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Saab Results January-June 2022: Well Positioned to Capture Long-Term Growth

Saab presents the results for January-June 2022.

Key highlights Q2 2022

- Strong order intake of SEK 17,363m (9,875), corresponding to an order growth of 76%, driven by large and medium orders across business areas.
- Sales in line with same period last year, amounting to SEK 10,171m (10,131).
- EBITDA amounted to SEK 1,255m (1,196), an EBITDA margin of 12.3% (11.8).
- Operating income increased 3% and amounted to SEK 738m (715), corresponding to an operating margin of 7.3% (7.1).
- Net income for the period amounted to SEK 433m (514) and was affected by unrealised negative market value changes of short-term investments.
- Operational cash flow was SEK 531m (3,152) in the quarter and according to our milestone plan for the year.

Statement by Micael Johansson, President and CEO, Saab:

Well Positioned to Capture Long-Term Growth

The security landscape has changed dramatically this year due to the tragic war in Ukraine and its implications on geopolitical tensions. Many European countries, including Sweden, are increasing their defence spending, leading to an even stronger national defence. Sweden and Finland have also decided to join NATO. All of this is of course affecting Saab as a defence company.

We are well positioned to meet demand in our core areas, and currently see strong interest in training, advanced weapon systems and sensors. We are taking initiatives to increase future capacity and we are working closely with our partners to secure resources and supply for a ramp-up in production. With Swedish NATO membership, there are also increased opportunities for Saab to provide state-of-the-art defence capabilities to the alliance and its member countries, as well as gaining access to NATO research programmes.

In the second quarter, Saab's order intake increased 76%, driven by both large and medium-sized orders. An important order in the quarter was Sweden's acquisition of two

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GlobalEye aircraft. This will provide Sweden with world-class airborne early warning and control capability. We also received several Carl-Gustaf orders from both Sweden and international customers, as well as an upgrade contract for the Gripen C/D fighter aircraft from Sweden.

Our operational performance is progressing well and we have so far no significant negative impact from supply chain issues on our deliveries. However, inflation, availability of certain materials and transportation remain challenging.

During the period, Saab held the keel-laying ceremony for the first Swedish A26 submarine, where its first hull sections were connected. This is an important milestone in the construction of one of the most advanced conventional submarines in the world. Another key milestone in the quarter was the shipment of the last of five fully installed EMD T-7A aft fuselages to our partner Boeing. We are now preparing the manufacturing setup for the next phase while hiring continues for our new operations in West Lafayette, Indiana, U.S.

Sales in the quarter was in line with the same quarter last year and amounted to SEK 10,171 million (10,131). Year to date, sales is up 1%. We expect the growth pace to increase in the second half of the year based on our strong order backlog. We reiterate our outlook of an organic sales growth around 5% for the full year.

Operating income increased 3% in the second quarter compared to last year and amounted to SEK 738 million (715) with an operating margin of 7.3% (7.1). For the full year, we estimate the operating income improvement to be at the upper end of our outlook range of 8-12%.

Operational cash flow amounted to SEK 531 million (3,152) in the quarter. The second quarter last year included large milestone payments related to GlobalEye. The cash flow is in line with our milestone plan for the year and we also expect it to remain positive for the full year 2022, according to our guidance.

We believe nations' defence capabilities are vital for peace and democracy, which is the foundation of sustainability and the UN Sustainable Development Goals. We continue to execute on our new sustainability strategy. During the quarter, focus has been on strengthening governance and initiating Climate Task Forces within our Science Based Targets project.

Our opportunities for growth have improved as governments increase their defence budgets to protect their people and societies. With our strong product portfolio and international presence as a foundation, we are prepared to meet our customers' increased demand.

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Financial highlights

MSEK	Jan-Jun 2022	Jan-Jun 2021	Change, %	Q2 2022	Q2 2021	Change, %	Full Year 2021
Order bookings	25,478	15,746	62	17,363	9,875	76	43,569
Order backlog	112,367	96,714	16				105,177
Sales	19,389	19,219	1	10,171	10,131	0	39,154
Gross income	4,156	4,047	3	2,122	2,113	0	8,205
Gross margin, %	21.4	21.1		20.9	20.9		21.0
EBITDA	2,403	2,262	6	1,255	1,196	5	4,826
EBITDA margin, %	12.4	11.8		12.3	11.8		12.3
Operating income (EBIT)	1,392	1,312	6	738	715	3	2,888
Operating margin, %	7.2	6.8		7.3	7.1		7.4
Net income	805	910	-12	433	514	-16	2,025
of which Parent Company's shareholders' interest	775	897	-14	421	505	-17	1,926
Earnings per share after dilution, SEK	5.80	6.73		3.15	3.78		14.45
Return on equity, % ¹⁾	7.8	5.2					9.0
Operational cash flow	352	2,992		531	3,152		3,276
Free cash flow	34	2,763		395	3,028		2,737
Free cash flow per share after dilution, SEK	0.25	20.72		2.95	22.69		20.53
Average number of shares after dilution	133,547,690	133,351,912		133,782,303	133,446,047		133,293,340
¹⁾ Return on equity is measured over a rolling 12-month period.							

For more information and explanations regarding the usage of these key ratios, please see <http://saab.com/investors/financial-data/key-ratios/>

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Saab's Interim Report Q2 2022 Presentation

Saab's CEO and President Micael Johansson and CFO and deputy CEO Christian Luiga will present the Saab interim report for January-June 2022.

Date: Thursday, 21 July at 10.00 a.m. (CET).

The report is published at 07.30 a.m. (CET) the same day at <http://www.saab.com>.

You are welcome to watch the live webcast or dial in to the conference call. It is possible to post questions over the conference call and the web.

Live webcast: <https://www.saab.com/investors/webcast/q2-2022>.

Conference call:

Please dial in using one of the numbers below.

Sweden: +46 (0)8 5051 0031

United Kingdom: +44 (0) 207 107 06 13

United States: +1 (1) 631 570 56 13

The interim report, the presentation material and the webcast will be available on <http://www.saab.com/investors>.

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Saab is a leading defence and security company with an enduring mission, to help nations keep their people and society safe. Empowered by its 18,000 talented people, Saab constantly pushes the boundaries of technology to create a safer, more sustainable and more equitable world. Saab designs, manufactures and maintains advanced systems in aeronautics, weapons, command and control, sensors and underwater systems. Saab is headquartered in Sweden. It has major operations all over the world and is part of the domestic defence capability of several nations.

The information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 21 July 2022 at 07.30 (CET).

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