

INTERIM REPORT JANUARY – SEPTEMBER 2013

Stockholm October 24, 2013



Kai Wärn, President and CEO:

“The good sales momentum from the end of the second quarter held up well over the third quarter. Demand in both Europe and North America was supported by favorable weather conditions and a delayed garden season. Group sales for Europe & Asia/Pacific increased 8%, Americas 20% and Construction 6%, adjusted for changes in exchange rates.

Group operating income for the third quarter was largely on the same level as prior year. A positive development for Europe & Asia/Pacific was offset by a decline for Americas, as the majority of the strong sales growth in North America referred to low margin consumer products in the retail channel. In addition, operating income was impacted by inefficiencies in the supply chain, caused by inability to benefit from scale.

Cash flow for the quarter had a strong development, driven by continued working capital initiatives related to right sized inventory levels.

Although we see positive signs in our work towards our strategic goals, there is a need to further accelerate and broaden the scope for ongoing programs to reduce product cost and business complexity. From a top-line perspective, we will focus resources on our core premium brands Husqvarna and Gardena and product leadership areas like professional handheld, robotic mowers and watering. Additionally, we will review how to further differentiate the dealer and retail business models which we see as a key measure to drive margin recovery, especially in the U.S.”

Third quarter

- Net sales amounted to SEK 6,349m (5,841). Adjusted for exchange rate effects, net sales increased 12%.
- Operating income amounted to SEK 206m (197).
- Continued strong operating cash flow amounting to SEK 2,001m (1,503).
- Net debt/equity ratio improved to 0.57 (0.68).
- Earnings per share decreased to SEK 0.16 (0.19).

SEKm	Q3	Q3	Change, %		Jan-Sep	Jan-Sep	Change, %		LTM ²	FY
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales, Group	6,349	5,841	9	12	25,600	26,358	-3	1	30,076	30,834
Europe & Asia/Pacific	3,258	3,096	5	8	12,584	13,094	-4	0	14,841	15,351
Americas	2,308	1,986	16	20	10,712	10,959	-2	2	12,284	12,531
Construction	783	759	3	6	2,304	2,305	0	4	2,951	2,952
EBITDA	454	453	0	3	2,654	3,082	-14	-10	2,309	2,737
EBITDA margin, %	7.2	7.8	-	-	10.4	11.7	-	-	7.7	8.9
Operating income, Group	206	197	5	9	1,916	2,279	-16	-12	1,312	1,675
Excl. items affecting comparability, Group	206	197	5	9	1,916	2,279	-16	-12	1,568	1,931
Europe & Asia/Pacific	289	238	21	25	1,650	2,102	-21	-19	1,495	1,947
Americas	-126	-97	-29	-30	161	73	n.a	n.a	-36	-124
Construction	86	89	-4	-3	232	213	9	12	277	258
Operating margin, %	3.2	3.4	-	-	7.5	8.6	-	-	4.4	5.4
Excl. items affecting comparability	3.2	3.4	-	-	7.5	8.6	-	-	5.2	6.3
Income after financial items	95	104	-9	-	1,613	1,931	-16	-	857	1,175
Income for the period	92	106	-13	-	1,220	1,525	-20	-	722	1,027
Earnings per share, SEK	0.16	0.19	-16	-	2.12	2.65	-20	-	1.25	1.78

¹ Adjusted for currency translation effects only (i.e. excluding transaction and hedging effects) and items affecting comparability (See page 15). 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.

THIRD QUARTER

Net sales

Net sales for the third quarter increased by 9% to SEK 6,349m (5,841). Adjusted for exchange rate effects, net sales for the Group increased 12%, by 8% for Europe & Asia/Pacific, by 20% for Americas and by 6% for Construction.

Operating income

Operating income for the third quarter amounted to SEK 206m (197) and the corresponding operating margin amounted to 3.2% (3.4). Operating income increased for Europe & Asia/Pacific, while it decreased for Americas and Construction.

Operating income was positively impacted by the higher sales volume and savings from staff reductions, while unfavorable business area mix combined with inefficiencies in the U.S. supply chain, caused by inability to benefit from scale, impacted adversely.

