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COMPANY REPORT



Great quarter, full price

Saab's Q3 clearly beat our expectations. Revenue, EBIT and EPS were all well above our estimates and in line with or slightly above consensus. Organic growth accelerated to 31% in the seasonally weakest quarter, driven by Surveillance and Naval, and order intake and cash flow were also very strong. Following the report, we raise our 2026-28 revenue and EBIT estimates by about 2-4%, with Surveillance as the main source of the upgrade. However, the share price has risen ~14% since our last update, outpacing our estimate revisions. We therefore lower our recommendation to Reduce (prev. Accumulate) with a target price of SEK 670 (prev. SEK 635). This is a valuation call rather than a change of view on the company. The multiples only reach our acceptable ranges at the end of our forecast period, which in our view leaves insufficient risk-adjusted upside.

Surveillance and Naval carried the summer quarter

Revenue came in clearly ahead of our estimate and slightly above consensus, and the margin also exceeded our expectations. Surveillance drove the beat with high radar volumes and strong operating leverage, while Naval grew rapidly as the Polish submarine program got under way. Aeronautics improved its margin but still carries T-7A costs, and both Aeronautics and Dynamics grew more slowly than we expected. Dynamics was the weak spot, as higher R&D and delivery mix pushed its margin down from an exceptionally strong comparison period. Order intake beat our already high expectations on a stronger flow of smaller orders, and customer advances drove a strong cash flow.

Estimates up, with the mix shifting toward Surveillance

We raise our 2026-28 revenue and EBIT estimates by about 2-3%. EPS rises less, as the tax rate and minority interests have been higher than we assumed. For 2026, much of the Q3 beat

had already been penciled in for Q4, and we have also lowered our Q4 margin assumption due to lower profitability expectations in Dynamics and Naval, where rising R&D and capacity ramp-up costs weigh on margins, so the full-year change is modest. For 2027-28, Surveillance is the main source of the upgrade, while Naval rises on the ramp-up of the A26 program. Aeronautics and Dynamics are largely unchanged, and our group margin path is broadly the same. We have also raised our cash flow estimates on lower working capital, partly offset by higher investments in line with management's comments on the capacity build-out.

Strong execution, but the share price already reflects it

At the current share price, Saab trades at 35x and 29x P/E and 27x and 23x EV/EBIT for 2027-28. Our acceptable long-term ranges of ~22-25x P/E and ~17-20x EV/EBIT are reached only in 2029, meaning the share already prices in several more years of strong earnings growth and continued execution. We still think the premium over peers is deserved, given the scarcity of comparable European defense assets, the delivery track record, and an ownership structure that supports long-term decision-making. However, at current levels the valuation leaves little room for setbacks. In our framework, strong earnings growth drives the expected return, but the multiple contraction needed to reach our acceptable ranges offsets much of it, and the dividend yield is below 1%. Our target price of SEK 670 implies only ~4% upside, and the expected return falls short of our cost of equity. To be clear, this is a valuation call rather than a change of view on the company. We regard the Q3 performance as positive and continue to like the direction of the business, but we see a more attractive entry point at a lower share price.

Recommendation

Reduce
(prev. Accumulate)

Target price:
SEK 670
(prev. SEK 635)

Share price:
SEK 647

Business risk



Valuation risk



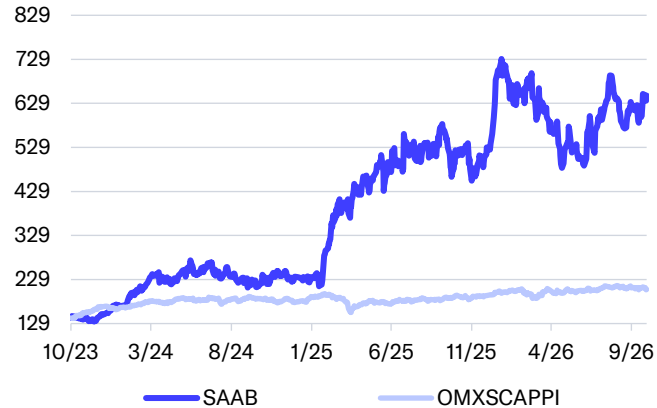
	2025	2026e	2027e	2028e
Revenue	79,146	99,123	118,841	139,648
growth-%	24%	25%	20%	18%
EBIT adj.	7,961	10,742	12,999	15,550
EBIT-% adj.	10.1 %	10.8 %	10.9 %	11.1 %
Net Income	6,314	8,163	10,096	12,062
EPS (adj.)	11.50	15.08	18.65	22.29
P/E (adj.)	46.7	42.9	34.7	29.0
P/B	6.7	7.0	6.0	5.1
Dividend yield-%	0.4 %	0.5 %	0.6 %	0.7 %
EV/EBIT (adj.)	36.6	32.9	27.3	22.5
EV/EBITDA	25.7	24.5	20.8	17.4
EV/S	3.7	3.6	3.0	2.5

Source: Inderes

Guidance

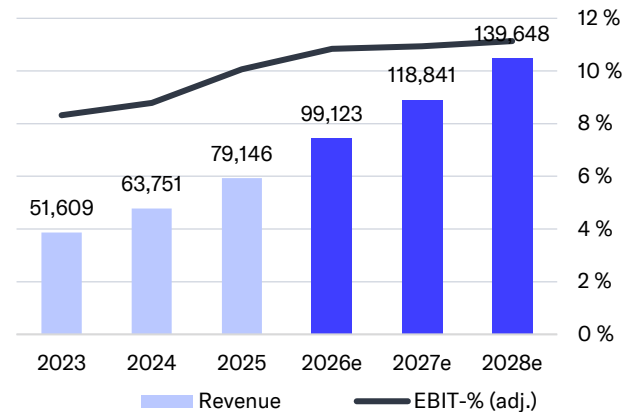
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Share price



