

# INTERIM REPORT JANUARY – MARCH 2013

Stockholm April 24, 2013



## Hans Linnarson, President and CEO:

“Husqvarna’s first quarter results were impacted by unfavorable weather conditions and continued macroeconomic slowdown in Europe. Earnings were also negatively affected by the strong Swedish Krona which accounted for more than half of the decline in operating income, and reduced manufacturing utilization to meet the lower demand. Improvements in Americas and Construction were not enough to offset the downturn in Europe.

We are pleased with the results coming from operational improvements in our business area Americas. The effects of mix, channel management, price and manufacturing efficiencies all contributed to an improved development of operating income and margin in the first quarter.

The positive development for Construction continued, although it was mixed between the different regions. Operating income and margin improved over prior year, primarily due to a positive product mix impact.

We have a continued cautious outlook for demand in Europe, while the outlook for North America remains more positive. Late last year we announced actions to reduce cost and improve flexibility. The initiatives are on track and will gradually deliver savings.”

- Net sales amounted to SEK 9,024m (9,811). Adjusted for exchange rate effects, net sales decreased -4%.
- Operating income decreased to SEK 688m (930), which entirely relates to Europe & Asia/Pacific.
- Changes in exchange rates negatively impacted operating income by SEK 135m year over year.
- Operating cash flow improved to SEK -1,786m (-2,443).
- Earnings per share decreased to SEK 0.81 (1.10).
- Announcement of SEK 1bn investment in manufacturing of chainsaw chains and cylinders.
- Kai Wärn was appointed new President and CEO as of July 1, 2013.

SEKm	Q1	Q1	Change, %		LTM <sup>2</sup>	FY
	2013	2012	As rep.	Adj. <sup>1</sup>		
Net sales, Group	9,024	9,811	-8	-4	30,047	30,834
Europe & Asia/Pacific	4,126	4,653	-11	-7	14,824	15,351
Americas	4,192	4,420	-5	-2	12,303	12,531
Construction	706	738	-4	0	2,920	2,952
EBITDA	935	1,203	-22	-19	2,469	2,737
<i>EBITDA margin, %</i>	10.4	12.3	-	-	8.2	8.9
Operating income, Group	688	930	-26	-23	1,433	1,675
Excl. items affecting comparability, Group	688	930	-26	-23	1,689	1,931
Europe & Asia/Pacific	555	846	-34	-32	1,656	1,947
Americas	137	83	64	74	-70	-124
Construction	46	39	16	20	265	258
<i>Operating margin, %</i>	7.6	9.5	-	-	4.8	5.4
<i>Excl. items affecting comparability</i>	7.6	9.5	-	-	5.6	6.3
Income after financial items	602	796	-24	-	981	1,175
Income for the period	467	633	-26	-	861	1,027
Earnings per share, SEK	0.81	1.10	-26	-	1.49	1.78

<sup>1</sup> Adjusted for currency translation effects and items affecting comparability (See page 14). <sup>2</sup> Last 12 months rolling.

*The impact on the Group’s financial reporting, including restatements of 2012 reported figures, as a result of the amended IAS 19 “Employee benefits” is shown on pages 12 and 13.*

## FIRST QUARTER

### Net sales

Net sales for the first quarter decreased by -8% to SEK 9,024m (9,811). Adjusted for exchange rate effects, net sales for the Group declined by -4%, for Europe & Asia/Pacific by -7%, for Americas by -2%, while sales for Construction were unchanged.

### Operating income

Operating income for the first quarter amounted to SEK 688m (930) and the corresponding operating margin amounted to 7.6% (9.5). Operating income increased for Americas and Construction, while it decreased for Europe & Asia/Pacific.

Operating income, excluding changes in exchange rates, was negatively affected mainly by the lower sales volume, product mix and lower factory utilization levels. Price and material impacted operating income positively.

Changes in exchange rates had a total negative impact on operating income of SEK 135m compared to the first quarter 2012.

## FINANCIAL ITEMS NET

Net financial items amounted to SEK -86m (-134) for the first quarter. The lower financial cost is explained mainly by lower interest rates. The average interest rate on borrowings at the end of the quarter was 3.6% (3.9).

## INCOME AFTER FINANCIAL ITEMS

Income after financial items decreased to SEK 602m (796) corresponding to a margin of 6.7% (8.1).

## TAXES

Taxes amounted to SEK -135m (-163), corresponding to a tax rate of 22% (20) of income after financial items.

## EARNINGS PER SHARE

Income for the quarter amounted to SEK 467m (633), corresponding to SEK 0.81 (1.10) per share.

## OPERATING CASH FLOW

Operating cash flow for the quarter amounted to SEK -1,786m (-2,443). The improved operating cash flow was mainly related to changes in inventories and trade receivables.

Due to the seasonality of the Group's operations, operating cash flow is normally negative in the first quarter.

<b>Operating cash flow</b>	<b>Q1</b>	Q1	Full year
SEKm	<b>2013</b>	2012	2012
Cash flow from operations, excluding changes in operating assets and liabilities	728	960	1,957
Changes in operating assets and liabilities	-2,310	-3,249	-66
<b>Cash flow from operations</b>	<b>-1,582</b>	<b>-2,289</b>	<b>1,891</b>
Cash flow from investments, excluding acquisitions	-204	-154	-747
<b>Operating cash flow</b>	<b>-1,786</b>	<b>-2,443</b>	<b>1,144</b>

## FINANCIAL POSITION

Group equity as of March 31, 2013, excluding non-controlling interests, amounted to SEK 11,093m (11,261), corresponding to SEK 19.4 (19.7) per share. Group equity was negatively affected by exchange differences on translating foreign operations to SEK amounting to SEK -389m.

