



Saab Year-End Presentation 2019

7 February, 2020

Micael Johansson, President and CEO
Magnus Örnberg, EVP and CFO



Highlights, Jan-Dec 2019

Good organic growth

- Five consecutive years of organic sales growth
- Continued growth in small orders
- Order backlog supporting future growth

Improved performance

- Earnings increase of 15% y-o-y, EBIT margin of 8.3%
- High level of project execution and deliveries in several business areas
- Continued focus on efficiency and sharpening of product portfolio
- Cash flow improved and in line with plan, strong in Q4

Successful execution

- Key milestones met in the Gripen E programmes to Sweden and Brazil
- Important milestones achieved in the GlobalEye programme
- Production facility initiated in West Lafayette, Indiana, U.S. and assembly production started in Linköping for the trainer T-7A aircraft

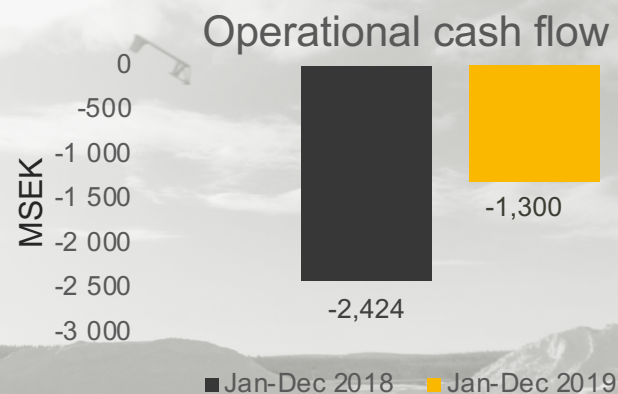
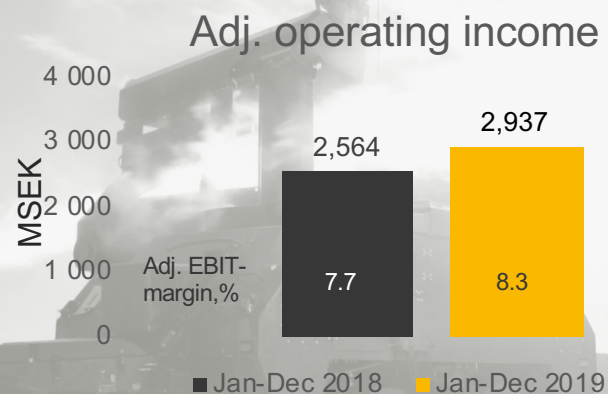
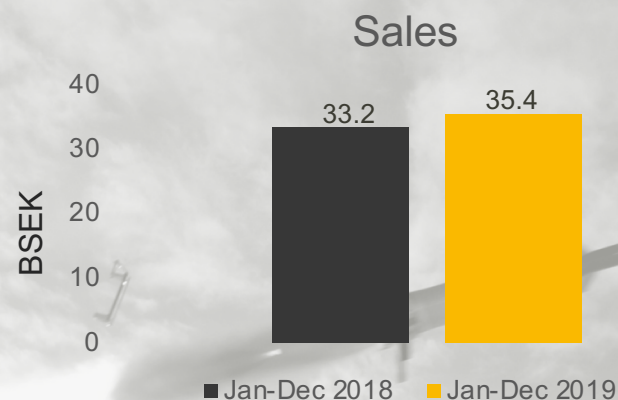
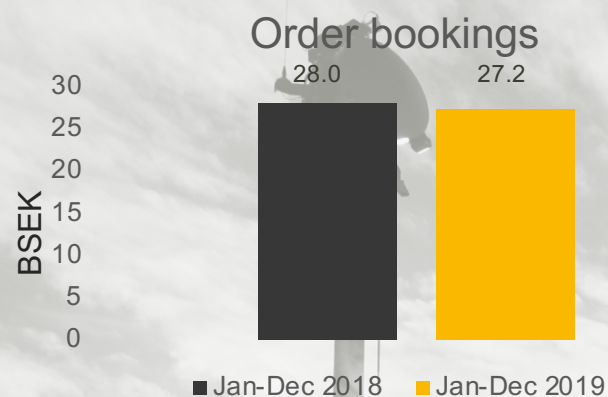