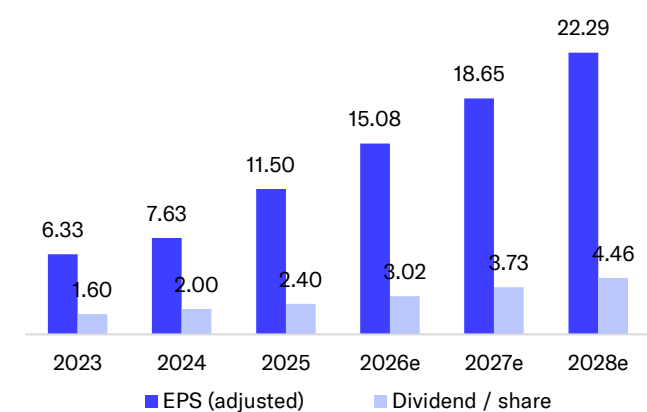
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Strong position in core technology niches within a stable market characterized by multi-decade upcycles
- Solid value-creation track record through organic growth, complemented by selective bolt-on M&A to enhance the tech portfolio
- Clear runway to capture meaningful growth in Europe, the Americas and parts of Asia
- Path toward ~12% EBIT margin, supported by operating leverage and a strategy to grow EBIT faster than revenue
- Increasing societal relevance via civil-security and digital-infrastructure solutions

Risk factors

- Risk of over-investing in capacity during a long upcycle
- Growth and profitability are highly execution dependent; major missteps or managerial errors could have severe long-term effects
- Failure to develop or acquire relevant technologies that open future growth channels
- Fierce competition from larger, established defense peers

Valuation	2026e	2027e	2028e
Share price	646.5	646.5	646.5
Number of shares, millions	541.2	541.2	541.2
Market cap	349,899	349,899	349,899
EV	353,031	355,245	350,562
P/E (adj.)	42.9	34.7	29.0
P/E	42.9	34.7	29.0
P/B	7.0	6.0	5.1
P/S	3.5	2.9	2.5
EV/Sales	3.6	3.0	2.5
EV/EBITDA	24.5	20.8	17.4
EV/EBIT (adj.)	32.9	27.3	22.5
Payout ratio (%)	20.0 %	20.0 %	20.0 %
Dividend yield-%	0.5 %	0.6 %	0.7 %

Source: Inderes

No summer slowdown at Saab (1/2)

Surveillance and Naval passed the seasonal test

Revenue grew 29.5% to 20,553 MSEK, clearly above our estimate of 18,784 MSEK and slightly above consensus (19,943 MSEK). Organic growth accelerated to 30.6%, while currency translation reduced reported growth by 0.8 percentage points. Going into the report, our main question was whether the high delivery volumes of the first half could be sustained through the summer, when holiday-related production stoppages typically weigh on activity. The answer was a clear yes, but the growth mix differed from our expectations. As we had flagged as an upside risk in our preview, Surveillance was the largest source of the beat, with sales up 65% on high volumes of Giraffe 1X radars and strong project execution. Naval grew 41% as the Polish A26 submarine program got under way. Aeronautics and Dynamics, which we had expected to lead growth, grew more modestly at 9% and 10%, respectively. Given their large backlogs and expanding capacity, we see this mainly as a timing effect. Combitech were relatively weak on the topline (+4% y/y) this quarter on the back of lower consultancy revenues than we had expected.

Surveillance carried the margin expansion

EBIT rose 42% to 1,945 MSEK, about 24% above our estimate of 1,568 MSEK and in line with consensus (1,929 MSEK). We had expected the margin to ease to 8.3% due to seasonality, a tough comparison period in Dynamics and remaining T-7A start-up costs. Instead, it rose to 9.5% (Q3'25: 8.7%), supported by a gross margin of 23.4% (Q3'25: 22.9%) as Surveillance accounted for a larger share of sales. Surveillance more than doubled its EBIT to 939 MSEK at a margin of 13.7% (Q3'25: 10.8%), showing clear operating leverage. Aeronautics' margin improved to 6.8% (Q3'25: 4.8%) on a better business mix, although the T-7A program still weighs on it.

Rising R&D caps margin expansion in Dynamics and Naval

Dynamics was the weak spot in the quarter. Its margin fell to 14.3% from an exceptionally strong comparison period (Q3'25: 19.3%), reflecting higher R&D expenses and delivery mix. Naval's margin of 6.1% (Q3'25: 7.5%) continued to be held back by costs related to capacity expansion and higher R&D. At group level, R&D expenses rose ~59% year-on-year to 1,296 MSEK. We view this as

a deliberate investment in future capabilities, but it currently limits group margin expansion. EPS came in at 2.57 SEK, clearly above our estimate of 2.09 SEK and in line with consensus (2.54 SEK).

Order intake and cash flow both exceeded expectations

Order intake came in at 65,825 MSEK, above both our estimate (55,874 MSEK) and consensus (55,603 MSEK), and more than three times the comparison period (book-to-bill 3.2x). As expected, the already announced Ukraine Gripen (24.6 BSEK), GlobalEye (10.1 BSEK) and German frigate (8.7 BSEK) contracts made up the bulk of the intake. The rest of the order flow was stronger than we expected. It included IRIS-T and RBS 70 NG orders in Dynamics and an 84% increase in small orders, which we see as a reassuring signal of short-cycle demand after the slippage in Q2. The order backlog rose to a record 364 BSEK. Cash flow was the positive surprise of the quarter, where operating cash flow jumped to 6.8 BSEK (Q3'25: 142 MSEK) and free cash flow reached 5.6 BSEK.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus	Difference (%)	2026e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	15,871	20,553	18,784	19,943	18,784 - 21,086	9.4%	97,478
EBIT (adj.)	1,374	1,945	1,568	1,929	1,475 - 2,800	24.1%	10,544
Net income	957	1,432	1,139	1,400	1,109 - 1,568	25.7%	8,119
EPS (adj.)	1.77	2.57	2.09	2.54	2.05 - 2.91	22.9%	15.00

Order intake	20,861	65,825	55,874	55,603	46,454 - 61,621	17.8%	179,473
Revenue growth-%	17.2 %	29.5 %	18.4 %	25.7 %	18.4 % - 32.9 %	1+1.1 p.p.	25.2 %
EBIT-% (adj.)	8.7 %	9.5 %	8.3 %	9.7 %	7.9 % - 13.3 %	+1.1 p.p.	10.8 %

Source: Inderes & Modular Finance (14.10.2026, 12 estimates)

No summer slowdown at Saab (2/2)

