

INTERIM REPORT JANUARY – JUNE 2013

Stockholm July 19, 2013



Kai Wörn, President and CEO:

“Group sales improved over the course of the quarter, albeit from a slow start of the season due to unusually cold weather in both Europe and North America. Sales for Europe & Asia/Pacific increased 2%, Construction 7% while Americas’ sales decreased -3%, mainly as a result of the Group’s continued sales channel management to prioritize margin.

Group operating income for the quarter declined, impacted mainly by negative currency effects within Europe & Asia/Pacific. The operating income was also affected by under-absorption due to inventory reductions. The stable earnings improvement for Americas continued, benefiting from dealer channel growth and improved cost efficiency. The positive earnings trend for Construction was supported by higher sales volumes and improved mix. As a result of the inventory reductions, Group operating cash flow for the second quarter was strong.

We have a continued cautious demand outlook for Europe, while the outlook for North America remains more positive for lawn and garden as well as for construction products.

During the second half of the year we will review how we can further accelerate key improvement programs in order to realize our financial goals.”

Second quarter

- Net sales amounted to SEK 10,227m (10,706). Adjusted for exchange rate effects, net sales were unchanged.
- Operating income amounted to SEK 1,022m (1,152). Adjusted for changes in exchange rates, operating income improved slightly.
- Changes in exchange rates negatively impacted operating income by SEK -156m year over year.
- Strong operating cash flow amounting to SEK 1,915m (2,535).
- Earnings per share decreased to SEK 1.15 (1.36).
- Kai Wörn new President and CEO as of July 1, 2013.

SEKm	Q2	Q2	Change, %		Jan-Jun	Jan-Jun	Change, %		LTM ²	FY
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales, Group	10,227	10,706	-4	0	19,251	20,517	-6	-2	29,568	30,834
Europe & Asia/Pacific	5,200	5,345	-3	2	9,326	9,998	-7	-2	14,679	15,351
Americas	4,212	4,553	-8	-3	8,404	8,973	-6	-2	11,962	12,531
Construction	815	808	1	7	1,521	1,546	-2	4	2,927	2,952
EBITDA	1,265	1,426	-11	-7	2,200	2,629	-16	-13	2,308	2,737
EBITDA margin, %	12.4	13.3	-	-	11.4	12.8	-	-	7.8	8.9
Operating income, Group	1,022	1,152	-11	-8	1,710	2,082	-18	-14	1,303	1,675
Excl. items affecting comparability, Group	1,022	1,152	-11	-8	1,710	2,082	-18	-14	1,559	1,931
Europe & Asia/Pacific	806	1,018	-21	-18	1,361	1,864	-27	-24	1,444	1,947
Americas	150	87	72	96	287	170	69	85	-7	-124
Construction	100	85	19	24	146	124	18	23	280	258
Operating margin, %	10.0	10.8	-	-	8.9	10.1	-	-	4.4	5.4
Excl. items affecting comparability	10.0	10.8	-	-	8.9	10.1	-	-	5.3	6.3
Income after financial items	916	1,031	-11	-	1,518	1,827	-17	-	866	1,175
Income for the period	661	786	-16	-	1,128	1,419	-21	-	736	1,027
Earnings per share, SEK	1.15	1.36	-15	-	1.96	2.46	-20	-	1.28	1.78

¹ Adjusted for currency translation effects only (i.e. excluding transaction and hedging effects) and items affecting comparability (See page 14). ² 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 13 and 14.

SECOND QUARTER

Net sales

Net sales for the second quarter decreased by -4% to SEK 10,227m (10,706). Adjusted for exchange rate effects, net sales for the Group were unchanged, increased by 2% for Europe & Asia/Pacific and by 7% for Construction, while Americas adjusted net sales decreased by -3%.

Operating income

Operating income for the second quarter amounted to SEK 1,022m (1,152) and the corresponding operating margin amounted to 10.0% (10.8). Operating income increased for Americas and Construction, while it decreased for Europe & Asia/Pacific.

In addition to changes in exchange rates, operating income was negatively impacted mainly by unfavorable product mix and lower factory utilization levels due to inventory reductions.

Changes in exchange rates had a total negative impact on operating income of SEK -156m compared to the second quarter 2012.

JANUARY – JUNE

Net sales

Net sales for January – June decreased by -6% to SEK 19,251m (20,517). Adjusted for exchange rate effects, net sales for the Group declined by -2%, for Europe & Asia/Pacific by -2%, for Americas by -2%, while sales for Construction increased by 4%.

