

# Saab Q3 2022 Presentation

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# Q3 2022 Highlights

Orders	Growth
<b>7,772 MSEK</b>	<b>-50%</b>
(15,605 MSEK)	

Sales	Growth
<b>8,751 MSEK</b>	<b>9.5%</b>
(7,992 MSEK)	

EBITDA	Margin
<b>1,115 MSEK</b>	<b>12.7%</b>
(977 MSEK)	(12.2%)

EBIT	Margin
<b>568 MSEK</b>	<b>6.5%</b>
(500 MSEK)	(6.3%)

OCF
<b>559 MSEK</b>
(-1,238 MSEK)

- Strong growth in medium and small orders
- Sales growth in all business areas
- Continued EBIT and EBIT margin increase
- Positive operational cash flow
- Strong balance sheet and net liquidity position

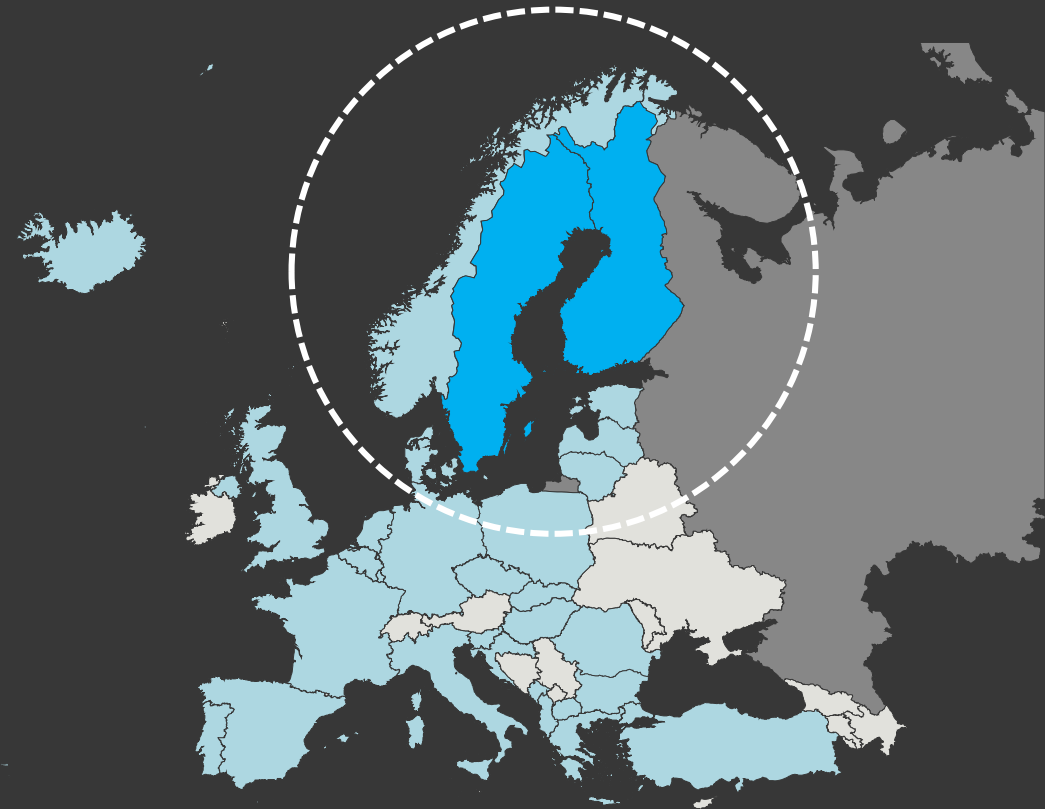
# Business highlights

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- Strong interest for the Saab product portfolio
- Investments in increased capacity and competences to meet future demand
- Net increase of more than 500 employees year-to-date
- Successful live firing of the Meteor for Gripen E
- Saab's MSHORAD system operational and demonstrated to 15 customers
- First digital air-traffic control tower live at NATO airbase in Geilenkirchen, Germany
- Saab in partnering agreement for the Royal Australian Navy's sovereign CMS capability

# NATO, Sweden and Saab

- Sweden and Finland accession strengthens NATO's operational capability and defence industrial base
- Sweden can further contribute with current and future capabilities to fulfil core resilience and defence tasks
- NATO countries have a preference to buy from defence companies within NATO
- Saab is strengthening its organisation to capture future opportunities within NATO
- Strong opportunity to participate in the increasing common R&D programmes
- Saab's systems are NATO compatible and efforts are made to continuously monitor and implement NATO standards



- Current NATO members
- Applied for NATO membership

# Key orders in Q3

Total orders  
7.8 BSEK

Carl-Gustaf® ammunition and AT4 to U.S.