This was driven by customer advances, particularly for the Polish submarine program, which more than offset the working capital tied up by the production ramp-up. Net liquidity rose to 8.7 BSEK (Q4'25: 4.0 BSEK), although advance payments tend to be lumpy between quarters. Management reiterated that Saab is well positioned to reach its 2023-27 medium-term targets, and in our view all three are well on track.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus	Difference (%)	2026e
MSEK / SEK	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	15,871	20,553	18,784	19,943	18,784 - 21,086	9.4%	97,478
EBIT (adj.)	1,374	1,945	1,568	1,929	1,475 - 2,800	24.1%	10,544
Net income	957	1,432	1,139	1,400	1,109 - 1,568	25.7%	8,119
EPS (adj.)	1.77	2.57	2.09	2.54	2.05 - 2.91	22.9%	15.00
Order intake	20,861	65,825	55,874	55,603	46,454 - 61,621	17.8%	179,473
Revenue growth-%	17.2 %	29.5 %	18.4 %	25.7 %	18.4 % - 32.9 %	1+1.1 p.p.	25.2 %
EBIT-% (adj.)	8.7 %	9.5 %	8.3 %	9.7 %	7.9 % - 13.3 %	+1.1 p.p.	10.8 %

Source: Inderes & Modular Finance (14.10.2026, 12 estimates)

Q3 stole some of Q4's thunder (1/2)

2026: Q3 beat largely offset by a more realistic Q4

We raise our 2026 revenue and EBIT estimates by ~2% to 99.1 BSEK and 10.7 BSEK, respectively. Q3 revenue came in about 9% and EBIT about 24% above our estimates. However, we had penciled in most of the beat for Q4, so the full-year increase is modest. As such, despite the clear beat in Q3, we have only fine-tuned our Q4 revenue estimate slightly, as the backlog scheduled for Q4 delivery is up only 18% y/y. Surveillance also faces a tough comparison, as Q4'25 included the start of the French GlobalEye contract. We lower our Q4 EBIT margin estimate from 12.5% to about 12.0%. Our previous estimate rested on margins in Dynamics (19.7%) and Naval (10.5%) that Q3 and the first nine months did not support (17.8% and 6.0%, respectively, for 9M). This is partly offset by a higher Surveillance margin to reflect the operating leverage seen in Q3. Q4 is still expected to be the strongest margin quarter of the year, up about 1.4pp year-on-year against the adjusted Q4'25 figure. EPS rises less than EBIT, as the tax rate and minority interests have been higher than we assumed.

Orders: Q3 outcome added, an unidentified Naval order removed

We add the Q3 order intake of 65.8 BSEK and now expect the Netherlands' GlobalEye order, which management indicated should be signed via FMV shortly, to be booked in Q4. At the same time, we lower our Q4 order assumption for Naval, as no large contract has been identified after the German frigate order was booked in Q3. The broader GlobalEye pipeline remains strong, with Saab signing a non-binding term sheet with Canada covering the framework for six aircraft, and NATO has started formal negotiations for up to ten systems. We believe these campaigns will eventually become booked orders, but the timing remains uncertain.

2027-28: Segment mix shifts, margin path broadly unchanged

We raise our 2027-28 revenue estimates by ~3% and EBIT estimates by ~2-3%, with Surveillance as the main source of the upgrade. We raise Surveillance revenue by ~8%, based on the

strong delivery pace and a backlog that has roughly doubled year-on-year. We now expect a margin of about 12% (prev. ~11.8-11.9%). This is still well below the Q3 level, as management guides for a margin of above 10% and the Canada hub will dilute operating leverage. We raise Naval revenue by ~6.5% as the Polish A26 submarine program ramps up. We smooth the margin increase toward 8% (7.5% in 2027), as the underwater business and some combat management projects are still dilutive. We keep Aeronautics and Dynamics largely unchanged and treat Q3's weaker revenue as a timing effect, given the large backlogs and expanding capacity (Gripen from about 15 to 25-30 aircraft per year). We trim the Dynamics margin slightly to 18.0% in 2027 due to rising R&D, including the new drone business unit, and keep it at 18.4% in 2028. Combitech is lowered in line with this year's low growth. At group level, our 2027 revenue estimate (118.8 BSEK, +20%) is supported by 102 BSEK of backlog scheduled for 2027 delivery, which corresponds to about 86% coverage.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	97,478	99,123	2%	115,543	118,841	3%	135,467	139,648	3%
EBIT (adj.)	10,544	10,742	2%	12,695	12,999	2%	15,117	15,550	3%
Net income	8,119	8,163	1%	9,655	9,982	3%	11,616	12,062	4%
EPS (adj.)	15.00	15.08	1%	17.84	18.44	3%	21.46	22.29	4%
DPS	3.00	3.00	0%	3.56	3.71	4%	4.29	4.49	5%
Order intake	179,473	187,811	5%	142,283	146,263	3%	148,881	153,404	3%

Source: Inderes

Q3 stole some of Q4's thunder (2/2)

We expect EBIT to grow 21%, slightly faster than revenue and in line with Saab's financial targets. Our adjusted EBIT margin estimates for 2027-28 of 10.9% and 11.1% are broadly unchanged.

Higher cash flow estimates, but also higher investments

The most significant change concerns cash flow. Strong advance payments in Q3 released working capital, and the CFO stated that Saab is "going to end this year with a strong cash flow". We have therefore lowered our working capital assumptions and raised our cash flow estimates, and we now expect clearly positive free cash flow in 2026. In 2027, we assume part of the advances will unwind as they are consumed in production. At the same time, we have raised our capex assumptions for 2026-28 in line with management's comments on the capacity build-out. Management describes annual capacity investments of above 8 BSEK and expects 2026-27 to be the peak, followed by a decline.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MSEK / SEK	Old	New	%	Old	New	%	Old	New	%
Revenue	97,478	99,123	2%	115,543	118,841	3%	135,467	139,648	3%
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Order intake	179,473	187,811	5%	142,283	146,263	3%	148,881	153,404	3%

Source: Inderes

Expected return falls short of our bar

Higher estimates, but the multiples remain demanding

Saab screens expensive relative to both its historical valuation and the sector. Q3 lifted our estimates, but the share price has risen more. Saab now trades at P/E multiples of 35x and 29x and EV/EBIT multiples of 27x and 23x for 2027-28. On 2026 figures, the multiples are 43x and 33x, respectively. The strength of the long-term sector fundamentals and Saab's continued robust execution give us confidence that the company can grow into its valuation, but the question is how much of that growth investors are already paying for today.

