
INTERIM REPORT JANUARY-JUNE 2015

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President and CEO

17 July 2015



HIGHLIGHTS IN Q2



- Contract with Sweden for the construction of two Type A26 submarines and midlife upgrade of two Gotland class submarines
- Dynamics: strong order intake, negative operating income in H1
- Continued investment in T-X development
- Agreement regarding Gripen for Brazil expected in H2
- Negative cash flow in H1; expect a significant improvement in H2
- Saab and DigitalGlobe announce Vricon joint venture to create the globe in 3D

FINANCIAL KEY DATA

MSEK	Jan-June 2015	Jan-June 2014	Change	Full year 2014
Order bookings	18,996	8,126	134	22,602
Order backlog	67,853	57,180	19	60,128
Sales	11,329	10,972	3	23,527
Operating income	367	643	-43	1,659
<i>Operating margin</i>	3.2%	5.9%		7.1%
Net income	257	412	-38	1,168
Free cash flow	-2,082	-1,390		-1,094



BUSINESS AREA DEVELOPMENT



Aeronautics: Investment in T-X development. Gripen E according to plan. Gripen for Brazil expected in H2

Dynamics: Strong order intake in ground combat area

Electronic Defence Systems: Improved order intake y-o-y

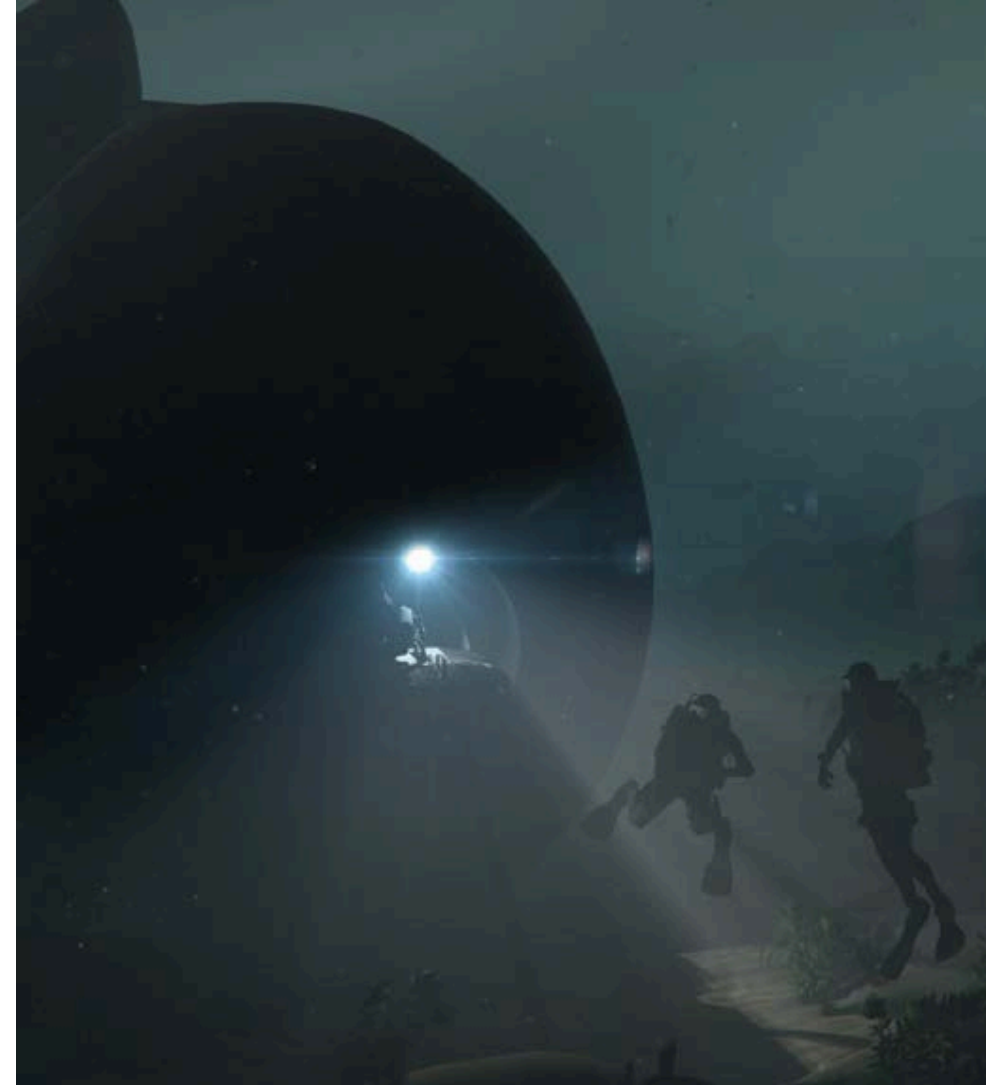
Security and Defence Solutions: Orders for two A26 submarines. Irish Aviation Authority to install Remote Tower