Gripen C/D support contract to South Africa



First order for production of Advanced Training Aircraft Fuselage Systems



EMATT contract won in the U.S.



Submarine upgrades to Sweden



# Business area summary

## Aeronautics

- First training aircraft fuselage order received from Boeing
- Several Gripen fighter campaigns ongoing
- Gripen Military Type certificate submitted
- High activity in Aviation Services in the quarter
- West Lafayette production ramp-up and commercial aviation continue to negatively impact results

## Dynamics

- High interest in all areas of Dynamics portfolio
- Initiatives to add capacity in Sweden, U.S. and India to strengthen Saab's market position
- Strong sales growth and EBIT contribution in Q3, driven by large customer deliveries
- EMATT contract awarded in the U.S.

MSEK	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Order intake	1,960	299	6,098	4,662
Sales	2,555	2,479	8,684	8,626
EBITDA	104	79	563	570
EBITDA margin	4.1%	3.2%	6.5%	6.6%
EBIT	60	47	437	479
EBIT margin	2.3%	1.9%	5.0%	5.6%

MSEK	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Order intake	2,989	3,190	9,285	7,937
Sales	1,880	1,456	5,881	5,900
EBITDA	350	223	1,052	808
EBITDA margin	18.6%	15.3%	17.9%	13.7%
EBIT	318	201	982	742
EBIT margin	16.9%	13.8%	16.7%	12.6%

# Business area summary

## Surveillance

- Production contract awarded for the Sea Giraffe in U.S.
- Good performance in business unit Combat Systems and Electronic Warfare in Q3
- Airborne Early Warning programmes progressing well
- EBIT margin impacted by increased R&D cost

## Kockums

- Continued good performance in major underwater and surface ship programmes
- Ongoing efforts to campaign Saab's underwater capabilities to several countries

MSEK	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Order intake	1,855	5,469	14,025	10,488
Sales	3,152	3,030	9,823	9,365
EBITDA	405	397	1,261	1,090
EBITDA margin	12.8%	13.1%	12.8%	11.6%
EBIT	199	204	656	517
EBIT margin	6.3%	6.7%	6.7%	5.5%

MSEK	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Order intake	706	6,383	2,599	7,271
Sales	774	707	2,480	2,260
EBITDA	67	41	183	120
EBITDA margin	8.7%	5.8%	7.4%	5.3%
EBIT	60	33	161	92
EBIT margin	7.8%	4.7%	6.5%	4.1%

Note: 2021 restated due to a minor structural change between Surveillance and Combitech



RBS 15: Partnership with Diehl Defence



RBS 70 NG: Saab's own product



MSHORAD: Saab's own product



Bamse: Saab's own product

# Missile Systems

Delivering customer value through advanced technology and strategic partnership



GLSDB: Partnership with Boeing



IRIS-T: Partnership with Diehl Defence



Taurus: Partnership with MBDA



Meteor: Partnership with MBDA



# Missile Systems

## The Strategy and Uniqueness

- Develop and deploy advanced technologies through strategic partnerships
- Systems engineering on missile level as well as missile sub-systems development
- Saab is a trusted partner as missile prime or sub-contractor

## The Enablers

- Expanding strategic partnerships
- More than 60 customers worldwide
- Significant installed base with European and NATO customers
- Continuous R&D investments in the product portfolio

## The Market Potential

- Increased interest in the whole portfolio with significant growth potential in orders and sales
- Spending growth in NATO countries
- Collaborative European development programmes
- Recurring new product launches

## The Operations

- Multi-year order backlog
- Steady sales growth since the establishment of the Business Unit
- Securing resources, production and supply chain capacity to deliver growth



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# Sustainability highlights in the quarter

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## *Supporting nations in keeping people and society safe*