Market highlights 2019

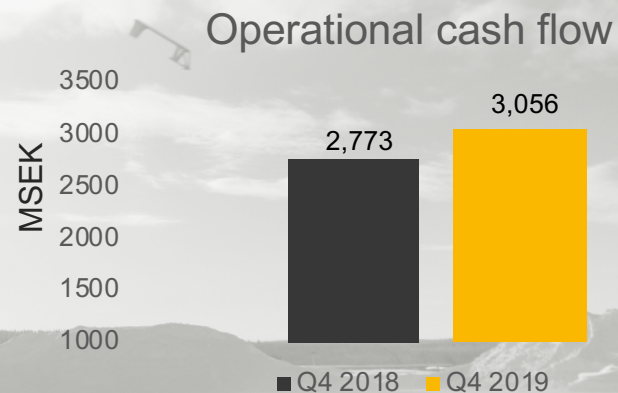
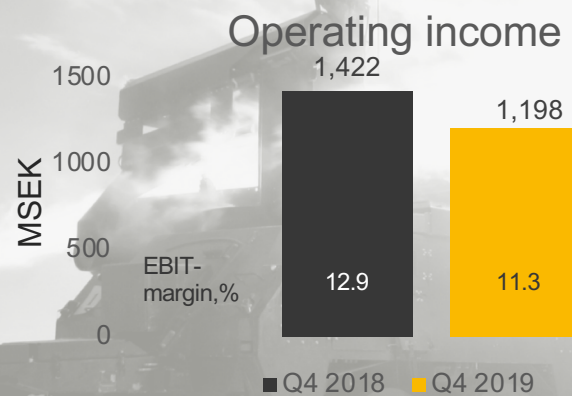
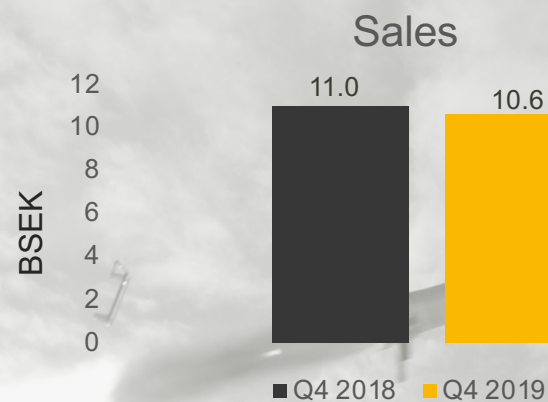
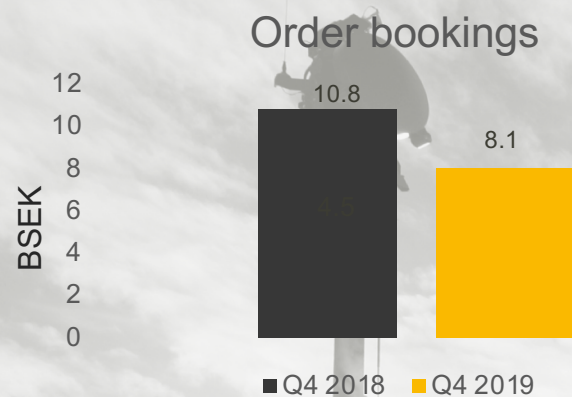
- Important order for the Finnish Navy's Squadron 2020 next generation corvette programme
- Framework agreements signed with USA and Sweden for Carl-Gustaf and AT4 system
- G/ATOR radar entered full rate production phase for U.S. Marine Corps programmes
- Two in-service support contracts signed for airborne surveillance systems
- United Arab Emirates intention to purchase two additional GlobalEye
- Contract to operate the Germany Army's combat training centre
- Saab and Damen shortlisted for the Dutch Walrus-class submarines replacement



