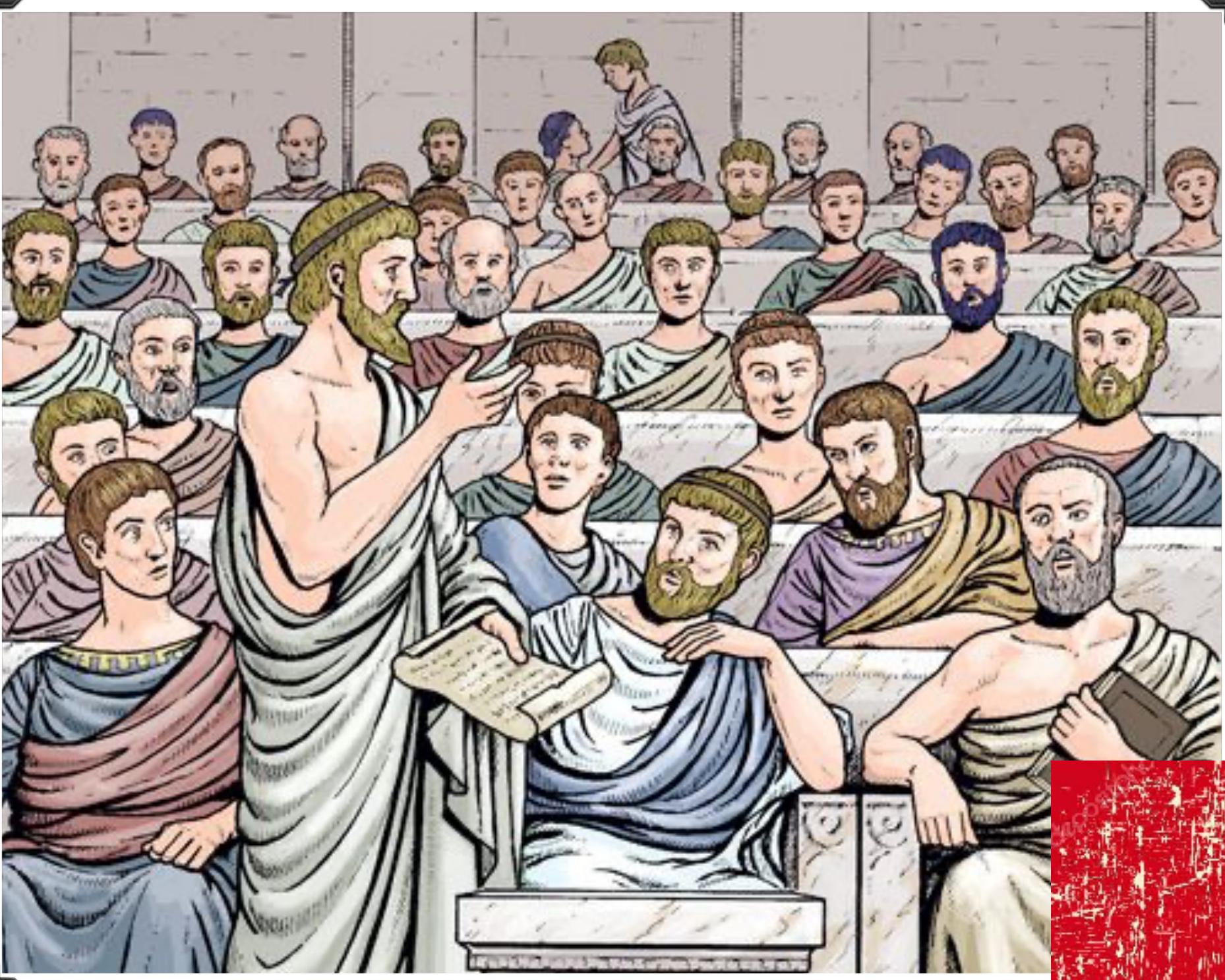


DOUG DICKERSON

# COFFEE & CIVICS



COFFEE & CIVICS, JUN 10 2025

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**WITH OR WITHOUT US**

ALL NATIONS ACT IN THEIR OWN SELF-INTEREST ALL THE TIME WITHOUT EXCEPTION



## BALTIC FLASHPOINTS

- ▶ Chinese-flagged ship deliberately severed two data cables linking Finland and Lithuania; Germany and Sweden
- ▶ Weeks later, Russian Navy fires warning flares at German navy helicopter near Denmark's Bornholm island
- ▶ At least 9 instances of cable cuts in 2024



Note: Times shown are in GMT  
Source: MarineTraffic  
Daniel Kiss/WSJ

# NATO OPERATION BALTIC SENTRY



# RUSSIA'S CAMPAIGN OF VIOLENCE CONTINUES...AIMS TO DE-STABILIZE EUROPE

- ▶ "The aim is to create confusion, to undermine the political support for Ukraine, and also to intervene in the political processes in our countries."
- ▶ NATO discusses Russia's hybrid warfare and potential for Article 5 invocation
- ▶ BUT, NATO doesn't appear ready to "name and shame" and invoke Art. 5

*"It's a real threat...and part of a Russian campaign of hostile acts against EU and NATO members in Europe"* – NATO SECGEN Jens Stoltenberg, 2024



## DEMOCRACY IS UNDER THREAT OF FORCE / WAR

- ▶ Freedom and sovereign can be lost
- ▶ It is in the political and military interest of democracies to cooperate, coordinate, and support one another
- ▶ It is worth risking our lives for.
- ▶ Because without choice, without freedom, without the rule of law: what is there?
- ▶ China is Russia's enabler