Net debt amounted to SEK 10,053m (10,733) as of March 31, 2013, of which liquid funds amounted to SEK 1,412m (1,434) and interest bearing debt amounted to SEK 11,465m (12,167), including pensions. The major currencies used for debt financing are SEK and USD. Net debt decreased by SEK -25m as a result of changes in exchange rates.

The net debt/equity ratio amounted to 0.90 (0.95) and the equity/assets ratio to 35% (34).

In addition to the amendment of IAS 19 “Employee benefits” which is shown on pages 12 and 13, Husqvarna Group has reclassified the net defined pension liability to interest-bearing financial liability and included the liabilities in the calculation of net debt.

<b>Net debt</b>	<b>31 Mar</b>	31 Mar	31 Dec
SEKm	<b>2013</b>	2012	2012
Interest-bearing liabilities	10,043	10,834	8,366
Provisions for pensions and other post-employment benefits	1,422	1,333	1,478
Liquid funds	1,412	1,434	1,573
<b>Net debt</b>	<b>10,053</b>	<b>10,733</b>	<b>8,271</b>

On March 31, 2013, long-term loans including financial leases amounted to SEK 6,574m (6,883) and short-term loans including financial leases to SEK 3,104m (3,708). Long-term loans consist of SEK 4,061m (3,158) in issued bonds, and bank loans and financial leases of SEK 2,513m (3,725). The bonds and bank loans mature in 2014 and onwards. The Group also has an unutilized SEK 6 bn syndicated revolving credit facility, with maturity in 2016.

## PERFORMANCE BY BUSINESS AREA

### Europe & Asia/Pacific

<b>SEKm</b>	<b>Q1</b>	Q1	Change, %		LTM <sup>2</sup>	Full year
	<b>2013</b>	2012	As rep.	Adj. <sup>1</sup>		
Net sales	4,126	4,653	-11	-7	14,824	15,351
Operating income	555	846	-34	-32	1,469	1,760
Operating income excl. items affecting comparability	555	846	-34	-32	1,656	1,947
<i>Operating margin, %</i>	<i>13.4</i>	<i>18.2</i>	-	-	9.9	11.5
<i>Operating margin excl. items affecting comparability</i>	<i>13.4</i>	<i>18.2</i>	-	-	11.2	12.7

<sup>1</sup> Adjusted for currency translation effects and items affecting comparability. <sup>2</sup> Last 12 months rolling.

Net sales for Europe & Asia/Pacific decreased by -11% in the first quarter 2013. Adjusted for exchange rate effects, net sales decreased by -7%.

Demand for lawn and garden products were negatively impacted by a late start of spring due to unusually cold weather in most European markets. Consumer demand remained weak as the macroeconomic uncertainty continued.

Due to the weak demand, the Group's sales declined. The down-turn was related to all product categories, by sales channel it was mainly related to the retail channel.

Operating income amounted to SEK 555m (846) and the operating margin amounted to 13.4% (18.2). Changes in exchange rates had a negative year-on-year effect of SEK 146m on operating income. Excluding impact from changes in exchange rates, the lower operating income was mainly related to the lower sales, negative product mix and lower utilization of factories.

## Americas

SEKm	Q1	Q1	Change, %		LTM <sup>2</sup>	Full year
	2013	2012	As rep.	Adj. <sup>1</sup>		
Net sales	4,192	4,420	-5	-2	12,303	12,531
Operating income	137	83	64	74	-106	-160
Operating income excl. items affecting comparability	137	83	64	74	-70	-124
Operating margin, %	3.3	1.9	-	-	-0.9	-1.3
Operating margin excl. items affecting comparability	3.3	1.9	-	-	-0.6	-1.0

<sup>1</sup> Adjusted for currency translation effects and items affecting comparability. <sup>2</sup> Last 12 months rolling.

Net sales for Americas decreased by -5% in the first quarter 2013. Adjusted for exchange rate effects, net sales decreased by -2%.

Although supported by an improving economy, demand for lawn and garden equipment in North America slightly lagged 2012 levels in the first quarter, mainly because the early spring of prior year was not repeated.

The Group's sales in Canada and Latin America increased, while sales in the U.S. were lower. Sales to the dealer channel increased in all regions.

Operating income amounted to SEK 137m (83) and the corresponding operating margin improved to 3.3% (1.9). The effects of channel management and mix, price and manufacturing efficiencies contributed to the positive result. Changes in exchange rates had a positive year-on-year effect of SEK 8m on operating income.

## Construction

SEKm	Q1	Q1	Change, %		LTM <sup>2</sup>	Full year
	2013	2012	As rep.	Adj. <sup>1</sup>		
Net sales	706	738	-4	0	2,920	2,952
Operating income	46	39	16	20	240	233
Operating income excl. items affecting comparability	46	39	16	20	265	258
Operating margin, %	6.5	5.3	-	-	8.2	7.9
Operating margin excl. items affecting comparability	6.5	5.3	-	-	9.1	8.7

<sup>1</sup> Adjusted for currency translation effects and items affecting comparability. <sup>2</sup> Last 12 months rolling.

Net sales for Construction decreased by -4% in the first quarter 2013. Adjusted for exchange rate effects, sales were unchanged.

Total construction market activity during the first quarter 2013, compared with the first quarter prior year, was unchanged in North America, lower in Europe and higher in the rest of the world. The Group's sales of construction products had a similar development.

Operating income increased to SEK 46m (39) and the operating margin improved to 6.5% (5.3). Changes in exchange rates had a positive year-on-year effect of SEK 3m on operating income. Operating income was also positively impacted mainly by mix, as a result of new products with higher margins representing a larger share of total sales.

## PARENT COMPANY

Net sales in Q1 2013 for the Parent Company, Husqvarna AB, amounted to SEK 3,217m (3,442), of which SEK 2,660m (2,836) referred to sales to Group companies and SEK 557m (606) to external customers.