- Saab received A rating in Position Green's ESG100 sustainability ranking
- Partnering with electric aircraft manufacturer Heart Aerospace for sustainable aviation
- Diversity & Inclusion weeks organised for increased awareness globally at Saab
- Electricity campaign to reduce consumption across Saab operations

# Ready to support increased defence capability

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- Capture market opportunities in Sweden and Europe
- Continue focus on multi-domestic growth strategy
- Initiatives for increased capacity to support replenishment of customer stockpiles and future demand
- Increased efforts to support NATO defence capability needs
- Attract and secure right competencies and resources
- Drive Saab future capabilities in Autonomous Systems, Distributed Sensor Systems, Cyber Security and Defence Cloud offering
- Mitigate inflation, supply chain and transportation challenges



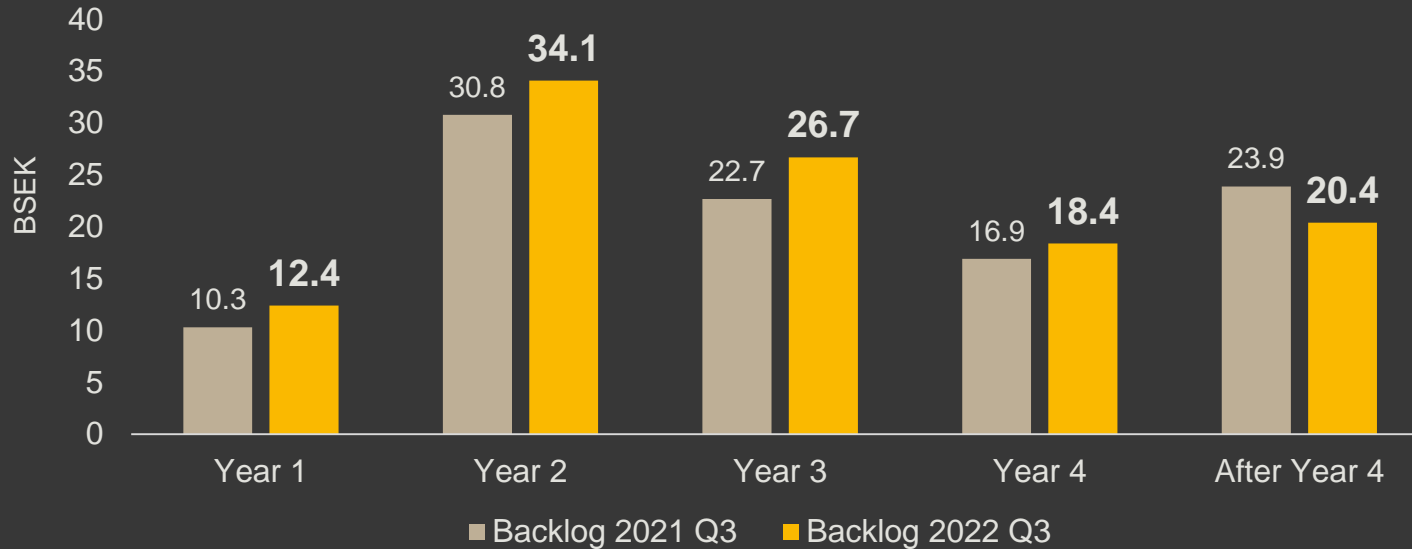
# Financial Summary



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# Order backlog supporting growth

Order Backlog duration



Jan-Sep 2022 Order Bookings



- Order bookings for first nine months 6% above last year
- Backlog at 112 BSEK (105) where 63% outside Sweden
- Current year's backlog to sales conversion shows an increase of 20% and for the coming year the increase is 11%

# Financial summary Q3 2022

MSEK	Saab Group		
	Q3 2022	Q3 2021	Change
Sales	8,751	7,992	9.5%
Gross income	1,881	1,746	7.7%
Gross margin, %	21.5	21.8	
EBITDA	1,115	977	14.1%
EBITDA margin, %	12.7	12.2	
EBIT	568	500	13.6%
EBIT margin, %	6.5	6.3	
Net income	324	324	0%
EPS (SEK)	2.27	2.22	2.3%

