



Saab interim report

January to September, 2019

Håkan Buskhe, President and CEO
Magnus Örnberg, EVP and CFO



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Highlights Jan–Sep 2019

Strong order growth

- Increased order bookings of 11%
- Squadron 2020 contract
- Growth in small orders

Improved performance

- Good organic growth of 11%
- Operating income increased in several business areas, Group margin of 7%
- Continued focus on efficiency

Successful execution

- Execution of major projects progressing according to plan
 - First flight with the Brazilian Gripen E and delivery
- UK – SWE FCAS cooperation initial activities launched
- Key milestones reached with GlobalEye



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Well positioned for growth

Global market drivers

- Continued increase in defence budgets for NATO countries and other major countries
- Geopolitical uncertainty continues
- Global economic slowdown not affecting the industry due to different characteristics
- Technology advancements and digitalization
- Military strategies are embracing more digital tools and increasing the use of space technologies

Saab strategic priorities

- Strengthen market position
- Focused market strategy and internationalisation
- Unique portfolio with high-tech platforms
- Continued R&D investments and project execution
- Grow recurring business

Strong market demand

- Saab contracted for the Finnish Navy's Squadron 2020
- Stronger order bookings growth in BA Surveillance, Support & Services and Dynamics
- Order bookings of small orders increased 19 per cent
- U.S. radar program GATOR has entered full rate production phase
- Two in-service support contract signed for airborne surveillance systems
- Continued high demand for Carl-Gustaf and AT4 systems



Finnish Navy Corvettes



Airborne system



Carl-Gustaf M4



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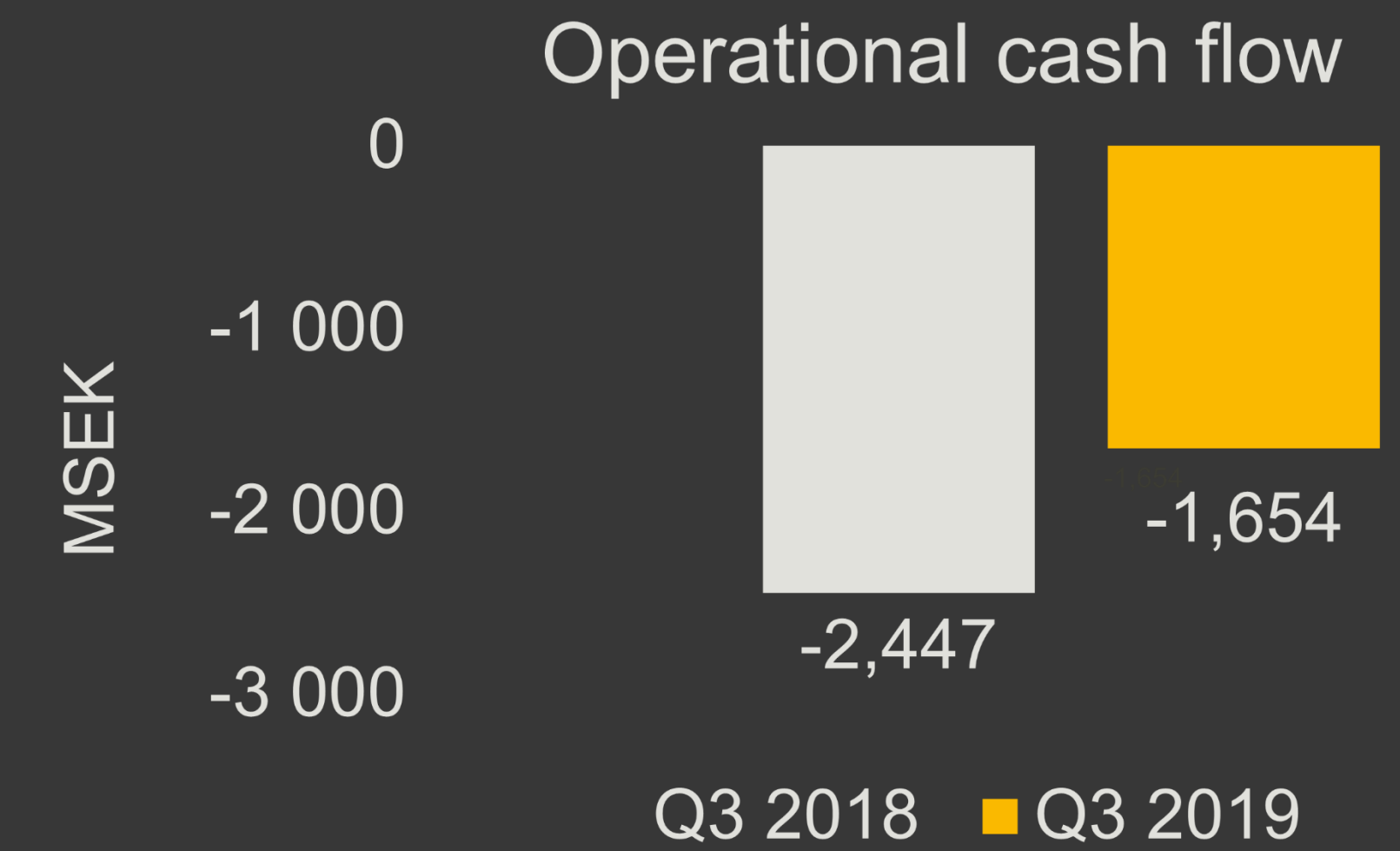
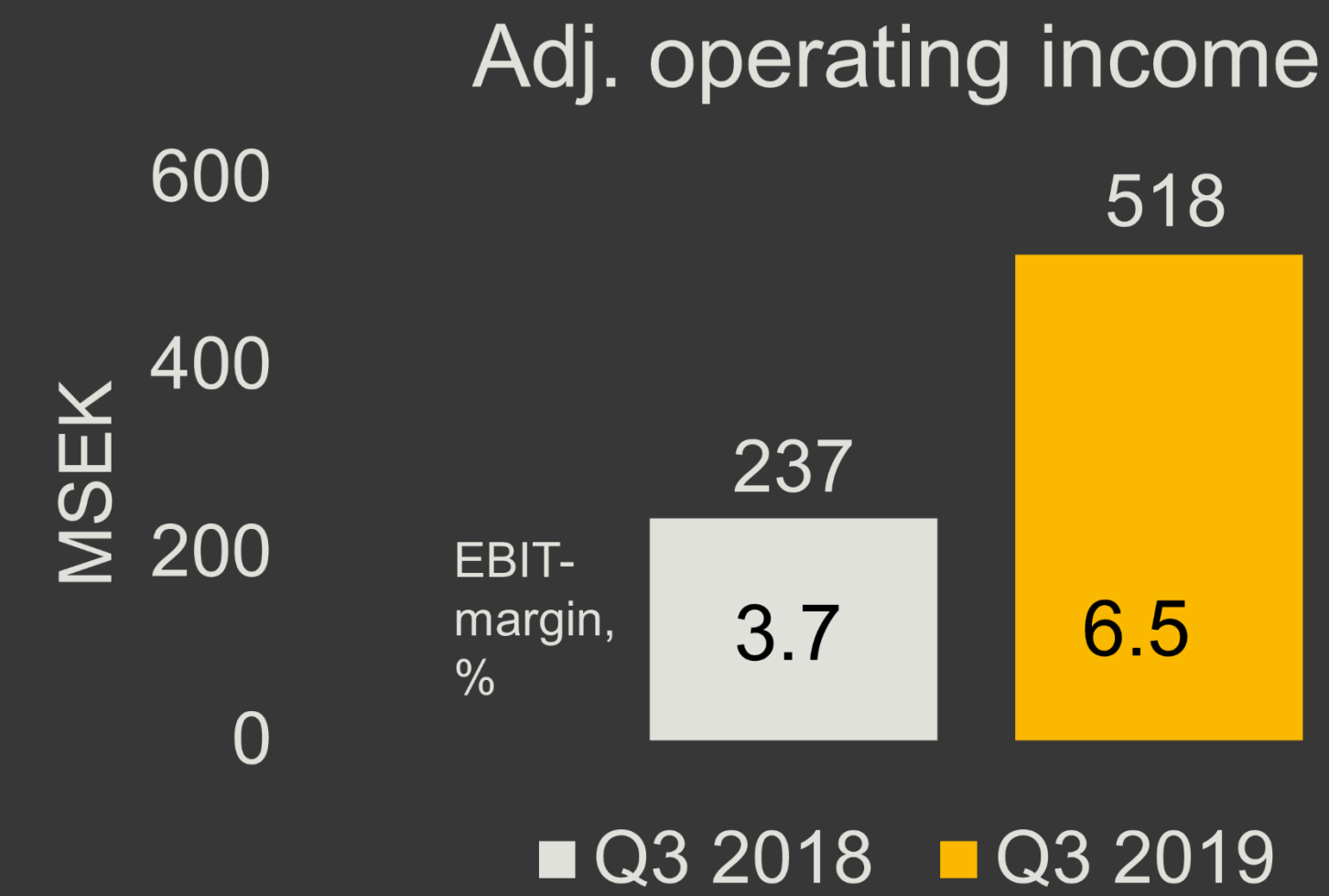
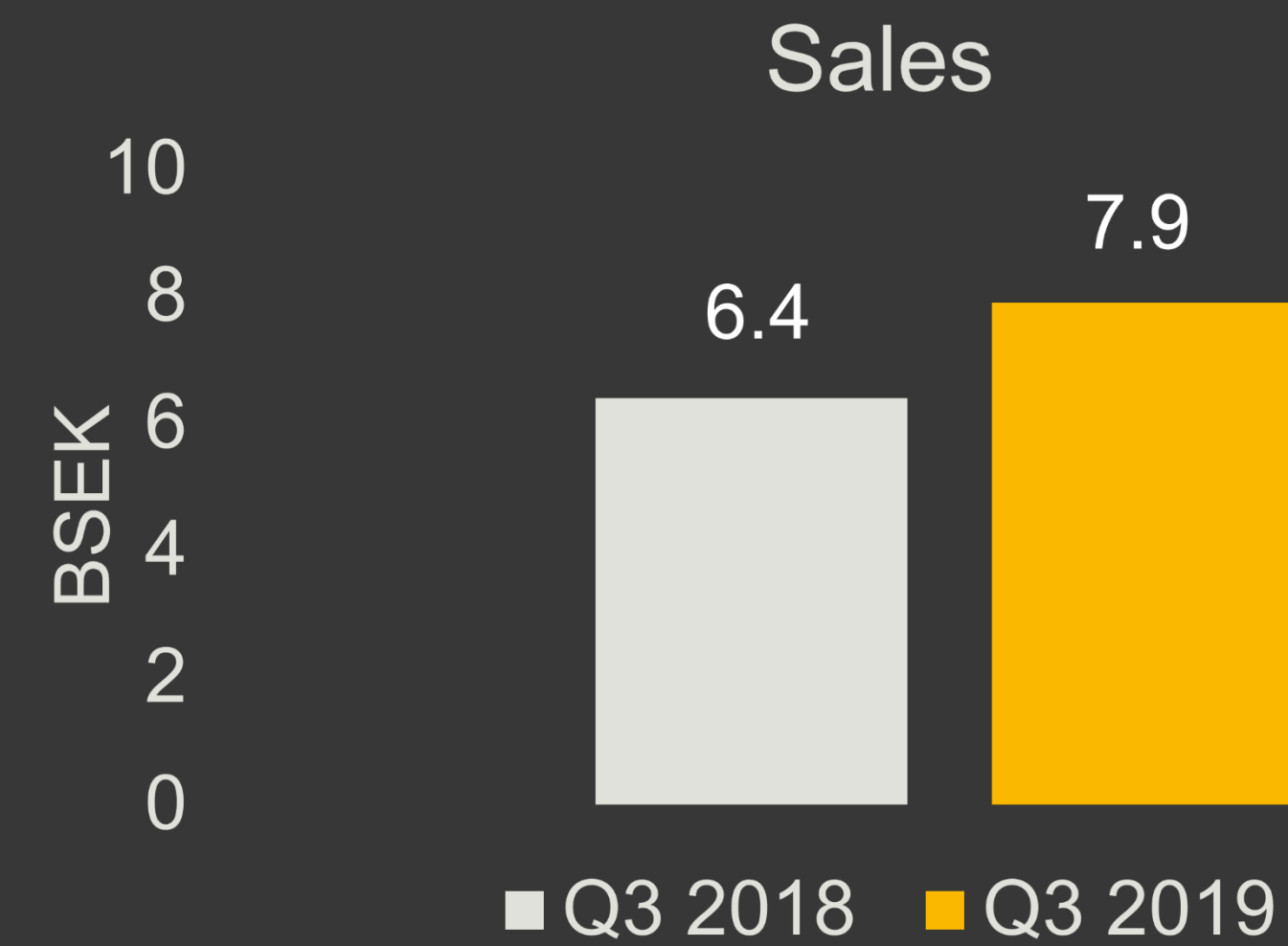
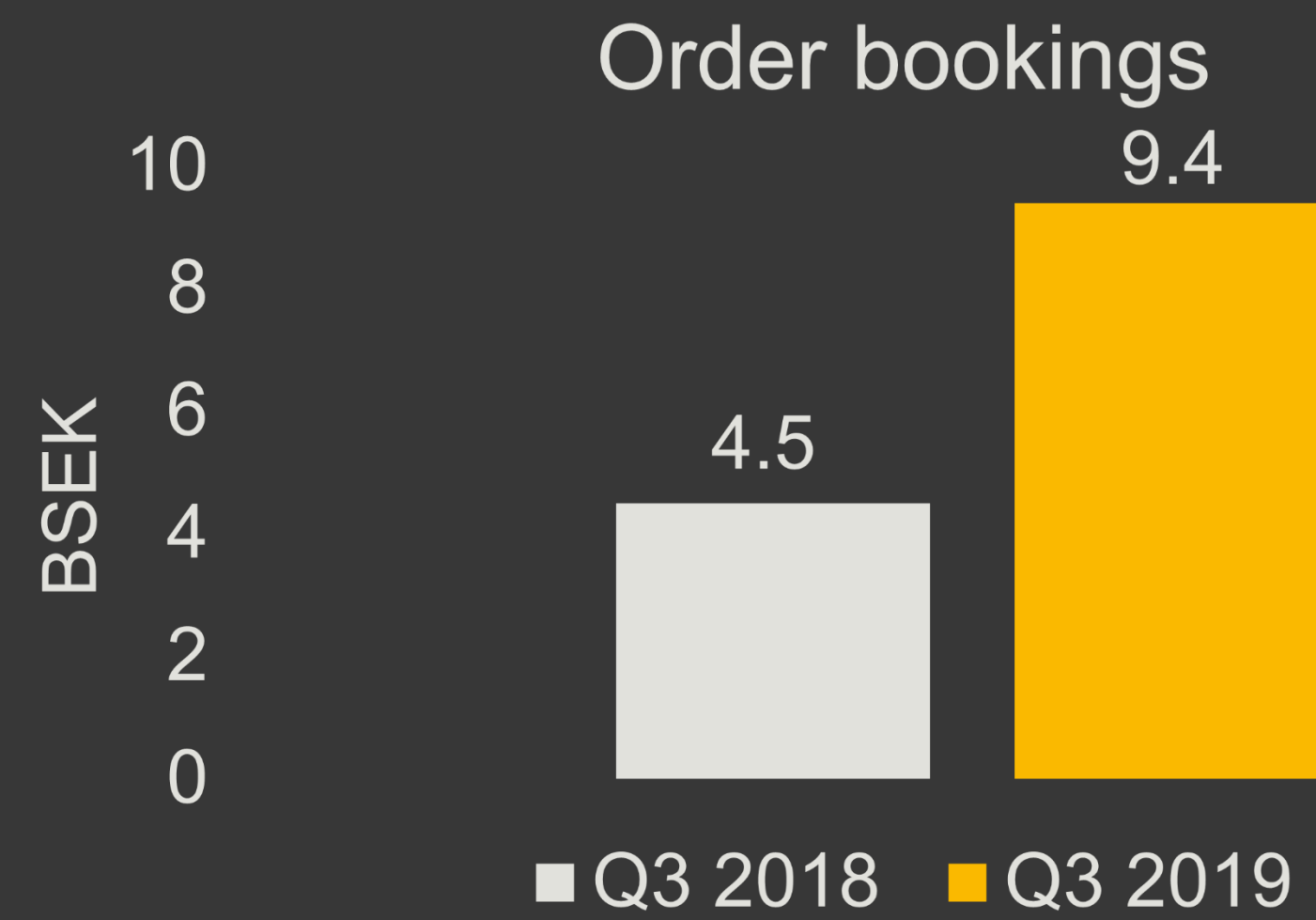
Squadron 2020

