

Q1 2016 results presentation

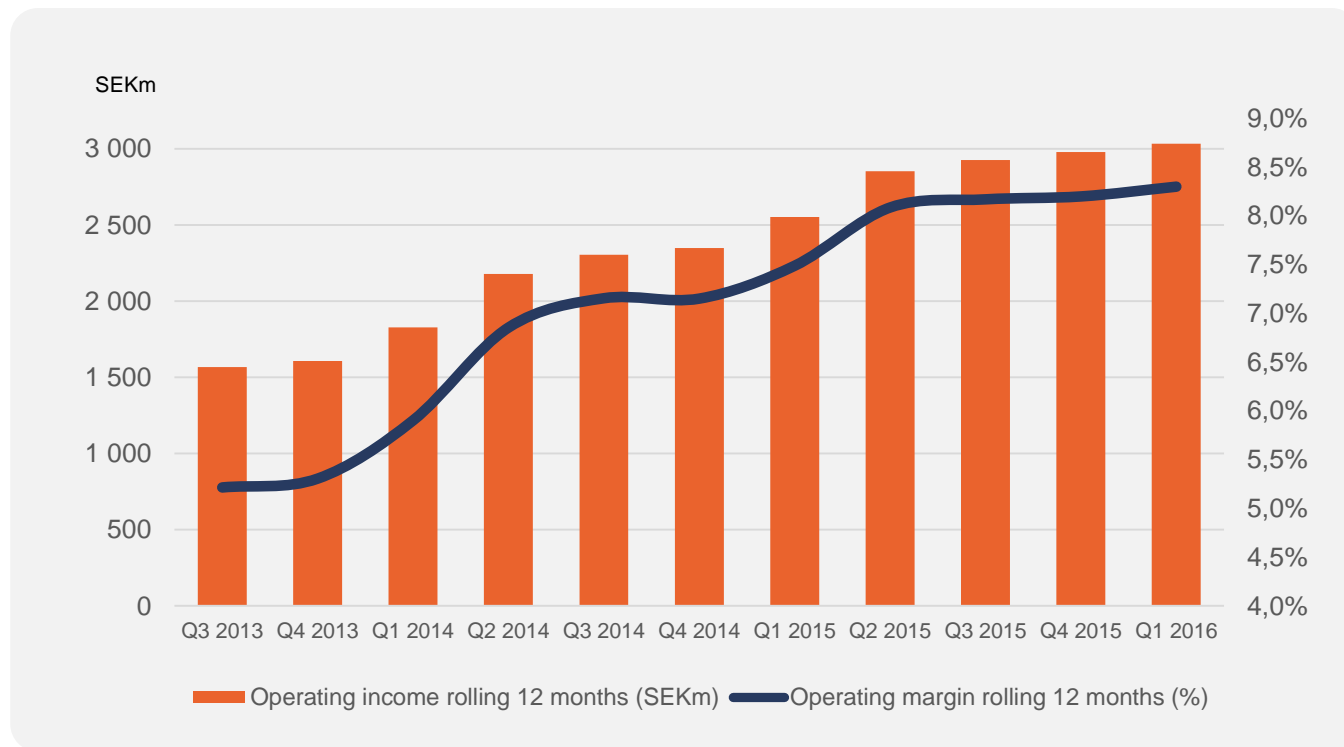
2016-04-21

Group summary, Q1 2016

- Continued trend of improved performance
- Net sales up 5%, increases in all divisions
- Operational improvements on track, offsetting currency impact of SEK -215m and additional costs for growth initiatives
- Consumer Brands' turnaround according to plan
- Operating income increased by SEK 54m to SEK 1,166m (1,112)
- Improved operating cash flow and lower net debt



Group results development rolling 12



Financial highlights, Group

SEKm	Q1 2016	Q1 2015	% change, Q1		LTM ²	FY 2015
			As reported	Adjusted ¹		
Net sales	11,361	10,928	4	5	36,603	36,170
Gross margin, %	27.8	27.2	-	-	28.3	28.1
Operating income	1,166	1,112	5	6	2,881	2,827
Excl. items affecting comparability	1,166	1,112	5	6	3,034	2,980
Operating margin, %	10.3	10.2	-	-	7.9	7.8
Excl. items affecting comparability, %	10.3	10.2	-	-	8.3	8.2

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Sales up 5%, higher sales in all divisions
- Improved margins
- Operating income increased to SEK 1,166m (1,112)
 - Currency headwind SEK -215m
- Operational improvements delivering according to plan
 - Direct and indirect material costs, productivity and logistics
- Seasonally negative operating cash flow improved to SEK -1,737m (-2,259)