Changes in exchange rates had a total negative impact on operating income of SEK -27m compared to the third quarter 2012.

JANUARY – SEPTEMBER

Net sales

Net sales for January – September decreased by -3% to SEK 25,600m (26,358). Adjusted for exchange rate effects, net sales for the Group increased by 1%, for Americas by 2% and for Construction by 4%, while net sales for Europe & Asia/Pacific were unchanged.

Operating income

Operating income for January – September amounted to SEK 1,916m (2,279) and the corresponding operating margin amounted to 7.5% (8.6). Operating income increased for Americas and Construction, while it decreased for Europe & Asia/Pacific.

Operating income, excluding negative impact from changes in exchange rates, was positively impacted by lower material costs, higher sales volume and savings from staff reductions, while mainly lower factory utilization levels due to inventory reductions had negative impact.

Changes in exchange rates had a total negative impact on operating income of SEK -319m compared to January - September 2012.

FINANCIAL ITEMS NET

Net financial items for the third quarter amounted to SEK -111m (-93). The higher financial cost is explained mainly by exchange differences. The average interest rate on borrowings at September 30, 2013, was 4.4% (4.0). For January – September, net financial items amounted to SEK -303m (-348).

INCOME AFTER FINANCIAL ITEMS

Income after financial items for the third quarter decreased to SEK 95m (104) corresponding to a margin of 1.5% (1.8). Income after financial items for January - September decreased to SEK 1,613m (1,931) corresponding to a margin of 6.3% (7.3).

TAXES

Taxes for January - September amounted to SEK -393m (-406), corresponding to a tax rate of 24% (21) of income after financial items.

EARNINGS PER SHARE

Income for the third quarter amounted to SEK 92m (106), corresponding to SEK 0.16 (0.19) per share. Income for January - September amounted to SEK 1,220m (1,525), corresponding to SEK 2.12 (2.65) per share.

OPERATING CASH FLOW

Operating cash flow for the third quarter amounted to SEK 2,001 (1,503). The positive development was mainly driven by inventory reductions.

Operating cash flow for January – September amounted to SEK 2,130m (1,595).

Operating cash flow SEKm	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full year 2012
Cash flow from operations, excluding changes in operating assets and liabilities	253	254	1,991	2,301	1,957
Changes in operating assets and liabilities	2,002	1,426	829	-178	-66
Cash flow from operations	2,255	1,680	2,820	2,123	1,891
Cash flow from investments, excluding acquisitions and divestments	-254	-177	-690	-528	-747
Operating cash flow	2,001	1,503	2,130	1,595	1,144

FINANCIAL POSITION

Group equity as of September 30, 2013, excluding non-controlling interests, amounted to SEK 11,361m (11,425), corresponding to SEK 19.84 (19.95) per share.

Net debt decreased to SEK 6,511m (7,811) as of September 30, 2013, of which liquid funds amounted to SEK 1,588m (1,285) and interest bearing debt amounted to SEK 6,834m (7,640), excluding pensions. The major currencies used for debt financing are SEK and USD. Net debt decreased by SEK -300m as a result of changes in exchange rates.

The net debt/equity ratio improved to 0.57 (0.68) and the equity/assets ratio to 44% (42).

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 Sep 2013	30 Sep 2012	31 Dec 2012
Interest-bearing liabilities	6,834	7,640	8,366
Provisions for pensions and other post-employment benefits	1,265	1,456	1,478
Less: Liquid funds	-1,588	-1,285	-1,573
Net debt	6,511	7,811	8,271

On September 30, 2013, long-term loans including financial leases amounted to SEK 6,496m (5,089) and short-term loans including financial leases to SEK 185m (2,306). Long-term loans consist of SEK 4,927m (2,571) in issued bonds, and bank loans and financial leases of SEK 1,569m (2,518). 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	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full year
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales	3,258	3,096	5	8	12,584	13,094	-4	0	14,841	15,351
Operating income	289	238	21	25	1,650	2,102	-21	-19	1,308	1,760
Operating income excl. items affecting comparability	289	238	21	25	1,650	2,102	-21	-19	1,495	1,947
Operating margin, %	8.9	7.7	-	-	13.1	16.1	-	-	8.8	11.5
Operating margin excl. items affecting comparability	8.9	7.7	-	-	13.1	16.1	-	-	10.1	12.7

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

Net sales for Europe & Asia/Pacific increased by 5% in the third quarter 2013. Adjusted for exchange rate effects, net sales increased by 8%.