- Saab chosen as the provider to integrate the combat system for the Finnish Navy's Corvettes
- Part of Finnish Squadron 2020 program with a multi-business order value of EUR 412 million
- Contract period 2019-2027 with fully operational Corvettes expected by 2028
- Includes Saab's Combat Management System (9LV) and integrated mast with Saab's radars Sea Giraffe 4A Fixed Face and Sea Giraffe 1X
- Also includes TactiCall communication system and the remote weapon station Trackfire
- In 2018, Saab signed a contract for deliveries of the New Lightweight Torpedo (NLWT) to the Finnish Navy

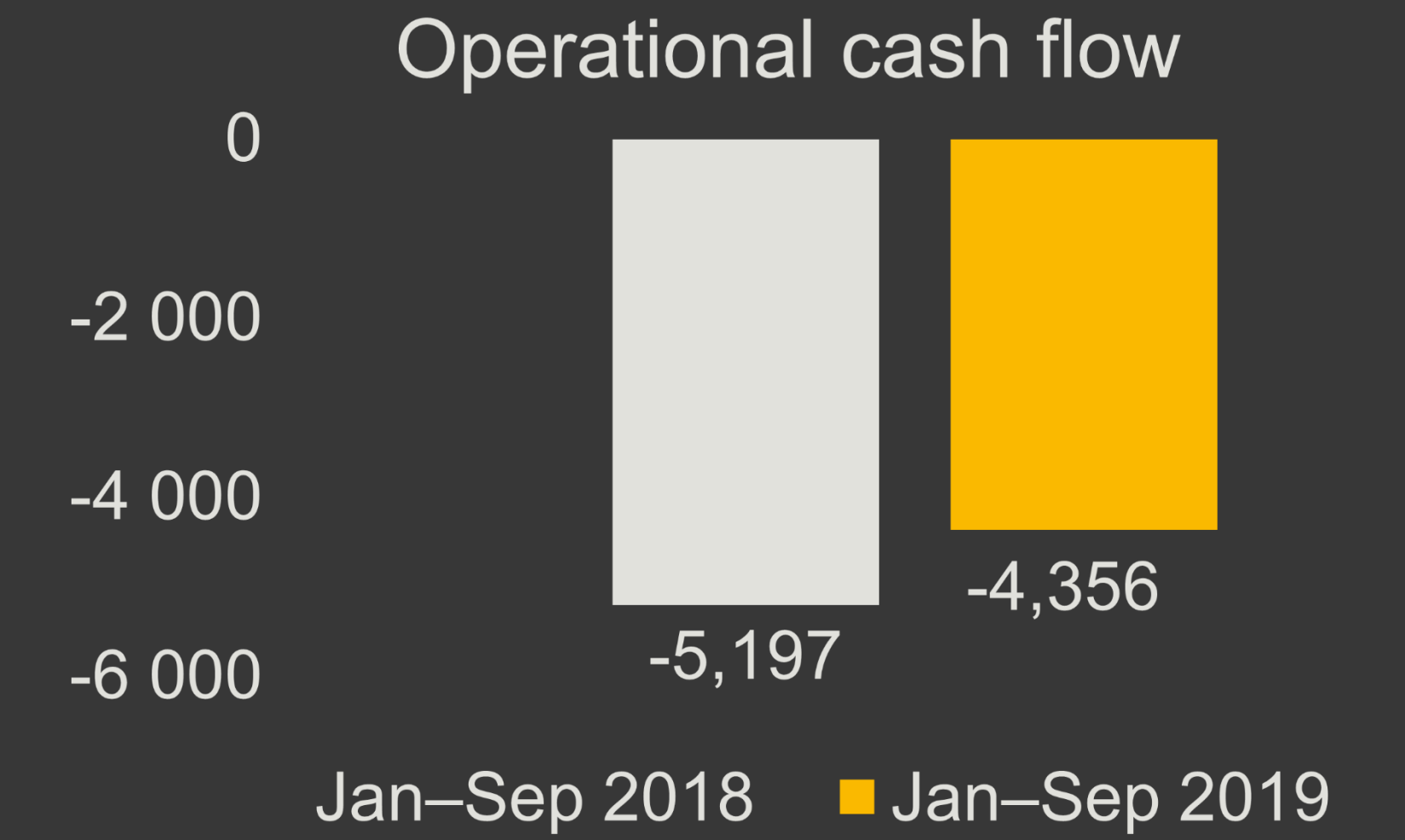
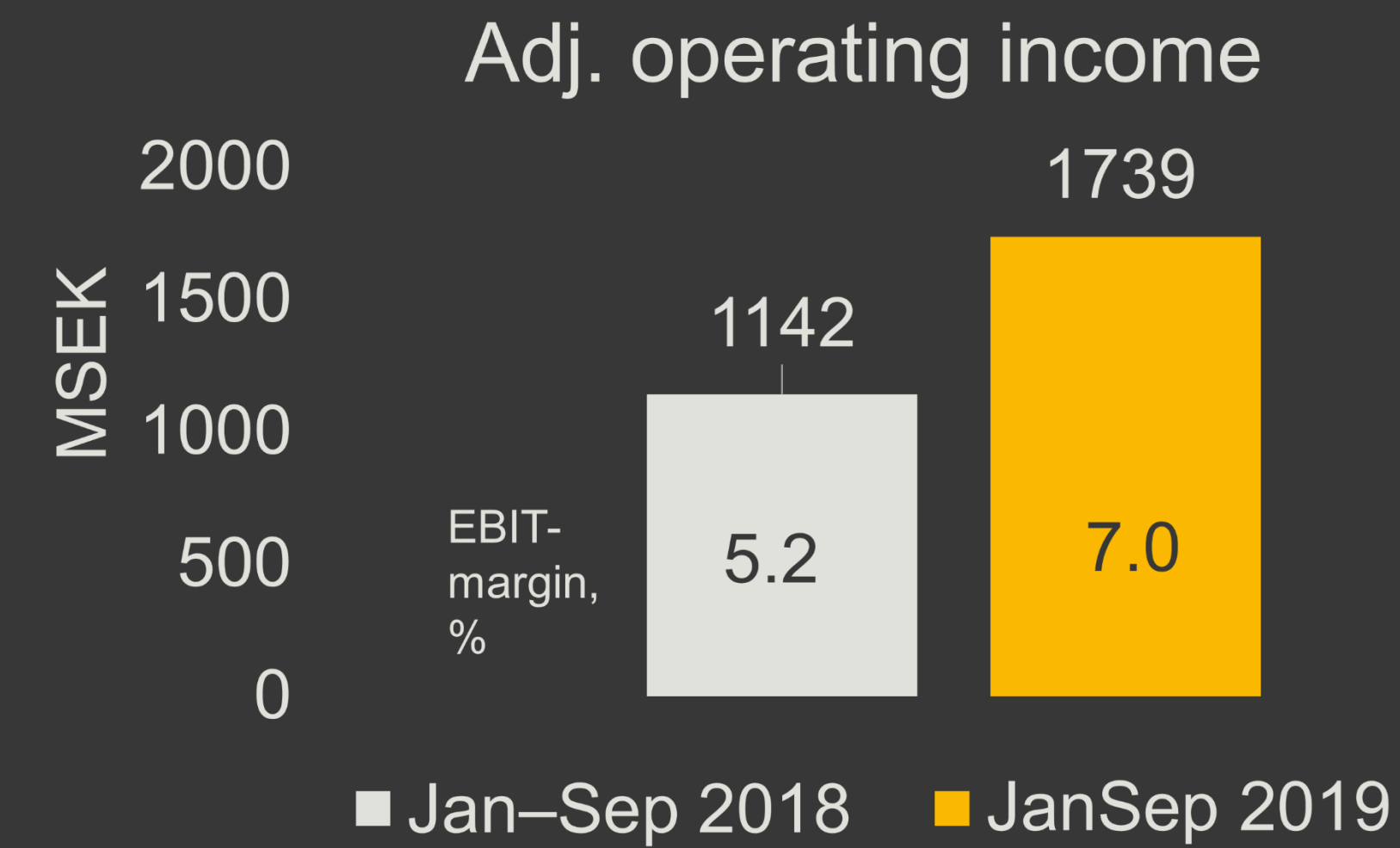
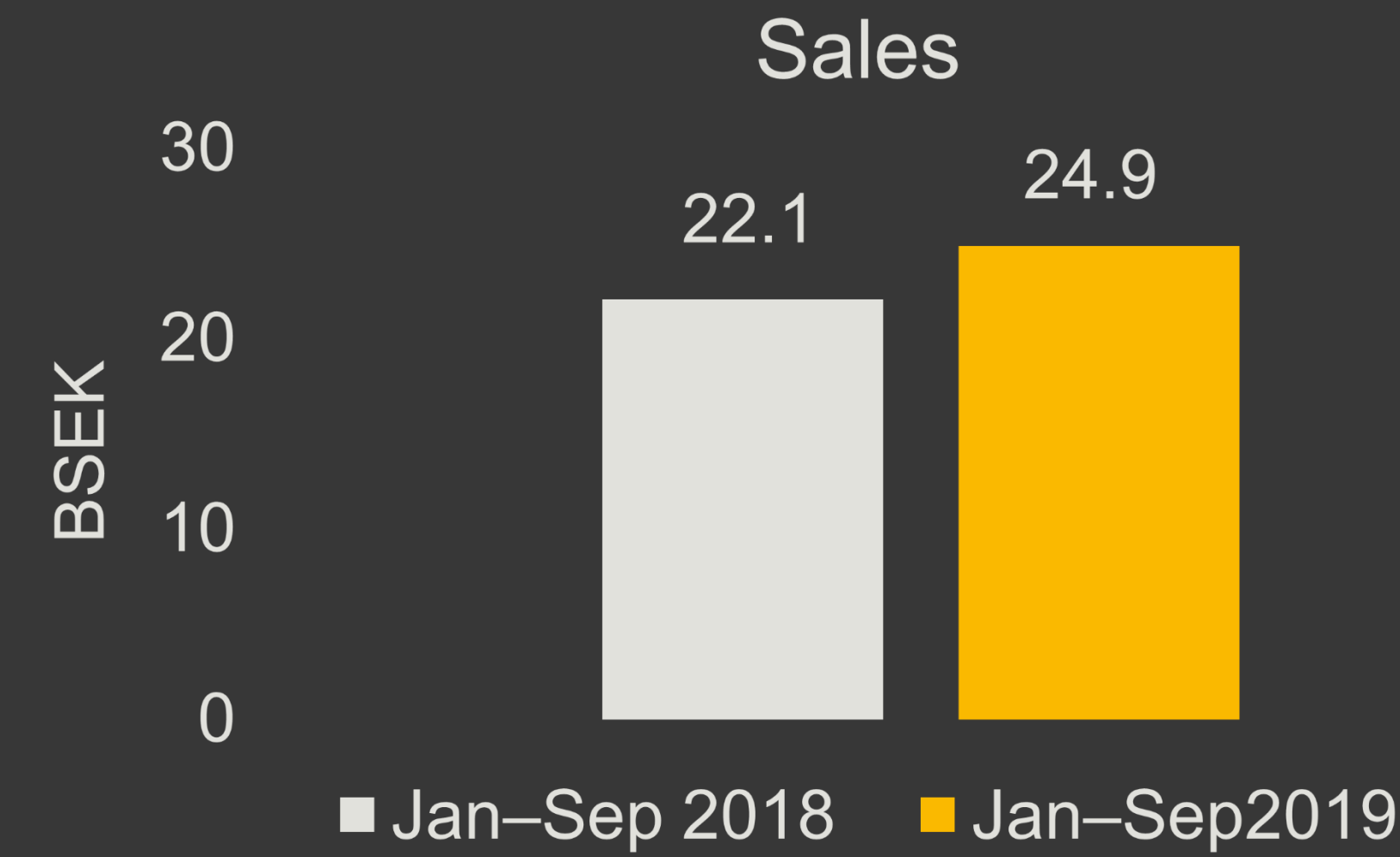
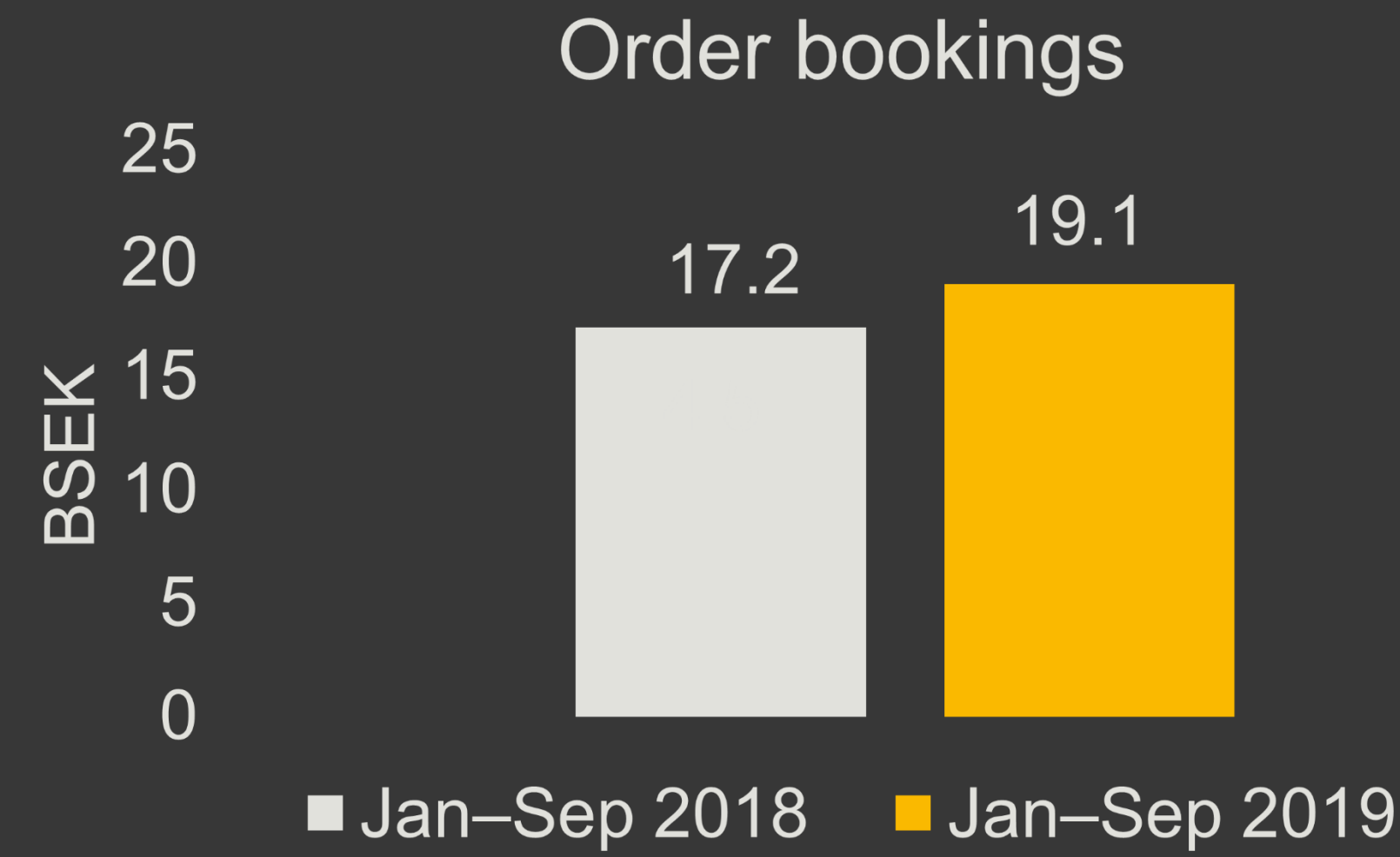


