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Saab's Results January-March 2016

Defence and security company Saab presents the results for January-March 2016

Statement by the President and CEO Håkan Buskhe:

Last year was characterised by record high order bookings, including signing of a contract regarding Gripen for Brazil, the submarine system A26 for Sweden and the airborne surveillance system GlobalEye. The start of 2016 has been about execution and progress in these major development projects. All projects are progressing well and on the 18th of May 2016, we will show Gripen E to the outside world, an important milestone in the development of our new generation fighter aircraft.

Market development

The security situation in parts of the world is complicated. The need for systems that detect threats in time increases. Following years of decreased defence budgets, many countries have begun to review their need for modernised and increased defence capability. Countries in Eastern Europe increase their defence spending, while the decline in Western Europe has stalled. However, the process from identifying needs to a political decision and choice of supplier is time consuming.

Sales growth and strong cash flow

During the first quarter, order bookings were in line with the same period last year. Order bookings included an order for ammunition to the weapon system Carl-Gustaf amounting to MSEK 1,433 and a large number of small orders. Order backlog at the end of the period amounted to MSEK 111,649.

Sales during the first quarter amounted to MSEK 6,790 (5,389), an increase of 26 percent. The increase is mainly related to the Gripen programmes in business area Aeronautics, an order for GlobalEye which is attributable to business areas Surveillance (previously named Electronic Defence Systems) and Support and Services, as well as the development of the submarine system A26 within the business unit Saab Kockums.

The operating income amounted to MSEK 294 (210) during the first quarter and the operating margin was 4.3 percent (3.9). The operating income was mainly positively impacted by business area Dynamics' increased sales and thereby completed turnaround to profitability, as well as good development in the technology consulting company Combitech within business area Industrial Products and Services.

The operating income was negatively impacted by investments in the development of a future trainer aircraft together with Boeing (T-X program), and in addition several large projects are at an early phase and thus generate lower profit. Moreover, the business unit Saab Kockums reported a very strong first quarter 2015 due to large deliveries in projects outside Sweden.

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Our profitability going forward depends on execution of the large development projects in the order backlog. During 2016 we will continue to put attention to these proceeding according to plan.

The operational cash flow in the first quarter amounted to MSEK 3,056 (-805). The strong positive cash flow was mainly attributable to large payments received related to Gripen and GlobalEye. Net debt at the end of the period was MSEK 626, compared to MSEK 3,217 at year-end 2015.

Attractive company

To attract, retain and develop employees is crucial for Saab to remain a successful company at the forefront of technology. Therefore it is encouraging that our determined efforts to increase Saab's attractiveness among potential employees pays off. Saab has climbed to sixth place in the company Universum's ranking of Sweden's most popular companies among engineering students. In particular, the interest for Saab among female students is increasing. To mix people, ideas, experiences and cultures makes a dynamic company with greater innovative power and increased profitability.

Unchanged 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 percent.
- The operating margin 2016, excluding material non-recurring items, is expected to be in line with 2015.

Financial highlights

MSEK	Jan-Mar 2016	Jan-Mar 2015	Change, %	Full Year 2015
Order bookings	4,614	4,800	-4	81,175
Order backlog	111,649	59,811	87	113,834
Sales	6,790	5,389	26	27,186
Gross income	1,511	1,316	15	6,486
Gross margin, %	22.3	24.4		23.9
EBITDA	524	438	20	2,859
EBITDA margin, %	7.7	8.1		10.5
Operating income (EBIT)	294	210	40	1,900
Operating margin, %	4.3	3.9		7.0
Net income	223	90	148	1,402
Earnings per share after dilution, SEK	1.99	0.79		12.79
Return on equity, %*	12.7	9.3		11.5
Operational cash flow	3,056	-805		-500
Free cash flow	2,955	-941		-726
Free cash flow per share after dilution, SEK	27.65	-8.84		-6.82

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

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Press and analyst meeting

Saab invites to a press and analyst meeting, where CEO Håkan Buskhe and CFO Magnus Örnberg present the Saab January-March interim report 2016.

Date: Thursday, 21 April 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/160421>

Conference call:

Please, dial in using one of the numbers below.

UK: +44 2030089813

US: +1 8557532235

Sweden: +46 8 56642700

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 21 April 2016 at 07.30 (CET).

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