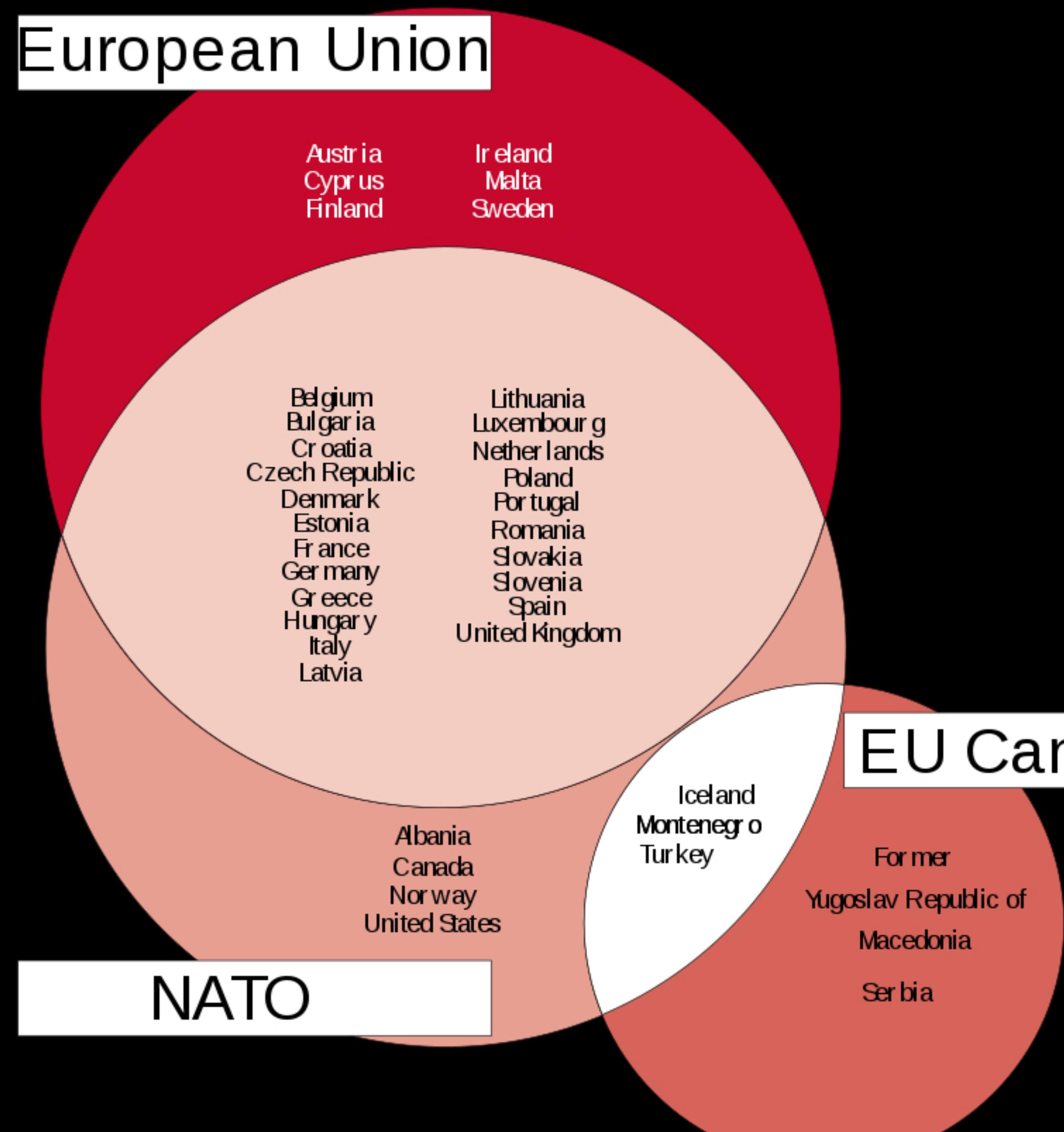
## RUSSIA'S BEHAVIOR UNSETTLES EUROPEAN SECURITY

- ▶ "Russia will be ready to attack NATO by 2029" - German defense minister, June 2025
- ▶ Germany will spend €1T on defense and infrastructure, aiming to build the most capable military in Europe
- ▶ "We're all on the eastern flank now" (NATO SECGEN Rutte, 9 Jun 25)



