



Q3 results
presentation

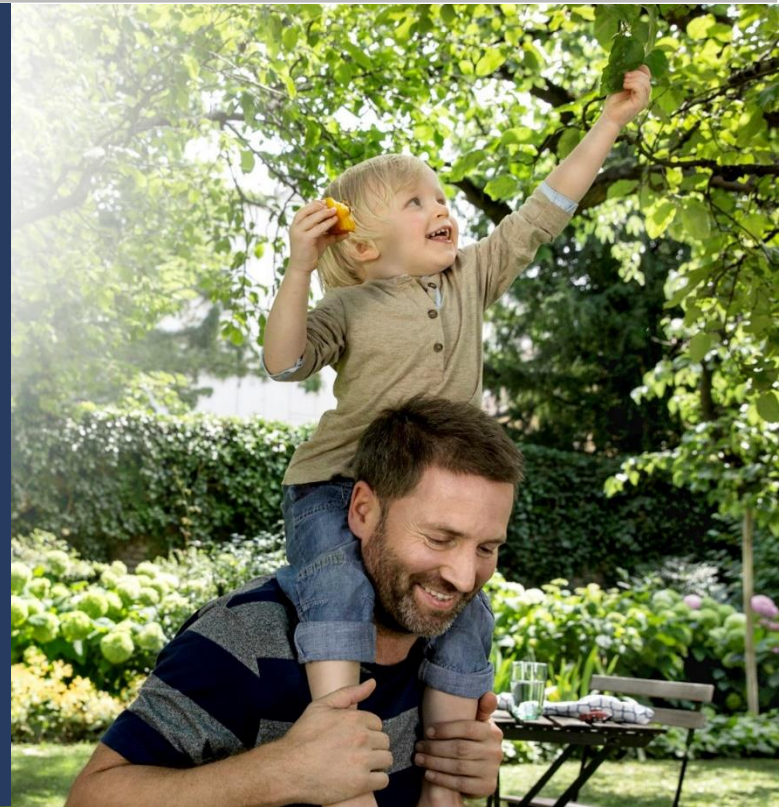


Kai Wörn, CEO
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October 22, 2019