## P&L comments

- Reported sales growth of 9.5%, whereof organic growth 6.9%
- Gross margin slightly down due to timing effects in COGS in Q3 2021
- EBIT and EBIT margin improvement as a result of increased sales volumes
- Higher marketing and R&D expenses in the quarter
- Net income flat year-on-year, impacted by unrealised negative results from short-term investments of -26 MSEK

# Financial summary Jan-Sep 2022

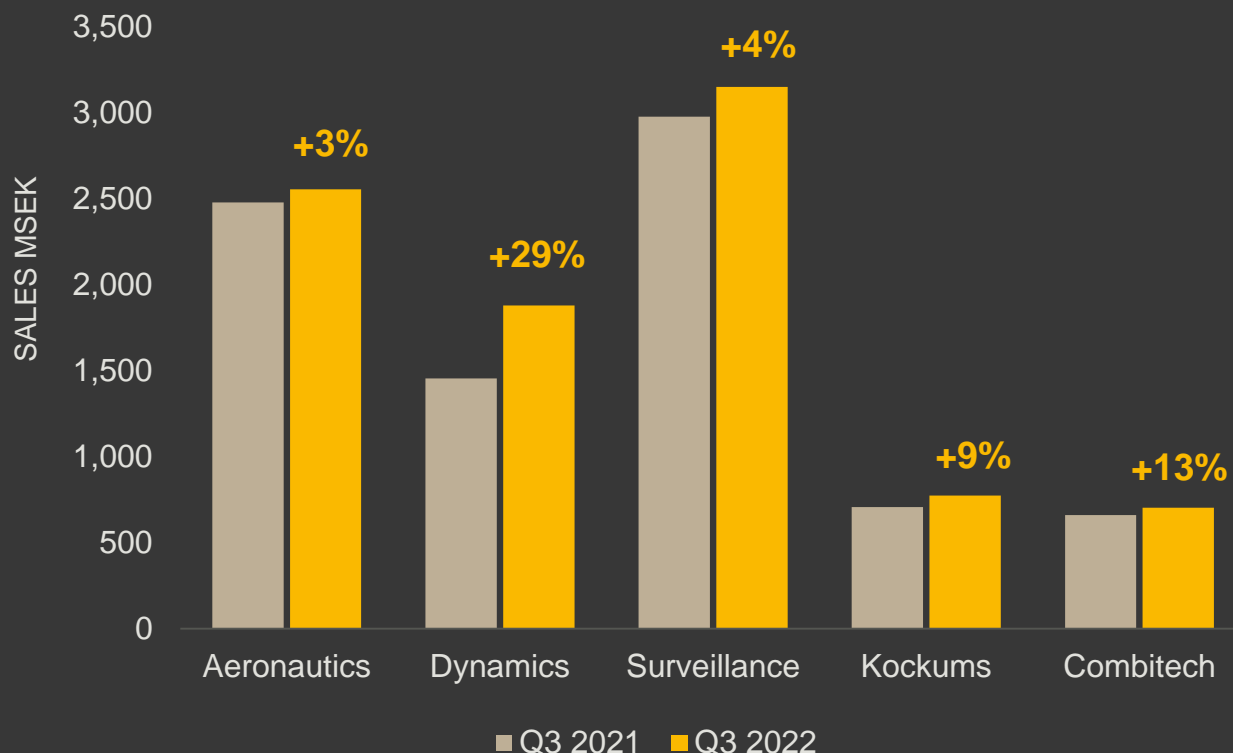
MSEK	Saab Group			
	Jan-Sep 2022	Jan-Sep 2021	Change	FY 2021
Sales	28,140	27,211	3.4%	39,154
Gross income	6,037	5,793	4.2%	8,205
Gross margin, %	21.5	21.3		21.0
EBITDA	3,518	3,239	8.6%	4,826
EBITDA margin, %	12.5	11.9		12.3
EBIT	1,960	1,812	8.2%	2,888
EBIT margin, %	7.0	6.7		7.4
Net income	1,129	1,234	-8.5%	2,025
EPS (SEK)	8.08	8.95	-9.7%	14.45