Map showing the way Europe was divided into rival alliances during the Cold War

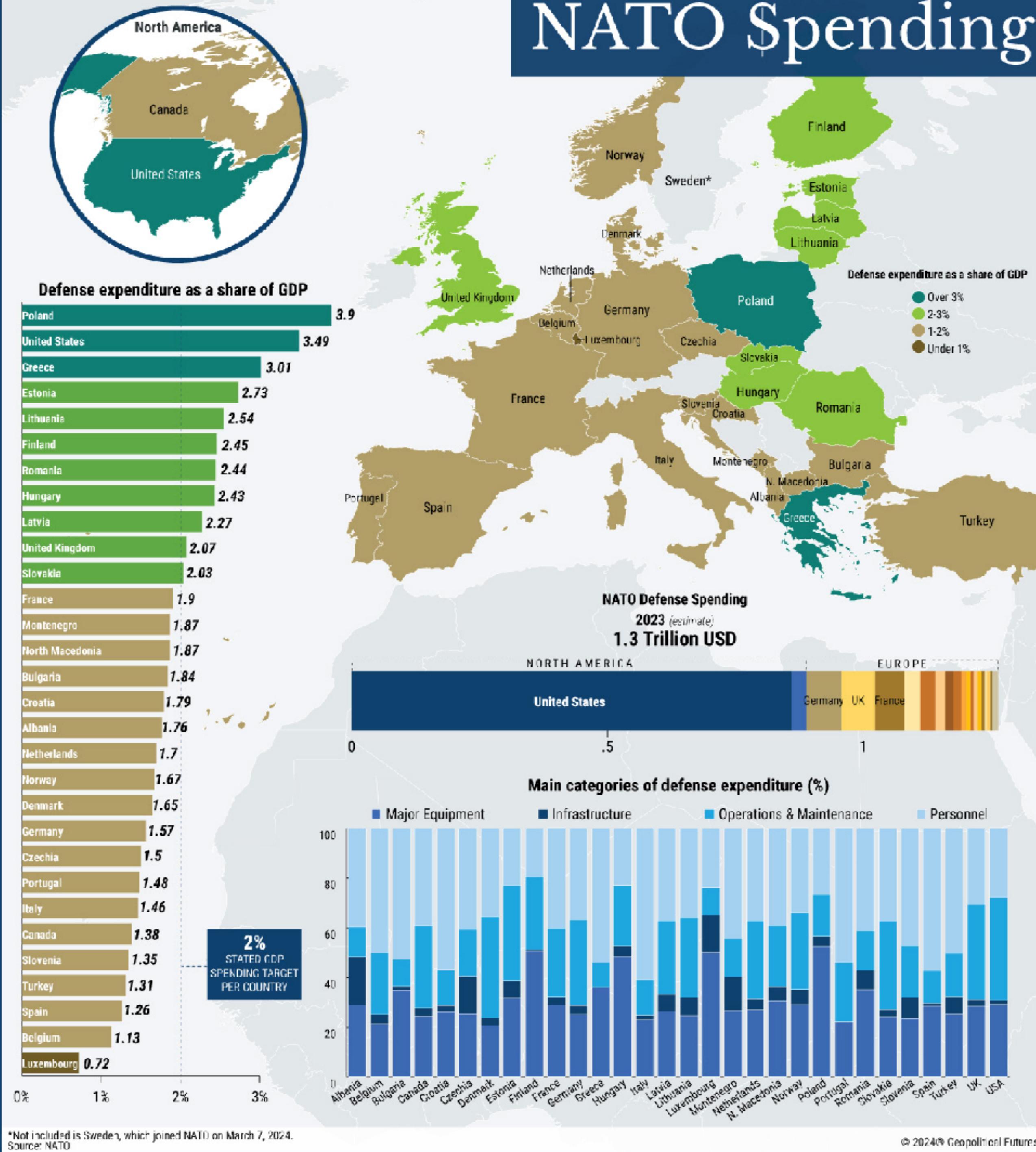
# European Union



NATO

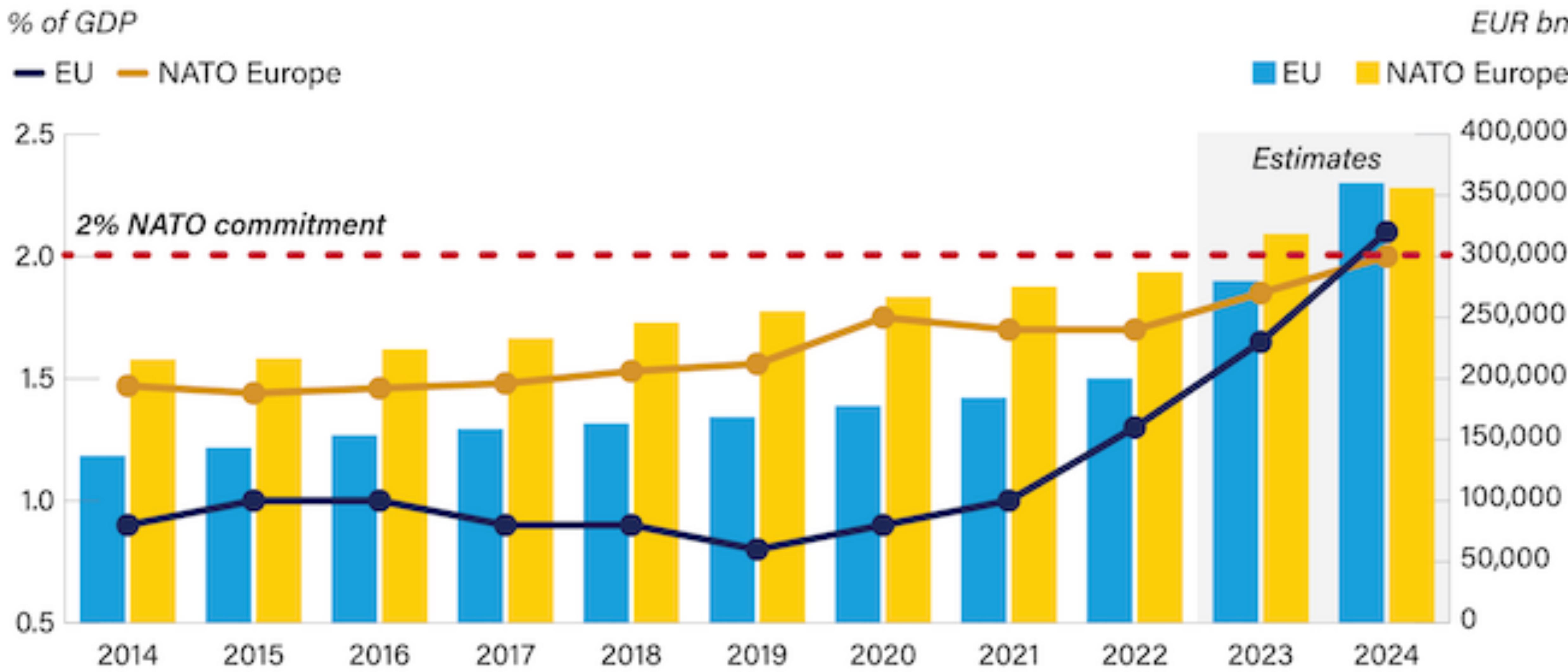
EU Candidates

# NATO Spending



# EU defense spending doubled in a decade

*EU and NATO Europe defense spending (based on respective definitions)*



Source: NATO, Eurostat, European Commission

# Foreign military transfers hit record levels in 2023

The total value of US-transferred defense articles, services, and security cooperation activities, by fiscal year.



## U.S. GOVERNMENT OVERSEES SALES OF AMERICAN-MADE DEFENSE ARTICLES

- ▶ Bulgaria's F-16-70
- ▶ FMS

## NATO DEFENSE MINISTERS MEETING, 4-5 JUNE

- ▶ Approved new defense capabilities expected of Allies to invest
  - ▶ Tanks, fighters, ammunition, drones, logistics, and much more
  - ▶ 5% target for defense by 2032 (2035?): 3.5% for core capabilities; 1.5% infrastructure/industry
- ▶ Approved USAF Lt Gen Alexus Grynkewich as next SACEUR, pending Senate confirmation

# EUROPEAN DEFENSE INDUSTRY SET TO RE-SURGE

## CASE STUDY OF SAAB AB FOLLOWS

*STRICTLY FOR ACADEMIC PURPOSES; NO ENDORSEMENT  
SUGGESTED OR IMPLIED*

# Changing geopolitics



## Emerging world order

- Multi-polar world
- US vs China
- Russian aggression

## New cooperations

- Europe larger role
- Sweden and Finland in NATO
- Purpose-driven new alliances

## New priorities

- Security centre stage
- Control of technologies and supply resources
- European defence industrial base in focus



# Several long-term drivers of growth in Europe

## A rearming of Europe

- Triggered 2014, accelerated 2022
- Scale up forces and stock piles
- Urgency in border states



