

# Saab Q2 2023

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SAAB



# 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.

# Highlights Q2 2023

- Continued momentum in orders and sales
- Delivery of new SIGINT ship to Sweden
- Successful collaboration with Boeing on the GLSDB
- Saab's Arexis selected as EW solution for German Eurofighter
- Production of the G1X in the U.K. started
- Capacity build-up in Ground Combat on plan
- Recruitment of ~1,000 new employees year-to-date



# Key figures Q2 2023

## 14.3

Order intake, SEK bn

Strong growth in medium-sized orders, Q2-22 included large GlobalEye contract

18% decrease y-o-y

## 12.5

Sales, SEK bn

High project activity in all business areas

22% organic growth

## 1,065

EBIT, SEK m

EBIT margin improvement to 8.5% (7.3)

44% EBIT growth

## -1.5

Operational cash flow, SEK bn

Lower customer payments and higher supplier payments

(Q2 22: 531 SEK m)

# **Strong** market fundamentals

- Support to Ukraine's defence remains strong
- EU and NATO countries' defence investments to continue
- Defence planning processes ongoing in several countries
- Initiatives to support production and capacity through EU ASAP and NATO Defence Production Action Plan
- Opportunities with potential Swedish NATO membership



**"Strengthening of defence capabilities in EU and NATO will continue for many years"**



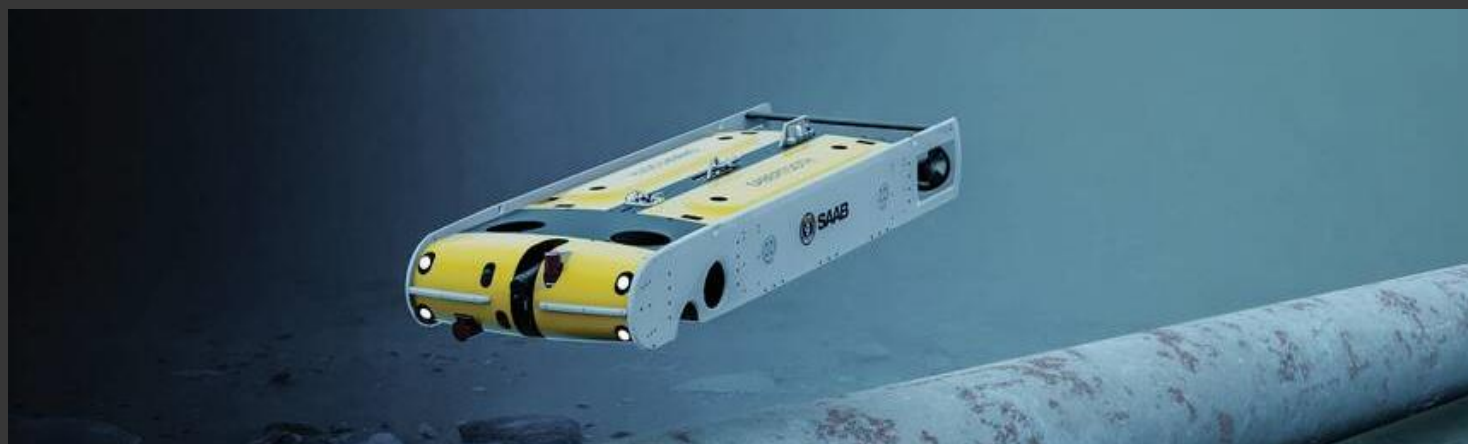
# Orders Q2 2023

	Q2 2023	H1 2023
<b>Total orders</b>	<b>14.3</b>	<b>31.3</b>
	SEK billion	SEK billion
	(17.4)	(25.5)

	Q2 2023	H1 2023
<b>International orders</b>	<b>7.1</b>	<b>21.0</b>
	SEK billion	SEK billion
	(5.0)	(9.0)

**Order backlog** **135**  
SEK billion

- Carl-Gustaf® ammunition to Sweden
- Sight- and fire control for CV90 combat vehicles
- Largest Sabertooth AUV order to date
- Gripen development and support to Sweden
- Carl-Gustaf® M4 to Australia