Husqvarna Division

SEKm	Q1 2016	Q1 2015	% change, Q1		LTM ²	FY 2015
			As reported	Adjusted ¹		
Net sales	5,457	5,342	2	4	17,739	17,624
Operating income	844	897	-6	-5	2,180	2,233
Excl. items affecting comparability	844	897	-6	-5	2,231	2,284
Operating margin, %	15.5	16.8	-	-	12.3	12.7
Excl. items affecting comparability, %	15.5	16.8	-	-	12.6	13.0

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Increased sales
 - Mainly related to EMEA
 - Continued strong growth for robotic mowers
- Operational improvements almost offset FX
 - Favorable volume and product mix
 - Additional costs due to investments in growth initiatives
 - Negative currency impact SEK -135m



Gardena Division

SEKm	Q1 2016	Q1 2015	% change, Q1		LTM ²	FY 2015
			As reported	Adjusted ¹		
Net sales	1,518	1,319	15	17	4,868	4,669
Operating income	226	204	11	11	608	586
Excl. items affecting comparability	226	204	11	11	613	591
Operating margin, %	14.9	15.5	-	-	12.5	12.5
Excl. items affecting comparability, %	14.9	15.5	-	-	12.6	12.7

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Low trade inventory levels at end of 2015
- Further demand generated by expansion through geography focus, new channel and products respectively
- Higher operating income, but margin diluted by
 - Currency headwind
 - Higher costs for growth activities including R&D



Consumer Brands Division

SEKm	Q1 2016	Q1 2015	% change, Q1		LTM ²	FY 2015
			As reported	Adjusted ¹		
Net sales	3,419	3,343	2	2	10,012	9,936
Operating income	64	-11	n/a	n/a	-72	-147
Excl. items affecting comparability	64	-11	n/a	n/a	-45	-120
Operating margin, %	1.9	-0.3	-	-	-0.7	-1.5
Excl. items affecting comparability, %	1.9	-0.3	-	-	-0.4	-1.2

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Positive sell-in to trade partners
- Turnaround according to plan with good results impact from operational improvements
- Substantial improvement in operating income and margin, despite FX impact of SEK -55m



Construction Division

SEKm	Q1 2016	Q1 2015	% change, Q1		LTM ²	FY 2015
			As reported	Adjusted ¹		
Net sales	967	924	5	6	3,984	3,941
Operating income	89	74	20	22	410	395
Excl. items affecting comparability	89	74	20	22	480	465
Operating margin, %	9.2	8.0	-	-	10.3	10.0
Excl. items affecting comparability, %	9.2	8.0	-	-	12.0	11.8

¹ Adjusted for currency translation effects. ² Last twelve months rolling

- Continued profitable growth driven primarily by North America
- Weakness in stone industry
- Increased operating income
- Higher margin



