

Q2 2019 Results Presentation

July 16, 2019

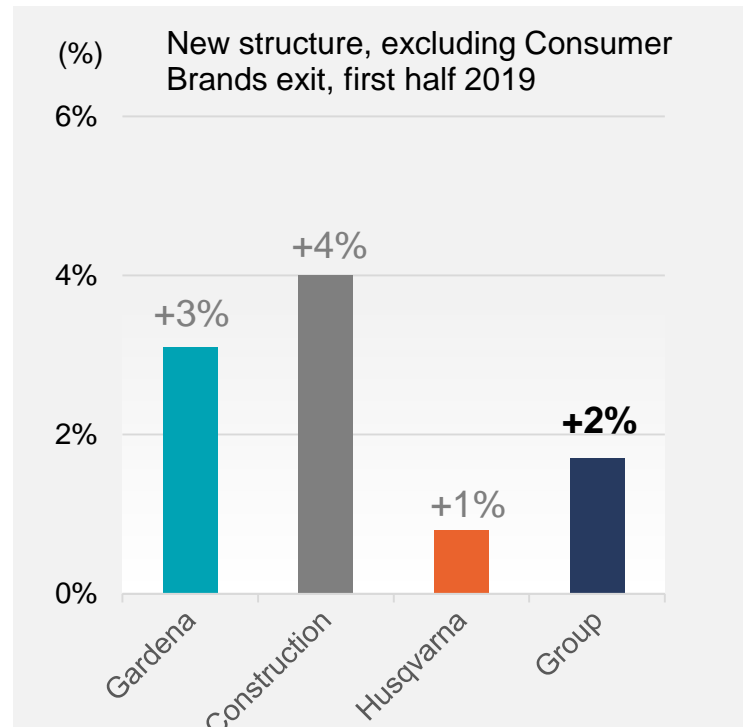
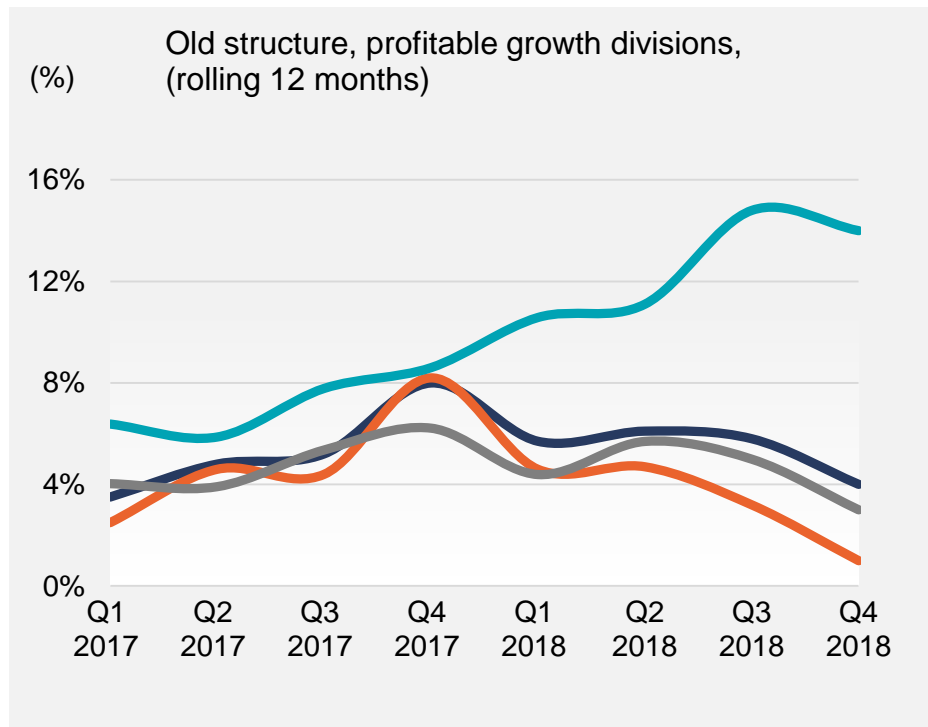
Higher operating income despite lower net sales

