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## Saab's Results January-March 2017

Defence and security company Saab presents the results for January-March 2017

### Statement by the President and CEO Håkan Buskhe:

The current security landscape has led to increased security and defence spending. At the same time, the demand for efficient systems to be delivered within a short timeframe increases.

Saab sees opportunities for growth in several areas, and offers cost efficient solutions in a competitive environment. We grow internationally with Sweden as our base. In this way, we contribute to our customers' and to Sweden's increased defence capability.

### Strong start to the year

Order bookings in the first quarter 2017 was strong and amounted to MSEK 9,701. The order backlog strengthened and amounted to MSEK 109,381 at the end of the quarter. During the quarter, a large order within airborne surveillance was received from the United Arab Emirates. This is the second order for GlobalEye and now we have a basis for the system. We also signed an agreement with the Swedish Defence Materiel Administration (FMV) in the quarter for development and production of the next generation Anti-Ship Missile. These next generation missiles will provide the user with greatly improved capabilities. An order was received from INTERPOL for delivery of specially customised CBRN (Chemical, Biological, Radiological and Nuclear) sampling equipment. In addition, Saab signed a contract extension with the United Kingdom's Ministry of Defence for the provision of support and services to the Direct Fire Weapon Effects Simulator (DFWES) capability.

### Focus on efficiency improvements

Sales increased by nine per cent compared to the same period 2016. As previously, we see a strong demand for large parts of our product portfolio. This is driven partly by the instable world situation, and partly by Saab's ability to develop and deliver products with high technology capabilities. At the same time the demand for deliveries of these complex systems in a short amount of time increases, which is why we continuously focus on efficiency improvements in all parts of our operations.

Operating income amounted to MSEK 492 (294) with an operating margin of 6.6 per cent (4.3). Five out of six business areas strengthened their operating margins. The strengthened operating margin is mainly attributable to higher level of activity within operations related to airborne surveillance systems together with a changed product mix compared to the previous year.

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Going forward our profitability is dependent on the large projects in the order backlog. This is why the execution of these has the company's full attention.

Operational cash flow amounted to MSEK 986 (3,056) and earnings per share after dilution amounted to SEK 3.30 (1.99).

## Diversity and gender equality

The ability to attract labour is central to us as a high-technology company. We actively work with strengthening diversity and gender equality at Saab with the purpose of driving innovation and improve profitability. During the quarter, the Swedish company Universum published its ranking of the most attractive companies to work at for engineering students. It is gratifying to see that Saab climbed from the 22<sup>nd</sup> place to place number 16 among female engineering students. In total, among Swedish engineering students, Saab was the sixth most popular employer.

In 2017, we will continue our dedicated work with increasing Saab's attractiveness among potential employees.

## Outlook statement for 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

<b>MSEK</b>	<b>Jan-Mar 2017</b>	<b>Jan-Mar 2016</b>	<b>Change, %</b>	<b>Full Year 2016</b>
Order bookings	9,701	4,614	110	21,828
Order backlog	109,381	111,649	-2	107,606
Sales	7,430	6,790	9	28,631
Gross income	1,736	1,511	15	6,883
Gross margin, %	23.4	22.3		24.0
EBITDA	699	524	33	2,743
EBITDA margin, %	9.4	7.7		9.6
Operating income (EBIT)	492	294	67	1,797
Operating margin, %	6.6	4.3		6.3
Net income	360	223	61	1,175
Earnings per share after dilution, SEK	3.30	1.99		10.60
Return on equity, %*	9.8	12.7		9.0
Operational cash flow	986	3,056	-68	2,603
Free cash flow	897	2,955	-70	2,359
Free cash flow per share after dilution, SEK	8.36	27.65		22.07

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

**Press and analyst meeting**

Saab invites to a press and analyst meeting, where CEO Håkan Buskhe and CFO Magnus Örnberg present the Saab January-March interim report 2017.

**Date:** Wednesday, 26 April 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/170426>

**Conference call:**

Please, dial in using one of the numbers below.

SE: +46 8 566 42 694

UK: +44 20 300 89 819

US: +1 855 83 15 948

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 below, on 26 April 2017 at 07.30 (CET).*

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