Income after financial items amounted to SEK -60m (357). Income for the period was SEK -111m (222). Investments in tangible and intangible assets amounted to SEK 92m (83). Cash and cash equivalents amounted to SEK 90m (87) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 17,308m (16,738).

## ANNUAL GENERAL MEETING

The Annual General Meeting of Husqvarna AB (publ) was held on April 11, 2013, in Jönköping, Sweden. A dividend of SEK 1.50 (1.50) per share was resolved.

Notice, full proposals, minutes and other documents from the Annual General Meeting are found on [www.husqvarnagroup.com/agm](http://www.husqvarnagroup.com/agm)

## INVESTMENT IN CORE TECHNOLOGIES

Husqvarna Group has decided to invest around SEK 1bn during 2013 - 2015 in a new production facility for manufacturing of chainsaw chains in Huskvarna, Sweden, where the Group already manufactures professional chainsaws, brush cutters and trimmers. The Group will also invest in expanded capacity for manufacturing of cylinders for two-stroke engines for chainsaws in the Group's facilities in Nashville, U.S. and in Huskvarna, Sweden.

## KAI WÄRN APPOINTED NEW PRESIDENT AND CEO AS OF JULY 1

The Board of Directors of Husqvarna AB has appointed Kai Wörn as President and CEO of Husqvarna Group effective as of July 1, 2013. Hans Linnarson, who was appointed President and CEO in 2011, will continue to work for the Group until he retires early 2014.

Kai Wörn was born in 1959 and is a graduate from the Royal Institute of Technology in Stockholm, Sweden. Previous positions include President and CEO at Seco Tools AB, a leading global metal cutting tools company, at that time listed at NASDAQ OMX Nordic stock exchange and President of the Business Unit ABB Robotics Products within ABB Group. Most recently Kai has held the position as Operations Partner at the private equity firm IK Investment Partners.

## CONVERSION OF SHARES

According to the company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the company.

In January 2013, 125,400 A-shares were converted to B-shares at the request of shareholders. In April 2013, another 3,854 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 172,447,201.4.

The total number of registered shares in the company at March 31, 2013 amounted to 576,343,778 shares of which 127,573,658 were A-shares and 448,770,120 were B-shares.

## RISKS AND UNCERTAINTY FACTORS

A number of factors may affect Husqvarna's operations in terms of operational and financial risks. Operational risks are managed by the operative units, and financial risks by Group Treasury.

For more information on risk than stated below, see the Annual Report, which is available at [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir).

### Operational risks

Operational risks include general economic conditions, as well as trends in consumer and professional spending, particularly in North America and Europe, where the majority of the Group's products are sold. An economic downturn in these markets may have an adverse effect on Group sales and earnings. Shifts in product technology as well as shifts in distribution structure could also have a negative impact on Group sales and earnings, as will fluctuations in prices of sourced raw materials and components.

Demand for the Group's products is also dependent on weather conditions. Dry weather can reduce demand for such products as lawn mowers and tractors, but can stimulate demand for watering products. Demand for chainsaws normally increases after storms and during cold winters.

Husqvarna's operations are also subject to seasonal variations. Demand for consumer garden products and commercial lawn and garden products normally peaks in the second quarter, while the peak season for chainsaws is normally in the third quarter. Husqvarna has adapted its production processes and supply chain to respond to these conditions. However, parameters such as cash flow and production levels follow the seasonal variations in demand, which results in relatively greater risk exposure for the Group over short periods of time.

The Group is currently implementing a number of structural changes as well as an adjusted organization. Restructuring and organizational changes always involve the risk of creating higher costs than anticipated and losing key personnel.

In the ordinary course of business, Husqvarna is exposed to legal risks such as commercial, product liability and other disputes.

### Financial risks

Financial risks refer primarily to currency exchange rates, interest rates, financing, and credit risks. Risk management within the Husqvarna Group is regulated by a financial policy established by the Board of Directors. A higher indebtedness resulting from the seasonality of the Group's operations involve greater exposure to changes in exchange rates and interest rates, as well as financing risks.

### Acquisitions

Husqvarna Group has completed a number of acquisitions, and integration of acquired businesses always involves risks. Sales may be adversely affected, costs may be higher than anticipated and synergy effects may be lower than expected.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, interim financial reporting and the Swedish Annual Act. The financial statement of the Parent company has been prepared in accordance with the Swedish Annual Act, chapter 9 and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities.

The accounting policies adopted are consistent with those of those presented in the annual report of 2012, except as described below. The Annual report 2012 is available at [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir).

### New and amended standards adopted as of 1 January 2013

Husqvarna Group has adopted the following new and amended standards as of 1 January 2013.

IFRS 13, "Fair value measurements" aims to reduce the complexity by providing a precise definition of fair value and a single source of fair value measurements and disclosure requirements. Husqvarna Groups assessment is that this standard will not have a significant impact on the financial reporting.

IAS 1 "Financial statement presentation" amended, regarding other comprehensive income. The main change from this amendment is a requirement to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassified to profit and loss.

IAS 19 "Employee benefits" amended. The impact of the revised standard on the Group's financial reporting are as follows; the corridor approach has been eliminated and all actuarial gains and losses are recognized in other comprehensive income as they occur and all past service costs are recognized immediately. Interest cost and expected return on plan assets are replaced with a net amount that is calculated applying the same discount rate as when calculating the net defined liability. Service costs and net interest is reported in profit or loss (whereof service costs in operating income and net interest in the finance net) and re-measurements in other comprehensive income.

The standard is effective for annual periods beginning on or after January 1, 2013 with full retrospective application. The effects on the Groups financial statement from IAS 19 revised are described on pages 12 and 13 in this interim report where the impacts of the restated comparable figures are shown.