Operating income

Operating income for January – June amounted to SEK 1,710m (2,082) and the corresponding operating margin amounted to 8.9% (10.1). Operating income increased for Americas and Construction, while it decreased for Europe & Asia/Pacific.

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

Changes in exchange rates had a total negative impact on operating income of SEK -291m compared to January - June 2012.

FINANCIAL ITEMS NET

Net financial items for the second quarter amounted to SEK -106m (-121). The lower financial cost is explained mainly by lower average interest rates. The average interest rate on borrowings at June 30, 2013, was 3.9% (3.9). For January – June, net financial items amounted to SEK -192m (-255).

INCOME AFTER FINANCIAL ITEMS

Income after financial items for the second quarter decreased to SEK 916m (1,031) corresponding to a margin of 9.0% (9.6). Income after financial items for January - June decreased to SEK 1,518m (1,827) corresponding to a margin of 7.9% (8.9).

TAXES

Taxes for January - June amounted to SEK -390m (-408), corresponding to a tax rate of 26% (22) of income after financial items.

EARNINGS PER SHARE

Income for the second quarter amounted to SEK 661m (786), corresponding to SEK 1.15 (1.36) per share. Income for January – June amounted to SEK 1,128m (1,419), corresponding to SEK 1.96 (2.46) per share.

OPERATING CASH FLOW

Operating cash flow for the second quarter amounted to SEK 1,915 (2,535). Inventory reductions contributed positively to cash flow. The lower operating cash flow was mainly due to stronger sales during the latter part of the quarter, resulting in lower cash flow from change in trade receivables during the second quarter compared with the previous year.

Operating cash flow for January – June amounted to SEK 129m (92).

Operating cash flow SEKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Cash flow from operations, excluding changes in operating assets and liabilities	1,010	1,087	1,738	2,047	1,957
Changes in operating assets and liabilities	1,137	1,645	-1,173	-1,604	-66
Cash flow from operations	2,147	2,732	565	443	1,891
Cash flow from investments, excluding acquisitions and divestments	-232	-197	-436	-351	-747
Operating cash flow	1,915	2,535	129	92	1,144

FINANCIAL POSITION

Group equity as of June 30, 2013, excluding non-controlling interests, amounted to SEK 11,591m (12,149), corresponding to SEK 20.2 (21.2) per share.

Net debt amounted to SEK 8,733m (9,319) as of June 30, 2013, of which liquid funds amounted to SEK 1,940m (1,658) and interest bearing debt amounted to SEK 10,673m (10,977), including pensions. The major currencies used for debt financing are SEK and USD. Net debt decreased by SEK -320m as a result of changes in exchange rates.

The net debt/equity ratio amounted to 0.75 (0.76) and the equity/assets ratio to 38% (39).

In addition to the amendment of IAS 19 "Employee benefits" which is shown on pages 13 and 14, Husqvarna Group has reclassified the net defined pension liability to interest-bearing financial liability and included the liabilities in the calculation of net debt.

Net debt SEKm	30 Jun 2013	30 Jun 2012	31 Dec 2012
Interest-bearing liabilities	9,209	9,469	8,366
Provisions for pensions and other post-employment benefits	1,464	1,508	1,478
Liquid funds	1,940	1,658	1,573
Net debt	8,733	9,319	8,271

On June 30, 2013, long-term loans including financial leases amounted to SEK 7,515m (5,211) and short-term loans including financial leases to SEK 1,487m (3,850). Long-term loans consist of SEK 4,939m (2,526) in issued bonds, and bank loans and financial leases of SEK 2,576m (2,685). 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

SEKm	Q2		Change, %		Jan-Jun		Change, %		LTM ²	Full year
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales	5,200	5,345	-3	2	9,326	9,998	-7	-2	14,679	15,351
Operating income	806	1,018	-21	-18	1,361	1,864	-27	-24	1,257	1,760
Operating income excl. items affecting comparability	806	1,018	-21	-18	1,361	1,864	-27	-24	1,444	1,947
Operating margin, %	15.5	19.0	-	-	14.6	18.6	-	-	8.6	11.5
Operating margin excl. items affecting comparability	15.5	19.0	-	-	14.6	18.6	-	-	9.8	12.7

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

Net sales for Europe & Asia/Pacific decreased by -3% in the second quarter 2013. Adjusted for exchange rate effects, net sales increased by 2%.