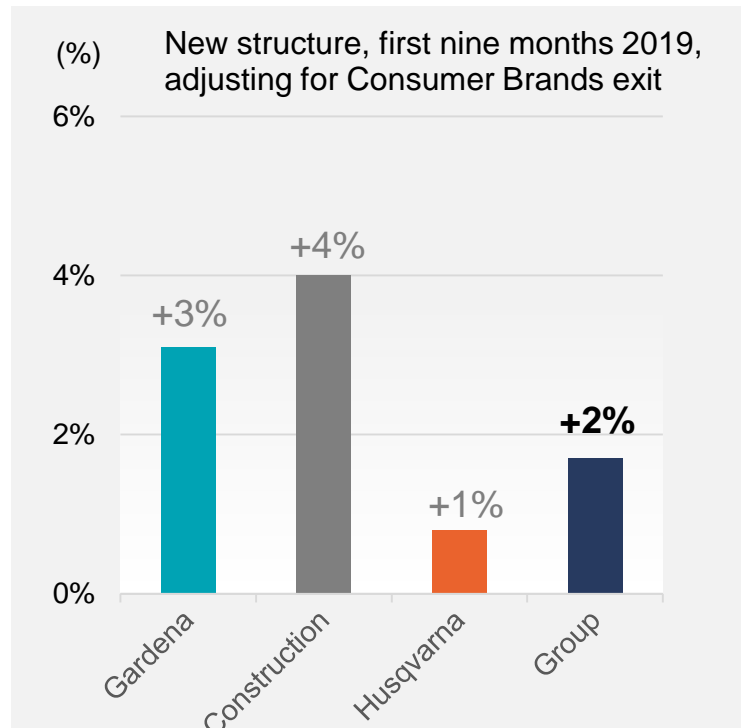
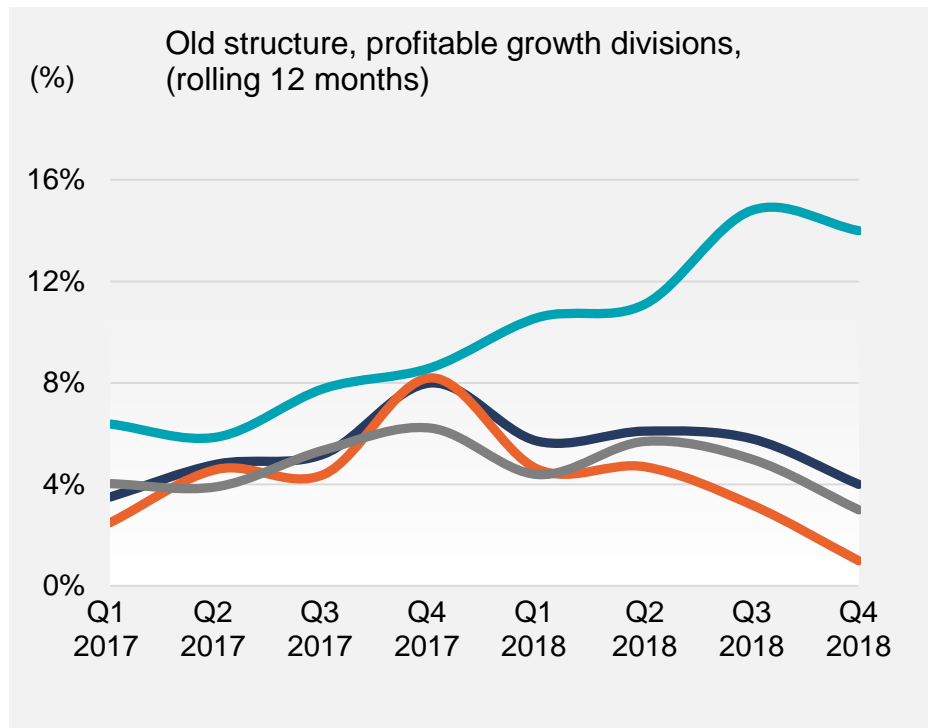
Husqvarna Group – third quarter in summary

- Net sales grew by 2%, adjusted for exited Consumer Brands business (flat if included)
 - Good growth in Europe, strong growth for robotic lawn mowers and battery products
 - Weaker North American demand, particularly for the wheeled segment
- Rolling 12M operating margin* at 9.3% vs. 7.9% for 2018
 - Operating income grew by 84%* in Q3 with all divisions delivering an improvement
- Direct operating cash flow improved to SEK 3.8bn (2.1) for the first nine months
- Increased focus on cost efficiencies to support the continued strategic transformation and profitability improvement trajectory