## AUDITORS' REVIEW REPORT

This interim report has not been subject to review by the auditors.

Stockholm, April 24, 2013

*Hans Linnarson*  
**President and CEO**

## Consolidated income statement

SEKm	Q1 2013	Q1 2012	Full-year 2012
Net sales	9,024	9,811	30,834
Cost of goods sold	-6,752	-7,193	-22,543
<b>Gross income</b>	<b>2,272</b>	<b>2,618</b>	<b>8,291</b>
<i>Margin, %</i>	25.2	26.7	26.9
Selling expense	-1,269	-1,326	-5,223
Administrative expense	-311	-362	-1,401
Other operating income/expense	-4	0	8
<b>Operating income<sup>1</sup></b>	<b>688</b>	<b>930</b>	<b>1,675</b>
<i>Margin, %</i>	7.6	9.5	5.4
Financial items, net	-86	-134	-500
<b>Income after financial items</b>	<b>602</b>	<b>796</b>	<b>1,175</b>
<i>Margin, %</i>	6.7	8.1	3.8
Income tax	-135	-163	-148
<b>Income for the period</b>	<b>467</b>	<b>633</b>	<b>1,027</b>
Attributable to:			
<b>Equity holders of the Parent Company</b>	<b>465</b>	<b>630</b>	<b>1,022</b>
Non-controlling interest in income for the period	2	3	5
Basic earnings per share, SEK			
	0.81	1.10	1.78
Diluted earnings per share, SEK			
	0.81	1.10	1.78
Basic weighted average number of shares outstanding, millions			
	572.6	572.5	572.6
Diluted weighted average number of shares, millions			
	572.7	572.7	572.6

## Consolidated comprehensive income statement

SEKm	Q1 2013	Q1 2012	Full-year 2012
<b>Income for the period</b>	<b>467</b>	<b>633</b>	<b>1,027</b>
<b>Items that will not be reclassified to the income statement:</b>			
Remeasurements on defined benefit pension liabilities	-	-	-148
	-	-	-148
<b>Items that may be subsequently reclassified to the income statement:</b>			
Currency translation differences	-389	-329	-774
Cash flow hedges	28	-73	-103
	-361	-402	-877
<b>Other comprehensive income, net of tax</b>	<b>-361</b>	<b>-402</b>	<b>-1,025</b>
<b>Total comprehensive income for the period</b>	<b>106</b>	<b>231</b>	<b>2</b>
Attributable to:			
Equity holders of the Parent Company	104	229	-2
Non-controlling interest	2	2	4
<sup>1</sup> Of which depreciation, amortization and impairment			
	-247	-273	-1,062



## Consolidated balance sheet

SEKm	31 Mar 2013	31 Mar 2012	31 Dec 2012
<b>Assets</b>			
Property, plant and equipment	3,441	3,712	3,515
Goodwill	5,624	5,872	5,733
Other intangible assets	3,667	3,940	3,786
Investments in associated companies	0	5	4
Derivatives	0	1	2
Deferred tax assets	1,199	1,104	1,189
Other financial assets	74	70	76
<b>Total non-current assets</b>	<b>14,005</b>	<b>14,704</b>	<b>14,305</b>
Inventories	8,306	8,526	8,058
Trade receivables	6,775	7,982	3,032
Derivatives	137	229	326
Tax receivables	321	193	337
Other current assets	750	603	603
Other short term investments	21	328	325
Cash and cash equivalents	1,254	876	920
<b>Total current assets</b>	<b>17,564</b>	<b>18,737</b>	<b>13,601</b>
<b>Total assets</b>	<b>31,569</b>	<b>33,441</b>	<b>27,906</b>
<i>Pledged assets</i>	<i>76</i>	<i>75</i>	<i>77</i>
<b>Equity and liabilities</b>			
Equity attributable to equity holders of the Parent Company	11,093	11,261	10,987
Non-controlling interests	23	48	21
<b>Total equity</b>	<b>11,116</b>	<b>11,309</b>	<b>11,008</b>
Long-term borrowings	6,574	6,883	6,611
Deferred tax liabilities	1,185	1,485	1,218
Provisions for pensions and other post-employment benefits	1,422	1,333	1,478
Derivatives	73	77	77
Other provisions	747	734	763
<b>Total non-current liabilities</b>	<b>10,001</b>	<b>10,512</b>	<b>10,147</b>
Trade payables	4,058	4,076	2,716
Tax liabilities	488	379	438
Other liabilities	2,127	2,078	1,515
Dividend payable	-	859	-
Short-term borrowings	3,104	3,708	1,470
Derivatives	292	166	208
Other provisions	383	354	404
<b>Total current liabilities</b>	<b>10,452</b>	<b>11,620</b>	<b>6,751</b>
<b>Total equity and liabilities</b>	<b>31,569</b>	<b>33,441</b>	<b>27,906</b>
<i>Contingent liabilities</i>	<i>131</i>	<i>155</i>	<i>132</i>

