

**Capital employed**

This key ratio is defined as total assets less non-interest-bearing liabilities. It represents the capital that is lent to Saab by the shareholders or by lenders. As Saab wants to have a strong balance sheet, this key figure is important for the management of Saab's operations.

**Cash conversion**

Cash conversion is defined as Operational cash flow divided by operating income (EBIT). It is important for Saab to ensure the creation of a positive cash flow in the operations and therefore operational Cash conversion is an important key ratio for the management of Saab's business areas and for Saab as a whole.

**Earnings per share**

Net income for the period attributable to the Parent Company's shareholders, divided by the average number of shares before and after full dilution.

**EBITDA**

EBITDA is operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft. EBITDA is an important key ratio for the management of Saab's operations.

**EBITDA margin**

The EBITDA margin is defined as operating income before depreciation/amortisation and write-downs less depreciation/amortisation and write-downs of lease aircraft, as a percentage of sales. This key ratio shows the profitability before depreciation and amortisation and write-downs and is an important key ratio for control of the management of Saab's operations.

**EBITDA adjusted for items affecting comparability**

This key ratio is calculated as EBITDA adjusted for items affecting comparability. This key ratio shows the profitability of operations and is an important key ratio for control of the management of Saab's operations.

**EBITDA margin adjusted for items affecting comparability**

This key ratio is calculated as EBITDA adjusted for items affecting comparability as a percentage of adjusted sales. This key ratio shows the profitability of operations excluding depreciation, amortisation and write-downs and is an important key ratio for control of the management of Saab's operations.

**Effective tax rate**

Current and deferred taxes as a percentage of income before tax. Saab monitors and reports the current tax rate as it has an impact on net income and earnings per share.

**Equity/assets ratio**

This key ratio shows equity in relation to total assets. It states the proportion of the assets that are financed with equity and is an indication of the company's long-term solvency. Saab aims to have an equity/assets ratio exceeding 30 percent.

**Equity per share**

Equity attributable to the Parent Company's shareholders divided by number of shares, excluding treasury shares, at the end of the period. Saab's ambition is to have a strong balance sheet and therefore follows up on this key ratio.

**Free cash flow**

This key ratio is defined as cash flow from operating activities and from investing activities, excluding acquisitions and divestments of short-term investments and other interest-bearing financial assets. It is important for Saab to ensure the creation of a positive cash flow in the operations, and therefore this is an important key ratio for the management of Saab's operations.

**Free cash flow per share**

This ratio is defined as free cash flow divided by the average number of shares after dilution.

**Gross margin**

Gross margin is defined as gross income as a percentage of sales. The gross margin shows the profitability of a project and is included as one of the key ratios that are important for the management of Saab's operations.

**Gross income adjusted for items affecting comparability**

This key ratio is calculated as Gross Income adjusted for items affecting comparability. This key ratio shows the profitability of operations and is an important key ratio for control of the management of Saab's operations.

**Gross margin adjusted for items affecting comparability**

This key ratio is calculated as Gross Income adjusted for items affecting comparability as a percentage of adjusted sales. This key ratio shows the profitability of operations and is an important key ratio for control of the management of Saab's operations.

**Net investments**

This key ratio is defined as acquisitions and divestments of intangible and tangible fixed assets, and acquisitions and divestments of non-interest bearing financial assets, and is an important key ratio for the management of Saab's operations.

**Net liquidity / net debt**

Liquid assets, short term investments and interest-bearing receivables less interest-bearing liabilities and provisions for pension excluding provisions for pensions attributable to special employers' contribution. Saab's ambition is to have a strong balance sheet and one goal in this ambition is to steer the business towards a net liquidity, even if the business cannot always be in a net liquidity. This key ratio is important for the management of Saab's operations.

**Net debt to EBITDA**

End of period Net liquidity/net debt divided by 12-month rolling reported EBITDA. As Saab wants to have a strong balance sheet, this key figure is important for the management of Saab's operations.

**Operating margin**

This key ratio is calculated as operating income (EBIT) as a percentage of sales. Saab's long-term goal is to increase its operating margin to 10 percent.

**Operational cash flow**

This key ratio is defined as cash flow from operating activities, excluding taxes and other financial items, and acquisitions and divestments of intangible fixed assets and tangible fixed assets. It is important for Saab to ensure the creation of a positive cash flow in the operations and therefore operational cash flow is an important key ratio for the management of Saab's business areas and for Saab as a whole.

**Order backlog**

This key ratio shows the total value of orders at the end of the period. The order backlog states how much operating activity Saab has already booked which is to be converted to sales in the future. Therefore this is an important key ratio for the management of Saab's operations.

**Order bookings**

This key ratio shows the total value of orders received during the period. Order bookings is important to secure since this is a sure indicator of future sales and therefore an important key ratio for the management of Saab's operations.

**Organic sales growth**

This key ratio shows the change in sales in percentage adjusted for effects from exchange rate due to the translation of foreign subsidiaries, and structural changes such as acquisitions and divestitures of subsidiaries. It shows the increase or decrease in net sales in Swedish kronor on a comparable basis, making it possible to distinguish and separately discuss the effect from acquisitions/divestments and exchange rates.

**Return on capital employed**

Operating income plus financial income (rolling 12 months) as a percentage of average capital employed. This key ratio shows the profitability of both equity and lent capital and is an important key ratio for the management of Saab's operations.

**Return on equity**

Net income for the period (rolling 12 months) as a percentage of average equity. This key ratio shows the return on the capital that shareholders have invested in the company and is an important key ratio for the management of Saab's operations.

**Operating income adjusted for items affecting comparability**

This key ratio is calculated as operating income adjusted for items classified as affecting comparability. It is an important key ratio for the management of Saab's operations.

**Operating margin adjusted for items affecting comparability**

This key ratio is calculated as operating income adjusted for items affecting comparability as a percentage of adjusted sales. This key ratio shows the profitability of operations and is an important key ratio for control of the management of Saab's operations.

**Operating income**

This key ratio is defined as income before financial items and tax. Operating income is an important key ratio for the management of Saab's operations.

**Sales adjusted for items affecting comparability**

This key ratio is calculated as Sales adjusted for items affecting comparability. This key ratio shows Sales on a basis comparable between periods and is an important key ratio for control of the management of Saab's operations.