*Excluding items affecting comparability

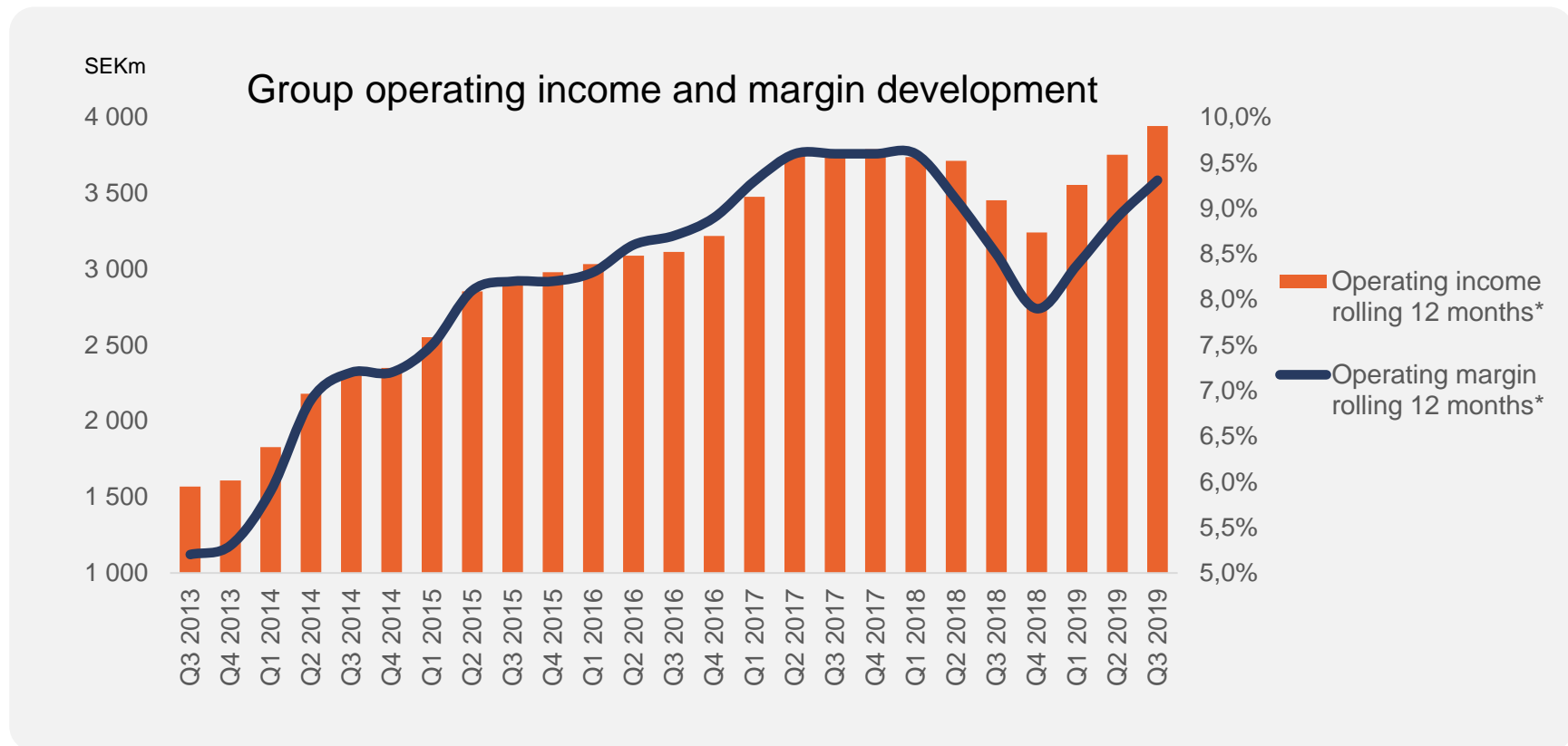
Divisional sales growth development



■ Total
 ■ Husqvarna
 ■ Gardena
 ■ Construction

Note: Currency adjusted. New divisional structure from 1 Jan 2019. Exit of Consumer Brands business impacted growth for the Group by 3 percentage points

Our profitability improvement trajectory



*Excluding items affecting comparability

Group financials

SEKm	Q3 2019	Q3 2018	Change, %	Jan–Sept 2019	Jan–Sept 2018	Change, %
Net sales	8,429	8,042	5	35,869	34,615	4
<i>Currency adjusted change, %</i>	0	1	–	-1	2	–
Gross margin*, %	28.2	25.6	–	31.1	28.6	–
Operating income*	414	225	84	4,225	3,523	20
<i>Operating margin*, %</i>	4.9	2.8	–	11.8	10.2	–

Third quarter

- Net sales increased 2%, if adjusted for exited Consumer Brands business
- Improved gross and operating margins

January - September

- Net sales increased by 2%, adjusted for exited Consumer Brands business
- Operating income grew by 20%*
 - Price increases, product mix effects, restructuring and efficiency savings
 - Partly offset by higher costs for raw materials, tariffs and continued investments in strategic growth initiatives



*Excluding items affecting comparability

Husqvarna Division

SEKm	Q3 2019	Q3 2018	Change, %	Jan–Sept 2019	Jan–Sept 2018	Change, %
Net sales	5,204	5,015	4	23,398	22,846	2
<i>Currency adjusted change, %</i>	-2	-5	-	-3	-1	-
Operating income*	82	-15	<i>n.a</i>	2,527	2,183	16
<i>Operating margin*, %</i>	1.6	-0.3	-	10.8	9.6	-