## Consolidated cash flow statement

SEKm	Q1 2013	Q1 2012	Full-year 2012
<b>Operations</b>			
Income after financial items	602	796	1,175
Depreciation/amortization and impairment	247	273	1,062
Capital gain and losses	4	0	-12
Restructuring provision	-	0	256
Paid restructuring expenses	-31	-13	-79
Change in accrued and prepaid interest	2	5	-14
Taxes paid	-96	-101	-431
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>728</b>	<b>960</b>	<b>1,957</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	-342	-598	-299
Change in trade receivables	-3,828	-4,426	454
Change in trade payables	1,376	1,359	38
Change in other operating assets/liabilities	484	416	-259
<b>Cash flow from operating assets and liabilities</b>	<b>-2,310</b>	<b>-3,249</b>	<b>-66</b>
<b>Cash flow from operations</b>	<b>-1,582</b>	<b>-2,289</b>	<b>1,891</b>
<b>Investments</b>			
Capital expenditure in property, plant and equipment	-158	-91	-516
Capitalization of intangible assets	-45	-73	-260
Sale of fixed assets	0	10	20
Other	-1	0	9
<b>Cash flow from investments</b>	<b>-204</b>	<b>-154</b>	<b>-747</b>
<b>Cash flow from operations and investments</b>	<b>-1,786</b>	<b>-2,443</b>	<b>1,144</b>
<b>Financing</b>			
Change in short-term investments	494	21	-99
Change in interest-bearing liabilities	1,645	2,564	87
Acquisition of interest from non-controlling interests	-	-	-42
Dividend to shareholders	-	-	-859
Dividend to non-controlling interests	-	-	-22
<b>Cash flow from financing</b>	<b>2,139</b>	<b>2,585</b>	<b>-935</b>
<b>Total cash flow</b>	<b>353</b>	<b>142</b>	<b>209</b>
Cash and cash equivalents at beginning of period	920	756	756
Exchange rate differences referring to cash and cash equivalents	-19	-22	-45
<b>Cash and cash equivalents at end of period</b>	<b>1,254</b>	<b>876</b>	<b>920</b>

## Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non controlling interests	Total equity
<b>Equity January 1, 2012</b>	<b>12,332</b>	<b>56</b>	<b>12,388</b>
Change in accounting policy	-444	-	-444
<b>Equity January 1, 2012</b>	<b>11,888</b>	<b>56</b>	<b>11,944</b>
<b>Opening balance January 1, 2012</b>	<b>11,888</b>	<b>56</b>	<b>11,944</b>
Share-based payment	3	-	3
Dividend	-859	-10	-869
Total comprehensive income	229	2	231
<b>Closing balance March 31, 2012</b>	<b>11,261</b>	<b>48</b>	<b>11,309</b>
<b>Opening balance January 1 2013</b>	<b>10,987</b>	<b>21</b>	<b>11,008</b>
Share-based payment	2	-	2
Total comprehensive income	104	2	106
<b>Closing balance March 31 2013</b>	<b>11,093</b>	<b>23</b>	<b>11,116</b>

## Change in accounting policy

The amendment of IAS 19 "employee benefits" implies that the corridor approach will be eliminated and all actuarial gains and losses will be recognized in Other comprehensive income as they occur and all past service cost will be recognized immediately in profit and loss. Interest cost and expected return on plan assets will be replaced with a net amount that is calculated applying the same discount rate as when calculating the net defined liability and reported in the Group's finance net.

For a complete presentation of the impact from the revised standard, all restated quarters for 2012, restated segment reporting, key data and more information on how the revised standard affects Husqvarna Group please see [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir). The Group's restated income statement is shown below.

Consolidated income statement SEKm	Q1 2012 IAS 19R	Change in accounting policy	Q1 2012	Full year 2012 IAS 19R	Change in accounting policy	Full year 2012
Net sales	9,811	-	9,811	30,834	-	30,834
Gross income	2,618	-	2,618	8,291	-	8,291
<b>Operating income<sup>1</sup></b>	<b>930</b>	<b>15</b>	<b>915</b>	<b>1,675</b>	<b>60</b>	<b>1,615</b>
Financial items, net	-134	-13	-121	-500	-54	-446
<b>Income after financial items</b>	<b>796</b>	<b>2</b>	<b>794</b>	<b>1,175</b>	<b>6</b>	<b>1,169</b>
Income tax	-163	-1	-162	-148	-2	-146
<b>Income for the period</b>	<b>633</b>	<b>1</b>	<b>632</b>	<b>1,027</b>	<b>4</b>	<b>1,023</b>
Basic earnings per share	1.10	-	1.10	1.78	-	1.78
Diluted earnings per share	1.10	-	1.10	1.78	-	1.78
Other comprehensive income, net of tax	-402	4	-406	-1,025	-138	-887
<b>Total comprehensive income</b>	<b>231</b>	<b>5</b>	<b>226</b>	<b>2</b>	<b>-134</b>	<b>136</b>

<sup>1</sup> Service costs are included in the line administrative expenses

The Group's balance sheet is affected by all previously actuarial gains and losses within the corridor, which will now increase the net defined benefit obligation with the corresponding amount in equity net of deferred tax. All actuarial gains and losses will going forward be reported in Other comprehensive income and thereby immediately impact the Group's net pension liability. The restated balance sheet is shown aggregated below:

Balance sheet SEKm	31 Mar 2012 IAS 19R	Change in accounting policy	31 Mar 2012	31 Dec 2012 IAS 19R	Change in accounting policy	31 dec 2012
Other non-current assets	13,600	-207	13,807	13,116	-191	13,307
Deferred tax asset	1,104	37	1,067	1,189	73	1,116
<b>Non-current assets</b>	<b>14,704</b>	<b>-170</b>	<b>14,874</b>	<b>14,305</b>	<b>-118</b>	<b>14,423</b>
Current assets	18,737	-	18,737	13,601	-	13,601
<b>Total assets</b>	<b>33,441</b>	<b>-170</b>	<b>33,611</b>	<b>27,906</b>	<b>-118</b>	<b>28,024</b>
<b>Equity</b>	<b>11,309</b>	<b>-439</b>	<b>11,748</b>	<b>11,008</b>	<b>-577</b>	<b>11,585</b>
Other non-current liabilities	7,694	-	7,694	7,451	-	7,451
Provisions for pensions and other post-employment benefits	1,333	400	933	1,478	599	879
Deferred tax liabilities	1,485	-141	1,626	1,218	-143	1,361
<b>Long term liabilities</b>	<b>10,512</b>	<b>259</b>	<b>10,253</b>	<b>10,147</b>	<b>456</b>	<b>9,691</b>
Current liabilities	11,620	10	11,610	6,751	3	6,748
<b>Total liabilities</b>	<b>33,441</b>	<b>-170</b>	<b>33,611</b>	<b>27,906</b>	<b>-118</b>	<b>28,024</b>