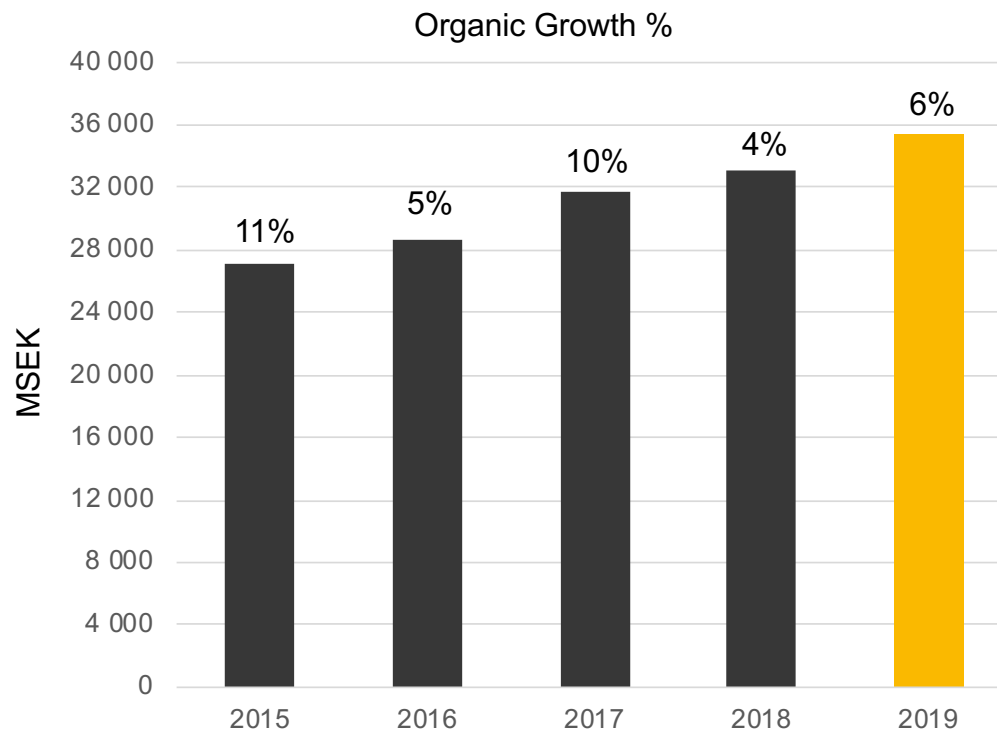
Financial highlights, Jan-Dec 2019



Financial highlights, Q4 2019



Sales development



Re-confirming our long-term targets

SALES	Average organic sales growth of 5 per cent per year over a business cycle
OPERATING MARGIN	Average operating margin (EBIT) of at least 10 per cent per year over a business cycle
EQUITY/ ASSETS RATIO	The equity/assets ratio will exceed 30 per cent



Outlook 2020

Saab estimates that organic sales growth in 2020 will be in line with the long-term financial goal of 5 per cent.

The operating margin* in 2020 is expected to improve compared to 2019.



Saab well positioned for growth

Global market drivers

- Geopolitical uncertainty continues
- Technology advancements and digitalization
- Military strategies embracing more digital tools
- Global economic slowdown have less impact on the industry due to low cyclicalilty
- Increase in defence budgets

Saab strategic priorities

- Focused market approach
- New efficient market organization
- Strategic international partnerships
- Focused investment in core areas
- R&D investments to stay on top of the technology development
- Grow recurring business

Financial Summary

Magnus Örnberg, EVP and CFO



Financial summary, Jan-Dec 2019

	MSEK	Jan-Dec 2019	Jan-Dec 2018	Change, %
<ul style="list-style-type: none"> Stable order intake Increase of small-sized orders by 10 % Full year sales growth 7%, organic growth 6% Strong earnings improvement with an operating margin of 8.3% (7.7%) <ul style="list-style-type: none"> Q4 EBIT margin of 11.3% Good contribution from project execution and continued focus on efficiency Cash flow in line with plan <ul style="list-style-type: none"> Strong cash flow in Q4 Proposed dividend 4.70 SEK/share 				
Order bookings		27,216	27,975	-3
Order backlog		93,293	102,184	-9
Sales		35,433	33,156	7
Adj. operating income		2,937	2,564	15
Adj. Operating margin, %		8.3	7.7	
Net income		2,025	1,366	48
Operational cash flow		-1,300	-2,424	
Free cash flow		-2,036	-3,195	

