025

Investment will deliver

- Double capacity in Ground Combat
- Shorter customer lead time
- Increased automation, improved production flow and stability
- Resilience and redundancy

Investments in;

- Production equipment and increased automation
- Facilities for production of sub-systems, offices and storage
- New assembly lines for Carl-Gustaf, AT4 and NLAW
- A new production facility for Carl-Gustaf in India
- New Additive Manufacturing (3D printing) site with AMEXCI
- Production capacity with U.S. partners



New facility under construction in Linköping for sub-system production



Carl-Gustaf M4



AT4



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Expanding Surface Sensor production



Financial background

- Order backlog doubled in 2023
- Doubling of the Book-to-bill
- Increased interest in the Giraffe Product Family and Sirius Compact
- Investment of 0.6 to 0.9 BSEK for 2023-2025

Investment will deliver

- Increased capacity for Giraffe 1X (5x more)
- Increased capacity for Giraffe 4A and Sirius Compact
- Improved production flow and stability
- Resilience and redundancy

Investments in;

- Facilities for production, offices and storage
- Increased capacity in existing sites in Sweden and the U.S.
- New site for Giraffe 1X production in U.K.
- New site for Sirius Compact production in Finland



New facility Fareham UK



Sirius Compact



Giraffe 1X



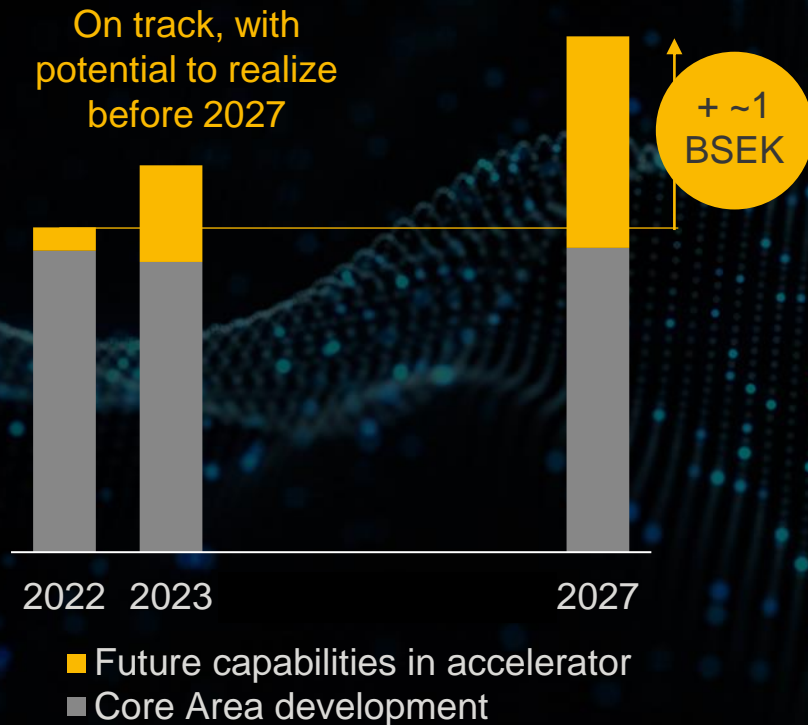
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Investing in future capabilities

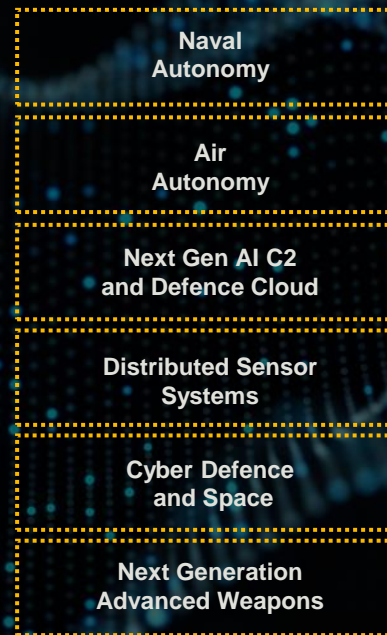


Increased and focused investment

Saab's own R&D, direct and capitalized, no amortization



Targeting selected future capabilities areas



Examples

- Seabed operations
- Unmanned surveillance
- Multi-domain targeting
- Compact electronic warfare
- Space & cyber situational awareness
- Counter-unmanned aerial system, loitering munition