When the revised standard was implemented, Husqvarna Group also reclassified the net defined pension liability to interest-bearing financial liability and includes the liability in the calculation of net debt. The impact on net debt is shown as follows:

<b>Net debt SEKm</b>	<b>IAS 19R 31 Mar 2012</b>	<b>31 Mar 2012</b>	<b>IAS 19R 31 Dec 2012</b>	<b>31 Dec 2012</b>
Interest-bearing liabilities (excl pensions)	10,834	10,834	8,366	8,366
Provisions for pensions and other post-employment benefits	1,333	-	1,478	-
Liquid funds	1,434	1,434	1,573	1,573
<b>Net debt</b>	<b>10,733</b>	<b>9,400</b>	<b>8,271</b>	<b>6,793</b>

## Fair value of financial instruments

The carrying amount of interest-bearing assets and liabilities in the balance sheet can deviate from the fair value, e.g. as a result of changes in market interest rates. Husqvarna applies IFRS 7 for financial instruments measured at fair value on the balance sheet whereby an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of input used according to the following levels:

- Quoted prices (unadjusted) in active markets (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs that are not based on observable market data (Level 3).

All financial assets and liabilities reported at fair value are held in the category financial assets and liabilities through profit and loss. To determine the fair value hierarchy as per 31 March 2013, level 2 has been applied, whereby future cash flows has been discounted using current quoted market interest rates and currency rates for similar instruments. Changes in credit spreads have been disregarded when determining fair value of financial leases.

## Financial assets and liabilities

<b>SEKm</b>	<b>Book value</b>	<b>Fair value</b>
<b>Financial assets</b>		
<i>Financial assets held for trading valued at fair value</i>		
- of which derivatives where hedge accounting is not applied	80	80
- of which currency derivatives where hedge accounting for cash flow hedges is applied	57	57
<b>Total</b>	<b>137</b>	<b>137</b>
<b>Financial liabilities</b>		
<i>Financial liabilities that are held for trading at fair value</i>		
- of which derivatives where hedge accounting is not applied	283	204
- of which currency derivatives where hedge accounting for cash flow hedges is applied	21	21
- of which interest derivatives where hedge accounting for cash flow hedges is applied	61	61
<i>Other financial liabilities</i>		
Financial leases	167	168
Loans	9,511	9,539
<b>Total</b>	<b>10,043</b>	<b>9,993</b>

## Key data, Group

	<b>Q1 2013</b>	Q1 2012	Full-year 2012
Net sales, SEKm	9,024	9,811	30,834
Operating income, SEKm	688	930	1,675
Net sales growth, %	-8	12	2
Gross margin, %	25.2	26.7	26.9
Operating margin, %	7.6	9.5	5.4
Working capital, SEKm	8,349	8,824	6,194
Return on capital employed, %	6.5	8.4	7.4
Return on equity, %	7.5	9.4	8.8
Earnings per share, SEK	0.81	1.10	1.78
Capital-turnover rate, times	1.5	1.6	1.5
Operating cash flow, SEKm	-1,786	-2,443	1,144
Net debt/equity ratio	0.90	0.95	0.75
Capital expenditure, SEKm	203	164	776
Average number of employees	15,847	17,543	15,429

## Items affecting comparability

SEKm		<b>Q1</b>	Q2	Q3	Q4	Full year
Restructuring charges	<b>2013</b>	-				
	2012	-	-	-	-	-
	2011	-40	-	-24	-	-64
	2010	-	-157	-	-	-157
Costs for personnel cut-backs	<b>2013</b>	-				
	2012	-	-	-	-256	-256
Legal settlement cost	2010	-50	-	-	-	-50
Total	<b>2013</b>	-				
	2012	-	-	-	-256	-256
	2011	-40	-	-24	-	-64
	2010	-50	-157	-	-	-207

## Net sales and income by quarter, Group

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Net sales</b>	<b>2013</b>	<b>9,024</b>				
	2012	9,811	10,706	5,841	4,476	30,834
	2011	8,774	10,179	6,410	4,994	30,357
<b>Operating income</b>	<b>2013</b>	<b>688</b>				
	<i>Margin, %</i>	7.6				
	2012	930	1,152	197	-604	1,675
	<i>Margin, %</i>	9.5	10.8	3.4	-13.5	5.4
	2011	662	1,012	113	-236	1,551
	<i>Margin, %</i>	7.5	9.9	1.8	-4.7	5.1
<b>Income after financial items</b>	<b>2013</b>	<b>602</b>				
	<i>Margin, %</i>	6.7				
	2012	796	1,031	104	-756	1,175
	<i>Margin, %</i>	8.1	9.6	1.8	-16.9	3.8
	2011	589	897	24	-363	1,147
	<i>Margin, %</i>	6.7	8.8	0.4	-7.3	3.8
<b>Income for the period</b>	<b>2013</b>	<b>467</b>				
	2012	633	786	106	-498	1,027
	2011	484	681	55	-223	997
<b>Earnings per share, SEK</b>	<b>2013</b>	<b>0.81</b>				
	2012	1.10	1.36	0.19	-0.87	1.78
	2011	0.84	1.18	0.10	-0.39	1.73

## Net sales and operating income, 12 months rolling, Group

SEKm		Q1	Q2	Q3	Q4
<b>Net sales</b>	<b>2013</b>	<b>30,047</b>			
	2012	31,394	31,921	31,352	30,834
	2011	31,932	30,654	30,157	30,357
<b>Operating income</b>	<b>2013</b>	<b>1,433</b>			
	<i>Margin, %</i>	4.8			
	2012	1,819	1,959	2,043	1,675
	<i>Margin, %</i>	5.8	6.1	6.5	5.4
	2011	2,329	2,022	1,724	1,551
	<i>Margin, %</i>	7.3	6.6	5.7	5.1