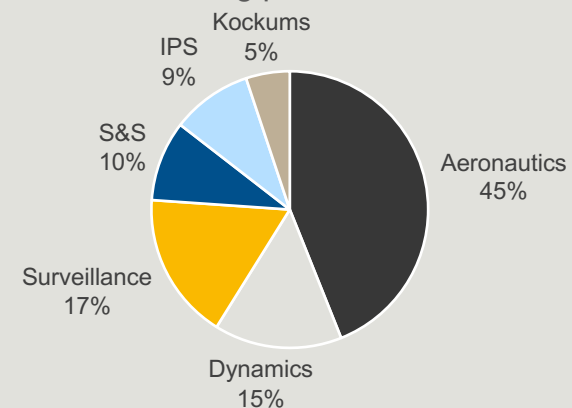
Order backlog duration

BSEK

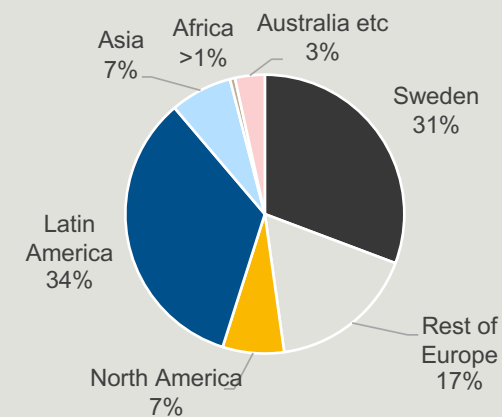
Year End 2019		Year End 2018		Year End 2017	
2020:	28.9	2019:	28.0	2018:	25.4
2021:	22.3	2020:	20.6	2019:	20.0
2022:	16.1	2021:	18.1	2020:	17.0
2023:	13.2	2022:	13.3	2021:	17.0
After 2023:	12.8	After 2022:	22.2	After 2021:	27.8
Total:	93.3	Total:	102.2	Total:	107.2



