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Saab's Results January-March 2019

Saab presents the results for January-March 2019.

Statement by the President and CEO Håkan Buskhe:

Saab delivers strong organic growth and improved operating income

Much of the focus in the first quarter was to secure important milestones in large and medium-sized projects in the order backlog and to further increase productivity within the Group. The work to adapt the product portfolio, increase marketing efficiency and accelerate the automation and digitisation is continuing.

Orders

Order bookings amounted to SEK 4.5 billion with strong growth in small orders compared to the same period in 2018. Order bookings also consisted of a number of medium-sized orders, including for tactical training systems and command and control systems.

Sales and operating income

Sales in the first quarter amounted to SEK 8,496 million (7,766) with organic growth of 8 per cent. The business areas Dynamics and Industrial Products and Services saw strong sales increases, where Dynamics had a higher level of deliveries and Industrial Products and Services achieved sales gains in several business units.

Operating income amounted to SEK 591 million in the first quarter (447), with an operating margin of 7.0 per cent (5.8). The measures identified in 2018 to improve operating efficiencies have largely been implemented. Several business areas saw operating margin increases, partly due to a higher utilisation rate and because the above-mentioned efficiency improvements have led to increased productivity in several areas.

Operational cash flow

As a result of a high activity level in large projects, the operational cash flow amounted to SEK -1,923 million (-2,211). The business area Aeronautics had operational cash flow of SEK -1,636 million in the first quarter. Saab expects Aeronautics to continue to have negative operational cash flow in the second and third quarters while the work to prepare the first deliveries of Gripen E to Brazil and Sweden continues.

Saab expects operational cash flow to be negative for the full-year 2019, but at a better level than 2018. Operational cash flow will continue to be affected during the year by timing differences in payments for major projects.

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Outlook statement

We estimate that sales growth in 2019 will be in line with Saab's long-term financial goal: annual organic sales growth of 5 per cent.

The operating margin in 2019, excluding material non-recurring items, is expected to improve compared to 2018, bringing Saab a step closer to its long-term financial goal: an operating margin of 10 per cent per year over a business cycle.

Financial highlights

MSEK	Jan-Mar 2019	Jan-Mar 2018	Change, %	Full year 2018
Order bookings	4,482	6,135	-27	27,975
Order backlog	97,401	105,712	-8	102,184
Sales	8,496	7,766	9	33,156
Gross income	1,851	1,738	7	7,764
Gross margin, %	21.8	22.4		23.4
EBITDA	919	654	41	3,182
EBITDA-margin, %	10.8	8.4		9.6
Operating income (EBIT)	591	447	32	2,266
Operating margin, %	7.0	5.8		6.8
Adjusted operating income	591	447	32	2,564
Adjusted operating margin, %	7.0	5.8		7.7
Net income	397	251	58	1,366
Of which Parent Company's shareholders' interest	398	242	64	1,313
Earnings per share after dilution, SEK ¹⁾	2.97	2.08		11.21
Return on equity, % ²⁾	8.6	9.6		8.1
Operational cash flow	-1,923	-2,211		-2,424
Free cashflow	-2,137	-2,411		-3,195
Free cashflow per share after dilution, SEK	-15.93	-20.68		-27.27
¹⁾ Average number of shares after dilution	134,137,373	116,581,489		117,144,915
²⁾ Return on equity is measured over a rolling 12-month period				

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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, institutional 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-March 2019.

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

Address: Saab, Olof Palmes Gata 17, 5th 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.

Live webcast:

<http://saab-interimreport.creo.se/190426>

Conference call:

Please, dial in using one of the numbers below.

Sweden: +46 8 566 427 07

United Kingdom: +44 333 300 9031

United States: +1 833 526 8382

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 26 April 2019 at 07.30 (CET).

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