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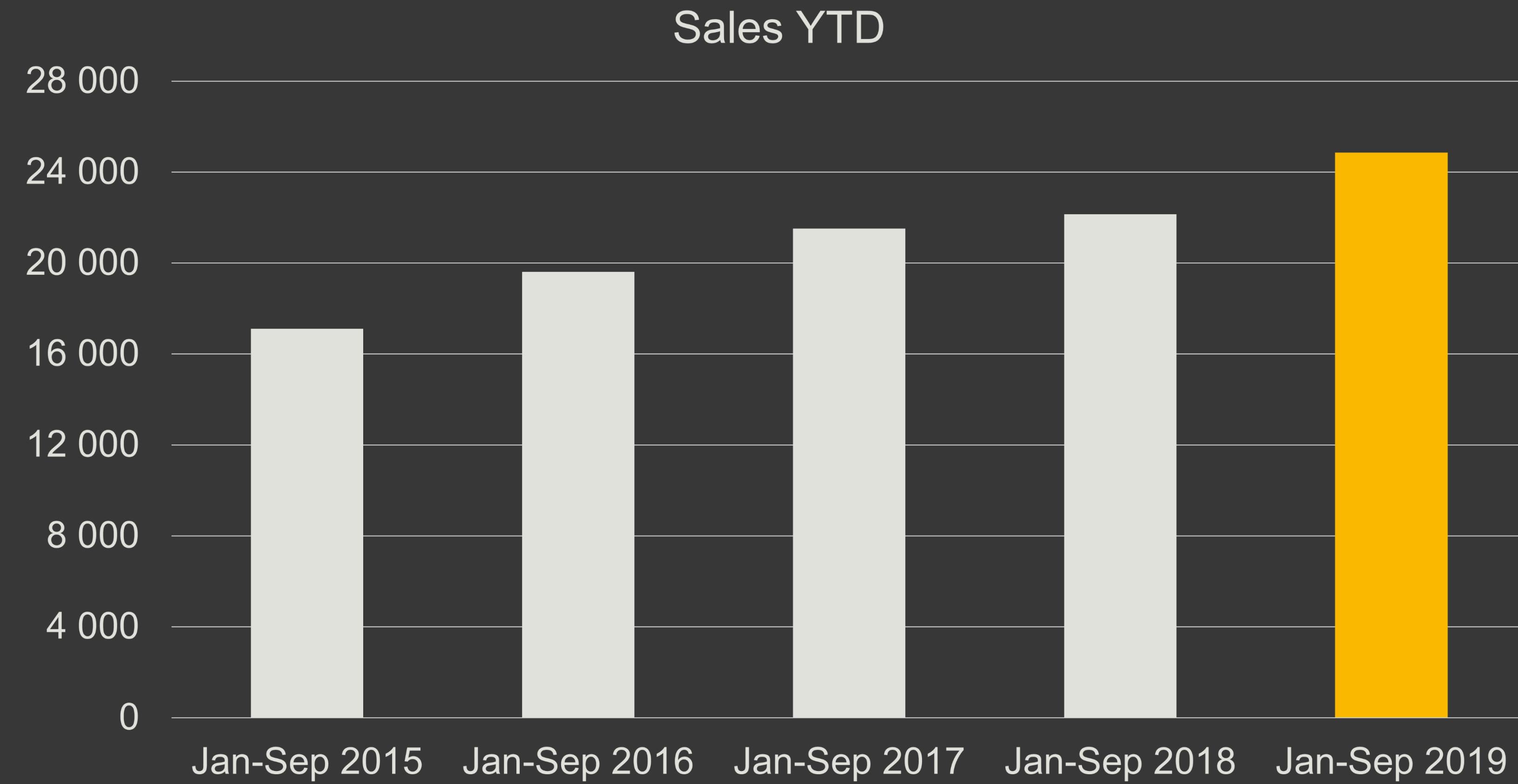
Financial highlights, Q3 2019



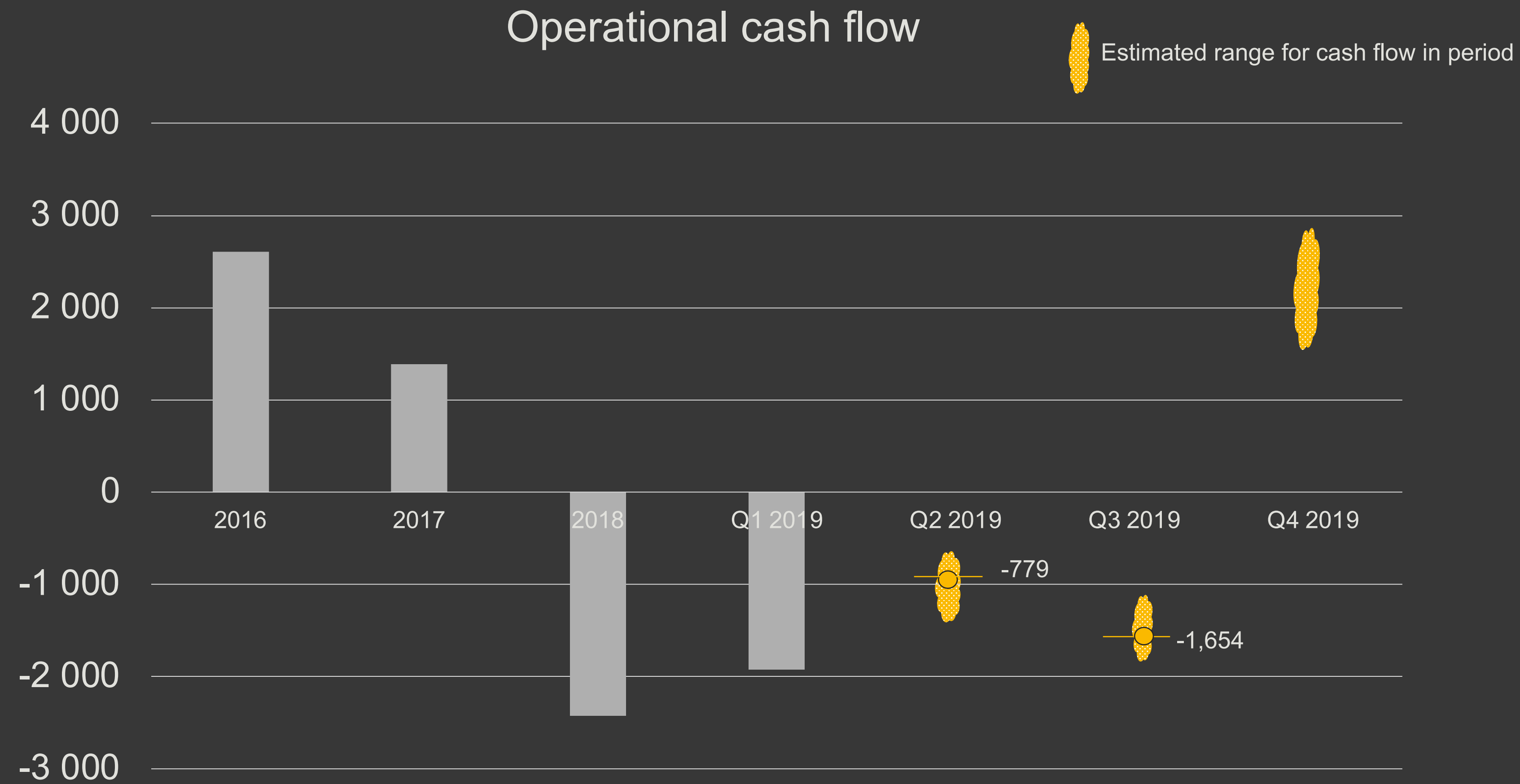
Financial highlights, Jan–Sep 2019



Sales development



Cash flow development, Q3 2019



Outlook 2019

Sales growth in 2019 is expected to be in line with Saab's long-term financial goal; annual organic sales growth of 5 per cent.