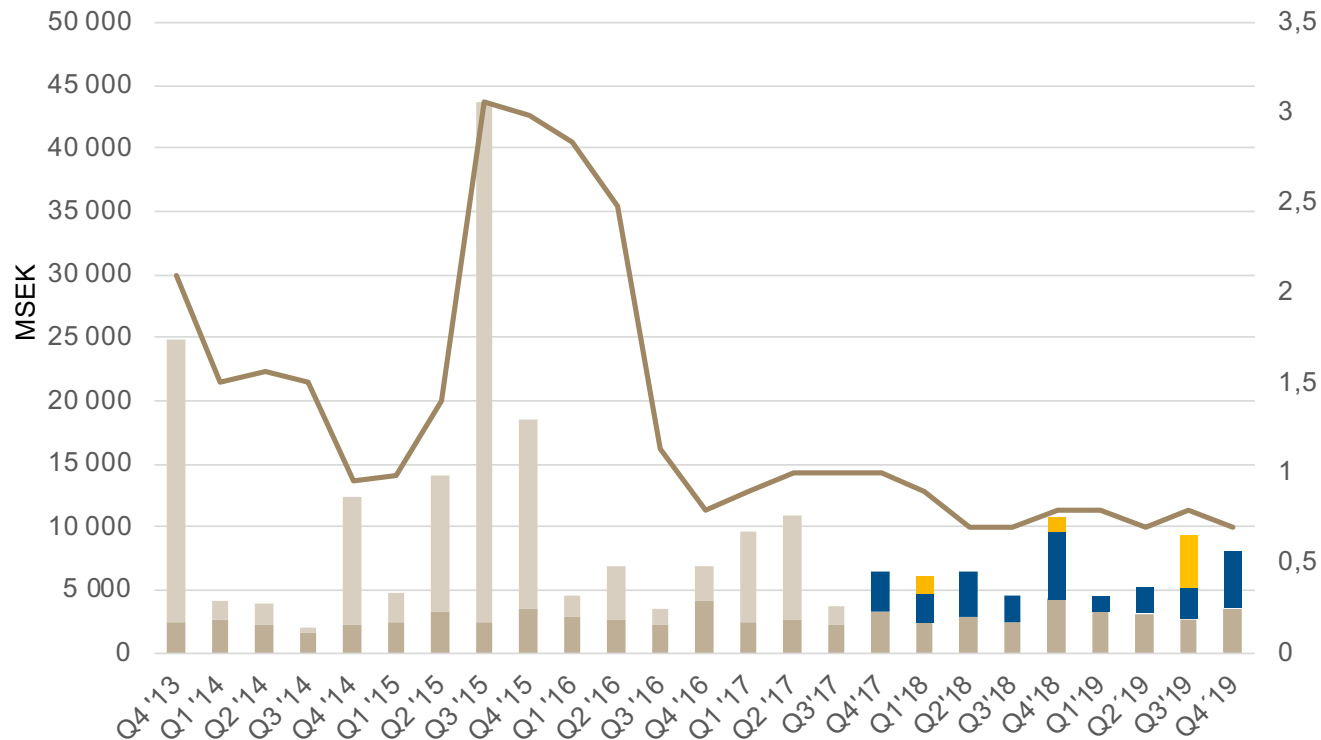
Order backlog per business area



Order backlog per region



Order size distribution

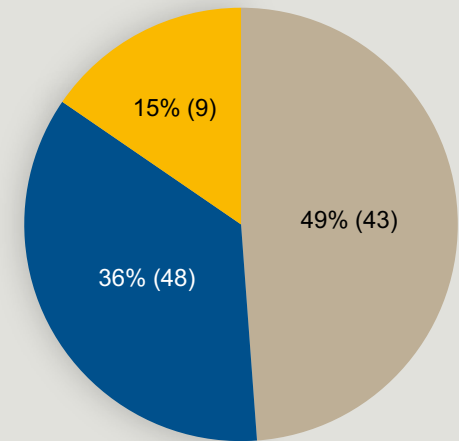


Small orders = <MSEK 100, Large orders = >MSEK 100

Large orders
Medium sized orders

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

January-December 2019



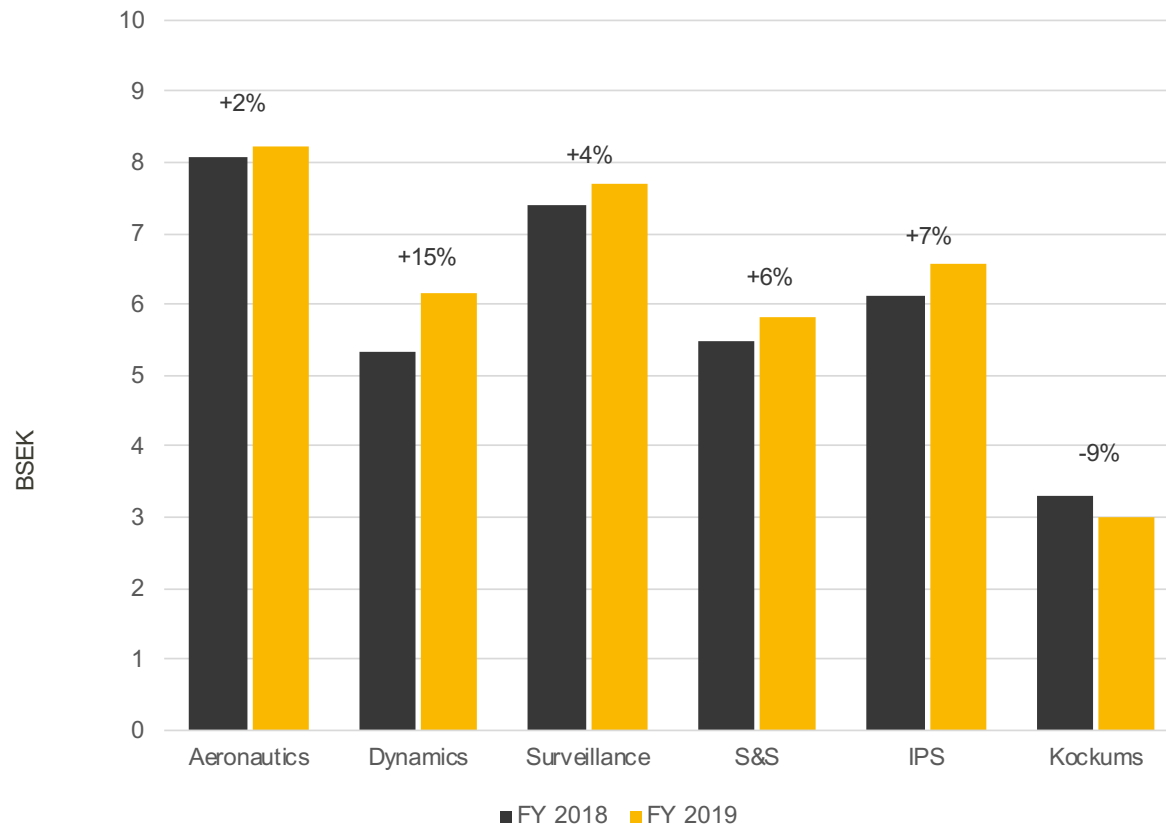
Small orders MSEK < 100
Medium-sized orders MSEK 100-1,000
Large orders > 1,000