Demand for lawn and garden products in the third quarter was positively impacted by a prolonged selling season in Europe due to favorable weather conditions as well as a consequence of the late start to the season earlier in the year.

Following the slow start to the year in Europe, activity picked up in May and Group sales were strong over the third quarter. Sales in Asia/Pacific also had a good development, especially in Australia. In terms of product categories, watering products and hand tools had the best development in the third quarter, while electric products such as robotic lawn mowers had the best development for the first nine months of the year.

Operating income for the third quarter increased to SEK 289m (238) and the operating margin increased to 8.9% (7.7). Operating income for the first nine months amounted to SEK 1,650m (2,102) and the operating margin amounted to 13.1% (16.1).

The improved operating income in the third quarter was mainly related to higher sales volume and favorable product mix, which was partly offset by lower utilization levels in factories as a result of inventory reductions. For January - September operating income was positively impacted by lower material costs, while mainly changes in exchange rates and under-absorption in factories affected negatively.

Changes in exchange rates had a negative year-on-year effect of SEK -12m on operating income for the third quarter and SEK -311m for January - September.

Americas

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full year
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales	2,308	1,986	16	20	10,712	10,959	-2	2	12,284	12,531
Operating income	-126	-97	-29	-30	161	73	n.a	n.a	-72	-160
Operating income excl. items affecting comparability	-126	-97	-29	-30	161	73	n.a	n.a	-36	-124
Operating margin, %	-5.4	-4.9	-	-	1.5	0.7	-	-	-0.6	-1.3
Operating margin excl. items affecting comparability	-5.4	-4.9	-	-	1.5	0.7	-	-	-0.3	-1.0

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

Net sales for Americas increased by 16% in the third quarter 2013. Adjusted for exchange rate effects, net sales increased by 20%.

In the third quarter, demand was substantially higher as weather conditions were favorable compared with the serious drought conditions that hampered demand in the third quarter prior year. Demand was also positively impacted by an improving U.S. economy.

Group sales were substantially higher in North America as well as in Latin America in the third quarter. For the first nine months, the higher sales were mainly attributable to North America. Sales in the dealer channel rose for the nine month period while the retail channel accounted for the majority of the growth in the third quarter.

Operating income for the third quarter decreased to SEK -126m (-97) and the corresponding margin decreased to -5.4% (-4.9), mainly as a result of unfavorable channel and product mix as low margin consumer products in the retail channel represented a large share of sales. In addition, operating income was negatively affected by inefficiencies in the supply chain caused by inability to benefit from scale. For January - September, the effects of price, channel management and lower material costs contributed to the positive development.

Changes in exchange rates had a negative year-on-year effect of SEK -3m on operating income for the third quarter and a positive impact of SEK 17m for January - September.

Construction

SEKm	Q3		Change, %		Jan-Sep		Change, %		LTM ²	Full year
	2013	2012	As rep.	Adj. ¹	2013	2012	As rep.	Adj. ¹		
Net sales	783	759	3	6	2,304	2,305	0	4	2,951	2,952
Operating income	86	89	-4	-3	232	213	9	12	252	233
Operating income excl. items affecting comparability	86	89	-4	-3	232	213	9	12	277	258
<i>Operating margin, %</i>	<i>10.9</i>	<i>11.7</i>	-	-	<i>10.1</i>	<i>9.2</i>	-	-	<i>8.5</i>	<i>7.9</i>
<i>Operating margin excl. items affecting comparability</i>	<i>10.9</i>	<i>11.7</i>	-	-	<i>10.1</i>	<i>9.2</i>	-	-	<i>9.4</i>	<i>8.7</i>

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

Net sales for Construction increased by 3% in the third quarter 2013. Adjusted for exchange rate effects, the increase in sales was 6%.