Third quarter:

- Net sales increased 2%, adjusted for exited Consumer Brands business
 - Good growth in Europe for robotic lawn mowers and battery products.
 - Weak market demand for the wheeled segment in North America

January – September:

- Net sales grew by 1% adjusted for exited Consumer Brands business
- Operating income increased 16%
 - Price increases, restructuring & efficiency savings, and FX effects
 - Partly offset by higher costs for tariffs/RM and strategic growth initiatives



*Excluding items affecting comparability

Gardena Division

SEKm	Q3 2019	Q3 2018	Change, %	Jan–Sept 2019	Jan–Sept 2018	Change, %
Net sales	1,630	1,564	4	7,633	7,372	4
<i>Currency adjusted change, %</i>	1	15	–	1	9	–
Operating income*	120	66	80	1,195	925	29
<i>Operating margin*, %</i>	7.4%	4.2%	–	15.7	12.5	–

Third quarter:

- Net sales increased 3% when adjusting for exited Consumer Brands business
- Operating income increased by 80%*
 - Favorable product mix, restructuring and operational cost efficiency savings

January – September:

- Net sales increased by 3%, excluding exited Consumer Brands business
- Strong increase in operating income by 29% given the high reference of last year
 - Price and mix improvements as well as restructuring and efficiency savings



*Excluding items affecting comparability

Construction Division

SEKm	Q3 2019	Q3 2018	Change, %	Jan–Sept 2019	Jan–Sept 2018	Change, %
Net sales	1,575	1,446	9	4,789	4,364	10
<i>Currency adjusted change, %</i>	4	7	–	4	13	–
Operating income	229	192	19	673	601	12
<i>Operating margin, %</i>	14.6	13.3	–	14.1	13.8	–

Third quarter:

- Net sales increased 4% - good growth in Europe, Asia Pacific and Emerging Markets
- Acquisition of power trowel business from Wacker Neuson
 - Net sales of SEK ~150m in 2018

January – September:

- Net sales increased by 4%
- Operating income grew by 12%
 - Volume/price increases, efficiencies and currency effects
 - Successful integration of acquisitions