Our acceptable long-term valuation ranges of ~22-25x P/E and ~17-20x EV/EBIT are only reached in 2029, when the multiples fall to 24x and 19x, respectively. In other words, the shares already price in several more years of strong earnings growth and continued execution. For the valuation to reach our ranges within the forecast horizon, Saab needs to deliver on our already high estimates, which embed close to 20% annual revenue growth over the next two years. Any further upside requires earnings clearly above our estimates. The outlook remains strong both operationally and from a defense market perspective, but in our view the share price already reflects much of it.

Our long-term view of the market is unchanged. The first phase of European rearmament was weighted toward short-cycle products and ammunition. We think the next phase will be increasingly driven by larger platforms, submarines, fighter aircraft and advanced surveillance systems, where Saab is strongly positioned. This is now clearly visible in the order book. The Polish A26 order, the Ukraine Gripen contract and the GlobalEye order all fall squarely into this category, and the growing GlobalEye pipeline with Canada, NATO and the Netherlands shows that demand for Saab's flagship platforms is broadening. This supports the long-term investment case, but we think the market has already given Saab credit for a large part of it.

A premium earned, but now fully priced

The relevant question is not whether Saab is expensive, but how large a premium over peers is warranted. We still believe a premium is justified, given 1) the scarcity of European defense assets with exposure as broad and an outlook as strong as Saab's, 2) its delivery track record since the war in Ukraine began, 3) an ownership structure that supports long-term decision-making, and 4) a management team with the acumen to see the current performance through. Q3 added further support, as Surveillance showed that Saab can scale its operations with clear operating leverage. However, at the current share price we think the premium already reflects these strengths, and the risk/reward has become less favorable. At current multiples, any meaningful step toward de-escalation would likely hit valuations hard, and crowded positioning could amplify the move, though that risk is driven by sentiment rather than fundamentals. The valuation also leaves little room for execution setbacks, such as delays in the capacity build-out or supply chain constraints. Saab has consistently delivered so far, but the shares already appear to price in continued strong execution.

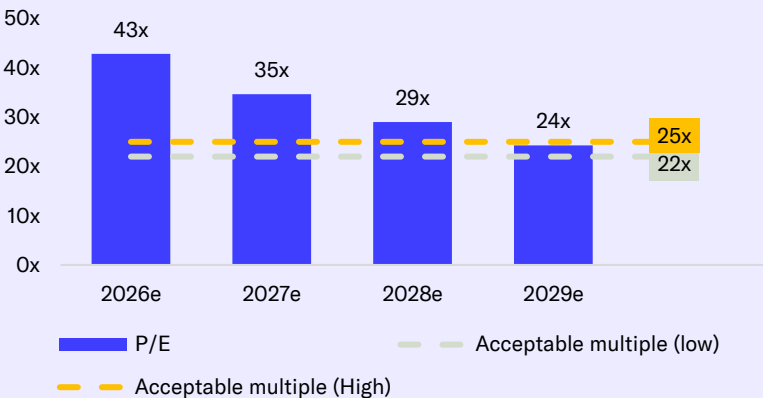
The return equation no longer clears our bar

Based on our valuation framework, strong earnings growth does most of the work for expected shareholder return over the forecast period. However, at the current valuation, the multiple contraction required to reach our acceptable ranges offsets a large part of it, and the dividend yield of below 1% adds only marginally. In our DCF, most of the value sits in the terminal period, meaning that a large share of the valuation depends on earnings far into the future. We raise our target price to SEK 670 (was SEK 635), driven by our higher estimates. This implies only ~4% upside from the last close, and together with the dividend, an expected return below our cost of equity. We therefore lower our recommendation to Reduce (was Accumulate). To be clear, this is a valuation call rather than a change of view on the company. We regard the Q3 performance as positive and continue to like the direction of the business.

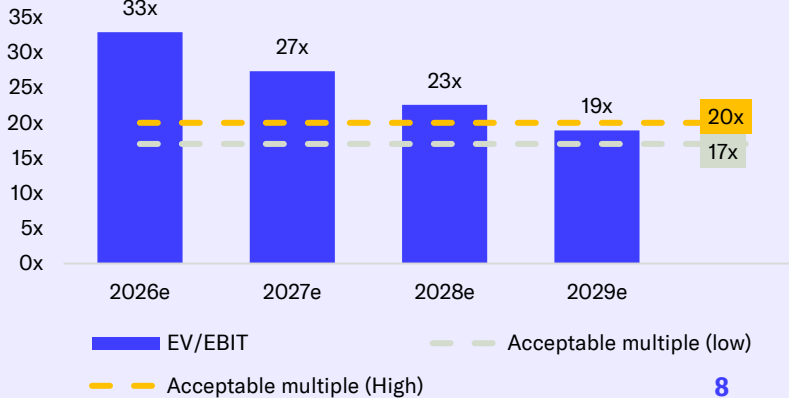
Valuation	2026e	2027e	2028e
Share price	646.5	646.5	646.5
Number of shares, millions	541.2	541.2	541.2
Market cap	349,899	349,899	349,899
EV	353,031	355,245	350,562
P/E (adj.)	42.9	34.7	29.0
P/E	42.9	34.7	29.0
P/B	7.0	6.0	5.1
P/S	3.5	2.9	2.5
EV/Sales	3.6	3.0	2.5
EV/EBITDA	24.5	20.8	17.4
EV/EBIT (adj.)	32.9	27.3	22.5
Payout ratio (%)	20.0 %	20.0 %	20.0 %
Dividend yield-%	0.5 %	0.6 %	0.7 %