Demand for lawn and garden products was negatively impacted by a late start of spring due to unusually cold weather, which lasted well into the quarter in many European markets. Consumer demand remained weaker than in the previous year and retailers continued to manage inventory conservatively as the macroeconomic uncertainty remained.

The Group's sales were off to a slow start, but picked up in May and had a strong finish in June. In terms of products categories, electric products such as robotic mowers had the best development, while handheld products and riders declined. Watering products were in line with prior year.

Operating income amounted to SEK 806m (1,018) and the operating margin amounted to 15.5% (19.0).

In addition to impact from changes in exchange rates, the lower operating income was mainly related to lower utilization levels in factories as a result of inventory reductions, and less favorable product mix.

Changes in exchange rates had a negative year-on-year effect of SEK -153m on operating income.

Americas

SEKm	Q2		Change, %		Jan-Jun		Change, %		LTM ²	Full year
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales	4,212	4,553	-8	-3	8,404	8,973	-6	-2	11,962	12,531
Operating income	150	87	72	96	287	170	69	85	-43	-160
Operating income excl. items affecting comparability	150	87	72	96	287	170	69	85	-7	-124
Operating margin, %	3.6	1.9	-	-	3.4	1.9	-	-	-0.4	-1.3
Operating margin excl. items affecting comparability	3.6	1.9	-	-	3.4	1.9	-	-	-0.1	-1.0

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

Net sales for Americas decreased by -8% in the second quarter 2013. Adjusted for exchange rate effects, net sales decreased by -3%.

Although supported by an improving U.S. economy, demand for lawn and garden equipment in North America was off to a slow start due to unfavorable weather.

The Group's sales recovered in the second half of the quarter, but not enough to exceed prior year's level. Sales were lower in the U.S. and in Latin America, while sales in Canada were higher. Sales to the dealer channel rose.

Operating income increased to SEK 150m (87) and the corresponding margin improved to 3.6% (1.9). The effects of channel management and manufacturing efficiencies continued to contribute to the positive development.

Changes in exchange rates had a positive year-on-year effect of SEK 11m on operating income.

Construction

SEKm	Q2		Change, %		Jan-Jun		Change, %		LTM ²	Full year
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales	815	808	1	7	1,521	1,546	-2	4	2,927	2,952
Operating income	100	85	19	24	146	124	18	23	255	233
Operating income excl. items affecting comparability	100	85	19	24	146	124	18	23	280	258
Operating margin, %	12.3	10.5	-	-	9.6	8.0	-	-	8.7	7.9
Operating margin excl. items affecting comparability	12.3	10.5	-	-	9.6	8.0	-	-	9.6	8.7

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

Net sales for Construction increased by 1% in the second quarter 2013. Adjusted for exchange rate effects, the increase in sales was 7%.

The positive development in North America continued. Market demand was on a higher level than in the previous year, and the Group achieved additional growth as a result of market share gains. Despite continued weak demand in Europe, the Group's sales were slightly higher. In the rest of the world, sales also increased, with a particularly good development in Brazil.

Operating income increased to SEK 100m (85) and the operating margin improved to 12.3% (10.5). Operating income was positively impacted mainly by the higher sales volume and mix.

Changes in exchange rates had a negative year-on-year effect of SEK -13m on operating income.

PARENT COMPANY

Net sales for January – June 2013 for the Parent Company, Husqvarna AB, amounted to SEK 6,430m (6,886), of which SEK 4,981m (5,365) referred to sales to Group companies and SEK 1,449m (1,521) to external customers.

Income after financial items amounted to SEK 1,012m (743). Income for the period was SEK 907m (461). Investments in tangible and intangible assets amounted to SEK 227m (164). Cash and cash equivalents amounted to SEK 432m (25) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 17,466m (16,991).

KAI WÄRN NEW PRESIDENT AND CEO AS OF JULY 1

Kai Wörn took office as new President and CEO of Husqvarna as of July 1, 2013. He replaced Hans Linnarson, who 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.

ALAN SHAW APPOINTED NEW HEAD OF AMERICAS

Effective August 15, 2013, Alan Shaw has been appointed Executive Vice President, Head of business area Americas and will become member of Husqvarna Group Management. Alan Shaw has more than 25 years of global experience from consumer durables including barbecue grills and accessories, lawn and garden equipment and major home appliances. Most recently, Alan was President and CEO of Char-Broil LLC.