The positive demand trend in North America continued in the third quarter, although somewhat slower than earlier in the year. In Europe demand for construction products recovered for the second consecutive quarter and in the rest of the world, markets also showed continued positive demand growth.

The Group's sales growth in the third quarter as well as for January - September was primarily attributable to U.S. and Brazil. Sales in Europe were also higher for both periods.

Operating income for the third quarter amounted to SEK 86m (89) and the operating margin amounted to 10.9% (11.7). Operating income in the third quarter was positively impacted by the higher sales volume, which was offset mainly by lower factory utilization levels and changes in exchange rates. For January – September, operating income benefitted from higher sales and favorable mix.

Changes in exchange rates had a negative year-on-year effect of SEK -10m on operating income for the third quarter and SEK -21m for January - September.

MANAGEMENT CHANGE IN ASIA/PACIFIC

Nicolas Lanus, Group Management Member and Head of Asia/Pacific, has decided to leave Husqvarna Group. He will hold his current position until December 31, 2013, when he leaves the company for an external position.

PARENT COMPANY

Net sales for January – September 2013 for the Parent Company, Husqvarna AB, amounted to SEK 8,603m (8,955), of which SEK 6,664 (6,962) referred to sales to Group companies and SEK 1,939m (1,993) to external customers.

Income after financial items amounted to SEK 1,570m (1,761). Income for the period was SEK 1,311m (1,390). Investments in tangible and intangible assets amounted to SEK 355m (235). Cash and cash equivalents amounted to SEK 171m (34) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 17,466m (17,915).

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 July 2013, 128,051 A-shares were converted to B-shares at the request of shareholders. In October 2013, another 847,885 A-shares were converted to B-shares at the request of shareholders. The total number of votes thereafter amounts to 171,568,859.

The total number of registered shares in the company at September 30, 2013 amounted to 576,343,778 shares of which 127,441,753 were A-shares and 448,902,025 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.

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.

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.

Stockholm, October 24, 2013

Kai Wärm
President and CEO

AUDITORS' REVIEW REPORT

To the Board of Directors of Husqvarna AB (publ)

We have reviewed the interim report for Husqvarna AB (publ) for the period 1 January 2013 - 30 September 2013. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 24, 2013
PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant
Auditor in charge

Consolidated income statement

SEKm	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full-year 2012
Net sales	6,349	5,841	25,600	26,358	30,834
Cost of goods sold	-4,678	-4,225	-18,763	-19,053	-22,543
Gross income	1,671	1,616	6,837	7,305	8,291
Margin, %	26.3	27.7	26.7	27.7	26.9
Selling expense	-1,179	-1,123	-3,998	-4,008	-5,223
Administrative expense	-286	-296	-919	-1,018	-1,401
Other operating income/expense	0	0	-4	0	8
Operating income¹	206	197	1,916	2,279	1,675
Margin, %	3.2	3.4	7.5	8.6	5.4
Financial items, net	-111	-93	-303	-348	-500
Income after financial items	95	104	1,613	1,931	1,175
Margin, %	1.5	1.8	6.3	7.3	3.8
Income tax	-3	2	-393	-406	-148
Income for the period	92	106	1,220	1,525	1,027
Attributable to:					
Equity holders of the Parent Company	93	107	1,216	1,518	1,022
Non-controlling interest in income for the period	-1	-1	4	7	5
Basic earnings per share, SEK	0.16	0.19	2.12	2.65	1.78
Diluted earnings per share, SEK	0.16	0.19	2.12	2.65	1.78
Basic weighted average number of shares outstanding, millions	572.7	572.6	572.6	572.5	572.6
Diluted weighted average number of shares, millions	572.8	572.7	572.7	572.7	572.6