Support and Services: Lack of large orders, small orders on track

Industrial Products and Services: Strong development in Combitech. Aerostructures and Avionics on track

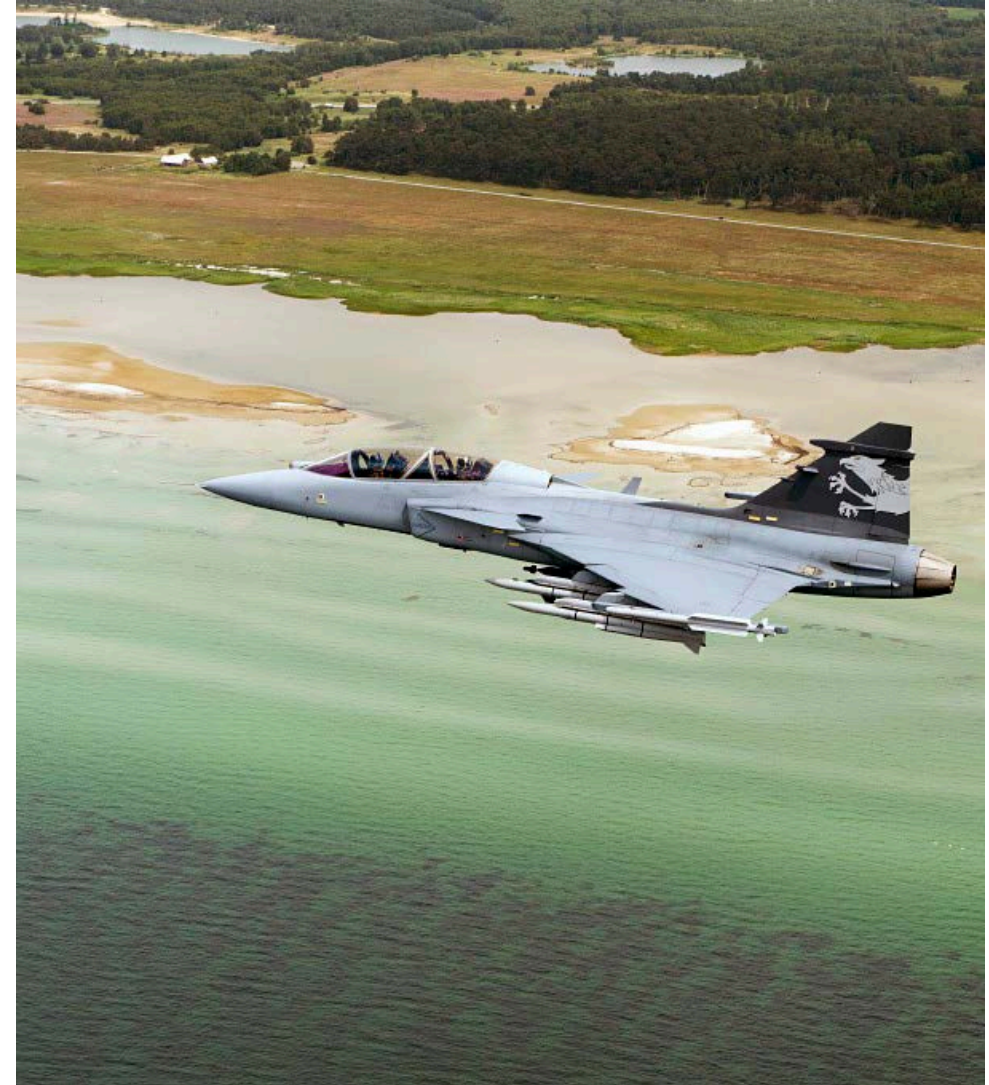
SUBMARINE BUILDER SAAB

- Saab Kockums delivered good performance H1
- Deliveries of A26 2022-2024
- Long submerged endurance – Stirling AIP
- High level of survivability – stealth, shock resistance, safety
- Excellent manoeuvrability and hydrodynamic design
- High performance sensor and communication suite



GRIPEN BRAZIL UPDATE

- Order from Brazil regarding 36 Gripen NG expected H2
- Programme preparations ongoing
- Setting up industrial cooperation with Brazilian industry
- Deliveries planned 2019-2024



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.

