

**Saab AB**

## Saab anticipates fresh opportunities if Sweden joins Nato

Country's main defence group says membership of military alliance would open up new markets



Saab, which produces the Gripen fighter jet, is poised to benefit heavily from decisions by almost all European governments to increase defence spending © Saab AB

**Richard Milne**, Nordic and Baltic Correspondent APRIL 23 2022

Stay across the latest Ukraine coverage

 **Get instant email alerts**



Swedish membership of Nato would open up new markets for Saab, the defence group's chief executive has said, as Russia's invasion of Ukraine halts a sustainability-induced retreat from the industry by banks and investors.

Micael Johansson said [joining](#) the military alliance was "purely a political decision" for Sweden but that membership would have "no negative effects" on the country's main defence group even if it meant increased competition at home.

"We are on Nato countries' markets today with compatible systems but there are certain areas where we are not normally involved," he told the Financial Times, pointing to advanced missile systems, sensitive sensors and command and control solutions.

"We might be able to work with that more within the alliance," he said. "Of course, it opens up more of that market."

Neighbouring Finland is set to decide in the coming weeks whether to apply for Nato membership as Russia's invasion of Ukraine prompts European countries outside the alliance to rethink their security policies.

ance to rethink their security policy.

Sweden is also debating joining, with the government this week asking for a crucial report on security policy to be accelerated and released in mid-May.

Most experts expect it to follow Finland's lead, with [opinion polls](#) showing a clear majority of Swedes in favour of membership. But there are more obstacles in the way than for Finland, particularly the long-held anti-Nato position of Sweden's ruling Social Democrat party. A decision could come before Nato's June summit in Madrid.

Saab, which is entirely privately owned with the Wallenberg family as its main shareholder, produces the Gripen fighter jet as well as multiple weapons systems and submarines. Its share price has almost doubled since Russia invaded Ukraine at the end of February.

Johansson said Saab was poised to benefit heavily from decisions by almost all European governments to [increase defence spending](#). He said the timeframe between the rise in interest and signing of contracts would depend on the complexity of the product concerned but that missile and surveillance system deals could take place within months.

"We will see the effects of this year [in orders] and that will translate into revenues next year. We are working hard to make contracts with many countries," he said.

Saab is attracting interest from countries seeking both to replenish their stock of military material as they send supplies to Ukraine and to increase their own capabilities for the future. "There will be lots of activity," Johansson added.

He said [sustainability](#) questions regarding the defence industry — which had led many Swedish and international banks and investors to shun the sector — had not "surfaced at all" since Russia's invasion.

"It changed completely during this quarter. Many have opened their eyes to see what we're providing to societies in terms of safety and keeping people secure is essential," Johansson said.

Geopolitical instability is also affecting the global supply chain, which is likely to come under further pressure in defence because of increased orders. Johansson said Saab had secured its supplies for the "next year, plus" after starting work during the Covid-19 pandemic to boost stock levels.

Saab on Friday [reported](#) first-quarter results with order intake up 38 per cent on the same period a year ago and sales up 1 per cent. Operating profit rose by 10 per cent to

same period a year ago and sales up 1 per cent. Operating profit rose by 10 per cent to SKr654mn (\$69mn).

---

[Copyright](#) The Financial Times Limited 2022. All rights reserved.

---