Innovation leadership – examples



EPOS positioning system
with virtual boundaries



Autonomous Rider

Consolidated income statement

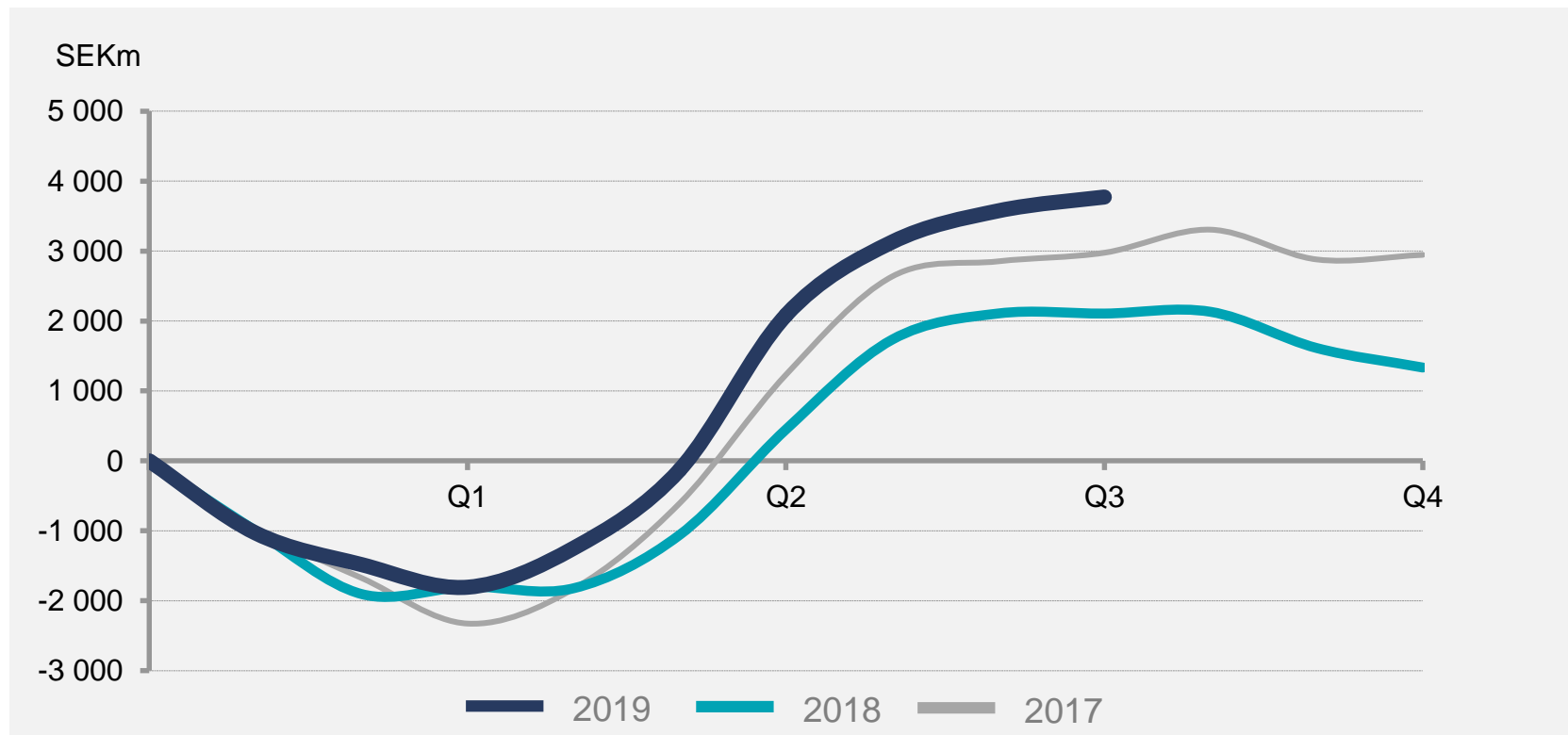
SEKm	Q3 2019	Q3 2018	Jan-Sept 2019	Jan-Sept 2018	Rolling 12 months
Net sales	8 429	8 042	35 869	34 615	42 339
Cost of goods sold	-6 048	-5 982	-24 730	-24 719	-29 517
Gross income*	2 381	2 060	11 139	9 896	12 822
Gross margin*, %	28,2	25,6	31,1	28,6	30,3
Selling expenses	-1 542	-1 464	-5 403	-4 954	-6 874
Administrative expenses	-420	-411	-1 512	-1 462	-2 018
Other operating income/expense	-5	0	1	43	13
Operating income*	414	225	4 225	3 523	3 943
Operating margin*, %	4,9	2,8	11,8	10,2	9,3
Items affecting comparability	0	-349	-42	-349	-864
Financial items, net	-124	-118	-437	-385	-561
Income tax	-21	57	-831	-654	-525
Income for the period	269	-185	2 915	2 135	1 993
Earnings per share, after dilution, SEK	0,47	-0,32	5,09	3,73	3,48

*Excluding items affecting comparability

Q3:

- Gross margin +2.6 pts (exc IAC)
 - Price and mix
 - Efficiency program and restructuring
 - Positive FX offset tariffs
 - Strategic investments (mainly R&D)
- SG&A
 - Logistics increase
 - Negative FX
- Operating income* increased by 84%
- Tax rate of 7%; YTD 22%
 - One off item, SEK 50m

