

Date
28 October 2022Reference
CU 22:040 E

Saab Results January-September 2022: Ready to support increased defence capability needs

Saab presents the results for January-September 2022.

Key highlights Q3 2022

- Order intake amounted to SEK 7,772m (15,605) with growth in small and medium-sized orders.
- Sales grew 9.5%, of which 6.9% organic, and amounted to SEK 8,751m (7,992), mainly driven by high delivery volumes in Dynamics in the quarter.
- EBITDA increased and was SEK 1,115m (977). EBITDA margin was 12.7% (12.2) with improvements in several business areas.
- Operating income increased 13.6% and amounted to SEK 568m (500), corresponding to an operating margin of 6.5% (6.3).
- Net income for the period amounted to SEK 324m (324).
- Operational cash flow improved and was SEK 559m (-1,238) in the quarter.

Statement by Micael Johansson, President and CEO, Saab:

Ready to support increased defence capability needs

We continued to see strong interest for Saab's portfolio in the quarter. The increased defence spending in many countries, in combination with Sweden's NATO application has created significant market opportunities for Saab. Whilst procurement processes take time before being translated into orders, we are preparing our operations for future demand and have taken initiatives to invest in increased capacity and to recruit the right competences.

In the third quarter, we took the decision to set up a manufacturing facility for the Carl-Gustaf M4 shoulder-launched weapon system in India. The new facility will support production, as well as supply of components to users around the world. Investments to increase future capacity in our Ground Combat business in Sweden and our U.S. operations also continued. I am also glad to report that we have a net increase of more than 500 employees globally this year, despite tough competition for competence in the market.

Order bookings in the quarter amounted to SEK 7,772 million (15,605) and was driven by

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growth in small and medium-sized orders. The same period last year included bookings of two major orders. Our order bookings for the first nine months is now 6.1% ahead of last year and our backlog amounts to SEK 112 billion. Key orders in the third quarter came from Sweden for submarine upgrades and from the U.S. for Carl-Gustaf ammunition and the AT4 system. We also received the first low rate production order for trainer jet aft-fuselages from Boeing. This is an important step for the Aerospace business at our U.S. facility in West Lafayette, Indiana.

Sales growth was 9.5% in the third quarter, of which organic growth was 6.9%. All business areas contributed positively to the growth. Sales for the first nine months grew 3.4%, whereof organic growth was 1.3%. We maintain our sales growth outlook for the full year, for which we have guided an organic growth of around 5%.

Operating income increased 13.6% in the quarter and amounted to SEK 568 million (500) with an operating margin of 6.5% (6.3). Contribution from Dynamics was strong in the quarter and year to date. The operating income for the first nine months improved 8.2% and amounted to SEK 1,960 million (1,812) with a margin of 7.0% (6.7).

Our operational performance remains stable across the business, although inflation, supply of certain materials and transportation continue to be a challenge. We are working hard to mitigate these together with our partners and customers. We reconfirm our full year estimate of the operating income to improve at the upper end of our outlook range of 8-12%.

Operational cash flow in the quarter amounted to SEK 559 million (-1,238) and SEK 911 million (1,754) for the first nine months. The cash flow is in line with our milestone plan for the year and we expect it to remain positive for the full year 2022, according to our guidance.

Launching new innovative products is key for Saab. One recent example of this was the successful launch and testing of Saab's mobile short-range air defence system MSHORAD, which was demonstrated to 15 countries during the quarter. The system is based on a combination of our Giraffe 1X radar and the next generation RBS 70 mobile firing unit, connected with Saab's ground-based command and control solution. Now operational, the system will further strengthen Saab's missile offering.

An equally important focus area for Saab is to drive sustainable development, and we aim to do so through partnerships and collaboration. In the quarter, we became a minority shareholder in the Swedish electric aircraft company Heart Aerospace, alongside other key partners in the aviation industry. The investment supports our commitment to innovative technology and the transition to sustainable aviation.

Our long-term strategic priorities are intact and we are preparing our company to capture

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the improved growth opportunities. I am confident that Saab will continue to create sustainable value for our shareholders and all stakeholders.

Financial highlights

MSEK	Jan-Sep 2022	Jan-Sep 2021	Change, %	Q3 2022	Q3 2021	Change, %	Full Year 2021
Order bookings	33,250	31,351	6	7,772	15,605	-50	43,569
Order backlog	112,025	104,570	7				105,177
Sales	28,140	27,211	3	8,751	7,992	9	39,154
Gross income	6,037	5,793	4	1,881	1,746	8	8,205
Gross margin, %	21.5	21.3		21.5	21.8		21.0
EBITDA	3,518	3,239	9	1,115	977	14	4,826
EBITDA margin, %	12.5	11.9		12.7	12.2		12.3
Operating income (EBIT)	1,960	1,812	8	568	500	14	2,888
Operating margin, %	7.0	6.7		6.5	6.3		7.4
Net income	1,129	1,234	-9	324	324	-	2,025
of which Parent Company's shareholders' interest	1,080	1,193	-9	305	296	3	1,926
Earnings per share after dilution, SEK	8.08	8.95		2.27	2.22		14.45
Return on equity, % ¹⁾	7.6	8.5					9.0
Operational cash flow	911	1,754		559	-1,238		3,276
Free cash flow	432	1,360		398	-1,403		2,737
Free cash flow per share after dilution, SEK	3.23	10.20		2.97	-10.53		20.53
Average number of shares after dilution	133,608,085	133,361,072		133,842,175	133,198,087		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 Q3 2022 Presentation

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

Date: Friday 28 October 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/q3-2022>.

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. The information was submitted for publication, through the agency of the contact person set out above, on 28 October 2022 at 07.30 (CET).

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