Order backlog and order bookings



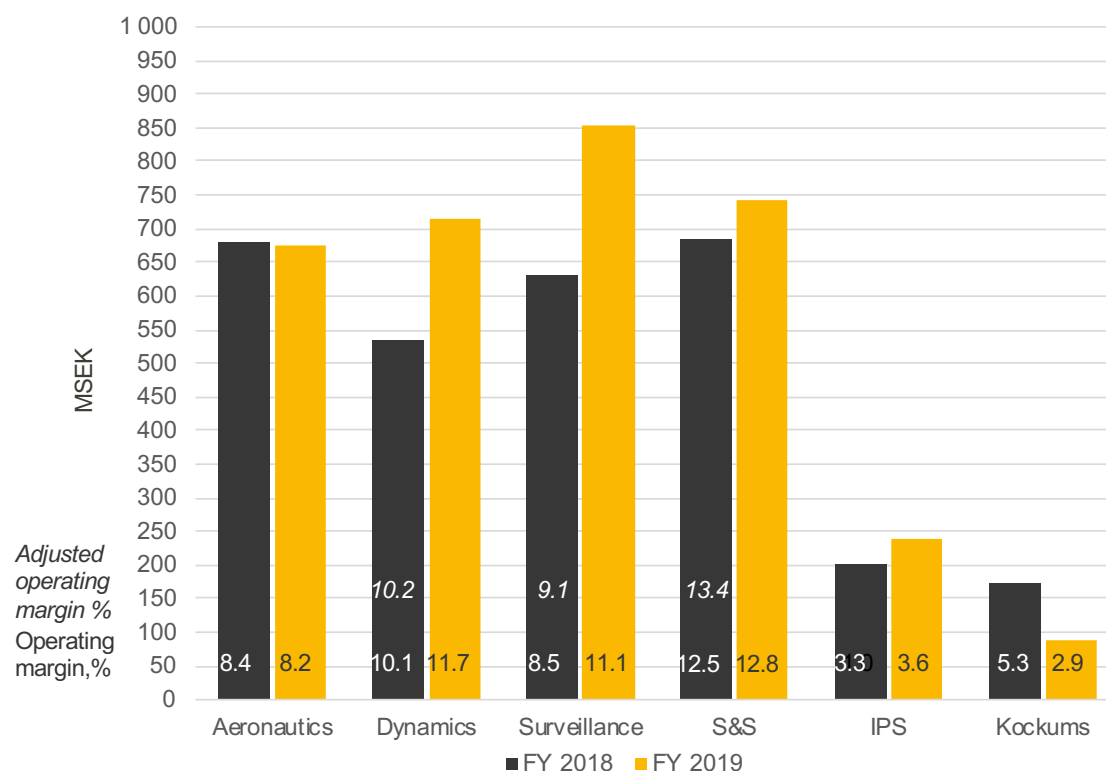
- Good distribution of order backlog over the business areas
- Surveillance strong order intake and increased order backlog
- Increased order bookings in small orders
- Framework agreements in Dynamics supporting Ground Combat and Carl-Gustaf M4 momentum
- Total backlog 93,3 BSEK excluding framework agreements