## Supporting Ukraine

- Triggered by invasion 2022
- Support to win
- Long-term rebuild



## Less US capabilities in Europe

- Relieve US forces (volume)
- Procure strategic systems



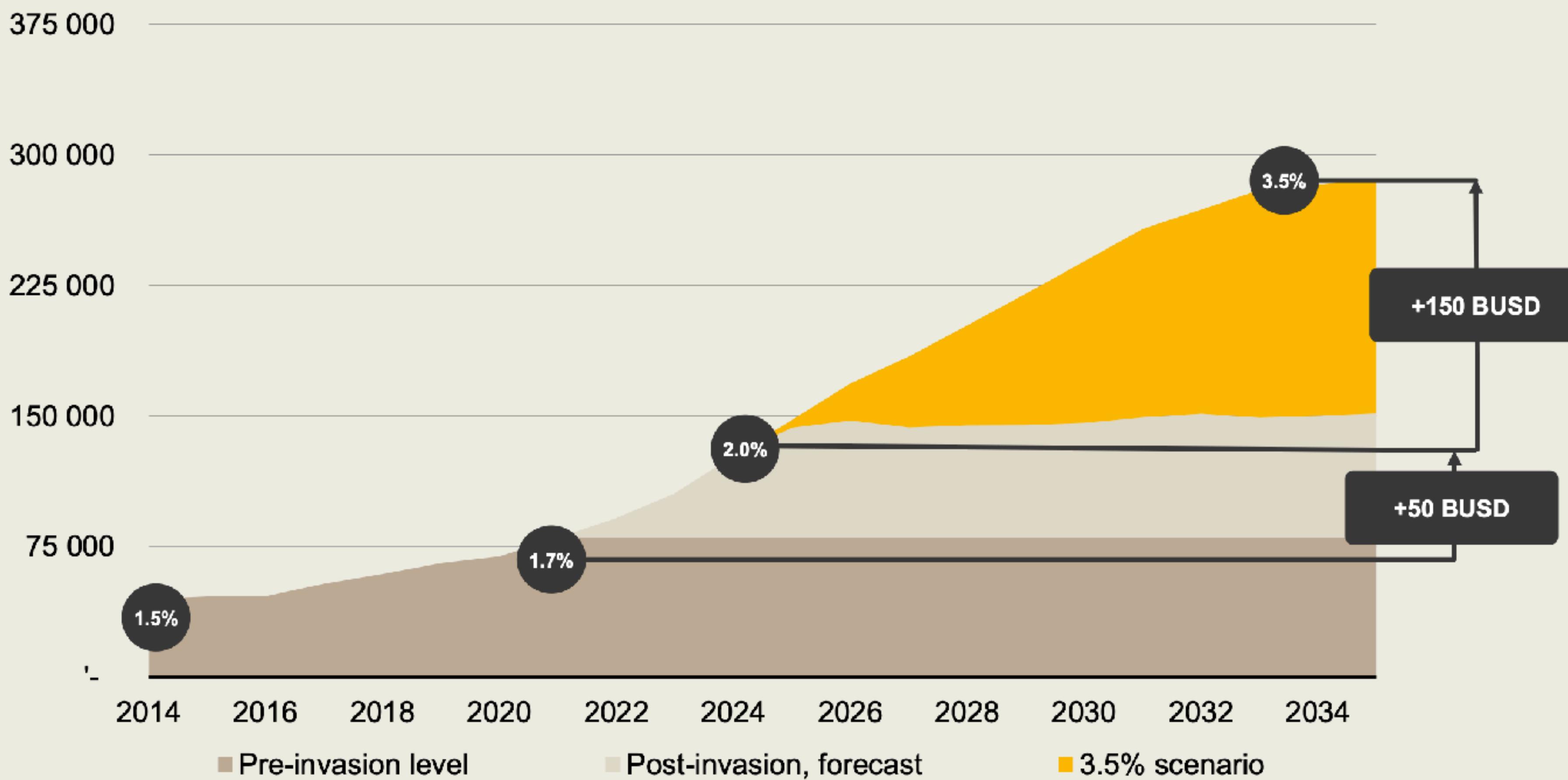
## Increasing European autonomy

- ✓ Increase share of European procurement
- ✓ Build industry base and surge capacity

# Increasing defence spending

## NATO Europe defence procurement budgets

USD million, % defence budgeted spending of GDP



**Significant increase ahead**  
Moving to 3.5% of GDP implies a x3 increase, compared to the increase seen after the invasion

**Key uncertainties**  
Timing and size of European ramp-up. Relieving US in Europe

**Additional multiplicative effect**  
EU policy to increase “Buy European”, and increased share of European procurement

**Historical reference**  
Sweden 4.0% share of GDP 1963, and combined EU countries 4.0% same year

Note: 3.5% scenario based on Janes estimates of GDP, and share of procurement stable at 30%.

Source: Janes, NATO, own analysis.

# A fast growing defence company

**64**

SEK bn in sales, 2024

**24%**

Sales Growth, 2024

**189**

SEK bn in order backlog

**25,400**

Employees

**3,000**

New employees, 2024

**30**

Countries with operations



## Aeronautics



### Key products

Gripen E/F fighter system,  
advanced pilot training system  
T-7A with Boeing and aircraft  
support solutions

## Dynamics



### Key products

Ground combat weapons,  
ground-based air defence,  
anti-ship missile, camouflage  
systems, and training & simulation

## Surveillance



### Key products

Airborne Early Warning and  
Control system GlobalEye,  
surface radars, command and  
control systems, electronic  
warfare, cyber security solutions  
and air traffic management