## Net sales by business area

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2013</b>	<b>4,126</b>				
	2012	4,653	5,345	3,096	2,257	15,351
	2011	4,541	5,752	3,430	2,642	16,365
<b>Americas</b>	<b>2013</b>	<b>4,192</b>				
	2012	4,420	4,553	1,986	1,572	12,531
	2011	3,588	3,692	2,241	1,672	11,193
<b>Construction</b>	<b>2013</b>	<b>706</b>				
	2012	738	808	759	647	2,952
	2011	645	735	739	680	2,799
<b>Total Group</b>	<b>2013</b>	<b>9,024</b>				
	2012	9,811	10,706	5,841	4,476	30,834
	2011	8,774	10,179	6,410	4,994	30,357

## Operating income by business area

SEKm		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2013</b>	<b>555</b>				
	2012	846	1,018	238	-342	1,760
<i>Excl. items affecting comparability</i>	2012	846	1,018	238	-155	1,947
	2011	815	1,079	291	92	2,277
<i>Excl. items affecting comparability</i>	2011	815	1,079	291	92	2,277
<b>Americas</b>	<b>2013</b>	<b>137</b>				
	2012	83	87	-97	-233	-160
<i>Excl. items affecting comparability</i>	2012	83	87	-97	-197	-124
	2011	-94	-98	-172	-290	-654
<i>Excl. items affecting comparability</i>	2011	-94	-98	-172	-290	-654
<b>Construction</b>	<b>2013</b>	<b>46</b>				
	2012	39	85	89	20	233
<i>Excl. items affecting comparability</i>	2012	39	85	89	45	258
	2011	-17	75	50	22	130
<i>Excl. items affecting comparability</i>	2011	23	75	74	22	194
<b>Group common costs</b>	<b>2013</b>	<b>-50</b>				
	2012	-38	-38	-33	-49	-158
<i>Excl. items affecting comparability</i>	2012	-38	-38	-33	-41	-150
	2011	-42	-44	-56	-60	-202
<b>Total Group</b>	<b>2013</b>	<b>688</b>				
	2012	930	1,152	197	-604	1,675
<i>Excl. items affecting comparability</i>	2012	930	1,152	197	-348	1,931
	2011	662	1,012	113	-236	1,551
<i>Excl. items affecting comparability</i>	2011	702	1,012	137	-236	1,615



## Operating margin by business area

%		Q1	Q2	Q3	Q4	Full year
<b>Europe &amp; Asia/Pacific</b>	<b>2013</b>	<b>13.4</b>				
	2012	18.2	19.0	7.7	-15.1	11.5
<i>Excl. items affecting comparability</i>	2012	18.2	19.0	7.7	-6.8	12.7
	2011	17.9	18.8	8.5	3.5	13.9
<i>Excl. items affecting comparability</i>	2011	17.9	18.8	8.5	3.5	13.9
<b>Americas</b>	<b>2013</b>	<b>3.3</b>				
	2012	1.9	1.9	-4.9	-14.8	-1.3
<i>Excl. items affecting comparability</i>	2012	1.9	1.9	-4.9	-12.5	-1.0
	2011	-2.6	-2.7	-7.7	-17.3	-5.8
<i>Excl. items affecting comparability</i>	2011	-2.6	-2.7	-7.7	-17.3	-5.8
<b>Construction</b>	<b>2013</b>	<b>6.5</b>				
	2012	5.3	10.5	11.7	3.1	7.9
<i>Excl. items affecting comparability</i>	2012	5.3	10.5	11.7	6.9	8.7
	2011	-2.6	10.3	6.7	3.3	4.7
<i>Excl. items affecting comparability</i>	2011	3.6	10.3	9.9	3.3	6.9
<b>Total Group</b>	<b>2013</b>	<b>7.6</b>				
	2012	9.5	10.8	3.4	-13.5	5.4
<i>Excl. items affecting comparability</i>	2012	9.5	10.8	3.4	-7.8	6.3
	2011	7.5	9.9	1.8	-4.7	5.1
<i>Excl. items affecting comparability</i>	2011	8.0	9.9	2.1	-4.7	5.3

## Net assets by business area

SEKm	Assets		Liabilities		Net Assets	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
Europe & Asia/Pacific	17,348	19,106	4,229	4,063	13,119	15,043
Americas	8,202	8,457	2,233	1,760	5,969	6,697
Construction	3,183	3,233	627	651	2,556	2,582
Other	1,424	1,212	1,899	3,492	-475	-2,280
<b>Total</b>	<b>30,157</b>	<b>32,008</b>	<b>8,988</b>	<b>9,966</b>	<b>21,169</b>	<b>22,042</b>

Liquid assets, interest-bearing liabilities and equity is not included in the above table.

Other includes deferred taxes and Husqvarna's common group services such as Holding, Treasury and Risk Management.

## Five-year review, Group

	2012 <sup>1</sup>	2011	2010	2009	2008
Net sales, SEKm	30,834	30,357	32,240	34,074	32,342
Operating income, SEKm	1,675	1,551	2,445	1,560	2,361
Net sales growth, %	2	-6	-5	5	-3
Gross margin, %	26.9	27.7	28.5	25.4	29.0
Operating margin, %	5.4	5.1	7.6	4.6	7.3
Return on capital employed, %	7.4	7.4	11.0	6.6	10.7
Return on equity, %	8.8	8.0	13.9	7.5	15.8
Capital turn-over rate, times	1.5	1.6	1.7	1.6	1.5
Operating cash flow, SEKm	1,144	-472	962	3,737	2,013
Capital expenditure, SEKm	776	994	1,302	914	1,163
Average number of employees	15,429	15,698	14,954	15,030	15,720

<sup>1</sup>2012 has been restated due to the amended IAS 19. The years 2008-2011 are not affected by the amendment.