The operating margin in 2019, excluding material non-recurring items, is expected to improve compared to 2018, bringing Saab a further step closer to its financial goal; an operating margin of 10 per cent.



A man wearing a dark balaclava and a headset with a microphone is shown in profile, looking towards the left. The background is dark and filled with faint, glowing technical data and diagrams, including alphanumeric strings like '3A99G2', '31226', 'E76', 'C99G1', '31229', and '31227'.

Financial Summary

January to September 2019

Magnus Örnberg, EVP and CFO



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Financial summary, Jan-Sep 2019

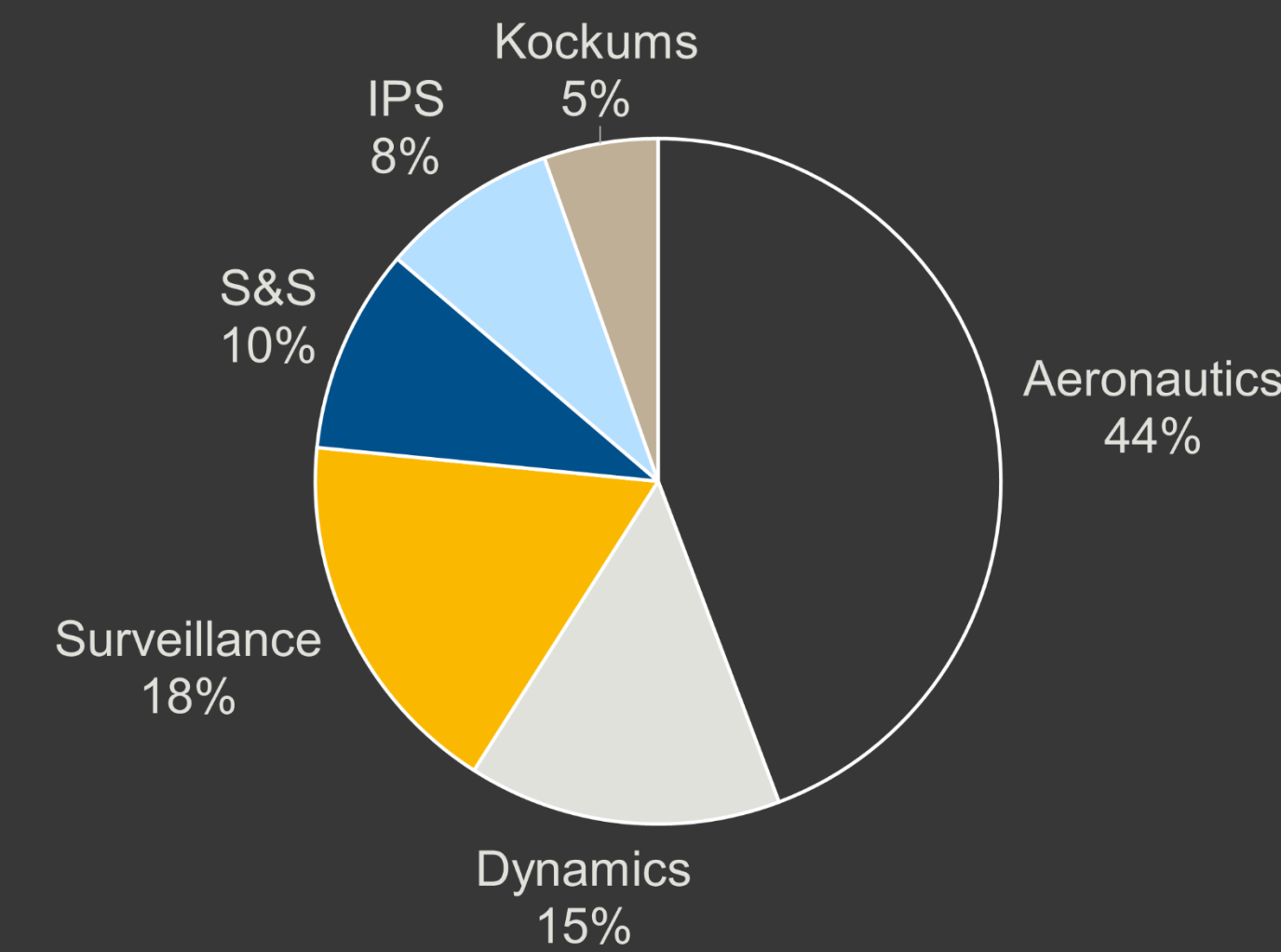
	MSEK	Jan-Sep 2019	Jan-Sep 2018	Change, %
Order bookings		19,093	17,183	11
Order backlog		96,004	102,400	-6
Sales		24,855	22,138	12
Adj. operating income		1,739	1,142	52
Adj. Operating margin, %		7.0	5.2	
Net income		1,121	358	
Operational cash flow		-4,356	-5,197	
Free cash flow		-4,991	-5,699	

- Increase of small-sized order bookings by 19%
- Sales increased by 12%, organic growth 11%
- Improved operating income and margin
- Good contribution from project execution and continued focus on efficiency
- Operational cash flow impacted by few milestone payments, mainly within Aeronautics

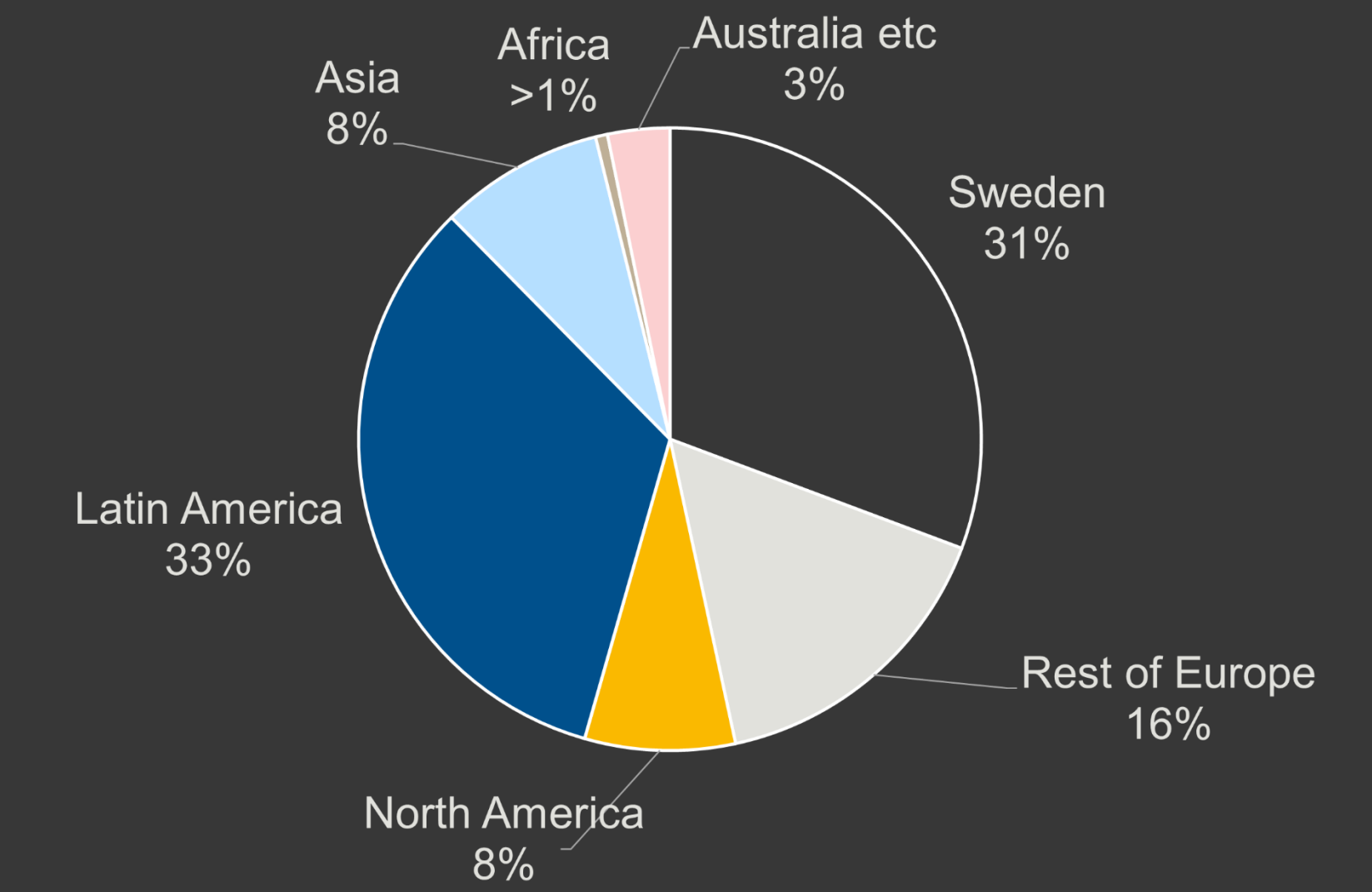
Order backlog duration

End of Sep 2019		Year end 2018		End of Sep 2018	
2019:	9.2	2019:	28.0	2018:	9.2
2020:	26.6	2020:	20.6	2019:	24.6
2021:	20.4	2021:	18.1	2020:	18.1
2022:	15.5	2022:	13.3	2021:	17.6
After 2022:	24.3	After 2022:	22.2	After 2021:	32.9
Total:	96.0	Total:	102.2	Total:	102.4