## P&L comments

- Sales growth of 3.4%, following high activity and deliveries in third quarter
- Gross income and margin improvement driven by Dynamics, Surveillance and Kockums
- EBIT increase of 8.2% and higher margin as a result of volume and favourable mix
- Higher corporate costs in the period
- Decrease in net income and EPS due to unrealised negative results from short-term investments of -235 MSEK

# Sales per Business Area Q3

Sales growth %

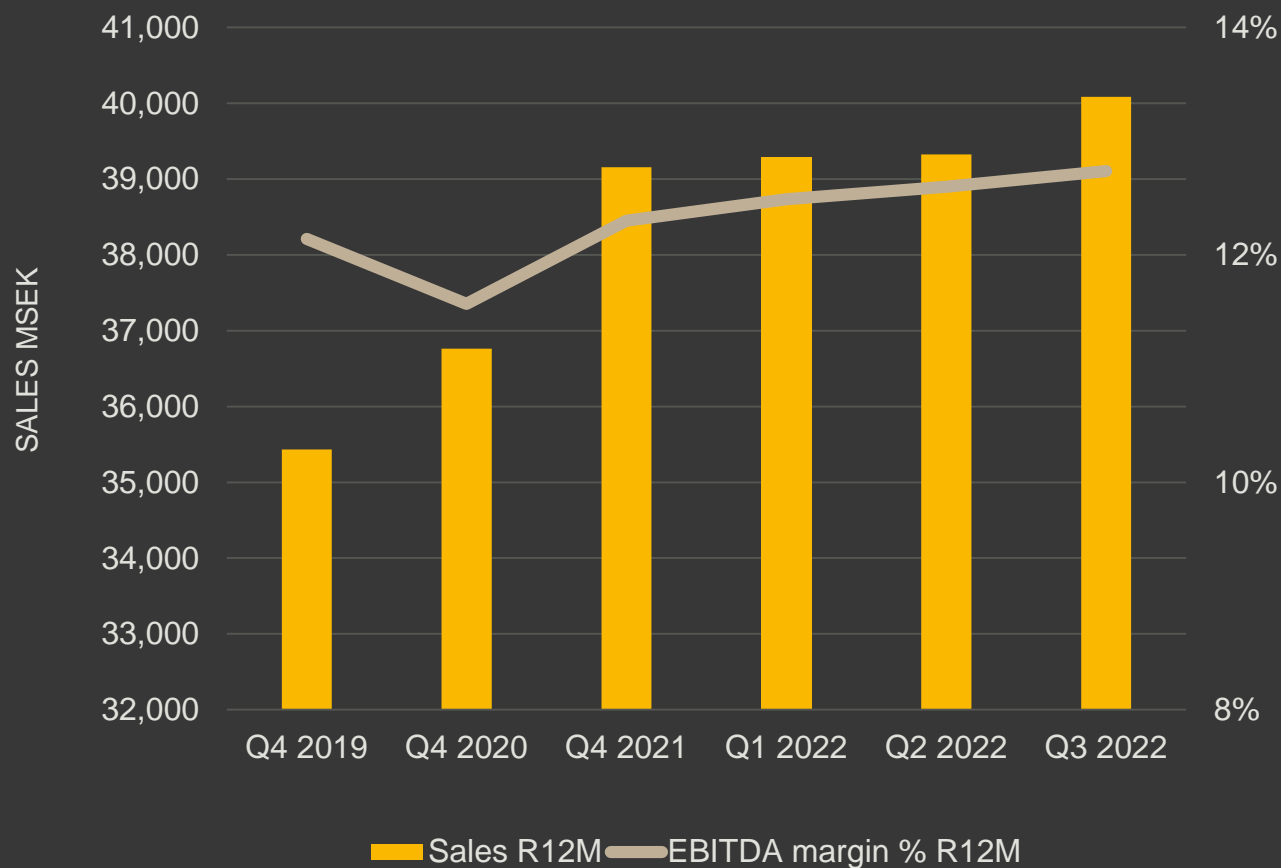


## Business Area comments

- Sales growth in all business areas
- Aeronautics' growth primarily driven by Aviation Services
- Strong sales growth in Dynamics driven by higher delivery volumes
- Surveillance organic sales down -1.4% mainly due to higher GlobalEye sales in the same quarter last year
- High activity level in Kockums