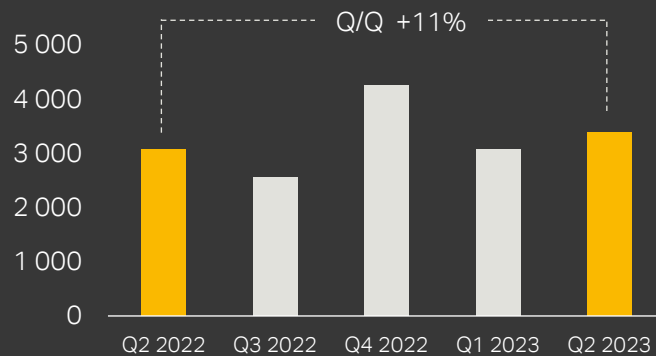


# Aeronautics

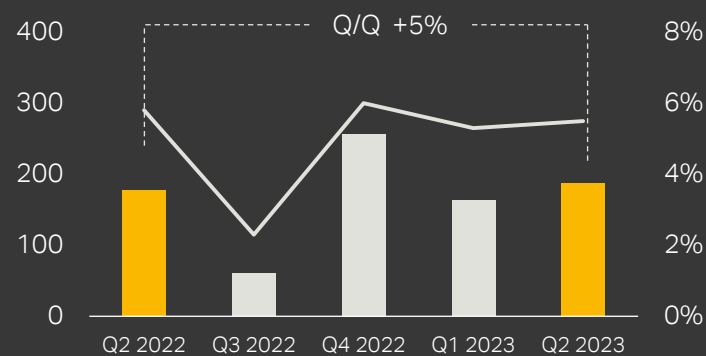


- Sales growth in all business units
- Inauguration of the Gripen E production line in Brazil
- First T-7A Red Hawk flight by U.S. Air Force pilot
- Ongoing market campaigns for Gripen

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order Intake  
SEK bn

**2.2**

Order Backlog  
SEK bn

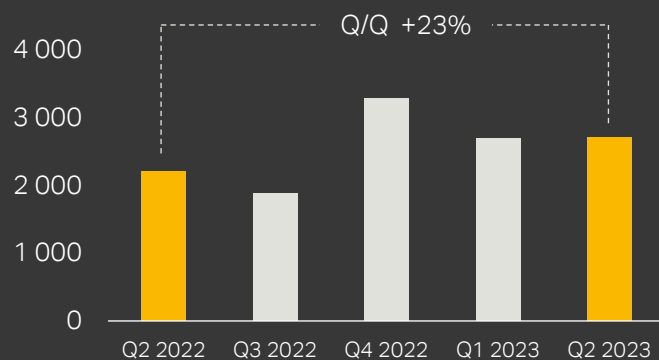
**39.8**



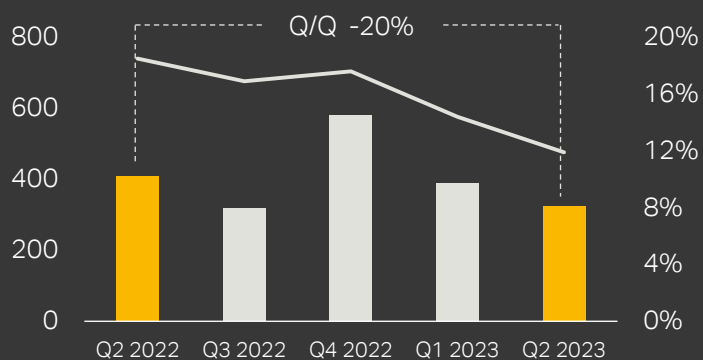
# Business Area Dynamics

- Strong order momentum
- Sales growth across several business units
- Continuous efforts to ramp-up capacity
- EBIT margin lower compared to favourable mix in 2022

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order Intake  
SEK bn

**6.7**

Order Backlog  
SEK bn

**41.9**

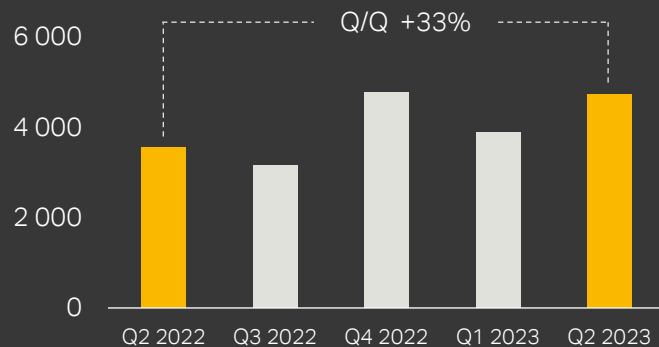




# Surveillance

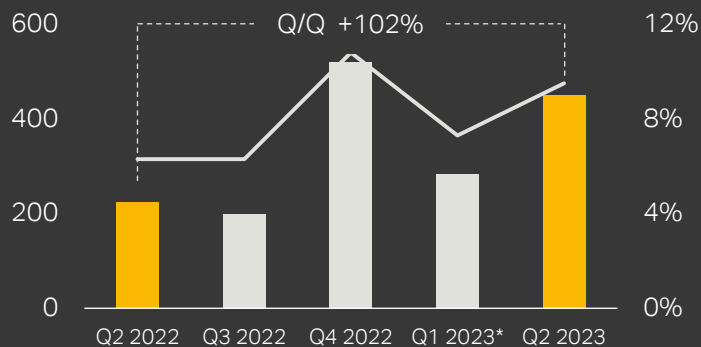
- Significant sales growth and strong EBIT improvement
- Large interest in Saab's GlobalEye system
- EW solution Arexis selected for German Eurofighters
- Launch of new Deployable Digital Tower for flexible air traffic control