- Good performance in second quarter despite a slow start of the lawn and garden season
- Operating income increased by 10% with all divisions delivering an improvement:
 - Price increases
 - Efficiency improvements
 - Restructuring savings
- Rolling 12M operating margin* at 8.9% vs. 7.9% for 2018
- Operating cash flow increased by SEK 1.8bn in the first half year
- Continue to execute on our profitability improvement trajectory, whilst investing in strategic growth initiatives, remains our top priority for 2019



*Excluding items affecting comparability

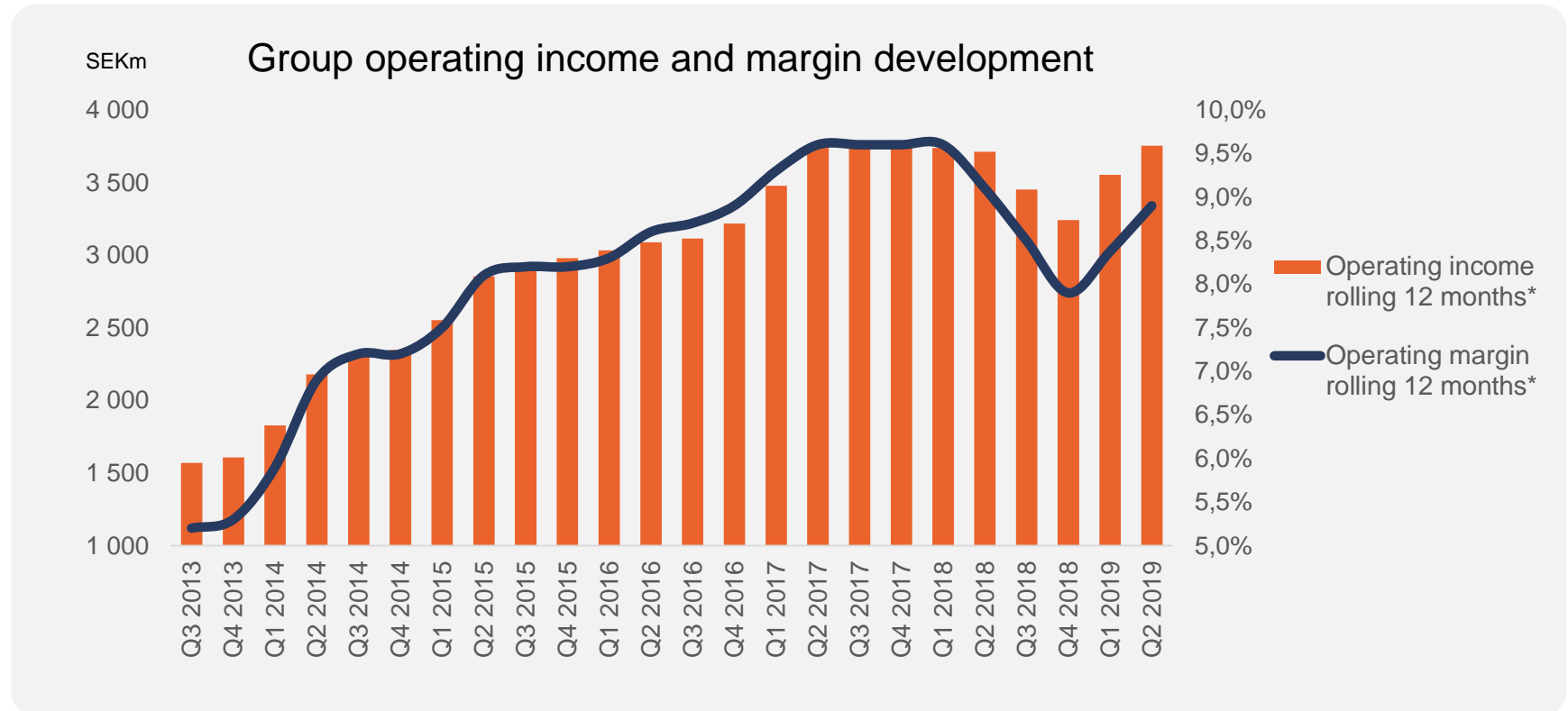
Divisional sales growth development



■ Total
 ■ Husqvarna
 ■ Gardena
 ■ Construction

Note: Currency adjusted. New divisional structure from 1 Jan 2019. Exit of Consumer Brands business impacted first half year growth for the Group by 4 pts.