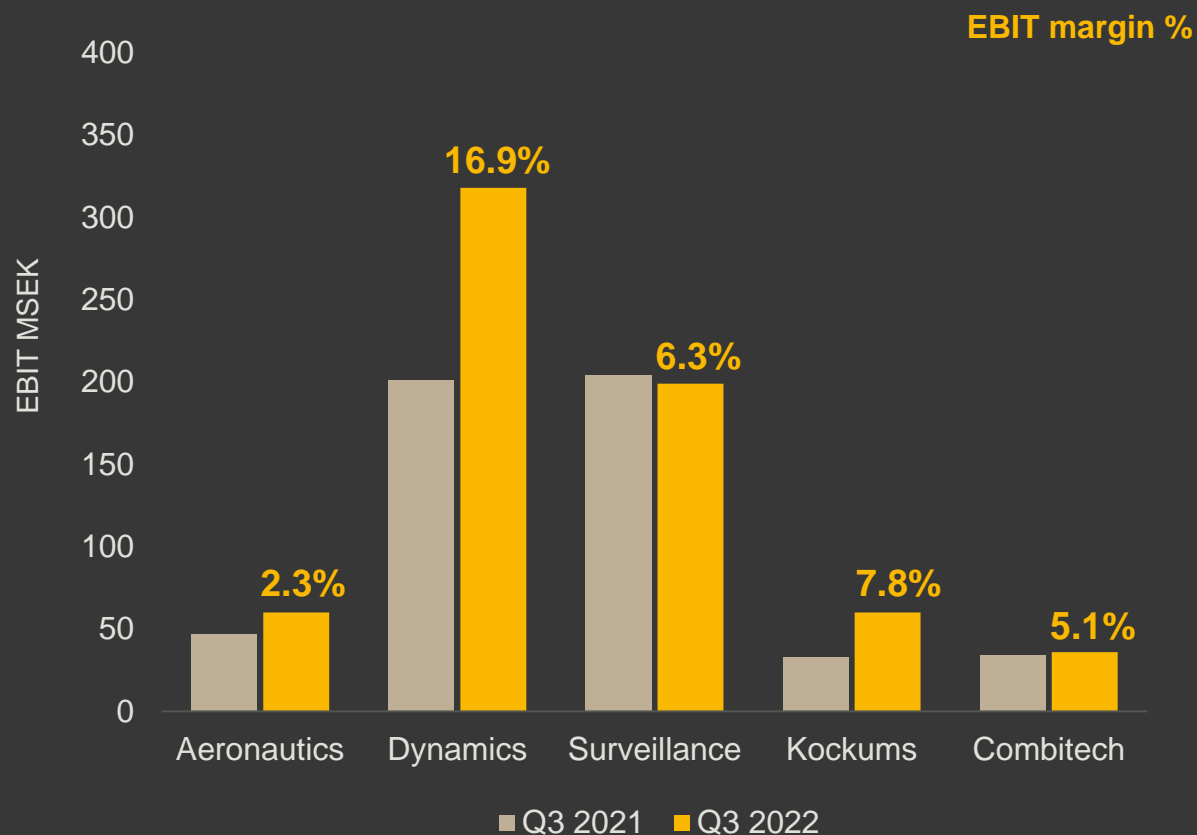
# Adj. Sales and EBITDA margin trend



## Sales and EBITDA comments

- Continued positive growth trend
- Sales CAGR of 4.6% since 2019
- R12M EBITDA margin improvement to 12.7% (12.3% at end of 2021)
- Improvements driven by sales volumes, favourable mix and efficiency

# EBIT and margins per Business Area Q3



## Business Area comments

- Slight improvement in Aeronautics' margin, however still negative impact from T-7 and civil aviation
- Particularly strong margin in Dynamics as a result of volumes and favourable product mix
- Surveillance EBIT and margins impacted by increased R&D cost
- Improvement in Kockums driven by higher volumes and project mix

Note: 2021 restated due to a minor structural change between Surveillance and Combitech