Driving operational efficiency



Examples

Digitalised processes & AI

Software transformation

IT consolidation

Supply chain efficiency

Continuous learning

- Launch of on-premises Generative AI for development, allowing company-wide use of GenAI tools
- Roll-out of automated quality control of open source code, improving software development speed
- Alignment of enterprise systems enabling continuous updates and reducing IT cost
- Proactive initiatives and increased safety stock to mitigate delivery delays - achieved procurement savings of 1.5% in 2023
- Upskilling initiatives including company-wide integrated learning in systems engineering and applied data science

Sales per FTE, including consultants, showed an increase of more than 5% in 2023 compared to 2022



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Attracting, developing and retaining



Net new employees
(FTE) in 2023

~2,500

Increase of new
employees in
strategic countries
outside Sweden

~20%

Retention

5% turnover
(down from 9%)

Attraction

~100.000 applications
(up 40%)



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Updated sustainability strategy



Resilient and safe societies



Saab has an industry-leading Human Rights Program



Saab has an industry-leading Anti-Bribery and Corruption Program



Saab has a defined, well-functioning, proactive and systematic approach to information security



Saab will remain a leader in export control through robust rules, processes and training

Green and social transition



Net zero emissions by 2050 (Scope 1 & 2)
Net zero emissions by 2050 (Scope 3)



Executed substitution projects according to roadmaps



Reduced water withdrawal by 20%



Reduced number of work related accidents, measured by decreased TRIFR 25%
Reached 10 reported close calls/hazard identification per work related injury

Innovation and partnerships



At least 30% female employees
At least 35% female managers



CO2-neutral options are available for all products
Circular business models are implemented



A significant part of our industrial cooperation activities are within the definition of sustainability Partnerships with external actors contribute to Saab's sustainability commitments and strategy

Note: long-term targets to 2030 unless otherwise stated

Christian Luiga
CFO and Deputy CEO

Our profitability model



Scale effects

- Sales growth above OPEX growth – Not applicable to R&D
- Utilisation of production facilities



Efficiency measures

- Cost efficiency
- Supply chain
- Improve project execution
- Contract management



Portfolio management

- Turnaround or exit non profitable business
- Exit non-core business
- Partnerships
- M&A