Sales, SEK million



EBIT and EBIT margin, SEK million and %

*\*adjusted for items affecting comparability*



Order Intake  
SEK bn

**4.3**

Order Backlog  
SEK bn

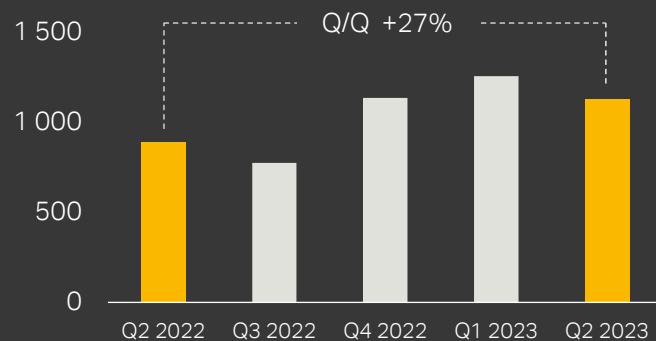
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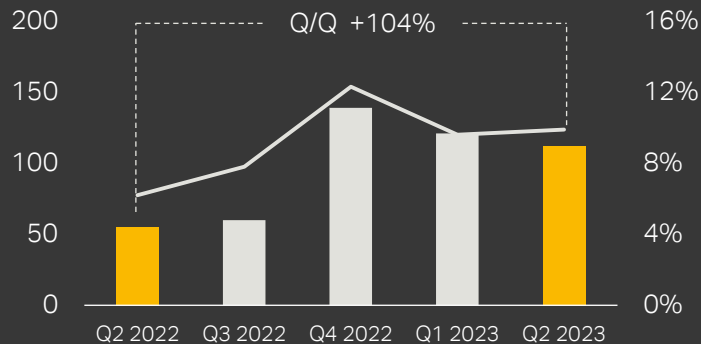
# Kockums

- High project activity and aftermarket drives growth
- Sweden and Australia bilateral agreement on submarine technology
- Delivery of new SIGINT ship to Sweden
- Steel cutting ceremony for Poland's new SIGINT ships

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order Intake  
SEK bn

0.5

Order Backlog  
SEK bn

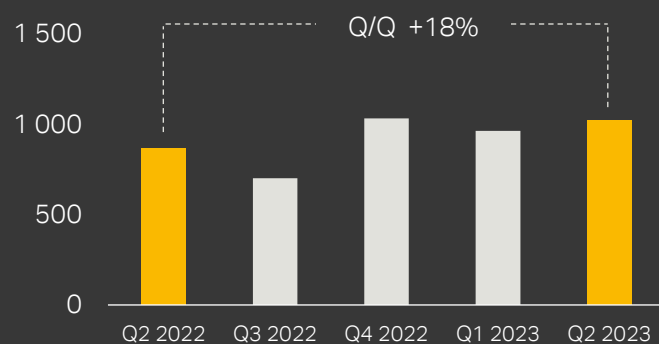
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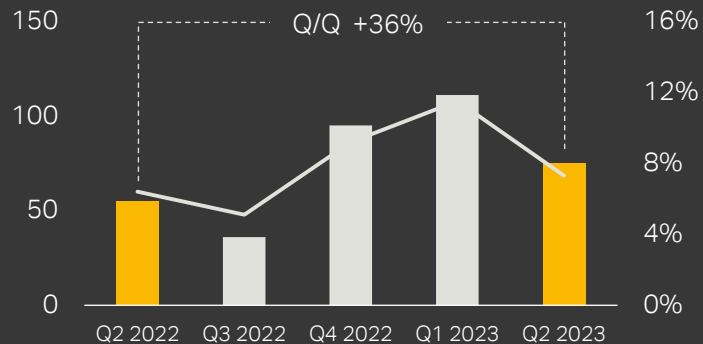
# Combitech

- Continued favourable market demand
- Steady increase in number of consultants
- Digitalisation and technical support contract to the Swedish Army
- Strategic partnership with BAE Hägglunds on CV90 and tracked vehicle

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order Intake  
SEK bn

**1.4**

Order Backlog  
SEK bn

**1.7**



# Sustainability Q2 highlights

- Efforts to increase sustainability cooperation with over 400 suppliers at Saab-hosted “Supplier’s Days”
- Saab’s internal “Climate Innovation Call” kicked off with several projects within for example simulation capabilities and energy efficiency
- Emission increase in Q2 due to high growth, which requires even further focus on our climate impact reduction plan

## Keeping people and society safe



# Upgraded sales growth outlook 2023

*Based on our current expectations for programme execution and deliveries in the second half of the year, we upgrade our sales growth outlook for 2023.*

**New: Organic sales growth between 16-20%**

*Previous: Organic sales growth of around 15%*



# Priorities going forward

- Continue strong focus on customer deliveries
- Capture market opportunities including increased NATO capabilities
- Capacity build-up and resource onboarding
- Managing supply chain and inflation
- R&D investments and Saab's future portfolio
- Industry partnerships and collaborations

