

10 February 2023

Saab Year-End Report 2022: Strong order intake and delivering on our outlook

Saab presents the year-end results for 2022.



Key highlights Q4 2022

- Order intake increased to SEK 29,866m (12,218) driven by growth in large and medium-sized orders.
- The order backlog increased by 21% and amounted to SEK 128bn (105).
- Sales increased 16%, whereof 14% organic, amounting to SEK 13,866m (11,943) with high volumes and deliveries in all business areas.
- EBITDA amounted to SEK 1,883m (1,587) with a margin of 13.6% (13.3).
- Operating income increased 22% and amounted to SEK 1,314m (1,076) with a margin of 9.5% (9.0).
- Net income increased to SEK 1,154m (791) in the period and EPS amounted to SEK 8.32 (5.52), corresponding to an increase of 51%.
- Operational cash flow amounted to SEK 1,682m (1,522) in the quarter.
- The Board proposes a dividend for 2022 of SEK 5.30 (4.90) per share.
- Outlook 2023: Organic sales growth to be around 15%, operating income growth higher than organic sales growth and positive operational cash flow.

Statement by Micael Johansson, President and CEO, Saab:

Strong order intake and delivering on our outlook

2022 will be remembered as a year that left a mark on us all due to the tragic war in Ukraine. The heightened geopolitical instability in Europe has led to a new reality which reminds us of our purpose as a company - to keep people and society safe.

For Saab, 2022 was a financially and operationally strong year. We delivered on our outlook for the year with an organic sales growth of 5%, EBIT growth of 13% and positive cash flow of SEK 2.6 billion. We continued to execute on our multi-domestic growth strategy and accelerated our efforts to increase future capacity and production facilities. Investments in innovation and R&D to develop new technologies and the capabilities of tomorrow also continued and we were successful in recruiting new talent. By year-end, we had a net increase of more than 1,000 new employees (FTEs). All of these initiatives position us well to capture the increased market demand.

Looking at the fourth quarter, we made the first deliveries of Saab's new anti-submarine lightweight torpedo to Sweden. Moreover, Saab obtained the military type certificate for Gripen E from both Sweden and Brazil, meaning that the fighter aircraft is certified for operational use and is now flying in the skies of Brazil. In the quarter, we also announced the divestment of our Maritime Traffic Management operations, in line with our strategy to increase focus on our core areas.

Saab's order intake in the quarter was strong and confirmed the strength of our product portfolio with growth in both Sweden and internationally. In

the period, we strengthened our close relationship with the U.K. and Sweden with orders for the proven anti-tank weapon system NLAW. We also received upgrade and support contracts for Gripen to Sweden, which added to Aeronautics and Surveillance orders. The large order for two signal intelligence ships to Poland further strengthened the order backlog in Surveillance and Kockums.

Project activity and deliveries were high in the fourth quarter and organic sales increased 14%. Operating income grew by 22% and the operating margin was 9.5% (9.0). Dynamics had an exceptionally favourable mix and Surveillance and Kockums also showed margin improvement. The T-7 ramp-up and the civil business in Aeronautics continued to have negative impact on results. We expect these challenges to phase out over the coming years. Operational cash flow in the quarter was somewhat better than what we expected and amounted to SEK 1.7 billion (1.5).

We continue to be cautious on the industry-driven issues in supply chains, lead times for components and cost inflation and are proactively managing these together with our customers and suppliers.

During 2022, we remained focused on driving our sustainability agenda forward. In this regard, we strengthened our Responsible Sales Policy and governance structure and accelerated the work related to our Race to Zero commitment. During the quarter, Saab became the first major defence company to have its science-based targets approved by the SBTi. This is an important milestone in Saab's sustainability journey and our efforts to reduce emissions and ensuring long-term competitiveness.

Going forward, we are positive on the outlook of our businesses. We have a solid order backlog and a strong position to capture further growth. For the full year 2023, we expect organic sales growth to be around 15% and operating income growth to be higher than organic sales growth. We estimate operational cash flow to be positive for 2023.

Based on Saab's financial results and future outlook, the Board proposes an increase of the dividend to SEK 5.30 (4.90) per share for 2022.

I would like to take the opportunity and thank Saab's exceptional employees for their efforts during the year and for ensuring Saab's continued growth journey.

Financial highlights

MSEK	Full Year 2022	Full Year 2021	Change, %	Q4 2022	Q4 2021	Change, %
Order bookings	63,116	43,569	45	29,866	12,218	144
Order backlog	127,676	105,177	21			
Sales	42,006	39,154	7	13,866	11,943	16
Gross income	8,886	8,205	8	2,849	2,412	18
Gross margin, %	21.2	21.0		20.5	20.2	
EBITDA	5,401	4,826	12	1,883	1,587	19
EBITDA margin, %	12.9	12.3		13.6	13.3	
Operating income (EBIT)	3,274	2,888	13	1,314	1,076	22
Operating margin, %	7.8	7.4		9.5	9.0	
Net income	2,283	2,025	13	1,154	791	46
of which Parent Company's shareholders' interest	2,195	1,926	14	1,115	733	52
Earnings per share after dilution, SEK	16.41	14.45		8.32	5.52	
Return on equity, % ¹⁾	8.6	9.0				
Operational cash flow	2,593	3,276		1,682	1,522	
Free cash flow	1,871	2,737		1,439	1,377	
Free cash flow per share after dilution, SEK	13.99	20.53		10.73	10.36	
Average number of shares after dilution	133,724,223	133,293,340		134,058,461	132,861,467	

¹⁾ Return on equity is measured over a rolling 12-month period.