FINANCIALS

MAGNUS ÖRNBERG

EVP and CFO

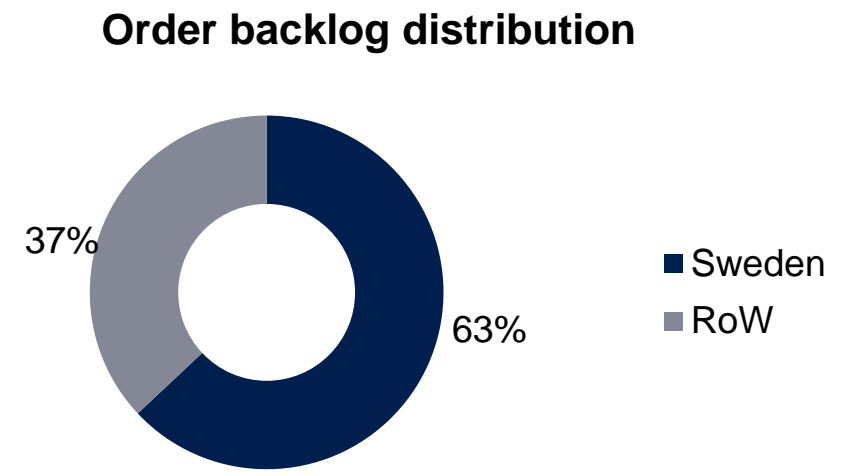
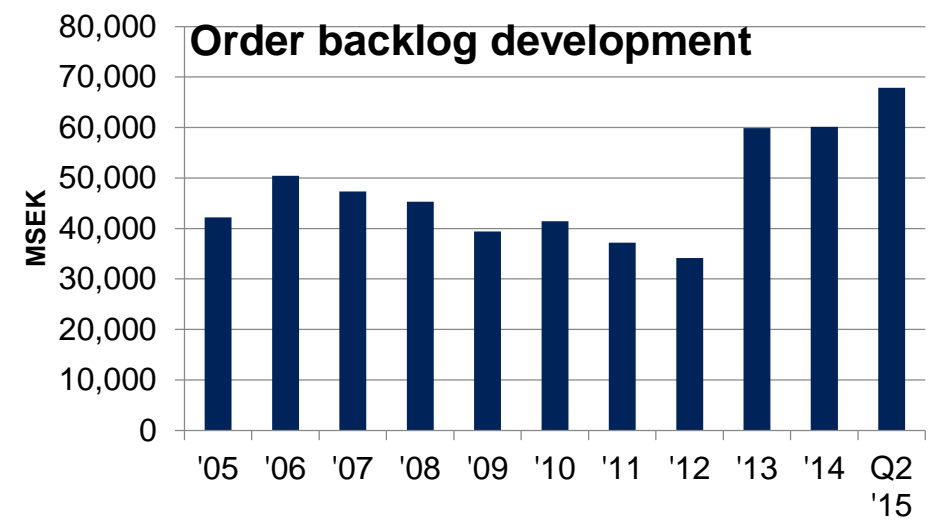
SUMMARY

- Strong order bookings in H1
- BA Dynamics on road to recovery
- Operational cash flow negative
 - Timing difference between milestone payments and deliveries
 - Investments in T-X development
 - Continued investments in radar development
- Large orders impact financial position