Source: Inderes

Acceptable long term valuation ranges: P/E



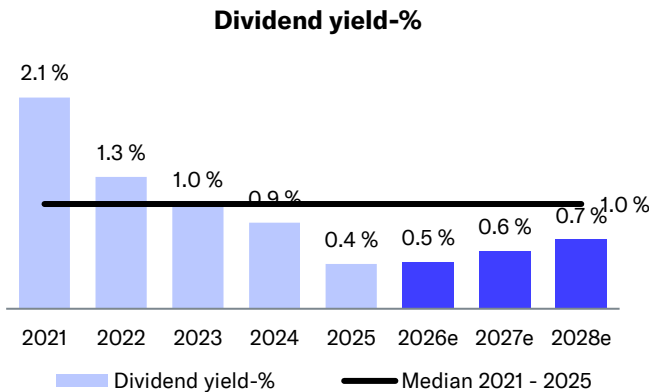
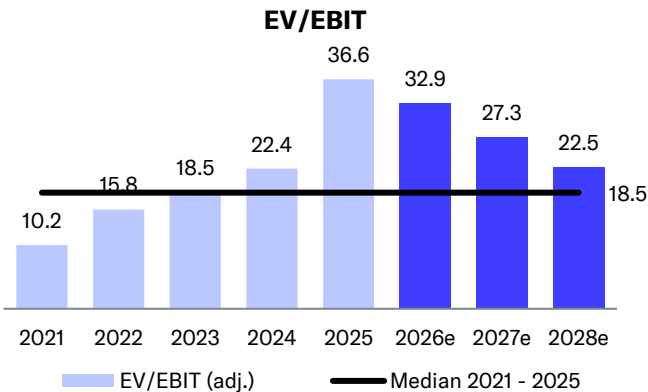
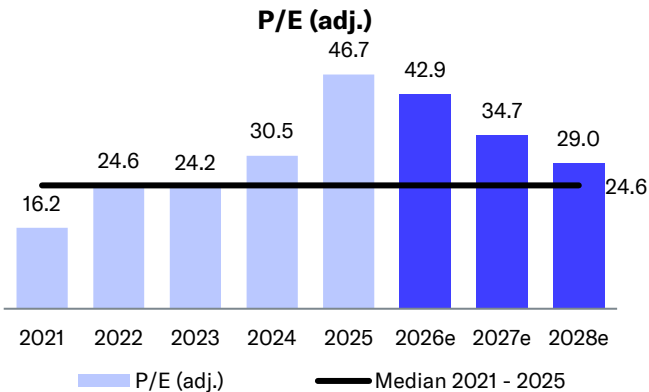
Acceptable long term valuation ranges: EV/EBIT



Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	58.4	101.0	153.0	233.0	537.6	646.5	646.5	646.5	646.5
Number of shares, millions	533.2	534.9	537.5	539.2	539.8	541.2	541.2	541.2	541.2
Market cap	31,111	54,025	82,239	125,638	290,192	349,899	349,899	349,899	349,899
EV	29,355	51,870	79,653	125,374	291,611	353,031	355,245	350,562	343,303
P/E (adj.)	16.2	24.6	24.2	30.5	46.7	42.9	34.7	29.0	24.3
P/E	16.2	24.6	24.3	30.1	46.0	42.9	34.7	29.0	24.3
P/B	1.4	1.8	2.6	3.5	6.7	7.0	6.0	5.1	4.3
P/S	0.8	1.3	1.6	2.0	3.7	3.5	2.9	2.5	2.2
EV/Sales	0.7	1.2	1.5	2.0	3.7	3.6	3.0	2.5	2.1
EV/EBITDA	6.1	9.6	12.1	14.9	25.7	24.5	20.8	17.4	14.8
EV/EBIT (adj.)	10.2	15.8	18.5	22.4	36.6	32.9	27.3	22.5	18.9
Payout ratio (%)	34.1 %	32.4 %	25.4 %	25.9 %	20.5 %	20.0 %	20.0 %	20.0 %	20.0 %
Dividend yield-%	2.1 %	1.3 %	1.0 %	0.9 %	0.4 %	0.5 %	0.6 %	0.7 %	0.8 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Leonardo	28,017	32,545	15.7	13.3	11.4	9.9	1.5	1.3	20.3	16.6	1.5	1.8	2.7
BAE Systems	69,224	75,132	17.2	15.4	13.4	12.2	1.9	1.7	22.7	19.9	2.1	2.3	4.6
Airbus	152,483	156,619	20.5	17.3	14.4	12.6	1.9	1.7	26.1	22.1	1.8	2.1	5.3
Rolls-Royce	115,147	112,366	19.4	17.5	16.6	15.1	4.0	3.6	26.4	22.8	1.2	1.4	25.6
Lockheed Martin	124,566	139,513	16.2	15.2	13.9	13.0	1.9	1.8	19.8	18.3	2.3	2.4	12.8
RTX Corporation	230,051	256,837	21.7	20.2	17.1	15.9	3.0	2.8	25.4	23.9	1.5	1.6	3.7
Northrop Grumman	69,919	80,141	19.2	17.8	14.4	13.5	2.0	1.9	18.7	18.4	1.8	1.9	4.0
General Dynamics	84,362	87,203	16.6	15.3	14.3	13.2	1.8	1.7	20.6	18.8	1.8	1.9	3.4
L3Harris Technologies	42,209	50,669	15.3	14.3	12.8	11.7	2.4	2.3	21.2	18.8	2.0	2.1	2.3
Rheinmetall AG	47,566	50,893	19.7	13.9	16.1	11.5	3.7	2.7	27.2	19.2	1.5	2.1	7.4
Elbit Systems Ltd.	30,544	29,949	37.5	33.0	30.5	28.4	3.8	3.4	45.7	41.5	0.5	0.6	6.7
Dassault Aviation	23,127	13,197	16.0	13.2	12.5	10.7	1.5	1.3	19.5	16.1	1.8	2.1	3.3
Leidos	15,241	19,963	10.2	10.2	9.1	9.3	1.2	1.2	11.0	11.0	1.3	1.3	3.1
Huntington Ingalls Industries	9,639	12,040	17.9	15.1	12.5	10.9	1.0	1.0	14.7	12.9	2.0	2.1	1.9
Hanwha Aerospace	27,519	36,193	11.8	9.5	9.8	8.1	1.7	1.6	17.2	13.7	1.0	1.2	3.1
Kongsberg Gruppen	25,321	24,950	36.9	24.0	30.5	20.5	6.2	4.2	42.2	28.7	1.9	2.5	15.9
Hensoldt	9,677	10,732	29.3	23.3	20.1	16.7	3.8	3.3	43.9	33.3	0.8	1.1	8.6
Thales	46,955	47,358	16.3	14.3	12.5	11.2	2.0	1.8	21.2	18.5	1.9	2.2	5.3
Renk	3,619	4,014	15.2	12.3	12.9	10.5	2.7	2.3	22.0	17.4	2.0	2.5	6.2
Babcock International	5,477	5,910	13.7	10.7	10.2	8.5	1.0	0.9	19.2	14.5	1.0	1.3	7.5
SAAB (Inderes)	31,503	31,785	32.9	27.3	24.5	20.8	3.6	3.0	42.9	34.7	0.5	0.6	7.0
Average			19.3	16.3	15.2	13.2	2.4	2.1	24.2	20.3	1.6	1.8	6.7
Median			16.9	15.2	13.7	12.0	2.0	1.8	21.2	18.6	1.8	2.0	4.9
Diff-% to median			95%	80%	79%	73%	81%	65%	102%	86%	-73%	-71%	41%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	63,751	15,792	19,786	15,871	27,697	79,146	19,164	25,453	20,553	33,953	99,123	118,841	139,648	160,333
Aeronautics	16,689	4,525	4,424	4,438	5,746	19,133	5,199	5,813	4,844	6,436	22,292	26,527	30,851	35,108
Dynamics	14,605	3,143	5,714	3,411	8,397	20,665	3,634	7,759	3,768	10,496	25,657	31,687	38,341	45,396
Surveillance	16,117	3,946	4,996	4,146	8,168	21,256	5,027	7,366	6,842	10,455	29,690	34,915	40,677	46,534
Naval	14,108	3,501	3,826	3,203	4,983	15,513	4,468	4,183	4,511	6,079	19,241	22,692	26,234	29,696
Combitech	4,306	1,182	1,340	1,025	1,430	4,977	1,367	1,331	1,071	1,544	5,313	6,110	6,905	7,623
EBITDA	8,402	2,140	2,831	2,173	4,203	11,347	2,731	3,774	2,743	5,079	14,327	17,095	20,097	23,192
Depreciation	-2,740	-686	-854	-799	-942	-3,281	-811	-980	-798	-,996	-3,585	-4,096	-4,547	-5,035
EBIT (excl. NRI)	5,604	1,454	1,872	1,374	3,261	7,961	1,920	2,794	1,945	4,083	10,742	12,999	15,550	18,157
EBIT	5,662	1,454	1,977	1,374	3,261	8,066	1,920	2,794	1,945	4,083	10,742	12,999	15,550	18,157
Net financial items	-373	167	-12	-115	-87	-47	-67	-37	-89	-21	-214	-219	-138	221
PTP	5,289	1,621	1,965	1,259	3,174	8,019	1,853	2,757	1,856	4,062	10,528	12,780	15,412	18,378
Taxes	-1,079	-344	-429	-284	-606	-1,663	-387	-587	-424	-853	-2,251	-2,684	-3,237	-3,859
Minority interest	-39	-9	-7	-18	-8	-42	-29	-28	-43	-14	-114	-114	-114	-114
Net earnings	4171	1268	1529	957	2560	6314	1437	2142	1389	3195	8163	9982	12062	14405
EPS (adj.)	7.63	2.35	2.64	1.77	4.74	11.50	2.66	3.96	2.57	5.90	15.08	18.44	22.29	26.62
EPS (rep.)	7.74	2.35	2.83	1.77	4.74	11.70	2.66	3.96	2.57	5.90	15.08	18.65	22.29	26.62