## PARENT COMPANY

### Income statement

SEKm	Q1 2013	Q1 2012	Full-year 2012
<b>Net sales</b>	<b>3,217</b>	<b>3,442</b>	<b>10,564</b>
Cost of goods sold	-2,757	-2,677	-9,033
<b>Gross operating income</b>	<b>460</b>	<b>765</b>	<b>1,531</b>
Selling expense	-273	-185	-838
Administrative expense	-164	-126	-787
Other operating income/expense	0	0	27
<b>Operating income</b>	<b>23</b>	<b>454</b>	<b>-67</b>
Financial items, net <sup>1</sup>	-83	-97	631
<b>Income after financial items</b>	<b>-60</b>	<b>357</b>	<b>564</b>
Appropriations	-81	-72	299
<b>Income before taxes</b>	<b>-141</b>	<b>285</b>	<b>863</b>
Taxes	30	-63	45
<b>Income for the period</b>	<b>-111</b>	<b>222</b>	<b>908</b>

<sup>1)</sup> Group contributions are accounted for in Appropriations as a result from a change in RFR 2. Comparative period 2012 has been restated.

### Balance sheet

SEKm	31 Mar 2013	31 Mar 2012	Dec 31 2012
Non-current assets	30,653	30,403	30,683
Current assets	10,095	11,126	7,534
<b>Total assets</b>	<b>40,748</b>	<b>41,529</b>	<b>38,217</b>
Equity	18,483	17,912	18,559
Untaxed reserves	82	696	87
Provisions	191	139	196
Interest-bearing liabilities	16,357	18,429	15,358
Current liabilities	5,635	4,353	4,017
<b>Total equity and liabilities</b>	<b>40,748</b>	<b>41,529</b>	<b>38,217</b>

### Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
<b>Number of shares as of 31 December 2012</b>	<b>127,699,058</b>	<b>444,880,691</b>	<b>3,764,029</b>	<b>576,343,778</b>
<i>Conversion of A-shares into B-shares</i>	<i>-125,400</i>	<i>125,400</i>	<i>-</i>	<i>-</i>
<b>Number of shares as of 31 March 2013 <sup>1</sup></b>	<b>127,573,658</b>	<b>445,006,091</b>	<b>3,764,029</b>	<b>576,343,778</b>

<sup>1</sup> After March 31, 2013 another 3 854 A-shares have been converted to B-shares.

## DEFINITIONS

### Capital indicators

Capital employed	Total liabilities and equity less non-interest-bearing debt, including deferred tax liability.
Equity/assets ratio	Equity as a percentage of total assets.
Liquid funds	Cash and cash equivalents, short term investments and fair-value derivative assets.
Net assets	Total assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.
Net debt	Total interest-bearing liabilities less liquid funds.
Net debt/equity ratio	Net debt in relation to total adjusted equity.
Operating working capital	Inventories and trade receivables less trade payables.
Working capital	Current assets exclusive of liquid funds and interest-bearing financial receivables, less operating liabilities and non-interest-bearing provisions.

### Other definitions

Adjusted	As reported adjusted for items affecting comparability, translation effects due to changes in exchange rates and acquisitions/divestments.
Average number of shares	Weighted number of outstanding shares during the period, after repurchase of own shares.
Capital expenditure	Property, plant and equipment and capitalization of product development and software.
Earnings per share	Income for the period divided by the average number of shares.
EBITDA	Earnings before interest, taxes, depreciation, amortization and impairment.
Gross margin	Gross operating income as a percentage of net sales.
LTM	Last twelve months.
Net sales growth	Net sales as a percentage of net sales in the preceding period.
Operating cash flow	Total cash flow from operations and investments, excluding acquisitions and divestments.
Operating margin	Operating income as a percentage of net sales.
Return on capital employed	Operating income plus financial income as a percentage of average capital employed.
Return on equity	Income for the period as a percentage of average equity.

## TELEPHONE CONFERENCE

A combined press and telephone conference, hosted by Hans Linnarson, President and CEO, and Ulf Liljedahl, CFO, will be held at Husqvarna's office on Regeringsgatan 28 in Stockholm at 10:00 CET on April 24, 2013. To participate by phone, please dial +46 (0) 8 5052 0110 (Sweden) or +44 (0)20 7162 0077 (UK) ten minutes prior to the start of the conference. The conference call will also be audio cast live on [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir). A replay will be available at [www.husqvarnagroup.com/ir](http://www.husqvarnagroup.com/ir) later the same day.

## DATES FOR FINANCIAL REPORTS

July 19, 2013	Interim report for January-June
October 24, 2013	Interim report for January-September

## CONTACTS

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- Tobias Norrby, Investor Relations Manager, +46 8 738 93 35

*This interim report comprises information which Husqvarna is required to disclose under the Securities Markets Act and/or the Financial Instruments Trading Act. It was released for publication at 08:00 CET on April 24, 2013.*

### Factors affecting forward-looking statements

This report contains forward-looking statements in the sense referred to in the American Private Securities Litigation Reform Act of 1995. Such statements comprise, among other things, financial goals, goals of future business and financial plans. These statements are based on present expectations and are subject to risks and uncertainties that may give rise to major deviations in the result due to several aspects. These aspects include, among other things: consumer demand and market conditions in the geographical areas and lines of business in which Husqvarna operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction in sales by important distributors, success in developing new products and in marketing, outcome of product responsibility litigation, progress in terms of reaching the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, integration of these into the existing business and successful achievement of goals for making the supply chain more efficient.