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Saab Year-End Report 2019

Saab presents the results for 2019.

Comment by the President and CEO, Micael Johansson:

A strong year with continued growth and improved profitability

Saab reported strong development in 2019: stable order bookings and good execution contributed to continued organic growth and improved profitability. At the end of the year, Saab also secured key milestone payments, which generated strong operational cash flow in the fourth quarter.

Demand for the company's products and solutions remains high and the market is expected to continue to grow the next coming years, as Saab is entering production and delivery stage. Saab is re-confirming its long-term financial goals of annual organic growth of 5 per cent and an operating margin of 10 per cent per year over a business cycle.

Orders

Order bookings in 2019 amounted to SEK 27.2 billion (28.0). The order backlog was SEK 93.3 billion (102.2) at the end of the year. Volumes for small orders continued and increased by 10 per cent compared to previous year. During the year, Saab received a major order from Finland's Ministry of Defence to provide and integrate the combat system and sensors for Finland's new corvettes. Key framework agreements were signed for the Carl-Gustaf weapon system. Further, the United Arab Emirates announced in the fourth quarter its intention to acquire two additional GlobalEye Airborne Early Warning & Control aircraft.

Sales and operating income

Sales increased to SEK 35.4 billion (33.2) in 2019, corresponding to a growth of 7 per cent. Organic growth was 6 per cent with five of six business areas contributing to the increase. Saab continues to invest in R&D and innovation to support future profitable growth. Sales are expected to continue to grow in 2020 in line with Saab's long-term growth goal.

Operating income amounted to SEK 2,937 million (2,564) with an operating margin of 8.3 per cent (7.7). The improved profitability benefitted mainly from the increase in volumes. The operating margin in 2020 is expected to continue to improve compared to 2019.

In the last quarter, Saab took important steps in the Gripen E programme for Sweden, where the first serially produced aircraft made its maiden flight and was delivered to the joint test flight programme. Earlier in the year, steps were taken in the delivery of Gripen E to Brazil. In addition,

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work progressed on Saab's new production facility for the trainer aircraft T-7A Red Hawk in West Lafayette, Indiana, in the U.S.

Operational cash flow

Operational cash flow for 2019 improved to SEK -1,300 million (-2,424). Key milestone payments in the fourth quarter generated a strong operational cash flow of SEK 3,056 million (2,773). For 2020, the aim is to have a positive operating cash flow.

Dividend

The Board of Directors is proposing a dividend for 2019 of SEK 4.70 (4.50) per share.

Outlook statement for 2020

Saab estimates that organic sales growth in 2020 will be in line with the long-term financial goal of 5 per cent.

The operating margin in 2020 is expected to improve compared to 2019.

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Financial highlights

MSEK	Full Year 2019	Full Year 2018	Change, %	Q4 2019	Q4 2018
Order bookings	27,216	27,975	-3	8,123	10,792
Order backlog	93,293	102,184	-9		
Sales	35,433	33,156	7	10,578	11,018
Gross income	8,035	7,764	3	2,569	2,788
Gross margin, %	22.7	23.4		24.3	25.3
EBITDA ³⁾	4,305	3,182	35	1,563	1,654
EBITDA margin, %	12.1	9.6		14.8	15.0
Operating income (EBIT)	2,937	2,266	30	1,198	1,422
Operating margin, %	8.3	6.8		11.3	12.9
Adjusted operating income	2,937	2,564	15	1,198	1,422
Adjusted operating margin, %	8.3	7.7		11.3	12.9
Net income	2,025	1,366	48	904	1,008
of which Parent Company's shareholders' interest	1,983	1,313	51	883	982
Earnings per share after dilution, SEK ¹⁾	14.81	11.21		6.60	8.23
Return on equity, % ²⁾	10.0	8.1			
Operational cash flow	-1,300	-2,424		3,056	2,773
Free cash flow	-2,036	-3,195		2,955	2,504
Free cash flow per share after dilution, SEK	-15.20	-27.27		22.13	21.00

¹⁾ Average number of shares after dilution

133,929,292

117,144,915

133,553,690

119,253,394

²⁾ Return on equity is measured over a rolling 12-month period.

³⁾ EBITDA for 2019 is effected by the implementation of IFRS 16 with additional depreciations of MSEK 411. For more information, see note 16.

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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Saab's Full Year January-December 2019 results presentation

Saab's CEO Micael Johansson and CFO Magnus Örnberg will present the Full Year results for January-December 2019.

Date: Friday, 7 February at 10.00 (CET).

The report is published at 07.30 a.m. (CET) the same day at <http://www.saabgroup.com>.

You are welcome to watch the live webcast or dial in to the conference call. It is possible to ask questions on the conference call as well as post questions over the web.

Live webcast:

<http://saab-interimreport.creo.se/200207>

Conference call:

Please, dial in using one of the numbers below.

SE: +46 8 505 583 57

UK: +44 3 333 009 269

US: 1 83 352 683 81

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 7 February 2020 at 07.30 (CET).

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