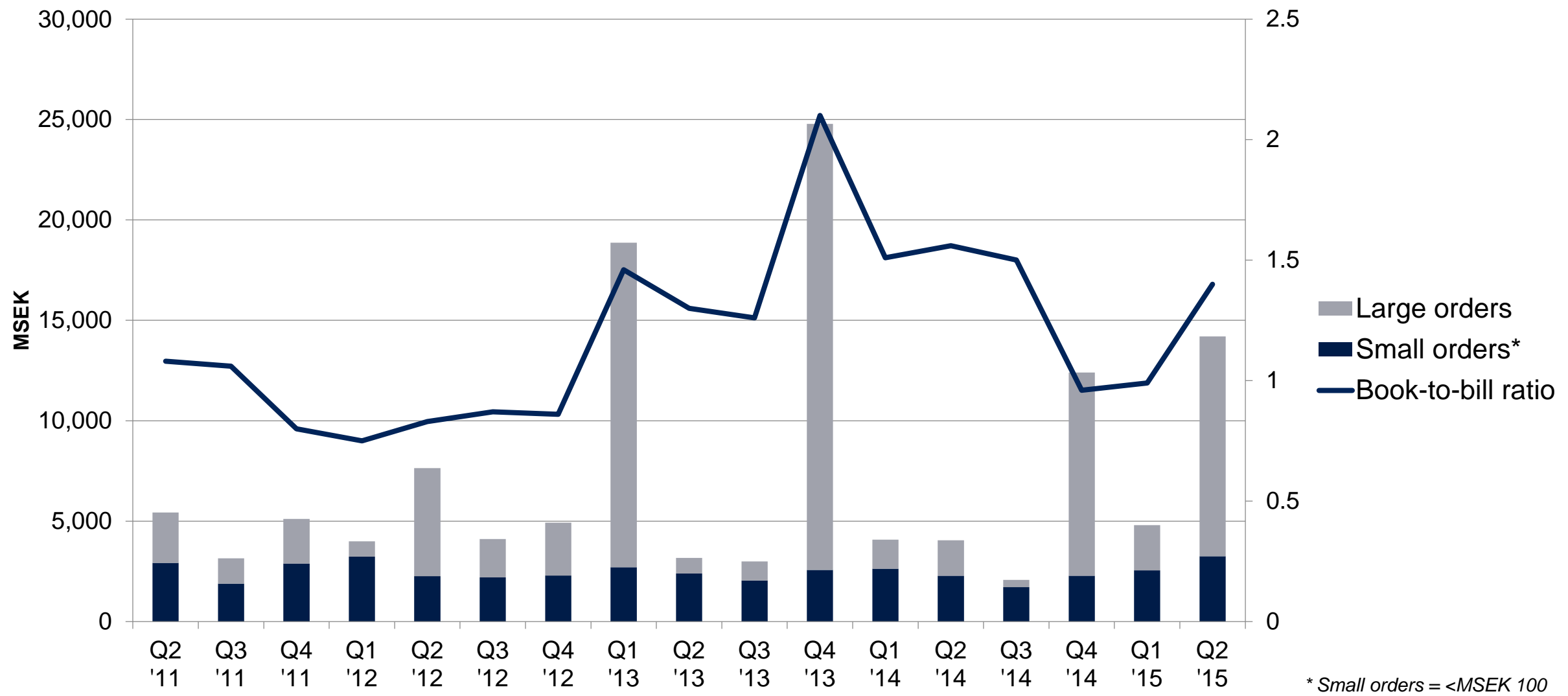


ORDER BACKLOG

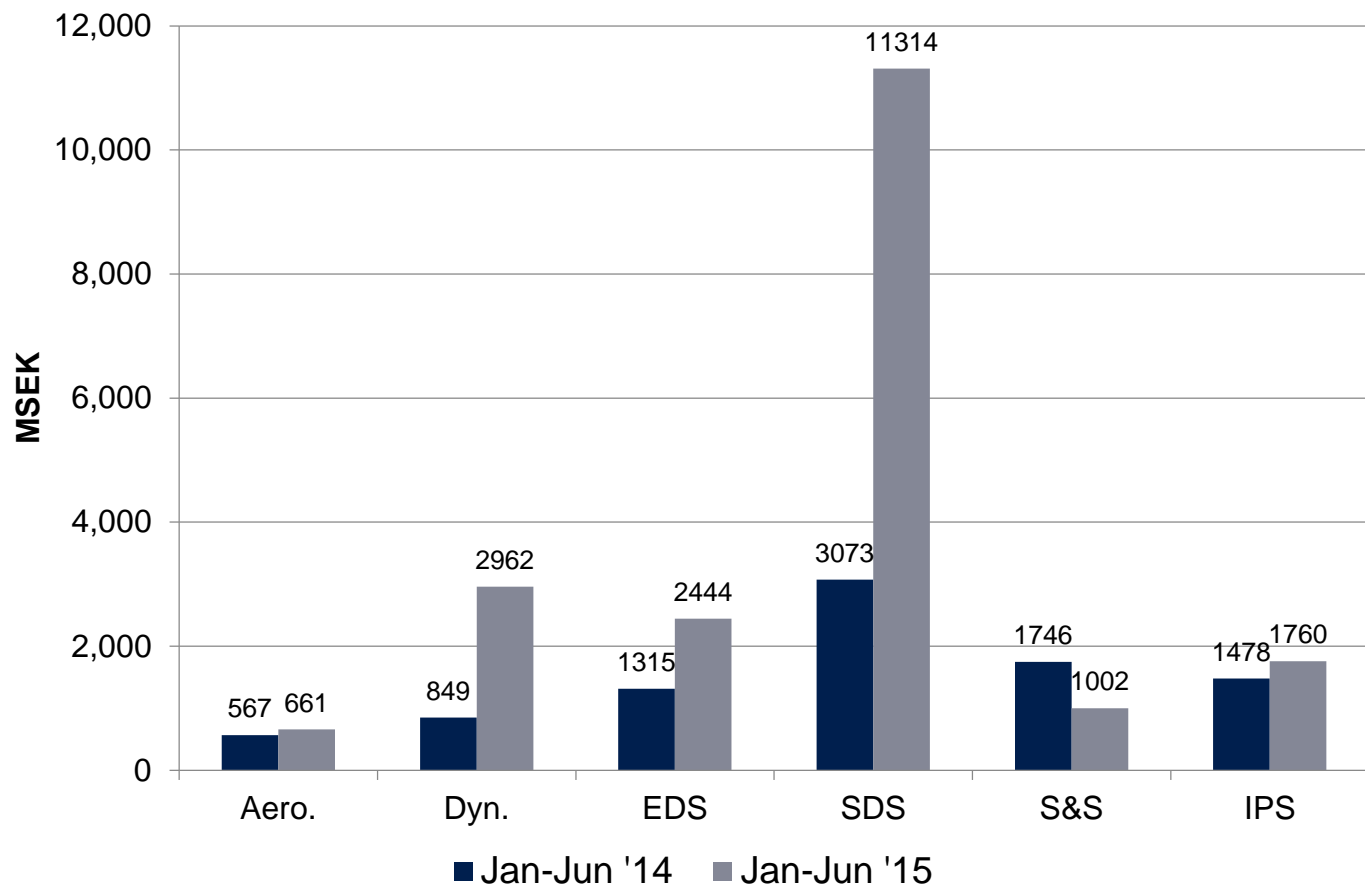
Order backlog duration, SEK bn					
30 June 2015		31 Dec 2014		30 June 2014	
2015:	11.6	2015:	17.8	2014:	11.1
2016:	14.8	2016:	10.2	2015:	11.7
2017:	9.5	2017:	5.7	2016:	7.8
2018:	6.6	2018:	5.6	2017:	4.9
After 2018:	25.4	After 2018:	20.8	After 2017:	21.7
Total:	67.9	Total:	60.1	Total:	57.2