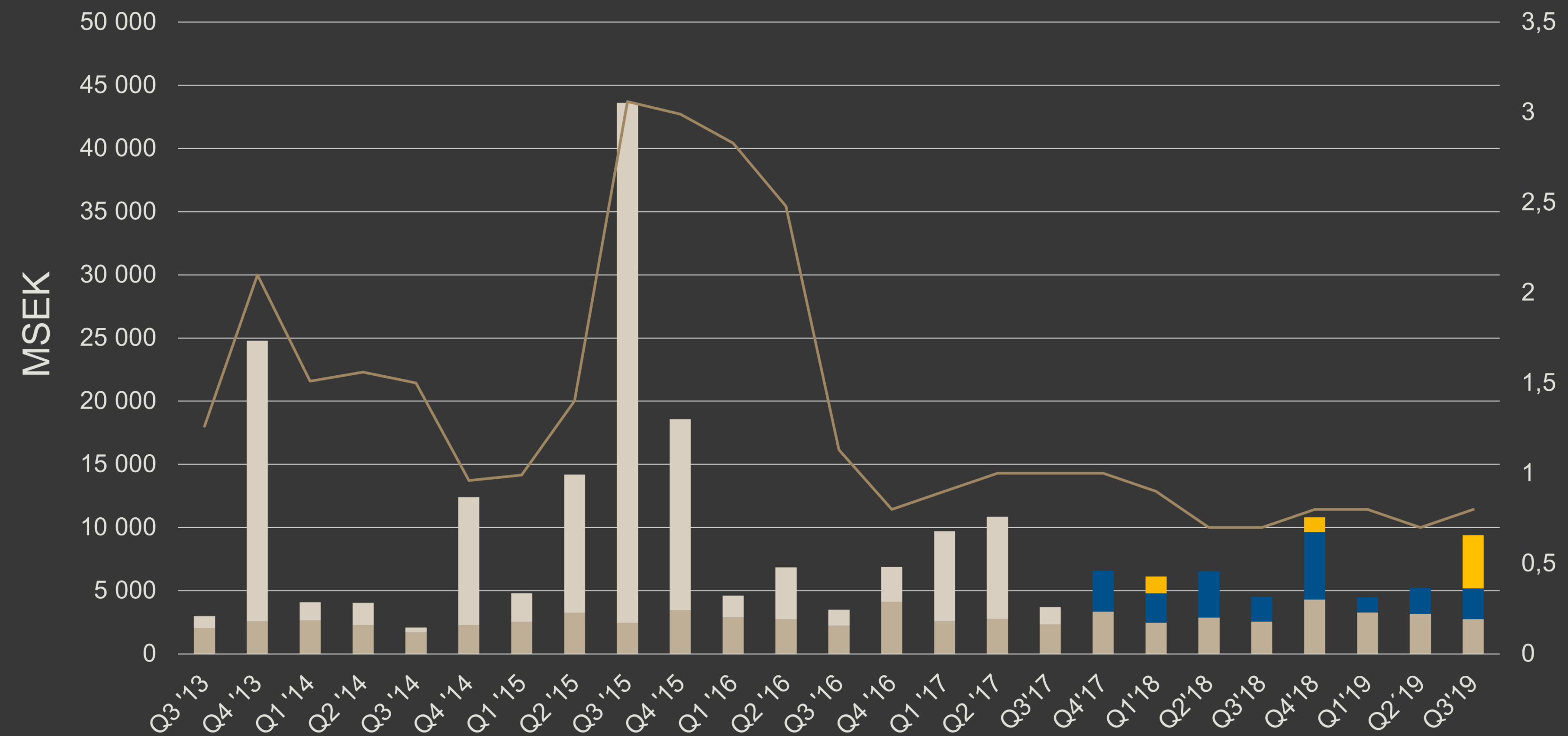
Order backlog per business area



Order backlog per region



Order size distribution



■ Small orders ■ Large orders

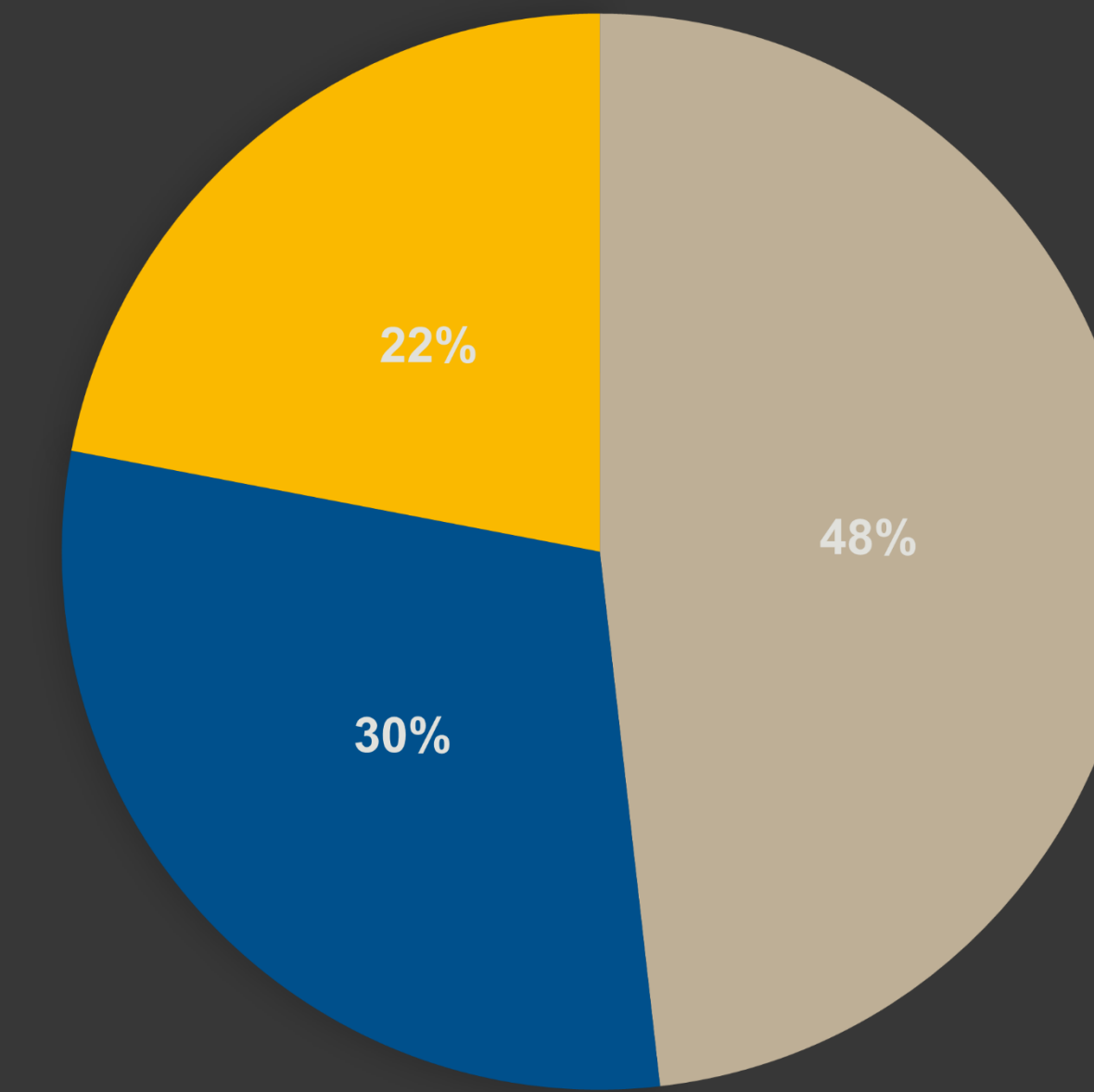
Small orders = <MSEK 100, Large orders = >MSEK 100