Sales per business area



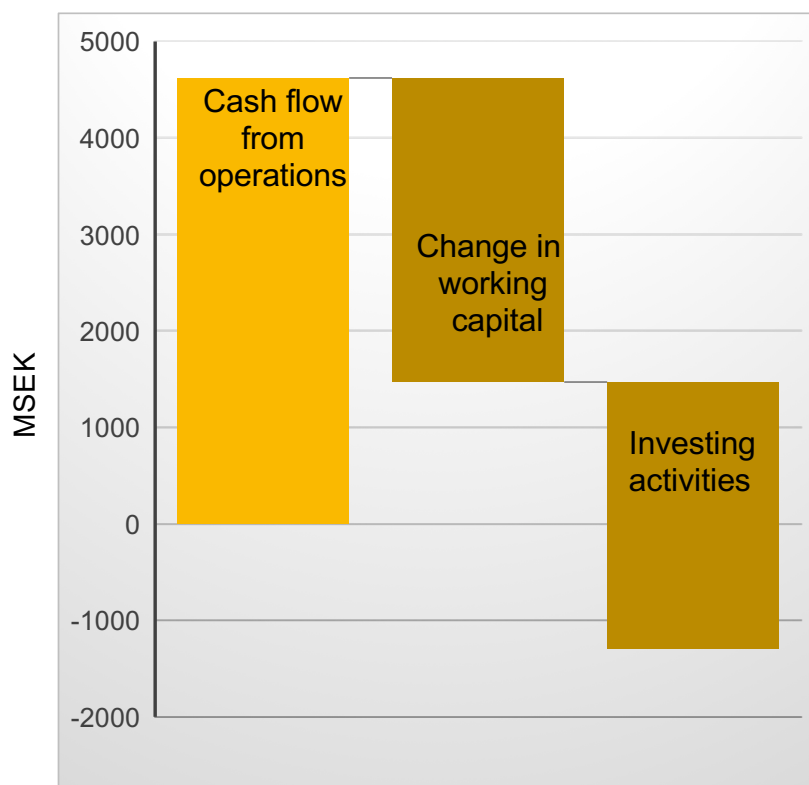
- Sales growth of 7 per cent
- Most business areas contributed to the growth; high level of project execution
- Strong growth in Dynamics
- Recurring sales supporting growth in Support & Services
- IPS benefitted from higher demand

Operating income per business area



- Full year EBIT margin of 8.3% (7.7%)
- Several business areas contributed with improved performance
- Volumes and cost efficiency supported earnings
- Dynamics, sales growth had positive effect on margins
- Surveillance, sales and project execution contributed to improved earnings
- Kockums, in transition from development to production

Operational cash flow, Jan-Dec 2019



Cash flow from operating activities before changes in working capital:

4,626

Change in working capital:

- 3,157

Contract assets and liabilities

-1,649

Inventories

-1,141

Other current receivables

176

Other current liabilities

-218

Provisions

-325

Cash flow from investing activities:

-2,769

Intangible assets

-1,588

Tangible assets

-1,181

Operational cash flow:

-1,300

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	1,194
Change in net pension obligation	-623
Net investments	-2,769
Repurchase of shares	-301
Dividend	-601
Other	-319
Net debt, 31 December 2019	-7,069
Net pension obligation	4,722
Total interest-bearing receivables	-579
Lease liabilities	2,572
Net debt excl. net provisions for pensions, lease liabilities and interest-bearing receivables	-354

34.8%

Equity/Assets
ratio

154.5

Equity
per share
(SEK)



Our focus in 2020

Market efficiency & order intake

Project execution

Sharpened portfolio

Earnings & Cash generation



Important information

This presentation may contain forward-looking statements which reflect Saab AB's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.





Q&A



SAAB