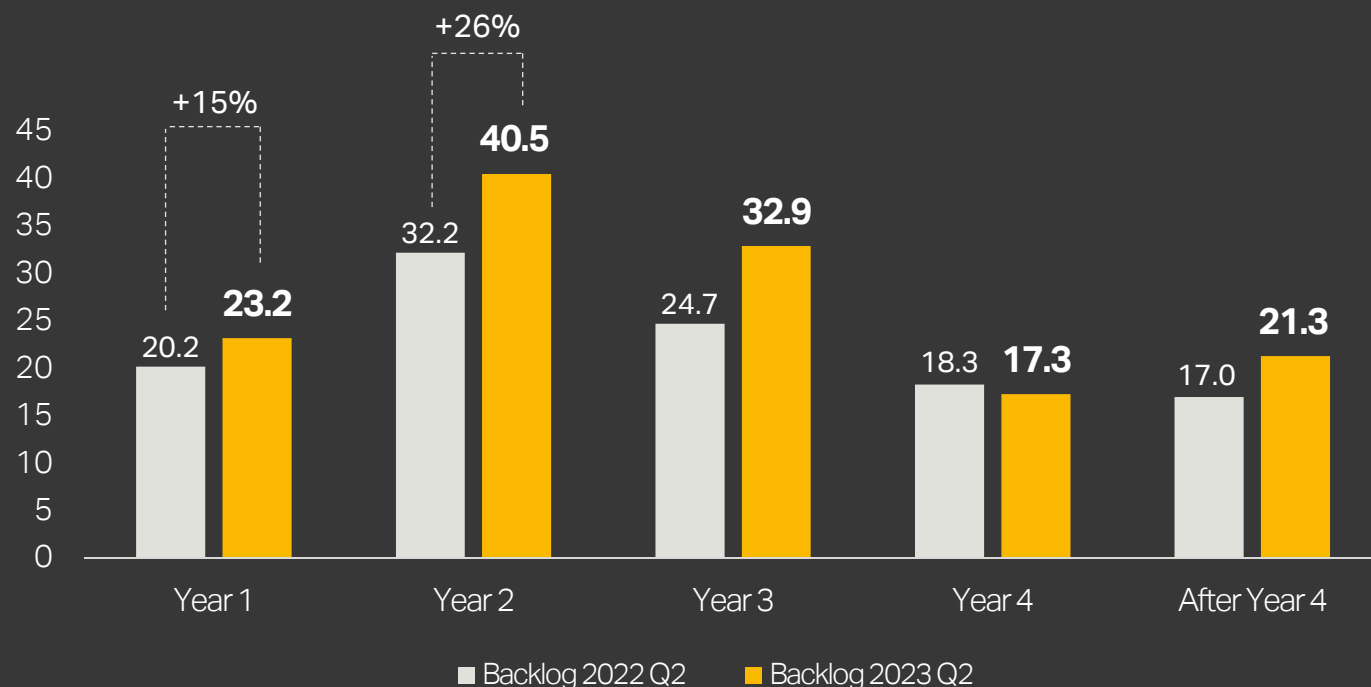


# Financial summary



# Strong order momentum

Order backlog duration, SEK billion



## Q2 2023

# 50%

Order bookings from international markets

(29% in Q2 2022)

- Q2 book-to-bill of 1.5x (R12M) supporting future sales growth
- Record high order backlog 135 BSEK, increased 6% since Dec 2022
- Increased tail of the backlog with more than 4 BSEK
- 64% of backlog outside Sweden

# Financial summary Q2 2023

Saab Group, SEK million unless otherwise stated

	Q2 2023	Q2 2022	Change
Sales	12,475	10,171	23%
<b>Gross Income</b>	<b>2,760</b>	<b>2,122</b>	<b>30%</b>
<i>Gross margin</i>	22.1%	20.9%	
<b>EBITDA</b>	<b>1,618</b>	<b>1,255</b>	<b>29%</b>
<i>EBITDA margin</i>	13.0%	12.3%	
<b>EBIT</b>	<b>1,065</b>	<b>738</b>	<b>44%</b>
<i>EBIT margin</i>	8.5%	7.3%	
Financial net	-53	-188	
<i>Tax rate</i>	21.1%	21.3%	
<b>Net income</b>	<b>798</b>	<b>433</b>	<b>84%</b>
<b>EPS (SEK)</b>	<b>5.76</b>	<b>3.15</b>	<b>83%</b>

## Comments

- Improvement in gross income and gross margin driven by the strong sales volumes and mix
- EBIT increase of 44% primarily driven higher sales and scale effects
- IAC of SEK +34m net, from property divestment and write-downs in minority portfolio
- Financial net benefit from unrealised results of SEK +22m (-106) from S-T investments, supporting the strong increase in net income and EPS