Book-to-bill ratio calculated as 12 months rolling

■ Large orders
■ Medium sized orders
■ Small orders

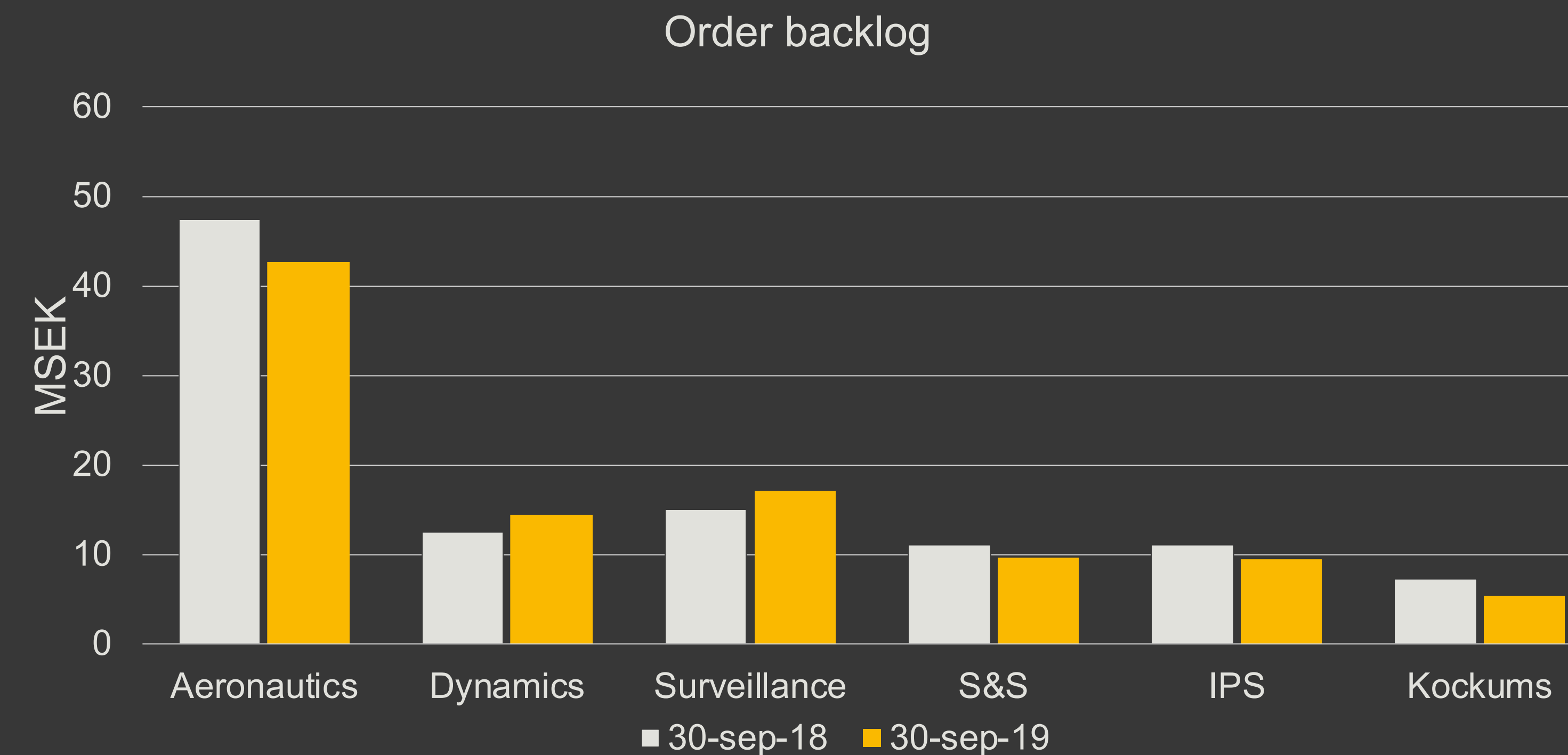
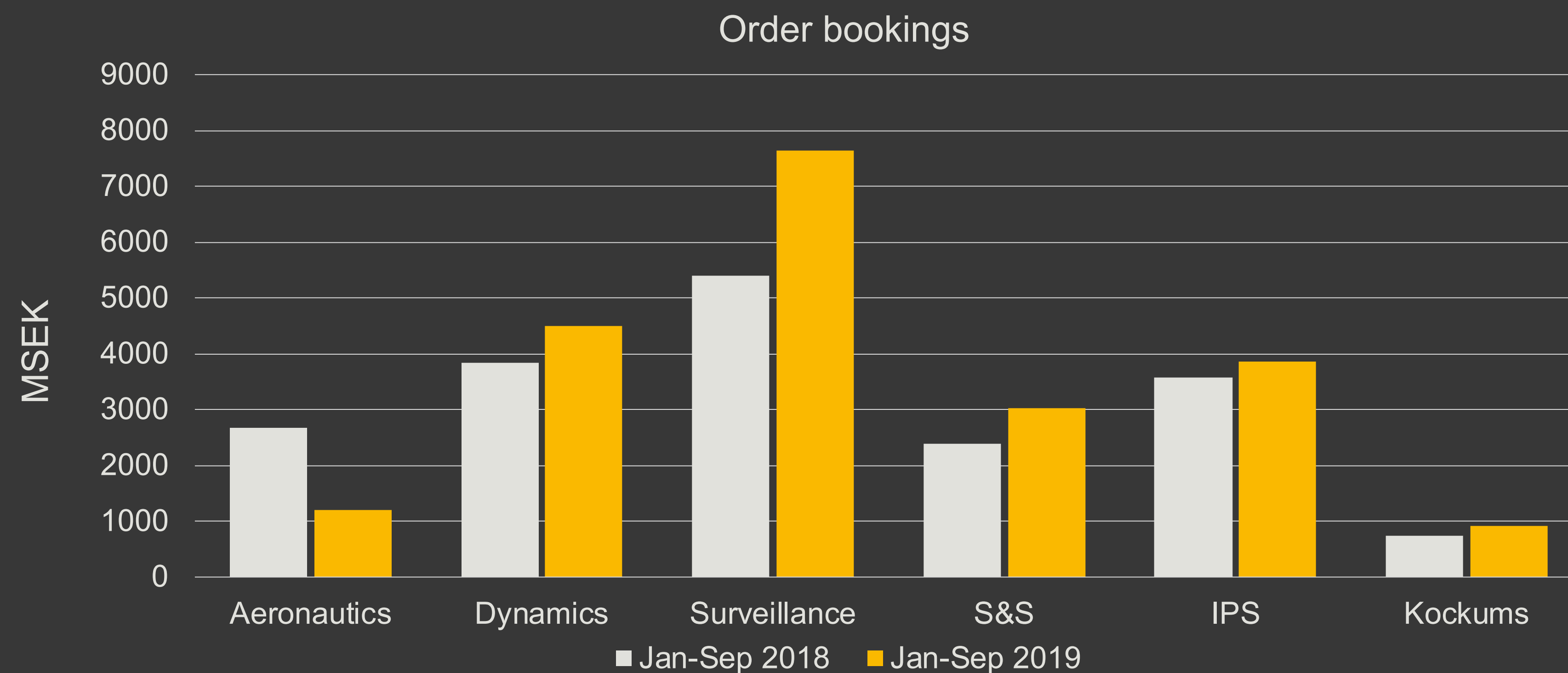
Small orders = <MSEK 100, Medium sized orders = MSEK 100-1,000,
Large orders = >MSEK 1,000

January-September 2019



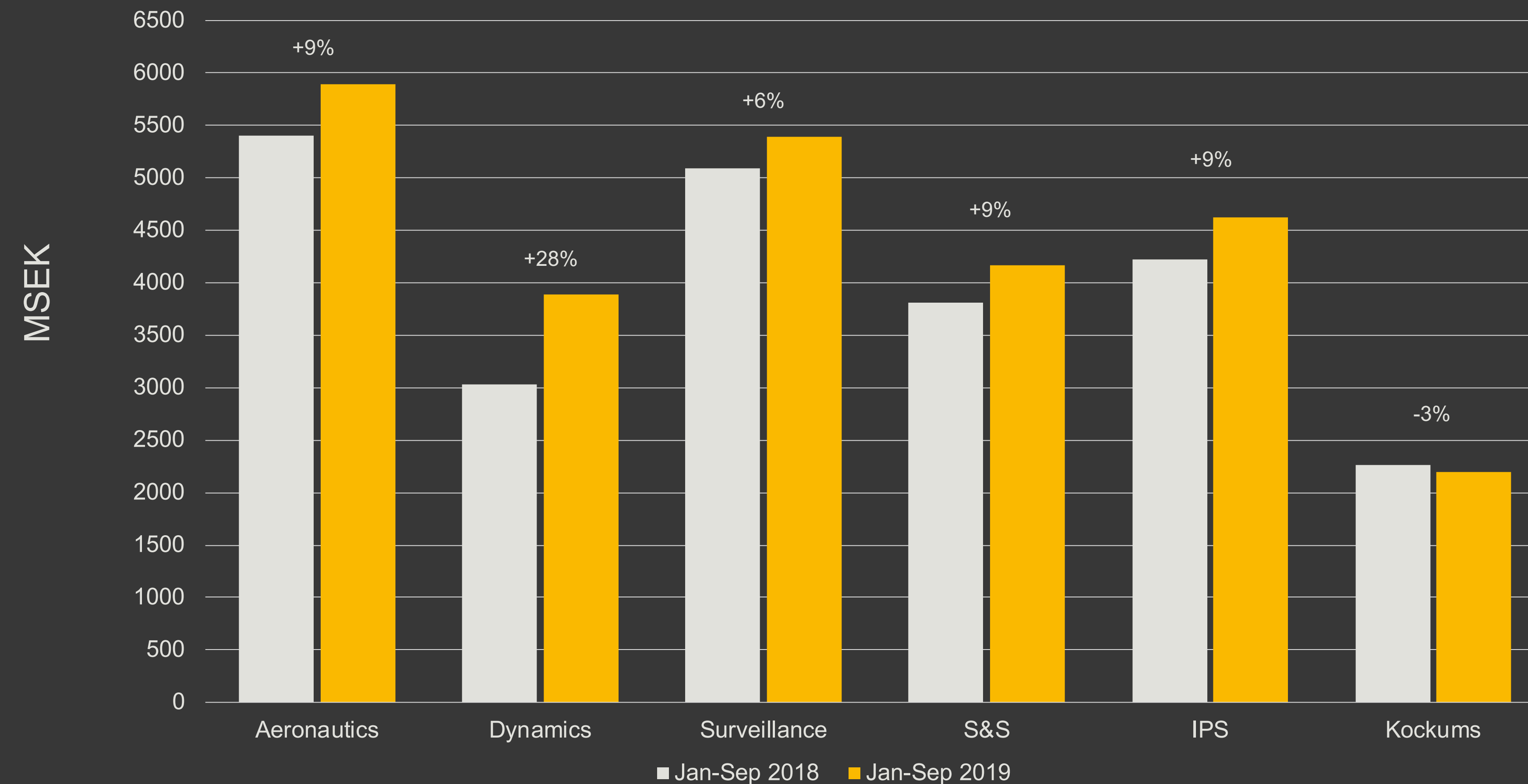
■ Small orders MSEK < 100 ■ Medium-sized orders MSEK 100-1,000 ■ Large orders > 1,000