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	23.5 %	11.3 %	30.4 %	17.2 %	32.8 %	24.1 %	21.4 %	28.6 %	29.5 %	22.6 %	25.2 %	19.9 %	17.5 %	14.8 %
Adjusted EBIT growth-%	30.5 %	22.1 %	40.6 %	17.5 %	70.5 %	42.1 %	32.0 %	49.3 %	41.6 %	25.2 %	34.9 %	21.0 %	19.6 %	16.8 %
EBITDA-%	13.2 %	13.6 %	14.3 %	13.7 %	15.2 %	14.3 %	14.3 %	14.8 %	13.3 %	15.0 %	14.5 %	14.4 %	14.4 %	14.5 %
Adjusted EBIT-%	8.8 %	9.2 %	9.5 %	8.7 %	11.8 %	10.1 %	10.0 %	11.0 %	9.5 %	12.0 %	10.8 %	10.9 %	11.1 %	11.3 %
Net earnings-%	6.5 %	8.0 %	7.7 %	6.0 %	9.2 %	8.0 %	7.5 %	8.4 %	6.8 %	9.4 %	8.2 %	8.4 %	8.6 %	9.0 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	34,421	42,126	52,780	56,642	58,095
Goodwill	5,572	5,572	5,572	5,572	5,572
Intangible assets	7,426	7,013	7,888	8,486	9,086
Tangible assets	15,779	22,052	25,402	28,608	29,461
Associated companies	3,078	3,346	8,920	8,920	8,920
Other investments	1,610	3,321	4,100	4,100	4,100
Other non-current assets	435	410	411	435	435
Deferred tax assets	521	412	487	521	521
Current assets	65,402	82,578	94,674	101,455	112,930
Inventories	21,825	25,439	30,034	35,652	41,894
Other current assets	16,993	22,627	23,830	26,585	27,745
Receivables	14,843	19,154	23,789	28,522	32,817
Cash and equivalents	11,741	15,358	17,021	10,696	10,474
Balance sheet total	99,823	124,704	147,454	158,097	171,025

Source: Inderes

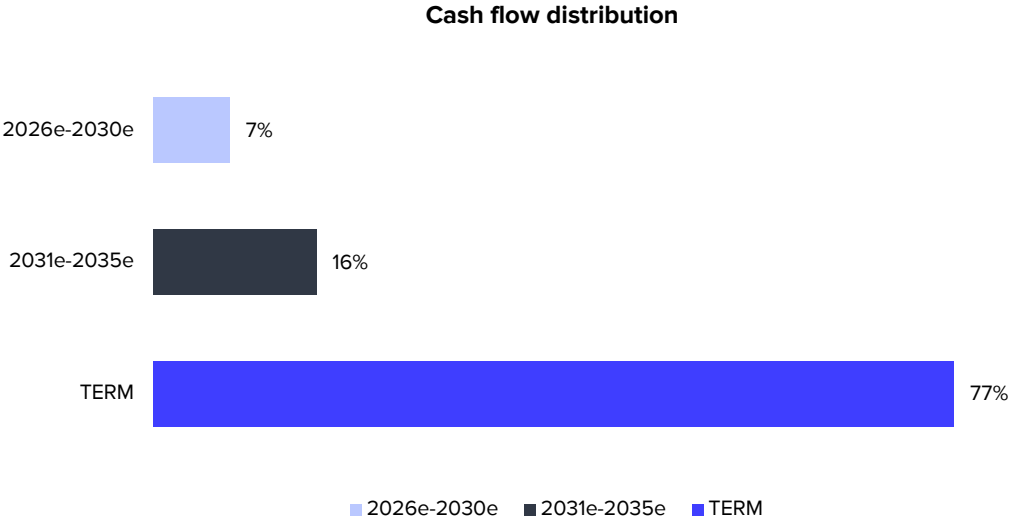
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	35,812	43,676	50,544	59,007	69,050
Share capital	8,273	8,273	8,273	8,273	8,273
Retained earnings	27,035	34,899	41,767	50,230	60,273
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	195	195	195	195	195
Minorities	309	309	309	309	309
Non-current liabilities	14,296	17,284	18,797	14,137	11,655
Deferred tax liabilities	1,070	2,017	1,767	1,767	1,767
Provisions	2,238	2,035	1,570	1,570	1,570
Interest bearing debt	9,465	12,673	15,000	10,340	7,858
Convertibles	0	0	0	0	0
Other long term liabilities	1,523	559	460	460	460
Current liabilities	49,715	63,744	78,113	84,953	90,321
Interest bearing debt	919	2,036	3,000	3,860	1,705
Payables	17,915	22,337	28,250	30,899	34,912
Other current liabilities	30,881	39,371	46,863	50,194	53,703
Balance sheet total	99,823	124,704	147,454	158,097	171,025

