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## Saab's results January-March 2018

Saab presents the results for January-March 2018.

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

#### Continued strong order bookings

During the quarter, Saab made a successful first flight with the new generation of the GlobalEye, Airborne Early Warning & Control, aircraft. The flight marked an important milestone for the development of the system.

Adjusted for two large orders received in 2017, order bookings in the first quarter 2018 were strong and amounted to MSEK 6,135. In the first quarter of 2017, Saab received two major orders totalling SEK 5.2 billion. In the first quarter of 2018 a major order was received from the Swedish Defence Materiel Administration, FMV, to provide operational and development support for Gripen valued at BSEK 1.35. Bookings of medium-sized orders were strong in the quarter, Finland for example selected Saab as one of the major suppliers for the Finnish Navy's Squadron 2000 Mid-Life Upgrade programme. As part of the same programme, Saab received a contract for production and delivery of Saab's New Lightweight Torpedo. This is the first order for this system from a customer outside Sweden.

The interest in Saab's products is great, and Gripen has a strong market position. Due to the strong interest in Gripen E/F, Saab has now accelerated the pace of investment to develop the system for future exports.

#### Sales and operating income

Sales amounted to MSEK 7,766 with organic growth of 2 per cent. The business areas Aeronautics and Surveillance saw strong growth driven by increased activity in the Gripen business as well as in Airborne Early Warning & Control systems.

Operating income amounted to MSEK 447 (539) and the operating margin was 5.8 per cent (7.1) in the period. The operating margin was lower than in 2017 due to fewer deliveries during the period, a change in the project mix and a change of the project margin in a few smaller projects.

Operational cash flow amounted to MSEK -2,211 (986), which was according to plan. The main reason for the negative cash flow was the high level of capital employed in major projects and utilisation of advances and milestone payments.

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**Focus 2018**

Saab's focus in 2018 is on strengthening its market position and delivering on the major development projects in the order backlog.

**Outlook statement for 2018:**

We estimate that sales growth in 2018 will be in line with Saab's long-term financial goal: annual organic sales growth of 5 per cent.

The operating margin in 2018, excluding material non-recurring items, is expected to improve compared to 2017, bringing Saab a step closer to its financial goal: an operating margin of 10 per cent over a business cycle.

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**Financial highlights**

<b>MSEK</b>	<b>Jan-Mar 2018</b>	<b>Jan-Mar 2017 <sup>1)</sup></b>	<b>Change, %</b>	<b>Full Year 2017 <sup>1)</sup></b>
Order bookings	6,135	9,701	-37	30,841
Order backlog	105,712	109,884	-4	107,233
Sales	7,766	7,586	2	31,666
Gross income	1,738	1,783	-3	7,543
Gross margin, %	22.4	23.5		23.8
EBITDA	654	746	-12	3,089
EBITDA margin, %	8.4	9.8		9.8
Operating income (EBIT)	447	539	-17	2,250
Operating margin, %	5.8	7.1		7.1
Net income	251	396	-37	1,508
Earnings per share after dilution, SEK <sup>2)</sup>	2.25	3.63		13.75
Return on equity, % <sup>3)</sup>	9.6	10.2		10.9
Operational cashflow	-2,211	986		1,388
Free cashflow	-2,411	897		852
Free cash flow per share after dilution, SEK	-22.40	8.36		7.93

1) 2017 has been restated according to the new accounting principles regarding revenue recognition (IFRS 15).

2) Average number of share after dilution 107,651,182 107,320,873 107,400,920

3) Return on equity is measured over a rolling 12-month period.

For more information and explanations regarding the usage of these key ratios, please see <http://saabgroup.com/investor-relations/financial-data/key-ratios/>

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**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 2018.

**Date:** Thursday, April 26 at 10:00 (CET).

**Address:** Saab, Olof Palmes Gata 17, 5<sup>th</sup> floor, Stockholm, Sweden

The report is published at 07.30 a.m. (CET) the same day.

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

In connection to the presentation in Stockholm there will also be some time to experience Saab's brand new showroom.

**Live webcast:**

<http://saab-interimreport.creo.se/180426>

**Conference call:**

Please, dial in using one of the numbers below.

UK: +44 2030089815

SE: +46 8 56642696

US: +1 8557532237

The interim report, the presentation material and the webcast will be available on <http://www.saabgroup.com/investor-relations>.

**R.S.V.P.**

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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.*

*The information is such that Saab AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on 26 April 2018.*

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