

Date
23 October 2018Reference
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Saab's Results January-September 2018

Saab presents the results for January-September 2018.

Statement by the President and CEO Håkan Buskhe:

T-X trainer aircraft starts a new chapter for Saab

Saab continued to grow in the first nine months of 2018 with strong medium-sized order bookings and increased sales. In the third quarter, the U.S. Air Force announced its selection of the T-X trainer aircraft from Saab and Boeing. By participating in the delivery of the T-X to the U.S. Air Force, Saab will strengthen its position in the US. The cooperation with Boeing is an example of how Saab is working internationally to broaden and expand its operations.

Earlier today, Saab announced it is planning a rights issue for eligible shareholders of approximately SEK 6 billion to support the company's continued growth journey and give increased opportunity to successfully compete for new large orders.

To bolster the company in the long-term further, a number of measures have been identified to raise productivity. The measures better enable Saab to achieve its long-term financial goals and continue to invest in research and development. They include operating efficiencies and a plan to adapt the product portfolio, improve marketing efficiency and increase the digitisation of internal processes. During the third quarter, non-recurring costs of MSEK 298 related to the efficiency measures have been recognised.

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Order bookings and sales

Order bookings in the first nine months of 2018 amounted to SEK 17.2 billion with continued strong medium-sized order bookings. Saab received a major order for Gripen development and operational support in Sweden worth SEK 1.4 billion in the period. During the same period in 2017, Saab received large orders totalling SEK 10.7 billion.

Sales amounted to SEK 22.1 billion with organic growth of 2 per cent.

Operating income and non-recurring items

Operating income for the first nine months amounted to SEK 844 million (1,255) and the operating margin was 3.8 per cent (5.8). Adjusted for non-recurring items, operating income amounted to SEK 1,142 million with an operating margin of 5.2 per cent.

Operational cash flow

Operational cash flow amounted to SEK -5,197 million in the period (-758), due to timing differences of milestone payments in large projects. The main reason for the negative cash flow was the high level of capital employed within the Gripen business and utilisation of previously received advances and milestone payments. Saab expects operational cash flow to be positive to strongly positive in the fourth quarter 2018 depending on timing of milestone payments. Net debt increased to SEK 9.3 billion mainly as a result of negative operating cash flow.

Outlook statement for 2018: (unchanged)

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 per year over a business cycle.

Financial highlights

MSEK	Jan-Sep	Jan-Sep	Change , %	Q3 2018	Q3 2017	Full Year 2017 ¹⁾
	2018	2017 ¹⁾				
Order bookings	17,183	24,255	-29	4,519	3,701	30 841
Order backlog	102,400	110,120	-7			107,233
Sales	22,138	21,516	3	6,419	6,158	31,666
Gross income	4,976	5,025	-1	1,439	1,556	7,543

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Gross margin, %	22.5	23.4		22.4	25.3	23.8
EBITDA	1,528	1,892	-19	205	578	3,089
EBITDA-margin, %	6.9	8.8		3.2	9.4	9.8
Operating income (EBIT)	844	1,255	-33	-61	369	2,250
Operating margin, %	3.8	5.8		-1.0	6.0	7.1
Adjusted operating income	1,142	1,255	-9	237	369	2,250
Adjusted operating margin, %	5.2	5.8		3.7	6.0	7.1
Net income	358	905	-60	-92	245	1,508
of which Parent Company's shareholders' interest	331	876	-62	-94	233	1,477
Earnings per share after dilution, SEK ²⁾	3.08	8.16		-0.87	2.17	13.75
Return on equity, % ³⁾	7.1	11.9				10.9
Operational cash flow	-5,197	-758		-2,447	-315	1,388
Free cashflow	-5,699	-920		-2,507	-388	852
Free cash flow per share after dilution, SEK	-52.97	-8.57		-23.30	-3.61	7.93

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

2) Average number of shares after dilution 107,589,947 107,357,386 107,575,025 107,470,451 107,400,920

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/>

Press and analyst meeting

Saab is pleased to invite press, investors and financial analysts to a press and analyst meeting where CEO Håkan Buskhe and CFO Magnus Örnberg present the Saab interim report for January-September 2018.

Date: Tuesday, October 23 at 10:00 (CET).

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

You are welcome to participate on site at Saab's headquarter, 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/181023/>

Conference call:

Please, dial in using one of the numbers below.

UK: +442030089804

SE: +46850639549

US: +18558315946

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

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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, on 23 October 2018 at 07.30 (CET).

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