# Business summary – Combitech



## Comments

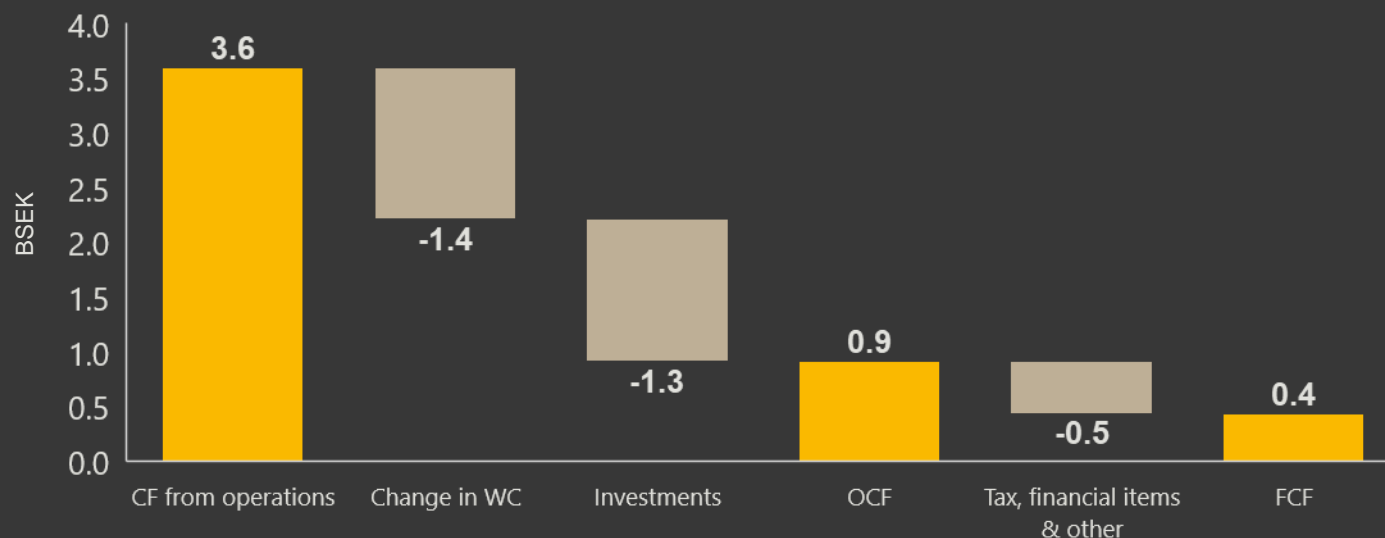
- Combitech signed several frame agreements within the public sector as well as with FMV and Swedish AF
- Net increase of approx. 100 employees year-to-date
- Sales growth in Q3 driven by higher utilisation level and price increases
- EBIT flat vs last year, margins declined due to higher cost

MSEK	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
Order intake	703	506	2,386	2,231
Sales	703	621	2,364	2,212
EBITDA	38	37	178	202
EBITDA margin	5.4	6.0	7.5	9.1
EBIT	36	34	172	196
EBIT margin	5.1	5.5	7.3	8.9

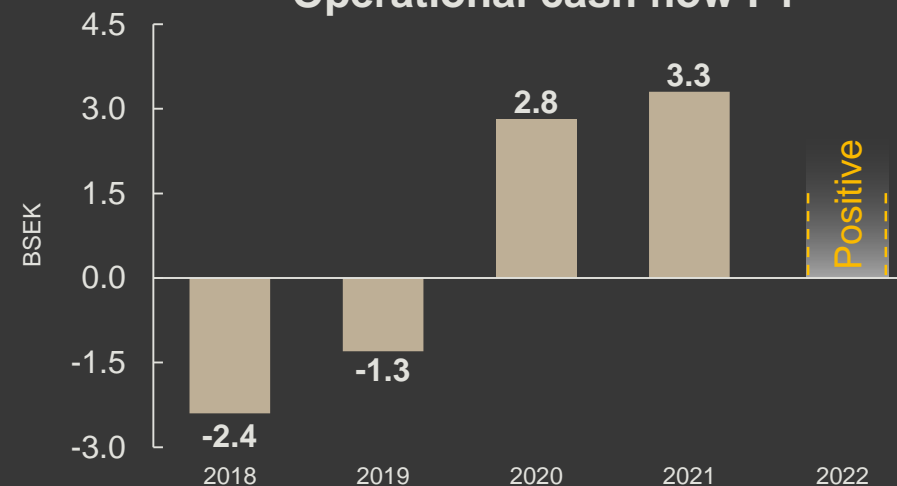
Note: 2021 restated due to a minor structural change between Surveillance and Combitech

