

Date

13 February 2017

Reference

CU 17:005

Saab Year-End Report 2016

Defence and security company Saab presents the results for 2016.

Statement by the President and CEO Håkan Buskhe:

During 2016 we saw growing turmoil around the world as a consequence of the geopolitical landscape. This resulted in increased demand for cost-efficient defence and security systems. The need for shorter lead times increased as well. Saab continues against this backdrop to focus on developing its business, improving efficiencies and delivering on our order backlog. We achieved organic sales growth of 5 per cent in 2016, in line with our long-term goal.

Already in 2015 sales increased after several years of significant investment in the development of new products and the creation of a new marketing organisation.

Order bookings

Order bookings were lower in 2016 than in 2015, when the company received orders for the new version of Gripen to Brazil, a new generation of its airborne surveillance system, GlobalEye, and development of the A26 submarine. The order intake of smaller orders below MSEK 100 in 2016 was good with an increase of 3 per cent compared to 2015. The business area Dynamics strengthened its order backlog in 2016 in part through orders for the latest version of the Carl-Gustaf man-portable weapon system and the RBS 70 air defence system.

In the fourth quarter, order bookings were somewhat lower than anticipated, as a major order in airborne surveillance systems was delayed until January 2017.

Progress in development projects

Important steps were taken in 2016 in several of the company's major projects. In February, Saab presented GlobalEye.

In May, Saab revealed the new version of Gripen and in September, Boeing and Saab presented the first two aircraft for the U.S. Air Force's T-X competition. The new trainer's first flight was in December.

Together with LFV, the Swedish air navigation service provider, Saab established a joint company during the year to develop market and operate remote air traffic control systems. There is great interest in these solutions around the world.

Strong cash flow

Operating income amounted to MSEK 1,797 (1,900) with an operating margin of 6.3 per cent (7.0). Adjusted for non-recurring items, operating income amounted to

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MSEK 1,782 in 2015 and the operating margin was 6.6 per cent. Today several major projects are in an early stage where they in most cases generate lower profits.

Development of a new jet trainer together with Boeing has also affected operating income. The business areas Dynamics and Surveillance saw improvements in operating income thanks to increased deliveries and a change in product mix.

A high priority in 2016 was the completion of the big development projects in the order backlog, which will continue in 2017.

Operational cash flow was strong and amounted to MSEK 2,603 (-500), despite the fact that no receivables had been sold at the year-end 2016. Cash flow was bolstered by payments related to major projects during the year, as well as by a high level of activity in the business area Dynamics.

Earnings per share after dilution amounted to SEK 10.60 (12.79).

The Board of Directors proposes a dividend for 2016 of SEK 5.25 per share (5.00).

Further growth

The order backlog strengthened in the business area Dynamics in 2016. At year-end, all business areas had a strong order backlog, which puts us in a good position for a continued journey of growth in 2017.

Outlook statement 2017:

- We estimate that sales growth in 2017 will be higher than Saab's long-term financial goal: annual organic sales growth of 5 per cent.
- We expect the operating margin, excluding material non-recurring items, to improve compared to 2016 and thus the company will take a step towards its financial goal: an operating margin of 10 per cent.

Financial highlights

| MSEK | Full Year 2016 | Full Year 2015 | Change, % | Q4 2016 | Q4 2015 |
|-------------------------|-------------------------------|-------------------------------|----------------------|--------------------|--------------------|
| <i>Order bookings</i> | 21,828 | 81,175 | -73 | 6,868 | 18,576 |
| <i>Order backlog</i> | 107,606 | 113,834 | -5 | | |
| <i>Sales</i> | 28,631 | 27,186 | 5 | 9,016 | 10,070 |
| <i>Gross income</i> | 6,883 | 6,486 | 6 | 2,451 | 2,530 |
| <i>Gross margin, %</i> | 24.0 | 23.9 | | 27.2 | 25.1 |
| <i>EBITDA</i> | 2,743 | 2,859 | -4 | 1,206 | 1,600 |
| <i>EBITDA margin, %</i> | 9.6 | 10.5 | | 13.4 | 15.9 |

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|--|-------|-------|-----|------|-------|
| Operating income (EBIT) | 1,797 | 1,900 | -5 | 960 | 1,347 |
| Operating margin, % | 6.3 | 7.0 | | 10.6 | 13.4 |
| Net income | 1,175 | 1,402 | -16 | 639 | 1,109 |
| Earnings per share after dilution, SEK | 10.60 | 12.79 | | 5.82 | 10.32 |
| Return on equity, %* | 9.0 | 11.5 | | | |
| Operational cash flow | 2,603 | -500 | | 681 | 653 |
| Free cash flow | 2,359 | -726 | | 619 | 869 |
| Free cash flow per share after dilution, SEK | 22.07 | -6.82 | | 5.78 | 8.15 |

*The return on equity is measured over a rolling 12-month period.

Press and analyst meeting

Saab invite to a press and analyst meeting, where CEO Håkan Buskhe and CFO Magnus Örnberg present the 2016 year-end result.

Date: Monday, 13 February 2017 at 10:00 (CET)

Address: Grand Hôtel, Blasieholmshamnen 8, Stockholm, Sweden

Venue: New York

You are welcome to participate on site at Grand Hôtel, watch the live webcast or dial in to the conference call. It is possible to post questions also over the web and conference call.

Live webcast:

http://saab-interimreport.creo.se/170213/emyear-end_report-em_january-december_2016

Conference call:

Please, dial in using one of the numbers below.

UK: +44 2030089806

US: +1 8558315944

Sweden: +46 856642669

The interim report, the presentation material and the webcast will be available on

<http://www.saabgroup.com/en/InvestorRelations>.

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Saab serves the global market with world-leading products, services and solutions within military defence and civil security. Saab has operations and employees on all continents around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.

This information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 13 February 2017 at 07.30 (CET).

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