

Date
24 April 2015Reference
CU 15:026 E

Saab's Results January-March 2015

Defence and security company Saab presents the results for January-March 2015

Statement by the President and CEO Håkan Buskhe:

Given the challenging market, Saab began the year as expected.

Preparations for development and production of 36 Gripen NG for the Brazilian Air Force continue. We expect that the agreement with the Brazilian government comes into effect during the second quarter and the total order value will amount to SEK 39.3 billion. We are also looking forward to proceeding with negotiations regarding the next generation of submarine for Sweden, the A26. In addition, we see many interesting business opportunities ahead.

The market is still characterised by challenging conditions where customers' orders are delayed, partially due to financial reasons. During the first quarter, we have also seen that political standpoints have had a negative impact. Altogether, this has increased the market risk and we expect that this increased risk will remain in the coming quarters.

Order bookings in the quarter amounted to MSEK 4,800 (4,078). This increase can mainly be attributed to a large follow-on order from the Indian Armed Forces for self-protection systems provided by the business area Electronic Defence Systems. To add to this, we received important orders within air traffic management and underwater systems.

One aspect of Saab's growth strategy is to grow together with partners in a number of markets. Therefore, we have established and developed cooperations where we see significant growth opportunities. An example of this is the cooperation with the Dutch shipyard Damen, which was put into place in the first quarter. This is a way of positioning Saab and Damen for future submarine procurement in the Netherlands with the ambition to also offer joint solutions in other markets.

The order backlog at the end of the period amounted to MSEK 59,811 (58,608).

Gripen E enters into a new phase

Sales increased by 2 per cent, compared to the same period last year, amounting to MSEK 5,389 (5,280). The business area Dynamics reported lower sales following a long period of declining order bookings. Business area Aeronautics shows lower sales than last year as a result of Gripen E transitioning from the development phase to production phase. In the large projects, with Gripen E at the forefront, deliveries went according to plan. Business area Security and Defence Solutions showed growth, mainly attributable to the underwater business which was acquired in 2014.

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Reported operating income amounted to MSEK 210 (270) with an operating margin of 3.9 per cent (5.1). A changed product and project mix as well as development cost within the T-X program, where Saab cooperates with Boeing, are the main reasons for a lower operating margin during the quarter.

The net income amounted to MSEK 90 (176), where exchange rate differences had a negative impact on financial net of MSEK 63 in the first quarter.

The operational cash flow in the quarter amounted to MSEK -805 (-168). The change is mainly due to a lower sales of accounts receivables in the first quarter 2015 than during 2014.

Earnings per share after dilution amounted to SEK 0.79 (1.63).

The outlook for 2015 is unchanged.

Outlook statement 2015

- In 2015, we estimate sales to increase more than Saab's long-term goal: annual organic sales growth of 5 per cent.
- The operating margin 2015 excluding material non-recurring items is expected to be in line with the operating margin in 2014. In 2015, increased internally funded research and development efforts within Aeronautics will have a negative impact on the operating margin.

Financial highlights

MSEK	Jan-Mar 2015	Jan-Mar 2014	Change, %	Full Year 2014
Order bookings	4,800	4,078	18	22,602
Order backlog	59,811	58,608	2	60,128
Sales	5,389	5,280	2	23,527
Gross income	1,316	1,361	-3	6,077
Gross margin, %	24.4	25.8		25.8
EBITDA	438	476	-8	2,523
EBITDA margin, %	8.1	9.0		10.7
Operating income (EBIT)	210	270	-22	1,659
Operating margin, %	3.9	5.1		7.1
Net income	90	176	-49	1,168
Earnings per share before dilution, SEK	0.80	1.64		10.86
Earnings per share after dilution, SEK	0.79	1.63		10.78
Return on equity, %*	9.3	5.5		9.9
Free cash flow	-941	-316		-1,094
Free cash flow per share after dilution, SEK	-8.84	-2.95		-10.23

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* 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 Saab January-March interim report 2015.

Date: Friday, 24 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/150424/>

Conference call:

Please, dial in using one of the numbers below.

UK: +44 20 342 814 06

US: +1 855 753 22 36

Sweden: +46 8 566 426 69

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.

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The information is that which Saab AB is required to declare by the Securities Business Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 24 April 2015 at 07.30 (CET).

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