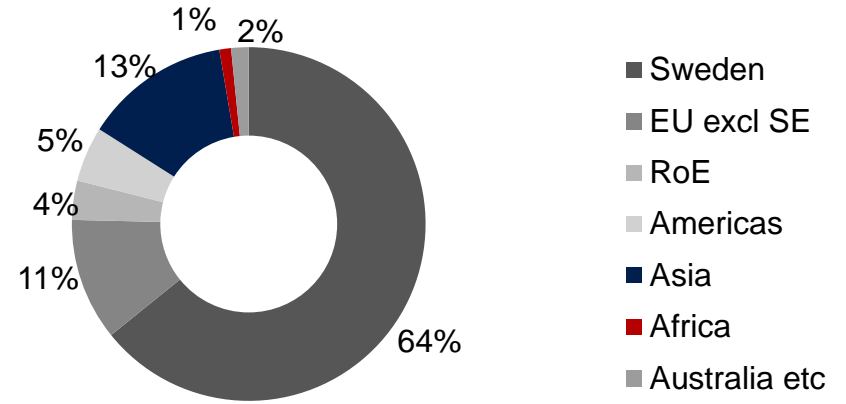
ORDER SIZE DISTRIBUTION



ORDER BOOKINGS DISTRIBUTION



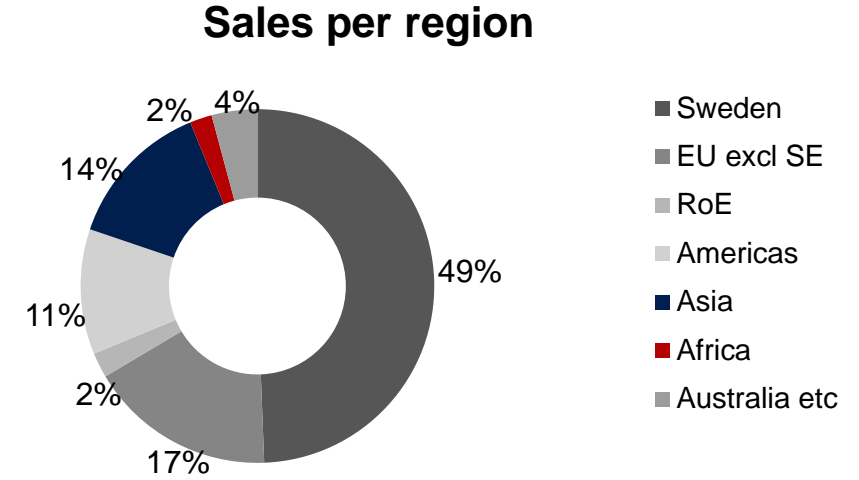
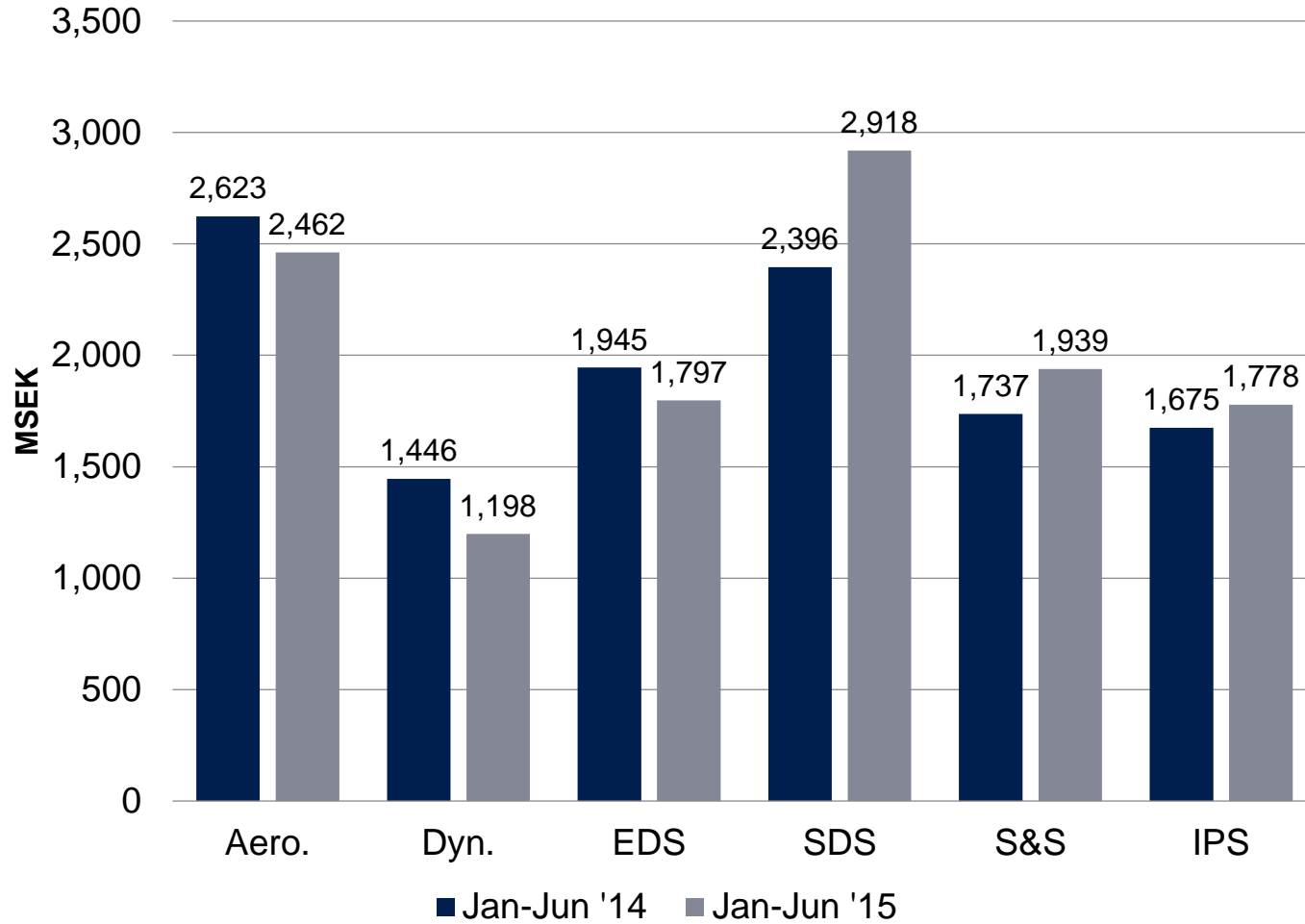
Order bookings per region



The increase in order bookings in Q2 is mainly due to orders for submarine construction and upgrades (SDS)

Dynamics recorded a good order intake with order for NLAW from the Finnish Defence Forces and other orders related to the weapon system area