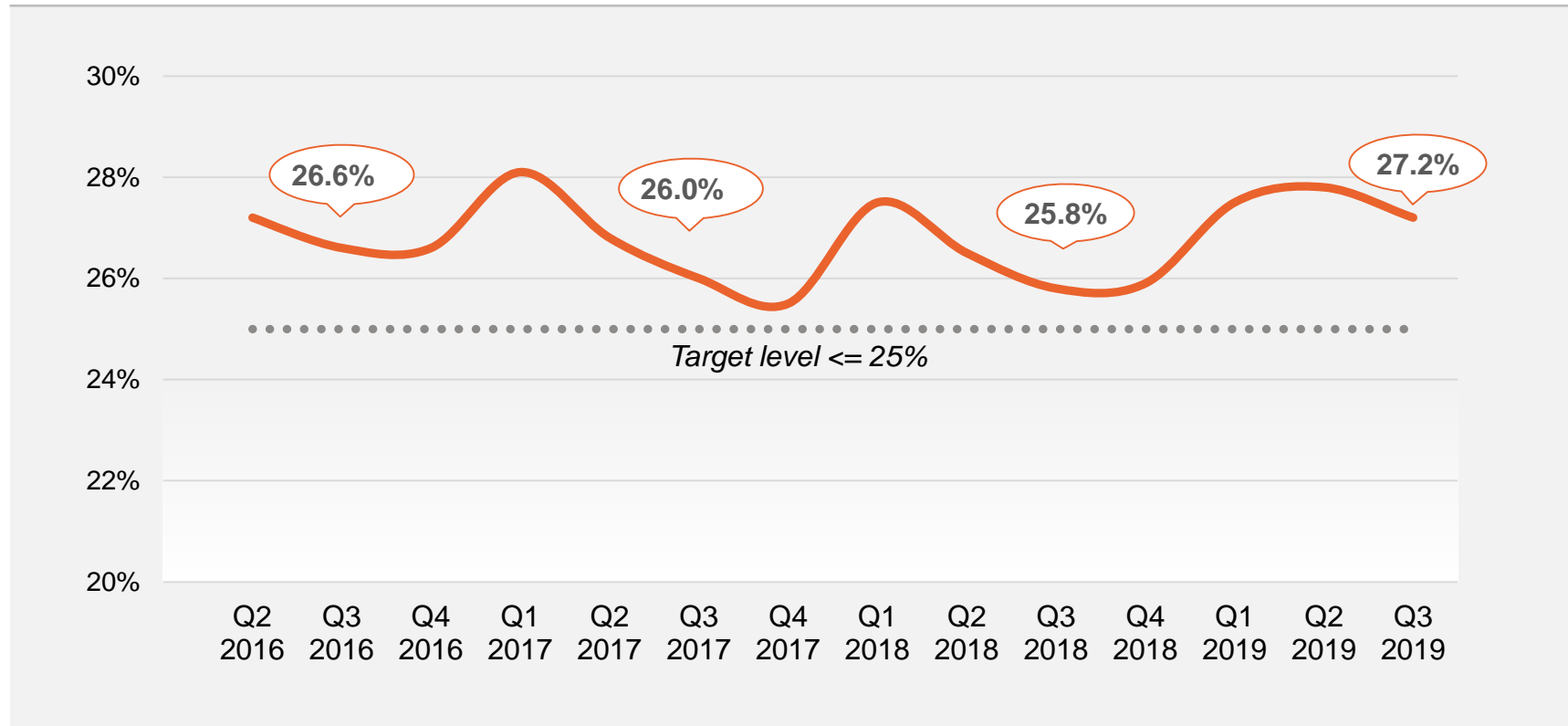
Direct operating cash flow (accumulated)