# Cash flow bridge

YTD 2022



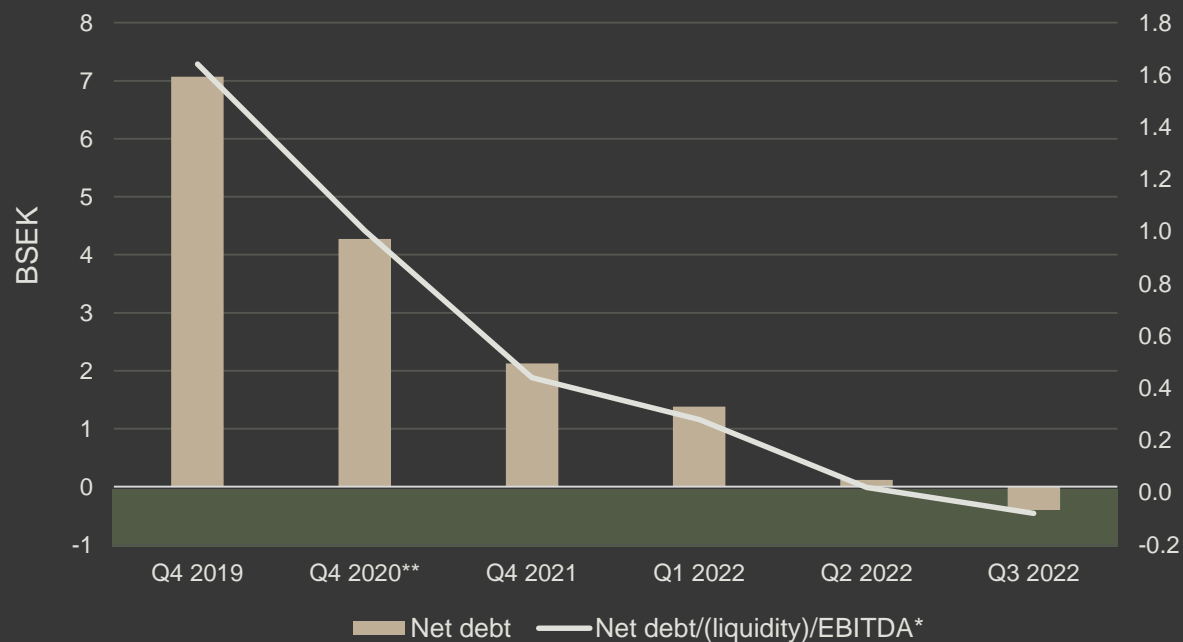
Operational cash flow FY



- WC increase due to lower milestone payments and increased inventory
- Lower investments mainly due to lower capitalized R&D
- Limited impact from additional capacity and production ramp-up
- Continued inventory build-up to secure future deliveries

*“Full year positive cash flow, however at a lower level than in 2021”*

# Strong balance sheet



BSEK	Q3 2022
Pension liabilities	2.0
Leasing liabilities	2.6
- Other cash less liabilities	-5.0
= Net debt(+)/Net liquidity(-)	-0.4
Net debt/EBITDA*	-0.08

Net debt/  
EBITDA\*  
**-0.08x**

Equity/Asset  
ratio:  
**39.3%**

- Net liquidity of 0.4 BSEK, improvement driven by change in pension obligation and positive cash flow
- Cash and short-term investments at 11.5 BSEK, debt with maturity less than 12 months equals 0.4 BSEK
- Unutilised Revolving credit facilities of 6 BSEK

\*EBITDA rolling 12 months  
\*\*Adjusted for items affecting comparability

# Outlook 2022

## ORGANIC SALES GROWTH

Organic sales growth  
of around 5%

## OPERATING INCOME

Operating income  
improvement between  
8-12% compared to 2021

## CASH FLOW

Operational cash flow to be  
positive for 2022 however at  
a lower level than in 2021

*“For the full year we estimate operating  
income improvement to be at the upper end  
of our outlook range of 8-12%.”*

# Q&A

***“Strong opportunities for improved growth”***



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