Consolidated comprehensive income statement

SEKm	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full-year 2012
Income for the period	92	106	1,220	1,525	1,027
Items that will not be reclassified to the income statement:					
Remeasurements on defined benefit pension liabilities	136	-	136	-122	-148
	136	-	136	-122	-148
Items that may be subsequently reclassified to the income statement:					
Currency translation differences	-449	-798	-147	-899	-773
Cash flow hedges	-13	-11	16	-78	-103
	-462	-809	-131	-977	-876
Other comprehensive income, net of tax	-326	-809	5	-1,099	-1,024
Total comprehensive income for the period	-234	-703	1,225	426	3
Attributable to:					
Equity holders of the Parent Company	-232	-701	1,222	420	-1
Non-controlling interest	-2	-2	3	6	4
¹ Of which depreciation, amortization and impairment	-248	-256	-738	-803	-1,062

Consolidated balance sheet

SEKm	30 Sep 2013	30 Sep 2012	31 Dec 2012
Assets			
Property, plant and equipment	3,438	3,514	3,515
Goodwill	5,651	5,731	5,733
Other intangible assets	3,748	3,771	3,786
Investments in associated companies	-	4	4
Derivatives	-	0	2
Deferred tax assets	1,005	1,103	1,189
Other financial assets	76	68	76
Total non-current assets	13,918	14,191	14,305
Inventories	5,863	6,789	8,058
Trade receivables	4,084	4,156	3,032
Derivatives	142	230	326
Tax receivables	134	271	337
Other current assets	498	572	603
Other short term investments	202	327	325
Cash and cash equivalents	1,244	728	920
Total current assets	12,167	13,073	13,601
Total assets	26,085	27,264	27,906
<i>Pledged assets</i>	75	65	77
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	11,361	11,425	10,987
Non-controlling interests	21	23	21
Total equity	11,382	11,448	11,008
Long-term borrowings	6,496	5,089	6,611
Deferred tax liabilities	1,133	1,462	1,218
Provisions for pensions and other post-employment benefits	1,265	1,456	1,478
Derivatives	58	98	77
Other provisions	778	715	763
Total non-current liabilities	9,730	8,820	10,147
Trade payables	2,188	2,137	2,716
Tax liabilities	325	397	438
Other liabilities	1,860	1,757	1,515
Short-term borrowings	185	2,306	1,470
Derivatives	95	147	208
Other provisions	320	252	404
Total current liabilities	4,973	6,996	6,751
Total equity and liabilities	26,085	27,264	27,906
<i>Contingent liabilities</i>	141	131	132

Consolidated cash flow statement

SEKm	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full-year 2012
Operations					
Income after financial items	95	104	1,613	1,931	1,175
Depreciation/amortization and impairment	248	256	738	803	1,062
Capital gain and losses	-1	-5	3	-4	-12
Restructuring provision	-	-	-	-	256
Paid restructuring expenses	-21	-16	-82	-50	-79
Change in accrued and prepaid interest	10	2	1	-22	-14
Taxes paid	-78	-87	-282	-357	-431
Cash flow from operations, excluding change in operating assets and liabilities	253	254	1,991	2,301	1,957
Change in operating assets and liabilities					
Change in inventories	635	390	2,021	999	-299
Change in trade receivables	2,226	2,279	-1,203	-684	454
Change in trade payables	-643	-876	-476	-568	38
Change in other operating assets/liabilities	-216	-367	487	75	-259
Cash flow from operating assets and liabilities	2,002	1,426	829	-178	-66
Cash flow from operations	2,255	1,680	2,820	2,123	1,891
Investments					
Divestments of shares in subsidiaries	1	-	8	-	-
Capital expenditure in property, plant and equipment	-180	-134	-498	-341	-516
Capitalization of intangible assets	-74	-53	-191	-207	-260
Sale of fixed assets	0	0	0	10	20
Other	0	10	-1	10	9
Cash flow from investments	-253	-177	-682	-528	-747
Cash flow from operations and investments	2,002	1,503	2,138	1,595	1,144
Financing					
Change in short-term investments	172	-19	304	-15	-99
Change in interest-bearing liabilities	-2,327	-1,779	-1,223	-654	87
Acquisition of interest from non-controlling interests	-	-46	-	-46	-42
Dividend to shareholders	-	-	-859	-859	-859
Dividend to non-controlling interests	-	-	-3	-18	-22
Cash flow from financing	-2,155	-1,844	-1,781	-1,592	-935
Total cash flow	-153	-341	357	3	209
Cash and cash equivalents at beginning of period	1,425	1,102	920	756	756
Exchange rate differences referring to cash and cash equivalents	-28	-33	-33	-31	-45
Cash and cash equivalents at end of period	1,244	728	1,244	728	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
Acquisition of Non-controlling interest	-25	-21	-46
Total comprehensive income	420	6	426
Closing balance Sep 30, 2012	11,425	23	11,448
Opening balance January 1, 2013	10,987	21	11,008
Share-based payment	11	-	11
Dividend	-859	-3	-862
Total comprehensive income	1,222	3	1,225
Closing balance Sep 30, 2013	11,361	21	11,382