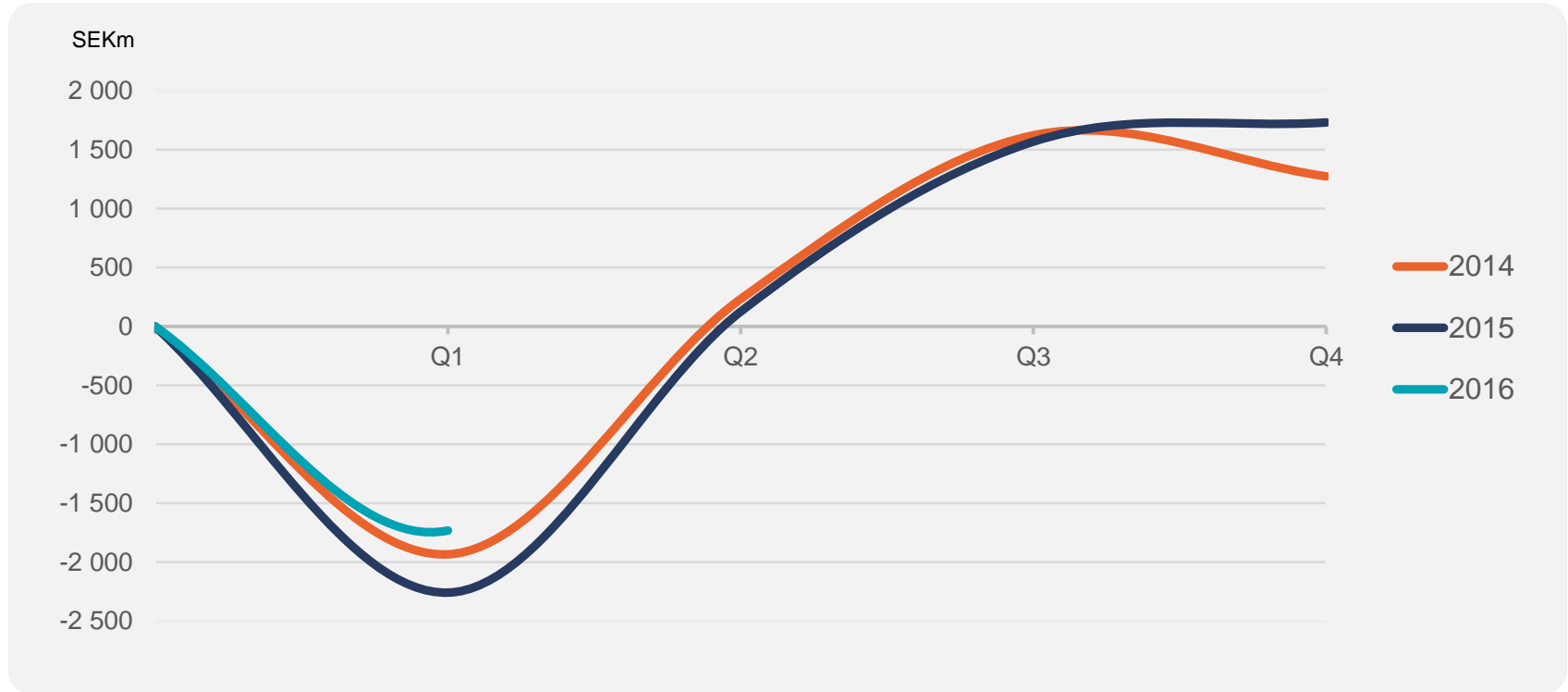
Consolidated income statement

SEKm	Q1 2016	Q1 2015	FY 2015
Net sales	11,361	10,928	36,170
Cost of goods sold	-8,199	-7,952	-25,996
Gross income	3,162	2,976	10,174
<i>Gross margin, %</i>	27.8	27.2	28.1
Selling expenses	-1,546	-1,467	-5,833
Administrative expenses	-451	-397	-1,532
Other operating income/expense	1	0	18
Operating income¹, excl. items affecting comparability	1,166	1,112	2,980
<i>Operating margin, % excl. items affecting comparability</i>	10.3	10.2	8.2
Items affecting comparability	-	-	-153
Operating income¹	1,166	1,112	2,827
<i>Operating margin, %</i>	10.3	10.2	7.8
Financial items, net	-142	-55	-344
Income after financial items	1,024	1,057	2,483
<i>Margin, %</i>	9.0	9.7	6.9
Income tax	-263	-269	-595
Income for the period	761	788	1,888
Basic earnings per share, SEK	1.32	1.37	3.29
Diluted earnings per share, SEK	1.32	1.37	3.28
¹ Of which depreciation, amortization and impairment	-280	-261	-1,153