Order bookings per business area



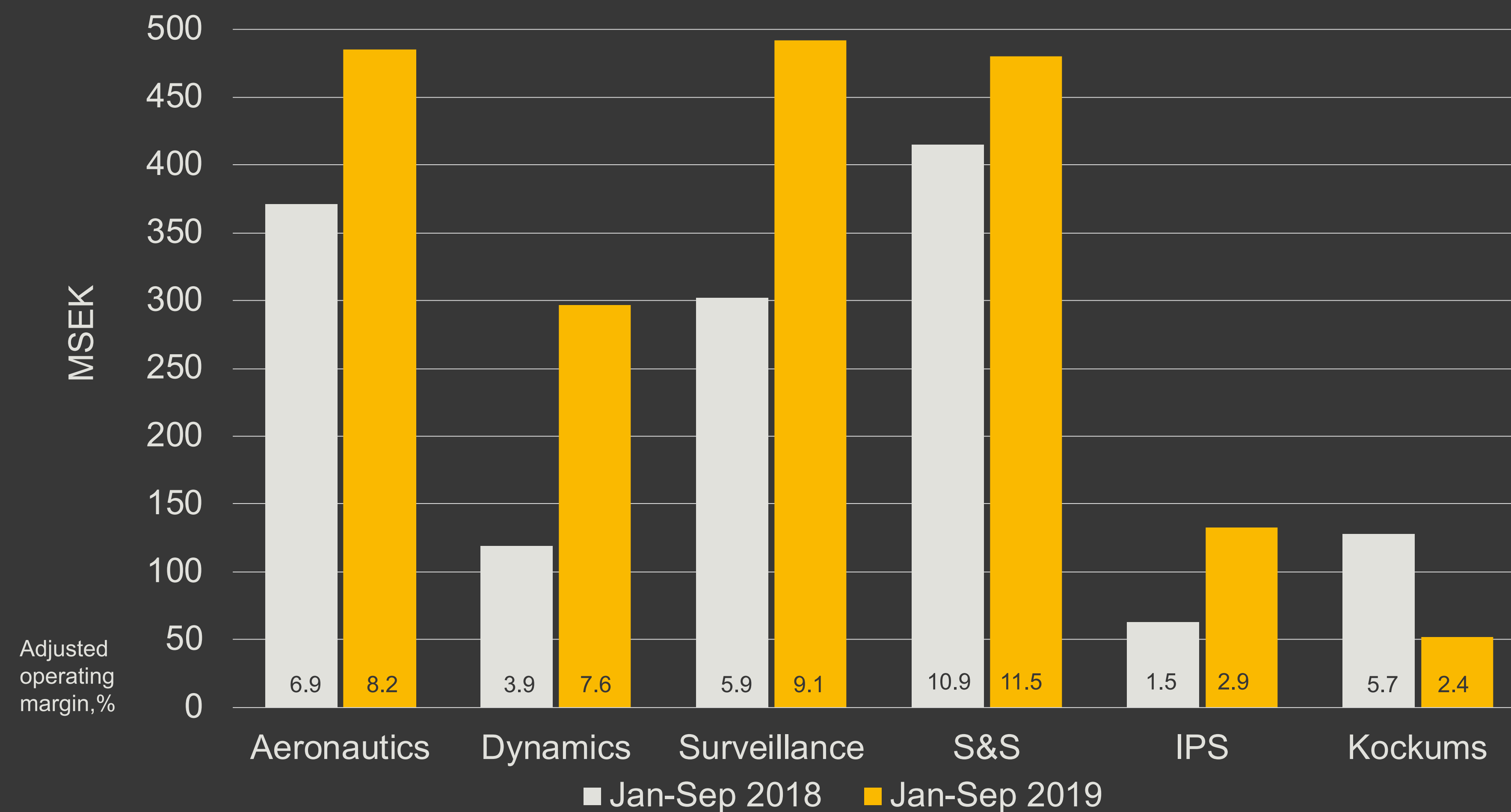
- Small orders grew 19%
- Squadron 2020 Finland, 4.2 BSEK
- Strong order bookings within business area Surveillance, Dynamics and S&S
- Two in-Service support contracts signed for airborne surveillance systems

Sales per business area



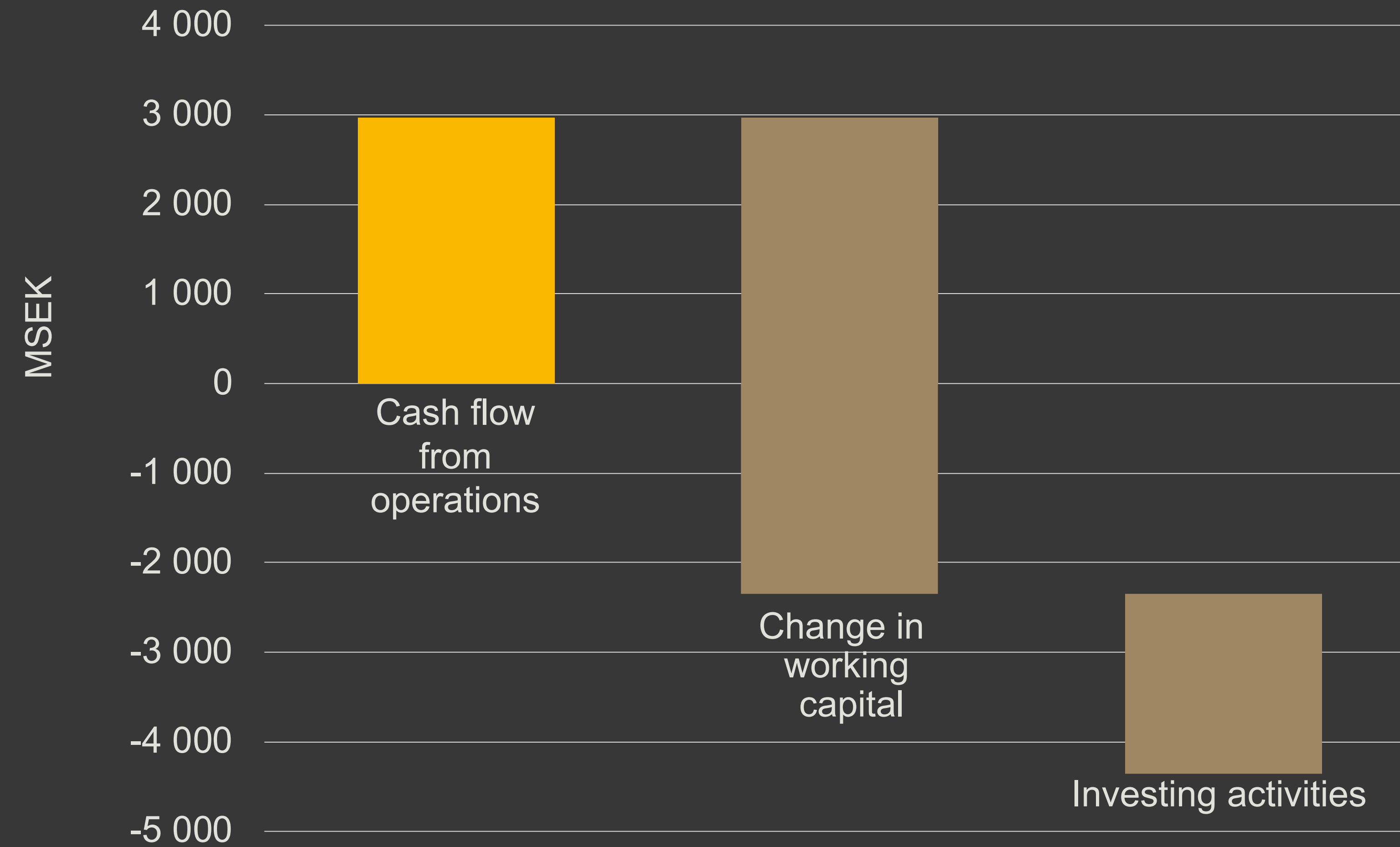
- 11% organic growth
- Strong growth in business area Dynamics driven by high demand
- High activity level within Gripen development and production driving growth
- IPS saw continued good sales in most areas

Adjusted operating income per business area



- Improvement across most business areas
- Sales growth and efficiency contributed positively
- Higher level of deliveries in Dynamics
- IPS operating margin strengthened
- Kockums impacted by lower volumes and costs related to production start up

Operational cash flow, Jan-Sep 2019



Cash flow from operating activities before changes in working capital:	2,969
Change in working capital:	-5,324
Contract assets and liabilities	-5,585
Inventories	-1,134
Other current receivables	2,512
Other current liabilities	-967
Provisions	-150
Cash flow from investing activities:	-2,001
Intangible assets	-1,141
Tangible assets	-860
Operational cash flow:	-4,356

Financial position

MSEK

Net debt, 31 December 2018	-1,460
Effects related to implementation of IFRS 16 (opening balance)	-2,190
Cash flow from operating activities	-2,651
Change in net pension obligation	-1,190
Net investments	-2,001
Repurchase of shares	-301
Dividend	-601
Other	-143
Net debt, 30 September 2019	-10,537
Net pension obligation	5,289
Total interest-bearing receivables	-580
Lease liabilities	2,531
Net debt excl. net provisions for pensions, lease liabilities and interest-bearing receivables	-3,297

33.6%
Equity/Assets
ratio

143.0
Equity per share
(SEK)



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Focus 2019

Order intake

Productivity improvement

Project execution

Cash generation



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Thank you!

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Q&A

January to September, 2019



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