## Kockums



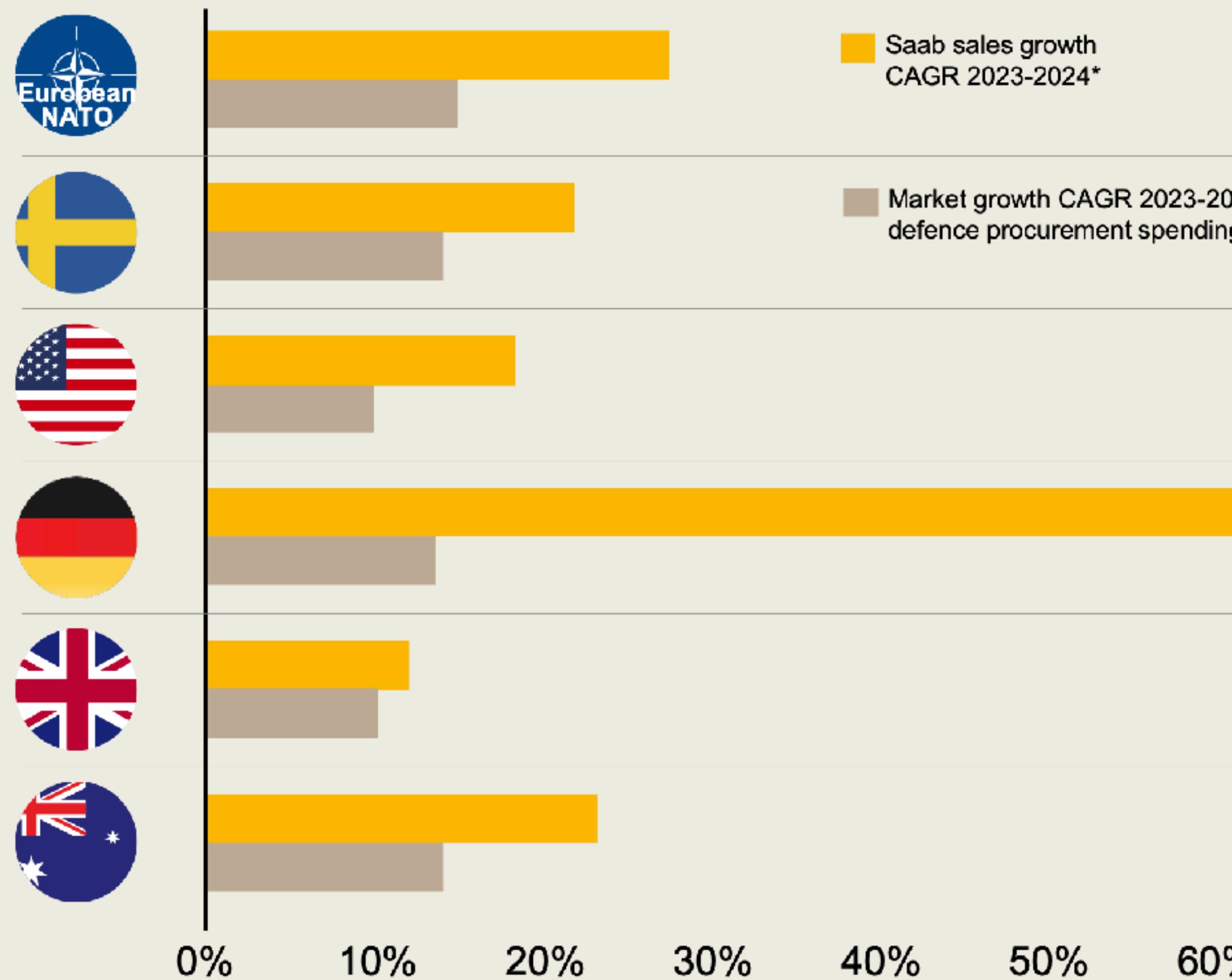
### Key Products

Submarines, surface  
vessels, combat boats  
and underwater systems

# Outperforming in key markets and an attractive outlook

## Historically: Outpacing our key markets

CAGR 2023-2024\*



## Future: Defence spending increases



\* CAGR calculation from end 2022 to end 2024, 2 years

Note: Market data based on Jane's Market Forecast that contains industry addressable spending

Source: Jane's Market Forecast, Saab financials, media, team analysis

# A fast growing tech company through an empowered workforce

## Growing our workforce

**~3,000**

Net new employees in 2024 (FTE)

