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## Saab Year-End Report 2015

Defence and security company Saab presents the results for 2015.

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

#### Strong growth 2015

During the past few years, Saab has invested significant resources in developing the company's world-leading technologies, on coming closer to key markets with a new global sales organisation and also implemented efficiency measures throughout the company. This has resulted in an improved organisational structure, a strong product portfolio and a record high order backlog. Sales growth 2015 shows the strength in these efforts.

#### Challenging market

During the year, the security and defence market was influenced by major geopolitical shifts, political events and the world economic situation. The market continues to be challenging, meanwhile interest in Saab's products and services increases as they offer demanded functionality and cost efficiency.

#### Order backlog at historical level

At year-end, the order backlog amounted to MSEK 113,834 (60,128), which is more than four times annual sales. During 2015, Saab received several large orders, including Gripen for Brazil, the submarine A26 for Sweden and an airborne surveillance system for the United Arab Emirates (UAE). In addition, the volume of small and medium sized orders increased by more than 30 percent.

During 2015, sales amounted to MSEK 27,186 (23,527), an increase of 16 percent. The organic sales growth amounted to 11 percent. All business areas reports growth. The increase is mainly attributable to business area Aeronautics following the order for Gripen to Brazil and the order for an airborne surveillance system that was received in November 2015. This order had a positive impact on sales in business areas Electronic Defence Systems and Support and Services during the fourth quarter as preparation work was recognised as sales upon signing of the contract.

Operating income amounted to MSEK 1,900 (1,659) during the year and the operating margin was 7.0 percent (7.1). The operating income in the fourth quarter was positively impacted by sales recognition in the large projects mentioned above, and by large deliveries in business area Dynamics.

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The operational cash flow amounted to MSEK -500 (-1,197) for the full year and MSEK 653 (753) for the fourth quarter. Cash flow was positively impacted by milestone payments related to Gripen for Brazil and the submarine A26 for Sweden.

At the beginning of 2016, liquidity is strengthened by significant advance and milestone payments. This will lead to a strengthened balance sheet and that the net debt moves towards zero, depending on activity level, during the first quarter 2016.

### Strong foundation for future development

In an uncertain world, high efficiency and reduced lead times is a precondition to meet customer requirements. We focus on execution of the large deliveries that we have ahead of us the coming years. In addition, we strengthen the efforts to make the company more efficient. As part of this work, a reorganisation was implemented 1 January this year whereby business area Security and Defence Solutions was dissolved and its business units moved to other business areas. At the same time, we continue to increase sales efforts in selected markets and to grow the volume of small and medium sized orders.

Saab has during 2015 continued to invest in product renewal, mainly within the radar and sensor area and in the important T-X program, where the trainer aircraft of the future is developed together with Boeing. This work will continue during 2016.

Earnings per share after dilution amounted to SEK 12.79 (10.78).

The Board of Directors proposes a dividend for 2015 of SEK 5.00 per share (4.75).

### Outlook statement 2016:

- In 2016, we estimate sales to be in line with Saab's long-term financial goal: annual organic sales growth of 5 per cent.
- The operating margin 2016, excluding material non-recurring items, is expected to be in line with 2015.

### Financial highlights

<b>MSEK</b>	<b>Full Year 2015</b>	<b>Full Year 2014</b>	<b>Change, %</b>	<b>Q4 2015</b>	<b>Q4 2014</b>
<i>Order bookings</i>	81,175	22,602	259	18,576	12,403
<i>Order backlog</i>	113,834	60,128	89		
<i>Sales</i>	27,186	23,527	16	10,070	7,425
<i>Gross income</i>	6,486	6,077	7	2,530	1,851
<i>Gross margin, %</i>	23.9	25.8		25.1	24.9

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EBITDA	2,859	2,523	13	1,600	987
EBITDA margin, %	10.5	10.7		15.9	13.3
Operating income (EBIT)	1,900	1,659	15	1,347	758
Operating margin, %	7.0	7.1		13.4	10.2
Net income	1,402	1,168	20	1,109	586
Earnings per share before dilution, SEK	12.88	10.86		10.40	5.49
Earnings per share after dilution, SEK	12.79	10.78		10.32	5.45
Return on equity, %*	11.5	9.9			
Free cash flow	-726	-1,094		869	1,006
Free cash flow per share after dilution, SEK	-6.82	-10.23		8.15	9.47

\*The return on equity is measured over a rolling 12-month period.

## Press and analyst meeting

Saab invite to a press and analyst meeting, where CEO Håkan Buskhe and CFO Magnus Örnberg present the 2015 year-end result.

**Date:** Wednesday, 10 February 2016 at 10:00 (CET)

**Address:** Grand Hôtel, Blasieholmshamnen 8, Stockholm, Sweden

**Venue:** New York

You are welcome to participate on site at Grand Hôtel, 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/160210>

### Conference call:

Please, dial in using one of the numbers below.

UK: +442030089808

SE: +46856642666

US: +18558315944

The interim report, the presentation material and the webcast will be available on

<http://www.saabgroup.com/en/InvestorRelations>.

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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 that which Saab AB is required to declare by the Securities Business Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 10 February 2016 at 07.30 (CET).*

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