Delivering on our profitability improvement trajectory



*Excluding items affecting comparability

Group financials

SEKm	Q2 2019	Q2 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %
Net sales	13,789	14,270	-3	27,440	26,573	3
<i>Currency adjusted change, %</i>	-7	7	–	-2	3	–
Gross margin, %	33.5	30.1	–	31.8	29.5	–
Operating income*,	2,125	1,925	10	3,811	3,298	16
<i>Operating margin*, %</i>	15.4	13.5	–	13.9	12.4	–

Q2: Higher operating income despite lower net sales

- Following a strong Q1, there was a slow sell-out start for the lawn and garden season
- Sales of wheeled lawn products declined, whereas Robotics were comparable to prior year
- Exited Consumer Brands business impacted sales growth by -4 percentage points
- Positive contribution from price as well as efficiency program and restructuring savings
- Higher costs for tariffs and raw materials balanced by positive currency effects

January - June

- Net sales increased by **2%**, adjusted for exited Consumer Brands business and currency
- Operating income increased by **16%**



Note: net sales growth is adjusted for changes in exchange rates
 *Excluding items affecting comparability

Husqvarna Division

SEKm	Q2 2019	Q2 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %
Net sales	8,688	9,347	-7	18,194	17,831	2
<i>Currency adjusted change, %</i>	-11	4	–	-4	0	–
Operating income*,	1,217	1,154	5	2,445	2,198	11
<i>Operating margin*, %</i>	14.0	12.3	–	13.4	12.3	–

- Net sales declined by 6% in the second quarter but increased by 1% for first half, adjusted for exited Consumer Brands business
 - Q1 was a strong sell-in quarter
 - Slow sell-out start for the lawn and garden season in Q2
- Operating income increased by 5% in the second quarter
 - Price increases, efficiencies and savings from restructuring
 - Positive contribution from North America refocus
 - Continued strategic initiatives



Note: net sales growth is adjusted for changes in exchange rates
 *Excluding items affecting comparability

Gardena Division

SEKm	Q2 2019	Q2 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %
Net sales	3,373	3,325	1	6,003	5,808	3
<i>Currency adjusted change, %</i>	-1	10	–	0	7	–
Operating income,	703	595	18	1,075	859	25
<i>Operating margin, %</i>	20.8%	17.9%	–	17.9	14.8	–

- Net sales increased 1% adjusted for exited Consumer Brands business in the second quarter
 - Retailers have been conscious to fully stock-up after the extended season of last year
- Operating income increased by 18%
 - Favorable product mix. Restructuring and cost efficiency savings
- Net sales for the first half year increased by 3%, excluding exited Consumer Brands business, and operating income increased by 25%



Note: net sales growth is adjusted for changes in exchange rates

Construction Division

SEKm	Q2 2019	Q2 2018	Change, %	Jan–Jun 2019	Jan–Jun 2018	Change, %
Net sales	1,720	1,590	8	3,214	2,918	10
<i>Currency adjusted change, %</i>	3	16	–	4	16	–
Operating income,	267	251	7	444	409	9
<i>Operating margin, %</i>	15.5	15.8	–	13.8	14.0	–

- Net sales increased 3% in second quarter
 - Good growth in Europe
- Operating income increased by 7%
 - Volume and price increases
 - Efficiency measures
- Continued strategic initiatives
- Light Compaction acquisition fully integrated