# Financial summary H1 2023

Saab Group, SEK million unless otherwise stated

	H1 2023	H1 2022	Change	FY 2022
Sales	23,960	19,389	24%	42,006
<b>Gross Income</b>	<b>5,262</b>	<b>4,156</b>	<b>27%</b>	<b>8,886</b>
<i>Gross margin</i>	<i>22.0%</i>	<i>21.4%</i>		<i>21.2%</i>
<b>EBITDA</b>	<b>3,102</b>	<b>2,403</b>	<b>29%</b>	<b>5,401</b>
<i>EBITDA margin</i>	<i>12.9%</i>	<i>12.4%</i>		<i>12.9%</i>
<b>EBIT</b>	<b>1,993</b>	<b>1,392</b>	<b>43%</b>	<b>3,274</b>
<i>EBIT margin</i>	<i>8.3%</i>	<i>7.2%</i>		<i>7.8%</i>
Financial net	-51	-357		-455
<i>Tax rate</i>	<i>21.1%</i>	<i>22.2%</i>		<i>19.0%</i>
<b>Net income</b>	<b>1,533</b>	<b>805</b>	<b>90%</b>	<b>2,283</b>
<b>EPS (SEK)</b>	<b>11.21</b>	<b>5.80</b>	<b>93%</b>	<b>16.41</b>

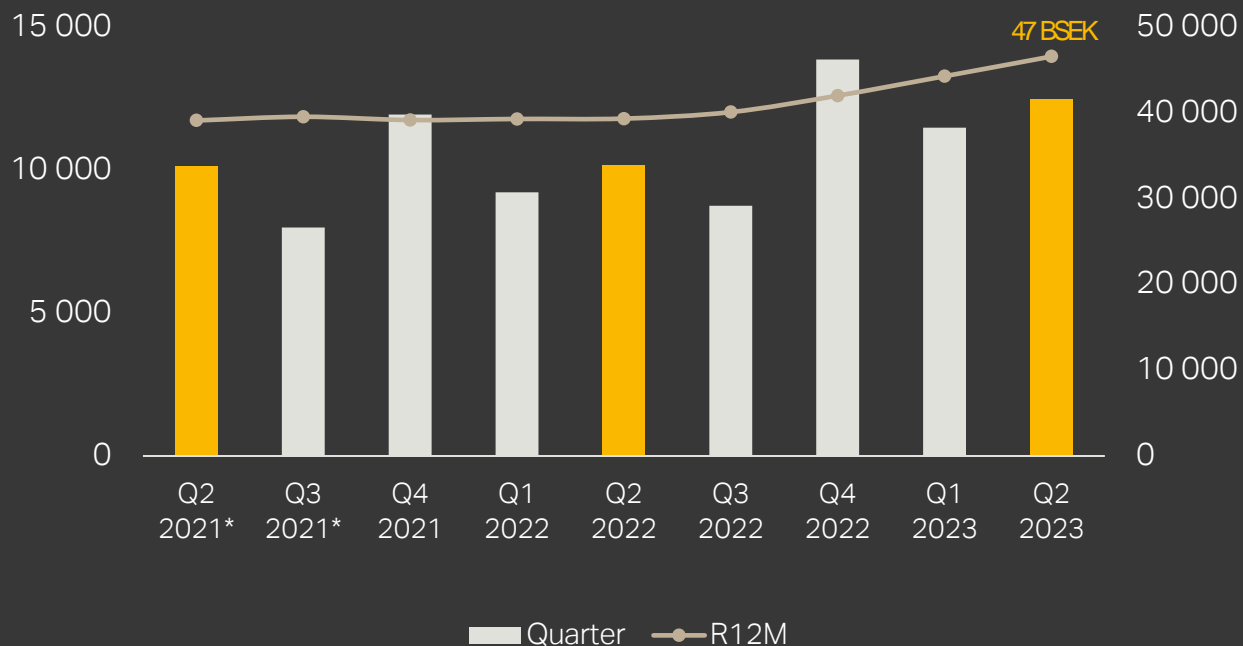
## Comments

- Gross income up +27% by strong sales growth, gross margin improvement to 22.0% (21.4) due to mix effects
- EBIT improvement driven by higher sales and scale effects
- IAC of SEK +44m net, from MTM and property divestment and write-downs in minority portfolio
- H1 financial net benefit from unrealised results of SEK +26m (-209) from S-T investments, supporting the strong increase in net income and EPS



# Sales development

Group Sales, SEK million



## Q2 2023

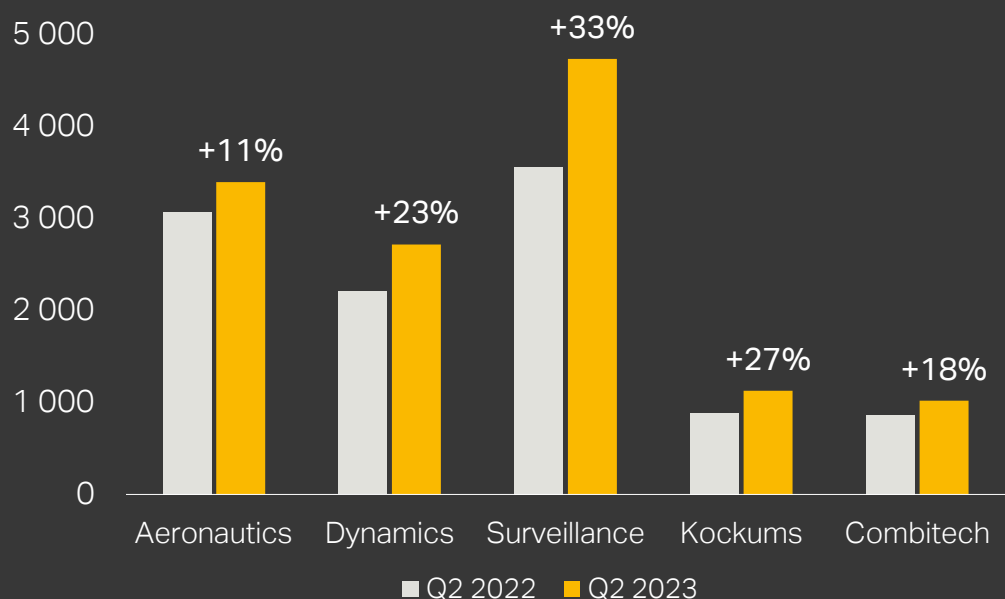
**12.5**  
Sales, SEK bn  
**(Q2 22: 10.2)**