Progress in 2023

Gross margin **21.8%** +0.6 ppt

OPEX growth* **20.1%** -2.8 ppt below sales growth

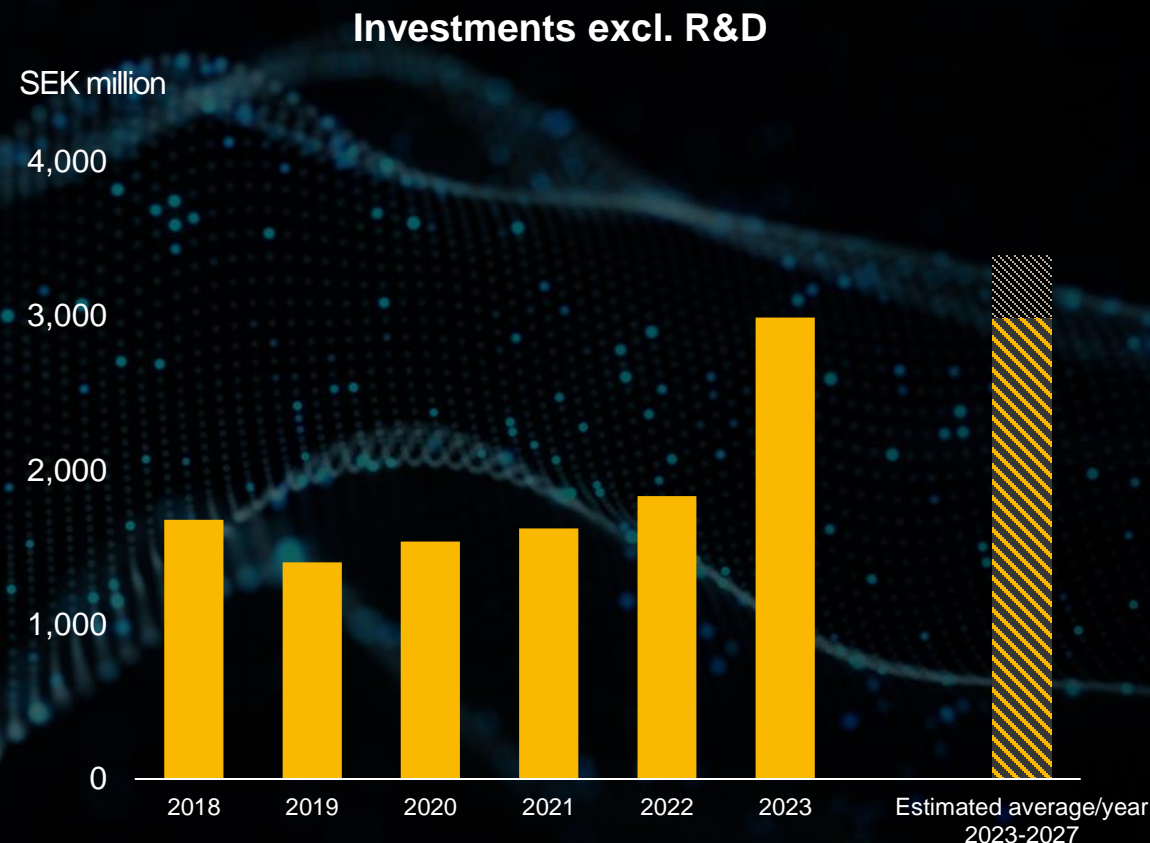
Procurement savings **1.5%** reduction of spend

- Divestment of MTM
- Acquisition of Bluebear and CrowdAI
- Strategic investment in Helsing
- Several new partnerships

*OPEX excluding other income and expenses and Share in income of associated companies and JVs

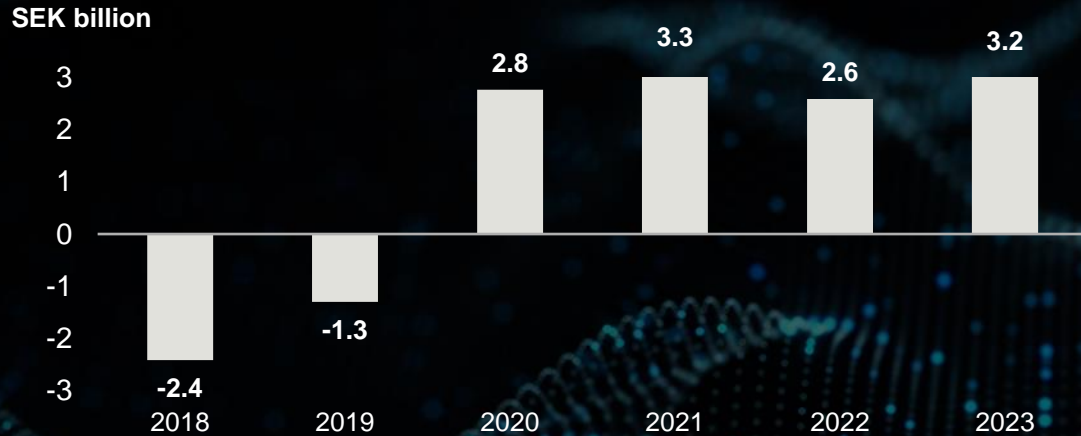
Increasing capex for further growth

- Investments 2023-2027 is expected to be above historical levels to support longer-term growth
- Increase primarily driven by production lines, facility expansion and IT
- We plan to increase investments in all BAs, however the largest part will relate to Dynamics and Surveillance capacity investments
- Increase expected to be front-loaded within our mid-term period to secure fast ramp-up of capacity