Note: net sales growth is adjusted for changes in exchange rates

Consolidated income statement

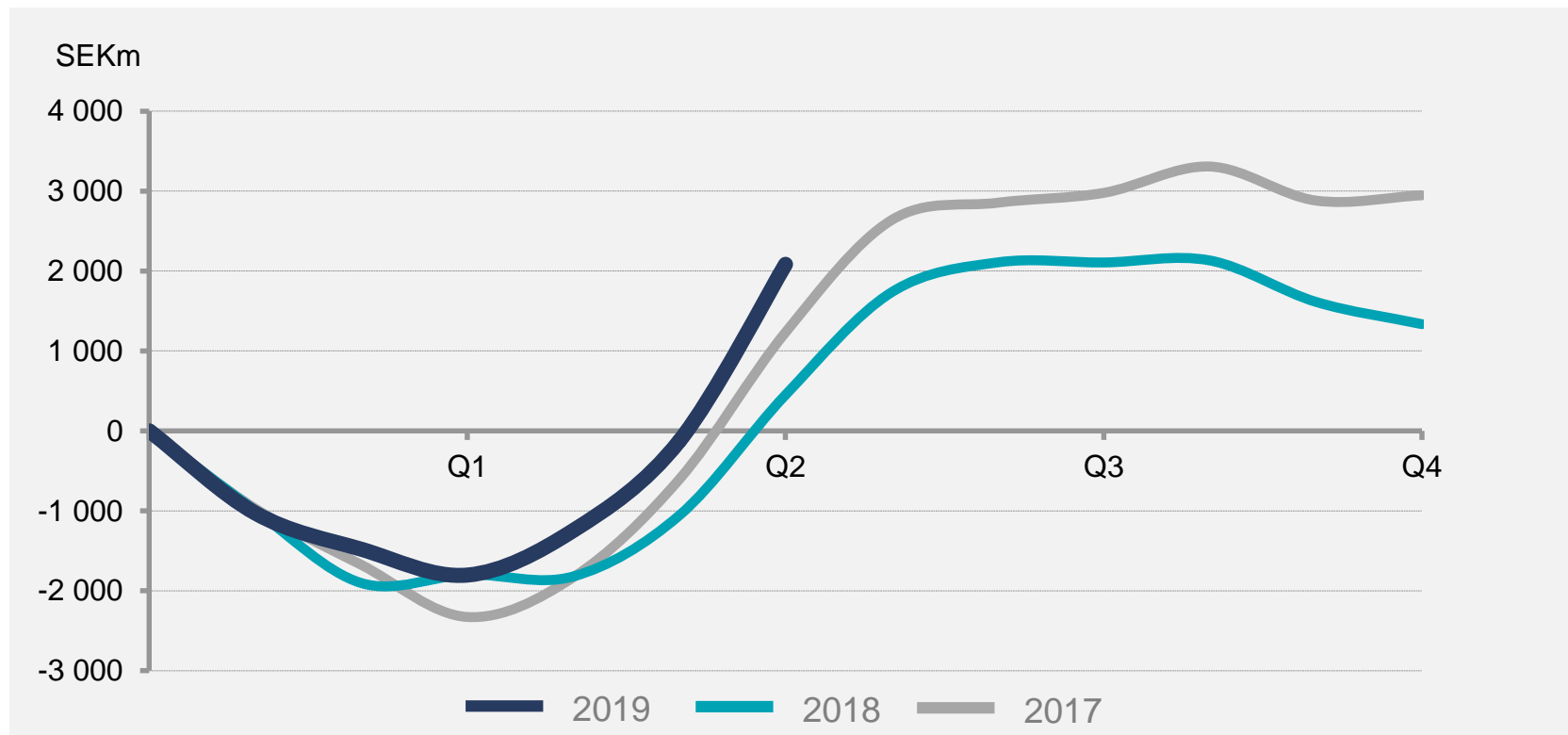
SEKm	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Rolling 12 months
Net sales	13 789	14 270	27 440	26 573	41 952
Cost of goods sold	-9 176	-9 981	-18 724	-18 737	-30 570
Gross income	4 613	4 289	8 716	7 836	11 382
Gross margin, %	33,5	30,1	31,8	29,5	27,1
Selling expenses	-1 952	-1 838	-3 861	-3 505	-6 829
Administrative expenses	-550	-570	-1 092	-1 076	-2 030
Other operating income/expense	14	44	6	43	18
Operating income*	2 125	1 925	3 811	3 298	3 754
Operating margin*, %	15,4	13,5	13,9	12,4	8,9
Items affecting comparability	0	0	-42	0	-1 213
Financial items, net	-153	-130	-313	-267	-555
Income tax	-466	-415	-810	-711	-447
Income for the period	1 506	1 380	2 646	2 320	1 539
Earnings per share, after dilution, SEK	2,63	2,41	4,62	4,05	2,69

*Excluding items affecting comparability

Q2:

- Gross margin +3.4 pts
 - Price increases
 - Efficiency program and restructuring
 - Tariffs balanced by FX
- SG&A
 - Strategic initiatives
- Operating income* increased by 10%
- Financial net
 - IFRS16 and higher interest rates
- Tax rate of 24% (23)

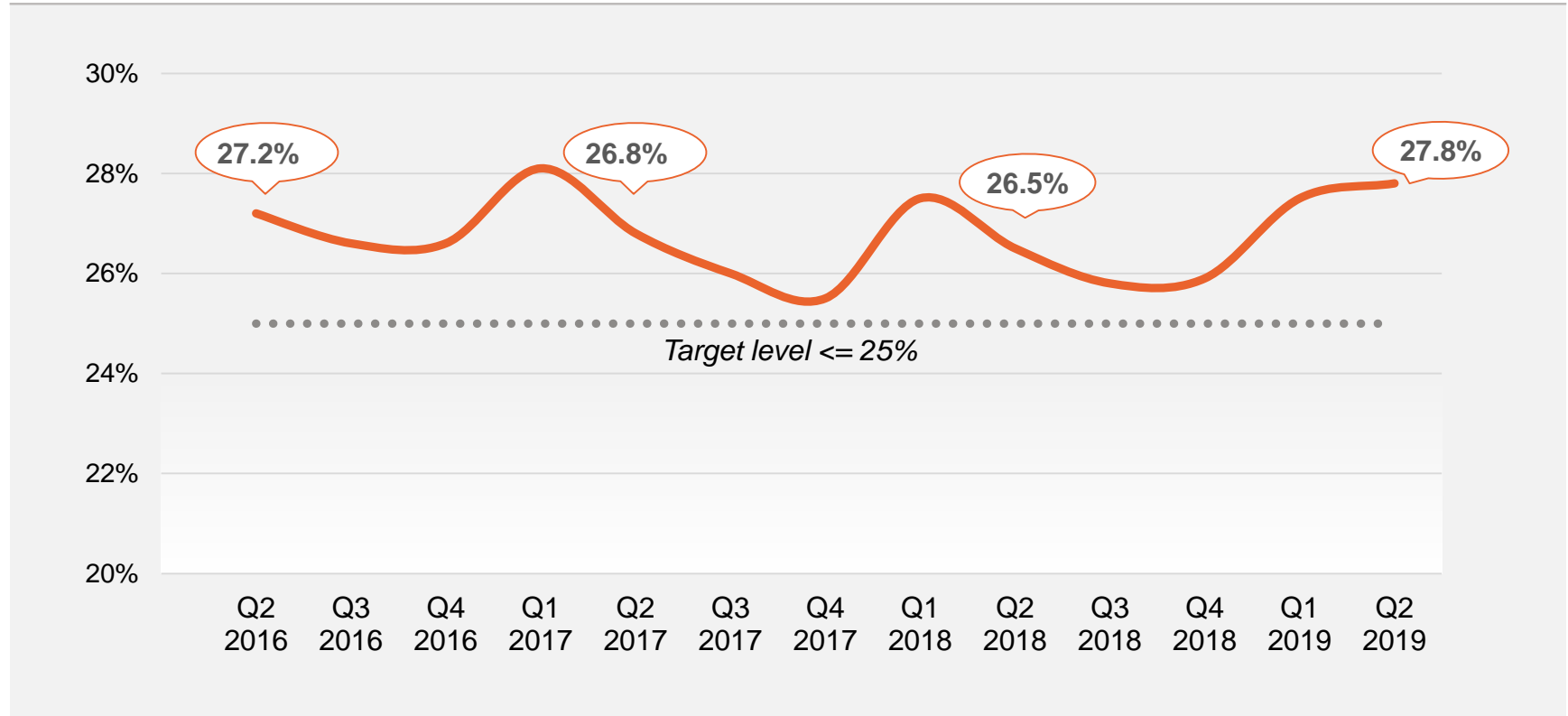
Direct operating cash flow (accumulated)