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 April 2013, 3,854 A-shares were converted to B-shares at the request of shareholders. In July 2013, another 128,051 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 172 331 955,5.

The total number of registered shares in the company at June 30, 2013 amounted to 576,343,778 shares of which 127,569,804 were A-shares and 448,773,974 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.

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.

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 13 and 14 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, July 19, 2013

Kai Wärm
President and CEO

The Board of Directors and the President certify that, according to our knowledge, the half-year report has been prepared in accordance with the accounting principles applicable to Swedish listed companies, that the information provided presents a fair overview of the facts, and that nothing of a significant nature which could influence the view created by the report has been omitted.

Stockholm, July 19, 2013

Lars Westerberg
Chairman of the Board

Magdalena Gerger
Board member

Tom Johnstone
Board member

Ulla Litzén
Board member

Hans Linnarson
Board member

Ulf Lundahl
Board member

Katarina Martinson
Board member

Anders Moberg
Board member

Daniel Nodhäll
Board member

Kai Wärn
President and CEO

Johan Ihrman
Employee representative
Board member

Annika Ögren
Employee representative
Board member

Consolidated income statement

SEKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full-year 2012
Net sales	10,227	10,706	19,251	20,517	30,834
Cost of goods sold	-7,333	-7,635	-14,085	-14,828	-22,543
Gross income	2,894	3,071	5,166	5,689	8,291
Margin, %	28.3	28.7	26.8	27.7	26.9
Selling expense	-1,550	-1,559	-2,819	-2,885	-5,223
Administrative expense	-322	-360	-633	-722	-1,401
Other operating income/expense	0	0	-4	0	8
Operating income¹	1,022	1,152	1,710	2,082	1,675
Margin, %	10.0	10.8	8.9	10.1	5.4
Financial items, net	-106	-121	-192	-255	-500
Income after financial items	916	1,031	1,518	1,827	1,175
Margin, %	9.0	9.6	7.9	8.9	3.8
Income tax	-255	-245	-390	-408	-148
Income for the period	661	786	1,128	1,419	1,027
Attributable to:					
Equity holders of the Parent Company	658	781	1,123	1,411	1,022
Non-controlling interest in income for the period	3	5	5	8	5
Basic earnings per share, SEK	1.15	1.36	1.96	2.46	1.78
Diluted earnings per share, SEK	1.15	1.36	1.96	2.46	1.78
Basic weighted average number of shares outstanding, millions	572.6	572.5	572.6	572.5	572.6
Diluted weighted average number of shares, millions	572.7	572.7	572.7	572.7	572.6

Consolidated comprehensive income statement

SEKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full-year 2012
Income for the period	661	786	1,128	1,419	1,027
Items that will not be reclassified to the income statement:					
Remeasurements on defined benefit pension liabilities	-	-122	-	-122	-148
	-	-122	-	-122	-148
Items that may be subsequently reclassified to the income statement:					
Currency translation differences	691	228	302	-101	-774
Cash flow hedges	1	6	29	-67	-103
	692	234	331	-168	-877
Other comprehensive income, net of tax	692	112	331	-290	-1,025
Total comprehensive income for the period	1,353	898	1,459	1,129	2
Attributable to:					
Equity holders of the Parent Company	1,350	892	1,454	1,121	-2
Non-controlling interest	3	6	5	8	4
¹ Of which depreciation, amortization and impairment	-243	-274	-490	-547	-1,062