**20% increase in strategic countries outside Sweden**

## High retention and engagement

**~95%**

Retention during 2024

**Increased engagement index score in 2024**

## Strong technical competence

**~11,500**

Engineers

**Largest employer of engineers in Sweden. 400+ in AI expert cluster. 270 PhDs**

## Attracting broad competences

**~200,000**

Applications in 2024

**#1 ranking among engineering students in Sweden**



## Strong culture, growth mindset

Drive change

Speed is key

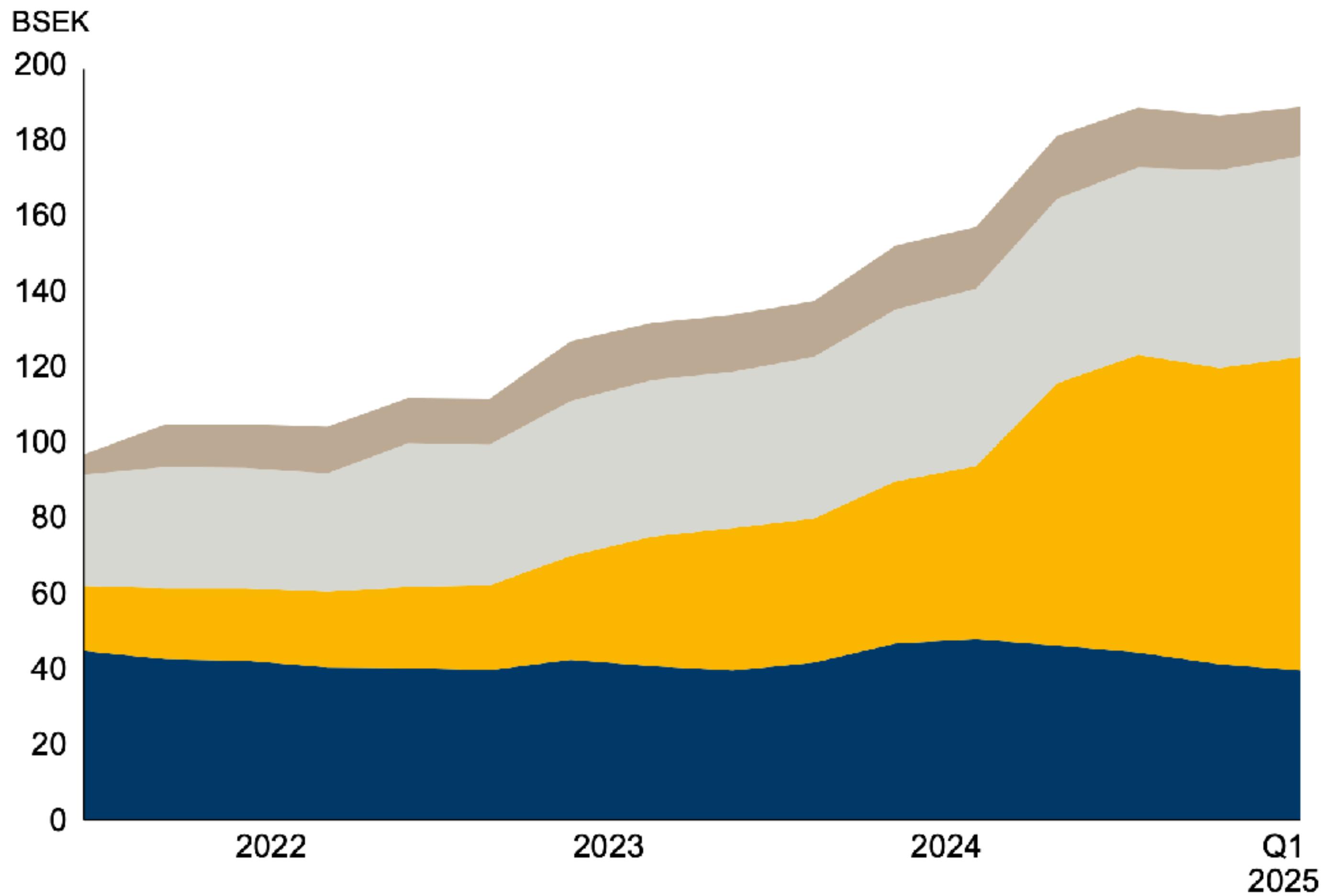
Step up

Dare to try

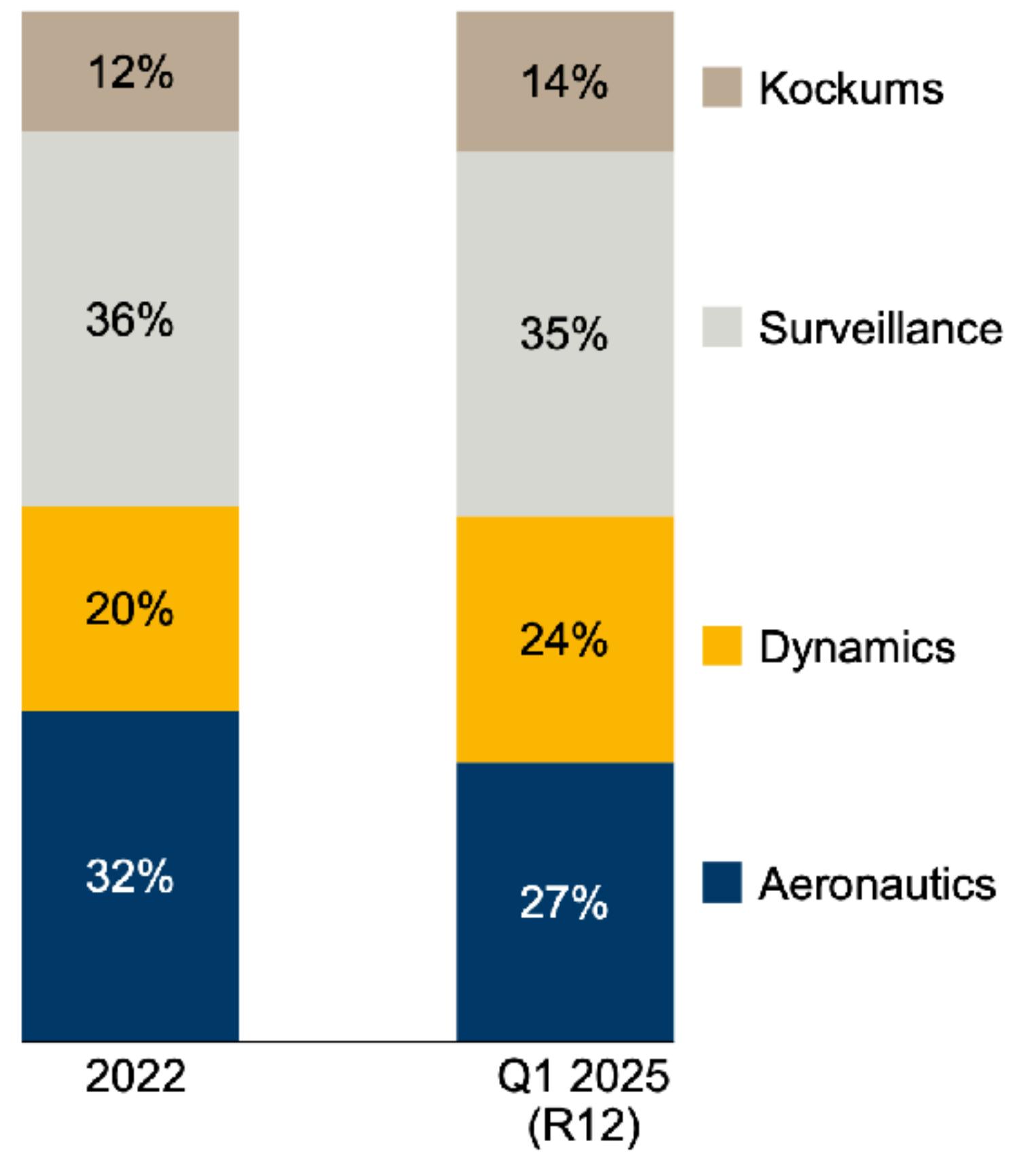
Take decisions

# Our business mix is shifting

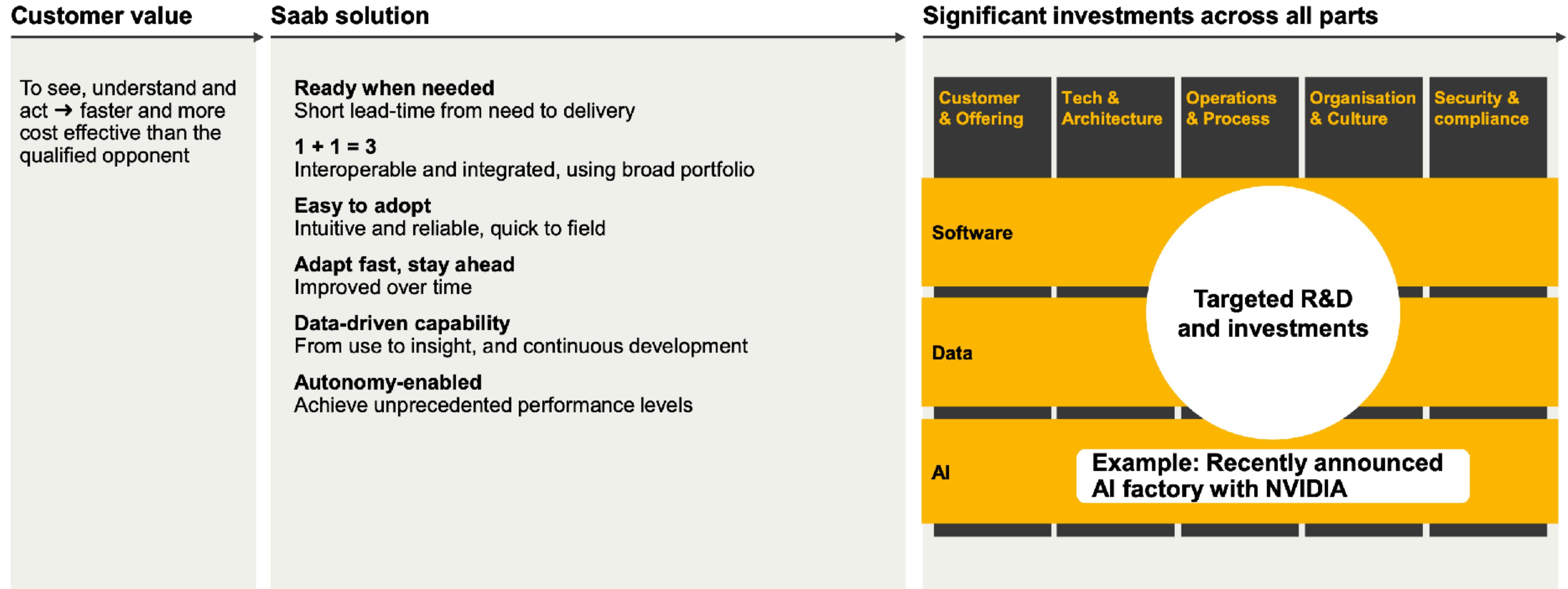
**Order backlog per Business Area**



**Sales contribution per Business Area**



# Accelerating a digital transformation



## SAAB IN NORTH CAROLINA

- ▶ ULCANS
- ▶ Start at 43:45 for 1 min

# #NATOSUMMIT

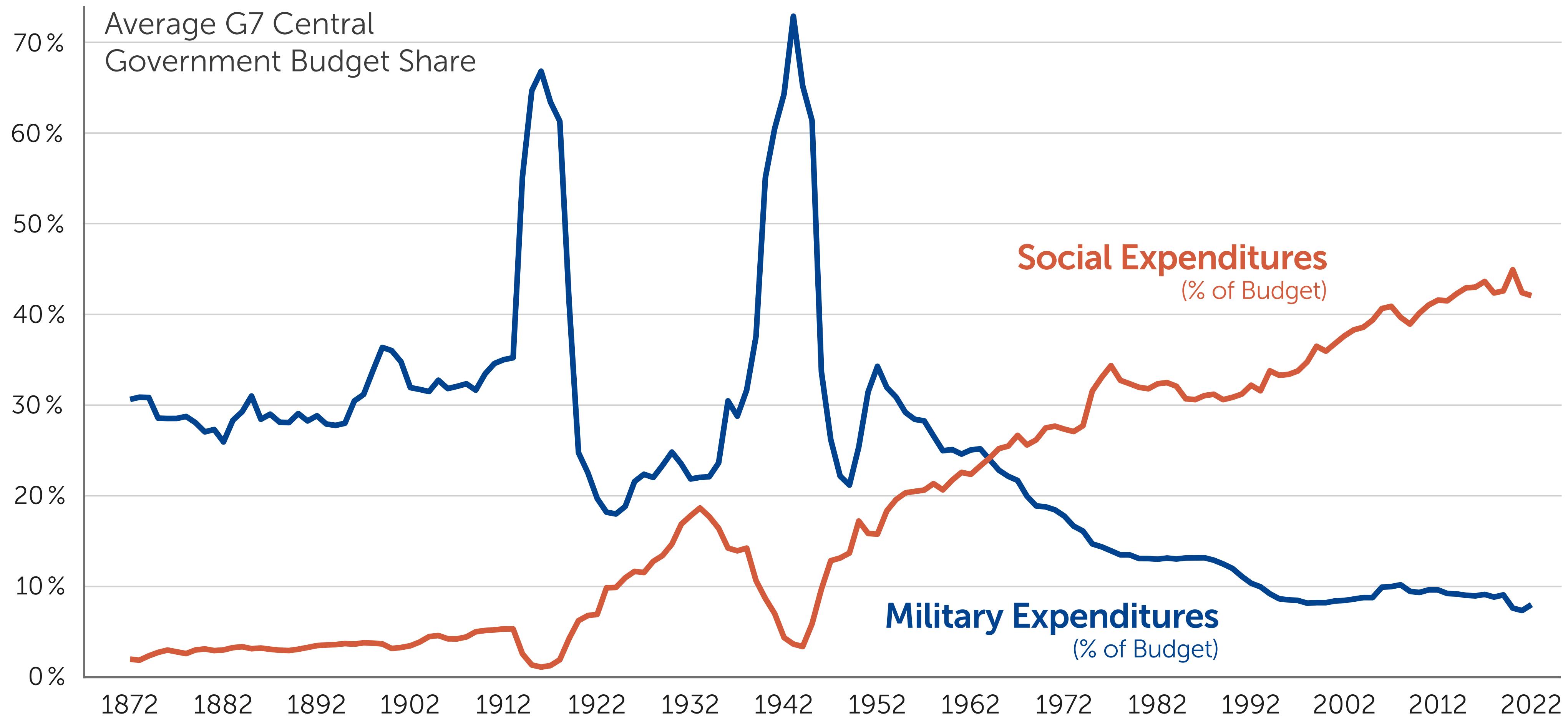