Note: excluding items affecting comparability

Further potential for capital efficiency

Operating working capital / net sales

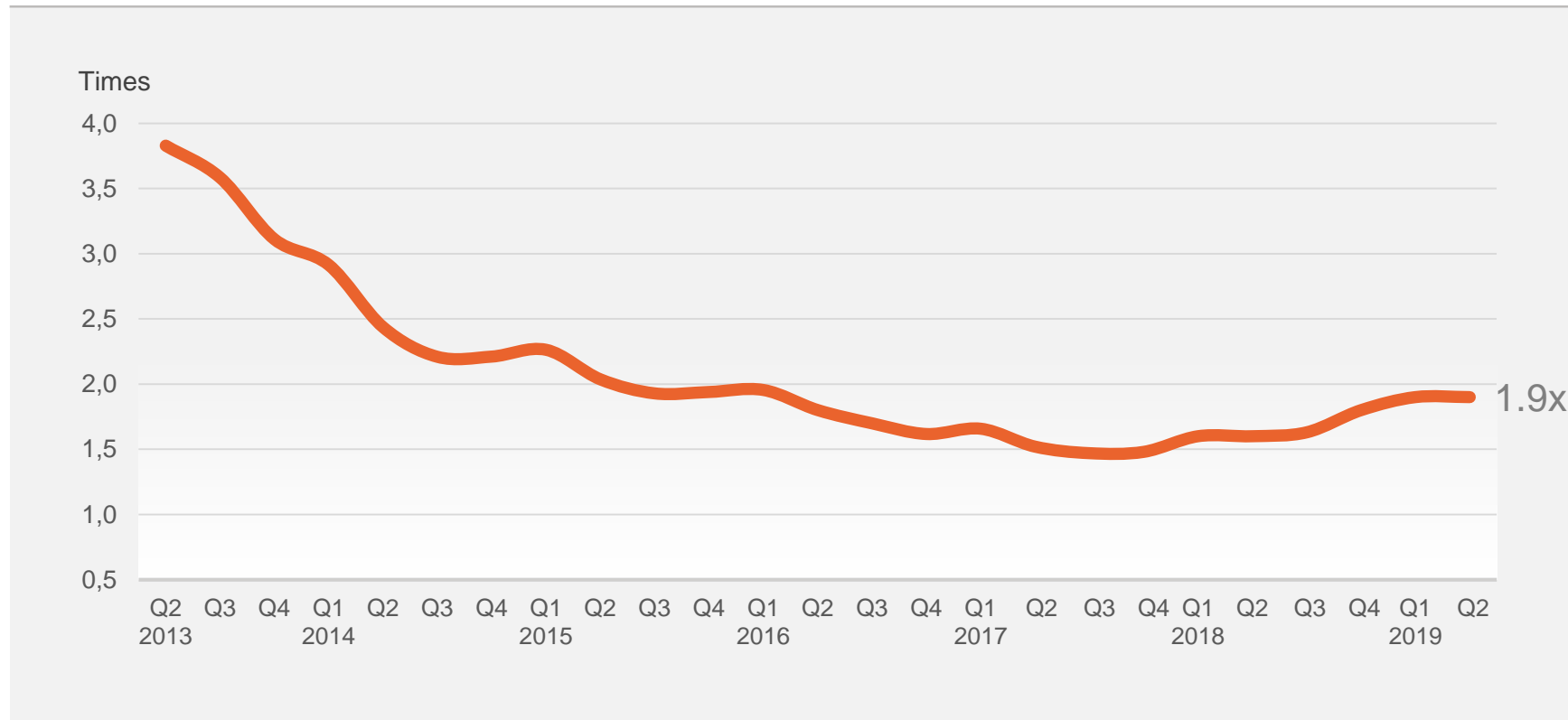


Consolidated balance sheet

SEKm	June 30 2019	June 30 2018	December 31 2018
Non-current assets	23 025	20 754	21 000
Inventories	10 275	9 434	11 067
Trade receivables	6 754	8 107	3 613
Other current assets	2 088	1 377	1 581
Liquid funds	2 116	2 762	1 346
Total assets	44 258	42 434	38 607
Total equity	17 395	17 278	16 009
Interest-bearing liabilities	9 411	9 655	9 806
Lease liabilities	1 690	206	207
Provisions for pensions	2 391	1 874	2 101
Other provisions	3 045	2 946	3 160
Trade payables	4 805	5 472	4 622
Other current liabilities	5 521	5 003	2 702
Total equity and liabilities	44 258	42 434	38 607