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	Q3 2012 IAS 19R	Change in accounting policy	Q3 2012	Full year 2012 IAS 19R	Change in accounting policy	Full year 2012
Net sales	5,841	-	5,841	30,834	-	30,834
Gross income	1,616	-	1,616	8,291	-	8,291
Operating income¹	197	15	182	1,675	60	1,615
Financial items, net	-93	-13	-80	-500	-54	-446
Income after financial items	104	2	102	1,175	6	1,169
Income tax	2	-1	3	-148	-2	-146
Income for the period	106	1	105	1,027	4	1,023
Basic earnings per share	0.19	-	0.19	1.78	-	1.78
Diluted earnings per share	0.19	-	0.19	1.78	-	1.78
Other comprehensive income, net of tax	-809	15	-824	-1,024	-137	-887
Total comprehensive income	-703	16	-719	3	-133	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 Sep 2012 IAS 19R	Change in accounting policy	30 Sep 2012	31 Dec 2012 IAS 19R	Change in accounting policy	31 dec 2012
Other non-current assets	13,088	-220	13,308	13,116	-191	13,307
Deferred tax asset	1,103	67	1,036	1,189	73	1,116
Non-current assets	14,191	-153	14,344	14,305	-118	14,423
Current assets	13,073	-	13,073	13,601	-	13,601
Total assets	27,264	-153	27,417	27,906	-118	28,024
Equity	11,448	-551	11,999	11,008	-577	11,585
Other non-current liabilities	5,902	-	5,902	7,451	-	7,451
Provisions for pensions and other post-employment benefits	1,456	544	912	1,478	599	879
Deferred tax liabilities	1,462	-156	1,618	1,218	-143	1,361
Long term liabilities	8,820	388	8,432	10,147	456	9,691
Current liabilities	6,996	10	6,986	6,751	3	6,748
Total liabilities	27,264	-153	27,417	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 30 Sep 2012	30 Sep 2012	IAS 19R 31 Dec 2012	31 Dec 2012
Interest-bearing liabilities (excl pensions)	7,640	7,640	8,366	8,366
Provisions for pensions and other post-employment benefits	1,456	-	1,478	-
Less: Liquid funds	-1,285	-1,285	-1,573	-1,573
Net debt	7,811	6,355	8,271	6,793

Fair value of financial instruments as of September 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 September 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	103	103
- of which currency derivatives where hedge accounting for cash flow hedges is applied	39	39
Total	142	142
Financial liabilities		
<i>Financial liabilities that are held for trading at fair value</i>		
- of which derivatives where hedge accounting is not applied	73	73
- of which currency derivatives where hedge accounting for cash flow hedges is applied	38	38
- of which interest derivatives where hedge accounting for cash flow hedges is applied	42	42
<i>Other financial liabilities</i>		
Financial leases	167	176
Loans	6,514	6,477
Total	6,834	6,806