SALES

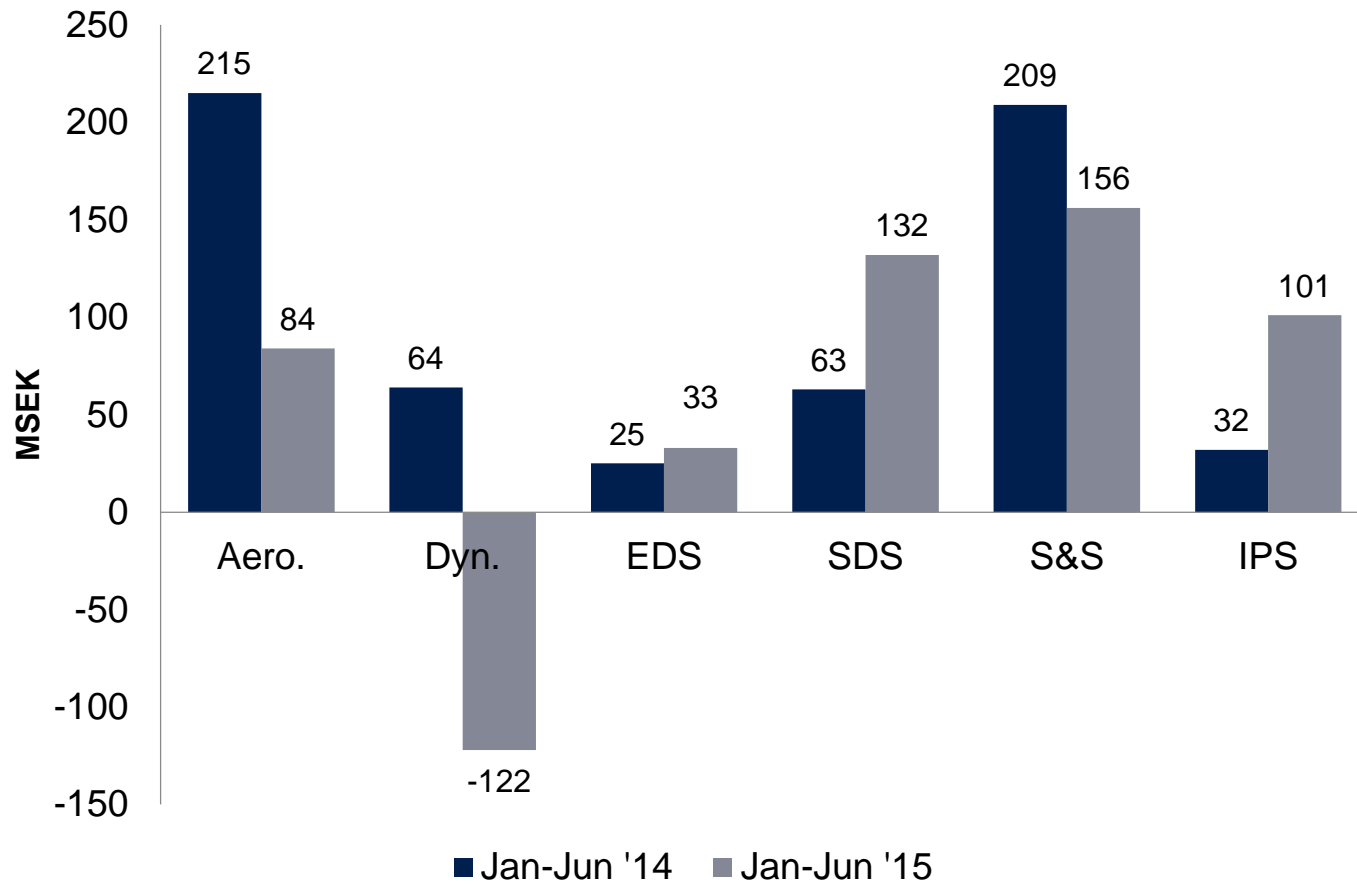


Sales increase in SDS mainly due to acquisition of Saab Kockums

Support & Services has a good development of smaller and mid-sized orders with short turnaround time

