

# Saab's Results January-March 2020

Press release Stock Exchange Release

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Saab presents the results for January-March 2020.

Statement by the President and CEO Micael Johansson:

## **Solid performance in a time of uncertainty**

COVID-19 is causing great uncertainty in a difficult time for individuals as well as the global economy. Saab has a substantial order backlog and long-term commitments. This means that the operations are stable and currently the production is continuing at a high speed, while the health of our employees are prioritized. The effect on Saab's operations has been limited so far, but the uncertainty for 2020 has increased. Our efforts to manage the challenging circumstances is proceeding in a proactive and structured way.

The focus of our work has been to ensure readiness and ability to continue delivering on our major projects. The defence business is showing a stable development, while the civil business has been affected by the sharp decline in demand related to the civil aviation industry. During the quarter, Saab took measures to mitigate future effects of COVID-19. Shorter working hours was implemented to adjust capacity within the business area IPS. In addition, Saab strengthened its financial flexibility by signing a new revolving credit facility.

Given the current disruption to the global economy, Saab cannot rule out a future impact on its business, as regards supply chains, delivery and new potential orders. Due to the uncertainty related to the scope and duration of the disruption, the previous forecast for the full-year 2020 can currently not be reconfirmed. Saab is, however, entering the second quarter with a strong order backlog, which supports a significant portion of this year's sales. Focus remains on the execution of major projects and deliveries for the year. Saab has a robust financial position in terms of capital and liquidity. For 2020, the aim remains that operational cash flow will be positive. Saab is continuing to execute on its strategic priorities and remains committed to its long-term goals of sales growth and profitability.

## **Orders**

Order bookings in the first quarter showed an increase by 8 per cent to SEK 4,823 million (4,482). The volume of small orders increased by 4 per cent. These bookings included orders within Training and Simulation for the British Army, radars for the U.S. and modification of Visby-class corvettes for Sweden.

## **Sales and operating income**

Sales in the first quarter amounted to SEK 8,040 million (8,496). Major programmes were executed on schedule. The lower volumes is explained by fewer planned deliveries within Dynamics and lower level of planned project completions within Aeronautics.

Operating income amounted to SEK 560 million (591) with a margin of 7.0 per cent (7.0). Profitability was in line with previous year, despite negative impact on the civil business. In

the quarter, important steps in the Gripen project with the start of the production of Gripen F were taken. In addition, Saab started production of its parts for the trainer aircraft T-7A.

### Operational cash flow

Operational cash flow amounted to SEK -1,582 million (-1,932). The negative cash flow in the quarter was due to continued project completions and less milestone payments in the major programmes, in addition to preparations for upcoming deliveries within Dynamics.

### Outlook statement for 2020

Due to the uncertainty related to the scope and duration of the COVID-19 disruption, the previous forecast for the full-year 2020 can currently not be reconfirmed. Saab's previously delivered outlook for the full year was an organic sales growth in line with the long-term target of 5% and an improved operating margin compared to 2019.

### Financial highlights

MSEK	Jan-Mar 2020	Jan-Mar 2019	Change, %	Full Year 2019
Order bookings	4,823	4,482	8	27,216
Order backlog	90,234	97,401	-7	93,293
Sales	8,040	8,496	-5	35,433
Gross income	1,880	1,851	2	8,035
Gross margin, %	23.4	21.8		22.7
EBITDA	914	919	-1	4,305
EBITDA margin, %	11.4	10.8		12.1
Operating income (EBIT)	560	591	-5	2,937
Operating margin, %	7.0	7.0		8.3
Net income	342	397	-14	2,025
of which Parent Company's shareholders' interest	334	398	-16	1,983
Earnings per share after dilution, SEK 1)	2.50	2.97		14.81
Return on equity, % 2)	9.3	8.6		10.0
Operational cash flow	-1,582	-1,923		-1,300
Free cash flow	-1,700	-2,137		-2,036
Free cash flow per share after dilution, SEK	-12.71	-15.93		-15.20

1) Average number of shares after dilution

	133,701,893	134,137,373		133,929,292
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2) Return on equity is measured over a rolling 12-month period.