- Higher inventory levels compared to last year
 - Slow start of the lawn and garden season
 - Currency effects
- Receivables decreased compared to last year
- Net debt of SEK 11,3bn (8,9)
 - IFRS 16 effect of SEK +1.5bn
 - Dividend paid
 - Currency effects

Net debt / EBITDA (based on average net debt)



Average net debt / rolling 12 months EBITDA, excl. items affecting comparability

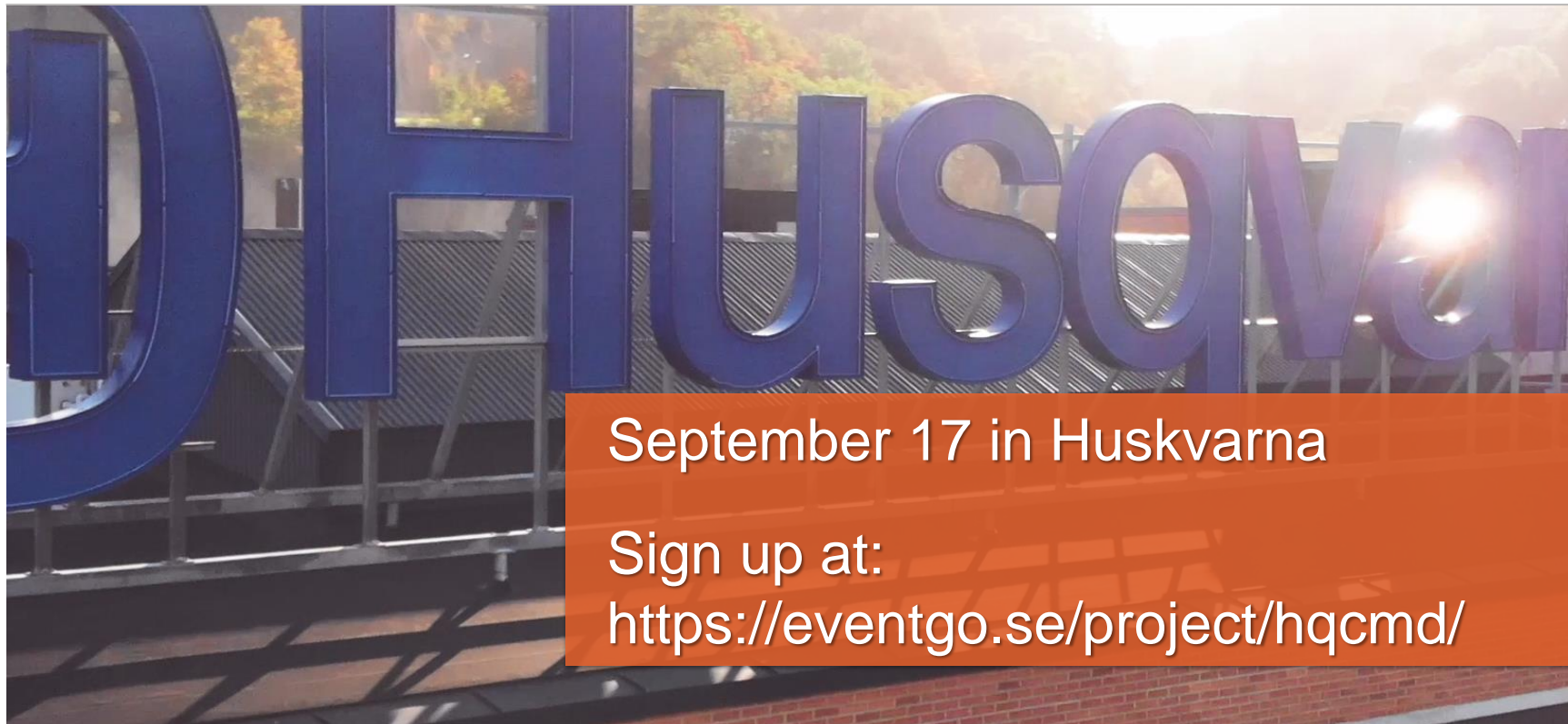
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September 17 in Huskvarna

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