Combitech saw an improvement in Sweden

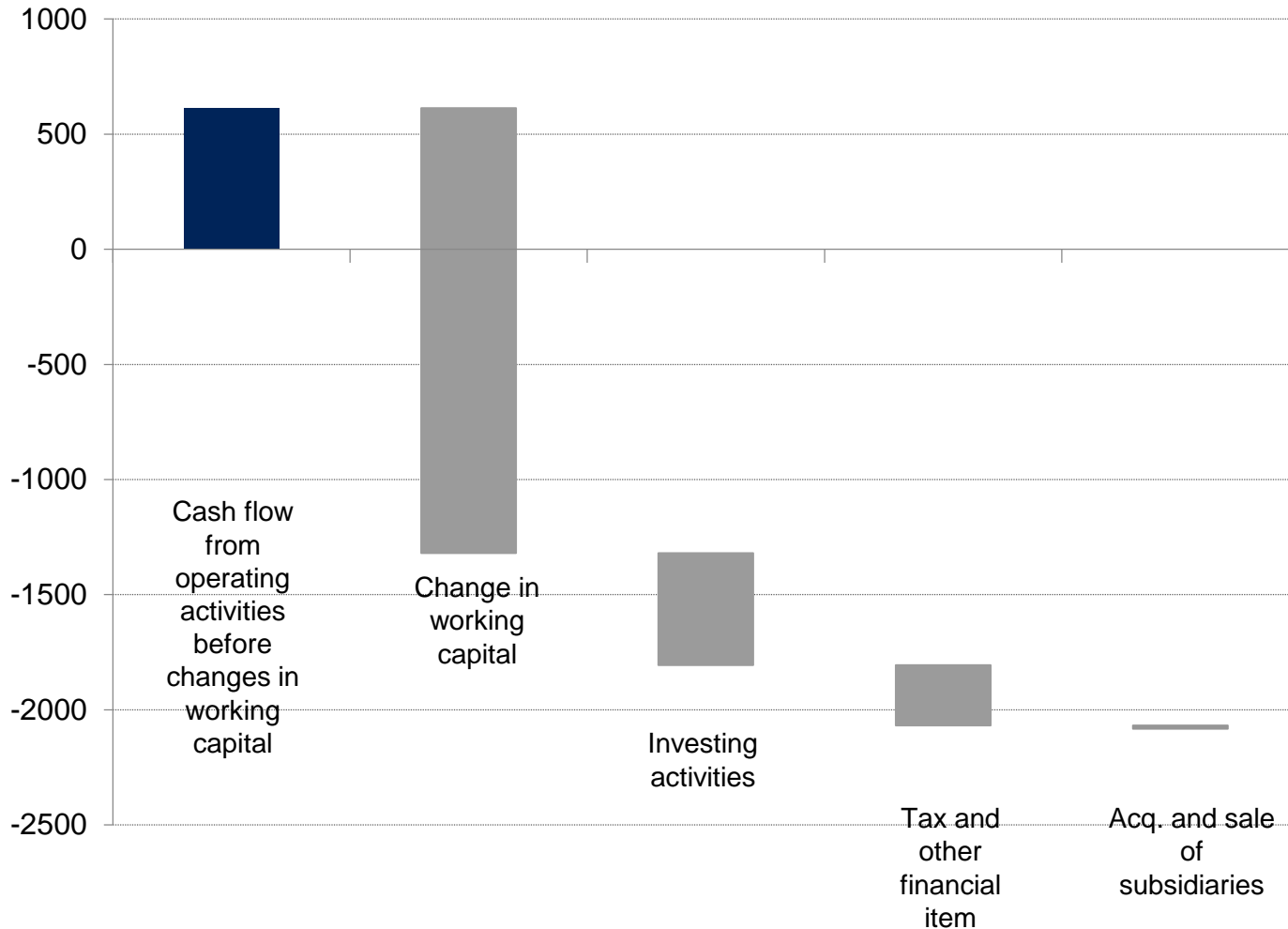
OPERATING INCOME



Decreased income in Aeronautics due to investments in T-X development

Increased income in IPS mainly as a result of improvement in Combitech

CASH FLOW



Jan-June 2015	MSEK
Cash flow from operating activities before changes in working capital	613
Change in working capital	-1,933
Investing activities	-486
Operational cash flow	-1,806
Tax and other financial items	-262
Acquisitions and sale of subsidiaries	-14
Free cash flow	-2,082

FINANCIAL POSITION

	Development Q2 2015, MSEK
Net liquidity (+) / Net debt (-), 31 December 2014	-2,113
Cash flow from operating activities	-1,582
Change in net pension obligation	578
Net investments	-500
Financial lease	-442
Dividend	-501
Currency impact and unrealised results from financial investments	-32
Net liquidity (+) / Net debt (-), 30 June 2015	-4,592
Net pension obligation, 30 June 2015	1,950
Total interest-bearing assets, 30 June 2015	-267
Liquidity	-2,909
Equity/assets ratio, 30 June 2015	37.2

FOCUS GOING FORWARD

- Execute on order backlog
- Increase efficiency in project execution
- Cash flow improvement



Q&A



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