**Like his predecessors since Eisenhower, Trump has complained that European countries do not share enough of the burden of deterring Russia (USSR)**

**But, since the Russian offensive in Ukraine, Europe is now wide-awake to the threat of a resurgent Russia**

# Guns vs. Butter

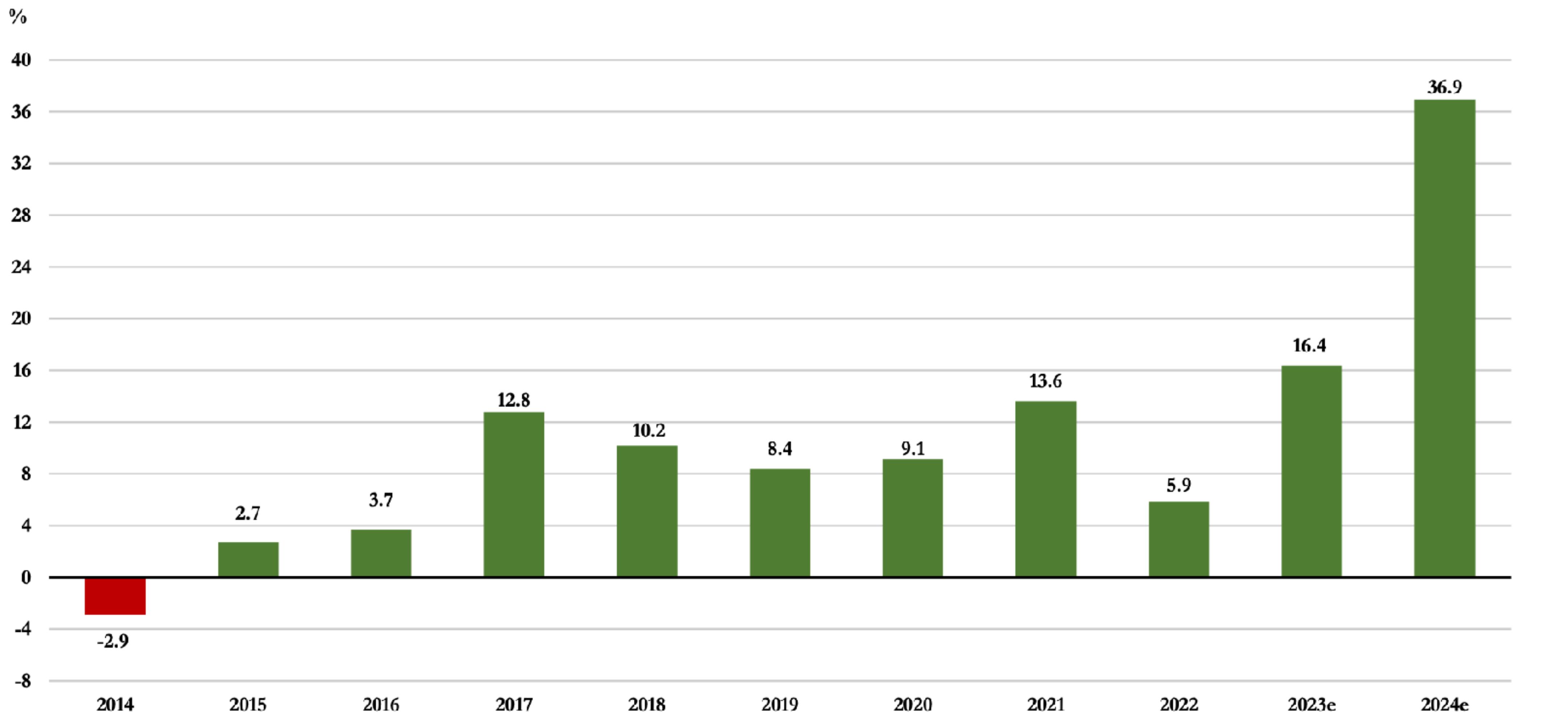
Military and social expenditures in G7 countries, 1870-2022



Note: Marzian and Trebesch (2024) use expenditures data at the level of central governments departments. Social expenditure is defined as the sum of expenditures for health, labor, welfare, societal, and educational affairs (adding public sector pensions whenever the data allows). Military expenditures are the sum of expenditures from central government departments that are responsible for military affairs including military pensions. The lines show the average central government expenditure shares across G7 countries, 1870-2022.

