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Saab's Results January-September 2016

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

Statement by the President and CEO Håkan Buskhe:

Market development

Growing turmoil around the world continues to impact the defence market and the civil security market. We are closely following market developments and the global trend toward increased investment in defence and security. Demand is clearly growing for cost-efficient systems and solutions that quickly increase operational capabilities. At the same time, technological development continues, with evermore digitalisation and automation within the defence industry. For Saab, with a large part of its operations in software development, this creates opportunities to work even more innovatively and effectively.

Order bookings and sales

Order bookings in the first nine months were in line with 2015, excluding: the Gripen contract with Brazil, the order of type A26 submarines and a mid-life upgrade for two Gotland-class submarines to Sweden, which were received then. Order bookings for the third quarter were mainly driven by important small and medium-sized deals. Two examples are the orders for the latest version of the RBS 70 air defence system and the airport group Swedavia's continued use of SAFE as its command and control platform for the control centre at its Swedish airports.

Order bookings amounted to MSEK 14,960 (62,599).

The order backlog at the end of the period amounted to MSEK 109,521 (105,486).

Sales in the first nine months increased by 15 percent (16 per cent organic growth) to MSEK 19,615 (17,116). The increase was again mainly due to: the Gripen programme, an order in 2015 for GlobalEye, a higher level of orders in Dynamics and the development of the A26 submarine.

Operating income

Operating income amounted to MSEK 837 (553) and the operating margin was 4.3 per cent (3.2). The operating margin strengthened in line with our expectations.

Operating income was again adversely affected by investments in the development of a new jet trainer together with Boeing (T-X program), as well as by several major projects in early stages where they normally generate lower profit.

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Much of our focus is on execution of the major projects in the order backlog.

In September, Boeing and Saab revealed the first two production aircraft for the U.S. Air Force's T-X programme.

Operational cash flow amounted to MSEK 1,922 (-1,153). Cash flow was affected in the third quarter by project activity related to advances and milestone payments.

Unchanged outlook for 2016

The outlook for 2016 remains unchanged. The interest in Saab's cost-efficient products and solutions means increased business opportunities for Saab. At the same time, defence procurements are preceded by processes, which are difficult to assess, both in terms of timing and outcome.

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

Financial highlights

MSEK	Jan-Sep 2016	Jan-Sep 2015	Change, Q3 %	Q3 2016	Q3 2015	Full Year 2015
Order bookings	14,960	62,599	-76	3,498	43,603	81,175
Order backlog	109,521	105,486	4			113,834
Sales	19,615	17,116	15	5,761	5,787	27,186
Gross income	4,432	3,956	12	1,352	1,282	6,486
Gross margin, %	22.6	23.1		23.5	22.2	23.9
EBITDA	1,537	1,259	22	462	429	2,859
EBITDA margin, %	7.8	7.4		8.0	7.4	10.5
Operating income (EBIT)	837	553	51	226	186	1,900
Operating margin, %	4.3	3.2		3.9	3.2	7.0
Net income	536	293	83	122	36	1,402
Earnings per share after dilution, SEK	4.76	2.45		1.06	0.24	12.79
Return on equity, %*	13.8	7.8				11.5
Operational cash flow	1,922	-1,153		-2,271	653	-500
Free cash flow	1,740	-1,595		-2,311	487	-726
Free cash flow per share after dilution, SEK	16.28	-14.99		-21.59	4.57	-6.82

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

Date: Tuesday, 25 October 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/161025/>

Conference call:

Please, dial in using one of the numbers below:

UK: +44 2030089801

US: +1 6465025116

Sweden: +46 8 56642666

The interim report, the presentation material and the webcast will be available on <http://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

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around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.

This 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 25 October 2016 at 07.30 (CET).

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