Consolidated balance sheet

SEKm	30 Jun 2013	30 Jun 2012	31 Dec 2012
Assets			
Property, plant and equipment	3,510	3,699	3,515
Goodwill	5,809	6,004	5,733
Other intangible assets	3,815	3,942	3,786
Investments in associated companies	-	5	4
Derivatives	-	0	2
Deferred tax assets	1,210	1,219	1,189
Other financial assets	76	69	76
Total non-current assets	14,420	14,938	14,305
Inventories	6,678	7,469	8,058
Trade receivables	6,467	6,616	3,032
Derivatives	303	341	326
Tax receivables	193	152	337
Other current assets	630	594	603
Other short term investments	212	215	325
Cash and cash equivalents	1,425	1,102	920
Total current assets	15,908	16,489	13,601
Total assets	30,328	31,427	27,906
<i>Pledged assets</i>	<i>77</i>	<i>68</i>	<i>77</i>
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	11,591	12,149	10,987
Non-controlling interests	23	46	21
Total equity	11,614	12,195	11,008
Long-term borrowings	7,515	5,211	6,611
Deferred tax liabilities	1,252	1,544	1,218
Provisions for pensions and other post-employment benefits	1,464	1,508	1,478
Derivatives	75	92	77
Other provisions	782	788	763
Total non-current liabilities	11,088	9,143	10,147
Trade payables	2,903	3,117	2,716
Tax liabilities	491	387	438
Other liabilities	2,275	2,134	1,515
Short-term borrowings	1,487	3,850	1,470
Derivatives	132	316	208
Other provisions	338	285	404
Total current liabilities	7,626	10,089	6,751
Total equity and liabilities	30,328	31,427	27,906
<i>Contingent liabilities</i>	<i>134</i>	<i>138</i>	<i>132</i>

Consolidated cash flow statement

SEKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full-year 2012
Operations					
Income after financial items	916	1,031	1,518	1,827	1,175
Depreciation/amortization and impairment	243	274	490	547	1,062
Capital gain and losses	0	1	4	1	-12
Restructuring provision	-	-	-	-	256
Paid restructuring expenses	-30	-21	-61	-34	-79
Change in accrued and prepaid interest	-11	-29	-9	-24	-14
Taxes paid	-108	-169	-204	-270	-431
Cash flow from operations, excluding change in operating assets and liabilities	1,010	1,087	1,738	2,047	1,957
Change in operating assets and liabilities					
Change in inventories	1,728	1,207	1,386	609	-299
Change in trade receivables	399	1,463	-3,429	-2,963	454
Change in trade payables	-1,209	-1,051	167	308	38
Change in other operating assets/liabilities	219	26	703	442	-259
Cash flow from operating assets and liabilities	1,137	1,645	-1,173	-1,604	-66
Cash flow from operations	2,147	2,732	565	443	1,891
Investments					
Divestments of shares in subsidiaries	7	-	7	-	-
Capital expenditure in property, plant and equipment	-160	-116	-318	-207	-516
Capitalization of intangible assets	-72	-81	-117	-154	-260
Sale of fixed assets	0	0	0	10	20
Other	0	0	-1	0	9
Cash flow from investments	-225	-197	-429	-351	-747
Cash flow from operations and investments	1,922	2,535	136	92	1,144
Financing					
Change in short-term investments	-362	-17	132	4	-99
Change in interest-bearing liabilities	-541	-1,439	1,104	1,125	87
Acquisition of interest from non-controlling interests	-	-	-	-	-42
Dividend to shareholders	-859	-859	-859	-859	-859
Dividend to non-controlling interests	-3	-18	-3	-18	-22
Cash flow from financing	-1,765	-2,333	374	252	-935
Total cash flow	157	202	510	344	209
Cash and cash equivalents at beginning of period	1,254	876	920	756	756
Exchange rate differences referring to cash and cash equivalents	14	24	-5	2	-45
Cash and cash equivalents at end of period	1,425	1,102	1,425	1,102	920

Change in Group equity

SEKm	Attributable to equity holders of the Parent company	Non controlling interests	Total equity
Equity January 1, 2012	12,332	56	12,388
Change in accounting policy	-444	-	-444
Equity January 1, 2012	11,888	56	11,944
Opening balance January 1, 2012	11,888	56	11,944
Share-based payment	-1	-	-1
Dividend	-859	-18	-877
Total comprehensive income	1,121	8	1,129
Closing balance June 30, 2012	12,149	46	12,195
Opening balance January 1, 2013	10,987	21	11,008
Share-based payment	9	-	9
Dividend	-859	-3	-862
Total comprehensive income	1,454	5	1,459
Closing balance June 30, 2013	11,591	23	11,614

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. The Group's restated income statement is shown below.