**+22%**  
Organic sales growth  
**23% total growth**

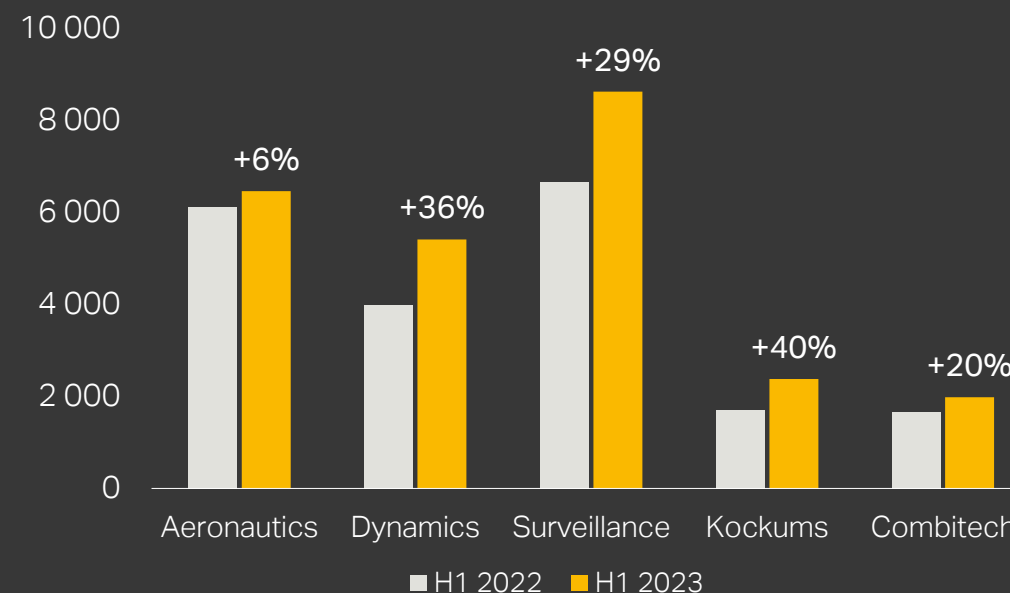
- Another strong quarter with high volumes and good pace in projects
- Strong sales growth in Europe incl. Sweden, North America and Australia
- Sales CAGR of 9.6% over last 3 years

# Sales per business area

Sales Q2 2023, SEK million



Sales H1 2023, SEK million



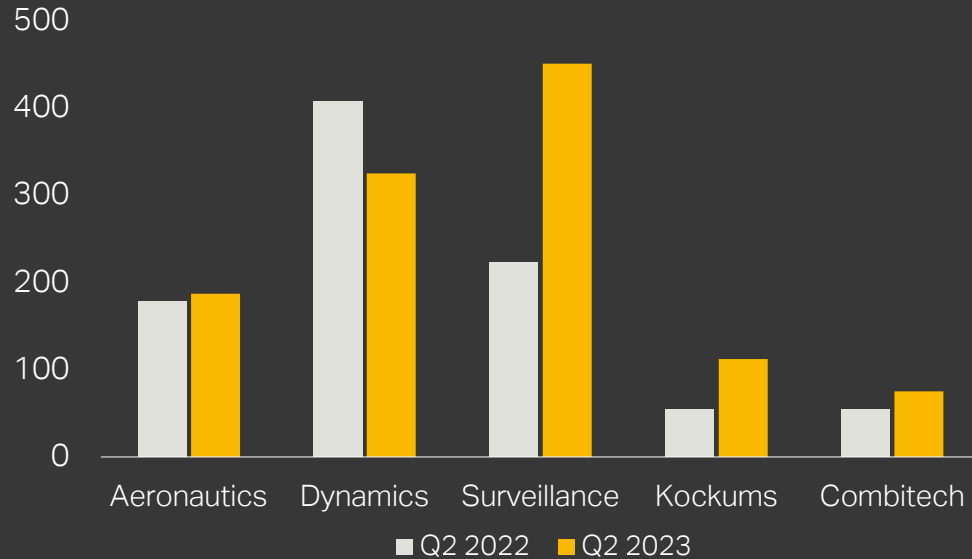
- Significant growth in all business areas in Q2
- Aeronautics moved into sales growth in Q2
- Surveillance growth in most business units