DCF-calculation

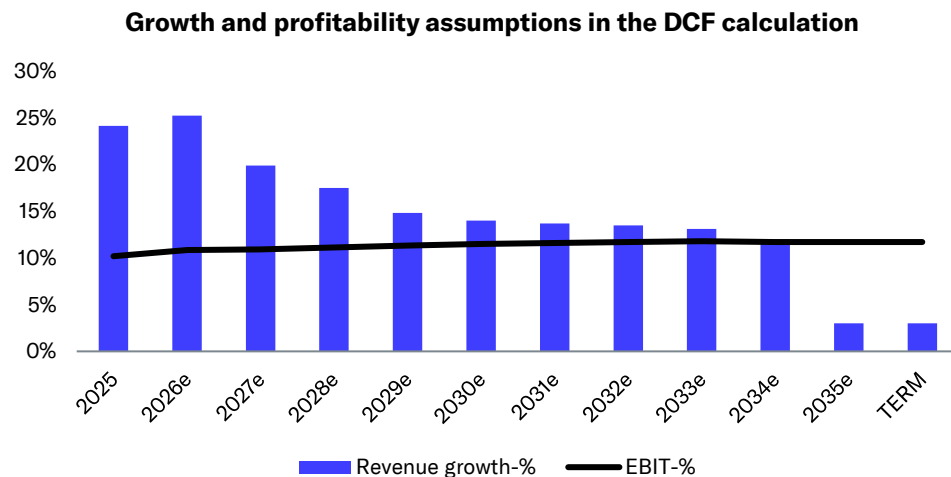
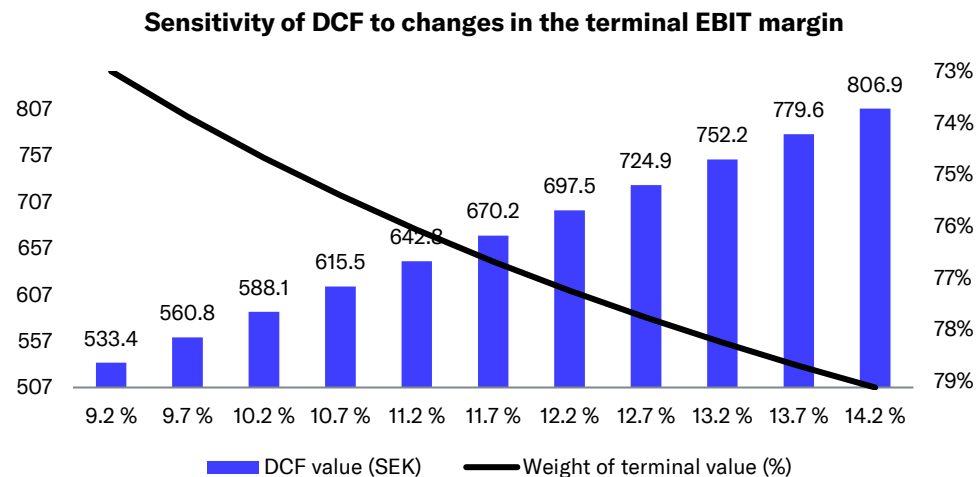
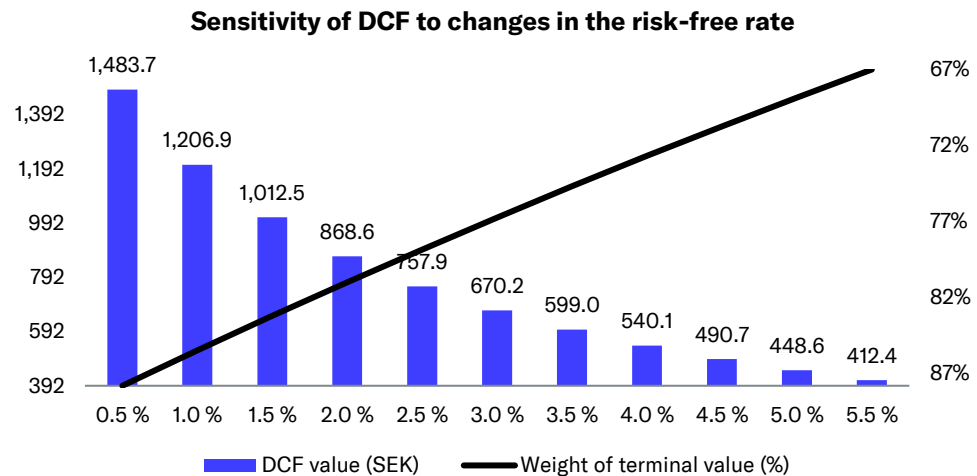
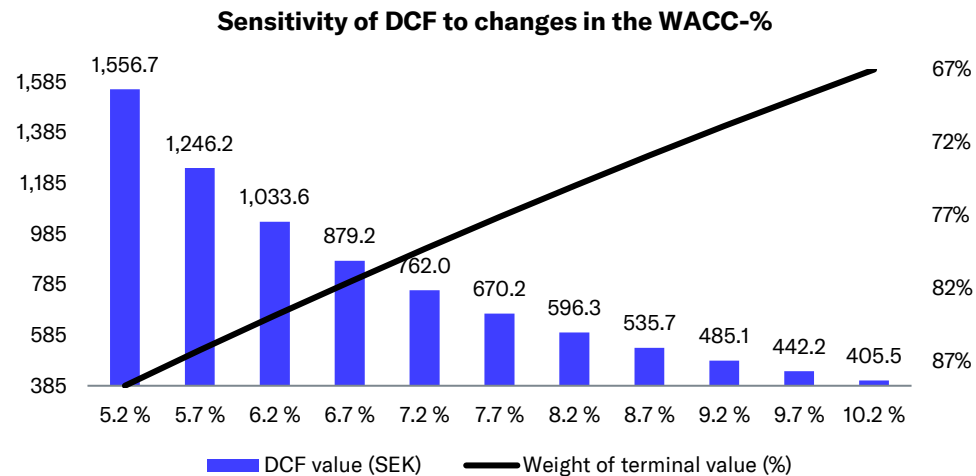
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	24.1 %	25.2 %	19.9 %	17.5 %	14.8 %	14.0 %	13.7 %	13.5 %	13.1 %	12.0 %	3.0 %	3.0 %
EBIT-%	10.2 %	10.8 %	10.9 %	11.1 %	11.3 %	11.5 %	11.6 %	11.7 %	11.8 %	11.7 %	12 %	12 %
EBIT (operating profit)	8,066	10,742	12,999	15,550	18,157	21,020	24,107	27,598	31,480	34,958	36,007	
+ Depreciation	3,281	3,675	4,096	4,547	5,035	5,424	5,753	6,106	6,164	5,991	6,000	
- Paid taxes	-607	-2,576	-2,718	-3,237	-3,859	-4,523	-5,233	-5,963	-6,734	-7,533	-7,829	
- Tax, financial expenses	-158	-271	-221	-151	-113	-127	-130	-132	-135	-137	-138	
+ Tax, financial income	148	225	175	122	160	236	300	300	259	328	405	
- Change in working capital	-647	2,972	-7,126	-4,175	-4,402	-4,559	-5,427	-5,925	-4,663	-4,668	-3,189	
Operating cash flow	10,083	14,767	7,205	12,656	14,977	17,470	19,371	21,982	26,370	28,941	31,256	
+ Change in other long-term liabilities	-1,167	-564	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-10,827	-8,680	-7,924	-6,000	-5,600	-5,200	-5,400	-5,600	-5,800	-6,000	-6,000	
Free operating cash flow	-1,911	5,523	-719	6,656	9,377	12,270	13,971	16,382	20,570	22,941	25,256	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-1,911	5,523	-719	6,656	9,377	12,270	13,971	16,382	20,570	22,941	25,256	555,299
Discounted FCFF		5,449	-659	5,663	7,408	9,002	9,519	10,365	12,086	12,517	12,797	281,360
Sum of FCFF present value		365,508	360,059	360,718	355,055	347,646	338,644	329,125	318,760	306,674	294,157	281,360
Enterprise value DCF		365,508										
- Interest bearing debt		-14,709										
+ Cash and cash equivalents		15,358										
+ Associated companies		0										
-Minorities		-2,152										
-Dividend/capital return		-1,296										
Equity value DCF		362,709										
Equity value DCF per share		670										

WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	4.0 %
Cost of debt	5.0 %
Equity Beta	1.0
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	7.8 %
Weighted average cost of capital (WACC)	7.7 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	51,609	63,751	79,146	99,123	118,841	EPS (reported)	6.29	7.74	11.70	15.08	18.65
EBITDA	6,558	8,402	11,347	14,417	17,095	EPS (adj.)	6.33	7.63	11.50	15.08	18.65
EBIT	4,272	5,662	8,066	10,742	12,999	OCF / share	10.23	17.72	18.68	27.29	13.31
PTP	4,418	5,289	8,019	10,528	12,780	OFCF / share	4.27	1.32	-3.54	10.21	-1.33
Net Income	3,381	4,171	6,314	8,163	10,096	Book value / share	59.60	65.84	80.34	92.82	108.46
Extraordinary items	-22	58	105	0	0	Dividend / share	1.60	2.00	2.40	0.00	0.00
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	82,759	99,823	124,704	147,454	158,097	Revenue growth-%	23%	24%	24%	25%	20%
Equity capital	32,362	35,812	43,676	50,544	59,007	EBITDA growth-%	21%	28%	35%	27%	19%
Goodwill	5,424	5,572	5,572	5,572	5,572	EBIT (adj.) growth-%	31%	31%	42%	35%	21%
Net debt	-3,426	-1,357	-649	,979	3,504	EPS (adj.) growth-%	54%	20%	51%	31%	24%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	12.7 %	13.2 %	14.3 %	14.5 %	14.4 %
EBITDA	6,558	8,402	11,347	14,417	17,095	EBIT (adj.)-%	8.3 %	8.8 %	10.1 %	10.8 %	10.9 %
Change in working capital	-331.0	2711.0	-647	2,972	-7,126	EBIT-%	8.3 %	8.9 %	10.2 %	10.8 %	10.9 %
Operating cash flow	5,497	9,557	10,083	14,767	7,205	ROE-%	11.0 %	12.4 %	16.0 %	17.4 %	18.5 %
CAPEX	-4,213	-7,637	-10,827	-8,680	-7,924	ROI-%	12.3 %	14.1 %	16.8 %	18.6 %	19.5 %
Free cash flow	2,294	711	-1,911	5,523	-,719	Equity ratio	39.1 %	35.9 %	35.0 %	34.3 %	37.3 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	-10.6 %	-3.8 %	-1.5 %	1.9 %	5.9 %
EV/S	1.5	2.0	3.7	3.6	3.0	Net debt/EBITDA	-0.5	-0.2	-0.1	0.1	0.2
EV/EBITDA	12.1	14.9	25.7	24.5	20.8	EBITDA/net financials	-44.9	22.5	241.4	67.4	78.1
EV/EBIT (adj.)	18.5	22.4	36.6	32.9	27.3						
P/E (adj.)	24.2	30.5	46.7	42.9	34.7						
P/B	2.6	3.5	6.7	7.0	6.0						
Dividend-%	1.0 %	0.9 %	0.4 %	0.5 %	0.6 %						

Source: Inderes

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2025-09-15	Sell	310	537
2025-10-27	Sell	310	522
2026-01-30	Sell	550	698
2026-02-06	Reduce	615	639
2026-04-23	Accumulate	622	586
2026-07-19	Accumulate	635	567
2026-10-26	Reduce	670	647



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