Note: excluding items affecting comparability

Further potential for capital efficiency

Operating working capital / net sales

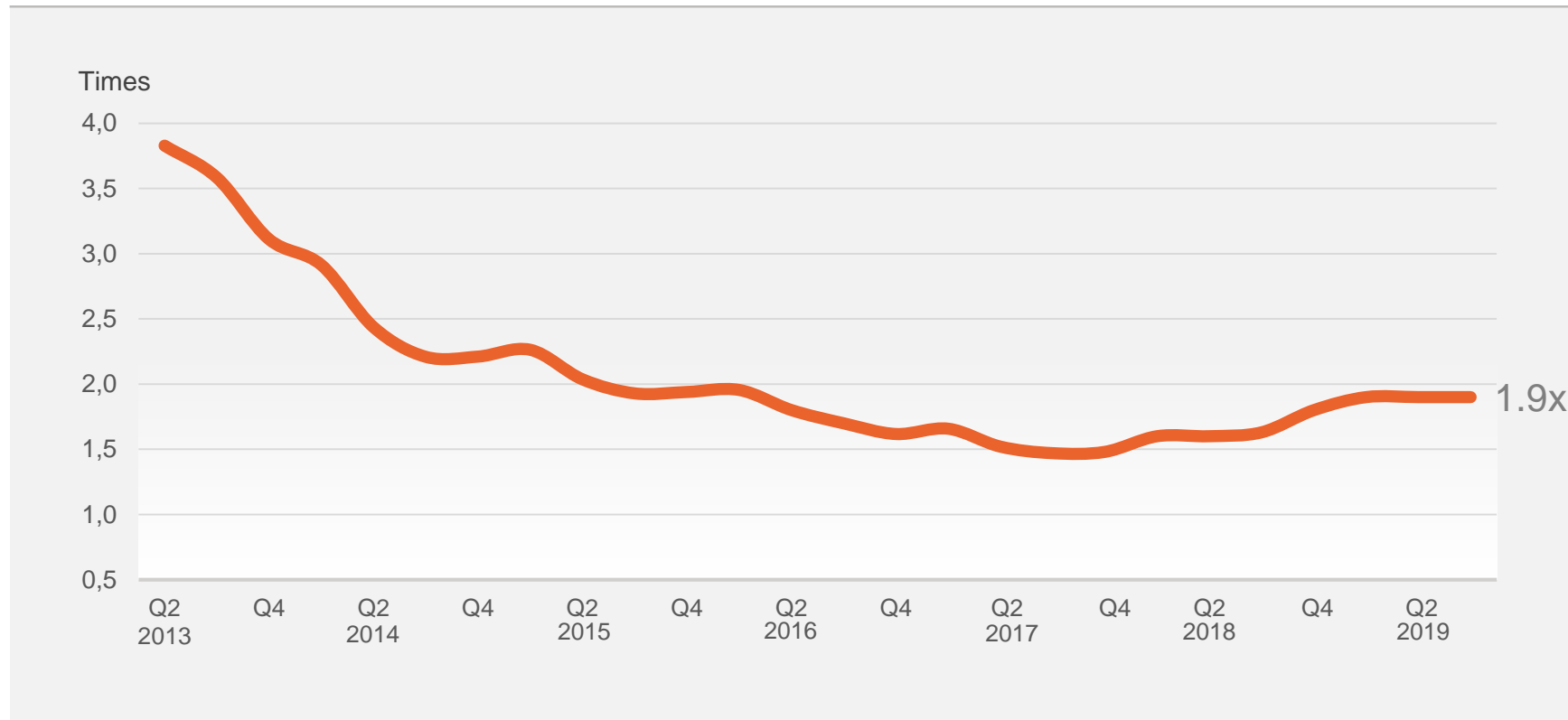


Consolidated balance sheet

SEKm	September 30 2019	September 30 2018	December 31 2018
Non-current assets	23 691	20 747	21 000
Inventories	10 108	9 022	11 067
Trade receivables	4 605	4 709	3 613
Other current assets	2 082	1 777	1 581
Liquid funds	1 623	1 957	1 346
Total assets	42 109	38 212	38 607
Total equity	17 769	17 045	16 009
Interest-bearing liabilities	8 840	7 988	9 806
Lease liabilities	1 668	204	207
Provisions for pensions	2 723	1 947	2 101
Other provisions	2 874	3 001	3 160
Trade payables	3 475	3 624	4 622
Other current liabilities	4 760	4 403	2 702
Total equity and liabilities	42 109	38 212	38 607