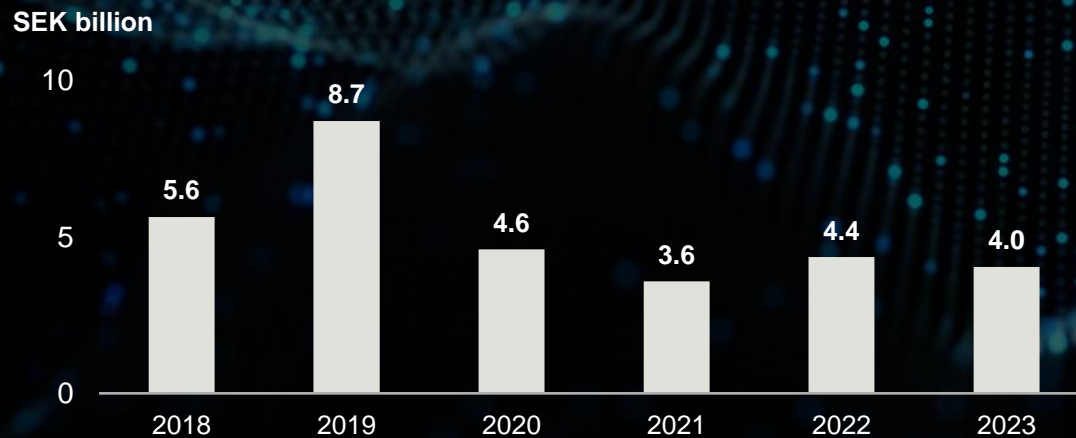


Cash flow management

Operational cash flow



Net working capital (NWC)



- Less pressure on working capital
- Investments and inventories will increase medium-term
- NWC/Sales: 7.8% (10.4%)
- NWC will increase relatively balanced to sales over the period 2023-2027
- ROCE: 11.9% (8.8%)

Cash conversion at Saab

Cumulative over 2023-2027

Operational Cash Flow

=

Operating income

**Cash
Conversion**

SEK million	2020	2021	2022	2023
EBITDA	2,833	4,826	5,401	6,558
Amortisation lease liabilities	-437	-469	-524	-586
Adj. for other items not included in cash flow	509	1,489	841	805
Change in net working capital	2,736	-76	-932	-86
Net Capex	-2,868	-2,494	-2,193	-3,534
Operational cash flow	2,773	3,276	2,593	3,157
EBIT	2,738*	2,888	3,274	4,272
Cash conversion	101%	113%	79%	74%

Solid financial position

2.3 BSEK

Net liquidity

13.5 BSEK

Cash and short-term investments

6.0 BSEK

Revolving Credit Facilities

39 %

Equity asset ratio
Saab target: >30%

Resilience and flexibility

to act in a growing market

Investments

in capacity and future capabilities

Partnerships



MBDA

babcock

ST Engineering



M&A

2 bolt-on acquisitions in 2023

BLUEBEAR

CrowdAI

Upgrading our organic sales growth

Medium-term targets 2023-2027

ORGANIC SALES GROWTH

Around 15% CAGR*

(previously: around 10%)



**Strong order backlog, well positioned products & services
and a growing market**

OPERATING INCOME

**Growth higher than
organic sales growth**



Scale, efficiency and portfolio management

CASH FLOW

Cash conversion
>70%**

(cumulative over 2023-2027)



**Growing EBITDA, less pressure on working capital
while investments will grow**

*CAGR base year 2022

**Cash conversion = Operational cash flow / Operating income

Summary



Micael Johansson
President and CEO

Key messages and priorities

- 1.** Markets will grow for the longer-term
 - Further improve our market position within core areas
 - Leverage collaborations and partnerships
 - Capacity and production uplift
- 2.** A step change in our growth journey
 - Continued R&D investments in future capability areas
 - Portfolio management including selective M&A
 - Project and customer deliveries
- 3.** Investing for further growth and value creation
 - Monitor supply chain risks and cost management
 - Recruit the right competence and onboard new employees



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Q&A