Key data, Group

	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full-year 2012
Net sales, SEKm	6,349	5,841	25,600	26,358	30,834
Operating income, SEKm	206	197	1,916	2,279	1,675
Net sales growth, %	9	-9	-3	4	2
Gross margin, %	26.3	27.7	26.7	27.7	26.9
Operating margin, %	3.2	3.4	7.5	8.6	5.4
Working capital, SEKm	5,108	6,530	5,108	6,530	6,194
Return on capital employed, %	-	-	6.0	9.4	7.4
Return on equity, %	-	-	6.4	10.9	8.8
Earnings per share, SEK	0.16	0.19	2.12	2.65	1.78
Capital-turnover rate, times	-	-	1.5	1.5	1.5
Operating cash flow, SEKm	2,001	1,503	2,130	1,595	1,144
Net debt/equity ratio	-	-	0.57	0.68	0.75
Capital expenditure, SEKm	254	187	689	548	776
Average number of employees	12,758	13,383	14,359	15,861	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	6,349	-	-	
	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	206	-	-	
	<i>Margin, %</i>	7.6	10.0	3.2	-	-	
	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	
Income after financial items	2013	602	916	95	-	-	
	<i>Margin, %</i>	6.7	9.0	1.5	-	-	
	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	
Income for the period	2013	467	661	92	-	-	
	2012	633	786	106	-498	1,027	
	2011	484	681	55	-223	997	
	Earnings per share, SEK	2013	0.81	1.15	0.16	-	-
		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	30,076	
	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	1,312	
	<i>Margin, %</i>	4.8	4.4	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	3,258		
	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	2,308		
	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	783		
	2012	738	808	759	647	2,952
	2011	645	735	739	680	2,799
Total Group	2013	9,024	10,227	6,349		
	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	289		
	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	-126		
	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	86		
	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	-43		
	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	206		
	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	8.9		
	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	-5.4		
	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	10.9		
	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	3.2		
	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 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
Europe & Asia/Pacific	14,702	15,726	3,007	2,815	11,695	12,911
Americas	5,619	5,933	1,577	980	4,042	4,953
Construction	3,101	3,069	560	629	2,541	2,440
Other	1,075	1,251	1,460	2,296	-385	-1,045
Total	24,497	25,979	6,604	6,720	17,893	19,259

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	Q3 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012	Full-year 2012
Net sales	2,173	2,069	8,603	8,955	10,564
Cost of goods sold	-1,353	-1,641	-6,769	-6,905	-9,033
Gross operating income	820	428	1,834	2,050	1,531
Selling expense	-279	-196	-921	-645	-838
Administrative expense	-133	-118	-445	-360	-787
Other operating income/expense	8	-2	8	-2	27
Operating income	416	112	476	1,043	-67
Financial items, net ¹	142	906	1,094	718	631
Income after financial items	558	1,018	1,570	1,761	564
Appropriations	-103	-109	-263	-247	299
Income before taxes	455	909	1,307	1,514	863
Taxes	-51	20	4	-124	45
Income for the period	404	929	1,311	1,390	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 Sep 2013	30 Sep 2012	Dec 31 2012
Non-current assets	30,709	30,239	30,683
Current assets	5,546	7,337	7,534
Total assets	36,255	37,576	38,217
Equity	19,049	19,090	18,559
Untaxed reserves	73	694	87
Provisions	180	184	196
Interest-bearing liabilities	14,440	15,418	15,358
Current liabilities	2,513	2,190	4,017
Total equity and liabilities	36,255	37,576	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	-257,305	257,305	-	-
Shares allocated to 2010 LTI-program	-	106,526	-106,526	-
Number of shares as of 30 Sep. 2013 ¹	127,441,753	445,244,522	3,657,503	576,343,778

¹ After September 30, 2013 another 847,885 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 Kai Wärm, President and CEO, and Ulf Liljedahl, CFO, will be held at Husqvarna's office on Regeringsgatan 28 in Stockholm at 10:00 CET on October 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. A replay will be available at www.husqvarnagroup.com/ir later the same day.

DATES FOR FINANCIAL REPORTS

February 6, 2014

Full-year report for 2013

CONTACTS

- Ulf Liljedahl, CFO, +46 8 738 94 42
- 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 October 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.