- Strong sales contribution across the board
- Sales growth driven by project execution (material and hours) and deliveries

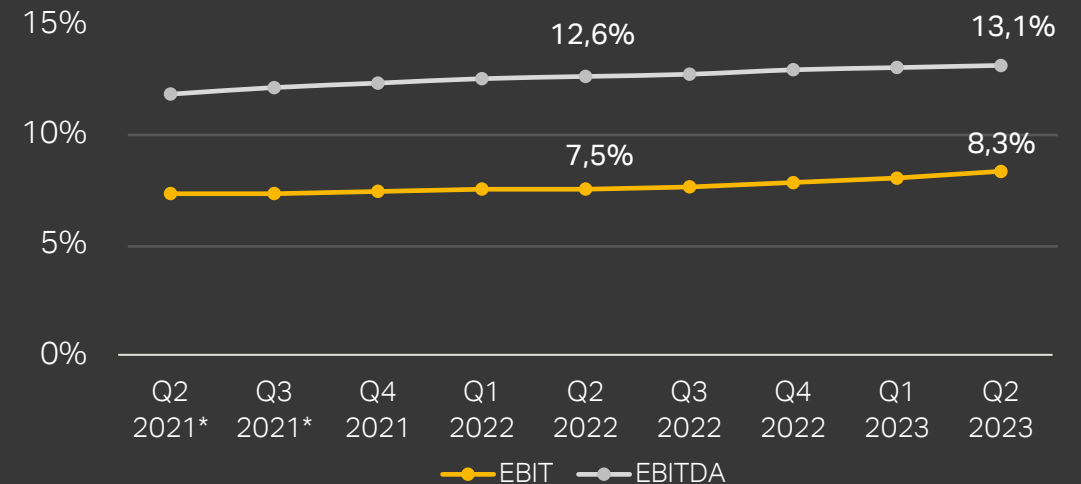
# EBIT and EBITDA



EBIT Q2 2023, SEK million



Group EBIT and EBITDA margin, % R12M

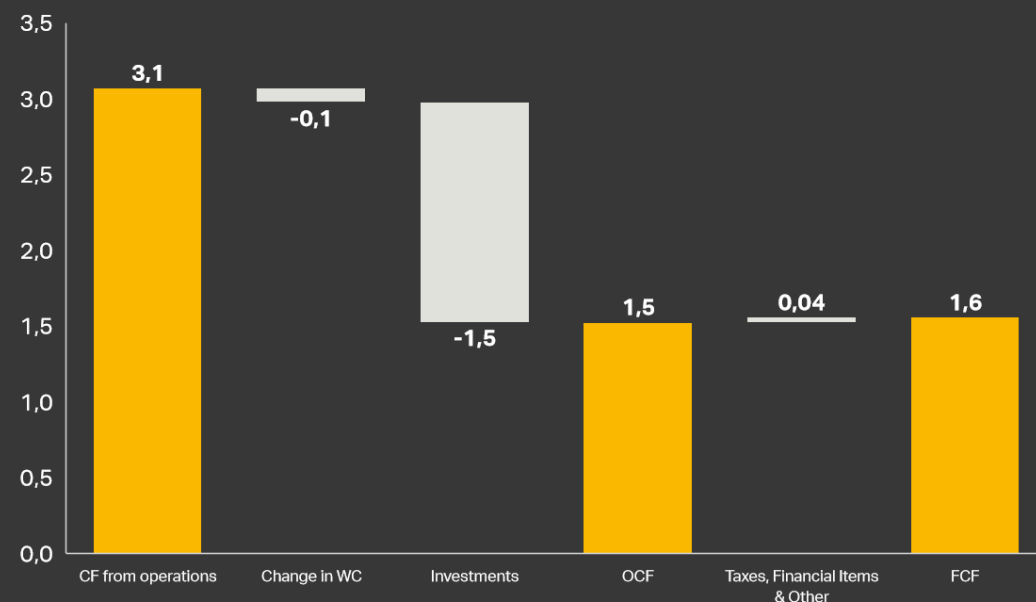


- Surveillance shows strong EBIT contribution and improved margin
- Dynamics margins lower than last year due to a more favourable mix in 2022
- Positive EBIT and EBITDA margin trend from gross margin and sales scale effects
- R&D increases of 19% in Q2 and 15% for the H1 period