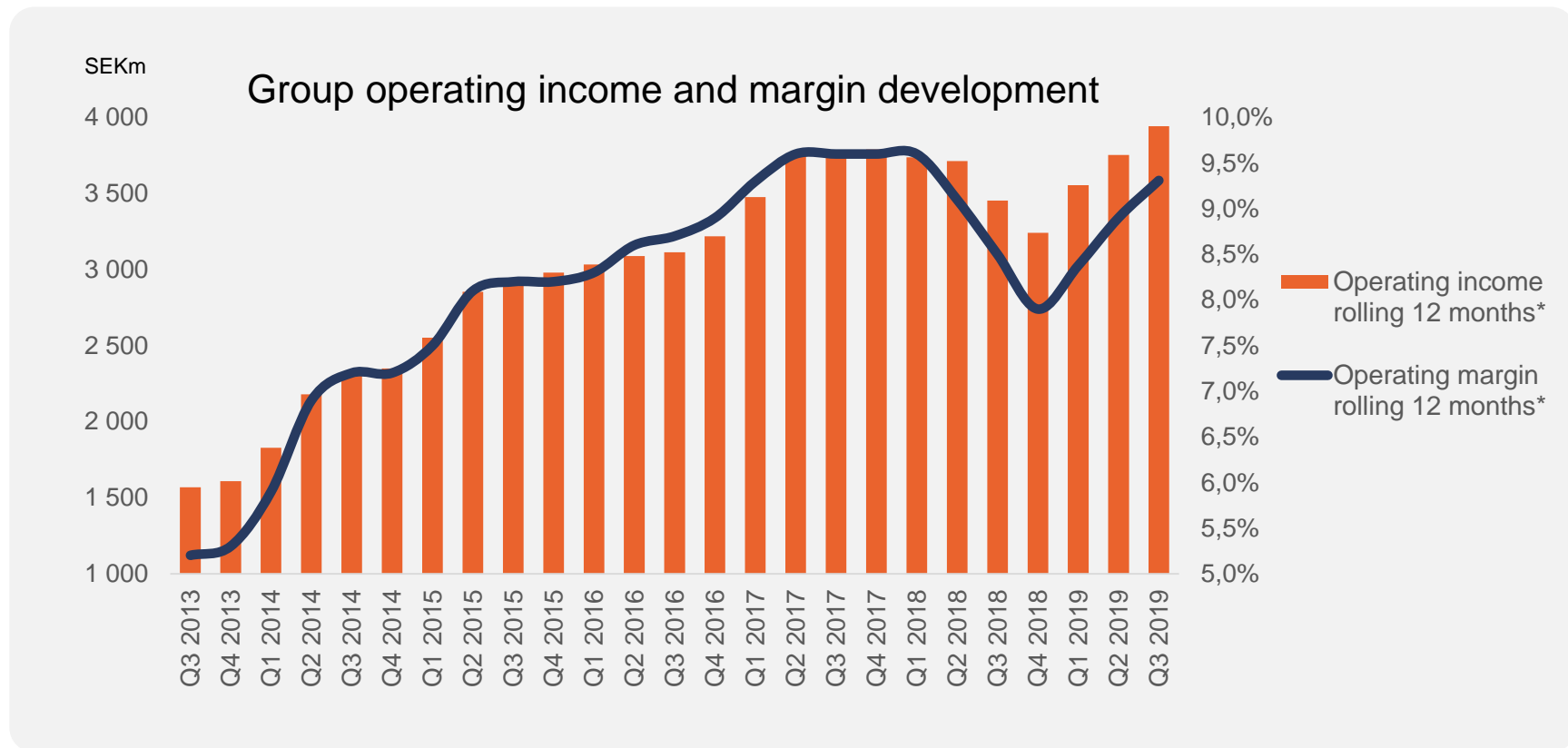
- Higher inventory levels compared to last year
 - Currency effects
 - Slower lawn and garden season than planned
 - Improvement since Q2
- Receivables decreased compared to last year
- Net debt of SEK 11,6bn (8,0)
 - Cash from operations +1.7bn
 - IFRS 16 effect of SEK -1.8bn
 - Dividend payable -1.3bn
 - Currency effects -1.6bn
 - Pension Liability -0.7bn

Net debt / EBITDA (based on average net debt)



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

Our profitability improvement trajectory



*Excluding items affecting comparability