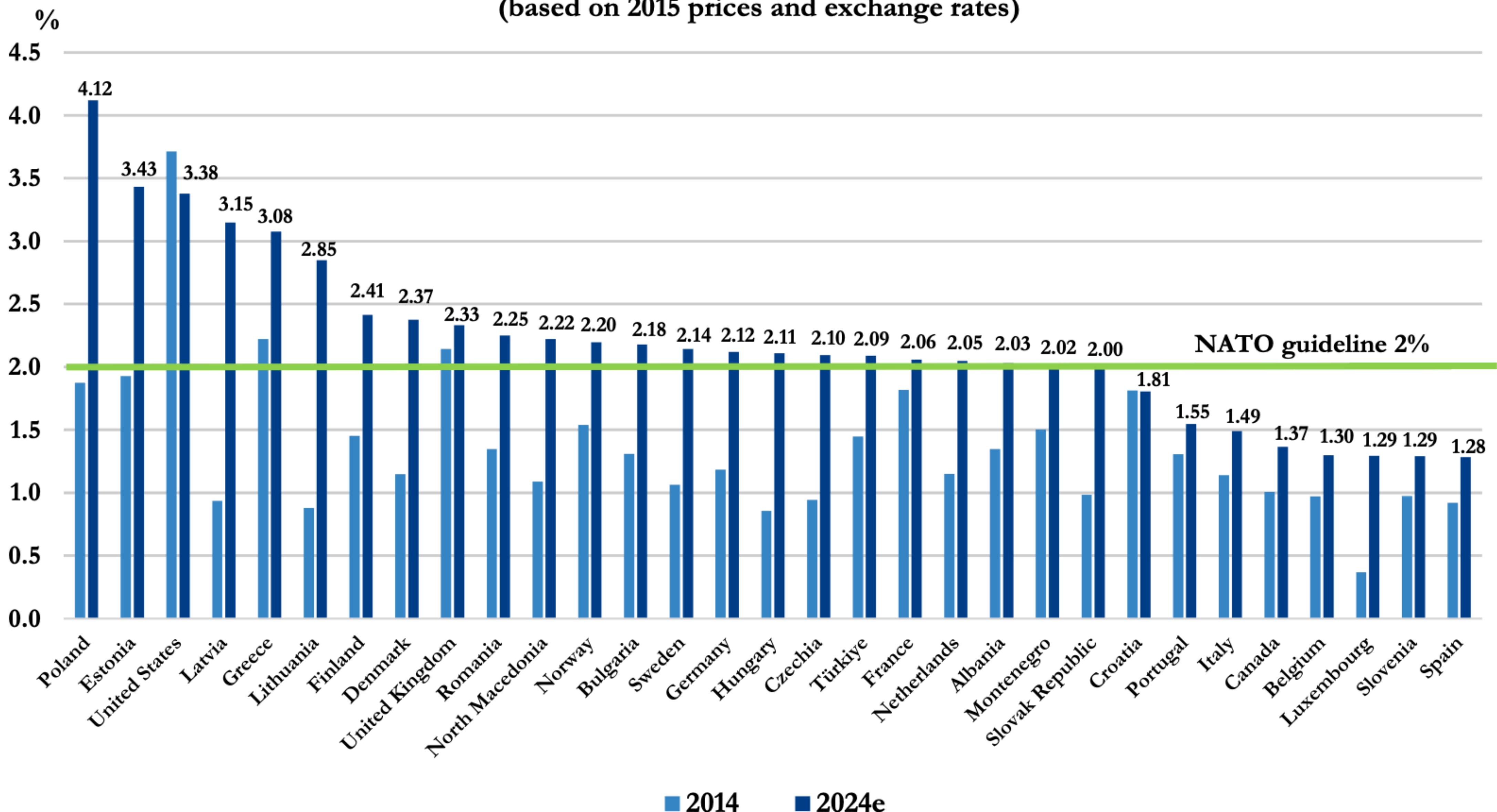
## Graph 9 : NATO Europe and Canada - major equipment expenditure

(annual real change, based on 2015 prices and exchange rates)



Notes: Figures for 2023 and 2024 are estimates. The NATO Europe and Canada aggregate from 2017 onwards includes Montenegro, which became an Ally on 5 June 2017, from 2020 onwards includes North Macedonia, which became an Ally on 27 March 2020, from 2023 onwards includes Finland, which became an Ally on 4 April 2023 and from 2024 onwards includes Sweden, which became an Ally on 7 March 2024.

**Graph 4 : Defence expenditure as a share of GDP (%)**  
 (based on 2015 prices and exchange rates)



Note: Figures for 2024 are estimates.

# QUICK TRIP TO NATO

- 
- Poland is NATO's biggest spender as measured by percentage of GDP (4.8%)
- Germany: \$1T of new defense/infrastructure spending; plus new Patriot factory in Bavaria
- Nothing short than a sea change in NATO's collective defense
- Europe produces millions of 155mm artillery rounds
- F-35: designed and managed by US with aircraft sections produced by 9 NATO countries
- Europeans lead 7 of 8 NATO's ongoing military operations
- Europeans lead Iceland's and north Atlantic defenses
- NATO Operation BALTIC SENTRY is formed as entirely European effort within NATO
- Europe provided 60% of Ukraine's defense contributions

# US-EU COOPERATION

- Promotes common values
- Creates conditions for global economic development
- Advances the stability of international systems
- EU + US provide 80% of official development assistance worldwide
- The most important driver of global prosperity
  - Almost 30% of merchandise trade, 40% of trade in services, and about 50% of global GDP



## SUMMARY

- ▶ Europe pledges to spend \$1.5 TRILLION more on defense/infrastructure PER YEAR by 2035 than 2025
- ▶ Most will be spent with European companies; though still a lot will be won by US/ROK/Japanese contractors (helps even out trade imbalances, too!)
- ▶ Scandinavian countries have robust AI/electronic/sensor capabilities that U.S. military wants
- ▶ Ukraine is road-testing new technologies, techniques and procedures with mission-driven innovation and speed

## "I'M COMING FOR YOU"

- ▶ Ukraine's spy agencies and special forces: "I'm coming for you."
- ▶ Ukraine now running operations to take the battle into Russia – and abroad against its forces and partners around the world.
- ▶ The goal has been to strike in unexpected locations through devious means and make Russia bleed far beyond the front lines in Ukraine.

## TRUMP'S PLAN?

- ▶ Peel Russia apart from China's "no limits" relationship
- ▶ Get Europe to do more for its defense so US doesn't have to do as much
- ▶ Shift some US forces from Europe to Asia