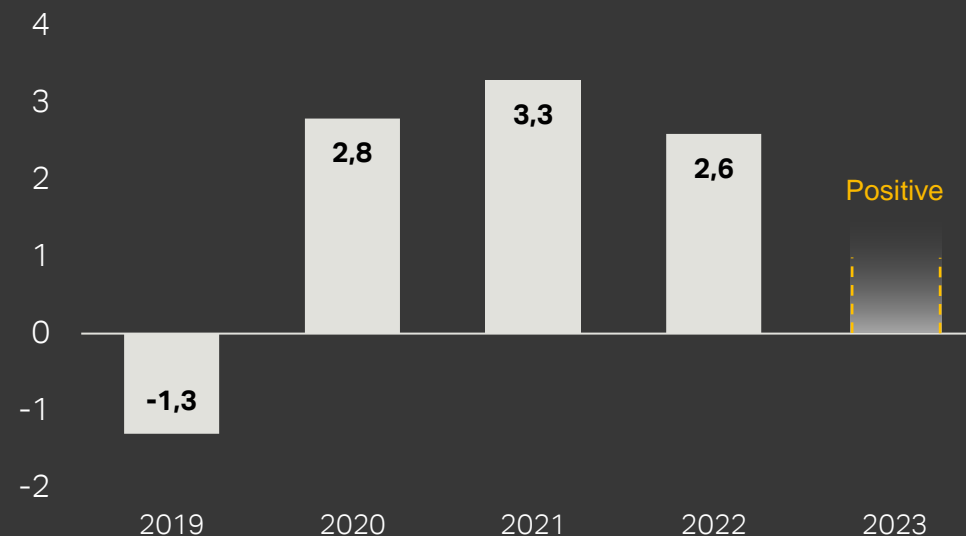
\*Adjusted for items affecting comparability

# Cash flow analysis

Group Cash Flow YTD, SEK billion



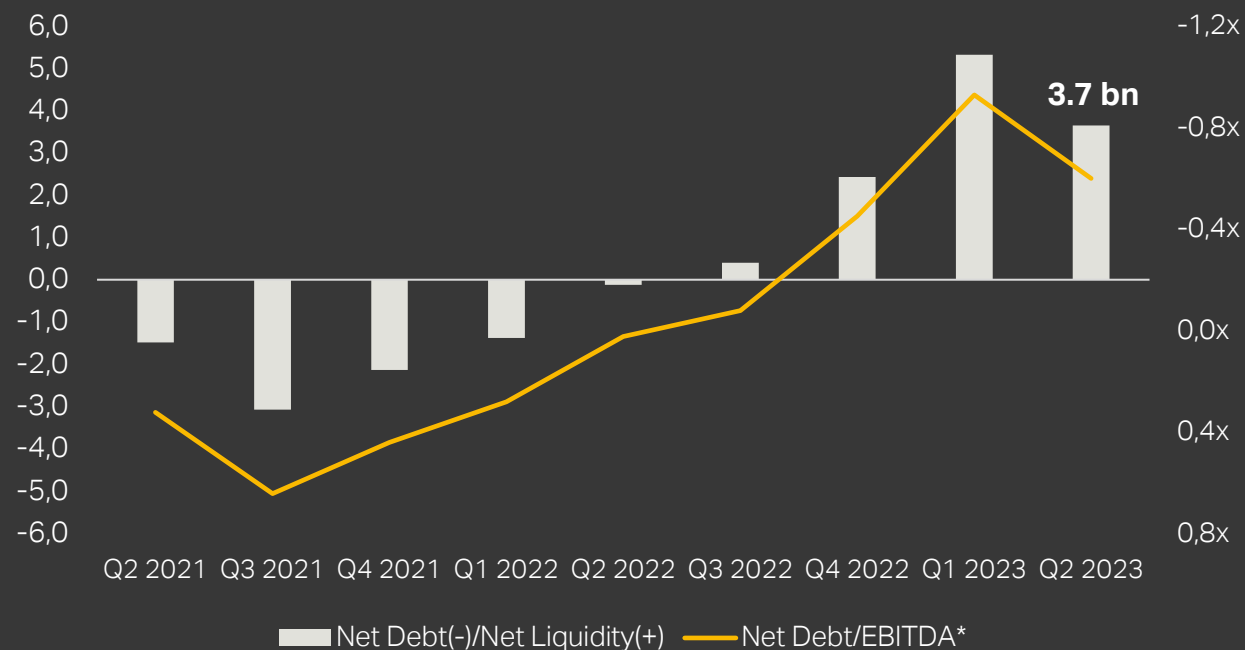
Operational cash flow to be positive for 2023, SEK billion



- Q2 cash flow included fewer larger customer payments and higher outflows to suppliers
- Inventory levels increase Y/Y driven by Surveillance and Dynamics
- Higher investment in IT and facilities to support increased capacity
- FCF positively impacted by SEK 0.4bn from MTM and property divestment

# Strong balance sheet

Liquidity/debt position, SEK billion



## Q2 2023

**-0.60x**  
Net debt/EBITDA\*

**40.2%**  
Equity/Asset ratio

**13.3**  
Cash and short term  
investments, SEK bn

**6.0**  
Revolving Credit Facilities,  
SEK bn



# Outlook and targets



Organic sales growth

Operating income

Cash flow

Outlook 2023

16-20%

Operating income growth **higher** than organic sales growth

**Positive** operational cash flow

Medium-term  
2023-2027

~10%  
CAGR\*

Operating income growth **higher** than organic sales growth

**>70%** cash conversion\*\*  
(cumulative 5 yrs)

\*CAGR base year 2022

\*\*Cash conversion = Operational cash flow / Operating income

# Q&A