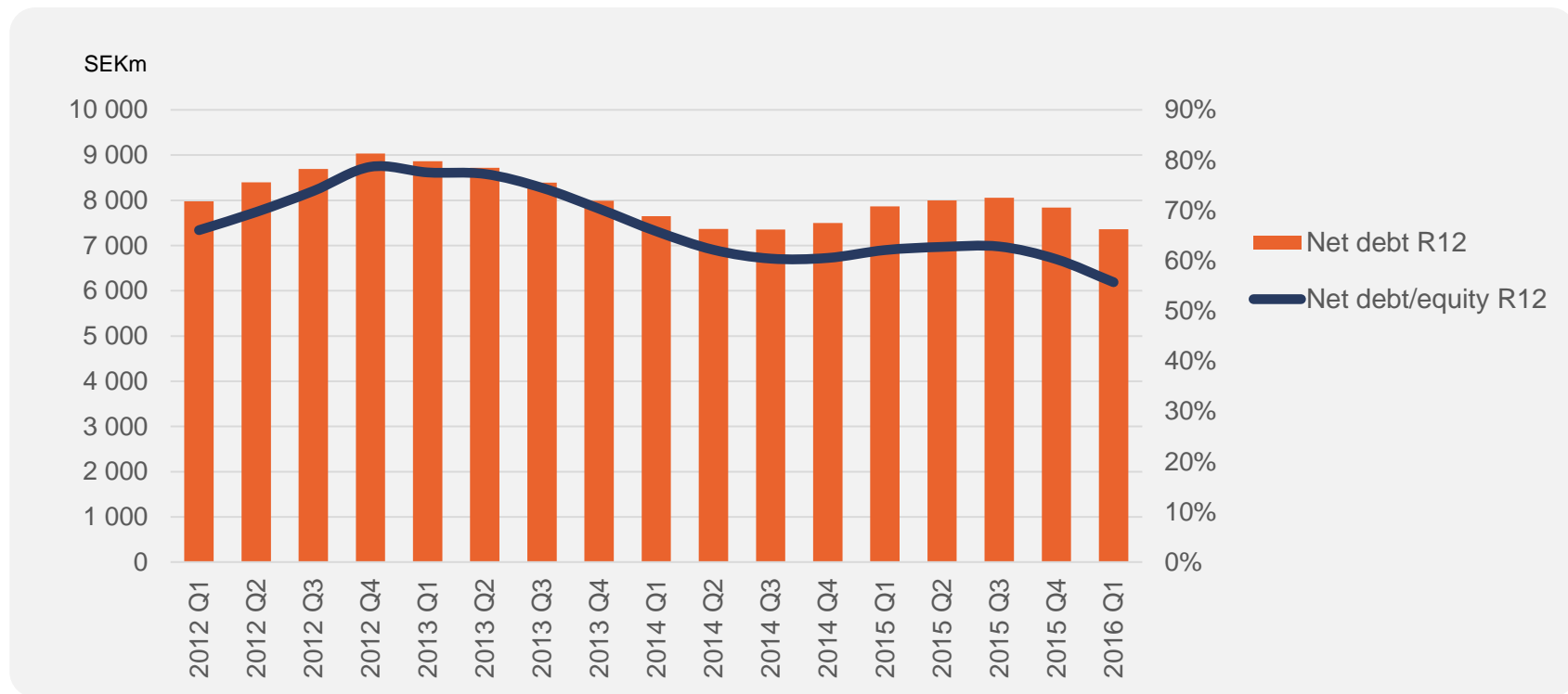
Consolidated balance sheet

SEKm	Mar. 31 2016	Mar. 31 2015	Dec. 31 2015
Non-current assets	15,675	16,299	15,749
Inventories	8,331	9,338	7,874
Trade receivables	7,766	7,805	3,126
Other current assets	1,120	655	952
Liquid funds	2,114	2,241	1,968
Total assets	35,006	36,338	29,669
Total equity	13,665	12,933	13,061
Interest-bearing liabilities	8,816	10,479	6,952
Pension liabilities	1,580	1,934	1,425
Provisions	3,017	2,693	2,953
Trade payables	5,110	5,632	3,077
Other current liabilities	2,818	2,667	2,201
Total equity and liabilities	35,006	36,338	29,669

Operating cash flow



Net debt / equity rolling 12 months



Key data, Group

	Q1 2016	Q1 2015	Full-year 2015
Net sales, SEKm	11,361	10,928	36,170
<i>Net sales growth, %</i>	4.0	12.8	10.1
<i>Gross margin, %</i>	27.8	27.2	28.1
Operating income, SEKm	1,166	1,112	2,827
<i>Excl. items affecting comparability</i>	1,166	1,112	2,980
<i>Operating margin, %</i>	10.3	10.2	7.8
<i>Excl. items affecting comparability</i>	10.3	10.2	8.2
Net working capital, SEKm	10,987	11,511	7,923
<i>Return on capital employed, %</i>	12.7	8.5	12.4
<i>Excl. items affecting comparability</i>	13.3	11.9	13.1
<i>Return on equity, %</i>	14.2	7.9	14.6
<i>Excl. items affecting comparability</i>	15.0	13.8	15.5
Earnings per share after dilution, SEK	1.32	1.37	3.28
Capital turn-over rate, times	1.8	1.7	1.7
Operating cash flow, SEKm	-1,737	-2,259	1,732
Net debt/equity ratio	0.60	0.79	0.49
Capital expenditure, SEKm	311	243	1,388
Average number of employees	14,170	14,436	13,572

Group summary, Q1 2016

- Continued trend of improved performance
- Net sales up 5%, increases in all divisions
- Operational improvements on track, offsetting currency impact of SEK -215m and additional costs for growth initiatives
- Consumer Brands' turnaround according to plan
- Operating income increased by SEK 54m to SEK 1,166m (1,112)
- Improved operating cash flow and lower net debt



The priority for the Group remains being to offset both further currency headwind expected for the remainder of the year, and to finance profitable growth initiatives by operational improvements.



**Husqvarna
Group**

www.husqvarnagroup.com