Consolidated income statement SEKm	Q2 2012 IAS 19R	Change in accounting policy	Q2 2012	Full year 2012 IAS 19R	Change in accounting policy	Full year 2012
Net sales	10,706	-	10,706	30,834	-	30,834
Gross income	3,071	-	3,071	8,291	-	8,291
Operating income¹	1,152	16	1,136	1,675	60	1,615
Financial items, net	-121	-15	-106	-500	-54	-446
Income after financial items	1,031	1	1,030	1,175	6	1,169
Income tax	-245	0	-245	-148	-2	-146
Income for the period	786	1	785	1,027	4	1,023
Basic earnings per share	1.36	-	1.36	1.78	-	1.78
Diluted earnings per share	1.36	-	1.36	1.78	-	1.78
Other comprehensive income, net of tax	112	-129	241	-1,025	-138	-887
Total comprehensive income	898	-128	1,026	2	-134	136

¹ 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	30 Jun 2012 IAS 19R	Change in accounting policy	30 Jun 2012	31 Dec 2012 IAS 19R	Change in accounting policy	31 dec 2012
Other non-current assets	13,719	-221	13,940	13,116	-191	13,307
Deferred tax asset	1,219	80	1,139	1,189	73	1,116
Non-current assets	14,938	-141	15,079	14,305	-118	14,423
Current assets	16,489	-	16,489	13,601	-	13,601
Total assets	31,427	-141	31,568	27,906	-118	28,024
Equity	12,195	-567	12,762	11,008	-577	11,585
Other non-current liabilities	6,091	-	6,091	7,451	-	7,451
Provisions for pensions and other post-employment benefits	1,508	567	941	1,478	599	879
Deferred tax liabilities	1,544	-150	1,694	1,218	-143	1,361
Long term liabilities	9,143	417	8,726	10,147	456	9,691
Current liabilities	10,089	9	10,080	6,751	3	6,748
Total liabilities	31,427	-141	31,568	27,906	-118	28,024

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:

Net debt SEKm	IAS 19R		IAS 19R	
	30 Jun 2012	30 Jun 2012	31 Dec 2012	31 Dec 2012
Interest-bearing liabilities (excl pensions)	9,469	9,469	8,366	8,366
Provisions for pensions and other post-employment benefits	1,508	-	1,478	-
Liquid funds	1,658	1,658	1,573	1,573
Net debt	12,635	11,127	8,271	6,793

Fair value of financial instruments as of June 30, 2013

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 fair value measurements are classified 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 30 June 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.

SEKm		Book value	Fair value
Financial assets			
<i>Financial assets held for trading valued at fair value</i>			
- of which derivatives where hedge accounting is not applied		255	255
- of which currency derivatives where hedge accounting for cash flow hedges is applied		48	48
Total		303	303
Financial liabilities			
<i>Financial liabilities that are held for trading at fair value</i>			
- of which derivatives where hedge accounting is not applied		135	135
- of which currency derivatives where hedge accounting for cash flow hedges is applied		22	22
- of which interest derivatives where hedge accounting for cash flow hedges is applied		50	50
<i>Other financial liabilities</i>			
Financial leases		173	183
Loans		8,829	8,848
Total		9,209	9,238

Key data, Group

	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full-year 2012
Net sales, SEKm	10,227	10,706	19,251	20,517	30,834
Operating income, SEKm	1,022	1,152	1,710	2,082	1,675
Net sales growth, %	-4	5	-6	8	2
Gross margin, %	28.3	28.7	26.8	27.7	26.9
Operating margin, %	10.0	10.8	8.9	10.1	5.4
Working capital, SEKm	7,179	8,120	7,179	8,120	6,194
Return on capital employed, %	-	-	5.9	8.9	7.4
Return on equity, %	-	-	6.5	10.4	8.8
Earnings per share, SEK	1.15	1.36	1.96	2.46	1.78
Capital-turnover rate, times	-	-	1.5	1.6	1.5
Operating cash flow, SEKm	1,915	2,535	129	92	1,144
Net debt/equity ratio	-	-	0.75	0.76	0.75
Capital expenditure, SEKm	232	197	435	361	776
Average number of employees	14,773	17,137	15,164	17,126	15,429

Items affecting comparability

SEKm		Q1	Q2	Q3	Q4	Full year
Restructuring charges	2013	-	-	-	-	-
	2012	-	-	-	-	-
	2011	-40	-	-24	-	-64
	2010	-	-157	-	-	-157
Costs for personnel cut-backs	2013	-	-	-	-	-
	2012	-	-	-	-256	-256
Legal settlement cost	2010	-50	-	-	-	-50
Total	2013	-	-	-	-	-
	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
Net sales	2013	9,024	10,227			
	2012	9,811	10,706	5,841	4,476	30,834
	2011	8,774	10,179	6,410	4,994	30,357
Operating income	2013	688	1,022			
	<i>Margin, %</i>	7.6	10.0			
	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	
Income after financial items	2013	602	916			
	<i>Margin, %</i>	6.7	9.0			
	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	
Income for the period	2013	467	661			
	2012	633	786	106	-498	1,027
	2011	484	681	55	-223	997
Earnings per share, SEK	2013	0.81	1.15			
	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
Net sales	2013	30,047	29,568		
	2012	31,394	31,921	31,352	30,834
	2011	31,932	30,654	30,157	30,357
Operating income	2013	1,433	1,303		
	<i>Margin, %</i>	4.8	4.4		
	2012	1,819	1,959	2,043	1,675
	<i>Marginal, %</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
Europe & Asia/Pacific	2013	4,126	5,200			
	2012	4,653	5,345	3,096	2,257	15,351
	2011	4,541	5,752	3,430	2,642	16,365
Americas	2013	4,192	4,212			
	2012	4,420	4,553	1,986	1,572	12,531
	2011	3,588	3,692	2,241	1,672	11,193
Construction	2013	706	815			
	2012	738	808	759	647	2,952
	2011	645	735	739	680	2,799
Total Group	2013	9,024	10,227			
	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
Europe & Asia/Pacific	2013	555	806			
	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
Americas	2013	137	150			
	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
Construction	2013	46	100			
	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
Group common costs	2013	-50	-34			
	2012	-38	-38	-33	-49	-158
<i>Excl. items affecting comparability</i>	2012	-38	-38	-33	-41	-150
	2011	-42	-44	-56	-60	-202
Total Group	2013	688	1,022			
	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
Europe & Asia/Pacific	2013	13.4	15.5			
	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
Americas	2013	3.3	3.6			
	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
Construction	2013	6.5	12.3			
	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
Total Group	2013	7.6	10.0			
	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	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
Europe & Asia/Pacific	16,909	17,768	3,955	3,832	12,954	13,936
Americas	6,753	7,324	1,737	1,359	5,016	5,965
Construction	3,311	3,331	614	685	2,697	2,646
Other	1,415	1,346	1,735	2,379	-320	-1,033
Total	28,388	29,769	8,041	8,255	20,347	21,514

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 ¹	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

¹2012 has been restated due to the amended IAS 19. The years 2008-2011 are not affected by the amendment.

PARENT COMPANY

Income statement

SEKm	Q2 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012	Full-year 2012
Net sales	3,214	3,444	6,430	6,886	10,564
Cost of goods sold	-2,659	-2,587	-5,416	-5,264	-9,033
Gross operating income	555	857	1,014	1,622	1,531
Selling expense	-369	-264	-642	-449	-838
Administrative expense	-149	-116	-312	-242	-787
Other operating income/expense	0	0	0	0	27
Operating income	37	477	60	931	-67
Financial items, net ¹	1,036	-91	952	-188	631
Income after financial items	1,073	386	1,012	743	564
Appropriations	-79	-66	-160	-138	299
Income before taxes	994	320	852	605	863
Taxes	25	-81	55	-144	45
Income for the period	1,019	239	907	461	908

¹ 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	30 Jun 2013	30 Jun 2012	Dec 31 2012
Non-current assets	30,672	30,372	30,683
Current assets	7,655	9,348	7,534
Total assets	38,327	39,720	38,217
Equity	18,641	18,165	18,559
Untaxed reserves	78	686	87
Provisions	171	123	196
Interest-bearing liabilities	16,396	17,810	15,358
Current liabilities	3,041	2,936	4,017
Total equity and liabilities	38,327	39,720	38,217

Number of shares

	Outstanding A-shares	Outstanding B-shares	Re-purchased B-shares	Total
Number of shares as of 31 December 2012	127,699,058	444,880,691	3,764,029	576,343,778
Conversion of A-shares into B-shares	-129,254	129,254	-	-
Shares allocated to 2010 LTI-program	-	106,526	-106,526	-
Number of shares as of 30 June 2013 ¹	127,569,804	445,116,471	3,657,503	576,343,778

¹ After June 30, 2013 another 128,051A-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 telephone conference, hosted by Kai Wärm, President and CEO, and Ulf Liljedahl, CFO, will be held at 10:00 CET on July 19, 2013. To participate, 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. A replay will be available at www.husqvarnagroup.com/ir later the same day.

DATES FOR FINANCIAL REPORTS

October 24, 2013 Interim report for January-September

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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 July 19, 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.